



National Refinery Limited

ANNUAL REPORT 2021

Refining with Vision



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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

Chief Financial Officer

Nouman Ahmed Usmani

Company Secretary

Muhammad Atta ur Rehman Malik

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

Legal Adviser

Ali Sibtain Fazli & Associates
Legal Advisers, Advocates & Solicitors

Bankers

Habib Bank Limited	Askari Bank Limited
Meezan Bank Limited	United Bank Limited
Allied Bank Limited	MCB Bank Limited
National Bank of Pakistan	Habib Metropolitan Bank Limited
Bank AL-Habib Limited	Samba Bank Limited
Faysal Bank Limited	Bank Alfalah Limited

Registered Office

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

Share Registrar

CDC Share Registrar Services Limited
CDC House, 99-B, Block 'B', S.M.C.H.S.,
Main 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

BEFORE RE-VAMP

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

AFTER RE-VAMP

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

FUEL REFINERY

BEFORE RE-VAMP

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

AFTER FIRST RE-VAMP

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

AFTER SECOND RE-VAMP

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

HSD DESULPHURIZATION AND ASSOCIATED UNITS

Date Commissioned	June 2017
Project Cost	Rs. 26.82 billion

NAPHTHA BLOCK (ISOMERIZATION UNIT)

Date Commissioned	October 2017
Project Cost	Rs. 6.54 billion

BTX UNIT

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

SECOND LUBE REFINERY

BEFORE RE-VAMP

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

AFTER RE-VAMP

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

SHARE CAPITAL (RS. IN MILLION)

	Fuel	Lube	Total
June 2002	229.171	437.217	666.388
June 2021	275.005	524.661	799.666

SHAREHOLDERS' EQUITY

June 1966	Rs. 20.0 million
June 2021	Rs. 31,587.4 million

CORPORATE OBJECTIVES & DEVELOPMENT STRATEGY

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

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

Corporate Objectives

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

Development Strategy

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

DIRECTORS' PROFILE

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



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

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

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



Director
The Attock Oil Company Limited
Attock Cement Pakistan Limited
Attock Refinery Limited
Pakistan Oilfields Limited

Attock Petroleum Limited
Attock Gen Limited
Angoori Heights Development (Pvt.) Limited
Margalla Farm Houses Development (Pvt.) Limited
Rawal Lodges Development (Pvt.) Limited

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



Chairman, Chief Executive & Director
Pakistan Oilfields Limited

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

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

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

Resident Representative
Pharaon Investment Group Limited Holding SAL

Group Chief Executive

Chairman
NRL Management Staff Pension Fund
NRL Management Staff Gratuity Fund

DIRECTORS' PROFILE



Mr. Zaki Mohamad Mansoer
(Independent Director)

Director

Global Partnerships and Resource Mobilization
Department-Islamic Development Bank, Jeddah



Mr. Tariq Iqbal Khan
(Independent Director)

Director

Pakistan Oilfields Limited
Attock Refinery Limited
Packages Limited
Silk Bank Limited
AWT Investments Limited
KIA Lucky Motors Pakistan Limited



Mr. Sajid Nawaz
(Non-Executive Director)

Director & Managing Director

Pakistan Oilfields Limited



Mr. Abdus Sattar
(Non-Executive Director)

Director

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



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

Director & Chief Executive

Attock Cement Pakistan Limited
Rawal Lodges Development (Pvt.) Limited

Director

Angoori Heights Development (Pvt.) Limited
Margalla Farm Houses Development (Pvt.) Limited
Falcon Pakistan (Pvt.) Limited

Alternate Director

Pakistan Oilfields Limited
Attock Refinery Limited
Attock Petroleum Limited
Attock Leisure & Management Associates (Pvt.) Limited



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

Director

Attock Refinery Limited

Chairman

NRL Executive Staff Post Retirement Medical Benefits Fund
NRL Non - Management Staff Gratuity Fund

Trustee

NRL Management Staff Pension Fund
NRL Officers Provident Fund
NRL Management Staff Gratuity Fund
NRL Workmen Provident Fund

CHAIRMAN'S REVIEW



On behalf of the Board of Directors, I welcome you all, at the 58th Annual General Meeting of your Company and present the annual review of results and audited financial statements for the year ended June 30, 2021.

The global economy showed some recovery during the year though the pace was restricted due to uncertainties of subsequent waves of pandemic. The prices of crude oil and petroleum products recorded a gradual increase mainly due to curtailment of production of crude oil by OPEC+. However, Gross Refinery Margins remained slim as the consumption pattern of finished products could not achieve the levels of pre pandemic period.

The economic activities in Pakistan started to recover at a better pace since the beginning of period as compared to other developing countries. This trend however could

not benefit the local refining industry as the price of petroleum products are derived from international market where, with the exception of Lube Base Oil, the margins remained low.

Your Company earned profit after Tax of Rs. 1.77 billion as compared to loss after tax of Rs. 4.06 billion during last year. Fuel Segment continued to record a loss of Rs. 3.03 billion which is significantly lesser than loss of Rs. 7.36 billion of previous year. Reduction in loss is

due to lower inventory losses and slight improvement in Gross Refinery Margins.

Lube Segment recorded a profit after tax of Rs. 4.80 billion as compared to profit after tax of Rs. 3.30 billion last year. Global Lube Base Oil supply constraints improved margins during second half of the year. Additionally, local sale of bitumen increased by 19% during the period contributing towards better revenue in Lube Segment.

Your Company managed to successfully complete the revamp of Lube-I refinery, whereby crude oil processing capacity of the Company has been increased to 70,000 barrels per day from 65,050 barrels per day and the production capacity of lube base oil also enhanced by 5000 - 6000 MT per year.

The contribution of Board members have been instrumental in guiding the management for better performance of the Company. The Board as a whole, its committees and the Board members individually have added their valuable inputs and performed their best to analyze and direct the Company to overcome the difficulties in current operating environment. Accordingly performance of the Board is termed as satisfactory. I also believe that the Government, which has been very positive in discussing the issues faced by the industry, will consider announcing the Refinery Policy at the earliest so that the refineries can consider further upgradation for sustainable operations in future.

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.



Shuaib A. Malik
Chairman

August 11, 2021
Islamabad

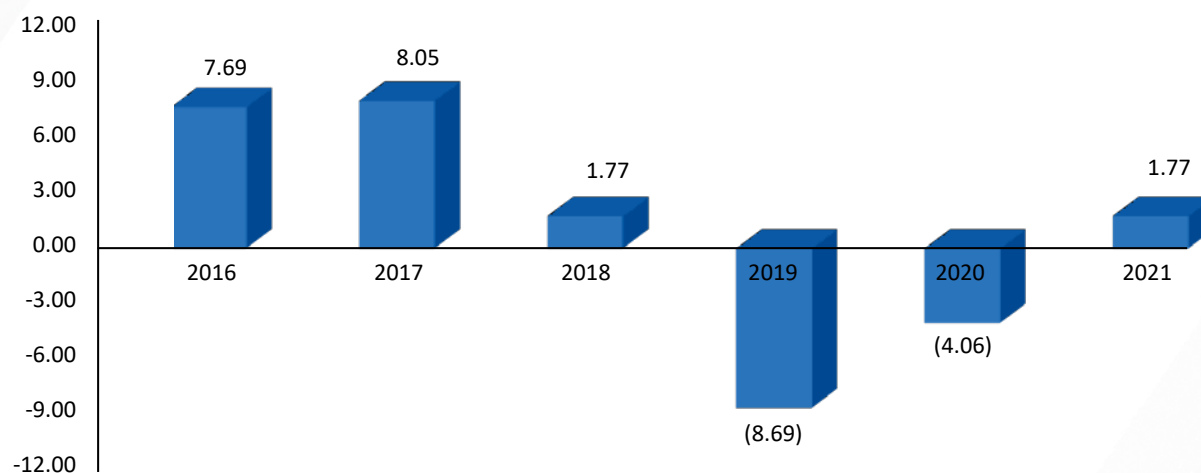
DIRECTORS' REPORT

The Board of Directors present the 58th Annual Report of National Refinery Limited together with the audited financial statements and auditors' report thereon for the year ended June 30, 2021.

FINANCIAL RESULTS

Your company entered into positive zone in current year after facing huge losses in preceding years and earned profit after tax of Rs. 1.77 billion as compared to loss after tax of Rs. 4.06 billion in last year. Increasing prices and improved margins supported by better sales volume after easing of lockdowns resulted in profit for the year. The profitability also includes impact of appeal affects issued by FBR in relation to prior tax years.

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



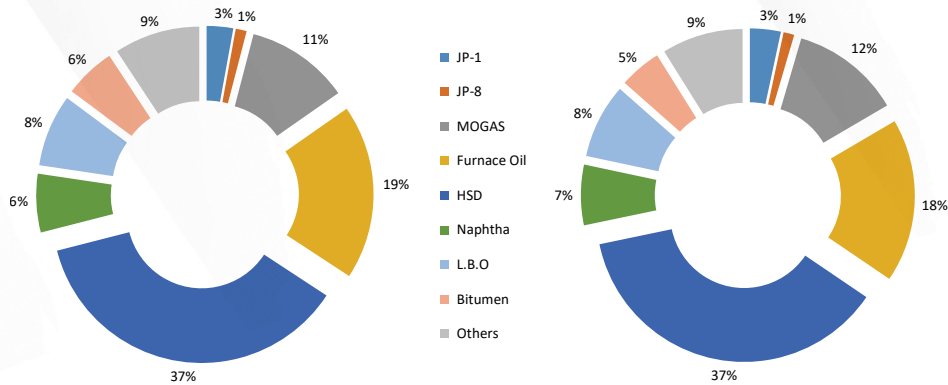
Fuel Segment

Fuel segment's loss after tax reduced to Rs. 3.03 billion as compared to loss after tax of Rs. 7.36 billion in last year. Losses reduced primarily due to slight improvement in Gross Refinery Margins (GRMs) and lesser inventory losses owing to rising trend of products' prices during the year. Margins further improved due to production of Euro-V standard High Speed Diesel resulting in entitlement of Euro-V product price and avoiding price differential charge. Appreciation of Pak Rupee against US \$ resulted in exchange gains in current period as compared to exchange losses in the corresponding period. Considering improved demand and better margins, your company achieved 65% throughput during 2020-21 (based on revised capacity) as compared to 59% last year.

2020-21

PRODUCTION MIX

2019-20



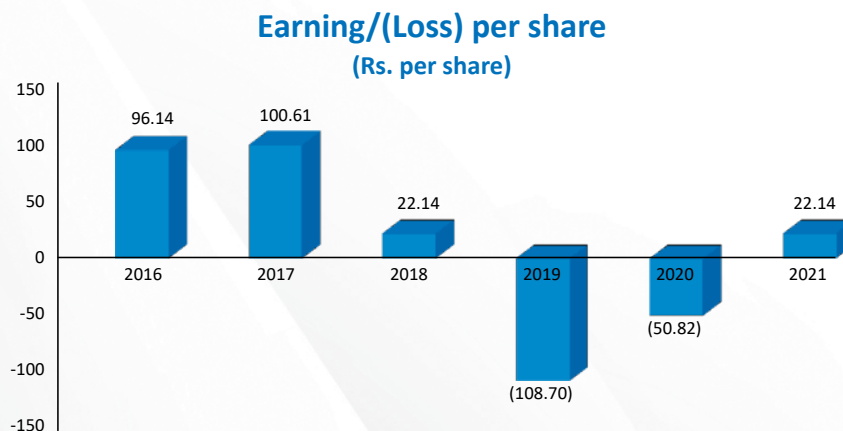
Lube Segment

Lube segment earned net profit of Rs. 4.80 billion as compared to Rs. 3.30 billion for corresponding year. Margins in lube segment mainly improved due to restoration of selling prices globally. Local sales of Bitumen gained momentum during last quarter and showed an upward trend resulting in increase in local offtake by 19%. Besides, export sales of Bitumen also improved significantly and your company managed to export three times more as compared to last year; thereby reducing overall Bitumen inventory levels from 57,474 M.Tons last year to 33,857 M.Tons at year end. During the year, the Company has successfully completed revamp of Two Stage Distillation Unit (TSDU) of Lube-I refinery. Despite shutdown due to TSDU revamp, your company managed to increase the throughput to 79% as compared to 68% in the corresponding period.

Due to held-up inventory of Bitumen and continuing losses in fuel segment during last few years, the Company had to finance its operations through bank borrowings. However, due to lower interest rates, the Company incurred financing cost to the tune of Rs. 1.57 billion as compared to Rs. 2.21 billion in last year.

EARNINGS / LOSS PER SHARE

Earnings per share is Rs. 22.14 as compared to loss per share of Rs. 50.82 in last year.



APPROPRIATIONS

Description	2020-21	2019-20
	(Rupees in millions)	
Revenue Reserves – as at July 1,		
Accumulated loss	(12,582)	(8,546)
Gain on revaluation of investment	13	13
General Reserves	31,961	31,961
Profit / (Loss) for the year (including Other Comprehensive Income / Loss)	1,750	(4,036)
Final Dividend @ 100% (2020: NIL%)	800	-

DIVIDEND

The Board of Directors has recommended a final cash dividend @ 10.00 per share (100%) for the year ended June 30, 2021. The dividend recommended is subject to the approval by the shareholders in the Annual General Meeting.

COMPANY BUSINESS

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

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

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

FUTURE OUTLOOK

The management is very keen regarding finalization of new refining policy, which has been in discussion for quite some time and is currently awaiting approval by the government before officially coming into force. The management believes that new refining policy will pave the way not only for sustainability but also for future expansions in refining industry. COVID-19 is

still considered to be the foremost challenge for world economy mainly because of its variants being coming in after every few months. Increase in coronavirus cases may lead to lockdown restrictions, depressed demand and consequently declining prices. Despite a thorough vaccination drive worldwide, potential global impact of the COVID-19 in the coming months is still uncertain.

Other challenges include higher operating cost including depreciation of upgradation units (DHDS & ISOM), Pak Rupee versus US Dollar parity and increasing utility expenses that significantly impact Company's performance and cash flow position. Considering uncertainty with respect to volatility in crude oil and product prices and varying demand of Furnace Oil & Bitumen, the Company has been following a careful approach by operating its production units at optimum level. The Company has successfully explored export market for Bitumen, which is increasing and will be utilized as per the need. The Company is also exploring medium to long term solutions to produce Euro-V grade Motor Gasoline and Furnace Oil upgradation to valuable products.

The custom duty levied on crude oil in 2015 has been slashed half by the Government through the Finance Act, 2021. Whereas, sales tax on crude oil, which was made zero rated in 2007 has been reset to 17% effective July 1, 2021, which will not only impact Company's profitability because of increased working capital financing cost but would also further drain already cash starved position of the Company. Your Company along with other refineries has taken up these issues and is hopeful that the new refining policy will provide some relief in custom duty reduction. The Government has also changed duties on HSD and Motor Gasoline, whereby duty on HSD has been reduced from 13% to 10% whereas duty on Motor Gasoline has been increased from 5% to 10%. However, there is no change as regard to entitlement of duties for the refineries. Recovery on regulated products would be adjusted with regulated portion of custom duty on crude oil in accordance with the mechanism approved by OGRA as applicable currently based on the principal of "no loss no gain".

FUTURE PROJECTS

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

- **Hydrocracker / Bottom of Barrel upgrade**

Upgradation of Furnace Oil to value added products requires a huge capital investment. Your company along with other refineries have jointly undertaken a study for the feasibility of a joint plant. The study has already been awarded to M/s Advisian of UK. It is expected that the study will be finalized by December 2021. Based on the outcome of the study a future course of action will be decided.

- **CCR (Continuous Catalyst Regeneration) Platforming Unit**

To increase the Gasoline production and to meet the country's Gasoline Euro-V specifications, Company is planning to install a CCR (Continuous Catalyst Regeneration) Platforming unit along with other associated units. The project is in planning phase.

- **Turnaround of Fuel Refinery**

Turnaround of Fuel Refinery, including phase-I units is planned in December 2021 as a mandatory activity so as to keep the refinery operating. This will result in continuous production at optimum level and reducing frequent maintenance requirements.

ONGOING PROJECTS

- **Replacement of Utilities Control System with centralized Distributed Control Systems**

Replacement of existing control system of Utilities with Distributed Control System (DCS) is in progress which will ensure high-integrity process controls, process safeguarding and emergency shutdown. It will also improve process control and monitoring of boilers parameters, availability of customized reports and log sheets and optimum Human resource utilization. Distributed Control System (DCS) has been installed successfully at Boiler V and VII whereas, installation at boiler VI is expected to be completed by June 2022.

COMPLETED PROJECTS

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

Despite financial constraints your company successfully completed revamp of its two stage distillation unit of Lube-I Refinery in September 2020. This has resulted in enhancement of 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.

PRICING FORMULA

The Company's Fuel Segment is regulated by Government under the Import Parity Pricing Formula. However, effective September 01st, 2020, the Government has introduced fortnightly pricing mechanism whereby prices are based on Arab Gulf daily FOB average for the number of days in the pricing period to be taken as base commodity price.

In 2012-13, price of HSD was also de-regulated and linked with PSO import price, which NRL became entitled to effective July 2017 post completion of DHDS project. Effective January 01, 2021 NRL is producing HSD Euro-V and is entitled for its price based on Import Parity Price and PSO import incidentals.

According to the Import Parity Pricing formula, the distribution of profits from Fuel Segment is restricted to 50% of the paid-up capital as of July 1, 2002 and the remaining amount is to be transferred to special reserves. Refineries are not allowed to adjust losses from special reserves till the completion of up-gradation projects. As the company has completed the projects as specified by the Government, it is considered that the losses shall be offset from special reserves in future.

RELATIONSHIPS

Your Company continues 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 (2016 - 2021) is shown on page 43.

REFINERIES PRODUCTION

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

CREDIT RATINGS

The long-term entity rating of the Company is AA+ (maintained from last eight years) and short-term entity rating has been maintained at A1+ (for last seventeen 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. However, in view of the prevailing situation, the outlook of the Company has been maintained at negative during the year.

RISK & UNCERTAINTIES

- The volatile crude oil and product prices in international market mostly results in narrow margins. In such case the Company periodically reviews its production and sale schedule to minimize the losses.
- COVID-19 has evolved as major risk affecting petroleum products demand and prices worldwide. It is difficult to ascertain for how long and to what extent it will continue impacting economic activity and resultant instability in oil sector unless comprehensive vaccination process is completed.
- The Company generally faces exchange losses due to devaluation of Pak Rupee in making payments of raw material to suppliers in foreign currencies. Some measures have been taken by the Government to reduce the impact of exchange losses by incorporating its impact in pricing that covers the risk to some extent.
- The global progress on introducing Electric Vehicles and reducing reliance on Fossil Fuels will reduce the margins of finished petroleum products in medium to long term. The company will take a careful approach in investment in future projects.

CORPORATE SOCIAL RESPONSIBILITY

The Company realizes its social responsibility towards the national economy apart from its customers, employees and shareholders. As a responsible corporate citizen, the Company has contributed to different social segments of the economy in various ways for improving quality of life in the country. In this regard, Rs. 100,000 was donated for construction of monument for remembrance of Custom's martyrs and Rs. 75,000 was 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 disabled persons on its manpower strength as prescribed in 'The Sindh Differently able persons (Employment, Rehabilitation and Welfare) Act, 2014' and also made payments amounting Rs. 11.60 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 prevent spread of COVID-19 infection among the employees, the company adopted appropriate measures to protect its employees. The arrangements are reviewed frequently to maintain the work pace and employees protection.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT

The Company owns its responsibilities towards the preservation of environment and occupational health and safety of its employees. A comprehensive program is in place to monitor and control emissions, developing opportunities for recycling and pollution prevention.

Our seriousness towards protecting the environment is evident through production of Euro standard fuels. We strive to conserve resources, reduce waste generations and emphasize on energy efficiency. Efforts are being made at NRL for continual improvement in the field of occupational Health, Safety, Environment and Quality. The company has international certifications of ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environment Management System) & OHSAS 18001:2007 (Occupational Health & Safety Management System).

Measures taken to prevent COVID-19

The Management of the Company adopted a number of measures for preventing transmission of COVID-19 among its employees. Company's operations, being essential services, were conducted with minimum staff and compliance with SOPs of Federal and Provincial Governments was ensured. These included, placement of sanitizer gate, hand sanitizers and checking of temperature at entry points, compulsory face mask and ensuring social distancing at work places. Further, the Company procured

and installed face ID machines instead of Hand Geometry machines to record attendance of employees. Work places are sprayed with disinfectants as and when necessary. Employees over the age of 55 years were restricted to work from home where possible. Anybody having symptoms of COVID-19 were not allowed to enter the Company whereas employees having such symptoms were asked to remain in quarantine at home for 2 weeks. Awareness sessions were also held by the Company Doctor to educate employees besides banner display at entry points on prevention from COVID-19.

In addition to above, the Company also arranged several COVID-19 vaccination camps at NRL premises to facilitate employees as well as contractors' staff to ensure that all persons at work get vaccinated in compliance with directives issued by relevant authorities.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the financial year, the Company contributed Rs. 52.86 billion to the National exchequer in the shape of direct and indirect taxes and earned valuable foreign exchange of US\$ 75.87 million through the export of Naphtha, Bitumen and Lube Base Oils.

