HASCOL PETROLEUM LTD.

ANNUAL REPORT 2021

INSPIRING ENERGY

We envision becoming the leading energy firm of Pakistan with diverse ideas and advance technology to build excellence that leads us to success in building recognition in hydrocarbon and energy sectors.

CREATING
FUTURE
TOGETHER

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CORPORATE INFORMATION

Chairman
Sir Alan Duncan

CEO & Director
Mr Aqeel Ahmed Khan

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

Chief Financial Officer
Mr. Amad Uddin

Company Secretary
Mr Farhan Ahmad

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

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

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

Auditors
Baker Tilly Mehmood Idrees Qamar
Chartered Accountants
4th floor, Central Hotel Building,
Civil Lines, Mereweather Road,
Karachi.

Bankers

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

Share Registrar

CDC Share Registrar Services Limited

Legal Advisor

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

Registered Office of the Company

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

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


Bake & Bite Mart

VISION

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

MISSION

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

DIRECTOR PROFILES

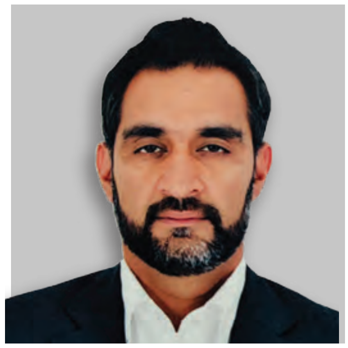
Sir Alan Duncan

Sir Alan Duncan was elected Chairman of Hascol's Board of Directors in September 2020. Sir Alan served as a Minister in the United Kingdom from 2010-2019. He began his career in the oil industry with Royal Dutch Shell, and was first elected to the House of Commons in the 1992 general election. Sir Alan was knighted for his services to international development and international relations. He joined Vitol in 2019. Sir Alan studied at St John's College, Oxford, at the same time as Imran Khan and the late Benazir Bhutto. He became president of the Oxford Union in 1979.

Mr. Aqeel Ahmed Khan

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

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



Mr. Abdul Aziz Khalid

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

TEAMWORK MAKES the DREAM WORK

Mr. Farid Arshad Masood

Mr. Farid Masood is Managing Director of Vitol Dubai having joined Vitol in 2018.

Prior to joining Vitol, he has had a number of roles in Middle East, Pakistan and Africa including from 2016 to 2017 as Chief Executive for Kansai Paints Africa where he led the company through a restructuring exercise that reduced the workforce by 20% at the same time expanding the business into East and West Africa to become the largest paint supplier in Africa. From 2011 to 2015, he was responsible for Advisory Services and Asset Management at Islamic Development Bank's private sector arm. During his five year there, he expanded the advisory business from operations in the GCC to assignments in over twenty countries. He also setup the asset management business and grew it to over $800m AUM in private equity, SME and income funds. From 2000 to 2010, he was based in Pakistan where he was primarily focused on bringing foreign investment into the country. From 2005 to 2010, he was part of the KASB Group (JV partners of Merrill Lynch) where he led the investment banking business and was CEO of KASB Securities in 2010. During his time in Pakistan and through his various roles, he was actively involved in bringing over $5bn of investment into the country.

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

Mr. Mohammad Zubair

Mr. Zubair is a leader of corporate world with a proven track record spreading over decades as Country Representative (CEO), Group CFO and CIA overseeing Country Management, Finance/Internal Audit and Support Services in the national and international Oil & Gas Industry.

He remained associated with several Boards of Directors and Committees in Pakistan & abroad.

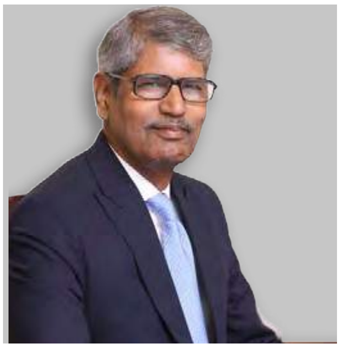
He had been associated with one of the largest Energy Companies in the World – CHEVRON (formerly known as Caltex in Pakistan) since 1977 till June 2015. During his career with Chevron, he worked in Pakistan and several years overseas including Caltex Headquarters in Dallas, USA which provided extensive exposure to interact and work with highly diverse manpower and professionals around the globe. He also represented Chevron as a board member in various Chevron Companies and Joint Ventures for a number of years in Pakistan, Egypt and Middle East Countries. After 37.5 years with Chevron/Caltex, joined Total-Parco as Vice President & CFO of their group of companies in July 2015 and held this position till the retirement in March 2018 after continuous service of 40.4 years with top class multinationals in Oil & Gas Industry of the world.

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

Mr. Zafar Iqbal Chaudhry

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

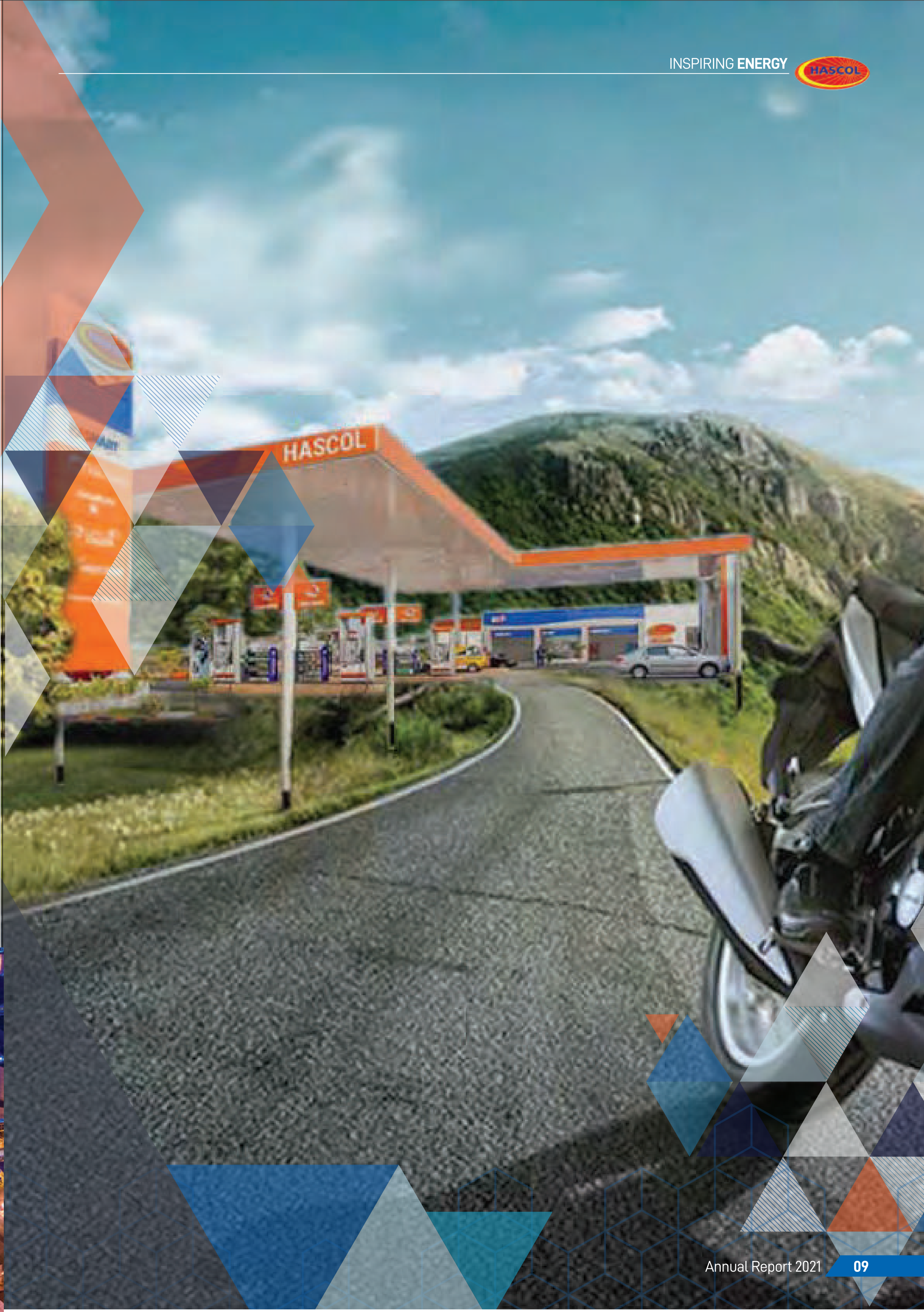
Mr. Chaudhry is Chairman and CEO of Pak Business Train, and is educated as a lawyer (LLB). He has a Master's degree in journalism.



Mr. Mustafa Ashraf

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

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


HASCOL

CHAIRMAN'S **REVIEW**

On behalf of the Board of Directors of Hascol Petroleum Limited, I am pleased to share the annual results of the company for the year ended December 31, 2021.

The company continues to strive through numerous challenges from regulatory to macroeconomic factors. Given all odds, the company has managed to earn a positive EBITDA of PKR 1.354 Billion as compared to a corresponding previous year's negative EBITDA of PKR 11.771 Billion which shows a hint of the untapped potential that this company carries within its infrastructure and human resource. Despite the non-availability of working capital lines from banks, the credit support from the company's single majority shareholder, Vitol, has played a vital role in this milestone being achieved.

The company has a new Chief Executive Officer and a new Chief Finance Officer forming the core management of the company which has worked tirelessly under active guidance from the Board of Directors to ensure that the financial statements of the company are prepared and presented in a way to give a true and fair view of the affairs of the company and the management's stance on the going concern of the company.

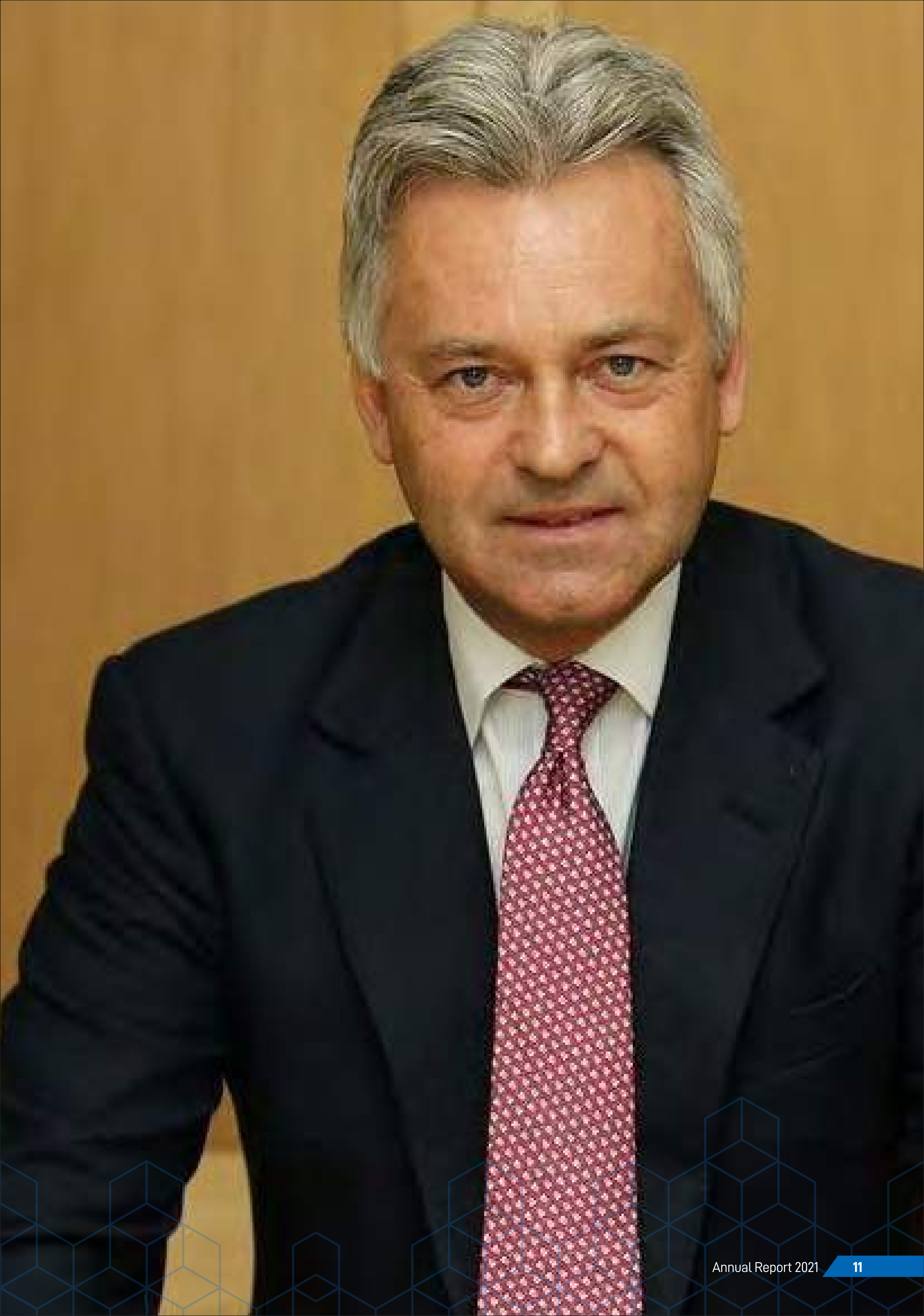
A detailed corporate revival plan has been prepared a key part of which is the restructuring of the balance sheet of the company. The management has been in detailed discussions with its main banks and non-banking creditors which forms the basis of a comprehensive restructuring plan, and is now in a position where it can offer the same to the banks and thereafter file a Scheme of Arrangement for approval of the creditors and shareholders with the honourable courts in Pakistan.

The aim of this process is to ensure that company has adequate liquidity and working capital to run smooth operations with optimized profitability and in due course gives regular dividend stream for its shareholders. The proposed process would include rescheduling of debt, revival of existing letter of credit facilities, settlement of some part of the debt and injection of required fresh equity and/or shareholders loan.

The Company is encouraged by some recent decision made by the Government of Pakistan to increase the regulated margins which significantly improves the profitability outlook for the sector. The proposed deregulation of the sector will bring about a dynamic change to the sector and the company shall benefit with the same.

The Company's Board and management very much hope that over the next few months Hascol Petroleum will be put on a sound footing for the years ahead.

Sir Alan Duncan
Chairman



جائزہ برائے چیئرمین

سال برائے 31 دسمبر 2021ء

ہیسکول پیٹرولیم لمیٹڈ کے بورڈ آف ڈائریکٹر کی جانب سے مجھے مورخہ 31 دسمبر 2021ء کو ختم ہونے والے سال کے لیے کمپنی کے سالانہ نتائج کا اشتراک کرتے ہوئے بے حد خوشی محسوس ہو رہی ہے۔

کمپنی ریگولیٹری سے لے کر میکرو اکنامک عوامل تک متعدد چیلنجز کے ذریعے جدوجہد جاری رکھے ہوئے ہیں۔ تمام مشکلات کے پیش نظر کمپنی گزشتہ سال کے اسی منفی 11.771 بلین روپے کے EBITDA کے مقابلے میں 1.354 بلین روپے کا مثبت EBITDA حاصل کرنے میں کامیاب ہو گئے ہیں جو اس کی صلاحیت کے ساتھ ساتھ کمپنی کے وسائل کی گواہی دیتی ہے۔ بینکوں سے ورکنگ کیپٹل لائنز کی عدم دستیابی کے باوجود بھی کمپنی کے واحد اکثریتی شیئر ہولڈرز ، ویٹول کی طرف سے کریڈٹ سپورٹ نے اس سنگ میل کو حاصل کرنے میں اپنا اہم کردار ادا کیا ہے۔

کمپنی کے پاس ایک نیا چیف ایگزیکٹو آفیسر اور چیف فنانس آفیسر موجود ہے جو کمپنی کا بنیادی انتظام اپنی پوری ایمانداری سے تشکیل دے رہا ہے جس نے بورڈ آف ڈائریکٹرز کی فعال رہنمائی میں انتھک محنت کی ہے تاکہ اس بات کو یقینی بنایا جا سکے کہ کمپنی کے مالیاتی گوشواروں کو اس طرح سے تیار اور پیش کیا جائے جس سے کمپنی کے معاملات کے بارے میں ایک حقیقی اور منصفانہ نقطہ نظر اور کمپنی کے جاری تشویش پر انتظامیہ کے موقف کو پیش کرنے کا عمل اپنے انجام تک پہنچ سکے۔

ایک تفصیلی کارپوریٹ بحالی کا منصوبہ تیار کیا گیا ہے جس کا ایک اہم حصہ کمپنی کی بیلنس شیٹ کی تنظیم نو ہے۔ انتظامیہ نے اپنے مرکزی بینکوں اور غیر بینکنگ قرض دہندگان کے ساتھ تفصیلی بات چیت کی ہے جو کہ ایک جامع تنظیم نو کے منصوبے کی بنیاد بنانے کے ساتھ ساتھ اب اس پوزیشن میں آ چکے ہیں کہ وہ اسے بینکوں کو پیش کر سکیں اور اس کے بعد منظوری کے لیے پاکستان میں معزز عدالتوں کے ساتھ قرض دہندگان اور شیئر ہولڈرز کے لیے ترتیب کی اسکیم بھی فائل کی جا سکے۔

اس عمل کا مقصد اس بات کو یقینی بنانا ہے کہ کمپنی کے پاس مناسب منافع کے ساتھ ہموار آپریشنز چلانے کے لیے کافی لیکویڈیٹی اور ورکنگ کیپٹل موجود ہے اور مقررہ وقت میں اس کے شیئر ہولڈرز کے لیے باقاعدہ ڈیویڈنڈ کا سلسلہ جاری رہے گا۔ مجوزہ عمل میں قرض کی ری شیڈولنگ، موجودہ لیٹر آف کریڈٹ سہولیات کی بحالی، قرض کے کچھ حصے کی تصفیہ اور مطلوبہ تازہ ایکویٹی اور شیئر ہولڈرز کے قرض کی رقومات بھی شامل ہوں گی۔

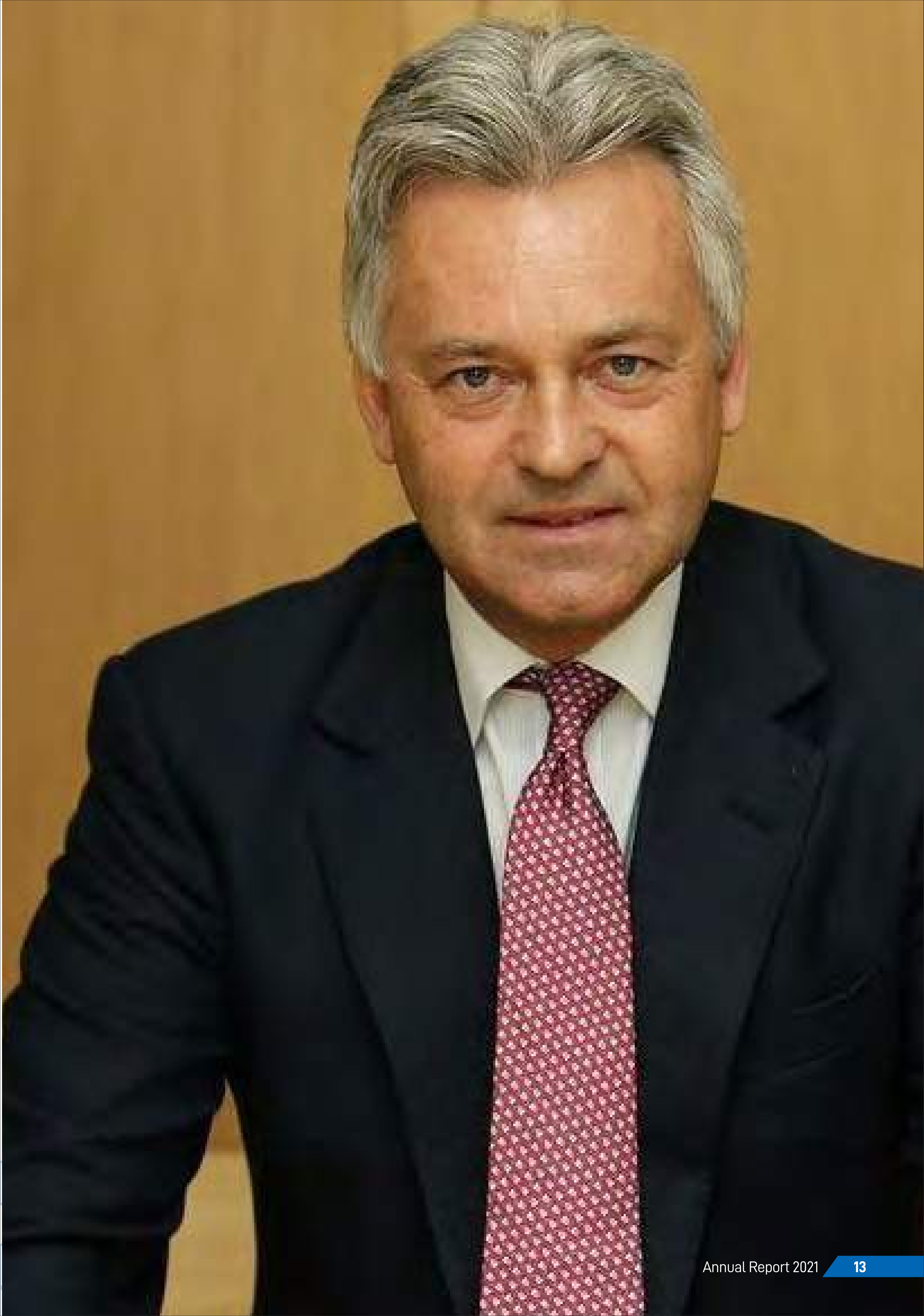
حکومت پاکستان کی طرف سے ریگولیٹڈ مارجن میں اضافہ کرنے کے لیے کیے گئے کچھ حالیہ فیصلے سے کمپنی کی حوصلہ افزائی ہوئی ہے جس سے اس شعبے کے لیے منافع کے نقطہ نظر میں نمایاں بہتری آتی ہے۔ سیکٹر کی مجوزہ ڈی ریگولیشن سیکٹر میں ایک متحرک تبدیلی لانے کے ساتھ ساتھ کمپنی کو بے حد فائدہ بھی پہنچائے گی۔

کمپنی کے بورڈ اور انتظامیہ کو بہت امید ہے کہ اگلے چند ماہ میں ہیسکول پیٹرولیم کو آنے والے سالوں کے لیے مضبوط اور پرعزم بنیادوں پر رکھا جائے گا۔

Alan Duncan

چیئرمین

جناب ایلن ڈنکن



HSSE POLICY

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

This Commitment is in the best interests of our Employees, Contractors, Customers, Stakeholders and the Community at large.

In order to contribute to Sustainable Development, HPL is committed to:

- Providing Safe, Secure and Healthy Work Environment with a cautionary attitude by exercising Responsible Care;
- Achieving a Generative HSSE Culture to Prevent Incidents and Reducing our Environmental Footprint; and
- Complying with Legal Requirements, Internal Standards and adopt Best Practices.

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

- Set HSSE Targets and Goals annually to measure Performance for Continual improvement
- Reduce HSSE Risks arising from our Operations to a reasonably acceptable level
- Provide Training/Awareness to our Employees to perform Safely
- Maintain high standard of Emergency Response Capability
- Prevent Accidents, Occupational Diseases, Fire Cases and Pollution
- Empower Employees and Contractors to report Non-compliances or Unsafe Conditions/Acts and to take immediate remedial measures to Prevent Incidents
- Promote Pollution Prevention, Resource Conservation, GHG Emissions Management, and Horticulture
- Ensure all activities are carried out in accordance with Company HSSE Policy
- Ensure that contractors' HSSE performance is in line with our Standards

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


HASCOL

HPL LIVE SAVING RULES

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

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In order to contribute to Sustainable Development, HPL is committed to:

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- Achieving a Generative HSSE Culture to Prevent Incidents and Reducing our Environmental Footprint; and
- Complying with Legal Requirements, Internal Standards and adopt Best Practices.

Rule 1: Wear your Seat Belt

Rule 2: Protect yourself against a Fall When Working at Height

Rule 3: Wear a Personal Floating Device, when required

Rule 4: Follow prescribed Lift Plan

Rule 5: Work with a valid Work Permit, when required

Rule 6: Position yourself in a Safe Zone in relation to moving and Energized Equipment

Rule 7: Obtain Authorization before starting Excavation Activities

Rule 8: Verify Isolation before work begins

Rule 9: Do not work under Suspended Load

Rule 10: No Alcohol or Drug while working or driving

Rule 11: Do not Smoke outside designated Smoking Areas

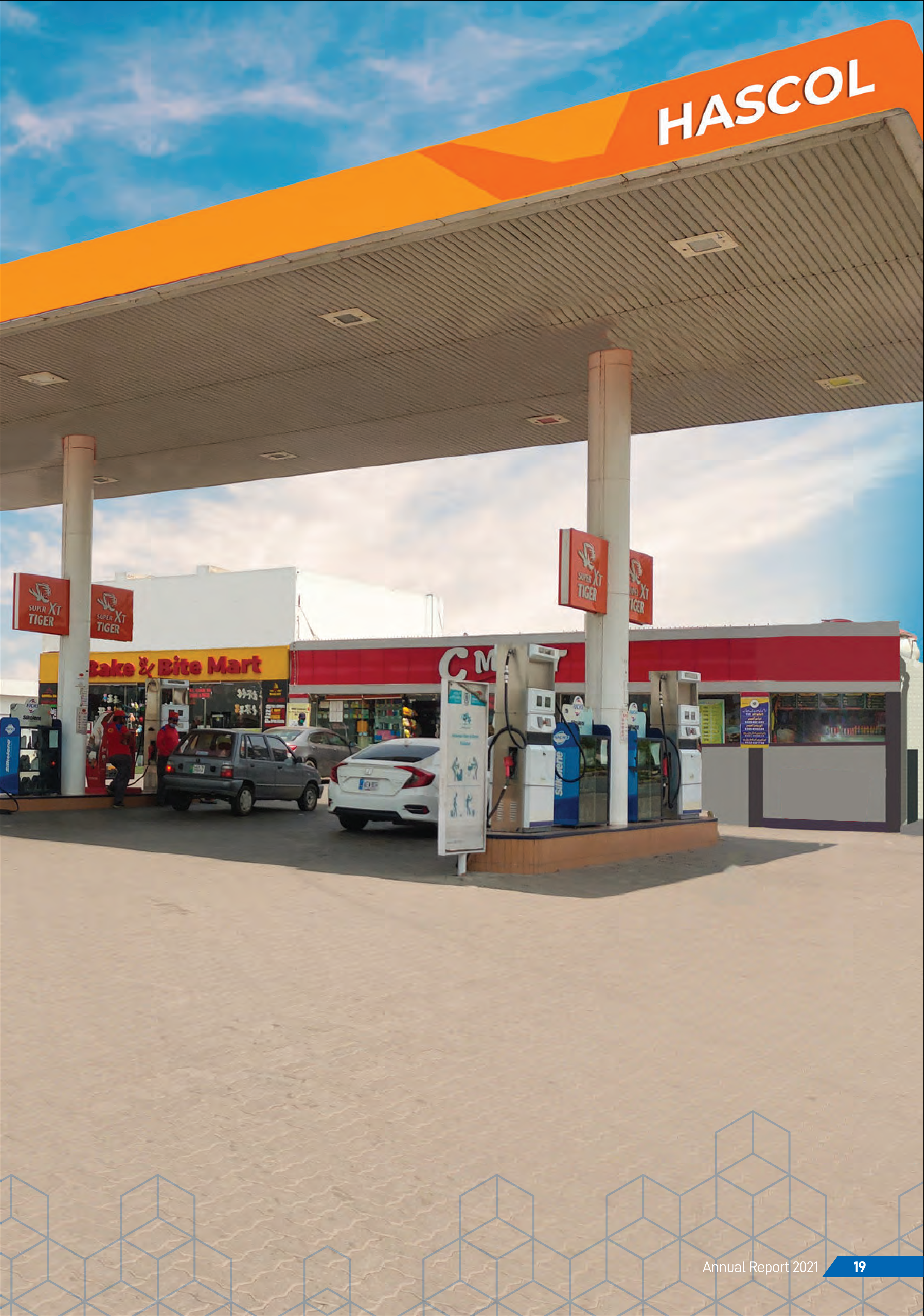

HASCOL

CORPORATE OBJECTIVES **AND BUSINESS STRATEGY**

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

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

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


HASCOL
SUPER XT TIGER
SUPER XT TIGER
SUPER XT TIGER
Bake & Bite Mart
Silkolene

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

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

VALUES OF HASCOL

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

COMPETITIVE ENVIRONMENT

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

INTEGRITY AND HONESTY

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

SAFEGUARDING THE HUMAN CAPITAL

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

ECONOMICS

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

MEETINGS AND ENGAGEMENTS

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

COMPLIANCE

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

BUSINESS BASED ON OUR PRINCIPLES

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

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

COUNTRY POLITICS

a. of Companies

Hascol Petroleum Limited pursues its activities within the laws and statutes of the Islamic Republic of Pakistan whereby our aim is to legitimately accomplish our commercial objectives. The initiatives of Triple Bottom Reporting are gradually evolving among the corporate circles of Pakistan, where the pillars of focus are People, Profit and Planet and Corporate Social Responsibility.

Hascol Petroleum Limited as a rule of thumb does not make payments to political parties or organization, or to their affiliates /representatives whatsoever. The Company does not take part in any external/internal affairs with regulatory bodies unless compliance issue arises or authorized instruction permits us to do so. However, with such dealings, Hascol Petroleum Limited has the right to make our position known on any matters which affect us, our employees, our customers, our shareholders or the local communities in which we operate, in a manner which is in accordance with our ethical values and the best practices of our company.

b. of Employees

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

BUSINESS COMPLIANCE, & ETHICS GUIDELINE

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

CUSTOMER RELATION

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

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

SUPPLIER RELATION

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

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

ENTERTAINMENT & GIFTS

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

- Not against the laws and policies of other parties' company.
- Not intended to serve as a bribe, payoff or to get improper influence.
- Should not have been requested or asked to be provided.
- Should not affect business relationship in any negative manner.

INFORMATION SHARING

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

GENERAL PUBLIC RELATION

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

SOCIETY AND LOCAL COMMUNITIES

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

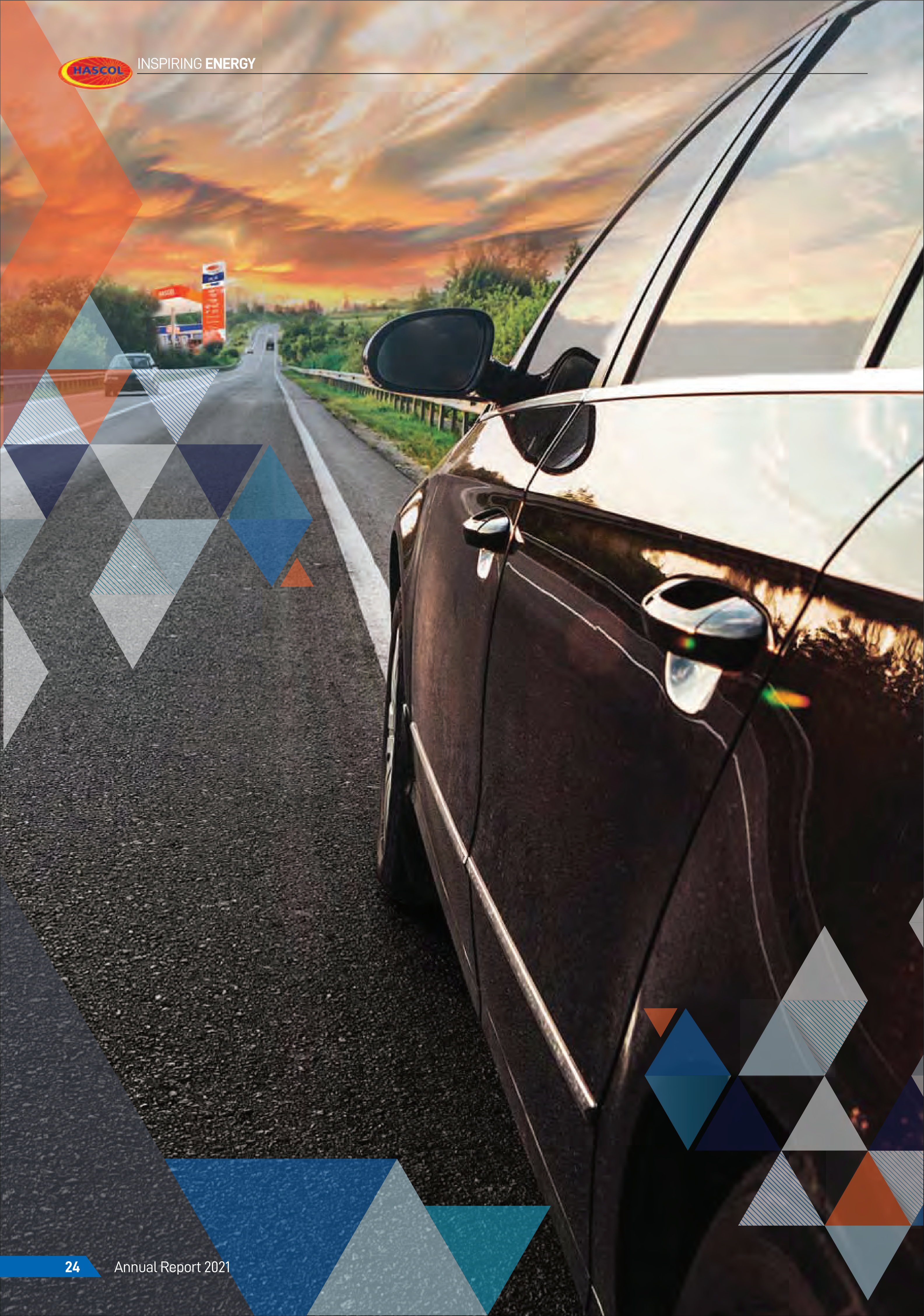
RESPONSIBILITIES

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

- Protect shareholders' investment, and provide competitive long-term return; benchmarking other leading companies in the oil marketing industry as well as to create a brand name; and supplement growth of its affiliate brand FUCHS.
- Developing and maintaining a staunch customer base by providing products and services which offer value in terms of price, quality, safety and positive environmental and commercial expertise thereby create a brand loyalty of Hascol in customers by offering the best possible products and services.
- Employees are our most important assets and they receive utmost respect, rights, good and safe working conditions and to commensurate them with competitive terms and conditions of employment. We appreciate innovation and hard work and regular appraisals based on performance are some of the few means which we use to promote the development and best use of the talents of our employees. We recognize that commercial success depends on the full commitment of all employees.
- The external stakeholders are the contractors, dealers and suppliers with whom we seek to transact business which is mutually beneficial. The ability to promote these principles effectively will be an important factor in the decision to enter into or remain in such relationship.
- Overall, Hascol Petroleum Limited believes in conducting our business as responsible corporate members of the society, to comply with applicable laws and regulations, to support fundamental human rights in line with the legitimate role of business, and to give proper regard to health, safety, security and the environment

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

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



DIRECTORS' **REPORT**

THE DIRECTORS OF YOUR COMPANY ARE PLEASED TO PRESENT THE ANNUAL REPORT OF THE COMPANY ALONG WITH AUDITED STANDALONE AND CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON FOR THE YEAR ENDED 31ST DECEMBER 2021.

Financial Results

In 2021, Hascol went through a transition phase focusing on aspects that it could control pre-finalization of restructuring such as optimal/efficient buying of product, operating costs, debt collections resulting in transitioning the company from a EBITDA negative company in 2020 to one with positive EBITDA in 2021 even at low volumes through its core business of marketing of petroleum products. Credit support from Company's single largest shareholder helped the company continue its business operations and survive despite shortage of working capital.

Hascol's new management has been working tirelessly in coordination with the Board to restore the company to profitability. The Board has been actively engaged in enforcing best corporate practices and managing the key risks associated with this business.

The financial results of the company for the year ended 31st December 2021 are shown as below:

Particulars	2021	2020
	(Rupees in '000)	
Earnings / (loss) before interest, tax,	**1,354,525**	(11,771,157)
Depreciation and amortization	**(1,810,182)**	(2,296,202)
Less: Depreciation and amortization	**(6,709,330)**	(8,403,286)
Less: Finance cost	**(427,144)**	(850,771)
Less: Taxation	**(7,592,131)**	(23,321,416)
Loss after taxation		
	(Rupees)	
Loss per share	**(7.60)**	(23.46)

It would be observed that the Company carries the capacity to generate cash profits at nominal volumes. Given higher volumes, the potential of earnings is a good multiple of what it is today. There are several risks faced by the company inherent to the industry itself, however, the main challenge for company is the interest cost and financial charges accrued on the overdue loans and the non-availability of working capital banking facilities.

These, together with operational bottlenecks and unpaid non-banking creditors create operational obstacles to the company's growth and profitability.

The Board of Directors (the board) has carried out a detailed review of the profitability and cash flow forecast of the Company for the twelve months from the date of approval of these unconsolidated financial statements, which took into account the projected future working capital of the Company under the restructuring plan taking into account the upward revision in company as well as dealer margin.

The board firmly believes that subject to the approval of restructuring plan with major banks the Company will have sufficient liquidity to continue its operations and achieve its potential.

The Restructuring Plan

The company has been in discussions for a restructuring of the debt with the major lenders for the majority of 2022. Though the plan has not been finalized, the company has discussed the plan with the banks and now believe there is a way forward with restructuring of the PKR 54bn debt with the banks and the major shareholders and the company.

In order to address the liquidity issues, the company has carved out a Restructuring plan, which will not only overcome these issues but ensure that the Company regains its lost market share and profitability. A brief outline of the proposed Restructuring plan is as follows covering the total outstanding loans of Rs. 54.247 Billion due to banks and financial institutions:

- Conversion of PKR 20bn into long term loan with a grace period and concessionaire interest charges.
- Reinstatement of Working Capital Lines for at least PKR 20 Billion to support the company's oil import.

- Settlement of Rs. 14-15 Billion worth of banking loans at Net Present Value of the long term loan option with upfront payments.

- Timely repayments of various finance leases.

The above plan requires injection of approximately PKR 17 billion which shall cover the total exposure due to banks and all loans will be regularly paid, activated and settled. The major shareholder will also continue to provide working capital support to the business subject to the restructuring plan being approved.

The Board has considered the debt restructuring plan and approved the process intended to be followed by the Company for implementing the same i.e. through a Scheme of Arrangement to be presented to the High Court of Sindh at Karachi under Section 279-282 of the Companies Act 2017 ("Scheme").

Upon successful implementation, the Company will have a distinct competitive advantage over its competitors and will ensure a turnaround to achieve one of the top three positions in the oil marketing sector as was the case in the past.

The earning potential of the Company will further be accelerated given the upward revision in regulated margins on the industry by the Government of Pakistan.

Regulatory Framework

The Government has taken a number of initiatives aimed at reducing the volatility for the OMCs and improve their business environment. These measures include revision in pricing formula, foreign exchange cover for the OMCs and revision in margins.

Considering the cost of business and to provide a fair return on investment, Government has further increased the Dealers margins and is in the process to increase OMC margins. Revision in both margins will improve the profitability of the company as Hascol operates company operated sites. Turnover tax has been reduced from 0.75% to 0.5%. In order to reduce the price volatility in market, Government is planning to implement weekly pricing mechanism. With an objective to encourage competition, Government is planning to deregulate the OMC sector. We believe that the above regulatory changes and deregulation will have positive impact on the business of the company.

Extensive Work Carried out by the Management

In order to prepare a set of financial statements which gives a much better view of the affairs of the Company, the management undertook numerous exercises to clean up the financial statements and to ensure that the auditors' disclaimer of opinion (for the year 2020) on the complete books of financial statements is removed and a proper audit opinion is issued by the external auditors for the year 2021.

This included:

- Reconciliation of various account heads within the financial statements to arrive at carrying amounts that give a true and fair view.
- Physical Count, Tagging and Updating of the Fixed Assets Register of the Company incorporating the necessary adjustments therein.
- Valuation of the complete fixed assets of the company by Joseph Lobo (Pvt) Limited to obtain a fresh valuation of the company's assets.
- Formulation, approval and Implementation of key policies of the company namely Import & Pricing and Foreign Exchange Management Policy.
- Increased periodic reporting to the Board of Directors and its various Sub Committees.
- A process of sequentially improving the internal controls framework of the company.

Auditor's Adverse Opinion in Audit Report:

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

- The auditor has expressed an adverse opinion on the going concern basis of preparation of financial statements of the Company given the key conditions for the same not being met.

  However, the management has prepared the financial statements on the basis of going concern assumption. Given the support provided by its shareholders in the form of supplier's credit and the proposed Restructuring plan as discussed above, the management is confident that the company will continue as a going concern.

  However, since a formal Restructuring agreement has not been signed as yet, therefore, the auditors have expressed an adverse opinion. The management is confident that once we have a formally signed agreement in place, the concern of the auditors will be fully addressed and opinion changed.

- The auditor highlighted that the Company has undertaken an extensive exercise to count, tag and revalue its affixed assets namely property, plant and equipment and as a result of the same has incorporated necessary adjustments to the financial statements. It has been disclosed in note 6.3 & 6.8 to the financial statements that the tagging exercise is complete up to 91% of total assets which already covers a material portion of the total value of assets and is properly disclosed. The remaining 9% completion will ensure the removal of this point in the subsequent special audits.

- The auditors have highlighted that they were not able to ensure completeness of certain book assets as referred to in note 13,14 & 16 due to non-presence of third party confirmation. However, management is of the view that the same will be ensured during special audit subsequent to this annual audit.

- The auditors did not receive certain third party confirmations from cartage contractors, customers and certain vendors, thus expressing an adverse opinion on the same. However, the management is of the view that since material amounts are confirmed and the unconfirmed amounts shall be confirmed subsequently the same will be ensured during special audit subsequent to this annual audit.

- The auditors have referred to the note 9.2 & 9.5 of the financial statements wherein the management has disclosed the fact that investments were not tested for impairment (if any) due to the fact that the investee company's financial statements are not audited. The management is of the view that the same will be ensured during special audit subsequent to this annual audit.

- The auditors have highlighted the fact as disclosed in note 12.1, the use of Microsoft excel in addition to the ERP module for preparation of financial statements while confirming the value of physical stock in trade. The management is committed to shift to a complete ERP solution as a part of its restructuring exercise so as to remove this control weakness in near future.

- Currently, SECP and FIA are investigating the affairs of the Company pertaining to historical financial statements till 2019, which has already been disclosed in the financial statements. The above remarks from the External Auditor are primarily to draw attention to this matter.

Cash and Stock Dividends

As the Company has incurred a loss after tax for the year ending 31 December 2021, the Directors have decided not to make any dividend appropriation for this particular year.

Corporate and Financial Reporting Framework

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

(a) The financial statements prepared by the Management of the Company present its state of affairs fairly, the result of its operations, cash flows and changes in equity.

(b) The Company has maintained proper books of accounts as required under the Companies Act, 2017, given the management positions on certain matters as highlighted earlier in this report.

(c) The Company has followed consistent and appropriate accounting policies in the preparation of the financial statements. Changes in accounting policies, wherever made, have been adequately disclosed in the financial statements. Accounting estimates are on the basis of prudent and reasonable judgement.

(d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements and deviation, if any, has been adequately disclosed.

(e) The Board Audit Committee reviews reports on the system of internal controls from the external and internal auditors and continuously seeks to improve the same.

(f) As disclosed in note 1.2 of the unconsolidated financial statements of the Company, there are no significant doubts upon the Company's ability to continue as a going concern based on management's views and the proposed restructuring plan being approved and implemented.

Health, Safety, Security & Environment (HSSE)

HSE is an integral part of the Company's management philosophy and values. HPL aims to achieve business excellence and strives to protect People, Environment, Assets and Reputation. An integrated HSE management manual is in place and has been implemented by the Company. This covers all operational areas and incorporates regulatory and best industrial practices. The Company recorded its 5th Consecutive Year with Zero LTI and achieved 6.27 Million Safe Man-Hours. Total Recordable Incident Rate (TRIR) for Hascol Employees and Contractors remained 0 and 0.13 respectively. Road Accident Rate (RAR) remained 0.04 for Hascol and 0.05 for Contractor Fleet. A total of 3,702 Training Man-hours were done in 667 Training Sessions. Altogether, 467 HSE Inspections were carried out.

All near misses and incidents are being reported and investigated as per the Company's Incident reporting and Investigation System (IRIS) and remedial measures are taken. An Emergency Response Plan (ERP) is in place. Mutual Aid Emergency Response Plans (MAERP) are also practiced.

Human Resource

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

The Company continued its Employee Engagement initiatives organizing several events including Women's Day, Sports, World Happiness Day, and others.

Corporate Social Responsibility (CSR)

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

Corporate Governance

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

Key Operational and Financial Data

A statement summarizing key operational and financial data for the last six years is given on page 47 of the report.

Contribution to the National Exchequer and Economy

During the year your Company has made a total contribution of PKR 8.35 Billion approx. to the national exchequer on account of import duties, general sales tax, income tax and other government levies.

Composition of the Board of Directors during the year 2021

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

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

The composition of Board is as follows:

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

* Mr. Mustafa Ashraf & Mr. Zafar Iqbal Chaudhry appointed as director in place of Mr. Hasan Reza Ur Rahim & Mr. Nauman Kramat Dar w.e.f. 5 August 2021.

** Mr. Mohammad Zubair appointed as Nominee Director w.e.f. 20 May 2021.

*** Mr. Aqeel Ahmed Khan appointed as CEO in place of Mr. Adeeb Ahmad w.e.f 5 August 2021.

Board of Directors and Meetings of the Board held during the year 2021

During the year, eleven (11) meetings of the Board of Directors were held and the attendance of each Director is given below:

S.No	Director's Name	Meetings Attended
1	Sir. Alan Duncan (Chairman)	11
2	Mr. Adeeb Ahmad (CEO)	07
3	Mr. Aqeel Ahmed Khan (CEO)	11
4	Mr. Farid Arshad Masood	11
5	Mr. Abdul Aziz Khalid	10
6	Mr. Nauman Kramat Dar	07
7	Mr. Hasan Reza Ur Rahim	04
8	Mr. Farrukh Saeed	08
9	Mr. Muhammad Zubair	08
10	Mr. Zafar Iqbal Chaudhry	04
11	Mr. Mustafa Ashraf	04

Board Committee Meetings held during the year 2021

During the year, the Audit Committee held eight (08) meetings. The attendance record of the Directors is as follows:

S.No	Director's Name	Meetings Attended
1	Mr. Muhammad Zubair	06
2	Mr. Hasan Reza Ur Rahim (Chairman)*	02
3	Mr. Nauman Kramat Dar (Member)	04
4	Mr. Farid Arshad Masood (Member)	08
5	Mr. Zafar Iqbal Chaudhry	04
6	Mr. Mustafa Ashraf	04

* Mr. Hasan Reza Ur Rahim was elected as Director w.e.f 8 September 2020 and appointed Chairman Audit Committee with effect from 16 September 2020.

