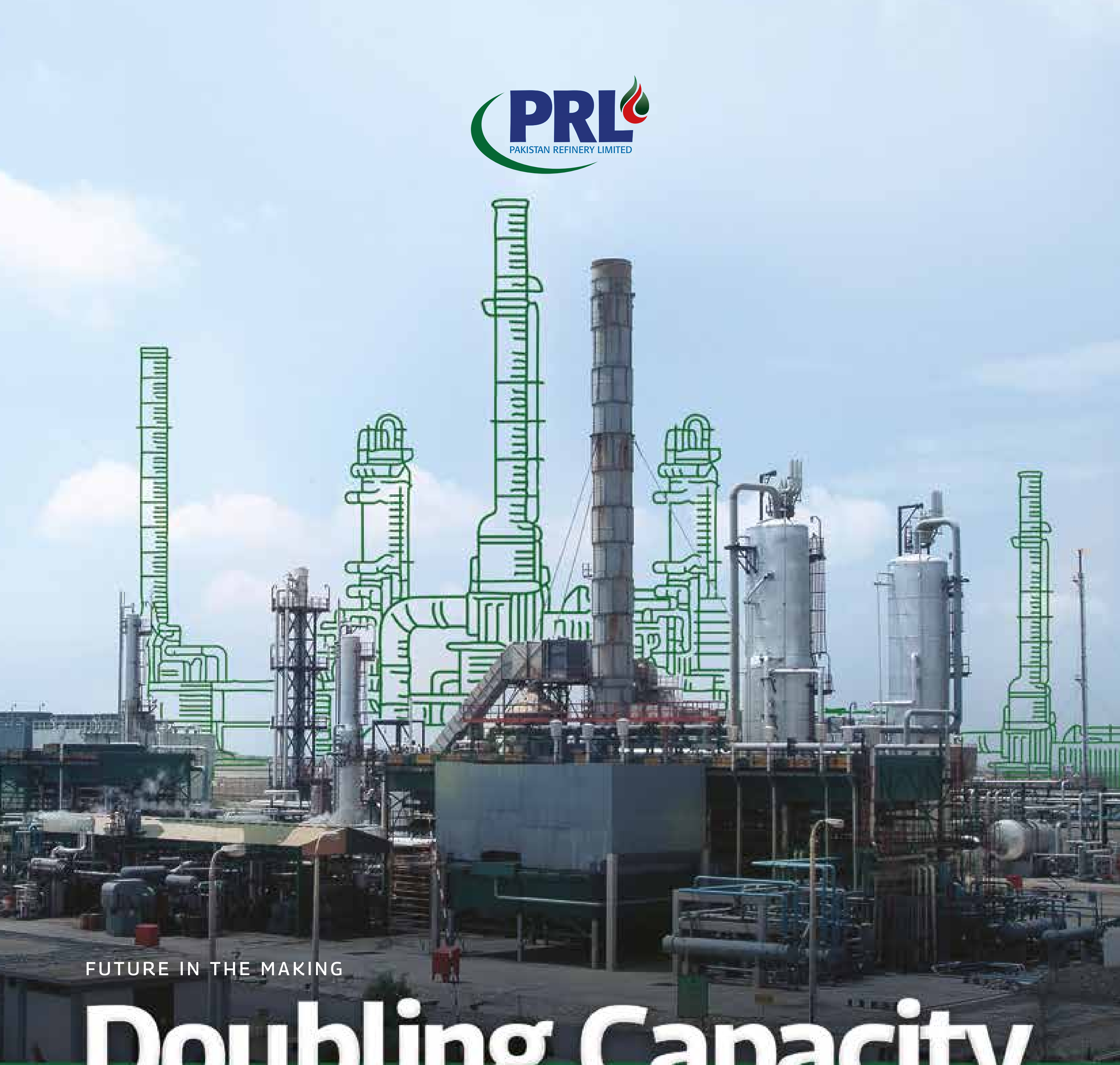


FUTURE IN THE MAKING

Doubling Capacity

WITH CUTTING EDGE TECHNOLOGY

PAKISTAN REFINERY LIMITED

ANNUAL REPORT 2023

DOUBLING CAPACITY

Since our inception in 1960, we have been on a pursuit of progress committed to capacity building and purposeful use of technology to fuel growth in an ever-evolving energy landscape. We take pride in being among the active refineries in Pakistan that excels in providing par excellence services, making it the ultimate choice for all stakeholders.

Taking a step forward, this year we've continued our journey towards Refinery Expansion and Upgrade Project (REUP), aimed at utilizing our technological advancement to maximize our crude processing potential of 50,000 bpd to 100,000 bpd per day, upgradation to a Deep Conversion Refinery for less production of HSFO, and manufacturing of eco-friendly fuels i.e. EURO V compliant HSD and MS/Petrol. We've embarked on a mission to shape the future of Pakistan's Oil & Gas Industry with a monumental expansion, doubling our capacity to meet the increasing demands for energy while establishing sustainable practices and setting new standards of excellence in the industry.

CONTENT

ABOUT THE REPORT

The Annual Report 2023 covers the period from July 1, 2022, to June 30, 2023, and significant subsequent events till its issuance. This report has been carefully shaped in accordance with the International Integrated Reporting Framework (Framework). This Report exemplifies Pakistan Refinery Limited's (PRL/the Company) dedication to aligning its corporate reporting with global best practices, aiming to comprehensively understand PRL's existing operations, values, commitments and future plans particularly increasing crude processing capacity by more than 100 percent.

This Report also underscores the integral connection between PRL's strategy, governance, performance, and the generation of value for all stakeholders. With an emphasis on transparency and informed decision-making, this Report unveils insights that facilitate timely decisions.

Key components of Integrated Reporting Encompass:

- Organizational overview and external environment: An exploration of PRL's operations within the broader context of the external landscape.
- Governance structure: Insights into PRL's governance setup and how it contributes to value creation.
- Business model: An overview of PRL's business model, demonstrating its role in generating value.
- Risks and opportunities: An analysis of the risks and opportunities PRL faces, its management and their impact on value creation.
- Strategy and resource allocation: An exposition of PRL strategies and how resources are allocated to attain them.
- Performance and achievements: Review of performance against strategic objectives and resultant outcomes.
- Outlook and challenges: Appraisal of prospects and challenges and their implications.
- Basis of presentation: Explanation of the Report's structure and the criteria for the inclusion of elements.

The online version of this Report is available on PRL's corporate website, accessible through this link: **http://www.prl.com.pk/financial-reports/.**

The video message of the Managing Director & CEO on PRL's overall performance for the year ended June 30, 2023, along with views on future plans is uploaded on the website at the following link **http://www.prl.com.pk/investor-information/.**

This Report reflects PRL's accomplishments and its commitment to growth, sustainability and stakeholders' engagement.

COMPANY INFORMATION

Deputy Managing Director (Finance & IT) / CFO
Imran Ahmad Mirza

Company Secretary
Shehrzad Aminullah

Auditors & Tax Advisors
KPMG – Taseer Hadi & Co.
Chartered Accountants

Legal Advisor
Orr Dignam & Co.

Registrar & Share Registration Office
FAMCO Associates (Private) Limited.
8-F, near Hotel Faran, Nursery, Block-6, P.E.C.H.S.,
Shahra-e-Faisal, Karachi.

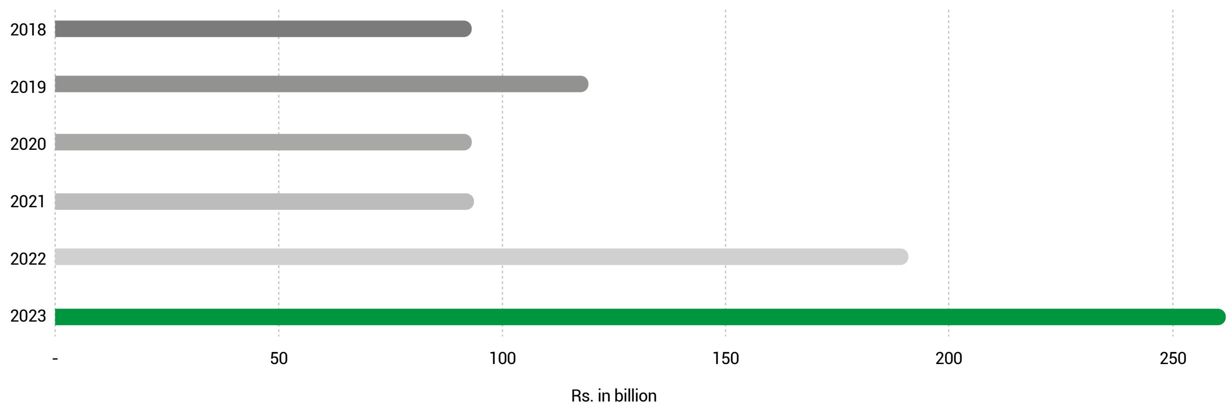
Bankers
Askari Bank Limited
Bank Alfalah Limited
Bank AL-Habib Limited
Bank of China Limited-Pakistan Operations
Faysal Bank Limited
Habib Metropolitan Bank Limited
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab Limited
United Bank Limited

Registered Office
P.O. Box 4612, Korangi Creek Road, Karachi-75190.
Tel: (92-21) 35122131-40
Fax: (92-21) 35060145, 35091780
info@prl.com.pk
www.prl.com.pk

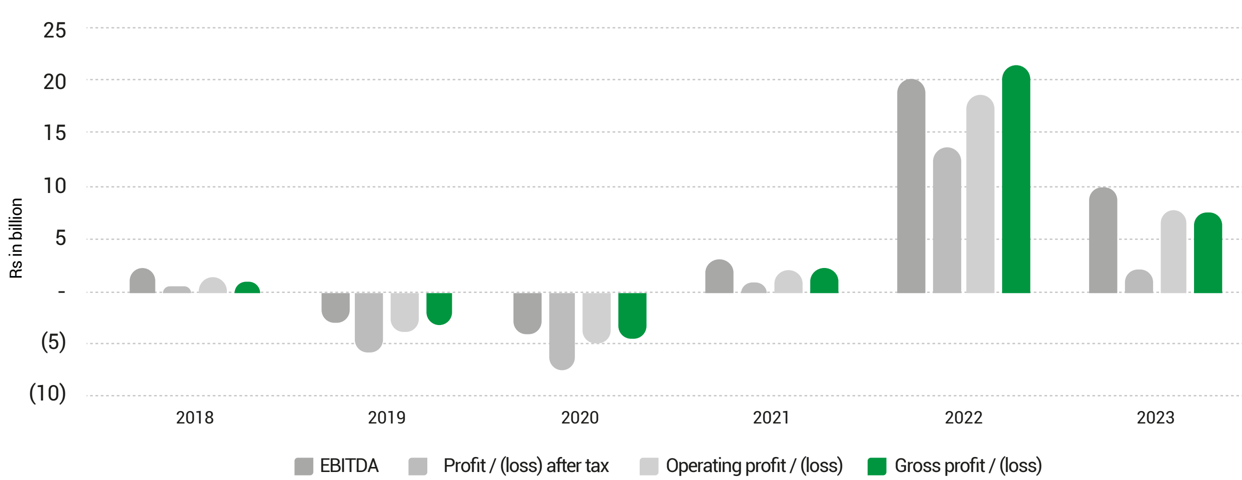
PROGRESS AND GROWTH

Pakistan Refinery Limited's Performance in 2023

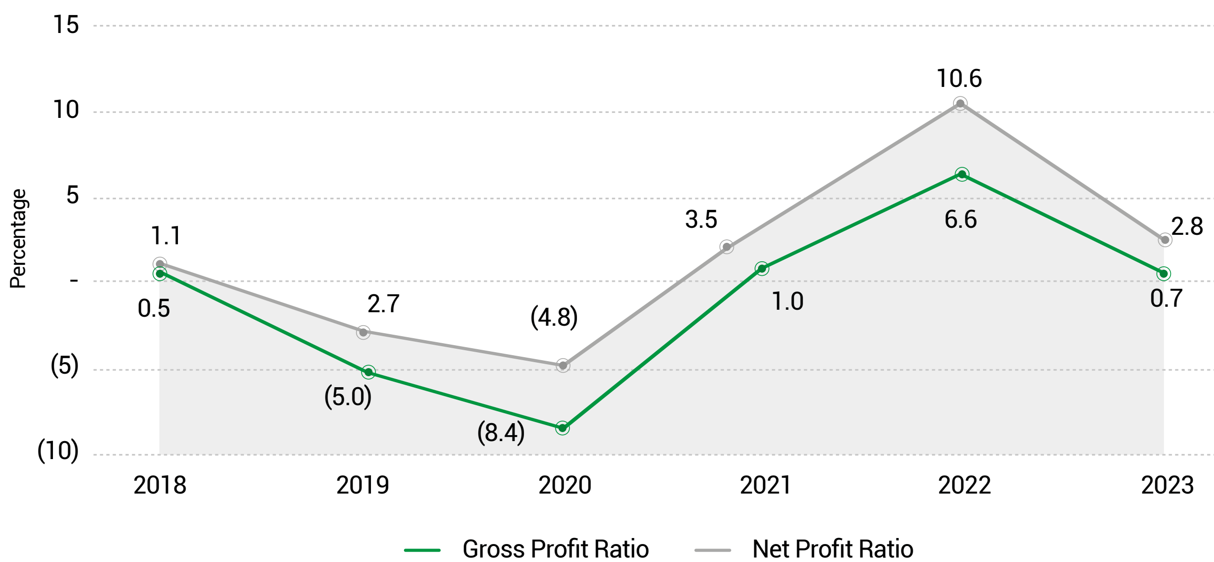
Revenue



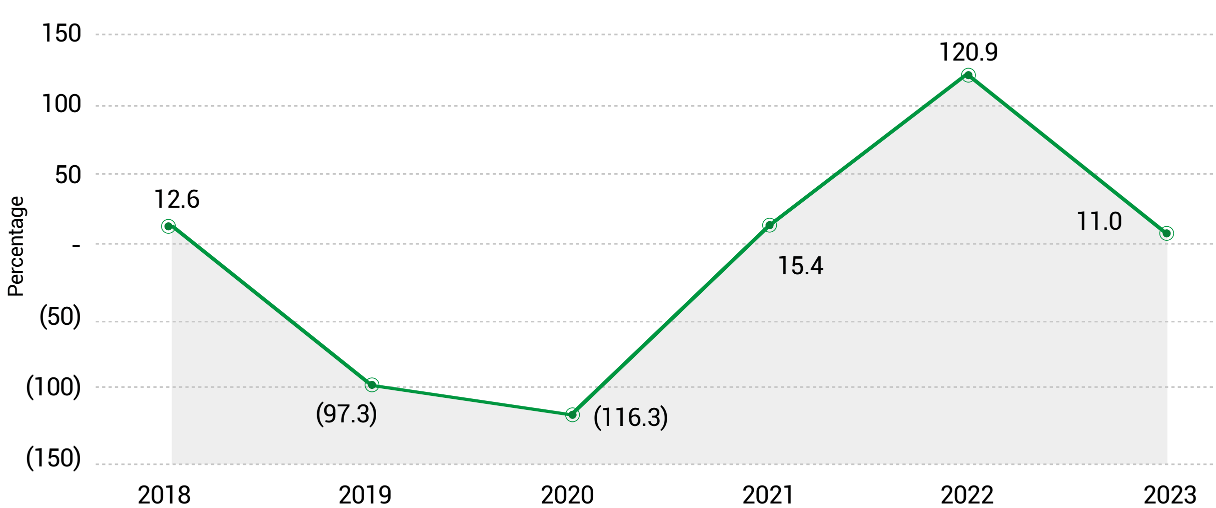
Financial Performance Analysis



Profitability Ratios



Return on Capital employed



CHAIRMAN'S REVIEW

It is my pleasure to present the 63rd Annual Report of Pakistan Refinery Limited ("the Company") for the year ended June 30, 2023, to the shareholders.

The Company maintained its profitability trend this year by posting profit after tax of Rs. 1.8 billion versus the record profit of Rs. 12.6 billion last year. The current year's result was not easy to achieve in the face of challenging and at times adverse economic conditions that persisted throughout the year and caused depletion of the country's foreign exchange reserves, depreciation of PKR, a steep increase in the interest rate and highest-ever inflation. The current year's profit is also lower than last year's because extraordinarily high Gross Refining Margins (GRMs) witnessed last year, due to an upsurge in commodity prices owing to global political conflicts, receded during the current year.

Your Company remains committed to the Refinery Expansion and Upgrade Project (REUP) and has continued its focus on the execution of the Project with work on the Front-End Engineering Design (FEED) phase in progress and technology licensors being appointed. FEED is planned to be completed by September 2024 and will be followed by Financial Close and award of the Engineering, Procurement and Construction (EPC) Contract. To achieve timely Financial Close of the Project, PRL is engaged with potential investors and in this regard, Memorandum of Understanding (MoUs) have been signed with certain organizations and similar discussions are underway with others that demonstrate interest of potential investors in the Company's REUP.

The combined efforts of the Board and Management received a significant boost after the end of the current reporting period when the Government of Pakistan approved the Refining Policy for Brownfield projects. This Policy will augment the upgrading of existing refineries by attracting investments and ensure a promising future for the entire Refining sector, including PRL.

The Company's top priorities include adherence to Health, Safety, Environment and Quality (HSEQ) standards. Your Company once again successfully complied with all HSEQ parameters through constant review of processes and strengthening them, wherever required. PRL is a responsible corporate citizen and during the year through its Corporate Social Responsibilities Programs generously contributed to the emergency relief efforts for the flood-affected areas of Sindh in coordination with Pakistan Rangers by providing medical supplies. Additionally, in the education sector, your refinery opted to support the Professor Amanat Ali Campus School run by The Citizen Foundation.

Financial results are explained in detail in the enclosed Directors' Report and Financial Statements for the year ended June 30, 2023.

The aforementioned results could not have been achieved without the devotion, hard work and commitment of all the employees of the Company, to whom I offer my gratitude. I would also like to express my gratitude to our valued customers, fellow Directors, Ministry of Energy, the Government of Pakistan and all other stakeholders for their continuous support.

TARIQ KIRMANI
CHAIRMAN

Karachi: August 18, 2023

ZAHID
MIR
MANAGING DIRECTOR & CEO

MANAGING DIRECTOR & CEO'S MESSAGE TO THE SHAREHOLDERS

Dear Shareholders,

I am pleased to present to you the Annual Report for the fiscal year 2023. This year signifies a pivotal juncture in PRL's transformative journey, setting the stage for a period marked by upgrades, expansions, growth, and progress in the years ahead. Over recent years, we have achieved significant milestones in reshaping our Company into an agile and forward-looking organization. As we continue this trajectory, our commitment to raising the bar of excellence remains unwavering, aimed at building a more valuable and dynamic enterprise for the collective benefit of our esteemed shareholders.

The past fiscal year presented distinctive challenges, including amplified macroeconomic factors, currency devaluation, and global uncertainties. Despite these hurdles, our resilience remained unshaken. We demonstrated steadfastness in the face of adversity, and our determination surged even higher. This resilience bore fruit, exemplified by our robust fiscal year 2023 performance - achieving revenues of PKR 262 billion and a profit after tax of PKR 1.8 billion. These achievements, amidst a turbulent geo-political environment, underscore our capacity to navigate challenges and emerge stronger.

PRL has emerged as a more robust, evolved, and profitable entity. Our dedicated workforce has been the driving force behind this transformation, exemplifying passion, ownership, and commitment to creating value. Our achievements reflect the efficacy of our strategies and plans, showcasing our ability to execute a winning strategy and positioning us with a powerful momentum for future success.

Our strategic approach to growth, duly augmented by the new Refining Policy for Brownfield Projects, holds greater promise for the Refinery Expansion and Upgrade Project. This approach leverages our strengths, infrastructure, and connectivity, ensuring cost-efficient expansion and quicker realisation of outcomes. This strategic alignment stands as a cornerstone of our overarching vision for excellence.

As we navigate the intricate landscape of business, our responsibility towards society and the environment remains central. Through initiatives that foster positive societal impact and promote environmental stewardship, we solidify our position as a market leader in ethical and sustainable practices. Our contributions of approximately PKR 20 million towards health, education, and community initiatives underline our commitment to effecting positive social change.

In conclusion, I extend my gratitude to our cherished customers, valued partners, esteemed stakeholders, and, above all, our dedicated employees for their tireless contributions. Our success is guided by the steadfast support of the Government of Pakistan, the Board of Directors and the Management, as well as your unwavering commitment as shareholders. Together, we forge ahead, shaping a promising future for PRL.

VISION & MISSION

FOLLOWING THE DREAM

VISION

The Refinery of the first choice for all stakeholders.

MISSION

Producing top quality and environmentally sustainable products through safe operations, state-of-the-art technology and premium human resources.

REFINERY EXPANSION &
UPGRADE PROJECT

INCREASING VOLUMES

REFINERY EXPANSION & UPGRADE PROJECT

PRL is committed to doubling its capacity and upgrading its technology.

In 2021, the Board of Directors of Pakistan Refinery Limited approved undertaking the Refinery Expansion and Upgrade Project (REUP). The project aims to double the crude processing capacity from 50,000 barrels per day (bpd) to 100,000 bpd and upgrade the refinery from a Hydro-skimming configuration to a Deep Conversion Refinery. The upgraded refinery will produce environmentally friendly fuels, such as EURO V-compliant High-Speed Diesel (HSD) and Motor Spirit (MS) Petrol and significantly reduce the production of high sulfur fuel oil (HSFO). This transformative endeavor will propel PRL into a sustainable future, producing cleaner fuels, while meeting growing market demands.

Detailed Feasibility Study (DFS) for the project developed by Wood Group UK Limited, a leading world-class design consultant in the Oil & Gas sector, enabled the selection of proven state-of-the-art technology and configuration, comparable to any world-class modern refinery. After an exhaustive evaluation of globally available technologies and licensors, the DFS specified a Residue Fluidized Catalytic Cracker (RFCC) based on a process configuration designed to process regional medium crudes. RFCC-based configuration was deemed to be the best fit as it almost eliminates Fuel Oil, significantly increases the MS and HSD production, minimizes technological risks, reduces Capex requirements and at the same time yields a healthy GRM and returns. The proposed complex will add 18 plants to the existing setup of 4 plants, at an estimated cost of approximately USD 1.5 billion.

Wood Group was also appointed as the Front-End Engineering Design (FEED) Contractor for REUP and is executing the FEED from their Center of Excellence in Reading, UK. Similarly, the Consortium of United Bank Limited and JS Global Capital Limited was appointed as Financial Advisors and Arrangers for the local debt and equity component for REUP.

PRL has selected global licensors UOP (USA) and Axens (France) for the project. This will lead to the acquisition and transfer of technology to the country and develop Pakistan industry professionals on the usage of the most advanced refining technologies available globally.

The project economics is based on an independent price study by M/s Wood Mackenzie & Nexant which yields a healthy Internal Rate of Return (IRR) and meets global investment parameters.

PRL's efforts to undertake REUP are bolstered by the announcement of the Refining Policy for Brownfield Projects in August 2023 by the Government of Pakistan. This policy carries incentives to attract much required investment in Pakistan's refining sector.

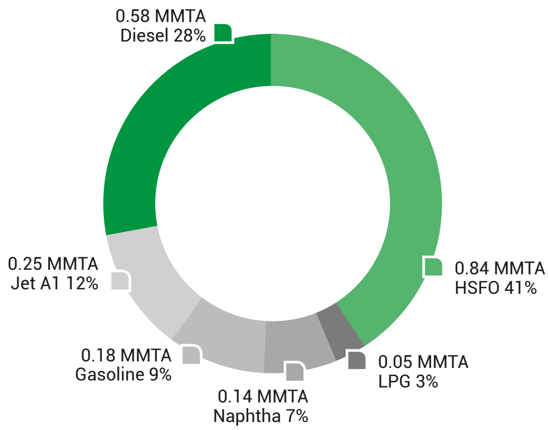
The project is currently in the FEED phase, which is projected to be completed by Q3 2024, after which, Financial Close and Final Investment Decision (FID) are expected to be achieved by Q2 2025. The Engineering Procurement Construction (EPC) phase will take ~3 years, targeting project completion by Q2 2028.

Given the location, infrastructure, connectivity, and operating refinery, the Brownfield strategy adopted for REUP provides a significant cost savings advantage compared to alternative completely new refinery constructions and makes REUP an efficient and effective solution in a shorter time frame with the desired outcomes. The payback from a brownfield refinery is expected to far exceed the benefits anticipated from a greenfield refinery. Furthermore, the additional production will reduce imports thus saving valuable foreign exchange for the country.

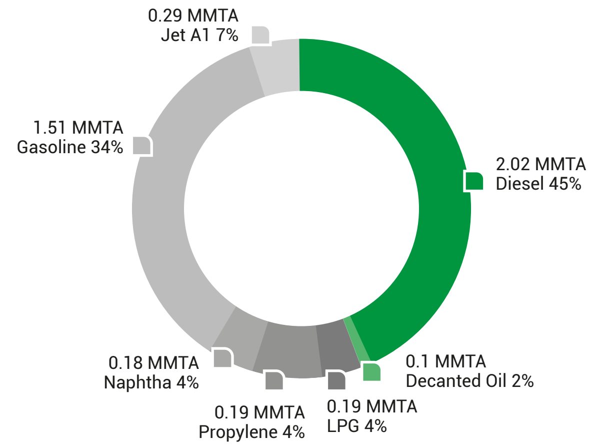
THE CHANGING SHAPE OF THE PRODUCT BARREL

The REUP will increase the production of MS and HSD significantly.

Current @ 50kbpd



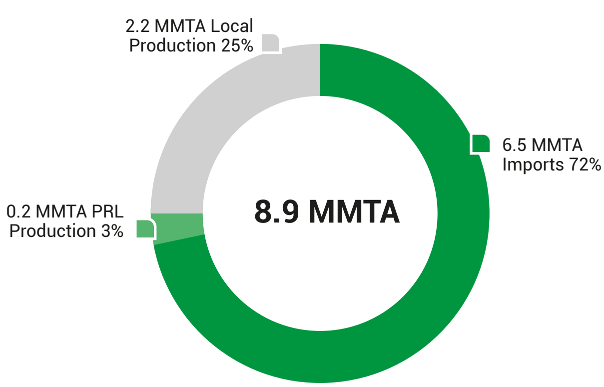
Post Upgrade @ 100kbpd



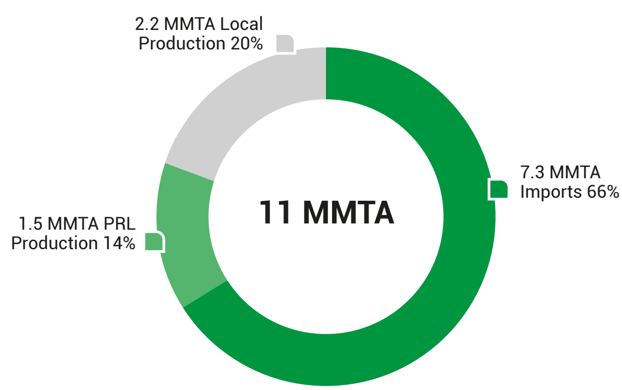
INCREASING THE PIECE OF THE PIE

REUP will increase PRL's share in the country's local production of both MS and HSD

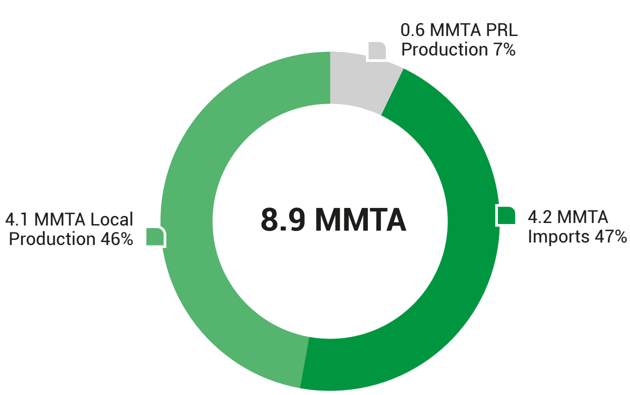
MS 2021-2022



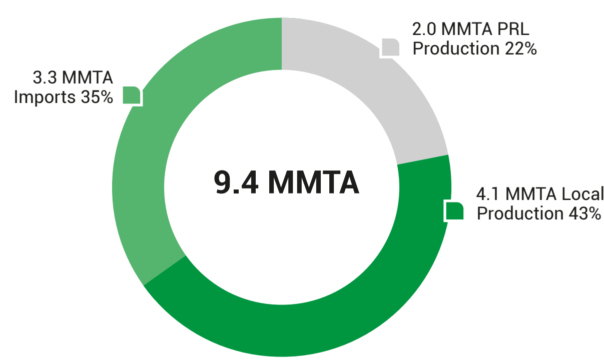
MS 2026-2027



HSD 2021-2022



HSD 2026-2027



COMPANY PROFILE

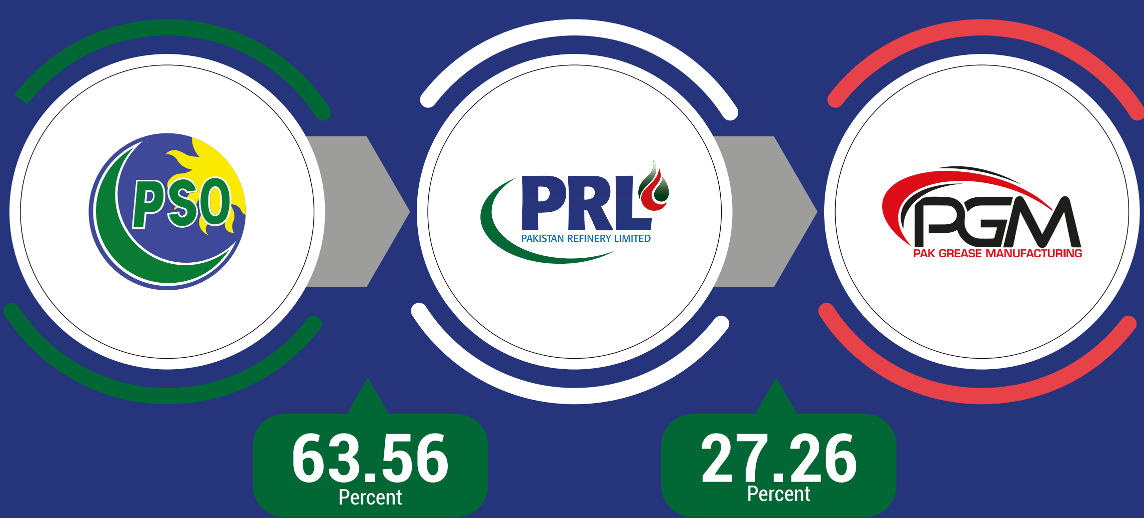
PRL is a hydro-skimming refinery incorporated in Pakistan as a public limited company in May 1960. PRL is engaged in the production and sale of petroleum products. PRL operates as a subsidiary of Pakistan State Oil Company Limited (PSO), which is the largest oil marketing company in Pakistan. PRL's shares are publicly traded on the Pakistan Stock Exchange Limited.

The refinery is strategically located in Karachi, with a designed throughput capacity of 50,000 barrels per day. The major units in refinery complex are Crude Distillation Unit, Hydrotreating Unit, Platformer Unit, and Isomerization Unit.

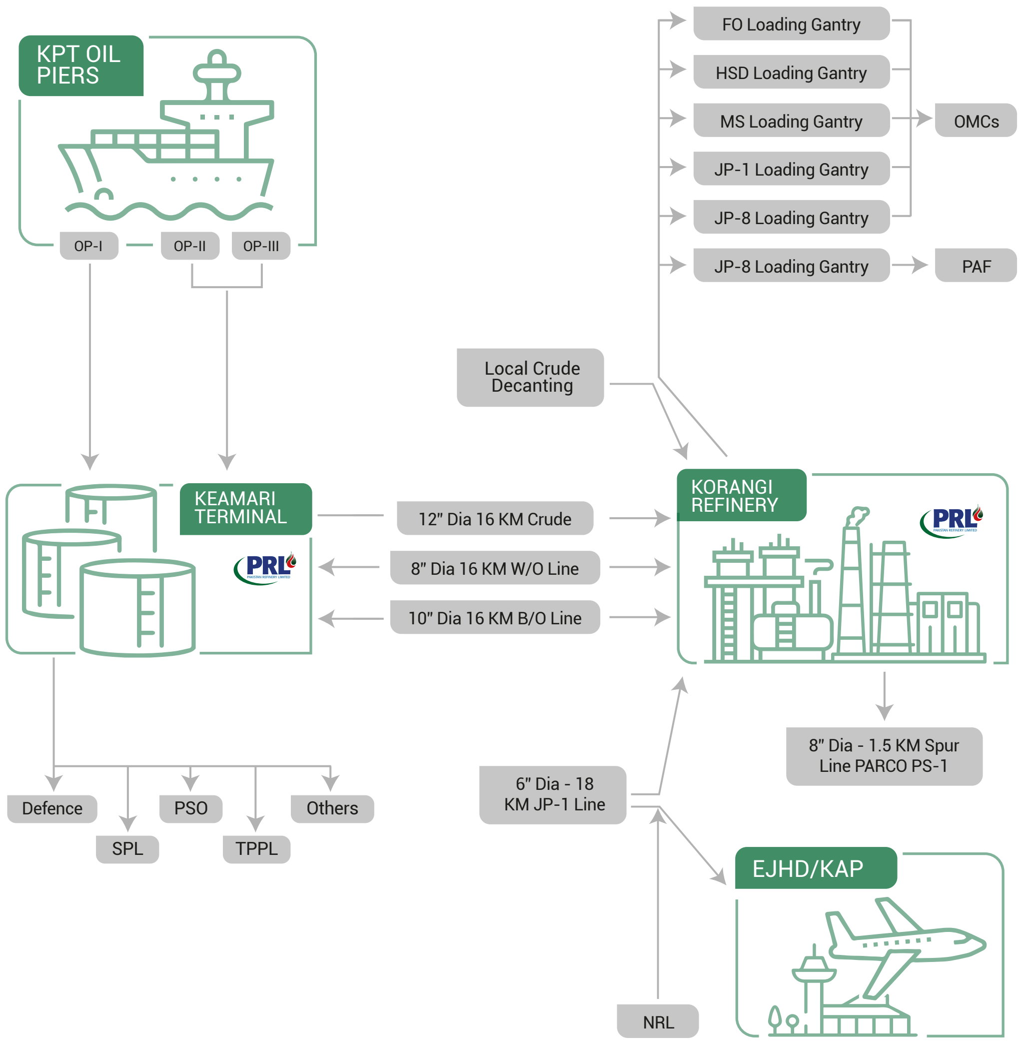
GROUP STRUCTURE

PRL is the subsidiary of PSO that holds 63.56% shares in PRL. PRL became a subsidiary of PSO effective December 1, 2018, when PSO increased its shareholding from 24.11% to 52.68%. Subsequently, PSO acquired further shares in PRL bringing the total holding to 63.56%. PSO is a public company listed on the Pakistan Stock Exchange. Detailed shareholding structure of PSO can be obtained from the Pattern of Shareholding in the published financial statements of PSO. Major shareholders of PSO include Government of Pakistan that holds 25.51% directly and indirectly. Other shareholders include banks, insurance companies, modarabas and mutual funds and the public.

PRL also holds 27.26% shares in Pak Grease Manufacturing Company (Private) Limited (PGMC) which is treated as PRL's associated company in the annexed financial statements. Other shareholders of PGMC are private investors.



PRL OPERATIONAL NETWORK



PRODUCT PROFILE

PRL produces and sells:

- High Speed Diesel (HSD)
- Motor Spirit (MS/Petrol)
- High Sulfur Furnace Oil (HSFO)
- Jet Fuels (JP-1 & JP-8)
- Kerosene
- Naphtha
- Liquefied Petroleum Gas (LPG)

All these products are sold to Oil Marketing Companies who then sell the same to their customers. PRL also supplies Jet Fuels and other petroleum products to armed forces. Any surplus HSFO and Naphtha are exported.

VALUE CHAIN POSITION AND BUSINESS CONNECTIONS

PRL occupies a crucial position within the petroleum value chain as a midstream company, bridging the upstream and downstream segments. As a midstream player, PRL procures crude oil from various Exploration and Production (E&P) companies and then refines it into various petroleum products. These products are then supplied to oil marketing companies (OMCs) for further distribution to end-users.

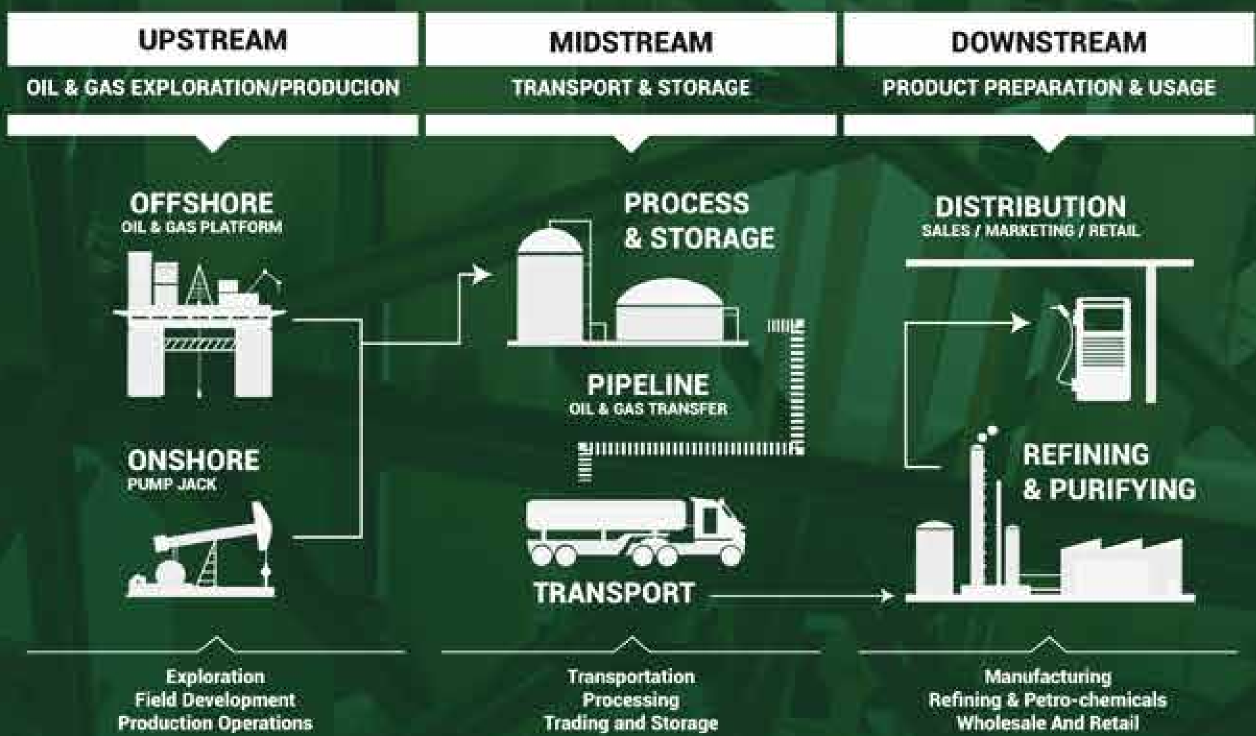
PRL has established strong business connections through supply contracts with E&P companies, such as

- ARAMCO
- Abu Dhabi National Oil Company (ADNOC)
- Kuwait Petroleum Company (KPC)

These agreements provide PRL with a consistent supply of crude oil, which is essential for sustained refinery operations.

PRL has strong business connections with OMCs, including Pakistan State Oil (PSO) and Shell Pakistan Limited, through product-uplifting contracts.

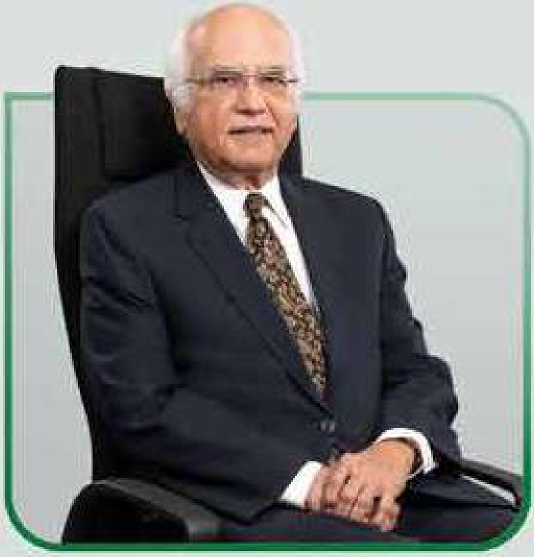
Oil industry is segregated in three broad categories i.e., 1) Upstream that includes offshore and onshore oil and gas exploration and production companies; 2) Midstream that includes pipelines, transportation, and storage; and 3) Downstream that includes refineries, petrochemical manufacturing, and oil marketing companies. PRL, being a refinery, represents the downstream sector of the oil industry.



CORPORATE GOVERNANCE

GUIDING THE AMBITIONS

BOARD OF DIRECTORS



TARIQ KIRMANI

CHAIRMAN

Mr. Tariq Kirmani has more than 50 years of multifaceted experience in the corporate sector, both domestic and international.

After completing his Master's Degree in Business Administration, he started his career with a Multinational Oil Company, Caltex (later Chevron Pakistan) in 1969 and worked for 7 years in the United States (US), United Arab Emirates (UAE) and Australia in different senior management positions in Marketing, Operations and Finance. In 1991, he became the first Pakistani to be elected as a Director of the Company.

In 1999, he joined Pakistan State Oil (PSO) as Deputy Managing Director and in 2001 was appointed as the Managing Director & CEO. He turned around this public sector organization and converted it into a customer focused entity by giving it a new brand image and making it profitable while aggressively competing with multinational companies like Shell, Chevron, and TOTAL.

In 2005, the Government of Pakistan (GoP) appointed Mr. Tariq Kirmani as the Chairman & CEO of Pakistan International Airlines (PIA). He served the Airline for 2 years during which he introduced customer focus, identified, and initiated implementation of major programs in Aircraft Fleet Renewal, Employee Rationalization and Systems & Processes through implementation of IT and Enterprise Resource Planning (ERP).

Due to his personal efforts, PSO and PIA became members of the World Economic Forum, Davos, Switzerland and the World Business Council for Sustainable Development, Geneva, Switzerland.

Currently, he is serving as the Chairman of PRL and Gas & Oil Pakistan Ltd. (GO). He is also serving as a Director on the Boards of Professional Education Foundation (PEF), IBA Selection Board and National Academy of Performing Arts (NAPA).

He has also served as the Chairman of Punjab Energy Holding Company (Private) Limited (PEHCL), Pakistan International Airlines (PIA), United Bank Limited Fund Managers, Greenstar Social Marketing (GSM), Oil Companies Advisory Council (OCAC), and served as the President of Pakistan Hockey Federation (PHF).

He has previously served as a Director on the Boards of multinational and public sector companies such as Chevron Pakistan, Pak-Arab Pipeline Company Limited (PAPCO), Pakistan State Cement Corporation (PSCC), Asia Pipeline (Pvt.) Ltd. (APL), Board of Governors in LUMS, Lahore, Pakistan Telecommunications Limited (PTCL), Pakistan Private Infrastructure Board (PPIB), National Bank of Pakistan (NBP), Pakistan International Airlines (PIA) and Family Educational Services Foundation (FESF).

ZAHID MIR

MANAGING DIRECTOR & CEO

Mr. Zahid Mir is working for PRL as Managing Director & CEO since 1st August 2019. He is a Petroleum Engineer, and an MBA. Mr. Mir has over 35 years of diverse Technical and Management experience working for both public sector and multinational companies in Pakistan and United Kingdom. He also has significant experience of both onshore and offshore operations, having been involved, at a senior level, in all stages of upstream and mid-stream operations. He has extensive experience in negotiating commercial and fiscal agreements, developing strategy, project development and execution, mergers and acquisitions and dealing with the Government regulators.

He has previously worked for Shell, Kufpec, Premier Oil and OGDCL. Before joining PRL his last appointment was as MD/CEO of OGDCL.

Mr. Mir is also a Director of Petroleum Institute of Pakistan (PIP) and has served as Chairman, Oil Companies Advisory Council (OCAC) in 2021.

AFTAB HUSAIN

DIRECTOR

Mr. Aftab Husain has worked for PRL as Managing Director & CEO from November 2011 till July 2019. He is currently a member of the Boards of PRL, PARCO, PARCO Coastal Refinery and Petroleum Institute of Pakistan.