HUMAN RESOURCE DEVELOPMENT

Human Resource of the Company is playing a very significant role in achieving the short and long term corporate and strategic objectives of the Company. Therefore, your Company focuses special attention on their training and development. Besides conducting various courses and workshops in different technical and non-technical disciplines for staff members, the Company has also conducted Management Trainees and Apprenticeship programs where theoretical and practical training in Refinery operations and maintenance was imparted which will not only meet the additional requirement of trained manpower in various functions of the Company but would extend a great help to the Petroleum 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 2019 and states that:

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, change in equity and cash flows.

- b) Proper books of account have been maintained in the manner required under the Companies Act 2017.
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements. Accounting estimates are based on reasonable and prudent judgement.
- 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, 2021 are as under:

Description	(Rs. in millions) Un-audited
Management staff	
Pension Fund	4,934
Provident Fund	1,025
Post-Retirement Medical Fund	1,227
Gratuity Fund	103
Non-Management staff	
Gratuity Fund	147
Provident Fund	598

- 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, 2019.
- i) No trade in the shares of the Company was carried out by the Board of Directors, CEO, CFO, Head of Internal Audit, Company Secretary, Executives and their spouses and minor children except that mentioned in "Pattern of Shareholding".

Composition and Meetings of the Board of Directors

The board comprises of seven directors and a chief executive. 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. Shuaib A. Malik Mr. Abdus Sattar Mr. Sajid Nawaz
iii	Executive Director	Mr. Jamil A. Khan (CEO)



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

During the financial year 2020-21 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 Alternate Director: Mr. Shuaib A. Malik	5	5
Mr. Wael G. Pharaon Alternate Director: Mr. Babar Bashir Nawaz	5	5
Mr. Shuaib A. Malik – Chairman	5	5
Mr. Abdus Sattar	5	5
Mr. Zaki Mohamad Mansoer – IDB Nominee	5	5
Mr. Sajid Nawaz	5	5
Mr. Tariq Iqbal Khan	5	5
Mr. Jamil A. Khan Chief Executive Officer	5	5

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

Human Resource & Remuneration Committee

HR&R Committee consists of four members. Following is the attendance of the members during the period from July 1, 2020 to June 30, 2021:

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, 2021 is as follows:

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

DIRECTORS' REMUNERATION POLICY

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

The details of fee paid during the year and remuneration package of Chief Executive Officer are disclosed in note 37 to the financial statements.

PATTERN OF SHAREHOLDING

Pattern of shareholdings is shown on page 114.

AUDITORS

Present auditors Messrs. A. F. Ferguson & Co., Chartered Accountants retire and, being eligible, offer themselves for reappointment. Accordingly, the Board, on the recommendation of the Board Audit Committee, recommends the reappointment of Messrs. A.F. Ferguson & Co. Chartered Accountants as the auditors of the Company for the financial year 2021-22 at a fee of Rs. 3.24 million with out of pocket expenses to be paid at actual.

ACKNOWLEDGEMENT

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

On behalf of the Board.



Director



Chief Executive Officer

August 11, 2021
Islamabad



CORPORATE GOVERNANCE



CODE OF CONDUCT

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

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

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

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

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

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

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

On behalf of the Board



SHUAIB A. MALIK
Deputy Chairman &
Chief Executive Officer

June 18, 2012

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

FOR THE YEAR ENDED JUNE 30, 2021

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
d)	Female Directors	None

* Based on mathematical rounding off principle the fraction i.e. 0.33 contained in one third of 7 elected directors was not rounded up as one as the regulations 2019 came into effect after Director's election held in October 2018.

- The directors have confirmed that none of them is serving as a director on more than seven 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. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;

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

a) Audit Committee

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

S. No.	Requirement	Explanation	Reg. No
1	The Board may constitute a separate committee, designed as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	The responsibilities as prescribed for the nomination committee are being taken care of at board level as and when needed so a separate committee is not considered to be necessary.	29
2	The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	The Board has not constituted a risk management committee as risk management framework is managed at Company's level by the executive committee which is headed by the CEO and the CEO apprises the Board accordingly.	30

S. No.	Requirement	Explanation	Reg. No
3	<p>The Company may post on its website key elements of its significant policies including but not limited to the following:</p> <ul style="list-style-type: none"> i. Communication and disclosure policy; ii. Code of conduct for members of board of directors, senior management and other employees; iii. Risk management policy; iv. Internal control policy; v. Whistle blowing policy; vi. Corporate social responsibility / sustainability / environmental, social and governance related policy. 	<p>As the regulation provides concession with respect to disclosure of key elements of significant policies on the website, only those policies which were considered necessary, have been posted.</p>	35(1)

On behalf of the Board

Jamil A. Khan
Chief Executive Officer

August 11, 2021

Shuaib A. Malik
Chairman



**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF NATIONAL REFINERY LIMITED**

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of National Refinery Limited for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

Chartered Accountants
Karachi

Dated: August 26, 2021

TERMS OF REFERENCE OF AUDIT COMMITTEE

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

- (a) Determination of appropriate measures to safeguard the Company's assets;
- (b) Review of preliminary announcements of results prior to external communication and publication;
- (c) Review of quarterly, half yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - Major judgmental areas;
 - Significant adjustments resulting from the audit;
 - The going concern assumption;
 - Any changes in accounting policies and practices;
 - Compliance with applicable accounting standards;
 - Compliance with the code of corporate governance regulations and other statutory and regulatory requirements; and
 - All related party transactions.
- (d) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- (e) Review of management letter issued by external auditors and management's response thereto;
- (f) Ensuring coordination between the internal and external auditors;
- (g) Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed;
- (h) Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- (i) Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and reporting structure are adequate and effective;

- (j) Review of Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- (k) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;
- (l) Determination of compliance with relevant statutory requirements;
- (m) Monitoring compliance with the code of corporate governance regulations and identification of significant violations thereof;
- (n) review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- (o) Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations; and
- (p) Consideration of any other issue or matter as may be assigned by the Board of Directors.

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

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

The committee shall be responsible for:

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



STAKEHOLDERS' INFORMATION





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FROM 1968
1968 - 1968

← Road No 10 →

SIX YEARS AT A GLANCE

Description		2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
		← Rupees in million →					
Statement of Profit or Loss							
Net sales		139,625	125,613	160,906	136,985	107,447	93,788
Cost of sales		135,700	136,731	165,355	133,173	97,648	82,745
Purchases		134,357	111,935	166,822	123,951	91,855	75,120
Gross profit / (loss)		3,925	(11,118)	(4,449)	3,812	9,800	11,043
Operating profit / (loss)		2,341	(12,350)	(5,743)	2,673	8,498	10,365
Profit / (loss) before tax		1,400	(14,863)	(11,029)	907	8,315	10,089
Profit / (loss) after tax		1,770	(4,064)	(8,692)	1,771	8,046	7,688
Statement of Financial Position							
Share Capital		800	800	800	800	800	800
Reserves		30,788	29,037	33,074	42,452	42,540	36,023
Shareholder equity		31,588	29,837	33,874	43,252	43,340	36,822
Fixed Assets		31,228	34,218	35,695	37,719	38,547	23,628
Current Assets		36,192	21,346	37,489	27,548	22,752	29,957
Current Liabilities		42,920	32,983	42,001	22,206	16,683	16,241
Net current assets/ liabilities		(6,728)	(11,637)	(4,512)	5,342	6,069	13,716
Financial Ratios							
Gross profit / (loss)	%	2.81	(8.85)	(2.76)	2.78	9.12	11.77
Net profit / (loss) to sales	%	1.27	(3.24)	(5.40)	1.29	7.49	8.20
EBITDA Margin to sales	%	4.61	(7.20)	(3.91)	3.12	8.33	11.15
Return on Equity	%	5.60	(13.62)	(25.66)	4.09	18.56	20.88
Return on Capital Employed	%	5.76	(12.76)	(22.54)	4.09	20.07	22.96
Liquidity Ratios							
Current Ratio	Times	0.84	0.65	0.89	1.24	1.36	1.84
Quick /Acid test ratio	Times	0.34	0.29	0.28	0.67	0.71	1.15
Cash to Current Liabilities	Times	0.01	0.02	0.02	0.02	0.17	0.73
Activity / Turnover Ratios							
Inventory turnover	Days	44.07	49.35	41.69	31.84	40.89	54.03
Debtors turnover	Days	16.83	16.51	17.32	18.42	18.98	24.09
Creditors turnover	Days	32.91	29.18	27.27	33.76	31.82	47.38
Total Assets turnover ratio	Times	1.84	1.98	2.11	2.08	1.75	1.75
Fixed assets turnover ratio	Times	4.47	3.67	4.51	3.63	2.79	3.97
Investment / Market Ratios							
Earnings / (loss) per share and diluted EPS / (LPS)	Rs.	22.14	(50.82)	(108.70)	22.14	100.61	96.14
Price earning ratio	Times	23.63	(2.11)	(1.04)	20.01	7.22	4.94
Dividend yield ratio	%	1.91	-	-	2.26	3.10	4.21
Cash Dividend payout ratio	%	45.17	-	-	45.17	22.36	20.80
Dividend cover ratio	Times	2.21	-	-	2.21	4.47	4.81
Cash Dividend per share	Rs./share	10.00	-	-	10.00	22.50	20.00
Market value per share at year end	Rs./share	523	107	113	443	726	475
Breakup value per share	Rs./share	395	373	423	541	542	460

HORIZONTAL STATEMENT OF FINANCIAL POSITION

AS AT JUNE, 30

	2021	2020	2019	2018	2017	2016
	Rupees in million	Rupees in million	Rupees in million	Rupees in million	Rupees in million	Rupees in million
	%	%	%	%	%	%
ASSETS						
NON-CURRENT ASSETS						
Fixed assets	31,228.09	34,217.92	35,695.33	37,718.72	38,547.36	23,627.92
Long term investment	9.79	12.94	13.35	-	51.33	40.92
Long term loans	36.98	46.35	49.72	54.21	30.19	30.19
Long term deposits	30.26	30.27	30.27	30.27	30.19	-
Deferred taxation	8,161.77	7,639.92	2,874.07	456.85	-	-
Retirement benefit prepayments	22.41	19.79	15.61	6.27	5.47	4.91
	39,489.30	41,967.19	38,678.35	38,266.32	38,634.35	23,703.94
	166.6%	177.1%	163.2%	161.4%	163.0%	100.0%
CURRENT ASSETS						
Stores, spares and chemicals	1,705.85	1,553.00	1,572.57	1,501.86	908.61	907.49
Stock-in-trade	21,403.62	11,820.28	25,668.59	12,627.66	10,931.02	11,252.50
Trade receivables	9,031.92	4,022.17	7,499.05	7,986.21	6,032.87	5,297.20
Loans and advances	36.67	43.94	31.40	58.25	64.28	84.72
Trade deposits and short-term prepayments	31.14	294.4%	34.61	16.92	14.01	10.58
Interest accrued	7.20	8.83	7.39	7.39	15.83	28.78
Other receivables	1,199.91	1,070.13	1,662.81	3,569.87	674.37	504.42
Taxation - payments less provision	2,168.58	2,253.41	27.07	1,237.95	1,341.12	-
Cash and bank balances	607.33	552.61	978.68	541.84	2,769.49	11,870.90
	36,192.22	21,345.60	37,489.00	27,547.95	22,751.60	29,956.59
	120.8%	71.3%	82.2%	92.0%	76.0%	100.0%
TOTAL ASSETS	75,681.52	63,312.79	76,167.35	65,814.27	61,385.95	53,660.53
	141.0%	118.0%	141.9%	122.7%	114.4%	100.0%
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Share capital	799.67	799.67	799.67	799.67	799.67	799.67
Reserves	30,787.72	29,037.62	33,073.80	42,451.87	42,540.21	36,022.78
	31,587.39	29,837.29	33,873.47	43,251.54	43,339.88	36,822.45
	85.8%	81.0%	92.0%	117.5%	117.7%	100.0%
LIABILITIES						
NON - CURRENT LIABILITIES						
Long-term borrowing	-	-	-	12.87	689.49	-
Long-term lease liability	177.76	183.66	-	-	-	-
Provision for Gas Infrastructure Development Cess	626.52	-	-	-	-	-
Retirement benefit obligations	370.04	308.55	293.31	343.85	264.82	462.17
Deferred taxation	-	-	-	-	408.57	135.37
	-	-	-	-	-	-
CURRENT LIABILITIES						
Trade and other payables	22,616.44	15,492.19	16,418.26	20,550.99	16,402.21	14,958.67
Dividend payable	92.73	94.03	97.01	92.00	82.26	71.92
Accrued mark-up	94.87	310.26	365.04	33.78	9.75	-
Provisions	112.36	112.36	112.36	112.36	112.36	112.36
Borrowings	19,997.51	16,777.52	25,007.90	1,340.27	-	-
Unearned revenue	-	193.08	-	-	-	-
Current portion of long-term borrowing	-	3.85	-	76.61	76.61	-
Current portion of long term lease liability	5.90	-	-	-	-	-
Taxation - provision less payments	-	-	-	-	-	-
	42,919.81	32,983.29	42,000.57	22,206.01	16,683.19	1,097.59
	264.3%	203.1%	258.6%	136.7%	102.7%	100.0%
TOTAL EQUITY AND LIABILITIES	75,681.52	63,312.79	76,167.35	65,814.27	61,385.95	53,660.53
	141.0%	118.0%	141.9%	122.7%	114.4%	100.0%

VERTICAL STATEMENT OF FINANCIAL POSITION

AS AT JUNE, 30

	2021	2020	2019	2018	2017	2016
	Rupees in million	Rupees in million	Rupees in million	Rupees in million	Rupees in million	Rupees in million
	%	%	%	%	%	%
ASSETS						
NON-CURRENT ASSETS						
Fixed assets	31,228.09	34,217.92	35,695.33	37,718.72	38,547.36	23,627.92
Long term investment	9.79	12.94	13.35	-	-	-
Long term loans	36.98	46.35	49.72	54.21	51.33	40.92
Long term deposits	30.26	30.27	30.27	30.27	30.19	30.19
Deferred taxation	8,161.77	7,639.92	2,874.07	456.85	-	-
Retirement benefit prepayments	22.41	19.79	15.61	6.27	5.47	4.91
	39,489.30	41,967.19	38,678.35	38,266.32	38,634.35	23,703.94
	52.2%	66.3%	50.8%	58.2%	63.0%	44.2%
CURRENT ASSETS						
Stores, spares and chemicals	1,705.85	1,553.00	1,572.57	1,501.86	908.61	907.49
Stock-in-trade	21,403.62	11,820.28	25,668.59	12,627.66	10,931.02	11,252.50
Trade receivables	9,031.92	4,022.17	7,499.05	7,986.21	6,032.87	5,297.20
Loans and advances	36.67	43.94	31.40	58.25	64.28	84.72
Trade deposits and short-term prepayments	31.14	21.23	34.61	16.92	14.01	10.58
Interest accrued	7.20	8.83	14.22	7.39	15.83	28.78
Other receivables	1,199.91	1,070.13	1,662.81	3,569.87	674.37	504.42
Taxation - payments less provision	2,168.58	2,253.41	27.07	1,237.95	1,341.12	-
Cash and bank balances	607.33	552.61	978.68	541.84	2,769.49	11,870.90
	36,192.22	21,345.60	37,489.00	27,547.95	22,751.60	29,956.59
	47.8%	33.7%	49.2%	41.8%	37.0%	55.8%
TOTAL ASSETS	75,681.52	63,312.79	76,167.35	65,814.27	61,385.95	53,660.53
	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	30,787.72	29,037.62	33,073.80	42,451.87	42,540.21	36,022.78
	31,587.39	29,837.29	33,873.47	43,251.54	43,339.88	36,822.45
	41.8%	47.1%	44.5%	65.7%	70.6%	68.6%
LIABILITIES						
NON - CURRENT LIABILITIES						
Long-term borrowing	-	-	-	12.87	-	-
Long-term lease liability	177.76	183.66	-	-	-	-
Provision for Gas Infrastructure Development Cess	626.52	-	-	-	-	-
Retirement benefit obligations	370.04	308.55	293.31	343.85	264.82	462.17
Deferred taxation	-	-	-	-	408.57	135.37
	1,174.32	492.21	592.98	467.29	673.06	597.14
	1.5%	0.8%	0.8%	0.7%	1.1%	1.1%
CURRENT LIABILITIES						
Trade and other payable	22,616.44	15,492.19	16,418.26	20,550.99	16,402.21	14,958.67
Dividend payable	92.73	94.03	97.01	92.00	82.26	71.92
Accrued mark-up	94.87	310.26	365.04	33.78	9.75	0.00
Provisions	112.36	112.36	112.36	112.36	112.36	112.36
Borrowings	19,997.51	16,777.52	25,007.90	1,340.27	-	-
Unearned revenue	-	193.08	-	-	-	-
Current portion of long-term borrowing	-	-	-	76.61	76.61	-
Current portion of long-term lease liability	5.90	3.85	-	-	-	-
Taxation - provision less payments	-	-	-	-	-	-
	42,919.81	32,982.29	42,000.57	22,206.01	16,683.19	1,097.59
	56.7%	52.1%	55.1%	33.8%	27.2%	2.0%
TOTAL EQUITY AND LIABILITIES	75,681.52	63,312.79	76,167.35	65,814.27	61,385.95	53,660.53
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

HORIZONTAL STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED

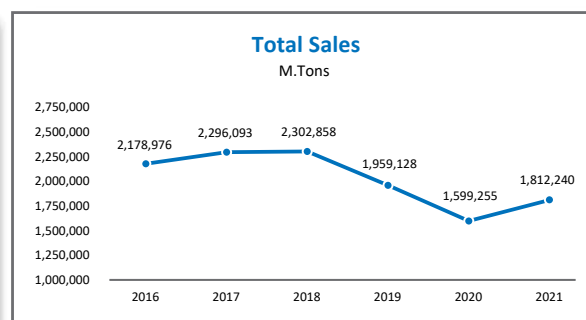
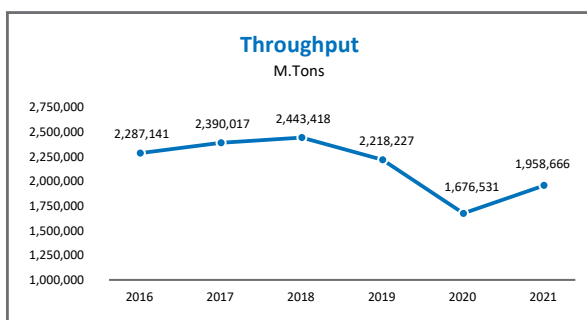
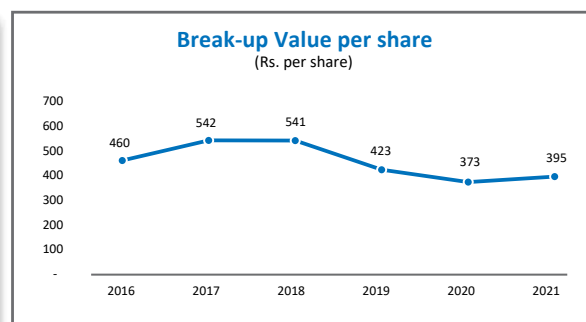
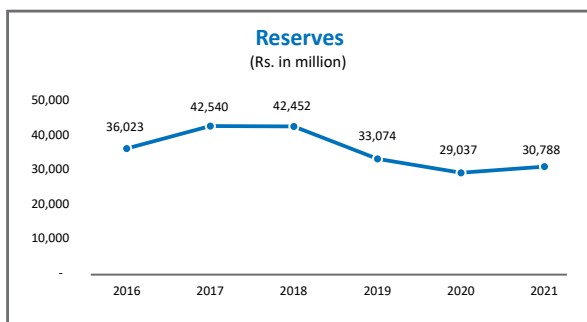
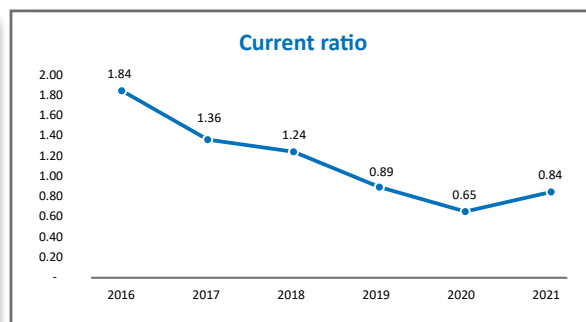
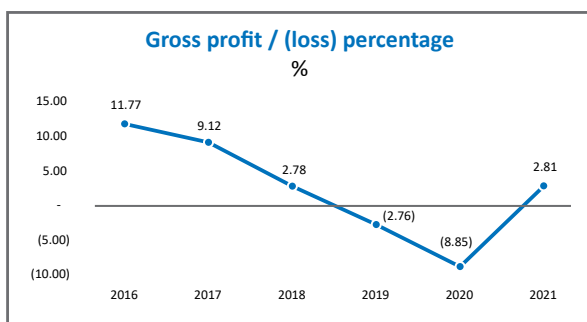
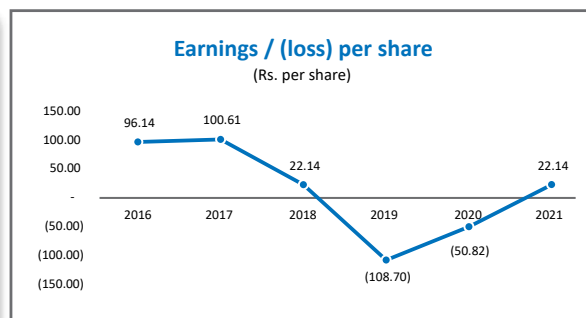
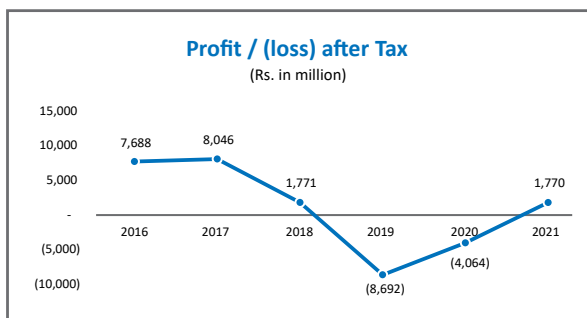
	2021	2020	2019	2018	2017	2016
	Rupees in million	Rupees in million	Rupees in million	Rupees in million	Rupees in million	Rupees in million
	%	%	%	%	%	%
Net revenue from contracts with customers	139,625.20	125,612.85	160,906.20	136,984.94	107,447.44	93,788.38
	148.9%	133.9%	171.6%	146.1%	114.6%	100.0%
Cost of sales	(135,700.35)	(136,730.49)	(165,355.34)	(133,172.93)	(97,647.94)	(82,745.29)
	164.0%	165.2%	199.8%	160.9%	118.0%	100.0%
Gross profit / (loss)	3,924.85	(11,117.84)	(4,449.14)	3,812.01	9,799.50	11,043.09
	35.5%	-100.7%	-40.3%	34.5%	88.7%	100.0%
Distribution cost	(925.63)	(730.85)	(814.48)	(756.51)	(734.78)	(685.64)
	135.0%	106.6%	118.8%	110.3%	107.2%	100.0%
Administrative expenses	(897.75)	(867.17)	(831.56)	(863.19)	(841.19)	(752.54)
	119.3%	115.2%	110.5%	114.7%	111.8%	100.0%
Other income	370.39	380.94	369.51	558.08	724.82	1,514.19
	24.5%	25.2%	24.4%	36.9%	47.9%	100.0%
Other operating expenses	(131.26)	(14.93)	(17.59)	(77.45)	(450.65)	(754.55)
	17.4%	2.0%	2.3%	10.3%	59.7%	100.0%
Operating profit / (loss)	2,340.60	(12,349.85)	(5,743.26)	2,672.94	8,497.70	10,364.55
	22.6%	-119.2%	-55.4%	25.8%	82.0%	100.0%
Finance cost	(940.39)	(2,513.24)	(5,285.75)	(1,765.61)	(182.53)	(275.52)
	341.3%	912.2%	1918.5%	640.8%	66.3%	100.0%
Profit / (loss) before taxation	1,400.21	(14,863.09)	(11,029.01)	907.33	8,315.17	10,089.03
	13.9%	-147.3%	-109.3%	9.0%	82.4%	100.0%
Taxation	369.89	10,799.33	2,336.58	863.35	(269.39)	(2,400.95)
	-15.4%	-449.8%	-97.3%	-36.0%	11.2%	100.0%
Profit / (loss) after taxation	1,770.10	(4,063.76)	(8,692.43)	1,770.68	8,045.78	7,688.08
	23.0%	-52.9%	-113.1%	23.0%	104.7%	100.0%

