

ANNUAL
REPORT

2020



National Refinery Limited

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

Bankers

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

Registered Office

7-B, Korangi Industrial Area, P.O. Box 8228, Karachi-74900

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

PABX: +92-21-35064981-86

+92-21-35064977-79

Website: www.nrlpak.com

E-mail: info@nrlpak.com

Share Registrar

CDC Share Registrar Services Limited

CDC House, 99-B, Block 'B', S.M.C.H.S.,
Main Shakra-e-Faisal, Karachi – 74400.

Tel: (Toll Free) 0800-23275

Fax: +92-21-34326053

Email: info@cdcsrsl.com

Website: www.cdcsrsl.com

NRL AT A GLANCE

FIRST LUBE REFINERY

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

FUEL REFINERY

BEFORE RE-VAMP

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

AFTER FIRST RE-VAMP

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

AFTER SECOND RE-VAMP

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

HSD DESULPHURIZATION AND ASSOCIATED UNITS

Date Commissioned	June 2017
Project Cost	Rs. 26.82 billion

NAPHTHA BLOCK (ISOMERIZATION UNIT)

Date Commissioned	October 2017
Project Cost	Rs. 6.54 billion

BTX UNIT

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

SECOND LUBE REFINERY

BEFORE RE-VAMP

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

AFTER RE-VAMP

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

SHARE CAPITAL (RS. IN MILLION)

	Fuel	Lube	Total
June 2002	229.171	437.217	666.388
June 2020	275.005	524.661	799.666

SHAREHOLDERS' EQUITY

June 1966	Rs. 20.0 million
June 2020	Rs. 29,837.3 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 & Director
Attock Hospital (Pvt.) Limited
Attock Refinery Limited

Chief Executive & Director
Pakistan Oilfields Limited
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



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
International Steel 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

Director

Attock Cement Pakistan 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

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

Alternate Director

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



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

Director

Attock Refinery Limited

Chairman

NRL Executive Staff Post Retirement Medical Benefit 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



I, on behalf of the Board of Directors, welcome you all in the 57th Annual General Meeting of your Company and present an annual review of results and audited financial statements for the year ended June 30, 2020.

Crude oil refining industry in Pakistan had been struggling for the last two years. Pricing anomalies, unpredictable crude oil prices, devaluation of Pakistani Rupee and very low prices of Furnace oil (IMO 2020) adversely affected the Gross Refining Margins. The performance further deteriorated due to COVID-19 pandemic which slowed down the world economies hence demand for

fuel products. This resulted in steeply falling crude oil and product prices. Crude oil price war by major oil producing countries in an attempt to sustain market share added to the problems of downstream industry.

Though the Pandemic affected the Pakistani market in March 2020, its effects were already being felt due to Global developments. The impact on Pakistani economy was not different. Refinery sector was among the worst hit industries as the operations became highly unviable due to depressed sale and unfavorable crude oil price vs product prices. The maximum impact was faced towards

the end of third quarter and in fourth quarter of the financial year in the shape of huge inventory losses and extremely low throughput for both fuel and lube segments.

Under the challenging circumstances the company incurred a loss of Rs. 4.06 billion as compared to loss after tax of Rs. 8.69 billion in the last year. The appeal effects of prior tax years have been recognized which has partially offset the losses during the year.

Fuel segment of the company incurred loss of Rs. 7.36 billion as compared to Rs. 9.59 billion in the previous year. The segment remained under pressure since last year for the reason as already mentioned.

However, your company's Lube segment after tax profits increased to Rs. 3.30 billion as compared to Rs. 0.90 billion in the last year. Improvement in sale of Bitumen was seen in last quarter. However, sale of lube base oil declined in current year by 24% due to less demand. The throughput of lube segment declined due to turnaround and revamp of Lube-I refinery. Turnaround was completed successfully, whereas revamp is in process which is expected to be commissioned shortly.

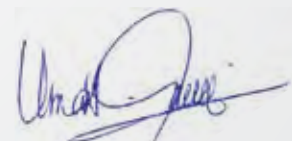
Due to price reductions and reduced sales volumes, hefty inventory losses were incurred, which forced the company to finance its operations through bank borrowings which resulted in higher finance cost. The Government has substantially reduced the policy rate from 13.25 percent to 7.0 percent which would reduce the borrowing cost.

In view of factors, impacting profitability, being not directly in company's control, the management has taken up various issues with the Government including consistent

up-liftment of furnace oil and fortnightly pricing mechanism. Government has formulated a working group including representatives of refineries to consider refineries current situation together with consideration of proposals for future upgradation. Meanwhile Government is considering to make some changes in the pricing mechanism, which is expected to improve refinery's margins. Government is also considering the announcement of petroleum policy to provide a future road map of refining business in Pakistan.

I believe that under the difficult situation Board has played an important role in providing oversight and guidance to the management as regards appropriate response not only to curtail the losses but also to ensure continued operations and supply of essential fuels to meet the national demand.

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



Shuaib A. Malik
Chairman

August 26, 2020
Islamabad

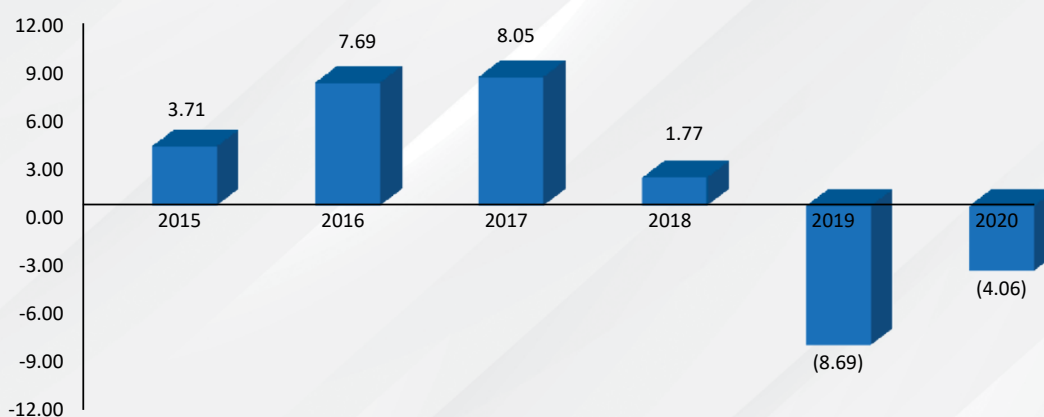
DIRECTORS' REPORT

The Board of Directors present the 57th Annual Report of National Refinery Limited together with the audited financial statements and auditors' report thereon for the year ended June 30, 2020.

FINANCIAL RESULTS

Your company incurred a loss after tax of Rs. 4.06 billion as compared to loss after tax of Rs. 8.69 billion for last year. Huge losses incurred during the year due to continuity of thin margins that were hard hit by decline in petroleum products demand and prices owing to worldwide lockdown amid COVID-19 pandemic, which severely impacted the overall industry including your Company. The losses have been partially offset by recognition of Appeal effects issued by FBR in relation to prior tax years.

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

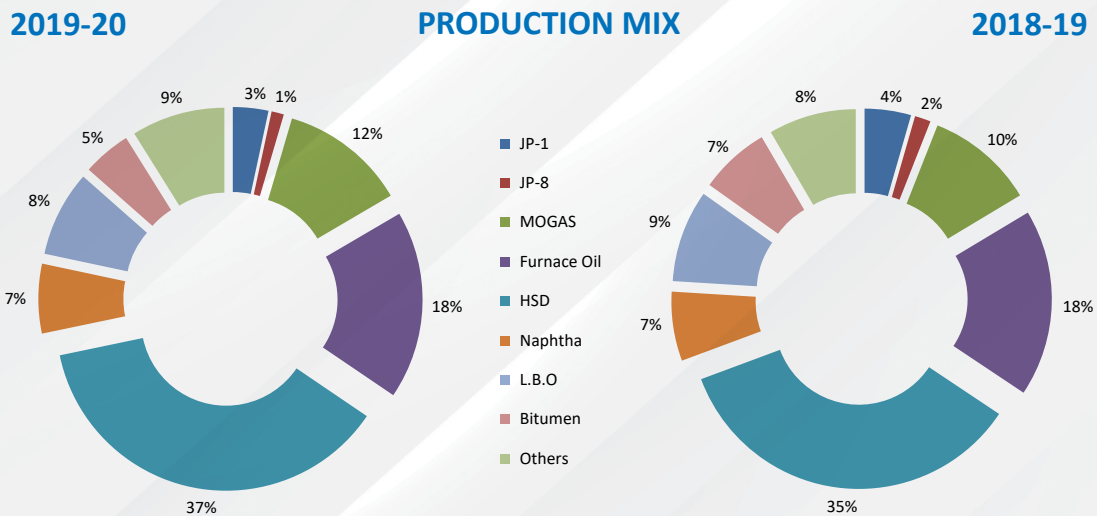


Fuel Segment

The fuel segment suffered loss after tax of Rs. 7.36 billion as compared to loss after tax of Rs. 9.59 billion in the last year. High volatility in prices between products and crude oil did not allow margins to remain in green zone since the beginning of the year. In the meantime, prices of Furnace Oil significantly declined during pre-implementation period of new international regulations 'IMO 2020', aiming to put ban on High Sulphur Furnace Oil (HSFO) used as a bunker fuel worldwide; consequently decline in HSFO prices together with its lower demand in local market severely hit Company's profitability. Things were further deteriorated during the third quarter when COVID-19 pandemic impacted severely the worldwide demand for Petroleum products and Crude oil. Inability of the oil producing countries to reach to an amicable production cut further contributed to steep decline in crude oil and products prices; Monthly average crude oil prices that had touched US\$ 68.28 per barrel in the month of

January 2020 declined sharply to US\$ 18.92 per barrel, being the lowest, in the month of April 2020. Motor Gasoline despite being a prime product was traded at price lower than that of crude oil price. Decline in petroleum product prices resulted in inventory losses to the tune of Rs. 10.9 billion in the current year out of which Rs. 7.6 billion relates to the significant price decline from March to May 2020 being lock down period.

Imposition of country-wide lockdown effective end of March 2020 badly affected the off take of the products, which forced the company to temporarily close down the refinery for almost a month. The throughput during 2019-20 remained at 59% as compared to 78% in last year.



Lube Segment

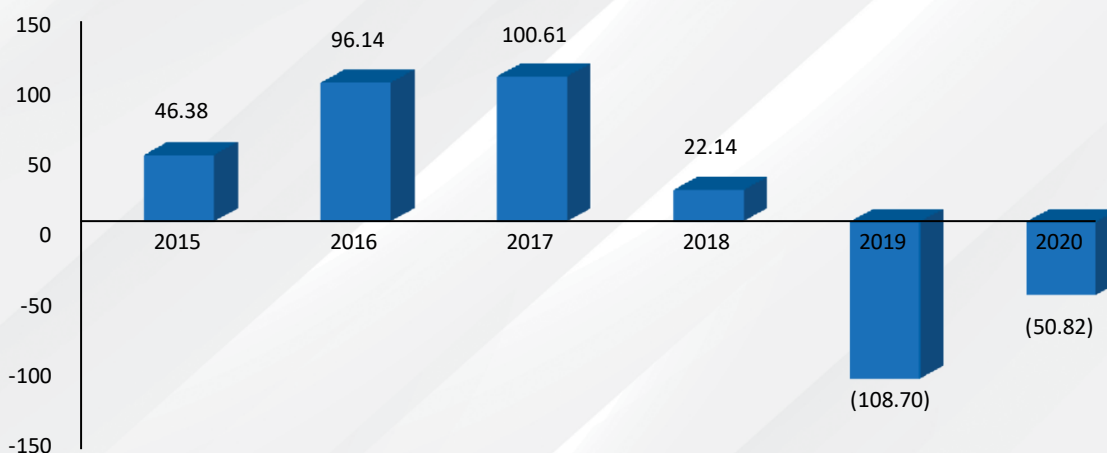
The lube segment managed to earn net profit of Rs. 3.30 billion as compared to Rs. 0.90 billion for corresponding year. The margins in lube segment slightly improved due to lower feed cost; however, recognition of appeal effects for prior tax years as allocated to lube segment improved overall lube segment profitability. Sales volumes of lube base oils declined by 24% to 139,632 M. Tons as compared to 183,686 M. Tons in last year. Sales of Bitumen improved in the fourth quarter which slightly reduced the Inventory levels to 57,474 M.Tons at year end still blocking Rs. 3.80 billion in working capital. The sales volumes were affected by slow economic activity in the country due to lockdowns. During the year company undertook turnaround of Lube-I refinery which was successfully completed. The revamp of Lube-I refinery is in progress. Considering slow up-liftment of products, turnaround and revamp of Lube-I refinery, throughput remained at 68% as compared to 102% in last year.

Due to held-up inventory of Bitumen and negative margins in fuel segment during the year, company had to finance its operations through bank borrowings. As a result of increased borrowings and higher interest rates, company incurred financing cost of Rs. 2.21 billion as compared to Rs. 1.2 billion in last year.

LOSS / EARNINGS PER SHARE

Loss per share is Rs. 50.82 as compared to Rs. 108.70 of the last year.

Earning/(Loss) per share (Rs. per share)



DIVIDEND

In view of the unprecedented loss and uncertainties involved due to COVID-19 Pandemic, the Board of Directors decided not to consider any dividend for the current year.

COMPANY BUSINESS

The Company is engaged in the business of Crude Oil Refining with three refineries commissioned in the year 1966, 1977 and 1985. The Company was privatized in the year 2005, whereby 51% shares of the Company are held by Attock Group.

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

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

FUTURE OUTLOOK

The management foresees specific challenges ahead and is focusing on strategies and adopting suitable measures to address these challenges, mitigate associated risk and ensure business sustainability. The foremost challenge being faced worldwide is the impact of COVID-19 on world economy which directly have an impact on demand and prices of petroleum products. Owing to lower demand, surplus of petroleum products could result in lower prices and lower GRMs for refining sector. In this regard refining sector is in constant contact with the Government to provide some relief.

Other challenges include higher operating cost including depreciation of upgradation units (DHDS & ISOM) and devaluation of Pak Rupee against US Dollar that significantly impacts company's financial position and performance. The management believes that incremental deemed duty of 1.5% on HSD earlier committed by the Government on completion of DHDS project, but withdrawn half-way through the project, could add to some relief at least to recover higher cost related to plant operations. The management also believes that change of product pricing mechanism from monthly to at least fortnightly be inevitable for providing some sort of sustainability to refinery business. Besides, decline in country wide consumption of petroleum products is an area that warrants Government's attention to look into and take appropriate measures to ensure sale of products of existing refineries and support crude oil refinery sector. Considering high volatility in crude oil and product prices, lower sales volume of products as well as increase in exchange rate, the Company has adopted a careful approach in operating all its production units at optimum level.

Ministry of Energy has formulated a working group during the year which includes refineries' representatives to review refineries' proposals for incentivizing refinery operations to mitigate their current losses as well as for providing a conducive environment for future expansions and upgradations to produce premium products and improve margins.

The Government levied custom duty on crude oil in 2015. As per the Oil and Gas Regulatory Authority (OGRA) approved mechanism for settlement of Regulatory/Custom Duty on import of crude oil attributable to regulated products and duty recovered from sale of PSO import price based petroleum products (i.e. HSD & MS) on the principle of "no loss no gain". As per ECC's decision, duty paid on crude oil applicable to deregulated products will directly be charged to customers. As refineries do not operate under cost plus formula, every incremental cost element cannot be fully charged to customers; therefore, according to market dynamics of de-regulated products especially furnace oil, NRL could not fully recover relevant portion of duty on crude oil from sales of its de-regulated products to customers that resulted in increase in Company's cost of raw material. Any reduction in duty structure of imported crude oil by the Government would have a favorable impact on company's profitability. However, under the prevailing economic situation of the country such proposals are not being entertained.

FUTURE PROJECTS

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

- **Hydrocracker**
Hydrocracker aims to convert Furnace Oil into valuable products. A basic engineering design package was prepared by M/s UoP of USA in the year 2012. However, further work was not undertaken due to insistence of Government of Pakistan for installing a Diesel Hydro Treater and Isomerization units to produce Euro-II standard products. The Company is reviewing all aspects of the projects and will decide the best course according to the changing economic situation of the country and outcome of the working group's negotiations.
- **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. The project is currently in planning phase.

ONGOING PROJECTS

Following projects are currently being executed by the company:

- **Two stage unit revamp at Lube-I refinery**
The project has been undertaken to enhance the installed crude oil processing capacity of Lube I refinery from 12,050 Barrel per stream day (bpsd) to 17,000 bpsd and vacuum fractionation capacity from 5,200 bpsd to 6,600 bpsd. Mechanical completion of the project has been achieved and it is likely to be commissioned soon.
- **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. The project is expected to be completed by June 2021.

COMPLETED PROJECTS / TURNAROUND – 2019-20

Despite financial constraints your company successfully completed the following projects / turnaround during the year 2019-20.

- **Turnaround of Lube – I Refinery**
Company completed turnaround of its Lube-I Refinery in January 2020 as a mandatory activity so as to keep the refinery operating. This has resulted in continuous production at optimum level reducing frequent maintenance requirements.

- **Centralized Distributed Control Systems at Fuel refinery**

Replacement of existing control system of fuel refinery with Distributed Control System (DCS). This ensures precise quality production, high-integrity process controls, process safeguarding and emergency shutdown. It improves process control and monitoring of plant parameters, availability of customized reports and log sheets, and optimum Human resource utilization. The DCS system has been successfully implemented in March 2020.

- **New Sea Water Reverse Osmosis Plant**

New sea Water Reverse Osmosis plant with capacity of 250,000 US gallons per day has been procured and installed following the completion of Phase-I projects to meet the increased water requirement. Project Commissioned in October 2019.

PRICING FORMULA

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

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.

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. The matter to remove capping on dividend payouts has already been taken up in Downstream Petroleum Policy with the government. Otherwise investment in fuel segment is not beneficial to the shareholders.

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 (2015 - 2020) is shown on page 43.

REFINERIES PRODUCTION

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

CREDIT RATINGS

The long-term entity rating of the Company is AA+ (maintained from last seven years) and short-term entity rating have been maintained at A1+ (for last sixteen 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 changed from stable to 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. One-month time lag in products' pricing generally squeezes margins.
- COVID-19 has evolved as major risk affecting petroleum products demand and prices worldwide. Resumption of economic activity and resultant stability in oil sector is dependent upon how early a vaccine is developed and brought into the market.
- The Company faces exchange losses due to devaluation of Pak Rupee in making payments of raw material to suppliers in foreign currencies. In this respect, measures are being taken by the Government to lessen its impact.
- The Government has announced import of Euro-V fuels effective 2020-21; its implications on the Company's products stream are being analyzed. However, introduction of Euro V grade HSD will create a better opportunity for the company as it can produce HSD with less than 10 ppm Sulphur.

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. During the year Company contributed Rs. 375,000 to charitable trusts.

Company is ambitious to be recognized as social partner and not only as commercial entity. In this respect, the Company has kept three differently able persons on its manpower strength as prescribed in 'The Sindh Differently able persons (Employment, Rehabilitation and Welfare) Act, 2014 and also made payments amounting to Rs. 11.49 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. The Charter of Demands submitted by Collective Bargaining Agent of NRL Workers after extensive negotiations has reached an amicable settlement of their final demands. In order to provide an opportunity to employees to maintain good health, the Company is continuously encouraging the Sports activities at the Refinery premises to promote a healthy approach towards life.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT

We at NRL fully recognize our responsibility towards occupational, health, safety and environment. Our compliance is not only as adherence to laws but also covers respect for the social norms, culture and custom of the local communities.

We develop our Company on ethical and professional basis to be a responsible corporate entity with respect to Environment, Health and Safety. 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 certification of ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System) & BS-OHSAS 18001:2007 (Occupational Health & Safety Management System).

