

Driving

EXCELLENCE

Together



As Wafi Energy Pakistan embarks on a journey of shared expertise and ambition, we are committed to shaping a future defined by excellence.

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Gearing

for growth

Wafi Energy Pakistan Limited (formerly Shell Pakistan Limited) is the exclusive licensee for Shell in Pakistan. It is majority-owned by Wafi Energy Holding Limited. This strategic acquisition allows Wafi Energy to expand its energy business and strengthen its presence in Pakistan, where Shell has over 77 years of history. Wafi Energy aims to invest in new opportunities to support growth in the region.

Governance
and Compliance

Company Information

Board of Directors

Ghassan Al Amoudi (Chairperson)
Javaid Akhtar
Parvez Ghas
Imran R. Ibrahim
Madiha Khalid
Zaffar A. Khan
Zarrar Mahmud
Amir R. Paracha
Badaruddin F. Vellani
Kai-Uwe Witterstein

Chief Executive

Waqar I. Siddiqui

Audit Committee

Imran R. Ibrahim (Chairperson)
Javaid Akhtar
Badaruddin F. Vellani

Human Resource and Remuneration Committee

Zaffar A. Khan (Chairperson)
Parvez Ghas
Waqar I. Siddiqui
Kai-Uwe Witterstein

Company Secretary

Lalarukh Hussain – Shaikh

Registered Office

6, Ch. Khaliquzzaman Road
Karachi-75530 Pakistan

Auditors

EY Ford Rhodes

Legal Advisors

Vellani & Vellani Advocates

Registrar & Share Registration Office

FAMCO Share Registration Services (Pvt.) Limited
8-F, next to Hotel Faran, Nursery, Block-6,
P.E.C.H.S. Shahrah-e-Faisal, Karachi-75400



Our Vision

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

About Wafi Energy Pakistan

The investment by Wafi Energy Holding Limited in Pakistan marks a significant milestone in Pakistan's energy sector. In 2024, Wafi Energy Holding Limited (Wafi Energy) acquired an 87.78% stake in Shell Pakistan Limited, marking its entry into the Pakistani market. This transition represents more than just a change in ownership; it signals a strategic investment aimed at expanding the country's energy and fuel retail industry. Wafi Energy's entry into Pakistan's oil marketing industry is poised to advance the competitive landscape, bringing in growth, expertise, innovative solutions, and a long-term commitment to sustainable energy development.

Wafi Energy Pakistan Limited (formerly Shell Pakistan Limited) is the exclusive licensee for Shell in Pakistan. Wafi Energy has an agreement with Shell Brands International AG to be the sole representative of the Shell brand in Saudi Arabia and Pakistan.

The Transformation of Shell Pakistan into Wafi Energy Pakistan

Shell Pakistan has been one of the oldest and established energy partners in the country and a leading player in the lubricants market. Originally founded as Asiatic Petroleum in 1899, Shell played a pivotal role in the development of Pakistan's fuel retail infrastructure, supplying petroleum products and catering to both retail and industrial customers. Over the years, Shell Pakistan built a trusted reputation as an energy partner for the country for high-quality fuel, innovative retail solutions, and operational excellence.

The company has a network of 600+ Shell retail sites, countrywide storage facilities, a broad portfolio of global Shell Lubricant brands and is the largest private investor in the strategic White Oil Pipeline operated by Pak-Arab Pipeline Company (PAPCO). With a legacy of more than 100 years in the region, developing and distributing energy by land, air and sea, the company has endeavored to support Pakistan's developmental priorities.

Despite its strong market presence, Shell Pakistan faced challenges arising from global corporate restructuring, fluctuating oil prices, devaluation of currency, economic challenges and increasing competition in the local market. In October 2024, Shell plc announced its decision to divest its majority stake in Shell Pakistan, leading to Wafi Energy Holding Limited's acquisition of an 87.78% stake in the company. With their licensing agreement with Shell Brands, this acquisition made Wafi Energy Pakistan the exclusive licensee for Shell in Pakistan, marking its entry into the local market and positioning the company for future growth. As of January 2025, the company was officially renamed Wafi Energy Pakistan Limited.

Wafi Energy Pakistan continues to offer a wide range of Shell petroleum products and services, maintaining a strong lubricants business that serves multiple sectors. Although the ownership has changed, the trusted Shell brand continues strong, with the iconic Shell branding, fuel, products and

services at retail stations and the technologically advanced lubricants serving commercial, retail and industrial sectors. Wafi Energy Pakistan is a key player, energized by Wafi Energy's ongoing investments and commitment to Pakistan's future growth.

Industry Outlook and Market Positioning

Pakistan's oil marketing sector has a network of more than 10,000 fuel stations serving commercial, industrial, and retail customers. The sector faces challenges, such as volatility in global oil prices, foreign exchange constraints, and shifting consumer preferences toward cleaner energy sources. However, significant growth opportunities exist, particularly in infrastructure modernization, energy diversification, and digital transformation.

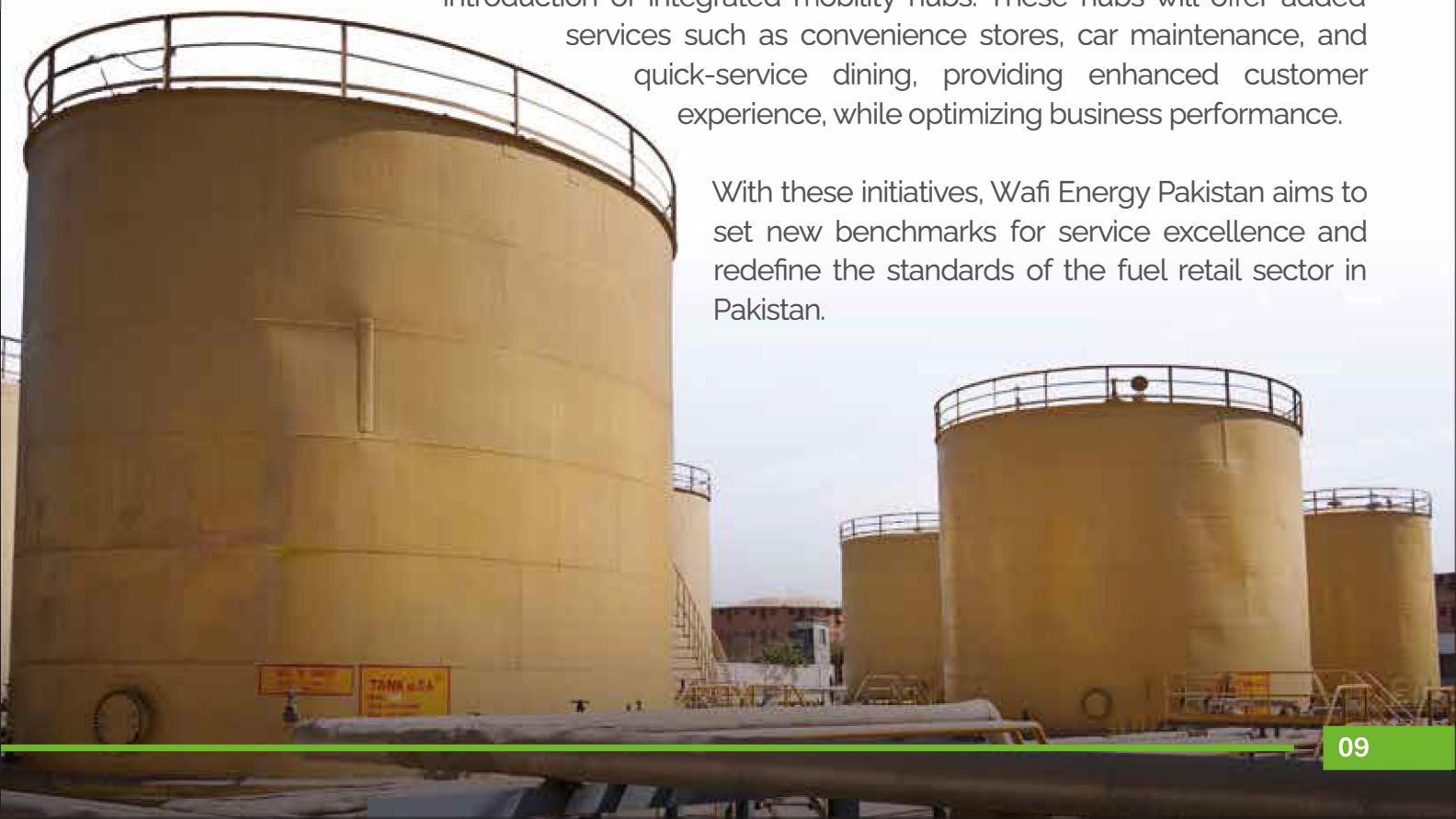
Wafi Energy Pakistan is well-positioned to capitalize on these opportunities by optimizing supply chain efficiencies, expanding its market reach, and integrating advanced technological solutions. The company's forward-looking strategies are designed to address both current challenges and future industry shifts.

Investment Plans and Future Growth

This strategic acquisition allows Wafi Energy to expand its energy business and strengthen its presence in Pakistan, where Shell has over 77 years of history. Wafi Energy aims to invest in new opportunities to support growth in the region.

The company's focus includes growing the industry, expanding infrastructure, improving operational efficiencies and delivering value to customers. Planned developments include the creation of new fuel stations, the modernization of existing retail outlets, capturing investment opportunities, and the introduction of integrated mobility hubs. These hubs will offer added services such as convenience stores, car maintenance, and quick-service dining, providing enhanced customer experience, while optimizing business performance.

With these initiatives, Wafi Energy Pakistan aims to set new benchmarks for service excellence and redefine the standards of the fuel retail sector in Pakistan.



Statement of General Business Principles

The Standard General Business Principles ("SGBP") govern how the Company conducts its affairs. Our goal is to engage efficiently, responsibly and profitably in our selected businesses. Rooted in our shared core values of honesty, integrity, and respect for people, these principles are the cornerstone of our operations.

The SGBP apply to all transactions and set the standard for the behaviour expected of our staff in all our business dealings. We also expect our business partners and related parties to adhere to these or equivalent principles.

It is the responsibility of the management to lead by example, to ensure that the staff understand and behave in accordance with the spirit and letter of the SGBP. Additionally, the management must provide staff with safe, confidential channels to raise concerns and report instances of non-compliance. In turn, staff are responsible for reporting any suspected breaches of the SGBP.

As we move forward, the SGBP will remain fundamental to how we conduct our business and abiding by them is crucial to our continued success.

Our Values



Our Values

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

Sustainable Development

We commit to contribute to sustainable development. This requires balancing short-term and long-term interests, integrating economic, environmental and social considerations into business decision-making.

Responsibilities

The Company recognises five areas of responsibility. It is the duty of the management to assess the priorities and discharge these inseparable responsibilities on the basis of that assessment.

1. To shareholders

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

2. To customers

To win and retain 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.

3. To staff

To respect the human rights of our staff and to provide them with good and safe working conditions, and competitive terms and conditions of employment/engagement.

To promote the development and best use of the talents of our staff; to create an inclusive work environment where every staff member has an equal opportunity to develop their skills and talents; to encourage the involvement of our staff in the planning and direction of their work; and to provide them with channels to report concerns.

We recognise that commercial success of the Company depends on the full commitment of all our staff.

4. 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 the SGBP or equivalent principles in such relationships. The ability to promote these SGBP effectively will be an important factor in the decision to enter into or remain in such relationships.

5. To society

To conduct business as responsible corporate members of the society, to comply with applicable

laws and regulations, to support fundamental human rights in line with the legitimate role of business, and to give proper regard to health, safety, security and the environment.

Living by our Principles

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 the 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.

2. Competition

The Company supports 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.

3. Business Integrity

The Company insists 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. The staff must avoid conflicts of interest between their private activities and their part in the conduct of Company's business. The staff must also declare potential conflicts of interest. All business transactions on behalf of the 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.

4. Political Activities

• Of the Company

The Company acts in a socially responsible manner under the laws of Pakistan in pursuit of our legitimate commercial objectives.

The Company does not make payments to political parties, organisations or their representatives. The Company does not take part in party politics. However, when dealing with governments, the Company has the right and the responsibility to make our position known on any matters, which affects us, our staff, our customers, our shareholders or local communities in a manner, which is in accordance with our values and the SGBP.

- **Of our staff**

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, and does not interfere with the staff's obligations to the Company.

5. Health, Safety, Security and the Environment

Health, safety, security and environmental management are critical in order to achieve continuous performance improvement.

To this end, the Company manages these matters as critical business activities, sets standards and targets for improvement, and measures, appraises and reports performance externally.

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

6. Local Communities

The Company aims 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, the Company takes a constructive interest in societal matters, directly or indirectly related to our business.

7. Communication and Engagement

The Company recognises 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 our staff, business partners and local communities, we seek to listen and respond to them honestly and responsibly.

8. Compliance

We comply with all applicable laws and regulations.

Chairperson's Review

For the year ended December 31, 2024



Dear Shareholders,

I am pleased to present the Chairperson's review for the year ended December 31, 2024, for Wafi Energy Pakistan Limited (formerly Shell Pakistan Limited) (the "Company").

In 2024, the Company achieved a significant milestone with the transfer of majority shareholding from Shell Petroleum Company Limited to Wafi Energy Holding Limited, an Abu Dhabi-based entity that now holds approximately 87.78% of the Company's shares.

The strong Shell brand continues in Pakistan through exclusive brand licensing agreements,

ensuring continuity and trust in the market. This pivotal change marked the beginning of an exciting new chapter, as the Company evolved into a standalone entity. The transition was executed seamlessly, with uninterrupted business continuity and an unwavering commitment to safe operations. Remarkably, the Company achieved full operational stability without any disruptions to customers or stakeholders, demonstrating our resilience and ability to adapt in a transformative environment.

Beyond our own evolution, 2024 also signaled a turning point for the broader economy. Macroeconomic stability strengthened, and a gradual recovery from past challenges took shape. Inflation, a longstanding concern, began to decline steadily, supported by a relatively stable exchange rate. The narrowing of the current account deficit reflected improvements in the trade balance, fostering a more predictable economic landscape for businesses and consumers alike.

However, while these positive developments indicate progress, challenges remain. Consumer purchasing power continues to recover at an uneven pace, and businesses must remain agile in navigating shifting market dynamics. Notwithstanding this, we remain optimistic and steadfast in our belief that resilience, coupled with a clear strategy and unwavering commitment, will enable us to thrive in an ever-evolving business landscape.

Amid this transformation, the Board has played an instrumental role in steering the Company forward. In compliance with all applicable laws, the Board has diligently fulfilled its responsibilities,

ensuring effective oversight of management's performance and setting strategic objectives for the Company's long-term success. The Board's commitment to strong corporate governance remains unwavering, with a firm focus on accountability, transparency, and value creation.

Supported by key Board Committees, including the Board Audit Committee and the Human Resource and Remuneration Committee, the Board has continued to strengthen corporate decision-making processes. These committees have played a critical role in identifying areas for improvement, ensuring that governance frameworks remain robust and aligned with best practices. The Company has also maintained a strong focus on compliance, with all related parties' transactions approved by the Board following recommendations from the Board Audit Committee.

As we reflect on the past year, I am immensely proud of the collective efforts of our people, our directors, executives, and management teams, who have been the true driving force behind Wafi Energy Pakistan Limited's vision. Their unwavering commitment and expertise have propelled us forward, ensuring that we not only sustain but continue to build on our successes.

Looking ahead, I am excited by the boundless possibilities that lie before us. We are only at the beginning of an incredible journey. The opportunities before us are vast, and with our talented team, strong leadership, and an ambitious roadmap, I am confident that we are poised for significant growth. We have the strength, the strategy, and the vision to drive meaningful impact, not just for our Company, but for the energy landscape of Pakistan as a whole.

To our shareholders, customers, and stakeholders - your trust and support have been invaluable, and I thank you for being part of this journey. With your continued collaboration, we will embrace the challenges and opportunities ahead with a renewed sense of purpose. The best is yet to come, and together, we will shape a brighter, more sustainable future.



Ghassan Al Amoudi
Chairperson

چیر پرسن کا تجزیہ

31 دسمبر 2024ء کو اختتام پذیر ہونے والے سال کے لیے

عزیز شیئر ہولڈرز،

میں 31 دسمبر 2024ء کو اختتام پذیر ہونے والے سال کے لیے وافی انرجی پاکستان لمیٹڈ (سابقہ شیل پاکستان لمیٹڈ) ("کمپنی") کے لیے چیر پرسن کا تجزیہ پیش کرتے ہوئے مسرور ہوں۔



2024ء کے دوران کمپنی نے ایک اہم سنگ میل عبور کیا، جب شیل پیٹرولیم کمپنی لمیٹڈ کی اکثریتی شیئر ہولڈنگ ابوظہبی میں قائم ایک ادارے وافی انرجی ہولڈنگ لمیٹڈ کو منتقل ہو گئی جو اب کمپنی کے تقریباً 87.78 فیصد شیئرز کی حامل ہے۔

شیل کا مضبوط برانڈ پاکستان میں خصوصی برانڈ لائسنسنگ معاہدوں کے ذریعے جاری ہے، جو مارکیٹ میں تسلسل اور اعتماد کو یقینی بناتا ہے۔ اس اہم تبدیلی نے

ایک دلچسپ نئے باب کا آغاز کیا، کیونکہ کمپنی ایک خود مختار ادارے میں تبدیل ہو گئی۔ منتقلی کا عمل بلا تعطل مکمل کیا گیا، جس میں کاروباری تسلسل اور محفوظ آپریشنز کے لیے غیر متزلزل عزم کو برقرار رکھا گیا۔ قابل ذکر بات یہ ہے کہ کمپنی نے صارفین یا اسٹیک ہولڈرز کے حوالے سے کسی بھی رکاوٹ کے بغیر مکمل آپریشنل استحکام حاصل کیا، جس نے ہمارے عزم، لچک اور تبدیلی کے ماحول میں ڈھلنے کی صلاحیت کا مظاہرہ کیا۔

ہمارے اپنے ارتقا کے علاوہ، 2024ء نے وسیع تر معیشت کے لیے ایک اہم موڑ کا بھی اشارہ دیا۔ کھلی معاشی استحکام مضبوط ہوا اور ماضی کی مشکلات سے بتدریج بحالی کا عمل شروع ہوا۔ مہنگائی، جو کافی عرصے سے باعث تشویش رہی ہے، نسبتاً مستحکم شرح مبادلہ کے باعث بتدریج کم ہونا شروع ہو گئی۔ جاری کھاتے کے خسارے میں کمی تجارتی توازن میں بہتری کی عکاس ہے، جس سے کاروباری اداروں اور صارفین کے لیے زیادہ مستحکم معاشی منظر نامے کو فروغ ملا ہے۔

تاہم، اگرچہ یہ مثبت پیش رفت ترقی کی نشاندہی کرتی ہے، لیکن چیلنجز بدستور موجود ہیں۔ صارفین کی قوت خرید غیر متوازن طور پر بحال ہو رہی ہے، اور کاروباری اداروں کو مارکیٹ کے مسلسل بدلتے ہوئے رجحانات سے ہم آہنگ رہنے کے لیے مستعد رہنا ہوگا۔ اس کے باوجود، ہم پُر امید اور پُر عزم ہیں کہ لچک، ایک واضح حکمت عملی، اور غیر متزلزل عزم کے ساتھ ہمیں مسلسل بدلتے ہوئے کاروباری ماحول میں کامیابی حاصل کرنے کے قابل بنائے گی۔

اس تبدیلی کے دوران، بورڈ نے کمپنی کی رہنمائی میں اہم کردار ادا کیا ہے۔ تمام لازمی قوانین کی مکمل تعمیل کرتے ہوئے، بورڈ نے اپنی ذمہ داریاں دیانت داری سے نبھائیں،

انتظامیہ کی کارکردگی کی موثر نگرانی کو یقینی بنایا اور کمپنی کی طویل مدتی کامیابی کے لیے اسٹریٹجک مقاصد متعین کیے۔ مضبوط کارپوریٹ نظم و نسق کے لیے بورڈ کا عزم غیر متزلزل ہے، جس میں جوابدہی، شفافیت، اور اقدار کی تخلیق پر پختہ توجہ دی گئی ہے۔

کلیدی بورڈ کمیٹیوں، بشمول بورڈ آڈٹ کمیٹی اور ہیومن ریسورس اینڈ ریمونریشن کمیٹی کی معاونت سے، بورڈ نے کارپوریٹ فیصلہ سازی کے عمل کو مزید مستحکم کیا ہے۔ ان کمیٹیوں نے بہتری کے مکمل شعبوں کی نشاندہی میں اہم کردار ادا کیا، اس کے ساتھ، کمپنی نے قوانین کی مکمل پاسداری پر بھی بھرپور توجہ دی، اور تمام متعلقہ فریقین کے لین دین کو بورڈ آڈٹ کمیٹی کی سفارشات کے بعد بورڈ کی منظوری دی گئی۔

گزشتہ سال پر نظر ڈالیں تو، میں اپنی ٹیم، ڈائریکٹرز، ایگزیکٹوز، اور مینجمنٹ ٹیموں کی اجتماعی کاوشوں پر بے حد فخر محسوس کرتا ہوں، جو وائی انرجی پاکستان لمیٹڈ کے وژن کے پس پردہ حقیقی محرک قوت رہے ہیں۔ ان کی غیر متزلزل وابستگی اور مہارت نے ہمیں مسلسل آگے بڑھایا، اور اس بات کو یقینی بنایا ہے کہ ہم نہ صرف اپنی کامیابیوں کو برقرار رکھیں بلکہ آگے بڑھتے رہیں۔

مستقبل کے بارے میں سوچتے ہوئے، میں ان بیشمار مواقع کے حوالے سے پُر جوش ہوں جو ہمارے سامنے موجود ہیں۔ ہم ابھی ایک ناقابل یقین سفر کے آغاز پر ہیں۔ ہمارے سامنے وسیع امکانات ہیں اور ہماری باصلاحیت ٹیم، مضبوط قیادت اور پُر عزم روڈ میپ کے ساتھ مجھے یقین ہے کہ ہم نمایاں ترقی کے لیے پوری طرح تیار ہیں۔ ہمارے پاس صلاحیت، حکمت عملی اور وژن موجود ہے جو نہ صرف ہماری کمپنی بلکہ مجموعی طور پر پاکستان کے توانائی کے منظر نامے پر با معنی اثرات مرتب کرے گا۔

ہمارے معزز شیئر ہولڈرز، صارفین، اور اسٹیک ہولڈرز کے لیے آپ کا اعتماد اور حمایت بے حد قیمتی ہے، اور میں اس سفر کا حصہ بننے کے لیے آپ کا شکریہ ادا کرتا ہوں۔ آپ کے مسلسل تعاون کے ساتھ، ہم مقصد کے ایک نئے احساس کے ساتھ مستقبل کے چیلنجز اور مواقع کو ایک نئے عزم کے ساتھ اپنائیں گے۔ بہترین وقت ابھی باقی ہے، اور مل کر ہم ایک روشن اور پائیدار مستقبل کی تشکیل کریں گے۔



غسان العامودی

چیئر پرسن

Board of Directors



Ghassan Al-Amoudi

Ghassan Al-Amoudi is a highly accomplished executive with over 30 years of successful experience in leadership in the financial industry. With a strong focus on strategic planning, operational management, and building valuable relationships, he has consistently delivered exceptional results throughout his career.

Ghassan has been the CEO of ASYAD Holding Group since October 2022, leading a modern and sophisticated family group, driving significant revenue generation, and fostering investment relationships with a mission of building and managing an efficient organization capable of adapting to changing needs and operational scale.

Throughout his extensive professional career, Ghassan held prestigious positions at renowned companies globally and regionally.

Between 2020 and 2022, he served as the CEO of the Saudi-based Dar Al Tamleek, through this experience, he directed the largest mortgage finance provider in the Kingdom, overseeing a managed asset portfolio of SAR12+ billion. As a key part of his role, he was responsible for setting the organization's strategy and direction in alignment with board directives. Moreover, he managed day-to-day operations, fostered strong relationships with internal and external stakeholders, and initiated a roadmap for IPO listing.

Being a part of SABB's team represented another milestone in Ghassan's career journey. Through his role as the General Manager of Corporate Banking at SABB, Riyadh, KSA between 2017 and 2019, he played a leading role as a member of the merger committee in SABB and Awwal Bank, which is now known as SAB.

During this two-year journey, he oversaw the corporate banking domain, contributing to 30% of SABB's top-line revenues. He also developed and maintained key relationships with shareholders, executives, and clients, as well as formulating corporate banking strategies, with a center role of overseeing asset allocation strategies. In addition, he developed and revised policies, procedures, and reporting schemes, as well as evaluating offers from partners and vendors, assessing technology needs, and ensuring effective communication across channels.

Ghassan began his banking career in 1994, he progressed through various roles and became the Regional Head of Corporate Banking for the Western Region at SABB, Jeddah in 2007. He spent a prosperous decade driving effective business strategies and exceeding operating plans year over year.

Moreover, he led multiple corporate teams and achieved double-digit growth by challenging norms and capitalizing on emerging opportunities.

He also developed and motivated a high-performing team of relationship managers, contributing to regional growth, and defined business plans and strategies, optimizing profitability, and addressing strategic issues.

Ghassan equally implemented efficient resource allocation and low-cost income ratio practices, and successfully originated and executed syndication transactions, securing substantial volume.

During this period, he became a member of prestigious boards, namely Halwani Brothers PLC as an Independent Board Member and Member of the Remuneration and Audit Committees; Al Baraka Bank Turkey as an Independent Board Member and Member of the Governance, Sustainability, and Risk Committees; Dar Al Hekma University as a Member of the Board of Trustees and Chairman of the Finance Committee; Prince Muqrin Foundation as a Board Member and Member of the Executive Committee; Alrajhi Capital as an Independent Board Member of the Jeddah Real Estate South Fund; and Jordan Islamic Bank as an Independent Board Member and Member of the Nomination, Remuneration, Risk, and Credit Committees.

All these experiences were driven by a robust and solid education and skills background. He holds a Bachelor of Business Administration from the American University in Los Angeles, CA (1994), with fluent skills in English and Arabic.

He also honed his educational background through top-level training and securing high-profile professional certifications – Managing Strategically, Leading for Results from Harvard Business School, Strategic Implementation M2 from IMD, Advanced Corporate Banking Strategy from INSEAD and various In-house/Group Trainings at SABB/HSBC.

Waqar Siddiqui

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

He has 30 years of energy industry experience. Waqar joined SPL in 2001 and has since held several roles locally and internationally at senior leadership positions. 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 is 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.



Javaid Akhtar

Javaid Akhtar is recognized amongst the forerunners in the field of strategic business development in a market driven financial environment. He has expertise in Financial Management, Capital Market Investment, Information Technology (IT) and Business Process Re-engineering (BPR) through a practical, proactive, and innovative approach to a wide variety of business situations. He has completed projects with Bain & Company, BCG, McKinsey, Accenture Consulting and all Big 4 firms. He has completed a project with McKinsey recently on post Covid strategic outlook of family businesses.

He holds CA, CPA, CMA, PGD and CIS. In addition, he has attended and conducted numerous workshops, seminars, and conferences with global perspective in the discipline of finance and general management.

He has more than thirty (30) years of senior management experience enriched with developing investment criteria, accounting system, control mechanism, financial and business policy and procedure, corporate & financial governance, restructuring and reengineering for a cross section of industries and trading corporations. Currently, his major focus encompasses project management and financial structuring of PPP projects, financial modelling and building the retail business, business feasibility, viability, and profitability in relativity scenarios. He has more than ten (10) years of entrepreneurial experience in investing and divesting in viable business in retail, real estate, PE and hospitality in North America.

He has extensively worked in carrying out workability of promising and profitable portfolios, resource deployment to earn a high return on investment, equity and asset for consistent growth and success.

He has experience and understanding of capital re-structuring, economic funding and working with banks and other financial institutions in partnering for mutual benefit. He has worked in situations involving mergers, acquisitions, joint ventures and leasing arrangements and situations emanating from resulting scenarios. His latest achievement is the financial close of Aramco project with \$1.2B which is 100% financed by financial institution.

His involvement in such complex phenomena as risk management and investments based on futuristic growth possibilities in multi-disciplinary sectors are overwhelming.

He has broad exposure and experience in implementing computer based modular financial integrated packages in different operating system environment.

He has competency and skills profile of analytical, interpretative, informative reporting, training and development of people, teamwork, team building and working with clearly defined objectives and targets giving direction to efforts and discipline in producing high quality results.

Javaid has been currently associated with Asyad Holding Group (www.asyadgroup.com) since February 15, 2005 as Group CFO and board member, and is functionally responsible for financial, regulatory reporting, governance, risk and treasury management, financial planning, forecasting, restructuring, cash flow and project management. He also participated in developing SAMA approved regulated funds in KSA. He has huge experience in raising appropriate financing structures with international banks to support growth of the Group in the areas of retail, hospitals, hotels, and commercial real estate.

He has worked at senior financial management positions with Merck (USA), SPIMACO, Naft Services companies and Midroc Holding Group from 1980 to 2004.

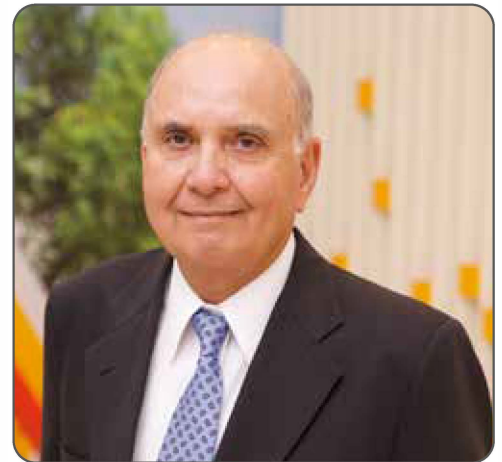
Parvez Ghias

Parvez Ghias is a fellow of the Institute of Chartered Accountants from England & Wales and holds a Bachelor's 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.



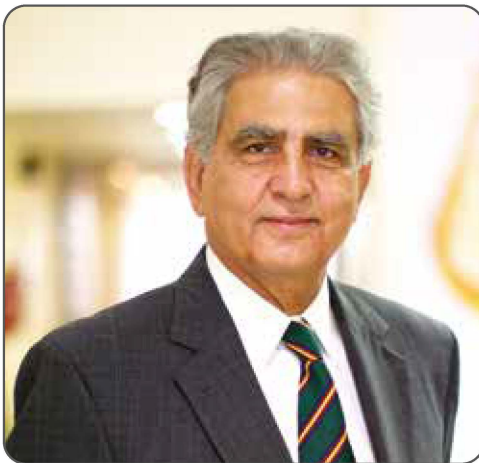
Imran Rashid Ibrahim

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 and 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 and INSEAD.

Zaffar A. Khan has served on a number of diverse Boards in the private sector, public sector and 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 and Pakistan Centre for Philanthropy.

He is a recipient of Sitara-e-Imtiaz.

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 serves as the Chairman of the Board and Chief Executive Officer at Unilever Pakistan Limited. He began his journey with Unilever in 2000 as an Assistant Brand Manager, advancing through various Marketing and Sales leadership roles throughout his career in Pakistan and globally.

Currently, Amir spearheads the company's "Unilever for Pakistan" vision, a purpose-driven movement aimed at strengthening Unilever Pakistan's impact on the lives of Pakistani citizens by providing equitable opportunities, fostering meaningful livelihoods, and ensuring living wages. As part of this mission, he is also dedicated to promoting Unilever Pakistan's climate action by emphasizing a clean energy transition, minimizing plastic waste, and accelerating the shift toward a circular economy in Pakistan. Amir has been recognized by the Government as a "Corona War Hero" and was also conferred Shan-e-Pakistan Award by the President of Pakistan for Unilever Pakistan's COVID relief drive in the country.

Amir served as the President at the Overseas Investors Chamber of Commerce & Industry (OICCI) and member FPCCI committed to collaborating with the broader industry and ecosystem. He is on the boards of Shell Pakistan Limited, Karachi Vocational Training Centre, Habib University Foundation, SBS-IBA Advisory Board, and National Management Foundation (LUMS). He also leads the Centre of Excellence for Responsible Business (CERB) under the Pakistan Business Council and is a Male Champion of Change under Australia (MCC)'s Pakistan Coalition.

He obtained his Master's in Business Administration (MBA) from the Institute of Business Administration. His professional journey began at The Royal Dutch Shell Oil Company in 1996. Throughout his career, he has attended executive courses at prestigious institutions, including Harvard, INSEAD, and London Business School.

Amir enjoys reading, landscaping, and exploring conceptual architecture in his personal time.

