RISE AND SHINE. RENOVATE AND REFINE

ANNUAL REPORT 2019-20

Byco Petroleum Pakistan Limited

RISE AND SHINE.
RENOVATE AND REFINE

CONTENT

VISION

Our vision is to be the leading energy company by delivering the core business, achieving sustainable productivity and profitability to deliver a superior shareholder return.

MISSION

Our mission is to proactively invest in the development of infrastructure, in order to become a single source supply chain for meeting the economy's chemicals, energy, petroleum and petrochemical requirements, thereby providing the best possible returns to all our stakeholders.

CODE OF ETHICS

Byco is engaged in the manufacturing of a wide range of petroleum products. We aim to achieve sustainable productivity and profitability, while maintaining the highest standards of care for the environment, health and safety. This practically means enacting policies that assure ongoing human resource development, enhancement of value addition, implementation of conservation measures, growth upgradation and the addition of newer generation technologies. Our Company believes in the application of business ethics as have been embodied in this document.

1. The credibility, goodwill and repute earned are maintained through continued conviction in our corporate values of honesty, integrity, justice and respect for people. Our Company promotes openness, professionalism, teamwork and trust in all its business activities.
2. Safeguarding Shareholders' interest and a worthwhile return on equity is an integral part of our business ethics.
3. We believe in servicing customers by providing products which are manufactured and priced competitively, and which are also meeting or exceeding the environmental standards of the country.
4. We are an equal opportunity employer and proactively invest in our human capital, offering competitive employment terms and providing a safe and congenial working environment to all our employees.
5. We believe that profit is the real yardstick to measure our value addition to the economy and is essential for business survival as it measures efficiency and the value that the customer places on products and services produced by the Company.
6. In view of the critical importance of our business and its impact on the national economy, our Company provides all relevant information concerning its activities transparently to all stakeholders, subject to any overriding confidentiality.

Amir Abbassciy
Chief Executive Officer

COMPANY INFORMATION

Board of Directors

Akhtar Hussain Malik	Chairman & Independent Director
Amir Abbassciy	Director & Chief Executive Officer
Tabish Gauhar	Independent Director
Syed Arshad Raza	Director
Mohammad Wasi Khan	Director
Muhammad Yasin Khan	Director
Uzma Abbasi	Director

Audit Committee

Tabish Gauhar	Chairman
Mohammad Wasi Khan	Member
Muhammad Yasin Khan	Member

Human Resource and Remuneration Committee

Tabish Gauhar	Chairman
Syed Arshad Raza	Member
Mohammad Wasi Khan	Member

Risk Management Committee

Amir Abbassciy	Chairman
Tabish Gauhar	Member
Syed Arshad Raza	Member
Mohammad Wasi Khan	Member

Chief Financial Officer

Zafar Shahab

Company Secretary

Majid Muqtadir

Auditors

EY Ford Rhodes — Chartered Accountants

Bankers

Allied Bank Limited
Al Baraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Faysal Bank Limited
First Women Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Pak Oman Investment Company Limited
Saudi Pak Industrial and Agricultural Investment Company Limited
Standard Chartered Bank (Pakistan) Limited
Soneri Bank Limited
Summit Bank Limited
Silkbank Limited
The Bank of Punjab
United Bank Limited
The Bank of Khyber
Pak-Gulf Leasing Company Limited

Share Registrar

FAMCO Associates (Pvt) Limited
8-F, Next to Hotel Faran Nursery, Block-6, P.E.C.H.S,
Shahrah-e-Faisal, Karachi
Tel: (92 21) 3438 0101, 3438 0102
Fax: (92 21) 3438 0106

Registered Office

The Harbour Front, 9th Floor, Dolmen City,
HC-3, Block-4, Marine Drive, Clifton,
Karachi-75600, Pakistan
Tel: (92 21) 111 222 081
Fax: (92 21) 111 888 081

Website

www.byco.com.pk

ENVIRONMENT HEALTH SAFETY AND SECURITY (EHSS) POLICY

Byco is committed to delivering sustainable world class performance through prevention of injury and ill-health, preservation of environment and safeguarding health, safety and welfare of its employees and visitors to our sites in a manner that is compliant with local laws, customs and culture.

We derive strength from our core values of fairness and honesty, integrity, respect, teamwork, trust and transparency, passion for excellence and tenacity in achieving results. As a corporate entity, we care about people and the world in which we live in.

We have deployed the optimal leadership and management structure to deliver this policy and provide an unbroken chain of responsibility and accountability for EHSS.

EHSS GUIDING PRINCIPLE

- Identify and eliminate or otherwise control, EHSS risks to our people, our communities and the environment in which we operate
- Use EHSS risk framework to develop and deliver measurable EHSS objectives and targets
- Ensure employees are equipped and trained to adopt a healthy, safe and environmentally conscious lifestyle both at work and home
- Continuously seek to reduce the environmental impact of our business operations by:
  - Improving energy efficiency and natural resource consumption
  - Reusing and recycling materials to minimize waste and pollution
  - Endeavour to protect and restore biodiversity
  - Undertaking specific programs to reduce greenhouse gas emissions from our business
- Generate sustainable EHSS performance through long-term, mutually beneficial relationships with our communities, governments, our business partners and other stakeholders

COMMITMENT TO EHSS POLICY

- The management team is accountable for the delivery of EHSS improvements and providing the necessary resources to do so
- All stakeholders of our business must understand their responsibilities towards EHSS and demonstrate their commitment through actions towards achieving our goal of zero incidents
- Complying with all applicable laws, EHSS standards and other voluntary requirements
- Developing, implementing and maintaining recognized management systems and programs that ensure appropriate and consistent implementation of this EHSS policy
- Obtaining assurance of our EHSS policy and management systems through regular audits and reviews of our performance
- Promoting effective employee, contractor and stakeholder participation in and awareness of EHSS issues and programs related to our operations through training, communication and regular public reporting of performance
- In recent years, Byco's EHSS has embarked upon its journey to fully implement DuPont's Process Safety Management system, the world's standard when it comes to Safety Management

Amir Abbassciy
Chief Executive Officer

Financial Highlights

(Rupees in million)

	2020	2019	2018	2017	2016	2015
Balance Sheet						
Share Capital	**53,299**	53,299	53,299	53,299	9,779	9,779
Share holders' equity	**26,201**	28,218	30,222	21,918	6,555	5,188
Property, plant and equipment	**70,790**	69,138	68,716	69,030	12,581	13,716
Long term investment	**16,932**	16,932	16,932	16,932	22,661	5,729
Long term loan, advances and rec	**723**	861	939	948	–	16,931
Stock in trade	**22,879**	29,260	29,391	12,583	7,332	4,860
Trade debts	**4,357**	5,337	5,464	4,858	8,287	9,349
Total current assets	**36,313**	41,895	40,378	21,630	20,642	18,549
Total current liabilities	**71,521**	75,454	72,706	56,264	39,179	36,376
Short term borrowings	**23,908**	15,849	2,323	3,372	6,594	738
Current portion of non-current liabilities	**2,685**	7,897	8,766	7,932	5,447	3,729
Non-current liabilities	**28,294**	26,470	26,824	31,657	10,160	13,372
Profit or Loss Account						
Net sales	**173,899**	197,831	166,290	88,420	77,702	94,807
Cost of sales	**171,002**	195,871	157,134	84,196	73,419	89,941
Gross profit / (loss)	**2,896**	1,960	9,156	4,224	4,283	4,866
Operating profit / (loss)	**1,530**	832	8,248	3,611	3,253	2,935
Finance costs	**3,960**	3,070	2,878	2,283	2,309	2,758
Profit / (Loss) before taxation	**(2,431)**	(2,238)	5,370	1,327	718	(151)
Profit / (Loss) after taxation	**(2,431)**	(1,684)	5,020	2,182	1,367	72

Financial Highlights

		2020	2019	2018	2017	2016	2015
Profitability Ratios							
Gross Profit	%	**1.67%**	0.99%	5.51%	4.78%	5.51%	5.13%
Profit before Tax	%	**-1.40%**	-1.13%	3.23%	1.50%	0.92%	-0.16%
Net Profit	%	**-1.40%**	-0.85%	3.02%	2.47%	1.76%	0.08%
EBITDA Margin to sales	%	**3.06%**	2.14%	6.78%	7.12%	5.73%	4.44%
Return on equity	%	**-9.28%**	-5.97%	16.61%	9.95%	20.86%	1.39%
Liquidity Ratios							
Current Ratio	Times	**0.51**	0.56	0.56	0.38	0.53	0.51
Quick / Acid Test Ratio	Times	**0.19**	0.17	0.15	0.16	0.34	0.38
Activity / Turnover Ratios							
Inventory turnover	Days	**55.64**	54.65	48.75	43.17	30.31	27.67
Debtors turnover	Days	**10.17**	9.96	11.33	27.13	41.42	37.72
Creditors turnover	Days	**79.99**	98.98	116.36	147.07	141.72	119.75
Inventory turnover	Times	**6.56**	6.68	7.49	8.46	12.04	13.19
Debtors turnover	Times	**35.88**	36.63	32.22	13.45	8.81	9.68
Creditors turnover	Times	**4.56**	3.69	3.14	2.48	2.58	3.05
Total assets turnover ratio	Times	**1.38**	1.52	1.28	0.80	1.39	1.71
Fixed assets turnover ratio	Times	**2.46**	2.86	2.42	1.28	6.18	6.91
Financial Leverage Ratios							
Interest coverage ratio	Times	**0.39**	0.27	2.87	1.58	1.41	1.06
Debt to equity ratio	Times	**2.09**	1.78	1.25	1.96	3.39	3.44
Investment / Market Ratios							
Earnings per share	Rs.	**(0.46)**	(0.32)	0.94	0.41	1.40	0.07

CHAIRMAN'S REVIEW

For the year ended June 30, 2020

On behalf of the Board of Directors,
I am pleased to present the Annual Report of the Company for the year ended 30th June, 2020.

The Financial Year 2020 began with a very difficult start for the world due to COVID-19 pandemic. Global and local business environment remained highly challenging, with the impact of COVID-19 spreading across the whole world within weeks. The same was also catastrophic for Pakistan's oil sector. The fall in oil prices, depressed oil demand and negative spread on Motor Spirit lead to significant losses to the whole industry.

The Company took active measures to sustain its operations during COVID – 19 and ensure consistent supply to meet the country demand. In addition, the Company is also supporting neighboring communities and supporting families living near the refinery in these trying times.

Overall performance of the Board of Directors remained upto the mark. The Board comprises of experienced and seasoned individuals with diversified experience and they have played an important role in making the Board effective at all levels. The Committees of the Board operated efficiently and assisted the Board in all the key matters.

On behalf of the Board, I would like to thank all the stakeholders for their trust and support. I am confident that the Company has all the ingredients necessary to achieve the expectations of all its stakeholders.

Akhtar Hussain Malik
Chairman

Karachi
September 23rd, 2020

DIRECTORS'REPORT

For the year ended June 30, 2020

In the name of Allah the Most Merciful and the Most Benevolent.

The Directors of your Company are pleased to present the Annual Report of the Company together with the audited, stand alone and consolidated, financial statements and auditors' report thereon for the year ended 30th June, 2020.

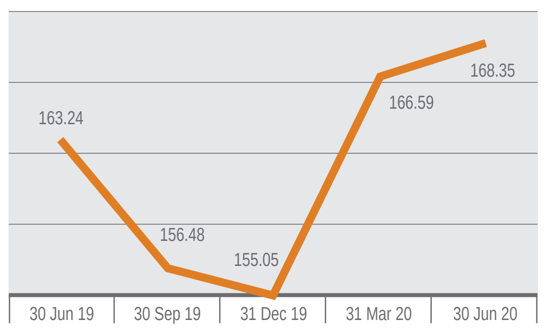
The year 2020 can be regarded as one of the most testing times in modern history as the entire world continues its battle with Covid-19, which continues to have severe effects on the global businesses and trades. The global GDP is projected to fall by about 5% and most of the economies are facing recession, despite unprecedented props provided by almost all of the developed world's governments for their economies. This had a corresponding affect on global oil consumption which was evident by the free fall of oil prices in the last quarter of the year. Recovery in oil consumption vis-à-vis oil prices is not anticipated any time soon as the remedies against the pandemic are still being tested, and even once brought to the market, people and economies will take time to get used to the new normal.

The oil sector in Pakistan, specially refineries, have been facing daunting times even before Covid-19 due to host of issues like continuous decline in High Sulphur Furnace Oil (HSFO) consumption, huge exchange losses due to Rupee depreciation, anomalies in product pricing, suppressed refinery margins etc. While the Government has made some changes in the pricing formula to address the concerns of refineries, we continue to play our part by voicing our opinion that the Pakistan oil sector requires a complete re-think and overhaul to bring it at par with international standards.

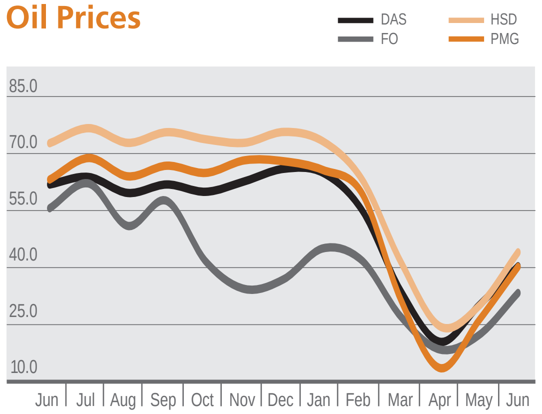
Specifically, there had been a consistent decline in local consumption of HSFO as the Government has adopted the policy of reducing country's reliance on HSFO for power generation. The local consumption of HSFO now stands at 1/3rd of its volume of about 9 million tons in year 2017 and the slow upliftment of HSFO has been affecting refineries. Keeping in view the above factors, the Company had been working on developing alternate avenues for the disposal of its HSFO. As a result, the Company successfully became the first Pakistani refinery to export a parcel of HSFO in international market during the year which provided much required support to operate at consistent volumes throughout winter season.

Another issue associated with HSFO which arose in the second quarter of the year was the significant decline in international prices of HSFO. In anticipation of the International Maritime Organization's (IMO) 2020 restriction on the usage of HSFO as bunker fuel from January 2020, HSFO prices nose dived in the international market between November 2019 to March 2020. The prices started stabilizing only once the initial three month timeline elapsed.

Pak Rupee / US$ Parity



Oil Prices



To address the issues associated with producing HSFO, the Company has initiated the project to setup a Fluid Catalytic Cracking (FCC) unit which will enable the Company to convert HSFO into Motor Spirit (MS) and Diesel (HSD) thereby improving the overall profitability. The members of the Company have already approved the project and its financing arrangement vide the extraordinary general meeting held in April 2020.

As soon as the issue of HSFO low demand and low prices started settling in, the Covid – 19 pandemic disrupted global economies at unprecedented scale and speed, which lead to depressed demand of oil products throughout the world. Consequently, a free fall of oil prices was witnessed during March and April which had a devastating effect on almost each and every organization operating in the oil sector. The price war between major oil producers also added fuel to the fire and for the first time in modern history, oil prices were quoted in negative pricing territory, albiet for a brief period of time.

The Company had adopted the policy of minimizing price exposure by rationalization of crude cargos and change of cargo pricing in anticipation of price movement. This practice greatly helped in minimizing price losses to the Company.

The country wide lockdown in March and April severely affected the oil consumption in the country when the demand fell by over 35%. As a result, refineries were forced to reduce throughput / shut down operations during this period. The consumption pattern however showed rapid improvement in June when the lockdown was eased out, eventually resulting in product shortage in some parts of the country. The Company made all out efforts to maintain continuous supplies to all its retail stations, monitoring stocks and deliveries round the clock, to minimize dry outs. We expect that the inquiry commission appointed by the Government will understand the factors which caused the product shortage fiasco and more importantly, suggest measures to minimize such shortages in future.

Another massive risk element and challenge for the local oil industry is non availability of hedging mechanism to cover foreign exchange risk. During the year, PKR / USD parity showed a V – Shaped trend when PKR appreciated by 5% in the first half of current financial year and then depreciated by 8.5% in the second half of the year. Consequently, the Company incurred net exchange loss of Rs. 514 million during the

year. Realizing the difficulties being faced by the oil sector in this regard, the Government has approved the inclusion of impact of exchange loss / gain in the following month's product prices, which partially helped the industry in recovering some exchange losses from last two months of the year. However, the colossal amount of exchange losses incurred in the prior year also requires the Government's attention as the same has caused enormous cash shortfall to the industry.

Subsequent to the end of the year, the Government made revisions in the product pricing formula for MS and HSD and the product prices are now determined bi-monthly as opposed to once in a month. The requirement for refineries to follow PSO's cost of import has also been done away with. We thank the Government for these revisions and believe this is a positive development and a step in the right direction, as it will assist in achieving sustainability by the refineries. We however continue to voice our opinion that a complete deregulation of the sector is required, in order for the consumers to get maximum benefits.

Further, subsequent to the end of the year, the Government changed the specification of imported MS and HSD to Euro V from August 2020 and January 2021 respectively. Local refineries are allowed to supply as per their existing product grades till the time they upgrade their refineries to be able to produce Euro V specifications. The Company gets lower price of its Diesel as per the pricing criteria approved by the Government in the above policy, however as mentioned earlier, the Company has commenced work on the upgrade project which includes setting up of a Diesel Hydro De-Sulphurising (DHDS) unit. Once completed, this will enable the Company to reduce the Sulphur content and produce Euro V compliant HSD.

The Company achieved gross turnover of Rs. 239 billion as compared to Rs. 252 billion last year which shows a reduction of about 5%, primarily due to the steep fall of oil prices during March and April, 2020. Despite decline in sales, the Gross Profit increased by 48% to Rs. 2.9 billion (LY: Rs. 1.96 billion) due to better pricing of crude cargos. Finance costs increased significantly with the increase in the average KIBOR rate whereas operating expenses remained within budget. As a result, the Company incurred net loss after tax of Rs. 2.43 billion (2019: Rs. 1.68 billion) and corresponding loss per share of Rs. 0.46 (2019: Rs. 0.32). Due to this, the Directors do not recommend dividend for the year ended June 30, 2020.

The Company successfully negotiated with its lenders for deferment of one year loan repayment as per the circular issued by the State Bank of Pakistan. As a result, loan repayment of PKR 3.8 Billion have been deferred by the lenders.

Isomerisation Unit, which is owned by the wholly owned subsidiary of the Company, operated smoothly and currently all of the Light Naphtha is being converted into MS which greatly contributed towards the refinery margins.

The Single Point Mooring (SPM) facility continued to provide support for timely supply of crude oil to the refineries. The SPM facility of the Company is handling about 24% of the country's crude oil imports thereby continually proving its importance in country's oil infrastructure.

The marketing arm of the Company also continued expanding its foot print and 19 new retail stations were added during the year, bringing the total to 391.

On a consolidated basis, the Group's loss per share amounted to Rs. 0.55 (2019: Rs. 0.43). Byco Isomerisation Pakistan (Private) Limited (BIPL), the wholly owned subsidiary of the Company, incurred a net loss of Rs. 703 million primarily due to the depreciation on fixed assets. It is expected that BIPL will generate profits with the increased throughput of refineries. There has been a delay in payment of Government dues (as mentioned in note 24 to the financial statements) due to delay in recoveries of funds and clearing of old outstanding government dues.

For a more comprehensive look at the financials of your Company over the last six years, refer to page 12.

Corporate Social Responsibility (CSR)

Byco focuses much of its corporate social responsibility efforts towards communities neighboring its refineries in Balouchistan. The Company provides job opportunities such as Management Trainee Programs (MTP), and social services including financial and material support to communities.

In the wake of the Covid-19 pandemic, Byco supported neighboring communities with rations, distributed masks to the villages near its refineries in Balochistan, and instituted social distancing SOP's at all its offices and locations. To combat climate change, Byco has a long term strategy to become carbon neutral by 2030 through increasing energy efficiency and tree plantations. Supporting the United Nations Sustainable Development Goals towards water conservation, Byco is installing reverse osmosis plants to recycle water at its retail outlet car washes.

Environment, Health, Safety and Security (EHSS)

The Company endeavors to ensure that world class EHS standards are maintained for operational sites. Company is passionate to implement international best practices and systems and improve key performance indicators of EHS at all management levels. As a result rthe efineries achieved 11 million safe man-hours without a lost time work injury.

Some of key advancement in EHS are, uplift of contractor safety management system throughout the organization, launch and implementation of progressive motivation program, introduction of tangible KPIs', periodic reporting to management and a robust Management of Change System. The company is zealous to accomplish interdependent EHS stage where everyone takes pride to practice safety and take care of others safety as well.

Compliance with the Code of Corporate Governance

The composition of the Board is in compliance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, applicable on listed entities, which is given below:

Number of Directors	
Male	06
Female	01
Total	**07**

Composition of the Board of Directors	
Independent directors	02
Non-executive directors	03
Executive director	01
Female non-executive director	01

During the financial year, following were the directors of the Company:

Name of Director	
Mr. Amir Abbassciy	Executive Director
Mr. Akhtar Hussain Malik	Independent Director
Mr. Syed Arshad Raza	Non - Executive Director
Mr. Mohammad Wasi Khan	Non - Executive Director
Mr. Muhammad Yasin Khan	Non - Executive Director
Mr. Tabish Gauhar	Independent Director
Ms. Asma Shaikh (Resigned on 2nd August 2019)	Female Independent Director
Mrs. Uzma Abbasi (Appointed on 16th August 2019)	Female Non - Executive Director

The Board of Directors are pleased to confirm that system of internal control is sound in design and has been effectively implemented and monitored.

The details of remuneration package of each of the directors and chief executive are available on page 71 of the Annual Report.

The Board has formed Sub-Committees that have significantly contributed to achieving desired objectives. These Committees include:

Audit Committee

Tabish Gauhar, Chairman
Muhammad Yasin Khan, Member
Mohammad Wasi Khan, Member

Human Resource and Remuneration Committee

Tabish Gauhar, Chairman
Syed Arshad Raza, Member
Mohammad Wasi Khan, Member

Risk Management Committee

Amir Abbassciy, Chairman
Tabish Gauhar, Member
Syed Arshad Raza, Member
Mohammad Wasi Khan, Member

Pattern of Shareholding

- The pattern of shareholding and additional information as at 30th June 2020 appears on page 130 of the Annual Report.
- Byco Industries Incorporated, based in Mauritius, holds 91.83% shares, financial institutions and banks and others hold 3.70% shares, and 4.47% shares are held by individuals.
- During the year, no trade was done in the shares of the Company by the directors, executives or their spouses and minor children.

External Auditors

The auditors Messrs EY Ford Rhodes Chartered Accountants retired and offered themselves for reappointment. The Audit Committee has recommended the reappointment of Messrs EY Ford Rhodes Chartered Accountants as auditors for the year ending June 30, 2021.

Acknowledgement

The Board wishes to express appreciation and place on record its gratitude for the cooperation extended to your Company by the Government of Pakistan including reducing the discount rate, relaxing the loan conditions, salary refinance scheme etc. and strategic partners including financial institutions, vendors, suppliers, customers and shareholders of your Company.

We would also like to thank our dedicated employees for their commitment towards sustainable operations.

For and on behalf of the Board of Directors

Chief Executive Officer
Karachi
September 23rd, 2020

Director

کمپنی نے اسٹیٹ بینک آف پاکستان کی جانب سے جاری کردہ مراسلے کے مطابق قرض دہندگان سے قرضے کی واپسی کے لیے ایک سال کی مہلت کے لیے کامیاب گفت وشنید کی۔ چنانچہ، 3.8 ارب روپے کے قرضے کی واپسی کے لیے قرض دہندگان کی طرف سے مہلت دی جا چکی ہے۔

آئسومرائزیشن یونٹ، جو کہ کمپنی کی مکمل ملکیت کے حامل ذیلی ادارے کا شعبہ ہے، اپنی کاروباری سرگرمیاں بآسانی انجام دیتا رہا اور فی الحال پورے لائٹ نیفتھا کو پیٹرول میں منتقل کیا جا رہا ہے جس سے ریفائنری کے منافع جات میں خاطرخواہ اضافہ ہوا۔

سنگل پوائنٹ مورنگ (SPM) کی سہولت نے ریفائنریوں کو خام تیل کی بروقت فراہمی کے لیے تعاون جاری رکھا۔ کمپنی کی SPM سہولت ملک کے خام تیل کی تقریباً 24 فیصد درآمدات پر عمل درآمد کررہی ہے اور اس طرح ملک کے آئل انفراسٹرکچر میں مسلسل اپنی اہمیت ثابت کررہی ہے۔

کمپنی کے مارکیٹنگ کے شعبے نے بھی اپنے مثبت اثرات جاری رکھے اور مذکورہ سال کے دوران 19 نئے ریٹیل اسٹیشنز شامل ہوئے جو کہ مجموعی 391 ہو گئے ہیں۔

اجتماعی بنیاد پر، گروپ کا فی حصص خسارہ 0.55 روپے (2019: 0.43 روپے) رہا۔ بائیکو آئسومرائزیشن پاکستان (پرائیویٹ) لمیٹڈ (BIPL) نے، جو کہ کمپنی کی مکمل ملکیت کا حامل ذیلی ادارہ ہے، پائیدار اثاثوں کی تخفیفِ قدر کے باعث ابتدائی طور پر 703 ملین روپے کا حتمی نقصان برداشت کیا۔ توقع ہے کہ ریفائنروں کے اضافہ شدہ پیداواری عمل کے ساتھ BIPL منافع حاصل کرے گا۔ سرکاری واجبات کی ادائیگی میں تاخیر ہوئی (جیسا کہ مالیاتی گوشواروں کے نوٹ 24 میں بیان کیا گیا ہے) جس کی وجہ بعض پرانے سرکاری واجبات کے تصفیے اور فنڈز کی وصولی/استفادے میں ہونے والی تاخیر تھی۔

گزشتہ چھ سال میں اپنی کمپنی کے مالیاتی گوشواروں کو زیادہ جامعیت کے ساتھ دیکھنے کے لیے، صفحہ 12 ملاحظہ کریں۔

کاروباری سماجی ذمہ داری (CSR)

بائیکو اپنی کاروباری سماجی ذمہ داری کی زیادہ تر کاوشوں کو بلوچستان میں اپنی ریفائنریوں سے متصل بستیوں کے لیے مختص کر رکھا ہے۔ کمپنی خود سے ملحقہ پسماندہ بستیوں کے لیے ملازمت کے مواقع جیسے کہ مینجمنٹ ٹرینی پروگرامز، اور سماجی خدمات بشمول مالی اور مادی معاونت پیش کرتی ہے۔

Covid-19 کی وبا کے تناظر میں، بائیکو نے ملحقہ بستیوں میں راشن تقسیم کیا، اپنے ملازمین اور حب، بلوچستان میں اپنی ریفائنری کے قرب وجوار میں موجود دیہاتوں میں ماسک بانٹے، اور اپنے تمام دفاتر اور لوکیشنز پر سماجی فاصلے کے ایس او پیز لاگو کیے۔ آب و ہوا کی تبدیلی سے نمٹنے کے لیے، بائیکو توانائی کی مؤثر پذیری میں اضافے اور شجرکاری کے ذریعے 2030 تک کاربن کے اخراج سے پاک بننے کی طویل المیعاد حکمتِ عملی پر کارفرما ہے۔ پانی کے تحفظ کے لیے اقوامِ متحدہ کے مستحکم ترقی کے اہداف میں تعاون کرتے ہوئے، بائیکو اپنے ریٹیل آؤٹ لیٹ کار واشز پر پانی کی ری سائیکلنگ کے لیے ریورس اوسموسس پلانٹس کی تنصیب کر رہا ہے۔

ماحول، صحت، سیفٹی اور سیکیورٹی (EHSS)

آپریشنل سائٹس کے لیے بائیکو نے عالمی سطح کے EHS کے معیار کو برقرار رکھنے کو یقینی بنانے کی کوشش کی ہے۔ کمپنی اپنے تمام مینجمنٹ لیول پر EHS کی کلیدی کارکردگی کو بہتر بنانے کے لیے بین الاقوامی طور پر بہترین طریقوں کو نافذ کرنے کا ارادہ رکھتی ہے۔ اس کے نتیجے میں ریفائنری نے وقت ضائع کیے بنا اور کام میں زخمی ہوئے بغیر 11 ملین محفوظ انسانی گھنٹے حاصل کیے۔

EHS میں کچھ اہم پیشرفت ہوئیں جیسا کہ پوری کمپنی میں کنٹریکٹر سیفٹی مینجمنٹ سسٹم، آگے بڑھنے کی تحریک دینے والے پروگرام کا آغاز اور عمل درآمد، ٹھوس KPIs کا تعارف اور مینجمنٹ کا باقاعدہ رپورٹنگ، تبدیلی کے نظام کا مضبوط کرنا شامل ہے۔ کمپنی EHS کے اس مقام کو حاصل کرنے کے لیے پرجوش ہے جہاں اپنی اور دوسروں کی حفاظت کو یقینی بنانے پر فخر حاصل ہوتا ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل:

بورڈ کی ترتیب کوڈ آف کارپوریٹ گورننس ریگولیشنز 2019 کے درج کردہ شرائط کے مطابق تشکیل دی گئی ہے جو ذیل میں دیئے گئے ہیں:

بورڈ آف ڈائریکٹرز کی تعداد	
مرد	06
عورت	01
ٹوٹل	07

بورڈ آف ڈائریکٹرز کی ترتیب	
آزاد ڈائریکٹرز	02
نان ایگزیکٹو ڈائریکٹرز	03
ایگزیکٹو ڈائریکٹر	01
عورت نان ایگزیکٹو ڈائریکٹر	01

سال رواں کے دوران مندرجہ ذیل کمپنی کے بورڈ آف ڈائریکٹرز میں شامل رہے:

ڈائریکٹر کا نام	
جناب عامر عباسی	ایگزیکٹو ڈائریکٹر
جناب اختر حسین ملک	آزاد ڈائریکٹر
جناب سید ارشد رضا	نان ایگزیکٹو ڈائریکٹر
جناب محمد وصی خان	نان ایگزیکٹو ڈائریکٹر
جناب محمد یسین خان	نان ایگزیکٹو ڈائریکٹر
جناب تابش گوہر	آزاد ڈائریکٹر
محترمہ اسماء شیخ (2 اگست 2019 کو مستعفی ہوئیں)	عورت آزاد ڈائریکٹر
محترمہ عظمٰی عباسی (16 اگست 2019 کو نئی ڈائریکٹر مقرر ہوئیں)	عورت نان ایگزیکٹو ڈائریکٹر

بورڈ آف ڈائریکٹرز انتہائی مسرت کے اس بات کی یقین دہانی کرتے ہیں کہ داخلی کنٹرول کا نظام مستحکم بناوٹ کا حامل ہے اور اس کا مؤثر نفاذ اور نگرانی کی گئی ہے۔

ہر ایک ڈائریکٹرز یا چیف ایگزیکٹو کے معاوضے کی تفصیلات اس سالانہ رپورٹ کے صفحہ نمبر 71 پر دی گئی ہیں۔

بورڈ نے چند ذیلی کمیٹیاں بنائیں ہیں جنہوں نے مطلوبہ اہداف کو حاصل کرنے کے لیے نمایاں کردار ادا کیا۔ ان کمیٹیوں میں شامل ہیں:

آڈٹ کمیٹی

جناب تابش گوہر، چیئرمین
جناب محمد وصی خان، ممبر
جناب محمد یسین خان، ممبر

ہیومن ریسورس اور مشاہرہ کمیٹی

تابش گوہر، چیئرمین
جناب سید ارشد رضا، ممبر
محمد وصی خان، ممبر

رسک مینجمنٹ کمیٹی

عامر عباسی، چیئرمین
تابش گوہر، ممبر
سید ارشاد رضا، ممبر
محمد وصی خان، ممبر

شیئر ہولڈنگ کی ساخت

- 30 جون، 2020 کو شیئر ہولڈنگ اور اضافی معلومات کی ساخت سالانہ رپورٹ کے صفحہ نمبر 130 پر موجود ہے۔
- ماریشیس میں واقع، بائیکو انڈسٹریز انکارپوریٹڈ 91.83 فیصد شیئرز کا مالک ہے، مالیاتی ادارے اور بینک اور دیگر 3.70 فیصد شیئرز جبکہ افرادِ واحد 4.47 شیئرز رکھتے ہیں۔
- سالِ رواں کے دوران ڈائریکٹرز، ایگزیکٹیوز یا ان کے شریکِ حیات اور نابالغ بچوں کی طرف سے کمپنی کے شیئرز میں کوئی ٹریڈنگ نہیں کی گئی۔

ایکسٹرنل آڈیٹرز

آڈیٹرز میسرز ای وائے فورڈ رہوڈز چارٹرڈ اکاؤنٹینٹس اپنی مدت مکمل کر چکے ہیں اور ان کی جانب سے اپنی دوبارہ تقرری کی پیشکش کی گئی۔ آڈٹ کمیٹی نے میسرز ای وائے فورڈ رہوڈز چارٹرڈ اکاؤنٹینٹس کی بطور آڈیٹرز 30 جون، 2021 کو ختم ہونے والے مالی سال کے لیے دوبارہ تقرری کی سفارش کی ہے۔

اظہارِ تشکر

بورڈ؛ حکومتِ پاکستان کے ڈسکاؤنٹ ریٹ میں کمی کرنا، قرض کی شرط میں نرمی، تنخواہ پر واقع اسکیم وغیرہ، اسٹریٹجک شراکت دار اور آپ کی کمپنی کے کاروباری شراکت دار بشمول مالیاتی اداروں، وینڈرز، سپلائرز، کسٹمرز اور حصص یافتگان کی جانب سے کمپنی کو فراہم کردہ تعاون پر تہہ دل سے ممنونیت کا اظہار کرتے ہوئے انہیں خراجِ تحسین پیش کرتا ہے۔

ہم، مستحکم کاروباری سرگرمیوں کے لیے اپنے پُرخلوص اور احساسِ ذمہ داری سے بھرپور ملازمین کے بھی شکر گزار ہیں۔

برائے ومنجانب بورڈ آف ڈائریکٹرز

چیف ایگزیکٹو آفیسر

کراچی
23 ستمبر 2020

ڈائریکٹر

ڈائریکٹرز رپورٹ

برائے اختتام سال 30 جون 2020

شروع اللہ کے نام سے جو بڑا مہربان نہایت رحم والا ہے۔

آپ کی کمپنی کے ڈائریکٹرز، 30جون 2020 کو ختم ہونے والے مالی سال کے لیے محاسبہ شدہ، انفرادی اور یکجا مالیاتی گوشوارے اور آڈیٹرز کی رپورٹ کے ساتھ کمپنی کی سالانہ رپورٹ پیش کرتے ہوئے انتہائی مسرت محسوس کررہے ہیں۔

سال2020 کو موجودہ دور کا سب سے زیادہ آزمائشی سال کہا جاسکتا ہے کہ جب ساری دنیا ابھی تک COVID-19 اور عالمی کاروباری اداروں اور تجارت پر اس کے سنگین اثرات کے خلاف نبرد آزما ہے۔ عالمی جی ڈی پی میں تقریباً5 فیصد کمی کی توقع ہے اور تقریباً تمام ترقی یافتہ ممالک کی حکومت کی طرف سے اپنی معشیت کو بہتر کرنے کے لیے فراہم کردہ بہترین سہولیات کے باوجود بھی تمام ترقی یافتہ ممالک کی معیشتیں زبوں حالی کا شکار ہیں۔ اس کے اثرات لامحالہ تیل کے عالمی صَرف پر مرتب ہوئے جس کا ثبوت سال کی آخری سہ ماہی میں تیل کی قیمتیں زمین بوس ہونے کی صورت میں دیکھا جاسکتا ہے۔ تیل کی قیمتوں کے حوالے سے تیل کی کھپت میں بہتری عنقریب متوقع نہیں ہے کیونکہ وباء سے بچاؤ کی ادویات ابھی تک تیاری کے مراحل میں ہیں اور ان کی جانچ کی جارہی ہے اور اگر وہ مارکیٹ میں دستیاب بھی ہوجاتی ہے تو لوگوں اور معیشتوں کو اپنی معمول کی حالت پر آنے میں ابھی کافی وقت لگ سکتا ہے۔

پاکستان میں تیل کا شعبہ، خصوصاً ریفائنریاں Covid-19 سے پہلے بھی کئی مسائل کی بناء پر مشکلات سے گزر رہی تھیں جیسے کہ ہائی سلفر فرنیس آئل کے صَرف میں مسلسل کمی، روپے کی قدر میں تخفیف کے باعث وسیع مبادلاتی خسارے، مصنوعات کی نرخ بندی میں بے ضابطگیاں، ریفائنری کے پست منافع جات وغیرہ۔ اگرچہ حکومت نے ریفائنریوں کے تحفظات کے حل کے لیے نرخ بندی کے فارمولے میں چند اہم تبدیلیاں کی ہیں، تاہم ہم اپنا کردار ادا کرتے رہیں گے اور اس بات کا مشورہ دیتے رہیں گے کہ پاکستان میں تیل کے شعبے کو بین الاقوامی معیار کے مطابق مساوی بنانے کے لیے مکمل طور پر دوبارہ سوچنے اور بحالی کی ضرورت ہے۔

حکومت کی جانب سے بجلی کی پیداوار کے لیے فرنیس آئل پر ملکی انحصار کم کرنے کی پالیسی اپنائے جانے کے بعد فرنیس آئل کے مقامی کھپت میں مسلسل کمی آئی ہے۔ فرنیس آئل کی مقامی کھپت سال 2017 میں تقریباً9 ملین ٹن کے اپنے حجم کی اب صرف ایک تہائی رہ گئی ہے اور فرنیس آئل کی سست رفتار بحالی ریفائنریوں کے پیداواری عمل پر اثر انداز ہورہی ہے۔ مذکورہ بالا عنصر کو ملحوظ رکھتے ہوئے، کمپنی اپنے فرنیس آئل کے تصفیے کے لیے متبادل ذرائع تخلیق کرنے پر کام کررہی ہے۔ نتیجتاً، کمپنی مذکورہ سال کے دوران پاکستان کی پہلی ریفائنری بنی جس نے بین الاقوامی مارکیٹ میں فرنیس آئل کا ایک پارسل کامیابی سے برآمد کیا جس نے پورے موسمِ سرما میں ریفائنری کو مستقل طور پر ایک حجم پر چلانے کے لیے انتہائی مطلوب معاونت فراہم کی۔

سال کی دوسری سہ ماہی میں فرنیس آئل کے حوالے سے جنم لینے والا ایک اور مسئلہ فرنیس آئل کی بین الاقوامی قیمتوں میں نمایاں کمی تھی۔ انٹرنیشنل میری ٹائم آرگنائزیشن (IMO) کی جنوری 2020 سے بطور بنکر فیول فرنیس آئل کے استعمال پر پابندی 2020 کی پیشگوئی کے تناظر میں، فرنیس آئل کی قیمتیں نومبر 2019 سے مارچ 2020 کے درمیان بین الاقوامی مارکیٹ میں پست رہیں۔ ابتدائی تین ماہ گزرنے کے بعد ہی قیمتوں میں استحکام شروع ہوا۔

فرنیس آئل کی پیداوار سے متعلقہ مسائل سے نمٹنے کے لیے، کمپنی نے فلوئیڈ کیٹالیٹک کریکنگ (FCC) یونٹ مرتب کرنے کے پروجیکٹ کا آغاز کرلیا ہے جو فرنیس آئل کو پیٹرول (MS) اور ڈیزل (HSD) میں منتقل کرنے کے لیے کمپنی کو اہل بنائے گا جس سے مجموعی منافع میں بہتری آئے گی۔ کمپنی کے ارکان پہلے ہی اپریل 2020 میں منعقدہ غیر معمولی عمومی اجلاس میں اس اقدام اور اس کی سرمایہ کاری کے معاملات کی منظوری دے چکے ہیں۔

جونہی فرنیس آئل کی پست طلب اور کم قیمتوں کا مسئلہ حل ہونا شروع ہوا تو COVID-19 کی وبا نے پوری دنیا کی صورتحال کو بہت تیزی اور بڑے پیمانے پر ابتر کردیا جس کے باعث دنیا بھر میں تیل کی مصنوعات کی طلب کو سخت دھچکا لگا۔ نتیجتاً، مارچ اور اپریل کے مہینوں میں تیل کی قیمتوں میں تیزی سے کمی دیکھنے میں آئی جس نے تیل کے شعبے میں سرگرم تقریباً ہر ادارے پر تباہ کن اثرات مرتب کیے۔ تیل کے بڑے پیداکاروں کے مابین ہونے والی قیمت کی جنگ نے جلتی پر تیل کا کام کیا اور تاریخ میں پہلی مرتبہ تیل کی قیمتیں مختصر دورانیے کے لیے منفی حدود میں دیکھی گئیں۔

کمپنی نے قیمتوں میں تبدیلی کی توقع کے پیشِ نظر خام تیل کی خریداری اور اس کی قیمت کی تبدیلی کو جدید خطوط پر استوار کرتے ہوئے قیمت میں سرمایہ کاری کو کم سے کم کرنے کی پالیسی اختیار کرچکی ہے۔ اس عمل سے کمپنی کو ہونے والا قیمت کا خسارہ کم کرنے میں کافی حد تک مدد ملی ہے۔

مارچ اور اپریل میں ملک بھر میں ہونے والے لاک ڈاؤن نے ملک میں تیل کی کھپت پر انتہائی منفی اثرات مرتب کیے جب طلب تقریباً35 فیصد سے گر گئی۔ نتیجتاً، ریفائنریوں کو اس مدت کے دوران جبراً پیداواری عمل کم کرنا پڑا/ اپنی سرگرمیاں معطل کرنی پڑیں۔ جون میں لاک ڈاؤن ختم ہونے پر کھپت میں تیز رفتار اضافہ دیکھنے میں آیا جس کا نتیجہ ملک کے بعض علاقوں میں تیل کی قلت کی صورت میں برآمد ہوا۔ کمپنی نے اپنے تمام آؤٹ لیٹس پر مسلسل رسد برقرار رکھنے اور ریٹیل آؤٹ لیٹس پر اسٹاک کی پوزیشن کی ہمہ وقت نگرانی کی حتی الامکان کوشش کی تاکہ رسد ختم ہونے کے امکان کو کم سے کم کیا جائے۔ ہمیں امید ہے کہ حکومت کی جانب سے مقرر کردہ انکوائری کمیشن ان عوامل کو مکمل طور پر سمجھے گا جن کے باعث تیل کی قلت کی شرمندگی کا سامنا کرنا پڑا اور مستقبل میں ان قلتوں کو کم سے کم کرنے کے لیے کوئی طریقہ کار تجویز کرے گا۔

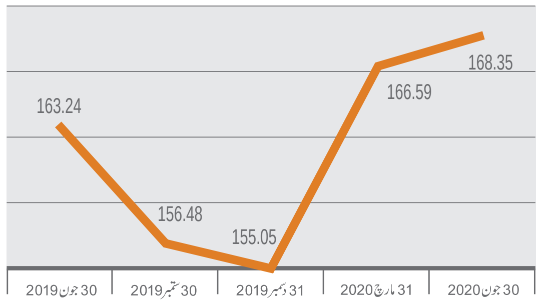
تیل کی مقامی صنعت کے لیے ایک اور بڑا چیلنج اور رسک زرِ مبادلہ کے خطرے کو پورا کرنے کے لیے ہیجنگ میکیزم کے کسی بھی ذریعے کی عدم دستیابی تھی۔ دورانِ سال، پاکستانی روپے/ امریکی ڈالر کے تقابل نے V کی شکل کا رجحان دیا جب پاکستانی روپیہ موجودہ مالی سال کی پہلی ششماہی میں 5 فیصد سے تجاوز کرگیا اور پھر سال کی دوسری ششماہی میں 8.5 فیصد سے گر گیا۔ نتیجتاً، کمپنی کو دورانِ سال 514 ملین روپے کا خالص مبادلاتی خسارہ برداشت کرنا پڑا۔ اس حوالے سے تیل کے شعبے کی مشکلات کو سمجھتے ہوئے، حکومت نے مبادلاتی خسارے/منافع کے اثرات کو اگلے ماہ کی مصنوعہ کی قیمت میں شامل کرنے کی اجازت دے دی جس سے صنعت کو سال کے گزشتہ دو ماہ سے مبادلاتی خساروں کو پورا کرنے میں جزوی مدد دی ہے۔ تاہم، گزشتہ سال میں ہونے والے مبادلاتی خساروں کی بڑی رقم پر بھی حکومت کو نظرِ ثانی کرنے کی ضرورت ہے کیونکہ اس سے بھی صنعت کو نقد رقم کی بے پناہ قلت کا سامنا کرنا پڑا۔

سال کے اختتام کے بعد، حکومت نے پیٹرول اور ڈیزل کے لیے مصنوعہ کی نرخ بندی کے فارمولے میں نظرِ ثانیاں کی تھیں اور مصنوعہ کی قیمتوں کا تعین اب پہلے کے برعکس مہینے میں ایک مرتبہ کے بجائے دو مرتبہ کیا جاتا ہے۔ ریفائنریوں کے لیے PSO کی لاگت برائے درآمد پر عمل درآمد کی شرط کو بھی ختم کردیا گیا ہے۔ ہم حکومت کے شکر گزار ہیں کہ انہوں نے ایک مثبت پیش رفت اور درست سمت میں ایک قدم اٹھایا جو ریفائنریوں کو استحکام کے حصول میں مدد دے گا۔ تاہم ہم اپنی اس رائے پر ضرور دیتے ہیں کہ اس سیکٹر کو تمام پابندیوں سے استثنیٰ حاصل ہونا چاہیے تاکہ صارفین کو زیادہ سے زیادہ فائدہ حاصل ہوسکے۔

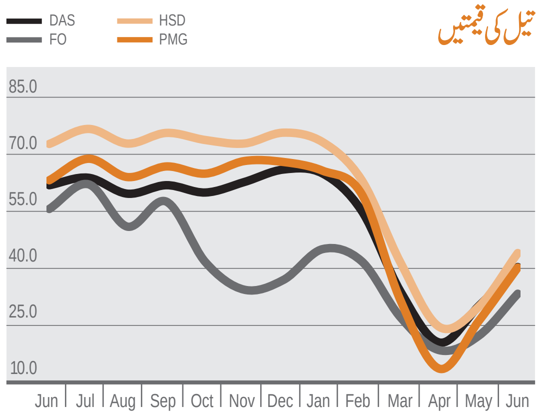
مزید برآں، سال کے اختتام کے بعد، حکومت نے امپورٹڈ پیٹرول اور ڈیزل کی تخصیصات کو بالترتیب اگست 2020 اور جنوری 2021 میں Euro V میں تبدیل کردیا۔ مقامی ریفائنریوں کو اُس وقت تک ان کے موجودہ مصنوعاتی گریڈز کے مطابق رسد کی اجازت دی گئی جب تک کہ اپنی ریفائنریوں کو اپ گریڈ کرکے Euro V نہ بنالیں۔ مذکورہ بالا پالیسی میں حکومت کی جانب سے منظور کردہ نرخ بندی کے معیار کے مطابق کمپنی کو اپنے ڈیزل کی کم تر قیمت حاصل ہوتی ہے۔ تاہم جیسا کہ پہلے بتایا گیا ہے، کمپنی نے اپنے اپ گریڈ پروجیکٹ پر کام کرنا شروع کردیا ہے جس میں ڈیزل ہائیڈروڈی سلفرائزنگ (DHDS) یونٹ کا قیام شامل ہے۔ جو کمپنی کو سلفر کے عنصر اور مصنوعہ پروڈکٹ Euro V سے ہم آہنگ ڈیزل کو کم کرنے کا اہل بنادے گا۔

کمپنی نے گزشتہ سال کے 252 ارب روپے کے مقابلے میں 239 ارب روپے کی مجموعی فروخت کی جو تقریباً5 فیصد کی کمی کو ظاہر کرتی ہے، اس کی بنیادی وجہ مارچ اور اپریل 2020 میں تیل کی تیزی سے گرتی ہوئی قیمتیں ہیں۔ فروخت میں کمی کے باوجود، مجموعی منافع 48 فیصد کے اضافے کے ساتھ 2.9 ارب روپے (گزشتہ سال : 1.96 ارب روپے) رہا، جس کی وجہ خام تیل کی بہتر نرخ بندی تھی۔ مالیاتی لاگتیں KIBOR کی اوسط شرح میں اضافے کے ساتھ نمایاں طور پر بڑھ گئیں جبکہ عملی کاروباری اخراجات بجٹ کے ماتحت رہے۔ نتیجتاً، کمپنی نے 2.43 ارب روپے (2019: 1.68 ارب روپے) کا بعد از ٹیکس خسارہ برداشت کیا اور فی حصص خسارہ 0.46 روپے (2019 : 0.32 روپے) رہا۔ اس کے وجہ سے ڈائریکٹرز نے سالِ اختتام 30 جون، 2020 کے لیے ڈیویڈنڈ کی تجویز نہیں دی۔

پاکستانی روپے / بہ مساوی امریکی ڈالر



تیل کی قیمتیں



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

Byco Petroleum Pakistan Limited (the "Company")
Year ending 30th June 2020

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the **"Regulations"**) in the following manner:

1. The total number of directors are 07 as per the following:
   a. Male: 06
   b. Female: 01

2. The composition of Board is as follows:

Category	Names
Independent Director	Mr. Tabish Gauhar Mr. Akhtar Hussain Malik
Non-executive Directors	Mr. Syed Arshad Raza Mr. Mohammad Wasi Khan Mr. Muhammad Yasin Khan
Executive Director	Mr. Amir Abbassciy
Female Director	Mrs. Uzma Abbasi

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

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

5. The board has 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;

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the **"Act"**) and these Regulations;

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

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

9. The Board remained compliant with the provision of the Regulations pertaining to the directors' training program. Out of seven directors, one (01) director has requisite experience to be exempted from training program as mentioned in regulation No 20, sub-regulation 2 of the Regulations. Three (03) directors on the Board have already attended the Directors' Training program in prior years, whereas for remaining three (03) directors, the training was planned during the second half of the financial year 2019-20, however, due to pandemic it could not be materialized;

10. During the year, no change was occurred in the positions of Chief Financial Officer, Company Secretary and Head of Internal Audit. Their remuneration and terms and conditions of employment complied with relevant requirements of the Regulations;

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

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

a) **Audit Committee**
Mr. Tabish Gauhar, Chairman
Mr. Mohammad Wasi Khan, Member
Mr. Muhammad Yasin Khan, Member

b) **Human Resource and Remuneration Committee**
Mr. Tabish Gauhar, Chairman
Mr. Syed Arshad Raza, Member
Mr. Mohammad Wasi Khan, Member

c) **Risk Management Committee**
Mr. Amir Abbassciy, Chairman
Mr. Tabish Gauhar, Member
Mr. Syed Arshad Raza, Member
Mr. Mohammad Wasi Khan, Member

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

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

    a) Audit Committee – **Every Quarter**
    b) Human Resource and Remuneration Committee – **Yearly**
    c) Risk Management Committee – **NIL**

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

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

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

18. We confirm that all requirements of the regulations 3, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

19. Explanation for not rounding up the fractional number under Regulation 6 is as follows:

    Regulation 6(1) of the Regulations stipulates that it is mandatory for each listed company to have at least two or one third members of the Board, whichever is higher, as independent directors. In a Board comprising of 7 directors, one third would equate 2.333 persons. Since the fractions is below half (0.5), accordingly the fraction contained in such one-third is not rounded up as one.

Akhtar Hussain Malik
Chairman

Dated: September 23rd, 2020

Independent Auditors' Review Report

To the members of Byco Petroleum Pakistan Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Byco Petroleum Pakistan Limited** (the Company) for the year ended **30 June 2020** in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2020.

Chartered Accountants
Place: Karachi

Dated: September 28th, 2020

EY Ford Rhodes
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Independent Auditors' Report

To the members of Byco Petroleum Pakistan Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Byco Petroleum Pakistan Limited** (the Company), which comprise the unconsolidated statement of financial position as at **30 June 2020**, and the unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 30 June 2020 and of the loss, the other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Key audit matters	How the matter was addressed in our audit
1. Impact of COVID 19	
As disclosed in note 1.2 to the unconsolidated financial statements, the COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities from March 2020 in line with the directives of the Government. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan. The Company's operations were disrupted due to the circumstances arising from COVID-19 including the suspension of operation due to compression of demand for petroleum products and volatility in international oil prices.	Our audit procedures, amongst others, included the following: - we discussed with the management about the impacts of COVID 19 related events on the business operations, financial condition, liquidity and operating performance of the Company; - we obtained an overall understanding of the changes in financial reporting process and underlying controls in order to determine the appropriate audit strategy; - we reviewed the future projections prepared by the management to assess the liquidity position and sustainability of operations; - we considered the recoverable amount of tangible fixed assets with reference to the fair values as determined by an independent valuer;

Key audit matters	How the matter was addressed in our audit
1. Impact of COVID 19	
In view of the unique nature of these events and its possible impacts on the business operations and financial reporting, we considered this area as a key audit matter due to the potential impact on our audit strategy.	- we checked the computations for expected credit losses as determined by the management in accordance with the requirements of IFRS-9 'Financial Instruments'. We evaluated the assumptions used by the management for such estimates including their reasonableness and the supporting economic and historical data used in this regard; - we reviewed the reasonableness of the inputs used for calculation of NRV of inventories held to assess the adequacy of relevant provisions; and - we reviewed the adequacy of the disclosures made by the Company under the applicable financial reporting framework.

2. Adoption of IFRS 16 'Leases' (IFRS 16)	
As disclosed in note 2.3 to the unconsolidated financial statements, IFRS 16 'Leases' has become effective for the current year. The standard has introduced a new accounting model for operating lease contracts from the standpoint of a lessee. As per the new requirements, the Company is required to recognize right of use assets for leased assets and liabilities for the lease payments over the lease term. The impacts of the adoption of the standard are disclosed in note 2.3 to the unconsolidated financial statements. The application of the new standard requires management to make significant estimates and judgements in relation to determination of lease term and appropriate discount rate for measurement of lease liability. We considered the adoption of the standard as a key audit matter due to the significance of the accounting change and the involvement of significant management judgements in respect of the application of the new standard.	Our audit procedures among others included obtaining an understanding of the process and controls on this area relevant to our audit. Further, we have: - evaluated the appropriateness of the new accounting policies for recognition of lease contracts and their measurement in the unconsolidated financial statements; - corroborated the completeness of the leases identified by the management by reviewing the reconciliations of leases with the list of filling stations in the use of the Company and reviewing the rent expense ledgers for the year; - performed independent checks of lease accounting computations for a sample of lease contracts through reperformance of such computations and tracing the terms with the relevant contracts; - evaluated the appropriateness of the assumptions used by the management in measuring lease liabilities such as discount rate and lease term; and - evaluated the adequacy of disclosures made regarding the application of the standard and its impact on the unconsolidated financial statements of the Company for the year.

3. Impairment assessment of investment in a Byco Isomerisation Pakistan (Private) Limited (BIPL)	
As disclosed in note 5, the Company carries an investment in BIPL (fully owned subsidiary) amounting to Rs 16,931.504 million. In respect of the above investment in BIPL, the impairment triggers were identified by the management and accordingly, impairment tests were carried out in accordance with the requirements of the applicable accounting standards. Such impairment tests involve estimation of future cash flows from the operations of the above entities to determine the recoverable amount in respect of the above referred investments. Due to the management judgments and estimates and other uncertain factors involved in these impairment tests carried out by the management, we have considered the determination of the recoverable amount of the related assets as a Key Audit Matter.	Our key procedures in relation to the impairment tests carried out by the management for investment in BIPL were as follows: - we considered the triggers and indicators requiring impairment assessment in respect of the above asset; - we assessed the appropriateness of the methodology used by the management for carrying out the impairment test in accordance with the requirements of the applicable accounting standards; - we reviewed the key inputs and assumptions used to prepare the future cash flow projection of the respective entities including the commercial assumptions used for this purpose. We involved our internal specialists to perform such review. In this regard, we also considered the business plan of the subject entity and the actual results achieved in relation to the previous plan; and - we also applied sensitivity analysis on key assumptions and evaluated the results. We also assessed the adequacy of the related disclosures in the unconsolidated financial statements in accordance with the financial reporting standards.

Key audit matters	How the matter was addressed in our audit
4. Recoverability and recognition of deferred tax asset	
As disclosed in note 8, the Company has recognized deferred tax asset on unused business losses, unabsorbed depreciation and unused tax credits amounting to Rs. 5,782.282 million. In order to ascertain that sufficient future taxable profits will be available, the management has prepared future projections of taxable profits by taking into account various assumptions mainly comprising of future throughput of the refinery, average inflation and exchange rates, growth rate and timing of reversals. The analysis of the recognition and recoverability of the deferred tax asset was significant to our audit because of the significant value of deferred tax asset and the assessment of future taxable income involves significant management judgement about future business and economic factors.	Our audit procedures among others included obtaining an understanding of the process and controls on this area relevant to our audit. We evaluated the appropriateness of the components on which the Company has recognized deferred tax asset in light of the requirements of the Income Tax Ordinance, 2001, considering factors including age and the expiry of the deferred tax asset and tax rates enacted. For this purpose, we involved our internal tax specialist to assist us. We evaluated the Company's assumptions and estimates in relation to the likelihood of generating future taxable income, principally by performing sensitivity analysis and testing the key assumptions used by the management. We have also assessed the adequacy of the Company's disclosures in accordance with relevant laws as applicable in Pakistan.

5. Overdue trade receivables	
As disclosed in note 10.1, the Company has an overdue trade receivable balance of Rs. 8,769.376 million on which Company carries an aggregate provision amounting to Rs. 6,196.510 million. Management considers certain specific factors including the age of the balance, existence of disputes, recent payment patterns and arrangements and any other available information with respect to the credit worthiness and reliability of the counterparties. Management uses this information to determine whether a provision for impairment is a required at a specific or overall balance level. We focused on this area due to the materiality of the amounts involved and because determination with respect to realizability of the receivables involves significant management judgement which is based on the number of factors which are inherently subjective and due to the materiality of the amounts involved.	Our audit procedures amongst other included: - Reviewed agreements with the customers for agreed terms and conditions and latest financial information of the customers, wherever available; - Ensured that the receivable arising out of sales are on the prices that are in agreement with respective customers' terms and conditions; - Reviewed related correspondences between the Company and relevant parties, and held discussions at appropriate level of management to assess their views on the recoverability and timing of settlement of relevant receivables and steps taken for recoverability of these receivables; - Circularize confirmation to the Company's external legal advisor for their view on the recoverability of the receivables; - Considered management process for determining the provision for impairment, discussed judgement exercised by them. We also reviewed minutes of the Board and Audit committee and checked relevant approvals in this regard; Reviewed related disclosures in the unconsolidated financial statements.

6. Stock-in-trade	
As disclosed in note 9 to the unconsolidated financial statements the stock-in-trade balance amounts to Rs. 22,878.892 million which constitutes 18% of total assets of the Company. Stock-in-trade comprises of crude oil, high speed diesel, motor gasoline and other related petroleum products with differing characteristics. The stock-in-trade volume determination process starts by obtaining dips and measuring the temperature and density at the same time. That measured data is then used to determine the volume by using the parameters and applying the dynamics of respective tanks, which were determined at the time of commissioning of tanks. We focused on stock-in-trade as it is a significant portion of company's total asset and involves complexities in determination of volume.	We performed a range of audit procedures in respect of inventory items including, amongst others physical observation of inventory counts, testing valuation methods and their appropriateness in accordance with the applicable accounting standards. We involved an external expert, to assist us in taking the dips, determining volume based on the calibration charts and determining nature / characteristics of the stock-in-trade. We re-performed the working for determination of volume, based on the calibration charts on a sample basis. We obtained samples of inventories from the storage tanks to determine the nature / characteristics of the stock-in-trade. Such samples were then sent to the external expert's laboratory to determine the nature of the stock. We also assessed the adequacy of the disclosure made in respect of the accounting policies and details of inventory balances held by the Company at the year end.

Information Other than the Unconsolidated Financial Statements and Auditor's 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 unconsolidated financial statements and our auditor's report thereon.

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

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

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

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as 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.

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

Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows 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 auditor's report is Omer Chughtai.