We hope our efforts towards protection of the environment will bear fruit in achieving excellence. Our responsibilities include acceptance of the fact that we should continue our efforts not only to preserve but to improve the environmental conditions around us and hope that other follow our foot steps to preserve the nature.

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, 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 on prevention from COVID-19.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the financial year, the Company contributed Rs. 45.5 billion to the National exchequer in the shape of direct and indirect taxes and earned valuable foreign exchange of US\$ 61.29 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 objectives of the Company. Therefore, your Company focuses special attention on their training and development. Various staff members attended numerous courses and workshops in different technical and non-technical disciplines. In addition to hands on training programs, the Company has also conducted Management Trainees and Apprenticeship programs where theoretical and practical training in Refinery operations and maintenance was imparted which will not only meet the additional requirement of trained manpower for operations of the Company but would extend a great help to the Petroleum Refining industry of the country in the form 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. During the current year company has changed its policy for valuation of 'right-of-use' of assets in accordance with the requirements of IFRS-16, details of which are given in the financial statements.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) The value of investment of various funds, based on their respective accounts as at 30 June, 2020 are as under:

Description	(Rs. in millions) Un-audited
Management staff	
Pension Fund	4,812
Provident Fund	1,004
Post-Retirement Medical Fund	1,211
Gratuity Fund	83
Non-Management staff	
Gratuity Fund	141
Provident Fund	565

- 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 Directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children except that mentioned in "Pattern of Shareholding".

Composition and Meetings of the Board of Directors

The board comprises of seven directors and a chief executive. The composition of the board throughout the year is as follows:

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

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



During the financial year 2019-20 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 Alternate Director for Mr. Laith G. Pharaon	5	5
Mr. Abdus Sattar	5	5
Mr. Zaki Mohamad Mansoer – IDB Nominee	5	3
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 alternates 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, 2019 to June 30, 2020:

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, 2020 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 39 to the financial statements.

PATTERN OF SHAREHOLDING

Pattern of shareholdings is shown on page 116.

AUDITORS

Present auditors Messrs. A. F. Ferguson & Co., Chartered Accountants retire and, being eligible, offer themselves for reappointment. Accordingly, the Board, on the recommendation of the Board Audit Committee, recommends the reappointment of Messrs. A.F. Ferguson & Co. Chartered Accountants as the auditors of the Company for the financial year 2020-21 at a fee of Rs. 3.08 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 26, 2020
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, 2020

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 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 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.
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 significant policies on the website, only a few policies have been uploaded on the Company's website. The Company will however, review and place key elements of other policies if considered necessary.</p>	35(1)

On behalf of the Board

Jamil A. Khan
Chief Executive Officer

August 26, 2020

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, 2020 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, 2020.

Chartered Accountants
Karachi

Dated: September 17, 2020

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






UOP MEROX
UNIT


NAPHTHA HYDROBON
UNIT


101 CRUDE DISTILLATION
UNIT

SIX YEARS AT A GLANCE

Description	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	
	← Rupees in million →						
Statement of Profit or Loss							
Net sales	125,613	160,906	136,985	107,447	93,788	148,457	
Cost of sales	136,731	165,355	133,173	97,648	82,745	141,611	
Purchases	111,935	166,822	123,951	91,855	75,120	126,374	
Gross (loss) / profit	(11,118)	(4,449)	3,812	9,800	11,043	6,846	
Operating (loss) / profit	(12,350)	(5,743)	2,673	8,498	10,365	6,413	
(Loss) / Profit before tax	(14,863)	(11,029)	907	8,315	10,089	5,560	
(Loss) / Profit after tax	(4,064)	(8,692)	1,771	8,046	7,688	3,709	
Statement of Financial Position							
Share Capital	800	800	800	800	800	800	
Reserves	29,037	33,074	42,452	42,540	36,023	29,334	
Shareholder equity	29,837	33,874	43,252	43,340	36,822	30,134	
Fixed Assets	34,218	35,695	37,719	38,547	23,628	8,066	
Current Assets	21,346	37,489	27,548	22,752	29,957	39,901	
Current Liabilities	32,983	42,001	22,206	16,683	16,241	17,163	
Net current assets/ liabilities	(11,637)	(4,512)	5,342	6,069	13,716	22,738	
Financial Ratios							
Gross (loss) / profit	%	(8.85)	(2.76)	2.78	9.12	11.77	4.61
Net (loss) / profit to sales	%	(3.24)	(5.40)	1.29	7.49	8.20	2.50
EBITDA Margin to sales	%	(7.20)	(3.91)	3.12	8.33	11.15	3.98
Return on Equity	%	(13.62)	(25.66)	4.09	18.56	20.88	12.31
Return on Capital Employed	%	(12.76)	(22.54)	4.09	20.07	22.96	13.08
Liquidity Ratios							
Current Ratio	Times	0.65	0.89	1.24	1.36	1.84	2.32
Quick /Acid test ratio	Times	0.29	0.28	0.67	0.71	1.15	1.53
Cash to Current Liabilities	Times	0.02	0.02	0.02	0.17	0.73	1.01
Activity / Turnover Ratios							
Inventory turnover	Days	49.35	41.69	31.84	40.89	54.03	47.59
Debtors turnover	Days	16.51	17.32	18.42	18.98	24.09	21.17
Creditors turnover	Days	29.18	27.27	33.76	31.82	47.38	45.72
Total Assets turnover ratio	Times	1.98	2.11	2.08	1.75	1.75	3.09
Fixed assets turnover ratio	Times	3.67	4.51	3.63	2.79	3.97	18.40
Investment / Market Ratios							
(Loss) / Earnings per share and diluted (LPS) / EPS	Rs.	(50.82)	(108.70)	22.14	100.61	96.14	46.38
Price earning ratio	Times	(2.11)	(1.04)	20.01	7.22	4.94	5.00
Dividend yield ratio	%	-	-	2.26	3.10	4.21	4.31
Cash Dividend payout ratio	%	-	-	45.17	22.36	20.80	21.56
Dividend cover ratio	Times	-	-	2.21	4.47	4.81	4.64
Cash Dividend per share	Rs./share	-	-	10.00	22.50	20.00	10.00
Market value per share at year end	Rs./share	107	113	443	726	475	232
Breakup value per share	Rs./share	373	423	541	542	460	377

HORIZONTAL STATEMENT OF FINANCIAL POSITION

AS AT JUNE, 30

	2020	2019	2018	2017	2016	2015
	Rupees in million	Rupees in million	Rupees in million	Rupees in million	Rupees in million	Rupees in million
	%	%	%	%	%	%
ASSETS						
NON-CURRENT ASSETS						
Fixed assets	34,217.92	35,695.33	37,718.72	38,547.36	23,627.92	8,066.11
Long term investment	12.94	13.35	-	-	-	-
Long term loans	46.35	49.72	54.21	51.33	40.92	42.58
Long term deposits	30.27	30.27	30.27	30.19	30.19	30.19
Deferred taxation	7,639.92	2,874.07	456.85	-	-	-
Retirement benefit prepayments	19.79	15.61	6.27	5.47	4.91	22.40
	514.2%	473.9%	468.9%	473.4%	290.4%	100.0%
CURRENT ASSETS						
Stores, spares and chemicals	1,553.00	1,572.57	1,501.86	908.61	907.49	1,003.10
Stock-in-trade	11,820.28	25,668.59	12,627.66	10,931.02	11,252.50	13,585.66
Trade receivables	4,022.17	7,499.05	7,986.21	6,032.87	5,297.20	7,253.04
Loans and advances	43.94	31.40	58.25	64.28	84.72	74.60
Trade deposits and short-term prepayments	21.23	34.61	16.92	14.01	10.58	8.92
Interest accrued	8.83	14.22	7.39	15.83	28.78	32.24
Other receivables	1,070.13	1,662.81	3,569.87	674.37	504.42	547.33
Taxation - payments less provision	2,253.41	27.07	1,237.95	1,341.12	-	-
Short term investments	552.61	978.68	541.84	2,769.49	11,870.90	123.54
Cash and bank balances	21,345.60	37,489.00	27,547.95	22,751.60	29,956.59	39,901.37
	53.5%	94.0%	69.0%	57.0%	75.1%	100.0%
TOTAL ASSETS	63,312.79	76,167.35	65,814.27	61,385.95	53,660.53	48,062.65
	131.7%	158.5%	136.9%	127.7%	111.7%	100.0%
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Share capital	799.67	799.67	799.67	799.67	799.67	799.67
Reserves	29,037.62	33,073.80	42,451.87	42,540.21	36,022.78	29,334.04
	99.0%	112.8%	144.7%	145.0%	122.8%	100.0%
LIABILITIES						
NON - CURRENT LIABILITIES						
Long-term borrowing	-	-	12.87	689.49	-	-
Long-term lease liability	183.66	-	-	-	-	-
Retirement benefit obligations	308.55	293.31	343.85	264.82	462.17	594.46
Deferred taxation	-	-	-	408.57	135.37	171.56
CURRENT LIABILITIES						
Trade and other payables	15,492.19	16,418.26	20,550.99	16,402.21	14,958.67	16,365.69
Dividend payable	94.03	97.01	92.00	82.26	71.92	67.33
Accrued mark-up	310.26	365.04	33.78	9.75	-	-
Provisions	112.36	112.36	112.36	112.36	112.36	112.36
Borrowings	16,777.52	25,007.90	1,340.27	-	-	-
Unearned revenue	193.08	-	76.61	-	-	-
Current portion of long-term borrowing	3.85	-	-	-	-	-
Current portion of long-term lease liability	-	-	-	-	-	-
Taxation - provision less payments	-	-	-	-	-	-
	192.2%	244.7%	129.4%	97.2%	94.6%	100.0%
TOTAL EQUITY AND LIABILITIES	63,312.79	76,167.35	65,814.27	61,385.95	53,660.53	48,062.65
	131.7%	158.5%	136.9%	127.7%	111.7%	100.0%

VERTICAL STATEMENT OF FINANCIAL POSITION

AS AT JUNE, 30

ASSETS	2020		2019		2018		2017		2016		2015	
	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%
NON-CURRENT ASSETS												
Fixed assets	34,217.92	54.0%	35,695.33	46.9%	37,718.72	57.3%	38,547.36	62.8%	23,627.92	44.0%	8,066.11	16.8%
Long term investment	12.94	0.0%	13.35	0.0%	-	-	-	-	-	-	-	-
Long term loans	46.35	0.1%	49.72	0.1%	54.21	0.1%	51.33	0.1%	40.92	0.1%	42.58	0.1%
Long term deposits	30.27	0.1%	30.27	0.0%	30.27	0.1%	30.19	0.1%	30.19	0.1%	30.19	0.1%
Deferred taxation	7,639.92	12.1%	2,874.07	3.8%	456.85	0.7%	-	-	-	-	-	-
Retirement benefit prepayments	19.79	0.0%	15.61	0.0%	6.27	0.0%	5.47	0.0%	4.91	0.0%	22.40	0.1%
	41,967.19	66.3%	38,678.35	50.8%	38,266.32	58.2%	38,634.35	63.0%	23,703.94	44.2%	8,161.28	17.1%
CURRENT ASSETS												
Stores, spares and chemicals	1,553.00	2.5%	1,572.57	2.1%	1,501.86	2.3%	908.61	1.5%	907.49	1.6%	1,003.10	2.1%
Stock-in-trade	11,820.28	18.6%	25,668.59	33.7%	12,627.66	19.2%	10,931.02	17.8%	11,252.50	21.0%	13,585.66	28.2%
Trade receivables	4,022.17	6.4%	7,499.05	9.8%	7,986.21	12.1%	6,032.87	9.8%	5,297.20	9.9%	7,253.04	15.1%
Loans and advances	43.94	0.1%	31.40	0.0%	58.25	0.1%	64.28	0.1%	84.72	0.2%	74.60	0.1%
Trade deposits and short-term prepayments	21.23	0.0%	34.61	0.1%	16.92	0.0%	14.01	0.0%	10.58	0.0%	8.92	0.0%
Interest accrued	8.83	0.0%	14.22	0.0%	7.39	0.0%	15.83	0.0%	28.78	0.1%	32.24	0.1%
Other receivables	1,070.13	1.7%	1,662.81	2.2%	3,569.87	5.4%	674.37	1.1%	504.42	0.9%	547.33	1.1%
Taxation - payments less provision	2,253.41	3.5%	27.07	0.0%	1,237.95	1.9%	1,341.12	2.2%	-	-	-	-
Short term investments	-	-	-	-	-	-	-	-	-	-	123.54	0.3%
Cash and bank balances	552.61	0.9%	978.68	1.3%	541.84	0.8%	2,769.49	4.5%	11,870.90	22.1%	17,272.94	35.9%
	21,345.60	33.7%	37,489.00	49.2%	27,547.95	41.8%	22,751.60	37.0%	29,956.59	55.8%	39,901.37	82.9%
TOTAL ASSETS	63,312.79	100.0%	76,167.35	100.0%	65,814.27	100.0%	61,385.95	100.0%	53,660.53	100.0%	48,062.65	100.0%
EQUITY AND LIABILITIES												
SHARE CAPITAL AND RESERVES												
Share capital	799.67	1.3%	799.67	1.1%	799.67	1.2%	799.67	1.3%	799.67	1.5%	799.67	1.7%
Reserves	29,037.62	45.8%	33,073.80	43.4%	42,451.87	64.5%	42,540.21	69.3%	36,022.78	67.1%	29,334.04	61.0%
	29,837.29	47.1%	33,873.47	44.5%	43,251.54	65.7%	43,339.88	70.6%	36,822.45	68.6%	30,133.71	62.7%
LIABILITIES												
NON - CURRENT LIABILITIES												
Long-term borrowing	-	-	-	-	12.87	-	689.49	1.1%	-	-	-	-
Long-term lease liability	183.66	0.3%	-	-	-	-	-	-	-	-	-	
Retirement benefit obligations	308.55	0.5%	293.31	0.4%	343.85	0.5%	264.82	0.4%	462.17	0.9%	594.46	1.2%
Deferred taxation	-	-	-	-	-	-	408.57	0.7%	135.37	0.3%	171.56	0.4%
CURRENT LIABILITIES												
Trade and other payable	15,492.19	24.4%	16,418.26	21.6%	20,550.99	31.3%	16,402.21	26.8%	14,958.67	27.9%	16,365.69	34.1%
Dividend payable	94.03	0.2%	97.01	0.1%	92.00	0.1%	82.26	0.1%	71.92	0.1%	67.33	0.1%
Accrued mark-up	310.26	0.5%	365.04	0.4%	33.78	0.1%	9.75	0.0%	-	-	-	-
Provisions	112.36	0.2%	112.36	0.2%	112.36	0.2%	112.36	0.2%	112.36	0.2%	112.36	0.2%
Borrowings	16,777.52	26.5%	25,007.90	32.8%	1,340.27	2.0%	-	-	-	-	-	-
Unearned revenue	193.08	0.3%	-	-	-	-	-	-	-	-	-	
Current portion of long-term borrowing	-	-	-	-	76.61	0.1%	76.61	0.1%	-	-	-	-
Current portion of long-term lease liability	3.85	0.0%	-	-	-	-	-	-	1,097.59	2.0%	617.54	1.3%
Taxation - provision less payments	-	-	-	-	-	-	-	-	16,240.54	30.2%	17,162.92	35.7%
	32,983.29	52.1%	42,000.57	55.1%	22,206.01	33.8%	16,683.19	27.2%	16,240.54	30.2%	17,162.92	35.7%
TOTAL EQUITY AND LIABILITIES	63,312.79	100.0%	76,167.35	100.0%	65,814.27	100.0%	61,385.95	100.0%	53,660.53	100.0%	48,062.65	100.0%

HORIZONTAL STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED

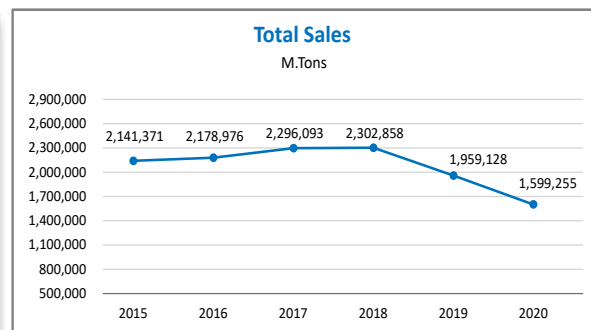
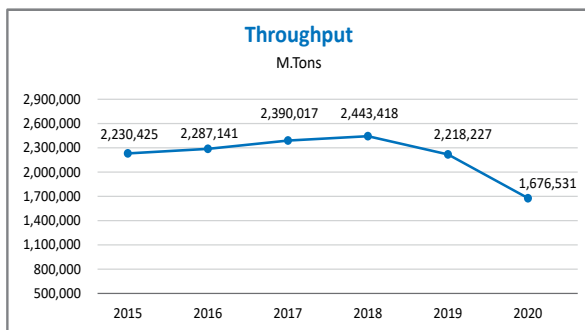
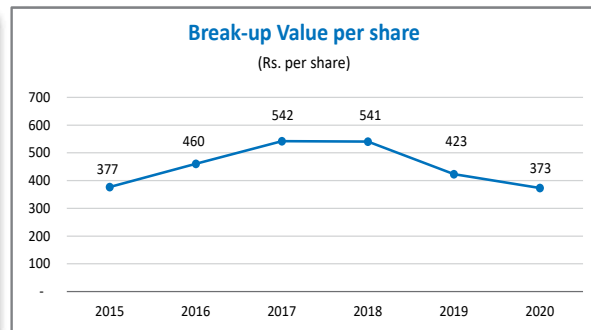
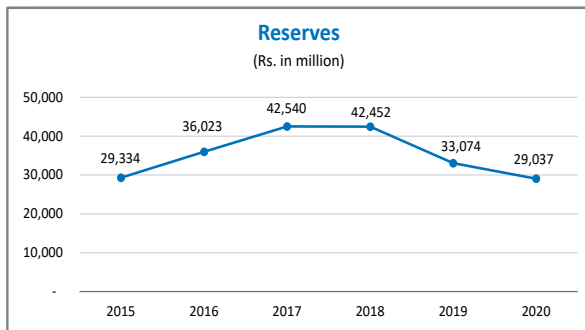
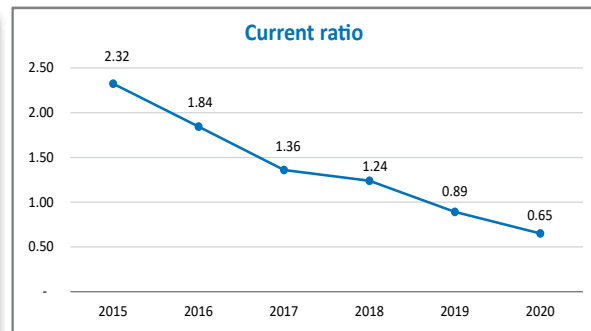
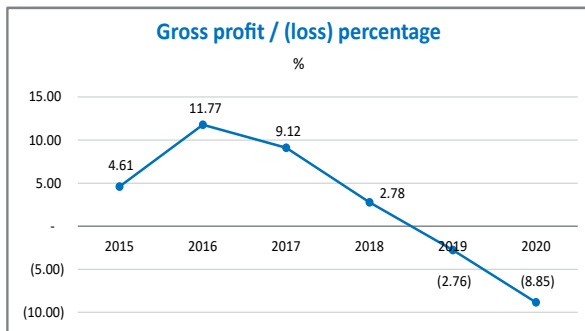
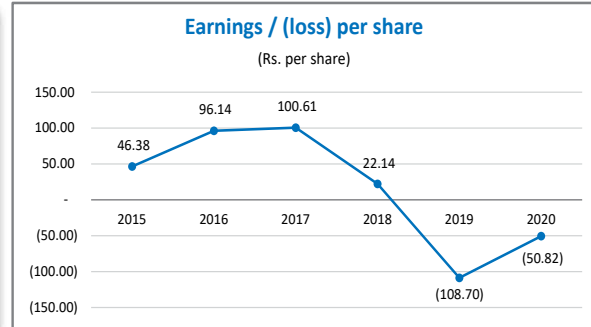
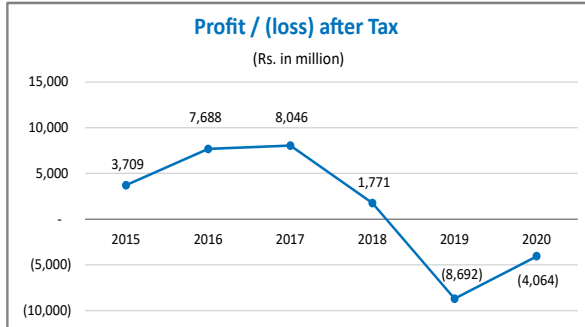
	2020		2019		2018		2017		2016		2015	
	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%
Net Revenue from contracts with customers	125,612.65	84.6%	160,906.20	108.4%	136,984.94	92.3%	107,447.44	72.4%	93,788.38	63.2%	148,456.51	100.0%
Cost of sales	(136,730.49)	96.6%	(165,355.34)	116.8%	(133,172.93)	94.0%	(97,647.94)	69.0%	(82,745.29)	58.4%	(141,610.76)	100.0%
Gross (loss) / profit	(11,117.84)	-162.4%	(4,449.14)	-65.0%	3,812.01	55.7%	9,799.50	143.2%	11,043.09	161.3%	6,845.75	100.0%
Distribution cost	(730.85)	84.5%	(814.48)	94.1%	(756.51)	87.4%	(734.78)	84.9%	(685.64)	79.2%	(865.46)	100.0%
Administrative expenses	(867.17)	130.9%	(831.56)	125.5%	(863.19)	130.3%	(841.19)	126.9%	(752.54)	113.6%	(662.69)	100.0%
Other income	380.94	25.0%	369.51	24.2%	558.08	36.6%	724.82	47.5%	1,514.19	99.3%	1,525.31	100.0%
Other operating expenses	(14.93)	3.5%	(17.59)	4.1%	(77.45)	18.0%	(450.65)	104.8%	(754.55)	175.5%	(430.00)	100.0%
Operating (loss) / profit	(12,349.85)	-192.6%	(5,743.26)	-89.6%	2,672.94	41.7%	8,497.70	132.5%	10,364.55	161.6%	6,412.91	100.0%
Finance cost	(2,513.24)	294.7%	(5,285.75)	619.9%	(1,765.61)	207.1%	(182.53)	21.4%	(275.52)	32.3%	(852.68)	100.0%
(Loss) / Profit before taxation	(14,863.09)	-267.3%	(11,029.01)	-198.4%	907.33	16.3%	8,315.17	149.6%	10,089.03	181.5%	5,560.23	100.0%
Taxation	10,799.33	-583.4%	2,336.58	-126.2%	863.35	-46.6%	(269.39)	14.6%	(2,400.95)	129.7%	(1,851.25)	100.0%
(Loss) / Profit after taxation	(4,063.76)	-109.6%	(8,692.43)	-234.4%	1,770.68	47.7%	8,045.78	216.9%	7,688.08	207.3%	3,708.98	100.0%