He is a Chemical Engineer and MPA from IBA, Karachi and has a career in oil refining with over 40 years of diversified experience with PRL, having led all Operations, Technical and Commercial functions in the Refinery. He has been a member of the National Integrated Energy Plan in the Energy Expert Group of the Economic Advisory Committee and served as Refining Specialist.

Mr. Aftab Husain is a Certified Director from Pakistan Institute of Corporate Governance (PICG).

ABID SHAHID ZUBERI

DIRECTOR

Barrister Abid S. Zuberi spent his adolescent years in Lahore, where he received his initial education from Aitchison College followed by Highgate School, London, UK. Thereafter, he completed his BSc. (Hons) in Economics from The London School of Economics & Political Science and did his Graduate Diploma in Law from The City University, London. He then attended the Bar School and was enrolled at The Honorable Society of Lincoln's Inn and was successfully called to the Bar of England and Wales in 1987. Subsequently, he did his pupillage at a leading Chamber specializing in commercial/corporate and maritime law.

Hailing from a very patriotic family, Mr. Zuberi was drawn back to his roots and soon after completing his pupillage, he returned to Karachi, Pakistan. Upon his return, Mr. Zuberi joined the leading litigation Chamber of Mr. Khalid M. Ishaque in 1988. Thereafter, in the year 1993, Mr. Zuberi established his own practice now known as M/s Abid S. Zuberi & Ayan M. Memon Law Associates (formerly known as M/s Abid S. Zuberi & Co.), where he is the head of the Chamber.

For a brief period in the year 1997, Mr. Zuberi was appointed Assistant Advocate General Sindh. He has served as Secretary and President of Sindh High Court Bar Association. Presently, he is a Member of the Sindh Bar Council. He also is currently the President of The Supreme Court Bar Association of Pakistan.

SYED JEHANGIR ALI SHAH

DIRECTOR

Syed Jehangir Ali Shah is a seasoned veteran of the Oil Industry. He has served as Acting Managing Director of PSO in 2018 and previously in 2011. He joined PSO in 1984 and had worked in various Management Positions, however, his forte remained Sales and Marketing as he led all Marketing related Functions in PSO.

MOHAMMAD ABDUL ALEEM

DIRECTOR

Mr. Mohammad Abdul Aleem re-joined the Board of PRL in October 2020 and is the Chairman of its Audit Committee. Earlier Mr. Aleem was a Director of PRL in 2008. Besides PRL, Mr. Aleem is currently a Board member and Chairman, Audit Committee of Engro Corporation Limited and Meezan Bank Limited.

Mr. Abdul Aleem is currently the CEO and Secretary General of Overseas Investors Chambers of Commerce & Industry (OICCI). He has worked in senior positions within both Exxon Chemicals and Engro Corporation, serving in both Singapore and Pakistan. Thereafter, he has worked with British American Tobacco Group UK (BAT) in Pakistan and overseas, where he served as CEO of BAT Operations in Cambodia, Mauritius, and Indian Ocean territory. Since 2004, Mr. Aleem has served in senior positions with large Government-owned organizations in Pakistan. His last assignment was as Managing Director, Pakistan State Oil Company Ltd.

Mr. Mohammad Abdul Aleem is a Fellow Member of The Institute of Chartered Accountants of Pakistan (Gold Medalist) and a Fellow Member of The Institute of Cost & Management Accountants of Pakistan.

MOHSIN ALI MANGI

DIRECTOR

Mr. Mohsin Ali Mangi is a seasoned professional with over twenty-two years of local and international experience spanning across diversified sectors in capacity of Chief Strategy & Technology Officer, Chief Operating Officer, Chief Financial Officer, Head of Projects and Businesses and Investment Banking working for PSO, Hubco, Engro and Credit Suisse. During his career, he has launched several new businesses and products in diversified fields of Agriculture, Energy, Petrochemicals, E&P and Mining. He has closed financial transactions of over US$ 5 billion, including capital markets, mergers and acquisitions and project finance transactions. He has vast experience in building organizations from scratch, restructuring them and designing and implementing long-term strategies and business development. In addition to being Board Member of PRL, he has also served on the Board of Engro Powergen Qadirpur. He is an MBA from LUMS.

SYED MUHAMMAD TAHA

DIRECTOR

Syed Taha, capitalizing on his over three decades of cross-industry experience, both local and international, marked the highest ever profits, raising the bar with historic operational and financial performance for two years in a row in fiscal years 2021 & 2022 in the approximately five decades of Pakistan's largest energy icon - PSO. Under his leadership, the company has gone from strength to strength, maintaining strong volumetric growth in all product lines and steadily increasing market shares across major portfolios.

Taha has successfully transformed PSO from an oil marketing business to an agile, integrated & future-ready energy company. He spearheaded the clean energy revolution in Pakistan, making PSO the first company to introduce Euro 5 fuels in the country while also building scale in low carbon energy alternatives such EV charging and solarization of locations. He streamlined management and marketing, redesigned the company's internal architecture and unlocked the talent and potential of the organization's human capital with special focus on diversity and inclusion.

Harnessing the power of disruptive and indigenous technologies, he set the wheels for the company's long-term sustainability in motion through business process reengineering, automation & digitization, diversification and new ventures. He increased focus on infrastructural projects, strategic financial management and high margin products with safety and customer-centricity being underpinning drivers of all initiatives.

Previously, he worked as an Executive Director in Oasis Energy, heading the Program Management Office of Port Harcourt Electricity Distribution Company, Nigeria. Prior to that, as the Chief Distribution Officer at K-Electric Limited, he managed revenues exceeding USD 1.9 billion, catering to 2.4 million customers in Karachi and improving the productivity and effectiveness of 8000+ employees.

Well known as a visionary strategist and respected for his transformational skills in the energy sector with over two decades of executive level experience, Taha has been a key member of the change management and leadership teams in various organizations where he successfully turned around struggling enterprises into highly profitable concerns. He holds an engineering degree with an MBA from the Institute of Business Administration, Karachi.

NADEEM SAFDAR

DIRECTOR

Mr. Nadeem Safdar has been associated with the Telecom Industry of Pakistan for almost 30 years now. He joined Millicom International as part of the start-up team when the service was not even launched in the Country, back in November 1990 and is now heading Mobile Systems International.

TARA UZRA DAWOOD

DIRECTOR

Ms. Tara Uzra Dawood is a leading expert across multi-industry and corporate governance best practices, most particularly with companies in Asia including renewable, Oil & Gas, energy, Shariah, and Asset Management Company. She currently sits on the boards of Pakistan State Oil - where she chairs the Audit and HR Committees, Pakistan Refinery Limited and Dawood Family Takaful Limited - where she chairs the Audit and HR Committees.

Ms. Dawood is the CEO of Ladiesfund Energy (Private) Limited, a cutting-edge women-led renewables plant. She is also president of Ladiesfund which has trained 12,000 women entrepreneurs and Educate a Girl which vocationally trains girls in communications skills.

Ms. Dawood worked for international law firms abroad before launching 786 Investments Limited. She holds a Doctorate in Judicial Science from Harvard Law School, where she specialized in shariah law and finance, as well as mergers and acquisitions and Bachelor of Arts Honors from Cornell University and Oxford University. She is certified in Corporate Governance by Lahore University of Management Sciences (LUMS), Pakistan Institute of Corporate Governance (PICG), and Harvard Business School.

RUSHNA FAWAD

DIRECTOR

Ms. Rushna Fawad's extensive professional journey is a testament to her remarkable leadership. She has played pivotal roles in various government ministries, showcasing her exceptional administrative prowess. At the Ministry of Energy (Petroleum Division), she meticulously oversaw corporate affairs, from the Board of Directors constitution to coordination with finance and regulatory bodies. Her tenure at the Ministry of Climate Change saw her excel as a Staff Officer to the Secretary, efficiently managing meetings and international delegations. As Deputy Secretary, she steered the administration, aligning the Ministry's tiers and overseeing critical committees. Her role at the Evacuee Trust Property Board was equally impactful, where she spearheaded innovative initiatives and streamlined operations. As Director at Punjab Seed Corporation, she exhibited dynamic leadership, leading to enhanced organizational performance. With expertise spanning employee benefits, Rushna's contribution to the Employees Old Age Benefits Institution showcased her dedication to enhancing social welfare. She has been recognized for her relentless pursuit of excellence, with awards for performance, integrity, and innovation. Her distinguished education and training further underline her commitment to holistic growth.

COMPOSITION OF THE BOARD

	Category	Number
a	Male	Nine
b	Female	Two

S.No.	Name	Designation	Executive / Non-Executive	Independent / Non-Independent
1	Tariq Kirmani	Chairman		Independent
2	Abid Shahid Zuberi	Director		Independent
3	Aftab Husain	Director	Non-Executive	
4	Nadeem Safdar	Director		Independent
5	Mohammad Abdul Aleem	Director		Independent
6	Syed Jehangir Ali Shah	Director	Non-Executive	
7	Syed Muhammad Taha	Director	Non-Executive	
8	Tara Uzra Dawood	Director	Non-Executive	
9	Mohsin Mangi	Director	Non-Executive	
10	Rushna Fawad	Director	Non-Executive	
11	Zahid Mir	Chief Executive Officer (CEO)	-	-

ENGAGEMENT OF BOARD MEMBERS IN BUSINESS ENTITIES

RELATED PARTIES DISCLOSURE
FOR THE YEAR ENDED JUNE 30, 2023

S.No.	Name	Related Parties Based on Common Directorship
1	Tariq Kirmani (Chairman)	Gas & Oil Pakistan Limited (GO) Professional Education Foundation Institute of Business Administration (IBA) Selection Board National Academy of Performing Arts (NAPA)
2	Abid Shahid Zuberi	Nil
3	Aftab Husain	Pak Arab Refinery Limited (PARCO) PARCO Coastal Refinery Limited Petroleum Institute of Pakistan
4	Mohammad Abdul Aleem	Overseas Investors Chamber of Commerce & Industry (OICCI) Engro Corporation Limited Meezan Bank Limited Professional Education Foundation Sharmeen Khan Memorial Foundation
5	Mohsin Ali Mangi	Nil
6	Nadeem Safdar	Nil
7	Syed Jehangir Ali Shah	Asia Petroleum Limited
8	Syed Muhammad Taha	Pakistan State Oil Company Limited (PSO) Pak Arab Pipeline Company Limited Petroleum Institute of Pakistan Asia Petroleum Limited
9	Tara Uzra Dawood	786 Investment Dawood Global Foundation Ladiesfund Energy (Private) Limited Ladiesfund Solar (Private) Limited Lean in Pakistan Foundation Dawood Family Takaful Limited
10	Rushna Fawad	Nil
11	Zahid Mir	Petroleum Institute of Pakistan

BOARD COMMITTEES

BOARD AUDIT & RISK COMMITTEE (BARC)

S.No.	Name of Directors	
1	Mohammad Abdul Aleem	Chairman
2	Mohsin Ali Mangi	Member
3	Tara Uzra Dawood	Member
4	Abid Shahid Zuberi	Member

TERMS OF REFERENCE

a. Determination of appropriate measures to safeguard PRL's assets.

b. Review of annual and interim financial statements of PRL, prior to their approval by the Board of Directors, focusing on:

   (i) major judgmental areas.
   (ii) significant adjustments resulting from the audit.
   (iii) going concern assumption.
   (iv) any changes in accounting policies and practices.
   (v) compliance with applicable accounting standards.
   (vi) compliance with these regulations and other statutory and regulatory requirements; and
   (vii) all related party transactions.

c. Review of preliminary announcements of results prior to external communication and publication.
d. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).
e. Review of management letter issued by external auditors and management's response thereto.
f. Ensuring coordination between the internal and external auditors of PRL.
g. Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within PRL.
h. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto.

i. Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective.

j. Review of PRL's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports.

k. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body.

l. Determination of compliance with relevant statutory requirements.

m. Monitoring compliance with the Regulations and identification of significant violations thereof.

n. Review of arrangement for staff and management to report to BARC in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures.

o. Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to PRL by the external auditors in addition to auditing its financial statements. The Board of Directors will give due consideration to the recommendations of BARC and where it acts otherwise it will record the reasons thereof.

p. Consideration of any other issue or matter as may be assigned by the Board of Directors.

BOARD PROJECT STEERING COMMITTEE (BPSC)

S.No.	Name of Directors	
1	Mohsin Ali Mangi	Chairman
2	Syed Muhammad Taha	Member
3	Aftab Husain	Member
4	Zahid Mir	Member

TERMS OF REFERENCE

The Board of Directors have constituted the Project Steering Committee to make recommendations to the Board after providing steer and strategic direction to PRL management in supporting the successful execution of the Refinery Expansion & Upgrade Project (REUP) via a structured Assurance Gate Review (AGR) process.

a. BPSC will review in detail the assumptions, methodology and selected working related to major project metrics/decisions and make recommendations to the Board accordingly.

b. Monitor project progress against defined milestones and assurance gate reviews.

c. Provide steer as needed to ensure that the Project is aligned to meet PRL objectives, financial goals and is in line with any change in Government policies and decisions, throughout the Project lifecycle.

d. Finalization of the scope of technical and financial advisors and their selection including all technical and financial aspects of the project.

e. Support management on funding arrangements/securing funds for the project and ensure alignment with major stakeholder objectives and processes on such matters.

Board Human Resources & Compensation Committee (BHRCC)

S.No.	Name of Directors	
1	Tariq Kirmani	Chairman
2	Aftab Husain	Member
3	Nadeem Safdar	Member
4	Syed Jehangir Ali Shah	Member
5	Syed Muhammad Taha	Member
6	Zahid Mir	Member/MD & CEO

TERMS OF REFERENCE

a. Recommendation to the Board the selection, evaluation, appointment, compensation (including retirement benefits) and succession planning of the Managing Director & Chief Executive Officer.

b. Recommendation to the Board the selection, evaluation, appointment, development, compensation (including retirement benefits), succession planning and separation of Chief Financial Officer, Company Secretary and Chief Internal Audit as well as all General Managers and above.

c. Recommendation to the Board for Human Resource Management Policies.

d. Consideration and approval on recommendations of Managing Director & Chief Executive Officer on such matters relating to Refinery Leadership Team.

e. Annual appraisal and annual merit increase of employees.

f. Recommendation to the Board for consideration and approval of a policy framework for determining remuneration of directors (both executive and non-executive directors).

g. Undertaking, annually, a formal process of evaluation of the performance of the Board as a whole and its Committees either directly or by engaging external independent consultant.

ATTENDANCE OF THE BOARD & SUB-COMMITTEES

FOR MEETINGS HELD DURING THE YEAR

Directors	Board of Directors		Board Audit & Risk Committee		Board Project Steering Committee		Board Human Resources & Compensation Committee	
	Meetings Held*	Meetings Attended	Meetings Held*	Meetings Attended	Meetings Held*	Meetings Attended	Meetings Held*	Meetings Attended
Tariq Kirmani	5	5	-	-	-	-	2	2
Abid Shahid Zuberi	5	0	4	0	-	-	-	-
Aftab Husain	5	5	-	-	5	5	2	2
Mohsin Ali Mangi	5	5	4	4	5	5	-	-
Mohammad Abdul Aleem	5	4	4	4	-	-	-	-
Nadeem Safdar	5	5	-	-	-	-	2	2
Hassan Mehmood Yousufzai	2	2	2	1	1	1	-	-
Syed Jehangir Ali Shah	5	4	-	-	-	-	2	2
Syed Muhammad Taha	5	5	2	1	5	4	2	2
Tara Uzra Dawood	5	4	4	4	-	-	-	-
Beenish Fatima Sahi	1	1	-	-	-	-	-	-
Rushna Fawad	1	1	-	-	-	-	-	-
Zahid Mir	5	5	-	-	5	5	2	2

*Held during the year when concerned Director was on Board.

ROLE OF CHAIRMAN AND CEO

The Chairman is appointed by the Board from amongst the Non-Executive Directors. The Chairman provides leadership to the Board of Directors and chairs General Meetings of the Shareholders. Chairman also manages conflicts of interests arising, if any, and makes recommendations to improve performance and effectiveness of the Board. Chairman of the Board is responsible to ensure that the Board is working properly, and all matters relevant to the governance of PRL are considered in the Board meetings. The Chairman is not involved in day-to-day operations of PRL.

The Managing Director & CEO provides leadership to the Management and is overall responsible for day-to-day affairs of PRL, in accordance with applicable regulations and directions of the Board. His responsibilities, inter-alia, include implementation of strategies and policies approved by the Board.

SIGNIFICANT COMMITMENTS OF THE CHAIRMAN OF THE BOARD

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 his role of guiding the Board of Directors in devising and implementing medium to long term strategies of PRL adhering to the Vision and Mission Statement.

OTHER DIRECTORSHIPS OF EXECUTIVE DIRECTORS

MD & CEO of PRL is the only executive director on the Board. He is also a Non-Executive Director on the Board of Petroleum Institute of Pakistan (PIP) and has served as Chairman, Oil Companies Advisory Council (OCAC) in 2021.

REMUNERATION OF DIRECTORS

The Board has a formal and transparent procedure for remuneration of Directors in accordance with the Articles of Association of PRL and Companies Act, 2017. As per the remuneration policy, the executive director is not entitled to any fee for attending the Board, Board Committee or General Meetings of Shareholders.

EXTERNAL SEARCH CONSULTANCY

During the year, no services of external search consultancy were obtained.

SECURITY CLEARANCE OF FOREIGN DIRECTORS

PRL does not have any foreign director on its Board requiring necessary security clearance.

BOARD MEETINGS HELD OUTSIDE PAKISTAN

During the year, no board meeting was held outside Pakistan.

DECISIONS TAKEN BY THE BOARD AND DELEGATED TO MANAGEMENT

The Board has delegated certain powers to the Managing Director & CEO through a Power of Attorney and has approved a comprehensive Limit of Authority Manual (LAM). LAM considers the requirements of applicable laws and regulations and Articles of Association of PRL and defines which powers require approval of the shareholders in general meetings through ordinary / special resolution, the decisions that require Board approvals and the extent to which the same is delegated to the management. Apart from decisions that require the Board's specific approval as per applicable laws and regulations, the Board has identified certain items which require specific approval of the Board.

BOARD'S VIEW ON DIVERSITY

PRL has a diversified Board of Directors that provides a mix of professional leadership experience in the fields of refining, oil marketing, energy, legal and finance. Collective experience of Board Members provides adequate guidance to PRL in the decision-making process.

The Board follows the diversity parameters set in the Listed Companies (Code of Corporate Governance) Regulations, 2019.

The current Board comprises of one executive and ten non-executive directors that include 4 independent directors. The Board also includes two females in compliance with regulatory requirements.

EXTERNAL OVERSIGHT OF VARIOUS FUNCTIONS

To ensure effectiveness and upgrade of PRL's overall operations and controls, PRL as a routine involves external consultants for review of various functions. These include third party surveillance audits on IMS (ISO standards 45001, 9001 and 14001), Vulnerability and Penetration testing to assess the robustness of Company's cyber security, engagement of external surveyors for crude and product inventory management, external IT experts to check functional utilization of ERP etc. Moreover, PRL also engages technical consultants for review of various equipment / technical processes in the refinery.

SAFETY OF RECORDS OF PRL

PRL puts great emphasis on storage and safe custody of its financial and important corporate records. PRL's records include books of accounts, major agreements/contracts, documentations pertaining to taxation, legal, personnel information, electronic data, and other business-related information. The electronic database of the ERP system also forms part of PRL's records. Company has effective data backup policies that ensure timely backup of all electronic data and a Disaster Recovery Plan, including a Disaster Recovery Site, is in place to ensure timely restoration of IT facilities.

RELATED PARTY TRANSACTIONS

Related party relationships including relationships where there is common directorships and transactions including outstanding balances as at the year ended June 30, 2023, have been appropriately accounted for and disclosed in accordance with the requirements of the approved accounting standards as applicable in Pakistan and the Companies Act, 2017. All related party transactions are under a normal course of business and do not involve undisclosed side agreements.

Pursuant to the requirements of the Companies Act 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019, the complete details of the transactions and balances with the related parties were placed before the Board Audit and Risk Committee (BARC) for review at the end of each quarter. After review by the Committee, the transactions were considered and duly approved by the Board keeping in view the recommendations made by the BARC.

GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENTS

PRL believes in governance and internal controls and adopts the highest standards in its day-to-day activities.

Following additional practices are adopted by PRL that exceed legal requirements:

- Financial Reporting: Apart from legal requirements for disclosures in annual report, PRL has also adopted Best Corporate Report Criteria issued by the Institute of Chartered Accountants of Pakistan / Institute of Cost and Management Accountants of Pakistan.

- Limits of Authority Manual (LAM): Company's in-house LAM requires Board approval for certain activities that are otherwise entrusted to the Management under Companies Act, 2017 and other regulations.

- Health, Safety, Environment and Policy: PRL has adopted stringent HSEQ policies and procedures that exceed legal / regulatory requirements to ensure the safety of employees, integrity of assets and quality of products.

ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM DISCLOSURE

PRL recognizes the critical role of its Enterprise Resource Planning (ERP) system in streamlining its core business processes and promoting operational efficiency. The following are key aspects of PRL's ERP system and its management:

Integrated Business Process Management:
PRL's ERP system is designed to seamlessly manage and integrate various functions, including finance, HR, supply chain, and inventory management, within a single unified platform. This integration enhances collaboration, data accuracy, and real-time decision-making across different departments.

Management Support and Continuous Updation:
The effective implementation and continuous updation of PRL's ERP system are well-supported by top management. Regular reviews and oversight ensure that the system aligns with evolving business requirements and industry best practices.

User Training of ERP Software:
To ensure optimal utilization of the ERP software, comprehensive training programs are conducted for users across all levels of the organization. These training initiatives empowers our teams to leverage the system's functionalities to their fullest potential.

Risk Management on ERP Projects:
Managing risks associated with ERP projects is a priority for PRL. PRL has a dedicated risk management framework that identifies potential challenges and incorporates mitigation strategies. Thorough testing, data backup, and contingency planning contribute to a robust risk management approach.

System Security and Data Access:
PRL places a high emphasis on system security and safeguarding sensitive data. Rigorous assessments and audits are conducted to evaluate system security, access controls, and segregation of duties. By adhering to industry standards and best practices, the Company ensures data integrity and maintain confidentiality.

PRESENCE OF CHAIRMAN BOARD AUDIT AND RISK COMMITTEE (BARC) AT AGM

Chairman of the BARC, Mr. Mohammad Abdul Aleem was present at the AGM held on October 29, 2022, to answer questions on the BARC's activities and matters within the scope of BARC's responsibilities.

DATE OF AUTHORIZATION OF FINANCIAL STATEMENTS

To timely communicate financial results to the stakeholders, Annual Financial Statements of PRL for the year ended June 30, 2023, were approved by the Board in a meeting held on August 18, 2023. Necessary disclosures to the PSX and the SECP were made on the same day after the conclusion of the Board Meeting.

BOARD POLICY DISCLOSURES

At PRL, transparency and effective governance are at the core of its practices. The Company is committed to providing comprehensive disclosures regarding the Company's board's policies on significant matters. The following are key areas covered in the policy framework:

a) Governance of Risk and Internal Controls:
The board is actively involved in overseeing PRL's risk management framework and internal controls. Regular assessments and reviews are conducted to ensure the effectiveness and adequacy of these measures.

b) Diversity and Gender Inclusivity:
PRL values diversity, including gender representation, and has set measurable objectives to enhance inclusivity across the organization. The Company continually monitor and report on its progress in achieving these objectives.

c) Director's Interest in Contracts and Arrangements:
Any director's interest in contracts or arrangements is disclosed and managed with utmost integrity and in accordance with relevant laws and regulations.

d) Remuneration of Non-Executive Directors:
PRL provides fair remuneration to the non-executive directors, including independent directors, for their attendance at board meetings and general meetings.

e) Executive Director's Retention of Board Fee from Other Companies:
Any fees earned by the executive director for services as a non-executive director in other companies are retained by the director.

f) Security Clearance of Foreign Directors:
Appropriate security clearance is obtained for foreign directors serving on PRL's board.

g) Board Meetings Held Outside Pakistan:
In certain circumstances, board meetings may be held outside Pakistan, while ensuring compliance with all legal requirements.

h) Human Resource Management and Succession Planning:
PRL emphasizes robust human resource management and maintains a well-prepared succession plan to nurture and retain top talent.

i) Social and Environmental Responsibility:
PRL is dedicated to fulfilling its social and environmental responsibilities, aiming to create a positive impact on society and the environment.

j) Communication with Stakeholders:
Open and effective communication with stakeholders is a priority at PRL, fostering trust and understanding.

k) Investors' Relationship and Grievances:
PRL prioritizes its relationship with investors and address their grievances promptly and transparently.

l) Employee Health, Safety, and Protection:
The well-being and safety of the employees are of paramount importance, and the Company implements measures to ensure a secure working environment.

m) Whistle-blowing Policy:
PRL has a robust whistle-blowing policy in place, providing a mechanism for receiving and managing complaints fairly and transparently. The Company ensures the protection of whistle-blowers against victimization.

n) Safety of Records:
PRL takes all necessary precautions to safeguard PRL's records.

o) Management and Reporting Policies:
PRL's approach to managing and reporting policies, including procurement, waste, and emissions, aligns with the best practices of sustainability and environmental protection.

These policy disclosures exemplify PRL's commitment to best governance practices and responsible corporate citizenship. PRL continually strives to uphold the highest standards in all aspects of its operations for the benefit of the stakeholders and society at large.

BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN

PRL's Business Continuity and Disaster Recovery Plan recognizes its critical importance in mitigating risks and ensuring the resilience of its operations. The plan encompasses comprehensive strategies, protocols, and resources to safeguard its business and minimize disruptions in the face of unforeseen events. The board remains committed to regular evaluation and refinement of the plan to align with evolving circumstances, ensuring the Company's ability to effectively respond and recover from any potential disruptions.

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2023

S.No.	Shareholders Category	No. of Shareholder	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)	5	23,100	0.00
2	Associated Companies, Undertakings, and related Parties (to be confirm by Company)	4	400,459,028	63.56
3	NIT and ICP	2	10,556,950	1.68
4	Banks, Development Financial Institutions, Non-Banking Financial Institutions	4	1,258,997	0.20
5	Insurance Companies	4	9,291,748	1.47
6	Modarabas and Mutual Funds	7	2,367,056	0.38
7	Shareholders holding 10%	4	400,459,028	63.56
8	General Public: a. local b. Foreign	 15,591 -	 176,090,281 -	 27.95 -
9	Others	150	29,952,840	4.75
	Total (excluding shareholders holding 10%)	15,767	630,000,000	100.00

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2023

	No. of Sharesholdings		
No of Shareholders	From	To	Total Shares
1,504	1	100	57,319
2,408	101	500	946,462
2,308	501	1,000	2,173,488
5,062	1,001	5,000	14,587,823
1,772	5,001	10,000	14,164,006
660	10,001	15,000	8,517,961
475	15,001	20,000	8,820,500
304	20,001	25,000	7,100,349
180	25,001	30,000	5,145,941
108	30,001	35,000	3,565,848
114	35,001	40,000	4,400,773
66	40,001	45,000	2,853,063
150	45,001	50,000	7,365,494
53	50,001	55,000	2,808,679
46	55,001	60,000	2,700,039
40	60,001	65,000	2,538,826
38	65,001	70,000	2,598,442
34	70,001	75,000	2,505,904
33	75,001	80,000	2,575,319
20	80,001	85,000	1,669,959
9	85,001	90,000	797,962
10	90,001	95,000	922,018
68	95,001	100,000	6,786,362
15	100,001	105,000	1,546,059
15	105,001	110,000	1,624,340
6	110,001	115,000	681,050
13	115,001	120,000	1,552,720
14	120,001	125,000	1,732,500
12	125,001	130,000	1,539,850
8	130,001	135,000	1,066,473
3	135,001	140,000	419,000
8	140,001	145,000	1,142,237
16	145,001	150,000	2,387,601
5	150,001	155,000	766,000
2	155,001	160,000	315,500
10	160,001	165,000	1,630,432
6	165,001	170,000	1,005,455
4	170,001	175,000	695,100
3	175,001	180,000	539,750
3	180,001	185,000	543,826
4	185,001	190,000	756,614
3	190,001	195,000	579,170
14	195,001	200,000	2,799,000
2	200,001	205,000	406,629

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2023

	No. of Sharesholdings		
No of Shareholders	From	To	Total Shares
2	205,001	210,000	414,000
5	210,001	215,000	1,073,171
4	215,001	220,000	872,122
3	225,001	230,000	686,500
1	230,001	235,000	234,000
2	235,001	240,000	478,681
7	245,001	250,000	1,749,500
3	250,001	255,000	758,541
2	255,001	260,000	515,500
3	260,001	265,000	786,545
4	270,001	275,000	1,097,102
1	275,001	280,000	280,000
2	280,001	285,000	560,403
1	290,001	295,000	294,000
4	295,001	300,000	1,197,200
1	300,001	305,000	305,000
2	305,001	310,000	614,868
2	310,001	315,000	622,887
2	315,001	320,000	637,372
3	320,001	325,000	971,500
1	325,001	330,000	330,000
1	330,001	335,000	332,500
4	345,001	350,000	1,400,000
2	350,001	355,000	704,000
1	355,001	360,000	360,000
1	365,001	370,000	365,328
1	370,001	375,000	374,238
1	375,001	380,000	380,000
4	395,001	400,000	1,600,000
1	400,001	405,000	401,400
2	405,001	410,000	816,000
1	420,001	425,000	425,000
2	425,001	430,000	858,632
1	430,001	435,000	435,000
1	435,001	440,000	435,409
2	445,001	450,000	900,000
1	450,001	455,000	455,000
1	485,001	490,000	487,000
1	490,001	495,000	493,500
9	495,001	500,000	4,495,854
1	500,001	505,000	501,500
1	505,001	510,000	506,000
1	510,001	515,000	511,178
1	515,001	520,000	515,816

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2023

	No. of Sharesholdings		
No of Shareholders	From	To	Total Shares
1	520,001	525,000	525,000
2	525,001	530,000	1,056,000
1	540,001	545,000	541,500
1	580,001	585,000	581,590
1	595,001	600,000	600,000
1	600,001	605,000	604,500
1	610,001	615,000	610,981
1	630,001	635,000	634,500
1	645,001	650,000	645,862
1	670,001	675,000	675,000
2	695,001	700,000	1,399,500
1	715,001	720,000	717,500
1	720,001	725,000	724,500
2	745,001	750,000	1,496,555
1	795,001	800,000	800,000
1	800,001	805,000	800,040
2	910,001	915,000	1,828,150
1	930,001	935,000	930,651
3	995,001	1,000,000	2,996,000
1	1,020,001	1,025,000	1,025,000
1	1,040,001	1,045,000	1,045,000
1	1,070,001	1,075,000	1,074,920
1	1,080,001	1,085,000	1,083,000
1	1,095,001	1,100,000	1,100,000
1	1,100,001	1,105,000	1,105,000
1	1,220,001	1,225,000	1,221,500
1	1,610,001	1,615,000	1,611,940
1	1,855,001	1,860,000	1,855,500
1	3,145,001	3,150,000	3,150,000
1	7,635,001	7,640,000	7,639,575
1	8,890,001	8,895,000	8,891,628
1	9,090,001	9,095,000	9,094,902
1	9,910,001	9,915,000	9,911,088
1	22,455,001	22,460,000	22,459,028
1	28,345,001	28,350,000	28,350,000
1	167,995,001	168,000,000	168,000,000
1	181,645,001	181,650,000	181,650,000
15,767			630,000,000

STATEMENT OF COMPLIANCE

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

NAME OF COMPANY: PAKISTAN REFINERY LIMITED
YEAR ENDING: JUNE 30, 2023

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

1. The total number of Directors including Executive Director are eleven (11) as per the following:

a	Male	Nine
b	Female	Two

2. The composition of Board is as follows:

Category	Names
Non-Executive/Independent Directors	Tariq Kirmani Abid Shahid Zuberi Mohammad Abdul Aleem Nadeem Safdar Aftab Husain
Non-Executive Directors (PSO Affiliated)	Mohsin Ali Mangi Rushna Fawad Syed Jehangir Ali Shah Syed Muhammad Taha
Executive Director - MD / CEO	Zahid Mir
Female Director	Tara Uzra Dawood

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

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

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;

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

7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency of meetings, recording and circulating minutes of meeting of the Board;

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

9. The Directors were apprised of their duties and responsibilities from time to time. The Directors either have already attended the Directors' training as required in previous years or meet the exemption criteria as contained in the Regulations;

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

12. The Board has formed statutory committees comprising members whose names are given below:

a) Audit & Risk Committee

1	Mohammad Abdul Aleem	Chairman
2	Abid Shahid Zuberi	Member
3	Mohsin Ali Mangi	Member
4	Tara Uzra Dawood	Member

b) Human Resources and Compensation Committee

1	Tariq Kirmani	Chairman
2	Aftab Husain	Member
3	Nadeem Safdar	Member
4	Syed Jehangir Ali Shah	Member
5	Syed Muhammad Taha	Member
6	Zahid Mir	Member (MD & CEO)

c) Project Steering Committee

1	Mohsin Ali Mangi	Chairman
2	Aftab Husain	Member
3	Syed Muhammad Taha	Member
4	Zahid Mir	Member (MD & CEO)

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

14. The minimum frequency of meetings of the committee were as per following:

a) Audit Committee: Quarterly

b) HR and Remuneration Committee: Bi-Annually

15. The Board has set up an effective internal audit function 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 (ICAP)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 ICAP 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 any 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, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and

18. We confirm that all requirements of the regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with.

19. Explanation for non-compliance with requirements, other than regulations 3, 6,7,8,27,32,33 and 36 (non-mandatory requirements) are mentioned below:

S.No.	Requirement	Explanation	Regulation No.
1	It shall be mandatory for all companies to ensure that by June 30, 2021 all the Directors on their Board have acquired the prescribed certification under any Director Training Program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	Two Directors are in the process of doing the Directors Training Certification.	20

On behalf of the Board

Zahid Mir
Managing Director and CEO

Tariq Kirmani
Chairman

August 18, 2023

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building, Blue Area
Islamabad, Pakistan
Telephone 92 (51) 282 3558, Fax 92 (51) 282 2671

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Pakistan Refinery 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 Pakistan Refinery Limited ("The Company") for the year ended 30 June 2023 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.

KPMG Taseer Hadi & Co.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2023.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
Date: 05 September 2023
UDIN: CR202310202LSp9ultcN

AUDIT & RISK COMMITTEE REPORT

FOR THE YEAR ENDED JUNE 30, 2023

On behalf of the Audit & Risk Committee (the Committee), I am pleased to present my report for the year ended June 30, 2023. The report outlines how the Committee discharged its responsibilities during the year in relation to financial and other reporting, risk management and internal control, the internal audit function and our relationship and interaction with the external auditors.

ROLES AND RESPONSIBILITIES

The primary role of the Committee is to assist the Board in fulfilling its oversight responsibilities in areas such as financial reporting, effectiveness of the risk management framework and system of internal controls as well as consideration of ethics and compliance matters.

The main roles and responsibilities of the Committee are set out in the Terms of Reference approved by the Board which principally focus on the following:

- reviewing the quarterly, half-yearly and annual financial statements and considering the appropriateness of accounting policies and practices.
- advising the Board on whether it believes there are any material uncertainties which may impact on PRL's ability to continue as a going concern.
- advising the Board on whether the annual report and financial statements, when taken as a whole, present a true and fair view.
- reviewing the operations and effectiveness of the internal audit function.
- making recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditors as well as monitoring their effectiveness and independence; and
- reviewing PRL's whistleblowing arrangements for its employees and third parties to raise concerns in confidence about wrongdoings in financial reporting or other matters.

COMPOSITION OF THE COMMITTEE

S.No.	Name	Designation	Executive / Non-Executive
1	Mohammad Abdul Aleem	Chairman	Independent Non-Executive Director
2	Abid Shahid Zuberi	Member	Independent Non-Executive Director
4	Tara Uzra Dawood	Member	Non-Executive Director
6	Mohsin Ali Mangi	Member	Non-Executive Director

The Chairman of the Committee is a fellow chartered accountant, and all members of the Committee are independent and/or non-executive directors. The experience of the Committee members demonstrates that the Committee has competence relevant to the sector in which PRL operates, and possesses the necessary commercial, regulatory, financial and audit expertise required to fulfil its responsibilities.

COMMITTEE MEETINGS

The Committee met four times during the financial year. The Managing Director & Chief Executive Officer and Chief Financial Officer of PRL attended the meetings by invitation. PRL's external auditors also attended two meetings where issues related to accounts and audit were discussed. The Chief Internal Auditor has direct access to the Chairman of the Committee at all times and meets with the Committee, without other executive management being present, on a formal basis at least annually to provide additional opportunity for open dialogue and feedback. After each Committee meeting, the Chairman of the Committee reports to the Board on the key issues which have been discussed.

FINANCIAL REPORTING AND SIGNIFICANT FINANCIAL JUDGEMENTS

The Audit Committee reviewed the quarterly, half-yearly and annual statutory financial statements and all formal announcements relating to these statements before submitting them to the Board with a recommendation to approve. These reviews focused on, but were not limited to:

- the appropriateness and consistency of accounting policies and practices.
- the going concern assumption.
- compliance with applicable financial reporting standards and corporate governance requirements as well as the clarity and completeness of disclosures; and
- considering the significant areas of complexity, management judgement and estimation that had been applied in the preparation of the statutory financial statements in accordance with the accounting policies.
- The Committee believes that the Annual Report for the year ended June 30, 2023, provides the information necessary for shareholders to assess PRL's financial position and performance, business model and strategy.

INTERNAL CONTROL AND RISK MANAGEMENT

The Committee supports the Board in its duties to review and monitor, on an ongoing basis, the effectiveness of PRL's risk management and internal control systems.

PRL has developed a sound mechanism for the identification of risks and assigning appropriate criticality levels and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of PRL. PRL has devised and implemented an effective internal control framework which also includes an independent internal audit function.

The Committee reviewed the quarterly reports from the Chief Internal Auditor along with the management's action plans to address the observations highlighted. In addition, reports from the external auditors in respect of significant financial accounting and reporting issues, together with observations on significant internal control weaknesses were also considered.

INTERNAL AUDIT FUNCTION

The Committee is responsible for monitoring and reviewing the operations and effectiveness of the internal audit function including its focus, plans, activities, and resources. To fulfill these duties the Committee:

- reviewed and approved the internal audit function's annual plan.
- received quarterly updates from the Chief Internal Auditor on the principal findings from the work of the internal audit and management's actions to resolve the identified issues.
- ensured that the Chairman of the Committee and the Committee met with the Chief Internal Auditor without the presence of management; and
- ensured that the Chief Internal Auditor has access to the Chairman of the Board if required.

EXTERNAL AUDITOR

The Committee has primary responsibility for overseeing the relationship with, and performance of, the external auditors. This includes making recommendations to the Board on the appointment, re-appointment, and removal of the external auditors, assessing their independence and effectiveness and approving the audit fee.

As part of its oversight of the external auditor, the Committee annually assesses the performance and effectiveness of the external auditor, including an assessment of the quality of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the Committee members. As part of its evaluation, the Committee considered and discussed views and recommendations from the management and the Chief Internal Auditor and the Committee's own experiences during interactions with the external auditors.

The external auditors i.e., KPMG & Co., Chartered Accountants also provide taxation and other services to PRL. The objectivity and independence of the external auditors is safeguarded through separate engagement partners for the audit and non-audit services. The firm has no financial or other relationship of any kind with PRL except that of external auditor, taxation consultant, and other services as disclosed in the financial statements.

In the end, I would like to thank all the Committee members for their valuable inputs throughout the year and trust that this report will be useful in understanding the activities of the Committee during the year.

On behalf of the Audit & Risk Committee

Mohammad Abdul Aleem
Chairman Audit & Risk Committee

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors of your Company are pleased to present their Annual Report together with Audited Financial Statements for the year ended June 30, 2023.

Financial Results	**2023**	2022
	(Rupees in thousand)	
Profit for the year	**1,824,967**	12,573,450
Other comprehensive (loss) / income	**(64,097)**	8,975,950
Total comprehensive profit	**1,760,870**	21,549,400
Earnings per share	**Rs. 2.90**	Rs. 19.96
Appropriations:		
Transfer to Special Reserve	**1,724,967**	12,473,450

Through a combination of factors including procurement of economically fit crudes, production of high-margin products, inventory planning, cash flow management, cost-saving measures etc. the Company posted a profit after tax of Rs. 1.82 billion for the year ended June 30, 2023, as compared to profit after tax of Rs. 12.57 billion last year.

It is worth mentioning that this profitability was achieved in the face of extreme adverse macro-economic domestic as well as international indicators. Domestic challenges resulted in persistent devaluation of PKR, exorbitant increase in inflation and highest ever interest rate during the financial year 2022-23. These factors were further aggravated by downgrading of country's credit rating. Maintaining a profitable position against such odds goes to the credit of the Company and such steller performance augurs well for the future.

STATE OF THE COMPANY'S AFFAIRS & ITS REVIEW

A brief on the Company's operations and state of affairs of its review is as follows:

- The Company's operational strategy has continued to give the best possible product mix with sustained production of high-margin products (Diesel - HSD and Petrol - MS).
- The local demand for HSFO dropped significantly during the year which forced the Company to export ~ 115,000 Metric Tons of HSFO during the year. This measure averted the forced closure of refinery operations.
- The Company continued to work on the Front End Engineering Design (FEED) study of the Refinery Expansion and Upgrade Project and Rs. 2.17 billion have been spent up to June 30, 2023.
- Economic headwinds dented the value of Pak Rupee substantially which depreciated by 40.2% against USD from Rs. 204.41 on July 1, 2022, to Rs. 286.60 on June 30, 2023. Consequently, the Company suffered an exchange loss of Rs. 6.9 billion during the year but was able to recover these losses through ex-refinery product pricing.
- Due to economic instability and the downgrading of the Country's Credit Rating, the confirmation of crude oil L/Cs opened by Pakistani banks became challenging and costly. The Company remained engaged with the Ministry of Finance (MoF), the State Bank of Pakistan (SBP), the Ministry of Energy (MoE), local banks and foreign L/C confirming banks to address this issue. It is to be noted that refineries are unable to recover this additional charge in their product pricing.
- Subsequent to the year ending June 30, 2023, the Government of Pakistan has approved the Refining Policy for Brownfield Refineries. The new policy was a demand of the refining sector with the major objective of attracting the much-needed investment in the sector to upgrade. The salient features of this policy are:
  - Ex-refinery Pricing incentive – inclusion of Customs Duty @ 10% on MS and 2.5% on HSD (in addition to the current 7.5%).
  - Pricing incentives are available for 6 years after the Policy comes into effect.
  - Total gross amount of policy incentives capped at 25% of respective project cost with any surplus amount to be deposited in IFEM pool.
  - Gross amount of incentives to be deposited in an Escrow Account, to be operated jointly with OGRA.
  - Refineries are required to enter into an agreement with OGRA which will cover project details, milestones, details of technologies, post completion product slate etc.

PRINCIPAL RISKS AND UNCERTAINTIES

- The Refinery operates under the policy framework of the Government of Pakistan. The pricing of certain products is regulated/monitored by MoE which is primarily on an import parity pricing basis. Changes in international pricing of crude oil and refined petroleum products and local pricing mechanisms by MoE may have a significant impact on the results of the Company.

- Specifications of Refinery's products are defined by the Government and the Refinery is required to strictly comply with such specifications. Any change in these specifications may require the Refinery to make changes in operational parameters which in turn may have an adverse impact on the results of the Company.

- During the year, the demand of HSFO dropped significantly in the country creating product ullage issues threatening refinery operations. If the local demand of HSFO remains depressed this will put adverse pressure on Company's operations and Company would be compelled to continue to export HSFO at a discount to remain in operations.

FUTURE PROSPECTS AND RISK MITIGATION MEASURES

- The Company has continued work on the Refinery Expansion and Upgrade Project (REUP) which has the following objectives:

  i. Compliance with requirement to product EURO V compliant HSD and MS;
  ii. Expansion of crude oil processing capacity from 50,000 to 100,000 barrels per day; and
  iii. To achieve self-sustainability by upgrading from a hydro-skimming refinery to a deep conversion refinery thereby, significantly reducing the production of HSFO.

