BUILDING AN ENERGY FUTURE TOGETHER

ANNUAL REPORT 2020
SHELL PAKISTAN LIMITED

TOWARDS A BETTER **TOMORROW**

Shell believes in building a sustainable energy future for Pakistan, working in collaboration with the government, energy industry and society.

As one of the oldest multinationals in Pakistan, with a legacy of over 120 years in the South Asian region, Shell partners with the nation on powering progress and driving innovation.

It is one of the most recognised brands in the country and prioritises health, safety and environment practices in all operations with people, assets and the communities it operates in while remaining committed to meeting the country's growing energy demand.

Shell is committed to bringing the best to Pakistan in energy technology and innovation from across the world. Together, let's take steps today to build the energy future for tomorrow.

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GOVERNANCE & COMPLIANCE

OUR PERFORMANCE

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FUELLING INNOVATION

For more than 10 years, Pakistan student teams have been representing the nation and competing in one of the world's leading engineering innovation competitions – Shell Eco-marathon. Inspiring young innovators to think about smarter mobility, the competition challenges students from around the world to design, build, test and drive the most energy-efficient vehicle.

One of the Pakistani student teams competing in the last Shell Eco-marathon competition designed and drove a car that traveled 72 km/litre. This is just one of the achievements of Pakistani student teams competing at Shell Eco-marathon events since 2010. We can't wait to see what Pakistan's innovative youth make this year.

Moving people and goods safely, efficiently and cleanly is vital to economic prosperity. Shell Eco-marathon brings to life our mission of powering progress together by providing more and cleaner energy solutions.

COMPANY INFORMATION

BOARD OF DIRECTORS	Rafi H. Basheer (Chairperson) Haroon Rashid Parvez Ghias Imran R. Ibrahim Madiha Khalid Zaffar A. Khan John King Chong Lo Amir R. Paracha Waqar I. Siddiqui Badaruddin F. Vellani Faisal Waheed
CHIEF EXECUTIVE	Haroon Rashid
AUDIT COMMITTEE	Imran R. Ibrahim (Chairperson) Rafi H. Basheer Badaruddin F. Vellani
HUMAN RESOURCE AND REMUNERATION COMMITTEE	Zaffar A. Khan (Chairperson) Parvez Ghias Haroon Rashid Waqar I. Siddiqui
COMPANY SECRETARY	Lalarukh Hussain – Shaikh
REGISTERED OFFICE	Shell House 6, Ch. Khaliquzzaman Road Karachi–75530 Pakistan
AUDITORS	EY Ford Rhodes
LEGAL ADVISORS	Vellani & Vellani Advocates & Solicitors
REGISTRAR & SHARE REGISTRATION OFFICE	FAMCO Associates (Pvt) Ltd. 8-F, next to Hotel Faran, Nursery Block-6, P.E.C.H.S. Shahra-e-Faisal Karachi-75400

VISION

TO BE THE NUMBER ONE ENERGY COMPANY IN PAKISTAN

STATEMENT OF GENERAL BUSINESS PRINCIPLES

The Shell General Business Principles govern how each of the Shell companies which make up the Shell Group conducts its affairs.

LIVING BY OUR VALUES

The objectives of each of the Shell companies which make up the Shell Group are to engage efficiently, responsibly and profitably in oil, gas, chemical and other selected businesses and to participate in the search for and development of other sources of energy to meet evolving customer needs and the world's growing demand for energy.

We seek a high standard of performance, maintaining a strong long-term and growing position in the competitive environments in which we choose to operate. We aim to work closely with our customers, partners and policy-makers to advance more efficient and sustainable use of energy and natural resources.

The application of these principles is underpinned by a comprehensive set of assurance procedures, which are designed to make sure that our employees and business partners understand the principles and confirm that they act in accordance with them. The Business Principles have for many years been fundamental to how we conduct our business and living by them is crucial to our continued success.

OUR CORE VALUES

HONESTY INTEGRITY RESPECT

OUR BUSINESS PRINCIPLES

- ECONOMIC
- COMPETITION
- BUSINESS INTEGRITY
- POLITICAL ACTIVITIES
- HEALTH, SAFETY, SECURITY AND THE ENVIRONMENT
- LOCAL COMMUNITIES
- COMMUNICATION AND ENGAGEMENT
- COMPLIANCE

OUR VALUES

Shell employees share a set of core values – honesty, integrity and respect for people. We also firmly believe in the fundamental importance of trust, openness, teamwork and professionalism, and pride in what we do.

SUSTAINABLE DEVELOPMENT

As part of the Business Principles, we commit to contribute to sustainable development. This requires balancing short and long term interests, integrating economic, environmental and social considerations into business decision-making.

RESPONSIBILITIES

Shell recognizes five areas of responsibility. It is the duty of management continuously to assess the priorities and discharge these inseparable responsibilities on the basis of that assessment.

a. To shareholders

To protect shareholders' investment, and provide a long-term return competitive with those of other leading companies in the industry.

b. To customers

To win and maintain customers by developing and providing products and services which offer value in terms of price, quality, safety, environmental and commercial expertise.

c. To employees

To respect the human rights of our employees and to provide them with good and safe working conditions and competitive terms and conditions of employment. To promote the development and best use of the talents of our employees, to create an inclusive work environment where every employee has an equal opportunity to develop his or her skills and talents. To encourage the involvement of employees in the planning and direction of their work and to provide them with channels to report concerns. We recognize that commercial success depends on the full commitment of all employees.

d. To those with whom we do business

To seek mutually beneficial relationships with contractors, suppliers and in joint ventures and to promote the application of these Shell General Business Principles or equivalent principles in such relationships. The ability to promote these principles effectively will be an important factor in the decision to enter into or remain in such relationships.

e. To society

To conduct business as responsible corporate members of 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.

PRINCIPLE 1: ECONOMIC

Long-term profitability is essential to achieving our business goals and to our continued growth. It is a measure both of efficiency and of the value that customers place on Shell products and services. It supplies the necessary corporate resources for the continuing investment that is required to develop and produce future energy supplies to meet customer needs. Without profits and a strong financial foundation, it would not be possible to fulfil our responsibilities.

Criteria for investment and divestment decisions include sustainable development considerations (economic, social and environmental) and an appraisal of the risks of the investment.

PRINCIPLE 2: COMPETITION

Shell companies support free enterprise. We seek to compete fairly and ethically and within the framework of applicable competition laws; we will not prevent others from competing freely with us.

PRINCIPLE 3: BUSINESS INTEGRITY

Shell companies insist on honesty, integrity and fairness in all aspects of our business and expect the same in our relationships with all those with whom we do business. The direct or indirect offer, payment, soliciting or acceptance of bribes in any form is unacceptable.

Facilitation payments are also bribes and must not be made. Employees must avoid conflicts of interest between their private activities and their part in the conduct of company business. Employees must also declare to their employing company potential conflicts of interest. All business transactions on behalf of a Shell company must be reflected accurately and fairly in the accounts of the company in accordance with established procedures and are subject to audit and disclosure.

PRINCIPLE 4: POLITICAL ACTIVITIES

A. Of companies

Shell companies act in a socially responsible manner within the laws of the countries in which we operate in pursuit of our legitimate commercial objectives.

Shell companies do not make payments to political parties, organizations or their representatives. Shell companies do not take part in party politics. However, when dealing with governments, Shell companies have the right and the responsibility to make our position known on any matters which affect us, our employees, our customers, our shareholders or local communities, in a manner which is in accordance with our core values and the Business Principles.

B. Of employees

Where individuals wish to engage in activities in the community, including standing for election to public office, they will be given the opportunity to do so where this is appropriate in the light of local circumstances.

PRINCIPLE 5: HEALTH, SAFETY, SECURITY AND THE ENVIRONMENT

Shell companies have a systematic approach to health, safety, security and environmental management in order to achieve continuous performance improvement.

To this end, Shell companies manage these matters as critical business activities, set standards and targets for improvement, and measure, appraise and report performance externally.

We continually look for ways to reduce the environmental impact of our operations, products and services.

PRINCIPLE 6: LOCAL COMMUNITIES

Shell companies aim to be good neighbors by continuously improving the ways in which we contribute directly or indirectly to the general wellbeing of the communities within which we work.

We manage the social impacts of our business activities carefully and work with others to enhance the benefits to local communities, and to mitigate any negative impacts from our activities.

In addition, Shell companies take a constructive interest in societal matters directly or indirectly related to our business.

PRINCIPLE 7: COMMUNICATION AND ENGAGEMENT

Shell companies recognize that regular dialogue and engagement with our stakeholders is essential. We are committed to reporting of our performance by providing full relevant information to legitimately interested parties, subject to any overriding considerations of business confidentiality.

In our interactions with employees, business partners and local communities, we seek to listen and respond to them honestly and responsibly.

PRINCIPLE 8: COMPLIANCE

We comply with all applicable laws and regulations of the countries in which we operate.

CHAIRPERSON'S REVIEW

FOR THE YEAR ENDED DECEMBER 31, 2020

Dear Shareholders,

On behalf of the Board of Directors of Shell Pakistan Limited, I would like to share the results of your Company for the fourth quarter and year ended December 31, 2020.

Your Company continued to focus on its strategic priorities and operational excellence in the quarter and despite the macro-economic challenges in the country, successfully delivered a profit after tax of Rs. 1,240 million for the fourth quarter of 2020.

For the overall performance of the Company for 2020, the second half of the year saw a significant recovery with a profit after tax of Rs. 3,052 million after a very tough first half of the year which was primarily driven by the unprecedented impact of the coronavirus pandemic with nationwide lockdown measures enforced by the Government including countrywide closure of non-essential businesses, factories and public transport resulting in declining fuels market. This was compounded by volatility in international oil prices. As a result of these events, your Company's financial results were heavily impacted, and despite the recovery in the second half of the year, your Company has suffered a net loss after tax of Pakistani Rupee 4,821 million for the year ended December 31, 2020.

In these difficult times, we also recognize the governments initiative taken in September 2020 for switching the frequency of the petroleum pricing mechanism of the country from monthly to fortnightly and also basing the same on the Arab Gulf Mean oil prices published in Platts Oilgram. This is a very welcome change for the industry as it ensures fair competition and alignment of fuel prices with international pricing trends and smooths out volatility. This year also saw the government upgrade the fuel (Diesel and MOGAS) grade to Euro-V standards from Euro-II standards which was introduced in 2016-17. This will pave way for cleaner air quality for Pakistan by reducing motor vehicle emissions.

Being one of the leading Oil Marketing Company (OMC) in Pakistan in terms of compliance with Health, Safety, Security and Environment (HSSE) standards, your Company continues to ensure safe operations across the business by continuing its relentless focus on ensuring safety at all its sites and is committed to inculcating a culture of safety through ongoing engagements, drills, and workshops with staff, business partners, and industry partners; thereby playing an industry leading role in terms of safety advocacy.

Throughout the year, the Board of Directors provided leadership to steer your Company through challenging times while ensuring implementation of an effective and robust system of corporate governance.

Lubricants

Lubricants business continues to be a key contributor to your Company's overall business. During the last quarter of 2020, lubricants business marked a significant growth compared to the previous quarter and as compared to the same quarter last year.

As the economic activity is picking up, Shell Rimula in light of its decade long legacy resumed consumer engagements once again starting from Hyderabad belt and extending across Pakistan with the start of the agriculture season, with an effort to keep the brand alive in the hearts and minds of the consumers and give Shell Pakistan Limited (SPL) confidence to start the year 2021 on a positive note.

Retail

In 2020, your Company focused on making life's journeys better for our customers while growing the network and delivering an unparalleled forecourt experience. Your Company launched Specialist Motor Oils, Shell Helix POWER and Shell Helix PROTECT, co-engineered with Shell V-Power, to retain power and revitalize engines. During the year, your Company further built on its strong foundation of Non-fuel retailing through new and exciting integrated offers to captivate customers and signed partnerships on key retail sites with Wall's, Lay's, Pakistan Tobacco Company, Kellogg's, LU, Red Bull, and Loacker.

Safety being the forefront of our focus, your Company took various initiatives to generate awareness and safeguard the well-being of site staff amidst the COVID-19 pandemic, equipping them to keep sites clean and ensuring customer safety – becoming the first market in the Global Shell world to launch this initiative. Your Company also entered into a collaboration with Unilever's antibacterial soap brand Lifebuoy and joined hands with Domex to disinfect Shell Retail stations. With the need for increased focus on hygiene and contactless services on the rise, your Company has launched 'Shell @ Home' in three cities for the convenience of customers, providing oil change, car wash, cabin disinfection, tyre care and other valuable services at the doorstep. Owing to increased reliance on digital services due to COVID-19, our delivery partner foodpanda now has 15 Shell Selects online with more in the pipeline. Over 12000+ customers have been served so far with a healthy basket size. For our local law enforcement agencies, medical staff and Captains of our Road Transport network, free sanitizer and snacks were distributed at our Shell Select stores. To show solidarity with the country's frontline, your Company has given free fuel vouchers to Aga Khan University Hospital (AKUH) and the National Disaster Management Authority (NDMA).

Your company made more than 30 stores operational on Select Brand Standards. Your Company collaborated with VISA to go cashless on selected sites in our network. Your company reduced the electricity consumption at selected sites by installing RVIe (Retail Visual Identity Elements) and ensured safety of operations by fixing decantation earthing points as well.

Your Company keeps a sharp focus on driving safe Retail operations for the benefit of our retailers and customers and despite the macro-economic challenges during 2020, your Company closed the fourth quarter with the highest sales ever for Shell V-Power in December. Our lubricants portfolio also experienced a volume increase versus last year.

Social Investment

Shell Tameer in collaboration with NED University launched its first virtual bootcamp; 34 aspiring entrepreneurs were trained on seven e-modules of enterprise development and five business ideas were recognized that stood out for energy innovation, education, automobile services and artificial intelligence. In the year, 22 formal and informal businesses from the energy and non-energy sector were supported and through these young start-ups, 108 jobs were created in the country. Three Shell Tameer entrepreneurs from Pakistan won the Shell Global Innovation Award amongst 136 entries from 15 countries around the world. The award package included prize money, mentoring support from a global Shell expert and the opportunity to benefit from Shell market linkages.

In continuation of our investment in our communities where we operate, last year in partnership with the National Rural Support Program your Company had implemented an Access to Energy Project in Southern Punjab, where we have provided clean energy solutions. This year we added one more solar powered tube well for increased uninterrupted water supply and productivity and renovated the local solar powered flour mill of the village. This has positively impacted income levels and lifestyles on a sustained basis. The families that have switched to clean-cook stoves have reported a 30% reduction in respiratory illnesses. The objective of this project is to make it financially viable on a sustained basis for eventual handing over to a community-based organization, which makes this model a potential, for being replicated across other villages for wider impact.

Receivables, financing costs & taxation

The finances of your Company continue to be affected by the heavy burden resulting from overdue receivables from the Government of Pakistan. Your Company continues to incur financing costs on bank borrowing required to fund these receivables. However, we appreciate the Government's initiative to reduce the interest rates to ease the impact on businesses, with the announcement of the monetary policy at the end of November 2020, the Government has maintained the reduced policy rate at 7%. As at December 31, 2020, total outstanding receivables stand at Rs. 5,331 million. Your Company's management continues its efforts of proactive and regular engagement with relevant Government authorities for the recovery of receivables, drive for efficient business, and ensure our ability to continue to invest in growth opportunities in Pakistan.

The Government of Pakistan through the Finance Act 2019 increased the minimum tax rate applicable to Oil Marketing Companies by 0.25%. Due to the minimum tax regime, the Company pays Corporate Tax even if it makes a loss for the period and this unfairly adds to the cost of the Company with no increase in the regulated margins. This minimum tax on turnover mechanism is punitive in nature for our industry and results in our effective tax rate being well in excess of the standard 29% corporate rate of income tax. We continue our discussions with tax authorities to bring the oil and gas sector in line with allowances and lower rates that are extended to other similarly regulated sectors in Pakistan. Your Company is hopeful for a change in the taxation regime and looks forward to early action by the authorities to resolve this major issue.

Going forward

The management remains committed to maintaining sharp focus on improving the financial performance of your Company, with a baseline of driving towards attaining Goal Zero in its safety performance.

To ensure the continued sustainability and growth of the Company in future years, the Board of Directors of your Company in their meeting held on December 9, 2020 decided to issue right shares in the ratio of 1 right share for every 1 share held at a value of PKR 108 per share (premium of Rs. 98 per share) to its existing shareholders. The right issue is expected to provide a healthy financial and cash position of the Company which is essential to meet its working capital requirements and provide support to implement the Company's business plans as well as enhance shareholders' value by offering the right shares below market value. We expect the rights process to be completed by the first quarter of 2021.

Your Board of Directors and the Company's management will continue to actively work to minimizing the impact of the current challenges and capture all opportunities to ensure the Company is well placed to provide a return and to play a key role in developing Pakistan's energy future. We thank our shareholders, customers, staff and all other stakeholders for their dedication, sustained support and trust in the Company as we continue our journey in becoming the number one energy Company in Pakistan.

Rafi H. Basheer
Chairperson

چیئرپرسن کا تجزیہ

31 دسمبر 2020ء کو اختتام پذیر ہونے والے سال کے لیے

عزیز شیئر ہولڈرز

شیل پاکستان لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے، میں 31 دسمبر 2020ء کو اختتام پذیر ہونے والے سال کے لیے آڈٹ شدہ مالی گوشوارے پیش کرنا چاہوں گا۔

دورانِ سہ ماہی آپ کی کمپنی کی توجہ اپنی اسٹریٹجک ترجیحات اور آپریشنل فضیلت پر مرکوز رہی اور ملک میں موجود کلی معاشی دشواریوں کے باوجود، ہم نے 2020ء کی چوتھی سہ ماہی میں کامیابی کے ساتھ 1240 ملین روپے کا منافع بعد از ٹیکس حاصل کیا۔

2020 کے لیے کمپنی کی مجموعی کارکردگی میں، سال کی دوسری ششماہی کے دوران 3052 ملین روپے کے نفع بعد از ٹیکس کے ساتھ نمایاں بحالی دیکھنے میں آئی جبکہ سال کی پہلی ششماہی خاصی دشوارکُن تھی جس کی بنیادی وجہ ملک بھر میں لاک ڈاؤن کے اقدامات کے ساتھ غیر اہم کاروباری اداروں، فیکٹریوں اور عوامی نقل و حمل کی بندش تھی جس کے نتیجے میں فیول کی منڈی روبہ زوال رہی۔ تیل کی بین الاقوامی قیمتوں میں اتار چڑھاؤ سے اس میں اضافہ ہوا۔ ان واقعات کے نتیجے میں، آپ کی کمپنی کے مالی نتائج پر بہت زیادہ اثر پڑا، اور سال کی دوسری ششماہی میں بحالی کے باوجود، آپ کی کمپنی کو 31 دسمبر 2020ء کو ختم ہونے والے سال کے لیے 821،4 ملین روپے کے بعد از ٹیکس خالص نقصان کا سامنا کرنا پڑا۔

ان دشوار حالات میں، ہم ستمبر 2020 میں ملک میں پٹرولیم قیمتوں کے طریقہ کار کی فریکوینسی کو ماہانہ سے لے کر پندرہ ایام تک تبدیل کرنے اور ان کی پلیٹس آئل گرام میں شائع ہونے والے عرب گلف مین آئل کی قیمتوں پر اساس بندی کے حکومتی اقدام کو تسلیم کرتے ہیں۔ یہ صنعت کے لیے بہت خوش آئند تبدیلی ہے کیونکہ یہ فیول کی قیمتوں میں منصفانہ مسابقت اور ہم آہنگی کو بین الاقوامی قیمتوں کے رجحانات کے ساتھ یقینی بناتا ہے اور قانونی قیمتوں کا تعین کرنے والے طریقہ کار جس کا انحصار خریدی گئی کنسائمنٹ کی تاریخوں پر ہوتا ہے، کی وجہ سے ہونے والے اتار چڑھاؤ کو کم کرتا ہے۔ اس سال حکومت نے فیولز (ڈیزل اور موگیس) گریڈ کو یورو II کے معیار سے بڑھا کر یورو V کے معیار پر اپ گریڈ کر دیا جس کو 2016-17ء میں متعارف کرایا گیا تھا۔ اس سے موٹر گاڑیوں کے اخراج کو کم کر کے پاکستان کے لیے صاف ستھری ہوا کے معیار کی راہ ہموار ہوگی۔

صحت، سیفٹی، سیکورٹی اور ماحول (HSSE) کے معیارات کے لحاظ سے پاکستان میں صفِ اول کی آئل مارکیٹنگ کمپنی (OMC) ہونے کے ناتے، آپ کی کمپنی نے اپنی تمام سائٹوں پر حفاظت کو یقینی بنانے پر لگاتار توجہ مرکوز رکھی اور پاکستان بھر میں اپنے کاروبار کے محفوظ آپریشنز کو یقینی بنانے پر اپنی توجہ مرکوز کرتے ہوئے صنعت میں ممتاز مقام برقرار رکھا، نیز اپنے عملے، کاروباری شراکت داروں، اور صنعت کے شراکت داروں کے ساتھ مستقل انہماک، مشقوں اور ورکشاپس کے ذریعے سیکورٹی کے کلچر کو فروغ دینے کے لیے پرعزم ہے؛ اس طرح ہم سیفٹی اور مطابقت کے معیارات کے لحاظ سے صنعت میں نمایاں کردار ادا کر رہے ہیں۔

دورانِ سال، بورڈ آف ڈائریکٹرز نے کارپوریٹ گورننس کے موثر اور مضبوط نظام کے نفاذ کو یقینی بناتے ہوئے دشوارکُن حالات میں آپ کی کمپنی کو چلانے کے لیے قیادت فراہم کی۔

لبریکینٹس

لبریکینٹس شیل پاکستان کے مجموعی کاروبار کے کلیدی عامل بنے رہے۔ 2020ء کی گذشتہ سہ ماہی اور گذشتہ برس کی اسی سہ ماہی کے مقابلے میں اس سہ ماہی کے دوران لبریکینٹس کے کاروبار میں نمایاں اضافہ ہوا۔

چونکہ معاشی سرگرمی عروج پر ہے،شیل ریمولا نے ایک دہائی پر محیط اپنی ساکھ کی روشنی میں ایک بار پھر صارفین کی توجہ اپنی طرف مبذول کروالی، جس کا آغاز حیدرآباد بیلٹ سے ہوتے ہوئے زرعی موسم کے آغاز کے ساتھ ہی یہ پورے پاکستان میں پھیل رہا ہے،تاکہ برانڈ کو صارفین کے دلوں اور ذہنوں میں زندہ رکھنے کی کوشش کی جائے اور شیل پاکستان لمیٹڈ (ایس پی ایل) سال 2021ء کا آغاز مثبت طور پر پورے اعتماد کے ساتھ کرسکے۔

ریٹیل

آپ کی کمپنی نے پاکستان میں اپنے نیٹ ورک میں مسلسل اضافے اور صارفین کو بیمثال فورکورٹ کے تجربے کی فراہمی کے ساتھ ساتھ زندگی کے سفر کو بہتر بنانے پر توجہ مرکوز کی۔ آپ کی کمپنی نے شیل وی پاور کے ساتھ تیار کردہ، اسپیشلسٹ موٹر آئلز شیل ہیلکس پاور اور شیل ہیلکس پروڈکیٹ کا آغاز کیا، تاکہ انجن کو طاقت اور نئی زندگی مل سکے۔ آپ کی کمپنی نے صارفین کو متاثر کرنے کے لیے نئی اور پہلے سے مربوط ریٹیل آفرز کے ذریعے نان فیول ریٹیلنگ میں اپنی مضبوط بنیاد کو مزید بڑھایا اور اہم ریٹیل سائٹس پر والز، لیز، پاکستان ٹوبیکو کمپنی، کیلوگز، لُو، ریڈبُل اور لاؤکر کے ساتھ شراکت داری پر دستخط کیے۔

حفاظت کو اپنی توجہ کا مرکز رہی ہے اسی لیے، آپ کی کمپنی نے کووڈ19 وبائی مرض کے دوران آگاہی پیدا کرنے اور سائٹ عملے کی فلاح و بہبود کے لیے مختلف اقدامات کیے، انھیں سائٹوں کو صاف ستھرا رکھنے کے لیے لوازمات فراہم کرنے اور صارفین کی حفاظت کو یقینی بناتے ہوئے گلوبل شیل دنیا بھر میں اولین مارکیٹ بن گئی جس نے یہ اقدام کیا۔ آپ کی کمپنی نے یونی لیور کے اینٹی بیکٹیریل صابن برانڈ لائف بوائے کے ساتھ بھی باہمی اشتراک کیا اور شیل ریٹیل اسٹیشنوں کو جراثیم سے پاک کرنے کے لیے ڈومیکس کے ساتھ بھی اشتراک کیا۔ حفظان صحت اور بے رابطہ (contactless) خدمات پر توجہ بڑھانے کی ضرورت کے باعث، آپ کی کمپنی نے آئل کی تبدیلی، کارواش، کیبن کو جراثیم سے پاک کرنے، ٹائر کیئر اور دیگر قیمتی خدمات کی گھر کی دہلیز پر فراہمی کے حوالے سے صارفین کی سہولت کے لیے تین شہروں میں 'شیل@ہوم' شروع کیا ہے۔ کووڈ19 کے باعث ڈجیٹل خدمات پر انحصار بڑھنے کی وجہ سے ہمارا ترسیل کا پارٹنر فوڈ پانڈا، پر اب 15 شیل سلیکٹس موجود ہیں اور مزید اضافہ ہو رہا ہے۔ اب تک 12 ہزار سے زائد صارفین کو خدمات فراہم کی جاچکی ہیں۔ ہمارے مقامی قانون نافذ کرنے والے اداروں، میڈیکل اسٹاف اور ہمارے روڈ ٹرانسپورٹ نیٹ ورک کے کپتانوں کے لیے، ہمارے شیل سلیکٹ اسٹورز پر مفت سینیٹائزر اور اسنیکس تقسیم کیے گئے۔ ملکی محاذ پر اظہارِ یکجہتی کے لیے، آپ کی کمپنی نے آغا خان یونیورسٹی ہسپتال (اے کے یو ایچ) اور نیشنل ڈیزاسٹر مینجمنٹ اتھارٹی کے لیے فیول کے مفت واؤچر دیے ہیں۔

آپ کی کمپنی نے سلیکٹ برانڈز اسٹینڈرز پر 30 سے زیادہ اسٹورز چلائے۔ آپ کے کمپنی نے ہمارے نیٹ ورک میں منتخب سائٹوں پر بے نقدی (cash less) خدمات کے لیے ویزا (VISA) کے ساتھ تعاون کیا۔ آپ کی کمپنی نے منتخب مقامات پر آر وی آئی ای (ریٹیل ویژول آئیڈنٹیٹی ایلیمینٹس) کی تنصیب سے بجلی کی کھپت کو کم کیا نیز نکاسی کے ارتھنگ پوائنٹس کو بھی درست کر کے آپریشنز کی سیفٹی کو یقینی بنایا۔

2020ء کے دوران کلی معاشی چیلنجوں کے باوجود آپ کی کمپنی ہمارے ریٹیلرز اور صارفین کے مفاد میں محفوظ ریٹیل آپریشنز کو چلانے پر زور دیتی رہی ہے لہٰذا، آپ کی کمپنی نے دسمبر میں چوتھی سہ ماہی کے لیے شیل وی-پاور کی اب تک کی سب سے زیادہ فروخت کی۔ ہمارے لبریکینٹس پورٹ فولیو میں بھی گذشتہ برس کے مقابلے میں مقدار میں اضافہ ہوا۔

سماجی سرمایہ کاری

شیل تعمیر نے این ای ڈی یونیورسٹی کے اشتراک سے اپنا پہلا ورچوئل بوٹ کیمپ لانچ کیا۔ انٹرپرائز ڈویلپمنٹ کے سات ای ماڈیولز پر 34 خواہش مند کاروباری افراد کو تربیت دی گئی جس میں پانچ کاروباری آئیڈیاز کو تسلیم کیا گیا جو توانائی کی جدت، تعلیم، آٹو موبائل خدمات اور مصنوعی ذہانت کے میدان میں قائم ہیں۔ دورانِ سال، توانائی اور غیر توانائی کے شعبے سے تعلق رکھنے والے 22 باضابطہ اور غیر رسمی کاروباری اداروں کی مدد کی گئی اور ان نوجوان کاروباریوں کے ذریعے ملک میں 108 ملازمتیں تخلیق کی گئیں۔ پاکستان سے تین شیل تعمیر کاروباری افراد نے دنیا کے 15 ممالک کی 136 انٹریز میں شیل گلوبل انوویشن ایوارڈ جیتا۔ ایوارڈ پیکیج میں انعامی رقم، عالمی شیل کے ماہر سے تربیتی رہنمائی اور شیل مارکیٹ کے رابطوں سے استفادے کا موقع شامل تھا۔

ہماری کمیونٹیز جن میں ہم کام کرتے ہیں، ان میں اپنی سرمایہ کاری کے تسلسل میں نیشنل رورل سپورٹ پروگرام کی شراکت سے آپ کی کمپنی نے جنوبی پنجاب میں توانائی کے منصوبے تک رسائی (Access to Energy Project) کا نفاذ کیا ہے، جس میں ہم نے ایک گاؤں کو کلین انرجی سولیوشنز فراہم کیے ہیں۔ اس سال ہم نے پانی کی بلاتعطل فراہمی اور پیداوار یت بڑھانے کے لیے ایک اور ٹیوب ویل لگایا اور گاؤں کی مقامی آٹا چکی کی مرمت کروائی۔ اس نے مستقل بنیادوں پر ان کی آمدنی کی سطح اور طرزِ زندگی پر پائیدار بنیادوں پر مثبت اثر ڈالا۔ جو خاندان کلین کُک اسٹوو پر منتقل ہوئے، ان میں سانس کی بیماریوں میں 30 فیصد کمی درج کی گئی۔ اس منصوبے کا مقصد اسے مستقل بنیادوں پر مالی اعتبار سے نمو پذیر بنانا ہے تاکہ بالآخر اس کی ذمہ داری کسی کمیونٹی پر مبنی تنظیم کے حوالے کر دیا جائے، جو وسیع تر اثرات کے ضمن میں دیگر دیہاتوں میں اسی نوعیت کی اصلاحات کے لیے ممکنہ ماڈل کا کام کرے گا۔

واجبات، مالی لاگتیں اور ٹیکس کا نظام

آپ کی کمپنی کی مالیات حکومتِ پاکستان کی جانب سے واجب الادا وصولیوں کے نتیجے میں پیدا ہونے والے بھاری بوجھ سے متاثر رہی ہے۔ آپ کی کمپنی ان واجبات کی فنڈنگ کے لیے مالکاری لاگتوں کے ضمن میں بینک سے قرضے پر انحصار کرتی رہی ہے۔ تاہم، ہم کاروباری اداروں پر اثرات میں بہتری کے لیے شرحِ سود میں کمی کے حکومتی اقدام کا خیر مقدم کرتے ہیں، جب نومبر 2020ء کے اختتام پر زری پالیسی اعلان میں حکومت نے 7 فیصد کے پست پالیسی ریٹ کو اس کی سطح پر برقرار رکھا۔ 31 دسمبر 2020ء تک حکومت کی جانب سے مجموعی واجب الوصول واجبات 5331 ملین روپے ہیں۔ واجبات کی بازیابی، موثر انداز میں کاروبار چلانے اور پاکستان میں ترقی کے مواقع پر سرمایہ کاری کو یقینی بنائے رکھنے کے لیے کمپنی کی انتظامیہ متعلقہ حکام سے فعال اور مستقل رابطہ جاری رکھے ہوئے ہے۔

