ATTOCK PETROLEUM LIMITED

ttock

COMPANY



Attock





TABLE OF CONTENTS

Introduction (2-27)

Our Vision, Our Mission (2) Corporate Strategy (3) Core Values (4) Code of Conduct (5) Brief Company Profile (11) Product Portfolio (12) Geographical Presence of APL Business Unit (16) APL Group Structure (18) Organizational Chart (20) Value Chain (21) Business Model (23) Competitive Landscape and Market Positioning (24) Composition Local Versus Imported Material and Sensitivity Analysis due to Foreign Currency Fluctuations (25) Management's Objectives & Strategies (26)

Chairman's Review (28-29)

Chairman's Review (28)

Governance (31-116)

Board of Directors (32) Profile of Board of Directors (34) Board Committees and Corporate Information (39) Board Committees and their Terms of Reference (41) Management Committees (42) Whistle Blower Protection Mechanism Policy (43) Directors' Report (44) Pattern of Shareholding (78) Other Corporate Governance Matters (80) Stakeholder Engagement (84) Corporate Sustainability (86) Environmental Responsibility (88) HSE at APL (92) Corporate Social Responsibility (96) Human Resource Management (99) Prospects of the Entity including Targets for Financial and Non-Financial Measures (103)

Risk and Opportunity Report (104) Segmental Review of Business Performance (106) Report of the Audit Committee (107) Share Price Sensitivity Analysis (110) History of Major Events during the Year (111) Information Technology Governance (112) Independent Auditor's Review Report (113) Statement of Compliance with Listed Companies (114)

Financial Analysis (117-132)

DuPont Analysis (118) Key Operating and Financial Data for Six Years (119) Vertical Analysis (122) Horizontal Analysis (123) Graphical Presentation (124) Comments on Financial Analysis (127) Statement of Economic Value Added (129) Statement of Free Cash Flow (129) Analysis of Performance against Targets (130) Statement of Charity Account (130) Analysis of Variation in Results of Interim Reports (131) Statement of Value Added (132)

Financial Statements (133-210)

Independent Auditor's Report to the Members (135) Statement of Financial Position (140) Statement of Profit or Loss (142) Statement of Profit or Loss and Other Comprehensive Income (143) Statement of Changes in Equity (144) Statement of Cash Flows (145) Notes to and forming part of the Financial Statements (146)

Annual General Meeting (211-214)

Notice of Annual General Meeting (211)

Glossary of Terms (215) Directors' Report (Urdu) (245) Proxy Form Proxy Form (Urdu)



OUR VISION

To become a world class, professionally managed, fully integrated, customer focused, Oil Marketing Company, offering Value added quality & environment friendly products and services to its customers in Pakistan and beyond.



SUPREME

OUR MISSION

To continuously provide quality and environment friendly petroleum products and related services to industrial, commercial and retail consumers, and exceeding their expectations through reliability, economy and quality of products and services. We are committed to benefiting the community and ensuring the creation of a safe, responsible and innovative environment geared to client satisfaction, end user gratification, employees' motivation and shareholders value.

CORPORATE STRATEGY

To enable APL to attain new heights of success through investment in human capital, implementation of lean production methods and a commitment to Total Quality and Environment Management, we plan, with the help of Almighty Allah, to further expand our existing retail network and penetrate untapped markets with pro-active measures and effective planning, implementation and execution. Our objective is to successfully deliver premium quality products and services, which will translate into maximum customer satisfaction. Beyond the technical excellence of our products, we intend to set an example in all dimensions of our entrepreneurial activities. We see ourselves committed to the self defined models of economic, social and ecological responsibility, which means not only economic success but also conscientious interaction with our employees, people and the environment.

Attock

CORE VALUES



COMMITMENT & COOPERATION

Two core fundamentals for the success of any business are complete employee commitment and cooperation. At APL, we foster an environment of solid teamwork and professionalism to ensure that our employees engage in both personal and professional development.



We believe that it is our responsibility to safeguard our natural resources for future generations and actively engage in environment friendly practices, policies and management techniques.

CODE OF CONDUCT

Attock Petroleum Limited has committed itself to conduct its business in an honest, ethical and legal manner. The Company wants to be seen as a role model in the community by its conduct and business practices. All this depends on the Company's personnel, as they are the ones who are at the forefront of Company's affairs with the outside world. Every member of the Company has to be familiar with his/her obligations in this regard and has to conduct him/her accordingly.

This statement in general is in accordance with Company goals and principles that must be interpreted and applied within the framework of laws and customs in which the Company operates. This code will be obligatory for each director and employee to adhere to.

Respect, Honesty and Integrity

Directors and employees are expected to exercise honesty, objectivity and due

diligence in the performance of their duties and responsibilities. They are also directed to perform their work with due professionalism.

Compliance with Laws, Rules and Regulations

The Company is committed to comply and take all reasonable actions for compliance with all applicable laws, rules and regulations of state or local jurisdiction in which the Company conducts business. Every director and employee, no matter what position he or she holds, is responsible for ensuring compliance with applicable laws.

Full and Fair Disclosure

Directors and employees are expected to help the Company in making full, fair, accurate, timely and understandable disclosure, in compliance with all applicable laws and



regulations, in all reports and documents that the Company files with, furnishes to or otherwise submits to, any governmental authorities in the applicable jurisdiction and in all other public communications made by the Company. Employees or directors who have complaints or concerns regarding accounting, financial reporting, internal accounting control or auditing matters are expected to report such complaints or concerns in accordance with the procedures established by the Company's Board of Directors.

Prevent Conflict of Interest

Directors and employees, irrespective of their function, grade or standing, must avoid conflict of interest situations between their direct or indirect (including members of immediate family) personal interests and the interest of the Company.

Employees must notify their direct supervisor of any actual or potential conflict of interest situation and obtain a written ruling as to their individual case. In case of directors, such ruling can only be given by the Board and will be disclosed to the shareholders.

Trading in Company Shares

Trading by directors and employees in the Company shares is possible only in accordance with the more detailed guidelines issued from time to time by corporate management in accordance with applicable laws.

Inside Information

Directors and employees may become aware of information about Company that has not been made public. The use of such non-public or "inside" information about the Company other than in the normal performance of one's work, profession or position is unethical and may also be a violation of law.



Directors and employees becoming aware of information which might be price sensitive with respect to the Company's shares have to make sure that such information is treated strictly confidential and not disclosed to any colleagues or to third parties other than on a strict need-toknow basis.

Potentially price sensitive information pertaining to shares must be brought promptly to the attention of the Management, who will deliberate on the need for public disclosure. Only the Management will decide on such disclosure. In case of doubt, seek contact with the CFO.

Media Relations and Disclosures

To protect commercially sensitive information, financial details released to the media should never exceed the level of detail provided in quarterly and annual reports or official statements issued at the presentation of these figures. As regards topics such as financial performance, acquisitions, divestments, joint ventures and major investments, no information should be released to the press without prior consultation with the Management. Employees should not make statements that might make third parties capable of "insider trading" on the stock market.

Corporate Opportunities

Directors and employees are expected not to:

- a) take personal use of opportunities that are discovered through the use of Company property, information or position.
- b) use Company property, information or position for personal gains.

Directors and employees are expected to put aside their personal interests in favor of the Company interests.

Competition and Fair Dealing

The Company seeks to outperform its competition fairly and honestly. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent or inducing such disclosures by past or present employees of other companies is prohibited. Each director and employee is expected to deal fairly with Company's customers, suppliers, competitors and other employees. No one is to take unfair advantage of anyone through manipulation, abuse of privileged information or any other unfair practice.

The Company is committed to selling its products and services honestly and will not pursue any activity that requires to act unlawfully or in violation of this Code.

Bribes, kickbacks and other improper payments shall not be made on behalf of the Company in connection with any of its businesses. However, tip, gratuity or hospitality may be offered if such act is customary and is not illegal under applicable law. Any commission payment should be justified by a clear and traceable service rendered to the Company. The remuneration of agents, distributors and commissioners cannot exceed normal business rates and practices. All such expenses should be reported and recorded in the Company's books of accounts.

Equal Employment Opportunity

The Company believes in providing equal opportunity to everyone around. The Company laws in this regard have to be complied with and no discrimination upon race, religion, age, national origin, gender or disability is acceptable. No harassment or discrimination of any kind will be tolerated; directors and employees need to adhere standards with regard to child labor and forced labor.

Work Environment

All employees are to be treated with respect. The Company is highly committed to providing

its employees and directors with a safe, healthy and open work environment, free from harassment, intimidation or personal behavior not conducive to a productive work climate. In response the Company expects consummate employee allegiance to the Company and due diligence in his job.

The Company also encourages constructive reasonable criticism by the employees of the management and its policies. Such an atmosphere can only be encouraged in an environment free from any prospects of retaliation due to the expression of honest opinion.

Protect Health, Safety and Security

The Company intends to provide each director and employee with a safe work environment and comply with all applicable health and safety laws. Employees and directors should avoid violence and threatening behavior and report to work in fair condition to perform their duties.

Record Keeping

The Company is committed to compliance with all applicable laws and regulations that require the Company to maintain proper records and accounts which accurately and fairly reflect the Company's transactions. It is essential that all transactions be recorded and described truthfully, timely and accurately on the Company's books. No false, artificial or misleading transactions or entries shall be reflected or made in the books or records of the Company for any reason.

Records must always be retained or destroyed according to the Company's record retention policies.

Protection of Privacy and Confidentiality

All directors and employees, both during and after their employment, must respect the exclusivity and trade secrets of the Company, its customers, suppliers and other colleagues and may not disclose any such information unless the individual or firm owning the information properly authorizes the release or disclosure.

All the Company's assets (processes, data, designs, etc) are considered as certified information of the Company. Any disclosure will be considered as grounds, not only for termination of services/employment, but also for criminal prosecution, legal action or other legal remedies available during or after employment with the Company to recover the damages and losses sustained.

Protection & Proper use of Company Assets/Data

Each director and employee is expected to be the guardian of the Company's assets and should ensure its efficient use. Theft, carelessness and waste have a direct and negative impact on the Company's profitability. All the Company assets should be used for legitimate business purposes only.



The use, directly or indirectly, of Company funds for political contributions to any organization or to any candidate for public office is strictly prohibited.

Corporate funds and assets will be utilized solely for lawful and proper purposes in line with the Company's objectives.

Gift Receiving

Directors and employees will not accept gifts or favors from existing or potential customers, vendors or anyone doing or seeking to do business with the Company.

However, this does not preclude giving or receiving gifts or entertainment which are customary and proper in the circumstances, provided

that no obligation could be or be perceived to be, expected in connection with the gifts or entertainment.

Communication

All communications, whether internal or external, should be accurate, forthright and where ever required, confidential. The Company is committed to conduct business in an open and honest manner and provide open communication channels that encourage candid dialogue relative to employee concerns. The Company strongly believes in a clean desk policy and expects its employees to adhere to it not only for neatness but also for security purposes.





Employee Retention

High quality employee's attraction and retention is very important. The Company will offer competitive packages to the deserving candidates. The Company strongly believes in personnel development and employee - training programs are arranged regularly.



Internet use/Information Technology

As a general rule, all Information Technology related resources and facilities are provided only for internal use and/or businessrelated matters. Information Technology facilities which have been provided to employees should never be used for personal gain or profit, should not be misused during work time and remain the property of the Company. Disclosure or dissemination of confidential or proprietary information regarding the Company, its products or its customers outside the official communication structures is strictly prohibited.

Compliance with Business Travel Policies

The safety of employees while on a business trip is of vital importance to the Company. The Company encourages the traveler and his/her supervisor to exercise good judgment when determining whether travel to a high-risk area is necessary and is for the Company's business purposes.

It is not permitted to combine business trips with a vacation or to take along spouse, relative or friend without the prior written authorization from Management.

Compliance

It is the responsibility of each director and employee to comply with this code. Failure to do so will result in appropriate disciplinary action, including possible warning issuance, suspension and termination of employment, legal action and reimbursement to the Company for any losses or damages resulting from such violation. Compliance also includes the responsibility to promptly report any apparent violation of the provisions of this code.

Any person meeting with difficulties in the application of this code should refer to the Management.

BRIEF COMPANY PROFILE

Attock Petroleum Limited was incorporated in Pakistan as a Public Limited Company on December 03, 1995. APL is the 4th Oil Marketing Company that was granted marketing license and commenced its operations in February 1998. The Company was listed on Pakistan Stock Exchange (formerly known as Karachi Stock Exchange) on March 07, 2005. Within a short span of time, APL has managed to establish its presence and reputation as a progressive and dynamic organization, having its focus on providing quality petroleum products and services in Pakistan and abroad, with special emphasis on meeting all safety and environment standards.

APL is the 2nd largest Oil marketing Company in Pakistan and its market share for the financial year 2019-20 is 10.9%. Our growing market share and customer confidence is a testimony to our successful policies, proactive endeavours and visionary approach.

As at June 30, 2020 the Company operates the Retail Network of 702 pumps countrywide.

PRINCIPLE BUSINESS ACTIVITIES AND MARKETS

Being part of a fully integrated oil group based in Pakistan, the Company deals in marketing and distribution of a wide range of petroleum products and serves local and international clients.

APL markets and supplies fuels to retail outlets, industries, armed forces, power producers, government/semi-government entities, developmental sector and agricultural customers etc.

KEY BRANDS & PRODUCTS

Atto

APL is engaged in the marketing and distribution of numerous petroleum products including High Speed Diesel, Premier Motor Gasoline, Furnace Oil, Bitumen, Kerosene and Lubricants etc. A range of automotive and industrial grades lubricants is offered. APL is also involved in marketing of Naphtha and LBO.

Portfolio of different products offered by the Company is detailed below:

samz

PETROLEUM LIMITED

ATTO

High Perform

PRODUCT PORTFOLIO



Premier Motor Gasoline

PMG or Petrol is a transparent petroleumderived flammable liquid that is used primarily as a fuel in spark-ignited internal combustion engines. It consists mostly of organic compounds obtained by the fractional distillation of petroleum, enhanced with a variety of additives. It is mostly used in vehicles and household generators,

Furnace Fuel Oil

Furnace fuel oil is an industrial fuel. Furnace oil is used for power generation, boilers, furnaces, air preheater, other heaters and for bunkering and feedstock in fertilizer plants.

Superior Kerosene Oil

Super kerosene oil is less smoky oil and has high heat content and gives better illumination. Kerosene is used in many industries around the world as a fuel for illumination, heating & machinery cleaning purpose.

Residual Fuel Oil

Residual fuel oil is a special high viscosity residual oil requiring preheating. This fuel is specially manufactured for power plants.

High Speed Diesel

Diesel fuel is any liquid fuel used in diesel engines, whose fuel ignition takes place, without any spark, as a result of compression of the inlet air mixture and then injection of fuel. It is used in industrial generators, cement factories and vehicles etc.

Jet Petroleum

Jet fuel is a type of aviation fuel designed for use in aircraft powered by gas turbine engines. Its most commonly used fuels for commercial aviation are JP-1 and JP-8 which are produced to a standardized international specification.

Light Diesel Oil

Light diesel oil is a blend of distillate components and a small number of residual components. It serves to run construction, petroleum drilling and other off road equipment; and to run prime movers in a wide range of power generations, industrial boilers, vessels with high & medium speed engines.

Solvent Oil

Solvent Oil is used to dissolve other substances during industrial processes. This petrochemical is used extensively in the production of paint, print ink, agricultural chemicals, for dyeing, dry cleaning, and treatment of furs etc. It is also used as a high purity catalyst.



Mineral Turpentine Oil

Mineral turpentine oil is a colorless petroleum solvent, used as a solvent for textile printing, dry cleaning and metal degreasing, insecticidal formulations, polish manufacture, thinner, oil soluble and as a rust inhibitor.



PRODUCT PORTFOLIO



Naphtha

Naphtha is a flammable liquid mixtures of hydrocarbons i.e. a component of natural gas condensate or a distillation product. Some uses of naphtha gas are as a fuel for camp stoves and blowtorches, providing light in gas lanterns.



Bitumen

The primary use of Bitumen is in road construction. Bitumen is further treated with polymer which improves consistency, reduce temperature susceptibility, improves stiffness & cohesion, improves flexibility resilience and toughness, and improves binder aggregate adhesion. It is used in construction of highways.

Jute Batching Oil

Jute batching oil is predominantly used in the jute industry for making jute fiber pliable. It also finds application as wash oil in the steel industry and is also used by processors to produce various industrial oils.

Cutback Asphalts

Cutback asphalt is manufactured by blending asphalt cement with a solvent. There are two major types based on the relative rate of evaporation of the solvent. It is used for prime coat, surface treatment, stock pile patching mixes etc.

Lubricants

Lubricants are either fully synthetic, semisynthetic or mineral. The major part of a lubricant is composed of base oils while the remaining part are oil additives which help to protect your engine against wear and corrosion and keep it clean. Use of lubricant is to reduce the overall system friction.



Lube Base Oil

Lube base oils are used to manufacture products including lubricating greases, automotive & industrial lubricants and metal processing fluids. It is mostly used in motorized vehicles, where it is known specifically as motor oil and transmission fluids.

Waxes

Waxes are mainly consumed industrially as components of complex formulations, often for coatings. The main use of waxes is in the formulation of colorants for plastics and within the candle industry etc.



Rubber processing oil is commercially used to produce products ranging from rubber bands to toys to tyres of various vehicles including aircrafts.





GEOGRAPHICAL PRESENCE OF APL BUSINESS UNITS





VIRTUAL DEPOTS

MEHMOOD KOT Faisalabad-machike Pipeline (MFM)

WHITE OIL PIPELINE (WOP)

HEAD OFFICE / MARKETING &

SALES OFFICE

2nd, 7th & 8th Floor, Attock House Morgah, Rawalpindi.

REGIONAL OFFICES

Karachi

308-The Forum, 3rd Floor, Block G-20, Khayaban-e-Jami, Clifton Karachi.

Lahore

House # 488, Block G-3 M.A. Johar Town, Lahore.

Peshawar

Plot # 256, Near Wapda Colony Main G.T. Road, Tarujabba, Distt. Nowshera, Peshawar.

Multan

House # 13-A, Shalimar Colony Bosan Road, Multan.

Faisalabad

House # 512, Block-C Ameen Town, Faisalabad.

BULK OIL TERMINALS

Rawalpindi Bulk Oil Terminal Caltex Road, New Lalazar Rawalpindi.

Machike Bulk Oil Terminal Mouza Dhant Pura, Machike Distt. Sheikhupura.

Sahiwal Bulk Oil Terminal

105/9L, Adda Sharin Mor, Main Arif Wala Road Sahiwal.

Mehmood Kot Bulk Oil Terminal

Near PARCO Refinery, Gate R-1 Mehmood Kot, Qasba Gujrat Distt. Muzaffargarh.

Shikarpur Bulk Oil Terminal

Near PARCO Pumping Station No.3 Kandhkot Road, Shikarpur.

Daulatpur Bulk Oil Terminal N-5 Tehsil Kazi Ahmed, District Shaheed Benazirabad, Sindh.

Karachi Bulk Oil Terminal & CSC

c/o National Refinery Limited Sector 7-B, Korangi Industrial Area Karachi.

INVOICING OFFICES

Gatti

Near Dry Port Jhumra Road Faisalabad.

Tarujabba

Plot # 256, Near Wapda Colony Main G.T. Road, Tarujabba, Distt. Nowshera, Peshawar.



APL GROUP STRUCTURE

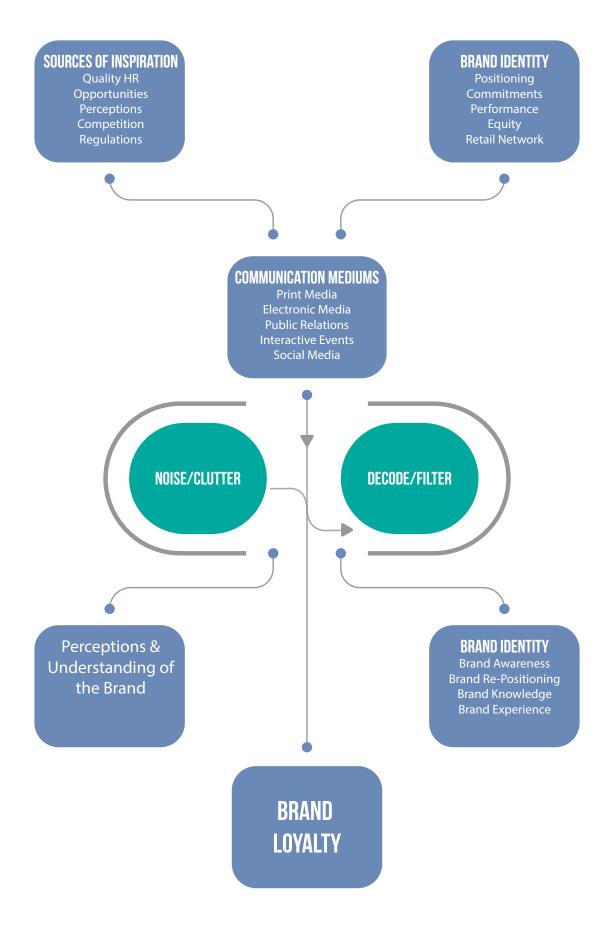
APL takes pride in its heritage being associated with the Attock Oil Group of Companies which rightly claim to be the pioneers in the Oil & Gas Sector in this part of the world, having started its operations in 1913.

Attock Group of Companies is the only fully vertically integrated Group covering all aspects of the Oil and Gas sectors of Pakistan, ranging from exploration, production, refining to marketing of a wide range of petroleum products.

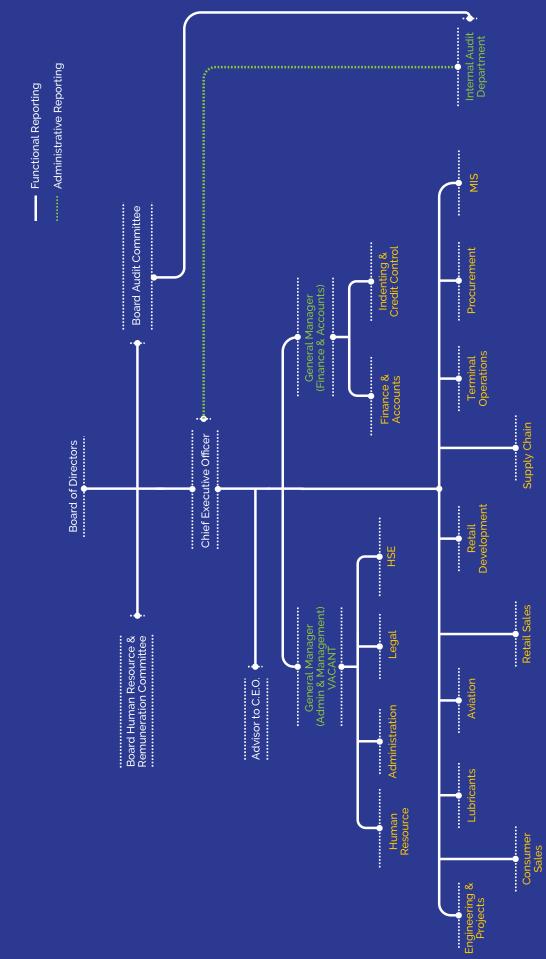
Besides oil & gas, Attock Group is also involved in other diversified businesses; like cement, energy & information technology. APL's sponsors include Pharaon Investment Group Limited Holding s.a.l and Attock Oil Group of Companies.