Chartered Accountants
Place: Karachi

Dated: September 28th, 2020

Unconsolidated

Statement of Financial Position

As at 30 June 2020

(Rupees in '000)

	Note	2020	2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	**70,790,402**	69,137,561
Long-term investment	5	**16,931,504**	16,931,504
Long-term loans and advances	6	**723,207**	860,963
Long-term deposits	7	**112,423**	34,816
Deferred taxation	8	**1,145,880**	1,282,932
		89,703,416	88,247,776
CURRENT ASSETS			
Stores and spares		**2,040,667**	1,692,293
Stock-in-trade	9	**22,878,892**	29,260,294
Trade debts	10	**4,356,855**	5,336,657
Loans and advances	11	**1,362,133**	1,182,132
Trade deposits and short-term prepayments	12	**22,477**	46,566
Accrued interest		**312,784**	230,130
Other receivables	13	**1,979,163**	2,184,640
Taxation - net		**1,040,546**	826,980
Cash and bank balances	14	**2,319,220**	1,135,249
		36,312,737	41,894,941
Total assets		**126,016,153**	130,142,717
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	15	**53,298,847**	53,298,847
Reserves		**(31,596,513)**	(29,630,810)
Surplus on revaluation of property, plant and equipment		**3,641,342**	3,693,051
		25,343,676	27,361,088
Contribution against future issue of shares	16	**857,140**	857,140
		26,200,816	28,218,228
NON-CURRENT LIABILITIES			
Long-term financing	17	**15,891,534**	15,845,806
Loans from related party	18	**3,935,650**	3,935,650
Accrued and deferred mark-up	19	**6,525,172**	5,861,965
Long-term lease liabilities	20	**1,200,043**	–
Long-term deposits	21	**120,175**	105,000
Deferred liabilities	22	**609,314**	721,587
Deferred income - government grant	23	**12,037**	–
		28,293,925	26,470,008
CURRENT LIABILITIES			
Trade and other payables	24	**41,085,844**	47,925,694
Advance from customers	25	**2,948,271**	3,387,793
Accrued mark-up	26	**893,415**	393,518
Short-term borrowings - secured	27	**23,907,984**	15,849,021
Current portion of non-current liabilities		**2,662,236**	7,897,428
Current portion of deferred income - government grant	23	**22,635**	–
Unclaimed dividend		**1,027**	1,027
		71,521,412	75,454,481
CONTINGENCIES AND COMMITMENTS	28		
Total equity and liabilities		**126,016,153**	130,142,717

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

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

Unconsolidated

Statement of Profit or Loss

For the year ended 30 June 2020

(Rupees in '000)

	Note	2020	2019
Turnover - net	29	**173,898,930**	197,830,720
Cost of sales	30	**(171,002,486)**	(195,870,943)
Gross profit		**2,896,444**	1,959,777
Administrative expenses	31	**(934,122)**	(908,391)
Selling and distribution expenses	32	**(578,186)**	(497,889)
Other expenses	33	**(1,226,414)**	(739,560)
Other income	34	**1,371,874**	1,017,869
		(1,366,848)	(1,127,971)
Operating profit		**1,529,596**	831,806
Finance costs	35	**(3,960,395)**	(3,069,557)
Loss before taxation		**(2,430,799)**	(2,237,751)
Taxation	36	**–**	554,051
Loss after taxation		**(2,430,799)**	(1,683,700)
Loss per share - basic and diluted (Rupees)	37	**(0.46)**	(0.32)

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

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

Unconsolidated
Statement of Comprehensive Income
For the year ended 30 June 2020

(Rupees in '000)

	2020	2019
Loss after taxation	**(2,430,799)**	(1,683,700)
Other comprehensive income / (loss) for the year		
Items that will not be reclassified subsequently to statement of profit or loss		
Re-measurement loss on defined benefit obligation - net of tax	**(26,448)**	(48,231)
Revaluation surplus on property, plant and equipment - net of tax	**439,835**	(287,500)
Total comprehensive loss for the year	**(2,017,412)**	(2,019,431)

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

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

Unconsolidated
Statement of Changes in Equity
For the year ended 30 June 2020

(Rupees in '000)

		Capital Reserves			Revenue Reserve			
	Issued, subscribed and paid up capital	Merger reserve	Other capital reserve (note 18.2)	Revaluation surplus on property, plant and equipment	Accumulated Loss	Sub-total	Contribution against future issue of shares	Total
Balance as at June 30, 2018	53,298,847	(21,303,418)	3,214,209	4,490,349	(10,319,468)	29,380,519	841,249	30,221,768
Net loss for the year	–	–	–	–	(1,683,700)	(1,683,700)	–	(1,683,700)
Other comprehensive loss for the year - net of tax	–	–	–	(287,500)	(48,231)	(335,731)	–	(335,731)
Total comprehensive loss for the year	–	–	–	(287,500)	(1,731,931)	(2,019,431)	–	(2,019,431)
Revaluation on contribution against future issue of shares	–	–	–	–	–	–	15,891	15,891
Incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	–	–	–	(509,798)	509,798	–	–	–
Balance as at June 30, 2019	**53,298,847**	**(21,303,418)**	**3,214,209**	**3,693,051**	**(11,541,601)**	**27,361,088**	**857,140**	**28,218,228**
Net loss for the year	–	–	–	–	(2,430,799)	(2,430,799)	–	(2,430,799)
Other comprehensive income / (loss) for the year - net of tax	–	–	–	439,835	(26,448)	413,387	–	413,387
Total comprehensive income / (loss) for the year	–	–	–	439,835	(2,457,247)	(2,017,412)	–	(2,017,412)
Incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	–	–	–	(491,544)	491,544	–	–	–
Balance as at June 30, 2020	**53,298,847**	**(21,303,418)**	**3,214,209**	**3,641,342**	**(13,507,304)**	**25,343,676**	**857,140**	**26,200,816**

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

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

Unconsolidated
Statement of Cash Flows

For the year ended 30 June 2020

(Rupees in '000)

	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(2,430,799)**	(2,237,751)
Adjustments for:			
Depreciation	4.1.4 & 4.3.3	**3,794,549**	3,394,957
Finance costs	35	**3,960,395**	3,069,557
Provision for doubtful debts	10.1	**1,130,111**	634,006
Gain on disposal of assets	34	**(2,713)**	(191,868)
Interest income	34	**(1,286,119)**	(775,040)
Provision for gratuity	22.1.5	**61,671**	52,858
Net cash flow before working capital changes		**5,227,095**	3,946,719
(Increase) / decrease in current assets			
Stores and spares		**(348,374)**	(409,350)
Stock-in-trade		**6,381,402**	130,956
Trade debts		**979,802**	127,127
Loans and advances		**(42,245)**	298,815
Trade deposits and short-term prepayments		**1,154**	(19,953)
Other receivables		**205,477**	(68,100)
		7,177,216	59,495
Increase / (Decrease) in current liabilities			
Trade and other payables		**(6,839,850)**	(10,536,358)
Advances from customers		**(439,522)**	597,961
		(7,279,372)	(9,938,397)
Cash generated from / (used in) operations		**5,124,939**	(5,932,183)
Finance costs paid		**(6,537,238)**	(2,155,968)
Income taxes paid		**(213,566)**	(632,932)
Gratuity paid	22.1.5	**(58,834)**	(169,736)
Interest income received		**73,354**	91,595
Net cash used in operations		**(1,611,345)**	(8,799,224)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(3,273,858)**	(2,621,436)
Sale proceeds against disposal		**5,472**	20,493
Advance against investment in shares		**–**	(42,134)
Long-term deposits - net		**(62,432)**	(137,789)
Net cash used in investing activities		**(3,330,818)**	(2,780,866)
CASH FLOW FROM FINANCING ACTIVITIES			
Long-term financing - net		**(1,816,943)**	(1,557,111)
Short-term borrowings - net		**9,326,648**	13,646,169
Payments against lease liabilities		**(115,886)**	–
Net cash generated from financing activities		**7,393,819**	12,089,058
Net increase in cash and cash equivalents		**2,451,656**	508,968
Cash and cash equivalents - at the beginning of the year		**(132,436)**	(641,404)
Cash and cash equivalents - at the end of the year	38	**2,319,220**	(132,436)

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

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

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Byco Petroleum Pakistan Limited (the Company) was incorporated in Pakistan as a public limited company on 09 January 1995 under the repealed Companies Ordinance, 1984 and was granted a certificate of commencement of business on 13 March 1995. The shares of the Company are listed on Pakistan Stock Exchange. The Company is a subsidiary of Byco Industries Incorporated (BII), Mauritius (the Parent Company).

The Company currently operates two business segments namely Oil Refinery Business and Petroleum Marketing Business. The Company has two refineries with an aggregate rated capacity of 155,000 bpd. Petroleum Marketing Business was formally launched in 2007 and has 391 retail outlets across the country.

1.2 **Impact of COVID-19 on the unconsolidated financial statements**

The COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities during the period from March 2020 in line with the directives of the Government. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan. Complying with the lockdown, the Company temporarily suspended operations.

The lockdown was subsequently relaxed from the month of May, and the Company resumed full operations, after implementing all the necessary SOPs to ensure safety of employees. The management has ensured all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity.

The Company's operations were disrupted due to the circumstances arising from COVID-19 including the suspension of operations due to compression of demand for petroleum products and volatility in international oil prices resulting in loss of revenue and accordingly gross and operating profits, respectively. Due to this, the management has assessed the accounting implications of these developments on these unconsolidated financial statements, including but not limited to expected credit losses and modification of financial liability under IFRS 9, 'Financial Instruments', the impairment of tangible assets under IAS 36, 'Impairment of non-financial assets', the net realisable value of inventory under IAS 2, 'Inventories', deferred tax assets in accordance with IAS 12, 'Income taxes', provisions and contingent liabilities under IAS 37.

The Company carried out an assessment including financial and non-financial consideration such as debt covenant compliance, liquidity and funding concerns, disruption of supply chain, logistics, fluctuating demand, workforce management and employee health issues.

According to management's assessment, there are no material implications of COVID-19 that require specific disclosure in the unconsolidated financial statements.

1.3 **Geographical location and address of business units**

Location / Address	Purpose
The Harbour Front, 9th Floor, Dolmen City, HC-3, Block 4, Marine Drive, Clifton, Karachi - 75600, Pakistan.	Head office
Mauza Kund, Sub Tehsil Gadani, District Lasbella, Baluchistan	Refining unit

1.4 These unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary is stated at cost less impairment, if any.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act 2017 (the Act); and
- Provisions of and directives issued under the Act

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

2.2 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention except for:

- Property, plant and equipment which are carried at revalued amount in accordance with IAS 16 "Property, Plant and Equipment" as disclosed in note 3.1 and 4.1; and
- Employees' retirement benefits which is carried at present value of defined benefit obligation net of fair value of plan assets in accordance with the requirements of IAS 19 "Employee Benefits", as disclosed in note 3.11 and 22.1.

2.3 New standards and amendments

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year except that the Company has adopted the following standards, amendments, interpretation and improvements to IFRS which became effective for the current year:

IFRS 9 –	Prepayment Features with Negative Compensation (Amendments)
IFRS 14 –	Regulatory Deferral Accounts
IFRS 16 –	Leases
IFRS 16 –	COVID 19 Related Rent Concessions (Amendments)
IAS 19 –	Plan Amendment, Curtailment or Settlement (Amendments)
IAS 28 –	Long-term Interests in Associates and Joint Ventures (Amendments)
IFRIC 23 –	Uncertainty over income tax treatments

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

IFRS 3 –	Business Combinations - Previously held Interests in a joint operation
IFRS 11 –	Joint Arrangements - Previously held Interests in a joint operation
IAS 12 –	Income Taxes - Income tax consequences of payments on financial instruments classified as equity
IAS 23 –	Borrowing Costs - Borrowing costs eligible for capitalisation

The adoption of the above standards, amendments, interpretations and improvements to the accounting standards did not have any material effect on the Company's unconsolidated financial statements except for IFRS 16. The impact of adoption of IFRS 16 and its amendments are described below:

IFRS 16 - 'Leases'

IFRS 16 'Leases' supersedes IAS 17 'Leases', 'IFRIC 4' Determining whether an Arrangement contains a Lease, 'SIC-15' Operating Leases Incentives and 'SIC-27' Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under IFRS 16, distinction between operating and finance leases has been removed and all lease contracts, with limited exceptions, will be recognised in unconsolidated statement of financial position by way of right-of-use assets along with their corresponding lease liabilities.

Lease obligations of the Company comprise of lease arrangements giving it the right-of-use over lands, warehouses, terminals and office premises.

The Company adopted IFRS 16 with effect from July 01, 2019 using the modified retrospective method. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application with no restatement of comparative information. The Company elected to use the transition practical expedient allowing the Company to use a single discount rate to a portfolio of leases with similar characteristics. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases).

IFRS 16 allows two options for transition under the modified retrospective method as follows:

- recognize the lease liability at the date of initial application for operating leases at the present value of remaining lease payments and a right-of-use asset equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to those leases, or
- recognize the lease liability at the date of initial application for operating leases at the present value of remaining lease payments and a right-of-use asset at its carrying value as if the new standard had always been applied.

In applying the standard, the Company has recognised lease liability at the date of initial application as present value of remaining lease payments and a right-of-use asset equal to the lease liability, adjusted by the amount of prepaid or accrued lease payments previously recognised. The present value has been determined using a single discount rate for portfolio of leases exhibiting similar characteristics based on practical expedient provided in the standard.

Lease term is the non-cancelable period for which the Company has right to use the underlying asset in line with the lease contract together with the periods covered by an option to extend which the Company is reasonably certain to exercise and option to terminate which the Company is not reasonably certain to exercise.

The impact of adoption of IFRS 16 as at July 01, 2019 is as follows:

	Note	(Rupees '000)
Right-of-use assets	4.3	**1,537,396**
Prepayments		**(22,935)**
Total Assets		**1,514,461**
Lease liabilities	20	**1,514,461**
Deferred taxation		**(6,651)**

There is no material impact on other comprehensive income or the basic and diluted earnings per share.

The lease liabilities as at July 01, 2019 can be reconciled to the operating lease commitments as of June 30, 2019 as follows:

	(Rupees '000)
Operating lease commitments as at June 30, 2019	**1,745,416**
Impact of discounting	**(221,318)**
Short-term leases	**(9,637)**
Total lease liability at July 01, 2019	**1,514,461**
Weighted average incremental borrowing rate as at July 01, 2019	**15.25%**

The impact of the amendment of IFRS 16 "COVID 19 Related Rent Concessions" did not have any material impact on the Company.

2.4 Standards, interpretations and amendments to approved accounting standards that are not yet effective

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

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 3	Definition of a Business (Amendments)	01 January 2020
IFRS 3	Reference to conceptual framework (Amendments)	01 January 2022
IFRS 7, IFRS 9 & IAS 39	Interest rate benchmark reforms (Amendments)	01 January 2020
IFRS 9	Prepayment Features with Negative Compensation (Amendments)	01 January 2019
IFRS 10 & IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 1/ IAS 8	Definition of material (Amendments)	01 January 2020
IAS 1	Classification of liabilities as current or non-current (Amendments)	01 January 2022*
IAS 16	Proceeds before intended use (Amendments)	01 January 2022
IAS 37	Onerous contracts - cost of fulfilling a contract (Amendments)	01 January 2022

* The IASB has issued an exposure draft proposing to defer the effective date of the Amendments to IAS 1 to 01 January 2023.

The above standards and interpretations are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application.

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

Standard or Interpretation		Effective date (annual periods beginning on after)
IFRS 9 –	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
IAS 41 –	Agriculture – Taxation in fair value measurements	01 January 2022

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

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

2.5 Critical accounting judgments, estimates and assumptions

The preparation of these unconsolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements, estimates and assumptions made by the management that may have a significant risk of material adjustments to the unconsolidated financial statements in the subsequent years are as follows:

i) Useful lives of items of property, plant and equipment (note 3.1 and 4.1);
ii) Impairment against investment in subsidiary (note 3.2);
iii) Provision for slow moving and obsolete stores and spares (note 3.4);
iv) Provision for doubtful debts and other receivables (note 3.7);
v) Impairment against non-financial assets (note 3.9);
vi) Estimates of receivables and payables in respect of staff retirement benefit schemes (note 3.11 and 22.1);
vii) Surplus on revaluation of Property, plant and equipment (note 3.1);
viii) Provision for taxation (note 3.13, 8 and 36);
ix) Contingencies (note 3.20 and 28.1);
x) Determining the lease term of contracts with renewal and termination options (notes 3.10 and 20); and
xi) Leases - Estimating the incremental borrowing rate (notes 3.10 and 20).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

Owned

These are initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses, if any, except for freehold land, leasehold land, building on freehold land, roads and civil works, building on leasehold land, plant and machinery, generators and safety and lab equipments which are measured at revalued amounts, which is the fair value at the date of revaluation less accumulated depreciation and accumulated impairment losses, if any, recognised subsequent to the date of revaluation. The surplus arising on revaluation is disclosed as surplus on revaluation of property, plant and equipment.

Depreciation is charged to unconsolidated statement of profit or loss, applying the straight line method whereby costs of assets, less their residual values, is written off over their estimated useful lives at rates as disclosed in note 4.1 to the unconsolidated financial statements. Depreciation on additions is charged from the month in which the asset is available for use up to the month preceding the disposal.

The carrying values of the Company's property plant and equipment are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Repairs and maintenance cost is written off to the unconsolidated statement of profit or loss in the year in which it is incurred. Major renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Company.

An item of property plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on disposal of property plant and equipment is recognised in the year of disposal.

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognized in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognized in unconsolidated statement of profit or loss, the increase is first recognized in unconsolidated statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in unconsolidated statement of comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to unconsolidated statement of profit or loss.

Capital work-in-progress

Capital work-in-progress, is stated at cost less accumulated impairment losses, if any. Cost consists of:

- expenditures incurred for the acquisition of the specific asset, dismantling, refurbishment, construction and installation of the asset so acquired.

- borrowing cost and exchange differences arising on foreign currency financings to the extent these are regarded as adjustment to interest costs for qualifying assets if its recognition criteria is met as mentioned in note 3.16 to the unconsolidated financial statements.

- interest expenses, exchange loss and other expenses as mentioned in note 4.2.3 and 4.2.4 to the unconsolidated financial statements.

- trial run cost of testing the asset. If the income from the testing activity is higher than the cost of testing the asset, then the net effect will be a deduction from the cost of the asset.

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

3.2 Investment in subsidiary
Investment in subsidiary is initially recognised at cost. At subsequent reporting dates, the Company reviews the carrying amount of the investment to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Such impairment losses or reversal of impairment losses are recognised in the unconsolidated statement of profit or loss. These are classified as 'long-term investment' in the unconsolidated financial statements.

3.3 Stock-in-trade
All stock-in-trade is valued at the lower of cost and net realizable value (NRV). Stock-in-transit, if any, are valued at cost comprising invoice values plus other charges incurred as on the unconsolidated statement of financial position date.

Raw materials
Cost in relation to crude oil is determined on the basis of First-In-First-Out (FIFO) basis.

Finished products
Cost of finished products comprises of the cost of crude oil and appropriate production overheads. Production overheads are arrived at on the basis of average cost for the month per barrel of throughput.

Net realizable value in relation to finished products is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated cost necessary to make the sale.

3.4 Stores and Spares
These are stated at moving average cost less impairment loss, if any. For items which are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated realizable value. Provision is made for obsolete and slow moving items where necessary and is recognised in the unconsolidated statement of profit or loss.

3.5 Advances and short-term prepayments
These are initially recognised at cost, which is the fair value of the consideration given. Subsequent to initial recognition assessment is made at each unconsolidated statement of financial position date to determine whether there is an indication that assets may be impaired. If such indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

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

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

i) Financial assets

Initial recognition and measurement
Financial assets are classified at initial recognition and subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss.

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

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

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

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

- Financial assets at amortized cost (debt instruments);

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

- Financial assets at fair value through profit or loss (FVPL).

Financial assets at amortized cost (debt instruments)
The Company measures financial assets at amortized cost if both of the following conditions are met:

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

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

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

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

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

The Company has not designated any financial asset at FVOCI.

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

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

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

The Company has not designated any financial asset at FVPL.

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

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

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Company has transferred substantially all the risks and rewards of the asset, or
(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

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

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

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

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

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

ii) Financial liabilities

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

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

Subsequent measurement

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

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

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

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

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

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

3.8 Cash and cash equivalents
Cash and cash equivalents are stated at cost. For the purposes of statement of cash flows, cash and cash equivalents comprise cash in hand, balances with banks and running finance facility.

3.9 Impairment

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 unconsolidated statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flow have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

3.10 Leases

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

Company as a lessee

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

i) Lease liabilities

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

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

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

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

iii) Estimating the incremental borrowing rate

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

iv) Short-term leases

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

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the unconsolidated statement of profit or loss due to its operating nature.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.11 Staff retirement benefits

Defined benefit plan

The Company operates a funded gratuity scheme covering all its permanent employees who have completed minimum qualifying period of service. The Company's obligation under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". The latest actuarial valuation was carried out at 30 June 2020 and based on the actuarial valuation, the Company had recognised the liability for retirement benefits and the corresponding expenses. Actuarial gains and losses that arise are recognised in unconsolidated statement of comprehensive income in the year in which they arise. Past service costs are recognised immediately in unconsolidated statement of profit or loss irrespective of the fact that the benefits are vested or non-vested. Current service costs and any past service costs together with the effect of the unwinding of the discount on plan liabilities are charged to unconsolidated statement of profit or loss.

The amount recognised in the unconsolidated statement of financial position represents the present value of defined benefit obligation as reduced by the fair value of plan assets.

Defined contribution plan

The Company operates a funded provident fund scheme for all its eligible employees. Equal contributions are made by the Company and the employees at 8.33% of the basic salary of the eligible employees.

3.12 Government Grant

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. As the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

3.13 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation in accordance with Income Tax Ordinance, 2001.

Deferred

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising at the unconsolidated statement of financial position date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

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 future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the unconsolidated statement of financial position date.

3.14 Provisions

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

3.15 Contribution against future issuance of shares

Foreign currency amounts received in cash as contribution against future issuance of shares from the Parent Company is stated at the rates at which these were received. Foreign currency payments by the Parent Company directly to foreign suppliers of plant and machinery foreign dismantling and refurbishment services providers are initially stated at Pak Rupees equivalent amount translated at the rates approximating to those ruling on the date of transaction. Thereafter, these are revalued and stated at the average of Pak Rupees exchange rates quoted by selected authorised dealers approximating to those ruling on the dates the related plant and machinery items are received in Pakistan (i.e. the date of the bill of entry as per the requirements of Foreign Exchange Manual 2018). However, where the related plant and machinery items have not yet been received by the Company, these payments are translated at the year-end exchange rate equivalents.

3.16 Borrowings and related costs

Borrowing costs directly attributable to the acquisition, construction or installation of qualifying assets, that necessarily take substantial period of time to get ready for their intended use, are capitalized as a part of cost of those assets, until such time as the assets are substantially ready for intended use. All other borrowing costs are recognized as an expense in the year in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with borrowing of funds and exchange difference arising on foreign currency fundings to the extent those are regarded as adjustment to the interest cost, net of related interest income, if any.

3.17 Revenue recognition

Revenue is recognised at amounts that reflect the consideration that the Company expects to be entitled to in exchange for transferring goods or services to a customer. The credit limits in contract with customers ranges from nil to 30 days. Revenue is measured at the fair value of the consideration received or receivable, and is recognised on the following basis:

- Revenue from sale of goods is recognised when control of goods have passed to the customer which coincide with the dispatch of goods to the customers.
- Export sales are recognised on the basis of product shipped to the customers.
- Handling and storage income, rental income on equipment and other services income is recognized on accrual basis.

3.18 Other income

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

- Mark-up on delayed payment charges are recognised on the time proportionate basis.
- Interest income on short-term deposits and interest bearing advances are recognised on the time proportionate basis.
- Scrap sales, dealership income and rental income are recognised on an accrual basis.
- Gain on disposal is recognised at the time of disposal of operating fixed assets.

3.19 Earnings per share

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

3.20 Contingencies

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measure with sufficient reliability.

3.21 Share capital

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

3.22 Foreign currencies translation

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

3.23 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Chief Executive of the Company.

3.24 Dividends and appropriations

Dividends and reserve appropriations are recognised in the year in which these are declared / approved. The distribution of dividend and other appropriations is subject to the covenant as mentioned in note 17.2.

3.25 Unclaimed dividend

Dividend declared and remain unpaid for the period of more than three years from the date it is due and payable.

3.26 Functional and presentation currency

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

4 PROPERTY, PLANT AND EQUIPMENT

(Rupees in '000)

	Note	2020	2019
Operating fixed assets	4.1	**46,473,967**	48,228,833
Capital work-in-progress	4.2	**23,119,047**	20,908,728
Right-of-use assets	4.3	**1,197,388**	–
		70,790,402	69,137,561

4.1 Operating fixed assets

(Rupees in '000)

	COST / REVALUATION					ACCUMULATED DEPRECIATION					
	As at 01 July 2019	Additions* / transfers	Revaluation Surplus	Disposals / Transfers	As at 30 June 2020	As at 01 July 2019	Charge for the year	Disposals	As at 30 June 2020	Written down as at 30 June 2020	Depreciation rate %
Owned											
Free hold land	893,700	–	72,968	–	966,668	–	–	–	–	966,668	–
Lease hold land	1,310,081	–	4,875	–	1,314,956	110,081	–	–	110,081	1,204,875	–
Building on free hold land, roads and civil works	1,572,886	16,106	179,818	–	1,768,810	365,681	61,151	–	426,832	1,341,978	4
Building on lease hold land	76,938	–	4,968	–	81,906	22,859	3,398	–	26,257	55,649	4
Plant and machinery	61,930,701	928,641	112,121	–	62,971,463	18,297,338	3,098,998	–	21,396,336	41,575,127	4-5
Generators	1,535,177	–	212,938	–	1,748,115	657,205	82,959	–	740,164	1,007,951	6.70
Furniture and fixtures	185,358	17,242	–	–	202,600	167,245	4,366	–	171,611	30,989	10
Filling stations (4.1.1)	718,536	65,845	–	–	784,381	473,974	98,265	–	572,239	212,142	5-12.5
Vehicles	98,830	–	–	(9,077)	89,753	88,951	2,949	(6,366)	85,534	4,219	20
Computer and allied equipments	359,241	32,721	–	(122)	391,840	273,393	49,785	(74)	323,104	68,736	33.33
Safety and lab equipments	1,357,266	2,984	–	–	1,360,250	1,353,154	1,463	–	1,354,617	5,633	20-25
	70,038,714	**1,063,539**	**587,688**	**(9,199)**	**71,680,742**	**21,809,881**	**3,403,334**	**(6,440)**	**25,206,775**	**46,473,967**	

* Additions of Rs. 1,063.539 million (30 June 2019: Rs. 2,690.51 million), as shown above, include an amount of Rs. 829.445 million (30 June 2019: Rs. 935.16 million) transferred from capital work-in-progress during the year, as shown in note 4.2.

(Rupees in '000)

	COST / REVALUATION					ACCUMULATED DEPRECIATION					
	As at 01 July 2018	Additions* / transfers	Revaluation Surplus	Disposals / Transfers	As at 30 June 2019	As at 01 July 2018	Charge for the year	Disposals	As at 30 June 2019	Written down as at 30 June 2019	Depreciation rate %
Owned											
Free hold land	893,700	–	–	–	893,700	–	–	–	–	893,700	–
Lease hold land (4.1.2)	110,081	1,200,000	–	–	1,310,081	110,081	–	–	110,081	1,200,000	–
Building on free hold land, roads and civil works	1,386,571	186,315	–	–	1,572,886	304,718	60,963	–	365,681	1,207,205	4
Building on lease hold land	76,938	–	–	–	76,938	19,461	3,398	–	22,859	54,079	4
Plant and machinery	60,751,869	1,178,832	–	–	61,930,701	15,212,094	3,085,244	–	18,297,338	43,633,363	4-5
Generators	1,535,177	–	–	–	1,535,177	573,441	83,764	–	657,205	877,972	6.70
Furniture and fixtures	180,982	4,376	–	–	185,358	155,658	11,587	–	167,245	18,113	10
Filling stations (4.1.1)	661,996	56,540	–	–	718,536	365,915	108,059	–	473,974	244,562	5-12.5
Vehicles	259,982	(7,848)	–	(153,304)	98,830	233,447	4,371	(148,867)	88,951	9,879	20
Computer and allied equipments	292,493	67,278	–	(530)	359,241	237,002	36,665	(274)	273,393	85,848	33.33
Safety and lab equipments	1,352,249	5,017	–	–	1,357,266	1,352,249	905	–	1,353,154	4,112	20-25
	67,502,038	**2,690,510**	**–**	**(153,834)**	**70,038,714**	**18,564,066**	**3,394,956**	**(149,141)**	**21,809,881**	**48,228,833**	

4.1.1 The Company's assets located at filling stations are not in possession of the Company. In view of large number of dealers, the management considers it impracticable to disclose particulars of assets not in possession of the Company as required under para 12 of part II of the Fourth Schedule to the Companies Act, 2017.

4.1.2 As at the date of revaluation on 30 June 2020, the valuation of the Company's freehold land, leasehold land, building on freehold land, roads and civil works, building on leasehold land, plant and machinery, generators and safety and lab equipments resulted in revaluation surplus of Rs. 587.688 million. The valuation was carried out by an independent valuer, on the basis of present market values for similar sized plots in the vicinity of land and replacement values of similar type of land based on present cost. For other assets, numerous independent market inquiries from Civil Structures contractors, local and foreign machinery dealers / importers were made to establish the net present value and Forced Sale Value. (level 2)

The different levels have been defined in IFRS 13 as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e, as prices) or indirectly (i.e., derived from prices) (level 2); and
- Inputs for the asset or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cashflows). (level 3).

4.1.3 Had there been no revaluation, the net book value of specific classes of operating fixed assets would have amounted to:

(Rupees in '000)

	2020	2019
Free hold land	**56,154**	56,154
Lease hold land	**213,200**	213,200
Buildings on free hold land, roads and civil works	**1,252,715**	1,300,864
Building on lease hold land	**47,202**	49,629
Plant and machinery	**38,810,343**	40,301,992
Generators	**820,037**	887,389
Safety and lab equipments	**5,633**	4,112
	41,205,284	42,813,340

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

(Rupees in '000)

	Note	2020	2019
Cost of sales	30.1	**3,265,758**	3,240,237
Administrative expenses	31	**37,107**	44,681
Selling and distribution expenses	32	**100,469**	110,038
		3,403,334	3,394,956

4.1.5 Forced sale values of asset class:

Free hold land	**773,334**	758,569
Lease hold land	**963,900**	960,000
Buildings on free hold land, roads and civil works	**1,073,581**	4,594,243
Building on lease hold land	**44,519**	46,554
Plant and machinery	**29,099,079**	38,449,308
Generators	**705,565**	819,564
Safety and lab equipments	**3,512**	3,623
	32,663,490	45,631,861

4.1.6 Particulars of immovable assets of the Company are as follows:

Location	Unit of Measurement	Total area
Mauza Kund, Sub Tehsil Gadani, District Lasbella, Baluchistan	Acres	620.45
Deh Redho, Tapo Noor Mohammad Shujrah, Taluka Khanpur, District Shikarpur	Acres	12.68
Mauza Gujrat, Mehmoodkot, Tehsil kot, Addu District, Muzaffargarh	Acres	12
Plot of Barani Land, Mauza Kund, Tehsil Gadani, District Lasbella, Baluchistan	Acres	11
Mahal Jhamke (Machike), Tehsil & District Sheikhupura	Acres	9
Zero point (SPM), Mauza Kund, Tehsil Gadani, District Lasbella, Baluchistan	Acres	5
Plot no. 22/5, CL 9, Hoshang Road, Civil Lines Quarter, Karachi	Sq. feet	2,975

4.2 Capital work-in-progress

The movement of capital work-in-progress during the year is as follows:

(Rupees in '000)

	Note	Opening Balance	Additions	Transfers	Closing balance 30 June 2020	Closing balance 30 June 2019
Building on free hold land, roads and civil works		691	9,922	(9,922)	691	691
Plant and machinery	4.2.1, 4.2.2, 4.2.3, 4.2.4 & 4.2.5	20,852,373	3,020,188	(809,869)	23,062,692	20,852,373
Furniture and fixtures		–	9,582	(9,582)	–	–
Safety and lab equipments		–	72	(72)	–	–
Filling stations		55,664	–	–	55,664	55,664
		20,908,728	3,039,764	(829,445)	23,119,047	20,908,728

4.2.1 Includes plant and machinery amounting to USD 4 million (30 June 2019: USD 4 million) against which shares to be issued as disclosed in note 16.1 to these unconsolidated financial statements.

4.2.2 Includes dismantling and refurbishment charges paid to-date by the sponsors in lieu of its equity contribution in the Company as disclosed in note 16.2 to these unconsolidated financial statements.

4.2.3 Capitalization of borrowing costs amounting to Rs. 1,777.734 million (30 June 2019: Rs. 1,424.26 million) have been determined at the rate of 11% (30 June 2019: 9%) per annum.

4.2.4 Plant and machinery includes exchange difference of Rs. NIL (30 June 2019: Rs. 15.891 million).

4.2.5 Includes units for refinery upgradation that are currently under construction/progress.

4.3 Right-of-use assets

(Rupees in '000)

	Note	2020	2019
As at July 01, 2019			
Cost (Impact of initial application of IFRS 16)	2.3	1,537,396	–
Accumulated depreciation		–	–
Net book value		1,537,396	–
Year ended June 30, 2020			
Opening net book value		1,537,396	–
Additions		51,207	–
Less: Depreciation charge for the year	4.3.3	(391,215)	–
Closing net book value		1,197,388	–
As at June 30, 2020			
Cost		1,588,603	–
Accumulated depreciation		(391,215)	–
Net book value		1,197,388	–

4.3.1 Breakup of net book value of right-of-use assets by class of underlying asset is as follows:

(Rupees in '000)

	2020	2019
Lease hold land	474,071	–
Building on lease hold land	723,317	–
	1,197,388	–

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

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

(Rupees in '000)

	Note	2020	2019
Cost of sales	30.1	102,931	–
Administrative expenses	31	108,487	–
Selling and distribution expenses	32	179,797	–
		391,215	–

4.3.3.1 Breakup of depreciation of right-of-use assets by class of underlying asset is as follows:

(Rupees in '000)

	2020	2019
Lease hold land	99,081	–
Building on lease hold land	292,134	–
	391,215	–

4.3.4 Lease obligations of the Company comprise of lease arrangements giving it the right-of-use over lands, warehouses, terminals and office premises. The Company has also entered into lease arrangements of plant and machinery and tank lorries, however, these do not constitute right-of-use assets on account of variable payments.

5 LONG-TERM INVESTMENT

(Rupees in '000)

	Note	2020	2019
In a subsidiary - at cost	5.1	16,931,504	16,931,504

5.1 This represents investment in Byco Isomerisation Pakistan (Private) Limited (BIPL), a wholly owned subsidiary, of 1,693,150,430 shares (30 June 2019: 1,693,150,430) of Rs. 10 each. BIPL is principally engaged in blending, refining and processing of petroleum naphtha to produce petroleum products such as premium motor gasoline.

