



National Refinery Limited

2023 ANNUAL REPORT

Refining with Vision



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OPTICAL
CHEMICAL
CONDENSER

TRUST AGE
MULTI-TRAY

SAFETY
EQUIPMENT

SAFETY
EQUIPMENT

COMPANY OVERVIEW



VISION

Our passion is to attain distinctive leadership amongst the corporate success stories of tomorrow.

We at NRL recognize that realization of this passion needs superior professional competencies, continuous value addition and improvising, development of human capital and complete commitment to safety, occupational health and environment.



MISSION

- To remain the premium and preferred supply source for various petroleum products and petrochemicals.
- Offer products that are not only viable in terms of desirability and price but most importantly give true and lasting value to our customers.
- Deliver strong returns on existing and projected investments of our stakeholders by use of specialised and high quality corporate capabilities.
- Business development by adoption of emerging technologies, growth in professional competence, support to innovation, enrichment of human resource and performance recognition.
- Be a responsible corporate citizen by serving the community through a variety of socio-economic acts and maintaining a high level of safety, occupational health and environmental care.





CORE VALUES

Following concepts and ideas guide the Management and Staff of National Refinery Limited in conducting its business practices in most ethical ways:

1. Ethical Conduct and Integrity

We value lifestyle in our organization where ethics like truth, honesty, integrity and fair play are basic ingredients while interacting within the organization or dealing with the outside world.

2. Teamwork and Responsibility

We share information and resources and step in to help out other team members. Conflicts are worked out in spite of obstacles and difficulties. We accept responsibility with “can do” attitude.

3. Customer satisfaction

We endeavor to provide quality products to our customers at competitive prices. We value their satisfaction essential for continued growth of our business.

4. Continuous improvement

We generate new ideas and creative approaches to upgrade and update our refinery to best available technology and processes so that our products are at the level of internationally accepted standards.

5. Profitability

We believe in enhancing our profitability to the maximum so that Employees, Shareholders and Government all benefit from it.

6. Corporate Citizenship

As a good Corporate Citizen, we are more than willing and happy to meet our social responsibilities towards the community around us. We are also committed to meet requirements of health, safety and environment.



CORPORATE INFORMATION

Board of Directors

Laith G. Pharaon

Alternate Director: Mohammad Raziuddin

Wael G. Pharaon

Alternate Director: Babar Bashir Nawaz

Shuaib A. Malik - Chairman

Shamim Ahmad Khan

Abdus Sattar

Sajid Nawaz

Khondamir Nusratkhujiev

Chief Executive Officer

Jamil A. Khan

Chief Financial Officer

Nouman Ahmed Usmani

Company Secretary

Muhammad Atta ur Rehman Malik

Audit Committee

Shamim Ahmad Khan

Chairman

Abdus Sattar

Member

Babar Bashir Nawaz

Member

Alternate Director for Mr. Wael G. Pharaon

Shaikh Ather Ahmed

Secretary

Human Resource and Remuneration (HR&R) Committee

Shamim Ahmad Khan

Chairman

Shuaib A. Malik

Member

Babar Bashir Nawaz

Member

Alternate Director for Mr. Wael G. Pharaon

Jamil A. Khan

Member

Nouman Ahmed Usmani

Secretary

CORPORATE INFORMATION

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisor

Ali Sibtain Fazli & Associates
Legal Advisors, Advocates & Solicitors

Bankers

Habib Bank Limited
Meezan Bank Limited
Allied Bank Limited
National Bank of Pakistan
Bank Alfalah Limited
United Bank Limited
Askari Bank Limited
Faysal Bank Limited

BankIslami Pakistan
Habib Metropolitan Bank Limited
Dubai Islamic Bank
The Bank of Punjab
MCB Bank Limited
Samba Bank Limited
Industrial & Commercial Bank of China Limited
Bank AL-Habib Limited

Registered Office

7-B, Korangi Industrial Area, Karachi-74900
P.O. Box: 8228, Karachi-74900
UAN: +92-21-111-675-675
PABX: +92-21-35064981-86
+92-21-35064977-79
Website: www.nrlpak.com
E-mail: info@nrlpak.com

Share Registrar

CDC Share Registrar Services Limited
CDC House, 99-B, Block 'B', S.M.C.H.S.,
Main Shakra-e-Faisal, Karachi – 74400.
Tel: (Toll Free) 0800-23275
Fax: +92-21-34326053
Email: info@cdcsrsl.com
Website: www.cdcsrsl.com

NRL AT A GLANCE

FIRST LUBE REFINERY

BEFORE RE-VAMP

Design capacity	3,976,500 barrels per year of Crude Oil processing
Design capacity	533,400 barrels per year of Lube Base Oils
Date Commissioned	June 1966
Project Cost	Rs. 103.9 million

AFTER RE-VAMP

Design capacity	5,610,000 barrels per year of Crude Oil processing
Design capacity	568,860 barrels per year of Lube Base Oils
Date Commissioned	September 2020
Project Cost of Revamping	Rs. 1,562 million

FUEL REFINERY

BEFORE RE-VAMP

Design capacity	11,385,000 barrels per year of Crude Oil processing
Date Commissioned	April 1977
Project Cost	Rs. 607.5 million

AFTER FIRST RE-VAMP

Design capacity	16,500,000 barrels per year of Crude Oil processing
Date Commissioned	February 1990
Project Cost of Revamping	Rs. 125.0 million

AFTER SECOND RE-VAMP

Design capacity	17,490,000 barrels per year of Crude Oil processing
Date Commissioned	March 2017
Project Cost of Revamping	Rs. 548.0 million

HSD DESULPHURIZATION AND ASSOCIATED UNITS

Date Commissioned	June 2017
Project Cost	Rs. 26.82 billion

NAPHTHA BLOCK (ISOMERIZATION UNIT)

Date Commissioned	October 2017
Project Cost	Rs. 6.54 billion

BTX UNIT

Design capacity	180,000 barrels per year of BTX
Date Commissioned	April 1979
Project Cost	Rs. 66.7 million

SECOND LUBE REFINERY

BEFORE RE-VAMP

Design capacity	700,000 barrels per year of Lube Base Oils
Date Commissioned	January 1985
Project Cost	Rs. 2,082.4 million

AFTER RE-VAMP

Design capacity	805,000 barrels per year of Lube Base Oils
Date Commissioned	June 2007
Project Cost of Revamping	Rs. 585.0 million

SHARE CAPITAL (RS. IN MILLION)

	Fuel	Lube	Total
June 2002	229.171	437.217	666.388
June 2023	275.005	524.661	799.666

SHAREHOLDERS' EQUITY

June 1966	Rs. 20.0 million
June 2023	Rs. 34,598.7 million

CORPORATE OBJECTIVES & DEVELOPMENT STRATEGY

National Refinery Limited is a petroleum refining and petrochemical complex engaged in manufacturing and supplying a wide range of fuel products, lubes, BTX, asphalts and specialty products for domestic consumption and export.

NRL objectives and development strategy are aimed at achieving sustainable productivity and profitability and high standards of safety, occupational health and environmental care. This entails human resource re-engineering & development, enhancing value addition, implementing conservation measures and continuing growth through up-gradation of existing as well as addition of new facilities. In the changing global environment, corporate objective and development strategy have been defined to meet the challenges of 21st Century.

Corporate Objectives

- Ensure that business policies and targets are in conformity with the national goals.
- Contribute in meeting the country's demand of petroleum and petrochemical products.
- Customer's satisfaction by providing best value and quality products.
- Optimization of the value of barrel of crude oil and cost reduction through conservation measures.
- Achieving and maintaining a high standard of Occupational Health, Safety and Environmental care.
- Ensure reasonable return on the shareholders' existing and projected investments.
- Maintain modern management systems conforming to international standards needed for an efficient organization.

Development Strategy

- Contribute in national efforts towards attaining sustainable self-efficiency in petroleum products.
- Human resource development by upgrading training facilities and exposure to modern technologies/management techniques.
- Balancing and Modernization for energy conservation and enhanced yield of value added products as well as revamping for environment friendly products.
- Expansion of refining capacity by de-bottlenecking and adding new facilities.
- Acquire newer generation technologies for the efficient refinery operations as well as for attaining highest standards of Occupational Health, Safety and Environmental care.
- Acquiring self-sufficiency in re-engineering, design and fabrication of equipments.

DIRECTORS' PROFILE



Mr. Laith G. Pharaon
(Non-Executive Director)

Chairman & Director
Attock Petroleum Limited
The Attock Oil Company Limited
Attock Cement Pakistan Limited

Director
Pakistan Oilfields Limited
Attock Refinery Limited
Attock Gen Limited
Attock Leisure & Management Associates (Pvt.) Limited
Attock Energy (Pvt.) Limited



Mr. Wael G. Pharaon
(Non-Executive Director)

Director
The Attock Oil Company Limited
Attock Cement Pakistan Limited
Attock Refinery Limited
Pakistan Oilfields Limited
Attock Petroleum Limited
Attock Gen Limited
Angoori Heights Development (Pvt.) Limited
Margalla Farm Houses Development (Pvt.) Limited
Rawal Lodges Development (Pvt.) Limited



Mr. Shuaib A. Malik
Chairman
(Non-Executive Director)

Chairman, Chief Executive & Director
Pakistan Oilfields Limited

Chairman & Director
Attock Hospital (Pvt.) Limited
Attock Refinery Limited

Chief Executive & Director
Attock Petroleum Limited
The Attock Oil Company Limited
Attock Information Technology Services (Pvt.) Limited
Angoori Heights Development (Pvt.) Limited
Attock Leisure & Management Associates (Pvt.) Limited
Falcon Pakistan (Pvt.) Limited
Attock Energy (Pvt.) Limited

Director
Attock Cement Pakistan Limited
Attock Gen Limited
Rawal Lodges Development (Pvt.) Limited
Margalla Farm Houses Development (Pvt.) Limited

Resident Representative
Pharaon Investment Group Limited Holding SAL

Group Chief Executive



Mr. Shamim Ahmad Khan
(Independent Director)

Director
Attock Refinery Limited
Pakistan Oilfields Limited
Attock Cement Pakistan Limited
IGI Holdings Limited
IGI Life Insurance Limited
IGI General Insurance Limited
Karandaaz - NPO

Member Board of Governors
Sustainable Development Policy Institute (SDPI)

DIRECTORS' PROFILE



Mr. Abdus Sattar
(Non-Executive Director)

Director
Attock Refinery Limited
Attock Petroleum Limited
Pakistan Oilfields Limited
Attock Cement Pakistan Limited



Mr. Sajid Nawaz
(Non-Executive Director)

Director & Managing Director
Pakistan Oilfields Limited



Mr. Khondamir Nusratkhujaev
(Independent Director)

Manager
Accounting and Reporting at Islamic Development Bank.
Board Member
Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).



Mr. Mohammad Raziuddin
Alternate for Mr. Laith G. Pharaon
(Non-Executive Director)

Director
Attock Petroleum Limited
Alternate Director
Attock Refinery Limited



Mr. Babar Bashir Nawaz
Alternate for
Mr. Wael G. Pharaon
(Non-Executive Director)

Director & Chief Executive
Attock Cement Pakistan Limited
Rawal Lodges Development (Pvt.) Limited
Director
Angoori Heights Development (Pvt.) Limited
Margalla Farm Houses Development (Pvt.) Limited
Falcon Pakistan (Pvt.) Limited
Alternate Director
Pakistan Oilfields Limited
Attock Refinery Limited
Attock Petroleum Limited
Attock Leisure & Management Associates (Pvt.) Limited



Mr. Jamil A. Khan
Chief Executive Officer
(Executive Director)

Director
Attock Refinery Limited
Chairman
NRL Management Staff Pension Fund
NRL Management Staff Gratuity Fund
NRL Executive Staff Post Retirement Medical Benefits Fund
NRL Non - Management Staff Gratuity Fund
Trustee
NRL Officers Provident Fund
NRL Workmen Provident Fund

CHAIRMAN'S REVIEW



I am pleased to welcome you all at the 60th Annual General Meeting of your Company and present the annual review of results and Audited Financial Statements for the year ended June 30, 2023.

Adverse global economic conditions, uncertainty surrounding the completion of IMF program, insufficient external financing and low level of foreign exchange reserves remained major concerns during FY23 which were exacerbated by the fallout of floods, political instability and soaring inflation rates. These challenges have posed unprecedented difficulties for the Oil industry, particularly concerning the free fall of the national currency against the US Dollar and the hurdles in establishing Letters of Credit (LCs) – presenting the most significant challenges for our sector. Additionally, the rapid increase in policy rates by the State Bank has led to escalating cost of doing business, compounding the distressing business conditions in the Country. Moreover, a

substantial slowdown in economic activities, coupled with rising fuel prices and the lingering impact of last year's devastating floods, has adversely affected the demand of Oil consumption in the country. Notably, the High Speed Diesel (HSD) sales have witnessed a substantial decline due to reduced agriculture activities and the ready availability of smuggled products nationwide with no restrictions.

With these exceptions coupled with rising crude oil prices in term of Pakistani Rupees and high interest rates, the Company preferred to operate at low throughput rather than exposing itself to uncertainties. Despite all efforts, your Company incurred loss after tax of Rs. 4.46 billion during the year as compared to profit after tax of Rs. 9.08 billion during last year.

Throughout these testing times, the Board of Directors played a pivotal role in navigating your Company. The Board recognizes the importance of robust corporate governance processes to enhance corporate accountability and ensure high standards of governance. The Board was ably supported by key sub-committees - the Board Audit Committee and the Human Resource and Remuneration Committee, which critically identified areas for improvement in both processes and performance. However, we are aware that external factors, such as currency devaluation, Oil prices volatility, and economic uncertainty, continue to strain our working capital and cash positions. Nevertheless, the Board of Directors, in collaboration with Company's management team is fully committed to mitigating the impact of these challenges, identifying appropriate opportunities, and fostering sustainable refinery operations.

On behalf of Board of Directors, I would like to extend my gratitude to our valued shareholders, customers and all stakeholders for their unwavering support and trust in the Company.



Shuaib A. Malik
Chairman

August 29, 2023
Islamabad

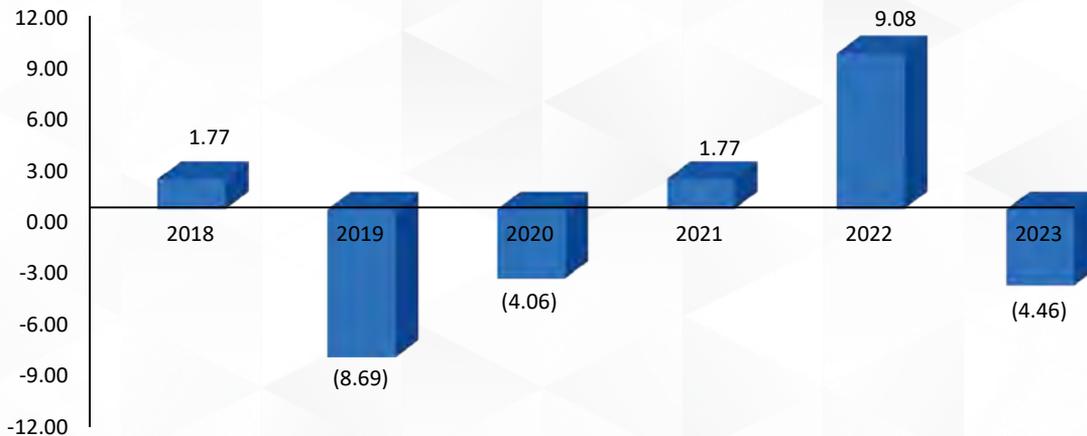
DIRECTORS' REPORT

The Board of Directors is pleased to present the 60th Annual Report of National Refinery Limited together with the audited financial statements and auditors' report thereon for the year ended June 30, 2023.

FINANCIAL RESULTS

The financial year 2023 happened to be a challenging year for the refinery. The year began with unprecedented country-wide floods leading to a virtual standstill of the economy having widespread implications. The situation was exacerbated by political instability, soaring inflation rates, significant devaluation of Pak Rupee against US dollar, uncertainties surrounding the IMF program and a historically high increase in policy rates. Under these critical conditions and operational constraints, the Company's financial performance took a notable hit and the Company posted a loss after tax of Rs. 4.46 billion for the year against Rs. 9.08 billion profit after tax reported in the previous year.

(LOSS)/PROFIT AFTER TAX - (Rs in billion)



Fuel Segment

Fuel segment incurred loss after tax amounting to Rs. 10.89 billion as compared to profit after tax of Rs. 5.97 billion earned during last year. The challenging circumstances were primarily driven by reduced offtake of Furnace Oil and lower demand for other petroleum products due to overall decrease in economic activity throughout the country.

The sale of our HSD is being seriously affected by easy availability of poor quality diesel reaching our markets from porous Western borders through smuggling. The government is being approached to take appropriate measures to check this malpractice.

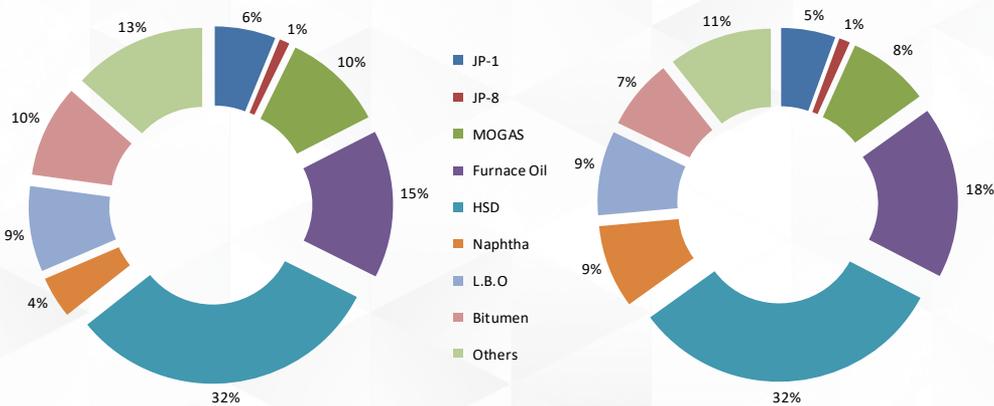
Besides, country's depleting foreign exchange reserves along with downgraded credit rating caused serious problems in establishment and confirmation of letter of credit for import of crude oil. The company however managed to establish LCs but at a very high rate, which

resulted in increase in LC confirmation charges many folds. Consequently, the Company adapted with changing demand and circumstances by adjusting its throughput capacity, which declined to 52% compared to 63% in the previous year. Substantial depreciation of the Pak Rupee against the US dollar led to a significant net exchange loss of Rs. 9.88 billion in the current period, in comparison to net exchange loss of 6.13 billion in the corresponding period. Significant increase in mark-up rates resulting from highest ever increase in policy rates in addition to lower product upliftment and increase in crude oil prices during the period resulted in considerable increase in Company's working capital financing requirement that translated into increased financing cost amounting to Rs. 6.33 billion as compared to Rs. 2.89 billion in last year.

2022-23

PRODUCTION MIX

2021-22



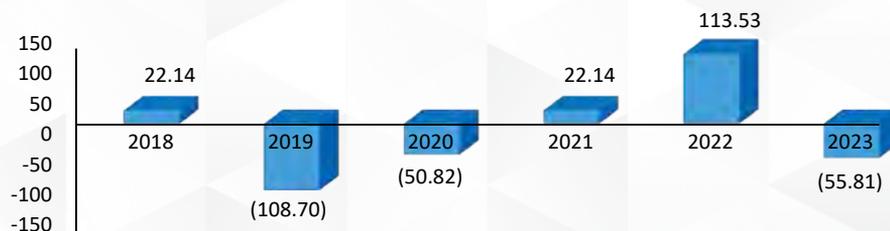
Lube Segment

Lube segment earned net profit of Rs. 6.43 billion as compared to Rs. 3.11 billion for corresponding year. Lube segment showed improvement during the period due to better product margins despite decline in sales volume as compared to last year. Local sale of Bitumen decline by 30% due to lower economic activity. However, the Company managed to export 23% higher Bitumen as compared to last year.

LOSS / EARNINGS PER SHARE

Loss per share is Rs. 55.81 as compared to earnings of Rs. 113.53 per share in last year.

(LOSS)/EARNINGPER SHARE (Rs. per share)



DIVIDEND

Considering the overall loss position, the Board of Directors made a decision not to consider any dividend for the current year.

COMPANY BUSINESS

The Company is engaged in the business of Crude Oil Refining with three refineries commissioned in the year 1966, 1977 and 1985. Last upgradation includes Diesel Hydro Desulphurization and Isomerization units commissioned during the year 2017 and 2018 in order to produce environment friendly low Sulphur HSD ranging from Euro II to Euro V standard and to convert Naphtha into Motor Gasoline respectively. Further, through revamp of fuel and lube – I refinery, company has increased its crude oil processing capacity from 62,050 barrels per day to 70,000 barrels per day and production capacity of lube base oil by 5000 - 6000 MT per year.

The Company was privatized in the year 2005, whereby 51% shares of the Company are held by Attock Group.

The Company operates its three refineries into two business segments “Fuel Segment” and “Lube Segment”. Fuel Segment is the producer of High Speed Diesel, Naphtha, Motor Gasoline, Liquefied Petroleum Gas, Jet Fuels and Furnace Oil. Lube Segment produces multiple grades of Lube Base Oils, Bitumen, Furnace oil, Waxes, Rubber Process Oil and some quantities of other fuel products. The products are marketed locally, whereas Naphtha is exported. Some quantities of Lube Base Oils and Bitumen are also exported as per the requirement.

FUTURE OUTLOOK

Amidst a challenging macroeconomic landscape, the business sentiments in the country are facing significant headwinds. The rise in external vulnerability risk, compounded by surging inflation, political instability, continuity of Rupee depreciation against US dollar even post IMF program, and high interest rates, have created an overall climate of uncertainty.

Furthermore, the negative outlook of the country and top-tier local banks, as indicated by international credit rating agencies, has exposed crude oil imports to letter of credit confirmation risks, resulting in increased cost. The Company, along with entire sector, faces additional risks due to rampant smuggling along the western borders, with smuggled products easily finding their ways into the market.

In the light of recent development, long awaited Pakistan Oil Refinery Policy 2023 for brownfield refineries has been approved in August 2023. Under the policy the government has announced certain incentives subject to existing refineries undertaking upgradation projects in order to encourage investment and growth in this sector. As the policy is recently notified it is still under evaluation for further consideration.

The Company’s management believes that significant bottlenecks for refineries’ profitable operations are custom duty and foreign exchange loss on crude oil import, which not only hits

Company's positive cash flows, increases working capital financing requirement and resultant borrowing cost under high interest rates' environment, but also hits profitability due to short recovery of custom duty and exchange loss under existing pricing mechanism.

The Company's management, however, is navigating these challenging conditions with utmost care and vigilance. Despite the complexities, the management is diligently overseeing the operations to ensure efficient functioning and prudent decision-making. This careful approach is aimed at mitigating risks and optimizing performance.

FUTURE PROJECTS

Refinery projects involve huge capital investment and accordingly after the approval of brownfield refining policy, your company is evaluating its upgradation projects' under the prevailing circumstances given the incentives allowed under the policy. These upgradation projects include:

- **Hydrocracker / Bottom of Barrel upgrade**
Upgradation aiming to convert Furnace Oil to value added products requires a huge capital investment. Therefore, your company along with other refineries had jointly undertaken a study for the feasibility of a joint plant. The study was awarded to M/s Advisian of UK. However, based on the study, the joint project for hydrocracking of furnace oil of all 5 refineries is not considered feasible. However, your company is studying and evaluating other options which would partially reduce the production of Furnace oil and convert it to value added products. However, such investment would be considered after evaluating the incentives provided in the Policy.
- **CCR (Continuous Catalyst Regeneration) Platforming Unit**
To increase the Gasoline production and to meet the country's Gasoline Euro-V specifications, Company is considering installation of a CCR (Continuous Catalyst Regeneration) Platforming unit along with other associated units. The project is in planning phase and will be finalized after assessing the impact of incentives provided by the Government in the brownfield refinery policy.
- **Turnaround of Lube-II Refinery**
Company would be undertaking the turnaround of Lube-II Refinery in 2023-24, which was planned to be completed before June 2023 but could not be executed due to LC opening issues causing delay in import of required spares. This will result in continuous production of plant at optimum level without frequent maintenance requirements.

PRICING FORMULA

The Company's Fuel Segment is regulated by Government under the Import Parity Pricing Formula. In 2012-13, price of HSD was de-regulated and linked with PSO import price, which NRL became entitled to effective July 2017 post completion of DHDS project.

However, effective September 1st, 2020, the Government has introduced fortnightly pricing mechanism whereby prices are based on Arab Gulf daily FOB average for the number of days

in the pricing period to be taken as base commodity price, instead of PSO's actual price for the month. However, incidentals are included in the price based on PSO's actual cost for the fortnight.

Effective January 1st, 2021, NRL has been producing HSD Euro-V and is entitled for its price based on Import Parity Price and PSO's import incidentals.

According to the Import Parity Pricing formula, the distribution of profits from Fuel Segment is restricted to 50% of the paid-up capital as of July 1, 2002 and the remaining amount is to be transferred to special reserves. During the year, the company's fuel segment incurred loss, therefore no amount has been transferred to special reserve account.

Under the policy framework for upgradation and expansion of refinery project issued by the Ministry of Petroleum & Natural Resources in 2013, Refineries are allowed to adjust losses from special reserves after completion of DHDS and Isomerization up-gradation projects. As the company has completed these projects as required by the Government, therefore, the company can adjust the accumulated losses from fuel refinery operations from the amount accumulated in special reserve account in future.

RELATIONSHIP WITH SUPPLIERS AND CUSTOMERS

Your Company continues to maintain history of making timely payments for the supply of crude oil to Saudi Aramco for imported crude oil. Further, payments to other foreign and local oil exploration companies operating in Pakistan are also being released on regular basis.

We always endeavor to maintain good relationship with our local suppliers, customers and other business partners involved in the supply chain.

KEY OPERATING AND FINANCIAL DATA

Key operating and financial data of last six years (2018 - 2023) is shown on page 41.

REFINERIES PRODUCTION

According to capacity analysis, NRL is currently the third largest refinery of Pakistan with production capacity of 23.10 million barrels per annum. NRL is the only refining complex in Pakistan which includes Lube Refinery, producing multiple grades of Lube Base Oils to meet the demand of the Country.

CREDIT RATINGS

The Company holds a long-term entity rating of AA+ (maintained for the last ten years) and a short-term entity rating of A1+ (maintained for last nineteen years) by Pakistan Credit Rating Agency (PACRA). These ratings signify a very low credit risk and a strong capability for timely

financial commitments. Company's outlook is being maintained as negative, however, given the current situation and challenges outlined earlier, the Company has been placed on Rating Watch during the year.

RISK & UNCERTAINTIES

- The volatile crude oil and product prices in international market mostly results in narrow margins. In such case the Company periodically reviews its production and sale schedule to minimize the losses.
- The negative outlook with downgraded credit rating of the country and the top tier banks by international credit rating agencies has evolved as a major risk that has impacted/ disrupted supply chain not only for the company but for oil industry specifically and also for all import dependent businesses across the country. It is however difficult to ascertain for how long would this continue impacting overall economic activity including the oil sector unless political stability takes its due course in the country.
- The Company generally faces exchange losses due to devaluation of Pak Rupee in making payments especially for crude oil procurement to its suppliers in foreign currencies. Some measures have been taken by the Government to reduce the impact of exchange losses by incorporating its impact in pricing that covers the risk to some extent.
- The global progress on introducing Electric Vehicles and reducing reliance on Fossil Fuels will reduce the margins of finished petroleum products in medium to long term. Therefore, the company will be taking a careful approach in investment in future projects.

CORPORATE SOCIAL RESPONSIBILITY

The Company realizes its social responsibility towards the national economy apart from its customers, employees and shareholders. As a responsible corporate citizen, the Company has contributed to different social segments of the economy in various ways for improving quality of life in the country. In this regard, Rs. 15 million was donated by the Company and Rs. 1.68 million by employees to The Prime Minister Flood relief funds. This contribution represents a modest yet significant step towards assisting the individuals and communities impacted by the country's severe floods. By participating in these relief efforts, the Company demonstrates its dedication to providing support to those in need and standing by the nation during times of adversity. Besides, Rs. 75,000/- was paid for promotion of education.

