



Refining with Vision

Growth | Profitability | Supply Security



ANNUAL REPORT 2024



Refining With Vision

Since the inception in 1960, PRL has been on a pursuit of progress committed to capacity building and purposeful use of technology to fuel growth in an ever evolving energy landscape. The Company takes pride in being among the active refineries in Pakistan that excels in providing par excellence services, making it the ultimate choice for all stakeholders.

PRL continued its journey towards the Refinery Expansion and Upgrade Project (REUP), aimed at utilising its technological advancement to maximise the crude oil processing potential from 50,000 bpd to 100,000 bpd, upgradation to a Deep Conversion Refinery for less production of HSFO, and manufacturing of eco-friendly EURO V compliant fuels.

The Refinery embarked on a mission to redefine the future of Pakistan's energy landscape with a monumental expansion, to meet the increasing energy demands while establishing sustainable practices and setting new standards of excellence in the industry.



Table of Contents

About the Report	4	Corporate Governance	28
Company Information	6	Board of Directors	30
Chairman's Review	8	Composition of the Board	38
Managing Director & CEO's Message	10	Engagement of Board Members in Business Entities	39
Vision / Mission	12	Board Committees	40
PRL Values	14	Significant Commitments of the Chairman of the Board	43
Code of Conduct	14	Other Directorships of Executive Directors	43
Refinery Expansion and Upgrade Project	16	Remuneration of Directors	43
Organisational Overview and External Environment	18	External Search Consultancy	43
Company Profile	20	Security Clearance of Foreign Directors	43
Business Model and Operational Network	20	Board Meetings held outside Pakistan	43
Product Profile and Market Share	20	Decisions taken by the Board and Delegated to Management	43
Group Structure	21	Board's view on Diversity	43
Value Chain Position and Business Connections	21	External Oversight of Various Functions	43
Corporate History and Milestones	22	Safety of Records of PRL	43
PESTEL Analysis	24	Related Party Transactions	44
Seasonality and Business Operations	26	Governance Practices Exceeding Legal Requirements	44
Legislative and Regulatory Framework	26	Enterprise Resource Planning (ERP) System Disclosure	44
Influences on Business Environment	26	Presence of Chairman Board Audit and Risk Committee at AGM	44
Changes in Business Model during the year	26	Date of Authorisation of Financial Statements	44
Competitive Landscape	26	Board Policy Disclosures	45
SWOT Analysis	27		

Disclosure of Gender Pay Gap	45	Financial Statements	128
Business Continuity and Disaster Recovery Plan	45	Independent Auditors' Report on Audit of Financial Statements	130
Pattern of Shareholding	46	Statement of Financial Position	134
Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019	49	Statement of Profit or Loss and Other Comprehensive Income	135
Independent Auditors' Review Report on Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019	52	Statement of Changes in Equity	136
Audit and Risk Committee Report	54	Statement of Cash Flows	137
Directors' Report	56	Notes to and forming part of the Financial Statements	138
Strategy and Resource Allocation	64	Directors' Report – Urdu	182
Risk and Opportunities Report	70	Chairman's Review – Urdu	183
Sustainability Report and Corporate Social Responsibility	76	Notice of Annual General Meeting	184
Stakeholders' Relationship and Engagement	80	Form of Proxy	
Disclosures on IT Governance and Cybersecurity	84	Form of Proxy - Urdu	
Refinery Management and Operations	88		
Organisational Structure and Reporting Relationships	90		
Refinery Leadership Team	92		
Calendar of Major Events	104		
Future Outlook	106		
Striving for Excellence in Corporate Reporting	108		
Financial Performance and Analysis	110		

About The Report

The Annual Report 2024 covers the period from July 1, 2023, to June 30, 2024, and significant subsequent events till its issuance. This report has been carefully shaped as per the International Integrated Reporting Framework and exemplifies PRL's dedication in aligning its corporate reporting with global best practices, and highlighting its operation, values and commitments comprehensively.

Key Components of Integrated Reporting encompass:

- Organisational Overview and External Environment
- Governance Structure
- PRL's Business Model
- Risks and Opportunities
- Strategy and Resource Allocation
- Performance and Achievements
- Outlook and Challenges
- Basis of Presentation

The online version of this report is available on PRL's website, accessible through the following link:
<http://www.prl.com.pk/financial-reports/>

The video message of the Managing Director & CEO on PRL's overall performance for the year ended June 30, 2024, along with views on future plans is uploaded on the website on the following link:
<http://www.prl.com.pk/investor-information/>

COMPANY INFORMATION

Deputy Managing Director Finance / CFO
Imran Ahmad Mirza

Company Secretary
Shehrzad Aminullah

Auditors & Tax Advisors
KPMG Taseer Hadi & Co
Chartered Accountants

Legal Advisor
Orr Dignam & Co.

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

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

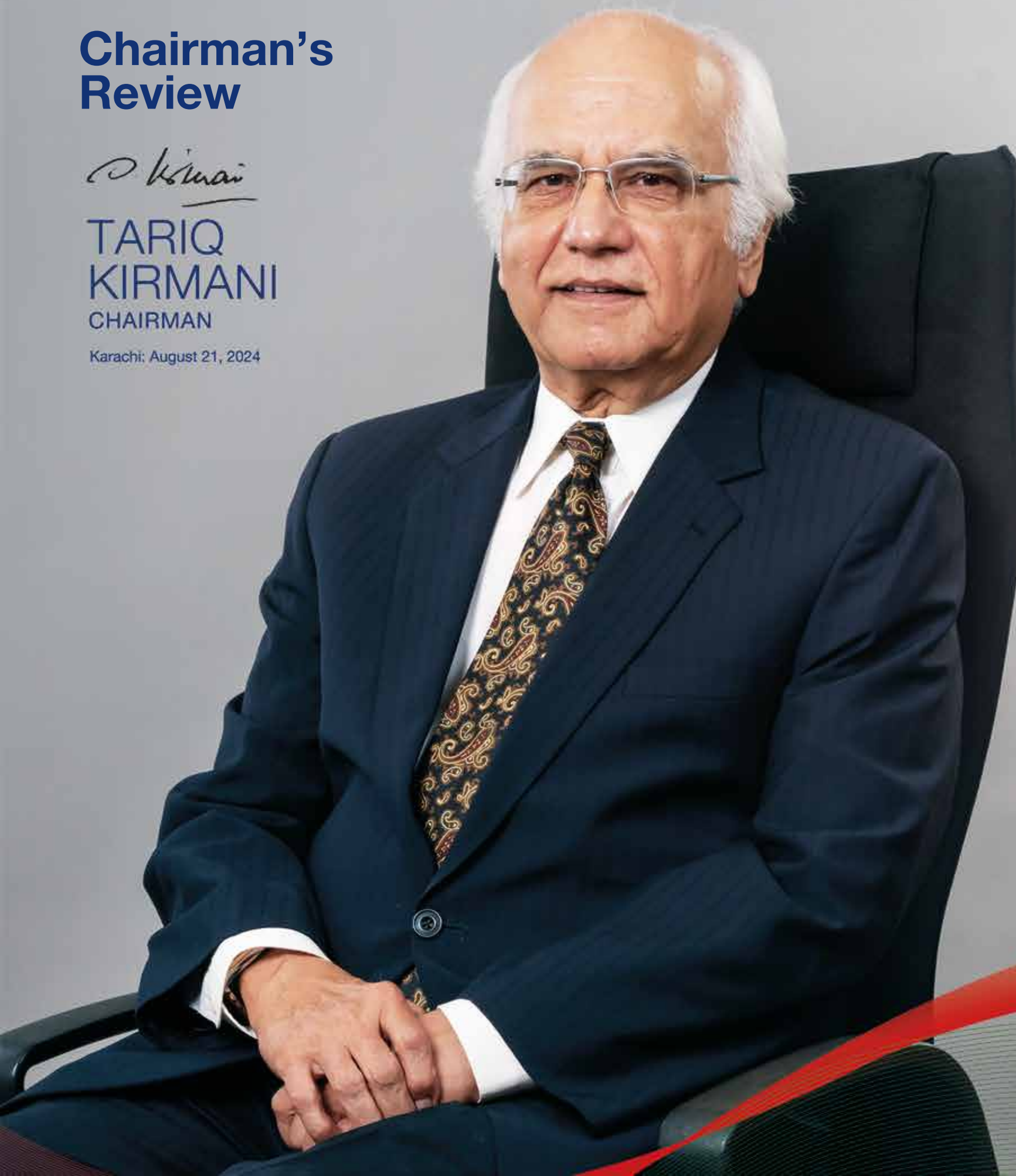
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Chairman's Review



TARIQ
KIRMANI
CHAIRMAN

Karachi: August 21, 2024



It is my pleasure to present the 64th Annual Report of Pakistan Refinery Limited (PRL) for the year ended June 30, 2024, to the shareholders.

The Company reported a profit after taxation of Rs. 4.06 billion as compared to Rs. 1.82 billion in the previous year. The continuity of this profitable journey was achieved due to execution of aggressive business strategies, which included selection of the most feasible crude and robust operational control, optimal cashflow and better inventory management.

Consistent efforts of the refining industry over the last four years bore fruit during the year when the Pakistan Oil Refining Policy for Upgradation of Existing / Brownfield Refineries (the Policy) was announced by the Government of Pakistan (GOP) in August 2023. This was later amended in February 2024 increasing the capping of incremental incentives from the earlier 25% to 27.5%, increasing the period allowed to refineries to collect incentives from six years to seven years and allowing 7.5% tariff protection on High Speed Diesel (HSD) for a period of 20 years post commissioning of the respective project. These Policy measures are expected to greatly support the refineries in executing their respective upgrade projects and in this regard PRL has also submitted the supplemental agreement as allowed under the revised Policy, awaiting concurrence of GOP and Oil and Gas Regulatory Authority (OGRA) to execute the same. Your refinery became the first, and to date the only refinery, to sign the required agreements under the Policy with OGRA on November 15 2023, thus becoming entitled to collect 'incremental incentives', which are being deposited in a Joint Escrow Account operated by PRL and OGRA.

Your Company remains committed to the Refinery Expansion and Upgrade Project (REUP) and has continued its focus on the execution of the project with work on Front End Engineering Design (FEED) phase having entered its final stages with completion expected in Q2 2024-25 and world-renowned technology licensors (UOP, USA and Axens, France) have been appointed. PRL has also initiated the process of 'Invitation to Bid' from Engineering, Procurement and Construction (EPC) Contractors who have been short-listed through a transparent qualification process. This will be followed by financial close and award of the Engineering, Procurement and Construction (EPC) Contract on EPCF mode, which entails that the EPC contractor will ensure project financing. In order to achieve timely financial close of REUP, PRL is engaged with potential investors and in this regard, Memoranda of Understanding (MoUs) have been signed with certain organisations and discussions are under way with others.

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

During the year 2023-24, PRL has depicted its commitment to Corporate Social Responsibility (CSR) through substantial donations and impactful initiatives across key sectors such as healthcare and education including contributions to Indus Hospital, Child Life Foundation's Korangi Hospital, Layton Rehmatulla Benevolent Trust (LRBT), Institute of Business Administration (IBA) and GoRead.pk. Additionally, PRL's partnership with The Citizens Foundation (TCF) that is supported by a 10-year MoU aims to provide quality education to underprivileged children.

The financial results are explained in detail in the enclosed Directors' Report and Financial Statements for the year ended June 30, 2024.

I would like to acknowledge the hard work and dedication of all the employees and thank my fellow Directors, Ministry of Energy, Government of Pakistan and all other stakeholders for their continued guidance and support.

MD & CEO's Message



Zahid Mir

Managing Director & CEO

Dear Shareholders,

As we reflect on the fiscal year 2023-24, I am proud to present a period of exceptional achievement and transformative growth for Pakistan Refinery Limited (PRL). This year has marked a significant milestone in our journey, underscored by profitability, strategic advancements, and the continued execution of our long-term vision for the refinery's future.

Our financial performance speaks volumes about the effectiveness of our strategies and the resilience of our operations. Despite the significant expenditure of Rs. 6.96 billion in the Front-End Engineering Design (FEED) for our Refinery Expansion and Upgrade Project (REUP), PRL reported a profit after taxation of Rs. 4.06 billion, a substantial increase from the previous fiscal year. This accomplishment highlights our ability to balance growth with profitability while continuing to deliver value to our stakeholders.

Operationally, PRL achieved remarkable milestones that have further solidified our standing in the industry. We recorded unprecedented production levels, including the highest ever daily production of High-Speed Diesel (HSD) in our history and the highest-ever production of Motor Spirit (MS-92). The successful completion of a planned 38 days turnaround without any safety incident further demonstrates our commitment to operational excellence and the safety of our workforce.

The REUP remains central to our strategy, representing a cornerstone for future growth and sustainability. We have made significant progress in this project, with the FEED phase nearing completion and the signing of critical agreements under the Pakistan Oil Refining Policy. These steps are pivotal in positioning PRL as a leader in the production of cleaner, high-quality fuels that meet the evolving demands of the market.

Our strategic initiatives in crude oil procurement, including the processing of Russian origin crude, have opened new avenues for sourcing and have positively impacted our financial performance. These efforts have allowed us to optimise our refining margins and maintain a competitive edge in a challenging market environment.

Beyond our financial and operational successes, PRL's commitment to Corporate Social Responsibility (CSR) remains unwavering. We have continued to invest in initiatives that make a positive impact on society, including contributions to healthcare and education. These efforts are integral to our identity as a responsible corporate citizen and reflect our dedication to the communities we serve.

As we look ahead, I am confident that PRL is well-positioned to maintain its growth trajectory and continue delivering exceptional value to our shareholders. The completion of the REUP and our ongoing strategic initiatives will further enhance our production capabilities, secure our supply chains, and ensure a sustainable and profitable future for the refinery.

I would like to extend my heartfelt thanks to our shareholders, employees, the Board of Directors, and all our stakeholders for their unwavering support and dedication. Together, we are shaping the future of Pakistan Refinery Limited.



Vision

The Refinery of the first choice for all stakeholders.

Mission

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

PRL Values

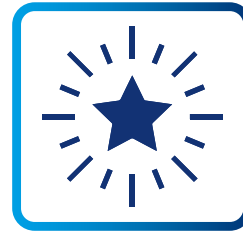
PRL's foundation is built upon steadfast commitment to uphold the highest ethical standards in all facets of its operations. It recognises that ethical conduct is not just a choice, but a fundamental responsibility that shapes PRL's relationships, actions and decisions. Guided by this principle, PRL is dedicated to fostering a culture of integrity, transparency and accountability within the organisation.



INTEGRITY



TEAMWORK



EXCELLENCE

Code of Conduct

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

- Contributes to the welfare of PRL's key stakeholders
- Respects the rights of all constituents affected by PRL's operations

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

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

Dealing with Customers

- Treat customers fairly and in accordance with mutual agreement
- Deliver the best of the organisation to customers
- Do not unfairly influence 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 PRL's needs and the materials/services being offered by that entity
- PRL 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 PRL's business operations and not for personal, private or non-business communication
- Users must consider their actions before downloading, copying, creating or transmitting material
- Messages that are offensive, defamatory, obscene, or discriminatory based on race, colour, national origin, sex, sexual orientation, age disability, 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 the use of PRL's systems from within office premises or outside locations including from home

Business Conduct

- There should be no payment of any kind on behalf of PRL to any person, except if required by law
- Political contributions of any kind (including services) are prohibited except if permitted by applicable law and made with specific written approval of senior management
- All transactions must be accurately recorded in the 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 PRL or its business areas to the print or electronic media except those specifically designated to do so
- All press releases are to be endorsed by the Managing Director & CEO before their 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 the 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, fundraising or partisan political purposes
- 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 processes as individuals in their own time, but these activities must not in any way suggest PRL's support

Conflict of Interest

These include:

- Personal relationships of employees where parties may receive or give an 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/her Company's assignments
- Using non-public information for personal gain or advantage or 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 employees

Harassment

- PRL 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 PRL and its employees by customers, contractors, consultants, suppliers, vendors, visitors, and other non-employees whether such conduct occurs on PRL premises in connection with PRL activities or the performance of PRL's work
- All reported or suspected occurrences of forbidden harassment will be treated with sensitivity and discretion and shall be investigated confidently and as promptly and thoroughly as 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 be anticipated to offend others
 - Report any harassment that they observe, that is made known to them by others, or that they suspect has occurred
 - Assure PRL 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. PRL 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. PRL is committed to being a fair employer that promotes gender equality across its business and believes that gender equality is all about empowerment that provides the foundation for a prosperous future.



Refinery Expansion & Upgrade Project

Doubling Capacity with Cutting Edge Technology



Refinery Expansion & Upgrade Project

PRL continues to make significant strides in its endeavor towards the completion of Refinery Expansion and Upgrade Project (REUP), which aims to double its crude processing capacity and upgrade the refinery's technology to maximise middle distillate production and eliminate furnace oil output. This transformative project is central to PRL's long-term strategy, ensuring a profitable and sustainable future while positioning the refinery on par with world-class standards.

The REUP targets an increase in crude processing capacity from 50,000 bpd to 100,000 bpd and involves upgrading PRL from a hydro-skimming configuration to a state-of-the-art deep conversion Refinery. The upgraded facility will produce cleaner, environmentally friendly fuels, including EURO V compliant HSD and MS, while drastically reducing the production of HSFO. This shift represents a pivotal move towards sustainability and profitability.

Wood Group UK Limited, the Front-End Engineering Design (FEED) contractor, is finalising the FEED utilising proven state-of-the-art technologies including Residue Fluidised Catalytic Cracker (RFCC), the core refinery unit, that will play a key role in converting furnace oil into higher-value products such as MS, HSD, Propylene and other valuable distillates. The use of this advanced technology aligns with PRL's goal of enhancing operational efficiency and environmental responsibility.

A major milestone in the FEED phase has been the successful completion of Process Design Packages for all Licensed Units, developed by UOP (USA) and Axens (France), further demonstrating PRL's commitment to adopting best-in-class technology. The FEED phase is expected to be completed in Q2 2024-25.

Another key milestone in REUP execution is the issuance of the Invitation to Tender (ITB) package for the Engineering, Procurement, Construction and Financing (EPCF) phase of the REUP. Bids are expected by December 2024, followed by the Financial Close and Final Investment Decision (FID) and the EPC award, with commissioning and start-up targeted in 2028.

REUP has sound financial outlook, indicating strong economic viability and a robust Internal Rate of Return (IRR) based on independent price studies and forecasts. PRL's brownfield strategy, which leverages the existing site and infrastructure, continues to offer significant cost and time advantages compared to a greenfield facility, further enhancing the project's feasibility and attractiveness to potential investors.

As the Refinery progresses towards the completion of this transformative project, it remains steadfast in its commitment to delivering a refinery that meets the highest standards of profitability, environmental responsibility, and operational excellence.



Organisational Overview & External Environment

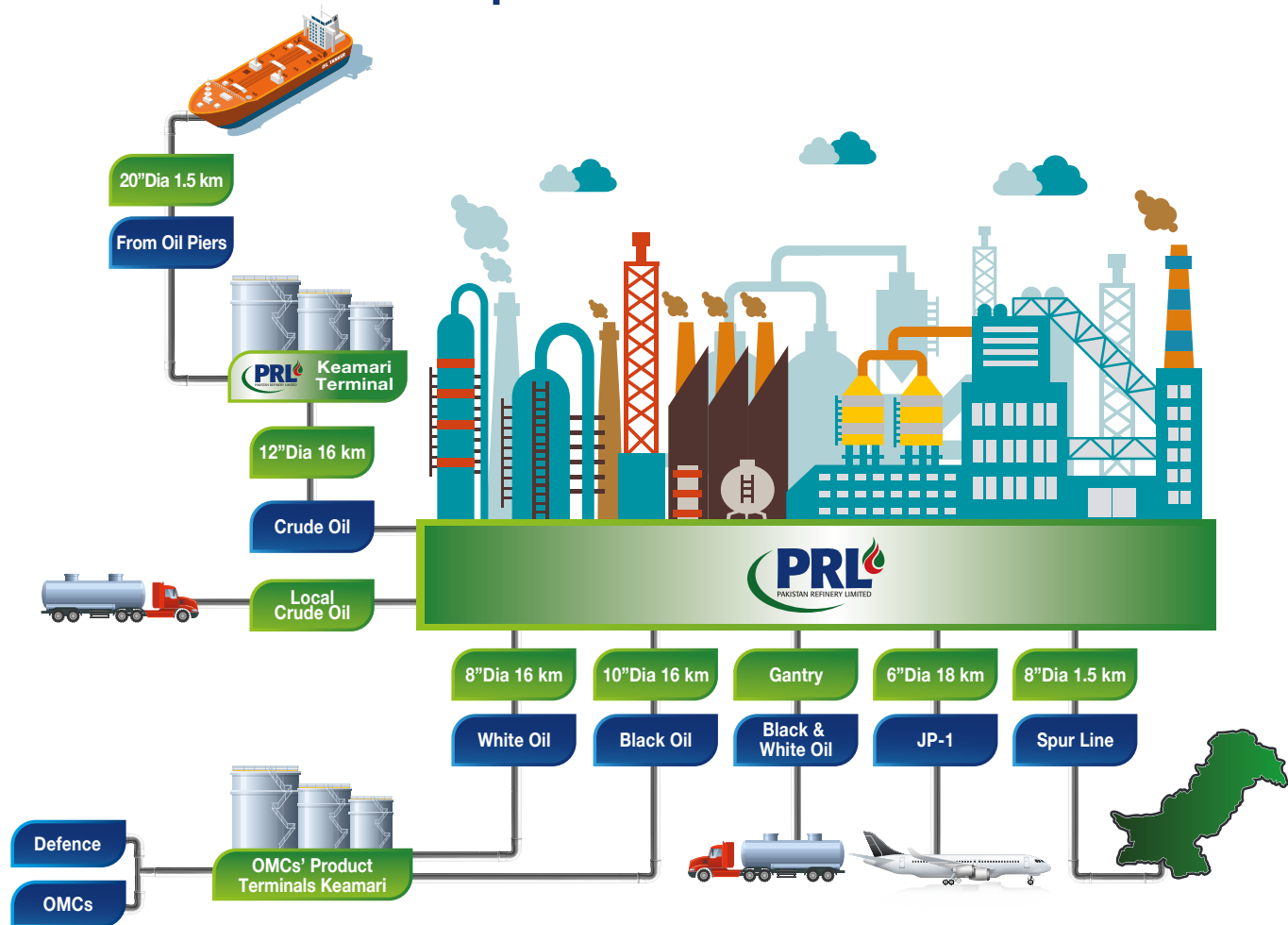
Operations for Optimal Growth and Efficiency



Company Profile

PRL was incorporated in Pakistan as a public limited company in May 1960 and is engaged in the production and sale of petroleum products. PRL's shares are publicly traded on the Pakistan Stock Exchange Limited. The refinery is strategically located in Karachi, with a designed throughput capacity of 50,000 bpd. The major units in refinery complex are Crude Distillation Unit, Hydrotreating Unit, Platformer Unit, and Isomerisation Unit.

Business Model and Operational Network



Product Profile and Market Share

PRL 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. PRL also supplies Jet Fuels and other petroleum products to armed forces. Any surplus HSFO and Naphtha are exported. Company's market share based on actual sales during the year 2023-24 was 8.3% as compared to 7.0% last year.



Group Structure

PRL is the subsidiary of PSO that holds 63.56% shares in PRL. PRL became a subsidiary of PSO effective December 1, 2018, when PSO increased its shareholding from 24.11% to 52.68%. Subsequently, PSO acquired further shares in PRL 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 published financial statements of PSO. Major shareholders of PSO include Government of Pakistan that holds 25.51% shares of PSO. Other shareholders include banks, insurance companies, modarabas and mutual funds and the public. PRL also holds 27.26% shares in Pak Grease Manufacturing Company (Private) Limited (PGMC) which is treated as PRL's associated company in the annexed financial statements. Other shareholders of PGMC include PSO and other private investors.



Value Chain Position and Business Connections

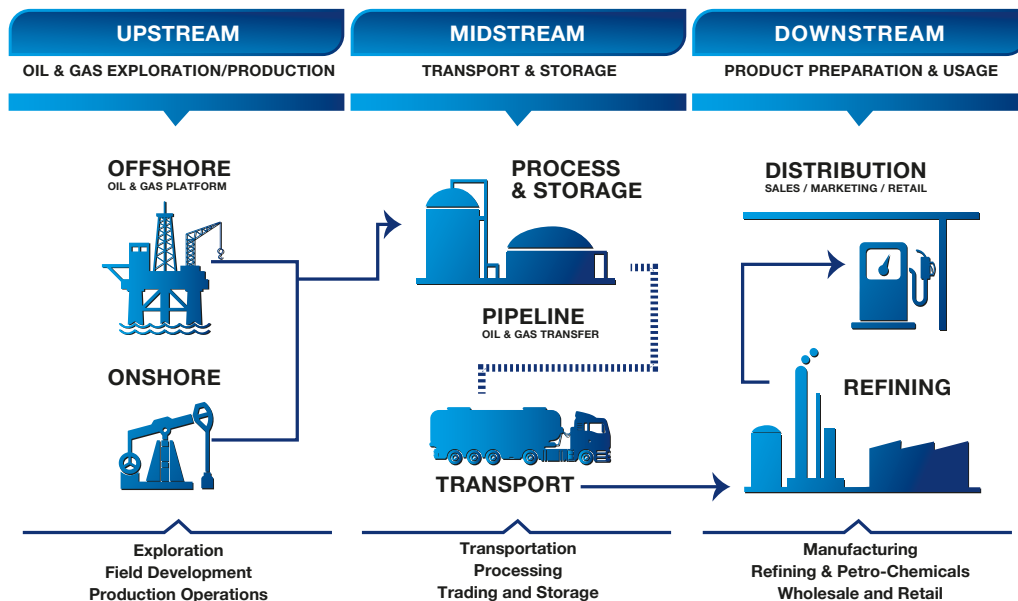
The oil industry is segregated in three broad categories i.e.,

- 1) Upstream that includes offshore and onshore oil and gas exploration and production companies
- 2) Midstream that includes pipelines, transportation, and storage
- 3) Downstream that includes refineries, petrochemical manufacturing, and oil marketing companies

PRL being a refinery, represents the downstream sector of the oil industry. PRL procures crude oil from various Exploration and Production (E&P) companies and then refines it into various petroleum products. These products are then supplied to oil marketing companies (OMCs) for further distribution to end-users. PRL has established strong business connections through supply contracts with E&P companies, such as:

- ARAMCO
- Abu Dhabi National Oil Company (ADNOC)
- Kuwait Petroleum Company (KPC)

These agreements provide PRL with a consistent supply of crude oil, which is essential for sustained refinery operations. PRL has strong business connections with OMCs, including PSO and Shell Pakistan Limited, through product-uplifting contracts.