During the year, the Human Resource Committee held Three (03) meetings. The attendance record of the Directors is as follows:

S.No	Director's Name	Meetings Attended
1	Mr. Farrukh Saeed (Chairman)*	03
2	Mr. Farid Arshad Masood (Member)	03
3	Sir Alan Duncan (Member)**	03
4	Mr. Zafar Iqbal Chaudhry	02
5	Mr. Mustafa Ashraf	01
6	Mr. Muhammad Zubair	02

Performance Evaluation of the Board

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

Directors' Remuneration

The Company has a formal and transparent procedure for remuneration of directors in accordance with the Articles of Association of the Company and the Companies Act, 2017. The non-executive and independent directors, are paid a fee of PKR 150,000 each for attending board meeting and Committee meeting as approved by shareholders in the Company's Annual General Meeting held on 28th April 2016 and subsequently revised in the Board meeting held on 19 January 2022.

Directors Training Program

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

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

External Auditors

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

The Board on the recommendation of the Board Audit Committee has advised the appointment of Messrs Baker Tilly Mehmood Idrees Qamar, Chartered Accountants as auditors of the Company for the year 2022, subject to Shareholders' approval at the next AGM to be held on 13 September 2022.

Pattern of Shareholding

The statement of Pattern of Shareholding as at 31st December 2021 is given on page 43 of the annual report.

Acknowledgement

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

Future Outlook

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

Thanking you all.
On behalf of the Board

Aqeel Ahmed Khan	**Farid Arshad Masood**
Chief Executive Officer	Director


HASCOL
HASCOL PET
26,000 Ltrs
33
1203
LONG VEHICLE
LONG VEHICLE
HASCOL
PETROLEUM LIMITED
DIESEL PLUS
SUBWAY
HASCOL

بورڈ کی کارکردگی کا جائزہ

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

ڈائریکٹر کا معاوضہ

کمپنی کے آرٹیکل آف ایسوسی ایشن اور کمپنیز ایکٹ 2017 کے مطابق کمپنی کے پاس ڈائریکٹرز کے معاوضہ کے لیے ایک باضابطہ اور شفاف طریقہ کار موجود ہے۔ جیسا کہ مورخہ 28 اپریل 2016ء کو ہونے والی کمپنی کی سالانہ جنرل میٹنگ میں شیئر ہولڈرز کی طرف سے منظوری دی گئی تھی کہ غیر ایگزیکٹو اور آزاد ڈائریکٹرز کو بورڈ میٹنگ اور کمیٹی میٹنگ میں شرکت کے لیے مبلغ 1.5 لاکھ روپے ادا کیے گئے ہیں جو کہ بورڈ میٹنگ مورخہ 19 جنوری 2022 میں منظور کی گئی۔

ڈائریکٹرز کا تربیتی پروگرام

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

☆ جناب مصطفیٰ اشرف

☆ جناب محمد زبیر

☆ جناب فرید ارشد مسعود

بیرونی آڈیٹرز

بیرونی آڈیٹرز میسرز بیکر تلی محمود ادریس قمر، چارٹرڈ اکاؤنٹینٹس آئندہ سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جائیں گے اور اہل ہونے کے بعد دوبارہ تقرری کے لیے خود کو پیش کریں گے۔

بورڈ آف آڈٹ کمیٹی کی سفارش پر بورڈ نے میسرز بیکر تلی محمود ادریس قمر، چارٹرڈ اکاؤنٹینٹس کو سال 2022ء کے لیے کمپنی کے آڈیٹرز کے طور پر تعینات کرنے کا مشورہ دیا ہے۔ جو کہ 13 ستمبر 2022ء کو ہونے والی اگلی اے جی ایم میں شیئر ہولڈرز کی منظوری سے مشروط ہوگا۔

نمونہ برائے شیئر ہولڈنگ

31 دسمبر 2021 شیئر ہولڈنگ کا پیٹرن رپورٹ صفحہ 43 پر دیا گیا ہے۔

اعتراف

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

مستقبل کا نقطہ نظر

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

بورڈ کی جانب سے

آپ سب کا بے حد شکریہ

ڈائریکٹر / سی ای او

ڈائریکٹر

سال 2021 کے دوران منعقد ہونے والے بورڈ کے اجلاس اور ان کے بورڈ آف ڈائریکٹرز

سال کے دوران بورڈ آف ڈائریکٹرز کے (۱۱) اجلاس منعقد ہوئے، تمام ڈائریکٹر کی حاضری درج ذیل ہے۔

نمبر شمار	ڈائریکٹر کا نام	اجلاس میں شرکت
01	جناب ایلن ڈنکن (چیئر مین)	11
02	جناب ادیب احمد (سی ای او)	07
03	جناب عقیل احمد خان (سی ای او)	11
04	جناب فرید ارشد مسعود	11
05	جناب عبدالعزیز خالد	10
06	جناب نعمان کرامت ڈار	07
07	جناب حسن رضا الرحیم	04
08	جناب فرخ سعید	08
09	جناب محمد زبیر	08
10	جناب ظفر اقبال چوہدری	04
11	جناب مصطفیٰ اشرف	04

سال 2020ء میں بورڈ کمیٹی کے منعقدہ اجلاس

سال کے دوران آڈٹ کمیٹی نے آٹھ (۸) اجلاس منعقد کیے جس میں ڈائریکٹرز کی حاضری کا ریکارڈ درج ذیل ہے۔

نمبر شمار	ڈائریکٹر کا نام	اجلاس میں شرکت
01	جناب محمد زبیر	06
02	جناب حسن رضا الرحیم (چیئر مین)	02
03	جناب نعمان کرامت ڈار (ممبر)	04
04	جناب فرید ارشد مسعود (ممبر)	08
05	جناب ظفر اقبال چوہدری	04
06	جناب مصطفیٰ اشرف	04

☆جناب حسن رضا الرحیم مورخہ 8 ستمبر 2020 کو ڈائریکٹر منتخب ہوئے اور 16 ستمبر 2020 سے چیئر مین آڈٹ کمیٹی مقرر ہوئے۔

سال کے دوران ہیومن ریسورس کمیٹی نے 3 اجلاس منعقد کیے ڈائریکٹر کی حاضری کے ریکارڈ کی فہرست درج ذیل ہے:

نمبر شمار	ڈائریکٹر کا نام	اجلاس میں شرکت
01	جناب فرخ سعید (چیئر مین)	03
02	جناب فرید ارشد مسعود (ممبر)	03
03	جناب ایلن ڈنکن (ممبر)	03
04	جناب ظفر اقبال چوہدری	02
05	جناب مصطفیٰ اشرف	01
06	جناب محمد زبیر	02

انسانی وسائل

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

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

کارپوریٹ برائے سماجی ذمہ داری (سی ایس آر)

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

کارپوریٹ گورننس

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

اہم آپریشنل اور مالیاتی مواد

رپورٹ کے صفحہ نمبر 47 پر پچھلے چھ سالوں کے اہم آپریشنل اور مالیاتی ڈیٹا کا خلاصہ کرنے والا بیان دیا گیا ہے۔

قومی خزانہ اور معیشت میں شراکت داری

دوران سال آپ کی کمپنی نے مجموعی طور پر امپورٹ ڈیوٹی، جنرل سیلز ٹیکس، انکم ٹیکس اور دیگر سرکاری محصولات کے حساب سے خزانہ میں تقریباً 8.35 بلین روپے کا قومی حصہ ڈالا ہے۔

بورڈ آف ڈائریکٹرز کی تشکیل برائے سال 2021ء

ڈائریکٹرز کی کل تعداد (۷) ہے جو کہ مندرجہ ذیل ہیں:

مرد	(۷)
عورت	(۰)

بورڈ کی تشکیل حسب ذیل ہے:

(۱)	خودمختار ڈائریکٹرز	جناب مصطفٰی اشرف
(۲)	غیر ایگزیکوٹیوز ڈائریکٹرز	جناب ظفر اقبال چوہدری جناب ایلن ڈنکن جناب محمد زبیر جناب عبدالعزیز خالد جناب فرید ارشد مسعود
(۳)	ایگزیکٹو ڈائریکٹرز	جناب عقیل احمد خان
(۴)	خواتین ڈائریکٹرز	(کوئی نہیں)

☆ مورخہ 5 اگست 2021ء کو جناب حسن رضا الرحیم اور نعمان کرامت ڈار کی جگہ پر جناب مصطفٰی اشرف اور جناب ظفر اقبال چوہدری کو ڈائریکٹر مقرر کیا گیا۔

☆ مورخہ 20 مئی 2021ء کو جناب محمد زبیر کو نامزد ڈائریکٹر مقرر کیا گیا۔

☆ مورخہ 5 اگست 2021 کو جناب ادیب احمد کی جگہ پر جناب عقیل احمد خان کو (سی ای او) مقرر کیا گیا۔

☆ آڈیٹر نے اس بات پر بھی روشنی ڈالی ہے کہ وہ تیسرے فریق کی تصدیق کی عدم موجودگی کی وجہ سے نوٹ 13,14,16 میں بتائے گئے کچھ کتابی اثاثوں کی تکمیل کو یقینی بنانے کے قابل نہیں تھے، تاہم انتظامیہ کا خیال ہے کہ اس سالانہ آڈٹ کے بعد خصوصی آڈٹ کے دوران اسے یقینی بنایا جائے گا۔

☆ آڈیٹرز کو کارٹیج ٹھیکیداروں، صارفین اور بعض وینڈر سے تیسرے فریق کی کچھ تصدیق موصول نہیں ہوئیں، اس طرح اس پر منفی رائے کا اظہار کیا، تاہم انتظامیہ کا خیال ہے کہ چونکہ مادی رقوم کی تصدیق ہو چکی ہے اور غیر مصدقہ رقوم کی تصدیق بعد ازاں اس سالانہ آڈٹ کے بعد خصوصی آڈٹ کے دوران بھی یقینی بنائی جائے گی۔

☆ آڈیٹرز نے مالیاتی بیانات کے نوٹ 9.2 اور 9.5 کا حوالہ دیا ہے جس میں انتظامیہ نے اس حقیقت کا انکشاف کیا ہے کہ سرمایہ کاری کی خرابی (اگر کوئی ہے) اس کے لیے جانچ نہیں کی گئی تھی کیونکہ سرمایہ کار کمپنی کے مالی بیانات کا آڈٹ نہیں کیا جاتا ہے۔ انتظامیہ کا خیال ہے کہ اس سالانہ آڈٹ کے بعد خصوصی آڈٹ کے دوران اس بات کو یقینی بنایا جائے گا۔

☆ آڈیٹرز نے اس حقیقت کو اجاگر کیا ہے جیسا کہ نوٹ 12.1 میں ظاہر کیا گیا ہے، مالیاتی بیانات کی تیاری کے لیے ERP ماڈیول کے علاوہ مائیکروسافٹ ایکسل کا استعمال تجارت میں فزیکل اسٹاک کی قدر کی تصدیق کرتا ہے۔ انتظامیہ اپنی تنظیم نو کی مشق کے ایک حصے کے طور پر مسابقتی ERP کے حل کے لیے اپنی طرف سے پرعزم ہے تاکہ مستقبل قریب میں اس کی کمزوریوں کو دور کیا جا سکے۔

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

کیش اور اسٹاک ڈیویڈنڈ:

چونکہ کمپنی کو 31 دسمبر 2021 کو ختم ہونے والے سال کے بعد ٹیکس کے بعد نقصان ہوا ہے، اس لیے ڈائریکٹرز نے اس مخصوص سال کے لیے کوئی ڈیویڈنڈ تقسیم نہ کرنے کا فیصلہ کیا ہے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

ہیسکول پیٹرولیم لمیٹڈ کی انتظامیہ اچھی کارپوریٹ گورننس اور بہترین طریقوں کی تعمیل کے لیے پرعزم ہے۔ جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت ضروری ہے، ڈائریکٹرز مندرجہ ذیل بیان کرنے میں بے حد خوشی محسوس کر رہے ہیں۔

ا۔ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات اس کی حالت، اس کے کام، نقد بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کے نتائج کو منصفانہ طور پر پیش کیا جا رہا ہے۔

۲۔ کمپنی نے کمپنیز ایکٹ 2017 کے تحت اکاؤنٹس کی کتابوں کو صاف ستھری حالت میں برقرار رکھا ہے۔

۳۔ کمپنی نے مالیاتی بیانات کی تیاری میں مسلسل اور مناسب اکاؤنٹنگ پالیسیوں کی پیروی کی ہے۔ اکاؤنٹنگ پالیسیوں میں تبدیلیاں جہاں بھی کی گئی ہیں مالی بیانات میں مناسب طور پر ظاہر کر دی گئی ہیں۔ حساب کتاب کے تخمینے دانشمندانہ اور معقول فیصلے کی بنیاد پر لیے جائیں گے۔

۴۔ جیسا کہ پاکستان میں لاگو ہوتا آ رہا ہے بین الاقوامی مالیاتی رپورٹنگ کے معیارات، مالیاتی گوشواروں کی تیاری میں پیروی کی گئی ہے اور اس کے انحراف اگر کوئی ہے تو وہ واضح طور پر ظاہر کیا گیا ہے۔

۵۔ بورڈ آڈٹ کمیٹی بیرونی اور اندرونی آڈیٹرز سے اندرونی کنٹرول کے نظام سے متعلق رپورٹس کا جائزہ لیتی ہے اور اسے مسلسل بہتر بنانے کی کوشش میں گامزن ہے۔

۶۔ جیسا کہ کمپنی کے غیر متفقہ مالیاتی بیانات کے نوٹ 1.2 میں انکشاف کیا گیا ہے، کمپنی کی جاری تشویش کے طور پر اپنی صلاحیت کو جاری رکھنے پر کوئی خاص شک نہیں ہے۔

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

ایچ ایس ای کمپنی کے انتظامی فلسفے اور اقدار کا ایک لازمی حصہ ہے، ایچ پی ایل کا مقصد کاروباری فضیلت حاصل کرنا ہے اور لوگوں، ماحولیات، اثاثوں اور ساکھ کے تحفظ کے لیے کوشاں رہنا ہے۔ ایک مربوط ایچ ایس ای مینجمنٹ مینوئل مدد کے لیے موجود ہے اور اسے کمپنی کی جانب سے بھی نافذ کیا گیا ہے۔ یہ تمام آپریشنل شعبوں کا احاطہ کرتا ہے جس میں ریگولیٹری اور بہترین صنعتی طریقے بھی شامل ہیں، کمپنی نے اپنا مسلسل چوتھا سال زیرو ایل ٹی آئی کے ساتھ ریکارڈ کیا اور 6.27 ملین تحفظاتی مینز آورز حاصل کیے۔ ہیسکول کے ملازمین اور ٹھیکیداروں کے لیے کل درج شدہ حادثوں کی شرح (ٹی آر آئی آر) بالترتیب 0 اور 0.13 رہی ہے۔ ہیسکول اور کانٹریکٹ فلیٹ (Fleet) کے لیے روڈ ایکسیڈنٹ ریٹ بالترتیب (آر اے آر) 0.04 اور 0.05 رہا۔ جبکہ 331 ٹریننگ سیشنز میں کُل 3,702 ٹریننگ مین آورز کے گئے جس میں مجموعی طور پر 467 کے قریب ایچ ایس ای معائنہ بھی کیے گئے ہیں۔

کمپنی کے وقوعہ کی رپورٹنگ اور تفتیشی نظام (آئی آر آئی ایس) کے مطابق تمام قریبی گمشدگیوں اور واقعات کی اطلاع دی جا رہی ہے اور ان کی تفتیش کی جا رہی ہے مزید برآں تدارک کے اقدامات بھی کیے جا رہے ہیں۔ اس کے ساتھ ہی ہنگامی صورتحال رسپانس پلان (ای آر پی) کی موجودگی کے ساتھ باہمی امداد کے لیے ایمرجنسی رسپانس پلان (ایم اے ای آر پی) پر بھی عمل کیا جا رہا ہے۔

مذکورہ منصوبے کے لیے تقریب 17 بلین روپے کے انجیکشن کی ضرورت ہے جو بینکوں کی وجہ سے ہونے والے کل اخراجات کا احاطہ کرے گا اور تمام قرضوں کی باقاعدگی سے ادائیگی، فعال اور تصفیہ کیا جائے گا۔ اہم شیئر ہولڈر کاروبار کو ورکنگ کیپٹل سپورٹ فراہم کرنا جاری رکھے گے جب تک ری اسٹرکچرنگ پلان منظور نہ کیا جائے۔

بورڈ نے قرض کی تنظیم نو کے منصوبے پر غور کیا ہے اور کمپنی کی جانب سے اس پر عمل درآمد کے لیے منظوری بھی دے دی ہے یعنی کمپنیز ایکٹ 2017 کے سیکشن 282-279 (اسکیم) کے تحت کراچی میں سندھ ہائی کورٹ میں پیش کیے جانے والے انتظامات اسکیم کے مطابق سرانجام دیئے جائیں گے۔

کامیاب نفاذ پر، کمپنی کو اپنے حریفوں پر ایک الگ مسابقتی فائدہ حاصل ہوگا اور وہ تیل کی مارکیٹنگ کے شعبے میں پہلے تین پوزیشنوں میں سے ایک حاصل کرنے کے لیے تبدیلی کو یقینی بنائیگی جیسا کہ ماضی میں ایسا ہوتا دیکھا گیا تھا۔

حکومت پاکستان کی طرف سے انڈسٹری پر ریگولیٹڈ مارجن میں اوپر کی طرف نظر ثانی کے بعد کمپنی کی کمائی کی صلاحیت مزید تیز ہو جائے گی۔

ریگولیٹری فریم ورک

حکومت نے OMCs کے لیے اتار چڑھاؤ کو کم کرنے اور ان کے کاروباری ماحول کو بہتر بنانے کے مقصد سے متعدد اقدامات کیے ہیں۔ ان اقدامات میں قیمتوں کے فارمولے میں نظر ثانی، OMCs کے لیے غیر ملکی کرنسی کا احاطہ اور OMC اور ڈیلر کے مارجن پر نظر ثانی کرنا بھی شامل ہے۔

کاروبار کی لاگت کو مدنظر رکھتے ہوئے اور سرمایہ کاری کا منصفانہ منافع فراہم کرنے کے لیے، حکومت نے ڈیلرز کے مارجن میں مزید اضافہ کیا ہے اور وہ OMC مارجن کو بڑھانے کے عمل میں ہے۔ دونوں مارجن میں نظر ثانی سے کمپنی کے منافع میں بہتری آئے گی کیونکہ ہیسکول کمپنی سے چلنے والا ٹرن اوور ٹیکس 0.75% سے کم کر کے 0.5% کر دیا گیا ہے۔ مارکیٹ میں قیمتوں کے اتار چڑھاؤ کو کم کرنے کے لیے حکومت ہفتہ وار قیمتوں کے تعین کے طریقہ کار کو نافذ کرنے کا منصوبہ بنا رہی ہے۔ مسابقت کی حوصلہ افزائی کے مقصد کے ساتھ حکومت او ایم سی سیکٹر کو ڈی ریگولیٹ کرنے کا منصوبہ بنا رہی ہے۔ ہمیں یقین ہے کہ مذکورہ ریگولیٹری تبدیلیوں اور ڈی ریگولیشن سے کمپنی کے کاروبار پر مثبت اثر پڑے گا۔

انتظامیہ کی طرف سے کیے گئے پرعزم کام

مالیاتی گوشواروں کا ایک مجموعہ جو کمپنی کے معاملات کا بہت بہتر منظر پیش کرتا ہے، انتظامیہ نے مالیاتی گوشواروں کو صاف کرنے اور اس بات کو یقینی بنانے کے لیے متعدد مشقیں کیں کہ آڈیٹرز کی رائے سے انکار (سال 2020 کے لیے) مالیاتی گوشواروں کی مکمل کتابوں کو ہٹا دیا ہے اور سال 2021 کے لیے بیرونی آڈیٹرز کی طرف سے ایک مناسب آڈٹ رائے جاری کی گئی ہے۔

بشمول:

- ☆ مالیاتی گوشواروں کے اندر مختلف اکاؤنٹس کے سربراہوں کی مفاہمت تاکہ وہ رقم لے جا سکے جو صحیح اور منصفانہ نظریہ پیش کرے۔
- ☆ کمپنی کے فکسڈ اثاثوں کے رجسٹر کی فزیکل کاؤنٹ، ٹیگنگ اور اپڈیٹ کرنا جس میں ضروری ایڈجسٹمنٹ بھی شامل ہیں۔
- ☆ کمپنی کے مکمل فکسڈ اثاثوں کی جوزف لوبو (پرائیوٹ) لمیٹڈ کی طرف سے کمپنی کے اثاثوں کی تازہ تشخیص کرے گی۔
- ☆ کمپنی کی اہم پالیسیوں کی تشکیل، منظوری اور نفاذ جیسے امپورٹ اینڈ پرائسنگ اور فارن ایکسچینج مینجمنٹ پالیسی۔
- ☆ بورڈ آف ڈائریکٹرز اور اس کی مختلف ذیلی کمیٹیوں کو متواتر رپورٹنگ میں اضافہ۔
- ☆ کمپنی کے اندرونی کنٹرول کے فریم ورک کو ترتیب وار بہتر بنانے کا عمل۔

آڈٹ رپورٹ میں آڈیٹر کی منفی رائے:

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

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

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

☆ آڈیٹر نے اس بات پر بھی روشنی ڈالی ہے کہ کمپنی نے اپنے منسلک اثاثوں یعنی پراپرٹی، پلانٹ اور آلات کی گنتی ٹیگ اور ری ویلیو کرنے کے لیے ایک وسیع مشق کا آغاز کیا ہے اور اس کے نتیجے میں مالیاتی بیانات میں ضروری ایڈجسٹمنٹ کو شامل کیا ہے۔ مالیاتی بیانات کے نوٹ 6.3 اور 6.8 میں یہ بتایا گیا ہے کہ ٹیگنگ کی مشق کل اثاثوں کے 91% تک مکمل کی جا چکی ہے جو پہلے ہی اثاثوں کی کل مالیت کے ایک مادی حصہ ہے اور مناسب طریقے سے ظاہر بھی کیا جا سکتا ہے۔ بقیہ 9% خصوصی آڈٹ میں اس نقطہ نظر کو ختم کر دیا جائے گا۔

مالیاتی نتائج:

مالیاتی سال 2021ء میں ہیسکول ایک منتقلی کے مرحلے سے گزرا جس میں ان پہلوؤں پر توجہ مرکوز کی گئی تھی کہ وہ تنظیم نو کو پہلے سے حتمی شکل دینے جیسے کہ مصنوعات کی زیادہ سے زیادہ خرید، آپریٹنگ لاگت، قرضوں کی وصولی کو کنٹرول کرسکتا ہے۔ جس کے نتیجے میں کمپنی EBITDA 2020 منفی سے 2021 میں EBITDA مثبت میں تبدیل ہوگئی۔ پیٹرولیم مصنوعات کی مارکیٹنگ کے اپنے بنیادی کاروبار کے ذریعے کم حجم میں بھی کمپنی کے واحد سب سے بڑے شیئر ہولڈر کی طرف سے کریڈٹ سپورٹ نے کمپنی کو کاروباری سرمائے کی کمی کے باوجود اپنے کاروبار کو جاری رکھنے میں مدد کی۔

ہیسکول کی نئی انتظامیہ کمپنی کو منافع میں بحال کرنے کے لیے بورڈ کے ساتھ مل کر انتھک کام کر رہی ہے، بورڈ بہترین کارپوریٹ طریقوں کو نافذ کرنے اور اس کاروبار سے وابستہ اہم خطرات کے انتظامات کی تشکیل میں سر گرم عمل ہے۔

31 دسمبر 2021 کو ختم ہونے والے سال کے لیے کمپنی کے مالی نتائج ذیل میں دکھائے گئے ہیں:

تفصیل	2021 روپے	2020 000
منافع / نقصان بلا سود، ٹیکس اور فرسودگی	1,354,525	(11,771,157)
کمی: فرسودگی اور امورٹائی زیشن	(1,810,182)	(2,296,202)
کمی: مالیاتی لاگ	(6,709,330)	(8,403,286)
کمی: ٹیکسیشن	(427,144)	(850,771)
نقصان بعد از ٹیکسیشن	**(7,592,131)**	**(23,321,416)**
	روپے	
نقصان فی شیئر	(7.60)	(23.46)

مزید برآں یہ دیکھا جائے گا کہ کمپنی برائے نام حجم میں نقد منافع پیدا کرنے کی صلاحیت رکھتی ہے زیادہ مقداروں کو دیکھتے ہوئے، کمائی کی صلاحیت آج کے مقابلے میں بہت زیادہ ہے۔ خود صنعت سے وابستہ کمپنی کو کئی خطرات کا سامنا ہے، تاہم کمپنی کے لیے بنیادی چیلنج واجب الادا قرضوں پر جمع ہونے والے سود کی لاگت اور مالیاتی چارجز اور ورکنگ کیپٹل اور بینکنگ کی سہولیات کی عدم دستیابی کا ثبوت ہے۔

یہ آپریشنل رکاوٹوں اور غیر ادا شدہ نان بینکنگ قرض دہندگان کے ساتھ مل کر کمپنی کی ترقی اور منافع میں آپریشنل رکاوٹیں پیدا کرتے ہیں۔

بورڈ آف ڈائریکٹرز (بورڈ) نے ان غیر متفقہ مالیاتی بیانات کی منظوری کی تاریخ سے لے کر بارہ مہینوں کے لیے کمپنی کے منافع اور کیش فلو کی پیشگوئی کا تفصیلی جائزہ لیا ہے، جس میں کمپنی کے متوقع مستقبل کے ورکنگ سرمائے کو مدنظر رکھا گیا ہے۔ ری اسٹرکچرنگ پلان کے تحت کمپنی میں اوپر کی طرف نظر ثانی کے ساتھ ساتھ ڈیلر مارجن کو بھی مدنظر رکھتی ہے۔

بورڈ کو پختہ یقین ہے کہ بڑے بینکوں کے ساتھ تنظیم نو کے منصوبے کی منظوری سے مشروط کمپنی کے پاس اپنے کام کو جاری رکھنے اور اپنی صلاحیت کو حاصل کرنے کے لیے کافی لیکویڈیٹی ہوگی۔

تنظیم نو کا منصوبہ:

کمپنی سال 2022 کی اکثریت کے لیے بڑے قرض دہندگان کے ساتھ قرض کی تنظم نو کے لیے بات چیت کر رہی ہے، اگرچہ اس منصوبے کو حتمی شکل نہیں دی گئی ہے، لیکن کمپنی نے اس منصوبے پر بینکوں کے ساتھ بات چیت کی ہے اور اب بینکوں اور بڑے شیئرز ہولڈرز اور کمپنی کے ساتھ 54 بلین کے قرض کی تنظیم نو کے لئے پُر یقین ہیں۔

لیکویڈیٹی کے مسائل کو حل کرنے کے لیے کمپنی نے ایک تنظیم نو کا منصوبہ بنایا ہے جو نہ صرف ان مسائل پر قابو پائے گا بلکہ اس بات کو یقینی بنائے گا کہ کمپنی اپنا کھویا ہوا مارکیت شیئر اور منافع دوبارہ حاصل کرے۔ مجوزہ تنظیم نو کے منصوبے کا ایک مختصر خاکہ حسب ذیل ہے جس میں بینکوں اور مالیاتی اداروں کے واجب الادا 54.247 بلین روپے کے قرضے شامل ہین۔

- ☆ رعایتی مدت اور رعایتی سود کے چارجز کے ساتھ 20 بلین روپے کو طویل مدتی قرض میں تبدیل کرنا ہے۔
- ☆ کم از کم روپے میں ورکنگ کیپٹل لائنز کی بحالی، کمپنی کے تیل کی درآمد کو سپورٹ کرنے کے لیے کم از کم 20 بلین روپے کا سہارا لیا جا سکے گا۔
- ☆ 14-15 بلین روپے کے قرض کو خالص حالی موجودہ قیمت کو مدنظر رکھتے ہوئے قرضے کی پیشگی ادائیگیوں کو سیٹل کرنا شامل ہے۔
- ☆ مختلف فنانس لیز کی بروقت ادائیگیاں۔

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2021ء کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ کے ساتھ ساتھ آڈٹ شدہ اسٹینڈ اور مالیاتی بیانات جس پر آڈیٹرز کی رپورٹ پیش کرتے ہوئے بے حد خوشی محسوس کر رہے ہیں۔

Pattern Of Shareholding

as at December 31, 2021

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
Mustafa Ashraf	1	500	0.00
AQEEL AHMED KHAN	1	701	0.00
Associated Companies, undertakings and related parties	-	-	-
Sponsers	2	401,697,229	40.21
NIT and ICP	-	-	-
Banks Development Financial Institutions, Non-Banking Financial Institutions	6	4,246,830	0.43
Insurance Companies	3	24,408	0.00
Modarabas and Mutual Funds	8	180,783	0.02
General Public			
a. Local	24,035	549,843,661	55.03
b. Foreign	204	2,427,696	0.24
Foreign Companies	2	937,049	0.09
Others	100	39,761,823	3.98
Totals	24,362	999,120,680	100.00

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

Pattern Of Shareholding

as at December 31, 2021

# of Sharheolders	Shareholding's Slabs			Total Shares Held
1,490	1	To	100	55,094
2,426	101	To	500	913,292
2,993	501	To	1000	2,720,991
7,183	1001	To	5000	21,000,364
3,544	5001	To	10000	26,896,815
1,486	10001	To	15000	18,745,595
1,028	15001	To	20000	18,664,785
634	20001	To	25000	14,631,080
481	25001	To	30000	13,593,978
315	30001	To	35000	10,436,268
263	35001	To	40000	10,102,315
191	40001	To	45000	8,233,262
369	45001	To	50000	18,121,255
145	50001	To	55000	7,619,651
146	55001	To	60000	8,501,612
92	60001	To	65000	5,803,890
85	65001	To	70000	5,826,955
87	70001	To	75000	6,407,970
77	75001	To	80000	6,032,684
59	80001	To	85000	4,906,524
61	85001	To	90000	5,401,355
43	90001	To	95000	4,010,248
201	95001	To	100000	20,029,040
57	100001	To	105000	5,839,794
41	105001	To	110000	4,436,479
35	110001	To	115000	3,952,695
31	115001	To	120000	3,657,139
45	120001	To	125000	5,542,629
27	125001	To	130000	3,462,580
22	130001	To	135000	2,936,435
33	135001	To	140000	4,580,195
19	140001	To	145000	2,714,335
46	145001	To	150000	6,883,226
21	150001	To	155000	3,203,556
15	155001	To	160000	2,381,998
14	160001	To	165000	2,288,849
20	165001	To	170000	3,363,731
17	170001	To	175000	2,945,874
14	175001	To	180000	2,505,061
12	180001	To	185000	2,202,928
7	185001	To	190000	1,312,892
8	190001	To	195000	1,529,174
50	195001	To	200000	9,974,702
13	200001	To	205000	2,618,345
12	205001	To	210000	2,495,012
11	210001	To	215000	2,352,155
9	215001	To	220000	1,964,517
9	220001	To	225000	2,014,016
11	225001	To	230000	2,511,179
4	230001	To	235000	930,507
8	235001	To	240000	1,913,352
3	240001	To	245000	730,158
21	245001	To	250000	5,244,726
10	250001	To	255000	2,525,832
4	255001	To	260000	1,033,790
2	260001	To	265000	529,500
9	265001	To	270000	2,418,500
5	270001	To	275000	1,366,701
6	275001	To	280000	1,672,511
3	280001	To	285000	847,566
3	285001	To	290000	864,488
1	290001	To	295000	291,000
22	295001	To	300000	6,598,900
4	300001	To	305000	1,212,056
5	305001	To	310000	1,545,000
3	310001	To	315000	939,531
1	315001	To	320000	320,000
4	320001	To	325000	1,294,818
5	325001	To	330000	1,640,297
3	330001	To	335000	998,717
3	335001	To	340000	1,015,000
1	340001	To	345000	344,073
5	345001	To	350000	1,744,370
5	350001	To	355000	1,766,639
4	355001	To	360000	1,437,209
4	360001	To	365000	1,451,665
3	365001	To	370000	1,108,500
4	370001	To	375000	1,496,000
1	375001	To	380000	379,610
1	380001	To	385000	381,400
4	385001	To	390000	1,549,272
1	390001	To	395000	395,000
8	395001	To	400000	3,200,000
4	400001	To	405000	1,615,211
1	405001	To	410000	410,000
1	410001	To	415000	411,200
5	415001	To	420000	2,091,272
2	425001	To	430000	854,415
1	430001	To	435000	435,000
1	435001	To	440000	438,338
7	445001	To	450000	3,146,049
1	455001	To	460000	455,432
1	460001	To	465000	464,500
1	470001	To	475000	475,000
1	475001	To	480000	478,012
3	480001	To	485000	1,452,794
2	485001	To	490000	979,000
2	490001	To	495000	986,612
15	495001	To	500000	7,496,994
5	500001	To	505000	2,503,276
1	505001	To	510000	510,000
4	510001	To	515000	2,051,015
2	520001	To	525000	1,048,000

Pattern Of Shareholding

as at December 31, 2021

# of Sharheolders	Shareholding's Slabs			Total Shares Held
1	525001	To	530000	525,206
1	530001	To	535000	531,500
2	540001	To	545000	1,085,026
4	545001	To	550000	2,198,000
1	550001	To	555000	552,502
1	560001	To	565000	560,238
2	570001	To	575000	1,149,500
2	575001	To	580000	1,152,148
1	580001	To	585000	584,597
6	595001	To	600000	3,600,000
1	600001	To	605000	601,766
2	605001	To	610000	1,219,728
1	610001	To	615000	615,000
1	620001	To	625000	625,000
1	625001	To	630000	625,918
1	645001	To	650000	650,000
2	650001	To	655000	1,304,080
1	660001	To	665000	665,000
1	665001	To	670000	667,500
1	675001	To	680000	676,925
1	680001	To	685000	681,000
1	685001	To	690000	690,000
1	690001	To	695000	691,000
1	695001	To	700000	695,294
2	715001	To	720000	1,436,561
2	720001	To	725000	1,442,600
1	735001	To	740000	736,000
2	740001	To	745000	1,488,000
1	745001	To	750000	750,000
1	755001	To	760000	755,496
1	760001	To	765000	761,556
1	765001	To	770000	770,000
1	775001	To	780000	780,000
4	795001	To	800000	3,199,308
1	815001	To	820000	817,500
1	840001	To	845000	841,000
2	845001	To	850000	1,700,000
1	870001	To	875000	875,000
2	895001	To	900000	1,800,000
1	910001	To	915000	915,000
1	920001	To	925000	925,000
2	925001	To	930000	1,855,059
2	935001	To	940000	1,875,907
2	940001	To	945000	1,887,406
2	945001	To	950000	1,897,125
1	960001	To	965000	965,000
5	995001	To	1000000	5,000,000
1	1015001	To	1020000	1,020,000
1	1045001	To	1050000	1,050,000
1	1050001	To	1055000	1,051,000
1	1055001	To	1060000	1,056,830
1	1085001	To	1090000	1,088,000
3	1095001	To	1100000	3,296,383
1	1100001	To	1105000	1,104,500
1	1110001	To	1115000	1,110,243
1	1135001	To	1140000	1,136,675
1	1155001	To	1160000	1,158,025
1	1165001	To	1170000	1,168,789
1	1175001	To	1180000	1,176,650
5	1195001	To	1200000	6,000,000
1	1200001	To	1205000	1,204,062
2	1255001	To	1260000	2,517,000
3	1295001	To	1300000	3,899,825
1	1325001	To	1330000	1,325,500
1	1355001	To	1360000	1,360,000
1	1370001	To	1375000	1,375,000
1	1455001	To	1460000	1,460,000
1	1460001	To	1465000	1,464,270
1	1495001	To	1500000	1,500,000
2	1595001	To	1600000	3,199,519
1	1600001	To	1605000	1,600,019
1	1705001	To	1710000	1,710,000
1	1715001	To	1720000	1,715,594
1	1720001	To	1725000	1,725,000
1	1870001	To	1875000	1,872,262
1	1905001	To	1910000	1,906,000
1	1945001	To	1950000	1,950,000
1	1985001	To	1990000	1,990,000
1	1995001	To	2000000	2,000,000
1	2185001	To	2190000	2,187,126
1	2220001	To	2225000	2,222,003
1	2315001	To	2320000	2,317,710
1	2330001	To	2335000	2,335,000
1	2595001	To	2600000	2,600,000
1	2865001	To	2870000	2,865,396
1	2915001	To	2920000	2,918,346
1	3720001	To	3725000	3,725,000
1	3995001	To	4000000	4,000,000
1	4925001	To	4930000	4,926,709
1	9635001	To	9640000	9,639,685
1	10560001	To	10565000	10,563,572
1	12590001	To	12595000	12,591,945
1	13705001	To	13710000	13,706,040
1	118680001	To	118685000	118,684,892
1	283010001	To	283015000	283,012,337
24,362				**999,120,680**


HASCOL
FIRE WATER
TANK NO. 04
CAP: 180 M. TONS

Key Operational And Financial Data

Six Years Summary

	2021	2020	2019	2018	2017	2016
Profit and Loss Account						
Revenue (Gross)	71,366,378	132,903,803	179,922,956	274,166,545	215,662,302	128,759,275
Revenue (Net)	62,942,277	113,070,621	154,060,227	232,407,681	173,739,173	99,508,194
Cost of product sold	61,153,982	115,296,600	166,744,513	222,537,587	166,850,657	94,585,669
Gross profit / (loss)	1,987,678	(1,378,967)	(12,524,247)	10,706,805	7,388,976	5,130,112
Operating profit / (loss)	1,224,579	(13,018,190)	(21,933,039)	5,718,415	4,528,352	3,078,081
(Loss) / profit before tax	(7,164,987)	(22,470,645)	(34,237,060)	185,783	2,658,699	1,967,975
(Loss) / profit after tax	(7,592,131)	(23,321,416)	(35,102,562)	(122,830)	1,401,248	1,215,626
Earnings before interest, taxes, depreciation and amortization	1,354,525	(11,771,157)	(22,428,290)	2,478,859	3,751,047	2,810,802
Balance Sheet						
Share Capital	9,991,207	9,991,207	1,991,207	1,810,188	1,448,150	1,206,792
Property, plant and equipment	24,742,668	21,899,362	23,155,974	22,179,198	13,680,349	8,688,947
Inventory	10,255,676	11,435,266	19,012,237	22,279,280	18,557,106	16,477,668
Current assets	15,270,445	20,134,453	47,381,594	50,669,367	42,291,734	33,718,944
Current Labilities	78,571,358	76,167,273	97,024,510	64,701,307	44,947,015	34,629,671
Non current assets	32,010,049	39,313,812	49,072,818	24,107,734	15,911,404	10,939,806
Non current liabilities	16,014,742	29,359,449	24,295,629	4,088,488	3,718,648	3,924,061
Surplus on revaluation of fixed assets	6,381,696	3,962,410	4,221,873	4,481,336	1,025,789	1,142,880
Summary of Cash flow statement						
Cash flows from operating activities	(5,833,653)	(17,287,200)	(9,197,065)	(7,819,420)	1,276,063	2,407,628
Cash flows from investing activities	864,059	559,257	(5,988,504)	(5,516,647)	(5,824,726)	(2,920,005)
Cash flows from financing activities	(1,338,954)	10,122,121	(544,809)	1,518,038	4,846,833	1,785,326
Net cash flows during the year	(6,308,548)	(6,605,822)	(15,730,378)	(11,818,029)	298,170	1,272,949
Investor Information						
Profitability ratios						
Gross profit ratio	3.16%	-1.22%	-8.13%	4.61%	4.25%	5.16%
Net profit ratio	-12.06%	-20.63%	-22.78%	-0.05%	0.81%	1.22%
EBITDA margin	2.15%	-10.41%	-14.56%	1.07%	2.16%	2.82%
Cost / Income ratio	0.97	1.02	1.08	0.96	0.96	0.95
Return on equity	-	-	-	(0.02)	0.15	0.20
Liquidity Ratios						
Current ratio	0.19 : 1	0.26 : 1	0.49 : 1	0.78 : 1	0.94 : 1	0.97 : 1
Quick ratio	0.06 : 1	0.11 : 1	0.29 : 1	0.44 : 1	0.53 : 1	0.5 : 1
Cash flows from operations to sales	-9.27%	-15.29%	-5.97%	-3.36%	0.73%	2.42%
Cash to current liabilities	1.3%	4.0%	14.1%	13.6%	21.7%	22.6%
Investment / Market ratios						
Earning / (loss) per share	(7.60)	(23.46)	(93.30)	(1.08)	8.56	9.41
Breakup value per share without surplus on revaluation of fixed assets	(53.73)	(50.08)	(146.08)	8.32	58.78	41.12
Breakup value per share with surplus on revaluation of fixed assets	(47.35)	(46.12)	(124.88)	33.08	65.86	50.59

Notice of Twentieth (20th) Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE TWENTIETH (20TH) ANNUAL GENERAL MEETING OF HASCOL PETROLEUM LIMITED WILL BE HELD ON TUESDAY 13 SEPTEMBER 2022 AT 12:00 NOON THROUGH VIDEO LINK FACILITY VIA ZOOM MANAGED FROM THE COMPANY'S HEAD OFFICE AT KARACHI, TO TRANSACT THE FOLLOWING BUSINESS:

Ordinary Business

1. To confirm the minutes of the Annual General Meeting of the Company held on 07 December 2021.

2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 31st December 2021, together with the Directors' and Auditors' reports thereon and the Review Report of the Chairman.

3. To appoint Auditors and to fix their remuneration for the financial year 2022.

Other Business

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

By Order of the Board

23 August 2022
Karachi

Farhan Ahmad
Company Secretary

NOTES:

1) Participation of Shareholders through Online Facility

- In pursuance of SECP's Circular No. 5 dated March 17, 2020, Circular No. 10 dated April 1, 2020, Circular No.33 dated November 05, 2020, Circular No. 4 of 2021 dated February 15, 2021 and Circular No. 6 of 2021 dated March 03, 2021 respectively pertaining to Regulatory Relief to dilute impact of Corona Virus (COVID 19) for Corporate Sector, Companies have been advised to modify their usual planning for annual general meetings for the well-being of the shareholders and avoid large gatherings by provision of video link facilities.

- In light of SECP's directives, the Company intends to convene its AGM virtually via video link facilities managed from the Registered Office of the Company, situated on 29th Floor, Sky Tower, West Wing (Tower A), Dolmen City, Abdul Sattar Edhi Avenue, Block-4, Clifton, Karachi for the safety and well-being of the shareholders of the Company. The decision of convening the AGM electronically has been taken in light of the limited space at the Company's head office to accommodate a large number of shareholders, whilst ensuring the health and safety measures, and to save the additional cost that will be incurred for convening the AGM outside the head office building. Therefore, the management will be conducting the AGM online in the best interest of all the shareholders.

- In order to participate in the AGM proceedings via video link, the shareholders are required to send their Name, Folio Number, Cell No. and Number of Shares held in their name with subject "Registration for Hascol Petroleum Limited AGM" along with valid copy of CNIC (both sides) at company.secretary@hascol.com. Video link and login credentials will be shared with only those shareholders whose emails, containing all the required particulars, are received by close of office on 09 September 2022.

- Shareholders can also send their comments / suggestions on company.secretary@hascol.com for the agenda items proposed to be conducted at the AGM in the same manner as it is being discussed in the AGM, and later shall be made part of the minutes of the meeting.

- The purpose of the aforementioned arrangements is to ensure maximum participation of the shareholders in the AGM through an online facility. Shareholders are also requested to consolidate their attendance through proxies, so that the quorum requirement may also be fulfilled.

2) Closure of Share Transfer Books

- The Share Transfer Books of the Company shall remain closed from 07 September 2022 to 13 September 2022 (both days inclusive). Transfers in the form of physical transfers / CDS Transaction IDs received in order at the Company's Share Registrar, Messrs CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Shahra-e-Faisal, Karachi, by close of business on 06 September 2022 will be treated in time to attend and vote at the meeting and for the purpose of the above entitlement to the transferees.

3) Participation in the Meeting

- Only those persons, whose names appear in the register of members of the Company as on 06 September 2022, are entitled to attend, participate in, and vote at the Annual General Meeting.

- A member of the Company entitled to attend and vote at the Annual General Meeting may appoint another person as his / her proxy to attend and vote instead of him / her. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the time of the Meeting and must be duly stamped, signed and witnessed.

4) Requirements for appointing Proxies

- In case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Central Depository Company of Pakistan Limited Regulations, shall submit the proxy form as per the above requirement.

- The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

- Attested copies of the valid CNICs or the passports of the beneficial owner(s) and the proxy shall be furnished with the proxy form.

- The proxy shall produce his/her valid original CNIC or original passport at the time of the Annual General Meeting.

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

- Pursuant to Companies (Postal Ballot) Regulations 2018, for the purpose of election of Directors and for any other agenda item, subject to the requirements of sections 143 and 144 of the Companies Act 2017, members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.

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

- In compliance with the section 223(6) of Companies Act 2017, the Company has electronically transmitted the Annual Report 2021 through email to shareholders whose email addresses are available with the Company's Share Registrar. In those cases, where email addresses are not available with the Company's Share Registrar, printed notice of AGM have been dispatched. However, the Company would provide hard copies of the Annual Report to the Shareholders on their demand at their registered addresses, free of cost, within one week of such request. The annual financial statements have also been uploaded on the Company's website and are readily accessible to the shareholders.

6) Conversion of Physical Shares Into Book-Entry Form

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

7) Change of Address

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

8) Miscellaneous:

- This notice has been sent to all members of the Company in accordance with Section 134(1)(a) of the Companies Act, 2017.

