Celebrating 75th YEAR OF **POWERING PROGRESS IN PAKISTAN**

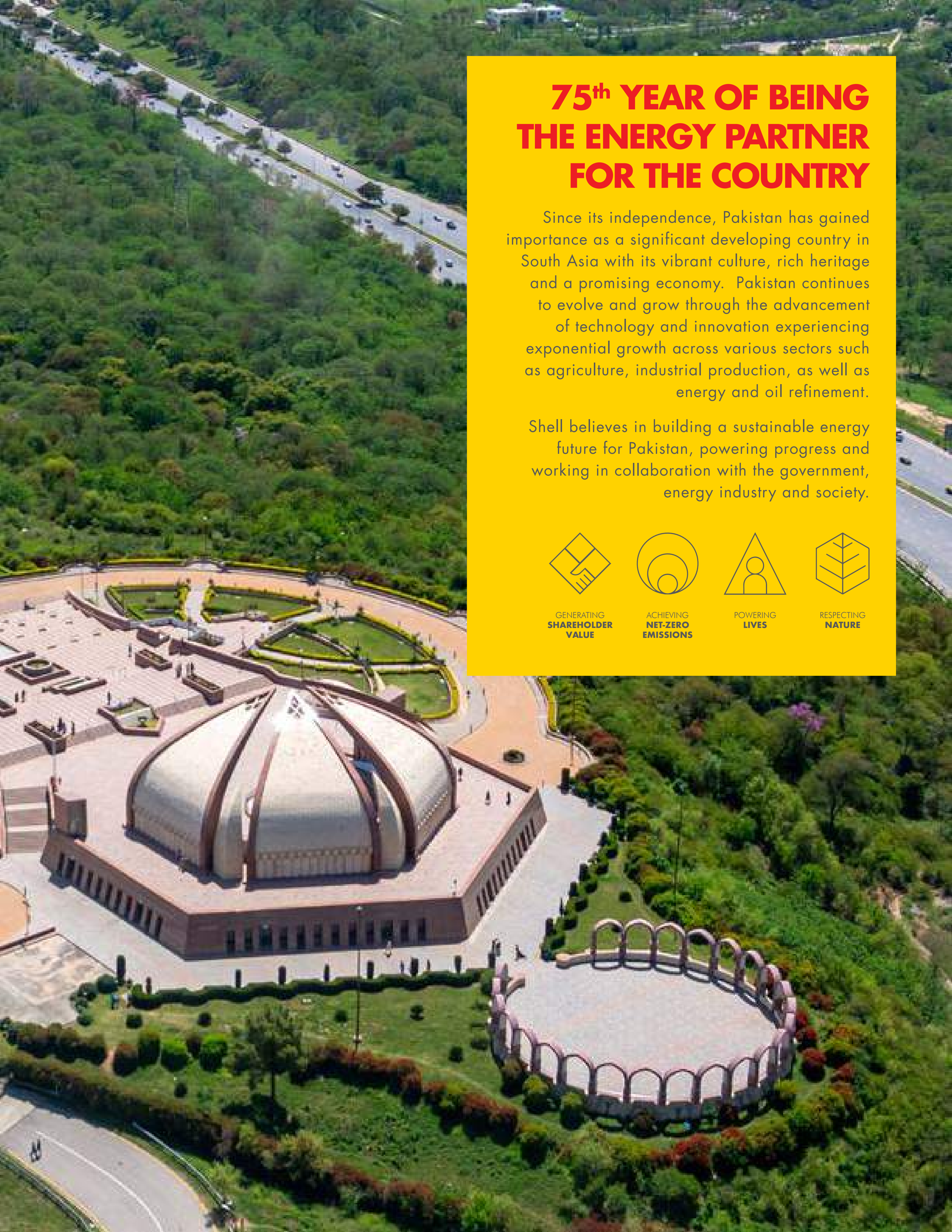
GENERATING **SHAREHOLDER VALUE**

ACHIEVING **NET-ZERO EMISSIONS**

POWERING **LIVES**

RESPECTING **NATURE**

| ANNUAL REPORT 2021



75th YEAR OF BEING THE ENERGY PARTNER FOR THE COUNTRY

Since its independence, Pakistan has gained importance as a significant developing country in South Asia with its vibrant culture, rich heritage and a promising economy. Pakistan continues to evolve and grow through the advancement of technology and innovation experiencing exponential growth across various sectors such as agriculture, industrial production, as well as energy and oil refinement.

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

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CONTENTS

YEAR OF
FUELLING JOURNEYS

With a legacy of 120 years in the region, developing and distributing energy by land, air and sea, Shell has endeavoured to support Pakistan's developmental priorities. From providing petroleum products for the construction of mega projects like the Mangla Dam and Kotri Barrage, to expanding the country's growing road infrastructure, powering PIA's first flights or supporting the next generation of innovative entrepreneurs in Pakistan, Shell has been there.

Today we have a network of 760+ fuel stations, 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.

Shell is proud to be a part of Pakistan. We are steadfast in our mission to serve the nation and its people.

COMPANY INFORMATION

BOARD OF DIRECTORS	Zain K. Hak (Chairperson) Waqar I. Siddiqui Rafi H. Basheer Parvez Ghias Imran R. Ibrahim Madiha Khalid Zaffar A. Khan John King Chong Lo Zarrar Mahmud Amir R. Paracha Badaruddin F. Vellani
CHIEF EXECUTIVE	Waqar I. Siddiqui
AUDIT COMMITTEE	Imran R. Ibrahim (Chairperson) Rafi H. Basheer Badaruddin F. Vellani
HUMAN RESOURCE AND REMUNERATION COMMITTEE	Zaffar A. Khan (Chairperson) Parvez Ghias Zain K. Hak 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, 2021

Dear Shareholders,

On behalf of the Board of Directors of Shell Pakistan Limited, I would like to share the results of our Company for the fourth quarter and year ended December 31, 2021.

Shell Pakistan Limited continued the focus on its strategic priorities and operational excellence in the quarter and despite continued macroeconomic challenges successfully delivered a profit after tax of Rs. 2,018 million for the fourth quarter of 2021.

The overall financial performance of our Company for the year ended December 31, 2021 has also witnessed a significant recovery compared to a tough previous year and our Company was able to successfully deliver a profit after tax of Rs. 4,467 million for the full year 2021, as compared to a loss after tax of Rs. 4,821 million for the same period last year. This turnaround is mainly driven by improved business performance e.g., selling more differentiated fuels and lubricants, the governments positive change in pricing formula to Platts and running efficient fuel operations during the period. This performance was achieved despite the continued restrictions in the country due to COVID-19.

Our performance, however, was negatively impacted by the devaluation of the Pak Rupee against the US dollar which translated into a Rs 3,156 million exchange loss. Being part of an import dependent industry where a large percentage of our costs and payables are denominated in foreign currency, this devaluation had an impact on our cost base and, in turn, on our financial performance. The rights issue which was fully subscribed by the shareholders at the beginning of the year greatly assisted in this turnaround as it provided financial support to implement the Company's business plans.

Being one of the leading Oil Marketing Companies (OMC) in Pakistan in terms of compliance with Health, Safety, Security and Environment (HSSE) standards, Shell Pakistan Limited continues to be at the forefront of the industry in Pakistan in ensuring safe operations across the business. We have achieved this milestone by continuing our relentless focus on ensuring safety at all our sites and are committed to inculcating a culture of safety through ongoing engagements, drills, and workshops with staff, business partners, and industry partners; whereby playing an industry leading role in terms of safety advocacy. Unfortunately, during the year, one fatal incident took place at our retail site involving Shell contractor tank lorry. We have since then increased our efforts to improve the safety standards for fuel discharge at all retail sites.

Shell Pakistan Limited also stood with the Country in the battle against COVID-19 and in collaboration with Health and Nutrition Development Society (HANDS), launched a COVID-19 vaccination drive through deputing Mobile Vaccination Units (MVUs) in Karachi, Lahore and Multan for its customers and surrounding communities near its stations. During this vaccination drive, 12,810 people have been vaccinated.

On the governance side, the Board of Directors performed their duties and responsibilities diligently and played a key role in monitoring management performance and successfully setting strategic goals for our Company. The Board is cognizant of the fact that defined corporate governance processes are important to increase corporate accountability with a focus on ensuring the best standards of corporate governance. Consequently, the Board has constituted the Audit Committee and the Human Resource and Renumeration Committee (HRRC) to provide valuable inputs and assistance to the Board.

I would like to thank the Board for their effective guidance and oversight which has been instrumental in achieving the business objectives this year.

Going forward

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

Our Company faces challenges from external factors such as currency devaluation, oil price volatility and economic uncertainty. The recently imposed PDC (Price Differential Claim) by the government has further strained our Company's working capital and cash position. However, the Board of Directors and management will continue to meet the challenges to minimize and continue to strive toward providing requisite returns to stakeholders.

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 to serve our customers in the best way we can.

Zain K. Hak
Chairperson

چیئرپرسن کا تجزیہ

31 دسمبر 2021ء کو اختتام پذیر ہونے والے سال کے لئے

عزیز شیئر ہولڈرز،

شیل پاکستان لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے، میں 31 دسمبر 2021ء کو اختتام پذیر ہونے والے سال اور چوتھی سہ ماہی کے لیے کمپنی کے نتائج پیش کرنا چاہوں گا۔

دورانِ سہ ماہی شیل پاکستان لمیٹڈ کی توجہ اپنی اسٹریٹجک ترجیحات اور آپریشنل فضیلت پر مرکوز رہی اور ملک میں موجود کلی معاشی دشواریوں کے باوجود، ہم نے 2021ء کی چوتھی سہ ماہی میں کامیابی کے ساتھ 2018 ملین روپے کا نفع بعداز ٹیکس حاصل کیا۔

31 دسمبر 2021ء کے لیے کمپنی کی مجموعی کارکردگی میں نمایاں بحالی دیکھنے میں آئی، جبکہ گذشتہ برس خاصا دشوار کُن تھا، اور سال 2021ء کے دوران ہماری کمپنی نے 4,467 ملین روپے کا نفع بعداز ٹیکس حاصل کیا جبکہ گذشتہ برس کی اسی مدت کے دوران 4,821 ملین روپے کا نقصان بعداز ٹیکس درج کیا گیا تھا۔ یہ تبدیلی بنیادی طور پر بہتر کاروباری کارکردگی کی وجہ سے آئی، مثلاً زیادہ مختلف فیولز اور لبریکینٹس کی فروخت، حکومتوں کی جانب سے Platts کے لیے قیمتوں کے تعین کے فارمولے میں مثبت تبدیلی اور دورانِ مدت فیولز کے موثر آپریشنز۔ کووڈ 19 کی وجہ سے ملک میں مسلسل پابندیوں کے باوجود یہ کامیابی حاصل کی گئی۔

تاہم ڈالر کے مقابلے میں روپے کی قدر میں کمی نے ہماری کارکردگی پر منفی اثر ڈالا جس سے ہمیں 3,156 ملین روپے کے مبادلہ خسارے سے گزرنا پڑا۔ ہم درآمدات پر انحصار کرنے والی صنعت کا حصہ ہیں، جس میں لاگت کا ایک بڑا فیصدی حصہ غیر ملکی کرنسی پر مشتمل ہوتا ہے، لہٰذا قدر میں کمی نے ہماری لاگت کی اساس پر اور اس کے نتیجے میں ہماری کارکردگی پر بہت اثر ڈالا۔ رائٹس کے اجرا، جسے سال کے آغاز پر ہمارے شیئر ہولڈرز نے مکمل طور پر سبسکرائب کر لیا تھا، نے اس منافع میں بہت زیادہ معاونت کی، کیونکہ اس سے کمپنی کے کاروباری منصوبوں کے نفاذ میں مالی مدد ملی۔

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۔ 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۔ بدقسمتی سے، دورانِ سال، ہماری ریٹیل سائٹ پر شیل کنٹریکٹر ٹینک لاری کے باعث ایک ہلاکت خیز واقعہ پیش آیا۔ تب سے ہم نے تمام ریٹیل سائٹس پر فیول کے اخراج کے لیے حفاظتی معیارات کو بہتر بنانے کے لیے اپنی کوششوں میں اضافہ کیا ہے۔

کووڈ 19 کے خلاف جنگ میں شیل پاکستان لمیٹڈ ملک کے شانہ بشانہ کھڑی رہی اور ہینڈز (ہیلتھ اینڈ نیوٹریشن ڈیولپمنٹ سوسائٹی) کے تعاون سے کراچی، لاہور اور ملتان میں اپنے صارفین اور اسٹیشنوں کے آس پاس کی کمیونٹیز کے لیے موبائل ویکسی نیشن یونٹس کے ذریعے کووڈ 19 ویکسی نیشن ڈرائیو کا انعقاد کیا۔ اس ویکسی نیشن ڈرائیو کے نتیجے میں ایک ہفتے کے دوران 12,810 زیادہ افراد کو ویکسین لگائی گئی۔

نظم و نسق کے لحاظ سے، بورڈ آف ڈائریکٹرز نے اپنے فرائض اور ذمہ داریوں کو تندہی سے نبھایا اور انتظامی کارکردگی کی نگرانی اور ہماری کمپنی کے لیے کامیابی کے ساتھ اسٹریٹجک اہداف طے کرنے میں کلیدی کردار ادا کیا۔ بورڈ اس حقیقت سے بخوبی واقف ہے کہ کارپوریٹ گورننس کے بہترین معیارات کو یقینی بنانے پر توجہ مرکوز کرتے ہوئے کارپوریٹ جوابدہی کو بڑھانے کے لیے کارپوریٹ گورننس کے طے شدہ پراسس اہم ہیں۔ نتیجتاً، بورڈ کو قیمتی معلومات اور معاونت فراہم کرنے کے لیے بورڈ نے آڈٹ کمیٹی اور کمیٹی برائے افرادی وسائل و معاوضے (HRRC) تشکیل دی ہیں۔

میں بورڈ کی جانب سے موثر رہنمائی اور نگرانی، جس نے اس سال کاروباری مقاصد کو حاصل کرنے میں اہم کردار ادا کیا ہے، کے لیے بورڈ کا شکر گزار ہوں۔

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۔

آپ کا بورڈ آف ڈائریکٹرز اور کمپنی کا نظم و ضبط 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۔

ہماری کمپنی کو بیرونی عوامل جیسے کرنسی کی قدر میں کمی، تیل کی قیمت میں اتار چڑھاؤ اور معاشی غیر یقینی صورت حال جیسی دشواریوں کا سامنا ہے۔ حکومت کی طرف سے حال ہی میں نافذ کردہ پی ڈی سی (قیمت کے فرق کے دعوے) نے ہماری کمپنی کے جاری سرمائے اور نقدی کی صورتِ حال کو مزید دباؤ میں ڈال دیا ہے۔ تاہم، بورڈ آف ڈائریکٹرز اور انتظامیہ دشواریوں میں کمی کرنے اور متعلقہ فریقوں کو مطلوبہ نفع فراہم کرنے کی کوشش جاری رکھیں گے۔

جذبے، مستقل معاونت اور کمپنی پر اعتماد کے لیے ہم اپنے شیئر ہولڈرز، صارفین، عملے اور دیگر متعلقہ فریقوں کے شکر گزار ہیں، اور ہم جس قدر ممکن ہوا اپنے صارفین کی بہترین طور پر خدمت کرنے کا اپنا سفر جاری رکھیں گے۔

زین کے حق

چیئرپرسن

BOARD OF DIRECTORS

Zain Hak

Zain Hak is based in Singapore and is the global Vice President for Shell Agriculture & Forestry - a key sector in the Shell Downstream strategy. In addition, Zain serves as Chairman on the board of Shell Pakistan Limited.

Zain brings with him 26 years of professional and leadership experience across Refining, Marketing, Trading & Supply and has lived in Pakistan, Singapore, Vietnam, UK, Switzerland and the US with management oversight of markets in Latin America, Africa, Japan, Oceania, Europe and the Caribbean. Prior to his current role, Zain was General Manager Asia for Shell Fleet Solutions where he grew the business to establish Shell as a leader in fleet, mobility and energy solutions across Asia. Before that Zain served as General Manager Pricing & Logistics for the Americas based in Houston and General Manager for Global Licensed Markets based in Switzerland. In the decade prior, he held country management roles in Vietnam, Pakistan and Singapore. Zain has senior governance and board experience in JVs and PLCs in USA, Switzerland, Oman as well as leadership roles in industry forums namely Chairman Marketing Committee American Petroleum Institute, VP US Association for Energy Economics, Advisor Vietnam Government.

He holds an MBA from the University of Cambridge, UK, a BA in Economics from Coe College, USA and completed his schooling at the Karachi Grammar School, Pakistan.

Waqar I. Siddiqui

Waqar I Siddiqui is the Chief Executive & Managing Director of Shell Pakistan Limited (SPL).

Waqar joined SPL in 2001 and has since held several roles locally and internationally at senior leadership positions. In his 24+ years of oil downstream experience, he has successfully guided Shell companies through organizational change, strategy development, mergers/acquisitions and achieving consistent performance delivery. His last role before returning to Pakistan was Managing Director of Shell Downstream Retail in PT Shell Indonesia. Waqar has been a Director on the Board of SPL since 2019.

Waqar is an internationally experienced board level executive with sustained record of business transformation achievement for Shell and other oil majors. 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.

Rafi H. Basheer

Rafi Basheer is currently the global Vice President of Finance for Shell's Lubricants 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.

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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. from August 2005 to December 2016, 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.

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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.

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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.

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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.

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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.

....

Zarrar Mahmud

Zarrar Mahmud is the Chief Financial Officer and Finance Director of Shell Pakistan Limited. Zarrar joined Shell in 2008 and has had diverse experience across many geographies such as Singapore, Brunei, Oman, Pakistan, Middle East, Central Asia and Asia Pacific. He has held roles in Integrated Gas and Downstream marketing business namely Lubricants, Retail, Commercial Fuels and Aviation. His roles include Shareholder Finance Manager in Integrated Gas non-operated ventures, Shell Director UAE (Trading & Supply) and Saudi Arabia (Aviation), Regional Finance Manager managing 10 countries, Retail Country Finance Manager for Pakistan and UAE, Lubricants Finance Manager and Pricing Specialist.

Zarrar holds a Bachelor's degree in Accounting from the London School of Economics and a Master's Degree in Accounting from Cass Business School London.

....

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.

....

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 organizations and foundations.

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REPORT OF THE DIRECTORS
FOR THE YEAR ENDED DECEMBER 31, 2021

Dear Shareholders,

The Directors of our Company present their Annual Report together with the audited financial statements for the year ended December 31, 2021.

The profit / loss for the year ended December 31, 2021 after providing for administrative, marketing and distribution expenses, financial and other charges amount to:

	Rupees in Million
Profit/Loss before taxation	**6,609**
Taxation	**(2,142)**
Net Profit/Loss for the year ended December 31, 2021	**4,467**
	Rupees
Profit/Loss per share – basic and diluted	**21.88**

Appropriations and movement in reserves have been disclosed in the Statement of Changes in Equity on page 70 of these financial statements.

Keeping in view the immediate need to strengthen its balance sheet, and the prevailing volatile situations and factors currently affecting the external environment, such as, currency devaluation, oil price volatility and local economic uncertainty, the Board of Directors recommend that no dividend be declared for the year.

Business Excellence

Shell Pakistan Limited focuses on its commitment to business principles, safety of people and protection of the environment. We also drove excellence in operations while keeping costs at a manageable level as well as making significant investments in both infrastructure and brand building to maintain competitive advantage.

Lubricants

Lubricant's business continues to be a key contributor to our Company's overall business. During 2021, lubricants business marked a remarkable growth compared to the previous year.

Despite the ongoing challenges of new Covid waves, Shell Helix continued to hold the image of the most distinctive and premium value product in the minds of our consumers. We successfully kickstarted the year with a new product launch in Advance which ensured that we tap market opportunity timely and effectively. In the same spirit, Rimula progressed onwards and upwards in its journey of innovation through increased market reach and brand presence.

As a whole, our lubricants business continued to excel in brand and value; led by the vision of continuous innovation, sustainable growth and effective partnerships. The business initiated several programs to power progress including digitalization of partners, conceiving new markets and improved technical services.

Retail (Mobility)

Our Company remains committed to ensuring the safety of customers during the COVID pandemic, continuing on its path of making our customers' journeys more meaningful with high-quality products and services.

Our Company marked its success by becoming the market leader in the differentiated fuels category, with our offering, Shell V-Power, which now has a significant penetration in the market. Our Company also invested in a national campaign which went live on multiple media channels to build market awareness and brand story of our premium, Hi-Octane fuel.

Our Company and K-Electric Limited (KE) signed a Memorandum of Understanding (MoU) early in 2021, to jointly develop Electric-Vehicle (EV) Charging Stations across Karachi and its connecting highways. Branded as 'Shell Recharge', 50 KWH rapid chargers were installed at two stations.

Our Shell Select Stores witnessed an outstanding performance on all major categories and enabled On Demand Delivery via collaboration with relevant partners – Foodpanda and Munchies. A dark store (deliveries only) was piloted in Karachi, with the sole purpose to cater to delivery orders - This is the only dark store within the Shell world.

Our Company also partnered with the "TrashIT" team, a Shell Tameer winner for 2021, to create sustainable means of handling Shell Select waste in a closed-loop and environment-friendly manner.

In our Retail Lubricants portfolio, we launched the Shell Helix Drive On campaign across 99 Sites nationwide. Thirty winners were announced, and the campaign resulted in uplift of volume for the portfolio, while also getting a highly positive response on social media.

We also launched the "WorkJam" App: the 1st ever digital platform for forecourt staff which is a Mobile and Web-based engagement platform, that helps to motivate and upskill site staff. Moreover, in collaboration with TPL Trakker, we piloted Shell Telematics, which integrates customers' fuel cards with trackers installed in their vehicles to generate a complete picture of driver efficiency and fleet performance.

To revolutionize our highway offering, our Company reconstructed one of its existing Sites to offer a complete integrated mobility offer, with a range of fuelling and non-fuelling facilities. Through our focus on creating an integrated offer for our customers, we have achieved considerable milestones across our categories.

Social Investment

Our investment in local communities is both tailored to the needs of the community and aligned with Shell's business objectives and skills. In partnership with the National Rural Support Program, we provide clean energy solutions, comprising three solar-powered community institutions through two tube wells and a flour mill, as well as clean cook stoves and solar lamps. The project has benefited 72 farmers cultivating 105 acres of agricultural land through solar tube wells saving 41.6% of their time per crop cycle. The solar powered flourmill caters to 1575 individuals that have food supply continuity from the improved wheat grains grinding facility. 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 a wider impact.