GROUP COMPANY	NATURE OF RELATIONSHIP	PERCENTAGE SHAREHOLDING
ASSOCIATE SHAREHOLDING IN THE COMPANY		
Pharaon Investment Group Limited (Holding) s.a.l	Common Directorship/ Associate	34.38%
The Attock Oil Company Limited		2.2%
Attock Refinery Limited		21.88%
Pakistan Oilfields Limited		7.02%
COMPANY'S SHAREHOLDING IN THE ASSOCIATE		
Attock Refinery Limited	Common Directorship/ Associate	1.68%
National Refinery Limited		1%
Attock Information Technology Services Private) Limited		10%
IL SHAREHOLDING AND VICE VERSA		
Attock Gen Limited	Common Directorship/ Associate	Nil
Attock Cement Pakistan Limited		Nil
Attock Leisure & Management Associates Private) Limited		Nil
Attock Sahara Foundation		Nil
Attock Hospital (Private) Limited		Nil

OUR BRAND STRATEGY



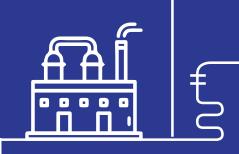
ORGANIZATIONAL CHART



VALUE CHAIN



UPSTREAM

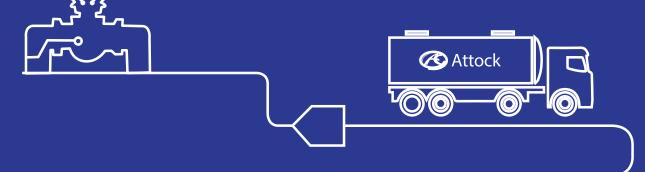


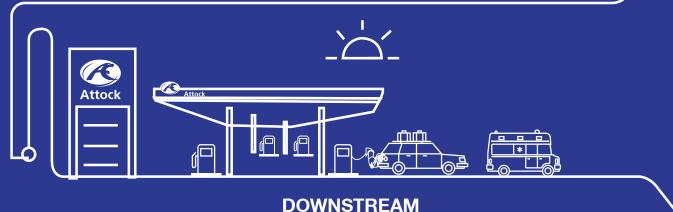
G

MIDSTREAM



Attock Petroleum Limited (APL) is the member of only fully integrated group of Pakistan, Attock Oil Group, with operations ranging from Exploration, Refining, Distribution and Marketing of petroleum products. With a nationwide presence of over 700 Retail Outlets, APL has managed to create an eminent position in the Oil and Gas sector of Pakistan, and is a proud supplier to the Nation's Armed Forces, Aviation and various Industries.





ATTOCK PETROLEUM LIMITED | 21

Competent

Our panel of experts have an in-depth knowledge of petroleum products, the legal & regulatory framework within the country, the safety & handling processes; the complete skill-set.

Optimistic

"Not Possible" does not exist in our dictionary. Powered by the deep knowledge within their fields; our employees always take a challenge head-on! We truly believe that every problem has an optimum solution – and we are here to develop it for you.

Dedicated

At APL, we do not rest till we achieve the desired goals. Having the knowledge, the positive approach, the utmost support & motivation from the management; we create synergies which ultimately culminate in extraordinary benchmarks.

Motivated

The motivation is triggered by having a thorough grasp of the operational dynamics of fuel supplies & having the constant support & guidance of the management; resulting in an insatiable drive to get the job done!



BUSINESS MODEL

APL Business Model is centered on directing the Company's capital towards the strategic vision of the Company to create value over the short, medium and long term through refined policies and procedures while at the same time be compliant with the good governance practices.

Intellectual Capital

APL takes pride in being part of the fully Integrated Oil Group based in Pakistan. Based on its market presence and experience, the Company possess a strong goodwill and products brand name within the oil market. The Company has well defined and sophisticated policies & procedures in place thereby enabling execution of company's strategies ensuring compliance with good governance practices, carrying out smooth and uninterrupted operations and ensuring continuous value creation to the Company. Company's Market Reputation and Experience, Product Development & Quality Assurance, Business practices Reviews and Business Continuity plans are the tools applied by the Company to maximize shareholder's wealth. Employee's knowledge base and skills set help in attaining excellence in Company's operation.

Human Capital

With the sound Human Resource management policies and sophisticated systems of Employee Hiring, Trainings & Development, and Merit based performance appraisals, APL ensures the availability of appropriate mix of professionals with relevant qualifications & skills in APL Workforce. By employees training and Job rotation, enhancement of workforce competencies are achieved alongside introducing of innovative working style and business ideas. APL's succession planning policy enable leadership continuity. The investment by Company in human capital resulted in greater employee performance, job satisfaction and low employee turnover. The Company has a detailed code of conduct in place which is acknowledged by employees annually and employees' commitment towards it is evident from strong ethical practices in place in the Company.

Social & Relationship Capital

The Company business model is centered on sharing value among all its stakeholders. The company has effective Stakeholder Engagement processes in place to engage its Valued Shareholders, Customers, and Suppliers, Provider of finance, Regulators, Media and analysts at different forums and built strong relationship thereof. APL's CSR guidelines in place and community welfare initiatives helped in socioeconomic wellbeing of the communities around. Product Quality assurance is achieved through quality and quantity monitoring measures taken which resulted in greater customer satisfaction as well.

Financial Capital

The Company is mainly equity financed with availability of funding from banking channels also which can be utilized in case of compelling needs. By the effective treasury management, sound credit control policies and strong relationship building with vendors and banks, the company managed to ensure smooth running of its business operations despite market uncertainty and abrupt volatility in international Oil prices. Timely processing of Payments to Suppliers and Recoveries of outstanding dues are the outcome of the Company's refined processes in place.

Natural Capital

Environmental protection and preservation of natural resources is of prime and equal importance in the Company's Business Model. APL through its Waste Management and Effluent Monitoring process, minimize any harmful impact to the environment caused by Company's activities. The Company has a comprehensive Environment, Health & Safety Policy in place which is complied with. HSE Manual is in force and HSE audits are conducted regularly which results in HSE culture enforcement across the organization. The Company has strong commitment towards energy saving measures. Enormous energy saving are made possible from conversion of conventional lighting system to energy and cost effective LED lights. Company also aim to use solar generated electricity wherever feasible.

Infrastructure Capital

Company geographic footprint across the country through presence of its Retail Network with aim on continuous retail development, heavy and strategic investments on enhancing storage capacities, effective product sourcing and continuous improvement in supply chain are the key towards ensuring uninterrupted and quality products supply by the Company through its well established distribution network across the country resulting in meeting the Country's product demand.

COMPETITIVE LANDSCAPE AND MARKET POSITIONING



The unpredictable external environment poses new challenges resulting from rapidly growing competition, greater customer exposure leading to informed decision making, evolving energy mix, changing customers' needs, product demand variations due to seasonality and unprecedented volatility in commodity prices impacting the whole supply chain behavior, poses greater challenges for the Company.

The Company stands firmly within this competitive landscape. Keeping a keen eye on the fluidity of all factors and market forces, enables the Company to maneuver optimally to fulfill its vision and to serve its clientele in the best possible manner. Through continuous focus on product and services quality improvement, efficient and multiple product sourcing, undertaking effective marketing operations, working keenly on nurturing relationships by strengthening existing customers & tapping new business segments, and pursuing new opportunities proactively to explore feasibilities while meeting its customers' current and future requirements, the Company is well positioned for the future.

The strategic alignment to the competition and situational awareness is evident from the Company securing the 2nd highest market share for the year 2019-20 amid competitors, upholding the position as the largest OMC amongst the private sector of Pakistan.



COMPOSITION LOCAL VERSUS IMPORTED MATERIAL AND SENSITIVITY ANALYSIS DUE TO FOREIGN CURRENCY FLUCTUATIONS



Approximately 1/4th of Company's total product sourcing during financial year 2019-20 comprised of imports while rest was procured from local refineries.

Import transactions are conducted in USD which exposes the company to exchange rate risk. Although stability is observed in Rupee against US Dollar in year 2019-20 compared to last year, the exchange rate volatility still led the Company to bear exchange loss on its global sourcing initiatives.



MANAGEMENT'S OBJECTIVES AND STRATEGIES FOR MEETING THOSE OBJECTIVES

The objectives of the Company are defined in a manner such that the realization of short-term goals leads to achieving those objectives. The management formulates strategies keeping in view the vision and mission statement of the Company. A balanced approach is adopted in this regard to come up to the expectations of all stakeholders. Actions are prioritized and performance objectives are periodically assessed to reduce deviations from the corporate strategy of the Company.

The management takes measures to transform the weaknesses into strengths and threats into opportunities. Long term goals can only be achieved by mitigating the risks and minimizing the threats arising due to change in external and internal environment.

SIGNIFICANT CHANGES IN OBJECTIVES AND STRATEGIES FROM PREVIOUS PERIODS

Management believes that our business objectives and strategies are well planned and there is no significant change from the previous years.



RELATIONSHIP BETWEEN THE COMPANY'S RESULTS & MANAGEMENT'S OBJECTIVES

In the year under review, volatility of oil prices at global stage demanded dexterous steering by the Company's management to achieve better profitability. APL maintained its market presence by venturing into a variety of projects and effectively managing the stock. The Company added a number of retail outlets during the year and is in the process of establishing bulk terminals. APL enhanced its storage capacity to cater the demand of the country. The Company is en-route to go above and beyond the expectations of the investors and the customers.





KEY PERFORMANCE INDICATORS

The key performance indicators against stated objectives of the Company include delivering premium quality products and services with customers' satisfaction, increase in number of retail outlets along with customer base. It also includes enhancement of storage capacities, improvement in operational performance, efficiency in supply chain management, maintaining safe work environment, develop workforce diversity and increase in shareholders' wealth. Management believes that current key performance indicators continue to be relevant in future as well.

The Company monitors the performance of its business through detailed operational and financial reporting, such as profitability & investment/ market ratios and analysis, also with comparisons to budgets and updated forecasts being routinely made. In order to assess performance against targets and objectives, the Company has a comprehensive measurement system in place.

NUMBER OF PERSONS EMPLOYED DURING THE YEAR

Quantitative information on the number of persons employed by the Company as on June 30, 2020 and average number of employees during the year, disclosing separately the information of employees at storage facilities, is disclosed in note 37 to the financial statements.

SIGNIFICANT FACTORS AFFECTING EXTERNAL ENVIRONMENT AND CHANGES FROM PRIOR YEARS

Impact of external environmental factors including political, economic, social, technological and legal upon the Company and the Company's approach towards managing/mitigating the risks associated therewith including significant changes in the factors/ responses from the prior years are detailed in the Risk Management section of Directors' Report.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The Company's policy on Environment, Health & Safety and its social responsibilities are elaborated in detail in Sustainability and Corporate Social Responsibility section of the Annual report.



Dear Shareholders,

It is my utmost pleasure to welcome you to the 25th Annual General Meeting of Attock Petroleum Limited and to present its annual report together with audited financial statements for the year ended June 30, 2020.

2019-20 was another challenging year for the country's energy sector. Several macroeconomic and geopolitical factors influenced the oil prices that remained volatile during the year, thereby creating uncertainty across the economy, particularly in oil industry. Reduced economic and infrastructural development activities, slow business growth and varying duties and taxes had further negative impact on Country's economic outlook.

Outbreak of unprecedented coronavirus pandemic resulted in one of the most extraordinary period in the last hundred year, causing incomparable global turmoil with an uncertain outlook everywhere and eclipsing economic upheaval in recent memory. A number of countries, including Pakistan, observed strict lockdown measures to curtail spread of COVID-19 by imposing severe restrictions on economic activities. The stagnation in commercial activities severely affected global demand for petroleum products, resulting in international oil prices declining by more than 40% between January 2020 and June 2020. This also impacted selling prices of local petroleum products during this period, manifesting in worst ever inventory losses for the Company, leading to significant reduction in profitability. Company's profitability was also affected due to recognition of impairment losses on financial assets under International Financial Reporting Standard 9 and implications of adoption of International Financial Reporting Standard 16.

Despite all the setbacks, due to timely and sensible decision making by the management, the Company's market share remained at 11%, same as last year. The Company, after incurring colossal inventory losses, managed to earn profit after tax of Rs. 1,008 million (2018-19: Rs. 3,961 million) whereas other industry members reflected significant net losses. The profit translates into earnings per share of Rs. 10.13 (2018-19: Rs. 39.79).

In order to complete the ongoing projects, the Company incurred capital expenditure of Rs. 2,153 million and successfully commissioned bulk oil terminals at Sahiwal and Daulatpur while essential expansion work was carried out at Machike bulk oil terminal. Construction of terminal at Port Qasim, Karachi is well underway and is expected to be commissioned shortly, which will serve as backbone to the existing import of petroleum products. These strategic additions to storage capacity will help the Company achieve cost and efficiencies in the supply chain, allowing us to efficiently meet energy requirements of various sectors of the Country.

Performance of the Board of Directors remained resilient in this devastating economic challenge and competition from other oil marketing companies, as each Board member brought a fine balance of experience and skills to the table, effectively guiding the Company in its strategic affairs. The Board also played an important role in overseeing the management's performance and focusing on key risk areas and was fully involved in the budgeting and strategic planning processes.

Going forward, the Company and its management are fully aware of the challenges being faced, arising from oil price volatility, local and international economic uncertainty as well as changing competitive dynamics. However, the Board and the management are equipped with the required vision, knowledge and experience to ensure that the Company remains on course to increase share in local energy market while continuing to deliver top-level performance, achieving better returns for our valued investors and making positive impact in the society.

APL is also a major contributor towards human capital development and offers opportunities for education and training to its communities. Our leadership retains an unwavering commitment to safety as we aim to constantly minimize our environmental impact and promote sustainable development in the areas where we operate. We will continue to serve up to the level of our customers' expectations through achievement of our business goals and keep playing a key role in Pakistan's economic growth and expansion.

In the end, I would like to place on record my appreciation for the support received from Ministry of Energy and other government authorities and for the trust of our customers, suppliers and contractors that has been the cornerstone of our continued success. I also offer my gratitude towards our Board of Directors and employees for their constant efforts and dedication that has allowed us to be where we are today and believe that with continued passion and devotion we will take our Company to greater heights of success.

Laith G. Pharaon Chairman

Rawalpindi August 26, 2020

CHAIRMAN'S REVIEW



GOVERNANCE

Attock Petroleum Limited has established state of the art retail outlets, where the concept of all facilities under one roof is reflected.

At these retail outlets, our customers get to experience world class facilities of refuelling their vehicles in a friendly and secure environment at all times.

N

ATTOCK PETROLEUM LIMITED | 31

THE

AL

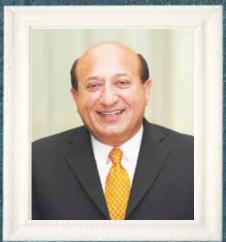
BOARD OF DIRECTORS



Mr. Laith G. Pharaon Chairman Non Executive Director



Mr. Wael G. Pharaon Non Executive Director



Mr. Shuaib A. Malik Chief Executive Officer Executive Director



Mr. Abdus Sattar Non Executive Director



Mr. Babar Bashir Nawaz Non Executive Director



Lt Gen (Retd.) Javed Alam Khan Independent Non Executive Director



Mr. Mohammad Raziuddin Independent Non Executive Director



Mr. Iqbal A. Khwaja Alternate Director to Mr. Laith G. Pharaon Non Executive Director



Mr. Rehmat Ullah Bardaie Alternate Director to Mr. Wael G. Pharaon & Chief Financial Officer Executive Director

PROFILE OF BOARD OF DIRECTORS



Mr. Laith G. Pharaon Chairman Non Executive Director

A businessman and an international investor who has financial and trading interests in Pakistan and other parts of the world in various sectors like petroleum, power generation, chemical, real estate and cement etc. Mr. Laith holds a graduate degree from the University of Southern California.

Other Engagements

Chairman & Director

The Attock Oil Company Limited Attock Cement Pakistan Limited **Director**

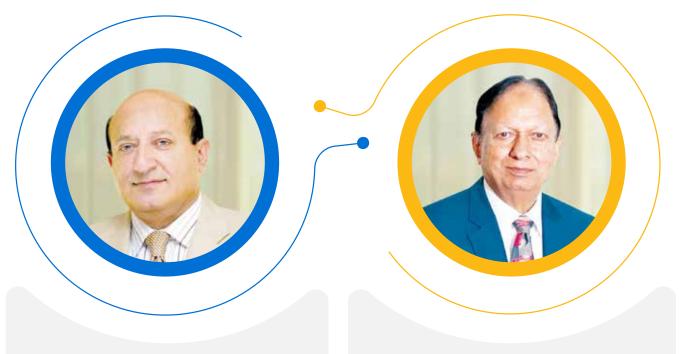
Pakistan Oilfields Limited Attock Refinery Limited National Refinery Limited Attock Gen Limited

Mr. Wael G. Pharaon Non Executive Director

A businessman and an international investor who has financial and trading interests in Pakistan and other parts of the world in various sectors like petroleum, power generation, chemical, real estate and cement etc. Mr. Wael holds a graduate degree. He is a Director on the Board of various Companies in the Attock Group of Companies.

Other Engagements Director

The Attock Oil Company Limited Pakistan Oilfields Limited Attock Refinery Limited Attock Cement Pakistan Limited National Refinery Limited Attock Gen Limited



Mr. Shuaib A. Malik Chief Executive Officer Executive Director

Mr. Shuaib A. Malik has been associated with Attock Group of Companies for over four decades. He started his career as an Executive Officer in The Attock Oil Company Limited in July 1977 and served in different Companies in the Group at various times with the responsibility to supervise and oversee the operations and affairs of these Companies. He has exhaustive experience related to various aspects of upstream, midstream and downstream petroleum business. He obtained his bachelor's degree from Punjab University and has attended many international management programs, workshops and conferences including two such programs at British Institute of Management, UK and Harvard Business School, USA.

Other Engagements

Chairman, Chief Executive Officer, Director & Alternate Director Pakistan Oilfields Limited Chairman, Director & Alternate Director Attock Refinery Limited National Refinery Limited Group Chief Executive Chief Executive Officer & Director The Attock Oil Company Limited Director & Alternate Director Attock Cement Pakistan Limited Attock Gen Limited Resident Representative Pharaon Investment Group Limited (Holding) s.a.l

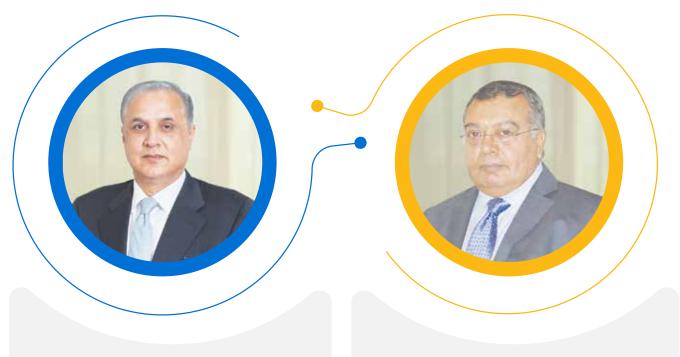
Mr. Abdus Sattar Non Executive Director

Mr. Abdus Sattar has over 35 years of Management experience Financial at key positions of responsibility in various Government organizations / ministries, commercial organizations with the main objective of controlling costs of various commodities, to watch consumer interest, minimize government subsidies, improve government revenues, eliminate wasteful expenses/leakages and fixation of gas and POL prices. After serving as Financial Advisor to Ministry of Petroleum & Natural Resources, Government of Pakistan, he also remained Financial Advisor for Mari Gas Company Limited for around 8 years including 6 years as its Director on the Board. While working as Financial Advisor in Ministry of Petroleum he also served as Director on a number of boards like OGDCL, PPL, SNGPL, SSGCL, PSO, PARCO, ARL, POL, NRL, PMDC etc. as a nominee of Government of Pakistan for about seven years. He is a fellow member of Institute of Cost and Management Accountant of Pakistan (ICMAP) and was also nominated as council member of ICMAP for the three years (Jan 2000 to Dec 2002) by the Government of Pakistan. He has attended many advance financial management courses, programs and trainings in institutions of international repute in Pakistan and abroad.

Other Engagements

Director

Pakistan Oilfields Limited Attock Refinery Limited Attock Cement Pakistan Limited National Refinery Limited



Mr. Babar Bashir Nawaz Non Executive Director

Mr. Babar has over 30 years of experience with the Attock Group of Companies. During this period he has held various positions in Finance, Personnel, Marketing & General Management before being appointed as the Chief Executive of Attock Cement Pakistan Limited in 2002. Mr. Bashir holds a Master's degree in Business Administration from the Quaide-Azam University in Islamabad and at present is also a Director on the Board of all the listed companies of the Group in Pakistan. He has attended various courses. workshops and seminars in Pakistan and abroad on the business management and has substantial knowledge of the cement industry in Pakistan. Currently he is also a member of the Management Committee of the Overseas Investors Chamber of Commerce and Industry and the All Pakistan Cement Manufacturing Association.

Other Engagements

Chief Executive Officer & Director Attock Cement Pakistan Limited Alternate Director Pakistan Oilfields Limited Attock Refinery Limited National Refinery Limited

Lt General Javed Alam Khan (Retd.) Independent Non Executive Director

Javed Alam Khan Lt General was commissioned in Pakistan Army in April 1971 and subsequently joined the Armoured Corps - 24 Cavalry (Frontier Force) in 1972. He is a graduate of Armour Officer Advance Course, Fort Knox (USA), Command and Staff College, Camberley (UK), National Defense College, Islamabad and INSEAD, France. He holds a Master's degrees in War Studies. During the tenure of his service, the General has held various command, staff and instructional appointments which include General Staff Officer-3 (Intelligence) in an Independent Armoured Brigade Group, Instructor School of Armour, Brigade Major of an Infantry Brigade, Commandant 24 Cavalry (Frontier Force), Directing Staff Command and Staff College Quetta, Army Advisor High Commission of Pakistan, United Kingdom, Commander of an Armoured Brigade and an Infantry Brigade, General Officer Commanding of an Infantry Division, Director General Analysis, Directorate General Inter Service Intelligence. His military career of nearly 35 years achieved its peak when appointed as Commander of a Strike Corps followed by his retirement in April 2006.

After his retirement from Pakistan Army, he was appointed as CEO/MD of Fauji Kabirwala Power Company Limited and also served as CEO/MD of Fauji Cement Company Limited from September 2008 to February 2011.

In recognition of his meritorious services, he has been awarded Hilal-e-Imtiaz (Military).



Mr. Mohammad Raziuddin Independent Non Executive Director

Mr. Mohammad Raziuddin has over 30 years of rich experience in the energy sector. He holds a Master's Degree in Engineering from University of Detroit, Michigan, USA and did his MBA from Syracuse University, New York, USA. During his career, he has held top-level advisory positions in various organizations within the Country and also served as Technical Advisor in Saudi Arabia, Pakistan and Bangladesh. He has served as the CEO of Attock Refinery Ltd. and Managing Director, OGDCL. He has extensive knowledge and vast experience in energy consultancy, oil refining, exploration and production, petroleum marketing etc.

