



FUTURE IN THE MAKING

Doubling Capacity

WITH CUTTING EDGE TECHNOLOGY

PAKISTAN REFINERY LIMITED

NINE MONTHS REPORT
MARCH 31, 2024

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VISION

The Refinery of the first choice for all stakeholders.

MISSION

Producing top quality and environmentally sustainable products through safe operations, state-of-the-art technology and premium human resources.

VISION & MISSION

**FOLLOWING
THE DREAM**



COMPANY INFORMATION

Deputy Managing Director (Finance & IT) / CFO
Imran Ahmad Mirza

Company Secretary
Shehrzad Aminullah

Auditors & Tax Advisors
KPMG – Taseer Hadi & Co.
Chartered Accountants

Legal Advisor
Orr Dignam & Co.

Registrar & Share Registration Office
FAMCO Share Registration Services (Pvt.) Limited.
8-F, near Hotel Faran, Nursery, Block-6, P.E.C.H.S.,
Shahra-e-Faisal, Karachi.

Bankers
Askari Bank Limited
Bank Alfalah Limited
Bank AL-Habib Limited
Bank of China Limited-Pakistan Operations
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
Habib Bank Limited
Industrial and Commercial Bank of China Limited
JS Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab Limited
United Bank Limited

Registered Office
P.O. Box 4612, Korangi Creek Road, Karachi-75190.
Tel: (92-21) 35122131-40
Fax: (92-21) 35060145, 35091780
info@prl.com.pk
www.prl.com.pk

COMPANY PROFILE

PRL is a hydro-skimming refinery incorporated in Pakistan as a public limited company in May 1960. PRL is engaged in the production and sale of petroleum products. PRL operates as a subsidiary of Pakistan State Oil Company Limited (PSO), which is the largest oil marketing company in Pakistan. PRL's shares are publicly traded on the Pakistan Stock Exchange Limited.

The refinery is strategically located in Karachi, with a designed throughput capacity of 50,000 barrels per day. The major units in refinery complex are Crude Distillation Unit, Hydrotreating Unit, Platformer Unit, and Isomerization Unit.



BOARD OF DIRECTORS

TARIQ KIRMANI

CHAIRMAN

ZAHID MIR

MANAGING DIRECTOR & CEO

AFTAB HUSAIN

DIRECTOR

MOHAMMAD ABDUL ALEEM

DIRECTOR

MOHSIN ALI MANGI

DIRECTOR

MOHAMMAD ZUBAIR

DIRECTOR

FALAK SHER

DIRECTOR

SYED JEHANGIR ALI SHAH

DIRECTOR

SYED MUHAMMAD TAHA

DIRECTOR

TARA UZRA DAWOOD

DIRECTOR

ZAFAR UL ISLAM USMANI

DIRECTOR

DIRECTORS' REVIEW

The Board of Directors is pleased to present its Review Report along with the unaudited financial statements for the nine months ended March 31, 2024.

During the current nine months period ended March 31, 2024, the company posted a profit after taxation of Rs. 5.27 billion as compared to profit after taxation of Rs. 2.53 billion in the comparative period. The company successfully completed a major turnaround spanning over 38 days during the 3rd quarter of the current financial year, during which over 3,000 PRL and contractor staff worked in the Refinery and clocked 1.4-million-man hours. There were no operations during this shutdown period, as a result of which, the company suffered a loss after taxation of Rs. 1.24 billion in the 3rd quarter as compared to profit after taxation of Rs. 1.77 billion in the 3rd quarter last year.

The Government of Pakistan (GoP) notified the amended Refining Policy for Existing / Brownfield Refineries, 2023 (the Policy) in February 2024. The GoP had introduced the original Policy in August 2023 to provide incentives to refineries to upgrade their facilities to produce Euro V compliant High Speed Diesel (HSD) and Motor Spirit (MS). These incentives will be available once the Final Investment Decision (FID) is made. Now through the amendments in the Policy, the Government has increased the duration of the incremental incentives of 2.5% on HSD and 10% on MS from six years to seven years. Moreover, the capping of incremental incentives has also been increased from 25% to 27.5% of the total project cost. The Policy now also allows continuation of incentive of 7.5% on HSD for 20 years after the commissioning of the project. In order to avail the incentives of the amended Policy, PRL is executing Supplemental Upgrade and Escrow Account Agreements with Oil and Gas Regulatory Authority (OGRA). The incentives therein will support and play a pivotal role in completion of the Refinery Expansion and Upgrade Project (REUP).

