

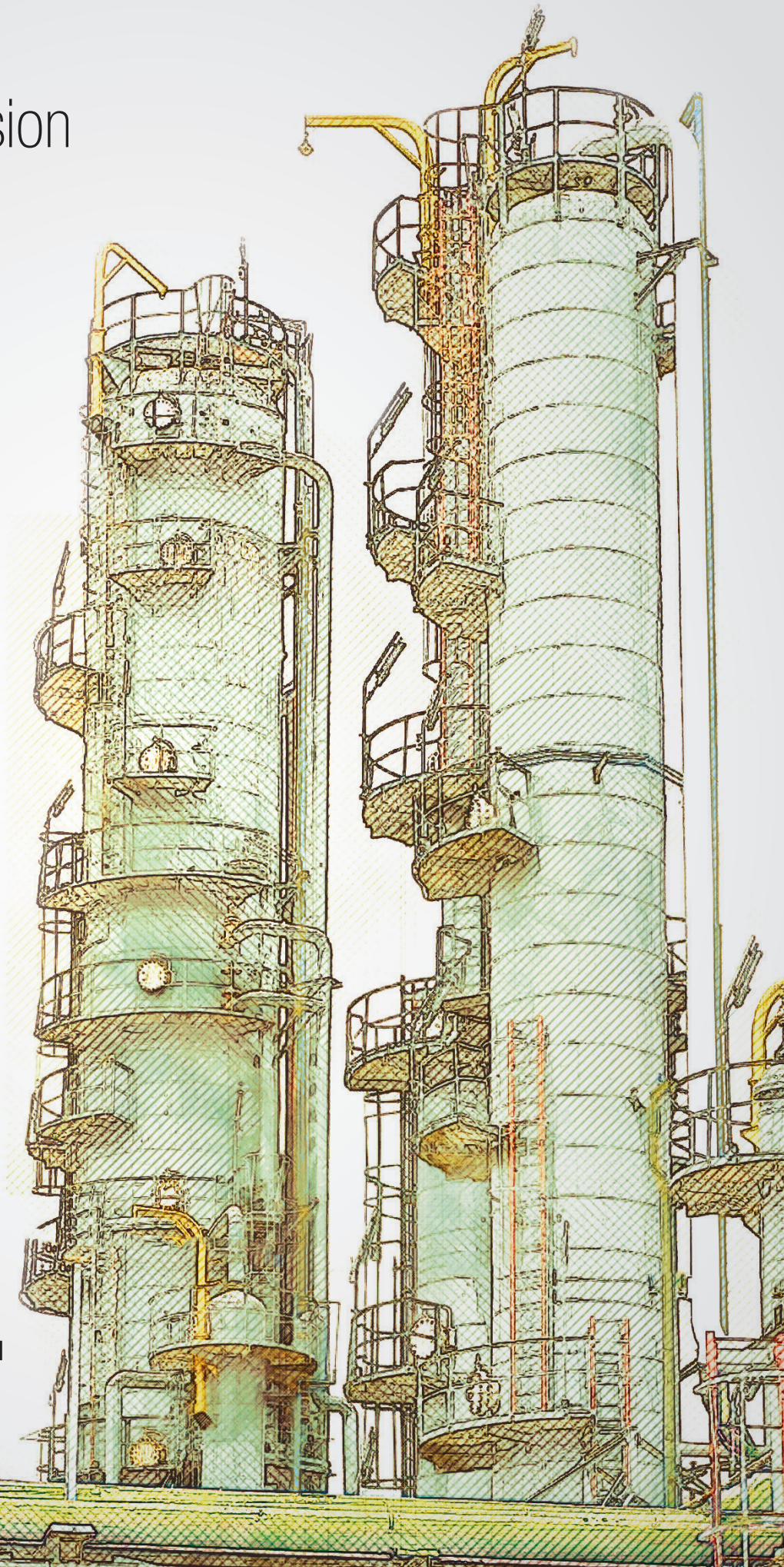
Refining with Vision

2019

Annual Report



National Refinery Limited







Contents

Company Overview

- 04 Vision
- 05 Mission
- 06 Core Values
- 08 Corporate Information
- 10 NRL at a Glance
- 11 Corporate Objectives & Development Strategy
- 12 Directors' Profile
- 14 Chairman's Review
- 16 Directors' Report - English
- 131 Directors' Report - Urdu

Corporate Governance

- 30 Code of Conduct
- 33 Statement of Compliance
- 36 Review Report to the Members
- 37 Terms of Reference (TOR) of Audit Committee
- 38 Terms of Reference of Human Resource & Remuneration (HR&R) Committee

Stakeholders' Information

- 41 Six Years at a Glance
- 42 Horizontal Statement of Financial Position
- 43 Vertical Statement of Financial Position
- 44 Horizontal Statement of Profit or Loss
- 45 Vertical Statement of Profit or Loss
- 46 Graphical Representation

Annual Audited Financial Statements

- 50 Auditor's Report
- 55 Statement of Financial Position
- 56 Statement of Profit or Loss
- 57 Statement of Profit or Loss and Other Comprehensive Income
- 58 Statement of Changes in Equity
- 59 Statement of Cash Flows
- 60 Notes to the Financial Statements

Pattern of Shareholding, Notice & Forms

- 110 Pattern of Shareholding
- 113 Notice of Annual General Meeting
- 133 Form of Proxy
- 137 E-Dividend

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

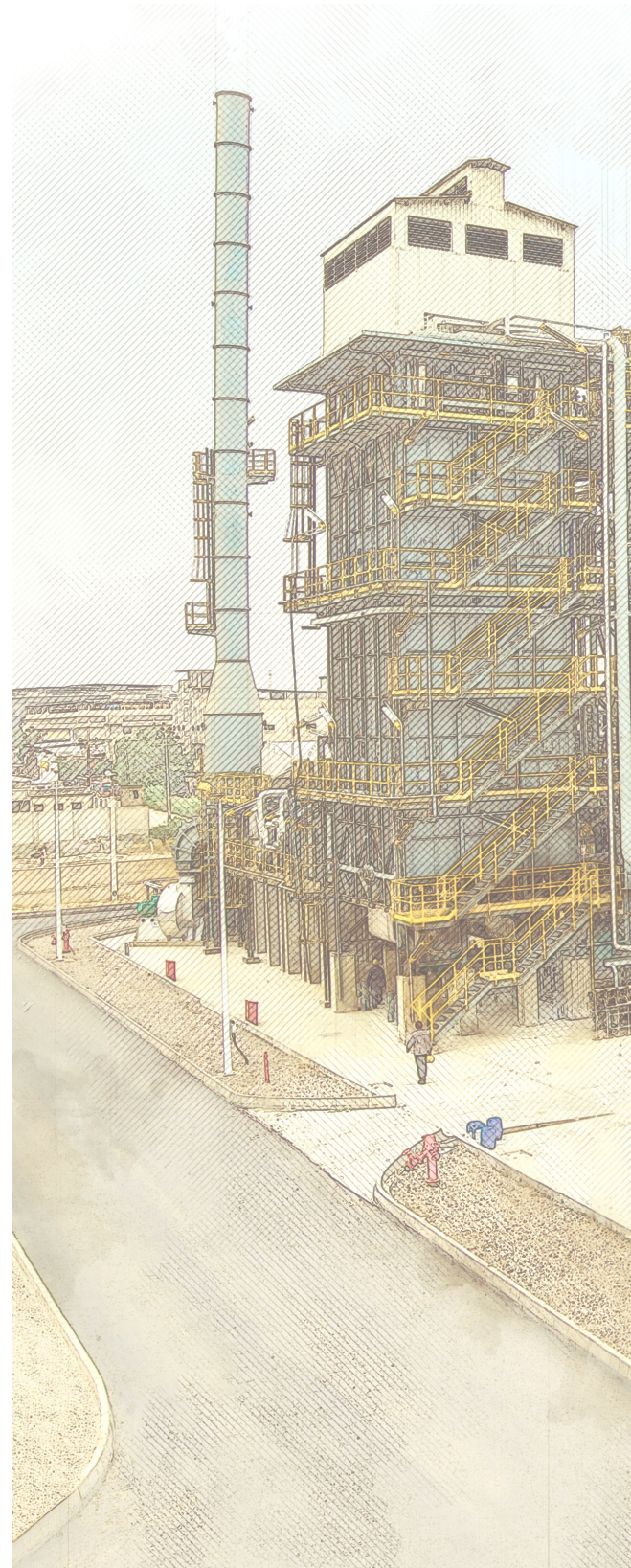
We generate new ideas and creative approaches to upgrade and update our refinery to best available technology and processes so that our products are at the level of internationally accepted standards.

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: Shuaib A. Malik

Wael G. Pharaon
Alternate Director: Babar Bashir Nawaz

Shuaib A. Malik - Chairman

Tariq Iqbal Khan

Abdus Sattar

Sajid Nawaz

Zaki Mohamad Mansoer

Chief Executive Officer

Jamil A. Khan

Company Secretary / CFO

Nouman Ahmed Usmani

Audit Committee

Tariq Iqbal 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

Tariq Iqbal Khan	Chairman
Abdus Sattar	Member
Babar Bashir Nawaz Alternate Director for Mr. Wael G. Pharaon	Member
Jamil A. Khan	Member
Nouman Ahmed Usmani	Secretary

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Bankers

Bank AL-Habib Limited
United Bank Limited
Habib Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Askari Bank Limited

National Bank of Pakistan
Meezan Bank Limited
Allied Bank Limited
MCB Bank Limited
Habib Metropolitan Bank Limited
Samba Bank Limited

Registered Office

7-B, Korangi Industrial Area, 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 Shahra-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

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

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

SHAREHOLDERS' EQUITY

June 1966	Rs. 20.0 million
June 2019	Rs. 33,873.5 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

	Name	Other Engagements
	<p>Mr. Laith G. Pharaon (Non-Executive Director)</p>	<p>Chairman & Director Attock Petroleum Limited The Attock Oil Company Limited Attock Cement Pakistan Limited</p> <p>Director Pakistan Oilfields Limited Attock Refinery Limited Attock Gen Limited Attock Leisure & Management Associates (Pvt.) Limited Attock Solar (Pvt.) Limited</p>
	<p>Mr. Wael G. Pharaon (Non-Executive Director)</p>	<p>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</p>
	<p>Mr. Shuaib A. Malik Chairman (Non-Executive Director)</p>	<p>Director, Chairman & Chief Executive Officer Pakistan Oilfields Limited</p> <p>Chairman & Director Attock Hospital (Pvt.) Limited Attock Refinery Limited</p> <p>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 Solar (Pvt.) Limited</p> <p>Director Attock Cement Pakistan Limited Attock Gen Limited Rawal Lodges Development (Pvt.) Limited Margalla Farm Houses Development (Pvt.) Limited</p> <p>Resident Representative Pharaon Investment Group Limited Holding SAL</p> <p>Group Chief Executive</p> <p>Chairman NRL Management Staff Pension Fund NRL Management Staff Gratuity Fund</p>

DIRECTORS' PROFILE

	Name	Other Engagements
	<p>Mr. Zaki Mohamad Mansoer (Independent Director)</p>	<p>Director Global Partnerships and Resource Mobilization Department-Islamic Development Bank, Jeddah</p>
	<p>Mr. Tariq Iqbal Khan (Independent Director)</p>	<p>Director Pakistan Oilfields Limited International Steel Limited Packages Limited Silk Bank Limited AWT Investments Limited</p>
	<p>Mr. Sajid Nawaz (Non-Executive Director)</p>	<p>Director & Managing Director Pakistan Oilfields Limited</p> <p>Director Attock Cement Pakistan Limited</p>
	<p>Mr. Abdus Sattar (Non-Executive Director)</p>	<p>Director Attock Refinery Limited Attock Petroleum Limited Pakistan Oilfields Limited Attock Cement Pakistan Limited</p>
	<p>Mr. Babar Bashir Nawaz Alternate for Mr. Wael G. Pharaon (Non-Executive Director)</p>	<p>Director & Chief Executive Attock Cement Pakistan Limited Rawal Lodges Development (Pvt.) Limited</p> <p>Director Attock Petroleum Limited Angoori Heights Development (Pvt.) Limited Margalla Farm Houses Development (Pvt.) Limited Falcon Pakistan (Pvt.) Limited</p> <p>Alternate Director Attock Refinery Limited Attock Leisure & Management Associates (Pvt.) Limited Pakistan Oilfields Limited</p>
	<p>Mr. Jamil A. Khan Chief Executive Officer (Executive Director)</p>	<p>Director Attock Refinery Limited</p> <p>Chairman NRL Executive Staff Post Retirement Medical Benefit Fund NRL Non - Management Staff Gratuity Fund</p> <p>Trustee NRL Management Staff Pension Fund NRL Officers Provident Fund NRL Management Staff Gratuity Fund NRL Workmen Provident Fund</p>

CHAIRMAN'S REVIEW



I, on behalf of the Board of Directors, welcome you all in the 56th Annual General Meeting of your Company and present an annual review of results and audited financial statements for the year ended June 30, 2019.

Pakistan's economy has been facing continuous problems for the last few years. The country's economy is unable to achieve sustained and rapid growth due to structural issues which requires effective monetary and fiscal measures to achieve macroeconomic stability. The persistence of large fiscal and

current account deficits and associated build-up of public and external debt became the major source of macroeconomic imbalance. The outgoing fiscal year 2018-19 witnessed a growth of 3.29 percent against the ambitious target of 6.2 percent. Due to elevated current account deficit, Pak Rupee devaluation has resulted in substantial increase in inflation.

Volatility in the international crude oil prices, asymmetrical increase in product prices and sharp devaluation of Pak Rupee remained key

challenges for your Company. The international political dynamics particularly sanctions on Iran has further affected the prices of petroleum products in the International Market. The overall economic situation alongwith deteriorating macro-economic factors of Pakistan negatively impacted your company's performance. Under these difficult circumstances, your Company incurred a loss after tax of Rs. 8.69 billion compared to profit after tax of Rs. 1.77 billion in the last year.

Fuel segment of your company incurred loss of Rs. 9.59 billion as compared to Rs. 2.21 billion in the previous year. Profitability was affected by huge exchange loss due to de-valuation of Pak-Rupee against US Dollar, last month's average basis for product prices especially in the period when product and crude oil prices remained highly inconsistent, custom duty paid on imported crude oil attributable to de-regulated products and markup cost incurred on short term finance to meet the working capital requirements of the company. Overall segment's sales also remained under pressure especially furnace oil sales declined due to lower demand from power plants owing to availability of alternate energy of RLNG under long term international agreements. Sales of HSD also witnessed decreasing trend mainly due to overall decline in consumption at country level.

Lube segment's after tax profits declined to Rs. 0.90 billion as compared to Rs. 3.98 billion in the last year. This is due to increase in feed cost, asymmetrical increase in lube base oil prices and decline in Bitumen sales volume by 54% due to curtailment of development expenditure by the Government that also resulted in blockage of funds due to high inventory build-up.

Considering prevailing products' demand and prices being not directly in company's control, the management has taken up various matters with the Government including consistent upliftment of furnace oil and fortnightly pricing mechanism, so that refineries can earn a reasonable return. We believe that the Government would take reasonable steps to support existing refineries as well as to encourage new investments in refining sector.

I believe that the steps taken by the management are good enough in the given circumstances especially when factors beyond management's control predominantly had negative impacts as well as to initiate a positive beginning ahead and that the Board on the whole fairly played its role in enabling the Company to curtail unending losses by providing appropriate guidance.

On behalf of the Board of Directors, I would like to thank all the shareholders for their trust, confidence and continuous support for the company in these difficult times. I am hopeful that country's economic situation would improve which alongwith some positive measures by the Government to support refining industry would result in improvement in company's performance.



Shuaib A. Malik
Chairman

July 29, 2019
Dubai

DIRECTORS' REPORT

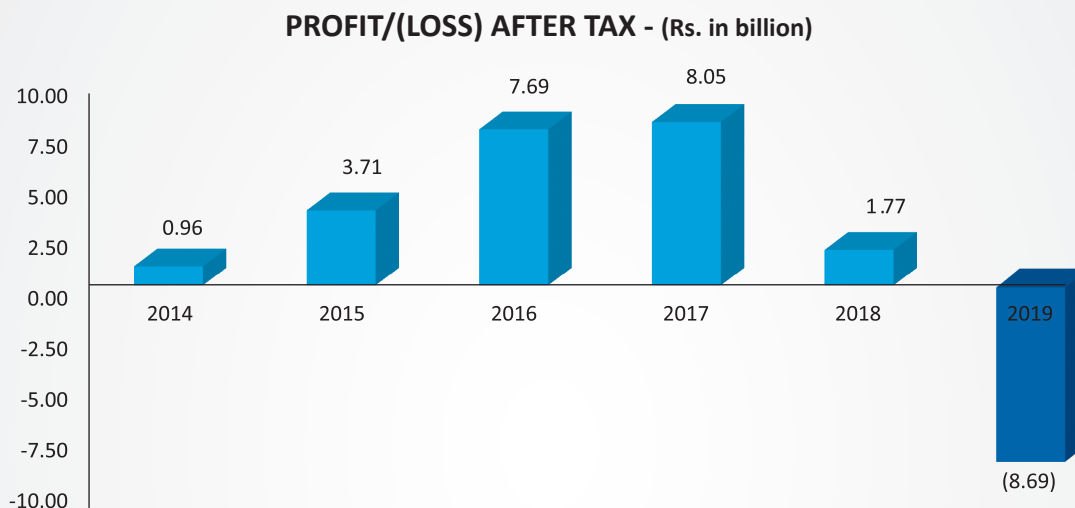


The Board of Directors present the 56th Annual Report of National Refinery Limited together with the audited financial statements and auditors' report thereon for the year ended June 30, 2019.

FINANCIAL RESULTS

Your company incurred a loss after tax of Rs. 8.69 billion as compared to profit after tax of Rs. 1.77 billion for last year. Huge devaluation of Pak Rupee against US Dollar in the current year coupled with uneven margins of product prices vs crude oil played adverse role in the company's profitability.

Slow upliftment of Furnace oil due to use of RLNG by power generation companies, decrease in sales of HSD due to lower country wide consumption and lower demand of Bitumen due to lesser road infrastructure development expenditure by the Government forced the company to reduce its throughput. Inventory value of finished and semi-finished products at year end reached Rs. 17 billion (June 30, 2018: Rs. 9 billion). The issue of higher inventory levels continued throughout the year, which resulted in blocking of working capital forcing the company to finance its operations through short term finance against a markup cost of Rs. 1.19 billion. Further, short recovery of custom duty paid on crude oil imports attributable to de-regulated products also impacted company's profitability by Rs. 1.54 billion.



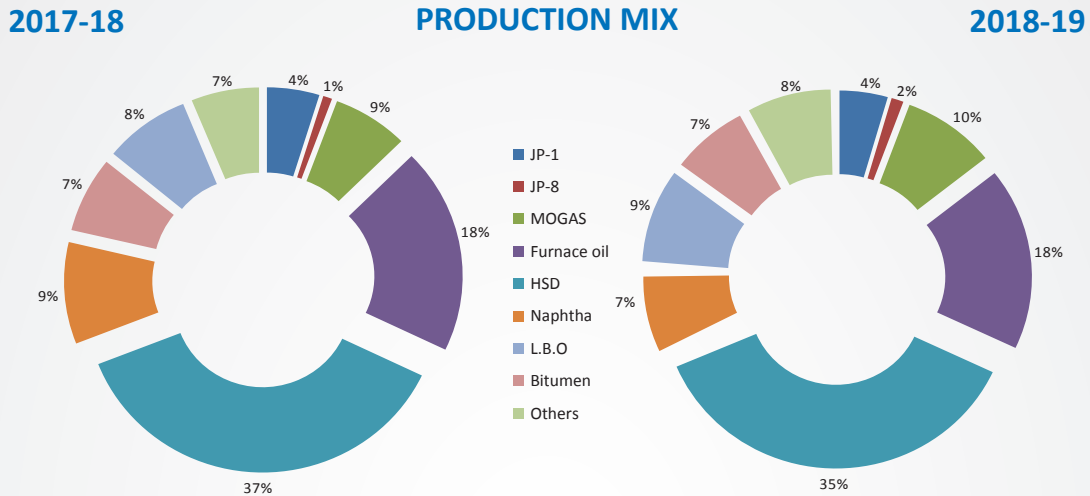
Fuel Segment

The fuel segment suffered loss after tax of Rs. 9.59 billion as compared to loss after tax of Rs. 2.21 billion in the last year. The margin between product prices traded in International Market and the International crude oil prices remained slim in the current year. The impact was further aggravated by the price review mechanism which is done on monthly basis for regulated products. The unprecedented trend of Motor Gasoline being traded in International Market below the crude oil price during several months of the current year also added to the negative margins of the segment.

During the year, monthly average crude oil prices touched US\$ 80.9 per barrel in the month of October 2018 whereas, declined to US\$ 58.9 per barrel being lowest in the month of December 2018. There have been certain months where off take of the products was badly affected due to expected decline in prices in the following months which resulted in negative margins. Throughput of the company was reduced to 78% from 86% due to high inventory level of Furnace Oil during the year. As at June 30, 2019 Furnace Oil inventory was 21,088 M.Tons valuing Rs. 1.37 billion. Decline in petroleum product prices resulted in write down of year end fuel products inventory by Rs. 627 million.

The difference of US Dollar exchange rate used in the product’s prices which are based on last month’s exchange rate and the exchange rate for crude oil that is procured and consumed in the same month also significantly reduced fuel segment’s margins.

Above all the company incurred net exchange loss amounting to Rs. 4.09 billion.

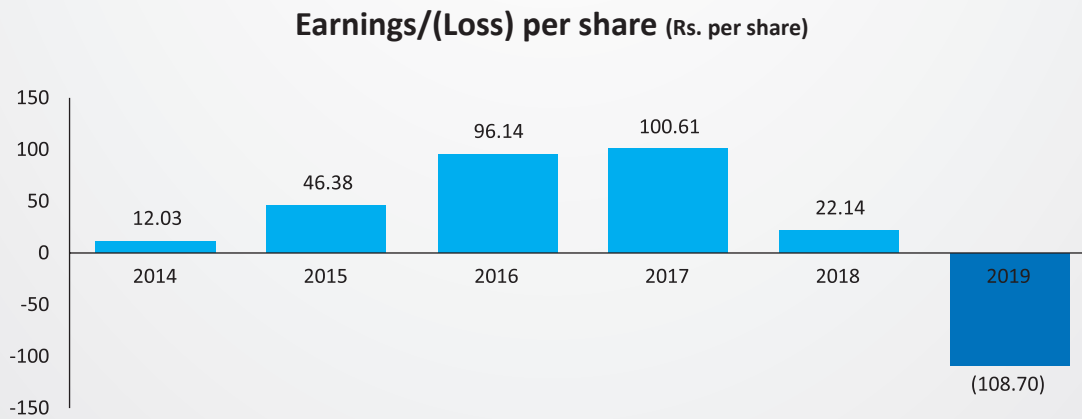


Lube Segment

The lube segment managed to earn net profit of Rs. 0.90 billion as compared to Rs. 3.98 billion for corresponding year. The margins in lube segment declined due to increase in feed cost and asymmetrical increase in products’ prices. It was further affected by lower sales volume of Bitumen by 54% which has taken the inventory level upto 70,000 M.Tons at year end blocking Rs. 4.91 billion in working capital.

LOSS / EARNINGS PER SHARE

Loss per share is Rs. 108.70 as compared to earnings per share of Rs. 22.14 of the last year.



APPROPRIATIONS

Description	2018-19	2017-18
	(Rupees in millions)	
Profit available for appropriation (including Other Comprehensive Income)	-	1,745
Transfer to General Reserves	-	900
Final Dividend @ Nil (2018: 100%)	-	800

DIVIDEND

In view of the unprecedented loss the Board of Directors decided 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. 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 in 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 & Furnace Oil. Lube Segment produces multiple grades of Lube Base Oils, Bitumen, Furnace Oil, Waxes and Rubber Process Oil and some quantities of other fuel products. The products are marketed locally, whereas Naphtha and some quantity of Lube Base Oils are exported.

During the calendar year 2017, the Company commissioned its Diesel Hydro Desulphurization unit and started producing Euro II standard HSD, and Isomerization unit to convert Naphtha into Motor Gasoline to meet country’s growing demand.

FUTURE OUTLOOK

The management foresees specific challenges ahead and is focusing on strategies and adopting suitable measures to address these challenges, mitigate associated risk and ensure business sustainability. The foremost challenges the Company faces are higher operating cost including depreciation of newly commissioned upgradation projects and devaluation of Pak Rupee against US Dollar that significantly impacts company’s financial position and performance. The management believes that incremental deemed duty of 1.5% on HSD earlier committed by the Government on completion of DHDS project is inevitable to smoothly operate the plant to recover related higher cost. The management also believes

that change of product pricing mechanism from monthly to at least fortnightly is now the need of the time for the sustainability of refinery business. Besides, decline in country wide consumption of petroleum products, which also impacted Company's sale volume, is an area that warrants Government's attention to look into and take appropriate measures to support regulated sector. Considering increase in crude oil and product prices, lower sales volume of Products as well as increase in exchange rate, the Company has adopted a careful approach in operating all its production units at optimum level. Considering higher inventory levels and lower demand of Bitumen and Furnace oil, the company is in the process of exploring alternate avenues including export markets.

Last year, the Oil and Gas Regulatory Authority (OGRA) approved the mechanism for settlement of Regulatory/Custom Duty on import of crude oil attributable to regulated products and duty recovered from sale of PSO import price based petroleum products (i.e. HSD & MS) on the principle of "no loss no gain". As per ECC's decision, duty paid on crude oil applicable to deregulated products will directly be charged to customers. As refineries do not operate under cost plus formula, every incremental cost element cannot be fully charged to customers; therefore, according to market dynamics of de-regulated products especially furnace oil, NRL could not fully recover relevant portion of duty on crude oil from sales of its de-regulated products to customers that resulted in increase in Company's cost of raw material. Any reduction in duty structure of imported crude oil by the Government would have a favourable impact on company's profitability. However, under the prevailing economic situation of the country such proposals are not being entertained.