Company is ambitious to be recognized as a corporate social partner and not only as a commercial entity. In this respect, the Company has kept three disabled person on its manpower strength as prescribed in 'The Sindh Differently able persons (Employment, Rehabilitation and Welfare) Act, 2014' and also made payments amounting to Rs. 15.4 million to Department of Empowerment of person with Disabilities in lieu of less number of such persons in the Company's employment.

EMPLOYEES & MANAGEMENT RELATIONS

The relationship between the management and employees including worker's union continued to be cordial. Long Service Award is given to employees to acknowledge this long association with NRL. In order to provide an opportunity to employees to maintain good health, the company is continuously encouraging the sports activities at the Refinery premises to promote a healthy approach towards life.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT

The company's dedication towards protecting the environment is evident from its safe operations. NRL team is focused to conserve energy, optimize resources and mitigate waste generations. The company has a comprehensive integrated Management System in place in accordance with the requirements of ISO 14001:2015, ISO 45001:2018 and ISO 9001:2015. It has helped in strengthening Health, Safety, Environmental and Quality awareness along with promoting culture of teamwork, empowerment and continuous improvement. NRL team ensures that company's refining activities are in line with the occupational health safety and environmental legislations, Company's standard operating procedures and safe work practices compliance towards environment protection.

NRL strives to offer products and services that are clean, safe and of high quality. People at NRL believe that the realization of this basic fact is aimed to fulfill their responsibility for better environment.

QUALITY CONTROL FUNCTION

Quality Control (QC) function at NRL manages the testing of crude oil, gases & fuels, petrochemicals, and a variety of other petroleum industry products/materials using modern sophisticated analytical equipments. The role is, however, not limited to quality control alone but quality assurance & research and development work is also carried out to give a basis for innovation in processes & products. QC also deals in project based work under defined testing services.

NRL's QC function has been awarded ISO/IEC 17025:2017 accreditation by the Pakistan National Accreditation Council (PNAC), Ministry of Science and Technology, Government of Pakistan which has been fully adopted during the year. This accreditation is basically the criteria for laboratories to demonstrate the technical competence to carry out specific test methods, generate valid internationally traceable calibration data, test results, and operate an effective quality system. With this valuable achievement, NRL has reached a new level of Management System which brings the company at par with renowned companies that are equipped with world class testing facilities and laboratories.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the financial year, the Company contributed Rs. 59.20 billion to the National exchequer in the shape of taxes, duties and levies and earned valuable foreign exchange of US\$ 80.07 million through the export of Naphtha, Bitumen and Lube Base Oils.

HUMAN RESOURCE DEVELOPMENT

Human Resource of the Company is playing a very significant role in achieving the short and long term corporate and strategic objectives of the Company. Therefore, special attention is directed towards training and development. Besides conducting various courses and workshops in different technical and non-technical disciplines for staff members, the Company has also conducted Management Trainees and Apprenticeship programs where theoretical and practical training in Refinery operations and maintenance was imparted which will not only meet the additional requirement of trained manpower in various functions of the Company but would extend a great help to the Petroleum Refinery industry of the country in the availability of trained manpower.

SYSTEM OF INTERNAL FINANCIAL CONTROL

The company ensures that adequate internal controls are in place for all its activities including financial transactions. There is an internal audit department in place which conducts regular audits to assess if internal financial controls are adequate in design and have been appropriately implemented and monitored. The directors of the company have constituted an "Audit Committee" that reviews the internal audit department's reports on quarterly basis.

CORPORATE GOVERNANCE

The Company is committed to good corporate governance and has complied with the applicable Listed Companies (Code of Corporate Governance) Regulations 2019 and states that:

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, change in equity and cash flows.
- b) Proper books of account have been maintained in the manner required under the Companies Act 2017.
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.

- g) The value of investment of various funds, based on their respective accounts as at 30 June, 2023 are as under:

Description	(Rr. in millions) Un-audited
Management staff	
Pension Fund	5,581
Provident Fund	1,155
Post-Retirement Medical Fund	1,395
Gratuity Fund	109
Non-Management staff	
Gratuity Fund	161
Provident Fund	751

- h) Seven directors have either already attended the directors’ training program as required in previous years or meet the exemption criteria contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019.
- i) No trade in the shares of the Company was carried out by the Board of Directors, CEO, CFO, Head of Internal Audit, Company Secretary, Executives and their spouses and minor children except that mentioned in “Pattern of Shareholding”.

Composition and Meetings of the Board of Directors

The board comprises of seven directors and a chief executive officer. Currently there is no female Director on Company’s Board.

The composition of the board throughout the year is as follows:

	Category	Names
i	Independent Directors	Mr. Shamim Ahmad Khan Mr. Khondamir Nusratkhujjev
ii	Non-executive Directors	Mr. Laith G. Pharaon Alternate Director: Mr. Mohammad Raziuddin / Mr. Shuaib A. Malik* Mr. Wael G. Pharaon Alternate Director: Mr. Babar Bashir Nawaz Mr. Shuaib A. Malik Mr. Abdus Sattar Mr. Sajid Nawaz
iii	Executive Director	Mr. Jamil A. Khan (Chief Executive Officer)

*During the year Mr. Mohammad Raziuddin was appointed as alternate director for Mr. Laith G. Pharaon in place of Mr. Shuaib A. Malik.

During the financial year 2022-23 five meetings of the Board of Directors were held. The attendance of the Directors is as under:

Name of Directors	Total Number of Meetings	Meeting Attended
Mr. Laith G. Pharaon	5	5**
Mr. Wael G. Pharaon	5	5**
Mr. Shuaib A. Malik – Chairman	5	5
Mr. Abdus Sattar	5	5
Mr. Khondamir Nusratkhujaev – IDB Nominee	5	5
Mr. Sajid Nawaz	5	4
Mr. Shamim Ahmad Khan	5	5
Mr. Jamil A. Khan Chief Executive Officer	5	5

** attended by the directors or their alternate on the Board of the Company.

Human Resource & Remuneration Committee

HR&R Committee consists of four members. Following is the attendance of the members during the period from July 1, 2022 to June 30, 2023:

Name of Members	Total Number of Meetings	Meeting Attended
Mr. Shamim Ahmad Khan – Chairman	1	1
Mr. Shuaib A. Malik	1	1
Mr. Babar Bashir Nawaz (Alternate for Mr. Wael G. Pharaon)	1	1
Mr. Jamil A. Khan – Chief Executive Officer	1	1

Audit Committee

Audit committee consists of three members. The attendance of the Directors' for Audit Committee meetings for the year ended June 30, 2023 is as follows:

Name of Members	Total Number of Meetings	Meeting Attended
Mr. Shamim Ahmad Khan – Chairman	4	4
Mr. Abdus Sattar	4	4
Mr. Babar Bashir Nawaz (Alternate for Mr. Wael G. Pharaon)	4	4

DIRECTORS' REMUNERATION POLICY

The Board is authorized to determine the remuneration / fee of its directors for attending meetings of the Board. No remuneration shall be paid for attending meetings of the Committee(s) of the Board and for attending General Meeting(s) or any other business meeting(s) of the company. Besides, travelling, hotel and other expenses incurred for attending the meetings are also paid.

The details of fee paid during the year and remuneration package of Chief Executive Officer are disclosed in note 39 to the financial statements.

PATTERN OF SHAREHOLDING

Pattern of shareholdings is shown on page 116.

AUDITORS

Present auditors Messrs. A. F. Ferguson & Co., Chartered Accountants retire and, being eligible, offer themselves for reappointment. Accordingly, the Board, on the recommendation of the Board Audit Committee, recommends the reappointment of Messrs. A.F. Ferguson & Co. Chartered Accountants as the auditors of the Company for the financial year 2023-24 at a fee of Rs. 3,685,000/- with out of pocket expenses and services sales tax which are to be paid at actual.

ACKNOWLEDGEMENT

The Board acknowledges the efforts and contributions of customers, suppliers, foreign and local contractors, financial institutions and other stakeholders for their continuous support.

On behalf of the Board.



Director



Chief Executive Officer

August 29, 2023
Islamabad

CORPORATE GOVERNANCE



CODE OF CONDUCT

National Refinery Limited (the Company) is engaged in the manufacturing of wide range of petroleum products with the objective to achieve sustainable productivity, profitability and high standards of safety, occupational health and environmental care. This entails human resource development, enhancing value addition, implementing conservation measures and growth by up-gradation and addition of newer generation technologies.

The Company requires all its Board Members and Employees to act within the authority conferred upon them and in the best interests of the Company and observe all the Company's policies and procedures as well as relevant laws and regulations, as are applicable in individual capacity or otherwise, including but not limited to the corporate values, business principles and the acceptable and unacceptable behaviour (hereinafter called the Company's Code of Conduct) embodied in this document.

The Company believes that the credibility, goodwill and repute earned over the years can be maintained through continued conviction in our corporate values of honesty, justice, integrity and respect for people. The Company strongly promotes trust, openness, teamwork and professionalism in its entire business activities.

- The business principles are derived from the above stated corporate values and are applied to all facets of business through well-established procedures. These procedures define behavior expected from each employee in the discharge of his / her responsibility.
- NRL recognizes following obligations, which need to be discharged with best efforts, commitment and efficiency:
 - Safeguarding of shareholders' interest and a suitable return on equity.
 - Service customers by providing products, which offer value in terms of price, quality, safety and environmental impact.
 - Respect human rights, provide congenial working environment, offer competitive terms of employment, develop human resource and be an equal opportunity employer.
 - Seek mutually beneficial business relationship with contractors, suppliers and investment partners.
- The Company believes that profit is essential for business survival. It is a measure of efficiency and the value that the customer places on products and services produced by the Company.
- The Company requires honesty and fairness in all aspect of its business and in its relationships with all those with whom it does business. The direct or indirect offer, payment, soliciting and accepting of bribe in any form is undesirable.
- The Company is fully committed to reliability and accuracy of financial statements and transparency of transactions in accordance with established procedures and practices.

- The Company does not support any political party or contributes funds to groups having political interests. The Company will however, promote its legitimate business interests through trade associations.
- The Company, consistent with its commitments to sustainable developments, has a systematic approach to the management of health, safety and environment.
- The Company is committed to observe laws of Pakistan and is fully aware of its social responsibility. It would assist the community in activities such as education, sports, environment preservation, training programs, skills development and employment within the parameters of its commercial objectives.
- The Company supports free market system. It seeks to compete fairly and ethically within the framework of applicable competition laws in the country. The Company will not stop others from competing freely with it.
- In view of the critical importance of its business and impact on national economy, the Company provides all relevant information about its activities to legitimate interested parties, subject to any overriding constraints of confidentiality and cost.
- The Company requires all its board members and employees to essentially avoid conflict of interest between private financial and/or other activities and their professional role in the conduct of Company business.
- No board member or employee shall in any manner disclose to any person or cause disclosure of any information or documents, official or otherwise, relating to the Company, except those published, and unless he/she is authorised by the management.
- All papers, books, drawings, sketches, photographs, documents and similar papers containing analysis, formulas, notes or information relating to the Company's business affairs or operations shall always be treated as the Company property, whether prepared by the employee or otherwise and no employee shall be permitted to carry any of these outside business premises unless specifically authorised to do so by the management.
- The Company's property, funds, facilities and services must be used only for authorised purposes.
- The board members or employees of the Company specifically those coming in direct contact with the vendors doing or seeking to do business with the Company shall not receive favours or incur obligations. In case any contractor/supplier to have business relations with the Company happen to be a relative of an official who is entrusted the responsibility of opening/evaluation/award of supply/contract job or with execution or certification of material/services, he/she shall immediately bring the fact to the notice of Managing Director who may entrust the responsibility to another.

- Each employee shall devote his/her full time and energy exclusively to the business and interests of the Company. In particular, no employee (including those on leave) unless otherwise permitted by the Company, shall directly or indirectly engage in any other profession or business or enter the services of or be employed in any capacity for any purpose whatsoever and for any part of his/her time by any other person, government department, firm or Company and/or shall not have any private financial dealings with any other persons of firms having business relations with the Company for sale or purchase of any materials or equipments or supply of labour or for any other purpose. Every employee shall hold himself in readiness to perform any duties required of him by his/her superiors to the best of his/her ability.
- No board member or employee of the Company shall, directly or indirectly, deal in the shares of the Company in any manner during the closed period, as determined and informed by the Company.
- No board member or employee of the Company shall practice insider trading.

Without prejudice to any penal action defined in any statute, as applicable, against any kind of non-compliances/violations, non-compliance with the Company's Code of Conduct may expose the person involved to disciplinary action as per Company's rules and/or as determined by the management or the Board of Directors of the Company, as the case may be, on case to case basis.

On behalf of the Board



SHUAIB A. MALIK

Deputy Chairman &
Chief Executive Officer

June 18, 2012

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

FOR THE YEAR ENDED JUNE 30, 2023

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

- The total number of directors are eight (8) as per the following:

a. Male	Eight
b. Female*	None

* The Company has filed a constitutional petition before the Honorable High Court of Sindh challenging, inter alia, the compliance of clause No. 7 of the Regulations, 2019 relating to appointment of female director, which is pending adjudication. The law officer of Securities and Exchange Commission of Pakistan has undertaken that no action contrary to the law would be taken against the Company.

- The composition of board is as follows:

	Category	Names
a)	Independent Directors*	Mr. Shamim Ahmad Khan Mr. Khondamir Nusratkhujaev
b)	Non-Executive Directors	Mr. Laith G. Pharaon Alternate Director: Mohammad Raziuddin ** Mr. Wael G. Pharaon Alternate Director: Mr. Babar Bashir Nawaz Mr. Shuaib A. Malik Mr. Abdus Sattar Mr. Sajid Nawaz
c)	Executive Director	Mr. Jamil A. Khan Chief Executive Officer
d)	Female Directors	None

* Best practices in Corporate Governance imply that not only the individual directors be qualified and independent but collectively they should add value through their diverse skills, governance experience and industry related expertise. The current composition of the Board adequately meets the requirements, therefore, the fraction i.e. 0.33 contained in one third of 7 elected directors was not rounded up as one.

** During the year Mr. Mohammad Raziuddin was appointed as alternate director for Mr. Laith G. Pharaon, in place of Mr. Shuaib A. Malik.

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 the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Directors were apprised of their duties and responsibilities from time to time. Seven directors either have already attended the directors' training program 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 Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board;
12. The board has formed committees comprising of members given below:

a) Audit Committee

Mr. Shamim Ahmad Khan - Chairman
Mr. Abdus Sattar
Mr. Babar Bashir Nawaz (Alternate Director for Mr. Wael G. Pharaon)

b) HR and Remuneration Committee

Mr. Shamim Ahmad Khan - Chairman
Mr. Shuaib A. Malik
Mr. Babar Bashir Nawaz (Alternate Director for Mr. Wael G. Pharaon)
Mr. Jamil A. Khan

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings of the committee were as per following:
 - a) Audit Committee: Quarterly
 - b) HR and Remuneration Committee: Yearly;
15. The Board has set up an effective internal audit function experienced for the purpose and is conversant with the policies and procedures of the Company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 (non-mandatory requirements) are below:

S. No.	Requirement	Explanation	Reg. No.
1	The Board may constitute a separate committee, designed as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	The responsibilities as prescribed for the nomination committee are being taken care of at board level as and when needed so a separate committee is not considered to be necessary.	29
2	The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	The Board has not constituted a risk management committee as risk management framework is managed at Company's level by the executive committee which is headed by the CEO and the CEO apprises the Board accordingly.	30
3	The Company may post on its website key elements of its significant policies including but not limited to the following: i. Communication and disclosure policy; ii. Code of conduct for members of board of directors, senior management and other employees; iii. Risk management policy; iv. Internal control policy; v. Whistle blowing policy; vi. Corporate social responsibility / sustainability / environmental, social and governance related policy.	As the regulation provides concession with respect to disclosure of key elements of significant policies on the website, only those policies which were considered necessary, have been posted.	35(1)

On behalf of the Board

Jamil A. Khan
Chief Executive Officer

Shuaib A. Malik
Chairman

August 29, 2023



A.F.FERGUSON&CO.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
NATIONAL 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 National Refinery Limited (the Company) for the year ended June 30, 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.

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

Further, we highlight content of paragraph 1 of the statement where the matter of representation of female director on the Board of Directors of the Company has been explained.

**Chartered Accountants
Karachi**

Dated: 08 September 2023

UDIN: CR202310073nPbMDetVz

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network.
State Life Building No. 1-C, I.J. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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TERMS OF REFERENCE OF AUDIT COMMITTEE

The Board has constituted a fully functional Audit Committee. The features of the terms of reference of the committee in accordance with the Code of Corporate Governance are as follows:

- (a) Determination of appropriate measures to safeguard the company's assets;
- (b) Review of preliminary announcements of results prior to external communication and publication;
- (c) Review of quarterly, half-yearly and annual financial statements of the company, prior to their approval by the Board of Directors, focusing on:
 - Major judgmental areas;
 - Significant adjustments resulting from the audit;
 - The going concern assumption;
 - Any changes in accounting policies and practices;
 - Compliance with applicable accounting standards;
 - Compliance with the code of corporate governance regulations and other statutory and regulatory requirements; and
 - All related party transactions.
- (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;
- (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;
- (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 reporting structure are adequate and effective;
- (j) Review of company'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 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 code of corporate governance regulations and identification of significant violations thereof;
- (n) Review of arrangement for staff and management to report to audit committee 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 the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations; and
- (p) Consideration of any other issue or matter as may be assigned by the Board of Directors.

TERMS OF REFERENCE OF HUMAN RESOURCE AND REMUNERATION (HR&R) COMMITTEE

The Board adopted the responsibilities contained in clause (xxv) of the Code 2012 from (i) to (iv) as the Terms of Reference (TOR) of the HR&R Committee.

The committee shall be responsible for:

- i) Recommending human resource management policies to the board;
- ii) Recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;
- iii) Recommending to the board the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit; and
- iv) Consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO or COO.



Stakeholders' Information





SIX YEARS AT A GLANCE

Description		2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
		← Rupees in million →					
Statement of Profit or Loss							
Net sales		298,805	251,876	139,625	125,613	160,906	136,985
Cost of sales		285,608	228,081	135,700	136,731	165,355	133,173
Purchases		274,064	240,750	134,357	111,935	166,822	123,951
Gross Profit / (loss)		13,197	23,795	3,925	(11,118)	(4,449)	3,812
Operating profit / (loss)		11,122	20,878	2,341	(12,350)	(5,743)	2,673
(Loss) / profit before tax		(5,123)	11,810	1,400	(14,863)	(11,029)	907
(Loss) / profit after tax		(4,463)	9,079	1,770	(4,064)	(8,692)	1,771
Statement of Financial Position							
Share Capital		800	800	800	800	800	800
Reserves		33,799	39,019	30,788	29,037	33,074	42,452
Shareholder equity		34,599	39,819	31,588	29,837	33,874	43,252
Fixed Assets		25,599	28,349	31,228	34,218	35,695	37,719
Current Assets		78,788	69,591	36,192	21,346	37,489	27,548
Current Liabilities		76,445	61,869	42,920	32,983	42,001	22,206
Net current assets / liabilities		2,343	7,722	(6,728)	(11,637)	(4,512)	5,342
Financial Ratios							
Gross profit / (loss)	%	4.42	9.45	2.81	(8.85)	(2.76)	2.78
Net (loss) / profit to sales	%	(1.49)	3.60	1.27	(3.24)	(5.40)	1.29
EBITDA Margin to sales	%	1.56	7.21	4.61	(7.20)	(3.91)	3.12
Return on Equity	%	(12.90)	22.80	5.60	(13.62)	(25.66)	4.09
Return on Capital Employed	%	(11.99)	25.43	5.76	(12.76)	(22.54)	4.09
Liquidity Ratios							
Current Ratio	Times	1.03	1.12	0.84	0.65	0.89	1.24
Quick / Acid test ratio	Times	0.40	0.39	0.34	0.29	0.28	0.67
Cash to Current Liabilities	Times	0.01	0.01	0.01	0.02	0.02	0.02
Activity / Turnover Ratios							
Inventory turnover	Days	59.13	52.95	44.07	49.35	41.69	31.84
Debtors turnover	Days	23.74	18.25	16.83	16.51	17.32	18.42
Creditors turnover	Days	41.95	38.37	32.91	29.18	27.27	33.76
Total Assets turnover ratio	Times	2.67	2.45	1.84	1.98	2.11	2.08
Fixed assets turnover ratio	Times	11.67	8.88	4.47	3.67	4.51	3.63
Investment / Market Ratios							
(Loss) / Earnings per share and diluted (LPS) / EPS	Rs.	(55.81)	113.53	22.14	(50.82)	(108.70)	22.14
Price earning ratio	Times	(2.69)	2.22	23.63	(2.11)	(1.04)	20.01
Dividend yield ratio	%	-	5.94	1.91	-	-	2.26
Cash Dividend payout ratio	%	-	13.21	45.17	-	-	45.17
Dividend cover ratio	Times	-	7.57	2.21	-	-	2.21
Cash Dividend per share	Rs./share	-	15.00	10.00	-	-	10.00
Market value per share at year end	Rs./share	150	253	523	107	113	443
Breakup value per share	Rs./share	432	498	395	373	423	541

HORIZONTAL STATEMENT OF FINANCIAL POSITION

	2023	2022	2021	2020	2019	2018
	Rupees in million					
	%	%	%	%	%	%
ASSETS						
NON-CURRENT ASSETS						
Fixed assets	25,599.05	28,348.95	31,228.09	34,217.92	35,695.33	37,718.72
Long term investment	14.55	17.47	9.79	12.94	13.35	-
Long term loans	25.89	37.99	36.98	46.35	49.72	54.21
Long term deposits	30.27	30.26	30.26	30.27	30.27	30.27
Deferred taxation	6,911.88	4,655.29	8,161.77	7,639.92	2,874.07	456.85
Retirement benefit prepayments	409.79	25.45	22.41	19.79	15.61	6.27
	32,991.42	33,115.41	39,489.30	41,967.19	38,678.35	38,266.32
	86.2%	86.5%	103.2%	109.7%	101.1%	100.0%
CURRENT ASSETS						
Stores, spares and chemicals	2,586.18	1,914.83	1,705.85	1,553.00	1,572.57	1,501.86
Stock-in-trade	48,136.90	45,684.81	21,403.62	11,820.28	25,668.59	12,627.66
Trade receivables	22,914.67	16,502.29	9,031.92	4,022.17	7,499.05	7,986.21
Loans and advances	94.53	52.11	36.67	43.94	31.40	58.25
Trade deposits and short-term prepayments	98.53	55.96	31.14	21.23	34.61	16.92
Interest accrued	33.64	11.90	7.20	8.83	14.22	7.39
Other receivables	1,477.20	1,395.15	1,199.91	1,070.13	1,662.81	3,569.87
Taxation - payments less provision	2,841.54	3,355.43	2,168.58	2,253.41	27.07	1,237.95
Cash and bank balances	605.30	618.42	607.33	552.61	978.68	541.84
	78,788.49	69,590.90	36,192.22	21,345.60	37,489.00	27,547.95
	169.8%	156.1%	113.4%	77.5%	136.1%	100.0%
TOTAL ASSETS	111,779.92	102,706.31	75,681.52	63,312.79	76,167.35	65,814.27
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Share capital	799.67	799.67	799.67	799.67	799.67	799.67
Reserves	33,799.01	39,019.69	30,787.72	29,037.62	33,073.80	42,451.87
	34,598.68	39,819.36	31,587.39	29,837.29	33,873.47	43,251.54
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	79.6%	91.9%	72.5%	68.4%	77.9%	100.0%
	80.0%	92.1%	73.0%	69.0%	78.3%	100.0%
LIABILITIES						
NON - CURRENT LIABILITIES						
Long-term borrowing	-	-	-	-	-	-
Long-term lease liability	158.34	169.46	177.76	183.66	-	12.87
Provision for Gas Infrastructure Development Cess	53.62	353.76	626.52	-	-	-
Retirement benefit obligations	524.13	494.31	370.04	308.55	293.31	343.85
	36,650.28	41,378.32	22,616.44	15,492.19	16,418.26	20,550.99
	178.3%	201.3%	110.1%	75.4%	79.9%	100.0%
Trade and other payables	915.32	1,224.46	-	-	-	-
Advances from customers	104.24	97.17	92.73	94.03	97.01	92.00
Dividend payable	1,447.30	531.42	94.87	310.26	365.04	33.78
Accrued mark-up	112.36	112.36	112.36	112.36	112.36	112.36
Provisions	37,504.53	18,517.39	19,997.51	16,777.52	25,007.90	1,340.27
Borrowings	-	-	-	193.08	-	-
Unearned revenue	-	-	-	-	-	-
Current portion of long-term borrowing	11.12	8.30	5.90	3.85	-	76.61
Current portion of long-term lease liability	76,445.15	61,869.42	42,919.81	32,983.29	42,000.57	22,206.01
	111,779.92	102,706.31	75,681.52	63,312.79	76,167.35	65,814.27
	169.8%	156.1%	115.0%	96.2%	115.7%	100.0%
	169.8%	156.1%	115.0%	96.2%	115.7%	100.0%
TOTAL EQUITY AND LIABILITIES	111,779.92	102,706.31	75,681.52	63,312.79	76,167.35	65,814.27

VERTICAL STATEMENT OF FINANCIAL POSITION

AS AT JUNE, 30

	2023	2022	2021	2020	2019	2018
	Rupees in million					
	%	%	%	%	%	%
ASSETS						
NON-CURRENT ASSETS						
Fixed assets	25,599.05	28,348.95	31,228.09	34,217.92	35,695.33	37,718.72
Long term investment	14.55	17.47	9.79	12.94	13.35	-
Long term loans	25.89	37.99	36.98	46.35	49.72	54.21
Long term deposits	30.27	30.26	30.26	30.27	30.27	30.27
Deferred taxation	6,911.88	4,655.29	8,161.77	7,639.92	2,874.07	456.85
Retirement benefit prepayments	409.79	25.45	22.41	19.79	15.61	6.27
	32,991.43	33,115.41	39,489.30	41,967.19	38,678.35	38,266.32
	29.5%	32.2%	52.2%	66.3%	50.8%	58.2%
CURRENT ASSETS						
Stores, spares and chemicals	2,586.18	1,914.83	1,705.85	1,553.00	1,572.57	1,501.86
Stock-in-trade	48,136.90	45,684.81	21,403.62	11,820.28	25,668.59	12,627.66
Trade receivables	22,914.67	16,502.29	9,031.92	4,022.17	7,499.05	7,986.21
Loans and advances	94.53	52.11	36.67	43.94	31.40	58.25
Trade deposits and short-term prepayments	98.53	55.96	31.14	21.23	34.61	16.92
Interest accrued	33.64	11.90	7.20	8.83	14.22	7.39
Other receivables	1,477.20	1,395.15	1,199.91	1,070.13	1,662.81	3,569.87
Taxation - payments less provision	2,841.54	3,355.43	2,168.58	2,253.41	27.07	1,237.95
Cash and bank balances	605.30	618.42	607.33	532.61	978.68	541.84
	78,788.49	69,590.90	36,192.22	21,345.60	37,489.00	27,547.95
	70.5%	67.8%	47.8%	33.7%	49.2%	41.8%
TOTAL ASSETS	111,779.92	102,706.31	75,681.52	63,312.79	76,167.35	65,814.27
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Share capital	799.67	799.67	799.67	799.67	799.67	799.67
Reserves	33,799.01	39,019.69	30,787.72	29,037.62	33,073.80	42,451.87
	34,598.68	39,819.36	31,587.39	29,837.29	33,873.47	43,251.54
	31.0%	38.8%	41.8%	47.1%	44.5%	65.7%
LIABILITIES						
NON - CURRENT LIABILITIES						
Long-term borrowing	158.34	169.46	177.76	183.66	-	12.87
Long-term lease liability	53.62	353.76	626.52	0.3%	-	-
Provision for Gas Infrastructure Development Cess	524.13	494.31	370.04	308.55	293.31	343.85
Retirement benefit obligations	-	-	-	-	-	-
	716.09	1,017.53	1,174.32	512.51	593.98	456.72
	0.6%	0.9%	1.5%	0.8%	0.8%	0.7%
CURRENT LIABILITIES						
Trade and other payable	36,650.28	41,378.32	22,616.44	15,492.19	16,418.26	20,550.99
Advances from customers	915.32	1,224.46	1,224.46	-	-	-
Dividend payable	104.24	97.17	92.73	94.03	97.01	92.00
Accrued mark-up	1,147.30	531.42	94.87	310.26	365.04	33.78
Provisions	112.36	112.36	112.36	112.36	112.36	112.36
Borrowings	37,504.53	18,517.39	19,997.51	16,777.52	25,007.90	1,340.27
Unearned revenue	-	-	-	193.08	-	-
Current portion of long-term borrowing	11.12	8.30	5.90	3.85	-	76.61
Current portion of long-term lease liability	-	-	-	-	-	-
	76,445.15	61,869.42	42,919.81	32,983.29	42,000.57	22,206.01
	68.4%	60.2%	56.7%	52.1%	55.1%	33.8%
TOTAL EQUITY AND LIABILITIES	111,779.92	102,706.31	75,681.52	63,312.79	76,167.35	65,814.27
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