M/s Wood Group UK Limited, as FEED contractor, is working and is expected to complete the FEED by September 2024. The Company is also engaged with global technology licensors. Project cost will be determined after completion of the FEED study, followed by financial close and award of the Engineering, Procurement and Construction (EPC) Contract.

DIVIDEND

The Directors have decided on a NIL dividend for the year ended June 30, 2023, to plough back total profits to meet future financial requirements relating to REUP.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements of the Company have been prepared by the management and represent its state of affairs, the result of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts as required under the Companies Act, 2017.
- The Company has followed consistent and appropriate accounting policies in the preparation of the financial statements. Changes in accounting policies, wherever made, have been adequately disclosed in the financial statements. Accounting estimates are on the basis of prudent and reasonable judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements and any deviation, if any, has been adequately disclosed.
- The system of internal financial control is sound in design and has been effectively implemented and monitored regularly.
- There are no significant doubts about the Company's ability to continue as a going concern.

CREDIT RATING

During the year, The Pakistan Credit Rating Agency (PACRA) reassessed the credit rating of the Company and maintained the earlier credit rating i.e. long-term entity rating of A- (Single A minus) and a short-term entity rating of A2 (Single A two). These ratings depict high credit quality and a low expectation of credit risk i.e. strong capacity for timely payments of financial commitments.

VALUE OF INVESTMENT IN POST - EMPLOYMENT BENEFIT FUNDS

The value of investments of provident, gratuity and pension funds on the basis of unaudited accounts as of June 30, 2023 was as follows:

	(Rupees in thousand)
Provident Fund	497,661
Gratuity Fund – Management Staff	236,927
Gratuity Fund – Non-management Staff	118,417
Pension Fund – Management Staff	1,379,471
Pension Fund – Non-management Staff	185,279

HEALTH, SAFETY, ENVIRONMENT & QUALITY (HSEQ)

Safe Manhours

PRL's principle of Goal-Zero Incidents, shows strong commitment to ensuring the safety and well-being of employees and all stakeholders. PRL has successfully completed 1.4 million man-hours without any Lost Time Incident (LTI) till June 30, 2023 which is evidence of the maturity of safety culture and the effectiveness of management systems.

HSEQ External Audit

A third-party surveillance audit based on IMS (ISO standards 45001, 9001, and 14001) was conducted in November 2020 which showed no non-compliance or major observation.

Compliance with Regulatory Requirements

The Company remained fully compliant with the Environmental Management Plan (EMP) by maintaining the results of all reportable parameters as per Sindh Environment Quality Standards.

Collection and Safe Disposal of Hazardous Waste

Hazardous waste from Korangi and Keamari terminals was collected and disposed off safely as per Sindh Environment Protection Agency (SEPA) guidelines.

TECHNICAL & OPERATIONS

The plant operated safely and efficiently throughout the year, whilst extracting the maximum possible yields from a variety of crudes processed including the successful processing of URAL, a Russian crude, a first for the Refinery and the Country.

HSFO sales remained a challenge for most part of the year and the challenge was further exacerbated by constrained HSD demand. Minimal sales (primarily of HSFO) for almost 6 months, created significant storage challenges as well. The challenge was successfully countered by reconfiguring a few crude tanks into HSFO/HSD service within the refinery, increasing the storage for HSD and HSFO. Additionally, your refinery exported five HSFO cargoes during the year. The operation was performed after more than 3 decades and required a swift upgrade of associated facilities, which was successfully undertaken.

Furthermore, to provide flexibility in supplies, gantries were further upgraded and remained fully functional throughout the year. Gantries picked up significant volumes of overall supplies, with a little over 55% of MS and almost 50% of HSFO supplies.

Numerous engineering upgrades were also undertaken during the year ranging from upgrade of Control Systems to Fire Water System Upgrade at Keamari, provision of a Storm Water Drainage facility and Upgrade of Associated Piping, to deal with impact of climate change and ensuing changed rain patterns.

PRL has successfully completed RBI (Risk Based Inspection) study for plant equipment and piping in collaboration with Bureau Veritas Pakistan and ANTEA SRL, Italy. RBI is an integrated methodology that uses Risk as a basis for prioritizing and managing plant equipment inspection program by combining both the likelihood of failure and the consequence of failure.

PRL also arranged Third Party Audit against 29 OHSA CFR 1910.11 (Process Safety Management of highly hazardous chemicals) during June 2023, which was not conducted since 2019 due to Covid-19.

COMMERCIAL

In line with the Government's vision to reduce the Country's import burden, PRL initiated the process of procuring crude oil from Russia. Taking on the technical, logistical and financial challenges, your refinery successfully received and processed the first trial cargo of Russian crude which will help both PRL and our country to diversify its crude supply sources and save precious foreign exchange.

REFINERY EXPANSION AND UPGRADE PROJECT (REUP)

Driven by balance of payment crisis faced by the Country, the Project also faced significant delays in registration of the FEED Contract with the State Bank of Pakistan (SBP). PRL remained engaged with SBP and other entities, leading to eventual registration of the contract. The FEED Contractor, M/s Wood Group UK Limited, has continue work and it is now projected that FEED will be completed by September 2024.

In parallel with the FEED technical work, PRL is engaging with potential investors for strategic investment in PRL. In this regard, Memorandum of Understanding (MoUs) were signed with some potential parties to explore potential equity investment opportunities in PRL's REUP by these organizations.

Your refinery remained continuously engaged with the Government of Pakistan for approval of the Brownfield Policy for the existing refineries. This Policy is approved in August 2023 and is expected to assist the Company in securing funds for the project and in attracting potential investors.

HUMAN RESOURCES & INDUSTRIAL RELATIONS

PRL's Human Resource contribution towards the achievement of organizational goals remains at the forefront. Through the strategic alignment of its Departmental objectives with the Organizational objectives, coupled with placing the right candidate at the right job ensured the highest level of efficiency and productivity. Special emphasis is placed on attracting, retaining, developing and rewarding high potential individuals by providing them with career development opportunities and requisite trainings which are beneficial for both the employee and the organization. The concept of Management Development Program Bootcamp was also introduced focusing on Team Building exercises and activities for Team Leaders.

The Company by maintaining cordial working relations with the Collective Bargaining Agent (CBA) ensured harmony and industrial peace.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year, PRL donated emergency relief medicines to the flood-affected regions of interior Sindh. The donation was made in collaboration with the Army/Rangers and was effectively delivered to Hyderabad, Pannu Aqil, and other flood-affected regions.

PRL has made a 10-year commitment to support the operational expenses of Professor Amanat Ali Campus, a The Citizens Foundation (TCF) School. Through this donation, PRL will contribute towards the school teachers' salaries, training, students' textbooks, uniforms, utilities, and other management expenses.

CORPORATE GOVERNANCE

The Company remains committed to the highest standards of corporate governance and duly conducted its business in line with the best practices of the Code of Corporate Governance and the Listing Regulations of the Pakistan Stock Exchange Limited. For further details, please refer to the 'Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations'.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Board of Directors is responsible for the establishment of sound internal financial controls. The Board has allowed the Managing Director & Chief Executive Officer to exercise certain financial and administrative powers other than those specifically assigned to the Board by the Companies Act, 2017. The Board periodically gets update on adequacy of internal financial controls through the Internal Audit function. During the year, no material inadequacy in these controls was reported to the Board.

CONTRIBUTION TO THE NATIONAL EXCHEQUER AND VALUE ADDITION

The Company continued to be amongst major taxpayers of the Country with timely discharge of all tax related liabilities. During the year, the Company contributed Rs. 65.52 billion (2022: Rs. 38 billion) to the National Exchequer in the form of direct and indirect taxes. In addition, during the year valuable foreign exchange of USD 78.48 million (2022: USD 40.79 million) was earned through exports.

KEY OPERATION AND FINANCIAL DATA

A statement summarizing key operating and financial data for the last six years is annexed to the report.

PRINCIPAL ACTIVITIES OF THE COMPANY

Pakistan Refinery Limited was incorporated in Pakistan as a public limited company in May 1960 and is listed on Pakistan Stock Exchange. The Company is engaged in the production and sale of petroleum products.

CHANGES CONCERNING NATURE OF BUSINESS OF THE COMPANY AND ITS INVESTEE COMPANY

There have been no change concerning nature of business of the Company and that of Pak Grease Manufacturing Company (Private) Limited where the Company holds 27.26% shares.

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Company have taken place between the end of the financial year and the date of the Report, except as detailed below.
Subsequent to the year end, PRL made a public announcement of its intention to acquire 77.42% shares of Shell Pakistan Limited, in coalition with M/s Air Link Communication Limited, as part of strategic investment.

Further, Refining Policy for brownfield projects was approved by the Government of Pakistan in August 2023, wherein existing refineries are allowed incentives to support respective upgrade projects.

EXTERNAL AUDITORS

The present External Auditors M/s KPMG Taseer Hadi & Co, Chartered Accountants retire at the conclusion of the forthcoming Annual General Meeting and have offered themselves for reappointment.

ACKNOWLEDGEMENT

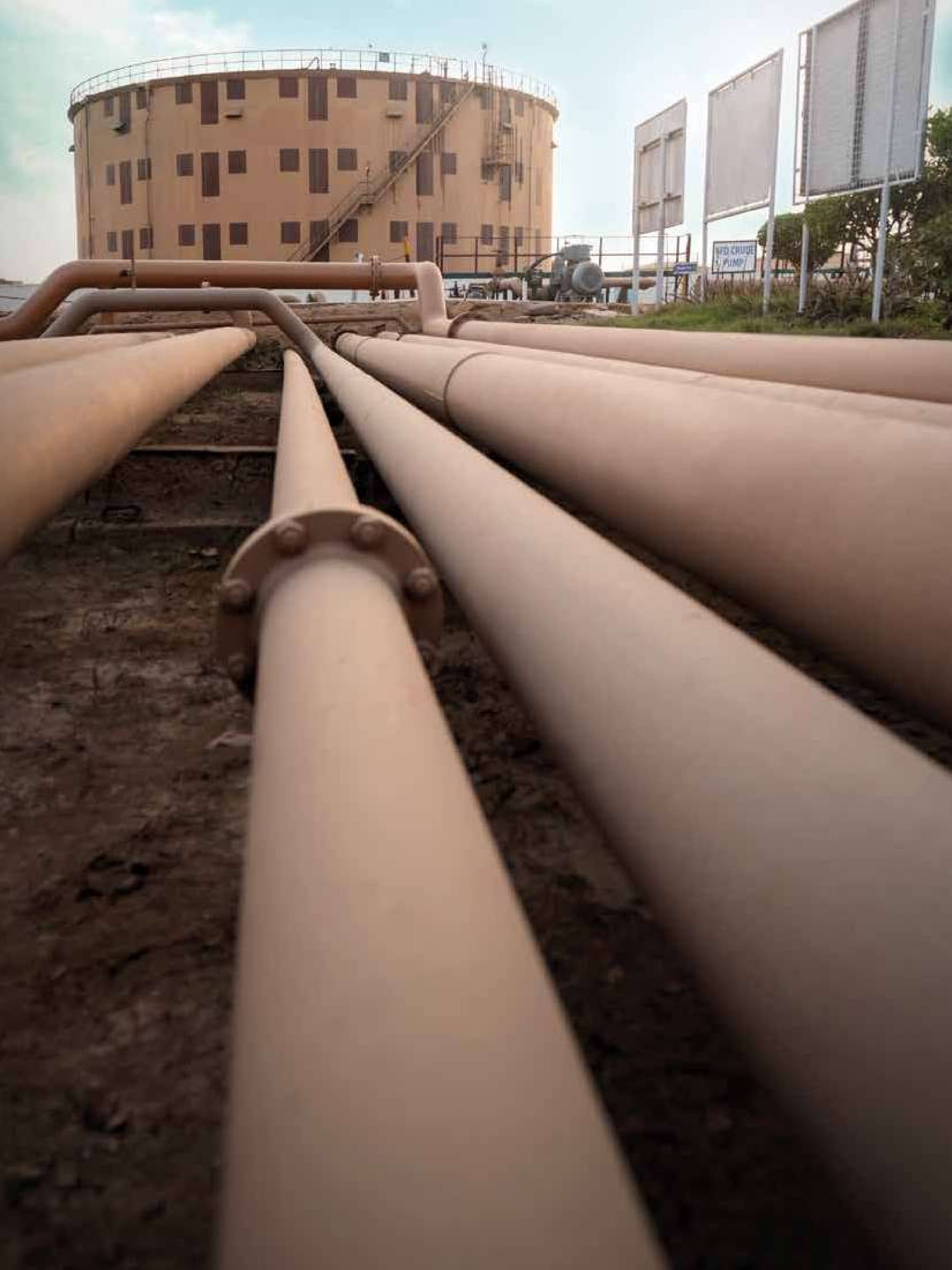
The Board would place its appreciation and acknowledgment of the valuable support of the Ministry of Energy and other governmental authorities and also acknowledges and greatly values the support and trust of the shareholders, financial institutions, strategic partners, employees and other stakeholders which they have demonstrated throughout the year.

On behalf of Board of Directors

Tariq Kirmani
Chairman

Zahid Mir
Managing Director & CEO

Karachi: August 18, 2023



ORGANISATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT

PLANTING A LEGACY

PRL OVER THE YEARS

A LEADING LEGACY

1959
The agreement was signed between the Government of Pakistan and four major oil companies to construct and operate the largest refinery in Pakistan.

1960
PRL was incorporated as a public limited company. Contract awarded for construction of Refinery to M/s Kellogg Group of Companies.

1961
Piling work started at the Refinery site.

1962
The plant came into operation two months ahead of schedule. Official opening was performed by the then-President of Pakistan, Field Marshal Mohammad Ayub Khan.

1964
Expansion of crude oil processing capacity from 1.5 MT per year to 2.1 million MT per year.

1971
PRL purchased 27.26% shares in Pak Grease Manufacturing Company (Private) Limited.

1972
Commissioning of PRL Airport pipeline connecting the Refinery with Karachi Airport.

1981
Commissioning of LPG plant to produce 6,000 MT LPG per year.

1985
PRL started processing local crude oil.

1999
Installation of Crude Desalter Unit to improve the quality of crude oil stream and reduce fouling in heat exchangers.

2000
Commissioning of Fuel Oil loading gantry to load fuel oil into tank lorries on behalf of customers.

2001
Implementation of SAP ERP software.

2015
Commissioning of Isomerisation Unit that doubled the production of Petrol from 12,000 MT per day to 24,000 MT per day.

2015
Revamp of Crude Unit internal column to increase production of HSD by minimising overlapping.

2018
Installation of 4.5 MW captive power plant.

2019
Commissioning of white oil gantry enabling supply of HSD, MS, and Jet fuels.

2022
The Refinery achieved record profit in FY 2021-22. The Refinery Expansion and Upgrade Project was approved followed by awarding of FEED Contract & appointment of Financial Advisors.

CORE VALUES

PRL's foundation is built upon steadfast commitment to uphold the highest ethical standards in all facets of its operations. It recognizes that ethical conduct is not just a choice, but a fundamental responsibility that shapes its relationships, actions and decisions. Guided by this principle, PRL is dedicated to fostering a culture of integrity, teamwork and excellence within the organisation.

INTEGRITY TEAMWORK EXCELLENCE

CODE OF CONDUCT

All employees of PRL are expected to adhere to PRL's Code of Conduct, which lays down the principles, values, standards, or rules of behaviour that guide the decisions, procedures, and systems of the staff members in a way that:

- Contribute to the welfare of PRL's key stakeholders; and
- Respects the rights of all constituents affected by PRL's operations.

PRL's Code of Conduct conveys the obligations and standards of behaviour expected from employees of PRL and helps the staff resolve any ethical issues that may arise during their duties.

It also ensures that all staff members are aware of the actions that could be considered an offence under the prescribed laws and PRL's policies and the disciplinary action taken by PRL.

DEALING WITH CUSTOMERS

- Treat customers fairly and in accordance with mutual agreement.
- Deliver the best of the organization to customers.
- Do not unfairly influence customers' decisions.

DEALING WITH BUSINESS PARTNERS

- Procurement of services and materials to be based on merits of opportunities available from competing offers.
- All discussions with existing or potential business partners should be restricted solely to PRL's needs and the materials/services being offered by that entity.
- PRL does not countenance reciprocity with its business partners in any part of the business.
- Employees who make procurement decisions should not be involved in solicitation on behalf of charitable, civic, or other organisations for gifts, money or time from current or potential business partners.

INFORMATION SECURITY AND COMMUNICATIONS

- Telephone, electronic mail and all other telephonic equipment and computer systems to be used for PRL's business operations and not for personal, private or non-business communication.
- Users must consider their actions before downloading, copying, creating or transmitting material.
- Messages that are offensive, defamatory, obscene, or discriminatory based on race, color, national origin, sex, sexual orientation, age disability, religious or political beliefs, or any individual's status in any protected group or class shall not be created, stored, or copied.
- These conditions apply to the use of PRL's systems from PRL's offices or outside locations including from home.

BUSINESS CONDUCT

- There should be no payment of any kind on behalf of PRL to any person, except if required by law.
- Political contributions of any kind (including services) by PRL are prohibited except if permitted by applicable law and made with specific written approval of senior management.
- All transactions must be accurately recorded in PRL's books of account.

MEDIA RELATIONS / PUBLIC RELATIONS

- Employees are not allowed to participate officially in radio / TV / press seminars program or release any information relating to the affairs of PRL or its business areas to the print or electronic media except those specifically designated to do so.
- All press releases are to be endorsed by the Managing Director & CEO before their release to the print media.

DRUG AND ALCOHOL USAGE

- Use or distribution of illicit drugs or non-prescribed controlled substances, the misuse of intoxicants or the use of alcohol and drugs by any person on PRL premises or worksite is prohibited.

POLITICAL AFFILIATION

- PRL's facilities are not allowed to be used for political campaigning, fundraising or partisan political purposes.
- PRL's funds or assets shall not be used to make a political contribution to any political party or candidate.
- PRL encourages its employees to participate in political processes as individuals in their own time, but these activities must not in any way suggest PRL's support.

CONFLICT OF INTEREST

These include:

- Personal relationships of PRL employees where parties may receive or give an unfair advantage or preferential treatment because of the relationship.
- Actions or relationships that might conflict or appear to conflict with an employee's job responsibilities or the interests of PRL.
- Direct or indirect financial interest in or a financial relationship with PRL competitors, suppliers, or customers (except for insignificant shares in publicly held companies).
- Taking part in any business decision involving a company that employs an employee's spouse or family member.
- Any consulting relationship that affects an employee's ability to satisfactorily perform his/her Company's assignments.
- Using non-public PRL information for personal gain or advantage or the gain or advantage of any other person.
- Investing in an outside business opportunity in which PRL has an interest, except for having an insignificant stock interest in publicly held companies.
- Receiving personal discounts or other benefits from suppliers, service providers or customers that are not available to all PRL employees.

HARASSMENT

- PRL prohibits harassment in any form, whether physical or verbal by Company employees (management, non-management, trainees, and contractual staff) against any person, as well as harassment directed towards PRL and its employees by customers, contractors, consultants, suppliers, vendors, visitors, and other non-employees whether such conduct occurs on PRL premises in connection with PRL activities or the performance of PRL's work.
- All reported or suspected occurrences of forbidden harassment will be treated with sensitivity and discretion and shall be investigated confidently and as promptly and thoroughly as practicable and necessary.
- Employees should:
  - Reject any offer or promise of offer in anticipation of or in exchange for some decision.
  - Avoid harassment, including the appearance of such harassment, by refraining from actions, language, and jokes, and by disposing of materials such as posters or magazines, which could be anticipated to offend others.
  - Report any harassment that they observe, that is made known to them by others, or that they suspect has occurred.
  - Assure PRL employees, as necessary, that all forms of forbidden harassment are expressly prohibited.

GENDER EQUALITY

PRL is committed to fulfil its responsibility to respect and uphold human rights. PRL strives to protect the dignity of its employees, and everyone impacted by its operations. All employees are given equal opportunities for employment and professional development, regardless of their gender, ethnic and cultural background, religion, functional ability, and political view. PRL is committed to being a fair employer that promotes gender equality across its business. PRL believes that gender equality is all about empowerment that provides the foundation for a prosperous future.

PESTEL ANALYSIS

P E S T E L

POLITICAL FACTORS

The pricing of petroleum products in the country is linked with international pricing which are significantly influenced by global geopolitical situation and changes in global demand and supply. Hence, any change in international policy directly impacts the local price. Further, PRL is required to open confirmed letters of credit (L/Cs) for the import of crude oil. Owing to political and economic instability of the country, certain foreign banks have abstained from confirming L/Cs opened by Pakistani banks. If this situation persists, PRL may face a crude shortage disturbing its smooth operations, consequently disrupting the Country's oil supply chain.

COMPANY'S RESPONSE

PRL closely monitors geopolitical scenarios and international pricing on a real-time basis, which forms the basis of PRL's operating strategy. PRL is also actively engaged with local and foreign financial institutions and the State Bank of Pakistan, which has ensured confirmation of Company's crude oil import L/Cs thereby supporting continuous Refinery operations.

ECONOMIC FACTORS

Country's macro-economic environment and pricing of petroleum products affects overall demand of petroleum products which in turn puts pressure on PRL's inventory levels and operations. Further, economic factors derived from various government policies (such as interest rates) and market forces (such as Rupee-USD parity) also have significant impact on Company's operations and profitability.

COMPANY'S RESPONSE

Company has increased its customer base and is engaged with other oil marketing companies apart from PSO and Shell Pakistan Limited as well as export of surplus HSFO and Naphtha. This provides flexibility for PRL and avoids shutdowns due to inventory build-ups. Moreover, PRL has adopted stringent and robust liquidity management that minimizes the effect of rising interest rates on its profitability. The Government's revised refinery pricing mechanism of certain products has enabled PRL to recover a portion of exchange loss suffered due to volatility in Rupee-USD parity.

SOCIAL FACTORS

Refining is a complex business and requires utmost vigilance to avoid hydrocarbon losses and HSE incident. This require employees to be in comfortable position while performing their duties. Social behaviours are greatly impacted by external factors such as political situation in the country, inflation, ease of commutation, general law and order situation etc.

COMPANY'S RESPONSE

The Company provides excellent working environment to its employees and has training programs in place to ensure their continuous development. By providing transport and cafeteria facilities, inflation burden on employees is reduced. The Company regularly engages with law enforcement agencies to ensure security of its human resource capital and other refinery assets.

TECHNOLOGICAL FACTORS

Refining is a technologically complex business and requires continuous investment in hardware and software to match the pace of changing product standards. HSFO comprises ~30% of PRL's product slate and due to its negative margins has a huge impact on the profitability of PRL.

COMPANY'S RESPONSE

One of the objectives of Refinery Expansion and Upgrade Project is to acquire conversion technology that will convert negative margin HSFO into higher margin products (HSD and MS).

ENVIRONMENTAL FACTORS

The global shift of reducing carbon emissions has led to stringent petroleum product standards. The Government of Pakistan has also adopted EURO V standards for import of MS and HSD and the refineries are also required to upgrade their products to these standards. Further, the International Maritime Organization introduced specifications that significantly reduced Sulphur contents in marine fuel. PRL is also subject to certain reportable parameters of Sindh Environment Quality Standards (SEQS) about emissions and effluents.

COMPANY'S RESPONSE

PRL has already announced the Refinery Expansion and Upgrade Project that will produce EURO V standard HSD and MS, coupled with minimizing HSFO production. PRL is fully compliant with Sindh Environmental Protection Agency's requirements for emissions and effluents. Additionally, PRL complies with the Environmental Management Plan (EMP) by maintaining the results of all reportable parameters as per Sindh Environment Quality Standards

LEGAL FACTORS

PRL is a public limited company whose shares are listed on the Pakistan Stock Exchange. PRL operates in a regulated environment and is required to comply with applicable environmental, corporate, commercial, legal and taxation laws. Additionally, PRL follows various regulatory bodies' directions, including the Ministry of Energy (Petroleum Division) and the Oil and Gas Regulatory Authority (OGRA). In addition to federal laws, PRL also complies with applicable provincial laws. Any changes in legislation by the Federal and/or Provincial Government and other regulatory bodies in the legal framework may have a significant impact on the operations, decisions, and results of PRL.

COMPANY'S RESPONSE

PRL fully complies with all applicable laws, regulations, directives, and regulations. PRL employs a team of in-house professionals who are vigilant of changes in applicable laws and regulations and ensure relevant compliances.

SEASONALITY AND BUSINESS OPERATIONS

The nature of the petroleum industry is such that the demand for petroleum products can be subject to seasonalities. PRL is also cognisant of other external factors that can impact operations, such as availability of alternative fuel, abrupt price changes and political reasons.

The demand for HSFO now decreases from mid-October/early November as the winter season approaches and demand for country wide electricity decreases to as low as 10,000 - 11,000 MWs leading to closure of HSFO based power plants, thus drastically impairing disposal of furnace oil. The only option left is to export it at a lower price.

Another product that is impacted by seasonality is diesel. The demand for diesel swings due to harvesting and sowing seasons. Demand is high from October to mid-December and April to May due to wheat and cotton crop sowing, picking, and harvesting seasons.

Floods, rainy season and other adverse weather conditions can also be a major issue causing economic activities to go down, and resultantly product demand decreases.

In addition to seasonality, over-import of petroleum products (Diesel, MS, HSFO) due to lack of proper planning at regulatory levels can also be an issue. This can lead to a glut of products in the market, leading to decreased prices and profit margins.

LEGISLATIVE AND REGULATORY FRAMEWORK

PRL operates in a regulated environment and is required to ensure compliance with applicable refining policies, and environmental, corporate, commercial and taxation laws as well as directions from various regulatory bodies. In addition to the federal laws, PRL must also comply with the applicable provincial laws.

The legal and regulatory environment can have a significant influence on PRL's business model and its operations. The recently announced Refining Policy for Brownfield Projects is a much-needed enabler for PRL to pursue its critical upgrade. This initiative of the government will create an enabling environment, which fosters growth, incentivises investments, and promotes national objectives of self-sufficiency and energy security.

INFLUENCES ON BUSINESS ENVIRONMENT

Various influences continually shape PRL's business environment, spanning short, medium, and long terms. These factors, including economic shifts, technological advancements, regulatory changes, and seasonal trends, drive the Company's strategic decisions and adaptations, ensuring its sustained growth and resilience.

SWOT ANALYSIS

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- Strategic location close to the port.
- Efficient infrastructure: The integrated pipeline network connecting the refinery with the port and customers' storage terminals provides a competitive advantage, enabling smooth logistics and efficient supply chain management.
- Skilled workforce: PRL boasts an experienced and highly qualified workforce with a positive work attitude, contributing to operational excellence and productivity.
- Commitment to safety and quality: PRL's emphasis on Health, Safety, Environment, and Quality (HSEQ) is reflected in incident free operations, successful execution of shutdowns without incidents and retention of ISO Standards certification, demonstrating a strong commitment to maintaining high standards.
- Parent company is the largest OMC of Pakistan.

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- Euro V compliance: Meeting Euro V standards requires significant investment, posing a financial challenge for PRL. The inability to produce Euro V standard HSD and MS results in adverse price differentials, impacting competitiveness in the market.
- Vulnerability to external factors: PRL's operations are susceptible to international petroleum prices and exchange rate fluctuations, which can impact profitability and financial performance.

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- Refinery Expansion & Upgrade Project (REUP): PRL's REUP presents a significant opportunity to double its crude processing capacity coupled with conversion of HSFO into value- added products.
- Availability of unutilised land: PRL can leverage its unutilized land to expand and upgrade its facilities.
- Demand for HSD and MS exceed local supplies therefore capacity expansion is viable.
- Brownfield Policy: This government initiative empowers existing refineries to undertake upgrade projects.

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- Regulatory changes: Adverse changes in pricing mechanisms or regulatory policies by the government can impact refinery operations and profitability.
- Country's shift from HSFO to LNG for electricity generation may curtail refinery operations.

STRATEGIC APPROACH AND RESOURCE MANAGEMENT

SIGNALING SUPERIORITY

STRATEGIC APPROACH AND RESOURCE MANAGEMENT

STRATEGIC OBJECTIVES AND PLANNING

In pursuit of sustained growth and value creation, PRL (PRL) has developed a robust business strategy that aligns with PRL's vision and objectives. The strategy focuses on optimizing the core business, exploring new opportunities, and expanding its energy value chain. PRL aims to achieve these strategic objectives through a mix of short, medium, and long-term planning, supported by effective resource allocation and operational excellence.

	Objective	Nature	Strategy
1	Uninterrupted operations of the refinery	Short / medium / long	PRL continues to focus on preventive maintenance plans to ensure uninterrupted operations of the Refinery. Further, PRL has agreements with crude oil suppliers and oil marketing companies that ensure smooth supply chain at both ends.
2	Operational excellence	Short / medium / long	PRL takes pride in its operational excellence being the refinery with lowest operating cost per barrel whilst ensuring safety of employees and efficiency in operations. Focus remains on increasing distillate yields, reducing manufacturing losses and continues plant availability.
3	Health, Safety and Environment	Short / medium / long	PRL continues its HSEQ mindset for all stakeholders. HSEQ standards are implemented within the refinery and measures are taken to prevent HSEQ related incidents (fatalities, process safety incidents, Lost Time Injury frequency, oil spills and non-compliance with environmental regulations) from occurring.
4	Production of environment friendly products and sustainable operations	Long	PRL has already embarked on REUP. The project focusses on i) doubling the refinery capacity from existing 50,000 barrels per day to 100,000 barrels per day. ii) production of EURO V compliant HSD and MS; iii) reduction in production of HSFO;.
5	Stakeholder satisfaction	Short / medium / long	All stakeholder complaints are managed and settled timely, and focus remains on having zero unresolved complaint.
6	CSR	Short / medium / long	PRL is committed towards society in general and to the people who live in the close vicinity of the Refinery and contributes regularly towards the welfare of the society.
7	Financial discipline	Short / medium / long	PRL targets improving profitability to create value for shareholders. Availability of finances at lower rates and controlling operating expenses promote financial discipline in PRL.

RESOURCE ALLOCATION AND CAPITAL OVERVIEW

To implement the strategic objectives, PRL has allocated resources across various capital categories. In terms of financial capital, PRL has planned to invest significant funds towards the REUP project and other capital expenditures aimed at improving operational efficiency and increasing capacity. Human capital is another critical resource, and PRL has plans to recruit and retain top talent, provide ongoing training and development, and foster a culture of innovation.

Manufactured capital, including equipment, infrastructure, and facilities, is also a priority for PRL. PRL has plans to upgrade existing facilities and invest in new equipment and infrastructure to support its strategic objectives.

Social and relationship capital, which includes PRL's relationships with stakeholders, customers, and partners, is also a key resource for PRL. PRL has plans to strengthen existing relationships and forge new partnerships to support its growth and diversification initiatives. PRL also recognizes the importance of natural capital and has planned to incorporate sustainable practices and reduce its environmental footprint.

COMPANY'S MOST SIGNIFICANT RESOURCES ARE AS FOLLOWS:

a) ***Human Capital***
The biggest asset of PRL is its trained and dedicated workforce. PRL continues its efforts to develop career plans for high potential employees and ensure training for all employees.

b) **Financial Capital**
The refinery's business model requires effective working capital management. PRL has a comprehensive budgeting, planning and liquidity management system in place that ensures proper utilization of financial resources and create value to PRL.

c) **Installed Capital**
PRL has an effective preventive maintenance system that ensures identification and availability of required resources. Further, various plant and equipment are replaced time to time with latest technology to keep the refinery abreast with updated trends.

d) **Natural Capital**
PRL's business model gives prime importance to preservation of natural resources and environmental protection. PRL through its Waste Management and Effluent Monitoring process, minimizes any harmful impact to the environment caused by refinery operations.

COMPETITIVE ADVANTAGE AND VALUE CREATION

PRL's inherent strengths and strategic investments, exemplified by the REUP project, reinforce its competitive edge and value proposition. This initiative expands product range, boosts refining capacity, and curbs fuel imports, while leveraging advanced technology for operational excellence. Moreover, sustainable practices enhance reputation, mitigate risks, and attract conscientious investors. Strong stakeholder relations further solidify PRL's advantage and foster enduring partnerships in a stable business landscape.

FACTORS IMPACTING STRATEGY AND RESOURCE ALLOCATION

PRL's strategy and resource allocation is influenced by various factors, including technological changes, innovation initiatives, and resource shortages. PRL has responded to technological advancements by implementing significant digital transformation strategies to enhance operational efficiency, reduce costs, and improve decision-making. PRL has fostered innovation through the REUP. PRL has had to tackle resource shortages, leading it to adopt cost-cutting measures and seek partnerships and collaborations to ensure sustainable input supply. These factors have shaped PRL's short, medium, and long-term strategic objectives, including enhancing production and revenue, optimizing refining strategies, and implementing operational and cost-cutting measures to maintain a sustainable competitive advantage and create value for stakeholders.

KPIs FOR STRATEGIC OBJECTIVES

PRL is committed to achieving its strategic objectives by monitoring and measuring its performance against key performance indicators (KPIs). PRL uses a Corporate Scorecard system to track progress towards its goals and objectives and to identify areas where performance can be improved. PRL regularly reviews its KPIs to ensure that they remain relevant and aligned with PRL's strategic objectives. By measuring and monitoring its performance against these KPIs, PRL can make informed decisions to improve its operations, maintain financial stability, and achieve its growth objectives. To ensure that it is meeting its strategic objectives, PRL has identified five key areas for which it measures KPIs:

- Health, Safety & Environment
- Operational
- Financial
- Expansion Project/REUP
- Human Resource Development

FINANCIAL PERFORMANCE AND DEBT MANAGEMENT

There have been no defaults in repayment of any debt during the year.
PRL implemented various measures such as efficient crude planning including buying low-cost crude cargoes on a SPOT basis, inventory management, achieving optimal product mix yields etc. These measures consequently improve profitability, which augments the cash and cash equivalents and reduces reliance on borrowings. In addition, the Company has taken up the challenge to improve the operating cycle, for instance increasing the proportion of cash sales, which improves liquidity. All such measures have helped and will help the Company to settle its liabilities promptly.

RISKS AND OPPORTUNITIES
ANALYSIS AND MANAGEMENT

WIRING THE WAYFORWARD

RISKS AND OPPORTUNITIES ANALYSIS AND MANAGEMENT

ANALYSIS OF CAPITALS AVAILABILITY, QUALITY, AND AFFORDABILITY

To ensure the availability, quality, and affordability of capital, PRL conducts a comprehensive analysis of both internal and external factors. By evaluating key risks and opportunities, PRL aims to effectively manage its financial, human, and technological resources.

INTERNAL FACTORS:

1. Financial Capital:
    - Opportunity: Access to diverse financing options and capital markets can provide PRL with the necessary funds to invest in infrastructure upgrades, process improvements, and expansion projects. This can enhance the availability and quality of financial capital.
    - Risk: Inadequate financial management and economic uncertainties can pose challenges in securing affordable capital, potentially limiting the availability of funds for critical investments.

2. Human Capital:
    - Opportunity: Building a skilled and motivated workforce through recruitment, training, and development programs can improve the quality of human capital. A talented and knowledgeable workforce enhances operational efficiency, innovation, and overall organizational performance.
    - Risk: Shortage of skilled labor, high turnover rates, and the lack of continuous professional development can impact the availability and quality of human capital, leading to decreased productivity and competitiveness.

EXTERNAL FACTORS:

1. Market Conditions:
    - Opportunity: Favorable market conditions, such as stable crude oil prices and increasing demand for petroleum products, can positively impact the availability and affordability of capital. This allows PRL to optimize production and maximize profitability.
    - Risk: Change of oil prices in the market can affect overall pricing.

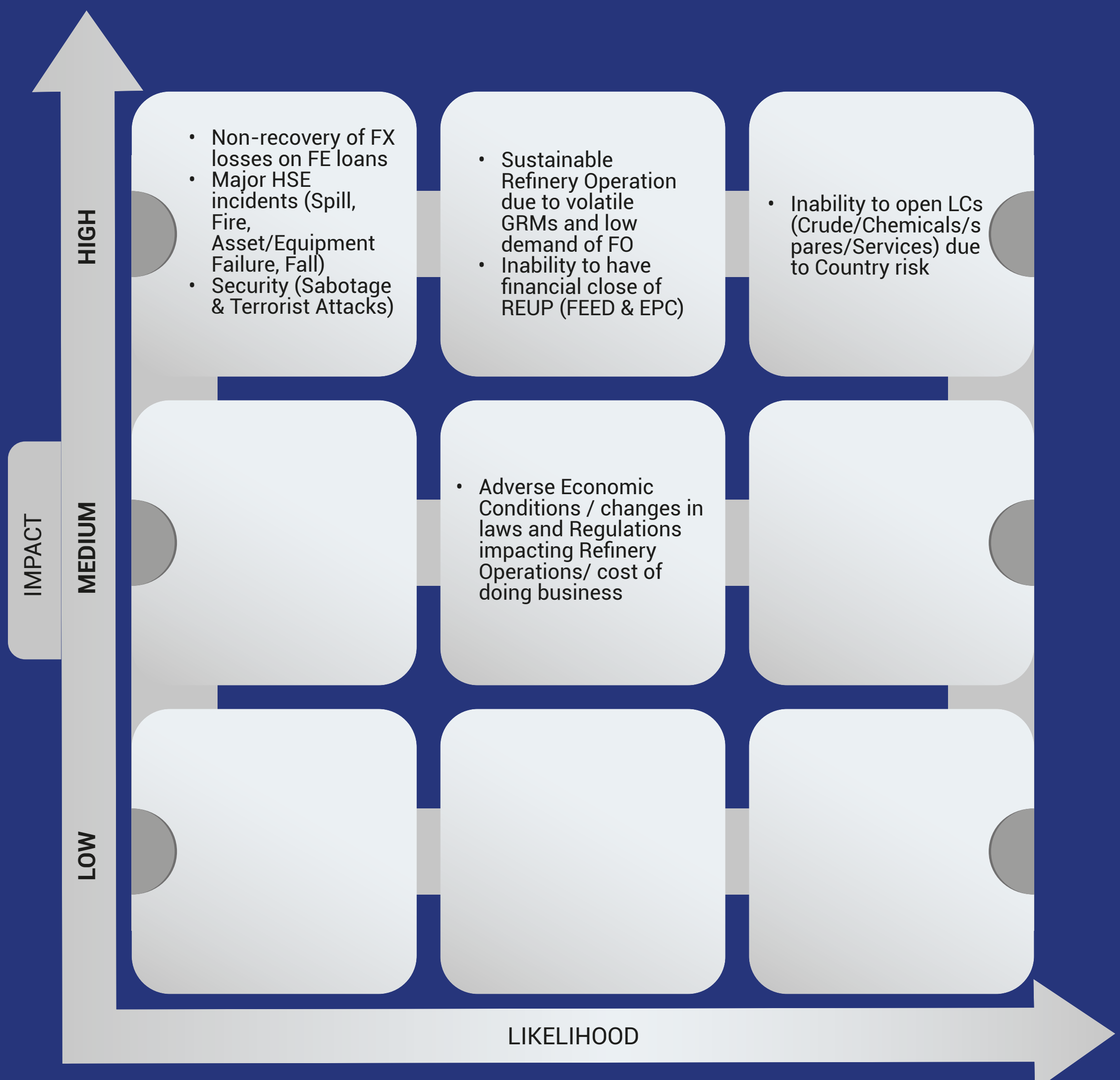
2. Regulatory Environment:
    - Opportunity: Supportive regulatory frameworks, tax incentives, and government policies promoting energy sector investments can enhance the availability and affordability of capital. This facilitates PRL's ability to invest in sustainable technologies, infrastructure upgrades, and environmental compliance.
    - Risk: Stringent regulations, compliance requirements, and changes in government policies can increase costs, impact affordability, and limit the availability of capital. Non-compliance may result in penalties and reputational damage.

3. Technological Advancements:
    - Opportunity: Embracing technological advancements, such as digitalization, automation, and process optimization, can improve the quality and affordability of capital. This leads to enhanced operational efficiency, cost savings, and better utilization of resources.
    - Risk: Rapid technological changes and the need for constant upgrades may require significant investments, impacting the affordability and availability of capital. Inadequate adoption of technology can result in operational inefficiencies and reduced competitiveness.

RISK MANAGEMENT AND GOVERNANCE

BUSINESS RISK MATRIX:

To ensure that PRL is proactively managing risks, the Company has developed a business risk matrix that assesses the likelihood and impact of various risks. The matrix covers a range of risks, including operational, financial, legal, and reputational risks. By regularly reviewing and updating the risk matrix, PRL identifies emerging risks and take appropriate measures to mitigate them.



In response to the identified risks, PRL has implemented a range of measures, including investing in new technologies, strengthening its financial position, and enhancing its corporate governance practices. A risk management team is also in place to monitor and manage risks on an ongoing basis.

RISK MITIGATION AND VALUE CREATION STRATEGIES

In pursuit of sustainable growth and effective risk management, PRL has undertaken specific steps to mitigate key risks and capitalize on key opportunities. The management continuously reviews all the high-priority corporate risks that pose a serious threat to PRL's profitability and liquidity and makes relentless efforts to mitigate those risks as part of day-to-day activities.

	Business Risks	Rating	Impact	Mitigation
1	In-ability to Open LCs due to Country Risk	High	• Operational Disruption or refinery Shutdown • Delay in Maintenance and turnaround activities.	Active engagement with government authorities, SBP, OCAC, and other relevant forums.
2	Sustainable refinery Operations due to volatile GRMs and Low RFO Demand	High	Volatile GRM • Inventory Losses • Liquidity issues Low Demand for RFO • Ullage Problem • Reduced throughput or Refinery Shutdown	Optimize Crude Selection / New Customers / Export of RFO
3	Inability to have Financial close of REUP (FEED & EPC)	High	Reputational risk with financial institutions, consultants, and Licensors.	• Engaging actively with Ministry, GOP, and SBP to explain the significance of REUP. • Bringing in potential strategic Investors preferably foreign.
4	Adverse Economic Conditions & changes in Laws and Regulations impacting refinery Operations/cost of doing business.	Medium	• Increase in tax rates. • Levy of additional taxes. • Reduction in revenues. • High Financial Costs	Active engagement with Government Authorities, and industry partners at relevant forums to avoid such unilateral changes.
5	Non-recovery of FX losses on FE loan	Medium	Amount may be written off	• Continuous engagement with GOP, SBP, and other stakeholders, at relevant forums. • Prior settlement of similar claims of other companies by GOP.
6	Major HSE Incident (Marine, Fire, Asset/Equipment Failure, Fall)	Medium	• Fatality/Injuries • Damage to Plant/Asset • Reputation risk • Operational disruptions • Litigation/Penalties • Environmental impact	• Compliance with SOPs/Controls.
7	Security	Medium	• Fatalities/ Injuries • Damage to Plant & Infrastructure • Financial loss	• Compliance with SOPs/Controls.

SUPPLY CHAIN RESILIENCE AND BUSINESS CONTINUITY PLANNING

PRL acknowledges the significance of cultivating a robust and sustainable supply chain capable of navigating potential disruptions arising from environmental, social, or governance incidents. The Company's strategy for mitigating these risks is all-encompassing, involving collaborative efforts with suppliers to ensure alignment with its values and industry best practices. Furthermore, PRL's commitment to resilience encompasses long-term collaborations with reliable suppliers, diversification of sourcing locations, and the maintenance of adequate inventory levels for vital resources. In addition, PRL maintains contingency plans that allow for swift and effective responses to unforeseen disruptions, cementing its dedication to uninterrupted operations.

Aligned with PRL's commitment to continuity, PRL's business strategy hinges on the premise of consistent operations. PRL's Business Continuity Plan (BCP) encompasses the entire spectrum of activities, from crude oil import and processing to product supply. This comprehensive plan commences with a business impact assessment, evaluating alternate options, and culminates in BCP procedures and exercises. A well-defined crisis and emergency response organisation ensures roles are clearly outlined during contingencies. Periodic mock drills verify the efficacy of these plans, disseminating awareness among staff with assigned roles under diverse scenarios. PRL's guiding principles within the plan encompass minimizing harm, safeguarding the environment, preserving its reputation, limiting liabilities, and protecting property.

Given the criticality of IT resources, PRL has also established a robust IT Business Continuity and Disaster Recovery Plan. This plan delineates potential incidents affecting PRL's IT infrastructure and delineates its response protocol in emergencies. These strategies underscore the Company's unwavering commitment to maintaining uninterrupted operations, safeguarding its stakeholders, and upholding its responsibility as a corporate entity.