The company remains committed to the Refinery Expansion and Upgrade Project (REUP) which will double the refinery's crude processing capacity from 50,000 barrels per day to 100,000 barrels per day. Work on Front-End Engineering Design (FEED) of REUP is progressing as per the agreed timeline with targeted completion by September 2024 and in this regard Technology Licensors (UOP and Axens) have been appointed. This will be followed by the finalization of the Engineering, Procurement and Construction (EPC) Contract and Financial Close. Subsequent to the signing of the Memorandum of Understanding (MoU) with United Energy Group (UEG) in China in October 2023 in the presence of the Pakistani Prime Minister, due diligence of UEG has been completed. Meanwhile, search for any other right potential strategic investor continues.

Health, Safety, Environment and Quality (HSEQ) remains a key area of focus for the refinery, which remained compliant with applicable HSEQ standards during the period.

The Board of Directors places on record its appreciation for the contribution of all stakeholders of the company, especially the continued support of the Government in various forms including the Brownfield Refining Policy, which promises to be a game changer for the refining industry, without which expansion of the Refinery would not be possible.

On behalf of the Board of Directors



Tariq Kirmani
Chairman



Zahid Mir
Managing Director & CEO

Karachi: April 23, 2024

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2024

	Note	March 31 2024 Unaudited	June 30 2023 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	7	30,586,759	28,449,521
Right-of-use asset		103,414	115,345
Intangibles		5,708	6,736
Investment accounted for using the equity method		61,289	45,854
Long-term deposits and loans		24,405	28,222
Deferred tax asset		-	161,484
Employee benefit prepayments		18,531	19,105
		30,800,106	28,826,267
Current assets			
Inventories	8	33,569,420	35,460,884
Trade receivables	9	9,358,908	19,912,335
Trade deposits, loans, advances and short-term prepayments		997,290	174,300
Other receivables	10	23,736,658	9,427,538
Investments	11	11,746,144	-
Cash and bank balances		18,107,242	11,670,607
		97,515,662	76,645,664
		128,315,768	105,471,931
EQUITY AND LIABILITIES			
EQUITY			
Share capital		6,300,000	6,300,000
Unappropriated profit / (accumulated loss)		3,998,904	(18,249,656)
Special reserve	12	-	16,979,049
Revaluation surplus on property, plant and equipment		20,325,928	20,325,928
Other reserves		1,947	1,947
		30,626,779	25,357,268
LIABILITIES			
Non-current liabilities			
Long-term borrowings	13	3,000,000	2,000,000
Long-term lease liability		130,069	133,054
Deferred tax liability		577,215	-
Employee benefit obligations		636,518	636,518
		4,343,802	2,769,572
Current liabilities			
Trade and other payables	14	67,580,722	46,432,882
Short-term borrowings	15	25,407,711	29,834,030
Current portion of long-term lease liability		2,987	8,723
Taxation - provision less payments		333,915	1,049,604
Unclaimed dividend		19,852	19,852
		93,345,187	77,345,091
		97,688,989	80,114,663
CONTINGENCIES AND COMMITMENTS	16	128,315,768	105,471,931

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.



Zahid Mir
Managing Director & CEO



Mohammad Abdul Aleem
Director



Imran Ahmad Mirza
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - (UNAUDITED)