HORIZONTAL STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED

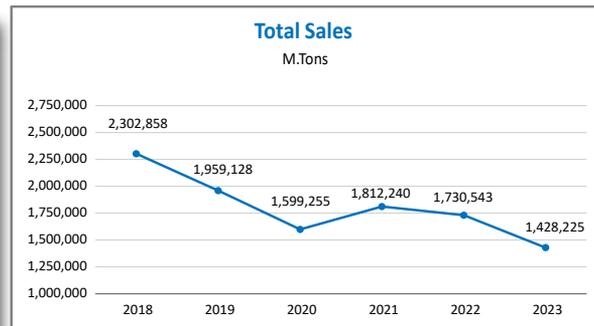
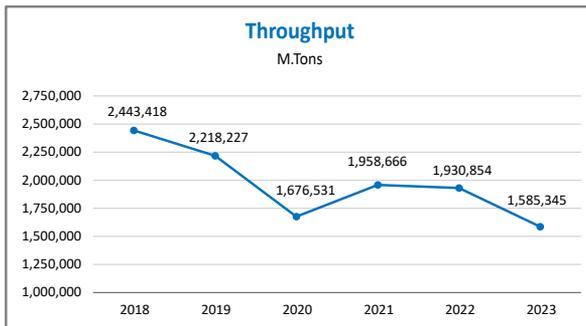
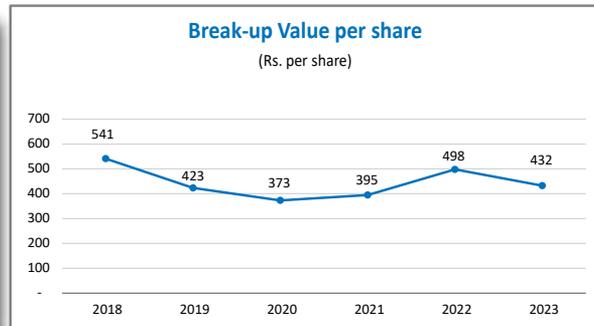
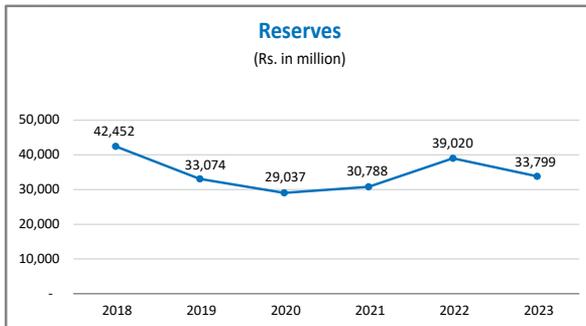
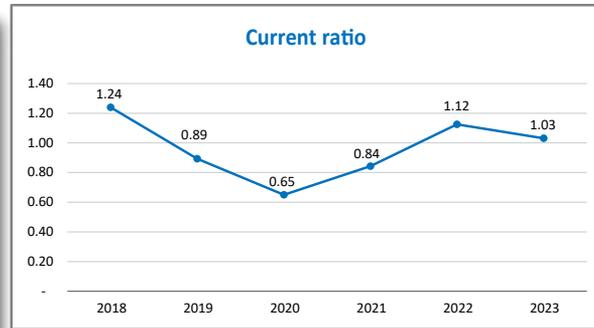
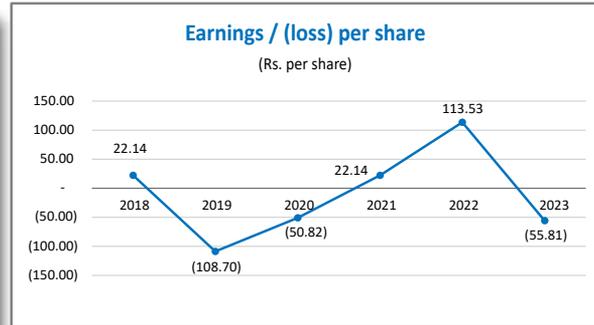
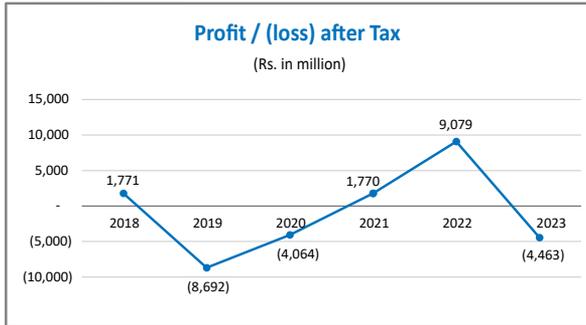
	2023	2022	2021	2020	2019	2018
	Rupees in million	Rupees in million	Rupees in million	Rupees in million	Rupees in million	Rupees in million
	%	%	%	%	%	%
Net Revenue from contracts with customers	298,805.45	251,875.73	139,625.20	125,612.65	160,906.20	136,984.94
	218.1%	183.9%	101.9%	91.7%	117.5%	100.0%
Cost of sales	(285,608.76)	(228,080.83)	(135,700.35)	(136,730.49)	(165,355.34)	(133,172.93)
	214.5%	171.3%	101.9%	102.7%	124.2%	100.0%
Gross profit / (loss)	13,196.69	23,794.90	3,924.85	(11,117.84)	(4,449.14)	3,812.01
	346.2%	624.2%	103.0%	-291.7%	-116.7%	100.0%
Distribution cost	(1,416.96)	(1,459.17)	(925.63)	(730.85)	(814.48)	(756.51)
	187.3%	192.9%	122.4%	96.6%	107.7%	100.0%
Administrative expenses	(1,066.27)	(948.70)	(897.75)	(867.17)	(831.56)	(863.19)
	123.5%	109.9%	104.0%	100.5%	96.3%	100.0%
Other income	450.65	313.53	370.39	380.94	369.51	558.08
	80.8%	56.2%	66.4%	68.3%	66.2%	100.0%
Other operating expenses	(42.51)	(822.32)	(131.26)	(14.93)	(17.59)	(77.45)
	54.9%	1061.7%	169.5%	19.3%	22.7%	100.0%
Operating profit / (loss)	11,121.60	20,878.24	2,340.60	(12,349.85)	(5,743.26)	2,672.94
	416.1%	781.1%	87.6%	-462.0%	-214.9%	100.0%
Finance cost - net	(16,244.34)	(9,067.97)	(940.39)	(2,513.24)	(5,285.75)	(1,765.61)
	920.0%	513.6%	53.3%	142.3%	299.4%	100.0%
(Loss) / profit before taxation	(5,122.74)	11,810.27	1,400.21	(14,863.09)	(11,029.01)	907.33
	-564.6%	1301.7%	154.3%	-1638.1%	-1215.5%	100.0%
Taxation	659.65	(2,731.26)	369.89	10,799.33	2,336.58	863.35
	76.4%	-316.4%	42.8%	1250.9%	270.6%	100.0%
(Loss) / profit after taxation	(4,463.09)	9,079.01	1,770.10	(4,063.76)	(8,692.43)	1,770.68
	-252.1%	512.7%	100.0%	-229.5%	-490.9%	100.0%

VERTICAL STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED

	2023	2022	2021	2020	2019	2018
	Rupees in million					
	%	%	%	%	%	%
Net revenue from contracts with customers	298,805.45	251,875.73	139,625.20	125,612.65	160,906.20	136,984.94
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	(285,608.76)	(228,080.83)	(135,700.35)	(136,730.49)	(165,355.34)	(133,172.93)
	-95.6%	-90.5%	-97.2%	-108.8%	-102.8%	-97.2%
Gross profit / (loss)	13,196.69	23,794.90	3,924.85	(11,117.84)	(4,449.14)	3,812.01
	4.4%	9.5%	2.8%	-8.8%	-2.8%	2.8%
Distribution cost	(1,416.96)	(1,459.17)	(925.63)	(730.85)	(814.48)	(756.51)
	-0.5%	-0.6%	-0.7%	-0.6%	-0.5%	-0.5%
Administrative expenses	(1,066.27)	(948.70)	(897.75)	(867.17)	(831.56)	(863.19)
	-0.4%	-0.4%	-0.6%	-0.7%	-0.5%	-0.6%
Other income	450.65	313.53	370.39	380.94	369.51	558.08
	0.2%	0.1%	0.3%	0.3%	0.2%	0.4%
Other operating expenses	(42.51)	(822.32)	(131.26)	(14.93)	(17.59)	(77.45)
	0.0%	-0.3%	-0.1%	-0.0%	-0.0%	-0.1%
Operating profit / (loss)	11,121.60	20,878.24	2,340.60	(12,349.85)	(5,743.26)	2,672.94
	3.7%	8.3%	1.7%	-9.8%	-3.6%	2.0%
Finance cost - net	(16,244.34)	(9,067.97)	(940.39)	(2,513.24)	(5,285.75)	(1,765.61)
	-5.4%	-3.6%	-0.7%	-2.0%	-3.3%	-1.3%
(Loss) / profit before taxation	(5,122.74)	11,810.27	1,400.21	(14,863.09)	(11,029.01)	907.33
	-1.7%	4.7%	1.0%	-11.8%	-6.9%	0.7%
Taxation	659.65	(2,731.26)	369.89	10,799.33	2,336.58	863.35
	0.2%	-1.1%	0.3%	8.6%	1.5%	0.6%
(Loss)/profit after taxation	(4,463.09)	9,079.01	1,770.10	(4,063.76)	(8,692.43)	1,770.68
	-1.5%	3.6%	1.3%	-3.2%	-5.4%	1.3%

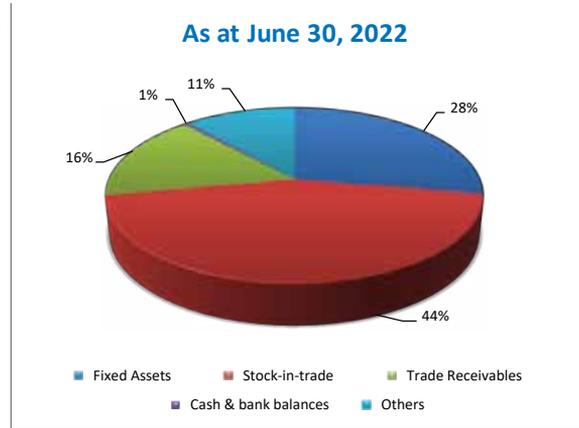
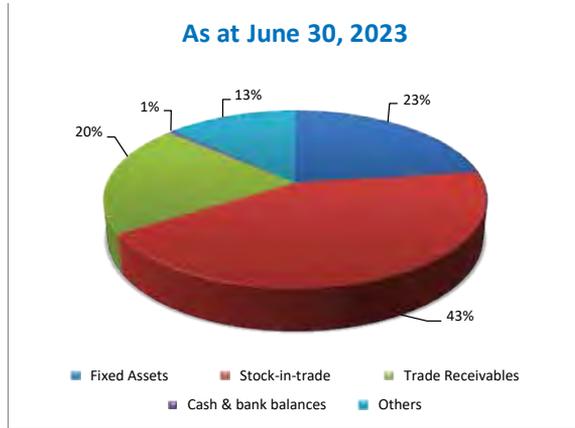
GRAPHICAL REPRESENTATION



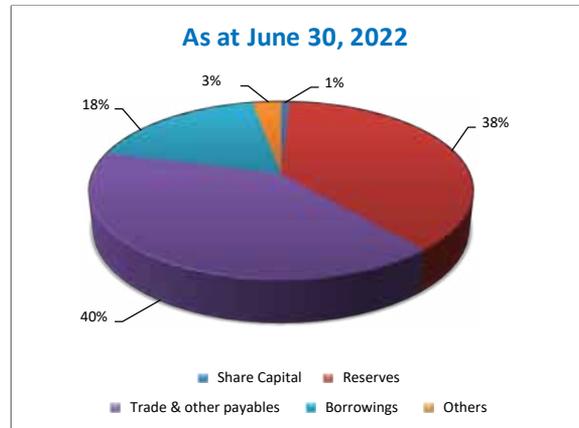
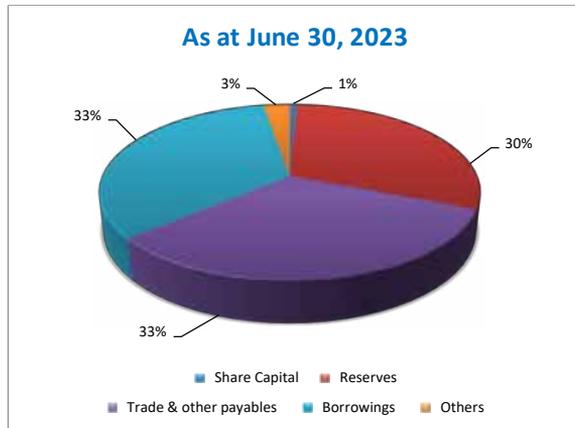
GRAPHICAL REPRESENTATION

STATEMENT OF FINANCIAL POSITION

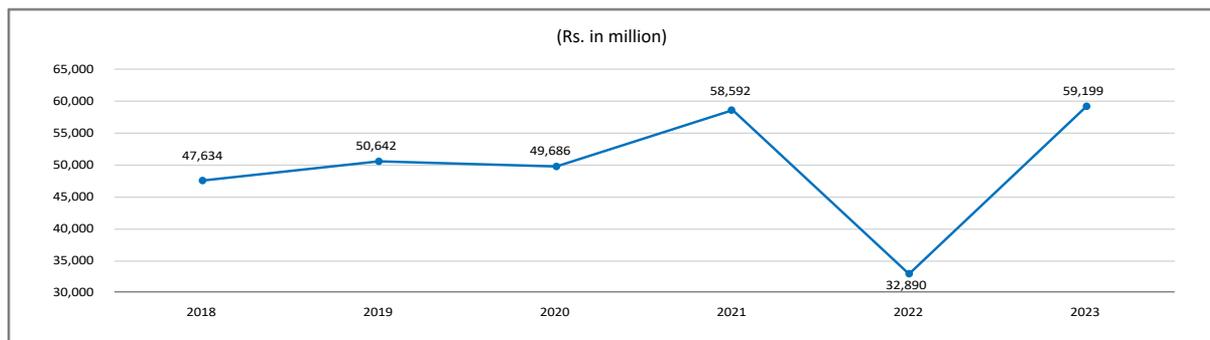
ASSETS



SHARE CAPITAL, RESERVES AND LIABILITIES



CONTRIBUTION TO NATIONAL EXCHEQUER





A photograph of an industrial facility. On the left, there is a large, multi-story building with a complex network of yellow metal stairs and walkways. To its right stands a tall, slender, blue-painted chimney stack. In the foreground, a dark asphalt road curves from the bottom left towards the center. To the right of the road is a large, flat, light-brown gravel area. In the background, a fence separates the facility from a cluster of smaller, multi-story buildings under a clear blue sky.

Annual Audited Financial Statements



INDEPENDENT AUDITOR'S REPORT

To the members of National Refinery Limited

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, 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 June 30, 2023 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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



Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	<p data-bbox="422 541 574 571">Deferred Tax</p> <p data-bbox="422 592 877 642"><i>(Refer note 2.18.2 and 7 to the financial statements)</i></p> <p data-bbox="422 663 877 766">The Company has booked net deferred tax asset of Rs. 6,912 million as at June 30, 2023 that mainly is recognised on Minimum Tax, Alternate Corporate Tax (ACT) and tax losses.</p> <p data-bbox="422 787 877 945">Deferred tax asset valuation is considered a key audit matter because the amounts involved are material, the complexities of the calculation of future taxable profits and the inherent uncertainty involved in forecasting taxable profits available in future periods.</p> <p data-bbox="422 966 877 1123">The recoverability of deferred tax asset is dependent on availability of future taxable profits and involve preparation of future cash flow projections that take into account significant estimates and judgements about refinery margin and capacity utilisation.</p> <p data-bbox="422 1144 877 1228">Due to this involvement of significant estimates and management judgements we considered this as a key audit matter.</p>	<p data-bbox="900 663 1361 693">Our audit procedures included the following:</p> <ul data-bbox="900 703 1361 1606" style="list-style-type: none"><li data-bbox="900 703 1361 882">• Considered the expected timing of utilisation of the Deferred Tax Assets (DTA) keeping in view the relevant provision of Income Tax Ordinance 2001 that apply to the utilisation of Minimum Tax, Alternate Corporate tax (ACT) and tax losses;<li data-bbox="900 903 1361 1081">• Evaluated the extent to which sufficient probable taxable profits would arise in the period within which the related losses would be available for utilisation, considering for example limits on the length of time that losses can be carried forward;<li data-bbox="900 1102 1361 1186">• Considered whether the tax balances were calculated using appropriate and substantively enacted tax laws and rates;<li data-bbox="900 1207 1361 1270">• Obtained financial projections from the Company's management;<li data-bbox="900 1291 1361 1354">• Obtained understanding of the Company's process of preparing financial projections;<li data-bbox="900 1375 1361 1480">• Evaluated the financial projections and assessed the likelihood of the Company generating sufficient future taxable profits; and<li data-bbox="900 1501 1361 1606">• Checked that the presentation and disclosures related to deferred tax are in accordance with the applicable accounting and reporting standards.

MA



S. No. Key audit matters

How the matter was addressed in our audit

(ii) **Stock-in-trade**

(Refer note 2.10 and 9 to the financial statements)

Stock-in-trade as at June 30, 2023 comprises of crude oil and condensate, semi-finished and finished products amounting to Rs. 23,007 million, Rs. 10,557 million and Rs. 14,573 million respectively. Crude oil, condensate, semi-finished and finished products are valued at lower of cost and net realisable value. The inventory quantities are determined through complex process involving various estimates.

Due to the significance of the stock balances, related complexities involved and significant management judgements in determining net realisable value and resultant carrying value of stock in trade, this is considered a key audit matter.

Our audit procedures included the following:

- Attended the physical count of the stock-in-trade and observed the said parameters alongwith the Employees of the Company and an external surveyor;
- Our audit work included obtaining samples of stock-in-trade from the storage tanks to determine the nature / characteristics of the product / stock. Such samples were sent to the Company's laboratory to further confirm the nature of the product / stock after our internal coding of the samples;
- Obtained the stock-in-trade count report of the surveyor for 100% stock-in-trade and re-performed the working for determination of volume;
- Assessed the background and experience of the surveyor to ensure their competence and capability;
- Assessed appropriateness of the Company's accounting policies for valuation of stock in trade and compliance of those policies with applicable accounting standards;
- Obtained an understanding and assessed reasonableness of the management's determination of net realisable value (NRV) and key estimates adopted, including future selling prices, future cost to complete work-in-progress and cost necessary to make the sales and their basis;
- Compared the NRV to the cost of stock in trade to assess whether any adjustments are required to value stock-in-trade in accordance with the accounting policy; and
- Checked that the presentation and disclosures related to stock-in-trade are in accordance with the applicable accounting and reporting standards.

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Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Syed Muhammad Hasnain.

A. F. Ferguson & Co
Chartered Accountants
Karachi

Date: September 5, 2023

UDIN: AR202310073ivbZIMAc5

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Note	2023	2022
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	3	25,599,046	28,348,945
Long-term investment	4	14,555	17,472
Long-term loans	5	25,892	37,985
Long-term deposits	6	30,265	30,265
Deferred taxation	7	6,911,879	4,655,287
Retirement benefit prepayments	19	409,787	25,452
		<u>32,991,424</u>	<u>33,115,406</u>
CURRENT ASSETS			
Stores, spares and chemicals	8	2,586,185	1,914,831
Stock-in-trade	9	48,136,902	45,684,808
Trade receivables	10	22,914,667	16,502,290
Loans and advances	11	94,531	52,109
Trade deposits and short-term prepayments	12	98,535	55,962
Interest accrued		33,637	11,902
Other receivables	13	1,477,197	1,395,152
Taxation - payments less provision		2,841,539	3,355,429
Cash and bank balances	14	605,301	618,419
		<u>78,788,494</u>	<u>69,590,902</u>
TOTAL ASSETS		<u>111,779,918</u>	<u>102,706,308</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	15	799,666	799,666
Reserves	16	33,799,013	39,019,692
		<u>34,598,679</u>	<u>39,819,358</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term Lease liability	17	158,338	169,460
Provision for Gas Infrastructure Development Cess	18	53,618	353,767
Retirement benefit obligations	19	524,128	494,308
		<u>736,084</u>	<u>1,017,535</u>
CURRENT LIABILITIES			
Trade and other payables	20	36,650,283	41,378,319
Advances from customers	21	915,317	1,224,455
Unclaimed dividend	22	59,462	60,149
Unpaid dividend	22	44,776	37,024
Accrued mark-up	23	1,147,302	531,417
Provisions	24	112,361	112,361
Borrowings	25	37,504,532	18,517,389
Current portion of long-term Lease liability	17	11,122	8,301
		<u>76,445,155</u>	<u>61,869,415</u>
TOTAL LIABILITIES		<u>77,181,239</u>	<u>62,886,950</u>
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	26	<u>111,779,918</u>	<u>102,706,308</u>

The annexed notes 1 to 46 form an integral part of these financial statements.


Chief Financial Officer


Chief Executive


Director

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 (Rupees in thousand)	2022
Revenue from contracts with customers	27	352,596,887	285,238,526
Trade discounts, taxes, duties, levies and price differentials	28	<u>(53,791,438)</u>	<u>(33,362,798)</u>
Net revenue from contracts with customers		298,805,449	251,875,728
Cost of sales	29	<u>(285,608,763)</u>	<u>(228,080,832)</u>
Gross profit		13,196,686	23,794,896
Distribution cost	30	(1,416,958)	(1,459,169)
Administrative expenses	31	(1,066,269)	(948,703)
Other income	32	450,650	313,534
Other operating expenses	33	<u>(42,508)</u>	<u>(822,315)</u>
Operating profit		11,121,601	20,878,243
Finance cost - net	34	<u>(16,244,345)</u>	<u>(9,067,973)</u>
(Loss) / profit before taxation		(5,122,744)	11,810,270
Taxation	35	<u>659,658</u>	<u>(2,731,257)</u>
(Loss) / profit after taxation		<u>(4,463,086)</u>	<u>9,079,013</u>
		(Rupees)	
(Loss) / earnings per share - basic and diluted	36	<u>(55.81)</u>	<u>113.53</u>

The annexed notes 1 to 46 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023

	2023 (Rupees in thousand)	2022
(Loss) / profit after taxation	(4,463,086)	9,079,013
Other comprehensive income / (loss)		
Items that will not be reclassified to statement of profit or loss		
Change in fair value of long term investment - note 4	(2,917)	7,685
Remeasurements of post employment benefit obligations - note 19	443,943	(52,766)
	441,026	(45,081)
Deferred tax thereon	880	(2,295)
	<u>441,906</u>	<u>(47,376)</u>
Total comprehensive (loss) / income	<u><u>(4,021,180)</u></u>	<u><u>9,031,637</u></u>

The annexed notes 1 to 46 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2023

	SHARE CAPITAL		CAPITAL RESERVES				REVENUE RESERVES		Total	
	Issued, subscribed and paid-up		Capital compensation reserve (note 16.1)	Exchange equalisation reserve	Special reserve (note 16.2)	Utilised special reserve (note 16.3)	General reserve	Gain / (loss) on revaluation of investment at fair value through OCI		Accumulated loss
Balance as at July 1, 2021	799,666		10,142	4,117	-	9,631,914	31,961,000	9,787	(10,829,239)	31,587,387
Total comprehensive income for the year ended June 30, 2022										
- Profit for the year ended June 30, 2022									9,079,013	9,079,013
- Other comprehensive loss for the year ended June 30, 2022								7,685	(55,061)	(47,376)
- Profit after tax from fuel refinery operations transferred to special reserve - note 16.2					5,852,169			7,685	9,023,952	9,031,637
- Accumulated loss of fuel refinery operations offset against special reserve - note 16.2					(5,852,169)				(5,852,169)	-
Transaction with owners in their capacity as owners									5,852,169	-
Final Dividend for the year ended June 30, 2021 @ Rs. 10 per share									(799,666)	(799,666)
Balance as at June 30, 2022	799,666		10,142	4,117	-	9,631,914	31,961,000	17,472	(2,604,953)	39,819,358
Total comprehensive loss for the year ended June 30, 2023										
- Loss for the year ended June 30, 2023									(4,463,086)	(4,463,086)
- Other comprehensive income for the year ended June 30, 2023								(2,917)	444,823	441,906
Transaction with owners in their capacity as owners								(2,917)	(4,018,263)	(4,021,180)
Final Dividend for the year ended June 30, 2022 @ Rs. 15 per share									(1,199,499)	(1,199,499)
Balance as at June 30, 2023	799,666		10,142	4,117	-	9,631,914	31,961,000	14,555	(7,822,715)	34,598,679

The annexed notes 1 to 46 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 (Rupees in thousand)	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (utilised in) / generated from operations	37	(10,346,860)	5,749,214
Income tax paid - net		(1,082,164)	(413,922)
Mark-up paid on Conventional Financing		(3,661,274)	(1,464,606)
Mark-up paid on Islamic Financing		(2,051,448)	(992,358)
Decrease / (increase) in long-term loans		12,093	(1,002)
Payment made to staff retirement benefit funds		(60,572)	(51,888)
Net cash (used in) / generated from operating activities		<u>(17,190,225)</u>	<u>2,825,438</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(696,657)	(551,621)
Purchase of intangible assets	3.4	(54)	(101)
Proceeds from disposal of property, plant and equipment		3,187	1,068
Return on investments and bank accounts		109,110	43,262
Net cash used in investing activities		<u>(584,414)</u>	<u>(507,392)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,192,434)	(795,221)
Lease rentals paid	17.2	(33,188)	(31,607)
Net cash used in financing activities		<u>(1,225,622)</u>	<u>(826,828)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(19,000,261)</u>	<u>1,491,218</u>
Cash and cash equivalents at beginning of the year		<u>(17,898,970)</u>	<u>(19,390,188)</u>
Cash and cash equivalents at end of the year	38	<u><u>(36,899,231)</u></u>	<u><u>(17,898,970)</u></u>

The annexed notes 1 to 46 form an integral part of these financial statements.


Chief Financial Officer


Chief Executive


Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

1. LEGAL STATUS AND OPERATIONS

National Refinery Limited was incorporated in Pakistan on August 19, 1963 as a public limited company and its shares are listed on the Pakistan Stock Exchange.

The Company is engaged in the manufacturing, production and sale of a large range of petroleum products. The refinery complex of the Company comprises of three refineries, consisting of two lube refineries, commissioned in 1966 and 1985, and a fuel refinery added to the complex in 1977. The Company has also commissioned Diesel Hydro De-sulphurisation (DHDS) and Isomerisation (ISOM) units during the financial years 2017 and 2018 respectively.

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 situated at 7-B Korangi Industrial Area, Karachi; and
- Oil terminal at Kemari, 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 to all the years presented.

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

i. Taxation

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 impact the income tax provision in the period in which such determination is made.

Deferred taxation is recognised taking into account availability of taxable profits. The management uses assumptions about future best estimates of the availability of future taxable profits based on available information.

ii. Post employment benefits

Significant estimates relating to post employment benefits are disclosed in note 19.

iii. Property, plant and equipment

Estimates with respect to residual value, depreciation method and depreciable lives of property, plant and equipment are disclosed in note 2.5 and 3.1 to these financial statements. Further, the Company reviews the carrying value of assets for impairment, if any, on each reporting period.

iv. Stock-in-trade

Estimates relating to net realisable value of stock-in-trade are disclosed in note 2.10. Further the inventory quantities are determined through complex process involving various estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under circumstances.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

2.3 Changes in accounting standards, interpretations and pronouncements

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

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2022. However, these do not have any significant impact on the Company's financial reporting.

