RISING ABOVE, GOING BEYOND

ANNUAL REPORT - 2022

RISING ABOVE, GOING BEYOND

Pakistan Refinery Limited (PRL) has been incepted in 1959, is considered as a marquee entity amongst country's operational provenance. It has been an organisation that has been revered as an active refinery entity providing services that go beyond and aspires to be the refinery of first choice for all stakeholders.

Based on the prestige and opulence of **PRL**, this year we wanted to conceptualise our ethos and narrative crux on these facets and look towards a progressive and prosperous future. This concept stemmed from the observation of last year's report, aptly titled 'Moving Forward', and now our conception emphasises as a pre-emptive completion of this thought while embodying growth and sustaining progression through our conception metaphorically, and therefore our Annual Report theme epitomises the core thought and defines the paradigm through infinite superlatives, hence it is titled as **'Rising Above, Going Beyond'**.

So let us walk through this progressive journey together and redefine the future.

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ABOUT THE REPORT

This report is prepared under the guidelines laid down in International Integrated Reporting Framework, benchmarking its corporate reporting with best international practices. This report focuses on how the organisation's strategy, governance, performance and prospects lead to value creation for all stakeholders and helps them in timely decision-making.

Integrated reporting is built around the following key components:

- Organisational overview and the external environment under which it operates
- Governance structure and how this supports its ability to create value
- Business model
- Risks and opportunities and how they are dealing with them and how they affect the company's ability to create value
- Strategy and resource allocation
- Performance and achievement of strategic objectives for the period and outcomes
- Outlook and challenges facing the company and their implications
- The basis of presentation needs to be determined, including what matters are to be included in the integrated report and how the elements are quantified or evaluated.

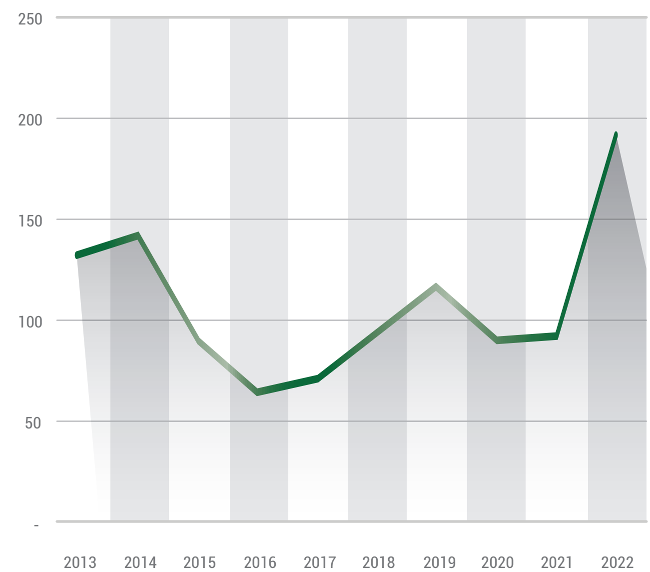
The online version of this report is available on our corporate website and may be accessed through the following link: **http://www.prl.com.pk/financial-reports/**

YEAR AT A GLANCE

KEY HIGHLIGHTS FOR THE YEAR

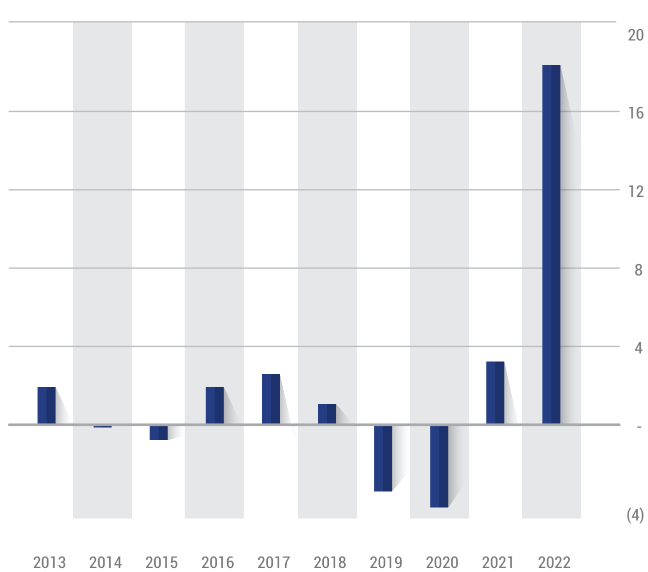
HIGHEST EVER REVENUE

(Rs. in billion)



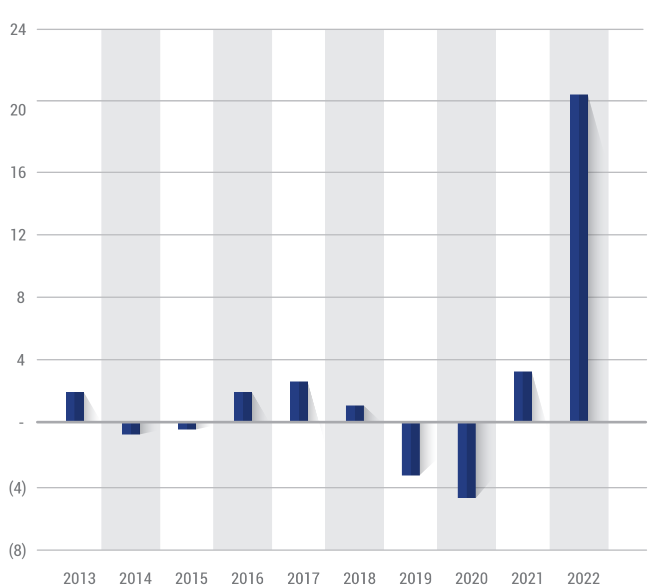
HIGHEST EVER EBITDA

(Rs. in billion)



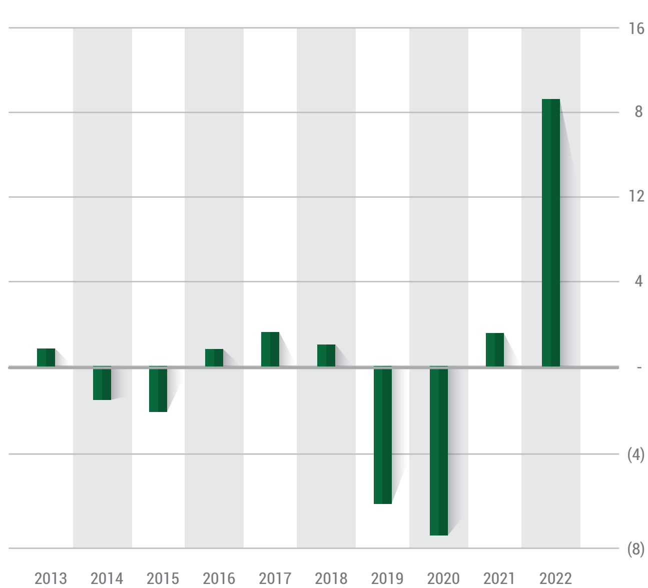
HIGHEST EVER GROSS PROFIT

(Rs. in billion)



HIGHEST EVER PROFIT FOR THE YEAR

(Rs. in billion)



REFINERY EXPANSION AND UPGRADE PROJECT

REFINERY EXPANSION AND UPGRADE PROJECT (REUP)

The Board of Directors of Pakistan Refinery Limited in their meeting held on December 27, 2021 approved undertaking the Refinery Expansion and Upgrade Project (REUP) with the following objectives:

- Expansion of crude processing capacity from current 50,000 bpd to 100,000 bpd.
- Upgrading the refinery from Hydro-skimming configuration to a Deep Conversion Refinery, thereby significantly reducing production of HSFO.
- Production of environmentally friendly fuels, i.e. EURO V compliant HSD and MS/Petrol.

To meet above objectives, a Detailed Feasibility Study (DFS) was conducted by M/s Wood Group UK Limited. After exhaustive evaluation of options, globally available technologies and configurations, a Residue Fluidised Catalytic Cracking (RFCC) based configuration, along with other major plants was selected. The proposed complex will add ~ 16 plants to the existing setup of 4 plants, at an estimated cost of USD 1.2 billion. An RFCC based configuration was deemed to be the best fit as it has a proven track record and minimises the technological risks, at the same time it almost eliminates Fuel Oil, significantly reduces CAPEX requirements (compared to earlier estimates), yields healthy GRM and returns.

REUP will increase the MS production from current 0.27 million tons/annum to 1.5 million tons/annum and HSD production will also increase from current 0.68 million tons/annum to 2 million tons/annum. This additional production of MS and HSD (~ 2 MTA) with the expansion and upgrade can easily be consumed in the country, which is currently importing significant volumes of MS and HSD. The current production (2021-22) of MS and HSD in the country is around 7 million tons/annum, compared to a combined demand of 16 million tons/annum. The shortfall of ~9 million tons/annum is met through imports, hence additional production of HSD and MS by PRL of ~2 million tons/annum can be easily accommodated in the local market even at current demand levels (which are projected to be in the vicinity of around 20 million tons/annum by 2025). This aspect of the project addresses the risk of 'demand supply' because additional production of HSD and MS will substitute import and significantly save valuable foreign exchange of the country. The project also introduces high value 'Propylene'- a basic raw-material produced by petrochemical industries, into the product slate. This addition to the Company's product slate will set-up the refinery for a potential petrochemical option in the future. Propylene and other similar raw materials of plastic manufacturing industry are in high demand in the country and are currently imported.

PRL REUP is a brown field project and is planned to be built in an 'island mode' without interrupting operations of existing refinery. Besides having 'zero' demand supply risk for the additional quantities of HSD and MS produced, it also enjoys following advantages – which would be important for global investors in decision making:

- PRL is in possession of 200 acres of land. Existing refinery units, tank-farm, utilities, warehouses and admin facilities occupies a part of the available land, leaving ample space in the existing refinery plot to accommodate new units of expansion and up gradation.

- Presence of critical infrastructure – pipelines and tankage, lead to a significant saving in project cost which otherwise increases cost of a green field project.

- PRL has term contracts with ARAMCO, Abu Dhabi National Oil Company (ADNOC) and Kuwait Petroleum Company (KPC), all being major regional crude suppliers. These agreements provide assurance of crude supplies for sustained refinery operations.

- Long term product uplifting contracts with PSO and Shell Pakistan Limited provide the assurance of product upliftment.

- Full support of Government of Pakistan and PSO (being the parent company of PRL) to go ahead with expansion and upgrade project. PRL is vital for PSO for 'backward vertical integration' and PRL's REUP fully blends with PSO's efforts in this regard.

During the year after a competitive bidding process amongst some of the world's leading engineering companies, M/s Wood Group UK Limited was appointed as the Front-End Engineering Design (FEED) Contractor for REUP.

Similarly, through competitive bidding process amongst leading financial institutions of the country, PRL has appointed Consortium of United Bank Limited and JS Global Capital Limited as Financial Advisor and Arranger for local debt and equity component for REUP.

As the project will deploy state of the art licensed technologies, potential global licensors currently participating in the project license tendering are UOP (USA), Axens (France), KBR (USA) and Haldor Topsoe (Denmark). Deployment of these technologies, currently not available in the country, will not only lead to acquisition and transfer of technology to the country, but at the same time it will also develop Pakistan industry professionals on the usage of most advanced refining technologies available globally.

PRL currently processes variety of regional crude including Arab Light, Arab Extra Light, Kuwait Super Light (KSL), DAS, Murban, Upper Zakum. Usage of these crudes along with additional regional and global crudes is being evaluated in detail as part of FEED.

The project economics is primarily based on an independent price study by M/s Wood Mackenzie and yields a healthy IRR which easily meets the general threshold of required return on investment in projects of this size.

FEED is expected to be completed by September 2023, subsequent to which, Financial Close and Final Investment Decision (FID) is expected to be achieved by June 2024. Engineering Procurement Construction (EPC) phase will then take ~ 3 years, targeting project completion by June 2027.To further augment the overall efforts to bring much needed investment in Pakistan's refining sector, PRL and remaining local refineries are continuously engaged with Government of Pakistan to have the 'Refining Policy' approved, which will pave the way for realisation of significant investment not only in PRL, but across the country's entire refining industry.

RISING ABOVE, GOING BEYOND

CHAIRMAN'S REVIEW

Chairman's Review

I am pleased to present to the shareholders the 62nd Annual Report of Pakistan Refinery Limited ("Company") for the year ended June 30, 2022.

The period under review witnessed record profit owing to high Gross Refining Margins (GRMs), efficient crude planning including buying low-cost Spot cargoes, better inventory management, achieving optimal product mix and consequent improvement in yields. During the period of rising GRMs the Company increased throughput and consequently the sale of Motor Spirit (MS/Petrol)) and High-Speed Diesel (HSD). In fact, the production of HSD was the highest ever recorded in the history of the Refinery. The above results were achieved despite certain regressive tax measures announced in Finance Act, 2022, including imposition of Super Tax.

During the year, the Board and Management continued to work very closely on different business strategies, the results of which paid off as is evidenced by the financial results. The Company remained committed to expand and upgrade the Refinery to produce environmentally friendly fuels and value-added products. After a careful review of the available options of pre-owned refining units with deep conversion capability and new plants, it was decided to pursue the upgrade endeavor based on new units. The study related to pre-owned units was carried out by Lummus Consultants International, whereas a Detailed Feasibility Report (DFS) on a project based on new units was conducted by Wood Group UK Limited. After exhaustive evaluation of globally available technologies and configurations, a Residue Fluidised Catalytic Cracking (RFCC) based configuration was selected. Consequently, it was decided to undertake Refinery Expansion and Upgrade Project (REUP) at an estimated cost of US$ 1.2 billion (based on the above DFS) versus the earlier envisaged approximate cost of around US$ 2.2 billion in 2016. In this regard, Wood Group UK Limited, was appointed as the Front-End Engineering Design (FEED) Contractor for the REUP after a competitive bidding process. In addition, it was also decided to appoint consortium of United Bank Limited and JS Global Capital Limited as Financial Advisor to render Advisory and Equity and Local Debt Arrangement services for this project. The REUP will increase the crude processing capacity from 50,000 barrels per day to 100,000 barrels per day significantly reducing High Sulphur Furnace Oil (HSFO) and maximising premium products such as HSD and MS meeting EURO V specification.

The Company is in touch with various international organisations who have shown interest for strategic investment in the project. Considering the attractive potential returns, it is expected that more investors will approach the Company and after due diligence, the best strategic business partner will be selected.

Most refineries in Pakistan are hydro skimming producing 25-30% HSFO and Euro II or lower specification HSD. Upgradation of these refineries to deep conversion technologies is required to meet environment friendly Euro V product specifications and substantially reduce production of HSFO. These upgradation projects are capital intensive and require billions of dollars. Considering the losses incurred by the refinery sector in the last many years and low margins, the upgradation of these refineries cannot be undertaken without Government incentives to the industry. Recently, the Government of Pakistan has shown its commitment to come up with a new refining policy to ensure upgradation of existing refineries and to encourage investment in new refineries in order to meet the Country's growing demand. In this regard, the refineries have been in a dialogue with the Government, and it is expected that the new refining policy will be announced soon enabling the existing refineries to undertake upgradation projects.

Health, Safety, Environment and Quality (HSEQ) standards remained one of the priorities of the Company with processes continuously being reviewed, revisited and strengthened, wherever required. The Refinery remained compliant with applicable HSEQ standards during the period.

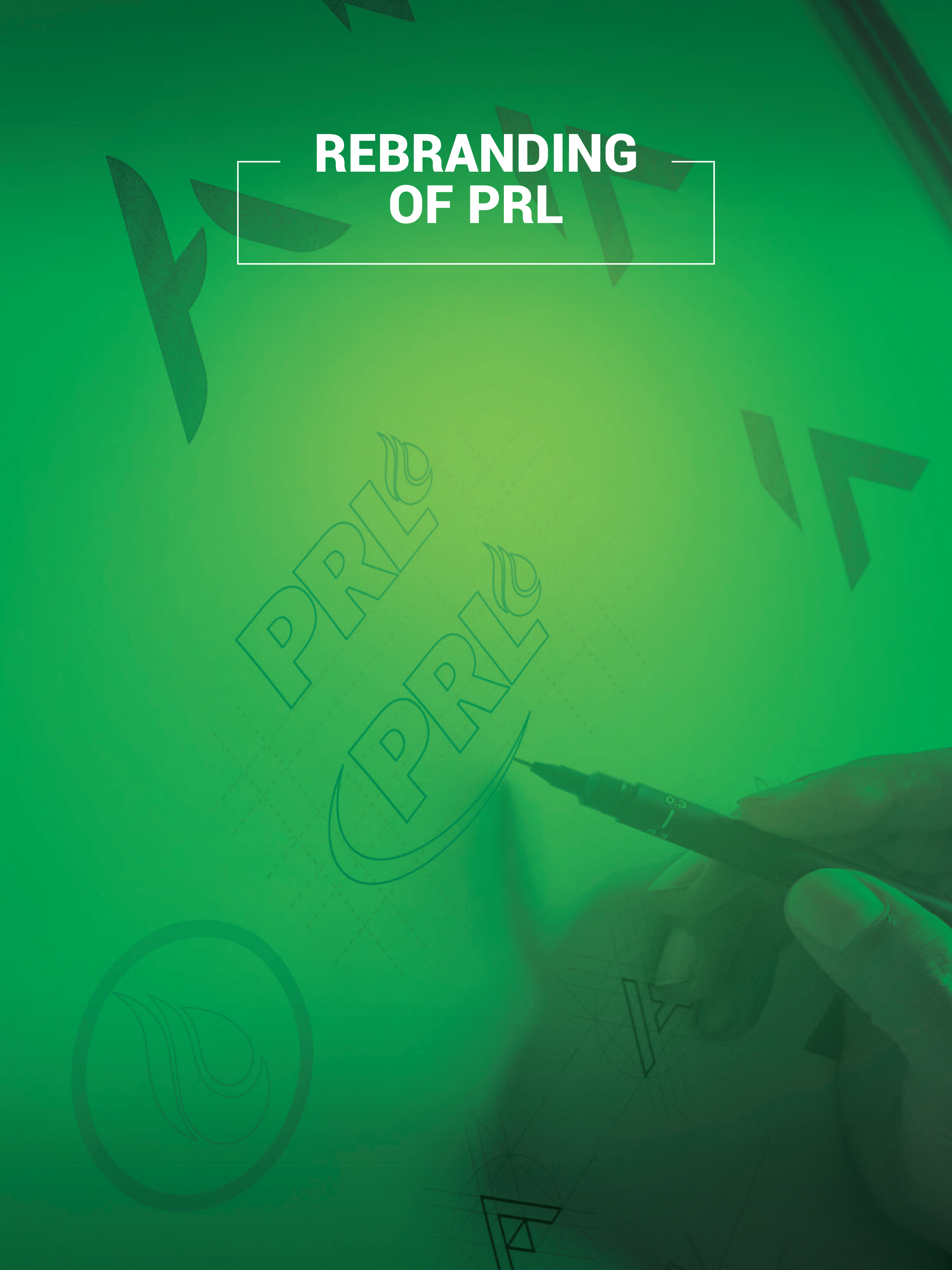
Additional information about the financial results is explained in detail in the attached Directors' Report and Financial Statements for the year ended June 30, 2022.

I thank all the employees for their loyalty and hardwork and the Directors and Ministry of Energy, Government of Pakistan for their guidance and continued support throughout the year in achieving the desired results.

Tariq Kirmani
Chairman

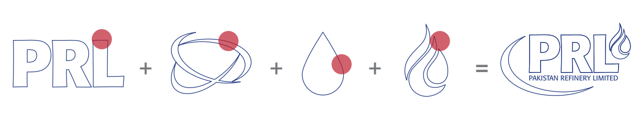
Karachi: August 20, 2022

REBRANDING OF PRL



Based on how advertising and creative nuances have evolved overtime, we wanted to populate the progressive ethos in a constructive and defined symbolic logomark. Hence, our evolved logo design symbolically and abstractedly shows progression and future anchor point through the abstract iconography. In literal sense the symbol represents a flame or an evolved space marker which shows the definition of **Rise and Infinite possibilities**.

The color schematics of our logo was selected on the basis that we wanted reminiscence to be a constant arc, hence blue gradation was opted to show the legacy that was defined through this color. On the other hand, the red and green values, represent strength and prosperity respectively, and this color codex represent the affinity with PRL's core values.



HEX: 27347b

HEX: 026634

HEX: cc1517

HEX: 0066a9

HEX: 1d1d1b

VISION

The Refinery of first choice for all stakeholders.

MISSION

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

ORGANISATIONAL OVERVIEW

COMPANY PROFILE

PRL is a hydro-skimming refinery incorporated in Pakistan as a public limited company in May 1960. The Company is engaged in production and sale of petroleum products. The Company is a subsidiary of Pakistan State Oil Company Limited (PSO). The shares of the Company are listed on Pakistan Stock Exchange Limited.

Refinery is situated in Karachi with designed throughput capacity of 50,000 barrels per day. Major units installed at the Refinery are Crude Distillation Unit, Hydrotreating Unit, Platformer Unit and Isomerisation Unit.

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 Advisors

Orr Dignam & Co.

Registrar & Share Registration Office

FAMCO Associates (Private) 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
Faysal Bank Limited
Habib Metropolitan Bank Limited
Habib Bank 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

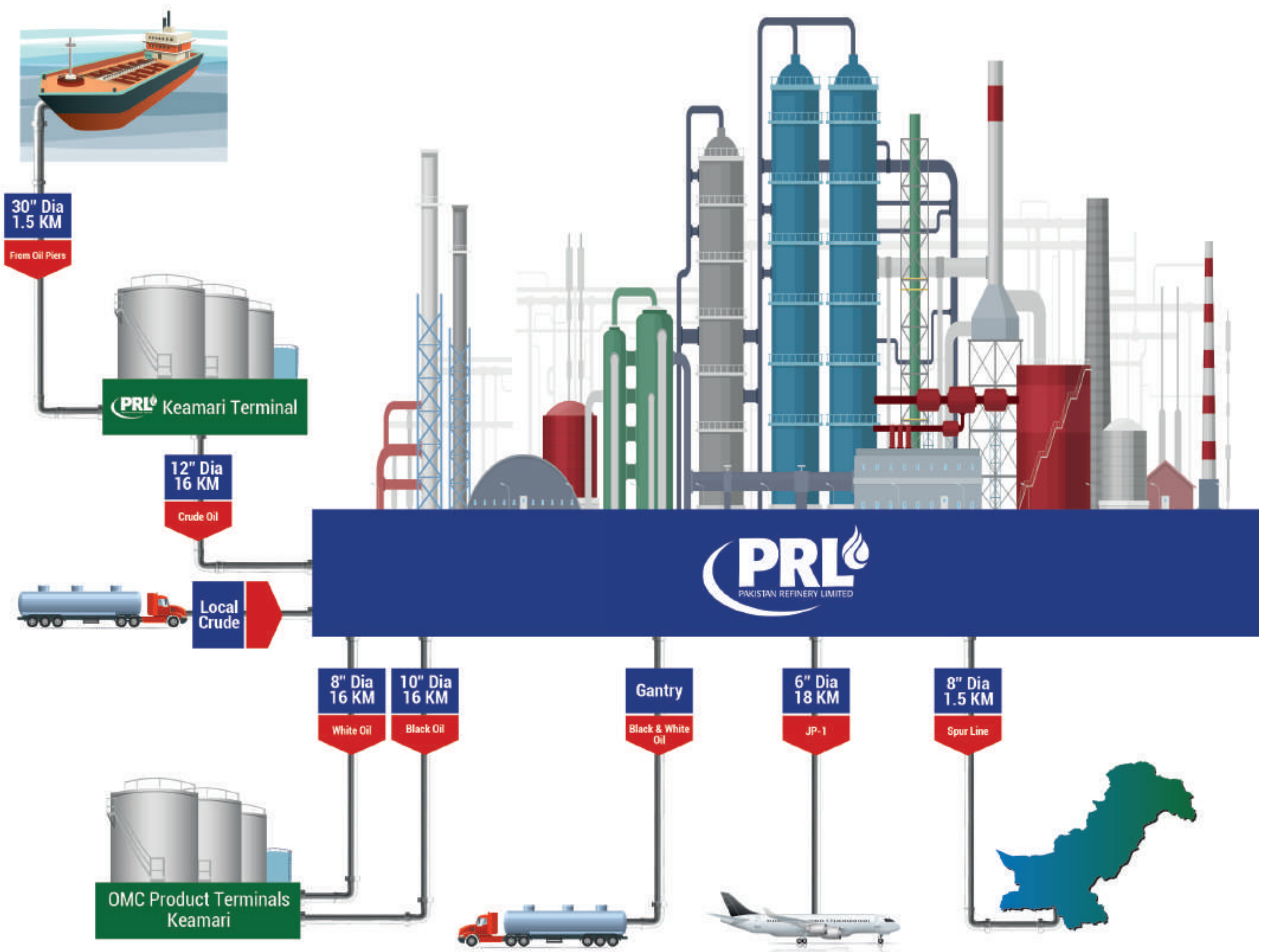
GROUP STRUCTURE

PRL is the subsidiary of PSO that holds 63.56% shares in the Company. PRL became subsidiary of PSO effective December 1, 2018, when PSO increased its shareholding from 24.11% to 52.68%. Subsequently, PSO acquired further shares in the Company bringing the total holding to 63.56%. PSO is a public company listed on the Pakistan Stock Exchange. Detailed shareholding structure of PSO can be obtained from the Pattern of Shareholding in the printed financial statements of PSO. Major shareholders of PSO include Government of Pakistan that holds 25.51% directly and indirectly. Other shareholders include banks, insurance companies, modarabas and mutual funds and general public.

PRL also holds 27.26% shares in Pak Grease Manufacturing Company (Private) Limited (PGMC) which is treated as Company's associated company in the annexed financial statements. Other shareholders of PGMC are private investors.

GEOGRAPHICAL PRESENCE

PRL OPERATIONAL NETWORK



PRL imports crude oil primarily from Middle Eastern sources (Saudia Arabia, United Arab Emirates, Kuwait), receiving at its Keamari Terminal which is linked with oil piers at Keamari Port. This terminal is linked with Korangi Refinery via 16 km pipeline. Local crude oil is received at the Refinery decanting facility. The Company supplies refined products to its customers by following means:

- At customers' storage terminals located at Keamari Oil Installation via 16 km black and white oil pipelines.
- HSD is also supplied directly in PAPCO operated 'white oil pipeline' system through 1.5 km spur-line.
- Jet A1 is supplied directly to Jinnah International Airport, Karachi via 18 km pipeline.
- The Refinery also operates gantry facilities to supply refined products to its customers through bowsers.
- The Refinery exports Naphtha through its Keamari Terminal.

The Company is strategically located near the port and is linked with both ends of the supply chain via pipelines with minimal above ground product movement. This provides competitive advantage to the Company since in the event of low demands, the Company can export surplus product at minimal costs.

PRODUCT PROFILE AND MARKET SHARE

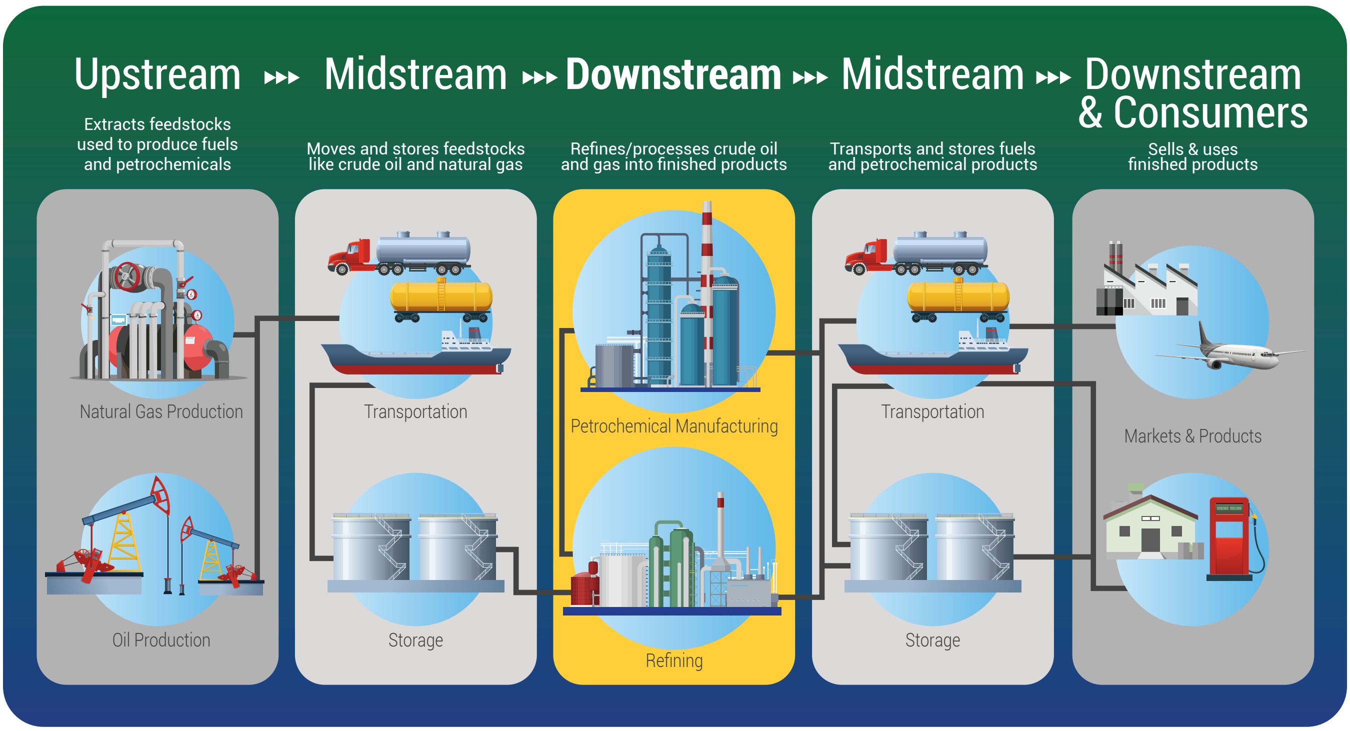
The Company produces and sells:

- High Speed Diesel (HSD)
- Motor Spirit (MS/Petrol)
- High Sulfur Furnace Oil (HSFO)
- Jet Fuels (JP-1 & JP-8)
- Kerosene
- Naphtha
- Liquefied Petroleum Gas (LPG)

All these products are sold to Oil Marketing Companies who then sell the same to their customers. The Company also supplies Jet Fuels and other petroleum products to armed forces. Surplus Naphtha produced in the refinery is exported. The Company's market share based on actual sales during the year 2021-22 was 5.61% as compared to 6.21% last year. The Company sales are not materially impacted by seasonal factors.

COMPANY'S POSITION IN PETROLEUM VALUE CHAIN

Oil industry is segregated in three broad categories i.e. 1) Upstream that includes offshore and onshore oil and gas exploration and production companies; 2) Midstream that includes pipelines, transportations and storage; and 3) Downstream that includes refineries, petrochemical manufacturing and oil marketing companies. PRL being a refinery represents downstream sector of oil industry.



REGULATORY FRAMEWORK

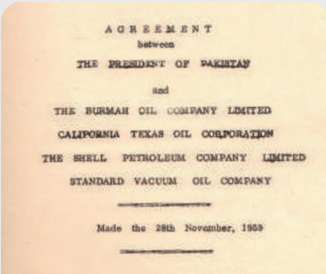
PRL is a public limited company and its shares are listed on Pakistan Stock Exchange. PRL operates in a regulated environment and is required to comply applicable environmental, corporate, commercial, legal and taxation laws. Additionally, the Company also follows directions of various regulatory bodies including Ministry of Energy (Petroleum Division) and Oil and Gas Regulatory Authority (OGRA). In addition to the federal laws, PRL also complies with applicable provincial laws.

Any changes in legislations by the Federal Government, Provincial Government and other regulatory bodies in the legal framework may have a significant impact on the operations, decisions and results of the Company.

SIGNIFICANT CHANGES FROM PRIOR YEARS

There is no significant change in Company profile, ownership structure, regulatory framework and business model during the year.

PRL OVER THE YEARS


AGREEMENT
between
THE PRESIDENT OF PAKISTAN
and
THE BURMAH OIL COMPANY LIMITED
CALIFORNIA TEXAS OIL CORPORATION
THE SHELL PETROLEUM COMPANY LIMITED
STANDARD VACUUM OIL COMPANY
Made the 28th November, 1959

1959

1 An agreement was signed between the President of Pakistan and four oil majors, to setup the then largest refinery in Pakistan.

1960

2 The Company was incorporated as a public limited company. Contract awarded for construction of Refinery to M/s Kellogg Group of Companies.

1961

3 Piling work started at the Refinery site.

1962

4 Plant came into operations two months ahead of schedule. Official opening performed by the then President of Pakistan, Field Marshal Mohammad Ayub Khan.

1964

5 Expansion of crude oil processing capacity from 1.5 MT per year to 2.1 million MT per year.

1971

6 Company purchased 27.26% shares of Pak Grease Manufacturing Company (Private) Limited.

1972

7 Commissioning of pipeline connecting the Refinery with Karachi Airport.

1981

8 Commissioning of LPG plant to produce 6,000 MT LPG per year.

1985

9 Company started processing local crude oil.

2015

10 Commissioning of Isomerisation Unit that doubled the production of Petrol from 12,000 MT per month to 24,000 MT per month. Revamp of Crude Unit internal column to increase production of HSD by minimising overlapping.

2018

11 Installation of 4.5 MW captive power plant.

2022

12 FEED contract for REUP awarded to M/s Wood Group UK Limited.

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CORE VALUES

INTEGRITY

Pakistan Refinery Limited insists on honesty, integrity and fairness in all aspects and expects the same in its relationships with all those with whom it does business. The direct or indirect offer, payment, soliciting and acceptance of bribes in any form are unacceptable practices. Employees must avoid conflicts of interest between their private financial activities and their part in the conduct of Company business. All business transactions on behalf of Pakistan Refinery Limited must be reflected accurately and fairly in the accounts of the Company in accordance with established procedures and subject to audit. Law of the land shall be respected. In no case the Company is to become a party to the malpractices such as evasion of duty, cess, taxes etc.

TEAMWORK

The success of smooth operations of Pakistan Refinery Limited begins and ends with teamwork. PRL strongly believes in teamwork as a driving force to the path of perfection and believes that a team-based culture is an essential ingredient in the work of a successful organisation.

It is expected that each team-player will play his / her part for achievement of common goal, which is sustainable and smooth operations of the Refinery.

This does not mean that the individual is no longer important; however, it does mean that effective and efficient teamwork goes beyond individual accomplishments.

EXCELLENCE

Pakistan Refinery Limited is performance-driven with 273 employees committed to providing innovative and efficient solutions to achieve its goals. The Company serves diverse industries, providing quality distilled petroleum products that help move country's commerce forward. Hence, cost efficiency, operational excellence and innovativeness are paramount objectives. Pakistan Refinery Limited strives for excellence through sincere leadership and dynamic support staff along with using the right management system and processes.

CODE OF CONDUCT

All employees of the Company are expected to adhere to the Company's Code of Conduct, which lays down the principles, values, standards, or rules of behavior that guide the decisions, procedures, and systems of the staff members in a way that:

- Contribute to the welfare of the Company's key stakeholders; and
- Respects the rights of all constituents affected by the Company's operations.

PRL's Code of Conduct conveys the obligations and standards of behaviour expected from employees of the Company and helps the staff resolve any ethical issues that may arise during the course of their duties.

It also ensures that all staff members are aware of the actions which could be considered as an offence under the prescribed laws and the Company's policies and the likely disciplinary action taken by the Company.

Dealing with customers

- Treat customers fairly and in accordance with our mutual agreement.
- Deliver the best of organisation to customers.
- Do not unfairly influence our customers' decisions.

Dealing with business partners

- Procurement of services and materials to be based on merits of opportunities available from competing offers.
- All discussions with existing or potential business partners should be restricted solely to the Company's needs and materials / services being offered by that entity.
- The Company does not countenance reciprocity with its business partners in any part of the business.
- Employees who make procurement decisions should not be involved in solicitation on behalf of charitable, civic or other organisations for gifts, money or time from current or potential business partners.

Information security and communications

- Telephone, electronic mail and all other telephonic equipment and computer systems to be used for Company's business operations and not for communication of a personal, private, or non-business nature.
- Users must consider their actions before downloading, copying, creating or transmitting material.
- Messages that are offensive, defamatory, obscene or discriminatory based on race, color, national origin, sex, sexual orientation, age disability, or religious or political beliefs, or any individual's status in any protected group or class shall not be created, stored or copied.
- These conditions apply to use of Company's systems from the Company's offices or from outside locations including from home.

Business conduct

- There should be no payment of any kind on behalf of the Company to any person, except if required by law.
- Political contributions of any kind (including services) by the Company are prohibited except if permitted by applicable law and made with specific written approval of senior management.
- All transactions must be accurately recorded in Company's books of account.

Media relations / public relations

- Employees are not allowed to participate officially in radio / TV / press seminars program or release any information relating to the affairs of the Company or its business areas to the print or electronic media except those specifically designated to do so.
- All press releases to be endorsed by the Managing Director & CEO before its release to the print media.

Drug and alcohol usage

- Use or distribution of illicit drugs or non-prescribed controlled substances, the misuse of intoxicants or use of alcohol and drugs by any person on PRL premises or worksite is prohibited.

Political affiliation

- PRL's facilities are not allowed to be used for political campaigning, fund raising or partisan political purposes.
- The Company's funds or assets shall not be used to make a political contribution to any political party or candidate.
- PRL encourages its employees to participate in political process as individuals in their own time, but these activities must not in any way suggest PRL support.

Conflict of interest

These include:

- Personal relationships of PRL employees where parties may receive or give unfair advantage or preferential treatment because of the relationship.
- Actions or relationships that might conflict or appear to conflict with an employee's job responsibilities or the interests of PRL.
- Direct or indirect financial interest in or a financial relationship with PRL competitors, suppliers or customers (except for insignificant shares in publicly held companies).
- Taking part in any business decision involving a company that employs an employee's spouse or family member.
- Any consulting relationship that affects an employee's ability to satisfactorily perform his Company's assignments.
- Using non-public PRL information for personal gain or advantage or for the gain or advantage of any other person.
- Investing in an outside business opportunity in which PRL has an interest, except for having an insignificant stock interest in publicly held companies.
- Receiving personal discounts or other benefits from suppliers, service providers or customers that are not available to all PRL employees.

Harassment

- The Company prohibits harassment in any form, whether physical or verbal by Company employees (management, non-management, trainees and contractual staff) against any person, as well as harassment directed towards the Company and Company employees by customers, contractors, consultants, suppliers, vendors, visitors, and other non-employees whether such conduct occurs on Company premises in connection with Company activities or the performance of the Company's work.
- All reported or reasonably suspected occurrences of forbidden harassment will be treated with sensitivity and discretion and shall be investigated in a confidential manner and as promptly and thoroughly as is practicable and necessary.
- Employees should:

    - Reject any offer or promise of offer in anticipation of or in exchange for some decision.
    - Avoid harassment, including the appearance of such harassment, by refraining from actions, language, and jokes, and by disposing of materials such as posters or magazines, which could reasonably be anticipated to offend others.
    - Report any harassment that they observe, that is made known to them by others, or that they reasonably suspect has occurred.
    - Assure Company employees as necessary that all forms of forbidden harassment are expressly prohibited.

Gender Equality

PRL is committed to fulfil its responsibility to respect and uphold human rights. The Company strives to protect the dignity of its employees and everyone impacted by its operations. All employees are given equal opportunities for employment and professional development, regardless of their gender, ethnic and cultural background, religion, functional ability and political view. The Company is committed to be a fair employer that promotes gender equality across its business. The Company believes that gender equality is all about empowerment that provides the foundation for a prosperous future.

Whistle Blowing Policy

PRL as an organisation has always been committed to operate within the highest standards of governance and business conduct. The Whistle Blowing Policy aims at identifying suspected or executed wrongdoing, impropriety, or malpractice. Therefore, the employees of PRL are encouraged to report genuine concerns in a responsible and effective manner when they discover information regarding aforesaid wrongdoing or impropriety without having fear of subsequent victimisation or discrimination.

By establishing the Whistle Blowing Policy, the Company attempts to:

- Create a more just workplace and give a clear message that no wrongdoing or impropriety is acceptable within the Company.
- Reinforce that employees, who are aware of any such wrongdoing or impropriety, have a responsibility to share that information.
- Guarantee that employees who in good faith disclose perceived wrongdoing will be protected from any kind of retaliation by the Management or the employees who have been potentially implicated.
- Establish a fair and impartial investigative process.
- Take necessary action, where required.

The Whistle Blowing Policy applies to all Company employees, whether temporary or permanent, suppliers, customers, service providers / contractors / consultants and their staff. It governs the reporting by the aforesaid person(s) of suspected or executed wrongdoing or impropriety that could threaten Company's reputation and/or work environment.