VERTICAL STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED

	2020		2019		2018		2017		2016		2015	
	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%
Net Revenue from contracts with customers	125,612.65	100.0%	160,906.20	100.0%	136,984.94	100.0%	107,447.44	100.0%	93,788.38	100.0%	148,456.51	100.0%
Cost of sales	(136,730.49)	-108.8%	(165,355.34)	-102.8%	(133,172.93)	-97.2%	(97,647.94)	-90.9%	(82,745.29)	-88.2%	(141,610.76)	-95.4%
Gross (loss) / profit	(11,117.84)	-8.8%	(4,449.14)	-2.8%	3,812.01	2.8%	9,799.50	9.1%	11,043.09	11.8%	6,845.75	4.6%
Distribution cost	(730.85)	-0.6%	(814.48)	-0.5%	(756.51)	-0.5%	(734.78)	-0.7%	(685.64)	-0.7%	(865.46)	-0.6%
Administrative expenses	(867.17)	-0.7%	(831.56)	-0.5%	(863.19)	-0.6%	(841.19)	-0.8%	(752.54)	-0.8%	(662.69)	-0.4%
Other income	380.94	0.3%	369.51	0.2%	558.08	0.4%	724.82	0.7%	1,514.19	1.6%	1,525.31	1.0%
Other operating expenses	(14.93)	-0.0%	(17.59)	-0.0%	(77.45)	-0.1%	(450.65)	-0.4%	(754.55)	-0.8%	(430.00)	-0.3%
Operating (loss) / profit	(12,349.85)	-9.8%	(5,743.26)	-3.6%	2,672.94	2.0%	8,497.70	7.9%	10,364.55	11.1%	6,412.91	4.3%
Finance cost	(2,513.24)	-2.0%	(5,285.75)	-3.3%	(1,765.61)	-1.3%	(182.53)	-0.2%	(275.52)	-0.3%	(852.68)	-0.6%
(Loss) / Profit before taxation	(14,863.09)	-11.8%	(11,029.01)	-6.9%	907.33	0.7%	8,315.17	7.7%	10,089.03	10.8%	5,560.23	3.7%
Taxation	10,799.33	8.6%	2,336.58	1.5%	863.35	0.6%	(269.39)	-0.2%	(2,400.95)	-2.6%	(1,851.25)	-1.2%
(Loss) / Profit after taxation	(4,063.76)	-3.2%	(8,692.43)	-5.4%	1,770.68	1.3%	8,045.78	7.5%	7,688.08	8.2%	3,708.98	2.5%

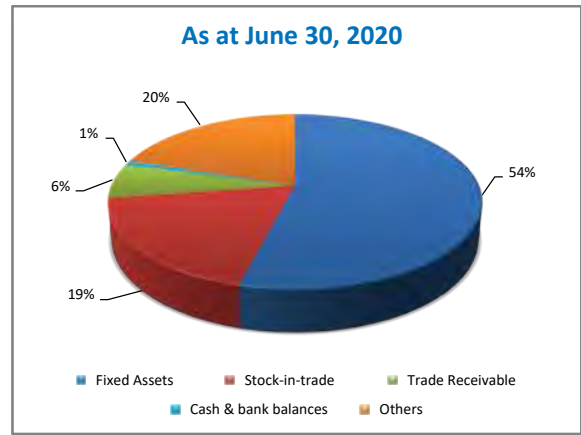
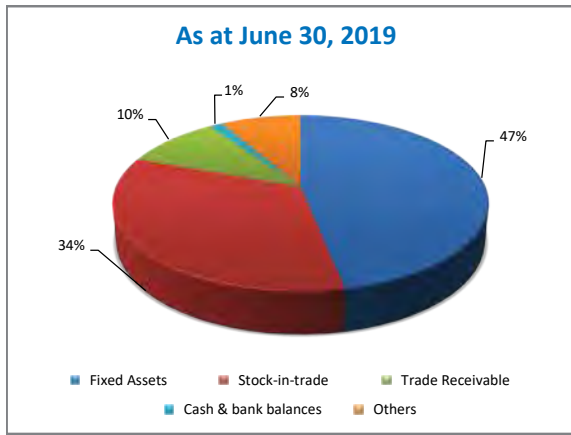
GRAPHICAL REPRESENTATION



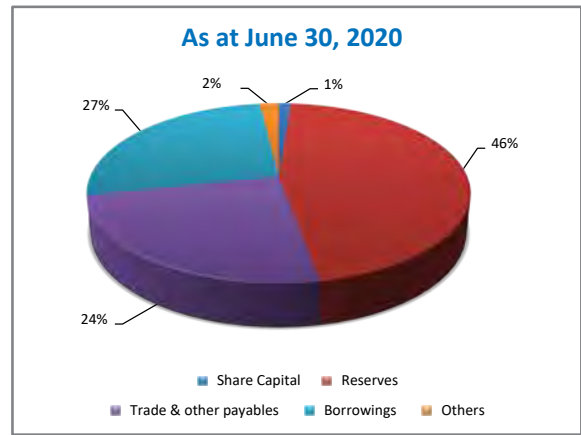
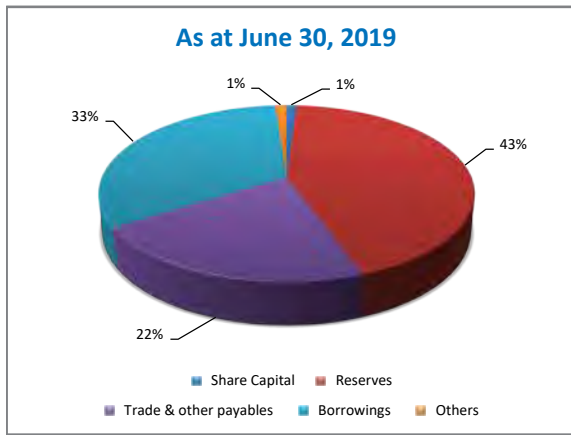
GRAPHICAL REPRESENTATION

STATEMENT OF FINANCIAL POSITION

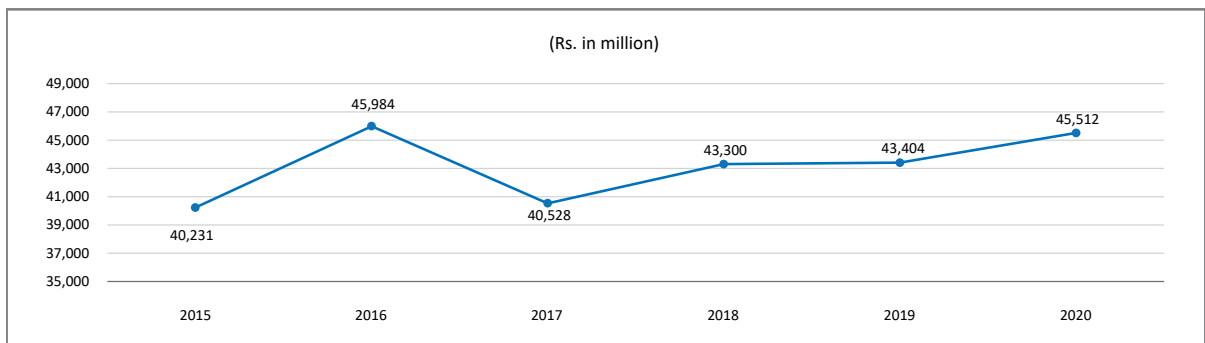
ASSETS



EQUITY AND LIABILITIES



CONTRIBUTION TO NATIONAL EXCHEQUER





Annual Audited Financial Statements





INDEPENDENT AUDITOR'S REPORT

To the members of National Refinery Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of National Refinery Limited (the Company), which comprise the statement of financial position as at June 30, 2020, 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, 2020 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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



Following are the key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
(i)	<p>Taxation – payments less provision <i>(Refer note 15 to the financial statements)</i></p> <p>The Company has received refunds of income tax in respect of various tax years arising out of Appellate Tribunal Inland Revenue (ATIR) orders relating to the main issue of apportionment of expenses on local and export sales. Accordingly, during the year based on assessment of the matter and legal advice the Company has reversed the provision made thereagainst.</p> <p>In view of the materiality of the amount involved and significant judgement made by management in respect of the matter, we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none">• Obtained and reviewed the relevant documentation / information in order to understand the facts and circumstances;• Discussed the facts and circumstances of the case with the tax specialist;• Reviewed the advice of the legal advisor obtained by the Company with respect to the legality of the matter;• Checked the receipt of refunds from the supporting documents; and• Reviewed the disclosures given in the financial statements in respect of tax refunds.
(ii)	<p>Deferred Tax <i>(Refer note 8 to the financial statements)</i></p> <p>The Company has booked net deferred tax asset of Rs. 7.64 billion as at June 30, 2020 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 assets is dependent on availability of future taxable profits and involve preparation of future cash flow projections that take into account significant estimates and judgements about refinery margin and capacity utilisation.</p> <p>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;• Determined the extent to which sufficient probable taxable profits would arise in the period within which the related losses would be available for utilisation, considering for example limits on the length of time that losses can be carried forward;• 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
(iii)	Stock-in-trade <i>(Refer note 10 to the financial statements)</i> Stock-in-trade as at June 30, 2020 comprises of crude oil and condensate, semi-finished and finished products amounting to Rs. 2,351 million, Rs. 2,543 million and Rs. 6,926 million respectively. Crude oil, condensate, semi-finished and finished products are valued at lower of cost and net realisable value. The inventory quantities are determined through complex process involving various estimates. Due to the significance of the stock balances, related complexities involved and significant management judgements in determining net realisable value and resultant carrying value of stock in trade, this is considered a key audit matter.	Our audit procedures included the following: <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 and reviewed the stock-in-trade count report of the external surveyor for 100% stock-in-trade and re-performed the working for determination of volume;• 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: September 17, 2020

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	4	34,217,924	35,695,334
Long-term investment	5	12,942	13,346
Long-term loans	6	46,351	49,716
Long-term deposits	7	30,265	30,265
Deferred taxation	8	7,639,925	2,874,070
Retirement benefit prepayments	19	19,786	15,618
		<u>41,967,193</u>	<u>38,678,349</u>
CURRENT ASSETS			
Stores, spares and chemicals	9	1,552,996	1,572,569
Stock-in-trade	10	11,820,278	25,668,594
Trade receivables	11	4,022,171	7,499,049
Loans and advances	12	43,941	31,400
Trade deposits and short-term prepayments	13	21,228	34,610
Interest accrued		8,833	14,215
Other receivables	14	1,070,134	1,662,812
Taxation - payments less provision	15	2,253,411	27,072
Cash and bank balances	16	552,605	978,680
		<u>21,345,597</u>	<u>37,489,001</u>
TOTAL ASSETS		<u>63,312,790</u>	<u>76,167,350</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	17	799,666	799,666
Reserves	18	29,037,620	33,073,803
		<u>29,837,286</u>	<u>33,873,469</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term lease liability		183,656	-
Retirement benefit obligations	19	308,552	293,310
		<u>492,208</u>	<u>293,310</u>
CURRENT LIABILITIES			
Trade and other payables	20	15,492,187	16,418,255
Unclaimed dividend	21	62,538	65,278
Unpaid dividend	21	31,489	31,742
Accrued mark-up	22	310,264	365,037
Provisions	23	112,361	112,361
Borrowings	24	16,777,521	25,007,898
Unearned revenue	25	193,085	-
Current portion of long-term lease liability		3,851	-
		<u>32,983,296</u>	<u>42,000,571</u>
TOTAL LIABILITIES		<u>33,475,504</u>	<u>42,293,881</u>
CONTINGENCIES AND COMMITMENTS	26		
TOTAL EQUITY AND LIABILITIES		<u>63,312,790</u>	<u>76,167,350</u>

The annexed notes 1 to 45 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, 2020

	Note	2020 (Rupees in thousand)	2019
Revenue from contracts with customers	27	175,611,804	209,417,257
Trade discounts, taxes, duties, levies and price differential	28	<u>(49,999,158)</u>	<u>(48,511,060)</u>
Net revenue from contracts with customers		125,612,646	160,906,197
Cost of sales	29	<u>(136,730,486)</u>	<u>(165,355,337)</u>
Gross loss		(11,117,840)	(4,449,140)
Distribution cost	30	(730,848)	(814,479)
Administrative expenses	31	(867,167)	(831,564)
Other income	32	380,939	369,511
Other operating expenses	33	<u>(14,931)</u>	<u>(17,590)</u>
Operating loss		(12,349,847)	(5,743,262)
Finance cost	34	<u>(2,513,245)</u>	<u>(5,285,749)</u>
Loss before taxation		(14,863,092)	(11,029,011)
Taxation	35	<u>10,799,330</u>	<u>2,336,584</u>
Loss after taxation		<u><u>(4,063,762)</u></u>	<u><u>(8,692,427)</u></u>
		(Rupees)	
Loss per share - basic and diluted	36	<u><u>(50.82)</u></u>	<u><u>(108.70)</u></u>

The annexed notes 1 to 45 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, 2020

	2020	2019
	(Rupees in thousand)	
Loss after taxation	(4,063,762)	(8,692,427)
Other comprehensive income / (loss)		
Items that will not be reclassified to statement of profit or loss		
Change in fair value of long term investment	(404)	(1,664)
Remeasurements of post employment benefit obligations - note 19	24,152	116,690
	23,748	115,026
Deferred tax thereon	3,831	(16,011)
	<u>27,579</u>	<u>99,015</u>
Total comprehensive loss	<u><u>(4,036,183)</u></u>	<u><u>(8,593,412)</u></u>

The annexed notes 1 to 45 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, 2020

	SHARE CAPITAL	CAPITAL RESERVES				General reserve	REVENUE RESERVES		Total
	Issued, subscribed and paid-up	Capital compensation reserve (note 18.1)	Exchange equalisation reserve	Special reserve (note 18.2)	Utilised special reserve (note 18.3)		Gain / (loss) on revaluation of investment at fair value through OCI	Unappropriated profit / (accumulated loss)	
	← (Rupees in thousand) →								
Balance as at July 1, 2018	799,666	10,142	4,117	-	9,631,914	31,061,000	15,010	1,744,698	43,266,547
Transfer to general reserve	-	-	-	-	-	900,000	-	(900,000)	-
Final dividend for the year ended June 30, 2018 - Rs. 10 per share	-	-	-	-	-	-	-	(799,666)	(799,666)
Total comprehensive loss for the year ended June 30, 2019									
- Loss for the year ended June 30, 2019	-	-	-	-	-	-	-	(8,692,427)	(8,692,427)
- Other comprehensive (loss) / income for the year ended June 30, 2019	-	-	-	-	-	-	(1,664)	100,679	99,015
	-	-	-	-	-	-	(1,664)	(8,591,748)	(8,593,412)
Balance as at June 30, 2019	799,666	10,142	4,117	-	9,631,914	31,961,000	13,346	(8,546,716)	33,873,469
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

The annexed notes 1 to 45 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 (Rupees in thousand)	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (utilised in) operations	37	8,229,137	(21,051,169)
Income tax refund - net		3,810,967	1,114,233
Finance cost paid		(2,264,458)	(864,580)
Decrease in long-term loans		3,365	4,489
Payment made to staff retirement benefit funds		(98,891)	(80,689)
Net cash flow generated from / (used in) operating activities		<u>9,680,120</u>	<u>(20,877,716)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,917,167)	(1,518,965)
Purchase of intangible assets		(55)	(1,080)
Proceeds from disposal of property, plant and equipment		9,855	2,902
Return on investments and bank accounts		63,210	48,206
Net cash flow used in investing activities		<u>(1,844,157)</u>	<u>(1,468,937)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(2,993)	(794,649)
Lease rentals paid		(28,668)	-
Repayment of long-term borrowing		-	(89,480)
Net cash flow used in financing activities		<u>(31,661)</u>	<u>(884,129)</u>
Net increase / (decrease) in cash and cash equivalents		<u>7,804,302</u>	<u>(23,230,782)</u>
Cash and cash equivalents at beginning of the year		<u>(24,029,218)</u>	<u>(798,436)</u>
Cash and cash equivalents at end of the year	38	<u><u>(16,224,916)</u></u>	<u><u>(24,029,218)</u></u>

The annexed notes 1 to 45 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, 2020

1. LEGAL STATUS AND OPERATIONS

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

The Company is engaged in the manufacturing, production and sale of a large range of petroleum products. The refinery complex of the Company comprises of three refineries, consisting of two lube refineries, commissioned in 1966 and 1985, and a fuel refinery added to the complex in 1977.