We work with CARE Foundation to provide quality education; and with the National Rural Support Program where we have a fully equipped vocational training center for women.

Shell Tameer organized its 8th Shell Tameer Awards, to reward and recognise Pakistan's youth building innovative businesses that power sustainable development and create job opportunities in the country; 125 young entrepreneurs from across Pakistan participated across six categories -Clean Energy, Women Empowerment, Technology Innovation, Circular Economy, Transport & Mobility and Bright Ideas. The top 20 finalist received a total of Rs. 4.9 million as seed capital to help them sustain and develop their businesses, they also received one-on-one mentorship by Shell LiveWIRE's international consultants Development Alternatives Incorporated, to enable them to deliver investor winning pitches.

This year Shell Tameer has successfully trained two cohorts of Bootcamps in collaboration with Bahria University Karachi Campus and Institute of Business Management – Karachi where 64 students and entrepreneurs from diverse business sectors were trained to further improve their business ideas and perfect their investor pitch skills.

Shell Tameer also in collaboration with Small and Medium Enterprise Development Authority (SMEDA), organized a session for start-ups to encourage formal business registration to help them gain access to finance, business development support and technologies while educating them on the government regulatory framework for entrepreneurs.

Shell Pakistan organized a student event, where engineering students from National University of Sciences & Technology (NUST) and Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (GIKI) demonstrated their self-built vehicles across two categories –'Prototype' (Battery powered) and 'Urban Concept' (Gasoline run) in line with Shell's mission to power progress with innovative and cleaner energy solutions.

Corporate Governance

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 Member:
   1. Madiha Khalid

   Male Members:
   1. Amir R. Paracha
   2. Badaruddin F. Vellani
   3. Imran R. Ibrahim
   4. John King Chong Lo
   5. Parvez Ghias
   6. Rafi H. Basheer
   7. Waqar I. Siddiqui
   8. Zaffar A. Khan
   9. Zain K. Hak
   10. Zarrar Mahmud

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

   Non-Executive Directors:
   1. Badaruddin F. Vellani
   2. John King Chong Lo
   3. Rafi H. Basheer
   4. Zain K. Hak

   Executive Directors:
   1. Madiha Khalid
   2. Waqar I. Siddiqui
   3. Zarrar Mahmud

2. Casual vacancy occurred during the year upon the resignation of Faisal Waheed. The Board within the prescribed period co-opted Zain K. Hak and Zarrar Mahmud as the directors of the Company.

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

   A. Audit Committee

   a. Imran R. Ibrahim (Chairperson)
   b. Badaruddin F. Vellani
   c. Rafi H. Basheer

   B. Human Resource & Remuneration Committee

   a. Zaffar A. Khan (Chairperson)
   b. Parvez Ghias
   c. Waqar I. Siddiqui
   d. Zain K. Hak

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 63. The reasons for profit during the year and significant deviation in operating results of the Company from last year have been discussed above.

12. A reasonable indication of the principle risks and uncertainties as well as the future prospects is discussed above.

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, 2021 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 125.

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. Details of renumeration are disclosed on page 115.

16. A formal self-evaluation of the Board and its committees' performance has been carried out for the year 2021, facilitated by the Pakistan Institute of Corporate Governance.

17. Rafi H. Basheer, Parvez Ghias, Badaruddin F. Vellani, Madiha Khalid, Imran R. Ibrahim and Amir R. Paracha have already obtained directors' training certification from the Pakistan Institute of Corporate Governance while Zaffar A. 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 128. The Company is a subsidiary of Shell Petroleum Company Limited, London (immediate holding Company) which is a subsidiary of Shell Plc. [formerly known as 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 64 of these financial statements.

20. The figures in the financial statements for the year ended December 31, 2021 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 ended 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 129.

23. Details of the Company's Corporate Social Responsibility and other activities undertaken by the Company during the financial year are disclosed in the aforesaid paragraphs.

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

Zain Hak

Zain K. Hak
Chairperson

Waqar Siddiqui

Waqar I. Siddiqui
Chief Executive

Karachi: March 16, 2022

ڈائریکٹر کی رپورٹ

31 دسمبر 2021ء کو اختتام پذیر ہونے والے سال کے لئے

عزیز شیئر ہولڈرز

آپ کی کمپنی کے ڈائریکٹران 31 دسمبر 2021ء کو اختتام پذیر ہونے والے سال کے لیے آڈٹ شدہ مالی گوشوارے اور اپنی سالانہ رپورٹ پیش کرتے ہیں۔

آپ کی کمپنی کے انتظامی امور، مارکیٹنگ اور تقسیم کاری کے اخراجات، مالی اور دیگر واجبات کی ادائیگی کے بعد 31 دسمبر 2021ء کو اختتام پذیر ہونے والے سال کے لیے نفع/نقصان درج ذیل تھا:

	روپے ملین میں
نفع/نقصان قبل از ٹیکس	**6,609**
ٹیکس	**(2,142)**
31 دسمبر 2021ء کو ختم ہونے والے سال کا خالص نفع/نقصان	**4,467**
روپے	
نفع/نقصان فی شیئر – بنیادی اور سیال (diluted)	**21.88**

ذخائر کی کارروائی (موومنٹ) اور تصرفات ان مالی گوشواروں کے صفحہ 70 پر ایکویٹی میں تبدیلیوں کے بیان میں ظاہر کیے گئے ہیں۔

کمپنی کی بیلنس شیٹ کو مضبوط کرنے کی فوری ضرورت، اور موجودہ غیر مستحکم حالات اور بیرونی ماحول کو متاثر کرنے والے عوامل، جیسے کرنسی کی قدر میں کمی، تیل کی قیمتوں میں اتار چڑھاؤ اور مقامی اقتصادی غیر یقینی صورت حال کو مدِنظر رکھتے ہوئے، بورڈ آف ڈائریکٹرز نے رواں سال کسی بھی منافع منقسمہ کا اعلان نہ کرنے کی سفارش کی۔

کاروباری فضیلت

شیل پاکستان لمیٹڈ کاروباری اصولوں، لوگوں کی حفاظت اور ماحولیات کے تحفظ کے اپنے عزم پر توجہ مرکوز کرتا ہے۔ ہم نے اخراجات کو قابل انتظام سطح پر رکھنے کے ساتھ ساتھ مسابقتی برتری کو برقرار رکھنے کے لیے بنیادی انفراسٹرکچر اور برانڈ کی تعمیر دونوں میں نمایاں سرمایہ کاری کرتے ہوئے آپریشنز میں بہترین کارکردگی کا مظاہرہ کیا۔

لبریکینٹس

لبریکینٹ کا کاروبار ہماری کمپنی کے مجموعی کاروبار میں کلیدی شراکت دار رہا ہے۔ گذشتہ برس کے مقابلے میں 2021ء کے دوران لبریکنٹس کے کاروبار نے زبردست ترقی کی۔

کووِڈ کی نئی لہروں کے مستقل چیلنجوں کے باوجود، شیل ہیلکس نے ہمارے صارفین کے ذہنوں میں سب سے منفرد اور پریمیم ویلیو پروڈکٹ کے اپنے تاثر کو برقرار رکھا۔ ہم نے ایڈوانس میں ایک نئی پروڈکٹ متعارف کرواتے ہوئے کامیابی کے ساتھ سال کا آغاز کیا، جس نے اس امر کو یقینی بنایا کہ ہم مارکیٹ کے مواقع کو بروقت اور مؤثر طریقے سے استعمال کرتے ہیں۔ اسی جذبے کے تحت، ریمولا نے مارکیٹ میں بڑھتی ہوئی رسائی اور بطور برانڈ اپنی موجودگی کا احساس دلاتے ہوئے اپنے اختراع کے سفر میں ترقی کی۔

مسلسل جدت طرازی، پائیدار ترقی اور موثر شراکت کے نصب العین کے نتیجے میں بحیثیت مجموعی، ہمارا لبریکینٹس کا کاروبار برانڈ اور قدر کے اعتبار سے شاندار رہا۔ کاروبار نے ترقی کے لیے شراکت داروں کی ڈیجیٹلائزیشن، نئی مارکیٹس کا تصور اور بہتر تکنیکی خدمات سمیت کئی پروگرام شروع کیے۔

ریٹیل (موبلٹی)

ہماری کمپنی کووِڈ کی وبا کے دوران صارفین کی حفاظت کو یقینی بنانے کے لیے پرعزم ہے، اعلیٰ معیار کی مصنوعات اور خدمات کے ساتھ اپنے صارفین کے سفر کو مزید بامعنی بنانے کی راہ پر گامزن ہے۔

شیل وی پاور کی پیشکش، جواب مارکیٹ میں نمایاں مقام کی حامل ہے، کے ساتھ ہماری کمپنی فیول کے مختلف زمروں میں مارکیٹ لیڈر بن کر ابھری اور اپنی کامیابی کا نشان رقم کیا۔ ہماری کمپنی نے ایک قومی مہم میں بھی سرمایہ کاری کی جو متعدد میڈیا چینلز پر لائیو چلائی گئی تا کہ ہمارے پریمیم ہائی اوکٹین فیول کی مارکیٹ میں آگاہی اور بطور برانڈ معلومات عام کی جا سکے۔

ہماری کمپنی نے 2021ء کے اوائل میں کے الیکٹرک لمیٹڈ کے ساتھ ایک مفاہمت کی یادداشت (MoU) پر دستخط کیے ہیں، تاکہ کراچی اور اس سے منسلک ہائی ویز میں الیکٹرک- وہیکل چارجنگ اسٹیشنوں کو مشترکہ طور پر شروع کیا جا سکے۔ شیل ریچارج کے نام سے برانڈڈ، دو اسٹیشنوں پر 50 کلوواٹ کے ریپڈ چارجرز نصب کیے گئے۔

ہمارے شیل سلیکٹ اسٹورز نے تمام بڑے زمروں میں شاندار کارکردگی کا مشاہدہ کیا اور متعلقہ شراکت داروں- فوڈ پانڈا اور منچیز (Munchies) کے ساتھ اشتراک کے ذریعے آن ڈیمانڈ ڈیلیوری کو فعال کیا۔ ایک ڈارک اسٹور، (صرف ڈیلیوری کے لیے) کراچی میں شروع کیا گیا تھا، جس کا واحد مقصد ڈیلیوری آرڈرز کو پورا کرنا تھا- شیل کی دنیا میں یہ واحد ڈارک اسٹور ہے۔

ہماری کمپنی نے "TrashIT" ٹیم کے ساتھ بھی شراکت کی، جو 2021ء کے لیے شیل تعمیر کی فاتح ہے، تاکہ شیل سلیکٹ کے فضلے کو محفوظ اور ماحول دوست طریقے سے تلف کرنے کے پائیدار ذرائع تیار کیے جا سکیں۔

اپنے ریٹیل لبریکنٹس پورٹ فولیو میں، ہم نے ملک بھر میں 99 سائٹس پر شیل ہیلیکس Drive On مہم کا آغاز کیا۔ تیس جیتنے والوں کا اعلان کیا گیا، اور اس مہم کے نتیجے میں پورٹ فولیو کے حجم میں اضافہ ہوا، جبکہ سوشل میڈیا پر بھی اسے انتہائی مثبت ردعمل ملا۔

ہم نے "WorkJam" ایپ بھی لانچ کی ہے یہ فورکورٹ کے عملے کے لیے پہلا ڈیجیٹل پلیٹ فارم ہے جو کہ ایک موبائل اور ویب پر مبنی پلیٹ فارم ہے۔ یہ سائٹ کے عملے کی حوصلہ افزائی اور مہارتیں بڑھانے میں معاونت کرتا ہے۔ مزید برآں، Trakker TPL کے ساتھ مل کر، ہم نے Shell Telematics کو پائلٹ کیا، جو صارفین کے فیول کارڈز کو ان کی گاڑیوں میں نصب ٹریکرز کے ساتھ مربوط کرتا ہے تاکہ ڈرائیور کی کارکردگی اور فلیٹ کی کارکردگی کی مکمل صورت وضع کی جا سکے۔

ہماری ہائی وے کی پیشکش میں انقلاب لانے کے لیے، ہماری کمپنی نے اپنی موجودہ سائٹس میں سے ایک کو مکمل مربوط نقل وحرکت کی پیشکش جس میں فیول اور نان فیول سہولتوں کی ایک رینج شامل ہے، کے لیے دوبارہ تعمیر کیا۔ اپنے صارفین کے لیے ایک مربوط پیشکش تیار کرنے پر اپنی توجہ کے ذریعے، ہم اپنے تمام زمروں میں کافی سنگ میل عبور کر چکے ہیں۔

سماجی سرمایہ کاری

مقامی کمیونٹیز میں ہماری سرمایہ کاری کمیونٹی کی ضروریات اور شیل کے کاروباری مقاصد اور مہارتوں سے ہم آہنگ ہے۔ نیشنل رورل سپورٹ پروگرام کے ساتھ شراکت میں، ہم نے کلین انرجی سولیوشنز فراہم کیے ہیں، جو دو ٹیوب ویلوں اور ایک آٹے کی چکی کے ساتھ ساتھ کلین کک اسٹوو اور شمسی لیمپ کے ذریعے شمسی توانائی سے چلنے والے تین کمیونٹی اداروں پر مشتمل ہیں۔ اس پروجیکٹ سے 72 کاشت کاروں کو فائدہ ہوا ہے جو 105 ایکڑ زرعی اراضی پر سولر ٹیوب ویل کے ذریعے کاشت کر رہے ہیں اور ہر فصل کے چکر میں ان کے وقت کے 41.6 فیصد کی بچت ہوئی ہے۔ شمسی توانائی سے چلنے والی فلور مل 1575 افراد کی ضرورت کو پورا کرتی ہے جنہیں گندم کے دانے پیسنے کی بہتر سہولت کے ساتھ خوراک کی مستقل فراہمی ممکن بناتی ہے۔ اس منصوبے کا مقصد اسے مستقل بنیادوں پر مالی اعتبار سے قابلِ عمل بنانا ہے تاکہ بالآخر اس کی ذمہ داری کسی کمیونٹی پر مبنی تنظیم کے حوالے کر دی جائے، جو وسیع تر اثرات کے ضمن میں دیگر دیہاتوں میں اسی نوعیت کی اصلاحات کے لیے کام کرے گی۔

ہم معیاری تعلیم فراہم کرنے کے لیے کیئر فاؤنڈیشن کے ساتھ اور نیشنل رورل سپورٹ پروگرام کے ساتھ کام جاری رکھے ہوئے ہیں، جہاں ہمارے پاس خواتین کے لیے ایک مکمل طور پر آراستہ پیشہ ورانہ تربیتی مرکز موجود ہے۔

شیل تعمیر نے اپنے 8 ویں شیل تعمیر ایوارڈز کا اہتمام کیا، تاکہ پاکستان کے نوجوانوں کو ایسے اختراعی کاروباروں کو انعام اور پہچان دی جائے جو پائیدار ترقی کو تقویت دیتے ہیں اور ملک میں روزگار کے مواقع پیدا کرتے ہیں۔ پاکستان بھر سے 125 نوجوان کاروباری افراد نے چھ زمروں میں حصہ لیا- صاف توانائی، بااختیار خواتین، ٹیکنالوجی میں اختراع، گردشی معیشت، ٹرانسپورٹ اینڈ موبلٹی اور روشن خیالات۔ ٹاپ 20 فائنلسٹ کو کل 49 لاکھ روپے دیے گئے تاکہ انھیں اپنے کاروبار کو برقرار رکھنے اور ترقی دینے میں مدد مل سکے، نیز انہیں شیل لائیو وائر کے بین الاقوامی ماہرین Development Alternatives Incorporated کے ذریعے براہِ راست رہنمائی بھی فراہم کی گئی، تاکہ ان کو کامیابی کے لیے سازگار بنیاد دستیاب ہو سکے۔

اس سال Shell Tameer نے بحریہ یونیورسٹی کراچی کیمپس اور انسٹی ٹیوٹ آف بزنس مینجمنٹ- کراچی کے تعاون سے بوٹ کیمپس کے دو گروپوں کو کامیابی سے تربیت دی ہے جہاں مختلف کاروباری شعبوں سے تعلق رکھنے والے 64 طلبا اور کاروباری افراد کو تربیت دی گئی تاکہ وہ اپنے کاروباری آئیڈیاز کو مزید بہتر بنائیں اور سرمایہ کارانہ صلاحیتوں کی تکمیل کر سکیں۔

Shell Tameer نے سمال اینڈ میڈیم انٹرپرائز ڈویلپمنٹ اتھارٹی (SMEDA) کے ساتھ مل کر، اسٹارٹ اپس کے لیے ایک سیشن کا انعقاد کیا تاکہ انہیں کاروباری افراد کے لیے حکومت کے ضوابطی فریم ورک کے بارے میں آگاہ کرتے ہوئے باضابطہ کاروباری رجسٹریشن کی حوصلہ افزائی کی جا سکے اور انہیں فنانس، بزنس ڈویلپمنٹ سپورٹ اور ٹیکنالوجیز تک رسائی حاصل کرنے میں مدد ملے

شیل پاکستان نے طلبہ کی ایک تقریب کا اہتمام کیا، جہاں نیشنل یونیورسٹی آف سائنسز اینڈ ٹیکنالوجی (NUST) اور غلام اسحاق خان انسٹی ٹیوٹ آف انجینیئرنگ سائنسز اینڈ ٹیکنالوجی (GIKI) کے انجینیئرنگ کے طلبہ نے دو زمروں میں اپنی ساختہ گاڑیوں 'پروٹوٹائپ' (بیٹری سے چلنے والا) اور 'شہری تصور' (گیسولین رن) کا مظاہرہ کیا جو جدید اور صاف ستھرے توانائی کے سولیوشنز کے ساتھ ترقی کو مہمیز دینے کے شیل کے نصب العین سے ہم آہنگ تھیں۔

کارپوریٹ نظم ونسق

ڈائریکٹران تصدیق کرتے ہیں کہ:

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. مدیحہ خالد

مرد ارکان

1. عامر پراچہ
2. بدرالدین ایف ویلانی
3. عمران ابراہیم
4. جان لُو
5. پرویز غیاث
6. رفیع ایچ بشیر
7. وقار آئی صدیقی
8. ظفراے خان
9. زین کے حق
10. ضرار محمد

خودمختار ڈائریکٹران:

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

نان ایگزیکٹو ڈائریکٹران:

1. بدرالدین ایف ویلانی
2. جان لُو
3. رفیع ایچ بشیر
4. زین کے حق

ایگزیکٹو ڈائریکٹران:

1. مدیحہ خالد
2. وقار آئی صدیقی
3. ضرار محمد

2. دورانِ مدت جناب فیصل وحید کے استعفیٰ دینے کے بعد ایک اتفاقی اسامی خالی ہوئی۔ بورڈ نے اس خالی اسامی کو مجوزہ مدت کے اندر پُر کرلیا؛ اور کمپنی کے ڈائریکٹر کے طور پر جناب زین حق اور جناب ضرار محمد کا انتخاب کیا گیا۔

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

الف۔ آڈٹ کمیٹی

ا۔ عمران ابراہیم (چیئرپرسن)
ب۔ بدرالدین ایف ویلانی
ج۔ رفیع ایچ بشیر

ب۔ کمیٹی برائے افرادی وسائل و معاوضے

ا۔ ظفراے خان (چیئرپرسن)
ب۔ پرویز غیاث
ج۔ وقار آئی صدیقی
د۔ زین کے حق

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 رکھےگئے 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 بےنقص 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 63 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 مذکورہ بالا ہے۔

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

13. 31 دسمبر 2021ء 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 125 پر ظاہر کی گئی ہے۔

15. نان ایگزیکٹو/خودمختار ڈائریکٹران، ماسوا وہ 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۔ مشاہروں کی تفصیلات کا انکشاف صفحہ 115 پر کیا گیا ہے۔

16. 2021ء کے لیے پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس 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، محترمہ مدیحہ خالد، جناب عمران آر ابراہیم، جناب عامر آر پراچہ پہلے ہی پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (پی آئی سی جی) سے ڈائریکٹرز ٹریننگ سرٹیفیکیشن حاصل کر چکے ہیں جبکہ جناب ظفر خان مستثنیٰ ہیں۔ کمپنی ڈائریکٹرز کی سرٹیفیکیشن کو یقینی بنانے کے لیےفہرستی کمپنیوں

18. حصص یافتگی (شیئر ہولڈنگ) کے طریقہ کار (پیٹرن) اور حصص یافتگی کے طریقہ کار سے متعلق اضافی معلومات صفحہ 128 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 نظرثانی 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 64 پر ظاہر کیے گئے ہیں۔

20. 31 دسمبر 2021ء 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 2021ء 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 129 درج ہے۔

23. مالی سال کے دوران کمپنی کی اختیار کردہ کارپوریٹ سماجی ذمہ داری اور دیگر سرگرمیاں مذکورہ بالا اقتباسات میں 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

Zain Haq

زین کے حق

چیئرپرسن

Waqar Siddiqui

وقار آئی صدیقی

چیف ایگزیکٹو

کراچی: 16 مارچ 2022ء

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 53rd Annual General Meeting ('AGM') of Shell Pakistan Limited will be held at Movenpick Hotel, Karachi and virtually through video-conference facility, on Wednesday, April 20, 2022 at 10:30 a.m. 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, 2021.

2. To appoint Auditors for the financial year January 1 to December 31, 2022 and to fix their remuneration.

While many continue to get vaccinated, COVID-19 pandemic remains a challenge and to ensure the health and safety of our members, physical in-person attendance to the meeting will be limited. Hence, members are encouraged to attend the meeting through video-conference facility. Kindly refer to the notes section for details.

By Order of the Board

Karachi: March 16, 2022

Shell House
6, Ch. Khaliquzzaman Road
Karachi-75530

Lalarukh Hussain-Shaikh
Secretary

NOTES:

Pursuant to Circular 6 of 2021 dated March 3, 2021, and further issued "Clarification on circulars issued on coronavirus contingency planning for general meetings of listed companies" dated December 15, 2021, of the Securities and Exchange Commission of Pakistan, the Board has decided to hold the 53rd AGM physically at Movenpick Hotel, Karachi and in addition provide members the option to attend the meeting through video-conference facility. Keeping in mind the health and safety of our members, physical attendance at the venue will be restricted to 50 members only. Therefore, members are encouraged to attend the meeting through the video-conference facility arranged by the Company.