(b) Standards and amendments to approved accounting standards that are not yet effective

There is a standard and certain other amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2023. However, these are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

2.4 Overall Valuation Policy

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the respective accounting policies notes.

2.5 Property, plant and equipment

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

Major spare parts and stand-by equipment qualify as property, plant and equipment when the Company 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 using the straight-line method whereby the cost of an asset is written off over its estimated useful life at the rates stated in note 3.1 to the financial statements. Depreciation on additions is charged from the month in which the asset is put to use and on disposals up to the month immediately preceding the disposal. Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The carrying value of operating assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

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

2.6 Intangible assets

An intangible asset is recognised if it is probable that future economic benefits attributable to the asset will flow to the Company and that the cost of such asset can be measured reliably. These are stated at cost less accumulated amortisation and impairment, if any.

Costs that are directly associated with identifiable software and have probable economic benefits exceeding the cost beyond one year, are recognised as intangible assets. Direct costs include the purchase cost of software, implementation cost and related overhead cost.

Intangible assets are amortised using the straight-line method over a period of three years or license period, whichever is shorter.

The carrying value of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

2.7 Financial Instruments - Initial recognition and subsequent measurement

Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

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

By default, all other financial assets are subsequently measured at FVTPL.

Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Subsequent measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognised at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. 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 and other comprehensive income in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognised in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

Impairment of financial asset

The Company recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost at an amount equal to life time ECLs except for the following, which are measured at 12 months ECLs:

- bank balances for whom credit risk (the risk of default occurring over the expected life of the financial instrument has not increased since the inception).
- employee receivables.
- other short term receivables that have not demonstrated any increase in credit risk since inception.

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

The Company considers a financial asset in default when it is more than 90 days past due.

Life time ECLs are the ECLs that results from all possible defaults events over the expected life of a financial instrument. 12 months ECLs are that portion of ECL that result from default events that are possible within 12 months after the reporting date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Derecognition

i) Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

ii) Financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss.

2.8 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.9 Stores, spares and chemicals

Stores, spares and chemicals, except items in transit, are stated at moving average cost. Cost comprises invoice value and other direct costs. Provision is made for slow moving and obsolete items wherever necessary.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

2.10 Stock-in-trade

Stock of crude oil and condensate is valued at lower of cost, determined on a First-In-First-Out (FIFO) basis and net realisable value. Crude oil in transit is valued at cost comprising invoice value plus other charges incurred thereon.

Stocks of semi-finished and finished products are valued at lower of cost, determined on a FIFO basis and net realisable value. Cost in relation to semi-finished and finished products represents cost of crude oil and an appropriate portion of manufacturing overheads.

Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred to make the sale.

2.11 Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer note 2.7 for a description of the Company's impairment policies.

2.12 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, balances with banks on current, savings and deposit accounts, short-term investments with original maturities of three months or less and short term borrowing and short term finances availed by the Company, which form an integral part of the Company's cash management.

2.13 Staff retirement benefits

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

2.13.1 Defined contribution plan

The Company operates an approved contributory provident fund for all employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% per annum 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.

2.13.2 Defined benefit plans

Defined benefit plans define an amount of pension or gratuity or medical benefit that an employee will receive on or after retirement, 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.

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 bonds. These are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related benefit obligation.

The Company operates the following schemes:

- i) Funded pension scheme for permanent, regular and full time managerial and supervisory staff of the Company who joined prior to January 01, 2012. Contributions are made to the fund on the basis of actuarial valuation and are charged to income. The most recent valuation of the scheme was carried out as at June 30, 2023, using the 'Projected Unit Credit Method'.
- ii) Funded gratuity scheme for non-management permanent employees of the Company. Provision is made annually to cover obligations under the scheme, as per actuarial valuation. The most recent valuation of the scheme was carried out as at June 30, 2023, using the 'Projected Unit Credit Method'.
- iii) Funded medical scheme for management employees who joined the Company prior to September 01, 2006. Provision is made annually to cover obligations under the scheme, by way of a charge to income, calculated in accordance with the actuarial valuation. The most recent valuation of the scheme was carried out as at June 30, 2023, using the 'Projected Unit Credit Method'.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

- iv) Funded gratuity scheme for management employees of the Company joining on or after January 1, 2012. Provision is made annually to cover obligations under the scheme, as per actuarial valuation. The most recent valuation of the scheme was carried out as at June 30, 2023, using the 'Projected Unit Credit Method'.

The amount arising as a result of remeasurements are 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-service costs are recognised immediately in statement of profit or loss.

2.14 Compensated absences

The Company accounts for compensated absences on the basis of unavailed leave balance of each employee at the end of the year.

Provisions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to income. The most recent valuation was carried out as at June 30, 2023 using the 'Projected Unit Credit Method'.

2.15 Trade and other payables

Liabilities for trade and other amounts payable including amounts payable to related parties are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services received.

2.16 Provisions

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

2.17 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

2.18 Taxation

2.18.1 Current

The charge for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income, using prevailing tax rates after taking into account tax credits and rebates available, if any. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability.

2.18.2 Deferred

Deferred tax is accounted for using the liability method on all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent of availability of future taxable profits and involve preparation of future cash flow projections that take into account significant estimates and judgements about future margin and capacity utilisation against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited in the statement of profit or loss. Deferred tax is determined using tax rates and prevailing law for taxation on income that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

2.19 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control over the products is transferred to the customer, that is when the customer has the ability to control the use of the transferred products provided and generally derive their remaining benefits and there is no unfulfilled obligation that could affect the customer's acceptance of the product. It is measured at the transaction price which the Company expects to be entitled to and represents the amount of products supplied, after netting of discounts and value added taxes. The performance obligation is satisfied and revenue is recognized as follows:

- a) Local sales of products delivered through pipelines are recorded when products pass through pipelines' flange. Sale of products loaded through gantry is recognised when products are loaded into tank lorries.
- b) Export sales are recorded on the basis of products delivered to tankers.
- c) Handling and storage income, pipeline charges, scrap sales, insurance rebate and rental income are recognised when services are rendered.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

No element of financing is deemed present as the sales are made with a credit term of 21 days, which is consistent with the market practice.

The transaction price of the regulated products are determined in accordance with the directives of Oil and Gas Regulatory Authority (OGRA). Whereas, the transaction prices of deregulated products are agreed under the contract with customer.

Furnace oil is sold with volume discount based on fortnightly aggregate sales. Net revenue from such sale is recognised net of volume discounts.

2.20 Other income

Sale of fixed assets is recognised as income when risk and rewards of ownership are transferred.

Profit from savings accounts is accounted for as income on accrual basis.

Rent income is accounted on straight line basis or in accordance with the terms of the agreement.

2.21 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

2.22 Borrowings

Borrowings are recognised initially at fair value, net of transaction cost incurred.

Borrowing costs are recognised as an 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.

2.23 Functional currency and foreign currency transactions and translation

The financial statements are presented in Pak Rupees which is the Company's functional and presentation currency and figures are rounded off to the nearest thousand of Rupees.

Transactions in foreign currencies are converted into Pak Rupees using the exchange rates prevailing on the dates of the transactions. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees using the exchange rates prevailing on the statement of financial position date. Exchange differences are taken to statement of profit or loss currently.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

2.24 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 Chief Executive Officer of the Company.

2.25 Dividends and appropriation to general reserve

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

2.26 Lease liability and right-of-use asset

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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 lease payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The 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 lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. 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 has elected to apply the practical expedient not to recognise right-of-use asset and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

	2023	2022
	(Rupees in thousand)	
3. FIXED ASSETS		
Property, plant and equipment		
- Operating assets - note 3.1	23,463,248	26,510,353
- Major spare parts and stand-by equipment - note 3.2	588,771	467,288
- Capital work-in-progress - note 3.3	1,544,933	1,366,181
	<u>25,596,952</u>	<u>28,343,822</u>
Intangible assets - note 3.4	2,094	5,123
	<u><u>25,599,046</u></u>	<u><u>28,348,945</u></u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

3.1 Operating assets

	Leasehold land (note 3.1.1)	Buildings on leasehold land	Right-of-use asset (note 3.1.2)	Plant and machinery (note 3.1.4)	Vehicles	Furniture and fixtures	Computers and other related accessories	Office and other equipment	Total
(Rupees in thousand)									
Year ended June 30, 2023									
Opening net book value	41,257	513,098	137,910	25,186,091	48,318	14,098	6,764	562,817	26,510,353
Additions	-	-	-	93	24,532	1,387	3,163	10,873	40,048
Transfers from capital work in progress	-	18,688	-	326,512	-	-	700	10,474	356,374
Disposals									
Cost	-	-	-	-	(8,759)	-	-	-	(8,759)
Accumulated depreciation	-	-	-	-	5,539	-	-	-	5,539
	-	-	-	-	(3,220)	-	-	-	(3,220)
Written off									
Cost	-	-	-	-	-	-	-	(851)	(851)
Accumulated depreciation	-	-	-	-	-	-	-	667	667
	-	-	-	-	-	-	-	(184)	(184)
Depreciation charge - note 3.1.5	(596)	(45,719)	(17,239)	(3,237,078)	(23,251)	(1,944)	(4,736)	(109,560)	(3,440,123)
Closing net book value	40,661	486,067	120,671	22,275,618	46,379	13,541	5,891	474,420	23,463,248
As at June 30, 2023									
Cost	60,035	1,048,209	189,627	48,743,146	198,069	35,853	88,190	1,618,859	51,981,988
Accumulated depreciation	(19,374)	(562,142)	(68,956)	(26,467,528)	(151,690)	(22,312)	(82,299)	(1,144,439)	(28,518,740)
Net book value	40,661	486,067	120,671	22,275,618	46,379	13,541	5,891	474,420	23,463,248
Year ended June 30, 2022									
Opening net book value	41,853	555,508	155,149	27,909,325	68,877	13,743	11,614	625,598	29,381,667
Additions	-	-	-	-	4,224	1,846	1,298	34,760	42,128
Transfers from capital work in progress	-	2,877	-	496,005	-	318	-	19,594	518,794
Disposals									
Cost	-	-	-	-	(1,966)	-	-	(1,662)	(3,628)
Accumulated depreciation	-	-	-	-	576	-	-	1,662	2,238
	-	-	-	-	(1,390)	-	-	-	(1,390)
Written off									
Cost	-	-	-	-	-	-	(2,417)	(172)	(2,589)
Accumulated depreciation	-	-	-	-	-	-	2,417	172	2,589
	-	-	-	-	-	-	-	-	-
Depreciation charge - note 3.1.5	(596)	(45,287)	(17,239)	(3,219,239)	(23,393)	(1,809)	(6,148)	(117,135)	(3,430,846)
Closing net book value	41,257	513,098	137,910	25,186,091	48,318	14,098	6,764	562,817	26,510,353
As at June 30, 2022									
Cost	60,035	1,029,521	189,627	48,416,541	182,296	34,466	84,327	1,598,363	51,595,176
Accumulated depreciation	(18,778)	(516,423)	(51,717)	(23,230,450)	(133,978)	(20,368)	(77,563)	(1,035,546)	(25,084,823)
Net book value	41,257	513,098	137,910	25,186,091	48,318	14,098	6,764	562,817	26,510,353
Annual Rate of Depreciation %	1	5 to 20	9.09	5 to 33.33	20	7 to 33.33	10 to 33.33	5 to 50	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

3.1.1 Leasehold land includes land subleased to Anoud Power Generation Limited and licensed to the following licensees:

- Pak-Hy Oils (Private) Limited*
- Pakistan State Oil Company Limited*
- PERAC Research & Development Foundation*
- Petroleum Packages (Private) Limited*
- Pakistan Oilfields Limited
- Attock Petroleum Limited

The carrying value of each of the above is immaterial.

* License period of these licensees has expired and the Company has initiated the necessary course to recover the possession of land.

3.1.2 The right-of-use asset comprise a leasehold land at oil installation area, Keamari of Karachi Port Trust (KPT), used by the Company for its operations.

3.1.3 In the current year variable lease for right-of-use of assets amounted to Rs. 29.63 million (2022: Rs. 12.30 million).

3.1.4 Plant and machinery includes oil terminal, processing plant and storage tanks, power generation plants, pipelines, water, power and other utilities.

3.1.5 The break up of depreciation charge for the year is as follows:

	2023	2022
	(Rupees in thousand)	
Cost of sales - note 29	3,373,122	3,361,910
Distribution cost - note 30	3,689	3,995
Administrative expenses - note 31	63,312	64,941
	<u>3,440,123</u>	<u>3,430,846</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

Location	Usage of immovable property	Total Area (In acres)
Plot No. 7B, 7D, 7E and other adjacent plots, Korangi Industrial Area, Karachi	Refining complex and related facility	275
	2023	2022
	(Rupees in thousand)	

3.2 Major spare parts and stand-by equipment

Gross carrying value

Balance at beginning of the year	555,688	580,278
Additions during the year	274,716	195,410
Transfers made during the year	<u>(153,233)</u>	<u>(220,000)</u>
Balance at end of the year	677,171	555,688
Provision for impairment - note 3.2.1	<u>(88,400)</u>	<u>(88,400)</u>
Net carrying value	<u><u>588,771</u></u>	<u><u>467,288</u></u>

3.2.1 During the year, net reversal of provision amounting to Rs. Nil (2022: Rs. 4.54 million) has been made.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

3.3 Capital work-in-progress

	Balance as at July 1, 2022	Additions during the year	Transfers - note 3.3.1	Balance as at June 30, 2023	Balance as at July 1, 2021	Additions during the year	Transfers	Balance as at June 30, 2022
← (Rupees in thousand) →								
Buildings on leasehold land	15,629	12,694	(17,946)	10,377	12,168	6,249	(2,788)	15,629
Refineries upgradation projects	982,766	6,255	(18,663)	970,358	973,706	10,028	(968)	982,766
Plant and machinery	306,183	388,528	(323,152)	371,559	273,063	530,603	(497,483)	306,183
Intangible	-	1,050	-	1,050	-	-	-	-
Office and other equipments	51,892	41,476	(14,467)	78,901	39,513	29,934	(17,555)	51,892
	<u>1,356,470</u>	<u>450,003</u>	<u>(374,228)</u>	<u>1,432,245</u>	<u>1,298,450</u>	<u>576,814</u>	<u>(518,794)</u>	<u>1,356,470</u>
Advances to contractors / suppliers	9,711	112,706	(9,729)	112,688	52,442	9,720	(52,451)	9,711
	<u>1,366,181</u>	<u>562,709</u>	<u>(383,957)</u>	<u>1,544,933</u>	<u>1,350,892</u>	<u>586,534</u>	<u>(571,245)</u>	<u>1,366,181</u>

3.3.1 Transfers include an amount of Rs. 17.85 million representing company's share in connection with the joint feasibility study conducted by the refineries, which has been charged off.

2023 2022
(Rupees in thousand)

3.4 Intangible Assets – Computer softwares

Net carrying value

Balance at beginning of the year	5,123	8,190
Additions during the year	54	101
Amortisation for the year - note 3.4.1	(3,083)	(3,168)
Balance at end of the year	<u>2,094</u>	<u>5,123</u>

Gross carrying value

Cost	363,474	363,422
Accumulated amortisation	(361,380)	(358,299)
Net book value	<u>2,094</u>	<u>5,123</u>

Amortisation is charged at the rate of 33.33% per annum.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

3.4.1 The break up of amortisation charge for the year is as follows:

	2023	2022
	(Rupees in thousand)	
Cost of sales - note 29	2,857	2,871
Administrative expenses - note 31	226	297
	3,083	3,168

4. LONG-TERM INVESTMENT

Fair value through OCI

Anoud Power Generation Limited
[1,080,000 (2022: 1,080,000) Ordinary shares of
Rs.10 each, Equity held 9.09 percent
(2022: 9.09 percent)]

	14,555	17,472
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The above investment was revalued by an independent valuer - M/s JS Global Capital Limited on June 30, 2023 based on the discounted cash flow analysis (level 3).

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

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

The following table presents the movement in level 3 item for the year ended June 30, 2023.

	Unlisted equity security	
	2023	2022
	(Rupees in thousand)	
Opening balance July 1, 2022	17,472	9,787
(Loss) / Income recognised during the year	(2,917)	7,685
Closing balance June 30, 2023	14,555	17,472

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	(Rupees in thousand)	
5. LONG-TERM LOANS		
Loans - considered good		
Secured - note 5.1		
Loans to employees	33,862	48,578
Less: Recoverable within one year - note 11	<u>(8,671)</u>	<u>(11,040)</u>
	25,191	37,538
Unsecured - note 5.2		
Loans to employees	967	642
Less: Recoverable within one year - note 11	<u>(266)</u>	<u>(195)</u>
	701	447
	<u>25,892</u>	<u>37,985</u>

5.1 The secured loans to employees are for the purchase of motor cars and house building. These are granted in accordance with the terms of their employment and are recoverable in monthly installments over a period ranging between 5 to 10 years (2022: 5 to 10 years). Out of these, car loans amounting to Rs. 5.2 million (2022: Rs. 7.3 million) carry interest ranging from 3% to 7% (2022: 3% to 7%) per annum. These loans are secured against original title documents of respective assets.

5.2 The unsecured loans to employees are either personal loans or given for the purchase of furniture and motor cycles. These are granted in accordance with the terms of their employment and are recoverable in monthly installments over a period of 4 to 12 (2022: 4 to 12) years and are interest free.

5.3 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.

	2023	2022
	(Rupees in thousand)	
6. LONG-TERM DEPOSITS		
Utilities	14,216	14,216
Others	<u>16,049</u>	<u>16,049</u>
	<u>30,265</u>	<u>30,265</u>

6.1 These deposits do not carry any mark up arrangement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

7. DEFERRED TAXATION

	Accelerated tax depreciation and amortisation	Right-of-use asset net of lease liability - IFRS 16	Provision for duties and taxes	Provision for slow moving and obsolete stores, spares and chemicals	Provision for old outstanding liabilities offered for tax	Provision for doubtful debt, doubtful receivables, staff retirement benefits, pending litigation and others	Minimum tax	Alternate corporate tax - note 7.3	Tax loss	Total
	(Rupees in thousand)									
July 01, 2022	(3,706,908)	5,465	12,859	105,051	13,910	91,005	961,834	181,447	6,990,624	4,655,287
Credit / (charge) to statement of profit or loss and other comprehensive income for the year	(288,788)	11,932	4,615	35,830	4,993	73,521	1,398,013	173,246	843,230	2,256,592
June 30, 2023	(3,995,696)	17,397	17,474	140,881	18,903	164,526	2,359,847	354,693	7,833,854	6,911,879
July 01, 2021	(3,531,890)	7,606	13,077	109,811	14,146	80,953	3,197,391	787,537	7,483,136	8,161,767
Credit / (charge) to statement of profit or loss and other comprehensive income for the year	(175,018)	(2,141)	(218)	(4,760)	(236)	10,052	(2,235,557)	(606,090)	(492,512)	(3,506,480)
June 30, 2022	(3,706,908)	5,465	12,859	105,051	13,910	91,005	961,834	181,447	6,990,624	4,655,287

- 7.1 The deferred tax asset on minimum tax, alternative corporate tax (ACT) and tax loss will be recoverable based on the estimated future taxable income.
- 7.2 Under the Finance Act, 2019, corporate rate of tax has been fixed at 29% for tax year 2020 and onwards. In addition, as per Finance Act, 2023, companies are liable to pay super tax at the rate of upto 10% for the tax year 2023 and onwards. Accordingly, deferred tax assets and liabilities have been recognised using the expected applicable rate.
- 7.3 The Company has received an appeal affect order on June 25, 2023 based on the appellate order passed by the Appellate Tribunal Inland Revenue (ATIR) on March 01, 2023 in respect of tax year 2014. The main issue involved in the appeal was the apportionment of expenditures between local income and exports on the basis of 'gross sales' as compared to 'net sales'. The ATIR based on the prior orders has maintained the decision of Commissioner Inland Revenue Appeals (CIRA) allowing the apportionment of expenditures on the basis of 'gross sales' which has resulted in taxable loss of Rs. 2,763.49 million for the tax year 2014. Being prudent, the Company has adjusted the said taxable loss to the extent of Rs. 1,445.76 million against taxable income for the tax year 2015. This adjustment has resulted in increase in carried forward excess ACT over Corporate tax pertaining to the tax year 2015. The Company, however as an abundant precaution has recorded resulted deferred tax income to the tune of Rs. 173.25 million.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	(Rupees in thousand)	
8. STORES, SPARES AND CHEMICALS		
In hand		
- Stores	80,250	98,271
- Spares	1,744,768	1,551,656
- Chemicals	<u>1,058,569</u>	<u>534,252</u>
	<u>2,883,587</u>	<u>2,184,179</u>
In transit	<u>9,300</u>	<u>42,613</u>
	<u>2,892,887</u>	<u>2,226,792</u>
Provision for net realisable value write down - note 8.1	<u>(306,702)</u>	<u>(311,961)</u>
	<u><u>2,586,185</u></u>	<u><u>1,914,831</u></u>

8.1 The Company made a reversal of provision for net realisable value of slow moving and obsolete stores, spares and chemicals of Rs. 5.26 million (2022: Rs. 6.69 million).

	2023	2022
	(Rupees in thousand)	
9. STOCK-IN-TRADE		
Crude oil and condensate [including in transit Rs. 8.35 billion (2022: Rs. 0.05 billion)]	23,007,454	18,878,501
Semi-finished products	10,556,874	11,104,961
Finished products - note 9.1	<u>14,572,574</u>	<u>15,701,346</u>
	<u><u>48,136,902</u></u>	<u><u>45,684,808</u></u>

9.1 As at June 30, 2023, stock of finished products has been written down by Rs. 128.75 million (2022: Rs. 130.07 million) to arrive at its net realisable value of Rs. 2,607.01 million (2022: Rs. 1,912.35 million).

	2023	2022
	(Rupees in thousand)	
10. TRADE RECEIVABLES - unsecured		
Considered good		
- Related party - Attock Petroleum Limited - notes 10.1 & 10.2	12,332,941	9,590,326
- Others - note 10.3	10,581,726	6,911,964
Considered doubtful	<u>7,832</u>	<u>7,832</u>
	<u>22,922,499</u>	<u>16,510,122</u>
Less: Allowance for expected credit loss	<u>(7,832)</u>	<u>(7,832)</u>
	<u><u>22,914,667</u></u>	<u><u>16,502,290</u></u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

- 10.1 There are no trade receivables from related party that are past due or impaired.
- 10.2 The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 12.43 billion (2022: Rs. 9.59 billion).
- 10.3 The trade receivables that are past due but not impaired is Rs. 0.031 million (2022: Rs. 0.031 million).

2023 2022
(Rupees in thousand)

11. LOANS AND ADVANCES

Loans - considered good

Current portion of long term loans - note 5

Secured

- Employees	8,671	11,040
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Unsecured

- Employees	266	195
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Short term loans to employees - unsecured and interest free

	1,008	768
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Advances - note 11.1

- Employees	6,724	6,459
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- Suppliers - note 11.1.1	77,862	33,647
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	84,586	40,106
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	94,531	52,109
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- 11.1 These advances do not carry any mark up arrangement.
- 11.1.1 These include advances to foreign suppliers against purchases of stores and various other items amounting to Rs. 56.78 million (2022: Rs. 11.91 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	(Rupees in thousand)	
12. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Deposits - note 12.1	66,569	31,636
Prepayments		
- Insurance	5,044	2,127
- Others	26,922	22,199
	<u>31,966</u>	<u>24,326</u>
	<u>98,535</u>	<u>55,962</u>

12.1 These deposits do not carry any mark up arrangement.

	2023	2022
	(Rupees in thousand)	
13. OTHER RECEIVABLES – considered good		
Receivable from related parties - 13.1		
- Attock Petroleum Limited	26,442	23,360
- The Attock Oil Company Limited	3	6
- Pakistan Oilfields Limited	62	90
- Attock Refinery Limited	194	3,022
- Attock Cement Limited	-	50
Others:		
- Government of Pakistan - note 13.2	232,809	232,809
- Sales tax receivable - note 13.3	567,691	567,691
- Additional tax claimed by Federal Board of Revenue - note 13.4	251,625	251,625
- Custom duty receivable - note 13.5	226,548	-
- Various - note 13.6	171,823	316,499
	<u>1,477,197</u>	<u>1,395,152</u>

13.1 The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 28.45 million (2022: Rs. 34.02 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

- 13.2 This represents Price Differential Claims (PDC) receivable from Government of Pakistan. On behalf of oil refineries, Oil Companies Advisory Committee (OCAC) has presented the claims before the Ministry of Petroleum & Natural Resources (MoPNR). In 2018, the Company received a report on PDC from Ministry of Energy - Petroleum Division through OCAC. The management is in the process of assessing the report and believes that such receivable is good and no provision has been made thereagainst.
- 13.3 This represents receivable on account of sales tax paid to the Federal Board of Revenue amounting to Rs. 567.69 million (2022: Rs. 567.69 million) in respect of sales tax demand received for the periods July 2013 to June 2014, July 2015 to June 2016 and June to September 2016. These cases have been remanded back by Commissioner Inland Revenue (Appeals) (CIRA). The Company has filed appeals with the Appellate Tribunal Inland Revenue (ATIR) against orders of CIRA on certain points which were not decided in favour of the Company.
- 13.4 This represents amount paid against the order of demand for monitoring of withholding taxes for tax years 2014 and 2016. For tax year 2014, the case has been remanded back by Commissioner Inland Revenue (Appeals) (CIRA). Whereas, for tax year 2016, the Company had filed an appeal before the CIRA against the order passed in remand back proceedings, the said appeal has been decided in the Company's favour vide order dated 19 June 2023.
- 13.5 This represents the differential of custom duty levied on import of crude oil and sale of petroleum products based on SROs issued by the Government of Pakistan and Ministry of Energy (MoE). In 2018, the Oil and Gas Regulatory Authority (OGRA) in compliance with the directives of MoE approved a recovery mechanism for regulated products through which refineries would operate on no gain / loss basis on this account. OGRA directed Oil Companies Advisory Committee (OCAC) to ensure implementation of the said mechanism. The Company has worked out the impact on the basis of such mechanism and adjusted the regulatory duty on regulated products in the other receivables (2022: trade payables) and in case of regulatory duty on deregulated products in the sales and cost of sales respectively.
- 13.6 These include claim settlement pertaining to export of Naphtha amounting to Rs. 151.33 million (2022: Nil).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	(Rupees in thousand)	
14. CASH AND BANK BALANCES		
Cash at bank		
Conventional		
Current accounts	71,947	87,809
Savings accounts - note 14.1	3,922	4,417
Deposit accounts - notes 14.1 and 14.2	490,063	490,063
	565,932	582,289
Islamic		
Current accounts	106	35,627
Savings accounts - note 14.1	38,763	3
	38,869	35,630
Cash in hand	500	500
	<u>605,301</u>	<u>618,419</u>

14.1 These carry mark-up rates ranging from 11.5% to 19.5% (2022: 5.5% to 13%) per annum.

14.2 These represent Term Deposit Receipts as bank guarantees under lien issued on behalf of the Company.

	2023	2022
	(Rupees in thousand)	
15. SHARE CAPITAL		
Number of shares		
Authorised		
100,000,000 Ordinary shares of Rs. 10 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up		
59,450,417 Ordinary shares of Rs. 10 each fully paid in cash	594,504	594,504
6,469,963 Ordinary shares of Rs. 10 each issued for consideration other than cash	64,700	64,700
14,046,180 Ordinary shares of Rs. 10 each issued as fully paid bonus shares	140,462	140,462
	<u>799,666</u>	<u>799,666</u>
	<u>79,966,560</u>	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

15.1 As at June 30, 2023 and 2022, Attock Group holds 51% equity stake in the Company through the following Companies:

	2023	2022
	(Number of shares)	
- Attock Refinery Limited	19,991,640	19,991,640
- Pakistan Oilfields Limited	19,991,640	19,991,640
- Attock Petroleum Limited	799,665	799,665
	2023	2022
	(Rupees in thousand)	

16. RESERVES

Capital reserves

Capital compensation reserve - note 16.1	10,142	10,142
Exchange equalisation reserve	4,117	4,117
Special reserve - note 16.2	-	-
Utilised special reserve - note 16.3	9,631,914	9,631,914
	9,646,173	9,646,173

Revenue reserves

General reserve	31,961,000	31,961,000
Revaluation of investment at fair value through OCI	14,555	17,472
Accumulated loss	(7,822,715)	(2,604,953)
	24,152,840	29,373,519
	33,799,013	39,019,692

16.1 Capital compensation reserve includes net amounts for (a) premature termination of crude oil sales, bareboat charter-party and technical assistance agreements, (b) design defects and terminated service agreements and (c) termination of bareboat charter-party and affreightment agreements.