5.2 The Company carried out a review of the recoverable amount of the investment in BIPL. The Company estimated the recoverable amount by using value-in-use method and based on that amount concluded that the recoverable amount is higher than the carrying amount. The key assumptions in the value-in-use calculations are the terminal growth rate and the risk-adjusted pre-tax discount rate.

6 LONG TERM LOANS AND ADVANCES - unsecured, considered good

(Rupees in '000)

	Note	2020	2019
Loan to Coastal Refinery Limited (CRL)		**1,518,780**	1,518,780
Advance against investment in shares		**482,134**	482,134
		2,000,914	2,000,914
Current portion of loan to CRL	11	**(1,277,707)**	(1,139,951)
		723,207	860,963

7 LONG TERM DEPOSITS

Rent		**14,178**	14,178
Retail sites and others		**98,245**	20,638
		112,423	34,816

8 DEFERRED TAXATION

Deductible temporary differences arising in respect of:			
- employees retirement benefit		**28,687**	17,062
- provision for doubtful debts		**1,796,988**	1,469,256
- recoupable unabsorbed tax losses and depreciation		**5,718,066**	5,243,667
- recoupable tax credit	8.1	**64,216**	556,102
- lease liability		**73,195**	–
		7,681,152	7,286,087
Taxable temporary differences arising in respect of:			
- accelerated tax depreciation		**(5,224,146)**	(4,639,113)
- revaluation surplus on property, plant and equipment		**(1,311,126)**	(1,364,042)
		(6,535,272)	(6,003,155)
		1,145,880	1,282,932

8.1 Deferred tax asset is recognized for tax losses, minimum taxes and depreciation available for carry-forward to the extent of the realization of the related tax benefit through future taxable profits, based on the projections, is probable. As of the date of unconsolidated statement of financial position, deferred tax asset amounting to Rs. 779.365 million (30 June 2019: Rs. 1,574.291 million) in respect of unused tax credits has not been recognised in these unconsolidated financial statements.

9 STOCK-IN-TRADE

(Rupees in '000)

	Note	2020	2019
Raw material	9.1	**18,740,294**	18,238,048
Finished products	9.2 & 9.3	**4,138,598**	11,022,246
		22,878,892	29,260,294

9.1 This includes raw material in transit amounting to Rs. 14,406.040 million (30 June 2019: Rs. 14,849.23 million) as at the date of unconsolidated statement of financial position.

9.2 This includes finished product held by third parties amounting to Rs. 1,731.006 million (30 June 2019: Rs. 5,684.50 million) as at the date of unconsolidated statement of financial position.

9.3 Finished products costing Rs. 4,138.598 million (30 June 2019: Rs. 11,249.709 million) has been written down by Rs. NIL (30 June 2019: Rs. 426.27 million) to net realizable value.

10 TRADE DEBTS

(Rupees in '000)

	Note	2020	2019
Considered good		**4,356,855**	5,336,657
Considered doubtful		**6,196,510**	5,066,399
		10,553,365	10,403,056
Provision for doubtful debts	10.1	**(6,196,510)**	(5,066,399)
		4,356,855	5,336,657

10.1 Provision for doubtful debts

Opening balance		**5,066,399**	4,432,393
Provision made during the year	33	**1,130,111**	634,006
Closing balance		**6,196,510**	5,066,399

11 LOANS AND ADVANCES

Secured - considered good			
Advance to suppliers and contractors		**1,254**	10,750
Unsecured - considered good			
Advance to employees, suppliers and contractors		**83,172**	31,431
Current portion of loan to CRL	6	**1,277,707**	1,139,951
		1,362,133	1,182,132

12 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Deposits		**15,372**	15,372
Prepayments			
- Insurance		**6,024**	5,149
- Rent		**1,081**	26,045
		22,477	46,566

13 OTHER RECEIVABLES - considered good

Receivable from CRL	13.1	**1,093,761**	1,106,748
Due from related party	13.2 & 13.3	**725,816**	846,935
Others		**159,586**	230,957
		1,979,163	2,184,640

13.1 These represents expenses incurred by the Company on behalf of CRL. The outstanding balance is being adjusted against the cost payable to CRL on account of usage of buoy.

13.2 This represents receivable from BIPL against the transfers from capital work-in-progress, pre-commencement and other expenses incurred, purchases made on behalf of BIPL.

13.3 The maximum aggregate amount due from the related parties at the end of any month during the year outstanding was Rs. 835.244 million (30 June 2019: Rs. 846.935 million).

14 CASH AND BANK BALANCES

(Rupees in '000)

	Note	2020	2019
Cash in hand		**375**	288
Cash at banks			
- Current accounts		**1,955,391**	340,068
- Saving / deposit accounts	14.1, 14.2 & 14.3	**363,454**	794,893
		2,318,845	1,134,961
		2,319,220	1,135,249

14.1 These carry interest at the rates ranging from 3.25% to 12.3% (30 June 2019: 5.6% to 12.3%) per annum.

14.2 This includes Rs. 150.0 million (30 June 2019: Rs. 150.0 million) kept under lien against guarantee.

14.3 This includes Rs. 85.171 million (30 June 2019: Rs. 439.530 million) kept in shariah compliant savings account.

15 SHARE CAPITAL

Number of Shares 2020	Number of Shares 2019		Note	(Rupees in '000) 2020	(Rupees in '000) 2019
		Authorized share capital			
6,000,000,000	6,000,000,000	Ordinary shares of Rs.10/- each	15.1	**60,000,000**	60,000,000
		Issued, subscribed and paid-up capital			
187,348,638	187,348,638	Issued for cash		**1,873,486**	1,873,486
5,142,536,068	5,142,536,068	Issued for consideration other than cash - assets		**51,425,361**	51,425,361
5,329,884,706	5,329,884,706			**53,298,847**	53,298,847

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

16 CONTRIBUTION AGAINST FUTURE ISSUE OF SHARES

(Rupees in '000)

	Note	2020	2019
From Byco Industries Incorporated (BII), the Parent Company	16.1, 16.2 & 16.3	**857,140**	857,140

16.1 **In respect of plant and machinery**
Represents Rs. 528.40 million (30 June 2019: Rs. 528.40 million) being rupee equivalent of US$ 4.0 million (30 June 2019: US$ 4.0 million) representing part of the cost of plant, machinery purchased by the Company.

Pursuant to a Share Subscription Agreement dated 31 August 2006 and amended vide an addendum dated 31 July 2007 entered into between the Company and its sponsor, the sponsor has paid the above amount to the supplier against the said assets in lieu of its equity contribution in the Company for which Ordinary Shares will be issued to it, at par, upon meeting the applicable requirements as mentioned in note 16.3 to these unconsolidated financial statements.

16.2 **In respect of dismantling and refurbishment of Aromatic Plant:**
This includes a sum of (i) Rs. 282.591 million (30 June 2019: Rs. 282.591 million), being rupee equivalent of € 2.259 million and £ 0.290 million (30 June 2019: € 2.259 and £ 0.290 million) and (ii) Rs. 46.149 million (30 June 2019: Rs. 46.149 million), being rupee equivalent of US$ 0.507 million (30 June 2019: US$ 0.507 million), representing the dismantling and refurbishment cost respectively, of plant, machinery and equipment, paid to date by the sponsors in lieu of its equity contribution in the Company for which ordinary shares will be issued to it, at par, for consideration other than cash upon meeting the applicable requirements as mentioned in note 16.3 to these unconsolidated financial statements.

16.3 Shares shall be issued to the Parent Company upon meeting the requirements of paragraph 7 of Chapter XX of the Foreign Exchange Manual (FE Manual) and Regulation 7 of the Companies (further issue of shares) Regulations, 2018.

17 LONG-TERM FINANCING

(Rupees in '000)

Facilities	Note	Mark-up rate	Installments Payment term	Installments Number	Installments Commencement	2020	2019
Secured							
Syndicate loan I	17.2	Six months kibor	Semi-annually	16	June 2013	**–**	210,094
Syndicate loan II	17.2 & 17.3	8% per annum for the first two years from the date of disbursement and six months kibor or 12% whichever is lower for subsequent years	Semi-annually	12	June 2017	**298,736**	367,676
Arrangement fee	17.3		–	–	–	**89,257**	129,669
Bilateral Loan I	17.4	Six months kibor + 2.5%	Semi-annually	09	June 2015	**–**	304,998
Bilateral Loan II	17.4	Six months kibor + 2.75%	Quarterly	14	February 2016	**–**	400,000
Bilateral Loan III	17.4	Six months kibor + 4.5%	Quarterly	12	June 2019	**400,000**	550,000
Bilateral Loan IV	17.4	Three months kibor + 1.5%	Quarterly	12	Sep 2020	**1,000,000**	1,000,000
Bilateral Loan V	17.4	Three months kibor + 4.5%	Quarterly	12	June 2019	**266,667**	366,667
Bilateral Loan VI	17.4	Three months kibor + 1.5%	Quarterly	12	May 2021	**2,200,000**	2,200,000
Bilateral Loan VII	17.4	Three months kibor + 2.5%	Quarterly	08	October 2020	**382,454**	346,091
Bilateral Loan VIII	23.1	SBP rate* + 3%	Quarterly	08	January 2021	**458,878**	–
						5,095,992	5,875,195
Sukuk certificates	17.5	Three months kibor + 1.05%	Quarterly	12	April 2019	**1,820,000**	2,860,000
Unsecured							
Supplier's credit	17.6	One year Libor + 1%	Semi-annually	20	March 2025	**958,890**	958,890
Others	17.6	Nil to six months kibor + 4%	Semi-annually	05	March 2025	**8,758,326**	8,638,377
						9,717,216	9,597,267
						16,633,208	18,332,462
Current maturity						**(741,674)**	(2,486,656)
						15,891,534	15,845,806

* SBP rate was 0% for the salary refinance scheme.

17.1 Represent facilities availed from various banks and are secured against the Company's fixed and current assets.

17.2 The loan agreement contains the covenant that the Company cannot pay dividend to its shareholders if an event of default is occurred.

17.3 Represents syndicate facility including Musharaka facility availed from a commercial bank for the purpose of acquiring shares of CRL. The facility is secured against charge on all present and future assets of CRL, personal guarantees and personal properties of sponsors of CRL along with pledge of 80% shares of CRL.

17.4 Represents bilateral loans availed from various banks and financial institutions and are secured against the Company's fixed and current assets.

17.5 Represents privately placed long-term Islamic certificates (Sukuk) amounting to Rs. 3,120 million, issued by the Company to meet the expansion plans of the Company. This facility is secured against fixed assets of the Company.

17.6 The loans are inferior to the rights of present and future secured financial institutions which are or may be lender to the Company.

18 LOANS FROM RELATED PARTY - unsecured

(Rupees in '000)

	Note	2020	2019
Byco Industries Incorporated, the Parent Company	18.1	**3,935,650**	3,935,650

18.1 Represents:

i) a foreign currency loan of USD 0.144 million which carries mark-up at the rate of 6 Months LIBOR+1% per annum, which was due on 22 June 2012 by a bullet payment.

ii) a supplier's credit amounting to USD 41.927 million novated from Cnergyico Acisal Incorporated during the year ended 30 June 2015 under the agreement. This carries mark-up at the rate of LIBOR+1% per annum, payable semi-annually.

iii) balance amount of loan novated from the Byco Busient Incorporated, the Ultimate Parent Company, amounting to USD 16.124 million (principal USD 15.713 million and mark-up USD 0.411 million) is repayable in four unequal semi-annual installments. This carries markup at the rate of LIBOR + 1% per annum, payable semi-annually.

All of the aforesaid loans are repayable subject to the conditions and rights as disclosed in note 17.6 to these unconsolidated financial statements.

18.2 During the year 30 June 2018, the Company has revised its agreement with the Parent Company due to which the exchange rate on principal and mark-up has been frozen on the last date of disbursement. Accordingly, the Company has recognized the difference between the carrying value of the liability under the old agreement and the revised obligation in the capital reserves.

19 ACCRUED AND DEFERRED MARK-UP

(Rupees in '000)

	Note	2020	2019
Mark-up on long-term financing / loans from related party			
- secured		**1,877,550**	2,672,183
- unsecured		**4,647,622**	3,189,782
		6,525,172	5,861,965

20 LONG-TERM LEASE LIABILITIES

Impact of initial application of IFRS 16	2.3	**1,514,461**	–
Additions during the year		**51,208**	–
Accretion of interest	35	**238,765**	–
Less: Lease rentals paid		**(354,651)**	–
Balance at end of the year		**1,449,783**	–
Current portion of long-term lease liabilities		**(249,740)**	–
Long-term lease liabilities		**1,200,043**	–

20.1 The rent expense related to short-term leases, included in administrative and, selling and distribution expenses, amounted to Rs. 11.227 million.

21 LONG-TERM DEPOSITS

(Rupees in '000)

	Note	2020	2019
Deposits	21.1	**120,175**	105,000

21.1 This includes interest-free deposits received from logistics vendors as security against goods to be transported which is utlised for the purpose of the business in accordance with the related agreements.

22 DEFERRED LIABILITIES

(Rupees in '000)

	Note	2020	2019
Employees retirement benefits	22.1	**98,922**	58,834
Arrangement fee		**56,979**	89,392
Others		**453,413**	573,361
		609,314	721,587

22.1 Employees retirements benefits - staff gratuity

22.1.1 General description

The Company operates employee retirement benefits for permanent employees who have completed the minimum service period. In accordance with the requirements of IAS-19 "Employee Benefits", actuarial valuation was carried out as at 30 June 2020, using the "Projected Unit Credit Method". Provision has been made in the unconsolidated financial statements to cover obligation in accordance with the actuarial recommendations. Details of significant assumptions used for the valuation and disclosures in respect of above-mentioned scheme is as follows:

22.1.2 Reconciliation of amount payable to defined benefit plan

(Rupees in '000)

	Note	2020	2019
Present value of defined benefit obligation	22.1.3	**451,077**	325,987
Fair value of plan assets	22.1.4	**(352,155)**	(267,153)
		98,922	58,834

22.1.3 Movement in the present value of defined benefit obligation:

Opening balance		**325,987**	264,961
Current service cost		**57,524**	48,703
Interest cost		**45,990**	24,299
Benefits paid during the year		**(15,999)**	(31,474)
Actuarial loss	22.1.7	**37,575**	19,498
Closing balance		**451,077**	325,987

22.1.4 Movement in the fair value of plan assets:

Opening balance		**267,153**	137,480
Expected return on plan assets		**41,843**	20,144
Contributions		**58,834**	169,736
Benefits paid during the year		**(15,999)**	(31,474)
Actuarial gain / (loss)	22.1.7	**324**	(28,733)
Closing balance		**352,155**	267,153

22.1.5 Movement in net liability

(Rupees in '000)

	Note	2020	2019
Opening balance		**58,834**	127,481
Charge for the year	22.1.6	**61,671**	52,858
Contributions		**(58,834)**	(169,736)
Actuarial loss	22.1.7	**37,251**	48,231
Closing balance		**98,922**	58,834

22.1.6 Charge for the year

Current service cost	**57,524**	48,703
Interest cost - net	**4,147**	4,155
	61,671	52,858

22.1.7 Actuarial remeasurements

Actuarial loss on defined benefit obligations	**(37,575)**	(19,498)
Actuarial gain / (loss) on fair value of plan assets	**324**	(28,733)
	(37,251)	(48,231)

22.1.8 Actuarial assumptions:

Valuation discount rate per annum	**9.25%**	14.50%
Salary increase rate per annum	**8.25%**	12.50%
Expected return on plan assets per annum	**9.25%**	14.50%
Normal retirement age of employees	**60 years**	60 years

22.1.9 As of 30 June 2020, a total of 757 employees have been covered under the above scheme.

22.1.10 Charge for the next financial year as per the actuarial valuation report amounts to Rs. 73.565 million.

22.1.11 Contribution for the next financial year as per the actuarial valuation report amounts to Rs. 75.643 million.

22.1.12 The weighted average duration of the obligation is 11.45 years.

22.1.13 Comparisons for past years:

(Rupees in '000)

As at June 30	2020	2019	2018	2017	2016
Present value of defined benefit obligation	**451,077**	325,987	264,961	208,096	75,609
Fair value of plan assets	**(352,155)**	(267,153)	(137,480)	(27,912)	(22,137)
Deficit	**98,922**	58,834	127,481	180,184	53,472
Experience adjustment on plan liabilities	**(37,575)**	(19,498)	(2,876)	22,987	497
Experience adjustment on plan assets	**324**	(28,733)	(7,438)	(1,482)	(149)
	(37,251)	(48,231)	(10,314)	21,505	348

22.1.14 Composition of plan assets

(Rupees in '000)

	2020	2019
Mutual Fund	**343,178**	264,230
Cash at bank	**8,977**	2,923

22.1.15 Unconsolidated statement of financial position date sensitivity analysis (± 100 bps) on present value of defined benefit obligation:

(Rupees in '000)

	2020			
	Discount rate		Salary increase	
	+ 100 bps	– 100 bps	+ 100 bps	– 100 bps
Present value of defined benefit obligation	402,886	506,002	508,334	400,211

(Rupees in '000)

	2019			
	Discount rate		Salary increase	
	+ 100 bps	– 100 bps	+ 100 bps	– 100 bps
Present value of defined benefit obligation	293,147	364,304	366,282	291,032

22.1.16 Significant risks

Final salary risk
The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility
A significant portion of the assets are invested in mutual funds which is subject to the risk that as the market fluctuates, the mutual funds may decline in value, and the Employees' Gratuity Fund (the Fund) may lose some or all of its principal.

The remaining investments are in saving accounts. The cash at bank exposure is almost 3% (Rs. 8.977 million).

Discount rate fluctuation
The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Life expectancy / Withdrawal rate
The Gratuity is paid off at the maximum of age 60. The life expectancy is in almost minimal range and is quite predictable in the ages when the employee is in the accredited employment of the Company for the purpose of the Gratuity. Thus, the risk of life expectancy is almost negligible. However, had a post retirement benefit been given by the Company like monthly pension, post retirement medical etc., this would have been a significant risk which would have been quite difficult to value even by using advance mortality improvement models.

The withdrawal risk is dependent upon the: benefit structure; age and retention profile of the staff; the valuation methodology; and long-term valuation assumptions. In this case, it is not a significant risk.

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

Model risk
The defined benefit gratuity liability is usually actuarially valued each year. Further, the assets in the gratuity fund are also marked to market. This two-tier valuation gives rise to the model risk.

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
This is managed by making regular contribution to the Fund as advised by the actuary.

23 DEFERRED INCOME - government grant

(Rupees in '000)

	2020	2019
Non-current portion	**12,037**	–
Current portion	**22,635**	–
	34,672	–

23.1 Government grant has been recorded pursuant to a salary refinance scheme introduced by the State Bank of Pakistan to provide loan to businesses at concessional rates to finance salary expense during the COVID-19 outbreak. The grant is conditional upon the fact that the Company would not terminate any employee, due/owing to cash flow limitations, for a period of three months from the date of first disbursement.

24 TRADE AND OTHER PAYABLES

(Rupees in '000)

	Note	2020	2019
Creditors for supplies and services		**33,312,085**	41,637,850
Accrued liabilities		**4,442,915**	3,798,969
Due to related parties		**106,956**	190,480
Sales tax, duties, levies, penalties and default surcharge		**2,860,101**	2,072,601
Workers' welfare fund		**152,234**	152,234
Withholding tax deductions payable		**165,690**	47,098
Payable to staff provident fund		**45,863**	26,462
		41,085,844	47,925,694

25 ADVANCE FROM CUSTOMERS

	Note	2020	2019
	25.1	**2,948,271**	3,387,793

25.1 Includes advances received from customers against supply of goods.

26 ACCRUED MARK-UP

(Rupees in '000)

	2020	2019
Long-term financing - secured	**227,968**	240,649
Short-term borrowings - secured	**665,447**	152,869
	893,415	393,518

27 SHORT-TERM BORROWINGS

(Rupees in '000)

	Note	2020	2019
Secured			
Finance against trust receipts	27.1	**23,907,984**	14,581,336
Running finance	27.2	**–**	1,267,685
		23,907,984	15,849,021

27.1 The facilities have been extended by commercial banks for import and procurement of crude oil and petroleum products aggregating to Rs. 36,700 million (30 June 2019: Rs. 25,600 million) out of which Rs. 12,792 million (30 June 2019: Rs. 11,019 million) remains unutilized as at the unconsolidated statement of financial position date. The facility carries mark-up ranging from 1 month's KIBOR plus 1% to 3% (30 June 2019: 1 month's KIBOR plus 1% to 3%). The facility is secured against documents of title of goods, charge over the stocks of crude oil and petroleum products and receivables, lien on the bank's collection account.

27.2 The Company has running finance facility amounting to Rs. 1,600 million (30 June 2019: Rs. 1,600 million) obtained from a commercial bank. The facility carries mark-up at the rate of three months KIBOR + 1.5% (30 June 2019: three months KIBOR + 1.5%) per annum. The facility is secured by way of first pari passu hypothecation charge of overall present and future current and fixed assets of the Company. The facility remained unutilized as at the unconsolidated statement of financial position date.

28 CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

28.1.1 Claim against the Company not acknowledged as debt amounting to Rs. 3,353.182 million (30 June 2019: Rs. 3,353.182 million) comprise of late payment charges on account of delayed payments against crude oil supplies.

Furthermore, Mari Gas Limited and Pakistan Petroleum Limited have filed legal cases in Sindh High Court on 22 May 2012 and 14 Febuary 2013 claiming Rs. 233.550 million (30 June 2019: Rs. 233.550 million) and Rs.404.357 million (30 June 2019: Rs. 404.357 million) respectively for late payment charges on account of delayed payments against crude oil supplies, and based on the opinion of legal advisor, the Company is of the view that there are no specific contractual arrangements with the above suppliers and hence no provision in respect of the same has been made in these unconsolidated financial statements.

28.2 Commitments

(Rupees in '000)

	2020	2019
28.2.1. Commitments for capital expenditure	**731,625**	777,693
28.2.2. Commitments in respect of purchase of CRL's shares	**877,383**	877,383

29 TURNOVER - net

(Rupees in '000)

	Note	2020	2019
Gross Sales			
- Local		237,176,079	250,600,971
- Export		1,734,635	1,104,685
		238,910,714	251,705,656
Less:			
Sales tax and other duties		(63,471,377)	(51,580,997)
Trade discounts		(1,540,407)	(2,293,939)
		(65,011,784)	(53,874,936)
		173,898,930	197,830,720

30 COST OF SALES

	Note	2020	2019
Opening stock		11,022,246	8,309,480
Cost of goods manufactured, storage and handling	30.1	148,254,370	182,046,167
Finished products purchased during the year		15,864,468	16,537,542
		175,141,084	206,893,189
Closing stock	9	(4,138,598)	(11,022,246)
		171,002,486	195,870,943

30.1 Cost of goods manufactured, storage and handling

	Note	2020	2019
Raw material consumed	30.1.1	136,329,321	167,119,743
Salaries, wages and other benefits	30.1.2	1,683,293	1,414,389
Operation cost		937,708	885,119
Depreciation	4.1.4 & 4.3.3	3,368,689	3,240,237
Fuel, power and water		1,166,701	1,336,533
Repairs and maintenance		362,288	340,677
Transportation & product handling charges		350,779	323,620
Insurance		184,740	185,479
Stores and spares consumed		3,035,957	2,722,927
Staff transportation and catering		279,071	261,680
Rent, rates and taxes		7,459	44,337
Security expenses		119,279	118,499
Exchange loss		418,633	4,043,150
Vehicle running		10,452	9,777
		148,254,370	182,046,167

30.1.1 Raw material consumed

	Note	2020	2019
Opening stock		18,238,048	21,081,770
Purchases during the year		136,831,567	164,276,021
		155,069,615	185,357,791
Closing stock	9	(18,740,294)	(18,238,048)
		136,329,321	167,119,743

30.1.2 This includes a sum of Rs. 181.103 million (30 June 2019: Rs. 95.137 million) in respect of staff retirement benefits.

31 ADMINISTRATIVE EXPENSES

(Rupees in '000)

	Note	2020	2019
Salaries, allowances and other benefits	31.1	492,893	437,603
Rent, rates and taxes		9,637	108,199
Depreciation	4.1.4 & 4.3.3	145,594	44,681
Repairs and maintenance		73,211	90,477
Legal and professional		29,487	31,506
Vehicle running		4,498	3,760
Travelling and conveyance		51,270	73,233
Fee and subscriptions		30,565	24,386
Utilities		26,437	26,129
Insurance		3,530	4,451
Printing and stationary		10,198	10,356
Auditors' remuneration	31.2	6,550	6,000
SAP maintenance costs		45,160	41,836
Security expense		5,092	5,774
		934,122	908,391

31.1 This includes a sum of Rs. 53.030 million (30 June 2019: Rs. 41.688 million) in respect of staff retirement benefits.

31.2 Auditors' remuneration

(Rupees in '000)

	Note	2020	2019
Audit fee		4,200	3,800
Half year review		650	600
Consolidation of financial statements		700	600
Code of corporate governance and other certifications		500	500
Out of pocket expenses		500	500
		6,550	6,000

32 SELLING AND DISTRIBUTION EXPENSES

	Note	2020	2019
Salaries, allowances and other benefits	32.1	215,957	191,003
Rent, rates and taxes		46,784	137,777
Advertisement		35,179	59,071
Depreciation	4.1.4 & 4.3.3	280,266	110,038
		578,186	497,889

32.1 This includes a sum of Rs. 23.234 million (30 June 2019: Rs. 15.229 million) in respect of staff retirement benefits.

33 OTHER EXPENSES

(Rupees in '000)

	Note	2020	2019
Provision for doubtful debts	10.1	1,130,111	634,006
Late payment surcharge and penalties		96,303	105,554
		1,226,414	739,560

34 OTHER INCOME

(Rupees in '000)

	Note	2020	2019
Income from financial assets			
Interest on balances due from customer		**1,130,111**	634,006
Interest on loan to CRL		**82,654**	61,439
Interest income on saving accounts		**73,354**	79,595
		1,286,119	775,040
Income from non-financial assets			
Land lease rent		**333**	333
Scrap sales		**63,116**	32,936
Gain on disposal of operating fixed assets		**2,713**	191,868
Dealership income		**19,593**	17,692
		1,371,874	1,017,869

35 FINANCE COSTS

Mark-up on:			
– Long-term financing		**856,873**	1,220,621
– Short-term borrowings		**2,717,152**	1,636,918
		3,574,025	2,857,539
Interest on lease liabilities		**238,765**	–
Exchange loss - net		**95,424**	154,601
Bank and other charges		**52,181**	57,417
		3,960,395	3,069,557

36 TAXATION

Prior year		**–**	554,051

36.1 The returns of income tax have been filed up to and including tax year 2019. These, except for those mentioned in 36.2, are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001.

36.2 The Company was selected for an audit under Section 177 and 214C of the Income Tax Ordinance, 2001 for the tax year 2013. Audit proceedings for tax year was completed and a demand of Rs. 87.105 million has been raised in an amended order passed under Section 122(1)(5) of the Income Tax Ordinance, 2001. Being aggrieved by the amended order, the Company filed an appeal before Commissioner Inland Revenue, Appeals, Karachi which is pending for adjudication. However, as a matter of prudence, the said amount has already been provided for in these unconsolidated financial statements.

36.3 Under section 5A of the Income Tax Ordinance, 2001 (the Ordinance), the Company is obligated to pay tax at the rate of 5 percent on its accounting profit before tax if it derives profit for a tax year but does not distribute at least 20 percent of its after tax profits within six months of the end of the tax year, through cash or bonus shares. The Company filed a Constitutional Petition (CP) before the Court on 24 November 2017 challenging the tax, the Court accepted the CP and granted a stay against the above section.

In case the Court's decision is not in favor of the Company, the Company will either be required to declare the dividend to the extent of 20% of after tax profits or it will be liable to pay additional tax at the rate of 5% of the accounting profit before tax of the Company for the financial year ended 30 June 2018. As at the unconsolidated statement of financial position date, no liability has been recorded by the Company in this respect.

36.4 Relationship between accounting profit and income tax expense for the period
The Company is subject to Minimum Tax and Final Tax Regime under section 113 and section 169 respectively of the Income Tax Ordinance, 2001, therefore, relationship between income tax expense and accounting profit has not been presented for the current year.

37 LOSS PER SHARE - basic and diluted

(Rupees in '000)

	Note	2020	2019
(Loss) / Profit after taxation	(Rupees in '000)	**(2,430,799)**	1,683,700
Weighted average number of ordinary shares	(Number of shares)	**5,329,884,706**	5,329,884,706
(Loss) per share - basic / diluted	(Rupees)	**(0.46)**	(0.32)

38 CASH AND CASH EQUIVALENTS

Cash and bank balances	14	**2,319,220**	1,135,249
Running finance facility	27	**–**	(1,267,685)
		2,319,220	(132,436)

39 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of ultimate parent company, parent company, subsidiary, associated companies, directors, key management personnel, staff provident fund and staff gratuity fund. Transactions with related parties during the year, other than those which have been disclosed elsewhere in these unconsolidated financial statements, are as follows:

39.1 Following are the related parties with whom the Company had entered into transactions or have agreement in place:

Sr	Company Name	Basis of association	Aggregate % of shareholding
1	Byco Industries Incorporated	Parent	91.83%
2	Byco Isomerisation Pakistan (Private) Limited (BIPL)	Subsidiary	100%
3	Premier Systems (Private) Limited	Associated Companies (based on common directorship)	0%
4	Byco Asia DMCC	Associated Companies (based on common directorship)	0%
5	Employees' Gratuity fund	Retirement benefit fund	0%
6	Employees' Provident fund	Retirement benefit fund	0%

39.2 Associated companies, subsidiaries, joint ventures or holding companies incorporated outside Pakistan:

Name	Country of Incorporation
Byco Industries Incorporated	Mauritius
Byco Asia DMCC	United Arab Emirates

39.3 Transactions with related parties

(Rupees in '000)

	Note	2020	2019
Parent Company			
Mark-up charged		**157,335**	182,408
Subsidiary Company			
Product processing charges		**187,457**	160,902
Other expenses incurred		**333**	333
Settlement of liabilities on behalf of the subsidiary		**105,636**	113,065
Associated Companies			
Sales		**–**	2,301,396
Purchase of operating fixed assets and services		**66,137**	62,295
Others			
Retirement benefit funds		**235,129**	306,638
Key Management Personnel		**125,358**	98,604

All transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company.

39.3.1 Operating lease commitments — Company as a lessor

The Company entered into an operating lease agreement with its subsidiary, for the land on which BIPL operates its isomerisation plant.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are, as follows:

(Rupees in '000)

	Note	2020	2019
Within one year		**333**	333
After one year but not more than five years		**1,903**	1,833
More than five years		**4,265**	4,667
		6,501	6,833

39.4 Balances with related parties

		2020	2019
Parent Company			
Contribution against future issue of shares		**857,140**	857,140
Accrued mark-up		**652,028**	532,911
Loan payable		**3,935,650**	3,935,650
Subsidiary Company			
Receivable against expenses incurred		**725,816**	846,935
Associated Companies			
Advance against shared services		**7,257**	86,586
Payable against purchases		**31,191**	35,386
Others			
Payable to key management person		**68,508**	68,508
Payable to post employment benefit funds		**144,785**	85,296

Outstanding balances at the year-end are unsecured and settlement occurs in cash or on a net basis.

39.5 There are no transactions with key management personnel other than under the terms of employment as disclosed in note 40 to the unconsolidated financial statements.