FUTURE PROJECTS

Refinery projects are capital intensive and under the prevailing circumstances a very careful approach is needed to start with a new project. However, NRL is continuing to study the possibility of installing the following:

- **Hydrocracker**

The project of installing a hydrocracker to convert Furnace Oil into valuable products is under review. A basic engineering design package was prepared by M/s UoP of USA in the year 2012. However, further work was not undertaken due to insistence of Government of Pakistan for installing a DHDS and Isomerization units to produce Euro-II standard products. The Company is reviewing all aspects of the project and will decide the best course according to the changing economic situation of the country.

- **Turnaround of Lube – I Refinery**

Company would be undertaking the turnaround of its Lube-I Refinery by the end of year 2019 as a mandatory activity so as to keep the refinery operating. This will result in continuous production at optimum level without frequent maintenance requirements. The turnaround is tied with the revamp of two stage unit of Lube - I Refinery.

ONGOING PROJECTS

Following projects are currently being executed by the company:

- **Two stage unit at Lube-I refinery**

The project has been planned to enhance the installed crude oil processing capacity of Lube - I Refinery from 12,050 Barrel per stream day (bpsd) to 17,000 bpsd and vacuum fractionation capacity from 5,200 bpsd to 6,600 bpsd. The contract has been awarded to M/s. HUALU and M/s. China National Chemical Engineering No. 6 Construction Company of China and is expected to be completed by January 2020.

- **Replacement of Fuel refinery and Utilities Control System with centralized Distributed Control Systems**

Replacement of existing control system of fuel refinery and Utilities with Distributed Control System (DCS) will ensure precise quality production, high-integrity process controls, process safeguarding and emergency shutdown. It will also improve process control and monitoring of plant parameters, availability of customized reports and log sheets, and optimum Human resource utilization. The project has already been awarded to M/s Yokogawa and is likely to be completed by January 2020.

- **New Sea Water Reverse Osmosis Plant**

New sea Water Reverse Osmosis plant with capacity of 250,000 US gallons per day is planned to be procured and installed following the completion of Phase-I projects to meet the increased water requirement. Project has been awarded to M/s Aquamatch of Turkey and is expected to be completed by December 2019.

COMPLETED PROJECTS – 2018-19

Despite financial constraints your company successfully completed the following project during the year 2018-19.

- **101-F-1 Air Pre-Heater Project**

Installation of Air Pre-Heater at fuel refinery is an energy saving and environmental friendly project. Furthermore, Greenhouse gases emissions and carbon foot prints are significantly reduced. The project has been completed and commissioned in August 2018 at a cost of Rs. 425 million.

PRICING FORMULA

The Company's Fuel Segment is regulated by Government under the Import Parity Pricing Formula. However, effective from June 1, 2011, the Government de-regulated the prices of Motor gasoline, Aviation Fuel and Light Diesel Oil with the capping that the prices announced by the refineries should not exceed the import prices of the relevant product of Pakistan State Oil average actual import prices of previous month including incidentals. In case these prices are not available then refineries have to fix their prices as per existing Import Parity Pricing Formula.

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. Refineries are not allowed to adjust losses from special reserves till the completion of up-gradation projects. The matter has already been taken up as a proposal in “Downstream Petroleum Policy” with the government to remove capping on dividend payouts. Otherwise investment in fuel segment is not beneficial to the shareholders.

RELATIONSHIPS

We continue to maintain history of making timely payments for the supply of crude oil to Saudi Aramco and ADNOC 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 (2014 - 2019) is shown on page 41.

REFINERIES PRODUCTION

According to capacity analysis, NRL is currently the third largest refinery of Pakistan with production capacity of 21.47 million barrels per annum. NRL is the only refinery complex in Pakistan which includes Lube Refinery, producing multiple grades of Lube Base Oils to meet the demand of the Country.

CREDIT RATINGS

The long-term entity rating of the Company is AA+ (maintained from last six years) and short-term entity rating have been maintained at A1+ (for last fifteen years) by Pakistan Credit Rating Agency (PACRA). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

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. One-month time lag in products’ pricing generally squeezes margins in increasing price trend.
- The Company faces exchange losses due to devaluation of Pak Rupee in making payments of raw material to suppliers in foreign currencies. If the recent trend of Pak Rupee de-valuation continues, it will be difficult to curtail huge exchange losses even in the forthcoming periods as well.

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. Recently, Company contributed Rs. 100,000 as a donation to a charitable trust, and Rs. 200,000 has been paid for promotion of education.

Company is ambitious to be recognized as social partner and not only as commercial entity. In this respect, the Company has kept three differently able persons on its manpower strength as prescribed in Sindh Employment Rehabilitation and Welfare Act, 2014 and also made payments amounting to Rs. 11.47 million to Provincial Council for the Rehabilitation of Disabled Persons in lieu of less number of such persons in the Company's employment.

EMPLOYEES & MANAGEMENT RELATIONS

The relationship between the management and employees including workers' union continued to be cordial. The productivity achieved reflects the dedicated and sincere collective endeavors. 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

NRL being a responsible corporate entity strives for environmental care in all our business operations. We pledge to promote HSE environmental responsibility among our employees and contractors in order to limit the negative environmental impact.

One of the basic management policy in the company is to strive to offer products and services that are clean, safe, and of high quality. We believe that the realization of this basic policy is synonymous with fulfilling our corporate social environmental responsibility for the entire organization. Therefore, each and every member of the organization steadily, honestly and diligently focuses on exhibiting environmental care in all operational activities.

As an environment friendly initiative it is worth mentioning to include successful commissioning & Installation of Air Pre-Heater at fuel refinery which is an energy saving and environment friendly project. Furthermore, it will help in reducing Greenhouse gases emissions and carbon foot prints. NRL has ensured 100 % compliance with all applicable environmental regulations. The Company has a comprehensive integrated Management System in place in accordance with the requirements of ISO 14001:2015 (Environmental Management System), OHSAS 18001:2007 (Occupational Safety & Health Management System) and ISO 9001:2015 (Quality Management System). We have achieved 31.70 million safe man-hours without Loss Time Injury (LTI) as on June 30, 2019.

We ensure that our 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.

We all are determined and aware of our responsibility towards sustainable development and striving to improve the environmental conditions around us.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the financial year, the Company contributed Rs. 43.4 billion to the National exchequer in the shape of direct and indirect taxes and earned valuable foreign exchange of US\$ 92.53 million through the export of Naphtha 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, your Company focuses special attention on their training and development. Various staff members attended numerous courses and workshops in different technical and non-technical disciplines. In addition to hands on training programs, 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 for operations of the Company but would extend a great help to the Petroleum Refining 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 2017 and states that:

- a) The financial statements, prepared by the management of the Company, present its state of affairs fairly, 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 judgement. During the current year the policy for classification and measurement of

financial assets and liabilities has been changed in compliance with the newly adopted IFRS-9 'Financial Instruments'. The details of the changes are discussed in note 4 of the financial statements.

- 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, 2019 are as under:

Description	(Rs. in millions) Un-audited
Management staff	
Pension Fund	4,660
Provident Fund	981
Post-Retirement Medical Fund	1,131
Gratuity Fund	62
Non-Management staff	
Gratuity Fund	126
Provident Fund	504

- h) The directors either have already attended the directors' training as required in previous years or meet the exemption criteria as contained in the Listed Companies (Code of Corporate Governance) Regulations, 2017.
- i) No trade in the shares of the Company was carried out by the Board of Directors, CEO, CFO, 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. The composition of the board throughout the year is as follows:

	Category	Names
i	Independent Directors	Mr. Tariq Iqbal Khan Mr. Zaki Mohamad Mansoer
ii	Non-executive Directors	Mr. Laith G. Pharaon Alternate Director: Mr. Shuaib A. Malik Mr. Wael G. Pharaon Alternate Director: Mr. Babar Bashir Nawaz Mr. Abdus Sattar Mr. Shuaib A. Malik Mr. Sajid Nawaz
iii	Executive Director	Mr. Jamil A. Khan

Currently there is no female director on Company's Board.



During the financial year 2018-19 five meetings of the Board of Directors were held. The attendance of the Directors is as under:

Name of Directors	Total Number of Meetings*	Meetings Attended***
Mr. Laith G. Pharaon – Chairman** Alternate Director: Mr. Jamil A. Khan**/ Mr. Shuaib A. Malik	5	5
Mr. Wael G. Pharaon Alternate Director: Mr. Babar Bashir Nawaz	5	5
Mr. Shuaib A. Malik – Chairman Deputy Chairman & Chief Executive Officer**/ Alternate Director for Mr. Laith G. Pharaon	5	5
Mr. Abdus Sattar	5	5
Mr. Zaki Mohamad Mansoer – IDB Nominee	5	1
Mr. Muhammad Naeem – NIT Nominee**	2	2
Mr. Sajid Nawaz	3	3
Mr. Tariq Iqbal Khan	5	5
Mr. Jamil A. Khan – Chief Executive Officer	3	3

* held during the period concerned directors were on board.

** ceased to be Chairman/Alternate Director/Deputy Chairman & Chief Executive Officer/Director, as the case may be, during the year.

*** attended by the directors or their alternates on the Board of the Company at the time of relevant meeting during the year.

HUMAN RESOURCE & REMUNERATION COMMITTEE

HR&R Committee consists of four members. Following is the attendance of the members during the period from July 1, 2018 to June 30, 2019:

Name of Members	Total Number of Meetings	Meetings Attended
Mr. Tariq Iqbal Khan - Chairman	1	1
Mr. Abdus Sattar	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, 2019 is as follows:

Name of Members	Total Number of Meetings	Meetings Attended
Mr. Tariq Iqbal Khan - Chairman	4	3
Mr. Babar Bashir Nawaz (Alternate for Mr. Wael G. Pharaon)	4	4
Mr. Abdus Sattar	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.

PATTERN OF SHAREHOLDING

Pattern of shareholdings is shown on page 110.

AUDITORS

Present auditors Messrs. A. F. Ferguson & Co., Chartered Accountants retire and offer themselves for reappointment. The Board recommends the reappointment of Messrs. A. F. Ferguson & Co., Chartered Accountants as auditors for the financial year ending June 30, 2020.

ACKNOWLEDGEMENT

The Board places on record its appreciation and gratitude to the Company's management and its staff for their untiring efforts. The Board acknowledges the efforts and contributions of customers, suppliers, foreign and local contractors and other stakeholders for their continuous support.

On behalf of the Board.



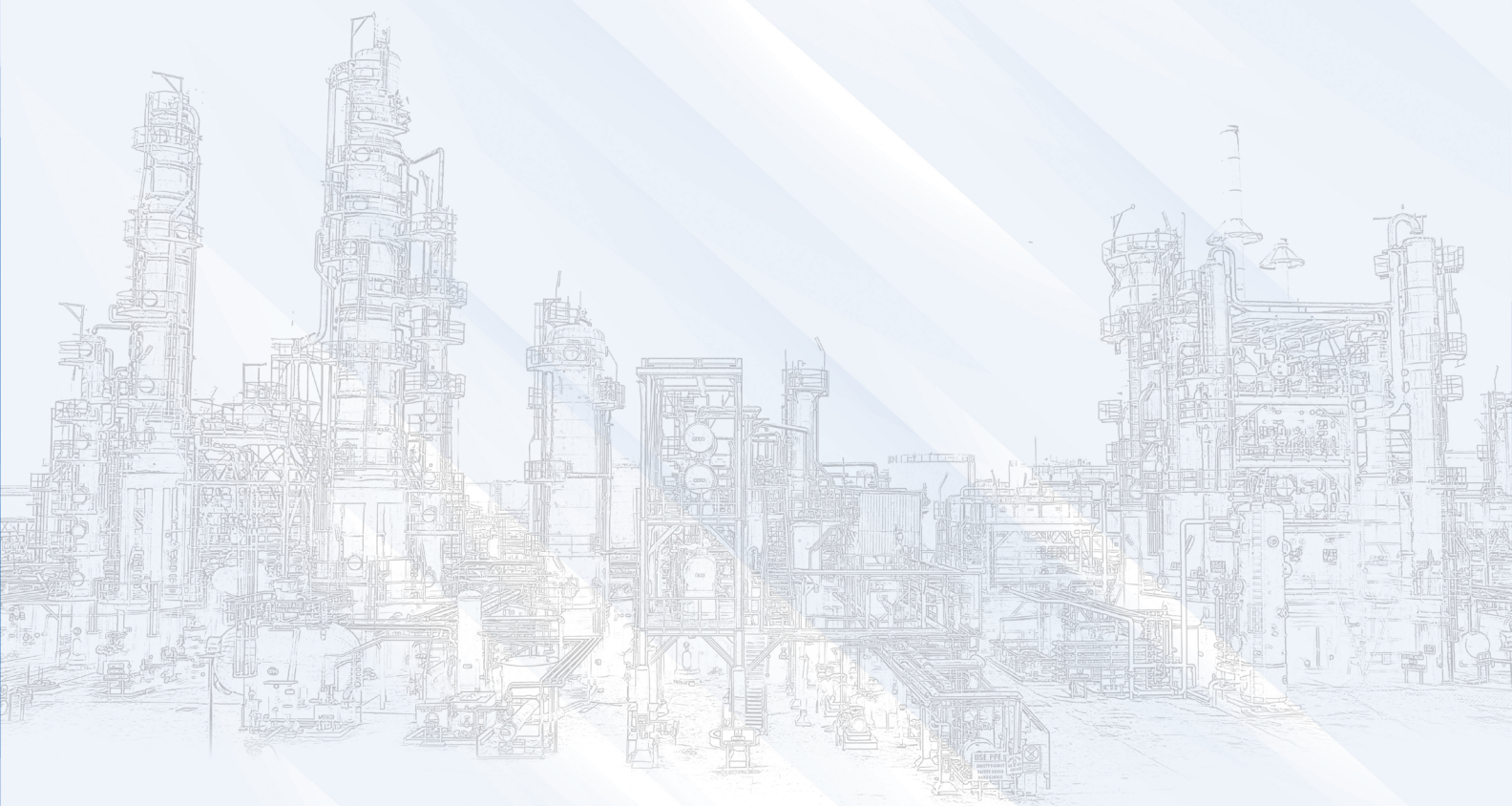
Director



Jamil A. Khan
Chief Executive Officer

July 29, 2019
Dubai

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, 2017

FOR THE YEAR ENDED JUNE 30, 2019

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 composition of board is as follows:

	Category	Names
a)	Independent Directors	Mr. Tariq Iqbal Khan Mr. Zaki Mohamad Mansoer
b)	Non-Executive Directors	Mr. Laith G. Pharaon Alternate Director: Mr. Shuaib A. Malik 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

- The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.
- The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Directors were apprised of their duties and responsibilities from time to time. The directors either have already attended the directors' training as required in previous years or meet the exemption criteria as contained in the Listed Companies (Code of Corporate Governance) Regulations, 2017.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. However, the CFO and the Company Secretary of the Company is the same person for which relaxation has been granted by the Securities and Exchange Commission of Pakistan till October 2019.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

a) Audit Committee

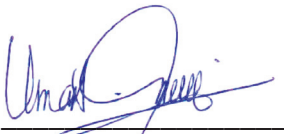
Mr. Tariq Iqbal Khan - Chairman
Mr. Abdus Sattar
Mr. Babar Bashir Nawaz (Alternate Director for Mr. Wael G. Pharaon)

b) HR and Remuneration Committee

Mr. Tariq Iqbal Khan - Chairman
Mr. Abdus Sattar
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 and that is involved in the Internal Audit on full time basis relating to the business and other affairs 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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

On behalf of the Board



Shuaib A. Malik
Chairman

July 29, 2019



**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH
THE CODE OF CORPORATE GOVERNANCE**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of National Refinery Limited for the year ended June 30, 2019 to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2017 where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 best practices contained in the Code as applicable to the Company for the year ended June 30, 2019.


Chartered Accountants
Karachi

Dated: August 26, 2019

TERMS OF REFERENCE (TOR) 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 of Directors the appointment of external auditors, their removal, audit fees, the provision by the external auditors of any service permissible to be rendered to the company in addition to audit of its financial statements; and
- (p) Consideration of any other issue or matter as may be assigned by the Board of Directors.

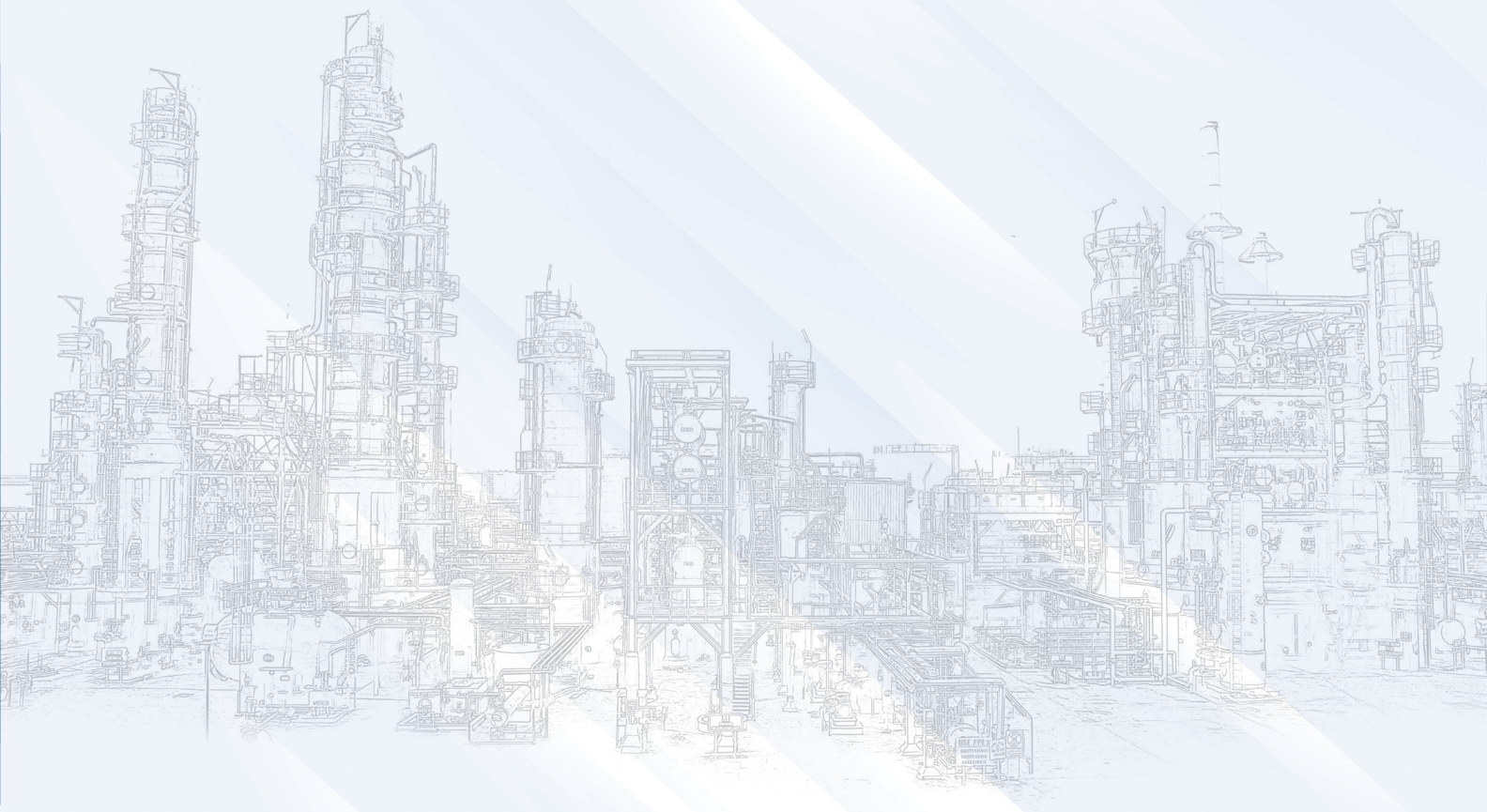
TERMS OF REFERENCE OF HUMAN RESOURCE AND REMUNERATION (HR&R) COMMITTEE

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	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	
	← Rupees in million →						
Statement of Profit or Loss							
Net sales	160,906	136,985	107,447	93,788	148,457	207,403	
Cost of sales	165,355	133,173	97,648	82,745	141,611	204,350	
Purchases	166,822	123,951	91,855	75,120	126,374	200,565	
Gross (loss) / profit	(4,449)	3,812	9,800	11,043	6,846	3,053	
Operating (loss) / profit	(5,743)	2,673	8,498	10,365	6,413	2,732	
(Loss) / profit before tax	(11,029)	907	8,315	10,089	5,560	1,880	
(Loss) / profit after tax	(8,692)	1,771	8,046	7,688	3,709	962	
Statement of Financial Position							
Share Capital	800	800	800	800	800	800	
Reserves	33,074	42,452	42,540	36,023	29,334	25,794	
Shareholder equity	33,874	43,252	43,340	36,822	30,134	26,594	
Fixed Assets	35,695	37,719	38,547	23,628	8,066	5,061	
Current Assets	37,489	27,548	22,752	29,957	39,901	47,465	
Current Liabilities	42,001	22,206	16,683	16,241	17,163	25,802	
Net current assets/ liabilities	(4,512)	5,342	6,069	13,716	22,738	21,663	
Financial Ratios							
Gross (loss) / profit	%	(2.76)	2.78	9.12	11.77	4.61	1.48
Net (loss) / profit to sales	%	(5.40)	1.29	7.49	8.20	2.50	0.46
EBITDA Margin to sales	%	(3.91)	3.12	8.33	11.15	3.98	1.06
Return on Equity	%	(25.66)	4.09	18.56	20.88	12.31	3.62
Return on Capital Employed	%	(22.54)	4.09	20.07	22.96	13.08	3.60
Liquidity Ratios							
Current Ratio	Times	0.89	1.24	1.36	1.84	2.32	1.84
Quick /Acid test ratio	Times	0.28	0.67	0.71	1.15	1.53	0.92
Cash to Current Liabilities	Times	0.02	0.02	0.17	0.73	1.01	0.34
Activity / Turnover Ratios							
Inventory turnover	Days	41.69	31.84	40.89	54.03	47.59	40.89
Debtors turnover	Days	17.32	18.42	18.98	24.09	21.17	18.39
Creditors turnover	Days	27.27	33.76	31.82	47.38	45.72	37.60
Total Assets turnover ratio	Times	2.11	2.08	1.75	1.75	3.09	3.93
Fixed assets turnover ratio	Times	4.51	3.63	2.79	3.97	18.40	40.98
Investment / Market Ratios							
(Loss) / earnings per share and diluted (LPS) / EPS	Rs.	(108.70)	22.14	100.61	96.14	46.38	12.03
Price earning ratio	Times	(1.04)	20.01	7.22	4.94	5.00	17.87
Dividend yield ratio	%	-	2.26	3.10	4.21	4.31	-
Cash Dividend payout ratio	%	-	45.17	22.36	20.80	21.56	-
Dividend cover ratio	Times	-	2.21	4.47	4.81	4.64	-
Cash Dividend per share	Rs./share	-	10.00	22.50	20.00	10.00	-
Market value per share at year end	Rs./share	113	443	726	475	232	215
Breakup value per share	Rs./share	423	541	542	460	377	333

HORIZONTAL STATEMENT OF FINANCIAL POSITION

AS AT JUNE, 30

	2019	2018	2017	2016	2015	2014
	Rupees in million	Rupees in million	Rupees in million	Rupees in million	Rupees in million	Rupees in million
	%	%	%	%	%	%
ASSETS						
NON-CURRENT ASSETS						
Fixed assets	35,695.33	37,718.72	38,547.36	23,627.92	8,066.11	5,061.22
Long term investment	13.35	-	-	-	-	-
Long term loans	49.72	54.21	51.33	40.92	42.58	41.49
Long term deposits	30.27	30.27	30.19	30.19	30.19	30.19
Deferred taxation	2,874.07	456.85	-	-	-	165.34
Retirement benefit prepayments	15.61	6.27	5.47	4.91	22.40	12.71
	38,678.35	38,266.32	38,634.35	23,703.94	8,161.28	5,310.95
	728.3%	720.5%	727.5%	446.3%	153.7%	100.0%
CURRENT ASSETS						
Stores, spares and chemicals	1,572.57	1,501.86	908.61	907.49	1,003.10	1,149.43
Stock-in-trade	25,668.59	12,627.66	10,931.02	11,252.50	13,585.66	23,856.56
Trade receivables	7,499.05	7,986.21	6,032.87	5,297.20	7,253.04	10,207.07
Loans and advances	31.40	58.25	64.28	84.72	74.60	48.43
Trade deposits and short-term prepayments	34.61	16.92	14.01	10.58	8.92	53.24
Interest accrued	14.22	7.39	15.83	28.78	32.24	40.84
Other receivables	1,662.81	3,569.87	674.37	504.42	547.33	301.90
Taxation - payments less provision	27.07	1,237.95	1,341.12	-	-	-
Short term investments	978.68	541.84	2,769.49	11,870.90	123.54	3,002.86
Cash and bank balances	37,489.00	27,547.95	22,751.60	29,956.59	17,272.94	8,804.87
	76,167.35	65,814.27	61,385.95	53,660.53	48,062.65	52,776.15
	144.3%	124.7%	116.3%	101.7%	91.1%	100.0%
TOTAL ASSETS						
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Share capital	799.67	799.67	799.67	799.67	799.67	799.67
Reserves	33,073.80	42,451.87	42,540.21	36,022.78	29,334.04	25,793.97
	33,873.47	43,251.54	43,339.88	36,822.45	30,133.71	26,593.64
	127.4%	162.6%	163.0%	138.5%	113.3%	100.0%
LIABILITIES						
NON - CURRENT LIABILITIES						
Long-term borrowing	-	12.87	689.49	-	-	-
Retirement benefit obligations	293.31	343.85	264.82	462.17	594.46	380.86
Deferred taxation	-	-	408.57	135.37	171.56	-
	293.31	343.85	689.49	462.17	594.46	380.86
	77.0%	90.3%	69.5%	121.4%	156.1%	100.0%
CURRENT LIABILITIES						
Trade and other payables	16,418.26	20,550.99	16,402.21	14,958.67	16,365.69	24,862.72
Dividend payable	97.01	92.00	82.26	71.92	67.33	68.55
Accrued mark-up	365.04	33.78	9.75	112.36	-	-
Provisions	112.36	112.36	112.36	112.36	112.36	246.19
Borrowings	25,007.90	1,340.27	-	-	-	-
Current portion of long-term borrowing	-	76.61	76.61	-	-	-
Taxation - provision less payments	-	-	-	1,097.59	617.54	624.19
	42,000.57	22,206.01	16,683.19	16,240.54	17,162.92	25,801.65
	162.8%	86.1%	64.7%	62.9%	66.5%	100.0%
TOTAL EQUITY AND LIABILITIES						
	76,167.35	65,814.27	61,385.95	53,660.53	48,062.65	52,776.15
	144.3%	124.7%	116.3%	101.7%	91.1%	100.0%