16.2 As per the Import Parity Pricing (IPP) formula, effective July 1, 2002, certain refineries including the Company have been directed to transfer from their net profit after tax for the year from fuel refinery operations, an amount in excess of 50% of the paid-up share capital, as on July 1, 2002 attributable to fuel segment, to Special Reserve to offset against any future losses or to make investment for expansion or upgradation.

During 2013, Government of Pakistan issued a policy framework for upgradation and expansion of refinery projects which interalia states that till the 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 reserves account as per current pricing formula.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

During the year, no transfer has been made to the special reserve because of loss from fuel refinery operations. Also refer to note 41.2.

- 16.3 This represents amounts utilised out of the Special Reserve for upgradation and expansion of the refinery.

2023 2022
(Rupees in thousand)

17. LEASE LIABILITY

Lease liabilities under IFRS 16 - notes 17.1 & 17.2	<u>169,460</u>	<u>177,761</u>
Non Current portion	<u>158,338</u>	<u>169,460</u>
Current portion	<u>11,122</u>	<u>8,301</u>
17.1 Maturity analysis of lease liabilities		
Upto 1 year	11,122	8,301
1 - 5 years	117,375	94,515
More than 5 years	<u>40,963</u>	<u>74,945</u>
	<u>169,460</u>	<u>177,761</u>

- 17.2 Following is the carrying amount of lease liabilities and the movement during the year:

2023 2022
(Rupees in thousand)

Balance as at July 01	177,761	183,656
Interest expense	24,887	25,712
Payments	<u>(33,188)</u>	<u>(31,607)</u>
Balance as at June 30	<u>169,460</u>	<u>177,761</u>

- 17.3 The lease liability was measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 14%.

2023 2022
(Rupees in thousand)

18. PROVISION FOR GAS INFRASTRUCTURE DEVELOPMENT CESS

Provision for Gas Infrastructure Development Cess - notes 18.1 & 18.2	<u>934,130</u>	<u>861,132</u>
Non Current portion	<u>53,618</u>	<u>353,767</u>
Current portion	<u>880,512</u>	<u>507,365</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

- 18.1 Following is the carrying amount of provision for gas infrastructure development cess and the movement during the year:

	2023	2022
	(Rupees in thousand)	
Balance as at July 01	861,132	933,973
Remeasurement	-	(49,900)
Recognised during the year	72,998	60,039
Payments	-	(82,980)
Balance as at June 30	934,130	861,132

- 18.2 The Supreme Court of Pakistan through its judgement dated August 13, 2020 had decided the Appeal against consumers upholding the vires of GIDC Act, 2015. The Review Petition was also dismissed on merits; however, the Honorable Court had provided some relief by increasing the time period for recovery of GIDC from 24 to 48 installments.

The Company also filed a civil suit before the Honorable High Court of Sindh (SHC) on the ground that the Company falls under the category of consumers and it has not passed on the burden of Cess. Accordingly, stay order was granted. However, while pendency of aforesaid suit, the Company kept on paying GIDC installments under protest and without prejudice to the Company's legal rights till August 2021 (upto 13th installment). In September 2021, Sui Southern Gas Company Limited (SSGC) revised the payment terms from 48 to 24 months. The Company, after giving notice to SSGC stopped payment of further installments of GIDC as the stay order has been operative, whereby SHC has restrained SSGC from taking any coercive action against the Company in relation to non-payment of installments of GIDC arrears. The suit is still pending adjudication before the Honourable High Court of Sindh at Karachi and interim order, granting stay, is in effect till further orders.

19. RETIREMENT BENEFIT OBLIGATIONS

19.1 Retirement benefit obligations

- 19.1.1 The Company operates approved funded pension scheme for permanent management staff who joined prior to January 01, 2012, approved funded gratuity scheme for permanent management employees who joined the Company on or after January 1, 2012, approved funded gratuity scheme for permanent non-management employees and approved funded medical scheme for management employees of the Company who joined prior to September 01, 2006. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at June 30, 2023.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

19.1.2 Plan assets held in trust are governed by local regulations which mainly include the Trust Act, 1882; the Companies Act, 2017; Income Tax Rules, 2002 and the Rules under the trust deeds. Responsibility for governance of the Plans, including investment decisions, lies with the Boards of Trustees. The Company appoints the trustees and all trustees are employees of the Company.

19.1.3 Risks on account of defined benefit plan

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

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

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.

19.1.4 The latest actuarial valuation of the Plans as at June 30, 2023 was carried out using the Projected Unit Credit Method. Details of the Funds as per the actuarial valuation are as follows:

	2023				2022			
	Pension fund	Medical fund	Non - management gratuity fund	Management gratuity fund	Pension fund	Medical fund	Non - management gratuity fund	Management gratuity fund
	← (Rupees in thousand) →							
19.1.5 Balance sheet reconciliation								
Present value of defined benefit obligation at June 30 - note 19.1.6	5,173,423	1,860,986	216,976	101,071	5,017,745	1,658,374	251,855	98,251
Fair value of plan assets at June 30 - note 19.1.7	(5,575,474)	(1,395,546)	(158,288)	(108,807)	(5,037,583)	(1,255,541)	(160,380)	(103,865)
Deficit / (surplus)	(402,051)	465,440	58,688	(7,736)	(19,838)	402,833	91,475	(5,614)
19.1.6 Movement in the present value of defined benefit obligation								
Balance at July 1	5,017,745	1,658,374	251,855	98,251	4,948,236	1,503,143	231,180	79,947
Benefits paid by the plan	(410,590)	(92,746)	(15,095)	(13,166)	(399,324)	(88,091)	(2,252)	(8,240)
Current service cost	48,616	10,900	9,604	18,606	54,730	10,912	5,678	16,927
Interest cost	633,033	215,336	33,205	14,067	425,741	132,686	20,651	7,824
Transfers	23,042	-	(23,042)	-	9,469	-	(9,469)	-
Remeasurement on obligation	(138,423)	69,122	(39,551)	(16,687)	(21,107)	99,724	6,067	1,793
Balance at June 30	5,173,423	1,860,986	216,976	101,071	5,017,745	1,658,374	251,855	98,251
19.1.7 Movement in the fair value of plan assets								
Balance at July 1	5,037,583	1,255,541	160,380	103,865	4,940,243	1,227,074	145,194	102,356
Contributions paid into the plan	42,752	7,170	10,650	-	40,201	-	11,687	-
Transfers	23,042	-	(23,042)	-	9,469	-	(9,469)	-
Benefits paid by the plan	(410,590)	(92,746)	(15,095)	(13,166)	(399,324)	(88,091)	(2,252)	(8,240)
Interest income	634,692	162,407	21,503	14,766	423,742	108,162	13,150	9,756
Remeasurement on plan assets	247,995	63,174	3,892	3,342	23,252	8,396	2,070	(7)
Balance at June 30	5,575,474	1,395,546	158,288	108,807	5,037,583	1,255,541	160,380	103,865
19.1.8 Expense recognised in the statement of profit or loss								
Current service cost	48,616	10,900	9,604	18,606	54,730	10,912	5,678	16,927
Net interest (income) / cost	(1,659)	52,929	11,702	(699)	1,999	24,524	7,501	(1,932)
Expense recognised in statement of profit or loss	46,957	63,829	21,306	17,907	56,729	35,436	13,179	14,995

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	2023				2022			
	Pension fund	Medical fund	Non - management gratuity fund	Management gratuity fund	Pension fund	Medical fund	Non - management gratuity fund	Management gratuity fund

← (Rupees in thousand) →

19.1.9 Remeasurement recognised in Other Comprehensive Income or loss

(Gain) / loss from changes in actuarial assumptions	(149,168)	15,818	(35,303)	(11,743)	(127,025)	21,219	(13,932)	1,766
Experience loss / (gain)	10,745	53,304	(4,249)	(4,944)	105,918	78,505	19,999	27
Remeasurement of fair value of plan assets	(247,995)	(63,174)	(3,892)	(3,342)	(23,252)	(8,396)	(2,070)	7
Remeasurements	(386,418)	5,948	(43,444)	(20,029)	(44,359)	91,328	3,997	1,800

19.1.10 Net recognised liability / (asset)

Net liability / (asset) at the beginning of the year	(19,838)	402,833	91,475	(5,614)	7,993	276,069	85,986	(22,409)
Expense recognised in profit and loss account	46,957	63,829	21,306	17,907	56,729	35,436	13,179	14,995
Contribution made to the fund during the year	(42,752)	(7,170)	(10,650)	-	(40,201)	-	(11,687)	-
Remeasurements recognised in other comprehensive income or loss	(386,418)	5,948	(43,444)	(20,029)	(44,359)	91,328	3,997	1,800
Recognised liability / (asset) as at end of the year	(402,051)	465,440	58,687	(7,736)	(19,838)	402,833	91,475	(5,614)

19.1.11 Major categories / composition of plan assets are as follows:

	Pension fund		Medical fund		Non - management gratuity fund		Management gratuity fund	
	2023	2022	2023	2022	2023	2022	2023	2022
Debt instruments	95.51%	97.90%	99.32%	100.00%	98.33%	90.80%	98.53%	98.65%
Equity - Listed	1.37%	1.60%	0.00%	0.00%	1.52%	1.52%	0.00%	0.00%
Others	3.13%	0.50%	0.68%	0.00%	0.14%	7.68%	1.47%	1.35%

19.1.12 Composition of fair value of plan assets are as follows:

	Pension fund		Medical fund		Non - management gratuity fund		Management gratuity fund	
	2023	2022	2023	2022	2023	2022	2023	2022

← (Rupees in thousand) →

Debt instruments	5,324,872	4,931,596	1,386,123	1,255,541	155,652	145,632	107,207	102,465
Equity - Listed	76,257	80,546	-	-	2,412	2,433	-	-
Others	174,345	25,441	9,423	-	224	12,315	1,601	1,400
Total	5,575,474	5,037,583	1,395,546	1,255,541	158,288	160,380	108,808	103,865

19.1.13 Actuarial Assumptions

Discount rate at June 30	16.25%	13.25%	16.25%	13.25%	16.25%	13.25%	16.25%	13.25%
Future salary increases / increase in cost								
- First year following the valuation	6.50%	20.00%	14.25%	11.25%	6.50%	6.50%	6.50%	20.00%
- Second year following the valuation	6.50%	6.50%	14.25%	11.25%	6.50%	6.50%	6.50%	6.50%
- Third year following the valuation	6.50%	6.50%	14.25%	11.25%	6.50%	12.25%	6.50%	6.50%
- Long term increase	15.25%	12.25%	15.25%	12.25%	15.25%	12.25%	15.25%	12.25%
Expected rate of increase in pension	10.45%	7.45%	-	-	-	-	-	-
Expected retirement age	60 years							

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

19.1.15 In case of the funded plans, the Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the retirement benefit plan. Within this framework, the Company's ALM objective is to match assets to the retirement benefit obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively 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 processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well 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 in 2023 consists of government securities. The Company believes that government securities offer the best returns over the long term with an acceptable level of risk.

19.1.16 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 the statement of financial position date.

The Company's contributions to gratuity, pension and medical benefit funds in 2024 is expected to amount to Rs. 111.23 million.

The actuary conducts separate valuations for calculating contribution rates. The Company contributes to the pension, gratuity and medical benefit funds appropriately.

19.2 Sensitivity analysis for actuarial assumptions

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

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
		(Rupees in thousand)	
Discount rate at June 30	0.5%	(204,031)	486,847
Future salary increases	0.5%	182,244	74,669
Future pension increases	0.5%	416,754	(142,347)
Future medical increases	0.5%	8,066	(7,832)

If longevity increases by 1 year, the resultant increase in obligation is insignificant.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

19.3 Historical information

Pension fund

	2023	2022	2021	2020	2019
Present value of defined benefit obligation	5,173,423	5,017,745	4,948,236	4,849,641	4,725,044
Fair value of plan assets	(5,575,474)	(5,037,583)	(4,940,243)	(4,826,069)	(4,670,856)
Deficit in the plan	<u>(402,051)</u>	<u>(19,838)</u>	<u>7,993</u>	<u>23,572</u>	<u>54,188</u>

Experience Adjustments

(Gain) / loss on obligation	(138,423)	(21,107)	50,168	(198,313)	(266,600)
(Loss) / gain on plan assets	247,995	23,252	76,981	(160,540)	(220,720)

Medical Benefit

Present value of defined benefit obligation	1,860,986	1,658,374	1,503,143	1,430,513	1,309,292
Fair value of plan assets	(1,395,546)	(1,255,541)	(1,227,074)	(1,211,026)	(1,130,506)
Deficit in the plan	<u>465,440</u>	<u>402,833</u>	<u>276,069</u>	<u>219,487</u>	<u>178,786</u>

Experience Adjustments

(Gain) / loss on obligation	69,122	99,724	21,542	(2,592)	(69,352)
(Loss) / gain on plan assets	63,174	8,396	(9,591)	(16,608)	(8,592)

Gratuity fund - Non-management

Present value of defined benefit obligation	216,976	251,855	231,180	204,971	185,944
Fair value of plan assets	(158,288)	(160,380)	(145,194)	(139,478)	(125,608)
Deficit in the plan	<u>58,688</u>	<u>91,475</u>	<u>85,986</u>	<u>65,493</u>	<u>60,336</u>

Experience Adjustments

(Gain) / loss on obligation	(39,552)	6,067	19,663	(1,646)	(2,278)
(Loss) / gain on plan assets	3,892	2,070	(2,594)	(2,612)	(428)

Gratuity fund - management

Present value of defined benefit obligation	101,071	98,251	79,947	62,705	45,961
Fair value of plan assets	(108,807)	(103,865)	(102,356)	(82,491)	(61,579)
Surplus in the plan	<u>(7,736)</u>	<u>(5,614)</u>	<u>(22,409)</u>	<u>(19,786)</u>	<u>(15,618)</u>

Experience Adjustments

(Loss) / gain on obligation	(16,687)	1,793	(1,822)	(2,743)	(8,491)
Loss on plan assets	3,342	(7)	(1,238)	(1,382)	(291)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

19.4 The Company's contributions toward the provident fund for the year ended June 30, 2023 amounted to Rs. 52.16 million (2022: Rs. 50.98 million).

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

	No. of years
Pension fund	3.55
Gratuity fund - Non-management	5.01
Medical fund	10.71
Gratuity fund - Management	14.64

19.6 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

2023 2022
(Rupees in thousand)

20. TRADE AND OTHER PAYABLES

Trade creditors	28,222,793	31,917,056
Due to Government of Pakistan - note 20.1	1,354,588	2,379,053
Due to related parties:		
- Attock Petroleum Limited	59,871	51,646
- Attock Oil Company Limited	548	-
- Pakistan Oilfields Limited	-	27
Accrued liabilities	920,081	1,120,657
Current portion of provision for Gas Infrastructure Development Cess - note 18	880,512	507,365
HSD premium differential - note 20.2	-	1,048,580
HSD Euro-V Differential - note 20.3	111,653	-
PMG-RON differential - note 20.4	84,732	294,018
PMG-Euro-V differential	5,879	7,258
Custom duty payable - note 13.5	-	1,670,681
Sales tax payable	828,535	1,846,834
Retention money	62,879	66,576
Deposits from contractors - note 20.5	58,704	64,296
Workers' Welfare Fund	79,241	262,903
Income tax deducted at source	30,881	21,495
Excise duty and petroleum levy	3,937,678	1,035
Workers' Profits Participation Fund - note 20.6	-	110,992
Others	11,708	7,847
	<u>36,650,283</u>	<u>41,378,319</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

- 20.1 This includes Rs. 1,034.44 million (2022: Rs. 2,075 million) in respect of discount and windfall payable on purchase of local crude oil and condensate.
- 20.2 This represents a differential payable as per the defined formula in the notification PL-3(457)/2022 dated April 6, 2022 issued by the Ministry of Energy (MoE) which requires the refineries to payback difference of PSO's weighted average HSD premium on spot cargoes and PSO's weighted average HSD premium (that includes premium under long term arrangement with Kuwait Petroleum) effective from second fortnight of April 2022 till June 2022. During the year the Company has paid Rs. 1,226.89 million (2022: Rs. 330.70 million) to PSO in respect of the above premium differential.
- 20.3 This represents differential of Euro V vs Euro I HSD on account of sale of Euro I HSD by the Company. The differential has been worked out using criteria provided by Ministry of Energy through letter dated February 26, 2013, and November 17, 2020.
- 20.4 This represents a differential payable as per the defined formula in the notification PL-9 (544)/2015 dated September 5, 2016 issued by the Ministry of Petroleum & Natural Resources which requires the Oil Marketing Companies to import Premium Motor Gasoline (PMG) of 92 Research Octane Number (RON). However, under such notification, refineries are allowed to produce PMG of less than 92 RON and account for the differential. The amount is paid as per the directives of the Regulator.
- 20.5 These represent amount received from contractors of the Company as a security deposit with reference to the contracts. Such amounts are kept in a separate bank account and are non-interest bearing.

	2023	2022
	(Rupees in thousand)	
20.6 Workers' Profits Participation Fund		
Payable / (receivable) at beginning of the year	110,992	(43,957)
Allocation for the year - note 33	-	630,991
	110,992	587,034
Amount paid to the Trustees of the Fund	(110,992)	(476,042)
Payable at end of the year	-	110,992

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

21. ADVANCES FROM CUSTOMERS

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. 1,224.45 million (2022: Nil).

22. UNPAID DIVIDEND / UNCLAIMED DIVIDEND

Unpaid dividend includes dividend withheld due to non-compliance of certain legal / regulatory requirements by the shareholders.

23. ACCRUED MARK-UP

Accrued mark-up comprises of mark-up on borrowings.

24. PROVISIONS

	2023	2022
	(Rupees in thousand)	
Duties and taxes - note 24.1	29,006	29,006
Others - note 24.2	83,355	83,355
	<u>112,361</u>	<u>112,361</u>
24.1	These represent provision made by the Company in respect of sales tax and central excise duty aggregating to Rs. 29.01 million (2022: Rs. 29.01 million), determined by the Collectorate of Customs, Sales Tax and Central Excise (Adjudication) in 2004 in respect of goods sold by the Company to one of its customers without deduction of sales tax and central excise duties.	
24.2	These include Rs. 55.62 million (2022: Rs. 55.62 million) in respect of sales tax and excise duty on account of purchases of crude oil and drums.	

25. BORROWINGS

Conventional

	2023	2022
	(Rupees in thousand)	
Running finance under mark-up arrangements - note 25.1	12,042,884	7,145,389
Short term loans - note 25.3	12,000,000	2,472,000
Local bill discounting - note 25.4	2,461,648	-

Islamic

Financing under Islamic arrangement - note 25.2	11,000,000	8,900,000
	<u>37,504,532</u>	<u>18,517,389</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

- 25.1 The facilities for running finance under mark-up arrangements with various banks amounted to Rs. 41.08 billion (2022: Rs. 27.44 billion) of which the amount remaining unutilised at the year end was Rs. 17.66 billion (2022: Rs. 17.97 billion). The rates of mark-up applicable on running finance ranges from 0.15% to 1% above one / three months KIBOR (2022: one / three months KIBOR + 0.15% to 1%) per annum.
- 25.2 The facilities from Istisna, Musharakah and Tijarah arrangement from various Islamic banks amounted to Rs. 17.90 billion (2022: Rs. 14.90 billion) of which Rs. 6.78 billion (2022: Rs. 5.96 billion) remained unutilised as at the year end. The rate of mark-up applicable is based on one / three months KIBOR + 0.05% to 0.25% (2022: one / three months KIBOR + 0.02% to 0.15%) per annum.
- 25.3 These represent short term loans obtained on rollover basis from commercial banks amounted to Rs. 12 billion (2022: Rs. 2.47 billion). These loans are interchangeable facilities with running finance arrangement as disclosed in note 25.1. The rate of mark-up applicable on these loans is based on respective tenor KIBOR plus spread ranging from -0.7% to +1% (2022: -0.4% to +0.45%) per annum.
- 25.4 The facility for local bill discounting as at June 30, 2023 amounted to Rs. 10 billion (2022: Nil) of which the amount remaining unutilized at the year end was Rs. 7.54 billion (2022: Nil). The rate of mark-up applicable on this facility is based on respective tenor KIBOR plus spread ranging from 0.04% to 0.15% per annum.
- 25.5 The facilities for opening the letters of credit and guarantees as at June 30, 2023 amounted to Rs. 122.77 billion (2022: Rs. 106.38 billion) of which the amount remaining unutilised at year end was Rs. 68.55 billion (2022: Rs. 43.94 billion). The above financing arrangements to the tune of Rs. 44.48 billion (2022: Rs. 20.84 billion) are interchangeable of these non-funded limits.
- 25.6 These facilities are secured against ranking charge on the Company's stocks, receivables and stores, spares and chemicals.

26. CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

- 26.1.1 Claims not acknowledged by the Company as debt at the end of the year amounted to Rs. 5.36 billion (2022: Rs. 5.67 billion). These include claims accumulating to Rs. 5.32 billion (2022: Rs. 5.39 billion) in respect of late payment surcharge claimed by crude oil suppliers and Rs. Nil (2022: Rs. 100.4 million) relating to freight claims.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

26.1.2 The Company has raised claims on certain Oil Marketing Companies (OMCs) in respect of interest on late payments against receivables aggregating to Rs. 5.07 billion (2022: Rs. 5.07 billion). However, these have not been recognised in the financial statements as these claims have not been acknowledged by the OMCs.

26.2 Commitments

26.2.1 Commitments outstanding for capital expenditures as at June 30, 2023 amounted to Rs. 926.07 million (2022: Rs. 665.3 million).

	2023	2022
	(Rupees in thousand)	
27. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Local	333,075,065	257,605,610
Exports	19,521,822	27,632,916
	<u>352,596,887</u>	<u>285,238,526</u>
28. TRADE DISCOUNTS, TAXES, DUTIES, LEVIES AND PRICE DIFFERENTIALS		
Trade discounts	-	351,778
Sales tax	19,066,919	22,282,385
Further tax	6,862	-
Excise duty	123	165
Petroleum levy	26,674,278	3,970,633
HSD premium differential - note 20.2	178,316	1,379,282
HSD Euro V differential - note 20.3	327,770	-
PMG-RON differential - note 20.4	765,761	500,533
PMG - Euro V differential	31,922	8,464
Custom duty - note 13.5	6,739,487	4,869,558
	<u>53,791,438</u>	<u>33,362,798</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	(Rupees in thousand)	
29. COST OF SALES		
Opening stock of semi-finished products	11,104,961	4,064,865
Crude oil, condensate and drums consumed - notes 29.1 and 29.2	270,656,562	231,920,550
Stores, spares and chemicals consumed	2,906,092	1,848,744
Salaries, wages and staff benefits - note 29.3	1,382,543	1,342,822
Staff transport and canteen	121,893	103,299
Fuel, power and water	4,208,872	3,408,324
Rent, rates and taxes	38,108	33,313
Insurance	852,640	521,760
Contract services	100,368	97,613
Repairs and maintenance	170,167	458,300
Reversal of provision for net realisable value of slow moving and obsolete stores, spares and chemicals	(5,259)	(6,686)
Reversal of provision for impairment of major spare parts and stand-by equipment	-	(4,538)
Depreciation - note 3.1	3,373,122	3,361,910
Amortisation of intangible assets - note 3.4	2,857	2,871
Professional charges	22,708	4,698
Consultancy charges	19,162	14,715
Security charges	17,032	16,423
Others	65,037	61,068
	283,931,904	243,185,186
Closing stock of semi-finished products - note 9	(10,556,874)	(11,104,961)
Cost of products manufactured	284,479,991	236,145,090
Opening stock of finished products	15,701,346	7,637,088
Closing stock of finished products - note 9	(14,572,574)	(15,701,346)
	1,128,772	(8,064,258)
	285,608,763	228,080,832

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	(Rupees in thousand)	
29.1	Crude oil, condensate and drums consumed	
	Crude oil and condensate	
	- Opening stock	9,701,672
	- Purchases - note 29.2	240,749,782
	- Closing stock - note 9	(18,878,501)
	<u>269,935,349</u>	<u>231,572,953</u>
	Drums	
	<u>721,213</u>	<u>347,597</u>
	<u>270,656,562</u>	<u>231,920,550</u>
29.2	Certain crude oil and condensate purchases have been recorded based on provisional prices due to non-finalisation of Crude Oil Sale / Purchase Agreements (COSA) and may require adjustment in subsequent periods.	
	During the year, the Company has recorded a reversal amounting to Rs. 739.39 million (2022: Nil) based on the credit notes adjustment in respect of price differential.	
29.3	This include Rs. 96.6 million (2022: Rs. 77.83 million) and Rs. 31.52 million (2022: Rs. 32.82 million) in respect of defined benefit and defined contribution plans respectively.	
	2023	2022
	(Rupees in thousand)	
30.	DISTRIBUTION COST	
	Commission on local sales	786,023
	Commission on export sales	233,304
	Export expenses	316,345
	Salaries and staff benefits - note 30.1	76,766
	Depreciation - note 3.1	3,995
	Security charges	24,635
	Repairs and maintenance	180
	Pipeline charges	7,760
	Postage and periodicals	2,997
	Staff transport and canteen	4,723
	Others	2,441
	<u>1,416,958</u>	<u>1,459,169</u>
30.1	This include Rs. 7.94 million (2022: Rs. 6.33 million) and Rs. 2.86 million (2022: Rs. 2.37 million) in respect of defined benefit and defined contribution plans respectively.	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	(Rupees in thousand)	
31. ADMINISTRATIVE EXPENSES		
Salaries and staff benefits - note 31.1	600,799	553,210
Staff transport and canteen	39,888	35,524
Directors' fee	12,056	9,237
Rent, rates and taxes	13,033	8,281
Depreciation - note 3.1	63,312	64,941
Amortisation of intangible assets - note 3.4	226	297
Legal and professional charges	25,662	20,126
Printing and stationery	12,855	7,836
Contract services	60,562	58,937
Repairs and maintenance	124,723	95,084
Telecommunication	3,353	3,806
Electricity and power	6,891	6,208
Insurance	2,188	2,483
Travelling expenses	3,435	1,358
Postage and periodicals	10,776	8,924
Security charges	44,144	41,167
Others	42,366	31,284
	<u>1,066,269</u>	<u>948,703</u>

31.1 These include Rs. 45.46 million (2022: Rs. 36.18 million) and Rs. 17.78 million (2022: Rs. 15.79 million) in respect of defined benefit and defined contribution plans respectively.

