



National Refinery Limited

**Condensed Interim
Financial Statements
for the Nine Months
Ended March 31, 2024**

Refining with Vision



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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

Shamim Ahmad Khan

Abdus Sattar

Sajid Nawaz

Khondamir Nusratkhujiev

Chief Executive Officer

Jamil A. Khan

Chief Financial Officer

Nouman Ahmed Usmani

Company Secretary

Badruddin Khan

Audit Committee

Shamim Ahmad Khan

Chairman

Abdus Sattar

Member

Babar Bashir Nawaz

Member

Alternate Director for Mr. Wael G. Pharaon

Muhammad Atta ur Rehman Malik

Secretary

Human Resource and Remuneration (HR&R) Committee

Shamim Ahmad Khan

Chairman

Shuaib A. Malik

Member

Babar Bashir Nawaz

Member

Alternate Director for Mr. Wael G. Pharaon

Jamil A. Khan

Member

Nouman Ahmed Usmani

Secretary

Auditors

A. F. Ferguson & Co.

Chartered Accountants

Legal Advisor

Ali Sibtain Fazli & Associates

Legal Advisors, Advocates & Solicitors

Bankers

Habib Bank Limited

Meezan Bank Limited

Allied Bank Limited

National Bank of Pakistan

The Bank of Punjab

Bank Alfalah Limited

United Bank Limited

Askari Bank Limited

Faysal Bank Limited

BankIslami Pakistan

Habib Metropolitan Bank Limited

Dubai Islamic Bank

MCB Bank Limited

Samba Bank Limited

Bank AL-Habib Limited

Industrial & Commercial Bank of China Limited

Registered Office

7-B, Korangi Industrial Area, Karachi-74900

P.O. Box: 8228, Karachi-74900

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

PABX: +92-21-35064981-86

+92-21-35064977-79

Website: www.nrlpak.com

E-mail: info@nrlpak.com

Share Registrar

CDC Share Registrar Services Limited

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

Main Shakra-e-Faisal, Karachi – 74400.

Tel: (Toll Free) 0800-23275

Fax: +92-21-34326053

Email: info@cdcsrsl.com

Website: www.cdcsrsl.com

Directors' Review

On behalf of the Board of Directors of National Refinery Limited, I am presenting a brief review of the financial results and operations of your Company for the nine months ended March 31, 2024.

A gradual increase in product prices during the third quarter resulted in slight improvement in Gross Refining Margins (GRM's) as compared to 2nd quarter. However, escalating operating cost particularly driven by higher utility tariffs and increased finance cost forced the 3rd quarter to remain negative. Despite Company's concerted efforts, the challenging environment led the Company to record a loss after tax of Rs. 7,523 million, resulting in a loss per share of Rs. 94.07 for the nine-months period ended March 31, 2024 as compared to loss after tax of Rs. 6,024 million, that resulted in loss per share of Rs. 75.33 in the same period last year.

Fuel Segment of the Company incurred loss after tax of Rs. 7,815 million during current nine months as compared to loss after tax of Rs. 9,577 million in the same period last year. During the quarter, crude oil and products prices increased steadily in international market, thereby reducing inventory losses. Overall products margins remained thin, particularly there was substantial reduction in HSD margins compared to those prevalent in the corresponding 3rd quarter last year. Declining furnace oil consumption by the power sector and continued infiltration of smuggled petroleum products further affected company's overall performance. Resultantly, the Company could achieve a throughput of 53% as against 57% in the same period last year. During the quarter, the company has also recorded a charge of Rs. 3.09 billion on account of custom duty paid on crude oil attributable to de-regulated products as the Brownfield Refining Policy originally notified on August 17, 2023 has been re-notified afresh with certain amendments effective February 23, 2024.

Lube Segment incurred profit after tax of Rs. 292 million as compared to profit after tax of Rs. 3,553 million during the corresponding nine-months last year. Local sales volume of Lube Base Oils and Bitumen started to increase post Lube-II Refinery turnaround, which was successfully completed during the second quarter.

Besides significant increase in mark-up rates due to continuity of higher policy rates, Company's working capital financing requirement has also increased considerably due to slow products' offtake. Resultantly, Company's mark-up expense has increased to Rs. 6,481 million from Rs. 4,291 million in the same period last year.

The Government has given due consideration to refineries' concerns relating to brownfield refining policy 2023 and after due deliberations, the Government has announced the amended 'Pakistan Oil Refining Policy for upgrade of Brownfield Refineries 2023', which required the refineries to sign an upgrade agreement within 60 days. However, the upgrade agreements could not be signed within the stipulated time due to delays on the part of Government. The Company is hopeful that a new date will be communicated shortly. It is expected that the new policy would not only provide reasonable support for the upgrade of Company's fuel refinery but would also help in sustainability of operations.

