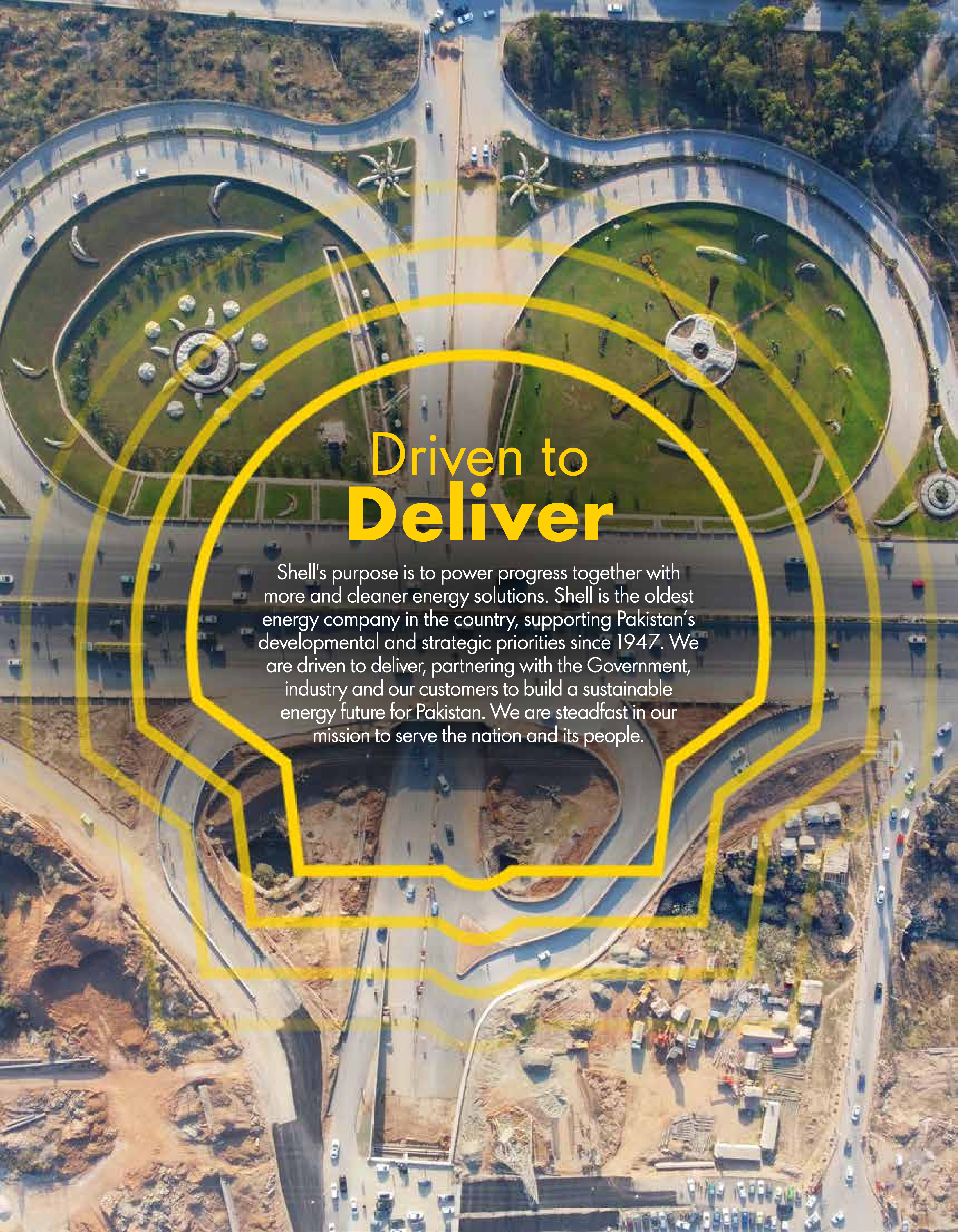
Driven to Deliver

Shell Pakistan Limited
Annual Report
2022



Driven to **Deliver**

Shell's purpose is to power progress together with more and cleaner energy solutions. Shell is the oldest energy company in the country, supporting Pakistan's developmental and strategic priorities since 1947. We are driven to deliver, partnering with the Government, industry and our customers to build a sustainable energy future for Pakistan. We are steadfast in our mission to serve the nation and its people.

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Driven to Deliver **Energy**

Energy is vital to our daily lives. It powers the wheels that drive growth and mobility across the nation. Shell Pakistan works with our partners, communities and the Government to deliver energy across the nation safely, reliably and in environmentally responsible ways.

We use human ingenuity, innovation and technology to unlock more, cleaner energy for the years ahead.

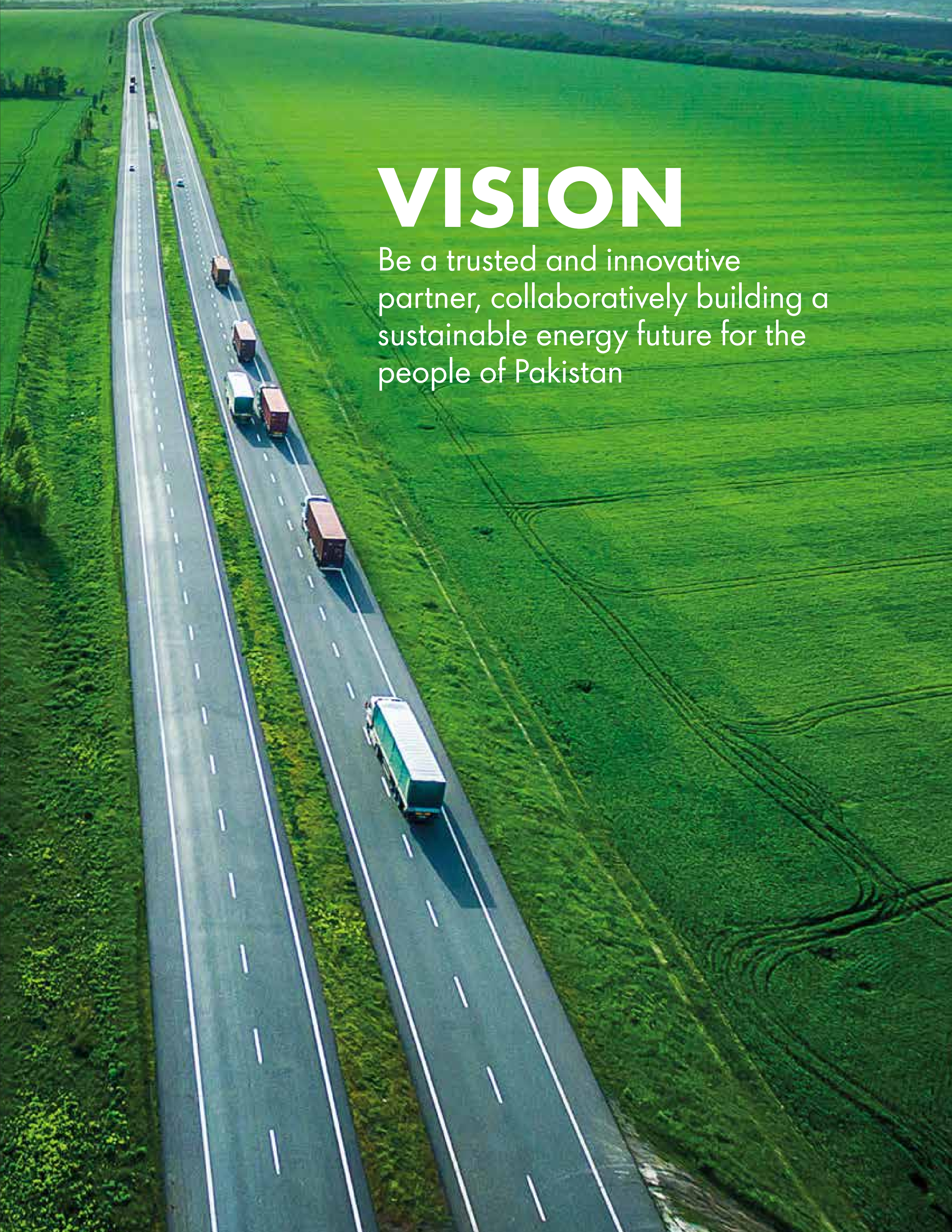
Governance and Compliance

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 Waqar I. Siddiqui Zain K. Hak
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

Be a trusted and innovative partner, collaboratively building a sustainable energy future for the people of 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.

* Shell plc and the companies in which it directly or indirectly owns investments are separate and distinct entities. But in this publication, the collective expressions 'Shell' and 'Shell Group' may be used for convenience where reference is made in general to those companies. Likewise, the words 'we', 'us', 'our' and 'ourselves' are used in some places to refer to the companies of the Shell Group in general. These expressions are also used where no useful purpose is served by identifying any particular company or companies.

Living By Our Principles

The objectives of the Shell Group are to engage efficiently, responsibly and profitably in oil, gas, chemicals 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.

Our shared core values of honesty, integrity and respect for people underpin all the work we do and are the foundation of our Business Principles.

The Business Principles apply to all transactions, large or small, and drive the behaviour expected of every employee in every Shell company in the conduct of its business at all times.

We are judged by how we act. Our reputation will be upheld if we act in accordance with the law and the Business Principles. We encourage our business partners to live by them or by equivalent principles.

It is the responsibility of management to lead by example, to ensure that all employees are aware of these principles, and behave in accordance with the spirit as well as with the letter of this statement.

The application of these principles is underpinned by a comprehensive set of assurance procedures, which are designed to make sure that our employees understand the principles and confirm that they act in accordance with them.

As part of the assurance system, it is also the responsibility of management to provide employees with safe and confidential channels to raise concerns and report instances of non-compliance. In turn, it is the responsibility of Shell employees to report suspected breaches of the Business Principles to Shell.

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 companies recognise 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 and environmental impact, which are supported by the requisite technological, 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; to provide them with channels to report concerns. We recognise 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, organisations 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 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 neighbours 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 recognise 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, 2022

Dear Shareholders,

I am pleased to present to you the Chairperson's review for the year ended December 31, 2022.

This has been a challenging and volatile year for the country and the oil industry. The year saw an unprecedented depreciation of the Rupee, rising inflation and macroeconomic uncertainty. During the second half of the year, Pakistan was hit by the tragic and devastating monsoon floods affecting an estimated 33 million people. Despite these challenges, the Company focused on its strategic priorities of providing safe, efficient and reliable fuel supply, and maintaining operational excellence in all aspects of its operations. The Company continues to be at the forefront of the industry in ensuring safe operations across the business and playing an industry leading role in terms of safety advocacy.

Through this period, the Board played a pivotal role in steering the Company. In line with the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (and all applicable laws), the Board of Directors performed their responsibilities diligently, playing a key role in monitoring management performance and successfully setting strategic goals for the 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.

The Board was assisted by relevant sub-committees - the Board Audit Committee and the Human Resource and Remuneration Committee, which operated as per the Code of Corporate Governance guidelines. The committees were instrumental in highlighting areas of improvement in both process and performance.

The Board ensured that there was adequate representation of non-executive and independent directors on the Board and its committees. All significant issues were presented before the Board and its committees to strengthen the corporate decision-making process, and all related party transactions executed by the Company were approved by the Board on the recommendation of the Board Audit Committee.

The Board and the management remain committed to building on these foundations and maintaining focus on improving the performance of the Company in all dimensions, keeping all stakeholder needs in mind.

However, the Company continues to face challenges from external factors such as currency devaluation, oil price volatility and economic uncertainty which have strained the Company's working capital and cash position. Nevertheless, the Board of Directors along with the management are committed to work towards minimizing the impact of these challenges, capture relevant opportunities and play its due role in developing a sustainable energy future for Pakistan.

I would like to take this opportunity to acknowledge my fellow Board members and our employees for their unwavering dedication to Shell Pakistan Limited's vision. I would also like to thank our shareholders, customers and all other stakeholders for their dedication, sustained support and trust in the Company, as we continue the journey to serve customers and nation to the best of our abilities.

Zain Hak

Zain K. Hak
Chairperson

چیئرپرسن کا جائزہ

31 دسمبر 2022ء کو اختتام پذیر ہونے والے سال کے لیے

عزیز شیئر ہولڈرز،

میں 31، دسمبر 2022ء کو اختتام پذیر ہونے والے سال کے لیے چیئرپرسن کا تجزیہ پیش کرتے ہوئے مسرور ہوں۔

ملک اور تیل کی صنعت کے لیے یہ دشوار اور اتار چڑھاؤ سے بھرپور سال رہا ہے۔ اس سال روپے کی قدر میں غیر معمولی کمی، بڑھتی ہوئی مہنگائی اور معاشی غیر یقینی صورت حال دکھائی دی۔ سال کی دوسری ششماہی کے دوران، پاکستان المناک اور تباہ کن مون سون سیلابوں کا شکار بنا، جس سے ایک اندازے کے مطابق 33 ملین افراد متاثر ہوئے۔ ان دشواریوں کے باوجود، آپ کی کمپنی نے فیول کی محفوظ، مؤثر اور مستند فراہمی، اور اپنے آپریشنز کے تمام پہلوؤں میں آپریشنل برتری کو برقرار رکھنے کی اپنی اسٹریٹجک ترجیحات پر توجہ مرکوز کی۔ کمپنی نے پورے کاروبار میں محفوظ آپریشنز کو یقینی بنانے کے لیے صنعت میں اپنا ممتاز مقام برقرار رکھا اور حفاظت کی تائید کے ضمن میں صنعت میں نمایاں کردار ادا کرتی رہی ہے۔

اس مدت کے دوران، کمپنی کے معاملات کو چلانے میں بورڈ نے اہم کردار ادا کیا۔ کمپنیز ایکٹ، 2017ء اور فہرستی کمپنیوں (کوڈ آف کارپوریٹ گورننس) کے ضوابط، 2019ء (اور تمام قابل اطلاق قوانین) کے مطابق، بورڈ آف ڈائریکٹرز نے اپنی ذمہ داریاں پوری تن دہی سے نبھائیں، نیز مینیجمنٹ کی کارکردگی کی نگرانی اور کمپنی کے لیے اسٹریٹجک اہداف کے کامیاب حصول میں کلیدی کردار ادا کیا۔ بورڈ اس حقیقت سے بخوبی آگاہ ہے کہ کارپوریٹ نظم و نسق کے بہترین معیارات کو یقینی بنانے پر توجہ مرکوز کرنے کے ساتھ کارپوریٹ احتساب کو بڑھانے کے لیے کارپوریٹ گورننس کے معین پراسس اہمیت کے حامل ہیں۔

بورڈ کو متعلقہ ذیلی کمیٹیوں - بورڈ کی آڈٹ کمیٹی اور کمیٹی برائے افرادی وسائل و معاوضے کی معاونت حاصل رہی، جنھوں نے کوڈ آف کارپوریٹ گورننس کے رہنما خطوط کے مطابق امور انجام دیے۔ کمیٹیوں نے پراسس اور کارکردگی دونوں کے حوالے سے ان شعبوں کی نشان دہی میں اہم کردار ادا کیا جہاں بہتری کی ضرورت تھی۔

بورڈ نے یقینی بنایا کہ بورڈ اور اس کی کمیٹیوں میں نان ایگزیکٹو اور خودمختار ڈائریکٹرز کی مناسب نمائندگی موجود رہے۔ کارپوریٹ فیصلہ سازی کے عمل کو مضبوط بنانے کے لیے بورڈ اور اس کی کمیٹیوں کے سامنے تمام اہم مسائل پیش کیے گئے، اور کمپنی کی جانب سے تمام اسٹیک ہولڈرز کے ساتھ کیے گئے لین دین کو بورڈ آڈٹ کمیٹی کی سفارش پر بورڈ نے منظور کیا۔

بورڈ اور منیجمنٹ ان بنیادوں کو استوار کرنے اور تمام اسٹیک ہولڈرز کی ضروریات کو مدّنظر رکھتے ہوئے کمپنی کی کارکردگی کو تمام جہتوں میں بہتر بنانے پر توجہ مرکوز رکھنے کے لیے پُرعزم ہیں۔

تاہم، کمپنی بیرونی عوامل جیسے کرنسی کی قدر میں کمی، تیل کی قیمتوں میں اتار چڑھاؤ اور اقتصادی غیر یقینی صورت حال سے پیدا ہونے والی دشواریوں سے نبرد آزما رہی ہے، جس نے کمپنی کے جاری سرمائے اور نقد رقم کی کیفیت کو تناؤ کا شکار کیا ہے۔ اس کے باوجود، بورڈ آف ڈائریکٹرز منیجمنٹ کے ساتھ مل کر ان دشواریوں کے اثرات کو کم کرنے، متعلقہ مواقع سے استفادہ کرنے اور پاکستان کے لیے توانائی کے پائیدار مستقبل کی تیاری میں اپنا بھرپور کردار ادا کرنے کے لیے پُرعزم ہیں۔

میں اس موقع پر شیل پاکستان لمیٹڈ کے نصب العین کے لیے بورڈ کے اپنے ساتھی ارکان اور اپنے ملازمین کی غیر متزلزل لگن کا اعتراف بھی کرنا چاہوں گا۔ کمپنی کے لیے لگن، مستقل معاونت اور کمپنی پر اعتماد کے لیے ہمارے شیئر ہولڈرز، صارفین، اور دیگر تمام اسٹیک ہولڈرز کے شکرگزار ہیں، کیونکہ ہم اپنی تمام تر صلاحیتوں کے ساتھ اپنے صارفین کی خدمت کا اپنا سفر جاری رکھے ہوئے ہیں۔

Zain Haq

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 28 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 25+ 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.

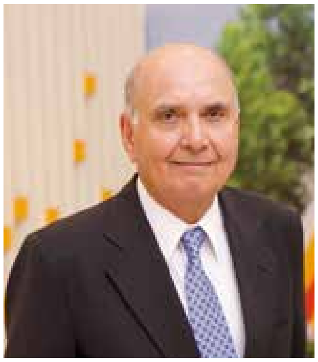
Waqar is an internationally experienced board level executive with sustained record of business transformation achievement for Shell and other oil majors. He has a solid track record of exemplary stakeholder management experience; recognized as a trusted advisor to government regulator and is regularly 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.

Parvez Ghias



Parvez Ghias is a fellow of the Institute of Chartered Accountants from England & Wales and holds a bachelors degree in Economics and Statistics.

He was Chief Executive Officer at Habib University Foundation, a not-for-profit organization engaged in promotion of higher education through its flagship project the Habib University from 2017 to 2022. Prior to that Parvez Ghias was the Chief Executive Officer at Indus Motor Company from 2005 to 2016, a joint venture between the House of Habib, Toyota Motor and Toyota Tsusho Corporations, engaged in the manufacturing and marketing of Toyota brand automobiles.

His earlier career spanning 25+ years was at Engro Corporation (formerly Exxon Chemical Pakistan, an Exxon Mobil affiliate), where he undertook various assignments in Pakistan, Hong Kong and Canada, including CFO and Vice President Corporate Affairs and served as a board member of the Company and its subsidiaries.

Parvez Ghias currently serves as an independent director on the boards of Shell Pakistan, Ravi Autos Sundar and HRSG and as a non-executive director on the board of Dawood Hercules Corporation. He is also a member of the advisory board at Al Karam Textile Mills Ltd.

Imran Rashid Ibrahim

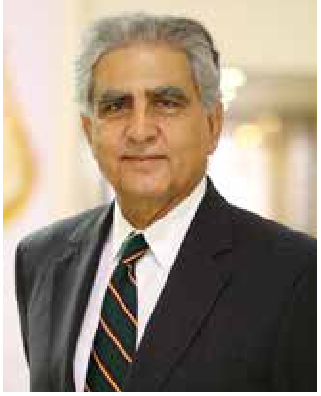
Imran Rashid Ibrahim is a graduate from Government College, Lahore, and pursued post graduate studies at the Institute of Business Administration in Karachi. He is an entrepreneur with 46 years of experience in diverse areas of business such as distribution of products for various multinationals as well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

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

Madiha Khalid

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

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



Zaffar A. Khan

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

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

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

He is a recipient of Sitara e Imtiaz.

John King Chong Lo

John has over 30 years experience in the Oil & Gas and Petrochemicals industries and has worked in a variety of Downstream positions. As General Manager of Trading & Supply, John is responsible to oversee Shell's Global Trading Operations and supply of fuels to customers around the world. 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 of the Board and Chief Executive Officer of Unilever Pakistan Limited. He joined Unilever in 2000 as an Assistant Brand Manager and then progressed into diverse Marketing and Sales leadership positions over the course of his career.

In his present role, Amir is spearheading the company's "Unilever for Pakistan" vision, a purpose-led movement to amplify Unilever Pakistan's role in empowering Pakistanis through equitable opportunities, meaningful lives, and livelihoods at living wage. He is driving Unilever Pakistan's climate action with focused efforts around a clean energy transition, reduced plastic footprint, and momentum towards a circular economy in the country.

Amir actively partners with the wider industry and ecosystem. He is the President of the Overseas Investors Chamber of Commerce & Industry (OICCI) and is serving on the Boards of Endeavor Pakistan, Karachi Vocational Training Centre, and Federation of Pakistan Chambers of Commerce & Industry (FPCCI). He also leads the Centre of Excellence for Responsible Business (CERB) for the Pakistan Business Council.

Amir earned his Master's in Business Administration (MBA) from the Institute of Business Administration. He began his career at The Royal Dutch Shell Oil Company in 1996. Over his career, he also attended executive courses at the Harvard, INSEAD & London Business School. In his spare time, he enjoys reading, landscaping, and experimenting with conceptual architecture and is a champion for the Male Champions of Change Australia (MCC)'s Pakistan Coalition.

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 and several philanthropic organizations and foundations.

Report of the **Directors**

For the year ended December 31, 2022

Dear Shareholders,

The Directors of the Company present the Annual Report together with the audited financial statements for the year ended December 31, 2022.

The loss for the year ended December 31, 2022, after providing for administrative, marketing and distribution expenses, financial and other charges amounts to:

	Rupees in Million
Profit before taxation	2,915
Taxation	(2,987)
Net Loss for the year ended December 31, 2022	(72)
	Rupees
Loss per share – basic and diluted	(0.34)

Appropriations and movement in reserves have been disclosed in the Statement of Changes in Equity on page 78 of these financial statements.

An interim dividend of PKR 3 per share was proposed, approved and paid for the nine months ended September 30, 2022 to members whose names were entered in the share register as of October 31, 2022.

Business Review

This has been a challenging and volatile year for the country and the oil industry. The year saw an unprecedented depreciation of the Rupee, rising inflation and macroeconomic uncertainty. During the second half of the year, Pakistan was hit by one of the worst natural disasters in its recorded history, with the tragic and devastating monsoon floods affecting one-third of the entire country. The continued economic challenges over the year resulted in a slow-down in economic activity, low demand and risks to supply security. Exchange rate losses, devaluation of the Rupee and overdue receivables contributed to loss for the year ended December 31, 2022.

The Company continued its focus on business performance, safety of people and protection of the environment and remained committed towards operational excellence, while keeping costs at a manageable level.

Mobility (formerly Retail)

Mobility maintained its focus on making life's journeys better for customers by putting them at the forefront and delivering new and integrated retail offers on its sites across the country.

With a focus on customer safety, the Company led the industry in changing consumer attitudes and behaviours in refueling safety for motorcyclists and three-wheeler vehicles. To build a sustainable cultural change, the Company has been engaging with consumers, the Government and the industry through a comprehensive safety campaign, named "Ehtiyaat Bunay Hifaazat" ("Precaution leads to Safety"). The Company collaborated with the Oil and Gas Regulatory Authority (OGRA), the Oil Companies Advisory Council (OCAC), and the industry to work in partnership on this important initiative.

Giving customers more convenience and options for fueling their journeys, the Company commissioned 31 new retail stations, added 28 Shell Select outlets, and 25 new Shell Car Wash and Tyre-Care facilities.

Moreover, the Company launched the "Voice of Customer" program at 90 retail sites across Pakistan, gathering feedback and insights from customers on their experience. This program will enable the Company to improve its service and maintain its commitment to providing exceptional customer experiences.

Lubricants

Lubricants continues to deliver value for the Company's overall business. In tough economic times and a reduced demand in major sectors, Lubricants continued to deliver growth despite a declining market.

In 2022, through a partnership with Hyundai, the Company launched a first co-branded car lubricant, providing customers with a trusted and technologically advanced product developed specifically for their Hyundai vehicles. The Company also focused on premium marketing initiatives and dedicated transport marketing campaigns. Through thoughtful and strategic business decisions, the Company expanded its network of branded independent workshops across the country to provide customers with more options for premium products and a superior customer experience.

Environmental, Social and Governance

Pakistan was hit by one of the heaviest rainfalls in its recorded history, with floods impacting approximately 33 million people, causing tragic damage to lives, livelihoods, and properties. The Company launched a flood relief plan to provide support to communities affected by this disaster. With the level of impact so significant in scale, and the situation on ground constantly evolving, the relief plan focused on two things: immediate relief and a longer-term rehabilitation phase. The aim was to aid, support and provide on-ground help in a way that was impactful and sustainable.

Through our partners, HANDS and National Rural Support Program (NRSP), the Company helped about 2,770 flood affected households (approximately 19,400 individuals) in building homes, providing food rations, temporary shelter kits, hygiene kits and healthcare assistance.

The Access to Energy Program in South Punjab has been running since 2019, in collaboration with NRSP. In continuation of the Company's investment in communities where it operates, the Access to Energy Program was expanded to a second village, providing clean energy solutions which will positively impact income levels and improve standard of living on a sustained basis. Through this program four solar powered tube wells have been installed at the two villages, providing increased water supply. This has benefitted more than 230 farmers in saving irrigation cost and time. Local wheat processing through a solar powered flour mill is benefitting over 430 families. A solar-powered milk refrigeration plant has also been built, supporting 40 dairy farmers by increasing milk shelf-life, and subsequently increasing income and profitability.