40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount included in these unconsolidated financial statements for remuneration, including the benefits and perquisites, to the Chief Executive, Directors and Executives of the Company are as follows:

(Rupees in '000)

	2020			2019		
	Chief Executive	Director	Executives	Chief Executive	Directors	Executives
Fee	**–**	**1,080**	**–**	–	1,881	–
Managerial remuneration	**–**	**–**	**480,868**	–	–	386,651
Staff retirement benefits	**–**	**–**	**77,851**	–	–	63,307
Housing and utilities	**–**	**–**	**146,033**	–	–	116,830
Leave fare assistance	**–**	**–**	**40,056**	–	–	32,208
	–	**1,080**	**744,808**	–	1,881	598,996
Number of persons	**1**	**1**	**189**	1	1	162

40.1 The number of persons does not include those who left during the year but remuneration paid to them is included in the above amounts.

40.2 Few Executives have been provided with company maintained cars.

40.3 The Company's Board of Directors consists of 7 Directors (of which 6 are Non-Executive Directors). Except for an independent Director, no remuneration and other benefits have been paid to any Director.

41 FINANCIAL INSTRUMENTS BY CATEGORY

41.1 Financial assets as per unconsolidated statement of financial position

(Rupees in '000)

	Note	2020	2019
Financial assets at amortised cost			
- Long-term loans	6	**1,518,780**	1,518,780
- Long-term deposits	7	**112,423**	34,816
- Trade debts	10	**4,356,855**	5,336,657
- Trade deposits	12	**15,372**	15,372
- Accrued interest		**312,784**	230,130
- Other receivables	13	**1,979,163**	2,184,640
- Cash and bank balances	14	**2,319,220**	1,135,249
		10,614,597	10,455,644

41.2 Financial liabilities as per unconsolidated statement of financial position

(Rupees in '000)

	Note	2020	2019
Financial liabilities measured at amortised cost			
- Long-term financing	17	**15,891,534**	15,845,806
- Loans from related party	18	**3,935,650**	3,935,650
- Accrued and deferred mark-up	19	**6,525,172**	5,861,965
- Long-term lease liabilities	20	**1,200,043**	–
- Long-term deposits	21	**120,175**	105,000
- Trade and other payables	24	**41,085,844**	47,925,694
- Accrued mark-up	26	**893,415**	393,518
- Short-term borrowings	27	**23,907,984**	15,849,021
- Current portion of non-current liabilities		**2,662,236**	7,897,428
- Unclaimed dividend		**1,027**	1,027
		96,223,080	97,815,109

42 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finances to minimize the risk. The Company's principal financial instruments comprise short-term borrowings and financing from financial institutions and trade and other payables. Main purpose of these financial instruments is to raise funds for the import of crude oil for refining business and for its operations. The Company has various financial assets such as cash (including balances with banks), deposits, loans, which are directly related to its operations. The Company's overall risk management policy focuses on minimizing potential adverse effects on the Company's financial performance. The overall risk management of the Company is carried out by the Company's senior management team under policies approved by the Board of Directors. No changes were made in the objectives, policies or processes and assumptions during the year ended 30 June 2020.

COVID-19 has adversely impacted the Company as explained in detail in note 1.2 of these unconsolidated financial statements. The Company's risk management function continues to monitor the developing situation and proactively manage any risk arising thereof.

The policies for managing each of these risk are summarized below:

42.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and equity price risk, such as equity risk.

42.1.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from long-term financing and short-term borrowing facilities for financing its refining and storage business operations, setting up of aromatic plant and meeting working capital requirements at variable rates, on loan to CRL and on delayed payments from PSO on which the Company earns interest. The Company manages these mismatches through risk management policies where significant changes in gap position can be adjusted.

At the reporting date, the interest rate profile of Company's interest-bearing financial instruments was:

Variable Rate Instruments

(Rupees in '000)

	Note	2020	2019
Financial assets			
Long-term loan to CRL		**688,780**	688,780
Trade debts		**8,769,376**	7,639,265
		9,458,156	8,328,045
Financial liabilities			
Long-term financing		**15,574,968**	17,394,170
Loans from related party		**3,935,650**	3,935,650
Accrued and deferred mark-up		**8,195,994**	11,272,738
Short-term borrowings		**23,907,984**	15,849,021
		51,614,596	48,451,579

A change of 1% in interest rates at the year-end would have increased or decreased the loss before tax by Rs. 432.712 million (30 June 2019: Rs. 407.575 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for June 2019.

42.1.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises where transactions are done in foreign currency.

The Company is exposed to foreign currency risk on transactions that are entered in a currency other than Pak Rupees. As the Company imports plant and equipment and crude oil, it is exposed to currency risk by virtue of borrowings (in foreign currency). Further foreign currency risk also arises on payment to the supplier of tug boats for operations of SPM. The currency in which these transactions are undertaken is US Dollar. Relevant details are as follows:

	2020		2019	
	(Rupees in '000)	(USD '000)	(Rupees in '000)	(USD '000)
Trade and other payables	**23,328,254**	**138,817**	30,386,943	186,147
	23,328,254	**138,817**	30,386,943	186,147

The average rates applied during the year is Rs. 158.26/ USD (30 June 2019: Rs. 136.40/ USD) and the spot rate as at 30 June 2020 is Rs. 168.05 / USD (30 June 2019: Rs. 163.24 / USD).

A change of 1% in exchange rates at the year-end would have increased or decreased the loss by Rs. 233.283 million (30 June 2019: Rs. 240.859 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for June 2019.

42.1.3 Equity price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices. As at the unconsolidated statement of financial position date, the Company is not exposed to other price risk.

42.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligation, and arises principally from the Company's receivables from customers.

The risk management function is regularly conducting detailed analysis on sectors / industries to identify the degree by which the Company's customers and their businesses have been impacted amid COVID-19. Keeping in view short-term and long-term outlook of each sector, management has taken into consideration the factors while calculating expected credit losses against trade debts and other receivables.

Management of credit risk

The Company's policy is to enter into financial contracts in accordance with the guidelines set by the Board of Directors and other internal guidelines.

Credit risk is managed and controlled by the management of the Company in the following manner:

- Credit rating and / or credit worthiness of the counterparty is taken into account along with the financial background so as to minimize the risk of default.
- The risk of counterparty exposure due to failed agreements causing a loss to the Company is mitigated by a periodic review of their credit ratings, financial statements, credit worthiness and market information on a regular basis.
- Cash is held with reputable banks only.

As of the unconsolidated statement of financial position date, the Company is exposed to credit risk on the following assets:

(Rupees in '000)

	Note	2020	2019
Long-term loans and advances	6	**723,207**	860,963
Long-term deposits	7	**112,423**	34,816
Trade debts	10	**4,356,855**	5,336,657
Loans and advances	11	**1,362,133**	1,182,132
Trade deposits	12	**15,372**	15,372
Accrued interest		**312,784**	230,130
Other receivables	13	**1,979,163**	2,184,640
Bank balances	14	**2,318,845**	1,134,961
		11,180,782	10,979,671

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings agencies or the historical information about counter party default rates as shown below:

Trade debts

The aging of unimpaired debtors at the unconsolidated statement of financial position date is as follows:

(Rupees in '000)

	2020	2019
Neither past due nor impaired	**1,546,017**	2,657,305
Past due 1-30 days	**141,019**	100,722
Past due 31-365 days	**96,953**	4,339
Above 365 days	**2,572,866**	2,574,291
	4,356,855	5,336,657
Bank balances		
A1+	**2,194,494**	1,073,624
A1	**12,448**	10,393
A2	**50,598**	11,651
A3	**61,305**	39,293
	2,318,845	1,134,961

Financial assets other than trade debts and bank balances are not exposed to any material credit risk.

42.3 Liquidity risk

Liquidity risk reflects the Company's inability in raising fund to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of unconsolidated statement of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on any individual customer.

Due to COVID-19 outbreak the Company's customers and their businesses have been adversely impacted. The management is continuously monitoring the liquidity position and is taking necessary precautionary measures where needed.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(Rupees in '000)

	On demand	Less than 3 months	3 to 12 months	1 to 7 years	Total
2020					
Long-term financing	**–**	**135,273**	**606,401**	**15,891,534**	**16,633,208**
Loans from related party	**–**	**–**	**–**	**3,935,650**	**3,935,650**
Accrued and deferred mark-up	**–**	**–**	**1,670,822**	**6,525,172**	**8,195,994**
Lease liabilities	**–**	**41,992**	**207,748**	**1,200,043**	**1,449,783**
Long-term deposits	**–**	**–**	**–**	**120,175**	**120,175**
Trade and other payables	**2,860,101**	**38,225,743**	**–**	**–**	**41,085,844**
Advance from customers	**–**	**2,948,271**	**–**	**–**	**2,948,271**
Unclaimed dividend	**1,027**	**–**	**–**	**–**	**1,027**
Short-term borrowings	**–**	**23,907,984**	**–**	**–**	**23,907,984**
Accrued mark-up	**–**	**893,415**	**–**	**–**	**893,415**
	2,861,128	**66,152,678**	**2,484,971**	**27,672,574**	**99,171,351**

(Rupees in '000)

	On demand	Less than 3 months	3 to 12 months	1 to 7 years	Total
2019					
Long-term financing	–	1,291,070	1,195,586	15,845,806	18,332,462
Loans from related party	–	–	–	3,935,650	3,935,650
Accrued and deferred mark-up	–	–	5,410,771	5,861,966	11,272,737
Long-term deposits	–	–	–	105,000	105,000
Trade and other payables	2,072,601	45,853,093	–	–	47,925,694
Advance from customers	–	3,387,793	–	–	3,387,793
Unclaimed dividend	1,027	–	–	–	1,027
Short-term borrowings	–	15,849,021	–	–	15,849,021
Accrued mark-up	–	393,518	–	–	393,518
	2,073,628	66,774,495	6,606,357	25,748,422	101,202,902

42.4 Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, sustain the development of the business and maximize the shareholders' value. The Company closely monitors the return on capital. The Company manages its capital structure and makes adjustment to it in light of changes in economic conditions and finances its activities through equity, borrowings and management of working capital with a view to maintain and approximate mix between various sources of finance to minimize the risk. No changes were made in the objectives, policies or processes during the year ended 30 June 2020.

The Company is not exposed to externally imposed capital requirement.

The gearing ratios as at June 30, 2020 and 2019 are as follows:

(Rupees in '000)

	Note	2020	2019
Long-term financing	17	**15,891,534**	15,845,806
Loans from related party	18	**3,935,650**	3,935,650
Accrued and deferred mark-up	19	**6,525,172**	5,861,965
Long-term lease liabilities	20	**1,200,043**	–
Deferred liabilities	22	**609,314**	721,587
Trade and other payables	24	**41,085,844**	47,925,694
Accrued mark-up	26	**893,415**	393,518
Short-term borrowings	27	**23,907,984**	15,849,021
Current portion of non-current liabilities		**2,662,236**	7,897,428
Total debt		**96,711,192**	98,430,669
Share capital	15	**53,298,847**	53,298,847
Reserves		**(31,596,513)**	(29,630,810)
Contribution against future issue of shares	16	**857,140**	857,140
Total capital		**22,559,474**	24,525,177
Capital and net debt		**119,270,666**	122,955,846
Gearing ratio		**81.09%**	80.05%

43 OPERATING SEGMENTS

For management purposes, the Company has determined following reportable operating segments on the basis of business activities i.e. oil refining and petroleum marketing. Oil refining business is engaged in crude oil refining and selling of refined petroleum products to oil marketing companies. Petroleum marketing business is engaged in trading of petroleum products, procuring products from oil refining business as well as from other sources.

Transfer prices between operating segments are at agreed terms duly approved by the Board of Directors of the Company.

The quantitative data for segments is given below:

(Rupees in '000)

	Oil Refining Business		Petroleum Marketing Business		Total	
	2020	2019	2020	2019	2020	2019
Revenue						
Net Sales to external customers	**106,035,132**	120,472,535	**67,863,798**	77,358,185	**173,898,930**	197,830,720
Inter-segment sales	**55,469,787**	70,010,420	**–**	–	**55,469,787**	70,010,420
Eliminations	**(55,469,787)**	(70,010,420)	**–**	–	**(55,469,787)**	(70,010,420)
Total revenue	**106,035,132**	120,472,535	**67,863,798**	**77,358,185**	**173,898,930**	197,830,720
Result						
Segment profit/ (loss)	**389,946**	(1,073,440)	**1,079,945**	1,869,766	**1,469,891**	796,326
Unallocated expenses:						
Finance cost					**(3,960,395)**	(3,069,557)
Interest income					**1,286,119**	775,040
Other expenses					**(1,226,414)**	(739,560)
Taxation					**–**	554,051
(Loss) for the year					**(2,430,799)**	(1,683,700)
Segmental Assets	**125,264,359**	128,574,530	**751,794**	1,568,187	**126,016,153**	130,142,717
Unallocated Assets	**–**	–	**–**	–	**–**	–
	125,264,359	128,574,530	**751,794**	1,568,187	**126,016,153**	130,142,717
Segmental Liabilities	**98,812,215**	100,781,788	**1,003,122**	1,142,701	**99,815,337**	101,924,489
Unallocated Liabilities	**–**	–	**–**	–	**–**	–
	98,812,215	100,781,788	**1,003,122**	1,142,701	**99,815,337**	101,924,489
Capital expenditure	**3,208,013**	2,564,896	**65,845**	56,540	**3,273,858**	2,621,436
Other Information						
Depreciation	**3,514,283**	3,284,936	**280,266**	110,020	**3,794,549**	3,394,956

43.1 One (2019: one) of the Company's customers contributed towards 17% (2019: 13%) of the revenue during the year amounting to Rs 29.969 billion (2019: Rs 26.178 billion) from sales in the oil refining segment.

43.2 All non-current assets of the Company are located in Pakistan. For this purpose non-current assets consist of property, plant and equipment and right-of-use assets.

44 PROVIDENT FUND DISCLOSURE

The Company operates approved funded contributory provident fund for both its management and non-management employees. Details of net assets and investments based on the financial statements of the fund is as follows:

(Rupees in '000)

	Note	2020	2019
		(Unaudited)	(Audited)
Size of the fund - Total assets		**472,785**	394,503
Cost of the investment made	44.1	**424,668**	337,382
Fair value of the investment		**414,620**	332,232
Percentage of the investment		**89.82%**	85.52%

44.1 Break-up of cost of investments out of Fund:

	2020		2019	
	(Rupees in '000)	%	(Rupees in '000)	%
Debt securities	**131,818**	**31%**	16,214	5%
Listed equity	**99,068**	**23%**	37,056	11%
Bank Deposits	**173,782**	**41%**	284,112	84%
Government securities	**20,000**	**5%**	–	0%
	424,668	**100%**	337,382	100%

The management, based on the financial statements of the fund, is of the view that the investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

45 CAPACITY AND ANNUAL PRODUCTION

Against the designed annual capacity (based on 365 days) of 56.575 million barrels (30 June 2019: 56.575 million barrels), the actual throughput during the year was 17.431 million barrels (30 June 2019: 18.390 million barrels). The Company operated the plants considering the level which gives optimal yield of products.

46 NUMBER OF EMPLOYEES

	2020	2019
Total number of employees		
As at June 30	**867**	863
Average number of employees during the year	**865**	831

47 RECLASSIFICATIONS

Certain corresponding figures have been reclassified for better presentation.

48 GENERAL

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

49 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on **23rd September 2020** by the Board of Directors of the Company.

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

EY Ford Rhodes
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Independent Auditors' Report

To the members of Byco Petroleum Pakistan Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Byco Petroleum Pakistan Limited and its subsidiary (the Group),** which comprise the consolidated statement of financial position as at **30 June 2020,** and the consolidated statement of profit or loss, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
1. Impact of COVID 19	
As disclosed in note 1.2 to the consolidated financial statements, the COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities from March 2020 in line with the directives of the Government. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan. The Group's operations were disrupted due to the circumstances arising from COVID-19 including the suspension of operation due to compression of demand for petroleum products and volatility in international oil prices. In view of the unique nature of these events and its possible impacts on the business operations and financial reporting, we considered this area as a key audit matter due to the potential impact on our audit strategy.	Our audit procedures, amongst others, included the following: - we discussed with the management about the impacts of COVID 19 related events on the business operations, financial condition, liquidity and operating performance of the Group; - we obtained an overall understanding of the changes in financial reporting process and underlying controls in order to determine the appropriate audit strategy; - we reviewed the future projections prepared by the management to assess the liquidity position and sustainability of operations; - we considered the recoverable amount of tangible fixed assets with reference to the fair values as determined by an independent valuer; - we checked the computations for expected credit losses as determined by the management in accordance with the requirements of IFRS-9 'Financial Instruments'. We evaluated the assumptions used by the management for such estimates including their reasonableness and the supporting economic and historical data used in this regard; - we reviewed the reasonableness of the inputs used for calculation of NRV of inventories held to assess the adequacy of relevant provisions; and - we reviewed the adequacy of the disclosures made by the Group under the applicable financial reporting framework.

Key audit matters	How the matter was addressed in our audit
2. Adoption of IFRS 16 'Leases' (IFRS 16)	
As disclosed in note 2.3 to the consolidated financial statements, IFRS 16 'Leases' has become effective for the current year. The standard has introduced a new accounting model for operating lease contracts from the standpoint of a lessee. As per the new requirements, the Group is required to recognize right of use assets for leased assets and liabilities for the lease payments over the lease term. The impacts of the adoption of the standard are disclosed in note 2.3 to the consolidated financial statements. The application of the new standard requires management to make significant estimates and judgements in relation to determination of lease term and appropriate discount rate for measurement of lease liability. We considered the adoption of the standard as a key audit matter due to the significance of the accounting change and the involvement of significant management judgements in respect of the application of the new standard.	Our audit procedures among others included obtaining an understanding of the process and controls on this area relevant to our audit. Further, we have: - evaluated the appropriateness of the new accounting policies for recognition of lease contracts and their measurement in the consolidated financial statements; - corroborated the completeness of the leases identified by the management by reviewing the reconciliations of leases with the list of filling stations in the use of the Group and reviewing the rent expense ledgers for the year; - performed independent checks of lease accounting computations for a sample of lease contracts through reperformance of such computations and tracing the terms with the relevant contracts; - evaluated the appropriateness of the assumptions used by the management in measuring lease liabilities such as discount rate and lease term; and - evaluated the adequacy of disclosures made regarding the application of the standard and its impact on the consolidated financial statements of the Group for the year.
3. Recoverability and recognition of deferred tax asset	
As disclosed in note 22, the Group has recognized deferred tax asset on unused business losses, unabsorbed depreciation and unused tax credits amounting to Rs. 5,782.282 million. In order to ascertain that sufficient future taxable profit will be available, the management has prepared future projections of taxable profit by taking into account various assumptions mainly comprising of future throughput of the refinery, average inflation and exchange rates, growth rate and timing of reversals. The analysis of the recognition and recoverability of the deferred tax asset was significant to our audit because of the significant value of deferred tax asset and the assessment of future taxable income involves significant management judgement about future business and economic factors.	Our audit procedures among others included obtaining an understanding of the process and controls on this area relevant to our audit. We evaluated the appropriateness of the components on which the Group has recognized deferred tax asset in light of the requirements of the Income Tax Ordinance, 2001, considering factors including age and the expiry of the deferred tax asset and tax rates enacted. For this purpose, we involved our internal tax specialist to assist us. We evaluated the Group's assumptions and estimates in relation to the likelihood of generating future taxable income, principally by performing sensitivity analysis and testing the key assumptions used by the management. We have also assessed the adequacy of the Group's disclosures in accordance with relevant laws as applicable in Pakistan.
4. Overdue trade receivables	
As disclosed in note 8.1, the Group has an overdue trade receivable balance of Rs. 8,769.376 million on which Group carries an aggregate provision amounting to Rs. 6,196.510 million. Management considers certain specific factors including the age of the balance, existence of disputes, recent payment patterns and arrangements and any other available information with respect to the credit worthiness and reliability of the counterparties. Management uses this information to determine whether a provision for impairment is a required at a specific or overall balance level. We focused on this area due to the materiality of the amounts involved and because determination with respect to realizability of the receivables involves significant management judgement which is based on the number of factors which are inherently subjective and due to the materiality of the amounts involved.	Our audit procedures amongst other included: Reviewed agreements with the customers for agreed terms and conditions and latest financial information of the customers, wherever available; - Ensured that the receivable arising out of sales are on the prices that are in agreement with respective customers' terms and conditions; - Reviewed related correspondences between the Group and relevant parties, and held discussions at appropriate level of management to assess their views on the recoverability and timing of settlement of relevant receivables and steps taken for recoverability of these receivables; - Circularize confirmation to the Group's external legal advisor for their view on the recoverability of the receivables; - Considered management process for determining the provision for impairment, discussed judgement exercised by them. We also reviewed minutes of the Board and Audit committee and checked relevant approvals in this regard; Reviewed related disclosures in the consolidated financial statements.

5. Stock-in-trade	
As disclosed in note 7 to the consolidated financial statements the stock-in-trade balance amounts to Rs. 22,878.892 million which constitutes 18% of total assets of the Group. Stock-in-trade comprises of crude oil, high speed diesel, motor gasoline and other related petroleum products with differing characteristics. The stock-in-trade volume determination process starts by obtaining dips and measuring the temperature and density at the same time. That measured data is then used to determine the volume by using the parameters and applying the dynamics of respective tanks, which were determined at the time of commissioning of tanks. We focused on stock-in-trade as it is a significant portion of Group's total asset and involves complexities in determination of volume.	We performed a range of audit procedures in respect of inventory items including, amongst others physical observation of inventory counts, testing valuation methods and their appropriateness in accordance with the applicable accounting standards. We involved an external expert, to assist us in taking the dips, determining volume based on the calibration charts and determining nature / characteristics of the stock-in-trade. We re-performed the working for determination of volume, based on the calibration charts on a sample basis. We obtained samples of inventories from the storage tanks to determine the nature / characteristics of the stock-in-trade. Such samples were then sent to the external expert's laboratory to determine the nature of the stock. We also assessed the adequacy of the disclosure made in respect of the accounting policies and details of inventory balances held by the Group at the year end.

Information Other than the Consolidated 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 consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as 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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Chartered Accountants
Place: Karachi

Dated: 28th September 2020

Consolidated

Statement of Financial Position

As at 30 June 2020

(Rupees in '000)

	Note	2020	2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	**83,857,480**	83,073,076
Long-term loans and advances	5	**723,207**	860,963
Long-term deposits	6	**112,423**	34,816
		84,693,110	83,968,855
CURRENT ASSETS			
Stores and spares		**2,040,667**	1,692,293
Stock-in-trade	7	**22,878,892**	29,260,294
Trade debts	8	**4,356,855**	5,336,657
Loans and advances	9	**1,362,133**	1,182,132
Trade deposits and short-term prepayments	10	**22,477**	46,566
Accrued interest		**312,784**	230,130
Other receivables	11	**1,253,347**	1,337,705
Taxation - net		**1,029,489**	780,780
Cash and bank balances	12	**2,319,220**	1,135,249
		35,575,864	41,001,806
Total assets		**120,268,974**	124,970,661
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	13	**53,298,847**	53,298,847
Reserves		**(46,222,343)**	(44,237,140)
Surplus on revaluation of property, plant and equipment		**10,754,216**	11,290,892
		17,830,720	20,352,599
Contribution against future issue of shares	14	**857,140**	857,140
		18,687,860	21,209,739
NON-CURRENT LIABILITIES			
Long-term financing	15	**15,891,534**	15,845,806
Loans from related party	16	**3,935,650**	3,935,650
Accrued and deferred mark-up	17	**6,525,172**	5,861,965
Long-term lease liabilities	18	**1,200,043**	–
Long-term deposits	19	**120,175**	105,000
Deferred liabilities	20	**609,314**	721,587
Deferred income - government grant	21	**12,037**	–
Deferred taxation	22	**1,759,378**	1,820,414
		30,053,303	28,290,422
CURRENT LIABILITIES			
Trade and other payables	23	**41,092,243**	47,941,713
Advance from customers	24	**2,948,271**	3,387,793
Accrued mark-up	25	**893,415**	393,518
Short-term borrowings - secured	26	**23,907,984**	15,849,021
Current portion of non-current liabilities		**2,662,236**	7,897,428
Current portion of deferred income - government grant	21	**22,635**	–
Unclaimed dividend		**1,027**	1,027
		71,527,811	75,470,500
CONTINGENCIES AND COMMITMENTS	27		
Total equity and liabilities		**120,268,974**	124,970,661

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

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

Consolidated

Statement of Profit or Loss

For the year ended 30 June 2020

(Rupees in '000)

	Note	2020	2019
Turnover - net	28	**173,898,930**	197,830,720
Cost of sales	29	**(171,739,740)**	(196,627,252)
Gross profit		**2,159,190**	1,203,468
Administrative expenses	30	**(934,232)**	(908,501)
Selling and distribution expenses	31	**(578,186)**	(497,889)
Other expenses	32	**(1,226,414)**	(742,615)
Other income	33	**1,371,541**	1,017,536
		(1,367,291)	(1,131,469)
Operating profit		**791,899**	71,999
Finance costs	34	**(3,960,395)**	(3,069,557)
Loss before taxation		**(3,168,496)**	(2,997,558)
Taxation	35	**233,230**	705,936
Loss after taxation		**(2,935,266)**	(2,291,622)
Loss per share - basic and diluted (Rupees)	36	**(0.55)**	(0.43)

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

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

Consolidated
Statement of Comprehensive Income

For the year ended 30 June 2020

(Rupees in '000)

	2020	2019
Loss after taxation	**(2,935,266)**	(2,291,622)
Other comprehensive income / (loss) for the year		
Items that will not be reclassified subsequently to statement of profit or loss		
Re-measurement loss on defined benefit obligation - net of tax	**(26,448)**	(48,231)
Revaluation surplus on property, plant and equipment - net of tax	**439,835**	(287,500)
Total comprehensive loss for the year	**(2,521,879)**	(2,627,353)

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

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

Consolidated
Statement of Changes in Equity

For the year ended 30 June 2020

(Rupees in '000)

		Capital Reserves			Revenue Reserve			
	Issued, subscribed and paid up capital	Merger reserve	Other capital reserve (note 17.2)	Revaluation surplus on property, plant and equipment	Accumulated Loss	Sub-total	Contribution against future issue of shares	Total
Balance as at June 30, 2018	53,298,847	(21,303,418)	3,214,209	12,573,160	(24,802,846)	22,979,952	841,249	23,821,201
Net loss for the year	–	–	–	–	(2,291,622)	(2,291,622)	–	(2,291,622)
Other comprehensive loss for the year - net of tax	–	–	–	(287,500)	(48,231)	(335,731)	–	(335,731)
Total comprehensive loss for the year	–	–	–	(287,500)	(2,339,853)	(2,627,353)	–	(2,627,353)
Revaluation on contribution against future issue of shares	–	–	–	–	–	–	15,891	15,891
Incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	–	–	–	(994,768)	994,768	–	–	–
Balance as at June 30, 2019	**53,298,847**	**(21,303,418)**	**3,214,209**	**11,290,892**	**(26,147,931)**	**20,352,599**	**857,140**	**21,209,739**
Net loss for the year	–	–	–	–	(2,935,266)	(2,935,266)	–	(2,935,266)
Other comprehensive income / (loss) for the year - net of tax	–	–	–	439,835	(26,448)	413,387	–	413,387
Total comprehensive income / (loss) for the year	–	–	–	439,835	(2,961,714)	(2,521,879)	–	(2,521,879)
Incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	–	–	–	(976,511)	976,511	–	–	–
Balance as at June 30, 2020	**53,298,847**	**(21,303,418)**	**3,214,209**	**10,754,216**	**(28,133,134)**	**17,830,720**	**857,140**	**18,687,860**

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

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

(Rupees in '000)

	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(3,168,496)**	(2,997,558)
Adjustments for:			
Depreciation	4.1.4 & 4.3.3	**4,678,908**	4,275,629
Finance costs	34	**3,960,395**	3,069,557
Provision for doubtful debts	8.1	**1,130,111**	634,006
Gain on disposal of assets	33	**(2,713)**	(191,868)
Interest income	33	**(1,286,119)**	(775,040)
Provision for gratuity	20.1.5	**61,671**	52,858
Net cash flow before working capital changes		**5,373,757**	4,067,584
(Increase) / decrease in current assets			
Stores and spares		**(348,374)**	(409,350)
Stock-in-trade		**6,381,402**	130,956
Trade debts		**979,802**	127,127
Loans and advances		**(42,245)**	298,815
Trade deposits and short-term prepayments		**1,154**	(19,953)
Other receivables		**84,358**	(72,051)
		7,056,097	55,544
Increase / (Decrease) in current liabilities			
Trade and other payables		**(6,849,471)**	(10,529,271)
Advances from customers		**(439,522)**	597,961
		(7,288,993)	(9,931,310)
Cash generated from / (used in) operations		**5,140,861**	(5,808,182)
Finance costs paid		**(6,537,238)**	(2,155,967)
Income taxes paid		**(213,566)**	(632,932)
Gratuity paid	20.1.5	**(58,834)**	(169,736)
Interest income received		**73,354**	91,595
Net cash used in operations		**(1,595,423)**	(8,675,222)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(3,289,780)**	(2,745,438)
Sale proceeds against disposal		**5,472**	20,493
Advance against investment in shares		**–**	(42,134)
Long-term deposits - net		**(62,432)**	(137,789)
Net cash used in investing activities		**(3,346,740)**	(2,904,868)
CASH FLOW FROM FINANCING ACTIVITIES			
Long-term financing - net		**(1,816,943)**	(1,557,111)
Short-term borrowings - net		**9,326,648**	13,646,169
Payments against lease liabilities		**(115,886)**	–
Net cash generated from financing activities		**7,393,819**	12,089,058
Net increase in cash and cash equivalents		**2,451,656**	508,968
Cash and cash equivalents - at the beginning of the year		**(132,436)**	(641,404)
Cash and cash equivalents - at the end of the year	37	**2,319,220**	(132,436)

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

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

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 The "Group" consist of:

Holding Company

i) **Byco Petroleum Pakistan Limited (the Holding Company)**
The Holding Company was incorporated in Pakistan as a public limited company on 09 January 1995 under the repealed Companies Ordinance, 1984 and was granted a certificate of commencement of business on 13 March 1995. The shares of the Holding Company are listed on Pakistan Stock Exchange.

The Holding Company currently operates two business segments namely Oil Refinery Business and Petroleum Marketing Business. The Company has two refineries with an aggregate rated capacity of 155,000 bpd. Petroleum Marketing Business was formally launched in 2007 and has 391 retail outlets across the country.

Geographical location and addresses of major business units including mills/plants of the Holding Company are as under:

Location / Address	Purpose
The Harbour Front, 9th Floor, Dolmen City, HC-3, Block 4, Marine Drive, Clifton, Karachi - 75600, Pakistan.	Head office
Mauza Kund, Sub Tehsil Gadani, District Lasbella, Baluchistan	Refining unit

Subsidiary Company

ii) **Byco Isomerisation Pakistan (Private) Limited (BIPL)**
BIPL was incorporated in Pakistan as a private limited company under the repealed Companies Ordinance, 1984 on 14 May 2014. BIPL is a wholly owned subsidiary of the Holding Company. BIPL is principally engaged in blending, refining and processing of petroleum naphtha to produce petroleum products such as premium motor gasoline.

Geographical location and addresses of major business units including mills/plants of BIPL are as under:

Location / Address	Purpose
Rooms 406 and 407, 4th Floor, Islamabad Stock Exchange Towers, 55-B. Jinnah Avenue, Islamabad	Registered office
Survery/Khasra No. 310, Mouza Kund, Sub Tehsil, Gadani, District, Lasbella, Balochistan	Production plant

1.2 **Impact of COVID-19 on the consolidated financial statements**
The COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities during the period from March 2020 in line with the directives of the Government. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan. Complying with the lockdown, the Group temporarily suspended operations.

The lockdown was subsequently relaxed from the month of May, and the Group resumed full operations, after implementing all the necessary SOPs to ensure safety of employees. The management has ensured all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity.