BUILDING STRONG RELATIONSHIPS WITH STAKEHOLDERS

BRIDGING THE TRUST

BUILDING STRONG RELATIONSHIPS WITH STAKEHOLDERS

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is a fundamental aspect of PRL's operations. The Company recognizes the significant role that stakeholders play in shaping its success and fostering sustainable growth.

To effectively engage with its stakeholders, PRL employs a range of communication channels and initiatives. The Company actively seeks their input and feedback through meetings, consultations, surveys, and feedback mechanisms, enabling us to address concerns, gather perspectives, and provide updates on relevant matters. Transparency and open dialogue are central to its approach.

PRL's stakeholders include the following amongst others::

a) **Shareholders:** For shareholders, PRL engages through annual general meetings to provide updates on its performance, financial results, and strategic initiatives. The Company values their feedback and considers their expectations in its decision-making processes.
b) **Customers & suppliers:** Engagement with customers and suppliers is crucial for building strong partnerships. PRL maintains an ongoing dialogue to understand their requirements, address any issues, and explore opportunities for collaboration and innovation.
c) **Banks and other lenders:** With banks and other lenders, PRL maintains open lines of communication to discuss its financial performance, capital requirements and risk management strategies. These engagements contribute to maintaining strong relationships and securing necessary financial support.
d) **Media:** Media engagement plays a significant role in shaping the Company's corporate activities, initiatives, and achievements. PRL proactively communicates with media outlets through press releases, interviews, and participation in industry events to ensure accurate and transparent dissemination of information.
e) **Regulators:** Engagement with regulators is essential to ensure compliance with applicable laws and regulations. PRL actively participates in regulatory consultations, provides the necessary information, and maintains a cooperative relationship to uphold regulatory requirements.
f) **Local communities:** Engaging with local communities allows PRL to understand community needs and concerns, foster goodwill and contribute positively to the local economy and society. PRL supports community development initiatives.
g) **Analysts:** Lastly, engaging with analysts helps PRL ensure transparent and accurate coverage of the Company. PRL provides information, participates in analyst briefings, and responds to inquiries to help analysts make informed assessments of its performance.

ENCOURAGING MINORITY SHAREHOLDER PARTICIPATION

Management has implemented various initiatives to promote and encourage the attendance of minority shareholders at general meetings. These measures include providing clear information and guidance on meeting procedures and creating an inclusive and welcoming environment for all shareholders to participate and express their views. The aim is to ensure that all shareholders, including minority shareholders, can engage, ask questions, and make informed decisions during general meetings.

INVESTOR RELATIONS SECTION ON THE WEBSITE

The Investor Relations section on the corporate website serves as a centralized hub for stakeholders to access comprehensive financial and non-financial information. With company updates, press releases, financial statements, and other resources readily available, PRL prioritizes transparency and aims to foster effective communication with investors, analysts, and other stakeholders.

ISSUES RAISED IN THE LAST AGM, DECISIONS ARE TAKEN AND THEIR IMPLEMENTATION STATUS

PRL values its shareholders' input and actively seeks their participation in the Annual General Meetings (AGM). The AGM serves as an important platform to address shareholder queries, discuss concerns, and gather valuable advice for future actions. PRL is pleased to report that no significant issues were raised at its last AGM, reflecting the overall satisfaction and confidence of its shareholders.

ANALYST BRIEFING

PRL has demonstrated a steadfast commitment to transparent stakeholder engagement through comprehensive corporate briefing sessions. These sessions provide a platform for understanding and incorporating stakeholder perspectives into strategic decisions. PRL also ensures transparency by summarizing analyst briefings, covering a wide range of topics from industry trends to financial milestones. This commitment to stakeholder engagement and transparent communication is integral to PRL's journey towards sustainable growth and shared success.

INVESTOR GRIEVANCE REDRESSAL

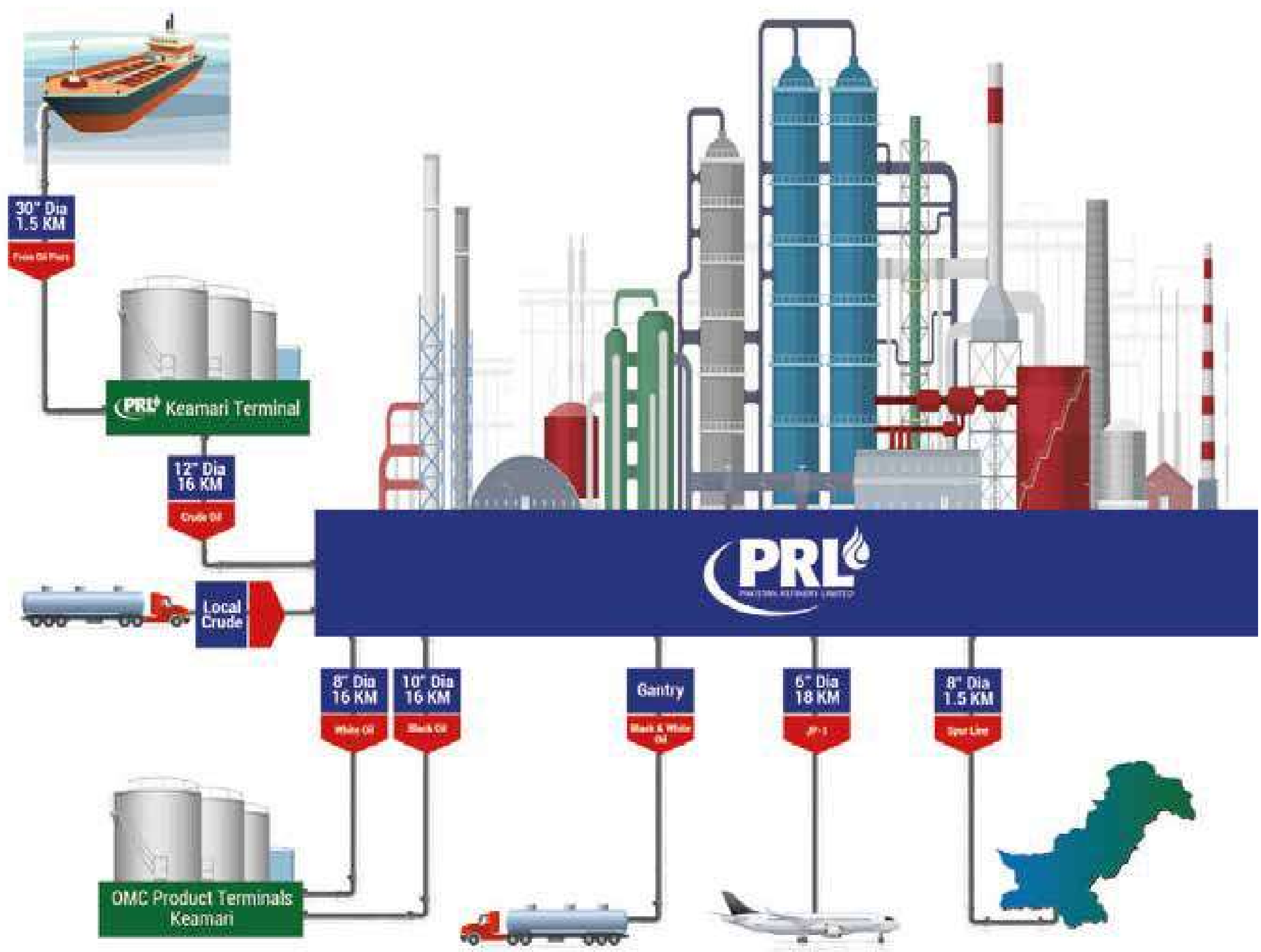
To promote investors 'relations and facilitate access to the Company for grievance/other query registration, an Investors' Relations section is maintained on PRL's website which can be accessed using the following link (http://www.prl.com.pk/investor-information/). Further, the annual report is also completely accessible on the website using the following link (http://www.prl.com.pk/financial-reports/).

BUSINESS MODEL

BUSINESS MODEL

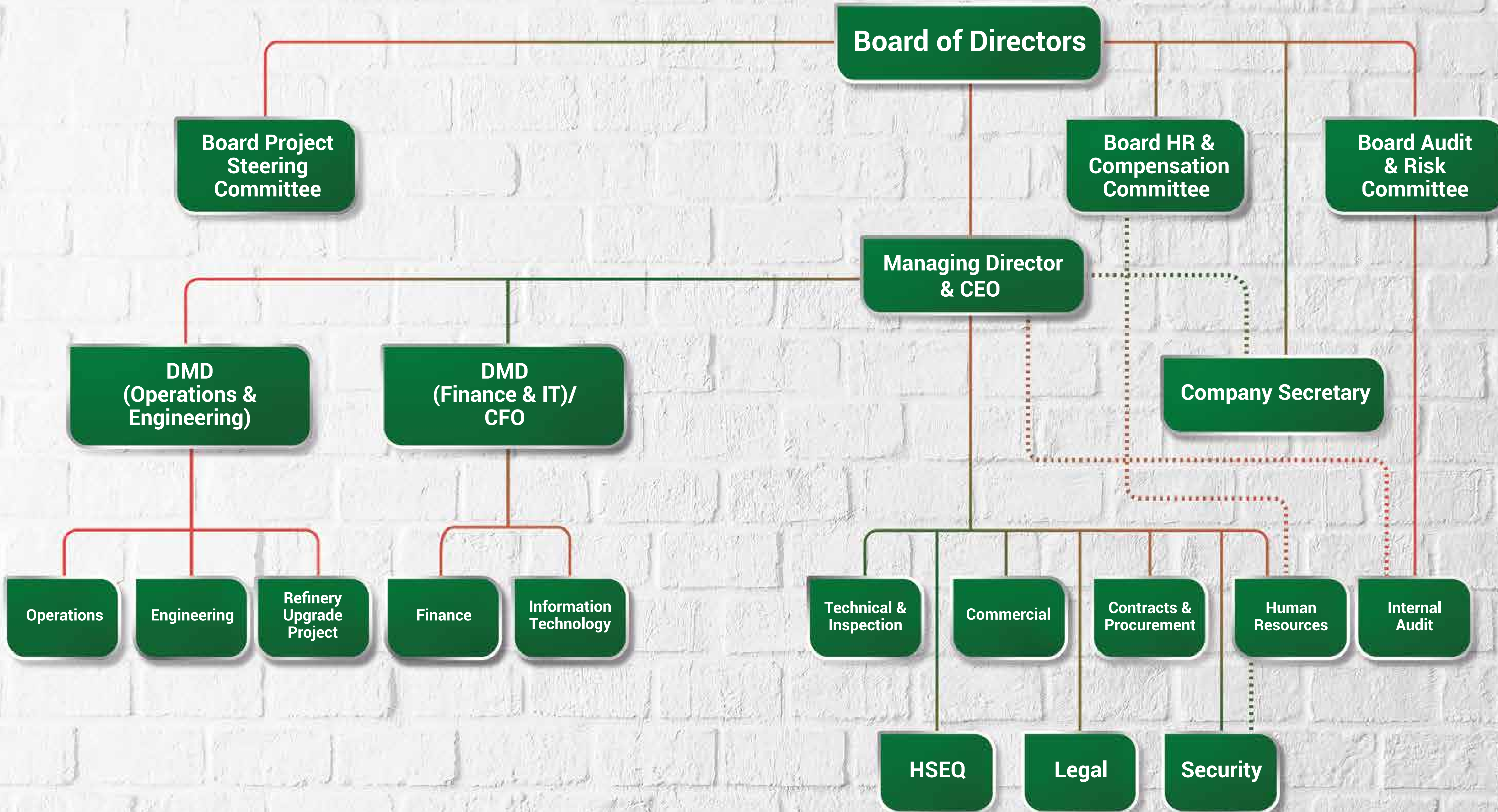
CHANGES IN BUSINESS MODEL DURING THE YEAR

No significant material changes were made during this period, as PRL continued to execute its core strategies effectively.



REFINERY OPERATIONS

ORGANISATIONAL STRUCTURE AND REPORTING RELATIONSHIPS



REFINERY LEADERSHIP TEAM

ZAHID MIR
MANAGING DIRECTOR & CEO

IMRAN AHMAD MIRZA
DEPUTY MANAGING DIRECTOR (FINANCE & IT) / CFO

ASAD HASAN
DEPUTY MANAGING DIRECTOR (OPERATIONS & ENGINEERING)

SHEHRZAD AMINULLAH
GENERAL MANAGER (CONTRACTS & PROCUREMENT) /COMPANY SECRETARY

OM PERKASH
GENERAL MANAGER (COMMERCIAL)

ABDUL MAJID
GENERAL MANAGER (TECHNICAL & INSPECTION)

NAJAM MAHMUD
GENERAL MANAGER (HUMAN RESOURCES)

OPERATIONS

The core responsibilities of the Operations Department are to operate the refinery in a safe, reliable, and efficient manner to achieve PRL's production targets. The refinery operates in rotational shifts, round the clock. Moreover, Operations also make sure that all emissions and effluents conform to applicable standards.

Refinery shutdown and startup activities (plant turnaround) are carried out at periodic intervals in coordination with engineering and technical teams. Operations also initiates commissioning of new equipment and modification to existing plant to enhance safety, efficiency, and profitability of the refinery, besides meeting organizational objectives by processing variety of crudes which resulted in production of EURO II compliant HSD, high yields of middle distillates and IMO compliant low sulphur furnace oil.

OIL MOVEMENT

Oil Movement function is responsible for crude oil and product related logistics. This spans from receiving imported crude at Karachi Port and local crude via bowsers at Refinery premises in Korangi and preparation of suitable crude recipe. Via integrated network of storage tanks, pipelines and gantries, Oil Movement ensures supplies to Oil Marketing Companies and handles export of surplus Naphtha and Furnace Oil.

HSEQ

Ensuring safe operations and safety at the workplace is the responsibility of all employees of PRL. In PRL, the role of the HSEQ department is very significant which maintains a focus on continuous improvement through a consultative and systematic management approach to health and safety to ensure a safe environment and compliance with relevant applicable laws. HSEQ ensures all systems are in place that are required to mitigate and control any undesirable hazardous situation (causing threat to Health, Safety, Environment & Quality) arising in case of any failure or incident in the refinery.

ENGINEERING

The Engineering department plays a major role in achieving Company business objectives by maximizing overall plant / equipment reliability and availability through concerted effort of all engineering functions thus ensuring safe and uninterrupted refinery operations.

Pursues new technological development in plant maintenance engineering. Implements and establishes effective maintenance (Online, Proactive, Preventive) programs/techniques to ensure its prime objective of maximum equipment reliability/availability for smooth plant operation.

It is also responsible for undertaking different small to medium scale projects required for sustainable refinery operations along with major Turnarounds and Regeneration shutdowns. Continuously strives for innovations, cost saving techniques and energy efficient options for better and improved Plant equipment performance.

The department consists of essential maintenance functions including Stationary, Rotary, Electrical, Instruments & Control, Civil, Planning and Design office.

COMMERCIAL

The Commercial Department is responsible for crude procurement and off-take of finished products. It is responsible for efficient inventory management by using various measures such as procurement of low-cost spot cargoes and meeting the product sales targets. It liaises with both Operations and Oil Movement functions to make necessary arrangements for the receipt and further processing of crude oil and disposal of refined products thereafter. Additionally, it also makes all arrangements for the export of surplus Naphtha and Furnace Oil.

CONTRACTS & PROCUREMENT

The Contracts and Procurement (C&P) Department is the central authority for managing the contracts and procurement processes on a refinery-wide basis. C&P is responsible for procurement of goods and services for the refinery. C&P is tasked to seek the best value and highest quality of goods and services for PRL. C&P is also required to ensure transparency and accountability while ensuring timely and efficient acquisition of goods and services

HUMAN RESOURCES

The Human Resources (HR) Department is focused on attracting, retaining, developing, and rewarding employees, PRL's biggest asset, by providing them with opportunities to develop, both personally and professionally. The HR department is focused on contributing towards the overall business objectives through strategic alignment with the organizational goals. Therefore, all the functions which fall under the purview of the HR department, such as Talent Acquisition, Performance Management, Payroll Management, Training & Development, Industrial Relations, Administration and Medical, are all in their own way helping PRL in achieving its short- and long-term objectives.

The HR department strives to place the right candidate in the right job and has played a pivotal role in providing PRL with quality human resources based on the current and future needs of the organization. PRL has a robust Trainee Program (for Trainee Engineers, Management Trainees and Trainee Chemists) which allows PRL to induct new talent with future growth potential.

PRL places special emphasis on fostering a learning culture by empowering its employees to contribute towards a learning organization. The HR function provides employees with numerous opportunities to develop and increase productivity, covering all aspects of business operations by imparting technical, managerial and HSEQ related in-house and external training. PRL has an alliance with the Institute of Business Administration– Centre for Executive Education (IBA – CEE) for various training programs offered by them, which further enhance the leadership and management skills of the employees.

TECHNICAL & INSPECTION

Technical and Inspection (T&I) Department's core functions are to ensure process monitoring & optimization, troubleshooting support, process engineering support for capital projects, process safety and mechanical integrity assurance of static equipment. T&I department conducts audits of all operations and maintenance processes, process safety compliances and product quality check at each level.

T&I plays a vital role in providing all kinds of technical support for trouble- free operations of the Refinery. It's multifunctional nature of work ranges from Production Planning, Energy Auditing, Optimization and process design, Refinery economics and pre-feasibilities, Plant Monitoring, Product quality control. T&I work includes technical support to ongoing and planned projects and it must vet and approve all process modifications keeping in view need, technical viability, and economic justification for each proposed change.

Areas of T&I are:

- Process Engineering
- Technical Audit /Energy Conservation
- Process and techno-commercial Studies
- Plant Expansion and De-bottlenecking
- Quality Control (Laboratory)
- Benchmarking Studies
- Plant & Offsite Mechanical Integrity
- Process Safety Management System

FINANCE & INFORMATION TECHNOLOGY

The Finance Department at PRL is committed to providing vital financial information on a timely basis to all the stakeholders while maintaining strict confidentiality. PRL makes use of internationally recognized SAP ERP, which captures all financial transactions that transform data into meaningful information. Finance function has been structured in a way that it is not only geared to meet current requirements but will also be effective to face challenges of the future providing a clear steer to Company's efforts. Through an effective and positive portrayal of PRL's business model and its underlying strengths, it has undertaken the task of ensuring the availability of cost-efficient financing facilities for continuous refinery operations. Another core responsibility of the Finance function is tax planning and giving advice to other business functions on taxation and related financial matters.

Information Technology (IT) section is committed to provide an effective and efficient workflow of information services, to enhance productivity, reduce costs and to ensure continual development through availability of online and real-time information, facilitation of business processes by use of ERP and by protecting the integrity of its information management capabilities and databases and ensuring the security, reliability, and confidentiality of information. The IT team remains responsive to provide services to users through the help desk

PROJECT

This is a dedicated department that focuses on the Refinery Expansion and Upgrade Project and its related tasks.

The challenge is to address the long-term Company objectives for growth and improvement by delivering sustainable solutions within a specified period. Major Projects develops viable options and business cases by employing systematic and structured approach involving various phases, from concept, feasibility, design, and implementation of projects conceived.

To ensure the projects undertaken provide the most optimal solution and is fit for purpose, the best in business world class design/project consultants are engaged. This is driven by the fact that PRL believes in quality and safety as the foremost priority in all the ventures it undertakes.

LEGAL

The Legal Department is responsible for all legal, regulatory and compliance related matters, inter-alia giving accurate and timely solicitation to the management on a wide array of legal topics, collaborating with the management to devise efficient defense strategies, drafting agreements, contracts and other legal documents to ensure Company's full legal rights, managing all contentious issues in liaison with external counsels, communicating with external parties such as regulators, external counsel, public authorities, etc.

The Department's broad function is to set forth legal boundaries for PRL within which the management can exercise its ingenuity in successfully maneuvering PRL and striving to find creative, proactive solutions to risks and handling crises to lead PRL towards success.

The Legal Department also comprises of the Corporate Communications function. This function is responsible for managing the company's external and internal communication strategies, ensuring consistency and transparency in messaging.

INTERNAL AUDIT

The Internal Audit Department is an independent assurance function which supports PRL in improving its overall control framework and the Chief Internal Auditor reports directly to the Board Audit and Risk Committee. It contributes to the maintenance of a systematic and disciplined approach to evaluate and improve the design and effectiveness of PRL's risk management, control, and governance processes. The primary role of the Department, through its assurance and other assignments, is to enhance value by contributing to the effectiveness and efficiency of PRL's operations, reliability of internal and external reporting, compliance with the applicable laws, rules, regulations, policies, and procedures and safeguarding of PRL's assets.

CSR

TRANSMITTING GOODNESS

BUILDING A SUSTAINABLE FUTURE THROUGH CORPORATE SOCIAL RESPONSIBILITY (CSR)

BEST PRACTICES FOR CORPORATE SOCIAL RESPONSIBILITY (CSR)

PRL believes that CSR goes beyond mere philanthropy; it is an integral part of its identity and purpose. Through PRL's steadfast dedication to best practices in CSR, it aims to create sustainable value and drive meaningful change. Through strategic partnerships and initiatives, PRL has extended a helping hand to those in need. PRL's actions are a testament to its unwavering dedication to social welfare and its belief in the transformative power of education and healthcare. PRL will continue to identify opportunities to make a positive difference, guided by its commitment to environmental sustainability, ethical practices, and the well-being of its stakeholders.

SUSTAINABILITY STRATEGY

PRL's commitment to ESG (environmental, social, and governance) principles is unwavering. It is dedicated to integrating sustainable practices into its operations, guided by the highest standards of Health, Safety, Environment, and Quality (HSEQ) excellence. PRL aims to create shared value, promote inclusivity, and foster responsible governance. By transparently reporting its progress and engaging with stakeholders, PRL strives to contribute to a sustainable future and be responsible corporate citizens.

LINKING SUSTAINABLE PRACTICES TO FINANCIAL PERFORMANCE

PRL firmly believes that sustainable practices not only align with its corporate social responsibility (CSR) commitment but also contribute significantly to its financial performance. By integrating ESG practices, PRL reduces operational costs, optimizes resource utilization, and manages risks effectively. Moreover, the CSR efforts enhance PRL's brand reputation and stakeholder trust. PRL's sustainable practices are not just an ethical choice but a strategic one, illustrating that responsible business conduct creates a positive loop, benefiting both its communities and the financial bottom line.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY (CSR) PERFORMANCE SUMMARY

- **Extending a Helping Hand to Flood-Hit Areas of Pakistan**
  PRL donated emergency relief medicines worth Rs10.5 million to the flood-affected regions of Interior Sindh in Pakistan in 2022. The donation was made in collaboration with the Army/Rangers and was directly given to a Medicine Company for efficient distribution. Dr Rauf Zaman, Chief Medical Officer of PRL, inspected the donated medicines and effectively delivered them to Hyderabad, Pannu Aqil, and other affected regions in coordination with the Sindh Rangers.

- **Environmental Commitment**
  PRL stands committed to its environmental responsibilities and adheres diligently to all relevant legal obligations. PRL's approach encompasses a comprehensive framework, including regular environmental monitoring activities that encompass emission, effluent, noise, illumination, and ambient air testing, all conducted according to the defined frequency of the Environment Management Plan (EMP). The results of these assessments are consistently reported to the Sindh Environmental Protection Agency (SEPA). To ensure a thorough evaluation, PRL has undertaken a detailed environmental aspect impact assessment, facilitating a comprehensive understanding of its environmental footprint. Acquiring and continually renewing No Objection Certificates (NOCs) from SEPA remains a priority, achieved through the formulation and execution of PRL's Environment Management Plan (EMP) and Hazardous Substance Management Rules Plan. PRL's adherence to ISO 14001 Environmental Management System further demonstrates its dedication to environmentally responsible practices. Waste management and disposal are meticulously managed in partnership with a SEPA-approved third-party contractor, underscoring PRL's commitment to sustainable and eco-friendly operations.

- **PRL's Inspiring World Environment Day Celebration**
  PRL's World Environment Day celebration was a resounding success as PRL demonstrated its unwavering commitment to environmental conservation and sustainability. The event featured a tree plantation drive led by the PRL leadership team, highlighting their involvement and dedication to fostering a greener environment. The lush green gardens at PRL, adorned with vibrant flowers and exotic plants, served as a living testament to PRL's vision of creating a sustainable ecosystem.

- **PRL's 10-Year Commitment to Supporting TCF School**
  PRL has made a long-term commitment to support the operational expenses of Professor Amanat Ali Campus, a TCF school, for the next ten years. Through a donation of PKR 9.2 million for the academic year 2023-24, PRL will contribute towards the school's teacher salaries, training, textbooks, uniforms, utilities, and management expenses. The Citizens Foundation (TCF) will manage the school according to its policies and standards, with regular progress reports provided to PRL. This initiative reflects PRL's dedication to promoting quality education and social welfare in Pakistan.

- **Seven Consecutive Wins reflecting PRL's Dedication to Sustainability and Beautification**
  PRL's remarkable win in the factories/industrial Garden category at the 72nd Pakistan Flower Show, marking their seventh consecutive victory, highlights their unwavering commitment to creating beautiful and sustainable landscapes. Recognized by the Horticulture Society of Pakistan, this achievement highlights PRL's expertise and dedication to plantations, as their gardeners' meticulous work and diligence have once again impressed the judges.

- **PRL's Urban Forest Initiative**
  PRL together with the Sindh Government is establishing an Urban Forest around the refinery, aiming to plant 150,000 trees of various species. This project reflects PRL's commitment to combat deforestation, promoting sustainability, and creating a greener environment. The selected tree species will contribute to mitigating global warming, improving air quality, and enhancing the overall environmental quality. Beyond the environmental benefits, the Urban Forest will also positively impact mental health and well-being, providing a space for outdoor activities and reducing stress levels. PRL's adherence to the Forest Act 1927 and collaboration with the government demonstrate its responsible land use practices and community engagement.

- **Dedication to Employee Health and Safety**
  PRL has achieved a remarkable milestone of 1.4 million man-hours without any Lost Time Incidents (LTI) until June 2023. This significant achievement reflects the depth and maturity of PRL's safety culture. It underscores the effectiveness of its robust management systems, the hands-on involvement of PRL's leadership across all tiers, and its ceaseless drive for ongoing enhancement.

COMPLIANCE WITH CORPORATE SOCIAL RESPONSIBILITY GUIDELINES AND REGULATORY FRAMEWORK

PRL fully complies with the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by the SECP. The Company's CSR Policy aligns with these guidelines and encompasses healthcare support, education assistance, environmental initiatives, and relief efforts during emergencies.

MEMBERSHIPS FOR SUSTAINABLE AND RESPONSIBLE PRACTICES

PRL has acquired certification of HSEQ management system standards of ISO 45001, ISO 14001, and ISO 9001. PRL also holds membership in the Horticulture Society of Pakistan, further reinforcing its commitment to horticulture and environmental stewardship.

IT GOVERNANCE

FUTURE SIGHTED

IT GOVERNANCE AND CYBERSECURITY DISCLOSURES

EVALUATION AND ENFORCEMENT OF LEGAL AND REGULATORY IMPLICATIONS OF CYBER RISKS

PRL recognizes that the ever-evolving digital landscape presents both opportunities and challenges. As part of PRL commitment to safeguarding its stakeholders' interests, the focus is on evaluating and enforcing legal and regulatory implications of cyber risks.

In today's interconnected world, the potential impact of cyber threats on businesses is substantial. To address this, PRL has implemented a comprehensive Cybersecurity Risk Management Framework that encompasses prevention, detection, and response strategies. PRL's dedicated team of experts continuously evaluates the cyber landscape, identifies potential vulnerabilities, and devises proactive measures to strengthen PRL's cybersecurity posture.

In the pursuit of excellence and sustainable growth, PRL remains committed to upholding the highest standards of cybersecurity. PRL's dedication to evaluating and enforcing legal and regulatory implications of cyber risks is a testament to PRL's unwavering commitment to protecting the interests of PRL's stakeholders and maintaining their trust in PRL's operations.

IT GOVERNANCE AND CYBERSECURITY PROGRAM AND POLICIES DISCLOSURE

IT Governance:
PRL's IT governance framework is designed to ensure effective decision-making, risk management, and alignment of IT initiatives with business objectives. PRL's management actively oversees IT governance, with designated committees and expert advisors responsible for assessing IT-related risks and opportunities. Regular reviews and updates to IT policies are conducted to ensure alignment with emerging technologies and industry best practices.

Cybersecurity Programs and Policies:
PRL's cybersecurity program is built on the principles of prevention, detection, response, and recovery. PRL continuously invest in state-of-the-art technologies and employ robust cybersecurity measures to protect PRL's systems and data from potential threats. PRL's policies outline strict guidelines for data protection, access controls, data encryption, incident response, and employee awareness training. Regular vulnerability assessments and penetration testing are conducted to identify and address potential weaknesses.

Industry-Specific Requirements:
As an essential player in the energy sector, PRL is committed to meeting industry-specific requirements for cybersecurity. PRL adheres to all relevant regulations, standards, and guidelines issued by regulatory authorities and industry bodies. PRL's cybersecurity strategy is tailored to address the unique challenges faced by the energy sector, with a focus on securing critical infrastructure and maintaining operational continuity.

Strategy in Place:
PRL's cybersecurity strategy is anchored in proactive risk management and continuous improvement. The Company prioritizes collaboration with industry peers, government agencies, and cybersecurity experts to stay informed about emerging threats and industry trends. PRL's strategy includes regular assessments of PRL's cybersecurity posture, performance, and investments to ensure ongoing effectiveness and adaptability.

CYBERSECURITY RISK OVERSIGHT

PRL has adopted a risk-based approach to ensure that cybersecurity is seamlessly integrated into PRL's operations. PRL's management actively engages in overseeing cybersecurity risks, recognizing their significance in safeguarding PRL's assets and data. PRL's risk-based approach allows us to identify, assess, and prioritize potential threats effectively. Furthermore, robust IT governance practices are in place to facilitate the prompt resolution of security matters. By proactively monitoring and mitigating risks, PRL strive to maintain the highest level of security across PRL's digital landscape.

EARLY WARNING SYSTEM FOR CYBERSECURITY RISKS AND INCIDENTS

PRL understands the criticality of proactively addressing cybersecurity risks and incidents. To strengthen PRL's cyber resilience, the Company has established a robust "early warning system" that enables us to identify, assess, and address potential threats swiftly.

Through advanced controls and procedures, PRL's vigilant team monitors the digital landscape, promptly detecting any signs of cyber risks or incidents. Timely disclosures and clear communication channels are in place to ensure that PRL's leadership is kept informed promptly.

PRL's commitment to cybersecurity goes hand in hand with PRL's dedication to transparency and accountability. With PRL's early warning system, the Company is equipped to navigate the dynamic cyber landscape confidently, safeguarding the interests of PRL's stakeholders and fostering trust in the face of evolving threats.

TECHNOLOGY SECURITY ASSESSMENT POLICY AND THIRD-PARTY RISKS REVIEW

At PRL, safeguarding PRL's technology environment is paramount. To maintain the highest level of security, the Company has implemented a policy of conducting independent comprehensive security assessments, including third-party risks.

These assessments, carried out by reputable external experts, provide an objective evaluation of PRL's technology infrastructure, identifying potential vulnerabilities and areas for improvement. PRL continues to fortify its technological landscape, protecting PRL's assets and maintaining the trust of PRL's stakeholders.

CONTINGENCY AND DISASTER RECOVERY PLANS AND CYBER INSURANCE DISCLOSURES

As part of PRL's commitment to mitigating potential risks, it has implemented a robust contingency and disaster recovery plan, designed to address IT failures or cyber breaches effectively.

PRL's contingency plan outlines a comprehensive response framework, enabling PRL to swiftly address and contain any unforeseen incidents. In the event of a cyber breach, PRL's well-defined procedures and protocols ensure timely communication, assessment, and resolution.

DIGITAL TRANSFORMATION AND ADVANCEMENTS IN TECHNOLOGY

As part of PRL's relentless pursuit of digital transformation, PRL has taken a significant step forward by registering on the Pakistan Single Window Portal. This electronic platform serves as a seamless Single-Entry Point for all parties involved in International Trade and Transport, simplifying import, export, and transit-related regulatory requirements.

At the forefront of the 4.0 Industrial Revolution, PRL has harnessed the power of digital technologies like Robotic Process Automation (RPA) and Cloud Computing to enhance transparency, reporting, and governance. By joining the Pakistan Single Window Portal, the Company have effectively digitalized PRL's cross-border trade, bidding farewell to paper-based manual processes.

This pivotal initiative, spearheaded by the Government of Pakistan, has streamlined PRL's day-to-day operations, making them smoother, hassle-free, and more cost-effective. By embracing the portal, the Company have seamlessly integrated itself into Global Value Chains, propelling PRL's organization towards greater efficiency and competitiveness in the international market.

CYBERSECURITY EDUCATION AND TRAINING INITIATIVES

PRL recognizes that cybersecurity is not just a technology issue; it's a collective responsibility that involves every member of PRL's organization. To mitigate cybersecurity risks effectively, PRL have strongly emphasized education and training. Throughout the year, the Company conduct regular cybersecurity awareness programs and training sessions to keep PRL's workforce informed about the latest concepts and technologies. By staying abreast with the ever-evolving cybersecurity landscape, PRL's employees are better equipped to identify potential threats and take proactive measures to protect PRL's valuable digital assets. Through these efforts, the Company reinforces a culture of cyber vigilance, ensuring that PRL's organization remains resilient against emerging cyber risks.

OUTLOOK

STANDING TALL

OUTLOOK

REFINERY EXPANSION AND UPGRADE PROJECT (REUP) UPDATE

The Refinery Expansion and Upgrade Project (REUP) is currently in the Front-End Engineering Design (FEED) phase, which is projected to be completed by September 2024. Following FEED completion, Engineering Procurement & Construction (EPC) tenders will be floated. The Financial Close and Final Investment Decision (FID) are expected to be achieved by June 2025. EPC phase will take ~3 years, targeting project completion by June 2028.

COMPANY'S PERFORMANCE AGAINST FORWARD-LOOKING DISCLOSURES MADE LAST YEAR

As disclosed in the Directors' Report for the year ended June 30, 2022, the Company continued to put in grueling efforts to combat the effects of adverse economic conditions. The Company worked on its operational philosophy of making the Refinery sustainable through the production of better margin products, procurement of economically fit crudes and inventory planning. PRL also exported the HSFO to ensure unhampered operations due to a lack of local demand.

The Company continued to work on the Front-End Engineering Design (FEED) study of the Refinery Expansion and Upgrade Project and Rs. 2.17 billion have been spent up to June 30, 2023.

ASSUMPTIONS AND SOURCES OF INFORMATION

Various sources are used for underlying assumptions for projections and forecasts such as the Economic Survey of Pakistan, Pakistan Energy Book, Pakistan Oil Book and publications from notable authorities such as the Ministry of Finance and several international Oil & Gas industry-specific sources publications and websites. The data from external sources is combined with in-house production and financial data. After extensive examination and deliberations by the area experts, the Company's business plan is developed to set the objectives and targets for the coming year, providing a foundation for developing an effective strategy for growth. In addition, various macroeconomic factors are also considered that have a direct relation with the operations of the Company for long-term planning, for instance the impact of Refining Policy for Brownfield Projects on the financial results and the progress of REUP.

STRIVING FOR EXCELLENCE
IN CORPORATE REPORTING

PERFECTING THE PERFORMANCE

STRIVING FOR EXCELLENCE IN CORPORATE REPORTING

INTEGRATED REPORTING

This report is prepared under the guidelines laid down in the International Integrated Reporting Framework, benchmarking its corporate reporting with best international practices. This report focuses on how the organization's strategy, governance, performance and prospects lead to value creation for all stakeholders and help them in timely decision-making.
Integrated reporting is built around the following key components:

- Organizational overview and the external environment under which it operates
- Governance structure and how this supports its ability to create value
- Business model
- Risks and opportunities and how they are dealing with them and how they affect the company's ability to create value
- Strategy and resource allocation
- Performance and achievement of strategic objectives for the period and outcomes
- Outlook and challenges facing the Company and their implications
- The basis of the presentation needs to be determined, including what matters are to be included in the integrated report and how the elements are quantified or evaluated.

DISCLOSURES BEYOND BEST CORPORBCR CRITERIA

The corporate reporting structure has evolved over the years to provide increased analysis for a better understanding of stakeholders. The Company's annual report includes the following disclosures in addition to ICAP / ICMAP BCR criteria to augment stakeholders' overall understanding of the Company and future prospects:

- About the report
- Highlights for the year ended June 30, 2023
- Detailed information about Refinery Expansion and Upgrade Project

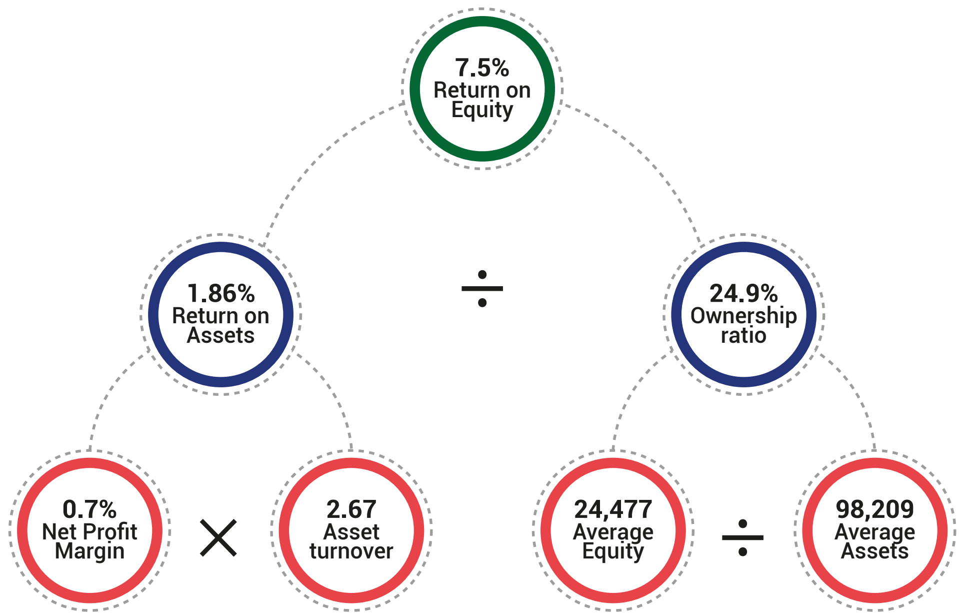
COMPLIANCE WITH FINANCIAL REPORTING STANDARDS

- The financial statements of the Company have been prepared by the management and represent its state of affairs, the result of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts as required under the Companies Act, 2017.
- The Company has followed consistent and appropriate accounting policies in the preparation of financial statements. Changes in accounting policies, wherever made, have been adequately disclosed in the financial statements. Accounting estimates are on the basis of prudent and reasonable judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements and any deviation, if any, has been adequately disclosed.
- The system of internal financial control is sound in design and has been effectively implemented and monitored regularly.
- There are no significant doubts about the Company's ability to continue as a going concern.

FINANCIAL ANALYSIS

LINES OF GLORY

DUPONT ANALYSIS

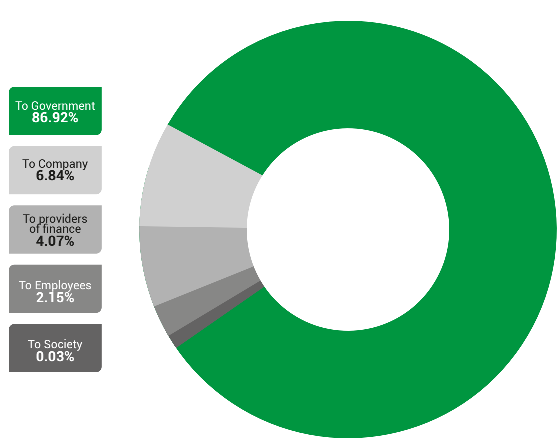


	Description	2023	2022	Comments
a	Tax burden (net income / profit before tax)	54.1%	79.0%	The Company generated profit for the year amounting to Rs. 1.82 billion and was able to utilise deferred tax charge on unabsorbed depreciation. Tax charge for the current year has been worked out @ 0.5% of turnover as the charge exceeds normal tax on taxable income. Moreover, the charge includes Super Tax @ 10%. Last year, the Company generated exhorbitant profit and was subject to Alternate Corporate Taxation Regime @ 17% calculated on accounting profit before tax. Net tax charge for the year was 45.9% as compared to 21.0% in the comparative period.
b	Interest burden (profit before tax / earnings before interest and tax)	45.3%	91.0%	Interest burden deteriorated due to increase in average borrowing and weighted average cost of borrowing during the year as compared to last year.
c	Operating profit margin (earnings before interest and tax / revenue)	2.8%	9.1%	Operating profit margins decreased as compared to last year because the Company had exceptional margins in the previous year as depicted by EBIT of Rs. 17.50 billion against Rs. 7.45 billion in the current year.
d	Asset turnover (sales / assets)	2.67%	2.90%	Asset turnover ratio is impacted by the change in total assets against the increase in revenue. The average total assets increased by 16% as compared to 72.6% in prior year while the revenue increased by 37% as against 107% in the comparative year.
e	Financial Leverage ratio (assets / net equity)	4.01%	5.15%	Financial leverage decreased due to increase in average equity by 7% due to increased profitability while average total assets increased by 16 %. This increase in asset base is mainly attributable to increase in inventory levels and trade debt.
	Return on equity (a x b x c x d x e)	**7.5%**	**98.1%**	Return on equity decreased substantially as the net profit decreased by 6.89 times while the average equity increased by 7%.

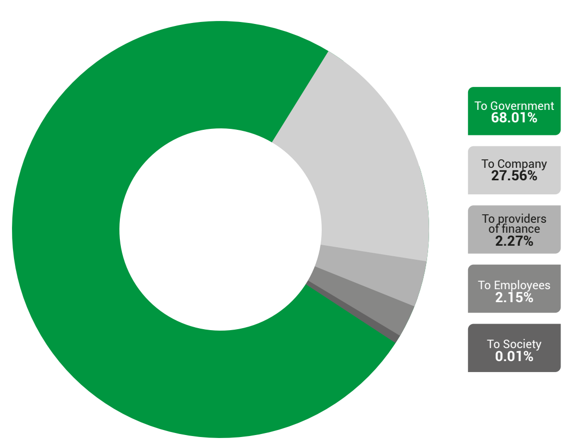
STATEMENT OF VALUE ADDITION AND IT'S DISTRIBUTION

	2023		2022	
	Rs. in thousand	%	Rs. in thousand	%
Wealth Generated				
Total gross revenue and other income	329,587,212		224,385,280	
Brought in materials and services	(254,200,396)		(169,939,005)	
	75,386,816	100.00%	54,446,275	100.00%
Wealth distribution to stakeholders				
To employees				
Salaries, wages and other costs including retirement benefits	1,621,860	2.15%	1,169,490	2.15%
To Government				
Income tax, sales tax, excise duty, development surcharge, WPPF, WWF etc	65,524,590	86.92%	37,025,934	68.01%
To society				
Donation to an educational institute	19,763	0.03%	7,500	0.01%
To shareholders				
Dividends and bonus	-	0.00%	-	0.00%
To providers of finance				
Financial charges for borrowed funds	3,065,888	4.07%	1,236,625	2.27%
To Company				
Depreciation, amortisation and retained profit	5,154,715	6.83%	15,006,726	27.56%
	75,386,816	100.00%	54,446,275	100.00%

2023



2022



ANALYSIS OF STATEMENT OF FINANCIAL POSITION

		2023	2022	2021	2020	2019	2018
Share Capital	Rs /bn	6.3	6.3	6.3	3.2	2.9	2.9
Reserves	Rs./bn	19.1	17.3	(4.3)	(5.3)	0.6	1.1
Share deposit money	Rs./bn	-	-	-	1.9	-	-
Net equity	Rs./bn	25.4	23.6	2.0	(0.2)	3.5	4.1
Fixed assets and Intangible assets	Rs./bn	28.6	29.1	20.6	21.4	19.0	13.4
Net current assets / (liabilities)	Rs./ bn	(0.7)	(4.6)	(17.8)	(16.8)	(10.9)	(4.5)
Long term / deferred liabilities	Rs./bn	2.8	1.0	0.8	4.8	4.7	5.1

NET EQUITY
During past six years, the Company's share capital primarily remained unchanged except for rights share issuance in 2020 which doubled the share capital of the Company to Rs. 6.3 billion. The reserves of the company have gradually increased over the years primarily due to profit retention. In addition to it, revaluation surplus increased the net equity by Rs. 16.3 billion. Resultantly, the total shareholders' equity stood at Rs. 25.36 billion with an increase of 6.4 times since 2017.