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

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

Impact of COVID-19 on the financial statements

The Company has incurred losses during the year as the refinery industry on the whole has been facing significant decline in refinery margins due to asymmetrical changes in international prices of crude and finished products. Also, in the third quarter, the world faced the worst economic crises due to COVID-19 pandemic which forced authorities in Pakistan to implement numerous measures to contain the spread of virus, such as nationwide lock down of businesses, suspension of flight operations, travel bans and cancellation of major events. The measures adopted resulted in steep decline in demand for petroleum products and resultant crash in oil prices. As a result revenue declined significantly for the period as the Company had to sell its products at lower prices which were produced from earlier stock of crude oil purchased at higher rates.

All the refineries are under discussion with the Government whereby some immediate changes are being proposed to be made in the petroleum product pricing structure so as to protect refineries from the vulnerabilities of fluctuations of oil prices and cover their losses.

During the lockdown period the Company as a result of reduced demand was forced to shut down refinery operation for a period of 29 days from March 25, 2020 to April 22, 2020. However, since ease of restrictions by the Government the demand for petroleum products is now getting back to normal, hence the losses faced by the refinery due to COVID-19 were of short term in nature. There are no additional impacts on these financial statements due to shut down of refinery in relation to impairment of non-current assets, credit losses on financial assets and restructuring of financing arrangements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Statement of compliance

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

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

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

2.2 Critical accounting estimates and judgments

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

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

i. Taxation

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

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

ii. Post employment benefits

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 4.1 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.

2.3 Changes in accounting standards, interpretations and pronouncements

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

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

The changes laid down by this standard have been disclosed in note 3, of these financial statements.

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

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2019 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

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

The new standards, certain amendments and interpretation that are mandatory for accounting periods beginning on or after July 1, 2020 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 4.1 to the financial statements. Depreciation on additions is charged from the month in which the asset is put to use and on disposals up to the month immediately preceding the disposal. Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

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

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

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

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

- 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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

ii) Financial liabilities

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

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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020, 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, 2020, 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, 2020, 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, 2020, using the 'Projected Unit Credit Method'.

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

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

2.14 Compensated absences

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

Provisions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to income. The most recent valuation was carried out as at June 30, 2020 using the 'Projected Unit Credit Method'.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

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:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

- 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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

3. CHANGE IN ACCOUNTING POLICY

Impact of transition to IFRS 16 - Leases

Effective July 1, 2019, the Company has adopted IFRS 16, "Leases" which replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases- Incentive and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the previous standard i.e. lessors continue to classify leases as finance or operating leases. The accounting policies relating to Company's right-of-use asset and lease liability are disclosed in note 2.23.

The Company has adopted IFRS 16 retrospectively from July 1, 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The impact of adoption of this standard is therefore recognised in the opening statement of financial position on July 1, 2019.

On adoption of IFRS 16, the Company recognised lease liability which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. This liability was measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of July 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liability on July 1, 2019 was 14%.

The following summary reconciles the Company's operating lease commitments at June 30, 2019 as previously disclosed in the Company's annual financial statements as at June 30, 2019 to the lease liability recognised on initial application of IFRS 16 at July 1, 2019.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

(Rupees in thousand)

Operating lease commitment as at July 01, 2019	407,288
Discounted using the lessee's incremental borrowing rate at the date of initial application	(217,661)
Total liability as at July 01, 2019	<u>189,627</u>
Of which are:	
Current lease liability	2,120
Non-current lease liability	187,507

The right-of-use asset were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at June 30, 2019.

	June 30, 2020	July 01, 2019
	(Rupees in thousand)	
The recognised right-of-use asset relate to the following types of asset:		
Lease hold land	172,388	189,627
The change in accounting policy affected the following items in the statement of financial position on July 1, 2019		
Right-of-use asset - increased by		189,627
Lease liability - increased by		189,627
The change in accounting policy affected the following items in the statement of profit or loss on June 30, 2020		
Markup expense - increased by	26,548	
Depreciation charged in cost of sale increased by	17,239	

4. FIXED ASSETS

Property, plant and equipment		
- Operating assets - note 4.1	30,366,435	32,650,046
- Major spare parts and stand-by equipment - note 4.2	363,497	337,292
- Capital work-in-progress - note 4.3	<u>3,468,738</u>	<u>2,604,318</u>
	34,198,670	35,591,656
Intangible assets - note 4.4	19,254	103,678
	<u>34,217,924</u>	<u>35,695,334</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

4.1 Operating assets

	Leasehold land (note 4.1.1)	Buildings on leasehold land	Right-of-use asset (note 4.1.2)	Plant and machinery (note 4.1.4)	Vehicles	Furniture and fixtures	Computers and other related accessories	Office and other equipment	Total
← (Rupees in thousand) →									
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 4.1.5	(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
Year ended June 30, 2019									
Opening net book value	43,641	605,187	-	33,891,111	29,589	16,175	6,860	633,335	35,225,898
Additions	-	598	-	108	62,635	1,558	7,573	63,895	136,367
Transfers from capital work in progress	-	26,302	-	700,065	-	-	-	18,718	745,085
Disposals									
Cost	-	-	-	-	(6,131)	(585)	-	(13,661)	(20,377)
Accumulated depreciation	-	-	-	-	2,476	538	-	13,661	16,675
Depreciation charge - note 4.1.5	(596)	(42,293)	-	(3,293,330)	(16,441)	(1,886)	(4,463)	(94,593)	(3,453,602)
Closing net book value	43,045	589,794	-	31,297,954	72,128	15,800	9,970	621,355	32,650,046
As at June 30, 2019									
Cost	60,035	972,501	-	44,795,580	159,852	30,587	71,337	1,322,008	47,411,900
Accumulated depreciation	(16,990)	(382,707)	-	(13,497,626)	(87,724)	(14,787)	(61,367)	(700,653)	(14,761,854)
Net book value	43,045	589,794	-	31,297,954	72,128	15,800	9,970	621,355	32,650,046
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

4.1.1 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, 2020

- 4.1.2 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.
- 4.1.3 In the current period variable lease for right-of-use of assets amounts to Rs. 25.36 million.
- 4.1.4 Plant and machinery includes oil terminal, processing plant and storage tanks, power generation plants, pipelines, water, power and other utilities.
- 4.1.5 The depreciation charge for the year has been allocated as follows:

	2020	2019
	(Rupees in thousand)	
Cost of sales - note 29	3,436,572	3,396,711
Distribution cost - note 30	6,552	7,055
Administrative expenses - note 31	58,125	49,836
	<u>3,501,249</u>	<u>3,453,602</u>

- 4.1.6 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

	2020	2019
	(Rupees in thousand)	
4.2 Major spare parts and stand-by equipment		
Gross carrying value		
Balance at beginning of the year	434,155	395,092
Additions during the year	383,418	201,960
Transfers made during the year	(359,114)	(162,897)
Balance at end of the year	<u>458,459</u>	<u>434,155</u>
Provision for impairment - note 4.2.1	(94,962)	(96,863)
Net carrying value	<u>363,497</u>	<u>337,292</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

4.2.1 During the year, net reversal of provision amounting to Rs. 1.9 million (2019: Rs. 0.64 million) has been made.

4.3 Capital work-in-progress

	Balance as at July 1, 2019	Additions during the year	Transfers	Balance as at June 30, 2020	Balance as at July 1, 2018	Additions during the year	Transfers	Balance as at June 30, 2019
	(Rupees in thousand)							
Buildings on leasehold land	16,420	17,763	(11,373)	22,810	12,261	30,461	(26,302)	16,420
Refineries upgradation projects - note 18.2	1,580,129	1,224,455	-	2,804,584	1,077,221	566,511	(63,603)	1,580,129
Plant and machinery	770,160	636,018	(895,293)	510,885	712,973	693,649	(636,462)	770,160
Office and other equipments	26,001	52,410	(24,551)	53,860	25,110	19,609	(18,718)	26,001
	<u>2,392,710</u>	<u>1,930,646</u>	<u>(931,217)</u>	<u>3,392,139</u>	<u>1,827,565</u>	<u>1,310,230</u>	<u>(745,085)</u>	<u>2,392,710</u>
Advances to contractors / suppliers	211,608	41,064	(176,073)	76,599	178,301	168,415	(135,108)	211,608
	<u>2,604,318</u>	<u>1,971,710</u>	<u>(1,107,290)</u>	<u>3,468,738</u>	<u>2,005,866</u>	<u>1,478,645</u>	<u>(880,193)</u>	<u>2,604,318</u>

	2020	2019
	(Rupees in thousand)	
4.4 Intangible Assets – Computer softwares		
Net carrying value		
Balance at beginning of the year	103,678	189,366
Additions during the year	55	1,079
Adjustment during the year	(74)	-
Amortisation for the year	(84,405)	(86,767)
Balance at end of the year	<u>19,254</u>	<u>103,678</u>
Gross carrying value		
Cost	354,386	354,405
Accumulated amortisation	(335,132)	(250,727)
Net book value	<u>19,254</u>	<u>103,678</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, 2020

	2020	2019
	(Rupees in thousand)	
5. LONG-TERM INVESTMENT		
Fair value through OCI		
Anoud Power Generation Limited [1,080,000 (2019: 1,080,000) Ordinary shares of Rs.10 each, Equity held 9.09 percent (2019: 9.09 percent)]	<u>12,942</u>	<u>13,346</u>

The above investment was revalued by an independent valuer - M/s JS Global Capital Limited on June 30, 2020 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, 2020.

	Unlisted equity security (Rupees in thousand)
Opening balance July 1, 2019	13,346
Loss recognised during the year	(404)
Closing balance June 30, 2020	<u>12,942</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	(Rupees in thousand)	
6. LONG-TERM LOANS		
Loans - considered good		
Secured - note 6.1		
Loans to employees	57,903	60,401
Less: Recoverable within one year - note 12	<u>(12,117)</u>	<u>(11,458)</u>
	45,786	48,943
Unsecured - note 6.2		
Loans to employees	806	1,040
Less: Recoverable within one year - note 12	(241)	(267)
	565	773
	<u>46,351</u>	<u>49,716</u>

6.1 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 (2019: 5 to 10 years). Out of these, car loans amounting to Rs. 10.05 million (2019: Rs. 11.82 million) carry interest ranging from 3% to 7% (2019: 3% to 7%) per annum. These loans are secured against original title documents of respective assets.

6.2 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 (2019: 4 to 12) years and are interest free.

6.3 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.

	2020	2019
	(Rupees in thousand)	
7. LONG-TERM DEPOSITS		
Utilities	14,216	14,216
Others	16,049	16,049
	<u>30,265</u>	<u>30,265</u>

7.1 These deposits do not carry any mark up arrangement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

8. 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	Tax credit on investment	Total
	(Rupees in thousand)										
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
July 01, 2018	(3,170,522)	-	12,796	117,345	13,843	69,026	1,113,498	787,537	779,752	733,574	456,849
Charge / (credit) to unconsolidated statement of profit or loss and other comprehensive income for the year	(472,092)	-	118	(2,444)	3,702	(9,730)	743,706	-	2,887,535	(733,574)	2,417,221
June 30, 2019	(3,642,614)	-	12,914	114,901	17,545	59,296	1,857,204	787,537	3,667,287	-	2,874,070

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

8.2 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%.

2020 2019
(Rupees in thousand)

9. STORES, SPARES AND CHEMICALS

In hand		
- Stores	155,071	238,211
- Spares	1,366,443	1,275,193
- Chemicals	330,265	259,112
	<u>1,851,779</u>	<u>1,772,516</u>
In transit	26,841	139,397
	<u>1,878,620</u>	<u>1,911,913</u>
Provision for slow moving and obsolete stores, spares and chemicals - note 9.1	(325,624)	(339,344)
	<u>1,552,996</u>	<u>1,572,569</u>

9.1 The Company made a reversal of provision for slow moving and obsolete stores, spares and chemicals of Rs. 13.72 million (2019: Rs. 12.74 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	(Rupees in thousand)	
10. STOCK-IN-TRADE		
Crude oil and condensate [including in transit Rs. 14.78 million (2019: Rs. 43.64 million)]	2,351,008	8,750,748
Semi-finished products - note 10.1	2,542,958	4,965,023
Finished products - note 10.1	6,926,312	11,952,823
	<u>11,820,278</u>	<u>25,668,594</u>

10.1 As at June 30, 2020, stock of finished products and semi-finished products have been written down by Rs. 77 million (2019: Rs. 519 million) and Rs. Nil (2019: Rs. 109 million) to arrive at its net realisable value.

	2020	2019
	(Rupees in thousand)	
11. TRADE RECEIVABLES - unsecured		
Considered good		
- Related party - Attock Petroleum Limited - notes 11.1 & 11.2	2,455,398	4,564,987
- Others - note 11.3	1,566,773	2,934,062
Considered doubtful	<u>7,832</u>	<u>7,832</u>
	4,030,003	7,506,881
Less: Allowance for expected credit loss	(7,832)	(7,832)
	<u>4,022,171</u>	<u>7,499,049</u>

11.1 There are no trade receivable from related party that are past due or impaired.

11.2 The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 6.61 billion (2019: Rs. 6.44 billion).

11.3 The trade receivables that are past due but not impaired is Rs. 37.69 million (2019: Rs. 51 thousand).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	(Rupees in thousand)	
12. LOANS AND ADVANCES		
Loans - considered good		
Current portion of long term loans - note 6		
Secured		
- Employees	12,117	11,458
Unsecured		
- Employees	241	267
Short term loans to employees - unsecured and interest free	705	728
Advances - note 12.1		
- Employees	5,538	5,400
- Suppliers	25,340	13,547
	30,878	18,947
	43,941	31,400
12.1 These advances do not carry any mark up arrangement.		
13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Deposits - note 13.1	4,986	19,652
Prepayments		
- Insurance	-	370
- Others	16,242	14,588
	16,242	14,958
	21,228	34,610

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

13.1 These deposits do not carry any mark up arrangement.

	2020	2019
	(Rupees in thousand)	
14. OTHER RECEIVABLES – considered good		
Receivable from related parties - 14.1		
- Attock Petroleum Limited	8,760	8,333
- The Attock Oil Company	16	15
- Pakistan Oilfields Limited	355	32
- Attock Refinery Limited	20	-
- Attock Cement Limited	50	-
Others:		
- Government of Pakistan - note 14.2	232,809	232,809
- Sales tax receivable - note 14.3	567,691	908,695
- Additional tax claimed by Federal Board of Revenue - note 14.4	251,625	204,182
- Margins against letter of credit	-	30,360
- Pak Arab Refinery Limited	-	275,324
- Various	8,808	3,062
	<u>1,070,134</u>	<u>1,662,812</u>

14.1 The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 34.27 million (2019: Rs. 20.12 million).

14.2 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.

14.3 This represents receivable on account of sales tax paid to the Federal Board of Revenue amounting to Rs. 567.69 million (2019: 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, 2020

- 14.4 This represents amount paid against the order of demand for monitoring of withholding taxes for tax year 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 Commissioner Inland revenue (Appeals) which has been remanded back.

15. TAXATION - PAYMENTS LESS PROVISION

The Company has received orders from the Appellate Tribunal Inland Revenue (ATIR) in respect of various appeals filed for the tax years 2003, 2004 and 2006 to 2013. The issue involved in these appeals was the apportionment of expenditures between local income and exports on the basis of 'gross sales' as compared to 'net sales'. The ATIR has allowed the apportionment of expenditures on the basis of 'gross sales' which has resulted in a refund of Rs. 7 billion out of which Rs. 6.13 billion (2019: 1.95 billion) has been received upto June 30, 2020. However, the Federal Board of Revenue (FBR) has filed an appeal in the High Court of Sindh against the ATIR orders. The Company has also filed an appeal in the High Court of Sindh in respect of apportionment of expenditures to be based on quantity sold rather than on net sales.

As substantial amount arising out of the ATIR decision has been received and based on the legal advice, the Company has reversed the provision carried in respect of years for which appeal effect orders have been received.

	2020	2019
	(Rupees in thousand)	
16. CASH AND BANK BALANCES		
Cash in hand	500	500
With banks on:		
Current accounts	43,535	60,282
Savings accounts - note 16.1	18,507	427,835
Deposit accounts - notes 16.1 and 16.2	490,063	490,063
	552,105	978,180
	552,605	978,680

- 16.1 These carry mark-up rates varying from 6.5% to 12% (2019: 4.5% to 10.25%) per annum.
- 16.2 This represents bank guarantees under lien issued on behalf of the Company Rs. 490 million (2019: 490 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

		2020	2019
		(Rupees in thousand)	
17.	SHARE CAPITAL		
	Number of shares		
	Authorised		
	100,000,000 Ordinary shares of Rs. 10 each	<u>1,000,000</u>	<u>1,000,000</u>
	Issued, subscribed and paid-up		
	59,450,417 Ordinary shares of Rs. 10 each fully paid in cash	594,504	594,504
	6,469,963 Ordinary shares of Rs. 10 each issued for consideration other than cash	64,700	64,700
	14,046,180 Ordinary shares of Rs. 10 each issued as fully paid bonus shares	140,462	140,462
	<u>79,966,560</u>	<u>799,666</u>	<u>799,666</u>
17.1	As at June 30, 2020 and 2019, Attock Group holds 51% equity stake in the Company through the following Companies:		
		2020	2019
		(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
		2020	2019
18.	RESERVES	(Rupees in thousand)	
	Capital reserves		
	Capital compensation reserve - note 18.1	10,142	10,142
	Exchange equalisation reserve	4,117	4,117
	Special reserve - note 18.2	-	-
	Utilised special reserve - note 18.3	<u>9,631,914</u>	<u>9,631,914</u>
		9,646,173	9,646,173
	Revenue reserves		
	General reserve	31,961,000	31,961,000
	Revaluation of investment at fair value through OCI	12,942	13,346
	Unappropriated loss	<u>(12,582,495)</u>	<u>(8,546,716)</u>
		<u>19,391,447</u>	<u>23,427,630</u>
		<u>29,037,620</u>	<u>33,073,803</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

18.1 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.

18.2 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 inter alia 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 41.2.