Badaruddin F. Vellani

Badaruddin F. Vellani is an Honours graduate in Chemical Engineering from the Loughborough University of Technology, Leicestershire, UK, 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.



Kai-Uwe Witterstein

Kai-Uwe has 31 years of working experience with Shell, a multinational energy company, in multiple operational and management roles. He led the retail business in Italy and Belgium/Luxembourg, and was also responsible for HSSE globally, marketing for Germany, Austria and Switzerland, and sponsorship management globally. In his last four years with the organization, he led the global licensed markets business for Shell.

Since January 2024 KU supports the Asyad Group, Saudi Arabia for mobility and retail. KU is a board member of Wafi Energy Saudi Arabia and Wafi Energy Pakistan and has recently been appointed as the CEO for Wafi Holding, Abu Dhabi.

KU is married, has two children and lives in Hamburg, Germany.

His personal interests are sports, nature and meeting people of different cultures.

He is passionate about operational excellence, differentiation and the power of positive mindset.

Report of the Directors

For the year ended December 31, 2024

Dear Shareholders,

The Directors of Wafi Energy Pakistan Limited (formerly Shell Pakistan Limited) ('Company') present the Annual Report together with the audited financial statements for the year ended December 31, 2024.

The profit for the year ended December 31, 2024, after providing for administrative, marketing and distribution expenses, financial and other charges amount to:

	Rupees in Million
Profit before income tax	7,146
Taxation	(3,849)
Profit after income tax	3,297
	Rupees
Profit per share – basic and diluted	15.41

Appropriations and movement in reserves have been disclosed in the Statement of Changes in Equity on page 98 of this Annual Report.

As you may recall, on October 31, 2024 the Company informed the Pakistan Stock Exchange that Shell Petroleum Company Limited (SPCo) had sold its entire shareholding of 77.42% in the Company to Wafi Energy Holding Limited. Additionally, as part of the mandatory public offer, Wafi Energy Holding Limited purchased a further 10.36% shares in the Company from the general public, resulting in Wafi Energy Holding Limited holding a total of 87.78% shares of the Company with effect from October 31, 2024.

Following the abovementioned acquisition, the Board of Directors recommended that the Company's name be changed from "Shell Pakistan Limited" to 'Wafi Energy Pakistan Limited', which was approved by the members of the Company at the Extraordinary General Meeting of the Company on November 27, 2024. Subsequently, on January 13, 2025 the Securities and Exchange Commission of Pakistan (SECP) issued a Certificate of Incorporation on Change of Name. Accordingly, the name of the Company has been changed to "Wafi Energy Pakistan Limited" with effect from January 13, 2025 and the Company's ticker on the Pakistan Stock Exchange has been changed from "SHEL" to "WAFI".

The Company is the licensee of the "Shell" brand in Pakistan and continues to operate its Mobility and Lubricants business under the Shell brand name.

Business Review

The oil industry in the country experienced modest growth, supported by gradual economic recovery. However, the illicit trade in petroleum products continues to plague the industry. Despite these challenges, the Company successfully maintained its market share, demonstrating resilience in a highly competitive market.

The recent change in sales tax regime has substantially increased the cost of doing business for the Company and generally for the oil industry. The Company continues to work with other industry players to raise concerns over this change in tax regime and its detrimental impact on Pakistan's oil industry at relevant regulatory forums and engages with relevant Government authorities to reassess the industry margins to capture these impacts.

Against this backdrop, the Company reported a profit after tax of PKR 3,297 million during the year. The financial results were positively impacted by one-off credit notes received from Shell Group Companies, related to the waiver of various costs.

Throughout the year, the Company remained committed to ensuring the safety of its people and upholding the highest standards of operational integrity. These efforts underscore the Company's dedication to sustainable growth and long-term value creation.

Lubricants

The Company's Lubricant business increased its market share during the year, with the Shell Helix and Shell Advance brand demonstrating exceptional performance. Consistent customer initiatives, strategic market penetration, and influencer awareness marketing campaigns helped in paving the way for a strong performance in 2024.

Shell Helix and Shell Rimula concluded successful consumer promotions which helped gain market share and enhance consumer engagement. The Company also launched "Hamrah" and "Tum Kamal Kartay Ho 2.0" to celebrate mechanics' work in the transport sector and won Gold at the Dragons of Asia for Best Brand Building category for its campaign featuring mechanics.

The proliferation of counterfeit products is one of the biggest challenges facing the lubricants industry and the Company is dedicated to raising awareness and introducing initiatives geared towards the identification and eradication of counterfeit products. To this end, the Company launched an anti-counterfeit campaign for the high-street product line with a dedicated awareness campaign nationwide.

Mobility

The Mobility business is dedicated to delivering a best-in-class experience to its customers, ensuring convenience, quality, and accessibility at every touchpoint.

During the year, Mobility expanded its network by introducing 15 new sites, enabling us to reach and serve even more customers across the country. As part of our ongoing commitment to excellence, nine sites have been rebuilt, enhancing the infrastructure to deliver a best-in-class experience. These efforts reflect the dedication to making industry-leading services more accessible, ensuring that more people can benefit from the quality and convenience we strive for every day.

The commitment to excellence extends beyond just service, it is embedded in the quality of our products as well. Through our "Fuel the Difference, Feel the Difference" campaign, the Company reinforced the superior performance of Shell V-Power, and the response from our customers spoke for itself. Shell V-Power saw volume growth, a clear testament to the trust our customers place in us to deliver a differentiated, high-quality fuel experience. Our convenience retail business also continued to thrive, ensuring that customers had access to a diverse range of services that make their journeys easier and more enjoyable.

Safety is at the core of everything we do, and this year has been a testament to our unwavering commitment to safe operations. With Goal Zero as our guiding principle, we are proud to report zero incidents throughout 2024, a milestone that reflects the dedication of our teams to maintaining the highest safety standards.

Environmental, Social and Governance

The Company aligns with global sustainability trends, enhancing positive impacts while mitigating adverse effects through social investments and stakeholder engagement.

As part of its commitment to societal responsibility, the Company, in collaboration with the Layton Rahmatulla Benevolent Trust (LRBT), organized an eye camp for lubricant mechanics. This initiative aimed to safeguard the long-term vision health of mechanics, who play a critical role in maintaining the nation's vehicles.

The Company's flagship social investment program under the banner of "Tameer" has been fostering sustainable practices, including circular economy initiatives and clean energy solutions, for over two decades. The Tameer Trust Program trained approximately 3,300 young entrepreneurs through 37 nationwide workshops in 2024. Tameer actively promotes sustainable business practices by participating in workshops organized by GIZ Pakistan and collaborating with the Federation of Pakistan Chambers of Commerce & Industry to connect local entrepreneurs with international trade networks.

The Tameer Awards remain a flagship initiative dedicated to celebrating and supporting young, innovative entrepreneurs across Pakistan. In the latest edition, the 11th Tameer Award, there were over 450 applicants, from which 30 finalists were selected across six categories. A distinguished panel of business leaders, industry professionals, and academic experts evaluated the candidates, culminating in a prestigious ceremony that honored the winners and runners-up for their entrepreneurial excellence. Tameer also played a key role in sponsoring the National Dialogue on Climate Change, an initiative spearheaded by Ecosol, a Tameer alumnus. This event convened students and professionals from 20 universities across Pakistan, fostering discussions on climate awareness and sustainable solutions.

The Company took a significant step toward supporting the circular economy by launching Pakistan's first-ever retail site constructed using recycled plastic. Located on Shahrah-e-Faisal, Karachi, this innovative Shell-branded Malik Service Station incorporated approximately 6,500 kilograms of recycled plastic, equivalent to 1.3 million plastic pieces into its paving materials and concrete blocks. It follows last year's successful plastic-infused road project in Karachi, where discarded lubricant bottles were repurposed for infrastructure, reinforcing the Company's commitment to waste transformation.

The Access to Clean Energy Program is a socially responsible investment that has significantly improved the livelihoods of communities where the Company operates. Currently, four villages, Basti Tooba, Adam, Katimar, and Bullah Baloch-benefit from solar-powered projects, a solarized tube well, a solar-powered flour mill, and a solarized milk refrigeration plant.

The Company is further committed to mitigating risks associated with road transport by investing in safety education. Poor visibility during winters poses a major threat to road users; therefore, the Company initiated a road safety awareness campaign targeting local communities and third-party hauliers.

The Company remains committed to sustainability and social responsibility through initiatives focused on environmental conservation, community welfare, and economic development. By investing in clean energy, technical training, women's empowerment, road safety, and sustainable infrastructure, it drives positive changes and strengthens community resilience.

HSSE

The Company upholds safety, sustainability, and ethical operations as fundamental principles guiding all aspects of its business. Our unwavering commitment to HSSE ensures that we minimize environmental impact and protect people, fostering trust among our customers, shareholders, and communities.

We recently completed a successful Oil and Gas Regulatory Authority (OGRA) inspection at one of our terminals, reinforcing our robust safety culture. Emergency response drills, including fire and oil spill exercises, continuously strengthen our crisis management readiness.

Road safety remains a top priority, with initiatives like the Ramadan Safety Campaign and community programs providing road safety and first aid training to local students. Additionally, we actively share our best practices with the industry and beyond to raise safety standards across the sector.

Our 'Ehtiyat Bunay Hifazat' campaign promotes the use of safe, approved containers for refueling, enhancing public safety at every level.

Beyond operations, we prioritize employee well-being through health screenings and by fostering a secure, healthy workplace.

Despite the challenges in our operating environment, our team remains committed to upholding global best practices and the foundational policies upon which the Company was built, guided by strong leadership and an unwavering focus on safety.

Diversity, Equity and Inclusion

The Company remains steadfast in its commitment to fostering a diverse, equitable, and inclusive workplace, recognizing that a diverse workforce drives innovation and contributes to our long-term success. In 2024, our focus on attracting and developing diverse talent through initiatives like 'Powering Future Leaders Management Trainee' and 'Summer Internship' program is a testament to this commitment. These efforts enabled us to engage a wide range of talented individuals from varied backgrounds, helping us build a team that reflects the diversity of our society. Our employee well-being program, Parwaaz, along with celebrations promoting unity and shared experiences, further strengthened our inclusive workplace culture.

In celebrating International Women's Day 2024, the Company organized an impactful event at the Institute of Business Management, featuring female leaders from within the Company. Under the theme "Inspire Inclusion" where women shared insights into their professional journeys, challenges, and the resilience that fueled their success.

Corporate Governance

The Directors confirm that:

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

Female Member:

1. Madiha Khalid *

Independent Directors:

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

Male Members:

1. Amir R. Paracha
2. Badaruddin F. Vellani
3. Ghassan Al Amoudi
4. Imran R. Ibrahim
5. Javaid Akhtar
6. Kai-Uwe Witterstein
7. Parvez Ghias
8. Waqar I. Siddiqui **
9. Zaffar A. Khan
10. Zarrar Mahmud

Non-Executive Directors:

1. Badaruddin F. Vellani
2. Ghassan Al Amoudi
3. Javaid Akhtar
4. Kai-Uwe Witterstein

Executive Directors:

1. Madiha Khalid *
2. Waqar I. Siddiqui **
3. Zarrar Mahmud

* Madiha Khalid resigned from the Board with effect from January 08, 2025.

** Waqar I. Siddiqui resigned from the Board with effect from January 31, 2025 and Zubair Shaikh was appointed as the interim CEO with effect from February 01, 2025.

2. The Board has formed committees comprising the following members:

A. Audit Committee

- a. Imran R. Ibrahim (Chairperson)
- b. Badaruddin F. Vellani
- c. Javaid Akhtar

B. Human Resource & Remuneration Committee

- a. Zaffar A. Khan (Chairperson)
- b. Kai-Uwe Witterstein
- c. Parvez Ghias
- d. Waqar I. Siddiqui **

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 2.4.1 to these financial statements. Accounting estimates are based on reasonable and prudent judgement.
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 91.
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, 2024 is included in note 35.4 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 154.
14. The non-executive/independent directors, other than those occupying executive positions in the Wafi group, 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 142.
15. A formal self-evaluation of the Board and its committees' performance has been carried out for the year 2024, facilitated by the Pakistan Institute of Corporate Governance.
16. Parvez Ghias, Badaruddin F. Vellani, Madiha Khalid, Imran R. Ibrahim and Amir R. Paracha have already obtained directors' training certification from the Pakistan Institute of Corporate Governance while Zaffar A. Khan is exempted. Training for the remaining directors will be completed within the specified timeline, in compliance with the Regulation. 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 155. The Company is a subsidiary of Wafi Energy Holding Limited (immediate holding Company) since October 31, 2024. Before that, Shell Petroleum Company Limited, London was the immediate holding Company of the Company as mentioned above.
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 92 of the Annual Report.

19. The figures in the financial statements for the year ending December 31, 2024 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, 2025.
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 157.
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 of becoming the number one energy company in Pakistan.

On behalf of the Board of Directors



Ghassan Al Amoudi
Chairperson



Zubair Shaikh
Chief Executive

Karachi: February 20, 2025

Gender Pay Gap Statement under Circular 10 of 2024

Following is the gender pay gap calculated for the year ended December 31, 2024:

- (i) Mean gender pay gap: **-9.6%**
- (ii) Median gender pay gap: **-0.4%**



Zubair Sheikh
Chief Executive

ڈائریکٹرز کی رپورٹ

31 دسمبر 2024ء کو اختتام پذیر ہونے والے سال کے لیے

عزیز شیئر ہولڈرز

وانی انرجی پاکستان لمیٹڈ (سابقہ شیل پاکستان لمیٹڈ) ("کمپنی") کے ڈائریکٹرز 31 دسمبر 2024ء 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 2024ء کو اختتام پذیر ہونے والے سال کے لیے نفع درج ذیل تھا:

نفع قبل از ٹیکس	روپے ملین میں
7,146	
ٹیکس	(3,849)
31 دسمبر 2024ء کو ختم ہونے والے سال کا خالص نفع	3,297
نفع فی شیئر - بنیادی اور سیال (diluted)	روپے
	15.41

ذخائر کی کارروائی (موومنٹ) اور تصرفات ان مالی گوشواروں کے صفحہ 98 پر ایکویٹی میں تبدیلیوں کے بیان میں ظاہر کیے گئے ہیں۔

جیسا کہ آپ کو یاد ہوگا کہ 31 اکتوبر 2024ء کو شیل پٹرولیم کمپنی لمیٹڈ (ایس پی سی او) نے پاکستان اسٹاک ایکسچینج کو مطلع کیا تھا کہ اس نے کمپنی میں اپنی 77.42 فیصد کی تمام تر شیئر ہولڈنگ وانی انرجی ہولڈنگ لمیٹڈ کو فروخت کر دی ہے۔ مزید برآں، پیش کش کے لازمی اعلان عام کے ایک حصے کے طور پر، وانی انرجی ہولڈنگ لمیٹڈ نے عوام سے کمپنی میں مزید 10.36 فیصد شیئر خرید لیے، جس کے نتیجے میں 31 اکتوبر، 2024ء سے وانی انرجی ہولڈنگ لمیٹڈ کی تحویل میں کمپنی کے کل 87.78 فیصد حصص آ گئے۔

مندرجہ بالا حصول کے بعد، بورڈ آف ڈائریکٹرز نے تجویز دی کہ کمپنی کا نام "شیل پاکستان لمیٹڈ" سے تبدیل کر کے "وانی انرجی پاکستان لمیٹڈ" رکھا جائے، جسے 27 نومبر 2024ء کو کمپنی کے غیر معمولی اجلاس عام میں کمپنی کے اراکین نے منظور کر لیا۔ بعد ازاں، 13 جنوری 2025ء کو سیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) نے

نام کی تبدیلی کے حوالے سے ایک سرٹیفکیٹ آف انکارپوریشن جاری کیا۔ چنانچہ، 13 جنوری 2025ء سے کمپنی کا نام باضابطہ طور پر "وانی انرجی پاکستان لمیٹڈ" ہو چکا ہے، اور پاکستان اسٹاک ایکسچینج پر کمپنی کا ٹکڑ "SHEL" سے تبدیل کر کے "WAFI" کر دیا گیا ہے۔

کمپنی پاکستان میں "شیل" برانڈ کی لائسنس یافتہ ہے اور شیل برانڈ کے نام سے اپنے موٹیل اور لبریکنٹ کے کاروبار کو جاری رکھے ہوئے ہے۔

کاروبار کا تجزیہ

ملک میں تیل کی صنعت میں معمولی نمود کھائی دی، جسے ہندرتج اقتصادی بحالی سے مدد ملی تھی۔ تاہم، پٹرولیم مصنوعات کی غیر قانونی تجارت صنعت کے لیے بدستور ایک سنگین مسئلہ بنی ہوئی ہے۔ ان چیلنجز کے باوجود، کمپنی نے اپنے مارکیٹ شیئر کو کامیابی سے برقرار رکھا، جو ایک انتہائی مسابقتی مارکیٹ میں اس کی مضبوطی کا ثبوت ہے۔

سیلز ٹیکس کے نظام میں حالیہ تبدیلی نے کمپنی اور مجموعی طور پر تیل کی صنعت کے لیے کاروباری لاگت میں نمایاں اضافہ کر دیا ہے۔ کمپنی صنعت کے دیگر فریقوں کے ساتھ مل کر اس ٹیکس نظام میں تبدیلی اور پاکستان کی تیل کی صنعت پر پڑنے والے اس کے منفی اثرات کو متعلقہ ریگولیٹری فورمز پر اجاگر کرنے کے لیے کام کر رہی ہے اور اس کے اثرات کو مد نظر رکھتے ہوئے صنعت کے مارجن کا از سر نو جائزہ لینے کے لیے متعلقہ حکومتی اداروں کے ساتھ رابطے میں ہے۔

ان حالات کے پیش نظر، کمپنی نے سال کے دوران 3,297 ملین روپے کا بعد از ٹیکس منافع حاصل کیا۔ شیل گروپ کمپنیوں کی جانب سے مختلف اخراجات کی مد میں چھوٹ سے متعلق موصول ہونے والے ایک باریگی کریڈٹ نوٹس سے مالی نتائج پر مثبت اثر پڑا۔

دوران سال کمپنی اپنے لوگوں کی حفاظت کو یقینی بنانے اور آپریشنل سالمیت کے اعلیٰ ترین معیارات کو برقرار رکھنے کے لیے پرعزم رہی۔ یہ کوششیں پائیدار ترقی اور طویل مدتی قدر کے حصول کے لیے کمپنی کے عزم کو اجاگر کرتی ہیں۔

لبریکنٹس

کمپنی کے لبریکنٹس کاروبار نے سال کے دوران اپنے مارکیٹ شیئر میں اضافہ کیا، جس میں شیل ہیلکس اور شیل ایڈوانس برانڈز نے غیر معمولی کارکردگی کا مظاہرہ کیا۔ صارفین کے لیے مسلسل اقدامات، اسٹریٹجک مارکیٹ میں رسائی، اور انفلوئنسرز کی جانب سے آگاہی کی مؤثر مارکیٹنگ مہمات نے 2024ء کے دوران مضبوط کارکردگی کی راہ ہموار کرنے میں اہم کردار ادا کیا۔

شیل ہیلکس اور شیل ریمولا نے صارفین کے لیے کامیاب پروموشنز کا انعقاد کیا، جس سے نہ صرف مارکیٹ شیئر میں اضافہ ہوا بلکہ صارفین کی دلچسپی اور شمولیت بھی بڑھی۔ کمپنی نے "ہمراہ" اور "تم کمال کرتے ہو" 2.0 مہمات کا بھی آغاز کیا تاکہ ٹرانسپورٹ کے شعبے میں مکینک حضرات کی خدمات کو سراہا جاسکے اور میکانکس پر مشتمل اپنی مہم کے لیے بہترین برانڈ بلڈنگ کے زمرے میں ڈریکٹرز آف ایشیا میں گولڈ میڈل جیتا۔

جعلی مصنوعات کا پھیلاؤ لبریکنٹس کی صنعت کو درپیش اہم ترین چیلنجوں میں سے ایک ہے اور کمپنی جعلی مصنوعات کی شناخت اور خاتمے کے لیے آگاہی پیدا کرنے اور اقدامات متعارف کرانے کے لیے پُر عزم ہے۔ اس مقصد کے لیے کمپنی نے ملک بھر میں آگاہی مہم کے ساتھ ہائی اسٹریٹ پروڈکٹ لائن کے لیے انسداد جعلی مہم (اینٹی کاؤنٹرفیٹ کمپین) کا آغاز کیا۔

موبیلٹی

موبیلٹی کا کاروبار اپنے صارفین کو بہترین تجربہ فراہم کرنے کے لیے پُر عزم ہے، تاکہ ہر مقام پر سہولت، معیار اور آسانی کو یقینی بنایا جاسکے۔

سال کے دوران، موبیلٹی نے 15 نئی سائٹس متعارف کروا کر اپنے نیٹ ورک کو وسعت دی، جس سے ہم ملک بھر میں مزید صارفین تک رسائی اور ان کو بہتر خدمات فراہم کرنے کے قابل ہوئے۔ معیار کے تسلسل کو برقرار رکھنے کے ہمارے عزم کے تحت 9 سائٹس کو از سر نو تعمیر کیا گیا، تاکہ بنیادی ڈھانچے کو بہتر بنا کر اعلیٰ معیار کی خدمات فراہم کی جاسکیں۔ یہ کوششیں اس عزم کی عکاس ہیں کہ ہم اپنی صنعت کی صفِ اوّل کی خدمات کو مزید قابلِ رسائی بنائیں۔ یہ کوششیں صنعت کی معروف خدمات کو زیادہ قابلِ رسائی بنانے کے عزم کی عکاسی کرتی ہیں، تاکہ اس بات کو یقینی بنایا جاسکے کہ زیادہ سے زیادہ لوگ اس معیار اور سہولت سے فائدہ اٹھاسکیں جس کے لئے ہم ہر روز کوشش کرتے ہیں۔

بہترین کارکردگی کا عزم صرف خدمت تک محدود نہیں بلکہ یہ مصنوعات کے معیار میں بھی جھلکتا ہے۔ ہماری ”Fuel the Difference, Feel the Difference“ مہم کے ذریعے کمپنی نے شیل وی۔ پاور کی بہترین کارکردگی کو اجاگر کیا، اور صارفین کی مثبت رائے اس کی کامیابی کا منہ بولتا ثبوت ہے۔ شیل وی۔ پاور کی فروخت میں ہونے والا اضافہ ایک امتیازی، اعلیٰ معیار کے ایندھن کے تجربے کی فراہمی کے لیے صارفین کے ہم پر اعتماد کا واضح ثبوت ہے۔ ہماری کنوینینس ریٹیل سروسز کا کاروبار بھی روز افزوں ترقی کرتا رہا، اور اس بات کو یقینی بنایا کہ صارفین کو خدمات کی متنوع رینج تک رسائی حاصل ہے جو ان کے سفر کو آسان اور زیادہ خوشگوار بناتی ہے۔

محفوظ آپریشنز ہماری ہر سرگرمی کا بنیادی جز ہیں، اور یہ سال اس حوالے سے ہماری غیر متزلزل وابستگی کا ثبوت ہے۔ ”Goal Zero“ کے اصول کے تحت، ہمیں یہ اعلان کرتے ہوئے فخر محسوس ہو رہا ہے کہ 2024ء کے دوران کوئی حادثہ پیش نہیں آیا، یہ ایک اہم سنگِ میل ہے جو اعلیٰ ترین حفاظتی معیار برقرار رکھنے کے ہماری ٹیموں کے عزم کا واضح عکاس ہے۔

ماحولیات، سماج اور نظم و نسق

کمپنی عالمی پائیداری (sustainability) کے رجحانات کے ساتھ ہم آہنگ ہے تاکہ سماجی سرمایہ کاری اور اسٹیک ہولڈرز کی شمولیت کے ذریعے مثبت اثرات میں اضافہ اور منفی اثرات میں کمی کی جاسکے۔

سماجی ذمہ داری کے حوالے سے اپنی وابستگی کے تحت کمپنی نے لیٹن رحمت اللہ بینویلیٹ ٹرسٹ (ایل آر بی ٹی) کے تعاون سے لبریکنٹس مکینکوں کے لیے ایک آئی کیپ کا انعقاد کیا۔ اس اقدام کا مقصد مکینکوں کی طویل المدتی بینائی کی صحت کو محفوظ بنانا تھا، جو ملک کی گاڑیوں کی دیکھ بھال میں اہم کردار ادا کرتے ہیں۔

"تعمیر" کے نام سے کمپنی کا فلگ شپ سماجی سرمایہ کاری پروگرام گزشتہ دو دہائیوں سے پائیدار موزوں طریقوں کو فروغ دے رہا ہے، جس میں گردش معیشت کی سرگرمیاں اور صاف توانائی کے حل شامل ہیں۔ تعمیر ٹرسٹ پروگرام نے سال 2024ء میں 37 ملک گیر ورکشاپس کے ذریعے تقریباً 3,300 نوجوان کاروباری افراد کو تربیت دی۔ تعمیر پائیدار کاروباری طریقوں کے فروغ کے لیے جی آئی زیڈ پاکستان کی ورکشاپس میں حصہ لیتا ہے اور فیڈریشن آف پاکستان چیمبرز آف کامرس اینڈ انڈسٹری (FPCCI) کے اشتراک سے مقامی کاروباری افراد کو بین الاقوامی تجارتی نیٹ ورکس سے جوڑتا ہے۔

تعمیر ایوارڈز کمپنی کا ایک اہم فلگ شپ اقدام ہیں، جن کا مقصد پاکستان بھر میں نوجوان اور جدید سوچ رکھنے والے کاروباری افراد کی حوصلہ افزائی اور معاونت کرنا ہے۔ 11 ویں تعمیر ایوارڈز کے تازہ ترین ایڈیشن میں 450 سے زائد درخواست دہندگان نے شرکت کی جن میں سے 6 کیٹیگریز میں 30 فائنلسٹ کا انتخاب کیا گیا۔ نمایاں کاروباری افراد، صنعت کے پیشہ ور افراد اور تعلیمی ماہرین کے ایک ممتاز پینل نے امیدواروں کا جائزہ لیا۔ پروگرام کا اختتام ایک پروکار تقریب میں کیا گیا جس میں فاتحین اور ریزرپ کو ان کی کاروباری مہارت کے لیے اعزاز سے نوازا گیا۔

تعمیر نے موسمیاتی تبدیلی پر قومی مکالمے کو اسپانسر کرنے میں بھی اہم کردار ادا کیا، جس کی قیادت تعمیر کی جانب سے سابقہ ایوارڈ یافتہ ایکوسول نے کی تھی۔ اس تقریب میں پاکستان بھر کی 20 جامعات کے طلباء اور پیشہ ور افراد نے شرکت کی، جس سے ماحولیاتی آگاہی اور پائیدار حل پر مکالمے کو فروغ ملا۔

کمپنی نے سرکلر اکانومی (گردشی معیشت) کے فروغ میں ایک اہم قدم اٹھاتے ہوئے پاکستان کے پہلے ایسے ریٹیل سروس اسٹیشن کا افتتاح کیا جو ری سائیکل شدہ پلاسٹک سے تعمیر کیا گیا ہے۔ یہ شیل برانڈ "ملک سروس اسٹیشن" کراچی کی شارع فیصل پر واقع ہے۔ اس کی تعمیر میں تقریباً 6,500 کلوگرام پلاسٹک، جو 13 لاکھ پلاسٹک کے ٹکڑوں کے مساوی ہے، کو پلاسٹک سے بنی اینٹوں اور کنکریٹ بلاکس میں تبدیل کر کے استعمال کیا گیا۔ یہ منصوبہ کراچی میں گزشتہ سال مکمل کیے گئے پلاسٹک سے بنے روڈ پروجیکٹ کے بعد ایک اور سنگ میل ہے، جس میں پھیکنگی گئی لبریکنٹ بوتلوں کو انفراسٹرکچر میں دوبارہ استعمال کیا گیا، اور یہ کمپنی کے کچرے کو مفید بنانے کے عزم کی عکاسی کرتا ہے۔

صاف توانائی تک رسائی پروگرام ایک سماجی طور پر ذمہ دار سرمایہ کاری ہے جس نے ان برادریوں کے ذریعہ معاش کو نمایاں طور پر بہتر بنایا ہے جہاں کمپنی کام کرتی ہے۔ اس وقت چار دیہات بستی ٹوبہ، آدم، کلیمار اور بالٹ بلوچ ششی توانائی سے چلنے والے منصوبوں سے مستفید ہو رہے ہیں جن میں ششی توانائی سے چلنے والے ٹیوب ویل، ششی توانائی سے چلنے والی آٹا چکی اور ششی توانائی سے چلنے والا دودھ ریفریجریشن پلانٹ شامل ہیں۔

کمپنی سڑکوں پر نقل و حمل سے منسلک خطرات کو کم کرنے کے لیے سیفٹی ایجوکیشن میں بھی سرمایہ کاری کر رہی ہے۔ سڑکیوں میں دھند کے باعث حد نظر میں کمی سڑک استعمال کرنے والوں کے لیے ایک بڑا خطرہ ہے، لہذا کمپنی نے مقامی آبادیوں اور تھریڈ پارٹی ہاؤلیئرز کو ہدف بنا کر روڈ سیفٹی سے متعلق شعور اجاگر کرنے کی مہم کا آغاز کیا۔

کمپنی ماحولیاتی تحفظ، کیوٹی ویلفیئر اور معاشی ترقی پر توجہ مرکوز کرنے والے اقدامات کے ذریعے پائیداری اور سماجی ذمہ داری کے لیے پرعزم ہے۔ صاف توانائی، تکنیکی تربیت، خواتین کو بااختیار بنانے، روڈ سیفٹی اور پائیدار انفراسٹرکچر میں سرمایہ کاری کے ذریعے، یہ مثبت تبدیلیوں کو فروغ دیتا ہے اور کیوٹی پلک کو مضبوط کرتا ہے۔

کمپنی ماحولیاتی تحفظ، کمیونٹی کی فلاح و بہبود، اور معاشی ترقی پر مرکوز اقدامات کے ذریعے پائیداری اور سماجی ذمے داری کے عزم پر قائم ہے۔ صاف توانائی، فنی تربیت، خواتین کو بااختیار بنانے، سڑکوں پر تحفظ، اور پائیدار انفراسٹرکچر میں سرمایہ کاری کے ذریعے، کمپنی مثبت تبدیلیوں کو فروغ دے رہی ہے اور مقامی آبادیوں کی صلاحیتوں کو مستحکم بنا رہی ہے۔

ایچ ایس ایس ای

وانی انرجی پاکستان لمیٹڈ حفاظت، پائیداری اور اخلاقی کاروباری طریقہ کار کو اپنی کاروباری سرگرمیوں کے بنیادی اصولوں کے طور پر اپنائے ہوئے ہے۔ ایچ ایس ایس ای سے ہماری (حفاظت، صحت، سیکورٹی اور ماحولیات) سے غیر متزلزل وابستگی ہمیں ماحولیاتی اثرات کو کم کرنے اور انسانی جانوں کے تحفظ کو یقینی بنانے میں مدد دیتی ہے، جس سے ہمارے صارفین، شیئر ہولڈرز اور کمیونٹی کا ہم پر اعتماد مضبوط ہوتا ہے۔

حال ہی میں ہم نے اپنے ایک ٹرینل پریٹیل وگیس ریگولیٹری اتھارٹی (اؤگرا) کا کامیاب معائنہ مکمل کیا، جو ہماری مضبوط حفاظتی ثقافت کا عکاس ہے۔ ہنگامی رد عمل کی مشقیں، بشمول آگ بجھانے اور آئل اسپل (تیل کے اخراج) کی مشقیں، ہماری بحران سے نمٹنے کی تیاری کو مزید مضبوط بناتی ہیں۔

روڈ سیفٹی ہماری اولین ترجیح ہے، اور اس حوالے سے رمضان سیفٹی مہم اور مختلف کمیونٹی پروگرامز کے ذریعے مقامی طلباء کو روڈ سیفٹی اور ابتدائی طبی امداد کی تربیت دی جاتی ہے۔ اس کے علاوہ، کمپنی اپنی بہترین حفاظتی حکمت عملیوں کو صنعت بھر میں اور وسیع سطح پر شیئر کرتی ہے تاکہ پورے سیکٹر میں حفاظت کے معیار کو بلند کیا جاسکے۔

ہماری ”احتیاط بنے حفاظت“ مہم عوام میں ایندھن کے لیے محفوظ اور منظور شدہ کنٹینرز کے استعمال کو فروغ دیتی ہے، جس کا مقصد ہر سطح پر حفاظت عامہ کو بہتر بنانا ہے۔ آپریشنز کے علاوہ، ہم اپنے ملازمین کی فلاح و بہبود کو بھی ترجیح دیتے ہیں، جس کے لیے صحت کے معائنے اور ایک محفوظ، صحت مند جائے کار فراہم کی جاتی ہے۔