VERTICAL STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED

	2021	2020	2019	2018	2017	2016
	Rupees in million	Rupees in million	Rupees in million	Rupees in million	Rupees in million	Rupees in million
	%	%	%	%	%	%
Net revenue from contracts with customers	139,625.20	125,612.65	160,906.20	136,984.94	107,447.44	93,788.38
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	(135,700.35)	(136,730.49)	(165,355.34)	(133,172.93)	(97,647.94)	(82,745.29)
	-97.2%	-108.8%	-102.8%	-97.2%	-90.9%	-88.2%
Gross profit / (loss)	3,924.85	(11,117.84)	(4,449.14)	3,812.01	9,799.50	11,043.09
	2.8%	-8.8%	-2.8%	2.8%	9.1%	11.8%
Distribution cost	(925.63)	(730.85)	(814.48)	(756.51)	(734.78)	(685.64)
	-0.7%	-0.6%	-0.5%	-0.5%	-0.7%	-0.7%
Administrative expenses	(897.75)	(867.17)	(831.56)	(863.19)	(841.19)	(752.54)
	-0.6%	-0.7%	-0.5%	-0.6%	-0.8%	-0.8%
Other operating income	370.39	380.94	369.51	558.08	724.82	1,514.19
	0.3%	0.3%	0.2%	0.4%	0.7%	1.6%
Other operating expenses	(131.26)	(14.93)	(17.59)	(77.45)	(450.65)	(754.55)
	-0.1%	-0.0%	-0.0%	-0.1%	-0.4%	-0.8%
Operating profit / (loss)	2,340.60	(12,349.85)	(5,743.26)	2,672.94	8,497.70	10,364.55
	1.7%	-9.8%	-3.6%	2.0%	7.9%	11.1%
Finance cost	(940.39)	(2,513.24)	(5,285.75)	(1,765.61)	(182.53)	(275.52)
	-0.7%	-2.0%	-3.3%	-1.3%	-0.2%	-0.3%
Profit / (loss) before taxation	1,400.21	(14,863.09)	(11,029.01)	907.33	8,315.17	10,089.03
	1.0%	-11.8%	-6.9%	0.7%	7.7%	10.8%
Taxation	369.89	10,799.33	2,336.58	863.35	(269.39)	(2,400.95)
	0.3%	8.6%	1.5%	0.6%	-0.2%	-2.6%
Profit / (loss) after taxation	1,770.10	(4,063.76)	(8,692.43)	1,770.68	8,045.78	7,688.08
	1.3%	-3.2%	-5.4%	1.3%	7.5%	8.2%

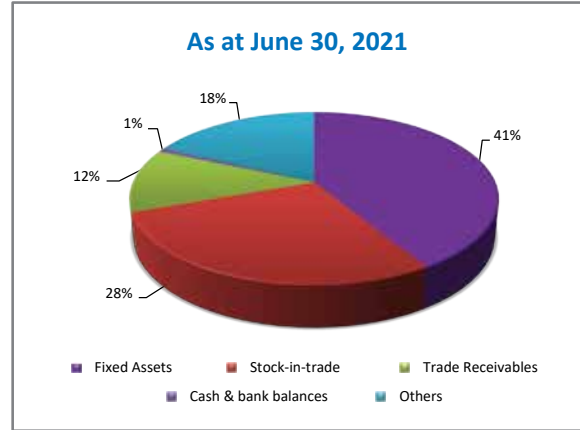
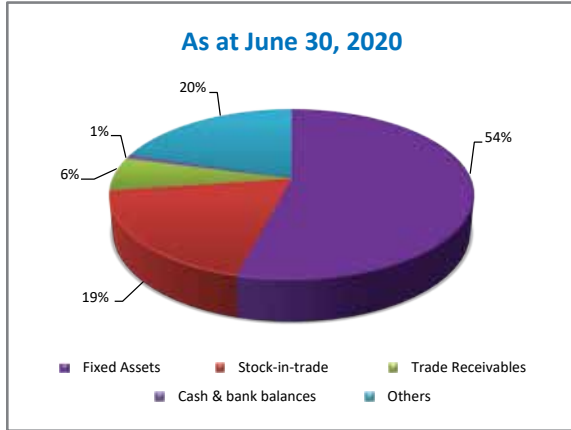
GRAPHICAL REPRESENTATION



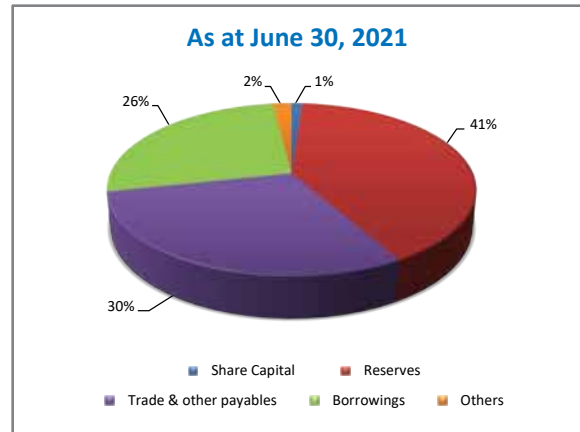
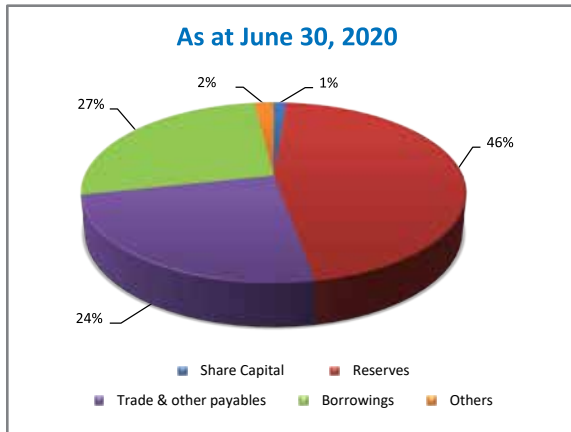
GRAPHICAL REPRESENTATION

STATEMENT OF FINANCIAL POSITION

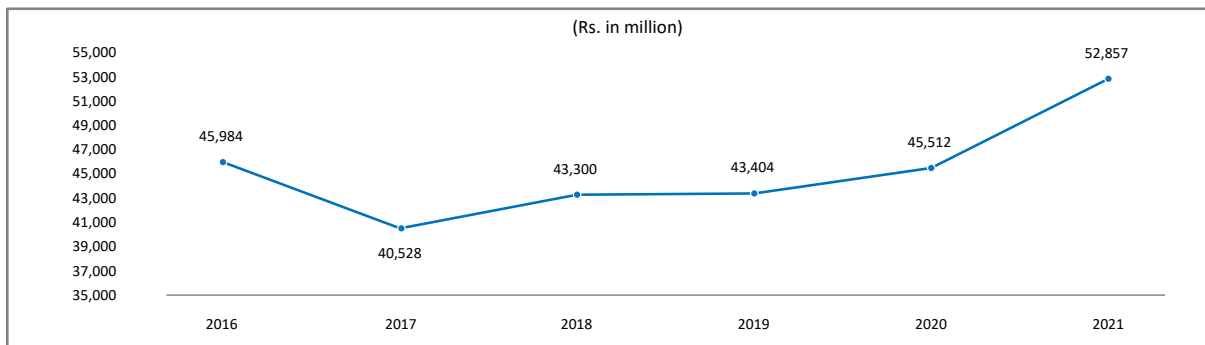
ASSETS



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, 2021, 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, 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 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, 2021 and of the profit 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>Deferred Tax</p> <p><i>(Refer note 7 to the financial statements)</i></p> <p>The Company has booked net deferred tax asset of Rs. 8,162 million as at June 30, 2021 that mainly is recognised on minimum tax, Alternate Corporate Tax and tax losses.</p> <p>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>The recoverability of deferred tax asset is dependent on availability of future taxable profits and involve preparation of future cash flow projections that take into account significant estimates and judgements about refinery margin and capacity utilisation.</p> <p>Due to this involvement of significant estimates and management judgements we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none">• Considered the expected timing of utilisation of the Deferred Tax Assets (DTA) keeping in view the relevant provision of Income Tax Ordinance 2002 that apply to the utilisation of tax losses;• Evaluated the extent to which sufficient probable taxable profits would arise in the period within which the related losses would be available for utilisation, considering for example limits on the length of time that losses can be carried forward;• Considered whether the tax balances were calculated using appropriate and substantively enacted tax laws and rates;• Obtained financial projections from the Company's management;• Obtained understanding of the Company's process of preparing financial projections; and• Evaluated the financial projections and assessed the likelihood of the Company generating sufficient future taxable profits.



S.No.	Key audit matters	How the matter was addressed in our audit
(ii)	<p>Stock-in-trade</p> <p><i>(Refer note 9 to the financial statements)</i></p> <p>Stock-in-trade as at June 30, 2021 comprises of crude oil and condensate, semi-finished and finished products amounting to Rs. 9,702 million, Rs. 4,065 million and Rs. 7,637 million respectively. Crude oil, condensate, semi-finished and finished products are valued at lower of cost and net realisable value. The inventory quantities are determined through complex process involving various estimates.</p> <p>Due to the significance of the stock balances, related complexities involved and significant management judgements in determining net realisable value and resultant carrying value of stock in trade, this is considered a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none">• Attended the physical count of the stock-in-trade and observed the said parameters alongwith the Employees of the Company and an external surveyor;• Our audit work included obtaining samples of stock-in-trade from the storage tanks to determine the nature / characteristics of the product / stock. Such samples were sent to the Company's laboratory to further confirm the nature of the product / stock after our internal coding of the samples;• Obtained the stock-in-trade count report of the external surveyor for 100% stock-in-trade and re-performed the working for determination of volume;• Assessed the background and experience of the surveyor to ensure their competence and capability;• Assessed appropriateness of the Company's accounting policies for valuation of stock in trade and compliance of those policies with applicable accounting standards;• Obtained an understanding and assessed reasonableness of the management's determination of net realisable value (NRV) and key estimates adopted, including future selling prices, future cost to complete work-in-progress and cost necessary to make the sales and their basis; and• Compared the NRV to the cost of stock in trade to assess whether any adjustments are required to value stock in trade in accordance with the accounting policy.



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 the 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.

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

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

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: August 26, 2021

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	3	31,228,089	34,217,924
Long-term investment	4	9,787	12,942
Long-term loans	5	36,983	46,351
Long-term deposits	6	30,265	30,265
Deferred taxation	7	8,161,767	7,639,925
Retirement benefit prepayments	18	22,409	19,786
		<u>39,489,300</u>	<u>41,967,193</u>
CURRENT ASSETS			
Stores, spares and chemicals	8	1,705,847	1,552,996
Stock-in-trade	9	21,403,625	11,820,278
Trade receivables	10	9,031,922	4,022,171
Loans and advances	11	36,667	43,941
Trade deposits and short-term prepayments	12	31,140	21,228
Interest accrued		7,195	8,833
Other receivables	13	1,199,914	1,070,134
Taxation - payments less provision		2,168,579	2,253,411
Cash and bank balances	14	607,327	552,605
		<u>36,192,216</u>	<u>21,345,597</u>
		<u>75,681,516</u>	<u>63,312,790</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	15	799,666	799,666
Reserves	16	30,787,721	29,037,620
		<u>31,587,387</u>	<u>29,837,286</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term lease liability		177,761	183,656
Provision for Gas Infrastructure Development Cess	17	626,516	-
Retirement benefit obligations	18	370,048	308,552
		<u>1,174,325</u>	<u>492,208</u>
CURRENT LIABILITIES			
Trade and other payables	19	22,616,437	15,492,187
Unclaimed dividend	20	61,398	62,538
Unpaid dividend	20	31,330	31,489
Accrued mark-up	21	94,868	310,264
Provisions	22	112,361	112,361
Borrowings	23	19,997,515	16,777,521
Unearned revenue		-	193,085
Current portion of long-term lease liability		5,895	3,851
		<u>42,919,804</u>	<u>32,983,296</u>
		<u>44,094,129</u>	<u>33,475,504</u>
TOTAL LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	24		
TOTAL EQUITY AND LIABILITIES		<u>75,681,516</u>	<u>63,312,790</u>

The annexed notes 1 to 44 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, 2021

	Note	2021 (Rupees in thousand)	2020
Revenue from contracts with customers	25	196,579,545	175,611,804
Trade discounts, taxes, duties, levies and price differential	26	<u>(56,954,347)</u>	<u>(49,999,158)</u>
Net revenue from contracts with customers		139,625,198	125,612,646
Cost of sales	27	<u>(135,700,345)</u>	<u>(136,730,486)</u>
Gross profit / (loss)		3,924,853	(11,117,840)
Distribution cost	28	(925,628)	(730,848)
Administrative expenses	29	(897,751)	(867,167)
Other income	30	370,388	380,939
Other operating expenses	31	<u>(131,265)</u>	<u>(14,931)</u>
Operating profit / (loss)		2,340,597	(12,349,847)
Finance cost - net	32	<u>(940,388)</u>	<u>(2,513,245)</u>
Profit / (loss) before taxation		1,400,209	(14,863,092)
Taxation	33	<u>369,891</u>	<u>10,799,330</u>
Profit / (loss) after taxation		<u>1,770,100</u>	<u>(4,063,762)</u>
		(Rupees)	
Earnings / (loss) per share - basic and diluted	34	<u>22.14</u>	<u>(50.82)</u>

The annexed notes 1 to 44 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, 2021

	2021	2020
	(Rupees in thousand)	
Profit / (loss) after taxation	1,770,100	(4,063,762)
Other comprehensive income / (loss)		
Items that will not be reclassified to statement of profit or loss		
Change in fair value of long term investment	(3,155)	(404)
Remeasurements of post employment benefit obligations - note 18	(25,993)	24,152
	(29,148)	23,748
Deferred tax thereon	9,149	3,831
	(19,999)	27,579
Total comprehensive income / (loss)	<u>1,750,101</u>	<u>(4,036,183)</u>

The annexed notes 1 to 44 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



Director

STATEMENT OF CHANGES IN EQUITY

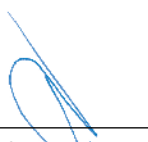
FOR THE YEAR ENDED JUNE 30, 2021

	SHARE CAPITAL	CAPITAL RESERVES				REVENUE RESERVES			Total
	Issued, subscribed and paid-up	Capital compensation reserve (note 16.1)	Exchange equalisation reserve	Special reserve (note 16.2)	Utilised special reserve (note 16.3)	General reserve	Gain / (loss) on revaluation of investment at fair value through OCI	Accumulated loss	
	← (Rupees in thousand) →								
Balance as at July 1, 2019	799,666	10,142	4,117	-	9,631,914	31,961,000	13,346	(8,546,716)	33,873,469
Total comprehensive loss for the year ended June 30, 2020									
- Loss for the year ended June 30, 2020	-	-	-	-	-	-	-	(4,063,762)	(4,063,762)
- Other comprehensive (loss) / income for the year ended June 30, 2020	-	-	-	-	-	-	(404)	27,983	27,579
	-	-	-	-	-	-	(404)	(4,035,779)	(4,036,183)
Balance as at June 30, 2020	799,666	10,142	4,117	-	9,631,914	31,961,000	12,942	(12,582,495)	29,837,286
Total comprehensive income for the year ended June 30, 2021									
- Profit for the year ended June 30, 2021	-	-	-	-	-	-	-	1,770,100	1,770,100
- Other comprehensive loss for the year ended June 30, 2021	-	-	-	-	-	-	(3,155)	(16,844)	(19,999)
	-	-	-	-	-	-	(3,155)	1,753,256	1,750,101
Balance as at June 30, 2021	799,666	10,142	4,117	-	9,631,914	31,961,000	9,787	(10,829,239)	31,587,387

The annexed notes 1 to 44 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



Director

STATEMENT OF CASH FLOWS

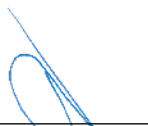
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees in thousand)	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (utilised in) / generated from operations	35	(828,512)	8,229,137
Income tax (paid) / refund - net		(57,970)	3,810,967
Finance cost paid		(1,783,884)	(2,264,458)
Decrease in long-term loans		9,368	3,365
Payment made to staff retirement benefit funds		(77,748)	(98,891)
Net cash flow (used in) / generated from operating activities		<u>(2,738,746)</u>	<u>9,680,120</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(440,290)	(1,917,167)
Purchase of intangible assets		(8,934)	(55)
Proceeds from disposal of property, plant and equipment		1,777	9,855
Return on investments and bank accounts		52,322	63,210
Net cash flow used in investing activities		<u>(395,125)</u>	<u>(1,844,157)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,299)	(2,993)
Lease rentals paid		(30,102)	(28,668)
Net cash flow used in financing activities		<u>(31,401)</u>	<u>(31,661)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(3,165,272)</u>	<u>7,804,302</u>
Cash and cash equivalents at beginning of the year		<u>(16,224,916)</u>	<u>(24,029,218)</u>
Cash and cash equivalents at end of the year	36	<u><u>(19,390,188)</u></u>	<u><u>(16,224,916)</u></u>

The annexed notes 1 to 44 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, 2021

1. LEGAL STATUS AND OPERATIONS

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

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

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

- Refinery complex and registered office of the Company is situated at 7-B Korangi Industrial Area, Karachi; and
- Oil terminal at Kemari, Karachi.

- 1.2 During the year, the Company has completed the revamp of the Two Stage Distillation Unit of its Lube-I refinery. This has resulted in an increase in 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Statement of compliance

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

2.2 Critical accounting estimates and judgments

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

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 18.

iii. Property, plant and equipment

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

2.3 Changes in accounting standards, interpretations and pronouncements

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

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2020. However, these do not have any significant impact on the Company's financial reporting.

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

There is a standard and certain other amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2021. However, these are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

2.4 Overall Valuation Policy

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

2.5 Property, plant and equipment

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

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

2.6 Intangible assets

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

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

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

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

2.7 Financial Instruments - Initial recognition and subsequent measurement

Initial Recognition

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

Classification of financial assets

The Company classifies its financial instruments in the following categories:

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

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, 2021

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

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

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

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

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

Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

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

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

Subsequent measurement

i) Financial assets at FVTOCI

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

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, 2021

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

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

Impairment of financial asset

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

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

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

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

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

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, 2021

Derecognition

i) Financial assets

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

ii) Financial liabilities

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

2.8 Off-setting of financial assets and liabilities

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

2.9 Stores, spares and chemicals

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

2.10 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.