(i) The register of members will remain closed from Wednesday April 6, 2022, to Wednesday, April 20, 2022 (both days inclusive). Transfers received in order at the office of our Share Registrars, FAMCO Associates (Pvt) Ltd., 8-F, near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi-75400 by the close of business on April 5, 2022, will be in time for the purpose of attending the annual general meeting.

(ii) For attending the meeting in-person or through video-conference, 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".

Those members willing to attend the meeting in-person are requested to specify the same in the email sent along with a scanned copy of their COVID vaccination certificate. The company reserves the right to refuse entry to any member who has not pre-registered for physical attendance and does not present the vaccination card at the venue.

(iii) A member entitled to attend the meeting and vote shall be entitled to appoint another person, as his/her proxy to attend the meeting either in-person physically or through video-conference facility. Members and/or their proxies can demand or join in demanding a poll, speak and vote. A proxy so appointed shall have such rights, as respects attending, speaking, and voting at the meeting as are available to a member. To attend the meeting either physically or through video-conference facility, a proxy must be received at the registered office of the Company not later than 48 hours before the meeting in order to be effective.

Proxies may also be appointed by e-mailing a scanned copy of the 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) Confirmation emails to attend the meeting physically in-person or via video-link (with 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 18, 2022. 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, near 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 in-person at the venue or through video-conference facility in order to authenticate their identity.

(viii) Audited Accounts and the Annual Report of the Company for the year ended December 31, 2021 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 31,2021.

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

- The total number of directors are (Eleven) 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 Amir R. Paracha Zaffar A. Khan
Executive directors	Madiha Khalid Zarrar Mahmud Waqar I. Siddiqui
Non-executive directors	Rafi H. Basheer Zain K. Hak John King Chong Lo 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 the 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 the following six (6) 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. Madiha Khalid
    5. Imran R. Ibrahim
    6. 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 F. Vellani
3) Rafi H. Basheer

Human Resource and Remuneration Committee

1) Zaffar A. Khan (Chairperson)
2) Parvez Ghias
3) Zain K. Hak
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:** Five meetings were held during the year.
    2. **HR and Remuneration Committee:** Two meetings were 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, there Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
- We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.

Zain Hak

Zain K. Hak
Chairperson

Date: March 16, 2022

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 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

As a part of our audit of the 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 2021.

Chartered Accountants
Place: Karachi
Date: March 22, 2022
UDIN: CR202110076gGnoiFqca

75th YEAR OF DRIVING INNOVATION

In 1954, two world famous brands of petrol, Super-Shell and Burmah-Premium, were launched in Pakistan, with an advanced fuel technology to deal with problems of preignition and spark plug fouling. It was Burmah Shell's greatest petrol development in 32 years.

Today, the world is changing faster than ever before, where energy remains vital to our daily lives. Over the coming decades, more people will gain access to energy and enjoy higher standards of living. At the same time, climate change remains a serious concern. We use human ingenuity, innovation and technology to unlock more, cleaner energy for the years ahead.

Playing an active part in the government's aim to promote the use of Electric Vehicles and transition to low-carbon energy, Shell, in partnership with K-Electric, launched two electric vehicle charging stations in Karachi. Branded as 'Shell Recharge', this innovative facility contributes to the Federal Government's commitment for a more sustainable energy future.

MOBILITY

Shell Pakistan remained committed to enhancing its customer value proposition and delivering high-quality products and services to make life's journeys better. In addition to offering a wide variety of fuels such as Super Unleaded and Diesel, advanced premium fuels like Shell V-Power with new Dynaflex Technology, and a range of non-fuel retailing facilities, our retail stations offered high-quality lubricant products with continued focus on two new variants in the Shell Helix family - Shell Helix Power and Shell Helix Protect. These new variants have been co-engineered with Shell V- Power and are top-of-the-line lubricant grades that promise to give extraordinary Power and Protection to passenger car engines and are exclusive to Shell stations only. Our sites also remained dedicated to ensuring the safety of our customers during COVID-19 pandemic.

BUILDING A SUSTAINABLE ENERGY FUTURE

Playing an active part in the government's aim to promote the use of Electric Vehicles and transition to low-carbon energy, Shell, in partnership with K-Electric, launched two electric vehicle charging stations in Karachi. Branded as 'Shell Recharge', this innovative facility contributes to the Federal Government's commitment for a more sustainable energy future.

Shell Pakistan and K-Electric signed a memorandum of understanding early in 2021, to jointly develop Electric-Vehicle (EV) charging stations across Karachi and its connecting highways. The two EV charging facilities are available at Askari Filling Station at Gulshan Town and at SPL Oasis Filling Station at Gadap Town. Over the next three to five years, they will explore the opportunity of additional sites and strategically expand the EV charging network. Shell Pakistan will engage in the deployment of charging-station equipment, site preparation, installation and manage its operations; KE will ensure grid enhancement.

FUEL THE UNBEATABLE FEELING WITH SHELL V-POWER

Shell V-Power marked its success in the differentiated fuels category, increasing premium fuel penetration. Our aim is to provide our customers a branded, premium fuel that is differentiated, meaningful and affordable. In 2021, Shell Pakistan created market awareness on our premium, hi-octane fuel through multiple media platforms like television, print, out-of-home, and digital to help our customers understand their fuel benefits better.

LAUNCH OF FIRST DIGITAL SOLUTION PLATFORM 'WORKJAM' APP

To stay connected with retail stations, Shell Pakistan launched WorkJam App: the first digital solution platform for forecourt staff in English and Urdu. It is a mobile and web-based engagement platform, which will help the organisation motivate, engage, and upskill our frontline staff and empower them to deliver a world-class customer experience. It will also help retail stations stay connected with us, it will also help staff receive training and recognition. This will enable retail stations bring consistency in customer experience and operational excellence across the network.

OFFERS FOR THE DIGITAL-SAVVY CUSTOMER

Driven by insights of Pakistani consumers digital media buying patterns, Shell Pakistan launched Shell Helix Drive On campaign across 99 retail stations nationwide. On purchasing Shell Helix, customers got an opportunity to win a high-end smartphone. Thirty winners were announced, receiving positive response from our consumers, the campaign resulted in an uplift of volume for the portfolio.

LAUNCH OF 'SHELL TELEMATICS'

Shell Pakistan continued to work on various initiatives to enhance Non-Fuel Revenues (NFR) channels and launched "Shell Telematics". Launched in collaboration with TPL Trakker, Shell Telematics integrates customers' fuel cards with trackers installed in their vehicles to generate a complete picture of driver efficiency and fleet performance. Customers are now able to view month-on-month fuel consumption, distance travelled and mileage of each vehicle in their fleet all on one platform. Furthermore, it enables customers to catch potentially suspicious transactions, manage vehicle maintenance activities and track driver safety violations so that they can get the best out of their fleet.

REIMAGINING THE CUSTOMER EXPERIENCE

The rise in local tourism has increased the number of passenger cars on the motorways. New motorways are now operational, however the premium fuel and non-fuel options to serve these customers are limited on this route. Tapping into this opportunity, Shell Pakistan reconstructed its site to offer a complete integrated retail offer on the M9 motorway. The SPL Oasis site offers a range of facilities including fuelling, car care, premium washrooms, a Shell SELECT, and prayer areas for both genders. The site also offers food and beverages in collaboration with KFC & GreenO, serving as a one-stop-shop solution to our customers during their travel to rest, recharge and resume their journey.

SELECT STORES DOUBLE SALES IN SINGLE CALENDAR YEAR

Amid the pandemic with consistent lockdowns and limited store timings, Shell SELECT stores witnessed an unprecedented and record-breaking performance on all major categories that grew by more than 75% - beverages at 94%, snacks at 96% and tobacco at 75% and delivered a six times growth in supplier income. Shell SELECT stores collaborated with Foodpanda and Munchies generating PKR 32 million through deliveries. The delivery channel served more than 75k customers across key metro cities from our outlets and yielded a growth of 42%.

LAUNCH OF 'TRASH ON WHEELS' AT SHELL SELECT STORES

The world today is transitioning to achieve net-zero emissions by reducing its carbon footprint and its severe effects on climate change. Waste is an important contributor to carbon emissions as it not only discharges carbon into the atmosphere but also contributes to polluting air and land. Recycling is one of the easiest ways to reduce carbon footprint and on average, a Shell SELECT store creates 500 kg of recyclable waste in a month which includes organic, plastic, and paper waste. With an intention to contribute to this mission, Shell Pakistan partnered with TrashIT, a Shell Tameer winner of 2021, to create sustainable means of handling Shell SELECT waste in a closed loop, environment friendly manner. The "Trash on Wheels" project has been piloted at two Shell SELECT stores in Karachi including Shell Askari Filling Station at Gulshan Town and the other at Shell Oasis Filling Station at Gadap Town.

SERVICE EXCELLENCE AT OUR RETAIL STATIONS RECOGNISED BY SHELL GLOBALLY

Shell Pakistan has remained committed to driving safe operations at sites for the wellbeing of our customers, staff, and communities. Service Champion, Abdul Khaliq from Hanna Filling Station, was recognised with a global award for showcasing outstanding performance, for demonstrating focus on cleanliness, for educating customers as well as children of nearby schools on the spread of coronavirus. Our retail site, Kohsar Filling Station was also recognised with a global award for switching from plastic bags to biodegradable bags to reduce carbon footprint at the site, in addition to offering bikers free cleaning of their motorcycles. Another retail site, Shimla View Filling Station implemented a policy on 4Ss: Safety, Security, Sustainability and Satisfaction and was recognised by globally at various forums for their efforts in bringing excellence in customer service.

SHELL LUBRICANTS

Shell Lubricants continues to mark its success by being the leading global supplier of finished lubricants for 15 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.

SHELL HELIX

Shell Helix continued as the #1 brand in terms of top of mind for our consumers. With the launch of our e-commerce platform with DARAZ last year, we have successfully tapped into a growing category of customers who opt to make purchases from the convenience and comfort of their homes. Shell Helix is the highest selling product from our portfolio with consumers engaging to understand the many benefits that it has to offer to their car and overall experience of their journey.

SHELL ADVANCE

Shell Advance started the year with a product launch of Shell Advance Fuel Save. The product need was designed by insights of a new consumer set. To cater to the requirement of premium tier oil that is affordable to consumers driven by the want for superior performance. This product in the segment has a proven claim for improving fuel mileage by 5kms with every liter of fuel.

SHELL RIMULA

In 2021, Pakistan saw some periodic ease in terms of lockdowns and restrictions for the agriculture and transport segments. The organisation stayed connected with its key customers from the agriculture segment and fulfilled its promise of uninterrupted supply of lubricants to keep their tractors and harvesters running.

In the transport segment, Shell Rimula increased reach for its premium grade lubricant Rimula R4X by establishing Rimula Centers in key transport clusters.

DIGITALISING OUR PARTNERS

SHARE Lite, a global rewards and loyalty program was launched in Pakistan amongst our trade partners and distribution channel. This is a big step towards enabling our partners in the market to utilise a digital platform as a one stop solution for all their product needs.

Shell Pakistan also launched a pipeline automation tool known as 'Pipeline Manager Tool', with our B2B Indirect channel partners, to help digitalise the sales process, provide real time data and insights to our distribution partners and stakeholders for better and fast-paced decisions.

SHELL TECHNICAL SERVICES

Shell Pakistan recently launched two services for B2B customers namely 'Lube Analyst Advance testing' and 'Lube Optimizer'. Lube Analyst advance testing services help our B2B turbine customers to monitor the condition of oil, helping in reduction of unplanned downtime and maintenance.

To counter and fight varnish in turbine oils, the organisation introduced Shell Lube Optimizer services. This service includes deploying a varnish removal skid at the customer site where an expert team provides continuous support to remove varnish from the oil and restore the turbine oil for normal operations. This service is intended to reduce downtime and maintenance requirement and also increases the time between oil replacements.

Shell Pakistan has deployed both these services at multiple customers with the objective of increasing the foothold across industry.

SHELL B2B PORTFOLIO

Despite external challenges with respect to increasing costs, product and supply shortages in the global market, rupee devaluation, affecting day to day operations; the organisation saw a substantial volumetric growth in our B2B portfolio.

This was majorly contributed by our Original Equipment Manufacturer (OEM) partners leveraging our relationship. We focused on sales and operational excellence to drive growth through our indirect channel partners and increase our reach in the market. There was a strong focus on the mining sector with an aim to increase our footprint. We also ventured into new business avenues such as tapping into the process oils market to establish our mark.

CARTON CONVERSION DRIVE – A SUSTAINABILITY INITIATIVE

Contributing to Shell's strategic ambition to provide more and cleaner energy, Shell Lubricants has successfully converted carton box liners across its entire range from white to brown, utilising latest light weight technology. This changeover makes the cartons more user friendly and environmentally friendly.

The new carton liners have several unique features, such as maintains stacking strength, 100% recyclable and can be easily repurposed for household storage, waste disposal and shipping, not dependent on virgin pulp extraction, its manufacturing is flexible and results in less wastage when extracting from old, corrugated cartons.

Our distributors, traders and retailers have been engaged on the benefits of using recyclable liners in our new cartons.

SHELL AVIATION

Shell Aviation operates one of the most extensive refuelling networks in the world suppling fuel, lubricants, and sustainable solutions in over 60 countries.

Our supply refuels an aircraft roughly every 14 seconds.

We have been a leader in the aviation fuel industry for over 100 years and have built a reputation for being a trusted partner providing world-class safety, operations and supply security.

SHELL AVIATION IN PAKISTAN

Shell Aviation's heritage in Pakistan dates back to 1932, when Burmah Shell had the privilege of refuelling 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 refuelling 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.

Throughout the pandemic, Shell Aviation in Pakistan continued operations, contributing to an essential gateway for critical cargo, medical supplies and passengers to flow into Pakistan. The organisation continued performing strongly, being the second largest jet fuel supplier in the country, supplying over 25 domestic and international customers.

At Shell, we are determined about operational excellence, and are constantly looking for new and better ways do business. Shell uses an end-to-end refuelling data capture solution, SkyPad, which is designed to optimise refuelling operations resulting in streamlined turnaround times. Shell also offers customers Shell MarketHub, a one-stop-shop that enables customers to place and manage orders efficiently and manage day-to-day business with Shell.

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 and have upgraded all our facilities through various infrastructural upgrade 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 (HSSE) and social performance (SP).

HSSE IN PAKISTAN

Shell Pakistan has an integrated approach for managing health, safety, security and environment in our operations. We believe a safe business is a good business. Conducting business safely and ethically, in 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.

SAFETY DAY

Shell transitioned to the International Association of Oil and Gas Producers (IOGP) Life Saving Rules in 2021, launching them on the annual Safety Day.

IOGP launched a simplified set of Life-Saving Rules to provide workers across the industry with the actions they can take to protect themselves and their colleagues from fatalities. According to IOGP, in the last ten years, 376 people lost their lives in incidents that might have been prevented by following one of IOGP's Life-Saving Rules.

The transition to the IOGP Live Saving Rules brings Shell in line with the global industry and contractor partners and is a move to simplify and standardise to the same language as our industry.

Safety Day began with a staff connect led by leaders of the organisation, followed by engagements within teams to continue the conversation. The sessions provided an opportunity to trigger discussions on how the nine industry Life-Saving rules apply to our business environment, and to address challenges and concerns. Teams were encouraged to learn from each other's insights and experiences. The leadership team also carried similar conversations with our contracted partners.

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, safety and care during heatwaves and fog, emergency responses and journey management plans. Eid get togethers are organised to celebrate the festivals. Onboard cameras installed in all tank lorries observe and assess captains' driving behaviors, supporting a culture of continuous improvement.

To reduce transportation of fuel by road and the risks that come with it, Shell Pakistan along with Pak-Arab Pipeline Company Limited (PAPCO) and Pak Arab Refinery Limited (PARCO), concluded successful contracts for commencement of a multigrade pipeline transporting fuel from Karachi through Shikarpur, Mehmoodkot, Faisalabad, all the way to Lahore. This collaboration aims to transport fuel efficiently and safely. It will result in lower fuel transportation costs; significantly reduced number of trucks carrying fuel on roads, reduced road safety risks and a decrease in carbon emissions for the country.

Extensive front line barrier management (FLBM) assessments, including emergency response and permit to work, were completed during the year across the fuel facilities. Leveraging technology, Real-Wear, a head mounted device that enables information sharing and collaboration across distances, was used to conduct virtual assessments. The FLBM programme is the backbone of operational competency and serves as a valuable tool for safety compliance.

As part of the HSSE and SP Control framework, an internal assurance review was successfully completed, where a cross-functional team from HSSE, Road Transport, Engineering and Operations worked with the frontline, assessed operations, provided coaching and identified critical opportunities for improvements, in order to mitigate risks and proactively address non-compliance.

SHELL HEALTH

Shell Health's priority was the safety and wellbeing of staff and their families as the COVID-19 pandemic progressed.

Shell Health kept staff informed and updated on medical developments linked with COVID-19. The health team provided support and guidance to employees affected by COVID-19 and monitored and analysed their health status until they recovered.

A staff session was arranged with an Infectious Disease Specialist from a leading hospital to address myths around vaccination against COVID-19. The session helped staff to understand various types of vaccines and their functions.

The team successfully organised five COVID-19 vaccination drives through which a total of 622 individuals were vaccinated including Shell employees, their family members and contractual staff. Additionally, a flu vaccination drive was also organised for employees.

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 reward 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.

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 2021, Shell Pakistan celebrated International Women's Day with week-long activities that included external speaker sessions to reflect on the progress towards gender equality and to celebrate the social, economic, and cultural achievements of women in Pakistan. A panel of young women from different industries shared their individual milestones and the opportunities and challenges faced by them.

CARE FOR EMPLOYEES

The Care Committee at Shell Pakistan is dedicated to the social, emotional, physical, and mental wellbeing of the employee network. The purpose of the team is to keep employees well connected and embed a culture of care; identify and develop a plan for employees in times when they are having trouble, facing transitional issues, feeling overwhelmed or isolated due to the pressures of the pandemic. The team designed inclusive, low-cost, high impact initiatives centered around 'Recognition, Gratitude, Celebration, Wellbeing, Connectedness and Entertainment' while being cognizant of employees' work life balance.

Some of the initiatives taken in 2021 included a "Wellness Week" at which external speakers were invited to talk about mindfulness - at home around families, and at work as a contributor and a leader. Employees were encouraged to adopt healthy lifestyle habits with a wellness voucher.

Virtual tea, lockdown energizers and personal sharing were some of the other key initiatives that were enjoyed greatly by all employees.

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, inclusive culture and differentiating our external reputation.

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.

Shell Pakistan is committed to create an environment that enables all employees to achieve their best, regardless of circumstances. This belief underpins how we work with employees with disabilities, ensuring they're given a platform to reach their full potential and become the boundary-pushing innovators of the future. For this purpose, we frequently partner with external recruitment agencies to provide us with potential leads for Persons with Disabilities and diversify our talent pipeline further.

We were also successful in our efforts to induct a diverse workforce with 52% of our total recruits being females.

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.

Shell Pakistan strives to develop high performing and diverse talent pipelines through effective and efficient recruitment strategies for experienced professionals and graduates. Our people are recruited, developed, and retained according to our People Strategy that is required to support our long-term business goals and deliver in a more sustainable way.

33 graduates and experienced professionals were recruited across the country in various roles. Improving the candidate experience has been a priority, and with relative ease in COVID-19 restrictions in the last quarter of 2021, a robust new joiner induction was organised. The induction comprised visits to business operation sites including a retail site, a terminal, lubricants oil blending plant; the new joiners had orientation sessions with key business stakeholders and engaged and interacted with the Country Leadership Team. The inductions are primarily designed to integrate new joiners into the company and familiarize them with the structure, business operations, values, and culture at Shell, which has proven to be essential in helping them settle in the new work environment along with a sense of belonging and purpose.

Shell Pakistan has maintained an attrition rate of 9% which is below the average market attrition rate.

SOCIAL PERFORMANCE

Shell invests in the communities where we live and operate. Shell's social investment programmes are managed by our Social Performance team. These programmes enable us to share with communities the benefits that economic development brings while creating a sustainable business environment. Investment in local communities is both tailored to the needs of the community and aligned with Shell's business objectives and skills.

POWERING LIVES THROUGH ENERGY

Energy is critical to economic and social development and can improve 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.

We realize that the provision of energy is a critical element of economic development for production across sectors and as a direct component for wellbeing, Shell Pakistan is contributing to Pakistan's efforts to achieving Sustainable Development Goal 7 by helping to ensure easy access to reliable and modern energy sources.

Shell Pakistan has been running an Access to Energy project, in collaboration with the National Rural Support Program (NRSP). Through this project, it provides clean energy solutions comprising three solar-powered community institutions – two tube wells and a flour mill, as well as clean cook stoves and solar lamps.

The project has benefited 72 farmers cultivating 105 acres (4,573,800 sq. ft) of agricultural land through solar tube-wells that have saved around 40% of their time per crop cycle. Previously, irrigating the land took approximately 42 hours per crop season and now it takes only 17.5 hours. This translates into reducing of costs by half.

The solar powered flourmill has improved the grinding facility for wheat grain and has strengthened food supply for 1575 individuals. It has also saved countless hours of travel and waiting caused by extended load shedding, for farmers traveling to the nearest flour mill 8 kilometres away to have their grain processed.

The objective of this project is to make it financially viable on a continuous basis so that it can be eventually handed over to a community-based organisation (CBO). This CBO model could then be potentially replicated across other villages for a wider impact.

CREATING VALUE THROUGH SHELL TAMEER

Shell LiveWIRE is one of Shell´s global social investment programmes which enables young people to start their own business and create employment. Launched in Pakistan in 2003, as part of Shell's commitment to generate prosperity for the communities around the world. Shell Tameer, in its 18th year in Pakistan, continued to strengthen the national economy through youth entrepreneurship development, encouraging innovation and meaningful employment opportunities. The programme has reached out to one million young people (aged 18-35) and engaged 12,500 young entrepreneurs through enterprise trainings resulting in over 1,100 start-ups and business expansions.

Here are some of the key highlights of Shell Tameer's progress in 2021.

SHELL TAMEER AWARDS 2021

Shell Tameer Awards is a nationwide competition, to recognize, celebrate and reward young talent making significant contribution in the national entrepreneurship space. The 8th Shell Tameer Awards took place in September at Shell House, Karachi.

The competition received over 125 applications across six award categories around Clean Energy, Women Empowerment, Technology Innovation, Circular Economy, Transport & Mobility and Bright Ideas. The top 20 finalists were shortlisted to compete in the final event. A total of PKR 4.9 million was distributed amongst the winners and finalists as seed capital to help them sustain and develop their businesses. They also received one-on-one mentorship by Shell LiveWIRE's international consultants Development Alternatives Incorporated (DAI), to enable them to deliver investor-winning pitches.