Corporate History & Milestones

The agreement was signed between the Government of Pakistan and four major oil companies to construct and operate the largest refinery in Pakistan.

1959

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

1960

Piling work started at the Refinery site.

1961

PRL purchased 27.26% shares in Pak Grease Manufacturing Company (Private) Limited.

1971

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

1964

Earlier that year, the foundation stone was laid by the then Minister for Fuel, Power, and Natural Resources Mr. Zulfikar Ali Bhutto. The plant came into operation 2 months ahead of the schedule. Later in the year, official opening was performed by the then President of Pakistan, Field Marshal Mohammad Ayub Khan.

1962

Commissioning of PRL Airport pipeline connecting the Refinery with Karachi Airport.

1972

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

1981

PRL started processing local crude oil.

1985

Implementation of SAP ERP software.

2001

Commissioning of Fuel Oil loading gantry to load fuel oil into tank lorries on behalf of customers.

2000

Installation of Crude Desalter Unit to improve the quality of crude oil stream and reduce fouling in heat exchangers.

1999

Commissioning of Isomerisation Unit that doubled the production of Petrol from 12,000 MT per day to 24,000 MT per day.

2015

Revamp of Crude Unit internal column to increase production of HSD by minimising overlapping.

2015

Installation of 4.5 MW captive power plant.

2018

PRL signed agreements with OGRA under the Brownfield Refining Policy for REUP.

2024

The Refinery achieved record profit in FY 2021-22. The Refinery Expansion and Upgrade Project was approved followed by awarding of FEED Contract & appointment of Financial Advisors.

2022

Commissioning of white oil gantry enabling supply of HSD, MS, and Jet fuels.

2019

PESTEL Analysis



Political Factors

- The regulation of petroleum product prices is the most significant factor affecting the profitability of refineries in the country
- Petroleum product prices are linked with international markets, hence, any change directly impacts local pricing
- The industry is heavily reliant on imports for meeting its crude supply requirements

Company's Response

PRL closely monitors and engages with regulatory bodies and policy makers to influence decisions for a more favourable regulatory environment. PRL through real time followups of international pricing trends adjusts its operating strategy.

Economic Factors

- Country's macroeconomic factors, such as inflation, interest rates, and exchange rates, have a significant impact on operations
- The Company has experienced challenges due to sharp movements in the local currency's value against the US Dollar

Company's Response

PRL through its robust business model including operational and financial management together with government's revised pricing mechanism is able to nullify the impacts of volatile interest and exchange rates.

Social Factors

- Refining is an essential business, and a critical service that contributes to the economy. The role of the oil industry in terms of energy provision is increasingly scrutinised, and a shift in public perception is occurring. There is also increasing pressure on the industry to operate in more environmentally sustainable ways
- The workforce demographics and talent pool for the energy sector are changing when competing with other technology-led industries

Company's Response

The Company provides robust training and development programs to attract and retain talent. It continues to address stakeholder concerns and community engagement initiatives, promoting its commitment to corporate social responsibility and sustainable business practices.

Technological Factors

- Refining is a technologically driven business, investments in new technology can lead to improvements in cost efficiency, operational safety and production of environmentally friendly fuels

Company's Response

As part of its strategy of operational excellence, the Company is investing in REUP to acquire conversion technology besides producing environmentally friendly fuels (HSD and MS).

Environmental Factors

- The global shift in reducing greenhouse gas emissions and complying with environmental regulations is influencing the industry
- There is growing pressure on oil companies to reduce their environmental impact, focus on renewable energy, and make long-term commitments to sustainability
- PRL faces scrutiny over its environmental performance, particularly in relation to emissions and the handling of industrial waste

Company's Response

PRL is already committed to invest in environmentally friendly technologies for its REUP. The Company is also focused on achieving compliance with stringent environmental regulations, and is committed to reducing its carbon footprint and achieving energy efficiency benchmarks during operations.

Legal Factors

- PRL is subject to federal laws governing the health, safety, and welfare of its employees and the communities in which it operates
- Legal requirements pertaining to environmental protection, including emissions controls, are becoming increasingly strict
- Compliance with regulations can significantly impact costs and require constant monitoring and adoption of best practices to avoid penalties

Company's Response

PRL fully complies with all local regulatory requirements and maintains rigorous compliance programs to ensure adherence to health, safety and environmental standards.

Seasonality and Business Operations

The nature of the petroleum industry is such that the demand for petroleum products can be subject to seasonality. PRL is also cognisant of other external factors that can impact operations, such as availability of alternative fuel, abrupt price changes and political reasons. Due to near permanent destruction of demand of HSFO for power generation particularly in winter season, disposal of furnace oil as become extremely difficult. The only option left is to export it at a lower price. Another product that is impacted by seasonality is diesel. The demand for diesel swings due to harvesting and sowing seasons. Demand is high from October to mid-December and April to May due to wheat and cotton crop sowing, picking, and harvesting seasons. Floods, rainy season and other adverse weather conditions can also be a major issue causing economic activities to go down, and resultantly product demand decreases. In addition to seasonality, over-import of petroleum products (Diesel, MS) due to lack of proper planning at regulatory levels can also be an issue. This can lead to a glut of products in the market, leading to decreased prices and profit margins.

Legislative and Regulatory Framework

PRL operates in a regulated environment and is required to ensure compliance with applicable refining policies as well as directions from various regulatory bodies. In addition, PRL must also comply with the environmental, corporate, commercial and taxation laws along with the applicable provincial laws. The legal and regulatory environment can have a significant influence on PRL's business model and its operations. The Refining Policy for Brownfield Projects has played a pivotal role for PRL to pursue its critical upgrade. This initiative of the government will create an enabling environment, which fosters growth, incentivises investments, and promotes national objectives of self-sufficiency and energy security.

Influences on Business Environment

Various influences continually shape PRL's business environment, spanning short, medium, and long terms. These factors, including economic shifts, technological advancements, regulatory changes, and seasonal trends, drive the Company's strategic decisions and adaptations, ensuring its sustained growth and resilience.

Changes in Business Model during the year

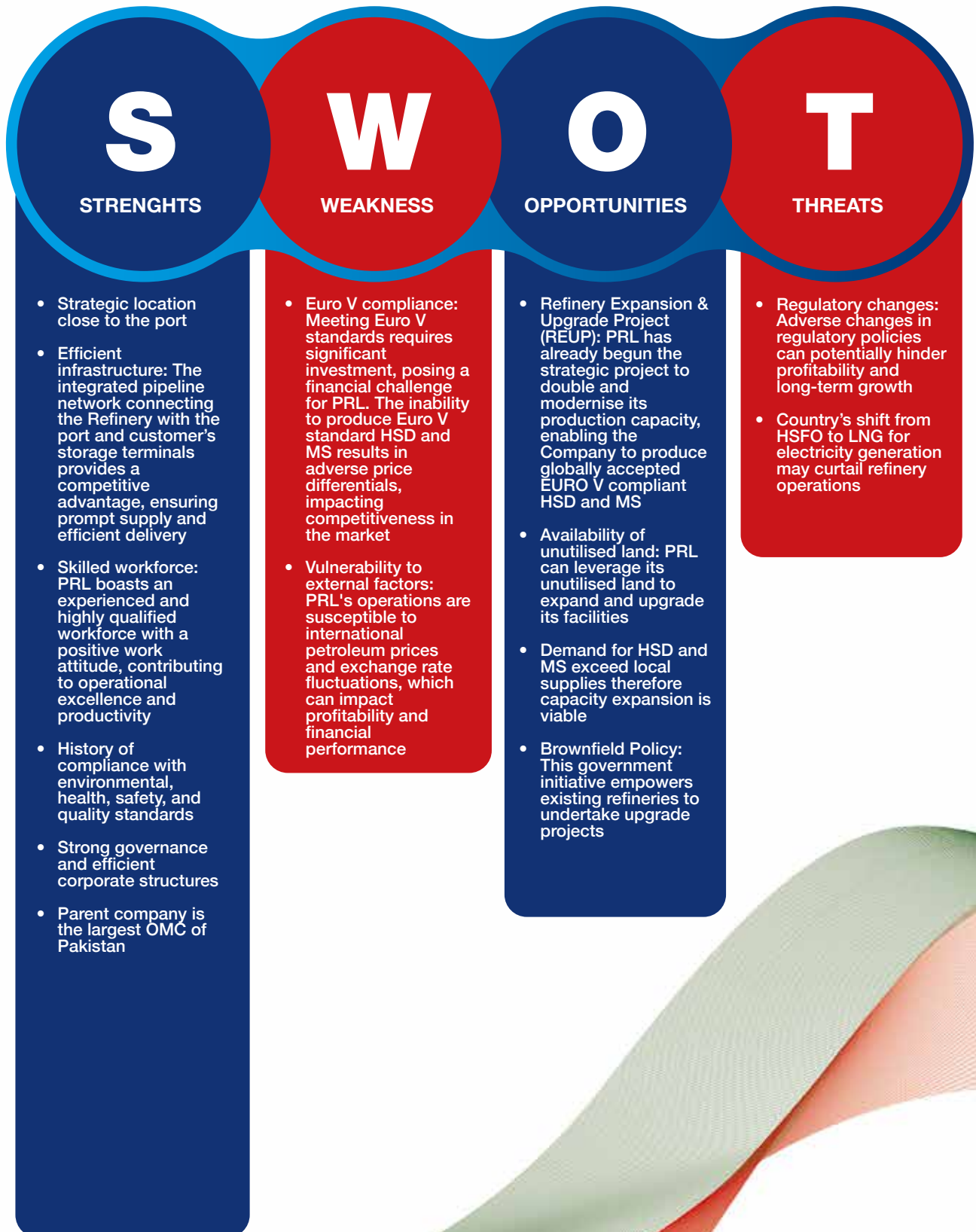
No significant material changes were made during this period, as PRL continued to execute its core strategies effectively.

Competitive Landscape

The Company sells products 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. Furthermore, due to reduction in local demand of HSFO, the Company is also exporting surplus HSFO. Except for HSFO, local production of other products is lower than the demand and deficit products are imported, therefore, competition among refineries to sell their products does not exist.



SWOT Analysis





Corporate Governance

Strategic Governance Driving Growth
and Profitability



Board of Directors





TARIQ KIRMANI

Chairman

Mr. Tariq Kirmani has more than 51 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 Deputy 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 of 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 Aircraft Fleet Renewal, Employee Rationalisation and 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 PRL and Gas & Oil Pakistan Ltd. (GO). 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 has also served as the Chairman of Punjab Energy Holding Company (Private) Limited (PEHCL), Pakistan International Airlines (PIA), United Bank Limited Fund Managers, Greenstar Social Marketing (GSM), Oil Companies Advisory Council (OCAC), and 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, 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 has been working for PRL as Managing Director & CEO since August 1, 2019. He is a Petroleum Engineer, and an MBA. Mr. Mir has over 36 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 and 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 worked for PRL as Managing Director & CEO from 2011 to 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 41 years of diversified experience. 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).

FALAK SHER VIRK

Director



Falak Sher Virk is a seasoned professional currently serving as the Deputy Secretary Corporate Affairs in the Ministry of Energy (Petroleum Division), Islamabad. With extensive experience in the Secretariat Group, he has held key roles in managing corporate affairs in Pakistan's oil and gas sector. His diverse portfolio includes prior appointments as Deputy Secretary in the Ministry of Interior, overseeing national security, law and order, and high-profile cases involving FIA Passport, immigration, and Interpol. He has also contributed to national food security policies and international trade cooperation during his tenure in the Ministry of National Food Security. A graduate with a Master's in English Literature, Falak Sher Virk brings strong leadership and administrative expertise to his current role.

MOHAMMAD ABDUL ALEEM

Director



Mr. Mohammad Abdul Aleem re-joined the Board of PRL in October 2020 and is the Chairman of its Audit Committee. Earlier Mr. Aleem was a Director of PRL in 2008. Besides PRL, Mr. Aleem is currently a Board member of Meezan Bank Limited. He has also served on the board of Engro Corporation Limited as the Chairman of their Audit Committee.

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 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 Managing Director, Pakistan State Oil Company Ltd.

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

MOHAMMAD ZUBAIR

Director



Mr. Mohammad Zubair is a distinguished leader in the corporate world with a remarkable track record that spans over four decades in the national and international oil and gas industry. With a notable career at Chevron (formerly Caltex), a global energy giant, from 1977 to June 2015, he has held key positions such as Country Representative (CEO), Group CFO, and CIA overseeing country management, finance/internal audit, and support services. His extensive experience includes working across various overseas locations, including Caltex Headquarters in Dallas, Thailand, and Singapore, offering him a deep understanding of diverse manpower and professionals across the globe. A seasoned Board Member, Mr. Zubair represented Chevron on various boards and committees in Pakistan, Egypt, and Middle East countries.

After his extensive tenure of 38 years at Chevron, he joined Total PARCO as Group CFO & Corporate Head, further enriching his extensive knowledge and experience of oil and gas industry. He holds academic and professional qualifications from esteemed institutions, including Columbia University NY and the Pakistan Institute of Corporate Governance, complemented by his status as a Fellow Member of the Institute of Chartered Management Accountants.

MOHSIN ALI MANGI

Director



Mr. Mohsin Ali Mangi is a seasoned professional with over 23 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.

SYED JEHANGIR ALI SHAH

Director



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 all marketing related functions in PSO. He is currently on the Board of Asia Petroleum Limited.

SYED MUHAMMAD TAHA

Director



Syed Muhammad Taha, capitalising on his over three decades of cross-industry experience, both local and international, marked the highest ever profits in the approximately five decades of Pakistan's largest energy icon - PSO. Under his leadership, the company has gone from strength to strength, maintaining strong volumetric growth in all product lines and steadily increasing market shares across major portfolios. Taha has successfully transformed PSO from an oil marketing business to an agile, integrated and future-ready energy company. He spearheaded the clean energy revolution in Pakistan, making PSO the first company to introduce EURO V fuels in the country while also building scale in low carbon energy alternatives such as EV charging and solarisation of locations. He streamlined management and marketing, redesigned the company's internal architecture and unlocked the talent and potential of the organisation's human capital with special focus on diversity and inclusion.

Harnessing the power of disruptive and indigenous technologies, he set the wheels for the company's long-term sustainability in motion through business process reengineering, automation and digitisation, diversification and new ventures. He increased focus on infrastructural projects, strategic financial management and high margin products with safety and customer-centricity being underpinning drivers of all initiatives. Previously, he worked as an Executive Director in Oasis Energy, heading the Program Management Office of Port Harcourt Electricity Distribution Company, Nigeria. Prior to that, as the Chief Distribution Officer at K-Electric Limited, he managed revenues exceeding USD 1.9 billion, catering to 2.4 million customers in Karachi and improving the productivity and effectiveness of 8000+ employees. Well known as a visionary strategist and respected for his transformational skills in the energy sector with decades of executive level experience, Taha has been a key member of the change management and leadership teams in various organisations where he successfully turned around struggling enterprises into highly profitable concerns. He holds an engineering degree with an MBA from the Institute of Business Administration, Karachi.

TARA UZRA DAWOOD

Director



As President of Dawood Global Foundation - LADIESFUND - Educate a Girl, to date, Tara Uzra Dawood has spearheaded the training of 12,000 women entrepreneurs, vocational education of 10,000 deserving girls in Pakistan and Nigeria, and the launch of Pakistan's first all-female incubation center, The Buraq Center. She is the Chairperson of LADIESFUND Energy Private Limited, a renewables project in Ghara, Sindh, to be led and run by women and for the purposes of promoting women in the sector. The company also has certified female engineers solarising rooftops. She is the CEO of 786 Investments Limited, sits on the Boards of Pakistan Refinery Limited and Dawood Family Takaful Limited, and has previously served on the Boards of Pakistan State Oil, Mutual Funds Association of Pakistan and Lahore Electric Supply Company (LESCO), the first female CEO or Director in each of these sectors and one who initiated practices to hire and promote other women.

ZAFAR UL ISLAM USMANI

Director



Mr. Zafar Ul Islam Usmani has held multiple C-level positions with multinational and national companies. He has worked as Chief Operating Officer in Cable & Wireless JV, Paktel; Chief Executive Officer in ExxonMobil JV in Pakistan; Senior Vice President Commercial in Pakistan International Airlines Corporation; Senior Executive Vice President in Pakistan Telecommunication Company Limited and Chief Operating Officer in CM Pak Ltd (Zong). He has overall 34 years of experience with 17 years in C-level positions, with exposure in the area of management, strategy, planning, marketing, sales, distribution, customer services and finance.

Mr. Usmani's key strength and experience has been in leading the turn around of struggling and/or financially bleeding companies (ExxonMobil JV in Pakistan), and in accelerating the growth of new and smaller companies to critical mass using technology and out-of-box approach (Zong: China Mobile).

Mr. Usmani served as Chairman of Pakistan State Oil Company Limited for more than 4 years where under his dynamic leadership and the board's direction and guidance, the company was able to regain its lost market share, enhance storage capacity and made significant strides in a number of areas, specially in the fields of digital transformation, organisation restructuring, policies and process improvements and diversification.

Mr. Usmani has also served on the Board of Directors of Lahore Electric Supply Company Limited, Genco Holding Company Limited, Pakistan Telecommunication Company Limited, China Mobile Pakistan, Mobil Askari Lubricants Limited, R&D Fund, and USF under Ministry of Information Technology & Telecommunication. He has also served as member on the Information Technology and Telecom Advisory Board under the Ministry of Information Technology and Telecommunication. He has served on numerous committees of the Board of Directors in different companies which included finance, risk management, information technology and innovation, strategy and diversification, audit, procurement, human resources, HSE, and customer services.

Mr. Usmani holds an MBA from Marquette University, Milwaukee, USA under USAID Scholarship and PGD from the Institute of Business Administration, University of Karachi, and Chief Operating Officers Program from Cable & Wireless College, Coventry, UK. Other than PRL, he is currently the Chairman of PSO Venture Capital (Private) Limited.

Composition of the Board

	Category	Number
a	Male	Ten
b	Female	One

Category	Names
Non-Executive/Independent Directors	<ul style="list-style-type: none"> • Tariq Kirmani • Aftab Husain • Mohammad Abdul Aleem • Mohammad Zubair • Syed Jehangir Ali Shah
Non-Executive Directors (PSO Affiliated)	<ul style="list-style-type: none"> • Falak Sher Virk • Mohsin Ali Mangi • Syed Muhammad Taha • Zafar Ul Islam Usmani
Female Director	<ul style="list-style-type: none"> • Tara Uzra Dawood
Executive Director (MD / CEO)	<ul style="list-style-type: none"> • Zahid Mir



Engagement of Board Members in Business Entities

Related Parties Disclosure
For the year ended June 30, 2024

S. No.	Name of Directors	Related Parties Based on Common Directorship
1	Tariq Kirmani	i. Gas & Oil Pakistan Limited ii. Professional Education Foundation iii. National Academy of Performing Arts
2	Aftab Husain	i. Pak Arab Refinery Limited ii. PARCO Coastal Refinery Limited iii. Petroleum Institute of Pakistan
3	Falak Sher Virk	Nil
4	Mohammad Abdul Aleem	i. Overseas Investors Chamber of Commerce & Industry ii. Meezan Bank Limited iii. Professional Education Foundation iv. Shameen Khan Memorial Foundation
5	Mohammad Zubair	Nil
6	Mohsin Ali Mangi	i. CERISMA (Private) Limited ii. PSO Renewable Energy (Private) Limited iii. PSO Venture Capital (Private) Limited
7	Syed Jehangir Ali Shah	i. Asia Petroleum Limited
8	Syed Muhammad Taha	i. Pakistan State Oil Company Limited ii. PSO Renewable Energy (Private) Limited iii. Pak Arab Pipeline Company Limited iv. Petroleum Institute of Pakistan v. Asia Petroleum Limited
9	Tara Uzra Dawood	i. 786 Investments Limited ii. Dawood Global Foundation iii. Ladies Fund Energy (Private) Limited iv. Ladies Fund Solar (Private) Limited v. Lean in Pakistan Foundation vi. Dawood Family Takaful Limited vii. Flow Petroleum (Private) Limited
10	Zafar Ul Islam Usmani	i. PSO Venture Capital Company
11	Zahid Mir	i. Petroleum Institute of Pakistan



Board Committees

Board Audit & Risk Committee

1	Mohammad Abdul Aleem	Chairman
2	Falak Sher Virk	Member
3	Mohammad Zubair	Member
4	Mohsin Ali Mangi	Member
5	Tara Uzra Dawood	Member

Terms of Reference

- a. Determination of appropriate measures to safeguard PRL's assets
- b. Review of annual and interim financial statements of PRL, 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
 - (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 PRL
- 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 PRL
- 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 PRL'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 PRL by the external auditors in addition to auditing



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 Human Resources & Compensation Committee

1	Tariq Kirmani	Chairman
2	Aftab Husain	Member
3	Syed Jehangir Ali Shah	Member
4	Syed Muhammad Taha	Member
5	Tara Uzra Dawood	Member
6	Zafar UI Islam Usmani	Member
7	Zahid Mir	Member (MD & CEO)

Terms of Reference

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

Board Project Steering Committee

1	Zafar UI Islam Usmani	Chairman
2	Aftab Husain	Member
3	Falak Sher Virk	Member
4	Mohsin Ali Mangi	Member
5	Syed Muhammad Taha	Member
6	Zahid Mir	Member (MD & CEO)



Terms of Reference

The Board of Directors have constituted the Board Project Steering Committee (BPSC) 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. BPSC 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 PRL 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

Attendance of the Board & Sub-Committees

For Meetings Held During the Year

Directors	Board of Directors		Board Audit & Risk Committee		Board Human Resources & Compensation Committee		Board Project Steering Committee	
	Meetings Held*	Meetings Attended	Meetings Held*	Meetings Attended	Meetings Held*	Meetings Attended	Meetings Held*	Meetings Attended
Tariq Kirmani	10	10	-	-	3	3	-	-
Abid Shahid Zuberi	3	0	-	-	-	-	-	-
Aftab Husain	10	10	-	-	3	3	5	5
Falak Sher Virk	4	4	2	2	-	-	1	1
Mohammad Abdul Aleem	10	10	5	5	-	-	-	-
Mohammad Zubair	7	7	4	4	-	-	-	-
Mohsin Ali Mangi	10	9	5	4	-	-	5	5
Nadeem Safdar	3	3	-	-	2	2	-	-
Rushna Fawad	2	2	1	1	-	-	1	1
Syed Jehangir Ali Shah	10	10	-	-	3	3	-	-
Syed Muhammad Taha	10	10	-	-	3	3	5	5
Tara Uzra Dawood	10	10	5	5	1	1	-	-
Zafar UI Islam Usmani	7	6	-	-	1	1	4	4
Zahid Mir	10	10	-	-	3	3	5	5

*Held during the year when concerned Director was on Board

Role of Chairman and CEO

The Chairman is appointed by the Board from amongst the Non-Executive Directors. The Chairman provides leadership to the Board of Directors and chairs General Meetings of the Shareholders. 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 PRL

are considered in the Board meetings. The Chairman is not involved in day-to-day operations of PRL.

The Managing Director & CEO provides leadership to the Management and is overall responsible for day-to-day affairs of PRL, 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 PRL adhering to the Vision and Mission Statement.

Other Directorships of Executive Directors

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 PRL 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

During the year, services of external search consultancy were obtained on a need bases.

Security Clearance of Foreign Directors

PRL does not have any 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 has approved a comprehensive Limit of Authority Manual (LAM). LAM considers the requirements of applicable laws and regulations and Articles of Association of PRL and defines which powers require approval of the shareholders in general meetings through ordinary / special resolution, the decisions that require Board approval and the extent to which these are delegated to management. Apart from decisions that require the 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 a 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 PRL in the decision-making process.

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

The current Board comprises of one Executive and ten Non-executive Directors that include five Independent Directors. The Board also includes one female in compliance with regulatory requirements.

External Oversight of Various Functions

To ensure effectiveness and upgrade of PRL's overall operations and controls, PRL as a routine involves external consultants for review of various functions. These include third party surveillance audits on IMS (ISO standards 45001, 9001 and 14001), Vulnerability and Penetration testing to assess 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, PRL also engages technical consultants for review of various equipment / technical processes in the refinery.

Safety of Records of PRL

PRL puts great emphasis on storage and safe custody of its financial and important corporate records. PRL's records include books of accounts, major agreements/contracts, documentations pertaining to taxation, legal, personnel information, electronic data, and other business-related information. The electronic database of the ERP system also forms part of PRL'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, 2024, 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. All related party transactions are under a 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

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

- **Financial Reporting:** Apart from legal requirements for disclosures in annual report, PRL 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:** PRL has adopted stringent HSEQ policies and procedures that exceed legal / regulatory requirements to ensure the safety of employees, integrity of assets and quality of products

Enterprise Resource Planning (ERP) System Disclosure

PRL recognises the critical role of its Enterprise Resource Planning (ERP) system in streamlining the Company's core business processes and promoting operational efficiency. The following are key aspects of PRL's ERP system and its management:

Integrated Business Process Management:

PRL's ERP system is designed to seamlessly manage and integrate various functions, including finance, HR, supply chain, and inventory management, within a single unified

platform. This integration enhances collaboration, data accuracy, and real-time decision-making across different departments.

Management Support and Continuous Updation:

The effective implementation and continuous updation of PRL's ERP system are well-supported by top management. Regular reviews and oversight ensure that the system aligns with evolving business requirements and industry best practices.

User Training of ERP Software:

To ensure optimal utilisation of PRL's ERP software, comprehensive training programs are conducted for users across all levels of the organisation. These training initiatives empower PRL's teams to leverage the system's functionalities to their fullest potential.

Risk Management on ERP Projects:

Managing risks associated with ERP projects is a priority for PRL. The Company has a dedicated risk management framework that identifies potential challenges and incorporates mitigation strategies. Thorough testing, data backup, and contingency planning contribute to a robust risk management approach.

System Security and Data Access:

PRL places a high emphasis on system security and safeguarding sensitive data. Rigorous assessments and audits are conducted to evaluate system security, access controls, and segregation of duties. By adhering to industry standards and best practices, the Company ensures data integrity and maintain confidentiality.