The Group's operations were disrupted due to the circumstances arising from COVID-19 including the suspension of operations due to compression of demand for petroleum products and volatility in international oil prices resulting in loss of revenue and accordingly gross and operating profits, respectively. Due to this, the management has assessed the accounting implications of these developments on these consolidated financial statements, including but not limited to expected credit losses and modification of financial liability under IFRS 9, 'Financial Instruments', the impairment of tangible assets under IAS 36, 'Impairment of non-financial assets', the net realisable value of inventory under IAS 2, 'Inventories', deferred tax assets in accordance with IAS 12, 'Income taxes', provisions and contingent liabilities under IAS 37.

The Company carried out an assessment including financial and non-financial consideration such as debt covenant compliance, liquidity and funding concerns, disruption of supply chain, logistics, fluctuating demand, workforce management and employee health issues.

According to management's assessment, there are no material implications of COVID-19 that require specific disclosure in the consolidated financial statements.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act 2017 (the Act); and

- Provisions of and directives issued under the Act

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

2.2 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except for:

- Property, plant and equipment which are carried at revalued amount in accordance with IAS 16 "Property, Plant and Equipment" as disclosed in note 3.1 and 4.1; and

- Employees' retirement benefits which is carried at present value of defined benefit obligation net of fair value of plan assets in accordance with the requirements of IAS 19 "Employee Benefits", as disclosed in note 3.10 and 20.1.

2.3 New standards and amendments

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year except that the Group has adopted the following standards, amendments, interpretation and improvements to IFRS which became effective for the current year:

IFRS 9 –	Prepayment Features with Negative Compensation (Amendments)
IFRS 14 –	Regulatory Deferral Accounts
IFRS 16 –	Leases
IFRS 16 –	COVID 19 Related Rent Concessions (Amendments)
IAS 19 –	Plan Amendment, Curtailment or Settlement (Amendments)
IAS 28 –	Long-term Interests in Associates and Joint Ventures (Amendments)
IFRIC 23 –	Uncertainty over income tax treatments

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

IFRS 3 –	Business Combinations - Previously held Interests in a joint operation
IFRS 11 –	Joint Arrangements - Previously held Interests in a joint operation
IAS 12 –	Income Taxes - Income tax consequences of payments on financial instruments classified as equity
IAS 23 –	Borrowing Costs - Borrowing costs eligible for capitalisation

The adoption of the above standards, amendments, interpretations and improvements to the accounting standards did not have any material effect on the Group's consolidated financial statements except for IFRS 16. The impact of adoption of IFRS 16 and its amendments are described below:

IFRS 16 - 'Leases'

IFRS 16 'Leases' supersedes IAS 17 'Leases', 'IFRIC 4' Determining whether an Arrangement contains a Lease, 'SIC-15' Operating Leases Incentives and 'SIC-27' Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under IFRS 16, distinction between operating and finance leases has been removed and all lease contracts, with limited exceptions, will be recognised in consolidated statement of financial position by way of right-of-use assets along with their corresponding lease liabilities.

Lease obligations of the Group comprise of lease arrangements of the Holding Company giving it the right-of-use over lands, warehouses, terminals and office premises.

The Group adopted IFRS 16 with effect from July 01, 2019 using the modified retrospective method. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application with no restatement of comparative information. The Group elected to use the transition practical expedient allowing the Group to use a single discount rate to a portfolio of leases with similar characteristics. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases).

IFRS 16 allows two options for transition under the modified retrospective method as follows:

- recognize the lease liability at the date of initial application for operating leases at the present value of remaining lease payments and a right-of-use asset equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to those leases, or

- recognize the lease liability at the date of initial application for operating leases at the present value of remaining lease payments and a right-of-use asset at its carrying value as if the new standard had always been applied.

In applying the standard, the Group has recognised lease liability at the date of initial application as present value of remaining lease payments and a right-of-use asset equal to the lease liability, adjusted by the amount of prepaid or accrued lease payments previously recognised. The present value has been determined using a single discount rate for portfolio of leases exhibiting similar characteristics based on practical expedient provided in the standard.

Lease term is the non-cancelable period for which the Group has right to use the underlying asset in line with the lease contract together with the periods covered by an option to extend which the Group is reasonably certain to exercise and option to terminate which the Group is not reasonably certain to exercise.

The impact of adoption of IFRS 16 as at July 01, 2019 is as follows:

	Note	(Rupees '000)
Right-of-use assets	4.3	**1,537,396**
Prepayments		**(22,935)**
Total Assets		**1,514,461**
Lease liabilities	20	**1,514,461**
Deferred taxation		**(6,651)**

There is no material impact on other comprehensive income or the basic and diluted earnings per share.

The lease liabilities as at July 01, 2019 can be reconciled to the operating lease commitments as of June 30, 2019 as follows:

	(Rupees '000)
Operating lease commitments as at June 30, 2019	**1,745,416**
Impact of discounting	**(221,318)**
Short-term leases	**(9,637)**
Total lease liability at July 01, 2019	**1,514,461**
Weighted average incremental borrowing rate as at July 01, 2019	**15.25%**

The impact of the amendment of IFRS 16 "COVID 19 Related Rent Concessions" did not have any material impact on the Group.

2.4 Standards, interpretations and amendments to approved accounting standards that are not yet effective

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

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 3	Definition of a Business (Amendments)	01 January 2020
IFRS 3	Reference to conceptual framework (Amendments)	01 January 2022
IFRS 7, IFRS 9 & IAS 39	Interest rate benchmark reforms (Amendments)	01 January 2020
IFRS 10 & IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 1/ IAS 8	Definition of material (Amendments)	01 January 2020
IAS 1	Classification of liabilities as current or non-current (Amendments)	01 January 2022*
IAS 16	Proceeds before intended use (Amendments)	01 January 2022
IAS 37	Onerous contracts - cost of fulfilling a contract	01 January 2022

* The IASB has issued an exposure draft proposing to defer the effective date of the Amendments to IAS 1 to 01 January 2023.

The above standards and interpretations are not expected to have any material impact on the Group's consolidated financial statements in the period of initial application.

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

Standard or Interpretation		Effective date (annual periods beginning or after)
IFRS 9 –	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
IAS 41 –	Agriculture – Taxation in fair value measurements	01 January 2022

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

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

2.5 Critical accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements, estimates and assumptions made by the management that may have a significant risk of material adjustments to the consolidated financial statements in the subsequent years are as follows:

i) Useful lives of items of property, plant and equipment (note 3.1 and 4.1);
ii) Provision for slow moving and obsolete stores and spares (note 3.3);
iii) Provision for doubtful debts and other receivables (note 3.6);
iv) Impairment against non-financial assets (note 3.8);
v) Estimates of receivables and payables in respect of staff retirement benefit schemes (note 3.10 and 20.1);
vi) Surplus on revaluation of Property, plant and equipment (note 3.1);
vii) Provision for taxation (note 3.12, 22 and 35);
viii) Contingencies (note 3.19 and 28.1);
ix) Determining the lease term of contracts with renewal and termination options (notes 3.9 and 18); and
x) Leases - Estimating the incremental borrowing rate (notes 3.9 and 18).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

Owned

These are initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses, if any, except for freehold land, leasehold land, building on freehold land, roads and civil works, building on leasehold land, plant and machinery, generators and safety and lab equipments which are measured at revalued amounts, which is the fair value at the date of revaluation less accumulated depreciation and accumulated impairment losses, if any, recognised subsequent to the date of revaluation. The surplus arising on revaluation is disclosed as surplus on revaluation of property, plant and equipment.

Depreciation is charged to consolidated statement of profit or loss, applying the straight line method whereby costs of assets, less their residual values, is written off over their estimated useful lives at rates as disclosed in note 4.1 to the consolidated financial statements. Depreciation on additions is charged from the month in which the asset is available for use up to the month preceding the disposal.

The carrying values of the Group's property plant and equipment are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Repairs and maintenance cost is written off to the consolidated statement of profit or loss in the year in which it is incurred. Major renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Group.

An item of property plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on disposal of property plant and equipment is recognised in the year of disposal.

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognized in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognized in consolidated statement of profit or loss, the increase is first recognized in consolidated statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in consolidated statement of comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to consolidated statement of profit or loss.

Capital work-in-progress
Capital work-in-progress, is stated at cost less accumulated impairment losses, if any. Cost consists of:

- expenditures incurred for the acquisition of the specific asset, dismantling, refurbishment, construction and installation of the asset so acquired.
- borrowing cost and exchange differences arising on foreign currency financings to the extent these are regarded as adjustment to interest costs for qualifying assets if its recognition criteria is met as mentioned in note 3.16 to the consolidated financial statements.
- interest expenses, exchange loss and other expenses as mentioned in note 4.2.3 and 4.2.4 to the consolidated financial statements.
- trial run cost of testing the asset. If the income from the testing activity is higher than the cost of testing the asset, then the net effect will be a deduction from the cost of the asset.

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

3.2 Stock-in-trade
All stock-in-trade is valued at the lower of cost and net realizable value (NRV). Stock-in-transit, if any, are valued at cost comprising invoice values plus other charges incurred as on the consolidated statement of financial position date.

Raw materials
Cost in relation to crude oil is determined on the basis of First-In-First-Out (FIFO) basis.

Finished products
Cost of finished products comprises of the cost of crude oil and appropriate production overheads. Production overheads are arrived at on the basis of average cost for the month per barrel of throughput.

Net realizable value in relation to finished products is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated cost necessary to make the sale.

3.3 Stores and Spares
These are stated at moving average cost less impairment loss, if any. For items which are slow moving and / or identified as surplus to the Group's requirements, adequate provision is made for any excess book value over estimated realizable value. Provision is made for obsolete and slow moving items where necessary and is recognised in the consolidated statement of profit or loss.

3.4 Advances and short-term prepayments
These are initially recognised at cost, which is the fair value of the consideration given. Subsequent to initial recognition assessment is made at each consolidated statement of financial position date to determine whether there is an indication that assets may be impaired. If such indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

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

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

i) Financial assets

Initial recognition and measurement
Financial assets are classified at initial recognition and subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss.

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

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

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

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

- Financial assets at amortized cost (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) (FVOCI); and
- Financial assets at fair value through profit or loss (FVPL).

Financial assets at amortized cost (debt instruments)
The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

The Group has not designated any financial asset at FVOCI.

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

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

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

The Group has not designated any financial asset at FVPL.

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

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

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Group has transferred substantially all the risks and rewards of the asset, or
(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

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

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

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

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

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

ii) Financial liabilities

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

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

Subsequent measurement

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

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

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

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

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

iii) Offsetting of financial instruments

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

3.7 Cash and cash equivalents

Cash and cash equivalents are stated at cost. For the purposes of statement of cash flows, cash and cash equivalents comprise cash in hand, balances with banks and running finance facility.

3.8 Impairment

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 consolidated statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flow have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

3.9 Leases

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

Group as a lessee

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

i) Lease liabilities

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

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

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

iii) Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Group 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.

iv) Short-term leases

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

3.10 Staff retirement benefits

Defined benefit plan

The Group operates a funded gratuity scheme covering all its permanent employees who have completed minimum qualifying period of service. The Group's obligation under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". The latest actuarial valuation was carried out at 30 June 2020 and based on the actuarial valuation, the Group had recognised the liability for retirement benefits and the corresponding expenses. Actuarial gains and losses that arise are recognised in consolidated statement of comprehensive income in the year in which they arise. Past service costs are recognised immediately in consolidated statement of profit or loss irrespective of the fact that the benefits are vested or non-vested. Current service costs and any past service costs together with the effect of the unwinding of the discount on plan liabilities are charged to consolidated statement of profit or loss.

The amount recognised in the consolidated statement of financial position represents the present value of defined benefit obligation as reduced by the fair value of plan assets.

Defined contribution plan

The Group operates a funded provident fund scheme for all its eligible employees. Equal contributions are made by the Group and the employees at 8.33% of the basic salary of the eligible employees.

3.11 Government Grant

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. As the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

3.12 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation in accordance with Income Tax Ordinance, 2001.

Deferred

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising at the consolidated statement of financial position date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

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 future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the consolidated statement of financial position date.

3.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each consolidated statement of financial position date and adjusted to reflect the current best estimate.

3.14 Contribution against future issuance of shares

Foreign currency amounts received in cash as contribution against future issuance of shares from the Parent Company is stated at the rates at which these were received. Foreign currency payments by the Parent Company directly to foreign suppliers of plant and machinery foreign dismantling and refurbishment services providers are initially stated at Pak Rupees equivalent amount translated at the rates approximating to those ruling on the date of transaction. Thereafter, these are revalued and stated at the average of Pak Rupees exchange rates quoted by selected authorised dealers approximating to those ruling on the dates the related plant and machinery items are received in Pakistan (i.e. the date of the bill of entry as per the requirements of Foreign Exchange Manual 2018). However, where the related plant and machinery items have not yet been received by the Group, these payments are translated at the year-end exchange rate equivalents.

3.15 Borrowings and related costs

Borrowing costs directly attributable to the acquisition, construction or installation of qualifying assets, that necessarily take substantial period of time to get ready for their intended use, are capitalized as a part of cost of those assets, until such time as the assets are substantially ready for intended use. All other borrowing costs are recognized as an expense in the year in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with borrowing of funds and exchange difference arising on foreign currency fundings to the extent those are regarded as adjustment to the interest cost, net of related interest income, if any.

3.16 Revenue recognition

Revenue is recognised at amounts that reflect the consideration that the Group expects to be entitled to in exchange for transferring goods or services to a customer. The credit limits in contract with customers ranges from nil to 30 days. Revenue is measured at the fair value of the consideration received or receivable, and is recognised on the following basis:

- Revenue from sale of goods is recognised when control of goods have passed to the customer which coincide with the dispatch of goods to the customers.
- Export sales are recognised on the basis of product shipped to the customers.
- Handling and storage income, rental income on equipment and other services income is recognized on accrual basis.

3.17 Other income

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

- Mark-up on delayed payment charges are recognised on the time proportionate basis.
- Interest income on short-term deposits and interest bearing advances are recognised on the time proportionate basis.
- Scrap sales, dealership income and rental income are recognised on an accrual basis.
- Gain on disposal is recognised at the time of disposal of operating fixed assets.

3.18 Earnings per share

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

3.19 Contingencies

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; 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 measure with sufficient reliability.

3.20 Share capital

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

3.21 Foreign currencies translation

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

3.22 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Chief Executive of the Group.

3.23 Dividends and appropriations

Dividends and reserve appropriations are recognised in the year in which these are declared / approved. The distribution of dividend and other appropriations is subject to the covenant as mentioned in note 15.2.

3.24 Unclaimed dividend

Dividend declared and remain unpaid for the period of more than three years from the date it is due and payable.

3.25 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupee, which is the Group's functional and presentation currency.

4 PROPERTY, PLANT AND EQUIPMENT

(Rupees in '000)

	Note	2020	2019
Operating fixed assets	4.1	**59,541,045**	62,113,652
Capital work-in-progress	4.2	**23,119,047**	20,959,424
Right-of-use assets	4.3	**1,197,388**	–
		83,857,480	83,073,076

4.1 Operating fixed assets

(Rupees in '000)

	COST / REVALUATION					ACCUMULATED DEPRECIATION				Written down as at 30 June 2020	Depreciation rate %
	As at 01 July 2019	Additions* / transfers	Revaluation Surplus	Disposals / Transfers	As at 30 June 2020	As at 01 July 2019	Charge for the year	Disposals	As at 30 June 2020		
Owned											
Free hold land	893,700	–	72,968	–	966,668	–	–	–	–	966,668	–
Lease hold land	1,310,081	–	4,875	–	1,314,956	110,081	–	–	110,081	1,204,875	–
Building on free hold land, roads and civil works	1,572,886	16,106	179,818	–	1,768,810	365,682	61,151	–	426,833	1,341,977	4
Building on lease hold land	76,938	–	4,968	–	81,906	22,859	3,398	–	26,257	55,649	4
Plant and machinery	78,441,987	995,259	112,121	–	79,549,367	20,923,804	3,983,357	–	24,907,161	54,642,206	4-5
Generators	1,535,177	–	212,938	–	1,748,115	657,205	82,959	–	740,164	1,007,951	6.70
Furniture and fixtures	185,358	17,242	–	–	202,600	167,245	4,366	–	171,611	30,989	10
Filling stations (4.1.1)	718,536	65,845	–	–	784,381	473,974	98,265	–	572,239	212,142	5-12.5
Vehicles	98,830	–	–	(9,077)	89,753	88,951	2,949	(6,366)	85,534	4,219	20
Computer and allied equipments	359,241	32,721	–	(122)	391,840	273,393	49,785	(74)	323,104	68,736	33.33
Safety and lab equipments	1,357,266	2,984	–	–	1,360,250	1,353,154	1,463	–	1,354,617	5,633	20-25
	86,550,000	**1,130,157**	**587,688**	**(9,199)**	**88,258,646**	**24,436,348**	**4,287,693**	**(6,440)**	**28,717,601**	**59,541,045**	

* Additions of Rs. 1,130.157 million (30 June 2019: Rs. 2,896.096 million), as shown above, include an amount of Rs. 896.063 million (30 June 2019: Rs. 1,140.75 million) transferred from capital work-in-progress during the year, as shown in note 4.2.

(Rupees in '000)

	COST / REVALUATION					ACCUMULATED DEPRECIATION				Written down as at 30 June 2019	Depreciation rate %
	As at 01 July 2018	Additions* / transfers	Revaluation Surplus	Disposals / Transfers	As at 30 June 2019	As at 01 July 2018	Charge for the year	Disposals	As at 30 June 2019		
Owned											
Free hold land	893,700	–	–	–	893,700	–	–	–	–	893,700	–
Lease hold land (4.1.2)	110,081	1,200,000	–	–	1,310,081	110,081	–	–	110,081	1,200,000	–
Building on free hold land, roads and civil works	1,386,571	186,315	–	–	1,572,886	304,718	60,963	–	365,681	1,207,205	4
Building on lease hold land	76,938	–	–	–	76,938	19,461	3,398	–	22,859	54,079	4
Plant and machinery	77,057,569	1,384,418	–	–	78,441,987	16,957,888	3,965,916	–	20,923,804	57,518,183	4-5
Generators	1,535,177	–	–	–	1,535,177	573,441	83,764	–	657,205	877,972	6.70
Furniture and fixtures	180,982	4,376	–	–	185,358	155,658	11,587	–	167,245	18,113	10
Filling stations (4.1.1)	661,996	56,540	–	–	718,536	365,915	108,059	–	473,974	244,562	5-12.5
Vehicles	259,982	(7,848)	–	(153,304)	98,830	233,447	4,371	(148,867)	88,951	9,879	20
Computer and allied equipments	292,493	67,278	–	(530)	359,241	237,002	36,665	(274)	273,393	85,848	33.33
Safety and lab equipments	1,352,249	5,017	–	–	1,357,266	1,352,249	905	–	1,353,154	4,112	20-25
	83,807,738	**2,896,096**	**–**	**(153,834)**	**86,550,000**	**20,309,860**	**4,275,629**	**(149,141)**	**24,436,348**	**62,113,652**	

4.1.1 The Group's assets located at filling stations are not in possession of the Group. In view of large number of dealers, the management considers it impracticable to disclose particulars of assets not in possession of the Group as required under para 12 of part II of the Fourth Schedule to the Companies Act, 2017.

4.1.2 As at the date of revaluation on 30 June 2020, the valuation of the Group's freehold land, leasehold land, building on freehold land, roads and civil works, building on leasehold land, plant and machinery, generators and safety and lab equipments resulted in revaluation surplus of Rs. 587.688 million. The valuation was carried out by an independent valuer, on the basis of present market values for similar sized plots in the vicinity of land and replacement values of similar type of land based on present cost. For other assets, numerous independent market inquiries from Civil Structures contractors, local and foreign machinery dealers / importers were made to establish the net present value and Forced Sale Value. (level 2)

The different levels have been defined in IFRS 13 as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e, as prices) or indirectly (i.e., derived from prices) (level 2); and
- Inputs for the asset or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cashflows). (level 3).

4.1.3 Had there been no revaluation, the net book value of specific classes of operating fixed assets would have amounted to:

(Rupees in '000)

	2020	2019
Free hold land	**56,154**	56,154
Lease hold land	**213,200**	213,200
Buildings on free hold land, roads and civil works	**1,252,715**	1,300,864
Building on lease hold land	**47,202**	49,629
Plant and machinery	**41,208,650**	42,914,214
Generators	**820,037**	887,389
Safety and lab equipments	**5,633**	4,112
	43,603,591	45,425,562

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

(Rupees in '000)

	Note	2020	2019
Cost of sales	29.1	**4,150,117**	4,120,909
Administrative expenses	30	**37,107**	44,682
Selling and distribution expenses	31	**100,469**	110,038
		4,287,693	4,275,629

4.1.5 **Forced sale values of asset class:**

	2020	2019
Free hold land	**773,334**	758,569
Lease hold land	**963,900**	1,270,402
Buildings on free hold land, roads and civil works	**1,073,581**	4,594,243
Building on lease hold land	**44,519**	46,554
Plant and machinery	**38,246,034**	55,380,808
Generators	**705,565**	819,564
Safety and lab equipments	**3,512**	3,623
	41,810,445	62,873,763

4.1.6 Particulars of immovable assets of the Group are as follows:

Location	Unit of Measurement	Total area
Mauza Kund, Sub Tehsil Gadani, District Lasbella, Baluchistan	Acres	620.45
Deh Redho, Tapo Noor Mohammad Shujrah, Taluka Khanpur, District Shikarpur	Acres	12.68
Mauza Gujrat, Mehmoodkot, Tehsil kot, Addu District, Muzaffargarh	Acres	12
Plot of Barani Land, Mauza Kund, Tehsil Gadani, District Lasbella, Baluchistan	Acres	11
Mahal Jhamke (Machike), Tehsil & District Sheikhupura	Acres	9
Zero point (SPM), Mauza Kund, Tehsil Gadani, District Lasbella, Baluchistan	Acres	5
Plot no. 22/5, CL 9, Hoshang Road, Civil Lines Quarter, Karachi	Sq. feet	2,975

4.2 Capital work-in-progress

The movement of capital work-in-progress during the year is as follows:

(Rupees in '000)

	Note	Opening Balance	Additions	Transfers	Closing balance 30 June 2020	Closing balance 30 June 2019
Building on free hold land, roads and civil works		691	9,922	(9,922)	691	691
Plant and machinery	4.2.1, 4.2.2, 4.2.3, 4.2.4 & 4.2.5	20,903,069	3,036,110	(876,487)	23,062,692	20,903,069
Furniture and fixtures		–	9,582	(9,582)	–	–
Safety and lab equipments		–	72	(72)	–	–
Filling stations		55,664	–	–	55,664	55,664
		20,959,424	3,055,686	(896,063)	23,119,047	20,959,424

4.2.1 Includes plant and machinery amounting to USD 4 million (30 June 2019: USD 4 million) against which shares to be issued as disclosed in note 14.1 to these consolidated financial statements.

4.2.2 Includes dismantling and refurbishment charges paid to-date by the sponsors in lieu of its equity contribution in the Holding Company as disclosed in note 14.2 to these consolidated financial statements.

4.2.3 Capitalization of borrowing costs amounting to Rs. 1,777.734 million (30 June 2019: Rs. 1,424.26 million) have been determined at the rate of 11% (30 June 2019: 9%) per annum.

4.2.4 Plant and machinery includes exchange difference of Rs. NIL (30 June 2019: Rs. 15.891 million).

4.2.5 Includes units for refinery upgradation that are currently under construction / progress.

4.3 Right-of-use assets

(Rupees in '000)

	Note	2020	2019
As at July 01, 2019			
Cost (Impact of initial application of IFRS 16)	2.3	1,537,396	–
Accumulated depreciation		–	–
Net book value		1,537,396	–
Year ended June 30, 2020			
Opening net book value		1,537,396	–
Additions		51,207	–
Less: Depreciation charge for the year	4.3.3	(391,215)	–
Closing net book value		1,197,388	–
As at June 30, 2020			
Cost		1,588,603	–
Accumulated depreciation		(391,215)	–
Net book value		1,197,388	–

4.3.1 Breakup of net book value of right-of-use assets by class of underlying asset is as follows:

(Rupees in '000)

	2020	2019
Lease hold land	474,071	–
Building on lease hold land	723,317	–
	1,197,388	–

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

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

(Rupees in '000)

	Note	2020	2019
Cost of sales	29.1	102,931	–
Administrative expenses	30	108,487	–
Selling and distribution expenses	31	179,797	–
		391,215	–

4.3.3.1 Breakup of depreciation of right-of-use assets by class of underlying asset is as follows:

(Rupees in '000)

	2020	2019
Lease hold land	99,081	–
Building on lease hold land	292,134	–
	391,215	–

4.3.4 Lease obligations of the Group comprise of lease arrangements of the Holding Company giving it the right-of-use over lands, warehouses, terminals and office premises. The Holding Company has also entered into lease arrangements of plant and machinery and tank lorries, however, these do not constitute right-of-use assets on account of variable payments.

5 LONG-TERM LOANS AND ADVANCES - unsecured, considered good

(Rupees in '000)

	Note	2020	2019
Loan to Coastal Refinery Limited (CRL)		1,518,780	1,518,780
Advance against investment in shares		482,134	482,134
		2,000,914	2,000,914
Current portion of loan to CRL	9	(1,277,707)	(1,139,951)
		723,207	860,963

6 LONG TERM DEPOSITS

	2020	2019
Rent	14,178	14,178
Others	98,245	20,638
	112,423	34,816

7 STOCK-IN-TRADE

(Rupees in '000)

	Note	2020	2019
Raw material	7.1	**18,740,294**	18,238,048
Finished products	7.2 & 7.3	**4,138,598**	11,022,246
		22,878,892	29,260,294

7.1 This includes raw material in transit amounting to Rs. 14,406.040 million (30 June 2019: Rs. 14,849.23 million) as at the date of consolidated statement of financial position.

7.2 This includes finished product held by third parties amounting to Rs. 1,731.006 million (30 June 2019: Rs. 5,684.50 million) as at the date of consolidated statement of financial position.

7.3 Finished products costing Rs. 4,138.598 million (30 June 2019: Rs. 11,249.709 million) has been written down by Rs. NIL (30 June 2019: Rs. 426.27 million) to net realizable value.

8 TRADE DEBTS

(Rupees in '000)

	Note	2020	2019
Considered good		**4,356,855**	5,336,657
Considered doubtful		**6,196,510**	5,066,399
		10,553,365	10,403,056
Provision for doubtful debts	8.1	**(6,196,510)**	(5,066,399)
		4,356,855	5,336,657

8.1 Provision for doubtful debts

Opening balance		**5,066,399**	4,432,393
Provision made during the year	32	**1,130,111**	634,006
Closing balance		**6,196,510**	5,066,399

9 LOANS AND ADVANCES

Secured - considered good			
Advance to suppliers and contractors		**1,254**	10,750
Unsecured - considered good			
Advance to employees, suppliers and contractors		**83,172**	31,431
Current portion of loan to CRL	5	**1,277,707**	1,139,951
		1,362,133	1,182,132

10 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Deposits	**15,372**	15,372
Prepayments		
- Insurance	**6,024**	5,149
- Rent	**1,081**	26,045
	22,477	46,566

11 OTHER RECEIVABLES - considered good

(Rupees in '000)

	Note	2020	2019
Receivable from CRL	11.1	**1,093,761**	1,106,748
Others		**159,586**	230,957
		1,253,347	1,337,705

11.1 These represents expenses incurred by the Holding Company on behalf of CRL. The outstanding balance is being adjusted against the cost payable to CRL on account of usage of buoy.

12 CASH AND BANK BALANCES

(Rupees in '000)

	Note	2020	2019
Cash in hand		**375**	288
Cash at banks			
- Current accounts		**1,955,391**	340,068
- Saving / deposit accounts	12.1, 12.2 & 12.3	**363,454**	794,893
		2,318,845	1,134,961
		2,319,220	1,135,249

12.1 These carry interest at the rates ranging from 3.25% to 12.3% (30 June 2019: 5.6% to 12.3%) per annum.

12.2 This includes Rs. 150.0 million (30 June 2019: Rs. 150.0 million) kept under lien against guarantee.

12.3 This includes Rs. 85.171 million (30 June 2019: Rs. 439.530 million) kept in shariah compliant savings account.

13 SHARE CAPITAL

Number of Shares 2020	Number of Shares 2019		Note	(Rupees in '000) 2020	(Rupees in '000) 2019
6,000,000,000	6,000,000,000	**Authorized share capital** Ordinary shares of Rs.10/- each	13.1	**60,000,000**	60,000,000
187,348,638	187,348,638	**Issued, subscribed and paid-up capital** Issued for cash		**1,873,486**	1,873,486
5,142,536,068	5,142,536,068	Issued for consideration other than cash - assets		**51,425,361**	51,425,361
5,329,884,706	5,329,884,706			**53,298,847**	53,298,847

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

14 CONTRIBUTION AGAINST FUTURE ISSUE OF SHARES

(Rupees in '000)

	Note	2020	2019
From Byco Industries Incorporated (BII), the Parent Company	14.1, 14.2 & 14.3	**857,140**	857,140

14.1 In respect of plant and machinery

Represents Rs. 528.40 million (30 June 2019: Rs. 528.40 million) being rupee equivalent of US$ 4.0 million (30 June 2019: US$ 4.0 million) representing part of the cost of plant, machinery purchased by the Holding Company.

Pursuant to a Share Subscription Agreement dated 31 August 2006 and amended vide an addendum dated 31 July 2007 entered into between the Holding Company and its sponsor, the sponsor has paid the above amount to the supplier against the said assets in lieu of its equity contribution in the Holding Company for which ordinary shares will be issued to it, at par, upon meeting the applicable requirements as mentioned in note 14.3 to these consolidated financial statements.

14.2 In respect of dismantling and refurbishment of Aromatic Plant:

This includes a sum of (i) Rs. 282.591 million (30 June 2019: Rs. 282.591 million), being rupee equivalent of € 2.259 million and £ 0.290 million (30 June 2019: € 2.259 and £ 0.290 million) and (ii) Rs. 46.149 million (30 June 2019: Rs. 46.149 million), being rupee equivalent of US$ 0.507 million (30 June 2019: US$ 0.507 million), representing the dismantling and refurbishment cost respectively, of plant, machinery and equipment, paid to date by the sponsors in lieu of its equity contribution in the Holding Company for which ordinary shares will be issued to it, at par, for consideration other than cash upon meeting the applicable requirements as mentioned in note 14.3 to these consolidated financial statements.

14.3 Shares shall be issued to the Parent Company upon meeting the requirements of paragraph 7 of Chapter XX of the Foreign Exchange Manual (FE Manual) and Regulation 7 of the Companies (further issue of shares) Regulations, 2018.

15 LONG-TERM FINANCING

(Rupees in '000)

Facilities	Note	Mark-up rate	Installments Payment term	Installments Number	Installments Commencement	2020	2019
Secured							
Syndicate loan I	15.1 & 15.2	Six months kibor	Semi-annually	16	June 2013	**–**	210,094
Syndicate loan II	15.2 & 15.3	8% per annum for the first two years from the date of disbursement and six months kibor or 12% whichever is lower for subsequent years	Semi-annually	12	June 2017	**298,736**	367,676
Arrangement fee	15.3	–	–	–	–	**89,257**	129,669
Bilateral Loan I	15.4	Six months kibor + 2.5%	Semi-annually	09	June 2015	**–**	304,998
Bilateral Loan II	15.4	Six months kibor + 2.75%	Quarterly	14	February 2016	**–**	400,000
Bilateral Loan III	15.4	Six months kibor + 4.5%	Quarterly	12	June 2019	**400,000**	550,000
Bilateral Loan IV	15.2 & 15.4	Three months kibor + 1.5%	Quarterly	12	Sep 2020	**1,000,000**	1,000,000
Bilateral Loan V	15.4	Three months kibor + 4.5%	Quarterly	12	June 2019	**266,667**	366,667
Bilateral Loan VI	15.4	Three months kibor + 1.5%	Quarterly	12	May 2021	**2,200,000**	2,200,000
Bilateral Loan VII	15.4	Three months kibor + 2.5%	Quarterly	08	October 2020	**382,454**	346,091
Bilateral Loan VIII	21	SBP rate* + 3%	Quarterly	08	January 2021	**458,878**	–
						5,095,992	5,875,195
Sukuk certificates	15.5	Three months kibor + 1.05%	Quarterly	12	April 2019	**1,820,000**	2,860,000
Unsecured							
Supplier's credit	15.6	One year Libor + 1%	Semi-annually	20	March 2025	**958,890**	958,890
Others	15.6	Nil to six months kibor + 4%	Semi-annually	05	March 2025	**8,758,326**	8,638,377
						9,717,216	9,597,267
						16,633,208	18,332,462
Current maturity						**(741,674)**	(2,486,656)
						15,891,534	15,845,806

* SBP rate was 0% for the salary refinance scheme.