Mr. Iqbal A. Khwaja Alternate Director to Mr. Laith G. Pharaon

Mr. Iqbal Ahmad Khwaja is a Bachelor of Commerce from Karachi University and to obtain a professional degree, he proceeded to UK to qualify as Chartered Accountant from England and Wales. On his return from UK, he served with Attock Group of Companies for nearly thirty years in various capacities. He has been Chief Financial Officer and Corporate Secretary of Pakistan Oilfields Limited (POL), for many years. He rose to the position of its Deputy Chief Executive and also served on the Board of POL. He has also been CEO. of POL's subsidiary Attock Chemicals (Pvt) Limited and CAPGAS (Pvt) Limited. During his tenure with the Group, he attended many national and international courses and seminars to remain up-to-date with his professional knowledge. Due to his knowledge and vast experience, he has been retained by The Attock Oil Company Limited, in the capacity of an advisor.



Mr. Rehmat Ullah Bardaie

Alternate Director to Mr. Wael G. Pharaon & Chief Financial Officer

Mr. Rehmat Ullah Bardaie is associated with Attock Group of Companies since June 1997 and has been part of the various assignments / projects undertaken from time to time. Presently, he is holding the charge of General Manager (Finance and Accounts) and Company Secretary. He has attended various financial management courses, training programs, seminars and conferences in Pakistan and abroad. He is a fellow member of The Institute of Chartered Accountants of Pakistan, The Institute of Cost and Management Accountants of Pakistan and Association of Chartered Certified Accountants (UK).

Other Engagements Alternate Director Attock Gen Limited

Company Secretary The Attock Oil Company Limited

BOARD COMMITTEES & CORPORATE INFORMATION

Board Audit Committee

Mr. Mohammad Raziuddin Mr. Abdus Sattar Mr. Babar Bashir Nawaz Lt Gen (Retd.) Javed Alam Khan

Chairman Member Member Member

Board Human Resource & Remuneration Committee

Mr. Mohammad Raziuddin Mr. Shuaib A. Malik Mr. Iqbal A. Khwaja (Alternate director to Mr. Laith G. Pharaon)

Chairman Member Member

Chief Financial Officer

Mr. Rehmat Ullah Bardaie

Company Secretary Mr. Faizan Zafar

Auditors

A. F. Ferguson & Co. Chartered Accountants, Islamabad.

Legal Advisor

Ali Sibtain Fazli & Associates Mall Mansion, 30-The Mall, Lahore.

Share Registrar

CDC Share Registrar Services Limited CDC House, 99-B, Block 'B' S.M.C.H.S. Main Shahra-e-Faisal Karachi. Tel: +92-21-111-111-500 Fax: +92-21-34326053 Customer Support Service: (Toll Free) 0800-CDCPL (23275)

Bankers

Allied Bank Limited Askari Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited JS Bank Limited MCB Bank Limited National Bank of Pakistan The Bank of Khyber The Bank of Punjab United Bank Limited

Registered Office / **Correspondence Address**

Attock House, Morgah Rawalpindi, Pakistan. Tel: +92-51-5127250-54 Fax: +92-51-5127255 Email: contact@apl.com.pk Website: www.apl.com.pk

BOARD COMMITTEES AND THEIR TERMS OF REFERENCE





Board Committees

The management is committed to follow the principles of good Corporate Governance and being a responsible corporate entity it believes in transparency of system for effective monitoring and to enhance governance process. Keeping in view the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board has revised the terms of reference of Audit Committee and Human Resource and Remuneration Committee. The following Board Committees have been formed to assist the Board in fulfilling its responsibilities.

Audit Committee

The Audit Committee reviews the financial and internal reporting processes, the system of internal control, management of risk and the internal and external audit processes. The Audit Committee ensures that the Company has a sound system of internal financial and operational controls. It assists the Board in discharge of its fiduciary responsibilities. The Audit Committee reviews the periodical statement of the Company before their respective presentation to the Board and ensures implementation of relevant controls for the integrity of the information. The Committee recommends to the Board of Directors the appointment of external auditors and discusses major observations with the external auditors arising from interim review and final audit. In doing so, Committee also reviews the management letter issued by

the external auditors and management's response thereto. The Committee also goes through the legal matters which may significantly impact the financial statements and ensure compliance with relevant statutory requirements. Besides this, monitoring compliance with the best practices of corporate governance, investigating any violations thereof and ensuring coordination between internal and external auditors are also the main responsibilities of the Audit Committee.

Human Resource & Remuneration Committee

The Board has established Human Resource and Remuneration Committee which is responsible for recommending human resource management policies. The Committee is also responsible for recommending the selection, evaluation, compensation (including retirement benefits) of key management personnel and for consideration and approval on recommendations of Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer.

Share Transfer Committee

The Committee consists of three directors and is responsible for dealing with matters relating to the shares of the Company like transfers, issuance of new shares and related legal and regulatory requirements.



MANAGEMENT COMMITTEES

Executive Committee

Consist of all departmental heads and chaired by the CEO, they meet regularly to coordinate the activities, accomplishments and other pertinent issues.

Retail Outlet Development Committee

Responsible for recommending proposals for setting up retail outlets and reviewing progress.

Budget Committee

Reviews and recommends the annual budget proposals and discusses deviations with the departmental heads.

Information Technology Committee

Responsible for automation of process and system in line with latest technology and developments.

Pricing Committee

Reviews and recommends the pricing of deregulated products on regular intervals.

Safety and Technical Committee

Reviews and monitors, the safety, health and environment matters for safe operations and better environment and matters relating to technological problems and operational risks affecting the business.

WHISTLE BLOWER PROTECTION MECHANISM POLICY

Whistle blower means an employee who reports a concern to management about illegal activities or a breach of code of conduct.

The Management encourages whistle blowing culture in the organization and has adopted a culture to detect, identify and report any activity which is not in line with the Company polices, any misuse of company's properties or any breach of law which may affect the reputation of the Company. The Company has adopted the best corporate polices to protect employee(s) who report corporate wrongdoings, illegal conduct, internal fraud and discrimination against retaliation. The Company promotes transparency and accountability through publication of accurate financial information to all the stakeholders, implementation of sound, effective and efficient internal control system and operational procedures.

All employees have signed a code of conduct and the Company takes any deviation very seriously.

Employees should report in good faith about illegal or unethical conduct. The Company encourages Whistle Blowing to raise the issue directly to Chairman Audit Committee and / or to Chief Executive and / or to the Company Secretary provided that:-

- The Whistle Blower has sufficient evidence(s) to ensure genuineness of the fact after a proper investigation at his own end;
- The Whistle Blower understands that his act will cause more good than harm to the Company and he/ she is doing this because of his loyalty with the Company, and
- The Whistle Blower understands the seriousness of his /her action and is ready to assume his / her own responsibility.

The Management understands that through the use of a good Whistle Blowing Plan, they can discover and develop a powerful ally in building trust with its employees and manage fair and transparent operations. The Company therefore provides a mechanism whereby any employee who meets the above referred conditions can report any case based on merit without any fear of retaliation and reprisal to any of the above offices.

Allegations made by the whistle blower shall be investigated and claims made will be probed and scrutinized fairly. The Management reserves the right to put forth the claims made by the whistle blower, as they deem appropriate.



DIRECTORS' REPORT

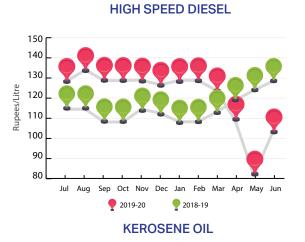
MR. SHUAIB A. MALIK CHIEF EXECUTIVE OFFICER The Board of Directors takes pleasure in presenting the annual report on the performance and progress of the Company together with the audited financial statements for the year ended June 30, 2020.

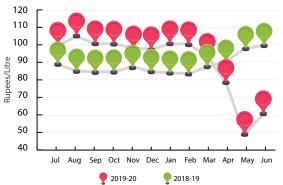
FINANCIAL PERFORMANCE

The Company recorded net sales revenue of Rs 201,079 million representing 10% decrease over last year (2018-19: Rs 223,054 million) as sales volume decreased by 11% against a 12% drop in overall industry sales volume. Fluctuating prices leading to substantial inventory losses together with decrease in volume resulted in a decrease in gross profit by 56%. The sales volume decreased due to weakened economic growth, reduced business activity, high inflation, influx of smuggled products and availability of alternate fuels for power generation resulting in a grim macroeconomic outlook which coupled with lockdown due to outbreak of COVID-19 pandemic, affected the business and industry on various levels. On the other hand, increase in net finance income due to better mark-up rates and decrease in operating expenses due to lesser exchange losses supported the bottom line to some extent. However, increase in impairment of financial assets under International Financial Reporting Standard 9, implication of adoption of International Financial Reporting Standard 16 and enactment of Punjab Workers' Welfare Fund Act, 2019 resulted in decrease in net profit. Consequently, the Company earned profit after tax of Rs 1,008 million (2018-19: Rs 3,961 million). The net profit translates into earnings per share of Rs 10.13 (2018-19: Rs 39.79).

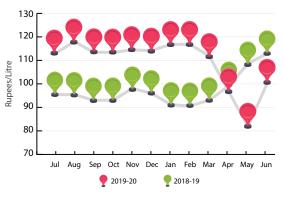
Financial results and appropriations for the year ended June 30, 2020 have been summarized below:	Rs in Million
Profit before taxation	1,503
Less: Provision for taxation	(495)
Profit after taxation	1,008
Add: un-appropriated profit as at June 30, 2019	17,712
Add: Other comprehensive income for the year	4
Profit available for appropriation	18,724
Appropriations during the year:	
Final cash dividend for the year 2018-19 $$ 100% (Rs 10/- per share of Rs 10/- each)	995
Interim cash dividend for the year 2019-20 @ 50% (Rs 5/- per share of Rs 10/- each)	498
	1,493
Balance as at June 30, 2020	17,231
Subsequent Effects:	
Final cash dividend for the year 2019-20 @ 40% (Rs 4/- per share of Rs 10/- each)	398
	16,833

PRICE TREND ANALYSIS

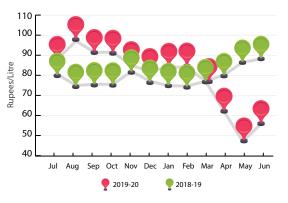








LIGHT DIESEL OIL



Dividend

The Board has recommended a final cash dividend (a) 40% (Rs 4/- per share of Rs 10/each) out of the profits for the year ended June 30, 2020. This is in addition to the interim cash dividend (a) 50% (Rs 5/- per share of Rs 10/- each) already declared and paid to the shareholders, thus making a total of 90% cash dividend for the year under review.

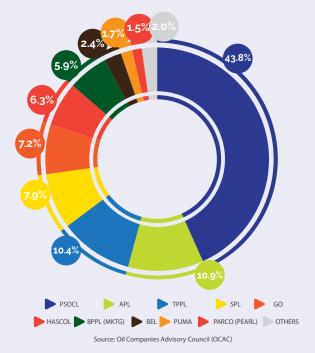
Contribution towards National Exchequer and Economy

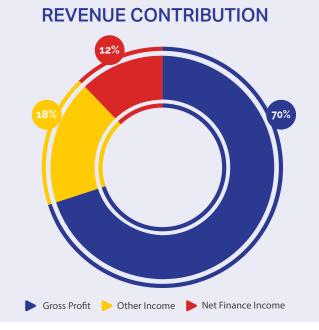
The Company contributed Rs 70,155 million towards national ex-chequer in the form of taxes and levies thus serving its community and nation. Expansion of its network of retail outlets and distributors by including remote and far flung localities in the development plan has led to generation of employment in those areas and the quality of life of the local populace is being improved.

Liquidity Management, Financing arrangements & Strategies to overcome financial problems

During the year under review, cash and cash equivalents increased by Rs 3,880 million as cash amounting to Rs 7,415 million was generated from operating activities mainly due to decrease in stock in trade and trade debts which resulted in increase in cash and cash equivalents from Rs 3,403 million as at July 01, 2019 to Rs 7,283 million as at June 30, 2020 which was used subsequently to meet the requirement of increased stock in trade as payments to suppliers was made in respect of import of products. Availability of funds is ensured by employing different methods including financial projections which are updated on a regular basis to stay upto-date with the liquidity requirements. The Company has sufficient borrowing capacity and is adequately geared to meet its future commitments and development plans. The Company has obtained term finance facility under SBP Salary Refinance Scheme at highly attractive mark-up rate of 0.45% per annum to pay salaries and wages to employees. The Company has various other standby arrangements with financial institutions to ensure smooth continuation of the operations and availability of liquidity to fund working capital requirements.

OVERALL MARKET SHARE





Capital Structure

The capital of the Company is entirely structured on equity finance. There was no change in the capital structure during the year other than the term finance facility as mentioned above. The management is of the view that the capital structure is appropriate for the foreseeable future. There is no default in payments of any debts.

Significant Changes in Financial Position and Liquidity from last year

As at June 30, 2020, total assets increased to Rs 51,238 million and total liabilities increased to Rs 32,792 million. Increase in non-current assets from Rs 9,300 million to Rs 15,584 million is due to newly adopted International Financial Reporting Standard 16 under which Rs 5,095 million has been recognized as right of use asset under the head of Property, Plant and Equipment and as the Company invested substantial amount of Rs 2,135 million mainly for purchase of land and construction of bulk oil terminals and retail outlets focusing on increasing its storage capacity and enhancing brand image in urban centres.

Cash inflow from operating activities for the year was Rs 7,415 million as compared to cash inflow of Rs 2,998 million last year mainly due to decrease in payments for purchase of products and operating expenses, other charges and payment of income taxes. Outflow



of Rs 2,135 million was recorded from investment in property, plant and equipment. Income earned on investments resulted in an inflow of Rs 994 million. Total cash out flow of Rs 1,681 million was recorded from investing activities. Outflow relating to financing activities, mainly on account of dividend payment, was Rs 1,851 million (2018-19: Rs 3,493 million).

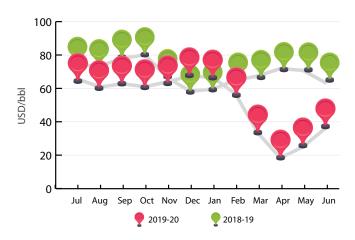




MARKET AND INDUSTRIAL REVIEW

Global

The global oil industry has remained unstable over the years, but none of the instabilities has hit the industry with quite the setback observed during the year under review. As markets, companies and entire economies reel from the effects of the global crisis caused by the coronavirus (COVID-19) pandemic, oil prices have crumbled. Due to historic decrease



ARAB LIGHT CRUDE OIL

in global energy demand, price of crude oil massively decreased. The impact was felt throughout global supply chain of oil industry and rippled into other parts of the energy sector. Pressure trickled from various sides; swift decline in global oil demand as the pandemic slashed fuel consumption, especially in the transport sector and industrial usage which was further aggravated by a supply shock due to the end of restraints on production from OPEC and non-OPEC producers. The scale of the collapse in oil demand, in particular, is well in excess of the oil industry's capacity to adjust. With majority of world population under some form of lockdown because of the Coronavirus. one of the traditional stabilisers for the oil market remained missing. Low prices usually stimulate consumer reaction, but such a boost to demand is highly unlikely, at least during the global health emergency. Rapid build-up of oil stocks has saturated available storage capacity, pushing the prices further down. Other factors affecting the global oil prices before the COVID-19 pandemic were the attack on Saudi Installation, sensitivity in global oil movement through Strait of Hormuz due to Middle East crisis during first guarter, OPEC led supply cuts and US sanctions on Iran and Venezuela resulting in a weak support to prices. However, deteriorating US-China trade relations and price

war between Saudi Arabia and Russia kept on pressuring the prices towards a downward trajectory.

As storage firms and oil companies got topped up, prices were decreased even further leading to the crash in the oil market. Halting transportation sector like cars, buses and trains coming from closure of schools and offices, further reduced the consumption of fuels. Due to drop in demand, there was a sharp decrease in profitability and oil producing countries like the Arab States and Russia jumped in to secure market share giving rise to a price war.

Domestic

The price of POL products in the Country depend on the global crude oil price and price parity of US Dollar (USD) to Pakistani Rupee (PKR) as Pakistan remains a petroleum importing country. Fluctuation in the price of petroleum products in the international market coupled with devaluation of the PKR against the USD, the petroleum product prices in the Country have been extremely volatile over the last year. The lockdown due to COVID-19 resulted in mass-scale reduction in public movement, reduced industrial/ business activity due to shutdown of factories and complete halt on public transport and interprovincial movement due to which sales of the petroleum products plummeted. Further, the reduction in global oil price led to decrease in oil prices within Pakistan and the GoP announced decrease in prices of petroleum products various times





during the period in a bid to facilitate the general public. The increased stock carried by the oil marketing companies as the sales were already low coupled with decline in the prices ensued huge losses on inventory. The energy demand of the Country has shrunk during recent years owing to various factors such as enforcing strict fiscal discipline by policymakers in light of extended fund facility of International Monetary Fund (IMF)



volume of all petroleum products dropped by 12% due to these factors. Demand for High Speed Diesel decreased by 10% and demand for Bitumen decreased by 6%. Demand for Furnace Oil also dropped by 33% as the power producers increasingly shifted towards alternate fuels such as RLNG and coal in light of directives of the Government and as a result, the demand for FO has diminished considerably.

The changing policies of the government, imposition and changes within the duties and taxes structures, slump within the construction segment and non-investment in mega projects, instability in the USD exchange rate, changes within the overall economic regime and operational dynamics are some of the major factors contributing to the overall negative growth from the previous year.

COMPANY'S SALES AND MARKETING REVIEW

During the year under review, despite stiff competition amid aforementioned challenges, the Company was able to resulting in reduced spending on infrastructural development and stringent economic/tax policies. Consequently, businesses across the Country have recorded negative growth and are striving to maintain their revenues. Effects of these factors have also penetrated into the oil marketing segment. Decreased demand due to reduced business activity coupled with influx of cheaper smuggled products such as High Speed Diesel and Bitumen and negative growth in large scale manufacturing are some of the challenges faced by the Oil Marketing Companies. Total industry

maintain its market share and standing within the industry in times of decreasing volumes. Industry wide FO sales volumes reduced by 33% this year due to many factors while APL recorded a decrease in volume of only 7%, causing APL's market share in the product to increase from 13% to 18%. Sensibly predicting price patterns and intelligent marketing techniques empowered APL to acquire a major portion of defense segment sale for this year and takes pride in being a fuel partner and preferred oil marketing company of defense services of the Country for JP-1, HSD, PMG and HOBC - 97. Despite above referred domestic and international challenges, the Company ensured uninterrupted supplies to its customers. Further, APL continued to extend its network of corporate and industrial clients and has added many new prestigious customers. Due to better quality and premium services across all the business sectors, handling the widest

product portfolio within the industry, APL increased its clientbase and currently ranks as the second largest OMC in the country w.r.t aggregate market share i.e. 11%. The economic slowdown of the business activities across the Country remained a factor contributing towards the overall slump within the industry. However, positive recovery is expected in the upcoming financial year.

The consumption and application of Bitumen has drastically reduced as compared to last year. This decrease is primarily attributable to decrease in infrastructure and development projects. Influx of lower priced smuggled Bitumen in the market is also contributing to decline in sales of local product. APL continued to be a supplier of choice in terms of Bitumen supplies for geo-politically and strategically important construction projects including road networks and motorways, securing a market share of 73% despite a 6% reduced consumption overall.

APL has significantly strengthened its retail network and as at June 30, 2020 the total number of retail outlets has surpassed 700. APL has commissioned its retail outlets across the length and breadth of Pakistan and for enhancing the brand manifestation, the Company has established



Company Owned Company Operated (COCO) retail outlets in Islamabad, Lahore, Karachi and across various motorways. Quality of fuel supplies were diligently ensured in the urban and rural localities. Following the Company's long term strategy to keep on increasing its foot base through developing retail outlets and establishing bulk oil terminals, number of retail outlets and depots were commissioned during the period and many are currently under construction phase.

COVID-19 pandemic also affected sales of lubricants due to reduced transport activity especially in months following February 2020. However, lubricants sales bounced back during the month of June 2020 that







reflects promising sales in coming months. Considerable number of new customers in B2B and B2C segment were added to the existing portfolio of the Company. The Company also added reliable dealers and traders in its potential list of suppliers, thus improving the product availability while ensuring the quality of the product. Product packaging plays a vital role in building brand perception about quality of a product and a good packaged product also stands out of competing brands at point of sale. Aligned with requirement of modern engines, Attock Lubricants are being upgraded this year in Gasoline, Diesel and Motor Cycle Oil variants with new formulations and higher industry standards in brand new packaging.

APL recently entered into the Aviation Fuel segment by commissioning the Country's largest and most modern fuel farm at the Islamabad International Airport under a joint-venture. Keeping the spirit of professionalism and premium customer care, the venture was able to safely handle refuelling thousands of flights of international and local carriers. Although the segment was badly hit after the COVID-19 pandemic, the Company managed to sustain its sales and recorded only a decrease of 14%. In a highly technical and competitive aviation segment, APL is proud to act as the backbone of

the economic gateway of Pakistan through the new Islamabad international Airport – paving way for a brighter, more prosperous Pakistan.

Attock Petroleum Limited (APL) is committed in value creation over broad horizons and has revealed to accomplish and evolve beyond the dominion of just fuel. APL strives to succeed pronounced distinctions in all most all its operations and activities. APL is focused on fostering an inspirational and state-of-the-art performance aligned to its vision, mission and the core values. Despite the extreme challenging environment, rigid competition and volatility in oil prices, APL positively sustained its market share while establishing new retail outlets and improvising the new vision on existing retail outlets across Pakistan and contributed towards the prosperity of the Country. With robust supply chain extending from global oil suppliers, APL is contending and upgrading the infrastructure and supply chain of the Company to handle unprecedented challenges in these uncertain times.

Other Business Activities

APL foremost value is delivering customer convenience and to improve overall fueling experience. APL has marked its efforts to extend its brand image beyond the domain of just fuel. Understanding



the current market dynamics and to cater the needs of all customers, APL has set targets to be a complete customer centric organization, ultimately creating itself to be a "Customer Convenience Focused Company". Our retail outlets are furnished with expedient solutions such as payment through Credit Cards, ATM facilities, Attock Smart Fuel Card, Tyre Care, Speed Wash, Lube Xpert, Time Out tuck shops etc.

To enhance the overall experience at retail outlets, Attock Smart Fuel Card facilities are being offered in major urban and sub urban sites. The Attock Smart Fuel Card meets all fuel management needs of individual as well as corporate client, offering cashless and secure transactions, complete control of fuel budget, real time online reporting and round the clock accessibility. Understanding the needs of population, APL offers wide array of services and unique benefits for fleet management.



Being a customers oriented Company, APL has highlighted another dimension of convenience by venturing and partnering with other products and creative solutions. APL has created diversified forecourt-enriched offers including various restaurants and ease stores and also intends to offer wide array of other services. With dedicated and fully equipped state of art lube oil change facility, it takes few minutes for the end to end oil change service. This includes free safety checks and services allowing customers to live monitor their car's oil change. APL aims at uninterruptedly delivering improved service by redefining accessibility for all the population.