2.11 Trade and other receivables

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

2.12 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, balances with banks on current, savings and deposit accounts, short-term investments and loans and receivables with original maturities of three months or less, running finance under mark-up arrangements and short-term finance.

2.13 Staff retirement benefits

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

2.13.1 Defined contribution plan

The Company operates an approved contributory provident fund for all employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% per annum of the basic salary. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

2.13.2 Defined benefit plans

Defined benefit plans define an amount of pension or gratuity or medical benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

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

The Company operates the following schemes:

- i) Funded pension scheme for permanent, regular and full time managerial and supervisory staff of the Company who joined prior to January 01, 2012. Contributions are made to the fund on the basis of actuarial valuation and are charged to income. The most recent valuation of the scheme was carried out as at June 30, 2021, 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, 2021, 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, 2021, 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, 2021, using the 'Projected Unit Credit Method'.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

Past-service costs are recognised immediately in statement of profit or loss.

2.14 Compensated absences

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

Provisions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to income. The most recent valuation was carried out as at June 30, 2021 using the 'Projected Unit Credit Method'.

2.15 Trade and other payables

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

2.16 Provisions

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

2.17 Taxation

2.17.1 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

2.17.2 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 statement of profit or loss. Deferred tax is determined using tax rates and prevailing law for taxation on income that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

2.18 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 rebate 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 Oil and Gas Regulatory Authority (OGRA). Whereas, the transaction prices of deregulated products are agreed under the contract with customer.

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

2.19 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

2.20 Foreign currency transactions and translation

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

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

2.21 Segment reporting

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

2.22 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.

2.23 Lease liability and right-of-use asset

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

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

The Company has elected to apply the practical expedient not to recognise right-of-use asset and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

	2021	2020
	(Rupees in thousand)	
3. FIXED ASSETS		
Property, plant and equipment		
- Operating assets - note 3.1	29,381,667	30,366,435
- Major spare parts and stand-by equipment - note 3.2	487,340	363,497
- Capital work-in-progress - note 3.3	1,350,892	3,468,738
	<u>31,219,899</u>	<u>34,198,670</u>
Intangible assets - note 3.4	8,190	19,254
	<u><u>31,228,089</u></u>	<u><u>34,217,924</u></u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

3.1 Operating assets

	Leasehold land (note 3.1.1)	Buildings on leasehold land	Right-of-use asset (note 3.1.2)	Plant and machinery (note 3.1.4)	Vehicles	Furniture and fixtures	Computers and other related accessories	Office and other equipment	Total
(Rupees in thousand)									
Year ended June 30, 2021									
Opening net book value	42,449	569,573	172,388	28,842,924	83,420	14,622	7,961	633,098	30,366,435
Additions	-	-	-	2,023	11,138	670	4,670	43,472	61,973
Transfers from capital work in progress	-	30,818	-	2,273,328	-	263	5,783	64,153	2,374,345
Disposals									
Cost	-	-	-	-	(4,784)	-	-	-	(4,784)
Accumulated depreciation	-	-	-	-	3,540	-	-	-	3,540
Depreciation charge - note 3.1.5	(596)	(44,883)	(17,239)	(3,208,950)	(24,437)	(1,812)	(6,800)	(115,125)	(3,419,842)
Closing net book value	41,853	555,508	155,149	27,909,325	68,877	13,743	11,614	625,598	29,381,667
As at June 30, 2021									
Cost	60,035	1,026,644	189,627	47,920,536	180,038	32,302	85,446	1,545,843	51,040,471
Accumulated depreciation	(18,182)	(471,136)	(34,478)	(20,011,211)	(111,161)	(18,559)	(73,832)	(920,245)	(21,658,804)
Net book value	41,853	555,508	155,149	27,909,325	68,877	13,743	11,614	625,598	29,381,667
Year ended June 30, 2020									
Opening net book value	43,045	589,794	-	31,297,954	72,128	15,800	9,970	621,355	32,650,046
Additions	-	-	189,627	3,524	34,216	109	2,993	56,458	286,927
Transfers from capital work in progress	-	23,325	-	846,081	-	673	663	60,475	931,217
Disposals									
Cost	-	-	-	-	(20,384)	-	-	(723)	(21,107)
Accumulated depreciation	-	-	-	-	20,098	-	-	503	20,601
Depreciation charge - note 3.1.5	(596)	(43,546)	(17,239)	(3,304,635)	(22,638)	(1,960)	(5,665)	(104,970)	(3,501,249)
Closing net book value	42,449	569,573	172,388	28,842,924	83,420	14,622	7,961	633,098	30,366,435
As at June 30, 2020									
Cost	60,035	995,826	189,627	45,645,185	173,684	31,369	74,993	1,438,218	48,608,937
Accumulated depreciation	(17,586)	(426,253)	(17,239)	(16,802,261)	(90,264)	(16,747)	(67,032)	(805,120)	(18,242,502)
Net book value	42,449	569,573	172,388	28,842,924	83,420	14,622	7,961	633,098	30,366,435
Annual Rate of Depreciation %	1	5 to 20	9.09	5 to 33.33	20	7.5 to 33.33	10 to 33.33	5 to 33.33	

* Assets written off

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

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

The carrying value of each of the above is immaterial.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

3.1.3 In the current year variable lease for right-of-use of assets amounts to Rs. 18.34 million.

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

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

	2021	2020
	(Rupees in thousand)	
Cost of sales - note 27	3,349,677	3,436,572
Distribution cost - note 28	4,887	6,552
Administrative expenses - note 29	65,278	58,125
	<u>3,419,842</u>	<u>3,501,249</u>

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

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

2021 2020
(Rupees in thousand)

3.2 Major spare parts and stand-by equipment

Gross carrying value		
Balance at beginning of the year	458,459	434,155
Additions during the year	348,689	383,418
Transfers made during the year	(226,870)	(359,114)
Balance at end of the year	<u>580,278</u>	<u>458,459</u>
Provision for impairment - note 3.2.1	(92,938)	(94,962)
Net carrying value	<u>487,340</u>	<u>363,497</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

3.2.1 During the year, net reversal of provision amounting to Rs. 2.02 million (2020: Rs. 1.9 million) has been made.

3.3 Capital work-in-progress

	Balance as at July 1, 2020	Additions during the year	Transfers	Balance as at June 30, 2021	Balance as at July 1, 2019	Additions during the year	Transfers	Balance as at June 30, 2020
	← (Rupees in thousand) →							
Buildings on leasehold land	22,810	15,952	(26,594)	12,168	16,420	17,763	(11,373)	22,810
Refineries upgradation projects - note 16.2	2,804,584	4,283	(1,835,161)	973,706	1,580,129	1,224,455	-	2,804,584
Plant and machinery	510,885	225,301	(463,123)	273,063	770,160	636,018	(895,293)	510,885
Office and other equipments	53,860	43,500	(57,847)	39,513	26,001	52,410	(24,551)	53,860
	<u>3,392,139</u>	<u>289,036</u>	<u>(2,382,725)</u>	<u>1,298,450</u>	<u>2,392,710</u>	<u>1,930,646</u>	<u>(931,217)</u>	<u>3,392,139</u>
Advances to contractors / suppliers	76,599	40,164	(64,321)	52,442	211,608	41,064	(176,073)	76,599
	<u>3,468,738</u>	<u>329,200</u>	<u>(2,447,046)</u>	<u>1,350,892</u>	<u>2,604,318</u>	<u>1,971,710</u>	<u>(1,107,290)</u>	<u>3,468,738</u>

2021 2020
(Rupees in thousand)

3.4 Intangible Assets – Computer softwares

Net carrying value

Balance at beginning of the year	19,254	103,678
Additions during the year	8,934	55
Adjustment during the year	-	(74)
Amortisation for the year	(19,998)	(84,405)
Balance at end of the year	<u>8,190</u>	<u>19,254</u>

Gross carrying value

Cost	363,321	354,386
Accumulated amortisation	(355,131)	(335,132)
Net book value	<u>8,190</u>	<u>19,254</u>

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	(Rupees in thousand)	
4. LONG-TERM INVESTMENT		
Fair value through OCI		
Anoud Power Generation Limited [1,080,000 (2020: 1,080,000) Ordinary shares of Rs.10 each, Equity held 9.09 percent (2020: 9.09 percent)]	<u>9,787</u>	<u>12,942</u>

The above investment was revalued by an independent valuer - M/s JS Global Capital Limited on June 30, 2021 based on the discounted cash flow analysis (level 3).

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

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

The following table presents the movement in level 3 item for the year ended June 30, 2021.

	Unlisted equity security (Rupees in thousand)
Opening balance July 1, 2020	12,942
Loss recognised during the year	(3,155)
Closing balance June 30, 2021	<u>9,787</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	(Rupees in thousand)	
5. LONG-TERM LOANS		
Loans - considered good		
Secured - note 5.1		
Loans to employees	45,716	57,903
Less: Recoverable within one year - note 11	<u>(9,349)</u>	<u>(12,117)</u>
	<u>36,367</u>	<u>45,786</u>
Unsecured - note 5.2		
Loans to employees	<u>846</u>	<u>806</u>
Less: Recoverable within one year - note 11	<u>(230)</u>	<u>(241)</u>
	<u>616</u>	<u>565</u>
	<u>36,983</u>	<u>46,351</u>

5.1 The secured loans to employees are for the purchase of motor cars and house building. These are granted in accordance with the terms of their employment and are recoverable in monthly installments over a period ranging between 5 to 10 years (2020: 5 to 10 years). Out of these, car loans amounting to Rs. 8.5 million (2020: Rs. 10.05 million) carry interest ranging from 3% to 7% (2020: 3% to 7%) per annum. These loans are secured against original title documents of respective assets.

5.2 The unsecured loans to employees are either personal loans or given for the purchase of furniture and motor cycles. These are granted in accordance with the terms of their employment and are recoverable in monthly installments over a period of 4 to 12 (2020: 4 to 12) years and are interest free.

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

	2021	2020
	(Rupees in thousand)	
6. LONG-TERM DEPOSITS		
Utilities	14,216	14,216
Others	<u>16,049</u>	<u>16,049</u>
	<u>30,265</u>	<u>30,265</u>

6.1 These deposits do not carry any mark up arrangement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

7. DEFERRED TAXATION

	Accelerated tax depreciation and amortisation	Right-of-use asset net of lease liability - IFRS 16	Provision for duties and taxes	Provision for slow moving and obsolete stores, spares and 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	Total
	(Rupees in thousand)									
July 01, 2020	(3,619,241)	4,018	13,023	111,761	14,087	70,044	2,729,751	787,537	7,528,945	7,639,925
Charge / (credit) to statement of profit or loss and other comprehensive income for the year	41,542	3,588	54	(1,950)	59	10,909	467,640	-	-	521,842
June 30, 2021	(3,577,699)	7,606	13,077	109,811	14,146	80,953	3,197,391	787,537	7,528,945	8,161,767
July 01, 2019	(3,642,614)	-	12,914	114,901	17,545	59,296	1,857,204	787,537	3,667,287	2,874,070
Charge / (credit) to statement of profit or loss and other comprehensive income for the year	23,373	4,018	109	(3,140)	(3,458)	10,748	872,547	-	3,861,658	4,765,855
June 30, 2020	(3,619,241)	4,018	13,023	111,761	14,087	70,044	2,729,751	787,537	7,528,945	7,639,925

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

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

	2021	2020
	(Rupees in thousand)	
8. STORES, SPARES AND CHEMICALS		
In hand		
- Stores	221,465	155,071
- Spares	1,398,636	1,366,443
- Chemicals	377,915	330,265
	<u>1,998,016</u>	<u>1,851,779</u>
In transit	26,478	26,841
	<u>2,024,494</u>	<u>1,878,620</u>
Provision for slow moving and obsolete stores, spares and chemicals - note 8.1	(318,647)	(325,624)
	<u>1,705,847</u>	<u>1,552,996</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

- 8.1 The Company made a reversal of provision for slow moving and obsolete stores, spares and chemicals of Rs. 6.98 million (2020: Rs. 13.72 million).

	2021	2020
	(Rupees in thousand)	
9. STOCK-IN-TRADE		
Crude oil and condensate [including in transit Rs. 4.2 billion (2020: Rs. 0.15 billion)]	9,701,672	2,351,008
Semi-finished products	4,064,865	2,542,958
Finished products - note 9.1	7,637,088	6,926,312
	<u>21,403,625</u>	<u>11,820,278</u>

- 9.1 As at June 30, 2021, stock of finished products has been written down by Rs. 34 million (2020: Rs. 77 million) to arrive at its net realisable value.

	2021	2020
	(Rupees in thousand)	
10. TRADE RECEIVABLES - unsecured		
Considered good		
- Related party - Attock Petroleum Limited - notes 10.1 & 10.2	4,916,233	2,455,398
- Others - note 10.3	4,115,689	1,566,773
Considered doubtful	<u>7,832</u>	<u>7,832</u>
	9,039,754	4,030,003
Less: Allowance for expected credit loss	(7,832)	(7,832)
	<u>9,031,922</u>	<u>4,022,171</u>

- 10.1 There are no trade receivable from related party that are past due or impaired.
- 10.2 The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 5.03 billion (2020: Rs. 6.61 billion).
- 10.3 The trade receivables that are past due but not impaired is Rs. 0.031 million (2020: Rs. 37.69 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	(Rupees in thousand)	
11. LOANS AND ADVANCES		
Loans - considered good		
Current portion of long term loans - note 5		
Secured		
- Employees	9,349	12,117
Unsecured		
- Employees	230	241
Short term loans to employees - unsecured and interest free	726	705
Advances - note 11.1		
- Employees	4,163	5,538
- Suppliers	22,199	25,340
	26,362	30,878
	36,667	43,941
11.1 These advances do not carry any mark up arrangement.		
12. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Deposits - note 12.1	9,893	4,986
Prepayments		
- Others	21,247	16,242
	31,140	21,228
	31,140	21,228
12.1 These deposits do not carry any mark up arrangement.		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	(Rupees in thousand)	
13. OTHER RECEIVABLES – considered good		
Receivable from related parties - 13.1		
- Attock Petroleum Limited	5,157	8,760
- The Attock Oil Company Limited	3	16
- Pakistan Oilfields Limited	43	355
- Attock Refinery Limited	20	20
- Attock Cement Limited	50	50
Others:		
- Government of Pakistan - note 13.2	232,809	232,809
- Sales tax receivable - note 13.3	567,691	567,691
- Additional tax claimed by Federal Board of Revenue - note 13.4	251,625	251,625
- Workers' profits participation fund - note 13.5	43,957	-
- Various - note 13.6	98,559	8,808
	<u>1,199,914</u>	<u>1,070,134</u>
13.1	The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 26.97 million (2020: Rs. 34.27 million).	
13.2	This represents Price Differential Claims (PDC) receivable from Government of Pakistan. On behalf of oil refineries, Oil Companies Advisory Committee (OCAC) has presented the claims before the Ministry of Petroleum & Natural Resources (MoPNR). In 2018, the Company 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.	
13.3	This represents receivable on account of sales tax paid to the Federal Board of Revenue amounting to Rs. 567.69 million (2020: Rs. 567.69 million) in respect of sales tax demand received for the periods July 2013 to June 2014, July 2015 to June 2016 and June to September 2016. These cases have been remanded back by Commissioner Inland Revenue (Appeals). The Company has filed appeals with the Appellate Tribunal Inland Revenue (ATIR) against order of Commissioner Inland Revenue (Appeals)(CIRA) on certain points which were not decided in favour of the Company.	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

- 13.4 This represents amount paid against the order of demand for monitoring of withholding taxes for tax years 2014 and 2016. The Company has filed an appeal with the Commissioner of Inland Revenue (Appeals) against the order for tax year 2014. Whereas, for tax year 2016 the company filed appeal with Commission Inland revenue (Appeals) which has been remanded back.

2021 2020
(Rupees in thousand)

13.5	Workers' profits participation fund		
	Receivable at beginning of the year	-	-
	Allocation for the year - note 31	(76,043)	-
		<u>(76,043)</u>	<u>-</u>
	Amount paid to the Trustees of the Fund	120,000	-
	Receivable at end of the year	<u>43,957</u>	<u>-</u>

- 13.6 This includes Rs. 85.19 million in respect of Motor Gasoline Euro differential payment as referred in note 26.1.

2021 2020
(Rupees in thousand)

14. CASH AND BANK BALANCES

Cash in hand		500	500
With banks on:			
Current accounts		91,300	43,535
Savings accounts - note 14.1		25,464	18,507
Deposit accounts - notes 14.1 and 14.2		490,063	490,063
		<u>606,827</u>	<u>552,105</u>
		<u>607,327</u>	<u>552,605</u>

- 14.1 These carry mark-up rates varying from 5% to 5.5% (2020: 6.5% to 12%) per annum.

- 14.2 This represents bank guarantees under lien issued on behalf of the Company Rs. 490 million (2020: Rs. 490 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

		2021	2020
		(Rupees in thousand)	
15.	SHARE CAPITAL		
	Number of shares		
	Authorised		
	100,000,000 Ordinary shares of Rs. 10 each	<u>1,000,000</u>	<u>1,000,000</u>
	Issued, subscribed and paid-up		
	59,450,417 Ordinary shares of Rs. 10 each fully paid in cash	594,504	594,504
	6,469,963 Ordinary shares of Rs. 10 each issued for consideration other than cash	64,700	64,700
	14,046,180 Ordinary shares of Rs. 10 each issued as fully paid bonus shares	<u>140,462</u>	<u>140,462</u>
	<u>79,966,560</u>	<u>799,666</u>	<u>799,666</u>
15.1	As at June 30, 2021 and 2020, Attock Group holds 51% equity stake in the Company through the following Companies:		
		2021	2020
		(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
		2021	2020
		(Rupees in thousand)	
16.	RESERVES		
	Capital reserves		
	Capital compensation reserve - note 16.1	10,142	10,142
	Exchange equalisation reserve	4,117	4,117
	Special reserve - note 16.2	-	-
	Utilised special reserve - note 16.3	<u>9,631,914</u>	<u>9,631,914</u>
		<u>9,646,173</u>	<u>9,646,173</u>
	Revenue reserves		
	General reserve	31,961,000	31,961,000
	Revaluation of investment at fair value through OCI	9,787	12,942
	Accumulated loss	<u>(10,829,239)</u>	<u>(12,582,495)</u>
		<u>21,141,548</u>	<u>19,391,447</u>
		<u>30,787,721</u>	<u>29,037,620</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

16.2 As per the Import Parity Pricing (IPP) formula, effective July 1, 2002, certain refineries including the Company have been directed to transfer from their net profit after tax for the year from fuel refinery operations, an amount in excess of 50% of the paid-up share capital, as on July 1, 2002 attributable to fuel segment, to offset against any future losses or to make investment for expansion or upgradation and is therefore not available for distribution.

During 2013, Government of Pakistan issued a policy framework for upgradation and expansion of refinery projects which interalia states that "till the completion of the projects, refineries will not be allowed to offset losses, if any, for the year ended June 30, 2013 or subsequent years against the amount of profit above 50% accumulated or to be accumulated in the special reserves account as per current pricing formula."

During the year, no transfer has been made to the special reserve because of loss from fuel refinery operations. Also refer note 39.2.

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

17. PROVISION FOR GAS INFRASTRUCTURE DEVELOPMENT CESS

During the year, the Supreme Court of Pakistan has decided the Appeal against consumers upholding the vires of GIDC Act, 2015 through its judgement dated August 13, 2020. The Review Petition was filed against the Judgment, wherein the Honourable Court has provided some relief by increasing the time period for recovery of GIDC from 24 installments to 48 installments. However, the review application has been dismissed on merits.

The Company has also filed a civil suit before the Honourable High Court of Sindh on the ground that the Company falls under the category of consumers and it has not passed on the burden of Cess. Stay order was granted in the aforesaid suit, which has been operative till the next date of hearing. However, while pendency of aforesaid suit, the Company is regularly paying GIDC installments up to the date under protest and without prejudice to the Company's legal rights.

The Company has recorded a provision at its present value by discounting the future cash flows at risk free rate and booked an income of Rs. 153.7 million, which has been netted off in cost of sales.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

18. RETIREMENT BENEFIT OBLIGATIONS

18.1 Retirement benefit obligations

18.1.1 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, 2021.

18.1.2 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.