حالات خواہ جیسے بھی ہوں، ہماری ٹیم عالمی معیار کے بہترین طریقوں اور کمپنی کی بنیادی پالیسیوں پر عمل پیرا رہتے ہوئے مضبوط قیادت کے زیر سایہ حفاظت کے اصولوں پر پختہ یقین رکھتی ہے۔

تنوع، مساویت اور شمولیت

کمپنی ایک متنوع، منصفانہ، اور جامع جائے کار کو فروغ دینے کے اپنے عزم پر قائم ہے، اس یقین کے ساتھ کہ ایک متنوع افرادی قوت ہی جدت طرازی کی بنیاد رکھتی ہے اور ہماری طویل المدتی کامیابی میں اہم کردار ادا کرتی ہے۔ 2024ء میں، ہم نے پاورنگ فیوچر لیڈرز مینجمنٹ ٹرینی اور سمرائن شپ جیسے اقدامات کے ذریعے مختلف پس منظر سے تعلق رکھنے والے باصلاحیت افراد کو شامل کرنے اور ان کی صلاحیتوں کو نکھارنے پر توجہ مرکوز کی، جو ہمارے اس عزم کا عملی ثبوت ہے۔ ان اقدامات نے ہمیں معاشرے کی نمائندگی کرنے والی ایک متنوع ٹیم بنانے میں مدد دی۔ ہماری ملازمین کی فلاح و بہبود کی اسکیم ”پرواز“ ویل نیس پروگرام، اور اتحاد دیگا لگت کو فروغ دینے والی تقریبات نے ایک جامع، دوستانہ اور مثبت جائے کار کے ماحول کو مزید مستحکم کیا۔

عالمی یومِ خواتین 2024ء کے موقع پر، کمپنی نے انسٹیٹیوٹ آف بزنس مینجمنٹ میں ایک مؤثر تقریب کا انعقاد کیا، جس میں کمپنی کی نمایاں خواتین نے شرکت کی۔ ”Inspire Inclusion“ کے موضوع کے تحت، خواتین نے اپنی پیشہ ورانہ زندگی کے تجربات، درپیش چیلنجز اور اس عزم و حوصلے پر روشنی ڈالی جس نے ان کی کامیابی کی راہ ہموار کی۔

کارپوریٹ نظم و نسق

ڈائریکٹرز تصدیق کرتے ہیں کہ:

1. بورڈ 11 ارکان پر مشتمل ہے، جس میں چیف ایگزیکٹو شامل ہیں، جنہیں ڈائریکٹر سمجھا گیا ہے۔ بورڈ ایک خاتون رکن اور دس مرد ارکان پر مشتمل ہے، جس کی ہیئت ترکیبی یہ ہے:

خاتون رکن:	خود مختار ڈائریکٹرز:
1- محترمہ مدیحہ خالد*	1- جناب عامر پراچہ
مرد ارکان	2- جناب عمران ابراہیم
1- جناب عامر پراچہ	3- جناب پرویز غیاث
2- جناب بدرالدین ایف ویلانی	4- جناب ظفر اے خان
3- جناب غسان العامودی	نان ایگزیکٹو ڈائریکٹرز:
4- جناب عمران ابراہیم	1- جناب بدرالدین ایف ویلانی
5- جاوید اختر	2- جناب غسان العامودی
6- کائی اوٹراٹھین	3- جاوید اختر
7- جناب پرویز غیاث	4- کائی اوٹراٹھین
8- جناب وقار آئی صدیقی**	ایگزیکٹو ڈائریکٹرز:
9- جناب ظفر اے خان	1- محترمہ مدیحہ خالد*
10- جناب ضرار محمود	2- جناب وقار آئی صدیقی**
	3- جناب ضرار محمود

*مدیحہ خالد نے بورڈ سے استعفیٰ دے دیا جو 8 جنوری 2025ء سے نافذ العمل ہوا۔

**وقار آئی صدیقی 31 جنوری 2025ء کو بورڈ سے مستعفی ہو گئے، اور یکم فروری 2025ء سے زیر شیخ کو مؤثر طور پر عبوری چیف ایگزیکٹو آفیسر مقرر کیا گیا۔

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

الف۔ آڈٹ کمیٹی	ب۔ کمیٹی برائے انفرادی وسائل و معاوضے
ا۔ جناب عمران ابراہیم (چیئر پرسن)	ا۔ جناب ظفر اے خان (چیئر پرسن)
ب۔ جناب بدر الدین ایف ویلانی	ب۔ کائی او وٹرا سٹین
ج۔ جناب جاوید اختر	ج۔ جناب پرویز غیاث
	د۔ جناب وقار آئی صدیقی**

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 1.4.2 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 گیا اور 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. گزشتہ سات سال کے اہم آپریشنز اور مالیاتی ڈیٹا کا خلاصہ صفحہ 91 پر ظاہر کیا گیا ہے۔

11. اہم خطرات اور غیر یقینی صورت حال کے ساتھ ساتھ مستقبل کے امکانات کی مناسب نشاندہی (ریزن اینڈ ایکشن) پر مذکورہ بالا میں تبادلہ خیال کیا گیا ہے۔

12. 31 دسمبر 2024ء کو ختم ہونے والے سال کے لیے غیر آڈٹ شدہ مالی گوشواروں کی بنیاد پر پراویڈنٹ، گریجویٹی اور پنشن فنڈز کی مقدار پر سرمایہ کاری کا بیان مالی گوشواروں کے نوٹ 35.4 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 154 پر ظاہر کی گئی ہے۔

14. نان ایگزیکٹو/خود مختار ڈائریکٹرز، ماسواہ جو وائی 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 142 پر کیا گیا ہے۔

15. 2023ء کے لیے پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس کی جانب سے دوران سال بورڈ اور اس کی کمیٹیوں کی کارکردگی کا ایک رسمی جائزہ لیا گیا۔

16. جناب پرویز غیاث، جناب بدرالدین ایف ویلانی، محترمہ مدیحہ خالد، جناب عمران آرا براہیم، جناب عامر آر پراچہ پہلے ہی پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (پی آئی سی جی) سے ڈائریکٹرز ٹریننگ سرٹیفیکیشن حاصل کر چکے ہیں جبکہ جناب ظفر خان مستثنیٰ ہیں۔ باقی ڈائریکٹرز کی تربیت مقررہ مدت کے اندر مکمل کر لی جائے گی تاکہ ضابطے کی مکمل تعمیل یقینی بنائی جاسکے۔ کمپنی ڈائریکٹرز کی سرٹیفیکیشن کو یقینی بنانے کے لیے فہرستی کمپنیوں کے ضوابط 2019ء (کوڈ آف کارپوریٹ گورننس) کے تقاضوں کی پابندی کرتی رہے گی تاکہ ڈائریکٹرز کی مطلوبہ تعداد سند یافتہ ہو۔
17. حصص یافتگی (شیر ہولڈنگ) کے طریقہ کار (پیٹرن) اور حصص یافتگی کے طریقہ کار سے متعلق اضافی معلومات صفحہ 155 ظاہر کی گئی ہیں۔ یہ کمپنی 31 اکتوبر 2024ء سے وائی انرجی ہولڈنگ لمیٹڈ (امیڈیٹ ہولڈنگ کمپنی) کا ذیلی ادارہ ہے۔ قبل ازیں شیل پٹرولیم کمپنی لمیٹڈ، لندن اس کی امیڈیٹ ہولڈنگ کمپنی تھی۔
18. ایس ای سی پی کی جانب سے گذشتہ برس جاری کیے گئے نظر ثانی شدہ آڈیٹنگ کے معیارات کے نفاذ کے بعد آڈیٹرز کے لیے ضروری ہے کہ وہ آڈٹ کے اہم معاملات کا اپنی آڈیٹرز رپورٹ میں بیان کریں۔ یہ اہم آڈٹ معاملات ان مالیاتی گوشواروں کے صفحہ نمبر 92 پر ظاہر کیے گئے ہیں۔
19. 31 دسمبر 2024ء کو اختتام پذیر ہونے والے سال کے لیے مالی گوشواروں کے اعداد و شمار کا کمپنی کے بیرونی آڈیٹرز کی جانب سے آڈٹ کیا جا چکا ہے۔
20. بورڈ نے بورڈ آڈٹ کمیٹی کی ہدایت پر 31 دسمبر 2025ء کو اختتام پذیر ہونے والے مالی سال کے لیے میسرز ای وائے فور ڈیوڈز کو بطور ایکسٹرنل آڈیٹر برقرار رکھنے کی سفارش کی ہے۔
21. ڈائریکٹرز، ای ایف او، کمپنی کے سیکریٹری، انٹرنل آڈٹ کے سربراہ، دیگر ملازمین اور ان کے زوجین، اور نابالغ بچوں کی کمپنی کے حصص (شیرز) میں تجارت کی تفصیل صفحہ 157 پر 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 شیر 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



زبیر شیخ
چیف ایگزیکٹو



غسان العامودی
چیر پرسن

کراچی: 20 فروری 2025ء

Notice of Annual General Meeting

Notice is hereby given that the 56th Annual General Meeting ('AGM') of Wafi Energy Pakistan Limited (WEPL) ('Company') (formerly Shell Pakistan Limited) will be held at Pearl-Continental Hotel, Ballroom A, Karachi and virtually through video-conference facility, on Tuesday, April 29, 2025, at 12:30 p.m. to transact the following business:

1. To receive, consider, adopt and approve the Audited Financial Statements for the year ended December 31, 2024 together with Report of Directors and Auditors thereon.

As required under section 223(7) of the Companies Act 2017, the Audited Financial Statements of the Company for the year ended December 31, 2024, together with Report of Directors and Auditors thereon and the Chairperson's Review Report have been uploaded on the website of the Company which can be downloaded from the following website link and QR Code:

<https://wafi-energy.com/annual-reports-publication/>



2. To declare and approve, as recommended by the Directors, the payment of a final cash dividend at the rate of PKR 5.00 (50%) for the year ended December 31, 2024.
3. To appoint Auditors for the financial year January 1 to December 31, 2025, and to fix their remuneration.
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 the existing definition of the term "Major Shareholder" in Article 1 with the following new definition:

"Major Shareholder" means a shareholder who holds, owns or controls, directly or indirectly, more than fifty percent of the shares of the Company.

- (b) by substituting the existing Article 41 with the following new article:

41. No business shall be transacted at any General Meeting unless a quorum is present at

the time when the meeting proceeds to business; save as herein otherwise provided ten Members present in person or through video link and representing a majority of the voting power of the Company shall be a quorum; provided that no quorum shall be deemed to be present at any General Meeting unless the Major Shareholder is present by representative, agent or proxy.

(c) by substituting the existing Article 61 with the following new article:

61. The Company shall have at least seven Directors. Subject as aforesaid the Directors themselves shall determine from time to time the number of Directors that the Company shall have. At least thirty-five days before the date of every General Meeting at which Directors are intended to be elected, the Directors shall fix the number of elected Directors that the Company shall have from the effective date of the election and the number of such Directors who shall be elected at the meeting. The number of elected Directors so fixed by the Directors shall not be changed except with the prior approval of the Company in General Meeting, in which election is to be held.

(d) by substituting the existing Article 87 with the following new article:

87. The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings, as they think fit; questions arising at any meeting shall be decided by a majority of votes, which shall include the votes of at least two Directors representing the interests of the Major Shareholder. In case of an equality of votes, the chairman shall have a second or casting vote. A Director may, and the Secretary on the requisition of a Director shall, at any time, summon a meeting of Directors. Notice sent to a director through email whether such director is in Pakistan or outside Pakistan shall be a valid notice.

(e) by substituting the existing Article 88 with the following new article:

88. The quorum necessary for the transaction of the business of the Directors shall be Four (4) Directors of whom at least two shall be Directors representing the interests of the Major Shareholder. An alternate Director whose appointment is effective shall be counted in a quorum.

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

By Order of the Board

Lalarukh Hussain-Shaikh
Secretary

Karachi: March 20, 2025

6, Ch. Khaliqzaman Road
Karachi-75530

NOTES:

- (i) The register of members will remain closed from Monday, April 21, 2025, to Tuesday, April 29, 2025 (both days inclusive). Transfers received in order at the office of our Share Registrar, FAMCO Share Registration Services (Pvt.) 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 Saturday, April 19, 2025, will be treated as being in time to attend and vote at the meeting.
- (ii) Members may attend the meeting in person or through video-conference 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 CompanySec@wafi-energy.com with the subject "Registration for WEPL'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 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 the shareholder authorising the proxy along with the e-mail address of proxy and the relevant details (as given below) to CompanySec@wafi-energy.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 members/proxies whose e-mails containing all the required particulars are received at the given e-mail address by or before the close of business (5:00 p.m.) on April 27, 2025. Shareholders can also provide their comments and questions for the agenda items of the AGM on CompanySec@wafi-energy.com.
- (vi) Members holding physical shares are requested to notify any change in their addresses immediately to our Share Registrar, FAMCO Share Registration Services (Pvt) Limited, 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) 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.

- (ix) Audited Accounts and the Annual Report of the Company for the year ended December 31, 2024 is available on the Company's website.
- (x) In compliance with section 223(6) of Companies Act 2017, the Company has electronically transmitted the Audited Financial Statements of the Company for the year ended December 31, 2024 together with Report of Directors and Auditors thereon and the Chairperson's Review Report through email to shareholders whose email addresses are available with the Company's Share Registrar, FAMCO Share Registration Services (Pvt.) Limited. In those cases, where email addresses are not available with the Company's Share Registrar, printed notices of the AGM which contain the weblink and QR Code for the Audited Financial Statements of the Company for the year ended December 31, 2024 together with Report of Directors and Auditors thereon and the Chairperson's Review Report have been dispatched. The Company will also provide hard copies of the Audited Financial Statements of the Company for the year ended December 31, 2024 together with Report of Directors and Auditors thereon and the Chairperson's Review Report to any member on their demand, at their registered address, free of cost, within one week of receiving such request.
- (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 and 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 Share Registration Services (Pvt.) Limited, for assistance in converting physical shares into Book-Entry Form.
- (xii) In compliance with Section 150 read with Division I of Part III of the First Schedule of the Income Tax Ordinance, 2001 withholding tax on dividend income will be deducted for "filer" and "non-filer" Shareholders at 15% and 30% respectively. A "filer" is a taxpayer whose name appears in the Active Taxpayers List (ATL) issued by the FBR from time to time and a "non-filer" is a person other than a filer. To enable the Company to withhold tax at 15% for filers, all Shareholders are advised to ensure that their names appear in the latest available ATL on FBR website, otherwise tax on their cash dividend will be deducted at 30% for non-filers. Withholding tax exemption from the dividend income shall only be allowed if a copy of a valid tax exemption certificate is made available to the Share Registrar, FAMCO Share Registration Services (Pvt.) Limited, of the Company by the first day of book closure.
- (xiii) According to the FBR, withholding tax in the case of joint accounts will be determined separately based on the "Filer/ Non-Filer" status of the principal shareholder as well as the status of the joint holder(s) based on their shareholding proportions. Members that hold shares

with joint shareholders are requested to provide the shareholding proportions of the principal shareholder and the joint holder(s) in respect of shares held by them to our Share Registrar, FAMCO Share Registration Services (Pvt.) Limited, in writing. In case the required information is not provided to our Registrar it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s).

- (xiv) In order to claim exemption from compulsory deduction of Zakat, shareholders are requested to submit a notarised copy of Zakat Declaration Form "CZ-50" on NJSP of Rs.50/- to the Share Registrar, FAMCO Share Registration Services (Pvt.) Limited., of the Company by first day of book closure. In case shares are held in scripless form such Zakat Declaration Form (CZ -50) must be uploaded in the CDC account of the shareholder, through their participant / Investor Account Services. Further, non-Muslim shareholders are also required to file Solemn Affirmation (available on <https://famco.com.pk/share-registration-service/>) with the Share Registrar of the Company in case shares are held in physical certificates or with CDC Participant / Investor Account Services in case shares are in scripless form. No exemption from deduction of zakat will be allowed unless the above documents are complete in all respects have been made available as above.
- (xv) Electronic dividend mandate
 - a) CNIC number of the shareholders is mandatorily required for dividend distribution and in the absence of such information, payment of dividend shall be withheld in term of SECP's order dated June 3, 2016. Therefore, the shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs directly to our Shares Registrar. The shareholders while sending CNIC must quote their respective folio number and name of the Company.
 - b) Under the provisions of Section 242 of the Companies Act, 2017 and the Companies (Distribution of Dividends) Regulations, 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. Shareholders who have not yet submitted their International Bank Account Number (IBAN) are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company.

In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services.

In the absence of a member's valid IBAN and updated CNIC, the Company will be constrained to withhold payment of dividend to such member.

STATEMENT OF MATERIAL FACTS

AS REQUIRED UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

Agenda Item 3 – Amendments to the Company's Articles of Association

The Board of Directors has recommended that the Company's Articles of Association be altered in the manner set forth in the special resolution in the notice convening the Annual General Meeting.

The proposed amendments are intended to streamline some of the requirements pertaining to the board structure and quorum requirements for board and shareholder meetings.

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 1, item 2	Proposed Amendment to Article, item 2
"Major Shareholder" means a Member holding not less than three-fourths of the shares in the Company.	"Major Shareholder" means a shareholder who holds, owns or controls, directly or indirectly, more than fifty percent of the shares of the Company.

Existing Article 41	Proposed Amendment to Article 41
No business shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business; save as herein otherwise provided ten persons being Members or proxies of Members present at the meeting either personally or through video link and representing a majority of the voting power of the Company shall be a quorum provided that at least three of such persons are members; and provided further that no quorum shall be deemed to be present at any General Meeting unless the Major Shareholder is present by representative, agent or proxy.	No business shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business; save as herein otherwise provided ten Members present in person or through video link and representing a majority of the voting power of the Company shall be a quorum; provided that no quorum shall be deemed to be present at any General Meeting unless the Major Shareholder is present by representative, agent or proxy.

Existing Article 61	Proposed Amendment to Article 61
<p>The Company shall have at least seven Directors but not more than eleven Directors. Subject as aforesaid the Directors themselves shall determine from time to time the number of Directors that the Company shall have. At least thirty-five days before the date of every General Meeting at which Directors are intended to be elected, the Directors shall fix the number of elected Directors that the Company shall have from the effective date of the election and the number of such Directors who shall be elected at the meeting. The number of elected Directors so fixed by the Directors shall not be changed except with the prior approval of the Company in General Meeting, in which election is to be held.</p>	<p>The Company shall have at least seven Directors. Subject as aforesaid the Directors themselves shall determine from time to time the number of Directors that the Company shall have. At least thirty-five days before the date of every General Meeting at which Directors are intended to be elected, the Directors shall fix the number of elected Directors that the Company shall have from the effective date of the election and the number of such Directors who shall be elected at the meeting. The number of elected Directors so fixed by the Directors shall not be changed except with the prior approval of the Company in General Meeting, in which election is to be held.</p>
Existing Article 87	Proposed Amendment to Article 87
<p>The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings, as they think fit; questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the chairman shall have a second or casting vote. A Director may, and the Secretary on the requisition of a Director shall, at any time, summon a meeting of Directors. Notice sent to a director through email whether such director is in Pakistan or outside Pakistan shall be a valid notice.</p>	<p>The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings, as they think fit; questions arising at any meeting shall be decided by a majority of votes, which shall include the votes of at least two Directors representing the interests of the Major Shareholder. In case of an equality of votes, the chairman shall have a second or casting vote. A Director may, and the Secretary on the requisition of a Director shall, at any time, summon a meeting of Directors. Notice sent to a director through email whether such director is in Pakistan or outside Pakistan shall be a valid notice.</p>

Existing Article 88	Proposed Amendment to Article 88
<p>The quorum necessary for the transaction of the business of the Directors shall be five Directors of whom at least two shall be Directors representing the interests of the Major Shareholder. An alternate Director whose appointment is effective shall be counted in a quorum.</p>	<p>The quorum necessary for the transaction of the business of the Directors shall be Four (4) Directors of whom at least two shall be Directors representing the interests of the Major Shareholder. An alternate Director whose appointment is effective shall be counted in a quorum.</p>

Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations 2019 (the Regulations)

Wafi Energy Pakistan Limited (formerly Shell Pakistan Limited) (the Company) for the year ended December 31, 2024.

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

- The total number of directors is 11 (eleven) as per the following:
 - a) Male: Ten (10)
 - b) Female: One (1)
- The composition of the Board is as follows:

Category	Name
Independent directors	Parvez Ghias Imran R. Ibrahim Amir R. Paracha Zaffar A. Khan
Executive directors	Madiha Khalid * Zarrar Mahmud Waqar I. Siddiqui **
Non-executive directors	Ghassan Al Amoudi Javaid Akhtar Kai-Uwe Witterstein Badaruddin F. Vellani
Female director	Madiha Khalid *

* Madiha Khalid resigned from the Board with effect from January 08, 2025.

** Waqar I. Siddiqui resigned from the Board on January 31, 2025, and the Board appointed Zubair Shaikh as the interim CEO with effect from February 01, 2025.

- 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.

- 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/exempted under the Directors' Training Program:
 1. Parvez Ghias
 2. Badaruddin F. Vellani
 3. Madiha Khalid *
 4. Imran R. Ibrahim
 5. Amir R. Paracha
 6. Zaffar A. Khan (is exempted for training)

* Training for the remaining directors will be completed within the specified timeline, in compliance with the Regulation. 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.

- The Board had approved terms and conditions of employment of the Chief Financial Officer, Company Secretary and Head of Internal Audit including their remuneration and complied with the relevant requirements of the Regulations;
- The financial statements of the Company were duly endorsed by the chief executive officer and the chief financial officer before approval of the Board;
- The Board has formed committees comprising members (as of December 31, 2024) given below:

Board Audit Committee (BAC)

- 1) Imran R. Ibrahim (Chairperson)
- 2) Badaruddin Vellani
- 3) Javaid Akhtar

Human Resource and Remuneration Committee (HRRC)

- 1) Zaffar A. Khan (Chairperson)
- 2) Parvez Ghias
- 3) Kai - Uwe Witterstein
- 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:** Two meetings were held during the year.
- The Board has outsourced the internal audit function to BDO Ebrahim & Co, who are considered to be suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
- The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company;
- The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, there Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
- We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



Ghassan Al Amoudi
Chairperson



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

Independent Auditors' Review Report

To the members of Wafi Energy Pakistan Limited (formerly 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 **Wafi Energy Pakistan Limited (formerly Shell Pakistan Limited)** (the Company) for the year ended **31 December 2024** 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 2024.

Chartered Accountants

Place: Karachi

Date: 8th April 2025

UDIN: CR202410120RKyqjmiHD

steering

with passion

The word, Wafi, has an Arabic origin and means trustworthy and reliable. Wafi Energy is more than just a company name; it is a commitment to our values and a reflection of the relationships we build with our customers, partners, and stakeholders.

Our Performance

Mobility

Wafi Energy Pakistan is committed to delivering a world—class customer experience by offering high-quality products, exceptional service, and innovative mobility solutions. Our diverse portfolio includes Shell Super, Shell Diesel, and Shell V-Power, with Shell V-Power specifically designed to enhance vehicle performance and efficiency. Complementing our fuels, our range of lubricants, including Shell Advance, Shell Helix, and Shell Ultra, ensures superior engine protection. Beyond fueling solutions, we continue to expand our non-fuel retail offerings, including the ever-evolving Shell Select and its strategic alliances, enhancing customer convenience and accessibility. Through continuous innovation and a customer-centric approach, Wafi Energy Pakistan remains dedicated to excellence, shaping the future of mobility in the country.

Prioritizing Safety at Every Step

Safety remains at the core of everything we do at Wafi Energy Pakistan. We reaffirmed this commitment by continuing the amplification of our "Ehtiyaat Bunay Hifazat" campaign, which focuses on promoting safe refueling practices and educating customers about potential risks. Our goal is to ensure that safety remains a top priority for both our customers and staff.



The campaign was reintroduced through social media and television, airing across various news and entertainment channels to maximize reach. It garnered an impressive 82 million views on television and over 230 million views on social media, significantly amplifying its impact. Additionally, more than 298 sites nationwide were rebranded to further strengthen awareness and extend the initiative's reach.



The campaign's success was further recognized at the Pakistan Digital Awards, where it received the "Best Social Media Influencer Communication". Award this achievement reflects its widespread impact, driven by a 90% positive sentiment and strategic amplification through key influencers. The award underscores our commitment to leverage digital engagement to promote safe refueling practices and enhance public awareness on safety.

Uniting to Address Energy Challenges in the Country

We jointly hosted the Pakistan Energy Symposium alongside the Overseas Investors Chamber of Commerce and Industry (OICCI). This dynamic event, curated by Nutshell Group, aimed to address the pressing energy challenges and opportunities in Pakistan.



The Pakistan Energy Symposium – 'Powering the Future' brought together leading experts, policymakers, industry leaders, and stakeholders to engage in meaningful dialogue on the future of energy in Pakistan. The symposium covered a wide range of topics, including sustainable energy solutions, energy security, innovation in the energy sector, and policy frameworks to support the energy transition.

Delivering Excellence through Customer Experience

We are committed to delivering an exceptional customer experience, and our Voice of Customer program plays a key role in achieving this goal. We successfully expanded the program to 291 sites nationwide, enabling us to collect valuable customer feedback to address queries and enhance service at our fuel stations.

This year, we received an outstanding 106,400 responses, reflecting an 88% increase compared to the previous year. This growth is a testament to our dedication to actively listening to our customers and continuously improving our offerings. As a result, overall customer satisfaction increased by 8% in 2024, reinforcing our ongoing efforts to elevate service standards and deliver a superior retail experience.



Ensuring Network Growth and Efficiency



We have taken big strides in making fueling and retail more accessible, convenient, and sustainable for our customers. We expanded our network with 15 new sites, added over 65 Convenience Retail (CR) units, and made smarter investments.

Sustainability was at the heart of our efforts. We proudly introduced Pakistan's first-ever fueling site built using recycled plastic and revamped all sites along Shahrah-e-Faisal for a fresh, modern experience. To further our green commitment, we also integrated solar power at around 250 sites across the country, generating 3MW of clean energy.

Looking ahead, we are shaping the future of mobility with an exciting partnership with HUBCO Green, signing an EV MoU to bring electric vehicle charging solutions to Shell sites.



Fueling the Difference



Wafi Energy Pakistan reinforced its commitment to delivering a superior fueling experience through the "Fuel the Difference, Feel the Difference" campaign, highlighting the advanced benefits of Shell V-Power in cleaning and protecting vehicle engines for enhanced performance and efficiency. The campaign successfully engaged customers, generating over 129 million impressions on social media, significantly amplifying awareness. Beyond educating consumers on the advantages of our differentiated fuel, this initiative strengthened Shell's brand promise of providing innovative, high-quality products that enhance vehicle performance and overall driving experience.



To further engage customers and drive brand loyalty, we introduced the "Win Weekly with Shell" promotion, designed to reward our valued customers for their continued trust in our products. Customers spending PKR 5,000 or more on Shell V-Power, Shell Select, or lubricants had the chance to win exciting prizes, making every visit to our stations even more rewarding.

These strategic initiatives contributed significantly to our business growth, leading to a 2x increase in volume for Shell V-Power compared to the previous year. This remarkable achievement is a testament to the confidence our customers place in Shell's differentiated fuel offerings and our ongoing efforts to enhance their refueling experience. Through continuous innovation, customer-centric promotions, and a strong commitment to quality.



Strengthening Digital Partnerships for Innovation

Wafi Energy Pakistan strengthened its digital partnerships to enhance customer convenience, engagement, and value-driven experiences. Through a strategic collaboration with Oladoc, we introduced an exclusive offer where customers fueling up with Shell V-Power received a complimentary healthcare subscription. This initiative not only promoted digital healthcare access but also reinforced our commitment to customer well-being by offering benefits such as free online doctor consultations, discounts on OPD appointments, lab tests, and medicine delivery.



Additionally, our partnership with Faysal Bank launched the "Tap & Pay" campaign, which encouraged cashless transactions by rewarding customers who fueled up and used Faysal Pay. Participants stood a chance to win exciting prizes, including free fuel for a year and smartphones, driving digital payment adoption while enhancing customer engagement.

Furthermore, Wafi Energy Pakistan expanded its reach through targeted promotions on Shell Helix lubricants, offering up to a 10% discount on purchases made via leading banking partners, including HBL, UBL, MCB, Bank Alfalah, and others. These initiatives reflect our continued focus on innovation, digitalization, and rewarding customer loyalty while delivering superior value and convenience at every touchpoint.

Optimizing and Enhancing Shell Fleet Solutions

This year, Shell Fleet Solutions delivered 124 million liters of fuel to over 822 customers through more than 25,000 Shell Cards, strengthening our market presence and customer reach. We welcomed 42 new customers and forged strategic partnerships to enhance value-added services. For the first time, two new agents were signed in the strategically significant South and Center regions, expanding our



distribution network. Shell V-Power sales achieved a historic milestone with a remarkable 20% year-over-year growth, reflecting the success of our targeted strategies and customer engagement efforts. As part of a brand refresh, we introduced a new Shell Card design, reinforcing brand identity and catering to evolving customer preferences. These achievements highlight our commitment to driving innovation, enhancing customer experience, and sustaining growth in a competitive market.

Lubricants

Shell Lubricants has upheld its status as the leading global supplier of finished lubricants for 18 consecutive years. This feat is attributed to the organization's focus on customer experience and investment in cutting-edge technology, brand development, and marketing excellence.



Shell named #1 global lubricants supplier for the 18th year in a row¹

Premium lubricants manufactured from natural gas in 175+ countries²

World-class lubricants supply chain investing to meet market demand³



32 Blending Plants

4 Base oil plants

10 Grease plants

5 GTL base oil storage hubs

Strong network of 1500 distributors and 85 macro-distributors

Digital services for B2B and B2C customers





Most preferred lubricant brands¹



#1
Consumer Automotive

Shell HELIX
Shell GADUS



#1
Commercial Automotive

Shell RIMULA
Shell Omala
Shell Spirax



#1
Industrial

Shell ADVANCE
Shell ROTELLA
Shell Tellus

300+ Lubricants scientists and technical experts globally, including at technology centres in USA, China, Germany, India and Japan

Expert technical services save customers millions of dollars a year⁴






Making our operations and products more sustainable for the future








Deliver cutting-edge products to a wide range of industrial sectors











Partner of choice of many global companies










Pushing the boundaries of lubricant technology on race tracks around the world











Introducing Shell Lubricant Solutions

For the first time in Pakistan, Shell Lubricants launched the Shell Lubricant Solutions platform in Pakistan. The objective of launching this platform is to provide our customers with a platform to discover maintenance solutions rooted in technical expertise and OEM collaboration, which can turn their potential into productivity. The launch event was held in Karachi and attended by 300+ customers from major industrial sectors representing Mining, Power, Fleets, Construction, Oil & Gas, Cement, Textile and General Manufacturing. With the highest quality lubricants and services, Shell Lubricant Solutions can service the needs of





industry as an end-to-end solution to provide and put their potential in motion. This platform reflects our unwavering commitment to power Pakistan's progress by delivering world-class energy solutions, ensuring seamless supply chain support and building strong partnerships with leading infrastructure developers to drive excellence in the energy and construction sectors across the country.

Winning Dragons of Asia and Pakistan



Our campaign "Tum Kamal Kartay ho" won Golden Dragon at the prestigious Dragons of Asia Award held in Kuala Lumpur, Malaysia. After winning Gold in Pakistan competing against the likes of PepsiCo, Nestle, Tapal, Friesland Campina, to name a few; "Tum Kamal Kartay Ho" qualified to compete with international campaigns coming in from India, Malaysia, Thailand and Indonesia in the category of "Best Brand Building and Awareness".

Becoming the First Licensee Lubricants Market

2024 marked a transformational journey for our operations as we successfully transitioned from Shell to Wafi Energy Pakistan, becoming the first licensee lubricants market. Despite the scale and complexity of this transition, we ensured zero interruptions, safeguarding business continuity and maintaining our unwavering commitment to safety, quality, and customer satisfaction.



Our team worked tirelessly to design, develop, and deploy new systems and processes, seamlessly adapting to the new business landscape while enhancing operational efficiency. By embedding robust governance frameworks and strengthening controls, we positioned ourselves for long-term success under the new ownership. Additionally, we successfully on shored all roles, ensuring a fully localized, empowered, and agile workforce aligned with our strategic vision.