Being a highly conscious and socially responsible organization, APL also embarked on multiple initiatives towards reducing its carbon footprint, particularly focusing on energy conservation, water and waste management and also contributing towards Tree Plantation in-line with the honorable Prime Minister's 'Clean & Green Pakistan' movement.





Infrastructure Development

Infrastructure development is a significant aspect not only for economic evolution but acts as a catalyst to enhance comprehensive growth. In the current situation of intense competition, APL firmly believes that infrastructural expansion is absolutely imperative in catering to the rapidly evolving operational dynamics of the oil marketing segment. Infrastructural expansion nevertheless serves as a backbone ushering in a new era of resilience and steadfastness.

Since last few years, the Company has invested major resources aggressively

towards expansion and enhancements within its bulk oil storage terminals across the Country. Rapid development work with stringent quality controls enabled APL to achieve major world-class milestones. Shikarpur Bulk Oil Terminal was commissioned last year while construction of Bulk Oil Terminals at Sahiwal and Daulatpur was completed during the year. Both Terminals have started their operations successfully upon grant of licence by OGRA in December 2019 after testing and inspection further enhancing the storage capacity of the Company. A mega expansion project has been recently completed at Machike Bulk Oil Terminal to enhance the storage capacity. Construction work for establishment of Bulk Oil Terminal at Port Qasim (Karachi) has progressed which shall prove to be a key installation for the Company to manage import cargoes at the port, yielding many strategic benefits. Moreover, various process and equipment upgradations were made to improve operational



efficiencies and better controls.

The Company expanded its presence in the metropolitan cities of Islamabad, Lahore and Karachi by establishing several new "Company Owned and Company Operated" retail outlets. These sites were specifically established to not only provide quality products to loyal customers but to



enhance APL's brand representation in these cities especially Karachi. APL laid the foundations to their plans of operating on CPEC routes across the Country by not only successfully winning several bids on major motorways but also successfully

commissioned beautifully designed retail outlets offering outstanding services at the Lahore – Abdul Hakeem Motorway (M-3), Hakla Service Areas at Islamabad – Peshawar Motorway (M-1) and Katlang-Swat Expressway.



The Company intends to further expand its horizons by entering into the LPG business and an LPG storage and filling plant is under planning and design phase.

APL acknowledges the worldwide shift into cleaner energy and plans to be at the forefront of that shift, concentrating on catering for the new electric vehicles. With a plan to expand into Electric Vehicle (EV) arena, the Company has approved its first EV charging facility at the under construction site in Blue Area Islamabad which shall be operational by First Quarter 2020-21.

The Company is continuously working on energy conservation to optimize energy consumption at its various locations across the Country by introducing energy efficient equipment. All bulk oil terminals having 400W-HPS & Mercury type outdoor lights are now equipped with Smart LED Lights. Further, all conventional lights in office blocks have also been replaced with LED lights at Rawalpindi Bulk Oil Terminal.



Quality Assurance of Products

Product and service quality is a prerequisite to a company's achievements and plays an essential role in consumer satisfaction. APL is committed to continuous improvement philosophy and to have extensive measures and systems in place to ensure that only highest quality standard products are being delivered to all our valuable clientele. APL continues to mark its presence by uninterruptedly delivering quality products and striving for service excellence. APL runs a comprehensive product quality assurance system across the country that ensures the product quality throughout the range of operations as per the existing product specifications of the country – from procurement of petroleum products, storage within our bulk oil terminals and storage tanks at our retail outlets.

APL ensures impeccable quality standards by employing state-of-the-art laboratories at our terminals and mobile quality assurance vans nationwide.



RISK MANAGEMENT

Risk management refers to obtain understanding by all parties and agreement around what the risks really are and how they will be managed to improve performance, increase the value of firms and reduce financial distress. APL encounters uncertainties both in terms of supply and demand of the products and volatility of prices. COVID-19 pandemic, global environmental pressures, arrival of LNG and RLNG, changing dynamics of the oil and gas sector, dealing with government departments and authorities. shifts in social and other customer preferences and expectations are some of the risks associated with the sector. Similarly, technological advancements or disruptive advancements such as increasing focus on Electric Vehicles and a new paradigm shift in fuel infrastructure and pricing regime is also a factor. All these factors require careful insights and alignment of resources to remain profitable in times to come. Therefore, for this purpose, future strategy is carved out by APL through a highly participatory consultative process by taking all stakeholders on board.

Risk Management Framework

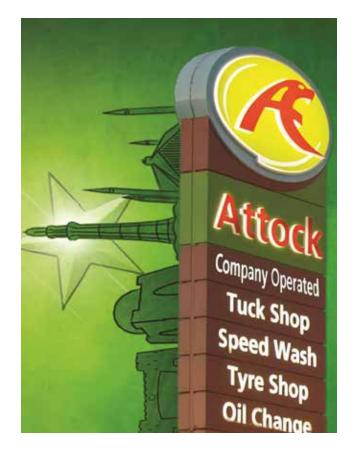
An effective risk management framework seeks to protect an organization's capital base and earnings without hindering growth. The adoption of a risk management framework that incorporates best practices into the Company's risk culture is the cornerstone of the Company's financial future. Our Company's risk management framework is built upon following pillars:

- risk identification
- risk assessment
- risk mitigation
- risk reporting and monitoring
- risk governance

The Board of Directors has approved a Risk Management Policy to ensure Company's level of risk tolerance is determined and identified risks are appropriately reported, managed or mitigated within timely manner. Risk exposures are periodically gauged in accordance with the risk management framework. The Board of Directors have carried out a robust assessment of principal risks facing the Company including those that might affect the future performance, solvency or liquidity.

Risks associated with COVID-19 Pandemic

In fore view of the COVID-19 situation as mentioned above, the earnings remained under immense pressure as the Company continues to bear fixed cost coupled with reduced revenues. While various steps have been taken to minimize expenses and curtail costs, coming few months present a bleak outlook unless lockdown is eased out. The resumption of transport and public movement shall support the sales to some extent. However, sales to industrial consumers shall take time to reach previous levels as most of the businesses shall struggle to revive themselves. Despite the grim outlook, the management is committed to keep putting in efforts for protecting shareholders' wealth and ultimately generating better returns.



Volatility in International Oil Prices and Regulatory Risks

Oil is one of the most important natural resource and commodity and the primary driving force of the global economy. Fluctuations in the price of oil have significant effects on economic growth and welfare around the world. During the year 2019-20, global events including COVID-19 and a sequence of geopolitical and market factors have driven the instability of oil prices that has affected the overall supply and demand forecasts. The decrease in global demand owing to COVID-19, decision to regulate demand by the Saudis, Russians and other OPEC members, coupled with potential losses of Iranian oil, international trade wars and supply disruption in Venezuela were major elements that made prices highly volatile during the year. OPEC is determining supply

volumes and appears to be reactive with its consequent effect on price and intense scrutiny is carried out to resolve the market tension resulting in different geo-political scenarios globally.

Within Pakistan, further volatility has been observed within the year under review due to effect of decreasing global prices. To manage these challenges, APL continues to focus on potential opportunities and develops institutional arrangements with adequate technical capacity, political independence and coordinates across all sectors.

Vigilance on such macro factors and geopolitical and forecasts are re-evaluated frequently to determine possible future reactions of the operating landscape. Understanding the sensitivity of the industry, APL fulfills the requirements of customers and mark efforts for efficient stock management



in this extremely volatile market. APL ensured maximum supply at its retail outlets for meeting consumer demand during the acute shortage of products in June 2020.

Geopolitical and Security Risks

Geopolitics is a dominant distress for the companies in Pakistan operating in oil and gas sector and this can be observed as a source of both risk and opportunity. Although, law and order and security situation has improved within the Country; yet, the tendency driving towards aggressive political behaviour, global economics, commodity constraints and pricing, lower monetary growth, energy crisis, deficit in exports and unemployment with stagnant investment indicates that global instability is on the rise.

The recent global events i.e. COVID-19, new global energy landscape, technological advancements, trade competition between major economic players, economic sanctions and tensions on Iran and environmental concerns have affected the overall global

demand and supply. APL completely undertakes and believes that greater appreciation for the underlying dynamics of geopolitics in turn can catalyze the development of robust strategies and processes and can assist in making informed business decisions. Although the inherent complexity and uncertainty of these factors seem impenetrable at times, it is however possible for the Company to analyze the various political factors and constraints in detail while maintaining a strategic view of larger global trends to keep the Company's trajectory aligned with the overall vision.

Intense Competition

With over 700 retail outlets and strategically located bulk oil terminals across Pakistan, APL is one of the leading oil marketing company of the Country through which it serves both retail and industrial customers. With the backup support of group companies and collective experience of more than 100 years, APL stays proactive towards the global and domestic market trends. Moreover, imports during the year has supported the Company's strategic trade relations – further fortifying the company's resilience in terms of sourcing quality products and enhancing the Company's position of a guaranteed supplier of petroleum products for its valuable customer within the Country under any scenario.

Many new entrants have recently joined the industry and resulting in intense competition with various challenges and multiple opportunities as well. To counter the competition, the Company is strengthening its determinations on cashing the opportunities and to be the preferred oil marketing company of the nation. Focusing aggressively on its storage terminal network, enhancement of storage capacities, efficient energy management and streamlined filling and delivery mechanisms are some of the major initiatives that have been undertaken to consolidate the strengths and build upon them in times to come for generating more value for prestigious clients.



Human Resource

APL, being equal opportunity employer, is committed to induct talented and innovative professionals. Employees are taken as investment and their contribution towards profitability and growth of Company are fully valued.

Company fosters culture where the focus is on growth and development of their employees' managerial and technical skills. Company's supportive and positive culture has an advantage when it comes to attracting and retaining good employees.

APL appreciates and acknowledges the importance of its most important asset "Employees" and value them by recognizing their contributions. The compensation and benefit policies are designed not only to keep the employees motivated but also to attract and retain the competent individuals.

Employees are compensated with packages and benefits which encompass market competitive salaries, medical facilities, paid leaves etc., thus sending a powerful message to employees about their importance at the organization.

The Company takes its responsibility seriously in managing, supporting and dealing with all employee related matters including policy management, recruitment process, compensation and benefits, employment and labor laws, new employee orientation, training and development, personnel records retention, and employee engagement program.

Health, Safety, Environment and Security

APL is committed to an incident-free workplace, every day, everywhere. Our performance depends on our ability to continually improve the quality of the services we provide to our clients, while protecting people and minimising the impact on the environment. APL ensures an active commitment to HSE in all work activities wherever the Company operate. Staff members are responsible and accountable for ensuring compliance with all HSE policies, procedures and standards. It is important to always communicate openly on HSE issues with stakeholders and share with them experience and knowledge of successful HSE initiatives. Safety, security, health and environmental responsibilities at APL extend beyond protection and enhancement of our own facilities.

The Company is managing HSE and social performance in line with the local laws, the terms and conditions of relevant permits and approvals, international standards on safety. The Company also includes requirements





for integrating environmental and social factors into the plan, design and investment decision on new projects. This commitment is in the best interest of the all stakeholders including customers, employees, contractors, suppliers and communities. The Company's HSE policy is a true reflection of the fact that the business practices do not contravene to law pertaining to health, safety and environment.

In APL, security of employees, materials and installations is accorded high priority. All bulk oil terminals have been duly categorized as "Key Points" as defined in the Key Point Intelligence Division's pamphlet, "Security and Protection of Key Point, 1983". All recommended security measures for the Key Point, as enunciated in the pamphlet have been put into practice. Besides, the security environment is continuously monitored in close coordination with District Authorities, Law Enforcement Agencies and other relevant quarters to update the security standards regularly.

Information Technology Risk

Information technology risk includes internal factors such as the number and duration of systems failures, employee access controls, protection of confidential data and information, as well as external factors such as the introduction of advanced software and hardware into the industry and incidents of cybercrime.

The Company maintains a central database environment where online transactions are entered in real time. An automated procedure generates a daily data backup at midnight. Further, incremental and monthly backups are generated and maintained on hard drives and data tapes. An offsite backup mechanism is also in place as an additional measure to safeguard data integrity.

Disaster Recovery and Business Continuity Planning

Global trends, increased inflation, global economics, political chaos, fluctuation in global prices, commodity constraints and pricing, lower monetary growth, energy crisis, deficit in exports, unemployment, COVID-19, technological innovations and the increasing competition led to developing a need of evaluating the continuity of the business and to enhance the line of defence against such disruptions.

To enhance the resilient ability or to mitigate the impact of disaster, recovery plan enables bounce back from the worst disruptions with minimal damage. The Company has applied effective and efficient business practices for persistent and even business operations via strategic infrastructure development and alternative supply channels through various import lines. The Board reviews the usefulness of the system periodically to further improve any lapse or new ways to manage such events.

CORPORATE GOVERNANCE

The Company has created a culture where principles of corporate governance are embedded into the policies and practices adopted by the Company. Good corporate governance remains imperative to sustainable and progressive future. The Board has ensured that all activities carried out are at par with the best practices. Attock Petroleum Limited has taken steps to remain compliant with the recent changes in Corporate Governance framework implemented through Listed Companies (Code of Corporate Governance) Regulations, 2019. Although the new framework has allowed the corporate sector to either comply with the requirements or explain any deviations, APL managed to comply with all the requirements of the Code of Corporate Governance as enshrined. By virtue of this, the Company is highly trusted by the investors. Transparency in communication with stakeholders remains at core and implementation of a professional corporate culture is critical for complying with the principles of good governance at every step.

Annual Evaluation of Board, its Committees and Members

Code of Corporate Governance has been adopted by the Board in its true spirit. Performance of the Board members, Committees of the Board and Board as a whole effectively shape the overall performance of the Company hence remains essential. Implementing best practices can improve performance of the Board and Committees while performance of the members of the Board can be enhanced by promoting professional corporate culture.

The Code of Corporate Governance requires the Board to put in place a formal and effective mechanism for annual evaluation of the board's own performance, members of the board and of its committees. As required, Board of Directors of the Company has developed and approved an internal mechanism to evaluate the efficacy of the Board, its members and its Committees on an annual basis.

During the year, the Board and its Committees were evaluated using this mechanism to further improve the effectiveness of the Board. Developments in corporate governance are constantly reviewed and implemented to align the Board with principles of good corporate governance.





Role of the Chairman and CEO

The Chairman heads the Board of Directors and is appointed by the Board from amongst the Non-Executive directors. Heading the meetings, defining agendas and signing the minutes are the primary responsibilities of the Chairman and making sure that the duties of the Board of Directors are met. He also manages conflicts of interests arising, if any, and makes recommendations to improve performance and effectiveness of the Board. The Chairman, at the start of the term of Directors, intimates them regarding their roles, responsibilities, duties and powers to help them manage the affairs of the Company effectively.

The CEO manages the Company and is responsible for all of its operations. The CEO designs and proposes strategies and implements decisions of the Board. The CEO reports to the Board regarding the Company's performance and profitability along with suggesting improvements to enhance shareholders' wealth. The Board of Directors has clearly defined and segregated the roles and responsibilities of the Chairman and the CEO.

CEO Performance Review

The Board assesses the CEO's performance using key performance indicators set on financial and non-financial measures. The Board also discusses the prospects of the Company with the CEO to ascertain smooth operation of the Company's affairs.

The Board is well contented with the CEO's performance for the year. Multiple new ventures, improving market presence, Company's response to COVID-19 pandemic, up-gradation of the current bulk oil terminals along with construction of the new ones are a few examples of the Company's good performance during the year.

Directors' Training Programme

The Company ensures that it meets the requirements set forth by Securities and Exchange Commission of Pakistan (SECP) through Code of Corporate Governance and is complying with criteria of Directors' Training Programme (DTP). Three of the Directors, Mr. Babar Bashir Nawaz, Lt Gen (Retd.) Javed Alam Khan and Mr. Mohammad Raziuddin, have previously attended the Directors' Training Programme from a recognized institution of Pakistan approved by the SECP. Four of the Directors namely Mr. Laith G. Pharaon, Mr. Wael G. Pharaon, Mr. Shuaib A. Malik and Mr. Abdus Sattar meet the exemption criteria for this purpose.

Formal Orientation for Directors

The Directors are kept updated about the prevailing relevant laws and the current matters regarding corporate governance including changes in governance framework and regulatory changes. The Directors are well-equipped with a thorough and practicable knowledge of the various regulations under Companies Act, 2017 in addition to the Code of Corporate Governance. Further, newly appointed directors on Board are provided with extracts of relevant laws and regulations. The Chairman of the Board also communicates roles and responsibilities of Directors at the start of their term. Any changes in prevalent laws or newly issued notifications are shared with directors from time to time.

Whistleblower Protection Mechanism

Whistleblowing protection mechanism aspires to prevent or detect the probable attempts of defrauding the organization and other malpractices by its employees, customers or other stakeholders and ensures protection of the whistleblowers. It encourages the employees to highlight and report their concerns about malicious activities without any fear and prejudice.

This policy is predetermined to provide a platform for whistleblowers to call out their grievances and apprehensions to suitable pre-identified authority without any fear of retaliation such as discrimination, victimization, harassment etc., about any suspicious events/activities, which are against the policies of the Company or may have an obstructive impact on the business or goodwill of APL.

The Company stays confident that an authentic and transparent working environment is cultivated. Any claims made by the whistleblowers are properly inspected and scrutinized justly. The management reserves the right to put forth the assertions made by the whistleblower as deemed appropriate. No such occurrence of whistleblowing has been reported during the year.





disposal of Property, Plant and Equipment, approval of budgets, approval of financial statements, acquisitions and dividend declarations etc.

Operational level decisions, having 1-2 years medium-term implications, are delegated by the Board to the management including short term investments, sale/purchase contracts, implementation of policies, treasury, taxation and stock management and Board has given them the responsibility of day to day running of the Company.

Decisions taken by the Board and Delegated to Management

The Board of Directors ensures that the management upholds the vision and mission set by the shareholders of the Company. To achieve this objective, policies and objectives are set by the Board in such a manner that implementation by the management results in benefit to the Company. The Board is involved in toplevel strategic decisions having long-term implications including major investments, capital financing, capital expenditure,





Security Clearance of Foreign Directors

Foreign Directors require security clearance from Ministry of Interior through SECP. All legal formalities and requirements have been met and fulfilled in this regard at the time of election of directors of Attock Petroleum Limited.

Code of Conduct for Directors and Employees

The Code of Conduct has been circulated to all the directors and the employees of the Company for their compliance as required under Code of Corporate Governance, 2019. This Code provides the standard for professional behaviour in order to ensure



that the business is carried out in an honest and ethical manner.

Additional Disclosures

The Company is compliant in all respects with the Code of Corporate Governance. Specific statements are being given hereunder:

- The financial statements, prepared by the management, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- 2) Proper books of account have been maintained.
- 3) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- 5) The system of internal control is sound in design and has been effectively implemented and monitored.
- 6) There are no significant doubts upon the Company's ability to continue as a going concern.

- Significant deviations from the last year's operating results have been disclosed in this Report.
- 8) Key operating and financial data of the last 6 years in summarised form is annexed with the Report.
- 9) All major Government levies in the normal course of business, payable as at June 30, 2020, have been cleared subsequent to the year-end.
- 10) The Company does not envisage corporate restructuring or discontinuation of its operations in the foreseeable future.
- 11) The values of investments in employee retirement funds based on the latest audited accounts as of June 30, 2020 are as follows:

Employees' Gratuity fund Rs 133.944 million

Employees' Provident fund Rs 252.378 million

12) The total number of Company's shareholders as at June 30, 2020 was 3,857. The pattern of shareholding as at June 30, 2020 is annexed.



A separate statement of compliance with the Code of Corporate Governance signed by the Chairman of the Board of Directors and Chief Executive Officer is included in this Annual Report.

Adequacy of Internal Financial Controls

Internal financial controls of the Company have been formulated and implemented by the Board of Directors through various policies. These controls have been put in place to ensure efficient and smooth running of the business, safeguarding of Company's



assets, prevention and detection of fraud and errors, accuracy and completeness of books of accounts and timely preparation of reliable financial information. Adequate internal controls provide reasonable assurance about the achievements of Company's objectives through reliable financial reporting. Compliance with applicable laws and regulations also depends upon internal controls and the Company has dependable internal controls put in place to make sure that regulatory requirements are complied with. Internal Financial Controls are periodically reviewed to ensure these remain effective and are updated with changing laws and regulations.

Board of Directors Structure, its Committees and Meetings

The status of each director on the Company's

Board whether male, female or non-executive, executive or independent has been disclosed in the Statement of Compliance as required under Code of Corporate Governance, 2019.

During the year the Board remained actively involved in performing their duties under various laws and the Memorandum and Articles of Association of the Company with the ultimate objective of enhancing the profitability of the Company thus increasing shareholders return. The Board possesses necessary skills, competence, knowledge and experience to deal with various business issues. The Chairman of the Board is a nonexecutive director.

During the year, five meetings of Board of Directors were held for review of periodic Financial Statements as well as for consideration of significant and routine matters including those referred to it by Board committees.

Audit Committee

The Audit Committee consists of four members comprising of non-executive directors including two independent directors and the Chairman of the Committee is an independent director having relevant expertise and experience. The Audit Committee met four times during the year and these meetings were held prior to the Board meetings.

Human Resource & Remuneration Committee

The Board Human Resource and Remuneration (HR&R) Committee comprises of two non-executive directors and Chief Executive Officer. Chairman of the Committee is an independent director. The Committee met once during the year to review the HR related agendas.

				led / Eligible to attend
Sr. No.	Name	Board of Directors meetings	Audit Committee meetings	HR&R Committee meeting
1	Mr. Laith G. Pharaon*	5/5	-	1/1
2	Mr. Wael G. Pharaon*	5/5	-	-
3	Mr. Shuaib A. Malik	5/5	-	1/1
4	Mr. Abdus Sattar	5/5	4/4	-
5	Mr. Babar Bashir Nawaz	5/5	4/4	-
6	Lt Gen (Retd.) Javed Alam Khan	4/5	3/4	-
7	Mr. Mohammad Raziuddin	5/5	4/4	1/1

Attendance by Directors in the Meetings

*Overseas directors attended the meetings either in person or through alternate directors

The Board, or concerned Committee, granted leave of absence to those directors who could not attend a meeting.

The above is an exhaustive list of all persons who have remained director of the Company during the year.

Meetings held outside Pakistan

During the year ended June 30, 2020, two meetings of the Board of Directors were held outside Pakistan. The meeting to review and approve Annual Financial Statements for the year ended June 30, 2019 and the meeting to review and approve Financial Statements for the six month period ended December 31, 2019 were both held in Dubai U.A.E.

Directors' Remuneration Policy

Board of Directors of the Company has approved the Policy for Honorarium/ Remuneration of directors for attending board meetings. Meeting fee has been fixed



Remuneration package of executive directors including chief executive disclosing salary, benefits, bonuses, other incentives etc have been mentioned in Note 35 to the financial statements.

Policy for Related Party Transactions

All transactions with related parties are carried out in ordinary course of business on an arm's length basis. Further, in accordance with the Section 208 of the Companies Act, 2017 and Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018, the Board of Directors have approved the policy for related party transactions not carried out at arm's length or not in the ordinary course of business. The policy provides for the disclosure of minimum information in respect of related party transactions, responsibility of the Board, nature of transactions and pricing methods to be followed in carrying out these transactions.