We thank our shareholders, customers and staff for their continuous support and trust in the Company.

Rawalpindi
April 25, 2024

On behalf of the Board



Shuaib A. Malik

Chairman

ڈائریکٹرز کا جائزہ

نیشنل ریفاٹری لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے، میں آپ کی کمپنی کے 31 مارچ 2024 کو ختم ہونے والے نو ماہ کے مالیاتی نتائج اور آپریشنز کا ایک مختصر جائزہ پیش کر رہا ہوں۔

تیسری سہ ماہی کے دوران مصنوعات کی قیمتوں میں بتدریج اضافے کے نتیجے میں مجموعی ریفاٹنگ مارجنز (GRM's) میں دوسری سہ ماہی کے مقابلے میں معمولی بہتری آئی۔ تاہم، بڑھتی ہوئی پیداواری لاگت خاص طور پر یوٹیلیٹی ٹیرف اور مارک اپ کے اخراجات میں اضافے کی وجہ سے تیسری سہ ماہی کے نتائج منفی رہے۔ کمپنی کی مربوط کوششوں کے باوجود، چیلنجنگ ماحول کے نتیجے میں 31 مارچ 2024 کو ختم ہونے والی نو ماہ کی مدت میں کمپنی کو 7,523 ملین روپے کا ٹیکس کے بعد نقصان ہوا، جس کے نتیجے میں 94.07 روپے فی حصص کا نقصان ہوا۔ جبکہ گزشتہ مالی سال اسی مدت میں کمپنی کو 6,024 ملین روپے کا ٹیکس کے بعد نقصان ہوا تھا، جو کے 75.33 روپے فی حصص نقصان کے مساوی تھا۔

کمپنی کے فیول سیگمنٹ کو نو ماہ کی مدت میں 7,815 ملین روپے کا ٹیکس کے بعد نقصان ہوا جبکہ گزشتہ سال اسی مدت میں ٹیکس کے بعد نقصان 9,577 ملین روپے تھا۔ موجودہ سہ ماہی کے دوران، بین الاقوامی مارکیٹ میں خام تیل اور مصنوعات کی قیمتوں میں اضافہ ہوا، جس سے انویسٹری کے نقصانات میں کمی آئی۔ مجموعی طور پر پراڈکٹس کے مارجنز کم رہے، خاص طور پر گزشتہ سال کی تیسری سہ ماہی کے مقابلے میں HSD کے مارجنز میں خاطر خواہ کمی ہوئی۔ پاور سیلکٹر کی طرف سے فرنس آئل کی کھپت میں کمی اور اسٹیل شدہ پٹرولیم مصنوعات کی مسلسل فراہمی نے کمپنی کی مجموعی کارکردگی کو مزید متاثر کیا۔ نتیجتاً، کمپنی کی پیداوار 53% رہی جو پچھلے سال کی اسی مدت میں 57% تھی۔ موجودہ سہ ماہی کے دوران، کمپنی نے خام تیل پر ڈی ریگولیشنڈ مصنوعات سے منسلک کسٹم ڈیوٹی کی ادائیگی کی مدت میں 3.09 بلین روپے کا چارج بھی ریکارڈ کیا ہے۔ کیونکہ براؤن فیلڈ ریفاٹنگ پالیسی جو کہ 17 اگست 2023 کو منظور ہوئی تھی اسے بعض ترامیم کے ساتھ از سر نو 23 فروری 2024 سے دوبارہ منظور کیا گیا ہے۔

لیوب سیگمنٹ نے نو ماہ کی مدت میں 292 ملین روپے ٹیکس کے بعد منافع کمایا۔ جبکہ گزشتہ سال اسی عرصے میں 3,553 ملین روپے کا ٹیکس کے بعد منافع ہوا تھا۔ دوسری سہ ماہی کے دوران لیوب-II ریفاٹری کے کامیاب ٹرن اراؤنڈ کے بعد تیسری سہ ماہی سے لیوب بیس آئل اور تارکول کی مقامی فروخت کے حجم میں بہتری آنا شروع ہو گئی ہے۔

پالیسی ریٹ کے تسلسل کی وجہ سے مارک اپ کی شرح میں نمایاں اضافے کے علاوہ، مصنوعات کے کم فروخت کی وجہ سے کمپنی کی ورکنگ کپینٹل فنائنگ کی ضروریات بھی کافی بڑھ گئی ہیں۔ نتیجتاً، کمپنی کے مارک اپ اخراجات گزشتہ سال کی اسی مدت میں 4,291 ملین روپے سے بڑھ کر 6,481 ملین روپے ہو گئے ہیں۔