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

19. RETIREMENT BENEFIT OBLIGATIONS

19.1 Retirement benefit obligations

19.1.1 The Company operates approved funded pension scheme for permanent management staff who joined prior to January 01, 2012, approved funded gratuity scheme for permanent management employees who joined the Company on or after January 1, 2012, approved funded gratuity scheme for permanent non-management employees and approved funded medical scheme for management employees of the Company who joined prior to September 01, 2006. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at June 30, 2020.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

19.1.3 The latest actuarial valuation of the Plans as at June 30, 2020 was carried out using the Projected Unit Credit Method. Details of the Funds as per the actuarial valuation are as follows:

	2020				2019			
	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) →							
Present value of defined benefit obligation at June 30 - note 19.1.5	4,849,641	1,430,513	204,971	62,705	4,725,044	1,309,292	185,944	45,961
Fair value of plan assets at June 30 - note 19.1.6	(4,826,069)	(1,211,026)	(139,478)	(82,491)	(4,670,856)	(1,130,506)	(125,608)	(61,579)
Deficit / (surplus)	<u>23,572</u>	<u>219,487</u>	<u>65,493</u>	<u>(19,786)</u>	<u>54,188</u>	<u>178,786</u>	<u>60,336</u>	<u>(15,618)</u>

19.1.4 Balance sheet reconciliation

Present value of defined benefit obligation at June 30 - note 19.1.5	4,849,641	1,430,513	204,971	62,705	4,725,044	1,309,292	185,944	45,961
Fair value of plan assets at June 30 - note 19.1.6	(4,826,069)	(1,211,026)	(139,478)	(82,491)	(4,670,856)	(1,130,506)	(125,608)	(61,579)
Deficit / (surplus)	<u>23,572</u>	<u>219,487</u>	<u>65,493</u>	<u>(19,786)</u>	<u>54,188</u>	<u>178,786</u>	<u>60,336</u>	<u>(15,618)</u>

19.1.5 Movement in the present value of defined benefit obligation

Balance at July 1	4,725,044	1,309,292	185,944	45,961	4,918,941	1,303,407	168,163	38,532
Benefits paid by the plan	(384,245)	(68,164)	(2,676)	(1,925)	(427,038)	(54,368)	(1,001)	(2,683)
Current service cost	62,148	11,671	5,685	14,078	71,466	13,982	5,762	14,520
Interest cost	636,896	180,306	25,775	7,334	428,275	115,623	15,298	4,083
Transfer (from gratuity) / to pension fund	8,111	-	(8,111)	-	-	-	-	-
Remeasurement on obligation	(198,313)	(2,592)	(1,646)	(2,743)	(266,600)	(69,352)	(2,278)	(8,491)
Balance at June 30	<u>4,849,641</u>	<u>1,430,513</u>	<u>204,971</u>	<u>62,705</u>	<u>4,725,044</u>	<u>1,309,292</u>	<u>185,944</u>	<u>45,961</u>

19.1.6 Movement in the fair value of plan assets

Balance at July 1	4,670,856	1,130,506	125,608	61,579	4,845,227	1,096,084	105,347	44,800
Contributions paid into the plan	64,929	9,491	9,635	14,836	53,647	-	11,913	15,129
Transfer from (gratuity) / to pension fund	8,111	-	(8,111)	-	-	-	-	-
Benefits paid by the plan	(384,245)	(68,164)	(2,676)	(1,925)	(427,038)	(54,368)	(1,001)	(2,683)
Interest income	626,958	155,801	17,634	9,383	419,740	97,382	9,777	4,624
Remeasurement on plan assets	(160,540)	(16,608)	(2,612)	(1,382)	(220,720)	(8,592)	(428)	(291)
Balance at June 30	<u>4,826,069</u>	<u>1,211,026</u>	<u>139,478</u>	<u>82,491</u>	<u>4,670,856</u>	<u>1,130,506</u>	<u>125,608</u>	<u>61,579</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	2020				2019			
	Pension fund	Medical fund	Non - management gratuity fund	Management gratuity fund	Pension fund	Medical fund	Non - management gratuity fund	Management gratuity fund
	← (Rupees in thousand) →							
19.1.7	Expense recognised in the statement of profit or loss							
Current service cost	62,148	11,671	5,685	14,078	71,466	13,982	5,762	14,520
Net interest (income) / cost	9,938	24,505	8,141	(2,049)	8,535	18,241	5,521	(541)
Expense recognised in statement of profit or loss	<u>72,086</u>	<u>36,176</u>	<u>13,826</u>	<u>12,029</u>	<u>80,001</u>	<u>32,223</u>	<u>11,283</u>	<u>13,979</u>
19.1.8	Remeasurement recognised in Other Comprehensive Income							
Remeasurement of present value of defined benefit obligation	(198,313)	(2,592)	(1,646)	(2,743)	(266,600)	(69,352)	(2,278)	(8,491)
Remeasurement of fair value of plan assets	160,540	16,608	2,612	1,382	220,720	8,592	428	291
Remeasurements	<u>(37,773)</u>	<u>14,016</u>	<u>966</u>	<u>(1,361)</u>	<u>(45,880)</u>	<u>(60,760)</u>	<u>(1,850)</u>	<u>(8,200)</u>
19.1.9	Net recognised liability / (asset)							
Net liability / (asset) at the beginning of the year	54,188	178,786	60,336	(15,618)	73,714	207,323	62,816	(6,268)
Expense recognised in profit and loss account	72,086	36,176	13,826	12,029	80,001	32,223	11,283	13,979
Contribution made to the fund during the year	(64,929)	(9,491)	(9,635)	(14,836)	(53,647)	-	(11,913)	(15,129)
Remeasurements recognised in other comprehensive income	(37,773)	14,016	966	(1,361)	(45,880)	(60,760)	(1,850)	(8,200)
Recognised liability / (asset) as at June 30	<u>23,572</u>	<u>219,487</u>	<u>65,493</u>	<u>(19,786)</u>	<u>54,188</u>	<u>178,786</u>	<u>60,336</u>	<u>(15,618)</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

	Pension fund		Medical fund		Non - management gratuity fund		Management gratuity fund	
	2020	2019	2020	2019	2020	2019	2020	2019
Debt instruments	89.76%	91.72%	97.42%	98.88%	86.72%	86.69%	69.57%	99.52%
Equity	1.45%	1.69%	0.00%	0.00%	2.42%	3.37%	0.00%	0.00%
Mutual funds	6.38%	6.83%	0.86%	0.96%	0.00%	0.00%	0.00%	0.00%
Others	2.41%	-0.24%	1.72%	0.16%	10.86%	9.94%	30.43%	0.48%

19.1.11 Actuarial Assumptions

Discount rate at June 30	8.50%	14.00%	8.50%	14.00%	8.50%	14.00%	8.50%	14.00%
Future salary increases / increase in cost								
- First year following the valuation	6.50%	8.00%	6.50%	12.00%	6.50%	8.00%	6.50%	8.00%
- Second year following the valuation	6.50%	8.00%	6.50%	12.00%	6.50%	8.00%	6.50%	8.00%
- Third year following the valuation	6.50%	8.00%	6.50%	12.00%	6.50%	8.00%	6.50%	8.00%
- Long term increase	7.50%	13.00%	7.50%	12.00%	7.50%	13.00%	7.50%	13.00%
Expected rate of increase in pension	2.70%	8.20%	-	-	-	-	-	-
Expected retirement age	60 years	60 years	60 years	60 years	60 years	60 years	60 years	60 years

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

19.1.13 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 2020 consists of government securities. The Company believes that government securities offers 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, 2020

19.1.14 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 2021 is expected to amount to Rs. 110.63 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.

19.2 Sensitivity analysis for actuarial assumptions

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

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
		(Rupees in thousand)	
Discount rate at June 30	0.5%	(317,942)	348,095
Future salary increases	0.5%	56,426	(53,360)
Future pension increases	0.5%	264,509	(207,849)
Future medical increases	0.5%	8,827	(8,536)

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 period.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019	2018	2017	2016
	← (Rupees in thousand) →				
19.3 Historical information					
Pension fund					
Present value of defined benefit obligation	4,849,641	4,725,044	4,918,941	5,027,689	4,868,824
Fair value of plan assets	<u>(4,826,069)</u>	<u>(4,670,856)</u>	<u>(4,845,227)</u>	<u>(5,004,088)</u>	<u>(4,655,402)</u>
Deficit in the plan	<u>23,572</u>	<u>54,188</u>	<u>73,714</u>	<u>23,601</u>	<u>213,422</u>
Experience Adjustments					
(Gain) / loss on obligation	(198,313)	(266,600)	(136,286)	64,714	52,626
(Loss) / gain on plan assets	(160,540)	(220,720)	(191,458)	155,332	12,916
Medical Benefit					
Present value of defined benefit obligation	1,430,513	1,309,292	1,303,407	1,256,203	1,192,467
Fair value of plan assets	<u>(1,211,026)</u>	<u>(1,130,506)</u>	<u>(1,096,084)</u>	<u>(1,078,902)</u>	<u>(983,574)</u>
Deficit in the plan	<u>219,487</u>	<u>178,786</u>	<u>207,323</u>	<u>177,301</u>	<u>208,893</u>
Experience Adjustments					
(Gain) / loss on obligation	(2,592)	(69,352)	(17,331)	7,879	221,956
(Loss) / gain on plan assets	(16,608)	(8,592)	(25,212)	22,029	(10,940)
Gratuity fund - Non-management					
Present value of defined benefit obligation	204,971	185,944	168,163	160,825	164,844
Fair value of plan assets	<u>(139,478)</u>	<u>(125,608)</u>	<u>(105,347)</u>	<u>(96,903)</u>	<u>(124,986)</u>
Deficit in the plan	<u>65,493</u>	<u>60,336</u>	<u>62,816</u>	<u>63,922</u>	<u>39,858</u>
Experience Adjustments					
(Gain) / loss on obligation	(1,646)	(2,278)	(4,597)	26,496	(13,638)
(Loss) / gain on plan assets	(2,612)	(428)	(944)	25	(2,275)
Gratuity fund - management					
Present value of defined benefit obligation	62,705	45,961	38,532	24,040	12,678
Fair value of plan assets	<u>(82,491)</u>	<u>(61,579)</u>	<u>(44,800)</u>	<u>(29,508)</u>	<u>(17,595)</u>
Surplus in the plan	<u>(19,786)</u>	<u>(15,618)</u>	<u>(6,268)</u>	<u>(5,468)</u>	<u>(4,917)</u>
Experience Adjustments					
(Loss) / gain on obligation	(2,743)	(8,491)	1,647	3,400	1,295
Loss on plan assets	(1,382)	(291)	(788)	(103)	(192)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

19.4 The Company's contributions toward the provident fund for the year ended June 30, 2020 amounted to Rs. 47.9 million (2019: Rs. 49.67 million).

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

	No. of years
Pension fund	9
Gratuity fund - Non-management	8.72
Medical fund	11.99
Gratuity fund - Management	17.63

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

2020 2019
(Rupees in thousand)

20. TRADE AND OTHER PAYABLES

Trade creditors	7,116,002	9,851,697
Due to Government of Pakistan - note 20.1	418,523	756,362
Due to related parties:		
- Attock Petroleum Limited	19,219	23,393
- Pakistan Oilfields Limited	289,686	414,427
Accrued liabilities - note 20.2	2,826,847	1,876,057
Surplus price differential payable - note 20.3	7,582	7,582
PMG-RON differential payable - note 20.4	148,664	54,495
Custom duty payable - note 20.5	1,493,612	1,719,988
Sales tax payable	1,122,417	-
Retention money	177,349	120,703
Deposits from contractors - note 20.6	42,716	51,225
Advances from customers - note 20.7	339,814	226,236
Workers' Welfare Fund	78,595	80,917
Income tax deducted at source	23,694	9,071
Excise duty and petroleum levy	1,379,486	1,221,012
Others	7,981	5,090
	<u>15,492,187</u>	<u>16,418,255</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

20.1 This includes Rs. 148 million (2019: Rs. 512 million) in respect of discount and windfall payable on purchase of local crude oil.

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

The Divisional bench suspended the operations of the judgement and it was later clarified that suspension of operation of the judgement is for such particular company and it is not applicable for other companies. Accordingly, an execution application was filed before the Sindh High Court for recovery of GIDC amount collected from the Company. However, considering that GIDC Act, 2015 was under litigation, the Company continued to provide for GIDC, which amounts to Rs. 1.32 billion (2019: Rs. 911.62 million) included in accrued liabilities.

Subsequent to the year, the Supreme Court of Pakistan has decided the case against consumers and accordingly, the Company is assessing its position.

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

20.4 This represents a differential payable as per the defined formula in the notification PL-9 (544)/2015 dated September 5, 2016 issued by the Ministry of Petroleum & Natural Resources which requires the Oil Marketing Companies to import Premium Motor Gasoline (PMG) of 92 Research Octane Number (RON). However, under such notification, refineries are allowed to produce PMG of less than 92 RON and account for the differential. The amount is paid as per the directives of the Regulator.

20.5 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

20.7 Advance received from customer is recognised as revenue when the performance obligation in accordance with the policy as described in note - 2.18 is satisfied.

	2020	2019
	(Rupees in thousand)	
Opening balance	226,236	190,614
Revenue recognised during the year	(20,902,833)	(20,470,279)
Advance received during the year	<u>21,016,411</u>	<u>20,505,901</u>
Closing balance	<u>339,814</u>	<u>226,236</u>

21. UNPAID DIVIDEND / UNCLAIMED DIVIDEND

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

22. ACCRUED MARK-UP

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

	2020	2019
	(Rupees in thousand)	
23. PROVISIONS		
Duties and taxes - note 23.1	29,006	29,006
Others - note 23.2	<u>83,355</u>	<u>83,355</u>
	<u>112,361</u>	<u>112,361</u>

23.1 This represents provision made by the Company in respect of sales tax and central excise duty aggregating to Rs. 29.01 million (2019: 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, 2020

- 23.2 This includes Rs. 55.62 million (2019: Rs. 55.62 million) in respect of sales tax and excise duty on account of purchases of crude oil and drums.

	2020	2019
	(Rupees in thousand)	
24. BORROWINGS		
Running finance under mark-up arrangements - note 24.1	5,777,521	16,250,898
Financing under Tijarah arrangement	-	4,757,000
Financing under Istisna arrangement - note 24.2	5,000,000	-
Short term loan - note 24.3	6,000,000	4,000,000
	<u>16,777,521</u>	<u>25,007,898</u>

- 24.1 The facilities for running finance under mark-up arrangements with various banks amounted to Rs. 21.65 billion (2019: Rs. 21.65 billion) of which the amount remaining unutilised at the year end was Rs. 9.87 billion (2019: Rs. 1.40 billion). The rates of mark-up applicable on running finance ranges from 0.15% to 1.10% above KIBOR (2019: KIBOR + 0.15% - 1.10%) per annum.
- 24.2 This represents Istisna arrangement from an Islamic bank amounting to Rs. 5 billion of which Rs. Nil remain unutilised as at the year end. The rate of mark-up applicable is based on three months KIBOR + 0.25% per annum.
- 24.3 This represent short term loans obtained on rollover basis from commercial banks amounting to Rs. 6 billion. These loans are interchangeable facilities with running finance arrangement as disclosed in note 24.1. The rate of mark-up applicable on these loans is based on respective tenor KIBOR ranging from 0.1% to 0.55% per annum.
- 24.4 The facilities for opening the letters of credit and guarantees as at June 30, 2020 amounted to Rs. 86.8 billion (2019: Rs. 80.22 billion) of which the amount remaining unutilised at the year end was Rs. 63.58 billion (2019: Rs. 43.72 billion). The above financing arrangement to the tune of Rs. 21.65 billion (2019: 21.65 billion) are sublimit of these non-funded limits.
- 24.5 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, 2020

25. UNEARNED REVENUE

This represents additional revenue earned on sale of petroleum products during June 27 to 30, 2020 consequent to increase in ex-refinery prices by the Government of Pakistan (GoP) effective June 27, 2020. The Ministry of Energy Petroleum Division (MEPD) through its letter dated July 28, 2020 interalia advised OGRA to adjust such additional revenue against loss of revenue suffered due to reduced ex-refinery prices for July 2020 under instructions of GoP.

26. CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

26.1.1 Claims not acknowledged by the Company as debt at the end of the year amounted to Rs. 5.17 billion (2019: Rs. 4.51 billion). These include claims accumulating to Rs. 5 billion (2019: Rs. 4.34 billion) in respect of late payment surcharge claimed by crude oil suppliers and Rs. 49.64 million (2019: Rs. 49.64 million) relating to freight claims.

26.1.2 The Company has raised claims on certain Oil Marketing Companies (OMCs) in respect of interest on late payments against receivables aggregating to Rs. 5.07 billion (2019: Rs. 5.07 billion). However, these have not been recognised in the financial statements as these claims have not been acknowledged by the OMCs.

26.1.3 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

26.2 Commitments

26.2.1 Commitments outstanding for capital expenditures as at June 30, 2020 amounted to Rs. 403 million (2019: Rs. 1.326 billion).

	2020	2019
	(Rupees in thousand)	
27. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Local	166,031,164	196,942,406
Exports	9,580,640	12,474,851
	<u>175,611,804</u>	<u>209,417,257</u>
28. TRADE DISCOUNTS, TAXES, DUTIES, LEVIES AND PRICE DIFFERENTIAL		
Trade discounts	404,581	520,086
Sales tax	24,124,523	27,815,404
Excise duty	463	708
Petroleum levy	21,379,005	15,577,690
PMG-RON differential - note 20.4	502,796	349,268
Custom duty - note 20.5	3,394,705	4,247,904
Unearned revenue - note 25	193,085	-
	<u>49,999,158</u>	<u>48,511,060</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	(Rupees in thousand)	
29. COST OF SALES		
Opening stock of semi-finished products	4,965,023	3,252,580
Crude oil, condensate and drums consumed - notes 29.1, 29.2 and 20.5	118,472,130	162,547,921
Stores, spares and chemicals consumed	1,334,470	1,209,190
Salaries, wages and staff benefits - note 29.3	1,210,456	1,231,857
Staff transport and canteen	107,148	104,269
Fuel, power and water	3,853,895	3,935,393
Rent, rates and taxes	29,072	54,321
Insurance	404,417	314,780
Contract services	56,015	95,208
Repairs and maintenance	214,717	89,226
Reversal of provision for slow moving and obsolete stores, spares and chemicals	(13,720)	(12,743)
Reversal of provision for impairment of major spare parts and stand-by equipment	(1,901)	(637)
Depreciation - note 4.1	3,436,572	3,396,711
Amortisation of intangible assets - note 4.4	83,627	85,709
Professional charges	11,131	12,163
Consultancy charges	10,542	8,209
Security charges	19,564	20,823
Others	53,775	82,760
	129,281,910	173,175,160
Closing stock of semi-finished products - note 10	(2,542,958)	(4,965,023)
Cost of products manufactured	131,703,975	171,462,717
Opening stock of finished products	11,952,823	5,845,443
Closing stock of finished products - note 10	(6,926,312)	(11,952,823)
	5,026,511	(6,107,380)
	<u>136,730,486</u>	<u>165,355,337</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	(Rupees in thousand)	
29.1	Crude oil, condensate and drums consumed	
	Crude oil and condensate	
	- Opening stock	3,529,638
	- Purchases - note 29.2	166,821,883
	- Closing stock - note 10	(8,750,748)
	<u>118,334,852</u>	<u>161,600,773</u>
	Drums	947,148
	<u>137,278</u>	<u>162,547,921</u>
	<u>118,472,130</u>	<u>162,547,921</u>
29.2	Certain crude oil and condensate purchases have been recorded based on provisional prices due to non-finalisation of Crude Oil Sale Purchase Agreements (COSA) and may require adjustment in subsequent periods.	
29.3	Includes Rs. 84.76 million (2019: Rs.79.51 million) and Rs. 30.74 million (2019: Rs. 32.89 million) in respect of benefit and defined contribution plans respectively.	