VERTICAL STATEMENT OF FINANCIAL POSITION

AS AT JUNE, 30

	2019	2018	2017	2016	2015	2014
	Rupees in million	Rupees in million	Rupees in million	Rupees in million	Rupees in million	Rupees in million
	%	%	%	%	%	%
ASSETS						
NON-CURRENT ASSETS						
Fixed assets	35,695.33	37,718.72	38,547.36	23,627.92	8,066.11	5,061.22
Long term investment	13.35	-	-	-	-	-
Long term loans	49.72	54.21	51.33	40.92	42.58	41.49
Long term deposits	30.27	30.27	30.19	30.19	30.19	30.19
Deferred taxation	2,874.07	456.85	-	-	-	165.34
Retirement benefit prepayments	15.61	6.27	5.47	4.91	22.40	12.71
	50.8%	58.2%	63.0%	44.2%	17.1%	10.1%
CURRENT ASSETS						
Stores, spares and chemicals	1,572.57	1,501.86	908.61	907.49	1,003.10	1,149.43
Stock-in-trade	25,668.59	12,627.66	10,931.02	11,252.50	13,585.66	23,856.56
Trade receivables	7,499.05	7,986.21	6,032.87	5,297.20	7,253.04	10,207.07
Loans and advances	31.40	58.25	64.28	84.72	74.60	48.43
Trade deposits and short-term prepayments	34.61	16.92	14.01	10.58	8.92	53.24
Interest accrued	14.22	7.39	15.83	28.78	32.24	40.84
Other receivables	1,662.81	3,569.87	674.37	504.42	547.33	301.90
Taxation - payments less provision	27.07	1,237.95	1,341.12	-	-	-
Short term investments	-	541.84	2,769.49	11,870.90	123.54	3,002.86
Cash and bank balances	37,489.00	27,547.95	22,751.60	29,956.59	17,272.94	8,804.87
	49.2%	41.8%	37.0%	55.8%	82.9%	16.6%
TOTAL ASSETS	76,167.35	65,814.27	61,385.95	53,660.53	48,062.65	52,776.15
	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	33,073.80	42,451.87	42,540.21	36,022.78	29,334.04	25,793.97
	43.4%	64.5%	69.3%	67.1%	61.0%	48.8%
LIABILITIES	33,873.47	43,251.54	43,339.88	36,822.45	30,133.71	26,593.64
	44.5%	65.7%	70.6%	68.6%	62.7%	50.4%
NON - CURRENT LIABILITIES						
Long-term borrowing	-	12.87	689.49	-	-	-
Retirement benefit obligations	293.31	343.85	264.82	462.17	594.46	380.86
Deferred taxation	-	-	408.57	135.37	171.56	-
	0.4%	0.5%	0.7%	0.3%	0.4%	-
CURRENT LIABILITIES						
Trade and other payables	16,418.26	20,550.99	16,402.21	14,958.67	16,365.69	24,862.72
Dividend payable	97.01	92.00	82.26	71.92	67.33	68.55
Accrued mark-up	365.04	33.78	9.75	-	-	-
Provisions	112.36	112.36	112.36	112.36	112.36	246.19
Borrowings	25,007.90	1,340.27	-	-	-	-
Current portion of long-term borrowing	-	76.61	76.61	1,097.59	617.54	624.19
Taxation - provision less payments	-	-	-	-	-	-
	55.1%	33.8%	27.2%	30.2%	35.7%	48.9%
TOTAL EQUITY AND LIABILITIES	76,167.35	65,814.27	61,385.95	53,660.53	48,062.65	52,776.15
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

HORIZONTAL STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED

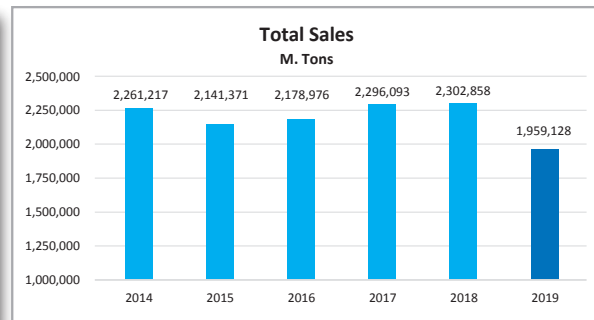
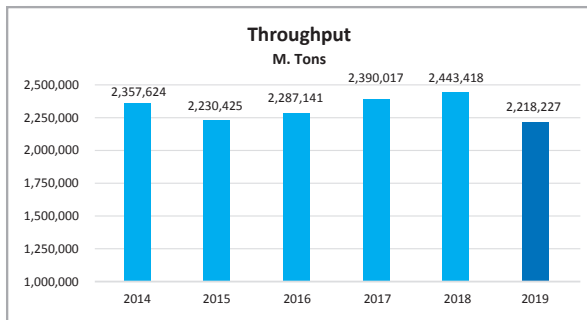
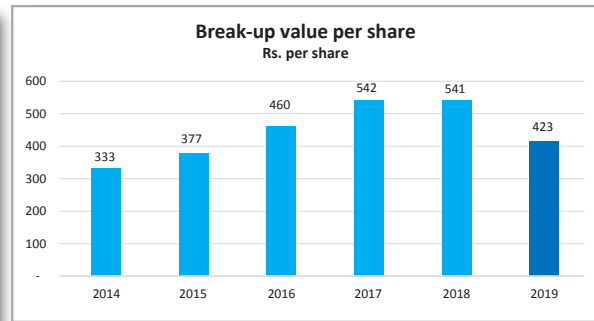
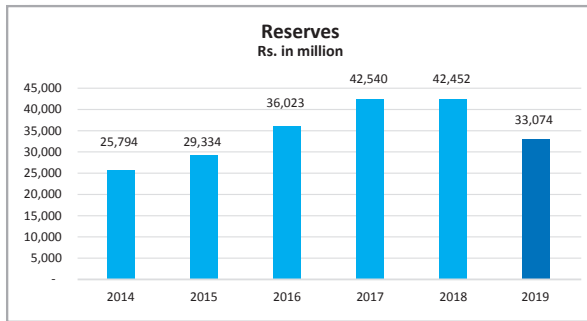
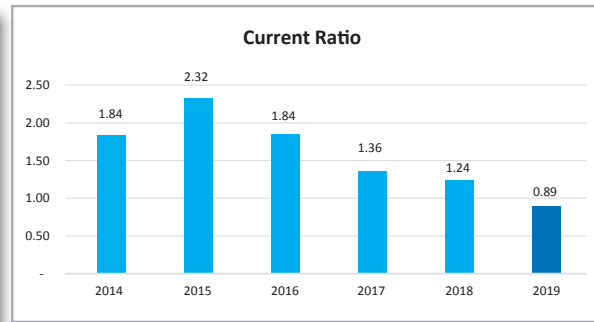
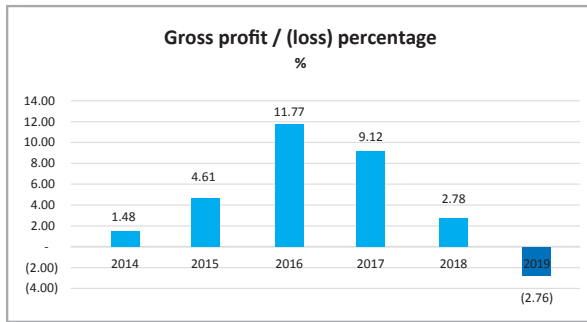
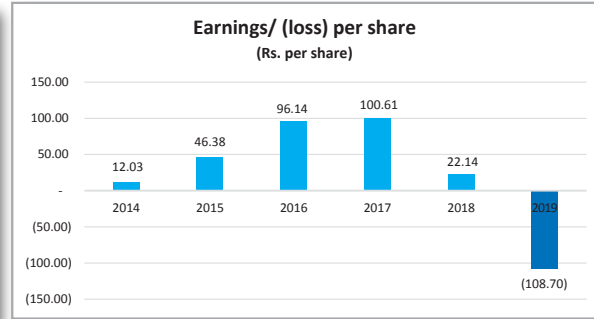
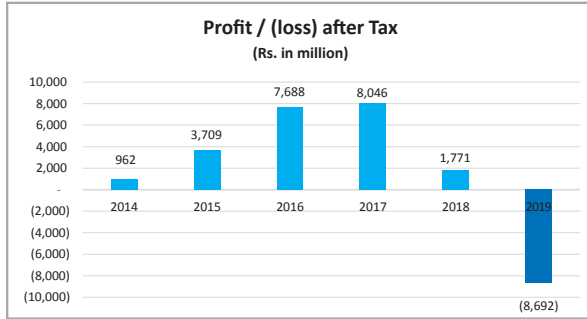
	2019		2018		2017		2016		2015		2014	
	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%
Net revenue from contracts with customers	160,906.20	77.6%	136,984.94	66.1%	107,447.44	51.8%	93,788.38	45.2%	148,456.51	71.6%	207,403.26	100.0%
Cost of sales	(165,355.34)	80.9%	(133,172.93)	65.2%	(97,647.94)	47.8%	(82,745.29)	40.5%	(141,610.76)	69.3%	(204,349.84)	100.0%
Gross (loss) / profit	(4,449.14)	-145.7%	3,812.01	124.8%	9,799.50	320.9%	11,043.09	361.7%	6,845.75	224.2%	3,053.42	100.0%
Distribution cost	(814.48)	74.7%	(756.51)	69.4%	(734.78)	67.4%	(685.64)	62.9%	(865.46)	79.4%	(1,090.29)	100.0%
Administrative expenses	(831.56)	159.7%	(863.19)	165.8%	(841.19)	161.5%	(752.54)	144.5%	(662.69)	127.3%	(520.72)	100.0%
Other income	369.51	25.7%	558.08	38.9%	724.82	50.5%	1,514.19	105.4%	1,525.31	106.2%	1,436.15	100.0%
Other operating expenses	(17.59)	12.0%	(77.45)	52.8%	(450.65)	307.4%	(754.55)	514.7%	(430.00)	293.3%	(146.60)	100.0%
Operating (loss) / profit	(5,743.26)	-210.2%	2,672.94	97.8%	8,497.70	311.1%	10,364.55	379.4%	6,412.91	234.7%	2,731.96	100.0%
Finance cost	(5,285.75)	620.2%	(1,765.61)	207.2%	(182.53)	21.4%	(275.52)	32.3%	(852.68)	100.0%	(852.32)	100.0%
(Loss) / profit before taxation	(11,029.01)	-586.8%	907.33	48.3%	8,315.17	442.4%	10,089.03	536.8%	5,560.23	295.8%	1,879.64	100.0%
Taxation	2,336.58	-254.6%	863.35	-94.1%	(269.39)	29.4%	(2,400.95)	261.6%	(1,851.25)	201.7%	(917.77)	100.0%
(Loss) / profit after taxation	(8,692.43)	-903.7%	1,770.68	184.1%	8,045.78	836.5%	7,688.08	799.3%	3,708.98	385.6%	961.87	100.0%

VERTICAL STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED

	2019	2018	2017	2016	2015	2014
	Rupees in million	Rupees in million	Rupees in million	Rupees in million	Rupees in million	Rupees in million
	%	%	%	%	%	%
Net revenue from contracts with customers	160,906.20	136,984.94	107,447.44	93,788.38	148,456.51	207,403.26
Cost of sales	(165,355.34)	(133,172.93)	(97,647.94)	(82,745.29)	(141,610.76)	(204,349.84)
Gross (loss) / profit	(4,449.14)	3,812.01	9,799.50	11,043.09	6,845.75	3,053.42
Distribution cost	(814.48)	(756.51)	(734.78)	(685.64)	(865.46)	(1,090.29)
Administrative expenses	(831.56)	(863.19)	(841.19)	(752.54)	(662.69)	(520.72)
Other operating income	369.51	558.08	724.82	1,514.19	1,525.31	1,436.15
Other operating expenses	(17.59)	(77.45)	(450.65)	(754.55)	(430.00)	(146.60)
Operating (loss) / profit	(5,743.26)	2,672.94	8,497.70	10,364.55	6,412.91	2,731.96
Finance cost	(5,285.75)	(1,765.61)	(182.53)	(275.52)	(852.68)	(852.32)
(Loss) / profit before taxation	(11,029.01)	907.33	8,315.17	10,089.03	5,560.23	1,879.64
Taxation	2,336.58	863.35	(269.39)	(2,400.95)	(1,851.25)	(917.77)
(Loss) / profit after taxation	(8,692.43)	1,770.68	8,045.78	7,688.08	3,708.98	961.87
	-5.4%	1.3%	7.5%	8.2%	2.5%	0.5%
	100%	100.0%	100.0%	100.0%	100.0%	100.0%
	-102.8%	-97.2%	-90.9%	-88.2%	-95.4%	-98.5%
	-2.8%	2.8%	9.1%	11.8%	4.6%	1.5%
	-0.5%	-0.5%	-0.7%	-0.7%	-0.6%	-0.5%
	-0.5%	-0.6%	-0.8%	-0.8%	-0.4%	-0.3%
	0.2%	0.4%	0.7%	1.6%	1.0%	0.7%
	0.0%	-0.1%	-0.4%	-0.8%	-0.3%	-0.1%
	-3.6%	2.0%	7.9%	11.1%	4.3%	1.3%
	-3.3%	-1.3%	-0.2%	-0.3%	-0.6%	-0.4%
	-6.9%	0.7%	7.7%	10.8%	3.7%	0.9%
	1.5%	0.6%	-0.2%	-2.6%	-1.2%	-0.4%
	-5.4%	1.3%	7.5%	8.2%	2.5%	0.5%

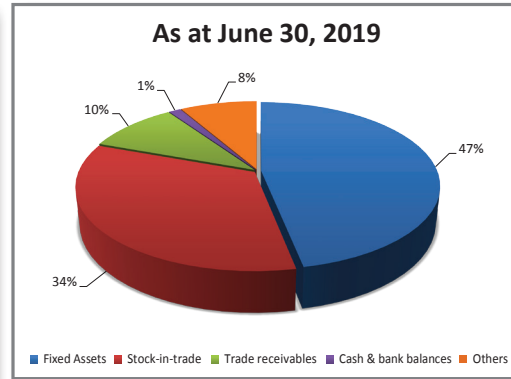
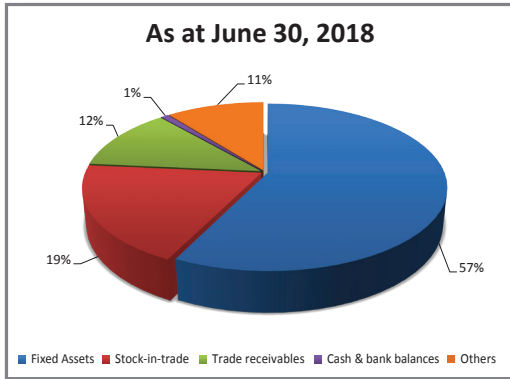
GRAPHICAL REPRESENTATION



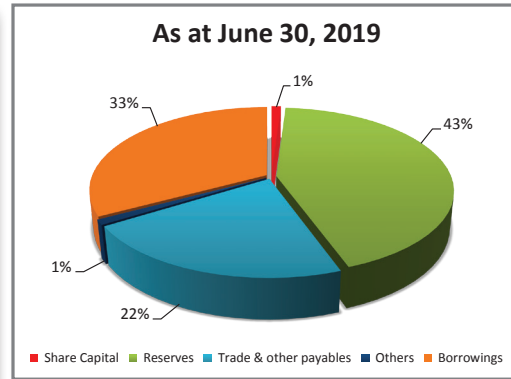
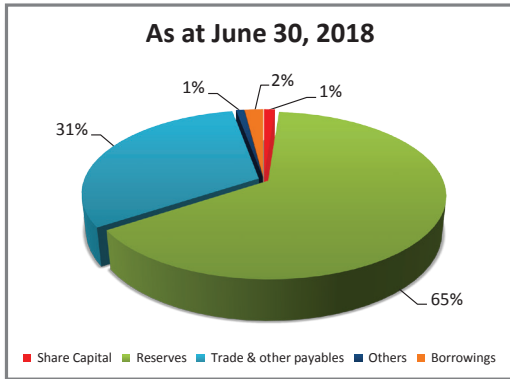
GRAPHICAL REPRESENTATION

STATEMENT OF FINANCIAL POSITION

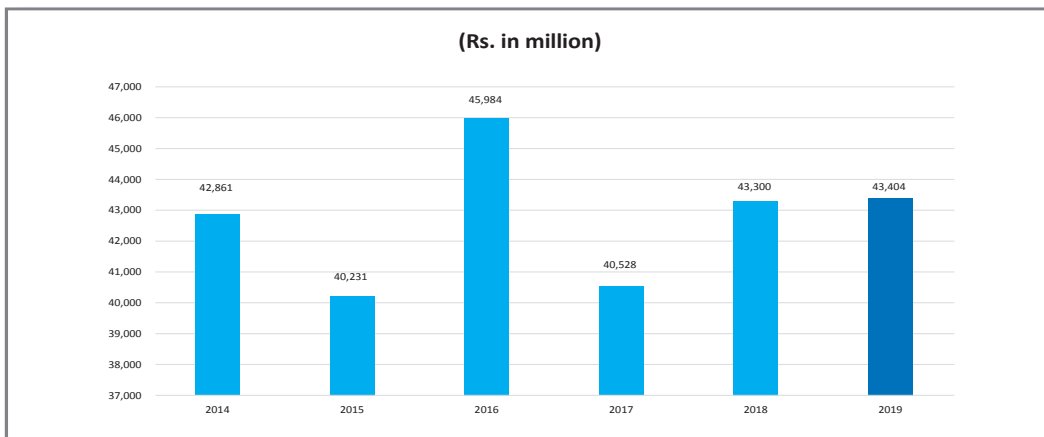
ASSETS



EQUITY AND LIABILITIES

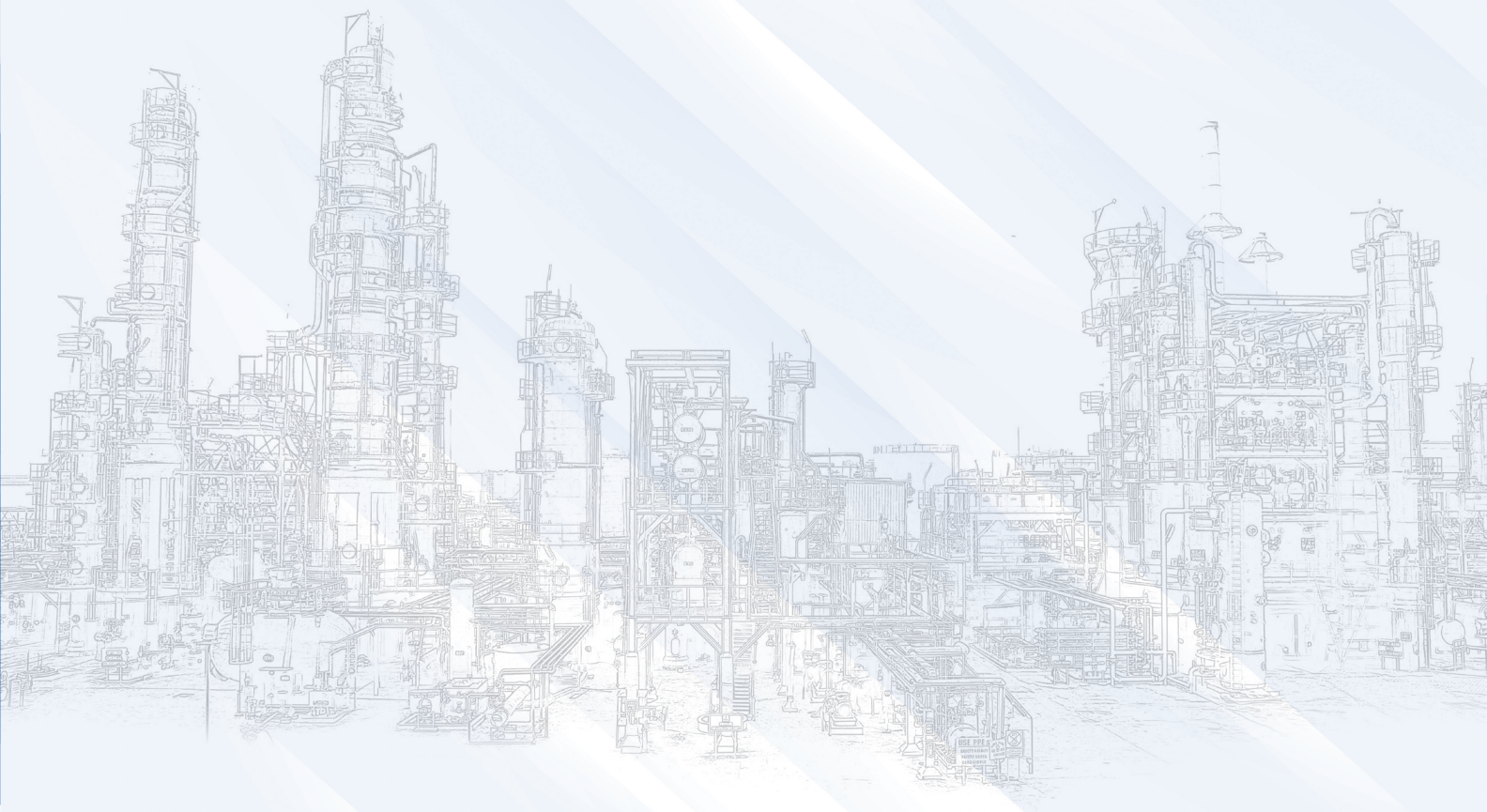


CONTRIBUTION TO NATIONAL EXCHEQUER





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, 2019, 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, 2019 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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



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Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	<p data-bbox="432 541 877 571">Stock-in-Trade</p> <p data-bbox="432 579 877 609"><i>(Refer note 11 to the financial statements)</i></p> <p data-bbox="432 617 877 831">Stock-in-trade as at June 30, 2019 comprises of crude oil and condensate, semi-finished and finished products amounting to Rs. 8,750 million, Rs. 4,965 million and Rs. 11,952 million respectively. For determination of volume of stock-in-trade as at June 30, 2019, the Company conducts 100% stock count. The Company also involves an external expert for the purpose of stock count.</p> <p data-bbox="432 873 877 945">The stock-in-trade quantities are determined by obtaining dips and measuring the temperature and density of the stock-in-trade.</p> <p data-bbox="432 953 877 1121">The volume of the stock-in-trade is also determined by using the aforementioned parameters and applying the dynamics of respective tanks, which were determined at the time of commissioning of tanks, to calibrate the quantity. This calibrated quantity is used for valuation of stock-in-trade.</p> <p data-bbox="432 1129 877 1297">Due to the significance of the stock balances, procedure involved in determination of stock quantities of respective type of crude oil and refined products on physical basis and related complexities involved in respect of measurement, we considered this as a higher risk area and as a key audit matter.</p>	<p data-bbox="898 579 1343 609">Our audit procedures included the following:</p> <ul data-bbox="898 617 1343 1188" style="list-style-type: none"><li data-bbox="898 617 1343 743">– Attended the physical count of the stock-in-trade and observed the said parameters. A representative of the Company and an external surveyor were also present;<li data-bbox="898 751 1343 823">– Checked the background and experience of the surveyor to ensure his competence and capability;<li data-bbox="898 831 1343 1008">– Obtained samples of stock-in-trade from the storage tanks to determine the nature / characteristics of the stock-in-trade. Such samples were then sent to the Company's laboratory to determine the nature of the stock after our internal coding of the samples; and<li data-bbox="898 1016 1343 1188">– Obtained and reviewed the stock-in-trade count report of the external surveyor for 100% stock-in-trade and re-performed the working for determination of volume taking into account the calibration of tanks, specific gravity, density and temperature.