STATEMENT OF GENERAL BUSINESS PRINCIPLES

The objective of the Company is to engage efficiently, responsibly and profitably in oil refining business activities, while contributing to the well being of the staff, customers and stakeholders in general and communities living around in specific.The Company also aims to maintain its position in competitive environment by seeking high standards of performance. The Company recognises six areas of responsibilities:

To Shareholders

To provide an acceptable return by protecting shareholder's investments.

To Customers

To establish a professional relationship with its customers by developing and providing them with products which offer value in terms of price, quality, safety and environmental impacts.

To Employees

To respect human rights of its employees by:

1. Providing them with a safe working environment;
2. Ensuring competitive terms and conditions of service;
3. Promoting their development;
4. Encouraging their involvement in planning and its direction of work; and
5. Recognising the fact that commercial success depends on full commitment of all employees.

To those with whom it does business seek mutually beneficial relationships with contractors, suppliers and joint ventures in order to promote these principles effectively.

To Society

1. PRL has a commitment, not to indulge in any practices which are unethical from social point of view (i.e. indulging in antisocial and unfair trade practices such as adulteration, hoarding and black marketing).
2. It also believes in contributing to community development activities.

To Government

1. To abide by laws of the land.
2. To avoid polluting the environment.
3. To discourage tendency of concentration of economic power and monopoly.

STRATEGY AND RESOURCE ALLOCATION

Strategic decision making process and organisational culture

The Company has adopted an inclusive culture wherein members from different functions are encouraged to share ideas and identify process improvement measures. Teamwork, being one of Company's core values, is promoted across the organisation and fosters innovation and value addition. Corporate strategies are aligned with Company's vision and mission statements and comprehensive risk assessment is carried out. Once deliberated by management, the results are taken to the Board for approval and way forward.

Corporate objectives and strategy to achieve those objectives

S. No	Objective	Nature	Strategy
1	Uninterrupted operations of the Refinery	Short / medium / long	The Company continues to focus on preventive maintenance plans to ensure uninterrupted operations of the Refinery. Further, the Company has agreements with crude oil suppliers and oil marketing companies that ensure smooth supply chain at both ends.
2	Operational excellence	Short / medium / long	PRL takes pride in its operational excellence being the Refinery with lowest operating cost per barrel whilst ensuring safety of employees and efficiency in operations. Focus remain on increasing distillate yields, reducing manufacturing losses and continues plant availability.
3	Health, Safety and Environment	Short / medium / long	The Company continues its HSEQ mindset for all stakeholders. HSEQ standards are implemented within the Refinery and measures are taken to prevent HSEQ related incidents (fatalities, process safety incidents, Lost Time Injury frequency, oil spills and non-compliance with environmental regulations) from occurring.
4	Production of environment friendly products and sustainable operations	Long	The Company is already embarked on REUP. The project focusses on i) production of EURO V compliant HSD and MS; ii) reduction in production of HSFO; and iii) doubling the refinery capacity from existing 50,000 barrels per day to 100,000 barrels per day.
5	Stakeholder satisfaction	Short / medium / long	All stakeholder complaints are handled and settled timely and focus remains on having zero unresolved complaint.
6	CSR	Short / medium / long	PRL is committed towards society in general and to the people who live in the close vicinity of the Refinery in particular and contributes regularly towards the welfare of the society.
7	Financial discipline	Short / Medium / Long	The Company targets improving profitability to create value to shareholders. Availability of finances at lower rates and controlling operating expenses promote financial discipline in the Company.

Strategy to overcome liquidity problem and the Company's plan to manage its repayment of debts and meet operational expenses

The Company implemented various measures such as efficient crude planning including buying low-cost crude cargoes on SPOT basis, inventory management, achieving optimal product mix yields etc. These measures consequently improve the profitability which augmented the cash and cash equivalents and reduces reliance on borrowings. In addition to it, the Company has taken up the challenge to improve the operating cycle, for instance increasing the proportion of cash sales which improves the liquidity. All such measures have helped and will help the Company to settle its liabilities in a timely manner.

Significant changes in objectives and strategies adopted during the year

- The Company has diversified its customer base by engaging with emerging oil marketing companies (OMC). However, to address credit risk exposure, sales to such OMCs are made on advance payment.This practice has not only enabled the Company to save finance cost but also helped it to maintain inventories at an appropriate level even during low demand periods.

- Apart from procurement of crude oil from oil producers under Term Contracts, the Company also procured crude oil from international traders on SPOT basis after closely evaluating price benefit which reflects focus on timely decision making. This measure also helped the Company improve its refining margins.

RESOURCE ALLOCATION PLAN

Company's most significant resources are as follows:

Human Capital

The biggest asset of the Company is its trained and dedicated workforce. Company continues its efforts to develop career plan for high potential employees and ensuring training for all employees.

Financial Capital

Refinery's business model requires effective working capital management. The Company has comprehensive budgeting, planning and liquidity management system in place that ensures proper utilisation of financial resources and create value to the Company.

Installed Capital

PRL has an effective preventive maintenance system that ensures identification and availability of required resources. Further, various plant and equipment are replaced time to time with latest technology to keep the Refinery abreast with updated trends.

Natural Capital

The Company's business model gives prime importance to preservation of natural resources and environmental protection. PRL through its Waste Management and Effluent Monitoring process, minimise any harmful impact to the environment caused by Refinery operations. The Company has strong commitment towards energy conservation measures and has already undertaken measures to implement solar energy wherever feasible.

KEY PERFORMANCE INDICATORS (KPIs)

The Company has a robust system of identifying KPIs. Corporate objectives are cascaded throughout the organisation and form the basis of departmental KPIs. These are then compiled and form Company's KPIs for the year. The KPIs are then presented to the Board of Directors who finalise and monitor the performance thereagainst. Company's KPIs for the year 2021-22 focussed on the following major areas:

- Health, Safety, Environment and Quality
- Operational Excellence
- Refinery Expansion and Upgrade Project
- Business and profitability
- Human Resource Development

There were no significant changes in broad categories of financial and non-financial KPIs as compared to previous years, however, specific KPIs are changed based on relevant business scenario for a particular year.

RISKS AND OPPORTUNITIES

RISK ASSESSMENT FRAMEWORK

PRL employs a comprehensive risk management framework. There is a mechanism for risk Identification, risk categorisation, risk assessment, mitigation measures and their implementation and monitoring.

While determining the impact of risks factors including people, assets, cost, environment, reputation and legal / regulatory requirements etc. are considered. A risk register is prepared at departmental level and major risks are categorised based on their impact and likelihood of occurrence and included in Company's Business Risk Register. Company's Business Risk Matrix for 2021-22 was as follows:

Impact \ Likelihood of occurrence	Low	Medium	High
High	• Major HSE Incident • Security	• LTO / Compliance to Country's specifications	• Financial threat to sustainable Refinery operations
Medium	• Impact of adverse judgement by regulatory authorities • Crude inventory management • Attrition of critical manpower	• Adverse changes in laws and regulations • HSFO supply and demand	
Low			

M	H	H
L	M	H
L	L	M

S.No	Business Risk	Rating	Impact	Response / mitigation
1	Financial threat to sustainable Refinery operations	High	Financial losses suffered due to uncontrolled factors like: • Inventory losses and decline in global refinery margins. • Stock build -up due to inability to sell products.	Monitoring and managing local and foreign payments' timings to avoid default on payments particularly LCs. • Engagement with financial institutions to ensure continuity of banking lines. • Effective inventory management through periodic reviews and follow-up.
2	License to Operate (LTO) / Compliance to Country specifications	High	• Not meeting date of compliance could create LTO and sustainability issues.	• Regular interaction with GoP about progress of PRL upgradation project. • FEED contract for REUP awarded during 2021-22.
3	Adverse changes in laws and regulations	Medium	• Change in product specifications resulting in inability to sell products. • Changes in product pricing mechanism resulting in reduction of revenues.	• Active engagement with government authorities to avoid such unilateral changes.
4	Major HSE Incident	Medium	Marine Spill: • Business Continuity at Stake • Crude shortage • Product Supplies Disruption • Reputation at stake • Environment Impact	• STASCO approved ships entertained. • KPT has marine oil spill response and fixed firefighting system along with the fire tenders to assist in case of spill and fires at oil piers. • National Marine Disaster Contingency Plan in place. • Participation in annual drills arranged by Pakistan Maritime Security agency / Pakistan Navy / KPT. • Emergency response and Crisis Management Plans • Routine visits are being carried out and deficiencies are reported to KPT.
			Fire Incident, Process Incident, Toxic Release (due to line leakage / tank leakage / Intra-city lines) • Fatalities / Injuries • Loss of assets • Operation disruption • Reputation at stake • Risk to nearby population	• Preventive Inspection and Maintenance plans in place. • Fire and gas detection system available. • OGRA & NFPA compliant firefighting infrastructure. • Annual HSEQ & Process Safety audits. • Intelligent pigging of Intra city lines carried out and defects rectified. • Emergency response and Crisis Management Plans are in place.
			Fall from height • Fatalities / Injuries • Reputation at stake	• Use of PPEs / fall arrest system. • Implementation of HSEQ requirements for contractors' staff. • Fitness to Work (FTW) of staff who work. • Periodic inspection of scaffoldings and safety harnesses.
5	HSFO supply and demand	Medium	• Ullage problem • Reduce throughput or refinery shutdown	• New customers / OMC which caters customers other than power sector. • Crude selection according to operational requirements and refinery margins which in turn reduces HSFO production.

S.No	Business Risk	Rating	Impact	Response / mitigation
6	Security	Medium	Terrorist attack / sabotage may result in: • Damage to plant & infrastructure • Financial loss • Fatalities • Injuries	• Patrolling by security team. • Liaison with law enforcing agencies, and engagement with high level officials for improved security arrangements. • Prior alerts from security agencies. • Armed guards are deputed to strengthen the security at refinery. • CCTV monitoring.
7	Impact of adverse judgement by regulatory authorities	Low	• High penalties imposed by regulatory authorities (KPT, OGRA, Tax authorities etc.) • Reputational risk.	• Prior consultation with legal / tax advisors to avoid adverse judgments. • Exercising legal option at higher forums after exhausting appellate stages.
8	Crude oil inventory management	Low	• Excess inventory/ullage problems of crude storage. • Refinery shut down due to non-availability of crude oil.	• To have crude procurement agreements in place to ensure uninterrupted supply. • Monitor crude stocks, throughput and crude tanker arrival schedule.
9	Attrition of critical manpower	Low	• Failure to achieve targets. • Decline in competency level within Company (short term). • Loss of trained staff in line functions.	• Annual market surveys + aligning scales to market. • Hire experienced staff through external sources. • Improve staff communication and engagement. • Formalising succession planning.

The Board regularly reviews all the risks that pose a serious threat to the company's operations, profitability and liquidity and ensures that relentless efforts are undertaken to mitigate these risks as part of day-to-day activities.

BUSINESS CONTINUITY PLAN (BCP)

PRL's business strategy and decisions are based on the assumption of business continuity. An event that violates this assumption may have a significant impact on PRL, impinging directly its ability to fulfil its business objectives and the livelihood of those involved.

Company's BCP describes arrangements for natural calamities and activities generated by third parties. BCP covers operational links of the Refinery to crude oil import, its processing, naphtha export through port and supply of products to oil marketing companies.

Company's BCP sequential process starts from performing business impact assessment, evaluating alternate options / sites, development of BCP procedures and ultimately exercising the BCP.

PRL has established crisis / emergency response organisation which clearly state the responsibilities during any emergency as a result of PRL's activities. Mock drills are executed periodically to check the effectiveness of these plans & create awareness among the staff, having defined role under different scenarios. Fundamental principles of this plan entail the following:

- Minimising harm to people
- Minimising environmental impacts
- Protecting the reputation of Refinery
- Minimising liabilities
- Minimum damage to the property

Moreover, considering the criticality of IT resources, the Company has a comprehensive IT Business Continuity and Disaster Recovery Plan. The plan defines incidents that may affect Company's IT infrastructure and outlines the response plan in case of an emergency.

PESTEL ANALYSIS

Considering Pakistan's deficient energy supplies, the Refinery operations are susceptible to various external factors. The Company has a robust methodology to pre-empt any significant change in these factors and manages the impacts by employing varying strategies. Significant external factors affecting Company's business and its response are given below:

P

POLITICAL FACTORS

The pricing of petroleum products is linked with international pricing and therefore, are significantly influenced by geopolitical situation and changes in global demand and supply. Further, the Company is required to open confirmed letters of credit (L/Cs) for import of crude oil. Owing to recent political and economic instability of the country, certain foreign banks have abstained from confirming L/Cs opened by Pakistani banks. If this situation persists, the Company may face crude shortage disturbing its smooth operations, consequently disrupting the Country's oil supply chain.

COMPANY'S RESPONSE

The Company closely monitors geopolitical scenario and monitors international pricing on a real time basis which forms basis of Company's operating strategy. The Company is also closely engaged with local and foreign financial institutions and the State Bank of Pakistan, which has ensured confirmation of Company's crude oil import L/Cs thereby supporting continuous Refinery operations.

E

ECONOMIC FACTORS

Country's macro-economic environment and pricing of petroleum products affects overall demand of petroleum products which in turn puts pressure the Company's inventory levels and operations. Further, economic factors derived from various government policies such as interest rates and Rupee-USD parity also have significant impact on Company's operations and profitability.

COMPANY'S RESPONSE

Company has increased its customer base and is now engaged with other oil marketing companies apart from PSO and Shell Pakistan Limited. This provides flexibility to the Company and avoids shutdowns due to inventory build ups. Moreover, PRL has adopted stringent and robust liquidity management that minimises effect of rising interest rates on its profitability. The Government has recently revised refinery pricing mechanism of certain products due to which the Company is able to recover a portion of exchange loss suffered due to volatility in Rupee-USD parity.

S

SOCIAL FACTORS

Refining is a complex business and requires utmost vigilance to avoid hydrocarbon losses and HSE incident. This require employees to be in comfortable position while performing their duties. Social behaviours are greatly impacted by external factors such as political situation in the country, inflation, ease of commutation, general law and order situation etc.

COMPANY'S RESPONSE

The Company provides excellent working environment to its employees and has training program in place to ensure their continuous development Transport facilities are provided to employees to ease commutation to the Refinery. The Company regularly engages with law enforcement agencies to ensure security of refinery assets.

T

TECHNOLOGICAL FACTORS

Refining is a technologically complex business and requires continuous investment in hardware and software to match the pace of changing product standards. HSFO comprises ~35% of Company's product slate and due to its negative margins has a huge impact on the profitability of the Company. Moreover, with the global shift towards electric vehicles, the demand for MS as vehicle fuel may decrease significantly that may further impact the bottom line of the Company.

COMPANY'S RESPONSE

One of the objectives of Refinery Expansion and Upgrade Project is to acquire conversion technology that will convert negative margin HSFO into higher margin products (HSD and MS). Further, the country is currently deficit in refined petroleum products and meets the demand through imports of finished products. Any decrease in demand due to electric vehicles will result in decreased imports of finished products with minimal impact on Company's product off-take.

E

ENVIRONMENTAL FACTORS

The global shift of reducing carbon emissions have led to stringent petroleum product standards. The Government of Pakistan has also adopted EURO V standards for import of MS and HSD and the refineries are also required to upgrade their products to these standards. Further, International Maritime Organisation introduced specifications that significantly reduced Sulphur contents in marine fuel. The Company is also subject to certain reportable parameters of Sindh Environment Quality Standards (SEQS) about emissions and effluents.

COMPANY'S RESPONSE

The Company has already announced Refinery Expansion and Upgrade Project that will produce EURO V standard HSD and MS, coupled with minimising HSFO production. The Company is fully compliant with the Environmental Management Plan (EMP) by maintaining the results of all reportable parameters as per Sindh Environment Quality Standards.

L

LEGAL FACTORS

PRL is a public limited company and its shares are listed on Pakistan Stock Exchange. PRL operates in a regulated environment and is required to comply applicable environmental, corporate, commercial, legal and taxation laws. Additionally, the Company also follows directions of various regulatory bodies including Ministry of Energy (Petroleum Division) and Oil and Gas Regulatory Authority (OGRA). In addition to the federal laws, PRL also complies with applicable provincial laws.

Any changes in legislations by the Federal and/or Provincial Government and other regulatory bodies in the legal framework may have a significant impact on the operations, decisions and results of the Company.

COMPANY'S RESPONSE

The Company is fully compliant with all applicable laws, regulations, directives, rules and regulations. The Company employs a team of in-house professionals who are vigilant of changes in applicable laws and regulations and ensure relevant compliances.

SWOT ANALYSIS

S
STRENGTHS

Strategic location close to the port.

Integrated pipeline network connecting Refinery with the port and customers' storage terminals.

Parent company is the largest OMC of Pakistan.

Experienced and highly qualified workforce with positive work attitude.

Reputed operating practices/goodwill.

W
WEAKNESSES

Meeting EURO V standards require huge investment.

Inability to produce EURO V standard HSD and MS results in adverse price differentials.

Susceptible to external factors such as international petroleum prices and exchange rate fluctuations.

O
OPPORTUNITIES

Unutilised land available for further expansion and upgradation.

Demand for HSD and MS exceed local supplies therefore capacity expansion is viable.

Refinery upgrade project to convert HSFO into value added products.

T
THREATS

Adverse changes in pricing mechanism by Government having negative effects on refinery operations.

Country's shift from HSFO to LNG for electricity generation may curtail refinery operations.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Tariq Kirmani
Chairman

Mr. Tariq Kirmani has more than 50 years of multifaceted experience in the corporate sector, both domestic and international.

After completing his Master's degree in Business Administration, he started his career with a multinational oil company (Caltex - later Chevron Pakistan) in 1969 and worked for 7 years in the United States (US), United Arab Emirates (UAE) and Australia in different senior management positions in Marketing, Operations and Finance. In 1991, he became the first Pakistani to be elected as a Director of the company.

In 1999, he joined Pakistan State Oil (PSO) as Dy. Managing Director and in 2001 was appointed as the Managing Director & CEO. He turned around this public sector organisation and converted it into a customer focused entity by giving it a new brand image and making it profitable while aggressively competing with multinational companies like Shell, Chevron and TOTAL.

In 2005, the Government of Pakistan (GoP) appointed Mr. Tariq Kirmani as the Chairman & CEO, Pakistan International Airlines (PIA). He served the airline for 2 years during which he introduced customer focus, identified and initiated implementation of major programs in three key areas for improvement (a) Aircraft Fleet Renewal (b) Employee Rationalisation (c) Systems and Processes through implementation of IT and Enterprise Resource Planning (ERP).

Due to his personal efforts, PSO and PIA became members of the World Economic Forum, Davos, Switzerland and the World Business Council for Sustainable Development, Geneva, Switzerland.

Currently, he is serving as the Chairman of Gas & Oil Pakistan Ltd. (GO) and Pakistan Refinery Limited (PRL). He is also serving as a Director on the Boards of Professional Education Foundation (PEF), IBA Selection Board and National Academy of Performing Arts (NAPA).

He had also served as the Chairman of Punjab Energy Holding Company (Pvt.) Ltd. (PEHCL), Pakistan International Airlines (PIA), United Bank Limited Fund Managers, Greenstar Social Marketing (GSM), Oil Companies Advisory Council (OCAC), Institute of Business Administration (IBA) Advisory Council and National Academy of Performing Arts (NAPA) and also served as the President of Pakistan Hockey Federation (PHF).

He has previously served as a Director on the Boards of multinational and public sector companies such as Chevron Pakistan, Pakistan Refinery Limited (PRL), Pak-Arab Pipeline Company Limited (PAPCO), Pakistan State Cement Corporation (PSCC), Asia Pipeline (Pvt.) Ltd. (APL), Board of Governors in LUMS, Lahore, Pakistan Telecommunications Limited (PTCL), Pakistan Private Infrastructure Board (PPIB), National Bank of Pakistan (NBP), Pakistan International Airlines (PIA) and Family Educational Services Foundation (FESF).

Zahid Mir
Managing Director & CEO

Mr. Zahid Mir is working in Pakistan Refinery Limited, Karachi as Managing Director & CEO since 1st August 2019. He is a Petroleum Engineer, and an MBA. Mr. Mir has over 34 years of diverse Technical and Management experience working for both public sector and multinational companies in Pakistan and United Kingdom. He also has significant experience of both onshore and offshore operations having been involved, at a senior level, in all stages of upstream and mid stream operations. He has extensive experience in negotiating commercial and fiscal agreements, developing strategy, project development and execution, mergers & acquisitions and dealing with the government regulators.

He has previously worked for Shell, Kufpec, Premier Oil and OGDCL. Before joining PRL his last appointment was as MD/CEO of OGDCL.

Mr. Mir is also a Director of Petroleum Institute of Pakistan (PIP) and has served as Chairman, Oil Companies Advisory Council (OCAC) in 2021.

Aftab Husain
Director

Mr. Aftab Husain has worked in Pakistan Refinery Limited, Karachi as Managing Director & CEO from November 2011 till July 2019. He is currently a member of the Boards of PRL, PARCO, PARCO Coastal Refinery and Petroleum Institute of Pakistan.

He is a Chemical Engineer, and MPA from IBA, Karachi and has a career in oil refining with over 40 years of diversified experience with PRL, having led all Operations, Technical and Commercial functions in the Refinery. He has been a member of the National Integrated Energy Plan in the Energy Expert Group of the Economic Advisory Committee and served as Refining Specialist.

Mr. Aftab Husain is a Certified Director from Pakistan Institute of Corporate Governance (PICG).

Abid Shahid Zuberi
Director

Barrister Abid S. Zuberi spent his adolescent years in Lahore, where he received his initial education from Aitchison College followed by Highgate School, London, UK. Thereafter, he completed his BSc. (Hons) in Economics from The London School of Economics & Political Science and did his GDL from The City University, London. He then attended the bar school and was enrolled at The Honorable Society of Lincoln's Inn and was successfully called to the Bar of England and Wales in 1987. Subsequently, he did his pupillage at a leading chamber specialising in commercial/corporate and maritime law.

Hailing from a very patriotic family, Mr. Zuberi was drawn back to his roots and soon after completing his pupillage, he returned back to Karachi, Pakistan. Upon his return, Mr. Zuberi joined the leading litigation chamber of Mr. Khalid M. Ishaque in 1988. Thereafter, in the year 1993, Mr. Zuberi established his own practice now known as M/s Abid S. Zuberi & Ayan M. Memon Law Associates (formerly known as M/s Abid S. Zuberi & Co.), where he is the head of the Chamber.

For a brief period in the year 1997, Mr. Zuberi was appointed Assistant Advocate General Sindh.Presently, Mr. Zuberi is a serving member of the Pakistan Bar Council.

Hassan Mehmood Yousufzai
Director

Mr. Hassan Mehmood Yousufzai is a Government Servant and has held various positions in the Government of Pakistan including being Commercial Counsellor in Frankfurt, Germany. He represents the Government on the Board of Directors of different organisations, including Pakistan State Oil, Pakistan LNG Limited, Government Holdings (Private) Limited and Sui Southern Gas Company. He is currently serving as Additional Secretary, Petroleum Division.

Mohammad Abdul Aleem
Director

Mr. Mohammad Abdul Aleem re-joined the Board of Pakistan Refinery Limited (PRL) in October 2020 and is the Chairman of its Audit Committee. Earlier Mr. Aleem was the Director of PRL in 2008. Besides PRL, Mr. Aleem is currently a Board member and Chairman, Audit Committee of Engro Corporation Limited and Meezan Bank Limited.

Mr. Abdul Aleem is currently the CEO and Secretary General of Overseas Investors Chambers of Commerce & Industry (OICCI). He has worked in senior positions within both Exxon Chemicals and Engro Corporation, serving in both Singapore and Pakistan. Thereafter, he has worked with British American Tobacco Group UK (BAT) in Pakistan and overseas, where he ultimately served as CEO of BAT Operations in Cambodia, Mauritius, and Indian Ocean territory. Since 2004, Mr. Aleem has served in senior positions with large Government-owned organisations in Pakistan. His last assignment was as the Managing Director, Pakistan State Oil Company Ltd.

Mohammad Abdul Aleem is a Fellow Member of The Institute of Chartered Accountants of Pakistan (Gold Medallist) and a Fellow Member of The Institute of Cost & Management Accountants of Pakistan.

Mohsin Ali Mangi
Director

Mr. Mohsin Ali Mangi is a seasoned professional with over twenty two years of local and international experience spanning across diversified sectors in capacity of Chief Strategy & Technology Officer, Chief Operating Officer, Chief Financial Officer, Head of Projects and Businesses and Investment Banking working for PSO, Hubco, Engro and Credit Suisse. During his career, he has launched several new businesses and products in diversified fields of Agriculture, Energy, Petrochemicals, E&P and Mining. He has closed financial transactions of over US$ 5 billion, including capital markets, mergers and acquisitions and project finance transactions. He has vast experience in building organisations from scratch, restructuring them and designing and implementing long-term strategies and business development. In addition to being Board Member of PRL, he has also served on the Board of Engro Powergen Qadirpur. He is an MBA from LUMS.

Nadeem Safdar
Director

Mr. Nadeem Safdar has been associated with the Telecom Industry of Pakistan for almost 30 years now. He joined Millicom International as part of the start-up team when the service was not even launched in the Country, back in November 1990 and is now heading Mobile Systems International.

Syed Muhammad Taha
Director

Syed Muhammad Taha was appointed as the MD & CEO of PSO in February 2020. He deftly steered the company through troubled waters, successfully overcoming a myriad of challenges including COVID-19 pandemic that was followed by a nationwide fuel crisis. He has successfully transformed PSO from an oil marketing business to an agile, integrated & future-ready energy company and has spearheaded the clean energy revolution in Pakistan, making PSO the first company to introduce Euro V standard fuels in the country while also building scale in low carbon energy alternatives such EV charging and solarisation of locations. He has worked for almost a decade at PSO previously as well, where he held several senior positions. Syed Taha had also served at Shell Pakistan, Caltex Pakistan (A Chevron Company) and has experience in the steel industry.

Prior to his current position, he worked as an Executive Director in Oasis Energy, heading the Program Management Office of Port Harcourt Electricity Distribution Company, Nigeria, where he led a global team of subject matter experts to provide strategic and operational support to the leadership team while successfully spearheading and executing multidisciplinary and multimillion-dollar projects. Managing revenues exceeding USD 1.9 billion, Taha catered to 2.4 million customers in Karachi, improving the productivity & effectiveness of 8000+ employees as the Chief Distribution Officer at K-Electric Limited.

He holds an engineering degree with an MBA in Finance from the Institute of Business Administration, Karachi.

Syed Jehangir Ali Shah is a seasoned veteran of the Oil Industry. He has served as Acting Managing Director of PSO in 2018 and previously in 2011. He joined PSO in 1984 and had worked in various Management Positions, however, his forte remained Sales and Marketing as he led almost all Marketing related Functions in PSO.

Ms. Tara Uzra Dawood is a leading expert across multi-industry and corporate governance best practices, most particularly with companies in Asia including renewable, Oil & Gas, energy, Shariah, and Asset Management Company. She currently sits on the boards of Pakistan State Oil - where she chairs the Audit and HR Committees, Pakistan Refinery Limited and Dawood Family Takaful Limited - where she chairs the Audit and HR Committees.

Ms. Dawood is the CEO of LADIESFUND Energy (Private) Limited, a cutting edge women-led renewables plant. She is also president of LADIESFUND which has trained 12,000 women entrepreneurs and Educate a Girl which vocationally trains girls in communications skills.

Ms. Dawood has worked for international law firms abroad before launching 786 Investments Ltd. She holds a Doctorate in Judicial Science from Harvard Law School - where she specialised in shariah law and finance, as well as mergers and acquisitions – and Bachelor of Arts Honors from Cornell University and Oxford University. She is certified in Corporate Governance by Lahore University of Management Sciences (LUMS), Pakistan Institute of Corporate Governance (PICG), and Harvard Business School.

COMPOSITION OF THE BOARD

	Category	Number
a	Male	Ten
b	Female	One

Category	Names
Non-Executive/Independent Directors	Tariq Kirmani Abid Shahid Zuberi Mohammad Abdul Aleem Nadeem Safdar
Non-Executive Directors	Aftab Husain *
Non-Executive Directors (PSO Affiliated)	Mohsin Ali Mangi Hassan Mehmood Yousufzai Syed Jehangir Ali Shah Syed Muhammad Taha
Executive Director	Zahid Mir
Female Director	Tara Uzra Dawood

** Board considers Mr. Aftab Husain as Independent Director; however, he has been shown as Non-Executive Director as he remained Managing Director & CEO of the Company from November 2011 to July 2019.*

DETAILS OF BOARD COMMITTEES

BOARD AUDIT & RISK COMMITTEE

S.No	Name of Directors	
1	Mohammad Abdul Aleem	Chairman Committee
2	Abid Shahid Zuberi	Member
3	Hassan Mehmood Yousufzai	Member
4	Mohsin Ali Mangi	Member
5	Syed Muhammad Taha	Member
6	Tara Uzra Dawood	Member

TERMS OF REFERENCE

a. Determination of appropriate measures to safeguard the Company's assets.

b. Review of annual and interim financial statements of the Company, prior to their approval by the Board of Directors, focusing on:

(i) major judgmental areas;
(ii) significant adjustments resulting from the audit;
(iii) going concern assumption;
(iv) any changes in accounting policies and practices;
(v) compliance with applicable accounting standards;
(vi) compliance with these regulations and other statutory and regulatory requirements; and
(vii) all related party transactions.

c. Review of preliminary announcements of results prior to external communication and publication.

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 of the Company.

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 within the Company.

h. Consideration of major findings of internal investigations of activities characterised 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 the reporting structure are adequate and effective.

j. Review of the 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 Officer 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 Regulations and identification of significant violations thereof.

n. Review of arrangement for staff and management to report to BARC 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. The Board of Directors will give due consideration to the recommendations of BARC and where it acts otherwise it will record the reasons thereof.

p. Consideration of any other issue or matter as may be assigned by the Board of Directors.

BOARD PROJECT STEERING COMMITTEE

S.No	Name of Directors	
1	Mohsin Ali Mangi	Chairman Committee
2	Syed Muhammad Taha	Member
3	Aftab Husain	Member
4	Hassan Mehmood Yousufzai	Member

TERMS OF REFERENCE

The Project Steering Committee has been constituted by the Board of Directors to make recommendations to the Board after providing steer and strategic direction to PRL management in supporting the successful execution of the Refinery Expansion & Upgrade Project (REUP) via a structured Assurance Gate Review (AGR) process.

a) PSC will review in detail the assumptions, methodology and selected working related to major project metrics/decisions and make recommendations to the Board accordingly.

b) Monitor project progress against defined milestones and assurance gate reviews.

c) Provide steer as needed to ensure that the Project is aligned to meet the Company objectives, financial goals and is in line with any change in Government policies and decisions, throughout the Project lifecycle.

d) Finalisation of the scope of technical and financial advisors and their selection including all technical and financial aspects of the project.

e) Support management on funding arrangements/securing funds for the project and ensure alignment with major stakeholder objectives and processes on such matters.

BOARD HUMAN RESOURCES & COMPENSATION COMMITTEE

S.No	Name of Directors	
1	Tariq Kirmani	Chairman Committee
2	Aftab Husain	Member
3	Nadeem Safdar	Member
4	Syed Jehangir Ali Shah	Member
5	Syed Muhammad Taha	Member
6	Zahid Mir	Member / Managing Director & CEO

TERMS OF REFERENCE

- Recommendation to the Board the selection, evaluation, appointment, compensation (including retirement benefits) and succession planning of the Managing Director & Chief Executive Officer;
- Recommendation to the Board the selection, evaluation, appointment, development, compensation (including retirement benefits), succession planning and separation of Chief Financial Officer, Company Secretary and Chief Internal Auditor as well as all General Managers and above;
- Recommendation to the Board for Human Resource Management policies;
- Consideration and approval on recommendations of Managing Director & Chief Executive Officer on such matters relating to Refinery Leadership Team;
- Annual appraisal and annual merit increase of employees;
- Recommendation to the Board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors);
- Undertaking, annually, a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultant.

ATTENDANCE OF THE BOARD AND SUB-COMMITTEES' MEETINGS HELD DURING THE YEAR

Director	Board of Directors		Board Audit and Risk Committee		Board Project Steering Committee		Board Human Resources and Compensation Committee	
	Meetings held	Meetings attended	Meetings held	Meetings attended	Meetings held	Meetings attended	Meetings held	Meetings attended
Tariq Kirmani	9	9	-	-	-	-	2	2
Abid Shahid Zubairi	9	9	4	-	-	-	-	-
Aftab Husain	9	3	-	-	6	6	2	2
Mohammad Abdul Aleem	9	8	4	4	-	-	-	-
Mohsin Ali Mangi	9	9	4	4	6	6	2	2
Nadeem Safdar	9	9	-	-	-	-	2	2
Hassan Mehmood Yousufzai	9	9	4	4	6	4	-	-
Syed Jehangir Ali Shah	9	7	-	-	-	-	2	2
Syed Muhammad Taha	9	9	4	4	6	6	2	2
Tara Uzra Dawood	9	9	4	4	-	-	-	-
Zahid Mir	9	9	-	-	-	-	2	2

ENGAGEMENT OF BOARD MEMBERS IN OTHER ENTITIES

S. No	Name of Directors	Directorship
1	Tariq Kirmani Chairman	Gas & Oil Pakistan Limited Professional Education Foundation Institute of Business Administration (IBA) Selection Board National Academy of Performing Arts
2	Abid Shahid Zuberi Director	NIL
3	Aftab Husain Director	Pak Arab Refinery Limited PARCO Coastal Refinery Limited Petroleum Institute of Pakistan
4	Mohammad Abdul Aleem Director	Overseas Investors Chamber of Commerce & Industry Engro Corporation Limited Meezan Bank Limited Professional Education Foundation Sharmeen Khan Memorial Foundation
5	Mohsin Ali Mangi Director	NIL
6	Nadeem Safdar Director	NIL
7	Hassan Mehmood Yousufzai Director	Pakistan State Oil Company Limited Pakistan LNG Limited Sui Southeren Gas Company Limited Government Holding Pakistan Limited
8	Syed Jehangir Ali Shah Director	Asia Petroleum Limited
9	Syed Muhammad Taha Director	Pakistan State Oil Company Limited Pak Arab Pipeline Company Limited Petroleum Institute of Pakistan Asia Petroleum Limited
10	Tara Uzra Dawood Director	786 Investment Pakistan State Oil Company Limited Dawood Family Takaful Limited
11	Zahid Mir Managing Director & CEO	Petroleum Institute of Pakistan

SHARES HELD BY SPONSORS / DIRECTORS / EXECUTIVES

For details, please refer pattern of shareholding is given on page 57 of this report.

ROLE OF CHAIRMAN AND MANAGING DIRECTOR & CEO

The Chairman is appointed by the Board from amongst the non-executive directors. The Chairman provides leadership to the Board of Directors and also chairs general meetings of the shareholders. He sets agendas for the Board meetings and ensures reasonable time is given to each item. Chairman also manages conflicts of interests arising, if any, and makes recommendations to improve performance and effectiveness of the Board. Chairman of the Board is responsible to ensure that the Board is working properly and all matters relevant to the governance of the company are considered in the Board meetings. The Chairman is not involved in day-to-day operations of the company.

The Managing Director & CEO provides leadership to the management and is overall responsible for day-to-day affairs of the Company, in accordance with applicable regulations and directions of the Board. His responsibilities, inter-alia, include implementation of strategies and policies approved by the Board.

SIGNIFICANT COMMITMENTS OF THE CHAIRMAN OF THE BOARD

The Chairman is committed towards protecting shareholders' wealth and creating sustainable returns while securing the interests of all stakeholders at the same time. The Chairman effectively plays his role of guiding the Board of Directors in devising and implementing medium to long term strategies of the Company adhering to the Vision & Mission Statement.

OTHER DIRECTORSHIPS OF THE EXECUTIVE DIRECTOR

MD & CEO of PRL is the only executive director on the Board. He is also a non-executive director on the Board of Petroleum Institute of Pakistan (PIP) and has served as Chairman, Oil Companies Advisory Council (OCAC) in 2021.

REMUNERATION OF DIRECTORS

The Board has a formal and transparent procedure for remuneration of Directors in accordance with the Articles of Association of the Company and Companies Act, 2017. As per the remuneration policy, the executive director is not entitled to any fee for attending the board, board committee or general meetings of shareholders.

EXTERNAL SEARCH CONSULTANCY FOR APPOINTMENT OF CHAIRMAN / MANAGING DIRECTOR & CEO

During the year, no services of external search consultancy were obtained. The term of MD & CEO was due to expire on July 31, 2022, however, the Board in its meeting held on June 25, 2022 resolved to re-appoint Mr. Zahid Mir as MD & CEO for a further term of three years starting August 1, 2022.

SECURITY CLEARANCE OF FOREIGN DIRECTORS

The Company does not have a foreign director on its Board requiring necessary security clearance.

BOARD MEETINGS HELD OUTSIDE PAKISTAN

During the year, no board meeting was held outside Pakistan.

DECISIONS TAKEN BY THE BOARD AND DELEGATED TO MANAGEMENT

The Board has delegated certain powers to the Managing Director & CEO through a Power of Attorney and have approved a comprehensive Limits of Authority Manual (LAM). LAM considers the requirements of applicable laws and regulations and Articles of Association of the Company and defines which powers require approval of the shareholders in general meetings through ordinary / special resolution, the decisions that require Board approvals and the extent to which the same is delegated to the management.

Apart from decisions that require Board's specific approval as per applicable laws and regulations, the Board has identified certain items which require specific approval of the Board.

BOARD'S VIEW ON DIVERSITY

PRL has a diversified Board of directors that provides mix of professional leadership experience in the fields of refining, oil marketing, energy, legal and finance. Collective experience of Board members provides adequate guidance to the Company in decision-making process.

The Board follows the diversity parameters set in the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Current Board comprises of one executive and ten non-executive directors that include 5 independent directors. The Board also includes one female in compliance with regulatory requirements.

EXTERNAL OVERSIGHT OF VARIOUS FUNCTIONS

To ensure effectiveness and upgrade of Company's overall operations and controls, the Company as a routine involves external consultants for review of various functions. These include third party surveillance audit on IMS (ISO standards 45001, 9001 and 14001), Vulnerability and Penetration testing to test the robustness of Company's cyber security, engagement of external surveyors for crude and product inventory management, external IT experts to check functional utilisation of ERP etc. Moreover, the Company also engages technical consultants for review of various equipment / technical processes in the Refinery.

CONFLICT OF INTEREST AMONG BOARD MEMBERS

The Company has a policy in place to ensure that any conflict of interest is properly disclosed, recorded and addressed, upholding the interests of the Company. In line with the provisions of Companies Act, 2017, every Director is required to disclose his/her interest in writing to the Company Secretary, in respect of any contract/appointment, etc. Such disclosures are circulated to the Board. Interested Directors do not participate in voting on the said resolution and it is properly recorded in the minutes of the Board meeting and also entered in the statutory register maintained for this purpose.

SAFETY OF RECORDS OF THE COMPANY

The Company puts great emphasis on storage and safe custody of its financial and important corporate records. The Company's records include books of accounts, major agreements/contracts, documentations pertaining to taxation, legal, personnel information, electronic data and other business-related information. Electronic database of ERP system also forms part of Company's records. Company has effective data backup policies that ensure timely backup of all electronic data and a Disaster Recovery Plan, including a Disaster Recovery Site, is in place to ensure timely restoration of IT facilities.

RELATED PARTY TRANSACTIONS

Related party relationships including relationships where there is common directorships and transactions including outstanding balances as at the year ended June 30, 2022 have been appropriately accounted for and disclosed in accordance with the requirements of the approved accounting standards as applicable in Pakistan and the Companies Act, 2017. There are no transactions with related parties in addition to those that are disclosed in note 33 to the financial statements. All related party transactions are under normal course of business and do not involve undisclosed side agreements.

Pursuant to the requirements of the Companies Act 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019, the complete details of the transactions and balances with the related parties were placed before the Board Audit and Risk Committee (BARC) for review at the end of each quarter. After review by the Committee, the transactions were considered and duly approved by the Board keeping in view the recommendations made by the BARC.

GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENTS

The Company believes in governance and internal controls and adopts highest standards in its day-to-day activities. Following additional practices are adopted by the Company that exceed legal requirements:

- Financial Reporting: Apart from legal requirements for disclosures in annual report, the Company has also adopted Best Corporate Report Criteria issued by the Institute of Chartered Accountants of Pakistan / Institute of Cost and Management Accountants of Pakistan.

- Limits of Authority Manual (LAM): Company's in-house LAM requires Board approval for certain activities that are otherwise entrusted to the Management under Companies Act, 2017 and other regulations.

- Health, Safety, Environment and Policy: The Company has adopted stringent HSEQ policies and procedures that exceed legal / regulatory requirements to ensure safety of employees, integrity of assets and quality of products.

PRESENCE OF CHAIRMAN BOARD AUDIT AND RISK COMMITTEE (BARC) AT AGM

Chairman of the BARC, Mr. Mohammad Abdul Aleem was present at the AGM held on October 14, 2021 to answer questions on the audit committee's activities and matters within the scope of audit committee's responsibilities.