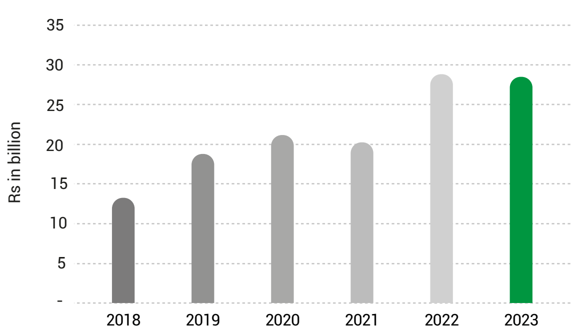
NON-CURRENT ASSETS
Property, plant and equipment is the core component of non-current assets of the Company which elevated primarily due to revaluation of land by Rs. 16.3 billion over the period of six years.

CURRENT ASSETS
Inventory, trade receivables and cash and bank balances majorly comprises of current assets. Inventory and trade receivables increased over the course of six years following the increase in prices of crude oil and petroleum products coupled with devaluation of exchange rate. Simultaneosly, the liquidity of the company improved, resultantly the cash and bank balance strengthened. Therefore, the current assets increased by 4.52 times since 2018.

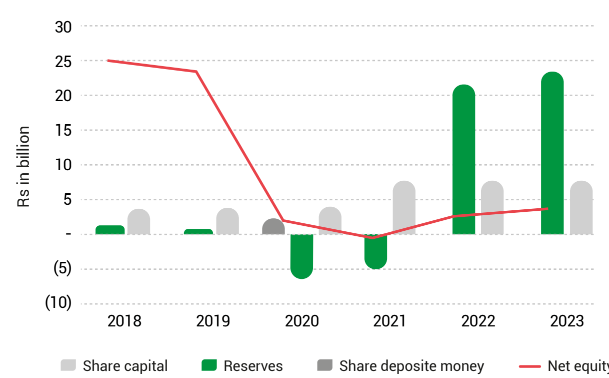
NON-CURRENT LIABILITIES
Long term borrowing is the major component of non-current liabilities which reduced to half as the liabilities pertaining to ISOM project obtained back in 2014-15 were settled over the course of six years.

CURRENT LIABILITIES
Trade and other payables and short term borrowings are major component of current liabilities. The increase in current liabilities is primarily evidenced by increase in trade and other payables on the pretext of increase in cost of purchases due to increase in international crude oil prices coupled with substantial devaluation of exchange rate. Short term borrowings also increased manifolds because of FE loan revaluation.

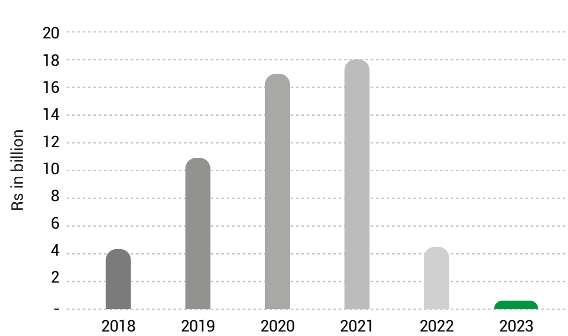
Fixed and Intangible assets



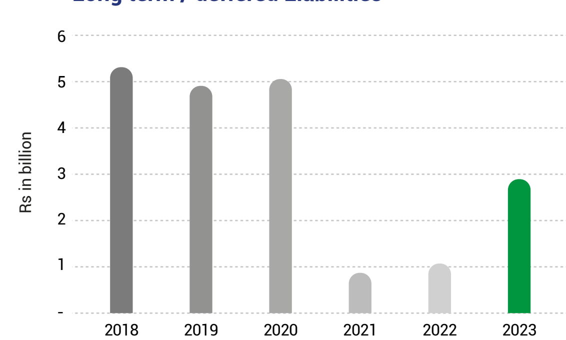
Equity Components



Net Current Liabilities



Long term / deffered Liabilities



HORIZONTAL ANALYSIS OF FINANCIAL POSITION

	2023 Rs. in million	23 vs 22 %	2022 Rs. in million	22 vs 21 %	2021 Rs. in million	21 vs 20 %	2020 Rs. in million	20 vs 19 %	2019 Rs. in million	19 vs 18 %	2018 Rs. in million	18 vs 17 %
ASSETS												
Non-current assets												
Property, plant and equipment and intangibles	28,456	(2)	28,981	42	20,414	(4)	21,208	12	18,975	41	13,447	10
Right-of-use asset	115	(12)	131	(11)	147	(10)	163	-	-	-	-	-
Investment accounted for using the equity method	46	(17)	56	(6)	59	(10)	65	5	62	(13)	71	(15)
Long-term deposits and loans	28	(9)	31	13	27	5	26	(12)	29	0	29	12
Deferred taxation	161	100	-	-	-	-	-	-	-	-	-	-
Employee benefit prepayments	19	(41)	33	27	26	(15)	30	72	18	(27)	24	(11)
Total non-current assets	28,826	(1)	29,232	41	20,673	(4)	21,493	13	19,084	41	13,571	10
Current assets												
Inventories	35,461	47	24,057	131	10,415	31	7,964	(16)	9,447	21	7,830	21
Trade receivables	19,912	76	11,306	72	6,589	80	3,667	(72)	13,195	82	7,265	63
Trade deposits, loans, advances and short-term prepayments	174	(24)	229	204	75	53	49	(73)	181	219	57	18
Other receivables	9,428	265	2,585	(16)	3,073	46,769	7	(99)	554	(11)	622	(38)
Taxation - payments less provision	-	-	-	(100)	96	16	83	(50)	165	(72)	597	(25)
Cash and bank balances	11,671	(50)	23,539	32,287	73	(97)	2,190	762	254	(56)	575	(19)
Total current assets	76,646	24	61,715	204	20,321	46	13,960	(41)	23,796	40	16,947	25
Total assets	105,472	16	90,947	122	40,994	16	35,452	(17)	42,881	41	30,518	18
EQUITY AND LIABILITIES												
EQUITY												
Share capital	6,300	-	6,300	-	6,300	100	3,150	7	2,940	-	2,940	-
Subscription money against rights issue	-	-	-	-	-	(100)	1,943	100	-	-	-	-
Accumulated losses	(18,250)	(0)	(18,286)	1	(18,185)	(1)	(18,363)	72	(10,667)	121	(4,817)	2
Special reserve	16,979	11	15,254	449	2,781	43	1,943	-	1,943	-	1,943	38
Revaluation surplus on property, plant and equipment	20,326	-	20,326	82	11,149	-	11,149	20	9,291	132	3,998	14
Other reserve	2	-	2	-	2	-	2	25	2	(177)	(2)	(190)
Total equity	25,357	7	23,596	1,053	2,047	(1,271)	(175)	(105)	3,509	(14)	4,063	31
LIABILITIES												
Non-current liabilities												
Long-term borrowing	2,000	100	-	(100)	294	(93)	4,215	(2)	4,300	(9)	4,700	194
Lease liability	133	(6)	142	(4)	148	(3)	152	100	-	-	-	-
Deferred tax liabilities	-	(100)	284	5,700	5	(51)	10	(25)	13	(3)	14	(26)
Employee benefit obligations	637	8	587	55	378	(16)	450	23	367	7	343	14
Unearned Income	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	2,770	173	1,013	23	825	(83)	4,828	3	4,680	(7)	5,057	163
Current liabilities												
Trade and other payables	46,433	0	46,298	126	20,509	14	18,036	(10)	19,967	19	16,757	12
Short-term borrowings	29,834	58	18,901	8	17,574	39	12,599	(14)	14,702	218	4,619	(22)
Unearned revenue	-	(100)	6	(57)	15	(89)	141	100	-	-	-	-
Current portion of lease liability	9	35	6	41	5	36	3	100	-	-	-	-
Taxation - provision less payments	1,050	(5)	1,106	100	-	-	-	-	-	-	-	-
Unclaimed Dividend	20	-	20	-	20	(0)	20	(9)	22	(0)	22	(0)
Total current liabilities	77,345	17	66,338	74	38,122	24	30,799	(11)	34,691	62	21,399	2
Total liabilities	80,115	19	67,351	73	38,947	9	35,627	(10)	39,371	49	26,455	16
Total equity and liabilities	105,472	16	90,947	122	40,994	16	35,452	(17)	42,881	41	30,518	18

VERTICAL ANALYSIS OF FINANCIAL POSITION

(AS A PERCENTAGE OF REVENUE)

	2023	2022	2021	2020	2019	2018
ASSETS						
Non-current assets						
Property, plant and equipment and intangibles	27.0	31.9	49.8	59.8	44.3	44.1
Right-of-use asset	0.1	0.1	0.4	0.5	-	-
Investment accounted for using the equity method	-	0.1	0.1	0.2	0.1	0.2
Long-term deposits and loans	-	-	0.1	0.1	0.1	0.1
Deferred taxation	0.2	-	-	-	-	-
Employee benefit prepayments	-	-	0.1	0.1	-	0.1
Total non-current assets	27.3	32.1	50.4	60.7	44.5	44.5
Current assets						
Inventories	33.6	26.5	25.4	22.5	22.0	25.7
Trade receivables	18.9	12.4	16.1	10.3	30.8	23.8
Trade deposits, loans, advances and short-term prepayments	0.2	0.3	0.2	0.1	0.4	0.2
Other receivables	8.9	2.8	7.5	-	1.3	2.0
Taxation - payments less provisions	-	-	0.2	0.2	0.4	2.0
Cash and bank balances	11.1	25.9	0.2	6.2	0.6	1.9
Total current assets	72.7	67.9	49.6	39.3	55.5	55.5
Total assets	100.0	100.0	100.0	100.0	100.0	100.0
EQUITY AND LIABILITIES						
Share capital	6.0	6.9	15.4	8.9	6.9	9.6
Subscription money against rights issue	-	-	-	5.5	-	-
Accumulated losses	(17.3)	(20.1)	(44.4)	(51.8)	(24.9)	(15.8)
Special reserve	16.1	16.8	6.8	5.5	4.5	6.4
Revaluation surplus on property, plant and equipment	19.3	22.3	27.2	31.4	21.7	13.1
Other reserves	-	-	-	-	-	-
Total equity	24.0	25.9	5.0	(0.5)	8.2	13.3
LIABILITIES						
Non-current liabilities						
Long-term borrowings	1.9	-	0.7	11.9	10.0	15.4
Lease liability	0.1	0.2	0.4	0.4	-	-
Deferred tax liabilities	-	0.3	-	-	-	-
Employee benefit obligations	0.6	0.6	0.9	1.3	0.9	1.1
Total non-current liabilities	2.6	1.1	2.0	13.6	11.0	16.6
Current liabilities						
Trade and other payables	44.0	50.9	50.0	50.9	46.6	54.9
Short-term borrowings	28.3	20.8	42.9	35.5	34.3	15.1
Unearned revenue	-	0.0	0.0	0.4	-	-
Current portion of lease liability	0.01	0.01	0.0	0.0	-	-
Unclaimed Dividend	0.0	0.0	0.1	0.1	0.1	0.1
Total current liabilities	73.3	72.9	93.0	86.9	80.9	70.1
Total liabilities	76.0	74.1	95.0	100.5	91.8	86.7
Total equity and liabilities	100.0	100.0	100.0	100.0	100.0	100.0

ANALYSIS OF STATEMENT OF PROFIT OR LOSS

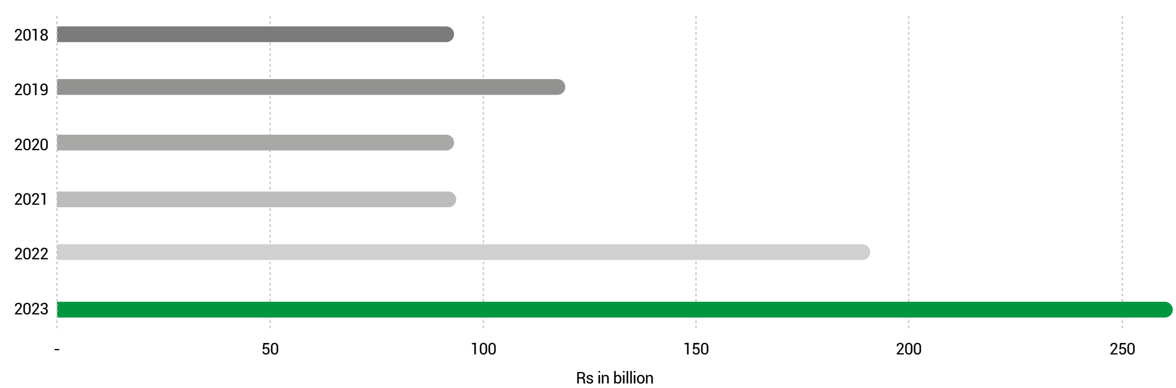
		2023	2022	2021	2020	2019	2018
Revenue	Rs./bn	261.9	191.3	92.1	90.5	115.7	92.2
Gross profit / (loss)	Rs./bn	7.3	20.3	3.2	(4.4)	(3.2)	1.0
Operating profit / (loss)	Rs./bn	7.4	17.5	3.0	(4.9)	(3.8)	1.4
Profit / (loss) before tax	Rs./bn	3.4	15.9	1.6	(6.9)	(5.2)	0.8
Profit / (loss) after tax	Rs./bn	1.8	12.6	0.9	(7.6)	(5.8)	0.5
EBITDA	Rs./bn	9.6	19.0	4.0	(3.9)	(2.9)	2.2

Revenue and cost of crude were significantly high throughout the year due to increased international oil prices coupled with devaluation of Pak Rupee against USD. In addition to the forex devaluation and non-upliftment of furnace oil, the Company persistently faced the LC opening issues along with high cost of LC confirmation charges and steep surge in the interest rates, which dented the profitability.

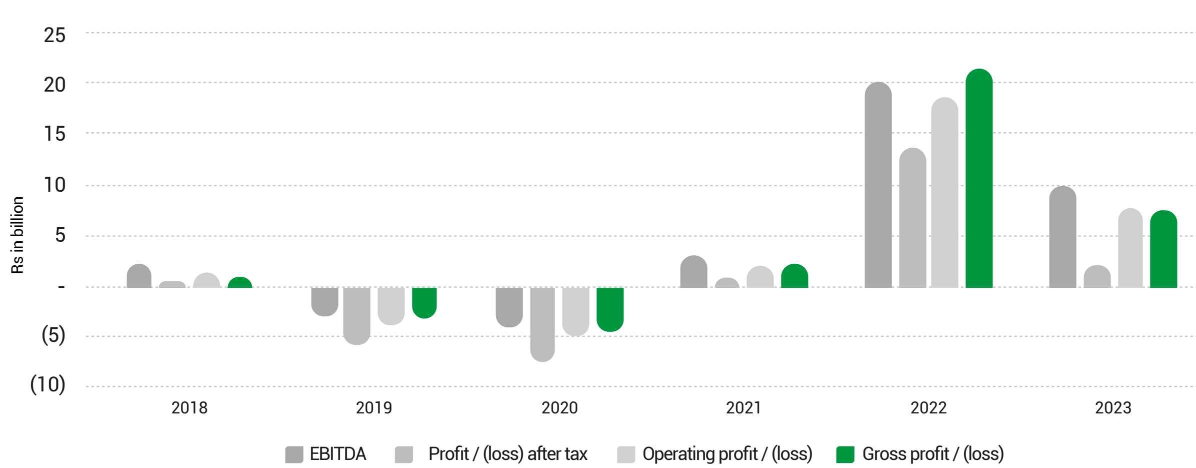
Through combination of factors including procurement of economically fit crudes, production of high margin products, inventory planning, application of cost saving measures etc, the Company posted a profit after tax of Rs. 1.82 billion for the year ended June 30, 2023 as compared to profit after tax of Rs. 12.47 billion last year. For details please refer Chairman's Review and Directors' Report.

The Company had exceptional margins in the previous year as depicted by EBIT of Rs. 17.50 billion against Rs. 7.45 billion in the current year.

Revenue



Financial Performance Analysis



VERTICAL ANALYSIS OF STATEMENT OF PROFIT AND LOSS

(AS A PERCENTAGE OF REVENUE)

	2023	2022	2021	2020	2019	2018
Revenue	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	(97.2)	(89.4)	(96.5)	(104.8)	(102.7)	(98.9)
Gross profit / (loss)	2.8	10.6	3.5	(4.8)	(2.7)	1.1
Selling expenses	(0.2)	(0.2)	(0.3)	(0.2)	(0.2)	(0.2)
Administrative expenses	(0.4)	(0.3)	(0.5)	(0.5)	(0.4)	(0.4)
Loss allowance on trade receivables	-	-	-	-	(0.1)	-
Other operating expenses	(0.9)	(1.3)	(0.2)	(0.1)	-	(0.1)
Other income	1.6	0.3	0.7	0.2	0.2	1.2
Operating profit / (loss)	2.8	9.1	3.2	(5.4)	(3.3)	1.6
Finance costs	(1.6)	(0.8)	(1.4)	(2.2)	(1.2)	(0.6)
Share of loss of associate	(0.0)	(0.0)	(0.0)	-	-	(0.1)
Profit / (Loss) before taxation	1.3	8.3	1.8	(7.6)	(4.5)	0.9
Taxation	(0.6)	(1.7)	(0.8)	(0.8)	(0.5)	(0.4)
Profit / (loss) after taxation	0.7	6.6	1.0	(8.4)	(5.0)	0.5

HORIZONTAL ANALYSIS OF STATEMENT OF PROFIT AND LOSS

	2023 Rs. in million	23 vs 22 %	2022 Rs. in million	22 vs 21 %	2021 Rs. in million	21 vs 20 %	2020 Rs. in million	20 vs 19 %	2019 Rs. in million	19 vs 18 %	2018 Rs. in million	18 vs 17 %
Revenue	261,860	37	191,316	108	92,084	2	90,524	(22)	115,741	25	92,229	32
Cost of sales	(254,560)	49	(171,044)	93	(88,843)	(6)	(94,893)	(20)	(118,915)	30	(91,184)	35
Gross profit / (loss)	7,301	(64)	20,272	525	3,241	(174)	(4,368)	38	(3,174)	(404)	1,045	(59)
Selling expenses	(501)	56	(321)	21	(266)	29	(206)	(18)	(250)	24	(201)	5
Administrative expenses	(975)	77	(552)	15	(479)	4	(460)	(5)	(485)	25	(389)	11
Loss allowance on trade receivables	-	-	-	-	-	-	-	(100)	(122)	-	-	-
Other operating expenses	(2,443)	-	(2,433)	1,282	(176)	309	(43)	81	(24)	(81)	(124)	(75)
Other income	4,066	660	535	(16)	637	289	164	(39)	267	(75)	1,091	123
Operating profit / (loss)	7,448	(57)	17,501	492	2,957	(160)	(4,913)	30	(3,789)	(366)	1,422	(30)
Finance costs	(4,066)	157	(1,579)	20	(1,311)	(34)	(1,995)	38	(1,443)	144	(591)	(2)
Share of (loss) / income of associate	(10)	183	(3)	(46)	(6)	(295)	3	(123)	(14)	774	(2)	(115)
Profit / (loss) before taxation	3,373	(79)	15,918	871	1,639	(124)	(6,905)	32	(5,245)	(733)	829	(42)
Taxation	(1,548)	(54)	(3,345)	377	(702)	2	(686)	19	(576)	77	(325)	(15)
Profit / (loss) after taxation	1,825	(85)	12,573	1,242	937		(7,591)	30	(5,821)	(1,255)	504	(52)

ANALYSIS OF PERFORMANCE AGAINST TARGET

a Gross profit fell short by 2.3 times as per the plan on the pretext of volatile margins. For details please refer Chairman's Review and Directors' Report.

b Other income exceeded the target by 139% mainly due to increase in profit on deposits and gains on investment in T-bills due to surplus cash available to the Company during the year.

c Operating cost (inluding finance cost) increased during the year by 110% mainly due to significant devaluation of Pak Rupee against USD, increased inflation rate, increased weighted average borrowing rate and various other uncontrollable factors.

d Company's tax regime was in accordance with the target as it was forecasted that the Company would fall under the minimum tax regime @ 0.5% on turnover and 1% on export proceeds along with Super Tax @ 10%. The taxation was in line with the revenue of the Company. Actual effective tax rate exceeded the targetted effective tax rate by 12%. However, there's a decrease in tax expense as compared to plan by 69% due to chargeability of deferred tax as detailed in note 8 to the financial statements.

e Profit for the year decreased by 81% as compared to the plan due to volatile refining margins and other factors as detailed in Chairman's Review and Directors' Report.

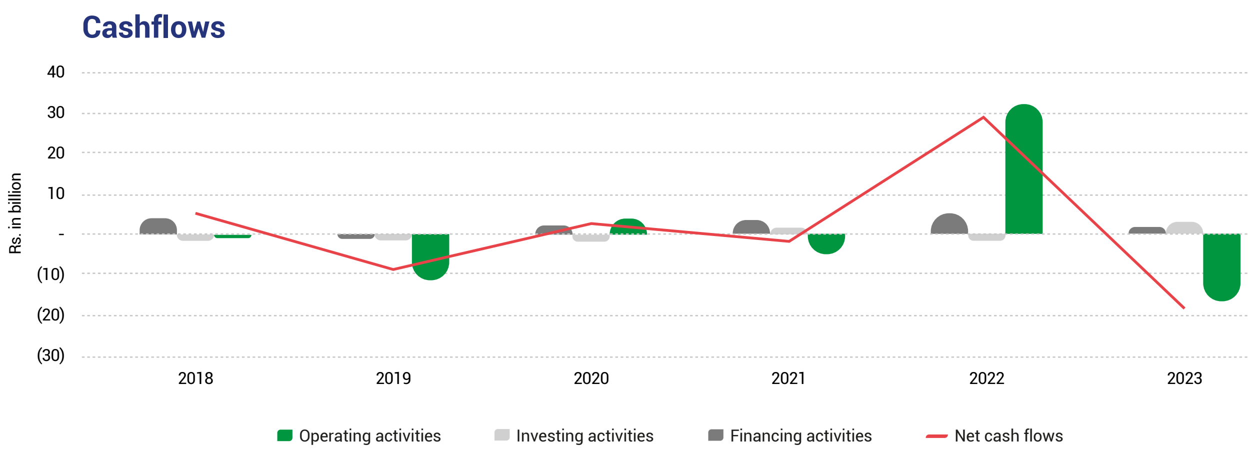
ANALYSIS OF STATEMENT OF CASHFLOWS

		2023	2022	2021	2020	2019	2018
Cash flows from operating activities	Rs./bn	(20.3)	25.1	(4.1)	3.3	(8.9)	(0.5)
Cash flows from investing activities	Rs./bn	2.5	(0.2)	(0.2)	(1.3)	(1.1)	(1.5)
Cash flows from financing activities	Rs./bn	0.7	4.1	2.6	1.8	(0.6)	3.1
Net cash flows	Rs./bn	(17.1)	29.0	(1.8)	3.9	(10.7)	1.2

The Company used cash in operating activities due to increase in working capital requirements.

The Company earned profit on deposits and gained on investments in Treasury Bills on surplus cash it had invested during the year.

Availing of new debts net of repayments resulted in net positive cashflows from financing activities.



STATEMENT OF CASH FLOWS UNDER DIRECT METHOD

FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	253,253,918	186,599,119
Cash paid to suppliers / service providers and employees	(267,618,005)	(157,894,622)
Interest paid	(3,676,501)	(1,619,052)
Taxes paid	(2,049,731)	(1,863,635)
Contribution made to retirement benefit plans	(174,158)	(120,560)
Net cash (used in) / generated from operating activities	(20,264,477)	25,101,250
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(617,058)	(509,208)
Proceeds from disposal of property, plant and equipment	4,714	3,354
Income from investments	1,103,006	-
Interest received	1,969,666	291,859
Net cash generated from / (used in) investing activities	2,460,328	(213,995)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from / (repayment of) long term loans - net	800,000	(2,900,000)
Repayment of salary refinancing	(107,792)	(144,160)
Lease rentals paid	(26,756)	(25,574)
Repayment of short term borrowings	-	(8,000,000)
Proceeds from foreign currency loan	-	15,168,798
Net cash generated from financing activities	665,452	4,099,064
Net (decrease) / increase in cash and cash equivalents	(17,138,697)	28,986,319
Cash and cash equivalents at the beginning of the period	23,522,896	(5,463,423)
Exchange gain on cash and cash equivalents	84,975	-
Cash and cash equivalents at the end of the period	6,469,174	23,522,896

ANALYSIS OF QUARTERLY RESULTS

	Q1 Jul - Sep 22	Q2 Oct - Dec 22	Q3 Jan - Mar 23	Q4 Apr - Jun 23	2022-2023
	Rs. in million				
Revenue	73,111	57,238	59,555	71,956	261,860
Cost of sales	(71,506)	(57,134)	(55,090)	(70,830)	(254,560)
Gross profit	1,605	104	4,465	1,126	7,301
Selling expenses	(77)	(90)	(126)	(209)	(501)
Administrative expenses	(215)	(176)	(176)	(409)	(975)
Other operating expenses	(108)	(14)	(197)	(2,123)	(2,443)
Other income	710	1,008	574	1,774	4,066
Operating profit	1,916	832	4,541	159	7,448
Finance cost	(632)	(664)	(1,881)	(889)	(4,066)
Share of (loss) of associate	(0)	(4)	(7)	1	(10)
Profit / (loss) before income tax	1,283	165	2,654	(729)	3,373
Taxation	(256)	(433)	(881)	23	(1,548)
Profit / (loss) after tax	1,027	(268)	1,772	(706)	1,825
Earnings / (loss) per share	Rs 1.63	(Rs 0.43)	Rs 2.81	(Rs 1.12)	Rs 2.90

The refining margins were extraordinarily high in the last quarter of the preceeding financial year which had slightly trickled down to the first quarter of the current financial year. However, the country faced the worst flood in decades during August 2022 that significantly disrupted the oil demand country-wide. The Company ensured the continuity of operations by preventing inventory build-up by deploying strategies such as reducing the throughput and by engaging oil marketing companies for supply of products.

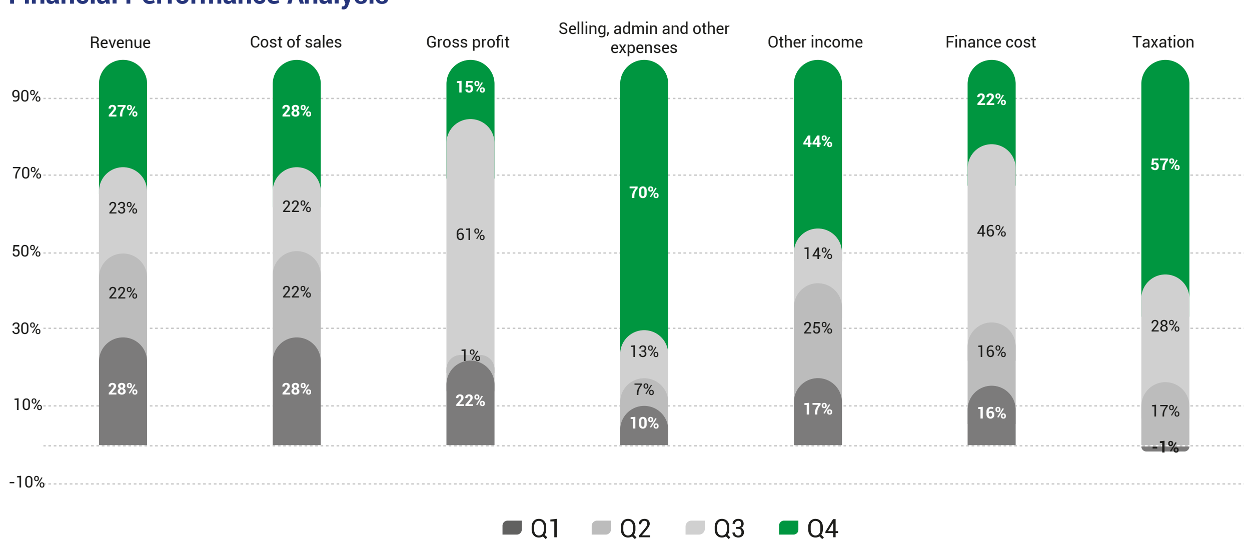
There was a lack of furnace oil demand in the country during second quarter, therefore, the throughput was managed accordingly. Further, the Refinery was shutdown for a period of 20 days on the pretext of catalyst regeneration. This led to the decline in the profitability of the Company

The business took momentum in the third and fourth quarter of the financial year as the Company deployed various operational strategies for instance; export of Furnace Oil to combat the inventory build-up due to lack of local demand, procurement of economically fit crudes, production of high margin products, dynamic inventory planning, application of cost saving measures etc. Third quarter evidenced better profit margins which translated into profitable bottom line.

Revenue and cost of crude were significantly high throughout the year due to increased international oil prices and devaluation of Pak Rupee against USD. In addition to the problems narrated above, the Company persistently faced the LC opening issues along with high cost of LC confirmation charges and steep surge in the interest rate, which dented the profitability.

The Company invested the surplus funds and earned profit on deposit and gained on investment in Treasury Bills, thereby increasing the other income which was equally offset by the increase in the finance charges.

Financial Performance Analysis



PROFITABILITY RATIOS

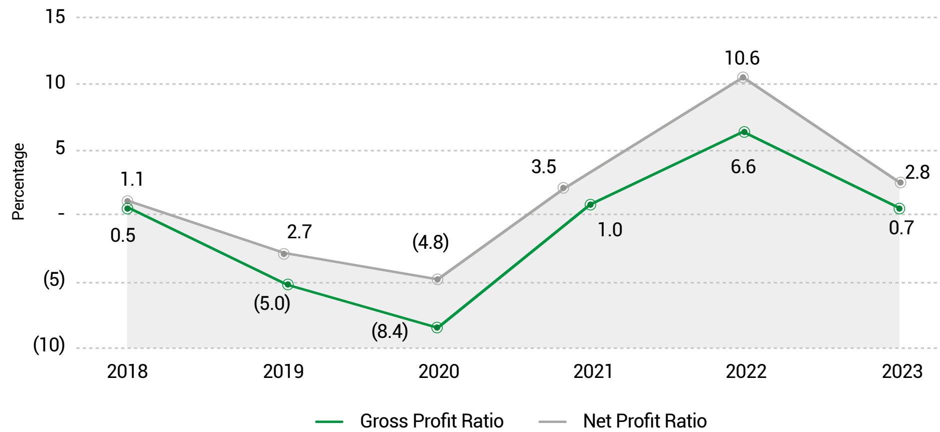
		2023	2022	2021	2020	2019	2018
Gross profit ratio	%	2.8	10.6	3.5	(4.8)	(2.7)	1.1
Net profit ratio	%	0.7	6.6	1.0	(8.4)	(5.0)	0.5
EBITDA margin	%	3.7	9.9	4.4	(4.4)	(2.5)	2.4
Operating leverage ratio	Times	(1.3)	3.4	(117.6)	(1.6)	(9.0)	(0.7)
Return on Equity	%	7.2	53.3	45.8	*	(1.7)	0.1
Return on Capital employed	%	11.0	120.9	15.4	(116.3)	(97.3)	12.6

** Not applicable due to negative equity.*

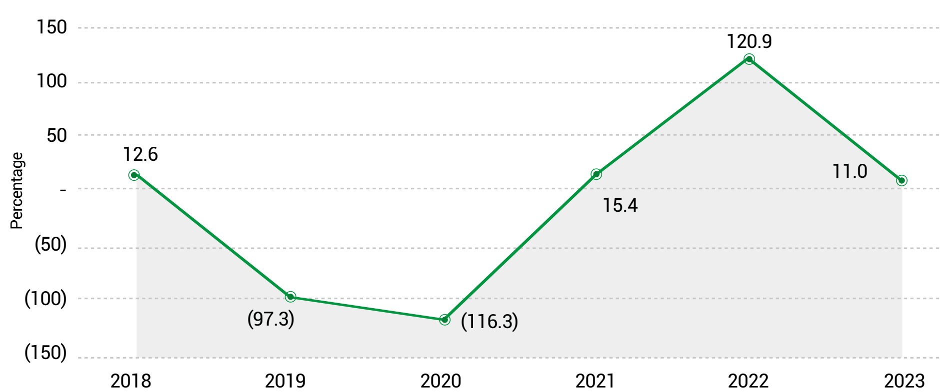
Revenue and cost of crude were significantly high throughout the year due to increased international oil prices coupled with devaluation of Pak Rupee against USD. In addition to the forex devaluation and non-upliftment of furnace oil, the Company persistently faced the LC opening issues along with high cost of LC confirmation charges and steep surge in the interest rates, which dented the profitability as illustrated by a decline in GP and NP ratio and EBITDA margins when compared with last year's exceptional profit.

Return on equity decreased substantially as the net profit decreased by 6.89 times while the average equity by increased by 7%.

Profitability Ratios



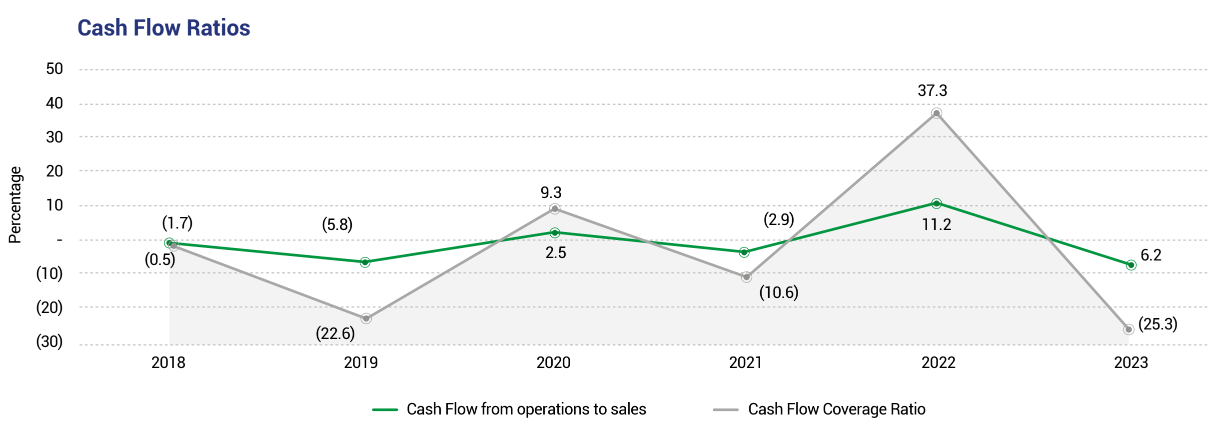
Return on Capital employed



LIQUIDITY RATIOS

		2023	2022	2021	2020	2019	2018
Current ratio	Ratios	0.99:1	0.93:1	0.53:1	0.45:1	0.69:1	0.79:1
Quick / Acid test ratio	Ratios	0.53:1	0.57:1	0.26:1	0.19:1	0.41:1	0.43:1
Cash flow to capital expenditures	Times	(32.8)	49.3	(13.7)	2.5	(7.5)	(0.3)
Cash flow from operations to Sales	%	(6.2)	11.2	(2.9)	2.5	(5.8)	(0.5)
Cash flow coverage ratio	%	(25.3)	37.3	(10.6)	9.3	(22.6)	(1.7)

Current ratio has improved marginally due to greater percentage increase in current assets than current liabilities which is in line with the working capital requirements of the company. Current assets have swelled up as result of increase in stock in trade and trade debts on the pretext of escalation in prices of crude oil and petroleum products. Simultaneously, it's impact is also evidenced by surge in trade and other payables classified under current liabilites. Improved profitability translated in positive cash and cash equivalents, thereby improving the liquidity ratios. This depicts that the Company is liquid enough to pay-off its short-term debts on timely basis. The Company closed the year at cash and cash equivalents of Rs. 6.5 billion.

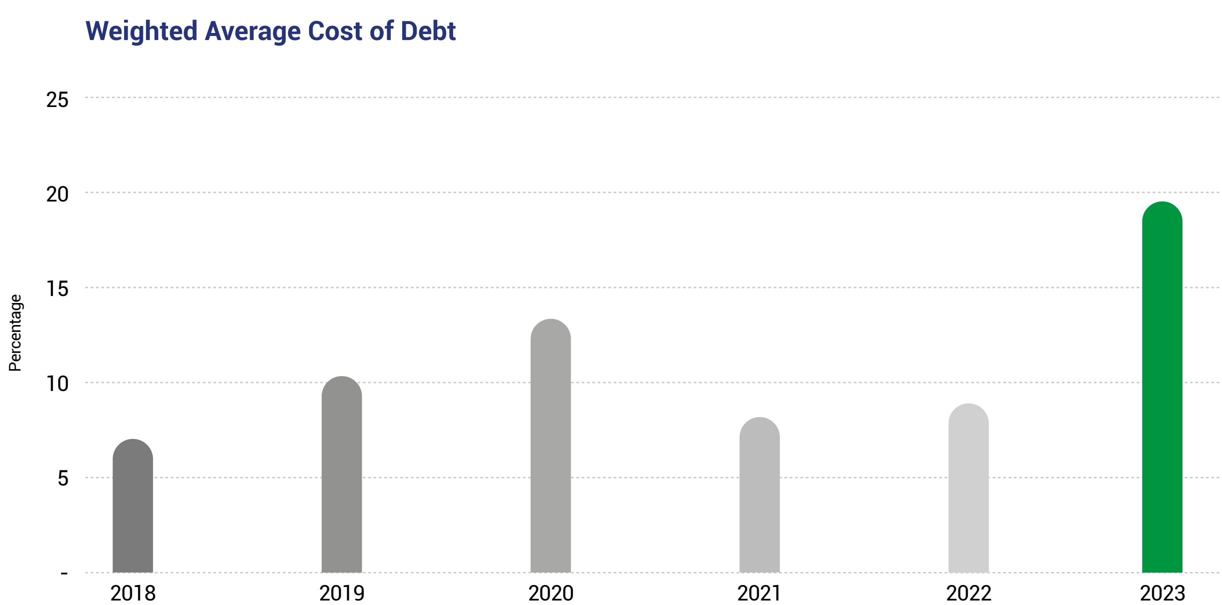


CAPITAL STRUCTURE

		2023	2022	2021	2020	2019	2018
Financial leverage ratio	Times	1.3	0.8	8.7	*	5.4	2.3
Weighted average cost of debt	%	19.5	8.8	8.1	13.2	10.2	6.9
Debt to Equity ratio:							
- as per book value	%	7.9	-	14.4	*	122.5	115.7
- as per market value	%	23.4	-	1.9	117.3	90.5	46.1
Net assets per share	Times	4.02	3.7	0.3	(0.1)	1.2	1.4
Interest cover	Times	2.83	15.3	2.4	(2.5)	(2.6)	2.5

** Not applicable due to negative equity.*

Weighted average cost of debt have escalated potentially due to enhancement in the policy rate by SBP. Financial leverage have swelled up during the year mainly on account of greater percentage increase in short term borrowings (which is in line with the working capital requirements of the company) as against percentage increase in shareholders' equity. Short term borrowings proliferated by Rs. 10.9 billion which can be attributed to revaluation of FE loan and availment of running finance facilities. The profitability of the company positively contributed to the shareholders' equity by Rs. 1.76 billion.



INVESTMENT / MARKET RATIOS

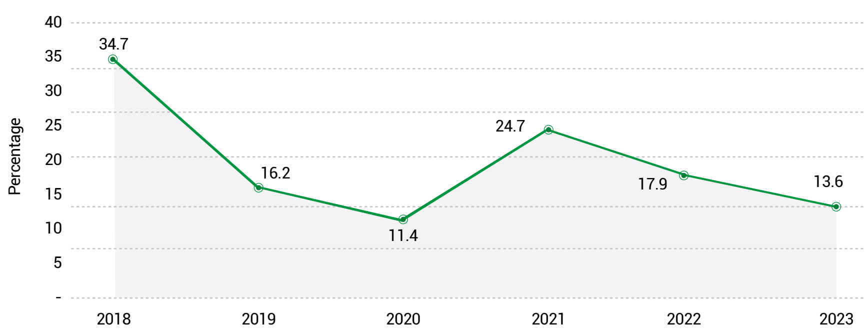
		2023	2022	2021	2020	2019	2018
Earnings per Share - Basic and diluted	Rs	2.9	20.0	1.5	(17.5)	(13.7)	1.6
Price Earnings ratio	Times	4.7	0.9	16.2	*	*	21.2
Price to Book ratio	%	30.0	38.9	76.2	16.9	25.0	75.9
Market value per share:							
- at the end of the year	Rs	13.6	17.9	24.7	11.4	16.2	34.7
- high during the year	Rs	19.9	24.8	29.0	28.1	44.5	59.0
- low during the year	Rs	12.1	10.7	11.6	9.5	14.3	32.3
Breakup value per share:							
- Without Revaluation Surplus	Rs	8.0	5.2	**	**	**	0.2
- With Revaluation Surplus	Rs	40.2	37.5	3.2	**	11.9	13.8
DuPont Analysis	%	7.5	98.1	100.1	(455.3)	(153.8)	14.1
Free Cash Flow	Rs. /mn	(14,984)	28,199	(2,183)	4,580	(8,756)	(1,205)
Economic Value Added (EVA)	Rs. /mn	(3,655)	10,405	706	(8,207)	(6,660)	(129)

** Not applicable due to loss for the year.*

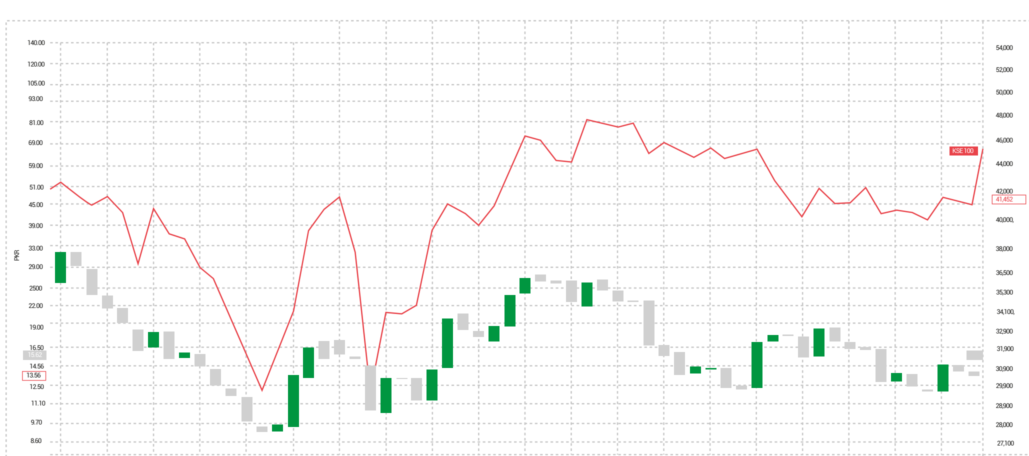
*** Not applicable due to negative equity.*

Earnings per share and breakup value per share are in line with the profitability of the Company. However, political / economic uncertainty in the country led to volatility in PSX and therefore, the market price of shares of the Company decreased over the period of six years. Highest market price per share was Rs. 19.9 which was the lowest peak price over the span of six years. No dividend has been given out in last 6 years so ratios related to dividend ie dividend yield ratio, dividend payout/cover ratio and cash/stock dividend per share are not applicable.