18.1.3 The latest actuarial valuation of the Plans as at June 30, 2021 was carried out using the Projected Unit Credit Method. Details of the Funds as per the actuarial valuation are as follows:

	2021				2020			
	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)							
18.1.4 Balance sheet reconciliation								
Present value of defined benefit obligation at June 30 - note 18.1.5	4,948,236	1,503,143	231,180	79,947	4,849,641	1,430,513	204,971	62,705
Fair value of plan assets at June 30 - note 18.1.6	(4,940,243)	(1,227,074)	(145,194)	(102,356)	(4,826,069)	(1,211,026)	(139,478)	(82,491)
Deficit / (surplus)	<u>7,993</u>	<u>276,069</u>	<u>85,986</u>	<u>(22,409)</u>	<u>23,572</u>	<u>219,487</u>	<u>65,493</u>	<u>(19,786)</u>

	2021				2020			
	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)							
18.1.5 Movement in the present value of defined benefit obligation								
Balance at July 1	4,849,641	1,430,513	204,971	62,705	4,725,044	1,309,292	185,944	45,961
Benefits paid by the plan	(415,816)	(79,933)	(1,780)	(2,294)	(384,245)	(68,164)	(2,676)	(1,925)
Current service cost	52,237	11,590	6,153	15,430	62,148	11,671	5,685	14,078
Interest cost	396,753	119,431	17,426	5,928	636,896	180,306	25,775	7,334
Transfers	15,253	-	(15,253)	-	8,111	-	(8,111)	-
Remeasurement on obligation	50,168	21,542	19,663	(1,822)	(198,313)	(2,592)	(1,646)	(2,743)
Balance at June 30	<u>4,948,236</u>	<u>1,503,143</u>	<u>231,180</u>	<u>79,947</u>	<u>4,849,641</u>	<u>1,430,513</u>	<u>204,971</u>	<u>62,705</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	2021				2020			
	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) →							
18.1.6	Movement in the fair value of plan assets							
Balance at July 1	4,826,069	1,211,026	139,478	82,491	4,670,856	1,130,506	125,608	61,579
Contributions paid into the plan	44,105	4,469	13,321	15,853	64,929	9,491	9,635	14,836
Transfers	15,253	-	(15,253)	-	8,111	-	(8,111)	-
Benefits paid by the plan	(415,816)	(79,933)	(1,780)	(2,294)	(384,245)	(68,164)	(2,676)	(1,925)
Interest income	393,651	101,103	12,022	7,544	626,958	155,801	17,634	9,383
Remeasurement on plan assets	76,981	(9,591)	(2,594)	(1,238)	(160,540)	(16,608)	(2,612)	(1,382)
Balance at June 30	<u>4,940,243</u>	<u>1,227,074</u>	<u>145,194</u>	<u>102,356</u>	<u>4,826,069</u>	<u>1,211,026</u>	<u>139,478</u>	<u>82,491</u>
18.1.7	Expense recognised in the statement of profit or loss							
Current service cost	52,237	11,590	6,153	15,430	62,148	11,671	5,685	14,078
Net interest (income) / cost	3,102	18,328	5,404	(1,616)	9,938	24,505	8,141	(2,049)
Expense recognised in statement of profit or loss	<u>55,339</u>	<u>29,918</u>	<u>11,557</u>	<u>13,814</u>	<u>72,086</u>	<u>36,176</u>	<u>13,826</u>	<u>12,029</u>
18.1.8	Remeasurement recognised in Other Comprehensive Income or loss							
(Gain) / loss from changes in actuarial assumptions	(30,007)	2,475	(4,510)	(1,564)	(4,115)	(26,716)	6,624	1,780
Experience loss / (gain)	80,175	19,067	24,173	(258)	(194,198)	24,124	(8,270)	(4,523)
Remeasurement of fair value of plan assets	(76,981)	9,591	2,594	1,238	160,540	16,608	2,612	1,382
Remeasurements	<u>(26,813)</u>	<u>31,133</u>	<u>22,257</u>	<u>(584)</u>	<u>(37,773)</u>	<u>14,016</u>	<u>966</u>	<u>(1,361)</u>
18.1.9	Net recognised liability / (asset)							
Net liability / (asset) at the beginning of the year	23,572	219,487	65,493	(19,786)	54,188	178,786	60,336	(15,618)
Expense recognised in profit and loss account	55,339	29,918	11,557	13,814	72,086	36,176	13,826	12,029
Contribution made to the fund during the year	(44,105)	(4,469)	(13,321)	(15,853)	(64,929)	(9,491)	(9,635)	(14,836)
Remeasurements recognised in other comprehensive income or loss	(26,813)	31,133	22,257	(584)	(37,773)	14,016	966	(1,361)
Recognised liability / (asset) as at June 30	<u>7,993</u>	<u>276,069</u>	<u>85,986</u>	<u>(22,409)</u>	<u>23,572</u>	<u>219,487</u>	<u>65,493</u>	<u>(19,786)</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

	Pension fund		Medical fund		Non - management gratuity fund		Management gratuity fund	
	2021	2020	2021	2020	2021	2020	2021	2020
Debt instruments	97.57%	89.76%	99.91%	97.42%	97.82%	86.72%	99.89%	69.57%
Equity	2.13%	1.45%	0.00%	0.00%	2.02%	2.42%	0.00%	0.00%
Mutual funds	0.00%	6.38%	0.00%	0.86%	0.00%	0.00%	0.00%	0.00%
Others	0.30%	2.41%	0.09%	1.72%	0.16%	10.86%	0.11%	30.43%

18.1.11 Actuarial Assumptions

Discount rate at June 30	9.00%	8.50%	9.00%	8.50%	9.00%	8.50%	9.00%	8.50%
Future salary increases / increase in cost								
- First year following the valuation	6.50%	6.50%	7.00%	6.50%	6.50%	6.50%	6.50%	6.50%
- Second year following the valuation	6.50%	6.50%	7.00%	6.50%	6.50%	6.50%	6.50%	6.50%
- Third year following the valuation	6.50%	6.50%	7.00%	6.50%	6.50%	6.50%	6.50%	6.50%
- Long term increase	8.00%	7.50%	8.00%	7.50%	8.00%	7.50%	8.00%	7.50%
Expected rate of increase in pension	3.20%	2.70%	-	-	-	-	-	-
Expected retirement age	60 years	60 years	60 years	60 years	60 years	60 years	60 years	60 years

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

18.1.13 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 2021 consists of government securities. The Company believes that government securities offer the best returns over the long term with an acceptable level of risk.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

18.1.14 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 2022 is expected to amount to Rs. 120.34 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.

18.2 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%	(324,672)	381,187
Future salary increases	0.5%	56,816	(54,279)
Future pension increases	0.5%	271,741	(251,923)
Future medical increases	0.5%	8,283	(8,011)

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

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 year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018	2017
	← (Rupees in thousand) →				
18.3 Historical information					
Pension fund					
Present value of defined benefit obligation	4,948,236	4,849,641	4,725,044	4,918,941	5,027,689
Fair value of plan assets	(4,940,243)	(4,826,069)	(4,670,856)	(4,845,227)	(5,004,088)
Deficit in the plan	<u>7,993</u>	<u>23,572</u>	<u>54,188</u>	<u>73,714</u>	<u>23,601</u>
Experience Adjustments					
(Gain) / loss on obligation	50,168	(198,313)	(266,600)	(136,286)	64,714
(Loss) / gain on plan assets	76,981	(160,540)	(220,720)	(191,458)	155,332
Medical Benefit					
Present value of defined benefit obligation	1,503,143	1,430,513	1,309,292	1,303,407	1,256,203
Fair value of plan assets	(1,227,074)	(1,211,026)	(1,130,506)	(1,096,084)	(1,078,902)
Deficit in the plan	<u>276,069</u>	<u>219,487</u>	<u>178,786</u>	<u>207,323</u>	<u>177,301</u>
Experience Adjustments					
(Gain) / loss on obligation	21,542	(2,592)	(69,352)	(17,331)	7,879
(Loss) / gain on plan assets	(9,591)	(16,608)	(8,592)	(25,212)	22,029
Gratuity fund - Non-management					
Present value of defined benefit obligation	231,180	204,971	185,944	168,163	160,825
Fair value of plan assets	(145,194)	(139,478)	(125,608)	(105,347)	(96,903)
Deficit in the plan	<u>85,986</u>	<u>65,493</u>	<u>60,336</u>	<u>62,816</u>	<u>63,922</u>
Experience Adjustments					
(Gain) / loss on obligation	19,663	(1,646)	(2,278)	(4,597)	26,496
(Loss) / gain on plan assets	(2,594)	(2,612)	(428)	(944)	25
Gratuity fund - management					
Present value of defined benefit obligation	79,947	62,705	45,961	38,532	24,040
Fair value of plan assets	(102,356)	(82,491)	(61,579)	(44,800)	(29,508)
Surplus in the plan	<u>(22,409)</u>	<u>(19,786)</u>	<u>(15,618)</u>	<u>(6,268)</u>	<u>(5,468)</u>
Experience Adjustments					
(Loss) / gain on obligation	(1,822)	(2,743)	(8,491)	1,647	3,400
Loss on plan assets	(1,238)	(1,382)	(291)	(788)	(103)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

18.4 The Company's contributions toward the provident fund for the year ended June 30, 2021 amounted to Rs. 50.89 million (2020: Rs. 47.9 million).

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

	No. of years
Pension fund	8.94
Gratuity fund - Non-management	8.05
Medical fund	11.7
Gratuity fund - Management	16.96

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

2021 2020
(Rupees in thousand)

19. TRADE AND OTHER PAYABLES

Trade creditors	16,098,850	7,116,002
Due to Government of Pakistan - note 19.1	928,684	418,523
Due to related parties:		
- Attock Petroleum Limited	57,094	19,219
- Pakistan Oilfields Limited	49,224	289,686
- Attock Cement Pakistan Limited	141	-
Accrued liabilities	1,035,607	2,826,847
Current portion of provision for Gas Infrastructure Development Cess - refer note 17	307,457	-
Surplus price differential payable	-	7,582
PMG-RON differential payable - note 19.2	84,457	148,664
Custom duty payable - note 19.3	617,090	1,493,612
Sales tax payable	2,717,164	1,122,417
Retention money	58,403	177,349
Deposits from contractors - note 19.4	57,579	42,716
Advances from customers	-	339,814
Workers' Welfare Fund	94,714	78,595
Income tax deducted at source	29,189	23,694
Excise duty and petroleum levy	478,727	1,379,486
Others	2,057	7,981
	<u>22,616,437</u>	<u>15,492,187</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

- 19.1 This includes Rs. 642 million (2020: Rs. 148 million) in respect of discount and windfall payable on purchase of local crude oil.
- 19.2 This represents a differential payable as per the defined formula in the notification PL-9 (544)/2015 dated September 5, 2016 issued by the Ministry of Petroleum & Natural Resources which requires the Oil Marketing Companies to import Premium Motor Gasoline (PMG) of 92 Research Octane Number (RON). However, under such notification, refineries are allowed to produce PMG of less than 92 RON and account for the differential. The amount is paid as per the directives of the Regulator.
- 19.3 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.
- 19.4 These represent 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.

20. UNPAID DIVIDEND / UNCLAIMED DIVIDEND

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

21. ACCRUED MARK-UP

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

	2021	2020
	(Rupees in thousand)	
22. PROVISIONS		
Duties and taxes - note 22.1	29,006	29,006
Others - note 22.2	83,355	83,355
	<u>112,361</u>	<u>112,361</u>

- 22.1 These represent provision made by the Company in respect of sales tax and central excise duty aggregating to Rs. 29.01 million (2020: 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

22.2 These include Rs. 55.62 million (2020: Rs. 55.62 million) in respect of sales tax and excise duty on account of purchases of crude oil and drums.

	2021	2020
	(Rupees in thousand)	
23. BORROWINGS		
Running finance under mark-up arrangements - note 23.1	597,515	5,777,521
Financing under Istisna arrangement - note 23.2	6,250,000	5,000,000
Short term loans - note 23.3	13,150,000	6,000,000
	<u>19,997,515</u>	<u>16,777,521</u>

23.1 The facilities for running finance under mark-up arrangements with various banks amounted to Rs. 26.7 billion (2020: Rs. 21.65 billion) of which the amount remaining unutilised at the year end was Rs. 13.4 billion (2020: Rs. 9.87 billion). The rates of mark-up applicable on running finance ranges from 0.15% to 1% above KIBOR (2020: KIBOR + 0.15% to 1.10%) per annum.

23.2 This represents Istisna arrangement from an Islamic bank amounting to Rs. 9.75 billion (2020: Rs. 5 billion) of which Rs. 3.5 billion (2020: Rs. Nil) remain unutilised as at the year end. The rate of mark-up applicable is based on three months KIBOR + 0.05% to 0.5% (2020: three months KIBOR + 0.25%) per annum.

23.3 These represent short term loans obtained on rollover basis from commercial banks amounting to Rs. 13.15 billion (2020: Rs. 6 billion). These loans are interchangeable facilities with running finance arrangement as disclosed in note 23.1. The rate of mark-up applicable on these loans is based on respective tenor KIBOR ranging from -0.1% to 0.55% (2020: 0.1% to 0.55%) per annum.

23.4 The facilities for opening the letters of credit and guarantees as at June 30, 2021 amounted to Rs. 82.95 billion (2020: Rs. 86.8 billion) of which the amount remaining unutilised at the year end was Rs. 33.78 billion (2020: Rs. 63.58 billion). The above financing arrangement to the tune of Rs. 28.7 billion (2020: 21.65 billion) are sublimit of these non-funded limits.

23.5 These facilities are secured against ranking charge on the Company's stocks, receivables and stores, spares and chemicals.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 Claims not acknowledged by the Company as debt at the end of the year amounted to Rs. 5.57 billion (2020: Rs. 5.17 billion). These include claims accumulating to Rs. 5.34 billion (2020: Rs. 5 billion) in respect of late payment surcharge claimed by crude oil suppliers and Rs. 63.9 million (2020: Rs. 49.64 million) relating to freight claims.

24.1.2 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 (2020: Rs. 5.07 billion). However, these have not been recognised in the financial statements as these claims have not been acknowledged by the OMCs.

24.1.3 The Finance Act, 2017 introduced section 5A which imposed tax on every public company at the rate of 7.5% of its accounting profit before tax for the year. However, this tax did 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.

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 pricing parity 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.

24.1.4 In 2018, the Deputy Commissioner Inland Revenue (DCIR) passed an order against the Company in relation to withholding of taxes for tax year 2017 alleging that the Company has not withheld taxes on payment to certain foreign contractors against import of plant and machinery for the Company's upgradation projects and created a demand of Rs. 1,400 million along with a penalty of Rs. 122.3 million. Commissioner Inland Revenue Appeals (CIRA) remanded back the case in relation to appeal filed by the Company.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

During the year, DCIR passed an order to give effect to first appeal order and maintained its stance as stated above.

Subsequent to year end, the Sindh High Court has granted a stay order in favour of the Company and the matter is pending before CIRA.

Based on the advice of the tax consultant, the management is confident that the outcome of the appeal will be favourable hence no provision has been made in these financial statements.

24.2 Commitments

24.2.1 Commitments outstanding for capital expenditures as at June 30, 2021 amounted to Rs. 351.7 million (2020: Rs. 403 million).

	2021	2020
	(Rupees in thousand)	
25. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Local	184,561,517	166,031,164
Exports	12,018,028	9,580,640
	<u>196,579,545</u>	<u>175,611,804</u>

25.1 During the year, the pricing mechanism for the petroleum products has been changed through OGRA notification dated August 24, 2020, from monthly to fortnightly basis effective from September 1, 2020. Further the prices of Motor Gasoline and High Speed Diesel have been based on the Gulf Arab Platts' daily free-on-board (FOB) average for number of days in the pricing period as against the previous mechanism of PSO import price. The premium above Platts, freight and incidentals are taken as average of PSO's procurements for the pricing period and added to the average base commodity price as per existing practice.

	2021	2020
	(Rupees in thousand)	
26. TRADE DISCOUNTS, TAXES, DUTIES, LEVIES AND PRICE DIFFERENTIAL		
Trade discounts	262,216	404,581
Sales tax	26,789,002	24,124,523
Excise duty	187	463
Petroleum levy	25,889,655	21,379,005
PMG-RON differential - note 19.2	330,405	502,796
PMG - Euro V differential - note 26.1	4,811	-
Custom duty - note 19.3	3,678,071	3,394,705
Unearned revenue	-	193,085
	<u>56,954,347</u>	<u>49,999,158</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

26.1 During the year, the Government of Pakistan has introduced Euro-V standard Motor Gasoline effective September 2020, resulting in price differential charge of Rs. 4.81 million based on sulphur contents included in Motor Gasoline produced by the Company by scaling down the premium on PSO Euro-V standard, in accordance with the guidelines issued by Ministry of Energy. The Company, however, has paid an amount of Rs. 90 million on account of said price differential as directed by OGRA, which would be adjusted by OGRA after due verification.

	2021	2020
	(Rupees in thousand)	
27. COST OF SALES		
Opening stock of semi-finished products	2,542,958	4,965,023
Crude oil, condensate and drums consumed - notes 27.1, 27.2 and 19.3	127,159,520	118,472,130
Stores, spares and chemicals consumed	1,535,441	1,334,470
Salaries, wages and staff benefits - note 27.3	1,293,331	1,210,456
Staff transport and canteen	102,370	107,148
Fuel, power and water	3,563,818	3,853,895
Rent, rates and taxes	59,664	29,072
Insurance	558,268	404,417
Contract services	67,576	56,015
Repairs and maintenance	133,059	214,717
Reversal of provision for slow moving and obsolete stores, spares and chemicals	(6,977)	(13,720)
Reversal of provision for impairment of major spare parts and stand-by equipment	(2,024)	(1,901)
Depreciation - note 3.1	3,349,677	3,436,572
Amortisation of intangible assets - note 3.4	19,476	83,627
Professional charges	12,072	11,131
Consultancy charges	16,348	10,542
Security charges	15,718	19,564
Others	55,691	53,775
	137,933,028	129,281,910
Closing stock of semi-finished products - note 9	(4,064,865)	(2,542,958)
Cost of products manufactured	136,411,121	131,703,975
Opening stock of finished products	6,926,312	11,952,823
Closing stock of finished products - note 9	(7,637,088)	(6,926,312)
	(710,776)	5,026,511
	<u>135,700,345</u>	<u>136,730,486</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	(Rupees in thousand)	
27.1	Crude oil, condensate and drums consumed	
	Crude oil and condensate	
	- Opening stock	8,750,748
	- Purchases - note 27.2	111,935,112
	- Closing stock - note 9	(2,351,008)
	<u>127,005,965</u>	<u>118,334,852</u>
	Drums	137,278
	<u>127,159,520</u>	<u>118,472,130</u>
27.2	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.	
27.3	Includes Rs. 69.96 million (2020: Rs. 84.76 million) and Rs. 33.34 million (2020: Rs. 30.74 million) in respect of defined benefit and defined contribution plans respectively.	

	2021	2020
	(Rupees in thousand)	
28. DISTRIBUTION COST		
	Commission on local sales	416,412
	Commission on export sales	91,323
	Export expenses	89,045
	Salaries and staff benefits - note 28.1	82,070
	Depreciation - note 3.1	6,552
	Security charges	29,347
	Repairs and maintenance	203
	Pipeline charges	5,347
	Selling expenses	153
	Postage and periodicals	716
	Staff transport and canteen	5,183
	Others	4,497
	<u>925,628</u>	<u>730,848</u>
28.1	Include Rs. 6.06 million (2020: Rs. 7.36 million) and Rs. 2.58 million (2020: Rs. 2.89 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, 2021

	2021	2020
	(Rupees in thousand)	
29. ADMINISTRATIVE EXPENSES		
Salaries and staff benefits - note 29.1	522,112	490,750
Staff transport and canteen	31,993	35,530
Directors' fee	8,877	8,174
Rent, rates and taxes	5,108	5,106
Depreciation - note 3.1	65,278	58,125
Amortisation of intangible assets - note 3.4	522	778
Legal and professional charges	31,543	20,547
Printing and stationery	6,900	5,640
Contract services	46,362	49,213
Repairs and maintenance	80,781	73,728
Telecommunication	3,864	3,352
Electricity and power	5,912	4,760
Insurance	2,682	2,515
Travelling expenses	516	3,799
Postage and periodicals	8,922	7,177
Security charges	39,296	49,001
Others	37,083	48,972
	<u>897,751</u>	<u>867,167</u>

29.1 Include Rs. 34.61 million (2020: Rs. 42.01 million) and Rs. 14.93 million (2020: Rs. 14.27 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, 2021

	2021	2020
	(Rupees in thousand)	
30. OTHER INCOME		
Income from financial assets		
Return / interest / mark-up on:		
- PLS savings and deposit accounts - note 30.1	50,684	57,828
- Secured loans to employees - note 5.1	293	333
	<u>50,977</u>	<u>58,161</u>
Others		
Handling and storage income	182,823	179,438
Hospitality income	93,416	85,992
Liabilities no longer payable written back	13,698	-
Gain on disposal of property, plant and equipment	534	9,349
Sale of scrap and empties	12,321	28,911
Pipeline charges recovered	4,084	2,068
Rental income	9,852	8,360
Insurance rebate	-	5,746
Others	2,683	2,914
	<u>370,388</u>	<u>380,939</u>
30.1 This profit is earned from bank accounts under mark up arrangements maintained with conventional commercial banks.		
	2021	2020
	(Rupees in thousand)	
31. OTHER OPERATING EXPENSES		
Workers' Profits Participation Fund - note 13.5	76,043	-
Workers' Welfare Fund	44,593	7,831
Auditors' remuneration - note 31.1	10,454	6,725
Corporate Social Responsibility	175	375
	<u>131,265</u>	<u>14,931</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	(Rupees in thousand)	
31.1 Auditors' remuneration		
Audit fee	3,080	2,933
Taxation services	4,222	1,100
Fee for review of half yearly financial information, special reports and certifications	2,678	2,215
Out-of-pocket expenses	474	477
	<u>10,454</u>	<u>6,725</u>
32. FINANCE COST - NET		
Exchange (gain) / loss - note 32.1	(663,911)	269,285
Mark-up on borrowings	1,568,488	2,209,685
Guarantee commission and service charges	892	855
Interest on lease liability	26,251	26,548
Bank charges	8,668	6,872
	<u>940,388</u>	<u>2,513,245</u>
32.1 This is net of exchange loss on export sales amounting to Rs. 10.33 million (2020: Exchange gain of Rs. 0.42 million).		
	2021	2020
	(Rupees in thousand)	
33. TAXATION		
Current		
- for the year	1,081,705	970,298
- for prior years - note 33.1	(938,903)	(7,007,604)
Deferred	(512,693)	(4,762,024)
	<u>(369,891)</u>	<u>(10,799,330)</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

33.1 This includes Rs. 539 million in relation to order received by the Company from the Commissioner Inland Revenue Appeals (CIRA) in respect of appeal filed for the tax year 2015. The issue involved in the appeal was the apportionment of expenditures between local income and exports on the basis of 'gross sales' as compared to 'net sales'. The CIRA based on the prior orders of Appellate Tribunal Inland Revenue (ATIR) has allowed the apportionment of expenditures on the basis of 'gross sales' which has resulted in a refund of the said amount. However, the Federal Board of Revenue (FBR) has filed an appeal in the ATIR against the CIRA order. The Company has also filed an appeal in the ATIR in respect of apportionment of expenditures to be based on quantity sold rather than on net sales. As per last year practice and based on the legal advice, the Company has reversed the provision carried in respect of year 2015 for which CIRA appeal effect order has been received.