DATE OF AUTHORISATION OF FINANCIAL STATEMENTS

In order to timely communicate financial results to the stakeholders, Annual Financial Statements of the Company for the year ended June 30, 2022 were approved by the Board in its 612th meeting held on August 20, 2022. Necessary disclosures to the PSX and the SECP were made on the next working day after the conclusion of the Board meeting as the Board meeting was held over the weekend.

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2022

S. No.	Shareholders Category	No. of Shareholder	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	5	23,100	0.00
2	Associated Companies, Undertakings and related Parties	4	400,459,028	63.56
3	NIT and ICP	2	10,556,950	1.68
4	Banks, Development Financial Institutions and Non Banking Financial Institutions	6	3,109,330	0.49
5	Insurance Companies	7	11,307,732	1.79
6	Modarabas and Mutual Funds	9	8,030,947	1.27
7	Shareholders holding 10%	4	400,459,028	63.56
8	General Public :			
	a. local	13,902	162,735,366	25.83
	b. Foreign	-	-	-
9	Others	155	33,777,547	5.36

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2022

No. of Shareholders	Shareholding From	Shareholding To	Total Shares
1,011	1	100	35,275
2,123	101	500	885,101
2,209	501	1,000	2,106,825
4,676	1,001	5,000	13,533,359
1,632	5,001	10,000	13,093,694
584	10,001	15,000	7,574,150
412	15,001	20,000	7,643,420
290	20,001	25,000	6,834,274
160	25,001	30,000	4,569,574
108	30,001	35,000	3,588,392
103	35,001	40,000	3,968,424
57	40,001	45,000	2,475,458
116	45,001	50,000	5,711,061
55	50,001	55,000	2,901,075
40	55,001	60,000	2,369,139
35	60,001	65,000	2,208,818
28	65,001	70,000	1,909,776
34	70,001	75,000	2,523,563
25	75,001	80,000	1,960,220
16	80,001	85,000	1,339,714
12	85,001	90,000	1,064,398
5	90,001	95,000	457,359
68	95,001	100,000	6,783,862
15	100,001	105,000	1,544,878
14	105,001	110,000	1,509,880
8	110,001	115,000	911,960
10	115,001	120,000	1,194,220
10	120,001	125,000	1,238,500
9	125,001	130,000	1,152,698
9	130,001	135,000	1,201,599
7	135,001	140,000	973,000
2	140,001	145,000	283,662
18	145,001	150,000	2,687,101
8	150,001	155,000	1,224,462
2	155,001	160,000	316,500
2	160,001	165,000	325,500
3	165,001	170,000	499,000
7	170,001	175,000	1,218,990
3	175,001	180,000	536,000
6	180,001	185,000	1,099,826
1	185,001	190,000	189,000
15	195,001	200,000	2,994,216
4	200,001	205,000	813,922
2	205,001	210,000	418,500
3	215,001	220,000	651,858
4	220,001	225,000	892,808
2	225,001	230,000	455,500
2	230,001	235,000	467,000

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2022

No. of Shareholders	Shareholding From	Shareholding To	Total Shares
1	240,001	245,000	244,000
7	245,001	250,000	1,749,500
1	250,001	255,000	254,254
1	260,001	265,000	262,679
1	265,001	270,000	265,009
3	270,001	275,000	824,802
1	280,001	285,000	285,000
1	290,001	295,000	291,500
5	295,001	300,000	1,500,000
2	300,001	305,000	607,500
1	310,001	315,000	314,800
2	315,001	320,000	637,372
3	320,001	325,000	968,000
1	325,001	330,000	330,000
1	335,001	340,000	338,500
7	345,001	350,000	2,442,500
2	350,001	355,000	704,000
1	355,001	360,000	360,000
1	360,001	365,000	360,500
2	365,001	370,000	731,128
1	370,001	375,000	374,238
8	395,001	400,000	3,199,989
1	400,001	405,000	401,400
1	405,001	410,000	409,500
1	410,001	415,000	415,000
4	425,001	430,000	1,713,932
1	430,001	435,000	435,000
1	435,001	440,000	435,409
1	445,001	450,000	450,000
1	450,001	455,000	455,000
1	470,001	475,000	475,000
1	485,001	490,000	487,000
1	490,001	495,000	493,500
8	495,001	500,000	3,995,854
1	505,001	510,000	509,928
1	520,001	525,000	525,000
1	540,001	545,000	544,500
1	545,001	550,000	550,000
1	550,001	555,000	551,500
1	565,001	570,000	565,816
2	595,001	600,000	1,200,000
1	630,001	635,000	634,500
1	645,001	650,000	645,862
2	695,001	700,000	1,399,500
1	700,001	705,000	701,500
1	720,001	725,000	724,500
1	795,001	800,000	800,000
1	950,001	955,000	950,200

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2022

No. of Shareholders	Shareholding From	Shareholding To	Total Shares
2	995,001	1,000,000	2,000,000
1	1,000,001	1,005,000	1,005,000
1	1,025,001	1,030,000	1,026,500
1	1,035,001	1,040,000	1,037,500
1	1,040,001	1,045,000	1,045,000
1	1,045,001	1,050,000	1,050,000
1	1,075,001	1,080,000	1,078,000
1	1,155,001	1,160,000	1,155,133
2	1,210,001	1,215,000	2,427,500
1	1,220,001	1,225,000	1,221,886
1	1,225,001	1,230,000	1,228,000
1	1,395,001	1,400,000	1,400,000
1	1,415,001	1,420,000	1,417,500
1	1,580,001	1,585,000	1,585,000
1	1,610,001	1,615,000	1,611,987
1	1,695,001	1,700,000	1,699,500
1	1,700,001	1,705,000	1,702,000
1	1,725,001	1,730,000	1,729,354
1	1,975,001	1,980,000	1,977,500
1	2,295,001	2,300,000	2,300,000
1	2,495,001	2,500,000	2,500,000
1	2,955,001	2,960,000	2,960,000
1	3,145,001	3,150,000	3,150,000
1	3,355,001	3,360,000	3,359,500
1	5,375,001	5,380,000	5,376,820
1	5,840,001	5,845,000	5,842,393
1	8,890,001	8,895,000	8,891,628
1	9,910,001	9,915,000	9,911,088
1	22,455,001	22,460,000	22,459,028
1	28,345,001	28,350,000	28,350,000
1	167,995,001	168,000,000	168,000,000
1	181,645,001	181,650,000	181,650,000
14,090			**630,000,000**

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

FOR THE YEAR ENDED JUNE 30, 2022

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("Regulations") in the following manner:

1. The total number of Directors including Executive Director are eleven (11) as per the following categories:

	Category	Number
a.	Male	Ten
b.	Female	One

2. The composition of Board is as follows:

Category	Names
Non-Executive/Independent Directors	Tariq Kirmani Abid Shahid Zuberi Mohammad Abdul Aleem Nadeem Safdar
Non-Executive Directors	Aftab Husain *
Non-Executive Directors (PSO Affiliated)	Mohsin Ali Mangi Hassan Mehmood Yousufzai Syed Jehangir Ali Shah Syed Muhammad Taha
Executive Directors	Zahid Mir
Female Director	Tara Uzra Dawood

** Board considers Mr. Aftab Husain as Independent Director; however, he has been shown as Non-Executive Director as he remained Managing Director & CEO of the Company from November 2011 to July 2019.*

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.

4. 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;

5. 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, except for the non-compliances explained below;

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 Companies Act 2017 ("Act") and the Regulations;

7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency of meetings, 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 the 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 Regulations, except for three directors;

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 Executive Officer and Chief Financial Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed statutory committees comprising members whose names are given below:

a) Audit & Risk Committee

1.	Mohammad Abdul Aleem	Chairman Committee
2.	Abid Shahid Zuberi	Member
3.	Hassan Mehmood Yousufzai	Member
4.	Mohsin Ali Mangi	Member
5.	Syed Muhammad Taha	Member
6.	Tara Uzra Dawood	Member

b) Human Resources and Compensation Committee

1.	Tariq Kirmani	Chairman Committee
2.	Aftab Husain	Member
3.	Nadeem Safdar	Member
4.	Syed Muhammad Taha	Member
5.	Syed Jehangir Ali Shah	Member
6.	Zahid Mir	Member (MD & CEO)

c) Project Steering Committee

1.	Mohsin Ali Mangi	Chairman Committee
2.	Aftab Husain	Member
3.	Hassan Mehmood Yousufzai	Member
4.	Syed Muhammad Taha	Member
5.	Zahid Mir	Member (MD & CEO)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The minimum frequency of meetings of the committee were as per following:

a) Audit Committee: Quarterly
b) HR and Remuneration Committee: Bi-Annually

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 (ICAP)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 ICAP 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 any 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, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and

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 mentioned below:

S.No.	Requirement	Explanation	Regulation No.
1	The Board is responsible for the governance of risk and determining the Company's level of risk tolerance by establishing risk management policies.	The Company has a framework of periodic risk assessment which is in the process of being formalised at Board level.	10 (1) & (2)
2	The Board shall ensure that a formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of Board and of its committees.	Annual evaluation of the Board has not been carried out during the year	10 (3) (v)
3	It shall be mandatory for all companies to ensure that by June 30, 2021 all the Directors on their Board have acquired the prescribed certification under any Director Training Program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	Three Directors are in the process of doing the Directors Training Certification.	20
4	The Board may constitute a separate committee designated as the Nomination Committee, of such number and class of Directors as it may deem appropriate.	The responsibilities as prescribed for the Nomination Committee are being taken care at Board level.	29
5	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 tasked the Audit Committee to oversee Risk Management related matters of the Company	30
6	The Company may post on its website key elements of its significant policies including but not limited to the following: 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. Brief synopsis of terms of reference of the Board's committees including: (i) Audit Committee (ii) HR and Remuneration Committee (iii) Nomination Committee	As the Regulation provides concession with respect to disclosure of significant policies on the website, only key elements of relevant policies are available on the Company's website.	35 (1)

Tariq Kirmani
Chairman

Zahid Mir
Managing Director & CEO
August 20, 2022

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building, Blue Area
Islamabad, Pakistan
Telephone 92 (51) 282 3558, Fax 92 (51) 282 2671

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Pakistan 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 **Pakistan Refinery Limited** (the Company) for the year ended June 30, 2022 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, 2022.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
14 September 2022
UDIN:CR202210202DKJhLIxRI

BOARD AUDIT & RISK COMMITTEE REPORT TO THE MEMBERS OF PAKISTAN REFINERY LIMITED

FOR THE YEAR ENDED JUNE 30, 2022

On behalf of the Board Audit and Risk Committee (the Committee), I am pleased to present my report for the year ended June 30, 2022. The report outlines how the Committee discharged its responsibilities during the year in relation to financial and other reporting, risk management and internal control, the internal audit function and our relationship and interaction with the external auditors.

Roles and Responsibilities

The primary role of the Committee is to assist the Board in fulfilling its oversight responsibilities in areas such as financial reporting, effectiveness of the risk management framework and system of internal controls as well as consideration of ethics and compliance matters.

The main roles and responsibilities of the Committee are set out in the Terms of Reference approved by the Board which principally focus on the following:

- reviewing the quarterly, half yearly and annual financial statements and considering the appropriateness of accounting policies and practices;
- advising the Board on whether it believes there are any material uncertainties which may impact the Company's ability to continue as a going concern;
- advising the Board on whether the annual report and financial statements, when taken as a whole present a true and fair view;
- reviewing the operations and effectiveness of the internal audit function;
- making recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditors as well as monitoring their effectiveness and independence; and
- reviewing the Company's whistleblowing arrangements for its employees and third parties to raise concerns in confidence about possible wrongdoings in financial reporting or other matters.

Composition of The Committee

S. No.	Name	Designation	Category
1.	Mr. Mohammad Abdul Aleem	Chairman	Independent Non-Executive Director
2.	Mr. Abid Shahid Zuberi	Member	Independent Non-Executive Director
3.	Syed Muhammad Taha	Member	Non-Executive Director
4.	Ms. Tara Uzra Dawood	Member	Non-Executive Director
5.	Mr. Hassan Mehmood Yousufzai	Member	Non-Executive Director
6.	Mr. Mohsin Ali Mangi	Member	Non-Executive Director

The Chairman of the Committee is a fellow chartered accountant, and all members of the Committee are independent and/or non-executive directors. The experience of the Committee members demonstrates that the Committee as a whole has competence relevant to the sector in which the Company operates, and possess the necessary commercial, regulatory, financial and audit expertise required to fulfil its responsibilities.

Committee Meetings

The Committee met four times during the financial year. Managing Director & Chief Executive Officer and Chief Financial Officer of the Company attended the meetings by invitation. The external auditors of the company also attended two of the meetings when issues related to accounts and audit were discussed. The Chief Internal Auditor have direct access to the Chairman of the Committee at all times and meet with the Committee, without other executive management being present, on a formal basis at least annually in order to provide additional opportunity for open dialogue and feedback. After each Committee meeting, the Chairman of the Committee reports to the Board on the key issues which have been discussed.

Financial Reporting and Significant Financial Judgements

The Audit Committee reviewed the quarterly, half yearly and annual statutory financial statements and all formal announcements relating to these statements before submitting them to the Board with a recommendation to approve. These reviews focused on, but were not limited to:

- the appropriateness and consistency of accounting policies and practices;
- the going concern assumption;
- compliance with applicable financial reporting standards and corporate governance requirements as well as the clarity and completeness of disclosures; and
- considering the significant areas of complexity, management judgement and estimation that had been applied in the preparation of the statutory financial statements in accordance with the accounting policies.
- the Committee believes that the Annual Report for the year ended June 30, 2022 as a whole provides the information necessary for shareholders to assess the Company's financial position and performance, business model and strategy.

Internal Control and Risk Management

The Committee supports the Board in its duties to review and monitor, on an ongoing basis, the effectiveness of the Company's risk management and internal control systems.

The Company has developed a sound mechanism for identification of risks and assigning appropriate criticality level and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company. The Company has devised and implemented an effective internal control framework which also includes an independent internal audit function.

The Committee reviewed the quarterly reports from the Chief Internal Auditor along with the management's action plans to address the observations highlighted. In addition, report from the external auditors in respect of significant financial accounting and reporting issues, together with observations on significant internal control weakness were also considered.

Internal Audit Function

The Committee is responsible for monitoring and reviewing the operations and effectiveness of the internal audit function including its focus, plans, activities and resources. To fulfil these duties the Committee:

- reviewed and approved the internal audit function's annual plan;
- received quarterly updates from the Chief Internal Auditor on the principal findings from the work of internal audit and management's actions to resolve the identified issues;
- ensured that the Chairman of the Committee and the Committee met with the Chief Internal Auditor without the presence of management; and
- ensured that the Chief Internal Auditor has access to the Chairman of the Board if required.

External Auditor

The Committee has primary responsibility for overseeing the relationship with, and performance of the external auditors. This includes making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, assessing their independence and effectiveness and approving the audit fee. During the year, the Committee met with the external auditor without management present to discuss any issues that may have arisen during the audit of the Company's financial statements for the year ended June 30, 2022.

As part of its oversight of the external auditor, the Committee annually assesses the performance and effectiveness of the external auditor, including an assessment of the quality of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the Committee members. As part of its evaluation, the Committee considered and discussed views and recommendations from the management and the Chief Internal Auditor and the Committee's own experiences during interactions with the external auditors.

The external auditors i.e. KPMG & Co., Chartered Accountants also provide taxation and other services to the Company. The objectivity and independence of the external auditors is safeguarded through separate engagement partners for the non-audit services and the firm's internal process to ensure independence, as confirmed by them through their engagement letter. The firm has no financial or other relationship of any kind with the Company except that of external auditor, taxation consultant, and other services as disclosed in the financial statements.

In the end, I would like to thank all the Committee members for their valuable inputs throughout the year and trust that this report will be useful in understanding the activities of the Committee during the year.

On behalf of the Board Audit & Risk Committee

Mohammad Abdul Aleem
Chairman Board Audit & Risk Committee

INVESTORS' RELATIONS

ENGAGEMENT WITH STAKEHOLDERS

PRL believes that open communication with stakeholders is the key to maintain the reputation of the Company. The Company defines stakeholders as those who have a direct or indirect interest in the Company or are directly or indirectly affected by the Company. Stakeholders are identified and then prioritised on the basis of nature of relationship, influence, responsibility, dependency and willingness and ability to engage. Considering the above, PRL has a wide range of stakeholder community, details about the some major stakeholders, their expectations and interests and method of engagement with the Company is given as follows:

Stakeholders	Expectation and interest	Frequency and method of engagement
Shareholders including institutional investors	• Timely communication of material information. • Good governance practices. • Sound risk management.	• Dedicated investor relations section on website with timely upload of information. • Announcement of material information on PSX. • Conduct AGM / EOGM and corporate briefing session where investors get adequate response to their queries and questions. • Timely and accurate dissemination of quarterly and annual reports highlighting the performance of the Company.
Employees	• Conducive working environment. • Remuneration and retirement benefits. • Personal development, training and health and safety. • Clearly defined roles, responsibilities and goals, performance management and development.	• Open-door policy for continuous interaction with employees at all levels. • Regular review and dissemination of HR policies. • Effective whistle blowing policy. • Training and development programs. • Performance Appraisals.a • Recreational activities to encourage teamwork.
Customers and suppliers	• Meeting the contractual obligations with required specifications. • Timely resolution of complaints. • Prompt response to queries.	• Ongoing engagement with customers / suppliers through dedicated Commercial / Procurement teams. • Complaint resolution mechanism. • Regular engagement for day-to-day matters.
Local community	• Creation of employment and business opportunities. • Minimum impact on environment. • CSR initiatives	• CSR activities directed towards wellbeing of surrounding localities including improvement of educational and vocational institutions and hospitals. • Effective HSEQ policies to ensure emissions are within prescribed limits. • Waste Water Treatment facility for effluents handling.
Government and Regulators	• Compliance with laws and regulations. • Wealth generation • Contribution to national GDP in terms of payment of taxes and duties.	• Regular engagement with Government authorities and regulators. • Timely dissemination and providing of required information. • Significant contribution to national exchequer in terms of taxes and duties.
Banks / financial institutions	• Timely provision of required information. • Timely payment of principal / interest dues.	• Dedicated Treasury function for day-to-day engagement with banks / financial institutions. • Regular sessions with senior management of banks/financial institutions. • Timely submission of required information to support banks / financial institutions in their due diligence.

RESOLUTION OF ISSUES RAISED AT LAST AGM

The Annual General Meeting of the Company for the year ended June 30, 2021 was held online on October 14, 2021. The meeting was attended by shareholders representing 63.85% shareholding. All questions were appropriately answered and there were no significant outstanding issues that required follow up.

ENCOURAGEMENT OF MINORITY SHAREHOLDERS TO ATTEND GENERAL MEETINGS

The Company values all shareholders equally and consider them an integral part of the Company. PRL facilitates all shareholders including minority shareholders to attend and take part in AGMs. As the Company has been conducting general meetings through video conferencing, minority shareholders' participation has further improved, as they can conveniently attend through video-link. The notice of AGM is sent to all shareholders at least 21 days before the date of meeting. During the meeting, input from all shareholders is encouraged and their concerns and suggestions are recorded as a part of continuous improvement process.

INVESTORS' RELATIONSHIP AND GRIEVANCES

In order to promote investors' relations and facilitate access to the Company for grievance/other query registration, an Investors' Relations section is maintained on PRL's website which can be accessed using the following link (http://www.prl.com.pk/investor-information/). Further, annual report is also completely accessible on the website using the following link (http://www.prl.com.pk/financial-reports/).

SHARE PRICE SENSITIVITY ANALYSIS

Investors' relations section on the Company's website contains important information such as share price, financial highlights, pattern of shareholders, EPS, P/E ratio and breakup value etc. All the material information that might affect the share price of the Company is communicated to the PSX and the SECP in a timely manner.

The Company's share price is susceptible to changes in international oil prices, revision in pricing mechanism by the Government, exchange rate fluctuations, changes in discount rate by the State Bank of Pakistan, progress on Refinery Expansion and Upgrade Project, significant changes in tax laws and significant changes in Government policies.

DISCLOSURES BEYOND BCR CRITERIA

The corporate reporting structure has evolved over the years to provide increased analysis for better understanding of stakeholders. The Company's annual report includes following disclosures in addition to ICAP / ICMAP BCR criteria to augment stakeholders' overall understanding of Company and future prospects:

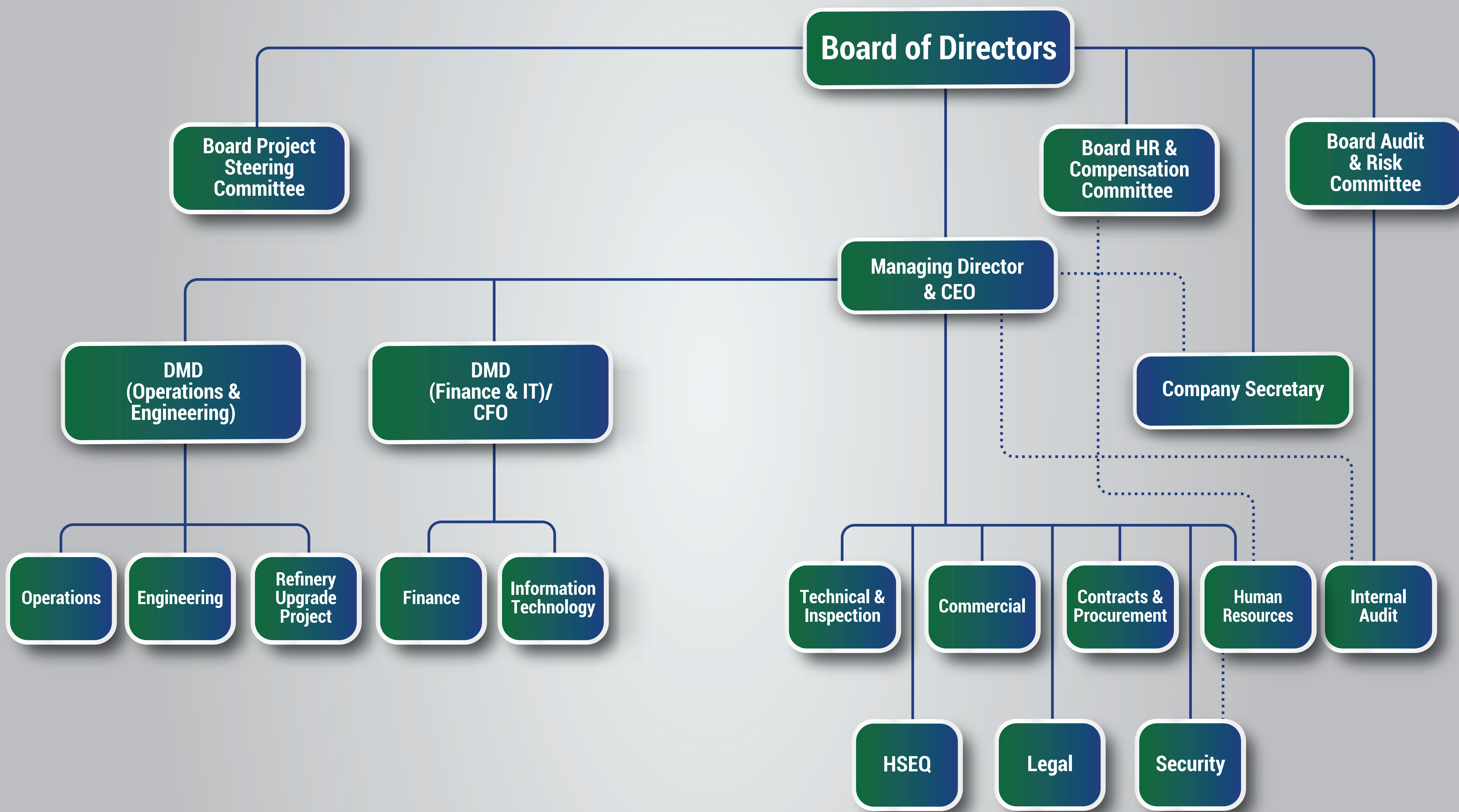
- About the report
- Highlights for the year ended June 30, 2022
- Information about rebranding of the Company
- Detailed information about Refinery Expansion and Upgrade Project

VIDEO MESSAGE OF MANAGING DIRECTOR & CEO

The video message of Managing Director & CEO on Company's overall performance for the year ended June 30, 2022 along with views on future plans is uploaded on Company's website on the following link (http://www.prl.com.pk/investor-information/).

MANAGEMENT AND OPERATIONS

ORGANISATIONAL CHART



REFINERY LEADERSHIP TEAM

Abdul Majid,
General Manager
(Technical & Inspection)
(Standing Left)

Najam Mahmud,
General Manager
(Human Resources)
(Standing 2nd Left)

Om Perkash,
General Manager
(Commercial)
(Standing 2nd Right)

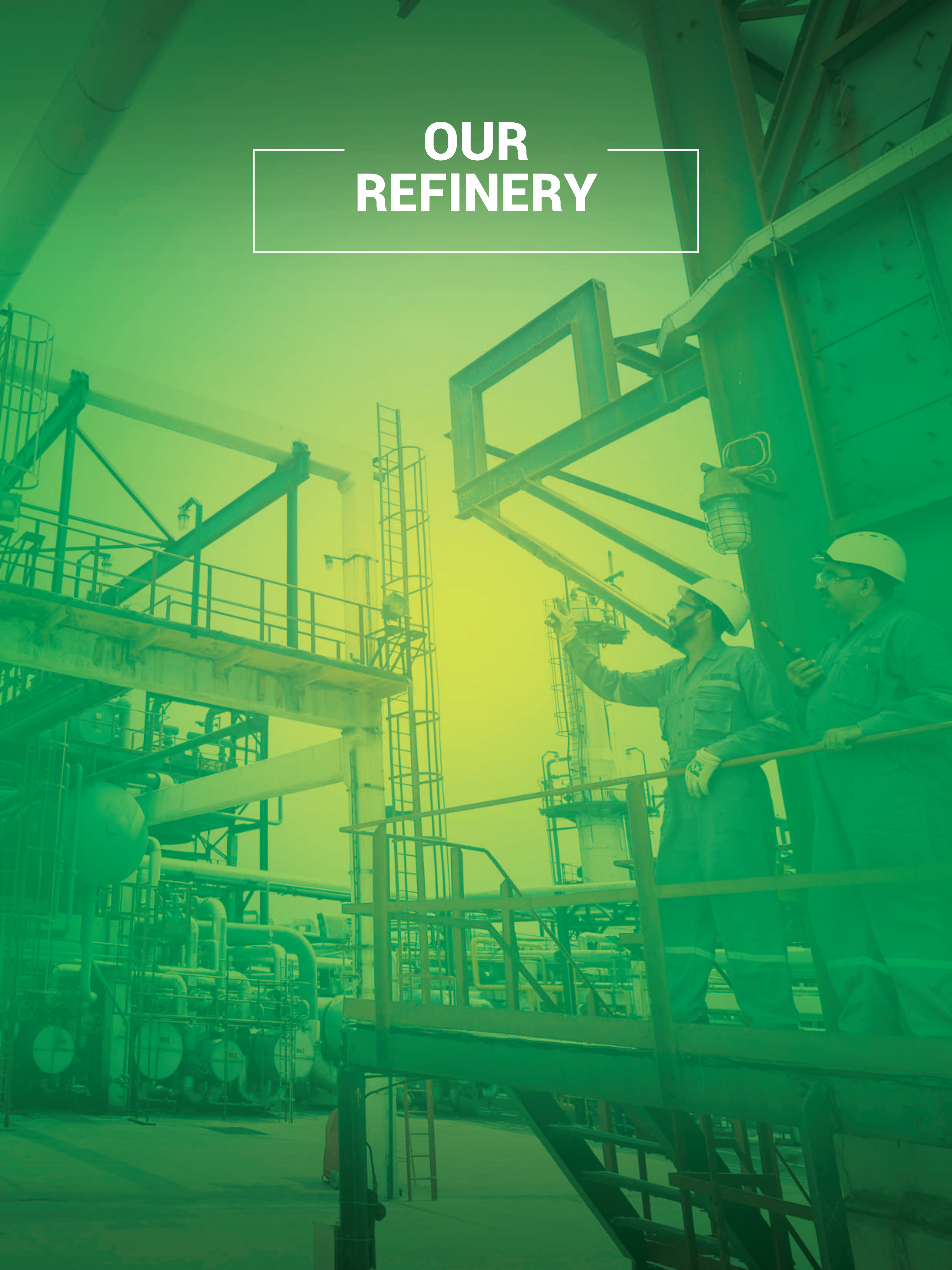
Shehrzad Aminullah,
General Manager
(Contracts & Procurement)/Company Secretary
(Standing Right)

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

Zahid Mir,
Managing Director
& CEO
(Sitting Center)

Asad Hasan,
Deputy Managing Director
(Operations & Engineering)
(Sitting Right)

OUR REFINERY



OPERATIONS

The core responsibilities of Operations department is to operate the refinery in safe, smooth and efficient manner to achieve Company's production targets. The refinery operates in rotational shifts round the clock. Moreover, Operations also make sure that all emissions and effluents conform applicable quality standards.

Refinery shutdown and startup activities (plant turnaround) are carried out at periodic intervals in coordination with engineering and technical teams. Operations also initiates commissioning of new equipment and modification to existing plant to enhance safety, efficiency and profitability of the refinery besides meeting organisational objectives by processing variety of crudes which recently resulted in production of EURO II compliant HSD, high yields of middle distillates and IMO compliant very low sulphur furnace oil.

Oil Movement function is responsible for crude oil and product related logistics. This spans from receiving imported crude at Karachi Port and local crude via bowsers at Refinery premises in Korangi and preparation of suitable crude recipe. Via integrated network of storage tanks, pipelines and gantries, Oil Movement ensures supplies to Oil Marketing Companies and also handles export of surplus Naphtha.

HSEQ

Ensuring safe operations is the responsibility of all employees of PRL. In PRL, the role of the HSEQ department is very significant which maintains a focus on continuous improvement through a consultative and systematic management approach to health and safety to ensure a safe environment is maintained and compliance with relevant applicable laws. HSEQ ensures all systems are in place that are required to mitigate and control any undesirable hazardous situation (causing threat to Health, Safety, Environment & Quality) arising in case of any failure or accident in the refinery.

ENGINEERING

Engineering department plays a major role in achieving business objectives by maximising overall plant and equipment productivity through improved maintenance techniques, thus ensuring safe and uninterrupted refinery operations. It undertakes equipment reliability as it's prime mission by employing proper proactive, predictive and preventive maintenance techniques to ensure reliability of plant operations. It is also responsible for undertaking different small to medium scale projects required for sustainable refinery operations along with major turnarounds and regeneration turnarounds while continuously striving for innovation, cost saving techniques and energy efficient assets for continual improvement.

COMMERCIAL

Commercial department is responsible for crude procurement and off-take of finished products. It is responsible for efficient inventory management by using various measures such as procurement of low-cost spot cargoes and meeting the product sales targets. It liaises with both Operations and Oil Movement functions to make necessary arrangement for the receipt and further processing of crude oil and disposal of refined products thereafter. Additionally, it also makes all arrangements for the export of surplus Naphtha.

The Contracts and Procurement (C&P) department is the central authority for managing the contracts and procurement processes on refinery-wide basis. C&P is responsible for procurement of goods and services for the refinery. C&P is tasked to seek the best value and highest quality of goods and services for the Company. C&P is also required to ensure transparency and accountability while ensuring timely and efficient acquisition of goods and services.

CONTRACTS AND PROCUREMENT

HUMAN RESOURCES

Human Resources (HR) department is focused on attracting, retaining, developing, and rewarding employees, Company's biggest asset, by providing them opportunities to develop, both personally and professionally. The HR department is focused on contributing towards the overall business objectives through strategic alignment with the organisational goals. Therefore, all the functions which fall under the purview of the HR department, such as Talent Acquisition, Performance Management, Payroll Management, Training & Development, Industrial Relations, Administration and Medical, are all in their own way helping the Company in achieving its short and long term objectives.

The HR department strives to place the right candidate at the right job and has played a pivotal role in providing the Company with quality human resources based on the current and future needs of the organisation. PRL has a robust Trainee Program (for Trainee Engineers, Management Trainees and Trainee Chemists) which allows the Company to induct new talent with future growth potential.

The Company places special emphasis on fostering a learning culture by empowering its employees to contribute towards a learning organisation. The HR function provides employees with numerous opportunities to develop and increase productivity, covering all aspects of business operations by imparting technical, managerial and HSEQ related in-house and external trainings. The Company has an alliance with the Institute of Business Administration – Centre for Executive Education (IBA – CEE) for various training programs offered by them, which further enhance the leadership and management skills of the employees.

Technology and Inspection (T&I) department's core functions are to assure process monitoring & optimisation, troubleshooting support, process engineering support for capital projects, process safety and mechanical integrity assurance of static equipment. T&I department conducts audits of all operations and maintenance processes, process safety compliances and product quality check at each level.

T&I plays a vital role in providing all kind of technical support for troubl- free operations of the Refinery. It's multifunctional nature of work ranges from Production Planning, Energy Auditing, Optimisation and process design, Refinery economics and pre-feasibilities, Plant Monitoring, Product quality control. T&I work includes technical support to ongoing and planned projects and it must vet and approve all process modifications keeping in view need, technical viability, and economic justification for each proposed change.

Areas of T&I are:

- Process Engineering
- Technical Audit /Energy Conservation
- Process and techno-commercial Studies
- Plant Expansion and De-bottlenecking
- Quality Control (Laboratory)
- Benchmarking Studies
- Plant & Offsite Mechanical Integrity
- Process Safety Management System

TECHNOLOGY AND INSPECTION

FINANCE AND INFORMATION TECHNOLOGY

The finance function at PRL is committed to providing vital financial information on timely basis to all the stakeholders while maintaining strict confidentiality. The Company makes use of internationally recognised SAP ERP which captures all financial transactions that transform data into meaningful information. Finance function has been structured in a way that it is not only geared to meet current requirements but will also be effective to face challenges of the future providing a clear steer to Company's efforts. Through effective and positive portrayal of Company's business model and its underlying strengths, it has undertaken the task to ensure availability of cost-efficient financing facilities for continuous refinery operations. Another core responsibility of Finance function is tax planning and giving advises to other business functions on taxation and related financial matters.

Information Technology (IT) section is committed to provide an effective and efficient workflow of information services, to enhance productivity, reduce costs and to ensure continual development through availability of online and real-time information, facilitation of business processes by use of ERP and by protecting the integrity of its information management capabilities and databases and ensuring the security, reliability and confidentiality of information. The IT team remains responsive to provide services to users through help desk.

PROJECT

This is dedicated department that focuses on the Refinery Expansion and Upgrade Project and its related tasks such as carrying out initial feasibility studies, coordination with external consultants etc.

The Legal Department is responsible for all legal, regulatory and compliance related matters, inter-alia giving accurate and timely solicitation to the management on a wide array of legal topics, collaborating with the management to devise efficient defence strategies, drafting agreements, contracts and other legal documents to ensure Company's full legal rights, managing all contentious issues in liaison with external counsels, communicating with external parties such as regulators, external counsel, public authorities, etc.

Department's broad function is to set forth legal boundaries for the Company within which the management can exercise its ingenuity in successfully manoeuvring the Company. All the times, striving to find creative, proactive solutions to risks and handling crises to lead the Company towards success.

LEGAL

INTERNAL AUDIT

The internal audit department is an independent assurance function which supports the Company in improving its overall control framework and directly reports to the Board Audit and Risk Committee. It contributes to the maintenance of a systematic and disciplined approach to evaluate and improve the design and effectiveness of the Company's risk management, control and governance processes. The primary role of the department, through its assurance and other assignments, is to enhance value by contributing to the effectiveness and efficiency of the Company's operations, reliability of internal and external reporting, compliance with the applicable laws, rules, regulations, policies and procedures and safeguarding of the Company's assets.

CORPORATE RESPONSIBILITIES

CORPORATE RESPONSIBILITIES

HSEQ POLICY

PRL being a refinery is committed to protection of the environment, prevention of pollution and health and safety of its employees, customers, contractors and communities by minimising pollutants and hazards and reducing risks where it operates and maintaining quality in all its business activities so as to exceed customer expectations.

PRL is also committed to complying with applicable laws and requirements and working with Government and other stakeholders in their development and implementation. PRL conducts periodic audits and risk assessments of its activities, processes and products for setting and reviewing its objectives and targets to provide assurance to improve HSEQ management system and loss control. PRL shall continually improve the effectiveness of HSEQ management system through consultation and participation of its employees and workers.

CSR POLICY

PRL's CSR policy is aimed to support and encourage respect for human rights, promote the culture of giving back to the community and becoming environmentally responsible both within and outside the organisation. As a responsible corporate citizen, PRL supports development activities in the areas of Health, Education and Environment mainly focusing on the surrounding community and support activities in cases of national or community emergencies. The CSR initiatives are decided by the CSR Committee and approved by the Board .

Covid-19 Pandemic

PRL has taken all necessary precautions as per Government directives, to minimise effects of Covid-19 without compromising refinery operations. Regular awareness was spread amongst employees and their families via series of emails. Free of cost vaccination facility was extended to employees, their families and employees of our contractors /service providers.

CSR ACTIVITIES OF THE COMPANY DURING THE YEAR ARE AS FOLLOWS:

Donation to Indus Hospital

The Company made a donation of Rs. 7.5 million to Indus Hospital for the construction of a Treatment Room (General Surgery) keeping in view the expansion presently being undertaken by Indus Hospital. The donation was made with the objective that it will make a difference in the lives of the individuals dependent on this hospital for their treatment.

Flood relief activities

In the wake of the overwhelming floods which are ravaging the country at the moment it was decided by the Company to make a donation to the relief efforts in the flood impacted areas on an immediate basis. In this connection, necessary contact was made with the Army/Rangers who requested for Emergency Relief Medicines to be provided at the earliest. Meetings with the Flood Relief Coordination Officer from Head Quarters Pakistan Rangers (Sindh) were held to ascertain the exact nature of the medicines required and how would they be made available to the people in the far-flung devastated regions of interior Sindh.

The Rangers have coordinated the distribution of the medicines through 18 Division Head Quarters for Hyderabad and its surroundings. The 16 Division Head Quarters is engaged for Pannu Aqil and its surroundings while a Army Medical Camp established at Sehwan will be entrusted with the distribution of medicines in the respective area of responsibility.

The donation of emergency relief medicines worth Rs. 10 million was made by PRL through the Rangers for onward distribution in the affected areas. The donation marks an endeavour by the Refinery to help the destitute populace of the province of Sindh in these trying times and serves as a testimony to the commitment of PRL towards the flood-affected people in times of need.

CALENDAR OF MAJOR EVENTS

FIRST QUARTER

- Covid vaccination drive for PRL employees
- 61st Annual General Meeting for the year ended June 30, 2021 was held at the Refinery through video-link.

SECOND QUARTER

- Successfully completed catalyst regeneration shutdown.
- Board approved Refinery Expansion and Upgrade Project (REUP) in its meeting held on December 27, 2022.
- Undertaking with respect to REUP submitted to the Government of Pakistan in December 2021.

THIRD QUARTER

- Won 70th Pakistan Flower Show organised by Horticulture Society of Pakistan for factories / industrial garden category for sixth time.
- Distribution of special gift vouchers amongst company employees as well as contractors' staff on achievement of 10 million man-hours without Lost Time Injury.

FOURTH QUARTER

- Agreement with Wood Group UK Limited in May 2022 for undertaking Front End Engineering Design (FEED) of Refinery Expansion and Upgrade Project (REUP).
- Rs 7.5 million donation to Indus Hospital for construction of treatment room (general surgery).
- Closed the year with highest-ever profit after taxation.

COVID related efforts

70th Pakistan Flower Show prizes distributed by the President of Pakistan, Dr Arif Alvi

INFORMATION TECHNOLOGY GOVERNANCE

In times of technological advancement, IT plays a vital role in achieving overall objectives of the Company and optimise value creation. The IT department of the Company is continuously striving to adopt best practices and keeps an eye on the new developments to keep abreast of all the technological advancements. Further, best practices have been adopted for security of IT assets, data integrity, access controls and network security.

IT related risks are assessed at regular intervals and timely measures are adopted to mitigate them. The Board of Directors through Board Audit and Risk Committee oversees the level of acceptable IT risks and related controls including cyber risks which management exercises to put risks below the specified threshold.

The Company uses SAP for its centralised data management needs which helps to effectively manage the complex business processes by provision of easy and real-time access to information for decision-making.

UPGRADATION AND AUTOMATION OF BUSINESS PROCESSES

Business processes are being continuously mapped, documented, re-engineered and improved upon for transformation in to automated functions. To augment automation and encourage paperless environment, the Company has planned to implement SAP Ariba that will completely automate Company's goods and services procurement process. SAP Ariba is an e-procurement solution that provides access to global supplier database resulting in efficiencies and cost saving.

The Company has also upgraded operating systems of existing IT servers to latest versions. Further, SAP database is also planned to be migrate from existing EHP-6 to HANA in the upcoming financial year.

IT RELATED INTERNAL CONTROLS

The IT department regularly reviews the process and related controls being used in the Company. Proper SOPs are in place to assign user rights.