Share Price



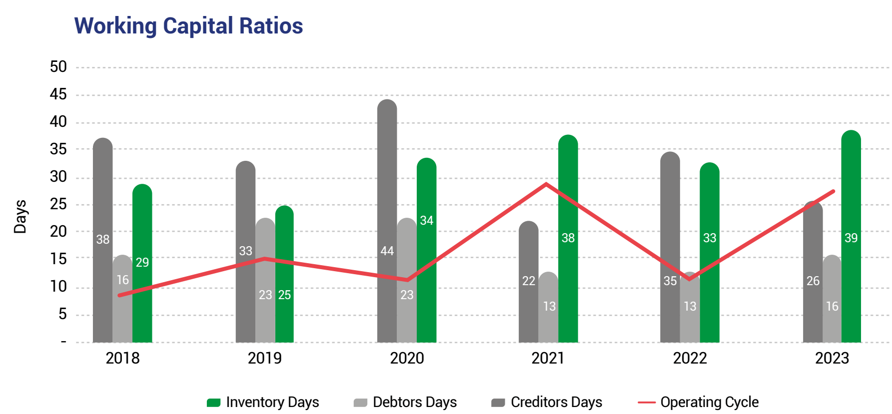
PRL's Share Price vs PSX100 index

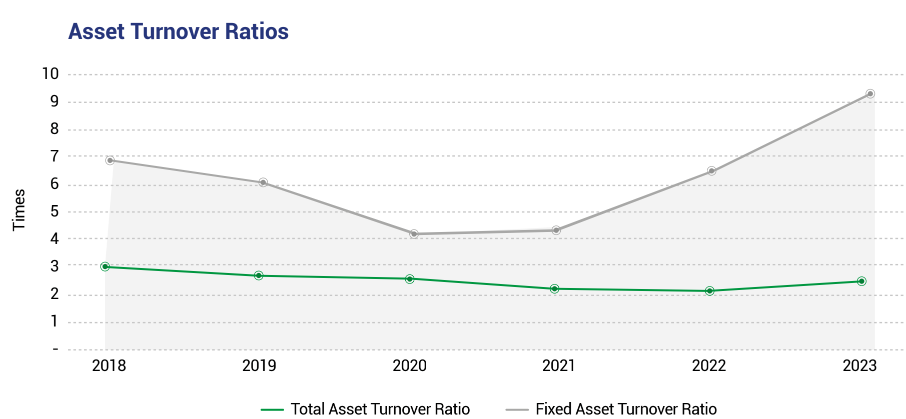


ACTIVITY / TURNOVER RATIO

		2023	2022	2021	2020	2019	2018
Total Assets turnover ratio	Times	2.5	2.1	2.2	2.6	2.7	3.0
Fixed Assets turnover ratio	Times	9.2	6.6	4.5	4.2	6.1	6.9
Inventory Days	Days	39	33	38	34	25	29
Debtors Days	Days	16	13	13	23	23	16
Creditors Days	Days	26	35	22	44	33	38
Operating cycle	Days	29	11	29	13	15	7

Total asset turnover and fixed asset turnover ratio have improved due to proportionate growth in sales than average total assets. Overall operating cash cycle has increased owing to enhancement in the international crude oil prices and petroleum product prices coupled with the devaluation of Pakistani Rupees, which translated in escalated revenue and cost of sales.





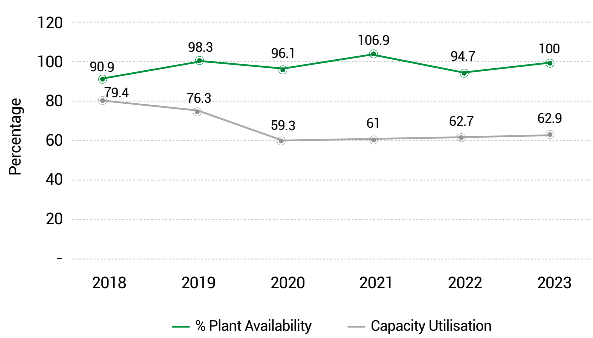
NON FINANCIAL RATIOS

		2023	2022	2021	2020	2019	2018
Employee Productivity Ratios:							
- Production per Employee	(M.Ton)	4,772	4,862	4,713	4,533	5,581	5,983
- Revenue per Employee	Rs. / mn	932	696	334	324	413	326
Staff turnover ratio	%	8.2	3.3	3.3	3.2	3.9	4.9
Operational Performance							
- Plant availability	%	100	99.9	96.1	100	98.7	97.7
- Capacity Utilisation	%	62.9	62.7	61.0	59.3	76.3	79.4
Spares as % of Total Assets	%	1.7	0.6	1.3	1.2	0.9	1.2
Maintenance Cost as % of Operating Expenses	%	7.6	11.0	11.6	8.1	9.1	9.5

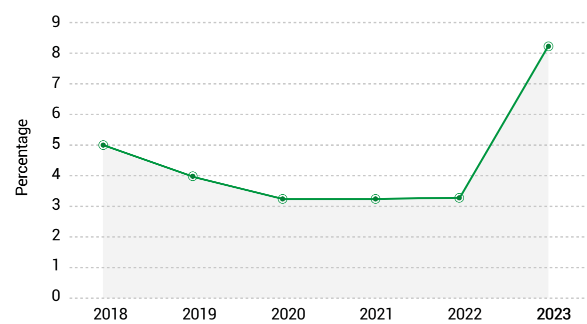
Production per employee reduced owing to increase in the average number of employees from 275 to 281. Revenue per employee has increased due to increase in the revenue on account of escalation in international petroleum product prices and devaluation of Pakistani Rupees.

The Company was shutdown for twenty days during the year for planned regeneration which affected the capacity utilasation ratio.

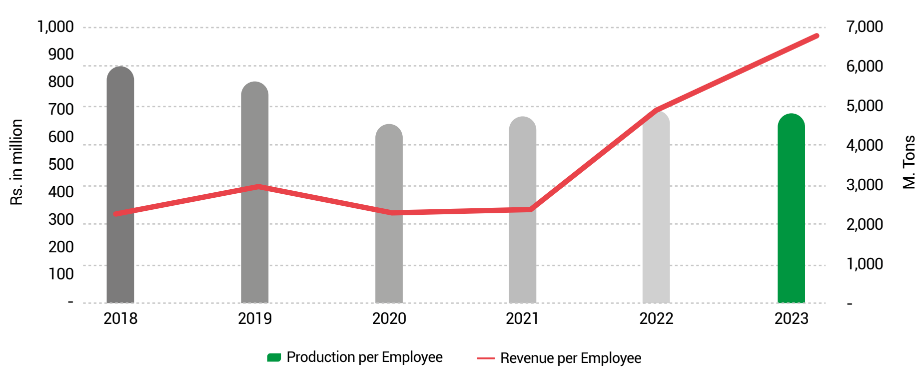
Operational Performance



Staff Turnover



Employee Productivity Ratio



FINANCIAL STATEMENTS

METERING SUCCESS

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building, Blue Area
Islamabad, Pakistan
Telephone 92 (51) 282 3558, Fax 92 (51) 282 2671

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Refinery Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Pakistan Refinery Limited (the Company), which comprise the statement of financial position as at 30 June 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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Key Audit Matters

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

Following is the Key audit matters:

S. No.	Key audit matters	How the matters were addressed in our audit
1.	**Revenue Recognition**	
	Refer notes 23 to the financial statements. The Company recognises revenue when control of goods has been transferred to the customers at the transaction price which the Company expects to be entitled to, after deducting sales tax, excise duties and similar levies. The Company carries out sale of regulated products on price notified by Oil and Gas Regulatory Authority (OGRA) which are subject to policy clarification from the Federal Government. Whereas sale of certain de-regulated products is carried out on prices set under notifications of OGRA. Further, the Company is subject to deductions from revenue as price differential from revenue as price differential on sale of High Speed Diesel (HSD) AND Motor Gasoline (MS) calculated in accordance with applicable regulations. We consider this as key audit matter due to the regulatory nature of pricing, significance of the amounts and inherent risk of material misstatement associated with accuracy and existence of revenue and revenue being a key economic indicator of the Company.	Our audit procedures in respect of recognition of revenue, amongst others, included the following: • Obtaining an understanding of the revenue process, evaluated and tested design and implementation of key management controls over revenue; • Assessed the appropriateness of the Company's accounting policy for recognition of revenue and compliance of the policy with International Financial Reporting Standard (IFRS 15: "Revenue from Contracts with Customers"); • Compared the sample basis the revenue transactions recorded before and after the reporting period with the underlying support including sales invoices, delivery challans, joint dip certificates and customer acknowledgement to assess if the related revenue was recorded in the appropriate accounting period; • Agreed the ex-refinery rates per liter of certain regulated / de-

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S. No.	Key audit matters	How the matters were addressed in our audit
		regulated products from the OGRA notifications and actual import cost less ocean losses of Pakistan State Oil Company Limited (PSO) where applicable. In case PSO's import cost is not available, agreed the price as per Import Parity Price (IPP) formula; • Tested on a sample basis, computation of Surplus Price Differential rates and the amount of respective adjustment against revenue in accordance with mechanism notified by Ministry of Petroleum and Natural Resources; and • Assessed the adequacy of disclosure made in the financial statements in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 30 June 2023 but does not include the financial statements and our auditors' report thereon. Other information is expected to be made available to us before the date of this auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is

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materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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Report on Other Legal and Regulatory Requirements

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

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

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Inam Ullah Kakra.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
Date: 05 September 2023
UDIN: AR2023102026qRsNkUIg

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Note	2023	2022
		(Rupees in thousand)	
ASSETS			
Non-current assets			
Property, plant and equipment	3	**28,449,521**	28,981,489
Right-of-use asset	4	**115,345**	131,255
Intangibles	5	**6,736**	-
Investment accounted for using the equity method	6	**45,854**	55,514
Long-term deposits and loans	7	**28,222**	30,897
Deferred tax asset	8	**161,484**	-
Employee benefit prepayments	19	**19,105**	32,584
		28,826,267	29,231,739
Current assets			
Inventories	9	**35,460,884**	24,056,915
Trade receivables	10	**19,912,335**	11,305,849
Trade deposits, loans, advances and short-term prepayments	11	**174,300**	228,579
Other receivables	12	**9,427,538**	2,585,239
Cash and bank balances	13	**11,670,607**	23,538,605
		76,645,664	61,715,187
		105,471,931	90,946,926
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	**6,300,000**	6,300,000
Accumulated loss		**(18,249,656)**	(18,285,559)
Special reserve	15	**16,979,049**	15,254,082
Revaluation surplus on property, plant and equipment	3.1.3	**20,325,928**	20,325,928
Other reserves	16	**1,947**	1,947
		25,357,268	23,596,398
LIABILITIES			
Non-current liabilities			
Long-term borrowings	17	**2,000,000**	-
Long-term lease liability	18	**133,054**	141,745
Deferred tax liabilities	8	**-**	284,315
Employee benefit obligations	19	**636,518**	586,749
		2,769,572	1,012,809
Current liabilities			
Trade and other payables	20	**46,432,882**	46,297,714
Short-term borrowings	21	**29,834,030**	18,901,244
Unearned revenue		**-**	6,465
Current portion of long-term lease liability	18	**8,723**	6,460
Taxation - provision less payments		**1,049,604**	1,105,984
Unclaimed dividend		**19,852**	19,852
		77,345,091	66,337,719
		80,114,663	67,350,528
CONTINGENCIES AND COMMITMENTS	22		
		105,471,931	90,946,926

The annexed notes 1 to 39 form an integral part of these financial statements.

Zahid Mir
Managing Director & CEO

Nadeem Safdar
Director

Imran Ahmad Mirza
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		(Rupees in thousand)	
Revenue from contracts with customers	23	**261,860,404**	191,316,055
Cost of sales	24	**(254,559,762)**	(171,043,647)
Gross profit		**7,300,642**	20,272,408
Selling expenses	25	**(500,583)**	(321,270)
Administrative expenses	26	**(975,189)**	(552,145)
Other operating expenses	27	**(2,443,188)**	(2,432,894)
Other income	28	**4,066,495**	534,828
Operating profit		**7,448,177**	17,500,927
Finance cost	29	**(4,065,998)**	(1,579,332)
Share of loss of associate - accounted for using the equity method	6.1	**(9,660)**	(3,416)
Profit before income tax		**3,372,519**	15,918,179
Taxation	30	**(1,547,552)**	(3,344,729)
Profit for the period		**1,824,967**	12,573,450
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss			
Remeasurements of employee retirement benefits		**(64,097)**	(200,690)
Revaluation surplus on property, plant and equipment		**-**	9,176,640
		(64,097)	8,975,950
Total comprehensive profit		**1,760,870**	21,549,400
Earnings per share - basic and diluted	31	**Rs. 2.90**	Rs. 19.96

The annexed notes 1 to 39 form an integral part of these financial statements.

Zahid Mir	**Nadeem Safdar**	**Imran Ahmad Mirza**
Managing Director & CEO	Director	Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2023

	SHARE CAPITAL	CAPITAL RESERVE			REVENUE RESERVE		TOTAL
		Special reserve	Revaluation surplus on property, plant and equipment	Exchange equalisation reserve	Accumulated loss	General reserve	
	(Rupees in thousand)						
Balance as at July 1, 2021	6,300,000	2,780,632	11,149,288	897	(18,184,869)	1,050	2,046,998
Total comprehensive income for the year							
Profit for the year	-	-	-	-	12,573,450	-	12,573,450
Other comprehensive income for the year	-	-	9,176,640	-	(200,690)	-	8,975,950
	-	-	9,176,640	-	12,372,760	-	21,549,400
Profit transferred to special reserve	-	12,473,450	-	-	(12,473,450)	-	-
Balance as at June 30, 2022	6,300,000	15,254,082	20,325,928	897	(18,285,559)	1,050	23,596,398
Total comprehensive income for the year							
Profit for the year	-	-	-	-	1,824,967	-	1,824,967
Other comprehensive income for the year	-	-	-	-	(64,097)	-	(64,097)
	-	-	-	-	1,760,870	-	1,760,870
Profit transferred to special reserve	-	1,724,967	-	-	(1,724,967)	-	-
Balance as at June 30, 2023	**6,300,000**	**16,979,049**	**20,325,928**	**897**	**(18,249,656)**	**1,050**	**25,357,268**

The annexed notes 1 to 39 form an integral part of these financial statements.

Zahid Mir
Managing Director & CEO

Nadeem Safdar
Director

Imran Ahmad Mirza
Chief Financial Officer

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	37	**(14,366,762)**	28,708,154
Interest paid		**(3,676,501)**	(1,619,052)
Taxes paid		**(2,049,731)**	(1,863,635)
Contribution made to retirement benefit plans		**(174,158)**	(120,560)
Decrease / (increase) in long-term deposits and loans		**2,675**	(3,657)
Net cash (used in) / generated from operating activities		**(20,264,477)**	25,101,250
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(617,058)**	(509,208)
Proceeds from disposal of property, plant and equipment		**4,714**	3,354
Income from investments		**1,103,006**	-
Interest received		**1,969,666**	291,859
Net cash generated from / (used in) investing activities		**2,460,328**	(213,995)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from / (repayment of) long term loans - net		**800,000**	(2,900,000)
Repayment of salary refinancing		**(107,792)**	(144,160)
Lease rentals paid		**(26,756)**	(25,574)
Repayment of short term borrowings		**-**	(8,000,000)
Proceeds from foreign currency loan		**-**	15,168,798
Net cash generated from financing activities		**665,452**	4,099,064
Net (decrease) / increase in cash and cash equivalents		**(17,138,697)**	28,986,319
Cash and cash equivalents at the beginning of the period		**23,522,896**	(5,463,423)
Exchange gain on cash and cash equivalents		**84,975**	-
Cash and cash equivalents at the end of the period	38	**6,469,174**	23,522,896

The annexed notes 1 to 39 form an integral part of these financial statements.

Zahid Mir
Managing Director & CEO

Nadeem Safdar
Director

Imran Ahmad Mirza
Chief Financial Officer

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

1. THE COMPANY AND ITS OPERATIONS

1.1 Pakistan Refinery Limited (the Company) was incorporated in Pakistan as a public limited company in May 1960 and is listed on the Pakistan Stock Exchange. The Company is engaged in the production and sale of petroleum products.

The Company is a subsidiary of Pakistan State Oil Company Limited (PSO).

1.2 The geographical locations and addresses of the Company's business units, including plant are as under:

- Refinery complex and registered office of the Company is at Korangi Creek Road, Karachi; and

- Storage tanks are at Keamari, Karachi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented.

2.1 Basis of preparation

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

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

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Critical accounting estimates, judgements and policies

The preparation of financial statements is in conformity with accounting and reporting standards as applicable in Pakistan which requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

i. Income Tax

The Company recognises provision for income tax based on best current estimates. However, where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such determination is made.

ii. Other areas of significant judgement

Significant estimates relating to property, plant and equipment, right of use asset, deferred taxation and employee benefit obligations are disclosed in notes 3, 4, 8 and 19 respectively. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on annual basis or when the indicators exist, considering the associated economic benefits derived / to be derived by the Company.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

No critical judgement has been used in applying the accounting policies.

2.3 Changes in accounting standards, interpretations and pronouncements

(a) Standards, interpretations and amendments to published approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for accounting periods beginning on or after July 1, 2022, however, these do not have any significant impact on the Company's financial statements, therefore have not been detailed here.

b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) relevant to the Company as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 1, 2023:

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after January 1 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted.

- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after January 1 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;

- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 1 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 1 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after January 1 2023 with earlier application permitted.

- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after January 1 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

  Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after January 1 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

- International Tax Reform – Pillar Two Model Rules (amendments to IAS 12) introduce following new disclosure requirements:

- Once tax law is enacted but before top-up tax is effective:

  disclose information that is known or can be reasonably estimated and that helps users of its financial statements to understand its exposure to Pillar Two income taxes at the reporting date. If information is not known or cannot be reasonably estimated at the reporting date, then a company discloses a statement to that effect and information about its progress in assessing the Pillar Two exposure.

- After top-up tax is effective: disclose current tax expense related to top-up tax.

2.4 Overall valuation policy

These financial statements have been prepared under the historical cost convention except as otherwise stated below in the respective accounting policy notes.

2.5 Property, plant and equipment

These are initially recognised at cost and are subsequently carried at cost less accumulated depreciation and impairment losses, if any, except land which is carried at revalued amount less impairment loss, if any, capital work-in-progress including major spare parts and stand-by equipment which is stated at cost less accumulated impairment loss, if any.

Major spare parts and stand-by equipment qualify for recognition as property, plant and equipment when an entity expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

Capital work-in-progress consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation. Transfers are made to relevant operating assets category as and when assets are available for use.

Depreciation is charged to income by applying the straight-line method whereby the carrying amount less residual value, if not insignificant, of an asset is depreciated over its estimated remaining useful life to the Company. Full month's depreciation is charged in the month of acquisition and no depreciation is charged in the month of disposal.

Assets' residual values and useful lives are reviewed and adjusted, if expectations significantly differ from previous estimates, at each statement of financial position date.

Increase in the carrying amount arising on revaluation of land is recognised in equity through other comprehensive income. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decrease that reverses previous increase of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to statement of profit or loss. The accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Renewals and improvements are capitalised and assets so replaced, if any, are retired.

Gains and losses on disposal of property, plant and equipment are included in statement of profit or loss currently.

2.6 Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amount of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the Company estimates the recoverable amount of the asset and when the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in statement of profit or loss.

At the end of each reporting period, the Company also assesses whether there is an indication that an impairment loss recognized in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Company estimates the recoverable amount of the asset and reverses the impairment loss recognized in previous period such that the increased carrying amount of the asset does not exceed the carrying amount that would have been determined (net of amortization and depreciation) had no impairment loss been recognized for the asset in prior years. Reversal of impairment loss is recognized in statement of profit or loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs and accordingly recognizes impairment loss or reverses the impairment loss recognized in prior periods.

Recoverable amount of an asset or cash-generating unit is the higher of its fair value less cost of disposal and its value in use.

Value in use is estimated as the present value of estimated future cash flows from the continuing use of an asset / cash generating unit and from its disposal at the end of its useful life. A pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted.

2.7 Investment in associate

Investment in associate is accounted for using equity method of accounting. It is initially recognised at cost. The Company's share in its associate's post-acquisition profits or losses and other comprehensive income are respectively recognised in the statement of profit or loss and other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of loss in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

2.8 Income tax

2.8.1 Current

The charge for current taxation is based on taxable income at the relevant rates of taxation after taking into account tax credits and rebates available, if any.

2.8.2 Deferred

Deferred tax is accounted for, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax asset is recognised to the extent it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Investment tax credits are considered not substantially different from other tax credits. Accordingly in such situations tax credits are deducted from current tax amount to the extent of tax credit availed while recognising deferred tax credit for the unused investment tax credit.

2.9 Inventories

Crude oil and finished products are valued at lower of cost and net realisable value. Cost is determined using "first-in, first-out" method except crude oil in transit where cost comprises invoice value plus other charges incurred thereon. Cost in relation to finished products represents cost of crude oil and appropriate manufacturing overheads.

Net realisable value is the estimated selling price in the ordinary course of business less costs of completion and costs necessarily to be incurred to make the sale.

Stores, spares and chemicals are valued at cost less provision for obsolescence. Cost is determined using weighted average method except items in transit where cost comprises invoice value plus other charges incurred thereon.

2.10 Cash and cash equivalents

Cash and Cash equivalents comprise of cash in hand and balances with banks on current, savings and deposit accounts. Running finance under mark-up arrangements that are repayable on demand and form an integral part of the Company's cash management are included as component of cash and cash equivalents for the purpose of statement of cashflows.

2.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequently these are measured at amortised cost using the effective interest method.

2.12 Borrowing costs

Borrowing costs are recognised as expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs. Management exercises judgement when determining which assets are qualifying assets, taking into account the nature of the asset.

2.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount can be made.

2.14 Lease liability and Right-of-use asset

At inception of a contract, the Company assesses whether a contract is, or contains, a lease i.e. it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable payment that are based on an index or a rate or amounts expected to be payable by the lessee under residual value guarantees, exercise price of a purchase option, payments of penalties for terminating the lease, less any lease incentives receivable. The purchase, extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future payments arising from a change in fixed payments or an index or rate, the Company's estimate of the amount expected to be payable under a residual value guarantee or its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of right-of-use asset is reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any payments made at or before the commencement date and any incentive received, plus any initial direct costs and estimate of costs to dismantle, remove or restore the underlying asset (if any) or to restore the site on which it is located. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company does not recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less, leases of low-value assets and recognises associated payments in the period in which these are incurred.

2.15 Employee retirement benefits

The Company operates various post-employment schemes, including both defined benefit and defined contribution plans.

2.15.1 Defined benefit plans

Defined benefit plans define an amount of pension or gratuity that an eligible employee will receive on or after retirement, or upon leaving the service of Company or in the event of death or permanent disability, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds or the market rates on government bond. These are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related benefit obligation.

The Company operates recognised gratuity and pension funds for all its eligible employees. The latest actuarial valuations were carried out as at June 30, 2023 using the Projected Unit Credit Method.

The amount arising as a result of remeasurements is recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

Past and current service costs and interest cost / income are recognised immediately in the statement of profit or loss.

2.15.2 Defined contribution plan

The Company operates a recognised provident fund for all its eligible employees. Equal contributions are made, both by the Company and the employees, to the fund at the rate of 10% of the basic salary. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.16 Functional currency and foreign currency translation

These financial statements are presented in Pak Rupees (Rupees) which is also the functional currency of the Company and figures are rounded off to the nearest thousand of Rupees.

Transactions in foreign currencies are converted into Rupees at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities in foreign currencies are translated into Rupees at rates prevailing at the statement of financial position date. Foreign currency gains and losses are recognised in the statement of profit or loss. Foreign exchange differences arising from trading transactions are included in the results of operating activities whereas exchange differences on financing activities are included in finance cost.

2.17 Financial instruments - Initial recognition and subsequent measurement

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

2.17.1 Financial assets

Initial Recognition

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). The measurement basis is determined by reference to both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

a) Amortised cost - A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as a FVTPL;

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

b) Fair value through other comprehensive income (FVTOCI) - A financial asset is measured at FVTOCI if it meets both of the following conditions and is not designated as a FVTPL;

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Fair value through profit or loss (FVTPL) - Financial assets, that are not measured at amortised cost or at fair value through other comprehensive income on initial recognition, are classified as FVTPL.

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets at amortised cost are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income and impairment losses are recognised in the statement of profit or loss. Financial assets carried at FVTOCI are initially and subsequently measured at fair value, with gains and losses arising from changes in fair value recognised in other comprehensive income / (loss). Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss in the period in which they arise. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset, in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in statement of profit or loss.

Impairment of financial asset

The Company recognises lifetime expected credit losses for trade receivables that do not constitute a financing transaction. Expected credit losses (ECLs) are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive). Life time ECLs are the ECLs that results from all possible defaults events over the expected life of a financial instrument. For all other financial assets, expected credit losses are measured at an amount equal to 12 months' ECLs i.e. ECLs that result from default event that are possible within 12 months after the reporting date.

2.17.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortised cost using the effective interest rate method. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of profit or loss.

2.17.3 Offsetting

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.17.4 Transaction costs

When a financial asset or financial liability is not measured at FVTPL, transaction costs that are directly attributable to the acquisition or issue are added to or deducted from the initial fair value. For financial assets, such costs are added to the amount originally recognised. For financial liabilities, such costs are deducted from the amount originally recognised. This applies to all financial instruments not carried at FVTPL, including instruments carried at FVTOCI. For debt instruments, the transaction costs are recognised as part of interest income using the effective interest method.

For financial instruments that are measured at FVTPL, transaction costs are not added to or deducted from the initial fair value, but they are immediately recognised in profit or loss on initial recognition.

Transaction costs expected to be incurred on a financial instrument's transfer or disposal are not included in the financial instrument's measurement.

2.18 Revenue recognition

2.18.1 Revenue from contracts with customers

Revenue from contracts with customers is recognised at the transaction price which the Company expects to be entitled to, after deducting sales taxes, excise duties and similar levies. Revenue from sale of goods is recognised when control of goods has been transferred to the customers. Accordingly:

- local sales are recognised on the basis of products pumped in oil marketing companies' tanks. Sale of products loaded through gantry is recognised when the products are loaded into tank lorries.

- export sales are recognised, on Free-on-Board (FOB) basis, at the time when the products are shipped to customers.

- handling income is recognised at the time when services are rendered.

- Return / interest on bank deposits are recognised on time proportion basis using the effective rate of return.

2.19 Government grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities.

The Company recognizes government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants.

Government grants are recognized at their fair values, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

The loan is initially recognized at fair value - i.e. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit of government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

2.20 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividend is approved.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment.

3. PROPERTY, PLANT AND EQUIPMENT

	2023	2022
	(Rupees in thousand)	
Operating assets - note 3.1	**27,844,931**	28,521,565
Major spare parts and stand-by equipment - note 3.2	**115,109**	119,631
Capital work-in-progress - notes 3.3 and 3.4	**489,481**	340,293
	28,449,521	28,981,489

3.1 Operating assets

	Freehold land (notes 3.1.1, 3.1.2 and 3.1.3)	Buildings	Processing plant	Korangi tank farm	Keamari terminal	Pipelines	Steam generation plant	Power generation, transmission and distribution	Water treatment and cooling system	Equipment including furniture	Fire fighting and telecom-munication systems	Vehicles and other automotive equipment	Total
	(Rupees in thousand)												
Net carrying value basis													
Year ended June 30, 2023													
Opening net book value (NBV)	20,328,000	17,173	5,183,133	803,520	689,040	262,569	398,145	532,364	10,662	75,783	170,805	50,372	28,521,566
Additions (at cost)	-	9,711	219,518	25,842	32,514	-	5,150	-	-	44,995	28,013	98,148	463,891
Disposals (at NBV) - note 3.1.4	-	-	-	-	-	-	-	-	-	(2)*	-	(2,500)*	(2,502)
Depreciation charge	-	(4,356)	(605,396)	(161,749)	(130,129)	(42,833)	(32,569)	(79,890)	(2,723)	(24,201)	(28,652)	(25,526)	(1,138,024)
Closing net book value	20,328,000	22,528	4,797,255	667,613	591,425	219,736	370,726	452,474	7,939	96,575	170,166	120,494	27,844,931
Gross carrying value basis													
At June 30, 2023													
Cost or revaluation	20,328,000	152,574	10,181,583	2,088,158	1,497,814	552,602	588,094	917,886	109,558	605,688	389,554	224,485	37,635,996
Accumulated depreciation	-	(130,046)	(5,384,328)	(1,420,545)	(906,389)	(332,866)	(217,368)	(465,412)	(101,619)	(509,113)	(219,388)	(103,991)	(9,791,065)
Net book value	20,328,000	22,528	4,797,255	667,613	591,425	219,736	370,726	-	7,939	96,575	170,166	120,494	27,844,931
Depreciation rate % per annum	-	5 to 20	5 to 50	5 to 20	5 to 20	10	10 to 33	5 to 33	10 to 20	10 to 33	5 to 33	25	
Net carrying value basis													
Year ended June 30, 2022													
Opening net book value (NBV)	11,151,360	22,298	5,605,211	951,724	744,149	305,406	426,808	539,421	9,403	80,289	199,634	54,041	20,089,744
Revaluation - note 3.1.3	9,176,640	-	-	-	-	-	-	-	-	-	-	-	9,176,640
Additions (at cost)	-	-	172,821	14,883	72,554	-	3,925	71,455	3,895	16,760	-	15,552	371,845
Write-off / Disposals (at NBV) - note 3.1.4	-	-	-	-	-	-	-	-	-	-	-	(3,354)	(3,354)
Depreciation charge	-	(5,125)	(594,899)	(163,087)	(127,663)	(42,837)	(32,588)	(78,512)	(2,636)	(21,266)	(28,829)	(15,867)	(1,113,310)
Closing net book value	20,328,000	17,173	5,183,133	803,520	689,040	262,569	398,145	532,364	10,662	75,783	170,805	50,372	28,521,565
Gross carrying value basis													
At June 30, 2022													
Cost or revaluation	20,328,000	142,863	9,962,065	2,062,316	1,465,300	552,602	582,944	917,886	109,558	572,775	361,541	135,471	37,193,321
Accumulated depreciation	-	(125,690)	(4,778,932)	(1,258,796)	(776,260)	(290,033)	(184,799)	(385,522)	(98,896)	(496,992)	(190,736)	(85,099)	(8,671,755)
Net book value	20,328,000	17,173	5,183,133	803,520	689,040	262,569	398,145	532,364	10,662	75,783	170,805	50,372	28,521,565

*Assets disposed off having nil net book value.

3.1.1 The land is freehold to be used for oil refinery by the Company.

3.1.2 Particulars of immovable property (i.e. land) in the name of Company are as follows:

Location	Usage of immoveable property	Total area (in acres)
Naclass No.24, Deh Dih, Tappo Landhi, Taluka Karachi, District Karachi	Refining complex	200 *

* This includes 1 acre and 4.93 acres of land leased to the President of Pakistan and M/s Burshane LPG Ltd (Burshane) respectively.

3.1.3 As at June 30, 2022, land measuring 200 acres located at Naclass No. 24, Deh Dih, Tappo Landhi, Taluka Karachi, District Karachi, where the Refinery is situated, was revalued at Rs. 20.33 billion, resulting in an additional surplus of Rs. 9.18 billion over last revaluation carried out as at June 30, 2020. The value was determined by an independent valuer M/s. Iqbal A. Nanjee and Co. (Private) Limited ("the valuer") on June 30, 2022 on the basis of present market value keeping in view that the land is freehold and to be used for oil refinery by the Company (level 2). The forced sales value has been determined by the independent valuer at Rs. 15.25 billion.

The different levels for determination of fair value hierarchy defined in IFRS 13 as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and

- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows) (level 3).

Had there been no revaluation, the net book value of land would have been Rs. 2.07 million (2022: Rs. 2.07 million). The surplus on revaluation is not available for distribution to the shareholders.

3.1.4 The details of operating asset disposed off during the year, having net book value above Rs. 500,000 is as follows:

Asset category	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss) on disposal	Particulars of buyer
Vehicle and other automotive agreement	3,731	2,073	1,658	1,658	-	Zahid Mir (Employee) Company policy
Vehicle and other automotive agreement	1,979	1,332	647	647	-	Murtaza Illyas (Ex-employee) Company policy
Items having book value of less than Rs 500,000 each	15,507	15,310	197	2,409	2,212	(Various employees) Company policy
	21,217	**18,715**	**2,502**	**4,714**	**2,212**	

3.2 Major spare parts and stand-by equipment

	2023	2022
	(Rupees in thousand)	
Gross carrying value		
Balance at beginning of the year	**144,023**	146,858
Additions during the year	**-**	4,422
Transferred during the year	**(5,084)**	(7,257)
Balance at end of the year	**138,939**	144,023
Provision for impairment - note 3.2.1	**(23,830)**	(24,392)
Net carrying value	**115,109**	119,631

3.2.1 During the year, net reversal of Rs. 0.56 million (2022: net charge of Rs. 2.05 million) was recorded.

3.3 Movement in capital work-in-progress

	2023	2022
Balance at beginning of the year	**340,293**	200,093
Additions during the year	**613,079**	512,045
Transfers made during the year	**(463,891)**	(371,845)
Balance at end of the year	**489,481**	340,293

3.4 Capital work-in-progress

	2023	2022
Buildings	**-**	10,240
Processing plant	**345,456**	199,474
Korangi tank farm	**44,489**	28,376
Keamari terminal	**5,731**	-
Pipelines	**20,603**	5,078
Power generation, transmission and distribution	**480**	-
Water treatment and cooling system	**31,203**	3,247
Equipment including furniture	**16,139**	12,137
Fire fighting and telecommunication systems	**3,265**	29,682
Vehicles and other automotive equipments	**-**	490
Advances to contractors / suppliers	**22,115**	51,569
	489,481	340,293

4. RIGHT-OF-USE ASSET

	2023	2022
Opening net book value	**131,255**	147,165
Depreciation for the year	**(15,910)**	(15,910)
Closing net book value	**115,345**	131,255
Depreciation rate	**9%**	9%

5. INTANGIBLES - SOFTWARE

	2023	2022
	(Rupees in thousand)	
Net carrying value basis		
Opening net book value	**-**	-
Additions at cost	**6,850**	-
Amortisation	**(114)**	-
Closing net book value	**6,736**	-
Gross carrying value basis		
Cost	**29,515**	22,665
Accumulated amortisation	**(22,779)**	(22,665)
Net book value	**6,736**	-
Amortisation rate	**20%**	20%

6. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

	2023	2022
Pak Grease Manufacturing Company (Private) Limited - 850,401 (2022: 850,401) fully paid ordinary shares - note 6.1	**45,854**	55,514

6.1 The Company holds 27.26% (2022: 27.26%) share in the associate. The above amount represents proportionate carrying value of the associate's net assets - refer note 6.2. The associate has share capital consisting solely of ordinary shares, which are held directly by the Company.

The registered office of the associate is at 6, Oil Installation Area, Keamari, Karachi, Pakistan. The country of incorporation or registration is also its principal place of business.

The principal activity of the associate is manufacture and sale of petroleum grease products.

	2023	2022
	(Rupees in thousand)	
Opening balance	**55,514**	58,930
Share of loss for the year	**(9,660)**	(3,416)
	45,854	55,514

6.2 Summarised financial information of Company's associate:

Set out below is the summarised unaudited financial information for Pak Grease Manufacturing Company (Private) Limited which is accounted for using the equity method.

	2023	2022
Revenue from contracts with customers	**122,670**	203,034
Loss from continuing operations	**(37,764)**	(9,324)
Other comprehensive income / (loss)	**-**	-
Total comprehensive loss	**(37,764)**	(9,324)
Non-current assets	**39,660**	41,522
Current assets	**157,695**	189,119
Non-current liabilities	**(11,435)**	(13,699)
Current liabilities	**(17,710)**	(13,298)
Net assets	**168,210**	203,644
Carrying value	**45,854**	55,514

7. LONG-TERM DEPOSITS AND LOANS

	2023	2022
	(Rupees in thousand)	
Secured and considered good		
Deposits	**21,182**	21,183
Loans to employees	**17,840**	20,666
Recoverable within one year – note 11	**(10,800)**	(10,952)
	7,040	9,714
	28,222	30,897

7.1 Long-term loans have been carried at cost as the effect of carrying these balances at amortised cost would not be material in the overall context of these financial statements.

8. DEFERRED TAX ASSET / (LIABILITIES)

	Property, plant and equipment	Investment in associate accounted for under equity method	Right of use asset net of lease liability	Unabsorbed depreciation	Provision for slow moving stores and spares	Excess of Alternate Corporate Tax /Minimum Tax over Normal Tax Liability	Total
	(Rupees in thousand)						
July 01, 2021	(1,109,313)	(12,630)	7,728	1,109,313	-	-	(4,902)
Credit / (charge) to profit or loss for the year	(72,748)	(5,405)	4,585	(896,230)	21,297	669,088	(279,413)
June 30, 2022	(1,182,061)	(18,035)	12,313	213,083	21,297	669,088	(284,315)
Credit / (charge) to profit or loss for the year	(52,027)	488	5,272	(213,083)	1,005	704,144	445,799
June 30, 2023	**(1,234,088)**	**(17,547)**	**17,585**	**(0)**	**22,302**	**1,373,232**	**161,484**

9. INVENTORIES

	2023	2022
	(Rupees in thousand)	
Raw material		
Crude oil [including in transit Rs. 9.61 billion (2022: 7.70 million)]	**25,778,009**	18,421,996
Finished products - notes 9.1 & 9.2	**7,921,641**	5,056,848
Stores, spares and chemicals - note 9.3	**1,761,234**	578,071
	35,460,884	24,056,915

9.1 As at June 30, 2023 stock of finished products has been written down by Rs. 56.72 million (2022: Nil) to arrive at their net realisable value.

9.2 Includes finished products held with the following third parties for onward sales to customers:

	2023	2022
- Al-Hamd Bulk Storage (Private) Limited	**581,483**	-
- Shell Pakistan Limited	**46,029**	48,217
- Karachi Bulk Storage and Terminals (Private) Limited	**3,059**	-
- PSO - related party	**174**	993
	630,745	49,210

9.3 Stores, spares and chemicals

	2023	2022
	(Rupees in thousand)	
Stores	**550,818**	263,754
Spares	**287,338**	260,347
Chemicals	**983,000**	97,178
	1,821,156	621,279
Provision for slow moving stores, spares and chemicals	**(59,922)**	(43,208)
	1,761,234	578,071

10. TRADE RECEIVABLES

	2023	2022
Considered good		
Due from PSO - related party	**9,842,340**	9,109,931
Others – note 10.1	**10,069,995**	2,195,918
	19,912,335	11,305,849
Considered doubtful - others	**134,892**	134,892
	20,047,227	11,440,741
Less: Loss allowance on doubtful receivables	**(134,892)**	(134,892)
	19,912,335	11,305,849

10.1 This also include trade receivables on account of export sales of Rs. 4.30 billion (2022: nil) secured by way of Export Letters of Credit.

10.2 The age analysis of trade receivables past due but not impaired is as follows:

	2023	2022
Up to 3 months	**5,096,489**	105,319
3 to 6 months	**2,499**	39,802
More than 6 months	**53,977**	85,868

10.3 The age analysis of trade receivables past due but not impaired from PSO - (related party) is as follows:

	2023	2022
Up to 3 months	**5,612,301**	156
3 to 6 months	**-**	51
More than 6 months	**24,522**	73,223

10.4 The maximum aggregate amount due from PSO - (related party) at the end of any month during the year was Rs. 17.30 billion (2022: Rs. 10.56 billion).

10.5 Due to the short-term nature of the trade debts, their carrying amount is considered to be the same as their fair value.

11. TRADE DEPOSITS, LOANS, ADVANCES AND SHORT-TERM PREPAYMENTS

	2023	2022
	(Rupees in thousand)	
Trade deposits	**112,768**	181,630
Loans to employees recoverable within one year – note 7	**10,800**	10,952
Advances for supplies and services	**26,328**	18,091
Short-term prepayments	**24,404**	17,906
	174,300	228,579

11.1 Trade deposits, loans and advances do not carry any interest.

12. OTHER RECEIVABLES

	2023	2022
	(Rupees in thousand)	
Receivable from government - note 12.1	**9,067,694**	2,165,535
Profit on cash and cash equivalents - note 12.2	**334,746**	137,877
Receivable from refineries - note 12.3	**25,098**	93,233
Workers Profit Participation Fund - note 20.4	**-**	188,594
	9,427,538	2,585,239

12.1 This includes a net amount of Rs. 9.07 billion (exchange gains of Rs. 0.62 billion net of exchange losses of Rs 9.69 billion) (2022: Rs. 2.02 billion) in respect of foreign currency loans (FE loans) obtained by the Company for settlement of LCs of crude oil based on the directions of Ministry of Finance (MoF) dated November 27, 2013 and October 21, 2021. During the year ended June 30, 2016, MoF proposed a mechanism for calculation of such gains / losses on the FE loans by the oil importing companies and invited views / comments thereupon. The Company, along with other oil importing companies had discussions with MoF and SBP in this respect. The claims are finalised upon settlement of FE loans.

12.2 This represents profit receivable on Term Deposit as detailed in - note 13.1

12.3 It includes Rs. 11.00 million (2022: Rs. 75.29 million) due from Pak-Arab Refinery Limited (PARCO) - (related party) in respect of sharing of crude oil, freight and other charges. It further includes Rs. 14.10 million (2022: Rs 17.94 million) due from National Refinery Limited in respect of pipeline and crude testing charges. Due to the short-term nature of other receivables, their carrying amount is considered to be the same as their fair value.

13. CASH AND BANK BALANCES

	2023	2022
	(Rupees in thousand)	
With banks on		
- Term Deposit - note 13.1	**9,452,000**	13,400,000
- mark-up bearing savings accounts - note 13.2	**2,060,717**	10,107,083
- current accounts - note 13.3	**157,621**	31,362
Cash in hand	**269**	160
	11,670,607	23,538,605

13.1 This represents short term deposits maintained with different commercial banks at a mark-up rate ranging from 12.26% to 18.85% per annum (2022: 10.75% to 13% per annum). The maturity of these deposits is latest by July 6, 2023.

13.2 The rates of mark-up on savings accounts during the year ranged from 12.25% to 19.50% per annum (2022: 5.50% to 12.76% per annum).

13.3 These bank balances are maintained under current accounts and do not carry any interest.

14. SHARE CAPITAL

2023	2022		2023	2022
(Numbers)			(Rupees in thousand)	
Authorised share capital				
Ordinary shares of Rs. 10 each				
1,000,000,000	1,000,000,000		**10,000,000**	10,000,000
Issued, subscribed and paid-up				
Ordinary shares of Rs. 10 each				
601,000,000	601,000,000	Ordinary shares fully paid in cash	**6,010,000**	6,010,000
29,000,000	29,000,000	Ordinary shares issued as fully paid bonus shares	**290,000**	290,000
630,000,000	630,000,000		**6,300,000**	6,300,000

14.1 These fully paid ordinary shares carry one vote per share and right to dividend.

15. SPECIAL RESERVE

Under directive from the MoE, any profit after taxation above 50% of the paid-up capital as on July 1, 2002 is required to be transferred to a "Special Reserve" to offset any future losses or to make investment for expansion or upgradation of the refineries, and is not available for distribution to shareholders. The formula under which deemed duty was built into the import parity based prices of some of the products, was introduced in order to enable certain refineries, including the Company, to operate on a self financing basis.

On March 27, 2013, GoP issued a policy framework for upgradation and expansion of refinery projects, amended through a letter dated April 25, 2016, which interalia states that:

- till completion of the projects, refineries will not be allowed to offset losses, if any, for the year ended June 30, 2013 or subsequent years against the amount of profit above 50% accumulated or to be accumulated in the Special Reserve Account as per current pricing formula; and

- the refineries are required to install Diesel Hydro Desulphurisation (DHDS) plant by June 30, 2017. If any refinery fails to install DHDS by June 30, 2017 then the ex-refinery price of High Speed Diesel (HSD) based on Import Parity Price (IPP) formula will be adjusted / reduced due to higher sulphur content.

Based on the above, the Company has transferred profit amounting to Rs. 1.72 billion (2022: 12.47 billion) to Special Reserve.

16. OTHER RESERVES

	2023	2022
	(Rupees in thousand)	
Capital reserve - Exchange equalisation reserve	**897**	897
Revenue reserves - General reserve	**1,050**	1,050
	1,947	1,947

17. LONG-TERM BORROWINGS

	2023	2022
Long term loan - note 17.2	**2,000,000**	1,000,000
Diminishing Musharika	**-**	200,000
Salary financing	**-**	101,437
	2,000,000	1,301,437
Less: Current portion of long term borrowing	**-**	(1,301,437)
	2,000,000	-

17.1 Following are the changes in the long-term borrowings (i.e. for which cash flows have been classified as financing activities in the statement of cash flows):

	2023	2022
	(Rupees in thousand)	
Opening balance	**1,301,437**	4,331,369
Diminishing Musharika repaid	**(200,000)**	(400,000)
Long term loan obtained	**2,000,000**	1,000,000
Long term loan repaid	**(1,000,000)**	(3,500,000)
Salary financing - repaid - excluding accrued markup	**(101,437)**	(129,932)
	2,000,000	1,301,437

17.2 During the year, Company obtained long term project finance facility of Rs. 3 billion under mark-up arrangements through Askari Bank Limited (ABL) out of which Rs. 2 billion was disbursed during the year at a mark-up of 1 month KIBOR + 1% per annum for a tenor of 3 years (including 2.5 year grace period). The loan is repayable in equal monthly installments commencing from 31st month from drawdown date, whereas markup is to be paid on a quarterly basis. The loan is secured by way of hypothecation of property, plant and equipment (excluding land and buildings).