Our focus on customer experience remained paramount, with a strong Customer Satisfaction Index (CSI) and Distributor Satisfaction Index (DSI) performance. Through proactive engagement, efficient order fulfillment, and strengthened collaboration with our partners, we reaffirmed our commitment to delivering exceptional service.

Strategic customer visits played a crucial role in positioning our Lubricant Supply Chain as a business partner with Sales & Marketing. These engagements enhanced alignment, allowing us to anticipate customer needs and drive mutual growth.

In terms of volume delivery, we navigated supply chain challenges with agility, ensuring uninterrupted production and distribution to meet market demands efficiently. Our commitment to project execution was evident in the timely completion of key initiatives that improved capacity, automation, and operational resilience.

As we move forward under Wafi Energy, we remain committed to safety, quality, innovation, customer and operational excellence, strengthening our foundation for future growth and industry leadership.



Driving Excellence through Customer Operations

In a challenging environment, we prioritized customer experience via proactive communication, gap identification, streamlined logistics, and strengthened cross-functional collaboration to deliver routine and transition related initiatives. With this, we were able to deliver an on-target Customer Service Index score of 8.5, as well as ensure consistent support to the businesses in meeting targets.



Looking ahead in 2025, we aim to modernize digital platforms further, leverage AI for predictive support, enhance operational scalability and enable focus on business partnering. This will support accelerated business growth and achieve customer satisfaction.

With a mission to deliver operational excellence and best-in-class customer experience, through seamless, efficient, and innovative solutions, the team will empower businesses to optimize performance and drive sustainable growth.

Fostering Loyalty through Helix Royal Club

Helix Royal Club is a distinguished initiative designed to foster loyalty among retailers and influencers. The theme "Let's Explore the World with Shell Helix" has been significantly contributing to the success of the Shell Helix brand in the last few years. The Shell Helix portfolio, a cornerstone for value and profitability for the organization, has experienced remarkable double-digit growth following the launch of Helix Royal Club, far surpassing the industry's single-digit growth rate. The premium portfolio performed even more impressively with 3x year-on-year growth vs that in the past years. This growth also resulted in an increase in market share.



At the start of each year, new registrations are welcomed, and existing members are re-evaluated based on their growth potential. Members enjoy a variety of annual plans, with tailored international and local destinations aligned to their preferences and potential. One of the standout features of this program is the commitment to a year-long journey with Shell, where retailers and influencers are incentivized with a trip on completion of the first six months' target, and a shopping voucher on completion of the full year target volume.

Looking ahead, the Helix Royal Club has been launched with a comprehensive strategy, offering new destinations and enhanced Customer Value Propositions (CVP) for retail and key accounts. This year we conducted roadshow events across various territories, which were attended by retailers and influencers from all localities, leading to new registrations nationwide. The success of this plan is evident by the fact that competition has followed and rolled out plans of such nature and formats across their lubricant categories.



Receiving Recognition for an Outstanding Partner by China Gezhouba Group



In 2024, we received an appreciation award from China Gezhouba Group Corporation (CGGC) in recognition of our exceptional services and support at the Mohmand and Dasu Hydropower Projects. The awards were presented during the Excellent Partner Communication Ceremony of China Gezhouba Group. These projects hold strategic national importance as they aim to add over 5,000 MW of hydropower capacity, providing sustainable, low-cost electricity to reduce Pakistan's reliance on imported fuels, stabilize the national power supply, and support long-term industrial and economic growth.



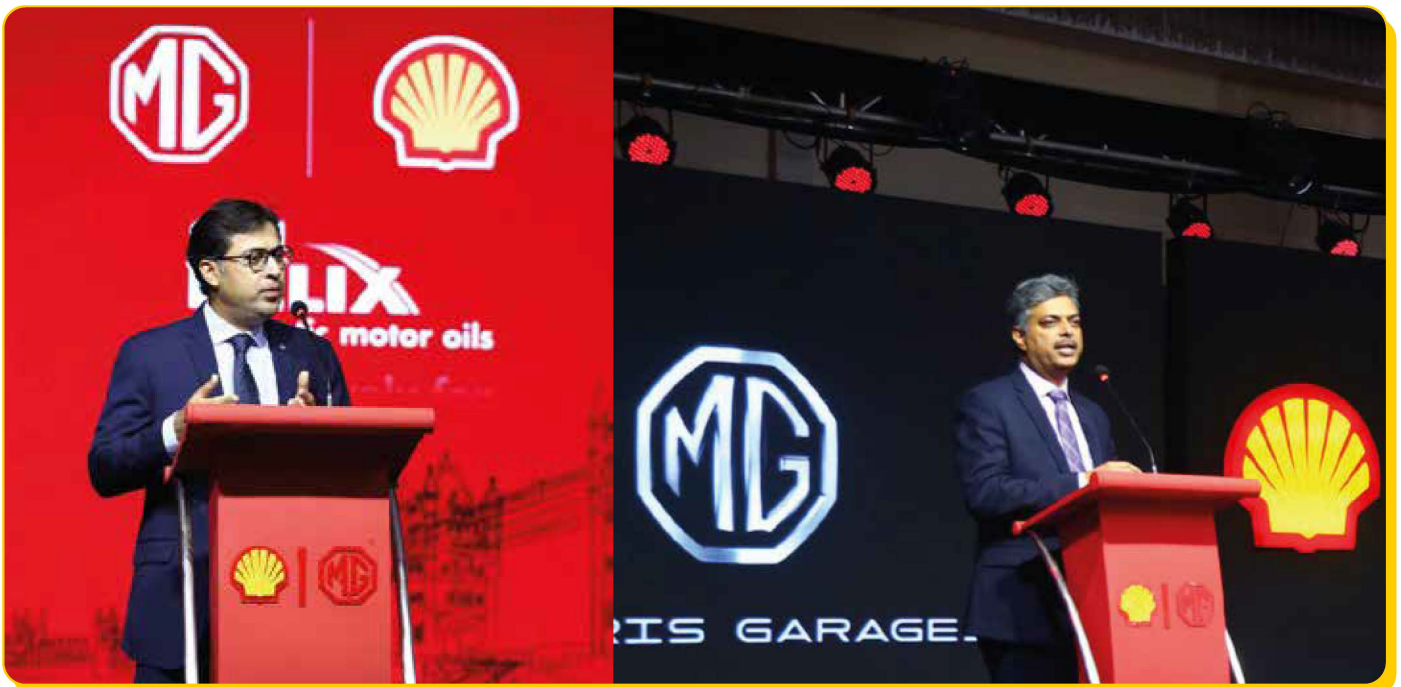
Additionally, Mohmand Dam will play a critical role in enhancing water storage capacity and flood protection, benefiting agriculture and local communities.

Driving into the Future with MG

In 2024, Shell lubricant solutions and MG Motors signed an agreement to exclusively use Shell Helix Motor oils for MG vehicles. This marks the beginning of a powerful collaboration to improve the driving experience of MG users.



The launch ceremony was held in Lahore and attended by representatives from Shell, MG Motors and the entire dealership network. This partnership will ensure stellar performance and protection for turbocharged engines of MG vehicles and open doors for collaboration opportunities for V-Power fuel.



Celebrating World Mechanics Day

After a successful collaboration with Fahad Mustafa, Pakistan's popular TV and film celebrity, in 2023, Shell Advance launched a heartwarming campaign of Tum Kamal Kartay Ho 2.0; paying tribute to top mechanics across Pakistan with their pictures featured on billboards and online banners across Pakistan. Apart from this, these mechanics were invited to participate in a popular TV game show hosted by Fahad Mustafa, where they competed for exciting prizes. This campaign aimed at highlighting the exceptional work of mechanics, and received significant attention on TV and social media.



Health, Safety, Security and Environment Performance

Wafi Energy Pakistan is committed to fostering a workplace where every individual thrives and proudly contributes to our success. Integrity and responsibility guide our operations and interactions with customers, suppliers, governments, and communities. Our primary objectives are to minimize environmental impact and ensure no harm to individuals while responsibly developing energy resources, products and services. This commitment fosters trust among customers, shareholders, and society, promoting sustainable development and positive community relations.

We believe that a safe business is a successful business. Conducting operations safely and ethically, while adhering to local and internal safety standards and processes, is essential to maintaining our license to operate and achieving long-term growth.

Elevating Safety Standards at Retail Sites with Ehtiyat Bunay Hifazat

We launched a critical safety initiative under the "Ehtiyat Bunay Hifazat" campaign, aimed at eliminating the use of unauthorized containers for refueling. The campaign promotes the use of approved metal containers and drums, which are designed to effectively dissipate static charges when placed on the ground, minimizing the risk of sparks and significantly enhancing public safety.

As part of the same campaign, "Ehtiyat Bunay Hifazat," we expanded our reach to 298 additional retail sites and continued to foster awareness around refueling safety. We reinforced the core message: turn off your engine, dismount from your bike or rickshaw, and step back to stay safe.



Completing a Successful OGRA Inspection at Machike Terminal

We successfully completed a comprehensive full-day OGRA inspection at the Machike Terminal, focusing on the Tank Relocation Project (MCH-01 & MCH-02). The inspection included a thorough review of documents across operations, projects, engineering, and HSSE, followed by a detailed walkaround of the tank farm area. The OGRA team praised the project's execution, highlighting the implementation of 100% bottom loading, which significantly minimized the need for work at height on the gantry.



Strengthening Safety across Operations

Throughout the year Wafi Energy Pakistan conducted a series of collaborative Emergency Response (ER) drills across various sites, enhancing safety protocols and demonstrating the effectiveness of teamwork in crisis management.

The year began with an emergency response drill at the SPL Downtown Filling Station in Lahore, conducted in partnership with City Traffic Police and Rescue 1122. The simulation involved a fuel decantation fire in an underground tank, testing response times, equipment usage, and evacuation procedures. The drill successfully demonstrated timely fire response, effective evacuation and crowd management, suspension of operations using Emergency Shutdown (ESD), and first aid administered to an injured co-captain. However, it also highlighted the need to refine the role of the Emergency Response Coordinator to better align with established protocols.



In another significant exercise, the Marine Oil Spill Response Operations & Barracuda Drill was conducted by the Keamari Team, in collaboration with stakeholders such as PARCO, Cnergyico, Chevron, and Port Qasim Authority. This exercise showcased advanced response capabilities in handling beach oil spills, with participation from naval forces of Saudi Arabia, Turkey, China, Sri Lanka, and Tanzania. Representatives from 13 countries, including Pakistan's oil-importing companies, observed the exercise.

We also organized a joint hauliers emergency response mega drill at Movie Point #38, M2 Motorway, near Sheikhpura, in partnership with the Frontier Works Organization (FWO) and National Highways & Motorway Police (NHMP). The live simulation of a tank rollover scenario tested emergency response capabilities, with senior management from the organization, hauliers and facility teams in attendance. This exercise emphasized the importance of collaboration in emergency preparedness and response.



We conducted the first emergency response drill with PARCO at the Gatti Terminal in Faisalabad. The drill tested the response to a tank lorry fire during filling at the PARCO gantry, involving the road transport team, hauliers, PARCO ER, and Rescue 1122. The exercise emphasized the significance of emergency preparedness, coordination, and rapid response in mitigating potential risks.

Through these drills and exercises, Wafi Energy Pakistan demonstrated its commitment to continuous improvement in emergency preparedness, ensuring the safety and well-being of personnel, assets, and the environment.

Observing Safety Day



In 2024, the organization marked Safety Day across all business units, including terminals and road transport. As part of our ongoing commitment to safety, we conduct safety awareness programs and host an annual Safety Day to provide employees and contractors with an opportunity to engage in

meaningful discussions about safety culture on the frontline. The focus of this year's event was "Before I Start Work," emphasizing the importance of essential pre-work safety measures to ensure a secure and safe working environment before any task begins. This initiative further reinforced our dedication to fostering a proactive safety culture throughout the organization. The active participation of employees and contractors from across the company sparked valuable discussions, promoting a learner mindset and continuous improvement in safety practices.

Promoting Road Safety and Excellence in Operations

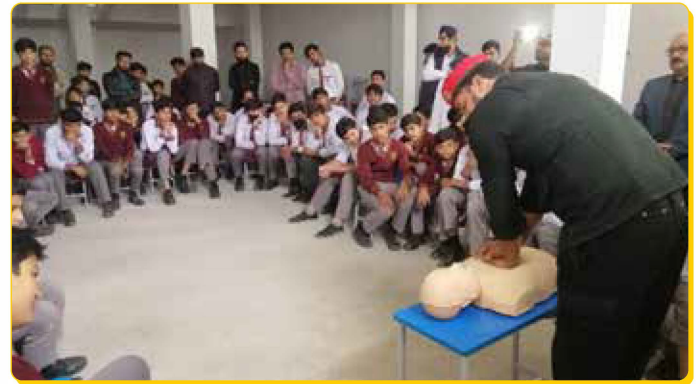
Wafi Energy Pakistan continues to prioritize road safety and the well-being of its workforce through a range of initiatives focused on promoting safe driving practices and acknowledging exceptional performance.

The Ramadan Safety Campaign played an integral role ensuring the safety of our workforce during fasting. This initiative focused on raising awareness of road hazards and managing fatigue, providing captains with counseling on safe driving practices, including hydration, rest, and adjusted duty hours. Defensive driving techniques were reinforced and Stop Work Practices were implemented based on captains' conditions to minimize risks during this challenging period. In recognition of exceptional dedication and service, the Sitara-e-Pasbaan program honored captains and haulier teams for their commitment to safety and service excellence. The event included safety games, quizzes, and a special recognition segment celebrating safety champions at mobility sites.



Empowering Communities for Safer Roads

The organization launches several key initiatives aimed at enhancing road safety awareness and first aid education within local communities. One of the notable efforts was the Road Safety and First Aid Training for children at Axis School in Farooqabad, near Machike, conducted in collaboration with Rescue 1122. The session educated young students on essential road safety practices, while senior students received First Aid Training, including basic CPR and wound management. Around 150 students participated, reinforcing the organization's commitment to fostering a culture of safety among the next generation.



Additionally, the organization addressed road safety concerns, launching the Tractor Trolley Visibility Campaign in collaboration with the National Highways & Motorway Police (NHMP). Focused on enhancing visibility during the winter fog, the campaign aimed to educate tractor trolley drivers on safe driving practices. High-visibility jackets, safety flyers, and reflective stickers were distributed to around 50 drivers, to help improve safety and visibility on the roads. This initiative highlights Wafi Energy's ongoing commitment to reducing road-related risks and improving community safety.

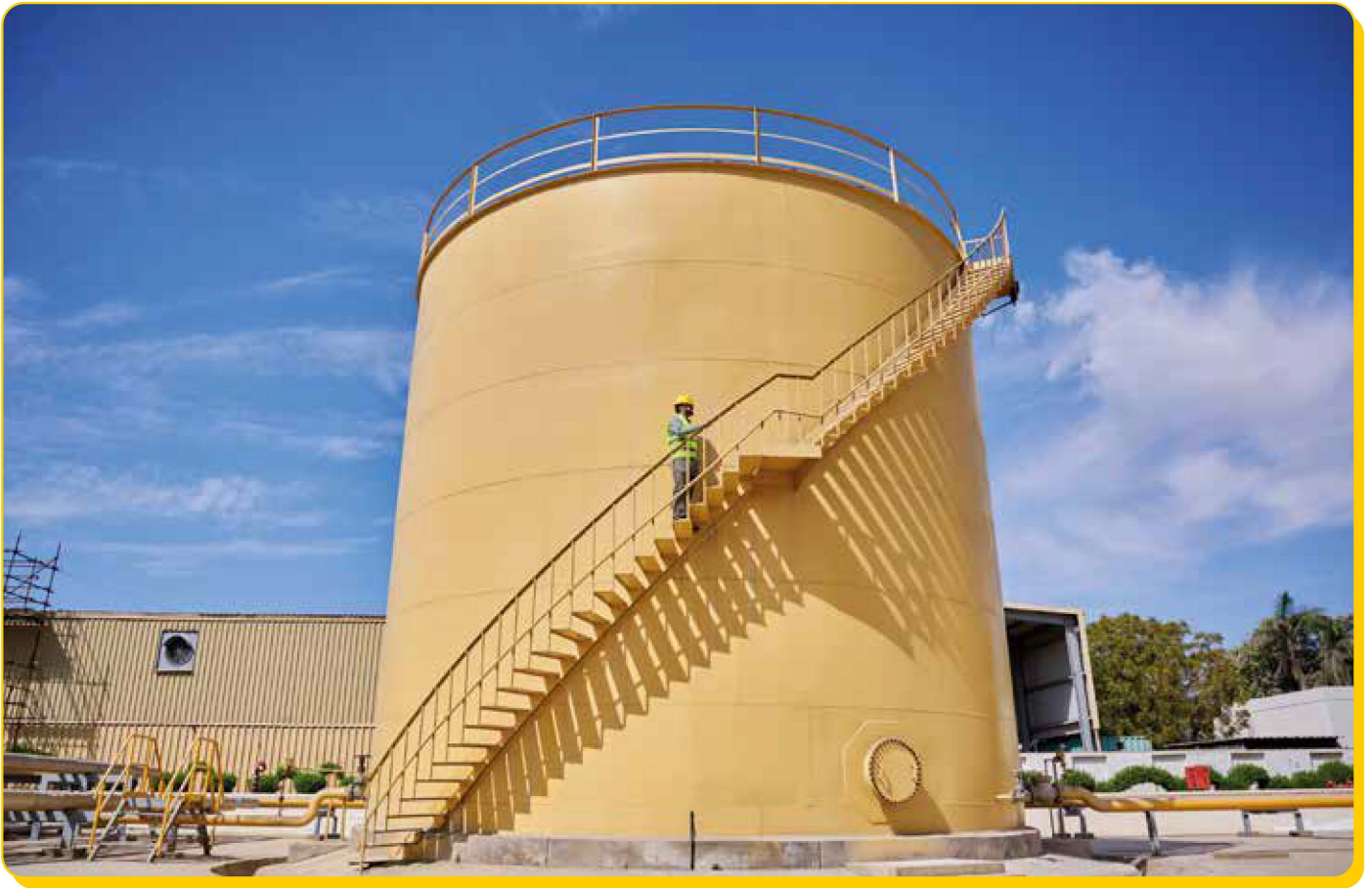
Sharing HSSE Best Practices

We were invited by Nestlé Pakistan to share road transport safety best practices with their third-party contractors and industry representatives. This session covered critical safety topics such as: our road transport pillars, Automatic Fatigue Detection Devices (AFDD), E-Seals and safety campaigns.

The session sparked valuable discussions that included management of driver duty hours and the use of AFDD technology. The management of Nestle expressed interest in adopting E-Seals for their dairy transport operations, reinforcing Wafi Energy's role as an industry leader in safety and operational excellence.

Prioritizing Employee Well-being

The organization prioritized supporting employees through transition focusing on their physical, mental, and workplace well-being. To safeguard worker welfare, health screenings were conducted at remote locations. In addition, health risk assessments were completed for all key sites to ensure adequate controls and safeguards against site-specific health hazards, with necessary actions taken to address any identified concerns. Furthermore, a partnership with a local vendor was established to



streamline the Fitness to Work process, ensuring employees meet the required health standards for their roles. This process evaluates both the physical and mental readiness of employees to safely perform their duties.

Our People

Our people are integral to Wafi Energy Pakistan's success in the evolving energy landscape. As we aspire to remain a top-tier energy company, we prioritize a collaborative culture that sparks innovation. Our strategy focuses on recruiting, training, and rewarding our workforce, fostering healthy competition, productivity, and growth. The consistent top-quartile scores in our People Engagement Survey reflect our dedication to being an exceptional workplace. In 2024, the organization continued to thrive, driven by the collective efforts of our exceptional people.



Creating a High-Performing Workforce

At Wafi Energy, our success is built on our ability to attract, retain, and motivate a diverse array of talent. We nurture an environment where employees are empowered to excel despite challenges, delivering results rooted in our core values. Through clear goal setting, coaching, and regular reviews, we assess and reward performance, with a strong focus on safety, operational excellence, and tangible results. In 2024, we successfully onboarded 79 talented graduates and experienced professionals across various roles nationwide. This strategic recruitment also supported the establishment of critical new positions, enabling the migration of offshore activities to onshore.



As a result, Wafi Energy Pakistan is now able to function independently, enhancing our operational efficiency and reinforcing our commitment to sustainable growth.

Under the Powering Future Leaders Management Trainee and Summer Internship programs, we launched an extensive social media marketing campaign and held virtual campus drives, engaging top universities across the country. Through a rigorous recruitment process - including gamified assessments, structured interviews, and case studies - we selected 20 summer interns and eight management trainees from a competitive pool of over 10,000 applicants. This program has not only enriched our talent pool but also positioned us to effectively meet future resourcing needs.



In 2024, the nine management trainees from the 2023 cohort embarked on an accelerated learning journey through the Powering Leaders initiative. This strategic program is focused on shaping emerging talent into skilled professionals by cultivating a learner mindset and building essential leadership competencies for long-term success.

The organization is committed to fostering gender diversity and creating an inclusive work environment where every employee has equal opportunities to grow and develop their skills and talents. Currently, the median pay for women at our organization is approximately 9% higher than that of men, and the mean pay for women is around 0.5% higher. This reflects our ongoing efforts to ensure fair compensation across all roles and responsibilities. Our organization continues to focus on providing equitable opportunities for all employees.

Caring for Employees

To stay competitive and in line with industry standards, we introduced a special increase in the car allowance, alongside regular merit-based adjustments. This initiative demonstrates our commitment to value and support our employees, ensuring their benefits are both competitive and rewarding. In addition, Wafi Energy Pakistan partners with a global employee assistance program provider, offering a range of confidential support services to employees and their immediate families. This program provides guidance and assistance in resolving issues that may contribute to stress, positively impacting work performance and morale.

As part of our "Parwaaz" initiative, launched in 2023 to prioritize employee well-being, we hosted a month-long wellness retreat. This transformative experience combined in-person and virtual sessions led by a renowned wellness coach, designed to support individuals on their personal journeys. Focused on holistic well-being - including physical, emotional, and mental health - the retreat aimed to foster resilience and long-term wellness. By emphasizing self-care and personal growth, we reinforced our commitment to creating an environment where employees thrive both personally and professionally.



Making Wafi Energy a Great Place to Work



In 2024, we brought our employees together for a heartfelt Iftar meal during Ramzan, fostering community and camaraderie. Our vibrant Eid celebrations further enhanced the festive spirit in the workplace. On Independence Day, we proudly organized a flag-hoisting ceremony, uniting our team in patriotism. We also hosted our eagerly awaited Mango Party, adding a fun and flavorful touch to the season. These initiatives reflect our commitment to creating a workplace that goes beyond daily tasks, embracing shared moments and celebrations that strengthen the unique, inclusive culture of the organization.

We also recognized and awarded 40 employees for their long-term dedication, honoring milestones of 5, 10, 15, and up to 35 years of service. At Wafi Energy, we deeply value the commitment and dedication of our long-serving employees, as well as the invaluable support of their families, through our Service Recognition Awards.

These initiatives, along with our ongoing efforts, are a testament to our dedication to making Wafi Energy a great place to work – a place where employees feel valued, connected, and empowered to thrive.

Social Performance

Wafi Energy Pakistan keeps in view the global sustainability trends, adopting practices that maximize positive impacts and minimize or mitigate negative effects. Through strategic social investments and effective engagement, the company strengthens its long-term viability and capacity to thrive. These initiatives not only reinforce the organization's license to operate within governmental and regulatory frameworks but also drive innovation and ensure compliance with evolving regulations.

Providing Free Eye Care Clinics for Mechanics



At Wafi Energy Pakistan, we are committed to our societal responsibilities and enhancing the well-being of our fence-line communities. In partnership with the Layton Rahmatulla Benevolent Trust (LRBT), we organized a specialized eye camp for mechanics, offering free eye screenings to promote healthy vision. Recognizing the essential role mechanics play in our industry, this initiative focused on supporting their health and well-being. The screenings, conducted by professional ophthalmologists from LRBT, included comprehensive eye exams and the distribution of medication for various eye conditions. Mechanics in need of further treatment were promptly referred to nearby LRBT hospitals for specialized care. Such initiatives strengthen our brand presence and create a lasting positive impact on the communities we serve.

Fostering Entrepreneurship and Sustainable Practices through Tameer

The Tameer Trust program has been a cornerstone of Pakistan's entrepreneurial landscape for the past 20 years, making significant contributions to the empowerment of young entrepreneurs across the country. Tameer promotes sustainable practices, including the circular economy and clean energy solutions, while fostering technological innovation, advancements in transportation and mobility, and women empowerment. In 2024, Tameer successfully trained approximately 3,300 young entrepreneurs through 37 workshops nationwide.



In addition to its training initiatives, Tameer has actively championed sustainable business practices, such as its participation in workshops organized by GIZ Pakistan that focus on advancing the circular economy. Tameer has also partnered with the Federation of Pakistan Chambers of Commerce & Industry (FPCCI) to facilitate valuable connections between Pakistani entrepreneurs and international trade networks.

The 11th Tameer Awards remains a flagship initiative dedicated to celebrating and supporting young, innovative entrepreneurs. This year, the awards attracted over 450 applications, with 30 finalists selected across six categories. A distinguished jury panel of business leaders, industry professionals, and academic experts evaluated the candidates, and following in-depth pitches, the winners and runners-up were honored for their innovation and excellence.



Tameer also played a key role in sponsoring the National Dialogue on Climate Change, an impactful initiative organized by Ecosol, a Tameer alumnus. The event brought together students and young professionals from 20 universities across Pakistan to raise awareness about climate change and the urgent need for sustainable solutions. Through a series of youth-centered sessions, participants were inspired to develop environmentally conscious business ideas, contributing to efforts aimed at combating climate change and reducing waste.

Championing Women and Inspiring Change

Wafi Energy Pakistan is dedicated to promoting initiatives and businesses that champion women's empowerment. In celebration of International Women's Day 2024, we hosted an impactful event at the Institute of Business Management, spotlighting female leaders from within our organization. Under the theme 'Inspire Inclusion,' these women shared their personal stories, offering valuable insights into their professional journeys, the challenges they have overcome, and the resilience that has fueled their success. The panel discussion fostered a dynamic exchange of ideas, with students actively engaging in thought-provoking conversations on leadership, diversity, and personal growth.



Promoting Skill Development through Practical Technical Training

To foster responsible, impact-driven investment, Wafi Energy Pakistan, in partnership with the SOS Technical Training Institute, launched a project aimed at equipping students with the practical technical skills essential for today's competitive job market. The initiative involved students building a car from the ground up, with guidance and mentorship from industry professionals. This hands-on experience allowed them to apply their theoretical knowledge to real-world technical challenges, such as design, bodywork, engine assembly, electrical systems, and quality testing.

SOS Technical Training Institute, which serves underprivileged communities in Korangi and Landhi, offers vocational training to help students from marginalized backgrounds secure entry-level positions in technical fields. Through initiatives like these, we are contributing to the development of a more skilled, empowered workforce within the community.



Launching Pakistan's First-Ever Retail Site Built Using Recycled Plastic

As part of our commitment to sustainability, we proudly launched the Shell-branded Malik Service Station - Pakistan's first-ever retail site built using recycled plastic. Located on Shahrah-e-Faisal in Karachi, this groundbreaking project marks a significant step towards supporting the circular economy and reducing plastic waste. Approximately 6,500 kilograms of recycled plastic, equivalent to about 1.3 million plastic pieces, were incorporated into the paving materials and concrete blocks used in the station's construction.



This initiative made possible through our partnership with Concept Loop, a Tameer alumnus, highlights how an energy company can lead the way in adopting environmentally sustainable practices. It builds upon last year's successful plastic-infused road project in Karachi, where discarded lubricant bottles were recycled into usable infrastructure. Together, these efforts underscore our ongoing dedication to transforming waste into valuable resources.

Empowering Communities with Clean Energy Solutions

Wafi Energy Pakistan remains dedicated to improving the livelihoods of communities where we operate. Our Access to Clean Energy program is a socially responsible investment currently benefiting four villages - Basti Tooba, Adam, Katimar, and Bullah Baloch - through innovative solar-powered projects. By installing solar-powered tube wells, a solarized flour mill, and a solarized milk refrigeration plant, the initiatives provide clean, sustainable energy solutions to underserved areas.

The solar-powered tube wells serve approximately 235 households, while the flour mill and refrigeration plant support over 430 and 40 households respectively. These projects have driven significant improvements in the local economy by creating job opportunities, boosting agricultural productivity, and empowering women to engage in income-generating activities. On average, the

solar-powered solutions deliver 12 to 16 hours of electricity per day, leading to savings of approximately PKR 600 in fuel costs per acre of land and reducing reliance on fossil fuels.



Building Safer Roads through Community Engagement and Education

One of the key threats to road safety, especially during winter, is poor visibility. To address this, Wafi Energy Pakistan launched an awareness initiative focused on road safety, engaging both local communities and third-party hauliers. During the engagement, drivers were educated on safe driving practices, with a focus on visibility, speed management, and adherence to road safety rules. After the session, drivers were provided with high-visibility jackets, safety flyers, and reflective stickers for their trolleys to enhance night-time visibility. Through this initiative, approximately 50 drivers of commercial and heavy vehicles were reached.

Additionally, another awareness session was held at a school in Farooqabad, near Machike, in collaboration with Rescue 1122 and local hauliers. This session aimed to educate students, particularly younger children, on key road safety practices such as recognizing road signs, navigating crossings, and adopting safe practices. Rescue 1122 further enhanced the session by teaching basic first aid, including essential techniques for children to apply in emergencies. Senior students were taught CPR, wound management, and how to identify situations requiring professional medical assistance.

The goal of this initiative is to equip the younger generation with the knowledge needed to stay safe on the roads and respond effectively in emergencies. At the end of the session, all primary school students received road safety handouts, storybooks, and pencil boxes. A total of 150 students participated in this important activity.

Navigating

the future

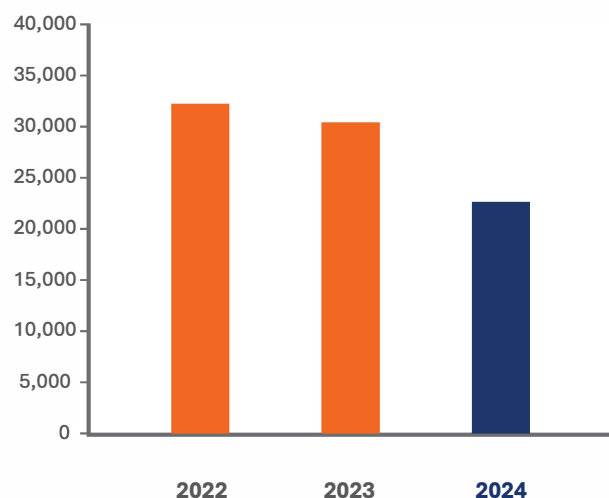
Our tagline carries a promise. When we say, “Energy is at the heart of Wafi,” we mean more than just fuel. Energy drives movement, fuels determination, and keeps people going. The heart symbolizes the connection and drive that powers everything we do. Whether it’s the energy in our products, the passion of our people, or the commitment to our customers to keep them advancing, energy is at the core of Wafi Energy.