	2020	2019
	(Rupees in thousand)	
30.	DISTRIBUTION COST	
	Commission on local sales	479,466
	Commission on export sales	123,714
	Export expenses	81,977
	Salaries and staff benefits - note 30.1	76,121
	Depreciation - note 4.1	7,055
	Security charges	31,254
	Repairs and maintenance	203
	Pipeline charges	5,272
	Selling expenses	860
	Postage and periodicals	913
	Staff transport and canteen	4,732
	Others	2,912
	<u>730,848</u>	<u>814,479</u>

30.1 Includes Rs. 7.36 million (2019: Rs. 7.57 million) and Rs. 2.89 million (2019: Rs. 2.88 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, 2020

	2020	2019
	(Rupees in thousand)	
31. ADMINISTRATIVE EXPENSES		
Salaries and staff benefits - note 31.1	490,750	483,252
Staff transport and canteen	35,530	30,577
Directors' fee	8,174	6,121
Rent, rates and taxes	5,106	6,415
Depreciation - note 4.1	58,125	49,836
Amortisation of intangible assets - note 4.4	778	1,058
Legal and professional charges	20,547	18,290
Printing and stationery	5,640	7,116
Contract services	49,213	57,442
Repairs and maintenance	73,728	61,144
Telecommunication	3,352	3,469
Electricity and power	4,760	4,533
Insurance	2,515	4,118
Travelling expenses	3,799	5,343
Postage and periodicals	7,177	6,602
Security charges	49,001	52,749
Others	48,972	33,499
	<u>867,167</u>	<u>831,564</u>
31.1	Includes Rs. 42.01 million (2019: Rs. 50.41 million) and Rs. 14.27 million (2019: Rs. 13.90 million) in respect of defined benefit and defined contribution plans respectively.	
32. OTHER INCOME	2020	2019
	(Rupees in thousand)	
Income from financial assets		
Return / interest / mark-up on:		
- PLS savings and deposit accounts - note 32.1	57,828	55,027
- Secured loans to employees - note 6.1	333	363
	<u>58,161</u>	<u>55,390</u>
Others		
Handling and storage income	179,438	201,543
Hospitality income	85,992	71,427
Liabilities no longer payable written back	-	535
Gain on disposal of property, plant and equipment	9,349	-
Sale of scrap and empties	28,911	17,534
Pipeline charges recovered	2,068	4,271
Rental income	8,360	7,643
Insurance rebate	5,746	3,784
Others	2,914	7,384
	<u>380,939</u>	<u>369,511</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

2020
2019
(Rupees in thousand)

33. OTHER OPERATING EXPENSES

Workers' Welfare Fund	7,831	10,133
Auditors' remuneration - note 33.1	6,725	6,358
Corporate Social Responsibility	375	300
Loss on disposal of property, plant and equipment	-	799
	<u>14,931</u>	<u>17,590</u>

33.1 Auditors' remuneration

Audit fee	2,933	2,933
Taxation services	1,100	981
Fee for review of half yearly financial information, special reports and certifications	2,215	2,003
Out-of-pocket expenses	477	441
	<u>6,725</u>	<u>6,358</u>

34. FINANCE COST

Exchange loss - note 34.1	269,285	4,086,649
Mark-up on long term loan	-	1,795
Mark-up on running finance	2,209,685	1,194,047
Guarantee commission and service charges	855	830
Interest on lease liability	26,548	-
Bank charges	6,872	2,428
	<u>2,513,245</u>	<u>5,285,749</u>

34.1 This is net of exchange gain on export sales amounting to Rs. 0.42 million (2019: Rs. 69.44 million). This exchange gain / loss relates to actual currency fluctuations and not by derivative financial instruments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	(Rupees in thousand)	
35. TAXATION		
Current		
- for the year	970,298	96,648
- for prior years - note 15	(7,007,604)	-
Deferred	(4,762,024)	(2,433,232)
	<u>(10,799,330)</u>	<u>(2,336,584)</u>
35.1 Relationship between tax expense and accounting profit		
Accounting loss before taxation	<u>(14,863,092)</u>	<u>(11,029,011)</u>
Tax at the applicable tax rate of 29% (2019: 29%)	(4,310,297)	(3,198,413)
Tax effect of Final Tax Regime	523,778	397,077
Effect of tax credits	-	(38,731)
Effect of income taxable at lower rate	(484)	(443)
Effect of change in tax rate	-	503,926
Effect of prior years tax	(7,007,604)	-
Effect of temporary differences	(4,723)	-
Tax income for the year	<u>(10,799,330)</u>	<u>(2,336,584)</u>
36. LOSS PER SHARE - basic and diluted		
Loss after taxation (Rupees in thousand)	<u>(4,063,762)</u>	<u>(8,692,427)</u>
Weighted average number of ordinary shares in issue (in thousand)	<u>79,967</u>	<u>79,967</u>
Basic loss per share (Rupees)	<u>(50.82)</u>	<u>(108.70)</u>

There were no dilutive potential ordinary shares in issue as at June 30, 2020 and 2019.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	(Rupees in thousand)	
37. CASH GENERATED FROM OPERATIONS		
Loss before taxation	(14,863,092)	(11,029,011)
Adjustment for non cash charges and other items:		
Depreciation and amortisation	3,585,654	3,540,369
Markup on long term loan and running finance	2,209,685	1,195,842
Interest on lease liability	26,548	-
Provision for staff retirement benefit funds	134,117	137,488
(Gain) / loss on disposal of property, plant and equipment	(9,349)	799
Reversal of provision for slow moving and obsolete stores, spares and chemicals	(13,720)	(12,743)
Reversal of provision for impairment of major spare parts and stand-by equipments	(1,901)	(637)
Return on investments and bank accounts	(57,828)	(55,027)
Change in working capital - note 37.1	<u>17,219,023</u>	<u>(14,828,249)</u>
	<u>8,229,137</u>	<u>(21,051,169)</u>
37.1 Change in working capital		
(Increase) / decrease in current assets		
Stores, spares and chemicals	33,293	(57,964)
Stock-in-trade	13,848,316	(13,040,933)
Trade receivables	3,476,878	487,165
Loans and advances	(12,541)	26,853
Trade deposits and short-term prepayments	13,382	(17,695)
Other receivables	592,678	1,907,059
	17,952,006	(10,695,515)
Decrease in current liabilities		
Trade and other payables	<u>(732,983)</u>	<u>(4,132,734)</u>
	<u>17,219,023</u>	<u>(14,828,249)</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

2020 2019
(Rupees in thousand)

38. CASH AND CASH EQUIVALENTS

Cash and bank balances	552,605	978,680
Short term running finance - note 24	(16,777,521)	(25,007,898)
	<u>(16,224,916)</u>	<u>(24,029,218)</u>

39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2020			2019		
	Chief Executive	Executive Director	Executives	Chief Executive	Executive Director	Executives
	← (Rupees in thousand) →					
Managerial remuneration	10,540	-	150,102	14,069	2,986	126,806
Bonus	2,871	-	12,652	5,046	1,800	17,322
Retirement benefits	1,680	-	21,021	1,678	720	20,934
House rent	4,620	-	49,182	5,199	1,080	44,421
Conveyance	309	-	7,514	283	129	6,342
Leave benefits	820	-	11,829	867	53	9,047
	<u>20,840</u>	<u>-</u>	<u>252,300</u>	<u>27,142</u>	<u>6,768</u>	<u>224,872</u>
Number of person(s)	<u>1</u>	<u>-</u>	<u>61</u>	<u>1</u>	<u>1</u>	<u>54</u>

39.1 In addition to the above, fee to one executive and six non-executive directors during the year amounted to Rs. 1.25 million (2019: Rs. 1.74 million) and Rs. 6.92 million (2019: Rs. 4.38 million) respectively.

39.2 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, 2020

40. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

40.1 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	-	-	-	-	12,942	12,942	12,942
Amortised Cost							
Loans and advances	1,972	10,451	12,423	41,969	35,900	77,869	90,292
Deposits	-	-	-	4,986	30,265	35,251	35,251
Trade receivables	-	-	-	4,022,171	-	4,022,171	4,022,171
Accrued interest	-	-	-	8,833	-	8,833	8,833
Other receivables	-	-	-	18,009	-	18,009	18,009
Cash and bank balances	508,570	-	508,570	44,035	-	44,035	552,605
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>
2019	<u>920,135</u>	<u>9,581</u>	<u>929,716</u>	<u>7,939,987</u>	<u>83,746</u>	<u>8,023,733</u>	<u>8,953,449</u>
Financial liabilities							
Trade and other payables	-	-	-	10,479,800	-	10,479,800	10,479,800
Unclaimed dividend	-	-	-	62,538	-	62,538	62,538
Unpaid dividend	-	-	-	31,489	-	31,489	31,489
Accrued mark-up	-	-	-	310,264	-	310,264	310,264
Borrowings	16,777,521	-	16,777,521	-	-	-	16,777,521
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>
2019	<u>25,007,898</u>	<u>-</u>	<u>25,007,898</u>	<u>14,524,637</u>	<u>-</u>	<u>14,524,637</u>	<u>39,532,535</u>
On balance sheet gap							
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>
2019	<u>(24,087,763)</u>	<u>9,581</u>	<u>(24,078,182)</u>	<u>(6,584,650)</u>	<u>70,400</u>	<u>(6,514,250)</u>	<u>(30,592,432)</u>
OFF BALANCE SHEET ITEMS							
Commitments for capital expenditure							403,365
Letters of credit							6,532,455
Letters of guarantees							496,249
2020							<u>7,432,069</u>
2019							<u>16,005,047</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

40.2 Financial risk management objectives and policies

(i) Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as going concern in order to provide returns for shareholders and benefit for other stakeholders. The Company operates under tariff protection formula for fuel 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. 4.7 billion (2019: Rs. 8.93 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.

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

	2020	2019
	(Rupees in thousand)	
Long term investment	12,942	13,346
Loans and advances	90,292	81,116
Deposits	35,251	49,917
Trade receivables	4,022,171	7,499,049
Accrued interest	8,833	14,215
Other receivables	18,009	317,126
Cash and bank balances	552,605	978,680
	<u>4,740,103</u>	<u>8,953,449</u>

(iii) Foreign exchange risk

Foreign currency risk arises mainly when receivables and payables exist due to transactions in foreign currencies primarily with respect to US Dollar. Financial assets include Rs. Nil (2019: Rs. Nil) and financial liabilities include Rs. 5.03 billion (2019: Rs. 7.73 billion) which are subject to foreign currency risk.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

As at June 30, 2020, if the Pak Rupee had weakened / strengthened by 10% against the US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 0.28 billion (2019: Rs. 0.77 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 1.1% above respective tenure KIBOR.

(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.

41. SEGMENT INFORMATION

- 41.1 The Company's operating segments are organised and managed separately according to the nature of production process for products and services provided, with each segment representing a strategic business unit. The fuel segment is primarily a diverse supplier of fuel products and offers gasoline, diesel oils, and furnace oil. The lube segment mainly provides different types of lube base oils, asphalt, furnace oil, wax free oil and other petroleum products for different sectors of the economy. Inter-segment transfers are made at relevant costs to each segment.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

The financial information regarding operating segments is as follows:

	FUEL		LUBE		TOTAL	
	2020	2019	2020	2019	2020	2019
	(Rupees in thousand)					
Segment Revenue						
Revenue from external customers						
- local, net of discounts, taxes, duties, levies and price differential	85,029,796	110,944,362	31,002,210	37,486,984	116,032,006	148,431,346
- exports	8,035,927	11,166,474	1,544,713	1,308,377	9,580,640	12,474,851
	<u>93,065,723</u>	<u>122,110,836</u>	<u>32,546,923</u>	<u>38,795,361</u>	<u>125,612,646</u>	<u>160,906,197</u>
Inter-segment transfers	21,203,651	37,278,293	-	-	21,203,651	37,278,293
Elimination of inter-segment transfers	-	-	-	-	(21,203,651)	(37,278,293)
Net revenue from contract with customer	<u>114,269,374</u>	<u>159,389,129</u>	<u>32,546,923</u>	<u>38,795,361</u>	<u>125,612,646</u>	<u>160,906,197</u>
Segment results after tax	(7,360,173)	(9,594,696)	3,296,411	902,269	(4,063,762)	(8,692,427)
Other comprehensive income	9,193	33,005	18,386	66,010	27,579	99,015
Total Comprehensive (loss) / income	<u>(7,350,980)</u>	<u>(9,561,691)</u>	<u>3,314,797</u>	<u>968,279</u>	<u>(4,036,183)</u>	<u>(8,593,412)</u>
Segment assets	38,592,749	55,916,954	10,828,424	14,456,607	49,421,173	70,373,561
Unallocated assets	-	-	-	-	13,891,617	5,793,789
Total assets	<u>38,592,749</u>	<u>55,916,954</u>	<u>10,828,424</u>	<u>14,456,607</u>	<u>63,312,790</u>	<u>76,167,350</u>
Segment liabilities	18,699,283	23,436,357	14,467,669	18,564,214	33,166,952	42,000,571
Unallocated liabilities	-	-	-	-	308,552	293,310
Total liabilities	<u>18,699,283</u>	<u>23,436,357</u>	<u>14,467,669</u>	<u>18,564,214</u>	<u>33,475,504</u>	<u>42,293,881</u>
Other Segment Information:						
Capital expenditure	501,756	627,024	1,024,654	270,226	1,526,410	897,250
Unallocated capital expenditure	-	-	-	-	1,115,645	920,766
	501,756	627,024	1,024,654	270,226	2,642,055	1,818,016
Depreciation and amortisation	3,256,321	3,240,679	329,333	299,690	3,585,654	3,540,369
Interest income	19,387	18,463	38,774	36,927	58,161	55,390
Interest expense	1,651,206	398,016	585,027	796,031	2,236,233	1,194,047
Non-cash expenses other than depreciation	(5,208)	(4,460)	(10,413)	(8,920)	(15,621)	(13,380)
Stock-in-trade written down	76,614	627,455	-	-	76,614	627,455

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

41.4 The Company sells its manufactured products to Oil Marketing Companies (OMCs) and other organisations / institutions. Out of these, two (2019: two) of the Company's customers contributed towards 64.35% (2019: 62.91%) of the net revenues during the year amounting to Rs. 80.95 billion (2019: Rs. 101.22 billion) and each customer individually exceeds 10% of the net revenues.

42. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	2020	2019
		(Rupees in thousand)	
Associated companies			
- Pakistan Oilfields Limited (POL)			
	Rental income	2,923	2,580
	Products - sale of petroleum products	455,365	685,913
	Purchase of raw material	1,918,853	1,127,634
	Reimbursement of expenses incurred by POL on behalf of NRL	273	2,927
	Reimbursement of expenses incurred by NRL on behalf of POL	787	348
	Dividend paid	-	199,916
- Attock Refinery Limited (ARL)			
	Reimbursement of expenses incurred by ARL on behalf of NRL	871	35
	Reimbursement of expenses incurred by NRL on behalf of ARL	157	334
	Naphtha handling income	131,100	123,746
	Price differential claims - (HSD)	-	47,746
	Dividend paid	-	199,916
- Attock Petroleum Limited (APL)			
	Sale of petroleum products	83,028,123	104,309,490
	Trade discounts	275,100	437,047
	Commission on export sales	103,196	123,714
	Commission on local sales	470,546	479,466
	Purchase of petroleum products	4,956	5,986
	Hospitality charges on sales	92,845	71,005
	Dividend paid	-	7,997
	Rental income	4,120	3,658
	Reimbursement of expenses incurred by NRL on behalf of APL	3,287	2,491

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Nature of relationship	Nature of transactions	2020	2019
		(Rupees in thousand)	
Associated companies			
- Attock Cement Pakistan Limited (ACPL)			
	Reimbursement of expenses incurred by ACPL on behalf of NRL	391	347
	Reimbursement of expenses incurred by NRL on behalf of ACPL	149	56
	Purchase of stores	348	651
- Attock Oil Company Limited (AOCL)*			
	Reimbursement of expenses incurred by AOC on behalf of NRL	994	1,276
	Reimbursement of expenses incurred by NRL on behalf of AOC	64	34
	Sale of Company vehicle	4,900	-
Other related parties			
- Contribution to staff retirement benefits plans			
	Employees provident fund	47,902	49,668
	Employees gratuity fund	24,470	27,043
	Employees pension fund	64,929	53,647
	Post retirement medical fund	9,491	-
- Key management compensation			
	Salaries and other employee benefits	41,651	53,377
	Post employment benefits	3,505	3,122
	Directors' fee	8,174	6,121

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

- 42.1.1 Sales of petroleum products to associated companies are based on prices fixed by the Oil and Gas Regulatory Authority, import prices of Pakistan State Oil and Company announced prices.
- 42.1.2 Purchase of crude oil and condensate from associated companies is based on price mechanism provided in their respective Petroleum Concession Agreement till finalisation of Crude Oil / Condensate Sale and Purchase Agreements.
- 42.2 The related party status of outstanding balances as at June 30, 2020 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, 2020

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

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

Crude oil - throughput

Annual designed capacity	Actual throughput
← (In Barrels) →	

43. CAPACITY

2020 - note 43.1

2019

<u>21,466,500</u>	<u>12,597,844</u>
<u>21,466,500</u>	<u>16,513,525</u>

43.1 Actual throughput is less than the designed capacity due to day to day monitoring of throughput based on expected product margins. Furthermore, the Company closed its operations from March 25, 2020 to April 22, 2020 due to lack of demand caused by Government imposed lockdown.

44. NUMBER OF EMPLOYEES

2020

2019

Number of employees including contractual employees at June 30

1128

1171

Average number of employees including contractual employees during the year

1143

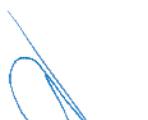
1215

45. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 26, 2020 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, 2020

FORM 34

NUMBER OF SHAREHOLDERS	FROM	SHAREHOLDINGS TO	TOTAL SHARES HELD	% ON ISSUED
1,753	1	100	79,786	0.10
1,745	101	500	530,959	0.66
859	501	1000	697,570	0.87
1,221	1001	5000	2,947,805	3.69
226	5001	10000	1,654,168	2.07
79	10001	15000	990,177	1.24
35	15001	20000	635,768	0.80
29	20001	25000	660,324	0.83
16	25001	30000	452,996	0.57
7	30001	35000	227,396	0.28
15	35001	40000	580,350	0.73
8	40001	45000	342,741	0.43
6	45001	50000	285,831	0.36
3	50001	55000	163,200	0.20
7	55001	60000	407,706	0.51
1	60001	65000	65,000	0.08
3	65001	70000	205,090	0.26
4	70001	75000	290,885	0.36
2	75001	80000	160,000	0.20
3	80001	85000	247,101	0.31
1	85001	90000	86,100	0.11
4	90001	95000	370,795	0.46
2	95001	100000	200,000	0.25
2	100001	105000	207,600	0.26
1	105001	120000	108,000	0.14
4	120001	125000	492,500	0.62
1	125001	130000	127,700	0.16
2	130001	135000	265,907	0.33
1	135001	145000	144,650	0.18
1	145001	150000	149,850	0.19
1	150001	155000	150,400	0.19
1	155001	160000	160,000	0.20
1	160001	175000	175,000	0.22
1	175001	180000	179,000	0.22
1	180001	185000	185,485	0.23
1	185001	200000	198,000	0.25
3	200001	250000	705,500	0.88
2	250001	300000	555,158	0.69
1	300001	350000	316,160	0.40
3	350001	400000	1,130,485	1.41
2	400001	450000	823,550	1.03
4	450001	500000	1,848,002	2.31
2	500001	550000	1,012,550	1.27
1	550001	700000	700,000	0.87
1	700001	750000	749,250	0.93
1	750001	800000	799,665	1.00
1	800001	950000	927,301	1.16
1	950001	3590000	3,589,819	4.48
1	3590001	12000000	12,000,000	15.01
2	12000001	19995000	39,983,280	50.00
<u>6,072</u>			<u>79,966,560</u>	<u>100.00</u>

CATEGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2020

Categories	Percentage %	Number of Shareholders	Number of Shares held
Directors, Chief Executive Officer, and their spouse(s) and minor children	0.01	6	10,807
Associated Companies	50.00	2	39,983,280
NIT and ICP	2.62	8	2,094,923
Banks, Development Financial Institutions and Non Banking Financial Institutions	1.35	28	1,075,646
Insurance Companies	6.16	11	4,929,653
Modarabas and Mutual Funds	0.93	16	746,800
Shareholders holding 10% - Islamic Development Bank, Jeddah	15.00	1	12,000,000
General Public			
a. Local	18.29	5,864	14,623,104
b. Foreign	0.01	4	7,068
Joint Stock Companies	1.37	23	1,098,755
Foreign Investors - other than Individual	0.06	1	46,781
Others	4.20	108	3,349,743
	100.00	6,072	79,966,560

Categories	Percentage %	Number of Shares held
Directors, Chief Executive Officer, their spouse(s) and minor children		
Mr. Laith G. Pharaon		1
Mr. Wael G. Pharaon		1
Mr. Shuaib A. Malik		2
Mr. Tariq Iqbal Khan		10,801
Mr. Abdus Sattar		1
Mr. Babar Bashir Nawaz		1
Associated Companies		
Attock Refinery Limited		19,991,640
Pakistan Oilfields Limited		19,991,640
Shareholders holding 5% or more voting interest		
Attock Refinery Limited	25	19,991,640
Pakistan Oilfields Limited	25	19,991,640
Islamic Development Bank, Jeddah	15	12,000,000

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

During the financial year 3018 shares were sold/purchased/gifted out by the Executives of the Company.

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 Seventh (57th) Annual General Meeting** of National Refinery Limited will be held on **Thursday, October 22, 2020 at 1430 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, 2020 together with the Reports of the Board and the Auditors thereon.
2. To appoint Company's auditors for the year ending June 30, 2021 and to fix their remuneration.