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 September 27, 2023, to answer questions on the BARC's activities and matters within the scope of BARC's responsibilities.

Date of Authorisation of Financial Statements

To timely communicate financial results to the stakeholders, the Annual Financial Statements of PRL for the year ended June 30, 2024, were approved by the Board in a meeting held on August 21, 2024. Necessary disclosures to the PSX were made on the same day after the conclusion of the Board Meeting.



Board Policy Disclosures

At PRL, transparency and effective governance are central to the Company's operations. PRL is committed to providing comprehensive disclosures regarding the board's policies on significant matters. The following key areas are covered in PRL's policy framework:

a) Governance of Risk and Internal Controls

The board actively oversees PRL's risk management framework and internal controls, conducting regular assessments to ensure their effectiveness and adequacy

b) Diversity and Gender Inclusivity

PRL values diversity, particularly gender representation, and has set measurable objectives to enhance inclusivity throughout the organisation. Progress towards these goals is regularly monitored and reported

c) Director's Interest in Contracts and Arrangements

Any director's interest in contracts or arrangements is disclosed and managed with the utmost integrity, in line with relevant laws and regulations

d) Remuneration of Non-Executive Directors

PRL ensures fair remuneration for Non-executive and Independent directors for their participation in board and general meetings

e) Executive Director's Retention of Board Fees from Other Companies

Any fees earned by PRL's Executive Directors for serving as non-executive directors at other companies are retained by the directors

f) Security Clearance of Foreign Directors

PRL ensures that appropriate security clearance is obtained for foreign directors serving on the board

g) Board Meetings Held Outside Pakistan

In certain circumstances, board meetings may be held outside Pakistan, while ensuring compliance with all legal requirements

h) Human Resource Management and Succession Planning

PRL places a strong emphasis on human resource management and maintains a well-prepared succession plan to nurture and retain top talent

i) Social and Environmental Responsibility

PRL is committed to fulfilling its social and environmental responsibilities, working to create a positive impact on society and the environment

j) Communication with Stakeholders

Effective communication with stakeholders is a priority, ensuring transparency and fostering trust and understanding

k) Investors' Relationship and Grievances

PRL prioritises strong relationships with investors and ensures their grievances are addressed promptly and transparently

l) Employee Health, Safety, and Protection

The well-being and safety of PRL's employees are of paramount importance, with robust measures in place to ensure a secure working environment

m) Whistle-blowing Policy

PRL has a comprehensive whistle-blowing policy that provides a fair and transparent mechanism for managing complaints. The policy ensures the protection of whistle-blowers against victimisation

n) Safety of Records

The Company takes all necessary precautions to safeguard PRL's records, ensuring their security and integrity

o) Management and Reporting Policies

PRL's management and reporting policies, including those related to procurement, waste, and emissions, are aligned with best practices in sustainability and environmental protection

These policy disclosures reflect PRL's commitment to best governance practices and responsible corporate citizenship. The Company continually strives to uphold the highest standards across all aspects of its operations for the benefit of stakeholders and society at large

Disclosure of Gender Pay Gap

PRL is committed to maintaining transparency regarding employment practices and remuneration policies. The Company does not recognise a gender pay gap as the compensation framework is structured strictly based on pay bands, which are determined by non-discriminatory factors such as years of experience, role responsibilities, and job performance.

This system ensures equal pay for employees in equivalent roles regardless of gender, aligning with PRL's ongoing commitment to gender equity. The Company's analysis for the financial year ending on June 30, 2024, affirms the absence of any gender-related disparities in pay among employees.

PRL's remuneration policy and practices are designed to uphold the principles of fairness and equity, contributing positively towards corporate governance and ethical business standards.

Business Continuity and Disaster Recovery Plan

PRL's Business Continuity and Disaster Recovery Plan recognises its critical importance in mitigating risks and ensuring the resilience of PRL's operations. The plan encompasses comprehensive strategies, protocols, and resources to safeguard PRL's business and minimise disruptions in the face of unforeseen events. The board remains committed to regular evaluation and refinement of the plan to align with evolving circumstances, ensuring PRL's ability to effectively respond and recover from any potential disruptions.



Pattern of Shareholding

As at June 30, 2024

No. of Shareholders	Number of Shareholdings		Total Shares
	From	To	
1,939	1	100	75,649
2,797	101	500	1,018,939
2,484	501	1,000	2,257,378
5,338	1,001	5,000	14,930,816
1,745	5,001	10,000	13,865,926
653	10,001	15,000	8,429,840
419	15,001	20,000	7,772,937
312	20,001	25,000	7,327,487
189	25,001	30,000	5,395,763
110	30,001	35,000	3,642,851
116	35,001	40,000	4,473,302
66	40,001	45,000	2,843,544
133	45,001	50,000	6,534,266
52	50,001	55,000	2,739,403
57	55,001	60,000	3,334,019
32	60,001	65,000	2,021,981
37	65,001	70,000	2,532,183
30	70,001	75,000	2,212,726
26	75,001	80,000	2,036,320
13	80,001	85,000	1,084,714
13	85,001	90,000	1,137,303
10	90,001	95,000	928,865
71	95,001	100,000	7,075,111
17	100,001	105,000	1,750,431
10	105,001	110,000	1,089,285
4	110,001	115,000	452,936
10	115,001	120,000	1,187,860
9	120,001	125,000	1,112,652
10	125,001	130,000	1,286,221
6	130,001	135,000	796,706
6	135,001	140,000	836,555
2	140,001	145,000	283,137
20	145,001	150,000	2,989,698
6	150,001	155,000	924,588
5	155,001	160,000	798,461
4	160,001	165,000	651,000
3	165,001	170,000	503,380
8	170,001	175,000	1,392,500
3	175,001	180,000	538,129
3	180,001	185,000	546,977
2	185,001	190,000	376,000
2	190,001	195,000	388,670
21	195,001	200,000	4,199,000
1	200,001	205,000	202,574
2	205,001	210,000	417,382
3	210,001	215,000	642,000
3	215,001	220,000	655,858
1	220,001	225,000	223,130
5	225,001	230,000	1,143,725
1	230,001	235,000	235,000
2	235,001	240,000	477,467
4	245,001	250,000	999,500
2	250,001	255,000	509,254
2	255,001	260,000	516,580
1	265,001	270,000	266,500
3	270,001	275,000	823,939
1	275,001	280,000	280,000
1	285,001	290,000	290,000
2	295,001	300,000	600,000



Pattern of Shareholding

As at June 30, 2024

No. of Shareholders	Number of Shareholdings		Total Shares
	From	To	
3	300,001	305,000	907,880
1	305,001	310,000	308,700
2	315,001	320,000	637,372
1	320,001	325,000	325,000
2	325,001	330,000	651,500
1	340,001	345,000	340,356
4	345,001	350,000	1,396,847
4	350,001	355,000	1,412,664
2	360,001	365,000	726,319
2	365,001	370,000	730,628
1	370,001	375,000	374,238
1	375,001	380,000	380,000
1	385,001	390,000	389,800
1	390,001	395,000	391,500
7	395,001	400,000	2,800,000
2	400,001	405,000	802,400
1	405,001	410,000	409,500
1	410,001	415,000	413,500
1	425,001	430,000	429,632
1	430,001	435,000	432,612
2	450,001	455,000	905,950
1	455,001	460,000	457,500
1	470,001	475,000	473,500
2	485,001	490,000	977,000
12	495,001	500,000	5,995,854
2	510,001	515,000	1,022,163
1	515,001	520,000	520,000
2	520,001	525,000	1,044,180
2	595,001	600,000	1,200,000
1	600,001	605,000	605,000
2	630,001	635,000	1,268,607
2	645,001	650,000	1,294,862
1	655,001	660,000	658,500
1	660,001	665,000	662,500
2	695,001	700,000	1,400,000
1	705,001	710,000	706,228
1	715,001	720,000	715,050
1	720,001	725,000	724,500
1	730,001	735,000	733,500
1	735,001	740,000	740,000
1	765,001	770,000	769,000
1	850,001	855,000	851,200
1	855,001	860,000	856,229
1	870,001	875,000	875,000
1	895,001	900,000	900,000
1	945,001	950,000	950,000
4	995,001	1,000,000	4,000,000
1	1,040,001	1,045,000	1,045,000
1	1,090,001	1,095,000	1,093,000
1	1,195,001	1,200,000	1,200,000
1	1,285,001	1,290,000	1,288,000
1	1,405,001	1,410,000	1,408,500
1	1,435,001	1,440,000	1,435,834
1	2,235,001	2,240,000	2,238,000
1	2,295,001	2,300,000	2,296,940
1	2,425,001	2,430,000	2,430,000
1	2,520,001	2,525,000	2,520,100
1	3,025,001	3,030,000	3,027,143
1	3,145,001	3,150,000	3,150,000



Pattern of Shareholding

As at June 30, 2024

No. of Shareholders	Number of Shareholdings		Total Shares
	From	To	
1	4,835,001	4,840,000	4,835,102
1	5,250,001	5,255,000	5,253,779
1	7,030,001	7,035,000	7,033,297
1	9,660,001	9,665,000	9,661,088
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
16,935			630,000,000

Pattern of Shareholding

As at June 30, 2024

S.NO.	Shareholders Category	No. of Shareholder	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)	4	20,500	0.00
2	Associated Companies, Undertakings, and related Parties (to be confirm by Company)	4	400,459,028	63.56
3	NIT and ICP	2	10,306,950	1.64
4	Banks, Development Financial Institutions, Non-Banking Financial Institutions	2	108,997	0.02
5	Insurance Companies	5	746,120	0.12
6	Modarabas and Mutual Funds	20	10,551,458	1.67
7	Share holders holding 10%	4	400,459,028	55.50
8	General Public: a. Local b. Foreign	16,742 -	168,902,455 -	26.81 -
9	Others	156	38,904,492	6.18



Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

For the year ended June 30, 2024

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:

	Category	Number
a	Male	Ten
b	Female	One

2. The composition of Board is as follows:

Category	Names
Independent Directors	Tariq Kirmani Mohammad Abdul Aleem Mohammad Zubair
Non-Executive Directors	Aftab Husain Syed Jehangir Ali Shah
Non-Executive Directors (PSO Affiliated)	Falak Sher Virk Mohsin Ali Mangi Syed Muhammad Taha Zafar Ul Islam Usmani
Executive Director - MD & CEO	Zahid Mir
Female Director	Tara Uzra Dawood

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;
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 meetings 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 the non-compliance mentioned in Paragraph 19;
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
2	Falak Sher Virk	Member
3	Mohammad Zubair	Member
4	Mohsin Ali Mangi	Member
5	Tara Uzra Dawood	Member

b) Human Resources & Compensation Committee

1	Tariq Kirmani	Chairman
2	Aftab Husain	Member
3	Syed Jehangir Ali Shah	Member
4	Syed Muhammad Taha	Member
5	Tara Uzra Dawood	Member
6	Zafar UI Islam Usmani	Member
7	Zahid Mir	Member (MD & CEO)



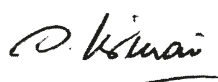
c) Project Steering Committee

1	Zafar Ul Islam Usmani	Chairman
2	Aftab Husain	Member
3	Falak Sher Virk	Member
4	Mohsin Ali Mangi	Member
5	Syed Muhammad Taha	Member
6	Zahid Mir	Member (MD & CEO)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;
14. The minimum frequency of meetings of the committee were as per following:
- Audit & Risk Committee: Quarterly
 - HR & Compensation Committee: Quarterly
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. Below is the non-compliance of non-mandatory requirement:

S.No.	Requirement	Explanation	Regulation No.
1	It shall be mandatory for all companies to ensure that by June 30, 2022, 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.	One Director is in the process of doing the Directors Training Certification.	19

On behalf of the Board



Tariq Kirmani
Chairman



Zahid Mir
Managing Director & CEO

August 21, 2024



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 37131900, Fax +92 (21) 35685095

INDEPENDENT AUDITORS' REVIEW REPORT

To the Members of Pakistan Refinery Limited

Review Report on the Statement of Compliance contained in the 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 30 June 2024 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 30 June 2024.





KPMG Taseer Hadi & Co.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph 19 where it is stated in the statement of compliance:

Non - Compliance with Regulation 19 of Code of Corporate Governance

S.No.	Requirement	Explanation	Regulation No.
1	It shall be mandatory for all companies to ensure that by June 30, 2022 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.	One Director is in the process of doing the Directors Training Certification.	19

Date: 09 September 2024

Karachi

UDIN: CR202410201f3sLm92CW


 KPMG Taseer Hadi & Co.
 Chartered Accountants



Audit & Risk Committee Report

For the Year Ended June 30, 2024

On behalf of the Audit & Risk Committee (the Committee), I am pleased to present my report for the year ended June 30, 2024. 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
- 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. Mohammad Zubair	Member	Independent Non-Executive Director
3.	Ms. Tara Uzra Dawood	Member	Non-Executive Director
4.	Mr. Mohsin Ali Mangi	Member	Non-Executive Director
5.	Mr. Falak Sher Virk	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 possesses the necessary commercial, regulatory, financial and audit expertise required to fulfil its responsibilities.

Committee Meetings

The Committee met five times during the financial year. Managing Director & Chief Executive Officer and Chief Financial Officer of the Company attended the meetings by invitation. The Company's external auditors also attended two meetings when issues related to accounts and audit were discussed. The Chief Internal Auditor has direct access to the Chairman of the Committee at all times and meets 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
- 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, 2024, 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 the identification of risks and assigning appropriate criticality levels 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, reports from the external auditors in respect of significant financial accounting and reporting issues, together with observations on significant internal control weaknesses 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 fulfill 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 the 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.

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 audit and non-audit services. 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.

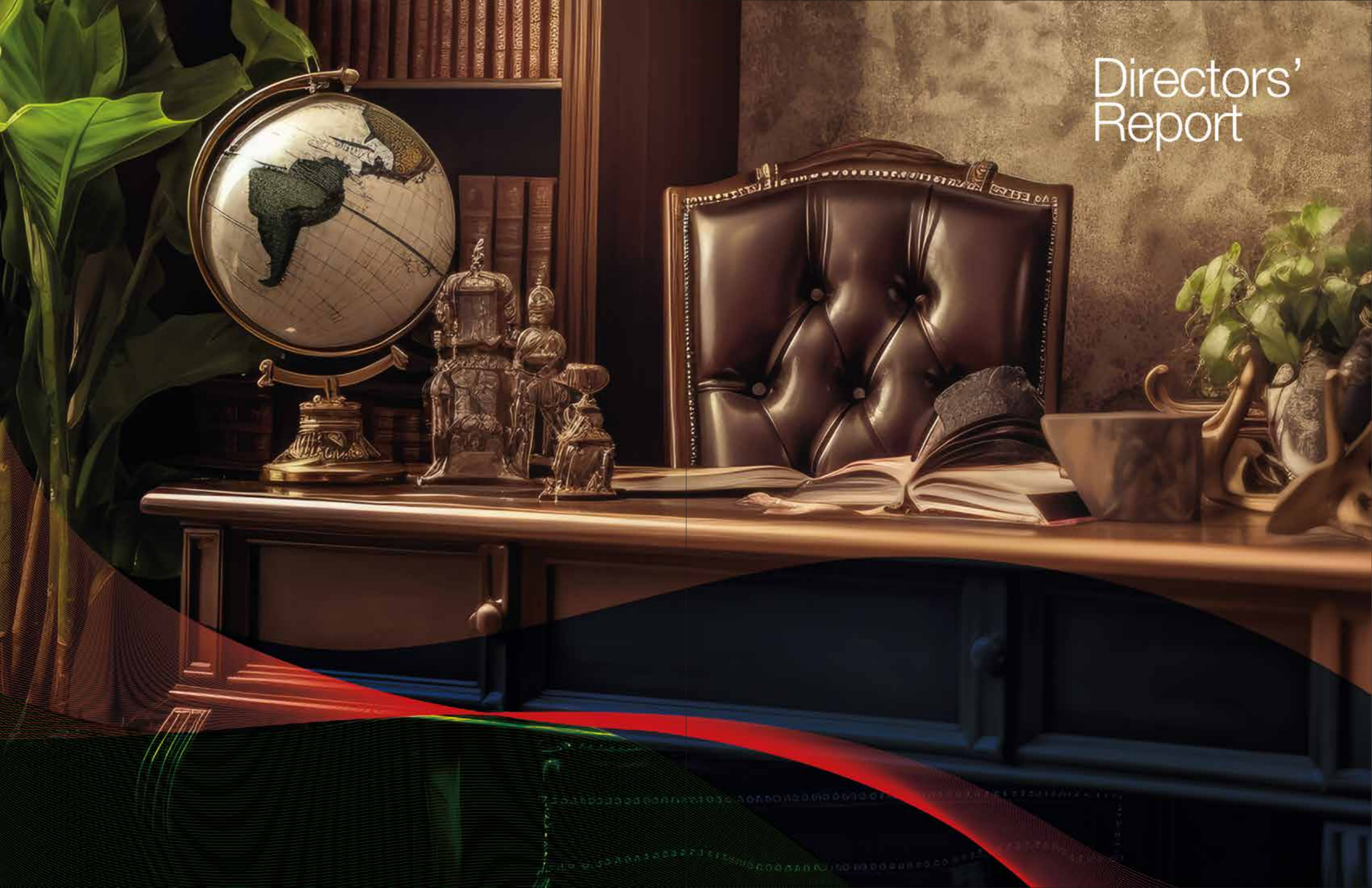
On behalf of the Audit & Risk Committee



Mohammad Abdul Aleem
Chairman Audit & Risk Committee



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, 2024.

FINANCIAL RESULTS

	2024	2023
	(Rupees in thousand)	
Profit for the year	4,061,635	1,824,967
Other comprehensive (loss) / income	151,761	(64,097)
Total comprehensive profit	4,213,396	1,760,870
Earnings per share	Rs. 6.45	Rs. 2.90
Appropriations:		
Transfer (from) / to Special Reserve	(16,979,049)	1,724,967

The Company continued its journey of profitable operations during the year and posted profit after taxation of Rs. 4.06 billion as compared to profit after taxation of Rs.1.82 billion last year. This continuity of profitable results was achieved through combining of aggressive business strategies with their effective execution, including suitable crude oil selection, application of robust operational parameters, cashflows and better inventory management.

Consistent efforts of the refining industry over the last four years paid off during this year with the announcement of Pakistan Oil Refining Policy for Upgrading of Existing / Brownfield Refineries (the Policy) by the Government of Pakistan (GOP) in August 2023. The Government later amended the Policy in February 2024 increasing the capping of incremental incentives from earlier 25% to 27.5%, increasing the period allowed to refineries to collect incentives from six years to seven years and allowed 7.5% tariff protection on High Speed Diesel (HSD) for a period of 20 years post commissioning of respective project. These policy measures are expected to greatly support the refineries to execute respective upgrade projects. With its unmatched commitment towards upgrading, PRL became the first, and to date the only refinery, to sign the required agreements on November 15, 2023, under the Policy with Oil and Gas Regulatory Authority (OGRA) thus becoming entitled to collect 'incremental incentives', which are deposited in Joint Escrow Account operated with OGRA. To incorporate the changes brought about in the Policy in February 2024, the Company has also submitted the supplemental agreement as allowed under the revised Policy, awaiting concurrence of GOP and OGRA to execute the same.

State of the Company's Affairs and its Review

A brief review on the Company's operations and state of affairs are as follows:

- Operational strategy was modified to cater the low market demand of HSD and Petrol (MS) but remained consistent to give best possible product mix with maximum production of these high margin products
- Local demand for High Sulphur Furnace Oil (HSFO) continued to drop significantly during the year, prompting the company to export ~ 142k Metric Tons of HSFO during the year as compared to ~115k Metric Tons last year
- A positive macro economic development towards the end of the current year brought relative appreciation and stability to PKR as compared to the previous year. Although PKR depreciated significantly during the first half of the current year when it depreciated from Rs. 286.60 per USD on July 1, 2023, to all time low of Rs. 307.50 / USD in September 2023 but recovered subsequently to close at Rs. 278.68 per USD on June 30, 2024. The Company incurred exchange losses of Rs. 0.7 billion as compared to exchange losses of Rs. 6.9 billion last year



- Confirmation of crude oil L/Cs continued to remain a challenge throughout this year. This is an added burden on refineries as this additional charge cannot be recovered through ex-refinery pricing. The Company remained engaged with the Ministry of Finance (MoF), the State Bank of Pakistan (SBP), Ministry of Energy (MoE), local banks and foreign L/C confirming banks on this matter. With the recent improvement in the country's credit rating this cost has started to come down
- Work on Pakistan Refinery Limited's (PRL's) Refinery Expansion and Upgrade Project (REUP) is progressing, and Front End Engineering Design (FEED) study phase has entered its final stages, with Rs. 9.96 billion spent till June 30, 2024, and completion targeted by Q2 2024-25. It is also very satisfying that the Company has procured technology licenses and simultaneously has initiated the process of 'Invitation to Bid' from Engineering, Procurement and Construction (EPC) Contractors who have been short-listed through a transparent qualification process

Principal Risks and Uncertainties

- The Refinery operates under policy framework of the Government of Pakistan. The pricing of certain products is regulated / monitored by MoE which is 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 the 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
- The demand of HSFO in the country is dropping continuously over the last years creating product ullage issues and threatening refinery operations. If the local demand of HSFO remains depressed this will put adverse pressure on the Company's operations and compel your refinery to export HSFO at a discount to remain in operation
- The Company has signed agreements with OGRA under the Pakistan Oil Refining Policy for Upgrading of Existing / Brownfield Refineries, which inter alia require the Company to complete its REUP in the stipulated period of six years. The completion of REUP is heavily dependent on the successful 'financial close' which is impacted by the country's credit rating, geo-political challenges together with reluctance of international financial institutions to lend for fossil fuel related projects

Future Prospects and Risk Mitigation Measures

Work on FEED phase of the Company's REUP is progressing. The REUP has the following objectives:

- Compliance with requirement to produce EURO V compliant HSD and MS;
- Doubling of crude oil processing capacity from 50,000 to 100,000 bpd
- To achieve self-sustainability by upgrading from hydro-skimming refinery to deep conversion refinery thereby, significantly reducing production of HSFO

M/s Wood Group UK Limited, as FEED contractor, is expected to complete the FEED by Q2 2024-25. The Company has also procured technology licenses from global technology licensors and after completing pre-qualification of EPC Contractors has initiated the process of Invitation to Bid from these contractors on EPCF mode, which entails that the EPC contractor will ensure project financing. Project cost will be determined after completion of FEED study, followed by the financial close and award of the EPC contract.



Dividend

The Directors have decided a final cash dividend of Rs. 2 per share for the year ended June 30, 2024.

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) after reassessment assigned long-term entity rating of A (Single A) and a short-term entity rating of A1 (Single A one) to Pakistan Refinery Limited. 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 of June 30, 2024, was as follows:

	(Rupees in thousand)
Provident Fund	642,571
Gratuity Fund – Management Staff	294,905
Gratuity Fund – Non-management Staff	130,805
Pension Fund – Management Staff	1,852,856
Pension Fund – Non-management Staff	260,702

Health, Safety, Environment & Quality (HSEQ)

Safe Manhours

PRL is committed to "Goal-Zero Incidents" and has completed 5 million manhours without any Lost Time Incidents (LTI) as of June 2024, showcasing our strong safety culture, effective management systems and commitment to continuous improvement.

HSEQ External Audit

In November 2023, a third-party surveillance audit based on IMS (ISO standards 9001, 14001, and 45001) was conducted which showed no 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 terminals was collected and disposed off safely as per Sindh Environmental Protection Agency (SEPA) guidelines.

Technical and Operations

The plant operated safely and efficiently throughout the year. Due to numerous operational excellence measures and high-level commitment of its management team, PRL achieved record-high production levels of HSD and MS in the first half of 2023-24. Notably, the Company also produced MS-95, meeting EURO V specifications for the first time, fulfilling customer satisfaction.

During the year, the Company successfully completed a major 38 days refinery turnaround; delivered with zero safety incidents, underscoring its dedication to operational excellence, safety, and efficiency. The effort entailed managing a substantial workforce of over 3,500 personnel; undertaking major renewals and repairs of equipment. During this period numerous refinery equipment were thoroughly inspected, maintained and identified mechanical issues were addressed. All activities were conducted with rigorous quality control and proactive integrity assessments, ensuring a safe and smooth restart of the plant.

The Isomerisation Unit, which was installed in 2014, underwent its first detailed inspection during turnaround 2024 after a decade of production. Due to the unit's sensitive catalyst, precise management of unit preparation and turnaround execution was crucial. The turnaround was completed successfully, with the unit's performance being achieved on schedule, demonstrating PRL's capability to adapt and complete complex tasks effectively.

Refinery Expansion and Upgrade Project (REUP)

During the year under review, the Front-End Engineering Design (FEED) contractor M/s Wood Group UK Limited continued its work on the REUP. The FEED process is progressing on schedule, with completion anticipated by Q2 2024-25. As part of the FEED phase, licenses were awarded to two main global licensors, UOP (USA) and Axens (France). The Process Design Packages (PDP) have also been finalised by these licensors. The prequalification of Engineering, Procurement, Construction and Financing (EPCF) Contractors has been finalised, and the first phase of the EPCF tendering process initiated in the first quarter of 2024-25.

Consistent efforts of the refining industry over the last four years paid off during this year with the announcement of Pakistan Oil Refining Policy for Upgrading of Existing / Brownfield Refineries (the Policy) by the Government of Pakistan (GOP) in August 2023. The Government later amended the Policy in February 2024 increasing the capping of incremental incentives from earlier 25% to 27.5%, increasing the period allowed to refineries to collect incentives from six years to seven years and allowed 7.5% tariff protection on High Speed Diesel (HSD) for a period of 20 years post commissioning of respective project. These Policy measures are expected to greatly support the refineries to execute respective upgrade projects. With its unmatched commitment towards upgrading, PRL became the first, and to date the only refinery, to sign the required agreements on November 15, 2023, under the Policy with Oil and Gas Regulatory Authority (OGRA) thus becoming entitled to collect 'incremental incentives', which are deposited in Joint Escrow Account operated with OGRA. To incorporate the changes brought about in the Policy in February 2024, the Company has also submitted the supplemental agreement as allowed under the revised Policy, awaiting concurrence of GOP and OGRA to execute the same.