Upon recommendation of the BARC, functional review of SAP is being conducted by external consultant M/S A. F. Fergusons and Co. Furthermore, the annual external audit of the financial statements and other supporting information provides additional assurance about the effectiveness of IT related controls.

ENTERPRISE RESOURCE PLANNING (ERP)

To streamline Company's core processes and operations and optimise performance, the Company plans to digitise key workflows to encourage paperless environment. Keeping in view the central importance of ERP, the Company gives utmost importance to identify and manage ERP associated risks.

IT DATA SECURITY

The Company has a comprehensive IT data backup process that ensures regular online and offline back up of IT database. This includes back up of user systems, ERP database, Distributed File System and other critical software. Further, the Company has also established offsite Disaster Recovery Site to ensure restore of IT services within minimum downtime.

DISASTER RECOVERY PLANNING (DRP)

Company's DRP defines an organised approach in any event threatening Company's IT infrastructure including hardware, software, network, process and database. Business Impact Analysis is also carried out to prioritise restore of critical systems. In order to minimise system downtime during disaster situations a state of the art offsite Disaster Recovery Site has been established.

CYBER SECURITY

Company's data is vulnerable to cyber-attacks. During the year, Vulnerability and Penetration Testing of IT resources was carried out by external consultants and the recommendations proposed in the report are being implemented.

TRAINING

The Company firmly believes that regular training and development helps harness the full potential of SAP. The Company arranged a comprehensive power user training in the past for different SAP modules including Basis, ABAP, materials module, plant maintenance, financial management and controlling. Moreover, the Company also has plans for comprehensive training next year which will support for the Company in future migration of SAP to latest version.

FUTURE OUTLOOK

REFINERY EXPANSION AND UPGRADE PROJECT (REUP)

The Board of Directors of Pakistan Refinery Limited in their meeting held on December 27, 2021 approved undertaking the Refinery Expansion and Upgrade Project (REUP) with the following objectives:

- Expansion of crude processing capacity from current 50,000 bpd to 100,000 bpd.
- Upgrading the refinery from Hydro-skimming configuration to a Deep Conversion Refinery, thereby significantly reducing production of HSFO.
- Production of environmentally friendly fuels, i.e. EURO V compliant HSD and MS/Petrol.

For further details, please refer pages 8 to 11 of this report.

LIQUIDITY MANAGEMENT

The Company's cash flow cycle has provided required assurance to financial institutions in continuing their support to the Company. As at June 30, 2022, the Company has available running finance and invoice discounting facilities of Rs. 9.45 billion and Rs. 4.50 billion respectively that strengthen the Company's cash flow management. The Company intends to further increase these financing facilities to meet the growing business needs. Considering the current high crude prices the Company is negotiating banks to increase limits for Letters of Credit (LC) for crude imports.

REFINING POLICY

The Government of Pakistan has shown its commitment to come up with a new refining policy to ensure upgradation of existing refineries and to encourage investment in new refineries in order to meet the Country's growing demand. In this regard, the refineries have been in a dialogue with the Government, and it is expected that the new refining policy will be announced soon enabling the existing refineries to undertake upgradation projects.

COMPANY'S PERFORMANCE AGAINST FORWARD LOOKING DISCLOSURES MADE LAST YEAR

- As disclosed in Directors' Report for the year ended June 30, 2021, Company intended to change the operational philosophy of using lighter crudes and make the Refinery sustainable through production of better margin products and reducing the production of HSFO. During the year, the Company processed different blends of Arab Extra Light Crude, Kuwait Super Light Crude and Das Crude and achieved record production of HSD.

  Moreover, the Company also procured crude oil from international traders on SPOT basis after closely evaluating price benefit which reflects focus on timely decision-making. This measure also helped the Company improve its refining margins.

- The Company successfully embarked on Refinery Expansion and Upgrade Project as detailed above as anticipated in year's Directors' Report.

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors of your Company are pleased to present their Annual Report together with Audited Financial Statements for the year ended June 30, 2022.

FINANCIAL RESULTS

	2022	2021
	(Rupees in thousand)	
Profit for the year	**12,573,450**	937,156
Other comprehensive income	**8,975,950**	76,104
Total comprehensive profit	**21,549,400**	1,013,260
Earning per share	**Rs. 19.96**	Rs. 1.52
Appropriations:		
Transfer to Special Reserve	**12,473,450**	837,156

The year under consideration saw the world somewhat recover from the effects of COVID-19 with rising demand in crude oil and petroleum products. However, Russia-Ukraine conflict caused disruption in global oil and gas supply with oil prices surging on fears of disruption of supplies. Resultantly, refining margins also increased sharply in the 3rd and 4th quarter of the current financial year. The Company continued its operational strategy to focus on production of higher margin products and reduction of negative margin High Sulphur Furnace Oil (HSFO). The Company also focused on procurement of opportunity crudes at lower prices thus enhancing Gross Refining Margins (GRMs). Although regressive tax measures announced in Finance Act 2022 dealt a blow to Company's profits but despite huge surge in tax charge, based on the above positive factors the Company posted a record profit after tax of Rs. 12.6 billion for the year ended June 30, 2022 as compared to profit after tax of Rs. 937 million last year.

STATE OF THE COMPANY'S AFFAIRS & ITS REVIEW

A brief on Company's operations and state of affairs of its review is as follows:

- The Company continued its operational strategy that gives optimal product mix and results in increased production of high margin products (Diesel - HSD and Petrol - MS) and during the year, achieved record production of HSD.

- Russia – Ukraine conflict exerted pressure on global oil and gas demand, consequently increasing the refining margins during the second half of the current financial year.

- In May 2022 the Company appointed M/s Wood Group UK Limited as Front End Engineering Design (FEED) Contractor for the Refinery Expansion and Upgrade Project (REUP). The Company is in touch with various international companies who have shown interest for strategic investment in the project. The Company has also engaged a Consortium of United Bank Limited and JS Global Capital Limited as Financial Advisor and Arranger for local debt and equity component for REUP.

- The Company repaid long-term loans amounting to Rs. 1 billion and Rs. 2.5 billion from Askari Bank Limited and Bank Alfalah Limited respectively, in June 2022. These loans were obtained for a tenor of 3 years, after being increased by one year as per State Bank of Pakistan (SBP) COVID relief measures, for financing working capital and restructuring balance sheet of the Company.

- The Company obtained two short-term FE loans of USD 40.26 million and USD 45.69 million under the directions of Ministry of Finance payable in July 2022 (earlier payable in April 2022 and rolled over for three months till July 2022) and December 2022 (earlier payable in June 2022 and rolled over for six months to December 2022) respectively. Revaluation of these FE loans resulted in net exchange loss of Rs. 2,415 million up to June 30, 2022 which is included in 'Receivable from Government' (Please refer to Note 10.1 to the Financial Statements). The Company will raise final claims with State Bank of Pakistan / Ministry of Finance on the settlement of these loans.

- During the year, Pak Rupee depreciated by 29.5% from Rs. 157.95 / USD on July 01, 2021 to Rs. 204.59 / USD on June 30, 2022 resulting in cumulative exchange loss of Rs. 4.24 billion. However, consequent to the change in pricing mechanism of certain products by the Government, the Company is able to recover a portion of these exchange losses through adjustment in ex-refinery pricing.

- The Government, through Finance Act, 2022, introduced section 4C in Income Tax Ordinance, 2001, and imposed super tax at the rate of 10% on taxable income (excluding brought forward losses and unabsorbed depreciation) for Tax Year 2022. This resulted in additional charge of Rs. 1.63 billion for the year.

- Pakistan State Oil Company Limited (PSO), being the parent entity, availed group taxation relief under Section 59B of the Income Tax Ordinance, 2001, and adjusted proportionate share of Company's tax losses for the Tax Year 2020 against its income for that Tax Year. The resultant tax benefit to PSO from the transaction amounting to Rs. 1.24 billion was transferred to the Company during the year as allowed under Section 59B of the Income Tax Ordinance, 2001.

PRINCIPAL RISKS AND UNCERTAINTIES

- The Refinery operates under policy framework of the Government of Pakistan. The pricing of certain products is regulated / monitored by the Ministry of Energy (MoE) which are primarily on import parity pricing basis. Changes in international pricing of crude oil and refined petroleum products and local pricing mechanism by MoE may have a significant impact on the results of the Company.

- Specifications of Refinery's products are defined by the Government and the Refinery is required to strictly comply with such specifications. Any change in these specifications may require the Refinery to make changes in operational parameters which in turn may have an adverse impact on the results of the Company.

- Company's reliance on bank financing and borrowings exposes the Company to interest rate and liquidity risks. Any increase in policy rate by SBP can result in increase in finance cost and a negative impact on the results of the Company. Further, withdrawal of any major banking financing facility increases the liquidity risk.

- The Company procures its crude oil from international crude suppliers. Terms and conditions of such procurement require confirmed Letters of Credit. However, owing to recent political and economic instability of the country, certain foreign banks have abstained from confirming L/Cs opened by Pakistani banks. If this situation persists, the Company may face crude shortage disturbing its smooth operations, consequently disrupting the Country's oil supply chain.

FUTURE PROSPECTS AND RISK MITIGATION MEASURES

- During the year, the Board of Directors has decided to undertake REUP with the following objectives:

  i. Compliance with requirement to product EURO V compliant HSD and MS;
  ii. Expansion of crude oil processing capacity from 50,000 to 100,000 barrels per day; and
  iii. To achieve self-sustainability by upgrading from hydro-skimming refinery to deep conversion refinery thereby, significantly reducing production of High Sulphur Furnace Oil (HSFO).

- A Detailed Feasibility Study (DFS) was carried out by internationally renowned consultants, wherein after exhaustive evaluation of globally available technologies and configurations, a Residue Fluidised Catalytic Cracking (RFCC) based configuration was selected. RFCC based complex optimises Capex requirements, maximises profitability by increasing yields of MS and Diesel and also introduces a component of petrochemicals in the product slate; propylene will be produced, which can be used as a feedstock for various petrochemical processes.

- After competitive bidding Front End Engineering Design (FEED) was awarded to Wood Group UK Limited in May 2022, which is expected to be completed by September 2023. The Company has also appointed a Consortium of United Bank Limited and JS Global Capital Limited as Financial Advisor and Arranger for local debt and equity component for REUP. Project cost is currently estimated at around USD 1.2 billion on the basis of the DFS. Actual costing will be determined after completion of FEED study, followed by financial close and award of Engineering, Procurement and Construction (EPC) contract.

- The Company's cash flow cycle has provided required assurance to financial institutions in continuing their support to the Company. As at June 30, 2022, the Company has available running finance and invoice discounting facilities of Rs. 9.45 billion and Rs. 4.50 billion respectively that strengthen the Company's cash flow management. The Company intends to further increase these financing facilities to meet the growing business needs. Considering the current high crude prices the Company is negotiating banks to increase limits for Letters of Credit (LC) for crude imports.

DIVIDEND

The Directors have decided a NIL dividend for the year ended June 30, 2022 to plough back total profits to meet future financial requirements relating to REUP.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements of the Company have been prepared by the management and represent its state of affairs, the result of its operations, cash flows and changes in equity.

- The Company has maintained proper books of accounts as required under the Companies Act, 2017.

- The Company has followed consistent and appropriate accounting policies in the preparation of the financial statements. Changes in accounting policies, wherever made, have been adequately disclosed in the financial statements. Accounting estimates are on the basis of prudent and reasonable judgement.

- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements and deviation, if any, has been adequately disclosed.

- The system of internal financial control is sound in design and has been effectively implemented and monitored regularly.

- There are no significant doubts upon the Company's ability to continue as a going concern.

CREDIT RATING

During the year, The Pakistan Credit Rating Agency (PACRA) reassessed the credit rating of the Company and maintained the earlier credit rating i.e. long-term entity rating of A- (Single A minus) and a short-term entity rating of A2 (Single A two). These ratings depict high credit quality and a low expectation of credit risk i.e. strong capacity for timely payments of financial commitments.

VALUE OF INVESTMENT IN POST - EMPLOYMENT BENEFIT FUNDS

The value of investments of provident, gratuity and pension funds on the basis of unaudited accounts as at June 30, 2022 was as follows:

	(Rupees in thousand)
Provident Fund	472,901
Gratuity Fund – Management Staff	211,992
Gratuity Fund – Non -management Staff	115,152
Pension Fund – Management Staff	1,298,844
Pension Fund – Non -management Staff	173,952

HEALTH, SAFETY, ENVIRONMENT & QUALITY (HSEQ)

Man-hours

PRL works on the principle of Goal-Zero Incidents. We share pride with all our stakeholders over the achievement of 12 million Man-hours till June 2022 without any Loss Time Injury (LTI), which is a significant milestone. This milestone is proof that PRL is committed to safety as a core value and reflects the maturity of the safety culture, the rigour of management systems, the engagement of refinery leadership at all levels of the organisation, and commitment to continuous improvement.

Safety Award

In March 2022, awards were given to PRL and contractors staff on achieving the 10 million man-hours safely.

Best Potential Incident Award

In 2021-22, to promote motivation and opportunity for pre-emptive actions, the best Potential Incidents (PI) awards were distributed amongst PRL and contractor staff for reporting potential hazards.

HSEQ Internal Audit

In October 2021, a third-party surveillance audit based on IMS (ISO standards 45001, 9001, and 14001) was conducted without any non-compliance or major observation.

Compliance With Regulatory Requirements

The Company remained fully compliant with the Environmental Management Plan (EMP) by maintaining the results of all reportable parameters as per Sindh Environment Quality Standards.

Collection And Safe Disposal Of Hazardous Waste

Hazardous waste from Korangi and Keamari terminal was collected and disposed of safely as per SEPA guidelines.

TECHNICAL & OPERATIONS

PRL is committed to safe and optimised operations. Operations during the year remained environmentally compliant, safe and injury free. Continual efforts led to maximisation of distillate yield (primarily MS and HSD) and minimisation of Fuel Oil production. Platformer regeneration turnaround was also carried out safely during the year, which increased RON barrel pool and optimised chemical requirements. Gantries were upgraded providing flexibility of increased supplies and customer base.

Driven by higher-than-average rainfall in the city during the past few years, the design of existing storm water drainage system was revisited. A new system was designed, constructed and successfully commissioned during the year. This has enhanced PRL's preparedness to deal with increasing rainfall in the vicinity. Various activities carried out throughout the year that focused on equipment reliability, modification in existing system for improvement, removing bottlenecks and exploring and implementing advanced maintenance techniques to ensure plant reliability and availability to required levels.

COMMERCIAL

During the year under review, the Company imported 82% of crude oil under flexible term contracts whereas the remaining 18% was acquired through traders on SPOT basis that helped the Company to improve its refining margins. During the year, the Company has further diversified its customer base and engaged with emerging oil marketing companies. Sales on advance payment to these companies has enabled maintaining inventory at an appropriate level during low demand period and reduction in financial cost.

HUMAN RESOURCES & INDUSTRIAL RELATIONS

Company's Human Resources contributes the most towards achieving its Short and Long-Term Objectives. Comapny remains committed to attracting, retaining, rewarding and developing employees for their individual growth and for the organisation's benefit.

Human Resource requirements of REUP are given highest priority, ensuring providing quality human resources to meet tight deadlines.

The Company enjoys cordial working relationship with the Collective Bargaining Agent (CBA). During the year ended June 30, 2022, successful negotiations were carried out with the CBA and the current CBA Agreement is valid until June 30, 2023.

Training and Development of the employees has been the focus of the HR activities and during the year on average 21.50 hours of training were imparted to each employee.

The Company ensured that the refinery operations were smooth during the Covid-19 pandemic by following all Government guidelines and SOPs were strictly implemented within the refinery premises to curtail the spread of virus amongst the employees.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR activities are embarked upon to honour the commitment of the Company towards society in general and to the people who live in the close vicinity of the Refinery in particular. This year the Refinery made a donation of Rs. 7.5 million to the Indus Hospital keeping in view the expansion presently being undertaken by The Indus Hospital. The amount was donated for the construction of a Treatment Room (General Surgery) with the sole purpose that it will make a difference in the lives of the individuals dependent on this Hospital for their treatment.

CORPORATE GOVERNANCE

The Company remains committed to the highest standards of corporate governance and conducts its business in line with the best practices of the Code of Corporate Governance and the Listing Regulations of the Pakistan Stock Exchange Limited. For further details, please refer to the 'Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations'.

ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Board of Directors is responsible for the establishment of sound internal financial controls. The Board has allowed the Managing Director & Chief Executive Officer to exercise certain financial and administrative powers other than those specifically assigned to the Board by the Companies Act, 2017. The Board periodically gets update on adequacy of internal financial controls through Internal Audit function. During the year, no material inadequacy in these controls was reported to the Board.

CONTRIBUTION TO THE NATIONAL EXCHEQUER AND VALUE ADDITION

The Company continued to be amongst major taxpayers of the country with timely discharge of all tax related liabilities. During the year, the Company contributed Rs. 38 billion (2021: Rs. 48 billion) to the National Exchequer in the form of direct and indirect taxes. In addition, during the year Company's Naphtha exports fetched valuable foreign exchange of USD 40.79 million (2021: USD 32.87 million).

KEY OPERATIONAL AND FINANCIAL DATA

A statement summarising key operational and financial data for the last six years is given from page 101 to 117 of the report.

PRINCIPAL ACTIVITIES OF THE COMPANY

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.

CHANGES CONCERNING NATURE OF BUSINESS OF THE COMPANY AND ITS INVESTEE COMPANY

There have been no change concerning nature of business of the Company and that of Pak Grease Manufacturing Company (Private) Limited where the Company holds 27.26% shares.

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Company have taken place between the end of the financial year and the date of the Report.

PATTERN OF SHAREHOLDING

The statement of Pattern of Shareholding as at June 30, 2022 is given on page 57 of the report.

EXTERNAL AUDITORS

The present External Auditors M/s KPMG Taseer Hadi & Co, Chartered Accountants retire at the conclusion of the forthcoming Annual General Meeting and has offered themselves for reappointment.

ACKNOWLEDGEMENT

The Board would like to place its appreciation and acknowledge the valuable support of the Government of Pakistan including Ministry of Energy in redressing many key points and taking decisions that will support refineries future operations. The Board also acknowledges and greatly values the support and trust of the shareholders, financial institutions, strategic partners, employees and other stakeholders which they have demonstrated throughout the year.

On behalf of Board of Directors

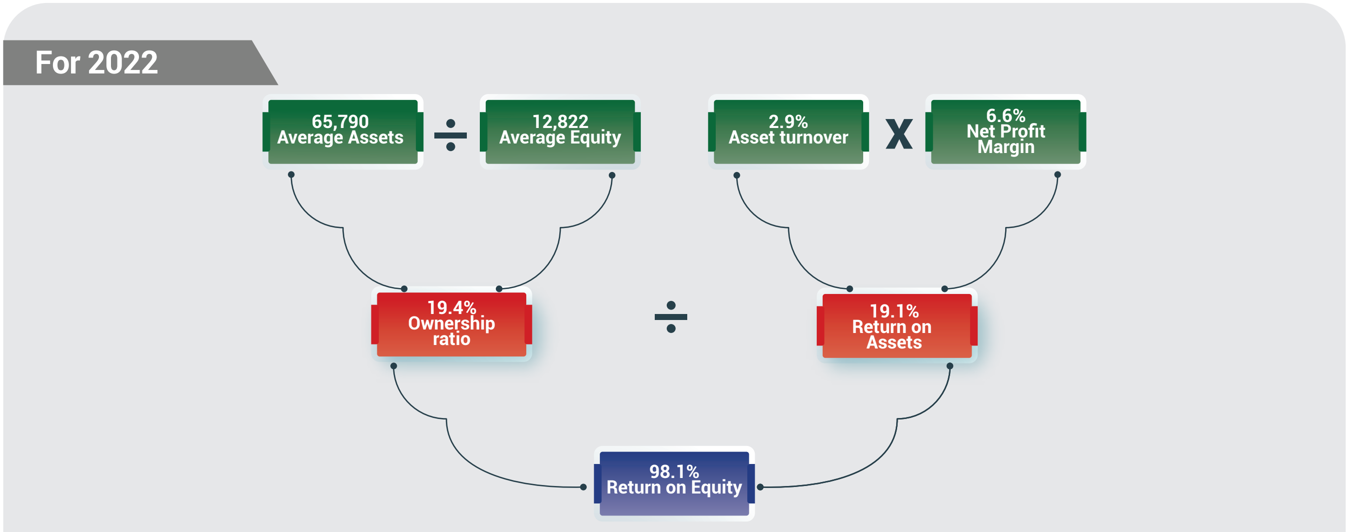
Tariq Kirmani
Chairman

Zahid Mir
Managing Director & CEO

Karachi: August 20, 2022

FINANCIAL ANALYSIS

DUPONT ANALYSIS

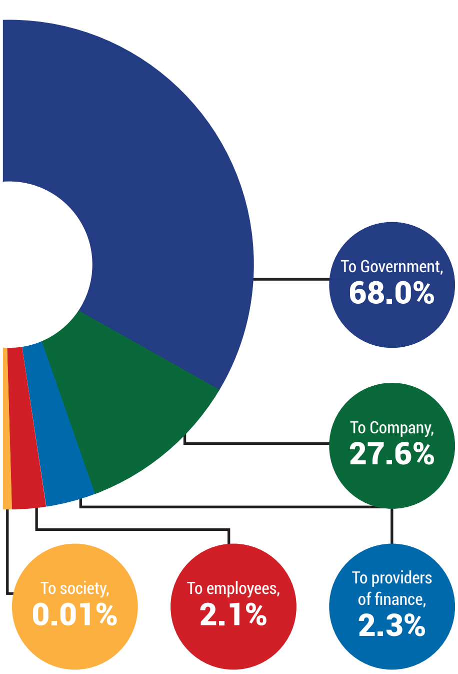


Description	2022	2021	Comments
Tax burden (net income / profit before tax)	79.0%	57.2%	The Company generated significant profit for the year amounting to Rs. 12.57 billion and was able to utilise brought forward tax losses relating to prior year. Consequently, the Company was subject to Alternate Corporate Taxation Regime @ 17% calculated on accounting profit before tax. Further, the Company was also subject to super tax at the rate of 10% imposed through by Finance Act, 2022. Last year, despite profit of Rs. 937 million, the Company was subject to Minimum Tax at the rate of 0.5% of turnover, thereby increasing the tax burden.
Interest burden (profit before tax / earnings before interest and tax)	91.0%	55.4%	Interest burden improved mainly due to reduction in average borrowing and average weighted average cost of borrowing during the year.
Operating profit margin (earnings before interest and tax / revenue)	9.1%	3.2%	Operating profit margins improved due to higher refining margins during the year that resulted in higher EBIT of Rs. 17,501 million as compared to EBIT of Rs. 2,957 million last year.
Asset turnover (sales / assets)	2.90	2.41	Asset turnover ratio improved as average total assets increased by 72.6% mainly due to revaluation of PRL land, while the revenue increased by 107.8% mainly due to higher product prices during the year.
Financial Leverage ratio (assets / net equity)	5.15%	40.83%	Financial leverage decreased due to increase in average equity by 12.8 times due to increased profitability and revaluation of land while average total assets increased by 72.6% as compared to last year.
Return on equity	97.7%	99.8%	Return on equity decreased slightly as the net profit increased by 12.42 times while the average equity by increased by 12.8 times.

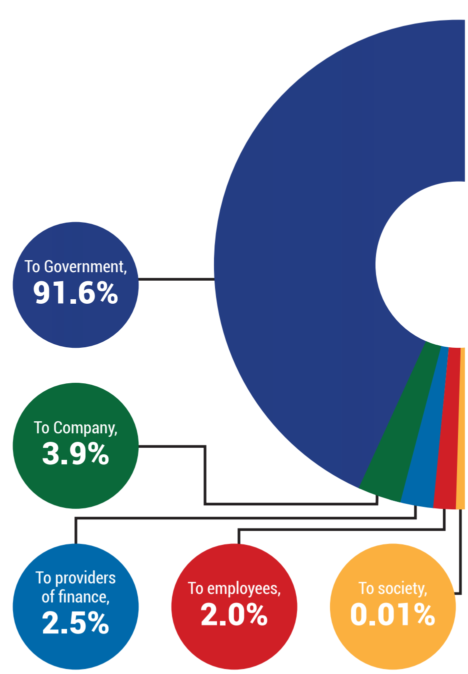
STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

	2022		2021	
	Rs. in thousand	%	Rs. in thousand	%
Wealth Generated				
Total gross revenue and other income	224,385,280		140,208,785	
Brought in materials and services	(169,939,005)		(87,358,879)	
	54,446,275	**100.0%**	**52,849,906**	**100.0%**
Wealth distribution to stakeholders				
To employees Salaries, wages and other costs including retirement benefits	1,169,490	2.1%	1,076,449	2.0%
To Government Income tax, sales tax, excise duty, development surcharge, WPPF, WWF	37,025,934	68.0%	48,377,971	91.6%
To society Donation to an educational institute	7,500	0.01%	5,000	0.01%
To providers of finance Financial charges for borrowed funds	1,236,625	2.3%	1,307,103	2.5%
To Company Depreciation, amortisation and retained profit	15,006,726	27.6%	2,083,383	3.9%
	54,446,275	**100.0%**	**52,849,906**	**100.0%**

2022



2021

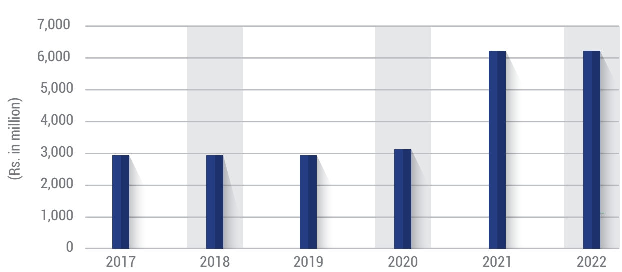


ANALYSIS OF STATEMENT OF FINANCIAL POSITION

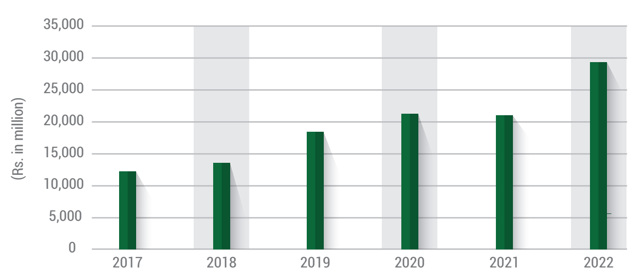
	2022	2021	2020	2019	2018	2017
	(Rs. in million)					
Share Capital	6,300	6,300	3,150	2,940	2,940	2,940
Share deposit money	-	-	1,943	-	-	-
Reserves	17,296	(4,253)	(5,268)	569	1,123	161
Net equity	23,596	2,047	(175)	3,509	4,063	3,101
Fixed assets and Intangible assets	29,113	20,562	21,371	18,975	13,447	12,253
Net current assets / (liabilities)	(4,623)	(17,802)	(16,840)	(10,895)	(4,452)	(7,364)
Long term / deferred liabilities	1,013	825	4,828	4,680	5,057	1,925

- Net equity increased due to high profitability and increase in surplus on revaluation of land.
- Fixed assets increased due to surplus on revaluation of land.
- Net current liabilities over current assets decreased due to increase in cash and cash equivalents during the year.
- Long term / deferred liabilities increased due to increase in deferred tax liabilities.

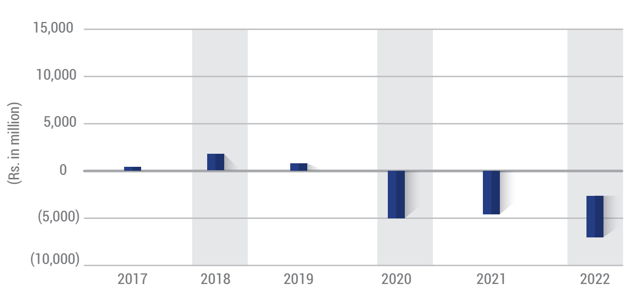
SHARE CAPITAL



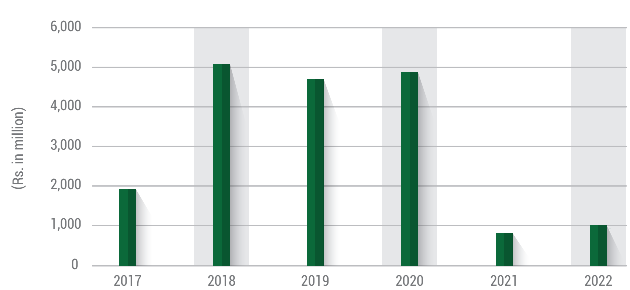
FIXED ASSETS AND INTANGIBLE ASSETS



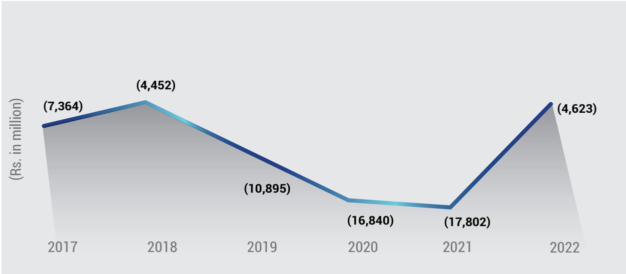
RESERVES



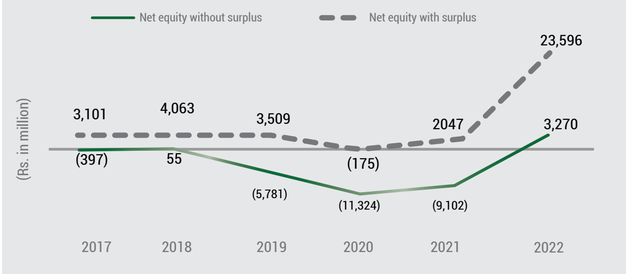
LONG TERM / DEFERRED LIABILITES



NET CURRENT ASSETS / LIABILITIES



EQUITY



HORIZONTAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION

ASSETS	2022	22 vs 21	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16
	(Rupees in thousand)											
Non-current assets												
Property, plant and equipment and intangibles	28,981	42.0%	20,414	0.0%	21,208	11.8%	18,975	41.1%	13,447	9.7%	2,253	1.2%
Right-of-use asset	131	(10.8%)	147	(9.8%)	163	0.0%	-	0.0%	-	0.0%	-	0.0%
Investment accounted for using the equity method	56	(5.8%)	59	(9.8%)	65	5.3%	62	(13.2%)	71	(15.0%)	84	(1.7%)
Long-term deposits and loans	31	13.4%	27	5.0%	26	(11.6%)	29	0.0%	29	12.1%	26	(3.8%)
Deferred taxation	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	(100.0%)
Employee benefit prepayments	33	27.4%	26	(15.5%)	30	71.7%	18	(26.7%)	24	(11.0%)	27	0.0%
Total non-current assets	29,232	41.4%	20,673	(3.8%)	21,493	12.6%	19,084	40.6%	13,571	9.5%	12,390	(0.7%)
Current assets												
Inventories	24,057	131.0%	10,415	30.8%	7,964	(15.7%)	9,447	20.7%	7,830	20.5%	6,496	19.5%
Trade receivables	11,306	71.6%	6,589	79.7%	3,667	(72.2%)	13,195	81.6%	7,265	62.5%	4,471	(14.2%)
Trade deposits, loans, advances and short-term prepayments	229	203.6%	75	52.6%	49	(72.8%)	181	218.8%	57	18.1%	48	(65.6%)
Other receivables	2,585	(15.9%)	3,073	46769.5%	7	(98.8%)	554	(11.0%)	622	(38.4%)	1,010	953.7%
Taxation - payments less provision	-	(100.0%)	96	15.9%	83	(50.0%)	165	(72.4%)	597	(25.2%)	798	(4.0%)
Cash and bank balances	23,539	32,286.6%	73	(96.7%)	2,190	762.5%	254	(55.9%)	575	(19.2%)	712	21.4%
Total current assets	**61,715**	203.7%	20,321	45.6%	13,960	(41.3%)	23,796	40.4%	16,947	25.2%	13,535	10.0%
Total assets	**90,947**	121.9%	40,994	15.6%	35,452	(17.3%)	42,881	40.5%	30,518	17.7%	25,925	4.6%
EQUITY AND LIABILITIES												
EQUITY												
Share capital	6,300	0.0%	6,300	100.0%	3,150	7.1%	2,940	0.0%	2,940	0.0%	2,940	0.0%
Subscription money against rights issue	-	0.0%	-	(100.0%)	1,943	0.0%	-	0.0%	-	0.0%	-	0.0%
Accumulated losses	-18,286	0.6%	(18,185)	(1.0%)	(18,363)	72.2%	(10,667)	121.4%	(4,817)	1.5%	(4,744)	(0.2%)
Special reserve	15,254	448.6%	2,781	43.1%	1,943	0.0%	1,943	0.0%	1,943	38.3%	1,405	193.2%
Revaluation surplus on property, plant and equipment	20,326	82.3%	11,149	0.0%	11,149	20.0%	9,291	132.4%	3,998	14.3%	3,498	0.0%
Other reserve	2	0.0%	2	0.0%	2	25.3%	2	(176.8%)	(2)	(190.1%)	2	(32.5%)
Total equity	**23,596**	1052.7%	2,047	(1270.7%)	(175)	(105.0%)	3,509	(13.6%)	4,063	31.0%	3,1015	43.1%
LIABILITIES												
Non-current liabilities												
Long-term borrowing	-	(100.0%)	294	(93.0%)	4,215	(2.0%)	4,300	(8.5%)	4,700	193.8%	1,600	(20.0%)
Lease liability	142	(-4.4%)	148	(2.8%)	152	0.0%	-	0.0%	-	0.0%	-	0.0%
Deferred tax liabilities	284	5700.0%	5	(50.6%)	10	(25.4%)	13	(3.3%)	14	(26.5%)	19	0.0%
Employee benefit obligations	587	55.4%	378	(16.2%)	450	22.7%	367	7.0%	343	14.4%	300	24.2%
Unearned Income	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	(100.0%)	7	(66.7%)
Total non-current liabilities	1,013	22.8%	825	(82.9%)	4,828	3.2%	4,680	(7.4%)	5,057	162.7%	1,925	(14.9%)
Current liabilities												
Trade and other payables	46,298	125.7%	20,509	13.7%	18,036	(9.7%)	19,967	19.2%	16,757	12.3%	14,920	26.8%
Short-term borrowings	18,901	7.6%	17,574	39.5%	12,599	(14.3%)	14,702	218.3%	4,619	(22.5%)	5,957	(30.4%)
Unearned revenue	6	(57.1%)	15	(89.3%)	141	0.0%	-	0.0%	-	0.0%	-	0.0%
Current portion of lease liability	6	40.9%	5	36.1%	3	0.0%	-	0.0%	-	0.0%	-	0.0%
Taxation - provision less payments	1,106	100.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Unclaimed Dividend	20	0.0%	20	(0.1%)	20	(8.7%	22	(0.4%)	22	(0.3%)	22	3.4%
Total current liabilities	66,338	74.0%	38,122	23.8%	30,799	(11.2%)	34,691	62.1%	21,399	2.4%	20,899	2.7%
Total liabilities	67,351	72.9%	38,947	9.3%	35,627	(9.5%)	39,371	48.8%	26,455	15.9%	22,824	1.0%
Total equity and liabilities	90,947	121.9%	40,994	15.6%	35,452	(17.3%)	42,881	40.5%	30,518	17.7%	25,925	4.6%

VERTICAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION

(as a percentage of total assets)

	2022	2021	2020	2019	2018	2017
ASSETS						
Non-current assets						
Property, plant and equipment and intangibles	31.9	49.8	59.8	44.3	44.1	47.3
Right-of-use asset	0.1	0.4	0.5	-	-	-
Investment accounted for using the equity method	0.1	0.1	0.2	0.1	0.2	0.3
Long-term deposits and loans	-	0.1	0.1	0.1	0.1	0.1
Deferred taxation	-	-	-	-	-	-
Employee benefit prepayments	-	0.1	0.1	-	0.1	0.1
Total non-current assets	**32.1**	**50.4**	**60.7**	**44.5**	**44.5**	**47.8**
Current assets						
Inventories	26.5	25.4	22.5	22.0	25.7	25.1
Trade receivables	12.4	16.1	10.3	30.8	23.8	17.2
Trade deposits, loans, advances and short-term prepayments	0.3	0.2	0.1	0.4	0.2	0.2
Other receivables	2.8	7.5	-	1.3	2.0	3.9
Taxation - payments less provisions	-	0.2	0.2	0.4	2.0	3.1
Cash and bank balances	25.9	0.2	6.2	0.6	1.9	2.7
Total current assets	**67.9**	**49.6**	**39.3**	**55.5**	**55.5**	**52.2**
Total assets	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
EQUITY AND LIABILITIES						
Share capital	6.9	15.4	8.9	6.9	9.6	11.3
Subscription money against rights issue	-	-	5.5	-	-	-
Accumulated losses	(20.1)	(44.4)	(51.8)	(24.9)	(15.8)	(18.3)
Special reserve	16.8	6.8	5.5	4.5	6.4	5.4
Revaluation surplus on property, plant and equipment	22.3	27.2	31.4	21.7	13.1	13.5
Other reserves	-	-	-	-	-	-
Total equity	**25.9**	**5.0**	**(0.5)**	**8.2**	**13.3**	**12.0**
LIABILITIES						
Non-current liabilities						
Long-term borrowings	-	0.7	11.9	10.0	15.4	6.2
Lease liability	0.2	0.4	0.4	-	-	-
Deferred tax liabilities	0.3	-	-	-	-	0.1
Employee benefit obligations	0.6	0.9	1.3	0.9	1.1	1.2
Total non-current liabilities	**1.1**	**2.0**	**13.6**	**11.0**	**16.6**	**7.4**
Current liabilities						
Trade and other payables	50.9	50.0	50.9	46.6	54.9	57.5
Short-term borrowings	20.8	42.9	35.5	34.3	15.1	23.0
Unearned revenue	0.01	0.0	0.4	-	-	-
Current portion of lease liability	0.01	0.01	0.0	-	-	-
Unclaimed Dividend	0.0	0.1	0.1	0.1	0.1	0.1
Total current liabilities	**72.9**	**93.0**	**86.9**	**80.9**	**70.1**	**80.6**
Total liabilities	**74.1**	**95.0**	**100.5**	**91.8**	**86.7**	**88.0**
Total equity and liabilities	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

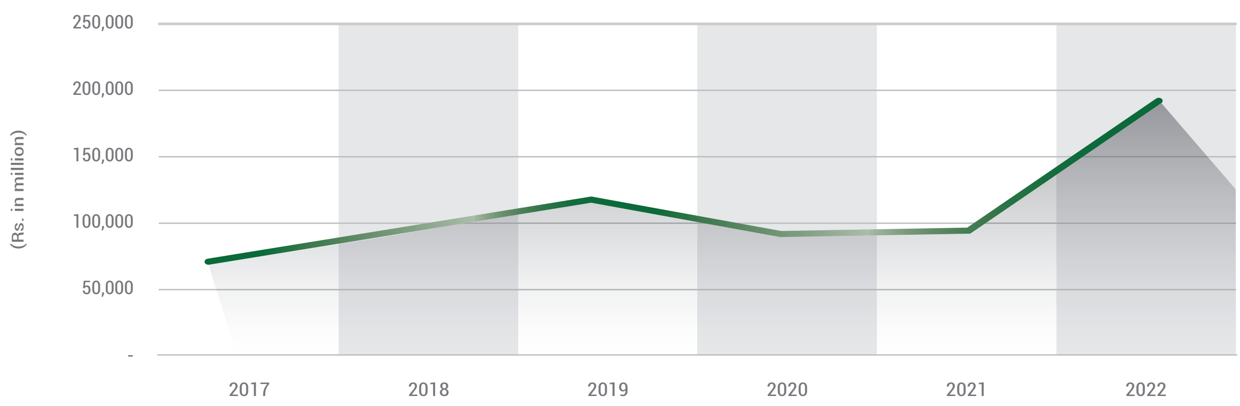
ANALYSIS OF STATEMENT OF PROFIT AND LOSS

	2022	2021	2020	2019	2018	2017
	(Rs. in million)					
Revenue from contracts with customers	191,316	92,084	90,524	115,741	92,229	69,998
Gross profit / (loss)	20,272	3,241	(4,368)	(3,174)	1,045	2,579
Operating profit / (loss)	17,501	2,957	(4,913)	(3,789)	1,422	2,034
Profit / (loss) before tax	15,918	1,639	(6,905)	(5,245)	829	1,441
Profit / (loss) after tax	12,573	937	(7,591)	(5,821)	504	1,060
Earnings / (loss) before interest, taxes, depreciation and amortisation	18,959	4,044	(3,938)	(2,903)	2,230	2,891

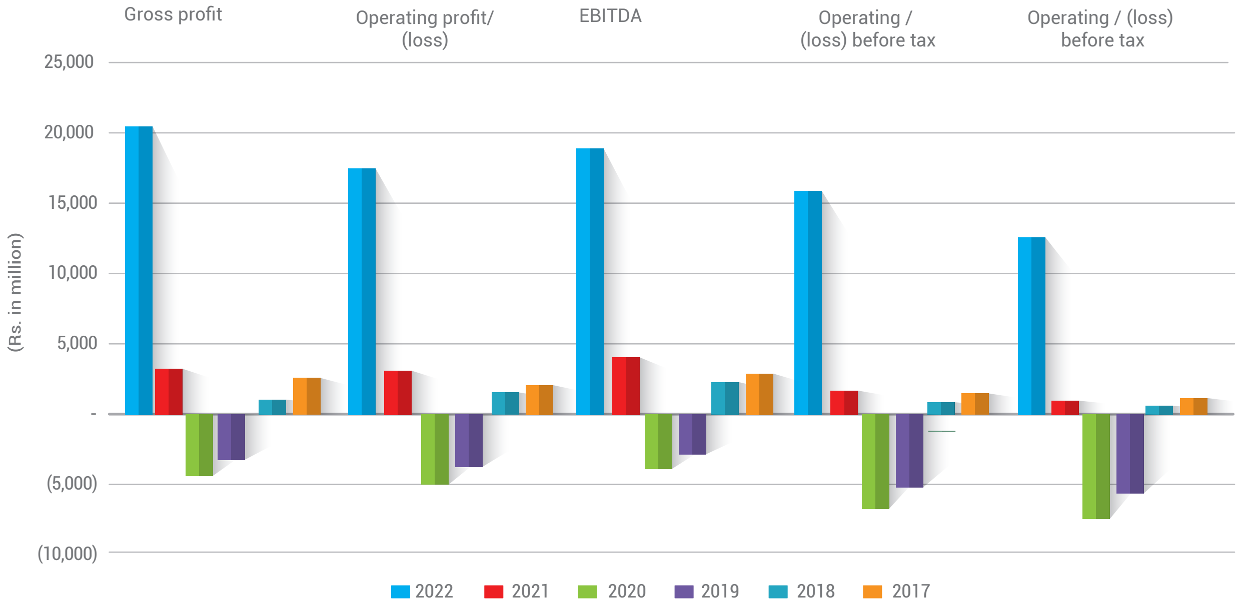
Analysis

- Revenue from contracts with customers increased during the year due to increase in international oil prices and better margins. For further details, please refer Directors' Report and Chairmans' Review.