33.2 Relationship between tax expense and accounting profit

	2021	2020
	(Rupees in thousand)	
Accounting profit / (loss) before taxation	<u>1,400,209</u>	<u>(14,863,092)</u>
Tax at the applicable tax rate of 29% (2020: 29%)	406,061	(4,310,297)
Tax effect of Final Tax Regime	139,361	523,778
Effect of income taxable at lower rate	(571)	(484)
Effect of prior years tax	(938,903)	(7,007,604)
Effect of permanent differences	24,161	(4,723)
Tax income for the year	<u>(369,891)</u>	<u>(10,799,330)</u>

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

	2021	2020
Profit / (loss) after taxation (Rupees in thousand)	<u>1,770,100</u>	<u>(4,063,762)</u>
Weighted average number of ordinary shares in issue (in thousand)	<u>79,967</u>	<u>79,967</u>
Basic earnings / (loss) per share (Rupees)	<u>22.14</u>	<u>(50.82)</u>

There were no dilutive potential ordinary shares in issue as at June 30, 2021 and 2020.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	(Rupees in thousand)	
35. CASH GENERATED FROM OPERATIONS		
Profit / (loss) before taxation	1,400,209	(14,863,092)
Adjustment for non cash charges and other items:		
Depreciation and amortisation	3,439,840	3,585,654
Mark-up on long term loan and running finance	1,568,488	2,209,685
Interest on lease liability	26,251	26,548
Provision for staff retirement benefit funds	110,628	134,117
Gain on disposal of property, plant and equipment	(534)	(9,349)
Reversal of provision for slow moving and obsolete stores, spares and chemicals	(6,977)	(13,720)
Reversal of provision for impairment of major spare parts and stand-by equipments	(2,024)	(1,901)
Return on investments and bank accounts	(50,684)	(57,828)
Change in working capital - note 35.1	(7,313,709)	17,219,023
	<u>(828,512)</u>	<u>8,229,137</u>
35.1 Change in working capital		
(Increase) / decrease in current assets		
Stores, spares and chemicals	(145,874)	33,293
Stock-in-trade	(9,583,347)	13,848,316
Trade receivables	(5,009,751)	3,476,878
Loans and advances	7,274	(12,541)
Trade deposits and short-term prepayments	(9,912)	13,382
Other receivables	(129,780)	592,678
	(14,871,390)	17,952,006
Decrease / (increase) in current liabilities		
Trade and other payables	7,557,681	(732,983)
	<u>(7,313,709)</u>	<u>17,219,023</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	(Rupees in thousand)	
36. CASH AND CASH EQUIVALENTS		
Cash and bank balances	607,327	552,605
Short term running finance - note 23	<u>(19,997,515)</u>	<u>(16,777,521)</u>
	<u>(19,390,188)</u>	<u>(16,224,916)</u>

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2021			2020		
	Chief Executive	Executive Director	Executives	Chief Executive	Executive Director	Executives
	(Rupees in thousand)					
Managerial remuneration	10,630	-	143,039	10,540	-	150,102
Bonus	700	-	8,211	2,871	-	12,652
Retirement benefits	2,520	-	22,988	2,520	-	21,021
House rent	3,780	-	48,064	3,780	-	49,182
Conveyance	307	-	7,342	309	-	7,514
Leave benefits	954	-	13,772	820	-	11,829
	<u>18,891</u>	<u>-</u>	<u>243,416</u>	<u>20,840</u>	<u>-</u>	<u>252,300</u>
Number of person(s)	<u>1</u>	<u>-</u>	<u>64</u>	<u>1</u>	<u>-</u>	<u>61</u>

37.1 In addition to the above, fee to one executive and six non-executive / independent directors during the year amounted to Rs. 1.27 million (2020: Rs. 1.25 million) and Rs. 7.61 million (2020: Rs. 6.92 million) respectively.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

38.1 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	-	-	-	-	9,787	9,787	9,787
Amortised Cost							
Loans and advances	1,781	8,502	10,283	34,886	28,481	63,367	73,650
Deposits	-	-	-	9,893	30,265	40,158	40,158
Trade receivables	-	-	-	9,031,922	-	9,031,922	9,031,922
Accrued interest	-	-	-	7,195	-	7,195	7,195
Other receivables	-	-	-	147,789	-	147,789	147,789
Cash and bank balances	515,527	-	515,527	91,800	-	91,800	607,327
2021	<u>517,308</u>	<u>8,502</u>	<u>525,810</u>	<u>9,323,485</u>	<u>68,533</u>	<u>9,392,018</u>	<u>9,917,828</u>
2020	<u>510,542</u>	<u>10,451</u>	<u>520,993</u>	<u>4,140,003</u>	<u>79,107</u>	<u>4,219,110</u>	<u>4,740,103</u>
Financial liabilities							
Trade and other payables	-	-	-	17,666,412	-	17,666,412	17,666,412
Unclaimed dividend	-	-	-	61,398	-	61,398	61,398
Unpaid dividend	-	-	-	31,330	-	31,330	31,330
Accrued mark-up	-	-	-	94,868	-	94,868	94,868
Borrowings	19,997,515	-	19,997,515	-	-	-	19,997,515
2021	<u>19,997,515</u>	<u>-</u>	<u>19,997,515</u>	<u>17,854,008</u>	<u>-</u>	<u>17,854,008</u>	<u>37,851,523</u>
2020	<u>16,777,521</u>	<u>-</u>	<u>16,777,521</u>	<u>10,884,091</u>	<u>-</u>	<u>10,884,091</u>	<u>27,661,612</u>
On balance sheet gap							
2021	<u>(19,480,207)</u>	<u>8,502</u>	<u>(19,471,705)</u>	<u>(8,530,523)</u>	<u>68,533</u>	<u>(8,461,990)</u>	<u>(27,933,695)</u>
2020	<u>(16,266,979)</u>	<u>10,451</u>	<u>(16,256,528)</u>	<u>(6,744,088)</u>	<u>79,107</u>	<u>(6,664,981)</u>	<u>(22,921,509)</u>
OFF BALANCE SHEET ITEMS							
Commitments for capital expenditure							351,652
Letters of credit							20,037,507
Letters of guarantees							490,371
2021							<u>20,879,530</u>
2020							<u>7,432,069</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

38.2 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.

(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. 9.84 billion (2020: Rs. 4.7 billion).

The Company monitors its exposure to credit risk on an ongoing basis at various levels. The Company believes that it is not exposed to any major concentration of credit risk as it operates in an essential products industry and has as customers only sound organisations. Further, the cash and bank balances represent low credit risk as major balances are placed with banks having credit ratings of AA or above as assigned by PACRA or JCR-VIS.

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

	2021	2020
	(Rupees in thousand)	
Long term investment	9,787	12,942
Loans and advances	73,650	90,292
Deposits	40,158	35,251
Trade receivables	9,031,922	4,022,171
Accrued interest	7,195	8,833
Other receivables	147,789	18,009
Cash and bank balances	607,327	552,605
	<u>9,917,828</u>	<u>4,740,103</u>

(iii) Foreign exchange risk

Foreign currency risk arises mainly when receivables and payables exist due to transactions in foreign currencies primarily with respect to US Dollar. Financial assets include Rs. 0.51 billion (2020: Rs. Nil) and financial liabilities include Rs. 13.79 billion (2020: Rs. 5.03 billion) which are subject to foreign currency risk.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

As at June 30, 2021, 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. 1.33 billion (2020: Rs. 0.28 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, Istisna financing and running finance facility which is priced at ranging from -0.1% to 1% above respective tenor KIBOR.

At June 30, 2021, the Company has variable interest bearing financial liabilities of Rs. 19.47 billion (2020: Rs. 16.26 billion), and had the interest rate varied by 100 basis points with all the other variables held constant, profit before income tax for the year would have been approximately Rs. 194.72 million (2020: Rs. 162.57 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

(vi) **Fair values of financial assets and liabilities**

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

39. SEGMENT INFORMATION

- 39.1 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.
- 39.2 Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated assets include property, plant and equipment.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The financial information regarding operating segments is as follows:

	FUEL		LUBE		TOTAL	
	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)					
Segment Revenue						
Revenue from external customers						
- local, net of discounts, taxes, duties, levies and price differential	87,732,986	85,029,796	39,874,184	31,002,210	127,607,170	116,032,006
- exports	9,746,308	8,035,927	2,271,720	1,544,713	12,018,028	9,580,640
	97,479,294	93,065,723	42,145,904	32,546,923	139,625,198	125,612,646
Inter-segment transfers	30,787,980	21,203,651	-	-	30,787,980	21,203,651
Elimination of inter-segment transfers	-	-	-	-	(30,787,980)	(21,203,651)
Net revenue from contract with customer	128,267,274	114,269,374	42,145,904	32,546,923	139,625,198	125,612,646
Segment results after tax	(3,031,843)	(7,360,173)	4,801,943	3,296,411	1,770,100	(4,063,762)
Other comprehensive income	(6,667)	9,193	(13,332)	18,386	(19,999)	27,579
Total Comprehensive (loss) / income	(3,038,510)	(7,350,980)	4,788,611	3,314,797	1,750,101	(4,036,183)
Segment assets	50,261,268	38,592,749	9,496,061	10,828,424	59,757,329	49,421,173
Unallocated assets	-	-	-	-	15,924,187	13,891,617
Total assets	50,261,268	38,592,749	9,496,061	10,828,424	75,681,516	63,312,790
Segment liabilities	28,945,615	18,699,283	14,778,466	14,467,669	43,724,081	33,166,952
Unallocated liabilities	-	-	-	-	370,048	308,552
Total liabilities	28,945,615	18,699,283	14,778,466	14,467,669	44,094,129	33,475,504
Other Segment Information:						
Capital expenditure	79,328	501,756	66,475	1,024,654	145,803	1,526,410
Unallocated capital expenditure	-	-	-	-	594,059	1,115,645
	79,328	501,756	66,475	1,024,654	739,862	2,642,055
Depreciation and amortisation	3,044,128	3,256,321	395,712	329,333	3,439,840	3,585,654
Interest income	16,992	19,387	33,985	38,774	50,977	58,161
Interest expense	1,349,938	1,651,206	244,801	585,027	1,594,739	2,236,233
Non-cash expenses						
other than depreciation	(3,000)	(5,208)	(6,001)	(10,413)	(9,001)	(15,621)
Stock-in-trade written down	33,842	76,614	-	-	33,842	76,614

39.3 Incremental expenses of Diesel Hydro De-Sulphurisation (DHDS) and Isomerisation (ISOM) units have been charged to fuel segment in accordance with note 39.2 above.

39.4 The Company sells its manufactured products to Oil Marketing Companies (OMCs) and other organisations / institutions. Out of these, two (2020: two) of the Company's customers contributed towards 64.8% (2020: 64.35%) of the net revenues during the year amounting to Rs. 127.37 billion (2020: Rs. 80.95 billion) and each customer individually exceeds 10% of the net revenues.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

40. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	2021 (Rupees in thousand)	2020
Associated companies			
- Pakistan Oilfields Limited (POL)			
	Rental income	3,215	2,923
	Products - sale of petroleum products	181,422	455,365
	Purchase of raw material	1,383,293	1,918,853
	Reimbursement of expenses incurred by POL on behalf of NRL	359	273
	Reimbursement of expenses incurred by NRL on behalf of POL	155	787
- Attock Refinery Limited (ARL)			
	Reimbursement of expenses incurred by ARL on behalf of NRL	-	871
	Reimbursement of expenses incurred by NRL on behalf of ARL	-	157
	Naphtha handling income	136,395	131,100
	Price differential claims - (HSD)	8,475	-
- Attock Petroleum Limited (APL)			
	Sale of petroleum products	72,335,328	83,028,123
	Trade discounts	179,218	275,100
	Commission on export sales	115,836	103,196
	Commission on local sales	634,872	470,546
	Purchase of petroleum products	5,833	4,956
	Hospitality charges on sales	96,654	92,845
	Rental income	5,264	4,120
	Reimbursement of expenses incurred by NRL on behalf of APL	3,923	3,287
- Attock Cement Pakistan Limited (ACPL)			
	Reimbursement of expenses incurred by ACPL on behalf of NRL	-	391
	Reimbursement of expenses incurred by NRL on behalf of ACPL	-	149
	Purchase of stores	280	348

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Nature of relationship	Nature of transactions	2021 (Rupees in thousand)	2020
Associated companies			
- Attock Oil Company Limited (AOCL) *			
	Reimbursement of expenses incurred by AOC on behalf of NRL	63	994
	Reimbursement of expenses incurred by NRL on behalf of AOC	43	64
	Sale of Company vehicle	-	4,900
Other related parties			
- Contribution to staff retirement benefits plans			
	Employees provident fund	50,889	47,902
	Employees gratuity fund	29,174	24,470
	Employees pension fund	44,105	64,929
	Post retirement medical fund	4,469	9,491
- Key management compensation**			
	Salaries and other employee benefits	41,994	41,651
	Post employment benefits	3,665	3,505
	Directors' fee	8,877	8,174

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

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

- 40.1.1 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.
- 40.1.2 Purchase of crude oil and condensate from associated company is based on price mechanism provided in their respective Petroleum Concession Agreement till finalisation of Crude Oil / Condensate Sale and Purchase Agreements.
- 40.2 The related party status of outstanding balances as at June 30, 2021 is included in trade receivables, other receivables and trade and other payables. These are settled in the ordinary course of business.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

40.3 Following are the related parties with whom the Company had entered into transactions or has arrangement / agreement in place:

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

Crude oil - throughput

Annual designed capacity	Actual throughput
← (In Barrels) →	

41. CAPACITY

2021 - note 41.1

23,100,000 14,631,174

2020

21,466,500 12,597,844

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

41.2 During the year, the Company has increased its crude oil processing capacity by 4,950 barrels per stream day. Such annual designed capacity represents the enhanced capacity as at June 30, 2021 which was increased from the month of September 2020. Consequently, the enhanced capacity was not available to the Company for the whole year.

	2021	2020
42. NUMBER OF EMPLOYEES		
Number of employees including contractual employees at June 30	<u>1105</u>	<u>1128</u>
Average number of employees including contractual employees during the year	<u>1117</u>	<u>1143</u>

43. SUBSEQUENT EVENT

The board of directors in their meeting held on August 11, 2021 has proposed cash dividend of Rs. 10 per share (2020: Rs. Nil per share) amounting to Rs. 799.67 million (2020: Rs. Nil) subject to the approval of the Company in the forth coming annual general meeting.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

44. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 11, 2021 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, 2021

FORM 34

NUMBER OF SHAREHOLDERS	FROM	SHAREHOLDINGS TO	TOTAL SHARES HELD	% ON ISSUED
1847	1	100	87,371	0.11
1670	101	500	499,315	0.62
766	501	1000	608,853	0.76
967	1001	5000	2,263,098	2.83
175	5001	10000	1,285,978	1.61
122	10001	50000	2,440,357	3.05
23	50001	100000	1,485,516	1.86
17	100001	250000	2,800,967	3.50
6	250001	500000	1,928,698	2.41
7	500001	1000000	5,223,608	6.53
1	1000001	1500000	1,500,000	1.88
2	1500001	2500000	4,269,700	5.34
1	2500001	5000000	3,589,819	4.49
1	5000001	12000000	12,000,000	15.01
2	12000001	20000000	39,983,280	50.00
<u>5607</u>			<u>79,966,560</u>	<u>100.00</u>

Categories of shareholders	Percentage %	Number of Shareholders	Number of Shares held
Directors, Chief Executive Officer, and their spouse and minor children.	0.01	6	10,007
Associated Companies, undertakings and related parties.	51.08	5	40,849,151
NIT and ICP.	1.42	8	1,138,405
Banks, Development Financial Institutions and Non Banking Financial Institutions.	2.32	31	1,852,864
Insurance Companies.	9.04	13	7,228,930
Modarabas and Mutual Funds.	2.13	47	1,705,700
Shareholders holding 10%.			
- Islamic Development Bank, Jeddah.	15.01	1	12,000,000
General Public:			
a. Local.	15.86	5,383	12,679,005
b. Foreign.	0.01	5	8,568
Joint Stock Companies.	0.36	27	284,390
Others.	2.76	81	2,209,540
	<u>100.00</u>	<u>5,607</u>	<u>79,966,560</u>

Categories of shareholders	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		10,001
Mr. Abdus Sattar		1
Mr. Babar Bashir Nawaz		1
Associated Companies		
Attock Refinery Limited		19,991,640
Pakistan Oilfields Limited		19,991,640
Attock Petroleum Limited		799,665
Shareholders holding 10% or more voting interest		
Attock Refinery Limited	25	19,991,640
Pakistan Oilfields Limited	25	19,991,640
Islamic Development Bank, Jeddah	15	12,000,000

Trade in the shares of the Company carried out by directors, executives, their spouse(s) and minor children during the year 2020-21:

Director	BUY	SELL
Mr. Tariq Iqbal Khan	12,500	13,300
Executives		
Mr. Imran Baig	49,000	49,000
Mr. Muhammad Mudassir ul Islam	-	100
Mr. Khan Zaman	-	100

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 Eighth (58th) Annual General Meeting** of National Refinery Limited will be held on **Thursday, October 21, 2021 at 1200 hours** through video link facility and managed from the registered office of the Company i.e. 7-B, Korangi Industrial Area, 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, 2021 together with the Reports of the Board and the Auditors thereon.
2. To consider and, if thought fit, to approve the payment of Final Cash Dividend at the rate of Rs.10/- per share i.e.,100% for the year ended June 30, 2021 as recommended by the Board of Directors.
3. To appoint Company's auditors for the year ending June 30, 2022 and to fix their remuneration.
4. To elect seven (7) Directors of the Company as fixed by the Board pursuant to the provisions of Section 159 of the Companies Act, 2017 for a term of three (3) years commencing from October 21, 2021. The names of the retiring Directors are:

- | | |
|----------------------------|------------------------|
| 1 Mr. Laith G. Pharaon | 2 Mr. Wael G. Pharaon |
| 3 Mr. Shuaib Anwer Malik | 4 Mr. Tariq Iqbal Khan |
| 5 Mr. Sajid Nawaz | 6 Mr. Abdus Sattar |
| 7 Mr. Zaki Mohamad Mansoer | |

The retiring directors are eligible for re-election.

OTHER BUSINESS

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

By Order of the Board



Muhammad Atta ur Rehman Malik
Company Secretary

Karachi:

Dated: September 27, 2021

NOTES:**1. CORONAVIRUS CONTINGENCY PLANNING FOR ANNUAL GENERAL MEETING**

As COVID-19 pandemic is continuing with emergence of new variants with the passage of time causing rapid human to human transmission, therefore, in order to protect the health and well being of Shareholders, Company has decided to convene its 58th AGM through video link facility, while honouring quorum provisions, as allowed by the Securities and Exchange Commission of Pakistan. For this purpose, special arrangements have been made for the AGM which are as under:

- a) AGM will be held through ZOOM application (a video link facility).
- b) Shareholders / proxy holders interested in attending the AGM through ZOOM application are requested to get themselves registered with CDC Share Registrar Services Limited at least 48 hours before the time of AGM i.e. before 1200 hours on October 19, 2021 at cdcsr@cdcsrsl.com or WhatsApp on: [+92-321-8200864](tel:+92-321-8200864) by providing the following details:

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

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

***Shareholders/proxyholders are requested to provide active email addresses and mobile phone number.*

Video link details and login credentials will be sent to members at their provided email addresses enabling them to attend the meeting on the given date and time.

Login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after the identification process. Shareholders will be able to login and participate in the AGM proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.

- c) Shareholders may send their comments and questions relating to the agenda items of the AGM atleast two (2) working days before the AGM, at the given email address cdcsr@cdcsrsl.com or WhatsApp on: [+92-321-8200864](tel:+92-321-8200864). Shareholders are requested to mention their full name, CNIC/Folio/ Participant ID & A/C No for this purpose.

2. ELECTION OF DIRECTORS

Notice of intention to offer for election as a director in terms of Section 159(3) of the Companies Act, 2017, shall be filed, with the Company at the Registered Office, 7-B, Korangi Industrial Area, Karachi, by a member, not later than fourteen (14) days before the date of the above said meeting, along with the following:

- Consent to act as director on Form-28 duly completed and signed by the candidate as required under section 167(1) of the Companies Act, 2017.
- Candidate's detailed profile along with his / her office address as required under SECP's SRO 1196(I)/2019 dated October 03, 2019.
- Signed declaration to the effect that the candidate is aware of the duties and powers of directors under the Companies Act, 2017, Memorandum and Articles of Association of the Company, Rule Book of Pakistan Stock Exchange Limited, the Listed Companies (Code of Corporate Governance) Regulations, 2019 and other relevant laws and regulations.
- Signed declaration to the effect that the candidate is compliant with the requirements and eligibility criteria as set out in the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019 to be appointed as a Director of the listed Company.
- Copy of valid CNIC / Passport and NTN.