Human Resources and Industrial Relations

PRL's Human Resources role is pivotal in driving organisational success. The Company is committed to attracting, retaining, developing, and rewarding high-potential talent by providing opportunities that align with the Company's strategic goals. The Company maintains a robust talent pool to address both the current and future needs of the Refinery.

The Company also focuses on a talent strategy that is further enhanced by initiatives which includes Trainee Engineers, Management Trainees and Trainee Chemists, as well as an Apprenticeship Program. These programs infuse the organisation with innovative ideas and fresh perspectives, fostering a dynamic and forward-thinking environment.

Additionally, a proactive approach is adopted to ensure smooth business operations during leadership transitions. Through comprehensive succession planning, future leaders are identified and prepared, assessing their skills and abilities for critical roles. This emphasis on training and development ensures a seamless transition of key positions, safeguarding the Organisation's success and minimising disruptions.

The Company is maintaining cordial relations with the Collective Bargaining Agent (CBA), thus ensuring industrial peace and harmony.

Corporate Social Responsibility (CSR)

During the year 2023-24, the Company again demonstrated its unwavering commitment to key sectors such as education and healthcare through substantial donations and impactful initiatives. This commitment is exemplified by notable contributions, including Rs. 15.4 million to Indus Hospital, Rs. 10 million to Child Life Foundation's Korangi Hospital, and Rs. 3 million to Layton Rehmatulla Benevolent Trust (LRBT) for essential eye care services.

Additionally, in partnership with The Citizens Foundation (TCF), under a 10-year commitment to support the operational expenses of Professor Amanat Ali Campus, Rs. 10.1 million donation was made to provide quality education to underprivileged children. Further donations include Rs. 5 million to the Institute of Business Administration (IBA) for educational enhancement and Rs. 0.5 million to GoRead.pk to promote reading and positive values among children in low-income neighborhoods. PRL also donated PCs and laptops to enhance the educational experience and facilitate better learning in underprivileged schools.

Adequacy of Internal Financial Controls

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. 91.96 billion (2023: Rs. 65.52 billion) to the National Exchequer in the form of direct and indirect taxes. In addition, during the year Company's exports fetched valuable foreign exchange of USD 80.43 million (2023: USD 78.48 million).



Key Operation and Financial Data

A statement summarising key operating and financial data for the last six years is annexed to 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.

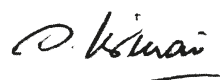
External Auditors

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

Acknowledgement

The Board places its appreciation and acknowledgment for the valuable support of the Ministry of Energy and other governmental authorities. The Board acknowledges and greatly values the support and trust demonstrated throughout the year by the shareholders, financial institutions, employees and other stakeholders.

On behalf of the Board of Directors



Tariq Kirmani
Chairman



Zahid Mir
Managing Director & CEO

Karachi: August 21, 2024

Strategy & Resource Allocation

Solutions Maximizing Resource Efficiency



Strategy and Resource Allocation

Strategic Objectives and Planning

In pursuit of sustained growth and value creation, PRL has developed a robust business strategy that aligns with PRL's vision and objectives. The strategy focuses on optimising the core business, exploring new opportunities, and expanding its energy value chain. PRL aims to achieve these strategic objectives through a mix of short, medium, and long-term planning, supported by effective resource allocation and operational excellence.

S.No.	Objective	Nature	Strategy
1	Uninterrupted operations of the refinery	Short / medium / long	PRL continues to focus on preventive maintenance plans to ensure uninterrupted operations of the Refinery. Further, PRL 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 remains on increasing distillate yields, reducing manufacturing losses and continues plant availability.
3	Health, Safety, Environment and Quality (HSEQ)	Short / medium / long	PRL 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	PRL has 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 bpd to 100,000 bpd.
5	Stakeholder satisfaction	Short / medium / long	All stakeholder complaints are managed 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 and contributes regularly towards the welfare of the society.
7	Financial discipline	Short / medium / long	PRL targets improving profitability to create value for shareholders. Availability of finances at lower rates and controlling operating expenses promote financial discipline in PRL.



Resource Allocation and Capital Overview

To implement the strategic objectives, PRL has allocated resources across various capital categories. In terms of financial capital, PRL has planned to invest significant funds towards the REUP project and other capital expenditures aimed at improving operational efficiency and increasing capacity. Human capital is another critical resource, and PRL has plans to recruit and retain top talent, provide ongoing training and development, and foster a culture of innovation.

Manufactured capital, including equipment, infrastructure, and facilities, is also a priority for PRL. The Company has plans to upgrade existing facilities and invest in new equipment and infrastructure to support its strategic objectives.

Social and relationship capital, which includes PRL's interaction with stakeholders, customers, and partners, is a vital asset for the Company. PRL aims to further strengthen its relationships and forge new partnerships to support its growth and diversification initiatives. Recognising the importance of natural capital, the Refinery is committed to incorporating sustainable practices and reduce its environmental footprint, ensuring a balance between business growth and environmental responsibility.

Company's most significant resources are as follows:

a) **Human Capital**

The biggest asset of PRL is its trained and dedicated workforce. PRL continues its efforts to develop career plans for high potential employees and ensure training for all employees.

b) **Financial Capital**

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

c) **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.

d) **Natural Capital**

PRL's business model gives prime importance to preservation of natural resources and environmental protection. PRL through its waste management and effluent monitoring process, minimises any harmful impact to the environment caused by the refinery operations.

Competitive Advantage and Value Creation

PRL's inherent strengths and strategic investments, exemplified by the REUP project, reinforce its competitive edge and value proposition. This initiative expands product range, boosts refining capacity, and curbs fuel imports, while leveraging advanced technology for operational excellence. Moreover, sustainable practices enhance reputation, mitigate risks, and attract conscientious investors. Strong stakeholder relations further solidify PRL's advantage and foster enduring partnerships in a stable business landscape.



Factors Impacting Strategy and Resource Allocation

PRL's strategy and resource allocation is influenced by various factors, including technological changes, innovation initiatives, and resource shortages. PRL has responded to technological advancements by implementing significant digital transformation strategies to enhance operational efficiency, reduce costs, and improve decision-making. PRL has fostered innovation through the REUP. PRL has had to tackle resource shortages, leading it to adopt cost-cutting measures and seek partnerships and collaborations to ensure sustainable input supply. These factors have shaped PRL's short, medium, and long-term strategic objectives, including enhancing production and revenue, optimising refining strategies, and implementing operational and cost-cutting measures to maintain a sustainable competitive advantage and create value for stakeholders.

KPIs for Strategic Objectives

PRL is committed to achieving its strategic objectives by monitoring and measuring its performance against key performance indicators (KPIs). PRL uses a scorecard system to track progress towards its goals and objectives and to identify areas where performance can be improved. PRL regularly reviews its KPIs to ensure that they remain relevant and aligned with its strategic objectives. By measuring and monitoring its performance against these KPIs, PRL can make informed decisions to improve its operations, maintain financial stability, and achieve its growth objectives.

To ensure that it is meeting its strategic objectives, PRL has identified five key areas for which it measures KPIs:

- Health, Safety & Environment
- Operational
- Financial
- REUP
- Human Resource Development

Financial Performance and Debt Management

There have been no defaults in repayment of any debt during the year. PRL implemented various measures such as efficient crude planning including buying low-cost crude cargoes on a SPOT basis, inventory management, achieving optimal product mix yields etc. These measures consequently improve profitability, which augments the cash and cash equivalents and reduces reliance on borrowings. In addition, the Company has taken up the challenge to improve the operating cycle, for instance increasing the proportion of cash sales, which improves liquidity. All such measures have helped and will help the Company to settle its liabilities promptly.





Risks & Opportunities

Mitigating Risks to Ensure Growth and Profitability



Risks and Opportunities

Analysis of Capital Availability, Quality, and Affordability

To ensure the availability, quality, and affordability of capital, PRL conducts a comprehensive analysis of both internal and external factors. By evaluating key risks and opportunities, PRL aims to effectively manage its financial, human, and technological resources.

Internal Factors

1. Financial Capital:

- Opportunity: Access to diverse financing options and capital markets can provide PRL with the necessary funds to invest in infrastructure upgrades, process improvements, and expansion projects. This can enhance the availability and quality of financial capital
- Risk: Inadequate financial management and economic uncertainties can pose challenges in securing affordable capital, potentially limiting the availability of funds for critical investments

2. Human Capital:

- Opportunity: Building a skilled and motivated workforce through recruitment, training, and development programs can improve the quality of human capital. A talented and knowledgeable workforce enhances operational efficiency, innovation, and overall organisational performance
- Risk: Shortage of skilled labor, high turnover rates, and the lack of continuous professional development can impact the availability and quality of human capital, leading to decreased productivity and competitiveness

External Factors

1. Market Conditions:

- Opportunity: Favourable market conditions, such as stable crude oil prices and increasing demand for petroleum products, can positively impact the availability and affordability of the capital. This allows PRL to optimise production and maximise profitability
- Risk: Change of oil prices in the market can affect overall pricing

2. Regulatory Environment:

- Opportunity: Supportive regulatory frameworks, tax incentives, and government policies promoting energy sector investments can enhance the availability and affordability of the capital. This facilitates PRL's ability to invest in sustainable technologies, infrastructure upgrades, and environmental compliance
- Risk: Stringent regulations, compliance requirements, and changes in government policies can increase costs, impact affordability, and limit the availability of capital. Non-compliance may result in penalties and reputational damage

3. Technological Advancements:

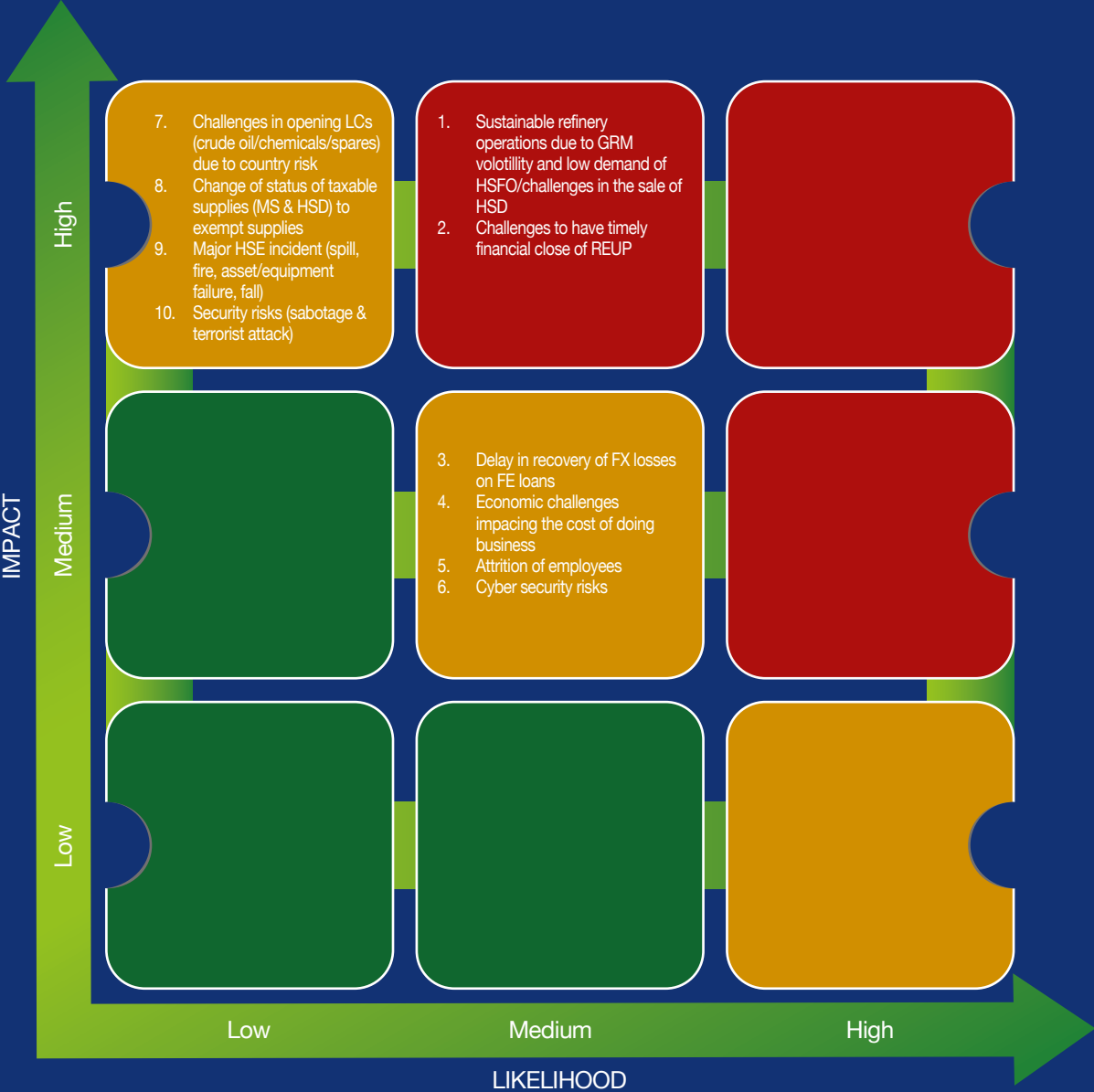
- Opportunity: Embracing technological advancements, such as digitalisation, automation, and process optimisation, can improve the quality and affordability of capital. This leads to enhanced operational efficiency, cost savings, and better utilisation of resources
- Risk: Rapid technological changes and the need for constant upgrades may require significant investments, impacting the affordability and availability of capital. Inadequate adoption of technology can result in operational inefficiencies and reduced competitiveness



Risk Management and Governance

Business Risk Matrix:

To ensure proactive risk management, PRL has developed a comprehensive business risk matrix that assesses the likelihood and impact of various risks. This matrix encompasses a wide range of risks, including operational, financial, legal, and reputational factors. By regularly reviewing and updating the risk matrix, the Company is able to identify emerging risks and implement appropriate measures to mitigate them, ensuring a robust approach to risk management.



In response to the identified risks, PRL has implemented a range of measures, including investing in new technologies, strengthening PRL’s financial position, and enhancing PRL’s corporate governance practices. A risk management team is also in place to monitor and manage risks on an ongoing basis.

Risk Mitigation Measures

In pursuit of sustainable growth and effective risk management, PRL has undertaken specific steps to mitigate key risks and capitalise on key opportunities. The management continuously reviews all the high-priority corporate risks that pose a serious threat to PRL's profitability and liquidity and makes relentless efforts to mitigate those risks as part of day-to-day activities.

	Business Risks	Rating	Impact	Mitigation
1	Sustainable refinery operations due to GRM volatility and low demand of HSFO/challenges in the sale of HSD	High	Volatile GRM <ul style="list-style-type: none"> • Inventory losses • Liquidity issues Low demand for HSFO <ul style="list-style-type: none"> • Ullage problem • Reduced throughput • Refinery shutdown 	<ul style="list-style-type: none"> • Inventory management through periodic review • Optimise crude oil selection / new customers / export of HSFO • Active engagement with government authorities, OCAC, and other relevant forums
2	Challenges to have timely financial close of REUP	High	<ul style="list-style-type: none"> • Reputational risk with financial institutions, consultants, and licensors 	<ul style="list-style-type: none"> • Engaging actively with ministry, GOP, and SBP to explain the significance of REUP • Bringing in potential strategic investors preferably foreign
3	Delay in recovery of FX losses on FE loans	Medium	<ul style="list-style-type: none"> • Financial stability • Cash flow constraints 	<ul style="list-style-type: none"> • Continuous engagement with GOP, and other stakeholders, at relevant forums • Prior settlement of similar claims of other companies by GOP
4	Economic challenges impacting the cost of doing business	Medium	<ul style="list-style-type: none"> • Increase in tax rates • Energy costs • Reduction in revenues • High financial costs • Parity exchange rate inflation 	<ul style="list-style-type: none"> • Active engagement with government authorities, and industry partners at relevant forums to avoid such unilateral changes
5	Attrition of employees	Medium	<ul style="list-style-type: none"> • Adverse impact on company operations due to higher attrition • Decreased employee morale 	
6	Cyber security risks	Medium	<ul style="list-style-type: none"> • Potential financial losses • Reputation damage • Operational disruption • Theft of sensitive data 	<ul style="list-style-type: none"> • Implement firewalls • Using secure communication channels • Regular system updates • Data backup and recovery • Training and awareness • Conduct external reviews at regular intervals for improvement



	Business Risks	Rating	Impact	Mitigation
7	Challenges in opening LCs (crude oil /chemicals /spares) due to country risk	Medium	<ul style="list-style-type: none"> Operational disruption or refinery shutdown 	<ul style="list-style-type: none"> Active engagement with government authorities, SBP, OCAC, and other relevant forums
8	Change of status of taxable supplies (MS & HSD) to exempt supplies	Medium	<ul style="list-style-type: none"> Impact on profitability Cash flow implications Impact on REUP viability 	<ul style="list-style-type: none"> Active engagement with government authorities, and industry partners at relevant forums to revert this change
9	Major HSE incident (spill, fire, asset/equipment failure, fall)	Medium	<ul style="list-style-type: none"> Fatality/injuries Damage to plant/asset Reputation risk Operational disruptions Litigation/penalties Environmental impact 	<ul style="list-style-type: none"> Compliance with SOPs/controls
10	Security risks (sabotage & terrorist attack)	Medium	<ul style="list-style-type: none"> Fatalities/ injuries Damage to plant & infrastructure Operational disruptions Financial loss 	<ul style="list-style-type: none"> Compliance with SOPs/controls Liaison with law enforcement agencies for improved security arrangements



Sustainability Reporting & Corporate Social Responsibility

Advocating for Good



Sustainability and Corporate Social Responsibility (CSR)

Best Practices for Corporate Social Responsibility (CSR)

PRL views Corporate Social Responsibility (CSR) more than just philanthropy; it is a fundamental part of the Company's identity and purpose. By maintaining a steadfast commitment to best practices in CSR, PRL strives to create sustainable value and drive meaningful change. Through strategic partnerships and initiatives, PRL has extended support to those in need, demonstrating an unwavering dedication to social welfare and a strong belief in the transformative power of education and healthcare. The company will continue to seek opportunities to make a positive impact, guided by a commitment to environmental sustainability, ethical practices, and the well-being of all stakeholders.

Sustainability Strategy

PRL's commitment to ESG (environmental, social, and governance) principles remains steadfast. The Company is dedicated to integrating sustainable practices into its operations, adhering to the highest standards of Health, Safety, Environment, and Quality (HSEQ) excellence. The Refinery aims to create shared value, promote inclusivity, and foster responsible governance. By transparently reporting progress and engaging with stakeholders, the Company strives to contribute to a sustainable future and uphold its responsibility as a corporate citizen.

Linking Sustainable Practices to Financial Performance

PRL firmly believes that sustainable practices not only align with its Corporate Social Responsibility (CSR) commitment but also contribute significantly to the Company's financial performance. By integrating ESG principles, the Refinery reduces operational costs, optimises resource utilisation, and manages risks effectively. Additionally, CSR efforts enhance PRL's brand reputation and foster stakeholder trust. These sustainable practices are not just an ethical choice but a strategic one, demonstrating that responsible business conduct creates a positive cycle, benefiting both the communities served and the financial bottom line.

Sustainability and Corporate Social Responsibility (CSR) Performance Summary

PRL has long been committed to operating responsibly and sustainably. As part of its corporate philosophy, the Company integrates social, environmental, and economic considerations into its core business strategies. PRL's Corporate Social Responsibility (CSR) initiatives and sustainability efforts are designed to contribute positively to society while fostering a culture of excellence and ethical practices. During the fiscal year 2023-24, the Refinery reaffirmed its unwavering commitment to CSR through substantial donations and impactful initiatives, significantly supporting key sectors such as education, healthcare, and community development. Key CSR initiatives & contributions during the year are as follow:

Key CSR Initiatives and Contributions

Healthcare Initiatives

- Indus Hospital**
Contribution: Rs. 15.4 million
Impact: This substantial donation supports Indus Hospital's mission to provide high-quality, accessible healthcare services. The contribution plays a crucial role in advancing healthcare accessibility and quality within the community, ensuring that more individuals receive the medical attention they need without financial burdens.
- ChildLife Foundation**
Contribution: Rs. 10 million
Impact: The donation supports the Emergency Room at Korangi Hospital, adopted by ChildLife Foundation. This contribution is vital in ensuring timely and quality emergency care, addressing critical health needs, and potentially saving lives in the community.
- Layton Rehmatulla Benevolent Trust (LRBT)**
Contribution: Rs. 3 million
Impact: PRL's donation funded an eye camp, providing essential eye care services such as screenings, treatments, and surgeries. This initiative has a profound impact on individuals suffering from visual impairments, improving their quality of life and overall healthcare outcomes.



Educational Initiatives

- The Citizens Foundation (TCF)**
Contribution: Rs. 10.1 million
Impact: As part of a 10-year Memorandum of Understanding (MoU) with TCF, this donation supports the mission to provide quality education to underprivileged children. This long-term partnership aims to enhance educational opportunities, promoting literacy and learning in marginalised communities.
- Institute of Business Administration (IBA)**
Contribution: Rs. 5 million
Impact: The contribution to IBA supports the promotion of quality education at one of Pakistan's premier business schools. This initiative helps in enhancing educational resources and opportunities, fostering future business leaders and professionals.
- GoRead.pk**
Contribution: Rs. 0.5 million
Impact: PRL's support for GoRead.pk aims to promote reading habits and good manners among children in low-income neighborhoods. This initiative fosters a love for reading, enhances literacy rates, and instills positive values from a young age, contributing to the overall development of the children.
- Educational Resources**
Details: PRL provided PCs and laptops to various educational organisations.
Impact: These contribution are instrumental in enhancing the educational experience, facilitating better learning outcomes, and ensuring that students have access to modern educational tools and resources.

Community Development and Sustainability

PRL's commitment to sustainability extends beyond healthcare and education. The Company's broader CSR strategy encompasses a range of community development projects, environmental sustainability initiatives, and employee engagement programs, all aimed at fostering a positive societal impact.

Environmental Initiatives

PRL has implemented numerous projects focused on reducing environmental footprints, including waste management programs, energy-efficient technologies, and initiatives to minimise emissions. PRL has signed an MoU with the Government of Sindh to plant 150,000 trees within and around the refinery to reduce carbon footprint.

Employee Engagement and Development

PRL places a high emphasis on employee well-being and professional growth. Programs such as the Summer Internship Program, Retirees Lunch, and continuous professional development workshops are designed to nurture talent and promote a healthy, inclusive work environment.

Community Outreach

Activities such as the Independence Day Celebration, Club PRL's Family Outing, and various community visits underscore PRL's dedication to building strong, vibrant communities.

PRL's CSR and sustainability efforts during the fiscal year 2023-24 underscore its steadfast commitment to making a meaningful difference in the lives of individuals and communities it serves. By integrating CSR into its core business strategy, the Company not only contributes to socio-economic development but also builds a legacy of corporate responsibility and ethical business practices. PRL's comprehensive approach to CSR reflects its belief that true success is measured not only by financial achievements but also by the positive impact made on society.

Compliance with Corporate Social Responsibility Guidelines and Regulatory Framework

PRL fully complies with the Corporate Social Responsibility (Voluntary) Guidelines, 2013, issued by the SECP. The Company's CSR policy aligns with these guidelines and encompasses healthcare support, education assistance, environmental initiatives, and relief efforts during emergencies. PRL is committed to responsible and sustainable business practices that positively impact society and the environment.

Memberships for Sustainable and Responsible Practices

PRL has acquired certifications for HSEQ management system standards, including ISO 45001, ISO 14001, and ISO 9001. The Company also holds membership in the Horticulture Society of Pakistan, further reinforcing its commitment to horticulture and environmental stewardship.





Stakeholders' Relationship & Engagement

Partnerships for Mutual Growth and Profitability

Stakeholders' Relationship and Engagement

Stakeholder Engagement Strategy and Framework

Stakeholder engagement is a fundamental aspect of PRL's operations, recognising the vital role stakeholders play in shaping the Company's success and fostering sustainable growth. Through a comprehensive analysis, PRL has identified its key stakeholders, including employees, customers, suppliers, local communities, government authorities, industry associations, shareholders, and regulatory bodies.

To effectively engage with its stakeholders, PRL utilises a range of communication channels and initiatives, central to its approach. The Company respects the rights, interests, and expectations of its stakeholders, continually striving to understand their needs, priorities, and concerns. By fostering collaborative relationships, PRL aims to build trust, enhance accountability, and achieve mutually beneficial outcomes.

Stakeholder Engagement and Impact on Performance

PRL prioritises stakeholder engagement as a key driver of building strong relationships and addressing stakeholder needs. The Company actively engages with institutional investors, customers, suppliers, banks, media, regulators, local communities, and analysts through regular communication and collaboration. These interactions directly influence PRL's performance and value, and are managed through proactive dialogue, feedback mechanisms, and dedicated stakeholder management teams. By understanding stakeholder perspectives and aligning strategies accordingly, PRL fosters trust, enhances its reputation, and ensures sustainable outcomes. Key stakeholders include the following:

- a) **Shareholders**
PRL engages shareholders through annual general meetings, providing updates on performance, financial results, and strategic initiatives. The Company values shareholder feedback and incorporates their expectations into its decision-making processes.
- b) **Customers & Suppliers**
Ongoing engagement with customers and suppliers is crucial for fostering strong partnerships. Through regular dialogue, PRL aims to understand their requirements, resolve issues, and explore opportunities for collaboration and innovation.
- c) **Banks and Other Lenders**
PRL maintains open communication with banks and lenders, discussing financial performance, capital requirements, and risk management strategies. These engagements help to secure financial support and maintain strong relationships with financial institutions.
- d) **Media**
Media engagement is vital for sharing PRL's corporate activities, initiatives, and achievements. The Company communicates proactively through press releases, interviews, and participation in industry events to ensure accurate and transparent dissemination of information.
- e) **Regulators**
PRL engages regulators to ensure compliance with applicable laws and regulations. The Company participates in regulatory consultations, provides required information, and maintains a cooperative relationship with regulatory bodies to uphold legal standards.



- f) **Local Communities**
PRL actively engages with local communities to understand their needs and concerns, foster goodwill, and contribute positively to societal development. The Company participates in community meetings and supports community development initiatives, ensuring a positive and sustainable impact on the local areas in which it operates.
- g) **Analysts**
Engagement with analysts is key to ensuring transparent and accurate coverage of PRL's performance. The Company provides essential information, participates in analyst briefings, and responds to inquiries, enabling analysts to make well-informed assessments of its performance.