The 9th Shell Tameer Awards, a nationwide competition, was organized to recognize, celebrate and reward young entrepreneurs making significant contributions in the national entrepreneurship space.

The competition received over 250 applications across six award categories: Clean Energy, Women Empowerment, Technology Innovation, Circular Economy, Transport and Mobility and Bright Ideas. The top 30 finalists were shortlisted to compete in the final event. A total of PKR 7.5 million was distributed amongst six winners and six runners-up as seed capital to help them sustain and develop their businesses. They also received one-on-one mentorship from Shell LiveWIRE's international consultants DAI, to enable them to deliver investor winning pitches.

In line with the Company's Health, Safety, Security, Environment and Social Performance Policy, the Company voluntarily initiated the process of groundwater remediation at certain terminals and retail sites to meet internationally recognized standards relating to petroleum hydrocarbon in groundwater. The Company conducted several engagement activities with the local communities and also proactively provided alternate drinking water to communities in close proximity to these terminals and retail sites in collaboration with a local non-governmental organization.

Aviation

The Company announced its decision to close its aviation operations across Pakistan in Q2 2022. The Company had aviation related operations at four locations (Jinnah Airport in Karachi, Quetta International Airport, Begum Nusrat Bhutto Airport in Sukkur and Nawabshah Airport).

Following the expiry of the leases related to the above airports, the Pakistan Civil Aviation Authority (CAA) floated a joint-tender inviting participants to bid for the operation of airports. However, after due consideration of a wide range of factors, including expiry of leases, financial and commercial considerations, the Board of Directors decided not to participate in the tender and to close the Company's aviation business in Pakistan.

Macro-economic challenges

The finances and profitability of the Company continue to be impacted by the current economic challenges affecting the country. The Company continues to bear the burden of overdue legacy receivables of PKR 5,331 million from the Government of Pakistan. The year saw an unprecedented 29% depreciation of the Rupee against the US dollar resulting in significant exchange losses for the Company. The Company's management continues its efforts of proactive and regular engagements with the relevant Government authorities for the recovery of receivables, and mechanism for minimizing foreign exchange losses, to ensure an efficient and profitable business. Positive progress on these will ensure that the Company is able to continue to invest in growth opportunities in Pakistan for the benefit of its shareholders and all other stakeholders. The Company also appreciates the Government's positive step to increase the margin for the industry and looks forward to working with the Government for strengthening the industry.

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 Paracha
2. Badaruddin F. Vellani
3. Imran Rashid 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 Paracha
2. Imran Rashid 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. The Board has formed committees comprising of members given below:

A. Audit Committee
a. Imran Rashid 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

3. The financial statements, prepared by the management of the Company, fairly present its state of affairs, the result of its operations, cash flows and changes in equity.

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

5. Appropriate accounting policies have been consistently applied in preparation of the 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.

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

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

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

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

10. Key operating and financial data for the last seven years in summarized form is disclosed on page 71. The reasons for loss during the year and significant deviation in operating results of the Company from last year have been discussed above.

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

12. 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, 2022 is included in note 33.4 to the financial statements.

13. The number of Board and Committees' meetings held during the year and attendance by each Director is disclosed on page 136.

14. 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 remuneration are disclosed on page 126.

15. A formal self-evaluation of the Board and its committees' performance is being carried out for the year 2022, facilitated by the Pakistan Institute of Corporate Governance (PICG).

16. Rafi H. Basheer, Parvez Ghias, Badaruddin F. Vellani, Madiha Khalid, Imran Rashid Ibrahim and Amir Paracha have already obtained directors' training certification from the Pakistan Institute of Corporate Governance. Zaffar A. Khan is exempted while the Company has applied for exemption for Zain K. Hak. 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.

17. The pattern of shareholding and additional information regarding pattern of shareholding is disclosed on page 139. 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.

18. 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 72 of the Annual Report.

19. The figures in the financial statements for the year ending December 31, 2022 have been audited by external auditors of the Company.

20. 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, 2023.

21. Details of trades in shares of the Company by Directors, CEO, CFO, Company Secretary, Head of Internal Audit, other executives and their spouses and minor children are reported on page 140.

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

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

On behalf of the Board of Directors

Zain K. Hak
Chairperson

Waqar I. Siddiqui
Chief Executive

Karachi: March 15, 2023

ڈائریکٹر کی رپورٹ

31 دسمبر 2022ء کو اختتام پذیر ہونے والے سال کے لیے

عزیز شیئر ہولڈرز

آپ کی کمپنی کے ڈائریکٹران 31 دسمبر 2022ء کو اختتام پذیر ہونے والے سال کے لیے آڈٹ شدہ مالی گوشواروں کے ساتھ 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 2022ء کو اختتام پذیر ہونے والے سال کے لیے نقصان درج ذیل تھا:

	روپے ملین میں
نفع/ نقصان قبل از ٹیکس	2,915
ٹیکس	(2,987)
31 دسمبر 2022ء کو ختم ہونے والے سال کا خالص نقصان	(72)
	روپے
نفع / نقصان فی شیئر- بنیادی اور سیال (diluted)	(0.34)

ذخائر کی کارروائی (موومنٹ) اور تصرفات ان مالی گوشواروں کے صفحہ 78 پر ایکویٹی میں تبدیلیوں کے بیان میں ظاہر کیے گئے ہیں۔

30 ستمبر 2022ء کو اختتام پذیر ہونے والے نو مہینوں کے لیے روپے 3 فی شیئر کا عبوری منقسمہ تجویز کیا گیا، منظور کیا گیا اور ان ارکان کو ادا کیا گیا جن کے نام 31 اکتوبر 2022ء تک شیئر رجسٹر میں درج کیے گئے تھے۔

کاروباری جائزہ

ملک اور تیل کی صنعت کے لیے یہ دشوار اور اتار چڑھاؤ سے بھرپور سال رہا ہے۔ اس سال روپے کی قدر میں غیر معمولی کمی، بڑھتی ہوئی مہنگائی اور معاشی غیر یقینی صورت حال دکھائی دی۔ سال کی دوسری ششماہی کے دوران، پاکستان اپنی تاریخ کی بدترین قدرتی آفات سے دوچار ہوا، مون سون کے اندوہ ناک اور تباہ کن سیلاب سے پورے ملک کا ایک تہائی حصہ متاثر ہوا۔ دورانِ سال جاری اقتصادی دشواریوں کے نتیجے میں معاشی سرگرمیوں میں سست روی ، پست طلب اور سیکورٹی کی فراہمی میں خطرات پیدا ہوئے۔ شرحِ مبادلہ کے نقصانات، روپے کی قدر میں کمی اور واجب الادا وصولیوں نے 31 دسمبر 2022ء کو اختتام پذیر ہونے والے سال کے لیے نقصان میں اہم کردار ادا کیا۔

مپنی نے کاروباری کارکردگی، لوگوں کی حفاظت اور ماحولیات کے تحفظ پر اپنی توجہ برقرار رکھی اور اخراجات کو قابلِ انتظام سطح پر رکھتے ہوئے آپریشنل برتری کے لیے پرعزم رہی ہے۔

موبیلٹی (قبل ازیں ریٹیل)

موبیلیٹی نے صارفین کو فوقیت دیتے ہوئے اور ملک بھر میں اپنی سائٹس پر نئی اور مربوط ریٹیل آفرز فراہم کرکے زندگی کے سفر کو بہتر بنانے پر اپنی توجہ برقرار رکھی۔

صارفین کی حفاظت پر توجہ مرکوز کرتے ہوئے، کمپنی نے موٹر سائیکل سواروں اور تین پہیوں والی گاڑیوں کے لیے ری فیولنگ کی سیفٹی کے دوران صارفین کے رویوں اور طرز عمل کو بدلنے میں صنعت کی قیادت کی۔ پائیدار ثقافتی تبدیلی کی تعمیر کے لیے، کمپنی نے صارفین، حکومت اور صنعت کے اشتراک سے ایک جامع حفاظتی مہم شروع کی ہے، جس کا نام ہے "احتیاط بنے حفاظت" ("احتیاط سے حفاظت ہے")۔ کمپنی نے اس اہم اقدام کے لیے آئل اینڈ گیس ریگولیٹری اتھارٹی (اوگرا)، آئل کمپنیز ایڈوائزری کونسل (او سی اے سی) اور صنعت کے ساتھ اشتراک کیا۔

صارفین کو ان کے سفر میں فیولنگ کے لیے مزید سہولت اور انتخابات فراہم کرتے ہوئے، کمپنی نے 31 نئے ریٹیل اسٹیشنز کا آغاز کیا، 28 شیل سلیکٹ آؤٹ لیٹس، اور 25 نئے شیل کار واش اور ٹائر کیئر کی سہولیات شامل کیں۔

مزید برآں، کمپنی نے پاکستان بھر میں 90 ریٹیل سائٹس پر "وائس آف کسٹمر" پروگرام کا آغاز کیا، اور صارفین کے تجربے حوالے سے ان کی رائے اور بصیرتیں جمع کیں۔ یہ پروگرام کمپنی کو اپنی سروس کو بہتر بنانے اور غیر معمولی صارفی تجربات فراہم کرنے کے اپنے عزم کو برقرار رکھنے کے قابل بنائے گا۔

لبریکینٹس

لبریکینٹ ہماری کمپنی کے مجموعی کاروبار میں قدر کی فراہمی جاری رکھے ہوئے ہیں۔ مشکل اقتصادی حالات اور اہم شعبوں میں پست طلب کے دوران، مندی کی شکار مارکیٹ کے باوجود لبریکینٹس نے ترقی جاری رکھی۔

2022 میں، ہنڈائی کے ساتھ شراکت کے ذریعے، کمپنی نے پہلے کو برانڈڈ کار لبریکینٹ کا افتتاح کیا، جو صارفین کو خاص طور پر ان کی ہنڈائی گاڑیوں کے لیے تیار کردہ قابل اعتماد اور تکنیکی طور پر جدید پروڈکٹ فراہم کرتا ہے۔ کمپنی نے پریمیم مارکیٹنگ کے اقدامات اور خصوصی ٹرانسپورٹ مارکیٹنگ کمپینز پر بھی توجہ مرکوز کی۔ دانش مندانہ اور اسٹریٹیجک کاروباری فیصلوں کے ذریعے، کمپنی نے برانڈڈ آزاد ورکشاپس کے اپنے نیٹ ورک کو ملک بھر میں پھیلایا تاکہ صارفین کو پریمیم مصنوعات کے لیے مزید انتخابات اور اعلیٰ صارفی تجربہ فراہم کیا جا سکے۔

احولیات، سماج اور نظم و نسق

پاکستان کو اپنی تاریخ کی سب سے زیادہ بارشوں کا سامنا کرنا پڑا، نیز سیلاب نے تقریباً 33 ملین افراد کو متاثر کیا، جس سے جانوں، معاش اور املاک کو الم ناک نقصان پہنچا۔ کمپنی نے اس آفت سے متاثرہ کمیونٹیوں کو مدد فراہم کرنے کے لیے سیلاب کا امدادی منصوبہ شروع کیا۔ سیلاب کے وسیع پیمانے پر پھیلے اثرات کے ساتھ، اور مسلسل بدلتی زمینی صورت حال کے ساتھ ، امدادی منصوبے میں دو امور پر توجہ مرکوز کی گئی: فوری امداد اور طویل مدتی بحالی کا مرحلہ۔ اس کا مقصد امداد ، معاونت اور اس طریقے سے برمقام مدد فراہم کرنا تھا جو مؤثر اور پائیدار ہو۔

ہمارے شراکت داروں، ہینڈز (HANDS) اور نیشنل رورل سپورٹ پروگرام (NRSP) کے ذریعے، کمپنی نے سیلاب سے متاثرہ تقریباً 2,770 گھرانوں (تقریباً 19,400 افراد) کو گھر بنانے، کھانے کا راشن، عارضی شیلٹر کٹس، حفظان صحت کی کٹس اور صحت کی دیکھ بھال میں مدد فراہم کی۔

جنوبی پنجاب میں توانائی تک رسائی کا پروگرام2019ء سے نیشنل رورل سپورٹ پروگرام کے تعاون سے چل رہا ہے۔ جہاں کمپنی کام کرتی ہے ان کمیونٹیز میں سرمایہ کاری کے تسلسل میں ، توانائی تک رسائی کے پروگرام کو وسعت دے کر ایک اور دیہات کو شامل کیا گیا ، جنھیں صاف توانائی کے حل فراہم کیے گئے جس سے آمدنی کی سطحوں پر مثبت اثر پڑے گا اور معیار زندگی کو مستقل بنیادوں پر بہتر بنایا جائے گا۔ اس پروگرام کے ذریعے دونوں دیہاتوں میں شمسی توانائی سے چلنے والے چار ٹیوب ویل لگائے گئے ہیں، جس سے پانی کی فراہمی میں اضافہ ہو گا۔ اس سے 230 سے زائد کسانوں کو آب پاشی کی لاگت اور وقت کی بچت کے ضمن میں فائدہ حاصل ہوا ہے۔ شمسی توانائی سے چلنے والی آٹے کی چکی کے ذریعے گندم کی مقامی پروسیسنگ سے 430 سے زائد خاندان مستفید ہو رہے ہیں۔ ایک شمسی توانائی سے چلنے والا دودھ ریفریجریشن پلانٹ بھی بنایا گیا ہے، جو 40 ڈیری فارمرز کو دودھ کی شیلف لائف کو بڑھانے میں مدد دے کران کی آمدنی اور منافع میں اضافہ کر رہا ہے۔

9ویں شیل تعمیر ایوارڈز، جو ایک ملک گیر مقابلہ ہے، کا انعقاد کیا گیا ، تاکہ نوجوان کاروباری افراد کی نشان دہی، حوصلہ افزائی کی جائے اور انھیں انعام دیا جائے، جو قومی کاروباری میدان میں اہم کردار ادا کر رہے ہیں۔ مقابلے کو چھ ایوارڈ کیٹیگریز: کلین انرجی، ویمن ایمپاورمنٹ، ٹیکنالوجی انوویشن، سرکلر اکانومی، ٹرانسپورٹ اینڈ موبلٹی اور برائٹ آئیڈیاز میں 250 سے زیادہ درخواستیں موصول ہوئیں ۔ فائنل ایونٹ میں حصہ لینے کے لیے ٹاپ 30 فائنلسٹ کو شارٹ لسٹ کیا گیا۔ چھ فاتحین اور چھ رنر اپ میں مجموعی طور پر 7.5 ملین روپے بطور بنیادی سرمایہ (seed capital) تقسیم کیے گئے تاکہ انہیں اپنے کاروبار کو برقرار رکھنے اور ترقی دینے میں مدد ملے۔ انہوں نے شیل لائیو وائر کے بین الاقوامی کنسلٹنٹ DAI سے براہِ راست رہنمائی بھی حاصل کی، تاکہ وہ سرمایہ کاروں کا اعتماد جیتنے والی راہ فراہم کر سکیں۔

کمپنی کی صحت، حفاظت، تحفظ، ماحولیات اور سماجی کارکردگی کی پالیسی کے مطابق، کمپنی نے زمینی پانی میں پٹرولیم ہائیڈرو کاربن سے متعلق بین الاقوامی سطح پر تسلیم شدہ معیارات پر پورا اترنے کے لیے بعض ٹرمینلز اور ریٹیل سائٹس پر رضاکارانہ طور پر زمینی پانی کی اصلاح کا عمل شروع کیا۔ کمپنی نے مقامی کمیونٹیز کے ساتھ مل کر متعدد سرگرمیاں انجام دی ہیں اور ایک مقامی غیر سرکاری تنظیم کے تعاون سے ان ٹرمینلز اور ریٹیل سائٹس کے قریب رہنے والی کمیونٹیز کو پینے کا متبادل پانی فراہم کیا ہے۔

ایوی ایشن (ہوابازی)

کمپنی نے سال 2022ء کی دوسری سہ ماہی میں پاکستان بھر میں اپنے ایوی ایشن آپریشنز بند کرنے کے فیصلے کا اعلان کیا۔ کمپنی چار مقامات پر ہوا بازی سے متعلق آپریشنز انجام دے رہی تھی (کراچی میں جناح ایئرپورٹ، کوئٹہ انٹرنیشنل ایئرپورٹ، سکھر میں بیگم نصرت بھٹو ایئرپورٹ اور نواب شاہ ایئرپورٹ)۔

مذکورہ ہوائی اڈوں سے متعلق لیز کی میعاد ختم ہونے کے بعد، پاکستان سول ایوی ایشن اتھارٹی (CAA) نے ایک مشترکہ ٹینڈر جاری کیا جس میں شرکا کو ہوائی اڈوں کے آپریشن کے لیے بولی کی دعوت دی گئی۔ تاہم، لیز کی میعاد ختم ہونے، مالی اور تجارتی تحفظات سمیت وسیع پیمانے کے عوامل پر غور کرنے کے بعد، بورڈ آف ڈائریکٹرز نے ٹینڈر میں حصہ نہ لینے اور پاکستان میں کمپنی کے ایوی ایشن کاروبار کو بند کرنے کا فیصلہ کیا۔

کلی معاشی دشواریاں

ملک کو متاثر کرنے والی موجودہ اقتصادی دشواریوں سے کمپنی کی مالیات اور منافع متاثر ہوتے رہتے ہیں۔ کمپنی کی مالیات حکومتِ پاکستان کی جانب سے واجب الادا 5,331 ملین روپے وصولیوں کے نتیجے میں پیدا ہونے والے بھاری بوجھ سے متاثر رہی ہے۔ رواں سال ڈالر کے مقابلے میں روپے کی قدر میں 29 فیصد کی غیر معمولی کمی آئی، جس سے کمپنی کو بھاری مبادلہ نقصانات کا سامنا کرنا پڑا۔ واجبات کی بازیابی ، اور مبادلہ نقصانات میں کمی کے طریقۂ کار کو بروئے کار لانے کے لیے کمپنی کی انتظامیہ متعلقہ حکام سے فعال اور مستقل رابطہ جاری رکھے ہوئے ہے تاکہ مؤثر اور نفع آور کاروبار یقینی بنایا جاسکے۔ ان امور میں مثبت پیش رفت اس بات کو یقینی بنائے گی کہ کمپنی اپنے شیئر ہولڈرز اور دیگر تمام اسٹیک ہولڈرز کے مفاد میں پاکستان میں ترقی کے مواقع میں سرمایہ کاری جاری رکھے گی۔ کمپنی صنعت کے مارجن کو بڑھانے کے لیے حکومت کے مثبت قدم کو بھی سراہتی ہے اور صنعت کو مضبوط بنانے کے لیے حکومت کے ساتھ مل کر کام کرنے کی امید رکھتی ہے۔

کارپوریٹ نظم و نسق

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۔ ظفر اے خان
9۔ زین کے حق
10۔ ضرار محمود

خود مختار ڈائریکٹران:

1۔ عامر پراچہ
2۔ عمران ابراہیم
3۔ پرویز غیاث
4۔ ظفر اے 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 محمود

2. بورڈ نے درج ذیل ارکان پر مشتمل کمیٹیاں تشکیل دی ہیں:

الف ۔ آڈٹ کمیٹی
ا۔ عمران ابراہیم (چیئر پرسن)
ب۔ بدر الدین ایف ویلانی
ج۔ رفیع ایچ بشیر

ب۔ کمیٹی برائے افرادی وسائل و معاوضے
ا۔ ظفر اے خان (چیئرپرسن)
ب۔ پرویز غیاث
ج۔ وقار آئی صدیقی
د۔ زین کے حق

3. 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۔

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

5. 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۔

6. 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۔

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

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

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

10. گذشتہ سات سال کے اہم آپریشنز اور مالیاتی ڈیٹا کا خلاصہ صفحہ 71 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۔

11. غیر یقینی صورتِ حال کے ساتھ ساتھ مستقبل کے امکانات کی مناسب نشاندہی (ریزن ایبل انڈیکیشن) پر مذکورہ بالا میں تبادلۂ خیال کیا گیا ہے۔ ۔

12. 31 دسمبر 2022ء 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۔

13. سال بھر کے دوران منعقد ہونے والی بورڈ اور کمیٹیوں کے اجلاس اور ان میں ہر ڈائریکٹر کی شرکت کی تعداد صفحہ 136 پر ظاہر کی گئی ہے۔

14. نان ایگزیکٹو / خودمختار ڈائریکٹران، ماسوا وہ جو شیل گروپ کی کمپنیوں میں ایگزیکٹو عہدے دار ہیں، ان 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 126 پر کیا گیا ہے۔

15. 2022ء 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۔

16. رفیع ایچ بشیر، پرویز غیاث، بدرالدین ایف ویلانی، مدیحہ خالد، عمران آر ابراہیم، عامر آر پراچہ پہلے ہی پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (پی آئی سی جی)سے ڈائریکٹرز ٹریننگ سرٹیفکیشن حاصل کرچکے ہیں ، ظفر خان مستثنیٰ ہیں جبکہ زین کے حق کے استثنیٰ کے لیے کمپنی نے درخواست دائر کی ہے۔ کمپنی ڈائریکٹرز کی سرٹیفکیشن کو یقینی بنانے کے لیے فہرستی کمپنیوں کے ضوابط 2019ء (کوڈ آف کارپوریٹ گورننس)کے تقاضوں کی پابندی کرتی رہے گی تاکہ ڈائریکٹران کی مطلوبہ تعداد سند یافتہ ہو۔

17. حصص یافتگی (شیئر ہولڈنگ) کے طریقہ کار (پیٹرن) اور حصص یافتگی کے طریقہ کارسے متعلق اضافی معلومات صفحہ 139 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۔

18. 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 72 پر ظاہر کیے گئے ہیں۔

19. 31 دسمبر 2022ء کو اختتام پذیر ہونے والے سال کے لیے مالی گوشواروں کے اعدادوشمار کا کمپنی کے بیرونی آڈیٹرز کی جانب سے آڈٹ کیا جاچکا ہے۔

20. بورڈ نے بورڈ آڈٹ کمیٹی کی ہدایت پر 31 دسمبر 2022ء 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۔

21. 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 140 درج ہے۔

22. 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

زین کے حق
چیئر پرسن

وقار آئی صدیقی
چیف ایگزیکٹو

کراچی: 15 مارچ 2023ء

Notice of Annual **General Meeting**

Notice is hereby given that the 54th Annual General Meeting ('AGM') of Shell Pakistan Limited ('Company') will be held at Marriott Hotel, Karachi and virtually through video-conference facility, on Thursday, May 04, 2023, at 10:30 a.m. to transact the following business:

1. To receive, consider, adopt and approve the Audited Financial Statements for the year ended December 31, 2022 together with Report of Directors and Auditors thereon.

2. To appoint Auditors for the financial year ending December 31, 2023, and to fix their remuneration.

3. To consider and if though fit, to meet the requirements of S.R.O. 389(I)/2023 issued by the Securities and Exchange Commission of Pakistan (SECP) dated March 21, 2023, and for this purpose to pass the following resolution set out in the statement of material facts circulated to the Members along with a copy of this Notice.

4. To consider and if thought fit, to amend the Articles of Association of the Company and for this purpose to pass the following resolution as a Special Resolution:

RESOLVED as and by way of Special Resolution THAT the Articles of Association of the Company be and are hereby amended as follows:

(a) by substituting for the existing Article 95, the following new article:

95. A resolution, other than a resolution in respect of any matter specified in section 183 of the Act, passed without any meeting of the Directors or of a committee of Directors and evidenced in writing under the hands of majority of the Directors (or in their absence their alternate Directors) shall be valid and effectual as if it had been passed at the meeting of the Directors, or as he case may be of such committee, duly called or constituted. Such resolution may be contained in one document or several documents in like form each signed by one or more of the Directors or members of the committee concerned. A facsimile or email transmission of a document setting out the resolution and purporting to be signed by a Director or a member of the committee shall be deemed to be a document signed by him for the purposes of this Article.

(b) by substituting for the existing Article 118, the following new article:

118. The Company may upon the recommendation and approval of the Directors resolve that it is desirable to capitalize any part of the amount for the time being standing to the credit or any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst the Members who would be entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied in or towards paying up in full unissued share or debentures of the Company to be allotted and distributed credit as fully paid up to and amongst such Members in the proportion aforesaid, and the Directors shall give effect to such resolution.

5. To elect ten (10) Directors in accordance with the provisions of the Companies Act, 2017 for a period of three years commencing from June 13, 2023.

   The names of the retiring Directors are:
   Mr. Zain K. Hak
   Mr. Zaffar A. Khan
   Mr. Rafi. H Basheer
   Mr. Parvez Ghias
   Mr. Badaruddin F. Vellani
   Mr. John King Chong Lo
   Mr. Amir R. Paracha
   Mr. Zarrar Mahmud
   Ms. Madiha Khalid
   Mr. Imran R. Ibrahim

6. To authorise the Executive Directors who are whole time working Directors of the Company to hold their respective offices of profit as executives of the Company.

The Statement of Material facts as required under Sections 134(3) And 166(3) of the Companies Act, 2017 is attached to this notice.

By Order of the Board

Karachi: March 15, 2023

Shell House
6, Ch. Khaliquzzaman Road
Karachi-75530

Lalarukh Hussain-Shaikh
Secretary

Notes:

(i) The register of members will remain closed from Thursday April 27, 2023, to Thursday, May 04, 2023 (both days inclusive). Transfers received in order at the office of our Share Registrars, FAMCO Associates (Private) Limited., 8-F, near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi-75400, by the close of business (5:00 p.m.) on Wednesday, April 26, 2023, will be treated as being in time to attend and vote at the meeting.

(ii) Members may attend in person or through video-conferencing facility arranged by the Company. For attending the meeting 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”.

(iii) A member entitled to attend and vote at the meeting shall be entitled to appoint another person, as his/her proxy to attend the meeting either in-person physically or through video-conference facility. Proxies may demand or join in demanding a poll, speak and vote at the meeting. For a proxy to attend the meeting either physically or through video-conference facility, the proxy form must be received at the registered office of the Company not later than 48 hours before the meeting.