	2023	2022
	(Rupees in thousand)	
32. OTHER INCOME		
Income from financial assets		
Return / interest / mark-up on:		
- PLS savings and deposit accounts - note 32.1	130,844	47,969
- Secured loans to employees - note 5.1	197	225
	<u>131,041</u>	<u>48,194</u>
Others		
Handling and storage income	11,910	30,887
Hospitality income	129,853	152,983
Liabilities no longer payable written back	273	175
Sale of scrap and empties	8,065	60,759
Pipeline charges recovered	2,958	2,427
Rental income	11,167	10,225
Insurance rebate	387	-
Others - note 13.6	154,996	7,884
	<u>450,650</u>	<u>313,534</u>

32.1 This profit is earned from bank accounts under mark up arrangements maintained with conventional banks.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	(Rupees in thousand)	
33. OTHER OPERATING EXPENSES		
Workers' Profits Participation Fund - note 20.6	-	630,991
Workers' Welfare Fund	15,841	178,564
Loss on disposal of property, plant and equipment	217	322
Auditors' remuneration - note 33.1	11,375	11,112
Corporate Social Responsibility - note 33.2	15,075	1,326
	<u>42,508</u>	<u>822,315</u>
33.1 Auditors' remuneration		
Audit fee	3,350	3,234
Taxation services	3,973	4,903
Fee for review of half yearly financial information, special reports and certifications	2,478	2,461
Out-of-pocket expenses	1,574	514
	<u>11,375</u>	<u>11,112</u>
33.2 This includes donation amounting to Rs. 15 million (2022: Nil) paid to Prime Minister's Flood Relief Fund.		
	2023	2022
	(Rupees in thousand)	
34. FINANCE COST - NET		
Exchange loss - note 34.1	9,877,059	6,135,318
Mark-up on Conventional Financing	4,054,331	1,903,313
Mark-up on Islamic Financing	2,274,276	990,200
Interest on Workers' Profits Participation Fund	2,052	-
Guarantee commission and service charges	883	765
Interest on Lease liability	24,887	25,712
Bank charges	10,857	12,665
	<u>16,244,345</u>	<u>9,067,973</u>
34.1 This is net of exchange gain on export sales amounting to Rs. 22.54 million (2022: Rs. 197.24 million).		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	(Rupees in thousand)	
35. TAXATION		
Current		
for the year	1,596,054	1,526,011
for prior years	-	(2,298,939)
Deferred	(2,255,712)	3,504,185
	<u>(659,658)</u>	<u>2,731,257</u>
35.1 Relationship between tax expense and accounting (loss) / profit		
	2023	2022
	(Rupees in thousand)	
Accounting (loss) / profit before taxation	<u>(5,122,744)</u>	<u>11,810,270</u>
Tax at the applicable tax rate	(1,485,596)	3,424,978
Tax effect of Final Tax Regime	409,029	(24,494)
Effect of income taxable at lower rate	(648)	(593)
Effect of super tax	-	1,245,589
Effect of change of rate	649,726	454,312
Effect of prior years deferred / current tax	(173,246)	(2,298,939)
Others	(58,923)	(69,596)
	<u>(659,658)</u>	<u>2,731,257</u>
36. (LOSS) / EARNINGS PER SHARE - basic and diluted	2023	2022
(Loss) / profit after taxation (Rupees in thousand)	<u>(4,463,086)</u>	<u>9,079,013</u>
Weighted average number of ordinary shares in issue (in thousand)	<u>79,967</u>	<u>79,967</u>
Basic (loss) / earnings per share (Rupees)	<u>(55.81)</u>	<u>113.53</u>

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 (Rupees in thousand)	2022
37. CASH GENERATED FROM OPERATIONS			
(Loss) / profit before taxation		(5,122,744)	11,810,270
Adjustment for non cash charges and other items:			
Depreciation and amortisation	29, 30 & 31	3,443,206	3,434,014
Mark-up on Conventional Financing	34	4,054,331	1,903,313
Mark-up on Islamic Financing	34	2,274,276	990,200
Interest on Lease liability	34	24,887	25,712
Provision for staff retirement benefit funds	19.1.8	149,999	120,339
Loss on disposal of property, plant and equipment	33	217	322
Reversal of provision for net realisable value of slow moving and obsolete stores, spares and chemicals	29	(5,259)	(6,686)
Reversal of provision for impairment of major spare parts and stand-by equipments	29	-	(4,538)
Return on PLS savings and deposit accounts	32	(130,844)	(47,969)
Change in working capital	37.1	(15,034,929)	(12,475,763)
		<u>(10,346,860)</u>	<u>5,749,214</u>
37.1 Change in working capital			
Increase in current assets			
Stores, spares and chemicals		(666,095)	(202,298)
Stock-in-trade		(2,452,094)	(24,281,183)
Trade receivables		(6,412,377)	(7,470,368)
Loans and advances		(42,422)	(15,442)
Trade deposits and short-term prepayments		(42,573)	(24,822)
Other receivables		(82,045)	(195,238)
		<u>(9,697,606)</u>	<u>(32,189,351)</u>
(Decrease) / increase in current liabilities			
Trade and other payables		(5,028,185)	18,489,133
Advances from customers		(309,138)	1,224,455
		<u>(15,034,929)</u>	<u>(12,475,763)</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

2023 2022
(Rupees in thousand)

38. CASH AND CASH EQUIVALENTS

Cash and bank balances - note 14	605,301	618,419
Borrowings - note 25	(37,504,532)	(18,517,389)
	<u>(36,899,231)</u>	<u>(17,898,970)</u>

39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2023			2022		
	Chief Executive	Executive Director	Executives	Chief Executive	Executive Director	Executives
	← (Rupees in thousand) →					
Managerial remuneration	14,854	-	165,128	13,067	-	140,166
Bonus	4,550	-	43,696	2,449	-	23,880
Retirement benefits	3,505	-	28,311	3,226	-	22,496
House rent	5,258	-	54,926	4,691	-	44,495
Conveyance	707	-	19,241	422	-	9,198
Leave benefits	1,416	-	12,690	1,430	-	12,784
	<u>30,290</u>	<u>-</u>	<u>323,992</u>	<u>25,285</u>	<u>-</u>	<u>253,019</u>
Number of person(s)	<u>1</u>	<u>-</u>	<u>75</u>	<u>1</u>	<u>-</u>	<u>64</u>

Besides, fee was paid to one executive and eight non-executive / independent directors during the year amounted to Rs. 1.91 million (2022: Rs. 1.39 million) and Rs. 10.15 million (2022: Rs. 7.85 million) respectively.

- 39.1 The Chairman, Chief Executive and some of the executives of the Company are provided with free use of the Company's cars and additionally, the Chief Executive and executives are also entitled to medical benefits, travelling allowance, club membership and subscriptions in accordance with their terms of service.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

40. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

40.1 Financial assets and liabilities

	2023						Total
	Interest/mark-up bearing			Non-interest/mark-up bearing			
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	
	(Rupees in thousand)						
Financial assets							
Fair value through OCI							
Long-term investment	-	-	-	-	14,555	14,555	14,555
Amortised Cost							
Loans and advances	1,842	3,330	5,172	14,827	22,562	37,389	42,561
Deposits	-	-	-	66,569	30,265	96,834	96,834
Trade receivables	-	-	-	22,914,667	-	22,914,667	22,914,667
Interest accrued	-	-	-	33,637	-	33,637	33,637
Other receivables	-	-	-	198,524	-	198,524	198,524
Cash and bank balances	493,985	-	493,985	72,553	-	72,553	566,538
2023	495,827	3,330	499,157	23,300,777	67,382	23,368,159	23,867,316
Financial liabilities							
Trade and other payables	-	-	-	29,336,584	-	29,336,584	29,336,584
Unclaimed dividend	-	-	-	59,462	-	59,462	59,462
Unpaid dividend	-	-	-	44,776	-	44,776	44,776
Accrued mark-up	-	-	-	1,147,302	-	1,147,302	1,147,302
Borrowings	37,504,532	-	37,504,532	-	-	-	37,504,532
Lease liability	11,122	158,338	169,460	-	-	-	169,460
2023	37,515,654	158,338	37,673,992	30,588,124	-	30,588,124	68,262,116
On balance sheet gap							
2023	(37,019,827)	(155,008)	(37,174,835)	(7,287,347)	67,382	(7,219,965)	(44,394,800)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	2022						Total
	Interest/mark-up bearing			Non-interest/mark-up bearing			
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	
(Rupees in thousand)							
Financial assets							
Fair value through OCI							
Long-term investment	-	-	-	-	17,472	17,472	17,472
Amortised Cost							
Loans and advances	1,608	7,280	8,888	50,501	30,705	81,206	90,094
Deposits	-	-	-	31,636	30,265	61,901	61,901
Trade receivables	-	-	-	16,502,290	-	16,502,290	16,502,290
Accrued interest	-	-	-	11,902	-	11,902	11,902
Other receivables	-	-	-	343,027	-	343,027	343,027
Cash and bank balances	494,483	-	494,483	123,936	-	123,936	618,419
2022	<u>496,091</u>	<u>7,280</u>	<u>503,371</u>	<u>17,063,292</u>	<u>78,442</u>	<u>17,141,734</u>	<u>17,645,105</u>
Financial liabilities							
Amortised Cost							
Trade and other payables	-	-	-	33,228,105	-	33,228,105	33,228,105
Unclaimed dividend	-	-	-	60,149	-	60,149	60,149
Unpaid dividend	-	-	-	37,024	-	37,024	37,024
Accrued mark-up	-	-	-	531,417	-	531,417	531,417
Borrowings	18,517,389	-	18,517,389	-	-	-	18,517,389
Lease liability	8,301	169,460	177,761	-	-	-	177,761
2022	<u>18,525,690</u>	<u>169,460</u>	<u>18,695,150</u>	<u>33,856,695</u>	<u>-</u>	<u>33,856,695</u>	<u>52,551,845</u>
On balance sheet gap							
2022	<u>(18,029,599)</u>	<u>(162,180)</u>	<u>(18,191,779)</u>	<u>(16,793,403)</u>	<u>78,442</u>	<u>(16,714,961)</u>	<u>(34,906,740)</u>
OFF BALANCE SHEET ITEMS							
Commitments for capital expenditure							926,071
Letters of credit							25,812,304
Letters of guarantees							496,834
2023							<u>27,235,209</u>
2022							<u>42,695,234</u>

40.2 Financial risk management objectives and policies

(i) 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. The Company operates under tariff protection formula for fuel refinery operations whereby profits after tax attributable to fuel segment in excess of 50% of the paid up capital as of July 1, 2002 are transferred to special reserve.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

(ii) Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties fail to perform as contracted. The financial assets that are subject to credit risk amounted to Rs. 23.89 billion (2022: Rs. 17.59 billion).

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 concentration of credit risk as it operates in an essential products industry and has as customers only sound organisations. Further, the cash and bank balances represent low credit risk as major balances are placed with banks having credit ratings of AA or above as assigned by PACRA or JCR-VIS.

The carrying values of financial assets which are neither past due nor impaired are as under:

	2023	2022
	(Rupees in thousand)	
Long-term investment	14,555	17,472
Loans and advances	42,561	90,094
Deposits	96,834	61,901
Trade receivables	22,914,667	16,502,290
Interest accrued	33,637	11,902
Other receivables	198,524	343,027
Cash and bank balances	605,301	618,419
	<u>23,906,079</u>	<u>17,645,105</u>

(iii) Foreign exchange risk

Foreign currency risk arises mainly when receivables and payables exist due to transactions in foreign currencies primarily with respect to US Dollar. Financial assets include Rs. 0.16 (2022: Nil) and financial liabilities include Rs. 24.23 billion (2022: Rs. 26.57 billion) which are subject to foreign currency risk.

As at June 30, 2023, if the Pak Rupee had weakened / strengthened by 10% against the US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 2.41 billion (2022: Rs. 2.66 billion), mainly as a result of foreign exchange losses / gains on translation of US Dollar-denominated trade payables and trade debts.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

(iv) Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments.

The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of financing through banking arrangements. The following are contractual maturities of financial liabilities including mark-up payments:

	2023					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	(Rupees in thousand)					
Financial liabilities						
Trade and other payables	28,283,212	(28,283,212)	(28,283,212)	-	-	-
Unclaimed dividend	59,462	(59,462)	(59,462)	-	-	-
Unpaid dividend	44,776	(44,776)	(44,776)	-	-	-
Accrued mark-up	1,147,302	(1,147,302)	(1,147,302)	-	-	-
Borrowings	37,504,532	(37,504,532)	(37,504,532)	-	-	-
Lease liability	169,460	(283,723)	-	(34,847)	(202,178)	(46,698)
	<u>67,208,744</u>	<u>(67,323,007)</u>	<u>(67,039,284)</u>	<u>(34,847)</u>	<u>(202,178)</u>	<u>(46,698)</u>
	2022					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	(Rupees in thousand)					
Financial liabilities						
Trade and other payables	31,968,729	(31,968,729)	(31,968,729)	-	-	-
Unclaimed dividend	60,149	(60,149)	(60,149)	-	-	-
Unpaid dividend	37,024	(37,024)	(37,024)	-	-	-
Accrued mark-up	531,417	(531,417)	(531,417)	-	-	-
Borrowings	18,517,389	(18,517,389)	(18,517,389)	-	-	-
Lease liability	177,761	(316,910)	-	(33,187)	(192,551)	(91,172)
	<u>51,292,469</u>	<u>(51,431,618)</u>	<u>(51,114,708)</u>	<u>(33,187)</u>	<u>(192,551)</u>	<u>(91,172)</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

(v) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Company is exposed to cash flow interest rate risk on its conventional and Islamic financing facility which is priced ranging from -0.7% to 1% above respective / agreed tenor KIBOR.

At June 30, 2023, the Company has variable interest bearing financial liabilities of Rs. 37.01 billion (2022: Rs. 18.01 billion), and had the interest rate varied by 1% with all the other variables held constant, profit before income tax for the year would have been approximately Rs. 370.05 million (2022: Rs. 180.14 million) higher / lower, mainly as a result of higher / lower mark-up expense on floating rate borrowings.

(vi) 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.

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between the carrying value and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as discussed in note 4.

The estimated fair value of other financial assets and liabilities is considered not significantly different from carrying values as the items are either short term in nature or periodically repriced.

41. SEGMENT INFORMATION

- 41.1 The Company's operating segments are organised and managed separately according to the nature of production process for products and services provided, with each segment representing a strategic business unit. The fuel segment is primarily a diverse supplier of fuel products and offers gasoline, diesel oils, and furnace oil. The lube segment mainly provides different types of lube base oils, asphalt, furnace oil, wax free oil and other petroleum products for different sectors of the economy. Inter-segment transfers are made at relevant costs to each segment.
- 41.2 Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated assets include property, plant and equipment.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The financial information regarding business segments is as follows:

	FUEL		LUBE		TOTAL	
	2023	2022	2023	2022	2023	2022
	(Rupees in thousand)					
Segment Revenue						
Revenue from external customers						
- local, net of discounts, taxes, duties, levies and price differentials	208,618,349	164,964,841	70,665,278	59,277,971	279,283,627	224,242,812
- exports	10,879,541	20,477,713	8,642,281	7,155,203	19,521,822	27,632,916
	219,497,890	185,442,554	79,307,559	66,433,174	298,805,449	251,875,728
Inter-segment transfers	66,383,331	57,713,697	-	-	66,383,331	57,713,697
Elimination of inter-segment transfers	-	-	-	-	(66,383,331)	(57,713,697)
Net revenue from contracts with customers	285,881,221	243,156,251	79,307,559	66,433,174	298,805,449	251,875,728
Segment results after tax	(10,894,716)	5,966,754	6,431,630	3,112,259	(4,463,086)	9,079,013
Other comprehensive income	147,302	(15,792)	294,604	(31,584)	441,906	(47,376)
Total Comprehensive income	(10,747,414)	5,950,962	6,726,234	3,080,675	(4,021,180)	9,031,637
Segment assets	81,694,409	78,514,017	14,577,528	11,399,874	96,271,937	89,913,891
Unallocated assets	-	-	-	-	15,507,981	12,792,417
Total assets	81,694,409	78,514,017	14,577,528	11,399,874	111,779,918	102,706,308
Segment liabilities	71,768,893	57,869,157	4,888,218	4,523,485	76,657,111	62,392,642
Unallocated liabilities	-	-	-	-	524,128	494,308
Total liabilities	71,768,893	57,869,157	4,888,218	4,523,485	77,181,239	62,886,950
Other Segment Information:						
Capital expenditure	204,661	478,761	398,095	149,901	602,756	628,662
Unallocated capital expenditure	-	-	-	-	274,717	195,410
	204,661	478,761	398,095	149,901	877,473	824,072
Depreciation and amortisation	3,071,327	3,051,604	371,879	382,410	3,443,206	3,434,014
Interest income	43,680	16,065	87,361	32,129	131,041	48,194
Mark-up expense	6,045,567	2,748,906	307,927	170,319	6,353,494	2,919,225
Non-cash expenses other than depreciation	(1,753)	(3,741)	(3,506)	(7,483)	(5,259)	(11,224)
Stock-in-trade written down	128,755	-	-	130,065	128,755	130,065

41.3 Incremental expenses of Diesel Hydro De-Sulphurisation (DHDS) and Isomerisation (ISOM) units have been charged to fuel segment in accordance with note 41.2 above.

41.4 The Company sells its manufactured products to Oil Marketing Companies (OMCs) and other organisations / institutions. Out of these, two (2022: two) of the Company's customers contributed towards 58.41% (2022: 60.3%) of the net revenues during the year amounting to Rs. 174.53 billion (2022: Rs. 151.86 billion) and each customer individually exceeds 10% of the net revenues.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

42. TRANSACTIONS WITH RELATED PARTIES

42.1 The following transactions were carried out with related parties during the year:

Nature of relationship	Nature of transactions	2023 (Rupees in thousand)	2022
Associated companies			
- Pakistan Oilfields Limited (POL)			
	Rental income	3,891	3,537
	Products - sale of petroleum products	251,139	294,987
	Purchase of raw material	-	21,079
	Reimbursement of expenses incurred by POL on behalf of NRL	69	-
	Reimbursement of expenses incurred by NRL on behalf of POL	324	564
	Dividend paid to POL by NRL	299,875	199,916
- Attock Refinery Limited (ARL)			
	Reimbursement of expenses incurred by ARL on behalf of NRL	-	184
	Reimbursement of expenses incurred by NRL on behalf of ARL	799	9,076
	Naphtha handling income	4,535	13,560
	Dividend paid to ARL by NRL	299,875	199,916
- Attock Petroleum Limited (APL)			
	Sale of petroleum products	145,367,546	109,455,855
	Trade discounts	-	296,585
	Commission on export sales	124,049	263,634
	Commission on local sales	824,380	888,206
	Purchase of petroleum products	37,061	18,477
	Hospitality charges on sales	140,999	167,105
	Price differential claims - (HSD)	238,861	-
	Handling charge on local sales	4,880	-
	Rental income	5,610	5,111
	Reimbursement of expenses incurred by NRL on behalf of APL	6,512	7,334
	Reimbursement of expenses incurred by APL on behalf of NRL	-	251
	Dividend paid to APL by NRL	11,995	7,997

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Nature of relationship	Nature of transactions	2023	2022
		(Rupees in thousand)	
Associated companies			
- Attock Cement Pakistan Limited (ACPL)			
	Sale of products	4,180	-
	Reimbursement of expenses incurred by ACPL on behalf of NRL	468	-
	Reimbursement of expenses incurred by NRL on behalf of ACPL	316	-
	Purchase of stores	828	667
- Attock Oil Company Limited (AOCL) *			
	Reimbursement of expenses incurred by AOCL on behalf of NRL	616	64
	Reimbursement of expenses incurred by NRL on behalf of AOCL	37	32
Other related parties			
- Contribution to staff retirement benefits plans			
	Employees provident fund	52,162	50,983
	Employees gratuity fund	10,650	11,687
	Employees pension fund	42,752	40,201
	Post retirement medical fund	7,170	-
- Key management compensation **			
	Salaries and other employee benefits	54,359	54,922
	Post employment benefits	5,027	4,695
	Directors' fee	12,056	9,237

* The Company is incorporated in United Kingdom with registered address 4, Swan Street Manchester England M4 5JN.

** Key management personnel include Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and General Manager Commercial.

42.1.1 Sales of petroleum products to associated companies are based on prices fixed by the Oil and Gas Regulatory Authority, import prices of Pakistan State Oil and Company announced prices.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

- 42.1.2 Purchase of crude oil and condensate from associated company is based on price mechanism provided in their respective Petroleum Concession Agreement till finalisation of Crude Oil / Condensate Sale and Purchase Agreements.
- 42.2 The related party status of outstanding balances as at June 30, 2023 is included in trade receivables, other receivables and trade and other payables. These are settled in the ordinary course of business.
- 42.3 Following are the related parties with whom the Company had entered into transactions or has arrangement / agreement in place:

S.No.	Company name	Basis of association	Aggregate % of Shareholding
1.	Attock Refinery Limited	Group Company	25%
2.	Pakistan Oilfields Limited	Group Company	25%
3.	Attock Petroleum Limited	Group Company	1%
4.	Attock Cement Pakistan Limited	Group Company	N/A
5.	Attock Oil Company Limited	Group Company	N/A

Crude oil - throughput	
Annual designed capacity	Actual throughput
(In Barrels)	
2023 - note 43.1	2022
23,100,000	11,729,322
23,100,000	14,360,919

43. CAPACITY

2023 - note 43.1	23,100,000	11,729,322
2022	23,100,000	14,360,919

- 43.1 Actual throughput is less than the designed capacity due to crude price and product margins, volatility in international market, product demand pattern and rupee dollar parity for local market.

44. NUMBER OF EMPLOYEES

Number of employees including contractual employees at June 30

2023	2022
971	981

Average number of employees including contractual employees during the year

976	1043
-----	------

45. SUBSEQUENT EVENT

The board of directors in their meeting held on August 29, 2023 has proposed cash dividend of Rs. Nil per share (2022: Rs. 15 per share) amounting to Rs. Nil (2022: Rs. 1,199.5 million).

46. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 29, 2023 by the Board of Directors of the Company.



Chief Financial Officer



Chief Executive



Director

A photograph of an industrial refinery or chemical plant. The central focus is a tall, cylindrical distillation column with a complex network of steel scaffolding and ladders. To the left, a tall, slender stack rises into the sky. The foreground is filled with a dense array of blue and orange pipes, valves, and smaller cylindrical tanks. The background shows more industrial structures under a clear blue sky.

Pattern of Shareholding, Notice & Forms

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2023

FORM 34

NUMBER OF SHAREHOLDERS	FROM	SHAREHOLDINGS TO	TOTAL SHARES HELD	% ON ISSUED
2535	1	100	109,577	0.14
2370	101	500	712,261	0.89
1175	501	1000	950,669	1.19
1528	1001	5000	3,568,038	4.46
290	5001	10000	2,121,591	2.65
201	10001	50000	4,237,794	5.30
22	50001	100000	1,557,192	1.95
11	100001	250000	2,091,084	2.61
8	250001	500000	2,865,201	3.58
3	500001	1000000	2,200,066	2.75
2	1000001	5000000	7,569,807	9.47
1	5000001	12000000	12,000,000	15.01
2	12000001	20000000	39,983,280	50.00
<u>8148</u>			<u>79,966,560</u>	<u>100.00</u>

Categories of shareholders	Percentage %	Number of Shareholders	Number of Shares held
Directors, Chief Executive Officer, and their spouse(s) and minor children.	0.00	6	7
Associated Companies, undertakings and related parties.	51.00	3	40,782,945
NIT and ICP.	1.36	8	1,085,855
Banks, Development Financial Institutions and Non Banking Financial Institutions.	3.86	31	3,091,600
Insurance Companies.	6.89	9	5,509,992
Modarabas and Mutual Funds.	0.84	19	667,997
Shareholders holding 10%.			
- Islamic Development Bank, Jeddah.	15.01	1	12,000,000
General Public:			
a. Local.	17.35	7,932	13,875,525
b. Foreign.	0.01	6	9,533
Joint Stock Companies.	0.58	28	464,855
Others.	3.10	105	2,478,251
	<u>100.00</u>	<u>8,148</u>	<u>79,966,560</u>

CATEGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2023

	Percentage %	Number of Shares held
Directors, Chief Executive Officer, their spouse(s) and minor children		
Mr. Laith G. Pharaon		1
Mr. Wael G. Pharaon		1
Mr. Shuaib A. Malik		2
Mr. Shamim Ahmad Khan		1
Mr. Abdus Sattar		1
Mr. Babar Bashir Nawaz		1
Associated Companies		
Attock Refinery Limited		19,991,640
Pakistan Oilfields Limited		19,991,640
Attock Petroleum Limited		799,665
Shareholders holding 10% or more voting interest		
Attock Refinery Limited	25	19,991,640
Pakistan Oilfields Limited	25	19,991,640
Islamic Development Bank, Jeddah	15	12,000,000

Trade in the shares of the Company carried out by directors, executives, their spouse(s) and minor children during the year 2022-23

Executive(s)	No. of Shares Traded
Mr. Muhammad Rehan	4

The expression "executive" means the CEO, CFO, Head of Internal Audit, Company Secretary and other employees of the Company drawing annual basic salary of Rs. 1,200,000 including all employees of the Finance Division, Internal Audit Function and Company Secretary Office.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **Sixtieth (60th) Annual General Meeting** of National Refinery Limited will be held on **Monday, October 23, 2023 at 1400 hours in Marriott Hotel, Karachi, and also through electronic means**, 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.

SPECIAL BUSINESS

3. To approve the circulation of the Annual Report including the Annual Audited Financial Statements, Auditor's Report, Directors' Report, Chairman's Review and other reports contained therein, to the members of the Company through QR enabled code and weblink in accordance with S.R.O. 389(I)/2023 issued by the Securities and Exchange Commission of Pakistan, by passing the following resolution:

"RESOLVED THAT National Refinery Limited (the "Company") be and is hereby authorized to circulate its Annual Report, including the Annual Audited Financial Statements, Auditor's Report, Directors' Report, Chairman's Review and other reports contained therein, to the members of the Company through QR enabled code and weblink, in accordance with S.R.O. 389(I)/2023 issued by the Securities and Exchange Commission of Pakistan, and that the practice of circulation of the annual report through CD / DVD / USB be discontinued."

4. To transact such other business as may be placed before the meeting with the permission of the Chairman.

By Order of the Board



Muhammad Atta ur Rehman Malik
Company Secretary

Karachi:

Dated: September 27, 2023

NOTES:

1. CLOSURE OF SHARE TRANSFER BOOK

The Register of Members will remain closed from **October 17, 2023** to **October 23, 2023** (both days inclusive). Transfers received in order at the office of the Company's Share Registrar:

M/s CDC Share Registrar Services Limited

CDC House, 99-B, Block 'B', S.M.C.H.S,
Main Shahra-e-Faisal, Karachi-74400.
Telephone (Toll Free) 0800-23275
Email: info@cdcsrsl.com

at the close of business on **October 16, 2023** will be treated in time for the purpose of determination of entitlement to the transferees.

2. PARTICIPATION IN ANNUAL GENERAL MEETING

a) Through Electronic Means:

Shareholders interested to attend the meeting via video link i.e. through ZOOM application instead of physical presence are requested to get themselves registered with CDC Share Registrar Services Limited on or before **October 20, 2023** at cdcsr@cdcsrsl.com or WhatsApp on: **+92 321-8200864** by providing the following details:

Full Name of Shareholder / Proxy Holder	Company	* CNIC / Passport Number	Folio / CDC A/c No.	** Email ID	** Mobile Phone No.
	National Refinery Limited				

**Shareholders shall also share copy of original CNIC or passport.*

***Shareholders are requested to provide active email address and mobile phone number.*

b) Through In Person:

- An Individual shall authenticate his identity by showing original Computerized National Identity Card (CNIC) or original passport.

- In case of Corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

c) For Appointing Proxies:

- A member may appoint another person as his proxy to attend, speak and vote instead of him. A proxy need not be a member.
- Proxy, in order to be effective, must be in writing duly signed, witnessed, stamped and deposited at the Registered office of the Company not less than 48 hours before the meeting.
- In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form to the Company.
- Form of proxy is annexed at the end of annual report as well as available at Company's website i.e., www.nrlpak.com.

3. VOTING THROUGH POSTAL BALLOT

In accordance with Companies (Postal Ballot) Regulations, 2018 members may cast their votes on special business through e-voting facility or through use of ballot papers subject to the following requirements:

Procedure for voting through e-voting facility

- Complete information for casting of votes through e-voting facility shall be communicated by e-voting service provider, M/s CDC Share Registrar Services Limited, through email with those members of the Company who have their valid CNIC numbers, email addresses and mobile phone numbers available in record by close of business on October 16, 2023.
- E-voting facility shall open from October 19, 2023 at 09:00 am and shall close on October 22, 2023 at 05:00 pm. Members shall cast vote online during this time, provided that once a vote is casted the member shall not be allowed to change it subsequently.
- Identity of the members shall be authenticated through authentication for login.

Procedure for voting through ballot paper

The members shall ensure that duly filled and signed ballot papers along with copy of Computerized National Identity Card (CNIC) or passport for foreign members and Board Resolution / Power of Attorney for body corporate, corporation and federal government,

should reach the Chairman on Company's registered address at 7-B, Korangi Industrial Area, Karachi-74900, or through email at agm2023@nrlpak.com on or before the last working day before the meeting i.e. October 20, 2023 during working hours. The signature on ballot paper should match with the signature on CNIC / record. For convenience of members ballot paper is annexed to this notice and is also available on Company's website www.nrlpak.com.

4. TRANSMISSION OF FINANCIAL STATEMENTS

Company has circulated Annual Audited Financial Statements to its members through CD/ DVD at their registered addresses. However, printed copy can be provided additionally within seven days, on request, free of cost. Request form is available on Company's website.

5. VIDEO-LINK FACILITY

At least seven days prior to the date of meeting, on the demand of members residing in a city who hold at least ten percent of the total paid up capital of the Company, the facility of video-link will be provided to such members in that city enabling them to participate in the Annual General Meeting through video-link facility.