15.1 Represent facilities availed from various banks and are secured against the Holding Company's fixed and current assets.

15.2 The loan agreement contains the covenant that the Holding Company cannot pay dividend to its shareholders if an event of default is occurred.

15.3 Represents syndicate facility including Musharaka facility availed from a commercial bank for the purpose of acquiring shares of CRL. The facility is secured against charge on all present and future assets of CRL, personal guarantees and personal properties of sponsors of CRL along with pledge of 80% shares of CRL.

15.4 Represents bilateral loans availed from various banks and financial institutions and are secured against the Holding Company's fixed and current assets.

15.5 Represents privately placed long-term Islamic certificates (Sukuk) amounting to Rs. 3,120 million, issued by the Holding Company to meet the expansion plans of the Holding Company. This facility is secured against fixed assets of the Holding Company.

15.6 The loans are inferior to the rights of present and future secured financial institutions which are or may be lender to the Holding Company.

16 LOANS FROM RELATED PARTY - unsecured

(Rupees in '000)

	Note	2020	2019
Byco Industries Incorporated, the Parent Company	16.1	**3,935,650**	3,935,650

16.1 Represents:

i) a foreign currency loan of USD 0.144 million which carries mark-up at the rate of 6 Months LIBOR+1% per annum, which was due on 22 June 2012 by a bullet payment.

ii) a supplier's credit amounting to USD 41.927 million novated from Cnergyico Acisal Incorporated during the year ended 30 June 2015 under the agreement. This carries mark-up at the rate of LIBOR+1% per annum, payable semi-annually.

iii) balance amount of loan novated from Byco Busient Incorporated, the Ultimate Parent Company, amounting to USD 16.124 million (principal USD 15.713 million and mark-up USD 0.411 million) is repayable in four unequal semi-annual installments. This carries mark-up at the rate of LIBOR + 1% per annum, payable semi-annually.

All of the aforesaid loans are repayable subject to the conditions and rights as disclosed in note 15.6 to these consolidated financial statements.

16.2 During the year 30 June 2018, the Holding Company has revised its agreement with the Parent Company due to which the exchange rate on principal and mark-up has been frozen on the last date of disbursement. Accordingly, the Holding Company has recognized the difference between the carrying value of the liability under the old agreement and the revised obligation in the capital reserves.

17 ACCRUED AND DEFERRED MARK-UP

(Rupees in '000)

	2020	2019
Mark-up on long-term financing / loans from related party		
- secured	**1,877,550**	2,672,183
- unsecured	**4,647,622**	3,189,782
	6,525,172	5,861,965

18 LONG-TERM LEASE LIABILITIES

(Rupees in '000)

	Note	2020	2019
Impact of initial application of IFRS 16	2.3	**1,514,461**	–
Additions during the year		**51,208**	–
Accretion of interest	34	**238,765**	–
Less: Lease rentals paid		**(354,651)**	–
Balance at end of the year		**1,449,783**	–
Current portion of long-term lease liabilities		**(249,740)**	–
Long-term lease liabilities		**1,200,043**	–

18.1 The rent expense related to short-term leases, included in administrative and, selling and distribution expenses, amounted to Rs. 11.227 million.

19 LONG-TERM DEPOSITS

(Rupees in '000)

	Note	2020	2019
Deposits	19.1	**120,175**	105,000

19.1 This includes interest-free deposits received from logistics vendors as security against goods to be transported which is utlised for the purpose of the business in accordance with the related agreements.

20 DEFERRED LIABILITIES

(Rupees in '000)

	Note	2020	2019
Employees retirement benefits	20.1	**98,922**	58,834
Arrangement fee		**56,979**	89,392
Others		**453,413**	573,361
		609,314	721,587

20.1 Employees retirements benefits - staff gratuity

20.1.1 General description

The Holding Company operates employee retirement benefits for permanent employees who have completed the minimum service period. In accordance with the requirements of IAS-19 "Employee Benefits", actuarial valuation was carried out as at 30 June 2020, using the "Projected Unit Credit Method". Provision has been made in the consolidated financial statements to cover obligation in accordance with the actuarial recommendations. Details of significant assumptions used for the valuation and disclosures in respect of above-mentioned scheme is as follows:

20.1.2 Reconciliation of amount payable to defined benefit plan

(Rupees in '000)

	Note	2020	2019
Present value of defined benefit obligation	20.1.3	**451,077**	325,987
Fair value of plan assets	20.1.4	**(352,155)**	(267,153)
		98,922	58,834

20.1.3 Movement in the present value of defined benefit obligation:

(Rupees in '000)

	Note	2020	2019
Opening balance		**325,987**	264,961
Current service cost		**57,524**	48,703
Interest cost		**45,990**	24,299
Benefits paid during the year		**(15,999)**	(31,474)
Actuarial loss	20.1.7	**37,575**	19,498
Closing balance		**451,077**	325,987

20.1.4 Movement in the fair value of plan assets:

	Note	2020	2019
Opening balance		**267,153**	137,480
Expected return on plan assets		**41,843**	20,144
Contributions		**58,834**	169,736
Benefits paid during the year		**(15,999)**	(31,474)
Actuarial gain / (loss)	20.1.7	**324**	(28,733)
Closing balance		**352,155**	267,153

20.1.5 Movement in net liability

	Note	2020	2019
Opening balance		**58,834**	127,481
Charge for the year	20.1.6	**61,671**	52,858
Contributions		**(58,834)**	(169,736)
Actuarial loss	20.1.7	**37,251**	48,231
Closing balance		**98,922**	58,834

20.1.6 Charge for the year

	2020	2019
Current service cost	**57,524**	48,703
Interest cost - net	**4,147**	4,155
	61,671	52,858

20.1.7 Actuarial remeasurements

	2020	2019
Actuarial loss on defined benefit obligations	**(37,575)**	(19,498)
Actuarial gain / (loss) on fair value of plan assets	**324**	(28,733)
	(37,251)	(48,231)

20.1.8 Actuarial assumptions:

	2020	2019
Valuation discount rate per annum	**9.25%**	14.50%
Salary increase rate per annum	**8.25%**	12.50%
Expected return on plan assets per annum	**9.25%**	14.50%
Normal retirement age of employees	**60 years**	60 years

20.1.9 As of 30 June 2020, a total of 757 employees have been covered under the above scheme.

20.1.10 Charge for the next financial year as per the actuarial valuation report amounts to Rs. 73.565 million.

20.1.11 Contribution for the next financial year as per the actuarial valuation report amounts to Rs. 75.643 million.

20.1.12 The weighted average duration of the obligation is 11.45 years.

20.1.13 Comparisons for past years:

(Rupees in '000)

As at June 30	2020	2019	2018	2017	2016
Present value of defined benefit obligation	**451,077**	325,987	264,961	208,096	75,609
Fair value of plan assets	**(352,155)**	(267,153)	(137,480)	(27,912)	(22,137)
Deficit	**98,922**	58,834	127,481	180,184	53,472
Experience adjustment on plan liabilities	**(37,575)**	(19,498)	(2,876)	22,987	497
Experience adjustment on plan assets	**324**	(28,733)	(7,438)	(1,482)	(149)
	(37,251)	(48,231)	(10,314)	21,505	348

20.1.14 Composition of plan assets

(Rupees in '000)

	2020	2019
Mutual Fund	**343,178**	264,230
Cash at bank	**8,977**	2,923

20.1.15 Consolidated statement of financial position date sensitivity analysis (± 100 bps) on present value of defined benefit obligation:

(Rupees in '000)

	2020			
	Discount rate		Salary increase	
	+ 100 bps	– 100 bps	+ 100 bps	– 100 bps
Present value of defined benefit obligation	402,886	506,002	508,334	400,211

(Rupees in '000)

	2019			
	Discount rate		Salary increase	
	+ 100 bps	– 100 bps	+ 100 bps	– 100 bps
Present value of defined benefit obligation	293,147	364,304	366,282	291,032

20.1.16 Significant risks

Final Salary Risk
The risk that the final salary at the time of cessation of service is greater than what the Holding Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility
A significant portion of the assets are invested in mutual funds which is subject to the risk that as the market fluctuates, the mutual funds may decline in value, and the Employees' Gratuity Fund (the Fund) may lose some or all of its principal.

The remaining investments are in saving accounts. The cash at bank exposure is almost 3% (Rs. 8.977 million).

Discount rate fluctuation
The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Life expectancy / Withdrawal rate
The Gratuity is paid off at the maximum of age 60. The life expectancy is in almost minimal range and is quite predictable in the ages when the employee is in the accredited employment of the Holding Company for the purpose of the Gratuity. Thus, the risk of life expectancy is almost negligible. However, had a post retirement benefit been given by the Holding Company like monthly pension, post retirement medical etc., this would have been a significant risk which would have been quite difficult to value even by using advance mortality improvement models.

The withdrawal risk is dependent upon the: benefit structure; age and retention profile of the staff; the valuation methodology; and long-term valuation assumptions. In this case, it is not a significant risk.

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

Model Risk
The defined benefit gratuity liability is usually actuarially valued each year. Further, the assets in the Gratuity Fund are also marked to market. This two-tier valuation gives rise to the model risk.

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
This is managed by making regular contribution to the Fund as advised by the actuary.

21 DEFERRED INCOME - government grant

(Rupees in '000)

	2020	2019
Non-current portion	**12,037**	–
Current portion	**22,635**	–
	34,672	–

21.1 Government grant has been recorded pursuant to a salary refinance scheme introduced by the State Bank of Pakistan to provide loan to businesses at concessional rates to finance salary expense during the COVID-19 outbreak. The grant is conditional upon the fact that the Holding Company would not terminate any employee, due/owing to cash flow limitations, for a period of three months from the date of first disbursement.

22 DEFERRED TAXATION

(Rupees in '000)

	2020	2019
Taxable temporary differences arising in respect of:		
- accelerated tax depreciation	**5,224,146**	4,639,113
- revaluation surplus on property, plant and equipment	**4,216,384**	4,467,388
	9,440,530	9,106,501
Deductible temporary differences arising in respect of:		
- employees retirement benefit	**(28,687)**	(17,062)
- provision for doubtful debts	**(1,796,988)**	(1,469,256)
- recoupable unabsorbed tax losses and depreciation	**(5,718,066)**	(5,243,667)
- recoupable tax credit	**(64,216)**	(556,102)
- lease liability	**(73,195)**	–
	(7,681,152)	(7,286,087)
	1,759,378	1,820,414

23 TRADE AND OTHER PAYABLES

(Rupees in '000)

	Note	2020	2019
Creditors for supplies and services		**33,312,085**	42,349,348
Accrued liabilities		**4,443,025**	3,097,480
Due to related parties		**106,956**	190,480
Sales tax, duties, levies, penalties and default surcharge		**2,866,390**	2,078,611
Workers' welfare fund		**152,234**	152,234
Withholding tax deductions payable		**165,690**	47,098
Payable to staff provident fund		**45,863**	26,462
		41,092,243	47,941,713

24 ADVANCE FROM CUSTOMERS

	24.1	**2,948,271**	3,387,793

24.1 Includes advances received from customers against supply of goods.

25 ACCRUED MARK-UP

(Rupees in '000)

	Note	2020	2019
Long-term financing - secured		**227,968**	240,649
Short-term borrowings - secured		**665,447**	152,869
		893,415	393,518

26 SHORT-TERM BORROWINGS

Secured			
Finance against trust receipts	26.1	**23,907,984**	14,581,336
Running finance	26.2	**–**	1,267,685
		23,907,984	15,849,021

26.1 The facilities have been extended by commercial banks for import and procurement of crude oil and petroleum products aggregating to Rs. 36,700 million (30 June 2019: Rs. 25,600 million) out of which Rs. 12,792 million (30 June 2019: Rs. 11,019 million) remains unutilized as at the consolidated statement of financial position date. The facility carries mark-up ranging from 1 month's KIBOR plus 1% to 3% (30 June 2019: 1 month's KIBOR plus 1% to 3%). The facility is secured against documents of title of goods, charge over the stocks of crude oil and petroleum products and receivables, lien on the bank's collection account.

26.2 The Holding Company has running finance facility amounting to Rs. 1,600 million (30 June 2019: Rs. 1,600 million) obtained from a commercial bank. The facility carries mark-up at the rate of three months KIBOR + 1.5% (30 June 2019: three months KIBOR + 1.5%) per annum. The facility is secured by way of first pari passu hypothecation charge of overall present and future current and fixed assets of the Holding Company. The facility remained unutilized as at the consolidated statement of financial position date.

27 CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

27.1.1 Claim against the Holding Company not acknowledged as debt amounting to Rs. 3,353.182 million (30 June 2019: Rs. 3,353.182 million) comprise of late payment charges on account of delayed payments against crude oil supplies.

Furthermore, Mari Gas Limited and Pakistan Petroleum Limited have filed legal cases in Sindh High Court on 22 May 2012 and 14 Febuary 2013 claiming Rs. 233.550 million (30 June 2019: Rs. 233.550 million) and Rs.404.357 million (30 June 2019: Rs. 404.357 million) respectively for late payment charges on account of delayed payments against crude oil supplies, and based on the opinion of legal advisor, the Holding Company is of the view that there are no specific contractual arrangements with the above suppliers and hence no provision in respect of the same has been made in these consolidated financial statements.

27.2 Commitments

(Rupees in '000)

	Note	2020	2019
27.2.1. Commitments for capital expenditure		**731,625**	777,693
27.2.2. Commitments in respect of purchase of CRL's shares		**877,383**	877,383

28 TURNOVER - net

Gross Sales			
- Local		**237,176,079**	250,600,971
- Export		**1,734,635**	1,104,685
		238,910,714	251,705,656
Less:			
Sales tax and other duties		**(63,471,377)**	(51,580,997)
Trade discounts		**(1,540,407)**	(2,293,939)
		(65,011,784)	(53,874,936)
		173,898,930	197,830,720

29 COST OF SALES

Opening stock		**11,022,246**	8,309,480
Cost of goods manufactured, storage and handling	29.1	**148,991,624**	182,802,476
Finished products purchased during the year		**15,864,468**	16,537,542
		175,878,338	207,649,498
Closing stock	7	**(4,138,598)**	(11,022,246)
		171,739,740	196,627,252

29.1 **Cost of goods manufactured, storage and handling**

(Rupees in '000)

	Note	2020	2019
Raw material consumed	29.1.1	**136,141,864**	166,958,841
Salaries, wages and other benefits	29.1.2	**1,683,293**	1,414,389
Operation cost		**937,709**	885,119
Depreciation	4.1.4 & 4.3.3	**4,253,048**	4,120,909
Fuel, power and water		**1,166,701**	1,336,533
Repairs and maintenance		**362,288**	340,677
Transportation & product handling charges		**350,779**	323,620
Insurance		**225,091**	222,018
Stores and spares consumed		**3,035,957**	2,722,927
Staff transportation and catering		**279,071**	261,680
Rent, rates and taxes		**7,459**	44,337
Security expenses		**119,279**	118,499
Exchange loss		**418,633**	4,043,150
Vehicle running		**10,452**	9,777
		148,991,624	182,802,476

29.1.1 **Raw material consumed**

	Note	2020	2019
Opening stock		**18,238,048**	21,081,770
Purchases during the year		**136,644,110**	164,115,119
		154,882,158	185,196,889
Closing stock	7	**(18,740,294)**	(18,238,048)
		136,141,864	166,958,841

29.1.2 This includes a sum of Rs. 181.103 million (30 June 2019: Rs. 95.137 million) in respect of staff retirement benefits.

30 ADMINISTRATIVE EXPENSES

(Rupees in '000)

	Note	2020	2019
Salaries, allowances and other benefits	30.1	**492,893**	437,603
Rent, rates and taxes		**9,637**	108,199
Depreciation	4.1.4 & 4.3.3	**145,594**	44,681
Repairs and maintenance		**73,211**	90,477
Legal and professional		**29,487**	31,506
Vehicle running		**4,498**	3,760
Travelling and conveyance		**51,270**	73,233
Fee and subscriptions		**30,565**	24,386
Utilities		**26,437**	26,129
Insurance		**3,530**	4,451
Printing and stationary		**10,198**	10,356
Auditors' remuneration	30.2	**6,660**	6,110
SAP maintenance costs		**45,160**	41,836
Security expense		**5,092**	5,774
		934,232	908,501

30.1 This includes a sum of Rs. 53.030 million (30 June 2019: Rs. 41.688 million) in respect of staff retirement benefits.

30.2 **Auditors' remuneration**

(Rupees in '000)

	Note	2020	2019
Audit fee		**4,300**	3,900
Half year review		**650**	600
Consolidation of financial statements		**700**	600
Code of corporate governance and other certifications		**500**	500
Out of pocket expenses		**510**	510
		6,660	6,110

31 SELLING AND DISTRIBUTION EXPENSES

	Note	2020	2019
Salaries, allowances and other benefits	31.1	**215,957**	191,003
Rent, rates and taxes		**46,784**	137,777
Advertisement		**35,179**	59,071
Depreciation	4.1.4 & 4.3.3	**280,266**	110,038
		578,186	497,889

31.1 This includes a sum of Rs. 23.234 million (30 June 2019: Rs. 15.229 million) in respect of staff retirement benefits.

32 OTHER EXPENSES

(Rupees in '000)

	Note	2020	2019
Provision for doubtful debts	8.1	**1,130,111**	634,006
Late payment surcharge and penalties		**96,303**	108,609
		1,226,414	742,615

33 OTHER INCOME

		2020	2019
Income from financial assets			
Interest on balances due from customer		**1,130,111**	634,006
Interest on loan to CRL		**82,654**	61,439
Interest income on saving accounts		**73,354**	79,595
		1,286,119	775,040
Income from non-financial assets			
Scrap sales		**63,116**	32,936
Gain on disposal of operating fixed assets		**2,713**	191,868
Dealership income		**19,593**	17,692
		1,371,541	1,017,536

34 FINANCE COSTS

	(Rupees in '000) 2020	2019
Mark-up on:		
- Long-term financing	**856,873**	1,220,621
- Short-term borrowings	**2,717,152**	1,636,918
	3,574,025	2,857,539
Interest on lease liabilities	**238,765**	–
Exchange loss - net	**95,424**	154,601
Bank and other charges	**52,181**	57,417
	3,960,395	3,069,557

35 TAXATION

	2020	2019
Current	**(12,119)**	(46,200)
Prior year	**47,263**	554,051
Deferred	**198,086**	198,085
	233,230	705,936

35.1 The returns of income tax have been filed up to and including tax year 2019. These, except for those mentioned in 35.2, are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001.

35.2 The Holding Company was selected for an audit under Section 177 and 214C of the Income Tax Ordinance, 2001 for the tax year 2013. Audit proceedings for tax year was completed and a demand of Rs. 87.105 million has been raised in an amended order passed under Section 122(1)(5) of the Income Tax Ordinance, 2001. Being aggrieved by the amended order, the Holding Company filed an appeal before Commissioner Inland Revenue, Appeals, Karachi which is pending for adjudication. However, as a matter of prudence, the said amount has already been provided for in these consolidated financial statements.

35.3 Under section 5A of the Income Tax Ordinance, 2001 (the Ordinance), the Holding Company is obligated to pay tax at the rate of 5 percent on its accounting profit before tax if it derives profit for a tax year but does not distribute at least 20 percent of its after tax profits within six months of the end of the tax year, through cash or bonus shares. The Holding Company filed a Constitutional Petition (CP) before the Court on 24 November 2017 challenging the tax, the Court accepted the CP and granted a stay against the above section.

In case the Court's decision is not in favor of the Holding Company, the Holding Company will either be required to declare the dividend to the extent of 20% of after tax profits or it will be liable to pay additional tax at the rate of 5% of the accounting profit before tax of the Holding Company for the financial year ended 30 June 2018. As at the consolidated statement of financial position date, no liability has been recorded by the Holding Company in this respect.

35.4 **Relationship between accounting profit and income tax expense for the period**
The Holding Company is subject to Minimum Tax and Final Tax Regime under section 113 and section 169 respectively of the Income Tax Ordinance, 2001, therefore, relationship between income tax expense and accounting profit has not been presented for the current year.

36 LOSS PER SHARE - basic and diluted

	Note	(Rupees in '000) 2020	2019
Loss after taxation	(Rupees in '000)	**(2,935,266)**	(2,291,622)
Weighted average number of ordinary shares	(Number of shares)	**5,329,884,706**	5,329,884,706
(Loss) / Earnings per share - basic / diluted	(Rupees)	**(0.55)**	(0.43)

37 CASH AND CASH EQUIVALENTS

	Note	2020	2019
Cash and bank balances	12	**2,319,220**	1,135,249
Running finance facility	26	**–**	(1,267,685)
		2,319,220	(132,436)

38 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of ultimate parent company, parent company, associated companies, directors, key management personnel, staff provident fund and staff gratuity fund. Transactions with related parties during the year, other than those which have been disclosed elsewhere in these consolidated financial statements, are as follows:

38.1 Following are the related parties with whom the Group had entered into transactions or have agreement in place:

Sr	Company Name	Basis of association	Aggregate % of shareholding
1	Byco Industries Incorporated	Parent	91.83%
2	Premier Systems (Private) Limited	Associated Companies (based on common directorship)	0%
3	Byco Asia DMCC	Associated Companies (based on common directorship)	0%
4	Employees' Gratuity fund	Retirement benefit fund	0%
5	Employees' Provident fund	Retirement benefit fund	0%

38.2 **Associated companies, joint ventures or holding companies incorporated outside Pakistan:**

Name	Country of Incorporation
Byco Industries Incorporated	Mauritius
Byco Asia DMCC	United Arab Emirates

38.3 **Transactions with related parties**

(Rupees in '000)

	2020	2019
Parent Company		
Mark-up charged	**157,335**	182,408
Associated Companies		
Sales	**–**	2,301,396
Purchase of operating fixed assets and services	**66,137**	62,295
Others		
Retirement benefit funds	**235,129**	306,638
Key Management Personnel	**125,358**	98,604

All transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Group.

38.4 **Balances with related parties**

(Rupees in '000)

	2020	2019
Parent Company		
Contribution against future issue of shares	**857,140**	857,140
Accrued mark-up	**652,028**	532,911
Loan payable	**3,935,650**	3,935,650
Associated Companies		
Advance against shared services	**7,257**	86,586
Payable against purchases	**31,191**	35,386
Others		
Payable to key management person	**68,508**	68,508
Payable to post employment benefit funds	**144,785**	85,296

Outstanding balances at the year-end are unsecured and settlement occurs in cash or on a net basis.

38.5 There are no transactions with key management personnel other than under the terms of employment as disclosed in note 39 to the consolidated financial statements.

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount included in these unconsolidated financial statements for remuneration, including the benefits and perquisites, to the Chief Executive, Directors and Executives of the Company are as follows:

(Rupees in '000)

	2020			2019		
	Chief Executive	Director	Executives	Chief Executive	Directors	Executives
Fee	**–**	**1,080**	**–**	–	1,881	–
Managerial remuneration	**–**	**–**	**480,868**	–	–	386,651
Staff retirement benefits	**–**	**–**	**77,851**	–	–	63,307
Housing and utilities	**–**	**–**	**146,033**	–	–	116,830
Leave fare assistance	**–**	**–**	**40,056**	–	–	32,208
	–	**1,080**	**744,808**	–	1,881	598,996
Number of persons	**1**	**1**	**189**	1	1	162

39.1 The number of persons does not include those who left during the year but remuneration paid to them is included in the above amounts.

39.2 Few executives have been provided with company maintained cars.

39.3 The Group's Board of Directors consists of 7 Directors (of which 6 are Non-Executive Directors). Except for an independent director, no remuneration and other benefits have been paid to any director.

40 FINANCIAL INSTRUMENTS BY CATEGORY

40.1 **Financial assets as per consolidated statement of financial position**

(Rupees in '000)

	Note	2020	2019
Financial assets at amortised cost			
- Long-term loans	5	**1,518,780**	1,518,780
- Long-term deposits	6	**112,423**	34,816
- Trade debts	8	**4,356,855**	5,336,657
- Trade deposits	10	**15,372**	15,372
- Accrued interest		**312,784**	230,130
- Other receivables	11	**1,253,347**	1,337,705
- Cash and bank balances	12	**2,319,220**	1,135,249
		9,888,781	9,608,709

40.2 Financial liabilities as per consolidated statement of financial position

(Rupees in '000)

	Note	2020	2019
Financial liabilities measured at amortised cost			
- Long-term financing	15	**15,891,534**	15,845,806
- Loans from related party	16	**3,935,650**	3,935,650
- Accrued and deferred mark-up	17	**6,525,172**	5,861,965
- Long-term lease liabilities	18	**1,200,043**	–
- Long-term deposits	19	**120,175**	105,000
- Trade and other payables	23	**41,092,243**	47,941,713
- Accrued mark-up	25	**893,415**	393,518
- Short-term borrowings	26	**23,907,984**	15,849,021
- Current portion of non-current liabilities		**2,662,236**	7,897,428
- Unclaimed dividend		**1,027**	1,027
		96,229,479	97,831,128

41 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Group finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finances to minimize the risk. The Group's principal financial instruments comprise short-term borrowings and financing from financial institutions and trade and other payables. Main purpose of these financial instruments is to raise funds for the import of crude oil for refining business and for its operations. The Group has various financial assets such as cash (including balances with banks), deposits, loans, which are directly related to its operations. The Group's overall risk management policy focuses on minimizing potential adverse effects on the Group's financial performance. The overall risk management of the Group is carried out by the Group's senior management team under policies approved by the Board of Directors. No changes were made in the objectives, policies or processes and assumptions during the year ended 30 June 2020.

COVID-19 has adversely impacted the Group as explained in detail in note 1.2 of these consolidated financial statements. The Group's risk management function continues to monitor the developing situation and proactively manage any risk arising thereof.

The policies for managing each of these risk are summarized below:

41.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and equity price risk, such as equity risk.

41.1.1 Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from long-term financing and short-term borrowing facilities for financing its refining and storage business operations, setting up of aromatic plant and meeting working capital requirements at variable rates, on loan to CRL and on delayed payments from PSO on which the Holding Company earns interest. The Group manages these mismatches through risk management policies where significant changes in gap position can be adjusted.

At the reporting date, the interest rate profile of Group's interest-bearing financial instruments was:

Variable Rate Instruments

(Rupees in '000)

	2020	2019
Financial assets		
Long-term loan to CRL	**688,780**	688,780
Trade debts	**8,769,376**	7,639,265
	9,458,156	8,328,045
Financial liabilities		
Long-term financing	**15,574,968**	17,394,170
Loans from related party	**3,935,650**	3,935,650
Accrued and deferred mark-up	**8,195,994**	11,272,737
Short-term borrowings	**23,907,984**	15,849,021
	51,614,596	48,451,578

A change of 1% in interest rates at the year-end would have increased or decreased the loss before tax by Rs. 432.712 million (30 June 2019: Rs. 407.575 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for June 2019.

41.1.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises where transactions are done in foreign currency.

The Group is exposed to foreign currency risk on transactions that are entered in a currency other than Pak Rupees. As the Group imports plant and equipment and crude oil, it is exposed to currency risk by virtue of borrowings (in foreign currency). Further foreign currency risk also arises on payment to the supplier of tug boats for operations of SPM. The currency in which these transactions are undertaken is US Dollar. Relevant details are as follows:

	2020		2019	
	(Rupees in '000)	(USD '000)	(Rupees in '000)	(USD '000)
Trade and other payables	**23,328,254**	**138,817**	30,386,943	186,147
	23,328,254	**138,817**	30,386,943	186,147

The average rates applied during the year is Rs. 158.26/ USD (30 June 2019: Rs. 136.40/ USD) and the spot rate as at 30 June 2020 is Rs. 168.05 / USD (30 June 2019: Rs. 163.24 / USD).

A change of 1% in exchange rates at the year-end would have increased or decreased the loss by Rs. 233.283 million (30 June 2019: Rs. 240.859 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for June 2019.

41.1.3 Equity price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices. As at the consolidated statement of financial position date, the Group is not exposed to other price risk.

41.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counter party to a financial instrument fails to meet its contractual obligation, and arises principally from the Group's receivables from customers, advances and deposits to suppliers and balances held with banks.

The risk management function is regularly conducting detailed analysis on sectors / industries to identify the degree by which the Group's customers and their businesses have been impacted amid COVID-19. Keeping in view short-term and long-term outlook of each sector, management has taken into consideration the factors while calculating expected credit losses against trade debts and other receivables.

Management of credit risk

The Group's policy is to enter into financial contracts in accordance with the guidelines set by the Board of Directors and other internal guidelines.

Credit risk is managed and controlled by the management of the Group in the following manner:

- Credit rating and / or credit worthiness of the counterparty is taken into account along with the financial background so as to minimize the risk of default.
- The risk of counterparty exposure due to failed agreements causing a loss to the Group is mitigated by a periodic review of their credit ratings, financial statements, credit worthiness and market information on a regular basis.
- Cash is held with reputable banks only.

As of the consolidated statement of financial position date, the Group is exposed to credit risk on the following assets:

(Rupees in '000)

	Note	2020	2019
Long-term loans and advances	5	**723,207**	860,963
Long-term deposits	6	**112,423**	34,816
Trade debts	8	**4,356,855**	5,336,657
Loans and advances	9	**1,362,133**	1,182,132
Trade deposits	10	**15,372**	15,372
Accrued interest		**312,784**	230,130
Other receivables	11	**1,253,347**	1,337,705
Bank balances	12	**2,318,845**	1,134,961
		10,454,966	10,132,736

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings agencies or the historical information about counter party default rates as shown below:

Trade debts

The aging of unimpaired debtors at the consolidated statement of financial position date is as follows:

(Rupees in '000)

	2020	2019
Neither past due nor impaired	**1,546,017**	2,657,305
Past due 1-30 days	**141,019**	100,722
Past due 31-365 days	**96,953**	4,339
Above 365 days	**2,572,866**	2,574,291
	4,356,855	5,336,657
Bank balances		
A1+	**2,194,494**	1,073,624
A1	**12,448**	10,393
A2	**50,598**	11,651
A3	**61,305**	39,293
	2,318,845	1,134,961

Financial assets other than trade debts and bank balances are not exposed to any material credit risk.

41.3 Liquidity risk

Liquidity risk reflects the Group's inability in raising fund to meet commitments. Management closely monitors the Group's liquidity and cash flow position. This includes maintenance of consolidated statement of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on any individual customer.