Proxies may also be appointed by e-mailing a scanned copy of the proxy form signed by shareholder authorising the proxy along with the e-mail address of proxy and the relevant details (as given 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 via video-link (with login credentials) will be shared with only those member/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 (5:00 p.m.) on May 02, 2023. 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) or Folio Number at the time of attending the Annual General Meeting in-person at the venue in order to authenticate their identity.

(viii) Audited Accounts and the Annual Report of the Company for the year ended December 31, 2022 is available on the Company's website.

(ix) In compliance with section 223(6) of Companies Act 2017, the Company has electronically transmitted the Annual Report 2022 through email to shareholders whose email addresses are available with the Company's Share Registrar, FAMCO Associates (Private) Limited. In those cases, where email addresses are not available with the Company's Share Registrar, printed copies of the Annual Report have been dispatched. The Company will also provide hard copies of the Annual Report to any member on their demand, at their registered address, free of cost, within one week of receiving such request.

(x) Pursuant to Companies (Postal Ballot) Regulations 2018, members will be allowed to exercise their right of vote through postal ballot that is voting by post or through any electronic mode, in accordance with the requirements and procedure in aforesaid regulations. The details of the same will be provided later.

(xi) Special Notice to the Shareholders for Conversion of Physical Shares into Book-Entry Form: In compliance with section 72 of the Companies Act, 2017 and SECP's letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021, listed companies are required to replace existing physical shares issued by them into the Book-Entry form. Given the above requirement, shareholders of the Company having physical folios/ share certificates are requested to convert their shares from the physical form into Book-Entry form as soon as possible. Conversion of physical shares into Book-Entry form would facilitate the shareholders in many ways, i.e., safe custody of shares, readily available market for instant sale and purchase of shares, eliminate the risk of loss & damage, easy & secure transfer with lesser formalities as compared to physical shares. The Company's shareholders may contact the Share Registrar of the Company i.e., FAMCO Associates (Private) Limited., for assistance in converting physical shares into Book-Entry Form.

(xii) Any person who seeks to contest the election of Directors, whether a retiring director or otherwise, shall file with the Company at its registered office not later than fourteen days before the date of the said meeting his/her intention to offer himself/herself for the election as a Director of the Company in terms of section 159(3) of the Companies Act, 2017 together with:

(a) Consent to act as Director in Form 28, as required under section 167(1) of the Companies Act, 2017.
(b) Detailed profile along with the office address for placement onto the Company's website seven days prior to the date of election in terms of SECP SRO 1196 (1)/2019 of October 3, 2019, and
(c) Declaration in respect of being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Companies Act, 2017 and any other applicable laws, rules and regulations to act as a Director of a listed Company.

Statement of Material Facts As required under Sections 134(3) And 166(3) of The Companies Act, 2017

Agenda Item No. 3 – To meet the requirements under S.R.O 389 (I) /2023 issued by the Securities and Exchange Commission of Pakistan (SECP)

The Board of Directors has recommended that as per the requirements under S.R.O. 389(I)/ 2023 dated March 21, 2023, issued by the SECP, shareholders' approval be sought to circulate the annual audited financial statements and related documents (included in the Annual report) through QR enabled code and weblink which would be included in the Notice of the General meeting.

For this purpose, it is proposed that the following resolution be passed at the Annual General Meeting:

RESOLVED THAT the annual audited financial statements and related documents (included in the Annual report) be circulated to the Members through a QR enabled code and weblink included in the Notice of a General meeting as per the requirements under S.R.O. 389(I)/2023 dated March 21, 2023 issued by the Securities and Exchange Commission of Pakistan.

Agenda Item No. 4 – Amendments to the Company's Articles of Association

The Board of Directors has recommended that Article 95 and Article 118 of the Company's Articles of Association be altered to bring them in line with a recent amendment made to the Companies Act, 2017 and the issuance of the Companies (Further Issue of Shares) Regulations 2020.

For this purpose it is proposed that the resolution set out in the notice convening the Annual General Meeting of the Company be passed as a Special Resolution.

The Board confirms that the proposed alterations are in line with the applicable provisions of the law and regulatory framework to the best of their knowledge and belief.

The existing and proposed altered provisions of the Company's Articles of Association are set out below:

Existing Article 95	Proposed Amendment to Article 95
95. "A resolution, other than a resolution in respect of any matter specified in section 183 of the Act, passed without any meeting of the Directors or of a committee of Directors and evidenced in writing under the hands of all the Directors (or in their absence their alternate Directors) shall be valid and effectual as if it had been passed at the meeting of the Directors, or as he case may be of such committee, duly called or constituted. Such resolution may be contained in one document or several documents in like form each signed by one or more of the Directors or members of the committee concerned. A facsimile or email transmission of a document setting out the resolution and purporting to be signed by a Director or a member of the committee shall be deemed to be a document signed by him for the purposes of this Article."	95. "A resolution, other than a resolution in respect of any matter specified in section 183 of the Act, passed without any meeting of the Directors or of a committee of Directors and evidenced in writing under the hands of ~~all~~ **majority** of the Directors (or in their absence their alternate Directors) shall be valid and effectual as if it had been passed at the meeting of the Directors, or as he case may be of such committee, duly called or constituted. Such resolution may be contained in one document or several documents in like form each signed by one or more of the Directors or members of the committee concerned. A facsimile or email transmission of a document setting out the resolution and purporting to be signed by a Director or a member of the committee shall be deemed to be a document signed by him for the purposes of this Article."

Existing Article 118	Proposed Amendment to Article 118
118. "The Company in General Meeting may upon the recommendation of the Directors resolve that it is desirable to capitalize any part of the amount for the time being standing to the credit or any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst the Members who would be entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied in or towards paying up in full unissued share or debentures of the Company to be allotted and distributed credit as fully paid up to and amongst such Members in the proportion aforesaid, and the Directors shall give effect to such resolution."	118. "The Company ~~in General Meeting~~ may upon the recommendation **and approval** of the Directors resolve that it is desirable to capitalize any part of the amount for the time being standing to the credit or any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst the Members who would be entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied in or towards paying up in full unissued share or debentures of the Company to be allotted and distributed credit as fully paid up to and amongst such Members in the proportion aforesaid, and the Directors shall give effect to such resolution."

Agenda Item No. 5 – Election of Directors

Section 166(3) of the Companies Act, 2017 (the Act) requires that a statement of material facts be annexed to the notice of the general meeting called for the purpose of election of Directors which shall indicate the justification for choosing independent directors.

The term of office of the present Directors of the Company will expire on June 12, 2023. In terms of Section 159(1) of the Companies Act, 2017 (the "Act"), the directors have fixed the number of elected Directors at Ten (10) to be elected in the AGM for a period of three years.

The present Directors are interested to the extent that they are eligible for re-election as Directors of the Company.

Independent directors will be elected through the process of election of directors in terms of Section 159 of the Act and they shall meet the criteria as laid down under Section 166(2) of the Act and the Companies (Manner and Selection of Independent Directors) Regulations, 2018 and his/her name is included in the data bank of independent directors maintained by Pakistan Institute of Corporate Governance (PICG) duly authorized by Securities and Exchange Commission of Pakistan. Further, their selection will be made due to their respective competencies, skill, knowledge and experience.

Additional documents are to be submitted by the candidates intending to contest election of directors as independent director:

a) Declaration by Independent Director(s) under Clause 6(3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019; and

b) Undertaking on non-judicial stamp paper that he/she meets the requirements of Regulation 4(1) of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

Agenda Item No. 6 – Holding of Office of Profit by Executive Directors

As required by section 171(1)(c)(i) of the Companies Act 2017, the Members in General Meeting are required to authorise the holding of office of profit by the Executive Directors. For this purpose it is proposed that the following resolution be considered and passed as an ordinary resolution:

RESOLVED THAT the Executive Directors (including Alternate Directors) of the Company be and are hereby authorized to hold their respective offices of profit as executives of the Company under their respective contracts of service and that they be allowed benefits arising under their respective contracts of service and the applicable service rules of the Company.

RESOLVED FURTHER THAT in the event of any of the aforesaid offices of profit falling vacant, the approval hereby given shall be equally applicable to any other person appointed to fill such vacancy.

The directors of the Company have no direct or indirect interest in the above-mentioned Special Business except to the extent that they are the members of the Company.

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, 2022

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

- The total number of directors is (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 Rashid Ibrahim Amir 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 the 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, however the minutes of the 328th meeting was delayed by one day due to non-availability of the Company Secretary.

- The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations;

- Following directors are certified under the Directors' Training Program:

  1. Rafi H. Basheer
  2. Parvez Ghias
  3. Badaruddin F. Vellani
  4. Madiha Khan
  5. Imran Rashid Ibrahim
  6. Amir Paracha

  Zaffar A. Khan is exempted from training while Zain K. Hak has successfully completed the Directors Training Program internationally from INSEAD and the Company has applied for an exemption. The Company shall continue to comply with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 for certification of remainder directors.

- The Board had approved appointments 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, however, there has been no new appointment during the year;

- 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:

  Board Audit Committee (BAC)

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

  Human Resource and Remuneration Committee (HRRC)

  1) Zaffar A. Khan (Chairperson)
  2) Parvez Ghias
  3) Zain K. Hak
  4) Waqar I. Siddiqui

- The Board has not constituted a separate Risk Management Committee and Nomination Committee. The responsibilities are covered by the Board itself, the concerned departments and the HRRC, respectively.

- 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:** Four meetings were held during the year.
    2. **Human Resource and Remuneration Committee:** Three 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 15, 2023

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 2022 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 Regulation as applicable to the Company for the year ended 31 December 2022.

Chartered Accountants
Place: Karachi
Date: 07 April 2023
UDIN Number: CR202210076HiqW9c6Cx

Driven to Deliver **Safety**

We are committed to delivering energy responsibly and safely, preventing harm to our employees, partners, local communities and the environment. Everyone who works for us, or with us, has an important part to play in driving this culture.

Safety of our staff and customers is of utmost priority. We have been at the forefront of bringing safety innovation and technology in the industry, bringing advancement in safety standards and building a culture of improvement.

Mobility

Shell Pakistan remained committed to enhancing its customer value proposition and delivering high-quality products and services to make life's journeys better. Our range of fuels, including Shell Super Unleaded and Shell Diesel, are complemented by advanced premium fuels like Shell V-Power with new Dynaflex Technology, and a diverse range of non-fuel retail facilities. Moreover, retail sites also offer high-quality lubricant products, with dedicated focus on two new variants in the Shell Helix family - Shell Helix Power and Shell Helix Protect. These new lubricant grades, co-engineered with Shell V-Power, provide outstanding Power and Protection for car engines and are exclusively available at Shell retail sites.

Promoting Fuelling Safety

Over the last five years, the industry witnessed an alarming 2000 incidents that could have easily been avoided had individuals taken simple precautions of dismounting their two or three-wheeler vehicles during refuelling. Recognising the importance of safety of its customers while leading a change in the industry, the Mobility business took measures to create awareness around this risk and encourage individuals to take necessary precautions. "Ehtiyaat Banay Hifaazat", a safety campaign was launched with a clear objective of educating individuals on the importance of switching off their engine, dismounting their bike or rickshaw, taking a few steps back, and staying safe during refuelling. The campaign was successfully launched in the presence of government and industry partners and has been promoted through an integrated marketing communication strategy, including amplification via television, billboards, radio, digital, and print media.

To drive a culture of safety, wardens have been deployed at sites, advocating for and helping motorcyclists and drivers dismount their vehicles before refuelling. In addition, a safety convoy roadshow was carried out across 12 cities in Pakistan to spread awareness at traffic signals and major commercial areas. To further incentivise customers adopt safe refuelling practices, the business collaborated with JEETO Pakistan, one of the biggest game shows in the country, to award 16 winners with bikes and Shell branded helmets. As a result, the brand share of preference has increased and the efforts around "Ehtiyaat Banay Hifaazat" has garnered significant support from the public, with individuals and organisations recognising its importance in promoting safe refuelling practices.

Investing in Operational Excellence and Safety at Retail Sites

Significant investment has been made to promote workplace safety. Over 7000 service champions were provided safety shoes, and Personal Protective Equipment (PPE) required for different tasks, including tank lorry decantation, was provided to all sites. Staff was coached on the importance of PPE and its proper usage for each activity. The initiative brought a positive change, with service champions assuring to safety and well-being.

Introducing Diversity at Retail Sites

Talent is equally distributed, opportunity is not – we are working to create an environment and experience at Shell to promote diversity and inclusion in the workforce by providing opportunities for differently abled staff members. Over the course of the year, an increasing number of differently abled staff have started working at retail sites, and their performance, behaviour and contributions have been an inspiration for the team and our customers. The staff have been fully trained in service, safety processes and emergency response plans.

Our customers have repeatedly shown their appreciation for the hard work of our differently abled staff, which has been heartwarming and uplifting for everyone involved.

In addition, retail sites have also hired female staff serving as service champions and Shell Select incharge.

Partnering to Promote Cashless Transactions

Shell Pakistan collaborated with VISA on a rewarding marketing campaign, where customers paid using their VISA cards, to purchase Shell V-Power or Shell Helix, and entered a race to win exciting prizes that included an all-expense paid trip to Abu Dhabi, Shell V-Power fuel cards, and Shell Select vouchers.

The campaign incentivized customers to choose Shell products and promoted the convenience of cashless transactions with VISA cards. The campaign was widely promoted through various channels, including social media and on-site marketing materials. The initiative helped increase the usage of VISA cards at retail sites, resulting in increased sales for both VISA and Shell Pakistan.

Driving on to Victory

With over 100 years of technical leadership, Shell Helix has a legacy that sets it apart from competitors. The global "Drive On" campaign platform aims to inspire customers to overcome obstacles and push forward. In 2021, "Drive On" had two tactical offers; the first was launched at the beginning of the year to encourage and reward customers return to normalcy after the pandemic, while the second offer rewarded customers with an iPhone for capturing their special moments. The campaigns were promoted through digital media, mainly Facebook, resulting in the campaign hashtag #DriveOn being widely used. The hashtag continues to be used with content created by motor vehicle enthusiasts across Pakistan. Shell Pakistan is proud to have won the Best Social Media Campaign (FB) award in the Pakistan Digital Awards 2022, recognising the team's hard work and success.

Expanding Network Footprint

Shell Pakistan has achieved significant milestones in the past year, giving customers more convenience and increasing integrated retail offerings at retail stations. We successfully commissioned 31 new retail sites, demonstrating our commitment to expanding our network and providing convenient access to quality products and services for our customers. Additionally, we added 28 Generation 5 Select stores and expanded our services with 25 new car wash and tyre care facilities, catering to our customers evolving needs. We initiated a quick fix workstream at 85 retail sites that enables us to promptly address maintenance issues and ensures our facilities are always in top condition.

We remain committed to providing quality products and services to our customers, contributing to the growth of our business and the communities we serve.

Listening to the Voice of Customers

Shell Pakistan has launched Voice of Customer (VoC) at 90 retail sites throughout the country; designed to gather feedback and insights from customers regarding their experience with Shell. By using VoC, we can capture valuable feedback from customers to help understand their sentiment and make improvements accordingly. Over the past two months, we have received more than 3,000 responses through the program, providing valuable insights on key areas such as overall experience, staff behaviour, quality and quantity, products, services and offerings. Shell Pakistan is dedicated to provide exceptional customer service by continually assessing and meeting the needs of its customers.

Setting the Bar for Differentiated Fuel

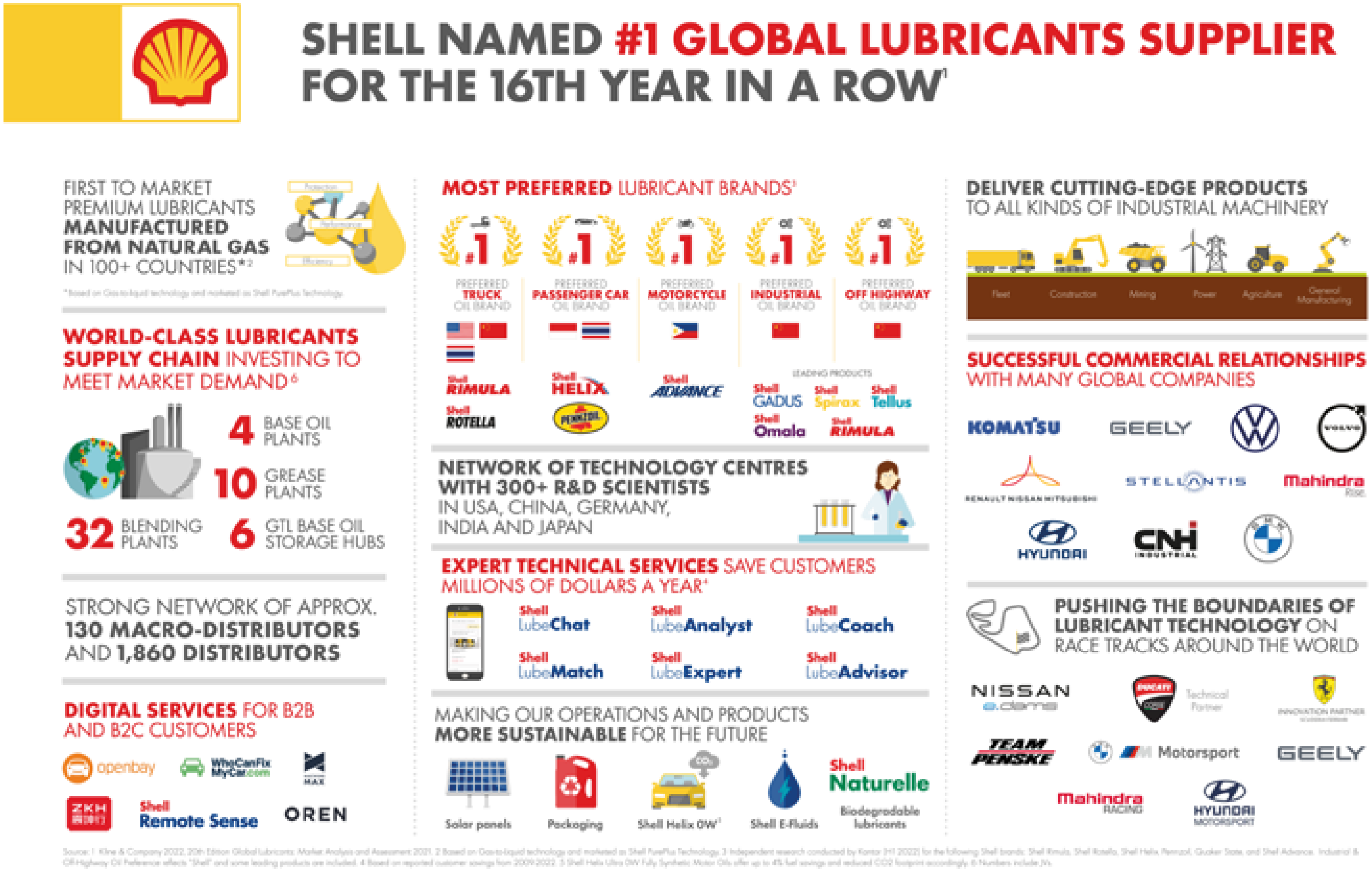
Our premium product, Shell V-Power, has achieved another successful year as the market leader in the differentiated fuels category, in terms of highest market share. Our goal has been to provide customers with a branded and differentiated fuel that offers superior performance. In 2022, Shell V-Power has achieved a remarkable 33% market penetration, reflecting the value and trust our customers place in our product. We remain committed to delivering premium-quality fuels that exceed our customers' expectations, and we are proud to be a leader in the industry with our innovative and sustainable solutions.

Promoting Safety Learning using Innovation

WorkJam App was launched in Pakistan to provide a digital communication platform for our service champions, site managers and retailers. Available in both English and Urdu, the app is designed to enable staff to communicate, collaborate, access training and resources, and manage their schedules. The "Bano Shell Super Star" campaign on WorkJam App was launched to promote safety learning. Forecourt staff were encouraged to replicate a fun jingle explaining the steps for safe decantation, to make the learning process more enjoyable and effective through gamification and interactive simulation.

Lubricants

Shell Lubricants continues to mark its success by being the leading global supplier of finished lubricants for 16 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.



Establishing Leadership Position in the B2B Industry

Shell Lubricants B2B continues to establish its leadership position by registering strong volumetric growth. While the market landscape remained volatile, direct lubricants business selling directly to businesses, showed strong performance in mining, oil and gas, transport and process oil sectors.

In the indirect channel selling through distributors, we introduced a new range of top tier lubricants to address evolving needs of the industry, helping customers deliver extraordinary operational performance.

Shell Advance Focused on "Outriding Anything"

Strong local initiatives were taken for Shell Advance across Pakistan, to increase brand visibility through marketing and branding. Strategic short term local loyalty programmes were run to showcase the complete portfolio available and promote our products across the country.

Launch of First Co-Branded Lubricant with Hyundai Motors

Our relationship with automotive original equipment manufacturers (OEMs) continued to expand as the lubricants business to business (B2B) collaborated with Hyundai Motors to launch our first co-branded lubricant. Shell together with Hyundai developed a fully synthetic co-branded lubricant: 5W-30 AH; to exclusively keep Hyundai vehicles running at full performance. The collaboration is a testament to Shell's commitment to delivering the best service to our valued customers.

Offering Innovative Technical Solutions

Shell Pakistan continues to grow its reliability and cost optimization services for the industrial sectors of Pakistan. We recently launched borescope inspection services for cement and general manufacturing sectors using state of the art technology, to help customers inspect gearboxes without the hassle of dismantling, avoiding unplanned downtime.

We also launched advanced testing services for turbine oils helping operators monitor both machine and lubricant condition.

To optimize fuel consumption in mining, quarry and construction sectors, we launched "Machine Max" a service that provides customers an overview of the entire fleet utilization. This helps the operation manager optimize fleet operations, that saves fuel and helps reduce carbon footprint.

Shell Helix Reiterating its Unbeatable Protection

2022 started off with a large-scale promotion aimed at consumers to treat their cars with Shell Helix, offering an opportunity to win 2 sport utility vehicles (SUV) and fabulous prizes. This promotion was live on multiple digital platforms, out of home and radio touchpoints across Pakistan.

For influencers and oil change partners, we launched multiple trade and loyalty initiatives throughout the year, targeted at increasing recommendation, awareness and brand preference.

Shell Rimula remains steadfast to its Mission – "Relentless Support"

2022 has been an unprecedented year for the transport and agriculture sectors of Pakistan. Diesel price hikes, macro-economic challenges, torrential rains flooding the country severely affecting millions, are amongst many of the uncertainties that the sectors faced.

Nonetheless, Shell Rimula's mission – "Relentless support for the agriculture and trucking community" remained steadfast. We stayed connected with key customers from the agricultural segment. During the month of Ramzan, we held Iftar drives, organised influencer initiatives and ran attractive consumer promotions, that helped increase our presence.

Shell Branded Independent Workshops making its mark across the Industry Landscape

In 2022, we established 40 new branded independent workshops across Pakistan, expanding our footprint in the high street market. We were able to attract and convert customers through competitive offerings.

To address the rising demand of customers, a new channel was introduced within the industry, where oil changers are upto speed with the changing needs of automobile standards and requirements and can offer end to end solutions to customers for their vehicles.

Investing in Technology to Improve Productivity and Efficiency

Asset management is integral to optimise asset footprint, improve reliability, production flexibility and efficiency. At Shell Pakistan, these practices help customers to get competitive products, increase productivity, and extend the life of the assets.

To meet the growing demand for products, in 2022, a new filling line was added at the lubricants oil blending plant to increase Shell Pakistan's production capability. The new filling system improved product quality, enhanced accuracy, and increased supply chain capability to manage larger volumes. The advanced sensors and control systems ensure that products are filled accurately, and containers are properly sealed.

HSSE
Performance

Shell's Powering Progress strategy is underpinned by our focus on safety. We aim to do no harm to people and to have no leaks across our operations. We call this our Goal Zero ambition.

We seek to improve safety by focusing on the three areas where the safety risks associated with our activities are highest: personal, process and transport. We strive to reduce risks and to minimise the potential impact of any incident, with a particular emphasis on the risks with the most serious consequences if something goes wrong.

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

In 2007, the Shell Group established our Safety Day as part of our Goal Zero ambition. Each year, Safety Day brings the whole company together, including our contractor partners, to reflect, review and talk about how we can look out for one another and maintain our focus on making Shell a safer place.

In 2022, Safety Day began with a staff connect led by leaders of the organisation, followed by engagements within teams to continue the conversations. The sessions provided an opportunity to discuss how we are all connected in the work that we do, and how our actions can create a chain of events that can impact the decisions and actions of others, including at the frontline. The sessions also aimed to build an understanding of integral concepts that go hand in hand with safety, namely human performance and learner mindset. Human performance is the way people, culture, equipment, work systems and processes interact as a system; and learner mindset is a belief that everyone can grow their ability, learn from mistakes and successes and speak up openly in a safe environment. Teams were encouraged to share their experiences and learn from each other. Similar engagements were held with our contractor partners.

Safe Refuelling for Motorcyclists and Rickshaws

In Pakistan, there are approximately 25 million two-wheelers (motorcycles) and 1 million three-wheelers (rickshaws). In the last five years, we estimate that more than 2,000 fuelling incidents have been reported in the industry related to these vehicles. It is important for bikers and rickshaw drivers to get off their vehicles before fuelling their vehicle tank. This practice significantly reduces exposure to gasoline vapours during refuelling, reduces the risk of injury and allows time to react in case of an incident.