6. MANDATORY REGISTRATION DETAILS

Members whose mandatory registration details under law including usual residential address, mobile / landline number, Email address, Computerized National Identity Card Number (CNIC) / Passport number, National Tax Number (NTN), bank account details (IBAN) etc. are not available in Company's records have been intimated from time to time to provide the same.

Such members are hereby once again advised to provide the same to the Company's Share Registrar in case of physical shareholding or their relevant Participant / CDC Investor Account Services (IAS), in case of shareholding in the book entry form, immediately to avoid any non-compliance of law or any inconvenience in future.

7. UNCLAIMED SHARES / DIVIDEND

Pursuant to Section 244 of the Companies Act, 2017, the Company has dispatched notices from time to time, followed by newspaper advertisements, in respect of shares / dividend that remained unclaimed or unpaid to the shareholders at their last known addresses, with the request to lodge their claims. Lists of shareholders regarding unclaimed dividends and shares are also available on Company's website. Accordingly, if such claims are not lodged within prescribed time period, the Company shall proceed according to the requirements of the Law.

8. AVAILABILITY OF AUDITED FINANCIAL STATEMENTS

The audited financial statements of the Company for the year ended June 30, 2023 have been placed at the Company's website www.nrlpak.com.

9. DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNT

In light of Section 72 of the Companies Act, 2017, SECP has advised all the listed companies to pursue their shareholders who still hold shares in physical form, requiring them to convert their shares in book-entry form. Holding shares in book-entry form has numerous benefits including secure custody of shares, instantaneous transfer of ownership and no risk of damaged, lost, forged or duplicate certificates. Accordingly, Shareholders having physical shareholding are requested to convert their shares in book-entry form by opening CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into script-less form.

10. MERGER OF DIFFERENT FOLIOS INTO ONE FOLIO

As per record, some of the shareholders are maintaining more than one folio under the same particulars. Carrying two different folios may be a hassle for the shareholders to reconcile and receive different benefits in the shape of dividends / bonus. In order to provide better services and convenience, such shareholders, are requested to send requests to the Company's Share Registrar and Transfer agent to merge their folios into one folio.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 RELATING TO CIRCULATION OF ANNUAL AUDITED FINANCIAL STATEMENTS THROUGH QR ENABLED CODE AND WEBLINK

The Securities and Exchange Commission of Pakistan vide SRO 389(I)/2023 dated March 21, 2023 has allowed listed companies to circulate the Annual Audited Financial Statements through QR enabled code and weblink subject to approval of the shareholders in the general meeting and that the circulation of Annual Audited Financial Statements through CD/DVD/USB may be discontinued. Accordingly, the matter has been placed for approval of the Shareholders.

The Company will however, provide hard copy of the Annual Audited Financial Statements to the shareholders at their registered addresses, within seven days, on request, free of cost. The request form is available on Company's website.



National Refinery Limited

UAN: 111-675-675 Phone: 021-35061544 Website: www.nrlpak.com

Ballot Paper for voting through post on special business to be transacted at the Annual General Meeting to be held on Monday, October 23, 2023 at 1400 hours in Marriott Hotel, Karachi and also through electronic means.

Designated email address of the Chairman at which the duly filled in ballot paper may be sent	agm2023@nrlpak.com
Name of shareholder/joint shareholders	
Registered Address	
Number of shares held and folio number/CDS Account Number	
CNIC Number / Passport Number in case of foreigners (copy to be attached)	

Additional Information and enclosures (In case of representative of body corporate, corporation and Federal Government.)

Name of Authorized Representative	
CNIC Number / Passport Number in case of foreigners (copy to be attached)	
Copy of Board Resolution / Power of Attorney be attached	

I/we hereby exercise my/our vote in respect of the below resolution through postal ballot by conveying my/our assent or dissent to the following resolution by placing tick (v) mark in the appropriate box below;

Nature and Description of resolution:

Ordinary resolution to approve circulation of Annual Financial Statement through QR enabled code and weblink.

***“RESOLVED THAT** National Refinery Limited (the “Company”) be and is hereby authorized to circulate its annual report, including the annual audited financial statements, auditor’s report, Directors’ report, Chairman’s review and other reports contained therein, to the members of the Company through QR enabled code and weblink, in accordance with S.R.O. 389(I)/2023 issued by the Securities and Exchange Commission of Pakistan, and that the practice of circulation of the annual report through CD / DVD / USB be discontinued.”*

No. of ordinary shares for which votes cast	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)

Signature of shareholder(s)

Place: _____ Date: _____

NOTES:

1. Duly filled postal ballot should be sent to chairman of National Refinery Limited through post at **7-B, Korangi Industrial Area, Karachi-74900** or through above mentioned email address.
2. Postal ballot forms should reach chairman of the meeting on or before October 20, 2023 during working hours. Any postal ballot received after this date, will not be considered for voting.
3. Signature on postal ballot should match with signature on CNIC / record.
4. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.

شیر ہولڈنگ کا خلاصہ

شیر ہولڈنگ کا خلاصہ صفحہ نمبر 116 پر دکھایا گیا ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس اپنے کام سے سبکدوش ہو رہے ہیں اور خود کو دوبارہ تقرری کیلئے پیش کرتے ہیں۔ اس کے مطابق، بورڈ آف ڈائریکٹرز، بورڈ آڈٹ کمیٹی کی تجویز پر میسرز ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو مالی سال ۲۰۲۳ کے اختتام کے لیے 3,685,000/- روپے کی فیس پر کمپنی کے آڈیٹرز مقرر کرنے کی تجویز کرتے ہیں، 'out of pocket' اخراجات اور سبزیٹیکس اس کے علاوہ ادا کیے جائیں گے۔

اظہار تشکر

بورڈ تمام صارفین، سپلائرز، غیر ملکی اور مقامی ٹھیکیداروں، مالیاتی اداروں اور دیگر اسٹیک ہولڈرز کے مسلسل اعتماد کا مشکور ہے۔
بورڈ کی جانب سے۔



چیف ایگزیکٹو آفیسر



ڈائریکٹر

۲۹ اگست، ۲۰۲۳
اسلام آباد

ملازمین کے معاملات کی کمیٹی

ایچ آر کمیٹی چار ارکان پر مشتمل ہے۔ یکم جولائی ۲۰۲۲ء سے ۳۰ جون ۲۰۲۳ء کی مدت کے دوران ارکان کی حاضری درج ذیل رہی:

ارکان کے نام	کل اجلاس	اجلاسوں میں شرکت
جناب شمیم احمد خان - چیئرمین	۱	۱
جناب شعیب اے ملک	۱	۱
جناب بابر بشیر نواز (متبادل ڈائریکٹر برائے جناب وائل جی فرعون)	۱	۱
جناب جمیل اے خان - چیف ایگزیکٹو آفیسر	۱	۱

آڈٹ کمیٹی

آڈٹ کمیٹی تین ارکان پر مشتمل ہے۔ ۳۰ جون ۲۰۲۳ء کو ختم ہونے والے سال کے لئے آڈٹ کمیٹی کے اجلاسوں کے لئے ڈائریکٹرز کی حاضری مندرجہ ذیل ہے:

ارکان کے نام	کل اجلاس	اجلاسوں میں شرکت
جناب شمیم احمد خان - چیئرمین	۴	۴
جناب عبدالستار	۴	۴
جناب بابر بشیر نواز (متبادل ڈائریکٹر برائے جناب وائل جی فرعون)	۴	۴

ڈائریکٹرز کی ریموزیشن پالیسی

بورڈ کے اجلاسوں میں شرکت کے لئے ڈائریکٹرز کے معاوضہ / فیس کے تعین کا اختیار بورڈ کے پاس ہے۔ بورڈ کی کمیٹیوں کے اجلاسوں میں شرکت کیلئے اور جنرل اجلاس میں یا کسی دوسرے کاروباری اجلاس میں شرکت کے لئے کوئی معاوضہ ادا نہیں کیا جاتا ہے۔ اسکے علاوہ، اجلاسوں میں شرکت کیلئے سفر، ہوٹل اور دیگر اخراجات ادا کئے جاتے ہیں۔

اس سال ادا کیے جانے والی فیس اور چیف ایگزیکٹو آفیسر کو ادا کیے گئے معاوضے کے چیک کی تفصیلات مالیاتی گوشوارے کے نوٹ نمبر 39 میں بیان کی گئی ہیں۔

بورڈ آف ڈائریکٹرز کی تشکیل اور ان کے اجلاس

بورڈ سات ڈائریکٹرز اور ایک چیف ایگزیکٹو آفیسر پر مشتمل ہے۔ فی الحال کمپنی کے بورڈ پر کوئی خاتون ڈائریکٹر نہیں ہے۔
بورڈ کی تشکیل سال بھر مندرجہ ذیل رہی:

قسم	نام	
i	جناب شمیم احمد خان جناب خوند امیر نصرت خوجائیو	انڈیپنڈنٹ ڈائریکٹرز
ii	جناب لیٹ جی فرعون مقابلہ ڈائریکٹر: جناب محمد رضی الدین / جناب شعیب اے ملک * جناب وائل جی فرعون مقابلہ ڈائریکٹر: جناب بابر بشیر نواز جناب شعیب اے ملک جناب عبدالستار جناب ساجد نواز	نان ایگزیکٹو ڈائریکٹرز
iii	جناب جمیل اے خان (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر

* سال کے دوران، جناب محمد رضی الدین کو جناب شعیب اے ملک کی جگہ جناب لیٹ جی فرعون کے متبادل ڈائریکٹر کے طور پر مقرر کیا گیا ہے۔

مالی سال 2022-23 کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ ڈائریکٹرز کی حاضری مندرجہ ذیل ہے:

ڈائریکٹر کا نام	کل اجلاس	اجلاسوں میں شرکت
جناب لیٹ جی فرعون	۵	۵ **
جناب وائل جی فرعون	۵	۵ **
جناب شعیب اے ملک چیئرمین	۵	۵
جناب عبدالستار	۵	۵
جناب خوند امیر نصرت خوجائیو - IDB کے نمائندے	۵	۵
جناب ساجد نواز	۵	۴
جناب شمیم احمد خان	۵	۵
جناب جمیل اے خان - چیف ایگزیکٹو آفیسر	۵	۵

** سال کے دوران متعلقہ میٹنگ کے وقت کمپنی کے بورڈ پر موجود ڈائریکٹرز یا ان کے متبادل کی طرف سے شرکت کی گئی۔

کاروباری نظم و نسق

- کمپنی اچھے کاروباری نظم و نسق پر کاربند رہنے کا تہیہ کئے ہوئے ہے اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز ۲۰۱۹ پر عمل پیرا ہے اور یہ بیان کیا جاتا ہے کہ:
- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے حالات، اس کے آپریشنز کے نتائج، ایکویٹی میں تبدیلی اور کیش فلوکس شفاف عکاسی کرتے ہیں۔
 - کمپنی کے کھاتے کمپنیز ایکٹ ۲۰۱۷ کے تحت مناسب طریقے سے رکھے جا رہے ہیں۔
 - مناسب اکاؤنٹنگ پالیسیوں کے تسلسل کو مالیاتی گوشوارے کی تیاری میں لاگو کیا گیا ہے۔ اکاؤنٹنگ کے اندازے ماہرانہ اور محتاط فیصلوں پر مبنی ہوتے ہیں۔
 - مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS)، جو کہ پاکستان میں نافذ العمل ہیں، ان کی پیروی کی گئی ہے۔
 - انٹرنل کنٹرول کا نظام مضبوط ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
 - آنے والے سالوں میں کمپنی کی کاروباری تسلسل پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
 - ۳۰ جون ۲۰۲۳ کو مختلف فنڈز کی سرمایہ کاری کی مالیت مندرجہ ذیل ہے:

تفصیل	ملین روپے (غیر آڈٹ شدہ)
انتظامی عملے سے متعلق فنڈز	
پینشن فنڈ	5,581
پراویڈنٹ فنڈ	1,155
بعد ریٹائرمنٹ میڈیکل فنڈ	1,395
گریجویٹ فنڈ	109
غیر انتظامی عملے سے متعلق فنڈز	
گریجویٹ فنڈ	161
پراویڈنٹ فنڈ	751

- سات ڈائریکٹرز گزشتہ سالوں میں ضابطہ برائے کاروباری نظم و نسق کے تحت پہلے سے ہی ڈائریکٹرز کے تہیتی پروگراموں میں شرکت کر چکے ہیں یا لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز ۲۰۱۹ میں شامل استثنیٰ یا نرمی کے معیار پر پورا اترتے ہیں۔
- کمپنی کے حصص میں بورڈ آف ڈائریکٹرز، ای او، ای سی ایف او، کمپنی سیکریٹری، ایگزیکٹوز اور ان کی بیگمات اور چھوٹے بچوں کی طرف سے کوئی سودا نہیں کیا گیا سوائے اس کے کہ جن کا ذکر "شیئر ہولڈنگ کے پیٹرن" میں کیا گیا ہے۔

NRL ایسی مصنوعات اور خدمات پیش کرنے کی کوشش کرتا ہے جو صاف، محفوظ اور اعلیٰ معیار کی ہوں۔ NRL کے لوگوں کا خیال ہے کہ اس بنیادی حقیقت کا ادراک بہتر ماحول کے لیے اپنی ذمہ داری کو پورا کرنا ہے۔

کوالٹی کنٹرول فنکشن

NRL میں کوالٹی کنٹرول (QC) فنکشن جدید ترین تجزیاتی آلات کا استعمال کرتے ہوئے خام تیل، گیسوں اور ایندھن، پیٹرولیمیکلز، اور پیٹرولیم انڈسٹری کی دیگر مصنوعات / میٹریل کی جانچ کا انتظام کرتا ہے۔ تاہم، یہ کردار صرف کوالٹی کنٹرول تک محدود نہیں ہے بلکہ کوالٹی اشورنس اور تحقیق اور ترقی کا کام بھی پر سیسس اور مصنوعات میں جدت کی بنیاد فراہم کرنے کے لیے کیا جاتا ہے۔ QC طے شدہ جانچ کی خدمات کے تحت پروجیکٹ پر مبنی کام بھی کرتا ہے۔

NRL کے QC فنکشن کو پاکستان نیشنل ایکریڈیشن کونسل (PNAC)، وزارت سائنس اور ٹیکنالوجی، حکومت پاکستان کی طرف سے IEC/ISO 2017:17025 ایکریڈیشن سے نوازا گیا ہے جسے سال کے دوران مکمل طور پر نافذ العمل کر دیا گیا ہے۔ یہ ایکریڈیشن بنیادی طور پر لیبارٹریوں کے لیے مخصوص ٹیسٹ کے طریقوں کو انجام دینے، درست بین الاقوامی سطح پر ٹریس ایبل کیلیبریشن ڈیٹا، ٹیسٹ کے نتائج، اور ایک موثر معیار کے نظام کو چلانے کے لیے تکنیکی قابلیت کا مظاہرہ کرنے کا معیار ہے۔ اس قابل قدر کامیابی کے ساتھ، NRL مینجمنٹ سسٹم کی ایک نئی سطح پر پہنچ گیا ہے جو کمپنی کو ان مشہور کمپنیوں کے مساوی کر دیتا ہے جو عالمی معیار کی جانچ کی سہولیات اور لیبارٹریز سے لیس ہیں۔

قومی خزانے کو کی جانے والی ادائیگی

موجودہ مالی سال کے دوران، کمپنی نے ٹیکسز، ڈیوٹیز اور لیویز کی مد میں 59.20 ارب روپے قومی خزانے میں جمع کرائے اور نیتھا، تارکول اور لیوب بیس آئل کی برآمد کے ذریعے 80.07 ملین امریکی ڈالر کا قیمتی زرمبادلہ کمایا۔

انسانی وسائل کی ترقی

کمپنی کے انسانی وسائل مختصر اور طویل مدتی کارپوریٹ اور اسٹریٹیجک مقاصد کے حصول میں بہت اہم کردار ادا کر رہے ہیں۔ لہذا، آپ کی کمپنی اپنے ملازمین کی تربیت اور ترقی پر خصوصی توجہ مرکوز کرتی ہے۔ عملے کے ارکان کے لیے مختلف تکنیکی اور غیر تکنیکی شعبوں میں مختلف کورسز اور ورکشاپس منعقد کرنے کے علاوہ، کمپنی اپنے مینجمنٹ ٹرینیز اور اپرنٹس شپ پروگراموں کے ذریعے ریفرنسری آپریشنز اور دیگر بھال کے حوالے سے علمی اور عملی تربیت فراہم کرتی ہے جو نہ صرف کمپنی کے آپریشنز کے لیے تربیت یافتہ افرادی قوت کے اضافی تقاضوں کو پورا کرتی ہے بلکہ تیل صاف کرنے کی صنعت کے لیے تربیت یافتہ افرادی قوت کا سبب بنتی ہے۔

انٹرنل فنانشل کنٹرول سسٹم

کمپنی اس بات کو یقینی بناتی ہے کہ مالی معاملات سمیت تمام سرگرمیوں کیلئے مناسب داخلی کنٹرولز موجود ہیں۔ کمپنی میں انٹرنل آڈٹ ڈپارٹمنٹ موجود ہے جو داخلی مالی کنٹرولز کے ڈیزائن کی درستگی اور ان کنٹرولز کے مناسب طریقے سے لاگو ہونے اور انکی نگرانی کی تشخیص کیلئے ریگولر آڈٹ کرتا ہے۔ کمپنی کے ڈائریکٹرز نے "آڈٹ کمیٹی" تشکیل دی ہے جو انٹرنل آڈٹ ڈپارٹمنٹ کی رپورٹوں کا سہ ماہی بنیاد پر جائزہ لیتی ہے۔

- کمپنی کو خاص طور پر کروڈ آئل کی خریداری کے لیے سپلائرز کو ادائیگی غیر ملکی کرنسی میں کرنی ہوتی ہے جس میں پاکستانی روپے کی قدر میں کمی کی وجہ سے عام طور پر زرمبادلہ کے نقصان کا سامنا رہتا ہے۔ حکومت کی جانب سے کچھ اقدامات کیے گئے ہیں تاکہ زرمبادلہ کے نقصانات کے اثرات کو قیمتوں میں شامل کر کے اس کے اثرات کو کم کیا جاسکے جو کہ کسی حد تک خطرے کا احاطہ کرتا ہے۔
- الیکٹرک گاڑیاں متعارف کرانے اور فوسل فیول پر انحصار کم کرنے کے حوالے سے عالمی پیشرفت درمیانی سے طویل مدت میں تیار شدہ پٹرولیم مصنوعات کے مارجنز کو کم کرنے کا سبب بنے گا۔ کمپنی مستقبل کے منصوبوں میں سرمایہ کاری میں محتاط انداز اختیار کرے گی۔

کاروباری سماجی ذمہ داری

کمپنی اپنے صارفین، ملازمین اور حصص یافتگان کے علاوہ قومی معیشت کیلئے اپنی سماجی ذمہ داری کا احساس رکھتی ہے۔ ایک ذمہ دار ادارہ کے طور پر، کمپنی نے ملک میں معیار زندگی کو بہتر بنانے کے لئے مختلف طریقوں سے معیشت کے مختلف سماجی کاموں میں اہم کردار ادا کیا ہے۔ اس سلسلے میں کمپنی کی طرف سے 15 ملین روپے اور ملازمین کی طرف سے 1.68 ملین روپے وزیراعظم فلڈ ریلیف فنڈ میں عطیہ کیے گئے۔ یہ تعاون ملک کے شدید سیلاب سے متاثر افراد اور کمیونٹی کی مدد کے لیے ایک معمولی لیکن اہم قدم کی نمائندگی کرتا ہے۔ ان امدادی کوششوں میں حصہ لے کر، کمپنی ضرورت مندوں کو مدد فراہم کرنے اور مصیبت کے وقت قوم کے ساتھ کھڑے ہونے کے لیے اپنی لگن کا مظاہرہ کرتی ہے۔ مزید برآں، تعلیم کے فروغ کے لیے 75,000 روپے عطیہ کے طور پر دیے ہیں۔

کمپنی اس بات کیلئے پرعزم ہے کہ اس کے کردار کو نہ صرف ایک تجارتی ادارے کے طور پر بلکہ ایک سوشل پارٹنر کے طور پر بھی تسلیم کیا جائے۔ اس سلسلے میں کمپنی نے تین معذور افراد کو سندھ معذور افراد (ملازمت، بحالی اور فلاح و بہبود ایکٹ 2012) The Sindh Differently able persons (Employment, Rehabilitation and Welfare) Act 2014 کی ہدایت کے مطابق ملازمت دے رکھی ہے اور ایسے افراد کی کمپنی کی ملازمت میں کم تعداد رکھنے کے عوض میں معذور افراد کو بااختیار بنانے کے محکمہ کو 15.4 ملین روپے کی ادائیگی بھی کر چکی ہے۔

ملازمین اور انتظامیہ کے تعلقات

انتظامیہ اور ملازمین بشمول یونین کے درمیان خوشگوار تعلقات برقرار ہیں۔ NRL کے ساتھ اس طویل وابستگی کو تسلیم کرنے کے لیے ملازمین کو لائنگ سروس ایوارڈ دیا جاتا ہے۔ ملازمین کو اچھی صحت برقرار رکھنے کا موقع فراہم کرنے کے لیے، کمپنی ریفرنسری کے احاطے میں کھیلوں کی سرگرمیوں کی مسلسل حوصلہ افزائی کر رہی ہے تاکہ زندگی کے لیے ایک صحت مند نقطہ نظر کو فروغ دیا جاسکے۔

پیشہ ورانہ زندگی میں صحت، حفاظت اور ماحول

ماحول کے تحفظ کے لیے کمپنی کی سنجیدگی اس کے بحفاظت آپریشنز کی انجام دہی سے واضح ہے۔ NRL کی ٹیم کی توجہ توانائی کے تحفظ، وسائل کو بہتر بنانے اور فضلہ کی پیداوار کو کم کرنے پر مرکوز ہے۔ کمپنی کے پاس ISO2015:14001، ISO2018:45001 اور ISO2015:9001 کی ضروریات کے مطابق ایک جامع مربوط مینجمنٹ سسٹم موجود ہے۔ یہ سسٹم صحت، حفاظت، ماحولیات اور معیار کی آگاہی کو مضبوط بنانے کے ساتھ ٹیم ورک، بااختیار بنانے اور مسلسل بہتری کے کلچر کو فروغ دینے میں مدد کرتا ہے۔ NRL ٹیم اس بات کو یقینی بناتی ہے کہ کمپنی کی ریفرنسری کی سرگرمیاں پیشہ ورانہ صحت کی حفاظت اور ماحولیاتی قانون سازی، کمپنی کے معیاری آپریشننگ طریقہ کار اور ماحولیاتی تحفظ کے لیے بحفاظت آپریشنز کے طریقوں کے عین مطابق ہیں۔

سپلائرز اور صارفین کے ساتھ کاروباری تعلقات

ہم سعودی آراکو کو درآمد شدہ خام تیل کی فراہمی پر بروقت ادائیگی کرنے کی تاریخی حیثیت برقرار رکھے ہوئے ہیں۔ مزید، پاکستان میں سرگرم تیل کی تلاش کرنے والی دیگر غیر ملکی اور مقامی کمپنیوں کو بھی باقاعدگی سے ادائیگی کی جاتی ہے۔ ہم سپلائی چین جو مقامی سپلائرز، صارفین اور دیگر کاروباری شراکت دار پر مبنی ہے ان کے ساتھ اچھے تعلقات برقرار رکھنے کی کوشش میں مصروف ہیں۔

کلیدی آپریٹنگ اور مالی اعداد و شمار

گزشتہ چھ سال (۲۰۲۳ - ۲۰۱۸) کی کلیدی آپریٹنگ اور مالیاتی تفصیل صفحہ نمبر 41 پر دکھائی گئی ہے۔

ریفائنری کی پیداواری صلاحیت

پیداواری صلاحیتوں کے تجزیہ کے مطابق، این آریل 23.10 ملین بیرل سالانہ پیداواری صلاحیت کے ساتھ پاکستان کی تیسری بڑی ریفائنری ہے۔ این آریل پاکستان میں واحد ریفائنری کمپلیکس ہے جس میں لیوب ریفائنری شامل ہے اور ملک کی مانگ کو پورا کرنے کے لیے لیوب بیس آئل کے متعدد درجات کی پیداوار کرتا ہے۔

کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) کی جانب سے کمپنی کی طویل مدتی درجہ بندی AA+ (پچھلے دس سالوں سے برقرار) ہے اور مختصر مدتی درجہ بندی A1+ (پچھلے انیس سالوں سے برقرار) ہے۔ یہ درجہ بندیاں بہت کم کریڈٹ رسک اور بروقت مالی وعدوں کے لیے مضبوط صلاحیت کی نشاندہی کرتی ہیں۔ کمپنی کا آؤٹ لک منفی برقرار رکھا گیا ہے۔ تاہم، موجودہ صورتحال اور پہلے بیان کردہ چیلنجز کے پیش نظر، کمپنی کو سال کے دوران ریٹنگ واپس پر رکھا گیا ہے۔

پیش نظر خدشات

- بین الاقوامی مارکیٹ میں خام تیل اور مصنوعات کی قیمتوں میں غیر مستحکم اتار چڑھاؤ کے نتیجے میں مارجنز کم ملتے ہیں۔ ایسی صورت میں کمپنی نقصانات کو کم سے کم کرنے کے لئے وقتاً فوقتاً اپنی پیداوار اور فروخت کے شیڈول کا جائزہ لیتی ہے۔
- بین الاقوامی کریڈٹ ریٹنگ ایجنسیوں کی طرف سے ملک اور اعلیٰ درجے کے مینکوں کا منفی منظر نامہ ایک بڑے خطرے کے طور پر ابھرا ہے جو نہ صرف کمپنی کے لیے بلکہ تیل کی صنعت کے لیے خاص طور پر اور ملک بھر میں درآمد پر منحصر تمام کاروباروں کے لیے سپلائی چین کو متاثر کر چکا ہے۔ جب تک کہ ملک میں سیاسی استحکام اپنا مناسب راستہ اختیار نہیں کرتا یہ معلوم کرنا مشکل ہے کہ یہ کب تک اور کس حد تک تیل کے شعبے سمیت مجموعی اقتصادی سرگرمیوں پر اثر انداز ہوتا رہے گا۔

سی سی آر۔ (کنٹینوئس کیٹالسٹ ریکمبیریٹیشن) پلیٹ فارمنگ یونٹ۔

پیٹرول کی پیداوار میں اضافہ کرنے اور ملک کی EURO-V معیار کے پیٹرول کی خصوصیات کو پورا کرنے کے لیے کمپنی دیگر متعلقہ یونٹوں کے ساتھ سی سی آر۔ (کنٹینوئس کیٹالسٹ ریکمبیریٹیشن) پلیٹ فارمنگ یونٹ لگانے کا ارادہ رکھتی ہے۔ جو کہ منصوبہ بندی کے مرحلے میں ہے اور براؤن فیلڈ ریفاٹنگ پالیسی میں حکومت کی طرف سے فراہم کردہ مراعات کا بغور جائزہ لینے کے بعد مکمل کیا جائے گا۔

لیوب۔ ٹورینا سزری ٹرن اروڈ

کمپنی کی جانب سے 2023-24 میں Lube-II ریفا سزری کے ٹرن اروڈ کی منصوبہ بندی کی گئی ہے، جسے جون ۲۰۲۳ سے پہلے مکمل کرنے کا منصوبہ تھا تاہم LC کھولنے کے مسائل کے نتیجے میں مطلوبہ اسپیرز کی درآمد میں تاخیر کی وجہ سے اس پر عمل نہیں ہو سکا۔ اس کے نتیجے میں زیادہ سے زیادہ سطح پر مسلسل پیداوار کو برقرار رکھنا اور مستقل میٹیننس کی ضروریات کو کم کرنا ہے۔

پرائسنگ فارمولا

کمپنی کا فیول سیگمنٹ حکومت کے امپورٹ پیریٹی پرائسنگ (Import Parity Pricing) فارمولے کے تحت ریگولیٹ کیا جاتا ہے۔ 2012-13 میں ڈیزل کی قیمت کو ڈیریگولیٹ کر کے پی ایس او کی امپورٹ کی قیمت کے ساتھ منسلک کر دیا گیا تھا۔ تاہم این آر ایپریل 2017 میں ڈی ایچ ڈی ایس منصوبے کے مکمل ہونے کے بعد اس قیمت کا حقدار ہوا۔