Due to COVID-19 outbreak the Group's customers and their businesses have been adversely impacted. The management is continuously monitoring the liquidity position and is taking necessary precautionary measures where needed.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

(Rupees in '000)

	On demand	Less than 3 months	3 to 12 months	1 to 7 years	Total
2020					
Long-term financing	**–**	**135,273**	**606,401**	**15,891,534**	**16,633,208**
Loans from related party	**–**	**–**	**–**	**3,935,650**	**3,935,650**
Accrued and deferred mark-up	**–**	**–**	**1,670,822**	**6,525,172**	**8,195,994**
Lease liabilities	**–**	**41,992**	**207,748**	**1,200,043**	**1,449,783**
Long-term deposits	**–**	**–**	**–**	**120,175**	**120,175**
Trade and other payables	**2,866,390**	**38,225,853**	**–**	**–**	**41,092,243**
Advance from customers	**–**	**2,948,271**	**–**	**–**	**2,948,271**
Unclaimed dividend	**1,027**	**–**	**–**	**–**	**1,027**
Short-term borrowings	**–**	**23,907,984**	**–**	**–**	**23,907,984**
Accrued mark-up	**–**	**893,415**	**–**	**–**	**893,415**
	2,867,417	**66,152,788**	**2,484,971**	**27,672,574**	**99,177,750**

(Rupees in '000)

	On demand	Less than 3 months	3 to 12 months	1 to 7 years	Total
2019					
Long-term financing	–	1,291,070	1,195,586	15,845,806	18,332,462
Loans from related party	–	–	–	3,935,650	3,935,650
Accrued and deferred mark-up	–	–	5,410,771	5,861,966	11,272,737
Long-term deposits	–	–	–	105,000	105,000
Trade and other payables	3,097,480	44,844,233	–	–	47,941,713
Advance from customers	–	3,387,793	–	–	3,387,793
Unclaimed dividend	1,027	–	–	–	1,027
Short-term borrowings	–	15,849,021	–	–	15,849,021
Accrued mark-up	–	393,518	–	–	393,518
	2,073,628	66,774,495	6,606,357	25,748,422	101,202,902

41.4 Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business, sustain the development of the business and maximize the shareholders' value. The Group closely monitors the return on capital. The Group manages its capital structure and makes adjustment to it in light of changes in economic conditions and finances its activities through equity, borrowings and management of working capital with a view to maintain and approximate mix between various sources of finance to minimize the risk. No changes were made in the objectives, policies or processes during the year ended 30 June 2020.

The Group is not exposed to externally imposed capital requirement.

The gearing ratios as at June 30, 2020 and 2019 are as follows:

(Rupees in '000)

	Note	2020	2019
Long-term financing	15	**15,891,534**	15,845,806
Loans from related party	16	**3,935,650**	3,935,650
Accrued and deferred mark-up	17	**6,525,172**	5,861,965
Long-term lease liabilities	18	**1,200,043**	–
Deferred liabilities	20	**609,314**	721,587
Deferred income - government grant	21	**12,037**	–
Deferred taxation	22	**1,759,378**	1,820,414
Trade and other payables	23	**41,092,243**	47,941,713
Accrued mark-up	25	**893,415**	393,518
Short-term borrowings	26	**23,907,984**	15,849,021
Current portion of non-current liabilities		**2,662,236**	7,897,428
Total debt		**98,489,006**	100,267,102
Share capital	13	**53,298,847**	53,298,847
Reserves		**(46,222,343)**	(44,237,140)
Contribution against future issue of shares	14	**857,140**	857,140
Total capital		**7,933,644**	9,918,847
Capital and net debt		**106,422,650**	110,185,949
Gearing ratio		**92.55%**	91.00%

42 OPERATING SEGMENTS

For management purposes, the Group has determined following reportable operating segments on the basis of business activities i.e. oil refining and petroleum marketing. Oil refining business is engaged in crude oil refining and selling of refined petroleum products to oil marketing companies. Petroleum marketing business is engaged in trading of petroleum products, procuring products from oil refining business as well as from other sources. Transfer prices between operating segments are at agreed terms duly approved by the Board of Directors of the Group.

The quantitative data for segments is given below:

(Rupees in '000)

	Oil Refining Business		Petroleum Marketing Business		Total	
	2020	2019	2020	2019	2020	2019
Revenue						
Net Sales to external customers	**106,035,132**	120,472,535	**67,863,798**	77,358,185	**173,898,930**	197,830,720
Inter-segment sales	**55,469,787**	70,010,420	**–**	–	**55,469,787**	70,010,420
Eliminations	**(55,469,787)**	(70,010,420)	**–**	–	**(55,469,787)**	(70,010,420)
Total revenue	**106,035,132**	120,472,535	**67,863,798**	**77,358,185**	**173,898,930**	197,830,720
Result						
Segment profit / (loss)	**(347,751)**	(1,830,192)	**1,079,945**	1,869,766	**732,194**	39,574
Unallocated expenses:						
Finance cost					**(3,960,395)**	(3,069,557)
Interest income					**1,286,119**	775,040
Other expenses					**(1,226,414)**	(742,615)
Taxation					**233,230**	705,936
Loss for the year					**(2,935,266)**	(2,291,622)
Segmental Assets	**119,517,180**	123,402,474	**751,794**	1,568,187	**120,268,974**	124,970,661
Unallocated Assets	**–**	–	**–**	–	**–**	–
	119,517,180	123,402,474	**751,794**	1,568,187	**120,268,974**	124,970,661
Segmental Liabilities	**100,577,992**	102,618,221	**1,003,122**	1,142,701	**101,581,114**	103,760,922
Unallocated Liabilities	**–**	–	**–**	–	**–**	–
	100,577,992	102,618,221	**1,003,122**	1,142,701	**101,581,114**	103,760,922
Capital expenditure	**3,223,935**	2,564,896	**65,845**	56,540	**3,289,780**	2,621,436
Other Information						
Depreciation	**4,398,642**	4,165,609	**280,266**	110,020	**4,678,908**	4,275,629

42.1 One (2019: one) of the Group's customers contributed towards 17% (2019: 13%) of the revenue during the year amounting to Rs 29.969 billion (2019: Rs 26.178 billion) from sales in the oil refining segment.

42.2 All non-current assets of the Group are located in Pakistan. For this purpose non-current assets consist of property, plant and equipment and right-of-use assets.

43 PROVIDENT FUND DISCLOSURE

The Group operates approved funded contributory provident fund for both its management and non-management employees. Details of net assets and investments based on the financial statements of the fund is as follows:

(Rupees in '000)

	Note	2020	2019
		(Unaudited)	(Audited)
Size of the fund - Total assets		**472,785**	394,503
Cost of the investment made	43.1	**424,668**	337,382
Fair value of the investment		**414,620**	332,232
Percentage of the investment		**89.82%**	85.52%

43.1 Break-up of cost of investments out of Fund:

	2020		2019	
	(Rupees in '000)	%	(Rupees in '000)	%
Debt securities	**131,818**	**31%**	16,214	5%
Listed equity	**99,068**	**23%**	37,056	11%
Bank Deposits	**173,782**	**41%**	284,112	84%
Government securities	**20,000**	**5%**	–	0%
	424,668	**100%**	337,382	100%

The management, based on the financial statements of the fund, is of the view that the investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

44 CAPACITY AND ANNUAL PRODUCTION

Against the designed annual capacity (based on 365 days) of 56.575 million barrels (30 June 2019: 56.575 million barrels), the actual throughput during the year was 17.431 million barrels (30 June 2019: 18.390 million barrels). The Group operated the plants considering the level which gives optimal yield of products.

45 NUMBER OF EMPLOYEES

	2020	2019
Total number of employees		
As at June 30	**867**	863
Average number of employees during the year	**865**	831

46 RECLASSIFICATIONS

Certain corresponding figures have been reclassified for better presentation.

47 GENERAL

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

48 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on **23rd September 2020** by the Board of Directors of the Group..

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

Pattern of Shareholding

As at 30th June 2020

Shareholders Category	No. of Shareholders	No. of Shares	%
Directors, Chief Executive Officer and their spouse and minor children	8	21,300	0.00
Associated Companies, Undertakings and Related Parties	2	4,894,520,196	91.83
NIT and ICP	0	0	0.0000
Banks, Development Finance Institutions, Non-Banking Financial Institutions,	5	184,413,439	3.46
Insurance Companies	–	–	–
Modarabas and Mutual Funds	4	283,300	0.01
Share holders holding 10%	2	4,894,520,196	91.83
General Public			
a. local	16,338	238,143,468	4.47
b. Foreign	–	–	–
Others	103	12,503,003	0.23
Total (excluding : share holders holding 10%)	16,460	5,329,884,706	100

Directors, Chief Executive Officer, and their Spouse and minor children

S. No.	Folio	Name	Holding
1	18	Mrs. Uzma Abbasi	5,600
2	6020	Mr. Amir Abbassciy	2,500
3	6364	Mr. Akhtar Hussain Malik	500
4	6374	Mr. Mohammad Wasi Khan	500
5	6376	Mr. Muhammad Yasin Khan	500
6	6377	Mr. Tabish Gauhar	500
7	03277-20637	Syed Arshad Raza	10,600
8	1859	Mrs. Fazilay Ghulam Ali Raza (Wife of Syed Arshad Raza, director)	600
		Total	**21,300**
Associated Companies, Undertakings and Related Parties			
1	6368	M/S. Byco Industries Incorporated	925,411,762
2	03277-60633	Byco Industries Incorporated	3,969,108,434
		Total	**4,894,520,196**
Banks, Development Financial Institutions, Non Banking Financial Institutions			
1	5937	Crescent Standard Investment Bank Ltd.	12,000
2	6034	Habib Bank Limited	8,167
3	6162	Allied Bank Limited	15,900
4	03525-100145	Escorts Investment Bank Limited	3,000
5	03889-44	National Bank Of Pakistan	184,374,372
		Total	**184,413,439**
Modarabas and Mutual Funds			
1	04077-25	FIRST Fidelity Leasing Modaraba	10,000
2	06411-21	CDC - Trustee AKD Index Tracker Fund	123,300
3	07245-25440	Trust Modaraba	70,000
4	14514-28	CDC - Trustee First Capital Mutual Fund	80,000
		Total	**283,300**

S. No.	Folio	Name	Holding
Others			
1	5698	Pride Stock Services (Pvt.) Limited	200
2	5996	Bawa Securities (Pvt.) Ltd.	200
3	6005	Trustee To The Fractions	4
4	6281	Bank2 Un-Name Shares (R-2)	12,521
5	6282	Bank3 Un-Name Shares (R-2)	4,290
6	6292	Campany Secretary	500
7	00620-25515	Trustee Lever Brothers Employees	5,000
8	01669-26	Shaffi Securities (Pvt.) Limited	151,353
9	01917-33	Prudential Securities Limited	38
10	01917-41	Prudential Securities Limited	500
11	03244-25	Zafar Securities (Pvt.) Ltd.	10,000
12	03277-11412	Trustee of FFC Emp. Gr. Fund Trust	1,375,000
13	03277-15506	Trustees Perac Mng & Supervisory S.Pen Fnd	9,466
14	03277-18119	M.C of The Karachi Parsi Co-Op H. Soc Ltd.	5,000
15	03277-38435	Premier Mercantile Services (Private) Limited	571
16	03277-60958	Mian Nazir Sons Ind. (Pvt.) Ltd.	225,000
17	03277-6359	Premier Shipping Services (Pvt.) Ltd.	325
18	03277-80323	Ellahi Capital (Private) Limited	100
19	03277-82724	OPECS Navigation Pakistan (Pvt.) Limited	1,000,000
20	03277-83462	Nadeem International (Pvt.) Ltd.	512,000
21	03277-91635	Add Oil (Pvt.) Limited	696,000
22	03277-9535	The Memon Welfare Society	200,000
23	03277-9699	Burma Oil Mills Ltd.	60,000
24	03525-105464	Innovative Investment Bank Limited (Under Liquidation)	30,000
25	03525-54825	Naeem S Securities (Pvt.) Ltd	9,600
26	03525-57191	Sarfraz Mahmood (Private) Ltd	500
27	03525-6581	Treet Corporation Limited.	1
28	03525-87235	Maple Leaf Capital Limited	1
29	03525-91079	Trustees Leiner Pak Gelatine Ltd. Employees Provident Fund	14,200
30	03574-25	Progressive Investment Management (Private) Limited	10,000
31	03939-12703	Excel Securities (Private) Limited	50
32	04002-34898	Trustee-Karachi Sheraton Hotel Employees Provident Fund	500
33	04085-24	MRA Securities Limited	154,500
34	04184-22	AZEE Securities (Private) Limited	200
35	04192-2126	Managing Committee Razia Sheikh Welfare Trust	20,000
36	04234-23852	Yambu (Private) Limited	500
37	04341-3265	Rao Systems (Pvt.) Ltd.	35,000
38	04366-20	Multiline Securities (Pvt.) Limited	110,000
39	04440-20	Zafar Moti Capital Securities (Pvt) Ltd.	12,700
40	04481-26	Dosslani S Securities (Pvt.) Limited	2,200
41	04580-23	Capital Vision Securities (Pvt.) Ltd.	500
42	04655-16	NCC-Squaring-Up Account	300
43	04705-10542	Trustees of FFC Employees Provident Fund	889,500
44	04879-28	Akhai Securities (Private) Limited	1,900
45	04895-26	DJM Securities Limited	1,500,000
46	05264-128814	Aitkenstuart Pakistan (Private) Limited	1,493,500
47	05306-25	Fair Edge Securities (Private) Limited	8,500
48	05348-21	HH Misbah Securities (Private) Limited	4,500
49	05470-26	B & B Securities (Private) Limited	115,000
50	05736-15	NCC - Pre Settlement Delivery Account	50,000
51	05884-17152	JAS Travels	95,500
52	05892-25	Moneyline Securities (Private) Limited	25,000
53	06114-27	A.S. Securities (Private) Limited	523
54	06445-28	Darson Securities (Pvt.) Limited	5,661

S. No.	Folio	Name	Holding
55	06452-13335	Trustee Cherat Cement Company Ltd. Staff Gratuity Fund	40,000
56	06452-44413	Affinity Capital (Pvt.) Limited	200,000
57	06650-22	SAAO Capital (Pvt.) Limited	80,000
58	06650-48	SAAO Capital (Pvt.) Limited	40,000
59	06684-29	Mohammad Munir Mohammad Ahmed Khanani Securities Limited	40,500
60	06916-20	Pasha Securities (Pvt.) Ltd.	2,000
61	06999-22	Muhammad Ahmed Nadeem Securities (SMC-Pvt) Limited	19
62	07005-29	MAM Securities (Pvt.) Limited	300
63	07286-27	Dr. Arslan Razaque Securities (Pvt.) Limited	369,290
64	07294-26	Al-Haq Securities (Pvt.) Ltd.	5,100
65	07450-1040	Trustee-First Dawood Inv. Bank Ltd. & Other Empolyees P. Fund	20,000
66	09621-22	Highlink Capital (Pvt.) Limited	300
67	10181-4794	Trustee Himont Pharmaceutical (Pvt.) Limited Provident Fund	10,000
68	10231-27	Msmaniar Financials (Pvt.) Ltd.	80,070
69	10363-22	Salim Sozer Securities (Pvt.) Ltd.	6,816
70	10470-29	GPH Securities (Pvt.) Ltd.	70,000
71	10611-20	AKD Securities Limited - Akd Trade	500
72	11072-42	Seven Star Securities (Pvt.) Ltd.	10,000
73	11478-28	CMA Securities (Pvt.) Limited	10,000
74	11692-21	ABA Ali Habib Securities (Pvt.) Limited	1,000
75	11817-25	Khawaja Securities (Pvt.) Limited	500
76	12013-21	Sethi Securities (Pvt.) Limited	110,000
77	12286-20	JSK Securities Limited	30,000
78	12369-1143	Trustees Leiner Pak Gelatine Ltd Employees Provident Fund	2,000
79	12484-7807	Bravisto (Pvt.) Limited	1
80	13649-24	JS Global Capital Limited - MF	6,000
81	14118-27	ASDA Securities (Pvt.) Ltd.	163,503
82	14241-22	Fikrees (Private) Limited	2,000
83	14324-22	MSD Capital Equities (Pvt.) Ltd.	25,000
84	14332-21	High Land Securities (Pvt.) Limited	2,200
85	14670-20	Multiline Securities (Pvt.) Limited - MF	705,000
86	14787-27	Strongman Securities (Pvt.) Limited	12,000
87	14837-20	Spinzer Equities (Private) Limited	70,000
88	15404-21	First Choice Securities Limited	15,000
89	15578-21	Bawany Securities (Private) Limited	150,000
90	15867-26	Margalla Financial (Private) Limited	10,000
91	16212-23	BIPL Securities Limited - MF	35,000
92	16238-6242	Puma Enterprises	42,000
93	16253-615	Fossil Energy (Private) Limited	102,500
94	16261-28	Axis Global Limited - MF	14,000
95	16618-24	Horizon Securities Limited - MF	10,000
96	16857-26	Mra Securities Limited - MF	491,000
97	16899-22	Mohammad Munir Mohammad Ahmed Khanani Securities Ltd. - MF	475,500
98	16923-27	N.U.A. Securities (Private) Limited - MF	2,000
99	16949-25	Dawood Equities Limited - MF	500
100	17004-27	Fawad Yusuf Securities (Private) Limited - MF	5,000
101	17236-20	Time Securities (Pvt.) Limited - MF	5,000
102	17509-26	Trust Securities & Brokerage Limited - MF	73,000
103	17772-25	Askari Securities Limited - MF	100,000
		Total	**12,503,003**

Pattern of Shareholding

As at 30th June 2020

No of Shareholders	No. of Sharesholdings From	To	Total Shares
775	1	100	28,630
2,296	101	500	1,032,005
2,543	501	1,000	2,449,266
5,755	1,001	5,000	16,625,762
2,044	5,001	10,000	16,541,448
752	10,001	15,000	9,741,494
531	15,001	20,000	9,741,567
340	20,001	25,000	7,994,544
205	25,001	30,000	5,897,773
146	30,001	35,000	4,847,930
112	35,001	40,000	4,319,574
81	40,001	45,000	3,472,800
159	45,001	50,000	7,880,237
58	50,001	55,000	3,087,936
51	55,001	60,000	3,011,080
39	60,001	65,000	2,459,740
45	65,001	70,000	3,096,161
33	70,001	75,000	2,421,020
28	75,001	80,000	2,203,800
22	80,001	85,000	1,817,740
23	85,001	90,000	2,035,600
14	90,001	95,000	1,298,000
92	95,001	100,000	9,170,226
15	100,001	105,000	1,537,100
18	105,001	110,000	1,958,900
13	110,001	115,000	1,474,000
15	115,001	120,000	1,791,000
11	120,001	125,000	1,364,300
13	125,001	130,000	1,673,300
5	130,001	135,000	671,000
9	135,001	140,000	1,249,000
19	145,001	150,000	2,844,323
9	150,001	155,000	1,377,353
4	155,001	160,000	635,500
7	160,001	165,000	1,139,403
2	165,001	170,000	336,530
4	170,001	175,000	692,300
3	175,001	180,000	538,500
2	180,001	185,000	363,000
1	185,001	190,000	185,297
4	190,001	195,000	773,500
25	195,001	200,000	4,998,030
4	200,001	205,000	811,500
4	205,001	210,000	834,000
3	210,001	215,000	641,500
6	220,001	225,000	1,344,500
2	225,001	230,000	457,000
1	235,001	240,000	238,500
1	240,001	245,000	243,500
6	245,001	250,000	1,495,500
3	250,001	255,000	762,000
1	255,001	260,000	260,000
1	260,001	265,000	261,000
1	275,001	280,000	276,000
1	280,001	285,000	283,000
3	285,001	290,000	869,000
6	295,001	300,000	1,797,500
2	300,001	305,000	607,500
1	305,001	310,000	307,500
1	310,001	315,000	312,011

No of Shareholders	No. of Sharesholdings From	To	Total Shares
1	320,001	325,000	325,000
1	325,001	330,000	328,500
2	330,001	335,000	670,000
1	335,001	340,000	337,500
1	340,001	345,000	344,000
3	355,001	360,000	1,071,000
2	365,001	370,000	738,290
1	375,001	380,000	376,000
2	380,001	385,000	766,500
5	395,001	400,000	2,000,000
2	400,001	405,000	807,500
1	410,001	415,000	415,000
1	415,001	420,000	417,500
1	425,001	430,000	430,000
1	435,001	440,000	435,500
4	445,001	450,000	1,796,000
1	460,001	465,000	464,000
1	475,001	480,000	475,500
2	490,001	495,000	986,000
5	495,001	500,000	2,492,500
1	505,001	510,000	510,000
3	510,001	515,000	1,542,000
1	520,001	525,000	525,000
1	535,001	540,000	536,500
1	545,001	550,000	550,000
2	555,001	560,000	1,115,500
1	565,001	570,000	570,000
1	585,001	590,000	589,554
1	590,001	595,000	591,000
1	595,001	600,000	600,000
1	615,001	620,000	618,528
1	645,001	650,000	649,000
1	655,001	660,000	660,000
1	675,001	680,000	675,500
1	695,001	700,000	696,000
1	700,001	705,000	705,000
1	745,001	750,000	747,000
1	795,001	800,000	800,000
1	820,001	825,000	822,000
2	835,001	840,000	1,680,000
1	845,001	850,000	845,500
1	885,001	890,000	889,500
1	905,001	910,000	910,000
2	945,001	950,000	1,900,000
1	995,001	1,000,000	1,000,000
1	1,090,001	1,095,000	1,092,500
1	1,145,001	1,150,000	1,150,000
1	1,155,001	1,160,000	1,158,500
1	1,195,001	1,200,000	1,200,000
1	1,245,001	1,250,000	1,250,000
2	1,295,001	1,300,000	2,600,000
1	1,370,001	1,375,000	1,375,000
1	1,490,001	1,495,000	1,493,500
1	1,495,001	1,500,000	1,500,000
1	1,595,001	1,600,000	1,600,000
1	1,690,001	1,695,000	1,691,500
1	1,940,001	1,945,000	1,944,086
1	2,075,001	2,080,000	2,079,000
1	2,390,001	2,395,000	2,393,500
1	2,495,001	2,500,000	2,500,000
1	2,980,001	2,985,000	2,984,500
1	4,645,001	4,650,000	4,650,000
1	23,345,001	23,350,000	23,346,000
1	184,370,001	184,375,000	184,374,372
1	925,410,001	925,415,000	925,411,762
1	3,969,105,001	3,969,110,000	3,969,108,434
16,460			**5,329,884,706**

Notice of 26th Annual General Meeting

Byco Petroleum Pakistan Limited

Notice is hereby given that the 26th Annual General Meeting **("Meeting")** of Byco Petroleum Pakistan Limited will be held on **Thursday, 22nd October 2020** at **12:15 pm**, to transact the following ordinary business:

1. To confirm the minutes of the Extraordinary General Meeting of the Company held on 2nd April 2020.

2. To receive, consider and adopt the audited unconsolidated and consolidated financial statements for the financial year ended 30th June 2020, together with the Directors' and Auditors' reports thereon.

3. To re-appoint Messrs EY Ford Rhodes, Chartered Accountants, as the auditors for the financial year 2020-21 and to fix their remuneration.

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

Please note that due to the current situation caused by COVID-19 pandemic, members shall be entitled to attend the meeting through video conference facility managed by the Company as per the instructions given in the notes section.

By Order of the Board

Majid Muqtadir
Company Secretary

23rd September 2020
Karachi

NOTES:

Closure of Share Transfer Books
The register of members and the share transfer books of the Company will remain closed from Wednesday, 14th October 2020 until Thursday, 22nd October 2020 *(both days inclusive)*. Only persons whose names appear in the register of members of the Company as on Tuesday, 13th October 2020, are entitled to attend, participate in, and vote at the Meeting.

Participation in the Meeting
Individuals should be account holder(s) or sub-account holder(s) and their registration details should be uploaded according to CDC regulations. Unless provided earlier, corporate entities must produce a certified copy of a resolution of their Board of Directors or a Power of Attorney, bearing the specimen signature of the attorney.

Due to the current COVID-19 situation, the Meeting proceedings shall be held via video conference facility only. Members interested in participating in the meeting are requested to share below information at company.secretary@byco.com.pk for their appointment and proxy's verification by or before Monday, 19th October 2020. In order to attend the Meeting through video conference facility, the members are requested to get themselves registered as per the below format:

Full Name	Folio / CDC No.	CNIC Number	Registered Email Address	Cell number

Video conference link details and login credentials will be shared with those members whose registered emails containing all the particulars are received on or before Monday, 19th October 2020. Members can also provide their comments and questions for the agenda items of the Meeting at company.secretary@byco.com.pk or at the registered address of the Company on or before Monday, 19th October 2020.

For Appointing Proxies
A member entitled to attend and vote may appoint another member as proxy to attend and vote on his / her behalf, however, for the purpose of E-Voting a non-member may also be appointed and act as proxy. Proxies must be received at the registered office of the Company not less than 48 hours before the time for holding the Meeting. A form of proxy is available at Company's website www.byco.com.pk.

The proxy form must be attested by two persons whose names, addresses and CNIC numbers must be specified therein. Attested copies of the CNIC or passport of the beneficial owner and the proxy must be provided along with the form of proxy.

Dividend Bank Mandate
Members may authorize the Company to credit his / her future cash dividends directly into his / her bank account. Members who would like future cash dividends to be credited directly into their bank accounts should provide details of their bank mandate specifying: (i) title of account, (ii) bank account number, (iii) IBAN number, (iv) bank name, (v) branch name, code & address, (vi) folio number of member, (vii) cellular/landline number of member, and (viii) CNIC / NTN number (attach copy); to Company's Share Registrar, FAMCO Associates (Private) Limited.

Members holding shares in CDC accounts should update their bank mandates, if any, with the respective participants.

Intimation of Change of Address and Zakat Declaration
Members holding share certificates should notify any change in their registered address and, if applicable, submit their non-deduction of zakat declaration form to the Shares Registrar.

Members holding shares in CDC / participant accounts should update their addresses and, if applicable, submit their non-deduction of zakat declaration form to the CDC or the respective participants / stockbrokers.

Submission of CNIC Copies
A list of members who have not submitted copies of their CNICs can be viewed at the Company's website www.byco.com.pk.

The Notice of Meeting has been placed at the Company's website www.byco.com.pk in addition to its dispatch to the members.

Form of Proxy

26th Annual General Meeting

The Company Secretary
Byco Petroleum Pakistan Limited
The Harbour Front, 9th Floor, Dolmen City
HC-3, Block-4, Marine Drive, Clifton
Karachi-75600

I / We ______________________________

of ______________________________

being member(s) of **Byco Petroleum Pakistan Limited** and holder(s) of ______________

______________ ordinary shares, hereby appoint ______________

of ______________ or failing him / her ______________

of ______________ , who is / are also member(s) of Byco Petroleum Pakistan Limited, as my / our proxy in my / our absence to attend and vote on my / our behalf at the 26th Annual General Meeting of the Company to be held on Thursday, 22nd October 2020 and in case of adjournment, at any reconvened Meeting.

Signed / Seal and Delivered by

in the presence of: ______________________________

1. Name: ______________
   CNIC No.: ______________
   Address: ______________

2. Name: ______________
   CNIC No.: ______________
   Address: ______________

____
Folio No. / CDC Account No.

____
This signature should tally with the specimen signature in the Company's record

Important

1. The duly completed and signed proxy form must be received at the registered office of the Company at The Harbour Front, 9th Floor, Dolmen City, HC-3, Block-4, Marine Drive, Clifton, Karachi-75600, not less than 48 hours before the time of holding the Meeting.

2. Only members of the Company may be appointed proxies except corporate members who may appoint non-members as their proxy.

3. If more than one proxy is appointed by an instrument or more than one instrument of proxy is deposited by any member, all such instruments shall be rendered invalid.

For CDC account holder(s) / corporate entities
In addition to the above, the following requirements must be met:

i) the execution of the proxy form should be attested by two witnesses, whose names, addresses and CNIC numbers shall appear in the form;

ii) attested copies of the CNIC or passport of the beneficial owner and proxy should be submitted along with the proxy form;

iii) the proxy shall produce his / her original CNIC or passport at the time of the Meeting; and

iv) Corporate entities should at the time of the Meeting, unless provided earlier, produce a certified copy of a resolution of the Board of Directors, or a Power of Attorney bearing the specimen signature of the attorney.

AFFIX
CORRECT
POSTAGE
STAMPS

Mr. Majid Muqtadir
Company Secretary

Byco Petroleum Pakistan Limited
The Harbour Front, 9th Floor, Dolmen City
HC-3, Block-4, Marine Drive, Clifton
Karachi-75600, Pakistan

ڈاک ٹکٹ
یہاں چسپاں کریں

ماجد مقتدر
کمپنی سیکریٹری

بائیکو پیٹرولیم پاکستان لمیٹڈ
دی ہاربر فرنٹ، نویں منزل، ڈالمن سٹی
HC-3 بلاک 4، میرین ڈرائیو، کلفٹن
کراچی 75600، پاکستان

پراکسی فارم/نمائندگی نامہ

26واں سالانہ اجلاس عام

کمپنی سیکریٹری
بائیکو پیٹرولیم پاکستان لمیٹڈ
دی ہاربرفرنٹ، نویں منزل، ڈالمن سٹی
HC-3 بلاک 4، میرین ڈرائیو کلفٹن
کراچی

میں/ہم ________________ برائے ________________

بحیثیت رکن بائیکو پیٹرولیم پاکستان لمیٹڈ اور حامل ________________ حصص مقرر کرتا ہوں بطور نائب محترم/محترمہ ________________

برائے ________________ یا ان کی عدم موجودگی کی صورت میں محترم/محترمہ ________________

برائے ________________، جو بائیکو پیٹرولیم پاکستان لمیٹڈ کے ممبر بھی ہیں، میری غیر موجودگی کی صورت میں بطور میرے نائب کمپنی کے 26ویں سالانہ اجلاس عام میں شرکت کرنے اور حق رائے دہی استعمال کر سکتے ہیں۔ اس میٹنگ کا انعقاد بروز جمعرات، 22 اکتوبر 2020 کو یا اس کے التواء کی صورت میں متبادل تاریخ اور جگہ پر طلب کی جاسکتی ہے۔ دستخط/مہر اور کی طرف سے بھیج دیا گیا ________________

درج ذیل کی موجودگی میں

۱۔ نام ________________	۲۔ نام ________________
شناختی کارڈ نمبر ________________	شناختی کارڈ نمبر ________________
پتہ ________________	پتہ ________________
________________	________________

________________ فولیو نمبر/سی ڈی اکاؤنٹ نمبر

________________ یہ دستخط کمپنی میں موجود نمونہ دستخط سے ملنے چاہئیں

اہم امور:

۱۔ متعلقہ اتھارٹی فارم کو مکمل کر کے اور اپنے دستخط کر کے کمپنی کے رجسٹرڈ آفس دی ہاربرفرنٹ، 9 ویں منزل، ڈالمن سٹی، HC-3، بلاک 4، میرین ڈرائیو کلفٹن کراچی میں میٹنگ کے وقت سے 48 گھنٹے قبل ارسال کریں۔

۲۔ صرف کمپنی کے ممبران ماسوائے کارپوریٹ ممبران کا تقرر کیا جاسکتا ہے۔

۳۔ اگر ایک سے زیادہ نمائندے کا انتخاب کرنا ہو تو کسی بھی ایک ممبر کے لیے دستاویز جمع کرائے جائیں۔ بصورت دیگر وہ اتھارٹی اہل نہیں ہوگی۔

برائے CDC اکاؤنٹ ہولڈر/ کارپوریٹ ادارہ

مذکورہ بالا کے علاوہ درج ذیل ضروریات درکار ہونگی:

۱۔ جاری کردہ اختیارات کا فارم جس کی تصدیق دو گواہ کریں گے جن کے نام، پتے اور شناختی کارڈ نمبر فارم پر درج کئے جائیں گے۔

۲۔ فارم کے ساتھ شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں جمع کرانی ہوں گی۔

۳۔ اختیارات کا حامل شخص اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت پیش کرے گا۔

۴۔ کارپوریٹ اتھارٹی میٹنگ کے وقت بورڈ آف ڈائریکٹرز کی قرارداد کی ایک تصدیق شدہ کاپی فراہم کرے گا یا پاور آف اٹارنی جس پر اٹارنی کے دستخط موجود ہوں، پیش کرنا ہوگا۔

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