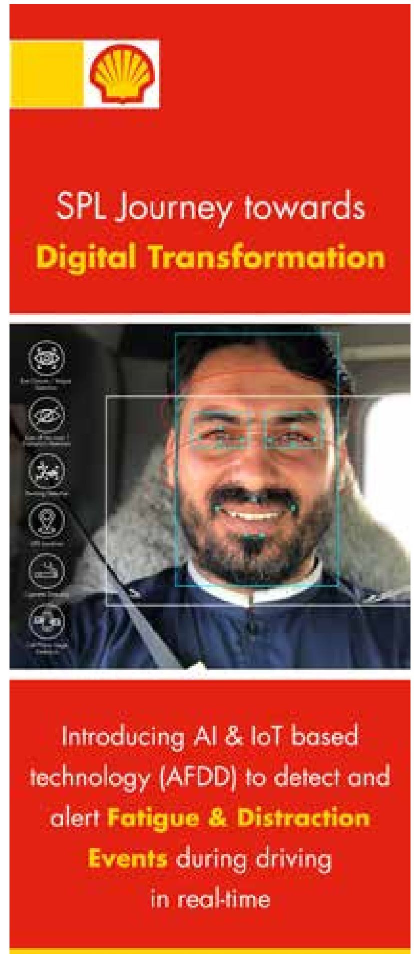
To build a sustainable cultural change, Shell Pakistan has been driving motorcycle and rickshaw refuelling safety, engaging with consumers, the government and the oil and gas industry through a comprehensive safety campaign, named "Ehtiyaat Bunay Hifaazat" translating to "precaution means protection".

Shell Pakistan has also collaborated with the Oil and Gas Regulatory Authority (OGRA), the Oil Companies Advisory Council (OCAC), and other Oil Marketing Companies (OMC) in Pakistan to work in partnership and are keen to bring about a mindset and behavioural change.

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 standards for transportation safety. Extensive engagements for hauliers and drivers are carried out across the country. To assist drivers, we installed active fatigue and distraction detection (AFDD) devices in vehicles, a recommended tool based on machine vision technology. AFDD alerts the driver when it identifies signs of fatigue such as eye closure, yawning or distraction such as eyes off the road for extended periods. Reversing cameras on tank lorries have also been introduced to improve safety and controls.

After the completion of the multigrade White Oil Pipeline which transports fuel from Karachi to Lahore; fuel transportation for Shell Pakistan to upcountry terminals from Port Qasim, resulted in ~25% reduction of product moving through road transport. This pipeline conversion project commenced in 2019 and was completed in 2022.



Health

Shell Pakistan's health department empowers people and the business to thrive through care. The department kept staff informed and updated on medical developments linked to COVID-19 and other topics including ergonomics, dengue and heatwaves. On World Health Day, a health fair was arranged for employees where approximately 100 employees voluntarily had their vital signs, BMI, random blood sugar, rapid cholesterol, hepatitis B and C, and bone mineral density screened. We also offered consultations with a general physician, a dietician and nutritionist, and a psychiatrist.

We completed Fitness to Work protocols for eligible staff in jobs classified as high-risk jobs.

On Women's Day in March, we organised self-defense training workshop for female employees that provided guidance on building situational awareness and taught basic techniques of self-defense. The session was run by self-defense experts from The Method. On Blood Donation Day in June, a blood donation drive was arranged, where employees could volunteer and join the effort to save lives.

Our **People**

Our people are integral to the successful delivery of the Shell strategy and to sustaining business performance. Performing competitively, and profitably in the ever-evolving energy landscape requires competent and empowered people working safely together across Shell. It is our people who make up the heart and soul of the organization and what it represents. Our continued efforts towards attracting, developing, and maintaining an energized workforce allows us to consistently achieve top quartile scores across all areas of the People Engagement Survey which is a testament of Shell truly being a great place to work. Strong engagement helps us accelerate people development, enhance leadership capabilities and improve employee performance.

Future of Work

Safety and well-being of our employees is a top priority. After working from home for more than two years, office-based staff of Shell Pakistan officially returned to office spaces in April 2022. With the world transforming post-pandemic and changes in ways of working, Shell Pakistan adapted the workplace calling it “Future of Work”. We recognized the need to introduce flexible and inclusive working patterns for all our employees. Our employees have flexibility in the form of mandatory work from home on Friday.

Alongside helping office employees return to work with greater flexibility, Future of Work also provides smarter and greener ways of working. As part of our journey towards Powering Progress, Respecting Nature and Achieving Net-Zero Emissions, we have thoughtfully adapted office operations to conserve energy, save cost and reduce our carbon footprint. Through office waste management, reduced water consumption, energy efficient electrical fittings, and a staff car-pooling application “Shell Sawari”, we are working towards carbon reduction from Shell Pakistan office operations, $50,000+ annual cost/energy saving, increase in asset life, reduced cars on roads and improved employee wellbeing.

Building and Sustaining a Diverse and Inclusive (D&I) Environment

Shell has set a goal to become one of the world's most diverse and inclusive organisations, a place where everyone – from our employees to our customers, partners, and suppliers – feels valued, respected, and has a strong sense of belonging. At Shell, we seek to provide a safe, caring, and inclusive environment so that people can be themselves and reach their full potential.

Our approach starts with living up to our core values of honesty, integrity, and respect for people. These standards are set out in the Shell General Business Principles and our Code of Conduct. We want everyone to have a strong sense of belonging, irrespective of our differences. We launched two mandatory training courses for all staff to foster inclusive behaviours in our culture: Respect in the Workplace and Conscious Inclusion, and Unconscious Bias.

Shell Pakistan has access to Workplace Accessibility (WPA), a service to deliver office-based workplace adjustments (both physical and non-physical) to improve the accessibility of Shell's workplace so that it meets the many different individual and work environment requirements of our employees.

In 2015, we launched the Uraan network, a professional network for women in Shell Pakistan. The network provides a collaborative forum including external networking opportunities. In 2022, as part of Women's Day activities, the Uraan Network arranged a Self Defense training for women at Shell; that spoke about situational awareness and equipped them with basic techniques of self-defense.

We are working towards achieving a 50-50 gender parity in the organization and currently 26% of employees at Shell Pakistan are represented by women (compared to 12% in 2016) whereas the senior leadership comprises of 27% female employees – both are on a growing trend year-on-year. There are focused interventions and initiatives including changes to policy and benefits, which make Shell Pakistan an attractive place to work for women. We are making steady progress in our journey towards a diverse workforce with more than 35% of females recruited externally for mid-management and 50% for senior leadership.

Creating a High-Performing Workforce

At Shell, our success depends on our ability to attract, retain, and motivate an ever-increasing pool of diverse talent. We foster an environment which enables employees to be their best regardless of the circumstances. Throughout their journey at Shell, deliverables underpinned by our values and core business principles, are achieved through clear target-setting coupled with coaching and regular reviews. Performance is calibrated, recognized, and rewarded with key focus on safety, operational excellence, personal development, and bottom-line impact.

We continue to utilize efficient resourcing strategies for fresh graduates and experienced professionals to equip the business with talented individuals. In 2022, we resumed our flagship Management Trainee and Summer Internship program after a hiatus of 2 years during the pandemic. Students and graduates were engaged across the country and beyond, through virtual campus engagements. Through rounds of assessments that included gamified cognitive tests, individual structured interviews, and case studies, we recruited 44 summer interns and 9 management trainees from a pool of 10,000+ applications. Through the program, we developed a robust talent pipeline to address future resourcing needs.

All new joiners go through a structured onboarding plan which is primarily designed to integrate new joiners into the company and familiarize them with our core values, organization structure, business operations and culture at Shell. We inducted 80+ new employees through external resourcing, being the highest in the past decade.

All employees go through a regular refresher of key trainings that cover our values, Code of Conduct, Ethics & Compliance and Diversity, Equity & Inclusion. At Shell, we follow a zero-tolerance policy against harassment and forms of discrimination. We investigate all allegations of breaches of the Code of Conduct. We are committed to ensure such incidents are investigated by specialists, in accordance with our investigation principles followed by implementation of consequence management, where applicable, through a formal Disciplinary Committee. Allegations may be raised confidentially and anonymously through several channels, including a Shell Global Helpline operated by an independent provider.

Care for Employees

2022 saw extraordinary changes in the economic and financial situation of the country with general inflation at a record high. To support our employees, we introduced a mid-year inflationary adjustment in addition to the regular merit cycle to provide some relief from the ongoing economic pressures. In 2022, Pakistan also faced the worst torrential floods. To support our colleagues for the construction and repair of their homes which have been impacted by the floods, we introduced a one-time Flood Relief Allowance for impacted employees along with a temporary zero-markup Loan Advance Facility.

Shell has been on the forefront of providing avenues for its employees to uplift both physical and mental wellbeing. We inaugurated a state-of-the-art fitness center, and are on-track to introduce fitness solutions to employees across the country. In collaboration with leading hospitals, we conducted health check-up drives which included medical tests and expert consultations to educate employees on their health status and to help adapt lifestyle choices. We continue to invest in the mental wellbeing of our employees through programs such as Speak Up Drive, which reminds employees of the importance of sharing dilemmas and speaking up, the channels and the processes that follow that includes consequence management, where applicable. Shell partners with a global Employee Assistance program provider which offers a range of support services to employees and their immediate family members. This confidential channel allows employees to receive advice and help resolve issues that contribute to stress, which in turn may be adversely affecting their work performance and morale.

Making Shell a Great Place to Work

At Shell, we take pride to be an employer-of-choice. All people related decisions are based on our core values honesty, integrity and respect for people.

The post pandemic period in 2022 allowed resuming in-person engagements safely, bringing employees together in Ramazan for an iftar meal and also organised Eid celebrations.

This year, we invited employees and their families to the local Science Center for a day filled with fun, food, and experimental learning. The opportunity allowed everyone to experience scientific thinking, literacy and methods through engagement with interactive exhibits and programs.

We recognized and awarded more than 55 employees in the categories of 5, 10, 15 and upto 40 years of loyal services. At Shell we fully acknowledge the commitment, and dedication of our long-serving employees and the support of their families through the Service Recognition Awards.

Social **Performance**

Shell invests in the communities where we live and operate. Shell's social performance 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.

Powering Lives through Energy

Energy is critical to economic and social development and improves lives and livelihoods. Shell, together with local partners, designs and implements self-sustaining access to energy projects that help unlock local markets for energy products and services.

Shell Pakistan is contributing to Pakistan's efforts to achieving United Nation's Sustainable Development Goal 07 that calls to ensure access to affordable, reliable, sustainable and modern energy for all.

Since 2019, Shell Pakistan has been running an Access to Energy programme in South Punjab in collaboration with the National Rural Support Program (NRSP). This programme provides clean energy solutions in a village, Basti Bullah Baloch, through solar-powered tube wells and a flour mill, as well as clean cooking stoves and solar lamps. After the success in Basti Bullah Baloch, in 2022, we worked with a second village, Basti Katimar, which had similar energy challenges. We installed two community solar powered tube wells catering to more than 90 farmers, and a solar milk refrigeration unit assisting 40 dairy farmers, increasing milk shelf life and providing an increase in livelihood profitability.

The project has benefited around 750 households across two villages. More than 230 farmers have access to power for cultivating ~320 acres of agricultural land on solar tube wells. This resulted in reliable and improved water supply, reducing irrigation time by one-third, and increasing crop diversity, which reduced costs per irrigation cycle.

The solar powered flourmill caters to 430 households that now have food supply continuity from the improved wheat grains grinding facility. The local flour mill also saved 8 km of travel time to the nearest flour mill.

The aim is for the project to be financially viable on a continuous basis so that it can be eventually handed over to a community-based organisation in the village. This model has potential to be 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. In 2003, it was launched in Pakistan with the name Shell Tameer, as part of Shell's commitment to generate prosperity for the communities around the world. Shell Tameer, in its 19th year in Pakistan, and 40th year for Shell LiveWIRE globally, continued to strengthen the national economy through youth entrepreneurship development. The programme has reached out to around 1.1 million young people (aged 18-35) and engaged around 12,600 young entrepreneurs through enterprise trainings resulting in over more than 1,100 startups and business expansions.

Here are some of the key highlights of Shell Tameer's progress in 2022.

Shell Tameer Awards 2022

Shell Tameer Awards is a nationwide competition to recognize, celebrate and reward young talent making significant contribution in the national entrepreneurship space. The 9th Shell Tameer Awards took place in November in Karachi.

The competition received over 250 applications across six award categories around Clean Energy, Women Empowerment, Technology Innovation, Circular Economy, Transport & Mobility and Bright Ideas. The top 30 finalists were shortlisted to compete in the final event. A total of PKR 7.5 million was distributed amongst six winners and six runners-up as seed capital to help them sustain and develop their businesses. They also received one-on-one mentorship by Shell LiveWIRE's international consultants DAI, to enable them to deliver investor winning pitches.

A jury panel of 24 renowned business leaders from across the industry awarded startups for their business plan, uniqueness, relevance and applicability to be winners and runners-up for 2022. More than 60 media opportunities were utilized across 16 media outlets that included digital and print platforms as well as radio and TV channels to bring the qualifying entrepreneurs into the limelight.

We shortlisted 30 finalists hailing from cities as diverse as Karachi, Lahore, Islamabad, Hyderabad, Peshawar, Faisalabad, Bahawalpur, Jamshoro and Hunza to compete for the winning prize. Local PR and media experts further geared-up the participants to shine bright in the media spotlight and present themselves and their ideas over electronic, print and digital media. They also trained them to network effectively with relevant industry stakeholders and drive the right conversations.

The six categories covered six Shell brands, namely Circular Economy by Shell Select, Clean Energy Solutions by Shell Recharge, Empowering Women by Shell Women's Network, Technological Innovation by Shell V-Power and Shell Helix Ultra, Transportation & Mobility by Shell Fleet Solutions and Bright Ideas by Shell Nature Based Solutions.

Fostering Female Entrepreneurship in Pakistan

In 2022, Shell Tameer supported women entrepreneurs who are working diligently towards a more inclusive entrepreneurial space in the country.

Marked annually on March 8th, International Women's Day (IWD) is a global event to promote gender equality and celebrate the remarkable achievements of women across the globe.

In 2022, Shell Tameer launched mentoring circles for women entrepreneurs in collaboration with the Institute of Business Management.

Themed 'Gender Equality for a Sustainable Future', in 2022, the programme aimed at providing guidance to 13 aspiring women entrepreneurs selected from universities across Karachi for their startups and ideas related to waste recycling, clean energy and environment friendly solutions. Seven industry leaders and experts dedicated three hours to each mentee resulting in the programme providing 40 hours of mentoring. Post-programme, two startups were successful in receiving seed funding.

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 multimodule training programme consists of seven e-modules and 14 hours of enterprise learning on the topics understanding enterprise, business model canvas, market research, social media marketing, financial management, business legalities and business pitch perfection.

In 2022, Shell Tameer successfully trained two cohorts of bootcamps in collaboration with Karachi's NED University of Engineering and Technology and Muhammad Ali Jinnah University, to train 41 aspiring entrepreneurs.

Seasoned subject matter experts from Shell Pakistan and other Shell Tameer partner networks facilitated the activity-based sessions conducted over a three-month period to guide these students on understanding the dynamics and requirements of the local market and how they can tailor their products and services to meet that demand.

The bootcamp concludes with pitch presentations conducted in front of a panel of experts, who provide insights on how the entrepreneurs can improve their ideas and pitch skills for investors.

Community Skill Development

In line with its vision of enterprise development at the grassroots level, Shell Tameer conducted Train the Trainer (ToT) programme at five campuses of The Hunar Foundation (THF) across Karachi.

Under the programme, 20 master trainers were trained, who further trained 82 young adults in Enterprise Development enrolled in various vocational training programmes at THF.

ToT is a strategic initiative by Shell Tameer to create larger impact by enabling individuals engaged in teaching, training and mentoring within communities to expand their circumference to enterprise development. These mentors can train and empower the youth at grassroots level to use their skills and enhance their livelihoods, while contributing towards community development.

Supporting Business Formalization

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

In 2022, through its collaboration with Small and Medium Enterprise Development Authority (SMEDA), Shell Tameer assisted three startups to formally register and converted nine startups into tax filers.

Disaster Relief Support

In 2022, Pakistan experienced unprecedented floods causing devastation. Our response efforts were both aiming for immediate and medium-term impact. The focus was on ensuring health, safety and well-being of our people, customers and community. Shell Pakistan, in collaboration with Health and Nutrition Development Society (HANDS), launched an employee donation matched by Shell Pakistan. Care packages were distributed to families in impacted fence-line communities around our operations. For the medium term, Shell Pakistan donated USD 100,000 each to NRSP and HANDS to build one room shelter houses and provide first aid to impacted households. The relief activity reached out to about 2770 households with approximately 19,400 individuals. The Shell Group made a donation to Mercy Corps Pakistan of USD 200,000 to support their on-ground relief work in providing winter kits to displaced people.

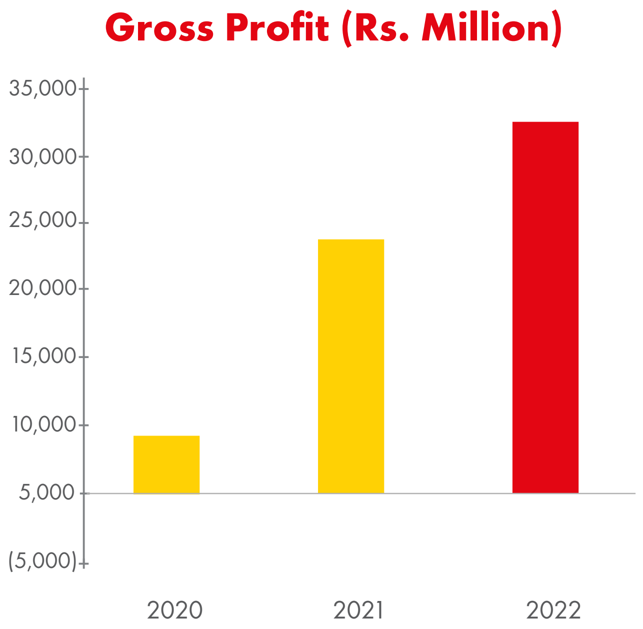
Driven to Deliver **Innovation**

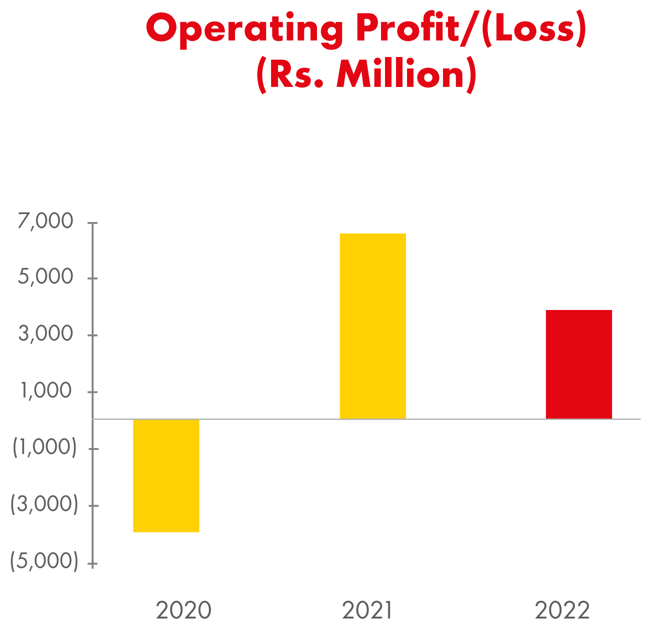
Shell is built on 125 years of technological innovation. Our scientists and engineers research, develop and deploy technologies that help Shell to provide more and cleaner energy in a changing energy system.

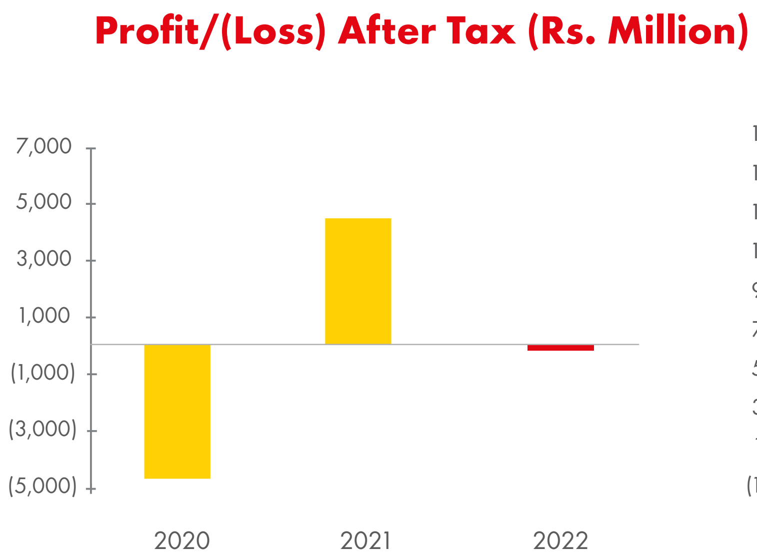
Energy is at the heart of development. It makes possible the investments and innovations needed to power the engines of growth and prosperity. The world will need much more energy to power homes and fuel transport in the years to come. And to counter climate change, energy must increasingly come from lower-carbon sources.

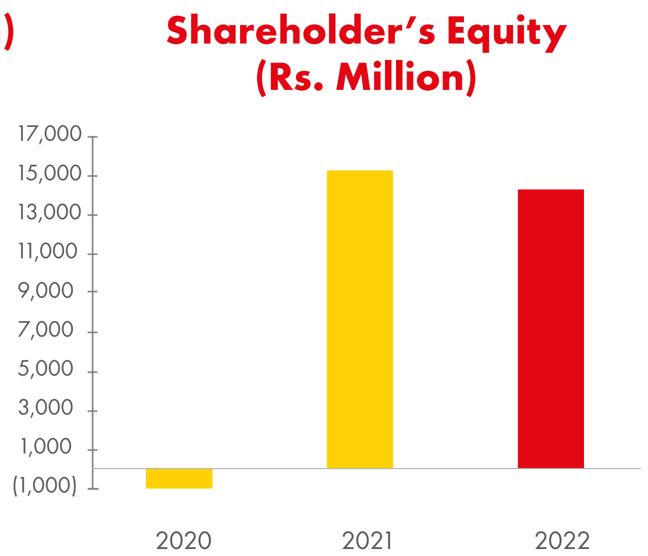
Performance at a **Glance**

Year Ended Decemeber 31, 2022

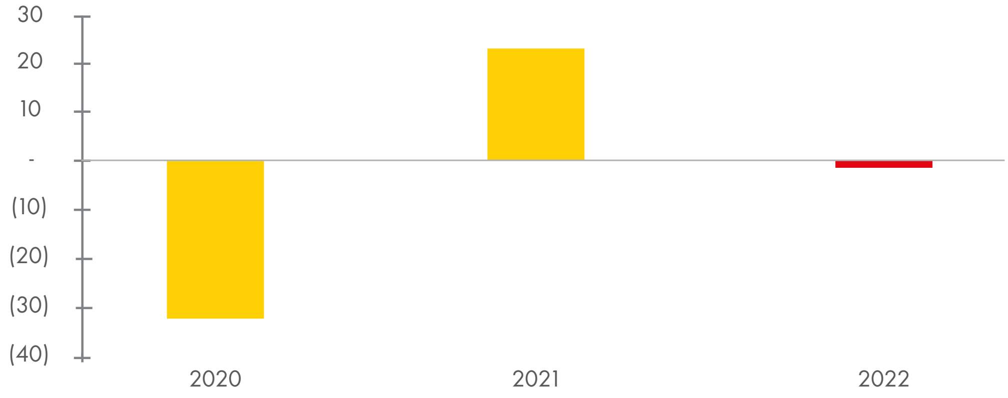




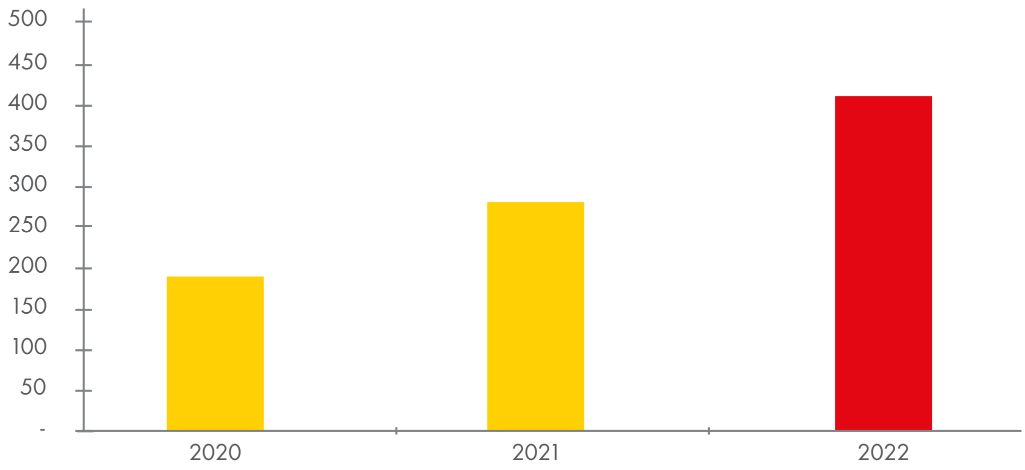




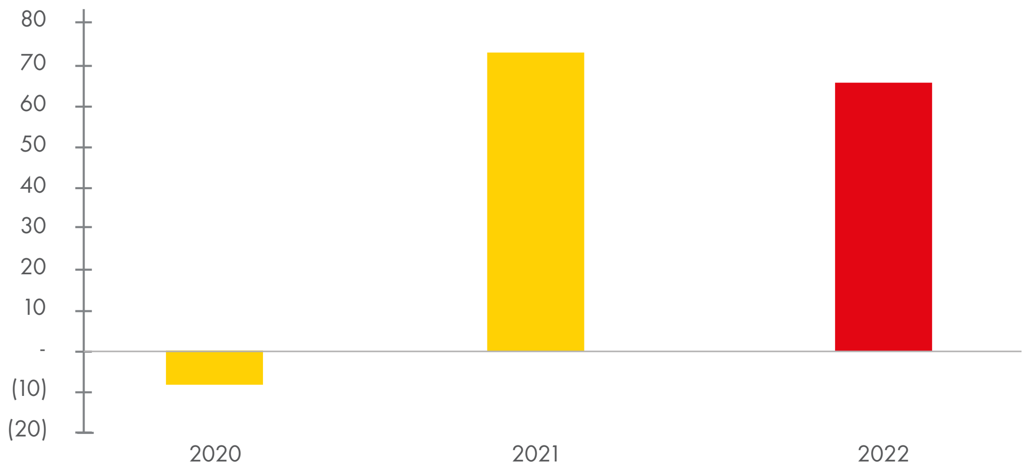
Profit/(Loss) Per Share (Rs. Per Share)