Financials

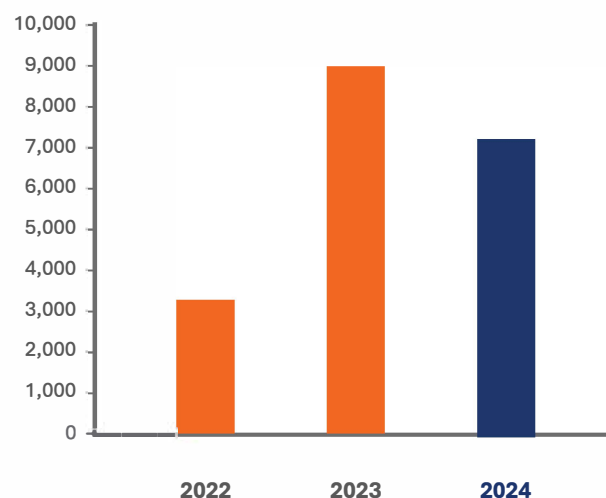
Performance at a Glance

For the year ended December 31, 2024

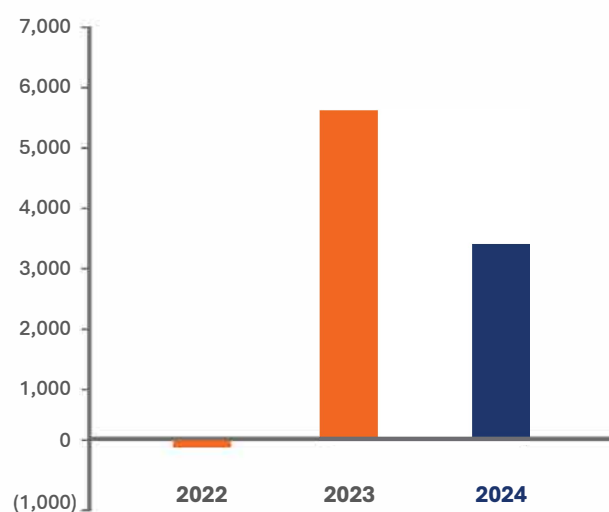
Gross Profit (Rs. Million)



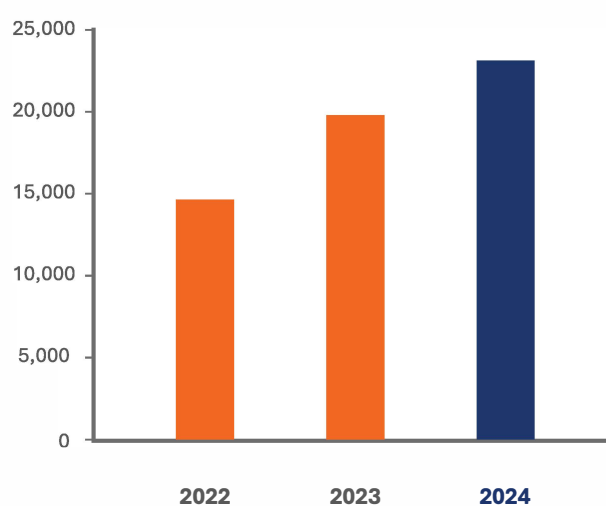
Operating Profit/(Loss) (Rs. Million)



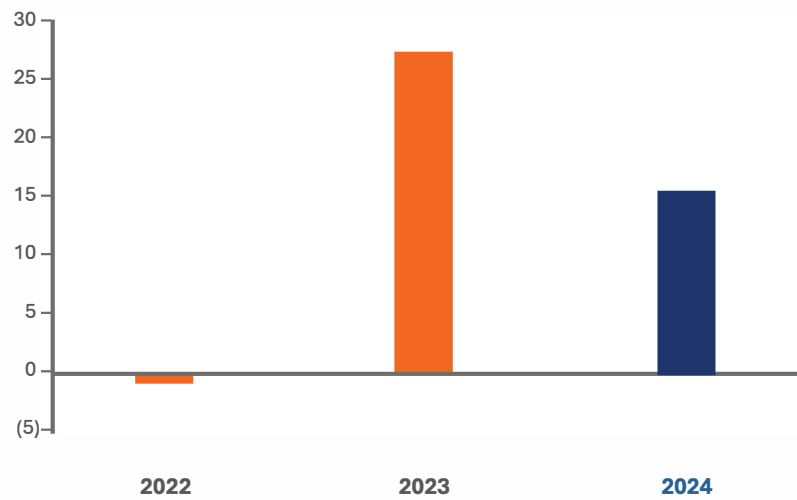
Profit/(Loss) After Tax (Rs. Million)



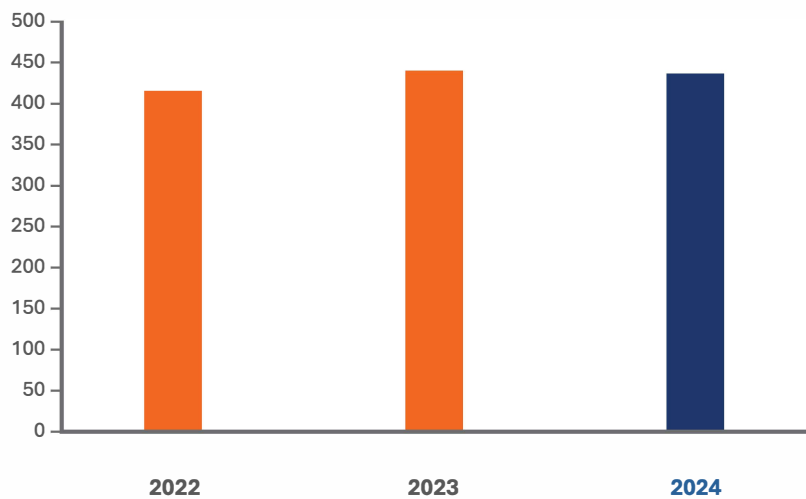
Shareholder's Equity (Rs. Million)



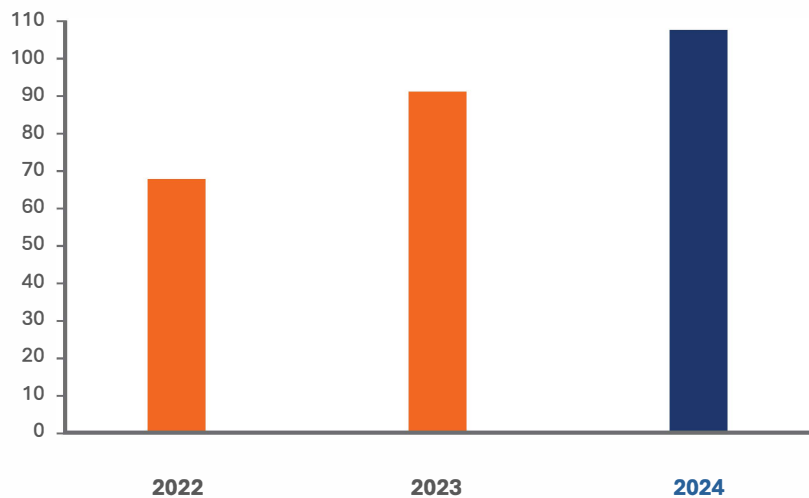
Profit/(Loss) Per Share (Rs.)



Gross Revenue (Rs. Billion)

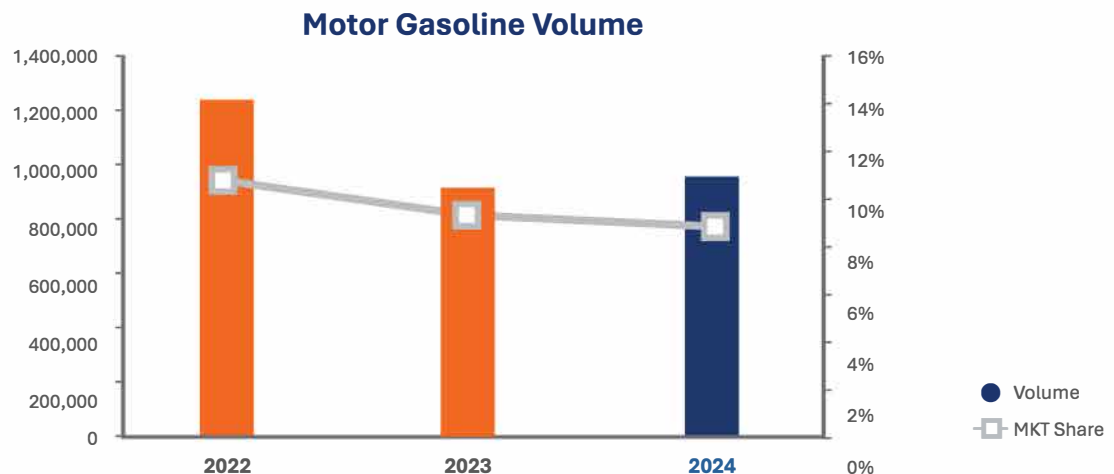
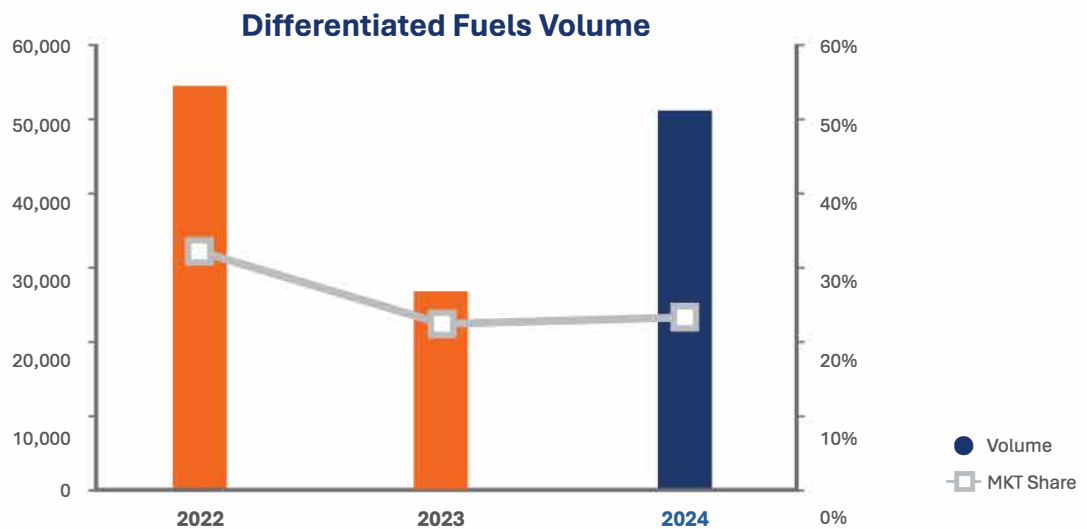
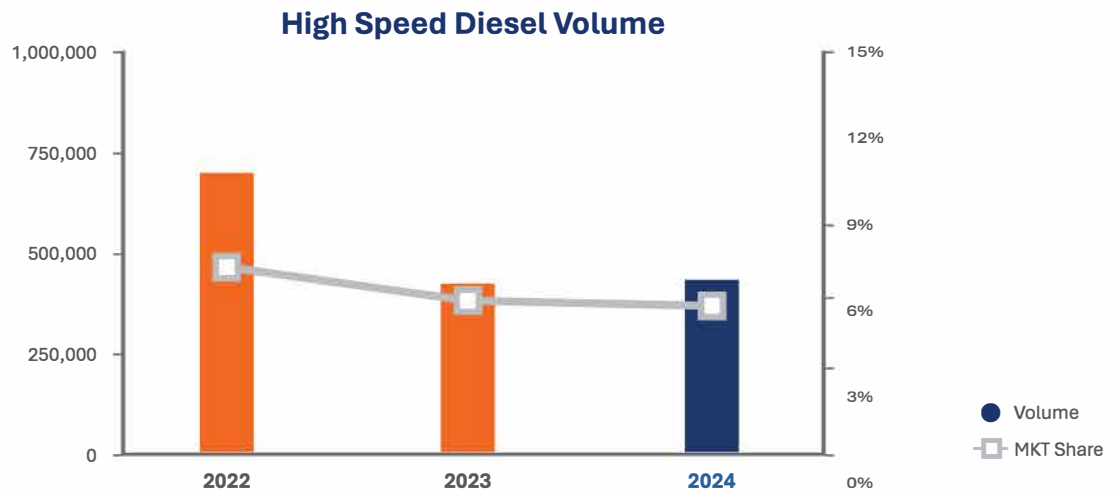


Break Up Value Per Share (Rs.)



Operating and Financial Highlights

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



Year Ended December 31, 2024

Key Highlights		2024	2023
Sales Volume	Tonnes	1,535,941	1,506,813
Sales Revenue	Rs. mn	427,946	431,650
Profit/(Loss) before final taxes and income tax	Rs. mn	7,152	7,247
Profit/(loss) after taxation	Rs. mn	3,297	5,851
Fixed Capital Expenditure	Rs. mn	2,271	4,809
Shareholders' equity	Rs. mn	23,058	19,737
Profit per share	Rs.	15.41	27.34

Year ended December 31									
Financial Statistical Summary		2024	2023	2022	2021 (restated)	2020	2019	2018	2017
Share capital	Rs. mn	2,140	2,140	2,140	2,140	1,070	1,070	1,070	1,070
Reserves	Rs. mn	20,918	17,597	12,457	13181	(1,721)	3,221	5,283	9,128
Shareholders' equity	Rs. mn	23,058	19,737	14,597	15321	(651)	4,291	6,353	10,198
Break up value	Rs.	108	92	68	72	(6)	40	59	95
Dividend per share	Rs.	5	5	3	-	-	-	7	24
Profit/(Loss) before final taxes and income tax	Rs. mn	7,152	7,247	2,915	6,609	(4,815)	(140)	(60)	4,323
Profit/(Loss) after Tax	Rs. mn	3,297	5,851	(72)	4,467	(4,821)	(1,486)	(1,102)	3,183
Earnings/(Loss) per share of Rs. 10	Rs.	15.41	27.34	(0.34)	21.88	(31.19)	(13.88)	(10.30)	29.74

Working Capital									
Current assets to current liabilities	Times	1.0	0.9	0.9	0.9	0.6	0.7	0.7	0.8
Number of Days stock (based on closing stock)	Days	41	44	41	59	31	34	32	23
Number of days trade debts (based on closing balance)	Days	7	5	5	7	9	8	6	7

Performance									
Profit/(Loss) after tax as % of average shareholders' equity	%	15.41	34.1	(0.5)	60.9	(264.9)	(27.9)	(13.3)	29.9
Cost of Sales as a % of sales	%	94.48	92.9	91.9	90.5	95.4	92.4	91.7	91.2
Profit/(Loss) before tax as % of sales	%	1.67	1.68	0.71	2.65	(2.92)	(0.07)	(0.03)	2.6
Profit/(Loss) after tax as % of sales	%	0.77	1.36	(0.02)	1.79	(2.92)	(0.7)	(0.6)	1.5
Total debt ratio	Ratio	-	-	-	-	1.1	0.7	0.6	0.04

Independent Auditors' Report

To the members of Wafi Energy Pakistan Limited (formerly Shell Pakistan Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Wafi Energy Pakistan Limited (formerly Shell Pakistan Limited) (the Company), which comprise the statement of financial position as at 31 December 2024, 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 material accounting policy information 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 2024 and of the profit 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 the 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 is the Key audit matter:

Key audit matter	How our audit addressed the key audit matter
1. Existence and valuation of stock-in-trade	
<p>As disclosed in note 11 to the financial statements, stock-in-trade held by the Company as at 31 December 2024 amounted to Rs. 45,624 million which constitutes 40% of total assets of the Company. This comprise of raw and packing materials and finished products.</p> <p>Stock in trade is valued at the lower of cost and net realizable value. The net realizable value of stock-in-trade is determined keeping in view the selling price in the ordinary course of business less the costs necessary to</p>	<p>Our key audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> 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 2024 was recorded at the lower of cost and net realisable value by testing a sample of

Key audit matter	How our audit addressed the key audit matter
make the sale which is based on management estimates. This, in combination with the significant share of stock-in-trade as part of total assets, made us identify the existence and valuation of inventories as a key audit matter.	<p>items to the subsequent prices;</p> <ul style="list-style-type: none"> 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.
Capitalisation of intangible assets	
<p>As disclosed in note 6 and 22 to the financial statements, the Company has capitalized an amount of Rs. 1,379 million as computer software for development of information technology infrastructure and transition from Shell Group's owned or contracted tools to independent, standalone and localized applications and systems.</p> <p>Further, the Company has purchased a right to reproduce, use and display Trademarks from Shell Brands International AG which has been capitalized as an intangible asset amounting to Rs. 2,361 million, with corresponding liability which is payable in next 5 years.</p> <p>While considering the above as major transaction during the year and also involvement of judgement in capitalizing these intangibles under the requirements of IAS 38 Intangible Assets, we have considered this as a key audit matter.</p>	<p>Our key audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> obtained an understanding of management's internal controls over the capitalisation of intangible assets and tested effectiveness of controls relevant to such process; considered whether the costs capitalised, meet the recognition criteria of intangible assets in accordance with IAS 38 Intangible Assets; reviewed the agreements with the relevant parties for determination of capitalized cost, useful lives of the Intangible assets and related payable amounts; and considered the adequacy of the disclosures as per the guidelines set out in the applicable financial reporting framework.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditors' report is Omer Chughtai.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 8th April 2025

UDIN Number: AR202410120EHb2idgsj

Statement of Financial Position

As at December 31, 2024

		2024	2023
		----- (Rupees in '000) -----	
ASSETS	Note		
Non-current assets			
Property, plant and equipment	4	23,066,532	23,143,446
Right-of-use assets	5	6,739,378	6,696,781
Intangible assets	6	3,615,035	-
Long-term investments	7	5,975,703	5,680,940
Long-term loans	8	25,920	30,653
Long-term deposits and prepayments	9	154,979	255,871
Deferred taxation - net	10	-	558,665
		39,577,547	36,366,356
Current assets			
Stock-in-trade	11	45,624,393	48,051,486
Trade debts	12	7,734,206	6,491,679
Loans and advances	13	76,517	76,836
Short-term deposits and prepayments	14	177,183	573,899
Other receivables	15	5,293,443	7,081,188
Taxation - net		-	1,154,999
Short-term investments	16	10,695,284	-
Bank balances	17	4,695,380	6,552,223
		74,296,406	69,982,310
TOTAL ASSETS		113,873,953	106,348,666
EQUITY AND LIABILITIES			
Equity			
Share capital	18	2,140,246	2,140,246
Share premium		11,991,012	11,991,012
General reserves		207,002	207,002
Unappropriated profit		9,365,478	5,773,614
Remeasurement of post-employment benefits – actuarial loss		(641,179)	(369,884)
Unrealized loss on remeasurement of equity investment classified as fair value through other comprehensive income		(5,000)	(5,000)
		23,057,559	19,736,990
Liabilities			
Non-current liabilities			
Asset retirement obligation	19	249,244	361,826
Long-term provisions	20	3,739,504	2,790,571
Long-term lease liabilities	21	6,837,201	6,564,770
Long-term payables	22	2,055,806	-
Deferred taxation - net	10	160,844	-
Provision for post-retirement medical benefits	35.2	225,350	213,190
		13,267,949	9,930,357
Current liabilities			
Trade and other payables	23	73,904,289	71,898,733
Advance received from customers (contract liabilities)		1,663,633	1,857,237
Unpaid dividend		19,053	1,340,138
Unclaimed dividend		269,746	238,848
Accrued mark-up		-	1,552
Taxation - net		571,535	-
Current portion of asset retirement obligation	19	6,035	45,361
Current portion of long-term provisions	20	204,496	733,171
Current portion of long-term lease liabilities	21	573,231	566,279
Current portion of long-term payables	22	336,427	-
		77,548,445	76,681,319
Contingencies and commitments	25		
TOTAL EQUITY AND LIABILITIES		113,873,953	106,348,666

The annexed notes from 1 to 47 form an integral part of these financial statements.



Zarrar Mahmud
Chief Financial Officer



Zubair Shaikh
Chief Executive



Imran R. Ibrahim
Director

Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2024

		2024	2023
	Note	----- (Rupees in '000) -----	
Sales	26	435,464,414	438,380,349
Other revenue		977,808	1,149,102
		436,442,222	439,529,451
Sales tax		(8,495,757)	(7,879,223)
Net revenue		427,946,465	431,650,228
Cost of products sold	27	(404,404,244)	(400,881,843)
Gross profit		23,542,221	30,768,385
Distribution and marketing expenses	28	(13,131,157)	(11,372,968)
Administrative expenses	29	(6,699,516)	(9,917,545)
Other expenses	30	(1,431,867)	(13,789,957)
Other income	31	4,999,380	13,338,912
Operating profit		7,279,061	9,026,827
Finance costs	32	(2,206,938)	(2,499,147)
		5,072,123	6,527,680
Share of profit of associate - net of tax	7.1	2,080,248	718,867
Profit before final taxes and income tax		7,152,371	7,246,547
Final taxes		(6,748)	-
Profit before income tax		7,145,623	7,246,547
Income tax	33	(3,848,274)	(1,395,154)
Profit after income tax		3,297,349	5,851,393
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Actuarial (loss)/gain on post-employment benefits - net of tax	35.6	(271,295)	173,382
Share of other comprehensive income of associate - net of tax		301,013	203,653
Items that may be subsequently reclassified to profit or loss			
Share of other comprehensive loss of associate - net of tax		(6,498)	(18,410)
Total comprehensive income for the year		3,320,569	6,210,018

----- (Rupees) -----

Earnings per share – basic and diluted	34	15.41	27.34
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The annexed notes from 1 to 47 form an integral part of these financial statements.

Zarrar Mahmud
Chief Financial Officer

Zubair Shaikh
Chief Executive

Imran R. Ibrahim
Director

Statement of Changes in Equity

For the year ended December 31, 2024

	Capital reserve		Revenue reserve				
	Share capital	Share premium	General reserves	Unappropriated profit	Remeasurement of post-employment benefits – actuarial (loss) / gain	Unrealized loss on remeasurement of equity investment	Total
	----- (Rupees in ‘000) -----						
Balance as at January 01, 2023	2,140,246	11,991,012	207,002	807,101	(543,266)	(5,000)	14,597,095
Profit after income tax	-	-	-	5,851,393	-	-	5,851,393
Other comprehensive income for the year - net of tax	-	-	-	185,243	173,382	-	358,625
Total comprehensive income for the year	-	-	-	6,036,636	173,382	-	6,210,018
Interim cash dividend for the period ended September 30, 2023 @ Rs. 5/- per share	-	-	-	(1,070,123)	-	-	(1,070,123)
Balance as at December 31 2023	2,140,246	11,991,012	207,002	5,773,614	(369,884)	(5,000)	19,736,990
Profit after income tax	-	-	-	3,297,349	-	-	3,297,349
Other comprehensive income/(loss) for the year - net of tax	-	-	-	294,515	(271,295)	-	23,220
Total comprehensive income/(loss) for the year	-	-	-	3,591,864	(271,295)	-	3,320,569
Balance as at December 31, 2024	2,140,246	11,991,012	207,002	9,365,478	(641,179)	(5,000)	23,057,559

The annexed notes from 1 to 47 form an integral part of these financial statements.



Zarrar Mahmud
Chief Financial Officer



Zubair Shaikh
Chief Executive



Imran R. Ibrahim
Director

Statement of Cash Flows

For the year ended December 31, 2024

		2024	2023
	Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	11,444,845	3,345,776
Finance costs paid		(1,552)	(23,168)
Interest portion of lease liabilities paid	32	(941,862)	(811,738)
Payment against pension and gratuity schemes	35.1.6	(49,067)	(40,680)
Income tax paid		(1,404,399)	(3,203,024)
Final taxes paid		(6,748)	-
Long-term loans		4,733	20,510
Long-term deposits and prepayments		100,892	(35,771)
Post-retirement medical benefits paid	35.2.3	(16,025)	(14,600)
Payments against long-term provisions	20	(448,012)	(149,612)
Net cash generated from/(used in) operating activities		8,682,805	(912,307)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure	4.7.1	(2,271,339)	(4,809,429)
Proceeds from disposal of operating assets	4.6	75,922	396,650
Investment made in open ended shariah compliant mutual funds		(5,493,253)	-
Dividend received from associate	7.1	2,080,000	421,362
Interest on saving accounts	31	1,299,615	1,080,393
Interest on treasury bills	31	86,527	-
Interest on term deposit receipts	31	734,849	484,458
Net cash used in investing activities		(3,487,679)	(2,426,566)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal portion of lease liabilities paid		(586,739)	(631,018)
Dividends paid		(1,290,187)	(278,983)
Net cash used in financing activities		(1,876,926)	(910,001)
Net increase/(decrease) in cash and cash equivalents		3,318,200	(4,248,874)
Cash and cash equivalents at the beginning of the year		6,552,223	10,801,097
Cash and cash equivalents at the end of the year	38.2	9,870,423	6,552,223

The annexed notes from 1 to 47 form an integral part of these financial statements.



Zarrar Mahmud
Chief Financial Officer



Zubair Shaikh
Chief Executive



Imran R. Ibrahim
Director

Notes to the Financial Statements

For the year ended December 31, 2024

1 THE COMPANY AND ITS OPERATIONS

1.1 Wafi Energy Pakistan Limited (formerly 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.

1.2 During the year, Shell Petroleum Company Limited sold its entire shareholding in the Company, comprising 165,700,304 shares and representing 77.42% of the issued share capital of the Company to Wafi Energy Holding Limited. Further, Wafi Energy Holding Limited purchased 22,165,837 shares representing 10.36% of the total issued share capital of the Company from the general public. Resultantly, the aggregate shareholding of Wafi Energy Holding Limited (Parent Company) in the Company stands at 87.78% with effect from October 31, 2024. Further, as disclosed in note 6, the Company continues to use Shell Group's trademarks purchased from Shell Brands International AG.

1.3 The Board of Directors, in their meeting held on October 31, 2024, considered and approved the change of name of the Company from Shell Pakistan Limited to Wafi Energy Pakistan Limited. The change in name was approved by the shareholders in the Extraordinary General Meeting held on November 28, 2024. Subsequently, the Securities and Exchange Commission of Pakistan issued a revised Certificate of Incorporation on the change of name of the Company on January 13, 2025.

1.4 The Company markets petroleum products. It also blends and markets various kinds of lubricating oils. The registered office of the Company is located at Shell House, 6, Ch. Khaliquzzaman Road, Karachi.

1.5 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. Further, the Company owns retail operation sites and sites operated through dealers across Pakistan, the details of these are 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 the following:

- 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 Functional and presentation currency

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

2.3 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 and investment in mutual funds which is carried at fair value through profit or loss.

2.4 Initial application of standards, amendments and improvements to the approved accounting and reporting standards

2.4.1 Amendments to the approved accounting standards and application guidance that became effective during the year

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

IAS 1 Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify what is meant by a right to defer settlement and that a right to defer settlement must exist at the end of the reporting period. The amendments further clarify that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. Also it has been clarified that an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Company's financial statements.

IAS 7 and IFRS 7 Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the Company's financial statements.

IFRS 16 Lease Liability in a Sale and Leaseback - Amendments to IFRS 16

The amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Company's financial statements.

IAS 12 International tax reform — Pillar Two model rules (amendments)

The amendments to IAS 12 have been introduced in response to the Organization for Economic Cooperation and Development's Base Erosion and Profit Shifting Pillar Two model rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply to annual reporting periods beginning on or after January 01, 2023, but not for any interim periods ending on or before December 31, 2023.

The amendments had no impact on the Company's financial statements.

IAS 12 Application Guidance issued by Institute of Chartered Accountants of Pakistan

On May 15, 2024, the Institute of Chartered Accountants of Pakistan (ICAP) issued a circular titled 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes.' Pursuant to the release of the circular, the Company has changed the presentation for minimum taxes and final taxes.

The change has been applied retrospectively, however, has not affected any component of equity for the prior period presented in these financial statements.

2.4.2 Standards, annual improvements and amendments to the approved accounting standards that are not yet effective

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

Standards / amendments		Effective date (annual periods beginning on or after)
IAS 21	Lack of exchangeability – Amendments to IAS 21	January 01, 2025
IFRS 17	Insurance Contracts	January 01, 2026
IFRS 7 / IFRS 9	Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	January 01, 2026
	Annual Improvements to IFRS Accounting Standards - Volume 11	January 01, 2026
IFRS 7 / IFRS 9	Power Purchase Agreements – Amendments to IFRS 9 and IFRS 7	January 01, 2026
IFRS 18	IFRS 18 - Presentation and Disclosure in Financial Statements	January 01, 2027
IFRS 19	IFRS 19 - Subsidiaries without Public Accountability: Disclosures	January 01, 2027
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalised

Further, the following standard has been issued by IASB which is yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB effective date (annual periods beginning on or after)
IFRS 1 First-time Adoption of International Financial Reporting Standards	July 01, 2009

The Company expects that above standards, annual improvements and amendments to the approved accounting standards will not have any material impact on the Company's financial statements in the period of initial application.

2.5 Significant accounting estimates, assumptions and judgements

The preparation of these financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and judgements 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 judgements 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:

- Determination of useful lives, method of depreciation/amortisation of property, plant and equipment, right-of-use assets and intangible assets (notes 3.1, 3.2, 3.3, 4.1, 5 and 6);
- Impairment against financial and non-financial assets (notes 3.4, 4.7.3, 4.8, 12.4 and 15.7);
- Review of net realizable value of stock-in-trade for diminution in the carrying values and review of stock-in-trade for obsolescence (notes 3.8 and 11.5);
- Provision of asset retirement obligation (notes 3.11.1 and 19);
- Estimates of receivables and payables in respect of retirement benefits (notes 3.10.1 and 35);
- Provision for current and deferred taxation (notes 3.7, 10 and 33);
- Determination of contingent liabilities (notes 3.15 and 25.1);
- Determining the lease term of contracts with renewal and termination options (notes 3.12, 5 and 21);
- Leases - Estimating the incremental borrowing rate (notes 3.12, 5 and 21); and
- Provision for soil and ground water remediation (notes 3.11.2 and 20).

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material 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 over the assets' estimated useful life at rates given in note 4.1 to these financial statements. The useful lives 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 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.

When the carrying amount of an asset exceeds its recoverable amount, it is immediately written down to its estimated recoverable amount.

3.2 Intangible assets

These are carried at cost less accumulated amortisation and accumulated impairment loss, if any.

Amortization is charged to statement of profit or loss and other comprehensive income on a straight line basis over its economic useful life at the rate given in note 6 to these financial statements. 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 is recognised in the statement of profit or loss and other comprehensive income in the period of disposal.

3.3 Right-of-use assets

The Company recognises a right-of-use asset at the commencement date of the lease. Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

3.4 Impairment

3.4.1 Impairment of financial assets

The Company recognises an allowance for Expected Credit Losses (ECL) for all debt instruments not held at fair value through profit or loss.

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 customers 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 (i.e., gross domestic product and consumer price index) specific to the debtors and the economic environment. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historically observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The 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 180 days past due, unless there are factors that might indicate otherwise. 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. 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

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

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 the associate reduce the carrying amount of the investment.

3.6 Financial instruments

3.6.1 Financial assets

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).

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

Company's financial assets include investments in open ended shariah compliant mutual funds which are carried at FVPL as the conditions related to business model and contractual terms for measurement at amortized cost and FVOCI are not met.

Financial assets at amortized cost are subsequently measured using the Effective Interest Rate (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.

A financial asset is primarily derecognised when the right to receive cash flows from the asset has expired.

3.6.2 Financial liabilities

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.

Gains or losses on financial liabilities are recognised in the statement of profit or loss and other comprehensive income when the liability is derecognised or modified.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

3.7 Taxation

3.7.1 Final taxes

Taxes imposed on incomes subject to Final Tax Regime in accordance with Income Tax Ordinance, 2001, are classified as final taxes representing levy in terms of requirements of IFRIC 21/IAS 37. The charge for final taxes also includes charge for super tax imposed by the incumbent government.

3.7.2 Current

Provision for current taxation is based on taxable income at the applicable tax rates after taking into account tax credits available, if any, on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. The charge for income tax includes adjustments to charge for prior year and super tax imposed by the incumbent government.

3.7.3 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 income or expense is charged in the statement of profit or loss and other comprehensive income.

3.8 Stock-in-trade

These are valued at lower of cost, calculated on first-in first-out basis, and net realizable value except for stock-in-transit.

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

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.

3.9 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise of accounts held with banks and short term investments having maturity of less than three months that are subject to an insignificant risk of changes in value.

3.10 Retirement and other service benefits

The schemes mentioned below 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:

3.10.1 Defined benefit plans

- Approved funded gratuity and pension schemes

The Company operates separate approved funded gratuity schemes and approved funded pension schemes for management and unionized staff. Contributions are made to these schemes on the basis of actuarial recommendations.

- 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 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. The Company recognises service costs and net interest expense or income in the statement of profit or loss and other comprehensive income.

3.10.2 Defined contribution plans

- 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.

- 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.

3.11 Provisions

- 3.11.1** 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 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.

3.11.2 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.

3.12 Leases

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. In calculating the present value of lease payments at the lease commencement date the Company uses its Incremental Borrowing Rate (IBR). 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. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

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 applies judgement in evaluating whether it is reasonably certain whether or not to exercise the extension, renewal or termination option in a lease contract. 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. The gain or loss on termination of a lease is recognised as an income or expense in the statement of profit or loss and other comprehensive income at the time of termination.

3.13 Unclaimed dividend

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

3.14 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.

3.15 Contingent liabilities

The Company discloses a contingent liability 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.

3.16 Revenue recognition

The Company recognises revenue for supply of petroleum products at a point in time when the control of the products 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 credit limits in contract with customers ranges from 2 to 90 days.

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 the Company transfers control of related goods to the customer.

Other revenue and other income are 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.

3.17 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 exchange rates which approximate those prevailing at the reporting date. Exchange differences are recognised in the statement of profit or loss and other comprehensive income.

3.18 Interest in joint operations

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.

Currently, the Company has only one joint operation. 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 24.6% 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.