حکومتِ پاکستان نے مالیات ایکٹ 2019ء کے ذریعے آئل مارکیٹنگ کمپنیوں پر قابلِ اطلاق کم سے کم ریٹ میں 0.25 فیصد اضافہ کیا۔ کم از کم ٹیکس کے نظام کی وجہ سے کمپنی اس مدت میں حاصل کیے گئے منافعوں کی سطح کے باوجود کارپوریٹ ٹیکس ادا کرتی ہے، جو ناجائز طور پر اس کے آپریٹنگ سود کو بڑھا دیتی ہے جبکہ باقاعدہ مارجنز میں کوئی اضافہ نہیں ہوتا۔ ٹرن اوور پر یہ کم از کم ٹیکس ہماری صنعت کے لیے کسی سزا سے کم نہیں اور اس کے نتیجے میں ہمارے انکم ٹیکس کے 29 فیصد کے معیاری کارپوریٹ ریٹ سے بہت بڑھ جاتا ہے۔ ہم آئل اور گیس کے شعبے ان کو الاؤنسز اور پست شرحوں کے مطابق لانے کے لیے ٹیکس حکام سے بات چیت جاری رکھے ہوئے ہیں جو پاکستان میں ان سے ملتے جلتے دیگر باضابطہ (ریگولیٹڈ) شعبوں کو حاصل ہیں۔ آپ کی کمپنی ٹیکس کے نظام میں تبدیلی کے لیے پُرامید ہے اور ہمیں توقع ہے کہ حکام اس اہم مسئلے کو حل کرنے کے لیے فوری اقدام کریں گے۔

مستقبل کے امکانات

انتظامیہ سیفٹی کی کارکردگی میں گول زیرو کے حصول کی بنیادی سطح کے ساتھ ساتھ آپ کی کمپنی کی مستحکم مالی کارکردگی پر توجہ برقرار رکھنے کے لیے پُرعزم ہے۔

آئندہ برسوں میں کمپنی کی مستقل پائیداری اور نمو کو یقینی بنانے کے لیے آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے 9 دسمبر 2020ء کے اجلاس میں اپنے موجودہ شیئر ہولڈرز کو رائٹ شیئرز جاری کرنے کا فیصلہ کیا ہے جس میں ایک شیئر کے لیے ایک رائٹ شیئر کی شرح ہوگی جس کی مالیت 108 روپے فی شیئر (فی شیئر 98 روپے کا پریمیم) ہے۔ توقع ہے کہ رائٹ کے اجرا سے کمپنی کو بھرپور مالی اور نقد پوزیشن ملے گی جو اس کے جاری سرمائے کی ضروریات کو پورا کرنے اور کمپنی کے کاروباری منصوبوں کو عملی جامہ پہنانے میں مدد فراہم کرنے کے ساتھ ساتھ مارکیٹ ویلیو سے نیچے رائٹ شیئرز کی آفر کرتے ہوئے شیئر ہولڈرز کی قدر کو بھی بڑھائے گی۔ ہم امید ہے کہ رائٹس کا پراسس 2021ء کی پہلی سہ ماہی تک مکمل ہو جائے گا۔

آپ کا بورڈ آف ڈائریکٹرز اور کمپنی کا نظم وضبط موجودہ چیلنجز کے اثرات کو کم کرنے اور تمام مواقع کو حاصل کرنے کے لیے فعال طور پر کام جاری رکھے گا تاکہ یہ یقینی بنایا جا سکے کہ کمپنی نفع مہیا کرے گی اور پاکستان کے توانائی کے مستقبل کی ترقی میں کلیدی کردار ادا کرے گی۔ کمپنی کے لیے لگن، مستقل معاونت اور اعتماد کے لیے ہم اپنے شراکت داروں، صارفین، عملے اور دیگر فریقوں کے شکر گزار ہیں۔ ہم پاکستان میں توانائی کی صفِ اول کی کمپنی بننے کے لیے اپنا سفر جاری رکھے ہوئے ہیں۔

رفیع ایچ بشیر

چیئر پرسن

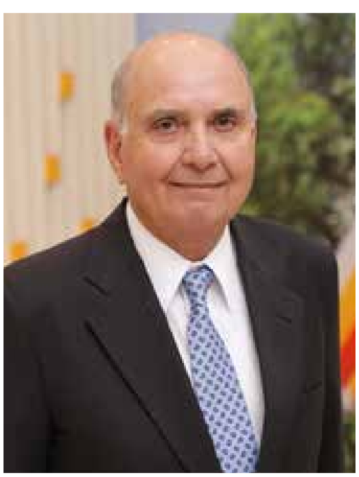
BOARD OF DIRECTORS

Rafi H. Basheer

Rafi Basheer is currently the Finance Manager for Asia Pacific for Shell's Lubricants and Fuels Retailing business and is based in Singapore. Rafi is a career finance professional and has been with Shell for the last 20 years holding a number of Finance roles focusing on country, regional and global finance responsibilities with various stints based out of Pakistan and Singapore. He is a member of the Institute of Chartered Accountants in England and Wales (ICAEW) and prior to Shell, worked in professional accountancy firms in London and the UAE.

Haroon Rashid

Haroon Rashid is the Chief Executive & Managing Director of Shell Pakistan Limited (SPL). Haroon has been a Director on the Board of SPL since 2011. He is also the General Manager Lubricants for SPL. He joined SPL in 1995 and has held several senior leadership roles in Downstream across Marketing, Consultancy and Aviation for Royal Dutch Shell before returning to Pakistan as the General Manager Supply & Distribution for the Middle East South Asia Region. Haroon is a graduate from INSEAD and The Lahore University of Management Sciences.



Parvez Ghias

Parvez Ghias is the Chief Executive Officer at Habib University Foundation (HUF) since January 2017. HUF is a not for profit organization overseeing the operations of Habib University the first dedicated Liberal Arts and Sciences institution in Pakistan offering interdisciplinary education in Liberal Core having strong linkages with leading Ivy educational institutions in USA.

Prior to joining HUF, Parvez Ghias was CEO of Indus Motor Company Ltd., (Aug'05–Dec'16) a joint venture between the House of Habib, Toyota Motor Corporation and Toyota Tsusho Corporation of Japan, engaged in manufacturing and marketing of Toyota brand automobiles.

He also serves as non-executive director at Dawood Hercules Corporation and Shell Pakistan Limited.

Imran Rashid Ibrahim

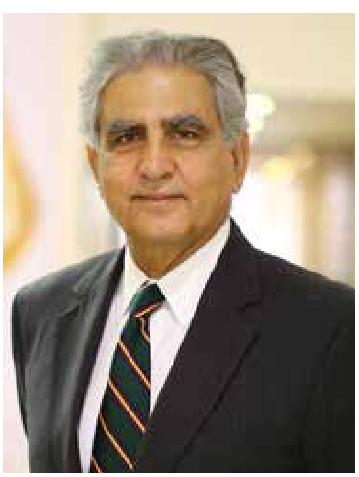
Imran Rashid Ibrahim is a graduate from Government College, Lahore, and pursued post graduate studies at the Institute of Business Administration in Karachi. He is an entrepreneur with 46 years of experience in diverse areas of business such as distribution of products for various multinationals as well as cotton ginning and edible oil extraction.

He has served on the Board of Directors of Shell Pakistan Ltd., from 2008 to 2017, during which period he was also a member of the Board Audit Committee. He has also served on the Board of Directors of PICIC Asset Management Company Ltd., from 2010 to 2014.

Madiha Khalid

Madiha Khalid is the Head of Human Resources at Shell Pakistan Limited (SPL). She started her career with ABN AMRO Bank in 2005. She joined SPL in 2006 and has held a variety of local and regional roles ranging from Recruitment, Business Partnering, Change management and Talent. She has been the Head of Human Resources for SPL since 2012 and is the organizational effectiveness HR partner to all businesses in Pakistan, leading a team of HR professionals to provide full range of strategic HR support.

Madiha is a Chartered Member from the Chartered Institute of Personnel and Development (CIPD) UK, and holds an MBA degree in Human Resources.



Zaffar A. Khan

Zaffar A. Khan graduated as a Mechanical Engineer and soon thereafter joined Exxon which following an employee led buyout became known as Engro. He served the Company for 35 years the last 6 years were as the CEO. His career with Exxon included a decade of assignments in Hong Kong, USA and Singapore in the petrochemical division. Upon retirement from Engro he served as Chairman of PTCL, Karachi Stock Exchange & PIA. Currently, he is an Adjunct Professor at IBA where he teaches Human Resource Management.

He completed an Advanced Management Program from the University of Hawaii and has undertaken several short courses from the Harvard Business School & INSEAD.

Zaffar A. Khan has served on a number of diverse Boards in the Private Sector, Public Sector & Civil Society Organization. He has previously served on the Shell Pakistan Board for three terms which ended in 2017. Current Board appointments include Security Printing Corporation of Pakistan, Benazir Income Support Program, Data Check Ltd, Acumen Pakistan & Pakistan Centre for Philanthropy.

He is a recipient of Sitara e Imtiaz.

John King Chong Lo

John has over 28 years experience in the Oil & Gas and Petrochemicals industries and has worked in variety of Downstream positions. As General Manager of Trading & Supply, John is responsible to oversee the supply and distribution of fuels to Shell's customers in Middle East and Asia, as well as to manage the Commercial Trading Operations for Shell Trading in Singapore and Dubai, including LNG operations globally.

Prior to this role, John was the General Manager Operations & Technical for Shell Aviation, where he was responsible for the operations of Shell's Global Aviation business and manages the R&D program on aviation fuels and lubricants development.

John holds a bachelor's degree in chemical engineering from the University of Toronto and a MBA from the University of Durham, Business School, UK.

John also serves as the board member of Shell (Zhejiang) Petroleum Trading Limited and Shell International Shipping Services Pte. Ltd.

John also runs his own NGO called "Read-Cycling" during his personal time.

Amir Paracha

Amir Paracha is the Chairman and Chief Executive Officer of Unilever Pakistan Limited. Over his 20 years with Unilever, he has held various senior management positions in Pakistan and other markets.

He joined Unilever Pakistan in 2000 as an Assistant Brand Manager on Wheel and subsequently led multiple categories within Laundry and Personal Care business. Between 2006 – 2008, Amir took on leadership roles in Marketing at Unilever North Africa Middle East for GCC cluster. He then returned to lead the Home and Personal Care Division in Pakistan before assuming the role of Vice President for Customer Development in 2013. Prior to taking over as the CEO, in his role as VP Customer Development, he helped deliver solid results, successfully inspiring a transformative vision for the future. He continues to actively experiment with disruptive business models and has championed inclusion and wellbeing across the Unilever ecosystem in Pakistan.

Besides, being on the board at Unilever Pakistan Limited, he is also the Chief Executive Officer of Unilever Pakistan Foods Limited, Trustee at The Duke of Edinburgh's Award Foundation Pakistan, Member at the Board of Governors of the National Management Foundation, Co-Chair on PSDF's Parwaaz – National Accelerator on Closing the Skills Gap in Pakistan and is on the Board for the Karachi Vocational Training Centre. Amir began his career at the Royal Dutch Shell Oil company in July 1996. He has done his Masters in Business Administration from the Institute of Business Administration.

Waqar I. Siddiqui

Waqar I. Siddiqui is an internationally experienced board level executive with sustained record of business transformation achievement for Shell and other oil majors. In his 24 years of petroleum downstream experience, he has successfully guided multi-million-dollar commercial entities through business delivery, organizational change, strategy development, joint ventures and mergers/acquisitions.

Waqar joined Shell Pakistan Limited in June 2001. Within Shell he has done variety of roles locally and internationally at senior leadership positions in various business divisions. Currently he is serving as Managing Director of Shell Downstream Retail in PT Shell Indonesia. He has a solid track record of exemplary stakeholder management experience; recognized as a trusted advisor to government regulator and is regularly consulted on high level business and sustainable development programs.

He holds BS degree in Chemical Engineering and MBA in Marketing. In addition, he holds academic and professional accreditations from Harvard Business School and University of British Columbia.

Badaruddin F. Vellani

Badaruddin F. Vellani is an Honours graduate in Chemical Engineering from the Loughborough University of Technology, Leicestershire and a Barrister-at-Law from the Middle Temple (London). He was called to the Bar in 1982 and commenced legal practice in Karachi immediately thereafter.

He is enrolled as an Advocate of the Supreme Court of Pakistan and is the Senior Partner at the law firm, Vellani & Vellani. In addition to his legal practice, he is also member of the Board of Directors in a number of multinational companies engaged in the FMCG, manufacturing, retail and pharmaceutical sectors and is on the Board of several philanthropic organisations and foundations.

Faisal Waheed

Faisal Waheed is Chief Financial Officer at Shell Pakistan Limited. He joined Shell in 2013 in his current position and has been serving on the Shell Pakistan board since then. He is a graduate of IBA, Karachi and an associate member of Chartered Institute of Management Accountants, UK and Association of Corporate Treasurers, UK. He has an overall working experience of over 20 years having previously worked in Unilever Pakistan, Unilever UK and Engro Corporation in various roles. His last position before joining Shell was as Chief Financial Officer of one of Engro Corporation subsidiaries.

He also serves on the boards of Pak Arab Pipeline Company Limited and Shell Oman Marketing Company.

REPORT OF THE DIRECTORS

The Directors of your Company present their Annual Report together with the audited financial statements for the year ended December 31, 2020.

This has been a tough year for the Company and the business in the Country as a whole. The first half of the year was greatly affected by the unprecedented coronavirus pandemic. The oil industry felt the impact of the declining fuels market in Pakistan owing to the nationwide lockdown measures enforced by the Government including countrywide closure of non-essential businesses, factories and public transport. The Oil Marketing Companies (OMCs) in Pakistan experienced a reduction in oil consumption coupled with the volatility in international oil prices which effected the overall financial performance of your Company. The second half of the year, however, saw a turnaround where your Company made a profit after tax for the last six months of the year owing to your Company's focus on its strategic priorities and operational excellence together with easing of the lockdown restrictions imposed by the Government of Pakistan. However, the losses incurred in the first half greatly impacted the overall financial performance of your Company and your Company made a loss for the year ended December 31, 2020 after providing for administrative, marketing and distribution expenses, financial and other charges amounting to:

	Rupees in Million
Loss before taxation	**(4,815)**
Taxation	**(6)**
Net loss for the year ended December 31, 2020	**(4,821)**
	Rupees
Loss per share – basic and diluted	**(45.05)**

Appropriations and movement in reserves have been disclosed in the Statement of Changes in Equity on page 63 of these financial statements.

The Directors confirm that:

1. The Board comprises of 11 members, including the Chief Executive, who is a deemed director. The Board comprises of one female and ten male members which is as follows:

   Female Members:
   1. Madiha Khalid

   Male Members:
   1. Rafi H. Basheer
   2. Haroon Rashid
   3. Parvez Ghias
   4. Imran Ibrahim
   5. Zaffar Khan
   6. John Lo
   7. Amir Paracha
   8. Waqar Siddiqui
   9. Badaruddin F. Vellani
   10. Faisal Waheed

   Independent Directors:
   1. Parvez Ghias
   2. Imran Ibrahim
   3. Zaffar Khan
   4. Amir Paracha

   Non-Executive Directors:
   1. Rafi H. Basheer
   2. John Lo
   3. Waqar Siddiqui
   4. Badaruddin F. Vellani

   Executive Directors:
   1. Haroon Rashid
   2. Madiha Khalid
   3. Faisal Waheed

2. A casual vacancy occurred during the year upon the resignation of Ms. Naz Khan. The casual vacancy was filled by the Board within the prescribed period; and Mr. Amir Paracha was co-opted as a director of the Company.

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

   A. Audit Committee
   a. Imran Ibrahim (Chairperson)
   b. Badaruddin F. Vellani
   c. Rafi H. Basheer

   B. Human Resource & Remuneration Committee
   a. Zaffar Khan (Chairperson)
   b. Parvez Ghias
   c. Waqar Siddiqui
   d. Haroon Rashid

4. 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.

5. Proper books of account of the Company have been maintained.

6. Appropriate accounting policies have been consistently applied in preparation of these financial statements except for changes resulting on initial application of standards, amendments or interpretations to existing standards, as stated in note 2.3.1 to these financial statements. Accounting estimates are based on reasonable and prudent judgment.

7. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of these financial statements and departures, if any, have been adequately disclosed.

8. The system of internal control is sound in design and has been effectively implemented and monitored.

9. There are no significant doubts upon the Company's ability to continue as a going concern.

10. There has been no material departure from the best practices of Code of Corporate Governance, as detailed in the listing regulations.

11. Key operating and financial data for the last seven years in summarized form is disclosed on page 57. The reasons for loss during the year and significant deviation in operating results of the Company from last year including future plans have been discussed in the Chairperson's Review on page 12.

12. A reasonable indication of the principle risks and uncertainties as well as the future prospects is discussed in the Chairperson's Review on page 12.

13. A statement as to the value of investments of provident, gratuity and pension funds on the basis of un-audited financial statements for the year ended December 31, 2020 is included in note 33.4 to the financial statements.

14. The number of Board and Committees' meetings held during the year and attendance by each Director is disclosed on page 115.

15. The non-executive/independent directors, other than those occupying executive positions in other Shell Group Companies are paid a fee to attend meetings of the board and its committees. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the act and the regulations.

16. A formal self-evaluation of the Board and its committees' performance is being carried out for the year 2020, facilitated by KPMG Taseer Hadi & Co. – Chartered Accountants

17. Mr. Rafi H. Basheer, Mr. Parvez Ghias, Mr. Badaruddin F. Vellani, Mr. Haroon Rashid, Mr. Faisal Waheed, Ms. Madiha Khalid, Mr. Imran R. Ibrahim, Mr. Amir R. Paracha have already obtained directors' training certification from the Pakistan Institute of Corporate Governance (PICG), while Mr. Zaffar Khan is exempted. The Company shall continue to comply with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 to ensure that the required number of directors are duly certified.

18. The pattern of shareholding and additional information regarding pattern of shareholding is disclosed on page 117. The Company is a subsidiary of Shell Petroleum Company Limited, London (immediate holding Company) which is a subsidiary of Royal Dutch Shell Plc. (ultimate holding Company) incorporated in the United Kingdom.

19. Subsequent to the adaptation by SECP of the revised auditing standards, the auditors are required to communicate key audit matters as part of the auditors' report. These key audit matters are mentioned on page 58 of these financial statements.

20. The figures in the financial statements for the year ended December 31, 2020 have been audited by external auditors of the Company.

21. The Board, on the recommendation of the Board Audit Committee, has recommended M/S EY Ford Rhodes to be retained as external auditors of the Company for the year ending December 31, 2021;

22. Details of trades in shares of the Company by Directors, CEO, CFO, Company Secretary, Head of Internal Audit, other employees and their spouses and minor children are reported on page 119.

23. Details of the Company's Corporate Social Responsibility and other activities undertaken by the Company during the financial year are disclosed on pages 48 to 51

We thank our shareholders, customers, staff and all other stakeholders for their dedication, sustained support and trust in the Company as we continue our journey in becoming the number one energy company in Pakistan.

On behalf of the Board of Directors

Rafi H. Basheer
Chairperson

Haroon Rashid
Chief Executive

Date: March 2, 2021

ڈائریکٹر کی رپورٹ

31 دسمبر 2020ء کو اختتام پذیر ہونے والے سال کے لیے

عزیز شیئر ہولڈرز

آپ کی کمپنی کے ڈائریکٹران 31 دسمبر 2020ء کو ختم ہونے والے سال کے لیے آڈٹ شدہ مالیاتی گوشوارے اور اپنی سالانہ رپورٹ پیش کرتے ہیں۔

یہ سال کمپنی اور بحیثیتِ مجموعی پورے ملک میں کاروبار کے لیے ایک مشکل سال رہا ہے۔ سال کی پہلی ششماہی کورونا وائرس کے وبائی مرض سے بہت متاثر ہوئی تھی۔ حکومت کی جانب سے ملک بھر میں کیے گئے لاک ڈاؤن کے اقدامات، جن میں غیر اہم کاروباری اداروں، فیکٹریوں اور پبلک ٹرانسپورٹ کی بندش شامل تھی، کے باعث پاکستان میں فیولز کی منڈی زوال پذیر تھی، جس کا اثر تیل کی صنعت میں بھی محسوس کیا گیا۔ پاکستان میں آئل مارکیٹنگ کمپنیوں (او ایم سی) کو تیل کی کھپت میں کمی اور اس کے ساتھ ساتھ تیل کی بین الاقوامی قیمتوں میں اتار چڑھاؤ کا سامنا کرنا پڑا، جس نے آپ کی کمپنی کی مجموعی مالی کارکردگی کو متاثر کیا۔ تاہم، سال کی دوسری ششماہی میں یکسر تبدیلی دیکھنے میں آئی، جب آپ کی کمپنی نے سال کے آخری چھ مہینوں کے لیے نفع بعد از ٹیکس حاصل کیا۔ حکومتِ پاکستان کی جانب سے عائد کردہ لاک ڈاؤن کی پابندیوں میں نرمی کے ساتھ ساتھ آپ کی کمپنی نے اپنی اسٹریٹجک ترجیحات اور آپریشنل برتری پر توجہ مرکوز کی۔ تاہم، پہلی ششماہی میں ہونے والے نقصانات نے آپ کی کمپنی کی مجموعی مالی کارکردگی کو بہت متاثر کیا اور آپ کی کمپنی کے انتظامی امور، مارکیٹنگ اور تقسیم کاری کے اخراجات، مالی اور دیگر واجبات کی ادائیگی کے بعد 31 دسمبر 2020ء کو ختم ہونے والے سال کے لیے نقصان درج ذیل تھا:

	روپے ملین میں
نقصان قبل از ٹیکس	(4,815)
ٹیکس	(6)
31 دسمبر 2020ء کو ختم ہونے والے سال کا نقصان	(4,821)
	روپے
نقصان فی شیئر – بنیادی اور سیال (diluted)	(45.05)

ذخائر کی کارروائی (موومنٹ) اور تصرفات ان مالی گوشواروں کے صفحہ 63 پر ایکویٹی میں تبدیلیوں بیان میں ظاہر کیے گئے ہیں۔

1۔ بورڈ 11 ارکان پر مشتمل ہے، جس میں چیف ایگزیکٹو شامل ہیں، جنھیں ڈائریکٹر سمجھا گیا ہے۔ بورڈ ایک خاتون رکن اور 10 مرد ارکان پر مشتمل ہے، جس کی ہیئتِ ترکیبی یہ ہے:

خاتون رکن:

1۔ محترمہ مدیحہ خالد

مرد ارکان:

1. جناب رفیع ایچ بشیر
2. جناب جان لُو
3. جناب پرویز غیاث
4. جناب وقار صدیقی
5. جناب ہارون راشد
6. جناب ظفر خان
7. جناب عمران ابراہیم
8. جناب عامر پراچہ
9. جناب بدر الدین ایف ویلانی
10. جناب فیصل وحید

خود مختار ڈائریکٹران:

1. جناب پرویز غیاث
2. جناب عامر پراچہ
3. جناب ظفر خان
4. جناب عمران ابراہیم

نان ایگزیکٹو ڈائریکٹران:

1. جناب رفیع ایچ بشیر
2. جناب وقار صدیقی
3. جناب بدر الدین ایف ویلانی
4. جناب جان لُو

ایگزیکٹو ڈائریکٹران:

1. جناب ہارون راشد
2. محترمہ مدیحہ خالد
3. جناب فیصل وحید

2۔ دورانِ مدت محترمہ ناز خان صاحبہ کے استعفیٰ دینے کے بعد ایک اتفاقی اسامی خالی ہوئی۔ بورڈ نے اس خالی اسامی کو مجوزہ مدت کے اندر پُر کر لیا؛ اور کمپنی کے ڈائریکٹر کے طور پر جناب عامر پراچہ صاحب کا انتخاب کیا گیا۔

3۔ بورڈ تصدیق کرتا ہے کہ کمیٹیاں درج ذیل اراکین پر مشتمل ہیں:

الف۔آڈٹ کمیٹی

ا۔ جناب عمران ابراہیم (چیئر پرسن)

ب۔ جناب بدرالدین ایف ویلانی

ج۔ جناب رفیع ایچ بشیر

ب۔کمیٹی برائے افرادی وسائل ومعاوضے

ا۔ جناب ظفر خان (چیئر پرسن)

ب۔ جناب پرویز غیاث

ج۔ جناب وقار صدیقی

د۔ جناب ہارون راشد

4. کمپنی کی انتظامیہ کی طرف سے تیار کیے گئے مالی گوشوارے واضح طور پر اس کے معاملات، اس کے امور کے نتائج، رقوم کا بہاؤ اور ایکویٹی میں تبدیلیوں کو پیش کرتے ہیں۔

5. کمپنی کے تمام مالیاتی کھاتے برقرار رکھے گئے ہیں۔

6. مالیاتی گوشواروں کی تیاری میں مناسب حسابی طریقہ کار کا ہمیشہ اطلاق کیا گیا ہے ماسوا مالی گوشواروں کے نوٹ 2.3.1 میں بیان کی گئی ان تبدیلیوں کے جو معیارات کے ابتدائی اطلاق اور پہلے سے موجود معیارات میں کی گئی ترامیم اور تشریحات کے نتیجے میں عمل میں آئیں۔ حسابی تخمینے مناسب اور محتاط فیصلوں کی بنیاد پر کیے گئے ہیں۔

7. بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ ان کا پاکستان میں اطلاق ہے، ان مالیاتی دستاویزات کی تیاری میں ان پر عمل کیا گیا ہے اور اگر کچھ ترک بھی کیے گئے ہیں تو ان کو ظاہر کیا گیا ہے۔

8. داخلی کنٹرول کا نظام (سسٹم آف انٹرنل کنٹرول) اپنے طور پر بے نقص ہے اور اس پر مستعدی سے عمل درآمد کروایا گیا اور اس کی نگرانی کی گئی ہے۔

9. بلاشبہ کمپنی ایک منافع بخش کاروبار کی حیثیت سے جاری رہنے کی صلاحیت رکھتی ہے۔

10. کارپوریٹ گورننس (Corporate Governance) کے ضابطوں پر مکمل عمل کیا گیا ہے، جو اس کے ضابطوں کی فہرست میں تفصیل سے درج ہیں۔

11. گزشتہ سات سال کے اہم آپریشنز اور مالیاتی ڈیٹا کا خلاصہ صفحہ 57 پر ظاہر کیا گیا ہے۔ دورانِ سال نقصان کی وجوہات اور پچھلے سال کمپنی کے امور کے نتائج میں کیے گئے اہم انحراف پر بحث صفحہ 12 پر چیئر مین کے تجزیے میں کی گئی ہے۔

12. مستقبل کے امکانات کی مناسب نشاندہی (ریزن ایبل انڈیکیشن) کے بارے میں صفحہ 12 پر چیئر مین کے تجزیہ میں تبادلہ خیال کیا گیا ہے۔

13. 31 دسمبر 2020ء کو ختم ہونے والے سال کے لیے بغیر آڈٹ شدہ مالی گوشواروں کی بنیاد پر پراویڈنٹ، گریچوایٹی اور پنشن فنڈز کی مقدار پر سرمایہ کاری کا بیان مالی گوشواروں کے نوٹ 33.4 میں شامل کیا گیا ہے۔

14. سال بھر کے دوران منعقد ہونے والی بورڈ اور کمیٹیوں کے اجلاس اور ان میں ہر ڈائریکٹر کی شرکت کی تعداد صفحہ 115 ظاہر کی گئی ہے۔

15. نان ایگزیکٹو/خودمختار ڈائریکٹران، ماسواوہ جو شیل گروپ کی کمپنیوں میں ایگزیکٹو عہدیدار ہیں، کو بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت پر ادائیگی کی جاتی ہے۔ ڈائریکٹرز کی تنخواہوں کے لیے بورڈ آف ڈائریکٹرز ایکٹ اور ضوابط سے ہم آہنگ رسمی پالیسی اور شفاف طریقہ کار کے حامل ہیں۔

16. 2020ء کے لیے کے پی ایم جی تاثیر ہادی اینڈ کو- چارٹرڈ اکاؤنٹنٹس کی جانب سے دورانِ سال بورڈ اور اس کی کمیٹیوں کی کارکردگی کا ایک رسمی جائزہ لیا گیا۔

17. جناب رفیع ایچ بشیر، جناب پرویز غیاث، جناب بدرالدین ایف ویلانی، جناب ہارون راشد اور جناب فیصل وحید، مس مدیحہ خالد، جناب عمران آر ابراہیم، جناب عامر آر پراچہ پہلے ہی پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (پی آئی سی جی) سے ڈائریکٹرز ٹریننگ سرٹیفکیشن حاصل کر چکے ہیں جبکہ جناب ظفر خان مستثنیٰ ہیں۔ کمپنی ڈائریکٹرز کی سرٹیفکیشن کو یقینی بنانے کے لیے فہرستی کمپنیوں کے ضوابط 2019ء (کوڈ آف کارپوریٹ گورننس) کے تقاضوں کی پابندی کرتی رہے گی تاکہ ڈائریکٹران کی مطلوبہ تعداد سند یافتہ ہو۔

18. حصص یافتگی (شیئر ہولڈنگ) کے طریقہ کار (پیٹرن) اور حصص یافتگی کے طریقہ کار سے متعلق اضافی معلومات صفحہ 117 ظاہر کی گئی ہیں۔ یہ کمپنی شیل پیٹرولیم کمپنی لمیٹڈ، لندن (امیڈیٹ ہولڈنگ کمپنی) کا ذیلی ادارہ ہے جو کہ رائل ڈچ شیل (الٹیمیٹ ہولڈنگ کمپنی) کا ایک ذیلی ادارہ ہے جو برطانیہ میں قائم کی گئی تھی۔

19. ایس ای سی پی کی جانب سے گذشتہ برس جاری کیے گئے نظر ثانی شدہ آڈیٹنگ کے معیارات کے نفاذ کے بعد آڈیٹرز کے لیے ضروری ہے کہ وہ آڈٹ کے اہم معاملات کا اپنی آڈیٹرز رپورٹ میں بیان کریں۔ یہ اہم آڈٹ معاملات ان مالیاتی گوشواروں کے صفحہ نمبر 58 بیان کیے گئے ہیں۔

20. 31 دسمبر 2020ء کو اختتام پذیر ہونے والے سال کے لیے مالی گوشواروں کے اعداد و شمار کا کمپنی کے بیرونی آڈیٹرز کی جانب سے آڈٹ کیا جا چکا ہے۔

21. بورڈ نے بورڈ آڈٹ کمیٹی کی ہدایت پر 31 دسمبر 2020ء کو اختتام پذیر ہونے والے مالی سال کے لیے ایم/ایس ای وائے فورڈ روڈز کو بطور ایکسٹرنل آڈیٹر برقرار رکھنے کی سفارش کی ہے۔

22. ڈائریکٹرز، سی ای او، سی ایف او، کمپنی کے سیکریٹری، انٹرنل آڈٹ کے سربراہ، دیگر ملازمین اور ان کے زوجین، اور نابالغ بچوں کی کمپنی کے حصص (شیئرز) میں تجارت کی تفصیل صفحہ 119 پر درج کی گئی ہے۔

23. مالی سال کے دوران کمپنی کی اختیار کردہ کارپوریٹ سماجی ذمہ داری اور دیگر سرگرمیاں صفحہ نمبر 48 تا 51 ظاہر کی گئی ہیں۔

جذبے، مستقل معاونت اور کمپنی پر اعتماد کے لیے ہم اپنے شیئر ہولڈرز، کسٹمرز، عملے اور دیگر فریقوں کے شکر گزار ہیں، اور ہم پاکستان کی سب سے بڑی انرجی کمپنی بننے کا اپنا سفر جاری رکھیں گے۔

بورڈ آف ڈائریکٹرز کی جانب سے

رفیع ایچ بشیر
چیئر پرسن

ہارون راشد
چیف ایگزیکٹو

کراچی: 2 مارچ 2021ء

NOTICE OF ANNUAL GENERAL MEETING THROUGH VIDEO-CONFERENCE

Notice is hereby given that the 52nd Annual General Meeting of Shell Pakistan Limited will be held on Wednesday, April 21, 2021 at 10:30 a.m. through video-conference facility to transact the following business:

1. To receive, consider, adopt and approve the Report of Directors and Auditors together with the Audited Accounts for the year ended December 31, 2020.