The finalists presented to a panel of industry experts, six internal and nine external, from across various sectors like Unilever, Karachi Electric, United Bank Limited, Careem, National Incubation Center Karachi, Engro Foundation, Katalyst Lab, Finclude, Stimulus Pvt Ltd. The panel selected six winners and six runners-up across six categories.

The winners were announced and celebrated at a formal award closing ceremony. The hybrid event was attended by 50 key stakeholders in person and over a 100 people attended the livestream by Shell Tameer and ProPakistani's media platform.

The ceremony featured a panel discussion on 'Innovation and entrepreneurship's role in shaping the future of Pakistan', moderated by a media celebrity, Sidra Iqbal. The panel comprised renowned industry leaders including Haroon Rashid – CEO Shell Pakistan, Amir Paracha – CEO Unilever, Inam ur Rahman – CEO Dawood Hercules, and Humayun Bashir – Chairman National Clearing Company of Pakistan Limited (NCCPL).

Fostering Female Entrepreneurship in Pakistan

In 2021, Shell Tameer supported women entrepreneurs who are working towards a more inclusive entrepreneurial outlook in the country.

International Women's Day 2021

This year's theme for International Women's Day was "Choose to Challenge". Shell Tameer proudly celebrated its female entrepreneurs on social media highlighting three rising stars - Ramla Kaleem CEO, Aqua Agro, Madiha Hassan, Founder Pankh and Mehwish, Founder of Mahi Stitching Centre.

Transforming skills into women-led enterprises

To help create opportunities for women in remote areas, Shell Tameer partnered with Mushtaq Ahmed Gurmani Vocational Training Institute to encourage entrepreneurial behaviors in their students through full-day Enterprise Generation workshops.

With a classroom size of nearly 50 each day, Shell Tameer worked with these skilled youth to help unlock their entrepreneurial potential and develop their skills and innovative ideas into potential businesses that can help create new livelihoods and contribute towards community development.

125 women from different skill trades enthusiastically participated in the programme to learn the basics of entrepreneurship, how to create business plans, networking, financial management, and access to new markets components by converting their ideas into a business opportunity.

Creating opportunities for women in developing communities

Shell Pakistan in collaboration with National Rural Support Programme (NRSP) has set up a business center for women in Bahawalpur. Given the enthusiasm of these women to learn how to start a business, Shell Tameer conducted an enterprise development session specially designed for women from grassroot communities.

23 skilled women from a remote community attended the session, where they were taught the basics of marketing and finance so that they would know how to make a profit by better understanding their costs and expenses and how to budget and source accordingly.

"Through Shell Tameer's activity-based training, participants were able to understand the basics of business planning, choosing the right market, financial management and supply chain management. We hope the learnings from the session will enable our young girls to transform their skills into a successful business" said Erum Saleem – Project Coordinator NRSP.

STRATEGIC COLLABORATIONS

Shell Tameer Enterprise Development Bootcamps

Shell Tameer Enterprise Development Bootcamps are designed to help young innovators draw upon their creative potential to build successful business ventures.

The multi-module training programme consists of seven e-modules and 14 hours of enterprise learning on the topics Understanding Enterprise, Business Model Canvas, Market Research, Financial Management, Business Legalities and Business Pitch Perfection.

In 2021, Shell Tameer has successfully trained two cohorts of bootcamps in collaboration with Bahria University Karachi Campus and Institute of Business Management – Karachi.

Seasoned subject matter experts from Shell Pakistan and other Tameer partner networks facilitated the activity-based sessions to guide participants on understanding the needs and dynamics of the local market and then tailor innovative products and services to meet that demand.

64 students and entrepreneurs from diverse business sectors have been trained to further improve their business ideas and perfect their investor pitch skills.

Supporting Business Formalisation

Business formalisation is one of the factors contributing towards the economic growth of Pakistan. Shell Tameer strongly encourages the formal business registration of its start-ups to help them gain access to finance, business development support and technologies while educating them on the government regulatory framework for entrepreneurs.

In 2021, Shell Tameer in collaboration with Small and Medium Enterprise Development Authority (SMEDA), organized a session for the top six young entrepreneurs with the best pitch from Tameer's NED Engineering University cohort.

The start-ups received guidance from SMEDA experts on business registration, Intellectual Property rights and various business taxation services while also helping them through the process.

SHELL ECO-MARATHON

Shell Pakistan organized a student event, where engineering students from leading Pakistani universities demonstrated their self-built vehicles across two categories –'Prototype' (Battery powered) and 'Urban Concept' (Gasoline run) in line with Shell's mission to power progress with innovative and cleaner energy solutions. Four student teams participated from Engineering Universities that have been taking part in Shell Eco-marathon (SEM) since 2010. A panel of industry experts evaluated the vehicles and the teams' efforts in three main areas – technical and safety features of their car, innovation in design and social media communication strategy. The winning teams in each category from National University of Sciences & Technology (NUST) and Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (GIKI) won PKR 400,000 each to invest in their vehicles.

SEM is a global competition for students to design the most fuel-efficient cars and work towards building a lower carbon world. The global event SEM Asia 2021 was not held due to COVID-19, giving our student teams sufficient time to design potentially winning cars for the next race.

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 people, customers and community. In collaboration with Health and Nutrition Development Society (HANDS), Shell Pakistan launched a Covid-19 vaccination drive deploying Mobile Vaccination Units in Karachi, Lahore and Multan for its customers and surrounding communities near its stations. It also set up a vaccination center at its Chaklala Oil Depot in Rawalpindi to provide surrounding communities with easy and safe access to Covid-19 vaccines. During this vaccination drive, 12,810 people were administered the vaccination.

72 farmers cultivating 105 acres of agricultural land through solar tube-wells have saved ~40% of time per crop cycle. Previously, irrigating the land took approximately 42 hours per crop season, now takes 17.5 hours. The solar powered flour mill has improved the grinding facility for wheat grain and has strengthened food supply for 1575 individuals.

As part of its Access to Energy project, Shell Pakistan, in collaboration with the National Rural Support Program (NRSP) provides clean energy solutions comprising three solar-powered community institutions in Southern Punjab.

Shell invests in the communities where we live and operate. Shell's social investment programmes enable communities to participate in the benefits that economic development brings while creating a sustainable business environment. Investment in local communities is both tailored to the needs of the community and aligned with Shell's business and skills.

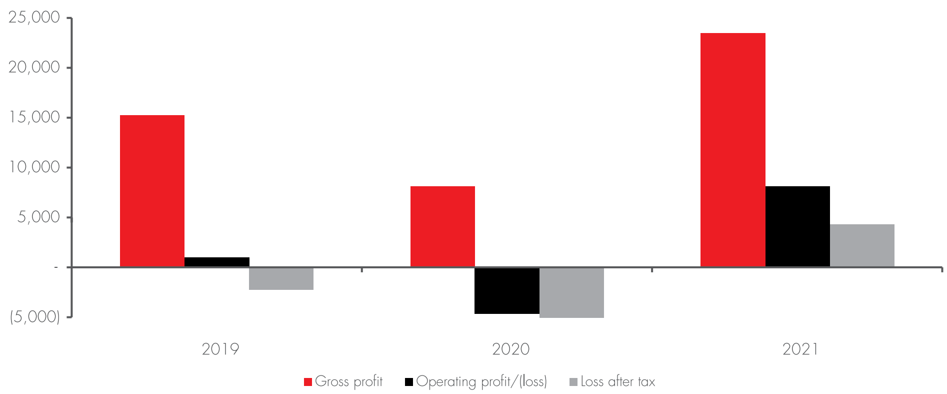
75th YEAR OF

POWERING LIVES

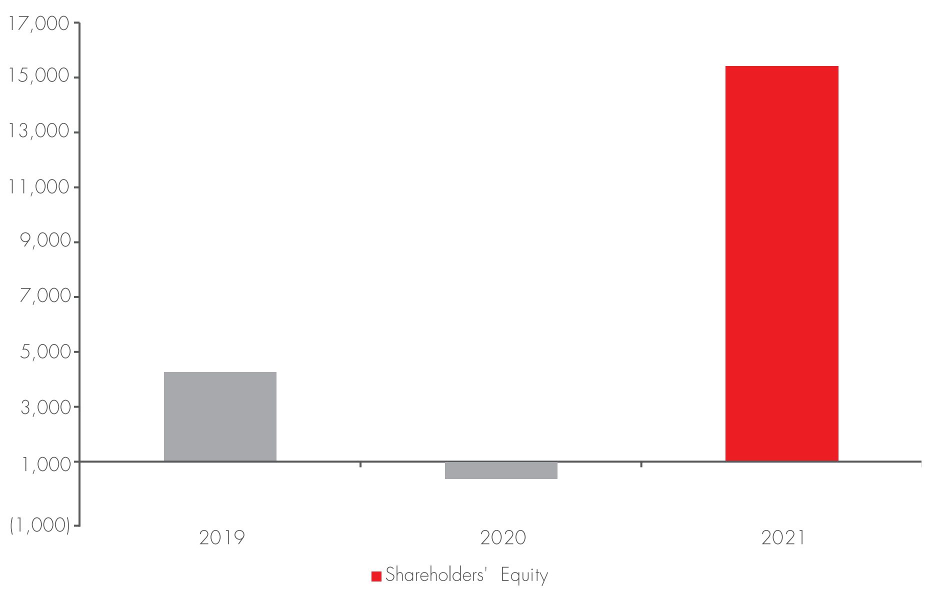
PERFORMANCE AT A GLANCE

YEAR ENDED DECEMBER 31, 2021

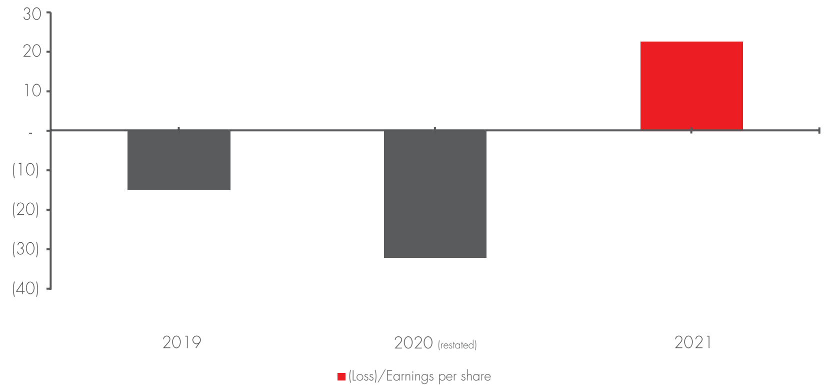
PROFITABILITY (Rs. million)



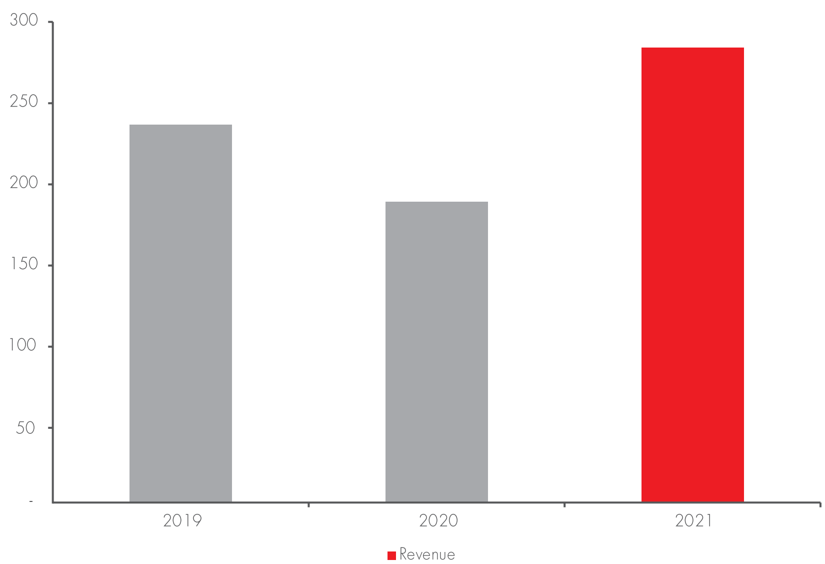
SHAREHOLDERS' EQUITY (Rs. million)



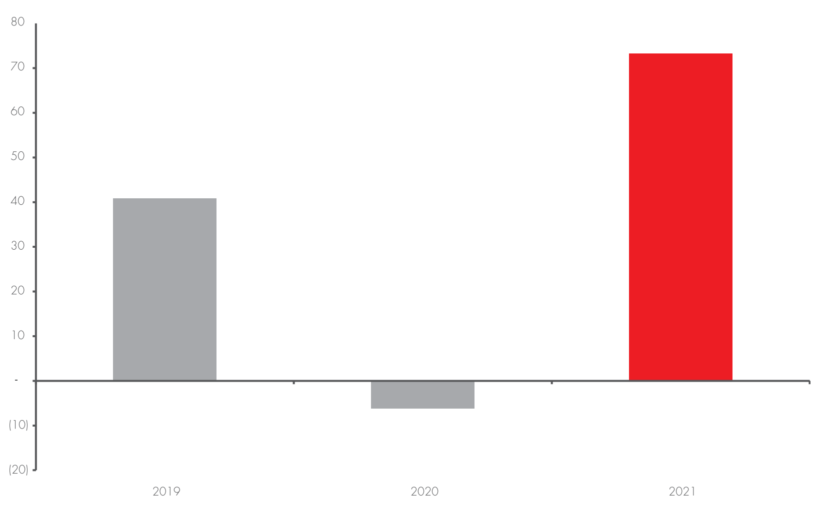
(LOSS)/EARNINGS PER SHARE (Rs. per share)



REVENUE (Rs. in billion)



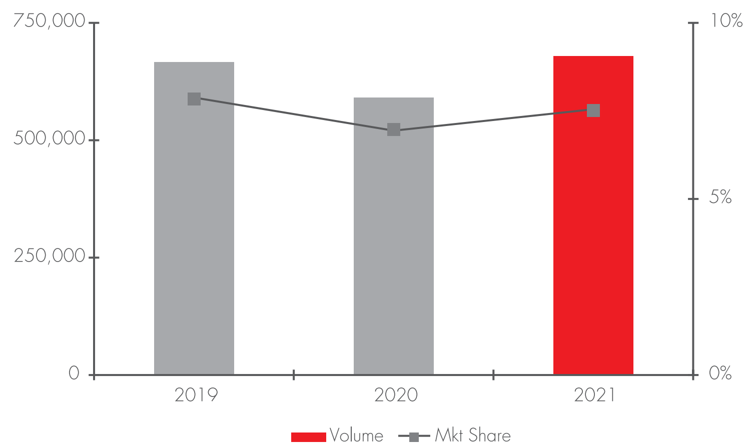
BREAK UP VALUE PER SHARE (Rs.)



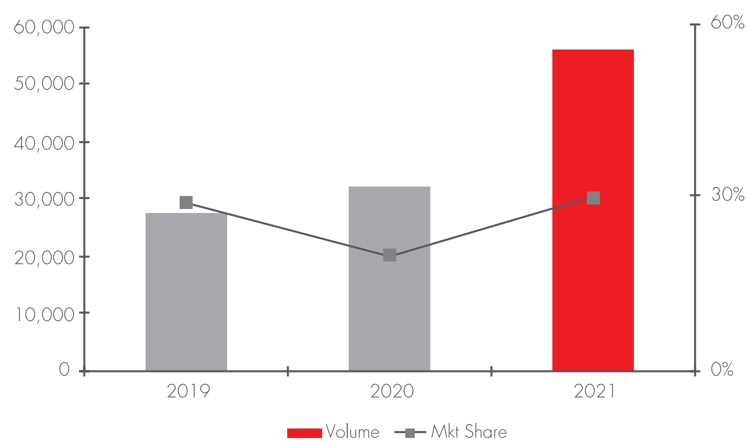
OPERATING AND FINANCIAL HIGHLIGHTS

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

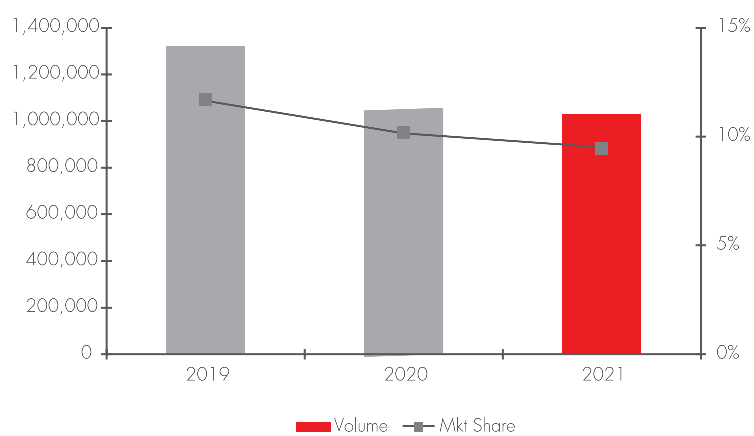
HIGH SPEED DIESEL VOLUME



DIFFERENTIATED FUELS VOLUME



MOTOR GASOLINE VOLUME



YEAR ENDED DECEMBER 31, 2021

Highlights		2021	2020 (Restated)
Sales Volume	Tonnes	**2,195,518**	1,765,896
Sales Revenue	Rs. mn	**249,210**	165,140
Profit / (loss) before taxation	Rs. mn	**6,609**	(4,815)
Profit / (loss) after taxation	Rs. mn	**4,467**	(4,821)
Fixed Capital Expenditure	Rs. mn	**4,244**	3,104
Shareholders' equity	Rs. mn	**15,321**	(651)
Profit / (Loss) per share - basic	Rs.	**21.88**	(31.19)

		Year ended December 31						
Financial Statistical Summary		**2021**	**2020 Restated**	**2019**	**2018**	**2017**	**2016**	**2015**
Share capital	Rs. mn	**2,140**	1,070	1,070	1,070	1,070	1,070	1,070
Reserves	Rs. mn	**13,181**	(1,721)	3,221	5,283	9,128	10,040	4,911
Shareholders' equity	Rs. mn	**15,321**	(651)	4,291	6,353	10,198	11,110	5,981
Break up value	Rs.	**72**	(6)	40	59	95	104	56
Dividend per share	Rs.	**-**	-	-	7	24	34	10
Bonus	Ratio	**-**	-	-	-	-	-	-
Profit / (Loss) before tax	Rs. mn	**6,609**	(4,815)	(140)	(60)	4,323	5,706	2,345
Profit / (Loss) after Tax	Rs. mn	**4,467**	(4,821)	(1,486)	(1,102)	3,183	6,764	911
Earnings / (Loss) per share of Rs. 10	Rs.	**21.88**	(31.19)	(13.88)	(10.30)	29.74	63.22	8.51
Working capital								
Current assets to current liabilities	Times	**0.9**	0.6	0.7	0.7	0.8	0.9	0.8
Number of days stock	Days	**59**	31	34	32	23	25	26
Number of days trade debts	Days	**7**	9	8	6	7	4	2
Performance								
Profit / (Loss) after tax as % of average shareholders' equity	%	**60.9**	(264.9)	(27.9)	(13.3)	29.9	79.2	15.3
Cost of Sales as a % of sales	%	**90.5**	95.4	92.4	91.7	91.2	71.5	75.0
Profit / (Loss) before tax as % of sales	%	**2.65**	(2.92)	(0.07)	(0.03)	2.6	2.7	0.9
Profit / (Loss) after tax as % of sales	%	**1.79**	(2.92)	(0.7)	(0.6)	1.5	3.1	0.4
Total debt ratio	Ratio	**-**	1.1	0.7	0.6	0.04	-	0.3

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 2021, 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 2021 and of the profit and other comprehensive profit, 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 14.1 to 14.5 to the financial statements, as of 31 December 2021 the Company has receivables from GoP on account of petroleum development levy and price differential claims aggregating to Rs. 4,146.8 million. These receivables have been pending for collection for more than ten years, and the Company is maintaining provision against price differential claims as disclosed in note 14.10.1. In view of the uncertainty around recoverability of these balances and considering the estimates and judgements used by the management in recognizing the provision, we have considered the above receivables as a key audit matter.	In our consideration of the recoverability of these balances and their expected timing, we evaluated the evidence on which management based their judgments through the following audit procedures: - reviewed latest correspondence between the Company and relevant authorities, minutes of meetings of the Board of Directors and Board Audit Committee; - discussed with management and the Board the steps taken by the Company for recoverability of these receivables and also assessed their views on the timing of settlement of these receivables; - evaluated the management's estimates and judgements in calculating provision i.e. probability weightages assigned on different scenarios of expected recoveries while taking into account time value of money; and - assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework.

Key audit matter	How our audit addressed the key audit matter
2. Revenue recognition	
The Company's revenue is generated from sales of regulated and deregulated petroleum products to various customer segments in accordance with the terms of respective agreements. During the year, revenue of the Company increased by 45% as compared to the previous year. The Company recognises revenue at a point in time when the control of product is transferred to the customer which 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. When identifying and assessing the risk relating to revenue recognition, we focused during our performance of audit procedures relating to revenue that whether the sales recorded by the management was occurred during the year and properly recorded in the correct accounting period. Considering the aforementioned reasons together with growth in revenue during the year, we have identified this area as a key audit matter. Refer to notes 3.18 and 24 accounting policy and relevant disclosures respectively in respect of revenue.	Our audit procedures, amongst others, included: - obtaining an understanding of controls over revenue recognition and reporting process including key IT application controls, IT dependent manual controls and IT general controls for the relevant IT systems used for revenue transaction processing by the Company and tested, on a sample basis, their design, implementation and operating effectiveness. - performed a range of audit procedures in relation to revenue including review of the terms and conditions of distinct sale transactions with different customers and assessed the appropriateness of revenue recognition policies and practices followed by the Company. - performed substantive analytical procedures and other test of details over various revenue streams including cut-off procedures to check that revenue has been recognised in the appropriate accounting period. - assessed the adequacy of the disclosures as per the guidelines set out in the applicable financial reporting framework.
3. Existence and valuation of stock-in-trade	
As of the date of statement of financial position, the Company held stock-in-trade balance of Rs. 36,712 million which constitutes 43% of total assets of the Company. This comprise of raw and packing materials and finished products. As described in note 3.9 to the financial statements, stock-in-trade is valued at lower of cost, calculated on a first-in first-out basis, and net realizable. We have identified existence and valuation of stock in trade as a key audit matter as it forms a significant portion of Company's total assets and it involves estimates in determining net realizable value in view of volatility in oil prices and regulated nature of Company's products.	Our audit procedures, amongst others, included: - obtaining an understanding of controls over purchases and valuation of stock-in-trade and tested, on a sample basis, their design, implementation and operating effectiveness. - observed inventory counts performed by the management for raw material and finished goods held at Companies' premises. - assessed net realizable value by comparing management's estimation of future selling prices for the products with the prices notified by Oil and Gas Regulatory Authority in its notification for regulated products and approved selling prices for deregulated products achieved subsequent to the reporting period. - obtained third party confirmations in respect of stock-in-trade held at third party locations, and in case of no replies for confirmations, performed other procedures. - assessed the adequacy of the disclosures made in respect of the accounting policies and the details of inventory balances held by the Company at the year end as per the guidelines set out in the applicable financial reporting framework.