REVENUE



FINANCIAL PERFORMANCE ANALYSIS



VERTICAL ANALYSIS OF STATEMENT OF PROFIT AND LOSS

(as a percentage of revenue)

	2022	2021	2020	2019	2018	2017
Revenue from contracts with customers	**100.0**	100.0	100.0	100.0	100.0	100.0
Cost of sales	**(89.4)**	(96.5)	(104.8)	(102.7)	(98.9)	(96.3)
Gross profit / (loss)	**10.6**	3.5	(4.8)	(2.7)	1.1	3.7
Distribution cost	**(0.2)**	(0.3)	(0.2)	(0.2)	(0.2)	(0.3)
Administrative expenses	**(0.3)**	(0.5)	(0.5)	(0.4)	(0.4)	(0.5)
Loss allowance on trade receivables	-	-	-	(0.1)	-	-
Other operating expenses	**(1.3)**	(0.2)	(0.1)	-	(0.1)	(0.7)
Other income	**0.3**	0.7	0.2	0.2	1.2	0.7
Operating profit / (loss)	**9.1**	3.2	(5.4)	(3.3)	1.6	2.9
Finance costs	**(0.8)**	(1.4)	(2.2)	(1.2)	(0.6)	(0.9)
Share of income of associate	**(0.0)**	(0.0)	-	-	(0.1)	0.1
Profit / (Loss) before taxation	**8.3**	1.8	(7.6)	(4.5)	0.9	2.1
Taxation	**(1.7)**	(0.8)	(0.8)	(0.5)	(0.4)	(0.5)
Profit / (loss) for the year	**6.6**	**1.0**	**(8.4)**	**(5.0)**	**0.5**	**1.6**

HORIZONTAL ANALYSIS OF STATEMENT OF PROFIT AND LOSS

(Rupees in thousand)

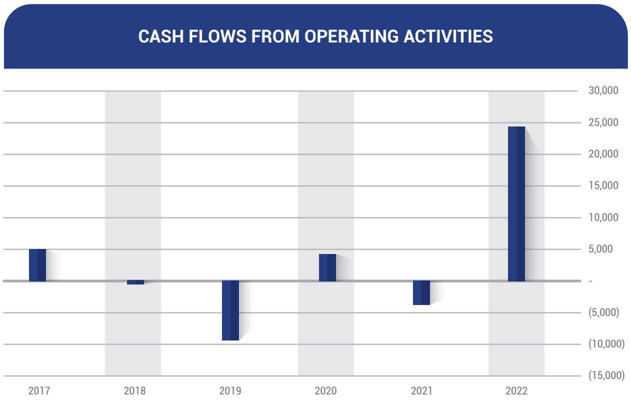
	2022	22 vs 21	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16
Revenue from contracts with customers	191,316	107.8%	92,084	1.7%	90,524	(21.8%)	115,741	25.5%	92, 229	31.8%	69,998	8.1%
Cost of sales	(171,044)	92.5%	(88,843)	(6.4%)	(94,893)	(20.2%)	(118,915)	30.4%	(91,184)	35.3%	(67,418)	7.5%
Gross profit / (loss)	20,272	525.5%	3,241	(174.2%)	(4,368)	37.6%	(3,174)	(403.8%)	1,045	(59.5%)	2,579	29.6%
Distribution cost	(321)	20.7%	(266)	29.2%	(206)	-17.6%	(250)	24.4%	(201)	5.2%	(191)	12.2%
Administrative expenses	(552)	15.3%	(479)	4.1%	(460)	-5.3%	(485)	24.9%	(389)	11.4%	(349)	22.9%
Loss allowance on trade receivables	-	-	-	-	-	100.0%	(122)	-	-	-	-	-
Other operating expenses	(2,433)	1281.8%	(176)	309.1%	(43)	81.1%	(24)	(80.9%)	(124)	(74.8%)	494	(36.7%)
Other income	535	(16.0%)	637	288.6%	164	-38.7%	267	(75.5%)	1,091	123.3%	489	(23.1%)
Operating profit / (loss)	17,501	491.9%	2,957	(160.2%)	(4,913)	29.7%	(3,789)	(366.5%)	1,422	(30.1%)	2,034	46.3%
Finance costs	(1,579)	20.4%	(1,311)	(34.3%)	(1,995)	38.3%	(1,443)	144.0%	(591)	(2.1%)	(604)	(33.6%)
Share of (loss) / income of associate	(3)	(46.3%)	(6)	(295.3%)	3	-123.3%	(14)	773.8%	(2)	(115.1%)	11	99.0%
Profit / (loss) before taxation	15,918	871.2%	1,639	(123.7%)	(6,905)	31.7%	(5,245)	(732.9%)	829	(42.5%)	1,441	196.1%
Taxation	(3,345)	376.6%	(702)	2.4%	(686)	19.0%	(576)	77.2%	(325)	(14.6%)	(381)	87.3%
Profit / (loss) for the year	12,573	1241.7%	937	(112.4%)	(7,591)	30.4%	(5,821)	(1255.5%)	504	(52.5%)	1,060	274.1%

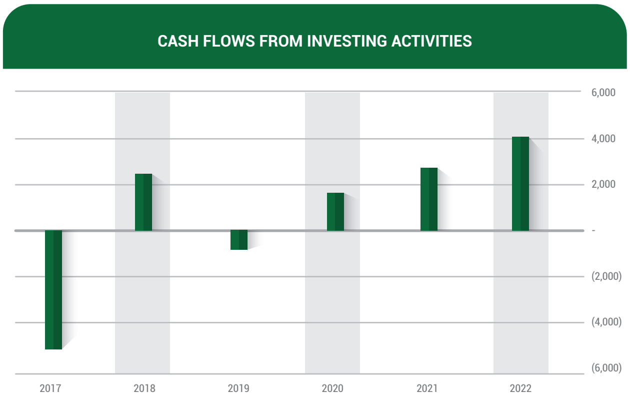
ANALYSIS OF STATEMENT OF CASH FLOWS

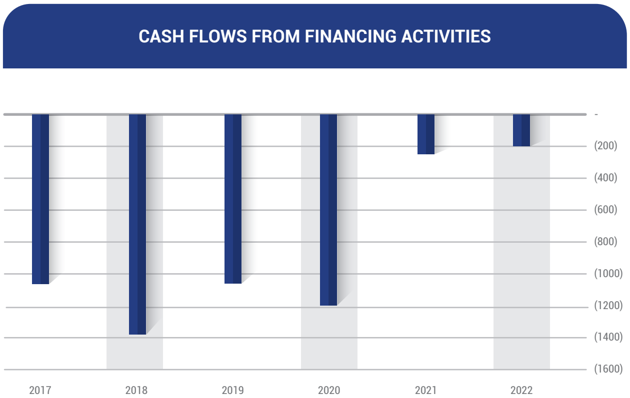
For the year ended June 30, 2022

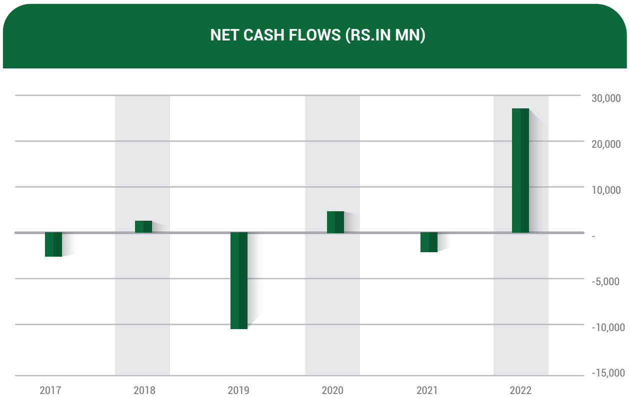
	2022	2021	2020	2019	2018	2017
	(Rs. in million)					
Cash and cash equivalents at the beginning of the year	(5,463)	(3,693)	(4,548)	(3,415)	(4,610)	(2,819)
Cash flows from operating activities	25,101	(4,112)	3,306	(8,889)	(456)	4,353
Cash flows from investing activities	(214)	(242)	(1,283)	(1,135)	(1,469)	(1,125)
Cash flows from financing activities	4,099	2,584	(1,168)	(609)	3,120	(5,020)
Cash and cash equivalents at the end of the year	23,523	(5,463)	(3,693)	(14,048)	(3,415)	(4,610)

- The Company generated profit from operating activities due to increase in profitability leading to a consequent decrease in overall working capital requirement.
- The Company earned profit on deposits on surplus cash that the Company had during the year. However, this surplus income was offset by cash outflows on capital expenditure resulting in net cash outflow from the investing activities.
- Availing of new debts net of repayments resulted in net positive cash flows from financing activities.









STATEMENT OF CASH FLOWS UNDER DIRECT METHOD

For the year ended June 30, 2022

	2022	2021
	(Rupees in thousand)	
Cash flows from operating activities		
Cash received from customers	186,599,119	89,162,330
Cash paid to suppliers / service providers and employees	(157,894,622)	(91,046,411)
Interest paid	(1,619,052)	(1,394,646)
Taxes paid	(1,863,635)	(720,046)
Contribution made to retirement benefit plans	(120,560)	(113,714)
Net cash generated from / (used in) operating activities	25,101,250	(4,112,487)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(509,208)	(300,382)
Proceeds from disposal of property, plant and equipment	3,354	5,285
Interest received	291,859	53,481
Net cash used in investing activities	(213,995)	(241,616)
Cash flows from financing activities		
Proceeds from foreign currency loan	15,168,798	-
Repayment of long term loans - net	(2,900,000)	(200,000)
Repayment of short term borrowings - net	(8,000,000)	1,500,000
(Repayment of) / proceeds from salary refinancing - net	(144,160)	99,774
Lease rentals paid	(25,574)	(24,358)
Share deposit money received net of rights issuance cost	-	1,208,591
Dividend paid	-	(14)
Net cash generated from financing activities	4,099,064	2,583,993
Net increase / (decrease) in cash and cash equivalents	28,986,319	(1,770,110)
Cash and cash equivalents at the beginning of the year	(5,463,423)	(3,693,313)
Cash and cash equivalents at the end of the year	23,522,896	(5,463,423)

ANALYSIS OF PERFORMANCE AGAINST TARGET FOR THE YEAR ENDED JUNE 30, 2022

a Gross profit exceeded the target by 159% against target. The main reason for the increase is high margins during the year. For details please refer Chairman Review and Directors' Report.

b Other income exceeded the target by 383% mainly due to increase in profit on deposits due to surplus cash available to the Company during the year.

c Operating cost (inluding finance cost) increased during the year by 42% mainly due to significant devaluation of Pak Rupee against USD and increased inflation during later part of the year.

d Taxation expense increased during the period by 392% as the Company paid Alternate Corporate Tax @ 17% and Super Tax @ 10% during the year as compared to target that considered Minimum Tax @ 0.5% on Turnover.

e Profit for the year increased by 4,736% as compared to the plan due to high refining margins and other factors as detailed in Chairman's Review and Directors' Report.

ANALYSIS OF QUARTERLY RESULTS

For the year ended June 30, 2022

	Q1 Jul - Sep 21	Q2 Oct - Dec 21	Q3 Jan - Mar 22	Q4 Apr - Jun 22	2021-22
Revenue from contracts with customers	35,629	24,256	51,753	79,678	191,316
Cost of sales	(35,156)	(23,280)	(44,596)	(68,012)	(171,044)
Gross profit	472	976	7,157	11,666	20,272
Administrative, distribution and other expenses	(236)	(263)	(700)	(2,108)	(3,306)
Other income including share of income of associate	26	23	104	379	531
Finance cost	(453)	(345)	(317)	(465)	(1,579)
Profit / (loss) before income tax	(190)	391	6,245	9,473	15,918
Taxation	(188)	(127)	(715)	(2,315)	(3,345)
Profit after taxation	(378)	264	5,530	7,158	12,573
Earnings / (loss) per share - basic and diluted	(0.60)	0.42	8.78	11.36	19.96

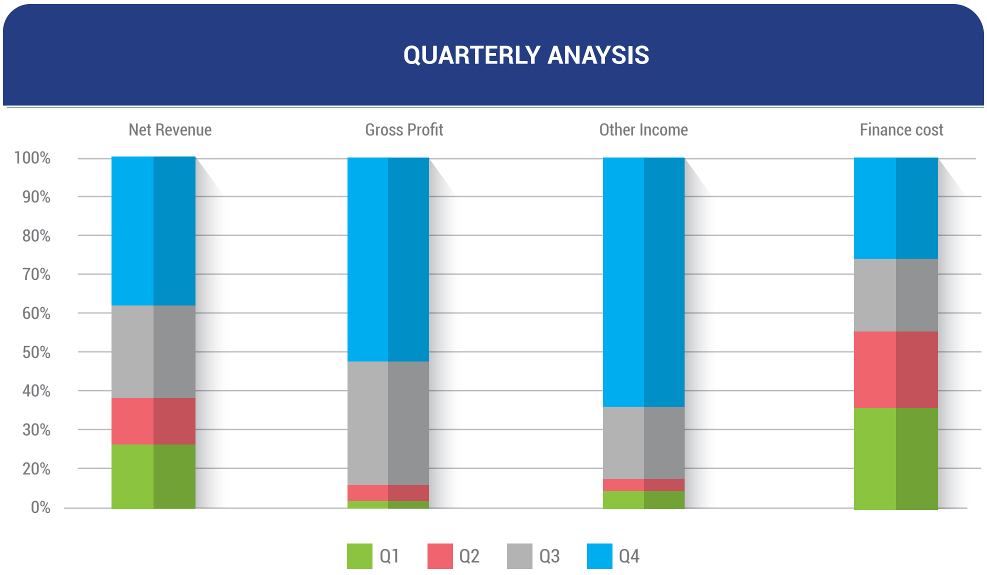
Analysis

- Revenue was lower in the second quarter of the current financial year due to 15 days catalyst regeneration shutdown in November and further 15 days shutdown in December due to non-upliftment of HSFO. However, revenue significantly increased during the 3rd and 4th quarters of due to increae in international oil prices and effect of devaluation of Pak Rupee against USD.

- Other income significantly increased in the 4th quarter of the current financial mainly due to increase in profit on deposits due to effective cashflow management and availability of surplus cash.

- Taxation expense increased in 3rd and 4th quarter since the Company charged tax under Alternate Corporate Tax regime and during the 4th quarter, additional Super Tax @ 10% was charged.

- Gross profit, profit after taxation and earnings per share increased in 3rd and 4th quarters due to high margins and other factors as mentioned in Chairman's Review and Directors' Report.

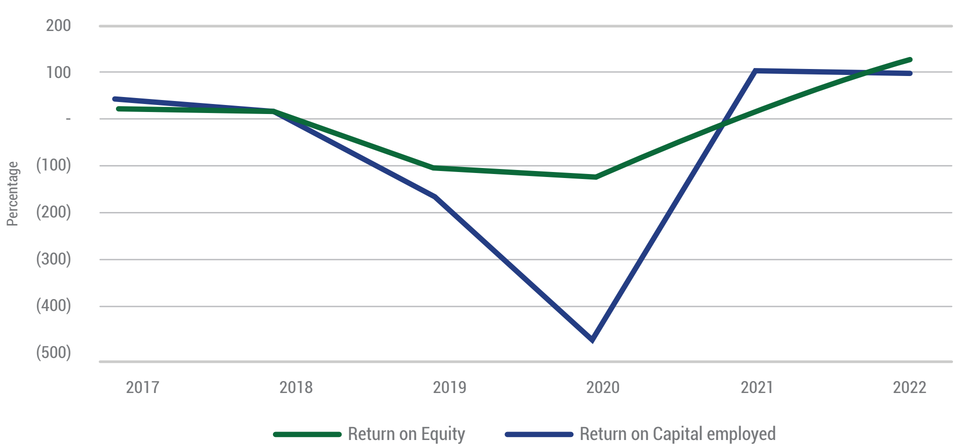


PROFITABILITY RATIOS

		2022	2021	2020	2019	2018	2017
Gross profit ratio	%	10.6	3.5	(4.8)	(2.7)	1.1	3.7
Net profit ratio	%	6.6	1.0	(8.4)	(5.0)	0.5	1.5
EBITDA margin	%	9.9	4.4	(4.4)	(2.5)	2.4	4.1
Percentage change in EBIT	%	1.1	0.0	(0.2)	0.3	0.3	0.1
Percentage change in sales	%	3.7	(2.0)	0.4	(2.3)	(0.2)	0.3
Return on shareholders' equity	%	98	100	(455)	(154)	14	40
Return on capital employed	%	120.9	15.4	(116.3)	(97.3)	12.6	27.2
Operating leverage ratio	Times	3.4	(117.6)	(1.6)	(9.0)	(0.7)	3.7
Earnings / (loss) per share	Rs	19.96	1.52	(17.54)	(13.68)	1.64	3.45

All profitability ratios have improved during the year mainly due to high profitability during the year as compared to previous years. Return on shareholders' equity remained at par despite profit for the year 2022 due to increase in average shareholders' equity which increased from Rs. 936 milion in 2021 to Rs. 12,822 million in 2022.

EQUITY AND CAPITAL RATIOS



NET EQUITY AND PROFITABILITY

CAPITAL STRUCTURE RATIOS

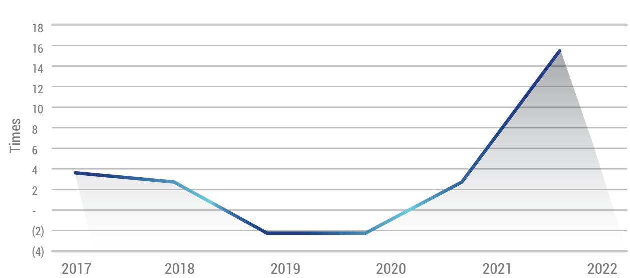
		2022	2021	2020	2019	2018	2017
Interest cover	Times	15.3	2.4	(2.5)	(2.6)	2.5	3.6
Economic value added	Rs. /mn	10,405	706	(8,207)	(6,660)	(129)	671
Financial leverage	Times	0.8	8.7	(96.2)	5.4	2.3	2.4
Capital invested	Rs. /mn	24,609	2,872	4,653	8,190	9,119	5,027
Spares Inventory as percentage of assets	%	0.6	1.3	1.2	0.9	1.2	1.4
Maintenance Cost as percentage of operating Expenses	%	11.0	11.6	8.1	9.1	9.5	10.6
Debt/Equity ratio	Ratio	0:100	13:87	*	55:45	54:46	34:66
Net assets per share	Rs.	3.7	0.3	(0.1)	1.2	1.4	1.1

* *Not applicable due to negative equity*

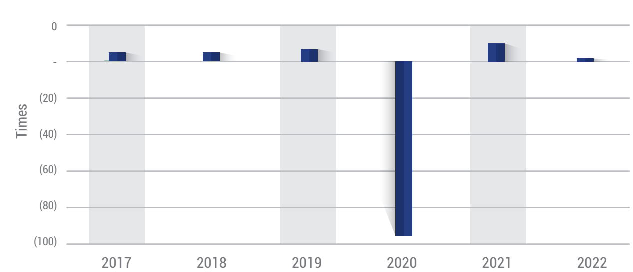
The Company posted highest ever profit after tax of Rs. 12.6 billion during the year ended June 30, 2022 which completely addressed negative equity issue faced by the Company for last many years. The Company believes that it will continue its efforts to maintain appropriate capital structure to support its liquidity and cover any extraordinary impact that may arise on its profitability.

Interest cover and economic value added have improved in 2022 due to the profit earned during the year. Similarly, profitability for the year has also improved net assets per share, capital invested debt equity ratio and reduced financial leverage. Refer Chairman's Review and Directors' Report for more details.

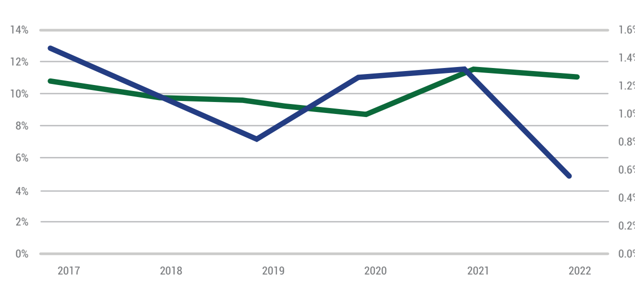
INTEREST COVER RATIO



FINANCIAL LEVERAGE RATIO



OTHERS

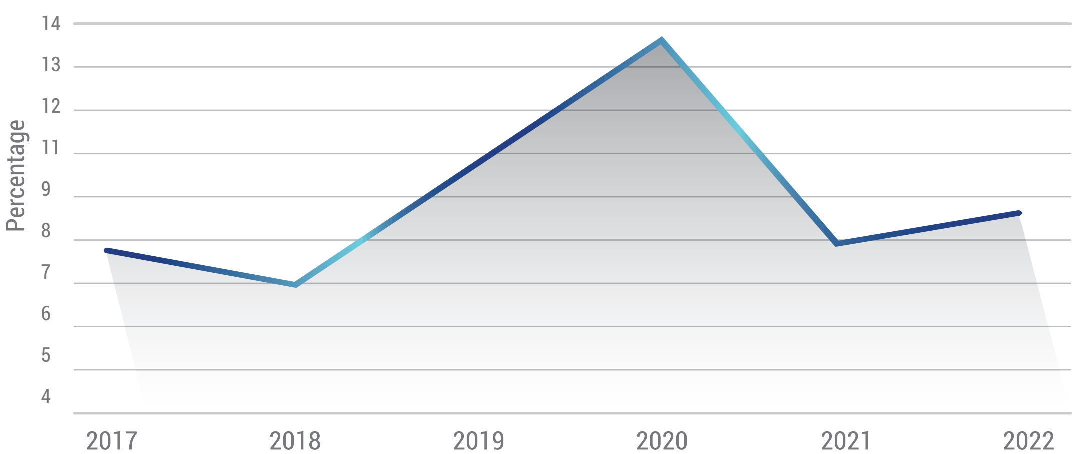


LIQUIDITY RATIOS

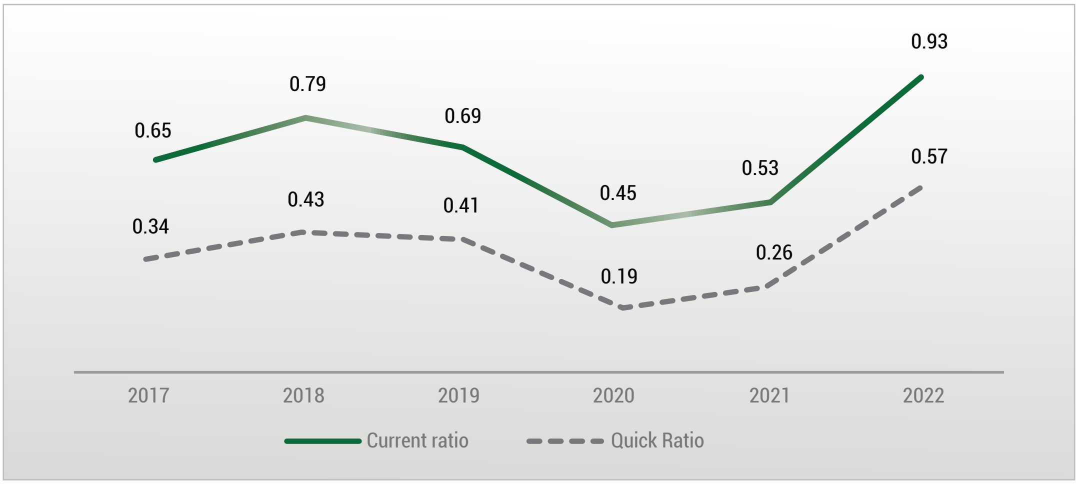
		2022	2021	2020	2019	2018	2017
Current ratio	Ratio	0.93:1	0.53:1	0.45:1	0.69:1	0.79:1	0.65:1
Quick ratio	Ratio	0.57:1	0.26:1	0.19:1	0.41:1	0.43:1	0.34:1
Cash to current liabilities	Ratio	0.35:1	0:1	0.07:1	0.01:1	0.03:1	0.03:1
Cash flow from operating activities to sales	%	13.1	-4.5	3.7	-7.7	-0.5	6.2
Cash flow to capital expenditures	Ratio	49.3	(13.7)	2.5	(7.5)	(0.3)	3.6
Cash flow coverage ratio	%	37.3	(10.6)	9.3	(22.6)	(1.7)	19.1
Weighted average cost of debt	%	8.8	8.1	13.2	10.2	6.9	7.7
Free cash flows	Rs. /mn	28,199	(2,183)	4,580	(8,756)	(1,205)	3,842

Liquidity ratios of the Company improved significantly during the year due to increased profitability and availability of surplus cashflows during the year. The Company closed the year at cash and cash equivalents of Rs. 23.52 billion and free cash flows of Rs. 28.2 billion as at June 30, 2022. Weighted average cost of debt has remained at 8.8% during the year despite increase in discount rate by SBP, due to surplus cash during the 4th quarter of the current financial year.

WEIGHTED AVERAGE COST OF DEBT



LIQUIDITY RATIOS



INVESTMENT RATIOS

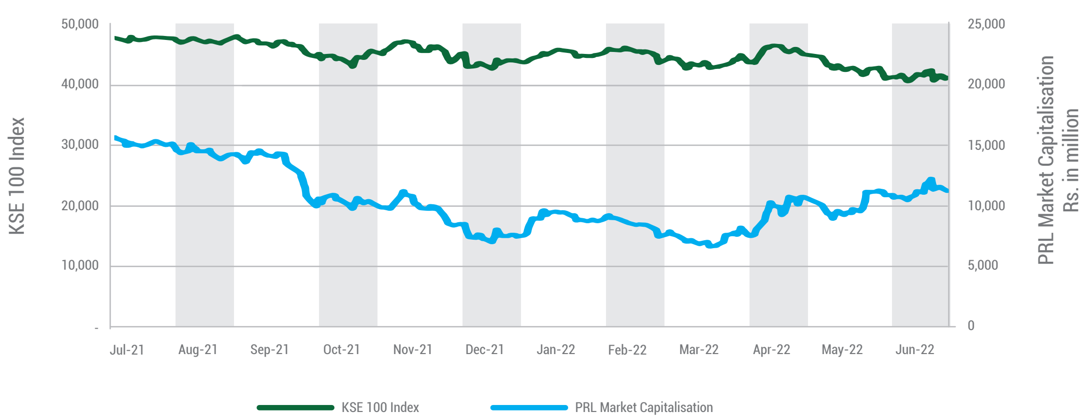
		2022	2021	2020	2019	2018	2017
Market value per share at the end of the year	Rs.	17.9	24.7	11.4	16.2	34.7	53.3
Market value per share - high during the year	Rs.	24.8	29.0	28.1	44.5	59.0	81.5
Market value per share - low during the year	Rs.	10.7	11.6	9.5	14.3	32.3	40.1
Break up value per share	Rs.	37.5	3.2	*	11.9	13.8	10.5
Break up value per share excluding surplus on revaluation of fixed assets	Rs.	5.2	*	*	*	0.2	*
Price earning (P/E) ratio	Times	0.9	16.2	**	**	21.2	15.4

** Not applicable due to negative equity*

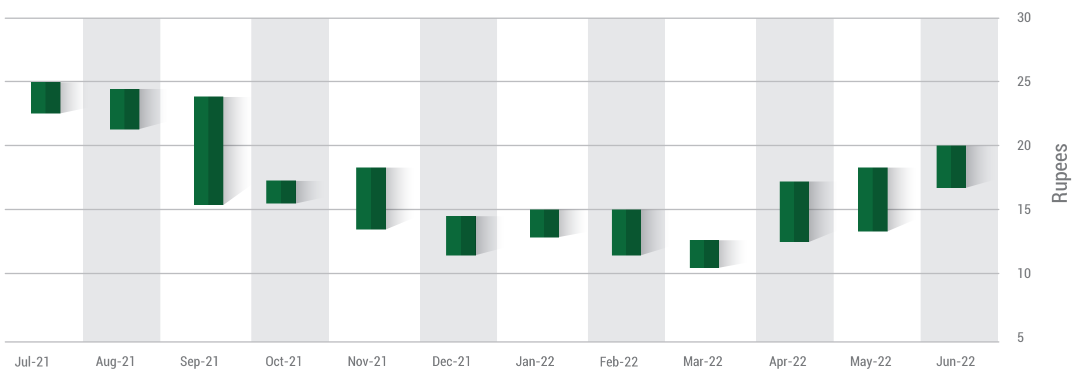
*** Not applicable due to earnings per share*

Break up value (both inclusive and exclusive of surplus on revaluation of land) for the year increased significantly during the year due to high profitability. However, political / economic uncertainty in the country led to volatility in PSX and therefore, the market price of shares of the Company did not increase significantly and maintained a high of Rs. 24.8 per share as compared to Rs. 29 per share last year. Ratios related to dividends are not given as no dividend is distributed in last six years.

SHARE PRICE



SHARE PRICE

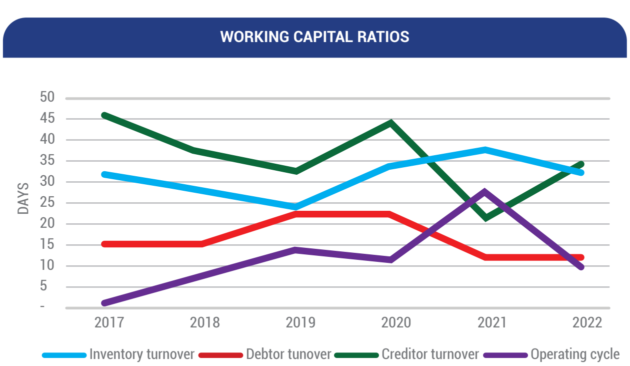


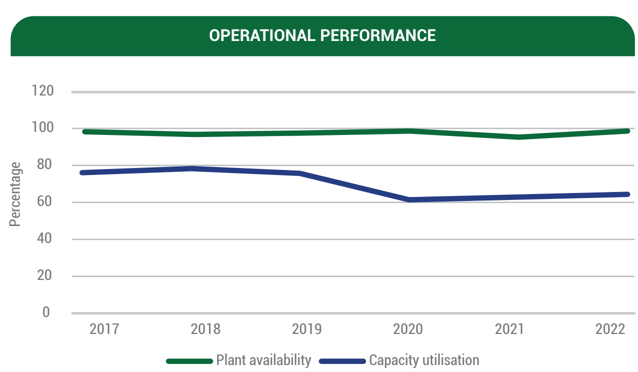
WORKING CAPITAL RATIOS

		2022	2021	2020	2019	2018	2017
Inventory turnover	Days	33	38	34	25	29	32
Debtor turnover	Days	13	13	23	23	16	16
Creditor turnover	Days	35	22	44	33	38	46
Operating cycle	Days	11	29	13	15	8	3
Debtor turnover	Times	25.0	27.2	15.6	15.0	22.0	21.3
Creditor turnover	Times	10.5	16.3	8.2	10.9	9.7	8.0
Inventory turnover	Times	9.9	9.7	10.9	13.8	12.7	11.3
Total assets turnover ratio	Times	2.1	2.2	2.6	2.7	3.0	2.7
Fixed assets turnover ratio	Times	6.6	4.5	4.2	6.1	6.9	5.7

EMPLOYEE PRODUCTIVITY & OPERATIONAL PERFORMANCE

		2022	2021	2020	2019	2018	2017
Employee productivity							
Production per employee	M.Ton	4,898	4,713	4,583	5,561	6,069	5,722
Revenue per employee	Rs. /mn	701	334	328	412	331	243
Staff turnover	%	3.3	3.3	3.2	3.9	4.9	1.7
Operational performance							
Plant availability	%	99.9	96.1	100.0	98.7	97.7	99.4
Capacity utilisation	%	62.7	61.0	59.3	76.3	79.4	77.0





FINANCIAL STATEMENTS

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building, Blue Area
Islamabad, Pakistan
Telephone 92 (51) 282 3558, Fax 92 (51) 282 2671

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Refinery Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Pakistan Refinery Limited (the Company), which comprise the statement of financial position as at June 30, 2022, and 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 purpose 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, 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, 2022 and of the profit 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 Auditors' 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 Matter

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

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Following is the key audit matter:

Key audit matter	How the matter was addressed in our audit
Revenue from contracts with customers	
(Refer note 23 to the financial statements) The Company recognises revenue at the transaction price which the Company expects to be entitled to, after deducting sales tax, excise duties and similar levies. The Company carries out sale of regulated products on prices notified by Oil and Gas Regulatory Authority (OGRA) which are subject to policy clarification from the Federal Government. Whereas sale of certain de-regulated products is carried out on prices set under notifications of the Ministry of Energy (MoE). Further, the Company is subject to deductions from revenue as price differential on sale of High Speed Diesel (HSD) and Motor Gasoline (MS) calculated in accordance with applicable regulations. We considered this as key audit matter due to the regulatory nature of pricing, significance of the amounts and inherent risk of material misstatement and revenue being a key economic indicator of the Company.	Our audit procedures to assess the recognition, amongst others, included the following: • Obtained understanding of the revenue process, evaluated and tested design and implementation of key management controls over revenue; • Compared on sample basis the revenue transactions recorded before and after the reporting period with the underlying support including sales invoices, delivery challans, joint dip certificates and customer acknowledgement to assess if the related revenue was recorded in the appropriate accounting period; • Agreed the ex-refinery rates per liter of certain regulated / de-regulated products from the OGRA notifications and actual import cost less ocean losses of Pakistan State Oil Company Limited (PSO) where applicable. In case PSO's import cost is not available, agreed the price as per Import Parity Price (IPP) formula; and • Assessed the adequacy of disclosure made in the financial statements in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan.

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Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report for 2022 but does not include the financial statements and our auditors' 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 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 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.

Auditors' 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 auditors' 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.

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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 auditors' 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 auditors' 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 auditors' 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

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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 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 auditors' report is Inam Ullah Kakra.

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KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad

14 September 2022
UDIN: AR202210202wZfDoJWNH

STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	Note	2022	2021
		(Rupees in thousand)	
ASSETS			
Non-current assets			
Property, plant and equipment	3	28,981,489	20,414,353
Right-of-use asset	4	131,255	147,165
Investment accounted for using the equity method	5	55,514	58,930
Long-term deposits and loans	6	30,897	27,240
Employee benefit prepayments	18	32,584	25,580
		29,231,739	20,673,268
Current assets			
Inventories	7	24,056,915	10,415,407
Trade receivables	8	11,305,849	6,588,913
Trade deposits, loans, advances and short-term prepayments	9	228,579	75,293
Other receivables	10	2,585,239	3,072,762
Taxation - payments less provision		-	95,697
Cash and bank balances	11	23,538,605	72,680
		61,715,187	20,320,752
		90,946,926	40,994,020
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	6,300,000	6,300,000
Accumulated loss		(18,285,559)	(18,184,869)
Special reserve	13	15,254,082	2,780,632
Revaluation surplus on property, plant and equipment	3.1.3	20,325,928	11,149,288
Other reserves	14	1,947	1,947
		23,596,398	2,046,998
LIABILITIES			
Non-current liabilities			
Long-term borrowings	15	-	293,924
Lease liability	16	141,745	148,237
Deferred tax liabilities	17	284,315	4,902
Employee benefit obligations	18	586,749	377,551
		1,012,809	824,614
Current liabilities			
Trade and other payables	19	46,297,714	20,509,338
Short-term borrowings	20	18,901,244	17,573,548
Unearned revenue	21	6,465	15,084
Current portion of lease liability	16	6,460	4,586
Taxation - payments less provision		1,105,984	-
Unclaimed dividend		19,852	19,852
		66,337,719	38,122,408
		67,350,528	38,947,022
CONTINGENCIES AND COMMITMENTS	22		
		90,946,926	40,994,020

The annexed notes 1 to 39 form an integral part of these financial statements.

Zahid Mir	Mohammad Abdul Aleem	Imran Ahmad Mirza
Managing Director & CEO	Director	Chief Financial Officer

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2022

	Note	2022	2021
		(Rupees in thousand)	
Revenue from contracts with customers	23	**191,316,055**	92,084,090
Cost of sales	24	**(171,043,647)**	(88,843,085)
Gross profit		**20,272,408**	3,241,005
Distribution costs	25	**(321,270)**	(266,280)
Administrative expenses	26	**(552,145)**	(478,810)
Other operating expenses	27	**(2,432,894)**	(176,074)
Other income	28	**534,828**	636,931
Operating profit		**17,500,927**	2,956,772
Finance cost	29	**(1,579,332)**	(1,311,384)
Share of loss of associate accounted for using the equity method	5.1	**(3,416)**	(6,364)
Profit before income tax		**15,918,179**	1,639,024
Income tax expense	30	**(3,344,729)**	(701,868)
Profit for the year		**12,573,450**	937,156
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss			
Remeasurements of employee retirement benefits		**(200,690)**	76,104
Revaluation surplus on property, plant and equipment		**9,176,640**	-
		8,975,950	76,104
Total comprehensive profit		**21,549,400**	1,013,260
Earnings per share - basic and diluted	31	**Rs. 19.96**	Rs. 1.52

The annexed notes 1 to 39 form an integral part of these financial statements.

Zahid Mir	**Mohammad Abdul Aleem**	**Imran Ahmad Mirza**
Managing Director & CEO	**Director**	**Chief Financial Officer**

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2022

	SHARE CAPITAL	SUBSCRIPTION MONEY AGAINST RIGHTS ISSUE	CAPITAL RESERVE			REVENUE RESERVE		TOTAL
			Special reserve - Note 13	Revaluation surplus on property, plant and equipment	Exchange equalisation reserve - Note 14	Accumulated loss	General reserve - Note 14	
	(Rupees in thousand)							
Balance as at July 1, 2020	**3,150,000**	**1,943,175**	**1,943,476**	**11,149,288**	**897**	**(18,362,739)**	**1,050**	**(174,853)**
Total Comprehensive Income for the year								
Profit for the year	-	-	-	-	-	937,156	-	937,156
Other comprehensive income for the year	-	-	-	-	-	76,104	-	76,104
Total comprehensive income for the year	-	-	-	-	-	1,013,260	-	1,013,260
Profit for the year transferred to special reserve	-	-	837,156	-	-	(837,156)	-	-
Transaction with the owners of the Company								
Subscription money against rights issue	-	1,207,277	-	-	-	-	-	1,207,277
Issuance costs for rights shares	-	(452)	-	-	-	1,766	-	1,314
Issue of right shares	3,150,000	(3,150,000)	-	-	-	-	-	-
	3,150,000	(1,943,175)	-	-	-	1,766	-	1,208,591
Balance as at June 30, 2021	**6,300,000**	**-**	**2,780,632**	**11,149,288**	**897**	**(18,184,869)**	**1,050**	**2,046,998**
Total Comprehensive Income for the year								
Profit for the year	-	-	-	-	-	12,573,450	-	12,573,450
Other comprehensive income for the year	-	-	-	9,176,640	-	(200,690)	-	8,975,950
Total comprehensive income for the year	-	-	-	9,176,640	-	12,372,760	-	21,549,400
Profit for the year transferred to special reserve	-	-	12,473,450	-	-	(12,473,450)	-	-
Balance as at June 30, 2022	**6,300,000**	**-**	**15,254,082**	**20,325,928**	**897**	**(18,285,559)**	**1,050**	**23,596,398**

The annexed notes 1 to 39 form an integral part of these financial statements.