Gross Revenue (Rs. Billion)



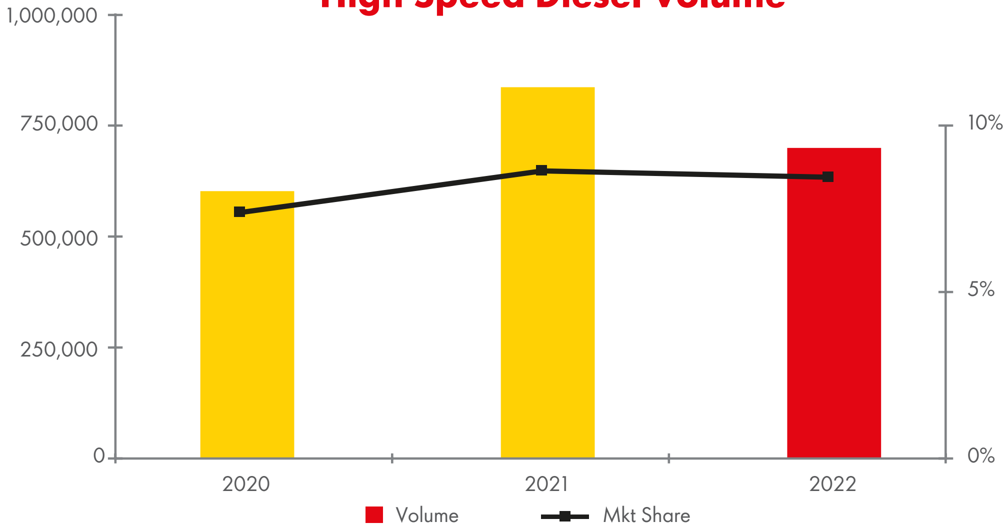
Break Up Value Per Share (Rs. Per Share)



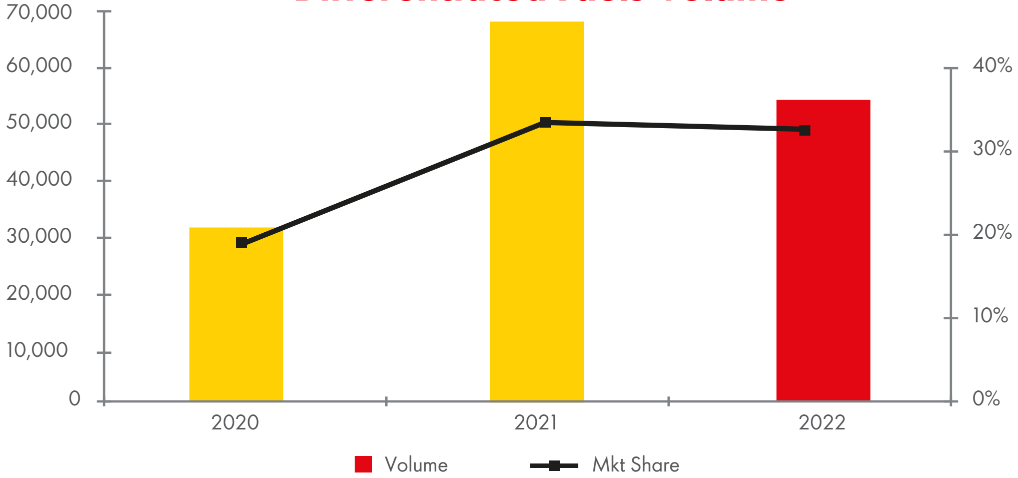
Operating and **Financial Highlights**

Product Wise Volume (MTs) and Market Share (%)

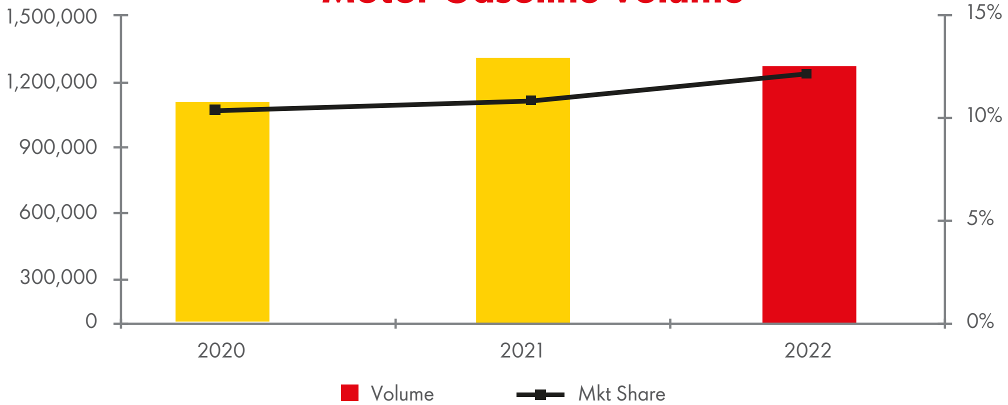
High Speed Diesel Volume



Differentiated Fuels Volume



Motor Gasoline Volume



Year Ended December 31, 2022

Highlights		2022	2021
Sales Volume	Tonnes	**2,033,325**	2,195,518
Sales Revenue	Rs. mn	**412,699**	249,210
Profit / (loss) before taxation	Rs. mn	**2,915**	6,609
Profit / (loss) after taxation	Rs. mn	**(72)**	4,467
Fixed Capital Expenditure	Rs. mn	**4,811**	4,244
Shareholders' equity	Rs. mn	**14,597**	15,321
Profit / (Loss) per share	Rs.	**(0.34)**	21.88

		Year ended December 31						
Financial Statistical Summary		2022	2021	2020 Restated	2019	2018	2017	2016
Share capital	Rs. mn	**2,140**	2,140	1,070	1,070	1,070	1,070	1,070
Reserves	Rs. mn	**12,457**	13,181	(1,721)	3,221	5,283	9,128	10,040
Shareholders' equity	Rs. mn	**14,597**	15,321	(651)	4,291	6,353	10,198	11,110
Break up value	Rs.	**68**	72	(6)	40	59	95	104
Dividend per share	Rs.	**3**	-	-	-	7	24	34
Bonus	Ratio	-	-	-	-	-	-	-
Profit / (Loss) before tax	Rs. mn	**2,915**	6,609	(4,815)	(140)	(60)	4,323	5,706
Profit / (Loss) after Tax	Rs. mn	**(72)**	4,467	(4,821)	(1,486)	(1,102)	3,183	6,764
Earnings / (Loss) per share of Rs. 10	Rs.	**(0.34)**	21.88	(31.19)	(13.88)	(10.30)	29.74	63.22
Working Capital								
Current assets to current liabilities	Times	**0.9**	0.9	0.6	0.7	0.7	0.8	0.9
Number of days stock	Days	**41**	59	31	34	32	23	25
Number of days trade debts	Days	**5**	7	9	8	6	7	4
Performance								
Profit / (Loss) after tax as % of average shareholders' equity	%	**(0.5)**	60.9	(264.9)	(27.9)	(13.3)	29.9	79.2
Cost of Sales as a % of sales	%	**91.9**	90.5	95.4	92.4	91.7	91.2	71.5
Profit / (Loss) before tax as % of sales	%	**0.71**	2.65	(2.92)	(0.07)	(0.03)	2.6	2.7
Profit / (Loss) after tax as % of sales	%	**(0.02)**	1.79	(2.92)	(0.7)	(0.6)	1.5	3.1
Total debt ratio	Ratio	-	-	1.1	0.7	0.6	0.04	-

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 2022, 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, 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 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 2022 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis For Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 notes 15.1 to 15.4 to the financial statements, as of 31 December 2022 the Company has receivables from GoP on account of petroleum development levy and other duties and price differential claims aggregating to Rs. 3,981 million. These receivables have been pending for collection for more than ten years, and the Company is maintaining provision against petroleum development levy and other duties and price differential claims. In view of the uncertainty around the 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.	Our key audit procedures, amongst others, included the following: - reviewed latest correspondence between the Company and the relevant authorities and minutes of the meetings of the Board of Directors and Board Audit Committee; - discussed with management regarding 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 the provision against these receivables; and - considered the adequacy of disclosures for compliance with the requirements of applicable financial reporting framework.
2. Revenue recognition	
As described in notes 1.2 and 24.1 to the financial statements, the Company generates revenue from sale of petroleum and other products. The Company generated revenue of Rs. 418,592 million as compared to Rs. 282,354 million during the previous year, which represents an increase of approximately 48% as compared to last year. The revenue recognition is identified as a key audit matter due to significant increase during the year and being one of the key performance indicators of the Company.	Our key audit procedures, amongst others, included the following: - obtained an understanding of the Company's processes and related internal controls for revenue recognition and on a sample basis, tested the effectiveness of those controls, specifically in relation to recognition of revenue and timing thereof; - performed testing of sales transactions on a sample basis to ensure that the related revenues are recorded appropriately at the correct quantity and price when control of goods has been transferred to the customer; - performed sales cut-off procedures by agreeing sample of transactions occurred on and around the year end to the evidence of deliveries to ensure that sales are recorded in the correct accounting period; and - assessed the adequacy of the related disclosures in accordance with the applicable financial reporting standards and the Companies Act, 2017.

3. Existence and valuation of stock-in-trade	
As disclosed in note 11 to the financial statements, stock-in-trade held by the Company as at 31 December 2022 amounted to Rs. 42,922 million which constitutes 42% of total assets of the Company. This comprise of raw and packing materials and finished products. Stock-in-trade is valued at lower of cost, calculated on a first-in first-out basis, and net realisable value. We have identified existence and valuation of stock-in-trade as a key audit matter given the relative size of the balance in the statement of financial position.	Our key audit procedures, amongst others, included the following: - obtained an understanding of management's internal controls over the existence and valuation of stock-in-trade and tested effectiveness of controls relevant to such process; - observed physical counts performed by the management for raw and packing materials and finished products held at various locations; - checked that the stock-in-trade as at 31 December 2022 was recorded at the lower of cost and net realisable value by testing a sample of items to the subsequent prices; - performed procedures in respect of stock-in-trade held at third party locations including circularisation of third party confirmations; and - considered the adequacy of the disclosures as per the guidelines set out in the applicable financial reporting framework.
4. Provision for soil and ground water remediation	
As disclosed in note 19 to the financial statements, the Company has recorded a provision amounting to Rs. 2,728 million in respect of soil and ground water remediation in accordance with the requirements of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. The calculation of the provision requires management's judgements in estimating present value of estimated costs. Given the significance of judgments and estimates involved in determination of the provision, we have considered it to be a key audit matter.	Our key audit procedures, amongst others, included the following: - reviewed the reports prepared by the Company's experts and assessed reasonableness of the methodologies and assumptions used for the determination of costs estimates; - obtained an understanding of management's process over determination of the provision based on discounted cash flows including the key inputs used therein and timings of the cashflows in accordance with the requirements of IAS 37; - involved our internal specialist to assist us in reviewing the valuation methodology and assumptions including discount rate used by the management's expert. - assessed the competence and relevant experience of the expert engaged by the management;

	- read the minutes of the meetings of those charged with governance in relation to voluntary initiation of the process of soil and ground water remediation in accordance with the Company's Health, Safety, Security, Environment and Social Performance Policy at certain terminals and retail sites; and - evaluated the adequacy of disclosures made in accordance with the requirements of applicable 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Chartered Accountants
Place: Karachi
Date: 07 April 2023
UDIN Number: AR202210076C86wh25nb

Statement of Financial Position

As at December 31, 2022

	Note	2022	2021
		(Rupees '000)	
Assets			
Non-current Assets			
Property, plant and equipment	4	**20,579,301**	17,841,942
Right-of-use assets	5	**6,453,393**	5,896,843
Intangible assets	6	**2,101**	5,253
Long-term investments	7	**5,198,192**	4,970,295
Long-term loans	8	**51,163**	37,440
Long-term deposits and prepayments	9	**220,100**	265,766
Deferred taxation	10	**780,010**	753,734
		33,284,260	29,771,273
Current Assets			
Stock-in-trade	11	**42,921,597**	36,628,824
Trade debts	12	**5,910,061**	4,667,468
Loans and advances	13	**62,784**	92,160
Short-term deposits and prepayments	14	**535,584**	527,247
Other receivables	15	**8,216,986**	8,189,480
Bank balances	16	**10,801,097**	4,973,417
		68,448,109	55,078,596
Total Assets		**101,732,369**	84,849,869
Equity and Liabilities			
Equity			
Share capital	17	**2,140,246**	2,140,246
Share premium		**11,991,012**	11,991,012
General reserves		**207,002**	207,002
Unappropriated profit		**807,101**	1,587,146
Remeasurement of post-employment benefits – actuarial loss		**(543,266)**	(598,930)
Unrealized loss on remeasurement of equity investment classified as fair value through other comprehensive income		**(5,000)**	(5,000)
Total equity		**14,597,095**	15,321,476
Liabilities			
Non-Current Liabilities			
Asset retirement obligation	18	**321,113**	173,550
Long-term provisions	19	**2,923,281**	432,768
Long-term lease liabilities	20	**5,945,991**	5,365,192
Provision for post-retirement medical benefits	33.2.2	**178,788**	170,543
		9,369,173	6,142,053
Current Liabilities			
Trade and other payables	21	**73,703,492**	60,825,752
Advances received from customers (contract liabilities)		**1,442,366**	1,105,953
Unclaimed dividend		**278,892**	293,906
Unpaid dividend		**508,954**	-
Accrued mark-up		**2,848**	1,187
Taxation - net		**882,792**	477,857
Current portion of long-term provisions	19	**236,964**	-
Current portion of long-term lease liabilities	20	**709,793**	681,685
		77,766,101	63,386,340
Contingencies and commitments	23		
Total Equity and Liabilities		**101,732,369**	84,849,869

The annexed notes from 1 to 44 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, 2022

	Note	2022	2021
		(Rupees '000)	
Sales	24	**418,592,346**	282,353,611
Other revenue		**750,914**	811,123
		419,343,260	283,164,734
Sales tax		**(6,644,201)**	(33,954,750)
Net revenue		**412,699,059**	249,209,984
Cost of products sold	25	**(379,106,173)**	(225,543,999)
Gross profit		**33,592,886**	23,665,985
Distribution and marketing expenses	26	**(10,281,744)**	(7,517,836)
Administrative expenses	27	**(7,390,232)**	(6,259,820)
Other expenses	28	**(14,386,220)**	(3,879,331)
Other income	29	**1,739,760**	575,881
Operating profit		**3,274,450**	6,584,879
Finance costs	30	**(1,358,252)**	(834,770)
		1,916,198	5,750,109
Share of profit of associate - net of tax	7.1	**998,905**	858,397
Profit before taxation		**2,915,103**	6,608,506
Taxation	31	**(2,987,416)**	(2,141,651)
Net (loss) / profit for the year		**(72,313)**	4,466,855
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Actuarial gain / (loss) on post-employment benefits		**83,081**	(1,445)
Deferred tax relating to actuarial gain / (loss) on post-employment benefits		**(27,417)**	419
		55,664	(1,026)
Items that may be subsequently reclassified to profit or loss			
Share of other comprehensive (loss) / income of associate - net of tax	7.1	**(65,658)**	7,784
Total comprehensive (loss) / income for the year		**(82,307)**	4,473,613
	-	(Rupees)	
(Loss) / earnings per share – basic and diluted	32	**(0.34)**	21.88

The annexed notes from 1 to 44 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, 2022

	Share capital	Capital reserve	Revenue reserve				
		Share premium	General reserves	Unappropriated profit	Remeasurement of post - employment benefits - actuarial (loss) / gain	Unrealized loss on remeasurement of equity investment	Total
	(Rupees '000)						
Balance as at January 01, 2021	1,070,123	1,503,803	207,002	(2,829,185)	(597,904)	(5,000)	(651,161)
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	**2,140,246**	**11,991,012**	**207,002**	**1,587,146**	**(598,930)**	**(5,000)**	**15,321,476**
Net loss for the year	**-**	**-**	**-**	**(72,313)**	**-**	**-**	**(72,313)**
Other comprehensive (loss) / income for the year - net of tax	**-**	**-**	**-**	**(65,658)**	**55,664**	**-**	**(9,994)**
Total comprehensive (loss) / income for the year	**-**	**-**	**-**	**(137,971)**	**55,664**	**-**	**(82,307)**
Interim cash dividend for the period ended September 30, 2022 @ Rs. 3/- per share	**-**	**-**	**-**	**(642,074)**	**-**	**-**	**(642,074)**
Balance as at December 31, 2022	**2,140,246**	**11,991,012**	**207,002**	**807,101**	**(543,266)**	**(5,000)**	**14,597,095**

The annexed notes from 1 to 44 form an integral part of these financial statements.

Zarrar Mahmud
Chief Financial Officer

Waqar I. Siddiqui
Chief Executive

Imran R. Ibrahim
Director

Statement of Cash Flows

For the year ended December 31, 2022

	Note	2022	2021
		(Rupees '000)	
Cash Flows From Operating Activities			
Cash generated from operations	36	**14,097,249**	7,363,882
Finance costs paid		**(419,953)**	(121,038)
Interest portion of lease liabilities paid	30	**(647,402)**	(546,047)
Income tax paid		**(2,636,175)**	(1,919,139)
Long-term loans		**(13,723)**	(8,309)
Long-term deposits and prepayments		**45,666**	(106,967)
Post-retirement medical benefits paid during the year	33.2.4	**(11,164)**	(11,163)
Net cash generated from operating activities		**10,414,498**	4,651,219
Cash Flows From Investing Activities			
Fixed capital expenditure		**(4,810,967)**	(4,243,869)
Proceeds from disposal of operating assets	4.7	**60,341**	18,482
Dividend received from associate	7.1	**705,350**	832,308
Interest on saving accounts	29	**115,471**	29,681
Interest on term deposit receipts	29	**195,788**	156,107
Net cash used in investing activities		**(3,734,017)**	(3,207,291)
Cash Flows From Financing Activities			
Proceeds from issuance of shares		**-**	11,557,332
Share issuance cost		**-**	(58,308)
Principal portion of lease liabilities paid		**(704,667)**	(338,863)
Repayment of long-term loan		**-**	(4,000,000)
Dividends paid		**(148,134)**	(23,038)
Net cash (used in) / generated from financing activities		**(852,801)**	7,137,123
Net increase in cash and cash equivalents		**5,827,680**	8,581,051
Cash and cash equivalents at the beginning of the year		**4,973,417**	(3,607,634)
Cash and cash equivalents at the end of the year	16	**10,801,097**	4,973,417

The annexed notes from 1 to 44 form an integral part of these financial statements.

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

Notes to the Financial Statements
For the year ended December 31, 2022

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 (now Companies Act, 2017 (the Act)) 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, Keamari, 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 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 and improvements to the approved accounting and reporting standards

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

Amendments and improvements to the approved accounting and reporting standards that became effective during the year

The Company has adopted the following amendments and improvements to the approved accounting and reporting standards which became effective for the current year:

Amendments to approved accounting standards

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

Improvements to accounting standards issued by the IASB (2018 – 2020 cycle)

IFRS 9	Fees in the '10 percent' test for the derecognition of financial liabilities
IFRS 16	Leases: Lease incentives
IAS 41	Agriculture - Taxation in fair value measurement

The adoption of the above amendments and improvements to the approved accounting and reporting standards did not have any material effect on these financial statements.

2.3.2 Standards and amendments to the 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)
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
IAS 1	Classification of Liabilities as Current or Non-Current (Amendments)	January 01, 2024
IFRS 16	Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalised

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 Significant 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 estimates, assumptions and judgments 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 15.9);

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 and 11.5);

iv. Provision of asset retirement obligation (notes 3.13.2 and 18);

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 3.18, 15.8 and 23.1);

viii. Determining the lease term of contracts with renewal and termination options (notes 3.14.4, 5 and 20);

ix. Leases - Estimating the incremental borrowing rate (notes 3.14.5 and 20); and

x. Provision for soil and ground water remediation (note 3.13.3 and 19).

3 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

3.1 Property, plant and equipment

These are carried at cost less accumulated depreciation and accumulated impairment losses, if any, except for 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 the statement of profit or loss and other comprehensive income as and when incurred.

Depreciation is charged to the 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 reporting 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 asset at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment. Refer to the accounting policy in note 3.4.2.

3.3 Intangible assets – Computer software

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and that cost of such asset can also be measured reliably.

These are carried at cost less accumulated amortization and accumulated impairment losses, if any. Refer to the accounting policy in note 3.4.2.

Amortization is charged to the 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 (ECLs) 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 (EIR). 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 EIR. 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 the 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 the 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 associate’s post acquisition profits or losses is recognised in profit or loss and its share in associate’s 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 associate 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 'Revenue from contracts with customers'.

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 EIR method and are subject to impairment. Gains and losses are recognised in the 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 other comprehensive income.

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 the 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 FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income. Financial liabilities designated upon initial recognition at associate's are designated at the initial date of recognition only if the criteria in IFRS 9 'Financial Instruments' 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 the 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 amortization is included as finance costs in the 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, cancelled or expired. 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 the 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 EIR 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 the 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 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 utilised.

The carrying amount of deferred tax assets is reviewed at each reporting 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 utilised.

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 reporting 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 of invoice value, custom duties, other direct costs and similar levies 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 (if any) and accounts held with banks that are subject to an insignificant risk of changes in value. Short term finance facilities (running finance) availed by the Company, which are payable on demand and form an integral part of the Company’s cash management are included as part of cash and cash equivalents.

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

The below mentioned schemes are managed in conformity with the provisions of the Trust Deeds. The Company is responsible to make contributions to the funds as prescribed under the Trust Deeds and their rules, whereas, the trustees are responsible for the day to day management of the funds. 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.

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.

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.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the effect of the asset ceiling are recognised directly in equity through the statement of other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. All past service costs are recognised in statement of profit or loss at the earlier of when the amendments or curtailment occurs and when the Company has recognised related retirement or termination benefits. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income in the statement of profit or loss and other comprehensive income.

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 the 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 reporting date and adjusted to reflect current best estimate.

3.13.2 Provision for asset retirement obligation is based on assumptions and estimates made in relation to discount rates, the expected cost to dismantle and the expected timing of those costs. The liability is recorded at the present value of expected costs, 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 estimated future costs of dismantling are reviewed annually and adjusted as appropriate. 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.

3.13.3 Provision for soil and ground water remediation is based on assumptions and estimates made in relation to discount rates, the expected cost to remediate and the expected timing of those costs. The liability is recorded at the present value of expected costs, amounts discounted over the duration of the remediation activities. The estimated future costs of remediation are reviewed annually and adjusted as appropriate. 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). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term in the statement of profit or loss and other comprehensive income.

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 (if any) 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). The gain or loss on termination of a lease represented by the difference between the carrying amount of the right-of-use assets and lease liability is recognised as an income or expense in the statement of profit or loss and other comprehensive income at the time of termination.

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 dividend

Dividend declared and payable prior to the preceding three years from the reporting date are recognised as unclaimed dividend.

3.16 Unpaid dividend

Dividend declared by the Company, in the preceding three years, which remains unclaimed or unpaid as on the reporting date is recognised as unpaid dividend.

3.17 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.

3.18 Contingent liabilities

A 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.

3.19 Revenue recognition

The Company recognises revenue at a point in time when the control of product is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. 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.

3.20 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 reporting date. Exchange differences are recognised in the statement of profit or loss and other comprehensive income.

3.21 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 since Chief Operating Decision Maker monitors the operating results of the entity. 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.

3.22 Interest in joint operations

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.

The Board of Directors of the Company in their meeting held on August 17, 2022 approved the discontinuation of the Company's aviation sites. However, the management has not initiated an active programme to locate a buyer and the assets are not being actively marketed for sale. Therefore, the criteria stated in IFRS-5 'Non-current Assets Held for Sale and Discontinued Operations' has not been fully met as at the reporting date, accordingly, the assets at the aviation sites have not been classified and presented as 'Held for Sale' in these financial statements.

- 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.

3.23 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.

3.24 Advances received from customers (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 (i.e. transfers control of related goods to the customer).