- For any query / information, members may contact the Share Registrar at the following address:

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

اجلاس میں شرکت

☆ صرف وہی افراد جن کے نام کمپنی کے ممبراناں رجسٹر میں 06 ستمبر 2022ء تک درج ہوں گے، وہی افراد سالانہ جنرل میٹنگ میں شامل ہر ووٹ ڈالنے کے حقدار ہوں گے۔

☆ سالانہ جنرل میٹنگ میں شرکت کرنے اور ووٹ دینے کے حقدار کمپنی کے رکن کسی دوسرے شخص کو اپنے بجائے شرکت کرنے اور ووٹ کے لیے پراکسی مقرر کر سکتے ہیں، مؤثر ہونے کے لیے پراکسی کمپنی کے رجسٹرڈ آفس میں میٹنگ کے وقت سے کم از کم 48 گھنٹے پہلے موصول ہونی چاہیے جس پر مقرر کردہ کے دستخط اور گواہان کی رضامندی کا ظاہر ہونا لازمی ہوگا۔

پراکسیوں میں تقرری کی ضرورت:

☆ انفرادی صورتحال میں، اکاؤنٹ ہولڈر اور سب اکاؤنٹ ہولڈر رجسٹریشن کی تفصیلات سینٹرل ڈپازٹری کمپنی پاکستان لمیٹڈ کے ریگولیشنز کے عین مطابق جمع کروانی ہوگی۔

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

☆ مزید برآں پراکسی فارم کے ساتھ مالک کے شناختی کارڈ اور پاسپورٹ کی تصدیق شدہ کاپی ہونا ضروری ہے۔

☆ یہ کہ سالانہ جنرل میٹنگ کے وقت ہر پراکسی کے پاس اپنا اصل اور درست شناختی کارڈ یا پاسپورٹ ہونا بے حد ضروری ہے۔

☆ کارپوریٹ اداروں کے نمائندوں ہونے کی صورت میں، نامزدگی (پاور آف آٹارنی) پر کمپنی کے بورڈ آف ڈائریکٹرز اور نامزد امیدوار کے دستخط ہونا ضروری ہے اور اس طرح کے فارم پراکسیز کے ساتھ میٹنگ سے پہلے جمع کروانا لازمی ہیں۔

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

الیکٹرانک فارم میں سالانہ مالیاتی بیانات کی گردش/ترسیل

☆ کمپنیز ایکٹ 2017ء کے سیکشن 223(6) کے تحت کمپنی اپنی سالانہ رپورٹ 2021ء کو بذریعہ ای میل ان شیئر ہولڈرز کے پاس منتقل کرے گی جن کی تفصیلات کمپنیز شیئر رجسٹرار کے پاس پہلے سے ہی درج ہیں اور جن شیئر ہولڈرز کی ای میل کمپنی شیئر رجسٹرار کے پاس موجود نہیں ہے ان کے لیے اے جی ایم کا نوٹس جاری کیا جائے گا۔ مزید برآں کمپنی ان شیئر ہولڈرز کو ہارڈ کاپیز بھی دینے کی پابند ہیں جو کمپنی سے ان کی سالانہ رپورٹ کی کاپیز پرنٹ فائل کی صورت میں لینا چاہتے ہیں، ان کی اس فرمائش کے ایک ہفتہ کے اندر کمپنی انہیں پرنٹ کی گئی رپورٹ ان کے درج ذیل پتہ پر بلا کسی معاوضہ کے پہنچانے کی پابند ہوگی۔ کمپنی کی سالانہ مالی تفصیلات کی رپورٹ کمپنی کی ویب سائیٹ پر بھی اپلوڈ کی جائیگی تاکہ کسی بھی شیئر ہولڈر کو پریشانی کا سامنا نہ کرنا پڑھے۔

افزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنا

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

ایڈریس کی تبدیلی

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

متفرق مجموعہ

☆ یہ نوٹس کمپنی کے تمام ممبران کو کمپنیز ایکٹ 2017 کے سیکشن 134(1)(a) کو مدنظر رکھتے ہوئے بھیجا جا رہا ہے۔

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

میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ
سی ڈی سی ہاؤس، B-99، بلاک B،
ایس ایم سی ایچ ایس، شاہراہ فیصل کراچی

نوٹس برائے بیسویں سالانہ جنرل میٹنگ

بذریعہ نوٹس ہر خاص و عام کو مطلع کیا جاتا ہے کہ ہیسکول پیٹرولیم لمیٹڈ کی بیسویں سالانہ جنرل میٹنگ بروز منگل مورخہ 13 ستمبر 2022 بوقت 12:00 بجے دن کمپنی کے ہیڈ آفس کراچی میں منعقد کی جائے گی بذریعہ ویڈیو لنک (زوم) جو کہ کمپنی کے ہیڈ آفس کی طرف سے تشکیل دیا گیا ہے اس میٹنگ میں شامل ہو کر کاروباری لین دین کے حوالے سے اپنی قیمتی رائے پیش کریں۔

عام کاروبار

۱۔ مورخہ 7 دسمبر 2021ء کو کمپنی کی ہونے والی سالانہ جنرل میٹنگ کے منٹس کی تصدیق کرنا۔

۲۔ مورخہ 31 دسمبر 2021ء کو ختم ہونے والے سال کے لیے ڈائریکٹرز اور آڈیٹرز کی رپورٹس اور چیئرمین کی جائزہ کردہ رپورٹ کو مدنظر رکھتے ہوئے کمپنی کے سالانہ آڈیٹ شدہ مالیاتی بیانات پر غور و فکر کر کے تشکیل دیا جائے گا۔

۳۔ آڈیٹرز کی تقرری اور مالی سال 2022ء کے لیے ان کا معاوضہ طے کیا جائے گا۔

دیگر کاروبار:

۴۔ کسی بھی دوسرے کاروباری لین دین کی اجازت صرف اور صرف چیئرمین کی جانب سے ہی دی جائے گی۔

بورڈ کے حکم سے

23 اگست 2022ء — فرحان احمد

کراچی — کمپنی سیکریٹری

نوٹس:

آن لائن سہولت کے ذریعے شیئر ہولڈرز کی شرکت

☆ ایس ای سی پی کے سرکلر نمبر 5 مورخہ 17 مارچ 2020، اور سرکلر نمبر 10 مورخہ 1 اپریل 2020، سرکلر نمبر 33 مورخہ 5 نومبر 2020، 2021 کے سرکلر نمبر 4 مورخہ 15 فروری 2021 اور سرکلر نمبر 6 مورخہ 3 مارچ 2021ء کے مطابق کارپوریٹ سیکٹر کے لیے کورونا وائرس (کوویڈ 19) کے اثرات کو کم کرنے کے لیے بالترتیب ریگولیٹری ریلیف سے متعلق کمپنیوں کو مشورہ دیا گیا ہے کہ وہ شیئر ہولڈرز کی فلاح و بہبود کے لیے سالانہ عام اجلاسوں کے لے اپنی معمول کی منصوبہ بندی میں ترمیم کریں۔ ویڈیو لنک سہولیات کی فراہمی کے ذریعے بڑے اجتماعات سے گریز کی جائے۔

☆ عوامی اجتماعات اور ایس ای سی پی کی ہدایات پر حکومت کی طرف سے عائد کردہ پابندی پر غور و عمل کرتے ہوئے کمپنی عملی طور پر بذریعہ ویڈیو لنک اپنی AGM کو بلانے کا ارادہ رکھتی ہے اپنے شیئر ہولڈرز کے لیے اس سہولت کا انتظام کمپنی کے رجسٹرڈ آفس 29 فلور، اسکائی ٹاور، ویسٹ ونگ (ٹاور A)، ڈولمین سٹی، عبدالستار ایدھی ایونیو، بلاک 4 کلفٹن کراچی سے کیا گیا ہے

☆ ویڈیو لنک کے ذریعے اے جی ایم کی کاروائی میں حصہ لے کر شامل ہونے کے لیے شیئر ہولڈرز کو اپنے نام، فولیو نمبر، سیل نمبر اور ان کے نام پر رکھے گئے شیئرز کی تعداد "رجسٹریشن برائے ہیسکول پیٹرولیم لمیٹڈ اے جی ایم" کے ساتھ بھیجنا ضروری ہے، اس کے ساتھ ہی اپنے قومی شناختی کارڈ کی درست کاپی (دونوا طراف) منسلک کرنا بھی لازمی ہوگا۔ کمپنی کے شیئر رجسٹرار میں، میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ ویڈیو لنک اور لاگ ان اسناد صرف ان شیئر ہولڈرز کے ساتھ شیئر کیے جائیں گے جن کی ای میلز تمام مطلوبہ تفصیلات پر مشتمل ہوں گی جو کہ 09 ستمبر 2022 تک آفس میں وصول کی جائیں گی۔

☆ شیئر ہولڈرز اپنے تبصرے/تجاویز company.secretary@hascol.com پر بھی دے کر اپنی رائے کا اظہار کر سکتے ہیں، اے جی ایم کے آئیٹمز کے حوالے سے اسی طرح سے اے جی ایم میں منعقد کرنے کی تجویز دی گئی ہے جیسا کہ اس پر اے جی ایم میں تشکیل دیا گیا ہے اور بعد میں اسے میٹنگ کے منٹس کا حصہ بھی بنایا جائے گا۔

☆ مذکورہ بالا انتظامات کا مقصد آن لائن سہولت کے ذریعے اے جی ایم میں شیئر یافتگان کی زیادہ سے زیادہ شرکت کو یقینی بنانا ہے، شیئر یافتگان سے بھی درخواست کی جاتی ہے کہ وہ پراکسیز کے ذریعے اپنی حاضری کو مستحکم کریں، تا کہ کورم کی ضرورت کو بھی پورا کیا جا سکے۔

شیئر ٹرانسفر بک کے حوالے سے بندشیں

☆ کمپنی کی شیئر ٹرانسفر بکس 07 ستمبر 2022ء سے 13 ستمبر 2022ء تک (دونوں دن بشمول) بند رہیں گی۔ ٹرانسفر بذریعہ فزیکل منتقلی/سی ڈی ایس ٹرانسیکشن آئی ڈیز کمپنی شیئرز رجسٹرار میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس B-99 بلاک 8، ایس ایم سی ایچ ایس شاہراہ فیصل کراچی میں 06 ستمبر 2022ء تک وصول کی جائے گی، جنہیں میٹنگ میں ہونے والے ووٹز اور مندرجہ بالا منتقلی استحقاق کے مقصد کے لیے بروقت غور کیا جائے گا۔

Statement Of Free Float Of Shares

For The Year Ended 2021

	Quarter-1 Mar-21	Quarter-2 Jun-21	Quarter-3 Sep-21	Quarter-4 Dec-21
Total Outstanding Shares	999,120,680	999,120,680	999,120,680	999,120,680
Less: Government Holdings	-	-	-	-
Less: Shares held by Directors / Sponsors / Senior Management Officers and their associates	1,201	701	1,201	1,201
Less: Shares in Physical Form	3,966,054	3,909,956	3,834,369	3,813,019
Less: Shares held by Associate companies / Group Companies (Cross holdings)	401,697,229	401,697,229	401,697,229	401,697,229
Less: Shares issued under Employees Stock Option Schemes that cannot be sold in the open market in normal course	-	-	-	-
Less: Treasury shares	-	-	-	-
Less: Any other category that are barred from selling at the review date	-	-	-	-
Free Float	**593,456,196**	**593,512,794**	**593,587,881**	**593,609,231**

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

Introduction

We have been engaged to perform a reasonable assurance engagement on the annexed Statement of Free Float of Shares (the 'Statement') of the Hascol Petroleum Limited (the Company) as of March 31, 2021, June 30, 2021, September 30, 2021 and December 31, 2021.

Applicable Criteria

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

Management's Responsibility for the Statement

Management is responsible for the preparation of the Statement as of March 31, 2021, June 30, 2021, September 30, 2021 and December 31, 2021 in accordance with the applicable criteria. This responsibility includes maintaining adequate records and internal controls as determined necessary to enable the preparation of the Statement such that it is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

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

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

Our responsibility and summary of the work performed

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

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

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

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

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

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Opinion

In our opinion, the annexed Statement as of March 31, 2021, June 30, 2021, September 30, 2021 and December 31, 2021 is prepared, in all material respects, in accordance with the PSX Regulations.

Restriction on use and distribution

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

Engagement Partner: Mehmood A. Razzak

Karachi.

Date: 28 JUL 2022

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

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

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

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

2. The composition of Board as at 31 December 2021 is as follows:

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

* Mr. Mohammad Zubair appointed as Nominee Director w.e.f. 20 May 2021.
* Mr. Mustafa Ashraf & Mr. Zafar Iqbal Chaudhry appointed as director in place of Mr. Hasan Reza Ur Rahim & Mr. Nauman Kramat Dar w.e.f. 5 August 2021.
* Mr. Farrukh Saeed resigned as Director w.e.f. 08 August 2021.
* Mr. Aqeel Ahmed Khan appointed as CEO in place of Mr. Adeeb Ahmad w.e.f. 5 August 2021.
* The election of directors was held on 8 September 2020, during which no application was received from any female candidate. Currently, the Company has a functioning board comprising of seven directors and the Company is making its utmost efforts searching for a female director;
* Mr. Farrukh Saeed (Independent Director) resigned as Director w.e.f. 08 August 2021. Currently, there are two independent directors and a nominee directors of banks. A casual vacancy of one independent director is still required to be filled;

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has approved a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company.

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

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of the meeting of Board.

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. Presently, the following three (03) directors of the Company have acquired prescribed certification under the Directors' Training Program:

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

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

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

12. The Board has formed three committees comprising of members given below:

(a) Audit Committee:

Mr. Mustafa Ashraf	Chairman / Independent Director
Mr. Mohammad Zubair	Non-Executive Director
Mr. Farid Arshad Masood	Non-Executive Director
Mr. Zafar Iqbal Chaudhry	Independent Director

(b) Human Resource and Remuneration Committee:

Mr. Zafar Iqbal Chaudhry	Chairman / Independent Director
Sir Alan Duncan	Non-Executive Director
Mr. Mohammad Zubair	Non-Executive Director

(c) Risk Committee:

Mr. Mustafa Ashraf	Chairman / Independent Director
Mr. Abdul Aziz Khalid	Non-Executive Director
Mr. Mohammad Zubair	Executive Director

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

14. The frequency of meetings (quarterly / half yearly / yearly) of the committees were as per following:

a)	Audit Committee	Quarterly
b)	HR and Remuneration Committee	Half Yearly
c)	Risk Committee	Half Yearly

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of Regulations 3, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 has been provided below:

(i) Company maintains an internal audit function, but no audit plan for 2021 was approved by the Audit Committee nor any quarterly audit reports were issued. The last HoIA resigned on 12 June 2021 and the new HoIA joined on 22 September 2021. Audit Committee had appointed Company Secretary as the interim secretary of BAC during the transaction period;

(ii) The Board had decided to defer its annual performance evaluation for year 2021 as there are plans of conducting such evaluation through a third party.

Chief Executive Officer | **Director**

Karachi: 23 August 2022

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") prepared by the Board of Directors of **Hascol Petroleum Limited**, for the year ended December 31, 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2021.

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

1. **No Female Director (Regulation 7):** As referred in point no. 2 to the annexed Statement of Compliance, the election of directors was held on 8 September 2020, during which no application was received from any female candidate. Currently, the Company has a functioning board comprising of seven directors and the Company is making its utmost efforts searching for a female director;

2. **Internal Audit Plan and Reports (Regulation 31):** As referred in point no. 19 to the annexed Statement of Compliance, Company maintains an internal audit function, but no audit plan for 2021 was approved by the Audit Committee nor any quarterly audit reports were issued. The last HoIA resigned on 12 June 2021 and the new HoIA joined on 22 September 2021. Audit Committee had appointed Company Secretary as the interim secretary of BAC during the transaction period;

3. **Annual Performance Evaluation (Regulation 10(3)v):** As referred in point no. 19 to the annexed Statement of Compliance, the Board had decided to defer its annual performance evaluation for year 2021 as there are plans of conducting such evaluation through a third party.

Baker Tilly Mehmood Idrees Qamar

Engagement Partner: Mehmood A. Razzak

Karachi.

Date: August 26, 2022

UDIN: CR202110151HZ28sY57I

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

This statement is being presented to comply with the requirements under "Issue of Sukuk Regulations, 2015" and "Sukuk (Privately Placed) Regulations, 2017" (the Regulations) issued by the Securities and Exchange Commission of Pakistan (SECP). This Statement of Compliance is for the year ended December 31, 2021.

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

We specifically confirm that:

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

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

a. Requirements of Shariah Structure and Transaction Documents as stated in the Information Memorandum, with respect to issuance of Sukuk:

i. Trust Deed
ii. Musharka Agreements
iii. Payment Agreements
iv. Purchase Undertaking
v. Asset Purchase Agreement
vi. Investment Agency Agreement
vii. Security Documents

b. Guidelines of the relevant Shariah Standards, issued by the Accounting and Auditing Organization of the Islamic Financial Institutions, as notified by the SECP;
c. Requirements of the relevant Islamic Financial Accounting Standard as notified by the SECP; and
d. Other compliances specified in the Regulations as issued by the SECP.

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

Chief Executive Officer | **Director**

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

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

Introduction

We were engaged by the Board of Directors ("the Board") of **Hascol Petroleum Limited** ("the Company") to express an opinion on the annexed Statement of Compliance ("Statement") prepared by management for the year ended December 31, 2021, with Sukuk Features and Shariah Requirements about whether the annexed Statement presents fairly the status of compliance with Sukuk Features and Shari'ah Requirements as required under issue of Sukuk Regulations, 2015 (repealed) and Sukuk (privately placed) Regulations, 2017 (the Regulations) and Shari'ah Opinion (Fatwa) as issued by the Shari'ah Advisor and to the extend applicable, the guidelines of Shari'ah Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), in all material respects.

Applicable Criteria

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

Company's Responsibilities for Shari'ah Compliance

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

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Our Independence and Quality Control

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

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

Our Responsibilities

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

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

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

The procedures performed included:

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

Conclusion

a) As stated in second para to the annexed statement of compliance, the Company has defaulted in payments of principal and profit (for the quarter ended December 31, 2020) due on January 07, 2021. Further, subsequently, no payments were made by the Company till the date of this report.

b) The VIS Credit Rating Company assigned long term credit rating to the Issue (Sukuk) and the Issuer (the Company) as Default (D) and Double C (CC with negative outlook) respectively on March 30, 2021. However, these ratings have subsequently been withdrawn on September 14, 2021 due to non-availability of information.

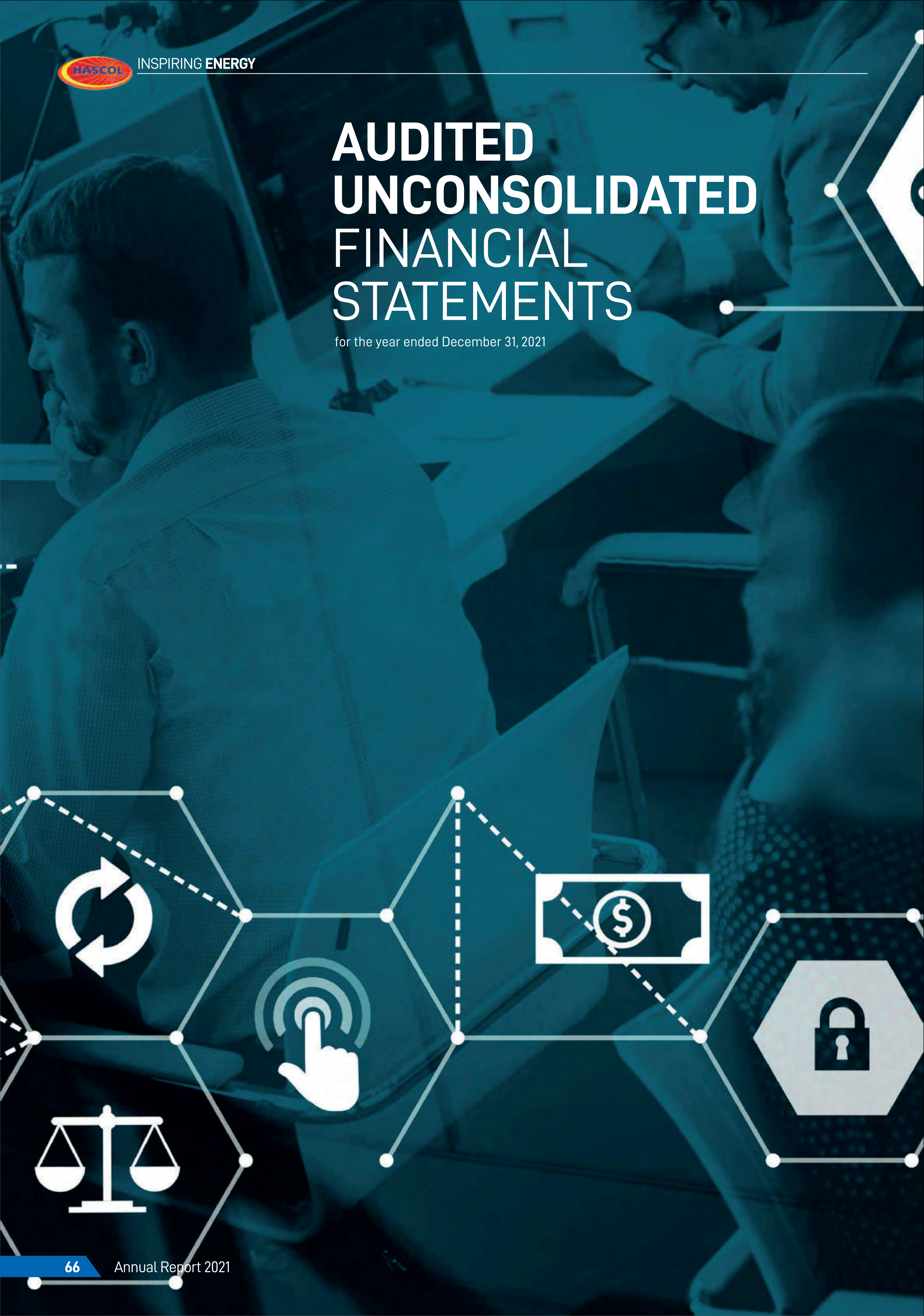
Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis of our conclusion.

In our opinion, except for the effects of the matters stated in para (a) and (b) above, the annexed statement prepared by management, for the year ended December 31, 2021, presents fairly the status of compliance with Sukuk Features and Shari'ah Requirements as required under the Regulation and Shari'ah Opinion (Fatwa) issued by Shari'ah Advisor, and to the extent applicable, the guidelines of Shari'ah Standards issued by AAOIFI, in all material respects.

Engagement Partner: Mehmood A. Razzak

Karachi

Date: 26 AUG 2022



AUDITED UNCONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2021


34%
12%

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HASCOL PETROLEUM LIMITED

REPORT ON THE AUDIT OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

Adverse Opinion

We have audited the unconsolidated financial statements of **HASCOL PETROLEUM LIMITED** (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2021 and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended and notes to the unconsolidated financial statements, including summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in the" ***Basis for Adverse Opinion"*** section of our report, the accompanying unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of cash flows and the unconsolidated statement of changes in equity together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017) in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at December 31, 2021 and of the loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

a) As disclosed in note no. 6 to the unconsolidated financial statements, the Company has property, plant and equipment amounting to Rs. 24,742.668 million (2020: Rs. 21,899.362 million restated). We disclaimed our opinion on property, plant and equipment last year as the Company did not have any documented policy to conduct physical verification of property, plant and equipment; hence, the items were neither counted nor tagged and matched with the Fixed Asset Register (FAR).

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As explained in note no. 6.8 to the unconsolidated financial statements, subsequent to year end the Company conducted physical verification and record reconciliation exercise of property, plant and equipment and found various discrepancies. However, the Fixed Asset Register (FAR) is not completely updated and, hence, the reconciliation exercise is incomplete. Therefore, we cannot determine the amount of adjustments required in the opening and closing balances of carrying value of property, plant and equipment, surplus on revaluation, accumulated depreciation, related provision for taxation and deferred tax, retained earnings, related restatements and depreciation charge for the year.

b) As disclosed in note nos. 13, 14 and 16 to the unconsolidated financial statements, the Company has trade debts, advances and other receivables amounting to Rs. 10,566.247 million (2020: Rs. 11,213.591 million restated), Rs. 2,332.969 (2020: Rs. 3,664.559 million restated) and Rs. 4,433.846 million (2020: Rs. 4,475.606 million restated) respectively on which an aggregate provision amounting to Rs. 13,625.603 million (2020: Rs. 14,013.692 million restated) has been made. We disclaimed our opinion on the balances of trade debts, advances and other receivables including IFEM receivable as at December 31, 2020 due to unsupported and unexplained general entries posted during prior years. Further, we have not received responses to our confirmations requests sent during the current year's audit. Hence, in the absence of sufficient and appropriate underlying evidences, we cannot determine the amount of adjustment(s) required in opening and closing carrying values of trade debts, advances and IFEM receivable amounting to Rs. 4,140.421 million (2020: Rs. 4,360.699 million restated), respective provisions, related provision for taxation and deferred tax, retained earnings and related restatements.

c) As disclosed in note no. 26 to the unconsolidated financial statements, the Company has liabilities in respect of trade creditors, cartage contractors, advance from customers and other liabilities amounting to Rs. 16,450.484 million (2020: Rs. 16,536.569 million restated), Rs. 930.141 million (2020: Rs. 2,877.528 million restated), Rs. 1,138.502 million (2020: Rs. 1,429.004 million restated) and Rs. 11,587.825 million (2020: Rs. 16,735.229 million restated). Our opinion on the balances of trade creditors, cartage contractors, advance from customers and other liabilities as at December 31, 2020 was disclaimed due to unsupported and unexplained general entries posted during prior years. Further, we have not received responses to our confirmations requests sent during the current year's audit. In the absence of sufficient and appropriate underlying evidence and no response to our confirmations, we cannot determine the amount of adjustments required in the opening and closing carrying values of trade creditors to the extent of Rs. 651.12 million, cartage contractors, advance from customers and other liabilities to the extent of Rs. 2,855.297 million, and related provision for taxation and deferred tax (if any), retained earnings and related restatements.

d) Due to the reasons mentioned in note nos. 9.2 and 9.5 to the unconsolidated financial statements, we cannot assess the recoverable amounts of the investments in Hascol Lubricants (Private) Limited (subsidiary) and Karachi Hydrocarbon Terminal Limited (associate) amounting to Rs. 3,150 million (2020: Rs. 3,150 million) and Rs. 412.5 million (2020: Rs. 412.5 million) respectively, in accordance with the International Financial Reporting Standards (IFRS). Therefore, in the absence of sufficient and appropriate underlying evidence, we cannot determine the amount of adjustments required in opening and closing balances of carrying values of these investments, related provision for taxation and deferred tax, retained earnings and related restatements.

e) As explained in note no. 12.1 to the unconsolidated financial statements, we have performed physical verification procedure of stock in trade (finished goods) at year end amounting to Rs. 5,590.357 million which is reconciled with the records maintained in Excel. However, the balances as per Excel records used for physical verification and preparation of financial statements was different from balances as per ERP module.

f) As disclosed in note no. 31.1 to the unconsolidated financial statements, the Company has various pending litigations. Further, the Securities and Exchange Commission of Pakistan (SECP) is investigating the affairs of the Company. The ultimate outcome of these pending litigations and investigations cannot presently be determined and hence, we cannot determine the amount of adjustments required in these unconsolidated financial statements.

Furthermore, as disclosed in note no. 31.1 to the unconsolidated financial statements, the Federal Investigation Authority (FIA) is investigating the affairs of the Company.

g) As disclosed in note no. 23 to the unconsolidated financial statements, the Company has defaulted in all its available financing facilities. Accordingly, all the financing facilities disclosed in note no. 23, amounting to Rs 11,420.937 million should have been classified as current liabilities.

h) As fully disclosed in note no. 1.2 unconsolidated financial statements, the Company has incurred a net loss of Rs. 7,592.131 million (2020: Rs. 23,321.416 million restated) during the year ended December 31, 2021, which has resulted in accumulated losses of Rs. 63,678.509 million (2020: Rs. 60,032.074 million restated) and eroded the equity to Rs. 47,305.606 million (2020: Rs. 46,078.457 million restated). The Company has also defaulted towards its all major financing arrangements and the liquidity of the Company is dependent upon the proposed restructuring arrangements with the financial institutions and its major shareholder. Furthermore, the situation of the Company may further deteriorate if the possible effects of matters described in Para (a) to (g) above are accounted for in these unconsolidated financial statements. These events indicate a material uncertainty that may cast significant doubts on the Company's ability to continue as a going concern, therefore the Company may not be able to realize its assets and discharge its liabilities in the normal course of business.

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

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

Key Audit Matters

Except for the matters described in the ***Basis for Adverse Opinion*** Section of our report, we have determined that there are no other key audit matters to communicate in our report.

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

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report On Other Legal and Regulatory Requirements

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

a) because of the effects of the matters described in ***Basis for Adverse Opinion*** section, proper books of accounts have not been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

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b) because of the effects of the matters described in ***Basis for Adverse Opinion*** section, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, unconsolidated statement of cash flows and unconsolidated statement of changes in equity together with the notes thereon have not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are not in agreement with the books of account and returns.

c) Investment made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) No Zakat was deductible under the Zakat and Ushr Ordinance, 1980(XVIII of 1980).

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

Baker Tilly Mehmood Idrees Qamar
Chartered Accountants

Karachi

Date: August 26, 2022

UDIN: AR2021101512NIOxR0am


HASCOL
SUKHEKI SOUTH
SERVICE BAY II
SHOP

Unconsolidated Statement Of Financial Position

As At December 31, 2021

	Note	2021	Restated 2020	Restated 2019
		Rupees '000		
ASSETS				
Non-current assets				
Property, plant and equipment	6	**24,742,668**	21,899,362	23,155,974
Right-of-use assets	7	**3,146,623**	13,245,320	20,960,480
Intangible asset	8	**286**	1,477	3,134
Long-term investments	9	**3,675,000**	3,675,000	4,382,165
Deferred taxation - net	10	**-**	-	-
Long-term deposits	11	**445,472**	492,653	571,065
Total non-current assets		**32,010,049**	39,313,812	49,072,818
Current assets				
Stock-in-trade	12	**10,255,676**	11,435,266	19,012,237
Trade debts	13	**672,107**	1,558,615	11,049,161
Advances	14	**295,933**	999,322	676,728
Deposits and prepayments	15	**208,239**	167,699	137,585
Other receivables	16	**2,739,419**	2,782,127	2,247,370
Accrued mark-up and profit	17	**2,623**	13,118	114,159
Taxation - net		**-**	-	391,830
Short term investments	18	**98,700**	98,700	103,688
Cash and bank balances	19	**997,748**	3,079,606	13,648,836
Total current assets		**15,270,445**	20,134,453	47,381,594
TOTAL ASSETS		**47,280,494**	59,448,265	96,454,412
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	20	**9,991,207**	9,991,207	1,991,207
Reserves	21	**(63,678,509)**	(60,032,074)	(36,831,250)
Revaluation surplus on property, plant and equipment - net of tax		**6,381,696**	3,962,410	4,221,873
Share deposit money	22	**-**	-	5,752,443
Total shareholders' deficit		**(47,305,606)**	(46,078,457)	(24,865,727)
LIABILITIES				
Non-current liabilities				
Long-term financing - secured	23	**11,420,937**	12,314,364	1,590,538
Lease liabilities	24	**3,939,804**	16,915,039	22,447,809
Deferred liabilities	25	**654,001**	130,046	257,282
Total non-current liabilities		**16,014,742**	29,359,449	24,295,629
Current liabilities				
Trade and other payables	26	**30,629,653**	38,291,824	56,387,307
Unclaimed dividend	27	**356,930**	357,248	357,791
Taxation - net		**362,677**	70,192	-
Accrued mark-up and profit	28	**7,309,609**	2,295,006	1,450,611
Short-term borrowings	29	**37,280,935**	33,054,245	37,017,653
Current portion of non-current liabilities	30	**2,631,554**	2,098,758	1,811,148
Total current liabilities		**78,571,358**	76,167,273	97,024,510
TOTAL LIABILITIES		**94,586,100**	105,526,722	121,320,139
TOTAL EQUITY AND LIABILITIES		**47,280,494**	59,448,265	96,454,412
CONTINGENCIES AND COMMITMENTS	31			

The annexed notes from 1 to 56 form an integral part of these unconsolidated financial statements.

Chief Executive Officer	Chief Financial Officer	Director

Unconsolidated Statement Of Profit Or Loss

For The Year Ended December 31, 2021

	Note	2021	Restated 2020
		Rupees '000	
Sales - net	32	71,366,378	132,903,803
Less: sales tax		(8,424,101)	(19,833,182)
Net sales		62,942,277	113,070,621
Other revenue	33	199,383	847,012
Net revenue		63,141,660	113,917,633
Cost of sales	34	(61,153,982)	(115,296,600)
Gross profit / (loss)		1,987,678	(1,378,967)
Distribution and marketing expenses	35	(2,638,640)	(2,706,836)
Administrative expenses	36	(902,954)	(731,950)
Operating expenses		(3,541,594)	(3,438,786)
Provision of impairment losses on financial assets	37	(239,164)	(7,349,594)
Other expenses	38	(1,438,650)	(3,422,732)
Other income	39	4,456,309	2,571,889
Operating profit / (loss)		1,224,579	(13,018,190)
Finance cost	40	(6,709,330)	(8,403,286)
Exchange loss - net		(1,680,236)	(1,049,169)
		(8,389,566)	(9,452,455)
Loss before taxation		(7,164,987)	(22,470,645)
Taxation	41	(427,144)	(850,771)
Loss for the year		(7,592,131)	(23,321,416)
Loss per share - basic and diluted	42	(7.60)	(23.46)

The annexed notes from 1 to 56 form an integral part of these unconsolidated financial statements.

Chief Executive Officer	**Chief Financial Officer**	**Director**

Unconsolidated Statement Of Comprehensive Income

For The Year Ended December 31, 2021

	2021	Restated 2020
	--------- Rupees '000 ---------	
Loss for the year	**(7,592,131)**	(23,321,416)
Items that will not be reclassified subsequently to unconsolidated profit or loss account		
Remeasurement of actuarial gain on defined benefit obligation - net of tax	**14,373**	48,257
Revaluation surplus on property, plant and equipment	**6,381,696**	-
Realized / unrealized loss on remeasurement of investment held at fair value through other comprehensive income - net of tax	**-**	(60,009)
Total comprehensive loss for the year	**(1,196,062)**	(23,333,168)

The annexed notes from 1 to 56 form an integral part of these unconsolidated financial statements.

Chief Executive Officer	Chief Financial Officer	Director

Unconsolidated Statement Of Changes In Equity

For The Year Ended December 31, 2021

	Share Capital	Capital reserves: Share premium	Capital reserves: Unrealized gain/(Loss)on remeasurement of FVTOCI investments	Revenue reserve: Unappropriated profit/ (Loss)	Surplus on revaluation of property, plant and equipment	Share deposit money	Total shareholders' deficit
	-----	-----	-----	-----Rupees in '000-----	-----	-----	-----
Balance as at January 01, 2020	1,991,207	4,766,854	(267,992)	(40,075,021)	4,221,873	5,752,443	(23,610,636)
Effect of restatement as referred in note 4	-	-	-	(1,255,091)	-	-	(1,255,091)
	1,991,207	4,766,854	(267,992)	(41,330,112)	4,221,873	5,752,443	(24,865,727)
Total comprehensive loss for the year							
Loss for the year - restated	-	-	-	(23,321,416)	-	-	(23,321,416)
Other comprehensive income							
Remeasurement of actuarial gain on defined benefit obligation - net of tax	-	-	-	48,257	-	-	48,257
Unrealized loss on remeasurement of investment held at fair value through other comprehensive income - net of tax	-	-	(60,009)	-	-	-	(60,009)
Transfer of unrealized loss on remeasurement of FVTOCI investments	-	-	328,001	(328,001)	-	-	-
Total comprehensive loss for the year - restated	-	-	267,992	(23,601,160)	-	-	(23,333,168)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	-	259,463	(259,463)	-	-
	-	-	267,992	(23,341,697)	(259,463)	-	(23,333,168)
Transactions with owners							
Right issue - 401% - January 2020	8,000,000	-	-	-	-	-	8,000,000
Share deposit money	-	-	-	-	-	(5,752,443)	(5,752,443)
Transaction cost	-	(127,119)	-	-	-	-	(127,119)
Total transactions with owners	8,000,000	(127,119)	-	-	-	(5,752,443)	2,120,438
Balance as at December 31, 2020 (Restated)	9,991,207	4,639,735	-	(64,671,809)	3,962,410	-	(46,078,457)
Balance as at January 01, 2021	**9,991,207**	**4,639,735**	**-**	**(64,671,809)**	**3,962,410**	**-**	**(46,078,457)**
Effect of reclassification (note 4.8)	**-**	**-**	**-**	**(31,087)**	**-**	**-**	**(31,087)**
	9,991,207	**4,639,735**	**-**	**(64,702,896)**	**3,962,410**	**-**	**(46,109,544)**
Total comprehensive loss for the year							
Loss for the year	**-**	**-**	**-**	**(7,592,131)**	**-**	**-**	**(7,592,131)**
Other comprehensive income							
Remeasurement of actuarial gain on defined benefit obligation - net of tax	**-**	**-**	**-**	**14,373**	**-**	**-**	**14,373**
Revaluation surplus on property, plant and equipment (note 6.3)	**-**	**-**	**-**	**-**	**6,381,696**	**-**	**6,381,696**
Unrealized loss on remeasurement of investment held at fair value through other comprehensive income - net of tax	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transfer of unrealized loss on remeasurement of FVTOCI investments	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive loss for the year	**-**	**-**	**-**	**(7,577,758)**	**6,381,696**	**-**	**(1,196,062)**
Transferred from surplus on revaluation of property, plant and equipment - net of tax (note 6.3)	**-**	**-**	**-**	**3,962,410**	**(3,962,410)**	**-**	**-**
	-	**-**	**-**	**(3,615,348)**	**2,419,286**	**-**	**(1,196,062)**
Balance as at December 31, 2021	**9,991,207**	**4,639,735**	**-**	**(68,318,244)**	**6,381,696**	**-**	**(47,305,606)**

The annexed notes from 1 to 56 form an integral part of these unconsolidated financial statements.

Chief Executive Officer | **Chief Financial Officer** | **Director**

Unconsolidated Statement Of Cash Flows

For The Year Ended December 31, 2021

	Note	2021	Restated 2020
		--------- Rupees '000 ---------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	45	(4,880,602)	(12,066,807)
Finance cost paid		(859,139)	(5,267,013)
Profit / mark-up received on bank deposits and TFC's		60,356	473,758
Taxes paid		(140,530)	(296,858)
Contributions to gratuity fund	52	(13,738)	(130,280)
Net cash used in operating activities		(5,833,653)	(17,287,200)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(231,993)	(348,349)
Proceeds from disposal of property, plant and equipment		1,048,871	210,619
Investment redeemed during the year		-	618,622
Long-term deposits repaid - net		47,181	78,365
Net cash generated from investing activities		864,059	559,257
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability repaid - net		(1,228,379)	(3,017,629)
Dividend paid		(318)	(543)
Share deposit money received	22	-	2,120,438
Long-term finance (repaid) / obtained - net		(110,257)	11,019,855
Net cash (used in) / generated from financing activities		(1,338,954)	10,122,121
Net decrease in cash and cash equivalents		(6,308,548)	(6,605,822)
Cash and cash equivalents at the beginning of the year	19 & 29	(29,974,639)	(23,368,817)
Cash and cash equivalents at the end of the year	46	(36,283,187)	(29,974,639)

The annexed notes from 1 to 56 form an integral part of these unconsolidated financial statements.

Chief Executive Officer	Chief Financial Officer	Director

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

1. STATUS AND NATURE OF BUSINESS

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

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

1.2 During the current year, the Company icnurred a net loss of Rs. 7.6 billion (2020-Restated: Rs. 23.3 billion), resulting in net shareholders deficit of Rs. 47.3 billion (2020-Restated: Rs. 46.08 billion) as of the unconsolidated statement of financial position date. Further, as of that date the current liabilities of the Company exceeded its current assets by Rs. 63.3 billion (2020-Restated: Rs. 56.0 billion) and has defaulted in majority of its outstanding loans with banks. These conditions may cast significant doubt on the Company's ability to continue as a going concern. However, in order to ensure the Company's ability to operate as a going concern, certain plans and measures have been taken to improve its liquidity and financial position which includes, but not limited to, the following:

a) The Company is also planning a capital restructuring exercise, in consultation with major banks to reduce its debt burden and financial costs, which will help the Company improve its future operating and financial performance. Further, the Company has stopped payment of markup cost from last quarter of 2020.

b) The Company reduce its storage costs through revision of existing agreements as disclosed in note 26.1.2

c) The Board of Directors (the board) have carried out a detailed review of the profitability and cashflow forecast of the Company for the twelve months from the date of approval of these unconsolidated financial statements, which took into account the projected future working capital of the Company. The board believes that subject to the approval of restructuring plan with major banks the Company will have sufficient cash resources to continue its operations.

1.3 GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNITS

The business unit of the Company include the following:

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

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

1.4 CAPACITY AND PRODUCTION

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

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

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

2. BASIS OF PREPARATION

2.1 Separate financial statements

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

2.2 Statement of compliance

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

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

2.3 Accounting convention

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

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

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

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

2.4 Functional and presentation currency

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

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

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in these unconsolidated financial statements.

COVID-19-Related Rent Concessions

In response to the COVID-19 coronavirus pandemic, the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 Leases to allow lessees not to account for rent concessions as lease modifications if they are a direct consequence of COVID-19 and meet certain conditions.

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting. For example, a company will not need to discontinue existing hedging relationships because of changes to hedge documentation required solely by IBOR reform. Therefore, when a hedged risk changes due to benchmark reform, a company may update the hedge documentation to reflect the new benchmark rate and the hedge may be able to continue without interruption.

However, similar to the Phase 1 amendments, there is no exception from the measurement requirements that apply for the hedged items and hedging instruments under IFRS 9 or IAS 39 Financial Instruments: Recognition and Measurement. Once the new benchmark rate is in place, the hedged items and hedging instruments are remeasured based on the new rate and any hedge ineffectiveness will be recognised in profit or loss.

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

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

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

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2023

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

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

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

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

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

l the incremental costs – e.g. direct labour and materials; and

ll an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

Annual Improvements to IFRS Standards 2018–2020

The IASB International Accounting Standards Board (the Board) has issued the Annual Improvements to IFRS Standards 2018–2020 for the following accounting standards:

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

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

II IFRS 9 Financial Instruments

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

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

III IFRS 16 Leases, Illustrative Example 13

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

IV IAS 41 Agriculture

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

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

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

Companies will therefore need to distinguish between:

l costs associated with producing and selling items before the item of PPE is available for use; and

II costs associated with making the item of PPE available for its intended use.

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

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

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

IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts

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

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

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

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

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

Definition of Accounting Estimates (Amendments to IAS 8)

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

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

Developing an accounting estimate includes both:

l Selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and

ll Choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

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

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

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

The key amendments to IAS 1 include:

l Requiring companies to disclose their material accounting policies rather than their significant accounting policies;

ll Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

lll Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

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

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

3.1 CRITICAL JUDGEMENTS

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

Control over investments in subsidiaries

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

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

Equity accounting investees

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

3.2 ESTIMATES

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

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

Impairment of property, plant and equipment

Carrying value of property, plant and equipment

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

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

Useful life of intangible assets

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

I Expected usage of the assets by the Company;

II Typical product life cycle for the asset and public information on estimates of useful lives of similar type of assets used in similar way.

III Technical, technological, commercial or other types of obsolescence and the period of control over the assets.

IV Legal or similar limits on the use of the asset, such as the expiry dates of related leases.

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

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

Impairment loss on investments in associates

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

Income tax

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

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

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

Deferred tax

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

Valuation of unquoted investments

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

I Recent arm's length market transactions;

II Current fair value of another instrument that is substantially the same;

III The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; and

IV Other valuation models.

Impairment loss allowance

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

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

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

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

Determining the lease term

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

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

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

Discounting of lease payments

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

Revaluation of Property, Plant and Equipment

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

Net realizable value of stock in trade

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

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

Provision and contingencies

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

Provision for gratuity

The Company operates funded gratuity scheme whereby Management estimates the liability at reporting date using projected unit credit method. For details please refer note 52.1.

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

4. RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

The following restatements have been made on account of prior period errors in the financial statements.

Impact on statement of financial position As at December 31, 2019

	Note	As previously reported	Restatements	Reclassification	As restated
		------------------------ Rupees in '000			--------------------------
Reserves		(35,576,159)	(1,255,091)	-	(36,831,250)
Operating fixed assets	4.1	20,513,416	(1,003,384)	(1,332,670)	18,177,362
Capital work-in-progress		4,167,174	(521,232)	1,332,670	4,978,612
Long-term investments	4.2	4,272,165	110,000	-	4,382,165
Trade debts	4.2	11,040,583	8,578	-	11,049,161
Other receivables	4.3	2,569,381	(329,497)	7,486	2,247,370
Taxation - net	4.4	478,921	(87,091)	-	391,830
Advances	4.3	676,728	3,988,442	(3,988,442)	676,728
Trade and Other Payable	4.2, 4.4 and 4.5	56,947,357	3,420,907	(3,980,957)	56,387,307

Impact on statement of financial position As at December 31, 2020

	Note	As previously reported (after restatement / reclassifications)	Restatements	Reclassification	As restated
		------------------------ Rupees in '000			--------------------------
Trade debts					
Unsecured, considered good	4.2	1,579,629	(21,014)	-	1,558,615
Operating fixed assets	4.1	17,076,288	151,772	(121,726)	17,106,334
Capital work-in-progress		4,671,303	-	121,726	4,793,029
Long term investments					
Magic river	4.2	110,000	-	-	110,000
Advances	4.3	1,013,786	(403,807)	389,343	999,322
Other receivables					
Provisioning of IFEM, RD and PDC	4.3	(1,538,618)	(154,861)	-	(1,693,479)
Miscellaneous receivables	4.2	1,339	5,331	-	6,670
Hascol Lubricants (Private) Limited	4.3	(28,293)	100,914	5,000	77,621
Trade and Other Payable					
Trade creditors	4.7	20,260,323	(2,164,255)	(1,559,499)	16,536,569
Sales tax payable	4.4	(338,360)	108,582	-	(229,778)
Payable to cartage contractors	4.5	(2,663,638)	-	(213,890)	(2,877,528)
Other liabilities	4.5	(14,138,353)	(856,924)	(1,739,952)	(16,735,229)
Accrued markup					
Accrued mark-up and profit	4.6	(2,538,666)	243,660	-	(2,295,006)

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

4.1 This reprsents provision against operating fixed assets & CWIP along-with reclassification from operating fixed assets to CWIP.