2. To appoint Auditors for the financial year January 1 to December 31, 2021 and to fix their remuneration.

By Order of the Board

Karachi: March 2, 2021

Shell House
6, Ch. Khaliquzzaman Road
Karachi-75530

Lalarukh Hussain-Shaikh
Secretary

NOTES:

While many continue to get vaccinated for the virus, coronavirus pandemic still remains a challenge. As a responsible company, we believe that we must put safety first to protect our people and all attendees, and therefore pursuant to Circular 6 of 2021 dated March 3, 2021 of the Securities and Exchange Commission of Pakistan, the Board has decided to hold the 52nd Annual General Meeting virtually, as we did last year.

i. The register of members will remain closed from Wednesday April 7, 2021 to Wednesday, April 21, 2021 (both days inclusive). Transfers received in order at the office of our Share Registrars, FAMCO Associates (Pvt) Ltd., 8-F, next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi-75400 by the close of business on April 6, 2021 will be treated in time for the purpose of attending the annual general meeting.

ii. For attending the meeting, members are required to e-mail their name, folio number, valid e-mail address and number of shares held in their name to SHELLPK-CompanySec@shell.com with the subject "Registration for SPL's AGM".

iii. A member entitled to attend and vote at the meeting shall be entitled to appoint another person, as his/her proxy to attend, demand or join in demanding a poll, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the meeting as are available to a member. Proxies, in order to be effective, must be received at the registered office of the Company not later than 48 hours before the meeting. Proxies may also be appointed by e-mailing a scanned copy of signed letter by shareholder authorising proxy along with e-mail address of proxy and the relevant details (as below) to SHELLPK-CompanySec@shell.com. A proxy need not be a member of the Company.

iv. A form of Proxy is enclosed with the Notice of Meeting being sent to the members.

v. Video-link and login credentials will be shared with only those members/proxies whose e-mails containing all the required particulars are received at the given e-mail address by or before the close of business hours on April 19, 2021. The shareholders can also provide their comments and questions for the agenda items of the AGM on SHELLPK-CompanySec@shell.com

vi. Members holding physical shares are requested to notify any change in their addresses immediately to our Share Registrars, FAMCO Associates (Pvt) Ltd., 8-F, next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi-75400.

vii. Members or their proxies are required to present their original CNIC or Passport along with the Participant's I.D. and Account Number(s) at the time of attending the Annual General Meeting through video-conference in order to authenticate their identity.

viii. Audited Accounts and the Annual Report of the Company for the year ended December 31, 2020 have been provided on the Company's website.

ix. Members can also exercise their right of E-Voting subject to the requirements of S.143-145 of the Companies Act, 2017 and the applicable clauses of the Companies (Postal ballot) Regulations, 2018.

STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS 2019 (THE REGULATIONS)

Shell Pakistan Limited (the Company) for the year ended December 31,2020.

The Company has complied with the requirements of the Regulations in the following manner: -

- The total number of directors is 11 as per the following:

    a) Male: Ten (10)
    b) Female: One (1)

- The composition of the Board is as follows:

Category	**Name**
Independent directors	Parvez Ghias Imran R. Ibrahim Zaffar A. Khan Amir R. Paracha
Executive directors	Haroon Rashid Madiha Khalid Faisal Waheed
Non-executive directors	Rafi H. Basheer John King Chong Lo Waqar I. Siddiqui Badaruddin F. Vellani
Female director	Madiha Khalid

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
- 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;
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
- 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 Companies Act, 2017 (the Act) and these Regulations;

- The meetings of the Board were presided over by the Chairperson and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board;
- The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.
- The Board consists of eleven (11) Directors, out of which following eight (8) are certified under the Directors Training Program, while Zaffar A. Khan is exempted.

  1. Rafi H. Basheer
  2. Parvez Ghias
  3. Badaruddin F. Vellani
  4. Haroon Rashid
  5. Faisal Waheed
  6. Madiha Khalid
  7. Imran R. Ibrahim
  8. Amir R. Paracha

- The Board has approved appointment of the chief financial officer, company secretary and head of internal audit including their remuneration and terms and conditions of employment and complied with the relevant requirements of the Regulations;
- The financial statements of the Company were duly endorsed by the chief executive officer and the chief financial officer before approval of the Board;
- The Board has formed committees comprising of members given below:

Audit Committee

1) Imran R. Ibrahim (Chairperson)
2) Badaruddin Vellani
3) Rafi H. Basheer

Human Resource and Remuneration Committee

1) Zaffar A. Khan (Chairperson)
2) Parvez Ghias
3) Haroon Rashid
4) Waqar I. Siddiqui

- The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
- The frequency of meetings of the committee were as follows:

  1. **Audit Committee:** Quarterly meetings held during the year.
  2. **HR and Remuneration Committee:** Annual meeting held during the year.

- The Board has outsourced the internal audit function to BDO Ebrahim & Co. who are considered to be suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
- 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 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;

- 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;
- We confirm that all other requirements of the Regulations have been complied with.

Rafi H. Basheer
Chairperson

Date: March 15, 2021

INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF SHELL PAKISTAN LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN THE 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 Shell Pakistan Limited (the Company) for the year ended 31 December 2020 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 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. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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 31 December 2020.

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Chartered Accountants
Place: Karachi

Date: 15 March 2021

ENABLING ENTREPRENEURSHIP

Today's world is changing fast. Society needs inventors, different ways of working and people who make a difference more than ever, especially when faced with a global pandemic and the longer-term challenge of climate change. Shell has long been an innovator and today we invest in innovation and entrepreneurship both inside and outside. In a time of change, we want to learn and make the most of our strengths.

Shell LiveWIRE has been running since 1982 and supports the eighth United Nations Sustainable Development Goal of "promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all". It seeks to strengthen and diversify local economies by helping entrepreneurs turn their ideas into reality.

Launched in Pakistan in 2003, named 'Tameer', the programme has reached out to over 800,000 young people.

Three young Pakistani businesses were recognised in the global Shell LiveWIRE Top Ten Innovators 2020 programme from 139 participants across 15 countries.

SHELL RETAIL

With over 740 retail sites located across the country, Shell Pakistan continues to drive the growth of the retail business to serve customers and continue to deliver high quality, technologically advanced products and services to meet their everyday motoring needs and make life's journeys better. We believe the key to success is in consistently delivering customer service excellence through collaborating with retail site staff and business partners. In addition to offering a wide variety of fuels such as Super Unleaded and Diesel, advanced premium fuels like Shell V-Power – with Dynaflex Technology, and high-quality lubricant products, our retail sites also provide a range of non-fuel retailing facilities that bring greater convenience to our customers.

HIGHLIGHTS OF 2020

OPERATIONAL EXCELLENCE DURING COVID-19

Our priority during the pandemic is the safety and well-being of our site staff, colleagues and customers. Shell retail sites adapted quickly to COVID-19 and the Government lockdown, and used technology to ensure fast and innovative repurposing of protocols to operate safely during the pandemic. Shell built COVID-19 awareness in their site staff and forecourts through a training video for retail site staff and service champions, and implemented a COVID-19 checklist for enhanced safeguards and social distancing on sites.

PARTNERING FOR CUSTOMER SAFETY AT RETAIL SITES

To help raise awareness and importance of handwashing to protect against COVID-19, Shell collaborated with Unilever to install electronic hand washing stations with Lifebuoy, an antibacterial soap, at select high-traffic retail sites. In tandem with these efforts, a disinfection drive was conducted using Domex, a disinfectant brand, to deep clean retail sites across 9 cities. Sites were provided with Domex and coached to prepare the formulation that would help them perform this activity on a routine basis.

A service champion, Iqbal Masih from Model Town Filling Station, started a car disinfection system which resulted in an increase in car wash sales at the site. The initiative was recognized by Shell and received a global award for working to improve safety for customers.

SUPPORTING PAKISTAN'S FRONTLINE AND HEALTHCARE PROFESSIONALS

We appreciate the incredible work being done by Pakistan's healthcare professionals during the pandemic and wanted to do more to thank them directly. We distributed free sanitizers and snacks to doctors, nurses, ambulance drivers, medical teams and law enforcement professionals when they came to Shell SELECT stores.








BEYOND FUEL: CARE FOR PEOPLE

Shell launched a 'Shell V-Power the Nation' campaign, and with the help of our customers, contributed to the ration needs of deserving families. Partnering with local NGOs, food rations and necessity products were distributed across Pakistan to those in need. Ration drives were also conducted for site staff and drivers.

POWER & PROTECT YOUR CAR

Shell Retail started 2020 with an exciting engine oil product launch, introducing two new variants - Shell Helix POWER and Shell Helix PROTECT, that are co-engineered with Shell V-Power fuel. Exclusive to Shell Retail sites, these are top quality oils and have been optimised to retain power and revitalise engines. When lockdown eased, we introduced a campaign with customers receiving a free bag with every purchase of Shell Helix POWER and PROTECT.

BRINGING SHELL TO YOU

With the need for increased focus on hygiene and contactless services, Shell launched Shell@Home for our customers' convenience. Shell@Home provides car disinfection/sanitisation, oil change, car wash, tyre care and other car services directly at their doorstep. To follow social distancing and provide safer services to our customers, Shell@Home has the option for customers to observe the services through live video on a tablet. They can also communicate with our experts using a hand-held radio device while their vehicle is being serviced.

LAUNCH OF DIGITAL INITIATIVES

Consumer shopping changed with the pandemic, with an increased adoption of digital platforms and a need for contactless services. Quickly adapting to this disruption and focusing on providing customers with convenience and safety, Shell initiated two digital services. Shell SELECT collaborated with Foodpanda, a leading online delivery service, to offer delivery to customers for essentials and groceries they would normally purchase from SELECT. Shell collaborated with VISA to go cashless on selected sites in our network, where customers can pay using a QR code for fuelling and services for car care, lubricants and shopping at SELECT stores.

VALUE THROUGH SHELL SELECT

Shell SELECT partnered with Wall's, Lay's, Pakistan Tobacco Company, Kellogg's, LU, Red Bull, and Loacker and developed strong alliances which built integrated value offers for customers. During Ramzan, Shell SELECT offered a promotional grocery hamper with essential items at a special discounted rate for our customers.

SHELL LUBRICANTS

Shell Lubricants continues to mark its success by being the leading global supplier of finished lubricants for 14 consecutive years. This is driven by the organisation working continuously towards improving its customers experience by putting them first and investing in cutting-edge technology, brand and marketing excellence.

BUSINESS PERFORMANCE

Shell Lubricants continued to thrive, owing to its strong brand presence it has managed to maintain its market share in both consumer and industrial business, and maintained its share of brand preference across Advance, Helix and Rimula, despite the global pandemic affecting business operations and posing economic challenges.

The stability in brand performance was also achieved through a proactive approach for product access and offering. Shell Lubricants explored virtual channels through e-commerce for reaching customers. For industrial customers, Shell Lubricants organised its first virtual launch for Mysella S7N Ultra.

SHELL HELIX

Driven by insights of the Pakistani consumers economic reality, Shell Helix partnered with Unilever to reward consumers with care packages that included Unilever personal care range on the purchase of Shell Helix lubricants.

As the lockdown restrictions eased, Shell Helix kicked off COVID-19 awareness engagements and trade disinfection drives for its Branded Independent Workshops and key accounts to ensure that partners conduct business in a safe environment.

SHELL ADVANCE

Shell Advance started the year with a product launch of AXStar. The product need was identified through insights associated with economic conditions that led to a new consumer set, heavily driven by value seeking attitudes. AXStar was positioned to serve the needs of these consumers with an altered purchasing power.

SHELL RIMULA

In the beginning of 2020, our agricultural customers were hard hit by the countrywide shutdown of shops that provide them essential products, including lubricants, to continue wheat harvesting. Working with the farmers, our Lubricants team adapted to make alternative arrangements to ensure they receive needed products to keep harvesting and tractors running. Shell Rimula stepped up to facilitate an uninterrupted supply of product through 'Shell Rimula at Your doorstep' initiative, in a safe and secure manner. The initiative's reach spanned to 350,000 customers, encouraging the team to embark on phase II of this journey by collaborating with Shell Retail stations and supplementing the offer with Shell diesel.

CARE FOR COMMUNITY

Shell Rimula distributed ration boxes to its mechanics community whose livelihood had been majorly impacted due to the lockdown. Distributed amongst 100 mechanics and reaching 500 lives, the ration boxes contained basic needs of a household, providing for a full month for their families.

DRIVING NEW PARTNERSHIPS: ONBOARD & ONLINE

To accelerate business through new channels, new ventures were explored with renowned companies. Shell Lubricants collaborated with Careem for their fleet's lubricant requirements. The scope of the partnership covers Careem drivers, providing them an oil change of Shell Lubricants at a competitive price. Shell Lubricants also onboarded retailers based on the driver's heatmaps to enable facilitation.

An e-commerce platform was established with DARAZ, Pakistan's No.1 e-commerce portal. The Shell Lubricants flagship store on DARAZ enables the organisation extend its reach and provides genuine lubricant and exclusive offers to consumers in the safety and convenience of their homes. The store has been further augmented with do-it-yourself content to upskill customers manage an oil change on their own.

SHELL AVIATION

Shell Aviation is a global supplier of aviation fuels, lubricants and technical services, serving customers across all aviation segments. Over more than 100 years, it has built a reputation for being a trusted partner providing world-class safety and operations and supply security, with a presence in more than 60 countries.

SHELL AVIATION IN PAKISTAN

Shell Aviation's heritage in Pakistan dates back to 1932, when Burmah Shell had the privilege of refueling the inaugural flight of the first air mail service in the Indo-Pakistan subcontinent. It has since established itself as an important player in Pakistan's aviation industry, providing jet fuel and aircraft refueling services at four of its key airports, including Karachi. The business also offers high quality Aero Shell Lubricants portfolio, including turbine engine oils, piston engine oils, fluids and greases in Pakistan. Underpinning Shell Aviation's success in Pakistan are the global expertise and local experience that we offer. Industry stakeholders and customers benefit from best practices and continued innovation in fuel safety and operations, while having direct access to a team of sales, supply and operations specialists who are dedicated to serving the local market.

2020 HIGHLIGHTS

We continued performing well, being the second largest jet fuel supplier in the country, supplying over 25 domestic and international customers. Throughout the pandemic, Shell Aviation sites in Pakistan continued operations, contributing to an essential gateway for critical cargo, medical supplies and passengers to flow into Pakistan. Shell Aviation in partnership with FAUDI Aviation have developed and introduced Shell Jet Protection across all sites in Pakistan. The adoption of this industry-leading technology removes the risk of Superabsorbent Polymer (SAP), currently used within filter monitors, from entering the aircraft during refueling. We successfully gained new customers and renewed existing contracts at the airports, which is a testament to the confidence our customers have in our products and services.

With its relentless focus on safety, Shell Aviation maintained a strong safety track record at our airport sites in Pakistan. Our commitment to achieve Goal Zero is a journey built on our reputation in achieving operational excellence through continuous improvement and collaboration across the countries where we operate. We strive to maintain international standards at all our locations through various infrastructural and operational upgradation projects during the year.

HSSE PERFORMANCE

At Shell, we aim to meet the energy needs of society in ways that are economically, environmentally and socially responsible. To manage the impact of our operations and projects on the environment and society, we have a comprehensive set of business principles and rigorous standards in place that cover health, safety, security, environment and social performance.

HSSE IN PAKISTAN

Shell Pakistan has an integrated approach for managing Health, Safety, Security and Environment (HSSE) in our operations. We believe a safe business is a good business. Conducting business safely and ethically, with compliance with local and our internal safety standards and processes is necessary to maintain our license to operate and future growth strategy. To accomplish this, we focus on three areas of safety with the highest risks in our activities: personal, process and transport safety.

COVID-19 MITIGATION

Since the start of 2020, Shell Pakistan, like the rest of the country, was impacted by the outbreak of COVID-19 and a country-wide lockdown. Keeping the health and safety of our people as priority, critical contingency and business continuity plans were implemented, which ensured that we could continue supplying necessary products and services across Pakistan. Teams across Shell Pakistan worked hard to keep operations running smoothly, supply chains flowing unhindered, and vital air operations fueled.

As an essential business, Shell Pakistan retail sites and terminals remained open and running during the country-wide lockdown. Terminals and hauliers implemented strict disinfection rules for facilities, tank lorries and meeting areas regularly to help ensure a safe working environment. Temperature scanning, provision of sanitisers, face masks, and gloves were provided to all the essential staff working hard to keep the wheels of the energy industry functioning smoothly and safely.

Prompt measures were taken to ensure safety at retail sites for frontline staff and customers. Retail sites adopted precautionary measures to prevent the spread of COVID-19.Frontline staff followed safety guidelines and local procedures by wearing required personal protective equipment, maintaining social distancing and frequently disinfecting high touchpoints, helping to ensure safety during customer interactions. Territory managers conducted online reviews with retailers looking at their regular safety checks and seeking ways to reduce their site exposure hours.

ROAD SAFETY

Moving products by road, rail, sea and air brings inherent transport safety risks with it. Transportation of hydrocarbons by road forms the backbone of the oil industry in Pakistan. Shell Pakistan continues to work with local authorities to improve industry standard for transportation safety. Extensive engagements for hauliers and drivers are carried out across the country covering fatigue, hazard identification, Brake Lagao Jan Bachao (harsh brake campaign), safety and care during summer and monsoon season.

Project Pasbaan, our road transport improvement project, continues to ensure we safely deliver product to our customers, and build sustainable road transport operations in Pakistan rooted in safety and safeguarded by robust assurances. Since its launch in 2018, key milestones have been achieved in 'Pasbaan', including fleet and technology upgrades such as onboard cameras, efficiencies in our terminal and retail interfaces, capability building of road transport partners, haulier led interventions for fleet drivers on care and respect that include quality of rest areas, enhanced trainings and reward and recognitions.

The White Oil Pipeline running from Karachi to Mehmood Kot, that transports diesel across the country is being converted to multigrade, to enable motor gasoline transportation. This will have significant impact on road safety by reducing primary movement of fuel by road. To achieve readiness for the multi-grade White Oil Pipeline, Shell Pakistan completed two pipelines at Sheikarpur and Machike installations, connecting both to Pak Arab Refinery Limited (PARCO) terminals for cross-country pipeline transportation of motor gasoline. In addition, construction of two large tanks has begun at Sheikarpur and Machike Installations to enhance our motor gasoline storage capacity.

EMERGENCY RESPONSE DRILL

Developing and maintaining emergency response procedures is an important element of building a robust safety culture. We continue to maintain emergency response plans, and make sure we have the necessary resources to manage spills, leaks, fires or explosions. We routinely prepare and practice our emergency response to potential incidents. Emergency response plans are tested in safety exercises and drills with local services and regulatory agencies that would be involved if an incident took place. We continue to use ICS (Incident Command System), the globally standardised approach to command, control and coordinate an emergency response. In 2020, we conducted simulation-based drills for our facility and road transport operations teams, in liaison with our retail and health departments, covering various aspects and scenarios with regards to the COVID-19 pandemic such as continuing operations with less employees during country wide lockdown.

SAFETY DAY 2020

We continually reinforce our safety culture through programmes such as Shell's annual Safety Day. This is a global programme, focused on Shell staff and contractors to reaffirm their commitment to safety and give them an opportunity to learn and share ideas and good practices on managing hazards and risks.

On June 10th, Safety Day engagements were held across the country. The concepts of human performance and learner mindset were introduced with quality discussion on various prospects of improving human performance while considering our challenges specially during the COVID-19 pandemic. Terminal front-line workforce, marine vessel handler, road transport hauliers, and engineering contractors participated in various projects and maintenance activities across the country also joined the conversation, co-creating solutions as one team.

Shell Pakistan continues to drive the importance of safety internally and externally through our various programmes and initiatives to support employees, partners, contractors, and communities to become more safety conscious.

SHELL HEALTH

COVID-19 presented extraordinary challenges in 2020, and Shell Health's priority was the safety and wellbeing of staff and their families through this time.

The health team provided support and guidance to employees affected by COVID-19. The team monitored and analysed their health status until they recovered.

Shell Health kept staff informed and updated on medical developments linked with COVID-19. Regular staff sessions were arranged with doctors from Aga Khan University Hospital to educate and respond to emerging queries and dispel misinformation.

In the second half of 2020, as cases of infection started going down across the country, Shell Health worked on a comprehensive review of guidelines developed for returning to working at offices, to keep our employees safe as offices were opened partially.

OUR PEOPLE

To be the most competitive and innovative energy company, our people are central to the delivery of our strategy and driving progress. Performing competitively in the evolving energy landscape requires competent and empowered people working safely together across Shell Pakistan. We believe that by crafting a collaborative culture, we encourage human ingenuity and creativity. Our focus is to recruit, train and recompense people according to a strategy that aims to encourage healthy competition, maintain a productive organisation, accelerate development of our people, grow and strengthen our leadership capabilities, and enhance employee performance through strong engagement.

CREATING A HIGH PERFORMING WORKFORCE

Shell is committed to creating and maintaining a high-performance culture. To enable our people, we focus on developing and supporting our employees through intensive engagement, while rewarding their contributions. Throughout their career with Shell we set clear, focused goals to improve operational performance, their professional development and our bottom line. Leaders are continuously provided counselling and guidance on driving performance among their teams.

Our people are recruited, developed and retained according to our People Strategy that is required to support our long-term business strategy and deliver more energy in a more sustainable way.

In 2020, we continued our search for outstanding talent. The Integrated Resourcing Team conducted Campus Drives, visiting five of the best engineering and business schools in the country to attract top talent. Through our gamified assessment methodology, we were able to identify high potential candidates who have been selected for various positions at Shell Pakistan.

Over 27 graduates and experienced professionals were recruited across the country. Improving the candidate experience has been a priority at Shell and with the implementation of Workday, candidates will have a seamless experience all the way from the time they submit a job application to their first day on seat and beyond.

Shell Pakistan also maintained an attrition rate of 5%, well below the average market attrition rate.

BUILDING AND SUSTAINING A DIVERSE AND INCLUSIVE (D&I) ENVIRONMENT

People are what make our business. Our success depends on our ability to attract, motivate, and retain an increasingly diverse pool of talent. We aspire for a diverse workforce and an inclusive environment that respects and supports all our people and helps improve our business performance. Our D&I approach focuses on talent acquisition, progression and retention, leadership visibility and an inclusive culture.

Our leaders aim to be role models for D&I and assume accountability for continuous progress. We believe that diverse teams led by inclusive leaders are more engaged, and therefore deliver better safety and business performance. By embedding D&I into our operations, we have a better understanding of the needs of our employees as well as the needs of our varied customers, partners and stakeholders throughout the world.

We are also committed to creating an environment that enables all employees to achieve their best, regardless of circumstance. This belief underpins how we work with employees with disabilities, ensuring they're given an equal platform to reach their true potential and become boundary-pushing innovators of the future. In 2020, we hired our first PWD (Persons with disabilities) for the year and partnered with NOWPDP (an organisation focused on inclusion through empowerment of the differently abled community) to participate in a career fair.

We are successfully progressing on our journey of achieving a diverse workforce with 40% of our total recruits being female. In 2014, the first professional network for women was formed to inspire and champion the advancement of women working at Shell Pakistan. In 2020, we revamped the Shell Women's Network, now called The Uraan Network, with a gender-balanced representation of like-minded males and females. Through this network we will provide stretch opportunities, prepare women leaders and provide a safe space to share similar experiences. Through workshops, seminars and trainings, we aim to increase awareness and provide multiple prospects for networking and growth.

MAKING SHELL A GREAT PLACE TO WORK

Making Shell Pakistan the employer-of-choice is one of our top priorities. We aim to provide an environment where employees feel valued and included, can nurture their talent as individuals and as part of collaborative teams. Family friendly policies are in place to further strengthen our Employee Value Proposition and to attract and retain talent.

In 2020, Shell Pakistan celebrated International Women's Day with Pakistan's first all-girl comedy troop which was appreciated by all employees.

To ensure the best onboarding experience even during a global pandemic, Shell Pakistan revamped the new joiner induction and quickly moved to a virtual set-up, enabling teams to connect and helping our new joiners learn about the business in unique ways.

CARE FOR EMPLOYEES

When the world shifted priorities due to COVID-19, the leadership continued to show support to its employees with a strong focus on Care, Continuity and Cash Preservation. A Care Committee was formed to engage with employees and gauge how they are feeling and coping with the unprecedented circumstances. Based on common trends and dominant themes such as wellbeing, connectivity and gratitude, the Care Committee designed various initiatives that were virtually compatible and impactful for the employees.

SOCIAL PERFORMANCE

Shell invests in the communities where we operate. Shell's social investment programs are managed by our Social Performance team. These programs enable us to share benefits from economic development with communities while creating a sustainable business environment. We tailor investment in local communities both to the needs of the community and aligned with Shell's business objectives.

POWERING LIVES THROUGH ENERGY

Energy is critical to economic and social development, improving the lives and livelihoods of people across the world. Shell, together with local partners, designs and implements access to energy projects that help unlock local markets for energy products and services.

In 2019, in partnership with the National Rural Support Program (NRSP), Shell Pakistan Limited has implemented an Access to Energy project in Southern Punjab, where we have provided clean energy solutions including two solar powered community institutions – a tube well and flour mill, clean cook stoves and solar lamps. In 2020, we added one more solar powered tube well to help increase uninterrupted water supply and productivity. We also renovated the local solar powered flour mill of the village that positively impacts income levels and lifestyles on a sustained basis. The families that have switched to clean-cook stoves have reported a 30% reduction in respiratory illnesses. The objective of this project is to make these community institutions income generating on a sustained basis, to hand over to a community-based organization.

CREATING VALUE THROUGH SHELL TAMEER

Shell LiveWIRE is one of Shell´s global social investment programs that enables young people to start their own business and create employment. Launched in Pakistan in 2003, named "Tameer", the programme has since then reached out to over 800,000 young people (aged 18-35) and engaged 12,500 young entrepreneurs through enterprise trainings resulting in more than 1,000 start-ups and business expansions. To learn more about Shell Tameer, visit: https://tameer.shell.com.pk

SHELL LIVEWIRE TOP TEN INNOVATORS AWARD

Shell LiveWIRE Top Ten Innovators Awards is a global competition that rewards businesses that demonstrate excellence in innovation. It gives entrepreneurs a chance to shine on a global platform. Three of Shell Tameer supported businesses were recognised in the global Shell LiveWIRE Top Ten Innovators 2020 programme from 139 participants across 15 countries.

Aqua Agro, took home the gold award in the Environment & Circular Economy category. Their artificial intelligence technology helps farmers to enhance their productivity and save water.

ENENT won the silver award. It is a clean-tech electronics start-up focused on designing innovative products that can reduce electricity bills and power loss by up to 20%.

In addition to the three categories: Energy Transition, Environment & Circular Economy, Local Prosperity, the judges awarded an Outstanding Achievement Award to an enterprise that contributed to combatting the socio-economic impacts of COVID-19, as part of Shell's commitment to respond to changing global needs. Pakistan's EDVON won $10,000 for their development of virtual STEAM (Science, Technology, Engineering, Art and Mathematics) curricula and DIY (Do it yourself) robotics kits for K-12 students, along with their COVID-19-fighting robot that improves sanitation and compliance in healthcare settings.

The award package for all ten winners also includes mentoring support from a Shell expert, the opportunity to benefit from Shell market linkages and the possibility to be considered as a vendor to Shell or Shell's customers.

VIRTUAL BUSINESS MENTORING PROGRAMME

Shell Tameer reached out to young Pakistani entrepreneurs with a virtual mentoring platform to help build and refine their business ideas through collaboration with a carefully selected group of subject matter experts. Through the programme, a diverse group of 15 entrepreneurs registered and received four hours of mentorship over eight weeks, each of them with a unique business idea.

VIRTUAL PITCH CLINICS

Four Tameer startups benefitted through Shell LiveWIRE global trainings on 'How to Pitch Your Ideas'. A team of experts from DAI, a renowned international development company, provided exclusive training focused on the Tameer startup's business model presentations. The startups also had an opportunity to present in front of a global panel of experts to refine their pitching skills.

STRATEGIC COLLABORATIONS

Shell Tameer launched its first Virtual Bootcamp in collaboration with NED University. For two consecutive years, Tameer has been training young engineers on enterprise development to help convert their final year ideas into sustainable business ventures. In 2020, for the first time, the university opened applications to students aspiring to take entrepreneurship as a career choice. More than 30 aspiring entrepreneurs were enrolled, and six business ideas were developed around energy innovation, education, automobile services and artificial intelligence (IoT). A seasoned panel of judges from Shell, industry and academia helped to select the top five entrepreneurial ideas:

1. Dr. Farrukh Arif – Building Energy Efficiency Simulators. A web-based portal that provides virtual energy audits, sensor based remote assessments and simulations to deliver energy efficiency.
2. Zarmeen Khan: Train to Change the World. A community based social enterprise promoting a healthy lifestyle through an affordable, accessible and adoptable sports platform.
3. Unais Ali: UTECH – Kids Education. A tech-based educational platform for kids, providing them quality education and prepare them for a rapidly changing world.
4. Mustafa Nizami: One Minute Wash. An automotive motorcycle wash service aimed at providing affordable and time saving cleaning services in just one minute.
5. Hafiz Arqam Malik: IoT Smatties Waste Management. A young innovator envisioned to convert waste into energy and organic fertilisers.

DISASTER RELIEF SUPPORT

During this global pandemic, Shell Pakistan's response efforts have been focused on ensuring the health, safety and well-being of our employees, customers and communities where we operate. Shell Pakistan donated fuel coupons to support organisations in mobilising their relief efforts. National Disaster Management Authority (NDMA), an organisation entrusted by the Government to lead disaster management activities, received PKR 800,000; and Aga Khan University Hospital, who have been working closely with the federal and provincial governments received PKR 500,000.

SHELL ECO-MARATHON

In 2020, Shell Pakistan invited Pakistani teams from engineering universities intending to participate in Shell Eco-marathon (SEM) 2020 for an opportunity to pitch their ideas and strategies in a local competition “Race for your money”. Seven student teams from Islamabad and Karachi presented to a judging panel to win a sponsorship for building their energy efficient cars. The SEM is a unique global programme for science, technology, engineering and math students to design and build ultra-energy-efficient vehicles. The aim is to take them out on the track in competition to travel as far as possible using as little energy as possible. The top 3 teams, Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (GIKI), National University of Sciences & Technology (NUST) and National University of Sciences and Technology – Pakistan Navy Engineering College (NUST PNEC) received PKR 650,000 each to invest in their vehicles. The global event SEM Asia 2020 was postponed due to COVID-19, giving our student teams sufficient time to design winning cars for the next race.