3.25 Functional and presentation currency

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

3.26 Dividend and appropriation to reserves

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

4. Property, Plant and Equipment

	Note	2022	2021
		(Rupees '000)	
Operating assets – at net book value		**16,329,276**	13,498,820
Provision for impairment	4.9	**(355,725)**	(210,340)
	4.1	**15,973,551**	13,288,480
Capital work-in-progress	4.8	**4,605,750**	4,553,462
		20,579,301	17,841,942

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, 2022																
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
Less: 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
Year ended December 31, 2022																
Opening 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
Additions / revision of asset retirement obligation		-	-	12,479	788,902	1,946,980	484,211	82,672	5,620	214,373	81,042	768,289	460,566	56,467	-	4,901,601
Less: Disposals / write-offs																
Cost		-	-	-	203,047	76,602	21,288	636	168	61,631	95,822	83,660	40,986	2,886	-	586,726
Accumulated depreciation		-	-	-	(139,769)	(36,149)	(5,743)	(617)	(24)	(45,990)	(78,001)	(42,182)	(23,545)	(1,760)	-	(373,780)
	4.7	-	-	-	63,278	40,453	15,545	19	144	15,641	17,821	41,478	17,441	1,126	-	212,946
Less: Depreciation charge for the year	4.3	-	45,622	3,213	171,269	277,327	163,506	5,104	4,919	142,286	50,061	272,158	380,707	342,027	-	1,858,199
Less: Impairment charge for the year	4.9	-	-	-	17,638	66,891	38,830	-	459	4,466	-	15,596	1,505	-	-	145,385
Closing net book value		94,691	408,166	119,048	2,437,260	4,195,889	2,075,933	100,840	52,908	1,533,433	166,300	2,552,606	2,112,492	123,985	-	15,973,551
As at December 31, 2022																
Cost		94,691	618,751	207,667	5,153,881	6,132,766	3,099,394	136,363	77,567	2,563,371	604,524	5,360,718	4,845,365	898,401	7	29,793,466
Less: Accumulated depreciation and impairment		-	210,585	88,619	2,716,621	1,936,877	1,023,461	35,523	24,659	1,029,938	438,224	2,808,112	2,732,873	774,416	7	13,819,915
Net book value		94,691	408,166	119,048	2,437,260	4,195,889	2,075,933	100,840	52,908	1,533,433	166,300	2,552,606	2,112,492	123,985	-	15,973,551
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
Less: 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
Less: 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
Depreciation rate % per annum		-	4 to 5	2.5	5	3 to 10	3 to 20	6.67	6.67	5 to 10	5 to 20	4 to 20	5 to 20	20 to 33.33	25	

4.2 Operating assets include items having an aggregate cost of Rs. 5,539,551 thousand (2021: Rs. 4,160,914 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	2022	2021
		(Rupees '000)	
Cost of products sold	25.1	**138,600**	126,236
Distribution and marketing expenses	26	**1,539,280**	1,123,826
Administrative expenses	27	**180,319**	148,414
		1,858,199	1,398,476

4.4 The Company's assets include assets having a cost of Rs. 12,482,052 thousand (2021: Rs. 11,573,528 thousand) located at dealer operated sites. In view of the large number of retail sites, the Company considers it impracticable to disclose the particulars of the assets not in possession of the Company at these sites as required under the Fourth Schedule to the Act.

4.5 Included in operating assets are assets having net book value of Rs. 269,391 thousand (2021: Rs. 342,597 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. 257,312 thousand (2021: Rs. 218,060 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 to the Act.

4.6 Particulars of immovable fixed assets (i.e. land) of the Company are as follows:

Location	Address	Unit of measurement	Total area
Oil depot / terminals / plant			
Keamari Oil Terminal	Oil Installation Area, Plot No. 1, 3, 4, 7, 8 and 9, Keamari, 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-Quaid, 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 Isphani 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
Connaught 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 Act.

4.7 The details of operating assets disposed / written off during the year are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Loss / (gain)	Mode of disposal (note 4.7.1)	Particulars of buyer	Relationship
	(Rupees '000)							
Buildings on leasehold land	1,928	453	1,475	2,205	(730)	Negotiation	Amir Sanitary Engineering Works	Vendor
	91,321	46,372	44,949	-	44,949	Write-off	-	-
	93,249	46,825	46,424	2,205	44,219			
Tanks and pipelines	14,737	2,827	11,910	-	11,910	Write-off	-	-
Plant and machinery	8,099	1,406	6,693	-	6,693	Write-off	-	-
Dispensing pumps	1,450	620	830	1,586	(756)	Negotiation	Amir Sanitary Engineering Works	Vendor
	11,141	3,612	7,529	-	7,529	Write-off	-	-
	12,591	4,232	8,359	1,586	6,773			
Rolling stock and vehicles	2,254	956	1,298	899	399	Company policy	Saymeen Sulaman	Employee
	2,254	1,428	826	1,594	(768)	Company policy	Usman Khalid	Employee
	2,254	1,728	526	939	(413)	Company policy	Saad Ashraf	Employee
	2,254	1,465	789	959	(170)	Company policy	Noman Ahmed	Employee
	2,469	1,276	1,193	1,572	(379)	Company policy	Junaid Khan	Employee
	2,469	1,276	1,193	1,580	(387)	Company policy	Imtiaz Aftab	Employee
	3,780	1,602	2,178	2,649	(471)	Company policy	Muhammad Qureshi	Employee
	3,780	1,953	1,827	2,172	(345)	Company policy	Sajjad Ahmed	Employee
	2,254	1,578	676	961	(285)	Company policy	Afeefa Arshad	Employee
	2,880	1,757	1,123	1,480	(357)	Company policy	Sana	Employee
	3,490	2,443	1,047	2,077	(1,030)	Company policy	Muhammad Faisal	Employee
	8,624	5,778	2,846	-	2,846	Write-off	-	-
	38,762	23,240	15,522	16,882	(1,360)			
Electrical, mechanical and fire fighting equipments	55,690	22,270	33,420	-	33,420	Write-off	-	-
Furniture, office equipment and other assets	10,945	5,513	5,432	-	5,432	Write-off	-	-
Computer auxiliaries	1,397	271	1,126	-	1,126	Write-off	-	-
Items having book value of less than Rs. 500,000	351,256	267,196	84,060	39,668	44,392			
December 31, 2022	586,726	373,780	212,946	60,341	152,605			
December 31, 2021	250,697	192,847	57,850	18,482	39,368			

4.7.1 Includes assets at aviation sites written off during the year in respect of the planned discontinuation of the Company's aviation sites as disclosed in note 3.22 to these financial statements.

4.8 Capital work-in-progress

	Note	2022	2021
		(Rupees '000)	
Buildings on leasehold land		**2,487,709**	1,644,941
Tanks and pipelines		**1,095,270**	1,744,915
Plant and machinery		**473,821**	710,089
Air conditioning plant		**44,062**	97,840
Rolling stock and vehicles		**49,057**	19,033
Electrical, mechanical and fire-fighting equipments		**324,137**	227,419
Furniture, office equipment and other assets		**131,694**	109,225
	4.8.1	**4,605,750**	4,553,462

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

	Note	2022	2021
Balance at beginning of the year		**4,553,462**	4,851,207
Additions during the year		**4,810,967**	4,192,060
Transfers during the year		**(4,758,679)**	(4,489,805)
Balance at end of the year	4.8.2	**4,605,750**	4,553,462

4.8.2 Includes capital work-in-progress amounting to Rs. Nil (2021: Rs. 5,588 thousand) in respect of Company's share in joint operations.

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 a net provision of Rs. 145,385 thousand (2021: net reversal of Rs. 87,319 thousand). The assets include Compressed Natural Gas (CNG) assets, assets installed at the retail and aviation sites.

	Note	2022	2021
		(Rupees '000)	
Balance at beginning of the year		**210,340**	297,659
Provision made during the year		**150,915**	318
Reversals during the year		**(5,530)**	(87,637)
	28 / 29	**145,385**	(87,319)
Balance at end of the year		**355,725**	210,340

The estimated recoverable amount has been determined using the discounted cash flows over the useful lives of the property, plant and equipment. Key assumptions used in estimation of recoverable amount includes profit forecasts and cashflow projections (based on both internal and external market information and past performance) which are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the property, plant and equipment.

5 Right-of-Use Assets

	Note	2022	2021
		(Rupees '000)	
As at January 01			
Cost		**7,796,527**	6,362,792
Accumulated depreciation		**(1,899,684)**	(1,188,506)
Net book value		**5,896,843**	5,174,286
Year ended December 31			
Opening net book value		**5,896,843**	5,174,286
Additions during the year		**1,516,173**	1,433,735
Terminations during the year	5.1	**(147,560)**	-
Depreciation charge for the year	5.2	**(812,063)**	(711,178)
Closing net book value		**6,453,393**	5,896,843
As at December 31			
Cost		**9,025,798**	7,796,527
Accumulated depreciation		**(2,572,405)**	(1,899,684)
Net book value		**6,453,393**	5,896,843

5.1 The cost of right-of-use assets against leases terminated amounted to Rs. 286,902 thousand (2021: Rs. Nil).

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

	Note	2022	2021
		(Rupees '000)	
Cost of products sold	25.1	**22,426**	24,055
Distribution and marketing expenses	26	**783,520**	677,163
Administrative expenses	27	**6,117**	9,960
		812,063	711,178

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

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

6 Intangible Assets

Computer software	Cost			Accumulated amortization			Net book value	Amortization rate per annum
	As at January 01,	Additions	As at December 31,	As at January 01,	For the Year	As at December 31,	As at December 31,	
	(Rupees '000)							
					Note 27			
2022	**1,928,331**	**-**	**1,928,331**	**1,923,078**	**3,152**	**1,926,230**	**2,101**	**20%**
2021	1,928,331	-	1,928,331	1,919,926	3,152	1,923,078	5,253	

Includes intangible assets at a cost of Rs. 1,912,571 thousand (2021: 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 is fully amortized, however, it is still in active use.

7 Long-term Investments	Note	2022	2021	2022	2021
		% Holding		(Rupees '000)	
Investment in associate – unquoted					
- Pak-Arab Pipeline Company Limited (PAPCO) 18,720,000 (2021: 18,720,000) ordinary shares of Rs. 100/- each	7.1 / 7.3	**26**	26	**5,198,192**	4,970,295
At fair value through other comprehensive income – unquoted					
- Arabian Sea Country Club Limited 500,000 (2021: 500,000) ordinary shares of Rs. 10/- each		**5**	5	**5,000**	5,000
Less: Unrealized loss on remeasurement of equity investment classified at fair value through other comprehensive income				**(5,000)**	(5,000)
				-	-
				5,198,192	4,970,295

7.1 Movement of Investment in Associate

	2022	2021
	(Rupees '000)	
Balance at beginning of the year	**4,970,295**	4,936,422
Share of profit before taxation	**1,553,225**	1,244,175
Share of taxation	**(554,320)**	(385,778)
	998,905	858,397
Share of other comprehensive (loss) / income before taxation	**(91,507)**	10,964
Share of taxation	**25,849**	(3,180)
	(65,658)	7,784
Dividend received	**(705,350)**	(832,308)
Balance at end of the year	**5,198,192**	4,970,295

7.1.1 The principle activity of the associate is to transport petroleum products through its pipeline system.

7.2 Financial details / position of associate

	2022	2021
	(Rupees '000)	
Non-current assets	**26,952,841**	29,423,878
Current assets	**15,394,929**	12,528,988
Non-current liabilities	**9,131,927**	11,328,119
Current liabilities	**13,222,797**	11,508,229
Revenue	**10,156,972**	6,690,854
Gross profit	**5,625,192**	3,857,192
Profit after tax	**3,841,942**	3,301,528
Other comprehensive (loss) / income	**(252,530)**	29,939
Total comprehensive income	**3,589,412**	3,389,102

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, 2022 and December 31, 2021, whereas revenue, profits and total comprehensive income disclosed above are based on audited financial statements for the years ended June 30, 2022 and June 30, 2021 and unaudited financial statements for the half years ended December 31, 2022, December 31, 2021 and December 31, 2020.

Share of contingent liabilities based on the latest unaudited condensed interim financial statements of PAPCO for the half year ended December 31, 2022 amounts to Rs. 4,874 thousand (2021: Rs. 4,921 thousand).

7.3 Reconciliation of carrying amount of investment in associate

	Note	2022	2021
		(Rupees '000)	
Net assets	7.2	**19,993,046**	19,116,518
Company's holding in %	7	**26%**	26%
Company's share of investment in associate		**5,198,192**	4,970,295

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

		Note	2022	2021
			(Rupees '000)	
8	**Long-term Loans - considered good, secured**			
	Due from:			
	- Executive Directors	8.1	**1,489**	3,276
	- Executives	8.2	**95,208**	85,158
	- Employees		**17,250**	21,440
		8.3 / 8.4	**113,947**	109,874
	Less: Receivable within one year			
	- Executive Directors		**-**	6,745
	- Executives		**51,324**	50,494
	- Employees		**11,460**	15,195
		13	**62,784**	72,434
			51,163	37,440

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. 3,127 thousand (2021: Rs. 11,654 thousand). The reconciliation of the carrying amount of loans to Executive Directors is as follows:

	2022	2021
	(Rupees '000)	
Balance at beginning of the year	**3,276**	12,408
Disbursements	**-**	1,399
Repayments	**(1,787)**	(10,531)
Balance at end of the year	**1,489**	3,276

8.2 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 95,208 thousand (2021: Rs. 85,157 thousand). The reconciliation of the carrying amount of loans to executives is as follows:

	2022	2021
	(Rupees '000)	
Balance at beginning of the year	**85,158**	75,814
Disbursements	**84,982**	65,925
Repayments	**(74,932)**	(56,581)
Balance at end of the year	**95,208**	85,158

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 impact of discounting is not material to these financial statements.

9 Long-Term Deposits And Prepayments

	Note	2022	2021
		(Rupees '000)	
Deposits	9.1	**80,625**	77,201
Prepayments		**139,475**	188,565
		220,100	265,766

9.1 These are carried at cost as the impact of discounting is not material to these financial statements.

10 Deferred Taxation

	Note	2022	2021
		(Rupees '000)	
Taxable temporary difference arising in respect of:			
- accelerated tax depreciation		**(1,691,095)**	(1,241,631)
- investment in associate		**(631,976)**	(465,307)
		(2,323,071)	(1,706,938)
Deductible temporary difference arising in respect of:			
- provisions		**2,356,576**	795,686
- staff retirement benefits		**64,015**	76,819
- unabsorbed tax depreciation		**615,701**	1,544,657
- lease liabilities - net		**66,789**	43,510
		3,103,081	2,460,672
	10.1	**780,010**	753,734

10.1 Includes deferred tax expense of Rs. 27,417 thousand (2021: deferred tax income of Rs. 419 thousand) routed through other comprehensive income relating to actuarial gain / (loss) on post-employment benefits. All other movements for deferred tax income / expense have been routed through profit or loss.

10.2 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. 4,816,556 thousand (2021: 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 (2021: Rs. 838,594 thousand).

11 Stock-in-Trade

	Note	2022	2021
		(Rupees '000)	
Raw and packing materials	11.1	**5,853,973**	2,539,185
Provision for obsolete and slow moving stock	11.5	**(50,577)**	(77,085)
	25	**5,803,396**	2,462,100
Finished products			
- in hand and in pipeline system		**28,781,052**	27,049,464
- in White Oil Pipeline	11.4	**8,721,501**	7,330,115
	11.1 / 11.3	**37,502,553**	34,379,579
Provision for obsolete and slow moving stock	11.5	**(384,352)**	(212,855)
	25	**37,118,201**	34,166,724
	11.2	**42,921,597**	36,628,824

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

	Note	2022	2021
		(Rupees '000)	
Petroleum products			
- PAPCO - an associate		**8,721,501**	7,330,115
- Pak - Arab Refinery Company Limited		**3,415,992**	1,193,957
- Karachi Hydrocarbon Terminal Limited		**4,719,413**	5,082,174
		16,856,906	13,606,246
Lubricants			
- Union Chemical Industries		**5,317**	41,074
- Mehran LC Depot		**2,314**	216,880
- Target Lubricants		**4,277**	-
		11,908	257,954
		16,868,814	13,864,200

11.2 Includes stock-in-transit amounting to Rs. 5,730,675 thousand (2021: Rs. 9,592,486 thousand).

11.3 Includes bonded stock amounting to Rs. 23,114,776 thousand (2021: Rs. 23,863,817 thousand).

11.4 Includes high speed diesel and motor gasoline which has been maintained as line fill necessary for the pipeline to operate.

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

	Note	2022	2021
		(Rupees '000)	
Balance at beginning of the year		**289,940**	173,277
Provision made during the year		**434,929**	289,940
Reversals during the year		**(289,940)**	(173,277)
		144,989	116,663
Balance at end of the year		**434,929**	289,940

12 Trade Debts

	Note	2022	2021
Considered good			
- Secured	12.1	**505,655**	639,987
- Unsecured		**5,404,406**	4,027,481
	12.2	**5,910,061**	4,667,468
Considered doubtful		**487,657**	791,350
		6,397,718	5,458,818
Allowance for expected credit losses	12.3 / 12.4	**(487,657)**	(791,350)
		5,910,061	4,667,468

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

12.2 Includes due from the following associated companies:

2022

	Maximum aggregate outstanding at the end of any month	Neither past due nor impaired	Past due: Upto 90 days	Past due: 91-180 days	Past due: More than 180 days	Total
	(Rupees '000)					
Dawood Hercules Corporation Limited	**273**	**172**	-	-	-	**172**
Vellani & Vellani	**1,814**	**1,607**	-	-	-	**1,607**
Unilever Pakistan Foods Limited	**6,760**	**272**	**699**	-	-	**971**
Novartis Pharma (Pakistan) Limited	**829**	**364**	-	-	-	**364**
The Aga Khan Hospital and Medical College Foundation	**46,123**	**16,363**	-	-	-	**16,363**
UBL Fund Managers Limited	**416**	**219**	-	-	-	**219**
Unilever Pakistan Limited	**20,702**	**2,024**	-	-	-	**2,024**
		21,021	**699**	-	-	**21,720**

2021

	Maximum aggregate outstanding at the end of any month	Neither past due nor impaired	Past due: Upto 90 days	Past due: 91-180 days	Past due: More than 180 days	Total
	(Rupees '000)					
Dawood Hercules Corporation Limited	346	346	-	-	-	346
Vellani & Vellani	914	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	19,223	15,719	-	-	3,504	19,223
UBL Fund Managers Limited	1,344	145	-	-	-	145
Unilever Pakistan Limited	80,347	535	607	141	-	1,283
		19,727	2,256	141	3,504	25,628

Based on past experience 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	2022	2021
		(Rupees '000)	
Balance at beginning of the year		**791,350**	876,974
Allowance for the year		**17,260**	28,007
Reversals during the year		**(26,430)**	(65,508)
	29	**(9,170)**	(37,501)
Write offs during the year		**(294,523)**	(48,123)
Balance at end of the year		**487,657**	791,350

12.4 As at December 31, 2022, trade debts of Rs. 487,657 thousand (2021: Rs. 791,350 thousand) were impaired and provided for. The ageing of these trade debts is as follows:

	2022	2021
	(Rupees '000)	
Not yet due	**2,570**	13,207
Upto 90 days	**278**	11,170
91 to 180 days	**5,412**	918
More than 180 days	**479,397**	766,055
	487,657	791,350

12.5 As at December 31, 2022, trade debts aggregating to Rs. 902,435 thousand (2021: Rs. 704,588 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	2022	2021
		(Rupees '000)	
Upto 90 days		**676,705**	592,588
91 to 180 days		**112,059**	19,249
More than 180 days		**113,671**	92,751
		902,435	704,588

13 Loans and Advances - considered good, secured

	Note	2022	2021
Current portion of long-term loans	8	**62,784**	72,434
Advances to employees	13.1	**-**	19,726
		62,784	92,160

13.1 Represents advances given to employees against business expenses.

14 Short-Term Deposits and Prepayments

	2022	2021
Deposits	**468,702**	429,587
Prepayments	**66,882**	97,660
	535,584	527,247

15 Other Receivables

	Note	2022	2021
Petroleum development levy and other duties	15.1	**1,380,029**	1,380,029
Price differential claims			
- on imported purchases	15.2	**295,733**	295,733
- on high speed diesel	15.3	**343,584**	382,794
- on imported motor gasoline	15.4	**1,961,211**	2,088,244
Customs duty receivable	15.5	**44,413**	44,413
Sales tax refundable		**2,020,988**	902,767
Inland freight equalization margin		**414,687**	64,292
Receivable from related parties	15.6	**1,749,834**	1,400,968
Service cost receivable from PAPCO - an associate		**18,386**	19,045
Workers' profits participation fund	15.7	**94,500**	63,977
Receivable from Oil Marketing Companies		**96,350**	861,535
Taxes recoverable	15.8 / 23.1.2	**1,020,214**	1,020,214
Margin held against letter of credit		**211,517**	59,245
Others		**720,729**	718,478
		10,372,175	9,301,734
Provision for impairment	15.9	**(2,155,189)**	(1,112,254)
		8,216,986	8,189,480

15.1 Includes petroleum development levy amounting to Rs. 1,369,560 thousand (2021: 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.

15.2 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.

15.3 Represents price differential claim from GoP on local / imported purchases of high speed diesel 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.

15.4 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 reporting 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 OMCs' 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 Inland Freight Equalization Margin (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.

The Company along with other OMCs and Oil Companies Advisory Council (OCAC) continues to follow up the aforementioned matters (note 15.1 to 15.4) with MoPNR and is confident of recovering these balances.

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

15.6 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:

	2022					
			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 International Petroleum Company Limited	**1,590,095**	-	**562,695**	-	**932,375**	**1,495,070**
Shell International Limited	**80,115**	-	**29,942**	-	**45,388**	**75,330**
Shell Nederland B.V.	**467**	-	-	-	**467**	**467**
Shell International B.V.	**28,260**	**6,252**	**6,970**	-	**15,037**	**28,259**
Shell Eastern Trading (Pte) Limited	**8,308**	-	**8,308**	-	-	**8,308**
Shell Eastern Petroleum (Pte) Limited	**6,092**	-	**6,092**	-	-	**6,092**
Shell Oman Marketing Company SAOG	**1,558**	-	-	-	**1,558**	**1,558**
The Shell Company of Thailand Limited	**972**	-	**972**	-	-	**972**
Shell Energy Pakistan (Private) Limited	**74,239**	-	-	-	-	-
Shell International Trading Middle East Limited	**133,778**	-	-	-	**133,778**	**133,778**
		6,252	**614,979**	-	**1,128,603**	**1,749,834**

	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
		269,864	33,214	36,060	1,061,830	1,400,968

15.7 The movement of Workers' Profit Participation Fund is as follows:

	Note	2022	2021
		(Rupees '000)	
Balance at beginning of the year		**63,977**	15,185
Charge for the year	28	**(108,304)**	(309,128)
Payments during the year		**138,827**	357,920
Balance at end of the year		**94,500**	63,977

15.8 In 2013, the Deputy Commissioner Inland Revenue (DCIR) in compliance with the directions of Appellate Tribunal Inland Revenue (ATIR), completed denovo proceedings in respect of tax year 2006 and raised a demand of Rs. 425,514 thousand. The demand primarily relates to disallowance of a pricing component paid to Shell International Trading Middle East (SITME) on imports of high speed diesel while treating the same as payment to non-resident on which the Company failed to deduct tax under section 152 of the Income Tax Ordinance, 2001. The Company in response to the aforementioned order deposited an amount of Rs. 301,167 thousand while an amount of Rs. 111,785 thousand was adjusted against sales tax refund. In addition, a rectification application was also filed for correction of certain mistakes apparent in the order which has been accepted and given effect. The Company also filed an appeal against the aforementioned order before CIR (A) 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.

15.9 Provision for impairment

	Note	2022	2021
		(Rupees '000)	
Balance at beginning of the year		**1,112,254**	958,844
Provision made during the year		**1,300,428**	153,410
Reversal made during the year		**(257,493)**	-
	28	**1,042,935**	153,410
Balance at end of the year	15.9.1	**2,155,189**	1,112,254

15.9.1 Includes provision against price differential claims and petroleum development levy, calculated by evaluating best estimate of probability weightages assigned on futures expected recoveries, by taking into account time value of money.

16 Bank Balances

	Note	2022	2021
		(Rupees '000)	
Current accounts		**2,404,970**	1,114,136
Saving accounts	16.1	**8,396,127**	959,281
Term deposit receipts		**-**	2,900,000
		10,801,097	4,973,417

16.1 These carry interest at the rates ranging from 7.25% to 14.50% (2021: 5.50% to 7.25%) per annum.

16.2 Term deposit receipts were fully matured as of the reporting date. These carried interest at the rates ranging from 8.20% to 13.80% (2021: 5.70% to 8.55%) per annum.

17 Share Capital

Authorized share capital

2022	2021		2022	2021
(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

2022	2021		2022	2021
(Number of shares)		Ordinary shares of Rs. 10/- each	(Rupees '000)	
130,493,331	130,493,331	Fully paid in cash	**1,304,933**	1,304,933
83,531,331	83,531,331	Issued as fully paid bonus shares	**835,313**	835,313
214,024,662	214,024,662		**2,140,246**	2,140,246

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

214,024,662	107,012,331	Opening shares outstanding	**2,140,246**	1,070,123
-	107,012,331	Right shares issued during the year	**-**	1,070,123
214,024,662	214,024,662		**2,140,246**	2,140,246

17.1 The Immediate Parent held 165,700,304 (2021: 165,700,304) ordinary shares of Rs. 10/- each, constituting 77.42% (2021: 77.42%) of issued share capital of the Company, as at the reporting date.

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

18 Asset Retirement Obligation

	Note	2022	2021
		(Rupees '000)	
Balance at beginning of the year		**173,550**	157,748
Reversal of liability	29	**(3,364)**	(269)
Estimates adjustments	18.2	**142,922**	8,453
Accretion expense	18.3 / 30	**8,005**	7,618
		150,927	16,071
Balance at end of the year		**321,113**	173,550

18.1 Asset retirement obligation relates to the restoration of retail sites to their original condition at the end of the useful economic life of the assets.

18.2 Represents the effect of adjustment in discount rates, inflation rates and the future outflows of resources required to settle the asset retirement obligation.

18.3 Represents the unwinding of the discount which is recognised as incurred in the statement of profit or loss and other comprehensive income.

19 Long-Term Provisions

	Note	2022	2021
		(Rupees '000)	
Balance at beginning of the year		**432,768**	387,379
Provision made during the year	19.1	**2,727,477**	45,389
Balance at end of the year		**3,160,245**	432,768
Current portion of long-term provisions		**236,964**	-
Long-term provisions		**2,923,281**	432,768

19.1 In the current year, the Board of Directors announced the voluntary initiation of the process of Soil and Ground Water (SGW) remediation in accordance with the Company's Health, Safety, Security, Environment and Social Performance Policy at certain terminals and retail sites. In view of the above, the Company in accordance with the requirements of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', recorded the present value of SGW provision, on the basis of the assessment performed by internal and external experts, and the remaining provision will be recorded over the expected period of completion of work.