4.2 This reprsents investment in Magic River Services Limited previously classified as advances to suppliers and its associated share of profit

4.3 This reprsents mainly provsion against IFEM receivables, advances to suppliers & its knocking off with other liabilities and reconciliation of outstanding balance with Hascol Lubricant (Priviate) Limited.

4.4 This represents reclassification of sales tax payable under Trade and other payable along-with reconciliation of sales tax.

4.5 This represents reconciliation of other liabilities with the counterparties along-with relcassification to payable to cartage contractors.

4.6 This represents charge of mark up accrual in 2020 statement of profit or loss.

4.7 This represents write-back of unclaimed liabilties.

4.8 Based on physical verification exercise, the Company has reclassified certain assets from one class to other class of assets. Consequently, net depreciation charge for respective year has to be revised by Rs. 31.087 million. However, as the year of charge is impraticable to identify, therefore, the Company has revised the opening balance of accumulated depreciation in accordance with IAS 8.

Impact on statement of comprehensive income
For the year ended December 31, 2020

	Note	As previously reported	Restatements	Reclassification	As restated
		------------------------ Rupees in '000		--------------------------	
Other expenses	4.1, 4.3 & 4.5	(2,841,284)	(581,448)	-	(3,422,732)
Other income	4.2, 4.4 & 4.7	706,648	1,865,241	-	2,571,889
Distribution & marketing expenses	4.1	(2,881,388)	174,553	-	(2,706,835)
Finance cost	4.6	(8,646,947)	243,661	-	(8,403,286)

5. SIGNIFICANT ACCOUNTING POLICIES

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

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

5.1 Property, plant and equipment

5.1.1 Initial recognition

Operating fixed assets

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

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

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

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

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revaluation of carrying amount of the asset and the depreciation based on asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit/loss.

Capital work-in-progress

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

5.1.2 Measurement subsequent to initial recognition

Carried using revaluation model

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

Notes To The Unconsolidated Financial Statements
For The Year Ended December 31, 2021

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

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

Carried using cost model

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

Depreciation

Property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives. Depreciation is provided at the rates as disclosed in note 6.1.

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

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

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

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

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

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

Major maintenance, inspection and repairs

Expenditure on major maintenance, refits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset, or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the Company, the expenditure is capitalised. Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) and is immediately written off. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

5.2 Leases

Company as a lessee

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

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

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

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

l fixed lease payments (including in-substance fixed payments), less any lease incentives;

II variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

III the amount expected to be payable by the lessee under residual value guarantees;

IV the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

V payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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

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

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

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

I The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

II The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in rate in which case a revise discount rate is used).

III A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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

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

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

5.3 Intangible asset - computer software

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

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

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

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

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

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

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

5.4 Financial instruments

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

Classification

Financial assets

The Company classifies its financial assets as follows:

l Financial assets at amortised cost

II Financial assets at Fair Value Through Other Comprehensive Income (FVOCI)

III Financial assets at Fair Value Through Profit or Loss (FVTPL)

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

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

Business model assessment

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

Contractual cash flow characteristics test

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

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

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

Financial liabilities

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

Recognition / derecognition

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

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

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

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

Measurement

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

Financial assets at amortised cost

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

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

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

Financial assets at FVOCI

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

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

Financial asset at FVTPL

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

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

Financial liabilities

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

Financial guarantees

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

5.5 Off setting of financial assets and financial liabilities

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

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

5.6 Classification as debt or equity

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

5.7 Equity instrument

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

5.8 Share premium reserves

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

5.9 Dividend distribution

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

5.10 Earnings per share

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

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

5.11 Investment in subsidiary

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

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

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

5.12 Investment in associate

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

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

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

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

5.13 Trade and other payables

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

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

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

5.14 Trade and other receivables

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

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

5.15 Advance and deposits

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

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

5.16 Stock-in-trade

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

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

5.17 Impairment of non financial assets

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

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

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

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

Notes To The Unconsolidated Financial Statements
For The Year Ended December 31, 2021

Impairment of financial assets

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

General approach

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

Simplified approach

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

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

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

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

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

I when there is a breach of financial covenants by the debtor; or

II information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

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

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

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

5.18 Short term investments

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

5.19 Cash and cash equivalents

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

5.20 Provisions and contingent liabilities

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

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

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

5.21 Commitment

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

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

5.22 Ijarah

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

5.23 Foreign currency transactions

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

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

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

5.24 Taxation

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

Current

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

Deferred

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

Notes To The Unconsolidated Financial Statements

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

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

5.25 Revenue recognition

Revenue from sale of oil

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

l Step 1 – Identify the contract with a customer

II Step 2 – Identify the separate performance obligations in the contract

III Step 3 – Determine the transaction price

IV Step 4 – Allocate the transaction price to the separate performance obligations in the contract

V Step 5 – Recognise revenue when (or as) the entity satisfies a performance obligation

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

l The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or .

II The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

III The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance obligation completed to date. .

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

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

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

Other revenue

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

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

Other income

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

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

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

5.26 Retirement and other service benefits

Approved defined benefit funded gratuity plan

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

Annual provision is made on the basis of actuarial valuation carried out by independent actuary using the Projected Unit Credit Method, related details of which are given in note 52 to the unconsolidated financial statements. Latest valuation was conducted as at December 31, 2021.

Contributory provident fund

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

5.27 Segmental reporting

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

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

Notes To The Unconsolidated Financial Statements

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

5.28 Fair values

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

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

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

l In the principal market for the asset or liability, or

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

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

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

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

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

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

l Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

II Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

III Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. .

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

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

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

5.29 Finance income and expenses

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

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

5.30 Related party transactions

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

5.31 Investment income

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

5.32 Events after the reporting date

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

5.33 Operating expenses

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

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

	Note	2021	Restated 2020
		----------- Rupees '000 -----------	

6. PROPERTY, PLANT AND EQUIPMENT

	Note	2021	Restated 2020
Operating fixed assets	6.1	**22,285,889**	17,106,333
Capital work-in-progress	6.2	**2,456,779**	4,793,029
		24,742,668	21,899,362

6.1 Operating fixed assets

	Owned assets										Leased Assets			
								Vehicles				Vehicles		
	Leasehold Land	Building on lease hold land	Tanks and pipelines	Dispensing pumps	Plant and machinery	Electrical, mechanical and fire fighting equipment	Furniture, office equipment and other assets	Tank lorries	Motor cars	Computer auxiliaries	Plant and machinery	Tank lorries	Motor cars	Total operating fixed assets
	-----	-----	-----	-----	-----	-----	Rupees '000	-----	-----	-----	-----	-----	-----	-----
At January 1, 2021														
Cost / revalued amount	2,000,880	8,704,015	3,924,888	1,906,553	450,370	2,201,960	418,997	269,326	254,644	170,131	125,000	1,891,919	38,869	22,357,552
Reclassification	6,530	6,855	(101,157)	(24,582)	301	203,772	(87,430)	77,740	(79,420)	(2,609)	-	-	-	-
	2,007,410	8,710,870	3,823,731	1,881,971	450,671	2,405,732	331,567	347,066	175,224	167,522	125,000	1,891,919	38,869	22,357,552
Accumulated depreciation	-	(1,763,751)	(739,301)	(768,385)	(124,643)	(771,284)	(235,618)	(29,177)	(135,436)	(131,849)	(37,358)	(495,371)	(19,046)	(5,251,219)
Reclassification	-	3,590	35,517	10,512	778	(100,928)	17,728	-	29,978	916	-	(29,178)	-	(31,087)
	-	(1,760,161)	(703,784)	(757,873)	(123,865)	(872,212)	(217,890)	(29,177)	(105,458)	(130,933)	(37,358)	(524,549)	(19,046)	(5,282,306)
Net book value	2,007,410	6,950,709	3,119,947	1,124,098	326,806	1,533,520	113,677	317,889	69,766	36,589	87,642	1,367,370	19,823	17,075,246
Year ended December 31, 2021														
Opening net book value	2,007,410	6,950,709	3,119,947	1,124,098	326,806	1,533,520	113,677	317,889	69,766	36,589	87,642	1,367,370	19,823	17,075,246
Addition / transfer from CWIP	-	1,030,686	27,226	11,935	-	42,025	24,086	-	-	720	-	-	-	1,136,678
Revaluation (note 6.3)	2,172,332	887,224	1,325,021	836,572	119,227	998,306	37,511	-	1,722	3,781	-	-	-	6,381,696
Disposals														
Cost	-	(916,696)	-	-	-	(11,742)	(20,018)	(17,265)	(16,992)	-	-	-	-	(982,713)
Accumulated depreciation	-	-	-	-	-	-	-	5,179	14,111	-	-	-	-	19,290
	-	(916,696)	-	-	-	(11,742)	(20,018)	(12,086)	(2,881)	-	-	-	-	(963,423)
Depreciation charge for the year	-	(437,591)	(191,826)	(123,986)	(22,534)	(240,856)	(49,582)	(32,980)	(16,688)	(25,049)	(6,250)	(189,192)	(7,774)	(1,344,308)
Closing net book value	4,179,742	7,514,332	4,280,368	1,848,619	423,499	2,321,253	105,674	272,823	51,919	16,041	81,392	1,178,178	12,049	22,285,889
At December 31, 2021														
Cost / revalued amount	4,179,742	9,712,084	5,175,978	2,730,478	569,898	3,434,321	373,146	329,801	159,954	172,023	125,000	1,891,919	38,869	28,893,213
Accumulated depreciation	-	(2,197,752)	(895,610)	(881,859)	(146,399)	(1,113,068)	(267,472)	(56,978)	(108,035)	(155,982)	(43,608)	(713,741)	(26,820)	(6,607,324)
Net book value	4,179,742	7,514,332	4,280,368	1,848,619	423,499	2,321,253	105,674	272,823	51,919	16,041	81,392	1,178,178	12,049	22,285,889
At January 1, 2020														
Cost / revalued amount	2,119,732	9,458,550	4,621,230	1,659,484	470,862	2,928,152	434,543	269,332	318,142	165,979	125,000	1,891,919	38,869	24,501,794
Provision	-	(441,415)	(429,239)	(1,396)	(28,638)	(250,398)	(6,296)	(6)	(6)	(2,499)	-	-	-	(1,159,893)
Reclassification to CWIP	-	(506,617)	(274,378)	-	(9,446)	(522,233)	(12,558)	-	(6,584)	(854)	-	-	-	(1,332,670)
	2,119,732	8,510,518	3,917,613	1,658,088	432,778	2,155,521	415,689	269,326	311,552	162,626	125,000	1,891,919	38,869	22,009,231
Accumulated depreciation	-	(1,384,297)	(579,034)	(611,685)	(110,289)	(589,806)	(162,537)	(2,245)	(108,980)	(95,123)	(21,875)	(298,405)	(16,114)	(3,980,390)
Provision	-	64,746	41,158	9	2,258	38,081	1,667	-	-	602	-	-	-	148,521
	-	(1,319,551)	(537,876)	(611,676)	(108,031)	(551,725)	(160,870)	(2,245)	(108,980)	(94,521)	(21,875)	(298,405)	(16,114)	(3,831,869)
Net book value - restated	2,119,732	7,190,967	3,379,737	1,046,412	324,747	1,603,796	254,819	267,081	202,572	68,105	103,125	1,593,514	22,755	18,177,362
Year ended December 31, 2020														
Opening net book value	2,119,732	7,190,967	3,379,737	1,046,412	324,747	1,603,796	254,819	267,081	202,572	68,105	103,125	1,593,514	22,755	18,177,362
Addition / transfer from CWIP	-	193,497	7,275	248,465	17,592	46,439	3,308	-	32,161	7,890	-	-	-	556,627
Disposals														
Cost	(118,852)	-	-	-	-	-	-	-	(89,069)	(385)	-	-	-	(208,306)
Accumulated depreciation	-	-	-	-	-	-	-	-	34,289	385	-	-	-	34,674
	(118,852)	-	-	-	-	-	-	-	(54,780)	-	-	-	-	(173,632)
Provision charge for the year	-	-	-	-	-	-	-	-	(22,780)	-	-	-	-	(22,780)
Depreciation charge for the year	-	(444,200)	(201,425)	(156,709)	(16,612)	(219,559)	(74,748)	(26,932)	(37,965)	(37,713)	(15,483)	(196,966)	(2,932)	(1,431,244)
Closing net book value - restated	2,000,880	6,940,264	3,185,587	1,138,168	325,727	1,430,676	183,379	240,149	119,208	38,282	87,642	1,396,548	19,823	17,106,333
At December 31, 2020														
Cost / revalued amount	2,000,880	8,704,015	3,924,888	1,906,553	450,370	2,201,960	418,997	269,326	254,644	170,131	125,000	1,891,919	38,869	22,357,552
Accumulated depreciation	-	(1,763,751)	(739,301)	(768,385)	(124,643)	(771,284)	(235,618)	(29,177)	(135,436)	(131,849)	(37,358)	(495,371)	(19,046)	(5,251,219)
Net book value - restated	2,000,880	6,940,264	3,185,587	1,138,168	325,727	1,430,676	183,379	240,149	119,208	38,282	87,642	1,396,548	19,823	17,106,333
Depreciation rate - %	-	5	5	6.67	5	10	20	10	20	33.33	5	10	20	

6.2 Capital work-in-progress

	2021	Restated 2020
	----------- Rupees '000 -----------	
Buildings	**386,244**	1,748,267
Machinery, tanks and pumps	**1,888,150**	2,404,189
Retail sites	**21,600**	389,241
Furniture, office equipment and other assets	**22,447**	83,630
Borrowing cost capitalized	**138,338**	167,702
	2,456,779	4,793,029

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

	Note	2021	Restated 2020
		Rupees '000	
Balance at the beginning of the year		**4,793,029**	4,978,612
Additions during the year		**231,992**	371,044
Transfers during the year	6.1	**(1,136,678)**	(556,627)
Provisions during the year	38	**(1,431,565)**	-
Balance at the end of the year		**2,456,778**	4,793,029

6.2.2 As of December 31, 2021 the Capital work in progress (CWIP) comprises of the following:

	Carrying amount	Fair value	Provision (note 4 & 6.2.1)
	Rupees in '000		
Buildings	1,014,381	237,433	628,137
Machinery, tanks and pumps	2,710,118	1,576,917	821,968
Retail sites	517,708	-	496,108
Others	167,369	-	6,584
	4,409,576	**1,814,350**	**1,952,797**

Provision of Rs. 1.9 billion comprise of the following:

a) Management estimates of the recoverable amount for retail sites & others amounting to Rs. 0.5 billion; and

b) Decrease in fair value based on valuation carried out by the independent valuer for Thalian Depot & Machike B & C amounting to Rs. 1.45 billion.

The net carrying amount as of 31 December 2021 is Rs. 2.45 billion out of which Rs. 1.8 billion is valued by the independent valuer which represents 74% of the total carrying amount of CWIP as of 31 December 2021.

6.3 In 2012, the Company carried out revaluation of petrol pumps through an independent valuer. Revalued amount of assets was Rs. 1,334 million, resulting in surplus (net of deferred tax) amount to Rs. 395 million. In the year 2015, the Company carried out revaluation of depots and petrol pumps through an independent valuer. Revalued amount of assets was Rs. 3,953 million, resulting in surplus (net of deferred tax) amounting to Rs. 1,006 million. Further, during 2018, the Company carried out revaluation through an independent valuation firm of all the operating fixed assets except for vehicles & computer auxiliaries. Revalued amount of the assets were Rs. 15,116 million, resulting in surplus (net of deferred tax) amounting to Rs. 3,133 million.

Subsequent to the yearend but before authorization of unconsolidated financial statements, the Management engaged independent valuers to carry out fresh valuations of all depots and retail assets as of 31 December 2021. Revalued amount of assets was Rs. 20,409 million except vehicles as stated in the below table, resulting in surplus (net of deferred tax) amount to Rs. 6,382 million.

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For The Year Ended December 31, 2021

	Assets revalued	Assets not revalued	Total
	----------------	Rupees in '000	----------------
Leasehold Land	4,179,742	-	4,179,742
Building on lease hold land	7,427,597	86,735	7,427,597
Tanks and pipelines	4,151,924	128,443	4,151,924
Dispensing pumps	1,847,126	1,493	1,847,126
Plant and machinery	452,905	51,986	452,905
Electrical, mechanical and firefighting equipment	2,254,724	66,528	2,254,724
Furniture, office equipment and other assets	83,412	22,262	83,412
Vehicles	3,797	1,511,172	3,797
Computer auxiliaries	8,333	7,709	8,333
	20,409,560	**1,876,328**	**20,409,560**

Assets that are revalued by independent valuers post visiting each depot and retails represents 92% of the total carrying amount (refer note 6.1) while the remaining 8% mainly comprise of vehicles for which the Company have title documents.

Accordingly, Management of Company decided to reverse the previous revaluation surplus in retained earnings and start amortizing current revaluation surplus from 1 January 2022.

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

	Note	Cost	Accumulated depreciation	Written down value 2021	Written down value 2020
		------------------------	Rupees in '000		--------------------------
Owned assets					
Leasehold land		**869,642**	**-**	**869,642**	869,642
Building on lease hold land:					
- Office building		**5,026,701**	**1,185,230**	**3,841,471**	4,137,653
- Pump building		**3,795,000**	**935,854**	**2,859,146**	3,019,051
Tanks and pipelines		**4,398,591**	**993,416**	**3,405,175**	3,653,970
Dispensing units		**1,180,925**	**537,627**	**643,298**	855,857
Plant and machinery		**458,520**	**134,732**	**323,788**	360,124
Electrical mechanical and fire fighting equipment		**3,067,092**	**1,317,997**	**1,749,095**	2,150,136
Furniture, office equipment and other assets		**450,726**	**336,256**	**114,470**	195,144
Computers auxiliaries		**172,425**	**172,115**	**310**	39,948
Total owned assets		**19,419,622**	**5,613,227**	**13,806,395**	15,281,525

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

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

Description of location	Address	Total area of land in square yards
Depots		
Daulatpur depot	Taluka Qazi Ahmed, District Shaheed Benazirabad, Nawabshah	34,848
Kotlajam depot	Kotlajam Dagar, Tehsil & District Bhakhar, Mianwali	29,040
Machike depot	Chak Dhantpura, Machike, District Sheikhupura	70,180
Mehmood kot depot	Qasba Gujrat, Tehsil Kot Addu, District Muzzafargarh	29,040
Sahiwal depot	Pakpattan Road, Tehsil & District Sahiwal	29,040
Marshal Gas depot	Naclass No.213, Deh Konkar, Gadaptown, Karachi	14,520
Others		
LPG terminal	North Western Industrial Zone, Port Qasim Authority	34,848
Metropolitan Corp Lahore	Shakeel Naseem Askari-1, Lahore	2,118
Head office	Suite No. 105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi	386

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

	Note	2021	Restated 2020
		Rupees '000	
Distribution and marketing expenses	35	**1,308,561**	1,394,688
Administrative expenses	36	**35,747**	36,556
		1,344,308	1,431,244

6.7 During the year written down value of property, plant and equipment that have been disposed-off amount to Rs. 963 million (2020: Rs. 174 million restated). Details of property, plant and equipment disposed off with WDV above Rs. 500,000 are given below:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Particulars of buyers	Mode of disposal
	---------- Rupees in '000' ----------						
Office building	916,696	-	916,696	966,514	49,818	Liberty Mills Limited	Outright Sale
Furniture & equipment	31,760	-	31,760	33,486	1,726	Liberty Mills Limited	Outright Sale
Motor Cars	29,890	14,842	15,048	44,083	29,035	Various	Outright Sale
2021	**978,346**	**14,842**	**963,504**	**1,044,083**	**80,579**		
2020	194,462	22,238	172,224	196,972	24,748		

6.8 Subsequent to year-end but before authorization of Unconsolidated Financial Statements the Management carried out tagging, physical verification and matching with the fixed asset register for all depots and retails sites in accordance with the company policy. As a results of the exercise, the Management found various discrepancies in the fixed asset register for which the necessary adjustments have been made and adequately disclosed in note 4 of the Unconsolidated Financial Statements. The status of tagging exercise completed so far & duly matched with fixed asset register and the provision reflected in the unconsolidated financial statements are as follows:

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

	Tagged / title documents	Not tagged	Total	Provisions (refer note 4)
	------------------------ Rupees in '000			
Leasehold Land	4,179,742	-	4,179,742	-
Building on lease hold land	7,514,332	-	7,514,332	354,535
Tanks and pipelines	3,787,470	492,897	4,280,367	366,616
Dispensing Pumps	1,037,981	810,638	1,848,619	1,295
Plant and machinery	320,368	184,523	504,891	24,947
Electrical, Mechanical and firefighting equipment	1,950,460	370,793	2,321,253	187,259
Furniture, office equipment and others	33,795	71,879	105,674	3,370
Vehicles	1,514,969	-	1,514,969	10
Computer auxiliaries	3,195	12,847	16,042	1,160
	20,342,312	**1,943,577**	**22,285,889**	**939,192**

Assets that are physically verified post visiting each depot and retails represents 91% of the total carrying amount (refer note 6.1) while the remaining 9% is still in process.

7. RIGHT-OF-USE ASSETS

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

	Storage facility	Pumpsites	Offices	Total
	------------------------ Rupees in '000			
Balance as at January 01, 2020	18,387,379	2,549,988	23,113	20,960,480
Additions during the year	-	223,007	-	223,007
Effect of modification	(6,982,016)	-	-	(6,982,016)
Disposals / terminations	(92,935)	-	-	(92,935)
Depreciaiton charge for the year (note 7.2)	(707,428)	(144,544)	(11,244)	(863,216)
Balance as at December 31, 2020	10,605,000	2,628,451	11,869	13,245,320
Balance as at January 01, 2021	**10,605,000**	**2,628,451**	**11,869**	**13,245,320**
Additions during the year	**-**	**413,544**	**416,288**	**829,832**
Disposals / terminations	**-**	**-**	**-**	**-**
Depreciaiton charge for the year (note 7.2)	**(117,842)**	**(270,062)**	**(76,779)**	**(464,683)**
Disposals / terminations (note 7.3)	**(10,463,846)**	**-**	**-**	**(10,463,846)**
Balance as at December 31, 2021	**23,312**	**2,771,933**	**351,378**	**3,146,623**

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

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

7.2 Amounts recognized in statement of profit or loss

	Note	2021	2020
		Rupees '000	
Depreciation			
Cost of sales	34	117,842	707,428
Distribution and marketing expenses	35	270,062	144,544
Administrative expenses	36	76,779	11,244
Depreciation on right of use assets		464,683	863,216
Interest on lease liabilities	40	706,919	2,291,878
Amounts recognized in statement of cashflows			
Total cash outflow for leases	24.2.1	847,068	2,548,412

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

8. INTANGIBLE ASSET

	Note	2021	2020
		Rupees '000	
Computer software		286	1,477
Net carrying value			
Net book value at beginning of the year		1,477	3,134
Addition		-	85
Amortization charge for the year	36	(1,191)	(1,742)
Net book value at the end of the year		286	1,477
Net book value			
Gross carrying value			
Cost		12,095	12,095
Accumulated amortization		(11,809)	(10,618)
Net book value at the end of the year		286	1,477
Rate of amortization - %		33.33	33.33

8.1 Intangible assets mainly comprise of operational softwares.

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

		Note	2021	Restated 2020
			----------- Rupees '000 -----------	
9.	**LONG-TERM INVESTMENTS**			
	Investment in subsidiary company - at cost			
	Hascombe Lubricant (Private) Limited - unquoted	9.1	-	-
	Hascol Lubricant (Private) Limited - unquoted	9.2	3,150,000	3,150,000
	Investment in associated companies - at cost			
	VAS LNG (Private) Limited - unquoted	9.3	-	-
	Magic River Serivces Limited	9.4	110,000	110,000
	Karachi Hydrocarbon Terminal Limited - unquoted (formerly : Hascol Terminal Limited)	9.5	412,500	412,500
			3,672,500	3,672,500
	Advance against purchase of shares - with related parties			
	Karachi Hydrocarbon Terminal Limited - unquoted (formerly : Hascol Terminal Limited)		2,500	2,500
			3,675,000	3,675,000
9.1	**Investment at cost**		30,604	30,604
	Movement in provision for impairment			
	Balance at the beginning of the year		(30,604)	(30,604)
	Provision made during the year		-	-
	Balance at the end of the year		(30,604)	(30,604)
	Net book value	9.1.1	-	-

9.1.1 This represents investment in wholly owned subsidiary of the Company, incorporated in Pakistan under the repealed Companies Ordinance, 1984. Its shares are not quoted in active market. The Company holds 9.78 million ordinary shares (2020: 9.78 million) of Rs. 10 per share.

9.2 This represents investment in wholly owned subsidiary of the Company and is recognized at cost. Its shares are not quoted in active market. The Company holds 315 million (2020: 315 million) ordinary shares of Rs. 10 per share. The Management cannot assess the recoverable amount as of December 31, 2021 in accordance with the requirement of International Financial Reporting Standards (IFRS) as the audit of the underlying entity is still in process.

		Note	2021	2020
			----------- Rupees '000 -----------	
9.3	**Investment at cost**		3,000	3,000
	Advance against purchase of shares		1,023	1,023
	Movement in provision for impairment			
	Balance at the beginning of the year		(4,023)	-
	Provision made during the year	37	-	(4,023)
	Balance at the end of the year		(4,023)	(4,023)
	Net book value	9.3.1	-	-

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

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

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

9.5 Investment in Karachi Hydrocarbon Terminals Limited (formerly Hascol Terminal Limited) represent 41.3 million shares (2020 : 41.3 million) fully paid ordinary shares of Rs. 10 per share and is recognized at cost. The Company is engaged in providing storage facilities for imported and locally procured petroleum and related products. The Management cannot assess the recoverable amount as of December 31, 2021 in accordance with the requirement of International Financial Reporting Standards (IFRS) as the audit of the underlying entity is still in process.

10. DEFERRED TAXATION - NET

	Note	2021	2020
		----------- Rupees '000 -----------	
Taxable temporary difference arising in respect of :			
Accelerated depreciation		**(1,540,001)**	(5,095,411)
Revaluation of operating fixed assets	6.3	**(1,850,692)**	-
		(3,390,693)	(5,095,411)
Deductible temporary difference arising in respect of :			
Long term investment		**-**	-
Liabilities against assets subject to finance lease		**783,143**	4,522,450
Exchange loss		**248,739**	58,822
Provision for :			
- other liabilities		780	934
- retirement benefit		**39,880**	37,223
- doubtful debts		**2,857,731**	2,760,845
- short term investments - TFCs		**1,820**	1,801
Normal tax loss		**15,443,658**	15,283,743
		15,985,058	17,570,407
Unrecognized deferred tax asset		**(15,985,058)**	(17,570,407)
		-	-

10.1 Deferred tax asset of Rs. 15,985 million (2020: 17,570 million) has not been recognised in these unconsolidated financial statements due to uncertainty in availability of future taxable profits based on financial projections of future years. However, in futrue years and based on the availablility of taxable profits, the unutilized deffered tax asset will be recognized.

As at the year end, the Company's tax losses amounted to Rs. 50,596 million (2020 : 40,822 million).

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

	Note	2021	2020
		----------- Rupees '000 -----------	
11. LONG-TERM DEPOSITS			
Lease deposits		316,841	353,788
Less: current portion of lease deposits	15	(80,816)	(71,579)
		236,025	282,209
Deposits against:			
- depots		107,144	107,144
- retail outlets		70,814	70,814
- others		31,536	32,533
		209,494	210,491
		445,519	492,700
Provision for ECL on Long Term Deposits	11.1	(47)	(47)
		445,472	492,653
11.1 Provision for ECL on Long Term Deposits			
Balance at the beginning of the year		47	-
Provisions made during the year	37	-	47
Balance at the end of the year		47	47
12. STOCK-IN-TRADE			
Finished goods			
- fuels	12.1	5,589,121	9,051,624
- Petrochemicals		1,236	58,525
		5,590,357	9,110,149
Stock in transit			
- fuels		4,734,546	2,394,375
- Petrochemicals		-	-
		4,734,546	2,394,375
Provision against slow moving stock	12.2	(69,227)	(69,258)
		10,255,676	11,435,266

12.1 Stock-in-trade carrying amount as of December 31, 2021 in the Unconsolidated Financial Statement is valued on the basis of physical verification carried out in the presence of External Auditor. The inventory module in the ERP system is redundant as of December 31, 2021. Currently, the Company records for stock-in-trade is maintained in excel and the Management is in process to go-live the inventory module.

Fuels include Rs. 1,392 million (2020: Rs. 4,989 million) of high speed diesel which has been maintained as line fill necessary for the pipeline to operate.

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

	Note	2021	2020
		----------- Rupees '000 -----------	
12.2 Movement of provision for slow moving stock			
Balance at the beginning of the year		69,258	69,542
Provisions made during the year		-	-
Reversal of Provisions during the year	39	(31)	(284)
Balance at the end of the year		69,227	69,258

	Note	2021	Restated 2020
13. TRADE DEBTS		----------- Rupees '000 -----------	
Unsecured, considered good		672,107	1,558,615
Considered doubtful		9,894,140	9,654,976
		10,566,247	11,213,591
Provision for impairment	13.1	(9,894,140)	(9,654,976)
		672,107	1,558,615

13.1 The Company recognises the expected credit losses for trade debts using the simplified approach. As per the simplified approach, the loss allowance as at December 31, 2021 and 2020 as per IFRS 9 is as follows:

	Note	2021	Restated 2020
Movement of provision for impairment		----------- Rupees '000 -----------	
Balance at the beginning of the year		9,654,976	2,309,451
Provisions made during the year	37	239,164	7,345,525
Balance at the end of the year		9,894,140	9,654,976

13.1.1 The Board of Directors of the company approved provision of Rs. 9,894 million (2020: Rs. 9,655 million) against doubtful receivables in the financial statements for the year ended December 31, 2021.

In 2020 and 2021, the management undertook certain special steps to recover these amounts and in pursuance of the same, company's legal counsel served the defaulting customers with Legal Notices for recovery of the same. The company has received responses to those legal notices and is evaluating way forward toward taking all legal options as available to a listed company under the laws of Pakistan. Subsequently, the Company has also recovered outstanding amounts from certain customers.

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

14. ADVANCES

	Note	2021	Restated 2020
		Rupees '000	
Advances - considered good, unsecured			
To employees			
- against expenses		10,593	9,321
- against salaries		11,209	24,950
Supplier & Service provider	14.1	2,311,167	3,630,288
Provision for Supplier & Services Advance	14.2	(2,037,036)	(2,665,237)
		295,933	999,322

14.1 This includes advance to suppliers in the normal course of business as per commercial terms, currently the Company has 17 (2020: 239) suppliers whose advances exceed Rs. 1 million and these are given for procurement of equipment, fleet card operations, monitoring fee, consultancy and storages facilities.

14.2 Movement of provision for Suppliers and Service provider

	Note	2021	Restated 2020
		Rupees '000	
Balance at the beginning of the year		2,665,237	1,449,245
(Reversal) / provisions made during the year	38 & 39	(628,201)	1,215,992
Balance at the end of the year		2,037,036	2,665,237

15. DEPOSITS AND PREPAYMENTS

	Note	2021	2020
		Rupees '000	
Deposits			
Current portion of long term lease deposits	11	80,816	71,579
Other deposits		55,895	10,145
		136,711	81,724
Prepayments			
Insurance and others		6,411	12,596
Rent		65,117	73,379
		71,528	85,975
		208,239	167,699

16. OTHER RECEIVABLES

	Note	2021	Restated 2020
		Rupees '000	
Inland freight equalization margin ("IFEM") receivable		4,140,421	4,360,699
Miscellaneous receivables	16.1	41,234	6,670
Receivable against regulatory duty ("RD")		25,533	25,533
Receivable from Hascol Lubricants (Private) Limited		48,852	77,621
Sales tax refundable		140,361	-
Price differential claims ("PDC")	16.2	37,445	5,083
Provisioning of IFEM, RD and PDC	16.3	(1,694,427)	(1,693,479)
		2,739,419	2,782,127

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

16.1 This includes amount receivable from Magic River Limited (an associated Company) against share of profit amounting to Rs. 8.2 million (2020: Nil).

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

	Note	2021	Restated 2020
		Rupees '000	
16.3 Movement of provision for impairment			
Balance at the beginning of the year		**1,693,479**	1,538,618
Provisions made during the year	38	**948**	154,861
Balance at the end of the year	16.3.1	**1,694,427**	1,693,479

16.3.1 This represents provision against regulatory duty (RD), price differential claim (PDC) and Inland Freight Equalization Margin (IFEM). IFEM audit is pending from 2012 till date on part of audit firm duly appointed by OGRA. The provision of IFEM represents management estimate to assess the recoverable amount as of December 31, 2021.

	Note	2021	2020
		Rupees '000	
17. ACCRUED MARK-UP AND PROFIT			
From conventional banks		**2,623**	13,118
18. SHORT TERM INVESTMENT			
Term Finance Certificates	18.1	**98,700**	98,700

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

19. CASH AND BANK BALANCES	Note	2021	2020
		Rupees '000	
Balances with banks:			
in current accounts:			
- Conventional banks		**228,854**	332,894
- Dividend account		**356,930**	357,249
- Islamic banks		**208**	1,569
		585,992	691,712
in saving accounts:			
- Conventional banks		**402,807**	2,034,482
- Islamic banks		**5,746**	352,590
	19.1	**408,553**	2,387,072
Cash in hand		**3,203**	822
		997,748	3,079,606

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

19.1 These carry mark-up / profit of 10.75% per annum (2020: 2.83% to 11.5% per annum).

20. SHARE CAPITAL

20.1 Authorized share capital

2021	2020		Note	2021	2020
Number of shares				----------- Rupees '000 -----------	
5,000,000,000	1,000,000,000			**50,000,000**	10,000,000

20.2 Issued, subscribed and paid-up share capital

2021	2020		Note	2021	2020
Number of shares				Rupees '000	
89,540,000	89,540,000	Ordinary shares of Rs. 10 each fully paid in cash		**895,400**	895,400
1,060,000	1,060,000	Ordinary shares of Rs. 10 each for consideration other than cash	20.3	**10,600**	10,600
9,966,000	9,966,000	Annual bonus @ 11% December 2014		**99,660**	99,660
20,113,200	20,113,200	Interim bonus @ 20% June 2015		**201,132**	201,132
24,135,840	24,135,840	Right issue @ 20% September 2017		**241,358**	241,358
36,203,760	36,203,760	Bonus issue @ 25% September 2018		**362,038**	362,038
18,101,880	18,101,880	Bonus issue @ 25% December 2018		**181,019**	181,019
800,000,000	800,000,000	Right issue @ 401.77% January 2020	20.4	**8,000,000**	8,000,000
999,120,680	999,120,680			**9,991,207**	9,991,207

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

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

20.5 Vitol Dubai Limited an associated Company held 401,697,229 shares (2020: 401,697,229 shares) which represents 40.21% (2020 : 40.21%) of the equity stake in the Company.

20.6 Fossil Energy (Private) Limited held 9,639,685 shares (2020: 9,639,685 shares) which represents 0.96% (2020 : 0..96%) of the equity stake in the Company.

20.7 Marshal Gas (Private) Limited held 396 shares (2020: 396 shares) which represents 0.00% (2020 : 0.00%) of the equity stake in the Company.

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

20.7 Mr. Mumtaz Hasan Khan (former chairman) and Mr. Saleem Butt (Ex-CEO) held 3 and nil shares (2020: 35,521,223 and 439,568 shares) respectively.

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

		Note	2021	Restated 2020
21.	**RESERVES**		----------- Rupees '000	-----------
	Capital			
	Share premium	21.1	**4,639,735**	4,639,735
	Revenue			
	Accumulated losses		**(68,318,244)**	(64,671,809)
			(63,678,509)	(60,032,074)

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

22. SHARE DEPOSIT MONEY

This represents the amount received in respect of right shares subscription as at December 31, 2019 amounting to Rs. 5,821 million net of transaction cost amounting to Rs. 68.3 million for the year ended December 31, 2019. The underlying shares have been issued in 2020.

		Note	2021	2020
			----------- Rupees '000	-----------
23.	**LONG TERM FINANCING - secured**			
	Borrowings from conventional banks	23.1	**13,044,558**	13,147,683
	Borrowings from Non-Banking Financial Institutions	23.2	**92,857**	104,762
	Sukuk certificates	23.3	**500,000**	495,227
			13,637,415	13,747,672
	Current portion of long term financing			
	Borrowings from conventional banks		**(1,623,621)**	(833,319)
	Borrowings from Non-Banking Financial Institutions		**(92,857)**	(104,762)
	Sukuk certificates		**(500,000)**	(495,227)
		30	**(2,216,478)**	(1,433,308)
	Non - current portion of long term financing		**11,420,937**	12,314,364

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

Terms and conditions of borrowings are as follows:

	Particulars	Note	Number of installments and commencement month	Grace period	Date of final repayment	Markup rate per annum	Installment amount	2021	2020
							---Rupees in '000---		
23.1	**Borrowings from conventional banks**								
	National Bank of Pakistan Loan-1 Under LTF scheme	23.1.1	16 quarterly March-17	1 year	December 31, 2020	three month Kibor + 2.5% payable quarterly	31,250	93,750	93,750
	National Bank of Pakistan Loan-2 Under LTF scheme	23.1.2	16 quarterly August-19	1 year	May 27, 2023	three month Kibor + 1.5% payable quarterly	64,688	706,875	772,500
	National Bank of Pakistan Loan-3 Under LTF scheme	23.1.3	16 quarterly August-19	1 year	May 21, 2023	three month Kibor + 1.5% payable quarterly	33,625	350,500	388,000
	Syndicated Loan from multiple banks Conversion of Short term financing	23.1.4	28 quarterly September-20	Nil	June 30, 2027	three month Kibor + 1.6% payable quarterly	Step up installment	11,893,433	11,893,433
23.2	**Borrowings from Non-Banking Financial Institutions**								
	Pak Oman Investment Company Limited Loan 6 Under LTF scheme	23.2.1	42 monthly January-18	6 months	June 23, 2021	six month Kibor + 2.5% payable monthly	2,381	16,667	19,048
	Pak Oman Investment Company Limited Loan 7 Under LTF scheme	23.2.2	42 monthly February-18	6 months	July 18, 2021	six month Kibor + 2.5% payable monthly	9,524	76,190	85,714
23.3	**Sukuk certificates**	23.3	20 quarterly January-16	1 year	January 5, 2022	three month Kibor + 1.5% payable quarterly	100,000	500,000	495,227
								13,637,415	13,747,672

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

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

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

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

(i) First pari passu charge over the Company's land & building, Plant & Equipment, installations and equipment of the storage depot situated at (a) Mehmoodkot, (b) Kolta Jam, (c) Sahiwal (d) Machike and (e) Daulatpur in favor of Security Trustee, with 15% margin.

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

(ii) First pari passu charge over the Company's fixed assets excluding land & building of the storage depot situated at (a) Amangarh, (b) Keamari, (c) Hub, (d) Thaliyan and (e) Shikarpur, in favor of Security Trustee, with 15% margin.

(iii) First pari passu charge over the Company's fixed assets excluding land & building situated at specific 29 retail sites, in favor of Security Trustee, with 15% margin.

(iv) First equitable mortgage over the for retail outlet situated at Main Raiwind Road, Tehsil Raiwind, District Lahore, in favor of Security Trustee, with 15% margin.

(iv) Lien on bank accounts maintained with National Bank of Pakistan.

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

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

	Note	2021	2020
		Rupees '000	
23.3 Sukuk certificates - gross amount	23.3.1	**500,000**	500,000
Issuance cost			
Balance at the beginning of the year		**(4,773)**	(9,546)
Charged to profit or loss		**4,773**	4,773
Balance at the end of the year		**-**	(4,773)
Sukuk certificates - net amount		**500,000**	495,227

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

24. LEASE LIABILITIES

	Note	2021	2020
		Rupees '000	
Finance lease liability	24.1	**419,012**	731,547
Lease liability against right-of-use asset	24.2	**3,520,792**	16,183,492
		3,939,804	16,915,039

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

24.1 Finance lease liability

	Note	2021	2020
		Rupees '000	
Present value of future minimum lease payments		705,023	1,086,334
Less: current portion	30	(286,011)	(354,787)
Non current portion		419,012	731,547

24.1.1 The Company has entered into lease agreements with various leasing companies for lease of items of plant and machinery and other assets. Minimum lease payments, which are payable by the year 2023, have been discounted by using financing rates ranging from 3 month KIBOR plus 1.4% to 6 month KIBOR plus 2.75% (2020 : 3 month KIBOR plus 1.4% to 6 month KIBOR plus 2.75%). Title to the assets acquired under the leasing arrangements are transferable to the Company upon payment of entire lease obligations.

24.1.2 The expected maturity of undiscounted lease payments is as follows:

	Note	2021	2020
		Rupees '000	
Not later than one year		337,456	416,812
Later than one year but not later than five years		237,384	553,921
Later than five years		-	-
		574,840	970,733

24.2 Lease liability of right-of-use asset

	Note	2021	2020
Present value of future minimum lease payments		3,649,857	16,494,155
Less: current portion	30	(129,065)	(310,663)
Non current portion		3,520,792	16,183,492

24.2.1 Movement during the year

	Note	2021	2020
Balance as at January 01		16,494,155	21,676,698
Impact of initial application of IFRS 16		-	-
Additions during the year		829,832	223,007
Accretion of interest	40	706,919	2,291,878
Lease contracts modified during the year		-	(5,038,445)
Less: Disposals / terminations	7.3	(13,533,981)	(110,571)
Less: Lease rentals paid		(847,068)	(2,548,412)
		3,649,857	16,494,155
Less: current portion shown under current liability	30	(129,065)	(310,663)
Balance as at December 31		3,520,792	16,183,492

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

24.2.2 The expected maturity of undiscounted lease payments is as follows:

	Note	2021	2020
		Rupees '000	
Not later than one year		**538,266**	2,564,250
Later than one year but not later than five years		**2,100,066**	10,298,383
Later than five years		**6,322,967**	28,143,561
		8,961,299	41,006,194

25. DEFERRED LIABILITIES

	Note	2021	2020
HPL gratuity fund	52.1	**138,075**	130,046
Non-current portion of other liabilty		**515,926**	-
		654,001	130,046

26. TRADE AND OTHER PAYABLES

	Note	2021	2020
Trade creditors	26.1	**16,450,484**	16,536,569
Payable to cartage contractors		**930,141**	2,877,528
Advance from customers - unsecured		**1,138,502**	1,429,004
Dealers' and customers' security deposits	26.2	**514,780**	475,503
Sales tax Payable		**-**	229,778
Accrued liabilities		**7,920**	8,213
Other liabilities	26.3	**11,587,826**	16,735,229
		30,629,653	38,291,824

26.1 Trade creditors includes procurement of fuel from local refineries and imports, storage charges and associated duties and levies.

26.1.1 This includes Rs. 13,577 million (2020: Rs. 12,712 million) amount payable to M/s: Vitol Bahrain E.C which is a related party.

This also includes demurrage amounting to Rs. 1,809 million (2020: Rs. 1,486 million) which will be cleared upon SBP approval.

26.1.2 The Company and Karachi Hydrocarbon Terminals Limited (""KHTL"") entered into a Term Storage Agreement on May 22, 2018 (""TSA"") for storing and handling of various products by HTL. Summary terms were as follows:

a) On "Take or Pay Contractual Capacity" basis, HPL to use the total storage capacity of HTL
b) Tenor 20 years
c) Throughput rate to be charged in USD.
d) Annual take or pay liability under the TSA.

Effective from 1 March 2021, the agreement with KHTL is on through put basis instead of "Take or Pay Contractual Capacity.

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

26.2 The security deposits are non-interest bearing and are refundable on termination of contracts. These security deposits are not kept in separate bank account since the Company can utilize these funds as per terms of the agreements.

26.3 This includes an amount of Rs. 2.80 million (2020: Rs. 2.80 million) payable to FUCHs Oil Middle East Limited incorporated under the laws of the British Virgin Islands and located in Sharjah, United Arab Emirates. This party is unrelated to the Company.

27. UNCLAIMED DIVIDEND

	2021	2020
	----------- Rupees '000 -----------	
Balance at the beginning of the year	357,248	357,791
Add: dividend for the year	-	-
Less: payments during the year	(318)	(543)
Balance at the end of the year	356,930	357,248

27.1 This includes Rs. 338.319 million (2020: Rs. 338.319 million) amount payable to M/s Vitol Dubai Limited which is a related party.

28. ACCRUED MARK-UP AND PROFIT

	2021	Restated 2020
	----------- Rupees '000 -----------	
Long-term financing	1,616,323	389,964
Short-term borrowings	5,690,587	1,901,778
Liabilities against assets subject to finance lease	2,699	3,264
	7,309,609	2,295,006

29. SHORT-TERM BORROWINGS

	Note	2021	2020
		----------- Rupees '000 -----------	
Borrowings from conventional banks - secured			
Habib Bank Limited		3,605,955	2,718,551
Askari Bank Limited		2,046,963	1,148,268
National Bank of Pakistan		10,433,121	9,907,422
Bank of Punjab		1,999,729	1,999,729
Bank of Khyber		1,806,124	1,826,563
First women bank limited		665,147	-
Samba Bank Limited		972,823	977,014
Sindh Bank Limited		2,022,766	395,000
Summit Bank Limited		483,139	492,593
Habib Metropolitan Bank Limited		3,798,988	3,694,785
MCB Bank Limited		401,147	409,000
Faysal Bank Limited		1,756,505	2,047,906
United Bank Limited		746,862	750,000
	29.1	30,739,269	26,366,831

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

	Note	2021	2020
		Rupees '000	
Borrowings from Islamic bank - secured			
Meezan Bank Limited		2,295,000	2,286,000
BankIslami Pakistan Limited		840,026	840,026
Al Baraka Bank (Pakistan)		1,781,500	1,781,500
Dubai Islamic Bank Pakistan Limited		655,901	778,701
Bank Alfalah Limited		969,241	1,001,187
	29.1	6,541,668	6,687,414
		37,280,935	33,054,245

29.1 These facilities were availed from various commercial banks aggregating to Rs. 37,285 million (2020: Rs. 33,054 million). The rates of mark-up/profit ranges from 1 months KIBOR plus 1.30% to 20.81% (2020: 1 months KIBOR plus 1.50% to 20%). These arrangements are secured against hypothecation charge over the Company's present and future current assets with 25% margin.

30. CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2021	Restated 2020
		Rupees '000	
Current portion of long term financing	23	2,216,478	1,433,308
Current portion of liabilities subject to finance lease	24.1	286,011	354,787
Current portion of lease liability of right-of-use assets	24.2	129,065	310,663
		2,631,554	2,098,758

31. CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

The Collector (Adjudication) - Customs House Karachi, has issued a show cause notice dated February 06, 2019 regarding clearance of 52 and 84 consignments of HSFO under PCT heading 2710.1941 without alleged payment of minimum value additional tax @ 3% of value of the goods of Rs. 481 million. A petition was filed by the Company on March 20, 2019 challenging the impugned show-cause notice on the ground that the impugned notifications and Chapter X of the Rules 2007 particularly 58B and 58C are ultra vires to the Constitution of Islamic Republic of Pakistan against which an interim order was passed on March 22, 2019. The legal counsel is hopeful about success of this petition.

A Suit has been filed on April 10, 2019 by Mr. Rehmat Khan Wardag (Contractor & Dealer of Hascol) for recovery of amount of Rs. 53 million and damages of Rs. 50 million against the Company. Mr. Rehmat Khan claims that his receivable amount of carriage bills were unlawfully adjusted against the invoices of products received at petrol pump, M/s. Hamid Trucking Station. Suit is pending in Court for hearing of application. Legal counsel is of the considered view that there is no merit in the claims of the dealer and hence, there is no possibility that there is any liability being attributed towards HPL.

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

The Government of Sindh through Sindh Finance Act, 1994 imposed infrastructure fee for development and maintenance of infrastructure on goods entereing or leaving the Province through air or sea at prescribed rates. The Constitutional petition is filed by the Company on November 25, 2019 against the Province of Sindh challenging the constitutionality of levy of infrastructure cess which amounts to Rs. 260 million. The matter is pending with Court and stay has been granted to the Company on November 26, 2019 and to be fixed with other cases. The legal counsel is of the view that the Company has a strong defense against tax authorities.

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

United Bank Limited (UBL)

The Company availed the following financial facilities from UBL from time to time. The summary of finance availed, amounts paid by the Company and finance recoverable from the Company has been tabulated below: -

		Rupees '000
a)	Principal amount of Finance availed:	750,000
b)	Principal amount repaid	3,138
c)	Balance principal amount outstanding: (a-b)	746,862
d)	Mark-up payable till 28-02-2021	29,906
e)	Mark-up outstanding as on 30-06-2021	29,906
	Total Outstanding (c+e)	**776,768**

The Company made default in payment of above stipulated amount to UBL, resultantly UBL has filed a suit for recovery under Section 9 of The Financial Institutions (Recovery) of Finances Ordinance 2001 against the Company and its former Chairman in capacity of the Guarantor, which is pending before SHC for further proceeding and arguments on leave to defend filed by the Company which is likely to be succeeded in favor of the Company.

Notes To The Unconsolidated Financial Statements
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The Bank of Punjab (BOP)

The Company availed different finance facilities from BOP in terms of Letter of Credit and Running Finance. The Company failed to make payment against these facilities and mark-up thereon total amounting Rs. 2,192 million and thereby made default. BOP has filed a suit for recovery under Section 9 of The Financial Institutions (Recovery) of Finances Ordinance 2001. SHC vide its order dated 20-09-2021 attached the Company property situated at Eastern Industrial Zone, Port Qasim bearing Plot F-32, 32-B, F-04 measuring 06 acres. The Company has filed leave to defend in the pending for the arguments which is likely to be succeeded in favor of the Company.

MCB

The Company availed different finance facilities from MCB in terms of Letter of Credit, Demand Finance and Local LCs, Running Finance. The Company failed to make payment against these facilities and mark-up thereon total amounting Rs. 478 million and thereby made default. MCB has filed a suit for recovery under Section 9 of The Financial Institutions (Recovery) of Finances Ordinance 2001, now the case is fixed for arguments on leave to defend filed by the Company which is likely to be succeeded in favor of the Company.

Samba Bank Limited

The Company availed different finance facilities from Samba Bank in terms of Letter of Credit, Short Term Finance and Running Finance. The Company failed to make payment against these facilities and mark-up thereon total amounting Rs. 1,018 million and thereby made default. Samba Bank has filed a suit for recovery under Section 9 of The Financial Institutions (Recovery) of Finances Ordinance 2001, now the case is fixed for arguments on leave to defend filed by the Company which is likely to be succeeded in favor of the Company.

SUITS FILED IN THE YEAR 2022

National Bank Of Pakistan (NBP)

NBP had earlier sent the Company a legal notice for recovery of funds and now filed a recovery suit. The recovery suit has been filed under section 9 of FIO, 2001 for recovery of Rs. 4,019 million along with liquated damages, cost of funds, charges, costs, till the realization of whole amount. The liability of the Company pertains to an indemnity cum undertaking given by the Company to NBP regarding a loan facility which was disbursed by NBP to KHTL for its terminal infrastructure development. The Company has filed leave to defend in the instant case to the extent of the Company which is likely to be succeeded in favor of the Company.

Sindh Bank Limited

The Company availed different finance facilities from Sindh Bank in terms of Letter of Credit and Running Finance facility. The Company failed to make payment against these facilities and mark-up thereon total amounting Rs. 2,334 million and thereby made default. Sindh Bank has filed a suit for recovery of Rs. 2,334 million under Section 9 of The Financial Institutions (Recovery) of Finances Ordinance 2001, now the case is fixed for arguments on leave to defend filed by the Company which is likely to be succeeded in favor of the Company.

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

Summit Bank Limited

The Company availed different finance facilities from Summit Bank in terms of Letter of Credit, Letter of Guarantee and Running Finance facility. The Company failed to make payment against these facilities and mark-up thereon total amounting Rs. 547 million and thereby made default. Summit Bank has filed a suit for recovery under Section 9 of The Financial Institutions (Recovery) of Finances Ordinance 2001, now the case is fixed for arguments on leave to defend filed by the Company which is likely to be succeeded in favor of the Company.

Bank Alfalah Limited (BAFL)

The Company availed different finance facilities from BAFL in terms of Letter of Credit, Inland Letter of Credit, Local Salam, Advance Salam and Syndicated Diminishing Musharkah facility. The Company failed to make payment against these facilities and mark-up thereon total amounting Rs. 1,130 million and thereby made default. BAFL has filed a suit for recovery along with profit/charity, costs and cost of funds, compensatory charges and liquidated damages under Section 9 of The Financial Institutions (Recovery) of Finances Ordinance 2001, now the case is fixed for submission of leave to defend by the Company.

Meezan Bank Limited

The Company availed different finance facilities from Meezan Bank in terms of Ijara, Istisna and Diminishing Musharkah facility. The Company failed to make payment against these facilities and mark-up thereon total amounting Rs. 4,580 million and thereby made default. Meezan Bank has filed a suit for recovery under Section 9 of The Financial Institutions (Recovery) of Finances Ordinance 2001, now the case is fixed for submission of leave to defend by the Company.

Lawyers' opinion

The Lawyers are contesting the above suits staunchly and the Company is putting all its efforts for the success of the suits vigorously, so there are high chances of grant of Leave to Defend in each case by the Honourable Courts.

Federal Investigation Agency (FIA)

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

Securities and Exchange Commission of Pakistan (SECP)

In 2021, the Securities and Exchange Commission of Pakistan (SECP) appointed an inspector to investigate the affairs of the Company pertaining to historical financial statements till 2019. The investigations pertain to the individuals holding Management and Director position at that time. The Company is co-operating with SECP and providing all the requisite information's on a timely manner. Further, the Company is not expecting any financial adjustment in books of accounts as of result of this investigation.

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

31.2 Commitments

(i) The facility for opening letters of credit (LCs) acceptances as at December 31, 2021 amounted to Rs 41,193 (2020: Rs 42,486) million of which the amount remaining unutilized as at that date was Rs 4,304 (2020: Rs 3,581) million.

(ii) There are commitments for the purchases from Vitol Bahrain E.C, a party related to the Company, amounting to Rs. 84 million. (2020: Rs. 289 million).

		2021	2020
		Rupees '000	
(iii)	Bank guarantees	**150,000**	894,081
(iv)	Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:		
	Property, plant and equipment	**995,725**	4,787,592
(v)	Commitments for rentals of assets under operating lease/ Ijarah :		
	Not later than one year	**193,014**	249,813
	Later than one year and not later than five years	**158,333**	349,067
	Later than five years	**-**	-
		351,347	598,880

32. SALES - NET

	2021	2020
	Rupees '000	
Sale of petroleum products inclusive of sales tax	**71,678,546**	134,253,934
Less: sales discount	**(312,168)**	(1,350,131)
	71,366,378	132,903,803

33. OTHER REVENUE

	2021	2020
Owned tank lorries - net	**58,007**	507,257
Franchise fee	**60,991**	135,034
Joining fee for petrol pump operators	**1,467**	590
Non fuel retail and lubricants	**78,918**	204,131
	199,383	847,012

Notes To The Unconsolidated Financial Statements
For The Year Ended December 31, 2021

34. COST OF SALES	Note	2021	Restated 2020
		----------- Rupees '000 -----------	
Opening stock - fuel		**11,435,266**	19,012,237
Fuel purchased	34.1	**51,509,152**	71,932,563
Duties, levies and depreciation	34.2	**8,465,240**	35,787,066
Less: Closing stock - fuel and petrochemical	12	**(10,255,676)**	(11,435,266)
		61,153,982	115,296,600

34.1 This includes fuel purchased from local refineries and imports.

34.1.1 This also includes shipping cost charged by supplier amounting to Rs. 285.29 (2020: Rs. 249.23) million.

34.2 Duties, levies and depreciation	Note	2021	2020
		----------- Rupees '000 -----------	
Petroleum development levy	34.2.1	**5,934,535**	31,126,996
Inland freight equalization margin		**1,522,549**	3,192,908
Storage and handling charges		**471,282**	271,612
Depreciation on right-of-use asset (Storage & handling)	7.2	**117,842**	707,428
Freight		**419,032**	488,122
		8,465,240	35,787,066

34.2.1 This includes additional petroleum development levy on direct sales.

35. DISTRIBUTION AND MARKETING EXPENSES	Note	2021	Restated 2020
		----------- Rupees '000 -----------	
Salaries, wages and other benefits	36.1	**373,276**	401,909
Depreciation on property, plant and equipment	6.6	**1,308,561**	1,394,688
Depreciation on right-of-use asset	7.2	**270,062**	144,544
Rent, rates and taxes		**171,463**	94,415
Fuel and power		**93,648**	83,067
Traveling and conveyance		**48,672**	59,142
Repairs and maintenance		**209,038**	227,361
Insurance		**86,839**	177,798
Commission		**4,600**	43,460
Advertising and publicity		**4,180**	1,692
Ujrah payments		**-**	27,455
Printing, communication and stationery		**19,408**	20,196
Fees and subscription		**10,375**	15,097
Owned tank lorries - net		**-**	-
Legal and professional charges		**38,518**	16,012
		2,638,640	2,706,836

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

36. ADMINISTRATIVE EXPENSES

	Note	2021	Restated 2020
		Rupees '000	
Salaries, allowances and other benefits	36.1	**437,658**	435,562
Fee and subscription		**20,185**	29,874
Legal and professional charges		**229,115**	97,858
Traveling and conveyance		**24,705**	30,020
Insurance		**5,249**	10,748
Repairs and maintenance		**28,044**	35,598
Depreciation on right-of-use asset	7.2	**76,779**	11,244
Depreciation on property, plant and equipment	6.6	**35,747**	36,556
Rent, rates and taxes		**13,066**	13,330
Printing, communication and stationery		**14,746**	15,344
Advertising and publicity		**2,281**	923
Fuel and power		**7,613**	6,576
Auditor's remuneration	36.3	**6,575**	6,575
Amortization	8	**1,191**	1,742
		902,954	731,950

36.1 Salaries and other benefits relating to distribution and administrative expense include:

	Note	2021	2020
		Rupees '000	
- Gratuity	52.1.5	**43,254**	71,012
- Contribution to provident fund		**20,033**	20,242

36.2 No donation has been made during the year (2020: Nil).

36.3 Auditor's remuneration

	2021	2020
Statutory audit	**3,510**	3,510
Certifications	**810**	810
Shari'ah audit fee	**756**	756
Half yearly review	**624**	624
Out of pocket expenses	**519**	519
Consolidation	**356**	356
	6,575	6,575

37. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Note	2021	2020
Provision against doubtful debts	13.1	**239,164**	7,345,524
Provision against Long Term investment	9.3	**-**	4,023
Provision against Long Term Deposit	11.1	**-**	47
		239,164	7,349,594

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

38. OTHER EXPENSES

	Note	2021	Restated 2020
		Rupees '000	
IFEM provisioning	16.3	948	154,861
Losses on modification of lease liability		-	1,943,572
Provisioning of Advance to supplier	14.2	-	1,215,992
Provision of property, plant and equipment	6.2.1	1,431,565	22,780
Fairvalue change of HBL-TFC		-	4,988
Penalty	38.1	6,137	80,539
		1,438,650	3,422,732

38.1 This represents penalty paid to Oil and Gas Regulatory Authority, Federal Board of Revenue and Collector of Customs.

39. OTHER INCOME

	Note	2021	Restated 2020
		Rupees '000	
Income from financial assets			
Markup/profit on:			
- deposit with conventional banks		41,714	201,459
- TFCs		8,147	10,382
- Income from sale of letter of right		-	71,453
- deposit with Islamic banks		-	17,970
		49,861	301,264
Income from non-financial assets			
Gain on disposal of operating fixed assets		85,448	36,987
Gain on disposal of ROU assets	7.3	3,070,135	17,636
Reversal of provision for Suppliers and Service provider	14.2	628,201	-
Writeback of unclaimed liabilities	26	281,053	2,164,255
Sundries		8,642	9,330
Sales tax liability writeback		-	-
Reversal of slow moving provision	12.2	31	284
Promotional marketing fee		148	1,241
Scrap sales		135	3,504
Rental income and others		332,655	37,388
		4,406,448	2,270,625
		4,456,309	2,571,889

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

40. FINANCE COST

	Note	2021	Restated 2020
		Rupees '000	Rupees '000
Conventional			
Short term borrowings		3,588,328	3,706,234
Letter of credit		469	244,327
Long term borrowings		1,045,677	486,371
Interest cost on lease liability on right of use asset	24.2.1	706,919	2,291,878
Unwinding of discount		128,669	-
Discounting charges on borrowings		4,733	292,240
Bank charges		51,353	57,559
		5,526,148	7,078,609
Islamic			
Short term borrowings		904,734	992,447
Letter of credit		-	81,442
Long term borrowings		208,633	104,349
Assets obtained under finance lease		60,755	127,253
Bank charges		9,060	19,186
		1,183,182	1,324,677
		6,709,330	8,403,286

41. TAXATION

	2021	Restated 2020
Current	427,144	616,299
Prior period	-	234,472
	427,144	850,771

41.1 During the year ended December 31, 2021 and 2020, provision for current tax is based on minimum tax and final tax regime. Accordingly, tax reconciliation has not been presented in these unconsolidated financial statements.

42. LOSS PER SHARE - basic and diluted

	2021	Restated 2020
	Rupees '000	Rupees '000
Loss for the year (Rupees in thousand)	(7,592,131)	(23,321,416)
Weighted average number of ordinary shares (in thousand)	999,121	994,026
Loss per share from continued operations - basic and diluted (Rupees)	(7.60)	(23.46)

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

43. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2021			2020		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees in '000					
Director's fee	-	9,823	-	-	8,493	-
Managerial remuneration	48,077	-	253,138	37,465	-	220,626
Cost of living allowance	5,342	-	28,126	4,163	-	24,514
Reimbursement of medical expenses	1,400	-	6,566	554	-	5,873
Retirement benefits	2,750	-	11,353	5,354	-	25,695
	57,569	9,823	299,183	47,536	8,493	276,708
Number of person(s)	1	9	78	1	9	76

43.1 The Chief Executive Officer and certain executives are also provided with free use of Company maintained cars and cellular connections. In addition, the Chief Executive Officer is provided with free security services in accordance with the terms of employment.

44. RELATED PARTY TRANSACTIONS AND BALANCES

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

44.1 Transactions with related parties

Name of related party	Nature of transaction	Percentage of shareholding	2021	Restated 2020
			Rupees '000	
Shareholding in the Company				
Fossil Energy (Private) Limited - **note 45.3**	Rendering of services	10.66%	-	19,907
Shareholding by the Company				
Karachi Hydrocarbon Terminal Limited	Rendering of services	15%	2,002,743	2,002,743
Karachi Hydrocarbon Terminal Limited	Business support service	15%	-	16,495
Hascol Lubricants (Private) Limited	Sale, purchase and others	100%	49,326	85,107
Hascol Lubricants (Private) Limited	Procurement	100%	27,441	-
Other related parties				
Vitol Bahrain E.C	Procurement	N/A	34,028,719	60,379,475
Clover Pakistan Limited - **note 45.3**	Procurement	N/A	233,715	233,715
Faysal Bank Limited - **note 45.3**	Rendering of services	N/A	1,624,605	1,624,605
Layton Rahmatulla Benevolent Trust	Donation	N/A	-	-
Gas & Oil Pakistan Limited	Duty	N/A	-	-
VOS Petroleum Limited	Rendering of services	N/A	-	-

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44.2 Balances with related parties

Name of related party	Nature of transaction	Percentage of shareholding	2021	Restated 2020
			----------- Rupees '000 -----------	
Shareholding in the Company				
Fossil Energy (Private) Limited - **note 45.3**	Rendering of services	10.66%	-	3,475
Shareholding by the Company				
Karachi Hydrocarbon Terminal Limited	Advance against issue of shares	15%	2,500	2,500
Karachi Hydrocarbon Terminal Limited	Investments	15%	412,500	412,500
Hascol Terminals Limited	Business support service	15%	-	20,863
Karachi Hydrocarbon Terminal Limited	Rendering of services	N/A	1,429,241	1,543,003
Hascol Lubricants (Private) Limited	Advance against issue of shares	100%	-	2,948,362
Hascol Lubricants (Private) Limited	Business support service	100%	48,852	77,621
VAS LNG (Private) Limited	Advance against issue of shares	30%	1,023	1,023
VAS LNG (Private) Limited	Investments	30%	3,000	3,000
Other related parties				
Vitol Bahrain E.C	Procurement	N/A	15,386,212	12,707,630
Clover Pakistan Limited - **note 45.3**	Procurement	N/A	115,887	31,610
VOS Petroleum Limited	Rendering of services	N/A	45,862	45,862
Faysal Bank Limited - **note 45.3**	Rendering of services	N/A	-	1,853,063
Gas & Oil Pakistan Limited	Product / duty	N/A	673,497	(84,366)

45. CASH USED IN OPERATIONS

		2021	Restated 2020
		----------- Rupees '000 -----------	
Loss before taxation		(7,164,987)	(22,470,645)
Adjustment for:			
Depreciation on property, plant and equipment	6.6	1,344,308	1,431,244
Depreciation on right-of-use asset	7.2	464,683	863,216
Amortization	8	1,191	1,742
Provision for IFEM	16	948	154,861
Reversal against slow moving stock	12	(31)	(284)
M2M of short term investment	18	-	4,988
ROUA liability reversal	24	-	1,943,572
Provision for long term investment	9	-	4,023
Provision against Long Term Deposit	11.1	-	47
Provision for doubtful debts	13.1	239,164	7,345,524
Exchange loss - unrealized		861,194	129,670
Provision for gratuity	52.1.5	42,011	71,012
Gain on disposal of operating fixed assets	39	(85,448)	(36,987)
Gain on termination of lease	39	(3,070,135)	(17,636)
(Reversal) / provision of advance to supplier	38 & 39	(628,201)	1,215,992
Writeback of unclaimed liabilities	39	(281,053)	(2,164,255)
Markup / profit on bank deposits	39	(49,861)	(372,717)
Markup charged on lease liability	40	706,919	2,291,878
Markup charged on gratuity	40		
Finance cost	40	5,873,742	6,111,408
Provision of property, plant and equipment	38	1,431,565	-
Changes in working capital	45.1	(4,566,611)	(8,573,460)
Cash used in operations		(4,880,602)	(12,066,807)

Notes To The Unconsolidated Financial Statements
For The Year Ended December 31, 2021

45.1 Changes in working capital

	Note	2021	Restated 2020
		----------- Rupees '000 -----------	
Decrease in current assets			
Stock-in-trade	12	**1,179,621**	7,577,255
Trade debts	13	**647,344**	2,145,022
Advances	14	**1,331,590**	(1,538,586)
Deposits and prepayments	15	**(40,540)**	(30,114)
Other receivables	16	**41,760**	(689,618)
		3,159,775	7,463,959
Decrease in current liabilities			
Trade and other payables	26	**(7,726,386)**	(16,037,419)
Changes in working capital		**(4,566,611)**	(8,573,460)

46. CASH AND CASH EQUIVALENTS

	Note	2021	Restated 2020
Cash and bank balances	19	**997,748**	3,079,606
Short-term borrowings	29	**(37,280,935)**	(33,054,245)
		(36,283,187)	(29,974,639)

47. OPERATING SEGMENTS

These unconsolidated financial statements have been prepared on the basis of a single reportable segment.

- Sales from petroleum products represents 99.68 % (2020: 99.26 %) of total revenues of the Company.
- Out of total sales of the Company 99.82 % (2020: 99.54 %) related to customers in Pakistan.
- All non-current assets of the Company as at 31 December, 2021 are located in Pakistan.

The Company sells its product to dealers, governments agencies and autonomous bodies, independent power project and other corporate customers. Sales to ten major customers of the Company are around 15.45% during the year ended December 31, 2021 (2020: 18.95%).

48. FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2021	Restated 2020
		----------- Rupees '000 -----------	
Financial assets as per statement of financial position			
Fair value through profit or loss			
Short term investments	18	**98,700**	98,700
At cost			
Long term investments	9	**3,709,627**	3,709,627

Notes To The Unconsolidated Financial Statements

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	Note	2021	Restated 2020
		Rupees '000	
At amortized cost			
Deposits	15 & 11	582,230	574,424
Trade debts	13	672,107	1,558,615
Other receivables	16	4,230,507	4,444,990
Accrued mark-up and profit	17	2,623	13,118
Cash and bank balances	19	997,748	3,079,606
		6,485,215	9,670,753
Total financial assets		10,293,542	13,479,080
Financial liabilities as per statement of financial position			
At amortized cost			
Long-term financing	23	13,637,415	13,747,672
Unclaimed dividend	27	356,930	357,248
Trade and other payables	26	29,491,151	36,862,820
Accrued mark-up and profit	28	7,309,609	2,295,006
Short-term borrowings	29	37,280,935	33,054,245
Total financial liabilities		88,076,040	86,316,991

49. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the unconsolidated statement of financial position are as follows:

	2021		2020 - Restated	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rupees in '000			
Financial assets				
Long term investments	3,709,627	3,709,627	3,709,627	3,709,627
Deposits	582,230	582,230	574,424	574,424
Trade debts	672,107	672,107	1,558,615	1,558,615
Other receivables	4,230,507	4,230,507	4,444,990	4,444,990
Short term investment	98,700	98,700	98,700	98,700
Accrued mark-up and profit	2,623	2,623	13,118	13,118
Cash and bank balances	997,748	997,748	3,079,606	3,079,606
	10,293,542	10,293,542	13,479,080	13,479,080

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

	2021		2020 - Restated	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rupees in '000			
Financial liabilities				
Long-term financing	13,637,415	13,637,415	13,747,672	13,747,672
Unclaimed dividend	356,930	356,930	357,248	357,248
Trade and other payables	29,491,151	29,491,151	36,862,820	36,862,820
Accrued mark-up and profit	7,309,609	7,309,609	2,295,006	2,295,006
Short-term borrowings	37,280,935	37,280,935	33,054,245	33,054,245
	88,076,040	88,076,040	86,316,991	86,316,991

b) Valuation of financial instruments

The Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.
Level 2: Valuation techniques based on observable inputs.
Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques unless the instruments do not have a market/ quoted price in an active market and whose fair value cannot be reliably measured.

Valuation techniques used by the Company include discounted cash flow model. Assumptions and inputs used in valuation techniques includes risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates.

c) Financial assets

	2021				
	Carrying value	Level 1	Level 2	Level 3	Level 3
	Rupees in '000				
Long term investments-FVTOCI	-	-	-	-	-
Short term investments	98,700	98,700	-	-	98,700
Long term investments at cost	3,709,627	-	-	3,709,627	3,709,627
Total	3,808,327	98,700	-	3,709,627	3,808,327

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For The Year Ended December 31, 2021

	2020 - Restated				
	Carrying value	Level 1	Level 2	Level 3	Level 3
	------------------------ Rupees in '000 --------------------------				
Long term investments - FVTOCI	-	-	-	-	-
Short term investments	98,700	98,700	-	-	98,700
Long term investments at cost	3,709,627	-	-	3,709,627	3,709,627
Total	3,808,327	98,700	-	3,709,627	3,808,327

d) Non-financial assets

	2021				
	Carrying value	Level 1	Level 2	Level 3	Level 3
	------------------------ Rupees in '000 --------------------------				
Building on lease hold land					
Building on lease hold land	**7,514,332**	**-**	**-**	**7,514,332**	**7,514,332**
Tanks and pipelines	**4,280,367**	**-**	**-**	**4,280,367**	**4,280,367**
Dispensing pumps	**1,848,619**	**-**	**-**	**1,848,619**	**1,848,619**
Plant and machinery	**423,499**	**-**	**-**	**423,499**	**423,499**
Electrical, mechanical and	**2,321,253**			**2,321,253**	**2,321,253**
fire fighting equipment		**-**	**-**		**-**
Furniture, office equipment	**105,674**	**-**	**-**	**105,674**	**105,674**
and other assets					**-**
Vehicles	**324,742**	**-**	**-**	**324,742**	**324,742**
Computer auxiliaries	**16,041**	**-**	**-**	**16,041**	**16,041**
	16,834,528	**-**	**-**	**16,834,528**	**16,834,528**

	2020 - Restated				
	Carrying value	Level 1	Level 2	Level 3	Level 3
	------------------------ Rupees in '000 --------------------------				
Building on lease hold land	6,940,264	-	-	6,940,264	6,940,264
Tanks and pipelines	3,185,587	-	-	3,185,587	3,185,587
Dispensing pumps	1,138,168	-	-	1,138,168	1,138,168
Plant and machinery	325,727	-	-	325,727	325,727
Electrical, mechanical and fire fighting equipment	1,430,676	-	-	1,430,676	1,430,676
Furniture, office equipment and other assets	183,379	-	-	183,379	183,379
Vehicles	359,357	-	-	359,357	359,357
Computer auxiliaries	38,282	-	-	38,282	38,282
	13,601,440	-	-	13,601,440	13,601,440

50. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company is exposed to the following risks from its use of financial instruments:

	Note
- Market risk	50.1.1
- Credit risk and concentration of credit risk	50.1.2
- Liquidity risk	50.1.3

Notes To The Unconsolidated Financial Statements

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This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring any increase in risk, and the Company's management of capital.

50.1 Financial risk management

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Company's activities.

The Company through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversee how management monitors compliance with the Company's risk management policies and procedures, and review the adequacy of risk management framework in relation to the risks faced by the Company.

50.1.1 Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities. The objective of market risk management is to manage and control market risk exposures within an acceptable range. The market risk includes:

(a) Currency risk

Currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company imports petroleum product and is thus exposed to currency risk in respect to foreign creditors, which at the year end amount to USD 123.371 million (2020: USD 129.038 million) having PKR equivalent amount of Rs. 21,803.50 million (2020: Rs. 20,616.89 million). The average rates applied during the year is Rs. 168.2520 per USD (2020: Rs. 157.4132 per USD) and the spot rate as at December 31, 2021 is Rs. 176.7305 per USD (2020: Rs. 159.7734 per USD).

The Company manages its currency risk by close monitoring of currency markets. Under regulatory requirements, the Company cannot hedge its currency risk exposure. Consequently, the Company recorded exchange loss amounting to Rs. 1,106.79 million (2020: Rs. 1,443.59 million) during the year.

Sensitivity analysis

As at December 31, 2021, if the Pakistani Rupee had weakened/strengthened by 5% against USD with all other variables held constant, loss / profit for the year would have been lower/higher by Rs. 1,106.45 million (2020: Rs. 1,030.85 million).

Notes To The Unconsolidated Financial Statements

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(b) Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises due to long-term financing and short term borrowings. At the balance sheet date the interest rate profile of the Company's mark-up bearing financial instruments is summarized as follows:

Cash flow sensitivity for variable rate instruments

A change of 100 basis points (bps) in interest rates at the reporting date would effect on profit or loss before tax is shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant.

Cash flow sensitivity of variable rate instruments

	Profit or (loss) - Restated		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	Rupees in '000			
(Expense) / income				
As at December 31, 2021	**(61,407)**	**61,407**	**(43,599)**	**43,599**
As at December 31, 2020	(62,791)	62,791	(44,582)	44,582

	2021							
	Effective yield/ interest/profit rate % (Per annum)	Exposed to yield/interest/profit risk			Non-interest/profit bearing			Total
		Maturity up to one year	Maturity after one year	Sub-Total	Maturity up to one year	Maturity after one year	Sub-Total	
		Rupees in '000						
Financial assets								
Long term investments	-	-	-	-	3,675,000	-	3,675,000	3,675,000
Deposits	-	-	-	-	136,711	445,519	582,230	582,230
Trade debts	-	-	-	-	672,107	-	672,107	672,107
Other receivables	-	-	-	-	4,230,507	-	4,230,507	4,230,507
Accrued mark-up and profit	-	-	-	-	2,623	-	2,623	2,623
Short term investments	11.97	98,700	-	98,700	-	-	-	98,700
Cash and bank balances	10.75	408,553	-	408,553	589,195	-	589,195	997,748
		507,253	-	507,253	9,306,143	445,519	9,751,662	10,258,915
Financial liabilities								
Long term finances	9.44-12.42	2,216,478	11,420,937	13,637,415	-	-	-	13,637,415
Unclaimed dividend	-	-	-	-	356,930	-	356,930	356,930
Trade and other payables	-	-	-	-	29,491,151	-	29,491,151	29,491,151
Accrued mark-up and profit	-	-	-	-	7,309,609	-	7,309,609	7,309,609
Short-term borrowings	8.62-20.81	37,280,935	-	37,280,935	-	-	-	37,280,935
		39,497,413	11,420,937	50,918,350	37,157,690	-	37,157,690	88,076,040
On financial position gap		(38,990,160)	(11,420,937)	(50,411,097)	(27,851,547)	445,519	(27,406,028)	(77,817,125)

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For The Year Ended December 31, 2021

	2020 - Restated							
	Effective yield/ interest/profit rate % (Per annum)	Exposed to yield/interest/profit risk			Non-interest/profit bearing			Total
		Maturity up to one year	Maturity after one year	Sub-Total	Maturity up to one year	Maturity after one year	Sub-Total	
		----Rupees in '000----						
Financial assets								
Long term investments	-	-	-	-	3,675,000	-	3,675,000	3,675,000
Deposits	-	-	-	-	81,724	492,700	574,424	574,424
Trade debts	-	-	-	-	1,558,615	-	1,558,615	1,558,615
Other receivables	-	-	-	-	4,444,990	-	4,444,990	4,444,990
Accrued mark-up and profit	-	-	-	-	13,118	-	13,118	13,118
Short term investments	8.85-15.15	98,700	-	98,700	-	-	-	98,700
Cash and bank balances	2.83-11.5	2,387,072	-	2,387,072	692,534	-	692,534	3,079,606
		2,485,772	-	2,485,772	10,465,981	492,700	10,958,680	13,444,452
Financial liabilities								
Long term finances	14.06-16.06	1,433,308	12,314,364	13,747,672	-	-	-	13,747,672
Unclaimed dividend	-	-	-	-	357,248	-	357,248	357,248
Trade and other payables	-	-	-	-	36,862,820	-	36,862,820	36,862,820
Accrued mark-up and profit	-	-	-	-	2,295,006	-	2,295,006	2,295,006
Short-term borrowings	14.16-20.0	33,054,245	-	33,054,245	-	-	-	33,054,245
		34,487,553	12,314,364	46,801,917	39,515,074	-	39,515,074	86,316,991
On financial position gap		(32,001,781)	(12,314,364)	(44,316,145)	(29,049,093)	492,700	(28,556,393)	(72,872,538)

(c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuers, or factors affecting all or similar financial instruments traded in the market. The Company is not exposed to equity price risk since it has investments in quoted equity securities amounting to Nil (2020: Rs. Nil) at the unconsolidated statement of financial position date.

The Company manages price risk by monitoring exposure in quoted equity securities and implementing strict discipline in internal risk management and investment policies.

The value of investment subject to equity price risk are, in almost all instance, based on quoted market price as of the reporting date except for unquoted investments which are carried at cost. Market prices are subject to fluctuation and consequently the amount realized as a result of subsequent sale of an investment may differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investment and general market condition. Furthermore, the amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

50.1.2 Credit risk and concentration of credit risk

The credit quality of receivables can be assessed with reference to the historical performance with no or some defaults in recent history. The Company manages credit risk of receivables through the monitoring of credit exposures, limiting transactions with specific customers and continuous assessment of credit worthiness of its customers.

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For The Year Ended December 31, 2021

The carrying values of financial assets which are neither past due nor impaired are as under:

	2021	Restated 2020
	Rupees '000	
Long term investments	3,675,000	3,675,000
Deposits	582,230	574,424
Trade debts - unsecured	672,107	1,558,615
Other receivables	2,536,080	2,751,511
Accrued mark-up and profit	2,623	13,118
Short term investments	98,700	98,700
Cash and bank balances	997,748	3,079,606
	8,564,489	11,750,973

	2021		2020 - Restated	
	Gross	Impaired	Gross	Impaired
	Rupees in '000			
Aging analysis of trade debts:				
Past due 1-30 days	394,578	89,322	1,173,098	863
Past due 31-90 days	159,423	20,651	257,234	64,974
Past due 91-180 days	1,353	1,353	875,843	817,171
Past due 181-365 days	7,419	7,419	7,908,607	7,902,431
Over 1 year	9,999,719	9,775,395	998,810	869,537
	10,562,492	9,894,140	11,213,591	9,654,976

The credit risk for bank balances is considered to be negligible, since the counterparties are reputable banks and institutions with high quality external credit ratings. The credit quality of bank balances that are neither past due nor impaired can be assessed with reference to external credit ratings as follows:

Notes To The Unconsolidated Financial Statements

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The credit risk for bank balances is considered to be negligible, since the counterparties are reputable banks and institutions with high quality external credit ratings. The credit quality of bank balances that are neither past due nor impaired can be assessed with reference to external credit ratings as follows:

	Rating agency	Short term	Long term
Islamic Banks			
Al Baraka Bank Pakistan Limited	PACRA	A1	A
Bank Islami Pakistan Limited	PACRA	A1	A+
Meezan Bank Limited	JCR- VIS	A-1+	AAA
MCB Islamic Bank Limited	PACRA	A1	A
Dubai Islamic Bank Pakistan	JCR- VIS	A-1+	AA
Conventional banks			
Industrial and Commercial Bank of China	Moody's	N/A	
Askari Bank Limited	PACRA	A1+	AA+
Allied Bank Limited	PACRA	A1+	AAA
Bank Al Falah Limited	PACRA	A1+	AA+
Bank of Khyber	JCR-VIS	A-1	A+
Bank of Punjab	PACRA	A1+	AA+
Faysal Bank Limited	JCR-VIS	A-1+	AA
First Women Bank Limited	PACRA	A2	A-
MCB Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	JCR- VIS	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Habib Bank Limited	JCR- VIS	A-1+	AAA
SAMBA Bank Limited	JCR- VIS	A-1	AA
Silk Bank Limited	JCR- VIS	A-2	A-
Sindh Bank Limited	JCR- VIS	A-1	A+
Summit Bank Limited	JCR- VIS	Suspended	
United Bank Limited	JCR- VIS	A-1+	AAA
Pak China Investment Company Limited	JCR- VIS	A-1+	AAA
Pak Oman Investment Company Limited	JCR- VIS	A-1+	AA+
PAIR Investment Company Limited	PACRA	A1+	AA

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

50.1.3 Liquidity risk

Liquidity risk reflects the Company's inability of raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customers. The Company's financial liabilities have contractual maturities as summarized below:

	2021		
	Within one year	Over one year	Total
	---------------- Rupees in '000	----------------	
Long term finances	2,216,478	11,420,937	13,637,415
Trade and other payable	29,491,151	-	29,491,151
Unclaimed dividend	356,930	-	356,930
Mark-up accrued	7,309,609	-	7,309,609
Short-term borrowings	37,280,935	-	37,280,935
	76,655,103	11,420,937	88,076,040

	2020-Restated		
	Within one year	Over one year	Total
	---------------- Rupees in '000	----------------	
Long term finances	1,433,308	12,314,364	13,747,672
Trade and other payables	36,862,820	-	36,862,820
Accrued mark-up and profit	2,295,006	-	2,295,006
Unclaimed dividend	357,248	-	357,248
Short-term borrowings	33,054,245	-	33,054,245
	74,002,627	12,314,364	86,316,991

Banking expsure as of December 31, 2021 is as follows:

Financial Institutions	Long term financing	Short term borrowing	Finance lease	Letter of credit	Total principal	Accrued mark up	Total exposure including markup
	----------------	----------------	----------------	Rupees in '000	----------------	----------------	----------------
National Bank of Pakistan	8,251,682	10,433,121	110,174	-	18,794,977	3,345,243	22,140,220
Habib Metropolitan Bank Ltd	-	3,798,988	62,859	-	3,861,847	459,786	4,321,633
Habib Bank Ltd	-	3,605,955	178,977	1,525,089	5,310,021	7,372	5,317,393
Meezan Bank Ltd	1,775,139	2,295,000	-	-	4,070,139	468,183	4,538,322
Askari Bank Ltd	-	2,046,963	32,527	1,288,034	3,367,524	65,728	3,433,252
Bank of Punjab	887,570	1,999,729	-	-	2,887,299	452,507	3,339,806
Sindh Bank Ltd	-	2,022,766	-	-	2,022,766	259,303	2,282,069
Faysal Bank Ltd	-	1,756,505	-	-	1,756,505	524,133	2,280,638
Bank of Khyber	-	1,806,124	-	-	1,806,124	250,463	2,056,587
Bank Alfalah Ltd	798,813	969,241	-	-	1,768,054	225,323	1,993,377
Al Baraka Bank Ltd	-	1,781,500	-	-	1,781,500	345,999	2,127,499
BankIslami Pakistan Ltd	710,056	840,025	-	-	1,550,081	227,266	1,777,347
Dubai Islamic Bank Pakistan Ltd	621,298	655,900	-	-	1,277,198	182,195	1,459,393
Samba Bank Ltd	-	972,823	-	-	972,823	139,811	1,112,634
United Bank Ltd	-	746,862	-	-	746,862	88,408	835,270
First Women Bank Ltd	-	665,147	-	-	665,147	23,512	688,659
Summit Bank Ltd	-	483,139	-	-	483,139	64,114	547,253
MCB Bank Ltd	-	401,147	-	-	401,147	111,115	512,262
First Habib Modaraba	-	-	95,037	-	95,037	-	95,037
Pakoman Investment Co. Ltd	92,857	-	-	-	92,857	10,045	102,902
Sukuk	500,000	-	-	-	500,000	56,404	556,404
	13,637,415	37,280,935	479,574	2,813,123	54,211,047	7,306,910	61,517,957

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

50.1.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities, either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.
Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

The Company's operational cash flows and financial conditions could also be negatively affected by the following:

a) If employees are quarantined as the result of exposure to COVID-19, this could result in disruption of operations and impact economic activity.

b) Similarly, operational issues resulting from the rapid spread of COVID-19 in Pakistan may have a material effect on our business and results of operations.

The COVID-19 pandemic produced substantial and unprecedented economic and social disruptions starting March 2020. This circumstance caused numerous business and financial issues in Pakistan. The lockdown, however, excluded companies involved in the purchase, storage, and selling of petroleum and related products from operating in strict accordance with mandatory Standard Operating Procedures (SOPs). The Company's sales, storage and business offices have thus continued to operate. However, COVID-19 has predominantly harmed the Company due to extraordinary global oil price instability, massive inventory write-downs to NRV, and a dramatic fall in sales demand.

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

51. CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board's policy is to maintain a strong capital base so as to maintain investors', creditors' and market's confidence and to sustain future development of the business, safeguard the Company's ability to continue as going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board monitor the return on capital, which the Company defines as net profit/(loss) after tax divided by total shareholders' equity. The Board also monitor the level of dividend to ordinary shareholders subject to the availability of funds.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

		2021	Restated 2020
		----------- Rupees '000 -----------	
Total interest bearing debt		**51,337,362**	47,533,464
Trade and other payables		**29,491,151**	36,862,820
Accrued mark-up and profit	28	**7,309,609**	2,295,006
Less: cash and bank balances	19	**(997,748)**	(3,079,606)
Deficit of net cash over debt/ net debt		**87,140,374**	83,611,684
Total shareholders' deficit		**(47,305,606)**	(46,078,457)
Net equity		**39,834,768**	37,533,227
Gearing ratio		**218.75%**	222.77%

52. STAFF RETIREMENT BENEFITS

		2021	2020
HPL gratuity fund	52.1	**138,075**	130,046
HPL provident fund	52.2	**-**	-

52.1 The Company operates an approved gratuity fund for its employees who have completed the employment period of 5 years. Provision is created for the benefit of the scheme on the basis of actuarial valuations. Number of eligible employees covered in fund are 213 (2020: 222).

52.1.1 Movement in liability recognized in unconsolidated statement of financial position

	2021	2020
	----------- Rupees '000 -----------	
Present value of defined benefit obligations	**141,024**	130,610
Fair value of plan assets	**(2,949)**	(564)
Statement of financial position liability	**138,075**	130,046

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

52.1.2 Movement in liability recognized in unconsolidated statement of financial position	Note	2021	2020
		Rupees '000	
Net liability as at January 01,		130,610	257,281
Expense recognized in statement of profit or loss	52.1.5	43,254	71,012
Contributions made during the year		(12,673)	(129,807)
Remeasurement loss recognized in statement of other comprehensive income	52.1.6	(20,167)	(67,877)
Net liability as at December 31,		141,024	130,610

52.1.3 Movement in present value of the defined benefit obligation

Present value of defined obligation as at January 01,	130,610	257,281
Current service cost	28,727	40,400
Interest cost	14,527	30,612
Benefits paid	(12,673)	(129,806)
	161,191	198,487
Remeasurement gain	(20,167)	(67,877)
Present value of defined obligation as at December 31,	141,024	130,610

52.1.4 Movement in fair value of plan assets

Fair value of plan assets at the beginning of the year	564	-
Expected return on plan assets	1,243	-
Contributions made by the company	13,737	73,193
Benefits paid during the year	(9,852)	(31,023)
Benefits payable from the fund during the year	(2,820)	(41,697)
Remearsurements: Actuarial Gain	77	91
Fair value of plan assets at the end of the year	2,949	564

52.1.5 Expense recognized in the unconsolidated statement of profit or loss account

Current service cost	28,727	40,400
Interest cost	14,527	30,612
	43,254	71,012

52.1.6 Remeasurement recognized in unconsolidated statement of comprehensive income

Gain on remeasurement of defined benefit obligation	(20,244)	(67,968)
Impact of deferred tax	5,871	19,711
	(14,373)	(48,257)

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

52.1.7 Analysis of present value of defined benefit obligation

	2021	2020
	Rupees '000	
Split by vested / non - vested		
(i) Vested benefits	114,606	94,334
(ii) Non-vested benefits	26,417	36,276
Split by benefits earned to date		
(i) Present value of guaranteed benefits	48,059	49,498
(ii) Present value of benefits attributable to future salary increase	92,965	81,111
Expected distribution of timing of benefit payments time in years		
Within first year from the end of financial year	6,060	5,965
Within second years from the end of financial year	8,104	7,399
Within third years from the end of financial year	8,526	9,645
Within fourth years from the end of financial year	11,344	10,143
Within five years from the end of financial year	23,833	43,571
Within six to ten years from the end of financial year	237,555	148,570
Sensitivity analysis on significant actuarial assumptions on present value of defined benefit obligation		
Discount rate +1%	127,743	117,581
Discount rate -1%	156,506	145,942
Expected rate of salary increase +1%	157,053	146,452
Expected rate of salary increase -1%	127,063	116,937

Maturity profile of present value of defined benefit obligation	2021	2020
	Percentage	
Weighted average duration of the present value of defined benefit obligation (years)	10.14	10.75

	2021	2020
Key statistics		
Average age (time in years)	39.69	38.90
Average service (time in years)	4.59	4.56
Average entry age (time in years)	35.10	34.34
Retirement assumption age (time in years)	60	60
Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1

The mortality rates are provided by the State Life Insurance Corporation of Pakistan (SLIC).

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2021

52.1.8 Historical information of staff retirement benefits

	2021	2020	2019	2018	2017
	Rupees in '000				
Present value of gratuity	138,075	130,046	257,281	250,593	188,825

52.1.9 The expected gratuity expense for the year ending December 31, 2022 works out to be Rs. 46.853 million.

52.1.10 Actuarial assumptions

The following significant assumptions were used in the valuation carried out at the balance sheet date using the projected unit credit method:

	2021	2020
	% per annum	
- Expected long-term rate of increase in salary level	12.25	10.25
- Discount rate	12.25	10.25

52.2 The Company operates approved provident fund for its eligible employees as of December 31, 2021. Details of assets and investments of the fund is as follows:

	Note	2021 Unaudited	2020 Unaudited
Size of fund - total net assets (Rupees in '000)		157,747	148,447
Number of members		201	201
Cost of investments made (Rupees in '000)		180,265	155,109
Percentage of investments made		100%	100%
Fair value of investments (Rupees in '000)	52.1	160,736	150,797

	2021 Unaudited		2020 Unaudited	
	Investments (Rs in '000)	% of investment	Investments (Rs in '000)	% of investment
Saving bank accounts	55,265	34	25,109	17
Regular income certificates	-	-	20,836	14
Term finance certificate	89,300	56	89,300	59
Mutual fund	16,172	10	15,552	10
	160,736	100	150,797	100

52.2.2 Investments out of provident fund have been made in accordance with the provisions of section 218 of Companies Act, 2017 and applicable rules.