POWERING PROGRESS

Customers will need oil and gas for many decades to come, but as the energy system changes, our customers' needs are changing. Shell will continue to help provide the oil and gas the world needs, but the company must move in step with society. Our track record of using our business ingenuity to serve our customers, of collaboration and of technical achievement point to our ability to adapt and thrive in the coming decades.

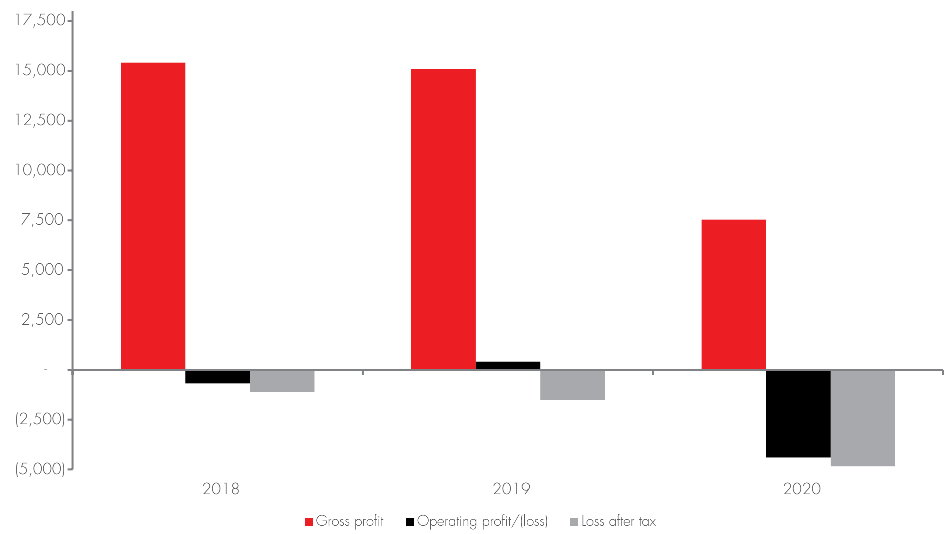
And our company purpose is in tune with this time of change: to power progress together by providing more and cleaner energy solutions. This means more energy to meet growing demand and cleaner energy to help tackle climate change and pollution.

In Pakistan, Shell has a network of over 740 sites, countrywide storage facilities, broad portfolio of global Lubricant brands and a presence at four major airfields supplying jet-fuel to both domestic and foreign airline carriers.

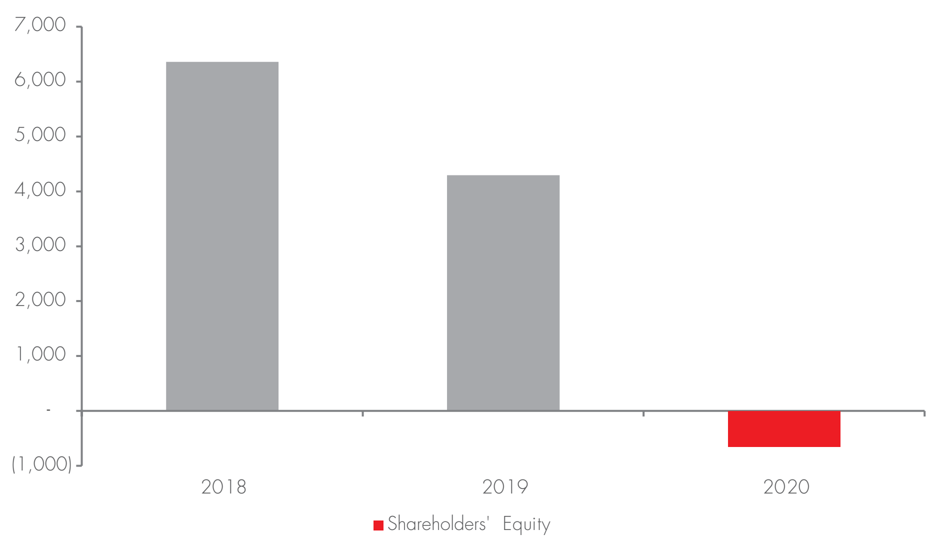
PERFORMANCE AT A GLANCE

YEAR ENDED DECEMBER 31, 2020

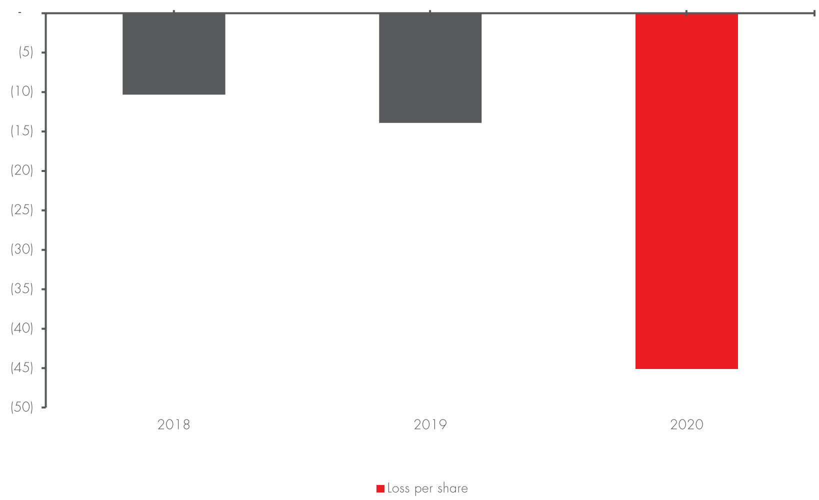
PROFITABILITY (Rs. million)



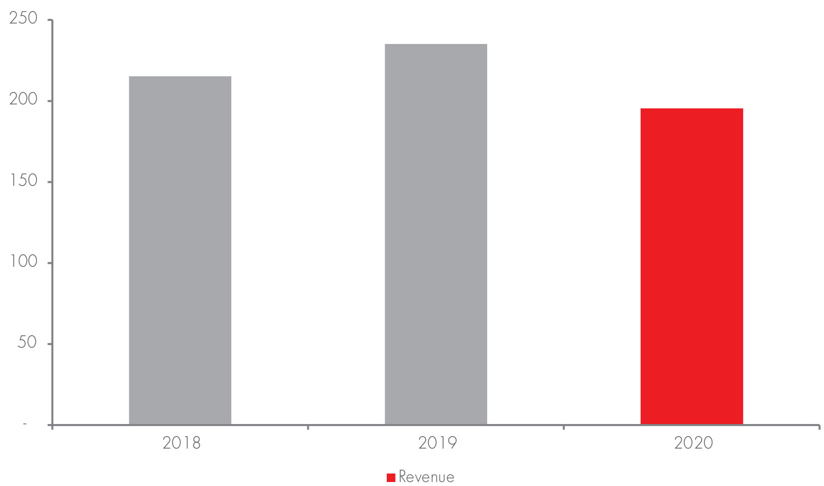
SHAREHOLDERS' EQUITY (Rs. million)



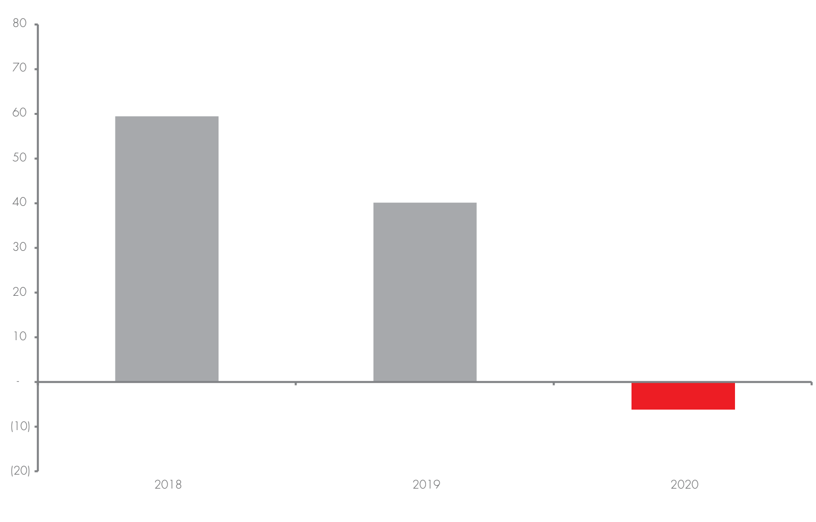
LOSS PER SHARE (Rs. per share)



REVENUE (Rs. in billion)



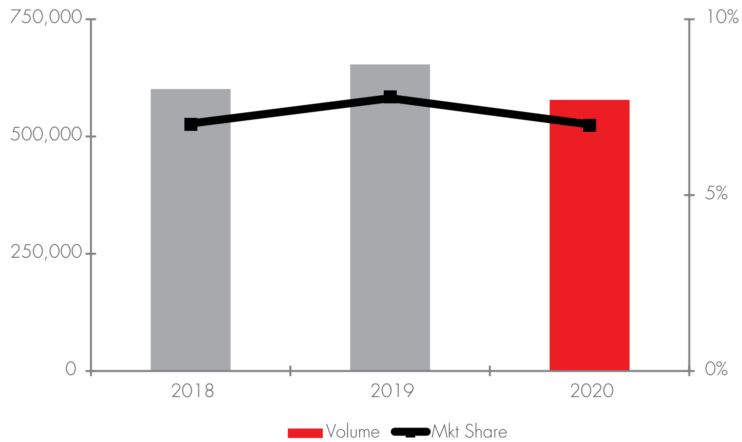
BREAK UP VALUE PER SHARE (Rs.)



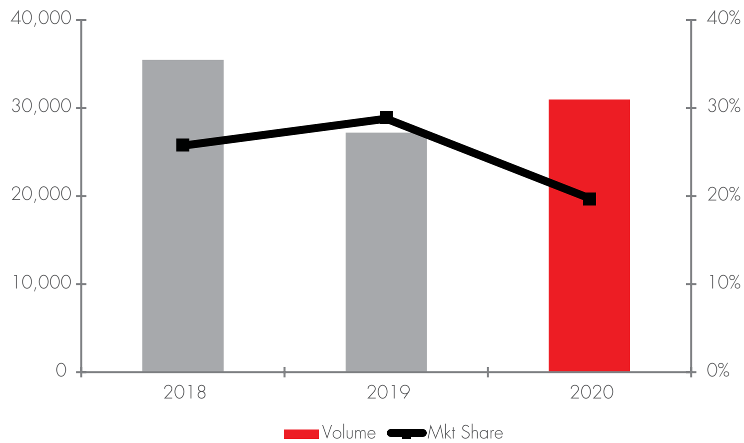
OPERATING AND FINANCIAL HIGHLIGHTS

PRODUCT-WISE VOLUME (MTs) AND MARKET SHARE (%)

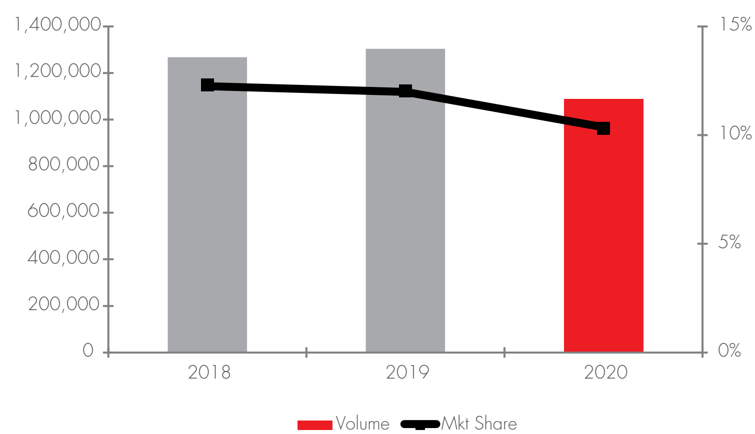
HIGH SPEED DIESEL VOLUME



DIFFERENTIATED FUELS VOLUME



MOTOR GASOLINE VOLUME



YEAR ENDED DECEMBER 31, 2020

Highlights		2020	2019
Sales volume	Tonnes	**1,765,896**	2,093,700
Sales revenue	Rs. mn	**165,140**	199,719
Loss before taxation	Rs. mn	**(4,815)**	(140)
Loss after taxation	Rs. mn	**(4,821)**	(1,486)
Fixed capital expenditure	Rs. mn	**3,104**	2,501
Shareholders' equity	Rs. mn	**(651)**	4,291
Loss per share - basic	Rs.	**(45.05)**	(13.88)

		Year ended December 31						
Financial Statistical Summary		**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Share capital	Rs. mn	**1,070**	1,070	1,070	1,070	1,070	1,070	1,070
Reserves	Rs. mn	**(1,721)**	3,221	5,283	9,128	10,040	4,911	4,825
Shareholders' equity	Rs. mn	**(651)**	4,291	6,353	10,198	11,110	5,981	5,895
Break up value	Rs.	**(6)**	40	59	95	104	56	55
Dividend per share	Rs.	**-**	-	7	24	34	10	8
Bonus	Ratio	**-**	-	-	-	-	-	-
Profit / (Loss) before tax	Rs. mn	**(4,815)**	(140)	(60)	4,323	5,706	2,345	546
Profit / (Loss) after Tax	Rs. mn	**(4,821)**	(1,486)	(1,102)	3,183	6,764	911	(1,067)
Earnings / (Loss) per share of Rs. 10	Rs.	**(45.05)**	(13.88)	(10.30)	29.74	63.22	8.51	(9.97)
Working capital								
Current assets to current liabilities	Times	**0.6**	0.7	0.7	0.8	0.9	0.8	0.9
Number of days stock	Days	**31**	34	32	23	25	26	23
Number of days trade debts	Days	**9**	8	6	7	4	2	3
Performance								
Profit / (Loss) after tax as % of average shareholders' equity	%	**(264.9)**	(27.9)	(13.3)	29.9	79.2	15.3	(16.3)
Cost of Sales as a % of sales	%	**95.4**	92.4	91.7	91.2	71.5	75.0	83.5
Profit / (Loss) before tax as % of sales	%	**(2.92)**	(0.07)	(0.03)	2.6	2.7	0.9	0.2
Profit / (Loss) after tax as % of sales	%	**(2.92)**	(0.7)	(0.6)	1.5	3.1	0.4	(0.4)
Total debt ratio	Ratio	**1.1**	0.7	0.6	0.04	-	0.3	0.6

INDEPENDENT AUDITORS' REPORT

To the members of Shell Pakistan Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Shell Pakistan Limited (the Company), which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Key audit matter	How our audit addressed the key audit matter
1. Receivable from the Government of Pakistan (GoP)	
As disclosed in note 14 to the financial statements, as at 31 December 2020 the Company has receivables from GoP on account of petroleum development levy and other duties and price differential claims amounting to Rs.1,380,029 thousand and Rs.2,600,528 thousand, respectively, recoverable on account of export sales and supply of petroleum products at subsidized rates to various customers. The Company has been following up for recovery of these balances with relevant Government authorities. In view of the above matter, the aforesaid receivable balances being significant to the financial statements, have been considered as a key audit matter.	In our consideration of the recoverability of these balances and their expected timing, we evaluated the appropriateness of management's judgments in light of the given circumstances through the following audit procedures: - reviewed correspondence between the Company and relevant authorities, and held discussions at appropriate level of management to critically assess their views on the recoverability and timing of settlement of relevant receivables; - considered management's process for impairment assessment of receivables, discussed judgment exercised by them and checked the approval of the Board of Directors in this regard; - reviewed the minutes of the Board of Directors and Board Audit Committee and discussed at the appropriate level of management, events during the year and steps taken by management for recoverability of these receivables; and - assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">2. Impact of COVID-19</td></tr>
<tr><td>As disclosed in note 1.4 to the financial statements, the COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities during the period from March to May 2020 in line with the directives of the Government. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan.

The Company's operations were disrupted due to the circumstances arising from COVID-19 causing unprecedented fluctuation in the international oil prices and demand disruption as a result of which the Company reported a loss before tax of Rs. 8,108,112 thousand in the first half of the year as disclosed in note 1.5 to the financial statements.

In view of the unique nature of these events and its possible impacts on the business operations and financial reporting we considered this area as a key audit matter due to the potential impact on our audit strategy.</td><td>Our audit procedures, amongst others, included discussions with the senior management about the impacts of COVID-19 related events on the business operations, financial condition, liquidity and operating performance of the Company. Further, we have:
- obtained an overall understanding of the changes in financial reporting process and underlying controls in order to determine the appropriate audit strategy;
- evaluated whether any impairment indicators exist that could trigger impairment for tangible assets;
- reviewed sale of the inventories subsequent to year end to evaluate the realizability of inventory values held at the 31 December 2020;
- checked the computations for expected credit losses as determined by the management in accordance with the requirements of IFRS-9 'Financial Instruments'. We evaluated the assumptions used by the management for such estimates including their reasonableness and the supporting economic and historical data used in this regard;
- evaluated management's going concern assessment by reviewing the approved budget / future cash flow forecast and assessed whether going concern assumption is appropriate; and
- assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework.</td></tr>
</table>

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances,
- but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Shaikh Ahmed Salman.

Chartered Accountants
Place: Karachi
Date: 15 March 2021

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Note	2020	2019
		------ (Rupees '000) ------	
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	**14,958,627**	13,176,996
Right-of-use assets	5	**5,174,286**	4,861,724
Intangible assets	6	**8,405**	11,557
Long-term investments	7	**4,936,422**	4,631,252
Long-term loans	8	**29,131**	33,585
Long-term deposits and prepayments	9	**158,799**	159,759
Deferred taxation	10	**1,020,840**	425,467
		26,286,510	23,300,340
Current Assets			
Stock-in-trade	11	**13,510,164**	17,413,439
Trade debts	12	**3,971,807**	4,544,062
Loans and advances	13	**98,893**	131,099
Short-term deposits and prepayments		**618,934**	544,129
Other receivables	14	**7,616,623**	8,016,827
Cash and bank balances	15	**2,542,876**	2,319,546
		28,359,297	32,969,102
TOTAL ASSETS		**54,645,807**	56,269,442
EQUITY AND LIABILITIES			
Equity			
Share capital	16	**1,070,125**	1,070,125
Share premium		**1,503,803**	1,503,803
General reserves		**207,002**	207,002
Accumulated (loss) / unappropriated profit		**(2,829,185)**	1,995,276
Remeasurement of post-employment benefits – actuarial loss		**(597,904)**	(485,073)
Unrealized loss on remeasurement of equity investment classified as fair value through other comprehensive income	7.4	**(5,000)**	-
Total equity		**(651,159)**	4,291,133
Liabilities			
Non-Current Liabilities			
Asset retirement obligation	17	**157,748**	138,322
Long-term financing	18	**4,000,000**	-
Long-term lease liabilities	19	**4,209,046**	3,675,474
Provision for post-retirement medical benefits	33	**171,566**	173,067
		8,538,360	3,986,863
Current Liabilities			
Trade and other payables	20	**39,023,387**	38,496,084
Unclaimed dividend		**257,548**	165,094
Unpaid dividend		**59,396**	154,623
Accrued mark-up	21	**1,936**	11,747
Short-term borrowings	22	**6,150,510**	8,154,343
Taxation - net		**522,870**	559,652
Current portion of long-term lease liabilities	19	**742,959**	449,903
		46,758,606	47,991,446
Contingencies and commitments	23		
TOTAL EQUITY AND LIABILITIES		**54,645,807**	56,269,442

The annexed notes from 1 to 45 form an integral part of these financial statements.

Faisal Waheed	**Haroon Rashid**	**Imran R. Ibrahim**
Chief Financial Officer	Chief Executive	Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		------ (Rupees '000) ------	
Sales	24	**194,665,379**	234,040,872
Other revenue		**546,212**	765,436
		195,211,591	234,806,308
Sales tax		**(30,071,676)**	(35,087,707)
Net revenue		**165,139,915**	199,718,601
Cost of products sold	25	**(157,590,280)**	(184,621,127)
Gross profit		**7,549,635**	15,097,474
Distribution and marketing expenses	26	**(6,810,619)**	(7,388,212)
Administrative expenses	27	**(5,139,484)**	(5,042,971)
Other expenses	28	**(557,613)**	(2,791,907)
Other income	29	**582,840**	557,612
Operating (loss) / profit		**(4,375,241)**	431,996
Finance costs	30	**(1,514,063)**	(1,522,768)
		(5,889,304)	(1,090,772)
Share of profit of associate - net of tax	7	**1,074,043**	950,806
Loss before taxation		**(4,815,261)**	(139,966)
Taxation	31	**(5,766)**	(1,345,801)
Net loss for the year		**(4,821,027)**	(1,485,767)
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Actuarial (loss) / gain on post-employment benefits - net of tax		**(112,831)**	10,985
Loss on remeasurement of equity instrument classified as fair value through other comprehensive income (FVOCI)	7.4	**(5,000)**	-
Items that will be subsequently reclassified to profit or loss			
Share of other comprehensive loss of associate - net of tax	7.1	**(3,434)**	-
Total comprehensive loss for the year		**(4,942,292)**	(1,474,782)
		------ (Rupees) ------	
Loss per share – basic and diluted	32	**(45.05)**	(13.88)

The annexed notes from 1 to 45 form an integral part of these financial statements.

Faisal Waheed	**Haroon Rashid**	**Imran R. Ibrahim**
Chief Financial Officer	Chief Executive	Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

		Capital reserve	Revenue reserve				
	Share capital	Share premium	General reserves	Accumulated (loss) / unappropriated profit	Remeasurement of post-employment benefits – actuarial loss	Unrealized loss on remeasurement of equity investment	Total
	----------	----------	----------	(Rupees '000)	----------	----------	----------
Balance as at December 31, 2018	1,070,125	1,503,803	207,002	4,068,450	(496,058)	-	6,353,322
Effect of change in accounting policy due to initial application of IFRS 9 - net of tax	-	-	-	(587,407)	-	-	(587,407)
Balance as at January 01, 2019 - restated	1,070,125	1,503,803	207,002	3,481,043	(496,058)	-	5,765,915
Net loss for the year	-	-	-	(1,485,767)	-	-	(1,485,767)
Other comprehensive income for the year	-	-	-	-	10,985	-	10,985
Total comprehensive (loss) / income for the year	-	-	-	(1,485,767)	10,985	-	(1,474,782)
Balance as at December 31, 2019	**1,070,125**	**1,503,803**	**207,002**	**1,995,276**	**(485,073)**	**-**	**4,291,133**
Net loss for the year	**-**	**-**	**-**	**(4,821,027)**	**-**	**-**	**(4,821,027)**
Other comprehensive loss for the year	**-**	**-**	**-**	**(3,434)**	**(112,831)**	**(5,000)**	**(121,265)**
Total comprehensive loss for the year	**-**	**-**	**-**	**(4,824,461)**	**(112,831)**	**(5,000)**	**(4,942,292)**
Balance as at December 31, 2020	**1,070,125**	**1,503,803**	**207,002**	**(2,829,185)**	**(597,904)**	**(5,000)**	**(651,159)**

The annexed notes from 1 to 45 form an integral part of these financial statements.

Faisal Waheed	**Haroon Rashid**	**Imran R. Ibrahim**
Chief Financial Officer	Chief Executive	Director

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		------ (Rupees '000) ------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	**2,677,755**	4,499,953
Finance costs paid		**(955,893)**	(921,901)
Interest portion of lease liabilities paid		**(23,423)**	(22,942)
Income tax paid		**(591,835)**	(1,332,366)
Long-term loans		**4,454**	(8,509)
Long-term deposits and prepayments		**960**	723,418
Post-retirement medical benefits paid during the year	33.2.4	**(10,834)**	(11,013)
Net cash generated from operating activities		**1,101,184**	2,926,640
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(3,103,741)**	(2,500,938)
Proceeds from disposal of operating assets		**12,795**	500
Dividend received from associate	7.1	**760,439**	613,657
Interest received on saving accounts	29	**28,475**	35,021
Net cash used in investing activities		**(2,302,032)**	(1,851,760)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal portion of lease liabilities paid		**(569,216)**	(816,788)
Long-term loan		**4,000,000**	-
Dividends paid		**(2,773)**	(13,324)
Net cash generated from / (used in) financing activities		**3,428,011**	(830,112)
Net increase in cash and cash equivalents		**2,227,163**	244,768
Cash and cash equivalents at the beginning of the year		**(5,834,797)**	(6,079,565)
Cash and cash equivalents at the end of the year	37	**(3,607,634)**	(5,834,797)

The annexed notes from 1 to 45 form an integral part of these financial statements.

Faisal Waheed	**Haroon Rashid**	**Imran R. Ibrahim**
Chief Financial Officer	Chief Executive	Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1 THE COMPANY AND ITS OPERATIONS

1.1 Shell Pakistan Limited (the Company) is a limited liability Company incorporated in Pakistan and is listed on Pakistan Stock Exchange Limited. The Company is a subsidiary of Shell Petroleum Company Limited, United Kingdom (immediate parent) which is a subsidiary of Royal Dutch Shell Plc. (ultimate parent). The registered office of the Company is located at Shell House, 6, Ch. Khaliquzzaman Road, Karachi.

1.2 The Company markets petroleum products and compressed natural gas. It also blends and markets various kinds of lubricating oils.

1.3 Geographical location and address of business units

Head Office	Shell House, 6, Ch. Khaliquzzaman Road, Karachi
Lube Oil Blending Plant	Plot No. 22, Oil Installation Area, Kemari, 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, the details of which is impracticable to disclose in these financial statements as required under the Fourth Schedule to the Companies Act, 2017 (the Act).

1.4 Impact of COVID-19 pandemic on these financial statements

The COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities during the period from March 2020 in line with the directives of the Government. This situation posed a range of business and financial challenges across various sectors of the economy in Pakistan. The lockdown, however, excluded companies involved in the business of necessary consumer supplies which included procurement, storage and marketing of petroleum and related products to operate with strict compliance with necessary Standard Operating Procedures (SOPs). Consequently, the Company's sales offices, storage points and business offices have continued to operate. However, COVID-19 has primarily impacted the Company on account of unprecedented fluctuation in international oil prices, significant write down of inventory to its Net Realizable Value (NRV) and sharp decline in sales demand (refer note 1.5).

1.5 As at the reporting date, the Company has incurred a loss before tax amounting to Rs. 4,815,261 thousand and have accumulated losses and negative equity amounting to Rs. 2,829,185 thousand and Rs. 651,159 thousand respectively. The adverse situation arose due to the unprecedented fluctuation in the international oil prices and demand disruption caused by extended lockdown due to COVID-19 as a result of which the Company reported a loss before tax of Rs. 8,108,112 thousand in the first half of the year. As the country saw resumption of economic activity alongwith stability in the international oil prices, the Company reported a profit before tax of Rs. 3,292,851 thousand in the second half of the year. The management expects that amidst stability in the oil prices and continuation of normal economic activity, the Company results will become more stable as per the business plans drawn by the management and duly endorsed by the Board.

1.6 The Board of Directors in their meeting held on December 9, 2020 approved to raise further capital by issuance of right shares at a value of Rs. 108 per share (premium of Rs. 98 per share) to its existing shareholders in the proportion of 1 right share for every 1 ordinary share held. The total size of the issue is Rs. 11,557,332 thousand. Subsequent to the year end, the rights subscription process has been completed and the Company has received the subscription amount in full.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Act; and

- Provisions of and directives issued under the Act.

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

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except where otherwise specifically stated.

2.3 Initial application of standard, amendments to accounting and reporting standards and the framework for financial reporting

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

2.3.1 Standard, amendments to accounting and reporting standards and the framework for financial reporting that became effective during the year

The Company has adopted the following standard, amendments to accounting and reporting standards and the framework for financial reporting which became effective for the current year:

IFRS 3	Definition of a Business (Amendments);
IFRS 9 / IAS 39 / IFRS 7	Interest Rate Benchmark Reform (Amendments);
IFRS 14	Regulatory Deferral Accounts;
IAS 1 / IAS 8	Definition of Material (Amendments);
IFRS 16	COVID-19 Related Rent Concessions (Amendments); and
	The Conceptual Framework for Financial Reporting

The adoption of the above standard, amendments to accounting and reporting standards and the framework for financial reporting did not have any material effect on the financial statements.

2.3.2 Standards, amendments and improvements to approved accounting standards that are not yet effective

The following standards, amendments of IFRSs and improvements to accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amedements or improvements:

Amendments		**Effective date (annual periods beginning on or after)**
IFRS 9 / IAS 39 / IFRS 7 / IFRS 4 / IFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendments)	January 01, 2021
IFRS 3	Reference to the Conceptual Framework (Amendments)	January 01, 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	January 01, 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	January 01, 2022
IAS 1	Classification of Liabilities as Current or Non-Current (Amendments)	January 01, 2023
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalised

Improvement to accounting standards issued by the IASB (2018 – 2020 cycle)		IASB effective date (annual periods beginning on or after)
IFRS 9	Fees in the '10 percent' test for the derecognition of financial liabilities	January 01, 2022
IAS 41	Agriculture - Taxation in fair value measurement	January 01, 2022

The above standards, amendments of IFRSs and improvements to accounting standards are not expected to have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan:

Standard		IASB effective date (annual periods beginning on or after)
IFRS 1	First time adoption of IFRSs	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2023

2.4 Critical accounting estimates, assumptions and judgments

The preparation of these financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount 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 judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the 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.

The estimates, assumptions and judgements made by the management that are subject to risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

i. Determination of useful lives, method of depreciation / amortization and residual value of property, plant and equipment, right-of-use assets and intangible assets (notes 3.1, 3.2, 3.3, 4.1, 5 and 6);

ii. Impairment against financial and non-financial assets (notes 3.4, 4.8, 9, 12.3 and 14.9);

iii. Review of net realizable value of stock-in-trade for diminution in the carrying values and review of stock-in-trade for obsolescence (notes 3.9, 11.1 and 11.6);

iv. Provision of asset retirement obligation (notes 3.13.2 and 17);

v. Estimates of receivable and payables in respect of retirement and other service benefits (notes 3.12 and 33);

vi. Provision for current and deferred taxation (notes 3.8, 10 and 31);

vii. Determination of contingent liabilities (notes 3.17, 14.8 and 23);

viii. Determining the lease term of contracts with renewal and termination options (notes 3.2, 3.14 and 19); and

ix. Leases - Estimating the incremental borrowing rate (notes 3.14 and 19).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

These are carried at cost less accumulated depreciation and accumulated impairment losses, if any, except freehold land which is stated at cost less accumulated impairment losses, if any.

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific categories of property, plant and equipment as and when these are available for use.

Subsequent costs are not recognised as assets unless it is probable that future economic benefits associated with these costs will flow to the Company and the cost can be measured reliably. Maintenance and normal repairs are charged to statement of profit or loss and other comprehensive income as and when incurred.

Depreciation is charged to statement of profit or loss and other comprehensive income using the straight-line method whereby the cost of an operating asset less its estimated residual value is written off over its estimated useful life at rates given in note 4.1 to these financial statements. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each statement of financial position date.