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2024

	Nine months ended		Quarter ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	(Rupees in thousand)			
Revenue from contracts with customers	231,643,980	189,903,949	49,455,730	59,554,649
Cost of sales	(218,701,797)	(183,729,747)	(50,014,825)	(55,089,806)
Gross profit / (loss)	12,942,183	6,174,202	(559,095)	4,464,843
Selling expenses	(447,297)	(291,998)	(116,884)	(125,540)
Administrative expenses	(917,594)	(566,107)	(329,071)	(175,573)
Other operating expenses	(3,777,687)	(319,987)	(1,245,765)	(197,403)
Other income	3,450,742	2,292,840	1,122,295	574,320
Operating profit / (loss)	11,250,347	7,288,950	(1,128,520)	4,540,647
Finance cost	(2,963,020)	(3,177,185)	(987,868)	(1,880,511)
Share of income / (loss) of associate - accounted for using the equity method	19,687	(10,347)	6,075	(6,546)
Profit / (loss) before income tax	8,307,014	4,101,418	(2,110,313)	2,653,590
Taxation	(3,037,503)	(1,570,204)	871,101	(881,471)
Profit / (loss) for the period	5,269,511	2,531,214	(1,239,212)	1,772,119
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive profit / (loss)	5,269,511	2,531,214	(1,239,212)	1,772,119
Earnings / (loss) per share - basic and diluted	Rs. 8.36	Rs. 4.02	(Rs. 1.97)	Rs. 2.81

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.



Zahid Mir
Managing Director & CEO



Mohammad Abdul Aleem
Director



Imran Ahmad Mirza
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2024

	SHARE CAPITAL		CAPITAL RESERVE			REVENUE RESERVE		TOTAL
	Special reserve	Revaluation surplus on property, plant and equipment	Exchange equalisation reserve	Unappropriated profit / (Accumulated loss)	General reserve			
Balance as at July 1, 2022 - (audited)	6,300,000	15,254,082	20,325,928	897	(18,285,559)	1,050	23,596,398	
Profit for the period ended March 31, 2023	-	-	-	-	2,531,214	-	2,531,214	
Other comprehensive income for the period ended March 31, 2023	-	-	-	-	2,531,214	-	2,531,214	
Balance as at March 31, 2023 - (unaudited)	6,300,000	15,254,082	20,325,928	897	(15,754,345)	1,050	26,127,612	
Balance as at July 1, 2023 - (audited)	6,300,000	16,979,049	20,325,928	897	(18,249,656)	1,050	25,357,268	
Profit for the period ended March 31, 2024	-	-	-	-	5,269,511	-	5,269,511	
Other comprehensive income for the period ended March 31, 2024	-	-	-	-	16,979,049	-	16,979,049	
Amount transferred from Special Reserve - Note 12	-	(16,979,049)	-	-	5,269,511	-	5,269,511	
Balance as at March 31, 2024 - (unaudited)	6,300,000	-	20,325,928	897	3,998,904	1,050	30,626,779	

(Rupees in thousand)

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.


Zahid Mir
Managing Director & CEO


Mohammad Abdul Aleem
Director


Imran Ahmad Mirza
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS - (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2024

	Note	(Restated)	
		March 31, 2024	March 31, 2023
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	21	26,377,734	64,007
Interest paid		(2,927,084)	(2,494,940)
Taxes paid		(3,014,493)	(1,658,481)
Contribution made to retirement benefit plans		(154,482)	(146,786)
Decrease in long-term deposits and loans		3,817	2,399
Net cash generated from / (used in) operating activities		20,285,492	(4,233,801)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(3,037,157)	(2,202,564)
Proceeds from disposal of property, plant and equipment		4,125	4,519
Income from investments		1,303,624	924,683
Investment in T-bills		(11,746,144)	(10,001,602)
Dividend Received		4,252	-
Interest received		2,351,537	1,427,586
Net cash used in investing activities		(11,119,763)	(9,847,378)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from / (repayment of) long term loans		1,000,000	(1,200,000)
Proceeds from short term borrowings		1,500,000	-
Lease rentals paid		(28,159)	(27,570)
Repayment of salary refinancing		-	(105,394)
Net cash generated from / (used in) financing activities		2,471,841	(1,332,964)
Net increase / (decrease) in cash and cash equivalents		11,637,570	(15,414,143)
Cash and cash equivalents at the beginning of the period		6,469,174	23,522,896
Exchange gain on cash and cash equivalents		498	78,551
Cash and cash equivalents at the end of the period	22	18,107,242	8,187,304

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.