Notes To The Unconsolidated Financial Statements
For The Year Ended December 31, 2021

53. DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed with reference to circular no. 14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index.

S.No	Description	Explanation
(i)	Loans and advances	Non-interest bearing as disclosed in note 14.
(ii)	Deposits	Non-interest bearing as disclosed in note 11 and 15.
(iii)	Segment revenue	Disclosed in note 47.
(iv)	Bank balances	Placed under interest arrangement and Shariah permissible arrangement as disclosed in note 19.
(v)	Income on bank deposits	Placed under interest arrangement and Shariah permissible arrangementas disclosed in note 39.
(vi)	Loss on disposal of investment held at fair value through other comprehensive income	Disclosed in statement of other comprehensive income.
(vii)	Dividend income	Not applicable during the year.
(viii)	All sources of income	Disclosed in note 32, 33 and 39.
(ix)	Exchange gain	Not applicable during the year.
(x)	Mark up paid on Islamic mode of financing	Disclosed in note 40.
(xi)	Relationship with banks having Islamic windows	Following is the list of banks with which the Company has a relationship with Islamic window of operations:

S.No	Names of Islamic bank
1	Al Baraka Bank Pakistan Limited
2	Bank Islami Pakistan Limited
3	Meezan Bank Limited
4	MCB Islamic Bank Limited
5	Dubai Islamic Bank Pakistan

54. COMPARATIVE FIGUERS

Items presented in these unconsolidated statement of financial position as at December 31, 2020 have been reclassified to confirm to current year's presentation and for detail refer note 4.

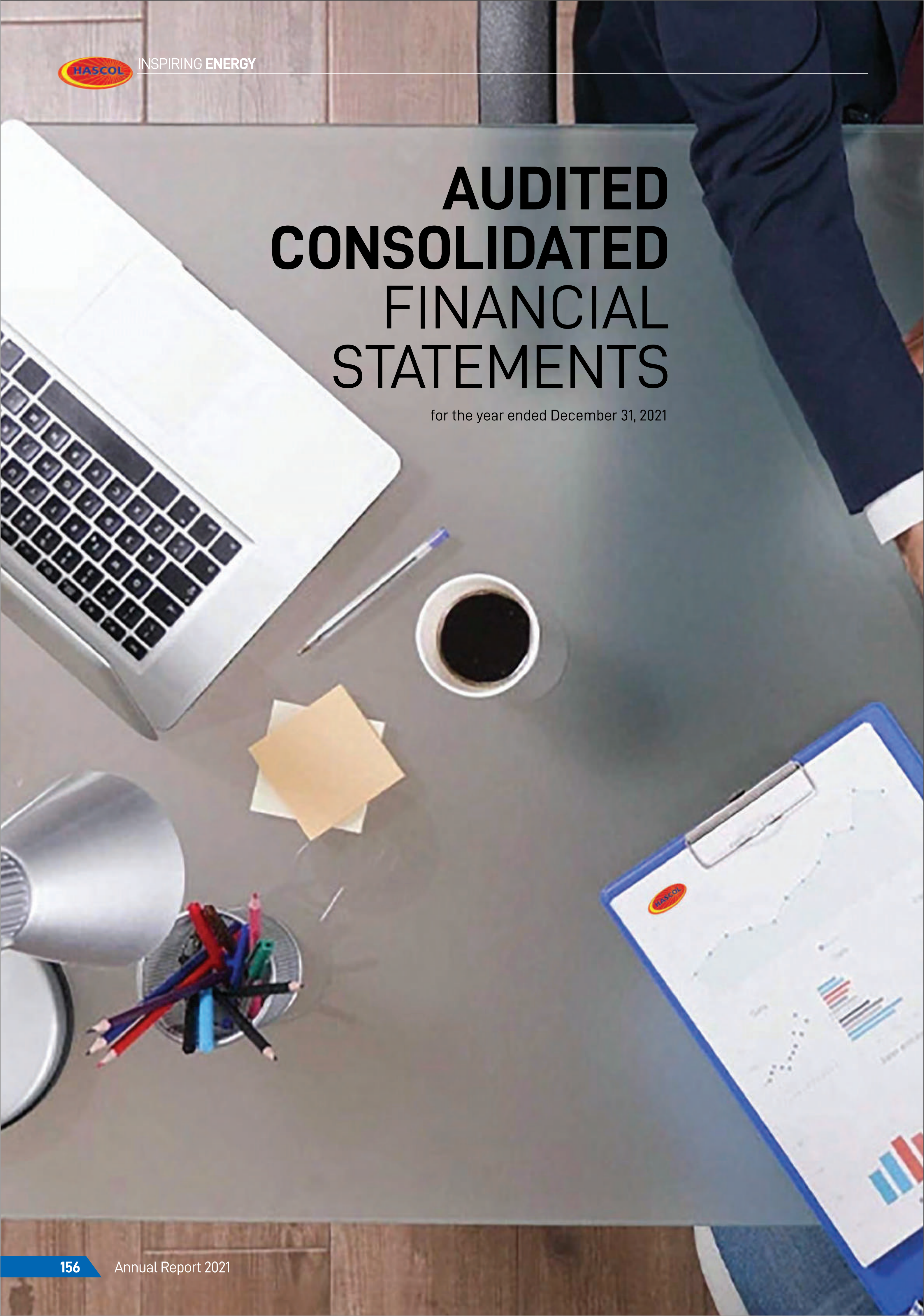
55. NUMBER OF EMPLOYEES

	2021	2020
Total number of employees as at year end	**321**	342
Average number of employees during the year	**332**	473

56. DATE OF AUTHORISATION FOR ISSUE

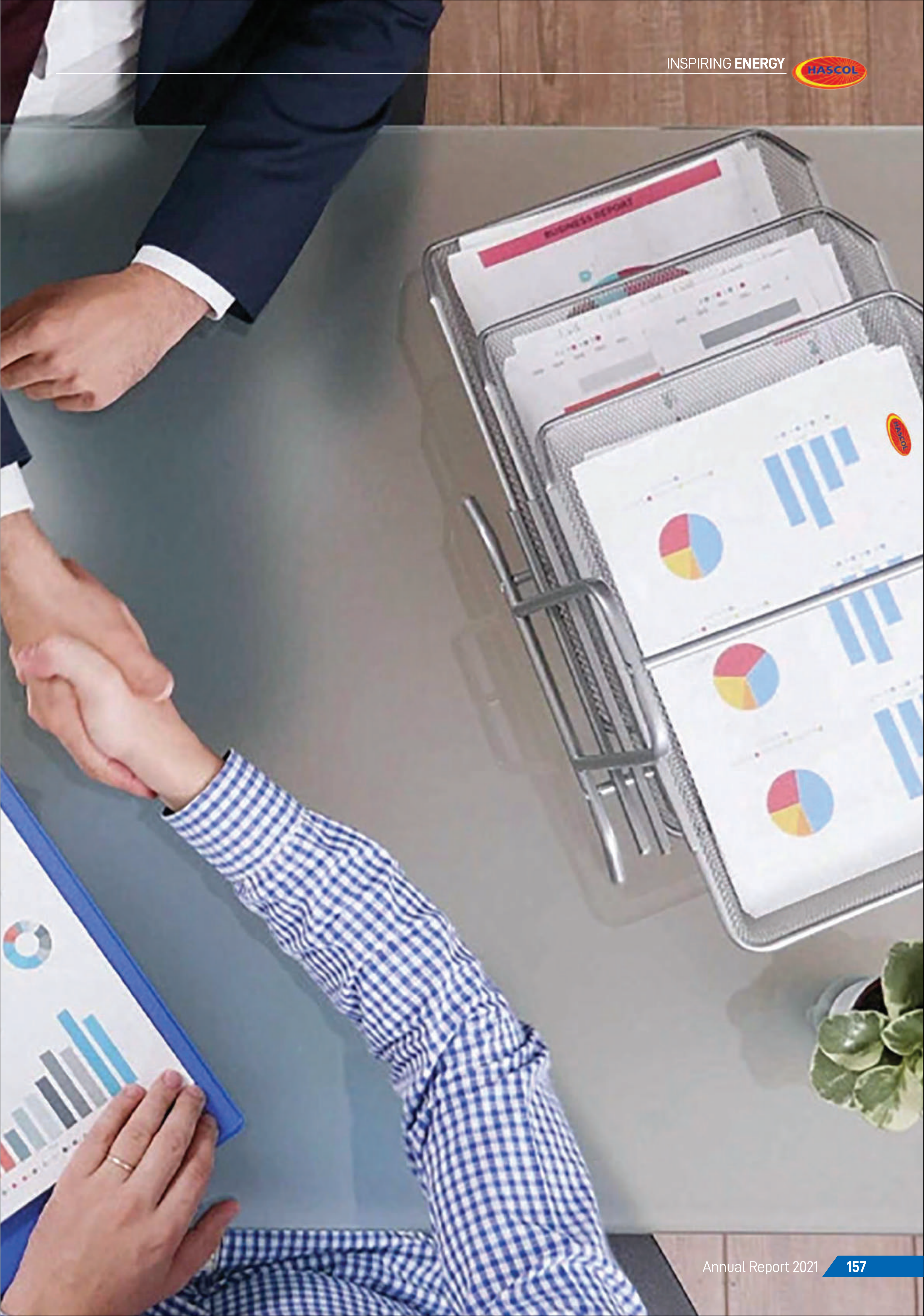
These unconsolidated financial statements have been authorized for issue on 23rd August 2022 by the Board of Directors of the Company.

Chief Executive Officer	Chief Financial Officer	Director



AUDITED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2021


BUSINESS REPORT
HASCOL

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HASCOL PETROLEUM LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Adverse Opinion

We have audited the annexed consolidated financial statements of **Hascol Petroleum Limited** ("the parent) and its subsidiary (together referred as "the Group"), which comprise the consolidated statement of financial position as at December 31, 2021 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including summary of significant accounting policies and other explanatory information.

In our opinion, because of the significance of the matters described in the ***"Basis for Adverse Opinion"*** section of our report, the annexed consolidated financial statements of the Group do not give true and fair view of the consolidated financial position of the Group as at December 31, 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standard as applicable in Pakistan.

Basis for Adverse Opinion

a) As disclosed in note no. 6 to the consolidated financial statements, the Group has property, plant and equipment amounting to Rs. 26,773.775 million (2020: Rs. 23,971.845 million Restated). We disclaimed our opinion on property, plant and equipment last year as the Group did not have any documented policy to conduct physical verification of property, plant and equipment; hence, the items were neither counted nor tagged and matched with the Fixed Asset Register (FAR).

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As explained in note no. 6.8 to the consolidated financial statements, subsequent to year end the Group conducted physical verification and record reconciliation exercise of property, plant and equipment and found various discrepancies. However, the Fixed Asset Register (FAR) is not completely updated and, hence, the reconciliation exercise is incomplete. Therefore, we cannot determine the amount of adjustments required in the opening and closing balances of carrying value of property, plant and equipment, surplus on revaluation, accumulated depreciation, related provision for taxation and deferred tax, retained earnings, related restatements and depreciation charge for the year.

b) As disclosed in note nos. 13, 14 and 16 to the consolidated financial statements, the Group has trade debts, advances and other receivables amounting to Rs. 10,815.441 million (2020: Rs. 11,488.275 million Restated), Rs. 2,468.718 million (2020: Rs. 3,719.478 million restated) and Rs. 4,427.479 million (2020: Rs. 4,392.111 million restated) respectively on which an aggregate provision amounting to Rs. 13,644. 479 million (2020: Rs. 14,032.568 million restated) has been made. We disclaimed our opinion on the balances of trade debts, advances and other receivables including IFEM receivable as at December 31, 2020 due to unsupported and unexplained general entries posted during past years. Further, we have not received responses to our confirmations requests sent during the current year's audit. Hence, in the absence of sufficient and appropriate underlying evidences, we cannot determine the amount of adjustment(s) required in opening and closing carrying values of trade debts, advances and IFEM receivable amounting to Rs. 4,140.421 million (2020: Rs. 4,360.699 million Restated), respective provisions, related provision for taxation and deferred tax, retained earnings and related restatements.

c) As disclosed in note no. 26 to the consolidated financial statements, the Group has liabilities in respect of trade creditors, cartage contractors, advance from customers and other liabilities amounting to Rs. 16,645.691 million (2020: Rs. 16,589.556 million restated), Rs. 933.818 million (2020: Rs. 2,879.093 million Restated), Rs. 1,138.502 million (2020: Rs. 1,429.004 million Restated) and Rs. 11,639.008 million (2020: Rs. 16,786.547 million Restated). Our opinion on the balances of trade creditors, cartage contractors, advance from customers and other liabilities as at December 31, 2020 was disclaimed due to unsupported and unexplained general entries posted during past years. Further, we have not received responses to our confirmations requests sent during the current year's audit. In the absence of sufficient and appropriate underlying evidence and no response to our confirmations, we cannot determine the amount of adjustments required in the opening and closing carrying values of trade creditors to the extent of Rs. 651.12 million, cartage contractors, advance from customers and other liabilities to the extent of Rs. 2,855.297 million, and related provision for taxation and deferred tax (if any), retained earnings and related restatements.

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d) Due to the reasons mentioned in note no. 9.3 to the consolidated financial statements, we cannot assess the recoverable amount of the investments in Karachi Hydrocarbon Terminal Limited (associate) amounting to Rs. 399.890 million (2020: Rs. 399.890 million), in accordance with the International Financial Reporting Standards (IFRS). Therefore, in the absence of sufficient and appropriate underlying evidence, we cannot determine the amount of adjustments required in opening and closing balances of carrying values of the investment, related provision for taxation and deferred tax, retained earnings and related restatements.

e) As explained in note no. 12.1 to the consolidated financial statements, we have performed physical verification procedure of stock in trade (finished stocks) at year end amounting to Rs. 5,900.581 million (2020: Rs. 9,369.588 million) which is reconciled with the records maintained on Excel. However, the balances as per Excel records used for physical verification and preparation of financial statements was different from balances as per ERP module.

f) As disclosed in note no. 31.1 to the consolidated financial statements, the Group has various pending litigations. Further, the Securities and Exchange Commission of Pakistan (SECP) is investigating the affairs of the Group. The ultimate outcome of these pending litigations and investigations cannot presently be determined and hence, we cannot determine the amount of adjustments required in these consolidated financial statements.

Furthermore, as disclosed in note no. 31.1 to the consolidated financial statements, the Federal Investigation Authority (FIA) is investigating the affairs of the Group.

g) As disclosed in note no. 23 to the consolidated financial statements, the Group has defaulted in all its available financing facilities. Accordingly, all the financing facilities disclosed in note no. 23, amounting to Rs. 11,420.937 million should have been classified as current liabilities.

h) As fully disclosed in note no. 1.2 consolidated financial statements, the Group has incurred a net loss of Rs. 7,570.286 million (2020: Rs. 23,538.581 million Restated) during the year ended December 31, 2021, which has resulted in accumulated losses of Rs. 63,858.171 million (2020: Rs. 60,233.581 million Restated) and eroded the equity to Rs. 47,485.268 million (2020: Rs. 46,279.964 million Restated). The Group has also defaulted towards its all major financing arrangements and the liquidity of the Group is dependent upon the proposed restructuring arrangements with the financial institutions and its major shareholder. Furthermore, the situation of the Group may further deteriorate if the possible effects of matters described in Para (a) to (g) above are accounted for in these consolidated financial statements. These events indicate a material uncertainty that may cast significant doubts on the Group's ability to continue as a going concern, therefore the Group may not be able to realize its assets and discharge its liabilities in the normal course of business.

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

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

Key Audit Matters

Except for the matters described in the ***Basis for Adverse Opinion*** Section of our report, we have determined that there are no other key audit matters to communicate in our report.

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

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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- 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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Other matter

We did not audit the financial statements of Hascol Lubricants (Private) Limited, a wholly owned subsidiary of Hascol Petroleum Limited whose financial statements reflect total assets of Rs. 3,180.054 million (2020: Rs. 3,100.203 million) and net assets of Rs. 2,949.167 million (2020: Rs. 2,948.582 million) as at December 31, 2021, net profit of Rs. 23.313 million (2020: Rs. 199.064 million loss) and net cash outflows amounting to Rs. 335.517 million (2020: Rs. 38.873 million) for the year half year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management of the Group, and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report to the aforesaid subsidiary is based solely on such unaudited financial statements. According to the information and explanations given to us by the Management of the Group, these financial statements are not material to the Group.

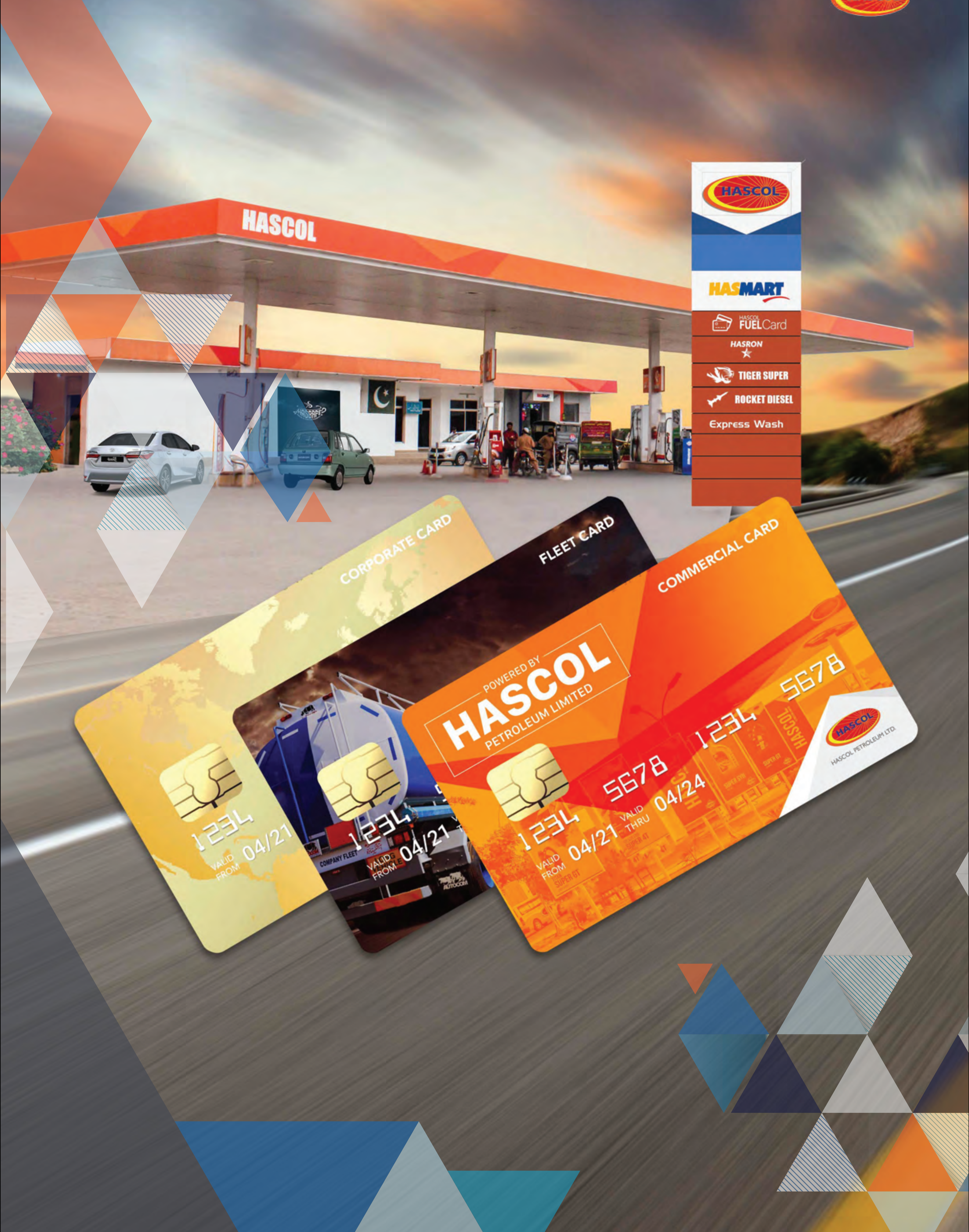
The engagement partner on the audit resulting in this independent auditor's report is ***Mehmood A. Razzak.***

Baker Tilly Mehmood Idrees Qamar
Chartered Accountants

Karachi

Date: August 26, 2022

UDIN: AR202110151dnXpi7A1N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COMMERCIAL CARD
POWERED BY
HASCOL
PETROLEUM LIMITED
1234 5678
VALID FROM 04/21
1234 5678
VALID THRU 04/24
HASCOL
HASCOL PETROLEUM LTD.

Consolidated Statement of Financial Position

As At December 31, 2021

	Note	2021	Restated 2020	Restated 2019
		-------------- Rupees '000	--------------	
ASSETS				
Non-current assets				
Property, plant and equipment	6	26,773,775	23,971,845	25,315,286
Right-of-use assets	7	3,158,525	13,257,222	20,960,480
Intangible asset	8	1,816	3,007	5,232
Long-term investments	9	521,185	521,463	1,443,652
Deferred taxation - net	10	-	-	-
Long-term deposits	11	445,472	492,653	585,066
Total non-current assets		30,900,773	38,246,190	48,309,716
Current assets				
Stock-in-trade	12	10,770,349	11,917,055	19,516,458
Trade debts	13	902,425	1,814,423	11,164,877
Advances	14	431,682	1,054,241	709,855
Deposits and prepayments	15	224,694	176,540	137,596
Other receivables	16	2,733,052	2,698,632	2,327,568
Accrued mark-up and profit	17	2,623	13,118	114,159
Taxation - net		-	-	392,135
Short term investments	18	98,700	98,700	103,688
Cash and bank balances	19	1,333,265	3,301,861	13,909,964
Total current assets		16,496,790	21,074,570	48,376,300
TOTAL ASSETS		47,397,563	59,320,760	96,686,016
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	20	9,991,207	9,991,207	1,991,207
Reserves	21	(63,858,171)	(60,233,581)	(36,830,533)
Revaluation surplus on property, plant and equipment - net of tax		6,381,696	3,962,410	4,221,873
Share deposit money	22	-	-	5,752,443
Total shareholders' deficit		(47,485,268)	(46,279,964)	(24,865,010)
LIABILITIES				
Non-current liabilities				
Long-term financing - secured	23	11,420,937	12,314,364	1,590,538
Lease liabilities	24	3,949,352	16,924,587	22,447,809
Deferred liabilities	25	689,148	162,594	286,844
Total non-current liabilities		16,059,437	29,401,545	24,325,191
Current liabilities				
Trade and other payables	26	30,887,404	38,338,966	56,588,632
Unclaimed dividend	27	356,930	357,249	357,791
Taxation - net		353,656	51,649	-
Accrued mark-up and profit	28	7,309,609	2,295,006	1,450,611
Short-term borrowings	29	37,280,935	33,054,245	37,017,653
Current portion of non-current liabilities	30	2,634,860	2,102,064	1,811,148
Total current liabilities		78,823,394	76,199,179	97,225,835
TOTAL LIABILITIES		94,882,831	105,600,724	121,551,026
TOTAL EQUITY AND LIABILITIES		47,397,563	59,320,760	96,686,016
CONTINGENCIES AND COMMITMENTS	31			

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

Chief Executive Officer	Chief Financial Officer	Director

Consolidated Statement of Profit or Loss

For The Year Ended December 31, 2021

	Note	2021	Restated 2020
		----------- Rupees '000 -----------	
Sales - net	32	72,927,343	134,030,080
Less: sales tax		(8,657,629)	(20,008,964)
Net sales		64,269,714	114,021,116
Other revenue	33	199,383	877,129
Net revenue		64,469,097	114,898,245
Cost of sales	34	(62,140,895)	(116,148,147)
Gross profit / (loss)		2,328,202	(1,249,902)
Distribution and marketing expenses	35	(2,658,154)	(2,797,052)
Administrative expenses	36	(1,196,549)	(966,737)
Operating expenses		(3,854,703)	(3,763,789)
Provision of impairment losses on financial assets	37	(239,164)	(7,371,571)
Other expenses	38	(1,438,650)	(3,422,732)
Other income	39	4,454,133	2,589,139
Operating profit / (loss)		1,249,818	(13,218,855)
Finance cost	40	(6,709,864)	(8,405,150)
Exchange loss - net		(1,680,686)	(1,048,965)
Share of profit / (loss) from associates	9	7,112	(14,840)
		(8,383,438)	(9,468,955)
Loss before taxation		(7,133,620)	(22,687,810)
Taxation	41	(436,666)	(850,771)
Loss for the year		(7,570,286)	(23,538,581)
Loss per share - basic and diluted	42	(7.58)	(23.68)

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

Chief Executive Officer	**Chief Financial Officer**	**Director**

Consolidated Statement of Comprehensive Income

For The Year Ended December 31, 2021

	2021	Restated 2020
	----------- Rupees '000 -----------	
Loss for the year	**(7,570,286)**	(23,538,581)
Items that will not be reclassified subsequently to consolidated profit or loss account		
Remeasurement of actuarial gain on defined benefit obligation - net of tax	**14,373**	57,381
Revaluation surplus on property, plant and equipment	**6,381,696**	-
Realized / unrealized loss on remeasurement of investment held at fair value through other comprehensive income - net of tax	**-**	(54,192)
Total comprehensive loss for the year	**(1,174,217)**	(23,535,392)

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

Chief Executive Officer | **Chief Financial Officer** | **Director**

Consolidated Statement of Changes in Equity

For The Year Ended December 31, 2021

	Share Capital	Capital reserves: Share premium	Capital reserves: Unrealized gain/ (loss) on remeasurement of FVTOCI investments	Revenue reserve: Unappropriated profit / (loss)	Surplus on revaluation of property, plant and equipment	Share deposit money	Total shareholders' deficit
	---Rupees in '000---						
Balance as at January 01, 2020	1,991,207	4,766,854	(267,992)	(40,074,216)	4,221,873	5,752,443	(23,609,831)
Effect of restatement as referred in note 4	-	-	-	(1,255,179)	-	-	(1,255,179)
	1,991,207	4,766,854	(267,992)	(41,329,395)	4,221,873	5,752,443	(24,865,010)
Total comprehensive loss for the year							
Loss for the year - restated	-	-	-	(23,538,581)	-	-	(23,538,581)
Other comprehensive income							
Remeasurement of actuarial gain on defined benefit obligation - net of tax	-	-	-	57,381	-	-	57,381
Unrealized loss on remeasurement of investment held at fair value through other comprehensive income - net of tax	-	-	(54,192)	-	-	-	(54,192)
Transfer of unrealized loss on remeasurement of FVTOCI investments			328,001	(328,001)	-	-	-
Total comprehensive loss for the year - restated	-	-	273,809	(23,809,201)	-	-	(23,535,392)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	-	259,463	(259,463)	-	-
	-	-	273,809	(23,549,738)	(259,463)	-	(23,535,392)
Transactions with owners							
Right issue - 401% - January 2020	8,000,000	-	-	-	-	-	8,000,000
Share deposit money	-	-	-	-	-	(5,752,443)	(5,752,443)
Transaction cost	-	(127,119)	-	-	-	-	(127,119)
Total transactions with owners	8,000,000	(127,119)	-	-	-	(5,752,443)	2,120,438
Balance as at December 31, 2020 (Restated)	9,991,207	4,639,735	5,817	(64,879,133)	3,962,410	-	(46,279,964)
Balance as at January 01, 2021	**9,991,207**	**4,639,735**	**5,817**	**(64,879,133)**	**3,962,410**	**-**	**(46,279,964)**
Effect of reclassification (note 4.8)	**-**	**-**	**-**	**(31,087)**	**-**	**-**	**(31,087)**
	9,991,207	**4,639,735**	**5,817**	**(64,910,220)**	**3,962,410**	**-**	**(46,311,051)**
Total comprehensive loss for the year							
Loss for the year	**-**	**-**	**-**	**(7,570,286)**	**-**	**-**	**(7,570,286)**
Other comprehensive income							
Remeasurement of actuarial gain on defined benefit obligation - net of tax	**-**	**-**	**-**	**14,373**	**-**	**-**	**14,373**
Revaluation surplus on property, plant and equipment (note 6.3)	**-**	**-**	**-**	**-**	**6,381,696**	**-**	**6,381,696**
Unrealized loss on remeasurement of investment held at fair value through other comprehensive income - net of tax	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transfer of unrealized loss on remeasurement of FVTOCI investments	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive loss for the year	**-**	**-**	**-**	**(7,555,913)**	**6,381,696**	**-**	**(1,174,217)**
Transferred from surplus on revaluation of property, plant and quipment - net of tax (note 6.3)	**-**	**-**	**-**	**3,962,410**	**(3,962,410)**	**-**	**-**
	-	**-**	**-**	**(3,593,503)**	**2,419,286**	**-**	**(1,174,217)**
Balance as at December 31, 2021	**9,991,207**	**4,639,735**	**5,817**	**(68,503,723)**	**6,381,696**	**-**	**(47,485,268)**

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

Chief Executive Officer	Chief Financial Officer	Director

Consolidated Statement of Cash Flows

For The Year Ended December 31, 2021

	Note	2021	Restated 2020
		----------- Rupees '000	-----------
CONSOLIDATED STATEMENT OF CASH FLOWS			
Cash used in operations	45	(4,768,883)	(12,336,409)
Finance cost paid		(859,673)	(5,267,723)
Profit/mark up received on bank deposits and TFC's		63,914	497,388
Taxes paid		(140,530)	(321,198)
Contributions to gratuity fund	52.1.5	(13,738)	(131,078)
Net cash used in operating activities		(5,718,910)	(17,559,020)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(241,098)	(358,859)
Proceeds from disposal of property, plant and equipment		1,049,106	230,667
Investment redeemed during the year		7,390	831,022
Long-term deposits repaid - net		47,181	92,366
Net cash generated from investing activities		862,579	795,196
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability repaid - net		(1,228,379)	(3,020,622)
Dividend paid		(319)	(542)
Share deposit money received	22	-	2,120,438
Long-term finance (repaid) / obtained - net		(110,257)	11,019,855
Net cash (used in) / generated from financing activities		(1,338,955)	10,119,129
Net decrease in cash and cash equivalents		(6,195,286)	(6,644,695)
Cash and cash equivalents at the beginning of the year	19 & 29	(29,752,384)	(23,107,689)
Cash and cash equivalents at the end of the year	46	(35,947,670)	(29,752,384)

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

1. STATUS AND NATURE OF BUSINESS

The Group consists of:

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

1.1 Group Companies

1.11 Holding Company

Hascol Petroleum Limited

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

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

1.12 Subsidiaries

Hascol Lubricants (Private) Limited

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

Hascombe Lubricants (Private) Limited

Hascombe Lubricants (Private) Limited (the Subsidiary Company) was incorporated on December 27, 2001 as a private limited company under the repealed Companies Ordinance, 1984. The registered office of the Subsidiary Company is situated at Suite No. 105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi. Principal activity of the Subsidiary Company was marketing and selling imported and locally produced automobile and industrial lubricants. The company is a wholly owned subsidiary of Hascol Petroleum Limited.

The Subsidiary Company has ceased to be as a going concern and therefore the financial statements of the Subsidiary Company has not been prepared on a going concern basis. The group management has not prepared the financial statements of Hascombe Lubricants (Private) Limited as at December 31, 2021 and December 31, 2020. The consolidation has been made on the basis of last available audited financial statements of Hascombe Lubricants (Private) Limited as at December 31, 2018. The group management considers the subsidiary as insginificant component based on the following balances at December 31, 2018:

Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2021

	2018 Rupees
Share capital	97,798,000
Total accumulated losses	(106,576,339)
Net assets	(8,778,339)
Total assets	-
Total liabilities	(8,778,339)
Total amount of net assets	(8,778,339)

1.2 During the current year, the Group icnurred a net loss of Rs. 7.6 billion (2020-Restated: Rs. 23.5 billion), resulting in net shareholders' deficit of Rs. 47.5 billion (2020: Rs. 46.3 billion restated) as of the consolidated statement of financial position date. Further, as of that date the current liabilities of the Group exceeded its current assets by Rs. 62.3 billion (2020-Restated: Rs. 55.1 billion) and has defaulted in majority of its outstanding loans with banks. These conditions may cast significant doubt on the Group's ability to continue as a going concern. However, in order to ensure the Group's ability to operate as a going concern, certain plans and measures have been taken to improve its liquidity and financial position which includes, but not limited to, the following:

a) The Group is also planning a capital restructuring exercise, in consultation with major banks to reduce its debt burden and financial costs, which will help the Group improve its future operating and financial performance. Further, the Group has stopped payment of markup cost from last quarter of 2020.

b) The Group reduce its storage costs through revision of existing agreements as disclosed in note 26.1.2

c) The Board of Directors (the board) have carried out a detailed review of the profitability and cashflow forecast of the Group for the twelve months from the date of approval of these consolidated financial statements, which took into account the projected future working capital of the Group. The board believes that subject to the approval of restructuring plan with major banks the Group will have sufficient cash resources to continue its operations.

1.3 GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNITS

The business unit of the Group include the following:

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

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

1.4 CAPACITY AND PRODUCTION

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

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

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

2. BASIS OF CONSOLIDATION AND PREPARATION

2.1 Basis of consolidation

The consolidated financial statements includes the financial statement of Holding Company and its subsidiaries, comprising together 'the Group'. Control is achieved when the Holding Company:

- has a power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Holding Company reassesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Consolidation of a subsidiary begins when the Holding Company obtains control over the subsidiary and ceases when the Holding Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed-off during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Holding Company gains control until the date when the Holding Company ceases to control the subsidiary. These consolidated financial statements include Hascol Petroleum Limited and all companies in which it directly or indirectly controls, beneficially owns of holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors (the Subsidary).

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies.

The assets, liabilities, income and expenses of the subsidiaries have been consolidated on a line by line basis and the carrying value of the investment held by the Holding Company has been eliminated against corresponding Holding in subsidiaries' shareholders' equity in the consolidated financial statements. All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The financial statements of subsidiary are prepared for the same reporting period as Holding Company, using accounting policies that are generally consistent with those of the holding company.

2.1.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Holding Company.

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

2.1.2 Loss of control

When the Group losses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed off the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). If the Group retained any investment retained in previous supsidiary, then such intrest is measured at fair value at the date that control is lost. Subsequently it is accounted for an equity-accounted investee or as an investment at fair value through other comprehensive income depending on the level of influence retained.

2.1.3 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.2 Statement of compliance

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

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

2.3 Accounting convention

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

Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2021

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

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

2.4 Functional and presentation currency

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

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

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in these consolidated financial statements.

COVID-19-Related Rent Concessions

In response to the COVID-19 coronavirus pandemic, the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 Leases to allow lessees not to account for rent concessions as lease modifications if they are a direct consequence of COVID-19 and meet certain conditions.

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting. For example, a company will not need to discontinue existing hedging relationships because of changes to hedge documentation required solely by IBOR reform. Therefore, when a hedged risk changes due to benchmark reform, a company may update the hedge documentation to reflect the new benchmark rate and the hedge may be able to continue without interruption.

However, similar to the Phase 1 amendments, there is no exception from the measurement requirements that apply for the hedged items and hedging instruments under IFRS 9 or IAS 39 Financial Instruments: Recognition and Measurement. Once the new benchmark rate is in place, the hedged items and hedging instruments are remeasured based on the new rate and any hedge ineffectiveness will be recognised in profit or loss.

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

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

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

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2023
FRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	January 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023
Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023

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

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

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

l the incremental costs – e.g. direct labour and materials; and

ll an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

Annual Improvements to IFRS Standards 2018–2020

The IASB International Accounting Standards Board (the Board) has issued the Annual Improvements to IFRS Standards 2018–2020 for the following accounting standards:

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

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

Notes to the Consolidated Financial Statements
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II IFRS 9 Financial Instruments

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

III IFRS 16 Leases, Illustrative Example 13

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

IV IAS 41 Agriculture

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

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

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

Companies will therefore need to distinguish between:

l costs associated with producing and selling items before the item of PPE is available for use; and

II costs associated with making the item of PPE available for its intended use.

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

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

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

IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts

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

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

Notes to the Consolidated Financial Statements

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

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

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

Definition of Accounting Estimates (Amendments to IAS 8)

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

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

Developing an accounting estimate includes both:

I Selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and

II Choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

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

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

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

The key amendments to IAS 1 include:

I Requiring groups to disclose their material accounting policies rather than their significant accounting policies;

II Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

III Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a group's financial statements.

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

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

3.1 CRITICAL JUDGEMENTS

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

Control over investments in subsidiaries

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

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

Equity accounting investees

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

3.2 ESTIMATES

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

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

Impairment of property, plant and equipment

Carrying value of property, plant and equipment

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

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

Useful life of intangible assets

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

l Expected usage of the assets by the Group;

II Typical product life cycle for the asset and public information on estimates of useful lives of similar type of assets used in similar way.

III Technical, technological, commercial or other types of obsolescence and the period of control over the assets.

IV Legal or similar limits on the use of the asset, such as the expiry dates of related leases.

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

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

Impairment loss on investments in associates

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

Income tax

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

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

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

Deferred tax

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

Valuation of unquoted investments

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

I Recent arm's length market transactions;

II Current fair value of another instrument that is substantially the same;

III The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; and

IV Other valuation models.

Impairment loss allowance

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

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

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

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

Determining the lease term

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

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

Discounting of lease payments

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

Notes to the Consolidated Financial Statements

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Revaluation of Property, Plant and Equipment

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

Net realizable value of stock in trade

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

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

Provision and contingencies

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

Provision for gratuity

The Group operates funded gratuity scheme whereby Management estimates the liability at reporting date using projected unit credit method. For details please refer note 52.1.

4. RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

The following restatements have been made on account of prior period errors in the financial statements.

Impact on statement of financial position
As at December 31, 2019

	Note	As previously reported	Restatements	Reclassification	As restated
		Rupees in '000			
Reserves		(35,575,354)	(1,255,179)	-	(36,830,533)
Operating fixed assets	4.1	20,704,789	(1,003,384)	(1,332,670)	18,368,735
Capital work-in-progress		6,135,113	(521,232)	1,332,670	6,946,551
Long-term investments	4.2	1,331,781	111,871	-	1,443,652
Trade debts	4.2	11,156,299	8,578	-	11,164,877
Other receivables	4.3	2,651,538	(331,456)	7,486	2,327,568
Taxation - net	4.4	479,226	(87,091)	-	392,135
Advances	4.3	709,855	3,988,442	(3,988,442)	709,855
Trade and Other Payable	4.2, 4.4 and 4.5	57,148,682	3,420,907	(3,980,957)	56,588,632

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

Impact on statement of financial position As at December 31, 2020

	Note	As previously reported (after restatement / reclassifications)	Restatements	Reclassification	As restated
		Rupees in '000			
Trade debts					
Unsecured, considered good	4.2	1,835,437	(21,014)	-	1,814,423
Operating fixed assets	4.1	19,009,613	151,772	(121,726)	19,039,659
Capital work-in-progress		4,810,460	-	121,726	4,932,186
Long term investments					
Magic river	4.2	111,871	4,711	-	116,582
Advances	4.3	1,068,705	(403,807)	389,343	1,054,241
Other receivables					
Provisioning of IFEM, RD and PDC	4.3	(1,538,618)	(154,861)	-	(1,693,479)
Miscellaneous receivables	4.2	796	-	-	796
Hascol Lubricants (Private) Limited	4.3	(28,293)	100,914	5,000	77,621
Trade and Other Payable					
Trade creditors	4.7	20,313,310	(2,164,255)	(1,559,499)	16,589,556
Sales tax payable	4.4	(271,947)	108,582	-	(163,365)
Payable to cartage contractors	4.5	(2,665,203)	-	(213,890)	(2,879,093)
Other liabilities	4.5	(14,189,671)	(856,924)	(1,739,952)	(16,786,547)
Accrued markup					
Accrued mark-up and profit	4.6	(2,538,666)	243,660	-	(2,295,006)

4.1 This reprsents provision against operating fixed assets & CWIP along-with reclassification from operating fixed assets to CWIP.

4.2 This reprsents investment in Magic River Services Limited previously classified as advances to suppliers and its associated share of profit.

4.3 This reprsents mainly provsion against IFEM receivables, advances to suppliers and its knocking off with other liabilities.

4.4 This represents reclassification of sales tax payable under Trade and other payable along-with reconciliation of sales tax.

4.5 This represents reconciliation of other liabilities with the counterparties along-with relcassification to payable to cartage contractors.

4.6 This represents charge of mark up accrual in 2020 statement of profit or loss.

4.7 This represents write-back of unclaimed liabilties.

4.8 Based on physical verification exercise, the Company has reclassified certain assets from one class to other class of assets. Consequently, net depreciation charge for respective year has to be revised by Rs. 31.087 million. However, as the year of charge is impraticable to identify, therefore, the Company has revised the opening balance of accumulated depreciation in accordance with IAS 8.

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

Impact on statement of comprehensive income
For the year ended December 31, 2020

	Note	As previously reported	Restatements	Reclassification	As restated
		Rupees in '000			
Other expenses	4.1, 4.3 & 4.5	(2,841,284)	(581,448)	-	(3,422,732)
Other income	4.2, 4.4 & 4.7	731,178	1,857,961	-	2,589,139
Distribution & marketing expenses	4.1	(2,971,605)	174,553	-	(2,797,052)
Finance cost	4.6	(8,648,811)	243,661	-	(8,405,150)

5. SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

5.1.1 Initial recognition

Operating fixed assets

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

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

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

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

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revaluation of carrying amount of the asset and the depreciation based on asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit/loss.

Capital work-in-progress

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

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

5.1.2 Measurement subsequent to initial recognition

Carried using revaluation model

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

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

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

Carried using cost model

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

Depreciation

Property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives. Depreciation is provided at the rates as disclosed in note 6.1.

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

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

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

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

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

Major maintenance, inspection and repairs

Expenditure on major maintenance, refits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset, or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalised. Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) and is immediately written off. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

5.2 Leases

Company as a lessee

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

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

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

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

l fixed lease payments (including in-substance fixed payments), less any lease incentives;

II variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

III the amount expected to be payable by the lessee under residual value guarantees;

IV the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

V payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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

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

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

l The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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II The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in rate in which case a revise discount rate is used).

III A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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

The right-of-use of assets are presented as a separate line in the statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

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

5.3 Intangible asset - computer software

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

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5.4 Financial instruments

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

Classification

Financial assets

The Group classifies its financial assets as follows:

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

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

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

Business model assessment

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

Contractual cash flow characteristics test

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

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

Financial liabilities

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

Recognition / derecognition

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

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

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A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

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

Measurement

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

Financial assets at amortised cost

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

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

Financial assets at FVOCI

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

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

Financial asset at FVTPL

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

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

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Financial liabilities

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

Financial guarantees

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

5.5 Off setting of financial assets and financial liabilities

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

5.6 Classification as debt or equity

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

5.7 Equity instrument

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

5.8 Share premium reserves

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

5.9 Dividend distribution

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

5.10 Earnings per share

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

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

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

5.11 Trade and other payables

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

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

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

5.12 Trade and other receivables

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

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

5.13 Advance and deposits

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

5.14 Stock-in-trade

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

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

5.15 Impairment of non financial assets

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

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

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

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

Impairment of financial assets

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

General approach

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

Simplified approach

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

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

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

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

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

l when there is a breach of financial covenants by the debtor; or

II information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

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

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

5.16 Short term investments

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

5.17 Cash and cash equivalents

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

5.18 Provisions and contingent liabilities

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

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

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

5.19 Commitment

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

Notes to the Consolidated Financial Statements

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5.20 Ijarah

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

5.21 Foreign currency transactions

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

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

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

5.22 Taxation

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

Current

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

Deferred

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

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

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

5.23 Revenue recognition

Revenue from sale of oil

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

I Step 1 – Identify the contract with a customer

II Step 2 – Identify the separate performance obligations in the contract

III Step 3 – Determine the transaction price

IV Step 4 – Allocate the transaction price to the separate performance obligations in the contract

V Step 5 – Recognise revenue when (or as) the entity satisfies a performance obligation

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

I The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or

II The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or .

III The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance obligation completed to date. .

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

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

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

Other revenue

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

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

Other income

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

Notes to the Consolidated Financial Statements

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

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

5.24 Retirement and other service benefits

Approved defined benefit funded gratuity plan

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

Annual provision is made on the basis of actuarial valuation carried out by independent actuary using the Projected Unit Credit Method, related details of which are given in note 52 to the consolidated financial statements. Latest valuation was conducted as at December 31, 2021.

Contributory provident fund

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

5.25 Segmental reporting

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

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

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

5.26 Fair values

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

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

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

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l In the principal market for the asset or liability, or

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

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

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

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

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

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

l Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities. .

II Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable. .

III Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. .