S. No.	Key audit matters	How the matter was addressed in our audit
(ii)	<p data-bbox="432 491 582 520">Deferred Tax</p> <p data-bbox="432 527 831 556"><i>(Refer note 9 to the financial statements)</i></p> <p data-bbox="432 562 877 661">The Company has booked net deferred tax asset of Rs. 2.87 billion as at June 30, 2019 that mainly include minimum tax, Alternate Corporate Tax and tax losses.</p> <p data-bbox="432 667 877 861">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, the evaluation of the impact of tax planning opportunities, and the inherent uncertainty involved in forecasting taxable profits available in future periods.</p> <p data-bbox="432 867 877 1018">The recoverability of deferred tax assets 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="432 1024 877 1102">Due to this involvement of significant estimates and management judgements we consider this as a key audit matter.</p>	<p data-bbox="898 562 1324 592">Our audit procedures included the following:</p> <ul data-bbox="898 598 1340 1245" style="list-style-type: none"><li data-bbox="898 598 1340 724">- We considered the expected timing of utilisation of the Deferred Tax Assets (DTA) including the relevant provision of Income Tax Ordinance 2002 that apply to the utilisation of tax losses;<li data-bbox="898 730 1340 903">- Determined 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="898 909 1340 987">- Considered whether the tax balances were calculated using appropriate and substantively enacted tax laws and rates;<li data-bbox="898 993 1340 1050">- Obtained financial projections from the Company's management;<li data-bbox="898 1056 1340 1134">- Obtained understanding of the Company's process of preparing financial projections; and<li data-bbox="898 1140 1340 1245">- Evaluated the financial projections and assessed the likelihood of the Company generating sufficient future taxable profits.

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 Farrukh Rehman.


A. F. Ferguson & Co
Chartered Accountants

Karachi

Date: August 26, 2019

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

	Note	2019 (Rupees in thousand)	2018
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	5	35,695,334	37,718,722
Long term investment	6	13,346	-
Long term loans	7	49,716	54,205
Long term deposits	8	30,265	30,265
Deferred taxation	9	2,874,070	456,849
Retirement benefit prepayments	21	15,618	6,268
		<u>38,678,349</u>	<u>38,266,309</u>
CURRENT ASSETS			
Stores, spares and chemicals	10	1,572,569	1,501,864
Stock-in-trade	11	25,668,594	12,627,661
Trade receivables	12	7,499,049	7,986,214
Loans and advances	13	31,400	58,253
Trade deposits and short-term prepayments	14	34,610	16,915
Interest accrued		14,215	7,394
Other receivables	15	1,662,812	3,569,871
Taxation - payments less provision	16	27,072	1,237,953
Cash and bank balances	17	978,680	541,837
		<u>37,489,001</u>	<u>27,547,962</u>
TOTAL ASSETS		<u>76,167,350</u>	<u>65,814,271</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	18	799,666	799,666
Reserves	19	33,073,803	42,451,871
		<u>33,873,469</u>	<u>43,251,537</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term borrowing	20	-	12,870
Retirement benefit obligations	21	293,310	343,853
		<u>293,310</u>	<u>356,723</u>
CURRENT LIABILITIES			
Trade and other payables	22	16,418,255	20,550,989
Unclaimed dividend		65,278	60,525
Unpaid dividend	23	31,742	31,478
Accrued mark-up	24	365,037	33,775
Provisions	25	112,361	112,361
Borrowings	26	25,007,898	1,340,273
Current portion of long-term borrowing	20	-	76,610
		<u>42,000,571</u>	<u>22,206,011</u>
TOTAL LIABILITIES		<u>42,293,881</u>	<u>22,562,734</u>
CONTINGENCIES AND COMMITMENTS	27		
TOTAL EQUITY AND LIABILITIES		<u>76,167,350</u>	<u>65,814,271</u>

The annexed notes 1 to 47 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, 2019

	Note	2019 (Rupees in thousand)	2018
Revenue from contracts with customers	28	209,417,257	184,216,252
Trade discounts, taxes, duties, levies and price differential	29	<u>(48,511,060)</u>	<u>(47,231,312)</u>
Net revenue from contracts with customers		160,906,197	136,984,940
Cost of sales	30	<u>(165,355,337)</u>	<u>(133,172,931)</u>
Gross (loss) / profit		(4,449,140)	3,812,009
Distribution cost	31	(814,479)	(756,507)
Administrative expenses	32	(831,564)	(863,194)
Other income	33	369,511	558,088
Other operating expenses	34	<u>(17,590)</u>	<u>(77,453)</u>
Operating (loss) / profit		(5,743,262)	2,672,943
Finance cost	35	<u>(5,285,749)</u>	<u>(1,765,615)</u>
(Loss) / profit before taxation		(11,029,011)	907,328
Taxation	36	<u>2,336,584</u>	<u>863,356</u>
(Loss) / profit after taxation		<u><u>(8,692,427)</u></u>	<u><u>1,770,684</u></u>
		(Rupees)	
(Loss) / earnings per share - basic and diluted	37	<u><u>(108.70)</u></u>	<u><u>22.14</u></u>

The annexed notes 1 to 47 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, 2019

	2019	2018
	(Rupees in thousand)	
(Loss) / Profit after taxation	(8,692,427)	1,770,684
Other comprehensive income / (loss)		
Items that will not be reclassified to profit or loss account		
Change in fair value of long term investment	(1,664)	-
Remeasurements of post employment benefit obligations - note 21	116,690	(61,835)
Deferred tax thereon	(16,011)	2,056
	100,679	(59,779)
Total comprehensive (loss) / income	<u>(8,593,412)</u>	<u>1,710,905</u>

The annexed notes 1 to 47 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, 2019

	SHARE CAPITAL	CAPITAL RESERVES				REVENUE RESERVES			Total
	Issued, subscribed and paid-up	Capital compensation reserve (note 19.1)	Exchange equalisation reserve	Special reserve (note 19.2)	Utilised special reserve (note 19.2)	General reserve	Gain / (loss) on revaluation of investment at fair value through OCI	Unappropriated profit / (accumulated loss)	
	(Rupees in thousand)								
Balance as at July 1, 2017	799,666	10,142	4,117	-	9,631,914	28,061,000	-	4,833,041	43,339,880
Transfer to general reserve	-	-	-	-	-	3,000,000	-	(3,000,000)	-
Final dividend for the year ended June 30, 2017 - Rs. 22.5 per share	-	-	-	-	-	-	-	(1,799,248)	(1,799,248)
Total comprehensive income for the year ended June 30, 2018									
- Profit for the year ended June 30, 2018	-	-	-	-	-	-	-	1,770,684	1,770,684
- Other comprehensive loss for the year ended June 30, 2018	-	-	-	-	-	-	-	(59,779)	(59,779)
	-	-	-	-	-	-	-	1,710,905	1,710,905
Balance as at June 30, 2018	799,666	10,142	4,117	-	9,631,914	31,061,000	-	1,744,698	43,251,537
Impact of IFRS 9 transition - refer note 4	-	-	-	-	-	-	15,010	-	15,010
Balance as at July 1, 2018 - IFRS 9	799,666	10,142	4,117	-	9,631,914	31,061,000	15,010	1,744,698	43,266,547
Transfer to general reserve	-	-	-	-	-	900,000	-	(900,000)	-
Final dividend for the year ended June 30, 2018 - Rs. 10 per share	-	-	-	-	-	-	-	(799,666)	(799,666)
Total comprehensive loss for the year ended June 30, 2019									
- Loss for the year ended June 30, 2019	-	-	-	-	-	-	-	(8,692,427)	(8,692,427)
- Other comprehensive (loss) / income for the year ended June 30, 2019	-	-	-	-	-	-	(1,664)	100,679	99,015
	-	-	-	-	-	-	(1,664)	(8,591,748)	(8,593,412)
Balance as at June 30, 2019	799,666	10,142	4,117	-	9,631,914	31,961,000	13,346	(8,546,716)	33,873,469

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



Chief Financial Officer



Chief Executive



Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 (Rupees in thousand)	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (utilised in) / generated from operations	38	(21,051,169)	1,223,057
Income tax refund		1,114,233	103,161
Finance cost paid		(864,580)	(48,055)
Decrease / (increase) in long term loans		4,489	(2,872)
Increase in long term deposits		-	(76)
Payment made to staff retirement benefit funds		(80,689)	(97,020)
Net cash flow (used in) / from operating activities		<u>(20,877,716)</u>	<u>1,178,195</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,518,965)	(2,250,650)
Purchase of intangible assets		(1,080)	(220,221)
Proceeds from disposal of property, plant and equipment		2,902	2,035
Return on investments and bank accounts		48,206	188,837
Net cash flow used in investing activities		<u>(1,468,937)</u>	<u>(2,279,999)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(794,649)	(1,789,503)
Repayment of long term borrowing	20.1	(12,870)	(600,010)
Current portion of long term loan repaid	20.1	(76,610)	(76,610)
Net cash flow used in financing activities		<u>(884,129)</u>	<u>(2,466,123)</u>
Net decrease in cash and cash equivalents		<u>(23,230,782)</u>	<u>(3,567,927)</u>
Cash and cash equivalents at beginning of the year		<u>(798,436)</u>	<u>2,769,491</u>
Cash and cash equivalents at end of the year	39	<u><u>(24,029,218)</u></u>	<u><u>(798,436)</u></u>

The annexed notes 1 to 47 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, 2019

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 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 Keamari, Karachi.

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS THAT HAVE AFFECTED THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

- a) Gross loss has been incurred as a result of lower refinery margin due to prices in international market and lower uplift of furnace oil.
- b) Due to devaluation of Pak Rupee, the Company suffered net exchange loss mainly in relation to liabilities denominated in US Dollar - Refer to note 35.
- c) Short term financing has been obtained primarily due to increase in working capital requirement - Refer to note 26.
- d) The adoption of new accounting standards for financial instruments (IFRS 9) and revenue from contracts with customers (IFRS 15) - Refer to note 4.

3. 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

3.1 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.

3.2 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.

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 21.

iii. Property, plant and equipment

Estimates with respect to residual value, depreciation method and depreciable lives of property, plant and equipment as disclosed in note 3.5 and 5.1 to these financial statements. Further, the Company reviews the carrying value of assets for impairment, if any, on each reporting period.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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.

3.3 Changes in accounting standards, interpretations and pronouncements

(a) Standards, interpretations and amendments to published approved accounting standards that became effective during the year and are relevant

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit loss model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The impact of changes laid down by these standards are detailed in note 4.

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

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2018 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

(c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but are relevant

The following is the new standard, that will be effective for the periods beginning on or after January 1, 2019 that may have an impact on the financial statements of the Company.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The management is in the process of assessing the impact of changes laid down by the standard on its financial statements.

3.4 Overall Valuation Policy

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

3.5 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 5.1 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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Gains and losses on disposal or retirement of property, plant and equipment are recognised in income currently.

3.6 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.

3.7 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, amortised cost or 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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 recognized 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).

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

Impairment of financial assets

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 month ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 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 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 and other comprehensive income.

Financial assets - policy upto June 30, 2018

Trade debts and other receivables were recognised initially at fair value plus directly attributable cost, if any and subsequently, at amortised cost less impairment if any. A provision for impairment of trade and other receivable is established when there is an objective evidence that the Company will not be able to collect all amounts due according to terms of receivables. Trade receivables considered irrecoverable are written off.

3.8 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.

3.9 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, 2019

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

3.10 Stock-in-trade

Stock of crude oil 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.

3.11 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 3.7 for a description of the Company's impairment policies.

3.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet 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 and loans and receivables with original maturities of three months or less, running finance under mark-up arrangements and short-term finance.

3.13 Staff retirement benefits

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

3.13.1 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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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.

3.13.2 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, 2019, 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, 2019, 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, 2019, using the 'Projected Unit Credit Method'.
- 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, 2019, using the 'Projected Unit Credit Method'.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 income.

3.14 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, 2019 using the 'Projected Unit Credit Method'.

3.15 Trade and other payables

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

3.16 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.

3.17 Taxation

3.17.1 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.

3.17.2 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 that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited in the

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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.

3.18 Revenue recognition

Revenue is recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue is recognised 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 commission and rental income are recognised when services are rendered.

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 OGRA. Whereas, the transaction prices of deregulated products are agreed under the contract with customer.

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

3.19 Borrowings and their cost

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.

3.20 Foreign currency transactions and translation

The financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 income currently.

3.21 Segment reporting

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

3.22 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.

4. Change in accounting policies

i) IFRS 9 - Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from July 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 3.7 above. In accordance with the transitional provisions in IFRS 9, corresponding figures have not been restated and any adjustment to carrying amount of financial assets and liabilities were recognised in the opening retained earnings as of the transition date.

Classifications and remeasurement

On July 1, 2018 (the date of initial application of IFRS 9), the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassifications and adjustments are as follows:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Financial assets - July 1, 2018	Note	Carrying amount as reported under IAS 39 July 1, 2018	Reclassification due to IFRS - 9	Remeasurement allowance: ECL	Carrying amount as reported under IFRS 9 July 1, 2018
← (Rupees in 000) →					
Long term investment	a	-	15,010	-	15,010
Loans and advances		112,458	-	-	112,458
Deposits		34,350	-	-	34,350
Trade receivables	b,c	7,986,214	-	-	7,986,214
Accrued interest		7,394	-	-	7,394
Other receivable		2,239,940	-	-	2,239,940
Cash and bank balances		541,837	-	-	541,837
		<u>10,922,193</u>	<u>15,010</u>	<u>-</u>	<u>10,937,203</u>

- (a) Investments in Anoud Power Generation Limited (unlisted equity shares carried at cost less impairment) were reclassified from available-for-sale to financial assets at fair value through other comprehensive income (FVOCI) as it is not held for trading. Related fair value gain amounting to Rs. 15 million has been adjusted in the opening retained earning for the year ended June 30, 2019.
- (b) IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The Company has determined that the application of IFRS 9's impairment requirement at July 1, 2018 results in no additional allowance for trade receivables.
- (c) the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements which require impairment of financial assets to be presented in a separate line item in the profit and loss account. However, during the year ended June 30, 2018 there was no provision for doubtful debts that could be reclassified to 'impairment loss on trade receivables' in the profit and loss account.

The following table below explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and liabilities as at July 1, 2018.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	Original classification under IAS 39	New classification under IFRS 9	Original amount under IAS 39	New carrying amount under IFRS 9
(Rupees in '000')				
Financial assets				
Long term investment	Available for sale	Fair value through other comprehensive income	-	15,010
Loans and advances	Loans and receivables	Amortised cost	112,458	112,458
Deposits	Loans and receivables	Amortised cost	34,350	34,350
Trade receivables	Loans and receivables	Amortised cost	7,986,214	7,986,214
Accrued interest	Loans and receivables	Amortised cost	7,394	7,394
Other receivable	Loans and receivables	Amortised cost	2,239,940	2,239,940
Cash and bank balances	Loans and receivables	Amortised cost	541,837	541,837
Financial liabilities				
Trade and other payables	Other financial liabilities	Other financial liabilities	17,601,300	17,601,300
Unclaimed dividend	Other financial liabilities	Other financial liabilities	60,525	60,525
Unpaid dividend	Other financial liabilities	Other financial liabilities	31,478	31,478
Accrued mark-up	Other financial liabilities	Other financial liabilities	33,775	33,775
Short term running finance	Other financial liabilities	Other financial liabilities	1,340,273	1,340,273
Long-term borrowing	Other financial liabilities	Other financial liabilities	89,480	89,480

The impact of these changes on the Company's statement of changes in equity is as follows:

	2019 (Rupees in thousand)
Opening balance - IAS 39	43,251,537
Reclassification of Long term investment from available from sale to FVOCI	15,010
Opening balance - IFRS 9	<u>43,266,547</u>

ii) IFRS 15 - Revenue from contracts with customers

The Company has adopted IFRS 15 Revenue from Contracts with Customers from July 1, 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. However, in accordance with the transition provisions in IFRS 15, there is no impact on the Company that require retrospective change and restatement of comparatives for the year ended June 30, 2018.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

5. FIXED ASSETS	2019	2018
	(Rupees in thousand)	
Property, plant and equipment		
- Operating assets - note 5.1	32,650,046	35,225,898
- Major spare parts and stand-by equipment - note 5.2	337,292	297,592
- Capital work-in-progress - note 5.3	<u>2,604,318</u>	<u>2,005,866</u>
	<u>35,591,656</u>	<u>37,529,356</u>
Intangible assets - note 5.4	<u>103,678</u>	<u>189,366</u>
	<u><u>35,695,334</u></u>	<u><u>37,718,722</u></u>

5.1 Operating assets

	Leasehold land (note 5.1.1)	Buildings on leasehold land	Plant and machinery (note 5.1.2)	Vehicles	Furniture and fixtures	Computers and other related accessories	Office and other equipment	Total
	(Rupees in thousand)							
Year ended June 30, 2019								
Opening net book value	43,641	605,187	33,891,111	29,589	16,175	6,860	633,335	35,225,898
Additions	-	598	108	62,635	1,558	7,573	63,895	136,367
Transfers from capital work in progress	-	26,302	700,065	-	-	-	18,718	745,085
Disposals								
Cost	-	-	-	(6,131)	(585)	-	(13,661)	(20,377)
Accumulated depreciation	-	-	-	2,476	538	-	13,661	16,675
Depreciation charge - note 5.1.3	(596)	(42,293)	(3,293,330)	(16,441)	(1,886)	(4,463)	(94,593)	(3,453,602)
Closing net book value	<u>43,045</u>	<u>589,794</u>	<u>31,297,954</u>	<u>72,128</u>	<u>15,800</u>	<u>9,970</u>	<u>621,355</u>	<u>32,650,046</u>
As at June 30, 2019								
Cost	60,035	972,501	44,795,580	159,852	30,587	71,337	1,322,008	47,411,900
Accumulated depreciation	(16,990)	(382,707)	(13,497,626)	(87,724)	(14,787)	(61,367)	(700,653)	(14,761,854)
Net book value	<u>43,045</u>	<u>589,794</u>	<u>31,297,954</u>	<u>72,128</u>	<u>15,800</u>	<u>9,970</u>	<u>621,355</u>	<u>32,650,046</u>
Year ended June 30, 2018								
Opening net book value	44,237	586,820	29,523,501	35,427	9,521	5,260	599,472	30,804,238
Additions	-	-	15,764	6,231	6,831	5,066	63,437	97,329
Transfers from capital work in progress	-	57,814	7,445,958	-	1,686	726	51,150	7,557,334
Disposals								
Cost	-	-	-	(4,587)	-	-	-	(4,587)
Accumulated depreciation	-	-	-	1,635	-	-	-	1,635
Depreciation charge - note 5.1.3	(596)	(39,447)	(3,094,112)	(9,117)	(1,863)	(4,192)	(80,724)	(3,230,051)
Closing net book value	<u>43,641</u>	<u>605,187</u>	<u>33,891,111</u>	<u>29,589</u>	<u>16,175</u>	<u>6,860</u>	<u>633,335</u>	<u>35,225,898</u>
As at June 30, 2018								
Cost	60,035	945,601	44,095,407	103,348	29,614	63,764	1,253,056	46,550,825
Accumulated depreciation	(16,394)	(340,414)	(10,204,296)	(73,759)	(13,439)	(56,904)	(619,721)	(11,324,927)
Net book value	<u>43,641</u>	<u>605,187</u>	<u>33,891,111</u>	<u>29,589</u>	<u>16,175</u>	<u>6,860</u>	<u>633,335</u>	<u>35,225,898</u>
Annual Rate of								
Depreciation %	1	5 to 20	5 to 33.33	20	7.5 to 33.33	10 to 33.33	5 to 33.33	
* Assets written off								

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

5.1.1 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.

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

5.1.3 The depreciation charge for the year has been allocated as follows:

	2019	2018
	(Rupees in thousand)	
Cost of sales - note 30	3,396,711	3,180,043
Distribution cost - note 31	7,055	10,923
Administrative expenses - note 32	49,836	39,085
	<u>3,453,602</u>	<u>3,230,051</u>

5.1.4 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

5.1.5 The details of operating assets sold are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Loss	Mode of disposal	Particulars of purchaser
	← (Rupees in thousand) →						
Motor Vehicle	1,530	432	1,098	783	(315)	Company Policy	Mr. Zakir Mujahid - Employee
"	1,558	240	1,318	997	(321)	"	Mr. Hanif Memon - Employee
"	1,531	787	744	627	(117)	"	Mr. Nouman Ahmed Usmani - Employee
"	1,512	1,017	495	495	-	"	Mr. S. Imtiaz Hussain - Employee
	<u>6,131</u>	<u>2,476</u>	<u>3,655</u>	<u>2,902</u>	<u>(753)</u>		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	(Rupees in thousand)	
5.2 Major spare parts and stand-by equipment		
Gross carrying value		
Balance at beginning of the year	395,092	361,004
Additions during the year	201,960	243,367
Transfers made during the year	<u>(162,897)</u>	<u>(209,279)</u>
Balance at end of the year	434,155	395,092
Provision for impairment - note 5.2.1	<u>(96,863)</u>	<u>(97,500)</u>
Net carrying value	<u><u>337,292</u></u>	<u><u>297,592</u></u>

5.2.1 During the year, net reversal of provision amounting to Rs. 0.64 million (2018: Rs. 3.35 million) has been made.

5.3 Capital work-in-progress

	Balance as at July 1, 2018	Additions during the year	Transfers	Balance as at June 30, 2019	Balance as at July 1, 2017	Additions during the year	Transfers	Balance as at June 30, 2018
	(Rupees in thousand)							
Buildings on leasehold land	12,261	30,461	(26,302)	16,420	13,389	33,660	(34,788)	12,261
Refineries upgradation projects - note 5.3.1	1,077,221	566,511	(63,603)	1,580,129	6,541,758	1,074,055	(6,538,592)	1,077,221
Plant and machinery	712,973	693,649	(636,462)	770,160	658,949	1,218,428	(1,164,404)	712,973
Computer software under development	-	-	-	-	-	500	(500)	-
Office and other equipments	<u>25,110</u>	<u>19,609</u>	<u>(18,718)</u>	<u>26,001</u>	<u>30,555</u>	<u>32,705</u>	<u>(38,150)</u>	<u>25,110</u>
	1,827,565	1,310,230	(745,085)	2,392,710	7,244,651	2,359,348	(7,776,434)	1,827,565
Advances to contractors / suppliers - note 5.3.2	<u>178,301</u>	<u>168,415</u>	<u>(135,108)</u>	<u>211,608</u>	<u>199,316</u>	<u>159,370</u>	<u>(180,385)</u>	<u>178,301</u>
	<u><u>2,005,866</u></u>	<u><u>1,478,645</u></u>	<u><u>(880,193)</u></u>	<u><u>2,604,318</u></u>	<u><u>7,443,967</u></u>	<u><u>2,518,718</u></u>	<u><u>(7,956,819)</u></u>	<u><u>2,005,866</u></u>

5.3.1 This includes capitalised borrowing cost of Rs. Nil (2018: Rs. 16.8 million at the rate of 7.85% per annum) .

5.3.2 The advances to suppliers do not carry any interest or markup arrangement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

		2019	2018
		(Rupees in thousand)	
5.4	INTANGIBLE ASSETS – Computer softwares		
	Net carrying value		
	Balance at beginning of the year	189,366	39,004
	Additions during the year	1,079	1,121
	Transfers during the year	-	219,100
	Amortisation for the year	(86,767)	(69,859)
	Balance at end of the year	<u>103,678</u>	<u>189,366</u>
	Gross carrying value		
	Cost	354,405	353,325
	Accumulated amortisation	(250,727)	(163,959)
	Net book value	<u>103,678</u>	<u>189,366</u>

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

		2019	2018
		(Rupees in thousand)	
6.	LONG TERM INVESTMENT		
	Fair value through OCI		
	Anoud Power Generation Limited [1,080,000 (2018: 1,080,000) Ordinary shares of Rs.10 each, Equity held 9.09 percent (2018: 9.09 percent)]	<u>13,346</u>	<u>-</u>

The above investment was revalued by an independent valuer - M/s JS Global Capital Limited on June 30, 2019 and July 1, 2018 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 changes in level 3 item for the year ended June 30, 2019.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	Unlisted equity security (Rupees in thousand)	
Opening balance July 1, 2018 - IAS 39	-	
Transfer of investment at initial date of application of IFRS 9	<u>15,010</u>	
Opening balance July 1, 2018 - IFRS 9	15,010	
Loss recognised during the year	<u>(1,664)</u>	
Closing balance June 30, 2019	<u><u>13,346</u></u>	
	2019	2018
	(Rupees in thousand)	
7. LONG TERM LOANS		
Loans - considered good		
Secured - note 7.1 and 7.2		
Loans to employees	60,401	64,204
Less: Recoverable within one year - note 13	<u>(11,458)</u>	<u>(10,806)</u>
	48,943	53,398
Unsecured - note 7.3		
Loans to employees	<u>1,040</u>	<u>982</u>
Less: Recoverable within one year - note 13	<u>(267)</u>	<u>(175)</u>
	773	807
	<u><u>49,716</u></u>	<u><u>54,205</u></u>

- 7.1 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 (2018: 5 to 10) years. Out of these, car loans amounting to Rs. 11.82 million (2018: Rs. 14.24 million) carry interest ranging from 3% to 7% (2018: 3% to 7%) per annum. These loans are secured against original title documents of respective assets.
- 7.2 These include housing and car loans made to employees of the Company namely Mr. M. Fahim Siddiqui, Syed Danish Rasool, Mr. Khursheed Akhter, Mr. Abdul Ali Khan and Mr. Tanveer Ahmed exceeding Rs. 1 million.
- 7.3 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 (2018: 4 to 12) years and are interest free.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	(Rupees in thousand)	
8. LONG TERM DEPOSITS		
Utilities	14,216	14,216
Others	16,049	16,049
	<u>30,265</u>	<u>30,265</u>

8.1 These deposits do not carry any mark up arrangement.

9. DEFERRED TAXATION

	Accelerated tax depreciation and amortisation	Provision for duties and taxes	Provision for slow moving and obsolete stores, spares and chemical	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	Tax loss	Tax credit on investment	Total
	(Rupees in thousand)									
July 01, 2018	(3,170,522)	12,796	117,345	13,843	69,026	1,113,498	787,537	779,752	733,574	456,849
Charge / (credit) to unconsolidated statement of profit or loss and other comprehensive income for the year	(472,092)	118	(2,444)	3,702	(9,730)	743,706	-	2,887,535	(733,574)	2,417,221
June 30, 2019	<u>(3,642,614)</u>	<u>12,914</u>	<u>114,901</u>	<u>17,545</u>	<u>59,296</u>	<u>1,857,204</u>	<u>787,537</u>	<u>3,667,287</u>	<u>-</u>	<u>2,874,070</u>
July 01, 2017	(3,095,843)	13,185	124,137	14,263	67,051	493,581	787,537	440,270	747,253	(408,566)
Tax credit available during the year	-	-	-	-	-	-	-	-	751,869	751,869
Charge / (credit) to unconsolidated statement of profit or loss and other comprehensive income for the year	(74,679)	(389)	(6,792)	(420)	1,975	619,917	-	339,482	(765,548)	113,546
June 30, 2018	<u>(3,170,522)</u>	<u>12,796</u>	<u>117,345</u>	<u>13,843</u>	<u>69,026</u>	<u>1,113,498</u>	<u>787,537</u>	<u>779,752</u>	<u>733,574</u>	<u>456,849</u>

9.1 The deferred tax asset on minimum tax, alternative corporate tax and tax loss will be recoverable based on the estimated future taxable income.