Zahid Mir
Managing Director & CEO



Mohammad Abdul Aleem
Director



Imran Ahmad Mirza
Chief Financial Officer

NOTES TO AND FORMING PART OF THE FINANCIAL INFORMATION - (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2024

1. THE COMPANY AND ITS OPERATIONS

Pakistan Refinery Limited was incorporated in Pakistan as a public limited company in May 1960 and is listed on Pakistan Stock Exchange. The Company is engaged in the production and sale of petroleum products.

The Company is a subsidiary of Pakistan State Oil Company Limited (PSO).

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 at Korangi Creek Road, Karachi; and
- Storage tanks at Keamari, Karachi.

2. BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprises of:

- International Accounting Standards (IAS 34), Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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 with the requirements of IAS 34 - Interim Financial Reporting, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information of the Company does not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the audited financial statements for the year ended June 30, 2023.

4. CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for accounting period beginning on or after July 1, 2023, however, these do not have any significant impact on the Company's financial information, therefore have not been detailed here.

5. USE OF ESTIMATES AND JUDGEMENTS

In preparing this condensed interim financial information, management has made judgements and estimates that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual financial statements as at and for the year ended June 30, 2023.

6. FINANCIAL RISK MANAGEMENT

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

7. PROPERTY, PLANT AND EQUIPMENT

7.1 Following are additions to Property, Plant and Equipment during the period:

	March 31, 2024	March 31, 2023
	(Unaudited)	
	(Rupees in thousand)	
Buildings	16,911	-
Processing plant	534,719	3,707
Korangi tank farm	5,317	25,842
Keamari Terminal	-	26,583
Steam Generation Plant	12,827	5,150
Power Generation	6,226	-
Equipment and furniture	49,460	15,712
Fire fighting and telecommunication systems	18,820	-
Vehicles and other automotive equipment	68,200	76,319
Major spare parts and stand by equipments - net of transfers	(2,908)	(3,861)
Capital work-in-progress - net of transfers	2,327,585	2,050,805
	3,037,157	2,200,257

7.2 Fixed assets having Net Book Value of Rs. 0.82 million were disposed-off during the period.

8. INVENTORIES

As at March 31, 2024 stock of finished products has been written down by Rs. 152.44 million (June 30, 2023: Rs 56.72 million) to arrive at its net realisable value.

9. TRADE RECEIVABLES

This includes an amount of Rs. 6.71 billion (June 30, 2023: 9.84 billion) due from PSO - (related party).

10. OTHER RECEIVABLES

10.1 This includes Rs. 9.84 billion (June 30, 2023: Rs. 11.00 million) due from Pak-Arab Refinery Limited (PARCO) - (related party). Due to the short-term nature of other receivables, their carrying amount is considered to be the same as their fair value.

10.2 Other receivables also include a net amount of Rs. 8.34 billion (exchange losses of Rs. 8.96 billion net of exchange gains of Rs. 0.62 billion) (June 30, 2023: Rs. 9.07 billion) in respect of foreign currency loans (FE loans) obtained by the Company for settlement of LCs of crude oil based on the directions of Ministry of Finance (MoF) dated November 27, 2013 and October 21, 2021. During the year ended June 30, 2016, MoF proposed a mechanism for calculation of such gains / losses on the FE loans by the oil importing companies and invited views / comments thereupon. The Company, along with other oil importing companies had discussions with MoF and SBP in this respect. The claims are finalised upon settlement of FE loan.

11. INVESTMENTS

This represents short term investment in Treasury Bills. Fair values of these investments are determined using repurchase price and carry interest yield of 21.48% to 21.68% per annum (June 30, 2023: Nil) per annum. These Treasury Bills will be matured latest by October 31, 2024.

12. SPECIAL RESERVE

Under directives from the MoE, any profit after taxation above 50% of the paid-up capital as on July 1, 2002 was required to be transferred to a "Special Reserve" to offset any future losses or to make investment for expansion or upgradation of the refineries, and was not available for distribution to shareholders. The formula under which deemed duty was built into the import parity based prices of some of the products, was introduced in order to enable certain refineries, including the Company, to operate on a self financing basis. Later, GoP through a letter dated April 25, 2016 restrained the refineries from offsetting losses against Special Reserve. Based on the above, the Company had transferred Rs. 16.98 billion in Special Reserve up to June 30, 2023.