	Note	2024	2023
		(Rupees in '000)	
4 PROPERTY, PLANT AND EQUIPMENT			
Operating assets		20,119,133	18,553,441
Provision for impairment against operating assets	4.8	(176,474)	(250,145)
	4.1	19,942,659	18,303,296
Capital work-in-progress		3,163,790	4,840,150
Provision for impairment against capital work-in-progress	4.7.3	(39,917)	-
	4.7	3,123,873	4,840,150
		23,066,532	23,143,446

4.1 Operating assets

	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 firefighting equipments	Furniture, office equipment and other assets	Computer auxiliaries	Main frame	Total
Note -----(Rupees in '000)-----															
As at January 01, 2024															
Cost	94,691	618,751	205,346	5,882,006	7,126,532	3,783,392	235,079	85,319	2,532,682	770,282	5,161,196	5,117,582	919,637	7	32,532,502
Less: Accumulated depreciation and impairment	-	235,711	88,954	2,748,412	2,191,806	1,162,135	44,927	26,690	1,063,030	316,566	2,492,570	2,991,715	866,683	7	14,229,206
Net book value	94,691	383,040	116,392	3,133,594	4,934,726	2,621,257	190,152	58,629	1,469,652	453,716	2,668,626	2,125,867	52,954	-	18,303,296
Year ended December 31, 2024															
Opening net book value	94,691	383,040	116,392	3,133,594	4,934,726	2,621,257	190,152	58,629	1,469,652	453,716	2,668,626	2,125,867	52,954	-	18,303,296
Additions / estimate revision of asset retirement obligation	-	-	-	871,259	658,014	247,634	142,403	34,780	269,646	204,602	519,114	699,275	263,503	-	3,910,230
Less: Disposals / write-offs															
Cost	-	-	-	56,008	20,664	9,258	-	-	39,385	51,226	88,284	25,623	2,450	-	292,898
Accumulated depreciation	-	-	-	(44,292)	(12,113)	(4,557)	-	-	(25,703)	(48,107)	(76,047)	(19,923)	(1,295)	-	(232,037)
	4.6	-	-	11,716	8,551	4,701	-	-	13,682	3,119	12,237	5,700	1,155	-	60,861
Less: Depreciation charge for the year	4.2	-	23,999	3,328	249,418	355,562	20,648	7,825	163,659	123,389	295,126	494,208	286,977	-	2,283,677
Add: Impairment reversal for the year	4.8	-	-	3,095	46,263	-	-	1,702	799	-	16,191	5,621	-	-	73,671
Closing net book value		94,691	359,041	113,064	3,746,814	5,274,890	2,604,652	311,907	87,286	1,562,756	531,810	2,896,568	2,330,855	28,325	19,942,659
As at December 31, 2024															
Cost	94,691	618,751	205,346	6,697,257	7,763,882	4,021,768	377,482	120,099	2,762,943	923,658	5,592,026	5,791,234	1,180,690	7	36,149,834
Less: Accumulated depreciation and impairment	-	259,710	92,282	2,950,443	2,488,992	1,417,116	65,575	32,813	1,200,187	391,848	2,695,458	3,460,379	1,152,365	7	16,207,175
Net book value	94,691	359,041	113,064	3,746,814	5,274,890	2,604,652	311,907	87,286	1,562,756	531,810	2,896,568	2,330,855	28,325	-	19,942,659
As at January 01, 2023															
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
Year ended December 31, 2023															
Opening 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
Additions/estimate revision of asset retirement obligation	-	-	667	932,349	1,072,596	892,611	101,945	13,225	183,363	355,652	459,946	523,190	101,687	-	4,637,231
Less: Disposals/write-offs															
Cost	-	-	2,988	204,224	78,830	208,613	3,229	5,473	214,052	189,894	659,468	250,973	80,451	-	1,898,195
Accumulated depreciation	-	-	(2,988)	(163,481)	(62,958)	(85,491)	(2,916)	(1,964)	(119,525)	(183,707)	(552,858)	(166,519)	(80,011)	-	(1,422,418)
	4.6	-	-	40,743	15,872	123,122	313	3,509	94,527	6,187	106,610	84,454	440	-	475,777
Less: Depreciation charge for the year	4.2	-	25,126	3,323	204,340	393,162	12,320	6,034	152,986	62,049	250,015	431,491	172,278	-	1,937,289
Add: Impairment reversal for the year	4.8	-	-	9,068	75,275	-	-	2,039	369	-	12,699	6,130	-	-	105,580
Closing net book value		94,691	383,040	116,392	3,133,594	4,934,726	2,621,257	190,152	58,629	1,469,652	453,716	2,668,626	2,125,867	52,954	18,303,296
As at December 31, 2023															
Cost	94,691	618,751	205,346	5,882,006	7,126,532	3,783,392	235,079	85,319	2,532,682	770,282	5,161,196	5,117,582	919,637	7	32,532,502
Less: Accumulated depreciation and impairment	-	235,711	88,954	2,748,412	2,191,806	1,162,135	44,927	26,690	1,063,030	316,566	2,492,570	2,991,715	866,683	7	14,229,206
Net book value	94,691	383,040	116,392	3,133,594	4,934,726	2,621,257	190,152	58,629	1,469,652	453,716	2,668,626	2,125,867	52,954	-	18,303,296
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 Depreciation charge for the year on operating assets has been allocated as follows:

		2024	2023
	Note	(Rupees in '000)	
Cost of products sold	27.1	205,208	158,098
Distribution and marketing expenses	28	1,933,202	1,654,841
Administrative expenses	29	145,267	124,350
		2,283,677	1,937,289

4.3 Included in operating assets are assets having a cost of Rs. 19,560,012 thousand (2023: Rs. 17,128,489 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.

4.4 Included in operating assets are assets having net book value of Rs. 438,134 thousand (2023: Rs. 432,746 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 used in Company's operations, however, are not in the possession of the Company aggregating to Rs. 438,134 thousand (2023: Rs. 432,746 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.

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

Location	Address	Unit of measurement	Total area
Oil depot/terminal /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 Sheikhpura Sargodha Road, Village Dhantpura, Sheikhpura	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
Taru jabba Oil Depot	Shell Oil Depot, GT Road, Peshawar	Sq. yards	53,240
Lube Oil Blending Plant	Plot No. 22, Oil Installation area, Keamari	Sq. yards	100,118
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

Location	Address	Unit of measurement	Total area
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
Service stations			
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/FT4 Frere Town Quarters, Mary Road, Karachi	Sq. yards	5,066

In view of large number of 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.

4.6 The details of operating assets disposed during the year having net book value of more than Rs. 500 thousand are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Loss/ (gain)	Mode of disposal	Particulars of buyer	Relationship
(Rupees '000)								
Buildings on leasehold land	1,776	259	1,517	3,180	(1,663)	Negotiation	Amir Sanitary Engineering Works	Third party
	3,100	2,406	694	2,310	(1,616)	Negotiation	Amir Sanitary Engineering Works	Third party
	4,876	2,665	2,211	5,490	(3,279)			
Rolling stock and vehicles	2,254	1,400	854	3,730	(2,876)	Negotiation	RK Traders	Third party
	2,254	1,400	854	3,800	(2,946)	Negotiation	RK Traders	Third party
	4,508	2,800	1,708	7,530	(5,822)			
Items written-off and disposals having book value of less than Rs. 500,000/-	283,514	226,572	56,942	62,902	(5,960)			
December 31, 2024	292,898	232,037	60,861	75,922	(15,061)			
December 31, 2023	1,898,195	1,422,418	475,777	396,650	79,127			

		2024	2023
		(Rupees in '000)	
4.7	Capital work-in-progress	Note	
	Buildings on leasehold land	1,664,635	2,265,572
	Tanks and pipelines	947,123	1,578,700
	Plant and machinery	351,626	524,288
	Rolling stock and vehicles	-	168
	Electrical, mechanical and fire-fighting equipments	144,602	355,211
	Furniture, office equipment and other assets	15,887	116,211
	4.7.1/4.7.2	<u>3,123,873</u>	<u>4,840,150</u>
4.7.1	Movement in capital work-in-progress during the year is as follows:		
	Balance at beginning of the year	4,840,150	4,605,750
	Additions during the year		
	Buildings on freehold land	-	667
	Buildings on leasehold land	310,239	1,308,028
	Tanks and pipelines	63,906	1,357,939
	Plant and machinery	74,972	677,148
	Air conditioning plant	142,403	57,883
	Lifts	34,780	13,225
	Dispensing pumps	269,646	183,363
	Rolling stock and vehicles	204,434	306,763
	Electrical, mechanical and fire-fighting equipments	308,505	316,464
	Furniture, office equipment and other assets	598,951	486,262
	Computer auxiliaries	263,503	101,687
		<u>2,271,339</u>	<u>4,809,429</u>
	Transferred to operating assets		
	Buildings on freehold land	-	(667)
	Buildings on leasehold land	(871,259)	(932,349)
	Tanks and pipelines	(695,483)	(1,010,394)
	Plant and machinery	(247,634)	(892,611)
	Air conditioning plant	(142,403)	(101,945)
	Lifts	(34,780)	(13,225)
	Dispensing pumps	(269,646)	(183,363)
	Rolling stock and vehicles	(204,602)	(355,652)
	Electrical, mechanical and fire-fighting equipments	(519,114)	(459,946)
	Furniture, office equipment and other assets	(699,275)	(523,190)
	Computer auxiliaries	(263,503)	(101,687)
		<u>(3,947,699)</u>	<u>(4,575,029)</u>
	Provision for impairment - Buildings on leasehold land	4.7.3	(39,917)
	Balance at the end of the year	<u>3,123,873</u>	<u>4,840,150</u>
4.7.2	Includes capital work-in-progress amounting to Rs. 275 thousand (2023: Rs. 30,865 thousand) in respect of Company's share in joint operations.		
		2024	2023
		(Rupees in '000)	
4.7.3	Provision for impairment against capital work-in-progress		
	Balance at beginning of the year	-	-
	Provision made during the year	4.7.4/30	39,917
	Balance at end of the year	<u>39,917</u>	<u>-</u>
4.7.4	Represents provision made in respect of discontinued capital work-in-progress projects.		
4.8	Provision for impairment against operating assets		
	During the year, the Company in accordance with its accounting policy, reassessed the adequacy of provision for impairment against operating assets and recorded a net reversal of Rs. 73,671 thousand (2023: Rs. 105,580 thousand).		

		2024	2023
	Note	(Rupees in '000)	
Balance at beginning of the year		250,145	355,725
Provision made during the year	4.8.1	21,800	127,721
Reversals during the year	4.8.2	(95,471)	(233,301)
	31	(73,671)	(105,580)
Balance at end of the year		176,474	250,145

4.8.1 Represents provision made in respect of assets installed at certain retail sites which have been disposed.

4.8.2 Represents reversals due to disposal of Company's Compressed Natural Gas and aviation assets.

		2024	2023
	Note	(Rupees in '000)	
5	RIGHT-OF-USE ASSETS		
Balance at beginning of the year			
Cost		7,752,995	7,449,470
Accumulated depreciation		(1,056,214)	(996,077)
Net book value		6,696,781	6,453,393
Year ended December 31			
Opening net book value		6,696,781	6,453,393
Additions during the year		1,026,485	1,308,794
Terminations during the year	5.1	(124,969)	(128,467)
Depreciation charge for the year	5.2	(858,919)	(936,939)
Closing net book value		6,739,378	6,696,781
Balance at the end of the year			
Cost		8,338,964	7,752,995
Accumulated depreciation		(1,599,586)	(1,056,214)
Net book value		6,739,378	6,696,781

5.1 The cost of right-of-use assets against leases terminated amounted to Rs. 440,516 thousand (2023: Rs. 1,005,591 thousand).

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

		2024	2023
	Note	(Rupees in '000)	
Cost of products sold	27.1	20,045	24,054
Distribution and marketing expenses	28	833,696	907,250
Administrative expenses	29	5,178	5,635
		858,919	936,939

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.

INTANGIBLE ASSETS

INTANGIBLE ASSETS				
		Computer Software	Trademarks	Total
	Note	(Rupees in '000)		
As at January 01, 2024				
Cost		1,928,331	-	1,928,331
Accumulated amortisation		(1,928,331)	-	(1,928,331)
Net book value		-	-	-
Year ended December 31, 2024				
Opening net book value		-	-	-
Additions	6.1/6.2	1,378,823	2,360,869	3,739,692
Amortisation charge for the year	29	(45,961)	(78,696)	(124,657)
Closing net book value		1,332,862	2,282,173	3,615,035
As at December 31, 2024				
Cost		3,307,154	2,360,869	5,668,023
Accumulated amortisation		(1,974,292)	(78,696)	(2,052,988)
Net book value		1,332,862	2,282,173	3,615,035
		Computer Software	Trademarks	Total
		(Rupees in '000)		
As at January 01, 2023				
Cost		1,928,331	-	1,928,331
Accumulated amortisation		(1,926,230)	-	(1,926,230)
Net book value		2,101	-	2,101
Year ended December 31, 2023				
Opening net book value		2,101	-	2,101
Additions		-	-	-
Amortisation charge for the year	29	(2,101)	-	(2,101)
Closing net book value		-	-	-
As at December 31, 2023				
Cost		1,928,331	-	1,928,331
Accumulated amortisation		(1,928,331)	-	(1,928,331)
Net book value		-	-	-
Amortisation rate per annum (%)		20	20	

- 6.1** During the year, pursuant to the change in ownership, the Company entered into an agreement with Shell Petroleum Company Limited for development of information technology infrastructure and transition from Shell Group's owned or contracted tools to independent, standalone and localized applications and systems. The related asset is in use of the Company as at the reporting date.
- 6.2** Represents Company's right to reproduce, use and display Trademarks purchased from Shell Brands International AG through an agreement with an effective date of November 01, 2024. Trademarks are being treated as an intangible asset.

			2024 -----(% Holding)-----	2023	2024 ----- (Rupees in '000) -----	2023
7	LONG-TERM INVESTMENTS					
	Investment in associate – unquoted					
	- Pak-Arab Pipeline Company Limited (PAPCO) 18,720,000 (2023: 18,720,000) ordinary shares of Rs. 100/- each	7.1/7.3	26	26	5,975,703	5,680,940
	At fair value through other comprehensive income – unquoted (not held for trading)					
	- Arabian Sea Country Club Limited 500,000 (2023: 500,000) ordinary shares of Rs. 10/- each		5	5	5,000	5,000
	Unrealized loss on remeasurement of equity investment classified at fair value through other comprehensive income				(5,000)	(5,000)
					-	-
					<u>5,975,703</u>	<u>5,680,940</u>
7.1	Movement of investment in associate					
	Balance at beginning of the year				5,680,940	5,198,192
	Share of profit before taxation				3,369,909	1,379,024
	Share of taxation				(1,289,661)	(660,157)
					<u>2,080,248</u>	<u>718,867</u>
	Share of other comprehensive income before taxation				482,811	303,677
	Share of taxation				(188,296)	(118,434)
					<u>294,515</u>	<u>185,243</u>
	Dividend received				(2,080,000)	(421,362)
	Balance at end of the year				<u>5,975,703</u>	<u>5,680,940</u>

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

		2024 ----- (Rupees in '000) -----	2023
7.2	Financial details/position of associate		
	Non-current assets	<u>24,143,734</u>	<u>26,519,416</u>
	Current assets	<u>18,469,834</u>	<u>15,303,888</u>
	Non-current liabilities	<u>5,611,294</u>	<u>6,905,875</u>
	Current liabilities	<u>14,018,802</u>	<u>13,067,659</u>
	Revenue	<u>12,667,419</u>	<u>11,108,375</u>
	Gross profit	<u>7,032,918</u>	<u>5,184,253</u>
	Profit after income tax	<u>8,000,952</u>	<u>2,764,874</u>
	Other comprehensive income	<u>1,132,750</u>	<u>712,472</u>
	Total comprehensive income	<u>9,133,702</u>	<u>3,477,346</u>

The financial year end for PAPCO is June 30. Assets and liabilities disclosed above are based on un-audited condensed interim financial statements for the half year ended December 31, 2024 and December 31, 2023, whereas revenue, profits and total comprehensive income disclosed above are based on audited financial statements for the years ended June 30, 2024 and June 30, 2023 and un-audited financial statements for the half years ended December 31, 2024, December 31, 2023 and December 31, 2022.

Share of contingent liabilities based on the latest un-audited condensed interim financial statements of PAPCO as at December 31, 2024 amounts to Rs. 67,724 thousand (2023: Rs. 4,281 thousand).

			2024	2023
	Note		(Rupees in '000)	
7.3	Reconciliation of carrying amount			
Net assets	7.2		22,983,472	21,849,770
Company's holding in %	7		26%	26%
Company's share of investment in associate			5,975,703	5,680,940
7.4	The principal place of business of all the investees is Karachi.			
8	LONG-TERM LOANS - considered good, secured			
Due from:				
- Executive director	8.1		-	3,450
- Executives	8.2		90,672	95,087
	8.3/8.4		90,672	98,537
Less: Receivable within one year				
- Executive director			-	1,800
- Executives			64,752	66,084
	13		64,752	67,884
			25,920	30,653

- 8.1** The loan to executive director has been given 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. 9,322 thousand (2023: Rs. 3,450 thousand). The reconciliation of the carrying amount of loans to executive directors is as follows:

	2024	2023
	(Rupees in '000)	
Balance at beginning of the year	3,450	1,489
Disbursements	7,627	3,600
Repayments	(11,077)	(1,639)
Balance at end of the year	-	3,450

- 8.2** The maximum aggregate amount due from executives at the end of any month during the year was Rs. 93,477 thousand (2023: Rs. 102,149 thousand). The reconciliation of the carrying amount of loans to executives:

	2024	2023
	(Rupees in '000)	
Balance at beginning of the year	95,087	95,208
Disbursements	102,392	95,930
Repayments	(106,807)	(96,051)
Balance at end of the year	90,672	95,087

- 8.3** Represents interest-free loans for purchase of motorcycle and emergency/general purpose loans 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.

	2024	2023
	(Rupees in '000)	
9	LONG-TERM DEPOSITS AND PREPAYMENTS	
Deposits	99,579	108,220
Prepayments	55,400	147,651
	154,979	255,871

			2024	2023
	Note		(Rupees in '000)	
10		DEFERRED TAXATION - NET		
		Taxable temporary difference arising in respect of:		
		- accelerated tax depreciation	(2,487,978)	(2,280,236)
		- investment in associate	(1,025,926)	(952,235)
		- intangibles	(133)	-
			(3,514,037)	(3,232,471)
		Deductible temporary difference arising in respect of:		
		- provisions	2,993,039	3,538,627
		- staff retirement benefits	87,886	83,144
		- Long-term payables	10,557	-
		- lease liabilities - net	261,711	169,365
			3,353,193	3,791,136
	10.1		(160,844)	558,665
10.1	Includes deferred tax expense of Rs. 2,168 thousand (2023: deferred tax income of Rs. 8,576 thousand) routed through other comprehensive income relating to actuarial (loss)/gain on staff retirement benefits. All other movements for deferred tax expense/income have been routed through profit or loss.			
10.2	Deferred tax asset is recognised for tax losses, tax credits and depreciation available for carrying forward to the extent of the realization of the related tax benefit through future probable taxable profits, based on the projections. As of the date of statement of financial position, deferred tax asset amounting to Rs. 1,044,881 thousand (2023: Rs. 3,841,451 thousand) in respect of minimum tax credits has not been recognised in these financial statements.			
	The minimum tax credits would expire in the following accounting years:			
			2024	2023
			(Rupees in '000)	
		- 2024	-	288,781
		- 2025	557,624	2,230,974
		- 2026	487,257	1,321,696
			1,044,881	3,841,451
11		STOCK-IN-TRADE		
		Raw and packing materials		
		- in hand	5,722,023	4,894,287
		- in transit	730,505	1,443,837
			6,452,528	6,338,124
	11.5	Provision for obsolete and slow moving stock	(13,483)	(52,891)
	27		6,439,045	6,285,233
		Finished products		
		- in hand and in pipeline system	35,292,031	35,322,306
	11.3	- in White Oil Pipeline	4,186,631	6,452,723
	11.1/11.2		39,478,662	41,775,029
	11.5	Provision for obsolete and slow moving stock	(293,314)	(8,776)
	27		39,185,348	41,766,253
			45,624,393	48,051,486
11.1	Includes items costing Rs. 8,023 thousand (2023: Rs. 4,262,897 thousand) which have been valued at their net realizable value of Rs. 5,527 thousand (2023: Rs. 3,276,138 thousand).			
11.2	Includes bonded stock amounting to Rs. 15,454,719 thousand (2023: Rs. 24,304,453 thousand).			
11.3	Includes high speed diesel and motor gasoline which have been maintained as line fill necessary for the pipeline to operate.			

			2024	2023
		Note	(Rupees in '000)	
11.4	Details of petroleum products and lubricants held with third parties is as follows:			
	Petroleum products			
	- PAPCO - an associate		4,186,631	6,452,723
	- Pak-Arab Refinery Company Limited		2,363,109	4,082,671
	- Karachi Hydrocarbon Terminal Limited		1,786,088	1,847,822
	- Fauji Trans Terminal Limited		17,722	3,404,737
	- Al-Noor Terminal Private Limited		2,792,534	-
			11,146,084	15,787,953
	Lubricants			
	- DSV Solutions Private Limited		391,176	392,914
	- Raaziq International Private Limited		319,186	351,277
	- Union Chemical Industries Private Limited		254	488
	- Target Lubricants		9	9
	- Mehran Logistics Center		-	9
			710,625	744,697
			11,856,709	16,532,650
11.5	Provision for obsolete and slow moving stock is as follows:			
	Balance at beginning of the year		61,667	434,929
	Provision made during the year		306,797	61,667
	Reversals during the year		(61,667)	(434,929)
			245,130	(373,262)
	Balance at end of the year		306,797	61,667
12	TRADE DEBTS			
	Considered good			
	- Secured	12.1	754,769	683,665
	- Unsecured	12.2	6,979,437	5,808,014
			7,734,206	6,491,679
	Considered doubtful		478,724	531,095
			8,212,930	7,022,774
	Allowance for expected credit losses	12.4/12.5	(478,724)	(531,095)
			7,734,206	6,491,679
12.1	These debts are secured by way of bank guarantees and security deposits.			
12.2	Includes due from the following associated companies:			

			2024	2023
		Note	(Rupees in '000)	
Vellani & Vellani			1,658	2,013
Novartis Pharma (Pakistan) Limited			327	276
The Aga Khan Hospital and Medical College Foundation			-	3,480
Unilever Pakistan Limited			3,742	1,503
		12.3	5,727	7,272

12.3 These are neither past due nor impaired. The maximum aggregate amount outstanding with reference to month end balances is as follows:

		2024	2023
	Note	------(Rupees in '000)-----	
Vellani & Vellani		2,040	2,293
Novartis Pharma (Pakistan) Limited		611	529
The Aga Khan Hospital and Medical College Foundation		2,859	46,851
Unilever Pakistan Limited		3,742	16,928
12.4 Allowance for expected credit losses:			
Balance at beginning of the year		531,095	487,657
Allowance for the year		18,786	90,136
Reversals during the year		(55,865)	(30,933)
	31/30	(37,079)	59,203
Write-offs during the year		(15,292)	(15,765)
Balance at end of the year		478,724	531,095

12.5 As at December 31, 2024, trade debts of Rs. 478,724 thousand (2023: Rs. 531,095 thousand) were impaired and provided for. The ageing of these trade debts is as follows:

	2024	2023
	------(Rupees in '000)-----	
Not yet due	10,455	20,282
Up to 90 days	15,427	2,611
91 to 180 days	16,413	459
More than 180 days	436,429	507,743
	478,724	531,095

12.6 As at December 31, 2024, trade debts aggregating to Rs. 728,995 thousand (2023: Rs. 1,032,523 thousand) were past due but not impaired. The ageing analysis of such trade debts is as follows:

	2024	2023
	------(Rupees in '000)-----	
Up to 90 days	645,213	702,911
91 to 180 days	57,290	123,422
More than 180 days	26,492	206,190
	728,995	1,032,523

13 LOANS AND ADVANCES - considered good, secured

Current portion of long-term loans	8	64,752	67,884
Advances to employees	13.1	11,765	8,952
		76,517	76,836

13.1 Represents advances given to employees against business expenses.

		2024	2023	
Note		(Rupees in '000)		
14	SHORT-TERM DEPOSITS AND PREPAYMENTS			
	Deposits	108,632	521,600	
	Prepayments - insurance	68,551	52,299	
		177,183	573,899	
15	OTHER RECEIVABLES			
	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	343,584
	- on imported motor gasoline	15.4	195,925	1,961,211
	Customs duty receivable	15.5	44,413	44,413
	Sales tax refundable		725,099	1,689,029
	Inland freight equalization margin		-	60,365
	Receivable from Shell Group companies		1,118,053	2,990,515
	Service cost receivable from PAPCO - an associate		8,948	30,707
	Workers' profits participation fund		-	81,385
	Staff retirement benefit schemes	35.1.13	-	130,743
	Receivable from Oil Marketing Companies		13,910	45,483
	Taxes recoverable	15.6	2,289,345	1,297,979
	Margin held against letter of credit		578	375
	Receivable from dealers		922,732	520,306
	Others		318,097	476,300
			7,656,446	11,348,157
	Provision for impairment	15.7	(2,363,003)	(4,266,969)
			5,293,443	7,081,188
15.1	Includes petroleum development levy amounting to Rs. 1,369,560 thousand (2023: 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 will be recovered 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.			

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.

During the year, the Company has recovered an amount, of Rs. 1,765,286 thousand, hence, the provision against the said balance was reversed. For the remaining amount the Company along with other OMCs and Oil Companies Advisory Council (OCAC) is following up the aforementioned matters (notes 15.1 to 15.4) with MoPNR and is confident for recovery of 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 Includes amounts in respect of the following tax matters:

15.6.1 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 was primarily related 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 Commissioner Inland Revenue (Appeals) [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.

15.6.2 The Company paid an amount of Rs. 161,672 thousand under section 137(2) along with an appeal filed before CIR (A) against a demand order received from tax authorities in respect of tax year 2018 amounting to Rs. 859,524 thousand wherein the Additional Commissioner Inland Revenue (ACIR) 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.

In 2023, CIR (A) vide order dated January 23, 2023, maintained the disallowance of unrealized exchange gain/loss against which the Company has filed an appeal before ATIR. The issue of ageing for creditors and accruals was remanded back while rest of the matters were decided in favour of the Company. The DCIR issued appeal effect dated October 5, 2023 which did not allow relief on realized exchange loss. Upon filing rectification application by the Company, a revised order dated December 28, 2023, had been received thereby reducing the demand to nil.

During the year, the Company had filed the application for rectification against the rectified order for the adjustment of the minimum tax brought forward from tax year 2014 along with main appeal filed before ATIR. The ATIR vide order dated September 18, 2024, directed the concerned officer to make necessary correction as per law.

15.6.3 The Company paid an amount of Rs. 484,469 thousand in relation to a demand order received from the ACIR in respect of tax year 2021. 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).

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 filed an appeal with ATIR against the issues maintained by CIR (A).

ACIR issued order dated June 19, 2023, giving appeal effect to the aforementioned appellate order of CIR (A).

- 15.6.4** The Company paid an amount of Rs. 365,667 thousand in relation to a demand order received from the ACIR dated August 16, 2023, for tax year 2022 through which disallowances were made in respect of depreciation on assets at dealer operated sites, tax loss on write-offs of assets, ageing for creditors and accrued liabilities, unrealized exchange loss and fee for technical service among other disallowances collectively amounting to Rs. 4,942,780 thousand. In addition, super tax was levied at 10% which is already contested in the Supreme Court. The order raised a cumulative demand of Rs. 1,077,099 thousand. The Company filed an appeal before CIR (A).

The CIR (A) through its order dated September 15, 2023, decided the matters of depreciation on assets at dealer operated sites, tax loss on write-offs of assets and fee for technical services in favour of the Company while maintaining or remanding back other issues to the tax department. Appeal effect order dated September 26, 2023, reduced the outstanding demand to Rs. 555,392 thousand out of which Rs. 505,479 thousand has been stayed on account of super tax as per the judgement of the Supreme Court of Pakistan whereas, the remaining has been paid.

In respect of matters maintained or remanded back by CIR (A), the Company has filed an appeal before ATIR.

			2024	2023
	Note		(Rupees in '000)	
15.7		Provision for impairment		
		Balance at beginning of the year	4,266,969	2,155,189
	30	Provision made during the year	-	2,111,780
	31	Reversal made during the year	(1,765,286)	-
			(1,765,286)	2,111,780
		Write-offs during the year	(138,680)	-
		Balance at end of the year	2,363,003	4,266,969
16		SHORT-TERM INVESTMENTS		
		Amortised cost:		
	16.1	- Treasury bills	5,112,524	-
	16.2	- Term deposit receipts	62,519	-
			5,175,043	-
		Fair value through profit or loss:		
	16.3	- Open ended shariah compliant mutual funds	5,520,241	-
			10,695,284	-

- 16.1** Represents investment made in treasury bills carrying an effective interest rate of 13.00% (2023: Nil) per annum and having maturity by January 06, 2025.

- 16.2** This carries interest at the rate of 9.9% (2023: Nil) per annum and having a maturity by March 12, 2025.

- 16.3** Represents investment of 110,405 thousand units (2023: Nil) in open ended shariah compliant mutual funds.

			2024	2023
	Note		(Rupees in '000)	
17		BANK BALANCES		
		Current accounts	1,009,000	2,502,209
	17.1	Saving accounts	3,686,380	4,050,014
	17.2		4,695,380	6,552,223

- 17.1** These carry interest at the rate of 13.50% (2023: 20.50%) per annum.

- 17.2** Includes balances held in current and saving accounts with Standard Chartered Bank Pakistan Limited - a related party amounting to Rs. 950,085 thousand and Rs. 393,703 thousand (2023: Rs. 1,645,482 thousand and Rs. 500,000 thousand) respectively.

18 SHARE CAPITAL

Authorized share capital

2024	2023		2024	2023
(Number of shares)		Ordinary shares of Rs. 10/- each	(Rupees in '000)	
<u>300,000,000</u>	<u>300,000,000</u>		<u>3,000,000</u>	<u>3,000,000</u>

Issued, subscribed and paid-up share capital

2024	2023		2024	2023
(Number of shares)		Ordinary shares of Rs. 10/- each	(Rupees in '000)	
<u>130,493,331</u>	<u>130,493,331</u>	Fully paid in cash	<u>1,304,933</u>	<u>1,304,933</u>
<u>83,531,331</u>	<u>83,531,331</u>	Issued as bonus shares	<u>835,313</u>	<u>835,313</u>
<u>214,024,662</u>	<u>214,024,662</u>		<u>2,140,246</u>	<u>2,140,246</u>

- 18.1** The Parent Company held 187,866,141 ordinary shares of Rs. 10/- each constituting 87.78% (2023: Shell Petroleum Company Limited held 165,700,304 ordinary shares of Rs. 10/- each constituting 77.42%) of issued share capital of the Company, as at the reporting date.
- 18.2** Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding.
- 18.3** Subsequent to the year end, the Board of Directors in its meeting held on February 20, 2025 has proposed a final dividend of Rs. 05/- per share (2023: Nil) for the approval of the members at the Annual General Meeting to be held on April 29, 2025. The financial statements for the year ended December 31, 2024 do not include the effect of the proposed final dividend which will be accounted for in the financial statements for the year ending December 31, 2025.

19 ASSET RETIREMENT OBLIGATION

	Note	2024	2023
		(Rupees in '000)	
Balance at beginning of the year		407,187	321,113
Reversal of liability	31	(45,609)	-
Estimates adjustment	19. /19.3	(140,278)	62,202
Accretion expense	19.4/32	33,979	23,872
		(106,299)	86,074
Balance at end of the year		<u>255,279</u>	<u>407,187</u>
Current portion of asset retirement obligation		<u>6,035</u>	<u>45,361</u>
Long-term asset retirement obligation		<u>249,244</u>	<u>361,826</u>

- 19.1** 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.
- 19.2** Includes amount of Rs. 102,809 thousand (2023: Nil) recognised in statement of profit or loss and other comprehensive income.
- 19.3** Represents the effect of adjustments in discount rate, inflation rates and the future outflow of resources required to settle the asset retirement obligation.
- 19.4** Represents unwinding of the discount which is recognised in the statement of profit or loss and other comprehensive income.