9.2 Under the Finance Act, 2019, corporate rate of tax has been fixed at 29% for tax year 2020 and onwards. Therefore, deferred tax assets and liabilities have been recognised accordingly using the expected applicable rate of 29%.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

10. STORES, SPARES AND CHEMICALS	2019	2018
	(Rupees in thousand)	
In hand		
- Stores	238,211	358,199
- Spares	1,275,193	963,681
- Chemicals	<u>259,112</u>	<u>336,964</u>
	1,772,516	1,658,844
In transit	<u>139,397</u>	<u>195,105</u>
	1,911,913	1,853,949
Provision for slow moving and obsolete stores, spares and chemicals - note 10.1	<u>(339,344)</u>	<u>(352,085)</u>
	<u><u>1,572,569</u></u>	<u><u>1,501,864</u></u>
10.1 The Company made a reversal of provision for slow moving and obsolete stores, spares and chemicals of Rs. 12.74 million (2018: Rs. 8.47 million).		
	2019	2018
	(Rupees in thousand)	
11. STOCK-IN-TRADE		
Crude oil and condensate [including in transit Rs. 43.64 million (2018: Rs. 32.82 million)]	8,750,748	3,529,638
Semi-finished products	4,965,023	3,252,580
Finished products - note 11.1	<u>11,952,823</u>	<u>5,845,443</u>
	<u><u>25,668,594</u></u>	<u><u>12,627,661</u></u>
11.1 As at June 30, 2019, stock of finished products and semi-finished products have been written down by Rs. 519 million (2018: Rs. 19.04 million) and Rs. 109 million (2018: Nil) respectively to arrive at its net realisable value.		
	2019	2018
	(Rupees in thousand)	
12. TRADE RECEIVABLES - unsecured		
Considered good		
- Related party - Attock Petroleum Limited - notes 12.1 & 12.2	4,564,987	4,960,944
- Others - note 12.3	2,934,062	3,025,270
Considered doubtful	<u>7,832</u>	<u>7,832</u>
	7,506,881	7,994,046
Less: Allowance for expected credit loss	<u>(7,832)</u>	<u>(7,832)</u>
	<u><u>7,499,049</u></u>	<u><u>7,986,214</u></u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

- 12.1 There are no trade debts receivable from related party that are past due or impaired.
- 12.2 The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 6.44 billion (2018: Rs. 8.23 billion).
- 12.3 The trade receivables that are past due but not impaired is Rs. 51 thousand (2018: Rs. 51 thousand).

	2019	2018
	(Rupees in thousand)	
13. LOANS AND ADVANCES		
Loans - considered good		
Current portion of long term loans - note 7		
Secured		
- Employees	11,458	10,806
Unsecured		
- Employees	267	175
Short term loans to employees - unsecured and interest free	728	822
Advances - note 13.1		
- Employees	5,400	7,689
- Suppliers	13,547	38,761
	18,947	46,450
	31,400	58,253

- 13.1 These advances do not carry any mark up arrangement.

14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Deposits - note 14.1	19,652	4,085
Prepayments		
- Insurance	370	392
- Others	14,588	12,438
	14,958	12,830
	34,610	16,915

- 14.1 These deposits do not carry any mark up arrangement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	(Rupees in thousand)	
15. OTHER RECEIVABLES – considered good		
Receivable from related parties - note 15.1		
- Attock Petroleum Limited	8,333	8,251
- The Attock Oil Company	15	-
- Pakistan Oilfields Limited	32	75
Others:		
- Government of Pakistan - note 15.2	232,809	232,809
- Sales tax receivable - note 15.3	908,695	840,807
- Additional tax claimed by Federal Board of Revenue - note 15.4	204,182	200,000
- Margins against letter of credit	30,360	5,663
- Workers' profits participation fund - note 15.5	-	56,315
- Pak Arab Refinery Limited - note 15.6	275,324	2,220,140
- Various	3,062	5,811
	<u>1,662,812</u>	<u>3,569,871</u>

15.1 The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 20.12 million (2018: Rs. 16.03 million).

15.2 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 has 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.

15.3 This includes receivable on account of sales tax paid to the Federal Board of Revenue amounting to Rs. 567.48 million (2018: 567.48 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. The Company has filed appeals with the Appellate Tribunal Inland Revenue (ATIR) against order of Commissioner Inland Revenue (Appeals)(CIRA). In respect of tax periods July 2015 to June 2016 the order of CIRA is received subsequent to year end. Moreover, the Company has also paid advance sales tax of Rs. 341 million (2018: Rs. 273 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

15.4 This represents amount paid against the order of demand for monitoring of withholding taxes for tax year 2016. The Company has filed an appeal with the Commissioner of Inland Revenue (Appeals) against the order.

2019 2018
(Rupees in thousand)

15.5	Workers' profits participation fund		
	Receivable at beginning of the year	56,315	12,341
	Allocation for the year - note 34	-	(48,785)
	Refund from fund	-	(12,341)
		<u>56,315</u>	<u>(48,785)</u>
	Amount (received from) / paid to the Trustees of the Fund	<u>(56,315)</u>	<u>105,100</u>
	Receivable at end of the year	<u>-</u>	<u>56,315</u>

15.6 This represents amount due in respect of sharing of crude oil, freight and other charges paid by the Company on behalf of Pak Arab Refinery Limited.

16. TAXATION - PAYMENTS LESS PROVISION

The Company has received orders from the Appellate Tribunal Inland Revenue (ATIR) in respect of various appeals filed for the tax years 2003, 2004 and 2006 to 2012. The issue involved in these appeals was the apportionment of expenses between normal income and exports on the basis of 'gross sales' as compared to 'net sales'. The ATIR has allowed the apportionment of expenses on the basis of 'gross sales' which has resulted in a refund of Rs. 6.19 billion out of which Rs. 1.50 billion has been received during the year. However, the Federal Board of Revenue has filed an appeal in the High Court of Sindh against the ATIR orders. The Company has also filed an appeal in the High Court of Sindh in respect of apportionment of expenses to be based on quantity sold rather than on net sales. The Company continues to carry the provision until the principal issue is decided by the Court.

2019 2018
(Rupees in thousand)

17. CASH AND BANK BALANCES

	Cash in hand	500	500
	With banks on:		
	Current accounts	60,282	79,287
	Savings accounts - note 17.1	427,835	26,364
	Deposit accounts - notes 17.1 and 17.2	490,063	435,686
		<u>978,180</u>	<u>541,337</u>
		<u>978,680</u>	<u>541,837</u>

17.1 These carry mark-up rates varying from 4.5% to 10.25% (2018: 3.75% to 6%) per annum.

17.2 This represents bank guarantees under lien issued on behalf of the Company Rs. 490 million (2018: 435.69 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

		2019	2018
		(Rupees in thousand)	
18.	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	<u>140,462</u>	<u>140,462</u>
	<u>79,966,560</u>	<u>799,666</u>	<u>799,666</u>
18.1	As at June 30, 2019 and 2018, Attock Group holds 51% equity stake in the Company through the following Companies:		
		2019	2018
		(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
19.	RESERVES		
	Capital reserves		
	Capital compensation reserve - note 19.1	10,142	10,142
	Exchange equalisation reserve	4,117	4,117
	Utilised special reserve - note 19.2	<u>9,631,914</u>	<u>9,631,914</u>
		9,646,173	9,646,173
	Revenue reserves		
	General reserve	31,961,000	31,061,000
	Transfer of investment - note 4(i)	13,346	-
	Unappropriated (loss) / profit	<u>(8,546,716)</u>	<u>1,744,698</u>
		<u>23,427,630</u>	<u>32,805,698</u>
		<u>33,073,803</u>	<u>42,451,871</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

19.1 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.

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

2019
(Rupees in thousand)

2018

20. LONG-TERM BORROWING

Syndicated term finance	-	89,480
Less: Current portion of long-term borrowing	-	(76,610)
	<u>-</u>	<u>12,870</u>

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

2019
(Rupees in thousand)

2018

Balance as at July 1	12,870	689,490
Disbursements during the year	-	-
Repayment	(12,870)	(600,010)
Related to current portion of long term borrowing	-	(76,610)
Balance as at June 30	<u>-</u>	<u>12,870</u>

20.2 This facility was secured by first pari passu charge by way of hypothecation over all present and future current assets, movable fixed assets and mortgage over immovable property. During the year, the Company has fully paid off the loan.

21. RETIREMENT BENEFIT OBLIGATIONS

21.1 Retirement benefit obligations

21.1.1 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, 2019.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

21.1.2 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 Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.

21.1.3 The latest actuarial valuation of the Plan as at June 30, 2019 was carried out using the Projected Unit Credit Method. Details of the Funds as per the actuarial valuation are as follows:

	2019				2018			
	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) →							
21.1.4	Balance sheet reconciliation							
Present value of defined benefit obligation at June 30 - note 21.1.5	4,725,044	1,309,292	185,944	45,961	4,918,941	1,303,407	168,163	38,532
Fair value of plan assets at June 30 - note 21.1.6	(4,670,856)	(1,130,506)	(125,608)	(61,579)	(4,845,227)	(1,096,084)	(105,347)	(44,800)
Deficit / (surplus)	54,188	178,786	60,336	(15,618)	73,714	207,323	62,816	(6,268)
21.1.5	Movement in the present value of defined benefit obligation							
Balance at July 1	4,918,941	1,303,407	168,163	38,532	5,027,689	1,256,203	160,825	24,040
Benefits paid by the plan	(427,038)	(54,368)	(1,001)	(2,683)	(419,950)	(48,420)	(1,316)	(202)
Current service cost	71,466	13,982	5,762	14,520	60,997	15,915	6,137	10,787
Interest cost	428,275	115,623	15,298	4,083	381,036	97,040	12,569	2,260
Transfer (from gratuity) / to pension fund	-	-	-	-	5,455	-	(5,455)	-
Remeasurement on obligation	(266,600)	(69,352)	(2,278)	(8,491)	(136,286)	(17,331)	(4,597)	1,647
Balance at June 30	4,725,044	1,309,292	185,944	45,961	4,918,941	1,303,407	168,163	38,532
21.1.6	Movement in the fair value of plan assets							
Balance at July 1	4,845,227	1,096,084	105,347	44,800	5,004,088	1,078,902	96,903	29,508
Contributions paid into the plan	53,647	-	11,913	15,129	67,857	7,101	8,449	13,613
Transfer from (gratuity) / to pension fund	-	-	-	-	5,455	-	(5,455)	-
Benefits paid by the plan	(427,038)	(54,368)	(1,001)	(2,683)	(419,950)	(48,420)	(1,316)	(202)
Interest income	419,740	97,382	9,777	4,624	379,235	83,713	7,710	2,669
Remeasurement on plan assets	(220,720)	(8,592)	(428)	(291)	(191,458)	(25,212)	(944)	(788)
Balance at June 30	4,670,856	1,130,506	125,608	61,579	4,845,227	1,096,084	105,347	44,800

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	2019				2018			
	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) →								
21.1.7	Expense recognised in the statement of profit or loss							
Current service cost	71,466	13,982	5,762	14,520	60,997	15,915	6,137	10,787
Net interest (income) / cost	8,535	18,241	5,521	(541)	1,801	13,327	4,859	(409)
Expense recognised in profit and loss account	<u>80,001</u>	<u>32,223</u>	<u>11,283</u>	<u>13,979</u>	<u>62,798</u>	<u>29,242</u>	<u>10,996</u>	<u>10,378</u>
21.1.8	Remeasurement recognised in Other Comprehensive Income							
Remeasurement of present value of defined benefit obligation	(266,600)	(69,352)	(2,278)	(8,491)	(136,286)	(17,331)	(4,597)	1,647
Remeasurement of fair value of plan assets	220,720	8,592	428	291	191,458	25,212	944	788
Remeasurements	<u>(45,880)</u>	<u>(60,760)</u>	<u>(1,850)</u>	<u>(8,200)</u>	<u>55,172</u>	<u>7,881</u>	<u>(3,653)</u>	<u>2,435</u>
21.1.9	Net recognised liability / (asset)							
Net liability / (asset) at the beginning of the year	73,714	207,323	62,816	(6,268)	23,601	177,301	63,922	(5,468)
Expense recognised in profit and loss account	80,001	32,223	11,283	13,979	62,798	29,242	10,996	10,378
Contribution made to the fund during the year	(53,647)	-	(11,913)	(15,129)	(67,857)	(7,101)	(8,449)	(13,613)
Remeasurements recognised in other comprehensive income	(45,880)	(60,760)	(1,850)	(8,200)	55,172	7,881	(3,653)	2,435
Recognised liability / (asset) as at June 30	<u>54,188</u>	<u>178,786</u>	<u>60,336</u>	<u>(15,618)</u>	<u>73,714</u>	<u>207,323</u>	<u>62,816</u>	<u>(6,268)</u>
21.1.10	Major categories / composition of plan assets are as follows:							
	Pension fund		Medical fund		Non - management gratuity fund		Management gratuity fund	
	2019	2018	2019	2018	2019	2018	2019	2018
Debt instrument	91.72%	86.46%	98.88%	71.74%	86.69%	91.15%	99.52%	95.76%
Equity	1.69%	2.61%	0.00%	0.00%	3.37%	4.74%	0.00%	0.00%
Mutual funds	6.83%	10.02%	0.96%	26.09%	0.00%	0.00%	0.00%	0.00%
Others	-0.24%	0.91%	0.16%	2.17%	9.94%	4.11%	0.48%	4.24%
21.1.11	Actuarial Assumptions							
Discount rate at June 30	14.00%	9.00%	14.00%	9.00%	14.00%	9.00%	14.00%	9.00%
Future salary increases / increase in cost								
- First year following the valuation	8.00%	7.75%	12.00%	7.00%	8.00%	8.00%	8.00%	8.00%
- Second year following the valuation	8.00%	7.75%	12.00%	7.00%	8.00%	8.00%	8.00%	8.00%
- Third year following the valuation	8.00%	7.75%	12.00%	7.00%	8.00%	8.00%	8.00%	8.00%
- Long term increase	13.00%	7.75%	12.00%	7.00%	13.00%	8.00%	13.00%	8.00%
Expected rate of increase in pension	8.20%	3.50%	-	-	-	-	-	-
Expected retirement age	60 years	60 years	60 years	60 years	60 years	60 years	60 years	60 years

Expected return on plan assets has been determined considering the expected risk adjusted returns available on the assets underlying the current investment policy.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

21.1.13 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 2019 consists of national savings scheme and government securities. The Company believes that national savings scheme offers the best returns over the long term with an acceptable level of risk.

21.1.14 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 2020 is expected to amount to Rs. 134.12 million.

The actuary conducts separate valuations for calculating contribution rates and the Company contributes to the pension, gratuity and medical benefit funds according to the actuary's advice. Expense of the defined benefit plan is calculated by the actuary.

21.2 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%	(296,423)	323,583
Future salary increases	0.5%	46,645	(44,669)
Future pension increases	0.5%	244,598	(227,146)
Future medical increases	0.5%	6,991	(6,776)

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, 2019

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

	← 2019	2018	2017	2016	→ 2015
	(Rupees in thousand)				
21.3 Historical information					
Pension fund					
Present value of defined benefit obligation	4,725,044	4,918,941	5,027,689	4,868,824	4,621,263
Fair value of plan assets	(4,670,856)	(4,845,227)	(5,004,088)	(4,655,402)	(4,074,750)
Deficit in the plan	<u>54,188</u>	<u>73,714</u>	<u>23,601</u>	<u>213,422</u>	<u>546,513</u>
Experience Adjustments					
(Gain) / loss on obligation	(266,600)	(136,286)	64,714	52,626	131,331
(Loss) / gain on plan assets	(220,720)	(191,458)	155,332	12,916	(51,549)
Medical Benefit					
Present value of defined benefit obligation	1,309,292	1,303,407	1,256,203	1,192,467	911,422
Fair value of plan assets	(1,130,506)	(1,096,084)	(1,078,902)	(983,574)	(930,494)
Deficit / (surplus) in the plan	<u>178,786</u>	<u>207,323</u>	<u>177,301</u>	<u>208,893</u>	<u>(19,072)</u>
Experience Adjustments					
(Gain) / loss on obligation	(69,352)	(17,331)	7,879	221,956	(23,909)
(Loss) / gain on plan assets	(8,592)	(25,212)	22,029	(10,940)	(3,932)
Gratuity fund - Non-management					
Present value of defined benefit obligation	185,944	168,163	160,825	164,844	171,785
Fair value of plan assets	(125,608)	(105,347)	(96,903)	(124,986)	(123,834)
Deficit in the plan	<u>60,336</u>	<u>62,816</u>	<u>63,922</u>	<u>39,858</u>	<u>47,951</u>
Experience Adjustments					
(Gain) / loss on obligation	(2,278)	(4,597)	26,496	(13,638)	(5,589)
(Loss) / gain on plan assets	(428)	(944)	25	(2,275)	(5,494)
Gratuity fund - management					
Present value of defined benefit obligation	45,961	38,532	24,040	12,678	6,292
Fair value of plan assets	(61,579)	(44,800)	(29,508)	(17,595)	(9,619)
Surplus in the plan	<u>(15,618)</u>	<u>(6,268)</u>	<u>(5,468)</u>	<u>(4,917)</u>	<u>(3,327)</u>
Experience Adjustments					
Loss on obligation	(8,491)	1,647	3,400	1,295	221
Loss on plan assets	(291)	(788)	(103)	(192)	(272)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

21.4 The Company's contributions toward the provident fund for the year ended June 30, 2019 amounted to Rs. 49.67 million (2018: Rs. 47.58 million).

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

	No. of years
Pension fund	8.81
Gratuity fund - Non-management	8.66
Medical fund	11.7
Gratuity fund - Management	17.42

21.6 Figures in this note are based on the latest actuarial valuation carried out as at June 30, 2019.

21.7 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.

	2019	2018
	(Rupees in thousand)	
22. TRADE AND OTHER PAYABLES		
Trade creditors	9,851,697	13,853,258
Due to Government of Pakistan - note 22.1	756,362	815,589
Due to related parties:		
- Attock Petroleum Limited	23,393	15,430
- Pakistan Oilfields Limited	414,427	83,246
Accrued liabilities - note 22.2	1,876,057	1,690,269
Surplus price differential payable - note 22.3	7,582	388,940
PMG-RON differential payable - note 22.4	54,495	464,569
Custom duty payable - note 22.5	1,719,988	1,763,670
Retention money	120,703	132,733
Deposits from contractors - note 22.6	51,225	54,419
Advances from customers - note 22.7	226,236	190,614
Workers' Welfare Fund	80,917	81,923
Income tax deducted at source	9,071	9,179
Excise duty and petroleum levy	1,221,012	998,875
Others	5,090	8,275
	<u>16,418,255</u>	<u>20,550,989</u>

22.1 This includes Rs. 512 million (2018: Rs. 587 million) in respect of discount and windfall payable on purchase of local crude oil.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

22.2 The Honorable High Court of Sindh through its judgement dated October 26, 2016 held the GIDC Act, 2015 as ultra vires to the Constitution. The Government being aggrieved, preferred Appeal against this order before the Divisional Bench of Sindh High Court in relation to one particular Company.

The Divisional bench suspended the operations of the judgement and it was later clarified that suspension of operation of the judgement is for such particular company and it is not applicable for other companies. However, considering that GIDC Act, 2015 is still under litigation, NRL continued to provide for GIDC, which amounts to Rs. 911.62 million (2018: Rs. 705.54 million) included in accrued liabilities.

22.3 This represents amount payable in respect of surplus of High Speed Diesel (HSD) price as per Pakistan State Oil Limited's (PSO) actual import price excluding ocean losses over HSD price based on import price parity formula in accordance with the Economic Coordination Committee's decision dated February 26, 2013. However, since the Company's Diesel Hydro De-sulphurisation project has successfully commenced operations on June 21, 2017, the related liability is no longer recorded from the commencement date.

22.4 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.

22.5 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 will 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 of such mechanism and adjusted the regulatory duty on regulated products in the trade payables and in case of regulatory duty on deregulated products in the sales and cost of sales respectively.

During the year, as per approved regulatory duty mechanism, Refinery Regulatory Duty (RRD) committee of OCAC determined RRD factor per litre based on five months of August 2018 to December 2018 which was recovered through adjustment in monthly petroleum products prices.

However, after preliminary implementation of the said mechanism, due to practical implications, a revised procedure was devised by OGRA where recovery is made directly from refinery without any adjustment of RRD factors in respective petroleum product prices.

22.6 This represents amount received from customers / contractors of the Company as a security deposit with reference to the contracts. Such amounts are kept in a separate bank account.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

22.7 Advance received from customer is recognised as revenue when the performance obligation in accordance with the policy as described in note - 3.18 is satisfied.

	2019	2018
	(Rupees in thousand)	
Opening balance	190,614	477,850
Revenue recognised during the year	(20,470,279)	(16,555,094)
Advance received during the year	20,505,901	16,267,858
Closing balance	<u>226,236</u>	<u>190,614</u>

23. UNPAID DIVIDEND

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

24. ACCRUED MARK-UP

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

	2019	2018
	(Rupees in thousand)	
Duties and taxes - note 25.1	29,006	29,006
Others - note 25.2	83,355	83,355
	<u>112,361</u>	<u>112,361</u>

25.1 This represents provision made by the Company in respect of sales tax and central excise duty aggregating to Rs. 29.01 million (2018: 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.

25.2 This includes Rs. 55.62 million (2018: Rs. 55.62 million) in respect of sales tax and excise duty on account of purchases of crude oil and drums.

26. BORROWINGS

	2019	2018
	(Rupees in thousand)	
Running finance under mark-up arrangements - note 26.1	16,250,898	1,340,273
Financing under Tijarah arrangement - note 26.2	4,757,000	-
Short term loan - note 26.3	4,000,000	-
	<u>25,007,898</u>	<u>1,340,273</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

- 26.1 The facilities for running finance under mark-up arrangements with various banks amounted to Rs. 17.65 billion (2018: Rs. 7.95 billion) of which the amount remaining unutilised at the year end was Rs. 1.40 billion (2018: Rs. 6.61 billion). The rates of mark-up applicable on running finance ranges from 0.15% to 1.10% above KIBOR (2018: KIBOR + 0.2%-0.25%) per annum.
- 26.2 This represents Tijarah arrangement from an Islamic bank amounting to Rs. 5 billion of which Rs. 0.24 billion remain unutilized as at the year end. The rate of mark-up applicable is based on three months KIBOR + 0.15% per annum.
- 26.3 This represents short term loan obtained on weekly rollover basis from a commercial bank amounting to Rs. 4 billion. The rate of mark-up applicable on this loan is based on 1 week KIBOR + 0.10% per annum.
- 26.4 The facilities for opening the letters of credit and guarantees as at June 30, 2019 amounted to Rs. 56.57 billion (2018: Rs. 58.16 billion) of which the amount remaining unutilised at the year end was Rs. 41.90 billion (2018: Rs. 39.66 billion).
- 26.5 These facilities are secured against ranking charge on the Company's stocks, receivables and other current assets.

27. CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

- 27.1.1 Claims not acknowledged by the Company as debt at the end of the year amounted to Rs. 4.51 billion (2018: Rs. 4.48 billion). These include claims accumulating to Rs. 4.34 billion (2018: Rs. 4.32 billion) in respect of late payment surcharge claimed by crude oil suppliers and Rs. 49.64 million (2018: Rs. 49.64 million) relating to freight claims.
- 27.1.2 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 (2018: Rs. 5.07 billion). However, these have not been recognised in the financial statements as these claims have not been acknowledged by the OMCs.
- 27.1.3 The Finance Act, 2017 introduced section 5A which imposes tax on every public company at the rate of 7.5% of its accounting profit before tax for the year. However, this tax shall not apply in case of a public company which distributes at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares. In 2018, the Company distributed dividend at the rate of Rs. 22.50 per share amounting to Rs. 1.80 billion pertaining to the year ended June 30, 2017, which is less than 40% of after tax profits and is exposed to a tax liability of Rs. 624 million.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The Company has filed a petition in the High Court of Sindh challenging the applicability of the above mentioned tax. Among other grounds of appeal, the Company has taken a position that its after tax profits for the purpose of the said section should be taken after deduction of transfer to Special Reserves (which is made in accordance with the approved import parity pricing formula approved by the Economic Coordination Committee), as this amount is not available for distribution as dividend. The High Court of Sindh has granted interim stay order to the Company in this regard. The Company, based on the advice of their consultants, believes that even if only this contention is accepted, then the Company is not exposed to any tax liability in this respect.

Further, on February 13, 2018, exemption was granted from the application of section 5A through addition of clause 103 in Part IV of Second Schedule, in case where a Company has an agreement with the Government on restriction of distribution of dividend.

27.2 Commitments

27.2.1 Commitments outstanding for capital expenditures as at June 30, 2019 amounted to Rs. 1.326 billion (2018: Rs. 1.374 billion).