As more fully explained in note 14.2 of these condensed interim financial information, the GoP issued Refining Policy for Existing / Brownfield Refineries, 2023 on August 17, 2023 (later revised on February 23, 2024) which supersedes all previous refining policies including the aforementioned directives. Therefore, the Company has transferred the balance of Rs. 16.98 billion in Special Reserve to Unappropriated Profit / Accumulated loss.

13. LONG-TERM BORROWINGS

During the year ended June 30, 2023, Company obtained long term project finance facility of Rs. 3 billion under mark-up arrangements through Askari Bank Limited (ABL) at a mark-up of 1 month KIBOR + 1% per annum for a tenor of 3 years (including 2.5 year grace period) and is repayable in equal monthly installments commencing from 31st month from drawdown date, whereas markup is to be paid on a quarterly basis. These loans are secured by way of hypothecation of property, plant and equipment (excluding land and buildings).

14. TRADE AND OTHER PAYABLES

	March 31, 2024 Unaudited	June 30, 2023 Audited
	(Rupees in thousand)	
Creditors	53,297,826	35,435,851
Payable to the Government	6,436,065	4,628,419
Surplus price differential payable	2,700,312	1,975,856
Accrued liabilities	2,933,434	2,821,755
Payable to escrow account - notes 14.1 and 14.2	526,856	-
Sales tax payable	68,696	562,282
Accrued mark-up	512,025	495,528
Workers' Profit Participation Fund	333,703	172,393
Workers' Welfare Fund	165,312	61,098
Advances from customers	515,844	266,553
Tax deducted at source	-	4,788
Retention money	90,649	8,359
	67,580,722	46,432,882

14.1 Movement of incremental incentives during the period is as follows:

Incremental incentives earned during the period	6,720,786	-
Incremental incentives to be deposited in IFEM pool	(3,490,577)	-
Incremental incentives transferred to joint Escrow Account	(2,703,353)	-
Closing balance payable to joint Escrow Account - not due	526,856	-

- 14.2 During the period, the GoP has announced and notified the Pakistan Oil Refining Policy for Existing / Brownfield Refineries, 2023 (the Policy) on August 9 and 17, 2023 respectively. As per the Policy, the refineries were allowed incremental incentives at the rate of 2.5% on HSD and 10% on MS for a period of six years from the date of notification of the Policy to upgrade and produce environmental friendly fuels as per EURO V specifications.

The incentives collected during a month are required to be deposited within 10 days of subsequent month in an interest bearing Escrow Account maintained with National Bank of Pakistan and will be jointly operated with OGRA. To be eligible for the incentives provided in the Policy, the refineries were required to enter into an Upgrade Agreement with OGRA within 3 months of the date of notification of the policy (subsequently extended by 60 days). The Company successfully executed the Upgrade Agreement with OGRA on November 15, 2023 and opened joint Escrow Account in accordance with the Policy on November 30, 2023.

Later the Government revised the Policy that was notified on February 23, 2024 and amended following provisions of the original Policy:

- incentive period increased from six years to seven years from the date of signing of Upgrade Agreement and opening of Joint Escrow Account;
- maximum capping of incremental incentives increased from 25% to 27.5% of project cost;
- refineries were allowed 7.5% deemed duty on HSD for 20 years from the date of commissioning of upgrade project; and
- introduction of force majeure clause and amendments in arbitration clauses.

The revised policy gives the rights to a refinery who have already executed Upgrade Agreement under original Policy to opt for the amended provisions / incentives of the revised Policy by executing a supplemental to the Upgrade Agreement. The Company is in the process of finalisation of Supplemental Upgrade and Escrow Account Agreements with OGRA.