Members of the Board have also been apprised regarding their responsibility for disclosure of interest in a contract or arrangement with related parties as required under Section 209 of the Companies Act, 2017. A register of information received from directors in this regard is also being maintained as per the statutory requirement. Transactions where the majority of directors may be interested are referred to general meeting for shareholders' ratification and approval.

In accordance with the requirements of Code of Corporate Governance, the details of transactions carried out with all related parties are periodically placed before the Board Audit Committee and presented to Board for review and approval.

AUDITORS

The present auditors Messrs A. F. Ferguson and Co., Chartered Accountants, a member firm of the PwC network, retire and are eligible for reappointment for the year 2020-21. They have offered themselves for reappointment. The Audit Committee of the Board has recommended the re-appointment of the retiring auditors for the year ending June 30, 2021 along with their remuneration to the Board. The Board has recommended the same for the approval of the shareholders in the forthcoming Annual General meeting.

FORWARD LOOKING STATEMENT AND FUTURE PLANS

As a leading energy company operating in challenging world, APL aims to set high

standards for uninterruptedly supplying of finest petroleum and energy products and remarkable services across Pakistan. Building on our core values to sustain a competitive edge in the market, various opportunities are vigorously followed and exploited with our distinctive strengths & capabilities, and efficient responding to transitional impacts.

The management highlights and prioritizes the importance of timely adaption of technological advancements, maximizing shareholder value, operational progressions, developing alliances and infrastructural expansions. APL continuously seeks to improve performance with an emphasis on health, safety, security, environment as well as adhering to principles, values and compliance ethics, the Company dynamically takes strategic steps to progress and excel the experiential and unique specialties for its customers.





The Company is establishing Bulk Oil Terminals at strategic locations and focusing on increasing number of storage facilities to guarantee continuous supplies. Some major projects and developments underway and accomplishments are as follows:

- Construction of Bulk Oil Terminal at Daulatpur has been completed and successfully commissioned in January 2020.
- Construction of Bulk Oil Terminal at Sahiwal has been completed and successfully commissioned in March 2020.
- Storage expansion at Machike Bulk
 Oil Terminal has been completed and successfully commissioned in June 2020.
- Pipeline Connectivity of Mehmood Kot Bulk Oil Terminal and Shikarpur Bulk Oil Terminal with PAPCO Terminals has been completed in April 2020 and August 2019 respectively.
- Construction of Bulk Oil Terminal at Port Qasim is in progress at site for earliest commissioning. Terminal will be connected with FOTCO and WOP system for the receipt of imported products and dispatch of products to mid-country through white oil pipeline.

 The Engineering Design of new storage terminals at Gatti (Faisalabad), Tarujabba (Peshawar) and Dera Ismail Khan has completed. Project execution is expected to commence in next financial year.

The management considers that the new infrastructure developments will assist the Company to cater to volatility within the rapidly evolving operational and marketing dynamics within the industry. APL proactively develops abilities to achieve strategic ambitions by effectively answering the fluctuating market forces. The management continuously evaluates the external environments and the drivers that shape them to assess variations in competitive forces and dynamics, and timely responding and decision making.

The Company is optimistic that these developments will not only increase effectiveness and efficiency of the operations but also boost sales and help to attain cost efficiencies in terms of freight advantages.

With the emerging trend and transition of a greener environment, APL aims and supports to power progress with more and



cleaner energy solutions for a lower-carbon and healthy economy. APL also proactively functions for energy conversations projects as follows:

- The Company is continuously working on energy conservation to optimize energy consumption at its various locations across the Country by introducing energy efficient equipment. All High Pressure sodium and Mercury lights have been replaced with efficient LED & SMDs Lighting system for energy savings at Rawalpindi, Machike, Sahiwal, Daulatpur and Korangi terminals and has planned to follow this on all terminals in the coming future.
- To compete with latest technological challenges, APL is going to make operational its first EV Charger installed at retail outlet in Blue Area Islamabad within first quarter 2020-21.

The Company has diversified portfolio of teams led by exceptional leaders that deliver best business performances. The Company aims to develop the leaders of tomorrow by allowing them and providing them with the opportunities of jobs and investments to progress in the area which provides them to expand their capabilities. Geographical diversity and presence allows the Company to utilize and align new resources and tap growing & niche markets – developing diverse integrated portfolio. APL foremost aims to benefit the government and local communities by sustainable business growth investing in the long term interests of the shareholders, partners and society.

Going forward, with regards to after effects of COVID-19 pandemic, the management has taken appropriate steps in terms of strategizing to deal with the challenges presented by this exceptional scenario. The Board has provided guidance to the management to ensure business processes continue in order to minimise the impact. A framework, at various levels within the Company, has been formulated to deal with safety of employees and those who come in contact with the staff members, in general and specific policies are being adopted to minimise the financial impact of the loss of revenue and aligning the Company such that the Company can maximize its returns by exploiting opportunities which shall present during the recovery from effects of COVID-19.

Trends and uncertainties affecting Company's revenues and operation

Fluctuations in the price of oil due to external environmental factors as discussed above have significantly affected not only the Company's operations but also severely impacted the Company's ability to generate income. Global events and a series of geopolitical and market factors have driven the unrest and instability of prices and has impacted undesirable trends for major oil producing nations. Similarly, dependence of supplies on imports amid fluctuating exchange rate and volatile prices may affect the revenues and operations of the Company. Such volatility in the oil prices coupled with the currency exchange fluctuations and varying demand patterns has created many variables that result in numerous challenges which the Company has to face on a day to day basis. APL strives to cope up with these uncertainties in an optimum manner.

Performance related to forward-looking disclosure made in last year

The Company has expanded its retail network with inclusion of many new retail outlets operating under Company Financed and Company Operated Model details of which are covered under the Company's Sales and Marketing Review above.

APL successfully completed the construction of Sahiwal and Daulatpur Bulk Oil Terminal.

Not only overall storage capacities have been improved but it also assisted the Company to be in a position to enhance market share in South Region covering interior Sindh and Balochistan area. Similarly, construction on bulk terminal at Port Qasim has further progressed and will be operational and running at its full capacity soon.

Within a span of two years, Attock Smart Fuel Card facilities are being offered in major urban and sub urban sites of Pakistan and has covered 25% of its overall retail network and is progressively penetrating further.

The contracts and fuel arrangements of supplies to defense sector of Pakistan for the year 2019-20 were accomplished successfully and APL has managed to win the JP-1, SKO & HOBC contracts for the year 2020-21 based on previous exceptional and outstanding services.

ACKNOWLEDGEMENT

The Board would like to thank and appreciate shareholders, customers and strategic partners for placing their confidence and trust to steer the Company in this time of distress. The Board expresses its gratitude towards dedication and commitment presented by employees. The Board also extends its appreciation and gratefulness to Government of Pakistan, regulatory bodies and suppliers for their resolute cooperation.

On behalf of the Board

Shuaib A. Malik Chief Executive

Mallaz

Abdus Sattar Director

Rawalpindi. August 26, 2020



PATTERN OF SHAREHOLDING

As of June 30, 2020

Corporate Universal Identification Number 0035831 Form-34

Sr. No.	Number of Shareholders	From	То	Total Shares Held	Percentage
1	075	1	100	01 400	0.000
1 2	675 972	1 101	100 500	31,493 271,164	0.032 0.272
2	463	501	1000	352,110	0.354
4	1392	1001	5000	2,420,204	2.432
5	150	5001	10000	1,126,413	1.132
6	57	10001	15000	683,812	0.687
7	30	15001	20000	521,214	0.524
8	20	20001	25000	467,452	0.470
9	20	25001	30000	566,537	0.569
10	4	30001	35000	126,386	0.127
11	7	35001	40000	260,410	0.262
12	4	40001	45000	168,601	0.169
13	5	45001	50000	243,030	0.244
14	3	50001	55000	160,920	0.162
15	2	55001	60000	120,000	0.121
16 17	2 2	60001	65000	124,966	0.126
17	2	65001 70001	70000 75000	132,413 144,316	0.133 0.145
19	1	75001	80000	75,432	0.076
20	2	80001	85000	167,990	0.169
20	2	85001	90000	175,200	0.176
22	-	90001	95000	94,700	0.095
23	4	95001	100000	387,729	0.390
24	1	100001	105000	104,000	0.104
25	1	110001	115000	111,280	0.112
26	2	130001	135000	266,099	0.267
27	1	135001	140000	139,100	0.140
28	2	140001	145000	289,000	0.290
29	1	145001	150000	147,400	0.148
30	2	150001	155000	305,114	0.307
31	1	155001	160000	160,000	0.161
32	2	160001	165000	323,600	0.325
33 34	1 1	170001 185001	175000 190000	172,338 187,806	0.173 0.189
34 35	1	200001	205000	200,320	0.189
36	1	205001	210000	200,320	0.201
37	1	210001	215000	212,940	0.200
38	2	245001	250000	496,040	0.498
39	-	285001	290000	286,620	0.288
40	1	420001	425000	420,480	0.422
41	1	465001	470000	465,240	0.467
42	1	480001	485000	480,400	0.483
43	1	510001	515000	513,120	0.516
44	1	595001	600000	600,000	0.603
45	1	655001	660000	660,000	0.663
46	1	905001	910000	906,334	0.911
47	1	1025001	1030000	1,029,592	1.034
48	2	1605001	1610000	3,213,104	3.228
49 50	1	2185001	2190000	2,189,721	2.200
50	1	6640001	6645000	6,643,385	6.675
51 52	1	6980001	6985000	6,984,714	7.017
52 53	1 1	7000000 21770001	7005000 21775000	7,003,220 21,772,965	7.036 21.875
53 54	1	34215001	34220000	34,219,376	34.380
54	3857		07220000	99,532,800	100.00
				00,002,000	100.00

CATEGORIES OF SHAREHOLDERS

As on June 30, 2020

Sr. No.	Categories	Number of Shareholders	Shares Held	Percentage	
1	1 Directors, Chief Executive Officer, their Spouses & Minor Children				
	Mr. Laith G. Pharaon		1	0.00	
	Mr. Wael G. Pharaon		1	0.00	
	Mr. Shuaib A. Malik		6,643,385	6.67	
	Mr. Abdus Sattar		720	0.00	
	Mr. Babar Bashir Nawaz		1	0.00	
	Mr. Mohammad Raziuddin		1	0.00	
	Lt Gen (Retd.) Javed Alam Khan		60	0.00	
	Mr. Iqbal A. Khwaja		15,955	0.02	
	Mr. Rehmat Ullah Bardaie		105	0.00	
		9	6,660,229	6.69	
2	Associated Companies, Undertakings and Related Parties				
	* Pharaon Investment Group Limited (Holding) s.a.l		34,219,376	34.38	
	* Attock Refinery Limited		21,772,965	21.87	
	Attock Petroleum Limited Employees Welfare Trust		7,003,220	7.04	
	Pakistan Oilfields Limited		6,984,714	7.02	
	The Attock Oil Company Limited		2,189,721	2.20	
		5	72,169,996	72.51	
3	National Investment Trust & Industrial Corporation of Pakistan	1	60,274	0.06	
4	Banks, Development Finance Institutions, non Banking Financial Institutions	11	5,584,392	5.61	
5	Insurance Companies	11	2,034,079	2.04	
6	Modarabas & Mutual Funds	29	2,249,150	2.26	
7	General Public				
-	a. Local	3608	7,969,992	8.01	
	b. Foreign	4	43,140	0.04	
8	Others				
	Trust and Funds	109	1,729,024	1.74	
	Joint Stock Companies	68	932,124	0.94	
	Foreign Companies	2	100,400	0.10	
	* Shareholders Holding 10% or More				
	Trade in shares by Directors, Executives, their spouses and minor children during 2019-20 :				
	Shuaib A. Malik (Chief Executive Officer & Director)			1,600	
	Juhammad Kamran Malik (Executive)			500	

Except for detail given above no trade in shares was reported by Directors, Executives*, their spouses and minor children from July 01, 2019 to June 30, 2020 in the shares of Company.

*"Executive means Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary and other employees of the Company who are drawing an annual basic salary of Rs. 1,200,000 or more".

OTHER CORPORATE GOVERNANCE MATTERS

Investor Grievance Handling

Investor satisfaction is the prime focus of the Company to retain long lasting relationship with its prestigious investors. The Company's existing and potential investors are allowed access to information regarding Company's operations in addition to details of investments, dividend distribution or circulation of regulatory publications.

Investor Grievances are managed centrally by Company Secretarial Matters (CSM) section. The section has an effective Investor Grievance redressal mechanism in place to handle investor's queries and complaints promptly and effectively. The Company's grievance handling is supported by a review mechanism to minimize recurrence of similar issues in future.

- Investors' queries and complaints are dealt with courtesy at all the times.
- Investors have facility to call on the contact number provided for the purpose on the Company's website.
- The Company has maintained an investor's relations section on the website.
- An email ID is designated for the investor's queries and complaints.
- Feedback/complaint forms are available on website where investors can lodge their complaints at any time.
- Complaints are addressed by designated employees without any delay. The CSM section has maintained a record of complaints mentioning status of pending complaints and their resolution.

Issues raised at last AGM

The Annual General Meeting provides the best platform to interact with the shareholders of the Company. Last AGM of the Company was held on September 17, 2019 at which queries of shareholders were appropriately responded.

• On a shareholder's query regarding drop in POL products sales volume it was stated that geopolitical scenario around the region has affected the whole industry and the Company's sales volume decline is lower than the industry. Company has focused on retaining its existing market share in time of dropping volumes in industry and will exploit any available opportunities to retain and grow its market share.

- On the query of Company's plans/ initiatives regarding reduction in usage of hydrocarbons due to alternate fuels, it was stated that the Company will adapt and behave accordingly on introduction of alternate fuels. A group company has already established to provide solar and other alternative energy solutions.
- Application of IFRS-9 and IFRS-16 was inquired about. It was stated that IFRS-9 has already been adopted. Further IFRS-16 is now being adopted by the Company with effect from July 01, 2019.
- Status of recovery of freight charges and petroleum levy by OGRA on supplies to special freight areas was inquired about. As on June 30, 2020 the case is still pending and the Company and its legal advisor are confident that the matter will be decided in favor of the Company by the High Court.
- A query was raised about the status of letter from Ministry of Energy to Economic Coordination Committee (ECC) for allowing recovery of the previous month's exchange losses from the consumers, it was stated that matter is under consideration of ECC. Exchange rate adjustments are now allowed by the ECC decision dated April 04, 2020 in this regard.

Conflict of Interest Management

A formal Code of conduct is in place governing the actual or perceived conflict of interest relating to the Board members of the Company. Under the guidelines of code of conduct every director is required to disclose about his interest in any contract, agreement or appointment etc. These disclosures are circulated to the Board and it is ensured that interested director does not participate in decision making and voting on the subject. The effect to the above facts is recorded in minutes of meeting, if any. Any such conflicts of interests are recorded in Company's statutory register while disclosures of related party transactions are provided in financial statements.

Safety of Records of the Company

To ensure prompt and accurate retrieval of records, protection of vital information in the event of disaster and to ensure compliance with legal and regulatory requirements, the Company has an established procedure for preservation of records holding significant value, in line with good governance practices and administrative requirements.

Records include books of accounts, documents pertaining to secretarial, legal, taxation and other matters etc. Key records are archived in a manner to protect them from physical deterioration, accidental fire and natural calamities.

- Documents in physical forms are stored at specifically designated record rooms with proper safety features.
- Financial data and other records in the ERP system are periodically backed up at various servers and protected under secure access protocols.
- Paperless environment is also being promoted and an e-record management system is being put in place to safeguard the records of the Company along with optimizing storage spaces.

Investors' Relations Section on APL Website

Detailed Company information specified under the relevant regulations, including but not limited to financial reports, financial highlights, investor's notices/ announcements, pattern of shareholding, dividend declarations and much more have been placed on the Company's website: "www.apl.com.pk". The Company is in full compliance with the current SECP regulations relating to the maintenance of functional website by the listed companies. A Compliance Certificate by the Chief Executive is placed on the website as well.

The comprehensive "Investor Relations" section on the Company website can be used to promote investor relations and to facilitate investors' access for grievance or other queries.

APL ensures to present the latest information by regularly updating its website and to improve the websites' usability for its shareholders and investors.

Governance practices implemented exceeding legal requirements

The Company has created an environment where best practices of corporate governance have been adopted to ensure that ethical behavior, good moral conduct and dedication to excel is embedded in to the Company's culture. Adherence to highest standards of corporate reporting apart from meeting the minimum requirements of the law is pivotal to the Company's corporate reporting framework.

The Company focuses on following practices of good governance in addition to mandatory requirements:

- Compliance with criteria for Best
 Corporate Reports issued by joint technical
 committee of ICAP/ICMAP.
- Compliance with criteria for Best Presented Reports issued by SAFA.
- Compliance with criteria for selection of Top 25 companies issued by PSX.

The Company has won various awards in the above categories. Further, additional financial disclosures including financial ratios, reviews, graphs and comments on these analyses are also made for transparency and effective communication with stakeholders.

Diversity within Human Capital

APL being an equal opportunity employer extends employment opportunities to individuals based on merit encouraging diversity in terms of gender, ethnic background, age, physical ability etc. The selection process ensures a mix of various characteristics and cultural/ethnic diversity. The Company has planned objectives for diversification of human capital and gratifying career opportunities are provided to make sure that an encouraging working environment is created in the organization. Competent professionals are hired keeping in view the objective to provide them with a progressive career focusing on utilizing the maximum potential.

Other Directorships of Directors

Following is the detail of executive directors serving as non-executive directors in other companies:

Sr. No.	Name	No. of Companies*	
1	Mr. Shuaib A. Malik	06	
2	Mr. Rehmat Ullah	01	
	Bardaie (Alternate		
	Director)		

* Refer to Page 34 (Profile of Board of

Directors) for complete details regarding other engagements.

Board fee earned by Executive Director

Executive Directors of the Company hold position of Non-Executive Director in other companies as disclosed above. Fee for services as Non-Executive Director on the Board of these Companies, in case listed on PSX, is paid in accordance with the policies approved by the Board of Directors of those respective companies.

Presence of Chairman Audit Committee at AGM

Chairman of the Audit Committee is present at the AGM to answer questions on the audit committee's activities and matters within the scope of audit committee's responsibilities. Chairman Audit Committee, Mr. Mohammad Raziuddin was present at the last AGM held on September 17, 2019 to answer queries of shareholders regarding above mentioned matters.

Steps taken by management to encourage minority shareholders to attend AGM

The management encourages shareholders to attend the general meetings of the Company. Date, time and venue of the meeting to be held is timely published in English & Urdu newspapers having circulation in Rawalpindi (location of registered office) and Karachi (registered address of majority of shareholders) along with timely intimation of the same to Pakistan Stock Exchange for information of the shareholders. Further, the same is also published on Company's website.

Corporate Briefing

Endeavoring Pakistan Stock Exchange's introduced reforms towards development of a fair and efficient market by promoting a culture of sound corporate governance practices; A Corporate Briefing Session was held by APL for the Analyst community and Shareholders on September 17, 2019 in compliance with the mandatory requirement of holding corporate briefing by listed companies. All the queries raised by participants related to Company's performance and its future prospects were satisfactorily responded in the session.

Understanding views of major shareholders

Major shareholders of the Company include Pharaon Investment Group Limited (Holding) s.a.l, Attock Refinery Limited, Pakistan Oilfields Limited and Attock Petroleum Limited Employees Welfare Trust. Non-executive directors represented by these entities are elected on the Board, Periodic Board meetings provide a platform where the vision of major shareholders is communicated and discussed amongst the Board members in respect of formulation of strategies and overall outlook of the Company. Further, shareholders also express their views in Annual General Meeting of the Company. Analysts are also apprised of Company's performance and challenges faced in implementing strategies are discussed with them from time to time.

External Search Consultancy for appointment of Chairman and Non-Executive Director

No search consultancy (connected or unconnected with the Company) has been used for the purpose of appointment of Chairman and Non-Executive Directors.

Chairman's Significant Commitments

The Chairman is committed towards protecting shareholders' wealth and creating sustainable returns while securing the interests of all stakeholders at the same time. The Chairman effectively plays its role of guiding the Board of Directors in devising and implementing medium to long term strategy of the Company adhering to the Mission statement. Responsibilities undertaken by the Chairman are briefed in the Role of Chairman section of the Directors' Report included with this Annual Report.

Pandemic Recovery Plan

The Company is well geared for mitigating any potential impact of ongoing COVID-19 situation through the recovery plan adopted and implemented by the management. Various steps have been taken in this regard and are briefed in Director's Report included with this Annual Report.

Disclosure of Beneficial Ownership

Details of group shareholding and nature of relationships of associated companies is disclosed on Page 18 of the Annual Report.

Disclosures Beyond BCR Criteria

The Company's Management encourages inclusion of voluntary additional disclosures in its Corporate Report, beyond the requirement of Best Corporate Report Criteria of ICAP & ICMAP, on any minute information which is relevant to the needs of its stakeholders and ensures the communication of a comprehensive view about the Company's strategies, governance, performance and prospects, in the context of its external environment, which lead to the creation of value over the short, medium and long term.



STAKEHOLDER ENGAGEMENT

Stakeholders

Management of Stakeholder Engagement

Effect and Value to APL

Institutional Investors/ Shareholders The confidence put in the Company by the investors is honored and acknowledged by providing them with a steady rate of return on their investment. General meetings provide the shareholders a platform to voice their concerns and raise their queries which are addressed appropriately. The Company also engage shareholders through issuance of annual/quarterly financial reports and notices/updates.

The financiers of capital help APL: • Convert its business

- plans into actions.Achieve its business
- targets.

Customers and Suppliers

The Company's primary customers include dealers, distributors and institutional customers. APL Customer Relationship Management is beyond extending credit facilities and trade discounts. Periodic engagements are held with customers in the form of dealers/ distributors conference. Various informal meetings are also held with customers and suppliers to maintain effectiveness of Supply Chain Management.

Customers' loyalty and effective supply chain is the key to the Company's sustainable business growth.

Banks

Banks and other financial institutions are engaged by the Company on regular basis in relation to negotiation of mark-up rates, short term financing arrangements, deposits and investments. Banks are also consulted on issues linked with letters of credit and payments to suppliers, along with other disbursements of operational nature including payment of dividends and foreign remittances.

Bank dealings are central to the Company's performance in terms of:
Access to better interest rates and financing terms.
Efficient Customer

Service.

Media

The Company engages with the media through regular press releases regarding key achievements. Statutory notices and other public announcements required by law are generally circulated through print media. Multiple mediums are also used for advertisement and marketing purposes. Employees of the Company have made appearances on media as well, for brand advertisement and awareness. Retail prices are notified through press-gazette. Furthermore, the website of the Company is also used as a medium to communicate information to stakeholders.

Media communication of the Company's achievements helps strengthen APL brand image.

Awareness of the company's status and activities is developed among the general public and potential investors. **Stakeholders**

Effect and Value to APL

Regulators

APL prides itself for being a responsible corporate citizen. The Company abides by the laws and regulations of the Pakistan and makes certain that all the requirements of relevant regulators are met in a timely manner. Regulators are continuously engaged at various local, provincial and federal levels. Various statutory forms and returns are periodically submitted as per requirements of the law in addition to the information required by regulators. Company constantly liaisons with the Government authorities and regulators in terms of matters/ issues relating to energy requirements of the Country.