	2019	2018
	(Rupees in thousand)	
28. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Local	196,942,406	170,841,034
Exports	12,474,851	13,375,218
	<u>209,417,257</u>	<u>184,216,252</u>
29. TRADE DISCOUNTS, TAXES, DUTIES, LEVIES AND PRICE DIFFERENTIAL		
Trade discounts	520,086	539,218
Sales tax	27,815,404	31,899,816
Excise duty	708	485
Petroleum levy	15,577,690	11,438,725
PMG-RON differential - note 22.4	349,268	335,980
Custom duty - note 22.5	4,247,904	3,017,088
	<u>48,511,060</u>	<u>47,231,312</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	(Rupees in thousand)	
30. COST OF SALES		
Opening stock of semi-finished products	3,252,580	2,100,989
Crude oil, condensate and drums consumed - notes 30.1, 30.2 and 22.5	162,547,921	125,540,380
Stores, spares and chemicals consumed	1,209,190	1,283,243
Salaries, wages and staff benefits - note 30.3	1,231,857	1,351,565
Staff transport and canteen	104,269	100,099
Fuel, power and water	3,935,393	3,691,978
Rent, rates and taxes	54,321	58,872
Insurance	314,780	220,436
Contract services	95,208	115,133
Repairs and maintenance	89,226	229,249
Reversal of provision for slow moving and obsolete stores, spares and chemicals	(12,743)	(8,472)
Reversal of provision for impairment of major spare parts and stand-by equipment	(637)	(3,351)
Depreciation - note 5.1	3,396,711	3,180,043
Amortisation of intangible assets - note 5.4	85,709	67,872
Professional charges	12,163	13,996
Consultancy charges	8,209	6,095
Security charges	20,823	22,029
Others	82,760	38,681
	173,175,160	135,907,848
Closing stock of semi-finished products - note 11	(4,965,023)	(3,252,580)
Cost of products manufactured	171,462,717	134,756,257
Opening stock of finished products	5,845,443	4,262,117
Closing stock of finished products - note 11	(11,952,823)	(5,845,443)
	(6,107,380)	(1,583,326)
	<u>165,355,337</u>	<u>133,172,931</u>
30.1 Crude oil, condensate and drums consumed		
Crude oil and condensate		
- Opening stock	3,529,638	4,567,911
- Purchases - note 30.2	166,821,883	123,950,611
- Closing stock - note 11	(8,750,748)	(3,529,638)
	161,600,773	124,988,884
Drums	947,148	551,496
	<u>162,547,921</u>	<u>125,540,380</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

30.2 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.

30.3 Includes Rs. 79.51 million (2018: Rs. 64.52 million) and Rs. 32.89 million (2018: Rs. 31 million) in respect of benefit and defined contribution plans respectively.

	2019	2018
	(Rupees in thousand)	
31. DISTRIBUTION COST		
Commission on local sales	479,466	401,259
Commission on export sales	123,714	134,126
Export expenses	81,977	78,381
Salaries and staff benefits - note 31.1	76,121	80,996
Depreciation - note 5.1	7,055	10,923
Security charges	31,254	33,043
Repairs and maintenance	203	1,203
Pipeline charges	5,272	7,081
Selling expenses	860	830
Postage and periodicals	913	2,806
Staff transport and canteen	4,732	4,345
Others	2,912	1,514
	<u>814,479</u>	<u>756,507</u>

31.1 Includes Rs. 7.57 million (2018: Rs. 6.15 million) and Rs. 2.88 million (2018: Rs. 2.80 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, 2019

	2019	2018
	(Rupees in thousand)	
32. ADMINISTRATIVE EXPENSES		
Salaries and staff benefits - note 32.1	483,252	524,745
Staff transport and canteen	30,577	32,355
Directors' fee	6,121	4,401
Rent, rates and taxes	6,415	6,748
Depreciation - note 5.1	49,836	39,085
Amortisation of intangible assets - note 5.4	1,058	1,987
Legal and professional charges	18,290	7,035
Printing and stationery	7,116	5,754
Contract services	57,442	68,633
Repairs and maintenance	61,144	56,554
Telecommunication	3,469	2,860
Electricity and power	4,533	4,054
Insurance	4,118	1,162
Travelling expenses	5,343	5,830
Postage and periodicals	6,602	6,896
Security charges	52,749	55,089
Others	33,499	40,006
	<u>831,564</u>	<u>863,194</u>

32.1 Includes Rs. 50.41 million (2018: Rs. 42.75 million) and Rs. 13.90 million (2018: Rs. 13.78 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, 2019

	2019	2018
	(Rupees in thousand)	
33. OTHER INCOME		
Income from financial assets		
Return / interest / mark-up on:		
- PLS savings and deposit accounts - note 33.1	55,027	140,279
- Gain on disposal of investments at fair value through profit or loss	-	40,121
- Secured loans to employees - note 7.1	363	430
	<u>55,390</u>	<u>180,830</u>
Others		
Handling and storage income	201,543	227,858
Hospitality income	71,427	90,228
Liabilities no longer payable written back	535	432
Sale of scrap and empties	17,534	14,555
Pipeline charges recovered	4,271	3,606
Rental income	7,643	7,025
Insurance rebate	3,784	3,196
Others	7,384	30,358
	<u>369,511</u>	<u>558,088</u>
33.1 This profit is earned from bank accounts under mark up arrangements maintained with conventional commercial banks.		
	2019	2018
	(Rupees in thousand)	
34. OTHER OPERATING EXPENSES		
Workers' Profits Participation Fund - note 15.5	-	48,785
Workers' Welfare Fund	10,133	19,590
Auditors' remuneration - note 34.1	6,358	7,761
Corporate Social Responsibility	300	400
Loss on disposal of property, plant and equipment	799	917
	<u>17,590</u>	<u>77,453</u>
34.1 Auditors' remuneration		
Audit fee	2,933	2,793
Taxation services	981	2,887
Fee for review of half yearly financial information, special reports and certifications	2,003	1,769
Out-of-pocket expenses	441	312
	<u>6,358</u>	<u>7,761</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	(Rupees in thousand)	
35. FINANCE COST		
Exchange loss - note 35.1	4,086,649	1,692,028
Mark-up on long term loan	1,795	27,922
Mark-up on running finance	1,194,047	44,158
Guarantee commission and service charges	830	862
Bank charges	2,428	645
	<u>5,285,749</u>	<u>1,765,615</u>

35.1 This is net of exchange gain on export sales amounting to Rs. 69.44 million (2018: Rs. 42.64 million). This exchange gain / loss relates to actual currency fluctuations and not by derivative financial instruments.

	2019	2018
	(Rupees in thousand)	
36. TAXATION		
Current - note 36.1 and 36.3	96,648	-
Deferred	(2,433,232)	(863,356)
	<u>(2,336,584)</u>	<u>(863,356)</u>

36.1 Current year tax charge has been offset against the tax credit under section 65B of the Income Tax Ordinance, 2001 on fixed asset additions which mainly includes additions in respect of the refinery upgradation project.

36.2 The Company computes tax liability based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available which can be analysed as follows:

	Note	Provision for taxation	Tax assessed
2018		-	-
2017		-	-
2016	36.2.1	2,444,554	3,118,819

36.2.1 The difference is mainly due to certain expenses and tax credits disallowed by the Federal Board of Revenue.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

36.3 Relationship between tax expense and accounting profit

	2019	2018
	(Rupees in thousand)	
Accounting (loss) / profit before taxation	<u>(11,029,011)</u>	<u>907,328</u>
Tax at the applicable tax rate of 29% (2018: 30%)	(3,198,413)	272,198
Tax effect of Final Tax Regime	397,077	163,495
Effect of tax credits	(38,731)	(751,869)
Effect of income taxable at lower rate	(443)	(6,440)
Effect of change in tax rate	503,926	(540,740)
Tax income for the year	<u>(2,336,584)</u>	<u>(863,356)</u>

37. (LOSS) / EARNINGS PER SHARE - basic and diluted

(Loss) / Profit after taxation (Rupees in thousand)	<u>(8,692,427)</u>	<u>1,770,684</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>(108.70)</u>	<u>22.14</u>

There were no dilutive potential ordinary shares in issue as at June 30, 2019 and 2018.

	2019	2018
	(Rupees in thousand)	
38. CASH GENERATED FROM OPERATIONS		
(Loss) / profit before taxation	(11,029,011)	907,328
Adjustment for non cash charges and other items:		
Depreciation and amortisation	3,540,369	3,299,910
Markup on long term loan and running finance	1,195,842	72,080
Provision for staff retirement benefit funds	137,488	113,414
Loss on disposal of property, plant and equipment	799	917
Reversal of provision for slow moving and obsolete stores, spares and chemicals	(12,743)	(8,472)
Reversal of provision for impairment of major spare parts and stand-by equipments	(637)	(3,351)
Return on investments and bank accounts	(55,027)	(180,400)
Change in working capital - note 38.1	(14,828,249)	(2,978,369)
	<u>(21,051,169)</u>	<u>1,223,057</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	(Rupees in thousand)	
38.1 Change in working capital		
(Increase) / decrease in current assets		
Stores, spares and chemicals	(57,964)	(584,786)
Stock-in-trade	(13,040,933)	(1,696,644)
Trade receivables	487,165	(1,953,340)
Loans and advances	26,853	6,023
Trade deposits and short-term prepayments	(17,695)	(2,902)
Other receivables	1,907,059	(2,895,503)
	<u>(10,695,515)</u>	<u>(7,127,152)</u>
(Decrease) / Increase in current liabilities		
Trade and other payables	<u>(4,132,734)</u>	4,148,783
	<u>(14,828,249)</u>	<u>(2,978,369)</u>
39. CASH AND CASH EQUIVALENTS		
Cash and bank balances	978,680	541,837
Short term borrowings - note 26	<u>(25,007,898)</u>	<u>(1,340,273)</u>
	<u>(24,029,218)</u>	<u>(798,436)</u>

40. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2019			2018		
	Chief Executive	Executive Director	Executives	Chief Executive	Executive Director	Executives
	(Rupees in thousand)					
Managerial remuneration	14,069	2,986	126,806	18,217	9,152	126,462
Bonus	5,046	1,800	17,322	6,880	2,804	34,889
Retirement benefits	1,678	720	20,934	-	2,090	20,852
House rent	5,199	1,080	44,421	6,532	3,134	44,635
Conveyance	283	129	6,342	231	327	5,473
Leave benefits	867	53	9,047	1,303	727	9,560
	<u>27,142</u>	<u>6,768</u>	<u>224,872</u>	<u>33,163</u>	<u>18,234</u>	<u>241,871</u>
Number of person(s)	<u>1</u>	<u>1</u>	<u>54</u>	<u>1</u>	<u>1</u>	<u>55</u>

40.1 In addition to the above, fee to two executive and five non-executive directors during the year amounted to Rs. 1.74 million (2018: Rs. 1.25 million) and Rs. 4.38 million (2018: Rs. 3.15 million) respectively.

40.2 The Chief Executive, director and some of the executives of the Company are provided with free use of the Company's cars and additionally, the Chief Executive, director 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, 2019

41. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

41.1 Financial assets and liabilities

	Interest/mark-up bearing			Non-interest/mark-up bearing			Total
	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	-	-	-	-	13,346	13,346	13,346
Amortised Cost							
Loans and advances	2,237	9,581	11,818	29,163	40,135	69,298	81,116
Deposits	-	-	-	19,652	30,265	49,917	49,917
Trade receivable	-	-	-	7,499,049	-	7,499,049	7,499,049
Accrued interest	-	-	-	14,215	-	14,215	14,215
Other receivables	-	-	-	317,126	-	317,126	317,126
Cash and bank balances	917,898	-	917,898	60,782	-	60,782	978,680
2019	<u>920,135</u>	<u>9,581</u>	<u>929,716</u>	<u>7,939,987</u>	<u>83,746</u>	<u>8,023,733</u>	<u>8,953,449</u>
2018	<u>464,543</u>	<u>11,747</u>	<u>476,290</u>	<u>10,373,180</u>	<u>72,723</u>	<u>10,678,712</u>	<u>11,155,002</u>
Financial liabilities							
Trade and other payables	-	-	-	14,062,580	-	14,062,580	14,062,580
Unclaimed dividend	-	-	-	65,278	-	65,278	65,278
Unpaid dividend	-	-	-	31,742	-	31,742	31,742
Accrued mark-up	-	-	-	365,037	-	365,037	365,037
Borrowings	25,007,898	-	25,007,898	-	-	-	25,007,898
2019	<u>25,007,898</u>	<u>-</u>	<u>25,007,898</u>	<u>14,524,637</u>	<u>-</u>	<u>14,524,637</u>	<u>39,532,535</u>
2018	<u>1,416,883</u>	<u>12,870</u>	<u>1,429,753</u>	<u>17,727,078</u>	<u>-</u>	<u>18,542,667</u>	<u>19,972,420</u>
On balance sheet gap							
2019	<u>(24,087,763)</u>	<u>9,581</u>	<u>(24,078,182)</u>	<u>(6,584,650)</u>	<u>70,400</u>	<u>(6,514,250)</u>	<u>(30,592,432)</u>
2018	<u>(952,340)</u>	<u>(1,123)</u>	<u>(953,463)</u>	<u>(7,936,678)</u>	<u>72,723</u>	<u>(7,863,955)</u>	<u>8,817,418</u>
OFF BALANCE SHEET ITEMS							
Commitments for capital expenditure							1,326,348
Letters of credit							14,188,328
Letters of guarantees							490,371
2019							<u>16,005,047</u>
2018							<u>19,879,259</u>

41.2 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 operations whereby profits after tax attributable to fuel segment in excess of 50% of the paid up capital as of July 1, 2002 attributable to fuel segment are transferred to special reserve.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

(ii) Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed to perform as contracted. The financial assets that are subject to credit risk amounted to Rs. 8.93 billion (2018: Rs. 11.08 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 a few sound organisations.

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

	2019	2018
	(Rupees in thousand)	
Loans and advances	81,116	112,458
Deposits	49,917	34,350
Trade receivable	7,499,049	7,986,163
Accrued interest	14,215	7,394
Other receivables	317,126	2,239,940
Cash and bank balances	978,680	541,837
	<u>8,940,103</u>	<u>10,922,142</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. Nil (2018: Rs. Nil) and financial liabilities include Rs. 7.73 billion (2018: Rs. 8.03 billion) which are subject to foreign currency risk.

As at June 30, 2019, 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. 0.77 billion (2018: Rs. 0.80 billion), mainly as a result of foreign exchange losses / gains on translation of US Dollar-denominated trade payables and trade debts.

(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.

(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 short term loan, Tijarah financing and running finance facility which is priced at 0.1% above one week KIBOR, 0.15% above three months KIBOR and 0.15% to 1.1% above KIBOR respectively.

(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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

42. SEGMENT INFORMATION

42.1 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.

42.2 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.

The financial information regarding operating segments is as follows:

	FUEL		LUBE		TOTAL	
	2019	2018	2019	2018	2019	2018
	(Rupees in thousand)					
Segment Revenue						
Revenue from external customers						
- local, net of discounts, taxes, duties, levies and price differential	110,944,362	90,353,178	37,486,984	33,256,544	148,431,346	123,609,722
- exports	11,166,474	12,949,767	1,308,377	425,451	12,474,851	13,375,218
	<u>122,110,836</u>	<u>103,302,945</u>	<u>38,795,361</u>	<u>33,681,995</u>	<u>160,906,197</u>	<u>136,984,940</u>
Inter-segment transfers	37,278,293	25,770,306	-	-	37,278,293	25,770,306
Elimination of inter-segment transfers	-	-	-	-	(37,278,293)	(25,770,306)
Net revenue from contract with customer	<u>159,389,129</u>	<u>129,073,251</u>	<u>38,795,361</u>	<u>33,681,995</u>	<u>160,906,197</u>	<u>136,984,940</u>
Segment results after tax	(9,594,696)	(2,205,836)	902,269	3,976,520	(8,692,427)	1,770,684
Other comprehensive income / (loss)	33,005	(19,926)	66,010	(39,853)	99,015	(59,779)
Total Comprehensive (Loss) / income	<u>(9,561,691)</u>	<u>(2,225,762)</u>	<u>968,279</u>	<u>3,936,667</u>	<u>(8,593,412)</u>	<u>1,710,905</u>
Segment assets	55,916,954	52,253,796	14,456,607	8,163,672	70,373,561	60,417,468
Unallocated assets	-	-	-	-	5,793,789	5,396,803
Total assets	<u>55,916,954</u>	<u>52,253,796</u>	<u>14,456,607</u>	<u>8,163,672</u>	<u>76,167,350</u>	<u>65,814,271</u>
Segment liabilities	23,436,357	20,822,131	18,564,214	1,320,947	42,000,571	22,143,078
Unallocated liabilities	-	-	-	-	293,310	419,656
Total liabilities	<u>23,436,357</u>	<u>20,822,131</u>	<u>18,564,214</u>	<u>1,320,947</u>	<u>42,293,881</u>	<u>22,562,734</u>
Other Segment Information:						
Capital expenditure	627,024	7,098,332	270,226	679,039	897,250	7,777,371
Unallocated capital expenditure	-	-	-	-	920,766	97,513
	627,024	7,098,332	270,226	679,039	1,818,016	7,874,884
Depreciation and amortisation	3,240,679	3,026,550	299,690	273,360	3,540,369	3,299,910
Gain on disposal of investments at fair value	-	13,374	-	26,747	-	40,121
Interest income	18,463	46,903	36,927	93,806	55,390	140,709
Interest expense	398,016	14,719	796,031	29,439	1,194,047	44,158
Non-cash expenses other than depreciation	(4,460)	(3,941)	(8,920)	(7,882)	(13,380)	(11,823)
Stock-in-trade written down	627,455	19,037	-	-	627,455	19,037

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

42.3 Incremental expenses of Diesel Hydro De-Sulphurisation (DHDS) and Isomerisation (ISOM) units have been charged to fuel segment in accordance with note 42.2 above.

42.4 The Company sells its manufactured products to Oil Marketing Companies (OMCs) and other organisations / institutions. Out of these, two (2018: two) of the Company's customers contributed towards 62.91% (2018: 67.06%) of the net revenues during the year amounting to Rs. 101.22 billion (2018: Rs. 91.86 billion) and each customer individually exceeds 10% of the net revenues.

43. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	2019	2018
		(Rupees in thousand)	
Associated companies			
	Sale of petroleum products - note 43.1.1	104,924,399	97,723,533
	Purchase of crude oil and condensate - note 43.1.2	1,127,634	374,841
	Price differential claim paid	47,746	59,131
	Rental income	6,238	5,771
	Hospitality and storage income	71,005	89,789
	Handling income	123,746	104,620
	Trade discounts and commission on sales	1,040,227	1,070,332
	Reimbursement of expenses made	4,585	744
	Reimbursement of expenses received	3,263	2,412
	Purchase of petroleum products	5,986	8,477
	Purchase of stores	651	-
	Dividend paid	407,829	917,616
Post employment staff benefit plans	Contributions	130,358	144,603
Key management employees compensation	Salaries and other employee benefits	53,377	74,077
	Post retirement benefits	3,122	2,576
	Directors' fees	6,121	4,401

43.1.1 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, 2019

- 43.1.2 Purchase of crude oil and condensate from associated companies is based on price mechanism provided in their respective Petroleum Concession Agreement till finalisation of Crude Oil / Condensate Sale and Purchase Agreements.
- 43.2 The related party status of outstanding balances as at June 30, 2019 is included in trade receivable, other receivables and trade and other payables. These are settled in the ordinary course of business.
- 43.3 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%

	Crude oil - throughput	
	Annual designed capacity	Actual throughput
	← (In Barrels) →	
44. CAPACITY		
2019 - note 44.1	<u>21,466,500</u>	<u>16,513,525</u>
2018	<u>21,466,500</u>	<u>18,196,899</u>

- 44.1 Actual throughput is less than the designed capacity due to day to day monitoring of throughput based on expected product margins.

45. NUMBER OF EMPLOYEES	2019	2018
Number of employees including contractual employees at June 30	<u>*1171</u>	<u>*1258</u>
<i>* This includes 657 (2018: 654) number of factory employees</i>		
Average number of employees including contractual employees during the year	<u>**1215</u>	<u>**1174</u>
<i>** This includes 656 (2018: 562) number of factory employees</i>		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

46. EVENTS OCCURRING AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The Board of Directors in its meeting held on 29 July, 2019 (i) approved transfer of Rs. Nil (2018: Rs. 900 million) from unappropriated profit to general reserve; and (ii) proposed a final cash dividend of Rs. Nil (2018: Rs. 10) per share for the year ended June 30, 2019 amounting to Rs. Nil (2018: 799.67 million).

47. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on July 29, 2019 by the Board of Directors of the Company.

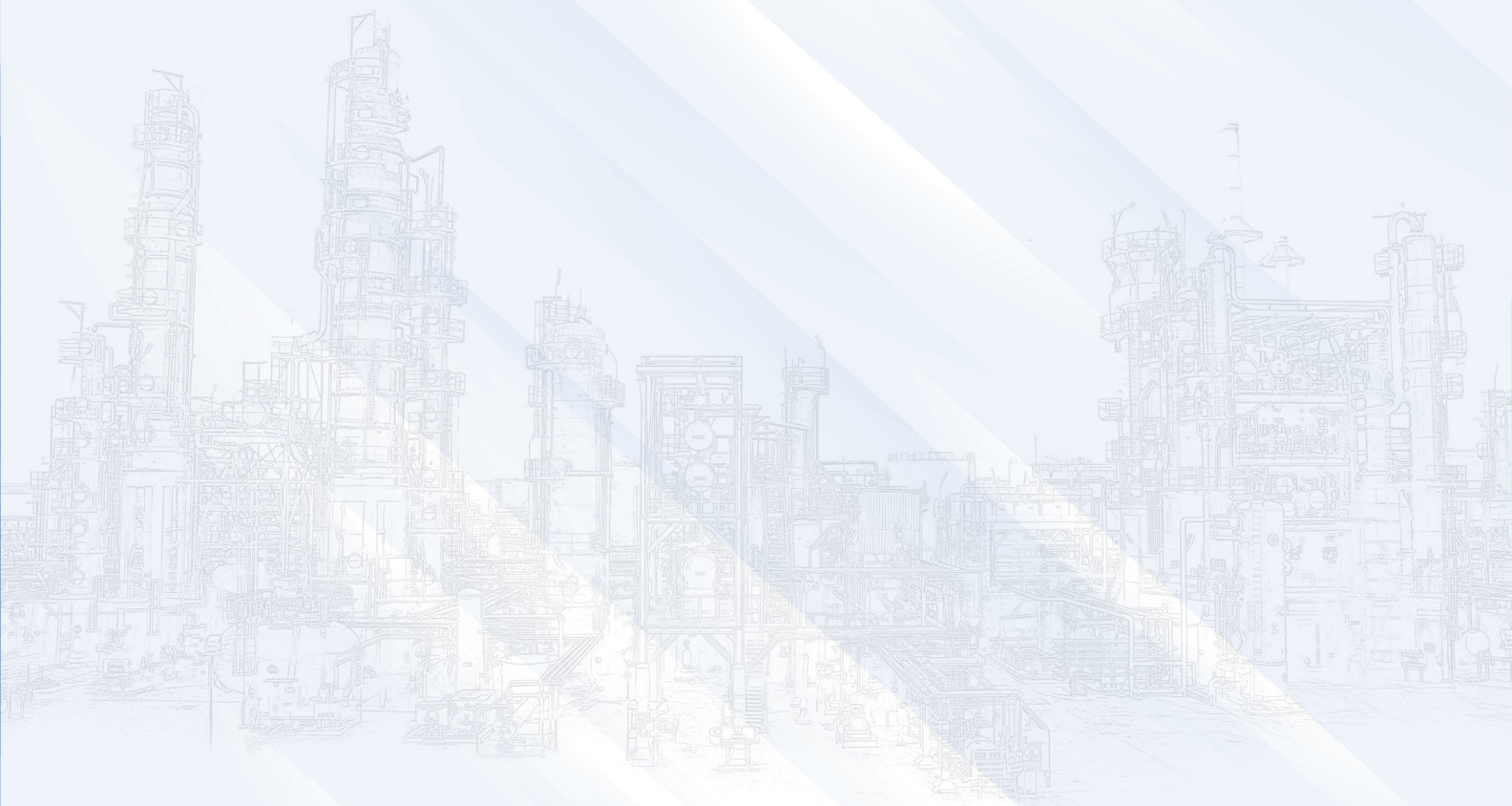


Chief Financial Officer

Chief Executive

Director

Pattern of Shareholding, Notice & Forms



PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2019

FORM 34

NUMBER OF SHARES		NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	% ON ISSUED
FROM	TO			
1	100	1804	82,834	0.10
101	500	1679	491,316	0.61
501	1000	806	650,238	0.81
1001	5000	1146	2,736,278	3.42
5001	10000	218	1,629,369	2.04
10001	15000	71	872,024	1.09
15001	20000	31	536,207	0.67
20001	25000	23	522,474	0.65
25001	30000	19	528,796	0.66
30001	35000	8	267,686	0.33
35001	40000	10	389,262	0.49
40001	45000	8	335,740	0.42
45001	50000	2	97,200	0.12
50001	55000	2	104,000	0.13
55001	60000	5	295,754	0.37
60001	65000	3	189,624	0.24
65001	70000	4	274,990	0.34
70001	75000	3	219,031	0.27
75001	80000	2	157,600	0.20
80001	85000	1	84,900	0.11
85001	90000	2	173,200	0.22
90001	95000	2	188,100	0.24
95001	100000	1	100,000	0.13
100001	105000	1	105,000	0.13
115001	120000	1	120,000	0.15
120001	125000	2	250,000	0.31
130001	135000	1	131,400	0.16
145001	150000	2	296,650	0.37
185001	190000	2	370,985	0.46
190001	195000	1	194,000	0.24
205001	210000	1	205,900	0.26
215001	220000	1	219,400	0.27
225001	230000	1	228,400	0.29
230001	235000	1	233,900	0.29
245001	250000	2	497,400	0.62
265001	270000	2	534,708	0.67
285001	290000	1	287,800	0.36
315001	320000	1	316,160	0.40
330001	335000	1	334,829	0.42
350001	355000	1	352,000	0.44
360001	365000	1	361,185	0.45
445001	450000	2	895,584	1.12
455001	460000	2	911,055	1.14
475001	480000	1	480,000	0.60
490001	495000	1	495,000	0.62
500001	505000	1	502,363	0.63
505001	510000	1	506,450	0.63
520001	525000	1	522,503	0.65
695001	700000	1	700,000	0.88
745001	750000	1	749,250	0.95
795001	800000	2	1,597,615	2.00
1065001	1070000	1	1,067,301	1.33
3585001	3590000	1	3,589,819	4.50
11995001	12000000	1	12,000,000	15.00
19990001	19995000	2	39,983,280	50.00
		<u>5891</u>	<u>79,966,560</u>	<u>100.00</u>

CATEGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2019

Categories	Percentage %	Number of Shareholders	Number of Shares held
Directors, Chief Executive Officer, and their spouse(s) and minor children	0.01	6	10,807
Associated Companies	50.00	2	39,983,280
NIT and ICP	2.84	9	2,274,123
Banks, Development Financial Institutions and Non Banking Financial Institutions	1.81	31	1,446,146
Insurance Companies	6.27	15	5,011,653
Modarabas and Mutual Funds	0.67	18	534,041
Shareholders holding 10%			
- Islamic Development Bank, Jeddah	15.00	1	12,000,000
General Public - Local	15.61	5,659	12,483,286
Joint Stock Companies	1.26	27	1,008,355
Foreign Investors - other than Individual	1.74	12	1,393,441
Others	4.79	111	3,821,428
	100.00	5,891	79,966,560

Associated Companies

Attock Refinery Limited	19,991,640
Pakistan Oilfields Limited	19,991,640

Mutual Funds (as per LOBO* from CDC)

CDC - TRUSTEE ATLAS STOCK MARKET FUND	42,400
CDC - TRUSTEE AKD INDEX TRACKER FUND	5,493
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	58,900
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	86,500
CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFAT FUND	84,900
CDC - TRUSTEE KSE MEEZAN INDEX FUND	57,448
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	300
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	3,500
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	28,600
CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	13,100
CDC - TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	61,800
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	9,500
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	200
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	39,200
CDC - TRUSTEE NIT - EQUITY MARKET OPPORTUNITY FUND	455,055
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,067,301
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	5,000
CDC - TRUSTEE NAFA ISLAMIC ENERGY FUND	32,700

* List of Beneficial Owner Report

Categories	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. Tariq Iqbal Khan		10,801
Mr. Abdus Sattar		1
Mr. Babar Bashir Nawaz		1
Executives		8,758
Public Sector Companies and Corporations		4,804,749
Bank, DFIs, NBFCs, Insurance Companies, Takaful, Modarabas and Pension Funds		7,926,944
Shareholders holding 5% 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

Mr. Zakir Mujahid Qureshi, Mr. Abdus Sattar and Mr. Mudassir-ul-Islam, Executives and Ms. Mozaina Lodhi, daughter of Mr. Amin Lodhi, an executive purchased 100 shares each during the year.