			2024	2023
			(Rupees in '000)	
20	LONG-TERM PROVISIONS	Note		
	Balance at beginning of the year		3,523,742	3,160,245
	Estimates adjustment	20.2/30	868,270	513,109
	Payments made during the year		(448,012)	(149,612)
	Balance at end of the year		3,944,000	3,523,742
	Current portion of long-term provisions		204,496	733,171
	Long-term provisions		3,739,504	2,790,571
20.1	In 2022, the Company initiated the process of Soil and Ground Water (SGW) remediation in accordance with its 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.			
20.2	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.			
			2024	2023
			(Rupees in '000)	
21	LONG-TERM LEASE LIABILITIES	Note		
	Balance at beginning of the year		7,131,049	6,655,784
	Additions during the year		698,813	1,308,794
	Accretion of interest	32	941,862	811,738
	Lease rentals paid		(1,200,929)	(1,442,756)
	Terminations during the year		(160,363)	(202,511)
	Balance at end of the year	21.1	7,410,432	7,131,049
	Current portion of long-term lease liabilities		573,231	566,279
	Long-term lease liabilities		6,837,201	6,564,770
21.1	Maturity analysis			
	Gross lease liabilities - minimum lease payments are as follows:			
	Not later than one year		1,258,813	1,105,790
	Later than one year but not later than five years		4,802,598	5,441,218
	Later than five years		9,062,877	7,836,104
			15,124,288	14,383,112
	Future finance charge		(7,713,856)	(7,252,063)
	Present value of lease liabilities		7,410,432	7,131,049
22	LONG-TERM PAYABLES			
	Balance at beginning of the year		-	-
	Additions during the year		2,360,869	-
	Accretion of interest	32	27,069	-
	Impact of change in exchange rate		4,295	-
	Balance at end of the year	22.1	2,392,233	-
	Current portion of long-term payables		336,427	-
	Long-term payables		2,055,806	-

- 22.1** Represents an interest-free amount payable in respect of Trademarks purchased from Shell Brands International AG (refer note 6.2). The first installment is due in March 2025, whereas, the remaining amount will be paid in eight equal quarterly installments commencing from the March 2028.

		2024	2023
	Note	------(Rupees in '000)-----	
23	TRADE AND OTHER PAYABLES		
Creditors		62,362,807	60,611,234
Accrued liabilities		6,332,420	9,823,795
Security deposits	23.1	570,869	532,552
Inland freight equalization margin		3,729,831	-
Staff retirement benefit schemes	35.1.13	78,671	-
Workers' Welfare Fund		587,540	411,561
Workers' profits participation fund		126,466	-
Provision for staff redundancy plan	23.2	109,993	511,228
Others		5,692	8,363
		<u>73,904,289</u>	<u>71,898,733</u>

- 23.1** 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:

		2024	2023
	Note	------(Rupees in '000)-----	
Dealers on retail sites		151,079	121,552
Shell cardholders		419,790	411,000
	23.1.1/23.1.2	<u>570,869</u>	<u>532,552</u>

- 23.1.1** 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.

- 23.1.2** The amount is kept in separate bank accounts as per the terms of the agreement.

- 23.2** Represents provision in respect of management's assessment of staff redundancy. The movement of which is as follows:

	2024	2023
	------(Rupees in '000)-----	
Balance at beginning of the year	511,228	155,071
Provision made during the year	265,375	478,633
Payments during the year	(666,610)	(122,476)
Balance at end of the year	<u>109,993</u>	<u>511,228</u>

24 **SHORT-TERM BORROWINGS – secured**

The Company has obtained facilities from various commercial banks aggregating to Rs. 23,680,000 thousand (2023: Rs. 23,680,000 thousand) including facility obtained from Standard Chartered Bank Pakistan Limited - a related party amounting to Rs. 1,000,000 thousand (2023: Rs. 1,000,000 thousand). The short-term borrowings during the year were obtained under the same facilities and there were no outstanding short-term borrowings as at the reporting date. These carry mark-up ranging from 1 month KIBOR plus 0.10% to 0.35% (2023: 1 month KIBOR plus 0.10% to 0.35%). These arrangements are secured by hypothecation of the Company's present and future stock-in-trade, trade debts and other receivables.

25 **CONTINGENCIES AND COMMITMENTS**

25.1 **Contingencies**

25.1.1 **Infrastructure fee**

The Sindh Finance Act, 1994, prescribed the imposition of an infrastructure fee at the rate of 0.5% of the Cost and Freight (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 judgement, 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 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 by 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 kilometre. 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 04, 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 judgement 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, 2024, at Rs. 716,792 thousand (December 31, 2023: Rs. 446,793 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.

25.1.2 Taxation

- 25.1.2.1** 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 the 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 CIR (A) and thereafter with ATIR. The remaining demand had been adjusted by the taxation authorities from sales tax refundable. In 2012, both CIR (A) and ATIR 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)© of the Income Tax Ordinance, 2001 and decided that the minimum tax could not be carried forward where there was no tax paid on account of loss for the year or carried forward losses. The Company's management is however of the view, duly supported by the legal advisor that the above order is not correct and would not be maintained by the Supreme Court of Pakistan which the Company intends to approach, if the 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'.

- 25.1.2.2** 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.
- 25.1.2.3** 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.
- 25.1.2.4** 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. During the year, the Company has received an appeal effect order from ACIR after which the demand has been reduced to Rs. 3,916 thousand. Further, the Company has filed appeal with CIR(A) on matters of disallowed depreciation and initial allowance on additions, repair and maintainance and salary expense. The CIR(A) has decided appeal in favour of Company in matters of depreciation and initial allowance on additions and remanding back salary expense while maintaining demand for repair and maintainance.
- 25.1.2.5** In 2022, 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, 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 Workers' Welfare Fund levied under federal law amounting to Rs. 10,692 thousand. These disallowances resulted in an additional demand of Rs. 66,904 thousand. The Company filed an appeal with CIR (A).

CIR(A) through order dated March 2, 2023, deleted the demand arising on disallowance of the fee for technical services and depreciation on dealer-operated retail sites. The department issued appeal effect order dated October 27, 2023, which did not allow foreign tax credit. Upon filing of rectification application by the Company, a revised order dated November 14, 2023, has been received thereby reducing the demand to Rs. 17,759 thousand.

- 25.1.2.6** In 2022, 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 benefits and other related party expenses, including default surcharge collectively amounting to Rs. 805,970 thousand. The Company filed an appeal before CIR (A) against the order of the DCIR and paid the demand for off-invoice discounts amounting to Rs. 73,745 thousand thereby reducing the outstanding demand to Rs. 732,224 thousand.

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

- 25.1.2.7** The Company received a demand order dated June 19, 2023, from ACIR in respect of tax year 2020 amounting to Rs. 129,797 thousand. The demand pertained to disallowance of depreciation and initial allowance on assets at dealer-operated sites, tax loss on write-offs of assets, ageing for creditors and accrued liabilities, and fee for technical services, among other disallowances collectively amounting to Rs. 3,084,536 thousand. The Company filed an appeal before CIR (A).

CIR (A) vide appellate order dated October 25, 2023, decided the matters of disallowance of depreciation and initial allowance on assets at dealer operated sites, fee for technical services and tax loss on write-offs of assets in favour of the Company while maintaining or remanding back other issues against which an appeal has been filed before ATIR.

During the year, an appeal effect order dated May 20, 2024, was issued by the officer against the CIR(A) order dated October 25, 2023 to give effect on the issues of the disallowance of depreciation and initial allowance on assets at dealer operated sites, fee for technical services and tax loss on write-offs of assets. The ACIR has given effect to the above order of CIR(A), reducing the demand to Rs. 813 thousand.

- 25.1.2.8** During the year, the Company received a demand order from ACIR dated April 26, 2024, for tax year 2023 through which disallowances were made in respect of ageing for creditors and accrued liabilities and unrealized exchange loss amounting to Rs. 6,217,748 thousand. In addition, super tax was levied at 4% as per the Islamabad High Court order. The order raised a cumulative demand of Rs. 832,485 thousand. The Company filed an appeal before CIR (A). The Company has filed stay with High Court of Sindh through which the demand of Rs. 532,485 thousand has been secured meanwhile the Company has paid Rs. 300,000 thousand as demand under protest.

The Company had also filed rectification application for adjustment of minimum tax carried forward from tax year 2022 Rs. 834,438 thousand which has been rejected by the concerned officer through order dated May 15, 2024. The Company has filed an appeal with the ATIR for the disallowance of the adjustment of the minimum tax carried forward.

- 25.1.2.9** The Company based on the merits of the aforementioned matters (note 25.1.2.1 to note 25.1.2.8) and as per the advice of its tax consultant and legal advisors, expects a favorable outcome on these matters and accordingly, no provision has been made in this respect in these financial statements.

25.1.3 Sales tax, Federal Excise Duty (FED) and Custom duty

- 25.1.3.1** In 2011, the tax authorities after conducting post refund audit for the period September and October 2008 raised sales tax and FED demands respectively amounting to Rs. 150,657 thousand and Rs. 173,799 thousand including penalty. These demands primarily arose on account of non-charging of sales tax 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 tax 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.

Additionally, in 2012, the tax authorities conducted sales tax and FED audit for period July 2009 to December 2009 and raised additional sales tax and FED demands amounting to Rs. 89,324 thousand. The demand primarily arose on account of levying FED on license fee, technical service fee and trademarks and manifestation fee. The Company filed appeals before CIR (A) against the demand.

In 2013, CIR (A) decided the matter in favour of the Company for all major claims. The department filed an appeal before ATIR against the order of CIR (A). In 2015, ATIR while setting aside CIR (A)'s order remanded back all the matters to the tax department which initiated the hearing soon after. The Company has furnished the required documents and is yet to receive any further notice.

Further, in 2013, the tax authorities also conducted sales tax and FED audit for period January to December 2011 and raised additional sales tax and FED demands amounting to Rs. 2,793,564 thousand including penalty. The demands principally pertained to sales tax on lubricants paid on the value of supply instead of retail price as mentioned on packs, unlawful adjustment of input sales tax, non-charging of sales on supply of jet fuel, and levy of FED technical service fee. The Company

filed an appeal before CIR (A) which set aside the proceeding with certain directions. The Company has obtained a stay from the High Court of Sindh as well.

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. 1,460,072 thousand. The Company filed an application with the High Court of Sindh, which passed an order restraining the tax authorities from passing an order. Further, the CIR(A) vide his order dated January 17, 2023 has remanded back the issue to the assessing officer with certain guidelines to re-examination of the facts of the case. A show cause notice dated March 24, 2023 was issued by DCIR, which was duly responded by the Company.

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 demand of Rs. 8,800.143 million and Rs 388.905 million pertaining to non-payment of sales tax on PDC and Rs 165.76 million pertaining to inadmissible input tax from tax periods starting from 2004 to 2010 and 2011 to 2012 respectively, which was taken up in petition by the Company with the High Court of Sindh. The matter is now sub-judice before the Honorable Court, therefore, no final order may be passed until the decision of the Honorable Court.

- 25.1.3.2** 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 Collectrates Faisalabad, Lahore and Multan with a potential demand of Rs. 4,822,652 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 Collectrates 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 Collectrates 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.

- 25.1.3.3** 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 filed an appeal against the same with the Appellate Tribunal. During 2023, the Appellate Tribunal, while acknowledging that the expenses were incurred throughout Pakistan instead of only in Punjab, set aside the matter for denovo proceedings. However, the order of the ATIR did not address the issue of inapplicability of the various sections for the period of the original demand. Therefore, the Company has filed a reference application before the Lahore High Court.

25.1.3.4 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 proceeded 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.

25.1.3.5 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 from 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.

25.1.3.6 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.

In 2022, 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.

25.1.3.7 In 2022, 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 ordered the release of the consignments subject to submission of bank guarantees equal to the demanded regulatory duty. The High Court decided the case in favour of the Company. However, the department has filed an appeal against the judgement of the High Court, which is pending adjudication.

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.

25.1.3.8 During the year, the Company received a show cause notice from DCIR for conducting audit of the period January to December 2019. Post verification of documents and submission of our replies, a demand order was issued wherein the major disallowances pertained to input tax on ad-hoc basis on account of various suppliers violations. disallowance of input tax on services and provision from slow moving stock amounting to Rs. 749,280 thousand. The Company filed appeal before ATIR along with stay application. The stay against demand has been granted by ATIR.

25.1.3.9 The Company based on the merits of the aforementioned matters (note 25.1.3.1 to 25.1.3.8) 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.

			2024	2023
	Note		(Rupees in '000)	
25.1.4	Claims not acknowledged as debt		4,458,475	3,504,097
25.2	Commitments			
	Commitments for capital expenditure		2,389,684	2,063,961
	Outstanding letters of credit	25.2.1	21,545,519	12,667,447
	Outstanding bank guarantees	25.2.1/25.2.2	3,176,304	3,353,286
	Outstanding bank contracts		334,585	2,092,703
	Post-dated cheques	25.2.3	44,960,267	53,802,367
25.2.1	Total facilities for letters of credit amount to Rs.63,249,250 thousand (2023: Rs.69,465,125 thousand) and for bank guarantees amount to Rs. 5,600,000 thousand (2023: Rs. 28,367,463 thousand).			
25.2.2	Includes bank guarantees in respect of super tax for prior year and claims raised by custom authorities.			
25.2.3	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 June 10, 2025.			
25.2.4	Commitments include the following from Standard Chartered Bank (Pakistan) Limited - a related party:			
			2024	2023
	Note		(Rupees in '000)	
	Outstanding letters of credit		2,065,194	1,972,189
	Total facilities for letter of credits		9,749,250	9,865,125
	Outstanding bank guarantees		2,446,775	2,849,649
	Total facilities for bank guarantees		3,000,000	3,000,000
	Outstanding bank contracts		334,585	2,092,703
26	SALES			
	Gross sales, inclusive of sales tax		442,814,819	444,428,059
	Trade discounts		(7,350,405)	(6,047,710)
		26.1/26.2	435,464,414	438,380,349
26.1	Revenues (inclusive of sales tax) from external customers for products of the Company are as follows:			
			2024	2023
			(Rupees in '000)	
	- Petroleum products		435,444,425	438,359,246
	- Others		19,989	21,103
			435,464,414	438,380,349
26.2	Includes all contract liabilities as at December 31, 2023, which were realized during the year.			

		2024	2023
	Note	(Rupees in '000)	
27	COST OF PRODUCTS SOLD		
Opening stock of raw and packing materials		6,285,233	5,803,396
Raw and packing materials purchased		19,572,743	19,272,076
Manufacturing expenses	27.1	1,011,850	1,113,002
Closing stock of raw and packing materials	11	(6,439,045)	(6,285,233)
Cost of products manufactured		20,430,781	19,903,241
Opening stock of finished products		41,766,253	37,118,201
Finished products purchased		270,307,938	292,477,579
Duties, levies and freight	27.2	111,084,620	93,149,075
Closing stock of finished products	11	(39,185,348)	(41,766,253)
Cost of finished products sold		383,973,463	380,978,602
		404,404,244	400,881,843

27.1 Includes depreciation charge on operating assets of Rs. 205,208 thousand (2023: Rs. 158,098 thousand), depreciation charge on right-of-use assets of Rs. 20,045 thousand (2023: Rs. 24,054 thousand) and charge in respect of staff retirement benefits amounting to Rs. 8,068 thousand (2023: Rs. 8,418 thousand).

		2024	2023
	Note	(Rupees in '000)	
27.2	Duties, levies and freight		
Petroleum development levy		90,071,261	75,580,280
Customs and excise duty		13,066,176	15,121,736
Inland freight equalization margin		7,364,233	2,004,474
Freight on non-equalized products		582,950	442,585
		111,084,620	93,149,075
28	DISTRIBUTION AND MARKETING EXPENSES		
Salaries, wages and benefits	28.1	2,816,608	2,682,151
Stores and materials		98,637	14,664
Fuel and power		147,930	140,182
Rent, taxes and utilities		327,479	40,201
Repairs and maintenance		1,284,560	1,110,489
Depreciation on operating assets	4.2	1,933,202	1,654,841
Depreciation on right-of-use assets	5.2	833,696	907,250
Insurance		55,585	13,515
Legal and professional charges		110,354	202,710
Training and travelling		308,900	452,801
Advertising and publicity		1,573,513	1,329,213
Information technology and related services		641,696	460,622
Storage and other charges		493,350	363,352
Others		543,907	474,899
		11,169,417	9,846,890
Handling and storage charges recovered		-	(11,648)
Secondary transportation expenses		1,961,740	1,537,726
		13,131,157	11,372,968

28.1 Includes charge of Rs. 144,827 thousand (2023: Rs. 151,114 thousand) in respect of staff retirement benefits.

		2024	2023
	Note	(Rupees in '000)	
29	ADMINISTRATIVE EXPENSES		
Salaries, wages and benefits	29.1	1,060,720	1,015,391
Stores and materials		7,281	1,077
Fuel and power		40,279	37,960
Rent, taxes and utilities		12,371	10,053
Repairs and maintenance		152,323	133,849
Depreciation on operating assets	4.2	145,267	124,350
Depreciation on right-of-use assets	5.2	5,178	5,635
Insurance		54,261	29,404
Legal and professional charges		618,220	1,083,706
Training and travelling		204,468	301,209
Advertising and publicity		86,270	74,885
Technical service fee		476,311	5,071,695
Trade-marks and manifestations license fee	29.3	1,336,272	643,789
Information technology and related services		2,375,638	1,366,678
Amortization	6	124,657	2,101
Others		-	15,763
		6,699,516	9,917,545

29.1 Includes charge of Rs. 86,672 thousand (2023: Rs. 90,435 thousand) in respect of staff retirement benefits.

29.2 During the year, the Company received credit notes amounting to Rs. 4,969,161 thousand (2023: Nil) from Shell Group companies in respect of waiver of various costs.

29.3 Includes expense in respect of trade-marks license agreements with Shell Brands International AG, incorporated and having its registered office in Switzerland.

		2024	2023
	Note	(Rupees in '000)	
30	OTHER EXPENSES		
Workers' Welfare Fund		137,599	133,562
Workers' Profit Participation Fund		274,196	350,592
Exchange loss - net		-	10,212,867
Estimate adjustment for long-term provision	20	868,270	513,109
Provision for impairment on other receivables - net	15.7	-	2,111,780
Allowance for expected credit losses on trade debts - net	12.4	-	59,203
Write-off of trade debts		-	6,829
Write-off of operating assets		54,308	356,074
Provision for impairment against capital work-in-progress	4.7.3	39,917	-
Auditors' remuneration	30.1	15,965	11,305
Donations	30.2/30.3	41,612	34,636
		1,431,867	13,789,957
30.1	Auditors' remuneration		
Audit, half yearly review and review of compliance with code of corporate governance		10,036	7,720
Audit of retirement benefit funds		810	798
Other certifications		2,874	897
Out of pocket expenses		2,245	1,890
		15,965	11,305

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

2024

2023

(Rupees in '000)

Name and address of donee	Names of interested directors and nature of interest	2024	2023
Shell LiveWIRE Trust (Shell House, 6, Ch. Khaliqzaman Road, Karachi)	Mr. Waqar I. Siddiqui - Chairperson	18,000	17,300
The Kidney Centre Post Graduate Training Institute (172/R, Rafiqui Shaheed Road, Karachi)	Mr. Waqar I. Siddiqui - Member Board of Governors	3,700	1,500

30.3 Donations to parties exceeding higher of Rs. 1 million or 10% of total donations are as follows:

2024

2023

(Rupees in '000)

Care Foundation	-	3,613
National Rural Support Programme	18,913	10,863
The Kidney Centre Post Graduate Training Institute	3,700	1,500
Shell LiveWIRE Trust	18,000	17,300
SOS Children's Villages	-	1,360
	40,613	34,636

31 OTHER INCOME

Income from financial instruments

Interest on term deposit receipts		734,849	484,458
Interest on treasury bills		86,527	-
Interest on saving accounts		1,299,615	1,080,393
Gain on termination of leases		35,394	74,044
Exchange gain - net		6,155	-
Reversal of provision for impairment on other receivables	15.7	1,765,286	-
Liabilities no longer payable written back	31.1	465,891	11,090,422
Dividend income on open ended shariah compliant mutual funds		26,988	-
Reversal of allowance for expected credit losses on trade debts - net	12.4	37,079	-
		4,457,784	12,729,317

Income from non-financial instruments

Gain on disposal of operating assets		69,369	276,947
Scrap sales		40,934	-
Reversal of provision for impairment against operating assets - net	4.8	73,671	105,580
Reversal of asset retirement obligation	19	45,609	-
Estimate adjustment for asset retirement obligation		102,809	-
Shell card income		148,345	164,002
Others		60,859	63,066
		541,596	609,595
		4,999,380	13,338,912

31.1 Includes Rs. 465,891 thousand (2023: Rs. 10,699,550 thousand) in respect of credit notes issued by Shell Group companies, for waiver of amounts payable in respect of various costs.

2024

2023

(Rupees in '000)

32	FINANCE COSTS	Note	2024	2023
	Bank charges		1,204,028	1,641,665
	Accretion expense on asset retirement obligation	19	33,979	23,872
	Accretion of interest on lease liabilities	21	941,862	811,738
	Accretion expense on long-term payables	22	27,069	-
	Mark-up on short-term borrowings		-	21,872
			2,206,938	2,499,147

		2024	2023
	Note	(Rupees in '000)	
33	INCOME TAX		
Current			
- for the year		3,120,417	955,813
- for prior year		10,516	209,420
		<u>3,130,933</u>	<u>1,165,233</u>
Deferred		717,341	229,921
		<u>3,848,274</u>	<u>1,395,154</u>
33.1	Relationship between accounting profit and taxation		
Profit before income tax		7,145,623	7,246,547
Tax at the applicable tax rate of 29%		2,072,231	2,101,499
Tax effect of:			
- Adjustments relating to prior years		10,516	209,420
- Adjustment of minimum taxes brought forward		(1,931,637)	(1,821,046)
- Provision against adjustment of minimum taxes brought forward		1,931,637	-
- Change in tax rate		-	226,487
- Super tax		876,780	892,609
- Tax benefit on income covered under final tax regime		(292,351)	(145,267)
- Permanent differences		867,263	59,463
- Others		313,835	(128,011)
		<u>3,848,274</u>	<u>1,395,154</u>
Effective tax rate %		<u>53.85</u>	<u>19.25</u>
34	EARNINGS PER SHARE - basic and diluted		
Profit after income tax		<u>3,297,349</u>	<u>5,851,393</u>
		(Number of shares)	
Weighted average number of ordinary shares		<u>214,024,662</u>	<u>214,024,662</u>
Earnings per share	34.1	<u>15.41</u>	<u>27.34</u>
34.1	There is no dilutive effect on the basic earnings per share of the Company.		
35	EMPLOYEE BENEFITS		
35.1	Pension and gratuity		
As mentioned in note 3.10.1 to the financial statements, the Company operates funded gratuity and pension schemes for 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, 2024. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method.			

35.1.1 Statement of financial position reconciliation

	2024				Total	2023				Total
	Management		Non-Management			Management		Non-Management		
	Pension	Gratuity	Pension	Gratuity		Pension	Gratuity	Pension	Gratuity	
	(Rupees in '000)									
Fair value of plan assets - note 35.1.2	2,009,614	-	44,744	13,190	2,067,548	1,918,987	-	34,763	32,198	1,985,948
Present value of defined benefit obligations - note 35.1.3	(1,904,917)	(82,177)	-	(97,678)	(2,084,772)	(1,574,267)	(99,563)	-	(125,935)	(1,799,765)
(Liability)/asset in respect of staff retirement benefit schemes	104,697	(82,177)	44,744	(84,488)	(17,224)	344,720	(99,563)	34,763	(93,737)	186,183

35.1.2 Movement in the fair value of plan assets

	2024				Total	2023				Total
	Management		Non-Management			Management		Non-Management		
	Pension	Gratuity	Pension	Gratuity		Pension	Gratuity	Pension	Gratuity	
	(Rupees in '000)									
Fair value of plan assets at the beginning of the year	1,918,987	-	34,763	32,198	1,985,948	1,712,844	-	43,326	37,377	1,793,547
Expected return on plan assets	284,268	-	5,513	3,469	293,250	237,464	-	6,405	4,054	247,923
Contribution by the Company	16,767	3,776	1,612	26,912	49,067	20,188	4,631	1,701	14,160	40,680
Contribution by the employees	2,113	-	-	-	2,113	2,544	-	-	-	2,544
Benefits due but not paid	-	-	-	-	-	-	(15,023)	-	(4,289)	(19,312)
Benefits paid during the year	(188,877)	(164,668)	-	(46,547)	(400,092)	(173,039)	(1,830)	-	(32,995)	(207,864)
Inter-fund transfer	(160,892)	160,892	-	-	-	(12,222)	12,222	(15,093)	15,093	-
Remeasurement of plan assets	137,248	-	2,856	(2,842)	137,262	131,208	-	(1,576)	(1,202)	128,430
Fair value of plan assets at the end of the year	2,009,614	-	44,744	13,190	2,067,548	1,918,987	-	34,763	32,198	1,985,948

35.1.3 Movement in the present value of defined benefit obligations

	2024				Total	2023				Total
	Management		Non-Management			Management		Non-Management		
	Pension	Gratuity	Pension	Gratuity		Pension	Gratuity	Pension	Gratuity	
	(Rupees in '000)									
Present value of obligation										
at the beginning of the year	1,574,267	99,563	-	125,935	1,799,765	1,600,895	88,838	-	119,013	1,808,746
Current service cost	16,487	4,729	-	3,980	25,196	16,968	4,597	-	3,835	25,400
Interest cost	219,636	12,408	-	15,912	247,956	219,586	11,660	-	14,554	245,800
Benefits due but not paid	-	-	-	-	-	-	(15,023)	-	(4,289)	(19,312)
Benefits paid during the year	(188,877)	(164,668)	-	(46,547)	(400,092)	(173,039)	(1,830)	-	(32,995)	(207,864)
Inter-fund transfer	(125,645)	125,645	-	-	-	-	-	-	-	-
(Gain)/loss arising on plan settlements	-	-	-	-	-	(8,110)	13,471	-	-	5,361
Remeasurement on obligation	409,049	4,500	-	(1,602)	411,947	(82,033)	(2,150)	-	25,817	(58,366)
Present value of obligation										
at the end of the year	1,904,917	82,177	-	97,678	2,084,772	1,574,267	99,563	-	125,935	1,799,765

35.1.4 Amount recognised in profit or loss

	2024				Total	2023				Total
	Management		Non-Management			Management		Non-Management		
	Pension	Gratuity	Pension	Gratuity		Pension	Gratuity	Pension	Gratuity	
	(Rupees in '000)									
Current service cost	16,487	4,729	-	3,980	25,196	16,968	4,597	-	3,835	25,400
Interest cost	219,636	12,408	-	15,912	247,956	219,586	11,660	-	14,554	245,800
Expected return on plan assets	(284,268)	-	(5,513)	(3,469)	(293,250)	(237,464)	-	(6,405)	(4,054)	(247,923)
Contribution by the employees	(2,113)	-	-	-	(2,113)	(2,544)	-	-	-	(2,544)
(Gain)/loss arising on plan settlements	-	-	-	-	-	(8,110)	13,471	-	-	5,361
(Reversal)/expense for the year	(50,258)	17,137	(5,513)	16,423	(22,211)	(11,564)	29,728	(6,405)	14,335	26,094

35.1.5 Remeasurement recognised in other comprehensive income

	2024				Total	2023				Total
	Management		Non-Management			Management		Non-Management		
	Pension	Gratuity	Pension	Gratuity		Pension	Gratuity	Pension	Gratuity	
	(Rupees in '000)									
Loss/(gain) from changes in financial assumptions	386,236	1,882	-	(95)	388,023	(119,248)	(1,385)	-	7,120	(113,513)
Experience loss/(gain)	22,813	2,618	-	(1,507)	23,924	37,215	(765)	-	18,697	55,147
Remeasurement on obligation	409,049	4,500	-	(1,602)	411,947	(82,033)	(2,150)	-	25,817	(58,366)
(Gain)/loss due to remeasurement of plan assets	(137,248)	-	(2,856)	2,842	(137,262)	(131,208)	-	1,576	1,202	(128,430)
	271,801	4,500	(2,856)	1,240	274,685	(213,241)	(2,150)	1,576	27,019	(186,796)

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

	2024				Total	2023				Total
	Management		Non-Management			Management		Non-Management		
	Pension	Gratuity	Pension	Gratuity		Pension	Gratuity	Pension	Gratuity	
	(Rupees in '000)									
Balance at the beginning of the year	344,720	(99,563)	34,763	(93,737)	186,183	111,949	(88,838)	43,326	(81,636)	(15,199)
Net (charge)/reversal for the year	(221,543)	(21,637)	8,369	(17,663)	(252,474)	224,805	(27,578)	4,829	(41,354)	160,702
Contributions by the Company	16,767	3,776	1,612	26,912	49,067	20,188	4,631	1,701	14,160	40,680
Inter-fund transfers	(35,247)	35,247	-	-	-	(12,222)	12,222	(15,093)	15,093	-
(Liability)/asset in respect of staff retirement benefit schemes	104,697	(82,177)	44,744	(84,488)	(17,224)	344,720	(99,563)	34,763	(93,737)	186,183

35.1.7 Composition of plan assets

	2024				Total	2023				Total
	Management		Non-Management			Management		Non-Management		
	Pension	Gratuity	Pension	Gratuity		Pension	Gratuity	Pension	Gratuity	
	(Rupees in '000)									
Equity instruments	248,551	18,101	-	-	266,652	345,321	69,790	7,546	-	422,657
Debt instruments	1,251,701	166,763	17,746	1,954	1,438,164	882,031	214,730	24,511	26,807	1,148,079
Bank deposits	170,811	109,173	26,306	10,176	316,466	302,287	122,356	2,706	9,680	437,029
Other receivables	33,233	11,281	692	1,060	46,266	-	-	-	-	-
Inter-fund dues	305,318	(305,318)	-	-	-	391,372	(391,372)	-	(4,289)	(4,289)
Benefits due	-	-	-	-	-	(2,024)	(15,504)	-	-	(17,528)
	2,009,614	-	44,744	13,190	2,067,548	1,918,987	-	34,763	32,198	1,985,948

35.1.8 Actuarial assumptions

	2024					2023			
	Management		Non-Management			Management		Non-Management	
	Pension	Gratuity	Pension	Gratuity		Pension	Gratuity	Pension	Gratuity
	===== % per annum =====								
Short-term expected rate of increase in future salaries	10.0	10.0	-	12.0		10.0	10.0	-	15.5
Long-term expected rate of increase in future salaries	10.0	10.0	-	12.0		13.5	13.5	-	15.5
Discount rate	12.0	12.0	-	12.0		15.5	15.5	-	15.5
Expected rate of increase in pensions	5.0	-	-	-		5.0	-	-	-
Expected rate of return on plan assets	12.0	-	12.0	12.0		15.5	-	15.5	15.5

The mortality rates are based on State Life Insurance Corporation (SLIC) 2001-05 ultimate mortality rates, rated down by one year.

35.1.9 Sensitivity analysis

	2024				2023			
	Management		Non-Management		Management		Non-Management	
	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)							
Present value of obligation at the end of the year	1,904,917	82,177	-	97,678	1,574,267	99,563	-	125,935
Following shall be the present values under various sensitivities:								
Discount rate + 1%	1,760,197	77,945	-	96,142	1,450,280	89,774	-	123,839
Discount Rate - 1%	2,073,987	86,847	-	99,259	1,667,491	99,387	-	128,102
Salary increase rate + 1%	1,928,702	87,010	-	99,273	1,571,120	99,617	-	128,121
Salary increase rate - 1%	1,883,016	77,725	-	96,102	1,533,368	89,487	-	123,784
Pension increase rate + 1%	2,065,999	-	-	-	1,663,285	-	-	-
Pension increase rate - 1%	1,762,759	-	-	-	1,451,284	-	-	-

If mortality increases by one year, the resultant increase in the defined benefit obligation is insignificant.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the, assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when determining the defined benefit obligation in the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change as compared to the previous year.