Country's laws, regulations and other factors controlled by the Regulators, set operating guidelines for the Company.

Analysts

The Company regularly engages with analysts on its financial and operating results, with due regard to regulatory restrictions imposed on inside information/trading. A corporate briefing session is held by the company during FY 2019-20 for Analyst community.

Providing required information to analysts helps:

- Attracting potential investors.
- Clarifying misconceptions /
- market rumors.

Employees

Focus on the Company's most valuable resource "our competent and committed workforce" is the base of APL's Human Resource Strategy. Multiple in-house and external training are conducted for continuing professional developments of our employees. APL provides a nurturing and employee friendly work environment. APL has also invested in health and fitness activities for its employees.

The competent employees are the backbone of the Company. The Company's strategic, operational and tactical decisions taken by management are effectively implemented through our committed workforce.

General Public

Being a good corporate citizen, APL always tries to add value to the society. APL engages with general public at large through its CSR activities.

A contented and peaceful nation fixes the roots for a prosperous society.

CORPORATE SUSTAINABILITY

The company aims to create long-term stakeholder value through the implementation of a business strategy that focuses on the ethical, social, environmental, cultural, and economic dimensions of doing business throughout the whole value chain.

Transparency is promoted by having an engaging environment within the company and within the community and is attained through open communications with stakeholders characterized by high levels of information disclosure, clarity, and accuracy.

Consumer Protection Measures

In line with its vision, APL always strives to protect its valued customers by providing the highest quality products and services. Our quality assurance team ensures premium quality of petroleum products received at our terminals and supply points. We ensure consistency in quality and quantity of all the products supplied to customers at retail outlets and other valuable clients by employing state-of-the-art ground and mobile Quality Assurance Labs - equipped with modern apparatus followed by quick responsiveness to queries on quality whenever required by the customers.

APL's quality policy statement enlightens Company's vision towards continuous quality improvement.

Quality Policy Statement

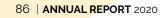
It is the policy of Attock Petroleum Limited to provide quality products and services based on needs of our valued customers. We approach the challenge of getting customer satisfaction and loyalty by focusing on two-way communication, unparalleled performance, training, learning from our group experiences and those of others, to foster continuous improvement culture in all functions of organization.

To further enhance its commitment towards Quality, APL management has set the following quality objectives:

- The primary objective of the Quality Management System is to ensure conformance to product specifications of all goods shipped to customers.
- Clearly identify and understand our internal and

external customers stated and hidden needs, to develop a way of working to meet and exceed the expectations of customers.

- Provide confidence to management, our employees, clients, and stakeholders that the requirements for quality are being fulfilled and maintained and that quality improvement is continuously taking place.
- To develop measurement techniques to gauge performance for improving effectiveness of our services, operations and quality management system.







- Fulfill all quality system requirements stated in our Quality Manual, including the requirements of ISO <u>9001:2015</u>.
- To be a trustworthy and leading oil marketing organization for providing consistent high quality products and services in the market.

With this vision we want to create a culture of continuous quality improvement at APL.

Industrial Relations

APL is the member of Oil Companies Advisory Council (OCAC) a forum of oil industry which is responsible to ensure that its members i.e. refineries and OMCs abide by the ethical standards, observe regulations applicable to industry, including those related to HSEQ, laws of country, conduct business with integrity and honesty. The Downstream Oil Sector (Refining, Marketing, and Distribution) plays a very significant role in Pakistan's economic development, ensuring uninterrupted supply of petroleum product to the country in order to keep the wheels of the economy moving.

Business Ethics & Anti-Corruption Measures

The Company is committed to conduct/govern its business operations and relationship honestly and will not pursue any activity that requires to act unlawfully or in violation of the Code of conduct. Ethical codes and policies are implemented to eliminate corruption; each director and employee is expected to deal fairly with Company's customers, suppliers, competitors and other employees. No one is to take unfair advantage of anyone through manipulation, abuse of privileged information, or any other unfair practice. The Company has zero tolerance to all types of corrupt practices. All employees are required to sign the compliance of Code of Conduct annually, certifying adherence to business ethics and anti- corruption measures.

Contribution to National Exchequer

Please refer to Page 47 for details.

ENVIRONMENTAL RESPONSIBILITY

Our approach to sustainability includes sharing benefits with the communities where we operate. And we're helping to shape a more sustainable energy future, by collaborating with others on global energy challenges. Compliance to all regulatory requirements as stated in NEQS is strictly adhered to and all operations are carried out in such a way so as to have minimal impact on the environment. Advanced technology, new ways of operating and partnerships are helping to manage our environmental impact as we contribute to meeting the world's growing energy needs.

Moreover, Company continuously keeps on imparting awareness among its employees and its stakeholders-customers, suppliers, and the entire community on their responsibility towards the Environment and motivate them to act on matters such as waste reduction or energy efficiency.

Environmental Protection Measures

APL is pledged to offer priority to the protection of environment in the conduct of its business. Our Environmental Management System (EMS) is aimed to provide safest and healthiest possible working conditions to its employees and to the people working in outside environment.

For the purpose of protection and betterment of environment APL sticks to the following principles:

- To comply with all existing environmental laws and other requirements in this context and also endeavor to set achievable goals and targets to go beyond prevailing environmental laws.
- To motivate its employees for setting environmental targets and objectives.
- To take corrective and preventive actions for proper functioning of the system.
- To train its employees to recognize and handle unsafe or environmentally harmful conditions.

There will be qualitative and quantitative (where possible) estimation of environmental aspects and impacts. The contents of this policy will be accessible to all the employees, interested parties and the public living in the surrounding environment.

With this pledge at hand we aim to continuously improve our Environmental Management System (EMS).



Attock

COMPANY

OPER ATEC

DIESEL



Environment, Health & Safety Policy

Attock Petroleum Limited's overriding objective is to ensure that none of our activities harm our employees, the public or the environment. In order to achieve this objective, we embrace a comprehensive policy on the Environment, Safety and Health that includes:

- We consider that none of our activities are more important than health and safety of any individual or protection of environment.
- As a minimum we will comply with all relevant legislation and any other requirements to which we subscribe.
- We will encourage a pro-active safety culture and ensure that each employee is trained, experienced and competent to perform his or her duties.
- We will strive to remove all causes of accidents and events and to minimize the consequences of such if they occur.
- We will ensure that all our operations are performed, and seen to be performed safely.
- We will strive to continually improve performances in all areas of EHS performance and priorities on the basis of risk.
- We will apply our EHS policy, standards, objectives and targets to our Retail Outlets, Distributors, Dealers and Contractors.

Energy Saving Measures

Lighting system is a substantial energy consumer and rapidly growing source of energy demand in industries, which is also a major component of the



service costs. However, Enormous energy savings are possible using energy efficient equipment and effective controls. Using less energy consuming lighting system reduces heat gain. Electric lighting also strongly affects visual performance and visual comfort by aiming to maintain adequate and appropriate illumination.

Following the ritual of sustainable growth & corporate social responsibility, APL is continuously working on energy conservation to optimize energy consumption across the country. The Company took initiative for energy saving by replacing all existing conventional lighting system with energy efficient LED lights and has completed the replacement at all its Oil terminals RBT, MBT & KBT enabling significant reduction in energy consumption. During the year all conventional lights are replaced with LED lights at office blocks of Rawalpindi Bulk Oil Terminal. Only these energy efficient LED lights are now being installed at the Company's new oil terminal.

The Company further plans to fully or partially switch over to solar generated electricity wherever feasible.

EFFORTS MADE TO MITIGATE ADVERSE IMPACT OF INDUSTRIAL EFFLUENTS

Waste Management Plan

APL Waste Management Plan (WMP) provide a comprehensive methodology for the minimization, proper management and disposal of wastes generated during the operation, with the aim of protecting the environment, the health and safety of employees. To facilitate achievement of the Waste Management Plan, a series of specific waste management objectives are being followed:

• Apply the Waste Management Policy to its full extent to protect people, the environment and company assets.

- Achieve and maintain compliance with the National Environmental Quality Standards of Pakistan.
- Ensure that all wastes are managed appropriately and safely according to their characteristics, composition and the availability of recycling, appropriate storage and/ or disposal options.
- Appropriate standardized waste management documentation and reporting systems.
- Ongoing commitment for the minimization of waste, including the



optimum reuse and/ or recycling of materials, and establish goals & measures to target waste minimization.

 Promote and pursue 'continuous improvement' in management of wastes.

All the waste from facilities is segregated into Class I (Hazardous), Class II (Non Hazardous) and Class III (Inert) waste. The hazardous waste is properly disposed-off through incineration process, whereas nonhazardous waste is recycled through approved third party contractors.

Effluent Monitoring

APL has committed to comply all environmental applicable and regulatory requirements and ensures its effectiveness through NEQS as per Pakistan environmental protection act. To comply with all existing environmental laws and other requirements APL monitors environmental emissions and effluent at all its installation through recognized Laboratories and renowned testing laboratories on an annual basis for the compliance of NEQS.



HSE AT APL

Occupational Health & Safety

APL strives to achieve world-class performance and eliminate all possible injuries, occupational illnesses, unsafe practices and incidents of environmental harm caused by Company's Operational activities.

APL is committed to preventing serious injuries and fatalities, which requires operational discipline from assessing hazards to executing each step of the job to conducting a post-activity review. To accomplish this, we have developed our hazard identification tool along with our job hazard and safety analysis procedures. Written safe-work practices are a core part of our comprehensive safety program. These safe-work practices help ensure that potentially hazardous work, such as electrical work or entry into a confined space, is properly planned, permitted, executed and closed out to prevent workplace injuries and incidents. Our workforce truly believes

that incidents are preventable and that "zero incidents" is achievable. We have policies, processes, tools and behavioral expectations in place to assist us in achieving that goal. We take steps to extend these safety principles to our contractors by reinforcing our expectations and monitoring compliance with requirements throughout the life cycle of our projects. This includes engaging with our contractors to improve oversight of their activities.

HSE Manual

Attock Petroleum Limited is committed to conduct business with strong environment conscience ensuring sustainable development, safe workplaces and enrichment of quality of life of Employees, Customers and the Community. We, at APL, believe that good HSE performance is an integral part of efficient and profitable business management.



Accordingly, the Corporation's endeavor is to:

- Establish and maintain high standards for safety of the people, the processes and the assets.
- Comply with all Rules and Regulations on Safety, Occupational Health and Environmental Protection.
- Plan, design, operate and maintain all facilities, processes and procedures to secure sustained Safety, Health and Environmental Protection.
- Remain trained, equipped and ready for effective and prompt response to accidents and emergencies.
- Welcome audit of our HSE conduct by external body, so that stakeholder confidence is safeguarded.
- Conduct safety audits on monthly basis & Safety manual revision on the basis of GAP Analysis.
- Adopt and promote industry best practices to avert accidents and improve our HSE performance.
- Remain committed to be a leader in Safety, Occupational Health and Environmental Protection through continuing improvement.
- Make efforts to preserve ecological balance and heritage.

HSE Trainings

Accomplishments

APL's HSE department has successfully delivered multiple safety trainings to their employees in FY 2019-20 which include:

- Functions of the safety and health program
- Firefighting
- Emergency Evacuation/ Rescue
- CPR (Basic Life Support) & First Aid Training
- Electrical Safety Awareness Training
- Lock Out/Tag Out Training
- Safe Manual Handling of Material Training
- Safety at Workplace Training
- Attendants stationed outside the confined space training
- Oil Spill Prevention & Management
- Training to wear required personal protective equipment

Commitments

APL's HSE department commitments towards continuing the delivery of trainings to their employees after the FY 2019-20 include:

- Firefighting
- Emergency Evacuation & First Aid
- Critical Tasks Analysis
- Hazardous Materials Safety (HAZMAT) Training
- Safe Use of Power Tools Awareness Training





- Oil Spill Prevention & Management
- Defensive Driving
- Fall Protection and Working at Heights
- Safety at Workplace Training
- Confined Space Entry Training
- Hazard recognition and controls, techniques for identifying hazards, such as job hazard analysis
- Provide additional training, as necessary, when a change in facilities, equipment, processes, materials or work organization can increase hazards, and whenever a worker is assigned a new task

Achievements

In FY 2019-20 major milestones that have been achieved by Attock Petroleum Limited are unprecedented in the Oil Marketing industry. It was only possible because of the Top Management commitment and efforts made by the best safety practices and the whole project team.

 Construction and commissioning of Sahiwal Bulk-Oil Terminal and Daulatpur Bulk-Oil Terminal. Sahiwal Project was started on August 30, 2017 and Daulatpur Project was started on March 26, 2018. Projects went onto their completion without any lost-time accident throughout their Construction Phases. Both Projects have now been commissioned successfully adding 425,520 & 411,480 consecutive safe man-hours to our company's overall statistics.

- Implementation of ISO 9001:2015 standard at APL Shikarpur Bulk-Oil Terminal and APL Mehmood Kot Bulk-Oil Terminal is another major milestone achieved by APL in FY 2019-20. This is a step towards systems development and ensuring "Quality" during all its operations. Compliance with all relevant industry standards and executing all its operations in a safe and environment friendly manner is a core value here at APL.
- In FY 2019-20 another major milestones that has achieved by Attock Petroleum Limited is security, safety and operations takeover of the Fuel Farm at Islamabad International Air Port (IIAP).

CERTIFICATION ACQUIRED AND INTERNATIONAL STANDARDS ADOPTED FOR BEST SUSTAINABILITY & CSR PRACTICES

Compliance with all relevant industry standards and executing all its operations in a safe and environment friendly manner is a core value here at APL.

Systems development and Quality assurance during Company's all operations is evident by the renewal of ISO 9001:2015 (Quality Management System) Certification for another two year's term after expiry of previous certification in March 2020.

The Company is also committed towards Implementation of ISO 14001:2015 & OHSAS 45001:2018 standards as a step towards systems development and ensuring "Environment protection & Occupational Health Safety and Security" during all its operations.

AWARDS & RECOGNITION

- The Company's Annual Report for the year 2018 was awarded Merit Certificate in Fuel & Energy Sector of the Best Corporate Report Awards jointly organized by ICAP & ICMAP.
- The Company was selected amongst the "Top Twenty Five Companies" by Pakistan Stock Exchange for the year 2018 in recognition of Company's policy and practice of transparency, disclosure of required information and compliance with financial reporting standards.



CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is one of the core values and an integral part of the Company's overall mission. APL is committed to play vital role in supporting and working with its stakeholders for sustainable community and social development program and have clear guidelines in place to meet its Social & Environmental responsibilities.

By integrating CSR into our business strategy, APL is helping to drive shared value amongst its stakeholders and enhance its corporate brand image community wide.

Community Welfare

The Company is fully cognizant of its wider responsibility towards the community. APL takes different measures for prosperity, health and literacy of the local communities from time to time. Multiple Jobs are created at the company's developed Bulk Oil Terminals and hiring are made from the local communities it operates in for their benefits.

APL is also a donor to various trusts working for the public welfare. It includes donation to Attock Sahara Foundation for Meena bazar and sponsorship for Custom Day advertisement for appreciating Pakistan's Customs.



Rural Development

The Company comprehend the significance of rural development and supported NGOs such as the Attock Sahara Foundation, which is playing a vital role in uplifting the economic conditions of the surrounding communities through various welfare activities. The Company has developed many retail outlets (fuel stations) in the rural and far-flung areas, creating the livelihood opportunities for local inhabitants resulting in improvement of quality of life.





Kashmir Hour

Being a socially responsible OMC, APL expressed solidarity with oppressed people of Indian Occupied Kashmir multiple times by observing 'Kashmir Hour' with passion & spirit in line with the government's decision to observe 'Kashmir Hour' and still support this humanitarian rights cause.

Internship Program

As per APL's Internship Program, the Company considers it a social responsibility to provide opportunity for first hand practical experience to students of Higher Education Commission (HEC) recognized educational institutions of the country to observe and have practical knowledge to be a part of congenial working environment of the Company.

These internships not only provide them the exposure of a corporate environment, but also a platform to apply their



academic skills in order to jump-start their professional careers. Students are provided with an opportunity to experience and preview the practical environment, building their professional confidence through these internship programs.

Educational Scholarship

The Company realizes the importance of basic & higher education in building a strong Nation and always supports the bright students by sponsoring their education.

APL through its trust continued the scholarships awarded to the students in Under/Post Graduate Category.

Green Clean Drive

As part of Company's commitment towards green & clean environment, APL extended support for Tree Plantation in collaboration with Metropolitan Corporation Islamabad (MCI) at Constitution Avenue Islamabad.



Sports Promotion

Endeavouring its commitment towards promotion and development of sports, APL has participated in OIL & GAS CRICKET CHAMPIONSHIP 2019-20 being the foremost recreational activity arranged throughout the year in the Oil and Gas Sector and succeeded in securing 3rd Position in the tournament.

The tournament was held at various scenic grounds of Islamabad and observed participation of all the leading companies of the sector.

International Women Day Celebration

APL believes in sharing happiness within community. International Women Day is marked and celebrated at all the COCO sites of the Company to acknowledge the Women's contribution towards the Society.



HUMAN RESOURCE MANAGEMENT

Competent workforce is the back bone of any Organization. Our employees are the most valuable assets of the Company. APL's Human Resource is the appropriate mix of employees with professional & other academic qualifications.

APL is an equal opportunity Employer. To ensure our workforce competency, we at APL have a sophisticated system of Employee Hiring in place. Through this process we ensure to hire competent personnel with appropriate qualification & skills in line with Job requirements. Candidates' evaluation is based on their academic & professional portfolio. Transparency is maintained in employee selection, evaluation & hiring.

On becoming part of Team APL, the Company endeavours to facilitate employees in achieving their career progression and helping them refine their personal and professional skills. Training & development programs are planned throughout the year to keep the employees abreast with latest market trends.

Annual performance appraisal of employees is carried out in person to assess & manage the individual performances. It helps to bridge the gap between Organization's developmental needs at Company & Individual level and its Strategic & operational objectives.



Succession Planning

The Company has a comprehensive succession planning policy in place and ensures availability of competent personnel in each department in line with the policy guidelines in order to maintain its leadership continuity. APL believes in proactive approach towards succession planning. We recruit employees, develop their knowledge, skills & abilities through different training programs and employee job rotation to more challenging roles to prepare them for future endeavours. APL's Human Resource Department works closely with other departments to look promptly into the needs for new hiring or filling up of any vacancy. Job requirements & job descriptions are thoroughly discussed with the relevant department's management & the hiring is processed accordingly.

Code of Conduct

To integrate the culture of organizational discipline and core ethical values in conduct of the Company's employees, a Code of conduct is in place which is circulated annually to employees to acknowledge their commitment towards the Company's Disciplinary Mechanism. The Code of Conduct is available on the website of the Company.

Human Resource Management System

To streamline employee database management by providing swift yet reliable employee information, the Company has an integrated Human Resource Management System (HRMS) in place across the organization which is integrated with HR specific business processes





such as employee records management, attendance and payroll.

The Leave Module has been integrated with HRMS and is now fully functional in all Departments of the Company, the employees leave database has been updated on it; employees can apply leaves online and can also view their updated leave record through employee self-service system.

The Annual Appraisals of staff is fully implemented online, focus is discussing the annual assessments with the employees and in case of some grievance on part of any employee, case to be referred to Appraisal Committee for review.

Training and Organizational Development

Training & Development is the prime focus area of the organization. Training our workforce equips them with new skill sets, refines existing one, reveals employees potential capabilities, enhances productivity & efficiency and improve their leadership skills. APL engages its employees in different in-house and open audience workshops to enhance their working skills at different levels to meet departmental competency





requirements.

During 2019-20 approximately 2 external and 4 in-house training workshops are conducted on following areas:

- 1. Training for Forecourt Staff deputed at APL's COCO Sites on Customer Centricity, Communication Skills, Personal Grooming, Health & Safety along with 7 Do's as per the practice of industry
- 2. Health, Safety and Environment HSE Conference
- 3. LNG Conference of Pakistan
- 4. Retail exposure of Management trainees through Visits to COCO sites and direct customer interaction
- 5. Microsoft Word
- 6. Basic and Advanced Excel Techniques

Total of 46 staff members attended and got benefited from these trainings.

Employee Benefits

Competitive Salary packages are offered to employees along with annual bonuses & rewards. Perquisites include Life insurance coverage, Medical coverage and Membership of Morgah Club and Elliot Club- where employee can avail subsidized meals, gym and sports activities.





Health Care

Besides providing Medical coverage to its regular & contractual staff, company also provides need based medical assistance to its 3rd party staff.

During the year 2019-20 Company has revised its medical policy to facilitate its staff deputed at remote locations.

Recreational Activities

To develop harmonious working environment among employees, APL considers it to be its prime responsibility to focus its efforts towards different recreational activities/ celebrations. This helps employees develop team work and socialize with each other thus satisfying their social appetite which leads to the improvement of employee motivation and company productivity.

APL shares the happiness and celebrates the birthday of its employees at the Company level as a good gesture to honour the most valuable asset of the Company, its competent workforce.

Special events and days are marked and celebrated. Women's Day is celebrated at Company Operated Sites and Offices of APL to value the APL's female staff services contribution to the Company and mark the occasion of International Women's day.

PROSPECTS OF THE ENTITY INCLUDING TARGETS FOR FINANCIAL AND NON-FINANCIAL MEASURES

Retail network expansion, effective Supply chain management and Partnerships agreement with leading local & foreign companies are milestones of the Company towards business expansion and sustainable profitability. Establishment of bulk storage facilities and other capital ventures are also there to improve the operation's throughput.

Financial Measures

APL has projected its financial targets based on historical financial performance keeping in view multiple risk & uncertainties prevailing in the market.

Stiff market competition coupled with volatile International prices of POL products are the basic challenges to effect Company's strategy and in turn its profitability. The Company combated these challenges by its effective strategic, tactical and operational direction, efficient inventory management, control over supply chain and growth in sales volumes hence maintained to be in good profits.

Performance targets are continuously monitored to observe and reduce deviation from the defined goals.

Non-financial Measures

The Company has identified following areas as key non-financial measures:

• Human resource development, training and Succession planning

- Product Quality maintenance & improvement assurance
- Corporate Social Responsibility
- Healthy & Safe Environment
- Revamping of business processes in line with best practices
- Management responsibility for effective implementation of business plans, under strategic directions of the Board



RISK & OPPORTUNITY REPORT

Effective risk management remains of utmost importance to the companies for sustainable business growth. Management endeavors to stay committed to the long-term strategy of the Company while minimizing the risks associated with short-term goals. Another challenge for the decision makers is to exploit the best opportunities in favor of the Company, generating viable returns and adhering to the vision and mission of the Company.