19.2 Assumptions used to calculate the provision are based on future outflows of resources required for the voluntary remediation which are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the provision. It is expected that the costs will be incurred over the duration of the remediation activities.

	Note	2022	2021
		—— (Rupees '000) ——	
20 Long-Term Lease Liabilities			
Balance at beginning of the year		**6,046,877**	4,952,005
Additions during the year		**1,516,173**	1,433,735
Accretion of interest	30	**647,402**	546,047
Lease rentals paid		**(1,352,069)**	(884,910)
Terminations during the year		**(202,599)**	-
Balance at end of the year	20.1	**6,655,784**	6,046,877
Current portion of long-term lease liabilities		**709,793**	681,685
Long-term lease liabilities		**5,945,991**	5,365,192
20.1 Maturity Analysis			
Gross lease liabilities - minimum lease payments is as follows:			
Not later than one year		**987,725**	941,856
Later than one year but not later than five years		**4,721,952**	3,815,348
Later than five years		**7,903,941**	6,192,772
		13,613,618	10,949,976
Future finance charge		**(6,957,834)**	(4,903,099)
Present value of finance lease liabilities		**6,655,784**	6,046,877
21 Trade and Other Payables			
Creditors	21.1	**65,036,991**	52,925,102
Accrued liabilities	21.2	**7,407,648**	6,822,150
Security deposits	21.3	**470,820**	344,118
Staff retirement benefit schemes	33.1.13	**70,529**	94,349
Workers' Welfare Fund		**554,693**	439,552
Provision for staff redundancy plan	21.4	**155,071**	199,740
Other liabilities		**7,740**	741
		73,703,492	60,825,752

21.1 Includes amounts due to the following associated companies:

	Note	2022	2021
		(Rupees '000)	
Shell Global Solutions (Malaysia) Sdn. Bhd.		**6,888**	5,369
Shell Markets (Middle East) Limited		**33,775**	22,424
Shell Polska Sp. Z o.o. Oddzial w Krakowie		**4,423**	3,657
Shell Treasury Centre East (Pte) Limited		**38,265**	29,826
The Shell Company of Thailand Limited		**69,629**	27,338
Shell Global Solutions International B.V.		**185,906**	131,617
Shell Malaysia Trading Sendirian Berhad		**50,744**	39,553
Brunei Shell Petroleum Company Sendirian Berhad		**593**	462
Saudi Arabian Markets and Shell Lubricants Company Limited		**1,255**	978
Shell Canada Products Limited		**2,062**	1,607
Shell Companies of Indonesia		**3**	3
Shell Downstream South Africa (Pty) Limited		**2,547**	1,985
Shell Nederland Verkoopmaatschappij B.V.		**8,979**	6,999
Shell Oman Marketing Company SAOG		**7,204**	5,615
Euroshell Cards B.V.		**61,762**	71,965
Shell Brands International AG		**1,251,130**	2,045,389
Shell Eastern Trading (Pte) Limited		**2,738,179**	1,888,698
Shell Information Technology International B.V.		**485,968**	224,934
Shell International B.V.		**2,475,891**	1,307,645
Shell International Exploration and Production B.V.		**1,134**	884
Shell International Limited		**401,295**	204,962
Shell International Petroleum Company Limited		**22,925,673**	14,639,513
Shell People Services Asia Sdn. Bhd.		**136,743**	107,860
Shell & Turcas Petrol A.S.		**80,082**	7,099
Shell International Trading Middle East Limited		**8,487,015**	8,002,924
Shell Lubricants Supply Company B.V.		**614,398**	517,211
Shell India Markets Private Limited		**1,295**	1,009
Shell Information Technology International Sdn. Bhd.		**2,747**	2,141
Pilipinas Shell Petroleum Corporation		**654**	510
Shell Oil Company		**89,863**	47,129
Shell Aviation Limited		**4,625,140**	641,800
SIETCO Trading Singapore		**11,162,322**	17,214,828
Shell Eastern Petroleum (Pte) Limited		**316**	-
Shell Deutschland Oil GmbH		**46,273**	6,128
Shell UK Oil Products Limited		**4,725**	3,683
Pennzoil-Quaker State Company		**4,536**	-
Equilon Enterprises LLC		**693**	-
		56,010,107	47,213,745

21.2 Includes Rs. 1,009,768 thousand (2021: Rs. 1,161,245 thousand) accrued in respect of associated companies.

21.3 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	2022	2021
		(Rupees '000)	
Dealers on retail sites		**126,967**	143,521
Shell card holders		**343,853**	200,597
	21.3.2	**470,820**	344,118

21.3.1 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.

21.3.2 The amount is kept in separate bank accounts as per the terms of the agreement.

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

22 Short-Term Borrowings – secured

Represents facilities obtained from various commercial banks aggregating to Rs. 22,680,000 thousand (2021: Rs. 16,600,000 thousand). The short-term borrowings during the year were obtained under the same facilities and there were no outstanding short-term borrowings as at reporting date. These carry mark-up ranging from 1 month KIBOR plus 0.10% to 0.35% (2021: 1 month KIBOR plus 0.15% to 0.27%). 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 of Sindh 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 Honorable 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 of the Sindh and set aside the earlier order of the High Court of Sindh.

The High Court of Sindh on fresh petitions filed, passed an interim order directing that any bank guarantee / security furnished for consignments cleared up to 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 of Sindh 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.

In 2021, the High Court of Sindh dismissed all connected petitions, vacating the stay orders granted earlier. The High Court of Sindh 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 of Sindh. The High Court of Sindh 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 of Sindh 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 of Sindh 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, 2022, at Rs. 244,793 thousand (December 31, 2021: Rs. 171,493 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 (Appeals) – CIR (A) and thereafter with Appellate Tribunal Inland Revenue – ATIR. The remaining demand had been adjusted by the taxation authorities from sales tax refundable. In 2012, both CIR (A) 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 ATIR 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 Honorable 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 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 Shell International Trading Middle East (SITME) on imports, disallowance of fee for technical services and other associated company payments for alleged non-withholding of tax and allocation of expenses. Additionally, unutilised tax losses of previous years were not adjusted in computing the tax liability. The Company in response to the order filed a rectification application and an appeal with the CIR (A). The tax officer rectified the order allowing the unutilised 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 (A) vide appellate order dated September 9, 2015, has decided most of the issues including disallowance of premium paid to SITME and fee for technical services in favor of the Company, whereas disallowance of bad debts written off was confirmed. The Company and the department both have filed appeals against the decision of CIR (A). 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 of Sindh.

23.1.2.3 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 and disallowance of fee for technical services due to non-withholding of tax. Additionally, unutilised 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 (A). The CIR (A) 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.

23.1.2.4 In 2019, the Deputy Commissioner Inland Revenue – 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 (A) against the order of DCIR. CIR (A) 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 (A) which is still pending.

23.1.2.5 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, fee for technical services, salary expense and Global Infrastructure Desktop Charges resulting in an aggregate demand of Rs. 499,879 thousand. The Company filed an appeal against the same with the CIR (A) and simultaneously filed a rectification application with the department for adjustment of brought forward business losses, since its disallowance was never confronted to the Company at the time of notice issuance. In 2021, CIR (A) vide order dated November 30, 2021, decided the matters of brought forward business losses, fee for technical services and Global Infrastructure Desktop Charges in favour of the Company while remanded back the issue of salary expense to ACIR.

23.1.2.6 In 2021, 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 fee for technical services and other payments to associated company 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 (A).

During the year, the Company's appeal to CIR (A) in respect of its income tax assessment for tax year 2017 was decided vide appellate order dated January 26, 2022, whereby matters of fee for technical services 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. However, disallowance of credit for minimum tax was maintained while certain items including tax credit under section 65B were remanded back to the DCIR. The Company filed an appeal before the ATIR against the issues maintained by CIR (A). Additionally, the Company also filed a rectification application to allow adjustment of minimum tax carry forward arising in tax year 2016 against the tax liability of tax year 2017.

The DCIR vide appeal effect order dated August 25, 2022, reduced the demand to Rs. 196,714 thousand. However, the tax credit under section 65B was allowed only to the extent of Rs. 95,391 thousand out of total additions of Rs. 867,918 thousand against which an appeal has been filed with CIR (A) by the Company. Further, the DCIR accepted Company's rectification application and allowed the adjustment of minimum tax thereby resulting in tax refundable of Rs. 447,382 thousand.

23.1.2.7 During the year, the Company received a demand order from tax authorities in respect of tax year 2016 amounting to Rs. 106,493 thousand. The demand principally arose due to disallowance of fee for technical services and liabilities outstanding for more than three years, cumulatively amounting to Rs. 1,284,140 thousand. Additionally, foreign tax credit and refund adjustment for tax years 2012 and 2013 were also disallowed. Subsequently, the Additional Commissioner Inland Revenue – ACIR issued a further amended assessment thereby disallowing the depreciation and initial allowance mainly on assets installed at dealer operated retail sites amounting to Rs. 207,827 thousand and WWF levied under federal law amounting to Rs. 10,692 thousand. These disallowances resulted in an additional demand of Rs. 66,904 thousand. The Company is in the process of filing appeal with CIR (A).

23.1.2.8 During the year, the Company received a demand order from tax authorities in respect of tax year 2018 amounting to Rs. 859,524 thousand wherein the ACIR has disallowed fee for technical services, ageing for creditors and accruals, tax loss on disposals and write-offs of various assets and exchange loss, collectively amounting to Rs. 3,541,496 thousand. The Company has paid Rs. 99,095 thousand under section 137(2) thereby reducing the outstanding demand to Rs. 760,428 thousand. The Company has filed an appeal before CIR (A) which is still pending for hearing.

23.1.2.9 During the year, the DCIR passed an order for monitoring of taxes for tax year 2019 in which the Company was assessed to be in default for not deducting and paying withholding taxes on on-invoice and off-invoice discounts, third party cost of salaries, wages and benefit and other related party expenses, including default surcharge collectively amounting to Rs. 805,970 thousand. The Company paid the demand for off-invoice discounts amounting to Rs. 73,745 thousand during February 2022 and filed an appeal before CIR (A) against the order of the DCIR.

The CIR (A) vide appellate order dated March 18, 2022, decided the issue of on-invoice discounts in favor of the Company. However, the issue of off-invoice discounts was maintained while the matters of salaries, wages, benefit and other related party expenses were remanded back to DCIR. The Company has filed an appeal with ATIR which is still pending for hearing.

23.1.2.10 During the year, the Company received a demand order from the ACIR in respect of tax year 2021 amounting to Rs. 492,727 thousand. The demand principally arose from disallowance of fee for technical services, ageing for creditors and accruals, tax loss on disposals and write-offs of various assets and exchange loss, collectively amounting to Rs. 3,899,822 thousand. Further, the refund of tax year 2017 which had been used while filing the return was also disallowed. The Company filed an appeal before CIR (A).

The CIR (A) vide appellate order dated June 29, 2022, decided the issues of fee for technical services and tax loss on disposals and write-offs of various assets in favour of the Company while confirming the issue of ACIR on exchange loss and remanding back the issue of reconciliation of net losses. The Company has filed an appeal with ATIR against the issues maintained by CIR (A) which is still pending for hearing.

23.1.2.11 The Company based on the merits of the aforementioned matters (note 23.1.2.1 to note 23.1.2.10) 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, Federal Excise Duty (FED) and Custom duty

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 disallowing input tax against zero rated supplies, levying FED on license fee, group service fee and trademarks and manifestation fee, levying sales tax on difference in output sales tax as per return and financial statements, sales tax on lubricants paid on the value of supply instead of retail price as mentioned on packs, unlawful adjustment of input sales tax, and 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 (A), 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 of Sindh which is still pending. Whereas appeals for July 2008 to June 2009 and July 2009 to December 2009 were decided in favor of the Company by CIR (A) 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 (A) 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 (A). 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, 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 CIR (A), where the hearing is pending adjudication. However, CIR (A) 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 (A). The CIR (A) 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 ATIR 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 of Sindh. 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 at 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 the Oil Marketing Companies (OMCs) are manufacturers of lubricants and other products and the prices of Petroleum, Oil and Lubricants (POL) products imported by them for sale in the country are administered under a special pricing arrangement agreed with the Government of Pakistan.

The Federal Board of Revenue (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 government or regulatory authority working under the government. 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 CIR (A), 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, CIR (A) 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 DCIR, 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 CIR (A), 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 CIR (A), 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 CIR (A) and has also obtained a stay against recovery of the same. In 2021, the High Court of Sindh had 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 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 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 In 2021, 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 DCIR proceeded to issue an order and rejected the refund claim. The company has proceeded to file an appeal thereagainst with the CIR (A).

23.1.3.7 In 2021, the Company received a show cause notice from DCIR 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 the CIR (A) and stay is in place thereagainst.

During the year, the CIR (A) decided the appeal in favour of the Company except for default surcharge imposed for delayed payment of sales tax on advance from customers amounting to Rs. 19,817 thousand. The Company, in response to the order, filed an appeal with the Appellate Tribunal Inland Revenue where the matter is pending adjudication.

23.1.3.8 During the year, the Company received a letter from Collectorate of Customs demanding to pay regulatory duty at 10% on certain consignments of motor gasoline imported during the period from April to June 2022. The demand had been raised in accordance with SRO 806(I)/2022 dated June 20, 2022. The Company filed a petition in Lahore High Court contending that the consignments were exempt under the aforesaid SRO since the Letters of Credit for these consignments were opened before the date of the SRO. The court accepted the petition for hearing and ordered the release of the consignments subject to submission of bank guarantees equal to the demanded regulatory duty.

The Company has reviewed its position and without acknowledging it as a debt has furnished bank guarantees in respect of the claim raised by the custom authorities. The matter is still pending adjudication.

23.1.3.9 The Company based on the merits of the aforementioned matters (note 23.1.3.1 to note 23.1.3.8) 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, 2022 amounted to Rs. 3,129,605 thousand (2021: Rs. 2,548,087 thousand) comprising of various legal claims.

23.2 Commitments	**Note**	**2022**	**2021**
		(Rupees '000)	
Commitments for capital expenditure		**2,214,706**	1,539,713
Outstanding letters of credit	23.2.1	**3,530,472**	-
Outstanding bank guarantees	23.2.1 / 23.2.2	**3,440,528**	967,920
Outstanding bank contracts		**3,979,213**	17,154,076
Post-dated cheques	23.2.3	**24,529,122**	15,727,211

23.2.1 Total facilities for letters of credit amount to Rs.32,521,322 thousand (2021: Rs. 7,008,908 thousand) and for bank guarantees amount to Rs. 23,390,103 thousand (2021: Rs. 12,417,359 thousand).

23.2.2 Include bank guarantees in respect of super tax for prior year and claim raised by custom authorities.

23.2.3 These 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. The maturity dates of these cheques extend to August 05, 2023.

24 Sales	**Note**	**2022**	**2021**
		(Rupees '000)	
Gross sales, inclusive of sales tax		**422,812,147**	286,596,095
Trade discounts		**(4,219,801)**	(4,242,484)
	24.1 / 24.2	**418,592,346**	282,353,611

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:

	2022	**2021**
	(Rupees '000)	
- Petroleum products	**418,561,336**	282,170,201
- Others	**31,010**	183,410
	418,592,346	282,353,611

24.2 Includes all contract liabilities as at December 31, 2021 which were realized during the year.

		Note	2022	2021
			(Rupees '000)	
25	**Cost of Products Sold**			
	Opening stock of raw and packing materials		**2,462,100**	2,267,208
	Raw and packing materials purchased		**17,530,348**	12,481,335
	Manufacturing expenses	25.1	**700,793**	641,393
	Closing stock of raw and packing materials	11	**(5,803,396)**	(2,462,100)
	Cost of products manufactured		**14,889,845**	12,927,836
	Opening stock of finished products		**34,166,724**	11,242,956
	Finished products purchased		**322,036,027**	202,744,134
	Duties, levies and freight	25.2	**45,131,778**	32,795,797
	Closing stock of finished products	11	**(37,118,201)**	(34,166,724)
	Cost of finished products sold		**364,216,328**	212,616,163
			379,106,173	225,543,999

25.1 Includes depreciation charge on operating assets of Rs. 138,600 thousand (2021: Rs. 126,236 thousand), depreciation charge on right-of-use assets of Rs. 22,426 thousand (2021: Rs. 24,055 thousand) and charge in respect of staff retirement benefits amounting to Rs. 8,573 thousand (2021: Rs. 21,302 thousand).

		Note	2022	2021
25.2	**Duties, levies and freight**		(Rupees '000)	
	Petroleum development levy		**28,115,360**	20,619,261
	Customs and excise duty		**11,662,374**	4,991,204
	Inland freight equalization margin		**4,605,235**	6,398,943
	Freight on non-equalized products		**505,302**	359,195
	Others		**243,507**	427,194
			45,131,778	32,795,797
26	**Distribution And Marketing Expenses**			
	Salaries, wages and benefits	26.1	**2,770,437**	2,257,242
	Stores and materials		**37,195**	22,197
	Fuel and power		**150,882**	93,933
	Rent, taxes and utilities		**137,281**	175,077
	Repairs and maintenance		**898,714**	806,267
	Depreciation on operating assets	4.3	**1,539,280**	1,123,826
	Depreciation on right-of-use assets	5.2	**783,520**	677,163
	Insurance		**8,032**	15,072
	Training and travelling		**291,363**	49,929
	Advertising and publicity		**1,248,295**	403,216
	Legal and professional charges		**206,212**	133,135
	Communication and stationery		**94,054**	63,422
	Computer expenses		**129,780**	108,242
	Storage and other charges		**261,601**	199,466
	Others		**191,530**	170,592
			8,748,176	6,298,779
	Handling and storage charges recovered		**(75,363)**	(116,691)
	Secondary transportation expenses		**1,608,931**	1,335,748
			10,281,744	7,517,836

26.1 Includes charge of Rs. 153,905 thousand (2021: Rs. 197,188 thousand) in respect of staff retirement benefits.

27 Administrative Expenses

	Note	2022	2021
		(Rupees '000)	
Salaries, wages and benefits	27.1	**1,069,046**	925,730
Stores and materials		**3,836**	944
Fuel and power		**22,754**	12,811
Rent, taxes and utilities		**26,844**	17,064
Repairs and maintenance		**64,787**	51,222
Insurance		**17,475**	17,993
Training and travelling		**106,935**	35,833
Advertising and publicity		**46,134**	74,300
Technical service fee	35.1	**3,499,378**	2,885,276
Trade-marks and manifestations license fee	27.2	**678,722**	620,000
Legal and professional charges		**809,203**	780,044
Communication and stationery		**77,318**	72,250
Computer expenses		**778,212**	604,827
Depreciation on operating assets	4.3	**180,319**	148,414
Depreciation on right-of-use assets	5.2	**6,117**	9,960
Amortization	6	**3,152**	3,152
		7,390,232	6,259,820

27.1 Includes charge of Rs. 92,105 thousand (2021: Rs. 56,948 thousand) in respect of staff retirement benefits.

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

28 Other Expenses

	Note	2022	2021
		(Rupees '000)	
Workers' Welfare Fund		**115,807**	123,332
Workers' Profit Participation Fund	15.7	**108,304**	309,128
Exchange loss		**9,902,421**	3,156,374
Soil and ground water remediation cost		**2,792,974**	45,389
Provision for impairment on other receivables - net	15.9	**1,042,935**	153,410
Write-off of operating assets	4.7	**197,133**	40,885
Provision for impairment on operating assets - net	4.9	**145,385**	-
Auditors' remuneration	28.1	**15,682**	8,703
Donations	28.2 / 28.3	**65,579**	42,110
		14,386,220	3,879,331

28.1 Auditors' Remuneration

	2022	2021
Fee for audit, half yearly review and review of compliance with code of corporate governance	**6,772**	6,156
Audit of retirement benefit funds	**753**	697
Special certifications and sundry advisory services	**6,305**	727
Out of pocket expenses	**1,852**	1,123
	15,682	8,703

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	2022	2021
		(Rupees '000)	
Shell LiveWIRE Trust (Shell House, 6 Ch. Khaliquzzaman Road, Karachi)	Mr. Waqar I. Siddiqui - Trustee	**14,200**	11,690
The Kidney Centre Post Graduate Training Institute (172/R, Rafiqui Shaheed Road, Karachi)	Mr. Waqar I. Siddiqui - Member Board of Governors	**4,650**	-

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

	Note	2022	2021
		(Rupees '000)	
Health and Nutrition Development Society		**13,900**	2,821
Care Foundation		**3,534**	5,110
National Rural Support Programme		**27,525**	14,076
The Kidney Centre Post		**4,650**	-
The Citizens Foundation		**1,770**	-
Shell LiveWIRE Trust		**14,200**	11,690
		65,579	33,697

29 Other Income

	Note	2022	2021
Income from financial assets			
Interest on term deposit receipts		**195,788**	156,107
Interest on saving accounts		**115,471**	29,681
Reversal of allowance for expected credit losses on trade debts - net	12.3	**9,170**	37,501
		320,429	223,289
Income from non-financial assets			
Gain on disposal of operating assets	4.7	**44,528**	1,517
Gain on termination of leases		**55,038**	-
Scrap sales		**10,044**	19,500
Reversal of provision for impairment on operating assets - net	4.9	**-**	87,319
Reversal of asset retirement obligation - net	18	**3,364**	269
Shell card income		**141,137**	54,999
Liabilities no longer payable written back	29.1	**1,028,420**	-
Others		**136,800**	188,988
		1,419,331	352,592
		1,739,760	575,881

29.1 Includes amount in respect of credit notes issued by Shell Brands International AG for waiver of trade-marks and manifestation license fee payable.

30 Finance Costs

	Note	2022	2021
		(Rupees '000)	
Bank charges		**281,231**	160,816
Accretion expense on asset retirement obligation	18	**8,005**	7,618
Mark-up on long-term financing		**-**	51,481
Mark-up on short-term borrowings and running finance		**421,614**	68,808
Accretion of interest on lease liabilities	20	**647,402**	546,047
		1,358,252	834,770

	Note	2022	2021
		(Rupees '000)	

31 Taxation

	Note	2022	2021
Current			
- for the year		**2,359,697**	1,876,646
- for prior year	31.1	**681,413**	(2,520)
		3,041,110	1,874,126
Deferred		**(53,694)**	267,525
		2,987,416	2,141,651

31.1 Includes super tax for prior year.

31.2 The return of income for the tax year 2022 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.

32 (Loss) / Earnings Per Share - Basic and Diluted

	Note	2022	2021
		(Rupees '000)	
Net (loss) / profit for the year		**(72,313)**	4,466,855
		(Number of shares)	
Weighted average number of ordinary shares		**214,024,662**	204,118,915
	Note	(Rupees '000)	
(Loss) / earnings per share	32.1	**(0.34)**	21.88

32.1 There is no dilutive effect on the basic (loss) / 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, 2022.

33.1.1 Actuarial assumptions

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

	2022	2021
	% per annum	
- Expected rate of increase in future salaries	**10.00**	9.75
- Discount rate	**14.50**	11.75
- Expected rate of increase in pensions	**5.00**	5.00
- Expected rate of return on plan assets	**14.50**	11.75

33.1.2 Statement of financial position reconciliation

	2022					2021				
	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	**1,712,844**	**-**	**43,326**	**37,377**	**1,793,547**	1,834,345	-	38,593	98,166	1,971,104
Present value of defined benefit obligations - note 33.1.4	**(1,600,895)**	**(88,838)**	**-**	**(119,013)**	**(1,808,746)**	(1,840,316)	(78,427)	-	(148,908)	(2,067,651)
Asset / (liability) in respect of staff retirement benefit schemes	**111,949**	**(88,838)**	**43,326**	**(81,636)**	**(15,199)**	(5,971)	(78,427)	38,593	(50,742)	(96,547)

33.1.3 Movement in the fair value of plan assets

	2022					2021				
	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	**1,834,345**	**-**	**38,593**	**98,166**	**1,971,104**	1,816,778	-	34,326	116,425	1,967,529
Expected return on plan assets	**207,198**	**-**	**4,673**	**8,449**	**220,320**	169,847	-	3,458	10,538	183,843
Contribution by the Company	**22,971**	**4,680**	**2,353**	**2,073**	**32,077**	22,905	5,202	2,284	1,940	32,331
Contribution by the employees	**2,887**	**-**	**-**	**-**	**2,887**	2,633	-	-	-	2,633
Benefits due but not paid	**-**	**-**	**-**	**(11,853)**	**(11,853)**	-	-	-	(8,187)	(8,187)
Benefits paid during the year	**(167,777)**	**(26,936)**	**-**	**(54,597)**	**(249,310)**	(175,047)	(26,296)	-	(18,617)	(219,960)
Inter-fund transfer	**(22,736)**	**22,736**	**-**	**-**	**-**	(21,094)	21,094	-	-	-
Remeasurement of plan assets	**(164,044)**	**(480)**	**(2,293)**	**(4,861)**	**(171,678)**	18,323	-	(1,475)	(3,933)	12,915
Fair value of plan assets at the end of the year	**1,712,844**	**-**	**43,326**	**37,377**	**1,793,547**	1,834,345	-	38,593	98,166	1,971,104

33.1.4 Movement in the present value of defined benefit obligations

	2022					2021				
	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	**1,840,316**	**78,427**	**-**	**148,908**	**2,067,651**	1,786,282	94,803	-	170,574	2,051,659
Current service cost	**18,844**	**4,219**	**-**	**4,651**	**27,714**	22,599	5,082	-	5,282	32,963
Interest cost	**206,380**	**7,633**	**-**	**13,593**	**227,606**	165,628	7,961	-	15,324	188,913
Benefits due but not paid	**-**	**-**	**-**	**(11,853)**	**(11,853)**	-	-	-	(8,187)	(8,187)
Benefits paid during the year	**(167,777)**	**(26,936)**	**-**	**(54,597)**	**(249,310)**	(175,047)	(26,296)	-	(18,617)	(219,960)
Remeasurement on obligation	**(296,868)**	**25,495**	**-**	**18,311**	**(253,062)**	40,854	(3,123)	-	(15,468)	22,263
Present value of obligation at the end of the year	**1,600,895**	**88,838**	**-**	**119,013**	**1,808,746**	1,840,316	78,427	-	148,908	2,067,651