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 Finance Division.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **Fifty Sixth (56th) Annual General Meeting** of National Refinery Limited will be held on Thursday, September 26, 2019 at 1500 hours at Marriott Hotel, Karachi 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, 2019 together with the Reports of the Board and the Auditors thereon.
2. To appoint Company's auditors for the year ending June 30, 2020 and to fix their remuneration.
3. To transact such other business as may be placed before the meeting with the permission of the Chairman.

By Order of the Board

Nouman Ahmed Usmani
Company Secretary

Karachi:

Dated: September 03, 2019

NOTES:

1. CLOSURE OF SHARE TRANSFER BOOK

The Register of Members of the Company will remain closed and no transfer of shares will be accepted for registration from September 19, 2019 to September 26, 2019 (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 Shakra-e-Faisal, Karachi-74400.

Telephone (Toll Free) 0800-23275 / Fax: (92-21) 34326053

Email: info@cdcsrsl.com / Website: www.cdcsrsl.com

at the close of business on **September 18, 2019** will be treated in time for the purpose of determination of entitlement to the transferees.

2. FOR APPOINTING PROXIES

A member entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint a proxy to attend, speak and vote instead of him/her. A proxy need not be a member.

Proxy in order to be effective must be duly signed, witnessed, stamped and deposited at the office of the Share Registrar not less than 48 hours before the meeting.

The shareholder/proxy shall produce his/her original CNIC or passport at the time of the meeting. Members registered on CDC are also requested to bring their particulars, I.D. numbers and account numbers in CDS.

CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. FOR ATTENDING THE MEETING:

- In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account, and their registration details are uploaded as per the CDC Regulations, shall authenticate his identity by showing his original Computerised National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- 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.

B. FOR APPOINTING PROXIES:

- In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account, and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirements.
- The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of CNIC or the passport, of the beneficial owners and the proxy shall be furnished with the proxy form.

- The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

3. VIDEO-LINK FACILITY

At least seven days prior to the date of the 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.

4. FORM OF PROXY

Form of proxy is annexed at the end of annual report as well as available at Company's website i.e., www.nrlpak.com.

5. CHANGE OF ADDRESS

Members are requested to promptly notify to the Company's Share Registrar of any change in their addresses.

6. COMPUTERIZED NATIONAL IDENTITY CARD NUMBER / NATIONAL TAX NUMBER

In compliance with regulatory directives issued from time to time, members who have not yet provided their Computerized National Identity Card (CNIC) Numbers and/or National Tax Numbers (NTN), as the case may be, are requested to kindly provide copies of their valid CNIC and/or NTN certificates at the earliest as follows:

- The shareholders who hold Company's shares in physical form are requested to submit the above information to the Share Registrar at the address mentioned above.
- Shareholders maintaining their shareholdings under Central Depository System (CDS) are advised to submit the above information directly to relevant Participant/CDC Investor Account Service.

7. PAYMENT OF CASH DIVIDEND ELECTRONICALLY – COMPULSORY

Members of the Company are hereby requested to comply with the provisions of Section 242 of the Companies Act, 2017 and provide the particulars of their bank accounts through

E-Dividend Form (annexed at the end of annual report as well as available at Company's website i.e., www.nrlpak.com) as effective from November 06, 2017 dividends payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders instead of through issuance of Dividend Warrants. In the absence of bank account details or in case of incomplete details, the Company will be constrained to withhold the payment of cash dividend, if any, of those shareholders who have not provided the same.

8. DEDUCTION OF INCOME TAX AT REVISED RATES

The rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 from dividend payment, if any, effective July 1, 2019 are as follows:

1.	Rate of tax deduction for persons appearing in Active Taxpayer List (ATL)	15%
2.	Rate of tax deduction for persons not appearing in Active Taxpayer List (ATL)	30%

In case of Joint account, each holder is to be treated individually as appearing in ATL or not appearing in ATL and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrar, or if not so notified, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio/CDS Account No.	Total shares	Principal shareholder		Joint shareholder	
			Name & CNIC No.	Shareholding proportion (No. of shares)	Name & CNIC No.	Shareholding proportion (No. of shares)

The CNIC/NTN number is now mandatory and is required for checking the tax status as per the Active Taxpayer List issued and updated by the Federal Board of Revenue (FBR) in a timely manner.

9. EXEMPTION FROM DEDUCTION OF INCOME TAX/ZAKAT

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax exemption certificate or necessary documentary evidence as the case may be. Members desiring non-deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat.

10. UNCLAIMED SHARES / DIVIDEND TO VEST WITH THE FEDERAL GOVERNMENT

Members of the Company are informed that in compliance with the provisions of Section 244 of the Companies Act, 2017, shares / dividend which remain unclaimed or unpaid for a period of three years from the date it is due and payable will be vested with the Federal Government after lapse of the time period as prescribed by the Securities and Exchange Commission of Pakistan (SECP), if no claim is made by respective members. Accordingly, all those members whose shares / dividend remain unclaimed or unpaid for the mentioned period are once again requested to lodge their claims as the Company has already dispatched notices in this respect to all such shareholders at their last known addresses, where available with the Company.

11. AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON COMPANY'S WEBSITE

The audited financial statements of the Company for the year ended June 30, 2019 have been placed at the Company's website www.nrlpak.com.

12. TRANSMISSION OF ANNUAL REPORT ELECTRONICALLY

The SECP vide SRO 787 (1)/2014 dated September 08, 2014 has provided an option for shareholders to receive audited financial statements along with notice of annual general meeting electronically through email. Accordingly, members who are interested in receiving the annual reports and notice of annual general meeting electronically in future are requested to send their email addresses on the consent form placed on the Company's website www.nrlpak.com, to the Company's Share Registrar. The Company shall, however additionally provide hard copies of the annual report to such members, on request, free of cost.

13. DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNT

The Shareholders having physical shareholding may open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into script-less form, this will facilitate them in many ways including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the stock exchange. Further, Section 72 of the Act states that after the commencement of the Act from a date notified by the SECP, a company having share capital, shall have shares in book-entry form only. Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of the Act.

14. REGISTRATION WITH FEDERAL BOARD OF REVENUE

The Federal Board of Revenue has initiated a drive to widen the tax net of the country. It is essential for the success of this effort that large tax payers facilitate FBR in this respect. Therefore, all shareholders who are not already registered with FBR are requested to get themselves registered, wherever applicable.

15. 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.

آڈٹ کمیٹی

آڈٹ کمیٹی تین ارکان پر مشتمل ہے۔ 30 جون 2019 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 طارق اقبال خان - چیئرمین	۴	۳
جناب بابر بشیر نواز (متبادل ڈائریکٹر برائے جناب وائل جی فرعون)	۴	۴
جناب عبدالستار	۴	۴

ڈائریکٹرز کی ریمونیٹیشن 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 شرکت کے لئے کوئی معاوضہ ادا نہیں کیا جائیگا۔ اسکے علاوہ، اجلاسوں میں شرکت کیلئے سفر، ہوٹل اور دیگر اخراجات ادا کئے جاتے ہیں۔

شیر ہولڈنگ کا خلاصہ

شیر ہولڈنگ کا خلاصہ صفحہ نمبر 110 پر دکھایا گیا ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسنز اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس اپنے کام سے سبکدوش ہو رہے ہیں اور خود کو دوبارہ تقرری کیلئے پیش کرتے ہیں۔ بورڈ آف ڈائریکٹرز تجویز کرتے ہیں کہ مالی سال ۲۰۲۰ کے اختتام کے لیے میسرز اے ایف فرگوسنز اینڈ کمپنی کو دوبارہ آڈیٹ مقرر کیا جائے۔

اظہار تشکر

بورڈ کمیٹی کی انتظامیہ اور اپنے ملازمین کی انتھک محنت کو سراہتے ہوئے ان کا تہہ دل سے شکر گزار ہے۔ بورڈ تمام صارفین، سپلائرز، غیر ملکی اور مقامی ٹھیکیداروں اور دیگر اسٹیک ہولڈرز کے مسلسل اعتماد کا مشکور ہے۔

بورڈ کی جانب سے



جمیل اے خان
چیف ایگزیکٹو آفیسر



ڈائریکٹر

29 جولائی، 2019

دہلی

مالی سال 2018-19 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 - چیئر مین ** متبادل ڈائریکٹر: جناب جمیل اے خان ** / جناب شعیب اے ملک	۵	۵
جناب وائل جی فرعون متبادل ڈائریکٹر: جناب بابر بشیر نواز	۵	۵
جناب شعیب اے ملک - چیئر مین ڈپٹی چیئر مین اور چیف ایگزیکٹو آفیسر ** / جناب لیٹ جی فرعون کیلئے متبادل ڈائریکٹر	۵	۵
جناب عبدالستار	۵	۵
جناب زکی محمد منصور - IDB کے نمائندے	۵	۱
جناب محمد نعیم - NIT کے نمائندے **	۲	۲
جناب ساجد نواز	۳	۳
جناب طارق اقبال خان	۵	۵
جناب جمیل اے خان - چیف ایگزیکٹو آفیسر	۳	۳

- * منعقدہ اجلاسوں کے دوران متعلقہ ڈائریکٹرز بورڈ پر تھے۔
** سال کے دوران چیئر مین / متبادل ڈائریکٹر / ڈپٹی چیئر مین اور چیف ایگزیکٹو آفیسر / ڈائریکٹر سے درخواست ہوئے۔
*** سال کے دوران متعلقہ اجلاس کے وقت کمپنی کے بورڈ پر موجود ڈائریکٹرز یا ان کے متبادل کی طرف سے شرکت کی گئی۔

ملازمین کے معاملات کی کمیٹی

ایچ آر کمیٹی چار ارکان پر مشتمل ہے۔ یکم جولائی، 2018 سے 30 جون، 2019 کی مدت کے دوران ارکان کی حاضری درج ذیل رہی:

ارکان کے نام	کل اجلاس	اجلاسوں میں شرکت
جناب طارق اقبال خان - چیئر مین	۱	۱
جناب عبدالستار	۱	۱
جناب بابر بشیر نواز (متبادل ڈائریکٹر برائے جناب وائل جی فرعون)	۱	۱
جناب جمیل اے خان - چیف ایگزیکٹو آفیسر	۱	۱

بورڈ آف ڈائریکٹرز کی تشکیل اور ان کے اجلاس

بورڈ سات ڈائریکٹرز اور ایک چیف ایگزیکٹو پر مشتمل ہے۔ بورڈ کی تشکیل سال بھر مندرجہ ذیل رہی:

قسم	نام
i	جناب طارق اقبال خان جناب زکی محمد منصور
ii	جناب لیٹ جی فرعون مقابلہ ڈائریکٹر: جناب شعیب اے ملک جناب وائل جی فرعون مقابلہ ڈائریکٹر: جناب بابر بشیر نواز جناب شعیب اے ملک جناب عبدالستار جناب ساجد نواز
iii	جناب جمیل اے خان

فی الحال کمپنی کے بورڈ پر کوئی خاتون ڈائریکٹر نہیں ہے۔



کاروباری نظم و نسق

کمپنی اچھے کاروباری نظم و نسق پر کاربند رہنے کا تھیجہ کئے ہوئے ہے اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 پر عمل پیرا ہے اور یہ بیان کرتا ہے کہ:

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے حالات، اس کے آپریشنز کے نتائج، ایکویٹی اور کیش فلو میں تبدیلی کی 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۔ موجودہ سال نئے منظور شدہ IFRS-9 'Financial Instruments' کو عمل پیرا کرتے ہوئے مالیاتی اثاثوں اور ذمہ داریوں کی درجہ بندی اور پیمائش کی پالیسی کو تبدیل کر دیا گیا ہے۔ تبدیلیوں کی تفصیلات مالیاتی گوشواروں کے نوٹ نمبر 4 میں بیان کی گئی 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 لسٹڈ کمپنی کی کاروباری تسلسل پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- 30 جون 2019 کو مختلف فنڈز کی سرمایہ کاری کی مالیت مندرجہ ذیل ہے:

ملین روپے (غیر آڈٹ شدہ)	تفصیل
	انتظامی عملے سے متعلق فنڈز
4,660	پینشن فنڈ
981	پراویڈنٹ فنڈ
1,131	بعد ریٹائرمنٹ میڈیکل فنڈ
62	گرہجویٹی فنڈ
	غیر انتظامی عملے سے متعلق فنڈز
126	گرہجویٹی فنڈ
504	پراویڈنٹ فنڈ

- ڈائریکٹرز گزشتہ سالوں میں ضابطہ برائے کاروباری نظم و نسق کے تحت پہلے سے ہی ڈائریکٹرز کے تربیتی پروگراموں میں شرکت کر چکے ہیں یا لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 میں شامل استثنائی کے معیار پر پورا اترتے ہیں۔
- کمپنی کے حصص میں بورڈ آف ڈائریکٹرز، سی ای او، 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۔

سرگرمیوں میں مسلسل، ایماندارانہ طور پر ماحولیاتی دیکھ بھال کو عملی جامہ پہنانے کیلئے دھیان مرکوز کئے ہوئے ہے۔ ایک اور سماجی ذمہ داری یہ ہے کہ این آر ایل عالمی ماحول کو محفوظ رکھنے کا احساس رکھتا ہے۔

ماحول دوست پہلو کو دیکھتے ہوئے یہاں فیول ریفاؤنڈری میں کامیابی کے ساتھ انرپری ہیٹر کی تنصیب اور کمیشننگ کا بیان قابل ذکر ہے جو کہ ایک ماحول دوست اور توانائی کی بچت کا منصوبہ ہے۔ مزید برآں، یہ منصوبہ گرین ہاؤس گیس کے اخراج اور کاربن فٹ پرنٹس کو کم کرنے میں مدد کریگا۔ این آر ایل نے تمام قابل اطلاق ماحولیاتی قواعد پر 100% عمل کیا ہے۔ کمپنی کے پاس آئی ایس او 14001:2015 (Environmental Management System)، Occupational Safety & Health Management System) 18001:2007 OHSAS اور آئی ایس او 9001:2015 (Quality Management System) کی ضروریات کے مطابق ایک جامع مربوط منجمنٹ سسٹم موجود ہے۔ ہم نے 30 جون 2019 تک بغیر کسی حادثے (ایل ٹی آئی) کے 31.70 ملین گھنٹے مکمل کیے ہیں۔

ہم اس بات کو یقینی بناتے ہیں کہ ہماری ریفاؤنڈنگ سرگرمیاں پیشہ ورانہ صحت کی حفاظت اور ماحولیاتی قوانین، کمپنی کے معیاری آپریٹنگ طریقہ کار اور محفوظ کام کے طریقوں کے مطابق ہیں جنکے ذریعہ ماحولیاتی تحفظ کا حصول کیا جاتا ہے۔

ہم سب پائیدار ترقی اور اپنے ارد گرد ماحولیاتی حالات کو بہتر بنانے کی کوشش سے آگاہ اور اسکے لئے پرعزم ہیں۔

قومی خزانے کو کی جانے والی ادائیگی

اس مالی سال کے دوران، کمپنی نے براہ راست اور بالواسطہ ٹیکسس کی مد میں 43.4 ارب روپے قومی خزانے میں جمع کرائے اور ٹیفٹھا اور لیوب ٹیکس کے تیل کی برآمد کے ذریعے 92.53 ملین امریکی ڈالر کا قیمتی زر مبادلہ 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۔ مختلف تکنیکی اور غیر تکنیکی شعبوں میں مختلف اسٹاف ممبرز نے متعدد کورسز اور ورک شاپس میں شرکت کی۔ عملی تربیتی پروگراموں کے علاوہ، کمپنی اپنے منجمنٹ ٹرینیز اور انپرنٹس شپ پروگراموں کے ذریعے ریفاؤنڈری آپریشن اور دیکھ بھال کے حوالے سے کتابی اور عملی تربیت فراہم کرتی ہے جو کہ نہ صرف کمپنی کی توسیع کے منصوبوں کے لئے تربیت یافتہ افرادی قوت کے اضافی تقاضوں کو پورا کرتی ہے بلکہ تیل صاف کرنے کی صنعت کے لئے تربیت یافتہ افرادی قوت کی دستیابی کا سبب بنتی ہے۔

انٹرنل فنانشل کنٹرول کا سسٹم

کمپنی اس بات کو یقینی بناتی ہے کہ مالی معاملات سمیت تمام سرگرمیوں کیلئے مناسب داخلی کنٹرولز موجود ہیں۔ کمپنی میں انٹرنل آڈٹ ڈیپارٹمنٹ 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 ڈیپارٹمنٹ کی رپورٹوں کا سہ ماہی بنیاد پر جائزہ لیتی ہے۔

پیش نظر خوف و خطرات

- 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۔ مصنوعات کی قیمتوں کے تعین میں ایک ماہ کا وقفہ قیمتوں کے بڑھتے ہوئے رجحان میں عموماً مارجنز کو کم کرتا ہے۔
- کمپنی کو خام مال کے سپلائرز کو ادائیگی غیر ملکی کرنسی میں کرنی ہوتی ہے جس میں پاکستانی روپے کی قدر میں کمی کی وجہ سے زر مبادلہ کے نقصان کا سامنا ہوتا ہے۔ اگر پاکستانی روپے کی قدر میں کمی کا حالیہ رجحان جاری رہا، تو اسکے نتیجے میں آنے والے عرصہ میں بھی زر مبادلہ کا بھاری نقصان ہو سکتا ہے۔

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۔ حال ہی میں، کمپنی نے 100,000 روپے خیراتی ٹرسٹ کو عطیہ کے طور پر دیے ہیں، اور 200,000 روپے تعلیم کی فروغ کیلئے دیے گئے ہیں۔
- کمپنی اس بات کیلئے پر عزم 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 ایمپلائمنٹ ریہیبیلیٹیشن اینڈ ویلفیئر ایکٹ ۲۰۱۴ (Sindh Employment Rehabilitation and Welfare Act 2014) کی ہدایت کی مطابق ملازمت دے رکھی ہے اور ایسے افراد کی کمپنی کی ملازمت میں کم تعداد رکھنے کے عوض میں معذور افراد کی بحالی کے لئے صوبائی کونسل برائے معذور افراد کو 11.47 ملین روپے کی ادائیگی بھی کر چکی ہے۔

ملازمین اور انتظامیہ کے تعلقات

انتظامیہ اور ملازمین بشمول یونین کے درمیان خوشگوار تعلقات برقرار رہے۔ حاصل کردہ پیداوار، اجتماعی اور مخلصانہ کوششوں کی عکاسی کرتی ہے۔ ملازمین کو اچھی صحت برقرار رکھنے کے مواقع فراہم کرنے کیلئے، کمپنی ریفارٹری کے احاطے میں کھیلوں کی سرگرمیوں کی مسلسل حوصلہ افزائی کرتی ہے تاکہ زندگی کی طرف صحت مندر رجحان کو فروغ ملے۔

پیشہ ورانہ زندگی میں صحت، حفاظت اور ماحول

ایک ذمہ دار کارپوریٹ ادارہ کے طور پر این آر ایل اپنے تمام بزنس آپریشنز میں ماحول کا خیال رکھنے کیلئے کوشاں ہے۔ ہم منفی ماحولیاتی اثرات کو محدود کرنے کیلئے اپنے ملازمین اور ٹھیکیداروں کے درمیان ایچ ایس ای ماحولیاتی ذمہ داری کو فروغ دینے کا عزم کرتے ہیں۔

کمپنی کی انتظامی پالیسی میں سے ایک بنیادی پالیسی صاف، محفوظ اور اعلیٰ معیار کی مصنوعات اور سروسز کو فراہم کرنے کیلئے کوشاں رہنا ہے۔ ہم یقین رکھتے ہیں کہ اس بنیادی پالیسی کا احساس ہماری کارپوریٹ سوشل ماحولیاتی ذمہ داری کو پورا کرنے کے مترادف ہے۔ لہذا، ادارہ کا ہر ایک رکن تمام آپریشنل

پرائسنگ فارمولا

کمپنی کا فیول سیگمنٹ حکومت کے امپورٹ پیریٹی پرائسنگ (Import Parity Pricing) فارمولے کے تحت ریگولیٹ کیا جاتا ہے۔ تاہم، یکم جون، ۲۰۱۱ء سے حکومت نے پیٹرول، ایوی ایشن فیول اور لائٹ ڈیزل آئل کی قیمتوں کو ڈیریگولیٹ کرتے ہوئے فیصلہ کیا کہ ریفائنریز کی متعین کردہ قیمتیں متعلقہ پراڈکٹ کی امپورٹ پرائس جو کہ پاکستان اسٹیٹ آئل کی گزشتہ ماہ کی اصل اوسط درآمدی قیمت بشمول انسڈینٹلز (incidentals) سے تجاوز نہیں کریں گی۔ ایسی صورت میں جب قیمتیں مہیا نہ کی جائیں تب ریفائنریز کو موجودہ امپورٹ پیریٹی پرائسنگ فارمولا کے مطابق اپنی قیمتوں کو طے کرنا ہوگا۔

امپورٹ پیریٹی پرائسنگ فارمولا کے مطابق فیول سیگمنٹ کے منافع کو یکم جولائی، ۲۰۰۲ء کے مطابق موجود ادا شدہ سرمایہ کے ۵۰ فیصد تک تقسیم کیا جاسکتا ہے اور باقی رقم کو اسپیشل ریزرو (special reserves) میں منتقل کیا جائیگا۔ ایگریڈیشن منصوبوں کی تکمیل تک ریفائنریز کو اسپیشل ریزرو سے نقصانات کو ایڈجسٹ کرنے کی اجازت نہیں ہے۔ اس معاملہ کو 'ڈاون اسٹریم پیٹرولیم پالیسی' سے متعلق ایک تجویز کے طور پر پہلے ہی اٹھایا جا چکا ہے تاکہ حکومت ڈیوڈنڈ کی تقسیم کی اس حد کو ختم کر سکے۔

کاروباری تعلقات

ہم سعودی آراکو اور ایڈناک 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 بروقت 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

کلیدی آپریٹنگ اور گزشتہ چھ سال (2014-2019) کی مالیاتی تفصیل صفحہ نمبر 41 پر دکھائی گئی ہے۔

ریفائنریز کی پیداواری صلاحیت

پیداواری صلاحیتوں کے تجزیہ کے مطابق، این آریل 21.47 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 کی متعدد درجوں کی پیداوار کرتا ہے۔

کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) کی جانب سے کمپنی کی طویل مدتی درجہ بندی AA+ (پچھلے چھ سالوں سے برقرار) ہے اور مختصر مدتی درجہ بندی A1+ (پچھلے پندرہ سالوں سے برقرار) ہے۔ یہ درجہ بندیاں مالیاتی وعدوں کی بروقت ادائیگی کی مضبوط صلاحیت رکھنے کی بناء پر کریڈٹ رسک کی بہت کم امید ظاہر کرتی ہیں۔