Risks

Businesses face various types of risks including strategic, commercial, operational and financial risks. An overview of major risks faced by Attock Petroleum Limited and the mitigating strategies to overcome these risks are outlined below:



Risk	Category	Mitigating Strategy
Increased industry competition resulting in loss of market share	Strategic	APL's customer focused strategy and proactive approach towards potential opportunities restricts any loss in market share and enable retention of existing customers.
Volatility in international oil prices	Strategic	Efficient and effective stock management results in minimal losses from decline in prices and vice versa.
Operating in a fixed margin industry	Strategic/ Financial	Increased focus on pushing volume based sales generating optimum returns and diverse portfolio of products including deregulated high margin products.
Non-compliance with statutory requirements and regulatory framework	Strategic	Proactive approach by the management in timely implementation of and compliance with any changes in the regulatory environment of the industry.
Shortage of products due to delay in supplies by local refineries/ strikes by transporters disrupting supply chain	Commercial/ Operational	Adequate stock levels are maintained and regular imports are planned to counter the risk arising from these situations to maintain smooth uninterrupted operations of the Company.
Turnover of trained employees at critical positions/ employee misconduct	Operational	APL's succession planning policy coupled with employees' job rotations & training practices have been put in place to cater this risk. A formal code of conduct is in place to ensure employees' disciplinary mechanism.
Risks of accidents causing serious injuries to employees / stakeholders or damage to Company's property	Operational	A sound system of HSE is in place for hazard identification & threat management to ensure workplace safety.
IT security risks, internal external frauds and system failures	Operational	System integrated controls are in place to prevent unauthorized access to confidential information and to avoid breaches, errors & other irregularities. Data auto backup mechanism is also followed.
Natural calamities/ force majeure	Operational	These events are beyond the Company's control however with the APL's disaster recovery/ business continuity plans, Company is well equipped to recover from any natural disaster.

Opportunities

The Company is always presented with a lot of opportunities for improvement of business in general and profit maximization in specific. Enhancement of market share always remains a challenging opportunity for the Company as the industry volumes grow and with ever increasing competition, Company has aligned itself to achieve maximum benefit and hence market share of the Company has increased even in times of dropping industry volumes. An opportunity to be geographically present and appropriately spread across the Country to attain competitive advantage is accessible to the Company. APL has recognized this opportunity and setting up storage terminals across the Country to exploit this opportunity and gain cost and freight advantages. Geographical presence through retail development is also part of this strategy.

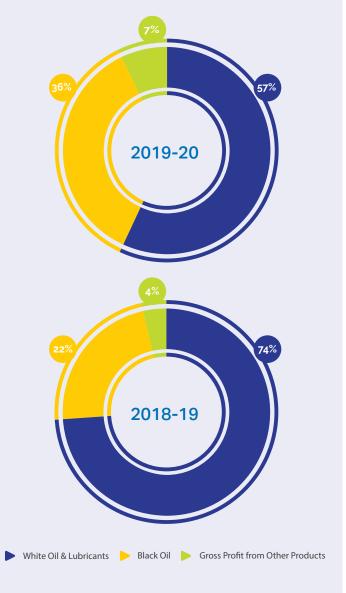
Development of China Pakistan Economic Corridor (CPEC) presents enormous opportunities to businesses across Pakistan. APL has started to actively participate in the project and contracts have been obtained for supply of petroleum products. With increasing focus on CPEC in the near future, Company shall make efforts to generate maximal benefits from the available prospects.

The Company is geared to make the best use of opportunities presented. APL remains interested in acquisition of entities available for sale which can add to the Company's strength by way of offering associated services or participating in bidding for other OMCs which were offered for sale. Previously, the Company participated in bidding for acquisition of OMCs.

The untapped segment of aviation presents a huge opportunity for APL to enter and grab market share. Beginning of New Islamabad International Airport – the largest in Pakistan and established fuel farm facility by APL, the Company has positioned itself in such a manner to gain maximum advantage from the sector including financial and nonfinancial benefits. Another revenue stream has been added generating cash flows for the Company.

SEGMENTAL REVIEW OF BUSINESS PERFORMANCE

APL's financial statements have been prepared on the basis of a single reportable segment. Total gross profit is broadly divided into following categories:



REPORT OF THE AUDIT COMMITTEE

The Board of Directors of the Company has formed a Board Audit Committee as required under the Code of Corporate Governance Regulations. The Committee comprises of 04 non-executive directors of which 02 members including Chairman are independent non-executive directors. Composition of the Audit Committee meets all applicable independence requirements. Each member of the Committee is equipped with appropriate professional knowledge and relevant experience with one of its member being a fellow member of Institute of Cost & Management Accountant of Pakistan possessing over 35 years of Financial Management Experience. Details of the individual members of the Board Audit Committee are set out in "Profile of Board of Directors" section.

The Committee has concluded its annual review of the financial statements together with the conduct and operations of the Company during the year ended June 30, 2020 and reports as follows:

Discharging responsibilities towards Financial Statements

- Appropriate accounting policies have been consistently applied. All core and other applicable International Financial Reporting Standards were followed in preparation of financial statements of the Company on a going concern basis, for the financial year ended June 30, 2020, which fairly present the state of affairs, results of operations, cash flows and changes in equity of the Company.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017 and the external reporting is consistent with management processes and adequate for stakeholders' needs.

- The Audit Committee has reviewed the related party transactions and recommended the same for approval of the Board of Directors.
- The CEO, CFO and a director who is member of the Audit Committee have endorsed the financial statements of the Company. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and design and effectiveness of internal control system of the Company.

Corporate Governance Compliances

- The Board has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed and certified by the External Auditors of the Company.
- All direct or indirect trading of Company's shares by the Directors and/or Executives or their spouses were notified in writing to the Company Secretary, the same were notified by the Company Secretary to the Board within stipulated time. All such trades have been disclosed in the pattern of shareholding.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the CEO and Executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim/final results, distribution to shareholders or any other business decision, which could materially affect the market share price of Company, along with maintenance of confidentiality of all business information.
- As required by the Code, the Committee also independently met with external and internal auditors during the year to get feedback on the overall control

and governance framework within the Company.

• The Committee met in every quarter prior to approval of interim results of the Company by Board and after completion of external audit.

Approach to Risk management and Internal Control

- The Committee has ensured the achievement of operational, compliance, risk management and financial reporting control objectives thus safeguarding the assets of the Company and the shareholders wealth at all levels within the Company by having deployed an independent internal audit function in the Company which is responsible for monitoring risks associated with its internal controls framework hampering the achievement of control objectives.
- The Company's risk management approach is elaborated in detail in the Directors report.

Role of Internal Audit function

- The Company's system of internal controls is designed and developed to mitigate and eliminate the risk of not achieving business objectives and provide reasonable assurance against material misstatement or loss. The internal control system is continually evaluated for effectiveness and adequacy.
- The Internal Control Framework is effectively designed and implemented. Internal auditors play an important role in evaluating the effectiveness of control systems and have a significant monitoring role because of authority and independency in the organization.
- The Head of Internal Audit has direct access to the Committee. Audit observations along with compliance status are regularly presented to the

Committee. The role of Internal Audit department includes review of systems within the Company at appropriate intervals to determine whether they are effectively designed and carrying out the functions in accordance with management instructions, policies and procedures and in a manner that is in agreement with Company's objectives and high standard of administrative practices.

 The Committee evaluates the scope and extent of internal audit, audit plan, reporting framework and procedures. The Committee reviewed and discussed material internal audit findings, management responses and ensures appropriate action is taken and reported material Items to the Board.

Whistle blowing arrangements Review

- The Company provides a mechanism whereby any employee meeting the conditions detailed in Company's whistle blowing Policy can report any case including actual or potential improprieties in financial and other matters based on merit without any fear of retaliation and reprisal and raise the issue directly to Chairman Audit Committee and/ or to Chief Executive and/ or to the Company Secretary.
- Audit committee closely reviews these arrangements. No cases of complaints regarding whistle blowing events were received during the year by the Committee.

Assessing effectiveness of External Audit process

 The External Auditors have direct access to the Audit Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured.
 Separate engagement partner is deployed by the external auditor for the provision of non-audit service i.e. tax consultancy to the Company.

- The Audit Committee reviewed performance, audit fee and independence of the external auditors, M/s. A. F. Ferguson & Co. Chartered Accountants and has recommended to the Board, their reappointment for the year ending June 30, 2021.
- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.
- The Committee has reviewed Internal Control Memorandum issued by external auditors as required under the listing regulations and discussed with the external auditors and management and reported material items to the Board.

Views on Annual report

The Annual report is fair, balanced and understandable as to providing necessary information to enable shareholders to assess the Company's financial position, performance, business model & strategy.

The Audit Committee

The Audit Committee has performed its responsibilities to its best in accordance with the TORs set out by the Company's Board of Directors. In addition to the evaluation by the Board, of Audit Committee's performance, Self-evaluation by the Audit committee members of their own performance is also carried out and the performance of the committee is found to be satisfactory and up to the mark.

Mohammad Raziuddin Chairman – Audit Committee

Rawalpindi August 24, 2020

SHARE PRICE SENSITIVITY ANALYSIS

The shares of Attock Petroleum Limited are regarded as blue chip stock and considered as a secure investment. The share price has reflected our strong market position and prospects of growth but might respond to exogenous factors in the future as there are number of events that are affecting the share prices either in the short or broad spectrum.

During the year, the share price varied from Rs 207 to the mark of Rs 398. Strong performance resulted in higher dividend payouts over the years, which in turn has gradually increased the share price of the Company. The spread between the prices is due to fluctuations in stock market index which remained under pressure due to various uncontrollable factors. We continuously build confidence of our investors, providing them optimal returns on their investment promoting the long term retention of the shares.

Following factors or events may affect the share price of the Company:

Sales Volume

Operating in an industry where margins are fixed, the profitability of the Company is highly dependent on sales volume which ultimately also affects the share price. Increase in economic activity will lead to increased sales and ultimately reflected on the net profit and share price of the Company.

Sales Margin

As stated above, the profitability is positively

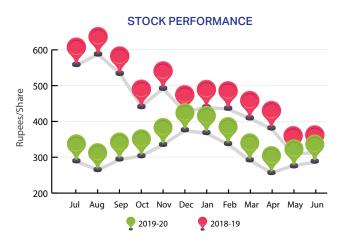
correlated to fixed sales margin on petroleum products. Any change in margins by the Government of Pakistan (GoP) for the regulated products shall directly affect the profitability and the same shall be reflected on the share price of the Company.

Exchange Losses

The Country is highly dependent for its energy requirements on import of petroleum products. APL also actively imports various POL products. Movement in Rupee – Dollar parity incurs exchange can also indirectly affect the share price.

Inventory Gains / Losses

High volatility in international oil prices also severely affects the profitability of the Company. Downward trend leads to inventory losses while an increasing trend positively impacts the profitability and hence affects the share price accordingly.





HISTORY OF MAJOR EVENTS DURING THE YEAR

August 2019

Pipeline Connectivity of Shikarpur Bulk Oil Terminal with PAPCO Terminal was completed.





Successfully commissioned Bulk Oil Terminal at Daulatpur having a total storage capacity of 13,887 M.Tons.

January 2020

March 2020

Successfully commissioned Bulk Oil Terminal at Sahiwal having a total storage capacity of 16,127 M.Tons.



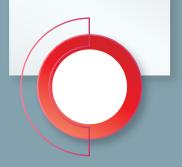


Pipeline Connectivity of Mehmood Kot Bulk Oil Terminal with PAPCO Terminal was completed.

April 2020

May 2020

Successfully commissioned its flagship retail outlets (02) at Hakla Service Area on Islamabad-Peshawar Motorway (M-1).





Expansion of storage capacity at Machike Bulk Oil Terminal was completed further enhancing the storage capability of the Company.

June 2020

June 2020

Award of Contract for the year 2020-21 for supply of HOBC, JP-1 and SKO to armed forces at various locations across the Country.





The Company successfully commissioned its 700th retail outlet achieving a major milestone in expanding its retail network.

June 2020

INFORMATION TECHNOLOGY GOVERNANCE

As businesses evolve and adapt to the changing market dynamics, they require a flexible approach to Information Technology introduction and utilization for achieving their strategic goals and objectives.

Information Systems Strategic Planning

The APL IT Committee oversees the requirements, approves the planning and supervises the introduction of new automated functionalities required for optimal business operations. Generic and industry-specific Best Practices are also reviewed and incorporated in to APL functions.

Business Alignment with Information Technology

APL is endeavoring to transform its strategic vision into automated systems that encapsulate the APL Business Cycle in to a web based environment to process and



track every key transaction in a real time environment.

Business Process Streamlining

Business Processes are being continuously mapped, documented, re-engineered and improved upon for transformation in to automated functions. Plans are also being developed for introduction of an automated Work Flow System.

IT for Internal Controls

Automated controls are being incorporated at each step of the APL Supply Chain to check and validate information being entered to reduce the possibility of human error. System generated audit and consistency mechanism are being planned to ensure system integrity.

Real Time Reporting for Decision Making

An Online Real Time System opens up the possibilities for Real Time Reporting and Real Time Decision Making: Business outcomes can be positively impacted when actionable data is on hand in real time.

Business Intelligence for Planning and Forecasting

APL is continuing to explore Business Intelligence Tools and Technologies that will provide insights in to the hows and whys of the Business through dashboards and analytical drill-downs across all business areas and functions. This will open up the possibilities for targeted planning and forecasting based on existing data and whatif scenarios.

Value Addition and Return on Investment

APL has an on-going commitment to continuously improve upon its IT infrastructure, technologies, processes and procedures. This directly translates in to improved controls, enhanced reporting, optimized procedures and better overall performance. Key Performance Indicators are being developed to quantify the value added to various business functions across APL.



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Attock Petroleum 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 Attock Petroleum Limited (the Company) for the year ended June 30, 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 June 30, 2020.

Chartered Accountants Islamabad September 10, 2020

Engagement Partner: Muhammad Imtiaz Aslam

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network

PIA Building, 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O. Box 3021, Islamabad-44000, Pakistan Tel: +92 (51) 2273457-60/2604934-37; Fax: +92 (51) 2277924, 2206473; < www.pwc.com/pk>

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company:Attock Petroleum LimitedYear ended:June 30, 2020

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

- 1. The total number of directors are seven (7) as per the following:
- a) Male: Seven
- b) Female: None
- 2. The composition of Board is as follows:

Category	Names
Independent Directors*	Lt Gen (Retd.) Javed Alam Khan Mr. Mohammad Raziuddin
Non-Executive Directors	Mr. Laith G. Pharaon Mr. Wael G. Pharaon Mr. Abdus Sattar Mr. Babar Bashir Nawaz Mr. Iqbal A. Khwaja (Alternate Director)
Executive Directors	Mr. Shuaib A. Malik Mr. Rehmat Ullah Bardaie (Alternate Director)

*Best practices of corporate governance entail having an optimal number and mix of board members with adequate skills and experience. The current Board of Directors of the Company adequately meets this requirement. Further, existing independent directors play an effective part within the Board and make valuable contribution. Therefore, the fraction (2.3) has not been rounded up.

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 vision and mission statements, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with the dates 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 the Board/ shareholders as empowered by the relevant provisions of 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 Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
- 8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and these Regulations.
- 9. Out of the seven directors, four of the directors meet the exemption criteria of the directors' training program and three directors have obtained the directors' training program certification in prior years.

- 10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and 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:

Audit Committee	HR and Remuneration Committee
Mr. Mohammad Raziuddin (Chairman)	Mr. Mohammad Raziuddin (Chairman)
Mr. Abdus Sattar	Mr. Shuaib A. Malik
Mr. Babar Bashir Nawaz	Mr. Iqbal A. Khwaja
Lt Gen (Retd.) Javed Alam Khan	

- The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
- 14. Audit Committee meetings were held once every quarter and Human Resource and Remuneration Committee meeting was held once during the year.
- 15. The Board has set up an effective internal audit function who are 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 other requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 have been complied with.
- 19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (if applicable):

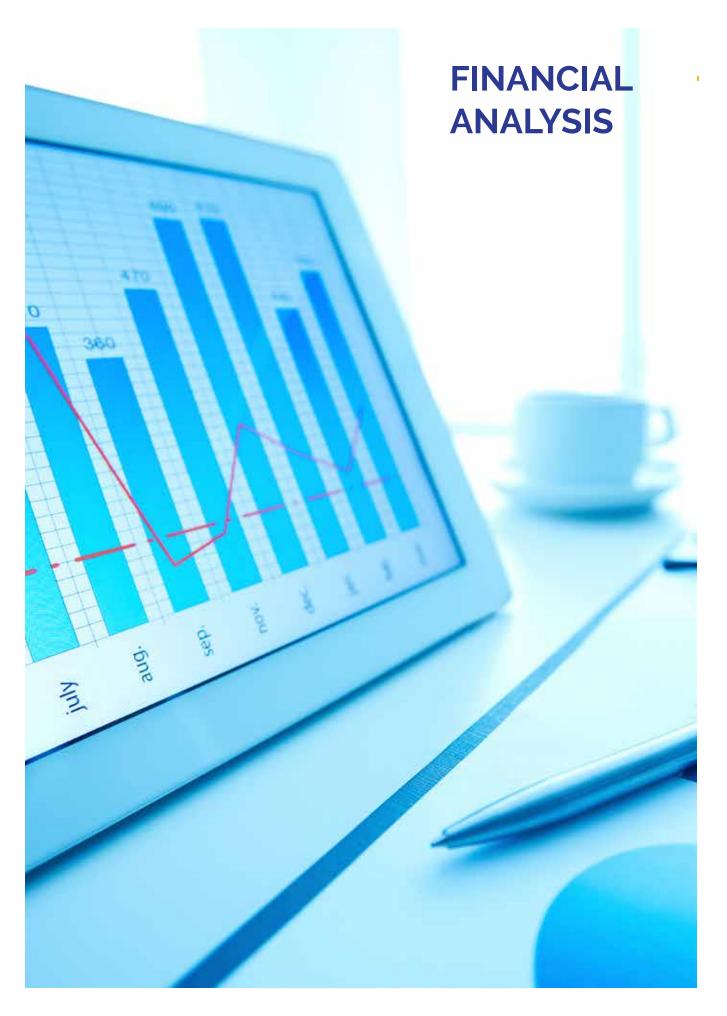
Committee	Reg No	Explanation
Nomination Committee: The board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances	29 (1)	The Board effectively discharges all the responsibilities of Nomination Committee as recommended by the Regulations. It regularly monitors and assesses the requirements with respect to any changes needed on Board's committees including chairmanship of those committees. The Board also actively monitors requirements regarding its structure, size and composition and timely reviews and adapts any necessary changes in that regard.
Risk Management Committee: The board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board	30 (1)	The Board itself and through its Audit Committee annually reviews business risks facing the Company to ensure that a sound system of risk identification, risk management and related systemic and internal controls is being maintained to safeguard assets. All material controls (financial, operational, compliance) are monitored and reviewed. The Board ensures that risk mitigation measures are robust.

Laith G. Pharaon Chairman

Rawalpindi. August 26, 2020

. Umaixt heer

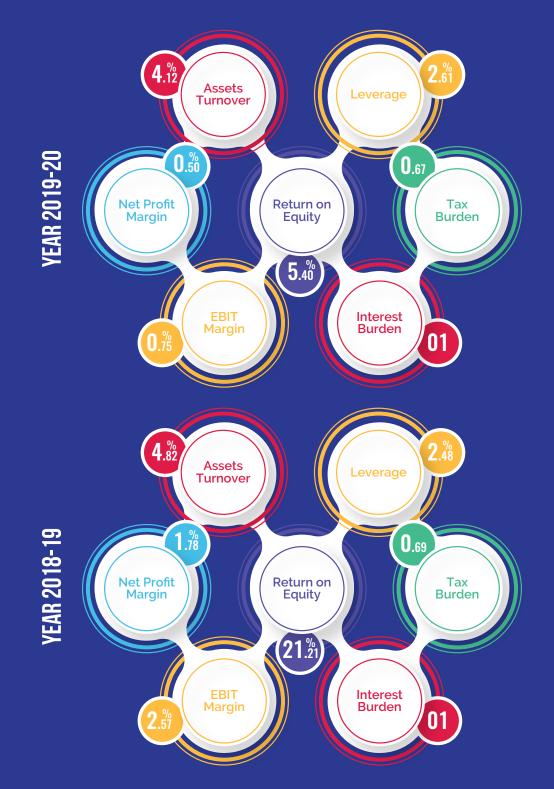
Shuaib A. Malik Chief Executive



DUPONT ANALYSIS

Return on equity decreased by 75% to 5.40% against 21.21% of year 2018-19 on account of decrease in net profit margin by 72% as a result of decrease in EBIT margin by 71%. EBIT margin decreased due to decrease in gross profit on account of fluctuating oil

prices leading to substantial inventory losses together with decrease in sales volume. Interest and tax burden remained almost at 2018-19 level. Assets turnover decreased due to decrease in sales revenue. Financial Leverage increased due to increase in assets.