The incremental incentives under the Policy will be recognised after the Final Investment Decision (FID) on the project. Balance in joint Escrow Account as at March 31, 2024 was as follows:

	March 31, 2024 Unaudited	June 30, 2023 Audited
	(Rupees in thousand)	
Opening balance	-	-
Incremental incentives transferred to Escrow Account during the period	2,703,353	-
Interest earned on incremental incentives (net of withholding tax)	36,757	-
Closing balance	2,740,110	-

15. SHORT TERM BORROWINGS

Foreign currency loans - note 15.1	23,907,711	24,632,597
Short term borrowings - note 15.2	1,500,000	-
Running finance under mark-up arrangements	-	5,201,433
	25,407,711	29,834,030

- 15.1 This represent short term FE 25 loans, obtained during the year ended June 30, 2022, from banks at mark-up rates ranging from three months LIBOR +2.5% to six months LIBOR +4.44% per annum and were repayable by July 17 and July 23, 2023 respectively. These FE loans have been rolled over and are now due on May 15 and May 06, 2024 and carry mark-up of 9.50 % and 10.50 % respectively.

15.2 During the period ended March 31, 2024, Company obtained medium term loan of Rs. 1.5 billion under mark-up arrangements through Faysal Bank Limited (FBL). The loan is obtained at a mark-up of 3 months KIBOR + 0.1% per annum for a tenor of 18 months (including 1 year grace period) and is repayable in six equal monthly installments commencing from 13th month from drawdown date. This loan is secured by way of hypothecation of property, plant and equipment (excluding land and buildings).

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 Claims against the Company not acknowledged as debt amount to Rs. 6.42 billion (June 30, 2023: Rs. 6.75 billion). These include Rs. 6.19 billion (June 30, 2023: Rs. 6.18 billion) on account of late payment surcharge on purchase of crude oil. The Company has raised similar claims aggregating to Rs. 7.67 billion (June 30, 2023: Rs. 7.54 billion) relating to interest on late payments against trade receivables from certain Oil Marketing Companies.

16.1.2 Proportionate share of contingencies related to tax matters of Pak Grease Manufacturing Company (Private) Limited - an associate company are Rs. 5.66 million (June 30, 2023: 3.72 million).

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

16.2 Commitments

As at March 31, 2024 commitments outstanding for capital expenditure amounted to Rs. 2.33 billion (June 30, 2023: Rs. 2.56 billion).

17. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Nine months ended		Quarter ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	(Unaudited) (Rupees in thousand)			
Local sales - note 17.1	291,071,785	225,079,315	66,155,146	72,083,081
Exports	13,431,265	8,937,839	500,158	4,400,968
Gross sales	304,503,050	234,017,154	66,655,304	76,484,049
Less:				
- Incremental incentives - note 14.1	(6,720,786)	-	(1,676,728)	-
- Sales tax	(8,202,767)	(5,477,074)	(2,150,645)	(1,225,220)
- Excise duty and petroleum levy	(49,138,292)	(20,635,447)	(12,163,029)	(10,785,945)
- Custom duty	(1,231,741)	(6,675,307)	-	(1,883,719)
- Surplus price differential	(7,565,484)	(11,325,377)	(1,209,172)	(3,034,516)
	231,643,980	189,903,949	49,455,730	59,554,649

17.1 Sales of regulated products are based on prices notified by OGRA which are subject to policy clarification from the Federal Government. Sales of certain de-regulated products (Motor Spirit, High Octane Blending Component, High Speed Diesel, Light Diesel Oil and Aviation Fuels) are based on prices set under notifications of the MoE.

18. OTHER OPERATING EXPENSES

	Nine months ended		Quarter ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	(Unaudited) (Rupees in thousand)			
Research cost on Refinery Expansion and upgrade project	3,154,497	6,169	1,355,799	-
Worker's Profit Participation Fund	423,631	209,307	(107,347)	135,321
Worker's Welfare Fund	165,602	84,725	(36,644)	52,834
Donations	33,900	19,763	33,900	9,240
Others	57	23	57	8
	3,777,687	319,987	1,245,765	197,403

19. EARNINGS / (LOSS) PER SHARE

	Nine months ended		Quarter ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	(Unaudited)			
Earnings / (loss) attributable to ordinary shareholders (Rs. in thousand)	5,269,511	2,531,214	(1,239,212)	1,772,119
Weighted average number of ordinary shares outstanding during the period (in thousand)	630,000	630,000	630,000	630,000
Basic and diluted earnings / (loss) per share	Rs. 8.36	Rs. 4.02	(Rs. 1.97)	Rs. 2.81

19.1 There were no dilutive potential ordinary shares in issue as at March 31, 2024 and March 31, 2023.

20. TRANSACTIONS WITH RELATED PARTIES

The Company has related party relationship with parent company, associated undertakings, directors, key management personnel and retirement benefit funds.