Zahid Mir	**Mohammad Abdul Aleem**	**Imran Ahmad Mirza**
Managing Director & CEO	Director	Chief Financial Officer

STATEMENT OF CASH FLOWS

For the year ended June 30, 2022

	Note	2022	2021
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	37	28,708,154	(1,882,787)
Interest paid		(1,619,052)	(1,394,646)
Taxes paid		(1,863,635)	(720,046)
Contribution made to retirement benefit plans		(120,560)	(113,714)
Increase in long-term deposits and loans		(3,657)	(1,294)
Net cash generated from / (used in) operating activities		25,101,250	(4,112,487)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(509,208)	(300,382)
Proceeds from disposal of property, plant and equipment		3,354	5,285
Interest received		291,859	53,481
Net cash used in investing activities		(213,995)	(241,616)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from foreign currency loan		15,168,798	-
Repayment of long term loans - net		(2,900,000)	(200,000)
Repayment of short term borrowings - net		(8,000,000)	1,500,000
(Repayment of) / proceeds from salary refinancing - net		(144,160)	99,774
Lease rentals paid		(25,574)	(24,358)
Share deposit money received net of rights issuance cost		-	1,208,591
Dividend paid		-	(14)
Net cash generated from financing activities		4,099,064	2,583,993
Net increase / (decrease) in cash and cash equivalents		28,986,319	(1,770,110)
Cash and cash equivalents at the beginning of the year		(5,463,423)	(3,693,313)
Cash and cash equivalents at the end of the year	38	23,522,896	(5,463,423)

The annexed notes 1 to 39 form an integral part of these financial statements.

Zahid Mir
Managing Director & CEO

Mohammad Abdul Aleem
Director

Imran Ahmad Mirza
Chief Financial Officer

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

1. THE COMPANY AND ITS OPERATIONS

1.1 Pakistan Refinery Limited (the Company) was incorporated in Pakistan as a public limited company in May 1960 and is listed on the 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).

1.2 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 are at Keamari, Karachi.

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 for all the years presented.

2.1 Basis of preparation

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 Standards) 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 from the IFRS Standards or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Accounting estimates, judgements and policies

The preparation of financial statements is in conformity with accounting and reporting standards as applicable in Pakistan which requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

i. Income Tax

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 will impact the income tax provision in the period in which such determination is made.

ii. Other areas of significant judgement

Significant estimates relating to property, plant and equipment, right of use asset, deferred taxation and employee benefit obligations are disclosed in notes 3, 4, 17 and 18 respectively. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on annual basis or when the indicators exist, considering the associated economic benefits derived / to be derived by the Company.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

There have been no critical judgments made by the Company's management in applying the accounting policies that would have the most significant effect on the amounts recognised in the financial statements.

No critical judgement has been used in applying the accounting policies.

2.3 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective

The following new and amended standard and interpretation that is mandatory for accounting periods beginning July 01, 2021.

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

This amended standard and interpretation is considered not to be relevant and does not have any significant effect on the Company's financial statements.

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

The following International Financial Reporting Standards (IFRS Standards) relevant to the Company as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 1, 2022:

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after January 1, 2022 clarifies that sale proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management are recognised in profit or loss in accordance with applicable Standards. The entity measures the cost of those items by applying measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial information in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments are effective for annual periods beginning on or after January 1, 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial information that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 1, 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;

- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequenttransaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

There are certain other standards that will be effective for the accounting period beginning on of after July 01, 2022, that have not been included in the list above as they are not likely to have an impact on the Company's financial statements.

2.4 Overall valuation policy

These financial statements have been prepared under the historical cost convention except as otherwise stated below in the respective accounting policy notes.

2.5 Property, plant and equipment

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

Major spare parts and stand-by equipment qualify for recognition as property, plant and equipment when an entity 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 by applying the straight-line method whereby the carrying amount less residual value, if not insignificant, of an asset is depreciated over its estimated remaining useful life to the Company. Full month's depreciation is charged in the month of acquisition and no depreciation is charged in the month of disposal.

Assets' residual values and useful lives are reviewed and adjusted, if expectations significantly differ from previous estimates, at each statement of financial position date.

Increase in the carrying amount arising on revaluation of land is recognised in equity through other comprehensive income. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decrease that reverses previous increase of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to statement of profit or loss. The accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Renewals and improvements are capitalised and assets so replaced, if any, are retired.

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

2.6 Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amount of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the Company estimates the recoverable amount of the asset and when the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in statement of profit or loss.

At the end of each reporting period, the Company also assesses whether there is an indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Company estimates the recoverable amount of the asset and reverses the impairment loss recognised in previous period such that the increased carrying amount of the asset does not exceed the carrying amount that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised for the asset in prior years. Reversal of impairment loss is recognised in statement of profit or loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs and accordingly recognises impairment loss or reverses the impairment loss recognised in prior periods.

Recoverable amount of an asset or cash-generating unit is the higher of its fair value less cost of disposal and its value in use.

Value in use is estimated as the present value of estimated future cash flows from the continuing use of an asset / cash generating unit and from its disposal at the end of its useful life. A pre-tax discount rate that reflects current market assessments of the time value ofmoney and risks specific to the asset for which the estimates of future cash flows have not been adjusted

2.7 Investment in associate

Investment in associate is accounted for using equity method of accounting. It is initially recognised at cost. The Company's share in its associate's post-acquisition profits or losses and other comprehensive income are respectively recognised in the statement of profit or loss and other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of loss in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

2.8 Income tax

2.8.1 Current

The charge for current taxation is based on taxable income at the relevant rates of taxation after taking into account tax credits and rebates available, if any.

2.8.2 Deferred

Deferred tax is accounted for, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax asset is recognised to the extent it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Investment tax credits are considered not substantially different from other tax credits. Accordingly in such situations tax credits are deducted from current tax amount to the extent of tax credit availed while recognising deferred tax credit for the unused investment tax credit.

2.9 Inventories

Crude oil and finished products are valued at lower of cost and net realisable value. Cost is determined using "first-in, first-out" method except crude oil in transit where cost comprises invoice value plus other charges incurred thereon. Cost in relation to finished products represents cost of crude oil and appropriate manufacturing overheads.

Net realisable value is the estimated selling price in the ordinary course of business less costs of completion and costs necessarily to be incurred to make the sale.

Stores, spares and chemicals are valued at cost less provision for obsolescence. Cost is determined using weighted average method except items in transit where cost comprises invoice value plus other charges incurred thereon.

2.10 Cash and cash equivalents

Cash and Cash equivalents comprise of cash in hand and balances with banks on current, savings and deposit accounts. Running finance under mark-up arrangements that are repayable on demand and form an integral part of the Company's cash management are included as component of cash and cash equivalents for the purpose of statement of cashflows.

2.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequently these are measured at amortised cost using the effective interest method.

2.12 Borrowing costs

Borrowing costs are recognised as 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. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs. Management exercises judgement when determining which assets are qualifying assets, taking into account the nature of the asset

2.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount can be made.

2.14 Lease liability and Right-of-use asset

At inception of a contract, the Company assesses whether a contract is, or contains, a lease i.e. it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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 payment that are based on an index or a rate or amounts expected to be payable by the lessee under residual value guarantees, exercise price of a purchase option, payments of penalties for terminating the lease, less any lease incentives receivable. The purchase, 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 payments arising from a change in fixed payments or an index or rate, the Company's estimate of the amount expected to be payable under a residual value guarantee or 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 is reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any payments made at or before the commencement date and any incentive received, plus any initial direct costs and estimate of costs to dismantle, remove or restore the underlying asset (if any) or to restore the site on which it is located. 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 does not recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less, leases of low-value assets and recognises associated payments in the period in which these are incurred.

2.15 Employee retirement benefits

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

2.15.1 Defined benefit plans

Defined benefit plans define an amount of pension or gratuity that an eligible employee will receive on or after retirement, or upon leaving the service of Company or in the event of death or permanent disability, 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. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

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 bond. These are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related benefit obligation.

The Company operates recognised gratuity and pension funds for all its eligible employees. The latest actuarial valuations were carried out as at June 30, 2021 using the Projected Unit Credit Method.

The amount arising as a result of remeasurements is 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 and current service costs and interest cost / income are recognised immediately in the statement of profit or loss.

2.15.2 Defined contribution plan

The Company operates a recognised provident fund for all its eligible employees. Equal contributions are made, both by the Company and the employees, to the fund at the rate of 10% 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. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.16 Functional currency and foreign currency translation

These financial statements are presented in Pak Rupees (Rupees) which is also the functional currency of the Company and figures are rounded off to the nearest thousand of Rupees.
Transactions in foreign currencies are converted into Rupees at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities in foreign currencies are translated into Rupees at rates prevailing at the statement of financial position date. Foreign currency gains and losses are recognised in the statement of profit or loss. Foreign exchange differences arising from trading transactions are included in the results of operating activities whereas exchange differences on financing activities are included in finance cost.

2.17 Financial instruments - Initial recognition and subsequent measurement

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.17.1 Financial assets

Initial Recognition

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). The measurement basis is determined by reference to both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

a) Amortised cost - A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as a FVTPL;

   - it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

   - the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Fair value through other comprehensive income (FVTOCI) - A financial asset is measured at FVTOCI if it meets both of the following conditions and is not designated as a FVTPL;

   - the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

   - the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Fair value through profit or loss (FVTPL) - Financial assets, that are not measured at amortised cost or at fair value through other comprehensive income on initial recognition, are classified as FVTPL.

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets at amortised cost are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income and impairment losses are recognised in the statement of profit or loss. Financial assets carried at FVTOCI are initially and subsequently measured at fair value, with gains and losses arising from changes in fair value recognised in other comprehensive income / (loss). Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. 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 in the period in which they arise. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset, in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in statement of profit or loss.

Impairment of financial asset

The Company recognises lifetime expected credit losses for trade receivables that do not constitute a financing transaction. Expected credit losses (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). Life time ECLs are the ECLs that results from all possible defaults events over the expected life of a financial instrument. For all other financial assets, expected credit losses are measured at an amount equal to 12 months' ECLs i.e. ECLs that result from default event that are possible within 12 months after the reporting date.

2.17.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortised cost using the effective interest rate method. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of profit or loss.

2.17.3 Offsetting

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.17.4 Transaction costs

When a financial asset or financial liability is not measured at FVTPL, transaction costs that are directly attributable to the acquisition or issue are added to or deducted from the initial fair value. For financial assets, such costs are added to the amount originally recognised. For financial liabilities, such costs are deducted from the amount originally recognised. This applies to all financial instruments not carried at FVTPL, including instruments carried at FVTOCI. For debt instruments, the transaction costs are recognised as part of interest income using the effective interest method.

For financial instruments that are measured at FVTPL, transaction costs are not added to or deducted from the initial fair value, but they are immediately recognised in profit or loss on initial recognition.

Transaction costs expected to be incurred on a financial instrument's transfer or disposal are not included in the financial instrument's measurement.

2.18 Revenue recognition

2.18.1 Revenue from contracts with customers

Revenue from contracts with customers is recognised at the transaction price which the Company expects to be entitled to, after deducting sales taxes, excise duties and similar levies. Revenue from sale of goods is recognised when control of goods has been transferred to the customers. Accordingly:

- local sales are recognised on the basis of products pumped in oil marketing companies' tanks. Sale of products loaded through gantry is recognised when the products are loaded into tank lorries.

- export sales are recognised, on Cost, Insurance and Freight (CIF) basis, at the time when the products are shipped to customers.

- handling income is recognised at the time when services are rendered.

- Return / interest on bank deposits are recognised on time proportion basis using the effective rate of return.

2.19 Government grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities.

The Company recognises government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants.

Government grants are recognised at their fair values, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

The loan is initially recognised at fair value - i.e. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit of government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

2.20 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividend is approved.

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 Board of Directors that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment.

3. PROPERTY, PLANT AND EQUIPMENT

	2022	2021
	(Rupees in thousand)	
Operating assets - note 3.1	**28,521,565**	20,089,744
Major spare parts and stand-by equipment - note 3.2	**119,631**	124,516
Capital work-in-progress - note 3.3 and 3.4	**340,293**	200,093
	28,981,489	20,414,353

3.1 OPERATING ASSETS

	2022												
	Freehold land (notes 3.1.1, 3.1.2 and 3.1.3)	Buildings	Processing plant	Korangi tank farm	Keamari terminal	Pipelines	Steam generation plant	Power generation, transmission and distribution	Water treatment and cooling system	Equipment including furniture	Fire fighting and telecom-munication systems	Vehicles and other automo-tive equip-ment	Total
	(Rupees in thousand)												
Net carrying value basis													
Year ended June 30, 2022													
Opening net book value (NBV)	11,151,360	22,298	5,605,211	951,724	744,149	305,406	426,808	539,421	9,403	80,289	199,634	54,041	20,089,744
Revaluation - note 3.1.3	9,176,640	-	-	-	-	-	-	-	-	-	-	-	9,176,640
Additions (at cost)	-	-	172,821	14,883	72,554	-	3,925	71,455	3,895	16,760	-	15,552	371,845
Disposals (at NBV) - note 3.1.4	-	-	-	-	-	-	-	-	-	-	-	(3,354)	(3,354)
Depreciation charge	-	(5,125)	(594,900)	(163,087)	(127,663)	(42,837)	(32,588)	(78,512)	(2,636)	(21,266)	(28,829)	(15,867)	(1,113,310)
Closing net book value	20,328,000	17,173	5,183,132	803,520	689,040	262,569	398,145	532,364	10,662	75,783	170,805	50,372	28,521,565
Gross carrying value basis													
At June 30, 2022													
Cost or revaluation	20,328,000	142,863	9,962,065	2,062,316	1,465,300	552,602	582,944	917,886	109,558	572,775	361,541	135,471	37,193,320
Accumulated depreciation	-	(125,690)	(4,778,932)	(1,258,796)	(776,260)	(290,033)	(184,799)	(385,522)	(98,896)	(496,992)	(190,736)	(85,099)	(8,671,755)
Net book value	**20,328,000**	**17,173**	**5,183,133**	**803,520**	**689,040**	**262,569**	**398,145**	**532,364**	**10,662**	**75,783**	**170,805**	**50,372**	**28,521,565**
Depreciation rate % per annum	-	**5 to 20**	**5 to 50**	**5 to 20**	**5 to 20**	**10**	**10 to 33**	**5 to 33**	**10 to 20**	**10 to 33**	**5 to 33**	**25**	

	2021												
Net carrying value basis													
Year ended June 30, 2021													
Opening net book value (NBV)	11,151,360	17,319	6,122,145	1,102,500	572,826	231,353	459,206	583,748	11,878	60,172	227,785	48,159	20,588,451
Additions (at cost)	-	8,754	86,576	13,110	286,094	110,896	-	22,630	158	39,404	1,781	22,716	592,119
Write-off / disposals (at NBV)	-	-	-	-	-	(4,848)	-	*	-	*(89)	*	(3,558)	(8,495)
Depreciation charge	-	(3,775)	(603,510)	(163,886)	(114,771)	(31,995)	(32,398)	(66,957)	(2,633)	(19,198)	(29,932)	(13,276)	(1,082,331)
Closing net book value	11,151,360	22,298	5,605,211	951,724	744,149	305,406	426,808	539,421	9,403	80,289	199,634	54,041	20,089,744
Gross carrying value basis													
At June 30, 2021													
Cost or revaluation	11,151,360	142,863	9,789,244	2,047,433	1,392,746	552,602	579,019	846,431	105,663	556,015	361,541	126,815	27,651,732
Accumulated depreciation	-	(120,565)	(4,184,033)	(1,095,709)	(648,597)	(247,196)	(152,211)	(307,010)	(96,260)	(475,726)	(161,907)	(72,774)	(7,561,988)
Net book value	11,151,360	22,298	5,605,211	951,724	744,149	305,406	426,808	539,421	9,403	80,289	199,634	54,041	20,089,744

**Assets disposed off having nil net book value.*

Depreciation rate % per annum	-	**5 to 20**	**5 to 50**	**5 to 20**	**5 to 20**	**10**	**10 to 33**	**5 to 33**	**10 to 20**	**10 to 33**	**5 to 33**	**25**	

3.1.1 The land is freehold to be used for oil refinery by the Company.

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

Location	Usage of immoveable property	Total area (in acres)"
Naclass No. 24, Deh Dih, Tappo Landhi, Taluka Karachi, District, Karachi	Refining complex	200*

This includes 1 acre and 4.93 acres of land leased to the President of Pakistan and M/s Burshane LPG Ltd (Burshane) respectively.

3.1.3 As at June 30, 2022, land measuring 200 acres located at Naclass No. 24, Deh Dih, Tappo Landhi, Taluka Karachi, District Karachi, where the Refinery is situated, was revalued at Rs. 20.33 billion, resulting in an additional surplus of Rs. 9.18 billion over last revaluation carried out as at June 30, 2020. The value was determined by an independent valuer M/s. Iqbal A. Nanjee and Co. (Private) Limited ("the valuer") on the basis of present market value keeping in view that the land is freehold and to be used for oil refinery by the Company (level 2). The forced sales value has been determined by the independent valuer at Rs. 15.25 billion.

Had there been no revaluation, the net book value of land would have been Rs. 2.07 million (2021: Rs. 2.07 million).

The different levels for determination of fair value hierarchy 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).

3.1.4 The details of operating asset disposed off during the year, having net book value above Rs. 500,000 is as follows:

Asset category	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss) on disposal	Particulars of buyer
Vehicle and other automotive equipment	2,426	801	1,625	1,625	-	Mustafa Saleemi (Ex-employee) Company policy
Vehicle and other automotive equipment	1,979	817	1,162	1,162	-	Hassan Abu Bakr (Ex-employee) Company policy
Items having book value of less than Rs 500,000 each	2,492	1,925	567	567	-	(Various employees) Company policy
	6,897	**3,543**	**3,354**	**3,354**	**-**	

3.2 MAJOR SPARE PARTS AND STAND-BY EQUIPMENT

	2022	2021
	(Rupees in thousand)	
Gross carrying value		
Balance at beginning of the year	**146,858**	112,776
Additions during the year	**4,422**	41,592
Transferred during the year	**(7,257)**	(7,510)
Balance at end of the year	**144,023**	146,858
Provision for impairment - note 3.2.1	**(24,392)**	(22,342)
Net carrying value	**119,631**	124,516

3.2.1 During the year, charge of Rs. 2.05 million (2021: net charge of Rs. 3.29 million) was recorded.

3.3 Movement in capital work-in-progress

	2022	2021
	(Rupees in thousand)	
Balance at beginning of the year	**200,093**	525,910
Additions during the year	**512,045**	266,302
Transfers made during the year	**(371,845)**	(592,119)
Balance at end of the year	**340,293**	200,093

3.4 Capital work-in-progress

Buildings	**10,240**	-
Processing plant	**199,474**	29,894
Korangi tank farm	**28,376**	3,053
Keamari terminal	**-**	76,058
Pipelines	**5,078**	-
Power generation, transmission and distribution	**-**	62,440
Water treatment and cooling system	**3,247**	-
Equipment including furniture	**12,137**	12,357
Fire fighting and telecommunication systems	**29,682**	8,373
Vehicles and other automotive equipments	**490**	-
Advances to contractors / suppliers	**51,569**	7,918
	340,293	200,093

4. RIGHT-OF-USE ASSET

Opening net book value	**147,165**	163,075
Depreciation for the year	**(15,910)**	(15,910)
Closing net book value	**131,255**	147,165
Depreciation rate	**9%**	9%

5. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

Pak Grease Manufacturing Company (Private) Limited - 850,401 (2021: 850,401) fully paidordinary shares - note 5.1	**55,514**	58,930

5.1 The Company holds 27.26% (2021: 27.26%) share in the associate. The above amount represents proportionate carrying value of the associate's net assets - refer note 5.2. The associate has share capital consisting solely of ordinary shares, which are held directly by the Company. The registered office of the associate is at 6, Oil Installation Area, Keamari, Karachi, Pakistan. The country of incorporation or registration is also its principal place of business. The principal activity of the associate is to manufacture and sale of petroleum grease products.

	2022	2021
	(Rupees in thousand)	
Opening balance	**58,930**	65,294
Share of loss for the year	**(3,416)**	(6,364)
	55,514	58,930

5.2 Summarised financial information of Company's associate:

Set out below is the summarised draft financial information for Pak Grease Manufacturing Company (Private) Limited which is accounted for using the equity method.

Revenue from contracts with customers	**203,034**	97,362
Loss from continuing operations	**(9,324)**	(13,577)
Other comprehensive income / (loss)	**-**	-
Total comprehensive loss	**(9,324)**	(13,577)
Non-current assets	**41,522**	45,515
Current assets	**189,119**	201,093
Non-current liabilities	**(13,699)**	(14,124)
Current liabilities	**(13,298)**	(16,308)
Net assets	**203,644**	216,176
Carrying value	**55,514**	58,930

	2022	2021
	(Rupees in thousand)	

6. LONG-TERM DEPOSITS AND LOANS

Secured and considered good		
Deposits	**21,183**	21,182
Loans to employees	**20,666**	13,945
Recoverable within one year – note 9	**(10,952)**	(7,887)
	9,714	6,058
	30,897	27,240

6.1 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.

7. INVENTORIES

Raw material		
Crude oil [including in transit Rs. 7.70 million (2021: Rs. 10.07 million)]	**18,421,996**	7,313,368
Finished products - note 7.1	**5,056,848**	2,568,136
Stores, spares and chemicals - note 7.2	**578,071**	533,903
	24,056,915	10,415,407

7.1 Includes finished products held with the following third parties for onward sales to customers:

- PSO - related party	**993**	5,762
- Shell Pakistan Limited	**48,217**	21,298
	49,210	27,060

7.2 Stores, spares and chemicals

Stores	**263,754**	271,892
Spares	**260,347**	195,746
Chemicals	**97,178**	105,713
	621,279	573,351
Provision for slow moving stores, spares and chemicals	**(43,208)**	(39,448)
	578,071	533,903

8. TRADE RECEIVABLES

Considered good		
Due from PSO - related party	**9,109,931**	4,514,315
Others – note 8.1	**2,195,918**	2,074,598
	11,305,849	6,588,913
Considered doubtful - others	**134,892**	134,892
	11,440,741	6,723,805
Less: Loss allowance on doubtful receivables	**(134,892)**	(134,892)
	11,305,849	6,588,913

8.1 This includes trade receivables on account of export sales of Rs. Nil (2021: Rs. 989.8 million secured by way of Export Letters of Credit).

8.2 The aging analysis of trade receivables past due but not impaired is as follows:

Up to 3 months	**105,319**	22,910
3 to 6 months	**39,802**	4,895
More than 6 months	**85,868**	51,479

	2022	2021
	(Rupees in thousand)	
8.3 The aging analysis of trade receivables past due but not impaired from PSO - (related party) is as follows:		
Up to 3 months	**156**	55
3 to 6 months	**51**	-
More than 6 months	**73,223**	44,428

8.4 The maximum aggregate amount due from PSO - (related party) at the end of any month during the year was Rs. 10.56 billion (2021: Rs. 7.11 billion).

8.5 Due to the short-term nature of the trade receivables, their carrying amount is considered to be the same as their fair value.

9. TRADE DEPOSITS, LOANS, ADVANCES AND SHORT-TERM PREPAYMENTS

	2022	2021
	(Rupees in thousand)	
Trade deposits	**181,630**	19,180
Loans to employees recoverable within one year – note 6	**10,952**	7,887
Advances for supplies and services	**18,091**	30,963
Short-term prepayments	**17,906**	17,263
	228,579	75,293

9.1 Trade deposits, loans and advances do not carry any interest.

10. OTHER RECEIVABLES

	2022	2021
Receivable from the Government - note 10.1	**2,165,535**	-
Profit on cash and cash equivalents - note 10.2	**137,877**	-
Workers Profit Participation Fund - note 10.3	**188,594**	-
Receivable from refineries - note 10.4	**93,233**	2,928,136
Insurance claim receivable	**-**	144,626
	2,585,239	3,072,762

10.1 This represents receivable from Government of Pakistan (GoP) in respect of price differential claims as a result of restricting the ex-refinery prices charged by the Company to the oil marketing companies on instructions from Ministry of Energy (MoE). This is net of GoP's share in the value of local crude oil purchased and petroleum levy on sale of petroleum products. During the year ended June 30, 2018, the Company received a report from MoE through Oil Companies Advisory Council (OCAC) highlighting certain aspects of the above claims. The management is of the view that the report contains certain factual inaccuracies and is taking up the matter along with other refineries with the MoE.

This further includes a net amount of Rs. 2.02 billion (exchange gains of Rs. 618.95 million net of exchange losses of Rs 2.64 billion) (2021: Rs. 396.1 million classified as accrued liabilities) 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 loans.

10.2 This represents profit receivable on Term Deposits as detailed in note 11.3.

	2022	2021
10.3 Workers Profit Participation Fund	(Rupees in thousand)	
Opening - (payable) / receivable	**(86,817)**	-
Expense during the year	**(811,406)**	(86,817)
Payments made during the year	**1,086,817**	-
Closing - receivable / (payable)	**188,594**	(86,817)

10.4 This includes Rs. 75.29 million (2021: Rs. 2.92 billion) due from Pak-Arab Refinery Limited (PARCO) - (related party) in respect of sharing of crude oil, freight and other charges. It further includes Rs. 17.94 million due from Nation Refinery Limited in respect of pipeline and crude testing charges.

10.5 Due to the short-term nature of other receivables, their carrying amount is considered to be the same as their fair value.

11. CASH AND BANK BALANCES

	2022	2021
	(Rupees in thousand)	
With banks on		
- current accounts - note 11.1	**31,362**	1,357
- mark-up bearing savings accounts - note 11.2	**10,107,083**	71,226
- term deposit - note 11.3	**13,400,000**	-
Cash in hand	**160**	97
	23,538,605	72,680

11.1 These bank balances are maintained under current accounts and do not carry any interest.

11.2 The rates of mark-up on savings accounts during the year ranged from 5.50% to 12.76% per annum (2021: 5.50% to 6.25% per annum).

11.3 This represents short term deposits maintained with different commercial banks at a mark-up rate ranging from 10.75% to 13% per annum (2021: Nil). The maturity of these deposits is latest by July 6, 2022.

12. SHARE CAPITAL

2022	2021		2022	2021
(Numbers)			(Rupees in thousand)	
		Authorised share capital Ordinary shares of Rs. 10 each		
1,000,000,000	1,000,000,000		**10,000,000**	10,000,000
		Issued, subscribed and paid-up Ordinary shares of Rs. 10 each		
601,000,000	601,000,000	Ordinary shares fully paid in cash	**6,010,000**	6,010,000
29,000,000	29,000,000	Ordinary shares issued as fully paid bonus shares	**290,000**	290,000
630,000,000	630,000,000		**6,300,000**	6,300,000

12.1 Reconciliation between ordinary shares in issue at the beginning and end of the year is as follows:

2022	2021		2022	2021
(Numbers)			(Rupees in thousand)	
630,000,000	315,000,000	Opening shares outstanding	**6,300,000**	3,150,000
-	315,000,000	Shares issued during the period	**-**	3,150,000
630,000,000	630,000,000		**6,300,000**	6,300,000

13. SPECIAL RESERVE

Under directive from the MoE, any profit after taxation above 50% of the paid-up capital as on July 1, 2002 is 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 is 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.

On March 27, 2013, GoP issued a policy framework for up-gradation and expansion of refinery projects, amended through a letter dated April 25, 2016, which interalia states that:

- till 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 Reserve Account as per current pricing formula; and

- the refineries are required to install Diesel Hydro Desulphurisation (DHDS) plant by June 30, 2017. If any refinery fails to install DHDS by June 30, 2017 then the ex-refinery price of High Speed Diesel (HSD) based on Import Parity Price (IPP) formula will be adjusted / reduced due to higher sulphur content.

Based on the above, the Company has transferred profit amounting to Rs. 12.47 billion (2021: Rs. 0.84 billion) to Special Reserve.

14. OTHER RESERVES

	2022	2021
	(Rupees in thousand)	
Capital reserve - Exchange equalisation reserve	897	897
Revenue reserves - General reserve	1,050	1,050
	1,947	1,947

15. LONG-TERM BORROWINGS

	2022	2021
Diminishing Musharika - note 15.2	200,000	600,000
Long term loan - note 15.3	1,000,000	3,500,000
Salary refinancing - note 15.4	101,437	231,369
	1,301,437	4,331,369
Less: Current portion of		
- Diminishing Musharika - note 15.2	(200,000)	(400,000)
- Long term loan - note 15.3	(1,000,000)	(3,500,000)
- Salary refinancing - note 15.4	(101,437)	(137,445)
	-	293,924

15.1 Following are the changes in the long-term borrowings (i.e. for which cash flows have been classified as financing activities in the statement of cash flows):

	2022	2021
Opening balance	4,331,369	4,431,595
Diminishing Musharika repaid	(400,000)	(200,000)
Long term loan obtained	1,000,000	-
Long term loan repaid	(3,500,000)	-
Salary financing - obtained	-	145,301
Salary financing - repaid - excluding accrued markup	(129,932)	(45,527)
	1,301,437	4,331,369

15.2 During the year ended June 30, 2015, the Company obtained a syndicated long term loan under mark-up arrangement through NIB Bank Limited (now MCB Islamic Bank Limited) amounting to Rs. 2 billion at a mark-up of 6 month KIBOR + 1.75% per annum for a tenor of 7 years (including 2 years grace period). The loan was repayable in 10 semi-annual installments beginning from July 2017 and was secured by way of hypothecation of present and future raw materials and finished products, trade receivables and property, plant and equipment (excluding land). During the year ended June 30, 2018, the Company renegotiated the terms and reduced the mark-up to 6 months KIBOR + 1% per annum, which was further re-negotiated and converted from conventional loan into Diminishing Musharika at a mark-up of 6 month KIBOR + 0.75% per annum for the remaining tenure of 4 years with all other terms and conditions remaining constant.

During the year ended June 30, 2020, SBP circular letter no 13 of 2020 dated March 26, 2020 was issued to support businesses during COVID-19 pandemic, thereby the repayment of loan is deferred by one year, without any change in markup rates. The Company availed the opportunity of deferment of principal loans repayment under this circular by one year. Subsequent to the year end, the loan was fully repaid on July 5, 2022.

15.3 During the year, the Company obtained long term finance facility under mark-up arrangements through Faysal Bank Limited (FBL) amounting to Rs. 1 billion at a mark-up of 6 month KIBOR + 0.75% per annum for a tenor of 1.5 years (including 1 year grace period). The loan is repayable in two equal quarterly installments starting from November 2022, 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).

In addition to the above, the Company repaid long term loan during the year which was obtained during the year ended June 30, 2018, under mark-up arrangements through Askari Bank Limited and Bank Alfalah Limited amounting to Rs. 1 billion and Rs. 2.5 billion respectively at a mark-up of 3 month KIBOR + 0.5% per annum for a tenor of 3 years (including 2.5 years grace period). During the year ended June 30, 2020, taking advantage of SBP circular referred in note 15.2, these loans were deferred by one year and were repaid on maturity on June 28, 2022, and June 29, 2022, respectively.

15.4 This represents salary financing obtained under SBP payroll refinance facility as a part of measures for countering economic hardships faced by the businesses during COVID-19 pandemic. The loan is repayable in eight equal quarterly instalments from April 2021 along with a quarterly mark up at a discounted rate of 3% per annum. The loan will be fully repaid by January 2023.

16. LEASE LIABILITY

	2022	2021
	(Rupees in thousand)	
Opening balance	**173,779**	177,181
Lease payment	**(25,574)**	(24,358)
Finance cost on lease liability	**20,328**	20,956
Closing balance	**168,533**	173,779
Less: - Current portion	**(6,460)**	(4,586)
- Accrued markup	**(20,328)**	(20,956)
	141,745	148,237

16.1 The expected maturity analysis of undiscounted lease payment is as follows:

	2022	2021
Less than a year	**26,819**	25,542
Between 1 - 5 years	**155,604**	148,194
Over 5 years	**83,584**	117,813

17. DEFERRED TAX LIABILITIES

	Property, Plant and Equipment	Investment in Associate accounted for under equity method	Right of Use asset net of lease liability	Unabsorbed depreciation	Provision for slow moving stores and spares	Excess of Alternate Corporate Tax over Normal Tax Liability	Total
	(Rupees in thousand)						
July 01, 2020	(1,146,074)	(14,013)	4,091	1,146,074	-	-	(9,922)
Credit / (charge) to profit or loss for the year	36,761	1,383	3,637	(36,761)	-	-	5,020
June 30, 2021	(1,109,313)	(12,630)	7,728	1,109,313	-	-	(4,902)
Credit / (charge) to profit or loss for the year	**(72,748)**	**(5,405)**	**4,585**	**(896,230)**	**21,297**	**669,088**	**(279,413)**
June 30, 2022	**(1,182,061)**	**(18,035)**	**12,313**	**213,083**	**21,297**	**669,088**	**(284,315)**

17.1 Unabsorbed depreciation and tax losses amounting to Rs. 8.98 billion, after availing group taxation relief under section 59B of the Income Tax Ordinance, 2001, (as detailed in note 30.2), have been adjusted against current year's taxable income.

18. EMPLOYEE BENEFIT OBLIGATIONS / (PREPAYMENTS)

18.1.1 The Company operates recognised funded gratuity and pension schemes (the Schemes) for its eligible management and non-man agement employees. Actuarial valuation of these Schemes is carried out every year and the latest actuarial valuation was carried out as at June 30, 2022, using the Projected Unit Credit Method, details of which as per the actuarial valuation are stated in note 18.1.3.

18.1.2 Assets of these schemes are held in separate trusts (the Funds), which are governed by local regulations which mainly include Trust Act, 1882; the Companies Act, 2017; Income Tax Rules, 2002 and the Rules under the trust deeds. Responsibility for governance of the Funds, including investment decisions and contribution schedules, lies with the Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.

	Pension Schemes				Gratuity Schemes			
	Management		Non-Management		Management		Non-Management	
	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in thousand)							
18.1.3 Statement of financial position								
Present value of defined benefit obligation at June 30 - note 18.1.4	1,764,747	1,575,208	257,305	254,664	249,485	208,084	82,568	84,105
Fair value of plan assets at June 30 - note 18.1.5	(1,298,844)	(1,308,268)	(173,952)	(157,096)	(211,992)	(195,041)	(115,152)	(109,685)
Deficit / (surplus)	465,903	266,940	83,353	97,568	37,493	13,043	(32,584)	(25,580)
18.1.4 Movement in the present value of defined benefit obligation								
Opening balance	1,575,208	1,543,285	254,664	226,204	208,084	179,686	84,105	69,728
Benefits paid by the plan	(75,021)	(59,113)	(9,804)	(3,510)	(10,898)	(3,671)	(4,017)	(215)
Benefits payable to outgoing members	-	-	-	-	(795)	(936)	-	-
Current service cost	55,074	52,407	9,323	8,383	16,233	12,727	3,456	3,051
Past service cost	-	-	-	-	-	4,650	-	-
Interest cost	159,607	141,973	26,055	21,134	21,265	16,756	8,536	6,560
Remeasurement on obligation	49,879	(103,344)	(22,933)	2,453	15,596	(1,128)	(9,512)	4,981
Closing balance	1,764,747	1,575,208	257,305	254,664	249,485	208,084	82,568	84,105
18.1.5 Movement in the fair value of plan assets								
Opening balance	1,308,268	1,196,805	157,096	135,402	195,041	166,645	109,685	99,985
Contributions paid into the plan	83,336	88,290	19,656	11,169	17,506	13,881	62	374
Benefits paid by the plan	(75,021)	(59,113)	(9,804)	(3,510)	(10,898)	(3,671)	(4,017)	(215)
Benefits payable to outgoing members	-	-	-	-	(795)	(936)	-	-
Interest income	130,738	108,617	15,722	12,462	19,992	15,602	11,033	9,237
Remeasurement of plan assets	(148,477)	(26,331)	(8,718)	1,573	(8,854)	3,520	(1,611)	304
Closing balance	1,298,844	1,308,268	173,952	157,096	211,992	195,041	115,152	109,685
18.1.6 Expense recognised in statement of profit or loss and other comprehensive income								
Current service cost	55,074	52,407	9,323	8,383	16,233	12,727	3,456	3,051
Past service cost	-	-	-	-	-	4,650	-	-
Net interest cost / (income)	28,869	33,356	10,333	8,672	1,273	1,154	(2,497)	(2,677)
Expense recognised in statement of profit or loss and other comprehensive Income	83,943	85,763	19,656	17,055	17,506	18,531	959	374
18.1.7 Remeasurement recognised in other comprehensive income								
Remeasurement of present value of defined benefit obligation	49,879	(103,344)	(22,933)	2,453	15,596	(1,128)	(9,512)	4,981
Remeasurement of fair value of plan assets	148,477	23,331	8,718	(1,573)	8,854	(3,520)	1,611	(304)
Remeasurements	198,356	(77,013)	(14,215)	880	24,450	(4,648)	(7,901)	4,677

	Pension Schemes				Gratuity Schemes			
	Management		Non-Management		Management		Non-Management	
	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in thousand)							
18.1.8 Net recognised liability / (asset)								
Net liability at the beginning of the year	**266,940**	346,480	**97,568**	90,802	**13,043**	13,041	**(25,580)**	(30,257)
Expense recognised in statement of profit or loss and other comprehensive income	**83,943**	85,763	**19,656**	17,055	**17,506**	18,531	**959**	374
Contribution made to the fund during the year	**(83,336)**	(88,290)	**(19,656)**	(11,169)	**(17,506)**	(13,881)	**(62)**	(374)
Remeasurements recognised in other comprehensive income	**198,356**	(77,013)	**(14,215)**	880	**24,450**	(4,648)	**(7,901)**	4,677
Recognised liability / (asset) as at June 30	**465,903**	266,940	**83,353**	97,568	**37,493**	13,043	**(32,584)**	(25,580)
18.1.9 Major categories / composition of plan assets are as follows:								
Equity securities	**17.33%**	14.93%	**16.12%**	15.14%	**18.74%**	14.96%	**0.00%**	0.00%
Debt securities	**77.89%**	82.54%	**82.13%**	84.54%	**77.61%**	82.30%	**98.61%**	99.52%
Others	**4.78%**	2.53%	**1.75%**	0.31%	**3.65%**	2.75%	**1.39%**	0.48%
18.1.10 Actuarial assumptions								
Discount rate at June 30	**13.50%**	10.25%	**13.50%**	10.25%	**13.50%**	10.25%	**13.50%**	10.25%
Future salary increases								
- One time salary increase	**N/A**	N/A	**N/A**	10.00%	**N/A**	N/A	**N/A**	10.00%
- First year following the valuation	**19.00%**	8.00%	**6.00%**	5.00%	**19.00%**	8.00%	**6.00%**	5.00%
- Second year following the valuation	**13.50%**	10.25%	**13.50%**	10.25%	**13.50%**	10.25%	**13.50%**	10.25%
- Third year following the valuation	**13.50%**	10.25%	**13.50%**	10.25%	**13.50%**	10.25%	**13.50%**	10.25%
- Long term increase	**13.50%**	10.25%	**13.50%**	10.25%	**13.50%**	10.25%	**13.50%**	10.25%
Expected retirement age	**60 years**	60 years	**60 years**	60 years	**60 years**	60 years	**60 years**	60 years
Pension increase rate								
- First year following the valuation	**8.00%**	5.00%	**8.00%**	5.00%				
- Long term pension increase rate	**6.00%**	3.00%	**6.00%**	3.00%				

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

The Company ensures that the investment positions are managed under 'Liability Driven Investment Approach' that has been developed to achieve long term investments that are in line with the obligations under the retirement benefit scheme. Within this framework, the objective is to match assets to the retirement benefit obligations by investing in long-term securities with maturities that match the benefit payments as they fall due. The retirement benefit funds have appointed a third party advisor who 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 process used to manage its risk from previous periods. The Company does not use derivatives to manage its risk. Investments are 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 for the year ended June 30, 2022 consists of government securities.

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 statement of financial position date.

The Company's contributions to gratuity and pension funds for the year ending June 30, 2023 is expected to amount to Rs. 23.9 million and Rs. 149.46 million respectively.