Encouraging Minority Shareholder Participation

Management has implemented various initiatives to promote and encourage the attendance of minority shareholders at general meetings. These measures include providing clear information and guidance on meeting procedures and creating an inclusive and welcoming environment for all shareholders to participate and express their views. The aim is to ensure that all shareholders, including minority shareholders, can engage, ask questions, and make informed decisions during general meetings.

Investor Relations' Section on the Website

PRL's Investor Relations' section on the corporate website serves as a centralised hub for stakeholders to access comprehensive financial and non-financial information. With company updates, press releases, financial statements, and other resources readily available, the Company prioritises transparency and aims to foster effective communication with investors, analysts, and other stakeholders. PRL also utilises various channels, including social media and email, to maintain an open dialogue and promptly address inquiries.

Issues raised in the last AGM, Decisions taken and their Implementation Status

At PRL, shareholder input is highly valued, and the Company actively seeks participation in the Annual General Meeting (AGM). The AGM serves as an important platform to address shareholder queries, discuss concerns, and gather valuable advice for future actions. PRL is pleased to report that no significant issues were raised in the last AGM, reflecting overall satisfaction and confidence of shareholders. The Company remains committed to open and transparent communication with stakeholders while striving towards organisational goals.

Stakeholder Engagement and Analyst Briefing

PRL has demonstrated a robust commitment to engaging stakeholders through comprehensive corporate briefing sessions, reflecting its dedication to transparency and open communication. These sessions serve as a vital platform for understanding and incorporating the perspectives of stakeholders in strategic decision making. Additionally, PRL has taken proactive steps to provide insightful summaries of analyst briefings conducted throughout the year. These briefings encompass a wide spectrum of topics, ranging from industry trends, Pakistan's petroleum demand, local refinery production share, and global crude and product prices. The sessions delve into PRL's organisational and operational landscape, highlighting key achievements such as operational excellence and financial milestones. This unwavering commitment to stakeholder engagement and transparent communication remains an integral part of PRL's journey towards sustained growth and shared success.

Investor Grievance Redressal

PRL's Company Secretariat plays a crucial role in maintaining constant engagement with shareholders, ensuring that their queries are promptly addressed and requests for information are fulfilled. The Company values open communication and strives to address investor concerns efficiently. PRL's dedicated team diligently works to resolve shareholder complaints, providing the necessary support and guidance. The Company is committed to maintaining a strong and transparent relationship with its investors, fostering trust and confidence in PRL.



Disclosures on IT Governance & Cybersecurity

Anticipating Tomorrow



Disclosures on IT Governance and Cybersecurity

Evaluation and Enforcement of Legal and Regulatory Implications of Cyber Risks

PRL recognises that the ever-evolving digital landscape presents both opportunities and challenges. As part of its commitment to safeguarding stakeholders' interests, the Company focuses on evaluating and enforcing the legal and regulatory implications of cyber risks. In today's interconnected world, the potential impact of cyber threats on businesses is substantial. To address this, PRL has implemented a comprehensive Cybersecurity Risk Management Framework that encompasses prevention, detection, and response strategies. PRL's dedicated team of experts continuously evaluates the cyber landscape, identifies potential vulnerabilities, and develops proactive measures to strengthen its cybersecurity posture.

In pursuit of excellence and sustainable growth, PRL remains committed to upholding the highest standards of cybersecurity. The Company's dedication to evaluating and enforcing the legal and regulatory implications of cyber risks demonstrates its unwavering commitment to protecting stakeholders' interests and maintaining their trust in its operations.

IT Governance and Cybersecurity Programmes and Policies Disclosure

IT Governance

PRL's IT governance framework ensures effective decision-making, risk management, and alignment of IT initiatives with business objectives. The Company's management actively oversees IT governance, with designated committees and expert advisors responsible for assessing IT-related risks and opportunities. Regular reviews and updates of IT policies are conducted to ensure alignment with emerging technologies and industry best practices.

Cybersecurity Programmes and Policies

PRL's cybersecurity programme is built on the principles of prevention, detection, response, and recovery. The Company continually invests in state-of-the-art technologies and employs robust cybersecurity measures to protect its systems and data from potential threats. PRL's policies outline strict guidelines for data protection, access controls, data encryption, incident response, and employee awareness training. Regular vulnerability assessments and penetration testing are conducted to identify and address potential weaknesses.

Industry-Specific Requirements

As a key player in the energy sector, PRL is committed to meeting industry-specific requirements for cybersecurity. The Company adheres to all relevant regulations, standards, and guidelines issued by regulatory authorities and industry bodies. PRL's cybersecurity strategy is tailored to address the unique challenges faced by the energy sector, with a focus on securing critical infrastructure and maintaining operational continuity.

Strategy in Place

PRL's cybersecurity strategy is anchored in proactive risk management and continuous improvement. The Company prioritises collaboration with industry peers, government agencies, and cybersecurity experts to stay informed about emerging threats and industry trends. PRL's strategy includes regular assessments of its cybersecurity posture, performance, and investments to ensure ongoing effectiveness and adaptability.

Digital Transformation and Advancements in Technology

As part of the Company's relentless pursuit of digital transformation, PRL has taken a significant step forward by registering on the Pakistan Single Window Portal. This electronic platform serves as a seamless Single-Entry Point for all parties involved in International Trade and Transport, simplifying import, export, and transit-related regulatory requirements. At the forefront of the 4.0 Industrial Revolution, the Refinery has harnessed the power of digital technologies like Robotic Process Automation (RPA) and Cloud Computing to enhance transparency, reporting, and governance. By joining the Pakistan Single Window Portal, the Company has effectively digitalised its cross-border trade, bidding farewell to paper-based manual processes. This pivotal initiative, spearheaded by the Government of Pakistan, has streamlined PRL's day-to-day operations, making them smoother, hassle-free, and more cost-effective. By embracing the portal, PRL has seamlessly integrated itself into global value chains, propelling the organisation towards greater efficiency and competitiveness in the international market.



Cybersecurity Risk Oversight

PRL has adopted a risk-based approach to ensure that cybersecurity is seamlessly integrated into its operations. The Company's management actively oversees cybersecurity risks, recognising their significance in safeguarding PRL's assets and data. PRL's risk-based approach allows for effective identification, assessment, and prioritisation of potential threats. Robust IT governance practices are in place to facilitate the prompt resolution of security matters. By proactively monitoring and mitigating risks, PRL strives to maintain the highest level of security across its digital landscape.

IT Governance and Cybersecurity Matters

PRL's commitment to security extends beyond the digital realm, encompassing every aspect of its operations. Through rigorous security assessments, the Company continually evaluates and fortifies its technology, ensuring resilience against potential threats. Simultaneously, PRL prioritises environmental protection, implementing measures to preserve the ecosystem in which it operates. Additionally, the Company's critical infrastructure undergoes meticulous evaluation to ensure its robustness.

In line with PRL's commitment to excellence, the Company maintains strong oversight of IT governance and cybersecurity matters. PRL's leadership plays a pivotal role in the IT risk oversight function, aligning the organisation's strategy with the management of cybersecurity risks.

Early Warning System for Cybersecurity Risks and Incidents

The Refinery understands the criticality of proactively addressing cybersecurity risks and incidents. To strengthen its cyber resilience, PRL has established a robust early warning system that enables the Company to swiftly identify, assess, and address potential threats. Through advanced controls and procedures, the vigilant team monitors the digital landscape, promptly detecting any signs of cyber risks or incidents. Timely disclosures and clear communication channels are in place to ensure PRL's leadership is kept informed promptly. The Company's commitment to cybersecurity goes hand in hand with its dedication to transparency and accountability. With this early warning system, PRL is equipped to navigate the dynamic cyber landscape confidently, safeguarding the interests of its stakeholders and fostering trust in the face of evolving threats.

Technology Security Assessment Policy and Third-Party Risks Review

At PRL, safeguarding the technology environment is paramount. To maintain the highest level of security, the Company has implemented a policy of conducting independent, comprehensive security assessments, including third-party risks. These assessments, carried out by reputable external experts, provide an objective evaluation of the technology infrastructure, identifying potential vulnerabilities and areas for improvement. PRL continues to fortify its technological landscape, protecting its assets and maintaining the trust of its stakeholders.

Contingency and Disaster Recovery Plans and Cyber Insurance Disclosures

As part of its commitment to mitigating potential risks, PRL has implemented a robust contingency and disaster recovery plan designed to address IT failures or cyber breaches effectively. The Company's contingency plan outlines a comprehensive response framework, enabling it to swiftly address and contain any unforeseen incidents. In the event of a cyber breach, PRL's well-defined procedures and protocols ensure timely communication, assessment, and resolution. Additionally, PRL has taken proactive measures to safeguard against financial repercussions, securing cyber insurance to mitigate potential financial losses arising from cyber incidents. This insurance coverage acts as an added layer of protection, ensuring the continuity of PRL's operations and safeguarding the interests of its stakeholders.

Cybersecurity Education and Training Initiatives

PRL recognises that cybersecurity is not just a technology issue; it is a collective responsibility that involves every member of the organisation. To mitigate cybersecurity risks effectively, the Company has strongly emphasised education and training. Throughout the year, PRL conducts regular cybersecurity awareness programmes and training sessions to keep its workforce informed about the latest concepts and technologies. By staying abreast of the ever-evolving cybersecurity landscape, PRL's employees are better equipped to identify potential threats and take proactive measures to protect the Company's valuable digital assets. Through these efforts, PRL reinforces a culture of cyber vigilance, ensuring that the organisation remains resilient against emerging cyber risks.

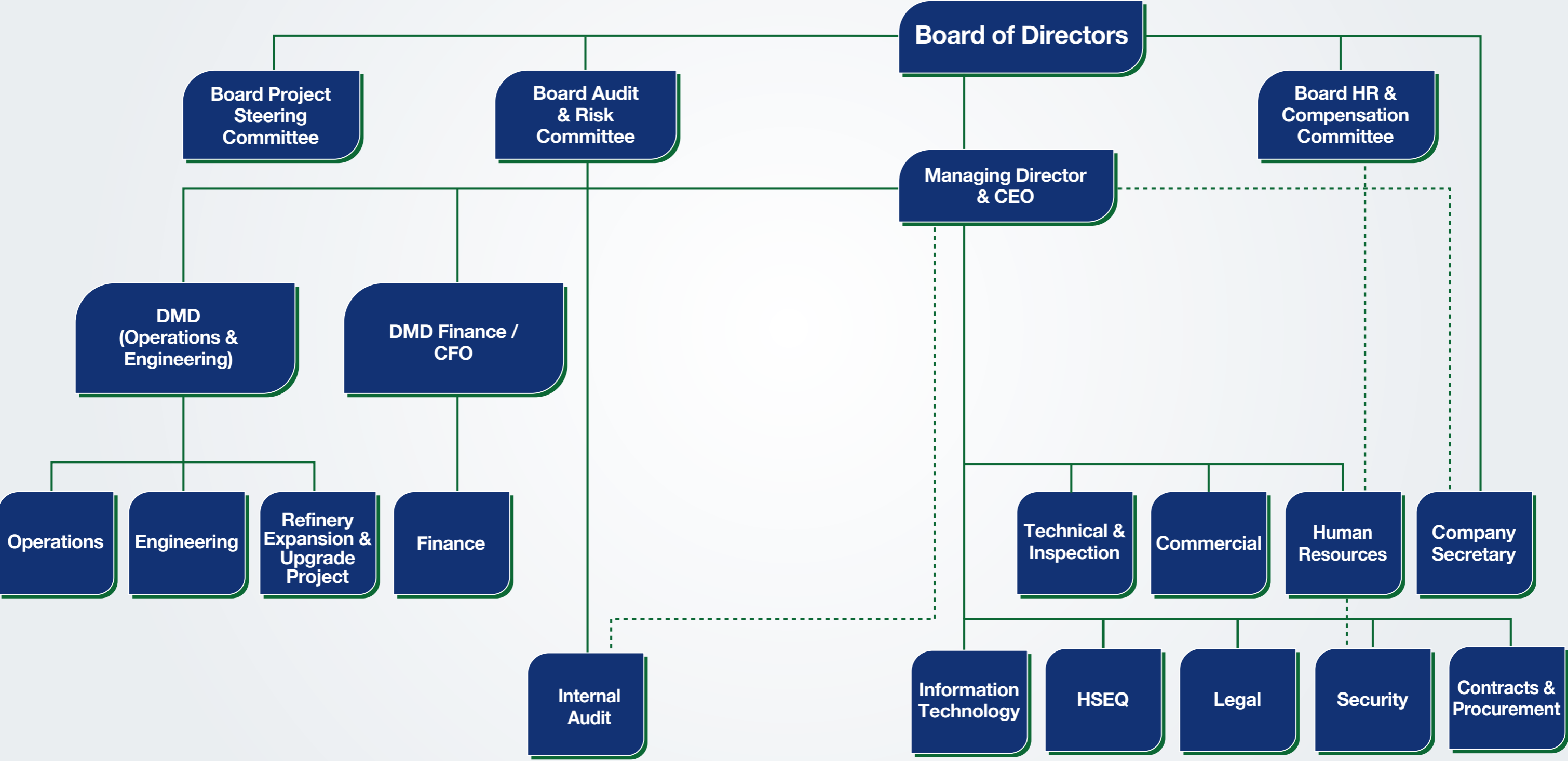


Refinery Management & Operations

Streamlining Operations for Maximum Output



Organisational Structure and Reporting Relationships



Refinery Leadership Team



ZAHID MIR

MANAGING DIRECTOR
& CEO



**IMRAN AHMAD
MIRZA**

DEPUTY MANAGING DIRECTOR
FINANCE / CFO



ASAD HASAN

DEPUTY MANAGING DIRECTOR
(OPERATIONS & ENGINEERING)



**NAJAM
MAHMUD**
GENERAL MANAGER
(HUMAN RESOURCES)



**ABDUL
MAJID**
GENERAL MANAGER
(TECHNICAL & INSPECTION)



**SHEHRZAD
AMINULLAH**
COMPANY SECRETARY



OM PERKASH
GENERAL MANAGER
(COMMERCIAL)

Operations

The core responsibilities of the Operations Department are to operate the refinery in a safe, reliable, and efficient manner to achieve PRL's production targets. The refinery operates in rotational shifts, round the clock. Moreover, Operations also make sure that all emissions and effluents conform to applicable 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 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 handles export of surplus Naphtha and Furnace Oil.



HSEQ

Ensuring safe operations and safety at the workplace 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 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 incident in the refinery.





Engineering

The Engineering department plays a major role in achieving Company business objectives by maximising overall plant / equipment reliability and availability through concerted effort of all engineering functions thus ensuring safe and uninterrupted refinery operations.

Pursues new technological development in plant maintenance engineering. Implements and establishes effective maintenance (Online, Proactive, Preventive) programs/techniques to ensure its prime objective of maximum equipment reliability/availability for smooth plant operation.



It is also responsible for undertaking different small to medium scale projects required for sustainable refinery operations along with major Turnarounds and Regeneration shutdowns. Continuously strives for innovations, cost saving techniques and energy efficient options for better and improved Plant equipment performance.

The department consists of essential maintenance functions including Stationary, Rotary, Electrical, Instruments & Control, Civil, Planning and Design office.



Commercial

The 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 arrangements 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 and Furnace Oil.





Technical & Inspection

Technical and Inspection (T&I) Department's core functions are to ensure 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 kinds of technical support for trouble-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



Human Resources

The Human Resources (HR) Department is focused on attracting, retaining, developing, and rewarding employees, PRL's biggest asset, by providing them with 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 PRL in achieving its short- and long-term objectives.

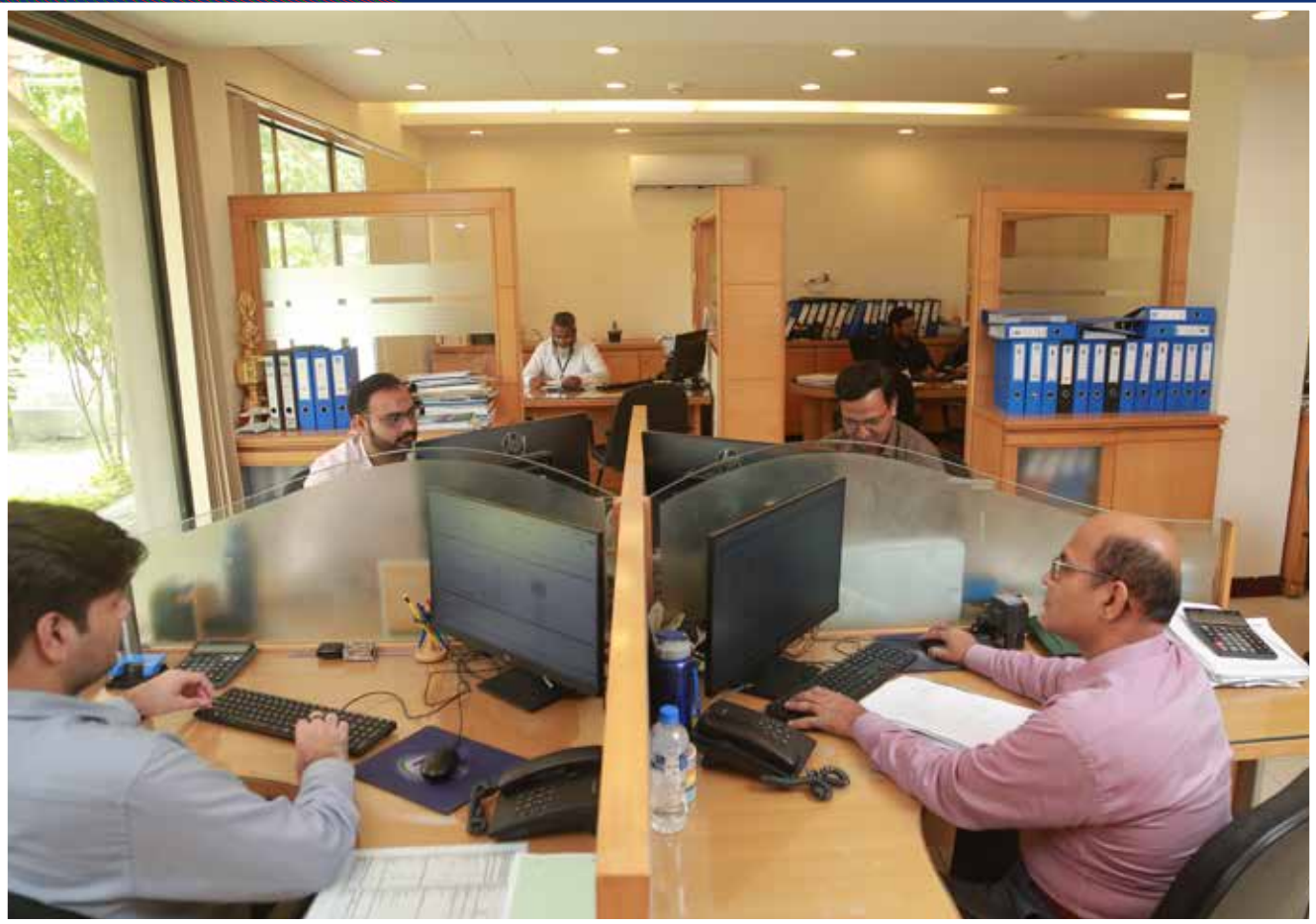
The HR department strives to place the right candidate in the right job and has played a pivotal role in providing PRL with quality human Resources based on the current and future needs of the organisation. PRL has a robust Trainee Program (for Trainee Engineers, Management Trainees and Trainee Chemists)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

PRL 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 training. PRL 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.



Finance

The Finance Department at PRL is committed to providing vital financial information on a timely basis to all the stakeholders while maintaining strict confidentiality. PRL 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 an effective and positive portrayal of PRL's business model and its underlying strengths, it has undertaken the task of ensuring the availability of cost-efficient financing facilities for continuous refinery operations. Another core responsibility of the Finance function is tax planning and giving advice to other business functions on taxation and related financial matters,



Refinery Expansion & Upgrade Project

This is a 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 challenge is to address the long-term Company objectives for growth and improvement by delivering sustainable solutions within a specified period. Major Projects develops viable options and business cases by employing systematic and structured approach involving various phases, from concept, feasibility, design, and implementation of projects conceived.

To ensure the projects undertaken provide the most optimal solution and is fit for purpose, the best in business world class design/project consultants are engaged. This is driven by the fact that PRL believes in quality and safety as the foremost priority in all the ventures it undertakes.



Contracts & Procurement

The Contracts and Procurement (C&P) Department is the central authority for managing the contracts and procurement processes on a 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 PRL. C&P is also required to ensure transparency and accountability while ensuring timely and efficient acquisition of goods and services.



Information Technology

Information Technology (IT) Department 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 the help desk.



Legal

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 defense 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.

The Legal Department also consists of the Corporate Communications function. This function is responsible for managing the company's external and internal communication strategies, ensuring consistency and transparency in messaging.



Internal Audit

The Internal Audit Department is an independent assurance function which supports PRL in improving its overall control framework and the Chief Internal Auditor reports directly 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 PRL'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 PRL's operations, reliability of internal and external reporting, compliance with the applicable laws, rules, regulations, policies, and procedures and safeguarding of PRL's assets.



Calendar of Major Events

First Quarter

- **Annual General Meeting and Board Elections:** The 63rd Annual General Meeting was held in on September 27, 2023. Elections of Board were also held during the meeting and ten directors were elected.
- **Record First-Quarter Profits:** Achieved highest-ever first-quarter profits of Rs 4.48 billion, surpassing the previous year's Rs 1.03 billion, driven by effective operational strategies and positive refining margins.
- **Record breaking HSD production and sales:** In September 2023, PRL achieved highest ever monthly HSD production of 74,000 M.Tons and sales of 82,000 M.Tons.
- **Awards and Recognition:** Received the 20th Annual Environment Excellence Award in August 2023.
- **Family Event at Bahria Adventure Land:** Hosted an event for employees and their families, marking a return to community gatherings after four and a half years.

Second Quarter

- **Licenses Agreements for REUP:** Entered into strategic agreements with Honeywell UOP and Axens for Refinery Expansion and Upgrade Project (REUP).
- **Signing of MoU with UEG:** An MoU was signed with United Energy Group in October 2023 for investment in REUP in the presence of Prime Minister of Pakistan, Mr. Anwar ul Haq Kakar.
- **Upgrade Agreement with OGRA:** Signed crucial agreements under Brownfield Refining Policy with OGRA, signalling a commitment towards REUP.
- **Recognition in Corporate Reporting:** Annual Report 2022 was awarded Silver Award by South Asian Federation of Accountants (SAFA) in ceremony held in India.
- **Participation in ADIPEC:** Showcased the Refinery and in particular REUP at the ADIPEC exhibition in Abu Dhabi from October 2-5, 2023.
- **Record Half-Year Performance:** Reported a significant increase in profits to Rs 6.51 billion and achieved highest-ever half-year production figures for HSD and MS 92.

Third Quarter

- **PRL Connect 2024:** Organised a major corporate event focusing on capacity doubling and stakeholder engagement.
- **Achievement at Pakistan Flower Show:** Won First Position for the eight consecutive time, demonstrating commitment to environmental sustainability and community beautification.
- **Maintenance Turnaround:** Completed major planned turnaround of 38 days during the third quarter without any safety incident.

Fourth Quarter

- **Participation in Pakistan Energy Conference:** Engaged industry stakeholders as a silver sponsor, emphasising advancements in refining capacities and environmental standards.
- **Safe Manhours:** Completed 5 million manhours without any Lost Time Injury (LTI) in June 2024.
- **Profitability:** Closed the year with a profit after taxation of Rs. 4.06 billion.





Future Outlook

Standing Strong and Resilient



Future Outlook

Refinery Expansion and Upgrade Project (REUP) Update

PRL's Refinery Expansion and Upgrade Project (REUP) represents a pivotal initiative aimed at doubling the refinery's crude processing capacity from 50,000 bpd to 100,000 bpd. This upgrade will transition PRL from a Hydro-skimming configuration to a state-of-the-art Deep Conversion Refinery. The project focuses on producing environmentally friendly, EURO V compliant fuels such as High-Speed Diesel (HSD) and Motor Spirit (MS), while eliminating furnace oil production. Key progress includes the completion of Process Design Packages by UOP (USA) and Axens (France) and the ongoing Front-End Engineering Design (FEED) by Wood Group UK, expected to complete in Q2 2024-25. With the invitation to tender for the Engineering, Procurement, Construction, and Financing (EPCF) phase issued, bids are expected by December 2024, followed by a Financial Close and Final Investment Decision in Q1 2025-26. The project's robust financial outlook, supported by policy incentives and a strong Internal Rate of Return (IRR), ensures a secure and profitable future for PRL's refining operations.

Company's Performance Against Forward-Looking Disclosures Made Last Year

As disclosed in the Directors' Report for the year ended June 30, 2024, PRL has actively pursued and progressed on its key strategic initiatives despite the challenging economic backdrop. The Company has consistently worked on enhancing its refinery operations by focusing on the production of better margin products and strategic procurement of economically viable crudes, aligning with its operational philosophy to sustain profitability. Moreover, PRL has adeptly managed its inventory to mitigate local demand fluctuations by exporting High Sulfur Fuel Oil (HSFO).

Significant capital investment continued in the Front-End Engineering Design (FEED) study of the Refinery Expansion and Upgrade Project, with a substantial expenditure of Rs. 6.96 billion. PRL reported a profit after taxation of Rs. 4.06 billion, a marked increase from the previous fiscal year. This steadfast commitment to the project underscores PRL's strategic intent to bolster its operational capacity and market competitiveness. These efforts are indicative of PRL's resilience and adaptability in navigating operational and market challenges while laying a robust foundation for future growth and sustainability.

Assumptions and Sources of Information

Various sources are used for underlying assumptions for projections and forecasts such as the Economic Survey of Pakistan, Pakistan Energy Book, Pakistan Oil Book publications from notable authorities such as the Ministry of Finance and several local and international oil & gas industry-specific sources publications and websites. The data from external sources is combined with in-house production and financial data. After extensive examination and deliberations by the area experts, the Company's business plan is developed to set the objectives and targets for the coming year, providing a foundation for developing an effective strategy for growth. In addition, various macroeconomic factors are also considered that have a direct relation with the operations of the Company for long-term planning for instance the impact of Refining policy on the financial results and the progress of REUP.