Sale of certain products is transacted at prices regulated by the Oil & Gas Regulatory Authority. Transactions with employee benefit funds are carried out based on the terms of employment of the employees and according to the actuarial advice. All other related party transactions are carried out on arms length basis.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of their Refinery Leadership Team including the Chief Executive Officer and Directors to be its key management personnel.

There are no transactions with key management personnel other than under their terms of employments / entitlements.

Relationship	Nature of transaction	March 31, 2024	March 31, 2023
		(Unaudited) (Rupees in thousand)	
a) Parent company	Sale of goods - net	101,133,162	84,283,734
	Services rendered	267	449
	Services received	23,088	-
(b) Associated companies	Purchase of goods - net	20,404,132	5,172,316
	Sale of goods - net	29,804,008	4,510,675
	Services received	10,783	6,482
	Services rendered	21,866	23,781
	Dividend received	4,252	-
(c) Key management personnel compensation (excluding non-executive directors)	Salaries and other short-term employee benefits	179,147	154,186
	Post-employment benefits	11,773	10,123
	Sale of motor vehicle as per company's Policy	583	1,658
(d) Staff retirement benefit funds	Payments to staff retirement benefit funds	238,449	225,688
(e) Non-executive Directors	Remuneration and fees	24,345	13,949

21. CASH GENERATED FROM OPERATIONS

Profit before income tax	8,307,014	4,101,418
Adjustments for non-cash charges and other items:		
Mark-up expense	2,963,019	3,162,607
Depreciation and amortisation	915,113	861,293
Exchange loss / (gain) on cash and cash equivalents	(498)	(78,551)
Provision for employee benefit obligations	155,056	130,656
Profit on deposits	(2,016,791)	(1,292,877)
Income from investments	(1,303,624)	(924,683)
Share of (profit) / loss of associate	(19,687)	10,347
Gain on disposal of operating assets - net	(3,307)	(2,212)
Provision for slow moving stores and spares - net	(3,477)	8,066
	685,804	1,874,646
Working capital changes - note 21.1	17,384,916	(5,912,057)
Cash generated from operations	26,377,734	64,007

21.1 Working capital changes

(Increase) / decrease in current assets		
Inventories	1,891,888	(8,352,061)
Trade receivables	10,553,427	(8,291,293)
Trade deposits, loans, advances and short-term prepayments	(822,990)	(86,649)
Other receivables	(15,368,752)	405,573
	(3,746,427)	(16,324,430)
Increase / (decrease) in current liabilities		
Trade and other payables	21,131,343	10,412,373
	17,384,916	(5,912,057)

22. CASH AND CASH EQUIVALENTS

		(Restated)
	March 31, 2024	March 31, 2023
		(Unaudited)
		(Rupees in thousand)
Cash and bank balances	18,107,242	8,387,235
Running finance under mark-up arrangements - note 15	-	(199,931)
	18,107,242	8,187,304

23. OPERATING SEGMENTS

This condensed interim financial information has been prepared on the basis of a single reportable segment.

Sale to 2 customers (March 31, 2023: 2 customers) represents 54.55% (March 31, 2023: 58.50%) of the revenue and exceeds 10% of the revenue during the period.

24. FAIR VALUE FINANCIAL INSTRUMENTS

The carrying values of all financial assets (loans and receivables) and other financial liabilities reflected in this condensed interim financial information are estimated to approximate their fair values, as these are either short term in nature or repriced periodically.

25. DATE OF AUTHORISATION

This condensed interim financial information were authorised for issue by the Board of Directors of the Company on April 23, 2024.



Zahid Mir
Managing Director & CEO



Mohammad Abdul Aleem
Director



Imran Ahmad Mirza
Chief Financial Officer



P.O. Box 4612, Korangi Creek Road, Karachi-75190, Pakistan.
Tel: (+92-21) 35122131-40 **Fax:** (+92-21) 35091780, 35060145
email: info@prl.com.pk **web:** www.prl.com.pk