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: March 22, 2022
UDIN: CR202110076gGnoiFqca

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	Note	2021	2020
		(Rupees '000)	
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	**17,841,942**	14,958,627
Right-of-use assets	5	**5,896,843**	5,174,286
Intangible assets	6	**5,253**	8,405
Long-term investments	7	**4,970,295**	4,936,422
Long-term loans	8	**37,440**	29,131
Long-term deposits and prepayments	9	**265,766**	158,799
Deferred taxation	10	**753,734**	1,020,840
		29,771,273	26,286,510
Current Assets			
Stock-in-trade	11	**36,711,968**	13,510,164
Trade debts	12	**4,667,468**	3,971,807
Loans and advances	13	**92,160**	98,893
Short-term deposits and prepayments		**527,247**	618,934
Other receivables	14	**8,189,480**	7,616,623
Cash and bank balances	15	**4,973,417**	2,542,876
		55,161,740	28,359,297
TOTAL ASSETS		**84,933,013**	54,645,807
EQUITY AND LIABILITIES			
Equity			
Share capital	16	**2,140,248**	1,070,125
Share premium		**11,991,012**	1,503,803
General reserves		**207,002**	207,002
Unappropriated profit / (accumulated loss)		**1,587,146**	(2,829,185)
Remeasurement of post-employment benefits – actuarial loss		**(598,930)**	(597,904)
Unrealized loss on remeasurement of equity investment classified as fair value through other comprehensive income		**(5,000)**	(5,000)
Total equity		**15,321,478**	(651,159)
Liabilities			
Non-Current Liabilities			
Asset retirement obligation	17	**173,550**	157,748
Long-term financing	18	**-**	4,000,000
Long-term lease liabilities	19	**5,365,192**	4,209,046
Provision for post-retirement medical benefits	33	**170,543**	171,566
		5,709,285	8,538,360
Current Liabilities			
Trade and other payables	20	**61,341,662**	38,545,390
Advances received from customers (contract liabilities)		**1,105,953**	477,997
Unclaimed dividend		**293,906**	257,548
Unpaid dividend		**-**	59,396
Accrued mark-up	21	**1,187**	1,936
Short-term borrowings	22	**-**	6,150,510
Taxation - net		**477,857**	522,870
Current portion of long-term lease liabilities	19	**681,685**	742,959
		63,902,250	46,758,606
Contingencies and commitments	23		
TOTAL EQUITY AND LIABILITIES		**84,933,013**	54,645,807

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

Zarrar Mahmud	**Waqar I. Siddiqui**	**Imran R. Ibrahim**
Chief Financial Officer	Chief Executive	Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		----------- (Rupees '000) -----------	
Sales	24	**282,353,611**	194,665,379
Other revenue		**811,123**	546,212
		283,164,734	195,211,591
Sales tax		**(33,954,750)**	(30,071,676)
Net revenue		**249,209,984**	165,139,915
Cost of products sold	25	**(225,543,999)**	(157,590,280)
Gross profit		**23,665,985**	7,549,635
Distribution and marketing expenses	26	**(7,560,798)**	(6,810,619)
Administrative expenses	27	**(6,259,820)**	(5,139,484)
Other expenses	28	**(3,836,369)**	(557,613)
Other income	29	**575,881**	582,840
Operating profit / (loss)		**6,584,879**	(4,375,241)
Finance costs	30	**(834,770)**	(1,514,063)
		5,750,109	(5,889,304)
Share of profit of associate - net of tax	7.1	**858,397**	1,074,043
Profit / (loss) before taxation		**6,608,506**	(4,815,261)
Taxation	31	**(2,141,651)**	(5,766)
Net profit / (loss) for the year		**4,466,855**	(4,821,027)
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Actuarial loss on post-employment benefits		**(1,445)**	(158,917)
Deferred tax relating to actuarial loss on post-employment benefits		**419**	46,086
		(1,026)	(112,831)
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 income / (loss) of associate - net of tax	7.1	**7,784**	(3,434)
Total comprehensive income / (loss) for the year		**4,473,613**	(4,942,292)
		----------- (Rupees) -----------	
			(Restated)
Earnings / (Loss) per share – basic and diluted	32	**21.88**	(31.19)

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

Zarrar Mahmud	**Waqar I. Siddiqui**	**Imran R. Ibrahim**
Chief Financial Officer	Chief Executive	Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

		Capital reserve	Revenue reserve				
	Share capital	Share premium	General reserves	Unappropriated profit / (accumulated loss) profit	Remeasurement of post-employment benefits – actuarial loss	Unrealized loss on remeasurement of equity investment	Total
	----------	----------	----------	(Rupees '000)	----------	----------	----------
Balance as at January 01, 2020	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 - net of tax	-	-	-	(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)**
Net profit for the year	**-**	**-**	**-**	**4,466,855**	**-**	**-**	**4,466,855**
Other comprehensive income / (loss) for the year - net of tax	**-**	**-**	**-**	**7,784**	**(1,026)**	**-**	**6,758**
Total comprehensive income / (loss) for the year	**-**	**-**	**-**	**4,474,639**	**(1,026)**	**-**	**4,473,613**
Issue of right shares	**1,070,123**	**10,487,209**	**-**	**-**	**-**	**-**	**11,557,332**
Issue cost of right shares	**-**	**-**	**-**	**(58,308)**	**-**	**-**	**(58,308)**
Balance as at December 31, 2021	**2,140,248**	**11,991,012**	**207,002**	**1,587,146**	**(598,930)**	**(5,000)**	**15,321,478**

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

Zarrar Mahmud	**Waqar I. Siddiqui**	**Imran R. Ibrahim**
Chief Financial Officer	Chief Executive	Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		----------- (Rupees '000) -----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	**7,363,882**	2,677,755
Finance costs paid		**(121,038)**	(955,893)
Interest portion of lease liabilities paid		**(546,047)**	(23,423)
Income tax paid		**(1,919,139)**	(591,835)
Long-term loans		**(8,309)**	4,454
Long-term deposits and prepayments		**(106,967)**	960
Post-retirement medical benefits paid during the year	33.2.4	**(11,163)**	(10,834)
Net cash generated from operating activities		**4,651,219**	1,101,184
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(4,243,869)**	(3,103,741)
Proceeds from disposal of operating assets		**18,482**	12,795
Dividend received from associate	7.1	**832,308**	760,439
Interest on savings accounts		**29,681**	28,475
Interest on term deposit receipts	29	**156,107**	-
Net cash used in investing activities		**(3,207,291)**	(2,302,032)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		**11,557,332**	-
Share issuance cost		**(58,308)**	-
Principal portion of lease liabilities paid		**(338,863)**	(569,216)
Repayment of long-term loan		**(4,000,000)**	-
Issue of long-term loan		**-**	4,000,000
Dividends paid		**(23,038)**	(2,773)
Net cash generated from financing activities		**7,137,123**	3,428,011
Net increase in cash and cash equivalents		**8,581,051**	2,227,163
Cash and cash equivalents at the beginning of the year		**(3,607,634)**	(5,834,797)
Cash and cash equivalents at the end of the year	37	**4,973,417**	(3,607,634)

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

Zarrar Mahmud
Chief Financial Officer

Waqar I. Siddiqui
Chief Executive

Imran R. Ibrahim
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

1 THE COMPANY AND ITS OPERATIONS

1.1 Shell Pakistan Limited (the Company) is a limited liability Company incorporated in Pakistan on June 28, 1969 under the repealed Companies Act, VII of 1913 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 Shell plc (formerly known as 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 addresses 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).

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 for the Company's investment in Arabian Sea Country Club Limited which is carried at fair value through other comprehensive income.

2.3 Initial application of standards, 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 Standards, 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 7 & IFRS 9	Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
IFRS 16	Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16)

The adoption of the above standards, 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, amendments or improvements:

Amendments		**Effective date (annual periods beginning on or after)**
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
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
IAS 8	Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	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

Improvements 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 16	Leases: Lease incentives	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 IFRS	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, 4.9, 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.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An asset's carrying amount is written down immediately to its estimated 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 assets 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 shorter of the lease term and the estimated useful lives of the assets.

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 a 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 the 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 the 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 will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product and consumer price index) are expected to deteriorate over the next year which can lead to an increased number of defaults in the economy, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

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 flows 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. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

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 other 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 right 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.

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 current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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, term deposit receipts and balances with banks on current, savings and deposit accounts 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 Interest in joint arrangements

Joint arrangements are arrangements in which the Company has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as joint operations or joint ventures depending upon the rights and obligations arising from the joint arrangement.

The Company classifies a joint arrangement as joint operations when the Company has the rights to the assets and obligations for the liabilities of the arrangement in relation to the joint operations. The Company classifies joint arrangement as a joint venture when the Company has rights to the net assets of the arrangement.

The Company currently has joint operations as follows:

- In October 1961, the Company entered into an unincorporated joint arrangement with Pakistan State Oil Company Limited and Total Parco Marketing Limited for ownership and operation of the hydrant fueling facilities known as "Eastern Joint Hydrant System" at Karachi Airport. The Company has a 44% share in this joint arrangement.

- In December 2004, the Company entered into an unincorporated joint arrangement with Pakistan State Oil Company Limited and Total Parco Marketing Limited, for establishment and installation of storage facilities relating to petroleum products at Mehmoodkot. The Company has a 25% share in the joint arrangement.

The Company recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in these financial statements under the appropriate line items.

3.22 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.

3.23 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.

3.24 Functional and presentation currency

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

3.25 Dividend and appropriation to reserves

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

	Note	2021	2020
		---------- (Rupees '000)	----------
4 PROPERTY, PLANT AND EQUIPMENT			
Operating assets – at net book value		**13,498,820**	10,405,079
Provision for impairment	4.9	**(210,340)**	(297,659)
	4.1	**13,288,480**	10,107,420
Capital work-in-progress	4.8	**4,553,462**	4,851,207
		17,841,942	14,958,627

4.1 Operating assets

	Note	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Tanks and pipelines	Plant and machinery	Air conditioning 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, 2021																
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**
Year ended December 31, 2021																
Opening 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**
Additions / revision of asset retirement obligation / write-ins		**-**	**-**	**41**	**896,142**	**1,212,676**	**356,420**	**24,447**	**5,297**	**463,686**	**45,974**	**646,798**	**584,254**	**314,332**	**-**	**4,550,067**
Less: Disposals / write offs																
Cost		**-**	**4,415**	**759**	**57,270**	**19,843**	**3,866**	**4,161**	**410**	**21,057**	**63,707**	**35,856**	**35,941**	**3,412**	**-**	**250,697**
Accumulated depreciation		**-**	**(1,015)**	**(41)**	**(41,067)**	**(10,855)**	**(2,071)**	**(3,362)**	**(105)**	**(15,832)**	**(63,700)**	**(25,263)**	**(29,062)**	**(474)**	**-**	**(192,847)**
	4.7	**-**	**3,400**	**718**	**16,203**	**8,988**	**1,795**	**799**	**305**	**5,225**	**7**	**10,593**	**6,879**	**2,938**	**-**	**57,850**
Less: Depreciation charge for the year	4.3	**-**	**15,748**	**3,070**	**171,219**	**136,773**	**130,635**	**2,775**	**4,676**	**111,075**	**48,131**	**225,478**	**361,749**	**187,147**	**-**	**1,398,476**
Add: Impairment reversal for the year	4.9	**-**	**8,153**	**-**	**9,837**	**17,411**	**28,655**	**-**	**323**	**3,066**	**-**	**18,723**	**1,151**	**-**	**-**	**87,319**
Closing net book value		**94,691**	**453,788**	**109,782**	**1,900,543**	**2,633,580**	**1,809,603**	**23,291**	**52,810**	**1,481,453**	**153,140**	**2,113,549**	**2,051,579**	**410,671**	**-**	**13,288,480**
As at December 31, 2021																
Cost		**94,691**	**618,751**	**195,188**	**4,568,026**	**4,262,388**	**2,636,471**	**54,327**	**72,115**	**2,410,629**	**619,304**	**4,676,089**	**4,425,785**	**844,820**	**7**	**25,478,591**
Accumulated depreciation and impairment		**-**	**164,963**	**85,406**	**2,667,483**	**1,628,808**	**826,868**	**31,036**	**19,305**	**929,176**	**466,164**	**2,562,540**	**2,374,206**	**434,149**	**7**	**12,190,111**
Net book value		**94,691**	**453,788**	**109,782**	**1,900,543**	**2,633,580**	**1,809,603**	**23,291**	**52,810**	**1,481,453**	**153,140**	**2,113,549**	**2,051,579**	**410,671**	**-**	**13,288,480**
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)
	4.7	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	4.9	-	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
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.4,160,914 thousand (2020: Rs.3,622,324 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	2021	2020
		---------- (Rupees '000) ----------	
Cost of products sold	25.1	**126,236**	122,408
Distribution and marketing expenses	26	**1,123,826**	966,315
Administrative expenses	27	**148,414**	157,368
		1,398,476	1,246,091

4.4 The Company's assets include assets having a cost of Rs. 11,573,528 thousand (2020: Rs.10,257,668 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 Included in operating assets are assets having net book value of Rs.342,597 thousand (2020: Rs. 286,139 thousand) in respect of Company's share in the joint operation. Certain assets relating to joint operation at Joint Installation of Marketing Companies (JIMCO) are not in the possession of the Company aggregating to Rs. 218,060 thousand (2020: Rs. 170,625 thousand). The possession of these assets at JIMCO is with Pakistan State Oil Company Limited. In view of large number of assets, the Company considered it impracticable to disclose particulars of assets not in the possession or name of the Company as required under the Fourth Schedule of the Companies Act, 2017.

4.6 **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

Location	Address	Unit of measurement	Total area
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
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.

4.7 The details of operating assets disposed / written off, excluding asset retirement obligation, during the year are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Loss / (gain)	Mode of disposal	Particulars of buyer	Relationship
	---------------------------------(Rupees '000)---------------------------------							
Furniture, office equipment and other assets	1,044	476	568	-	568	Write off	-	-
	1,044	476	568	-	568	Write off	-	-
	1,737	453	1,284	-	1,284	Write off	-	-
	1,128	155	973	-	973	Write off	-	-
	4,953	1,560	3,393	-	3,393			
Buildings on leasehold land	8,587	7,573	1,014	-	1,014	Write off	-	-
	4,121	3,442	679	761	(82)	Tender	Usman Bux	Vendor
	11,838	8,030	3,808	-	3,808	Write off	-	-
	18,004	11,535	6,469	-	6,469	Write off	-	-
	1,463	176	1,287	-	1,287	Write off	-	-
	1,392	58	1,334	1,030	304	Tender	Al Hamd	Vendor
	1,596	103	1,493	-	1,493	Write off	-	-
	47,001	30,917	16,084	1,791	14,293			
Tanks and pipelines	719	178	541	-	541	Write off	-	-
	2,027	568	1,459	409	1,050	Tender	Khattak Sons	Vendor
	2,746	746	2,000	409	1,591			
Dispensing pumps	848	328	520	600	(80)	Negotiation	Amir Sanitary Engineering Work	Vendor
	789	142	647	-	647	Write off	-	-
	757	126	631	-	631	Write off	-	-
	1,187	109	1,078	-	1,078	Write off	-	-
	3,581	705	2,876	600	2,276			
Electrical, mechanical and fire fighting equipment	2,458	1,814	644	1,200	(556)	Tender	Khattak Sons	Vendor
	2,731	1,842	889	1,050	(161)	Tender	Good Luck Estate Company	Vendor
	7,766	6,204	1,562	1,568	(6)	Tender	Khattak Sons	Vendor
	3,600	541	3,059	-	3,059	Write off	-	-
	1,086	144	942	-	942	Write off	-	-
	1,072	142	930	-	930	Write off	-	-
	18,713	10,687	8,026	3,818	4,208			
Plant and Machinery	1,376	528	848	-	848	Write off	-	-
Leasehold land	1,533	438	1,095	-	1,095	Write off	-	-
	1,071	129	942	-	942	Write off	-	-
	2,604	567	2,037	-	2,037			

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Loss / (gain)	Mode of disposal	Particulars of buyer	Relationship
	-------------------------------(Rupees '000)-------------------------------							
Buildings on freehold land	**759**	**41**	**718**	**-**	**718**	**Write off**	**-**	**-**
Computer auxiliaries	**3,412**	**474**	**2,938**	**-**	**2,938**	**Write off**	**-**	**-**
Air conditioning plant	**4,161**	**3,362**	**799**	**2,937**	**(2,138)**	**Tender**	**Maryam Engineers**	**Vendor**
Items having book value of less than Rs. 500,000	**161,391**	**143,260**	**18,131**	**8,927**	**9,204**			
December 31, 2021	**250,697**	**192,847**	**57,850**	**18,482**	**39,368**			
December 31, 2020	890,518	742,032	148,486	12,795	135,691			

		Note	2021	2020
			--------- (Rupees '000) ---------	
4.8	**Capital work-in-progress**			
	Buildings on leasehold land		**1,644,941**	1,750,558
	Tanks and pipelines		**1,744,915**	1,201,709
	Plant and machinery		**710,089**	1,654,602
	Air conditioning plant		**97,840**	25,619
	Electrical, mechanical and fire-fighting equipment		**227,419**	169,769
	Furniture, office equipment and other assets		**109,225**	10,500
	Rolling stock and vehicles		**19,033**	38,450
		4.8.1	**4,553,462**	4,851,207
4.8.1	Movement in capital work-in-progress during the year is as follows:			
	Balance at beginning of the year		**4,851,207**	3,030,313
	Additions during the year		**4,192,060**	3,036,781
	Transfers during the year		**(4,489,805)**	(1,215,887)
	Balance at end of the year		**4,553,462**	4,851,207

4.8.2 Includes capital work-in-progress amounting to Rs. 5,588 thousand (2020: Rs. 96,186 thousand) in respect of Company's share in joint operation.

4.9 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.87,319 thousand (2020: Rs. 57,733 thousand) net. The assets include CNG assets and assets installed at the retail sites.

	Note	2021	2020
		--------- (Rupees '000) ---------	
The movement of provision for impairment is as follows:			
Balance at beginning of the year		**297,659**	355,392
Provision made during the year		**318**	66
Reversals during the year		**(87,637)**	(57,799)
	29	**(87,319)**	(57,733)
Balance at end of the year		**210,340**	297,659

5 RIGHT-OF-USE ASSETS

	Note	2021	2020
As at January 01			
Cost		**6,362,792**	5,412,014
Accumulated depreciation		**1,188,506**	550,290
Net book value		**5,174,286**	4,861,724
Year ended December 31			
Opening net book value		**5,174,286**	4,861,724
Additions		**1,433,735**	950,778
Less: Depreciation charge for the year	5.1	**711,178**	638,216
Closing net book value		**5,896,843**	5,174,286
As at December 31			
Cost		**7,796,527**	6,362,792
Accumulated depreciation		**1,899,684**	1,188,506
Net book value		**5,896,843**	5,174,286

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

	Note	2021	2020
		--------- (Rupees '000) ---------	
Cost of products sold	25.1	**24,055**	24,054
Distribution and marketing expenses	26	**677,163**	598,442
Administrative expenses	27	**9,960**	15,720
		711,178	638,216

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

5.3 The right-of-use assets are depreciated over a life of 2 - 33 years.

6 INTANGIBLE ASSETS

	Cost			Accumulated amortization			Net book value	
Computer softwares	As at January 01,	Additions	As at December 31,	As at January 01,	For the Year	As at December 31,	As at December 31,	Amortization rate per annum
	---------- (Rupees '000) ----------							
2021	**1,928,331**	**-**	**1,928,331**	**1,919,926**	**3,152**	**1,923,078**	**5,253**	**20%**
2020	1,928,331	-	1,928,331	1,916,774	3,152	1,919,926	8,405	

Includes intangible assets at a cost of Rs.1,912,571 thousand (2020: 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	2021 % Holding	2020 % Holding	2021 (Rupees '000)	2020 (Rupees '000)
Investment in associate – unquoted					
Pak-Arab Pipeline Company Limited (PAPCO) 18,720,000 (2020: 18,720,000) ordinary shares of Rs. 100/- each	7.1 / 7.3	26	26	**4,970,295**	4,936,422
At fair value through other comprehensive income – unquoted					
Arabian Sea Country Club Limited 500,000 (2020: 500,000) ordinary shares of Rs.10 each	7.4	5	5	**-**	-
				4,970,295	4,936,422

7.1 Movement of investment in associate

	2021	2020
Balance at beginning of the year	**4,936,422**	4,626,252
Share of profit before taxation	**1,244,175**	1,482,422
Share of taxation	**(385,778)**	(408,379)
	858,397	1,074,043
Share of other comprehensive loss before taxation	**10,964**	(4,837)
Share of taxation	**(3,180)**	1,403
	7,784	(3,434)
Dividend received	**(832,308)**	(760,439)
Balance at end of the year	**4,970,295**	4,936,422

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

	2021	2020
	--------- (Rupees '000) ---------	
Non-current assets	**29,423,878**	28,494,374
Current assets	**12,528,988**	15,025,141
Non-current liabilities	**11,328,119**	14,069,391
Current liabilities	**11,508,229**	10,463,887
Revenue	**6,690,854**	6,635,818

	Note	2021	2020
		--------- (Rupees '000) ---------	
Gross profit		**3,857,192**	4,191,195
Profit after tax		**3,301,528**	4,130,933
Other comprehensive income		**29,939**	(13,209)
Total comprehensive income		**3,389,102**	4,117,724

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, 2021 and December 31, 2020, whereas revenue, profits and total comprehensive income disclosed above are based on audited financial statements for the years ended June 30, 2021 and June 30, 2020 and unaudited financial statements for the half years ended December 31, 2021, December 31, 2020 and December 31, 2019.

