



## PAKISTAN REFINERY LTD.

**The General Manager**  
Pakistan Stock Exchange Limited,  
Stock Exchange Building, Stock Exchange Road,  
Karachi.

March 12, 2020

Dear Sir,

### **INITIATIVES TO ACHIEVE SUSTAINED PROFITABLE REFINERY OPERATIONS**

As mentioned in the Directors' Review on the half yearly results of the Company for the period ended December 31, 2019, to ensure operational and financial sustainability, the Company in the light of a new operational strategy has undertaken certain non-CAPEX options, implementation of which is expected to have a positive impact on the Company.

As a part of the new operational strategy, the Company has considered new crude oil recipes which is expected to positively change the product slate and also make Refinery compliant with regulatory requirements. We are pleased to announce that this change of crude oil recipe, coupled with other initiatives already undertaken, is expected to contribute positively as follows:

- The Company is now producing Motor Gasoline (Petrol) of 92 RON thus saving the RON differential penalty. The Company is also producing MS 95/97 RON, generating additional revenue.
- By the end of current financial year, the Company is expected to produce EURO II standard High-Speed Diesel (HSD) thus becoming complaint with regulatory requirements and saving price differential and penalty, currently being paid on the non-compliant HSD. Price differential and penalty paid in 2018-19 amounted to Rs. 1.15 billion.
- Similarly, by the end of current financial year, the Company is expected to become the first Refinery in Pakistan to produce Very Low Sulphur or IMO-2020 standard Furnace Oil which being a premium product fetches a much higher price than High Sulphur Furnace Oil currently produced.

These initiatives will improve future refinery-margins and help the Company in achieving regulatory compliance. The above initiatives are in addition to the Refinery Upgrade Project and the short to medium term CAPEX projects announced earlier.

Your faithfully,  
For Pakistan Refinery Limited

**Mustafa Saleemi**  
Company Secretary

Cc: Corporate Supervision Department, Securities & Exchange Commission of Pakistan, Islamabad.