حکومت نے براؤن فیلڈ ریفاٹری پالیسی 2023 سے متعلق ریفاٹریز کے تحفظات پر مناسب غور کے بعد ترمیم شدہ پاکستان آئل ریفاٹنگ پالیسی برائے براؤن فیلڈ ریفاٹریز 2023 کا اعلان کیا ہے، جس کے تحت ریفاٹریز کو اپ گریڈ معاہدے پر دستخط کرنے کے لیے 60 دنوں کی مدت دی گئی تھی۔ تاہم، حکومت کی طرف سے تاخیر کی وجہ سے اپ گریڈ معاہدوں پر مقررہ وقت میں دستخط نہیں ہو سکے۔ کمپنی کو امید ہے کہ نئی تاریخ جلد ہی بتادی جائے گی۔ توقع ہے کہ یہ پالیسی نہ صرف کمپنی کی فیول ریفاٹری کی اپ گریڈیشن کے لیے معقول مدد فراہم کرے گی بلکہ آپریشنز کی پائیداری میں بھی مددگار ثابت ہوگی۔ ہم اپنے شیئرز، ہولڈرز، صارفین اور عملے کا کمپنی میں مسلسل تعاون اور اعتماد کے لیے شکریہ ادا کرتے ہیں۔

بورڈ کی جانب سے



شعیب ایملک

چیئرمین

راولپنڈی

25 اپریل، 2024

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2024

	Note	Unaudited March 31, 2024	Audited June 30, 2023
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	5	24,322,306	25,599,046
Long-term investment		14,555	14,555
Long-term loans	6	20,415	25,892
Long-term deposits	7	30,265	30,265
Deferred taxation	8	10,829,352	6,911,879
Retirement benefit prepayments		402,053	409,787
		<u>35,618,946</u>	<u>32,991,424</u>
CURRENT ASSETS			
Stores, spares and chemicals		2,021,434	2,586,185
Stock-in-trade	9	62,153,774	48,136,902
Trade receivables		13,646,941	22,914,667
Loans and advances	10	63,407	94,531
Trade deposits and short-term prepayments	11	322,203	98,535
Interest accrued		57,595	33,637
Other receivables	12	1,663,450	1,477,197
Taxation - payments less provision		2,510,319	2,841,539
Cash and bank balances	13	1,127,626	605,301
		83,566,749	78,788,494
		<u>119,185,695</u>	<u>111,779,918</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		799,666	799,666
Reserves		26,276,259	33,799,013
		<u>27,075,925</u>	<u>34,598,679</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term lease liability		152,406	158,338
Provision for Gas Infrastructure Development Cess		-	53,618
Retirement benefit obligations		600,853	524,128
		<u>753,259</u>	<u>736,084</u>
CURRENT LIABILITIES			
Trade and other payables	14	46,645,070	36,650,283
Advances from customers	15	1,321,717	915,317
Unclaimed dividend		59,329	59,462
Unpaid dividend		43,563	44,776
Accrued mark-up		1,339,290	1,147,302
Provisions		112,361	112,361
Borrowings	16	41,835,181	37,504,532
Current portion of long-term lease liability		-	11,122
		91,356,511	76,445,155
		<u>92,109,770</u>	<u>77,181,239</u>
TOTAL LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	17	<u>119,185,695</u>	<u>111,779,918</u>
TOTAL EQUITY AND LIABILITIES			

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS ENDED MARCH 31, 2024 (UNAUDITED)