Share of contingent liabilities based on the latest unaudited condensed interim financial statements of PAPCO for the half year ended December 31, 2021 amounts to Rs. 4,921 thousand (2020: Rs.4,852 thousand).

7.3 Reconciliation of carrying amount of investment in associate

	Note	2021	2020
Net assets	7.2	**19,116,518**	18,986,237
Company's Holding in %	7	26%	26%
Company's share of investment in associate		**4,970,295**	4,936,422

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

	2021	2020
Balance at beginning of the year	**-**	5,000
Loss on remeasurement of equity instrument at fair value through other comprehensive income	**-**	(5,000)
Balance at end of the year	**-**	-

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

8 LONG-TERM LOANS - considered good, secured

	Note	2021	2020
Due from:			
- Executive Directors	8.1	**12,366**	12,408
- Executives	8.2	**76,068**	75,814
- Employees		**21,440**	15,946
	8.3/ 8.4	**109,874**	104,168
Less: Receivable within one year			
- Executive Directors		**6,745**	9,501
- Executives		**50,494**	51,527
- Employees		**15,195**	14,009
	13	**72,434**	75,037
		37,440	29,131

8.1 The loans to executive directors have been made in compliance with the provisions of section 182 of the Act. The maximum aggregate amount due from executive directors at the end of any month during the year was Rs.16,006 thousand (2020: Rs.16,674 thousand).

The reconciliation of the carrying amount of loans to Executive Directors is as follows:

	Note	2021	2020
		--------- (Rupees '000) ---------	
Balance at beginning of the year		**12,408**	17,563
Disbursements		**1,399**	5,492
Repayments		**(1,441)**	(10,647)
Balance at end of the year		**12,366**	12,408

8.2 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 76,888 thousand (2020: Rs.120,492 thousand). The reconciliation of the carrying amount of loans to executives is as follows:

	2021	2020
	--------- (Rupees '000) ---------	
Balance at beginning of the year	**75,814**	73,360
Disbursements	**65,925**	62,254
Repayments	**(65,671)**	(59,800)
Balance at end of the year	**76,068**	75,814

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.

9 LONG-TERM DEPOSITS AND PREPAYMENTS

	Note	2021	2020
		--------- (Rupees '000) ---------	
Deposits	9.1	**263,416**	153,299
Prepayments		**2,350**	5,500
		265,766	158,799

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

10 DEFERRED TAXATION

	2021	2020
	--------- (Rupees '000) ---------	
Taxable temporary difference arising in respect of:		
- accelerated tax depreciation	**(1,241,631)**	(1,088,505)
- investment in associate	**(465,307)**	(460,178)
- right-of-use assets - net	**-**	(64,461)
	(1,706,938)	(1,613,144)
Deductible temporary difference arising in respect of:		
- provisions	**795,686**	779,981
- staff retirement benefits	**76,819**	74,152
- unabsorbed tax depreciation	**1,544,657**	1,779,851
- lease liabilities - net	**43,510**	-
	2,460,672	2,633,984
	753,734	1,020,840

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. 3,745,639 thousand in respect of minimum tax credits has not been recognised in these financial statements. Further, in view of the order of the High Court of Sindh, as 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 (2020: Rs. 838,594 thousand).

11	STOCK-IN-TRADE	Note	2021	2020
			--------- (Rupees '000) ---------	
	Raw and packing materials	11.2	**2,539,185**	2,334,516
	Provision for obsolete and slow moving stock	11.6	**(77,085)**	(67,308)
		25	**2,462,100**	2,267,208
	Finished products			
	- in hand and in pipeline system	11.3 / 11.4	**27,049,464**	10,068,852
	- in White Oil Pipeline	11.5	**7,330,115**	1,280,073
		11.1 / 11.2	**34,379,579**	11,348,925
	Provision for obsolete and slow moving stock	11.6	**(129,711)**	(105,969)
		25	**34,249,868**	11,242,956
			36,711,968	13,510,164

11.1 Includes items costing Rs. Nil (2020: Rs.7,698,953) which have been valued at their net realizable value of Rs.Nil (2020: Rs.7,698,581).

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

	2021	2020
	--------- (Rupees '000) ---------	
Petroleum products		
- PAPCO - an associated company	**7,330,115**	1,280,073
- PARCO	**1,193,957**	368,892
- Karachi Hydrocabon Terminal Limited	**5,082,174**	-
Lubricants		
- Union Chemical Industries	**41,074**	46,321
- Mehran LC Depot	**216,880**	69,505
	13,864,200	1,764,791

11.3 Includes stock-in-transit amounting to Rs. 9,592,486 thousand (2020: Rs.1,582,834 thousand).

11.4 Includes bonded stock amounting to Rs.23,863,817 thousand (2020: Rs.3,057,459 thousand).

11.5 Includes High Speed Diesel and Motor Gasoline 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:

	Note	2021	2020
		--------- (Rupees '000) ---------	
Balance at beginning of the year		**173,277**	273,380
Provision made during the year		**206,796**	173,278
Reversals during the year		**(173,277)**	(273,381)
		33,519	(100,103)
Balance at end of the year		**206,796**	173,277

		Note	2021	2020
			--------- (Rupees '000) ---------	
12	**TRADE DEBTS**			
	Considered good			
	- Secured	12.1 / 12.2	**639,987**	473,955
	- Unsecured	12.2	**4,027,481**	3,497,852
			4,667,468	3,971,807
	Considered doubtful		**791,350**	876,974
			5,458,818	4,848,781
	Allowance for expected credit losses	12.3 / 12.4	**(791,350)**	(876,974)
			4,667,468	3,971,807

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

12.2 Includes due from the following associated companies:

	2021					
			Past due			
	Maximum aggregate outstanding at the end of any month	**Neither past due nor impaired**	**Upto 90 days**	**91-180 days**	**More than 180 days**	**Total**
	----- (Rupees '000) -----					
Dawood Hercules Corporation Limited	**267**	**346**	**-**	**-**	**-**	**346**
Vellani & Vellani	**775**	**914**	**-**	**-**	**-**	**914**
Unilever Pakistan Foods Limited	**8,502**	**1,723**	**1,649**	**-**	**-**	**3,372**
Wyeth Pakistan Limited*	**92**	**-**	**-**	**-**	**-**	**-**
Novartis Pharma (Pakistan) Limited	**649**	**345**	**-**	**-**	**-**	**345**
The Aga Khan Hospital and Medical College Foundation	**12,429**	**15,719**	**-**	**-**	**3,504**	**19,223**
UBL Fund Managers Limited	**1,344**	**145**	**-**	**-**	**-**	**145**
Unilever Pakistan Limited	**80,347**	**535**	**607**	**141**	**-**	**1,283**
	104,405	**19,727**	**2,256**	**141**	**3,504**	**25,628**

* The amount due from Wyeth Pakistan Limited has been written off during the year.

	2020					
			Past due			
	Maximum aggregate outstanding at the end of any month	**Neither past due nor impaired**	**Upto 90 days**	**91-180 days**	**More than 180 days**	**Total**
	----- (Rupees '000) -----					
Dawood Hercules Corporation Limited	267	180	-	-	-	180
Vellani & Vellani	775	539	-	-	-	539
Unilever Pakistan Foods Limited	8,502	1,574	1,563	151	-	3,288
Wyeth Pakistan Limited	92	-	-	-	92	92
Novartis Pharma (Pakistan) Limited	649	355	-	-	-	355
The Aga Khan Hospital and Medical College Foundation	12,429	9,851	-	-	-	9,851
Unilever Pakistan Limited	80,347	2,449	2,906	680	357	6,392
	103,061	14,948	4,469	831	449	20,697
Less: Allowance for expected credit losses						(92)
Net receivable from associated companies						20,605

Based on past experience, past track record and recoveries, the Company believes that the above past due trade debts, do not require any allowance for expected credit losses except as provided for as at the date of statement of financial position.

12.3 Allowance for expected credit losses:

	Note	2021	2020
		--------- (Rupees '000) ---------	
Balance at beginning of the year		**876,974**	822,192
Allowance for the year	28 / 29	**28,007**	103,902
Reversals during the year		**(65,508)**	(49,120)
Write-off during the year		**(48,123)**	-
		(85,624)	54,782
Balance at end of the year		**791,350**	876,974

12.4 As at December 31, 2021, trade debts of Rs.791,350 thousand (2020: Rs.876,974 thousand) were impaired and provided for. The ageing of these trade debts is as follows:

	2021	2020
	--------- (Rupees '000) ---------	
Not yet due	**13,207**	-
Upto 90 days	**11,170**	590
91 to 180 days	**918**	1,785
More than180 days	**766,055**	874,599
	791,350	876,974

12.5 As at December 31, 2021, trade debts aggregating to Rs.704,588 thousand (2020: Rs.578,767 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 trade debts not provided for is as follows:

	Note	2021	2020
		--------- (Rupees '000) ---------	
Upto 90 days		**592,588**	413,309
91 to 180 days		**19,249**	15,526
More than180 days		**92,751**	149,932
		704,588	578,767

13 LOANS AND ADVANCES - considered good, secured

	Note	2021	2020
Current portion of long-term loans	8	**72,434**	75,037
Advances to employees	13.1	**19,726**	23,856
		92,160	98,893

13.1 Represents advances given to employees against expenses.

14 OTHER RECEIVABLES

	Note	2021	2020
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 / 14.5	**382,794**	343,584
- on imported motor gasoline	14.4 / 14.5	**2,088,244**	1,961,211
Customs duty receivable	14.6	**44,413**	44,413
Sales tax refundable		**902,767**	104,616
Inland freight equalization margin		**64,292**	802,899
Receivable from related parties	14.7	**1,400,968**	1,095,008
Service cost receivable from PAPCO – an associated company		**19,045**	18,712
Workers' profits participation fund	14.8	**63,977**	15,185
Receivable from Oil Marketing Companies		**861,535**	915,189
Taxes recoverable	14.9 / 23.1.2	**1,020,214**	1,020,214

	Note	2021	2020
		--------- (Rupees '000) ---------	
Margin held against letter of credit		**59,245**	162,992
Others		**718,478**	415,682
		9,301,734	8,575,467
Provision for impairment	14.10	**(1,112,254)**	(958,844)
		8,189,480	7,616,623

14.1 Includes petroleum development levy amounting to Rs.1,369,560 thousand (2020: 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, which was then paid in the year 2014. During 2015, verification exercise of claims amounting to Rs.182,004 thousand was completed by the authorities. Further, during 2016, FBR through Customs station Torkham completed verification exercise of claims amounting to Rs.851,330 thousand. 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.

14.3 Represents price differential claim from GoP on local / imported purchases of HSD which was based on rates notified by GoP to subsidize petroleum prices by restricting the increase in prices in order to reduce the burden of rising oil prices on the end consumers.

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.

The Company submitted audit reports for claims till May 31, 2011 amounting to Rs.2,411,661 thousand against which the Company received an amount of Rs.454,000 thousand. 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. 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 respectively, as per the directive of MoPNR stated above.

14.5 During the year, the Ministry of Energy vide letter No. PL-3(457)/2021-73 dated October 31, 2021 directed Oil Marketing Companies to supply Motor Gasoline and High Speed Diesel based on the GOP notified rates to subsidize petroleum prices by restricting the increase in prices in order to reduce the burden of rising oil prices on the end consumers. Similar to other PDC arrangements, the differential cost was to be borne by GoP and reimbursed directly to the Company by MoF.

The Company along with other OMCs and Oil Companies Advisory Council (OCAC) continues to follow up the aforementioned matters (note 14.1 to 14.5) with MoPNR and is confident of recovering these balances.

14.6 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.

14.7 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:

	2021					
			Past due			
	Maximum aggregate outstanding at the end of any month	**Neither past due nor impaired**	**Upto 90 days**	**91-180 days**	**More than 180 days**	**Total**
		---------------------------- (Rupees '000) -----------------------				
Shell Aviation Limited	**115,326**	-	-	-	-	**-**
Shell International Petroleum Company Limited	**1,154,516**	222,142	33,214	36,060	863,100	**1,154,516**
Shell International Limited	**57,467**	12,079	-	-	45,388	**57,467**
Shell Nederland B.V.	**467**	-	-	-	467	**467**
Shell International B.V.	**17,116**	2,079	-	-	15,037	**17,116**
Shell Energy Pakistan (Private) Limited	**67,128**	33,564	-	-	33,564	**67,128**
Shell International Trading Middle East Limited	**104,274**	-	-	-	104,274	**104,274**
	1,516,294	269,864	33,214	36,060	1,061,830	**1,400,968**

	2020					
			Past due			
	Maximum aggregate outstanding at the end of any month	**Neither past due nor im-paired**	**Upto 90 days**	**91-180 days**	**More than 180 days**	**Total**
		---------------------------- (Rupees '000) -----------------------				
Shell Aviation Limited	68,849	-	-	-	-	-
Shell International Petroleum Company Limited	897,014	-	49,660	152,673	692,319	894,652
Shell International Limited	54,407	-	-	-	51,509	51,509
Shell Nederland B.V.	467	-	-	-	467	467
Shell International B.V.	19,496	-	-	-	19,496	19,496
Pilipinas Shell Petroleum Corporation	3,760	-	-	-	-	-
Oil Companies Advisory Council	4,495	-	-	-	885	885
Shell Energy Pakistan (Private) Limited	33,564	33,564	-	-	-	33,564
Shell International Trading Middle East Limited	94,435	-	-	-	94,435	94,435
	1,176,487	33,564	49,660	152,673	859,111	1,095,008

14.8 The movement of workers' profit participation fund is as follows:

	Note	2021	2020
		--------- (Rupees '000) ---------	
Balance at beginning of the year		**15,185**	15,185
Charge for the year	28	**(309,128)**	-
Payments during the year		**357,920**	-
Balance at end of the year		**63,977**	15,185

14.9 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.

14.10	Provision for impairment	Note	2021	2020
			------- (Rupees '000) -------	
	Balance at beginning of the year		**958,844**	992,672
	Provision / (reversal) made during the year	28	**153,410**	(33,828)
	Balance at end of the year	14.10.1	**1,112,254**	958,844

14.10.1 Includes provision against price differential claim of Rs.707,030 thousand (2020: Rs. 553,620 thousand) calculated by evaluating best estimate of probability weightages assigned on futures expected recoveries, by taking into account time value of money.

15	CASH AND BANK BALANCES	Note	2021	2020
			------- (Rupees '000) -------	
	Cash in hand		**-**	9,141
	Bank balances			
	- current accounts		**1,114,136**	2,336,169
	- saving accounts	15.1	**959,281**	197,566
	- term deposit receipts	15.2	**2,900,000**	-
			4,973,417	2,533,735
			4,973,417	2,542,876

15.1 These carry interest at the rate of 6.53% (2020: 5.50%) per annum.

15.2 These carry interest at the rate of 8.55% (2020: Nil) per annum. The maturity dates of these term deposit receipts extend to January 4, 2022.

16 SHARE CAPITAL

Authorized share capital

2021	2020		2021	2020
(Number of shares)			--------- (Rupees '000) ---------	
		Ordinary shares of Rs. 10/- each		
300,000,000	300,000,000		**3,000,000**	3,000,000

Issued, subscribed and paid-up share capital

2021	2020			
(Number of shares)		Ordinary shares of Rs. 10/- each		
130,493,331	23,481,000	Fully paid in cash	**1,304,933**	234,810
83,531,331	83,531,331	Issued as fully paid bonus shares	**835,315**	835,315
214,024,662	107,012,331		**2,140,248**	1,070,125

Reconciliation between the issued, subscribed and paid-up share capital at the beginning and end of the year is as follows:

107,012,331	107,012,331	Opening shares outstanding	**1,070,125**	1,070,125
107,012,331	-	Right shares issued during the year	**1,070,123**	-
214,024,662	107,012,331		**2,140,248**	1,070,125

16.1 The immediate parent held 165,700,304 (2020: 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 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 process of rights issue was completed during the year and a total of 107,012,331 shares were issued. Through this issue, an amount of Rs. 11,557,332 thousand was raised comprising of Rs. 1,070,123 thousand and Rs. 10,487,209 thousand in respect of ordinary share capital and share premium, respectively.

		Note	2021	2020
			--------- (Rupees '000) ---------	
17	**ASSET RETIREMENT OBLIGATION**			
	Balance at beginning of the year		**157,748**	138,322
	Reversal of liability	29	**(269)**	(91)
	Estimates adjustments	17.1	**8,453**	14,734
	Accretion expense	30	**7,618**	4,783
			16,071	19,517
	Balance at end of the year		**173,550**	157,748

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

		Note	2021	2020
			--------- (Rupees '000) ---------	
18	**LONG-TERM FINANCING - secured**			
	Long-term loan		**-**	4,000,000
	Current portion of long-term loan		**-**	-
		18.1	**-**	4,000,000

18.1 During the year, the long term loan was repaid in full.

		Note	2021	2020
19	**LONG-TERM LEASE LIABILITIES**			
	Balance at beginning of the year		**4,952,005**	4,125,377
	Additions during the year		**1,433,735**	950,778
	Accretion of interest	30	**546,047**	468,489
	Lease rentals paid		**(884,910)**	(592,639)
	Balance at end of the year		**6,046,877**	4,952,005
	Current portion of long-term lease liabilities		**681,685**	742,959
	Long-term lease liabilities		**5,365,192**	4,209,046
19.1	***Maturity analysis***			
	Gross lease liabilities - minimum lease payments is as follows:			
	Not later than one year		**941,856**	787,891
	Later than one year but not later than five years		**3,815,348**	2,758,013
	Later than five years		**6,192,772**	5,946,187
			10,949,976	9,492,091
	Future finance charge		**(4,903,099)**	(4,540,086)
	Present value of finance lease liabilities		**6,046,877**	4,952,005
20	**TRADE AND OTHER PAYABLES**			
	Creditors	20.1	**52,925,102**	30,741,316
	Accrued liabilities	20.2	**7,338,060**	6,984,682
	Security deposits	20.3	**344,118**	341,037
	Provision for staff retirement benefit schemes	33.1.12	**94,349**	87,919
	Workers' Welfare Fund		**439,552**	316,220
	Provision for staff redundancy plan	20.4	**199,740**	59,800
	Other liabilities		**741**	14,416
			61,341,662	38,545,390

20.1 Includes amounts due to the following associated companies:

	2021	2020
	--------- (Rupees '000) ---------	
Shell Global Solutions (Malaysia) Sdn. Bhd.	**5,369**	4,863
Shell Markets (Middle East) Limited	**22,424**	20,308
Shell Polska Sp. Z o.o. Oddzial w Krakowie	**3,657**	3,600
Shell Treasury Centre East (Pte) Limited	**29,826**	27,012
The Shell Company of Thailand Limited	**27,338**	-
Shell Global Solutions International B.V.	**131,617**	97,857
Shell Malaysia Trading Sendirian Berhad	**39,553**	35,820
Brunei Shell Petroleum Company Sendirian Berhad	**462**	419
Saudi Arabian Markets and Shell Lubricants Company Limited	**978**	886
Shell Canada Products Limited	**1,607**	1,455
Shell Companies of Indonesia	**3**	3
Shell Downstream South Africa (Pty) Limited	**1,985**	1,798
Shell Nederland Verkoopmaatschappij B.V.	**6,999**	6,338
Shell Oman Marketing Company SAOG	**5,615**	3,683
Euroshell Cards B.V.	**71,965**	58,531
Shell Brands International AG	**2,045,389**	2,651,134
Shell Eastern Trading (Pte) Limited	**1,888,698**	1,020,696
Shell Information Technology International B.V.	**224,934**	19,944
Shell International B.V.	**1,307,645**	1,400,303
Shell International Exploration and Production B.V.	**884**	800
Shell International Limited	**204,962**	127,753
Shell International Petroleum Company Limited	**14,639,513**	10,527,701
Shell People Services Asia Sdn. Bhd.	**107,860**	97,682
Shell Shared Services (Asia) B.V.	**-**	30,891
Shell & Turcas Petrol A.S.	**7,099**	25,928
Shell International Trading Middle East Limited	**8,002,924**	2,852,927
Shell Lubricants Supply Company B.V.	**517,211**	707,738
Shell India Markets Private Limited	**1,009**	914
Shell Information Technology International Sdn. Bhd.	**2,141**	1,939
Pilipinas Shell Petroleum Corporation	**510**	462
Shell Oil Company	**47,129**	38,262
Shell Aviation Limited	**641,800**	32,288
SIETCO Trading Singapore	**17,214,828**	3,644,187
Belgian Shell S.A.	**-**	1,896
Shell China Limited	**-**	8,959
Shell Eastern Petroleum (Pte) Limited	**-**	1,013
Shell Deutschland Oil GmbH	**6,128**	6,918
Shell UK Oil Products Limited	**3,683**	3,336
Aga Khan Hospital & Medical College Foundation	**-**	453
	47,213,745	23,466,697

20.2 Includes Rs.1,161,245 thousand (2020: Rs.601,809 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	2021	2020
		--------- (Rupees '000) ---------	
Dealers on retail sites		**143,521**	152,802
Shell card holders		**200,597**	188,235
	20.3.1	**344,118**	341,037

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

	Note	2021	2020
		--------- (Rupees '000) ---------	
Running finances under mark-up arrangements		**1,187**	736
Short-term borrowings		**-**	1,200
		1,187	1,936

22 SHORT-TERM BORROWINGS – secured

	Note	2021	2020
Short-term loans		**-**	6,150,000
Running finances under mark-up arrangements	22.1	**-**	510
		-	6,150,510

22.1 Represents facilities obtained from various commercial banks aggregating to Rs.16,600,000 thousand (2020: Rs.20,600,000 thousand). The short-term loans obtained during the year were also obtained under the same facilities and there were no outstanding short-term loans as at year end . These carry mark-up ranging from 1 month KIBOR plus 0.15% to 0.27% (2020: 1 month KIBOR plus 0.10% to 0.35%). 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 had 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 from 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.

In 2020, 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.

During the year, the High Court of Sindh dismissed all connected petitions, vacating the stay orders granted earlier. The High Court in its judgement on June 4, 2021 held that the imposition and collection of the impugned levy with effect from July 01, 1994 is valid and provided an exemption to Companies who were a party to the earlier case wherein the first four versions of the law were struck down by the High Court. The High Court directed that all bank guarantees furnished by the petitioners up to December 27, 2006 who were appellants in the earlier case shall stand discharged; whereas those furnished on or after December 28, 2006 shall be encashed and paid. The High Court also decided that the judgment would remain suspended for a period of ninety days (September 2021) and the interim arrangement of paying 50% of the cess and furnishing bank guarantee for the balance amount would continue. The Company filed an appeal before the Honorable Supreme Court of Pakistan and in a judgement passed, stay was granted against the order of High Court with the direction that bank guarantees already submitted shall be kept operative and fresh bank guarantees to be furnished equivalent to the amount of levy claimed by the Company against release of all future consignments of imported goods.