18. LEASE LIABILITY

	2023	2022
	(Rupees in thousand)	
Opening balance	**168,533**	173,779
Lease payment	**(26,756)**	(25,574)
Finance charges on lease liability	**19,438**	20,328
Closing balance	**161,215**	168,533
Less: - Current portion	**(8,723)**	(6,460)
- Accrued markup	**(19,438)**	(20,328)
	133,054	141,745

18.1 The expected maturity analysis of undiscounted lease payment is as follows:

	2023	2022
Less than a year	**28,161**	26,819
Between 1 - 5 years	**163,384**	155,604
Over 5 years	**47,644**	83,584

19. EMPLOYEE BENEFIT OBLIGATIONS / (PREPAYMENTS)

19.1.1 The Company operates recognised funded gratuity and pension schemes (the Schemes) for its eligible management and non-management employees. Actuarial valuation of these Schemes is carried out every year and the latest actuarial valuation was carried out as at June 30, 2023, using the Projected Unit Credit Method, details of which as per the actuarial valuation are stated in note 19.1.3.

19.1.2 Assets of these schemes are held in separate trusts (the Funds), which are governed by local regulations which mainly include Trust Act, 1882; the Companies Act, 2017; Income Tax Rules, 2002 and the Rules under the trust deeds. Responsibility for governance of the Funds, including investment decisions and contribution schedules, lies with the Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.

	Pension Schemes				Gratuity Schemes			
	Management		Non-Management		Management		Non-Management	
	2023	2022	2023	2022	2023	2022	2023	2022
	(Rupees in thousands)							
19.1.3 Statement of financial position reconciliation								
Present value of defined benefit obligation at June 30 - note 19.1.4	**1,846,774**	1,764,747	**308,814**	257,305	**282,607**	249,485	**99,312**	82,568
Fair value of plan assets at June 30 - note 19.1.5	**(1,379,471)**	(1,298,844)	**(185,279)**	(173,952)	**(236,927)**	(211,992)	**(118,417)**	(115,152)
Deficit / (Surplus)	**467,303**	465,903	**123,535**	83,353	**45,680**	37,493	**(19,105)**	(32,584)
19.1.4 Movement in the present value of defined benefit obligation								
Opening balance	**1,764,747**	1,575,208	**257,305**	254,664	**249,485**	208,084	**82,568**	84,105
Benefits paid by the plan	**(101,539)**	(75,021)	**(15,926)**	(9,804)	**(16,129)**	(10,898)	**(7,051)**	(4,017)
Benefits payable to outgoing members	**-**	-	**-**	-	**-**	(795)	**-**	-
Current service cost	**63,600**	55,074	**8,965**	9,323	**19,995**	16,233	**3,280**	3,456
Past service cost	**-**	-	**-**	-	**-**	-	**-**	-
Interest cost	**236,932**	159,607	**34,349**	26,055	**34,019**	21,265	**10,877**	8,536
Remeasurement on obligation	**(116,966)**	49,879	**24,121**	(22,933)	**(4,763)**	15,596	**9,638**	(9,512)
Closing balance	**1,846,774**	1,764,747	**308,814**	257,305	**282,607**	249,485	**99,312**	82,568
19.1.5 Movement in the fair value of plan assets								
Opening balance	**1,298,844**	1,308,268	**173,952**	157,096	**211,992**	195,041	**115,152**	109,685
Contributions paid into the plan	**128,824**	83,336	**20,638**	19,656	**24,746**	17,506	**-**	62
Benefits paid by the plan	**(101,539)**	(75,021)	**(15,926)**	(9,804)	**(16,129)**	(10,898)	**(7,051)**	(4,017)
Benefits payable to outgoing members	**-**	-	**-**	-	**-**	(795)	**-**	-
Interest income	**171,708**	130,738	**22,676**	15,722	**29,268**	19,992	**15,006**	11,033
Remeasurement of plan assets	**(118,366)**	(148,477)	**(16,061)**	(8,718)	**(12,950)**	(8,854)	**(4,690)**	(1,611)
Closing balance	**1,379,471**	1,298,844	**185,279**	173,952	**236,927**	211,992	**118,417**	115,152
19.1.6 Expense recognised in statement of profit or loss and other comprehensive income								
Current service cost	**63,600**	55,074	**8,965**	9,323	**19,995**	16,233	**3,280**	3,456
Past service cost	**-**	-	**-**	-	-	-	**-**	-
Net interest cost / (income)	**65,224**	28,869	**11,673**	10,333	**4,751**	1,273	**(4,129)**	(2,497)
Expense recognised in statement of profit or loss and other comprehensive income	**128,824**	83,943	**20,638**	19,656	**24,746**	17,506	**(849)**	959
19.1.7 Remeasurement recognised in Other Comprehensive Income								
Remeasurement of present value of defined benefit obligation	**(116,966)**	49,879	**24,121**	(22,933)	**(4,763)**	15,596	**9,638**	(9,512)
Remeasurement of fair value of plan assets	**118,366**	148,477	**16,061**	8,718	**12,950**	8,854	**4,690**	1,611
Remeasurements	**1,400**	198,356	**40,182**	(14,215)	**8,187**	24,450	**14,328**	(7,901)
19.1.8 Net recognised liability / (asset)								
Net liability at the beginning of the year	**465,903**	266,940	**83,353**	97,568	**37,493**	13,043	**(32,584)**	(25,580)
Expense recognised in statement of profit or loss and other comprehensive income	**128,824**	83,943	**20,638**	19,656	**24,746**	17,506	**(849)**	959
Contribution made to the fund during the year	**(128,824)**	(83,336)	**(20,638)**	(19,656)	**(24,746)**	(17,506)	**-**	(62)
Remeasurements recognised in other comprehensive income	**1,400**	198,356	**40,182**	(14,215)	**8,187**	24,450	**14,328**	(7,901)
Recognised liability / (asset) as at June 30	**467,303**	465,903	**123,535**	83,353	**45,680**	37,493	**(19,105)**	(32,584)
19.1.9 Major categories / composition of plan assets are as follows:								
Equity securities	**20.49%**	17.33%	**16.36%**	16.12%	**19.71%**	18.74%	**0.00%**	0.00%
Debt securities	**73.21%**	77.89%	**65.77%**	82.13%	**68.36%**	77.61%	**85.95%**	98.61%
Others	**6.31%**	4.78%	**17.87%**	1.75%	**11.93%**	3.65%	**14.05%**	1.39%
19.1.10 Actuarial assumptions								
Discount rate at June 30	**16.25%**	13.50%	16.25%	13.50%	16.25%	13.50%	**16.25%**	13.50%
Future salary increases								
- One time salary increase	**N/A**	N/A	**13.00%**	N/A	**N/A**	N/A	**13.00%**	N/A
- First year following the valuation	**15.00%**	19.00%	**5.00%**	6.00%	**15.00%**	19.00%	**6.00%**	6.00%
- Second year following the valuation	**16.25%**	13.50%	**13.25%**	13.50%	**16.25%**	13.50%	**16.25%**	13.50%
Expected retirement age	**60 years**	60 years	**60 years**	60 years	**60 years**	60 years	**60 years**	60 years
Pension increase rate								
- First year following the valuation	**5.00%**	8.00%	**5.00%**	8.00%				
- Long term pension increase rate	**7.50%**	6.00%	**7.50%**	6.00%				

19.1.11 Mortality was assumed to be SLIC (2001-05) table.

The Company ensures that the investment positions are managed under 'Liability Driven Investment Approach' that has been developed to achieve long term investments that are in line with the obligations under the retirement benefit scheme. Within this framework, the objective is to match assets to the retirement benefit obligations by investing in long-term securities with maturities that match the benefit payments as they fall due. The retirement benefit funds have appointed a third party advisor who monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit plan obligations. The Company has not changed the process used to manage its risk from previous periods. The Company does not use derivatives to manage its risk. Investments are diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets for the year ended June 30, 2023 consists of government securities.

The expected return on plan assets has been determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at statement of financial position date.

The Company's contributions to gratuity and pension funds for the year ending June 30, 2023 is expected to amount to Rs. 32.41 million and Rs. 174.33 million respectively.

19.2 Risks on account of defined benefit plan

The Company faces the following risks on account of defined benefit plan:

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

b) Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

c) Risk of insufficiency of assets - This is managed by making regular contribution to the Fund as advised by the actuary.

19.3 Sensitivity analysis for actuarial assumptions

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

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
		--------------- (Rupees in thousand) ---------------	
Discount rate at June 30	0.50%	(106,855)	115,516
Future salary increases	0.50%	56,851	(54,311)
Future pension increases	0.50%	(327,010)	(433,448)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity and pension benefit liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

	2023	2022	2021	2020	2018
	------------------------- (Rupees in thousand) -------------------------				

19.4 Historical information

	2023	2022	2021	2020	2018
Management Pension Fund					
Present value of defined benefit obligation	**1,846,774**	1,764,747	1,575,208	1,543,285	1,132,758
Fair value of plan assets	**(1,379,471)**	(1,298,844)	(1,308,268)	(1,196,805)	(879,879)
Deficit in the plan	**467,303**	465,903	266,940	346,480	252,879
Experience adjustments					
(Gain) / loss on obligation	**(116,966)**	49,879	(103,344)	268,373	(185,462)
(Loss) / gain on plan assets	**(118,366)**	(148,477)	(23,804)	169,359	(194,028)
Non-Management Pension Fund					
Present value of defined benefit obligation	**308,814**	257,305	254,664	226,204	191,865
Fair value of plan assets	**(185,279)**	(173,952)	(157,096)	(135,402)	(98,587)
Deficit in the plan	**123,535**	83,353	97,568	90,802	93,278
Experience adjustments					
Loss / (gain) on obligation	**24,121**	(22,933)	2,453	5,198	(2,925)
Gain / (loss) on plan assets	**(16,061)**	(8,718)	1,573	6,214	(9,471)
Management Gratuity Fund					
Present value of defined benefit obligation	**282,607**	249,485	208,084	179,686	154,357
Fair value of plan assets	**(236,927)**	(211,992)	(195,041)	(166,645)	(133,424)
Deficit in the plan	**45,680**	37,493	13,043	13,041	20,933
Experience Adjustments					
(Gain) / loss on obligation	**(4,763)**	15,596	(1,128)	(2,601)	(2,326)
Gain / (loss) on plan assets	**(12,950)**	(8,854)	3,520	5,291	(9,640)
Non-Management Gratuity Fund					
Present value of defined benefit obligation	**99,312**	82,568	84,105	69,728	69,636
Fair value of plan assets	**(118,417)**	(115,152)	(109,685)	(99,985)	(87,258)
Surplus in the plan	**(19,105)**	(32,584)	(25,580)	(30,257)	(17,622)
Experience adjustments					
Loss / (gain) on obligation	**9,638**	(9,512)	4,981	(9,165)	5,158
Gain / (loss) on plan assets	**(4,690)**	(1,611)	304	3,470	(984)

19.5 The weighted average duration of the plans are as follows:

	No. of years
Management Pension fund	9.16
Non-management Pension fund	9.37
Management Gratuity fund	6.20
Non-management Gratuity fund	6.29

19.6 All investments in collective investment schemes, listed equity and listed debt securities out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified there under.

19.7 The Company's contributions toward the provident fund for the year ended June 30, 2023 amounted to Rs. 40.55 million (2022: Rs. 36.44 million).

20. TRADE AND OTHER PAYABLES

	2023	2022
	(Rupees in thousand)	
Creditors – note 20.1	**35,435,851**	32,162,408
Payable to the Government – note 20.2	**4,628,419**	-
Accrued liabilities - notes 20.3	**2,821,755**	5,938,296
Surplus price differential payable - note 23.3	**1,975,856**	5,650,720
Sales tax payable	**562,282**	994,075
Accrued mark-up	**495,528**	132,948
Workers' Profit Participation Fund – note 20.4	**172,393**	-
Advances from customers – note 20.5	**266,553**	1,100,862
Workers' Welfare Fund	**61,098**	309,930
Retention money	**8,359**	8,194
Tax deducted at source	**4,788**	281
	46,432,882	46,297,714

20.1 This includes Rs. 5.80 billion (2022: 0.69 billion) due to related parties.

20.2 This represents GoP's share in the value of local crude purchased and petroleum levy on sale of petroleum products. This also includes receivable from Government in respect of price differential claims as a result of restricting the ex-refinery prices charged by the Company to the oil marketing companies on instructions from MoE. During the year

ended June 30, 2018, the Company received a report from MoE through Oil Companies Advisory Council (OCAC) highlighting certain aspects of the above claims. The management is of the view that the report contains certain factual inaccuracies and is taking up the matter along with other refineries with the MoE.

20.3 This includes differential of regulatory / custom duty levied amounting to Rs. 0.10 billion (2022: Rs. 7.23 billion) on import of crude oil consumed in the production and recovered on sale of regulated products based on SROs issued by GoP and MoE. During the year ended June 30, 2018, Oil and Gas Regulatory Authority (OGRA) in compliance with the directives of MoE finalised a recovery mechanism for regulated products through which refineries would operate on no gain / loss basis on this account. OGRA directed OCAC to ensure the implementation of the said mechanism.

During the year ended June 30, 2019, as per approved regulatory duty mechanism, Refinery Regulatory Duty (RRD) committee of OCAC determined RRD factors per litre applicable for 5 months from August 2018 to December 2018, which were adjusted in monthly ex-refinery prices.

However, after preliminary implementation of the said mechanism, due to practical implications, a revised procedure was devised by OGRA, whereby recovery is made directly from refinery through payment to Inland Freight Equalisation Margin (IFEM) pool without any adjustment of RRD factors in ex-refinery prices.

20.4 Workers Profit Participation Fund

	2023	2022
	(Rupees in thousand)	
Opening balance	**(188,594)**	86,817
Expense during the year	**172,393**	811,406
Receipt / (payments) made during the year	**188,594**	(1,086,817)
Closing balance	**172,393**	(188,594)

20.5 These represent advances received from customers against supply of petroleum products which are recognised as revenue when the performance obligation is satisfied. During the year, the amount recognised as revenue from advance balance at the beginning of the year amounts to Rs. 1.1 billion (2022: Rs. 0.25 billion).

21. SHORT-TERM BORROWINGS

	2023	2022
	(Rupees in thousand)	
Foreign currency loan - note 21.1	**24,632,597**	17,584,098
Running finance under mark-up arrangements - note 21.2	**5,201,433**	15,709
Current portion of long-term borrowings - note 17	**-**	1,301,437
	29,834,030	18,901,244

21.1 This represents short term FE 25 loan, which were initially obtained from banks at mark-up rates ranging from three months LIBOR +2.5% to six months LIBOR +4.44% per annum and were repayable by January 20, 2022 and June 20, 2022 respectively. Later these FE loans have been rolled over and are now due on July 17, 2023 and July 21, 2023 and carry mark-up of 12.75% and 12.93% respectively.

21.2 As at June 30, 2023 available running finance facilities under mark-up arrangements from various banks amounted to Rs. 9.95 billion (2022: Rs. 9.45 billion).

These arrangements are secured by way of hypothecation over stock of crude oil and finished products and trade receivables of the Company.

The rates of mark-up range between one months KIBOR+0.65% to three month KIBOR+1.5% per annum as at June 30, 2023 (2022: three months KIBOR+0.50% to one month KIBOR+2.5% per annum). Purchase prices are payable on demand.

21.3 Facilities for letters of credit / guarantees and invoice discounting as at June 30, 2023 accumulated to Rs. 52.14 billion (2022: Rs. 57.14 billion) and Rs. 4.5 billion (2022: Rs. 4.5 billion) respectively of which the unutilised amount as at June 30, 2023 was Rs. 5.85 billion (2022: Rs. 16.54 billion) and Rs. 4.5 billion (2022: 4.5 billion) respectively.

22. CONTINGENCIES AND COMMITMENTS

Contingencies

a) Claims against the Company not acknowledged as debt amount to Rs. 6.75 billion (2022: Rs. 6.34 billion), which includes Rs. 6.18 billion (2022: Rs. 5.73 billion) on account of late payment surcharge on purchase of crude oil. The Company has raised similar claims aggregating to Rs. 7.54 billion (2022: Rs. 7.41 billion) relating to interest on late payments against trade receivables from certain Oil Marketing Companies.

   Contingent liabilities other than late payment surcharge involving legal proceedings are disclosed in note 22.1.

b) Proportionate share of contingencies related to tax matters of Pak Grease Manufacturing Company (Private) Limited - an associate company are Rs. 3.72 million (2022: 3.39 million).

Commitments

As at June 30, 2023 commitments outstanding for capital expenditure amounted to Rs. 6.94 billion (2022: Rs. 5.23 billion). This includes Rs. 4.38 billion (2022: 4.92 billion) relating to Front-End Engineering Design Contract for Refinery Expansion and Upgrade Project.

22.1 Description of legal proceedings

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
Supreme Court of Pakistan	This case, initially, was filed by late Mr. M. Ramzan Katiar, an Octroi contractor for the payment of Octroi dues on import and use of crude oil within the Octroi limits of Cantonment Board Korangi Creek. Presently the legal heirs of the said contractor are pursuing the case. The case was decided in favor of the Company by the single bench of High Court, however later reversed by the division bench of High Court in HCA 231/1999. The Company then filed this appeal in the Supreme Court of Pakistan which is sub-judice at present. The exposure in this respect is around Rs. 20 million, however it will be calculated under the preliminary decree.	Company and legal representatives of late Mr. M. Ramzan Katiar	2012
High Court of Sindh	Barret Hodgson, the plaintiffs, filed a suit no. 694/ 2008 to restrain the Company from interfering or disrupting the plaintiffs construction of a university and also demanded damages amounting to Rs. 166.69 million through suit no. 1308/2009. The Company, as plaintiff filed another case, suit no. 1063/2008 and prayed to the Honourable High Court of Sindh (HCS) to restrain Barret Hodgson from constructing a school in close proximity of the refinery - a Key Point 1-A installation. Suit 694/2008 and 1063/2008 have been disposed off in the year 2015 in favor of Barrett Hodgson. Both orders were then challenged through Appeals HCA 07/2015 and HCA 08/2015. Both appeals are pending after being remanded back by Supreme Court to HCS in January 2018.	Company and Barret Hodgson	2015
High Court of Sindh	Cantonment Board Korangi Creek filed this civil suit for the recovery of composition fee amounting to Rs. 24.28 million on the construction made by M/s Burshane on the Company's land measuring 4.93 acres. The Company's stance is that the liability to pay any composition fee is of the occupier i.e. M/s Burshane, as the construction is made by M/s Burshane and not the Company. The Suit is pending at initial stage.	M/s Burshane, Cantonment Board Korangi Creek and Company	2016
High Court of Sindh	Cantonment Board Korangi Creek (CBKC) demanded property tax and charges of Rs. 59.5 million from the Company on alleged additional constructed area excluding original 75, 903 sqft. Company challenged the said demand of CBKC before Sindh High Court. The Company's stance is that it has been paying the property tax for the entire constructed area from time to time, hence the demand is unlawful. The Sindh High Court while accepting Company's contentions / arguments has directed to set aside the Impugned Orders and remanded the case to the Director Lands Military Lands & Cantonments (Appellate Authority) to decide the same on merits.	Company and Cantonment Board Korangi Creek	2019

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
FBR	The deemed assessment of the return of the Company for tax years 2017 and 2018 were amended by the Additional Commissioner Inland Revenue (ACIR) vide order dated March 30, 2019 under section 122(5A) of the Income Tax Ordinance, 2001 ('the Ordinance'). The main issue involved was the tax demand raised by the ACIR on undistributed profits u/s 5A of the Ordinance, 2001 amounting to Rs. 108.07 million and 62.16 million for tax year 2017 and 2018 respectively. Constitutional Petition No. D-5897 of 2017 was filed on this issue before the Honourable High Court of Sindh and the Honourable High Court of Sindh vide order dated September 05, 2017 has directed tax authorities to restrain from taking any coercive actions against the taxpayer. The Company had also filed an appeal before the Commissioner Inland Revenue (Appeals) CIR(A) against the order of ACIR. The CIR(A) vide its order dated April 03, 2020 decided the issue of section 5A in favour of the department. Furthermore it remanded back the issue of tax credit under section 65 of the ordinance, apportionment of expenses and allowed the claim of remeasurement of staff provision in favour of the Company. Subsequently both the Company and the Department have filed appeals before the ATIR against respective unfavourable decisions of CIR(A).	The Company, ACIR and CIR(A)	2019

23. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2023	2022
	(Rupees in thousand)	
Local sales - notes 23.1 & 23.2	**304,454,022**	216,631,159
Exports	**21,076,356**	7,222,708
Gross sales	**325,530,378**	223,853,867
Less:		
- Sales tax	**(7,201,648)**	(13,483,978)
- Excise duty and petroleum levy	**(33,739,249)**	(4,857,728)
- Surplus price differential - note 23.3	**(13,803,054)**	(7,848,410)
- Custom duty - note 20.3 and 23.4	**(8,926,023)**	(6,347,696)
	261,860,404	191,316,055

23.1 The Company sells its products to Oil Marketing Companies (OMCs). Out of these, two (2022: two) of the Company's customers contributed towards 56.70% (2022: 65.75%) of the revenues during the year amounting to Rs. 184.59 billion (2022: Rs. 125.82 billion) and each customer individually exceeds 10% of the revenues.

23.2 Sales of regulated products are based on prices notified by OGRA which are subject to policy clarification from the Federal Government. Sales of certain de-regulated products (Motor Spirit, High Octane Blending Component, High Speed Diesel, Light Diesel Oil and Aviation Fuels) are based on prices set under notifications of the MoE.

23.3 This includes price differential amounting to Rs. 13.01 billion (2022: Rs. 8.45 billion) on sale of High Speed Diesel (HSD) as per the import parity pricing formula determined in the Economic Coordination Committee's decision dated February 26, 2013, November 17, 2020 and March 25, 2022. This also include price differential amounting to Rs. 0.79 billion (2022: Rs. 0.62 billion) on sale of 90 RON Motor Gasoline, calculated as per the mechanism notified by MoE dated September 5, 2016.

23.4 This represents custom duty on imported crude oil recovered from sale of regulated products.

24. COST OF SALES

	2023	2022
	(Rupees in thousand)	
Crude oil and condensate consumed - note 24.1 and 24.2	**244,854,544**	165,185,307
Stores, spares and chemicals	**2,658,616**	1,202,490
Depreciation and amortisation	**941,129**	935,932
Fuel, power and water	**919,714**	850,960
Salaries and wages	**809,702**	722,072
Repairs and maintenance	**484,699**	329,739
Insurance	**176,819**	155,680
Retirement benefits	**169,618**	125,814
Staff transport	**62,097**	32,828
Security expenses	**54,809**	40,896
Rent, rates and taxes	**24,310**	13,433
Subscriptions	**22,077**	17,169
Consultancy	**18,900**	52,143
Travelling and entertainment	**7,176**	4,535
Other expenses	**3,869**	7,850
Price differential received from government	**-**	(53,235)
Exchange loss - note 24.3	**6,216,476**	3,908,746
	12,570,011	8,347,052
	257,424,555	173,532,359
Opening inventory of finished products	**5,056,848**	2,568,136
Closing inventory of finished products	**(7,921,641)**	(5,056,848)
	254,559,762	171,043,647

24.1 Crude oil and condensate consumed

	2023	2022
Opening inventory	**18,421,996**	7,313,368
Purchases	**252,210,557**	176,293,935
Closing inventory	**(25,778,009)**	(18,421,996)
	244,854,544	165,185,307

24.2 Cost of crude oil and condensate consumed in respect of non-finalised Crude Oil Sale Agreements and Condensate Sale Agreements have been recorded in line with notifications of MoE.

24.3 This represents exchange (gain) / loss incurred due to fluctuation in the value of foreign currency in terms of local currency on purchase of crude oil and condensate.

25. SELLING EXPENSES

	2023	2022
	(Rupees in thousand)	
Transportation and handling charges	**128,416**	21,220
Depreciation and amortisation	**115,614**	113,969
Salaries and wages	**89,820**	74,802
Rent, rates and taxes	**58,926**	31,310
Repairs and maintenance	**38,125**	34,384
Insurance	**30,371**	19,262
Retirement benefits	**11,237**	9,251
Fuel, power and water	**9,521**	7,027
Security expenses	**9,291**	7,013
Staff transport	**4,980**	1,600
Subscriptions	**3,400**	1,150
Other expenses	**882**	282
	500,583	321,270

26. ADMINISTRATIVE EXPENSES

	2023	2022
	(Rupees in thousand)	
Salaries and wages	**430,070**	224,445
Depreciation and amortisation	**97,305**	79,317
Repairs and maintenance	**32,173**	3,228
Computer related and software maintenance expenses	**52,355**	35,678
Insurance	**46,640**	36,268
Travelling and entertainment	**41,042**	1,957
Legal and professional charges	**37,013**	21,422
Retirement benefits	**33,000**	23,442
Cleaning and janitorial services	**28,797**	24,129
Consultancy	**28,300**	-
Directors' remuneration - note 32	**21,030**	29,242
Subscriptions	**17,832**	12,585
Stamp duty charges	**29,988**	2,487
Security expenses	**12,374**	9,814
Communication	**11,817**	9,081
Staff transport	**11,340**	8,471
Training expenses	**10,910**	6,068
Printing and stationery	**10,518**	4,742
Auditors' remuneration - note 26.1	**8,970**	8,624
Advertising and publicity	**9,807**	5,144
Other expenses	**3,908**	6,001
	975,189	552,145

26.1 Auditors' remuneration

Audit fee	**2,100**	1,900
Fee for:		
- limited review of half yearly financial information	**600**	540
- other certifications	**2,188**	1,472
- taxation services	**2,686**	3,758
Out of pocket expenses	**1,396**	954
	8,970	8,624

27. OTHER OPERATING EXPENSES

Research cost on Refinery Expansion and Upgradation - note 27.1	**2,175,700**	80,505
Workers' Profit Participation Fund	**172,393**	811,406
Workers' Welfare Fund	**75,332**	309,930
Donations - note 27.2	**19,763**	7,500
Penalties	-	1,230
Other provisions	-	1,222,323
	2,443,188	2,432,894

27.1 This represents costs incurred in respect of planning phase and other related studies for future upgradation and expansion of refinery.

27.2 This represents amount donated to Pakistan Rangers for provision of emergency relief medicines to flood affected areas in Sind province and to The Citizens Foundation for provision of quality education. None of the directors or their spouses have any interest in the aforementioned organisations.

28. OTHER INCOME

	2023	2022
	(Rupees in thousand)	
Income from financial assets		
Profit on deposits	**2,166,535**	429,736
Capital gain on Treasury Bills	**1,103,006**	-
Interest on late payments	**2,874**	-
Others		
Liabilities no longer required written back	**576,248**	-
Recovery of precious metal - note 28.1	**85,000**	-
Rent of equipment - note 28.2	**39,335**	22,042
Insurance claim - note 28.3	**38,062**	25,561
Crude oil testing services - note 28.4	**37,633**	44,000
Others	**7,619**	4,763
Unearned income on government grant	**6,464**	8,620
Gain (net) on disposal of operating assets	**2,212**	-
Sale of scrap	**1,507**	106
	4,066,495	534,828

28.1 This represents recovery of metals (Platinum and Rhenium) from old batch of catalyst of Platformer Unit, which have been subsequently utilised for manufacture of fresh batch of catalyst.

28.2 This includes Rs. 0.62 million (2022: 0.54 million) from a related party.

28.3 This represents settlement of insurance claim from insurance companies in relation to ocean loss on crude oil imports as per the contract.

28.4 This represents amount earned by the Company for crude oil testing services provided to other refineries based on mechanism of GoP through Customs. This includes Rs. 31.33 million (2022: 30.72) from a related party.

29. FINANCE COST

	2023	2022
	(Rupees in thousand)	
Mark-up on running finance under mark-up arrangements - note 21.2	**130,043**	129,888
Mark-up on short-term borrowings	**2,757,286**	616,833
Mark-up on Diminishing Musharika / long-term loans - note 17 145,015	**455,348**	
Markup on salary refinancing - note 17	**6,355**	14,228
Exchange loss - net	**990,261**	337,443
Amortisation of lease liability	**19,438**	20,328
Bank charges	**17,600**	5,264
	4,065,998	1,579,332

30. TAXATION

	2023	2022
Current for the year	**1,938,503**	4,303,709
Prior year	**54,848**	(1,238,393)
Deferred Tax - note 8	**(445,799)**	279,413
	1,547,552	3,344,729

30.1 Relationship between tax expense and accounting profit

	2023	2022
	(Rupees in thousand)	
Profit before income tax	**3,372,519**	15,918,179
Tax at the applicable tax rate of 29% (2022 : 29%)	**978,031**	4,616,272
Effect of:		
- deferred tax brought forward on tax losses and deductible temporary differences	**156,390**	(1,447,045)
- expenses not deductible for tax purposes	**(134,487)**	357
- final tax	**(60,041)**	(94,823)
- super tax	**366,388**	1,624,280
- effect of prior year charge	**54,848**	-
- effect on deferred tax due to rate change	**186,423**	(115,919)
- surrender of prior year tax losses to parent entity	-	(1,238,393)
	1,547,552	3,344,729

31. EARNINGS PER SHARE - BASIC AND DILUTED

	2023	2022
Profit for the year attributable to ordinary shareholders (Rupees in thousand)	**1,824,967**	12,573,450
Weighted average number of ordinary shares outstanding during the year (in thousand)	**630,000**	630,000
Basic and diluted earnings per share	**Rs. 2.90**	Rs. 19.96

There were no dilutive potential ordinary shares in issue as at June 30, 2023 and 2022.

32. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amounts of remuneration including benefits to Non-executive Directors, Chief Executive and Executives of the Company are as follows:

	2023			2022		
	Non - Executive Directors	Chief Executive	Executives	Non - Executive Directors	Chief Executive	Executives
	(Rupees in thousand)					
Fees	**14,060**	-	-	23,270	-	-
Managerial remuneration	-	**51,834**	**330,965**	-	39,676	239,787
Honorarium - note 32.2	**3,600**	-	-	3,600	-	-
Bonus	-	**12,379**	**95,978**	-	5,471	48,352
Retirement benefits	-	-	**95,777**	-	-	79,419
Housing	-	-	**133,642**	-	-	107,892
Utilities	-	-	**29,700**	-	-	23,976
Leave passage	-	-	**46,022**	-	-	37,959
Club expenses	-	-	**1,070**	-	-	863
Others	**3,370**	**69**	**84,106**	2,372	17	39,615
	3,370	**69**	**294,540**	2,372	17	210,305
	21,030	**64,282**	**817,260**	29,242	45,164	577,863
Number of persons	**10**	**1**	**111**	10	1	88

32.1 As at June 30, 2023, Chairman, Chief Executive and certain executives are provided with free use of company maintained cars. The monetary value of the Company provided cars to the executives amounted to Rs. 123.73 million (2022: Rs. 76.87 million). In addition, certain executives are provided furnished accommodation within refinery premises according to their respective terms of employment.

32.2 These include benefits provided to the Chairman of the Board of Directors, as approved by the Board of Directors of the Company during the year.

33. TRANSACTIONS WITH RELATED PARTIES

The Company has related party relationship with parent company, associated undertakings, directors, key management personnel and retirement benefit funds.

Sale of certain products is transacted at prices regulated by the OGRA. Transactions with employee benefit funds are carried out based on the terms of employment of the employees and according to the actuarial advice. All other related party transactions are carried out on commercial terms.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of their Refinery Leadership Team including the Chief Executive Officer and Directors to be its key management personnel.

There are no transactions with key management personnel other than under their terms of employments / entitlements.

Relationship	Nature of transaction	2023	2022
		(Rupees in thousand)	
a) Parent company	Sale of goods - net	**113,817,274**	101,166,523
	Services rendered	**623**	542
	Proceeds against tax losses	**-**	1,238,393
(b) Associated companies	Purchase of goods - net	**7,897,405**	8,519,848
	Sale of goods - net	**7,221,791**	2,696,596
	Services received	**8,884**	1,890
	Services rendered	**31,330**	30,716
(c) Key management personnel compensation (excluding non-executive directors)	Salaries and other short-term employee benefits	**195,069**	150,443
	Post-employment benefits	**13,646**	11,924
	Sale of car	**1,658**	189
(d) Staff retirement benefit funds	Payments to staff retirement benefit funds	**276,579**	211,694
(e) Non-executive Directors	Remuneration and fees	**21,030**	29,224

33.1 Following are the related parties including associated companies with whom the company had entered into transactions or have arrangement / agreement in place:

Company Name	Basis of relationship	Aggregate % of shareholding
Pakistan State Oil Limited	Parent Company	63.56%
Pak Grease Manufacturing Company (Private) Limited note - 6.1	By virtue of shareholding by the Company	N/A
Gas & Oil Pakistan Limited	By virtue of common directorship	N/A
Government Holdings (Private) Limited *	By virtue of common directorship	N/A
Meezan Bank Limited	By virtue of common directorship	N/A
Overseas Investors Chamber of Commerce and Industry	By virtue of common directorship	N/A
Pak-Arab Pipeline Company Limited	By virtue of common directorship	N/A
Pak-Arab Refinery Limited	By virtue of common directorship	N/A
Petroleum Institute of Pakistan	By virtue of common directorship	N/A
Sui Southern Gas Company Limited *	By virtue of common directorship	N/A

* Ceased to be related party of the Company during the year due to change in Board.

34. NUMBER OF EMPLOYEES

	2023	2022
	(Rupees in thousand)	
Number of employees including contractual employees at the end of year	**284**	273
Average number of employees including contractual employees during the year	**281**	275

35. CAPACITY AND ACTUAL PERFORMANCE

Against the designed nominal annual capacity of 2,133,705 metric tons, the actual throughput during the year was 1,342,207 metric tons (2022: 1,338,500 metric tons). The Company operated the plant considering the level which gives optimal yield of products. In addition, the Company was shutdown for 20 days during the year for planned regeneration shutdown.

36. FINANCIAL INSTRUMENTS

36.1 Financial assets and liabilities

	Interest / Mark-up bearing			Non-interest / mark-up bearing			Total
	Maturity up to one year	Maturit after one year	Total	Maturity up to one year	Maturit after one year	Total	
	(Rupees in thousand)						
FINANCIAL ASSETS							
Trade deposits and loans	-	-	-	123,568	28,222	151,790	151,790
Trade receivables	-	-	-	19,912,335	-	19,912,335	19,912,335
Other receivables	-	-	-	359,844	-	359,844	359,844
Cash and bank balances	11,512,717	-	11,512,717	157,890	-	157,890	11,670,607
2023	11,512,717	-	11,512,717	20,553,637	28,222	20,581,859	32,094,576
2022	23,507,083	-	23,507,083	12,095,996	30,897	12,126,893	35,633,976
FINANCIAL LIABILITIES							
Borrowings	29,834,030	2,000,000	31,834,030	-	-	-	31,834,030
Trade and other payables	-	-	-	43,628,191	-	43,628,191	43,628,191
Unclaimed dividend	-	-	-	19,852	-	19,852	19,852
Lease Liability	8,723	133,054	141,777	-	-	-	141,777
2023	29,842,753	2,133,054	31,975,807	43,648,043	-	43,648,043	75,623,850
2022	18,907,704	141,745	19,049,449	38,571,909	-	38,571,909	57,621,358

36.2 Financial risk management objectives and policies

Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. However, as also mentioned in note - 15, the Company operates under tariff protection formula whereby profits after tax in excess of 50% of the paid-up capital as of July 1, 2002 are diverted to special reserve.

The Company has long-term borrowings, short-term borrowings and running finance arrangements issued to meet its working capital and capital expenditure requirements.

(i) Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets amounting to Rs. 32.09 billion (2022: Rs. 35.63 billion).

	2023	2022
	(Rupees in thousand)	
Trade deposits and loans	**151,790**	223,479
Trade receivables	**19,912,335**	11,305,849
Other receivables	**359,844**	566,043
Cash and bank balances	**11,670,607**	23,538,605
	32,094,576	35,633,976

The Company monitors its exposure to credit risk on an ongoing basis at various levels. The Company believes that it is not exposed to any major credit risk as it operates in an essential products industry and its customers are organisations with good credit history. The credit quality of the bank balances can be assessed with reference to recent external credit ratings as follows:

	Rating agency	Rating	
		Long term	Short term
Askari Bank Limited	PACRA	AA+	A1+
Bank Al Falah Limited	PACRA	AA+	A1+
Bank Al-Habib Limited	PACRA	AAA	A1+
Bank of Punjab	PACRA	AA+	A1+
Bank of China - Pakistan Operations	SP Global	A	A1
Faysal Bank Limited	PACRA	AA	A1+
Habib Bank Limited	JCR - VIS	AAA	A-1+
Habib Metropolitan Bank Limited	PACRA	AA+	A1+
JS Bank Limited	PACRA	AA-	A1+
MCB Bank Limited	PACRA	AAA	A1+
MCB Islamic Bank Limited	PACRA	A	A1
Meezan Bank Limited	JCR - VIS	AAA	A-1+
National Bank of Pakistan	PACRA	AAA	A1+
Soneri Bank Limited	PACRA	AA-	A1+
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	A1+
United Bank Limited	JCR - VIS	AAA	A-1+

(ii) Liquidity risk

Liquidity is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies availability of funding through an adequate amount of committed credit facilities and maintaining adequate cash. Management believes that it will be able to fulfil its financial obligations.

(iii) Foreign exchange risk

Foreign exchange risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As at June 30, 2023, financial assets include Rs. 4.73 billion (2022: nil) and financial liabilities include Rs. 24.96 billion (2022: Rs. 28.27 billion) which are subject to foreign currency risk. The Company manages its currency risk by close monitoring of currency markets. As per State Bank's regulations, the Company can not hedge its currency risk exposure against procurement of crude oil.

At June 30, 2023, if value of Pakistan Rupee had fluctuated by 5% against the foreign currencies with all other variables held constant, profit for the year would have been lower / higher by approximately Rs 1.01 billion (2022: Rs. 1.41 billion) respectively, mainly as a result of foreign exchange losses / gains on translation of foreign currency creditors and receivables.

(iv) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its running finance arrangements, short-term finance and long-term borrowing which is repriced at a maximum period of 180 days (2022: 180 days). Financial assets and liabilities include balances of Rs. 11.67 billion (2022: Rs. 23.54 billion) and Rs. 31.83 billion (2022: Rs. 18.90 billion) respectively, which are subject to interest rate risk. Applicable interest rates for financial assets and liabilities have been indicated in respective notes.

As at June 30, 2023, if average KIBOR interest rate on long-term borrowing, short-term borrowings, running finance arrangements and cash at bank in savings accounts, had been 100 basis points higher / lower with all other variables held constant, profit for the year would have been higher / lower by approximately Rs. 203.21 million (2022: Rs. 44.58 million) respectively, mainly as a result of higher / lower interest exposure / income on floating rate borrowings / placements.

(v) Fair values of financial assets and liabilities

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

37. CASH GENERATED FROM OPERATIONS

	2023	2022
	(Rupees in thousand)	
Profit before income tax	**3,372,519**	15,918,179
Adjustments for non-cash charges and other items:		
Mark-up expense	**4,046,560**	1,573,232
Depreciation and amortisation	**1,154,048**	1,129,218
Provision for employee benefit obligations	**173,309**	122,064
Provision for slow moving stores and spares - net	**16,153**	5,810
Share of loss of associate	**9,660**	3,416
Profit on deposits	**(2,166,535)**	(429,736)
Gain on investments	**(1,103,006)**	-
Exchange gain on cash and cash equivalents	**(84,975)**	-
Gain on disposal of operating assets - net	**(2,212)**	-
	2,043,002	2,404,004
Working capital changes - note 37.1	**(19,782,283)**	10,385,971
Cash (used in) / generated from operations	**(14,366,762)**	28,708,154

37.1 Working capital changes

	2023	2022
(Increase) / decrease in current assets		
Inventories	**(11,420,684)**	(13,645,268)
Trade receivables	**(8,606,486)**	(4,716,936)
Trade deposits, loans, advances and short-term prepayments	**54,279**	(153,286)
Other receivables	**403,069**	3,040,700
	(19,569,822)	(15,474,790)
(Decrease) / increase in current liabilities		
Trade and other payables	**(212,461)**	25,860,761
	(19,782,283)	10,385,971

38. CASH AND CASH EQUIVALENTS

	2023	2022
Cash and bank balances	**11,670,607**	23,538,605
Running finance under mark-up arrangements - note 21.2	**(5,201,433)**	(15,709)
	6,469,174	23,522,896

39. DATE OF AUTHORISATION

These financial statements were authorised for issue on August 18, 2023 by the Board of Directors of the Company.