OTHER BUSINESS

3. 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 28 , 2020



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

In the light of the continuing threat posed due to COVID-19 pandemic the Securities and Exchange Commission of Pakistan (SECP) through Circular No. 5 of 2020 dated March 17, 2020 and Circular No. 25 of 2020 dated August 31, 2020 has directed listed Companies to modify their usual planning for annual general meetings through provision of video link facilities in order to protect the health and well being of shareholders.

Accordingly, the Company has decided to convene its 57th AGM through video link facility while honouring the quorum provisions. 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 interested in attending the AGM through ZOOM application will be requested to get themselves registered with CDC Share Registrar Services Limited at least 48 hours before the time of AGM i.e. before 1430 hours on October 20, 2020 at cdcsr@cdcsrsl.com 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 at atleast two (2) working days before the AGM, at the given email address cdcsr@cdcsrsl.com or WhatsApp on: +92 321 820 0864. Shareholders are requested to mention their full name, CNIC / Folio / Participant ID & A/c No. for this purpose.

2. 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 16, 2020 to October 22, 2020** (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 15, 2020** will be treated in time for the purpose of determination of entitlement to the transferees.

3. PARTICIPATION IN ANNUAL GENERAL MEETING

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint 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 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.

4. 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.

5. 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

6. CHANGE OF ADDRESS

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

7. 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.

8. PAYMENT OF CASH DIVIDEND ELECTRONICALLY – COMPULSORY

Members of the Company are hereby requested to comply with the provisions of Section 242 of the Companies Act, 2017 (“the Act”) and Regulation No. 4 of Companies (Distribution of Dividends) Regulations, 2017 (“the Regulations”) and provide the particulars of their bank accounts through E-Dividend Form (annexed at the end of annual report as well as available at Company’s website i.e., www.nrlpak.com). As effective from November 06, 2017 dividends payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders instead of through issuance of Dividend Warrants. In the absence of bank account details or in case of incomplete details, the Company 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.

9. DEDUCTION OF INCOME TAX AT REVISED RATES

The rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 from dividend payment, if any, effective July 1, 2020 are as follows:

1.	Rate of tax deduction for persons appearing in Active Taxpayer List (ATL)	25%
2.	Rate of tax deduction for persons not appearing in Active Taxpayer List (ATL)	50%

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.

10. 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.

11. UNCLAIMED SHARES / DIVIDEND

Pursuant to Section 244 of the Companies Act, 2017, the Company has dispatched notices from time to time 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.

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

The audited financial statements of the Company for the year ended June 30, 2020 have been placed at the Company's website www.nrlpak.com.

13. 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.

14. DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNT

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

be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of the Act.

15. MERGER OF DIFFERENT FOLIOS INTO ONE FOLIO

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





آڈٹ کمیٹی

آڈٹ کمیٹی تین ارکان پر مشتمل ہے۔ 30 جون 2020 کو ختم ہونے والے سال کے لئے آڈٹ کمیٹی کے اجلاسوں کے لئے ڈائریکٹرز کی حاضری مندرجہ ذیل ہے:

ارکان کے نام	کل اجلاس	اجلاسوں میں شرکت
جناب طارق اقبال خان - چیئرمین	۴	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 پیکیج کی تفصیلات مالیاتی گوشوارے کے نوٹ نمبر ۳۹ میں بیان کی گئی ہیں۔

شیر ہولڈنگ کا خلاصہ

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

آڈیٹرز


موجودہ آڈیٹرز میسرز اے 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 اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو مالی سال ۲۰۲۱ کے اختتام کے لیے 3.08 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۔

اظہار تشکر

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

بورڈ کی جانب سے


چیف ایگزیکٹو آفیسر


ڈائریکٹر

26 اگست، 2020
اسلام آباد

مالی سال 2019-20 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 جناب لیٹ جی فرعون کیلئے متبادل ڈائریکٹر	۵	۵
جناب عبدالستار	۵	۵
جناب زکی محمد منصور۔ IDB کے نمائندے	۵	۳
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 2019 سے 30 جون 2020 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 سڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 میں شامل اسٹیٹ کی معیار پر پورا اترتے ہیں۔
- کمپنی کے حصص میں بورڈ آف ڈائریکٹرز سی ای او، سی ایف او، کمپنی سیکریٹری، ایگزیکٹوز اور ان کی بیگمات اور چھوٹے بچوں کی طرف سے کوئی سودا نہیں کیا گیا سوائے اس کے کہ جن کا ذکر "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:

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

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



انٹرنل فنانشل کنٹرول سسٹم

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

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 کرتا ہے کہ:

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے حالات، اس کے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کی شفاف عکاسی کرتے ہیں۔
- کمپنی کے کھاتے کمپنیز ایکٹ ۲۰۱۷ کے تحت مناسب طریقے سے رکھے جا رہے ہیں۔
- مناسب اکاؤنٹنگ پالیسیوں کے تسلسل کو مالیاتی گوشوارے کی تیاری میں لاگو کیا گیا ہے۔ اکاؤنٹنگ کے اندازے ماہرانہ اور محتاط فیصلوں پر مبنی ہوتے ہیں۔ موجودہ سال نئے منظور شدہ IFRS-16 کو عمل پیرا کرتے ہوئے 'اٹاٹوں کے استعمال کے حق' کی تشخیص کے لیے اپنی پالیسی کو تبدیل کر دیا گیا ہے جس کی تفصیلات مالیاتی گوشواروں میں بیان کی گئی ہیں۔
- مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیار (IFRS)، جو کہ پاکستان میں نافذ العمل ہیں، ان کی پیروی کی گئی ہے۔
- انٹرنل کنٹرول کا نظام مضبوط ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- آنے والے سالوں میں کمپنی کی کاروباری تسلسل پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- 30 جون 2020 کو مختلف فنڈز کی سرمایہ کاری کی مالیت مندرجہ ذیل ہے:

تفصیل	ملین روپے (غیر آڈٹ شدہ)
انتظامی عملے سے متعلق فنڈز	
پینشن فنڈ	4,812
پروویڈنٹ فنڈ	1,004
بھرتیائز منٹ میڈیکل فنڈ	1,211
گرہجیٹی فنڈ	83
غیر انتظامی عملے سے متعلق فنڈز	
گرہجیٹی فنڈ	141
پروویڈنٹ فنڈ	565

کمپنی کے پاس آئی ایس او 9001:2015 (Quality Management System) ، آئی ایس او 14001:2015 (Environmental Management System) ، BS-OHSAS (Occupational Health & Safety Management system) اور آئی ایس او 18001:2007 (Quality Management System) کی ضروریات کے مطابق ایک جامع مربوط منجمنٹ سسٹم موجود ہے۔

ہم امید کرتے ہیں کہ ماحولیات کے تحفظ کے لیے ہماری کوششیں کامیاب ہوں گی۔ ہماری ذمہ داریوں میں اس بات کا ماننا بھی شامل ہے کہ ہمیں اپنے ارد گرد کے ماحول کو نہ صرف محفوظ کرنا ہے بلکہ اس کو بہتر بھی بنانا ہے اور ہم امید کرتے ہیں کہ ماحول کی حفاظت کے لیے دوسرے بھی ہمارے نقشے قدم پر چلیں گے۔

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 چلائی گئیں اور وفاقی اور صوبائی حکومتوں کے ایس او پیز کی عمل واری کو یقینی بنایا گیا۔ ان میں سینینائزنگ کی تیسب، ہینڈ سینینائزنگ، 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۔ 55 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 تھی جبکہ ایسی علامات رکھنے والے ملازمین کو 2 ہفتوں تک گھر میں ہی قریب میں رہنے کو کہا گیا۔ کمپنی ڈاکٹر کے ذریعے ملازمین کو COVID-19 سے بچاؤ کے بارے میں بتانے کے لیے آگاہی نشستوں کا انعقاد بھی کیا گیا۔

قومی خزانے کو کی جانے والی ادائیگی

اس مالی سال کے دوران، کمپنی نے براہ راست اور بالواسطہ ٹیکس کی مد میں 45.5 ارب روپے قومی خزانے میں جمع کرائے اور نفعیٹھا، لیوب میں آئل اور تارکول کی برآمد کے ذریعے 61.29 ملین امریکی ڈالر کا قیمتی زرمبادلہ کمایا۔

انسانی وسائل کی ترقی

کمپنی کے انسانی وسائل مختصر اور طویل مدتی کارپوریٹ اور اسٹریٹجک مقاصد کے حصول میں بہت اہم کردار ادا کر رہے ہیں۔ لہذا، آپ کی کمپنی اپنے ملازمین کی تربیت اور ترقی پر خصوصی توجہ مرکوز کرتی ہے۔ مختلف تکنیکی اور غیر تکنیکی شعبوں میں مختلف اسٹاف ممبرز نے متعدد کورسز اور ورک شاپس میں شرکت کی۔ عملی تربیتی پروگراموں کے علاوہ، کمپنی اپنے منجمنٹ ٹرینیز اور اپرنٹس پروگراموں کے ذریعے ریفرنسز اپریشن اور دیگر بھال کے حوالے سے کتابی اور عملی تربیت فراہم کرتی ہے جو کہ نہ صرف کمپنی کے آپریشنز کے لئے تربیت یافتہ افرادی قوت کے اضافی تقاضوں کو پورا کرتی ہے بلکہ تیل صاف کرنے کی صنعت کے لئے تربیت یافتہ افرادی قوت کا سبب بنتی ہے۔

- حکومت نے 2020-21 سے EURO-V فیول کی درآمد کا اعلان کیا ہے۔ کمپنی کی پروڈکٹ اسٹریم پراس کے فیصلے کے اثرات کا تجزیہ کیا جا رہا ہے۔ تاہم، ایچ ایس ڈی EURO-V معیار کا آغاز کمپنی کیلئے ایک بہتر موقع فراہم کریگا کیونکہ کمپنی 10 ppm کی حد سے کم سلفر کے ساتھ بھی ایچ ایس ڈی پیدا کرنے کی صلاحیت رکھتی ہے۔

کاروباری سماجی ذمہ داری

کمپنی اپنے صارفین، ملازمین اور حصص یافتگان کے علاوہ قومی معیشت کیلئے اپنی سماجی ذمہ داری کا احساس رکھتی ہے۔ ایک ذمہ دار ادارہ کے طور پر، کمپنی نے ملک میں معیار زندگی کو بہتر بنانے کے لئے مختلف طریقوں سے معیشت کے مختلف سماجی کاموں میں اہم کردار ادا کیا ہے۔ اسی سال، کمپنی نے 375,000 روپے خیراتی اداروں کو 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 ۲۰۱۴) 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 11.49 ملین روپے کی ادائیگی بھی کر چکی ہے۔

ملازمین اور انتظامیہ کے تعلقات

انتظامیہ اور ملازمین بشمول یونین کے درمیان خوشگوار تعلقات برقرار ہیں۔ حاصل کردہ پیداوار، اجتماعی اور مخلصانہ کوششوں کی عکاسی کرتی ہے۔ این آر ایل کی ورکرز یونین نے اپنے مطالبات پیش کیے جو طویل مذاکرات کے بعد باہمی اتفاق کے بعد منظور کر لیے گئے۔ ملازمین کو اچھی صحت برقرار رکھنے کے مواقع فراہم کرنے کیلئے، کمپنی ریفرنسز کے احاطے میں کھیلوں کی سرگرمیوں کی مسلسل حوصلہ افزائی کرتی ہے تاکہ زندگی کی طرف صحت مندر، جان کو فروغ ملے۔

پیشہ ورانہ زندگی میں صحت، حفاظت اور ماحول

ہم این آر ایل میں پیشہ وارانہ، صحت، حفاظت اور ماحولیات کی طرف اپنی ذمہ داریوں کو پوری طرح سے سمجھتے ہیں۔ ہم صرف قانون کی پاسداری ہی نہیں کرتے بلکہ معاشرتی اصولوں، ثقافت اور مقامی برادریوں کے رواج کو بھی اہمیت دیتے ہیں۔

ہم اپنی کمپنی کو اخلاقی اور پیشہ ورانہ بنیاد پر تیار کرتے ہیں اور ماحولیات، صحت اور حفاظت کے حوالے سے ایک ذمہ دار ادارہ ہیں۔ 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 بنیادیں واضح ہے۔ ہم وسائل کے تحفظ، فضلے کو کم کرنے اور توانائی کی بچت پر زور دینے کی کوشش کرتے ہیں۔ پیشہ وارانہ، صحت، حفاظت اور ماحولیات اور معیار کے شعبے میں مستقبل بہتری کے لیے این آر ایل میں کوششیں جاری ہیں۔

کاروباری تعلقات

ہم سعودی آراکو اور ایڈناک 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 (2015-2020) کی مالیاتی تفصیل صفحہ نمبر 43 پر دکھائی گئی ہے۔

ریفائنری کی پیداواری صلاحیت

پیداواری صلاحیتوں کے تجزیہ کے مطابق، این آر ایل 21.47 ملین بیرل سالانہ پیداواری صلاحیت کے ساتھ پاکستان کی تیسری بڑی ریفائنری ہے۔ این آر ایل پاکستان میں واحد ریفائنری کمپلیکس ہے جس میں لیوب ریفائنری شامل ہے اور ملک کی مانگ کو پورا کرنے کے لیے لیوب میں آئل کی متعدد درجات کی پیداوار کرتا ہے۔

کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) کی جانب سے کمپنی کی طویل مدتی درجہ بندی AA+ (پچھلے سات سالوں سے برقرار) ہے اور مختصر مدتی درجہ بندی A1+ (پچھلے سولہ 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 کمپنی کا آؤٹ لک مستحکم سے منفی میں تبدیل کر دیا 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۔ مصنوعات کی قیمتوں کے تعین میں ایک ماہ کا وقفہ عموماً مارجنز کو کم کرتا 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۔ معاشی سرگرمیوں کی بحالی اور تیل کے شعبے میں استحکام اس بات پر منحصر ہے کہ کتنی جلدی کوئی ویکسین تیار کر لی جاتی ہے اور کب تک مارکیٹ میں لائی جاتی ہے۔
- کمپنی کو خام مال کے سپلائرز کو ادائیگی غیر ملکی کرنسی میں کرنی ہوتی ہے جس میں پاکستانی روپے کی قدر میں کمی کی وجہ سے زرمبادلہ کے نقصان کا سامنا رہتا ہے۔ اس کے اثرات کو کم کرنے کے سلسلے میں حکومت کی جانب سے اقدامات کیے جا رہے ہیں۔

لیوب ون ریفاٹری کا ٹرن اراؤنڈ

اس سال کمپنی نے لیوب ون ریفاٹری کا ٹرن اراؤنڈ مکمل کیا جو کہ ریفاٹری کو چلاتے رہنے کیلئے لازمی تھا۔ اسکے نتیجے میں مسلسل دیکھ بھال کی ضروریات کے بغیر زیادہ بہتر سطح پر تسلسل کیساتھ پیداوار کی جاسکے گی۔

فیول ریفاٹری کے کنٹرول سٹم کی مرکزی ڈسٹری بیوٹڈ کنٹرول سٹم کے ساتھ تبدیلی

موجودہ فیول ریفاٹری کے کنٹرول سٹم کی مرکزی ڈسٹری بیوٹڈ کنٹرول سٹم (ڈی سی ایس) کے ساتھ تبدیلی مکمل کی۔ یہ درست معیاری پیداوار، اعلیٰ معیار کے پراسس کنٹرول، پراسس کی حفاظت اور ہنگامی بندش کو یقینی بنائے گا۔ یہ سٹم پراسس کنٹرول اور پلانٹ پیرامیٹرز کی نگرانی، اپنی ضرورت کے مطابق رپوش اور لاگ شیٹس کی دستیابی، اور انسانی وسائل کے بہتر استعمال کو یقینی بناتا ہے۔ ڈی سی ایس سٹم مارچ 2020 میں کامیابی کے ساتھ مکمل ہو گیا ہے۔

نیوسی واٹر ریورس اوسموسس پلانٹ

پہلے مرحلے کے منصوبوں کی تکمیل کے بعد پانی کی اضافی ضروریات کو پورا کرنے کیلئے یو اس 250,000 گیلن یومیہ صلاحیت کے حامل نیوسی واٹر ریورس اوسموسس پلانٹ کی خریداری اور تنصیب کا کام مکمل کیا۔ یہ منصوبہ اکتوبر 2019 میں مکمل ہوا۔

پرائنگ فارمولا

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

2012-13 میں ایچ ایس ڈی کی قیمت کو بھی ڈیرگیولیٹ کر دیا گیا تھا اور پی ایس او کی امپورٹ کی قیمت سے منسلک کر دیا گیا تھا۔ تاہم این ارایل ۲۰۱۶ء میں ڈی ایچ ڈی ایس منصوبے کے مکمل ہونے کے بعد اس قیمت کا حقدار ہوا۔

امپورٹ پیریٹی پرائنگ فارمولا کے مطابق فیول سیگمنٹ کے منافع کو یکم جولائی، ۲۰۰۲ء کے مطابق موجودہ شدہ سرمایہ کے ۵۰ فیصد تک تقسیم کیا جاسکتا ہے اور باقی منافع کو ایڈجسٹڈ ریزرو (special reserves) میں منتقل کیا جائیگا۔ ایڈجسٹڈ ریزرو کی تکمیل تک ریفاٹریز کو ایڈجسٹڈ 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 (special reserves) سے ایڈجسٹ کیے جاسکتے ہیں۔ اس معاملہ کو 'ڈاون اسٹریم پیٹرولیم پالیسی' سے متعلق ایک تجویز کے طور پر پہلے ہی اٹھایا جا چکا ہے تاکہ حکومت ڈیوڈنڈ کی تقسیم کی موجودہ حد کو ختم کر سکے۔ بصورت دیگر فیول سیگمنٹ میں سرمایہ کاری حصص یافتگان کے لئے فائدہ مند نہیں ہوگی۔

ہائیڈرو کرئیکر

ہائیڈرو کرئیکر کا مقصد فرنس آئل کو معیاری مصنوعات میں تبدیل کرنا ہے۔ اسکا بنیادی انجینئرنگ ڈیزائن چیک امریکہ کی میسرز UoP نے سال 2012 میں تیار کیا تھا۔ تاہم، EURO-II معیار کی مصنوعات کی پیداوار کیلئے ڈیزل ہائیڈرو ڈیسلفیو رائیزیشن اور آکسیسومرائیزیشن یونٹ کی تنصیب کے لئے حکومت پاکستان کی جانب سے اصرار کی بناء پر اس پراجیٹ پر مزید کام نہیں کیا گیا۔ کمپنی اس منصوبہ کے تمام پہلوؤں کا جائزہ لے رہی ہے اور ملک کی بدلتی ہوئی معاشی صورتحال اور ورکنگ گروپ کے مذاکرات کے نتیجے کی روشنی میں بہترین فیصلہ کرے گی۔

سی سی آر۔ (کنٹینیسر کیٹالسٹ ریجنیئریشن) پلیٹ فارمنگ یونٹ۔

پٹرول کی پیداوار میں اضافہ کرنے اور ملک کی EURO-V معیار کے پٹرول کی خصوصیات کو پورا کرنے کے لیے کمپنی سی سی آر۔ (کنٹینیسر کیٹالسٹ ریجنیئریشن) پلیٹ فارمنگ یونٹ لگانے کا ارادہ رکھتی ہے جو اس وقت منصوبہ بندی کے مرحلے میں ہے۔

زیر تکمیل منصوبے

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

لیوب۔ ون ریفا سٹری میں ٹوائسٹ یونٹ کار یویمپ

یہ منصوبہ خام تیل کی پراسسنگ صلاحیت کو 12,050 بیرل یومیہ پیداوار سے 17,000 بیرل یومیہ پیداوار اور ویکیموم فریکٹینیشن کی صلاحیت 5,200 بیرل یومیہ پیداوار سے 6,600 بیرل یومیہ پیداوار تک بڑھانے کیلئے شروع کیا گیا ہے۔ اس منصوبے کا مکینیکل کام مکمل ہو چکا ہے اور جلد ہی یہ منصوبہ کمیشن ہو جائے گا۔