Following additional documents are to be submitted by the candidate(s) intending to contest election of directors as an independent director:

- Declaration under Regulation 6(3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 that the candidate qualifies the criteria of independence notified under the Companies Act, 2017; and
- Undertaking on non-judicial stamp paper that the candidate meets the requirements of Regulation 4(1) of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

3. CLOSURE OF SHARE TRANSFER BOOKS

The Register of Members of the Company will remain closed and no transfer of shares will be accepted for registration from October 14, 2021 to October 21, 2021 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar:

M/s CDC Share Registrar Services Limited

CDC House, 99-B, Block 'B', S.M.C.H.S,

Main Shahra-e-Faisal, Karachi-74400.

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

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

at the close of business on **October 13, 2021** will be treated in time for the purpose of determination of entitlement to the transferees.

4. PARTICIPATION IN ANNUAL GENERAL MEETING

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as his 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 in writing duly signed, witnessed, stamped and deposited at the Registered office of the Company not less than 48 hours before the meeting.

CDC account holders will further have to follow the under mentioned guidelines:

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 sharing scan copy of his original Computerised National Identity Card (CNIC) or original passport at the above mentioned email address at least 48 hours before the AGM.
- In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be shared through the above mentioned email address at least 48 hours before the AGM (unless it has been provided earlier).

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 requirements notified by the Company.
- 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.
- 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.

5. VOTING THROUGH POSTAL BALLOT

In accordance with Companies (Postal Ballot) Regulations, 2018, members may cast their votes through postal ballot, as per the requirements and procedures contained therein.

6. 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.

7. 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.

8. CHANGE OF ADDRESS

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

9. 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.

10. PAYMENT OF CASH DIVIDEND ELECTRONICALLY – COMPULSORY

Under Section 242 of the Companies Act, 2017, dividends payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, members of the Company are hereby requested to comply with the provisions of Regulation No. 4 of Companies (Distribution of Dividends) Regulations, 2017 (“the Regulations”) and provide the details 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). In the absence of bank account details or in case of incomplete details, the Company in accordance with Section 243 of the Act and Regulation No. 6 of the Regulations will be constrained to withhold the payment of cash dividend, if any, of those shareholders who have not provided the same.

11. 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 effective July 1, 2021 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 equal number of shares.

Company Name	Folio / CDC A/c 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.

12. 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.

13. UNCLAIMED SHARES / DIVIDEND

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

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

The audited financial statements of the Company for the year ended June 30, 2021 have been placed at the Company's website www.nrlpak.com.

15. 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.

16. DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNT

As per Section 72 of the Companies Act, 2017, 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. In this regard, SECP vide its File No. CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised all the listed companies to pursue their shareholders who still hold shares in physical form, requiring them to convert their shares in book-entry-form. Holding shares in book-entry form has numerous benefits including secure custody of shares, instantaneous transfer of ownership and no risk of damaged, lost, forged or duplicate certificates. Accordingly, Shareholders having physical shareholding are requested to convert their shares in

book-entry form by opening CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into script-less form.

17. MERGER OF DIFFERENT FOLIOS INTO ONE FOLIO

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

STATEMENT OF MATERIAL FACTS UNDER SECTION 166(3) OF THE COMPANIES ACT, 2017 RELATING TO JUSTIFICATION FOR CHOOSING THE APPOINTEE FOR APPOINTMENT AS INDEPENDENT DIRECTOR

In compliance with Section 166(3) of the Companies Act, 2017, for an independent director, consent papers will be accepted from those persons who are in compliance with Section 166(2) of the Act and their names are appearing in databank of Independent Directors maintained by Pakistan Institute of Corporate Governance.

اظہارِ تشکر

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



چیف ایگزیکٹو آفیسر



ڈائریکٹر

11 اگست، 2021
اسلام آباد

آڈٹ کمیٹی

آڈٹ کمیٹی تین ارکان پر مشتمل ہے۔ 30 جون 2021 کو ختم ہونے والے سال کے لئے آڈٹ کمیٹی کے اجلاسوں کے لئے ڈائریکٹرز کی حاضری مندرجہ ذیل ہے:

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

ڈائریکٹرز کی ریمونریشن پالیسی

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

اس سال ادا کیے جانے والی فیس اور چیف ایگزیکٹو آفیسر کو ادا کیے گئے معاوضے کے پیچ کی تفصیلات مالیاتی گوشوارے کے نوٹ نمبر ۳ میں بیان کی گئی ہیں۔

شیر ہولڈنگ کا خلاصہ

شیر ہولڈنگ کا خلاصہ صفحہ نمبر 114 پر دکھایا گیا ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس اپنے کام سے سبکدوش ہو رہے ہیں اور خود کو دوبارہ تقرری کیلئے پیش کرتے ہیں۔ اس کے مطابق، بورڈ آف ڈائریکٹرز، بورڈ آڈٹ کمیٹی کی تجویز پر میسرز ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو مالی سال ۲۰۲۲ کے اختتام کے لیے 3.24 ملین روپے کی فیس پر کمپنی کے آڈیٹرز مقرر کرنے کی تجویز کرتے ہیں، "out of pocket" اخراجات اس کے علاوہ ادا کیے جائیں گے۔

مالی سال 2020-21 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 متبادل ڈائریکٹر: جناب شعیب اے ملک	۵	۵
جناب وائل جی فرعون متبادل ڈائریکٹر: جناب بابر بشیر نواز	۵	۵
جناب شعیب اے ملک - چیئر مین	۵	۵
جناب عبدالستار	۵	۵
جناب زکی محمد منصور - IDB کے نمائندے	۵	۵
جناب ساجد نواز	۵	۵
جناب طارق اقبال خان	۵	۵
جناب جمیل اے خان - چیف ایگزیکٹو آفیسر	۵	۵

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

ملازمین کے معاملات کی کمیٹی

ایچ آر کمیٹی چار ارکان پر مشتمل ہے۔ یکم جولائی، 2020 سے 30 جون، 2021 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

- 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 سلاٹ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 میں شامل استثنیٰ کے معیار پر پورا اترتے ہیں۔
- کمپنی کے حصص میں بورڈ آف ڈائریکٹرز، سی ای او، سی ایف او، ہیڈ انٹرنل آڈٹ، 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 "شیر ہولڈنگ کے پیٹرن" میں کیا گیا ہے۔

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:

تسم	نام
i	جناب طارق اقبال خان جناب زکی محمد منصور
ii	جناب لیٹ جی فرعون متبادل ڈائریکٹر: جناب شعیب اے ملک جناب وائل جی فرعون متبادل ڈائریکٹر: جناب بابر بشیر نواز جناب شعیب اے ملک جناب عبدالستار جناب ساجد نواز
iii	جناب جمیل اے خان (سی ای او)



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

انسٹریٹ فنانشل کنٹرول سسٹم

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

کاروباری نظم و نسق

کمپنی اچھے کاروباری نظم و نسق پر کاربند رہنے کا تہیہ کئے ہوئے ہے اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 پر عمل پیرا ہے اور یہ بیان کیا جاتا ہے:

- 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۔
- مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS)، جو کہ پاکستان میں نافذ العمل ہیں، ان کی پیروی کی گئی ہے۔
- انسٹریٹ کنٹرول کا نظام مضبوط ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- آنے والے سالوں میں کمپنی کی کاروباری تسلسل پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- 30 جون 2021 کو مختلف فنڈز کی سرمایہ کاری کی مالیت مندرجہ ذیل ہے:

تفصیل	ملین روپے (غیر آڈٹ شدہ)
انتظامی عملے سے متعلق فنڈز	
پینشن فنڈ	4,934
پراویڈنٹ فنڈ	1,025
بعد ریٹائرمنٹ میڈیکل فنڈ	1,227
گریجویٹ فنڈ	103
غیر انتظامی عملے سے متعلق فنڈز	
گریجویٹ فنڈ	147
پراویڈنٹ فنڈ	598

جاری ہیں۔ کمپنی کے پاس آئی ایس او 9001:2015 (Quality Management System) ، آئی ایس او 14001:2015 (Environmental Management System) ، آئی ایس او 18001:2007 OHSAS (Occupational Health & Safety Management System) کی بین الاقوامی سرٹیفیکیشنز موجود ہیں۔

COVID-19 کو روکنے کے لیے کیے گئے اقدامات

کمپنی کی انتظامیہ نے اپنے ملازمین میں COVID-19 کے پھیلاؤ کو روکنے کے لئے متعدد اقدامات اختیار کیے۔ کمپنی کی سرگرمیاں، ضروری خدمات کی حیثیت سے، کم سے کم عملے کے ساتھ عمل میں لائی گئیں اور وفاقی اور صوبائی حکومتوں کے ایس او پیز کی عمل داری کو یقینی بنایا گیا۔ ان میں سینینائزنگ کیٹ کی تنسیب، ہینڈ سینینائزنگ اور داخلی مقامات پر درجہ حرارت کی جانچ، چہرے پر لازمی ماسک اور کام کی جگہوں پر مناسب فاصلے کو یقینی بنانا شامل ہیں۔ مزید یہ کہ کمپنی نے ملازمین کی حاضری رکارڈ کروانے کے لیے ہینڈ جیومیٹری مشینوں کے بجائے فیس آئی ڈی مشینیں خریدیں اور استعمال کر رہے ہیں۔ کام کرنے کی جگہ کو جراثیم کش اسپرے سے چھڑکاؤ کیا جاتا ہے۔ ۵۵ سال سے زیادہ عمر کے ملازمین کو گھر سے کام کرنے کا پابند بنایا گیا۔ COVID-19 کی علامت والے کسی بھی شخص کو کمپنی میں داخل ہونے کی اجازت نہیں دی گئی جبکہ ایسی علامات رکھنے والے ملازمین کو ۲ ہفتوں تک گھر میں ہی قرنطینہ ہونے کو کہا گیا۔ انٹری پوائنٹ پر ہینڈ سپلے کے علاوہ کمپنی ڈاکٹر کے ذریعے بھی ملازمین کو COVID-19 سے بچاؤ کے بارے میں بتانے کے لیے آگاہی نشستوں کا انعقاد کیا گیا۔

مذکورہ بالا اقدامات کے علاوہ، کمپنی نے NRL کے احاطے میں کئی COVID-19 ویکسینیشن کمپوں کا بھی اہتمام کیا تا کہ ملازمین اور ٹھیکیداروں کے عملے کو سہولت فراہم کی جاسکے اور حکام کی جاری کردہ ہدایات کے مطابق کام پر موجود تمام متعلقہ افراد کو ویکسین لگائی جاسکے۔

قومی خزانے کو کی جانے والی ادائیگی

موجودہ مالی سال کے دوران، کمپنی نے براہ راست اور بالواسطہ ٹیکس کی مدد میں 52.86 ارب روپے قومی خزانے میں جمع کرائے اور فیٹھا، لیوب بیس آئل اور تار کول کی برآمد کے ذریعے 75.87 ملین امریکی ڈالر کا قیمتی زرمبادلہ کمایا۔

انسانی وسائل کی ترقی

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

- COVID-19 بڑے خطرے کے طور پر سامنے آیا ہے جس نے دنیا بھر میں پیٹرولیم مصنوعات کی طلب اور قیمتوں کو متاثر کیا ہے۔ جب تک کہ ویکسینیشن کا عمل مکمل نہیں ہو جاتا یہ معلوم کرنا مشکل ہے کہ کب تک اور کس حد تک یہ معاشی سرگرمیوں کو متاثر کرتا رہے گا اور اس کے نتیجے میں تیل کے شعبے میں عدم استحکام رہے گا۔
- 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 عام طور پر زرمبادلہ کے نقصان کا سامنا رہتا ہے۔ حکومت کی جانب سے کچھ اقدامات کیے گئے ہیں تاکہ زرمبادلہ کے نقصانات کے اثرات کو قیمتوں میں شامل کر کے اس کے اثرات کو کم کیا جاسکے جو کہ کسی حد تک خطرے کا احاطہ کرتا ہے۔
- درمیانی سے طویل مدتی عرصے میں الیکٹریک گاڑیاں متعارف کرانے کے سلسلے اور فوسل فیول پر انحصار کم کرنے کے حوالے سے عالمی پیشرفت پیٹرولیم مصنوعات کے مارجنز میں کمی کا سبب بن سکتے ہیں۔ کمپنی مستقبل کے منصوبوں میں سرمایہ کاری میں محتاط انداز اختیار کرے گی۔

کاروباری سماجی ذمہ داری

کمپنی اپنے صارفین، ملازمین اور حصص یافتگان کے علاوہ قومی معیشت کیلئے اپنی سماجی ذمہ داری کا احساس رکھتی ہے۔ ایک ذمہ دار ادارہ کے طور پر، کمپنی نے ملک میں معیار زندگی کو بہتر بنانے کے لئے مختلف طریقوں سے معیشت کے مختلف سماجی کاموں میں اہم کردار ادا کیا ہے۔ اس سلسلے میں، 100,000 روپے کسٹم کے شہداء کی یادگار کی تعمیر کے لیے اور 75,000 روپے تعلیم کے فروغ کے لیے عطیہ کے طور پر دیے 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 معذور افراد (ملازمت، بحالی اور فلاح و بہبود) ایکٹ 2013 The Sindh Differently able person (Employment, Rehabilitation and Welfare) Act 2014 کی ہدایت کے مطابق ملازمت دے رکھی ہے اور ایسے افراد کی کمپنی کی ملازمت میں کم تعداد رکھنے کے عوض میں معذور افراد کی بحالی کے لئے صوبائی کونسل برائے معذور افراد کو 11.60 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 میں COVID-19 انفیکشن کے پھیلاؤ کو روکنے کے لیے، کمپنی نے اپنے ملازمین کی حفاظت کے لیے مناسب اقدامات اختیار کیے۔ کمپنی کے کام کا تسلسل قائم رکھنے اور ملازمین کے تحفظ کو برقرار رکھنے کے لیے انتظامات کا تواتر کے ساتھ جائزہ لیا جاتا ہے۔

پیشہ ورانہ زندگی میں صحت، حفاظت اور ماحول

کمپنی ماحول، پیشہ ورانہ صحت اور اپنے ملازمین کی حفاظت کو اپنی ذمہ داریوں کا حصہ سمجھتی ہے۔ غیر ضروری اخراج کی نگرانی اور ان پر قابو پانے کے لیے ایک جامع پروگرام موجود ہے جس میں آلودگی سے بچاؤ اور ریسیکلنگ کے مواقع پیدا کرنا شامل ہے۔

EURO معیاری ایندھن کی تیاری کے ذریعے ماحولیات کے تحفظ کے لیے ہماری سنجیدگی واضح ہے۔ ہم وسائل کے تحفظ، فضلے کو کم کرنے اور توانائی کی بچت پر زور دینے کی کوشش کرتے ہیں۔ پیشہ ورانہ صحت، حفاظت، ماحولیات اور معیار کے شعبے میں مسلسل بہتری کے لیے این آر ایل میں کوششیں

13-2012 میں ایچ ایس ڈی کی قیمت کو بھی ڈیریگولیٹ کر دیا گیا تھا اور پی ایس او کی امپورٹ کی قیمت سے منسلک کر دیا گیا تھا۔ تاہم این آر ایل 2012 میں ڈی ایچ ڈی ایس منصوبے کے مکمل ہونے کے بعد اس قیمت کا حقدار ہوا۔ یکم جنوری 2022 سے این آر ایل EURO-V ایچ ایس ڈی تیار کر رہا ہے جس کی قیمت امپورٹ پیریٹی پر انسنگ اور IPSO امپورٹ انسٹیٹوٹس پر مبنی ہے۔

امپورٹ پیریٹی پر انسنگ فارمولا کے مطابق فیول سیگمنٹ کے منافع کو یکم جولائی، 2022 کے مطابق موجود ادا شدہ سرمایہ کے 50 فیصد تک تقسیم کیا جاسکتا ہے اور باقی منافع کو اسپیشل ریزرو (special reserves) میں منتقل کیا جائیگا۔ اپگریڈیشن منصوبوں کی تکمیل تک ریفاٹریز کو اسپیشل ریزرو سے نقصانات کو ایڈجسٹ کرنے کی اجازت نہیں تھی۔ کیونکہ کمپنی حکومت کے متعین کردہ منصوبے مکمل کر چکی ہے، لہذا مستقبل میں نقصانات اسپیشل ریزرو (special reserves) سے ایڈجسٹ کیے جاسکتے ہیں۔

کاروباری تعلقات

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

کلیدی آپریٹنگ اور مالی اعداد و شمار

کلیدی آپریٹنگ اور گزشتہ چھ سال (2016 – 2021) کی مالیاتی تفصیل صفحہ نمبر 43 پر دکھائی گئی ہے۔

ریفاٹریز کی پیداواری صلاحیت

پیداواری صلاحیتوں کے تجزیہ کے مطابق، لیوب ریفاٹری کے ٹوائسٹنج یونٹ کے ریویمپ کے بعد این آر ایل 23.10 ملین بیرل سالانہ پیداواری صلاحیت کے ساتھ پاکستان کی تیسری بڑی ریفاٹری ہے۔ این آر ایل پاکستان میں واحد ریفاٹری کمپلیکس ہے جس میں لیوب ریفاٹری شامل ہے اور ملک کی مانگ کو پورا کرنے کے لیے لیوب بیس آئل کے متعدد درجات کی پیداوار کرتی ہے۔

کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) کی جانب سے کمپنی کی طویل مدتی درجہ بندی AA+ (پچھلے آٹھ سالوں سے برقرار) ہے اور مختصر مدتی درجہ بندی A1+ (پچھلے سترہ 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۔ تاہم، موجودہ صورتحال کے پیش نظر، اس سال بھی کمپنی کا آؤٹ لک منفی رکھا گیا 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۔

سی سی آر۔ (کنٹینینوس کیٹالسٹ ریجنیریشن) پلیٹ فارمنگ یونٹ۔

پیٹرول کی پیداوار میں اضافہ کرنے اور ملک کی EURO-V معیار کے پیٹرول کی خصوصیات کو پورا کرنے کے لیے کمپنی دیگر متعلقہ یونٹوں کے ساتھ سی سی آر۔ (کنٹینینوس کیٹالسٹ ریجنیریشن) پلیٹ فارمنگ یونٹ لگانے کا ارادہ رکھتی ہے جو کہ منصوبہ بندی کے مرحلے میں ہے۔

فیول ریفاٹری ٹرن اراؤنڈ

فیول ریفاٹری ٹرن اراؤنڈ بشمول فیزا یونٹس کی منصوبہ بندی دسمبر 2021 کیلئے کی گئی ہے جو ایک لازمی سرگرمی ہے تاکہ ریفاٹری کے آپریشنز کو جاری رکھا جاسکے۔ اس کے ذریعے زیادہ سے زیادہ سطح پر مسلسل پیداوار کو برقرار رکھا جاسکے گا اور مستقبل میں میٹیلینس کی ضروریات کو کم کیا جاسکے گا۔

زیر تکمیل منصوبے

یوٹلیٹیز کے کنٹرول سسٹم کی مرکزی ڈسٹری بیوٹڈ کنٹرول سسٹم کے ساتھ تبدیلی

موجودہ یوٹلیٹیز کے کنٹرول سسٹم کی مرکزی ڈسٹری بیوٹڈ کنٹرول سسٹم (ڈی سی ایس) کے ساتھ تبدیلی اعلیٰ معیار کے پراسس کنٹرول، پراسس کی حفاظت اور ہنگامی بندش کو یقینی بنائے گا۔ یہ سسٹم پراسس کنٹرول اور بوائلر پیرامیٹرز کی نگرانی، اپنی ضرورت کے مطابق رپوٹس اور لاگ شیٹس کی دستیابی، اور انسانی وسائل کے بہتر استعمال کو یقینی بنائے گا۔ ڈسٹری بیوٹڈ کنٹرول سسٹم (ڈی سی ایس) کامیابی سے بوائلر VII اور VII پر نصب کیا جا چکا ہے جبکہ بوائلر VI پر تنصیب کا کام جون 2022 تک مکمل ہونے کی امید ہے۔

تکمیل شدہ منصوبے

لیوب۔ ون ریفاٹری میں ٹوا سٹیج یونٹ کار یویمپ

مالی مشکلات کے باوجود آپ کی کمپنی نے کامیابی سے لیوب۔ ون ریفاٹری میں ٹوا سٹیج یونٹ کار یویمپ ستمبر 2020 میں مکمل کیا۔ اس منصوبہ کی وجہ سے خام تیل کی پراسیسنگ صلاحیت 12,050 بیرل یومیہ سے 17,000 بیرل یومیہ اور ویکلیم فریکٹینیشن کی صلاحیت 5,200 بیرل یومیہ سے 6,600 بیرل یومیہ تک بڑھ گئی ہے۔

پرائسنگ فارمولا

کمپنی کا فیول سیگمنٹ حکومت کے امپورٹ پیریٹی پرائسنگ (Import Parity Pricing) فارمولے کے تحت ریگولیٹ کیا جاتا ہے۔ یکم ستمبر 2020 سے، حکومت نے پیٹرولیم مصنوعات کی قیمتوں کا تعین پندرہ دن کی خلیج عرب کی روزانہ ایف او بی اوسط پر مبنی قیمت کی بنیاد پر کرنا شروع کر دیا ہے۔