	Note	Quarter ended		Nine months ended	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
(Rupees in thousand)					
Revenue from contracts with customers	18	105,442,572	86,766,193	303,005,027	269,645,392
Trade discounts, taxes, duties, levies and price differentials	19	<u>(24,413,453)</u>	<u>(14,610,174)</u>	<u>(66,423,814)</u>	<u>(37,618,556)</u>
Net revenue from contracts with customers		81,029,119	72,156,019	236,581,213	232,026,836
Cost of sales		<u>(81,953,366)</u>	<u>(64,307,742)</u>	<u>(239,749,224)</u>	<u>(224,076,435)</u>
Gross (loss) / profit		(924,247)	7,848,277	(3,168,011)	7,950,401
Distribution cost		(99,784)	(425,185)	(278,639)	(1,250,629)
Administrative expenses		(293,980)	(267,019)	(881,234)	(758,800)
Other income	20	106,958	64,889	240,133	210,757
Other operating expenses		<u>(6,111)</u>	<u>(6,377)</u>	<u>(20,982)</u>	<u>(36,742)</u>
Operating (loss) / profit		(1,217,164)	7,214,585	(4,108,733)	6,114,987
Finance cost - net	21	<u>(2,599,718)</u>	<u>(7,809,806)</u>	<u>(6,045,176)</u>	<u>(14,007,658)</u>
Loss before taxation		(3,816,882)	(595,221)	(10,153,909)	(7,892,671)
Taxation	22	947,258	55,555	2,631,155	1,868,765
Loss after taxation		<u>(2,869,624)</u>	<u>(539,666)</u>	<u>(7,522,754)</u>	<u>(6,023,906)</u>
Loss per share - basic and diluted		<u>Rs. (35.88)</u>	<u>Rs. (6.75)</u>	<u>Rs. (94.07)</u>	<u>Rs. (75.33)</u>

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED MARCH 31, 2024 (UNAUDITED)

	Quarter ended		Nine months ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	← (Rupees in thousand) →			
Loss after taxation	(2,869,624)	(539,666)	(7,522,754)	(6,023,906)
Other comprehensive income				
Items that will not be reclassified to statement of profit or loss				
Change in fair value of long term investment	-	-	-	-
Remeasurement of post employment benefit obligations	-	-	-	-
Deferred tax thereon	-	-	-	-
Total comprehensive loss	<u>(2,869,624)</u>	(539,666)	<u>(7,522,754)</u>	(6,023,906)

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED MARCH 31, 2024 (UNAUDITED)

	Note	March 31, 2024	March 31, 2023
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	23	4,636,334	(22,090,113)
Income tax paid		(955,098)	(1,016,312)
Finance cost paid		(6,289,393)	(3,916,385)
Decrease in long-term loans		5,477	9,636
Payments made to staff retirement benefit funds		(8,283)	(7,172)
Net cash used in operating activities		(2,610,963)	(27,020,346)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,311,514)	(572,496)
Purchase of intangible assets		(3,886)	(53)
Proceeds from disposal of property, plant and equipment		6,523	2,647
Return on investments and bank accounts		147,709	61,223
Net cash used in investing activities		(1,161,168)	(508,679)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,346)	(1,192,164)
Lease rentals paid		(34,847)	(33,187)
Net cash used in financing activities		(36,193)	(1,225,351)
Net decrease in cash and cash equivalents		(3,808,324)	(28,754,376)
Cash and cash equivalents at beginning of the period		(36,899,231)	(17,898,970)
Cash and cash equivalents at end of the period		(40,707,555)	(46,653,346)

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2024 (UNAUDITED)

1. LEGAL STATUS AND OPERATIONS

National Refinery Limited (“the Company”) was incorporated in Pakistan on August 19, 1963 as a public limited company and its shares are listed on the Pakistan Stock Exchange. The registered office of the Company is situated at 7-B, Korangi Industrial Area, Karachi, Pakistan.

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.

During the quarter ended March 31, 2024, the Government has announced the ‘Pakistan Oil Refining Policy for upgradation of Existing / Brownfield Refineries 2023’ (as amended in February 2024), which was earlier approved in August 2023. As per the amended policy refineries are required to sign the upgrade agreement within 60 days. However, the upgrade agreements could not be signed within the stipulated time due to delays on the part of Government. The Company is hopeful that a new date will be communicated shortly.

2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the international Accounting Standard Board (IASB) as notified under the Companies Act 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2024 (UNAUDITED)

These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2023.

2.1 Changes in accounting standards, interpretations and pronouncements

- (a) Standards and amendments to approved accounting and reporting 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, 2023. However, these do not have any significant impact on the Company's financial reporting.

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

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2024. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2023.

4. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1 The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgments, estimates and assumptions.

However, management believes that the change in outcome of judgments, estimates and assumptions would not have a material impact on the amounts disclosed in these condensed interim financial statements.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2024 (UNAUDITED)

4.2 Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended June 30, 2023.

4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2023.

March 31, 2024	June 30, 2023
(Rupees in thousand)	

5. FIXED ASSETS

Property, plant and equipment

- Operating assets - note 5.2 & 5.3	21,748,766	23,463,248
- Major spare parts and stand-by equipments	772,376	588,771
- Capital work-in-progress - note 5.4	1,797,371	1,544,933
	24,318,513	25,596,952
Intangible assets	3,793	2,094
	24,322,306	25,599,046

5.1 In the current period variable lease for right-of-use of assets amounts to Rs. 2.52 million (March 31, 2023: Rs. 4.60 million).