Striving for Excellence in Corporate Reporting

Enhancing Profitability through Transparent,
Growth-Driven Reporting



Striving for Excellence in Corporate Reporting

Integrated Reporting

This report is prepared under the guidelines laid down in the 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 help 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 the presentation needs to be determined, including what matters are to be included in the integrated report and how the elements are quantified or evaluated

Disclosures Beyond BCR Criteria

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

- About the report
- MD & CEO's message
- Highlights for the year ended June 30, 2024
- Detailed information about Refinery Expansion and Upgrade Project

Compliance With Financial Reporting Standards

- 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 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 judgment
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements and any 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 about the Company's ability to continue as a going concern

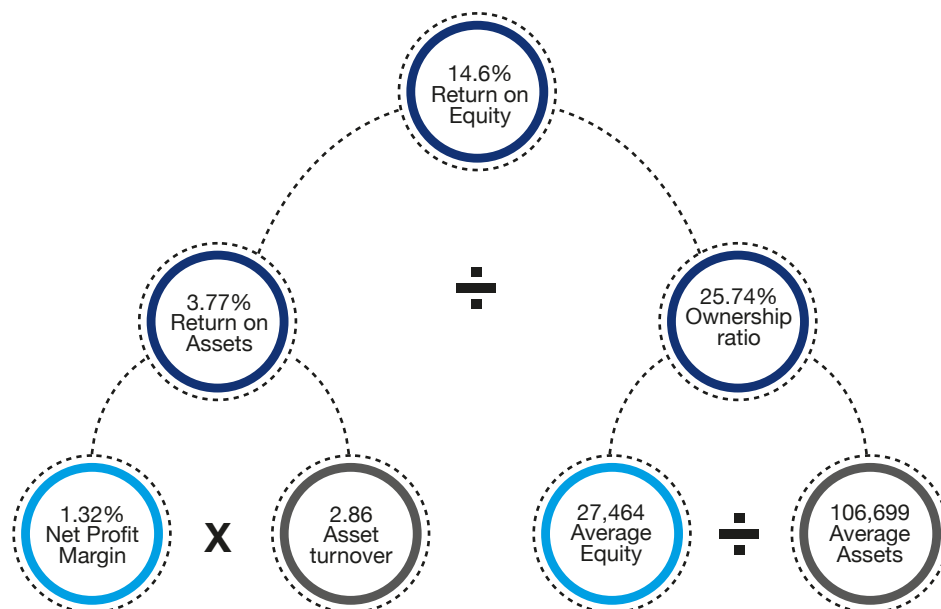


Financial Performance & Analysis

Refining Approach for Efficient Outcome



DUPONT ANALYSIS

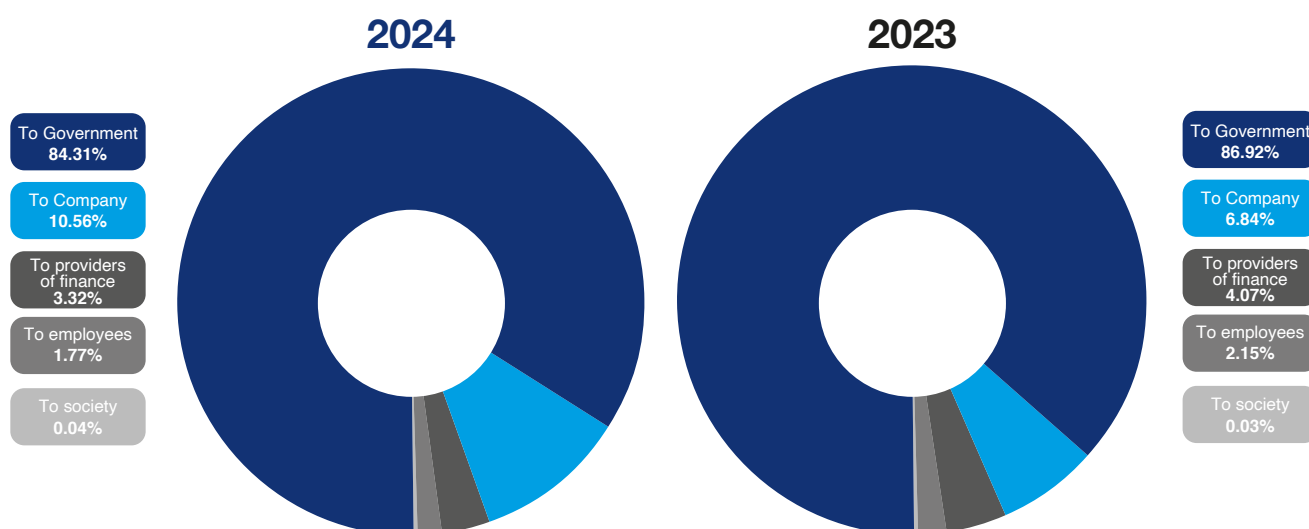


Description	2024	2023	Comments
a Tax burden (net income / profit before tax)	57.5%	54.1%	The Company generated profit for the year amounting to Rs. 4.06 billion. Tax charge for the current year has been worked out @ 29% of taxable income as the charge exceeds the turnover tax. Moreover, the charge includes Super Tax @ 10%. The Company also has available deferred tax credit on which deferred tax assets have not been booked. Last year, the Company was under the minimum tax regime i.e. 0.5% of turnover. Net tax charge for the year was 42.5% as compared to 45.9% in the comparative period.
b Interest burden (profit before tax / earnings before interest and tax)	65.2%	45.3%	Company's weighted average borrowings decreased during the year due to profitable operations.
c Operating profit margin (earnings before interest and tax / revenue)	3.5%	2.8%	Operating profit margins increased as compared to last year because last year the Company had lower margins as depicted by EBIT of Rs. 7.45 billion which increased to Rs. 10.8 billion in the current year.
d Asset turnover (sales / assets)	2.86	2.67	Asset turnover ratio is impacted by the change in total assets against the increase in revenue. The average total assets increased by 9% as compared to 49% in prior year while the revenue increased by 17% as against 37% in the comparative year.
e Financial leverage ratio (assets / net equity)	3.89	4.01	Financial leverage decreased due to increase in average total assets increased by 9% during the year.
Return on equity (a x b x c x d x e)	14.6%	7.5%	Return on equity increased due to increase in net profit by 2.3 times during the year.



STATEMENT OF VALUE ADDITION AND IT'S DISTRIBUTION

	2024		2023	
	Rs. in thousand	%	Rs. in thousand	%
Wealth Generated				
Total gross revenue and other income	398,353,406		329,587,212	
Brought in materials and services	(289,288,332)		(254,200,396)	
	109,065,074	100%	75,386,816	100%
Wealth distribution to stakeholders				
To employees				
Salaries, wages and other costs including retirement benefits	1,925,008	1.77%	1,621,860	2.15%
To Government				
Income tax, sales tax, excise duty, development surcharge, WPPF, WWF	91,957,732	84.31%	65,524,590	86.92%
To society				
Donation to an educational institute	45,183	0.04%	19,763	0.03%
To shareholders				
Dividends and bonus	-	0.00%	-	0.00%
To providers of finance				
Financial charges for borrowed funds	3,621,661	3.32%	3,065,888	4.07%
To Company				
Depreciation, amortisation and retained profit	11,515,490	10.56%	5,154,715	6.84%
	109,065,074	100.00%	75,386,816	100.00%



ANALYSIS OF STATEMENT OF FINANCIAL POSITION

		2024	2023	2022	2021	2020	2019
Share capital	Rs. / bn	6.3	6.3	6.3	6.3	3.2	2.9
Reserves	Rs. / bn	23.3	19.1	17.3	(4.3)	(5.3)	0.6
Share deposit money	Rs. / bn	-	-	-	-	1.9	-
Net equity	Rs. / bn	29.6	25.4	23.6	2.0	(0.2)	3.5
Fixed assets and intangible assets	Rs. / bn	30.7	28.6	29.1	20.6	21.4	19.0
Net current assets / (liabilities)	Rs. / bn	2.9	(0.7)	(4.6)	(17.8)	(16.8)	(10.9)
Long term / deferred liabilities	Rs. / bn	4.1	2.8	1.0	0.8	4.8	4.7

NET EQUITY

During the past six years, the Company's share capital primarily remained unchanged except for rights share issuance in 2020 which doubled the share capital of the Company to Rs. 6.3 billion. The reserves of the company have gradually increased over the years primarily due to profitable operations. Net equity has also increased due to surplus on revaluation of land.

NON-CURRENT ASSETS

Fixed assets have increased over the years as the Company is regularly investing in upgrade / replacement of plant and equipment to latest technology.

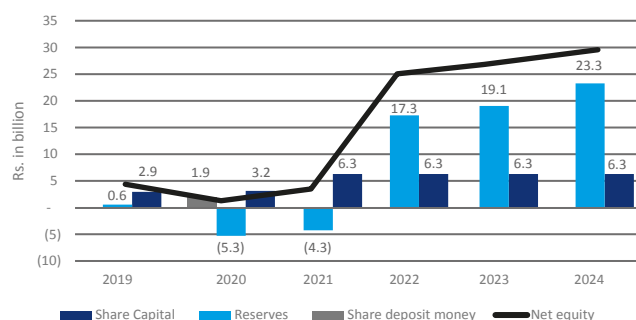
CURRENT ASSETS

As at June 30, 2024, current assets of the Company have exceeded current liabilities resulting in positive current ratio. This was mainly due to consistent profitable operations for last 3 years.

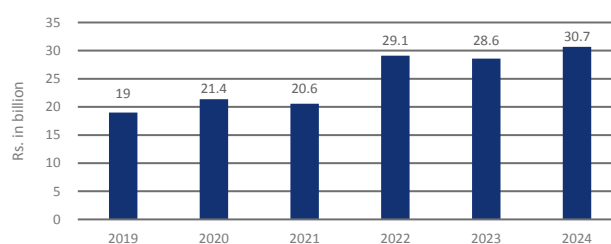
NON-CURRENT LIABILITIES

Long-term liabilities mainly represent long-term financing obtained for planning phase and other related studies for future upgradation and expansion of the Refinery.

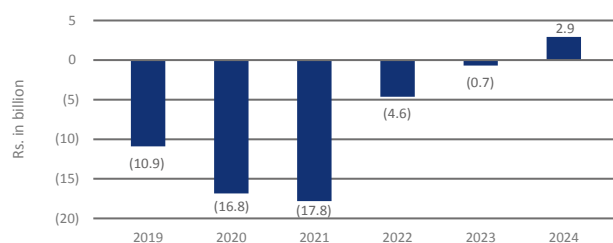
EQUITY COMPONENT



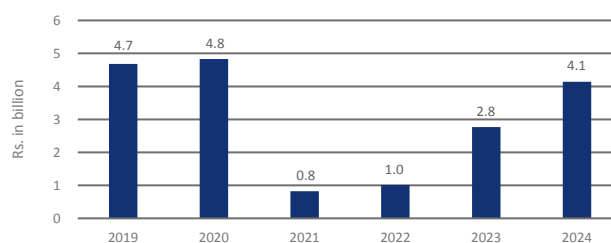
FIXED ASSETS AND INTANGIBLE ASSETS



NET CURRENT LIABILITIES



LONG TERM / DEFERRED LIABILITIES



HORIZONTAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION

	2024	24 vs 23	2023	23 vs 22	2022	22 vs 21	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
ASSETS												
Non-current assets												
Property, plant and equipment and intangibles	30,567	7	28,456	(2)	28,981	42	20,414	(4)	21,208	12	18,975	41
Right-of-use asset	99	(14)	115	(12)	131	(11)	147	(10)	163	-	-	-
Investment accounted for using the equity method	61	33	46	(17)	56	(6)	59	(10)	65	5	62	(13)
Long-term deposits and loans	31	11	28	(9)	31	13	27	5	26	(12)	29	0
Deferred taxation	-	(100)	161	100	-	-	-	-	-	-	-	-
Employee benefit prepayments	18	(4)	19	(41)	33	27	26	(15)	30	72	18	(27)
Total non-current assets	30,777	7	28,826	(1)	29,232	41	20,673	(4)	21,493	13	19,084	41
Current assets												
Inventories	30,520	(14)	35,461	47	24,057	131	10,415	31	7,964	(16)	9,447	21
Trade receivables	11,229	(44)	19,912	76	11,306	72	6,589	80	3,667	(72)	13,195	82
Trade deposits, loans, advances and short-term prepayments	830	376	174	(24)	229	204	75	53	49	(73)	181	219
Other receivables	23,241	147	9,428	265	2,585	(16)	3,073	46,769	7	(99)	554	(11)
Taxation - payments less provision	200	100	-	-	-	(100)	96	16	83	(50)	165	(72)
Investments	4,201	100	-	-	-	-	-	-	-	-	-	-
Cash and bank balances	6,927	(41)	11,671	(50)	23,539	32,287	73	(97)	2,190	762	254	(56)
Total current assets	77,149	1	76,646	24	61,715	204	20,321	46	13,960	(41)	23,796	40
Total assets	107,926	2	105,472	16	90,947	122	40,994	16	35,452	(17)	42,881	41
EQUITY AND LIABILITIES												
EQUITY												
Share capital	6,300	-	6,300	-	6,300	-	6,300	100	3,150	7	2,940	-
Subscription money against rights issue	-	-	-	-	-	-	-	(100)	1,943	100	-	-
Unappropriated profit / (accumulated loss)	2,943	(116)	(18,250)	(0)	(18,286)	1	(18,185)	(1)	(18,363)	72	(10,667)	121
Special reserve	-	(100)	16,979	11	15,254	449	2,781	43	1,943	-	1,943	-
Revaluation surplus on property, plant and equipment	20,326	-	20,326	-	20,326	82	11,149	-	11,149	20	9,291	132
Other reserve	2	-	2	-	2	-	2	-	2	25	2	(177)
Total equity	29,571	17	25,357	7	23,596	1,053	2,047	(1,271)	(175)	(105)	3,509	(14)
LIABILITIES												
Non-current liabilities												
Long-term borrowing	3,000	50	2,000	100	-	(100)	294	(93)	4,215	(2)	4,300	(9)
Lease liability	140	5	133	(6)	142	(4)	148	(3)	152	100	-	-
Deferred tax liabilities	618	100	-	(100)	284	5,700	5	(51)	10	(25)	13	(3)
Employee benefit obligations	384	(40)	637	8	587	55	378	(16)	450	23	367	7
Total non-current liabilities	4,142	50	2,770	173	1,013	23	825	(83)	4,828	3	4,680	(7)
Current liabilities												
Trade and other payables	48,737	5	46,433	0	46,298	126	20,509	14	18,036	(10)	19,967	19
Short-term borrowings	25,444	(15)	29,834	58	18,901	8	17,574	39	12,599	(14)	14,702	218
Unearned revenue	-	-	-	(100)	6	(57)	15	(89)	141	100	-	-
Current portion of lease liability	11	30	9	35	6	41	5	36	3	100	-	-
Taxation - provision less payments	-	(100)	1,050	(5)	1,106	100	-	-	-	-	-	-
Unclaimed dividend	20	-	20	-	20	-	20	(0)	20	(9)	22	(0)
Total current liabilities	74,212	(4)	77,345	17	66,338	74	38,122	24	30,799	(11)	34,691	62
Total liabilities	78,355	(2)	80,115	19	67,351	73	38,947	9	35,627	(10)	39,371	49
Total equity and liabilities	107,926	2	105,472	16	90,947	122	40,994	16	35,452	(17)	42,881	41



VERTICAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION

	2024	2023	2022	2021	2020	2019
ASSETS						
Non-current assets						
Property, plant and equipment and intangibles	28.3	27.0	31.9	49.8	59.8	44.3
Right-of-use asset	0.1	0.1	0.1	0.4	0.5	-
Investment accounted for using the equity method	0.1	-	0.1	0.1	0.2	0.1
Long-term deposits and loans	-	-	-	0.1	0.1	0.1
Deferred taxation	-	0.2	-	-	-	-
Employee benefit prepayments	-	-	-	0.1	0.1	-
Total non-current assets	28.5	27.3	32.1	50.4	60.7	44.5
Current assets						
Inventories	28.3	33.6	26.5	25.4	22.5	22.0
Trade receivables	10.4	18.9	12.4	16.1	10.3	30.8
Trade deposits, loans, advances and short-term prepayments	0.8	0.2	0.3	0.2	0.1	0.4
Other receivables	21.5	8.9	2.8	7.5	-	1.3
Taxation - payments less provisions	0.2	-	-	0.2	0.2	0.4
Investments	3.9	-	-	-	-	-
Cash and bank balances	6.4	11.1	25.9	0.2	6.2	0.6
Total current assets	71.5	72.7	67.9	49.6	39.3	55.5
Total assets	100.0	100.0	100.0	100.0	100.0	100.0
EQUITY AND LIABILITIES						
Share capital	5.9	6.0	6.9	15.4	8.9	6.9
Subscription money against rights issue	-	-	-	-	5.5	-
Unappropriated profit / (accumulated loss)	2.7	(17.3)	(20.1)	(44.4)	(51.8)	(24.9)
Special reserve	-	16.1	16.8	6.8	5.5	4.5
Revaluation surplus on property, plant and equipment	18.8	19.3	22.3	27.2	31.4	21.7
Other reserves	-	-	-	-	-	-
Total equity	27.4	24.0	25.9	5.0	(0.5)	8.2
LIABILITIES						
Non-current liabilities						
Long-term borrowings	2.8	1.9	-	0.7	11.9	10.0
Lease liability	0.1	0.1	0.2	0.4	0.4	-
Deferred tax liabilities	0.5	-	0.3	-	-	-
Employee benefit obligations	0.4	0.6	0.6	0.9	1.3	0.9
Total non-current liabilities	3.8	2.6	1.1	2.0	13.6	11.0
Current liabilities						
Trade and other payables	45.2	44.0	50.9	50.0	50.9	46.6
Short-term borrowings	23.6	28.3	20.8	42.9	35.5	34.3
Unearned revenue	-	-	0.0	0.0	0.4	-
Current portion of lease liability	-	0.01	0.01	0.0	0.0	-
Unclaimed dividend	-	0.0	0.0	0.1	0.1	0.1
Total current liabilities	68.8	73.3	72.9	93.0	86.9	80.9
Total liabilities	72.6	76.0	74.1	95.0	100.5	91.8
Total equity and liabilities	100.0	100.0	100.0	100.0	100.0	100.0

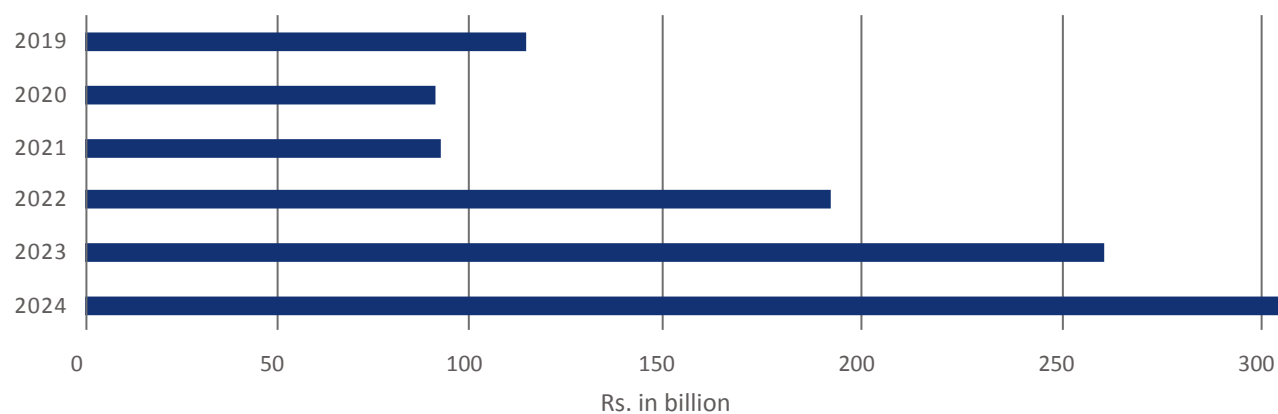


ANALYSIS OF STATEMENT OF PROFIT OR LOSS

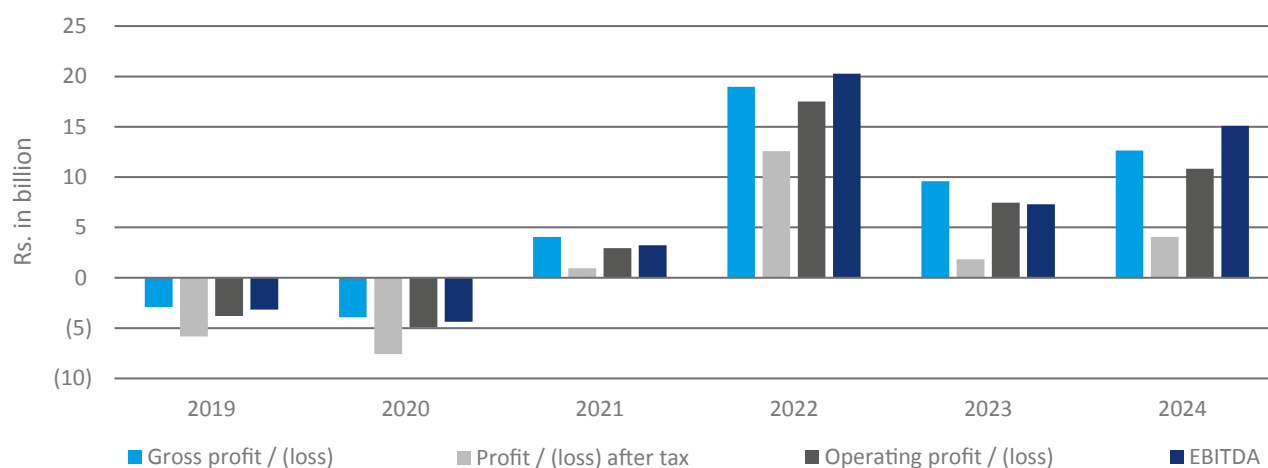
		2024	2023	2022	2021	2020	2019
Revenue from contracts with customers	Rs. / bn	305.5	261.9	191.3	92.1	90.5	115.7
Gross profit / (loss)	Rs. / bn	15.1	7.3	20.3	3.2	(4.4)	(3.2)
Operating profit / (loss)	Rs. / bn	10.8	7.4	17.5	3.0	(4.9)	(3.8)
Profit / (loss) before tax	Rs. / bn	7.1	3.4	15.9	1.6	(6.9)	(5.2)
Profit / (loss) after tax	Rs. / bn	4.1	1.8	12.6	0.9	(7.6)	(5.8)
EBITDA	Rs. / bn	12.6	9.6	19.0	4.0	(3.9)	(2.9)

During the year, the refining margins remained favourable and resultantly, the Company posted a profit after tax of Rs. 4.06 billion as compared to profit after tax of Rs. 1.82 billion last year. For details please refer Chairman's Review and Directors' Report.

REVENUE FROM CONTRACTS WITH CUSTOMERS



FINANCIAL PERFORMANCE



VERTICAL ANALYSIS OF STATEMENT OF PROFIT OR LOSS

	2024	2023	2022	2021	2020	2019
Revenue from contracts with customers	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	(95.1)	(97.2)	(89.4)	(96.5)	(104.8)	(102.7)
Gross profit / (loss)	4.9	2.8	10.6	3.5	(4.8)	(2.7)
Selling expenses	(0.2)	(0.2)	(0.2)	(0.3)	(0.2)	(0.2)
Administrative expenses	(0.4)	(0.4)	(0.3)	(0.5)	(0.5)	(0.4)
Loss allowance on trade receivables	-	-	-	-	-	(0.1)
Other operating expenses	(2.2)	(0.9)	(1.3)	(0.2)	(0.1)	-
Other income	1.5	1.6	0.3	0.7	0.2	0.2
Operating profit / (loss)	3.5	2.8	9.1	3.2	(5.4)	(3.3)
Finance costs	(1.2)	(1.6)	(0.8)	(1.4)	(2.2)	(1.2)
Share of income / (loss) of associate	0.0	(0.0)	(0.0)	(0.0)	-	-
Profit / (loss) before taxation	2.3	1.3	8.3	1.8	(7.6)	(4.5)
Taxation	(1.0)	(0.6)	(1.7)	(0.8)	(0.8)	(0.5)
Profit / (loss) after taxation	1.3	0.7	6.6	1.0	(8.4)	(5.0)

HORIZONTAL ANALYSIS OF STATEMENT OF PROFIT OR LOSS

	2024	24 vs 23	2023	23 vs 22	2022	22 vs 21	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
Revenue from contracts with customers	305,540	17	261,860	37	191,316	108	92,084	2	90,524	(22)	115,741	25
Cost of sales	(290,446)	14	(254,560)	49	(171,044)	93	(88,843)	(6)	(94,893)	(20)	(118,915)	30
Gross profit / (loss)	15,093	107	7,301	(64)	20,272	525	3,241	(174)	(4,368)	38	(3,174)	(404)
Distribution cost	(669)	34	(501)	56	(321)	21	(266)	29	(206)	(18)	(250)	24
Administrative expenses	(1,262)	29	(975)	77	(552)	15	(479)	4	(460)	(5)	(485)	25
Loss allowance on trade receivables	-	-	-	-	-	-	-	-	-	(100)	(122)	-
Other operating expenses	(6,759)	177	(2,443)	0	(2,433)	1,282	(176)	309	(43)	81	(24)	(81)
Other income	4,431	9	4,066	660	535	(16)	637	289	164	(39)	267	(75)
Operating profit / (loss)	10,835	45	7,448	(57)	17,501	492	2,957	(160)	(4,913)	30	(3,789)	(366)
Finance costs	(3,786)	(7)	(4,066)	157	(1,579)	20	(1,311)	(34)	(1,995)	38	(1,443)	144
Share of income / (loss) of associate	20	(302)	(10)	183	(3)	(46)	(6)	(295)	3	(123)	(14)	774
Profit / (loss) before taxation	7,069	110	3,373	(79)	15,918	871	1,639	(124)	(6,905)	32	(5,245)	(733)
Taxation	(3,007)	94	(1,548)	(54)	(3,345)	377	(702)	2	(686)	19	(576)	77
Profit / (loss) after taxation	4,062	123	1,825	(85)	12,573	1,242	937	(112)	(7,591)	30	(5,821)	(1,255)



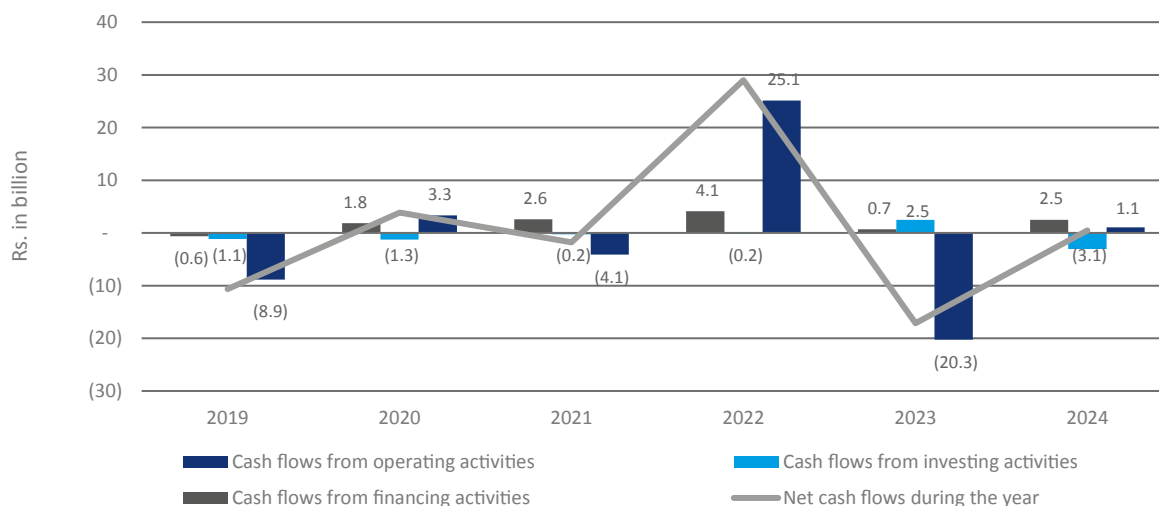
ANALYSIS OF STATEMENT OF CASHFLOWS

		2024	2023	2022	2021	2020	2019
Cash flows from operating activities	Rs. / bn	1.1	(20.3)	25.1	(4.1)	3.3	(8.9)
Cash flows from investing activities	Rs. / bn	(3.1)	2.5	(0.2)	(0.2)	(1.3)	(1.1)
Cash flows from financing activities	Rs. / bn	2.5	0.7	4.1	2.6	1.8	(0.6)
Net cash flows during the year	Rs. / bn	0.5	(17.1)	29.0	(1.8)	3.9	(10.7)

Improvement in cash flows from operations is mainly due to profitability and efficient working capital management.