مستقبل کا منظر نامہ

گورنمنٹ کی جانب سے نئی ریفاٹنگ پالیسی کے مسودے کو حتمی شکل دیے جانے کے حوالے سے کمپنی کی انتظامیہ کافی پر امید ہے۔ اس پالیسی پر کافی عرصے سے بات چیت جاری ہے اور باضابطہ طور پر نافذ ہونے سے قبل اب یہ پالیسی حکومت کی منظوری کی منتظر ہے۔ انتظامیہ کو یقین ہے کہ نئی ریفاٹنگ پالیسی نہ صرف پائیداری بلکہ ریفاٹنگ انڈسٹری میں مستقبل میں توسیع کے لیے بھی راہ ہموار کرے گی۔

COVID-19 کو اب بھی عالمی معیشت کے لیے سب سے بڑا چیلنج سمجھا جا رہا ہے جس کی بنیادی وجہ یہ ہے کہ اس کی مختلف شکلیں ہر چند مہینوں کے بعد سامنے آتی ہیں۔ کورونا وائرس کے کیسز میں اضافہ لاک ڈاؤن کی پابندیوں، آئل مصنوعات کی طلب میں کمی اور اس کے نتیجے میں قیمتوں میں کمی کا باعث بن سکتا ہے۔ پوری دنیا میں ویکسینیشن مہم کے باوجود، آنے والے مہینوں میں COVID-19 کے ممکنہ عالمی اثرات ابھی تک غیر یقینی ہیں۔

دیگر چیلنجز میں نئے کمیشن کئے گئے (ڈی ایچ ڈی ایس اور آئی سوم) یونٹس کی اضافی آپریٹنگ لاگت بشمول ڈیپریسیشن، امریکی ڈالر کے مقابلے میں پاک روپے کی قدر اور بجلی اور گیس کی مدد کے اخراجات شامل ہیں جن کا کمپنی کی کارکردگی پر نمایاثر ہوتا ہے۔ خام تیل اور مصنوعات کی قیمتوں میں اتار چڑھاؤ اور فرانس آئل اور تارکول کی طلب کے حوالے سے غیر یقینی صورتحال پر غور کرتے ہوئے، کمپنی نے اپنے پیداواری یونٹس کو زیادہ سے زیادہ سطح پر چلاتے ہوئے محتاط رویہ اپنایا ہوا ہے۔ اس سال کمپنی تارکول کی بین الاقوامی مارکیٹ ڈھونڈنے میں کامیاب رہی ہے، جس کی طلب میں اضافہ ہو رہا ہے اور ضرورت پڑنے پر اسے استعمال کیا جاسکتا ہے۔ کمپنی EURO-V گریڈ پیٹرول اور فرانس آئل کو قیمتی مصنوعات میں اپ گریڈ کرنے کے لیے درمیانے اور طویل مدتی حل بھی تلاش کر رہی ہے۔

2015 میں خام تیل پر عائد کسٹم ڈیوٹی کو حکومت نے فنانس ایکٹ 2021 کے ذریعے آدھا کر دیا ہے۔ جبکہ خام تیل پر 17% سیلز ٹیکس نافذ کر دیا ہے جسے ۲۰۰۰ میں 0% کر دیا تھا، جو اضافی ورکنگ کیمپٹیل کے سرمائے کی فنانسنگ لاگت میں اضافے کی وجہ بنے گا جس سے نہ صرف کمپنی کی مالی پوزیشن بلکہ منافع بھی متاثر ہوگا۔ آپ کی کمپنی نے دیگر ریفاٹریز کے ساتھ مل کر یہ مسائل اعلیٰ سطح پر اٹھائے ہیں اور امید ہے کہ نئی ریفاٹنگ پالیسی کسٹم ڈیوٹی کی مزید کمی کر کے کچھ ریلیف فراہم کرے گی۔ حکومت نے ایچ ایس ڈی اور پیٹرول پر ڈیوٹی کی شرح بھی تبدیل کر دی ہے، جس کے تحت ایچ ایس ڈی پر ڈیوٹی 13% فیصد سے کم کر کے 10% فیصد کر دی گئی ہے جبکہ پیٹرول پر ڈیوٹی 5% فیصد سے بڑھا کر 10% فیصد کر دی گئی ہے۔ تاہم، ریفاٹریز پر اس تبدیلی کا کوئی اثر نہیں ہے۔ موجودہ نافذ العمل اوگرا کے منظور شدہ طریقہ کار کے مطابق ریگولیٹڈ مصنوعات پر وصولی خام تیل پر کسٹم ڈیوٹی کے ریگولیٹڈ حصے کے ساتھ ایڈجسٹ ہوتی رہے گی جو کہ "بغیر نفع/تقصان" کے اصول پر مبنی ہے۔

مستقبل کے منصوبے

ریفاٹری کے منصوبوں میں خطر سرمایہ دار کار ہوتا ہے۔ 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 آر ایل غور و فکر کر رہی ہے۔

ہائیڈروکریک/فرنس آئل کی اپ گریڈیشن

فرنس آئل کو ویلواپڈ مصنوعات میں اپ گریڈ کرنے کے لیے بڑی سرمایہ کاری کی ضرورت ہے۔ آپ کی کمپنی نے دیگر ریفاٹریز کے ساتھ مل کر مشترکہ پلانٹ کی فیزیبلیٹی شروع کی ہے۔ یہ فیزیبلیٹی برطانیہ کے میسرز ایڈویزن کو دی گئی ہے۔ توقع ہے کہ دسمبر 2021 تک اس کو حتمی شکل دے دی جائے گی جس کے نتائج کی بنیاد پر مستقبل کے لائحہ عمل کا فیصلہ کیا جائے گا۔

منافع کا تصرف

2019-20	2020-21	تفصیل
ملین روپے		
		ریونیو ریزرو - یکم جولائی،
(8,546)	(12,582)	مجموعی نقصان
13	13	سرمایہ کاری کی ریویلویشن پر منافع
31,961	31,961	جنرل ریزرو
(4,036)	1,750	تصرف کے لیے دستیاب سال کا منافع / (نقصان) - (دیگر جامع آمدنی / نقصان سمیت)
-	800	فائنل ڈیویڈنڈ 100% (2020: Nil)

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے ۳۰ جون ۲۰۲۱ کو ختم ہونے والے سال کے لیے حتمی کیش ڈیویڈنڈ 10.00 روپے فی حصص (100%) کی سفارش کی ہے۔ ڈیویڈنڈ کی سفارش سالانہ جنرل میٹنگ میں حصص یافتگان کی منظوری سے مشروط ہے۔

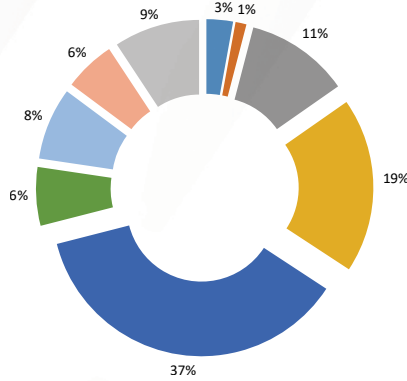
کمپنی کا کاروبار

کمپنی تین ریفرنسریوں کی مدد سے خام تیل صاف کرنے کے کاروبار میں مصروف عمل ہے جن کو ۱۹۶۶، ۱۹۷۷ اور ۱۹۸۵ میں کمیشن کیا گیا۔ حالیہ اپگریڈیشن میں ڈیزل ہائیڈروڈیسلفورائزیشن اور آکسو مرائزیشن یونٹ شامل ہیں جو کہ سال 2017 کے دوران ماحول دوست یورو 11 اور اس کے بعد یورو 7 معیار کا اچھ ایس ڈی اور نیفٹھا کو پٹرول میں تبدیل کرنے کے لیے بالترتیب لگائے گئے ہیں۔ مزید برآں، فیول اور لیوب ریفرنسری کے ریویسپ کے ذریعے، کمپنی نے اپنی خام تیل کی پروسیسنگ کی گنجائش 62,050 بیرل یومیہ سے بڑھا کر 70,000 بیرل یومیہ کر دی ہے اور لیوب میں آئل کی سالانہ پیداوار 6000 - 5000 ایم ٹن سے بڑھ گئی ہے۔

۲۰۰۵ میں کمپنی کی نجکاری کی گئی جس کے نتیجے میں 51% حصص انک گروپ کی ملکیت میں ہیں۔

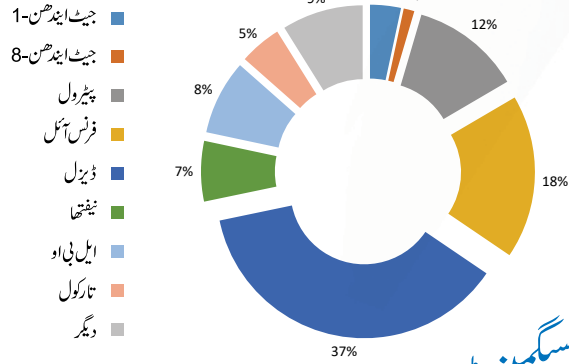
کمپنی کی تینوں ریفرنسریوں کے دو کاروباری شعبہ جات "فیول سیگمینٹ" اور "لیوب سیگمینٹ" ہیں۔ فیول سیگمینٹ کی پیداوار میں ہائی سپیڈ ڈیزل، نیفٹھا، موٹر گیسولین، مائع پیٹرولیم گیس، جیٹ ایندھن اور فرنس آئل شامل ہیں۔ لیوب سیگمینٹ کی پیداوار میں مختلف گریڈ کے لیوب بیس آئلز، تارکول، فرنس آئل، موم، ربڑ پروسیس آئل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

2020-21



پیداوار کے حجم کا مرکب

2019-20



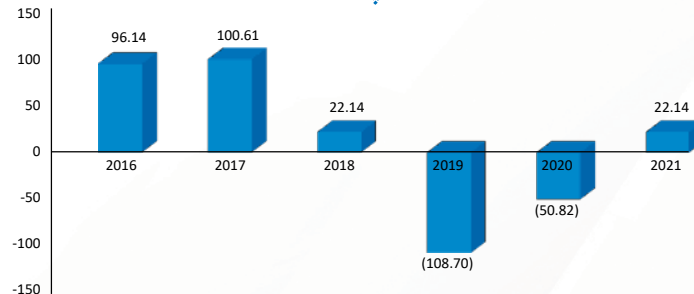
لیوب سیگمینٹ

لیوب سیگمینٹ نے 4.80 ارب روپے کا بعد از ٹیکس منافع کمایا جبکہ گزشتہ سال کا منافع 3.30 ارب روپے تھا۔ بنیادی طور پر عالمی سطح پر قیمت فروخت میں بحالی کی وجہ سے لیوب سیگمینٹ میں مارجنز بہتر ہوئے۔ سال کی آخری سہ ماہی کے دوران تارکول کی مقامی فروخت میں تیزی آئی اور اس بہتری کی طرف رجحان کے نتیجے میں مقامی فروخت میں 19% اضافہ ہوا۔ اس کے علاوہ، تارکول کی برآمدات میں بھی نمایاں بہتری آئی اور آپ کی کمپنی گزشتہ سال کے مقابلے میں تین گنا زیادہ برآمد کرنے میں کامیاب رہی۔ اس طرح پچھلے سال 157,474 ایم ٹن کی تارکول کی انویسٹری کم ہو کر سال کے آخر میں 133,857 ایم ٹن رہ گئی۔ سال کے دوران، کمپنی نے Lube-I ریفاٹری کے دو اسٹیج ڈسٹیلیشن یونٹ (TSDU) کار یویمپ کامیابی سے مکمل کر لیا۔ TSDU کے ریویمپ کی وجہ سے ریفاٹری بند ہونے کے باوجود، آپ کی کمپنی پیداواری صلاحیت کو اسی مدت میں 68% کے مقابلے میں 79% تک بڑھانے میں کامیاب رہی۔

سال کے دوران تارکول کی رکھی ہوئی انویسٹری اور فیول سیگمنٹ کے منفی مارجنز کی وجہ سے کمپنی کو اپنے آپریٹرز چلانے کے لیے بینکوں سے قرض لینا پڑا۔ مارک اپ ریٹ میں کمی کے نتیجے میں، کمپنی کو گزشتہ سال کے 2.21 بلین روپے کے مقابلے میں 1.57 بلین روپے کی فنانسنگ کی لاگت برداشت کرنا پڑی۔

فی حصص آمدنی / نقصان

اس سال فی حصص آمدنی 22.14 روپے رہی جبکہ گزشتہ سال فی حصص نقصان 50.82 روپے تھا۔

فی حصص آمدنی / (نقصان)
روپے فی حصص

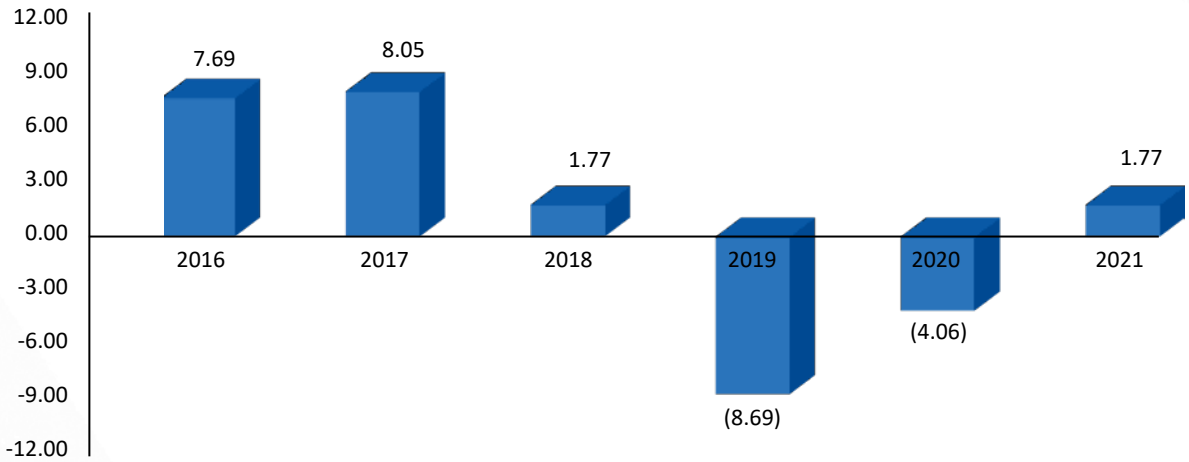
ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز ۳۰ جون ۲۰۲۱ء کو مکمل ہونے والے سال کے لیے نیشنل ریفاٹری لمیٹڈ کی ۵۸ ویں سالانہ رپورٹ بحج آڈٹ شدہ مالیاتی گوشوارے اور ان پر آڈیٹر کی رپورٹ پیش کرتے ہیں۔

مالیاتی نتائج

آپ کی کمپنی پچھلے سالوں میں بھاری نقصانات کا سامنا کرنے کے بعد موجودہ سال میں مثبت زون میں داخل ہوئی اور پچھلے سال کے 4.06 ارب روپے ٹیکس کے بعد نقصان کے مقابلے میں 1.77 ارب روپے کے ٹیکس کے بعد منافع حاصل کیا۔ لاک ڈاؤن میں نرمی کے بعد قیمتوں میں اضافہ اور فروخت کے حجم میں بہتری آئی جس کے نتیجے میں منافع ہوا۔ منافع میں گزشتہ ٹیکس سالوں کے سلسلے میں ایف بی آر کی طرف سے جاری کردہ اپیل فیکٹس بھی شامل ہیں۔

ٹیکس کے بعد منافع / (نقصان) - ارب روپے



فیول سیکمینٹ

فیول سیکمینٹ میں ٹیکس کے بعد نقصان کم ہو کر 3.03 ارب روپے ہوا جو کہ گزشتہ سال ٹیکس کے بعد 7.36 ارب روپے تھا۔ نقصانات میں کمی بنیادی طور پر گراس ریفاٹری مارجن (GRMs) میں معمولی بہتری اور سال کے دوران مصنوعات کی قیمتوں کے بڑھتے ہوئے رجحان اور کم انوینٹری نقصانات کی وجہ سے ہوئی۔ یورو-V سٹینڈرڈ ہائی سپیڈ ڈیزل کی پیداوار کی وجہ سے مارجن میں مزید بہتری آئی جس کے نتیجے میں کمپنی یورو-V پروڈکٹ کی قیمت کیلئے اہل قرار پائی اور قیمتوں کے فرق کی صورت میں ممکنہ نقصان سے بچ گئی۔ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں اضافے کے نتیجے میں موجودہ مدت میں زرمبادلہ کی مدد میں فائدہ ہوا جو کہ گزشتہ سال نقصان تھا۔ بہتر طلب اور بہتر مارجن کو مد نظر رکھتے ہوئے، آپ کی کمپنی نے پچھلے سال کے 59% کے مقابلے میں 2020-21 کے دوران 65% پیداوار (بڑھی ہوئی پیداواری صلاحیت کی بنیاد پر) حاصل کی۔

FORM OF PROXY

58TH ANNUAL GENERAL MEETING NATIONAL REFINERY LIMITED

I _____ of _____ in the district of _____ being a Member of NATIONAL REFINERY LIMITED hereby appoint _____ of _____ as my proxy, and failing him, _____ of _____ another Member of the Company to vote for me and on my behalf at the 58th Annual General Meeting of the Company to be held on the 21st day of October 2021 and at any adjournment thereof.

Signed this _____ day of _____ 2021.

Signed by the said Member

Signed in the presence of:

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

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

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

Revenue stamp of appropriate value
(To the extent applicable)

(*) Upon failing of appointed Proxy.

Notes:

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

Company Secretary

National Refinery Limited

7-B, Korangi Industrial Area, Karachi-74900

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

PABX: +92-21-35064981-86

+92-21-35064977-79

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نوٹ:-

- ۱۔ ایک ممبر جو سالانہ اجلاس عام میں شرکت کرنے اور حق رائے دہی استعمال کرنے کا اہل ہے اپنے بجائے شرکت کرنے اور حق رائے دہی استعمال کرنے کے لئے ایک پراکسی مقرر کر سکتا ہے۔ پراکسی کا ممبر ہونا ضروری نہیں۔
- ۲۔ پراکسی فارم کا ہر لحاظ سے مکمل، دستخط شدہ بمع ڈائریکٹرز کی قرارداد یا پاور آف اٹارنی اگر کوئی ہو یا ان کی نوٹرائزڈ کاپی جس کے تحت یہ دستخط کیا گیا ہو اجلاس شروع ہونے سے ۴۸ گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہونا لازمی ہے۔
- ۳۔ پراکسی منتخب کرتے ہوئے رکن یا اس کے تحریری طور پر مجاز اٹارنی کا پراکسی فارم پر دستخط کرنا ضروری ہے۔ کارپوریٹ ادارے کی صورت میں پراکسی فارم پر کمپنی کی سیل (Seal) کا لگا ہوا 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 ہوگی۔
- ۶۔ اگر کوئی ممبر ایک سے زیادہ پراکسی منتخب کرے یا ایک سے زیادہ پراکسی فارمز کمپنی میں جمع کرائے ایسی صورت میں تمام پراکسی فارمز غیر موثر قرار پائیں گے۔
- ۷۔ مشترکہ حصہ دار ہونے کی صورت میں جس کا نام ممبر رجسٹر میں پہلے درج ہوگا (سینئر) اس کا اپنا یا اسکے منتخب پراکسی کا ووٹ قابل قبول ہوگا بنسبت دیگر مشترکہ حصہ داروں کے ووٹ کے۔

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Company Secretary

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پراکسی فارم

۵۸ واں سالانہ اجلاس عام

نیشنل ریفرنسری لمیٹڈ

میں _____ کارکی _____ ضلع _____ بحیثیت رکن نیشنل ریفرنسری لمیٹڈ، محترم / محترمہ _____
 ضلع _____ کو اپنا پراکسی یا ان کی غیر موجودگی کی صورت میں کمپنی کے دوسرے / کی دوسری رکن محترم / محترمہ _____
 ضلع _____ کو اپنے ایما پر ۲۱ اکتوبر ۲۰۲۱ یا اسکے التواء کی صورت میں متبادل تاریخ کو منعقد ہونے والے کمپنی کے ۵۸ واں
 سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے کے لئے اپنا پراکسی مقرر کرتا / کرتی ہوں۔

آج بروز _____ تاریخ _____ ۲۰۲۱ کو دستخط کئے گئے۔ رکن کے دستخط

گواہان:

1:-

2:-

دستخط:

دستخط:

نام:

نام:

پتہ:

پتہ:

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر:

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر:

مناسب قیمت کے
محصول ٹکٹ
(قابل قبول حد تک)

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

* پراکسی کی غیر موجودگی کی صورت میں

E-DIVIDEND

Members of National Refinery Limited

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

In compliance with the said requirements, in order to receive your all future dividends, as and when declared, directly into your Bank Account, you are required to provide the information as contained in the below mentioned form and send the same to the Company's Share Registrar, if the shares are held in physical form or to your brokers/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.	
Mobile Phone No.	
E-mail Address	

(ii) Shareholder's Bank Detail	
Bank's Name	
Branch Name and Address	
Title of Bank Account	
IBAN Number	
Full Bank Account Number	

It is stated that the above-mentioned information is correct, and that I will intimate the changes in the above-mentioned information to the broker/CDC/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).

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

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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



Annual Report 2021