35.1.10 Expected maturity analysis of undiscounted cashflows

	2024				2023			
	Management		Non-Management		Management		Non-Management	
	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)							
Less than a year	172,497	4,300	-	24,484	168,568	7,454	-	47,421
Between 1-2 years	361,998	18,442	-	60,864	352,030	17,687	-	46,991
Between 2-5 years	596,788	55,774	-	41,459	597,802	95,476	-	86,930
Over 5 years	12,157,256	237,293	-	-	16,719,064	363,058	-	-
	<u>13,288,539</u>	<u>315,809</u>	<u>-</u>	<u>126,807</u>	<u>17,837,464</u>	<u>483,675</u>	<u>-</u>	<u>181,342</u>
Weighted average duration of the defined benefit obligation (years)	<u>8</u>	<u>5</u>	<u>-</u>	<u>2</u>	<u>7</u>	<u>5</u>	<u>-</u>	<u>2</u>

35.1.11 The Company contributes to the pension and gratuity funds on the advice of the funds' actuary. There is no impact of asset ceiling in these financial statements. As per the recommendations of the actuary, expected charge and expected return for the year ending December 31, 2025 are as follows:

	Management		Non-Management	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Current service cost	18,330	4,010	-	2,936
Interest cost	218,240	9,603	-	10,252
Expected return on plan assets	(231,776)	-	(5,447)	(181)
	<u>4,794</u>	<u>13,613</u>	<u>(5,447)</u>	<u>13,007</u>

35.1.12 The balances due to the Company from the funds are interest-free and repayable on demand.

35.1.13 The break-up of balance (payable)/receivable in respect of staff retirement benefit schemes are:

		2024	2023
	Note	(Rupees in '000)	
Total balance (payable)/receivable in respect of defined benefit schemes	35.1.1	(17,224)	186,183
Total balance payable in respect of defined contribution schemes		(61,447)	(55,440)
	23 / 15	(78,671)	130,743

35.2 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:

		2024	2023
	Note	(Rupees in '000)	
35.2.1 Amount recognised in the statement of financial position			
Present value of defined benefit obligation	35.2.2	225,350	213,190
Fair value of plan assets		-	-
Liability recognised at end of the year		225,350	213,190
35.2.2 Movement in the present value of defined benefit obligation			
Present value of obligation at beginning of the year		213,190	178,788
Current service cost	35.2.4	1,940	2,146
Interest cost	35.2.4	31,803	24,866
Benefits paid during the year		(16,025)	(14,600)
Remeasurement on obligation	35.2.5	(5,558)	21,990
Present value of obligation at end of the year		225,350	213,190
35.2.3 Movement in the liability recognised in the statement of financial position			
Balance at beginning of the year		213,190	178,788
Charge for the year		28,185	49,002
Benefits paid during the year		(16,025)	(14,600)
Balance at end of the year		225,350	213,190
35.2.4 Amount recognised in profit or loss			
Current service cost		1,940	2,146
Interest cost		31,803	24,866
		33,743	27,012
35.2.5 Remeasurement recognised in other comprehensive income			
(Gain)/loss from changes in financial assumptions		(7,017)	1,851
Experience loss		1,459	20,139
		(5,558)	21,990
35.2.6 Actuarial assumptions			
The following significant assumptions were used in the valuation of this scheme:			
- Pre-retirement medical inflation		8	12
- Post-retirement medical inflation		8	12
- Discount rate		12	16

The mortality rates are based on State Life Insurance Corporation (SLIC) 2001-05 ultimate mortality rates, rated down by one year.

35.2.7 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

	2024	2023
	(Rupees in '000)	
Present value of obligation at the end of the year	225,350	213,190
Pre-retirement medical inflation + 1%	227,204	215,203
Pre-retirement medical inflation - 1%	223,647	211,346
Post-retirement medical inflation + 1%	248,810	234,761
Post-retirement medical inflation - 1%	205,169	194,558
Discount rate + 1%	205,608	194,710
Discount rate - 1%	248,859	235,150

If mortality increases by one year, the resultant increase in the defined benefit obligation is insignificant.

35.2.8 Weighted average duration of the post-retirement medical benefit scheme is 10.1 years.

35.3 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.

	2024	2023	2022	2021	2020
	(Rupees in '000)				
Fair value of plan assets	2,067,548	1,985,948	1,793,547	1,971,104	1,967,529
Present value of defined benefit obligation	(2,310,122)	(2,012,955)	(1,987,534)	(2,238,194)	(2,223,225)
Deficit	(242,574)	(27,007)	(193,987)	(267,090)	(255,696)

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

	2024	2023
	(Rupees in '000)	
Shell Pakistan Management Staff Provident Fund	1,011,310	1,139,529
Shell Pakistan Labour Provident Fund	93,965	106,015
Shell Pakistan Management Staff Gratuity Fund	184,864	284,520
Shell Pakistan Labour and Clerical Staff Gratuity Fund	1,954	26,807
Shell Pakistan Management Staff Pension Fund	1,500,252	1,227,352
Shell Pakistan Staff Pension Fund	17,746	32,057
Shell Pakistan Defined Contribution Pension Fund	1,923,059	1,996,310
	4,733,150	4,812,590

35.5 Aggregate amount recognized in profit or loss in respect of the staff retirement benefit schemes is as follows:

	2024	2023
	(Rupees in '000)	
in respect of:		
- pension and gratuity scheme	(22,211)	26,094
- defined contribution funds	228,035	196,861
- post-retirement medical benefit scheme	33,743	27,012
	239,567	249,967

35.6 Aggregate amount recognized in other comprehensive income in respect of the staff retirement benefit schemes is as follows:

	2024	2023
	----- (Rupees in '000) -----	
in respect of:		
- pension and gratuity scheme	(274,685)	186,796
- post-retirement medical benefit scheme	5,558	(21,990)
	<u>(269,127)</u>	<u>164,806</u>
Related deferred tax impact	(2,168)	8,576
	<u>(271,295)</u>	<u>173,382</u>

35.7 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 is invested in Government bonds which are not subject to volatility. However, investment in equity instruments is 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 bonds. 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 the long-term 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. However, viewed with the fact that asset values will also decrease, the salary inflation does, as an overall affect, increase 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.

36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2024			2023		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Short-term benefits						
Directors' fee (note 36.2)	-	19,557	-	-	14,047	-
Managerial remuneration (including bonus)	87,812	86,621	2,865,649	51,769	50,139	2,096,255
- House rent	20,046	-	-	20,046	-	-
- Fuel	1,620	1,800	194,838	1,491	1,890	196,303
Medical expenses	1,442	353	67,320	650	240	68,046
	110,920	108,331	3,127,807	73,956	66,316	2,360,604
Post-employment benefits						
Company's contribution to pension, gratuity and provident funds	5,875	6,903	229,096	5,518	5,687	206,782
	116,795	115,234	3,356,903	79,474	72,003	2,567,386
Number of persons	1	10	376	1	10	366

36.1 As at December 31, 2024, the total number of Directors was 10 (2023: 10), excluding Chief Executive.

36.2 Aggregate amount charged in these financial statements in respect of fee to Non-Executive Directors amounts to Rs. 19,557 thousand (2023: Rs. 14,047 thousand).

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

The related parties the Company comprise of the Parent Company, Shell Group companies, companies with common directorship, associates, employees' retirement funds, directors and key management personnel. All transactions with related parties are executed 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:

		2024	2023	
		(Rupees in ‘000)		
Nature of relationship	Nature of transactions	Note		
Associate	Pipeline charges		627,790	641,112
	Dividend received		1,768,000	421,362
	Others		34,527	15,580
Employees’ retirement funds				
Defined benefit pension funds	Contribution		18,379	21,889
Defined contribution pension fund	Contribution		156,407	131,266
Defined benefit gratuity funds	Contribution		30,688	18,791
Provident funds	Contribution		71,628	65,595
Key management personnel	Salaries and other short-term employee benefits		208,207	125,421
	Post-employment benefits		15,092	13,321
	Medical		4,588	1,110
	Loan to Director		7,627	3,612
	Dividend paid		-	709
Non-executive Directors	Fee for attending meetings	36.2	19,557	14,047
Others	Purchases		101,413,290	144,667,186
	Sales		106,144	367,255
	Collection for sales made in Pakistan from customers of the associated company		-	273,698
	Technical service fee charged		455,716	5,071,695
	Trade-marks and manifestations license fee charged		778,645	643,789
	Insurance		-	2,573
	Bank charges		148,240	221,563
	Interest on saving accounts		110,834	344,423
	Expenses recovered from related parties - net		1,089,253	684,428
	Other expenses charged by related Parties		470,151	2,209,378
	Donations	30.2	21,700	18,800
	Legal charges		2,688	4,838
	Commission income - net		-	715
	Subscription paid		6,784	360

- 37.1** The Company paid dividend amounting to Rs. 1,193,042 (2023: Nil) thousand to Shell Petroleum Company Limited - an immediate parent for the ten months' period ended October 30, 2024.
- 37.2** 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 36 to these financial statements.
- 37.3** Amounts receivable from/payable to related parties have been disclosed in relevant notes to these financial statements.
- 37.4** Following are the associated companies incorporated outside Pakistan with whom the Company has entered into transactions or has an arrangement/agreement in place:

S. no.	Company of Name	Basis of association	Country of incorporation
1	Wafi Energy Holding Limited	Parent Company	United Arab Emirates
2	Shell plc (formerly known as Royal Dutch Shell Plc.)	Shell Group company*	United Kingdom
3	Shell Petroleum Company Limited	Shell Group company*	United Kingdom
4	Shell Deutschland Oil GmbH	Shell Group company*	Germany
5	Shell Lubricants Egypt	Shell Group company*	Egypt
6	Société des Pétroles Shell SAS	Shell Group company*	France
7	The Shell Company of Thailand Limited	Shell Group company*	United Kingdom
8	Shell International Petroleum Company Limited	Shell Group company*	United Kingdom
9	Shell Aviation Limited	Shell Group company*	United Kingdom
10	Shell Hong Kong Limited	Shell Group company*	Hong Kong
11	Shell Global Solutions (Malaysia) Sdn. Bhd.	Shell Group company*	Malaysia
12	Shell Global Solutions International B.V.	Shell Group company*	Netherlands
13	Shell Lubricants Supply Company B.V.	Shell Group company*	Netherlands
14	Euroshell Cards B.V.	Shell Group company*	Netherlands
15	Pilipinas Shell Petroleum Corporation	Shell Group company*	Philippines
16	Shell Polska Sp. Z o.o. Oddział w Krakowie	Shell Group company*	Poland
17	Shell Eastern Trading (Pte) Limited	Shell Group company*	Singapore
18	Shell & Turcas Petrol A.S.	Shell Group company*	Turkey
19	Shell Shared Services (Asia) B.V.	Shell Group company*	Netherlands
20	Shell People Services Asia Sdn. Bhd.	Shell Group company*	Malaysia
21	Shell Shared Service Centre - Glasgow Limited	Shell Group company*	United Kingdom
22	Shell Information Technology International B.V.	Shell Group company*	Netherlands
23	Shell International Trading Middle East Limited	Shell Group company*	Bermuda
24	Shell International Limited	Shell Group company*	United Kingdom
25	Shell International B.V.	Shell Group company*	Netherlands
26	Shell Business Service Centre Sdn. Bhd.	Shell Group company*	Malaysia
27	Shell Brands International AG	Shell Group company*	Switzerland
28	Solen Versicherungen AG	Shell Group company*	Switzerland
29	Shell Markets (Middle East) Limited	Shell Group company*	Bermuda
30	Shell Oman Marketing Company SAOG	Shell Group company*	Oman
31	Shell Oil Company	Shell Group company*	United States
32	Shell India Markets Private Limited	Shell Group company*	India
33	Shell Treasury Centre East (Pte) Limited	Shell Group company*	Singapore
34	Shell Information Technology International Sdn. Bhd.	Shell Group company*	Malaysia
35	Hankook Shell Oil Company	Shell Group company*	South Korea
36	Shell Malaysia Trading Sendirian Berhad	Shell Group company*	Malaysia
37	Pennzoil-Quaker State Company	Shell Group company*	United States
38	SIETCO Trading Singapore	Shell Group company*	Singapore
39	Shell U.K. Limited	Shell Group company*	United Kingdom
40	Belgian Shell S.A.	Shell Group company*	Belgium
41	Shell China Limited	Shell Group company*	China
42	Brunei Shell Petroleum Company Sendirian Berhad	Shell Group company*	Brunei
43	Saudi Arabian Markets and Shell Lubricants Company Limited	Shell Group company*	Saudi Arabia
44	Shell Canada Products Limited	Shell Group company*	Canada
45	Shell Companies of Indonesia	Shell Group company*	Indonesia

S. no.	Company of Name	Basis of association	Country of incorporation
46	Shell Downstream South Africa (Pty) Limited	Shell Group company*	South Africa
47	Shell Nederland Verkoopmaatschappij B.V.	Shell Group company*	Netherlands
48	Shell International Exploration and Production B.V.	Shell Group company*	Netherlands
49	Shell Eastern Petroleum (Pte) Limited	Shell Group company*	Singapore
50	Shell UK Oil Products Limited	Shell Group company*	United Kingdom
51	Shell Nederland B.V.	Shell Group company*	Netherlands
52	Equilon Enterprises LLC	Shell Group company*	United States
53	Shell USA, Inc.	Shell Group company*	United States
54	PT. Shell Indonesia	Shell Group company*	Indonesia

* the entity was a related party of the Company for ten months' period ended October 30, 2024. Transactions with the party (if any) for the period have been included in note 37.

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

S. no.	Company of Name	Basis of association
1	Pakistan Energy Gateway Limited	Common Directorship
2	Shell LiveWIRE Trust	Common Directorship
3	Standard Chartered Bank (Pakistan) Limited	Common Directorship
4	Jubilee General Insurance Company Limited	Common Directorship
5	Pak-Arab Pipeline Company Limited	Associate (Refer note 7)
6	The Aga Khan Hospital and Medical College Foundation	Common Directorship
7	Vellani & Vellani	Common Directorship
8	The Aga Khan University Foundation	Common Directorship
9	Petroleum Institute of Pakistan	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	Pakistan Board of The Acumen Fund	Common Directorship
14	Wyeth Pakistan Limited	Common Directorship
15	Roche Pakistan Limited	Common Directorship
16	Novartis Pharma (Pakistan) Limited	Common Directorship
17	Esso Pakistan (Private) Limited	Common Directorship
18	Hisaar Foundation	Common Directorship
19	Unilever Pakistan Foods Limited	Common Directorship
20	Gizri Corporation (Private) Limited	Common Directorship
21	Pakistan Security Printing Corporation	Common Directorship
22	Unilever Pakistan Limited	Common Directorship
23	Petroleum Packages (Private) Limited	Common Directorship
24	Data Check Private Limited	Common Directorship
25	Gizri Cotton (Private) Limited	Common Directorship
26	Habib University Foundation	Common Directorship
27	Shell Energy Pakistan (Private) Limited	Common Directorship*
28	Overseas Investors Chamber of Commerce & Industry	Common Directorship

* the entity was a related party of the Company for ten months' period ended October 30, 2024. Transactions with the party (if any) for the period have been included in note 37.

		2024	2023
	Note	(Rupees in '000)	
38 CASH GENERATED FROM OPERATIONS			
Profit before final taxes and income tax		7,152,371	7,246,547
Adjustment for non-cash charges and other items:			
Depreciation on operating assets	4.2	2,283,677	1,937,289
Write-off of operating assets	30	54,308	356,074
Reversal of provision for impairment on operating assets - net	4.8	(73,671)	(105,580)
Provision for impairment against capital work-in-progress	4.7.3	39,917	-
Gain on disposal of operating assets	31	(69,369)	(276,947)
Depreciation on right-of-use assets	5.2	858,919	936,939
Gain on termination of leases	31	(35,394)	(74,044)
Amortisation of intangible assets	6	124,657	2,101
Provision/(reversal of provision) for obsolete and slow moving stock - net	11.5	245,130	(373,262)
(Reversal of)/allowance for expected credit losses on trade debts - net	12.4	(37,079)	59,203
Write-off of trade debts	30	-	6,829
(Reversal of)/provision for impairment on other receivables - net	15.7	(1,765,286)	2,111,780
Accretion expense on asset retirement obligation	19	33,979	23,872
Accretion of interest on lease liabilities	21	941,862	811,738
Accretion of long-term payables	22	27,069	-
Impact of change in exchange rate	22	4,295	-
Provision for post-retirement medical benefits	35.2.4	33,743	27,012
(Return on)/charge for staff retirement benefit - gratuity and pension	35.1.4	(22,211)	26,094
Reversal of asset retirement obligation	31	(45,609)	-
Estimate adjustment for asset retirement obligation	31	(102,809)	-
Estimate adjustment for long-term provision	30	868,270	513,109
Liabilities no longer payable written back	31	(465,891)	(11,090,422)
Share of profit of associate - net of tax	7.1	(2,080,248)	(718,867)
Interest on term deposit receipts	31	(734,849)	(484,458)
Interest on treasury bills	31	(86,527)	-
Interest on saving accounts	31	(1,299,615)	(1,080,393)
Dividend income on open ended shariah compliant mutual funds	31	(26,988)	-
Mark-up on short-term borrowings	32	-	21,872
Working capital changes	38.1	5,622,194	3,469,290
		11,444,845	3,345,776

38.1	Working capital changes	Note	2024	2023
			(Rupees in '000)	
	Decrease/(increase) in current assets			
	Stock-in-trade		2,181,963	(4,756,627)
	Trade debts		(1,205,448)	(647,650)
	Loans and advances		319	(14,052)
	Short-term deposits and prepayments		396,716	(38,315)
	Other receivables		3,366,848	(788,573)
			<u>4,740,398</u>	<u>(6,245,217)</u>
	Increase/(decrease) in current liabilities			
	Trade and other payables		1,075,400	9,299,636
	Advance received from customers (contract liabilities)		(193,604)	414,871
			<u>5,622,194</u>	<u>3,469,290</u>
38.2	Cash and cash equivalents			
	Bank balances	17	4,695,380	6,552,223
	Treasury bills	16	5,112,524	-
	Term deposit receipts	16	62,519	-
			<u>9,870,423</u>	<u>6,552,223</u>

39 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.

40 FINANCIAL ASSETS AND LIABILITIES

40.1 The Company's exposure to financial risk along with categorization as financial assets and financial liabilities in accordance with IFRS 9 is summarized as follows:

	2024						
	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 in '000)						
Financial assets							
Amortized cost							
Loans	-	-	-	64,752	25,920	90,672	90,672
Trade debts	-	-	-	8,212,930	-	8,212,930	8,212,930
Other receivables	-	-	-	3,261,973	-	3,261,973	3,261,973
Short-term investments	5,175,043	-	5,175,043	-	-	-	5,175,043
Bank balances	3,686,380	-	3,686,380	1,009,000	-	1,009,000	4,695,380
	8,861,423	-	8,861,423	12,548,655	25,920	12,574,575	21,435,998
Fair value through profit or loss							
Short-term investments	5,520,241	-	5,520,241	-	-	-	5,520,241
	14,381,664	-	14,381,664	12,548,655	25,920	12,574,575	26,956,239
Financial liabilities							
Amortized cost							
Trade and other payables	-	-	-	73,001,619	-	73,001,619	73,001,619
Unclaimed dividend	-	-	-	269,746	-	269,746	269,746
Unpaid dividend	-	-	-	19,053	-	19,053	19,053
Lease liabilities	573,231	6,837,201	7,410,432	-	-	-	7,410,432
Long-term payables	336,427	2,055,806	2,392,233	-	-	-	2,392,233
	909,658	8,893,007	9,802,665	73,290,418	-	73,290,418	83,093,083

	2023						Total
	Interest/Mark-up bearing			Non-Interest/Mark-up bearing			
	Maturity up to one year	Maturity after one year	Subtotal	Maturity up to one year	Maturity after one year	Subtotal	
	(Rupees in '000)						
Financial assets							
Amortized cost							
Loans	-	-	-	67,884	30,653	98,537	98,537
Trade debts	-	-	-	7,022,774	-	7,022,774	7,022,774
Other receivables	-	-	-	6,768,992	-	6,768,992	6,768,992
Bank balances	4,050,014	-	4,050,014	2,502,209	-	2,502,209	6,552,223
	4,050,014	-	4,050,014	16,361,859	30,653	16,392,512	20,442,526
Financial liabilities							
Amortized cost							
Trade and other payables	-	-	-	70,975,944	-	70,975,944	70,975,944
Unclaimed dividend	-	-	-	238,848	-	238,848	238,848
Unpaid dividend	-	-	-	1,340,138	-	1,340,138	1,340,138
Accrued mark-up	-	-	-	1,552	-	1,552	1,552
Lease liabilities	566,279	6,564,770	7,131,049	-	-	-	7,131,049
	566,279	6,564,770	7,131,049	72,556,482	-	72,556,482	79,687,531

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

40.1.1 Changes in liabilities from financing activities are as follows:

	January 01, 2024	Cash flows	Non-cash flow	December 31, 2024
(Rupees in '000)				
Lease liabilities	7,131,049	(586,739)	866,122	7,410,432
Unpaid and unclaimed dividend	1,578,986	(1,290,187)	-	288,799
	<u>8,710,035</u>	<u>(1,876,926)</u>	<u>866,122</u>	<u>7,699,231</u>
	January 01, 2023	Cash flows	Non-cash flow	December 31, 2023
(Rupees in '000)				
Lease liabilities	6,655,784	(631,018)	1,106,283	7,131,049
Unpaid and unclaimed dividend	787,846	(278,983)	1,070,123	1,578,986
	<u>7,443,630</u>	<u>(910,001)</u>	<u>2,176,406</u>	<u>8,710,035</u>

40.2 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.

40.2.1 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. 26,956,239 thousand (2023: Rs. 20,442,526 thousand) the financial assets subject to credit risk amount to Rs. 26,201,470 thousand (2023: Rs. 19,758,861 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 follows:

		2024	2023
	Note	(Rupees in '000)	
Loans	8	90,672	98,537
Trade debts		7,005,211	5,459,156
Other receivables	15	3,261,973	6,768,992
Short-term investments	16	10,695,284	-
Bank balances	17	4,695,380	6,552,223
		<u>25,748,520</u>	<u>18,878,908</u>

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

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

Bank	Rating agency	Rating	
		Short-term	Long-term
Allied Bank Limited	PACRA	A1+	AAA
Askari Commercial Bank Limited	PACRA	A1+	AA+
Bank Alfalah Limited	PACRA	A1+	AAA
Bank of China Limited (Pakistan Operations)	Fitch	F1+	A
Citibank N.A.	Moody's	P1	Aa3
Deutsche Bank AG	Moody's	P1	A1
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	VIS	A1+	AAA
MCB Bank Limited	PACRA	A1+	AAA
Meezan Bank Limited	VIS	A1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Soneri Bank Limited	PACRA	A1+	AA-
United Bank Limited	VIS	A1+	AAA

40.2.2 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 receivables from foreign related parties. The Company primarily has foreign currency exposures in US Dollars (USD), Great Britain Pounds (GBP) and Euros (EUR).

As at December 31, 2024, 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	2024		2023	
		%	Rs. in '000	%	Rs. in '000
USD	lower/higher	5%	1,227,468	5%	2,444,025
GBP	lowe /higher	5%	17,241	5%	22,139
EUR	lower/higher	5%	19,034	5%	30,023

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 savings accounts held with banks, term deposit receipts, short-term borrowings 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, 2024, 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. 76,448 thousand (2023: Rs. 93,948 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, 2024, the Company's investment in Arabian Sea Country Club Limited and investment in mutual funds is measured at fair value. Sensitivity related to this risk is not material to these financial statements.

40.2.3 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 payments is as follows:

	2024					
	Interest/Mark-up bearing			Non-Interest/Mark-up bearing		
	Maturity up to one year	Maturity after one year	Subtotal	Maturity up to one year	Maturity after one year	Total
	(Rupees in '000)					
Financial liabilities						
Amortized cost						
Trade and other payables	-	-	-	73,001,619	-	73,001,619
Unclaimed dividend	-	-	-	269,746	-	269,746
Unpaid dividend	-	-	-	19,053	-	19,053
Lease liabilities	1,258,813	13,865,475	15,124,288	-	-	15,124,288
Long-term payables	480,499	2,522,618	3,003,117	-	-	3,003,117
	1,739,312	16,388,093	18,127,405	73,290,418	-	91,417,823

	2023						Total
	Interest/Mark-up bearing			Non-Interest/Mark-up bearing			
	Maturity up to one year	Maturity after one year	Subtotal	Maturity up to one year	Maturity after one year	Subtotal	
	(Rupees in '000)						
Financial liabilities							
Amortized cost							
Trade and other payables	-	-	-	70,975,944	-	70,975,944	70,975,944
Unclaimed dividend	-	-	-	238,848	-	238,848	238,848
Unpaid dividend	-	-	-	1,340,138	-	1,340,138	1,340,138
Accrued mark-up	-	-	-	1,552	-	1,552	1,552
Lease liabilities	1,105,790	13,277,322	14,383,112	-	-	-	14,383,112
	1,105,790	13,277,322	14,383,112	72,556,482	-	72,556,482	86,939,594

40.3 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 as at reporting date was:

	2024	2023
	(Rupees in '000)	
Total borrowings	-	-
Total equity	23,057,559	19,736,990
	23,057,559	19,736,990
Gearing ratio	0%	0%

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

41 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 between market participants at the measurement date.

Below table shows fair value of the assets analysed based on the following:

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.

	2024			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Assets measured at fair value				
Short-term investments				
Open ended shariah compliant mutual funds	5,520,241	-	-	5,520,241

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

42 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.

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, 2024 (2023: 100%).

All non-current assets of the Company as at December 31, 2024 and 2023 are located in Pakistan.

Sales to twenty major customers of the Company are approximately 17% during the year ended December 31, 2024 (2023: 17%).

43 DISCLOSURE RELATED TO SHARIAH COMPLIANCE

As at the reporting date, the Company is listed on the PSX-KMI All Share Index. As per the requirements of the Fourth Schedule to the Act, Shariah compliant companies and companies listed on the Islamic Index shall disclose the following:

	Note	2024 ------(Rupees in '000)-----	2023
Shariah compliant:			
Short-term investments			
- Term deposit receipts	16	62,519	-
- Open ended shariah compliant mutual funds	16	5,520,241	-
Bank balances			
- Current accounts	17	1,009,000	2,502,209
Revenue		427,946,465	431,650,228
Other income			
- Dividend received from open ended shariah compliant mutual funds	31	26,988	-
- Interest on term deposit receipts	31	734,849	484,458
- Reversal of allowance for expected credit losses on trade debts - net	31	37,079	-
- Gain on disposal of operating assets	31	69,369	276,947
- Gain on termination of leases	31	35,394	74,044
- Exchange gain - net	31	6,155	-
- Scrap sales	31	40,934	-
- Reversal of provision for impairment against operating assets	31	73,671	105,580
- Reversal of asset retirement obligation	31	45,609	-
- Estimate adjustment for asset retirement obligation	31	102,809	-
- Shell card income	31	148,345	164,002
- Reversal of provision for impairment on other receivables	31	1,765,286	-
- Liabilities no longer payable written back	31	465,891	11,090,422
- Others	31	60,859	63,066

		2024	2023
	Note	(Rupees in '000)	
Non-Shariah compliant:			
Other income			
- Interest on treasury bills	31	86,527	-
- Interest on saving accounts	31	1,299,615	1,080,393
Finance costs			
- Mark-up on short-term borrowings	32	-	21,872

		2024	2023
		Metric Tons	
44	CAPACITY AND ACTUAL PERFORMANCE		
Available capacity		94,870	94,870
Actual production		51,947	53,287

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

		2024	2023
45	NUMBER OF EMPLOYEES		
Total employees as at December 31		373	360
Average number of employees during the year		374	377

46 GENERAL

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

46.2 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.

47 DATE OF AUTHORIZATION

These financial statements were authorized for issue on February 20, 2025 by the Board of Directors of the Company.



Zarrar Mahmud
Chief Financial Officer



Zubair Shaikh
Chief Executive



Imran R. Ibrahim
Director

Attendance of the Board and Committee Meetings

For the year ended December 31, 2024

Board of Directors

During the year, seven 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	7	7
Rafi H. Basheer	5	5
Parvez Ghias	7	7
Imran R. Ibrahim	7	7
Madiha Khalid	7	7
Zaffar A. Khan	7	7
John King Chong Lo	1	1
Amir R. Paracha	7	7
Badaruddin F. Vellani	7	7
Zarrar Mahmud	7	7
Mohammad Al Balushi	3	3
Ghassan Al Amoudi	2	2
Javaid Akhtar	2	2
Kai-Uwe-Witterstein	2	2

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, two 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	2	2
Parvez Ghias	2	2
Waqar I. Siddiqui	2	2
Kai-Uwe Witterstein	2	2

Pattern of Shareholding

For the year ended December 31, 2024

Number of Shareholders	Shareholding		Total Number of Shares Held
	From	To	
2,369	1	100	86,548
1,864	101	500	545,409
1,375	501	1,000	1,012,326
1,485	1,001	5,000	3,446,218
302	5,001	10,000	2,126,300
96	10,001	15,000	1,181,399
67	15,001	20,000	1,171,782
39	20,001	25,000	882,531
15	25,001	30,000	414,636
17	30,001	35,000	569,149
3	35,001	40,000	113,027
14	40,001	45,000	600,566
5	45,001	50,000	237,090
8	50,001	55,000	422,738
4	55,001	60,000	231,495
3	60,001	65,000	185,762
1	65,001	70,000	68,000
3	70,001	75,000	218,116
4	75,001	80,000	314,574
5	80,001	85,000	415,506
2	85,001	90,000	175,190
3	90,001	95,000	273,617
1	95,001	100,000	100,000
1	100,001	105,000	103,972
3	115,001	120,000	349,456
1	120,001	125,000	122,202
1	125,001	130,000	127,120
2	140,001	145,000	281,260
1	155,001	160,000	157,500
2	175,001	180,000	359,930
1	195,001	200,000	200,000
1	275,001	280,000	278,500
1	350,001	355,000	354,696
1	385,001	390,000	387,854
1	560,001	565,000	561,800
1	1,350,001	1,355,000	1,351,500
1	1,680,001	1,685,000	1,680,432
1	5,150,001	5,155,000	5,154,292
1	187,760,001	187,765,000	187,762,169
7,705			214,024,662

Pattern of Shareholding

For the year ended December 31, 2024

Shareholders' Category	Number of Shareholders	Number of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (name wise details)			
Wafi Energy Holding Limited	2	187,866,141	87.78
NIT AND ICP			
National Bank of Pakistan	1	102	0.00
Mutual Funds (name wise details)			
CDC - Trustee AKD Index Tracker Fund	1	17,802	0.01
Tri-Star Mutual Fund Limited	1	316	0.00
CDC - Trustee NBP Mahana Amdani Fund - MT	1	118,084	0.06
CDC - Trustee NBP Savings Fund - MT	1	116,122	0.05
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 Ghias w/o Mr. Parvez Ghias	1	100	0.00
Mrs. Samina Ibrahim w/o Mr. Imran R Ibrahim	1	387,854	0.18
Executives	4	1,952	0.00
Public Sector Companies and Corporations	-	-	-
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	20	1,486,357	0.69
General Public			
a. Local	7,571	16,600,022	7.76
b. Foreign	2	1,288	0.00
Others	94	7,286,784	3.40
	7,705	214,024,662	100.00
Shareholders Holding five percent or more Voting Rights in the Listed Company (name wise details)			
Wafi Energy Holding Limited	1	187,866,141	87.78

Pattern of Shareholding

For the year ended December 31, 2024

Trade in Shares by Executives through CDC

Name of holders	Category	Date of Transaction	Number of shares	Nature	Rate
Danish Mukarram	Executive	March 29, 2024	100	Bought	151.00
Maria Silat	Executive	April 16, 2024	500	Bought	151.00
Danish Mukarram	Executive	April 30, 2024	100	Bought	145.00
Danish Mukarram	Executive	April 30, 2024	100	Bought	146.00
Imtiaz Aftab	Executive	May 20, 2024	1000	Sold	143.00
Khurram Baghpatee (Spouse)	Executive	June 10, 2024	350	Bought	135.14
Khurram Baghpatee (Spouse)	Executive	June 11, 2024	900	Bought	135.00
Muhammad Akmal	Executive	June 21, 2024	500	Bought	137.10
Khurram Baghpatee (Spouse)	Executive	June 25, 2024	2000	Bought	134.26
Muhammad Saleem	Executive	July 07, 2024	335	Bought	147.60
Muhammad Akmal	Executive	July 09, 2024	500	Sold	152.90
Yasser Effendi	Executive	September 13, 2024	192	Sold	155.11
Danish Mukarram	Executive	September 30, 2024	600	Sold	155.11
Khurram Baghpatee (Spouse)	Executive	December 11, 2024	250	Bought	231.00

Form of Proxy

The Secretary
6, Ch. Khaliqzaman Road
P. O. Box No.3901
Karachi - 75530

I/We _____
of _____ in the district of _____
being a member of Wafi Energy Pakistan Limited (formerly 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 (AGM) of Wafi Energy Pakistan Limited (Formerly Shell Pakistan Limited) to be held at Pearl-Continental Hotel Karachi, Karachi and virtually through video-conference facility on April 29, 2025, at 12:30 p.m.

Signed this _____ day of _____ 2025.

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 CompanySec@wafi-energy.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.



Wafi Energy Pakistan Limited (formerly Shell Pakistan Limited)
6 Ch. Khaliquzzaman Road, Karachi — 75530
www.wafi-energy.com