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

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

5.27 Finance income and expenses

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

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

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5.28 Related party transactions

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

5.29 Investment income

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

5.30 Events after the reporting date

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

5.31 Operating expenses

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

6. PROPERTY, PLANT AND EQUIPMENT

	Note	2021	Restated 2020
		----------- Rupees '000 -----------	
Operating fixed assets	6.1	**24,174,871**	19,039,659
Capital work-in-progress	6.2	**2,598,904**	4,932,186
		26,773,775	23,971,845

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

6.1 Operating fixed assets

	Owned assets										Leased Assets			
								Vehicles				Vehicles		
	Leasehold Land	Building on lease hold land	Tanks and pipelines	Dispensing pumps	Plant and machinery	Electrical, mechanical and fire fighting equipment	Furniture, office equipment and other assets	Tank lorries	Motor cars	Computer auxiliaries	Plant and machinery	Tank lorries	Motor cars	Total operating fixed assets
	--						Rupees '000	--						
At January 1, 2021														
Cost / revalued amount	2,130,831	9,224,731	4,282,537	1,906,553	1,156,449	2,461,968	452,607	301,192	258,092	174,550	125,000	1,891,919	38,869	24,405,298
Reclassification	6,530	6,855	(101,157)	(24,582)	301	203,772	(87,430)	77,740	(79,420)	(2,609)	-			-
	2,137,361	9,231,586	4,181,380	1,881,971	1,156,750	2,665,740	365,177	378,932	178,672	171,941	125,000	1,891,919	38,869	24,405,298
Accumulated depreciation	-	(1,786,942)	(756,064)	(768,385)	(163,226)	(795,599)	(238,863)	(17,715)	(151,146)	(129,676)	(43,606)	(495,371)	(19,046)	(5,365,639)
Reclassification	-	3,590	35,517	10,512	778	(100,928)	17,728	-	29,978	916	-	(29,178)	-	(31,087)
	-	(1,783,352)	(720,547)	(757,873)	(162,448)	(896,527)	(221,135)	(17,715)	(121,168)	(128,760)	(43,606)	(524,549)	(19,046)	(5,396,726)
Net book value	2,137,361	7,448,234	3,460,833	1,124,099	994,301	1,769,213	144,042	361,217	57,504	43,180	81,394	1,367,370	19,823	19,008,572
Year ended December 31, 2021														
Opening net book value	2,137,361	7,448,234	3,460,833	1,124,099	994,301	1,769,213	144,042	361,217	57,504	43,180	81,394	1,367,370	19,823	19,008,572
Addition / transfer from CWIP	-	1,030,686	27,226	11,935	470	45,681	24,174	-	-	2,644	-	-	-	1,142,815
Revaluation (note 6.3)	2,172,332	887,224	1,325,021	836,572	119,227	998,306	37,511	-	1,722	3,781				6,381,696
Disposals														
Cost	-	(916,696)	-	-	-	(11,742)	(20,018)	(17,265)	(16,992)	-	-	-	-	(982,713)
Accumulated depreciation	-	-	-	-	-	-	-	5,179	14,111	-	-	-	-	19,290
	-	(916,696)	-	-	-	(11,742)	(20,018)	(12,085)	(2,881)	-	-	-	-	(963,423)
Depreciation charge for the year	-	(451,518)	(201,368)	(123,986)	(41,219)	(247,454)	(50,432)	(33,764)	(16,688)	(25,144)	(6,250)	(189,192)	(7,774)	(1,394,789)
Closing net book value	4,309,693	7,997,930	4,611,712	1,848,620	1,072,779	2,554,003	135,277	315,368	39,657	24,461	75,144	1,178,178	12,049	24,174,871
At December 31, 2021														
Cost / revalued amount	4,309,693	10,232,800	5,533,627	2,730,478	1,276,447	3,697,984	406,844	361,667	163,402	178,366	125,000	1,891,919	38,869	30,947,096
Accumulated depreciation	-	(2,234,870)	(921,915)	(881,859)	(203,667)	(1,143,981)	(271,567)	(46,300)	(123,745)	(153,904)	(49,856)	(713,741)	(26,820)	(6,772,225)
Net book value	4,309,693	7,997,930	4,611,712	1,848,620	1,072,779	2,554,003	135,277	315,368	39,657	24,461	75,144	1,178,178	12,049	24,174,871
At January 1, 2020														
Cost / revalued amount - restated	2,269,732	9,462,266	4,621,230	1,659,484	474,676	2,941,016	450,073	300,129	321,590	174,638	125,000	1,891,919	38,869	24,730,622
Provision	-	(441,415)	(429,239)	(1,396)	(28,638)	(250,398)	(6,296)	(6)	(6)	(2,499)	-	-	-	(1,159,893)
Reclassification to CWIP	-	(506,617)	(274,378)	-	(9,446)	(522,233)	(12,558)	-	(6,584)	(854)	-	-	-	(1,332,670)
	2,269,732	8,514,234	3,917,613	1,658,088	436,592	2,168,385	431,219	300,123	315,000	171,285	125,000	1,891,919	38,869	22,238,059
Accumulated depreciation	-	(1,385,475)	(579,034)	(611,685)	(111,641)	(592,378)	(170,292)	(2,245)	(124,286)	(98,167)	(28,123)	(298,405)	(16,114)	(4,017,845)
Provision	-	64,746	41,158	9	2,258	38,081	1,667	-	-	602	-	-	-	148,521
	-	(1,320,729)	(537,876)	(611,676)	(109,383)	(554,297)	(168,625)	(2,245)	(124,286)	(97,565)	(28,123)	(298,405)	(16,114)	(3,869,324)
Net book value - restated	2,269,732	7,193,505	3,379,737	1,046,412	327,209	1,614,088	262,594	297,878	190,714	73,720	96,877	1,593,514	22,755	18,368,735
Year ended December 31, 2020														
Opening net book value - restated	2,269,732	7,193,505	3,379,737	1,046,412	327,209	1,614,088	262,594	297,878	190,714	73,720	96,877	1,593,514	22,755	18,368,735
Addition / transfer from CWIP	-	710,497	364,924	248,465	719,857	293,583	21,388	1,069	32,161	3,650	-	-	-	2,395,594
Disposals														
Cost	(138,901)	-	-	-	-	-	-	-	(89,069)	(385)	-	-	-	(228,355)
Accumulated depreciation	-	-	-	-	-	-	-	-	34,289	385	-	-	-	34,675
	(138,901)	-	-	-	-	-	-	-	(54,780)	-	-	-	-	(193,680)
Provision charge for the year	-	-	-	-	-	-	-	-	(22,780)	-	-	-	-	(22,780)
Depreciation charge for the year	-	(466,213)	(218,188)	(156,709)	(53,843)	(241,302)	(70,238)	(15,470)	(38,369)	(32,497)	(15,483)	(196,966)	(2,932)	(1,508,210)
Closing net book value - restated	2,130,831	7,437,789	3,526,473	1,138,169	993,222	1,666,369	213,744	283,477	106,946	44,873	81,394	1,396,548	19,823	19,039,659
At December 31, 2020														
Cost / revalued amount	2,130,831	9,224,731	4,282,537	1,906,553	1,156,449	2,461,968	452,607	301,192	258,092	174,550	125,000	1,891,919	38,869	24,405,298
Accumulated depreciation	-	(1,786,942)	(756,064)	(768,385)	(163,226)	(795,599)	(238,863)	(17,715)	(151,146)	(129,676)	(43,606)	(495,371)	(19,046)	(5,365,639)
Net book value - restated	2,130,831	7,437,789	3,526,473	1,138,169	993,222	1,666,369	213,744	283,477	106,946	44,873	81,394	1,396,548	19,823	19,039,659
Depreciation rate - %	-	5	5	6.67	5	10	20	10	20	33.33	5	10	20	

6.2 Capital work-in-progress

	Note	2021	Restated 2020
		----------- Rupees '000 -----------	
Buildings		**386,244**	1,748,267
Machinery, tanks and pumps		**2,027,307**	2,543,346
Retail sites		**21,600**	389,241
Furniture, office equipment and other assets		**25,415**	83,630
Borrowing cost capitalized		**138,338**	167,702
		2,598,904	4,932,186

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

	Note	2021	Restated 2020
Balance at the beginning of the year		**4,932,186**	6,946,551
Additions during the year		**241,098**	381,229
Transfers during the year	6.1	**(1,142,815)**	(2,395,594)
Provisions during the year	38	**(1,431,565)**	-
Balance at the end of the year		**2,598,904**	4,932,186

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

6.2.2 As of December 31, 2021 the Capital work in progress (CWIP) comprises of the following:

	Carrying amount	Fair value	Provision (note 4 & 6.2.1)
	----------------	Rupees in '000	----------------
Buildings	1,014,381	237,433	628,137
Machinery, tanks and pumps	2,849,275	1,576,917	821,968
Retail sites	517,708	-	496,108
Others	170,337	-	6,584
	` 4,551,701	**1,814,350**	**1,952,797**

Provision of Rs. 1.9 billion comprise of the following:

a) Management estimates of the recoverable amount for retail sites & others amounting to Rs. 0.5 billion; and

b) Decrease in fair value based on valuation carried out by the independent valuer for Thalian Depot & Machike B & C amounting to Rs. 1.45 billion.

The net carrying amount as of 31 December 2021 is Rs. 2.60 billion out of which Rs. 1.8 billion is valued by the independent valuer which represents 70% of the total carrying amount of CWIP as of 31 December 2021.

6.3 In 2012, the Holding Company carried out revaluation of petrol pumps through an independent valuer. Revalued amount of assets was Rs. 1,334 million, resulting in surplus (net of deferred tax) amount to Rs. 395 million. In the year 2015, the Holding Company carried out revaluation of depots and petrol pumps through an independent valuer. Revalued amount of assets was Rs. 3,953 million, resulting in surplus (net of deferred tax) amounting to Rs. 1,006 million. Further, during 2018, the Holding Company carried out revaluation through an independent valuation firm of all the operating fixed assets except for vehicles & computer auxiliaries. Revalued amount of the assets were Rs. 15,116 million, resulting in surplus (net of deferred tax) amounting to Rs. 3,133 million.

Subsequent to the yearend but before authorization of consolidated financial statements, the Management engaged independent valuers to carry out fresh valuations of all depots and retail assets as of December 31, 2021. Revalued amount of assets was Rs. 20,409 million except vehicles as stated in the below table, resulting in surplus (net of deferred tax) amount to Rs. 6,382 million.

	Assets revalued	Assets not revalued	Total
	----------------	Rupees in '000	----------------
Leasehold Land	4,179,742	129,951	4,309,693
Building on lease hold land	7,427,597	570,333	7,997,930
Tanks and pipelines	4,151,924	459,788	4,611,712
Dispensing pumps	1,847,126	1,494	1,848,620
Plant and machinery	452,905	695,018	1,147,923
Electrical, mechanical and firefighting equipment	2,254,724	299,279	2,554,003
Furniture, office equipment and other assets	83,412	51,865	135,277
Vehicles	3,797	1,541,455	1,545,252
Computer auxiliaries	8,333	16,129	24,462
	20,409,560	**3,765,312**	**24,174,872**

Assets that are revalued by independent valuers post visiting each depot and retails represents 84% of the total carrying amount (refer note 6.1) while the remaining 16% mainly comprise of vehicles for which the Group have title documents.

Accordingly, Management of Group decided to reverse the previous revaluation surplus in retained earnings and start amortizing current revaluation surplus from 1 January 2022.

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

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

	Note	Cost	Accumulated depreciation	Written down value 2021	Written down value Restated 2020
		------------------------ Rupees in '000			--------------------------
Owned assets					
Leasehold land		**869,642**	**-**	**869,642**	869,642
Building on lease hold land:					
- Office building		**5,026,701**	**1,185,230**	**3,841,471**	4,137,653
- Pump building		**3,795,000**	**935,854**	**2,859,146**	3,019,051
Tanks and pipelines		**4,398,591**	**993,416**	**3,405,175**	3,653,970
Dispensing units		**1,180,925**	**537,627**	**643,298**	855,857
Plant and machinery		**458,520**	**134,732**	**323,787**	360,124
Electrical mechanical and fire fighting equipment		**3,067,092**	**1,317,997**	**1,749,095**	2,150,136
Furniture, office equipment and other assets		**450,726**	**336,256**	**114,470**	195,144
Computers auxiliaries		**172,425**	**172,115**	**310**	39,948
Total owned assets		**19,419,621**	**5,613,227**	**13,806,394**	15,281,525

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

Description of location	Address	Total area of land in square yards
Depots		
Daulatpur depot	Taluka Qazi Ahmed, District Shaheed Benazirabad, Nawabshah	34,848
Kotlajam depot	Kotlajam Dagar, Tehsil & District Bhakhar, Mianwali	29,040
Machike depot	Chak Dhantpura, Machike, District Sheikhupura	70,180
Mehmood kot depot	Qasba Gujrat, Tehsil Kot Addu, District Muzzafargarh	29,040
Sahiwal depot	Pakpattan Road, Tehsil & District Sahiwal	29,040
Marshal Gas depot	Naclass No.213, Deh Konkar, Gadaptown, Karachi	14,520
Others		
LPG terminal	North Western Industrial Zone, Port Qasim Authority	34,848
Metropolitan Corp Lahore	Shakeel Naseem Askari-1, Lahore	2,118
Head office	Suite No. 105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi	386

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

	Note	2021	Restated 2020
		----------- Rupees '000	-----------
Cost of sales	34	**-**	67,404
Distribution and marketing expenses	35	**1,308,561**	1,394,688
Administrative expenses	36	**86,228**	46,118
		1,394,789	1,508,210

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

6.7 During the year, written down value of property, plant and equipment that have been disposed-off amount to Rs. 963 million (2020: Rs. 174 million restated). Details of property, plant and equipment disposed off with WDV above Rs. 500,000 are given below:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Particulars of buyers	Mode of disposal
	Rupees in '000						
Office building	916,696	-	916,696	966,514	49,818	Liberty Mills Limited	Outright Sale
Furniture & equipment	31,760	-	31,760	33,486	1,726	Liberty Mills Limited	Outright Sale
Motor Cars	29,890	14,842	15,048	44,083	29,035	Various	Outright Sale
2021	**978,346**	**14,842**	**963,504**	**1,044,083**	**80,579**		
2020	194,462	22,238	172,224	196,972	24,748		

6.8 Subsequent to year-end but before authorization of Unconsolidated Financial Statements the Management carried out tagging, physical verification and matching with the fixed asset register for all depots and retails sites in accordance with the company policy. As a results of the exercise, the Management found various discrepancies in the fixed asset register for which the necessary adjustments have been made and adequately disclosed in note 4 of the Unconsolidated Financial Statements. The status of tagging exercise completed so far & duly matched with fixed asset register and the provision reflected in the unconsolidated financial statements are as follows:

	Tagged / title documents	Not tagged	Total	Provisions (refer note 4)
	Rupees in '000			
Leasehold Land	4,309,693	-	4,309,693	-
Building on lease hold land	7,997,930	-	7,997,930	354,535
Tanks and pipelines	3,787,470	824,242	4,611,712	366,616
Dispensing Pumps	1,037,981	810,639	1,848,620	1,295
Plant and machinery	320,368	827,555	1,147,923	24,947
Electrical, Mechanical and firefighting equipment	1,950,460	603,543	2,554,003	187,259
Furniture, office equipment and others	33,795	101,482	135,277	3,370
Vehicles	1,514,969	30,283	1,545,252	10
Computer auxiliaries	3,195	21,267	24,462	1,160
	20,955,861	**3,219,011**	**24,174,872**	**939,192**

Assets that are physically verified post visiting each depot and retails represents 87% of the total carrying amount (refer note 6.1) while the remaining 13% is still in process.

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

7. RIGHT-OF-USE ASSETS

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

	Storage facility	Pumpsites	Offices	Total
	Rupees in '000			
Balance as at January 01, 2020	18,387,379	2,549,988	23,113	20,960,480
Additions during the year	14,693	223,007	-	237,700
Effect of modification	(6,982,016)	-	-	(6,982,016)
Disposals/terminations	(92,935)	-	-	(92,935)
Depreciaiton charge for the year (note 7.2)	(707,428)	(144,544)	(14,035)	(866,007)
Balance as at December 31, 2020 - restated	10,619,693	2,628,451	9,078	13,257,222
Balance as at January 01, 2021	**10,619,693**	**2,628,451**	**9,078**	**13,257,222**
Additions during the year	**-**	**413,544**	**416,288**	**829,832**
Disposals / terminations	**-**	**-**	**-**	**-**
Depreciaiton charge for the year (note 7.2)	**(117,842)**	**(270,062)**	**(76,779)**	**(464,683)**
Disposals/terminations (note 7.3)	**(10,463,846)**	**-**	**-**	**(10,463,846)**
Balance as at December 31, 2021	**38,005**	**2,771,933**	**348,587**	**3,158,525**

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

	Note	2021	Restated 2020
7.2 Amounts recognized in statement of profit or loss		Rupees '000	
Depreciation			
Cost of sales	34	**117,842**	707,428
Distribution and marketing expenses	35	**270,062**	144,544
Administrative expenses	36	**76,779**	14,035
Depreciation on right of use assets		**464,683**	866,007
Interest on lease liabilities	40	**706,919**	2,293,032
Amounts recognized in statement of cashflows			
Total cash outflow for leases	24.2.1	**847,068**	2,551,405

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

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

8. INTANGIBLE ASSET

	Note	2021	2020
		Rupees '000	
Computer software		1,816	3,007
Net carrying value			
Net book value at the beginning of the year		3,007	5,232
Addition		-	410
Amortization charge for the year	36	(1,191)	(2,635)
Net book value at the end of the year		1,816	3,007
Net book value			
Gross carrying value			
Cost		12,095	14,518
Accumulated amortization		(11,809)	(11,511)
Net book value at the end of the year		286	3,007
Rate of amortization - %		33.33	33.33

8.1 Intangible assets mainly comprise of operational softwares.

9. LONG-TERM INVESTMENTS

	Note	2021	Restated 2020
		Rupees '000	
Investment in associated companies - unquoted			
VAS LNG (Private) Limited - unquoted	9.1	-	1,468
Magic River Serivces Limited	9.2	117,772	116,582
Karachi Hydrocarbon Terminal Limited - unquoted	9.3	399,890	399,890
(formerly : Hascol Terminal Limited)		517,662	517,940
Advance against purchase of shares - with related parties			
Karachi Hydrocarbon Terminal Limited - unquoted (formerly : Hascol Terminal Limited)		2,500	2,500
VAS LNG (Private) Limited - unquoted		1,023	1,023
		521,185	521,463

9.1 Details of the investment is as follows:

	2021	2020
Balance at the beginning of the year	1,468	1,502
Share of loss for the year	(1,468)	(34)
Balance at the end of the year	-	1,468

9.1.1 Summarized aggregated financial information of the Holding Company's share in VAS LNG (Private) Limited is as follows:

	2021	2020
	Rupees '000	
Total accumulated losses	5,107	5,107
Total assets	6,317	6,317
Total liabilities	(5,294)	(402)
Advance against issue of shares	(1,023)	(1,023)
	-	4,892
% share in net assets	30%	30%
Total amount of net assets	-	1,468

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

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

	2021	2020
	Rupees '000	
Balance at the beginning of the year	116,582	111,871
Share of profit for the year	8,580	7,280
Profit received during the year	(7,390)	(2,569)
Balance at the end of the year	117,772	116,582

9.3 Investment in Karachi Hydrocarbon Terminals Limited (formerly Hascol Terminal Limited) represent 41.3 million shares (2020: 41.3 million) fully paid ordinary shares of Rs. 10 per share and is recognized at cost. The Group is engaged in providing storage facilities for imported and locally procured petroleum and related products. The Group Management cannot assess the recoverable amount as of December 31, 2021 in accordance with the requirement of International Financial Reporting Standards (IFRS) as the audit of the underlying entity is still in process.

	2021	2020
	Rupees '000	
Balance at the beginning of the year	399,890	384,476
Share of loss for the year	-	(22,086)
Addition in Investment during the year	-	37,500
Balance at the end of the year	399,890	399,890

9.3.1 Summarized aggregated financial information of the Holding Company's share in Karachi Hydrocarbon Terminals Limited (formerly Hascol Terminal Limited) is as follows:

	2021	2020
	Rupees '000	
Total assets	7,674,239	7,674,239
Total liabilities	(4,982,957)	(4,982,957)
Advance against issue of shares	(25,348)	(25,348)
	2,665,934	2,665,934
% share in net assets	15%	15%
Total amount of net assets	399,890	399,890

9.4 Investments in associated companies and undertakings have been made in accordance with the requirements of the Act. The Management cannot assess the recoverable amount as of 31 December 2021 in accordance with the requirement of International Financial Reporting Standards (IFRS) as the audit of the underlying entity is still in process.

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

10. DEFERRED TAXATION - NET

	Note	2021	2020
		Rupees '000	
Taxable temporary difference arising in respect of :			
Accelerated depreciation		(1,540,001)	(5,095,411)
Revaluation of operating fixed assets	6.3	(1,850,692)	-
		(3,390,693)	(5,095,411)
Deductible temporary difference arising in respect of :			
Long term investment		-	-
Liabilities against assets subject to finance lease		783,143	4,522,450
Exchange loss		248,739	58,822
Provision for :			
- other liabilities		780	934
- retirement benefit		39,880	37,223
- doubtful debts		2,857,731	2,760,845
- short term investments - TFCs		1,820	1,801
Normal tax loss		15,443,658	15,283,743
		15,985,058	17,570,407
Unrecognized deferred tax asset		(15,985,058)	(17,570,407)
		-	-

10.1 Deferred tax asset of Rs. 15,985 million (2020: 17,570 million) has not been recognised in these consolidated financial statements due to uncertainty in availability of future taxable profits based on financial projections of future years. However, in futrue years and based on the availablility of taxable profits, the unutilized deffered tax asset will be recognized.

As at the year end, the Group's tax losses amounted to Rs. 50,596 million (2020 : 40,822 million).

11. LONG-TERM DEPOSITS

	Note	2021	2020
		Rupees '000	
Lease deposits		316,841	353,788
Less: current portion of lease deposits	15	(80,816)	(71,579)
		236,025	282,209
Deposits against:			
- depots		107,144	107,144
- retail outlets		70,814	70,814
- others		31,536	32,533
		209,494	210,491
		445,519	492,700
Provision for ECL on Long Term Deposits	11.1	(47)	(47)
		445,472	492,653

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For The Year Ended December 31, 2021

11.1 Provision for ECL on Long Term Deposits

	Note	2021	2020
		Rupees '000	
Balance at the beginning of the year		47	-
Provisions made during the year	37	-	47
Balance at the end of the year		47	47

12. STOCK-IN-TRADE

	Note	2021	2020
Raw and packing materials		204,449	222,350
Finished goods			
- fuels	12.1	5,589,121	9,051,624
- lubricants		310,224	259,439
- Petrochemicals		1,236	58,525
		5,900,581	9,369,588
Stock in transit			
- fuels		4,734,546	2,394,375
- Petrochemicals		-	-
		4,734,546	2,394,375
Provision against slow moving stock	12.2	(69,227)	(69,258)
		10,770,349	11,917,055

12.1 Stock in trade carrying amount as of December 31, 2021 in the consolidated Financial Statement is valued on the basis of physical verification carried out in the presence of External Auditor. The inventory module in the ERP system is redundant as of December 31, 2021. Currently, the Group records for stock in trade are maintained in excel and the Management is in process to go-live the inventory module.

Fuels include Rs. 1,392 million (2020: Rs. 4,989 million) of high speed diesel which has been maintained as line fill necessary for the pipeline to operate.

12.2 Movement of provision for slow moving stock

	Note	2021	2020
		Rupees '000	
Balance at the beginning of the year		69,258	69,542
Provisions made during the year		-	-
Reversal of Provisions during the year	39	(31)	(284)
Balance at the end of the year		69,227	69,258

13. TRADE DEBTS

	Note	2021	Restated 2020
		Rupees '000	
Unsecured, considered good		883,550	1,814,423
Considered doubtful		9,931,891	9,673,852
		10,815,441	11,488,275
Provision for impairment	13.1	(9,913,016)	(9,673,852)
		902,425	1,814,423

Notes to the Consolidated Financial Statements

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13.1 The Group recognises the expected credit losses for trade debts using the simplified approach. As per the simplified approach, the loss allowance as at December 31, 2021 and 2020 as per IFRS 9 is as follows:

	Note	2021	Restated 2020
		----------- Rupees '000 -----------	
Movement of provision for impairment			
Balance at the beginning of the year		**9,673,852**	2,302,328
Provisions made during the year	37	**239,164**	7,371,524
Balance at the end of the year		**9,913,016**	9,673,852

13.1.1 The Board of Directors of the Group approved provision of Rs. 9,913 million (2020: Rs. 9,674 million) against doubtful receivables in the financial statements for the year ended December 31, 2021.

In 2021 and 2020, the management undertook certain special steps to recover these amounts and in pursuance of the same, Holding Company's legal counsel served the defaulting customers with Legal Notices for recovery of the same. The Group has received responses to those legal notices and is evaluating way forward toward taking all legal options as available to a listed company under the laws of Pakistan. Subsequently, the Group has also recovered outstanding amounts from certain customers.

14. ADVANCES

	Note	2021	Restated 2020
		----------- Rupees '000 -----------	
Advances - considered good, unsecured			
To employees			
- against expenses		**13,810**	9,448
- against salaries		**17,355**	30,613
Supplier & Service provider	14.1	**2,437,553**	3,679,417
Provision for Supplier & Services Advance	14.2	**(2,037,036)**	(2,665,237)
		431,682	1,054,241

14.1 This includes advance to suppliers in the normal course of business as per commercial terms, currently the Group has 17 (2020: 239) suppliers whose advances exceed Rs. 1 million and these are given for procurement of equipment, fleet card operations, monitoring fee, consultancy and storages facilities.

14.2 Movement of provision for Suppliers and Service provider

	Note	2021	Restated 2020
		----------- Rupees '000 -----------	
Balance at the beginning of the year		**2,665,237**	1,449,245
(Reversal) / provisions made during the year	38 & 39	**(628,201)**	1,215,992
Balance at the end of the year		**2,037,036**	2,665,237

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

15. DEPOSITS AND PREPAYMENTS

	Note	2021	Restated 2020
		Rupees '000	
Deposits			
Current portion of long term lease deposits	11	80,816	71,579
Other deposits		64,271	14,271
		145,087	85,850
Prepayments			
Insurance and others		13,225	16,756
Rent		66,382	73,934
		79,607	90,690
		224,694	176,540

16. OTHER RECEIVABLES

	Note	2021	Restated 2020
Inland freight equalization margin ("IFEM") receivable		4,140,421	4,360,699
Miscellaneous receivables	16.1	73,770	796
Receivable against regulatory duty ("RD")		25,533	25,533
Sales tax refundable		150,310	-
Price differential claims ("PDC")	16.2	37,445	5,083
Provisioning of IFEM, RD and PDC	16.3	(1,694,427)	(1,693,479)
		2,733,052	2,698,632

16.1 This includes amount receivable from Magic River Limited (an associated Company) against share of profit amounting to Rs. 8.2 million (2020: Nil).

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

16.3 Movement of provision for impairment

	Note	2021	Restated 2020
		Rupees '000	
Balance at the beginning of the year		1,693,479	1,538,618
Provisions made during the year	38	948	154,861
Balance at the end of the year	16.3.1	1,694,427	1,693,479

16.3.1 This represents provision against regulatory duty (RD), price differential claim (PDC) and Inland Freight Equalization Margin (IFEM). IFEM audit is pending from 2012 till date on part of audit firm duly appointed by OGRA. The provision of IFEM represents management estimate to assess the recoverable amount as of December 31, 2021.

17. ACCRUED MARK-UP AND PROFIT

	Note	2021	2020
		Rupees '000	
From conventional banks		2,623	13,118

18. SHORT TERM INVESTMENT

	Note	2021	2020
Term Finance Certificate	18.1	98,700	98,700

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

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

19. CASH AND BANK BALANCES

	Note	2021	2020
		Rupees '000	
Balances with banks:			
in current accounts:			
- Conventional banks		410,968	401,647
- Dividend account		356,930	357,249
- Islamic banks		208	1,569
		768,106	760,465
in saving accounts:			
- Conventional banks		556,072	2,187,747
- Islamic banks		5,746	352,590
	19.1	561,818	2,540,337
Cash in hand		3,341	1,059
		1,333,265	3,301,861

19.1 These carry mark-up / profit of 10.75% per annum (2020: 2.83% to 11.5% per annum).

20. SHARE CAPITAL

20.1 Authorized share capital

2021	2020		Note	2021	2020
Number of shares				Rupees '000	
5,000,000,000	1,000,000,000			50,000,000	10,000,000

20.2 Issued, subscribed and paid-up share capital

2021	2020			2021	2020
Number of shares				Rupees '000	
89,540,000	89,540,000	Ordinary shares of Rs. 10 each fully paid in cash		895,400	895,400
1,060,000	1,060,000	Ordinary shares of Rs. 10 each for consideration other than cash	20.3	10,600	10,600
9,966,000	9,966,000	Annual bonus @ 11% December 2014		99,660	99,660
20,113,200	20,113,200	Interim bonus @ 20% June 2015		201,132	201,132
24,135,840	24,135,840	Right issue @ 20% September 2017		241,358	241,358
36,203,760	36,203,760	Bonus issue @ 25% September 2018		362,038	362,038
18,101,880	18,101,880	Bonus issue @ 25% December 2018		181,019	181,019
800,000,000	800,000,000	Right issue @ 401.77% January 2020	20.4	8,000,000	8,000,000
999,120,680	999,120,680			9,991,207	9,991,207

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

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

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

20.5 Vitol Dubai Limited an associated Company held 401,697,229 shares (2020: 401,697,229 shares) which represents 40.21% (2020 : 40.21%) of the equity stake in the Holding Company.

20.6 Fossil Energy (Private) Limited held 9,639,685 shares (2020: 9,639,685 shares) which represents 0.96% (2020 : 0.96%) of the equity stake in the Company.

20.7 Marshal Gas (Private) Limited held 396 shares (2020: 396 shares) which represents 0.00% (2020 : 0.00%) of the equity stake in the Company.

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

20.7 Mr. Mumtaz Hasan Khan (former chairman) and Mr. Saleem Butt (Ex-CEO) held 3 and nil shares (2019: 35,521,223 and 439,568 shares) respectively.

	Note	2021	Restated 2020
21. RESERVES		----------- Rupees '000	-----------
Capital			
Share premium	21.1	**4,639,735**	4,639,735
Unrealized loss on remeasurement of FVTOCI investment		**5,817**	5,817
		4,645,552	4,645,552
Revenue			
Accumulated losses		**(68,503,723)**	(64,879,133)
		(63,858,171)	(60,233,581)

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

22. SHARE DEPOSIT MONEY

This represents the amount received in respect of right shares subscription as at December 31, 2019 amounting to Rs. 5,821 million net of transaction cost amounting to Rs. 68.3 million for the year ended December 31, 2019. The underlying shares have been issued in 2020.

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

23. LONG TERM FINANCING - secured

	Note	2021	2020
		Rupees '000	
Borrowings from conventional banks	23.1	**13,044,558**	13,147,683
Borrowings from Non-Banking Financial Institutions	23.2	**92,857**	104,762
Sukuk certificates	23.3	**500,000**	495,227
		13,637,415	13,747,672
Current portion of long term financing			
Borrowings from conventional banks		**(1,623,621)**	(833,319)
Borrowings from Non-Banking Financial Institutions		**(92,857)**	(104,762)
Sukuk certificates		**(500,000)**	(495,227)
	30	**(2,216,478)**	(1,433,308)
Non - current portion of long term financing		**11,420,937**	12,314,364

Terms and conditions of borrowings are as follows:

	Particulars	Note	Number of installments and commencement month	Grace period	Date of final repayment	Markup rate per annum	Installment amount	2021	2020
							Rupees in '000		
23.1	**Borrowings from conventional banks**								
	National Bank of Pakistan Loan-1 Under LTF scheme	23.1.1	16 quarterly March-17	1 year	December 31, 2020	three month Kibor + 2.5% payable quarterly	31,250	**93,750**	93,750
	National Bank of Pakistan Loan-2 Under LTF scheme	23.1.2	16 quarterly August-19	1 year	May 27, 2023	three month Kibor + 1.5% payable quarterly	64,688	**706,875**	772,500
	National Bank of Pakistan Loan-3 Under LTF scheme	23.1.3	16 quarterly August-19	1 year	May 21, 2023	three month Kibor + 1.5% payable quarterly	33,625	**350,500**	388,000
	Syndicated Loan from multiple banks Conversion of Short term financing	23.1.4	28 quarterly September-20	Nil	June 30, 2027	three month Kibor + 1.6% payable quarterly	Step up installment	**11,893,433**	11,893,433
23.2	**Borrowings from Non-Banking Financial Institutions**								
	Pak Oman Investment Company Limited Loan 6 Under LTF scheme	23.2.1	42 monthly January-18	6 months	June 23, 2021	six month Kibor + 2.5% payable monthly	2,381	**16,667**	19,048
	Pak Oman Investment Company Limited Loan 7 Under LTF scheme	23.2.2	42 monthly February-18	6 months	July 18, 2021	six month Kibor + 2.5% payable monthly	9,524	**76,190**	85,714
23.3	**Sukuk certificates**	23.3	20 quarterly January-16	1 year	January 5, 2022	three month Kibor + 1.5% payable quarterly	100,000	**500,000**	495,227
								13,637,415	13,747,672

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

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

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

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

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

(i) First pari passu charge over the Company's land & building, Plant & Equipment, installations and equipment of the storage depot situated at (a) Mehmoodkot, (b) Kolta Jam, (c) Sahiwal (d) Machike and (e) Daulatpur in favor of Security Trustee, with 15% margin.

(ii) First pari passu charge over the Company's fixed assets excluding land & building of the storage depot situated at (a) Amangarh, (b) Keamari, (c) Hub, (d) Thaliyan and (e) Shikarpur, in favor of Security Trustee, with 15% margin.

(iii) First pari passu charge over the Company's fixed assets excluding land & building situated at specific 29 retail sites, in favor of Security Trustee, with 15% margin.

(iv) First equitablemortgage over the Company's land for retail outlet situated at Main Raiwind Road, Tehsil Raiwind, District Lahore, in favor of Security Trustee, with 15% margin.

(iv) Lien on bank accounts maintained with National Bank of Pakistan.

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

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

	Note	2021	2020
		----------- Rupees '000	-----------
23.3 Sukuk certificates - gross amount	23.3.1	**500,000**	500,000
Issuance cost			
Balance at the beginning of the year		**(4,773)**	(9,546)
Charged to profit or loss		**4,773**	4,773
Balance at the end of the year		**-**	(4,773)
Sukuk certificates - net amount		**500,000**	495,227

Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2021

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

24. LEASE LIABILITIES

	Note	2021	2020
		Rupees '000	
Finance lease liability	24.1	419,012	731,547
Lease liability against right of use asset	24.2	3,530,340	16,193,040
		3,949,352	16,924,587

24.1 Finance lease liability

	Note	2021	2020
Present value of future minimum lease payments		705,023	1,086,334
Less: current portion	30	(286,011)	(354,787)
Non current portion		419,012	731,547

24.1.1 The Holding Company has entered into lease agreements with various leasing companies for lease of items of plant and machinery and other assets. Minimum lease payments, which are payable by the year 2023, have been discounted by using financing rates ranging from 3 month KIBOR plus 1.4% to 6 month KIBOR plus 2.75% (2020 : 3 month KIBOR plus 1.4% to 6 month KIBOR plus 2.75%). Title to the assets acquired under the leasing arrangements are transferable to the Holding Company upon payment of entire lease obligations.

24.1.2 The expected maturity of undiscounted lease payments is as follows:

	Note	2021	2020
		Rupees '000	
Not later than one year		337,456	416,812
Later than one year but not later than five years		237,384	553,921
		574,840	970,733

24.2 Lease liability of right-of-use asset

	Note	2021	2020
Present value of future minimum lease payments		3,662,711	16,507,009
Less: current portion	30	(132,371)	(313,969)
Non current portion		3,530,340	16,193,040

24.2.1 Movement during the year

	Note	2021	2020
Balance as at January 01		16,507,009	21,676,698
Additions during the year		829,832	237,700
Accretion of interest	40	706,919	2,293,032
Lease contracts modified during the year		-	(5,038,445)
Less: Disposals / terminations	7.3	(13,533,981)	(110,571)
Less: Lease rentals paid		(847,068)	(2,551,405)
		3,662,711	16,507,009
Less: current portion shown under current liability	30	(132,371)	(313,969)
Balance as at December 31		3,530,340	16,193,040

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

24.2.2 The expected maturity of undiscounted lease payments is as follows:

	Note	2021	2020
		---------- Rupees '000 ----------	
Not later than one year		**538,266**	2,568,794
Later than one year but not later than five years		**2,100,066**	10,309,226
Later than five years		**6,322,967**	28,143,561
		8,961,299	41,021,581

25. DEFERRED LIABILITIES

	Note	2021	2020
HPL gratuity fund	52.1	**173,222**	162,594
Non-current portion of other liabilty		**515,926**	-
		689,148	162,594

26. TRADE AND OTHER PAYABLES

	Note	2021	2020
Trade creditors	26.1	**16,645,691**	16,589,556
Payable to cartage contractors		**933,818**	2,879,093
Advance from customers - unsecured		**1,138,502**	1,429,004
Dealers' and customers' security deposits	26.2	**514,780**	475,503
Sales tax Payable		**-**	163,365
Accrued liabilities		**15,605**	15,898
Other liabilities	26.3	**11,639,008**	16,786,547
		30,887,404	38,338,966

26.1 Trade creditors includes procurement of fuel from local refineries and imports, storage charges and associated duties and levies.

26.1.1 This includes Rs. 13,577 million (2020: Rs. 12,712 million) amount payable to M/s: Vitol Bahrain E.C which is a related party.

This also includes demurrage amounting to Rs. 1,809 million (2020: Rs. 1,486 million) which will be cleared upon SBP approval.

26.1.2 The Company and Karachi Hydrocarbon Terminals Limited (""KHTL"") entered into a Term Storage Agreement on May 22, 2018 (""TSA"") for storing and handling of various products by HTL. Summary terms were as follows:

a) On "Take or Pay Contractual Capacity" basis, HPL to use the total storage capacity of HTL
b) Tenor 20 years
c) Throughput rate to be charged in USD.
d) Annual take or pay liability under the TSA.

Effective from 1 March 2021, the agreement with KHTL is on through put basis instead of "Take or Pay Contractual Capacity.

26.2 The security deposits are non-interest bearing and are refundable on termination of contracts. These security deposits are not kept in separate bank account since the Group can utilize these funds as per terms of the agreements.

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

26.3 This includes an amount of Rs. 2.80 million (2020: Rs. 2.80 million) payable to FUCHs Oil Middle East Limited incorporated under the laws of the British Virgin Islands and located in Sharjah, United Arab Emirates. This party is unrelated to the Company.

27. UNCLAIMED DIVIDEND

	2021	Restated 2020
	Rupees '000	
Balance at the beginning of the year	357,249	357,791
Add: dividend for the year	-	-
Less: payments during the year	(318)	(543)
Balance at the end of the year	356,930	357,249

27.1 This includes Rs. 338.319 million (2020: Rs. 338.319 million) amount payable to M/s: Vitol Dubai Limited which is a related party.

28. ACCRUED MARK-UP AND PROFIT

	2021	Restated 2020
	Rupees '000	
Long-term financing	1,616,323	389,964
Short-term borrowings	5,690,587	1,901,778
Liabilities against assets subject to finance lease	2,699	3,264
	7,309,609	2,295,006

29. SHORT-TERM BORROWINGS

	Note	2021	2020
		Rupees '000	
Borrowings from conventional banks - secured			
Habib Bank Limited		3,605,955	2,718,551
Askari Bank Limited		2,046,963	1,148,268
National Bank of Pakistan		10,433,121	9,907,422
Bank of Punjab		1,999,729	1,999,729
Bank of Khyber		1,806,124	1,826,563
First women bank limited		665,147	-
Samba Bank Limited		972,823	977,014
Sindh Bank Limited		2,022,766	395,000
Summit Bank Limited		483,139	492,593
Habib Metropolitan Bank Limited		3,798,988	3,694,785
MCB Bank Limited		401,147	409,000
Faysal Bank Limited		1,756,505	2,047,906
United Bank Limited		746,862	750,000
	29.1	30,739,266	26,366,830
Borrowings from Islamic bank - secured			
Meezan Bank Limited		2,295,000	2,286,000
BankIslami Pakistan Limited		840,026	840,026
Al Baraka Bank (Pakistan)		1,781,500	1,781,500
Dubai Islamic Bank Pakistan Limited		655,901	778,701
Bank Alfalah Limited		969,241	1,001,187
	29.1	6,541,669	6,687,415
		37,280,935	33,054,245

29.1 These facilities were availed from various commercial banks aggregating to Rs. 37,285 million (2020: Rs. 33,054 million). The rates of mark-up/profit ranges from 1 months KIBOR plus 1.30% to 20.81% (2020: 1 months KIBOR plus 1.50% to 20%). These arrangements are secured against hypothecation charge over the Holding Company's present and future current assets with 25% margin.

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

30. CURRENT PORTION OF NON-CURRENT LIABILITIES	Note	2021	Restated 2020
		Rupees '000	
Current portion of long term financing	23	**2,216,478**	1,433,308
Current portion of liabilities subject to finance lease	24.1	**286,011**	354,787
Current portion of lease liability of right-of-use assets	24.2	**132,371**	313,969
		2,634,860	2,102,064

31. CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

The Collector (Adjudication) - Customs House Karachi, has issued a show cause notice dated February 06, 2019 regarding clearance of 52 and 84 consignments of HSFO under PCT heading 2710.1941 without alleged payment of minimum value additional tax @ 3% of value of the goods of Rs. 481 million. A petition was filed by the Holding Company on March 20, 2019 challenging the impugned show-cause notice on the ground that the impugned notifications and Chapter X of the Rules 2007 particularly 58B and 58C are ultra vires to the Constitution of Islamic Republic of Pakistan against which an interim order was passed on March 22, 2019. The legal counsel is hopeful about success of this petition.

A Suit has been filed on April 10, 2019 by Mr. Rehmat Khan Wardag (Contractor & Dealer of Hascol) for recovery of amount of Rs. 53 million and damages of Rs. 50 million against the Holding Company. Mr. Rehmat Khan claims that his receivable amount of carriage bills were unlawfully adjusted against the invoices of products received at petrol pump, M/s. Hamid Trucking Station. Suit is pending in Court for hearing of application. Legal counsel is of the considered view that there is no merit in the claims of the dealer and hence, there is no possibility that there is any liability being attributed towards HPL.

The Government of Sindh through Sindh Finance Act, 1994 imposed infrastructure fee for development and maintenance of infrastructure on goods entereing or leaving the Province through air or sea at prescribed rates. The Constitutional petition is filed by the Company on November 25, 2019 against the Province of Sindh challenging the constitutionality of levy of infrastructure cess which amounts to Rs. 260 million. The matter is pending with Court and stay has been granted to the Holding Company on November 26, 2019 and to be fixed with other cases. The legal counsel is of the view that the Company has a strong defense against tax authorities.

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

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United Bank Limited (UBL)

The Holding Company availed the following financial facilities from UBL from time to time. The summary of finance availed, amounts paid by the Holding Company and finance recoverable from the Holding Company has been tabulated below: -

		Rupees '000
a)	Principal amount of Finance availed:	750,000
b)	Principal amount repaid	3,138
c)	Balance principal amount outstanding: (a-b)	746,862
d)	Mark-up payable till 28-02-2021	29,906
e)	Mark-up outstanding as on 30-06-2021	29,906
	Total Outstanding (c+e)	**776,768**

The Holding Company made default in payment of above stipulated amount to UBL, resultantly UBL has filed a suit for recovery under Section 9 of The Financial Institutions (Recovery) of Finances Ordinance 2001 against the Holding Company and its former Chairman in capacity of the Guarantor, which is pending before SHC for further proceeding and arguments on leave to defend filed by the Holding Company which is likely to be succeeded in favor of the Holding Company.

The Bank of Punjab (BOP)

The Holding Company availed different finance facilities from BOP in terms of Letter of Credit and Running Finance. The Holding Company failed to make payment against these facilities and mark-up thereon total amounting Rs. 2,192 million and thereby made default. BOP has filed a suit for recovery under Section 9 of The Financial Institutions (Recovery) of Finances Ordinance 2001. SHC vide its order dated 20-09-2021 attached the Holding Company property situated at Eastern Industrial Zone, Port Qasim bearing Plot F-32, 32-B, F-04 measuring 06 acres. The Holding Company has filed leave to defend in the pending for the arguments which is likely to be succeeded in favor of the Holding Company.

MCB

The Holding Company availed different finance facilities from MCB in terms of Letter of Credit, Demand Finance and Local LCs, Running Finance. The Holding Company failed to make payment against these facilities and mark-up thereon total amounting Rs. 478 million and thereby made default. MCB has filed a suit for recovery under Section 9 of The Financial Institutions (Recovery) of Finances Ordinance 2001, now the case is fixed for arguments on leave to defend filed by the Holding Company which is likely to be succeeded in favor of the Holding Company.

Samba Bank Limited

The Holding Company availed different finance facilities from Samba Bank in terms of Letter of Credit, Short Term Finance and Running Finance. The Holding Company failed to make payment against these facilities and mark-up thereon total amounting Rs. 1,018 million and thereby made default. Samba Bank has filed a suit for recovery under Section 9 of The Financial Institutions (Recovery) of Finances Ordinance 2001, now the case is fixed for arguments on leave to defend filed by the Holding Company which is likely to be succeeded in favor of the Holding Company.

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SUITS FILED IN THE YEAR 2022

National Bank Of Pakistan (NBP)

NBP had earlier sent the Holding Company a legal notice for recovery of funds and now filed a recovery suit. The recovery suit has been filed under section 9 of FIO, 2001 for recovery of Rs. 4,019 million along with liquated damages, cost of funds, charges, costs, till the realization of whole amount. The liability of the Holding Company pertains to an indemnity cum undertaking given by the Holding Company to NBP regarding a loan facility which was disbursed by NBP to KHTL for its terminal infrastructure development. The Holding Company has filed leave to defend in the instant case to the extent of the Holding Company which is likely to be succeeded in favor of the Holding Company.

Sindh Bank Limited

The Holding Company availed different finance facilities from Sindh Bank in terms of Letter of Credit and Running Finance facility. The Holding Company failed to make payment against these facilities and mark-up thereon total amounting Rs. 2,334 million and thereby made default. Sindh Bank has filed a suit for recovery of Rs. 2,334 million under Section 9 of The Financial Institutions (Recovery) of Finances Ordinance 2001, now the case is fixed for arguments on leave to defend filed by the Holding Company which is likely to be succeeded in favor of the Holding Company.

Summit Bank Limited

The Holding Company availed different finance facilities from Summit Bank in terms of Letter of Credit, Letter of Guarantee and Running Finance facility. The Holding Company failed to make payment against these facilities and mark-up thereon total amounting Rs. 547 million and thereby made default. Summit Bank has filed a suit for recovery under Section 9 of The Financial Institutions (Recovery) of Finances Ordinance 2001, now the case is fixed for arguments on leave to defend filed by the Holding Company which is likely to be succeeded in favor of the Holding Company.

Bank Alfalah Limited (BAFL)

The Holding Company availed different finance facilities from BAFL in terms of Letter of Credit, Inland Letter of Credit, Local Salam, Advance Salam and Syndicated Diminishing Musharkah facility. The Holding Company failed to make payment against these facilities and mark-up thereon total amounting Rs. 1,130 million and thereby made default. BAFL has filed a suit for recovery along with profit/charity, costs and cost of funds, compensatory charges and liquidated damages under Section 9 of The Financial Institutions (Recovery) of Finances Ordinance 2001, now the case is fixed for submission of leave to defend by the Holding Company.