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 بوائزل پیرامیٹرز کی نگرانی، اپنی ضرورت کے مطابق رپوش اور لاگ شیٹس کی دستیابی، اور انسانی وسائل کے بہتر استعمال کو یقینی بنائے گا۔ یہ منصوبہ جون 2021 تک مکمل ہونے کی امید ہے۔

تکمیل شدہ منصوبے اٹرن اراؤنڈ۔ 2019-20

مالی مسائل کے باوجود آپ کی کمپنی نے سال 2019-20 میں کامیابی کے ساتھ مندرجہ ذیل منصوبے اٹرن اراؤنڈ مکمل کیے۔

مستقبل کا منظر نامہ

انتظامیہ آگے آنے والے مخصوص چیلنجوں کی پیش نظر اپنی حکمت عملیوں پر توجہ مرکوز کئے ہوئے ہے اور ان چیلنجوں سے نمٹنے، وابستہ خطرے کو کم کرنے اور کاروباری استحکام کو یقینی بنانے کے لئے موزوں اقدامات اپنارہی ہے۔ دنیا بھر میں سب سے اہم چیلنج COVID-19 کا ورپیش ہے جس کا اثر عالمی معیشت پر ہے اور جس کا براہ راست اثر پٹرولیم مصنوعات کی طلب اور قیمتوں پر پڑتا ہے۔ پٹرولیم مصنوعات کی طلب میں کمی اور اسٹاک میں اضافہ ریفا سٹری کے شعبے میں کم قیمتوں اور کم جی آر ایم کا سبب بن سکتا ہے۔ اس سلسلے میں ریفا سٹری کا شعبہ حکومت سے مستقل رابطے میں ہے تاکہ کچھ ریلیف مل سکے۔

دیگر چیلنجوں میں نئے کمیشن کئے گئے ڈی ایچ ڈی ایس اور آئی سوسر ایزیشن یونٹس کی اضافی آپریٹنگ لاگت بشمول ڈیپریسیشن اور امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی شامل ہیں جن کا کمپنی کی مالی پوزیشن اور منافع پر نمایاں اثر ہوتا ہے۔ مینجمنٹ کے خیال کی مطابق ڈی ایچ ڈی ایس منصوبے کی تکمیل پر حکومت کی جانب سے ایچ ایس ڈی پر پہلے سے عزم شدہ 1.5% اضافی ڈیڈ ڈیوٹی، جسے پراجیکٹ کے درمیان میں واپس لے لیا گیا، پلانٹ کو چلانے کیلئے درکار اضافی لاگت کی وصولی میں کچھ مددگار ثابت ہو سکتی تھی۔ مینجمنٹ کو اس بات کا بھی یقین ہے کہ مصنوعات کی قیمتوں کے تعین کے طریقہ کار کو ماہانہ سے کم از کم پندرہ یومیہ مدت سے تبدیل کرنا ریفا سٹری کے کاروبار کے استحکام کیلئے کچھ معاون ہو سکتا ہے۔ اسکے علاوہ، ملکی سطح پر پٹرولیم مصنوعات کی کھپت میں کمی، جسکی وجہ سے کمپنی کی فروخت کا حجم بھی متاثر ہوتا ہے، یہ ایک ایسا معاملہ ہے جو حکومت کی توجہ کا منتظر ہے تاکہ حکومتی سطح پر مناسب اقدامات کے ذریعہ ریگولیٹڈ شعبے کو سپورٹ کیا جاسکے۔ خام تیل اور مصنوعات کی قیمتوں میں اضافے، مصنوعات کی فروخت کے کم حجم کے ساتھ ساتھ روپے کی قدر میں کمی کو دیکھتے ہوئے، کمپنی نے اپنے تمام پیداواری یونٹس کو زیادہ سے زیادہ سطح پر آپریٹ کرنے میں ایک محتاط رویہ اپنایا ہوا ہے۔

وزارت توانائی نے اس سال کے دوران ایک ورکنگ گروپ تشکیل دیا ہے جس میں ریفا سٹریوں کے نمائندے شامل ہیں، جو ریفا سٹریوں کی موجودہ نقصانات کی صورتحال میں نقصان کو کم کرنے کے لیے مراعات اور پریمیم مصنوعات تیار کرنے اور مارجنز کو بہتر بنانے کے لئے نئے منصوبوں کی تنصیب کے لیے موزوں ماحول فراہم کرنے کے لیے تجاویز کا جائزہ لے گا۔

حکومت نے ۲۰۱۵ء میں خام تیل پر ڈیوٹی عائد کی تھی۔ آئل اینڈ گیس ریگولیٹری اتھارٹی (OGRA) نے ریگولیٹڈ مصنوعات سے متعلقہ خام تیل کی درآمد پر ریگولیٹری اسکیم ڈیوٹی اور پی ایس او کی درآمدی قیمت پر مبنی پٹرولیم مصنوعات (جو کہ ایچ ایس ڈی اور ایم ایس ہیں) کی فروخت سے ریگور ڈیوٹی کی سٹیمٹ کیلئے طریقہ کار منظور کیا ہے جو کہ "بغیر نفع / نقصان" کے اصول پر مبنی ہے۔ ای سی سی کے فیصلے کے مطابق، ڈی ریگولیٹڈ مصنوعات سے متعلقہ خام تیل پر ادا شدہ ڈیوٹی کسٹمرز سے براہ راست چارج کی جائیگی۔ کیونکہ ریفا سٹریز لاگت پر منحصر (cost plus) فارمولہ پر کام نہیں کرتی ہیں، ہر اضافی لاگت کو مکمل طور پر کسٹمرز سے چارج نہیں کیا جاسکتا، لہذا، ڈی ریگولیٹڈ مصنوعات خاص طور پر فرنس آئل کے مارکیٹ محرکات کی مطابقت، این آر ایل کسٹمرز سے ڈی ریگولیٹڈ مصنوعات کی فروخت پر خام تیل پر ڈیوٹی کے متعلقہ حصہ کو مکمل طور پر وصول نہیں کر پارہا ہے جسکے نتیجے میں کمپنی کی خام مال کی قیمت میں اضافہ ہو رہا ہے۔ حکومت کی جانب سے درآمد خام تیل کی ڈیوٹی کے ڈھانچے میں کسی بھی قسم کی کمی کمپنی کے لئے منافع بخش ہوگی۔ بہر حال، ملک کی موجودہ معاشی صورتحال میں ایسی کسی بھی تجویز پر غور نہیں کیا جا رہا۔

مستقبل کے منصوبے

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

فی حصص نقصان / آمدنی

اس سال فی حصص نقصان 50.82 روپے رہا جبکہ گزشتہ سال فی حصص نقصان 108.70 روپے تھا۔

فی حصص نقصان / آمدنی روپے فی حصص



ڈیویڈنڈ

COVID-19 عالمی وبا کی وجہ سے بنے والی غیر یقینی صورتحال اور غیر معمولی نقصان کے پیش نظر، بورڈ آف ڈائریکٹرز نے فیصلہ کیا ہے موجودہ سال کے لئے کسی قسم کے ڈیویڈنڈ کو زیر غور نہیں لایا جائیگا۔

کمپنی کا کاروبار

کمپنی تین ریفرنسز یوں کی مدد سے خام تیل صاف کرنے کے کاروبار میں مصروف عمل ہے جن کو ۱۹۶۶، ۱۹۷۷ اور ۱۹۸۵ میں کمیشن کیا گیا۔ ۲۰۰۵ میں کمپنی کی نجکاری کی گئی جس کے نتیجے میں 51% حصص انک گروپ کی ملکیت میں ہیں۔

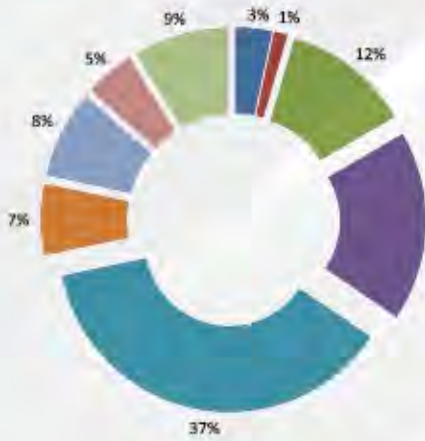
سال 2017 میں، کمپنی نے ڈیزل ہائیڈرو ڈی سلفیورائزیشن یونٹ کو کمیشن کیا اور II-EURO معیاری ایچ ایس ڈی کی پیداوار شروع کی جبکہ ملک کی بڑھتی ہوئی طلب کو پورا کرنے کیلئے ٹیفتھا کو موڈرگن سولین میں تبدیل کرنے کیلئے آئی سو مرائزیشن یونٹ کو کمیشن کیا۔

کمپنی کی تینوں ریفرنسز یوں کے دو کاروباری شعبہ جات "فیول سیکمیٹ" اور "لیوب سیکمیٹ" ہیں۔ فیول سیکمیٹ کی پیداوار میں ہائی سپیڈ ڈیزل، ٹیفتھا، موٹر گیسولین، مائع پیٹرولیم گیس، جیٹ ایندھن اور فرنس آئل شامل ہیں۔ لیوب سیکمیٹ کی پیداوار میں مختلف گریڈ کے لیوب بیس آئلز، تارکول، فرنس آئل، موم، ریزیناٹے کا تیل اور کچھ مقدار دیگر فیول پروڈکٹس شامل ہیں۔ تمام مصنوعات کی مارکیٹنگ مقامی طور پر کی جا رہی ہے، جبکہ ٹیفتھا برآمد کیا جاتا ہے۔ لیوب بیس آئل اور تارکول کی بھی کچھ مقدار ضرورت کے تحت برآمد کی جاتی ہے۔

ہوتی رہی۔ اس سال پٹرولیم مصنوعات کی قیمتوں میں کمی کے نتیجے میں 10.9 بلین روپے کا انونٹری نقصان ہوا جس میں سے 7.6 بلین روپے کا انونٹری نقصان مارچ سے مئی 2020 کے لاک ڈاؤن دورانیے میں ہوا۔

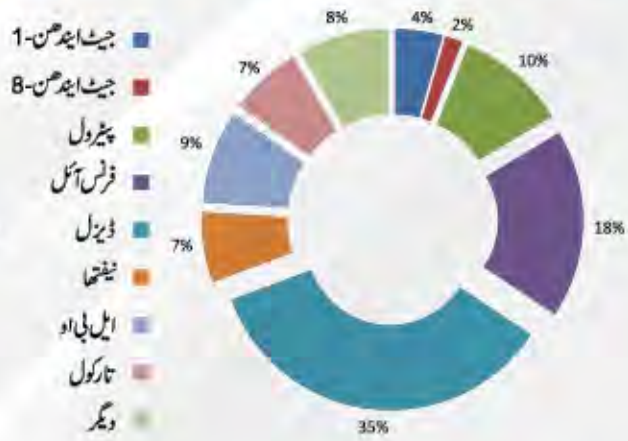
مارچ 2020 کے اختتام پر ملک بھر میں لاک ڈاؤن کے نفاذ سے مصنوعات کی مانگ بری طرح متاثر ہوئی، جس کی وجہ سے کمپنی کو تقریباً ایک ماہ تک ریفاٹری عارضی طور پر بند کرنی پڑی۔ کمپنی کی پیداوار گزشتہ سال 78 فیصد کے مقابلے میں اس سال 59 فیصد رہی۔

2019-20



پیداوار کے حجم کا مرکب

2018-19



لیوب سیکمینٹ

لیوب سیکمینٹ 3.30 ارب روپے کا بعد از ٹیکس نفع کمانے میں کامیاب رہا جبکہ گزشتہ سال کا منافع 0.90 ارب روپے تھا۔ فیڈ لاگت کم ہونے کی وجہ سے لیوب سیکمینٹ کے مارجن میں کچھ بہتری آئی۔ تاہم، گزشتہ سالوں کے ٹیکس کے اپیل انٹیکس کو ریکارڈ کرنے سے لیوب سیکمینٹ کے منافع میں مجموعی طور پر بہتری آئی ہے۔ پچھلے سال میں 183,686 ایم ٹن کے مقابلے میں، لیوب میں آئل کی فروخت کا حجم 24 فیصد کمی سے 139,632 ایم ٹن رہا۔ چوتھی سر ماہی میں تارکول کی فروخت میں بہتری آئی جس نے سال کے اختتام پر انونٹری کی سطح کو قدرے کم کر کے 57,474 ایم ٹن کر دیا جو اب بھی 3.80 بلین روپے کے ورکنگ کپٹل کو بلاک کیے ہوئے ہے۔ لاک ڈاؤن کی وجہ سے ملک میں سست معاشی سرگرمی سے سیلز کا حجم متاثر ہوا۔ سال کے دوران کمپنی نے Lube-I ریفاٹری کا ٹرن اراؤنڈ کامیابی کے ساتھ مکمل کیا۔ Lube-I ریفاٹری کی ریویپ کا کام جاری ہے۔ مصنوعات کی طلب میں کمی، Lube-I ریفاٹری کا ٹرن اراؤنڈ اور ریویپ کی وجہ سے گزشتہ سال کے دوران 102 فیصد کے مقابلے میں پیداوار 68 فیصد رہی۔

سال کے دوران تارکول کی رکھی ہوئی انونٹری اور نیول سیکمینٹ کے منفی مارجن کی وجہ سے کمپنی کو اپنے آپریشنز چلانے کے لیے بینکوں سے قرض لینا پڑا۔ قرضوں اور مارک اپ ریٹ میں اضافے کے نتیجے میں، کمپنی کو گزشتہ سال کے 1.2 بلین روپے کے مقابلے میں 2.21 بلین روپے کی فنانسنگ لاگت برداشت کرنا پڑی۔

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز ۳۰ جون ۲۰۲۰ کو مکمل ہونے والے سال کے لیے نیشنل ریفرنڈم لیمیٹڈ کی ۵۷ ویں سالانہ رپورٹ بمع آڈٹ شدہ مالیاتی گوشوارے اور ان پراڈیٹرز کی رپورٹ پیش کرتے ہیں۔

مالیاتی نتائج

آپ کی کمپنی گزشتہ سال کے 8.69 ارب روپے کے ٹیکس کے بعد نقصان کے مقابلے میں اس سال 14.06 ارب روپے کا ٹیکس کے بعد نقصان ہوا۔ اس سال بھاری نقصان کم مارجن کے تسلسل اور COVID-19 عالمی وبا کے باعث دنیا بھر میں لاک ڈاؤن کے دوران پٹرولیم مصنوعات کی طلب اور قیمتوں میں کمی کی وجہ سے ہوا جس نے آپ کی کمپنی سمیت مجموعی صنعت کو بری طرح متاثر کیا۔ گزشتہ ٹیکس سالوں کے سلسلے میں ایف بی آر کے طرف سے جاری کردہ ایپیل ٹیکس کی وجہ سے نقصانات جزوی طور پر کم ہوئے۔

ٹیکس کے بعد نقصان / منافع (ارب روپے)



فیول سیگمنٹ

فیول سیگمنٹ میں ٹیکس کے بعد 7.36 ارب روپے کا نقصان ہوا جبکہ گزشتہ سال ٹیکس کے بعد 9.59 ارب روپے کا نقصان تھا۔ سال کے آغاز سے ہی مصنوعات اور خام تیل کے مابین قیمتوں میں اتار چڑھاؤ نے مارجنز کو مثبت زون میں نہیں رہنے دیا۔ اس دوران، ہائی سلفر فرنس آئل (ایچ ایس ایف او) جو کہ دنیا بھر میں بکرا بندھن کے طور پر استعمال ہوتا ہے پر پابندی عائد کرنے والے نئے بین الاقوامی قواعد و ضوابط آئی ایم او 2020 لاگو ہونے سے قبل کے دوران فرنس آئل کی قیمتوں میں نمایاں کمی آئی۔ نتیجتاً ایچ ایس ایف او کی قیمتوں میں کمی اور مقامی مارکیٹ میں اس کی کم طلب نے کمپنی کے منافع کو بری طرح متاثر کیا۔ تیسری سہ ماہی کے دوران معاملات میں مزید خرابی ہوئی جب COVID-19 کی عالمی وبا نے پٹرولیم مصنوعات اور خام تیل کی دنیا بھر میں طلب کو شدید متاثر کیا۔ تیل پیدا کرنے والے ممالک کے درمیان کوئی قابل عمل پیداواری کمی پر اتفاق نہ ہونے کی وجہ سے خام تیل اور مصنوعات کی قیمتوں میں غیر معمولی کمی ہوئی۔ ماہ جنوری 2020 کے مہینے میں خام تیل کی اوسط قیمتیں جوئی بیئرل 68.28 امریکی ڈالر کی بلندی پر تھیں، تیزی سے کم ہو کر اپریل 2020 میں 18.92 امریکی ڈالر فی بیئرل کی کم ترین سطح پر آگئی۔ پرائم پروڈکٹ ہونے کے باوجود پٹرول کی ٹریڈ خام تیل کی قیمت سے کم قیمت پر

FORM OF PROXY

57TH 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 57th Annual General Meeting of the Company to be held on the 22nd day of October 2020 and at any adjournment thereof.

Signed this _____ day of _____ 2020.

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

AFFIX
POSTAGE
STAMP

نوٹ:-

- ۱۔ ایک ممبر جو سالانہ اجلاس عام میں شرکت کرنے اور حق رائے دہی کا اہل ہے اپنے بجائے شرکت کرنے اور حق رائے دہی کے لئے ایک پراکسی مقرر کر سکتا ہے۔ پراکسی کا ممبر ہونا ضروری نہیں۔
- ۲۔ پراکسی کا ہر لحاظ سے مکمل، دستخط شدہ بمع ڈائریکٹرز کی قرارداد یا پاور آف اٹارنی اگر کوئی ہو یا اسکی نوٹرائزڈ کاپی 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 اٹارنی کا پراکسی فارم پر دستخط کرنا ضروری ہے۔ کارپوریٹ ادارے کی صورت میں پراکسی فارم پر کمپنی کی سیل (Seal) کا لگا ہونا لازمی ہے۔
- ۴۔ پراکسی فارم میں کسی قسم کی تبدیلی کیلئے پراکسی منتخب کرنے والے کے دستخط ہونا ضروری ہے۔
- ۵۔ بینیفیشل اونرز (رکن) اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی پراکسی فارم کے ساتھ منسلک کرنی ہوں گی۔
- ۶۔ اگر کوئی ممبر ایک سے زیادہ پراکسی منتخب کرے اور یا ایک سے زیادہ پراکسی فارمز کمپنی میں جمع کرائے ایسی صورت میں تمام پراکسی فارمز غیر مؤثر قرار پائیں گے۔
- ۷۔ مشترکہ حصہ دار ہونے کی صورت میں جب 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

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

پراکسی فارم

۵۷ واں سالانہ اجلاس عام

نیشنل ریفرنسری لمیٹڈ

میں _____ کا / کی _____ ضلع _____ بحیثیت رکن نیشنل ریفرنسری لمیٹڈ محترم / محترمہ _____ ضلع _____ کو اپنا پراکسی یا ان کی غیر موجودگی کی صورت میں کمپنی کے / کی دوسرے / دوسری رکن محترم / محترمہ _____ ضلع _____ کو اپنے ایما پر ۲۲ اکتوبر ۲۰۲۰ یا اسکے التواء کی صورت میں متبادل تاریخ کو منعقد ہونے والے کمپنی کے ۵۷ واں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے کے لئے اپنا پراکسی مقرر کرتا / کرتی ہوں۔

رکن کے دستخط

آج بروز _____ بتاریخ _____ ۲۰۲۰ کو دستخط کئے گئے۔

گواہان:

2:-

1:-

دستخط:

دستخط:

نام:

نام:

پتہ:

پتہ:

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر:

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر:

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

مناسب قیمت کے
محصول ٹکٹ
(قابل قبول حد تک)

* 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**