5.2 These include the right-of-use asset comprising a lease hold land at oil installation area, Keamari of Karachi Port Trust (KPT), used by the Company for its operations.

5.3 Additions and disposals to the operating assets during the period are as follows:

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2024 (UNAUDITED)

	Additions (at cost)		Disposals / write-offs (at net book value)	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	← (Rupees in thousand) →			
Plant and machinery	509,486	98,420	-	-
Utilities	156,297	39,974	-	-
Power Plant	169,799	-	-	-
Storage tanks	519	88,035	-	-
Vehicles	1,022	19,323	- *	2,680
Pipelines	-	13,179	-	-
Office and other equipments	22,435	12,419	-	184
Buildings	7,099	7,044	-	-
Computer equipments	7,537	3,062	-	-
Furniture and fixtures	1,272	1,240	-	-
	<u>875,466</u>	<u>282,696</u>	<u>-</u>	<u>2,864</u>

* Assets disposed off during the period have zero net book value.

5.4 Capital work-in-progress

	Balance as at July 1, 2023	Additions during the period	Transfers	Balance as at March 31, 2024	Balance as at July 1, 2022	Additions during the year	Transfers	Balance as at June 30, 2023
	← (Rupees in thousand) →							
Building on leasehold land	10,377	19,963	(6,040)	24,300	15,629	12,694	(17,946)	10,377
Refineries upgradation projects	970,358	-	-	970,358	982,766	6,255	(18,663)	970,358
Plant and machinery	371,559	988,606	(838,117)	522,048	306,183	388,528	(323,152)	371,559
Intangible	1,050	-	-	1,050	-	1,050	-	1,050
Office and other equipments	78,901	31,417	(806)	109,512	51,892	41,476	(14,467)	78,901
	<u>1,432,245</u>	<u>1,039,986</u>	<u>(844,963)</u>	<u>1,627,268</u>	<u>1,356,470</u>	<u>450,003</u>	<u>(374,228)</u>	<u>1,432,245</u>
Advances to contractors/ suppliers - note 5.5	<u>112,688</u>	<u>148,150</u>	<u>(90,735)</u>	<u>170,103</u>	<u>9,711</u>	<u>112,706</u>	<u>(9,729)</u>	<u>112,688</u>
	<u>1,544,933</u>	<u>1,188,136</u>	<u>(935,698)</u>	<u>1,797,371</u>	<u>1,366,181</u>	<u>562,709</u>	<u>(383,957)</u>	<u>1,544,933</u>

5.5 These do not carry any mark-up arrangement.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2024 (UNAUDITED)

6. LONG TERM LOANS

These include secured loans to executives and employees for the purchase of motor cars and house building. Out of these, car loans amounting to Rs. 3.69 million (June 30, 2023: Rs. 5.20 million) carry interest ranging from 3% to 7% (June 30, 2023: 3% to 7%). These also include unsecured loans to executive and employees which are interest free.

7. LONG TERM DEPOSITS

These deposits do not carry any mark-up arrangement.

8. DEFERRED TAXATION

The deferred tax asset on minimum tax, alternative corporate tax and tax losses is expected to be recovered based on the estimated future taxable income.

9. STOCK-IN-TRADE

As at March 31, 2024 stock of finished products have been written down by Rs. 192.41 million (June 30, 2023: Rs. 128.75 million) to arrive at their net realisable value.

10. LOANS AND ADVANCES

Out of these, car loans amounting to Rs. 0.94 million (June 30, 2023: Rs. 1.61 million) carry interest as disclosed in note 6. Advances do not carry any mark-up arrangement.

11. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

These deposits do not carry any mark-up arrangement.

12. OTHER RECEIVABLES

This includes the differential of custom duty paid on import of crude oil and amount recovered through sale of petroleum products amounting to Rs. 538.66 million (June 30, 2023: Rs. 226.55 million). Upto February 22, 2024, the differential has been worked out in accordance with OGRA's approved recovery mechanism; whereas, for the subsequent period it includes custom duty on crude oil to be reimbursed to refineries through IFEM adjusted with custom duty at the rate 2.5% on Diesel and 10% on Motor Gasoline to be deposited into Inland Freight

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2024 (UNAUDITED)

Equalization Margin (IFEM) pool till the time an OGRA controlled joint Escrow Account is maintained under the Pakistan Oil Refining Policy for Upgradation of Existing / Brownfield Refineries, 2023 (as amended in February 2024).