Depreciation on additions is charged from the month in which an asset is available for use while no depreciation is charged for the month in which an asset is disposed off.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of an asset is recognised as an income or expense in the statement of profit or loss and other comprehensive income in the period of disposal.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

3.2 Right-of-use assets

The Company recognises a right-of-use asset at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

3.3 Intangible assets – Computer software

These are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Amortization is charged to statement of profit or loss and other comprehensive income on straight line basis over its economic useful life at the rate given in note 6 to these financial statements. The Company reviews appropriateness of the rates of amortization on an annual basis. Amortization on additions is charged from the month in which an intangible asset is available for use while no amortization is charged for the month in which an intangible asset is disposed-off.

The gain or loss on disposal or retirement of an intangible asset represented by the difference between the sale proceeds and the carrying amount is recognised in the statement of profit or loss and other comprehensive income in the period of disposal.

3.4 Impairment

3.4.1 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For financial assets other than trade debts, the Company applies general approach in calculating ECL. It is based on difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Company expects to receive discounted at the approximation of the original effective interest rate. The expected cashflows will include cash flows from sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade debts, the Company applies a simplified approach where applicable in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix for large portfolio of customer having similar characteristics and default rates based on the credit rating of customers from which receivables are due that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset to be at a risk of default when contractual payments are 90 days past due, unless there are factors that might indicate otherwise. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.4.2 Impairment of non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in statement of profit or loss and other comprehensive income. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flow have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised previously. Reversal of an impairment loss is recognised immediately in statement of profit or loss and other comprehensive income.

3.5 Investment in associates

Associates are all entities over which the Company has significant influence but not control, generally represented by a shareholding of 20% or more but less than 50% of the voting rights. Significant influence is the power to participate in the financial and operating policies and decision of investees. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Company's share of its associates' post acquisition profits or losses is recognised in profit or loss and its share in associates' post acquisition comprehensive income is recognised in other comprehensive income. Cumulative post acquisition movements are adjusted against the carrying value of the investments. Dividends received from associates reduce the carrying amount of the investment. When the Company's share of losses in associate equals or exceeds its interest in the associate including any other long term unsecured receivable, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount and loss, if any, is recognised in profit or loss.

3.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.6.1 Financial assets

a) Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

For purposes of subsequent measurement, the Company classifies its financial assets into following categories:

- Financial assets at amortized cost (debt instruments);

- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and

- Financial assets at FVPL.

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in statement of profit or loss and other comprehensive income.

This category also includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as other income in profit or loss when the right of payment has been established.

The Company has not designated any financial asset at FVPL.

c) **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

3.6.2 Financial liabilities

a) **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, trade payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

b) **Subsequent measurement**

Financial liabilities at FVPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in statement of profit or loss and other comprehensive income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability at FVPL.

Financial liabilities at amortized cost

After initial recognition, borrowings and payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in statement of profit or loss and other comprehensive income.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

c) **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in statement of profit or loss and other comprehensive income.

3.6.3 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements only when the Company has a legally enforceable right to set off and the Company intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the financial statements.

3.7 Deposits, advances, prepayments and other receivables excluding financial assets

These are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

Exchange gains or losses arising in respect of deposits, advances and other receivables in foreign currency are added to their respective carrying amounts and charged to statement of profit or loss and other comprehensive income.

3.8 Taxation

3.8.1 Current

The charge for current taxation is computed in accordance with Income Tax Ordinance, 2001.

3.8.2 Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

As the provision for taxation has been made partially under the normal basis and partially under the final tax regime, therefore, the deferred tax liability has been recognised on a proportionate basis in accordance with TR 27 issued by the Institute of Chartered Accountants of Pakistan.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted by the statement of financial position date. Deferred tax is charged or credited in the statement of profit or loss and other comprehensive income.

3.9 Stock-in-trade

These are valued at lower of cost, calculated on a first-in first-out basis, and net realizable value except for stock-in-transit. Cost comprises invoice value, charges like custom duties and similar levies and other direct costs but excludes borrowing cost. Cost for bonded stock of finished goods comprises invoice value and costs incurred to date.

Stock-in-transit is valued at cost comprising invoice value plus other charges incurred thereon till the reporting date.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to make the sale.

Provision is made for obsolete and slow moving stock-in-trade based on management's best estimate and is recognised in the statement of profit or loss and other comprehensive income.

3.10 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise of cash in hand and balances with banks net of short-term borrowings.

3.11 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.12 Retirement and other service benefits

Except for certain expatriates for whom benefits are provided by membership of their respective Shell retirement benefit funds, staff retirement benefits include:

3.12.1 Defined benefit plans

i) Approved funded gratuity schemes

The Company operates separate approved funded gratuity schemes for management and unionized staff. Contributions are made to these schemes on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gains or losses (re-measurements) are immediately recognised in 'Other Comprehensive Income' as these arise.

ii) Approved funded pension schemes

The Company operates separate approved funded pension schemes for management and unionized staff. Contributions are made to these schemes on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gains or losses (re-measurements) are immediately recognised in 'Other Comprehensive Income' as these arise.

iii) Un-funded post-retirement medical benefits

The Company offers un-funded post-retirement medical benefits for all management staff. Annual provision is made for the scheme on the basis of actuarial recommendations. The actuarial valuation is carried out annually using the Projected Unit Credit Method. Actuarial gains or losses (re-measurements) are immediately recognised in 'Other Comprehensive Income' as these arise.

3.12.2 Defined contribution plans

i) Approved defined contributory provident funds

The Company operates approved defined contributory provident funds for all employees. Equal monthly contributions are made both by the Company and the employee at the rate of 4.5% of basic salary for management employees and 10% of basic salary for non-management employees. The amount contributed is charged in the statement of profit or loss and other comprehensive income.

ii) Approved defined contributory pension fund

The Company introduced an approved defined contributory pension fund during 2013 for management employees who opted for transfer from defined benefit pension and gratuity fund to defined contributory pension fund and for all new employees joining thereafter. The Company contributes at the rate of 10.5% of basic salary of the employee which is charged to statement of profit or loss and other comprehensive income.

Retirement benefits are payable to staff on completion of prescribed qualifying periods of service under these schemes.

3.12.3 Employees' compensated absences

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provision to cover the obligation under the scheme is made based on the current leave entitlements of employees and by using the current salary levels of employees.

3.13 Provisions

3.13.1 These are recognised in the statement of financial position where the Company has a legal or constructive obligation as a result of past event, it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

3.13.2 Provision for asset retirement obligation is based on current requirements, technology and price levels and the present value is calculated using amounts discounted over the useful economic life of the assets. The liability is recognised (together with a corresponding amount as part of the related property, plant and equipment) once an obligation crystallizes in the period when a reasonable estimate can be made. The effects of changes resulting from revisions to the timing or the amount of the original estimate of the provision are incorporated on a prospective basis.

3.14 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3.14.1 Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

3.14.2 Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

3.14.3 Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the termination option is reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments at the lease commencement date, the Company uses the interest rate implicit in the lease. In case where the interest rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

3.14.4 Determination of the lease term for lease contracts with extension and termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

3.14.5 Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

3.15 Unclaimed and unpaid dividend

Dividend declared by the Company, in the preceding three years, which remains unclaimed or unpaid as on the statement of financial position date is recognized as unpaid dividend. Dividend declared and payable prior to the preceding three years from the statement of financial position date are recognized as unclaimed dividend.

3.16 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.17 Contingent liabilities

Contingent liability is disclosed when:

- there 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
- there is a present obligation that arises from past events but 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.

3.18 Revenue recognition

The Company recognises revenue at a point in time when the control of product is transferred to the customer. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from terminal or when it is delivered by the Company at customer premises.

The Company generally enters into an agreement with its customers for supply of petroleum products, including delivery of product. As the transportation of product coincides with actual delivery, sale of product and transportation is considered as a single performance obligation. The credit limits in contract with customers ranges from 2 to 90 days.

Other revenue and other income is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Other revenue and other income is measured at the fair value of consideration received or receivable on the following basis:

- Other revenue (including franchise fee) is recognised on accrual basis.
- Profit from bank accounts and return on investments is recognised on a time proportionate basis.
- Interest on short-term deposits and shell card income is recognised on accrual basis.
- Dividend income is recognised when the Company's right to receive the dividend is established.

3.19 Foreign currencies

Transactions in foreign currencies are accounted for in Pakistan Rupees at the rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the rates of exchange which approximate those prevailing at the statement of financial position date. Exchange differences are recognised in the statement of profit or loss and other comprehensive income.

3.20 Operating segments

For management purposes, the activities of the Company are organized into one reportable operating segment i.e. marketing of petroleum products including lubricating oils. The Company operates in the said reportable operating segment based on the nature of the products, risks and returns, organizational and management structure and internal financial reporting systems. Accordingly, the figures reported in the financial statements are related to the Company's only reportable segment.

3.21 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.22 Contract liabilities

Contract liability is an obligation of the Company to transfer goods and services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when payment is made or due whichever is earlier. Contract liabilities are recognised in revenue when Company fulfils the performance obligation under the contract.

3.23 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency.

3.24 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2020	2019
		------ (Rupees '000) ------	
Operating assets – at net book value		**10,405,079**	10,502,075
Provision for impairment	4.8	**(297,659)**	(355,392)
	4.1	**10,107,420**	10,146,683
Capital work-in-progress	4.7	**4,851,207**	3,030,313
		14,958,627	13,176,996

4.1 Operating assets

	Note	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Tanks and pipelines	Plant and machinery	Air conditi-oning plant	Lifts	Dispensing pumps	Rolling stock and vehicles	Electrical, mechanical and fire fighting equipments	Furniture, office equipment and other assets	Computer auxiliaries	Main frame	Total
		(Rupees '000)														
As at January 01, 2020																
Cost		**97,009**	**610,004**	**197,635**	**3,751,216**	**3,170,044**	**2,164,200**	**42,828**	**59,344**	**1,767,927**	**657,046**	**4,094,480**	**3,832,671**	**327,747**	**7**	**20,772,158**
Accumulated depreciation and impairment		**-**	**141,599**	**80,645**	**2,575,841**	**1,525,570**	**655,884**	**37,476**	**11,248**	**798,201**	**512,412**	**2,287,494**	**1,834,624**	**164,474**	**7**	**10,625,475**
Net book value		**97,009**	**468,405**	**116,990**	**1,175,375**	**1,644,474**	**1,508,316**	**5,352**	**48,096**	**969,726**	**144,634**	**1,806,986**	**1,998,047**	**163,273**	**-**	**10,146,683**
Year ended December 31, 2020																
Opening net book value		**97,009**	**468,405**	**116,990**	**1,175,375**	**1,644,474**	**1,508,316**	**5,352**	**48,096**	**969,726**	**144,634**	**1,806,986**	**1,998,047**	**163,273**	**-**	**10,146,683**
Additions / revision of asset retirement obligation		**-**	**36,276**	**151**	**167,519**	**44,018**	**160,463**	**74**	**9,108**	**254,986**	**67,577**	**107,762**	**227,342**	**222,305**	**-**	**1,297,581**
Less: Disposals / write offs																
Cost		**2,318**	**23,114**	**1,880**	**189,581**	**144,507**	**40,746**	**8,861**	**1,224**	**54,913**	**87,586**	**137,095**	**182,541**	**16,152**	**-**	**890,518**
Accumulated depreciation		**-**	**(4,203)**	**(1,395)**	**(155,952)**	**(117,656)**	**(26,276)**	**(8,616)**	**(263)**	**(51,201)**	**(86,960)**	**(113,079)**	**(160,279)**	**(16,152)**	**-**	**(742,032)**
	4.6	**2,318**	**18,911**	**485**	**33,629**	**26,851**	**14,470**	**245**	**961**	**3,712**	**626**	**24,016**	**22,262**	**-**	**-**	**148,486**
Less: Depreciation charge for the year	4.3	**-**	**25,804**	**3,127**	**135,640**	**126,584**	**111,556**	**2,763**	**4,384**	**91,685**	**56,283**	**219,870**	**369,241**	**99,154**	**-**	**1,246,091**
Add: Impairment reversal for the year	4.8	**-**	**4,817**	**-**	**8,361**	**14,197**	**14,205**	**-**	**312**	**1,686**	**2**	**13,237**	**916**	**-**	**-**	**57,733**
Closing net book value		**94,691**	**464,783**	**113,529**	**1,181,986**	**1,549,254**	**1,556,958**	**2,418**	**52,171**	**1,131,001**	**155,304**	**1,684,099**	**1,834,802**	**286,424**	**-**	**10,107,420**
As at December 31, 2020																
Cost		**94,691**	**623,166**	**195,906**	**3,729,154**	**3,069,555**	**2,283,917**	**34,041**	**67,228**	**1,968,000**	**637,037**	**4,065,147**	**3,877,472**	**533,900**	**7**	**21,179,221**
Accumulated depreciation and impairment		**-**	**158,383**	**82,377**	**2,547,168**	**1,520,301**	**726,959**	**31,623**	**15,057**	**836,999**	**481,733**	**2,381,048**	**2,042,670**	**247,476**	**7**	**11,071,801**
Net book value		**94,691**	**464,783**	**113,529**	**1,181,986**	**1,549,254**	**1,556,958**	**2,418**	**52,171**	**1,131,001**	**155,304**	**1,684,099**	**1,834,802**	**286,424**	**-**	**10,107,420**
As at January 01, 2019																
Cost		97,009	521,387	193,257	3,479,883	3,086,864	2,008,143	36,170	48,423	1,579,581	620,833	3,665,021	3,450,079	181,118	7	18,967,775
Accumulated depreciation and impairment		-	118,441	77,451	2,457,212	1,438,243	558,756	36,170	7,554	718,351	503,227	2,091,707	1,511,433	148,737	7	9,667,289
Net book value		97,009	402,946	115,806	1,022,671	1,648,621	1,449,387	-	40,869	861,230	117,606	1,573,314	1,938,646	32,381	-	9,300,486
Year ended December 31, 2019																
Opening net book value		97,009	402,946	115,806	1,022,671	1,648,621	1,449,387	-	40,869	861,230	117,606	1,573,314	1,938,646	32,381	-	9,300,486
Additions / revision of asset retirement obligation		-	88,617	4,378	286,631	127,856	162,576	6,795	10,921	188,796	77,240	451,099	383,794	146,694	-	1,935,397
Less: Disposals / write offs																
Cost		-	-	-	15,298	44,676	6,519	137	-	450	41,027	21,640	1,202	65	-	131,014
Accumulated depreciation		-	-	-	(14,348)	(34,880)	(4,567)	(75)	-	(450)	(41,027)	(17,243)	(630)	(65)	-	(113,285)
	4.6	-	-	-	950	9,796	1,952	62	-	-	-	4,397	572	-	-	17,729
Less: Depreciation charge for the year	4.3	-	23,408	3,194	133,538	123,004	102,706	1,381	3,716	80,428	50,212	214,088	323,891	15,802	-	1,075,368
Add: Impairment reversal for the year	4.8	-	250	-	561	797	1,011	-	22	128	-	1,058	70	-	-	3,897
Closing net book value		97,009	468,405	116,990	1,175,375	1,644,474	1,508,316	5,352	48,096	969,726	144,634	1,806,986	1,998,047	163,273	-	10,146,683
As at December 31, 2019																
Cost		97,009	610,004	197,635	3,751,216	3,170,044	2,164,200	42,828	59,344	1,767,927	657,046	4,094,480	3,832,671	327,747	7	20,772,158
Accumulated depreciation and impairment		-	141,599	80,645	2,575,841	1,525,570	655,884	37,476	11,248	798,201	512,412	2,287,494	1,834,624	164,474	7	10,625,475
Net book value		97,009	468,405	116,990	1,175,375	1,644,474	1,508,316	5,352	48,096	969,726	144,634	1,806,986	1,998,047	163,273	-	10,146,683
Depreciation rate % per annum		**-**	**4 to 5**	**2.5**	**5**	**3 to 4**	**3 to 10&20**	**6.67**	**6.67**	**5 to 20**	**5 to 10&20**	**5 to 10**	**5 to 20**	**20 to 25**	**25**	

4.2 Operating assets include items having an aggregate cost of Rs. 3,622,324 thousand (2019: Rs.3,669,403 thousand) which have been fully depreciated and are still in use of the Company.

4.3 Depreciation charge for the year on operating assets has been allocated as follows:

	Note	2020	2019
		------ (Rupees '000) ------	
Cost of products sold	25.1	**122,408**	113,334
Distribution and marketing expenses	26	**966,315**	851,536
Administrative expenses	27	**157,368**	110,498
		1,246,091	1,075,368

4.4 The Company's assets include assets having a cost of Rs. 10,257,668 thousand (2019: Rs.9,746,435 thousand) located at dealer operated sites. Although the Fourth Schedule to the Act requires the disclosure of particulars of assets owned by the Company but not in its possession, the same has not been reproduced here due to the practical difficulties of disclosing the same as there are significant number of dealers and assets involved.

4.5 Particulars of immovable fixed assets of the Company are as follows:

Location	Address	Unit of measurement	Total area
Oil depot / terminals / plant			
Kemari Oil Terminal	Oil Installation Area, Plot No. 1, 3, 4, 7, 8 and 9, Kemari, Karachi.	Sq. yards	143,979
Daulatpur Oil Depot	Shell Pakistan Daulatpur Terminal, Shaheed Benazirabad.	Sq. yards	38,720
Shikarpur Oil Terminal	10km from Khanpur, Opposite PARCO PS-3, Kandhkot Road, District Shikarpur.	Sq. yards	58,080
Machike Oil Terminal	Machike Terminal, 7KM Sheikhupura Sargodha Road, Village Dhantpura, Sheikhupura.	Sq. yards	87,120
Shershah Oil Depot	Shell Shershah Depot, Multan.	Sq. yards	17,424
Vehari Oil Depot	Shell Bulk Oil Depot, Vehari.	Sq. yards	6,675
Sahiwal Oil Depot	Sahiwal Depot, Near railway station, Sahiwal.	Sq. yards	3,649
Bhakkar Oil Depot	Shell Bhakkar Depot, Near WAPDA Complaint Office, Bhakkar.	Sq. yards	6,110
Chaklala Oil Terminal	Shell Oil Terminal, Chaklala, Rawalpindi.	Sq. yards	58,080
Tarujabba Oil Depot	Shell Oil Depot, GT Road, Peshawar.	Sq. yards	53,240
Lube Oil Blending Plant	Plot No. 22, Oil Installation area, Kemari.	Sq. yards	100,118
Aviation stations			
Karachi Aviation Station	Karachi airport.	Sq. yards	4,500
Nawabshah Aviation Station	Nawabshah airport.	Sq. yards	1,621
Quetta Aviation Station	Quetta airport.	Sq. yards	1,667
Sukkur Aviation Station	Sukkur airport.	Sq. yards	778

Location	Address	Unit of measurement	Total area
Service stations			
Marine Drive Service Station	Plot No. DC 5, Block 8, Clifton, Karachi.	Sq. meters	873
Amil Service Station	Plot No. 234, Opposite Mazar-e-Qaid, M.A. Jinnah Road, Karachi.	Sq. meters	1,045
Karachi Service Station	SC-18, Sector 11-H, North Karachi, Karachi.	Sq. meters	836
Central Service Station	ST-1-A, Block 2, Sub block B, Nazimabad, Karachi.	Sq. meters	1,003
Shell Safari Service Station	Abul Hassan Esphahani Road, Plot No. L-1, KDA Scheme 24, Block 7, Gulshan-e-Iqbal, Karachi.	Sq. meters	773
Crescent Petroleum Service Station	Plot No. 6/1, Ghulam Hussain Qasim Quarters, Haris Road, Kharadar, Karachi.	Sq. meters	935
Popular Service Station	Plot No. PP-1, Near Sea Breeze Plaza, Shahrah-e-Faisal, Karachi.	Sq. meters	892
Nawaz Petroleum Service Station	Jhang Shorkot Road, Jhang.	Sq. meters	506
Satellite Town Filling Station	Satellite College Road, Rawalpindi.	Sq. meters	1,587
General			
Head Office	Shell House, 6, Chaudhary Khaliquzzaman Road, Karachi.	Sq. yards	4,907
Cannaught House	Unit No. C-V-119, Plot No. 16/F.T.4 Frere Town Quarters, Mary Road, Karachi.	Sq. yards	5,066

In view of large number of buildings and other immovable assets, the Company considers it impracticable to disclose particulars of such assets of the Company as required under the Fourth Schedule to the Companies Act, 2017.

4.6 There are no disposals of operating fixed assets having written down value in excess of Rupees five hundred thousand.

	Note	2020	2019
		------ (Rupees '000) ------	
4.7 Capital work-in-progress			
Buildings on leasehold land		**1,750,558**	1,440,440
Tanks and pipelines		**1,201,709**	164,655
Plant and machinery		**1,654,602**	1,363,171
Air conditioning plant		**25,619**	-
Electrical, mechanical and fire-fighting equipment		**169,769**	56,965
Furniture, office equipment and other assets		**10,500**	1,212
Rolling stock and vehicles		**38,450**	3,803
Computer auxiliaries		**-**	67
	4.7.1	**4,851,207**	3,030,313

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

	2020	2019
Balance at beginning of the year	**3,030,313**	2,467,357
Additions during the year	**3,036,781**	2,425,958
Transfers during the year	**(1,215,887)**	(1,863,002)
Balance at end of the year	**4,851,207**	3,030,313

4.8 Provision for impairment

During the year, the Company in accordance with its accounting policy, reassessed the adequacy of provision for impairment against property, plant and equipment and recorded reversal of provision for impairment of Rs. 57,733 thousand (2019: Rs. 3,897 thousand) net. The assets include CNG assets and assets installed at the retail sites.

	Note	2020	2019
		------ (Rupees '000) ------	
The movement of provision for impairment is as follows:			
Balance at beginning of the year		**355,392**	359,289
Provision made during the year		**66**	588
Reversals during the year		**(57,799)**	(4,485)
	29	**(57,733)**	(3,897)
Balance at end of the year		**297,659**	355,392

5 RIGHT-OF-USE ASSETS

	Note	2020	2019
As at January 01			
Cost		**5,412,014**	-
Impact of initial application of IFRS 16		**-**	3,575,736
Accumulated depreciation		**550,290**	-
Net book value		**4,861,724**	3,575,736
Year ended December 31			
Opening net book value		**4,861,724**	3,575,736
Additions		**950,778**	1,836,278
Less: Depreciation charge for the year	5.2	**638,216**	550,290
Closing net book value		**5,174,286**	4,861,724
As at December 31			
Cost		**6,362,792**	5,412,014
Accumulated depreciation		**1,188,506**	550,290
Net book value		**5,174,286**	4,861,724

5.1 The right-of-use assets are depreciated on straight line basis over the remaining lease term.

5.2 Depreciation charge for the year on right-of-use assets has been allocated as follows:

	Note	2020	2019
		------ (Rupees '000) ------	
Cost of products sold	25.1	**24,054**	24,054
Distribution and marketing expenses	26	**598,442**	505,222
Administrative expenses	27	**15,720**	21,014
		638,216	550,290

5.3 The right-of-use assets comprise of lands acquired on lease by the Company for its operations.

6. INTANGIBLE ASSETS

Computer softwares	Cost			Accumulated amortization			Net book value	Amortization rate per annum
	As at January 01,	Additions	As at December 31,	As at January 01,	For the Year	As at December 31,	As at December 31,	
	(Rupees '000)							
2020	**1,928,331**	**-**	**1,928,331**	**1,916,774**	**3,152**	**1,919,926**	**8,405**	**20%**
2019	1,928,331	-	1,928,331	1,913,622	3,152	1,916,774	11,557	

Includes intangible assets at a cost of Rs.1,912,571 thousand (2019: Rs.1,912,571 thousand) in respect of implementation and deployment of Enterprise Resource Planning (ERP) system as part of its business process transformation and streamline project. The Company's ERP was fully amortized, however, it is still in active use.

7. LONG-TERM INVESTMENTS

	Note	2020 % Holding	2019 % Holding	2020 (Rupees '000)	2019 (Rupees '000)
Investment in associate – unquoted					
Pak-Arab Pipeline Company Limited (PAPCO) 18,720,000 (2019: 18,720,000) ordinary shares of Rs. 100/- each	7.1 / 7.2 / 7.3	**26**	26	**4,936,422**	4,626,252
At fair value through other comprehensive income – unquoted					
Arabian Sea Country Club Limited 500,000 (2019: 500,000) ordinary shares of Rs. 10/- each	7.4	**5**	5	**-**	5,000
				4,936,422	4,631,252

7.1 Movement of investment in associate

	2020	2019
Balance at beginning of the year	**4,626,252**	4,431,561
Impact of initial application of IFRS 9 - net of tax	**-**	(142,458)
	4,626,252	4,289,103
Share of profit before taxation	**1,482,422**	1,399,235
Share of taxation	**(408,379)**	(448,429)
	1,074,043	950,806
Share of other comprehensive loss before taxation	**(4,837)**	-
Share of taxation	**1,403**	-
	(3,434)	-
Dividend received	**(760,439)**	(613,657)
Balance at end of the year	**4,936,422**	4,626,252

7.1.1 PAPCO is a joint venture between Pak-Arab Refinery Limited (PARCO) and oil marketing companies to provide transportation services of petroleum products through the white oil pipeline.

7.2	Financial details / position of associate	2020	2019
		------ (Rupees '000) ------	
	Non-current assets	**28,494,374**	22,755,183
	Current assets	**15,025,141**	18,325,440
	Non-current liabilities	**14,069,391**	13,206,242
	Current liabilities	**10,463,887**	10,081,104
	Revenue	**6,635,818**	6,459,893
	Gross profit	**4,191,195**	4,281,788
	Profit after tax	**4,130,933**	3,656,947
	Other comprehensive income	**(13,209)**	-
	Total comprehensive income	**4,117,724**	3,656,947

The financial year end for PAPCO is June 30. Assets and liabilities disclosed above are based on unaudited condensed interim financial statements for the half year ended December 31, 2020 and December 31, 2019, whereas revenue, profits and total comprehensive income disclosed above is based on audited financial statements for the years ended June 30, 2020 and June 30, 2019 and unaudited financial statements for the half years ended December 31, 2020, December 31, 2019 and December 31, 2018.

Share of contingent liabilities based on the latest unaudited condensed interim financial statements of PAPCO for the half year ended December 31, 2020 amounts to Rs.4,852 thousand (2019: Rs.13,010 thousand).

7.3	Reconciliation of carrying amount of investment in associate	Note	2020	2019
			------ (Rupees '000) ------	
	Net assets (Note 7.2)		**18,986,237**	17,793,277
	Company's Holding in % (Note 7)		**26%**	26%
	Company's share of investment in associate		**4,936,422**	4,626,252

7.4 Movement of investment carried at fair value through other comprehensive income

	2020	2019
Balance at beginning of the year	**5,000**	5,000
Loss on remeasurement of equity instrument at fair value through other comprehensive income	**(5,000)**	-
Balance at end of the year	**-**	5,000

7.5 The principal place of business of all the investees is Karachi.

8 LONG-TERM LOANS - considered good, secured

	Note	2020	2019
Due from:			
- Executive Directors	8.1	**12,408**	17,563
- Executives	8.2	**75,814**	73,360
- Employees		**15,946**	11,618
	8.3	**104,168**	102,541
Less: Receivable within one year			
- Executive Directors		**9,501**	10,673
- Executives		**51,527**	48,332
- Employees		**14,009**	9,951
	13	**75,037**	68,956
		29,131	33,585

8.1 The loan to executive directors have been made in compliance with the provisions of section 182 of the Act. The maximum aggregate amounts due from executive directors at the end of any month during the year were Rs. 16,674 thousand (2019: Rs.20,231 thousand).

	2020	2019
	------ (Rupees '000) ------	
The reconciliation of the carrying amount of loans to Executive Directors:		
Balance at beginning of the year	**17,563**	7,757
Disbursements	**5,492**	16,352
Repayments	**(10,647)**	(6,546)
Balance at end of the year	**12,408**	17,563

8.2 The maximum aggregate amounts due from executives at the end of any month during the year were Rs. 120,492 thousand (2019: Rs.97,093 thousand). The reconciliation of the carrying amount of loans to executives:

	2020	2019
	------ (Rupees '000) ------	
Balance at beginning of the year	**73,360**	62,177
Disbursements	**62,254**	65,868
Repayments	**(59,800)**	(54,685)
Balance at end of the year	**75,814**	73,360

8.3 Represents interest free emergency / general purpose loans and loans for purchase of motorcycle in accordance with the Company's policy and are repayable over a period of two to five years.

8.4 These are carried at cost as the financial impact of carrying at amortized cost is not material.

		Note	2020	2019
			------ (Rupees '000) ------	
9	**LONG-TERM DEPOSITS AND PREPAYMENTS**			
	Deposits	9.1	**153,299**	151,799
	Prepayments		**5,500**	7,960
			158,799	159,759

9.1 These are carried at cost as the financial impact of carrying at amortized cost is not material.

		2020	2019
		------ (Rupees '000) ------	
10	**DEFERRED TAXATION**		
	Taxable temporary difference arising in respect of:		
	- accelerated tax depreciation	**(1,088,505)**	(1,085,794)
	- investment in associate	**(460,178)**	(413,138)
	- right-of-use assets - net	**(64,461)**	(213,541)
		(1,613,144)	(1,712,473)
	Deductible temporary difference arising in respect of:		
	- provisions	**854,133**	857,669
	- unabsorbed tax depreciation	**1,779,851**	1,280,271
		2,633,984	2,137,940
		1,020,840	425,467

10.1 Deferred tax asset is recognised for tax losses, tax credits and depreciation available for carry forward to the extent of the realization of the related tax benefit through future taxable profits, based on the projections, is probable. As of the date of statement of financial position, deferred tax asset amounting to Rs. 3,445,589 thousand in respect of unused tax losses and tax credits has not been recognised in these financial statements. Further, in view of the order of the High Court of Sindh, as fully explained in note 23.1.2.1 to these financial statements, the Company has not recognised deferred tax asset on minimum tax carry forward amounting to Rs.838,594 thousand.

		Note	2020	2019
			------ (Rupees '000) ------	
11	**STOCK-IN-TRADE**			
	Raw and packing materials	11.2	**2,334,516**	1,204,911
	Provision for obsolete and slow moving stock	11.6	**(67,308)**	(30,910)
		25	**2,267,208**	1,174,001
	Finished products			
	- in hand and in pipeline system	11.3/ 11.4	**10,068,852**	15,278,655
	- in White Oil Pipeline	11.5	**1,280,073**	1,203,253
		11.1/ 11.2	**11,348,925**	16,481,908
	Provision for obsolete and slow moving stock	11.6	**(105,969)**	(242,470)
		25	**11,242,956**	16,239,438
			13,510,164	17,413,439

11.1 Includes items costing Rs.7,698,953 thousand (2019: Rs.Nil) which have been valued at their net realizable value of Rs.7,698,581 thousand (2019: Rs.Nil).