The Company has reviewed its position and without acknowledging it as a debt, estimates the accumulated levy up to December 31, 2021 at Rs.171,493 thousand (December 31, 2020: Rs.153,493 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 In 2020, 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 In 2020, 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 had simultaneously obtained a stay order. During the year, CIR Appeals vide order dated December 29, 2021 has decided the issue in favour of the Company.

23.1.2.9 During the year, the Company received an assessment order from the tax authorities in respect of tax year 2017 wherein demand of Rs. 1,296,007 thousand was raised. The demand principally arose due to disallowance of technical fee and other associated company payments as well as disallowance of depreciation on assets installed at dealer operated retail sites. Further, the assessing officer also disallowed the credit for minimum tax amounting to Rs. 533,288 thousand paid in earlier years along with disallowance of outstanding liabilities which have been unpaid for more than three years. The Company, in response to the order, filed an appeal with the CIR Appeals.

Subsequent to the year end, the Company's appeal to CIR Appeals in respect of its income tax assessment for tax year 2017 was decided whereby technical fee and other associated company payments as well as disallowance of depreciation on assets installed at dealer operated retail sites were decided in favour of the Company and certain items were remanded back to the DCIR, whilst disallowance of credit for minimum tax was maintained. The Company will file an appeal before the ATIR against the issues maintained by CIR Appeals.

23.1.2.10 The Company based on the merits of the aforementioned matters (note 23.1.2.1 to note 23.1.2.9) 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 and (vi) non-charging of sales on supply of jet fuel to various airlines.

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 relating to non-charging of sales on supply of jet fuel were decided in favor of the Company by the ATIR ,however, the tax department filed a reference application before the High Court which is still pending on issue. 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 ,whereas departmental appeal for July 2008 to June 2009 is still pending before the ATIR.

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 Commissioner's 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 petition 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 value addition 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 relating to withholding tax on services relating to telecommunication, banking, courier and insurance services 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 submitted 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 and proceed to suspend the sales tax registration. 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. In 2020, 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.

Furthermore, during the year the High Court has favorably disposed-off the case that was filed in 2018 against ultra vires suspension of company's sales tax registration.

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.

23.1.3.6 During the year, the Company was issued a show cause notice for verification of refund claim for June 2006 amounting to Rs.287,636 thousand. Despite submission of documents to substantiate the claim, the Deputy Commissioner Inland Revenue proceeded to issue an order and rejected the refund claim. The company has proceeded to file an appeal thereagainst with the Commissioner Inland Revenue Appeals.

23.1.3.7 During the year, the Company received a show cause notice from Deputy Commissioner Inland Revenue for conducting audit of the period January to December 2018. Post verification of documents and submission of our replies, a demand order was issued wherein the major disallowances pertained to zero-rating of jet fuel supplied to airlines for their international flight consumption, reconciliation of purchases with the sales tax return and sales tax discharge against discount offered to customers amounting to Rs.2,646,915 thousand. The matter has been taken up in appeal with CIR Appeals and stay is in place thereagainst.

23.1.3.8 The Company based on the merits of the aforementioned matters (note 23.1.3.1 to note 23.1.3.7) 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, 2021 amounted to Rs. 2,548,087 thousand (2020: Rs.2,402,066 thousand) comprising of various legal claims.

23.2 Commitments

23.2.1 Capital expenditure contracted for but not incurred as at December 31, 2021 amounted to approximately Rs. 1,539,713 thousand (2020: Rs.1,790,844 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, 2021, the value of these cheques amounted to Rs. 15,727,211 thousand (2020: Rs.18,675,659 thousand). The maturity dates of these cheques extend to December 5, 2022.

23.2.3 Letters of credit, bank guarantees and bank contracts outstanding at December 31, 2021 amount to Rs. 18,121,996 thousand (2020: Rs.8,683,703 thousand).

24 SALES

	Note	2021	2020
		--------- (Rupees '000) ---------	
Gross sales, inclusive of sales tax		**286,596,095**	198,243,486
Less: Trade discounts and rebates		**4,242,484**	3,578,107
	24.1	**282,353,611**	194,665,379

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:

	2021	2020
	--------- (Rupees '000) ---------	
- Petroleum products	**282,170,201**	194,494,222
- Others	**183,410**	171,157
	282,353,611	194,665,379

24.2 Revenue recognized during the year from contract liabilities as at the beginning of the year amounted to Rs.292,551 thousand (2020: Rs. 323,772 thousand).

25	COST OF PRODUCTS SOLD	Note	2021	2020
			--------- (Rupees '000)	---------
	Opening stock of raw and packing materials		**2,267,208**	1,174,001
	Raw and packing materials purchased		**12,481,335**	9,651,667
	Manufacturing expenses	25.1	**724,537**	604,924
	Closing stock of raw and packing materials	11	**(2,462,100)**	(2,267,208)
	Cost of products manufactured		**13,010,980**	9,163,384
	Opening stock of finished products		**11,242,956**	16,239,438
	Finished products purchased		**202,744,134**	92,897,130
	Duties, levies and freight	25.2	**32,795,797**	50,533,284
	Closing stock of finished products	11	**(34,249,868)**	(11,242,956)
	Cost of finished products sold		**212,533,019**	148,426,896
			225,543,999	157,590,280

25.1 Includes depreciation charge on operating assets of Rs. 126,236 thousand (2020: Rs.122,408 thousand), depreciation charge on right-of-use assets of Rs.24,055 thousand (2020: Rs.24,054 thousand) and charge in respect of staff retirement benefits amounting to Rs. 21,302 thousand (2020: Rs.22,062 thousand).

25.2	Duties, levies and freight	Note	2021	2020
			--------- (Rupees '000)	---------
	Petroleum development levy		**20,619,261**	42,116,644
	Customs and excise duty		**4,991,204**	3,881,350
	Inland freight equalization margin		**6,398,943**	4,170,507
	Freight on non-equalized products		**359,195**	237,681
	Others		**427,194**	127,102
			32,795,797	50,533,284

26	DISTRIBUTION AND MARKETING EXPENSES	Note	2021	2020
	Salaries, wages and benefits	26.1	**2,257,242**	1,980,202
	Stores and materials		**22,197**	25,985
	Fuel and power		**93,933**	78,333
	Rent, taxes and utilities		**175,077**	245,100
	Repairs and maintenance		**806,267**	566,025
	Depreciation on operating assets	4.3	**1,123,826**	966,315
	Depreciation on right-of-use assets	5.1	**677,163**	598,442
	Insurance		**15,072**	18,215
	Training and travelling		**49,929**	163,457
	Advertising and publicity		**403,216**	469,736
	Legal and professional charges		**176,097**	165,591
	Communication and stationery		**63,422**	69,599
	Computer expenses		**108,242**	125,963
	Storage and other charges		**199,466**	83,000
	Others		**170,592**	248,683
			6,341,741	5,804,646
	Handling and storage charges recovered		**(116,691)**	(92,488)
	Secondary transportation expenses		**1,335,748**	1,098,461
			7,560,798	6,810,619

26.1 Includes charge of Rs. 197,188 thousand (2020: Rs.204,225 thousand) in respect of staff retirement benefits.

27 ADMINISTRATIVE EXPENSES

	Note	2021	2020
		--------- (Rupees '000) ---------	
Salaries, wages and benefits	27.1	**925,730**	571,886
Stores and materials		**944**	3,779
Fuel and power		**12,811**	14,138
Rent, taxes and utilities		**17,064**	24,025
Repairs and maintenance		**51,222**	121,594
Insurance		**17,993**	10,938
Training and travelling		**35,833**	64,671
Advertising and publicity		**74,300**	99,720
Technical service fee		**2,885,276**	2,302,054
Trade-marks and manifestations license fee	27.2	**620,000**	494,155
Legal and professional charges		**780,044**	697,943
Communication and stationery		**72,250**	420,576
Computer expenses		**604,827**	137,765
Depreciation on operating assets	4.3	**148,414**	157,368
Depreciation on right-of-use assets	5.1	**9,960**	15,720
Amortization	6	**3,152**	3,152
		6,259,820	5,139,484

27.1 Includes charge of Rs. 56,948 thousand (2020: Rs.58,980 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	2021	2020
		--------- (Rupees '000) ---------	
Workers' Welfare Fund		**123,332**	-
Workers' Profit Participation Fund	14.8	**309,128**	-
Exchange loss		**3,156,374**	305,354
Allowance for expected credit loss on trade debts – net	12.3	**-**	54,782
Provision for impairment on other receivables - net	14.1	**153,410**	-
Write off of operating assets	4.7	**40,885**	148,486
Auditors' remuneration	28.1	**11,130**	7,471
Donations	28.2	**42,110**	41,520
		3,836,369	557,613

28.1 Auditors' remuneration

	2021	2020
Fee for audit, half yearly review and review of compliance with code of corporate governance	**8,879**	5,250
Audit of retirement benefit funds	**697**	632
Special certifications and sundry advisory services	**511**	742
Out of pocket expenses	**1,043**	847
	11,130	7,471

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	2021	2020
		--------- (Rupees '000) ---------	
Shell LiveWIRE Trust (Shell House, 6 Ch. Khaliquzzaman Road, Karachi)	Mr. Waqar I. Siddiqui - Trustee	**11,690**	3,684
The Kidney Centre Post Graduate Training Institute(172/R, Rafiqui Shaheed Road, Karachi)	Mr. Haroon Rashid - Member Board of Governors	**-**	600

28.3 Donation to a single party exceeding higher of Rs. 1 million or 10% of total donations are as follows:

	Note	2021	2020
		--------- (Rupees '000) ---------	
Health and Nutrition Development Society		**2,821**	-
Care Foundation		**5,110**	2,059
National Rural Support Program		**14,076**	19,196
National University of Sciences		**-**	1,300
National Highways And Motorway		**-**	13,100
		22,007	35,655

29 OTHER INCOME

Income from financial assets

	Note	2021	2020
Interest on term deposit receipts		**156,107**	-
Interest on savings accounts		**29,681**	28,475
Reversal of allowance for expected credit loss on trade debts - net	12.3	**37,501**	-
Reversal of provision for impairment on other receivables - net	14.1	**-**	33,828
		223,289	62,303

Income from non-financial assets

	Note	2021	2020
Gain on disposal of operating assets		**1,517**	12,795
Scrap sales		**19,500**	2,419
Reversal of impairment on operating assets - net	4.9	**87,319**	57,733
Reversal of asset retirement obligation - net	17	**269**	91
Shell card income		**54,999**	74,627
Commission - net		**-**	5,408
Others		**188,988**	367,464
		352,592	520,537
		575,881	582,840

30 FINANCE COSTS

	Note	2021	2020
Bank charges		**160,816**	94,709
Accretion expense	17	**7,618**	4,783
Mark-up on long-term financing		**51,481**	238,655
Mark-up on short-term borrowings and running finance		**68,808**	707,427
Accretion of interest on lease liabilities	19	**546,047**	468,489
		834,770	1,514,063

31 TAXATION

	Note	2021	2020
Current			
- for the year		**1,876,646**	1,063,121
- for prior year		**(2,520)**	(508,068)
		1,874,126	555,053
Deferred		**267,525**	(549,287)
		2,141,651	5,766

31.1 The return of income for the tax year 2021 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.

		Note	2021	2020
			--------- (Rupees '000) ---------	
32	**EARNINGS / (LOSS) PER SHARE - basic and diluted**			**(Restated)**
	Net profit /(loss) for the year		**4,466,855**	(4,821,027)
			---------(Number of shares) ---------	
	Weighted average number of ordinary shares	32.1	**204,118,915**	154,590,182
			--------- (Rupees) ---------	
	Earnings / (loss) per share	32.2	**21.88**	(31.19)

32.1 The weighted average number of shares takes into account the weighted average effect of issue of right shares during the year.

32.2 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, 2021.

33.1.1 Actuarial assumptions

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

	2021	2020
	--------- % per annum ---------	
- Expected rate of increase in future salaries	**9.75**	7.75
- Discount rate	**11.75**	9.75
- Expected rate of increase in pensions	**5.00**	3.00
- Expected rate of return on plan assets	**11.75**	9.75

33.1.2 Statement of financial position reconciliation

	2021					2020				
	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	**1,834,345**	**-**	**38,593**	**98,166**	**1,971,104**	1,816,778	-	34,326	116,425	1,967,529
Present value of defined benefit obligation - note 33.1.4	**(1,840,316)**	**(78,427)**	**-**	**(148,908)**	**(2,067,651)**	(1,786,282)	(94,803)	-	(170,574)	(2,051,659)
(Liability)/ Asset in respect of staff retirement benefit schemes	**(5,971)**	**(78,427)**	**38,593**	**(50,742)**	**(96,547)**	30,496	(94,803)	34,326	(54,149)	(84,130)

33.1.3 Movement in the fair value of plan assets

	2021					2020				
	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	**1,816,778**	**-**	**34,326**	**116,425**	**1,967,529**	1,741,205	-	28,204	44,696	1,814,105
Expected return on plan assets	**169,847**	**-**	**3,458**	**10,538**	**183,843**	189,086	-	3,488	8,830	201,404
Contribution by the Company	**22,905**	**5,202**	**2,284**	**1,940**	**32,331**	24,995	5,734	5,599	87,563	123,891
Contribution by the employees	**2,633**	**-**	**-**	**-**	**2,633**	3,199	-	-	-	3,199
Benefits due but not paid during the year	**-**	**-**	**-**	**(8,187)**	**(8,187)**	-	-	-	(9,747)	(9,747)
Benefits paid during the year	**(175,047)**	**(26,296)**	**-**	**(18,617)**	**(219,960)**	(149,065)	(8,950)	-	(19,985)	(178,000)
Interfund transfer	**(21,094)**	**21,094**	**-**	**-**	**-**	(3,216)	3,216	-	-	-
Remeasurement of plan assets	**18,323**	**-**	**(1,475)**	**(3,933)**	**12,915**	10,574	-	(2,965)	5,068	12,677
Fair value of plan assets at the end of the year	**1,834,345**	**-**	**38,593**	**98,166**	**1,971,104**	1,816,778	-	34,326	116,425	1,967,529

33.1.4 Movement in the present value of defined benefit obligations

	2021					2020				
	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	**1,786,282**	**94,803**	**-**	**170,574**	**2,051,659**	1,566,856	87,679	-	176,764	1,831,299
Current service cost	**22,599**	**5,082**	**-**	**5,282**	**32,963**	18,882	4,934	-	5,630	29,446
Interest cost	**165,628**	**7,961**	**-**	**15,324**	**188,913**	167,886	9,360	-	18,214	195,460
Benefits due but not paid	**-**	**-**	**-**	**(8,187)**	**(8,187)**	-	-	-	(9,747)	(9,747)
Benefits paid during the year	**(175,047)**	**(26,296)**	**-**	**(18,617)**	**(219,960)**	(149,065)	(8,950)	-	(19,985)	(178,000)
Remeasurement on obligation	**40,854**	**(3,123)**	**-**	**(15,468)**	**22,263**	181,723	1,780	-	(302)	183,201
Present value of obligation at the end of the year	**1,840,316**	**78,427**	**-**	**148,908**	**2,067,651**	1,786,282	94,803	-	170,574	2,051,659

33.1.5 Amount recognised in profit or loss

	2021					2020				
	Management		Non-Management		Total	Management		Non-Management		Total
	Pension	Gratuity	Pension	Gratuity		Pension	Gratuity	Pension	Gratuity	
	(Rupees '000)					(Rupees '000)				
Current service cost	**22,599**	**5,082**	**-**	**5,282**	**32,963**	18,882	4,934	-	5,630	29,446
Interest cost	**165,628**	**7,961**	**-**	**15,324**	**188,913**	167,886	9,360	-	18,214	195,460
Expected return on plan assets	**(169,847)**	**-**	**(3,458)**	**(10,538)**	**(183,843)**	(189,086)	-	(3,488)	(8,830)	(201,404)
Employee contributions	**(2,633)**	**-**	**-**	**-**	**(2,633)**	(3,199)	-	-	-	(3,199)
(Reversal) /expense for the year	**15,747**	**13,043**	**(3,458)**	**10,068**	**35,400**	(5,517)	14,294	(3,488)	15,014	20,303

33.1.6 Remeasurement recognised in other comprehensive income

	2021					2020				
	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 financial assumptions	**14,526**	**(3,596)**	**-**	**151**	**11,081**	179,689	(413)	-	(159)	179,117
Experience loss / (gain)	**26,328**	**473**	**-**	**(15,619)**	**11,182**	2,034	2,193	-	(143)	4,084
Remeasurement of defined benefit Obligation	**40,854**	**(3,123)**	**-**	**(15,468)**	**22,263**	181,723	1,780	-	(302)	183,201
Loss / (gain) due to remeasurement of investment return	**(18,323)**	**-**	**1,475**	**3,933**	**(12,915)**	(10,574)	-	2,965	(5,068)	(12,677)
	22,531	**(3,123)**	**1,475**	**(11,535)**	**9,348**	171,149	1,780	2,965	(5,370)	170,524

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

	2021					2020				
	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	**30,496**	**(94,803)**	**34,326**	**(54,149)**	**(84,130)**	174,349	(87,679)	28,204	(132,068)	(17,194)
Net reversal / (charge) for the year	**(38,278)**	**(9,920)**	**1,983**	**1,467**	**(44,748)**	(165,632)	(16,074)	523	(9,644)	(190,827)
Contributions by the Company	**22,905**	**5,202**	**2,284**	**1,940**	**32,331**	24,995	5,734	5,599	87,563	123,891
Inter-fund transfers	**(21,094)**	**21,094**	**-**	**-**	**-**	(3,216)	3,216	-	-	-
Asset / (liability) in respect of staff retirement benefit schemes	**(5,971)**	**(78,427)**	**38,593**	**(50,742)**	**(96,547)**	30,496	(94,803)	34,326	(54,149)	(84,130)

33.1.8 Plan assets comprised the following:

	2021					2020				
	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.	**1,447,121**	**334,661**	**37,599**	**104,298**	**1,923,679**	1,457,510	342,029	33,572	124,612	1,957,723
Bank deposits	**47,179**	**6,242**	**994**	**2,055**	**56,470**	13,956	4,141	754	1,560	20,411
Inter-fund dues	**340,903**	**(340,903)**	**-**	**-**	**-**	346,170	(346,170)	-	-	-
Benefits due	**(858)**	**-**	**-**	**(8,187)**	**(9,045)**	(858)	-	-	(9,747)	(10,605)
	1,834,345	**-**	**38,593**	**98,166**	**1,971,104**	1,816,778	-	34,326	116,425	1,967,529

33.1.9 Expected contributions to the above schemes for the year ending December 31, 2022 is Rs. 58,100 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	**(156,619)**	183,739
- Effect of change in salaries	**36,450**	(33,565)
- Effect of change in pension	**163,193**	(143,254)

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:

	Note	2021	2020
		---- (Rupees '000) ----	
Total balance (payable) in respect of defined benefit schemes		**(96,547)**	(84,130)
Total balance receivable / (payable) in respect of defined contribution schemes		**2,198**	(3,789)
	20	**(94,349)**	(87,919)

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:

	2021	2020
	----- % per annum -----	

33.2.1 Actuarial assumptions

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

- Discount rate	**11.75**	9.75
- Medical cost trend rate	**7.75**	5.75

		Note	2021	2020
			--------- (Rupees '000) ---------	
33.2.2	**Amount recognised in the statement of financial position**			
	Present value of defined benefit obligation	33.2.3	**170,543**	171,566
	Fair value of plan assets		**-**	-
	Liability recognised at end of the year		**170,543**	171,566
33.2.3	**Movement in the present value of defined benefit obligation**			
	Present value of obligation at beginning of the year		**171,566**	173,067
	Current service cost		**1,860**	2,079
	Interest cost		**16,183**	18,861
	Benefits paid during the year		**(11,163)**	(10,834)
	Remeasurement on obligation		**(7,903)**	(11,607)
	Present value of obligation at end of the year		**170,543**	171,566
33.2.4	**Movement in the liability recognised in the statement of financial position**			
	Balance at beginning of the year		**171,566**	173,067
	Charge for the year	33.2.5 / 33.2.6	**10,140**	9,333
	Benefits paid during the year		**(11,163)**	(10,834)
	Balance at end of the year		**170,543**	171,566
33.2.5	**Amount recognised in profit or loss**			
	Current service cost		**1,860**	2,079
	Interest cost		**16,183**	18,861
			18,043	20,940
33.2.6	**Remeasurement recognised in other comprehensive income**			
	Loss /(gain) from changes in financial assumptions		**3,166**	(2,468)
	Experience (Gain)		**(11,069)**	(9,139)
			(7,903)	(11,607)

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	**(15,449)**	20,932

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.

	2021	2020	2019	2018	2017
	-------	-------	(Rupees '000)	-------	-------
Fair value of plan assets	**1,971,104**	1,967,529	1,814,105	1,779,179	1,861,769
Present value of defined benefit obligation	**(2,238,194)**	(2,223,225)	(2,004,366)	(1,970,367)	(1,855,301)
(Deficit) / surplus	**(267,090)**	(255,696)	(190,261)	(191,188)	6,468

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, 2020 and unaudited financial statements as at December 31, 2021 are as follows:

	2021	2020
	--------- (Rupees '000) ---------	
Shell Pakistan Management Staff Provident Fund	**1,207,464**	1,311,309
Shell Pakistan Labour Provident Fund	**147,073**	167,284
Shell Pakistan Management Staff Gratuity Fund	**334,661**	342,029
Shell Pakistan Labour and Clerical Staff Gratuity Fund	**104,298**	124,612
Shell Pakistan Management Staff Pension Fund	**1,447,121**	1,457,510
Shell Pakistan Staff Pension Fund	**37,599**	33,572
Shell Pakistan DC Pension Fund	**2,043,621**	2,043,468
	5,321,837	5,479,784

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

	2021	2020
	--------- (Rupees '000) ---------	
in respect of:		
- pension and gratuity scheme	**35,400**	20,303
- defined contribution funds	**221,995**	244,024
- post-retirement medical benefit scheme	**18,043**	20,940
	275,438	285,267

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

	2021			2020		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees '000)					
Short-term benefits						
Director's fee	-	6,793	-	-	7,329	-
Managerial remuneration (including bonus)	27,681	40,195	1,637,830	31,648	49,536	1,812,640
- House rent	14,118	-	-	14,459	-	-
- Fuel	435	771	63,027	1,516	486	66,671
Medical expenses	392	2,766	51,679	358	1,737	35,704
	42,626	50,525	1,752,536	47,981	59,088	1,915,015
Post-employment benefits						
Company's contribution to pension, gratuity and provident fund	3,155	4,433	189,622	2,954	4,280	279,567
	45,781	54,958	1,942,158	50,935	63,368	2,194,582
Number of persons including those who worked part of the year	2	13	379	1	8	386

34.1 As at December 31, 2021, the total number of Directors were 10 (2020: 10), excluding Chief Executive.

34.2 Aggregate amount charged in the financial statements in respect of fee to Non-Executive Directors amounts to Rs.6,793 thousand (2020: Rs.7,329 thousand).