Zahid Mir
Managing Director & CEO

Nadeem Safdar
Director

Imran Ahmad Mirza
Chief Financial Officer

مزید یہ کہ حکومت پاکستان نے براؤن فیلڈ پراجیکٹس کے لیے ریفائننگ پالیسی کو اگست 2023 میں منظور کیا جس کے تحت موجودہ ریفائنریز کو متعلقہ اپ گریڈ پراجیکٹس میں معاونت کے لیے مراعات کی اجازت ہے۔

بیرونی آڈیٹرز

موجودہ بیرونی آڈیٹرز میسرز KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس آنے والے سالانہ اجلاس عام کے اختتام پر ریٹائر ہورہے ہیں اورانہوں نے خودکودوبارہ انتخاب کے لیے پیش کیا ہے۔

اظہار تشکر

بورڈ وزارت توانائی اور دیگر سرکاری حکام کے قابل قدر تعاون کا معترف ہے اور اپنے شیئر ہولڈرز، مالیاتی اداروں، تجارتی شراکت داروں، ملازمین اور دیگر اسٹیک ہولڈرز کے اعتماد اور تعاون کا بھی مشکور ہے جنہوں نے سال بھر کمپنی پر بھروسہ کیا اور بھرپور لگن سے کمپنی امور میں معاونت جاری رکھی۔

منجانب بورڈ آف ڈائریکٹرز

طارق کرمانی
چیئرمین

زاہد میر
مینیجنگ ڈائریکٹر اور سی ای او

کراچی: 18 اگست 2023

داخلی مالیاتی ضابطوں سے مطابقت

بورڈ آف ڈائریکٹرز موثر اندرونی مالیاتی ضابطوں کے قیام کا ذمہ دار ہے۔بورڈ نے کمپنیز ایکٹ 2017 کے مطابق بورڈ کو خصوصی طور پر دیئے گئے اختیارات کے علاوہ مینیجنگ ڈائریکٹر اور چیف ایگزیکٹو آفیسر کو کچھ مالیاتی اور انتظامی اختیارات استعمال کرنے کی اجازت دی ہے۔بورڈ داخلی آڈٹ فنکشن کے ذریعے اندرونی مالیاتی ضابطوں کی صورتحال پر وقتاً فوقتاً اپ ڈیٹ لیتا رہتا ہے۔دوران سال بورڈ کو ان ضابطوں میں کسی بھی قسم کی غیر موافقت رپورٹ نہیں ہوئی۔

قومی خزانے کے ساتھ تعاون اور قدر میں اضافہ

کمپنی نے تمام واجب الاداٹیکسز کی بروقت ادائیگی سے ملک کے بڑے ٹیکس دہندہ اداروں میں شامل رہنے کی روایت برقرار رکھی۔دوران سال،کمپنی نے قومی خزانے میں 65.52 بلین روپے(2022: 38 بلین روپے)ڈائریکٹ یا اِن ڈائریکٹ ٹیکسز کی مد میں جمع کرائے۔اس کے علاوہ سال کے دوران برآمدات کے ذریعے 78.48 ملین امریکی ڈالر(2022 میں 40.79 ملین امریکی ڈالر)کا قیمتی زرمبادلہ کمایا۔

اہم کاروباری اور مالیاتی تفصیلات

گزشتہ چھ سالوں کی اہم کاروباری اور مالیاتی تفصیلات اس رپورٹ کے ساتھ منسلک ہے۔

کمپنی کی بنیادی سرگرمیاں

پاکستان ریفائنری لمیٹڈ مئی 1960 میں ایک پبلک لمیٹڈ کمپنی کے طور پر پاکستان میں قائم کی گئی اور یہ پاکستان اسٹاک ایکسچینج پر لسٹڈ ہے۔کمپنی پیٹرولیم مصنوعات کی تیاری اور فروخت کے امور انجام دیتی ہے۔

کمپنی کی کاروباری نوعیت اور اس کی سرمایہ کار کمپنی سے متعلق تبدیلیاں

کمپنی کی کاروباری نوعیت میں کسی بھی قسم کی تبدیلی واقع نہیں ہوئی اور اسی طرح پاک گریس مینوفیکچرنگ کمپنی (پرائیویٹ) لمیٹڈ کی کاروباری نوعیت میں بھی کوئی تبدیلی واقع نہیں ہوئی جس میں کمپنی 27.26 فیصد شیئرز رکھتی ہے۔

بعدازاں واقعات

مالیاتی سال کے اختتام اور رپورٹ کی تاریخ کے دوران کمپنی کی مالیاتی صورتحال پر اثر انداز ہونے والی کسی بھی قسم کی تبدیلیاں اور واقعات رونما نہیں ہوئے، ماسوائے مندرجہ ذیل کہ:

سال کے اختتام کے بعد، PRL نے اسٹریٹجک انویسٹمنٹ کے تحت، میسرز ایئر لنک کمیونیکیشن لمیٹڈ کے اشتراک سے شیل پاکستان لمیٹڈ کے 77.42 فیصد حصص حاصل کرنے کے اپنے ارادے کا عوامی سطح پہ اعلان کیا۔

ریفائنری ایکسپینشن اینڈ اپ گریڈ پروجیکٹ (REUP)

ملک کو درپیش ادائیگیوں کے توازن کے بحران کے باعث اسٹیٹ بینک آف پاکستان (SBP) کے ساتھ FEED معاہدے کی رجسٹریشن میں نمایاں تاخیر کا سامنا کرنا پڑا۔ PRL اسٹیٹ بینک آف پاکستان اور دیگر اداروں کے ساتھ مسلسل رابطے میں رہی اور نتیجتاً معاہدے کی حتمی رجسٹریشن ہوئی۔ FEED کنٹریکٹر، میسرز وڈ گروپ یو کے لمیٹڈ نے کام جاری رکھا ہوا ہے اور اب یہ اندازہ ہے کہ FEED ستمبر 2024 تک مکمل کرلیا جائے گا۔

FEED کے تکنیکی کام کے ساتھ ساتھ، PRL اسٹریٹیجک انویسٹمنٹ کے لیے ممکنہ سرمایہ کاروں کے ساتھ رابطے میں ہے۔ اس سلسلے میں، REUP میں ممکنہ ایکویٹی انویسٹمنٹ کے مواقع کے حصول کے لیے کچھ ممکنہ فریقوں کے ساتھ مفاہمتی یادداشت (MoUs) پر دستخط کیے گئے۔

آپ کی ریفائنری براؤن فیلڈ پالیسی کی منظوری برائے موجودہ ریفائنریز کے لیے حکومت پاکستان کے ساتھ مسلسل رابطے میں رہی۔ یہ پالیسی اگست 2023 میں منظور کر لی گئی ہے اور امید ہے کہ یہ اس منصوبے کے لیے فنڈز حاصل کرنے اور ممکنہ سرمایہ کاروں کو راغب کرنے میں کمپنی کی مدد کرے گی۔

ہیومن ریسورسز اور صنعتی تعلقات

تنظیمی اہداف کے حصول میں PRL کے ہیومن ریسورس کا تعاون سب سے بڑھ کر ہے جس نے تنظیمی مقاصد کے تحت اپنے محکمانہ مقاصد کی منصوبہ بندی کی اور ملازمت کے لیے موزوں ترین امیدواروں کے انتخاب کے ساتھ اعلیٰ معیاری کارکردگی اور پیداواریت کو یقینی بنایا۔ باصلاحیت افراد کو اپنی طرف متوجہ کرنے، ہمراہ رکھنے، ترقی دینے اور ان کے کیریئر کے فروغ کے ایسے مواقع اور مطلوبہ تربیت کی فراہمی پر خصوصی زور دیا جاتا ہے جو کہ کام کرنے والوں اور ادارے دونوں کے لیے فائدہ مند ہوں۔ Management Developement Program Bootcamp کا تصور بھی متعارف کرایا گیا جس میں ٹیم بلڈنگ کی مشقوں اور ٹیم لیڈرز کی تربیت پر توجہ دی گئی۔

اس کے ساتھ ساتھ کمپنی نے کلیکٹیو بارگیننگ ایجنٹ (CBA) کے ساتھ خوشگوار تعلقات کو برقرار رکھتے ہوئے ہم آہنگی اور صنعتی امن کو یقینی بنایا۔

کارپوریٹ سوشل ریسپانسبلٹی (CSR)

سال کے دوران، PRL نے اندرون سندھ کے سیلاب سے متاثرہ علاقوں میں ہنگامی طبی ادویات کا عطیہ کیا۔ یہ عطیہ فوج/رینجرز کے تعاون سے دیا گیا اور اسے مؤثر طریقے سے حیدرآباد، پنوں عاقل اور دیگر سیلاب سے متاثرہ علاقوں میں پہنچایا گیا۔

PRL نے دی سٹیزنز فاؤنڈیشن (TCF) سکول کے پروفیسر امانت علی کیمپس کے انتظامی اخراجات میں معاونت کے لیے ایک 10 سالہ عہد کیا ہے۔ PRL کے اس عطیے سے اسکول کے اساتذہ کی تنخواہوں وتربیت، طلبہ کے نصاب، یونیفارم، یوٹیلیٹیز اور دیگر انتظامی اخراجات میں معاونت کی جائے گی۔

کارپوریٹ گورننس

کمپنی کارپوریٹ گورننس کے اعلیٰ ترین معیاروں پر قائم رہنے کے لیے پرعزم ہے اور کمپنی کوڈ آف کارپوریٹ گورننس کے بہترین تجربات اور پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز کے مطابق بزنس کرتی ہے۔ مزید تفصیلات کے لیے براہِ مہربانی ''اسٹیٹمنٹ آف کمپلائنس وتھ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز'' ملاحظہ کریں۔

نقصان دہ کچرے کو جمع کرنے کے بعد تلف کرنا

سندھ انوائرنمنٹ پروٹیکشن ایجنسی (SEPA) کی ہدایات کے مطابق کورنگی اور کیماڑی ٹرمینل سے نقصان دہ کچرے کو جمع کرنے اور تلف کرنے کا حفاظتی عمل جاری رہا۔

ٹیکنیکل اور آپریشنز

مختلف اقسام کے خام تیل کی کامیاب پروسیسنگ سے پلانٹ نے زیادہ سے زیادہ ممکنہ پیداوار حاصل کی اور سال بھر محفوظ اور مؤثر طریقے سے کام جاری رہا۔ امسال ملک اور ریفائنری کی تاریخ میں پہلی مرتبہ روسی خام تیل URAL کو بھی کامیابی سے پروسیس کیا گیا۔

سال کے بیشتر حصے میں HSFO کی فروخت ایک چیلنج رہی اور HSD کی محدود طلب کے ساتھ ایک اور چیلنج کا اضافہ ہوا۔ تقریباً 6 مہینوں تک انتہائی کم فروخت (خاص طور پر HSFO) کی وجہ سے اسٹوریج کے چیلنجز کا بھی سامنا رہا۔ اس چیلنج کا کامیابی سے مقابلہ کیا گیا جس کے لیے چند خام تیل کے ٹینکس کو HSD/HSFO کی سروس میں شامل کیا گیا اور اس اقدام سے ان مصنوعات کی اسٹوریج کو کامیابی سے بڑھایا گیا۔ مزید برآں، آپ کی ریفائنری نے سال کے دوران پانچ HSFO کارگو برآمد کیے۔ یہ آپریشن 3 دہائیوں سے زائد عرصے کے بعد انجام دیا گیا تھا اور اس سے متعلقہ سہولیات کی فوری اپ گریڈیشن کی ضرورت تھی، جو کامیابی کے ساتھ انجام پائی۔

مزید یہ کہ، سپلائی میں بہتری کے لیے، گینٹریز کو مزید اپ گریڈ کیا گیا اور یہ سال بھر مکمل طور پر فعال رہیں۔ گینٹریز نے مجموعی طور پر سپلائیز کی نمایاں مقدار حاصل کی، جس میں 55 فیصد سے زائد MS اور تقریباً 50 فیصد HSFO سپلائیز ہیں۔

سال کے دوران انجینئرنگ کے متعدد اپ گریڈز کیے گئے جن میں کیماڑی میں کنٹرول سسٹمز کو اپ گریڈ کرنے سے لے کر فائر واٹر سسٹم کی اپ گریڈیشن، طوفانی پانی کی نکاسی سہولت کی فراہمی اور متعلقہ پائپس کی اپ گریڈیشن تاکہ موسمیاتی تبدیلیوں کے اثرات اور بارش کے بدلتے رجحانات سے نمٹا جا سکے۔

PRL نے Bureau Veritas پاکستان اور ANTEA SRL، اٹلی کے ساتھ مل کر پلانٹ کے آلات اور پائپنگ کے لیے رسک بیسڈ انسپیکشن (RBI) کی اسٹڈی کامیابی سے مکمل کر لی ہے۔ RBI ایک مربوط طریقہ کار ہے جو ناکامی کے امکانات اور ناکامی کی صورت میں پلانٹ کے آلات کے معائنے کے پروگرام کی ترجیحات اور متعلقہ انتظامات کا تعین کرتا ہے۔

PRL نے جون 2023 کے دوران 29 OHSA CFR 1910.11 (انتہائی خطرناک کیمیکلز کے پراسیس سیفٹی مینجمنٹ) کے تحت تھرڈ پارٹی آڈٹ کا بھی اہتمام کیا، جو Covid-19 کی وجہ سے 2019 سے نہیں کیا جا سکا تھا۔

کمرشل

ملکی درآمدات کے بوجھ کو کم کرنے کے حکومتی وژن کے تحت، PRL نے روس سے کروڈ آئل کی خریداری کا عمل شروع کیا۔ تکنیکی، ترسیلی اور مالیاتی چیلنجز کا مقابلہ کرتے ہوئے، آپ کی ریفائنری نے روسی کروڈ آئل کا پہلا آزمائشی کارگو کامیابی سے وصول کیا اور اسے پروسیس کیا جس سے PRL اور ملک دونوں کو اپنے کروڈ سپلائی کے ذرائع کو متنوع بنانے اور قیمتی زرمبادلہ بچانے میں مدد ملے گی۔

کمپنی کی کام جاری رکھنے کی صلاحیت پر کسی بھی قسم کے قابل ذکر شبہات نہیں ہیں۔

کریڈٹ ریٹنگ

رواں سال پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے کمپنی کی کریڈٹ ریٹنگ کا دوبارہ جائزہ لیا، جس میں کمپنی نے اپنی پہلے کی کریڈٹ ریٹنگ برقرار رکھی جو کہ طویل مدتی اینٹٹی ریٹنگ -A (سنگل اے مائنس) اور قلیل مدتی اینٹٹی ریٹنگ A2 (سنگل اے ٹو) ہے۔ یہ ریٹنگز کمپنی کی کریڈٹ ریٹنگ میں اعلیٰ کوالٹی اور کریڈٹ رسک سے متعلق بہت کم خطرات کو واضح کرتی ہیں۔ یعنی کمپنی مالیاتی وعدوں کے مطابق وقت پر ادائیگیوں کی بھرپور صلاحیت رکھتی ہے۔

پوسٹ ایمپلائمنٹ بینیفٹ فنڈز میں کی گئی سرمایہ کاری کی مالیت

پروویڈنٹ، گریجویٹی اور پنشن فنڈز کے غیر آڈٹ شدہ اکاؤنٹس برائے 30 جون 2023 کے مطابق سرمایہ کاری کی مالیت درج ذیل ہے:

	(روپے 000 میں)
پروویڈنٹ فنڈ	497,661
گریجویٹی فنڈ - مینجمنٹ اسٹاف	236,927
گریجویٹی فنڈ - نان مینجمنٹ اسٹاف	118,417
پنشن فنڈ - مینجمنٹ اسٹاف	1,379,471
پنشن فنڈ - نان مینجمنٹ اسٹاف	185,279

ہیلتھ، سیفٹی، انوائرنمنٹ اور کوالٹی (HSEQ)/ صحت، سلامتی، ماحول اور معیار

سیف مین آورز

PRL کا گول زیرو انسیڈنٹ کا اصول، ملازمین اور تمام اسٹیک ہولڈرز کی حفاظت اور بہبود کو یقینی بنانے کے لیے ایک مضبوط عزم کا اعادہ ہے۔ پی آر ایل نے 30 جون 2023 تک بغیر کسی لوسٹ ٹائم انسیڈنٹ (LTI) کے 1.4 ملین مین آورز کامیابی سے مکمل کیے ہیں جو کہ حفاظتی کلچر کی پختگی اور مؤثر انتظامی نظام کا ثبوت ہے۔

HSEQ ایکسٹرنل آڈٹ

آئی ایم ایس (ISO اسٹینڈرڈز 45001، 9001، اور 14001) پر مبنی تھرڈ پارٹی سرویلنس آڈٹ نومبر 2022 میں کیا گیا جس میں کوئی عدم تعمیل یا خاص مشاہدہ سامنے نہیں آیا۔

قانونی تقاضوں کی تعمیل

کمپنی نے سندھ انوائرنمنٹ کوالٹی اسٹینڈرڈز کے تمام پیرامیٹرز کے نتائج برقرار رکھے اور انوائرنمنٹل مینجمنٹ پلان (EMP) کی مکمل تعمیل کی۔

امسال، ملک میں HSFO کی مانگ میں نمایاں کمی واقع ہوئی جس سے مصنوعات کی اسٹوریج کے مسائل پیدا ہوئے اور ریفائنری آپریشنز کو خطرہ لاحق ہوا۔ اگر HSFO کی مقامی مانگ کم رہتی ہے تو اس سے کمپنی کے آپریشنز پر منفی دباؤ پڑے گا اور کمپنی اپنے آپریشنز جاری رکھنے کے لیے HSFO کو رعایتی قیمت پر برآمد کرنے پر مجبور ہوگی۔

مستقبل کے امکانات اور خطرات پر قابو پانے کے اقدامات

کمپنی نے REUP پہ کام جاری رکھا ہے جس کے مندرجہ ذیل مقاصد ہیں:

i) EURO V معیار کے حامل MS اور HSD کی تیاری؛

ii) روزانہ کی کروڈ آئل پروسیسنگ کی صلاحیت میں 50,000 سے 100,000 بیرل تک توسیع؛ اور

iii) ہائیڈرواسکمنگ ریفائنری کی ڈیپ کنورژن ریفائنری میں اپ گریڈیشن سے خود انحصاری کا حصول، جس سے ہائی سلفر فرنیس آئل کی پروڈکشن میں واضح کمی واقع ہوگی۔

میسرز وڈ گروپ یو کے لمیٹڈ بطور FEED کنٹریکٹر کام کر رہا ہے اور ستمبر 2024 تک FEED مکمل ہونے کی توقع ہے۔ کمپنی عالمی ٹیکنالوجی لائسنس دہندگان کے ساتھ بھی رابطے میں ہے۔ پروجیکٹ کی لاگت کا تعین FEED اسٹڈی کی تکمیل کے بعد کیا جائے گا، اس کے بعد فنانشل کلوز اور انجینئرنگ، پروکیورمنٹ اینڈ کنسٹرکشن (EPC) کنٹریکٹ ایوارڈ کیا جائے گا۔

ڈیویڈنڈ (منافع منقسمہ)

ڈائریکٹرز نے REUP سے متعلق مستقبل کی مالیاتی ضروریات کو پورا کرنے کے پیش نظر 30 جون 2023 کو ختم شدہ سال کے لیے کوئی منافع منقسمہ نہ دینے کا فیصلہ کیا ہے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

کمپنی کے مالیاتی گوشوارے انتظامیہ کی جانب سے تیار کئے گئے ہیں جن میں کمپنی کے معاملات، اس کے کاروباری نتائج، کیش فلوز اور ایکوئٹی میں تبدیلیوں کو پیش کیا گیا ہے۔

کمپنی نے کمپنیز ایکٹ 2017 کے تحت گوشواروں کی باقاعدہ کتابیں رکھی ہیں۔

کمپنی نے اپنے مالیاتی گوشواروں کی تیاری میں پائیدار اور مناسب اکاؤنٹنگ پالیسیوں پر عمل درآمد کیا ہے۔ اکاؤنٹنگ پالیسیوں میں تبدیلیاں، اگر کہیں کی گئی ہیں تو انہیں، بہتر انداز میں مالیاتی گوشواروں میں واضح کیا گیا ہے۔ اکاؤنٹنگ تخمینے احتیاط اور موزوں اندازے کی بنیاد پر لگائے گئے ہیں۔

مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو بین الاقوامی فنانشل رپورٹنگ اسٹینڈرڈز پر عمل کیا گیا ہے اور کسی طرح کے بھی انحراف کو باقاعدہ واضح کیا گیا ہے۔

کمپنی میں اندرونی ضابطے کا موثر نظام موجود ہے اور اس پر مسلسل عمل درآمد اور نگرانی جاری رہتی ہے۔

کمپنی نے ریفائنری ایکسپینشن اینڈ اپ گریڈ پروجیکٹ (REUP) کے فرنٹ اینڈ انجینئرنگ ڈیزائن (FEED) اسٹڈی پر کام جاری رکھا اور 30 جون 2023 تک اس پہ 2.17 بلین روپے خرچ کیے جا چکے ہیں۔

ناموافق اقتصادی حالات کی وجہ سے پاکستانی روپے کی قدر میں نمایاں کمی واقع ہوئی اور پاکستانی روپے کی قدر جو امریکی ڈالر کے مقابلے میں یکم جولائی 2022 کو 204.41 روپے تھی اس میں 40.2 فیصد کمی واقع ہوئی اور 30 جون 2023 کو 286.60 روپے ہوگئی۔ نتیجتاً، کمپنی کو سال کے دوران زرمبادلہ کے لین دین میں 6.9 بلین روپے کا نقصان ہوا لیکن ایکس ریفائنری پروڈکٹ پرائسنگ کے ذریعے اس نقصان کا ازالہ کیا گیا۔

معاشی عدم استحکام اور ملکی کریڈٹ ریٹنگ میں کمی کی وجہ سے، پاکستانی بینکس کی جانب سے کھولی گئیں کروڈ آئل کی ایل سیز کی تصدیق مشکل اور مہنگی ہوگئی۔ کمپنی اس مسئلے کو حل کرنے کے لیے وزارت خزانہ (MoF)، اسٹیٹ بینک آف پاکستان (SBP)، وزارت توانائی (MoE)، مقامی بینکس اور ایل سیز کی تصدیق کرنے والے غیر ملکی بینکس کے ساتھ مسلسل رابطے میں رہی۔ واضح رہے کہ ریفائنریز اپنی مصنوعات کی قیمتوں میں یہ اضافی چارج وصول کرنے سے قاصر ہیں۔

30 جون 2023 کو ختم ہونے والے سال کے بعد حکومت پاکستان نے براؤن فیلڈ ریفائنریز کے لیے ریفائننگ پالیسی کی منظوری دے دی ہے۔ اس نئی پالیسی کا مطالبہ ریفائننگ سیکٹر کی جانب سے کیا گیا تھا جس کا اصل مقصد اس شعبے میں اپ گریڈ کرنے کے لیے انتہائی ضروری سرمایہ کاری کو راغب کرنا ہے۔ اس پالیسی کی نمایاں خصوصیات یہ ہیں:

- ایکس ریفائنری پرائسنگ انسینٹیو- MS پر 10 فیصد اور HSD پر 2.5 فیصد کسٹمز ڈیوٹی شامل (موجودہ 7.5 فیصد کے علاوہ)۔
- پالیسی کے نافذ ہونے کے بعد پرائسنگ انسینٹیوز 6 سال کے لیے مؤثر ہوں گے۔
- پالیسی انسینٹیوز کی کل رقم متعلقہ پروجیکٹ کی لاگت کے 25 فیصد تک محدود رہے گی اور اضافی رقم IFEM پول میں جمع کردی جائے گی۔
- انسینٹیوز کی مجموعی رقم ایسکرو اکاؤنٹ میں جمع کرائی جائے گی جو OGRA کے ساتھ مشترکہ طور پر آپریٹ کیا جائے گا۔
- ریفائنریز OGRA کے ساتھ ایک معاہدہ کرنے کی پابند ہیں جس میں پروجیکٹ کی تفصیلات، سنگ میل، ٹیکنالوجی کی تفصیلات، تکمیل کے بعد پروڈکٹ سلیٹ وغیرہ شامل ہوں گی۔

اصل خطرات اور غیر یقینی صورتحال

ریفائنری حکومت پاکستان کے پالیسی فریم ورک کے تحت کام کرتی ہے۔ وزارت توانائی کی جانب سے کچھ پروڈکٹس کی قیمتوں کا تعین باضابطہ / زیرنگرانی ہے جو بنیادی طور پر درآمدی قیمت سے یکسانیت کی بنیاد پر ہے۔ کروڈ آئل اور ریفائنڈ پیٹرولیم پروڈکٹس کی عالمی قیمتوں میں تبدیلی اور وزارت توانائی کی جانب سے مقامی طور پر قیمتوں کے تعین کے طریقہ کار سے کمپنی کے نتائج پر اہم اثرات مرتب ہوسکتے ہیں۔

ریفائنری کی پروڈکٹس کے معیار کا تعین حکومت کی طرف سے کیا جاتا ہے اور ریفائنری کو مقرر کردہ ان معیاروں پر سختی سے عمل کرنا ہوتا ہے۔ ان معیاروں میں کسی بھی قسم کی تبدیلی کی صورت میں ریفائنری کو آپریشنل پیرامیٹرز میں تبدیلی لانی پڑتی ہے جو کہ کمپنی کے نتائج پر منفی اثرات مرتب کرسکتی ہے۔

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2023 کو ختم ہونے والے سال کے لیے اپنی سالانہ رپورٹ بشمول آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کررہے ہیں۔

مالیاتی نتائج

	2023	2022
	(روپے 000 میں)	
منافع برائے سال	**1,824,967**	12,573,450
دیگر مشترکہ (خسارہ) / آمدنی	**(64,097)**	8,975,950
ٹوٹل مشترکہ منافع	**1,760,870**	21,549,400
فی شیئر منافع	**Rs. 2.90**	Rs. 19.96
تخصیص (اپروپریئیشن):		
اسپیشل ریزرو میں منتقلی	**1,724,967**	12,473,450

اقتصادی طور پر موزوں کروڈ کی خریداری، زائد منافع بخش مصنوعات کی پیداوار، انوینٹری پلاننگ، کیش فلو مینجمنٹ، اخراجات میں کمی کے اقدامات وغیرہ جیسے عوامل کے ذریعے کمپنی نے 30 جون 2023 کو ختم ہونے والے سال کے لیے 1.82 بلین روپے کا بعد از ٹیکس منافع کمایا جو گزشتہ سال 12.57 بلین روپے تھا۔

یہ بات قابل ذکر ہے کہ یہ منافع ملکی اور بین الاقوامی سطح پہ انتہائی منفی اقتصادی حالات کے باوجود حاصل کیا گیا۔ ملک کو درپیش معاشی مشکلات کے نتیجے میں مالی سال 23-2022 کے دوران روپے کی قدر میں مسلسل کمی واقع ہوئی، افراط زر میں بے تحاشہ اضافہ ہوا اور شرح سود بلند ترین سطح پر پہنچ گئی۔ یہ منفی عوامل ملک کی کریڈٹ ریٹنگ میں کمی سے مزید بڑھ گئے۔ اس قسم کی مشکلات کے باوجود منافع بخش پوزیشن کو برقرار رکھنے کا کریڈٹ کمپنی کو جاتا ہے اور اس طرح کی شاندار کارکردگی مستقبل کے لیے ایک اچھی علامت ہے۔

کمپنی امور کی صورتحال اور اُن کا جائزہ

کمپنی امور اور ان کی نگرانی سے متعلق اہم اقدامات کا مختصر جائزہ درج ذیل ہے:

کمپنی کی آپریشنل اسٹریٹجی کی بدولت ممکنہ بہترین پروڈکٹ مکس کا حصول ممکن ہوا اور زائد منافع بخش مصنوعات (HSD ڈیزل اور MS پیٹرول) کی مسلسل پیداوار اور فراہمی جاری رہی۔

سال کے دوران ہائی سلفر فرنیس آئل (HSFO) کی مقامی طلب میں نمایاں کمی آئی جس نے کمپنی کو 115,000 میٹرک ٹن HSFO برآمد کرنے پر مجبور کیا مگر اس اقدام سے ریفائنری زبردستی بندش سے محفوظ رہی۔

چیئرمین کا جائزہ

مجھے شیئر ہولڈرز کو پاکستان ریفائنری لمیٹڈ (کمپنی) کی 63 ویں سالانہ رپورٹ برائے سال ختم شدہ 30 جون 2023 پیش کرتے ہوئے بڑی خوشی محسوس ہو رہی ہے۔

کمپنی نے اپنے منافع کے رجحان کو برقرار رکھتے ہوئے گزشتہ سال کے ریکارڈ 12.6 بلین روپے کے مقابلے میں اس سال 1.8 بلین روپے کا بعد از ٹیکس منافع کمایا۔ موجودہ سال کے ان نتائج کا حصول سال بھر برقرار رہنے والے مشکل اور بعض اوقات منفی معاشی حالات کے پیش نظر آسان نہیں تھا اور جس کی وجہ سے ملکی زرمبادلہ کے ذخائر کم ہوئے، پاکستانی روپے کی قدر میں کمی آئی، شرح سود میں زبردست اضافہ ہوا اور افراطِ زر بلندترین سطح پر پہنچ گئی۔ اس سال کا منافع گزشتہ سال کے مقابلے میں اس لئے بھی کم ہے کہ گزشتہ سال عالمی سیاسی تنازعات کے باعث اجناس کی قیمتوں میں غیر معمولی اضافہ ہوا بشمول گراس ریفائننگ مارجنز (GRMs) جس میں اس سال کمی واقع ہوئی۔

آپ کی کمپنی ریفائنری ایکسپینشن اینڈ اپ گریڈ پروجیکٹ (REUP) کے لیے پرعزم ہے جس کے فرنٹ اینڈ انجینئرنگ ڈیزائن (FEED) فیز پر کام جاری ہے اور ٹیکنالوجی کے متعلقہ لائسنس دہندگان کی تقرری کے ساتھ کمپنی نے پروجیکٹ کی تکمیل پر اپنی توجہ مرکوز کر رکھی ہے۔ پلان کے مطابق FEED پر کام ستمبر 2024 تک مکمل ہو جائے گا اور اس کے بعد فنانشل کلوز اور انجینئرنگ، پروکیورمنٹ اور کنسٹرکشن (EPC) کنٹریکٹ ایوارڈ کیا جائے گا۔ منصوبے کے بروقت فنانشل کلوز کے حصول کے لیے، PRL ممکنہ سرمایہ کاروں کے ساتھ مصروف عمل ہے اور اس سلسلے میں، کچھ اداروں کے ساتھ مفاہمتی یادداشت (MoUs) پر دستخط کیے گئے ہیں اور کمپنی کے REUP میں دلچسپی رکھنے والے دیگر ممکنہ سرمایہ کاروں کے ساتھ بھی اسی طرح کی بات چیت جاری ہے۔

بورڈ اور انتظامیہ کی مشترکہ کوششوں کو ایک اور نمایاں کامیابی اس وقت ملی جب اس مالی سال کی مدت کے اختتام کے بعد حکومت پاکستان نے براؤن فیلڈ پروجیکٹس کے لیے ریفائننگ پالیسی کی منظوری دی۔ یہ پالیسی سرمایہ کاری کو راغب کر کے موجودہ ریفائنریز کی اپ گریڈنگ کو بڑھائے گی اور PRL سمیت پورے ریفائننگ سیکٹر کے لیے ایک امید افزا مستقبل کو یقینی بنائے گی۔

ہیلتھ، سیفٹی، انوائرمنٹ اور کوالٹی (HSEQ) اسٹینڈرڈز کی پاسداری کمپنی کی اولین ترجیحات میں شامل ہے۔ آپ کی کمپنی نے تمام تر ضروری امور کے مسلسل جائزے کے ساتھ ایک بار پھر تمام HSEQ کے مطلوبہ اہداف کے کامیاب حصول کو یقینی بنایا اور ضرورت محسوس ہونے پر نظرِ ثانی کے تحت اسے مزید مستحکم کیا۔ PRL ایک ذمہ دار کارپوریٹ ادارہ ہے اور سال کے دوران اس نے اپنے کارپوریٹ سوشل ریسپانسبلٹی پروگرامز کے تحت پاکستان رینجرز کے اشتراک سے سندھ کے سیلاب سے متاثرہ علاقوں کے لیے طبی سامان فراہم کر کے ہنگامی امدادی سرگرمیوں میں دل کھول کر حصہ لیا۔ مزید یہ کہ تعلیمی شعبے میں آپ کی ریفائنری نے دی سٹیزن فاؤنڈیشن کے زیرِ انتظام پروفیسر امانت علی کیمپس اسکول کو مالی معاونت فراہم کرنے کے لیے منتخب کیا۔

30 جون 2023 کو ختم ہونے والے سال کے مالیاتی نتائج کی تفصیل منسلکہ ڈائریکٹرز رپورٹ اور فنانشل اسٹیٹمنٹ میں وضاحت سے کی گئی ہے۔

مذکورہ بالا نتائج کمپنی کے تمام ملازمین کی لگن، محنت اور عزم کے بغیر حاصل نہیں کیے جا سکتے تھے جس کے لئے میں ان کا مشکور ہوں۔ میں مسلسل معاونت کرنے والے اپنے قابل قدر صارفین، ساتھی ڈائریکٹرز، وزارت توانائی، حکومت پاکستان اور دیگر تمام اسٹیک ہولڈرز کا بھی ممنون و مشکور ہوں۔

طارق کرمانی
چیئرمین

کراچی: 18 اگست 2023

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **Sixty-third (63rd) Annual General Meeting** of **Pakistan Refinery Limited** will be held on **Wednesday, September 27, 2023 at 10:00 hours** at the premises of the Company situated at Korangi Creek Road, Karachi as well as through **video-link facility** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and approve the Audited Financial Statements of the Company for the year ended June 30, 2023 together with the Reports of the Board and the Auditors thereon.

2. To appoint Company's Auditors for the year ending June 30, 2024 and to fix their remuneration.

3. To elect Ten (10) Directors of the Company as fixed by the Board of Directors in their Meeting held on August 18, 2023 in accordance with the provisions of section 159(1) of the Companies Act 2017 for a period of three years commencing from October 8, 2023.

The retiring Directors are:

1) Mr. Tariq Kirmani
2) Mr. Abid Shahid Zuberi
3) Mr. Aftab Husain
4) Mr. Mohammad Abdul Aleem
5) Mr. Mohsin Ali Mangi
6) Mr. Nadeem Safdar
7) Mrs. Rushna Fawad
8) Syed Jehangir Ali Shah
9) Syed Muhammad Taha
10) Ms. Tara Uzra Dawood

SPECIAL BUSINESS

4. To consider and approve the circulation of the Annual Audited Financial Statements (including Balance Sheet, Profit and Loss Account, Auditor's Report, Director's Report and other reports contained therein) to Members of the Company through QR enabled code and weblink, as allowed by the Securities and Exchange Commission of Pakistan vide S.R.O. 389(0)/2023 dated March 21, 2023.

ANY OTHER BUSINESS

5. To transact any other business with the permission of the Chair.

By Order of the Board

Shehrzad Aminullah
Company Secretary

Karachi:
Date: September 5, 2023

NOTES:

1. In accordance with the provisions of the Companies Act, 2017, the Annual Report containing the Annual Audited Financial Statements for the year ended June 30, 2023 is available on the Company's website.

2. In light of the continuing spread of CoViD-19 and to protect the wellbeing of the Shareholders, the Securities and Exchange Commission of Pakistan ("SECP"), in terms of its Circular No. 6 of 2021, directed the listed companies to hold their meetings virtually in addition to the requirements of holding physical meetings. In order to facilitate the Shareholders, the Company has made arrangements to ensure that all participants, including Shareholders, can now participate in the AGM proceedings through video-link as well.

3. A member, who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and CDC Account/Sub-account Number along with original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.

4. In order to attend the Meeting through video-link facility, the Members are requested to get themselves registered not later than 72 hours before the Meeting by providing the following information to the contact details stated at bottom of this Note 4. In case of the information sent through courier, the same should be received at the Company's Office by September 23, 2023:

Full Name	CNIC No.	Folio/CDS No.	Email Address	Cell No.

Copy of CNIC will be required with the abovementioned information. The video-link for the Meeting will be sent to the Members on their provided email addresses enabling them to attend the Meeting on the given date and time. The login facility will remain open from 9:30 am till the end of the Meeting. In case of any suggestions or comments for the agenda items, the Members may send the same at the email address mentioned below:

Pakistan Refinery Limited
P.O. Box 4612, Korangi Creek Road, Karachi-75190
Telephone: +92 21 35092631 (Direct) / +9235122131-40 (Ext: 284)
WhatsApp: +92 3080930461
Email: companysecretarial@prl.com.pk

5. The Share Transfer Books of the Company will be closed from Wednesday, September 20, 2023 to Wednesday, September 27, 2023 (both days inclusive). Transfers should be received at the Share Registrar Office by close of business on Tuesday, September 19, 2023. The Members whose names are appearing in the Register of Members at the end of September 19, 2023 are entitled to attend, participate and vote at the Meeting.

6. Individual Members who have not yet submitted a copy of their valid Computerized National Identity Card (CNIC) to the Company are once again requested to send a copy of their valid CNIC at the earliest directly to the office of the Share Registrar of the Company, FAMCO Associates (Private) Limited, 8-F, near Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shahra-e-Faisal, Karachi ("Share Registrar Office"). Corporate Members are requested to provide their National Tax Number (NTN) and Folio Number. In case of non-receipt of the copy of a valid CNIC or NTN (as the case may be), the Company would be unable to comply with the requirements of the Companies Act, 2017 and SROs issued thereunder.

7. **Requirements for appointing Proxies**

A Member entitled to attend and vote at the Meeting may appoint another Member as his/her proxy to attend, speak and vote at the Meeting on his/her behalf through video-link. The instrument appointing Proxy, as per the format available at Company's website, must be submitted at the Share Registrar's Office (M/s. FAMCO Associates (Private) Limited, 8-F, near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi) or Pakistan Refinery Limited, P.O. Box 4612, Korangi Creek Road, Karachi-75190 not less than 48 hours before the time of the Meeting.

For appointing Proxies:

i) In case of Individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded shall submit the Proxy Form as per the above requirement.
ii) The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies of CNIC or Passport of the beneficial owners and the Proxy shall be furnished with the Proxy Form.
iv) In case of Corporate Entity, the Board of Directors' Resolution/Power of Attorney with specimen signature of the Nominee shall be submitted (unless it has been provided earlier) along with Proxy Form to the Company.
v) The Proxy shall produce his original CNIC or original valid passport at the time of the Meeting.

8. **Updation of Shareholder Addresses/other particulars:**

Members are requested to notify the Company if there is any change in their addresses or other particulars immediately; in case of physical shares, to the Company/Share Registrar and for CDC shares, to the respective Central Depository System (CDS) Participants.

Further, to comply with requirements of Section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, all CDC and Physical Shareholders are requested to provide their email address and cell phone numbers incorporated / updated in their Physical Folio or CDC Account.

9. **Conversion of Physical Shares into CDC Account**

The Securities and Exchange Commission of Pakistan (SECP) has issued a letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021 addressed to all listed companies drawing their attention towards the provision of Section 72 of the Companies Act, 2017 (Act) which requires them to replace shares issued by them in physical form with shares in the Book Entry Form within a period not exceeding four years from the date of the promulgation of the Act.

In order to ensure full compliance with the provisions of the aforesaid Section 72 and to benefit from the facility of holding shares in the Book Entry Form, the Shareholders who still hold shares in physical form are requested to convert their shares in the Book Entry Form.

10. **Electronic Transmission of Annual Reports and Notices**

SECP has allowed Companies to circulate the Annual Report to its Members through CD/DVD/USB at their Registered Addresses. In view of the above, the Company has sent its Annual Report to its Members in the form of DVD. Any Member requiring printed copy of Annual Report may send a request using a Standard Request Form placed on the Company's Website.

Transmission of Annual Financial Statements through after email

In Pursuance of the directions given by SECP, those Members who desire to receive Annual Financial Statements in future through email instead of receiving the same by post are advised to give their formal consent along with their valid email address on a Standard Request Form which is available at the Company's Website i.e. http://www.prl.com.pk and send the said form duly filled in and signed along with a copy of his/her valid CNIC/Passport at the Share Registrar Office. Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional. In case you do not wish to avail this facility please ignore this Note.

11. **Election of Directors**

For Election of Directors, any person who seeks to contest the Election shall, whether he/she is a retiring director or otherwise, send his/her nomination for Election, duly signed by the Member or Members making the nomination or by their duly authorized representative, to the Company at its registered office, Pakistan Refinery Limited, P.O. Box # 4612, Korangi Creek Road, Karachi 75190, Pakistan, which should be received not less than fourteen (14) clear days before the date of the Meeting in terms of Section 159(3) of the Companies Act, 2017.

12. **Categories for Election of Directors**

In compliance with the provisions of Regulation 7A of the Listed Companies (Code of Corporate Governance) Regulation, 2019 Election of Directors will be held in the following categories:

1. Female Director
2. Independent Directors
3. Other Directors

Any member while submitting his/her Notice of Intention shall select any one of the above categories and clearly mention his Notice of Intention for which category he/she seeks to contest the Election of Directors.

13. **Candidates for Directorship**

Every nomination of a candidate for Election must be accompanied with the following documents:

Consent of the Candidate to act as Director in Form 28, duly completed and signed by the Candidate, as required by the Companies Act 2017;

Declaration of the Candidate for being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the eligibility criteria as set out in the Companies Act 2017 to act as Director of a Listed Company;

Confirmation of the Candidate that he/she is not serving as Director in more than seven listed companies simultaneously, provided that his/her limit shall not include the directorship in the listed subsidiary; and

A detailed Profile of the Candidate along with a copy of valid CNIC, Folio or CDC Account Number, Contact details and Office Address.

In case of an Independent Director, a declaration of the candidate as per the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Potential candidates may contact the Company Secretary at companysecretarial@prl.com.pk for any queries or assistance on the above.

The final list of contesting directors will be circulated not later than seven days before the date of the said Meeting.

14. **Postal Ballot**

For Voting through Postal Ballot Members may exercise their right to vote as per provisions of the Companies (Postal Ballot) Regulations, 2018, subject to the requirements of Section 143 and 144 of the Companies Act, 2017. Further details in this regard will be communicated to the shareholders within legal time frame as stipulated under these said Regulations.

15. **Proxy Form**

A Proxy Form is enclosed and is also available on the Company's Website.

STATEMENT OF MATERIAL FACTS UNDER SECTION 166(3) OF THE COMPANIES ACT 2017

The Term of Office of the Retiring Directors will expire on October 7, 2023 and the Board of Directors of Pakistan Refinery Limited ("the Company") will be re-constituted for the next term of three years by electing ten (10) directors including four (4) independent directors and one (1) female director in Annual General Meeting to be held on September 27, 2023.

Section 166(3) of the Companies Act 2017 provides that a statement of material facts is annexed to the Notice of the General Meeting called for the purpose of Election of Directors which shall indicate the justification for choosing the appointee for appointment as Independent Director.

Pursuant to the above mentioned provision, Independent Directors will be elected through the process of Election of Directors as laid down under Section 159 of the Companies Act, 2017.

The Company will ensure that the Independent Directors to be elected meet the criteria set out for independence under Section 166 of the Companies Act, 2017 and regulations issued thereunder and their names are listed on the data bank of Independent Directors maintained by Pakistan Institute of Corporate Governance. The Company while selecting Independent Directors shall assess respective competencies, diversity, skill, knowledge and experience of the Candidate.

The Candidates are requested to read the relevant provisions/requirements relating to the Appointment/Election of Directors, as mentioned in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 and ensure compliance with the same in letter and spirit.

FORM OF PROXY

Sixty Third (63rd) Annual General Meeting 2023

I/We ______________________________ S/o D/o W/o ______________________________ ,
CNIC ______________________________ being a member of Pakistan Refinery Limited and
holder of ______________________ Ordinary Shares as per Registered Folio No. ____________
and/or CDC Participant I.D. No. ______________ and Sub Account No. __________________
hereby appoint ___________________________ S/o D/o W/o ______________________
CNIC _________________ or failing him/her __________________________________
as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on September 27, 2023 and at any adjournment thereof.

Signed under my / our hands on this __________ day of __________, 2023

____

Signature of Member

(Signature should agree with the specimen signature registered with the Company and in case of shares held in electronic form signature should agree with the specimen as per CNIC)

Signed in the presence of:

_____________________ _____________________

Signature of Witness 1 Signature of Witness 2

Notes:

1. This Proxy Form duly completed and signed, together with the Power of Attorney or other Authority pursuant to which this proxy is signed must be received at the Registered Office of the Company i.e. PAKISTAN REFINERY LIMITED, Korangi Creek Road, P.O. Box 4612, Karachi - 75190 not less than 48 hours before the time of holding the Meeting.
2. The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
3. Attested copies of CNIC or Passport of the Appointer and the Proxyholder shall be furnished with the Proxy Form.
4. The Proxyholder shall produce his/her original CNIC at the time of the Meeting.
5. In case of a Corporate Entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted along with the Proxy Form.

FAMCO Associates (Private) Limited
8-F, near Hotel Faran, Nursery, Block - 6, P.E.C.H.S.,
Shahrah-e-faisal, Karachi.
Tel: (92-21) 34380101-5, Fax (92-21) 34380106
Website: www.famco.com.pk

پراکسی فارم

تریسٹھواں (۶۳واں) سالانہ اجلاس عام ۲۰۲۳

میں/ہم ______ ولد، بنت، زوجہ ______

CNIC ______ بحیثیت رکن/ ارکان پاکستان ریفائنری لمیٹڈ اور رجسٹرڈ فولیو نمبر ______

اور ______ عمومی حصص کے حامل ہیں، بذریعہ ہذا محترم/محترمہ ______ ولد، بنت، زوجہ

______ CNIC ______ کو میری/ ہماری جانب سے بحیثیت مختار (پراکسی) سالانہ اجلاس عام

منعقدہ ۲۷ ستمبر، ۲۰۲۳ میں ووٹ دینے کا اختیار ہوگا اور اجلاس ملتوی ہونے کی صورت میں بھی یہی میرے مختار (پراکسی) ہونگے۔

دستخط ______ ویں روز ______ ۲۰۲۳ کو کئے گئے۔

______

ممبر کے دستخط

(دستخط کمپنی کے ریکارڈ میں موجود نمونہ دستخط سے مماثل ہونے چاہئیں)

دستخط روبرو گواہان:

گواہ ۱: ______ گواہ ۲: ______

نوٹ:

1۔ یہ پراکسی فارم مکمل اور دستخط شدہ، پاور آف اٹارنی یا دیگر اتھارٹی کے ساتھ جس پر اس پراکسی پر دستخط کیے گئے ہیں، کمپنی کے رجسٹرڈ آفس میں موصول ہونا ضروری ہے یعنی (پاکستان ریفائنری لمیٹڈ، کورنگی کریک روڈ، پی او باکس 4612، کراچی - 75190) میٹنگ کے انعقاد کے وقت سے کم از کم 48 گھنٹے پہلے۔

2۔ پراکسی فارم پر دو گواہان کے دستخط ہوں گے جن کے نام، ایڈریس اور سی این آئی سی نمبر فارم پر درج ہوں گے۔

3۔ منتخب کرنے والے فرد اور پراکسی کے سی این آئی سی کی تصدیق شدہ کاپیاں فارم کے ساتھ جمع کرائی جائیں گی۔

4۔ پراکسی ہولڈر کو اجلاس کے وقت اپنا اصل قومی شناختی کارڈ پیش کرنا لازمی ہوگا۔

5۔ کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی کی کاپی نامزد فرد کے دستخط کے نمونے کے ساتھ پراکسی فارم کے ساتھ جمع کرانے ہوں گے۔

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