11.2 Details of petroleum products and lubricants held with third parties is as follows:

	2020	2019
	------ (Rupees '000) ------	
Petroleum products		
- PAPCO - an associated company	**1,280,073**	1,203,253
- PARCO	**368,892**	1,254,591
Lubricants		
- Union Chemical Industries	**46,321**	32,155
- Target Lubricants	**1**	7,995
- Mehran LC Depot	**69,505**	-
	1,764,792	2,497,994

11.3 Includes stock-in-transit amounting to Rs. 1,582,834 thousand (2019: Rs.6,239,818 thousand).

11.4 Includes bonded stock amounting to Rs.3,057,459 thousand (2019: Rs.6,877,901 thousand).

11.5 Includes High Speed Diesel which has been maintained as line fill necessary for the pipeline to operate.

11.6 Provision for obsolete and slow moving stock is as follows:

	2020	2019
	------ (Rupees '000) ------	
Balance at beginning of the year	**273,380**	172,707
Provision made during the year	**173,278**	161,703
Reversals during the year	**(273,381)**	(61,030)
	(100,103)	100,673
Balance at end of the year	**173,277**	273,380

		Note	2020	2019
			------ (Rupees '000) ------	

12 TRADE DEBTS

	Note	2020	2019
Considered good			
- Secured	12.1 / 12.2	**473,955**	459,175
- Unsecured	12.2	**3,497,852**	4,084,887
		3,971,807	4,544,062
Considered doubtful		**876,974**	822,192
		4,848,781	5,366,254
Provision for impairment	12.3 / 12.4	**(876,974)**	(822,192)
		3,971,807	4,544,062

12.1 These debts are secured by way of bank guarantees and security deposits.

12.2 Includes due from the following associated companies:

	Maximum aggregate outstanding at the end of any month	Neither past due nor impaired	Past due: Upto 1 month	Past due: 1 to 6 months	Past due: More than 6 months	2020	2019
	---- (Rupees '000) ----						
Dawood Hercules Corporation Limited	**267**	180	-	-	-	**180**	262
Vellani & Vellani	**775**	539	-	-	-	**539**	782
Unilever Pakistan Foods Limited	**8,502**	1,574	1,563	151	-	**3,288**	6,660
Wyeth Pakistan Limited	**92**	-	-	-	92	**92**	92
Novartis Pharma (Pakistan) Limited	**649**	355	-	-	-	**355**	385
The Aga Khan Hospital and Medical College Foundation	**12,429**	9,851	-	-	-	**9,851**	11,555
Unilever Pakistan Limited	**80,347**	2,449	2,731	855	357	**6,392**	69,231
	103,061	14,948	4,294	1,006	449	**20,697**	88,967
Less: Provision for impairment						**(92)**	(92)
Net receivable from associated companies						**20,605**	88,875

Based on past experience, past track record and recoveries, the Company believes that the above past due trade debts, do not require any provision for impairment except as provided for at December 31.

	Note	2020	2019
		------ (Rupees '000) ------	
12.3 Provision for impairment			
Balance at beginning of the year		**822,192**	847,780
Impact of initial application of IFRS 9		**-**	67,763
		822,192	915,543
Allowance for the year		**103,902**	58,928
Reversals during the year		**(49,120)**	(152,279)
	28	**54,782**	(93,351)
Balance at end of the year		**876,974**	822,192

12.4 As at December 31, 2020, trade debts of Rs. 876,974 thousand (2019: Rs.822,192 thousand) were impaired and provided for. The ageing of these trade debts is as follows:

	2020	2019
	------ (Rupees '000) ------	
Upto 6 months	**2,375**	19,373
More than 6 months	**874,599**	802,819
	876,974	822,192

12.5 As at December 31, 2020, trade debts aggregating to Rs. 578,767 thousand (2019: Rs.1,626,909 thousand) were past due but not impaired. These relate to a number of independent customers for whom there is no or some recent history of default, however, no losses have incurred. The ageing analysis of these trade debts is as follows:

	Note	2020	2019
		------ (Rupees '000) ------	
Upto 1 month		**347,202**	786,438
1 to 6 months		**81,633**	490,577
More than 6 months		**149,932**	349,894
		578,767	1,626,909

13 LOANS AND ADVANCES - considered good, secured

	Note	2020	2019
Current portion of long-term loans	8	**75,037**	68,956
Advances to employees	13.1	**23,856**	62,143
		98,893	131,099

13.1 Represents advances given to employees against expenses.

14 OTHER RECEIVABLES

	Note	2020	2019
Petroleum development levy and other duties	14.1	**1,380,029**	1,380,029
Price differential claims			
- on imported purchases	14.2	**295,733**	295,733
- on high speed diesel (HSD)	14.3	**343,584**	343,584
- on imported motor gasoline	14.4	**1,961,211**	1,961,211
Customs duty receivable	14.5	**44,413**	44,413
Sales tax refundable	14.6	**104,616**	-
Inland freight equalization mechanism		**802,899**	447,295
Receivable from related parties	14.7	**1,095,008**	1,019,101
Service cost receivable from PAPCO – an associated company		**18,712**	11,346
Workers' profits participation fund		**15,185**	15,185
Receivable from Oil Marketing Companies		**915,189**	1,944,059
Taxes recoverable	14.8 / 23.1.2	**1,020,214**	1,020,214
Margin held against letter of credit		**162,992**	59,076
Others		**415,682**	468,253
		8,575,467	9,009,499
Provision for impairment	14.9	**(958,844)**	(992,672)
		7,616,623	8,016,827

14.1 Includes petroleum development levy amounting to Rs.1,369,560 thousand (2019: Rs.1,369,560 thousand) recoverable from the Government of Pakistan (GoP) on account of export sales from June 2007. In 2011, the Company approached the GoP and Federal Board of Revenue (FBR) for settlement thereof. The GoP sought certain information which was duly provided by the Company. The FBR through the Large Taxpayers Unit (LTU) completed the verification exercise for claims amounting to Rs. 938,866 thousand, refund cheques against which were received in 2014. During 2015, verification exercise of claims amounting to Rs.182,004 thousand was completed by the authorities, however, the payment has not been released yet. Further, during 2016, FBR through Customs station Torkham completed verification exercise of claims amounting to Rs. 851,330 thousand. However, the same has not yet been sanctioned by the FBR as of the date of statement of financial position. Furthermore, the remaining claims are under verification and the Company is confident of recovery of the amount in full on completion of the verification exercise by the FBR.

14.2 Represents amount receivable from GoP on account of price differential on imports and the ex-refinery price on direct and retail sales during the period 1990-2001. The Company is actively following up the matter with GoP and is confident of recovering the amount in full.

14.3 Represents price differential claim from GoP on local / imported purchases of HSD which was based on rates notified by GoP to subsidise petroleum prices by restricting the increase in prices in order to reduce the burden of rising oil prices on the end consumers. The Company is actively following up the matter with GoP and is confident of recovering the amount in full.

14.4 Represents the Company's share of price differential claims on account of import of motor gasoline by the Company, being the difference between the landed cost and ex-refinery prices announced by Oil and Gas Regulatory Authority (OGRA). In 2007, the Company as well as other Oil Marketing Companies (OMCs) were asked in a meeting chaired by the Director General Oil to import motor gasoline to meet the increasing local demand. Accordingly, OMCs approached the Ministry of Petroleum and Natural Resources (MoPNR) with a proposal for pricing mechanism whereby end consumer price of motor gasoline was proposed to be fixed at weighted average of ex-refinery (import parity) price and landed cost of imported product. Despite no response from the MoPNR, the Company along with another OMC continued to import motor gasoline on behalf of the industry being confident that price differential on motor gasoline will be settled as per previous practice i.e. based on the differential between ex-refinery and import cost at the time of filing of cargo with Customs, as imports were being made on MoPNR instructions.

In 2009, the Company along with other OMCs approached MoPNR through letter dated July 23, 2009 requesting to expedite settlement of these claims. On October 02, 2009, MoPNR requested that an audited claim be submitted to allow further consideration and resolution of the matter. Accordingly, the Company submitted audit reports for claims till May 31, 2011 amounting to Rs.2,411,661 thousand. Subsequently, the Company received an amount of Rs.454,000 thousand from GoP on account of these claims. The remaining claims amounting to Rs.1,957,661 thousand are still outstanding as on the statement of financial position date.

In 2012, to meet the increasing local demand, OMCs again resorted to import motor gasoline on the instruction of MoPNR. The Company again along with OMCs approached the GoP with a proposal to include the high premium on the gallop cargo in the pricing mechanism. MoPNR accepted the oil marketing companies' proposal and directed OGRA through its directive PL-3 (457) / 2012 - 43 dated June 30, 2012 to adjust the actual premium differential of the imported motor gasoline through the IFEM mechanism. In 2013, the Company approached MoPNR through letter dated May 20, 2013 requesting to expedite settlement of the claim amounting to Rs. 109,896 thousand in respect of the above import. On June 06, 2013, MoPNR requested that an audited claim be submitted to allow further consideration and resolution of the matter. Accordingly, the Company submitted audit report thereafter in respect of this claim. In 2017 and 2018, claims aggregating to Rs.71,844 thousand and Rs.38,052 thousand were adjusted through the IFEM mechanism respectively, as per the directive of MoPNR stated above.

The Company along with other OMCs and Oil Companies Advisory Council (OCAC) continues to follow up this matter with MoPNR and is confident of recovering the amounts in full.

14.5 This includes receivable in respect of increase in rate of customs duty effective June 25, 2016, imposed by the MoF through Finance Act, 2016 dated June 24, 2016, on import of crude oil, high speed diesel and motor gasoline. Under the product pricing formula, the OMCs are required to recover similar cost elements and duties from customers on sale of petroleum products through prices notified on monthly basis. However, impact of increase in rate of customs duty was not incorporated in the price notification issued by OGRA for July 2016 which resulted in a receivable balance on customs duty to be recovered from the GoP. The Company has taken up this matter with OCAC to demand recovery of the aforesaid balance from the GoP and expects to receive the amount in due course.

14.6 This includes sales tax refundable on account of export sales pertaining to period October 2005 to September 2006 and January 2008 to August 2011 amounting to Rs. 663,045 thousand and Rs. 642,996 thousand respectively. The Company is actively pursuing for the recovery of these claims.

14.7 The maximum aggregate amount outstanding from related parties at any time during the year calculated by reference to month end balances and the ageing of receivables from related parties are as follows:

	Maximum aggregate outstanding at the end of any month	Neither past due nor impaired	Past due			2020	2019
			Upto 1 month	1 to 6 months	More than 6 months		
	--	(Rupees '000)	-----------------------------------				
Shell Aviation Limited (note 14.7.1)	**68,849**	-	-	-	-	**-**	175,000
Shell International Petroleum Company Limited	**897,014**	-	-	202,333	692,319	**894,652**	660,088
Shell International Limited	**54,407**	-	-	-	51,509	**51,509**	49,732
Shell Nederland B.V.	**467**	-	-	-	467	**467**	467
Shell International B.V.	**19,496**	-	-	-	19,496	**19,496**	18,210
Pilipinas Shell Petroleum Corporation	**3,760**	-	-	-	-	**-**	3,760
Oil Companies Advisory Council	**4,495**	-	-	-	885	**885**	17,409
Shell Energy Pakistan (SMC-Private) Ltd.	**33,564**	33,564	-	-	-	**33,564**	-
Shell International Trading Middle East Ltd.	**94,435**	-	-	-	94,435	**94,435**	94,435
		33,564	-	202,333	859,111	**1,095,008**	1,019,101

14.7.1 Represents net receivable on account of recoveries from customers by Shell Aviation Limited on behalf of the Company.

14.8 In 2013, the Deputy Commissioner Inland Revenue (DCIR) in compliance with the directions of Appellate Tribunal Inland Revenue (ATIR), completed denovo proceedings in respect of tax year 2006 and raised a demand of Rs.425,514 thousand. The demand primarily relates to disallowance of a pricing component paid to Shell International Trading Middle East (SITME) on imports of high speed diesel while treating the same as payment to non-resident on which the Company failed to deduct tax under section 152 of the Income Tax Ordinance, 2001. The Company in response to the aforementioned order deposited an amount of Rs.301,167 thousand while an amount of Rs.111,785 thousand was adjusted against sales tax refund. In addition, a rectification application was also filed for correction of certain mistakes apparent in the order which has been accepted and given effect. The Company also filed an appeal against the aforementioned order before CIR (Appeals) which in its order dated February 02, 2015 has upheld the order passed by the DCIR. The Company has filed an appeal there against before the ATIR which is pending for hearing. The Company, based on the advice of its tax consultant expects a favorable outcome of appellate levels and considers the possibility of any liability arising under the aforementioned order to be remote.

		Note	2020	2019
			------ (Rupees '000)	------
14.9	Provision for impairment			
	Balance at beginning of the year		**992,672**	405,225
	Impact of initial application of IFRS 9		**-**	558,925
			992,672	964,150
	(Reversal) / Provision made during the year	29	**(33,828)**	28,522
	Balance at end of the year		**958,844**	992,672
15	**CASH AND BANK BALANCES**			
	Cash in hand		**9,141**	10,395
	Bank balances			
	- current accounts		**2,336,169**	2,164,731
	- saving account	15.1	**197,566**	144,420
			2,533,735	2,309,151
			2,542,876	2,319,546

15.1 This carries interest rate of 5.50% (2019: 11.25% to 11.35%) per annum.

16 SHARE CAPITAL

Authorized share capital

2020	2019		2020	2019
(Number of shares)			------ (Rupees '000) ------	
300,000,000	150,000,000	Ordinary shares of Rs. 10/- each	**3,000,000**	1,500,000

Issued, subscribed and paid-up share capital

2020	2019		2020	2019
(Number of shares)		Ordinary shares of Rs. 10/- each		
23,481,000	23,481,000	Fully paid in cash	**234,810**	234,810
83,531,331	83,531,331	Issued as fully paid bonus shares	**835,315**	835,315
107,012,331	107,012,331		**1,070,125**	1,070,125

16.1 The immediate parent held 81,443,702 (2019: 81,443,702) ordinary shares as at the date of statement of financial position.

16.2 Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding.

16.3 The Board of Directors in their meeting held on November 16, 2020 recommended to increase the authorized share capital of the Company from Rs. 1,500,000 thousand to Rs. 3,000,000 thousand subject to obtaining the requisite approval from the shareholders. The shareholders in the Extraordinary General Meeting (EoGM) held on December 09, 2020 approved the recommended increase in the authorized share capital.

17. ASSET RETIREMENT OBLIGATION

	Note	2020	2019
		------ (Rupees '000) ------	
Balance at beginning of the year		**138,322**	130,983
Reversal of liability	29	**(91)**	(342)
Estimates adjustments	17.1	**14,734**	(2,585)
Accretion expense	30	**4,783**	10,266
		19,517	7,681
Balance at end of the year		**157,748**	138,322

17.1 Estimates adjustments represents the effect of adjustment in discount and inflation rate used for estimating the future outflows of resources required to settle asset retirement obligation.

18. LONG-TERM FINANCING - secured

	Note	2020	2019
		------ (Rupees '000) ------	
Long-term loan		**4,000,000**	-
Current portion of long-term loan		**-**	-
	18.1	**4,000,000**	-

18.1 Represents a long-term financing facility from a commercial bank amounting to Rs. 4,000,000 thousand (2019: Nil). The facility carries interest at the rate of 3 months KIBOR + 0.05%. The loan is repayable over a period of 5 years commencing from December 30, 2022 and is secured by way of hypothecation over the Company's present and future current assets.

		Note	2020	2019
			------ (Rupees '000) ------	
19.	**LONG-TERM LEASE LIABILITIES**			
	Balance at beginning of the year		**4,125,377**	-
	Impact of initial application of IFRS 16		**-**	2,716,226
	Additions during the year		**950,778**	1,836,278
	Accretion of interest	30	**468,489**	412,603
	Lease rentals paid		**(592,639)**	(839,730)
	Balance at end of the year		**4,952,005**	4,125,377
	Current portion of long-term lease liabilities		**742,959**	449,903
	Long-term lease liabilities		**4,209,046**	3,675,474

19.1 Maturity analysis

	2020	2019
Gross lease liabilities - minimum lease payments:		
Not later than one year	**787,891**	473,326
Later than one year but not later than five years	**2,758,013**	2,417,689
Later than five years	**5,946,187**	5,359,066
	9,492,091	8,250,081
Future finance charge	**(4,540,086)**	(4,124,704)
Present value of finance lease liabilities	**4,952,005**	4,125,377

19.2 The Company has recognised charge of Rs.Nil (2019: Rs.12,507 thousand) in respect of short term leases not included in the measurement of lease liabilities.

		Note	2020	2019
			------ (Rupees '000) ------	
20	**TRADE AND OTHER PAYABLES**			
	Creditors	20.1	**30,741,316**	26,481,720
	Accrued liabilities	20.2	**6,984,682**	10,376,370
	Security deposits	20.3	**341,037**	396,442
	Advances received from customers (contract liabilities)		**477,997**	543,942
	Provision for staff retirement benefit schemes	33.1.12	**87,919**	20,878
	Workers' Welfare Fund		**316,220**	335,361
	Provision for staff redundancy plan	20.4	**59,800**	19,972
	Sales tax payable	14.6	**-**	319,330
	Other liabilities		**14,416**	2,069
			39,023,387	38,496,084

20.1 Includes amounts due to the following associated companies:

	2020	2019
Shell Global Solutions (Malaysia) Sdn. Bhd.	**4,863**	41,852
Shell Markets (Middle East) Limited	**20,308**	14,278
Shell Polska Sp. Z o.o. Oddzial w Krakowie	**3,600**	3,180
Shell Treasury Centre East (Pte) Limited	**27,012**	6,193
The Shell Company of Thailand Limited	**-**	4,957
Shell Global Solutions International B.V.	**97,857**	22,603
Shell Malaysia Trading Sendirian Berhad	**35,820**	33,971
Brunei Shell Petroleum Company Sendirian Berhad	**419**	406
Saudi Arabian Markets Shell	**886**	858
Shell Canada Products Limited	**1,455**	1,410
Shell Companies of Indonesia	**3**	3

	2020	2019
	------ (Rupees '000) ------	
Shell Downstream South Africa (Pty) Limited	**1,798**	1,742
Shell Nederland Verkoopmaatschappij B.V.	**6,338**	6,141
Shell Oman Marketing Company SAOG	**3,683**	3,498
Euroshell Cards B.V.	**58,531**	194,933
Shell Brands International AG	**2,651,134**	1,687,482
Shell Eastern Trading (Pte) Limited	**1,020,696**	418,872
Shell Information Technology International B.V.	**19,944**	465,681
Shell International B.V.	**1,400,303**	782,144
Shell International Exploration and Production B.V.	**800**	775
Shell International Limited	**127,753**	67,152
Shell International Petroleum Company Limited	**10,527,701**	7,617,063
Shell Lubricants Egypt	**-**	3,019
Shell People Services Asia Sdn. Bhd.	**97,682**	91,790
Shell Shared Services (Asia) B.V.	**30,891**	29,931
Shell & Turcas Petrol A.S.	**25,928**	6,247
Shell International Trading Middle East Limited	**2,852,927**	7,717,091
Shell Lubricants Supply Company B.V.	**707,738**	261,661
Shell India Markets Private Limited	**914**	3,444
Shell Hong Kong Limited	**-**	34,098
Shell Information Technology International Sdn. Bhd.	**1,939**	1,879
Pilipinas Shell Petroleum Corp	**462**	447
Shell Oil Company	**38,262**	25,758
Shell Aviation Limited	**32,288**	-
SIETCO Trading Singapore	**3,644,187**	-
Belgian Shell S.A.	**1,896**	-
Shell China Limited	**8,959**	-
Shell Eastern Petroleum (Pte) Limited	**1,013**	-
Shell Deutshland Oil GMB	**6,918**	-
Shell UK Oil Products Limited	**3,336**	-
Aga Khan Hospital & Medical College Foundation	**453**	105
	23,466,697	19,550,664

20.2 Includes Rs. 601,809 thousand (2019: Rs.2,684,345 thousand) accrued in respect of associated companies.

20.3 The security deposits are non-interest bearing and are refundable on termination of contracts and include deposits received by the Company under the terms of related agreements and are as follows:

	Note	2020	2019
		------ (Rupees '000) ------	
Dealers on retail sites		**152,802**	211,074
Shell card holders		**188,235**	185,368
	20.3.1	**341,037**	396,442

20.3.1 As per the terms of the agreement, the Company can utilise the deposits in the normal course of business in terms of section 217 of the Act.

20.4 This is based on management assessment of staff redundancy provision.

21 ACCRUED MARK-UP

	2020	2019
	------- (Rupees '000) -------	
Running finances under mark-up arrangements	**736**	8,760
Short-term borrowings	**1,200**	2,987
	1,936	11,747

		Note	2020	2019
			------- (Rupees '000) -------	
22	**SHORT-TERM BORROWINGS – secured**			
	Short-term loans	22.1	**6,150,000**	7,940,000
	Running finances under mark-up arrangements	22.2	**510**	214,343
			6,150,510	8,154,343

22.1 Represents loan obtained from a commercial bank amounting to Rs. 6,150,000 thousand (2019: Rs.7,940,000 thousand) and carries mark-up at the rate of 7.12% per annum (2019: 13.70% and 13.95% per annum). The loan is secured by hypothecation of the Company's stock-in-trade, trade debts and other receivables. Subsequent to the year end, the Company has repaid the amount in full.

22.2 Represents facilities obtained from various commercial banks aggregating to Rs. 20,600,000 thousand (2019: Rs.19,100,000 thousand). The short-term loans obtained during the year and outstanding as at year end were also obtained under the same facility. These carry mark-up ranging from 1 month KIBOR plus 0.10% to 0.35% (2019: 1 month KIBOR plus 0.10% to 0.95%). These arrangements are secured by hypothecation of the Company's present and future stock-in-trade, trade debts and other receivables.

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 Infrastructure fee

The Sindh Finance Act, 1994, prescribed the imposition of an infrastructure fee at the rate of 0.5% of the C&F value of all goods entering or leaving the province of Sindh via sea or air. Subsequently, Sindh Assembly has amended the Sindh Finance Act, 1994 through legislation of Sindh Finance Act, 2013 according to which infrastructure fee will range from 0.90% to 0.95% of total value of goods against various slabs of net weight of goods as assessed by the Customs Authorities plus one paisa per kilometer.

The Company and several others challenged the levy in constitutional petitions before the High Court of Sindh. These petitions were dismissed as, during their pendency, the nature of the levy was changed by the Government of Sindh through an Ordinance. The Company and others therefore filed civil suits in the High Court of Sindh challenging the amended Ordinance. However, these suits were also dismissed in October 2003. All the plaintiffs preferred intra-court appeals against the dismissal. The intra-court appeals were decided by the High Court in September 2008 wherein it was held that the levy is valid and collectable only from December 12, 2006 onwards and not prior to this date. Being aggrieved by the said judgment, both the Company and the Government of Sindh filed separate appeals before the Honorable Supreme Court of Pakistan.

In 2011, the Government of Sindh unconditionally withdrew its appeals on the plea that the Sindh Assembly had legislated the Sindh Finance (Amendment) Act, 2009, levying infrastructure fee with retrospective effect from 1994. However, the Supreme Court, in view of the new legislation, directed the Company and others to file fresh petitions to challenge the same before the High Court and set aside the earlier order of the High Court.

The High Court on fresh petitions filed, passed an interim order directing that any bank guarantee / security furnished for consignments cleared upto December 27, 2006 are to be returned and for period thereafter guarantees or securities furnished for consignments cleared are to be encashed to the extent of 50% and the remaining balance is to be retained till the disposal of petitions. For future clearances, the Company is required to clear the goods on paying 50% of the fee amount involved and furnishing a guarantee / security for the balance amount.

In 2017, Sindh Assembly passed the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the SDMI Act) with retrospective effect from July 01, 1994. Through this SDMI Act, the range of infrastructure fee was increased to 1.10% to 1.15% on the value of goods against various slabs of net weight as assessed by the Custom Authorities plus one paisa per kilometer. The SDMI Act replaced the infrastructure cess levied under the Sindh Finance Act, 1994 and subsequent amendments thereof. To comply with the earlier interim order of the High Court granted against the cess as levied through the Sindh Finance Act 1994 and its amendments, the Company continues to pay 50% of the cess amount involved and furnishes bank guarantee for the balance amount.

In 2018, the Company filed a writ petition before the High Court of Sindh to challenge the levy of cess under the SDMI Act, against which a stay order has been granted.

During the year, the Company received demand notices issued by the relevant authority for levy or collection of cess on imported petroleum products under the SDMI Act. The Company along with others challenged the levy of cess in Constitutional Petitions before the High Court of Sindh on the basis, inter alia, that the SDMI Act is inapplicable to petroleum products whose prices are fixed under the Federal laws and, alternatively, no cess can lawfully be levied or collected under the SDMI Act on the import or export of petroleum products regulated by the Federal laws. The High Court of Sindh has passed an interim order directing that the respondents may not take adverse action against the Company pursuant to impugned demand/penalty notice and may not create hindrance in the lawful import/export of petroleum products of the Company.

Subsequent to the stay granted by the High Court of Sindh, the Company has reviewed its position and without acknowledging it as a debt, estimates the accumulated levy up to December 31, 2020 at Rs. 153,493 thousand (2019: Rs.141,493 thousand). However, the eventual obligation on account of the aggregate fee, if any, cannot be ascertained presently because of uncertainty in relation to the extent of its application to the Company.

Management, based on the opinion of its legal advisor, is confident of a favorable outcome and accordingly no provision has been made in these financial statements against the levy.

23.1.2 Taxation

23.1.2.1 In 2011, the Company received a demand order from the tax authorities in respect of tax year 2008 amounting to Rs. 735,109 thousand. The demand principally arose due to addition made by assessing officer in respect of allocation of common expenses and taxing the reversal of provision for impairment in trade and other receivables. Further, assessing officer had also disallowed the credit for minimum tax amounting to Rs. 482,685 thousand paid in earlier year and set-off against tax liability for the tax year 2008. The Company thereafter filed an application against the order for rectification of certain mistakes apparent from the record. The tax officer rectified the order accepting the Company's contention and reduced the demand to Rs. 527,150 thousand. The Company in response to the demand deposited an amount of Rs. 120,000 thousand under protest and filed an appeal with the Commissioner Inland Revenue (CIR Appeals) and thereafter with ATIR. The remaining demand has been adjusted by the taxation authorities from sales tax refundable. In 2012, both CIR Appeals and ATIR have decided the case against the Company. The Company in response to this order of ATIR filed an appeal before the High Court of Sindh which is pending for hearing.

In 2013, the High Court of Sindh, in respect of another Company, overturned the interpretation of the Appellate Tribunal on Sec 113 (2) (c) of the Income Tax Ordinance, 2001 and decided that the minimum tax could not be carried forward where there was no tax paid on account of loss for the year or carried forward losses. The Company's management is however of the view, duly supported by the legal advisor that the above order is not correct and would not be maintained by the Supreme Court of Pakistan which the Company intends to approach, if same decision is awarded to the Company in appeal to the High Court of Sindh. Therefore, the Company has continued to consider the adjustment made against the demand and the deposit of Rs. 120,000 thousand as recoverable and the same is included in 'Other receivables'.

23.1.2.2 In 2012, the Company received a demand order from the tax authorities in respect of tax year 2004 amounting to Rs.161,057 thousand. The demand principally arose due to addition made by assessing officer in respect of allocation of common expenses, disallowance of software cost claimed as revenue expenditure and credit disallowed in respect of income derived from Azad Kashmir. The Company in response to the order, deposited an amount of Rs. 29,106 thousand and filed a rectification application and an appeal with CIR Appeals. The tax officer rectified the order allowing Azad Kashmir tax credit and partial relief on amortisation of software cost reducing the tax demand to Rs.109,895 thousand after adjusting the amount of Rs. 29,106 thousand paid earlier. In response to the rectified order, the Company deposited a further amount of Rs. 100,000 thousand, thereby bringing the total amount deposited to Rs. 129,106 thousand.

In 2013, CIR Appeals upheld the basis used by tax officer in respect of allocation of expenses and had directed the tax authorities to work out correct figures, in order to determine the allocation ratio. The CIR Appeals in respect of disallowance of software cost had directed tax authorities to give consequential effect to the subsequent years. The Company filed an appeal against the CIR Appeals order before the ATIR which through an order dated December 07, 2015 confirmed the decision of the CIR Appeals on the issue of allocation of expenses.

The Company filed a reference before the High Court of Sindh against the ATIR order. Simultaneously, a miscellaneous application was filed before ATIR to review its earlier judgement. The ATIR vide order dated December 22, 2016 re-visited its decision and agreed that the judgement of the Supreme Court of Pakistan in respect of civil petition no. 1306 of 2014 had been overlooked. However, it also gave directions to rehear the department's contentions and re-fix the hearing.

The ATIR vide order dated February 27, 2019 has decided the case in favour of the Company by declaring the proceedings as void ab-initio, illegal and not sustainable due to time limitation. Further, an appeal effect order dated April 05, 2019 giving effect to this ATIR order has been passed by the tax department, thereby confirming the refund of Rs. 130,000 thousand, representing the amounts deposited by the Company in 2012.

23.1.2.3 In 2015, the tax authorities after finalizing the income tax audit for the tax year 2011 raised a demand of Rs. 1,694,921 thousand. The demand principally arose due to the disallowance of premium paid to SITME on imports, disallowance of technical service fee and other associated company payments for alleged non-withholding of tax and allocation of expenses. Additionally, unutilized tax losses of previous years were not adjusted in computing the tax liability. The Company in response to order filed a rectification application and an appeal with the CIR Appeals. The tax officer rectified the order allowing the unutilized tax losses for previous years thereby reducing the demand to Rs. 250,144 thousand. The revised rectified order still contained certain mistakes for which the Company filed another rectification application with the authorities which was rejected by the authorities. However, on the Company's appeal, CIR Appeals vide appellate order dated September 9, 2015 has decided most of the issues including disallowance of premium paid to SITME and technical service fee in favor of the Company, whereas disallowance of bad debts written off was confirmed. The Company and the department both have filed appeals against CIR Appeals decision. The ATIR vide its judgement dated April 6, 2017 disposed off both the appeals maintaining the issue of allocation of expenses while setting aside the issue of premium paid to SITME on imports and loss on disposal of fixed assets. A reference application against the said judgment has been filed by the company before the High Court.

23.1.2.4 In 2016, the tax authorities after finalizing the income tax audit for the tax year 2010 raised a demand of Rs. 2,212,170 thousand. The demand principally arose due to the disallowance of premium paid to SITME on imports, disallowance on account of allocation of expenses & disallowance of technical service fee due to non-withholding of tax. Additionally, unutilized tax losses of previous years have not been adjusted in computing the tax liability. The Company has filed a rectification application and an appeal with the CIR Appeals. The CIR Appeals vide appellate order dated August 31, 2016 has given a favorable decision on most of the issues except for bad debts written off and legal issues against which appeal before the ATIR has been filed by the Company.

23.1.2.5 In 2017, the tax authorities after finalizing the income tax audit for the tax year 2015 raised a demand of Rs. 5,126 thousand. The demand principally arose due to the allocation of expenses and disallowance of tax loss on disposal of fixed assets. The Company in response to the order has filed an appeal with the CIR Appeals and has also obtained stay from the High Court of Sindh on the demand raised. The CIR Appeals issued an appellate order dated January 3, 2018, deleting the demand created due to allocation of Cost of sales to FTR income, however, the CIR Appeals maintained the levy of Super Tax and WWF. The appeal before ATIR has been filed by the Company.

23.1.2.6 In 2019, the DCIR passed an order under section 122(5A) of the Income Tax Ordinance, 2001 dated January 26, 2019 for tax year 2013 increasing the tax liability by Rs. 471,493 thousand by disallowing certain expenses. The Company filed an application for rectification before DCIR and an appeal with the CIR Appeals against the order of DCIR. CIR Appeals vide order dated October 04, 2019 has decided the case in favour of the Company allowing certain expenses. Thereafter, the DCIR filed an appeal before ATIR against the order of CIR Appeals which is still pending.