18.2 Sensitivity analysis for actuarial assumptions

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		(Rupees in thousand)	
Discount rate at June 30	0.50%	(109,653)	119,361
Future salary increases	0.50%	57,891	(55,144)
Future pension increases	0.50%	(274,618)	(385,690)

18.3 Historical information

	2022	2021	2020	2019	2018
	---------------------- (Rupees in thousand) ----------------------				
Management Pension Fund					
Present value of defined benefit obligation	**1,764,747**	1,575,208	1,543,285	1,132,758	1,236,899
Fair value of plan assets	**(1,298,844)**	(1,308,268)	(1,196,805)	(879,879)	(994,202)
Deficit in the plan	**465,903**	266,940	346,480	252,879	242,697
Experience adjustments					
(Gain) / loss on obligation	**49,879**	(103,344)	268,373	(185,462)	(15,125)
(Loss) / gain on plan assets	**(148,477)**	(23,804)	169,359	(194,028)	(49,633)
Non-Management Pension Fund					
Present value of defined benefit obligation	**257,305**	254,664	226,204	191,865	173,373
Fair value of plan assets	**(173,952)**	(157,096)	(135,402)	(98,587)	(86,212)
Deficit in the plan	**83,353**	97,568	90,802	93,278	87,161
Experience adjustments					
Loss / (gain) on obligation	**(22,933)**	2,453	5,198	(2,925)	(7,460)
Gain / (loss) on plan assets	**(8,718)**	1,573	6,214	(9,471)	(3,469)
Management Gratuity Fund					
Present value of defined benefit obligation	**249,485**	208,084	179,686	154,357	143,686
Fair value of plan assets	**(211,992)**	(195,041)	(166,645)	(133,424)	(130,559)
Deficit in the plan	**37,493**	13,043	13,041	20,933	13,127
Experience Adjustments					
(Gain) / loss on obligation	**15,596**	(1,128)	(2,601)	(2,326)	1,140
Gain / (loss) on plan assets	**(8,854)**	3,520	5,291	(9,640)	(3,999)
Non-Management Gratuity Fund					
Present value of defined benefit obligation	**82,568**	84,105	69,728	69,636	57,869
Fair value of plan assets	**(115,152)**	(109,685)	(99,985)	(87,258)	(81,895)
Surplus in the plan	**(32,584)**	(25,580)	(30,257)	(17,622)	(24,026)
Experience adjustments					
Loss / (gain) on obligation	**(9,512)**	4,981	(9,165)	5,158	(2,036)
Gain / (loss) on plan assets	**(1,611)**	304	3,470	(984)	(4,626)

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

	No. of years
Management Pension fund	10.18
Non-management Pension fund	10.25
Management Gratuity fund	6.75
Non-management Gratuity fund	6.75

18.5 All investments in collective investment schemes, listed equity and listed debt securities out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified there under.

19. TRADE AND OTHER PAYABLES

	2022	2021
	(Rupees in thousand)	
Creditors – note 19.1	32,162,408	14,075,857
Accrued liabilities - note 19.2	5,938,296	2,487,450
Surplus price differential payable - note 23.3	5,650,720	1,348,204
Advances from customers – note 19.1	1,100,862	254,340
Sales tax payable	994,075	1,812,441
Workers' Welfare Fund	309,930	18,431
Accrued mark-up	132,948	207,852
Retention money	8,194	14,762
Tax deducted at source	281	279
Payable to the Government – note 10.1	-	202,905
Workers' Profit Participation Fund – note 10.3	-	86,817
	46,297,714	20,509,338

19.1 Related party balances

		2022	2021
Creditors	note 19.1.1	692,593	362
Advances from customers		1,397	3,970

19.1.1 This includes amount payable to / advances from PSO.

19.2 This includes differential of regulatory / custom duty levied amounting to Rs. 2.98 billion (2021: Rs. 0.73 billion) on import of crude oil consumed in the production and recovered on sale of regulated products based on SROs issued by GoP and MoE. During the year ended June 30, 2018, Oil and Gas Regulatory Authority (OGRA) in compliance with the directives of MoE finalised a recovery mechanism for regulated products through which refineries would operate on no gain / loss basis on this account. OGRA directed OCAC to ensure the implementation of the said mechanism.

During the year ended June 30, 2019, as per approved regulatory duty mechanism, Refinery Regulatory Duty (RRD) committee of OCAC determined RRD factors per litre applicable for 5 months from August 2018 to December 2018, which were adjusted in monthly ex-refinery prices.

However, after preliminary implementation of the said mechanism, due to practical implications, a revised procedure was devised by OGRA, whereby recovery is made directly from refinery through payment to Inland Freight Equalisation Margin (IFEM) pool without any adjustment of RRD factors in ex-refinery prices.

20. SHORT-TERM BORROWINGS

	2022	2021
	(Rupees in thousand)	
Foreign currency loan - note 20.1	17,584,098	-
"Running finance under mark-up arrangements - note 20.2"	15,709	5,536,103
Short-term borrowings	-	8,000,000
Current portion of long-term borrowings - note 15	1,200,000	3,900,000
Current portion of salary refinancing - note 15	101,437	137,445
	18,901,244	17,573,548

20.1 This represent short term FE 25 loans obtained from Habib Bank Limited (HBL) and National Bank of Pakistan (NBP) amounting to USD 40.26 million and USD 45.69 million respectively at mark-up rates ranging from fixed rate of 3.4% to 12% per annum repayable by July 19 and December 19, 2022 respectively. Upon due date of July 19, 2022, FE loan of USD 40.26 million from HBL has been rolled over for further 90 days with maturity on October 17, 2022 at markup rate of 10.5%.

20.2 As at June 30, 2022 available running finance facilities under mark-up arrangements from various banks amounted to Rs. 9.45 billion (2021: Rs. 9.45 billion).

These arrangements are secured by way of hypothecation over stock of crude oil and finished products and trade receivables of the Company.

The rates of mark-up range between three months KIBOR+0.50% to one month KIBOR + 2.5% per annum as at June 30, 2022 (2021: KIBOR+0.50% to one month KIBOR + 2.5% per annum). Purchase prices are payable on demand.

20.3 Facilities for letters of credit / guarantees and invoice discounting as at June 30, 2022 accumulated to Rs. 57.14 billion (2021: Rs. 33.74 billion) and Rs. 4.5 billion (2021: Rs. 7 billion) respectively of which the unutilised amount as at June 30, 2022 was Rs. 16.54 billion (2021: Rs. 19.69 billion) and Rs. 4.5 billion (2021: Nil) respectively.

21. UNEARNED REVENUE

As detailed in note 15.4 to these financial statements, the Company availed salary refinance facility during COVID-19 pandemic at a discounted rate of 3% per annum while the prevailing market rate was 8% per annum. This differential in mark-up rate is treated in accordance with IAS 20 - Government Grant and a deferred income amounting to Rs. 23.70 million was recognised thereon and is being amortised on straight line basis over the tenure of the loan.

22. CONTINGENCIES AND COMMITMENTS

Contingencies

a) Claims against the Company not acknowledged as debt amount to Rs. 6.34 billion (2021: Rs. 6.01 billion), which includes Rs. 5.73 billion (2021: Rs. 5.39 billion) on account of late payment surcharge on purchase of crude oil. The Company has raised similar claims aggregating to Rs. 7.41 billion (2021: Rs. 7.40 billion) relating to interest on late payments against trade receivables from certain Oil Marketing Companies.

   Contingent liabilities other than late payment surcharge involving legal proceedings are disclosed in note 22.1.

b) Proportionate share of contingencies related to tax matters of Pak Grease Manufacturing Company (Private) Limited - an associate company are Rs. 3.39 million (2021: 3.74 million).

c) Bank guarantees of Rs. 124.63 million (2021: Rs. 124.63 million) are issued in favour of Sui Southern Gas Company Limited - a related party.

Commitments

a) As at June 30, 2022, commitments outstanding for capital expenditure amounted to Rs. 5,230 million (2021: Rs. 35.98 million). This includes Rs. 4,916 million (2021: Nil) relating to Front End Engineering Design Contract for Refinery Expansion and Upgrade Project.

22.1 Description of legal proceedings

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
Supreme Court of Pakistan	This case, initially, was filed by late Mr. M. Ramzan Katiar, an Octroi contractor for the payment of Octroi dues on import and use of crude oil within the Octroi limits of Cantonment Board Korangi Creek. Presently the legal heirs of the said contractor are pursuing the case. The case was decided in favor of the Company by the single bench of High Court, however later reversed by the division bench of High Court in HCA 231/1999. The Company then filed this appeal in the Supreme Court of Pakistan which is sub-judice at present. The exposure in this respect is around Rs. 20 million, however it will be calculated under the preliminary decree.	Company and legal representatives of late Mr. M. Ramzan Katiar	2012
High Court of Sindh	Barret Hodgson, the plaintiffs, filed a suit no. 694/ 2008 to restrain the Company from interfering or disrupting the plaintiffs construction of a university and also demanded damages amounting to Rs. 166.69 million through suit no. 1308/2009. The Company, as plaintiff filed another case, suit no. 1063/2008 and prayed to the Honorable High Court of Sindh (HCS) to restrain Barret Hodgson from constructing a school in close proximity of the refinery - a Key Point 1-A installation. Suit 694/2008 and 1063/2008 have been disposed off in the year 2015 in favour of Barrett Hodgson. Both orders were then challenged through Appeals HCA 07/2015 and HCA 08/2015. Both appeals are pending after being remanded back by Supreme Court to HCS in January 2018.	Company and Barret Hodgson	2015
High Court of Sindh	Pakistan National Shipping Corporation (PNSC) had invoked arbitration clause against the Company for the recovery of USD 0.15 million (Rs. 23.75 million) being claimed as demurrage against nine vessels under Contract of Affreightment for the year 1974. The arbitration award was passed against the Company. The Company challenged the same arguing the maintainability of PNSC's arbitration based on 'time-barred' claim. The appeal was allowed and the matter was remanded back to single bench of High Court. The case is still sub-judice.	Company and Pakistan National Shipping Corporation (PNSC)	1985
High Court of Sindh	Cantonment Board Korangi Creek filed this civil suit for the recovery of composition fee amounting to Rs. 24.28 million on the construction made by M/s Burshane on the Company's land measuring 4.93 acres. The Company's stance is that the liability to pay any composition fee is of the occupier i.e. M/s Burshane, as the construction is made by M/s Burshane and not the Company. The Suit is pending at initial stage.	M/s Burshane, Cantonment Board Korangi Creek and Company	2016
High Court of Sindh	Cantonment Board Korangi Creek (CBKC) demanded property tax and charges of Rs. 59.5 million from the Company on alleged additional constructed area excluding original 75, 903 sqft. Company challenged the said demand of CBKC before Sindh High Court. The Company's stance is that it has been paying the property tax for the entire constructed area from time to time, hence the demand is unlawful. The Sindh High Court while accepting Company's contentions / arguments has directed to set aside the Impugned Orders and remanded the case to the Director Lands Military Lands & Cantonments (Appellate Authority) to decide the same on merits.	Company and Cantonment Board Korangi Creek	2019

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
FBR	The deemed assessment of the return of the Company for tax years 2017 and 2018 were amended by the Additional Commissioner Inland Revenue (ACIR) vide order dated March 30, 2019 under section 122(5A) of the Income Tax Ordinance, 2001 ('the Ordinance'). The main issue involved was the tax demand raised by the ACIR on undistributed profits u/s 5A of the Ordinance, 2001 amounting to Rs. 108.07 million and Rs 62.16 million for tax year 2017 and 2018 respectively. Constitutional Petition No. D-5897 of 2017 was filed on this issue before the Honourable High Court of Sindh and the Honourable High Court of Sindh vide order dated September 05, 2017 has directed tax authorities to restrain from taking any coercive actions against the taxpayer. The Company had also filed an appeal before the Commissioner Inland Revenue (Appeals) CIR(A) against the order of ACIR. The CIR(A) vide its order dated April 03, 2020 decided the issue of section 5A in favour of the department. Furthermore it remanded back the issue of tax credit under section 65 of the ordinance, apportionment of expenses and allowed the claim of remeasurement of staff provision in favour of the Company. Subsequently both the Company and the Department have filed appeals before the ATIR against respective unfavourable decisions of CIR(A).	The Company, ACIR and CIR(A)	2019

23. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2022	2021
	(Rupees in thousand)	
Local sales - notes 23.1 & 23.2	**216,631,159**	134,430,879
Exports	**7,222,708**	5,192,013
Gross sales	**223,853,867**	139,622,892
Less:		
- Sales tax	**(13,483,978)**	(19,509,839)
- Excise duty and petroleum levy	**(4,857,728)**	(23,205,951)
- Surplus price differential - note 23.3	**(7,848,410)**	(1,407,174)
- Custom duty - note 19.2 and 23.4	**(6,347,696)**	(3,415,838)
	191,316,055	92,084,090

23.1 The Company sells its products to Oil Marketing Companies (OMCs). Out of these, two (2021: two) of the Company's customers contributed towards 65.75% (2021: 76.21%) of the revenues during the year amounting to Rs. 125.79 billion (2021: Rs. 106.40 billion) and each customer individually exceeds 10% of the net revenues.

23.2 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.

23.3 This includes price differential amounting to Rs. 7.23 billion (2021: Rs. 1.12 billion) on sale of High Speed Diesel (HSD) as per the import parity pricing formula determined in the Economic Coordination Committee's decision dated February 26, 2013, November 17, 2020 and March 25, 2022. This also include price differential amounting to Rs. 0.62 billion (2021: Rs. 0.29 billion) on sale of 90 RON Motor Gasoline, calculated as per the mechanism notified by MoE dated September 5, 2016.

23.4 This represents custom duty on imported crude oil recovered from sale of regulated products.

24. COST OF SALES

	2022	2021
	(Rupees in thousand)	
Crude oil and condensate consumed - note 24.1 and 24.2	165,185,307	86,380,133
Stores, spares and chemicals	1,202,490	1,300,889
Depreciation and amortisation	935,932	921,597
Fuel, power and water	850,960	576,230
Salaries and wages	722,072	620,082
Repairs and maintenance	329,739	240,463
Insurance	155,680	106,956
Retirement benefits	125,814	121,265
Consultancy	52,143	3,911
Security expenses	40,896	38,709
Staff transport	32,828	19,582
Subscriptions	17,169	15,677
Rent, rates and taxes	13,433	44,201
Other expenses	7,850	3,656
Travelling and entertainment	4,535	3,055
Price differential received from government	(53,235)	-
Exchange loss / (gain) - note 24.3	3,908,746	(461,100)
	8,347,052	3,555,173
	173,532,359	89,935,306
Opening inventory of finished products	2,568,136	1,475,915
Closing inventory of finished products	(5,056,848)	(2,568,136)
	171,043,647	88,843,085

24.1 Crude oil and condensate consumed

	2022	2021
Opening inventory	7,313,368	6,050,842
Purchases	176,293,935	87,642,659
Closing inventory	(18,421,996)	(7,313,368)
	165,185,307	86,380,133

24.2 Cost of crude oil and condensate consumed in respect of non-finalised Crude Oil Sale Agreements and Condensate Sale Agreements have been recorded in line with notifications of MoE.

24.3 This represents exchange loss / (gain) incurred due to fluctuation in the value of foreign currency in terms of local currency on purchase of crude oil and condensate.

25. DISTRIBUTION COSTS

	2022	2021
	(Rupees in thousand)	
Depreciation	113,969	103,239
Salaries and wages	74,802	70,831
Repairs and maintenance	34,384	11,676
Rent, rates and taxes	31,310	31,168
Transportation and handling charges	21,220	7,890
Insurance	19,262	16,368
Retirement benefits	9,251	9,509
Fuel, power and water	7,027	5,148
Security expenses	7,013	6,674
Staff transport	1,600	1,954
Subscriptions	1,150	1,600
Other expenses	282	223
	321,270	266,280

	2022	2021
	(Rupees in thousand)	

26. ADMINISTRATIVE EXPENSES

Salaries and wages	**224,445**	201,202
Depreciation	**79,317**	73,403
Insurance	**36,268**	31,503
Computer related and software maintenance expenses	**35,678**	29,990
Directors' remuneration - note 32	**29,242**	22,867
Cleaning and janitorial services	**24,129**	18,964
Retirement benefits	**23,442**	25,749
Legal and professional charges	**21,422**	5,989
Subscriptions	**12,585**	11,265
Security expenses	**9,814**	9,289
Communication	**9,081**	6,800
Auditors' remuneration - note 26.1	**8,624**	10,071
Staff transport	**8,471**	6,274
Training expenses	**6,068**	3,199
Other expenses	**6,001**	3,453
Advertising and publicity	**5,144**	2,700
Printing and stationery	**4,742**	4,811
Repairs and maintenance	**3,228**	2,101
Stamp duty charges	**2,487**	5,453
Travelling and entertainment	**1,957**	3,727
	552,145	478,810

26.1 Auditors' remuneration

Audit fee	**1,900**	1,900
Fee for:		
- limited review of half yearly financial information	**540**	540
- other certifications	**1,472**	1,904
- taxation services	**3,758**	4,788
Out of pocket expenses	**954**	939
	8,624	10,071

27. OTHER OPERATING EXPENSES

Workers' Profit Participation Fund	**811,406**	86,817
Workers' Welfare Fund	**309,930**	36,270
Research cost on Refinery Expansion and Upgradation - note 27.1	**80,505**	32,638
Donations - note 27.2	**7,500**	5,000
Penalties - note 27.3	**1,230**	10,500
Other provisions	**1,222,323**	-
Fixed assets written-off	**-**	4,849
	2,432,894	176,074

27.1 This represents cost in relation to local and foreign technical services for Refinery Expansion and Upgrade Project.

27.2 This represents amount donated to Indus Hospital where directors or their spouses have no interested.

27.3 This represents late fee charges imposed by the Explosive Department in accordance with Rule 119 of Petroleum Rules, 1937, in respect of renewal of licenses of petroleum product storage tanks situated at Korangi and Keamari Terminal.

28. OTHER INCOME

	2022	2021
	(Rupees in thousand)	
Income from financial assets		
Profit on deposits	429,736	53,481
Interest on late payments	-	1,327
Others		
Crude oil testing services - note 28.1	44,000	35,492
Insurance claim	25,561	-
Rent of equipment - note 28.2	22,042	29,107
Unearned income on government grant	8,620	8,620
Others	4,763	3,868
Sale of scrap	106	51,441
Liabilities no longer considered payable written back	-	359,475
Reversal of excess provision of Workers' Welfare Fund	-	47,805
Exchange gain	-	44,675
Gain (net) on disposal of operating assets	-	1,640
	534,828	636,931

28.1 This represents amount earned by the Company for crude oil testing services provided to other refineries based on mechanism of GoP through Customs. This includes Rs. 30.72 million (2021: Rs 26.68 million) from a related party.

28.2 This includes Rs. 0.54 million (2021: Rs 0.97 million) from a related party.

29. FINANCE COST

	2022	2021
	Rupees in thousand)	
Mark-up on running finance under mark-up arrangements - note 20.2	129,888	433,583
Mark-up on short-term borrowings	616,833	510,334
Mark-up on Diminishing Musharika / long-term loans - note 15.2 & 15.3	455,348	322,160
Markup on salary refinancing - note 15.4	14,228	20,070
Exchange loss - net	337,443	-
Mark-up on lease liability	20,328	20,956
Bank charges	5,264	4,281
	1,579,332	1,311,384

30. INCOME TAX EXPENSE

	2022	2021
Current Tax for the year	4,303,709	706,888
Prior year - note 30.2	(1,238,393)	-
Deferred Tax - note 17	279,413	(5,020)
	3,344,729	701,868

		2022	2021
		(Rupees in thousand)	
30.1	**Relationship between tax expense and accounting profit**		
	Profit before income tax	15,918,179	1,639,024
	Tax at the applicable tax rate of 29% (2021: 29%)	4,616,272	475,317
	Effect of:		
	- deferred tax brought forward on tax losses and deductible temporary differences - note 17.1	(1,447,045)	(306,139)
	- expenses not deductible for tax purposes	357	(84,093)
	- final tax	(94,823)	(35,963)
	- minimum tax	-	652,746
	- super tax - note 30.3	1,624,280	-
	- effect on deferred tax due to rate change	(115,919)	-
	- surrender of prior year tax losses to parent entity - note 30.2	(1,238,393)	-
		3,344,729	701,868

30.2 PSO, being the parent entity, availed group taxation relief under Section 59B of the Income Tax Ordinance, 2001, and adjusted proportionate share of Company's tax losses amounting to Rs. 4.27 billion of Tax Year 2020 against its income for that Tax Year and the resultant tax benefit assigned to PSO from the transaction amounting to Rs. 1.24 billion was transferred to the Company during the year as allowed under Section 59B of the Income Tax Ordinance, 2001

30.3 The Government through Finance Act, 2022, introduced section 4C in Income Tax Ordinance, 2001, and imposed Super Tax at the rate of 10% on taxable income as defined in the said section, for Tax Year 2022.

31. EARNINGS PER SHARE - BASIC AND DILUTED

	2022	2021
	(Rupees in thousand)	
Profit for the year attributable to ordinary shareholders	12,573,450	937,156
Weighted average number of ordinary shares outstanding during the year	630,000	617,571
Basic and diluted earnings per share	Rs. 19.96	Rs. 1.52

There were no dilutive potential ordinary shares in issue as at June 30, 2022 and June 30, 2021.

32. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amounts of remuneration including benefits to Non-executive Directors, Chief Executive and Executives of the Company are as follows:

	2022			2021		
	Non - Executive Directors	Chief Executive	Executives	Non - Executive Directors	Chief Executive	Executives
	(Rupees in thousand)					
Fees	23,270	-	-	18,320	-	-
Managerial remuneration	-	39,676	239,787	-	35,073	213,241
Honorarium - note 32.2	3,600	-	-	3,522	-	-
Bonus	-	5,471	48,352	-	-	-
Retirement benefits	-	-	79,419	-	-	72,283
Housing	-	-	107,892	-	-	95,948
Utilities	-	-	23,976	-	-	21,322
Leave passage	-	-	37,959	-	-	33,702
Club expenses	-	-	863	-	-	840
Others	2,372	17	39,615	1,025	19	37,740
	2,372	17	210,305	1,025	19	189,552
	29,242	45,164	577,863	22,867	35,092	475,076
Number of persons	10	1	88	10	1	77

32.1 As at June 30, 2022, Chairman, Chief Executive and certain executives are provided with free use of company maintained cars. The monetary value of the Company provided cars to the executives amounted to Rs. 76.87 million (2021: Rs. 68.41 million). In addition, certain executives are provided furnished accommodation within refinery premises according to their respective terms of employment.

32.2 These include benefits provided to the Chairman of the Board of Directors, as approved by the Board of Directors of the Company during the year.

33. 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 OGRA. 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 commercial terms.

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	2022	2021
		(Rupees in thousand)	
(a) Parent company	Sale of goods - net	**101,166,523**	55,073,027
	Services rendered	**542**	354
	Proceeds against surrender of tax losses	**1,238,393**	-
(b) Associated companies	Purchase of goods - net	**8,519,848**	11,453,169
	Sale of goods - net	**2,696,596**	13,618,023
	Services received	**1,890**	519,367
	Services rendered	**30,716**	26,683
(c) Key management personnel compensation (excluding non- executive directors)	Salaries and other short-term employee benefits	**150,443**	125,420
	Post-employment benefits	**11,924**	10,761
	Sale of motor vehicle as per Company's policy	**189**	-
(d) Staff retirement benefit funds	Payments to staff retirement benefit funds	**211,694**	199,055
(e) Non-executive Directors	Remuneration and fees	**29,242**	22,867

33.1 Following are the related parties including associated companies with whom the Company had entered into transactions or have arrangement / agreement in place:

Company Name	Basis of relationship	Aggregate % of shareholding
Pakistan State Oil Company Limited	Parent Company	63.56%
Pak Grease Manufacturing Company (Private) Limited note - 5.1	By virtue of shareholding by the Company	N/A
Gas & Oil Pakistan Limited	By virtue of common directorship	N/A
Government Holdings (Private) Limited	By virtue of common directorship	N/A
Meezan Bank Limited	By virtue of common directorship	N/A
Overseas Investors Chamber of Commerce and Industry	By virtue of common directorship	N/A
Pak-Arab Pipeline Company Limited	By virtue of common directorship	N/A
Pak-Arab Refinery Limited	By virtue of common directorship	N/A
Petroleum Institute of Pakistan	By virtue of common directorship	N/A
Sui Southern Gas Company Limited	By virtue of common directorship	N/A

	2022	2021
	(Rupees in thousand)	

34. NUMBER OF EMPLOYEES

	2022	2021
Number of employees including contractual employees at the end of year	273	276
Average number of employees including contractual employees during the year	275	276

35. CAPACITY AND ACTUAL PERFORMANCE

Against the designed nominal annual capacity of 2,133,705 metric tons, the actual throughput during the year was 1,338,500 metric tons (2021: 1,302,136 metric tons). The Company operated the plant considering the level which gives optimal yield of products.

36. FINANCIAL INSTRUMENTS

36.1 Financial assets and liabilities

	Interest / Mark-up bearing			Non-interest / mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
	(Rupees in thousand)						
FINANCIAL ASSETS							
Trade deposits and loans	-	-	-	192,582	30,897	223,479	223,479
Trade receivables	-	-	-	11,305,849	-	11,305,849	11,305,849
Other receivables	-	-	-	566,043	-	566,043	566,043
Cash and bank balances	23,507,083	-	23,507,083	31,522	-	31,522	23,538,605
2022	**23,507,083**	**-**	**23,507,083**	**12,095,996**	**30,897**	**12,126,893**	**35,633,976**
2021	71,226	-	71,226	9,690,196	27,240	9,717,436	9,788,662
FINANCIAL LIABILITIES							
Borrowings	18,901,244	-	18,901,244	-	-	-	18,901,244
Trade and other payables	-	-	-	38,552,057	-	38,552,057	38,552,057
Unclaimed dividend	-	-	-	19,852	-	19,852	19,852
Lease Liability	6,460	141,745	148,205	-	-	-	148,205
2022	**18,907,704**	**141,745**	**19,049,449**	**38,571,909**	**-**	**38,571,909**	**57,621,358**
2021	17,578,134	442,161	18,020,295	16,892,869	-	16,892,869	34,913,164

36.2 Financial risk management objectives and policies

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 and to maintain an optimal capital structure to reduce the cost of capital. However, as also mentioned in note - 13, the Company operates under tariff protection formula whereby profits after tax in excess of 50% of the paid-up capital as of July 1, 2002 are diverted to special reserve.

The Company has long-term borrowings, short-term borrowings and running finance arrangements issued to meet its working capital and capital expenditure requirements.

(i) 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 maximum exposure to credit risk is equal to the carrying amount of financial assets amounting to Rs. 35.63 billion (2021: Rs. 9.79 billion).

	2022	2021
	(Rupees in thousand)	
Trade deposits and loans	**223,479**	54,307
Trade receivables	**11,305,849**	6,588,913
Other receivables	**566,043**	3,072,762
Cash and bank balances	**23,538,605**	71,226
	35,633,976	9,787,208

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 credit risk as it operates in an essential products industry and its customers are organisations with good credit history. The credit quality of the bank balances can be assessed with reference to recent external credit ratings as follows:

		Rating	
	Rating agency	Long term	Short term
Askari Bank Limited	PACRA	AA+	A1+
Bank Al Falah Limited	PACRA	AA+	A1+
Bank Al-Habib Limited	PACRA	AAA	AA+
Citi Bank N.A	MOODY	AA3	P1
Faysal Bank Limited	PACRA	AA	A1+
Habib Bank Limited	JCR - VIS	AAA	A-1+
Habib Metropolitan Bank Limited	PACRA	AA+	A1+
JS Bank Limited	PACRA	AA-	A1+
MCB Bank Limited	PACRA	AAA	A1+
MCB Islamic Bank Limited	PACRA	A	A1
Meezan Bank Limited	JCR - VIS	AAA	A-1+
National Bank of Pakistan	JCR - VIS	AAA	A1+
Soneri Bank Limited	PACRA	AA-	A1+
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	A1+
United Bank Limited	JCR - VIS	AAA	A-1+

(ii) Liquidity risk

Liquidity is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies availability of funding through an adequate amount of committed credit facilities and maintaining adequate cash. Management believes that it will be able to fulfil its financial obligations.

(iii) Foreign exchange risk

Foreign exchange risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As at June 30, 2022, financial assets include Rs. Nil (2021: Rs 1 billion) and financial liabilities include Rs. 28.27 billion (2021: Rs. 8.61 billion) which are subject to foreign currency risk. The Company manages its currency risk by close monitoring of currency markets. As per State Bank's regulations, the Company can not hedge its currency risk exposure against procurement of crude oil.

At June 30, 2022, if value of Pakistan Rupee had fluctuated by 5% against the foreign currencies with all other variables held constant, profit for the year would have been lower / higher by approximately Rs. 1,413 million (2021: Rs. 381 million) respectively, mainly as a result of foreign exchange losses / gains on translation of foreign currency creditors and receivables.

(iv) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its running finance arrangements, short-term finance and long-term borrowing which is repriced at a maximum period of 180 days (2021: 180 days).

As at June 30, 2022, if average KIBOR interest rate on long-term borrowing, short-term borrowings, running finance arrangements and cash at bank in savings accounts, had been 100 basis points higher / lower with all other variables held constant, profit for the year would have been higher / lower by approximately Rs. 44.58 million (2021: Rs. 179.49 million) respectively, mainly as a result of higher / lower interest exposure / income on floating rate borrowings / placements.

(v) 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.

37. CASH GENERATED FROM OPERATIONS

	2022	2021
	(Rupees in thousand)	
Profit before income tax	15,918,179	1,639,024
Adjustments for non-cash charges and other items:		
Mark-up expense	1,573,232	1,311,384
Depreciation and amortisation	1,129,218	1,098,240
Provision for employee benefit obligations	122,064	121,723
Provision for slow moving stores and spares - net	5,810	19,813
Share of loss of associate	3,416	6,364
Assets written-off	-	4,849
Gain on disposal of operating assets - net	-	(1,640)
Profit on deposits	(429,736)	(53,481)
	2,404,004	2,507,252
Working capital changes - note 37.1	10,385,971	(6,029,063)
Cash generated from / (used in) operations	28,708,154	(1,882,787)

37.1 Working capital changes

	2022	2021
(Increase) / decrease in current assets		
Inventories	(13,645,268)	(2,467,535)
Trade receivables	(4,716,936)	(2,921,760)
Trade deposits, loans, advances and short-term prepayments	(153,286)	(25,953)
Other receivables	3,040,700	(3,066,206)
	(15,474,790)	(8,481,454)
Increase in current liabilities		
Trade and other payables	25,860,761	2,452,391
	10,385,971	(6,029,063)

	2022	2021
	(Rupees in thousand)	

38. CASH AND CASH EQUIVALENTS

Cash and bank balances	**23,538,605**	72,680
Running finance under mark-up arrangements - note 20.2	**(15,709)**	(5,536,103)
	23,522,896	(5,463,423)

39. DATE OF AUTHORISATION

These financial statements were authorised for issue on August 20, 2022 by the Board of Directors of the Company.

Zahid Mir	**Mohammad Abdul Aleem**	**Imran Ahmad Mirza**
Managing Director & CEO	**Director**	**Chief Financial Officer**

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **Sixty-second (62nd) Annual General Meeting (AGM)** of Pakistan Refinery Limited will be held on **Saturday, October 29, 2022 at 1100 hours at Pakistan Refinery Limited, Korangi Creek Road, Karachi and/or online through video-link facility** 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, 2022 together with the Reports of the Board and the Auditors thereon.

2. To appoint Company's auditors for the year ending June 30, 2023 and to fix their remuneration.

ANY OTHER BUSINESS

3. To transact any other business with the permission of the Chair.

By Order of the Board

Shehrzad Aminullah
Company Secretary

Karachi: October 8, 2022

NOTES:

1. In accordance with the provisions of the Companies Act, 2017, the Annual Report containing the Annual Audited Financial Statements for the year ended June 30, 2022 is available on the Company's website.

2. In light of the continuing spread of Covid-19 and to protect the well-being of the shareholders, the Securities and Exchange Commission of Pakistan ("SECP"), in terms of its Circular No. 6 of 2021, directed the listed companies to hold their meetings virtually in addition to the requirements of holding physical meetings. In order to facilitate the shareholders, the Company has made arrangements to ensure that all participants, including shareholders, can now participate in the AGM proceedings through video-link as well.

3. In order to attend the Meeting through video-link facility, the Members are requested to get themselves registered not later than 72 hours before the Meeting by providing the following information to the contact details stated at bottom of this Note 3; in case of the information sent through courier, the same should be received at Company's office by October 26, 2022:

Full Name	CNIC No.	Folio/CDS No.	Email Address	Cell No.

Copy of valid CNIC will be required with the abovementioned information. The video-link for the meeting will be sent to the Members on their provided email addresses enabling them to attend the meeting on the given date and time. The login facility will remain open from 10:30 am till the end of the meeting. In case of any suggestions or comments for the agenda items, the Members may send the same at the email address mentioned below:

Pakistan Refinery Limited
P.O. Box 4612, Korangi Creek Road, Karachi-75190
Telephone: +92 21 35092631 (Direct) / +92 21 35122131-40 (Ext: 284)
WhatsApp: +92 308 0930461
Email: companysecretarial@prl.com.pk

4. The Share Transfer Books of the Company will be closed from October 22, 2022 to October 29, 2022 (both days inclusive). Transfers should be received at the Share Registrar Office by close of business on October 21, 2022. Members whose names are appearing in the Register of Members at the close of business on October 21, 2022 are entitled to attend, participate and vote at the Meeting.

5. Individual Members who have not yet submitted a copy of their valid Computerised National Identity Card (CNIC) to the Company are once again requested to send a copy of their valid CNIC at the earliest directly to the office of Share Registrar of the Company, FAMCO Associates (Private) Limited, 8-F, near Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shahra-e-Faisal, Karachi ("Share Registrar Office"). Corporate entities are requested to provide their National Tax Number (NTN) and folio number. In case of non-receipt of the copy of a valid CNIC or NTN (as the case may be), the Company would be unable to comply with the requirements of the Companies Act, 2017 and SROs issued thereunder.

6. A Member entitled to attend and vote at the Meeting may appoint another Member as his/her proxy to attend, speak and vote at the Meeting on his/her behalf. The instrument appointing proxy, as per the format available at Company's website, must be submitted at the Share Registrar Office not less than 48 hours before the time of the Meeting.

7. The Members are requested to notify the Company if there is any change in their addresses immediately; in case of physical shares, to the Company/Share Registrar and for CDC shares, to respective Central Depository System (CDS) Participants.

8. CDC Account Holders will further have to follow the undermentioned guidelines:

   a. For attending the Meeting:

      i) 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 shall authenticate his/her identity by sending his/her copy of CNIC at the time of registration for attending the Meeting and shall authenticate his/her original CNIC or original passport at the time of attending the meeting;

      ii) In case of corporate entity, the copy of Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be sent (unless it has been provided earlier) along with other required information for registration.

   b. For appointing proxies:

      i) 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 shall submit the proxy form as per the above requirement.

      ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

      iii) Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

      iv) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.

9. An updated list for unpaid dividend / unclaimed shares of the Company is available on the Company's website http://www.prl.com.pk.These are dividend or shares which have remained unpaid or unclaimed for a period of over three years from the date these became due and payable. Claims can be lodged by shareholders on Claim Forms as are available on the Company's website. Claim Forms must be submitted to the Company's Share Registrar Office for receipt of dividend/shares.

10. The Securities and Exchange Commission of Pakistan (SECP) has issued a letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021 addressed to all listed companies drawing their attention towards the provision of Section 72 of the Companies Act, 2017 (Act) which requires them to replace shares issued by them in physical form with shares in the Book-Entry-Form within a period not exceeding four years from the date of the promulgation of the Act. In order to ensure full compliance with the provisions of the aforesaid Section 72 and to benefit from the facility of holding shares in the Book-Entry-Form, the shareholders who still hold shares in physical form are requested to convert their shares in the Book-Entry-Form.

11. SECP has allowed companies to circulate the Annual Report to its Members through CD/DVD/USB at their registered addresses. In view of the above, the Company has sent its Annual Report to its Members in the form of DVD. Any Member requiring printed copy of Annual Report may send a request using a Standard Request Form placed on Company website.

12. Transmission of Annual Financial Statements through email: In pursuance of the directions given by SECP, those Members who desire to receive Annual Financial Statements in future through email instead of receiving the same by post are advised to give their formal consent along with their valid email address on a Standard Request Form which is available at the Company's website i.e. http://www.prl.com.pk and send the said form duly filled-in and signed along with a copy of his/her valid CNIC/Passport at the Share Registrar Office. Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility, please ignore this Note.