KEY OPERATING AND FINANCIAL DATA FOR SIX YEARS FROM 2014-15 TO 2019-20

		2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Profit and Loss Summary	/						
Sales volumes	Metric Tons	1,907,342	2,147,038	2,488,810	2,360,529	2,034,818	2,368,990
Net sales	Rs thousand	201,078,720	223,054,352	177,216,737	138,660,665	109,234,361	171,729,782
Gross profit	Rs thousand	3,637,890	8,221,167	9,743,294	7,335,321	5,749,061	4,926,509
Operating profit	Rs thousand	1,083,793	5,708,378	8,085,325	6,367,177	4,984,849	3,885,822
Profit before tax	Rs thousand	1,503,086	5,722,857	8,289,312	7,699,168	5,633,450	4,537,855
Profit after tax	Rs thousand	1,008,294	3,960,606	5,656,349	5,299,168	3,828,585	3,286,384
Profit before interest, tax, depreciation, and amortization (EBITDA)	Rs thousand	2,677,291	6,314,452	8,711,258	8,046,868	5,951,622	4,828,902

		2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Balance Sheet Summar	у						
Share capital	Rs thousand	995,328	995,328	829,440	829,440	829,440	829,440
Reserves	Rs thousand	17,450,693	17,931,407	17,588,222	15,465,051	13,487,726	12,730,365
Shareholders' equity	Rs thousand	18,446,021	18,926,735	18,417,662	16,294,491	14,317,166	13,559,805
Non- current liabilities							
Long term lease liabilities	Rs thousand	3,978,932	-	-	-	-	-
Others	Rs thousand	904,651	792,993	911,540	733,581	626,159	604,814
	Rs thousand	4,883,583	792,993	911,540	733,581	626,159	604,814
Current assets							
Stock in trade	Rs thousand	9,464,503	12,865,862	12,460,539	7,234,415	4,836,653	5,572,867
Trade debts	Rs thousand	13,970,178	16,838,255	16,475,576	10,801,077	6,046,556	8,214,189
Cash, bank balances & Short term investments	Rs thousand	8,279,393	3,810,956	5,839,645	11,843,739	11,030,176	10,303,318
Others	Rs thousand	3,940,619	3,587,872	3,372,804	2,620,715	4,088,455	2,033,203
	Rs thousand	35,654,693	37,102,945	38,148,564	32,499,946	26,001,840	26,123,577
Current liabilities							
Trade and other payables	Rs thousand	27,561,324	26,633,386	26,138,159	21,061,447	15,434,650	15,719,096
Others	Rs thousand	347,404	49,598	663,965	277,433	147,330	27,939
	Rs thousand	27,908,728	26,682,984	26,802,124	21,338,880	15,581,980	15,747,035
Net current assets	Rs thousand	7,745,965	10,419,961	11,346,440	11,161,066	10,419,860	10,376,542
Property, plant and equipment	Rs thousand	13,839,661	8,348,942	6,417,787	4,339,301	3,011,665	2,444,164
Other non-current assets	Rs thousand	1,743,978	950,825	1,564,975	1,527,705	1,511,800	1,343,913
Capital expenditure during the year	Rs thousand	2,135,057	2,523,060	2,503,439	1,676,134	886,972	808,421
Total assets	Rs thousand	51,238,332	46,402,712	46,131,326	38,366,952	30,525,305	29,911,654
Total liabilities	Rs thousand	32,792,311	27,475,977	27,713,664	22,072,461	16,208,139	16,351,849

		2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Cash Flow Summary							
Cash flows of operating activities	Rs thousand	7,414,512	2,998,293	(1,030,368)	4,848,276	3,700,253	4,735,369
Cash flows of investing activities	Rs thousand	(1,681,346)	(1,246,624)	(2,491,841)	1,046,533	3,660,211	(3,999,956)
Cash flows of financing activities	Rs thousand	(1,851,147)	(3,492,842)	(3,088,661)	(3,312,880)	(3,064,694)	(3,521,257)
Effect of exchange rate changes	Rs thousand	(1,684)	6,500	3,822	142	698	1,206
Net change in cash and cash equivalents	Rs thousand	3,880,335	(1,734,673)	(6,607,048)	2,582,071	4,296,468	(2,784,638)
Cash & cash equivalents at end of the year	Rs thousand	7,282,967	3,402,632	5,137,305	11,744,353	9,162,282	4,865,814
Free cash flows	Rs thousand	4,740,157	475,233	(3,533,807)	3,172,142	2,813,281	3,926,948

PERFORMANCE INDICATORS (RATIO)

		2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Profitability and Operating	Ratios						
Gross profit	%	1.81	3.69	5.50	5.29	5.26	2.87
Net profit to sales	%	0.50	1.78	3.19	3.82	3.50	1.91
EBITDA margin to sales	%	1.33	2.83	4.92	5.80	5.45	2.81
Operating leverage	%	748.42	(119.70)	27.57	136.12	(66.34)	142.20
Return on equity	%	5.40	21.21	32.59	34.62	27.47	24.02
Return on capital employed	%	5.40	21.21	32.59	34.62	27.47	24.02

		2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Liquidity Ratios							
Current	Times	1.28	1.39	1.42	1.52	1.67	1.66
Quick / Acid test ratio	Times	0.93	0.90	0.96	1.18	1.36	1.30
Cash to current liabilities	Times	0.26	0.13	0.19	0.55	0.59	0.31
Cash flows from operations to sales	Times	0.04	0.01	(0.01)	0.03	0.03	0.03

		2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Activity / Turn Over Ratios	5		· · · · · ·				
Inventory turnover	Times	17.68	16.97	17.01	21.76	19.88	26.99
No. of days in inventory		21	22	21	17	18	14
Debtors turnover	Times	13.05	13.39	12.99	16.46	15.32	16.18
No. of days in receivables		28	27	28	22	24	23
Creditors turnover	Times	7.29	8.14	7.10	7.20	6.64	9.47
No. of days in payables		50	45	51	51	55	39
Total assets turnover	Times	4.12	4.82	4.19	4.03	3.61	5.37
Fixed assets turnover	Times	18.12	30.21	32.95	37.73	40.04	78.50
Operating cycle	Days	(1)	4	(2)	(12)	(13)	(2)
Number of retail outlets		702	662	629	604	563	516

		2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Investment / Market Ratios							
Basic and diluted EPS	Rs	10.13	39.79	68.19	63.89	46.16	39.62
Basic and diluted EPS (restated)	Rs	10.13	39.79	56.83	53.24	38.47	33.02
Price earning	Times	30.13	7.25	8.65	9.81	9.48	14.32
Price to book	Times	1.65	1.52	2.66	3.19	2.53	3.47
Dividend yield	%	2.96	4.38	6.68	6.94	8.32	6.26
Dividend payout	%	88.84	50.26	58.66	66.52	86.66	87.07
Dividend cover	Times	1.13	1.99	1.70	1.50	1.15	1.15
Cash dividends	Rs thousand	895,795	1,990,656	3,317,760	3,525,120	3,317,760	2,861,568
Cash dividend per share	Rs	9.00	20.00	40.00	42.50	40.00	34.50
Bonus shares issued	Rs thousand	-	-	165,888	-	-	-
Bonus per share	%	-	-	20	-	-	-
Break-up value per share without surplus on revaluation of Property plant and equipment	Rs	185.33	190.16	222.05	196.45	172.61	163.48
Break-up value per share with surplus on revaluation of Property plant and equipment including the effect of all investments	Rs	185.33	190.16	222.05	196.45	172.61	163.48
Break-up value per share including investment in related party at fair/ market value and with surplus on revaluation of Property plant and equipment	Rs	193.44	199.24	235.77	210.90	184.75	174.24
Market value per share	t			······			
Year end	Rs	305	289	590	626	438	567
Highest (during the year)	Rs	398	633	706	765	596	610
Lowest (during the year)	Rs	207	255	486	430	398	494

		2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Capital Structure Ratios							
Debt to equity	%	0.65 : 99.35	0:100	0:100	0:100	0:100	0:100
Financial leverage	Times	0.01	-	-	-	-	-
Weighted average cost of debt	%	0.93	-	-	-	-	-
Interest cover	Times	1,989	-	-	-	-	-
Market Share (Source: OCAC)	%	10.90	10.80	9.70	9.00	8.50	10.40

VERTICAL ANALYSIS

	2019-20		2018-19		2017-18	~	2016-17		2015-16		2014-15	
	Rs ('000)	%	Rs ('000)	%	Rs ('000)	%	Rs ('ooo)	%	Rs ('000)	%	Rs ('000)	%
Balance Sheet Items												
Property, Plant and Equipment	13,839,661	27.0	8,348,942	18.0	6,417,787	13.9	4,339,301	11.3	3,011,665	0.0	2,444,164	8.2
Other Non-Current Assets	1.743,978	3.4	950,825	2:0	1,564,975	3.4	1.527,705	4.0	1,511,800	Ð. O	1,343,913	4.5
Current Assets	35,654,693	69.6	37,102,945	80.0	38,148,564	82.7	32,499,946	84.7	26,001,840	85.1	26,123,577	87.3
Total Assets	51,238,332	100.0	46,402,712	100.0	46,131,326	100.0	38,366,952	100.0	30,525,305	100.0	29,911,654	100.0
Shareholders' Equity	18,446,021	36.0	18,926,735	40.8	18,417,662	39.9	16,294,491	42.5	14,317,166	46.9	13,559,805	45.3
Non- Current Liabilities	4,883,583	9.5	792,993	1.7	911.540	2 ^{.0}	733.581	1.9	626,159	2.1	604,814	5.0
Current Liabilities	27,908,728	54.5	26,682,984	57.5	26,802,124	58.1	21,338,880	55.6	15,581,980	51.0	15,747,035	52.6
Total Shareholders' Equity & Liabilities	51,238,332	100.0	46,402,712	100.0	46,131,326	100.0	38,366,952	100.0	30,525,305	100.0	29,911,654	100.0
Profit & Loss Items												
Net Sales	201,078,720	100.0	223,054,352	100.0	177,216,737	100.0	138,660,665	100.0	109,234,361	100.0	171,729,782	100.0
Cost of Products Sold	197,440,830	98.2	214,833,185	96.3	167,473,443	94.5	131,325,344	94.7	103,485,300	94.7	166,803,273	97.1
Gross Profit	3,637,890	1.8	8,221,167	3.7	9.743.294	5.5	7,335,321	5.3	5,749,061	5.3	4,926,509	2 0
Operating Profit	1,083,793	0.5	5.708.378	2.6	8,085,325	4.6	6.367.177	4.6	4,984,849	4.6	3,885,822	S S
Profit before Taxation	1,503,086	0.7	5,722,857	2.6	8,289,312	4.7	7,699,168	5.6	5,633,450	5. N	4.537,855	2.6
Profit for the Year	1,008,294	0.5	3,960,606	1.8	5,656,349	3.2	5,299,168	3 [.] 8	3,828,585	3.5	3,286,384	1.9

HORIZONTAL ANALYSIS

	2019-20	-20	2018	3-19	2017-18	-18	2016-17	-17	2015-16	-16	201	2014-15
	Rs ('000)	Increase / (decrease) from last year (%)										
Balance Sheet Items	us											
Property, Plant and Equipment	13,839,661	65.8	8,348,942	30.1	6,417,787	47.9	4,339,301	44.1	3,011,665	23.2	2,444,164	26.6
Other Non-Current Assets	1,743,978	83.4	950,825	(39.2)	1,564,975	2.4	1,527,705	11	1,511,800	12.5	1,343,913	48.3
Current Assets	35,654,693	(3.9)	37,102,945	(2.7)	38,148,564	17.4	32,499,946	25.0	26,001,840	(0.5)	26,123,577	(16.4)
Total Assets	51,238,332	10.4	46,402,712	0.6	46,131,326	20.2	38,366,952	25.7	30,525,305	2.1	29,911,654	(12.2)
Shareholders' Equity	18,446,021	(2:5)	18,926,735	2.8	18,417,662	13.0	16,294,491	13.8	14,317,166	5.6	13,559,805	(1.7)
Non- Current Liabilities	4,883,583	515.8	792,993	(13.0)	911,540	24.3	733,581	17.2	626,159	3.5	604,814	4.0
Current Liabilities	27,908,728	4.6	26,682,984	(O.4)	26,802,124	25.6	21,338,880	36.9	15,581,980	(0.1)	15,747,035	(20.1)
Total Shareholders' Equity & Liabilities	51,238,332	10.4	46,402,712	0.6	46,131,326	20.2	38,366,952	25.7	30,525,305	2.1	29,911,654	(12.2)
Profit & Loss Items												
Net Sales	201,078,720	(6.6)	223,054,352	25.9	177,216,737	27.8	138,660,665	26.9	109,234,361	(36.4)	171,729,782	(16.3)
Cost of Products Sold	197,440,830	(8.1)	214,833,185	28.3	167,473,443	27.5	131,325,344	26.9	103,485,300	(38.0)	166,803,273	(16.3)
Gross Profit	3,637,890	(55.7)	8,221,167	(15.6)	9.743.294	32.8	7,335,321	27.6	5.749,061	16.7	4,926,509	(1.71)
Operating Profit	1,083,793	(81.0)	5.708.378	(29.4)	8,085,325	27.0	6,367,177	27.7	4,984,849	28.3	3,885,822	(27.8)
Profit Before Taxation	1,503,086	(73.7)	5.722.857	(31.0)	8,289,312	7.7	7,699,168	36.7	5,633,450	24.1	4.537,855	(23.2)
Profit for the Year	1,008,294	(74.5)	3,960,606	(0.05)	5,656,349	6.7	5,299,168	38.4	3,828,585	16.5	3,286,384	(24.0)

GRAPHICAL PRESENTATION



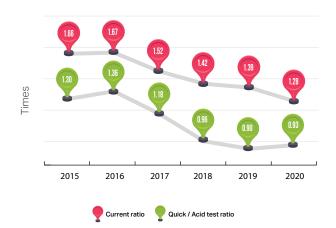


Cash Flows

Profitability Ratios



Liquidity Ratios







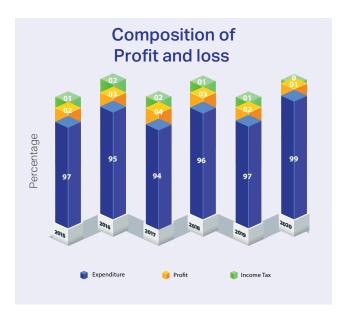
Second Se



Composition of Assets







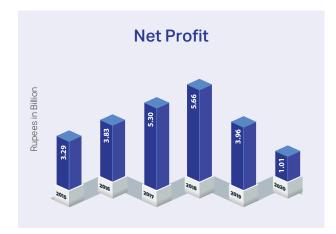












COMMENTS ON FINANCIAL ANALYSIS

Cash flow

Cash flow from operating activities: In the year 2019-20, cash flows increased by 147% as compared to last year due to decrease in stock in trade & trade debts. This resulted in an increase in cash and cash equivalents which were subsequently used to meet the requirements of increased stock in trade as payment was made to suppliers in respect of import of product. Over the last six years, cash flows remained positive, except for the year 2017-18, where they were negative due to increase in stock level as per requirement.

Cash flow from investing activities: In year 2019-20 there is an increase in short term investments and Company also invested substantial amount in property, plant and equipment that resulted negative cash flow from investing activities. In year 2015-16 and 2016-17, Cash flow from investing activities was positive due to encashment of short term investments.

Cash flow from financing activities: Financing activities mainly comprises of dividends payment which was at lowest level in year 2019-20 as compared to previous five years due to decrease in profits. Further, the Company has obtained term finance facility under SBP Salary Refinance Scheme to pay salaries and wages to employees.

Ratios Analysis

Profitability and operating ratios: Profitability ratios decreased in year 2019-20. Gross profit decreased by 56% on account of price fluctuation, leading to substantial inventory losses together with decrease in volume by 11%. Net profit to sales and EBITDA margin to sales also decreased due to decrease in gross profit. Further, these ratios fluctuate over the years due to varying margins and product sale prices. Company sold highest volume resultantly earned highest profit in year 2017-18. Liquidity ratios: There is slight variation in the liquidity ratios as compared to year 2018-19. Trade payables increased on account of import under letter of credit facility. Whereas, trade debts and stock in trade decreased due to lower demand of petroleum products along with reduction in their prices in the last quarter.

Activity / Turn over ratios: Stock levels, debtors, creditors and varying prices results in fluctuation of these ratios over the periods. As compared to last year; Inventory turnover and No. of days in inventory changed due to variation in stock level and cost of product sold. Debtors turnover ratio and No. of days in receivable changed due to fluctuation in trade debts and net sales. Creditors' turnover decreased by 10% due to reduction in purchase price over the period, whereas trade payable increased by 3%. Total assets turnover has decreased by 15% compared to last year whereas fixed assets turnover has decreased by 40% due to significant investment in construction of new storage terminals and recognition of right-of-use assets as required by newly implemented International Financial Reporting Standard (IFRS) -16 "Leases".

Investment / Market ratios: Earnings per share declined due to lower profits as compared to last year, whereas Price earnings ratio increased significantly from 7.25 times in 2018-19 to 30.13 times in 2019-20. Market value per share stood at Rs 305, up by around 6% compared to last year. In the year 2019-20, total cash dividend is Rs 9.00 per share translating into dividend payout ratio at 89%.

Capital Structure ratios: All capital requirements are financed through equity contribution. Further, the Company has obtained term finance facility under SBP Salary Refinance Scheme to pay salaries and wages to employees.

Vertical analysis

Balance sheet: Substantial investment in storage terminals and recognition of right-ofuse assets as required by newly implemented International Financial Reporting Standard (IFRS) -16 "Leases" in the year 2019-20 resulted in an increase in Weightage of Property, plant and equipment over last 05 years. Decrease in prices of petroleum products along with customers demand caused stock in trade and trade debts to fall, resulting in a considerable decline in Current Assets Weightage. In year 2019-20, Weightage of Shareholders Equity also reduced due to increase in long term liabilities in connection with recognition of right of use assets.

Profit & loss: Decline in sales volume and fluctuation in prices of products resulting inventory losses, are the factors which affected weightage of profit and loss components. Efficient stock management and import at competitive prices resulted in better weightage of profits in last years as compared to 2019-20.

Horizontal Analysis

Balance sheet: Property, plant and equipment increased by Rs 11,396 Million over the last 05 years period due to investment in storage terminal and facilities, procurement of other Capital nature items and recognition of right-of-use assets as required by newly implemented IFRS 16.

Current assets comprise of stores and spares, stock in trade, trade debts, other receivables, short term investments and cash & bank balances. Variation in current assets' balances during the five years since 2014-15 was mainly due to fluctuations in trade debts due to circular debts issue, stock balances as per operational requirements and cash and bank balances consumed for capital expenditure. Non current liabilities increased in the year 2019-20 due to increase in long term liabilities in connection with recognition of right of use assets. Profit & loss: Overall sales volume declined in 2019-20. However, over the years, fluctuation in prices of products which depends on international prices, resulted in varying sales and profits during the years. Decrease in sales volume and inventory losses resulted in unfavorable performance in the year 2019-20.

METHODS/ASSUMPTIONS USED TO COMPILE THE INDICATORS

The Company's performance is effectively reflected through Key Operating and Financial Data, which are regularly reviewed by the management to better gauge the Company's performance.

Profitability ratios are the financial benchmarks which are used by stakeholders to measure and evaluate the ability of a Company to generate profit relative to its revenue.

Liquidity ratios are used to determine Company's ability to pay its obligations and reflects how working capital is being managed over the years.

Activity ratios indicates how efficiently the Company is leveraging its assets to generate revenues and cash.

Earnings per share measures the earnings of the Company against the total outstanding shares and dividend per share reflects dividend declared by Company for every outstanding ordinary share.

Market price per share is the measure of perception of the Company in the market. The difference between book value and Market value shows inventors confidence on scrip.

RATIONAL FOR MAJOR CAPITAL EXPENDITURES

Major capital expenditure has been incurred for establishing bulk oil storage terminals and construction of retail outlets, rational for the same has been discussed in detail in Directors' report for the year ended June 30, 2020.

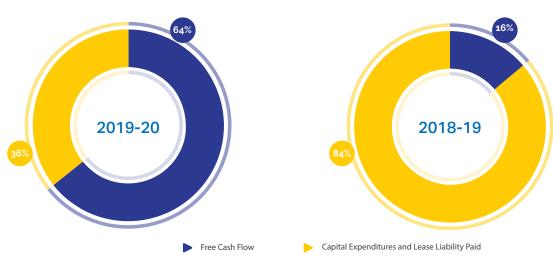
STATEMENT OF ECONOMIC VALUE ADDED

Description	2019-20	2018-19
	Rs ('000)	Rs ('000)
Net Profit After Tax	1,008,294	3,960,606
Cost of Equity Finance	(2,920,395)	(3,414,635)
Economic Value Added	(1,912,101)	545,971
Economic Value Added Per share (Rupees)	(19.21)	5.49

In the year 2019-20, Net Profit decreased by 75% as compared to 2018-19 due to substantial inventory losses on account of fluctuating international oil prices along with decrease in sales volume.

STATEMENT OF FREE CASH FLOW

Description	2019-20	2018-19
Description	Rs ('000)	Rs ('000)
Cash Flow From Operating Activities	7,414,512	2,998,293
Less : Capital Expenditures and Lease Liability Paid	(2,674,355)	(2,523,060)
Free Cash Flow	4,740,157	475,233



Composition of Cash Flow From Operation

In the year 2019-20, Free cash flow increased as compared to last year due to decrease in stock in trade and trade debts resultantly increase in cash and cash equivalents, which was used subsequently to meet the commitments as payment to suppliers was made in respect of import of products.

ANALYSIS OF PERFORMANCE AGAINST TARGETS

- Targets for year 2019-20 were revised keeping in view the unprecedented situation confronted by the world since the outbreak of COVID-19 pandemic in the second half of FY 2019-20 resultantly global economic shutdown and crash of international oil prices.
- Gross profit increased by 13% as compared to revised target due to increase in sales volume led by demand from power and construction sector and improvement in overall demand due to early than expected opening of some sectors of economy and COVID-19 lockdown.
- Other income increased by 5% as compared to revised target due to the impact of liability written back and increase in late payment charges on account of increase in receivable owing to circular debt of power sector.
- Operating cost increased by 8% due to increase in lease finance charges and late payment charges on account of increase in payable owing to circular debt of power sector.
- Net profit increased by 8% due to the reasons mentioned above.

STATEMENT OF CHARITY ACCOUNT

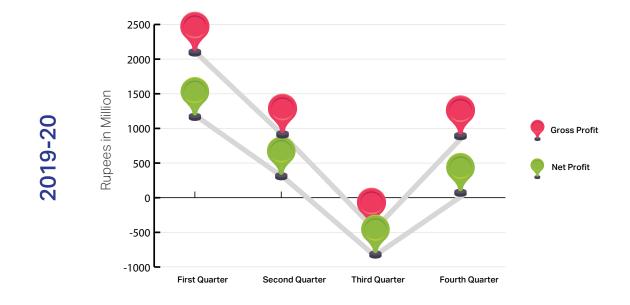
Particulars	2019-20 Rs ('000)
Education and Scholarship	4.444
Health care and Environment	2,136
Sports Development	529
Community Welfare	6,392
Total *	13,501

* Includes through Company's trust

ANALYSIS OF VARIATION

in results of interim reports with the final accounts

	Total	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
	Rs ('000)	Rs ('000)	Rs ('000)	Rs ('000)	Rs ('000)
Profit & Loss Items					
Net Sales	201,078,720	34,761,105	50,061,883	57,047,650	59,208,082
Gross Profit	3,637,890	955,136	(344,550)	926,951	2,100,353
Profit Before Taxation	1,503,086	253,820	(1,019,978)	514,688	1,754,556
Provision for Taxation	(494,792)	(115,975)	309,733	(159,208)	(529,342)
Net Profit	1,008,294	137,845	(710,245)	355,480	1,225,214
Earnings Per share (Rupees)	10.13	1.38	(7.14)	3.57	12.31

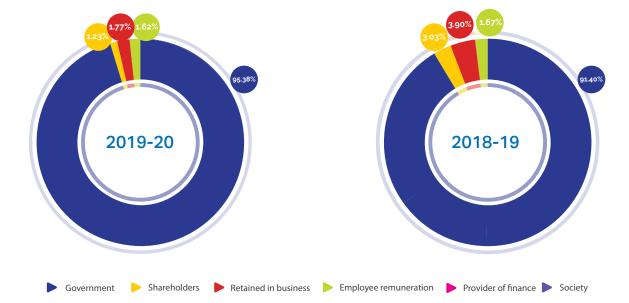


Net sales revenue was highest in first quarter as volumes sold and prices of petroleum products were highest in first quarter. This resulted in highest gross profit and net profit for the quarter.

Net sales revenue was lowest in fourth quarter as volume sold and prices of petroleum products were lowest in fourth quarter due to low demand of petroleum products on account of lockdown in the country due to COVID-19 pandemic.

STATEMENT OF VALUE ADDED

	2019-2	-20 2018-19		
	Rs in thousand	%	Rs in thousand	%
Gross revenue and other income	239,835,040		260,307,143	
Cost of sales and operating expenses	(167,203,065)		(194,627,032)	
Total value added	72,631,975		65,680,111	
DISTRIBUTION				
Employee remuneration:	1,174,996	1.62	1,093,848	1.67
Government as:				
Company taxation	494,792	0.68	1,762,251	2.68
Sales tax, duties and levies	68,661,766	94.53	57,958,477	88.24
WPPF and WWF	117,922	0.16	313,334	0.48
Shareholders as:				
Dividends	895,795	1.23	1,990,656	3.03
Bonus share	-	-	-	-
Society as:				
Donation	-	-	-	
Providers of finance as:				
Financial Charges	756	0.00	-	
Retained in business:				
Depreciation	1,173,449	1.62	591,595	0.90
Net earnings	112,499 72,631,975	0.15	1,969,950	3.00



132 | ANNUAL REPORT 2020