March 31,
2024 June 30,
2023
(Rupees in thousand)

13. CASH AND BANK BALANCES

Cash in hand	500	500
Current accounts	116,617	72,053
Saving accounts	20,446	42,685
Deposit accounts	990,063	490,063
	1,127,126	604,801
	1,127,626	605,301

14. TRADE AND OTHER PAYABLES

Trade creditors	34,953,173	28,222,793
Due to Government of Pakistan	1,856,814	1,354,588
Due to related parties:		
- Attock Petroleum Limited	56,781	59,871
- Attock Cement Pakistan Limited	694	-
- Attock Oil Company Limited	-	548
Accrued liabilities	1,112,236	920,081
Current portion of provision for Gas Infrastructure Development Cess - note 14.1	962,486	880,512
HSD Euro V differential - note 14.2	1,830,668	111,653
PMG - RON differential payable	-	84,732
PMG - Euro V differential payable	8,651	5,879
Sales tax payable	262,567	828,535
Retention money	70,129	62,879
Deposits from contractors	67,510	58,704
Workers' Welfare Fund	77,005	79,241
Income tax deducted at source	16,160	30,881
Excise duty and petroleum levy	5,355,052	3,937,678
Others	15,144	11,708
	46,645,070	36,650,283

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2024 (UNAUDITED)

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

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

- 14.2 This represent differential of Euro V vs Euro I/III HSD on account of sale of Euro I/III HSD by the Company. The differential has been worked out using criteria provided by Ministry of Energy through letter dated February 26, 2013, and November 17, 2020.

15 ADVANCES FROM CUSTOMERS

This includes advances received from related party - Pakistan Oilfields Limited and Attock Petroleum Limited amounting to Rs. 10.64 million (June 30, 2023: Rs. 9.60 million) and Rs. 3.50 million (June 30, 2023: Rs. 9.89 million) respectively against supply of goods.

16. BORROWINGS

- 16.1 The facilities for running finance under mark-up arrangements with various banks amounted to Rs. 47.35 billion (June 30, 2023: Rs. 41.08 billion) of which

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2024 (UNAUDITED)

the amount remaining unutilized at the period end was Rs. 21.02 billion (June 30, 2023: 17.66 billion). The rates of mark-up applicable on running finance ranges from 0.04% to 1% above one month / three months KIBOR (June 30, 2023: one month / three months KIBOR + 0.15% to 1%) per annum.

- 16.2 The facilities for Istisna, Tijarah and Running Musharakah arrangements from various Islamic banks amounted to Rs. 17.90 billion (June 30, 2023: Rs. 17.90 billion) of which the amount remaining unutilised at the period end was Rs. 2.41 billion (June 30, 2023: Rs. 6.78 billion). The rate of mark-up applicable is based on relevant KIBOR + 0.05% to 0.25% (June 30, 2023: one / three months KIBOR + 0.05% to 0.25%) per annum.
- 16.3 Short term loans obtained on rollover basis from commercial banks amounted to Rs. 18 billion (June 30, 2023: Rs. 12 billion). These loans are interchangeable facilities with running finance arrangement as disclosed in note 16.1. The rate of mark-up applicable on these loans is based on respective tenor KIBOR plus spread ranging from 0% to + 0.15% (June 30, 2023: KIBOR -0.70% to + 1.00%) per annum.
- 16.4 The facility for local bill discounting as at March 31, 2024 amounted to Rs.10 billion (June 30, 2023: Rs. 10 billion) which remained unutilized at the period end, whereas as of June 30, 2023, the amount remaining unutilised was Rs. 7.54 billion. The rate of mark-up applicable on this facility is based on respective tenor KIBOR plus spread ranging from 0.04% to 0.15% (June 30, 2023: KIBOR + 0.04% to 0.15%) per annum.
- 16.5 The facilities for opening the letters of credit and guarantees as at March 31, 2024 amounted to Rs. 124.57 billion (June 30, 2023: Rs. 122.77 billion) of which the amount remaining unutilized at the period end was Rs. 70.68 billion (June 30, 2023: Rs. 68.55 billion). The above financing arrangement to the tune of Rs. 44.75 billion (June 30, 2023: Rs. 44.48 billion) are interchangeable of these non-funded limits.
- 16.6 These facilities are secured against ranking charge on Company's stocks, receivables and stores, spares and chemicals.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2024 (UNAUDITED)**

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

17.1.1 There has been no significant changes during the period in the contingencies reported in the annual financial statements for the year ended June 30, 2023.