زیر تکمیل منصوبے

کمپنی مندرجہ ذیل منصوبوں کو فی الوقت جاری کیے ہوئے ہے:

لیوب۔ ون ریفاٹری میں ٹوائسٹینج یونٹ

اسکی منصوبہ بندی خام تیل کی پراسیدنگ صلاحیت کو 12,050 بیرل یومیہ پیداوار سے 17,000 بیرل یومیہ پیداوار اور ویکویوم فریکیشنیشن کی صلاحیت کو 5,200 بیرل یومیہ پیداوار سے 6,600 بیرل یومیہ پیداوار تک بڑھانے کیلئے کی گئی ہے۔ اسکا کانٹریکٹ چین کی میسرز HUALU اور M/s. China National Chemical Engineering No. 6 Construction Company of China کو ایوارڈ کر دیا گیا ہے اور اسکے جنوری 2020 تک مکمل ہونے کی امید ہے۔

فیول ریفاٹری اور یوٹیلٹی کے کنٹرول سسٹم کی مرکزی ڈسٹری بیوٹڈ کنٹرول سسٹم کے ساتھ تبدیلی

موجودہ فیول ریفاٹری اور یوٹیلٹی کے کنٹرول سسٹم کی مرکزی ڈسٹری بیوٹڈ کنٹرول سسٹم (ڈی سی ایس) کے ساتھ تبدیلی درست معیار کی پیداوار، اعلیٰ معیار کے پراسس کنٹرول، پراسس کی حفاظت اور ہنگامی بندش کو یقینی بنائے گا۔ یہ سسٹم پراسس کنٹرول اور پلانٹ پیرامیٹرز کی نگرانی، اپنی ضرورت کے مطابق رپورٹس اور لاگ شیٹس کی دستیابی، اور انسانی وسائل کے بہتر استعمال کو یقینی بنائے گا۔ یہ منصوبہ میسرز YOKOGAWA کو ایوارڈ کر دیا گیا ہے اور اسکے جنوری 2020 تک مکمل ہونے کی امید ہے۔

نیوسی واٹر ریورس اوسموسس پلانٹ

پانی کی اضافی ضروریات کو پورا کرنے کیلئے پہلے مرحلے کے منصوبوں کی تکمیل کے بعد 250,000 یو ایس گیلن یومیہ صلاحیت کے حامل نیوسی واٹر ریورس اوسموسس پلانٹ کی خریداری اور تنصیب کرنے کا منصوبہ ہے۔ یہ منصوبہ ترکی کی میسرز AQWAMATCH کو ایوارڈ کر دیا گیا ہے اور اسکے دسمبر 2019 تک مکمل ہونے کی امید ہے۔

تکمیل شدہ منصوبے۔ 2018-19

مالی مسائل کے باوجود آپ کی کمپنی نے سال 2018-19 میں کامیابی کے ساتھ مندرجہ ذیل منصوبہ مکمل کیا۔

101-ایف-1 اتر پری ہیٹر پراجیکٹ

فیول ریفاٹری میں اتر پری ہیٹر کی تنصیب ماحول دوست اور توانائی کی بچت کا منصوبہ ہے۔ مزید برآں، گرین ہاؤس گیس کا اخراج اور کاربن فٹ پرنٹس اس منصوبے کی وجہ سے کم ہو جاتے ہیں۔ اس منصوبہ کی کمیشننگ اگست 2018 میں 425 ملین روپے کی لاگت سے مکمل ہو چکی ہے۔

ڈیوڈ ڈیوٹی اس پلانٹ کو آسانی سے چلانے کیلئے ناگزیر ہے تاکہ متعلقہ اضافی لاگت کو وصول کیا جاسکے۔ منجنت کو اس بات کا بھی یقین ہے کہ مصنوعات کی قیمتوں کے تعین کے طریقہ کار کو ماہانہ سے کم از کم پندرہ یومیہ مدت سے تبدیل کرنا ریفرنری کے کاروبار کے استحکام کیلئے وقت کی ضرورت ہے۔ اسکے علاوہ، ملکی سطح پر پیٹرولیم مصنوعات کی کھپت میں کمی، جسکی وجہ سے کمپنی کی فروخت کا حجم بھی متاثر ہوتا ہے، ایک ایسا معاملہ ہے جو حکومت کی توجہ کا منتظر ہے تاکہ حکومتی سطح پر مناسب اقدامات کے ذریعہ ریگولیٹڈ شعبے کو سپورٹ کیا جاسکے۔ خام تیل اور مصنوعات کی قیمتوں میں اضافے، مصنوعات کی فروخت کے کم حجم کے ساتھ ساتھ روپے کی قدر میں کمی کو دیکھتے ہوئے، کمپنی نے اپنے تمام پیداواری یونٹس کو زیادہ سے زیادہ سطح پر آپریٹ کرنے میں ایک محتاط رویہ اپنایا ہوا ہے۔ انویسٹری میں اضافہ اور تارکول اور فرنس آئل کی مانگ میں کمی کو دیکھتے ہوئے، کمپنی متبادل ایونیوز بشمول برآمدی مارکیٹس کی تلاش کے عمل میں ہے۔

گزشتہ سال، آئل اینڈ گیس ریگولیٹری اتھارٹی (OGRA) نے ریگولیٹڈ مصنوعات سے متعلقہ خام تیل کی درآمد پر ریگولیٹری / کسٹم ڈیوٹی اور پی ایس او کی درآمدی قیمت پر مبنی پیٹرولیم مصنوعات (جو کہ ایچ ایس ڈی اور ایم ایس ہیں) کی فروخت سے ریگور ڈیوٹی کی سیٹلمنٹ کیلئے طریقہ کار منظور کیا ہے جو کہ "بغیر نفع / نقصان" کے اصول پر مبنی ہے۔ ای سی سی کے فیصلے کے مطابق، ڈی ریگولیٹڈ مصنوعات سے متعلقہ خام تیل پر ادا شدہ ڈیوٹی کسٹمز سے براہ راست چارج کی جائیگی۔ کیونکہ ریفرنری لاگت پر منحصر (cost plus) فارمولہ پہ کام نہیں کرتی ہیں، ہر اضافی لاگت کو مکمل طور پر کسٹمز سے چارج نہیں کیا جاسکتا، لہذا، ڈی ریگولیٹڈ مصنوعات خاص طور پر فرنس آئل کے مارکیٹ محرکات کی مطابقت، این آرائل کسٹمز سے ڈی ریگولیٹڈ مصنوعات کی فروخت پر خام تیل پر ڈیوٹی کے متعلقہ حصہ کو مکمل طور پر وصول نہیں کر پارہا ہے جسکے نتیجے میں کمپنی کی خام مال کی قیمت میں اضافہ ہو رہا ہے۔ حکومت کی جانب سے درآمد خام تیل کی ڈیوٹی کے ڈھانچے میں کسی بھی قسم کی کمی کمپنی کے لئے منافع بخش ہوگی۔ بہر حال، ملک کی موجودہ معاشی صورتحال میں ایسی کسی بھی تجویز پر غور نہیں کیا جا رہا۔

مستقبل کے منصوبے

ریفرنری کے منصوبے کثیر سرمایہ پر منحصر ہوتے ہیں لہذا موجودہ حالات میں ایک نئے منصوبہ کے آغاز کیلئے بہت محتاط رویہ کی ضرورت ہے۔ بہر حال، مندرجہ ذیل منصوبوں کی ممکنہ تنصیب کے لئے این آرائل نے اپنی اسٹڈی جاری رکھی ہوئی ہے۔

ہائیڈرو کرکیٹر

فرنس آئل کو قابل قدر مصنوعات میں تبدیل کرنے کیلئے ہائیڈرو کرکیٹر کی تنصیب کے منصوبہ کا جائزہ لیا جا رہا ہے۔ اس کا بنیادی انجینئرنگ ڈیزائن کچھ امریکہ کی میسرز UoP نے سال 2012 میں تیار کیا تھا۔ تاہم، یورو II معیار کی مصنوعات کی پیداوار کیلئے ڈیزل ہائیڈرو ڈیسلفیورائیزیشن اور آکسیسومرائیزیشن یونٹ کی تنصیب کے لئے حکومت پاکستان کی جانب سے اصرار کی بناء پر اس پراجیکٹ پر مزید کام نہیں کیا گیا۔ کمپنی اس منصوبہ کے تمام پہلوؤں کا جائزہ لے رہی ہے اور ملک کی بدلتی ہوئی معاشی صورتحال کے مطابق بہترین فیصلہ کرے گی۔

لیوب ون ریفرنری کا ٹرن اروٹ

ریفرنری کو چلاتے رہنے کیلئے ایک لازمی سرگرمی کے طور پر کمپنی لیوب ون ریفرنری کا ٹرن اروٹ سال 2019 کے اختتام تک کرے گی۔ اسکے نتیجے میں مسلسل دیکھ بھال کی ضروریات کے بغیر زیادہ بہتر سطح پر تسلسل کیساتھ پیداوار کی جاسکے گی۔ یہ ٹرن اروٹ لیوب ون ریفرنری کے ٹو اسٹیج یونٹ کے ریویسپ سے بھی منسلک ہے۔

منافع کا تصرف

2017-18 ملین روپے	2018-19 ملین روپے	تفصیل
1,745	-	تصرف کے لیے دستیاب منافع (دیگر جامع آمدنی سمیت)
900	-	منتقلی جنرل ریزرو
800	-	فائل ڈیویڈنڈ 0% (2018: 100%)

ڈیویڈنڈ

غیر مثالی نقصان کے باعث، بورڈ آف ڈائریکٹرز نے فیصلہ کیا ہے موجودہ سال کے لئے کسی قسم کے ڈیویڈنڈ کو زیر غور نہیں لایا جائیگا۔

کمپنی کا کاروبار

کمپنی تین ریفاؤنڈریوں کی مدد سے خام تیل صاف کرنے کے کاروبار میں مصروف عمل ہے جن کو 1966، 1977 اور 1985 میں کمیشن کیا گیا۔ 2005 میں کمپنی کی جڑکاری کی گئی جس کے نتیجے میں 51% حصص انک گروپ کی ملکیت میں ہیں۔

کمپنی کی تینوں ریفاؤنڈریوں کے دو کاروباری شعبہ جات "فیول سیگمینٹ" اور "لیوب سیگمینٹ" ہیں۔ فیول سیگمینٹ کی پیداوار میں ہائی سپیڈ ڈیزل، ہیفٹھا، موٹر گیسولین، 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، ربڑ بنانے کا تیل اور کچھ مقدار دیگر فیول پروڈکٹس شامل ہیں۔ تمام مصنوعات کی مارکیٹنگ مقامی طور پر کی جارہی ہے، سوائے ہیفٹھا اور کچھ مقدار لیوب بیس آئل کے جو برآمد کی جاتی ہیں۔

سال 2017 میں، کمپنی نے ڈیزل ہائیڈرو ڈی سلفیورائزیشن یونٹ کو کمیشن کیا اور یورو II معیاری ایچ ایس ڈی کی پیداوار شروع کی جبکہ ملک کی بڑھتی ہوئی طلب کو پورا کرنے کیلئے ہیفٹھا کو موٹر گیسولین میں تبدیل کرنے کیلئے آکسیمرائزیشن یونٹ کو کمیشن کیا۔

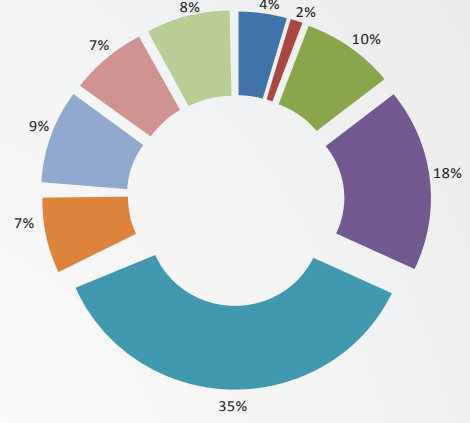
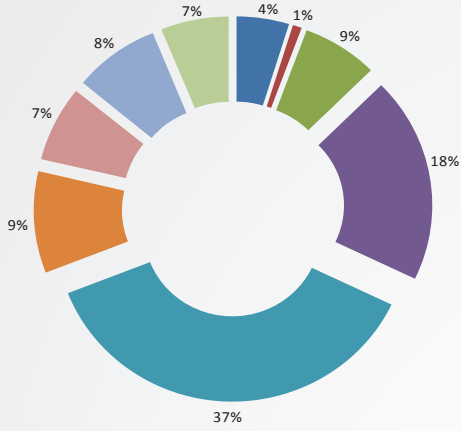
مستقبل کا منظر نامہ

منجھٹ آگے آنے والے چیلنجوں سے آگاہ ہے اور مسلسل ترقیاتی حکمت عملی تیار کر رہی ہے اور ان چیلنجوں کو پورا کرنے، منسلک رسک کو کم کرنے اور کاروباری استحکام کیلئے مناسب اقدامات اختیار کر رہی ہے۔ کمپنی کو درپیش اہم ترین چیلنجوں میں نئے کمیشن کئے گئے ڈی ایچ ڈی ایس اور آکسیمرائزیشن یونٹس کی اضافی آپریٹنگ لاگت بشمول ڈیپریسیشن اور امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی ہے جن کا کمپنی کی مالی پوزیشن اور منافع پہ نمایاں اثر ہوتا ہے۔ منجھٹ کے خیال کی مطابق ڈی ایچ ڈی ایس منصوبے کی تکمیل پر حکومت کی جانب سے ایچ ایس ڈی پر پہلے سے عزم شدہ 1.5% اضافی

2017-18

پیداوار کے حجم کا مرکب

2018-19



لیوب سیگمینٹ

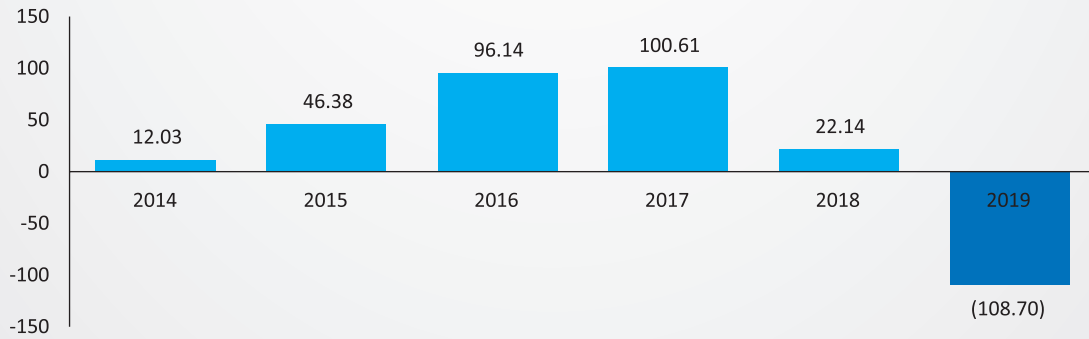
لیوب سیگمینٹ 0.90 ارب روپے کا نفع کمانے میں کامیاب رہا جبکہ گزشتہ سال کا منافع 3.98 ارب روپے تھا۔ لیوب سیگمینٹ میں فیڈ کی قیمت میں اضافہ اور مصنوعات کی قیمتوں میں غیر متناسب اضافہ کی وجہ سے مارجنز کم ہوئے۔ یہ سیگمنٹ تارکول کی فروخت کے 54% کم حجم کی وجہ سے مزید متاثر ہوا جو کہ سال کے اختتام تک انونٹری کے لیول کو 70,000 ایم ٹن تک لے گیا جسکی وجہ سے کمپنی کے ورکنگ کیپٹل میں 4.91 ارب روپے بلاک ہو گئے۔

فی حصص نقصان / آمدنی

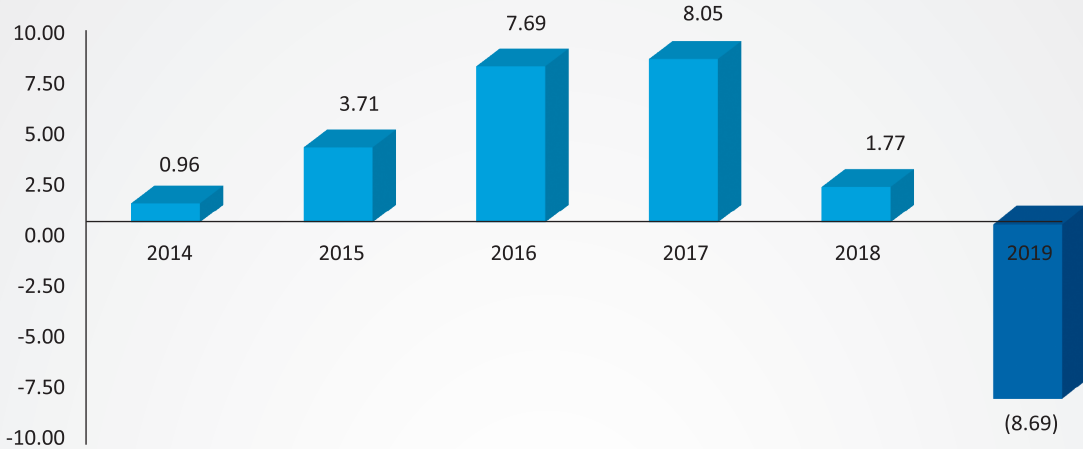
اس سال فی حصص نقصان 108.7 روپے رہا جبکہ گزشتہ سال فی حصص آمدنی 22.14 روپے تھی۔

فی حصص نقصان / آمدنی

روپے فی حصص



ٹیکس کے بعد نقصان / منافع (ارب روپے)



فیول سیگمنٹ

فیول سیگمنٹ میں ٹیکس کے بعد 9.59 ارب روپے کا نقصان ہوا جبکہ گزشتہ سال ٹیکس کے بعد 2.21 ارب روپے کا نقصان تھا۔ موجودہ سال میں بین الاقوامی مارکیٹ میں مصنوعات کی قیمتوں اور بین الاقوامی خام تیل کی قیمتوں کے درمیان مارجن کم رہے۔ ماہانہ بنیاد پر ریگولیٹڈ مصنوعات کی قیمتوں کے تعین کے طریقہ کار نے کمپنی کے نقصان کو مزید بڑھایا۔ اسکے علاوہ، موجودہ سال کے متعدد مہینوں میں بین الاقوامی مارکیٹ میں موٹرگیسولین کے خام تیل سے کم قیمت پر تجارت کے غیر معمولی رجحان نے بھی سیگمنٹ کے منفی مارجنز میں اضافہ کیا۔

اس سال اکتوبر 2018 کے مہینہ میں خام تیل کی ماہانہ اوسط قیمت 80.9 ڈالر فی بیرل تک جا پہنچی جبکہ، دسمبر 2018 کے مہینہ میں یہ قیمت کم ہو کر 58.9 ڈالر فی بیرل تک گر گئی۔ سال میں کچھ مہینے ایسے بھی گزرے ہیں جن میں آئندہ ماہ قیمتوں میں متوقع کمی کے باعث مصنوعات کی خریداری بری طرح متاثر ہوئی جس کے نتیجے میں منفی مارجنز میں اضافہ ہوا۔ موجودہ سال فرانس آئل کی انونٹری میں قابل قدر اضافہ ہونے کے سبب کمپنی کی پیداوار 86% سے 78% تک کم ہوئی۔ 30 جون 2019 کو 1.37 ارب روپے مالیت کا 21,088 ایم ٹن فرانس آئل کا اسٹاک تھا۔ پیٹرولیم مصنوعات کی قیمتوں میں کمی کے نتیجے میں فیول مصنوعات کی سال کے اختتام پر انونٹری کی قدر میں 627 ملین روپے سے کمی ہوئی۔

مصنوعات کی قیمتوں کیلئے استعمال کیے جانے والے یو ایس ڈالر کی زرمبادلہ کی شرح جو کہ گزشتہ ماہ کے زرمبادلہ کی شرح پر مبنی ہوتا ہے اور حالیہ مہینہ میں خریدے اور استعمال کیے ہوئے خام تیل کے زرمبادلہ کی شرح میں فرق کی بناء پر بھی فیول سیگمنٹ کے مارجنز میں نمایاں کمی آئی۔

ان سب سے بڑھ کر، سیگمنٹ کو 4.09 ارب روپے کا خالص زرمبادلہ نقصان ہوا۔

ڈائریکٹرز رپورٹ



بورڈ آف ڈائریکٹرز 30 جون 2019 کو مکمل ہونے والے سال کے لیے نیشنل ریفاؤنڈری لمیٹڈ کی 56 ویں سالانہ رپورٹ بمع آڈٹ شدہ مالیاتی گوشوارے اور ان پراڈیٹرز کی رپورٹ پیش کرتے ہیں۔

مالیاتی نتائج

آپ کی کمپنی کو گزشتہ سال کے 1.77 ارب روپے کے ٹیکس کے بعد منافع کے مقابلے میں اس سال 8.69 ارب روپے کا ٹیکس کے بعد نقصان ہوا۔ موجودہ سال میں امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں غیر معمولی کمی کے ساتھ خام تیل اور مصنوعات کی قیمتوں میں غیر متناسب اضافہ نے مجموعی طور پر کمپنی کے منفی منافع کا سبب بنا۔

بجلی پیدا کرنے والی کمپنیوں کے آرائیل این جی (RLNG) کے استعمال کے باعث فرنس آئل کی خریداری میں کمی، ملکی سطح پر کم کھپت کی وجہ سے HSD کی فروخت میں کمی اور حکومتی سطح پر پروڈانفراسٹرکچر ڈیولپمنٹ کے اخراجات میں کمی کے باعث تارکول کی فروخت کے کم حجم نے کمپنی کو پیداوار کم کرنے پر مجبور کیا۔ سال کے اختتام پر تکمیل شدہ اور زیر تکمیل شدہ مصنوعات کی انونٹری کی قدر 17 ارب روپے (30 جون 2018: 9 ارب روپے) تک پہنچ گئی۔ انونٹری لیولز میں اضافہ پورے سال ہی مسئلہ بنا رہا جس کے نتیجے میں ورکنگ کپٹل کے بلاک ہونے کے باعث کمپنی کو مجبوراً اپنے آپریشنز کو 1.19 ارب روپے کے مارک اپ کے اخراجات کے عوض قلیل المیعاد قرضے کے ذریعے پورا کرنا پڑا۔ مزید برآں، ڈی ریگولیٹڈ مصنوعات سے منسوب خام تیل درآمد پر ادا کردہ کسٹم ڈیوٹی کی مختصر وصولی نے کمپنی کے منافع کو 1.54 ارب روپے سے متاثر کیا۔



FORM OF PROXY

56TH 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 _____ Member of the Company to vote for me and on my behalf at the 56th Annual General Meeting of the Company to be held on the 26th day of September 2019 and at any adjournment thereof.

Signed this _____ day of _____ 2019.

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, with our Registrar, 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 / Fax: (92-21) 34326053 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.

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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۲۔ پراکسی کا ہر لحاظ سے مکمل، دستخط شدہ بمع ڈائریکٹرز کی قرارداد یا پورا آف اٹارنی اگر کوئی ہو یا اسکی نوٹرائزڈ کاپی اور اجلاس شروع ہونے سے ۴۸ گھنٹے قبل کمپنی کے شیئر رجسٹرار سی ڈی سی شیئر رجسٹرار سرورسز لمیٹڈ، سی ڈی سی ہاؤس بی-99، بلاک بی، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی-74400، ٹیلیفون نمبر 0800-23275، فیکس نمبر 34326053 (21-92) تک موصول ہونا لازمی ہے۔

۳۔ پراکسی منتخب کرتے ہوئے رکن یا اس کے 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 اور 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) اسکا 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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CDC Share Registrar Services Limited

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Email: info@cdcsrsl.com

Website: www.cdcsrsl.com

پراکسی فارم

۵۶ واں سالانہ اجلاس عام

نیشنل ریفرنسری لمیٹڈ

میں _____ کا/کی _____ ضلع _____ بحیثیت رکن نیشنل ریفرنسری لمیٹڈ محترم / محترمہ _____ ضلع _____ کو اپنا پراکسی یا ان کی غیر موجودگی کی صورت میں کمپنی کے / کی دوسرے / دوسری رکن محترم / محترمہ _____ ضلع _____ کو اپنے ایما پر ۲۶ ستمبر ۲۰۱۹ یا اسکے التواء کی صورت میں متبادل تاریخ کو منعقد ہونے والے کمپنی کے ۵۶ ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے کے لئے اپنا پراکسی مقرر کرتا / کرتی ہوں۔

رکن کے دستخط

آج بروز _____ بتاریخ _____ ۲۰۱۹ 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:

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		
اکاونٹ نمبر	اکاونٹ نمبر		

مناسب قیمت کے
محصول ٹکٹ
(قابل قبول حد تک)

* پراکسی کی غیر موجودگی کی صورت میں

نوٹ:-

۱- ایک ممبر جو سالانہ اجلاس عام میں شرکت کرنے اور حق رائے دہی کا اہل ہے اپنے بجائے شرکت کرنے اور حق رائے دہی کے لئے ایک پراکسی مقرر کر سکتا ہے۔ پراکسی کا ممبر ہونا ضروری نہیں۔

E-DIVIDEND

Members of National Refinery Limited

Pursuant to the provisions of Section 242 of the Companies Act, 2017 and SECP's circular No. 18/2017, 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/Central Depository Company Limited, 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 No. / CDC No.	
CNIC No.	
Passport No. (in case of Foreign Shareholder)	
Land Line Phone No.	
Cell 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/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 Investor Account Service.
- Please attach attested photocopy of the CNIC or Passport (in case of Foreign Shareholder)

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- Online Quizzes



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National Refinery Limited

**7-B, Korangi Industrial Area, Karachi-74900. UAN: 111-675-675
Website: www.nrlpak.com E-mail: info@nrlpak.com**