33.1.5 Amount recognised in profit or loss

	2022					2021				
	Management		Non-Management		Total	Management		Non-Management		Total
	Pension	Gratuity	Pension	Gratuity		Pension	Gratuity	Pension	Gratuity	
	(Rupees '000)					(Rupees '000)				
Current service cost	18,844	4,219	-	4,651	27,714	22,599	5,082	-	5,282	32,963
Interest cost	206,380	7,633	-	13,593	227,606	165,628	7,961	-	15,324	188,913
Expected return on plan assets	(207,198)	-	(4,673)	(8,449)	(220,320)	(169,847)	-	(3,458)	(10,538)	(183,843)
Contribution by the employees	(2,887)	-	-	-	(2,887)	(2,633)	-	-	-	(2,633)
Expense / (reversal) for the year	15,139	11,852	(4,673)	9,795	32,113	15,747	13,043	(3,458)	10,068	35,400

33.1.6 Remeasurement recognised in other comprehensive income

	2022					2021				
	Management		Non-Management		Total	Management		Non-Management		Total
	Pension	Gratuity	Pension	Gratuity		Pension	Gratuity	Pension	Gratuity	
	(Rupees '000)					(Rupees '000)				
(Gain) / loss from changes in financial assumptions	(314,008)	2,488	-	(6,373)	(317,893)	14,526	(3,596)	-	151	11,081
Experience loss / (gain)	17,140	23,007	-	24,684	64,831	26,328	473	-	(15,619)	11,182
Remeasurement on obligation	(296,868)	25,495	-	18,311	(253,062)	40,854	(3,123)	-	(15,468)	22,263
Loss / (gain) due to remeasurement of plan assets	164,044	480	2,293	4,861	171,678	(18,323)	-	1,475	3,933	(12,915)
	(132,824)	25,975	2,293	23,172	(81,384)	22,531	(3,123)	1,475	(11,535)	9,348

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

	2022					2021				
	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	(5,971)	(78,427)	38,593	(50,742)	(96,547)	30,496	(94,803)	34,326	(54,149)	(84,130)
Net reversal / (charge) for the year	117,685	(37,827)	2,380	(32,967)	49,271	(38,278)	(9,920)	1,983	1,467	(44,748)
Contributions by the Company	22,971	4,680	2,353	2,073	32,077	22,905	5,202	2,284	1,940	32,331
Inter-fund transfers	(22,736)	22,736	-	-	-	(21,094)	21,094	-	-	-
Asset / (liability) in respect of staff retirement benefit schemes	111,949	(88,838)	43,326	(81,636)	(15,199)	(5,971)	(78,427)	38,593	(50,742)	(96,547)

33.1.8 Plan assets comprised the following:

	2022					2021				
	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.	1,358,802	340,710	42,556	45,955	1,788,023	1,447,121	334,661	37,599	104,298	1,923,679
Bank deposits	10,385	4,285	770	3,275	18,715	47,179	6,242	994	2,055	56,470
Inter-fund dues	344,515	(344,515)	-	-	-	340,903	(340,903)	-	-	-
Benefits due	(858)	(480)	-	(11,853)	(13,191)	(858)	-	-	(8,187)	(9,045)
	1,712,844	-	43,326	37,377	1,793,547	1,834,345	-	38,593	98,166	1,971,104

	2022	2021
	(Rupees '000)	

33.1.9 Expected maturity analysis of undiscounted cashflows is as follows:

	2022	2021
Less than a year	**203,488**	201,595
Between 1-2 years	**414,257**	412,172
Between 2-5 years	**678,570**	627,679
Over 5 years	**16,106,319**	14,155,190
	17,402,634	15,396,636

33.1.10 The Company contributes to the pension and gratuity funds on the advice of the funds' actuary. The contributions are equal to the current service cost with adjustment for any deficit. There is no impact of asset ceiling in these financial statements. Expected contributions to the above schemes for the year ending December 31, 2023 is Rs. 24,927 thousand.

33.1.11 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	**(117,762)**	135,216
- Effect of change in salaries	**29,122**	(27,156)
- Effect of change in pension	**121,780**	(108,700)

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

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

	Note	2022	2021
		(Rupees '000)	
Total balance payable in respect of defined benefit schemes		**(15,199)**	(96,547)
Total balance (payable) / receivable in respect of defined contribution schemes		**(55,330)**	2,198
	21	**(70,529)**	(94,349)

33.2 Post-retirement medical benefits

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

33.2.1 Actuarial assumptions

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

	2022	2021
	% per annum	
- Discount rate	**14.5**	11.75
- Medical cost trend rate	**10.5**	7.75

	Note	2022	2021
		(Rupees '000)	

33.2.2 Amount recognised in the statement of financial position

	Note	2022	2021
Present value of defined benefit obligation	33.2.3	**178,788**	170,543
Fair value of plan assets		**-**	-
Liability recognised at end of the year		**178,788**	170,543

33.2.3 Movement in the present value of defined benefit obligation

	Note	2022	2021
Present value of obligation at beginning of the year		**170,543**	171,566
Current service cost	33.2.5	**1,723**	1,860
Interest cost	33.2.5	**19,383**	16,183
Benefits paid during the year		**(11,164)**	(11,163)
Remeasurement on obligation	33.2.6	**(1,697)**	(7,903)
Present value of obligation at end of the year		**178,788**	170,543

33.2.4 Movement in the liability recognised in the statement of financial position

	Note	2022	2021
Balance at beginning of the year		**170,543**	171,566
Charge for the year	33.2.5 / 33.2.6	**19,409**	10,140
Benefits paid during the year		**(11,164)**	(11,163)
Balance at end of the year		**178,788**	170,543

33.2.5 Amount recognised in profit or loss

	2022	2021
Current service cost	**1,723**	1,860
Interest cost	**19,383**	16,183
	21,106	18,043

33.2.6 Remeasurement recognised in other comprehensive income

	2022	2021
Loss from changes in financial assumptions	**4,464**	3,166
Experience gain	**(6,161)**	(11,069)
	(1,697)	(7,903)

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	**(16,459)**	19,718

33.3 Five-year data on 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.

	2022	2021	2020	2019	2018
	(Rupees '000)				
Fair value of plan assets	**1,793,547**	1,971,104	1,967,529	1,814,105	1,779,179
Present value of defined benefit obligation	**(1,987,534)**	(2,238,194)	(2,223,225)	(2,004,366)	(1,970,367)
Deficit	**(193,987)**	(267,090)	(255,696)	(190,261)	(191,188)

33.4 The value of investments made by the staff retirement funds operated by the Company as per their financial statements are as follows:

	2022	2021
	(Rupees '000)	
Shell Pakistan Management Staff Provident Fund	**1,245,259**	1,207,464
Shell Pakistan Labour Provident Fund	**123,716**	147,073
Shell Pakistan Management Staff Gratuity Fund	**340,710**	334,661
Shell Pakistan Labour and Clerical Staff Gratuity Fund	**45,955**	104,298
Shell Pakistan Management Staff Pension Fund	**1,358,802**	1,447,121
Shell Pakistan Staff Pension Fund	**42,556**	37,599
Shell Pakistan DC Pension Fund	**2,058,482**	2,043,621
	5,215,480	5,321,837

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

	2022	2021
	(Rupees '000)	
in respect of:		
- pension and gratuity scheme	**32,113**	35,400
- defined contribution funds	**201,364**	221,995
- post-retirement medical benefit scheme	**21,106**	18,043
	254,583	275,438

33.6 Weighted average duration of the obligation is 7.5 years for management staff pension scheme, 5 years for management staff gratuity scheme, 2 years for non-management staff gratuity scheme and 10.1 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 reporting 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

	2022			2021		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees '000)					
Short-term benefits						
Directors' fee (note 34.2)	**-**	**7,618**	**-**	-	6,793	-
Managerial remuneration (including bonus)	**42,612**	**57,644**	**2,332,920**	27,681	40,195	1,637,830
- House rent	**16,038**	**-**	**-**	14,118	-	-
- Fuel	**441**	**1,386**	**100,953**	435	771	63,027
Medical expenses	**279**	**126**	**56,940**	392	2,766	51,679
	59,370	**66,774**	**2,490,813**	42,626	50,525	1,752,536
Post-employment benefits						
Company's contribution to pension, gratuity and provident funds	**4,569**	**4,761**	**190,570**	3,155	4,433	189,622
	63,939	**71,535**	**2,681,383**	45,781	54,958	1,942,158
Number of persons including those who worked part of the year	**1**	**10**	**382**	2	13	379

34.1 As at December 31, 2022, the total number of Directors were 10 (2021: 10), excluding Chief Executive.

34.2 Aggregate amount charged in these financial statements in respect of fee to Non-Executive Directors amounts to Rs. 7,618 thousand (2021: Rs. 6,793 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. All transactions with related parties are executed into at agreed terms duly approved by the Board of Directors of the Company. Transactions with related parties other than those disclosed elsewhere in these financial statements are as follows:

Nature of relationship	Nature of transactions	Note	2022	2021
			(Rupees '000)	
Associate	Pipeline charges		**1,229,203**	319,377
	Dividend received	7.1	**705,350**	832,308
	Others		**12,999**	12,814
Employees' retirement funds				
Defined benefit pension funds	Contribution	33.1.3	**25,324**	25,189
Defined contribution pension fund	Contribution		**142,845**	149,484
Defined benefit gratuity funds	Contribution	33.1.3	**6,753**	7,142
Provident funds	Contribution		**58,519**	72,511
Key management personnel	Salaries and other short term employee benefits		**120,164**	64,500
	Post-employment benefits		**10,994**	8,128
	Medical		**1,363**	3,357
	Loan to Director		**-**	1,399
Non-executive Directors	Fee for attending meetings	34	**7,618**	6,793
Others	Purchases		**204,534,163**	142,563,608
	Sales		**363,578**	229,836
	Collection for sales made in Pakistan from customers of the associated company		**2,474,449**	1,245,915
	Technical service fee charged	27	**3,499,378**	2,885,276
	Trade-marks and manifestations license fee charged	27	**678,722**	620,000
	Expenses recovered from related parties - net		**133,435**	137,256
	Other expenses charged by related Parties	35.2	**1,955,002**	1,477,821
	Donations	28.2	**18,850**	11,690
	Legal charges		**1,594**	1,541
	Commission income / (expense) - net		**40,837**	(361)
	Subscription paid		**2,406**	300

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 Include charges net of reversals amounting to Rs. 493,900 thousand (2021: Rs. 382,546 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	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

S. No.	Company Name	Basis of association	Country of Incorporation
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
51	Equilon Enterprises LLC	Group Company	United States
52	Shell USA, Inc.	Group Company	United States

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 (Private) 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	Gizri Cotton (Private) Limited	Common Directorship
29	Habib University Foundation	Common Directorship
30	Shell Energy Pakistan (Private) Limited	Common Directorship
31	Overseas Investors Chamber of Commerce & Industry	Common Directorship

	Note	2022	2021
		—— (Rupees '000) ——	

36 Cash Generated From Operations

	Note	2022	2021
Profit before taxation		**2,915,103**	6,608,506
Adjustment for non-cash charges and other items:			
Depreciation charge for the year on operating assets	4.3	**1,858,199**	1,398,476
Depreciation charge for the year on right-of-use assets	5.2	**812,063**	711,178
Amortization charge for the year	6	**3,152**	3,152
Accretion expense in respect of asset retirement obligation	18	**8,005**	7,618
Reversal of liability in respect of asset retirement obligation	18	**(3,364)**	(269)
Reversal of allowance of expected credit losses on trade debts - net	29	**(9,170)**	(37,501)
Liabilities no longer payable written back	29	**(1,028,420)**	-
Provision for soil and ground water remediation	19	**2,727,477**	45,389
Provision for impairment on other receivables - net	28	**1,042,935**	153,410
Provision for obsolete and slow moving stock - net	11.5	**144,989**	116,663
Write-off of operating assets	28	**197,133**	40,885
Provision / (reversal) for impairment on operating assets - net	4.9	**145,385**	(87,319)
Gain on disposal of operating assets	29	**(44,528)**	(1,517)
Gain on termination of leases	29	**(55,038)**	-
Share of profit of associate - net of tax	7.1	**(998,905)**	(858,397)
Interest on term deposit receipts	29	**(195,788)**	(156,107)
Interest on savings accounts	29	**(115,471)**	(29,681)
Mark-up on long-term financing	30	**-**	51,481
Mark-up on short-term borrowings and running finance	30	**421,614**	68,808
Accretion of interest on lease liabilities	20	**647,402**	546,047
Provision for post-retirement medical benefits	33.2.5	**21,106**	18,043
Working capital changes	36.1	**5,603,370**	(1,234,983)
		14,097,249	7,363,882

36.1 Working capital changes

		2022	2021
(Increase) / decrease in current assets			
Stock-in-trade		**(6,437,762)**	(23,235,323)
Trade debts		**(1,233,423)**	(658,160)
Loans and advances		**29,376**	6,733
Short-term deposits and prepayments		**(8,337)**	91,687
Other receivables		**(1,070,441)**	(726,267)
		(8,720,587)	(24,521,330)
Increase in current liabilities			
Trade and other payables		**13,987,544**	22,658,391
Advances received from customers (contract liabilities)		**336,413**	627,956
		5,603,370	(1,234,983)

37 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.

38 Financial Assets and Liabilities

38.1 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:

	2022						
	Interest / Mark-up bearing			Non-Interest / Mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Subtotal	Maturity up to one year	Maturity after one year	Subtotal	
	(Rupees '000)						
Financial assets							
Amortized cost							
Loans	**-**	**-**	**-**	**62,784**	**51,163**	**113,947**	**113,947**
Trade debts	**-**	**-**	**-**	**5,910,061**	**-**	**5,910,061**	**5,910,061**
Other receivables	**-**	**-**	**-**	**3,701,255**	**-**	**3,701,255**	**3,701,255**
Bank balances	**8,396,127**	**-**	**8,396,127**	**2,404,970**	**-**	**2,404,970**	**10,801,097**
	8,396,127	**-**	**8,396,127**	**12,079,070**	**51,163**	**12,130,233**	**20,526,360**
Financial liabilities							
Amortized cost							
Trade and other payables	**-**	**-**	**-**	**72,923,199**	**-**	**72,923,199**	**72,923,199**
Unclaimed dividend	**-**	**-**	**-**	**278,892**	**-**	**278,892**	**278,892**
Unpaid dividend	**-**	**-**	**-**	**508,954**	**-**	**508,954**	**508,954**
Lease liabilities	**987,725**	**12,625,893**	**13,613,618**	**-**	**-**	**-**	**13,613,618**
	987,725	**12,625,893**	**13,613,618**	**73,711,045**	**-**	**73,711,045**	**87,324,663**

	2021						
	Interest / Mark-up bearing			Non-Interest / Mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Subtotal	Maturity up to one year	Maturity after one year	Subtotal	
	(Rupees '000)						
Financial assets							
Amortized cost							
Loans	-	-	-	72,434	37,440	109,874	109,874
Trade debts	-	-	-	4,667,468	-	4,667,468	4,667,468
Other receivables	-	-	-	4,822,493	-	4,822,493	4,822,493
Bank balances	3,859,281	-	3,859,281	1,114,136	-	1,114,136	4,973,417
	3,859,281	-	3,859,281	10,676,531	37,440	10,713,971	14,573,252
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
Lease liabilities	941,856	10,008,120	10,949,976	-	-	-	10,949,976
	941,856	10,008,120	10,949,976	60,903,114	-	60,903,114	71,853,090

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

38.1.1 Changes in liabilities from financing activities

	January 1, 2022	Cash flows	Non-cash flow	December 31, 2022
	(Rupees '000)			
Lease liabilities	**6,046,877**	**(704,667)**	**1,313,574**	**6,655,784**
Dividends payable	**293,906**	**(148,134)**	**642,074**	**787,846**
	6,340,783	**(852,801)**	**1,955,648**	**7,443,630**

	January 1, 2021	Cash flows	Non-cash flow	December 31, 2021
	(Rupees '000)			
Long-term financing	4,000,000	(4,000,000)	-	-
Lease liabilities	4,952,005	(338,863)	1,433,735	6,046,877
Unclaimed dividend	316,944	(23,038)	-	293,906
	9,268,949	(4,361,901)	1,433,735	6,340,783

38.2 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.

38.2.1 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. 20,526,360 thousand (2021: Rs. 14,573,252 thousand) the financial assets subject to credit risk amount to Rs. 20,526,360 thousand (2021: Rs. 14,573,252 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:

	Note	2022	2021
		(Rupees '000)	
Loans	8	**113,947**	109,874
Trade debts	12	**5,007,626**	3,962,880
Other receivables	15	**3,701,255**	4,822,493
Bank balances	16	**10,801,097**	4,973,417
		19,623,925	13,868,664

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	Rating Long-term
National Bank of Pakistan	PACRA	A-1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA
United Bank Limited	JCR-VIS	A-1+	AAA
Habib Bank Limited	JCR-VIS	A-1+	AAA
Bank Alfalah Limited	PACRA	A-1+	AA+
MCB Bank Limited	PACRA	A-1+	AAA
Allied Bank Limited	PACRA	A-1+	AAA
Citibank N.A.	Moody's	P-1	Aa3
Deutsche Bank AG	S&P	A-2	A-
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

38.2.2 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) and Euro (EUR).

As at December 31, 2022, had the exchange rates of USD, GBP and EUR 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	2022 %	2022 Rs. '000	2021 %	2021 Rs. '000
USD	lower / higher	**5%**	**2,176,242**	5%	2,377,718
GBP	lower / higher	**5%**	**38,752**	5%	21,678
EUR	lower / higher	**5%**	**28,222**	5%	12,936

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, 2022, had interest rates on Company's borrowings been 1% higher / lower with all other variables held constant, pre-tax profit for the year would have been lower / higher by Rs. 27,064 thousand (2021: Rs. 22,803 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, 2022, 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.

38.2.3 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 38.1.1 to these financial statements.

38.3 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 maximise 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.

The proportion of borrowings to equity at year end was:

	2022	2021
	(Rupees '000)	
Total borrowings	**-**	-
Total equity	**14,597,095**	15,321,476
	14,597,095	15,321,476
Gearing ratio	**0%**	0%

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 minimise risk.

39 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, 2022, 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 these financial statements.

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

40 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, 2022 (December 31, 2021: 100%).

All non-current assets of the Company as at December 31, 2022 and 2021 are located in Pakistan.

Sales to twenty major customers of the Company are around 15% during the year ended December 31, 2022 (December 31, 2021: 15%).

41 Capacity and Actual Performance

	2022	2021
	Metric Ton	
Available capacity	**94,870**	94,870
Actual production	**53,287**	57,564

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

42 Number of Employees

	2022	2021
Total employees as at December 31	**397**	382
Average number of employees during the year	**383**	396

43 General

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

43.2 Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions. However there has been no material reclassification to report.

44 Date of Authorization

These financial statements were authorized for issue on March 15, 2023 by the Board of Directors of the Company.

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

Attendance of the
Board and Committee Meetings

For the year ended December 31, 2022

Board of Directors

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

Name of Director	Number of meetings held	Number of meetings attended
Zain K. Hak	5	5
Waqar I. Siddiqui	5	5
Rafi H. Basheer	5	5
Parvez Ghias	5	5
Imran R. Ibrahim	5	5
Madiha Khalid	5	4
Zaffar A. Khan	5	5
John King Chong Lo	5	3
Zarrar Mahmud	5	5
Amir Paracha	5	2
Badaruddin F. Vellani	5	5

Board Audit Committee

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

Name of Director	Number of meetings held	Number of meetings attended
Imran R. Ibrahim	4	4
Rafi H. Basheer	4	4
Badaruddin F. Vellani	4	4

Human Resource and Remuneration Committee

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

Name of Director	Number of meetings held	Number of meetings attended
Zaffar A. Khan	3	3
Parvez Ghias	3	3
Zain K. Hak	3	2
Waqar I. Siddiqui	3	2

Pattern of **Shareholding**

As at December 31, 2022

Number of Shareholders	Shareholding From	Shareholding To	Total Number of Shares Held
2,090	1	100	98,869
2,369	101	500	731,616
1,847	501	1,000	1,430,451
2,312	1,001	5,000	5,436,635
502	5,001	10,000	3,698,989
163	10,001	15,000	2,018,234
87	15,001	20,000	1,528,103
56	20,001	25,000	1,279,424
35	25,001	30,000	976,642
15	30,001	35,000	490,945
18	35,001	40,000	681,449
19	40,001	45,000	813,896
13	45,001	50,000	630,590
16	50,001	55,000	839,418
9	55,001	60,000	517,614
6	60,001	65,000	376,753
2	65,001	70,000	137,500
6	70,001	75,000	431,642
5	75,001	80,000	394,574
5	80,001	85,000	419,856
4	85,001	90,000	354,185
4	90,001	95,000	366,918
7	95,001	100,000	691,792
2	105,001	110,000	220,000
2	110,001	115,000	228,990
1	120,001	125,000	122,202
1	125,001	130,000	126,953
2	140,001	145,000	281,260
2	145,001	150,000	300,000
1	160,001	165,000	161,000
2	195,001	200,000	398,800
1	210,001	215,000	212,000
1	220,001	225,000	225,000
2	230,001	235,000	466,700
1	240,001	245,000	245,000
4	245,001	250,000	999,000
1	265,001	270,000	270,000
1	295,001	300,000	300,000
1	375,001	380,000	377,802
1	385,001	390,000	387,854
1	440,001	445,000	441,000
1	500,001	505,000	502,800
1	640,001	645,000	642,786
1	675,001	680,000	677,986
1	680,001	685,000	684,000
1	735,001	740,000	737,000
1	740,001	745,000	741,310
2	805,001	810,000	1,613,616
1	810,001	815,000	811,294
1	920,001	925,000	924,916
1	1,350,001	1,355,000	1,351,500
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
9,631			214,024,662

Pattern of **Shareholding**

As at December 31, 2022

Shareholders' Category	Number of Shareholders	Number of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (name wise details)			
The Shell Petroleum Company Limited	1	165,700,304	77.42
NIT and ICP			
National Bank of Pakistan	1	102	0.00
Mutual Funds (name wise details)			
CDC - Trustee AKD Index Tracker Fund	1	13,702	0.01
CDC - Trustee ABL Stock Fund	1	225,000	0.11
MCBFSL - Trustee ABL Islamic Stock Fund	1	54,500	0.03
CDC - Trustee ABL Islamic Pension Fund - Equity Sub Fund	1	8,000	0.00
CDC - Trustee ABL Pension Fund - Equity Sub Fund	1	7,000	0.00
CDC - Trustee NBP Islamic Energy Fund	1	3,000	0.00
CDC - Trustee ALLIED Finergy Fund	1	98,300	0.05
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	6	3,352	0.00
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	4,315,604	1.90
General Public			
a. Local	9,469	31,005,327	15.24
b. Foreign	3	20,894	0.01
Others	113	4,655,075	2.18
	9,631	**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	1	165,700,304	77.42

Pattern of **Shareholding**

For the year ended December 31, 2022

Trade in Shares by Executives through CDC

Name	Category	Transaction's date	No. of Shares	Nature	Rate (Rs.)
Usman Khalid	Executive	27-01-2022	500	Bought	120.50
Usman Khalid	Executive	03-02-2022	200	Sold	129.00
Usman Khalid	Executive	03-02-2022	200	Sold	134.00
Saifullah Khan	Executive	04-02-2022	10,000	Sold	140.00
Hamza Kholia	Executive	07-02-2022	500	Sold	138.31
Usman Khalid	Executive	14-02-2022	400	Bought	127.50
Usman Khalid	Executive	24-02-2022	100	Bought	118.50
Usman Khalid	Executive	02-03-2022	200	Bought	119.00
Usman Khalid	Executive	06-04-2022	500	Bought	112.80
Usman Khalid	Executive	07-04-2022	100	Bought	111.20
Saifullah Khan	Executive	11-04-2022	5,000	Bought	117.80
Hamza Kholia	Executive	25-04-2022	600	Bought	118.60
Hamza Kholia	Executive	16-05-2022	200	Bought	106.85
Usman Khalid	Executive	25-05-2022	100	Sold	108.00
Usman Khalid	Executive	30-05-2022	1,000	Sold	116.00
Hamza Kholia	Executive	04-08-2022	500	Sold	122.75
Usman Khalid	Executive	15-08-2022	200	Sold	124.00
Saifullah Khan	Executive	25-08-2022	5,000	Sold	122.00
Usman Khalid	Executive	29-08-2022	500	Sold	121.00
Usman Khalid	Executive	30-08-2022	200	Sold	123.90
Usman Khalid	Executive	31-08-2022	200	Sold	132.40
Usman Khalid	Executive	07-09-2022	200	Sold	128.99
Usman Khalid	Executive	07-10-2022	400	Sold	130.00
Hamza Kholia	Executive	07-10-2022	5000	Bought	130.22
Hamza Kholia	Executive	11-10-2022	5000	Sold	134.22

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 at Marriott Hotel, Karachi and virtually through video-conference facility on May 04, 2023, at 10:30 a.m.

Signed this _____________ day of __________ 2023.

WITNESSES:

1. Signature ______________________

Name ______________________

Address ______________________

____

CNIC or
Passport No.________________________

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

2. Signature ______________________

Name ______________________

Address ______________________

____

CNIC or
Passport No.________________________

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
Shell House, 6 Ch. Khaliquzzaman Road,
Karachi - 75530, Pakistan.
www.shell.com.pk