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

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	2021	2020
		-------- (Rupees '000)	--------
Associate	Pipeline charges	**319,377**	221,071
	Dividend received	**832,308**	760,439
	Others	**12,814**	12,501
Employees' retirement funds			
Pension funds	Contribution	**25,189**	30,594
Defined contribution pension fund	Contribution	**149,484**	163,205
Gratuity funds	Contribution	**7,142**	93,297
Provident funds	Contribution	**72,511**	80,819
Key management personnel	Salaries and other short term employee benefits	**64,500**	111,773
	Post-employment benefits	**8,128**	8,661
	Medical	**3,357**	2,655
	Loan to Director	**1,399**	5,492
Directors	Fee for attending meetings	**6,793**	7,329
Others	Purchases	**142,563,608**	64,651,134
	Sales	**229,836**	211,650
	Collection for sales made in Pakistan from customers of the parent company and its associates	**1,245,915**	987,889
	Technical service fee charged – note 35.1	**2,885,276**	2,302,054
	Trade-marks and manifestations license fee charged – note 27.2	**620,000**	494,155
	Expenses recovered from related parties - net	**137,256**	171,682
	Other expenses charged by related Parties - note 35.2	**1,477,821**	1,222,175
	Donations	**11,690**	4,284
	Legal charges	**1,541**	552
	Commission expense – net	**361**	5,408
	Subscription paid	**300**	1,924

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. 382,546 thousand (2020: Rs.332,460 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 Following are the associated companies incorporated outside Pakistan with whom the Company has entered into transactions or has arrangement / agreement in place:

S.No.	Company Name	Basis of association	Country of Incorporation
1	Shell plc (formerly known as 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
38	Shell U.K. Limited	Group Company	United Kingdom
39	Belgian Shell S.A.	Group Company	Belgium

40	Shell China Limited	Group Company	China
41	Brunei Shell Petroleum Company Sendirian Berhad	Group Company	Brunei
42	Saudi Arabian Markets and Shell Lubricants Company Limited	Group Company	Saudi Arabia
43	Shell Canada Products Limited	Group Company	Canada
44	Shell Companies of Indonesia	Group Company	Indonesia
45	Shell Downstream South Africa (Pty) Limited	Group Company	South Africa
46	Shell Nederland Verkoopmaatschappij B.V.	Group Company	Netherlands
47	Shell International Exploration and Production B.V.	Group Company	Netherlands
48	Shell Eastern Petroleum (Pte) Limited	Group Company	Singapore
49	Shell UK Oil Products Limited	Group Company	United Kingdom
50	Shell Nederland B.V.	Group Company	Netherlands

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

S.No.	Company Name	Basis of association
1	Pakistan Energy Gateway Limited	Common Directorship
2	Shell LiveWire Trust	Common Directorship
3	Pak-Arab Pipeline Company Limited	Associate (Refer note 7)
4	The Aga Khan Hospital and Medical College Foundation	Common Directorship
5	Vellani & Vellani	Common Directorship
6	The Aga Khan University Foundation	Common Directorship
7	Petroleum Institute of Pakistan	Common Directorship
8	National Management Foundation	Common Directorship
9	Pakistan Human Development Fund	Common Directorship
10	Pakistan Centre For Philanthropy	Common Directorship
11	The Kidney Centre Post Graduate Training Institute	Common Directorship
12	Oil Companies Advisory Council	Common Directorship
13	Dawood Hercules Corporation	Common Directorship
14	Pakistan Board of The Acumen Fund	Common Directorship
15	Wyeth Pakistan Limited	Common Directorship
16	Roche Pakistan Limited	Common Directorship
17	Novartis Pharma (Pakistan) Limited	Common Directorship
18	Esso Pakistan (Private) Limited	Common Directorship
19	Hisaar Foundation	Common Directorship
20	Unilever Pakistan Foods Limited	Common Directorship
21	Gizri Corporation (Pvt.) Ltd.	Common Directorship
22	Pakistan Security Printing Corporation	Common Directorship
23	Unilever Pakistan Limited	Common Directorship
24	Petroleum Packages (Private) Limited	Common Directorship
25	UBL Fund Managers Limited	Common Directorship
26	Stylers International	Common Directorship
27	Data Check Private Limited	Common Directorship
28	Benazir Income Support Programme	Common Directorship
29	Gizri Cotton (Pvt) Limited	Common Directorship
30	Habib University Foundation	Common Directorship
31	Shell Energy Pakistan (Private) Limited	Common Directorship

	Note	2021	2020
		--------- (Rupees '000)	---------
36 CASH GENERATED FROM OPERATIONS			
Profit / (loss) before taxation		**6,608,506**	(4,815,261)
Adjustment for non-cash charges and other items:			
Depreciation charge for the year on operating assets	4.3	**1,398,476**	1,246,091
Depreciation charge for the year on right-of-use assets	5.1	**711,178**	638,216

	Note	2021	2020
		--------- (Rupees '000) ---------	
Amortization charge for the year	6	**3,152**	3,152
Accretion expense in respect of asset retirement obligation	17	**7,618**	4,783
Reversal of liability in respect of asset retirement obligation	17	**(269)**	(91)
Provision / (Reversal) of allowance of expected credit loss of trade debts	29	**(37,501)**	54,782
Provision / (Reversal) for impairment of other receivables	14.1	**153,410**	(33,828)
Provision / (Reversal) for obsolete and slow moving stock	11.6	**33,519**	(100,103)
Write off of operating assets	28	**40,885**	148,486
Reversal of impairment of operating assets	4.9	**(87,319)**	(57,733)
Gain on disposal of operating assets	29	**(1,517)**	(12,795)
Share of profit of associate - net of tax	7.1	**(858,397)**	(1,074,043)
Interest on term deposit receipts	29	**(156,107)**	-
Interest on savings accounts	29	**(29,681)**	(28,475)
Mark-up on long-term financing	30	**51,481**	238,655
Mark-up on short-term borrowings and running finance	30	**68,808**	707,427
Accretion of interest on lease liabilities	19	**546,047**	468,489
Provision for post-retirement medical benefits	33.2.5	**18,043**	20,940
Working capital changes	36.1	**(1,106,450)**	5,269,063
		7,363,882	2,677,755

36.1 Working capital changes

	Note	2021	2020
		------ (Rupees '000) ------	
(Increase) / decrease in current assets			
Stock-in-trade		**(23,235,323)**	4,003,378
Trade debts		**(658,160)**	517,473
Loans and advances		**6,733**	32,206
Short-term deposits and prepayments		**91,687**	(74,805)
Other receivables		**(726,267)**	434,032
		(24,521,330)	4,912,284
Increase in current liabilities			
Trade and other payables		**22,786,924**	290,834
Advances received from customers (contract liabilities)		**627,956**	65,945
		(1,106,450)	5,269,063

37 CASH AND CASH EQUIVALENTS

	Note	2021	2020
Cash and bank balances	15	**4,973,417**	2,542,876
Short-term borrowings	22	**-**	(6,150,510)
		4,973,417	(3,607,634)

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 along with categorization as financial assets and financial liabilities in accordance with IFRS 9 is summarized as follows:

	2021						
	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							
Long-term investments	-	-	-	-	-	-	-
Amortized cost							
Loans	-	-	-	72,434	37,440	109,874	109,874
Deposits	-	-	-	513,894	263,416	777,310	777,310
Trade debts	-	-	-	4,667,468	-	4,667,468	4,667,468
Other receivables	-	-	-	4,822,493	-	4,822,493	4,822,493
Cash and bank balances	3,859,281	-	3,859,281	1,114,136	-	1,114,136	4,973,417
	3,859,281	-	3,859,281	11,190,425	300,856	11,491,281	15,350,562
Financial liabilities							
Amortized cost							
Trade and other payables	-	-	-	60,608,021	-	60,608,021	60,608,021
Unclaimed dividend	-	-	-	293,906	-	293,906	293,906
Unpaid dividend	-	-	-	-	-	-	-
Accrued mark-up	-	-	-	1,187	-	1,187	1,187
Short-term borrowings	-	-	-	-	-	-	-
Lease liabilities	-	-	-	941,856	10,008,120	10,949,976	10,949,976
	-	-	-	61,844,970	10,008,120	71,853,090	71,853,090

	2020						
	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							
Long-term investments	-	-	-	-	-	-	-
Amortized cost							
Loans	-	-	-	75,037	29,131	104,168	104,168
Deposits	-	-	-	563,641	153,299	716,940	716,940
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	12,052,374	182,430	12,234,804	12,432,370
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
Lease liabilities	-	-	-	787,891	8,704,200	9,492,091	9,492,091
Long-term financing	-	-	-	-	4,000,000	4,000,000	4,000,000
	6,150,510	-	6,150,510	39,188,222	12,704,200	51,892,422	58,042,932

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

39.1.1 Changes in liabilities from financing activities

	January 1, 2021	Cash flows	Non cash flow	December 31, 2021
	------------- (Rupees '000) -------------			
Short-term borrowings	6,150,510	(6,150,510)	-	-
Long-term financing	4,000,000	(4,000,000)	-	-
Lease liabilities	4,952,005	(884,910)	1,979,782	6,046,877
Dividends payable	316,944	(23,038)	-	293,906
	15,419,459	(11,058,458)	1,979,782	6,340,783

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.

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.15,350,562 thousand (2020: Rs.12,432,370 thousand) the financial assets subject to credit risk amount to Rs.15,350,562 thousand (2020: Rs.12,432,370 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 carrying values of financial assets which are neither past due nor impaired are as under:

	2021	2020
	--------- (Rupees '000) ---------	
Loans	**109,874**	104,168
Deposits	**777,310**	716,940
Trade debts	**3,962,880**	3,393,040
Other receivables	**4,822,493**	5,096,579
Bank balances	**4,973,417**	2,542,876
	14,645,974	11,853,603

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

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	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	-	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.

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, 2021, 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	2021		2020	
		%	Rs. '000	%	Rs. '000
USD	lower / higher	**5%**	2,377,718	5%	1,114,113
GBP	lower / higher	**5%**	21,678	5%	19,715
EUR	lower / higher	**5%**	12,936	5%	12,152
JPY	lower / higher	**5%**	-	5%	365
SGD	lower / higher	**5%**	-	5%	119

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 cash and bank savings accounts, term deposit receipts, 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, 2021, 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. 23 thousand (2020: Rs.264 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, 2021, 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.

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.

	2021	2020
	--------- (Rupees '000)	---------
The proportion of borrowings to equity at year end was:		
Total borrowings	-	10,150,510
Total equity	**15,321,478**	(651,159)
	15,321,478	9,499,351
Gearing ratio	**0%**	107%

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

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

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

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, 2021, except for the Company's investment in Arabian Sea Country Club Limited (which is valued under level 3 using the discounted cashflow technique), none of the financial instruments are carried at fair value in these financial statements.

The major assumptions and inputs used by the management and sensitivity have not been disclosed as the amounts are not material to the financial statements.

The carrying value of all financial assets and liabilities reflected in these financial statements approximate their fair values.

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, 2021 (December 31, 2020: 100%).

All non-current assets of the Company as at December 31, 2021 and 2020 are located in Pakistan.

Sales to twenty major customers of the Company are around 15% during the year ended December 31, 2021 (December 31, 2020: 15%).

42 CAPACITY AND ACTUAL PERFORMANCE

	2021	2020
	---------- Metric Ton ----------	
Available capacity	**94,870**	94,870
Actual production	**57,564**	50,230

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

43 NUMBER OF EMPLOYEES

	2021	2020
Total employees as at December 31	**382**	409
Average number of employees during the year	**396**	408

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 16, 2022 by the Board of Directors of the Company.

Zarrar Mahmud	**Waqar I. Siddiqui**	**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, 2021

Board of Directors

During the year, five 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	5	5
Haroon Rashid	5	5
Parvez Ghias	5	5
Imran R. Ibrahim	5	5
Madiha Khalid	5	4
Zaffar A. Khan	5	5
Waqar I. Siddiqui	5	5
John King Chong Lo	5	5
Amir R. Paracha	5	5
Badaruddin F. Vellani	5	5
Faisal Waheed	5	4
Zarrar Mahmud	5	1
Zain K. Hak	5	1

Board Audit Committee

During the year, five 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	5	4
Badaruddin F. Vellani	5	5
Imran R. Ibrahim	5	5

Human Resource and Remuneration Committee

During the year, two meetings of the Human Resource and Remuneration Committee were held, and the attendance of each director is given below:

Board of Directors	Number of Meetings Held	Number of meetings attended
Zaffar A. Khan	2	2
Parvez Ghias	2	2
Waqar I. Siddiqui	2	1
Haroon Rashid	2	1
Zain K. Hak	2	1

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2021

Number of Shareholders		Shareholding From	Shareholding To		Total Number of Shares Held
2,155	-	1	100	-	108,052
2,649	-	101	500	-	827,920
2,046	-	501	1,000	-	1,594,323
2,567	-	1,001	5,000	-	6,056,836
552	-	5,001	10,000	-	4,018,832
196	-	10,001	15,000	-	2,444,830
98	-	15,001	20,000	-	1,738,667
61	-	20,001	25,000	-	1,397,333
37	-	25,001	30,000	-	1,020,612
22	-	30,001	35,000	-	710,324
15	-	35,001	40,000	-	568,811
16	-	40,001	45,000	-	680,309
11	-	45,001	50,000	-	536,474
11	-	50,001	55,000	-	575,589
6	-	55,001	60,000	-	354,400
4	-	60,001	65,000	-	248,104
4	-	65,001	70,000	-	268,900
6	-	70,001	75,000	-	435,842
9	-	75,001	80,000	-	707,318
6	-	80,001	85,000	-	502,756
3	-	85,001	90,000	-	265,190
6	-	90,001	95,000	-	550,808
1	-	95,001	100,000	-	100,000
1	-	110,001	115,000	-	114,990
1	-	115,001	120,000	-	115,352
1	-	120,001	125,000	-	122,202
1	-	125,001	130,000	-	126,953
2	-	140,001	145,000	-	281,260
1	-	145,001	150,000	-	145,591
1	-	160,001	165,000	-	161,000
1	-	180,001	185,000	-	182,400
1	-	195,001	200,000	-	198,000
2	-	245,001	250,000	-	499,000
1	-	260,001	265,000	-	260,600
1	-	265,001	270,000	-	270,000
1	-	275,001	280,000	-	275,900
1	-	285,001	290,000	-	286,100
2	-	320,001	325,000	-	642,786
1	-	340,001	345,000	-	343,600
1	-	375,001	380,000	-	377,802
1	-	380,001	385,000	-	380,500
1	-	385,001	390,000	-	387,854
1	-	500,001	505,000	-	502,800
1	-	675,001	680,000	-	677,986

Number of Shareholders		Shareholding From	To		Total Number of Shares Held
1	-	790,001	795,000	-	790,500
1	-	805,001	810,000	-	805,516
1	-	810,001	815,000	-	811,294
1	-	845,001	850,000	-	848,100
1	-	920,001	925,000	-	924,916
1	-	1,185,001	1,190,000	-	1,186,200
1	-	1,365,001	1,370,000	-	1,365,432
1	-	2,140,001	2,145,000	-	2,143,000
1	-	7,380,001	7,385,000	-	7,384,494
1	-	165,700,001	165,705,000	-	165,700,304
10,515					214,024,662

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2021

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	165,700,304	77.42
NIT AND ICP			
National Bank of Pakistan	1	102	0.00
Mutual Funds (name wise details)			
CDC - Trustee HBL Energy Fund	1	20,000	0.01
CDC - Trustee AKD Index Tracker Fund	1	12,702	0.01
CDC - Trustee MCB Pakistan Stock Market Fund	1	380,500	0.17
CDC - Trustee NBP Islamic Energy Fund	1	78,900	0.04
Tri-Star Mutual Fund Limited	1	316	0.00
Directors			
Zaffar A. Khan	1	200	0.00
Badaruddin F. Vellani	1	390	0.00
Imran R. Ibrahim	1	140,886	0.07
Parvez Ghias	1	100	0.00
Amir R. Paracha	1	162	0.00
Directors' spouses			
Mrs. Ayesha Zeba Gias w/o Mr. Parvez Ghias	1	100	0.00
Mrs. Samina Ibrahim w/o Mr. Imran R Ibrahim	1	387,854	0.18
Executives	7	13,900	0.01
Public Sector Companies and Corporations	1	7,384,494	3.45
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	22	4,079,861	1.90
General Public			
a. Local	10,355	32,617,521	15.24
b. Foreign	3	20,894	0.01
Others	113	3,185,476	1.49
	10,515	**214,024,662**	**100.00**
Shareholders Holding five percent or more Voting Rights in the Listed Company (name wise details)			
The Shell Petroleum Company Limited, London	1	165,700,304	77.42

PATTERN OF SHAREHOLDING
AS AT DECEMBER 31, 2021

Trade in Shares by Directors/ Executives through CDC

Name	Category	Transaction's date	No. of Shares	Nature	Rate
Mr. Usman Khalid	Executive	01-01-2021	100	Sold	285.50
Mr. Usman Khalid	Executive	19-01-2021	500	RAL-Out	96.25
Mr. Usman Khalid	Executive	22-01-2021	100	RAL-In	92.00
Mr. Usman Khalid	Executive	25-01-2021	100	RAL-In	86.54
Mr. Usman Khalid	Executive	25-01-2021	100	Sold	201.05
Mr. Usman Khalid	Executive	01-02-2021	100	Sold	208.00
Mr. Usman Khalid	Executive	01-02-2021	100	Sold	210.00
Mr. Usman Khalid	Executive	01-02-2021	100	RAL-Out	90.60
Mr. Usman Khalid	Executive	01-02-2021	100	RAL-Out	92.60
Mr. Usman Khalid	Executive	09-02-2021	100	RAL-In	83.56
Mr. Usman Khalid	Executive	09-02-2021	100	Sold	205.40
Mr. Usman Khalid	Executive	09-03-2021	100	Bought	180.49
Mr. Usman Khalid	Executive	10-03-2021	100	Bought	173.50
Mr. Usman Khalid	Executive	15-03-2021	100	Bought	165.00
Mr. Usman Khalid	Executive	15-03-2021	100	Bought	167.00
Mr. Usman Khalid	Executive	22-03-2021	100	Bought	161.58
Mr. Usman Khalid	Executive	29-03-2021	100	Bought	156.43
Mr. Usman Khalid	Executive	29-03-2021	100	Bought	154.50
Mr. Usman Khalid	Executive	23-04-2021	400	Sold	158.00
Mr. Usman Khalid	Executive	04-05-2021	100	Bought	150.05
Mr. Usman Khalid	Executive	20-05-2021	100	Bought	156.00
Mr. Usman Khalid	Executive	25-05-2021	100	Bought	156.27
Mr. Usman Khalid	Executive	28-05-2021	100	Sold	164.00
Mr. Usman Khalid	Executive	31-05-2021	100	Sold	169.85
Mr. Usman Khalid	Executive	31-05-2021	100	Sold	174.50
Mr. Usman Khalid	Executive	03-06-2021	100	Sold	183.00
Mr. Usman Khalid	Executive	08-06-2021	100	Sold	191.00
Mr. Usman Khalid	Executive	30-06-2021	100	Bought	175.00
Mr. Usman Khalid	Executive	23-07-2021	16,700	Sold	173.48
Mr. Usman Khalid	Executive	28-07-2021	200	Bought	168.30
Mr. Usman Khalid	Executive	02-09-2021	100	Bought	151.80
Mr. Usman Khalid	Executive	13-09-2021	23,300	Sold	148.85
Mr. Hamza Kholia	Executive	05-10-2021	200	Bought	138.00
Mr. Usman Khalid	Executive	07-10-2021	200	Bought	137.40
Mr. Hamza Kholia	Executive	02-11-2021	200	Bought	139.61
Mr. Usman Khalid	Executive	03-11-2021	200	Bought	139.00
Mr. Hamza Kholia	Executive	23-11-2021	300	Bought	126.50
Mr. Usman Khalid	Executive	24-11-2021	100	Bought	126.50
Mr. Hamza Kholia	Executive	02-12-2021	200	Bought	118.50
Mr. Saifullah Khan	Executive	16-12-2021	10,000	Bought	119.00

PATTERN OF SHAREHOLDING
AS AT DECEMBER 31, 2021

Rights Shares subscribed by Directors/Executives/Spouses & Substantial Shareholder

Name	Category	Date of credit	No.of shares	Nature	Rate
The Shell Petroleum Company Limited (London)	Substantial shareholder	09-03-2021	84,256,602	Rights shares	108.00
Mr. Haroon Rashid	CEO/Director	09-03-2021	20,000	Rights shares	108.00
Mr. Imran R. Ibrahim	Director	09-03-2021	70,443	Rights shares	108.00
Mr. Badaruddin F. Vellani	Director	09-03-2021	195	Rights shares	108.00
Mr. Zaffar A. Khan	Director	09-03-2021	100	Rights shares	108.00
Mr. Amir R. Paracha	Director	09-03-2021	81	Rights shares	108.00
Mr. Parvez Ghias	Director	09-03-2021	50	Rights shares	108.00
Mr. Abid S. Ibrahim	Senior management	09-03-2021	3,391	Rights shares	108.00
Mr. Mir Hassan Ali Talpur	Executive	09-03-2021	100	Rights shares	108.00
Mr. Wajahatullah Khan	Executive	09-03-2021	200	Rights shares	108.00
Mrs. Samina Ibrahim	Spouse	09-03-2021	193,927	Rights shares	108.00
Mrs. Ayesha Zeba Ghias	Spouse	09-03-2021	50	Rights shares	108.00

FORM OF PROXY

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

I/We ____

of ______________________ in 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 20, 2022, at 10:30 a.m. through video-conference facility/ Movenpick Hotel, Karachi.

Signed this ______________ day of ______________ 2022.

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.

Shell Pakistan Limited
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Pakistan
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