17.2 Commitments

17.2.1 Commitments outstanding for capital expenditure as at March 31, 2024 amounted to Rs. 942.58 million (June 30, 2023: Rs. 926.07 million).

18. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Quarter ended		Nine months ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	← (Rupees in thousand) →			
Local	99,810,532	80,292,074	286,505,256	252,853,619
Export	5,632,040	6,474,119	16,499,771	16,791,773
	<u>105,442,572</u>	<u>86,766,193</u>	<u>303,005,027</u>	<u>269,645,392</u>

19. TRADE DISCOUNTS, TAXES, DUTIES, LEVIES AND PRICE DIFFERENTIALS

	Quarter ended		Nine months ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	← (Rupees in thousand) →			
Trade discounts	142,409	-	142,409	-
Sales tax	4,180,776	4,739,979	12,272,149	14,459,435
Further tax	2,059	-	12,348	-
Excise duty	25	10	70	98
Petroleum levy	16,793,013	8,167,701	43,879,648	16,962,844
HSD Euro differential - note 13.2	1,171,419	238,894	3,667,635	238,894
HSD premium differential	-	-	-	178,316
PMG - RON differential	-	154,306	-	681,009
PMG - Euro V differential	1,673	6,383	8,650	28,344
Custom duty	2,122,079	1,302,901	6,440,905	5,069,616
	<u>24,413,453</u>	<u>14,610,174</u>	<u>66,423,814</u>	<u>37,618,556</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2024 (UNAUDITED)

20. OTHER INCOME

This includes return on bank deposits and return on Pakistan Investment Bonds amounting to Rs. 135.17 million (March, 2023: Rs. 87.63 million) and Rs. 36.49 million (March 2023, Nil) respectively.

21. FINANCE COST - NET

21.1 This includes mark-up on short term borrowings under conventional banking mode amounting to Rs. 4,047 million (March 31, 2023: Rs. 2,758 million) and mark-up on islamic financing amounting to Rs. 2,434 million (March 31, 2023: Rs. 1,532 million). The rates of mark-up applicable are provided in note 16.

21.2 This also includes net exchange gain / (loss) of Rs. 461.78 million (March 31, 2023: net exchange loss of Rs. 9,686.05 million) on foreign currency transactions relating to purchase of crude oil and sale of products. This relates to actual fluctuations and not due to derivative financial instruments.

Quarter ended		Nine months ended	
March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
← (Rupees in thousand) →			

22. TAXATION

Current				
for current period	468,053	393,639	1,260,429	1,246,622
for prior period	-	-	25,889	-
Deferred	<u>(1,415,311)</u>	<u>(449,194)</u>	<u>(3,917,473)</u>	<u>(3,115,387)</u>
	<u>(947,258)</u>	<u>(55,555)</u>	<u>(2,631,155)</u>	<u>(1,868,765)</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2024 (UNAUDITED)

	March 31, 2024	March 31, 2023
	(Rupees in thousand)	
23. CASH GENERATED FROM / (USED IN) OPERATIONS		
Loss before taxation	(10,153,909)	(7,892,671)
Adjustment for non cash charges and other items:		
Depreciation and amortisation	2,592,140	2,576,893
Provision for staff retirement benefit funds	92,742	115,367
Finance cost	6,481,381	4,290,641
Interest on lease liability	17,793	18,664
Return on investments and bank accounts	(171,667)	(87,624)
(Gain) / loss on disposal of property, plant and equipment	(6,523)	217
Changes in working capital - note 23.1	5,784,377	(21,111,600)
	4,636,334	(22,090,113)
23.1 Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and chemicals	564,751	(395,792)
Stock-in-trade	(14,016,872)	(5,985,547)
Trade receivables	9,267,726	3,385,330
Loans and advances	31,124	(64,945)
Trade deposits and short-term prepayments	(223,668)	(232,020)
Other receivables	(186,253)	104,564
	(4,563,192)	(3,188,410)
Increase / (decrease) in current liabilities		
Trade and other payables	9,941,169	(17,482,659)
Advances from Customers	406,400	(440,531)
	5,784,377	(21,111,600)
24. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 13	1,127,626	615,235
Borrowings - note 16	(41,835,181)	(47,268,581)
	(40,707,555)	(46,653,346)

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2024 (UNAUDITED)

25. TRANSACTIONS WITH RELATED PARTIES

Related party transactions are:

Nature of relationship	Nature of transactions	Quarter ended		Nine months ended	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
← (Rupees in thousand) →					
Associated companies					
- Attock Petroleum Limited (APL)					
	Sale of petroleum products	41,623,624	33,001,535	118,571,263	112,669,475
	Trade discounts	31,367	-	31,367	-
	Commission on export sales	-	53,752	-	124,049
	Commission on local sales	-	269,004	-	778,260
	Handling charges on local sales	-	1,461	-	1,461
	Purchase of petroleum products	7,261	8,034	27,144	27,524
	Hospitality income on sales	7,645	29,837	17,574	112,409
	Dividend paid	-	-	-	11,995
	Rental income	1,549	1,412	4,609	4,199
	Reimbursement of expenses incurred by NRL on behalf of APL	5,818	1,370	17,873	4,398
	Reimbursement of expenses incurred by APL on behalf of NRL	-	-	385	-
- Pakistan Oilfields Limited (POL)					
	Rental income	1,076	494	3,158	2,386
	Sale of petroleum products	63,695	27,470	165,174	200,711
	Reimbursement of expenses incurred by NRL on behalf of POL	117	55	217	263
	Reimbursement of expenses incurred by POL on behalf of NRL	-	-	-	69
	Dividend paid	-	-	-	299,875
- Attock Refinery Limited (ARL)					
	Reimbursement of expenses incurred by NRL on behalf of ARL	1,236	-	1,282	53
	Dividend paid	-	-	-	299,875
	Naphtha handling Income	18,114	2,487	18,114	2,487
- Attock Cement Pakistan Limited (ACPL)					
	Sale of products	-	4,067	175	4,067
	Purchase of stores	1,158	410	1,382	604
	Reimbursement of expenses incurred by ACPL on behalf of NRL	26	32	255	70
	Reimbursement of expenses incurred by NRL on behalf of ACPL	-	-	426	316
- Attock Oil Company Limited (AOCL)*					
	Reimbursement of expenses incurred by AOCL on behalf of NRL	487	-	502	67
	Reimbursement of expenses incurred by NRL on behalf of AOCL	10	9	28	27
Other related parties					
- Contribution to staff retirement benefits plans					
	Employees provident fund	13,460	12,999	40,322	39,244
	Post retirement medical fund	8,283	-	8,283	7,172
- Key management compensation					
	Salaries and other employee benefits	14,449	15,210	45,049	47,690
	Post employment benefits	1,586	1,325	4,628	3,754
	Directors' fee	2,863	2,147	18,303	7,595

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2024 (UNAUDITED)

26. SEGMENT INFORMATION

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

The financial information regarding operating segments is as follows:

	FUEL		LUBE		TOTAL	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
(Rupees in thousand)						
Segment Revenue						
Revenue from external customers						
- local, net of discounts, taxes, duties, levies						
- price differentials	168,991,504	162,030,096	51,089,938	53,204,967	220,081,442	215,235,063
- exports	10,871,195	9,392,620	5,628,576	7,399,153	16,499,771	16,791,773
	179,862,699	171,422,716	56,718,514	60,604,120	236,581,213	232,026,836
Inter-segment transfers	54,385,937	51,370,890	-	-	54,385,937	51,370,890
Elimination of inter-segment transfers	-	-	-	-	(54,385,937)	(51,370,890)
Net revenue from contract with customers	234,248,636	222,793,606	56,718,514	60,604,120	236,581,213	232,026,836
Segment results after tax	(7,815,302)	(9,576,950)	292,548	3,553,044	(7,522,754)	(6,023,906)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive (loss) / income	(7,815,302)	(9,576,950)	292,548	3,553,044	(7,522,754)	(6,023,906)

	FUEL		LUBE		TOTAL	
	March 31, 2024	June 30, 2023	March 31, 2024	June 30, 2023	March 31, 2024	June 30, 2023
(Rupees in thousand)						
Segment assets	80,017,970	81,694,409	19,000,877	14,577,528	99,018,847	96,271,937
Unallocated assets	-	-	-	-	20,166,848	15,507,981
Total assets	80,017,970	81,694,409	19,000,877	14,577,528	119,185,695	111,779,918
Segment liabilities	88,157,027	71,768,893	3,351,890	4,888,218	91,508,917	76,657,111
Unallocated liabilities	-	-	-	-	600,853	524,128
Total liabilities	88,157,027	71,768,893	3,351,890	4,888,218	92,109,770	77,181,239

26.2 Incremental expenses of Diesel Hydro De-sulphurisation (DHDS) and Isomerization (ISOM) units have been charged to fuel segment in accordance with note 26.1 above.

27. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company on April 25, 2024.


Chief Financial Officer


Chief Executive


Director



National Refinery Limited

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

UAN: 111-675-675

Website: www.nrlpak.com

E-mail: info@nrlpak.com