23.1.2.7 During the year, the tax authorities whilst finalizing the assessment proceedings for tax year 2014 vide order dated April 30, 2020, disallowed adjustment of brought forward business losses, fees for technical services, salary expense and Global Infrastructure Desktop Charges (GIDC) resulting in an aggregate demand of Rs. 499,879 thousand. The Company has filed an appeal against the same with the Commissioner (Appeals) and has also simultaneously filed a rectification application with the department for adjustment of brought forward business losses, since it's disallowance was never confronted to the Company at the time of notice issuance. After giving effect to the filed rectification application, the demand will stand reduced to Rs. 49,475 thousand.

23.1.2.8 During the year, the Company received an order from the DCIR in respect of Tax year 2018 amounting to Rs. 302,146 thousand. The demand principally arose due to non-withholding of income tax on the on-invoice discount provided to non-retail customers. The Company, in response to the order, filed an appeal application with the CIR Appeals and has simultaneously obtained the stay order.

The Company based on the merits of the aforementioned matters (note 23.1.2.1 to note 23.1.2.8) and as per the advice of its tax consultant and legal advisors, expects a favorable outcome on these matters and accordingly, no provision has been made in this respect in these financial statements.

23.1.3 Sales tax and federal excise duty (FED)

23.1.3.1 In 2011, the tax authorities after conducting sales tax and FED audit for the period July 2008 to June 2009 and post refund audit for the period September and October 2008 raised sales tax and FED demands amounting to Rs. 1,843,529 thousand including penalty through several orders. In 2012 and 2013, the tax authorities also conducted sales tax and FED audit for period July 2009 to December 2009 and January to December 2011 and raised additional sales tax and FED demands amounting to Rs. 1,093,370 thousand and Rs. 2,902,486 thousand including penalty, respectively.

These demands primarily arose on account of (i) disallowing input tax against zero rated supplies; (ii) levying FED on license fee, group service fee and trademarks and manifestation fee; (iii) levying sales tax on difference in output sales tax as per return and financial statements; (iv) sales tax on lubricants paid on the value of supply instead of retail price as mentioned on packs; and (v) unlawful adjustment of input sales tax.

In 2012, the tax authorities adjusted sales tax demand of Rs. 173,799 thousand pertaining to September 2008 against sales tax refundable. The Company in response to the aforementioned orders filed appeals and sought stay against the demands with the CIR Appeals, ATIR and High Court of Sindh. The appeals for September and October 2008 were decided in favor of the Company by the ATIR whereas appeals for July 2008 to June 2009 and July 2009 to December 2009 were decided in favor of the Company by CIR Appeals except for issue of FED on dealers joining fee and income from Company Owned Company Operated (COCO) sites. Appeal on such issue was filed by the Company with the ATIR which remanded back the matter to the tax authorities for fresh adjudication. During 2015, the ATIR also decided the appeal filed by the tax authorities for the period July 2009 to December 2009 wherein all issues involved in the appeal were once again remanded back to the authorities for fresh examination.

The CIR (Appeals) whilst deciding sales tax appeal for the period January 2011 to December 2011 set-aside all matters involved in appeal and directed the tax authorities to re-examine the same in line with his directives. The Company filed an appeal on the matter before the ATIR, which in its order, has maintained the stance taken by CIR (Appeals). The Company in response to the order of ATIR, filed a reference application with the High Court of Sindh, which through an ad-interim order restrained tax authorities from passing an order.

In 2014, the tax authorities issued a notice proposing to levy sales tax on the value of supply of jet fuel to various airlines during the period July 2012 to June 2013 thereby proposing to raise tax demand of Rs. 2,558,997 thousand. The Company filed an application with the High Court of Sindh, which passed an ad-interim order restraining the tax authorities from passing an order.

In 2015, the tax authorities whilst finalizing sales tax audit for the period January 2012 to December 2012 issued a show cause notice inter alia proposing to levy sales tax on the value of supply of jet fuel during the period January 2012 to June 2012, thereby proposing to raise a demand of Rs. 1,046,760 thousand. The Company filed an application with the High Court of Sindh, which passed an order restraining the tax authorities from passing an order.

In 2019, Assistant Commissioner – Inland Revenue (ACIR) whilst finalizing the sales tax audit for the financial year ended 2014 passed an order dated February 20, 2019, raising a demand of Rs. 5,656,135 thousand primarily disallowing input tax adjustment on zero rated supplies of Jet Fuel to international flights and levy of FED on trademarks and manifestation fee and group fee. The Company filed a rectification application before the ACIR for correction of some apparent errors in the aforesaid order. The ACIR passed a rectification order reducing the aforesaid demand to Rs. 3,118,389 thousand. The Company being aggrieved, filed an appeal with the Commissioner Inland Revenue (CIR), where the hearing is pending adjudication. However, CIR has granted stay against the recovery of the rectified order. Further, the Company simultaneously obtained stay order from the High Court of Sindh.

Further, the Commissioner finalised the audit for financial year ended 2012 and raised a demand of Rs.4,531,352 thousand primarily disallowing input tax adjustment on zero-rated supplies of jet fuel to international flights and levied FED on group fee. The company being aggrieved, filed an appeal with the CIR Appeals. The CIR Appeals passed an order dated September 18, 2019 deciding the matter of zero-rating of jet fuels amounting to Rs. 4,345,152 thousand in favour of the Company, whilst maintaining the Commissioners position on FED amounting to Rs. 186,201 thousand on group fee. The Company has filed an appeal with the Tribunal on the latter.

Furthermore, the Commissioner issued a show cause notice dated November 11, 2019 raising sales tax demand on Price Differential Claims for the tax periods 2004 to 2011 amounting to Rs. 8,800,143 thousand which was taken up in appeal by the Company with the High Court. During the year, the High Court has allowed the petition and invalidated the show cause notice.

23.1.3.2 In 2012, the Company received an order from Model Customs Collectorate, Hyderabad raising sales tax demand of Rs.46,838 thousand, on imported goods, without specifying the basis of computation by levying further sales tax @ 2% representing minimum value addition under Sub-section 5 of Section 3 read with Section 7A of the Sales Tax Act, 1990 and Chapter X of the Sales Tax Special Procedure Rules, 2007. Further, the Company received show cause notices from Model Customs Collectorates Faisalabad, Lahore and Multan with a potential demand of Rs. 4,775,814 thousand, the basis of computation of which has not been specified. The Company is of the view that the sales tax on minimum value addition is not applicable as OMCs are manufacturers of lubricants and other products and the prices of POL products imported by them for sale in the country are administered under a special pricing arrangement agreed with the GoP.

The FBR has issued directives restricting Collectorates from any recovery actions and has also issued a notification dated February 10, 2012 confirming that value addition sales tax was not to be charged on POL products whose prices are regulated under special pricing arrangement by the GoP or regulatory authority working under the GoP. Further, Model Customs Adjudication quashed the show cause notices of Faisalabad, Lahore and Multan Collectorates based on the notification. The Company is also of the view that OMCs will not be required to pay the tax on deregulated products / exports retrospectively since directive of FBR was available at that time and is confident that revised notification in this respect will be issued by FBR if considered necessary. Furthermore, in the event the Company is required to make a payment in this respect, it is Company's contention that it will be able to claim the amount paid as input tax except for default surcharge, which cannot be computed at this stage. Accordingly, no provision has been made in this respect in these financial statements.

23.1.3.3 In 2018, the Company received a show cause notice vide letter no. PRA/18/0251 from Additional Commissioner Punjab Revenue Authority (PRA) against taxable services received by the Company for the period from July 2015 to June 2016 attracting provincial sales tax as per Punjab Sales Tax on Services Act, 2012 (the Services Act) based on the audited financial statements of the Company for the year ended December 31, 2015 and 2016. The Company in response to the above referred notice, contended that the provisions of the Services Act became effective from July 01, 2016 and that the notice was issued without requiring information and ascertaining the facts. However, the Additional Commissioner, PRA raised a demand order dated July 23, 2018 amounting to Rs.813,520 thousand. On September 24, 2018, the Company filed an appeal before the Commissioner (Appeals), PRA against the aforesaid order. In August 2020, recovery notice was received against which a stay order from Lahore High Court was obtained. Furthermore, after conducting the hearing, Commissioner (Appeals) without sufficiently considering the evidence submited during the course of the appeal, adversely decided the matter through order dated October 28, 2020. The company has filed an appeal against the same with the Appellate Tribunal.

23.1.3.4 In 2018, the Company received a show cause notice from Deputy Commissioner Inland Revenue (DCIR), Federal Board of Revenue, against discrepancy in Annexure-J of the sales tax returns for the period from November 2016 to February 2018. The Company in response to the above notice, contended that the DCIR is neither empowered nor has the jurisdiction to issue show cause notice. Further, a reconciliation was provided to reconcile the discrepancies in the sales tax returns filed by the Company during the aforesaid period. The Company further contended that the discrepancies did not result in loss of revenue of the tax department as the sales tax was discharged on correct sales reported in Annexure-C of the sales tax return for the aforesaid period. However, the DCIR issued an order dated October 15, 2018 raising a demand amounting to Rs. 2,077,912 thousand. On October 25, 2018, the Company filed an appeal before the Commissioner (Appeals), Inland Revenue who passed an order setting aside the matter with specific directions to the tax department for verification of the facts of the case. During the year, the tax officer issued show cause notice to the Company for verification of data in line with the directions of Commissioner (Appeals), after which it proceeded to pass an order on the same on December 24, 2020, without considering the details already submitted by the Company. The Company has preferred an appeal with the Commissioner (Appeals) and has also obtained a stay against recovery of the same.

23.1.3.5 In 2019, the company received a show cause notice from the Punjab Revenue Authority requiring explanation of non-payment of sales tax of Rs.1,857,097 thousand imposed by the authority on the Inland Freight Equalization Margin, OMC's margin and Dealer's margin for the period July 2017 to June 2018. The company challenged the notice in the Lahore High Court against which a stay has been granted by the Court.

The Company based on the merits of the aforementioned matters (note 23.1.3.1 to note 23.1.3.5) and as per the advice of its tax consultant and legal advisor, expects a favorable outcome on these matters and accordingly, no provision has been made in this respect in these financial statements.

23.1.4 Others

Claims against the Company not acknowledged as debt as at December 31, 2020 amounted to Rs.2,402,066 thousand (2019: Rs.2,750,744 thousand) comprising of various legal claims.

23.2 Commitments

23.2.1 Capital expenditure contracted for but not incurred as at December 31, 2020 amounted to approximately Rs.1,790,844 thousand (2019: Rs.1,125,160 thousand).

23.2.2 Post-dated cheques have been deposited with the Collector of Customs Port Qasim and Karachi Port Trust in accordance with the Customs' Act, 1969 as an indemnity to adequately discharge the liability for the duties and taxes leviable on imports, as required under the Finance Act, 2005. As at December 31, 2020, the value of these cheques amounted to Rs.18,675,659 thousand (2019: Rs.14,203,008 thousand). The maturity dates of these cheques extend to July 11, 2021.

23.2.3 Letters of credit, bank guarantees and bank contracts outstanding at December 31, 2020 amount to Rs. 8,683,703 thousand (2019: Rs.11,448,257 thousand).

24 SALES	Note	2020	2019
		------- (Rupees '000) -------	
Gross sales, inclusive of sales tax		**198,243,486**	236,996,613
Less: Trade discounts and rebates		**3,578,107**	2,955,741
	24.1	**194,665,379**	234,040,872

24.1 As described in note 1 to these financial statements, the Company markets petroleum products and compressed natural gas. It also blends and markets various kinds of lubricating oils. Revenues (inclusive of sales tax) from external customers for products of the Company are as follows:

	Note	2020	2019
		------- (Rupees '000) -------	
- Petroleum products		**194,494,222**	233,604,693
- Others		**171,157**	436,179
		194,665,379	234,040,872

25 COST OF PRODUCTS SOLD

	Note	2020	2019
Opening stock of raw and packing materials		**1,174,001**	1,568,782
Raw and packing materials purchased		**9,651,667**	6,652,893
Manufacturing expenses	25.1	**604,924**	627,490
Closing stock of raw and packing materials	11	**(2,267,208)**	(1,174,001)
Cost of products manufactured		**9,163,384**	7,675,164
Opening stock of finished products		**16,239,438**	13,315,329
Finished products purchased		**92,897,130**	139,932,371
Duties, levies and freight	25.2	**50,533,284**	39,937,701
Closing stock of finished products	11	**(11,242,956)**	(16,239,438)
Cost of finished products sold		**148,426,896**	176,945,963
		157,590,280	184,621,127

25.1 Includes depreciation charge on operating assets of Rs. 122,408 thousand (2019: Rs.113,334 thousand), depreciation charge on right-of-use assets of Rs. 24,054 thousand (2019: 24,054 thousand) and charge in respect of staff retirement benefits amounting to Rs. 22,062 thousand (2019: Rs.21,717 thousand).

25.2 Duties, levies and freight

	Note	2020	2019
		------- (Rupees '000) -------	
Petroleum development levy		**42,116,644**	29,402,389
Customs and excise duty		**3,881,350**	4,600,264
Inland freight equalization margin		**4,170,507**	5,474,645
Freight on non-equalized products		**237,681**	211,414
Others		**127,102**	248,989
		50,533,284	39,937,701

26 DISTRIBUTION AND MARKETING EXPENSES

	Note	2020	2019
Salaries, wages and benefits	26.1	**1,980,202**	1,848,137
Stores and materials		**25,985**	14,150
Fuel and power		**78,333**	81,529
Rent, taxes and utilities		**245,100**	541,753
Repairs and maintenance		**566,025**	949,860
Depreciation on operating assets	4.3	**966,315**	851,536
Depreciation on right-of-use assets	5.2	**598,442**	505,222
Insurance		**18,215**	23,178
Training and travelling		**163,457**	306,686
Advertising and publicity		**469,736**	809,901
Legal and professional charges		**165,591**	167,387
Communication and stationery		**69,599**	53,805
Computer expenses		**125,963**	105,464
Storage and other charges		**83,000**	157,529
Others		**248,683**	145,150
		5,804,646	6,561,287
Handling and storage charges recovered		**(92,488)**	(77,837)
Secondary transportation expenses		**1,098,461**	904,762
		6,810,619	7,388,212

26.1 Includes charge of Rs.204,225 thousand (2019: Rs.201,984 thousand) in respect of staff retirement benefits.

27 ADMINISTRATIVE EXPENSES

	Note	2020	2019
		------- (Rupees '000) -------	
Salaries, wages and benefits	27.1	**571,886**	502,336
Stores and materials		**3,779**	5,866
Fuel and power		**14,138**	19,115
Rent, taxes and utilities		**24,025**	33,946
Repairs and maintenance		**121,594**	113,338
Insurance		**10,938**	16,054
Training and travelling		**64,671**	91,588
Advertising and publicity		**99,720**	62,801
Technical service fee		**2,302,054**	2,448,630
Trade-marks and manifestations license fee	27.2	**494,155**	435,342
Legal and professional charges		**697,943**	615,820
Communication and stationery		**420,576**	321,238
Computer expenses		**137,765**	242,233
Depreciation on operating assets	4.3	**157,368**	110,498
Depreciation on right-of-use assets	5.2	**15,720**	21,014
Amortization	6	**3,152**	3,152
		5,139,484	5,042,971

27.1 Includes charge of Rs. 58,980 thousand (2019: Rs.60,803 thousand) in respect of staff retirement benefits.

27.2 The Company has a trademarks and manifestation license agreement with Shell Brands International AG (SBI) - a Group Company, incorporated and having its registered office in Switzerland.

28 OTHER EXPENSES

	Note	2020	2019
		------- (Rupees '000) -------	
Workers' Welfare Fund		**-**	12,273
Exchange loss		**305,354**	2,715,230
Provision for impairment on trade debts – net	12.3	**54,782**	-
Provision for impairment on other receivables – net	14.9	**-**	28,522
Write off of operating assets	4.6	**148,486**	17,672
Auditors' remuneration	28.1	**7,471**	6,842
Donations	28.2	**41,520**	11,368
		557,613	2,791,907

28.1 Auditors' remuneration

	2020	2019
Fee for audit, half yearly review and review of compliance with code of corporate governance	**5,250**	5,000
Audit of retirement benefit funds	**632**	632
Special certifications and sundry advisory services	**742**	303
Out of pocket expenses	**847**	907
	7,471	6,842

28.2 Interest of the Directors or their spouses in the donations made during the year is as follows:

Name of donee and address	Names of interested directors and nature of interest	2020	2019
		------- (Rupees '000) -------	
The Kidney Centre Post Graduate Training Institute (172/R, Rafiqui Shaheed Road, Karachi)	Mr. Haroon Rashid - Member Board of Governors	**600**	1,800
Shell LiveWIRE Trust (Shell House, 6 Ch. Khaliquzzaman Road, Karachi)	Mr. Haroon Rashid - Trustee	**3,684**	2,673

		Note	2020	2019
			------- (Rupees '000) -------	
29	**OTHER INCOME**			
	Income from financial assets			
	Interest on savings accounts		**28,475**	35,021
	Reversal of provision for impairment on trade debts - net	12.3	**-**	93,351
	Reversal of provision for impairment on other receivables - net	14.9	**33,828**	-
			62,303	128,372
	Income from non-financial assets			
	Gain on disposal of operating assets		**12,795**	443
	Scrap sales		**2,419**	72,913
	Reversal of impairment on operating assets - net	4.8	**57,733**	3,897
	Reversal of asset retirement obligation - net	17	**91**	342
	Shell card income		**74,627**	99,255
	Commission - net		**5,408**	12,399
	Others		**367,464**	239,991
			520,537	429,240
			582,840	557,612
30	**FINANCE COSTS**			
	Bank charges		**94,709**	169,361
	Accretion expense	17	**4,783**	10,266
	Mark-up on long-term financing		**238,655**	-
	Mark-up on short-term borrowings and running finance		**707,427**	930,538
	Accretion of interest on lease liabilities	19	**468,489**	412,603
			1,514,063	1,522,768
31	**TAXATION**			
	Current			
	- for the year		**1,063,121**	1,363,702
	- for prior year	31.2	**(508,068)**	51,858
			555,053	1,415,560
	Deferred		**(549,287)**	(69,759)
			5,766	1,345,801

31.1 The return of income for the tax year 2020 has been filed by the Company. The said return, as per the provisions of Section 120 of the Income Tax Ordinance, 2001 has been deemed to be an assessment order passed by the Commissioner of Inland Revenue. During the year, provision for current tax is based on minimum tax and final tax regime. Accordingly, tax reconciliation has not been presented in these financial statements.

31.2 Includes the adjustment for minimum tax paid in tax year 2016 through revised return filed by the Company for the tax year 2017.

32 LOSS PER SHARE – basic and diluted

	2020	2019
	------- (Rupees '000) -------	
Net loss for the year	**(4,821,027)**	(1,485,767)
	------- (Number of shares) -------	
Weighted average number of ordinary shares	**107,012,331**	107,012,331
	------- (Rupees) -------	
Loss per share	**(45.05)**	(13.88)

32.1 There is no dilutive effect on the basic earnings per share of the Company.

33 EMPLOYEE BENEFITS

33.1 Pension and Gratuity

As mentioned in note 3.12 to the financial statements, the Company operates funded gratuity and pension schemes for all its employees. Contributions are made to these schemes on the basis of actuarial recommendations. The latest actuarial valuation was carried out as at December 31, 2020.

33.1.1 Actuarial assumptions

The following significant assumptions were used in the valuation of these schemes:

	2020	2019
	------- % per annum -------	
- Expected rate of increase in future salaries	**7.75**	9.25
- Discount rate	**9.75**	11.25
- Expected rate of increase in pensions	**3.00**	3.00
- Expected rate of return on plan assets	**9.75**	11.25

33.1.2 Statement of financial position reconciliation

	2020					2019				
	Management		Non-Management		Total	Management		Non-Management		Total
	Pension	Gratuity	Pension	Gratuity		Pension	Gratuity	Pension	Gratuity	
	(Rupees '000)					(Rupees '000)				
Fair value of plan assets - note 33.1.3	**1,816,778**	**-**	**34,326**	**116,425**	**1,967,529**	1,741,205	-	28,204	44,696	1,814,105
Present value of defined benefit obligation - note 33.1.4	**(1,786,282)**	**(94,803)**	**-**	**(170,574)**	**(2,051,659)**	(1,566,856)	(87,679)	-	(176,764)	(1,831,299)
Asset / (liability) in respect of staff retirement benefit schemes	**30,496**	**(94,803)**	**34,326**	**(54,149)**	**(84,130)**	174,349	(87,679)	28,204	(132,068)	(17,194)

33.1.3 Movement in the fair value of plan assets

	2020					2019				
	Management		Non-Management		Total	Management		Non-Management		Total
	Pension	Gratuity	Pension	Gratuity		Pension	Gratuity	Pension	Gratuity	
	-------------------------- (Rupees '000) --------------------------					-------------------------- (Rupees '000) --------------------------				
Fair value of plan assets at the beginning of the year	**1,741,205**	**-**	**28,204**	**44,696**	**1,814,105**	1,673,192	(833)	23,344	83,476	1,779,179
Expected return on plan assets	**189,086**	**-**	**3,488**	**8,830**	**201,404**	212,828	-	3,093	7,982	223,903
Contribution by the Company	**24,995**	**5,734**	**5,599**	**87,563**	**123,891**	25,441	5,836	-	2,540	33,817
Contribution by the employees	**3,199**	**-**	**-**	**-**	**3,199**	3,207	-	-	-	3,207
Benefits due but not paid during the year	**-**	**-**	**-**	**(9,747)**	**(9,747)**	-	(26,326)	-	-	(26,326)
Benefits paid during the year	**(149,065)**	**(8,950)**	**-**	**(19,985)**	**(178,000)**	(162,537)	(8,853)	-	(49,014)	(220,404)
Interfund transfer	**(3,216)**	**3,216**	**-**	**-**	**-**	(30,176)	30,176	-	-	-
Remeasurement of plan assets	**10,574**	**-**	**(2,965)**	**5,068**	**12,677**	19,250	-	1,767	(288)	20,729
Fair value of plan assets at the end of the year	**1,816,778**	**-**	**34,326**	**116,425**	**1,967,529**	1,741,205	-	28,204	44,696	1,814,105

33.1.4 Movement in the present value of defined benefit obligations

	2020					2019				
	Management		Non-Management		Total	Management		Non-Management		Total
	Pension	Gratuity	Pension	Gratuity		Pension	Gratuity	Pension	Gratuity	
	-------------------------- (Rupees '000) --------------------------					-------------------------- (Rupees '000) --------------------------				
Present value of obligation at the beginning of the year	**1,566,856**	**87,679**	**-**	**176,764**	**1,831,299**	1,574,034	101,131	-	197,215	1,872,380
Current service cost	**18,882**	**4,934**	**-**	**5,630**	**29,446**	29,184	5,952	-	5,482	40,618
Interest cost	**167,886**	**9,360**	**-**	**18,214**	**195,460**	197,791	11,069	-	22,884	231,744
Benefits due but not paid	**-**	**-**	**-**	**(9,747)**	**(9,747)**	-	(26,326)	-	-	(26,326)
Benefits paid during the year	**(149,065)**	**(8,950)**	**-**	**(19,985)**	**(178,000)**	(162,537)	(8,853)	-	(49,014)	(220,404)
Remeasurement on obligation	**181,723**	**1,780**	**-**	**(302)**	**183,201**	(71,616)	4,706	-	197	(66,713)
Present value of obligation at the end of the year	**1,786,282**	**94,803**	**-**	**170,574**	**2,051,659**	1,566,856	87,679	-	176,764	1,831,299

33.1.5 Amount recognised in profit or loss

	2020					2019				
	Management		Non-Management		Total	Management		Non-Management		Total
	Pension	Gratuity	Pension	Gratuity		Pension	Gratuity	Pension	Gratuity	
	-------------------------- (Rupees '000) --------------------------					-------------------------- (Rupees '000) --------------------------				
Current service cost	**18,882**	**4,934**	**-**	**5,630**	**29,446**	29,184	5,952	-	5,482	40,618
Interest cost	**167,886**	**9,360**	**-**	**18,214**	**195,460**	197,791	11,069	-	22,884	231,744
Expected return on plan assets	**(189,086)**	**-**	**(3,488)**	**(8,830)**	**(201,404)**	(212,828)	-	(3,093)	(7,982)	(223,903)
Curtailments loss / (gain)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Employee contributions	**(3,199)**	**-**	**-**	**-**	**(3,199)**	(3,207)	-	-	-	(3,207)
(Reversal) /expense for the year	**(5,517)**	**14,294**	**(3,488)**	**15,014**	**20,303**	10,940	17,021	(3,093)	20,384	45,252

33.1.6 Remeasurement recognised in other comprehensive income

	2020					2019				
	Management		Non-Management		Total	Management		Non-Management		Total
	Pension	Gratuity	Pension	Gratuity		Pension	Gratuity	Pension	Gratuity	
	-------------------------- (Rupees '000) --------------------------					-------------------------- (Rupees '000) --------------------------				
Loss / (gain) from changes in demographic assumptions	**-**	**-**	**-**	**-**	**-**	66,673	7	-	(8)	66,672
Loss / (gain) from changes in financial assumptions	**179,689**	**(413)**	**-**	**(159)**	**179,117**	(480,343)	(23,348)	-	(251)	(503,942)
Experience loss / (gain)	**2,034**	**2,193**	**-**	**(143)**	**4,084**	342,054	28,047	-	456	370,557
Remeasurement of defined benefit Obligation	**181,723**	**1,780**	**-**	**(302)**	**183,201**	(71,616)	4,706	-	197	(66,713)
Loss / (gain) due to remeasurement of investment return	**(10,574)**	**-**	**2,965**	**(5,068)**	**(12,677)**	(19,250)	-	(1,767)	288	(20,729)
	171,149	**1,780**	**2,965**	**(5,370)**	**170,524**	(90,866)	4,706	(1,767)	485	(87,442)

33.1.7 Movement in the asset / (liability) recognised in the statement of financial position

	2020					2019				
	Management		Non-Management		Total	Management		Non-Management		Total
	Pension	Gratuity	Pension	Gratuity		Pension	Gratuity	Pension	Gratuity	
	-------------------------- (Rupees '000) --------------------------					-------------------------- (Rupees '000) --------------------------				
Balance at the beginning of year	**174,349**	**(87,679)**	**28,204**	**(132,068)**	**(17,194)**	99,158	(101,964)	23,344	(113,739)	(93,201)
Net reversal / (charge) for the year	**(165,632)**	**(16,074)**	**523**	**(9,644)**	**(190,827)**	79,926	(21,727)	4,860	(20,869)	42,190
Contributions by the Company	**24,995**	**5,734**	**5,599**	**87,563**	**123,891**	25,441	5,836	-	2,540	33,817
Inter-fund transfers	**(3,216)**	**3,216**	**-**	**-**	**-**	(30,176)	30,176	-	-	-
Asset / (liability) in respect of staff retirement benefit schemes	**30,496**	**(94,803)**	**34,326**	**(54,149)**	**(84,130)**	174,349	(87,679)	28,204	(132,068)	(17,194)

33.1.8 Plan assets comprised the following:

	2020					2019				
	Management		Non-Management		Total	Management		Non-Management		Total
	Pension	Gratuity	Pension	Gratuity		Pension	Gratuity	Pension	Gratuity	
	-------------------------- (Rupees '000) --------------------------					-------------------------- (Rupees '000) --------------------------				
PIB's, TFC's etc.	**1,457,510**	**342,029**	**33,572**	**124,612**	**1,957,723**	1,424,531	339,979	27,735	44,115	1,836,360
Bank deposits	**13,956**	**4,141**	**754**	**1,560**	**20,411**	3,029	1,283	469	581	5,362
Inter-fund dues	**346,170**	**(346,170)**	**-**	**-**	**-**	314,502	(314,502)	-	-	-
Benefits due	**(858)**	**-**	**-**	**(9,747)**	**(10,605)**	(858)	(26,760)	-	-	(27,618)
	1,816,778	**-**	**34,326**	**116,425**	**1,967,529**	1,741,204	-	28,204	44,696	1,814,104

33.1.9 Expected contributions to the above schemes for the year ending December 31, 2021 is Rs. 38,912 thousand.

33.1.10 The effect of a 1% movement in the cost trend rate in staff retirement benefits scheme is as follows:

	Increase of 1%	Decrease of 1%
	------ (Rupees '000) ------	
- Effect of change in discount rate	**(160,458)**	189,084
- Effect of change in salaries	**44,449**	(40,859)
- Effect of change in pension	**159,818**	(140,222)

33.1.11 The balances due to Shell Pakistan Limited from the funds are interest free and repayable on demand.

33.1.12 The break-up of balance payable to staff retirement benefit schemes are:

	2020	2019
	------ (Rupees '000) ------	
Total balance payable in respect of defined benefit schemes	**(84,130)**	(17,194)
Total balance payable in respect of defined contribution schemes	**(3,789)**	(3,684)
	(87,919)	(20,878)

33.2 Post-retirement medical benefits

The Company also provides post-retirement medical benefits to its management staff. Actuarial valuation of the scheme is carried out annually. The amount recognised in the statement of financial position is based on a valuation carried out as at the statement of financial position date and is as follows:

33.2.1 Actuarial assumptions

The following significant assumptions were used in the valuation of this scheme:

	2020	2019
	------ % per annum ------	
- Discount rate	**9.75**	11.25
- Medical cost trend rate	**5.75**	7.25

		Note	2020	2019
			------- (Rupees '000) -------	
33.2.2	**Amount recognised in the statement of financial position**			
	Present value of defined benefit obligation	33.2.3	**171,566**	173,067
	Fair value of plan assets		**-**	-
	Liability recognised at end of the year		**171,566**	173,067
33.2.3	**Movement in the present value of defined benefit obligation**			
	Present value of obligation at beginning of the year		**173,067**	97,987
	Current service cost		**2,079**	1,869
	Interest cost		**18,861**	12,254
	Benefits paid during the year		**(10,834)**	(11,013)
	Remeasurement on obligation		**(11,607)**	71,970
	Present value of obligation at end of the year		**171,566**	173,067
33.2.4	**Movement in the liability recognised in the statement of financial position**			
	Balance at beginning of the year		**173,067**	97,987
	Charge for the year	33.2.5/ 33.2.6	**9,333**	86,093
	Benefits paid during the year		**(10,834)**	(11,013)
	Balance at end of the year		**171,566**	173,067
33.2.5	**Amount recognised in profit or loss**			
	Current service cost		**2,079**	1,869
	Interest cost		**18,861**	12,254
			20,940	14,123
33.2.6	**Remeasurement recognised in other comprehensive income**			
	Gain from changes in demographic assumptions		**-**	(7,013)
	(Gain) / loss from changes in financial assumptions		**(2,468)**	29,840
	Experience (gain) / loss		**(9,139)**	49,143
			(11,607)	71,970

33.2.7 The effect of a 1% movement in the assumed medical cost trend rate is as follows:

	Increase of 1%	Decrease of 1%
	------- (Rupees '000) -------	
- Effect on the aggregate of the current service cost and interest cost for the year	**19,014**	**(16,221)**

33.3 Five-year data on surplus / deficit of the plans

The following table shows the total pension, gratuity and post-retirement medical benefit obligation and the total pension and gratuity plan assets at the end of each year.