Meezan Bank Limited

The Holding Company availed different finance facilities from Meezan Bank in terms of Ijara, Istisna and Diminishing Musharkah facility. The Holding Company failed to make payment against these facilities and mark-up thereon total amounting Rs. 4,580 million and thereby made default. Meezan Bank has filed a suit for recovery under Section 9 of The Financial Institutions (Recovery) of Finances Ordinance 2001, now the case is fixed for submission of leave to defend by the Holding Company.

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Lawyers' opinion

The Lawyers are contesting the above suits staunchly and the Holding Company is putting all its efforts for the success of the suits vigorously, so there are high chances of grant of Leave to Defend in each case by the Honourable Courts.

Federal Investigation Agency (FIA)

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

Securities and Exchange Commission of Pakistan (SECP)

In 2021, the Securities and Exchange Commission of Pakistan (SECP) appointed an inspector to investigate the affairs of the Holding Company pertaining to historical financial statements till 2019. The investigations pertain to the individuals holding Management and Director position at that time. The Holding Company is co-operating with SECP and providing all the requisite information's on a timely manner. Further, the Holding Company is not expecting any financial adjustment in books of accounts as of result of this investigation.

31.2 Commitments

(i) The facility for opening letters of credit (LCs) acceptances as at December 31, 2021 amounted to Rs 41,193 (2020: Rs 42,486) million of which the amount remaining unutilized as at that date was Rs 4,304 (2020: Rs 3,581) million.

(ii) There are commitments for the purchases from Vitol Bahrain E.C, a party related to the Holding Company, amounting to Rs. 84 million. (2020: Rs. 289 million).

	2021	2020
	Rupees '000	
(iii) Bank guarantees	**150,000**	894,081
(iv) Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:		
Property, plant and equipment	**995,725**	4,787,592
(v) Commitments for rentals of assets under operating lease/ Ijarah :		
Not later than one year	**193,014**	249,813
Later than one year and not later than five years	**158,333**	349,067
	351,347	598,880

32. SALES - NET

	2021	2020
Sale of petroleum products inclusive of sales tax	**73,260,828**	135,380,211
Less: Sales discount	**(333,485)**	(1,350,131)
	72,927,343	134,030,080

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

33. OTHER REVENUE

	2021	2020
	Rupees '000	
Owned tank lorries - net	58,007	530,615
Franchise fee	60,991	141,793
Joining fee for petrol pump operators	1,467	590
Non fuel retail and lubricants	78,918	204,131
	199,383	877,129

34. COST OF SALES

	Note	2021	Restated 2020
		Rupees '000	
Opening stock of lubricants, raw and packing materials		481,789	504,221
Raw and packing materials purchased		984,003	761,711
Less: closing stock of lubricants, raw and packing materials		(514,673)	(481,789)
Lubricants, raw and packing materials consumed		951,119	784,143
Opening stock - fuel		11,435,266	19,012,237
Fuel purchased	34.1	51,509,152	71,932,563
Duties, levies and depreciation	34.2	8,501,034	35,854,470
Less: closing stock - fuel and petrochemical	12	(10,255,676)	(11,435,266)
		61,189,776	115,364,004
		62,140,895	116,148,147

34.1 This includes fuel purchased from local refineries and imports.

34.1.1 This also includes shipping cost charged by supplier amounting to Rs. 285.29 million (2020: Rs. 249.23 million).

34.2 Duties, levies and depreciation

	Note	2021	2020
		Rupees '000	
Petroleum development levy	34.2.1	5,934,535	31,126,996
Inland freight equalization margin		1,522,549	3,192,908
Storage and handling charges		507,076	271,612
Depreciation on right-of-use asset (Storage & handling)	7.2	117,842	707,428
Depreciation on property, plant and equipment6.6		-	67,404
Freight		419,032	488,122
		8,501,034	35,854,470

34.2.1 This includes additional petroleum development levy on direct sales.

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For The Year Ended December 31, 2021

35. DISTRIBUTION AND MARKETING EXPENSES

	Note	2021	Restated 2020
		Rupees '000	
Salaries, wages and other benefits	36.1	373,276	401,909
Depreciation on property, plant and equipment	6.6	1,308,561	1,394,688
Depreciation on right-of-use asset	7.2	270,062	144,544
Rent, rates and taxes		171,463	94,415
Fuel and power		93,648	83,067
Traveling and conveyance		48,672	91,245
Repairs and maintenance		209,038	227,361
Insurance		86,839	177,798
Commission		18,698	59,802
Advertising and publicity		4,180	18,043
Ujrah payments		-	27,455
Royalty		-	25,420
Printing, communication and stationery		24,824	20,196
Fees and subscription		10,375	15,097
Legal and professional charges		38,518	16,012
		2,658,154	2,797,052

36. ADMINISTRATIVE EXPENSES

	Note	2021	Restated 2020
Salaries, allowances and other benefits	36.1	610,697	612,143
Fee and subscription		20,380	29,874
Legal and professional charges		233,008	98,936
Traveling and conveyance		44,735	35,328
Insurance		8,343	16,144
Repairs and maintenance		32,382	39,625
Depreciation on right of use assets	7.2	76,779	14,035
Depreciation on property, plant and equipment	6.6	86,228	46,118
Rent, rates and taxes		32,758	36,091
Printing, communication and stationery		17,509	18,235
Advertising and publicity		7,306	923
Fuel and power		18,659	9,650
Auditor's remuneration	36.3	6,575	7,000
Amortization	8	1,191	2,635
		1,196,549	966,737

36.1 Salaries and other benefits relating to distribution and administrative expense include:

	Note	2021	2020
		Rupees '000	
- Gratuity	52.1.5	45,853	80,612
- Contribution to provident fund		20,033	20,242

36.2 No donation has been made during the year (2020: Nil)

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

36.3 Auditor's remuneration

	Note	2021	2020
		----------- Rupees '000 -----------	
Statutory audit		**3,510**	3,935
Certifications		**810**	810
Shari'ah audit fee		**756**	756
Half yearly review		**624**	624
Out of pocket expenses		**519**	519
Consolidation		**356**	356
		6,575	7,000

37. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Note	2021	2020
Provision against doubtful debts	13.1	**239,164**	7,371,524
Provision against Long Term Deposit	11.1	**-**	47
		239,164	7,371,571

38. OTHER EXPENSES

	Note	2021	Restated 2020
		----------- Rupees '000 -----------	
IFEM provisioning	16.3	**948**	154,861
Losses on modification of lease liability		**-**	1,943,572
Writeoff of Intercompany - HLPL		**-**	-
Provisioning of Advance to supplier	14.2	**-**	1,215,992
Provision of property, plant and equipment	6.2.1	**1,431,565**	22,780
Fairvalue change of HBL-TFC		**-**	4,988
Penalty	38.1	**6,137**	80,539
		1,438,650	3,422,732

38.1 This represents penalty paid to Oil and Gas Regulatory Authority, Federal Board of Revenue and Collector of Customs.

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

39. OTHER INCOME

	Note	2021	Restated 2020
		----------- Rupees '000 -----------	
Income from financial assets			
Markup/profit on			
- deposit with conventional banks		45,272	225,089
- TFCs		8,147	10,382
- Income from sale of letter of right		-	71,453
- deposit with Islamic banks		-	17,970
		53,419	324,894
Income from non-financial assets			
Gain on disposal of operating fixed assets		85,683	36,987
Gain on disposal of ROU assets	7.3	3,070,135	17,636
Reversal of provision for Suppliers and Service provider	14.2	628,201	-
Writeback of unclaimed liabilities	26	281,053	2,164,255
Sundries		62	2,050
Sales tax liability writeback		-	-
Reversal of slow moving provision	12.2	31	284
Promotional marketing fee		148	1,241
Scrap sales		1,011	3,504
Rental income and others		334,390	38,288
		4,400,714	2,264,245
		4,454,133	2,589,139

40. FINANCE COST

	Note	2021	Restated 2020
		----------- Rupees '000 -----------	
Conventional			
Short term borrowings		3,588,329	3,706,234
Letter of credit		469	244,327
Long term borrowings		1,045,677	486,371
Interest cost on lease liability on right of use asset	24.2.1	706,919	2,293,032
Unwinding of discount		128,669	-
Discounting charges on borrowings		4,733	292,240
Bank charges		51,887	58,269
		5,526,683	7,080,473
Islamic			
Short term borrowings		904,734	992,447
Letter of credit		-	81,442
Long term borrowings		208,633	104,349
Assets obtained under finance lease		60,755	127,253
Bank charges		9,060	19,186
		1,183,181	1,324,677
		6,709,864	8,405,150

41. TAXATION

	2021	2020
Current	436,666	616,299
Prior period	-	234,472
	436,666	850,771

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

41.1 During the year ended December 31, 2021 and 2020, provision for current tax is based on minimum tax and final tax regime. Accordingly, tax reconciliation has not been presented in these consolidated financial statements.

42. LOSS PER SHARE - basic and diluted

	Note	2021	Restated 2020
		Rupees '000	
Loss for the year		(7,570,286)	(23,538,581)
Weighted average number of ordinary shares (in thousand)		999,121	994,026
Loss per share from continued operations - basic and diluted (Rupees)		(7.58)	(23.68)

43. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2021			2020		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees '000			Rupees '000		
Director's fee	-	9,823	-	-	8,493	-
Managerial remuneration	48,077	-	253,138	37,465	-	220,626
Cost of living allowance	5,342	-	28,126	4,163	-	24,514
Reimbursement of medical expenses	1,400	-	6,566	554	-	5,873
Retirement benefits	2,750	-	11,353	5,354	-	25,695
	57,569	9,823	299,183	47,536	8,493	276,708
Number of person(s)	1	9	78	1	9	76

43.1 The Chief Executive Officer and certain executives are also provided with free use of Group maintained cars and cellular connections. In addition, the Chief Executive Officer is provided with free security services in accordance with the terms of employment.

44. RELATED PARTY TRANSACTIONS AND BALANCES

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

44.1 Transactions with related parties

Name of related party	Nature of transaction	Percentage of shareholding	2021	Restated 2020
			Rupees '000	
Shareholding by the Company				
Karachi Hydrocarbon Terminal Limited	Rendering of services	15%	2,002,743	2,002,743
Karachi Hydrocarbon Terminal Limited	Business support service	15%	-	16,495
Other related parties				
Vitol Bahrain E.C	Procurement	N/A	34,028,719	60,379,475

Notes to the Consolidated Financial Statements

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44.2 Balances with related parties

Name of related party	Nature of transaction	Percentage of shareholding	2021	Restated 2020
			----------- Rupees '000 -----------	
Shareholding by the Company				
Karachi Hydrocarbon Terminal Limited	Advance against issue of shares	15%	**2,500**	2,500
Karachi Hydrocarbon Terminal Limited	Investments	15%	**412,500**	412,500
Karachi Hydrocarbon Terminal Limited	Rendering of services	N/A	**1,429,241**	1,543,003
VAS LNG (Private) Limited	Advance against issue of shares	30%	**1,023**	1,023
VAS LNG (Private) Limited	Investments	30%	**3,000**	3,000
Other related parties				
Vitol Bahrain E.C	Procurement	N/A	**15,386,212**	12,707,630
VOS Petroleum Limited	Rendering of services	N/A	**45,862**	45,862
Gas & Oil Pakistan Limited	Product / duty	N/A	**673,497**	(84,366)

45. CASH USED IN OPERATIONS

	Note	2021	Restated 2020
		----------- Rupees '000 -----------	
Loss before taxation		**(7,133,620)**	(22,687,810)
Adjustment for:			
Depreciation on property, plant and equipment	6.6	**1,394,789**	1,508,210
Depreciation on right-of-use asset	7.2	**464,683**	866,007
Amortization	8	**1,191**	2,635
Provision for IFEM	16	**948**	154,861
Reversal of provision of trade debts	13	**-**	-
Reversal against slow moving stock	12	**(31)**	(284)
M2M of short term investment	18	**-**	
ROUA liability reversal	24	**-**	1,943,572
Share of profit / (loss) from associates	9	**(7,112)**	14,840
Provision against Long Term Deposit	11.1	**-**	47
Provision for doubtful debts	13.1	**239,164**	7,371,524
Exchange loss - unrealized		**861,194**	129,670
Provision for gratuity	52.1.5	**44,610**	80,612
Gain on disposal of operating fixed assets	39	**(85,683)**	(36,987)
Gain on termination of lease	39	**(3,070,135)**	(17,636)
(Reversal) / provision of advance to supplier	38 & 39	**(628,201)**	1,215,992
Writeback of unclaimed liabilities	39	**(281,053)**	(2,164,255)
Markup / profit on bank deposits	39	**(53,419)**	(396,347)
Markup charged on lease liability	40	**706,919**	2,293,032
Markup charged on gratuity	40		
Finance cost	40	**5,874,276**	6,112,118
Provision of property, plant and equipment	38	**1,431,565**	-
Changes in working capital	45.1	**(4,528,968)**	(8,731,198)
Cash used in operations		**(4,768,883)**	(12,336,409)

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

	Note	2021	Restated 2020
		----------- Rupees '000 -----------	
45.1 Changes in working capital			
Decrease in current assets			
Stock-in-trade	12	**1,146,737**	7,599,687
Trade debts	13	**672,834**	1,978,930
Advances	14	**1,250,760**	(1,560,378)
Deposits and prepayments	15	**(48,154)**	(38,944)
Other receivables	16	**(35,368)**	(525,925)
		2,986,809	7,453,370
Trade and other payables	26	**(7,515,777)**	(16,184,568)
Changes in working capital		**(4,528,968)**	(8,731,198)

46. CASH AND CASH EQUIVALENTS

	Note	2021	Restated 2020
Cash and bank balances	19	**1,333,265**	3,301,861
Less: Term deposit receipts	29	**(37,280,935)**	(33,054,245)
		(35,947,670)	(29,752,384)

47. OPERATING SEGMENTS

These consolidated financial statements have been prepared on the basis of a single reportable segment.

- Sales from petroleum products represents 99.68 % (2020: 99.26 %) of total revenues of the Group.
- Out of total sales of the Company 99.82 % (2020: 99.54 %) related to customers in Pakistan.
- All non-current assets of the Group as at 31 December, 2021 are located in Pakistan.

The Group sells its product to dealers, governments agencies and autonomous bodies, independent power project and other corporate customers. Sales to ten major customers of the Group are around 15.45% during the year ended December 31, 2021 (2020: 18.95%).4,988

	Note	2021	Restated 2020
		----------- Rupees '000 -----------	
48. FINANCIAL INSTRUMENTS BY CATEGORY			
Financial assets as per statement of financial position			
Fair value through other comprehensive income			
Short term investments	18	**98,700**	98,700
At cost			
Long term investments	9	**521,185**	521,463
At amortized cost			
Deposits	15 & 11	**590,606**	578,550
Trade debts	13	**902,425**	1,814,423
Other receivables	16	**4,214,191**	4,361,495
Accrued mark-up and profit	17	**2,623**	13,118
Cash and bank balances	19	**1,333,265**	3,301,861
		7,043,110	10,069,447
Total financial assets		**7,662,995**	10,689,610

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

	Note	2021	Restated 2020
		Rupees '000	
Financial liabilities as per statement of financial position			
At amortized cost			
Long-term financing	23	13,637,415	13,747,672
Unclaimed dividend	27	356,930	357,249
Trade and other payables	26	29,748,902	36,909,962
Accrued mark-up and profit	28	7,309,609	2,295,006
Short-term borrowings	29	37,280,935	33,054,245
Total financial liabilities		88,333,791	86,364,133

49. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position are as follows:

	2021		2020 - Restated	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rupees in '000			
Financial assets				
Long term investments	521,185	521,185	521,463	521,463
Deposits	590,606	590,606	578,550	578,550
Trade debts	902,425	902,425	1,814,423	1,814,423
Other receivables	4,214,191	4,214,191	4,361,495	4,361,495
Short term investment	98,700	98,700	98,700	98,700
Accrued mark-up and profit	2,623	2,623	13,118	13,118
Cash and bank balances	1,333,265	1,333,265	3,301,861	3,301,861
	7,662,995	7,662,995	10,689,610	10,689,610

	2021		2020 - Restated	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rupees in '000			
Financial liabilities				
Long-term financing	13,637,415	13,637,415	13,747,672	13,747,672
Unclaimed dividend	356,930	356,930	357,249	357,249
Trade and other payables	29,748,902	29,748,902	36,909,962	36,909,962
Accrued mark-up and profit	7,309,609	7,309,609	2,295,006	2,295,006
Short-term borrowings	37,280,935	37,280,935	33,054,245	33,054,245
	88,333,791	88,333,791	86,364,133	86,364,133

Notes to the Consolidated Financial Statements
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b) Valuation of financial instruments

The Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques unless the instruments do not have a market/ quoted price in an active market and whose fair value cannot be reliably measured.

Valuation techniques used by the Group include discounted cash flow model. Assumptions and inputs used in valuation techniques includes risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates.

c) Financial assets

	2021				
	Carrying value	Level 1	Level 2	Level 3	Total
	Rupees in '000				
Long term investments-FVTOCI	-	-	-	-	-
Short term investments	98,700	98,700	-	-	98,700
Long term investments at cost	521,185	-	-	521,185	521,185
Total	619,885	98,700	-	521,185	619,885

	2020 - Restated				
	Carrying value	Level 1	Level 2	Level 3	Total
	Rupees in '000				
Long term investments - FVTOCI	-	-	-	-	-
Short term investments	98,700	98,700	-	-	98,700
Long term investments at cost	521,463	-	-	521,463	521,463
Total	620,163	98,700	-	521,463	620,163

Notes to the Consolidated Financial Statements

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d) Non-financial assets

	2021				
	Carrying value	Level 1	Level 2	Level 3	Total
	------------------------ Rupees in '000 --------------------------				
Building on lease hold land					
Building on lease hold land	**7,997,930**	**-**	**-**	**7,997,930**	**7,997,930**
Tanks and pipelines	**4,611,711**	**-**	**-**	**4,611,711**	**4,611,711**
Dispensing pumps	**1,848,619**	**-**	**-**	**1,848,619**	**1,848,619**
Plant and machinery	**1,072,779**	**-**	**-**	**1,072,779**	**1,072,779**
Electrical, mechanical and fire fighting equipment	**2,554,003**	**-**	**-**	**-**	**2,554,003**
Furniture, office equipment and other assets	**135,277**	**-**	**-**	**135,277**	**135,277**
Vehicles	**355,025**	**-**	**-**	**355,025**	**355,025**
Computer auxiliarie	**24,462**	**-**	**-**	**24,462**	**24,462**
	18,599,807	**-**	**-**	**18,599,807**	**18,599,807**

	2020 - Restated				
	Carrying value	Level 1	Level 2	Level 3	Total
	------------------------ Rupees in '000 --------------------------				
Building on lease hold land	7,437,789	-	-	7,437,789	7,437,789
Tanks and pipelines	3,526,473	-	-	3,526,473	3,526,473
Dispensing pumps	1,138,169	-	-	1,138,169	1,138,169
Plant and machinery	993,222	-	-	993,222	993,222
Electrical, mechanical and fire fighting equipment	1,666,369	-	-	1,666,369	1,666,369
Furniture, office equipment and other assets	213,744	-	-	213,744	213,744
Vehicles	390,423	-	-	390,423	390,423
Computer auxiliaries	44,873	-	-	44,873	44,873
	15,411,062	-	-	15,411,062	15,411,062

50. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company is exposed to the following risks from its use of financial instruments:

	Note
- Market risk	50.1.1
- Credit risk and concentration of credit risk	50.1.2
- Liquidity risk	50.1.3

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring any increase in risk, and the Group's management of capital.

Notes to the Consolidated Financial Statements

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50.1 Financial risk management

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's activities.

The Group through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversee how management monitors compliance with the Group's risk management policies and procedures, and review the adequacy of risk management framework in relation to the risks faced by the Group.

50.1.1 Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities. The objective of market risk management is to manage and control market risk exposures within an acceptable range. The market risk includes:

(a) Currency risk

Currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Group imports petroleum product and is thus exposed to currency risk in respect to foreign creditors, which at the year end amount to USD 123.371 million (2020: USD 129.038 million) having PKR equivalent amount of Rs. 21,803.50 million (2020: Rs. 20,616.89 million). The average rates applied during the year is Rs. 168.2520 per USD (2020: Rs. 157.4132 per USD) and the spot rate as at December 31, 2021 is Rs. 176.7305 per USD (2020: Rs. 159.7734 per USD).

The Group manages its currency risk by close monitoring of currency markets. Under regulatory requirements, the Group cannot hedge its currency risk exposure. Consequently, the Group recorded exchange loss amounting to Rs. 1,106.79 million (2020: Rs. 1,443.59 million) during the year.

Sensitivity analysis

As at December 31, 2021, if the Pakistani Rupee had weakened/strengthened by 5% against USD with all other variables held constant, loss / profit for the year would have been lower/higher by Rs. 1,106.45 million (2020: Rs. 1,030.85 million).

(b) Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises due to long-term financing and short term borrowings. At the balance sheet date the interest rate profile of the Group's mark-up bearing financial instruments is summarized as follows:

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

Cash flow sensitivity for variable rate instruments

A change of 100 basis points (bps) in interest rates at the reporting date would effect on profit or loss before tax is shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant.

Cash flow sensitivity of variable rate instruments

	Profit or (loss) - Restated		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	Rupees in '000			
(Expense) / income				
As at December 31, 2021	**(60,029)**	**60,029**	**(42,621)**	**42,621**
As at December 31, 2020	(61,121)	61,121	(43,396)	43,396

b) Interest / profit rate risk (continued)

	2021							
	Effective yield/ interest/profit rate % (Per annum)	Exposed to yield/interest/profit risk			Non-interest/profit bearing			Total
		Maturity up to one year	Maturity after one year	Sub-Total	Maturity up to one year	Maturity after one year	Sub-Total	
		Rupees in '000						
Financial assets								
Long term investments	-	-	-	-	521,185	-	521,185	521,185
Deposits	-	-	-	-	145,087	445,519	590,606	590,606
Trade debts	-	-	-	-	902,425	-	902,425	902,425
Other receivables	-	-	-	-	4,214,191	-	4,214,191	4,214,191
Accrued mark-up and profit	-	-	-	-	2,623	-	2,623	2,623
Short term investments	11.97	98,700	-	98,700	-	-	-	98,700
Cash and bank balances	10.75	561,818	-	561,818	771,447	-	771,447	1,333,265
		660,518	-	660,518	6,556,958	445,519	7,002,477	7,662,995
Financial liabilities								
Long term finances	9.44-12.42	2,216,478	11,420,937	13,637,415	-	-	-	13,637,415
Unclaimed dividend	-	-	-	-	356,930	-	356,930	356,930
Trade and other payables	-	-	-	-	29,748,902	-	29,748,902	29,748,902
Accrued mark-up and profit	-	-	-	-	7,309,609	-	7,309,609	7,309,609
Short-term borrowings	8.62-20.81	37,280,935	-	37,280,935	-	-	-	37,280,935
		39,497,413	11,420,937	50,918,350	37,415,441	-	37,415,441	88,333,791
On financial position gap		(38,836,895)	(11,420,937)	(50,257,832)	(30,858,483)	445,519	(30,412,964)	(80,670,796)

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

	2020 - Restated							
	Effective yield/ interest/profit rate % (Per annum)	Exposed to yield/interest/profit risk			Non-interest/profit bearing			Total
		Maturity up to one year	Maturity after one year	Sub-Total	Maturity up to one year	Maturity after one year	Sub-Total	
		Rupees in '000						
Financial assets								
Long term investments	-	-	-	-	521,463	-	521,463	521,463
Deposits	-	-	-	-	85,850	492,700	578,550	578,550
Trade debts	-	-	-	-	1,814,423	-	1,814,423	1,814,423
Other receivables	-	-	-	-	4,361,495	-	4,361,495	4,361,495
Accrued mark-up and profit	-	-	-	-	13,118	-	13,118	13,118
Short term investments	8.85-15.15	98,700	-	98,700	-	-	-	98,700
Cash and bank balances	2.83-11.5	2,540,337	-	2,540,337	761,524	-	761,524	3,301,861
		2,639,037	-	2,639,037	7,557,873	492,700	8,050,573	10,689,610
Financial liabilities								
Long term finances	14.06-16.06	1,433,308	12,314,364	13,747,672	-	-	-	13,747,672
Unclaimed dividend	-	-	-	-	357,249	-	357,249	357,249
Trade and other payables	-	-	-	-	36,909,962	-	36,909,962	36,909,962
Accrued mark-up and profit	-	-	-	-	2,295,006	-	2,295,006	2,295,006
Short-term borrowings	14.16-20.0	33,054,245	-	33,054,245	-	-	-	33,054,245
		34,487,553	12,314,364	46,801,917	39,562,217	-	39,562,217	86,364,133
On financial position gap		(31,848,516)	(12,314,364)	(44,162,880)	(32,004,344)	492,700	(31,511,644)	(75,674,524)

(c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuers, or factors affecting all or similar financial instruments traded in the market. The Group is not exposed to equity price risk since it has investments in quoted equity securities amounting to Nil (2020: Rs. Nil) at the consolidated statement of financial position date.

The Group manages price risk by monitoring exposure in quoted equity securities and implementing strict discipline in internal risk management and investment policies.

The value of investment subject to equity price risk are, in almost all instance, based on quoted market price as of the reporting date except for unquoted investments which are carried at cost. Market prices are subject to fluctuation and consequently the amount realized as a result of subsequent sale of an investment may differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investment and general market condition. Furthermore, the amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

50.1.2 Credit risk and concentration of credit risk

The credit quality of receivables can be assessed with reference to the historical performance with no or some defaults in recent history. The Group manages credit risk of receivables through the monitoring of credit exposures, limiting transactions with specific customers and continuous assessment of credit worthiness of its customers.

The carrying values of financial assets which are neither past due nor impaired are as under:

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

	2021	Restated 2020
	----------- Rupees '000 -----------	
Long term investments	521,185	521,463
Deposits	590,606	578,550
Trade debts - unsecured	883,550	1,814,423
Other receivables	2,519,764	2,668,016
Accrued mark-up and profit	2,623	13,118
Short term investments	98,700	98,700
Cash and bank balances	1,333,265	3,301,861
	5,949,694	8,996,131

	2021		2020 - Restated	
	Gross	Impaired	Gross	Impaired
	----------------------- Rupees in '000		-----------------------	
Aging analysis of trade debts:				
Past due 1-30 days	394,578	89,322	1,173,098	863
Past due 31-90 days	159,423	20,651	257,234	64,974
Past due 91-180 days	1,353	1,353	875,843	817,171
Past due 181-365 days	7,419	7,419	8,183,291	7,902,431
Over 1 year	10,252,668	9,794,271	998,810	888,413
	10,815,441	9,913,016	11,488,275	9,673,852

The credit risk for bank balances is considered to be negligible, since the counterparties are reputable banks and institutions with high quality external credit ratings. The credit quality of bank balances that are neither past due nor impaired can be assessed with reference to external credit ratings as follows:

	Rating agency	Short term	Long term
Islamic Banks			
Al Baraka Bank Pakistan Limited	PACRA	A1	A
Bank Islami Pakistan Limited	PACRA	A1	A+
Meezan Bank Limited	JCR- VIS	A-1+	AAA
MCB Islamic Bank Limited	PACRA	A1	A
Dubai Islamic Bank Pakistan	JCR- VIS	A-1+	AA
Conventional banks			
Industrial and Commercial Bank of China	Moody's	N/A	
Askari Bank Limited	PACRA	A1+	AA+
Allied Bank Limited	PACRA	A1+	AAA
Bank Al Falah Limited	PACRA	A1+	AA+

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

	Rating agency	Short term	Long term
Bank of Khyber	JCR-VIS	A-1	A+
Bank of Punjab	PACRA	A1+	AA+
Faysal Bank Limited	JCR-VIS	A-1+	AA
First Women Bank Limited	PACRA	A2	A-
MCB Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	JCR- VIS	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Habib Bank Limited	JCR- VIS	A-1+	AAA
SAMBA Bank Limited	JCR- VIS	A-1	AA
Silk Bank Limited	JCR- VIS	A-2	A-
Sindh Bank Limited	JCR- VIS	A-1	A+
Summit Bank Limited	JCR- VIS	Suspended	
United Bank Limited	JCR- VIS	A-1+	AAA
Pak China Investment Company Limited	JCR- VIS	A-1+	AAA
Pak Oman Investment Company Limited	JCR- VIS	A-1+	AA+
PAIR Investment Company Limited	PACRA	A1+	AA

50.1.3 Liquidity risk

Liquidity risk reflects the Company's inability of raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customers. The Company's financial liabilities have contractual maturities as summarized below:

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

	2021		
	Within one year	Over one year	Total
	----------------- Rupees in '000 -----------------		
Long term finances	**2,216,478**	**11,420,937**	**13,637,415**
Trade and other payable	**29,748,902**	**-**	**29,748,902**
Unclaimed dividend	**356,930**	**-**	**356,930**
Mark-up accrued	**7,309,609**	**-**	**7,309,609**
Short-term borrowings	**37,280,935**	**-**	**37,280,935**
	76,912,854	**11,420,937**	**88,333,791**

	2020-Restated		
	Within one year	Over one year	Total
	----------------- Rupees in '000 -----------------		
Long term finances	1,433,308	12,314,364	13,747,672
Trade and other payables	36,909,962	-	36,909,962
Accrued mark-up and profit	2,295,006	-	2,295,006
Unclaimed dividend	357,249	-	357,249
Short-term borrowings	33,054,245	-	33,054,245
	74,049,769	12,314,364	86,364,133

Banking expsure as of December 31, 2021 is as follows:

Financial Institutions	Long term financing	Short term borrowing	Finance lease	Letter of credit	Total principal	Accrued mark up	Total exposure including markup
	-------------------------	-------------------------	Rupees in '000	-------------------------			
National Bank of Pakistan	8,251,682	10,433,121	110,174	-	18,794,977	3,345,243	22,140,220
Habib Metropolitan Bank Ltd	-	3,798,988	62,859	-	3,861,847	459,786	4,321,633
Habib Bank Ltd	-	3,605,955	178,977	1,525,089	5,310,021	7,372	5,317,393
Meezan Bank Ltd	1,775,139	2,295,000	-	-	4,070,139	468,183	4,538,322
Askari Bank Ltd	-	2,046,963	32,527	1,288,034	3,367,524	65,728	3,433,252
Bank of Punjab	887,570	1,999,729	-	-	2,887,299	452,507	3,339,806
Sindh Bank Ltd	-	2,022,766	-	-	2,022,766	259,303	2,282,069
Faysal Bank Ltd	-	1,756,505	-	-	1,756,505	524,133	2,280,638
Bank of Khyber	-	1,806,124	-	-	1,806,124	250,463	2,056,587
Bank Alfalah Ltd	798,813	969,241	-	-	1,768,054	225,323	1,993,377
Al Baraka Bank Ltd	-	1,781,500	-	-	1,781,500	345,999	2,127,499
BankIslami Pakistan Ltd	710,056	840,025	-	-	1,550,081	227,266	1,777,347
Dubai Islamic Bank Pakistan Ltd	621,298	655,900	-	-	1,277,198	182,195	1,459,393
Samba Bank Ltd	-	972,823	-	-	972,823	139,811	1,112,634
United Bank Ltd	-	746,862	-	-	746,862	88,408	835,270
First Women Bank Ltd	-	665,147	-	-	665,147	23,512	688,659
Summit Bank Ltd	-	483,139	-	-	483,139	64,114	547,253
MCB Bank Ltd	-	401,147	-	-	401,147	111,115	512,262
First Habib Modaraba	-	-	95,037	-	95,037	-	95,037
Pakoman Investment Co. Ltd	92,857	-	-	-	92,857	10,045	102,902
Sukuk	500,000	-	-	-	500,000	56,404	556,404
	13,637,415	37,280,935	479,574	2,813,123	54,211,047	7,306,910	61,517,957

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

50.1.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Group's activities, either internally within the Group or externally at the Group's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Group's activities.

The Group's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Group. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

The Group's operational cash flows and financial conditions could also be negatively affected by the following:

a) If employees are quarantined as the result of exposure to COVID-19, this could result in disruption of operations and impact economic activity.

b) Similarly, operational issues resulting from the rapid spread of COVID-19 in Pakistan may have a material effect on our business and results of operations.

The COVID-19 pandemic produced substantial and unprecedented economic and social disruptions starting March 2020. This circumstance caused numerous business and financial issues in Pakistan. The lockdown, however, excluded companies involved in the purchase, storage, and selling of petroleum and related products from operating in strict accordance with mandatory Standard Operating Procedures (SOPs). The Group's sales, storage and business offices have thus continued to operate. However, COVID-19 has predominantly harmed the Group due to extraordinary global oil price instability, massive inventory write-downs to NRV, and a dramatic fall in sales demand.

51. CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board's policy is to maintain a strong capital base so as to maintain investors', creditors' and market's confidence and to sustain future development of the business, safeguard the Group's ability to continue as going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board monitor the return on capital, which the Group defines as net profit/(loss) after tax divided by total shareholders' equity. The Board also monitor the level of dividend to ordinary shareholders subject to the availability of funds.

The Group finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

	Note	2021	Restated 2020
		----------- Rupees '000 -----------	
Total interest bearing debt		51,337,362	47,533,464
Trade and other payables		29,748,902	36,909,962
Accrued mark-up and profit	28	7,309,609	2,295,006
Less: cash and bank balances	19	(1,333,265)	(3,301,861)
Deficit of net cash over debt/ net debt		87,062,608	83,436,571
Total shareholders' deficit		(47,485,268)	(46,279,964)
Net equity		39,577,340	37,156,607
Gearing ratio		219.98%	224.55%

52. STAFF RETIREMENT BENEFITS

	Note	2021	2020
HPL gratuity fund	52.1	173,222	162,594
HPL provident fund	52.2	-	-

52.1 The Group operates an approved gratuity fund for its employees who have completed the employment period of 5 years. Provision is created for the benefit of the scheme on the basis of actuarial valuations. Number of eligible employees covered in fund are 213 (2020: 222).

52.1.1 Movement in liability recognized in consolidated statement of financial position

	Note	2021	2020
		----------- Rupees '000 -----------	
Present value of defined benefit obligations		176,171	163,158
Fair value of plan assets		(2,949)	(564)
Statement of financial position liability		173,222	162,594

52.1.2 Movement in liability recognized in consolidated statement of financial position

	Note	2021	2020
Net liability as at January 01,		163,158	286,844
Expense recognized in statement of profit or loss	52.1.5	45,853	80,611
Contributions made during the year		(12,673)	(130,605)
Remeasurement loss recognized in statement o other comprehensive income	52.1.6	(20,167)	(73,692)
Net liability as at December 31,		176,171	163,158

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

	2021	2020
	----------- Rupees '000 -----------	
52.1.3 Movement in present value of the defined benefit obligation		
Present value of defined obligation as at January 01,	163,158	286,844
Current service cost	31,326	46,898
Interest cost	14,527	33,714
Benefits paid	(12,673)	(130,605)
	196,338	236,851
Remeasurement gain	(20,167)	(73,693)
Present value of defined obligation as at December 31,	176,171	163,158
52.1.4 Movement in fair value of plan assets		
Fair value of plan assets at the beginning of the year	564	-
Expected return on plan assets	1,243	-
Contributions made by the Group	13,737	73,193
Benefits paid during the year	(9,852)	(31,023)
Benefits payable from the fund during the year	(2,820)	(41,697)
Remearsurements: Actuarial Gain	77	91
Fair value of plan assets at the end of the year	2,949	564
52.1.5 Expense recognized in the consolidated statement of profit or loss account		
Current service cost	31,326	46,898
Interest cost	14,527	33,714
	45,853	80,612
52.1.6 Remeasurement recognized in consolidated statement of comprehensive income		
Gain on remeasurement of defined benefit obligation	(20,244)	(73,784)
Impact of deferred tax	5,871	21,397
	(14,373)	(52,387)
52.1.7 Analysis of present value of defined benefit obligation		
Split by vested / non - vested		
(i) Vested benefits	114,606	118,228
(ii) Non-vested benefits	26,417	45,091
Split by benefits earned to date		
(i) Present value of guaranteed benefits	48,059	66,219
(ii) Present value of benefits attributable to future salary increase	92,965	97,100

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

	2021	2020
	----------- Rupees '000 -----------	
Expected distribution of timing of benefit payments time in years		
Within first year from the end of financial year	**6,060**	14,981
Within second years from the end of financial year	**8,104**	8,734
Within third years from the end of financial year	**8,526**	13,618
Within fourth years from the end of financial year	**11,344**	12,016
Within five years from the end of financial year	**23,833**	47,060
Within six to ten years from the end of financial year	**237,555**	188,274
Sensitivity analysis on significant actuarial assumptions on present value of defined benefit obligation		
Discount rate +1%	**127,743**	147,747
Discount rate -1%	**156,506**	181,626
Expected rate of salary increase +1%	**157,053**	182,269
Expected rate of salary increase -1%	**127,063**	146,944

	2021	2020
Maturity profile of present value of defined benefit obligation	----------- Percentage -----------	
Weighted average duration of the present value of defined benefit obligation (years)	**10.14**	10.75

	2021	2020
Key statistics		
Average age (time in years)	**39.69**	38.90
Average service (time in years)	**4.59**	4.56
Average entry age (time in years)	**35.10**	34.34
Retirement assumption age (time in years)	**60**	60
Mortality rates	**SLIC (2001-05)-1**	SLIC (2001-05)-1

The mortality rates are provided by the State Life Insurance Corporation of Pakistan (SLIC).

52.1.8 Historical information of staff retirement benefits

	2021	2020	2019	2018	2017
	Rupees in '000				
Present value of gratuity	**173,222**	162,594	286,844	250,593	188,825

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

52.1.9 The expected gratuity expense for the year ending December 31, 2022 works out to be Rs. 45.853 million.

52.1.10 Actuarial assumptions

The following significant assumptions were used in the valuation carried out at the balance sheet date using the projected unit credit method:

	2021	2020
	% per annum	
- Expected long-term rate of increase in salary level	12.25	10.25
- Discount rate	12.25	10.25

52.2 The Company operates approved provident fund for its eligible employees as of December 31, 2021. Details of assets and investments of the fund is as follows:

	Note	2021 Unaudited	2020 Unaudited
Size of fund - total net assets (Rupees in '000)		157,747	148,447
Number of members		201	201
Cost of investments made (Rupees in '000)		180,265	155,109
Percentage of investments made		100%	100%
Fair value of investments (Rupees in '000)	52.1	160,736	150,797

52.2.1 The break-up of fair value of investments is as follows:

	2021 Unaudited		2020 Unaudited	
	Investments (Rs in '000)	% of investment	Investments (Rs in '000)	% of investment
Saving bank accounts	55,265	34	25,109	17
Regular income certificates	-	-	20,836	14
Term finance certificate	89,300	56	89,300	59
Mutual fund	16,172	10	15,552	10
	160,736	100	150,797	100

52.2.2 Investments out of provident fund have been made in accordance with the provisions of section 218 of Companies Act, 2017 and applicable rules.

53. DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed with reference to circular no. 14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index.

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2021

S.No	Description	Explanation
(i)	Loans and advances	Non-interest bearing as disclosed in note 14.
(ii)	Deposits	Non-interest bearing as disclosed in note 11 and 15.
(iii)	Segment revenue	Disclosed in note 47.
(iv)	Bank balances	Placed under interest arrangement and Shariah permissible arrangement as disclosed in note 19.
(v)	Income on bank deposits	Placed under interest arrangement and Shariah permissible arrangementas disclosed in note 39.
(vi)	Loss on disposal of investment held at fair value through other comprehensive income	Disclosed in statement of other comprehensive income.
(vii)	Dividend income	Not applicable during the year.
(viii)	All sources of income	Disclosed in note 32, 33 and 39.
(ix)	Exchange gain	Not applicable during the year.
(x)	Mark up paid on Islamic mode of financing	Disclosed in note 40.
(xi)	Relationship with banks having Islamic windows	Following is the list of banks with which the Company has a relationship with Islamic window of operations:

S.No	Names of Islamic bank
1	Al Baraka Bank Pakistan Limited
2	Bank Islami Pakistan Limited
3	Meezan Bank Limited
4	MCB Islamic Bank Limited
5	Dubai Islamic Bank Pakistan

54. COMPARATIVE FIGUERS

Items presented in these unconsolidated statement of financial position as at December 31, 2020 have been reclassified to confirm to current year's presentation and for detail refer note 4.

55. NUMBER OF EMPLOYEES

	2021	2020
Total number of employees as at year end	321	342
Average number of employees during the year	332	473

56. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements have been authorized for issue on 23rd August 2022, by the Board of Directors of the Group.

Chief Executive Officer   Chief Financial Officer   Director

FORM OF PROXY
20TH ANNUAL GENERAL MEETING

The Company Secretary
Hascol Petroleum Limited
29th Floor, Sky Tower, West Wing (Tower A),
Dolmen City, Abdul Sattar Edhi Avenue, Block-4,
Clifton, Karachi.

I / We ________________________________ ________ of ____________________ ________________________ being member(s) of **Hascol Petroleum Limited** and holder of ____________________________________ ordinary shares as per Share Register Folio No. __________________________ and/or CDC Participant I.D. No. and Sub Account No. / IAS Account No. ____________, hereby appoint________________________________ of _____________________ or failing him / her _____________________________ of ______________________ as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on **Tuesday, 13th September 2022,** and at any adjournment thereof.
As witness my / our hands / seal this ________ day of _______________________2022.

Affix Rs. 5/- Revenue Stamp

Witness No.1

Name ______________________
Address ______________________
____
CNIC or Passport No. ______________________

Signature

____
(Signature should agree with the specimen signature registered with the Company)

Witness No.2

Name ______________________
Address ______________________
____
CNIC or Passport No. ______________________

Important

1. This proxy form, duly completed and signed, must be received at the registered office of the Company at 29th Floor, Sky Tower, West Wing (Tower A), Dolmen City, Abdul Sattar Edhi Avenue, Block-4, Clifton, Karachi., not less than 48 hours before the time of holding the Meeting.

2. Members are requested:
 (a) To affix Revenue Stamp of Rs. 5/- at the place indicatedabove; and
 (b) To sign across the Revenue Stamp in the same style of signature as is registered with the Company.

For CDC account holder(s) / corporate entities
In addition to the above the foll owing requirements have to be met:

i) the proxy form shall be witnessed by two persons whose names, addresses and CNIC / passport numbers shalbe stated on the form;

ii) attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form;

iii) the proxy shall produce his / heroriginal CNIC or original passport at the time of the meeting; and

iv) corporate entities should produce a certified copy of the resolution pertinent of its board of directors' meeting or a power of attorney bearing signature of the nominee at the time of the Meeting, unless it has been provided earlier.

پراکسی فارم

بیسویں سالانہ جنرل میٹنگ

کمپنی سیکریٹری

ہیسکول پیٹرولیم لمیٹڈ

29ویں منزل، اسکائی ٹاور، ویسٹ ونگ (ٹاور A)

ڈالمن سٹی، عبدالستار ایدھی ایونیو، بلاک 4

کلفٹن کراچی

میں /ہم ------------------------ --------- کا ------------------------ ہیسکول پیٹرولیم لمیٹڈ کا ممبر اور اور ہولڈر
--- عام شیئرز بمطابق شیئر رجسٹر فولیو نمبر ---------------- اور سی ڈی سی میں شریک آئی ڈی
نمبر اور سب اکاؤنٹ نمبر/ آئی اے ایس اکاؤنٹ نمبر --------------- کے ذریعے تقرری ---------------- کا -------------------- اسے
ناکام کرنے والا/ والی -------------------------- کا -------------------- بطور میری/ ہماری غیر موجودگی میں میرے/ ہماری پراکسی کی
سالانہ جنرل میٹنگ میں میری/ہماری طرف سے ووٹ دیں جو کہ منگل 13 ستمبر 2022 کو منعقد کی جارہی ہے۔

بطور گواہ میرے/ہمارے ہاتھ/اس پر مہر لگائیں ------- دن ------------ 2022۔

گواہ نمبر (۱)

نام: --------------------------

پتہ: --------------------------

شناختی کارڈ یا پاسپورٹ نمبر --------------

دستخط

دستخط کمپنی کے ساتھ رجسٹرڈ

نمونہ دستخط سے متفق ہونا چاہیے

چسپاں کریں 5 روپے ریونیو اسٹامپ

گواہ نمبر (۲)

نام: --------------------------

پتہ: --------------------------

شناختی کارڈ یا پاسپورٹ نمبر --------------

ضروری احکامات

۱۔ یہ پراکسی فارم صحیح طریقے سے مکمل ہو کر دستخط کے ساتھ کمپنی کے رجسٹرآفس 29ویں منزل، اسکائی ٹاور، ویسٹ ونگ (ٹاور A)، ڈالمن سٹی، عبدالستار ایدھی ایونیو، بلاک 4 کلفٹن کراچی میں موصول ہونا چاہے، مزید یہ کہ مندرجہ بالا فارم میٹنگ سے 48 گھنٹے قبل موجود ہونا چاہیے۔

۲۔ ممبران سے درخواست ہے۔

(ا) مندرجہ بالا دیئے گئے خانے میں 5 روپے والا ریونیو اسٹامپ چسپاں کریں۔

(ب) ریونیو اسٹامپ کے ساتھ دی گئی جگہ پر اپنے دستخط کریں، دستخط کمپنی کے ساتھ رجسٹرڈ نمونہ دستخط سے متفق ہونا چاہیے۔

سی ڈی سی اکاؤنٹ ہولڈرز/کارپوریٹ ادارے

مذکورہ بالا احکامات کے علاوہ درج ذیل تقاضوں کو بھی پورا کرنا لازمی ہوگا

۱۔ پراکسی فارم پر دو گواہان کا ہونا لازمی ہوگا جن کے دستخط، نام، پتہ، شناختی کارڈ یا پاسپورٹ نمبر فارم پر درج کیے جائیں گے۔

۲۔ مالک انتفامی کی تصدیق شدہ شناختی کارڈ/ پاسپورٹ کی کاپی فارم کے ساتھ منسلک ہونا لازمی ہیں۔

۳۔ میٹنگ کے وقت پراکسی اپنا اصل شناختی کارڈ/ پاسپورٹ پیش کرنے کا پابند ہوگا/ ہوگی۔

۴۔ کارپوریٹ اداروں کو اپنے بورڈ آف ڈائریکٹرز کی میٹنگ کے متعلقہ قرارداد کی تصدیق شدہ کاپی یا پاور آف آٹارنی جس میں امیدار کے دستخط میٹنگ کے وقت کے ساتھ موجود ہوں پیش کرنا لازمی ہوگی۔

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