کمپنی کی بنیادی سرگرمیاں

پاکستان ریفائنری لمیٹڈ مئی 1960 میں ایک پبلک لمیٹڈ کمپنی کے طور پر پاکستان میں قائم کی گئی اور یہ پاکستان اسٹاک ایکسچینج پر لسٹڈ ہے۔ کمپنی پیٹرولیم مصنوعات کی تیاری اور فروخت کے امور انجام دیتی ہے۔

کمپنی کی کاروباری نوعیت اور اس کی سرمایہ کار کمپنی سے متعلق تبدیلیاں

کمپنی کی کاروباری نوعیت میں کسی بھی قسم کی تبدیلی واقع نہیں ہوئی اور اسی طرح پاک گریس مینوفیکچرنگ کمپنی (پرائیویٹ) لمیٹڈ کی کاروباری نوعیت میں کوئی تبدیلی واقع نہیں ہوئی جس میں کمپنی 27.26 فیصد شیئرز رکھتی ہے۔

بعدازاں واقعات

مالیاتی سال کے اختتام اور رپورٹ کی تاریخ کے دوران کمپنی کی مالیاتی صورتحال پر اثر انداز ہونے والی کسی بھی قسم کی تبدیلیاں اور واقعات رونما نہیں ہوئے۔

شیئر ہولڈنگ کا خلاصہ

30 جون 2022 کو شیئر ہولڈنگ کے خلاصہ کا بیان اس رپورٹ کے صفحہ نمبر 57 پر ملاحظہ فرمائیں۔

بیرونی آڈیٹرز

موجودہ بیرونی آڈیٹرز میسرز KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس آنے والے سالانہ اجلاس عام کے اختتام پر ریٹائر ہو رہے ہیں اور انہوں نے خود کو دوبارہ انتخاب کے لیے پیش کیا ہے۔

اظہار تشکر

بورڈ حکومت پاکستان بشمول وزارت توانائی کے زبردست تعاون پر ان کا شکریہ ادا کرتا ہے کیونکہ ان کی جانب سے اہم امور پر معاونت اور فیصلہ سازی سے ریفائنریز کے مستقبل کے آپریشنز میں بہتری آئے گی۔ بورڈ اپنے شیئر ہولڈرز، مالیاتی اداروں، تجارتی شراکت داروں، ملازمین اور دیگر اسٹیک ہولڈرز کے اعتماد اور تعاون پر شکریہ ادا کرتا ہے جنہوں نے سال بھر کمپنی پر بھروسہ کیا اور بھرپور لگن سے کمپنی امور میں معاونت جاری رکھی۔

بورڈ آف ڈائریکٹرز کی جانب سے

طارق کرمانی
چیئرمین

زاہد میر
مینیجنگ ڈائریکٹر اور سی ای او

کراچی 20 اگست 2022

ہیومن ریسورسز اور صنعتی تعلقات

کمپنی کے ہیومن ریسورسز قلیل اور طویل مدتی مقاصد کی تکمیل کے لیے کوشاں ہیں۔ ملازمین کی بھرتی، تقرر، ترقی اوران کو آگے بڑھنے کے مواقع دینے کے ساتھ ادارے کے مفادات کا تحفظ کمپنی کی ترجیحات میں شامل ہے۔

REUP کی تکمیل میں معاونت کے لیے کم مدت اور ترجیحی بنیادوں پر معیاری ہیومن ریسورسز کی تقرری اور بھرتی عمل میں لائی گئی۔

کمپنی نے کلیکٹو بارگیننگ ایگریمنٹ (CBA) کے ساتھ اشتراک عمل سے بہتر تعلق قائم کر رکھا ہے۔ ختم شدہ مالیاتی سال 30 جون 2022 کے دوران CBA کے ساتھ کامیاب مذاکرات ہوئے اور CBA کے ساتھ معاہدہ 30 جون 2023 تک طے پایا۔

ملازمین کی تربیت اور ترقی ہیومن ریسورسز ڈپارٹمنٹ کی اولین ترجیحات میں شامل ہے اور دوران سال ہر ملازم کی تربیت کا دورانیہ 21.50 گھنٹے حاصل کیا گیا۔

Covid-19 کی وبائی صورتحال کے دوران ریفائنری آپریشنز بلاتعطل جاری رہے اور اس بات کو یقینی بنایا گیا کہ ریفائنری کے حدود میں حکومتی ہدایات اور SOPs پر سختی سے عمل کیا جائے تاکہ ملازمین کے درمیان اس وباء کو پھیلنے سے روکا جائے۔

کارپوریٹ سوشل ریسپانسبلٹی (CSR)

سی ایس آر اقدامات کا مقصد عمومی طور پر معاشرے اور خصوصی طور پر ریفائنری کے قریبی علاقوں کے لیے کمپنی کی فلاحی سرگرمیوں کے عزم کا اعادہ کرنا ہے۔ اس سال ریفائنری نے انڈس ہسپتال کو 7.5 ملین روپے کا عطیہ دینے کا فیصلہ کیا یہ عطیہ انڈس ہسپتال میں ٹریٹمنٹ روم (جنرل سرجری) کی تعمیر کے لیے ہے اور اس عزم کے ساتھ ہے کہ اپنے علاج معالجہ کے لیے اسی ہسپتال سے رجوع کرنے والے مریضوں کی زندگیوں میں بہتری لانے میں معاون ثابت ہوگا۔

کارپوریٹ گورننس

کمپنی کارپوریٹ گورننس کے اعلیٰ ترین معیاروں پر قائم رہنے کے لیے پرعزم ہے اور کمپنی کوڈ آف کارپوریٹ گورننس کے بہترین تجربات اور پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز کے مطابق بزنس کرتی ہے۔ مزید تفصیلات کے لئے براہ مہربانی ''اسٹیٹمنٹ آف کمپلائنس وتھ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز'' ملاحظہ کریں۔

داخلی مالیاتی ضابطوں سے مطابقت

بورڈ آف ڈائریکٹرز موثر اندرونی مالیاتی ضابطوں کے قیام کا ذمہ دار ہے۔ بورڈ نے کمپنیز ایکٹ 2017 کے مطابق بورڈ کو خصوصی طور پر دیئے گئے اختیارات کے علاوہ مینیجنگ ڈائریکٹر اور چیف ایگزیکٹیو آفیسر کو کچھ مالیاتی اور انتظامی اختیارات استعمال کرنے کی اجازت دی ہے۔ بورڈ داخلی آڈٹ فنکشن کے ذریعے اندرونی مالیاتی ضابطوں کی صورتحال پر وقتاً فوقتاً اپ ڈیٹ لیتا رہتا ہے۔ دوران سال بورڈ کو ان ضابطوں میں کسی بھی قسم کی غیر موافقت رپورٹ نہیں ہوئی۔

قومی خزانے کے ساتھ تعاون اور قدر میں اضافہ

کمپنی نے تمام واجب الادا ٹیکسز کی بروقت ادائیگی سے ملک کے بڑے ٹیکس دہندہ اداروں میں شامل رہنے کی روایت برقرار رکھی۔ دوران سال، کمپنی نے قومی خزانے میں 38 بلین روپے (2021: 48 بلین روپے) ڈائریکٹ یا اِن ڈائریکٹ ٹیکسوں کی مد میں جمع کرائے۔ اس کے علاوہ سال کے دوران کمپنی کی جانب سے Naphtha کی برآمدات کے ذریعے ملک کو 40.79 ملین امریکی ڈالر (2021 میں 32.87 ملین امریکی ڈالر) کا قیمتی زرمبادلہ حاصل ہوا۔

اہم کاروباری اور مالیاتی تفصیلات

گزشتہ چھ سالوں کی اہم کاروباری اور مالیاتی تفصیلات اس رپورٹ کے صفحہ نمبر 101 پر ملاحظہ فرمائیں۔

ہیلتھ، سیفٹی، انوائرنمنٹ اور کوالٹی (HSEQ) / صحت، سلامتی، ماحول اور معیار

مین آورز

پی آر ایل Goal Zero Incident کے اصول پر قائم ہے۔ ہم اپنے تمام اسٹیک ہولڈرز کو یہ بتاتے ہوئے فخر محسوس کرتے ہیں کہ کمپنی نے کسی بھی حادثہ کے بغیر جون 2022 تک 12 ملین مین آورز کی تکمیل کی ہے جو کہ ایک ممتاز سنگ میل ہے۔ یہ سنگ میل اس بات کا ثبوت ہے کہ پی آر ایل میں حفاظتی اقدامات مرکزی اہمیت رکھتے ہیں اور حفاظتی ماحول کی پختگی، انتظامی سسٹم کی پائیداری، ادارے کی ہر سطح پر ریفائنری قیادت کی نگرانی اور جہد مسلسل کے عزم کا اعادہ کرتے ہیں۔

سیفٹی ایوارڈ

مارچ 2022 میں پی آر ایل اور کنٹریکٹرز کے اسٹاف کو 10 ملین مین آورز کی تکمیل پر ایوارڈز سے نوازا گیا۔

بیسٹ پوٹینشل انسیڈنٹ ایوارڈ

22-2021 میں قبل از وقت اقدامات اٹھانے کی حوصلہ افزائی اور مواقع کو فروغ دینے پر پی آر ایل اور کنٹریکٹر کے اسٹاف میں ایسے قابل ذکر خطرات کی رپورٹنگ پر بیسٹ پوٹینشل انسیڈنٹ ایوارڈز تقسیم کیئے گئے۔

HSEQ انٹرنل آڈٹ

اکتوبر 2021 میں IMS کی بنیاد پر تھرڈ پارٹی سرویلنس آڈٹ (ISO اسٹینڈرڈز 45001، 9001 اور 14001) انجام دیا گیا جس میں کوئی بھی قابل ذکر عدم تعمیل اور کوئی خلاف ورزی نظر نہیں آئی۔

قانونی تقاضوں کی تعمیل

کمپنی نے سندھ انوائرنمنٹ کوالٹی اسٹینڈرڈز کے تمام پیرامیٹرز کے نتائج برقرار رکھے اور انوائرنمنٹل مینجمنٹ پلان (EMP) کی مکمل تعمیل کی۔

نقصان دہ کچرے کو جمع کرنے کے بعد تلف کرنا

سندھ انوائرنمنٹ پروٹیکشن ایجنسی (SEPA) کی ہدایات کے مطابق کورنگی اور کیماڑی ٹرمینل سے نقصان دہ کچرے کو جمع کرنے اور تلف کرنے کا حفاظتی عمل جاری رہا۔

ٹیکنیکل اور آپریشنز

پی آر ایل محفوظ اور بہترین آپریشنز جاری رکھنے کے لیے پرعزم ہے۔ سال کے دوران آپریشنز ماحولیاتی تقاضوں کی تعمیل کے ساتھ محفوظ اور حادثات سے پاک انداز میں جاری رہے۔ ڈسٹلیٹ (بنیادی طور پر MS اور HSD) کی پیداوار بڑھانے اور فیول آئل پروڈکشن کو کم کرنے کی کوششیں جاری رہیں۔ دوران سال حفاظت کے ساتھ پلیٹ فارمر ی جنریشن ٹرن اراؤنڈ بھی انجام دیا گیا جس سے RON بیرل پول میں اضافہ اور کیمیکل ضروریات میں بہتری آئی۔ Gantries کو اپ گریڈ کیا گیا تاکہ سپلائی اور صارفین میں اضافے کا مقصد حاصل ہو سکے۔

گزشتہ کچھ سالوں سے شہر میں اوسطاً سے زیادہ بارشوں کے باعث ریفائنری کے نکاسی آب کے موجودہ نظام پر نظر ثانی کی گئی۔ اس سلسلے میں ایک نیا سسٹم ڈیزائن اور تعمیر کیا گیا اور دوران سال کامیابی کے ساتھ اس کی تنصیب بھی مکمل ہوئی۔ جس کے بعد قریبی علاقوں میں زائد بارشوں کی صورت میں ہماری تیاری بہتر اور مکمل ہوئی۔ دوران سال مختلف سرگرمیوں کا عمل جاری رہا تا کہ ایکوپمنٹ کی پائیداری، بہتری کے لیے موجودہ سسٹم میں تبدیلی، رکاوٹوں کا خاتمہ اور مینٹیننس کے ایسے جدید طریقے اپنائے جائیں جن سے پلانٹ کی پائیداری اور مطلوبہ لیول موجود ہوں۔

کمرشل

زیر جائزہ سال کے دوران، کمپنی نے ٹرم شرائط پر مبنی معاہدوں کے تحت 82 فیصد کروڈ آئل امپورٹ کیا جبکہ باقی ماندہ 18 فیصد کروڈ آئل SPOT بنیادوں پر ٹریڈرز کے ذریعے حاصل کیا گیا جس سے کمپنی کو ریفائننگ کے منافع بڑھانے میں مدد ملی۔ دوران سال کمپنی نے اپنے صارفین میں مزید توسیع کا سلسلہ جاری رکھا اور نئی آئل مارکیٹنگ کمپنیوں سے تجارتی روابط قائم کئے۔ ان کمپنیوں کو پیشگی ادائیگی پر فروخت کے نتیجے میں کمپنی کو طلب میں کمی والی مدت کے دوران مناسب انوینٹری لیول برقرار رکھنے میں کامیابی ملی اور مالیاتی بوجھ میں کمی واقع ہوئی۔

پیٹروکیمیکل کی ایک قسم 'Propylene' کا اضافہ ہوگا جو کہ مختلف پیٹروکیمیکل پروسیسز میں فیڈ اسٹاک کے طور پر استعمال ہوسکتا ہے۔

- مئی 2022 میں مسابقتی مراحل سے گزرنے کے بعد فرنٹ اینڈ انجینئرنگ ڈیزائن (FEED) ووڈ گروپ یو کے لمیٹڈ کو تفویض کیا گیا جو کہ ستمبر 2023 تک مکمل ہونے کی امید ہے۔ کمپنی نے یونائیٹڈ بینک لمیٹڈ اور JS گلوبل کیپٹل لمیٹڈ کے کنسورشیم کو REUP کے لیے فنانشل ایڈوائزر اور ایکوئٹی اور روپے میں قرضہ جات کے لیے ارینجر کے طور پر منتخب کیا ہے۔ ڈی ایف ایس کی بنیاد پر پروجیکٹ کی لاگت کا تخمینہ تقریباً 1.2 بلین امریکی ڈالر ہے۔ اصل لاگت کا تعین FEED اسٹڈی کی تکمیل اور مالیاتی معاہدے کے بعد انجینئرنگ، پروکیورمنٹ اور تعمیر سے متعلق معاہدوں کے وقت ہوسکے گا۔
- کمپنی کے کیش فلو سائیکل سے مالیاتی اداروں کو مطلوب یقین دہانی فراہم کی جارہی ہے تاکہ وہ کمپنی کے ساتھ مالی تعاون جاری رکھیں۔ 30 جون 2022 کو، کمپنی کے پاس 9.45 بلین روپے کا رننگ فنانس اور 4.50 بلین روپے کی انوائس ڈسکاؤنٹنگ سہولیات موجود تھیں جس سے کمپنی کے کیش فلو مینجمنٹ کی طاقت واضح ہوتی ہے۔ کمپنی اپنی کاروباری ضروریات کو پورا کرنے کے لیے ان مالیاتی سہولیات میں مزید اضافے کے لیے کوشاں ہے۔ کروڈ آئل کی قیمتوں میں اضافے کے پیش نظر، کمپنی بینکوں کے ساتھ کروڈ امپورٹس کے لئے لیٹر آف کریڈٹ (LC) کی حد بڑھانے سے متعلق معاملات طے کررہی ہے۔

ڈیویڈنڈ (منافع منقسمہ)

ڈائریکٹرز نے REUP سے متعلق مستقبل کی مالیاتی ضروریات کو پورا کرنے کے پیش نظر 30 جون 2022 کو ختم شدہ سال کے لیے کوئی منافع منقسمہ نہ دینے کا فیصلہ کیا ہے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

- کمپنی کے مالیاتی گوشوارے انتظامیہ کی جانب سے تیار کئے گئے ہیں جن میں کمپنی کے معاملات، اس کے کاروباری نتائج، کیش فلوز اور ایکوئٹی میں تبدیلیوں کو پیش کیا گیا ہے۔
- کمپنی نے کمپنیز ایکٹ 2017 کے تحت گوشواروں کی باقاعدہ کتابیں رکھی ہیں۔
- کمپنی نے اپنے مالیاتی گوشواروں کی تیاری میں پائیدار اور مناسب اکاؤنٹنگ پالیسیوں پر عمل درآمد کیا ہے۔ اکاؤنٹنگ پالیسیوں میں تبدیلیاں، اگر کہیں کی گئی ہیں تو انہیں بہتر انداز میں مالیاتی گوشواروں میں واضح کیا گیا ہے۔ اکاؤنٹنگ کے تخمینے احتیاط سے اور موزوں اندازے کی بنیاد پر لگائے گئے ہیں۔
- مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو بین الاقوامی فنانشل رپورٹنگ اسٹینڈرڈز پر عمل کیا گیا ہے اور کسی طرح کے بھی انحراف کو باقاعدہ واضح کیا گیا ہے۔
- کمپنی میں اندرونی ضابطہ کا موثر نظام موجود ہے اور اس پر مسلسل عمل درآمد اور نگرانی جاری رہتی ہے۔
- کمپنی کی کام جاری رکھنے کی صلاحیت پر کسی بھی قسم کے قابل ذکر شبہات نہیں ہیں۔

کریڈٹ ریٹنگ

رواں سال پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے کمپنی کی کریڈٹ ریٹنگ کا دوبارہ جائزہ لیا، جس میں کمپنی نے اپنی پہلے کی کریڈٹ ریٹنگ برقرار رکھی جو کہ طویل مدتی اینٹٹی ریٹنگ -A (سنگل اے مائنس) اور قلیل مدتی اینٹٹی ریٹنگ A2 (سنگل اے ٹو) ہے۔ یہ ریٹنگز کمپنی کی کریڈٹ ریٹنگ میں اعلیٰ کوالٹی اور کریڈٹ رسک سے متعلق بہت کم خطرات کو واضح کرتی ہیں۔ یعنی کمپنی مالیاتی وعدوں کے مطابق وقت پر ادائیگیوں کی بھرپور صلاحیت رکھتی ہے۔

پوسٹ ایمپلائمنٹ بینیفٹ فنڈز میں کی گئی سرمایہ کاری کی مالیت

پروویڈنٹ، گریجویٹی اور پنشن فنڈز کے غیر آڈٹ شدہ اکاؤنٹس برائے 30 جون 2022 کے مطابق سرمایہ کاری کی مالیت درج ذیل ہے:

	(روپے 000 میں)
پروویڈنٹ فنڈ	472,901
گریجویٹی فنڈ، مینجمنٹ اسٹاف	211,992
گریجویٹی فنڈ، نان مینجمنٹ اسٹاف	115,152
پنشن فنڈ، مینجمنٹ اسٹاف	1,298,844
پنشن فنڈ، نان مینجمنٹ اسٹاف	173,952

- کمپنی نے وزارت خزانہ کی ہدایات کے تحت 40.26 ملین امریکی ڈالرز اور 45.69 ملین امریکی ڈالرز کے دو قلیل مدتی فارن ایکسچینج قرضہ جات حاصل کئے جو جولائی 2022 (ابتداً اپریل 2022 میں واجب الادا تھا اب جولائی 2022 تک تین مہینے کے لیے موخر کیا گیا) اور دسمبر 2022 میں (ابتداً جون 2022 میں واجب الادا تھے اب دسمبر 2022 تک 6 ماہ کے لیے موخر کئے گئے ہیں) واجب الادا ہیں۔ ان فارن ایکسچینج قرضہ جات کے از سر نو تخمینہ کے نتیجے میں 30 جون 2022 تک 2,415 ملین روپے کا زرمبادلہ کا نقصان ہوا جو کہ ''Receivable from Government'' میں شامل کیا گیا ہے (براہ مہربانی مالیاتی گوشواروں کا نوٹ 10.0 ملاحظہ کریں)۔ کمپنی ان قرضہ جات کی ادائیگی کے بعد اسٹیٹ بینک آف پاکستان/وزارت خزانہ سے حتمی کلیم پر بات کرے گی۔

- دوران سال، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں 29.5 فیصد تک کمی واقع ہوئی جب یکم جولائی 2021 سے 30 جون 2022 کے دوران اس کی قدر 157.95 روپے سے گر کر 204.59 روپے تک پہنچنے سے 4.24 بلین روپے کا زرمبادلہ کا مجموعی نقصان واقع ہوا۔ البتہ، حکومت کی جانب سے مخصوص پروڈکٹس کی قیمتوں کے تعین میں تبدیلی سے کمپنی نے Ex-refinery قیمتوں کے ذریعے زرمبادلہ کے نقصانات کو کم کیا۔

- حکومت نے فنانس ایکٹ 2022 کے ذریعے، انکم ٹیکس آرڈیننس 2001 میں سیکشن 4C متعارف کرایا اور ٹیکس ایئر 2022 کے لیے قابل محصول آمدنی (گزشتہ سالوں کے نقصانات اور روپے کی ناقدری (depreciation) کو مدنظر رکھے بغیر) پر 10 فیصد کے حساب سے سپر ٹیکس نافذ کیا، جس کے نتیجے میں اس سال کمپنی کو 1.63 بلین روپے کا اضافی بوجھ برداشت کرنا پڑا۔

- پاکستان اسٹیٹ آئل کمپنی (PSO) نے پیرنٹ کمپنی کے طور پر، انکم ٹیکس آرڈیننس 2001 کے سیکشن 59B کے تحت گروپ ٹیکسیشن ریلیف حاصل کیا اور ٹیکس ایئر 2020 کے کمپنی کے ٹیکس نقصانات سے اپنے حصہ کے نقصانات کو اپنے اسی ٹیکس ایئر کی اپنی آمدنی سے منہا کر دیا۔ انکم ٹیکس آرڈیننس 2001 کے سیکشن 59B کے تحت اجازت کے نتیجے میں ٹرانزیکشن سے پی ایس او کو حاصل ہونے والے فائدے سے کمپنی کو دوران سال 1.24 بلین روپے منتقل ہوئے۔

اصل خطرات اور غیر یقینی صورتحال

- ریفائنری حکومت پاکستان کے پالیسی فریم ورک کے تحت کام کرتی ہے۔ وزارت توانائی کی جانب سے کچھ پروڈکٹس کی قیمتوں کا تعین باضابطہ/زیر نگرانی ہے جو بنیادی طور پر درآمدی قیمت سے یکسانیت کی بنیاد پر ہے۔ کروڈ آئل اور ریفائنڈ پیٹرولیم پروڈکٹس کی عالمی قیمتوں میں تبدیلی اور وزارت توانائی کی جانب سے مقامی طور پر قیمتوں کے تعین کے طریقہ کار سے کمپنی کے نتائج پر اہم اثرات مرتب ہو سکتے ہیں۔

- ریفائنری کی پروڈکٹس کے معیار کا تعین حکومت کی طرف سے کیا جاتا ہے اور ریفائنری کو مقرر کردہ ان معیاروں پر سختی سے عمل کرنا ہوتا ہے۔ ان معیاروں میں کسی بھی قسم کی تبدیلی کی صورت میں ریفائنری کو آپریشنل پیرامیٹرز میں تبدیلی لانی پڑتی ہے جو کہ کمپنی کے نتائج پر منفی اثرات مرتب کر سکتی ہے۔

- بینکوں سے لیے گئے قرضہ جات کے سبب کمپنی کو زائد شرح سود اور لیکوئڈٹی رسک کا سامنا رہتا ہے۔ اسٹیٹ بینک آف پاکستان کی جانب سے شرح سود میں اضافہ کمپنی کے مالیاتی بوجھ میں اضافے اور نتائج پر منفی اثرات مرتب کرتا ہے۔ مزید براں، کسی بھی بڑی بینکنگ فنانسنگ کی سہولت ختم ہونے سے لیکوئڈٹی رسک بڑھ جاتا ہے۔

- کمپنی عالمی کروڈ سپلائرز سے کروڈ آئل کی خریداری کرتی ہے۔ ایسی خریداری کے لیے شرائط وضوابط کی تکمیل میں تصدیق شدہ لیٹرز آف کریڈٹ کی ضرورت ہوتی ہے۔ تاہم ملک کی حالیہ سیاسی اور اقتصادی غیر یقینی صورتحال کے نتیجے میں، کچھ بیرونی بینکوں نے پاکستانی بینکوں کی جانب سے کھولی جانے والی ایل سیز (L/Cs) کی تصدیق سے گریز کیا ہے۔ اگر یہی صورتحال رہی تو کمپنی کو اپنے آپریشنز کے لیے کروڈ کی کمی کا سامنا ہوگا اور نتیجے میں ملک میں تیل کی فراہمی میں تعطل واقع ہونے کا امکان پیدا ہو جاتا ہے۔

مستقبل کے امکانات و رخطرات پر قابو پانے کے اقدامات

- دوران سال، بورڈ آف ڈائریکٹرز نے درج ذیل مقاصد کے ساتھ REUP کو شروع کرنے کا فیصلہ کیا ہے:

  i) EURO V معیار کے حامل MS اور HSD کی تیاری؛

  ii) روزانہ کی کروڈ آئل پروسیسنگ کی صلاحیت میں 50,000 سے 100,000 بیرل تک توسیع؛ اور

  iii) ہائیڈروکریکنگ ریفائنری کی ڈیپ کنورژن ریفائنری میں اپ گریڈیشن سے خود انحصاری کا حصول، جس سے ہائی سلفر فرنیس آئل کی پروڈکشن میں واضح کمی واقع ہوگی۔

- بین الاقوامی مایہ ناز کنسلٹنٹس کی جانب سے ایک ڈیٹیلڈ فزیبلٹی اسٹڈی (DFS) تیار کی گئی اور عالمی طور پر موجود ٹیکنالوجیز اور کنفیگریشن کی مکمل جانچ پڑتال کے بعد، ریزیڈیو فلوئیڈائزڈ کیٹالائٹکل کریکنگ (RFCC) کی بنیاد پر کنفیگریشن کو منتخب کیا گیا۔ RFCC کمپلیکس میں CAPEX کی ضروریات نسبتاً کم ہیں، موٹر اسپرٹ اور ڈیزل کی پیداوار بڑھنے سے منافع میں اضافہ ہوتا ہے اور پروڈکٹ سلیٹ میں

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2022 کو ختم ہونے والے سال کے لیے اپنی سالانہ رپورٹ بشمول آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

مالیاتی نتائج

	2022	2021
	(روپے 000 میں)	
منافع برائے سال	**12,573,450**	937,156
دیگر مشترکہ آمدنی	**8,975,950**	76,104
ٹوٹل مشترکہ منافع	**21,549,400**	1,013,260
فی شیئر منافع/(خسارہ)	**Rs. 19.96**	Rs. 1.52
تخصیص (اپروپریئیشن):		
اسپیشل ریزرو میں منتقلی	**12,473,450**	837,156

زیر جائزہ سال کے دوران دنیا میں Covid-19 کے منفی اثرات سے کچھ بحالی کے ساتھ کروڈ آئل اور پیٹرولیم مصنوعات کی طلب میں اضافہ دیکھا گیا۔ تاہم، روس اور یوکرین کے تنازع نے عالمی طور پر آئل اور گیس کی فراہمی کو متاثر کیا جبکہ سپلائی میں تعطل کے خوف سے تیل کی قیمتوں میں اضافہ دیکھا گیا۔ نتیجے میں حالیہ مالیاتی سال کی تیسری اور چوتھی سہ ماہی میں ریفائنری کے منافع میں بھی تیزی سے اضافہ دیکھا گیا۔ کمپنی نے زائد منافع والی مصنوعات کی تیاری بڑھانے اور منفی منافع والے ہائی سلفر فرنیس آئل (HSFO) کی پیداوار کم کرنے کی منصوبہ بندی جاری رکھی۔ کمپنی نے کم قیمت پر فروخت ہونے والے کروڈز کی خریداری کے مواقع سے فائدہ اٹھاتے ہوئے گراس ریفائننگ مارجنز (GRMs) بڑھانے پر بھی توجہ مرکوز رکھی۔ البتہ فنانس ایکٹ 2022 میں اعلان کردہ منفی ٹیکس اقدامات سے کمپنی کے منافع پر زد پڑی مگر ٹیکس چارجز میں بڑے اضافے کے باوجود کمپنی نے مذکورہ بالا مثبت عوامل کے سبب 30 جون 2022 کو ختم شدہ سال کے لیے 12.6 بلین روپے کا بعد از ٹیکس ریکارڈ منافع کمایا جو گزشتہ سال 937 ملین روپے تھا۔

کمپنی امور کی صورتحال اور اُن کا جائزہ

کمپنی امور اور ان کی نگرانی سے متعلق اہم اقدامات کا مختصر جائزہ درج ذیل ہے:

- کمپنی نے بہترین پروڈکٹ مکس اور زائد منافع بخش مصنوعات (HSD ڈیزل اور MS پیٹرول) کی پیداوار بڑھانے کی اپنی منصوبہ بندی پر کام جاری رکھا اور دوران سال ہائی اسپیڈ ڈیزل کی ریکارڈ پیداوار حاصل کرنے میں کامیابی حاصل کی۔
- روس اور یوکرین کی جنگ سے عالمی طور پر آئل اور گیس کی طلب اور رسد پر دباؤ رہا، نتیجے میں جاری مالیاتی سال کی دوسری ششماہی کے دوران ریفائننگ منافع میں اضافہ ہوا۔
- مئی 2022 میں کمپنی نے ریفائنری ایکسپنشن اور اپ گریڈ پروجیکٹ (REUP) کے لیے میسرز ووڈ گروپ یو کے لمیٹڈ کو فرنٹ اینڈ انجینئرنگ ڈیزائن (FEED) کنٹریکٹر کے طور پر منتخب کیا۔ کمپنی پروجیکٹ میں ضروری سرمایہ کاری کے لیے دلچسپی رکھنے والی مختلف عالمی کمپنیوں کے ساتھ تبادلہ خیال کر رہی ہے۔ کمپنی نے اپ گریڈیشن پروجیکٹ کے لیے یونائیٹڈ بینک لمیٹڈ اور جے ایس گلوبل کیپٹل لمیٹڈ کے کنسورشیم کو فنانشل ایڈوائزر اور اس کے ساتھ ایکوئٹی اور پاکستانی روپے میں قرضہ جات کے ارینجر کے طور پر مقرر کیا ہے۔
- کمپنی نے جون 2022 میں عسکری بینک لمیٹڈ اور بینک الفلاح لمیٹڈ سے حاصل کردہ بالترتیب ایک بلین روپے اور 2.5 بلین روپے کے طویل مدتی قرضہ جات کی واپس ادائیگی کی۔ یہ قرضہ جات تین سالہ مدت کے لیے حاصل کئے گئے تھے تاکہ کمپنی کے ورکنگ کیپٹل کی ضروریات اور بیلنس شیٹ کی تشکیل نو کی جائے، ان قرضہ جات میں Covid-19 سے بحالی سے متعلق اسٹیٹ بینک آف پاکستان کے اقدامات کے پیش نظر ایک سال کی توسیع کی گئی تھی۔

مذکورہ پروجیکٹ میں اسٹریٹجک انویسٹمنٹ کے لیے دلچسپی رکھنے والے مختلف بین الاقوامی اداروں سے کمپنی رابطے میں ہے۔ پرکشش منافع حاصل کرنے کی صلاحیت کا حامل ہونے سے، یہ توقع کی جارہی ہے کہ زیادہ سے زیادہ سرمایہ کار کمپنی سے رابطہ کریں گے اور ضروری معاملات کی چھان بین کی تکمیل کے بعد بہترین بزنس پارٹنر کا انتخاب عمل میں لایا جائے گا۔

پاکستان کی اکثر ریفائنریز ہائیڈروا سکمنگ کی محدود صلاحیت کی وجہ سے 25 سے 30 فیصد HSFO اور EURO II یا اس سے کم معیار کی حامل HSD تیار کررہی ہیں۔ ان ریفائنریز کو عمیق تبدیلی کی حامل ٹیکنالوجیز سے اپ گریڈ کرنا ضروری ہے تاکہ ماحول دوست EURO V معیار کی مصنوعات کی صلاحیت حاصل ہو اور نتیجے میں HSFO کی پیداوار میں بھی کمی آئے۔ ان اپ گریڈیشن پروجیکٹس میں سرمایہ کی ضرورت ہے جس کے لئے اربوں ڈالرز درکار ہیں۔ گزشتہ کئی سالوں میں ریفائنری سیکٹر کو ہونے والے نقصانات اور کم مارجن کے سبب ان ریفائنریز کی اپ گریڈیشن حکومتی مراعات کے بغیر ناممکن ہے۔ حال ہی میں، حکومت پاکستان نے نئی ریفائننگ پالیسی لانے کا اعادہ کیا ہے تاکہ موجودہ ریفائنریز کی اپ گریڈیشن ممکن ہو اور ملک کی بڑھتی ہوئی ضروریات کو پورا کرنے کے لیے نئی ریفائنریز کے قیام کی حوصلہ افزائی کی جائے۔ اس حوالے سے ریفائنریز اور حکومت کے مابین رابطے جاری ہیں اور یہ توقع کی جارہی ہے کہ جلد ہی نئی ریفائننگ پالیسی کا اعلان کیا جائے گا تاکہ موجودہ ریفائنریز کے لیے اپ گریڈیشن پروجیکٹ شروع کئے جائیں۔

ہیلتھ، سیفٹی، انوائرنمنٹ اور کوالٹی (HSEQ) اسٹینڈرڈز کی پاسداری کمپنی کی اولین ترجیحات میں شامل ہے جس کے تحت متواتر تمام ضروری امور کی نگرانی کی جاتی ہے اور جہاں ضرورت محسوس کی جاتی ہے وہاں پر نظر ثانی کے ساتھ اسے مزید مستحکم کیا گیا ہے۔ زیر جائزہ مدت کے دوران ریفائنری HSEQ کے لاگو اسٹینڈرڈز پر مکمل عمل درآمد کرتی رہی۔

مالیاتی نتائج سے متعلق مزید معلومات منسلک ڈائریکٹرز رپورٹ اور 30 جون 2022 کو ختم شدہ سال کے مالیاتی گوشواروں میں تفصیل کے ساتھ فراہم کی جارہی ہے۔

میں کمپنی کے تمام ملازمین کا ان کے خلوص اور لگن سے کام کرنے پر شکریہ ادا کرتا ہوں اور اپنے ساتھ ڈائریکٹرز اور وزارت توانائی اور حکومت پاکستان کا ان کی رہنمائی اور مسلسل معاونت پر ممنون و مشکور ہوں کہ ان کے تعاون سے دوران سال مطلوبہ نتائج حاصل ہوئے۔

طارق کرمانی

چیئرمین

کراچی: 20 اگست 2022

چیئرمین کا جائزہ

مجھے شیئر ہولڈرز کو پاکستان ریفائنری لمیٹڈ (کمپنی) کی 62ویں سالانہ رپورٹ برائے سال ختم شدہ 30 جون 2022 پیش کرتے ہوئے بڑی خوشی محسوس ہورہی ہے۔

زیر جائزہ مدت کے دوران گراس ریفائننگ مارجنز (GRMs) میں اضافہ، کروڈ کی خریداری سے متعلق موثر منصوبہ بندی بشمول کم قیمت پر اسپاٹ کارگوز کی خریداری، انوینٹری مینجمنٹ کے بہتر انتظام، بہتر پروڈکٹ مکس کے حصول اور نتیجتاً پیداوار میں اضافے کی بدولت ریکارڈ منافع حاصل ہونے میں کامیابی ملی۔ گراس ریفائننگ مارجنز میں اضافے کا فائدہ اٹھاتے ہوئے کمپنی نے پیداوار بڑھائی اور نتیجے میں موٹر اسپرٹ (MS/پیٹرول) اور ہائی اسپیڈ ڈیزل (HSD) کی فروخت میں اضافہ ہوا۔ درحقیقت، ہائی اسپیڈ ڈیزل کی ریفائنری کی تاریخ میں ریکارڈ پیداوار حاصل کی گئی۔ فنانس ایکٹ 2022 میں سپر ٹیکس کے نفاذ سمیت کئی منفی ٹیکس اقدامات کے باوجود مذکورہ بالا بہتر نتائج حاصل کیئے گئے۔

دوران سال، بورڈ اور انتظامیہ نے باہمی مشاورت سے مختلف تجارتی منصوبہ بندیوں پر کام جاری رکھا، زبردست مالیاتی نتائج کا حصول ان منصوبہ بندیوں کا واضح ثبوت ہے۔ کمپنی ریفائنری کی توسیع اور اپ گریڈیشن کے لیے سرگرم عمل رہی تاکہ ماحول دوست فیولز اور ویلیو ایڈیڈ مصنوعات تیار کی جائیں۔ اس ضمن میں استعمال شدہ عمیق تبدیلی کی صلاحیت والے ریفائننگ یونٹس اور نئے پلانٹس پر بغور تقابلی جائزے کے بعد، یہ فیصلہ ہوا کہ نئے یونٹس پر مبنی اپ گریڈیشن کی جائے۔ استعمال شدہ یونٹس سے متعلق اسٹڈی کا کام Lummus کنسلٹنٹس انٹرنیشنل کی جانب سے انجام دیا گیا جبکہ نئے یونٹس پر مبنی پروجیکٹ کی تفصیلی فزیبلٹی رپورٹ (DFS) کا کام ووڈ گروپ یو کے لمیٹڈ کی جانب سے انجام دیا گیا۔ بین الاقوامی سطح پر موجود ٹیکنالوجیز اور کنفیگریشن کے تفصیلی جائزے کے بعد، ریزیڈیو فلیوڈائزڈ کیٹالائٹکل کریکنگ (RFCC) پر مبنی کنفیگریشن کو منتخب کیا گیا۔ بعدازاں، ریفائنری کی توسیع اور اپ گریڈیشن پروجیکٹ (REUP) کو 1.2 بلین امریکی ڈالرز کی تخمینی لاگت (مذکورہ بالا فزیبلٹی اسٹڈی کی بنیاد پر) سے شروع کرنے کا فیصلہ کیا گیا، واضح رہے کہ 2016 میں REUP کی تخمینی لاگت 2.2 بلین امریکی ڈالرز لگائی گئی تھی۔ اس ضمن میں ایک بین الاقوامی کمپنی ووڈ گروپ یو کے لمیٹڈ کو ایک مسابقتی بولی کے ذریعے REUP پروجیکٹ کے لیے فرنٹ اینڈ انجینئرنگ ڈیزائن (FEED) کنٹریکٹر کے طور پر منتخب کیا گیا۔ علاوہ ازیں، اس پروجیکٹ سے متعلق ایڈوائزری، ایکوئٹی اور روپے پر مبنی قرضہ جات کی ارینجمنٹ سروسز حاصل کرنے کے لیے فنانشل ایڈوائزر کے طور پر یونائیٹڈ بینک لمیٹڈ اور جے ایس گلوبل کیپٹل لمیٹڈ کے کنسورشیم کو منتخب کیا گیا۔ REUP سے کروڈ پروسیسنگ کی یومیہ صلاحیت 50,000 بیرل سے بڑھ کر 100,000 بیرل ہوجائے گی جبکہ ہائی سلفر فرنس آئل کی مقدار میں قابل ذکر کمی اور EURO V معیار کی حامل ہائی اسپیڈ ڈیزل اور موٹر اسپرٹ جیسی منافع بخش مصنوعات کی پیداوار میں اضافہ ہوگا۔

GLOSSARY OF TERMS

AGM	Annual General Meeting
BARC	Board Audit and Risk Committee
Bbls	Barrels
BCP	Business Continuity Planning
BHRCC	Board Human Resources and Compensation Committee
BOD	Board of Directors
BPD	Barrels Per Day
BPSC	Board Project Steering Committee
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSR	Corporate Social Responsibility
DFS	Detailed Feasibility Study
DRP	Disaster Recovery Program
EBITDA	Earnings before interest tax depreciation and amortisation
ERP	Enterprise Resource Planning
FEED	Front End Engineering Design
GoP	Government of Pakistan
GRM	Gross Refining Margin
HSD	High Speed Diesel
HSEQ	Health, Safety, Environment and Quality
HSFO	High Sulphur Furnace Oil
IMS	Integrated Management System
Km	Kilometers
KPI	Key Performance Indicator
LPG	Liquified Petroleum Gas
LTO	License to Operate
MS	Motor Spirit
MT	Metric Tons
MW	Mega Watt
OGRA	Oil and Gas Regulatory Authority
PAPCO	Pak Arab Pipeline Company
PESTEL	Political, Economical, Social, Technological, Environmental and Legal
PGMC	Pak Grease Manufacturing Company
PPE	Personal Protective Equipment
PRL	Pakistan Refinery Limited
PSO	Pakistan State Oil Company Limited
PSX	Pakistan Stock Exchange
REUP	Refinery Expansion and Upgrade Project
SECP	Securities and Exchange Commission of Pakistan
SWOT	Strength, Weakness, Opportunities and Threat

Form of Proxy

Sixty-second (62nd) Annual General Meeting 2022

Option 1: (appointing other person as Proxy)

I/We ______________________________ S/o, D/o, W/o ____________________
CNIC ________________________ being a member of Pakistan Refinery Limited and holder of __________________ ordinary shares as per Registered Folio No. __________
hereby appoint ____________________ S/o, D/o, W/o ________________________
CNIC ________________________ as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on October 29, 2022 and at any adjournment thereof.

Signed under my/our hands on this ________ day of __________ 2022.

____

Signature of Member
(Signature should agree with the specimen signature registered with the Company)

Signed in the presence of

_______________ _______________

Signature of Witness 1 Signature of Witness 2

Option 2: (E-voting as per the Companies (E-voting) Regulations 2016)

I/We __________________________ S/o, D/o, W/o _______________________
CNIC _________________________ being a member of Pakistan Refinery Limited and holder of ______________ ordinary shares as per Registered Folio No. __________
hereby opt for E-voting through intermediary and hereby consent for appointment of execution officer ___________________ as proxy and will exercise E-voting as per the Companies (E-voting) Regulations, 2016 and hereby demand for poll for resolution. My secured email address is _________________________________ please send login details password and electronic signature through email.

____

Signature of Member
(Signature should agree with the specimen signature registered with the Company)

Signed in the presence of

_______________ _______________

Signature of Witness 1 Signature of Witness 2

Notes:

1. This Proxy Form, duly completed and signed, together with the power of attorney or other authority pursuant to which this proxy is signed must be received at the Registered Office of the Company, not less than 48 hours before the time of holding the meeting.
2. The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
3. Attested copies of CNIC of the appointer and the proxy-holder shall be furnished with the Proxy Form.
4. The proxy-holder shall produce his/her original CNIC at the time of the meeting.
5. In case of corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature shall be submitted along with Proxy Form.

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پراکسی فارم

باسٹھواں (۶۲واں) سالانہ اجلاس عام ۲۰۲۲

آپشن ۱: (کسی اور شخص کو مختار (پراکسی) چننا)

میں/ہم ______ ولد، بنت، زوجہ ______

CNIC ______ بحیثیت رکن/ارکان پاکستان ریفائنری لمیٹڈ اور رجسٹر فولیو نمبر ______

اور ______ عمومی حصص کے حامل ہیں، بذریعہ ہذا محترم/محترمہ ______ ولد، بنت، زوجہ

CNIC ______ کو میری/ہماری جانب سے بحیثیت مختار (پراکسی) سالانہ اجلاس عام

منعقدہ ۲۹ اکتوبر، ۲۰۲۲ میں ووٹ دینے کا اختیار ہوگا اور اجلاس ملتوی ہونے کی صورت میں بھی یہی میرے مختار (پراکسی) ہونگے۔

دستخط ______ ویں روز ______ ۲۰۲۲ کو کئے گئے۔

______

ممبر کے دستخط

(دستخط کمپنی کے ریکارڈ میں موجود نمونہ دستخط سے مماثل ہونے چاہئیں)

دستخط روبرو گواہان:

گواہ ۱: ______ گواہ ۲: ______

آپشن ۲: (دی کمپنیز (ای ووٹنگ) ریگولیشنز ۲۰۱۶ کے تحت ای ووٹنگ)

میں/ہم ______ ولد، بنت، زوجہ ______

CNIC ______ بحیثیت رکن/ارکان پاکستان ریفائنری لمیٹڈ اور رجسٹر فولیو نمبر ______

اور ______ عمومی حصص کے حامل ہیں، بذریعہ ہذا انٹرمیڈیری ای ووٹنگ کو اختیار کرتے ہیں اور دی کمپنیز (ای ووٹنگ) ریگولیشنز ۲۰۱۶ کے تحت

ای ووٹنگ کا حق استعمال کرتے ہیں اور قراردادوں میں ووٹنگ کا مطالبہ کرتے ہیں۔ ہماری محفوظ ای میل ایڈریس ______ ہے، برائے

مہربانی لاگ ان کی تفصیلات، پاسورڈ اور الیکٹرانک سگنیچر بذریعہ ای میل بھیج دیں۔

______

ممبر کے دستخط

(دستخط کمپنی کے رکارڈ میں موجود نمونہ دستخط سے مماثل ہونے چاہئیں)

دستخط روبرو گواہان:

گواہ ۱: ______ گواہ ۲: ______

نوٹ:

1۔ مختارنامہ (پراکسی فارم) باضابطہ طور پر مکمل کرنے اور دستخط کرنے کے بعد اس پراکسی سے متعلق پاور آف اٹارنی یا دیگر کسی اتھارٹی کے ساتھ، اجلاس کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس پر موصول ہونا لازمی ہے۔

2۔ پراکسی فارم پر دو گواہان کے دستخط ہوں گے جن کے نام، ایڈریس اور سی این آئی سی نمبر فارم پر درج ہوں گے۔

3۔ منتخب کرنے والے فرد اور پراکسی کے سی این آئی سی کی تصدیق شدہ کاپیاں فارم کے ساتھ جمع کرائی جائیں گی۔

4۔ پراکسی ہولڈر کو اجلاس کے وقت اپنا اصل قومی شناختی کارڈ پیش کرنا لازمی ہوگا۔

5۔ کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی کی کاپی نامزد فرد کے دستخط کے نمونے کے ساتھ پراکسی فارم کے ساتھ جمع کرانے ہوں گے۔

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