	2020	2019	2018	2017	2016
	(Rupees '000)				
Fair value of plan assets	**1,967,529**	1,814,105	1,779,179	1,861,769	2,075,285
Present value of defined benefit obligation	**(2,223,225)**	(2,004,366)	(1,970,367)	(1,855,301)	(1,725,152)
Surplus / (Deficit)	**(255,696)**	(190,261)	(191,188)	6,468	350,133

33.4 The value of investments made by the staff retirement funds operated by the Company as per their last audited financial statements as at December 31, 2019 and unaudited financial statements as at December 31, 2020 are as follows:

	2020	2019
	(Rupees '000)	
Shell Pakistan Management Staff Provident Fund	**1,311,309**	989,994
Shell Pakistan Labour Provident Fund	**167,284**	167,340
Shell Pakistan Management Staff Gratuity Fund	**342,029**	341,262
Shell Pakistan Labour and Clerical Staff Gratuity Fund	**124,612**	44,696
Shell Pakistan Management Staff Pension Fund	**1,457,510**	1,427,720
Shell Pakistan Staff Pension Fund	**33,572**	28,204
Shell Pakistan DC Pension Fund	**2,043,468**	1,809,581
	5,479,784	4,808,797

33.5 Aggregate amount charged in these financial statements in respect of the staff retirement benefit schemes is as follows:

	2020	2019
	(Rupees '000)	
in respect of:		
- pension and gratuity scheme	**20,303**	45,252
- defined contribution funds	**244,024**	225,129
- post-retirement medical benefit scheme	**20,940**	14,123
	285,267	284,504

33.6 Weighted average duration of the obligation is 9.2 years for management staff pension scheme, 6 years for management staff gratuity scheme, 2 years for non-management staff gratuity scheme and 10.6 years for post-retirement medical benefit scheme.

33.7 Risks on account of defined benefit plans

Final salary risk

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases proportionately with the increase in salary.

Asset volatility

A significant portion of the plan assets are invested in Government bonds which are not subject to volatility. However, investment in equity instruments are subject to adverse fluctuations as a result of change in market price.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate determined by reference to market yields (at the statement of financial position date) on government bond. A decrease in government bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Withdrawal risk

The risk that the actual withdrawal experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and entitled benefits of the beneficiary.

Inflation risk

The salary inflation is the major risk that the funds carry. In a general economic sense and in a longer view, there is a case that if bond yields increase, the change in salary inflation generally offsets the gains from the decrease in discounted benefit obligations. But viewed with the fact that asset values will also decrease, the salary inflation does, as an overall affect, increases the net liability of the Company.

Investment risk

The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

Risk of insufficiency of assets

The risk that the assets will not be sufficient to meet the liabilities. This is managed by making regular contribution to the schemes as advised by the actuary.

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2020			2019		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees '000)					
Short-term benefits						
Director's fee	**-**	**7,329**	**-**	-	4,648	-
Managerial remuneration (including bonus)	**31,648**	**49,536**	**1,812,640**	40,020	56,160	1,924,219
- House rent	**14,459**	**-**	**-**	5,924	-	-
- Fuel	**1,516**	**486**	**66,671**	277	594	63,513
Medical expenses	**358**	**1,737**	**35,704**	221	3,644	58,355
	47,981	**59,088**	**1,915,015**	46,442	65,046	2,046,087
Post-employment Benefits						
Company's contribution to pension, gratuity and provident fund	**2,954**	**4,280**	**279,567**	2,660	3,751	254,241
	50,935	**63,368**	**2,194,582**	49,102	68,797	2,300,328
Number of persons including those who worked part of the year	**1**	**8**	**386**	1	7	386

34.1 As at December 31, 2020, the total number of Directors were 10 (2019: 9), excluding Chief Executive.

34.2 Aggregate amount charged in the financial statements in respect of fee to Non-Executive Directors amount to Rs.7,329 thousand (2019: Rs.4,648 thousand).

34.3 In addition, the Chief Executive and some of the Executives were also provided with free use of Company maintained job related cars.

34.4 As per the Act, an executive means an employee, other than the chief executive and director, whose salary exceeds twelve hundred thousand rupees in a financial year.

35 RELATED PARTY TRANSACTIONS

The related parties of the Company comprise of ultimate and immediate parent and its subsidiaries, companies with common directorship, associates, employees' retirement funds, directors and key management personnel. Transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

Nature of relationship	Nature of transactions	2020	2019
		------ (Rupees '000) ------	
Immediate parent	Dividend paid	**-**	-
Associate	Pipeline charges	**221,071**	225,745
	Dividend received	**760,439**	613,658
	Others	**12,501**	11,714
Employees' retirement funds			
Pension funds	Contribution	**30,594**	25,441
Defined contribution pension fund	Contribution	**163,205**	149,418
Gratuity funds	Contribution	**93,297**	8,377
Provident funds	Contribution	**80,819**	75,710
Key management personnel	Salaries and other short term employee benefits	**111,773**	107,546
	Post-employment benefits	**8,661**	7,606
	Medical	**2,655**	4,062
	Loan to Director	**5,492**	16,352
Directors	Fee for attending meetings	**7,329**	4,648
Others	Purchases	**64,651,134**	99,403,095
	Sales	**211,650**	436,843
	Collection for sales made in Pakistan from customers of the parent company and its associates	**987,889**	3,364,872
	Technical service fee charged – note 35.1	**2,302,054**	2,448,630
	Trade-marks and manifestations license fee charged – note 27.2	**494,155**	435,342
	Expenses recovered from related parties - net	**171,682**	272,720
	Other expenses charged by related parties - note 35.2	**1,222,175**	1,078,950
	Donations	**4,284**	4,628
	Legal charges	**552**	7,046
	Commission expense – net	**5,408**	12,399
	Subscription paid	**1,924**	4,659

35.1 Technical services include advice and assistance to the Company in its operations. The fee for these services has been determined on the basis of an agreement between the Company and a related Shell Group company based on an agreed methodology.

35.2 These includes charges net of reversals amounting to Rs.332,460 thousand (2019: Rs.322,861 thousand) in respect of services obtained from Shell Shared Business Service Centre companies under agreements entered into with them by the Company.

35.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. The Company considers its Chief Executive, Company Secretary, Executive Directors and Chief Financial Officer to be key management personnel. Particulars of transactions entered into with key management personnel are as per their terms of employment as are disclosed in notes 8, 13 and 34 to these financial statements.

35.4 Amounts recoverable from / payable to related parties have been disclosed in relevant notes to these financial statements.

35.5.1 Following are the associated companies incorporated outside Pakistan with whom the Company had entered into transactions or have arrangement / agreement in place:

S.No.	Company Name	Basis of association	Country of Incorporation
1	Royal Dutch Shell Plc.	Ultimate Parent	United Kingdom
2	The Shell Petroleum Company Limited	Immediate Parent	United Kingdom
3	Shell Deutschland Oil GmbH	Group Company	Germany
4	Shell Lubricants Egypt	Group Company	Egypt
5	Société des Pétroles Shell SAS	Group Company	France
6	The Shell Company of Thailand Limited	Group Company	United Kingdom
7	Shell International Petroleum Company Limited	Group Company	United Kingdom
8	Shell Aviation Limited	Group Company	United Kingdom
9	Shell Hong Kong Limited	Group Company	Hong Kong
10	Shell Global Solutions (Malaysia) Sdn. Bhd.	Group Company	Malaysia
11	Shell Global Solutions International B.V.	Group Company	Netherlands
12	Shell Lubricants Supply Company B.V.	Group Company	Netherlands
13	Euroshell Cards B.V.	Group Company	Netherlands
14	Pilipinas Shell Petroleum Corporation	Group Company	Philippines
15	Shell Polska Sp. Z o.o. Oddzial w Krakowie	Group Company	Poland
16	Shell Eastern Trading (Pte) Limited	Group Company	Singapore
17	Shell & Turcas Petrol A.S.	Group Company	Turkey
18	Shell Shared Services (Asia) B.V.	Group Company	Netherlands
19	Shell People Services Asia Sdn. Bhd.	Group Company	Malaysia
20	Shell Shared Service Centre - Glasgow Limited	Group Company	United Kingdom
21	Shell Information Technology International B.V.	Group Company	Netherlands
22	Shell International Trading Middle East Limited	Group Company	Bermuda
23	Shell International Limited	Group Company	United Kingdom
24	Shell International B.V.	Group Company	Netherlands
25	Shell Business Service Centre Sdn. Bhd.	Group Company	Malaysia
26	Shell Brands International AG	Group Company	Switzerland
27	Solen Versicherungen AG	Group Company	Switzerland
28	Shell Markets (Middle East) Limited	Group Company	Bermuda
29	Shell Oman Marketing Company SAOG	Group Company	Oman
30	Shell Oil Company	Group Company	United States
31	Shell India Markets Private Limited	Group Company	India
32	Shell Treasury Centre East (Pte) Limited	Group Company	Singapore
33	Shell Information Technology International Sdn. Bhd.	Group Company	Malaysia
34	Hankook Shell Oil Company	Group Company	South Korea
35	Shell Malaysia Trading Sendirian Berhad	Group Company	Malaysia
36	Pennzoil-Quaker State Company	Group Company	United States
37	SIETCO Trading Singapore	Group Company	Singapore

35.5.2 Following are the associated companies incorporated in Pakistan with whom the Company had entered into transactions or have arrangement / agreement in place:

S.No.	Company Name	Basis of association
1	Pakistan Energy Gateway Limited	Common Directorship
2	Dawood Hercules Corporation	Common Directorship
3	Novartis Pharma (Pakistan) Limited	Common Directorship
4	Pakistan Security Printing Corporation	Common Directorship
5	Unilever Pakistan Foods Limited	Common Directorship
6	Unilever Pakistan Limited	Common Directorship
7	Pakistan Centre for Philanthropy	Common Directorship
8	Petroleum Packages (Private) Limited	Common Directorship
9	The Aga Khan Hospital and Medical College Foundation	Common Directorship
10	Vellani & Vellani	Common Directorship
11	Petroleum Institute of Pakistan	Common Directorship
12	Oil Companies Advisory Council	Common Directorship
13	Shell LiveWire Trust	Common Directorship
14	The Kidney Center Post Graduate Training Institute	Common Directorship
15	Shell Energy Pakistan (SMC-Private) Limited	Common Directorship
16	Pak-Arab Pipeline Company Limited	Associate (Refer note 7)

36 CASH GENERATED FROM OPERATIONS

	Note	2020	2019
		------ (Rupees '000) ------	
Loss before taxation		**(4,815,261)**	(139,966)
Adjustment for non-cash charges and other items:			
Depreciation charge for the year on operating assets	4.3	**1,246,091**	1,075,368
Depreciation charge for the year on right-of-use assets	5.2	**638,216**	550,290
Amortization charge for the year	6	**3,152**	3,152
Accretion expense in respect of asset retirement obligation	17	**4,783**	10,266
Reversal of liability in respect of asset retirement obligation	17	**(91)**	(342)
Provision / (Reversal) of impairment of trade debts	12.3	**54,782**	(93,351)
(Reversal) / Provision for impairment of other receivables	14.9	**(33,828)**	28,522
(Reversal) / Provision for obsolete and slow moving stock	11.6	**(100,103)**	100,673
Write off of operating assets	28	**148,486**	17,672
Reversal of impairment of operating assets	4.8	**(57,733)**	(3,897)
Gain on disposal of operating assets	29	**(12,795)**	(443)
Share of profit of associate - net of tax	7.1	**(1,074,043)**	(950,806)
Interest on savings accounts	29	**(28,475)**	(35,021)
Mark-up on long-term financing	30	**238,655**	-
Mark-up on short-term borrowings and running finance	30	**707,427**	930,538
Accretion of interest on lease liabilities	19	**468,489**	412,603
Provision for post-retirement medical benefits	33.2.5	**20,940**	14,123
Working capital changes	36.1	**5,269,063**	2,580,572
		2,677,755	4,499,953

	Note	2020	2019
		------ (Rupees '000) ------	

36.1 Working capital changes

	2020	2019
Decrease / (increase) in current assets		
Stock-in-trade	**4,003,378**	(2,630,001)
Trade debts	**517,473**	(1,254,267)
Loans and advances	**32,206**	(21,431)
Short-term deposits and prepayments	**(74,805)**	(621,474)
Other receivables	**434,032**	2,287,343
	4,912,284	(2,239,830)
Increase in current liabilities		
Trade and other payables	**356,779**	4,820,402
	5,269,063	2,580,572

37 CASH AND CASH EQUIVALENTS

	Note	2020	2019
Cash and bank balances	15	**2,542,876**	2,319,546
Short-term borrowings	22	**(6,150,510)**	(8,154,343)
		(3,607,634)	(5,834,797)

38 PROVIDENT FUND RELATED DISCLOSURES

The investments out of provident fund have been made in accordance with the provisions of section 218 of the Act and the rules formulated for this purpose.

39 FINANCIAL ASSETS AND LIABILITIES

39.1 The Company's exposure to interest rate risk alongwith categorization as financial assets and financial liabilities in accordance with IFRS 9 is summarized as follows:

	2020						
	Interest / Mark-up bearing			Non-Interest / Mark-up bearing			Total
	Maturity upto one year	Maturity after one year	Subtotal	Maturity upto one year	Maturity after one year	Subtotal	
	---------- (Rupees '000) ----------						
Financial assets							
Fair value through OCI							
Investments	-	-	-	-	-	-	-
Amortized cost							
Loans	-	-	-	75,037	29,131	104,168	104,168
Deposits	-	-	-	-	153,299	153,299	153,299
Trade debts	-	-	-	3,971,807	-	3,971,807	3,971,807
Other receivables	-	-	-	5,096,579	-	5,096,579	5,096,579
Cash and bank balances	197,566	-	197,566	2,345,310	-	2,345,310	2,542,876
	197,566	-	197,566	11,488,733	182,430	11,671,163	11,868,729
Financial liabilities							
Amortized cost							
Trade and other payables	-	-	-	38,081,451	-	38,081,451	38,081,451
Unclaimed dividend	-	-	-	257,548	-	257,548	257,548
Unpaid dividend	-	-	-	59,396	-	59,396	59,396
Accrued mark-up	-	-	-	1,936	-	1,936	1,936
Short-term borrowings	6,150,510	-	6,150,510	-	-	-	6,150,510
	6,150,510	-	6,150,510	38,400,331	-	38,400,331	44,550,841

	2019						
	Interest / Mark-up bearing			Non-Interest / Mark-up bearing			
	Maturity upto one year	Maturity after one year	Subtotal	Maturity upto one year	Maturity after one year	Subtotal	Total
	---------- (Rupees '000) ----------						
Financial assets							
Fair value through OCI							
Investments	-	-	-	-	5,000	5,000	5,000
Amortized cost							
Loans	-	-	-	68,956	33,585	102,541	102,541
Deposits	-	-	-	-	151,799	151,799	151,799
Trade debts	-	-	-	4,544,062	-	4,544,062	4,544,062
Other receivables	-	-	-	5,601,399	-	5,601,399	5,601,399
Cash and bank balances	144,420	-	144,420	2,175,126	-	2,175,126	2,319,546
	144,420	-	144,420	12,389,543	190,384	12,579,927	12,724,347
Financial liabilities							
Amortized cost							
Trade and other payables	-	-	-	37,256,601	-	37,256,601	37,256,601
Unclaimed dividend	-	-	-	165,094	-	165,094	165,094
Unpaid dividend	-	-	-	154,623	-	154,623	154,623
Accrued mark-up	-	-	-	11,747	-	11,747	11,747
Short-term borrowings	8,154,343	-	8,154,343	-	-	-	8,154,343
	8,154,343	-	8,154,343	37,588,065	-	37,588,065	45,742,408

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in the respective notes to these financial statements.

39.2 Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks namely credit risk, market risk and liquidity risk. The Company finances its operations through equity, borrowings and management of working capital with a view of maintaining an appropriate mix between various sources of finance to minimize risk and provide maximum return to shareholders.

As explained in note 1 of these financial statements, the outbreak of COVID-19 significantly impacted the Company and the environment it operates in. The Company pro-actively managed the risks arising due to COVID-19 and continues to monitor the situation.

39.2.1 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if the counterparties do not meet their obligations under a financial instrument or a customer contract.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including trade receivables and committed transactions. The maximum credit risk is equal to the carrying amount of financial assets. Out of the financial assets aggregating Rs.11,868,729 thousand (2019: Rs.12,724,347 thousand) the financial assets subject to credit risk amount to Rs.11,868,729 thousand (2019: Rs.12,719,347 thousand). For banks and financial institutions, only independently rated parties with reasonably high credit rating are accepted. For trade receivables, internal risk assessment process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The utilization of credit limits is regularly monitored.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. The most significant financial assets exposed to credit risk are trade debts and other receivables of the Company. The utilization of credit limits is regularly monitored.

The Company is regularly assessing the impact of COVID-19 on its customers and their businesses. Keeping in view the short-term and long-term outlook of each customer, management has taken into consideration the factors while calculating expected credit losses against trade debts and other receivables.

The carrying values of financial assets which are neither past due nor impaired are as under:

	2020	2019
	------ (Rupees '000) ------	
Loans	**104,168**	102,541
Deposits	**153,299**	151,799
Trade debts	**3,393,040**	2,917,153
Other receivables	**5,096,579**	5,601,399
Bank balances	**2,542,876**	2,319,546
	11,289,962	11,092,438

The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history, however, no losses.

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Rating agency	Rating Short-term	Rating Long-term
National Bank of Pakistan	PACRA	A-1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA
United Bank Limited	JCR-VIS	A-1+	AAA
Habib Bank Limited	JCR-VIS	A-1+	AAA
Bank Alfalah Limited	PACRA	A-1+	AA+
MCB Bank Limited	PACRA	A-1+	AAA
Allied Bank Limited	PACRA	A-1+	AAA
Citibank N.A.	Moody's	P-1	Aa3
Deutsche Bank AG	Moody's	P-2	A3
Industrial and Commercial Bank of China	Moody's	P-1	A1
Askari Commercial Bank Limited	PACRA	A-1+	AA+
Faysal Bank Limited	PACRA	A-1+	AA

39.2.2 Market risk

Market risk is the risk that the value of the financial instruments may fluctuate as a result of changes in market currency rates, interest rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. There has been no change in the Company's exposure to market risk or the manner in which this risk is managed and measured except for the fair valuation of the Company's Investment in Arabian Sea Country Club Limited.

Under market risk the Company is exposed to currency risk, interest rate risk and other price risk (equity price risk).

i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where payables exist due to imports of goods and transactions with foreign related parties as well as trade receivables from foreign related parties. The Company primarily has foreign currency exposures in US Dollar (USD), Great Britain Pounds (GBP), Euro (EUR), Japanese Yen (JPY) and Singapore Dollar (SGD).

As at December 31, 2020, had the exchange rates of USD, GBP, EUR and JPY appreciated or depreciated against the currency with all other variables held constant, the change in post-tax profit / loss would have been as follows:

Currency	Profit / Loss	2020 %	2020 Rs. '000	2019 %	2019 Rs. '000
USD	lower / higher	**5%**	**1,114,113**	5%	1,005,073
GBP	lower / higher	**5%**	**19,715**	5%	17,354
EUR	lower / higher	**5%**	**12,152**	5%	15,399
JPY	lower / higher	**5%**	**365**	5%	54
SGD	lower / higher	**5%**	**119**	5%	-

The Company manages its currency risk by close monitoring of currency markets. As per State Bank of Pakistan regulations, the Company cannot hedge its currency risk exposure.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's exposure to interest rate risk arises primarily from short-term loans and running finance facilities. Loans and running finance obtained at variable rates expose the Company to cash flow interest rate risk.

The Company analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account various other financing options available.

At December 31, 2020, had interest rates on Company's borrowings been 1% higher / lower with all other variables held constant, post-tax profit for the year would have been lower / higher by Rs.264 thousand (2019: Rs.840 thousand).

iii) Equity price risk

Price risk represents the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk as currently the Company has no investments in listed securities.

As at December 31, 2020, the Company's investment in Arabian Sea Country Club Limited is measured at fair value. Sensitivity related to this risk is not material to these financial statements.

39.2.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet commitments associated with financial instruments.

Through its treasury function, the Company continually monitors its liquidity position and ensures availability of funds by maintaining flexibility in funding by keeping committed credit lines available.

The maturity profile of the Company's liabilities based on contractual maturities is disclosed in note 39.1 to these financial statements.

As stated in note 39.2.1, the Company is continously assessing the impact of COVID-19 on the liquidy position of its stakeholders and is taking necessary precautionary measures where needed.

39.3 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern, maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholder value and reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as proportion of borrowings to equity at year end.

	2020	2019
	------ (Rupees '000) ------	
The proportion of borrowings to equity at year end was:		
Total borrowings	**10,150,510**	8,154,343
Total equity	**(651,159)**	4,291,133
	9,499,351	12,445,476
Gearing ratio	**107%**	66%

The Company finances its operations through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

40 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The different levels of fair valuation method have been defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data.

As at December 31, 2020, except for the Company's investment in Arabian Sea Country Club Limited (which is valued under level 3), none of the financial instruments are carried at fair value.

41 OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment.

All the sales of the Company relate to petroleum products including lubricating oils.

Total sales of the Company relating to customers in Pakistan were 100% during the year ended December 31, 2020 (December 31, 2019: 100%).

All non-current assets of the Company as at December 31, 2020 and 2019 are located in Pakistan.

Sales to twenty major customers of the Company are around 15% during the year ended December 31, 2020 (December 31, 2019: 12%).

42 CAPACITY AND ACTUAL PERFORMANCE

	2020	2019
	------ Metric Ton ------	
Available capacity	**94,870**	94,870
Actual production	**50,230**	51,821

The above pertains to lube manufacturing plant of the Company and the production is carried out as per sales demand.

43 NUMBER OF EMPLOYEES

	2020	2019
Total employees as at December 31	**409**	413
Average number of employees during the year	**408**	418

44 GENERAL

44.1 Figures have been rounded off to the nearest thousand, unless otherwise stated.

44.2 Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions.

45 DATE OF AUTHORIZATION

These financial statements were authorized for issue on March 02, 2021 by the Board of Directors of the Company.

Faisal Waheed	**Haroon Rashid**	**Imran R. Ibrahim**
Chief Financial Officer	Chief Executive	Director

ATTENDANCE OF THE BOARD AND COMMITTEE MEETINGS HELD DURING THE YEAR

FOR THE YEAR ENDED DECEMBER 31, 2020

Board of Directors

During the year, eight meetings of the Board of Directors were held and the attendance of each Director is given below:

Board of Directors	Number of Meetings Held	Number of meetings attended
Rafi H. Basheer	8	8
Haroon Rashid	8	8
Parvez Ghias	8	8
Imran R. Ibrahim	6	6
Madiha Khalid	8	8
Waqar I. Siddiqui	8	6
Zaffar A. Khan	6	6
John King Chong Lo	8	7
Amir R. Paracha	3	3
Badaruddin F. Vellani	8	8
Faisal Waheed	8	8

Board Audit Committee

During the year, four meetings of the Board Audit Committee were held, and the attendance of each Director is given below:

Name of Director	Number of Meetings Held	Number of meetings attended
Rafi H. Basheer	4	4
Badaruddin F. Vellani	4	4
Naz Khan	2	2
Imran R. Ibrahim	2	2

Human Resource and Remuneration Committee

During the year, one meeting of the HRRC was held and the attendance of each Director is given below:

Board of Directors	Number of Meetings Held	Number of meetings attended
Zaffar A. Khan	1	1
Waqar I. Siddiqui	1	1
Haroon Rashid	1	1
Parvez Ghias	1	1

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2020

Number of Shareholders		Shareholding From	Shareholding To		Total Number of Shares Held
2,041	-	1	100	-	90,192
2,078	-	101	500	-	616,994
1,487	-	501	1,000	-	1,112,566
1,567	-	1,001	5,000	-	3,532,009
272	-	5,001	10,000	-	1,981,299
91	-	10,001	15,000	-	1,107,109
48	-	15,001	20,000	-	839,338
31	-	20,001	25,000	-	696,197
16	-	25,001	30,000	-	444,779
8	-	30,001	35,000	-	258,008
10	-	35,001	40,000	-	376,497
12	-	40,001	45,000	-	509,099
10	-	45,001	50,000	-	482,922
6	-	50,001	55,000	-	315,545
8	-	55,001	60,000	-	465,271
6	-	60,001	65,000	-	368,709
2	-	65,001	70,000	-	131,300
3	-	70,001	75,000	-	213,351
1	-	75,001	80,000	-	78,808
1	-	80,001	85,000	-	81,000
2	-	85,001	90,000	-	176,280
1	-	95,001	100,000	-	96,287
1	-	105,001	110,000	-	107,900
1	-	125,001	130,000	-	126,953
2	-	130,001	135,000	-	267,200
1	-	140,001	145,000	-	145,000
2	-	170,001	175,000	-	349,200
1	-	185,001	190,000	-	188,901
1	-	190,001	195,000	-	193,927
1	-	200,001	205,000	-	205,000
1	-	320,001	325,000	-	321,393
1	-	340,001	345,000	-	343,600
1	-	395,001	400,000	-	400,000
2	-	415,001	420,000	-	839,876
1	-	540,001	545,000	-	540,647
1	-	620,001	625,000	-	621,493
1	-	680,001	685,000	-	682,716
1	-	690,001	695,000	-	692,000
1	-	805,001	810,000	-	805,516
1	-	1,070,001	1,075,000	-	1,071,500
1	-	3,690,001	3,695,000	-	3,692,247
1	-	81,440,001	81,445,000	-	81,443,702
7,724					107,012,331

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2020

Shareholders' Category	Number of Shareholders	Number of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (name wise details)			
The Shell Petroleum Company Limited, London	1	81,443,702	76.11
NIT AND ICP			
National Bank of Pakistan	1	102	0.00
Mutual Funds (name wise details)			
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	5,251	0.00
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	4,200	0.00
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	300	0.00
CDC - TRUSTEE HBL ENERGY FUND	1	56,000	0.05
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	5,000	0.00
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	1	4,300	0.00
CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	1	13,000	0.01
CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	7,000	0.01
CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF)	1	2,973	0.00
CDC - TRUSTEE JS ISLAMIC FUND	1	31,100	0.03
CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	1	10,500	0.01
CDC - TRUSTEE JS LARGE CAP. FUND	1	41,700	0.04
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	1	13,000	0.01
CDC - TRUSTEE MEEZAN ENERGY FUND	1	36,900	0.03
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	174,200	0.16
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	25	0.00
CDC - TRUSTEE NBP ISLAMIC ENERGY FUND	1	22,900	0.02
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	44,100	0.04
CDC - TRUSTEE HBL ISLAMIC STOCK FUND	1	27,000	0.03
MC FSL - TRUSTEE JS GROWTH FUND	1	145,000	0.14
MCBFSL - TRUSTEE HBL ISLAMIC DEDICATED EQUITY FUND	1	1,500	0.00
MCBFSL - TRUSTEE JS VALUE FUND	1	52,500	0.05
TRI-STAR MUTUAL FUND LIMITED	1	158	0.00
Directors			
Zaffar A. Khan	1	100	0.00
Badaruddin F. Vellani	1	195	0.00
Imran R. Ibrahim	1	70,443	0.07
Haroon Rashid	1	20,000	0.02
Parvez Ghias	1	50	0.00
Amir R. Paracha	1	81	0.00

Directors' spouse			
Mrs. Ayesha Zeba Gias w/o Mr. Parvez Ghias	1	50	0.00
Mrs. Samina Ibrahim w/o Mr. Imran R. Ibrahim	1	193,927	0.18
Executives	4	4,291	0.00
Public Sector Companies and Corporations	1	3,692,247	3.45
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	14	1,170,042	1.09
General Public			
a. Local	7,570	17,256,615	16.13
b. Foreign	3	16,966	0.02
Others	99	2,444,913	2.28
	7,724	107,012,331	100.00

Shareholders Holding five percent or more Voting Rights in the Listed Company (name wise details)			
The Shell Petroleum Company Limited , London.	1	81,443,702	76.11

PATTERN OF SHAREHOLDING
AS AT DECEMBER 31, 2020

Trade in Shares of the Company by Directors/Executives

Name	Category	Transaction's date	No. of Shares	Nature	Rate
Mr. Usman Khalid	Executive	09-03-2020	500	Bought	156.00
Mr. Usman Khalid	Executive	14-07-2020	200	Bought	193.00
Mr. Haroon Rashid	CEO/Director	21-07-2020	20,000	Bought	193.01
Mr. Usman Khalid	Executive	30-07-2020	200	Sold	241.50
Mr. Usman Khalid	Executive	25-08-2020	100	Sold	259.20
Mr. Usman Khalid	Executive	25-08-2020	100	Sold	262.91
Mr. Usman Khalid	Executive	28-08-2020	100	Sold	280.00
Mr. Muhammad Akmal	Executive	26-10-2020	500	Bought	262.00
Mr. Muhammad Akmal	Executive	27-10-2020	500	Sold	264.50
Mr. Muhammad Akmal	Executive	28-10-2020	200	Bought	248.00
Mr. Muhammad Akmal	Executive	29-10-2020	200	Bought	235.00
Mr. Muhammad Akmal	Executive	02-11-2020	100	Bought	224.25
Mr. Muhammad Akmal	Executive	03-11-2020	300	Sold	238.83
Mr. Saifullah Khan	Executive	10-11-2020	2,000	Bought	249.65
Mr. Saifullah Khan	Executive	11-11-2020	2,000	Sold	243.06
Mr. Muhammad Akmal	Executive	17-11-2020	200	Sold	244.01
Mr. Usman Khalid	Executive	11-12-2020	100	Sold	261.00
Mr. Usman Khalid	Executive	28-12-2020	100	Sold	279.00

FORM OF PROXY

The Secretary
Shell Pakistan Limited
Shell House
6, Ch. Khaliquzzaman Road
P. O. Box No.3901
Karachi - 75530

I/We ____

of ____________________________ the district of ____________________________

being a member of Shell Pakistan Limited and holder of ______________________________

______________________________________ Ordinary Shares as per Share Register Folio

(No. of Shares)

No. ____________________ and/or CDC Participant I.D.No. ____________________________

and Sub Account No. ________________ hereby appoint ________________________________

of ____________________________ in the district of ____________________________

or failing him/her ______________________________ of ______________________________ as

my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of Shell Pakistan Limited to be held on April 21, 2021 at 10:30 a.m. through video-conference facility.

Signed this ____________________ day of ____________________ 2021.

WITNESSES

Signature ______________________________
Name ______________________________
Address ______________________________
____
CNIC or
Passport No. ______________________________

Signature ______________________________
Name ______________________________
Address ______________________________
____
CNIC or
Passport No. ______________________________

Signature
(Signature should agree with the specimen signature registered with the Company)

Notes:

1. A member entitled to attend and vote at the meeting may appoint another person, as his/her proxy to attend, demand or join in demanding a poll, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the meeting as are available to a member. Proxies may also be appointed by e-mailing a scanned copy of signed letter by shareholder authorising proxy along with e-mail address of proxy and the relevant details (as mentioned in the Notice) to SHELLPK-CompanySec@shell.com.
2. Proxies in order to be effective must be received at the registered office of the Company not later than 48 hours before the meeting.
3. A Proxy need not be a member of the Company.
4. Shareholders and their proxies must attach an attested photocopy of their CNIC or Passport with this Proxy Form.

w w w . s h e l l . c o m . p k

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