کیم ستمبر ۲۰۲۰ سے، حکومت نے پیٹرولیم مصنوعات کی قیمتوں کا تعین PSO کی ماہانہ قیمت کے بجائے پندرہ دن کی خلیج عرب کی روزانہ ایف او بی اوسط پر مبنی قیمت کی بنیاد پر کرنا شروع کر دیا ہے اور انسٹیٹیوٹ کو PSO کی پندرہ دن کی اصل لاگت کی بنیاد پر قیمت میں شامل کیا جاتا ہے۔

کیم جنوری 2021 سے این آر ایپریل EURO-V ڈیزل تیار کر رہا ہے جس کی قیمت امپورٹ پیریٹی پرائسنگ اور PSO امپورٹ انسٹیٹیوٹ پر مبنی ہے۔

امپورٹ پیریٹی پرائسنگ فارمولا کے مطابق فیول سیگمنٹ کے منافع کو کیم جولائی، ۲۰۰۲ کے مطابق موجودہ شدہ سرمایہ کے ۵۰ فیصد تک تقسیم کیا جاسکتا ہے اور باقی منافع کو اسپیشل ریزرو (special reserves) میں منتقل کیا جائیگا۔ سال کے دوران، کمپنی کے فیول سیگمنٹ کو نقصان ہوا ہے لہذا اسپیشل ریزرو اکاؤنٹ میں کوئی رقم منتقل نہیں کی گئی ہے۔

2013 میں وزارت پیٹرولیم اور قدرتی وسائل کی طرف سے جاری کردہ ریفا سزری پروجیکٹ کی اپ گریڈیشن اور توسیع کے پالیسی فریم ورک کے تحت، ریفا سزری کو ڈی ایچ ڈی ایس اور آئی سو مرائزیشن اپ گریڈیشن پروجیکٹس کی تکمیل کے بعد اسپیشل ریزرو سے نقصانات کو ایڈجسٹ کرنے کی اجازت ہے۔ چونکہ کمپنی نے حکومت کے احکامات کے مطابق ان منصوبوں کو مکمل کر لیا ہے، لہذا مستقبل میں کمپنی گزشتہ سالوں کے فیول ریفا سزری آپریشنز سے ہونے والے مجموعی نقصانات کو اسپیشل ریزرو اکاؤنٹ سے ایڈجسٹ کر سکتی ہے۔

مستقبل کا منظر نامہ

ملک میں کاروباری معاملات کو چیلنجنگ میکرو اکنامک صورت حال کا سامنا ہے۔ بیرونی عوامل کے خطرات میں اضافہ، بڑھتی ہوئی افراط زر، سیاسی عدم استحکام، آئی ایم ایف پروگرام کے بعد بھی امریکی ڈالر کے مقابلے میں روپے کی قدر میں کمی کا تسلسل، اور بلند شرح سود نے مجموعی طور پر غیر یقینی کی فضا پیدا کر دی ہے۔

مزید برآں، بین الاقوامی کریڈٹ ریٹنگ ایجنسیوں کی طرف سے ملک اور اعلیٰ درجے کے مقامی بینکوں کے متعلق منفی تاثر نے خام تیل کی درآمدات کے سلسلے میں لیٹر آف کریڈٹ کی تصدیق کے خطرات سے دوچار کر دیا ہے، جس کے نتیجے میں لاگت میں اضافہ ہوا ہے۔ مغربی سرحدوں کے ساتھ وسیع پیمانے پر ہونے والی غیر قانونی نقل و حمل کی وجہ سے، جہاں اسمگل شدہ سامان آسانی سے مارکیٹ میں داخل ہو سکتا ہے، کمپنی کو، پورے سیکٹر کے ساتھ ساتھ، اضافی چیلنجز کا سامنا ہے۔

حالیہ پیشرفت کی روشنی میں، موجودہ ریفرنسز کی طرف سے طویل انتظار کے بعد پاکستان آئل ریفرنسز پالیسی ۲۰۲۳ اگست ۲۰۲۳ میں منظور کر لی گئی ہے۔ پالیسی کے مطابق، حکومت نے اس شعبے میں سرمایہ کاری اور ترقی کو فروغ دینے کے لیے موجودہ ریفرنسز کو اپ گریڈ کے منصوبوں کو مکمل کرنے کے لیے کچھ مراعات دینے کا اعلان کیا ہے۔ جیسا کہ پالیسی حال ہی میں شائع کی گئی ہے لہذا کمپنی کی انتظامیہ مزید پیشرفت کے لیے پالیسی کا بغور جائزہ لے رہی ہے۔

کمپنی کی انتظامیہ سمجھتی ہے کہ ریفرنسز کو منافع کمانے میں اہم رکاوٹوں میں خام تیل کی درآمد پر کسٹم ڈیوٹی اور زرمبادلہ کی مد میں نقصان شامل ہیں، جو نہ صرف کمپنی کے مثبت کیش فلو کو متاثر کرتے ہیں، ورکنگ کپیٹل فنانسنگ کی ضروریات میں اضافہ کرنے کے ساتھ ساتھ بلند شرح سود کے ماحول کے تحت قرض لینے کی لاگت میں بھی اضافہ کرتے ہیں۔ یہاں تک کہ موجودہ قیمتوں کے تعین کے طریقہ کار کے تحت کسٹم ڈیوٹی اور زرمبادلہ کے نقصان کی مختصر وصولی کی وجہ بھی منافع میں کمی کا باعث بنتی ہیں۔

کمپنی کی انتظامیہ نے، تاہم، ان مشکل حالات کے تحت انتہائی محتاط رویہ اختیار کیا ہوا ہے۔ پیچیدگیوں کے باوجود، انتظامیہ مستعدی سے کاروباری سرگرمیوں کی نگرانی کر رہی ہے تاکہ موثر کام اور سمجھداری سے فیصلہ سازی کو یقینی بنایا جاسکے۔ اس محتاط نقطہ نظر کا مقصد خطرات کو کم کرنا اور کارکردگی کو بہتر بنانا ہے۔

مستقبل کے منصوبے

ریفرنسز کی منصوبوں میں خطیر سرمایہ کاری شامل ہوتی ہے اور اس کے مطابق براؤن فیلڈ ریفرنسنگ پالیسی کی منظوری کے بعد آپ کی کمپنی موجودہ حالات میں پالیسی کے تحت منظور کی گئیں مراعات کے پیش نظر اپنے اپ گریڈیشن منصوبوں کا جائزہ لے رہی ہے۔ مندرجہ ذیل اپ گریڈیشن منصوبے ان میں شامل ہیں:

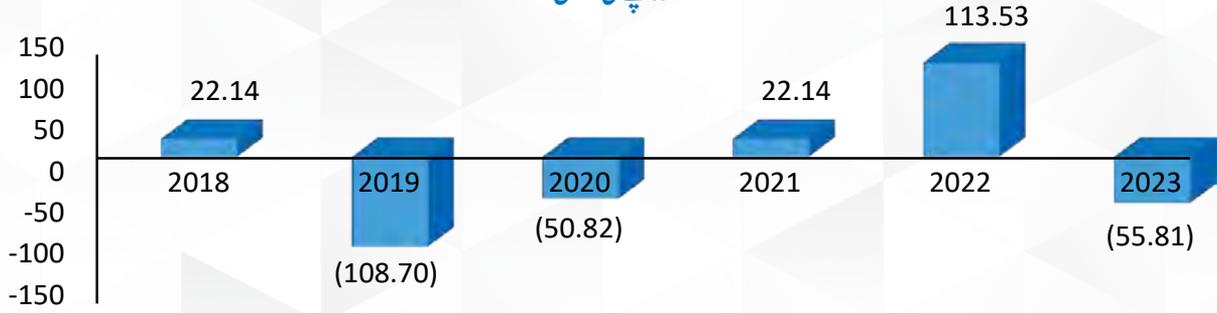
ہائیڈرو کربن باٹم آف پیرل اپگریڈ

فرنس آئل کو ویلیو ایڈڈ مصنوعات میں اپ گریڈ کرنے کے لیے بڑی سرمایہ کاری کی ضرورت ہے۔ آپ کی کمپنی نے دیگر ریفرنسز کے ساتھ مل کر مشترکہ پلانٹ کی فرہیلٹی کا مطالعہ کیا تھا۔ یہ مطالعہ برطانیہ کے میسرز ایڈوانز کو دیا گیا تھا۔ تاہم، مطالعہ کی بنیاد پر، تمام 5 ریفرنسز کے فرنس آئل کی ہائیڈرو کریٹنگ کے مشترکہ منصوبے کو قابل عمل نہیں سمجھا گیا۔ آپ کی کمپنی دیگر آپشنز کا بغور جائزہ لے رہی ہے جو فرنس آئل کی پیداوار کو جزوی طور پر کم کر دیں گے اور اسے ویلیو ایڈڈ مصنوعات میں تبدیل کر دیں گے۔ تاہم، پالیسی میں فراہم کردہ مراعات کا بغور جائزہ لینے کے بعد اس طرح کی سرمایہ کاری پر غور کیا جائے گا۔

فی حصص نقصان / آمدنی

اس سال فی حصص نقصان 55.81 روپے رہا جبکہ گزشتہ سال فی حصص آمدنی 113.53 روپے تھی۔

فی حصص (نقصان) / آمدنی روپے فی حصص



ڈیویڈنڈ

نقصان کے پیش نظر، بورڈ آف ڈائریکٹرز نے فیصلہ کیا ہے کہ موجودہ سال کے لیے کسی قسم کے ڈیویڈنڈ کو زیر غور نہیں لایا جائے گا۔

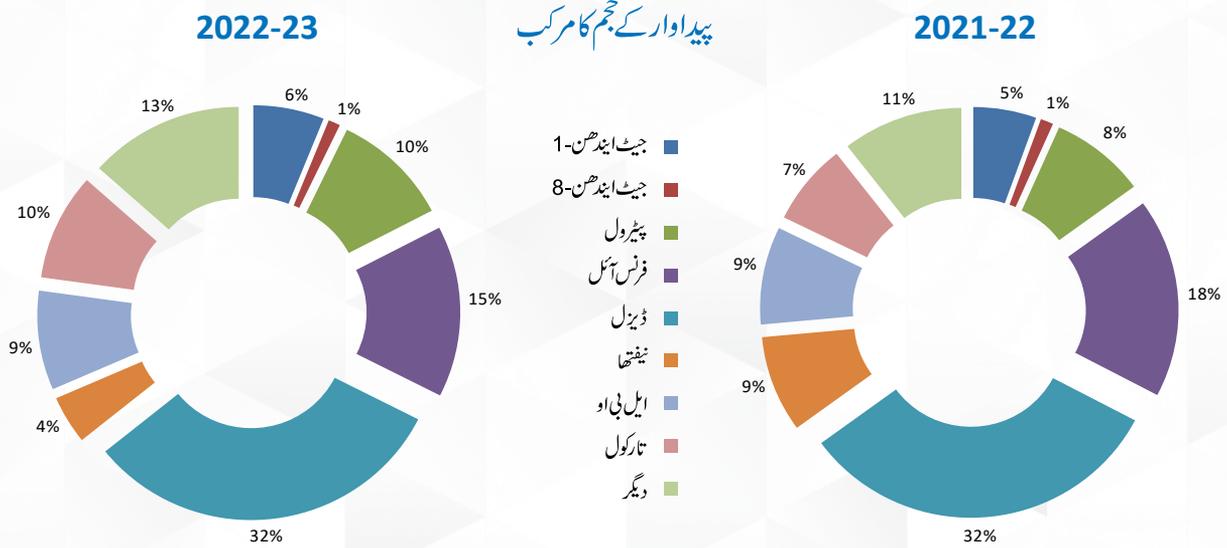
کمپنی کا کاروبار

کمپنی تین ریفاائنریوں کی مدد سے خام تیل صاف کرنے کے کاروبار میں مصروف عمل ہے جن کو 1966، 1976 اور 1985 میں کمیشن کیا گیا۔ آخری اپ گریڈیشن میں ڈیزل ہائیڈرو ڈیسلفیوریشن اور آکسومرائزیشن یونٹ شامل ہیں جو کہ سال 2016 اور 2018 کے دوران بالترتیب ماحول دوست یورو II سے لیکر یورو V سٹینڈرڈ تک سلفر کی کم مقدار والے ڈیزل اور نیفٹھا کو پیٹرول میں تبدیل کرنے کے لیے لگائے گئے ہیں۔ مزید برآں، فیول اور لیوب ریفاائنری کے ریویپ کے ذریعے، کمپنی نے اپنی خام تیل کی پروسیسنگ کی گنجائش 62,050 بیرل یومیہ سے بڑھا کر 70,000 بیرل یومیہ کر دی ہے اور لیوب بیس آئل کی سالانہ پیداوار 5000-6000 ایم ٹن سے بڑھ گئی ہے۔

2005 میں کمپنی کی جکار کی گئی جس کے نتیجے میں 51% حصص انک گروپ کی ملکیت میں ہیں۔

کمپنی کی تینوں ریفاائنریوں کے دو کاروباری شعبہ جات "فیول سیگمینٹ" اور "لیوب سیگمینٹ" ہیں۔ فیول سیگمینٹ کی پیداوار میں ہائی سپیڈ ڈیزل، نیفٹھا، پیٹرول، مائع پیٹرولیم گیس، جیٹ ایندھن اور فرنس آئل شامل ہیں۔ لیوب سیگمینٹ کی پیداوار میں مختلف گریڈ کے لیوب بیس آئلز، تارکول، فرنس آئل، موم، ربر بنانے کا تیل اور کچھ مقدار دیگر فیول پروڈکٹس کی شامل ہیں۔ تمام مصنوعات کی مارکیٹنگ مقامی طور پر کی جاتی ہے، جبکہ نیفٹھا برآمد کیا جاتا ہے۔ لیوب بیس آئل اور تارکول کی بھی کچھ مقدار ضرورت کے تحت برآمد کی جاتی ہے۔

اس کے علاوہ، ملک کے گرتے ہوئے زرمبادلہ کے ذخائر کے ساتھ کریڈٹ ریٹنگ میں کمی نے خام تیل کی درآمد کے لیے لیٹر آف کریڈٹ (LC) کے قیام اور تصدیق میں سنگین مسائل پیدا کیے۔ تاہم، کمپنی LC کی تصدیق کا بندوبست کرنے میں کامیاب رہی لیکن بلند شرح تصدیق کے نتیجے میں LC تصدیقی چارجز میں کمی گنا اضافہ ہوا۔ نتیجتاً، کمپنی نے اپنی پیداواری صلاحیت کو بدلتی ہوئی طلب اور حالات کے مطابق ڈھالتے ہوئے 52% فیصد پیداوار حاصل کی جو پچھلے سال 63% فیصد تھی۔ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں نمایاں کمی کی وجہ سے زرمبادلہ کی مد میں موجودہ سال 9.88 ارب روپے کا نقصان ہوا جو کہ گزشتہ سال 6.13 ارب روپے تھا۔ پالیسی کی شرح میں اضافہ کی وجہ سے مارک اپ کی شرح میں نمایاں اضافہ ہوا اس کے ساتھ ساتھ مصنوعات کی مانگ میں کمی اور خام تیل کی قیمتوں میں اضافہ کی وجہ سے کمپنی کے ورکنگ کیپیٹل فنانسنگ کی ضروریات میں خاطر خواہ اضافہ ہوا ہے۔ اس کے نتیجے میں مارک اپ اخراجات کی مد میں گزشتہ سال کے 2.89 ارب روپے کے مقابلے میں اس سال 6.33 ارب روپے خرچ ہوئے۔



لیوب سیگمنٹ

لیوب سیگمنٹ کو 6.43 ارب روپے کا ٹیکس کے بعد منافع ہوا جو کہ گزشتہ سال 3.11 ارب روپے تھا۔ گزشتہ سال کے مقابلے میں فروخت کے حجم میں کمی کے باوجود بہتر پروڈکٹ مارجنز کی وجہ سے اس عرصے کے دوران لیوب سیگمنٹ میں بہتری آئی۔ محدود اقتصادی سرگرمیوں کی وجہ سے تارکول کی مقامی فروخت میں 30% فیصد کمی واقع ہوئی ہے۔ تاہم، کمپنی گزشتہ سال کے مقابلے میں 23% فیصد زیادہ تارکول درآمد کرنے میں کامیاب رہی۔

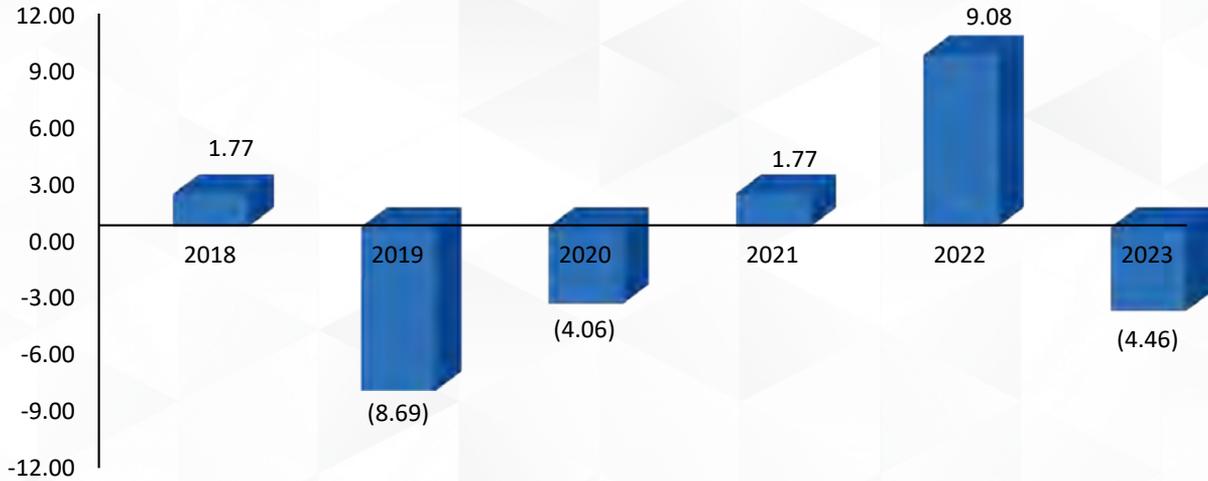
ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز مسرت کے ساتھ ۳۰ جون ۲۰۲۳ء کو مکمل ہونے والے سال کے لیے نیشنل ریفاٹری لمیٹڈ کی ۶۰ ویں سالانہ رپورٹ بمع آڈٹ شدہ مالیاتی گوشوارے اور ان پراڈیٹرز کی رپورٹ پیش کرتے ہیں۔

مالیاتی نتائج

مالی سال ۲۰۲۳ء، ریفاٹری کے لیے ایک چیلنجنگ سال رہا۔ سال کا آغاز ملک بھر میں بدترین سیلاب کے ساتھ ہوا جس کی وجہ سے معیشت عملی طور پر مکمل رک گئی اور اس کے نتیجے میں وسیع پیمانے پر منفی اثرات مرتب ہوئے۔ سیاسی عدم استحکام، مہنگائی کی بڑھتی ہوئی شرح، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں نمایاں کمی، آئی ایم ایف پروگرام کے گرد غیر یقینی صورتحال اور پالیسی کی شرح میں تاریخی اضافے کی وجہ سے صورتحال مزید خراب ہوئی۔ ان مشکل حالات اور آپریشنل رکاوٹوں کی وجہ سے کمپنی کی مالی کارکردگی کو شدید دھچکا لگا اور کمپنی کو گزشتہ سال 9.08 ارب روپے کے ٹیکس کے بعد منافع کے مقابلے میں موجودہ سال ٹیکس کے بعد 4.46 ارب روپے کا نقصان ہوا۔

ٹیکس کے بعد (نقصان) / منافع - ارب روپے



فیول سیگمنٹ

فیول سیگمنٹ میں ٹیکس کے بعد 10.89 ارب روپے کا نقصان ہوا جبکہ گزشتہ سال ٹیکس کے بعد 5.97 ارب روپے کا منافع تھا۔ مشکل حالات بنیادی طور پر فرانس آئل کی فروخت اور دیگر پیٹرولیم مصنوعات کی طلب میں کمی کی وجہ سے مرتب ہوئے جس کی وجہ ملک بھر میں محدود معاشی سرگرمیاں تھیں۔

غیر محفوظ مغربی سرحدوں سے اسمگلنگ کے ذریعے ہماری منڈیوں تک پہنچنے والے ناقص معیار کے ڈیزل کی آسانی سے دستیابی کی وجہ سے ہمارے ڈیزل کی فروخت شدید متاثر ہو رہی ہے۔ حکومت سے رابطہ کیا جا رہا ہے کہ اس نامناسب عمل کو روکنے کے لیے خاطر خواہ اقدامات کیے جائیں۔

FORM OF PROXY

60TH ANNUAL GENERAL MEETING NATIONAL REFINERY LIMITED

I _____ of _____ in the district of _____ being a Member of NATIONAL REFINERY LIMITED hereby appoint _____ of _____ as my proxy, and failing him, _____ of _____ another Member of the Company to vote for me and on my behalf at the 60th Annual General Meeting of the Company to be held on the 23rd day of October 2023 and at any adjournment thereof.

Signed this _____ day of _____ 2023.

Signed by the said Member

Signed in the presence of:

1. Signature: _____
 Name: _____
 Address: _____
 CNIC/Passport No. _____

2. Signature: _____
 Name: _____
 Address: _____
 CNIC/Passport No. _____

Information required		For Member (Shareholder)	For Proxy	For alternate Proxy (*)
			(if member)	
Number of shares held				
Folio No.				
CDC Account No.	Participant I.D.			
	Account No.			

Revenue stamp of appropriate value
 (To the extent applicable)

(*) Upon failing of appointed Proxy.

Notes:

1. A member entitled to attend and vote at Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him / her. A proxy need not be a member.
2. This Proxy Form, duly completed and signed, together with Board Resolution / Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited, at the registered office of the Company not later than 48 hours before the time of holding the meeting.
3. The instrument appointing a proxy should be signed by the member or his / her attorney duly authorized in writing. If the member is a corporate entity its common seal should be affixed on the instrument.
4. Any alteration made in this instrument of proxy should be initialed by the person who signs it.
5. Attested copies of CNIC or the passport of the beneficial owners and of the proxy shall be provided with the proxy form.
6. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
7. In the case of joint holders the vote of the senior who tenders a vote whether in person or by Proxy will be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority will be determined by the order in which the names stand in the Register of Members.
8. The proxy shall produce his / her original CNIC or passport at the time of the meeting.

Company Secretary

National Refinery Limited

7-B, Korangi Industrial Area, Karachi-74900

UAN: +92-21-111-675-675

PABX: +92-21-35064981-86

+92-21-35064977-79

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نوٹ:-

- ۱۔ ایک ممبر جو سالانہ اجلاس عام میں شرکت کرنے اور حق رائے دہی استعمال کرنے کا اہل ہے اپنے بجائے شرکت کرنے اور حق رائے دہی استعمال کرنے کے لئے ایک پراکسی مقرر کر سکتا ہے۔ پراکسی کا ممبر ہونا ضروری نہیں۔
- ۲۔ پراکسی فارم کا ہر لحاظ سے مکمل، دستخط شدہ بمع ڈائریکٹرز کی قرارداد یا پاور آف اٹارنی اگر کوئی ہو یا ان کی نوٹرائزڈ کاپی جس کے تحت یہ دستخط کیا گیا ہو اجلاس شروع ہونے سے ۴۸ گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہونا لازمی ہے۔
- ۳۔ پراکسی منتخب کرتے ہوئے رکن یا اس کے تحریری طور پر مجاز اٹارنی کا پراکسی فارم پر دستخط کرنا ضروری ہے۔ کارپوریٹ ادارے کی صورت میں پراکسی فارم پر کمپنی کی سیل (Seal) کا لگا ہونا لازمی ہے۔
- ۴۔ پراکسی فارم میں کسی قسم کی تبدیلی کیلئے پراکسی منتخب کرنے والے کے دستخط ہونا ضروری ہے۔
- ۵۔ بینیفیشل اونرز (رکن) اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی پراکسی فارم کے ساتھ منسلک کرنی ہوں گی۔
- ۶۔ اگر کوئی ممبر ایک سے زیادہ پراکسی منتخب کرے یا ایک سے زیادہ پراکسی فارمز کمپنی میں جمع کرائے ایسی صورت میں تمام پراکسی فارمز غیر موثر قرار پائیں گے۔
- ۷۔ مشترکہ حصہ دار ہونے کی صورت میں جبکہ نام ممبر رجسٹر میں پہلے درج ہوگا (سینئر) اس کا اپنا یا اسکے منتخب پراکسی کا ووٹ قابل قبول ہوگا بنسبت دیگر مشترکہ حصہ داروں کے ووٹ کے۔
- ۸۔ پراکسی کو اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔

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Company Secretary

National Refinery Limited

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+92-21-35064977-79

پراکسی فارم

۶۰ واں سالانہ اجلاس عام

نیشنل ریفرنسز لمیٹڈ

میں _____ کا/کی _____ ضلع _____ بحیثیت رکن نیشنل ریفرنسز لمیٹڈ، محترم / محترمہ _____
 ضلع _____ کو اپنا پراکسی یا ان کی غیر موجودگی کی صورت میں کمپنی کے دوسرے / کی دوسری رکن محترم / محترمہ _____
 ضلع _____ کو اپنے ایما پر ۲۳ اکتوبر ۲۰۲۳ یا اسکے التواء کی صورت میں متبادل تاریخ کو منعقد ہونے والے کمپنی کے ۶۰ واں
 سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے کے لئے اپنا پراکسی مقرر کرتا / کرتی ہوں۔

رکن کے دستخط

آج بروز _____ بتاریخ _____ ۲۰۲۳ کو دستخط کئے گئے۔

گواہان:

2:-

1:-

دستخط:

دستخط:

نام:

نام:

پتہ:

پتہ:

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر:

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر:

مناسب قیمت کے
محصول ٹکٹ
(قابل قبول حد تک)

درکار معلومات	رکن کیلئے	پراکسی کیلئے	* متبادل پراکسی کیلئے
حصص کی تعداد	(شیر ہولڈر)	(بصورت رکن)	
فولیو نمبر			
سی ڈی سی	متعلقہ شریک آئی ڈی		
اکاؤنٹ نمبر	اکاؤنٹ نمبر		

* پراکسی کی غیر موجودگی کی صورت میں

E-DIVIDEND

Members of National Refinery Limited

Pursuant to the provisions of Section 242 of the Companies Act, 2017, every listed company is required to pay cash dividend to the shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders.

In compliance with the said requirements, in order to receive your all future dividends, as and when declared, directly into your Bank Account, you are required to provide the information as contained in the below mentioned form and send the same to the Company's Share Registrar, if the shares are held in physical form or to your brokers / CDC Investor Account Service (IAS) Department, if the shares are held in the electronic form.

To
CDC Share Registrar Services Limited
CDC House, 99-B, Block 'B', S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi – 74400.

To

*For Shares held in
book entry form*

E-DIVIDEND FORM

(i) Shareholder's Detail	
Name of the shareholder	
Folio / CDS A/c No.	
CNIC No.	
Passport No. (in case of Foreign Shareholder)	
Land Line Phone No.	
Mobile Phone No.	
E-mail Address	
(ii) Shareholder's Bank Detail	
Bank's Name	
Branch Name and Address	
Title of Bank Account	
IBAN Number	
Full Bank Account Number	

It is stated that the above-mentioned information is correct, and that I will intimate the changes in the above-mentioned information to the broker / CDC (IAS) / Company's Share Registrar, as the case may be, as soon as any change occurs.

Signature of the Member/Shareholder
of National Refinery Limited

Date: _____

- Note:**
- The shareholders who hold shares in physical form are requested to submit duly filled-in, duly signed and stamped, where applicable, E-Dividend Form to the Share Registrar concerned.
 - Shareholders maintaining their shareholdings under Central Depository System (CDS) are advised to submit this form directly to relevant Participant / CDC (IAS) Department.
 - Please attach attested photocopy of the CNIC or Passport (in case of Foreign Shareholder).

CDC Share Registrar Services Limited
CDC House, 99-B, Block 'B', S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi – 74400.
Tel: (Toll Free) 0800-23275
Fax: +92-21-34326053
Email: info@cdcsrsl.com
Website: www.cdcsrsl.com

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STAMP



National Refinery Limited

7-B, Korangi Industrial Area, Karachi-74900.

UAN: 111-675-675

Website: www.nrlpak.com

E-mail: info@nrlpak.com



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