The Company invested surplus funds in treasury bills and bank deposits to earn income from investments and profit on deposits and acquired property, plant and equipment resulted in net negative cashflows from investing activities.

The Company obtained long term financing for planning phase and other related studies for future upgradation and expansion of the Refinery resulting in improvement in cash flows from financing activities.



ANALYSIS OF PERFORMANCE AGAINST TARGET

- Revenue for the year was 13% lower than the plan. The reduction in revenue was due to the fact that the plan feed was reduced during the year to operate the Refinery at optimal capacity
- Gross profit of the year increased by 12% as compared to the plan. The high profitability was achieved through combining of aggressive business strategies with their effective execution, including suitable crude oil selection, application of robust operational strategies, cash flows and better inventory management. Resultantly, profit before tax and profit after tax also increased
- Operating expenses were 8% lower than the plan as the Company implemented stringent controls over operating expenses during the year
- Other income exceeded the plan by 31% mainly due to availability of surplus funds that were placed in saving accounts and also invested in treasury bills. Similarly, finance cost for the year was 15% lower than the plan



STATEMENT OF CASH FLOWS- DIRECT METHOD

FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	314,222,925	253,253,918
Cash paid to suppliers / service providers and employees	(305,692,449)	(267,618,005)
Interest paid	(3,777,310)	(3,676,501)
Taxes paid	(3,476,900)	(2,049,731)
Contribution made to retirement benefit plans	(205,976)	(174,158)
Net cash generated from / (used in) operating activities	1,070,290	(20,264,477)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(3,358,219)	(617,058)
Proceeds from disposal of property, plant and equipment	5,541	4,714
Acquisition of treasury bills	(3,812,314)	-
Dividend received from associate	4,252	-
Income from investments	1,162,611	1,103,006
Interest received	2,923,239	1,969,666
Net cash (used in) / generated from investing activities	(3,074,890)	2,460,328
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term loans - net	2,500,000	800,000
Repayment of salary refinancing	-	(107,792)
Lease rentals paid	(28,162)	(26,756)
Net cash generated from financing activities	2,471,838	665,452
Net increase / (decrease) in cash and cash equivalents	467,238	(17,138,697)
Cash and cash equivalents at the beginning of the year	6,469,174	23,522,896
Exchange gain / (loss) on cash and cash equivalents	(9,185)	84,975
Cash and cash equivalents at the end of the year	6,927,227	6,469,174



ANALYSIS OF QUARTERLY RESULTS

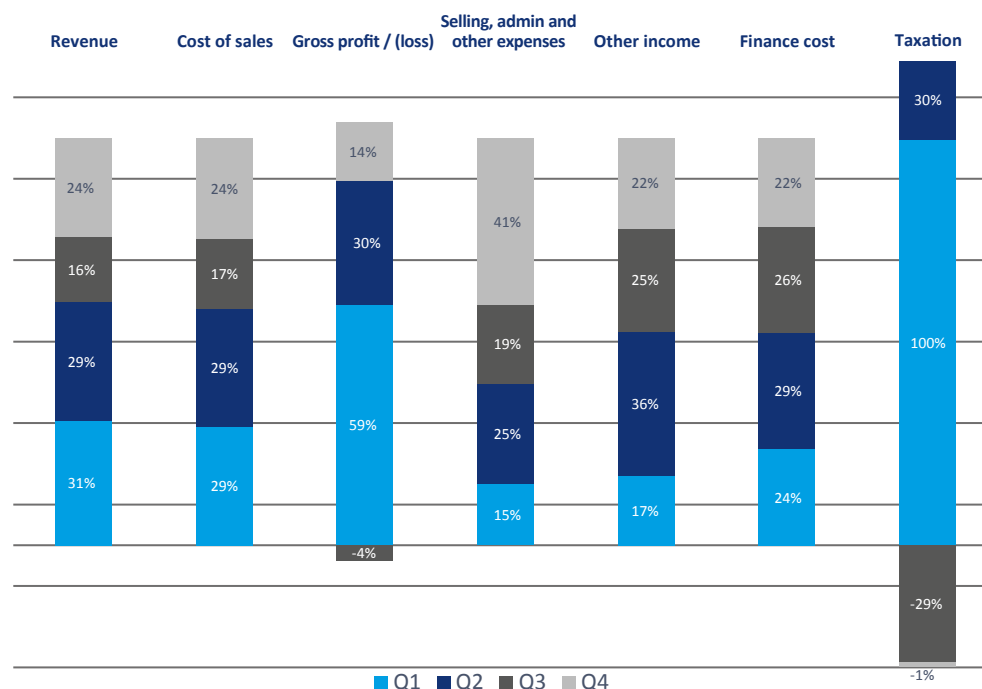
	Q1	Q2	Q3	Q4	
	Jul - Sep 23	Oct - Dec 23	Jan - Mar 24	Apr - Jun 24	2023-24
(Rupees in thousand)					
Revenue from contracts with customers	93,374,157	88,814,093	49,455,730	73,895,699	305,539,679
Cost of sales	(84,440,745)	(84,246,227)	(50,014,825)	(71,744,637)	(290,446,434)
Gross profit / (loss)	8,933,412	4,567,866	(559,095)	2,151,062	15,093,245
Selling expenses	(149,844)	(180,569)	(116,884)	(221,294)	(668,591)
Administrative expenses	(276,533)	(311,990)	(329,071)	(344,543)	(1,262,137)
Other operating expenses	(890,977)	(1,640,945)	(1,245,765)	(2,981,541)	(6,759,228)
Other income	752,292	1,576,155	1,122,295	980,704	4,431,446
Operating profit	8,368,350	4,010,517	(1,128,520)	(415,612)	10,834,735
Finance cost	(895,258)	(1,079,894)	(987,868)	(822,584)	(3,785,603)
Share of (loss) / income of associate - accounted for using the equity method	(346)	13,958	6,075	(148)	19,539
Profit / (loss) before income tax	7,472,746	2,944,581	(2,110,313)	(1,238,344)	7,068,671
Taxation	(2,993,650)	(914,954)	871,101	30,466	(3,007,036)
Profit / (loss) after tax	4,479,096	2,029,627	(1,239,212)	(1,207,878)	4,061,635
Earnings / (loss) per share - basic and diluted	Rs 7.11	Rs 3.22	(Rs 1.97)	(Rs 1.91)	Rs 6.45

The refining margins were high in the first two quarters that resulted in profitable operations. The margins were depressed in 3rd and 4th quarter resulting in a loss in those quarters.

The Refinery was shutdown for 38 days in the 3rd quarter for turnaround and maintenance activities. This resulted in significant loss during the 3rd quarter.

Expenditure relating to planning phase and other related studies for future upgradation and expansion of the Refinery was incurred throughout the year and increased in 4th quarter of current financial year.

FINANCIAL PERFORMANCE ANALYSIS



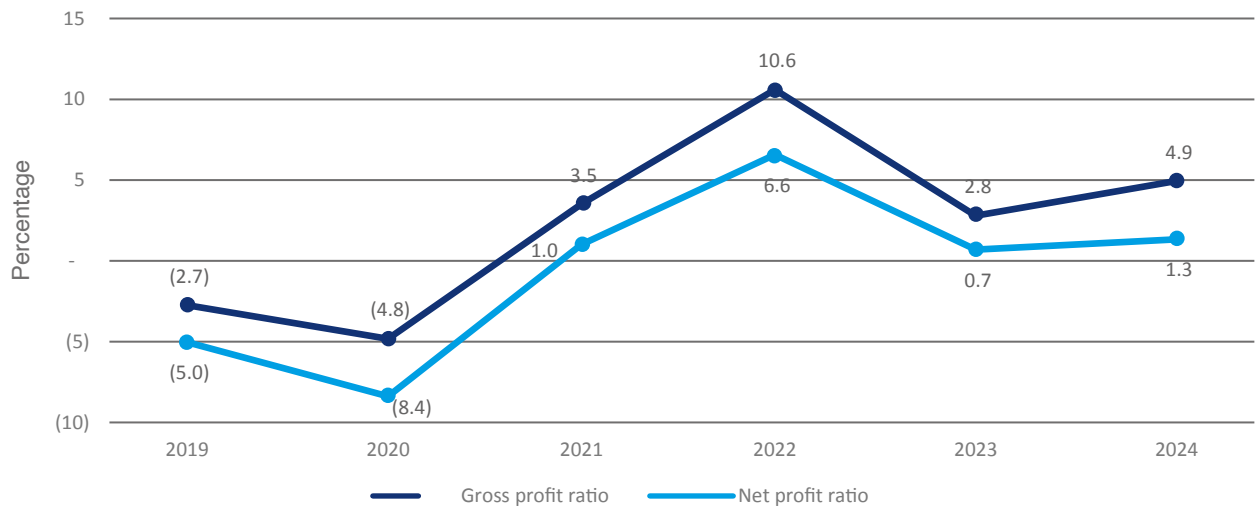
PROFITABILITY RATIOS

		2024	2023	2022	2021	2020	2019
Gross profit ratio	%	4.9	2.8	10.6	3.5	(4.8)	(2.7)
Net profit ratio	%	1.3	0.7	6.6	1.0	(8.4)	(5.0)
EBITDA margin	%	4.1	3.7	9.9	4.4	(4.4)	(2.5)
Operating leverage ratio	Times	(0.9)	(1.3)	3.4	(117.6)	(1.6)	(9.0)
Return on equity	%	13.7	7.2	53.3	45.8	*	(1.7)
Return on capital employed	%	21.2	11.0	120.9	15.4	(116.3)	(97.3)

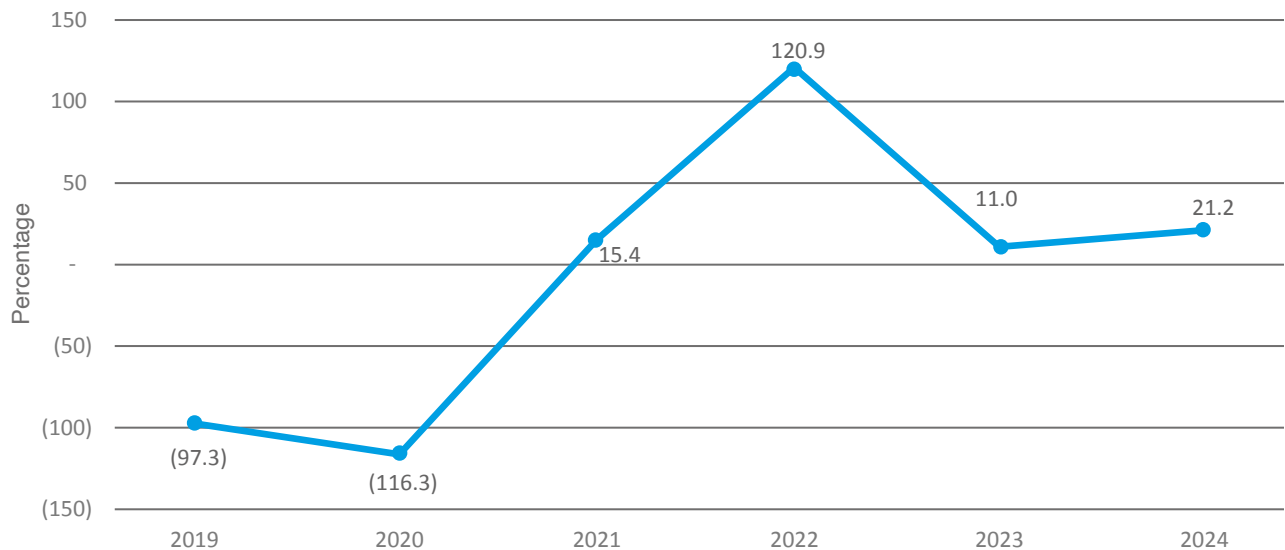
* Not applicable due to negative equity.

During the year, the refining margins remained favourable and resultantly, the Company posted a profit after tax of Rs. 4.06 billion as compared to profit after tax of Rs. 1.82 billion last year. The profitability was achieved through combining of aggressive business strategies with their effective execution, including suitable crude oil selection, application of robust operational strategies, cash flows and better inventory management. This resulted in increased gross and net profit ratios, return on equity and return on capital employed.

PROFITABILITY RATIOS



RETURN ON CAPITAL EMPLOYED

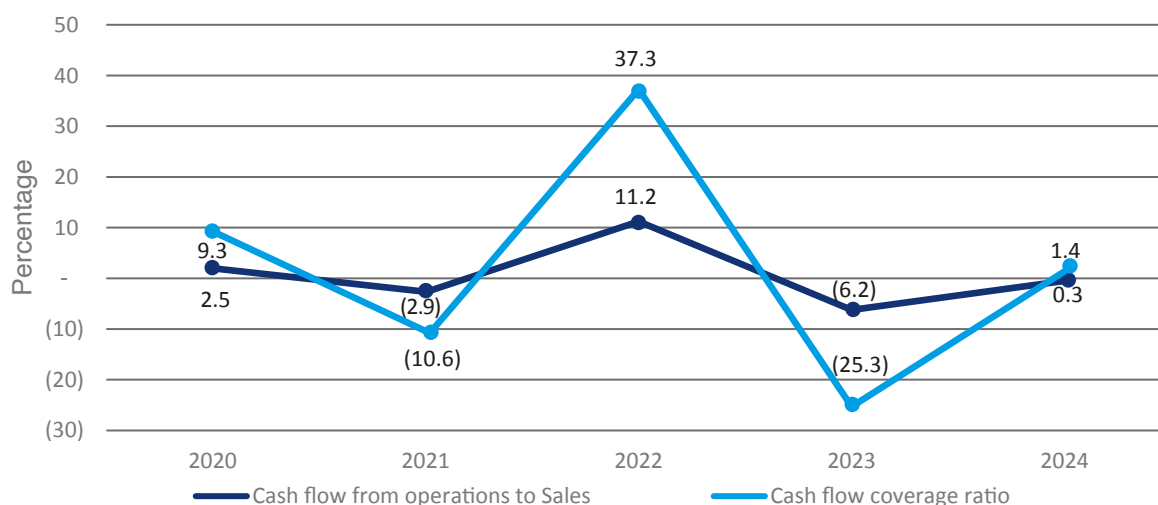


LIQUIDITY RATIOS

		2024	2023	2022	2021	2020	2019
Current ratio	Ratio	1.04:1	0.99:1	0.93:1	0.53:1	0.45:1	0.69:1
Quick / acid test ratio	Ratio	0.63:1	0.53:1	0.57:1	0.26:1	0.19:1	0.41:1
Cash flow to capital expenditures	Times	0.3	(32.8)	49.3	(13.7)	2.5	(7.5)
Cash flow from operations to sales	%	0.3	(6.2)	11.2	(2.9)	2.5	(5.8)
Cash flow coverage ratio	%	1.4	(25.3)	37.3	(10.6)	9.3	(22.6)

Current and quick ratios have improved during the year due to increase in profitable operations thereby increasing current assets as compared to current liabilities. Moreover, during the year, the Company obtained medium and long term loans that reduced the reliance on short term borrowing for working capital management.

The Company had positive cash flow from operations due to improved profitability during the year. Moreover, positive cash flow from operations also resulted in positive cash flow coverage ratio, that represents percentage of cash flow from operations to liabilities.



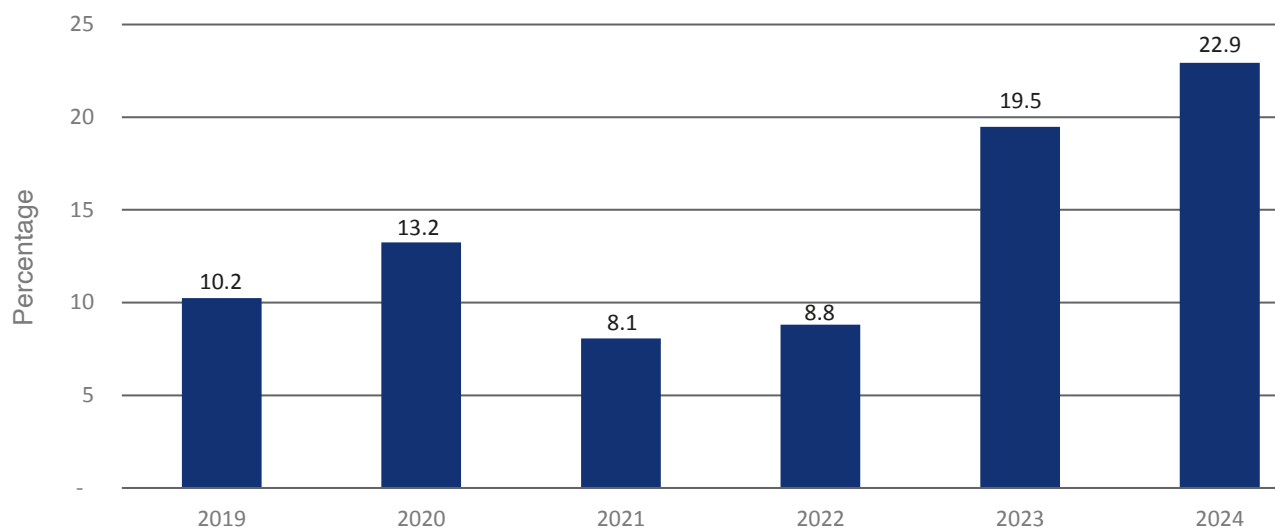
CAPITAL STRUCTURE

		2024	2023	2022	2021	2020	2019
Financial leverage ratio	Times	1.0	1.3	0.8	8.7	*	5.4
Weighted average cost of debt	%	22.9	19.5	8.8	8.1	13.2	10.2
Debt to equity ratio							
- as per book value	%	10.1	7.9	-	14.4	*	122.5
- as per market value	%	20.5	23.4	-	1.9	117.3	90.5
Net assets per share	Times	4.7	4.02	3.7	0.3	(0.1)	1.2
Interest cover	Times	3.7	2.83	15.3	2.4	(2.5)	(2.6)

* Not applicable due to negative equity.

Company's financial leverage has improved during the year due to profitability that improved the net equity, thus reducing the dependence on borrowings. Moreover, the Company obtained medium and long term borrowings for working capital and to finance study cost for REUP thereby increasing the debt / equity ratio.

WEIGHTED AVERAGE COST OF DEBT



INVESTMENT / MARKET RATIO

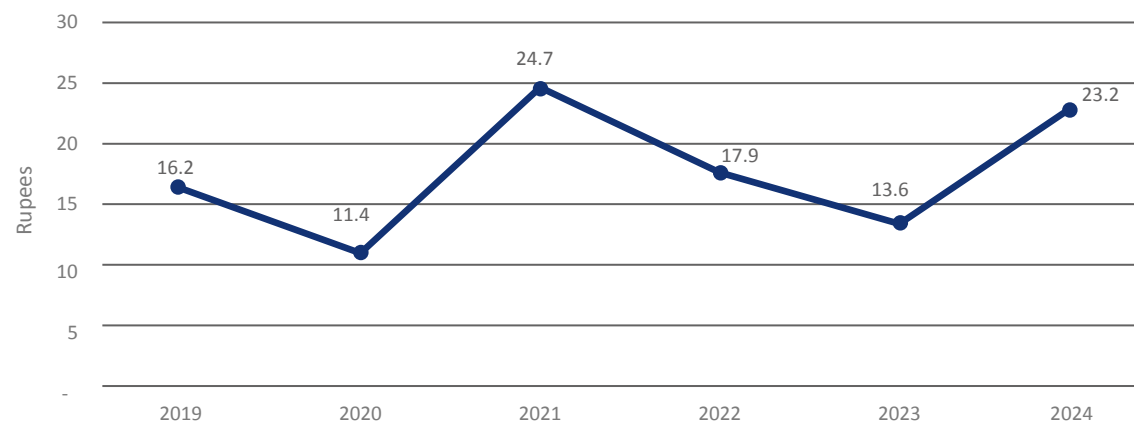
		2024	2023	2022	2021	2020	2019
Earnings / (loss) per share	Rs.	6.4	2.9	20.0	1.5	(17.5)	(13.7)
Price earning ratio	Times	3.6	4.7	0.9	16.2	*	*
Price to book ratio	%	47.7	30.0	38.9	76.2	16.9	25.0
Market value per share:							
- at the end of the year	Rs.	23.2	13.6	17.9	24.7	11.4	16.2
- high during the year	Rs.	36.2	19.9	24.8	29.0	28.1	44.5
- low during the year	Rs.	13.4	12.1	10.7	11.6	9.5	14.3
Breakup value per share:							
- With surplus on revaluation	Rs.	46.9	40.2	37.5	3.2	**	11.9
- Without surplus on revaluation	Rs.	14.7	8.0	5.2	**	**	**
DuPont analysis	%	14.8	7.5	98.1	100.1	(455.3)	(153.8)
Free cash flow	Rs. /mn	5,175	(14,984)	28,199	(2,183)	4,580	(8,756)
Economic value added (EVA)	Rs. /mn	(3,669)	(3,655)	10,405	706	(8,207)	(6,660)

* Not applicable due to loss for the year.

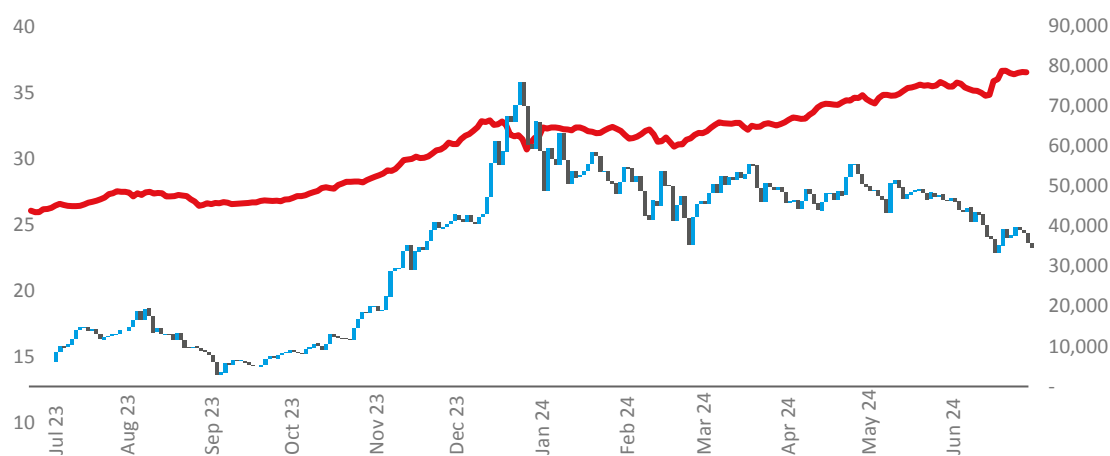
** Not applicable due to negative equity.

The Company posted profit after taxation of Rs. 4.06 billion during the year. This resulted in improvement in break up value per share, dupont analysis and free cash flows for the year. Moreover activity in PRL's shares increased during the year as the Company posted positive quarterly results resulting in increase in market share price of PRL. Market price of PRL increased by more than ~80% as compared to last year thereby impacting the price earning ratio and price to book value ratios.

SHARE PRICE



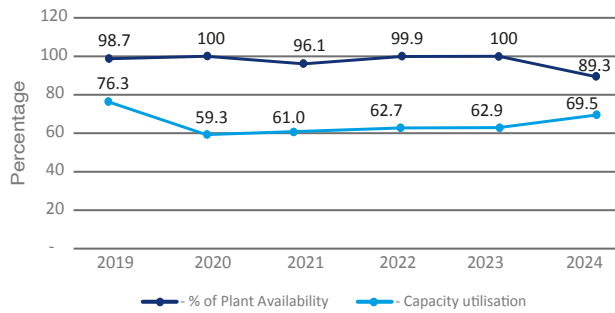
PRL'S SHARE PRICE VS PSX100 INDEX



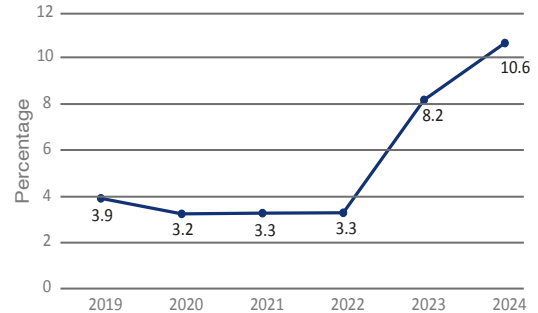
NON FINANCIAL RATIOS

		2024	2023	2022	2021	2020	2019
Employee productivity ratios							
- Production per employee	(M.Ton)	5,257	4,772	4,862	4,713	4,533	5,581
- Revenue per employee	Rs. / mn	1,083	932	696	334	324	413
Staff turnover ratio							
	%	10.6	8.2	3.3	3.3	3.2	3.9
Operational performance ratios							
- % of plant availability	%	89.6	100.0	99.9	96.1	100.0	98.7
- Capacity utilisation	%	69.5	62.9	62.7	61.0	59.3	76.3
Spares inventory as % of assets cost							
	%	2.1	1.7	0.6	1.3	1.2	0.9
Maintenance cost as % of operating expenses							
	%	5.8	7.6	11.0	11.6	8.1	9.1

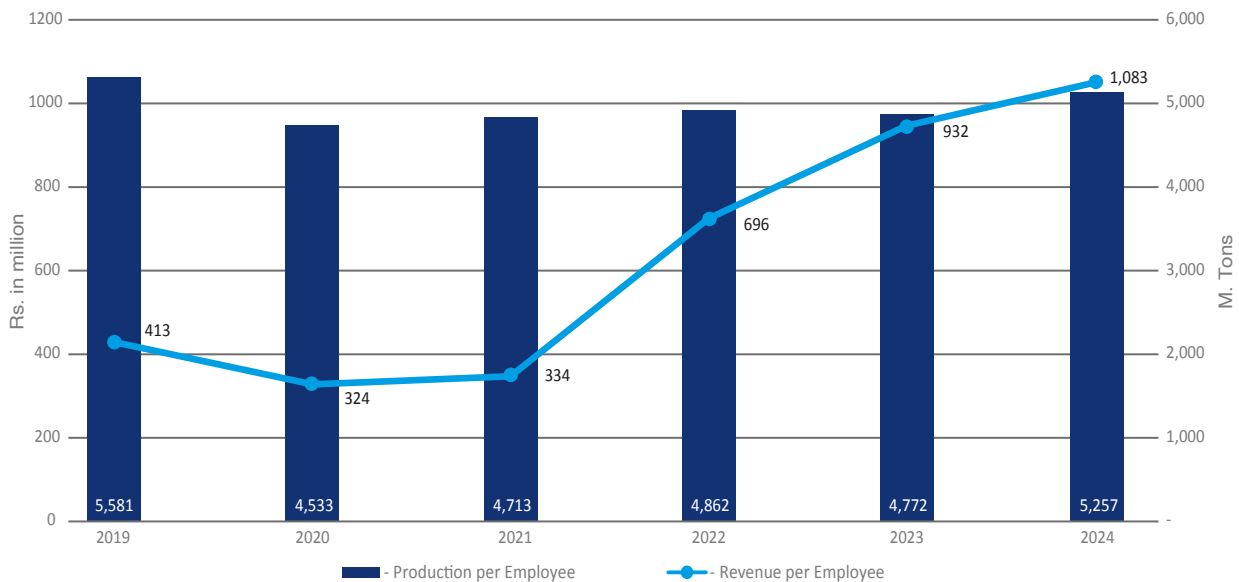
OPERATIONAL PERFORMANCE



STAFF TURNOVER



EMPLOYEE PRODUCTIVITY

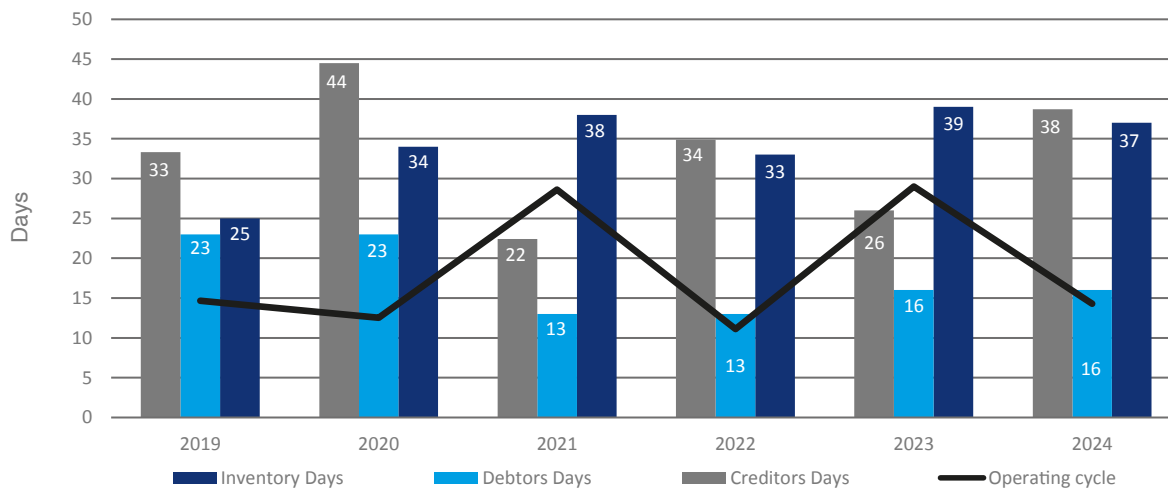


ACTIVITY / TURNOVER RATIO

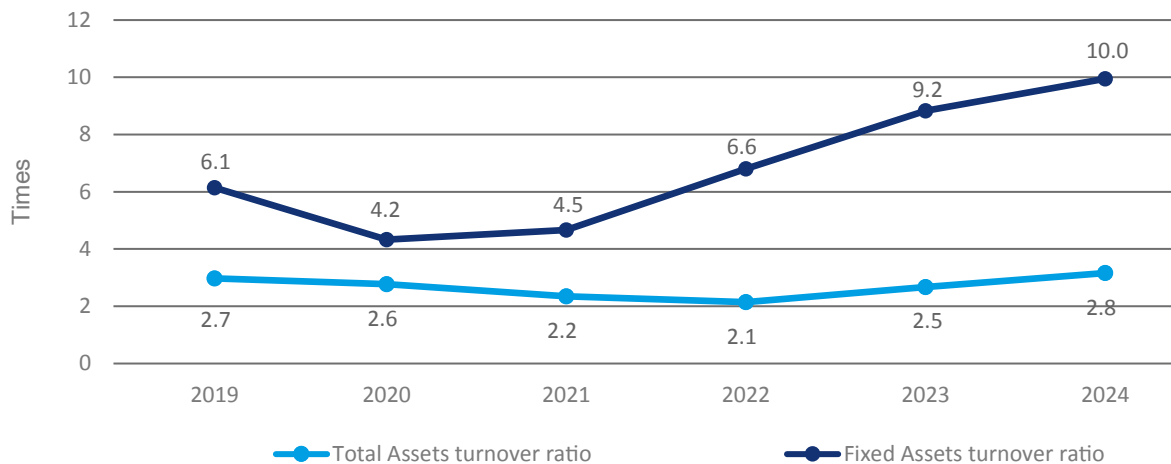
		2024	2023	2022	2021	2020	2019
Total assets turnover ratio	Times	2.8	2.5	2.1	2.2	2.6	2.7
Fixed assets turnover ratio	Times	10.0	9.2	6.6	4.5	4.2	6.1
Inventory turnover	Days	37	39	33	38	34	25
Creditors turnover	Days	39	26	35	22	44	33
Debtors turnover	Days	16	16	13	13	23	23
Operating cycle	Days	14	29	11	29	13	15
Debtors turnover	Times	20.9	20.9	25.0	27.2	15.6	15.0
Creditors turnover	Times	8.5	7.3	10.5	16.3	8.2	10.9
Inventory turnover	Times	8.8	8.6	9.9	9.7	10.9	13.8

Company's business model is such that the Company purchases crude oil from external and internal sources at an average credit of 30-45 days and supplies the product to customers at average credit period of 7-21 days. This positive cash flow cycle supports the Company in its liquidity management.

WORKING CAPITAL RATIOS



ASSETS TURNOVER RATIOS



Financial Statements

Quantifying Success at Every Step





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Chartered Accountants
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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 30 June 2024, 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 purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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 30 June 2024, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

KPMG Tanner Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.





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S. No.	Key audit matter(s)	How the matter was addressed in our audit
1.	<p>Recognition of Revenue</p> <p>Refer notes 4.16 and 26 to the Company's financial statements for the accounting policy and detail of revenue.</p> <p>The company recognises revenue when control of goods has been transferred to the customers at the transaction price which the Company expects to be entitled to, after deducting sales tax, excise duties and applicable levies.</p> <p>The Company conducts the sale of regulated products at prices set by the Oil and Gas Regulatory Authority (OGRA), which are subject to policy clarifications from the Federal Government. Sale of certain deregulated products is carried out at margin-based price mechanism and the company recognises revenue at a point in time when control of the products is transferred to customers.</p> <p>We consider this as a key audit matter due to the regulatory nature of pricing, the significance of amounts requiring significant time and resources to audit due to magnitude, inherent risk of material misstatement associated with the existence and accuracy of revenue, as well as revenue being a key economic indicator of the company.</p>	<p>Our audit procedures in respect of recognition of revenue, amongst others, include the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the revenue recognition process, assessed the design and implementation of key internal controls over revenue recognition from sale of products; • Assessed the appropriateness of the Company's accounting policy for recognition of revenue and compliance of the policy with International Financial Reporting Standard (IFRS 15: "Revenue from Contracts with Customers"); • Compared on sample basis, the revenue transactions recorded during the reporting period with the underlying supports including sales invoices, delivery challans, relevant sales contract, joint dip certificates and customer acknowledgement to assess if the related revenue is appropriately supported; • Performed on sample basis the cutoff testing over the revenue transactions recorded before and after the reporting period with the underlying supports including sales invoices, delivery challans, relevant sales contract, joint dip certificates and customer acknowledgement to assess if the related revenue was recorded in the appropriate accounting period; • For regulated products agreed the ex- refinery rates per litre of from the notifications of OGRA and for deregulated products agreed the price with the company's internal price notifications; • Tested on sample basis, the deduction from revenue in respect of incremental incentive, surplus price differential, sales tax, excise duties and applicable levies. • Assessed the appropriateness of the disclosure made in the financial statements in accordance with requirements of 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 the year ended 30 June 2024 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 the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of 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.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern





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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- no zakat 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 Aryn Pirani.

Date: 09 September 2024

Karachi

U DIN: AR202410201decLal0Tz

KPMG Taseer Hadi & Co.
Chartered Accountants



STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

	Note	2024	2023
ASSETS			
Non-current assets			
Property, plant and equipment	5	30,548,548	28,449,521
Right-of-use asset	6	99,435	115,345
Intangibles	7	18,325	6,736
Investment accounted for using the equity method	8	61,141	45,854
Long-term deposits and loans	9	31,222	28,222
Deferred tax asset	21	-	161,484
Employee benefit prepayments	22	18,272	19,105
		30,776,943	28,826,267
Current assets			
Inventories	10	30,520,187	35,460,884
Trade receivables	11	11,229,089	19,912,335
Trade deposits, loans, advances and short-term prepayments	12	830,002	174,300
Other receivables	13	23,241,191	9,427,538
Taxation - payments less provision		199,985	-
Investments	14	4,200,895	-
Cash and bank balances	15	6,927,227	11,670,607
		77,148,576	76,645,664
		107,925,519	105,471,931
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	6,300,000	6,300,000
Unappropriated profit / (accumulated loss)		2,942,789	(18,249,656)
Special reserve	17	-	16,979,049
Revaluation surplus on property, plant and equipment	5.1.3	20,325,928	20,325,928
Other reserves	18	1,947	1,947
		29,570,664	25,357,268
LIABILITIES			
Non-current liabilities			
Long-term borrowings	19	3,000,000	2,000,000
Long-term lease liability	20	139,969	152,492
Deferred tax liabilities	21	618,242	-
Employee benefit obligations	22	384,269	636,518
		4,142,480	2,789,010
Current liabilities			
Trade and other payables	23	48,737,208	46,413,444
Short-term borrowings	24	25,443,989	29,834,030
Current portion of long-term lease liability	20	11,326	8,723
Taxation - provision less payments		-	1,049,604
Unclaimed dividend		19,852	19,852
		74,212,375	77,325,653
		78,354,855	80,114,663
CONTINGENCIES AND COMMITMENTS	25	107,925,519	105,471,931

The annexed notes 1 to 44 form an integral part of these financial statements.



Zahid Mir
Managing Director & CEO



Mohammad Abdul Aleem
Director



Imran Ahmad Mirza
Chief Financial Officer




STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
(Rupees in thousand)			
Revenue from contracts with customers	26	305,539,679	261,860,404
Cost of sales	27	(290,446,434)	(254,559,762)
Gross profit		15,093,245	7,300,642
Selling expenses	28	(668,591)	(500,583)
Administrative expenses	29	(1,262,137)	(975,189)
Other operating expenses	30	(6,759,228)	(2,443,188)
Other income	31	4,431,446	4,066,495
		10,834,735	7,448,177
Finance cost	32	(3,785,603)	(4,065,998)
Share of income / (loss) of associate - accounted for using the equity method	8.1	19,539	(9,660)
Profit before Taxation		7,068,671	3,372,519
Final Tax and Minimum Tax	33	(355,735)	(974,316)
Taxation	34	(2,651,301)	(573,236)
Profit for the year		4,061,635	1,824,967
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of employee retirement benefits		151,761	(64,097)
		151,761	(64,097)
Total comprehensive income		4,213,396	1,760,870
Earnings per share - basic and diluted	35	Rs. 6.45	Rs. 2.90

The annexed notes 1 to 44 form an integral part of these financial statements.


Zahid Mir
 Managing Director & CEO


Mohammad Abdul Aleem
 Director


Imran Ahmad Mirza
 Chief Financial Officer



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2024

	SHARE CAPITAL	CAPITAL RESERVE		Exchange equalisation reserve	REVENUE RESERVE		TOTAL
		Special reserve	Revaluation surplus on property, plant and equipment		Unappropriated profit / (accumulated loss)	General reserve	
Balance as at July 1, 2022	6,300,000	15,254,082	20,325,928	897	(18,285,559)	1,050	23,596,398
<i>Total comprehensive income for the year</i>							
Profit for the year	-	-	-	-	1,824,967	-	1,824,967
Other comprehensive income for the year	-	-	-	-	(64,097)	-	(64,097)
Profit transferred to special reserve	-	1,724,967	-	-	1,760,870	-	1,760,870
Balance as at June 30, 2023	6,300,000	16,979,049	20,325,928	897	(18,249,656)	1,050	25,357,268
<i>Total comprehensive income for the year</i>							
Profit for the year	-	-	-	-	4,061,635	-	4,061,635
Other comprehensive income for the year	-	-	-	-	151,761	-	151,761
Amount transferred from Special Reserve - note 17	-	(16,979,049)	-	-	4,213,396	-	4,213,396
Balance as at June 30, 2024	6,300,000	-	20,325,928	897	2,942,789	1,050	29,570,664

(Rupees in thousand)

The annexed notes 1 to 44 form an integral part of these financial statements.

Zahid Mir
Managing Director & CEO

Mohammad Abdul Aleem
Director

Imran Ahmad Mirza
Chief Financial Officer

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	41	8,533,476	(14,366,762)
Interest paid		(3,777,310)	(3,676,501)
Taxes paid		(3,476,900)	(2,049,731)
Contribution made to retirement benefit plans		(205,976)	(174,158)
(Increase) / decrease in long-term deposits and loans		(3,000)	2,675
Net cash generated from / (used in) operating activities		1,070,290	(20,264,477)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(3,358,219)	(617,058)
Proceeds from disposal of property, plant and equipment		5,541	4,714
Acquisition of treasury bills		(3,812,314)	-
Dividend received from associate		4,252	-
Income from investments		1,162,611	1,103,006
Interest received		2,923,239	1,969,666
Net cash (used in) / generated from investing activities		(3,074,890)	2,460,328
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term loans - net		2,500,000	800,000
Repayment of salary refinancing		-	(107,792)
Lease rentals paid		(28,162)	(26,756)
Net cash generated from financing activities		2,471,838	665,452
Net increase / (decrease) in cash and cash equivalents		467,238	(17,138,697)
Cash and cash equivalents at the beginning of the period		6,469,174	23,522,896
Exchange (loss) / gain on cash and cash equivalents		(9,185)	84,975
Cash and cash equivalents at the end of the period	42	6,927,227	6,469,174

The annexed notes 1 to 44 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, 2024

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. BASIS OF PREPARATION

2.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRS 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 Basis of measurement

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

2.3 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.

2.4 Key accounting estimates and judgements

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.

Information about judgements, assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:



Note	
4.5.1	Provision for current income tax charge
5	Property, plant and equipment (useful life and fair value)
21	Recognition of deferred tax
22	Measurement of defined benefit obligation

3 CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

(a) Standards, interpretations and amendments to published approved accounting standards that become effective during the current year

The Company has adopted the certain amendments and improvements to approved accounting and reporting standards as applicable in Pakistan which became effective for the current year. Except for the adoption of the amendment as mentioned below, the said amendment did not have any material impact on these financial statements.

The Company has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. These amendments did not result in any changes to the accounting policies itself and did not impact the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality for the disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the 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, 2024:

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified 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's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8
- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above)
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments Disclosures:



- Recognition / Derecognition requirements of Financial Assets / liabilities by Electronic Payments:

The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognised and derecognised and provide an exception for certain financial liabilities settled using an electronic payment system. Companies generally derecognise their trade payables on the settlement date (i.e., when the payment is completed). However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the company to derecognise its trade payable before the settlement date, when it uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
 - no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
 - the settlement risk associated with the electronic payment system is insignificant.
- The amendments apply for reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures:

- Financial Assets with ESG-Linked features:

Under IFRS 9, it was unclear whether the contractual cash flows of some financial assets with ESG-linked features represented SPPI. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

Although the new amendments are more permissive, they apply to all contingent features, not just ESG-linked features. While the amendments may allow certain financial assets with contingent features to meet the SPPI criterion, companies may need to perform additional work to prove this. Judgement will be required in determining whether the new test is met.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g., where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

The amendments apply for reporting periods beginning on or after 1 January 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

The above are not likely to have a material impact on the financial statements of the Company based on the current balance

4 MATERIAL ACCOUNTING POLICY INFORMATION

Except for the change in accounting policy, described below, the accounting policies have been applied consistently to all periods presented in the financial statements.

Change in accounting policy

The Company has adopted and retrospectively applied the "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes" issued by the Institute of Chartered Accountants of Pakistan (ICAP) vide Circular No 7 of 2024 dated 15 May 2024 in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. Resultantly, there is a reclassification of amounts of minimum and final taxes amounting to Rs. 974.32 million under the Income Tax Ordinance, 2001.

Similar treatment has been made for the current year, whereby tax payable under minimum and final tax regime has been separately presented in the Statement of Profit or Loss.



4.1 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 for freehold land which is carried at revalued amount, capital work-in-progress, major spare parts and stand-by equipment which are stated at cost less accumulated impairment loss, if any.

If significant parts of an item of property, plant and equipment have different useful life, then they are accounted for as separate items (Major components) of property, plant and equipment.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company

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.

Revaluations are carried out with sufficient regularity to ensure that the carrying value does not differ materially from its fair value. 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.

4.2 Intangible

An intangible asset is recognised if it is probable that future economic benefits attributable to the asset will flow to the Company and cost of such asset can be measured reliably. Intangibles acquired by the Company are initially recognised at cost and are carried at cost less accumulated amortisation and impairment. Costs associated with developing or maintaining computer software programmes are recognised as an expense when incurred. However, costs that are directly associated with identifiable and unique software products controlled by the Company and that have probable economic benefits exceeding their cost and beyond one year, are recognised as intangible assets.

Amortisation is charged to statement of profit or loss by applying the straight-line method whereby the carrying amount less residual value, if not insignificant, of an asset is amortised over its estimated remaining useful life to the Company. Full month's amortisation is charged in the month of acquisition and no amortisation is charged in the month of disposal

4.3 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 of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted.

4.4 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. 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.

4.5 Income tax

4.5.1 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 in accordance with the Income Tax Ordinance 2001.

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.

4.5.2 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.

Deferred tax assets are measured at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.6 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.



4.7 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 cash flows.

4.8 Borrowings

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

4.9 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.

4.10 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.

4.11 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.

4.12 Employee retirement benefits

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



4.12.1 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, 2024 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.

4.12.2 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.

4.13 Foreign currency transactions

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.

4.14 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.

4.14.1 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.

Interest income on financial assets are recognised on time proportion basis using the effective interest rate method.

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.

4.14.2 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.

4.14.3 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.

4.14.4 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."

4.15 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market is accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

"For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period."

4.16 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 Free-on-Board (FOB) basis, at the time when the products are shipped to customers.
- handling income is recognised at the time when services are rendered.



4.17 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.

4.18 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.

4.19 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.

	2024	2023
	(Rupees in thousand)	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating assets - note 5.1	28,333,674	27,844,931
Major spare parts and stand-by equipment - note 5.2	484,439	115,109
Capital work-in-progress - notes 5.3 and 5.4	1,730,435	489,481
	30,548,548	28,449,521



5.1 Operating assets

Net carrying value basis Year ended June 30, 2024

	Freehold land (notes 5.1.1, 5.1.2 and 5.1.3)	Buildings	Processing Plant	Korangi tank farm	Keamari terminal	Pipelines	Steam generation plant	Power generation, transmission and distribution	Water treatment including cooling system	Equipment including furniture	Fire fighting telecommunication systems	Vehicles and other assets and equipment	Total
Opening net book value (NBV)	20,328,000	22,528	4,797,255	667,613	591,425	219,736	370,726	452,474	7,939	96,575	170,166	120,494	27,844,931
Additions (at cost)	-	12,693	1,451,550	5,317	-	-	-	41,412	7,300	121,746	18,461	72,612	1,731,091
Write-off / Disposals (at NBV) - note 5.1.4	-	-	-	-	-	-	-	-	-	-	-	(2,234)*	(2,234)
Depreciation charge	-	(5,515)	(675,640)	(158,716)	(127,802)	(41,008)	(30,094)	(80,347)	(2,798)	(43,140)	(32,137)	(42,917)	(1,240,114)
Closing net book value	20,328,000	29,706	5,573,165	514,214	463,623	178,728	340,632	413,539	12,441	175,181	156,490	147,955	28,333,674
Gross carrying value basis													
At June 30, 2024	20,328,000	165,267	11,529,674	2,093,474	1,497,812	552,602	588,095	959,299	116,859	727,442	408,015	280,693	39,247,232
Cost or revaluation	-	(135,561)	(5,956,509)	(1,579,260)	(1,034,189)	(373,874)	(247,463)	(545,760)	(104,418)	(552,261)	(251,525)	(132,738)	(10,913,558)
Accumulated depreciation	20,328,000	29,706	5,573,165	514,214	463,623	178,728	340,632	413,539	12,441	175,181	156,490	147,955	28,333,674
Net book value	-	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	
Depreciation rate % per annum													

(Rupees in thousand)

Net carrying value basis Year ended June 30, 2023

	Freehold land (notes 5.1.1, 5.1.2 and 5.1.3)	Buildings	Processing Plant	Korangi tank farm	Keamari terminal	Pipelines	Steam generation plant	Power generation, transmission and distribution	Water treatment including cooling system	Equipment including furniture	Fire fighting telecommunication systems	Vehicles and other assets and equipment	Total
Opening net book value (NBV)	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	28,521,566
Additions (at cost)	-	9,711	219,518	25,842	32,514	-	5,150	-	-	44,995	28,013	98,148	463,891
Write-off / Disposals (at NBV) - note 5.1.4	-	-	-	-	-	-	-	-	-	-	-	(2,500)	(2,502)
Depreciation charge	-	(4,356)	(605,396)	(161,749)	(130,129)	(42,833)	(32,569)	(79,890)	(2,723)	(24,201)	(28,652)	(25,526)	(1,138,024)
Closing net book value	20,328,000	22,528	4,797,255	667,613	591,425	219,736	370,726	452,474	7,939	96,575	170,166	120,494	27,844,931
Gross carrying value basis													
At June 30, 2023	20,328,000	152,574	10,181,563	2,088,158	1,497,814	552,602	588,094	917,886	109,558	605,688	389,554	224,465	37,635,996
Cost or revaluation	-	(130,046)	(5,384,328)	(1,420,545)	(906,389)	(332,866)	(217,368)	(465,412)	(101,619)	(509,113)	(219,388)	(103,991)	(9,791,065)
Accumulated depreciation	20,328,000	22,528	4,797,255	667,613	591,425	219,736	370,726	452,474	7,939	96,575	170,166	120,494	27,844,931
Net book value	-												

* Assets disposed off having nil net book value

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

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

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

5.1.3 As at June 30, 2022, land measuring 200 acres located at Naiclass No. 24, Deh Dih, Tappo Landhi, Taluka Karachi, District Karachi, where the Refinery is situated, was revalued at Rs. 9.18 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 June 30, 2022 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.

The fair value was determined by an independent valuer based on estimated current market value, considering that the land is freehold. This valuation falls under Level 2 of the fair value hierarchy, as it relies on inputs other than quoted prices for identical assets.

Had there been no revaluation, the net book value of land would have been Rs. 2.07 million (2023: Rs. 2.07 million). The surplus on revaluation is not available for distribution to the shareholders.

5.1.4 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
(Rupees in thousand)						
Vehicle and other automotive equipment	2,693	1,616	1,077	1,077	-	Munir Ahmed (Ex-Employee) Company Policy
Items having book value of less than Rs. 500,000 each	13,710	12,554	1,156	4,464	3,308	(Various employees) Company policy
	16,403	14,170	2,233	5,541	3,308	

2024

2023

(Rupees in thousand)

5.2 Major spare parts and stand-by equipment

Gross carrying value		
Balance at beginning of the year	138,939	144,023
Additions during the year	426,253	-
Transferred during the year	(60,260)	(5,084)
Balance at end of the year	504,932	138,939
Provision for impairment - note 5.2.1	(20,493)	(23,830)
Net carrying value	484,439	115,109



5.2.1 During the year, net reversal of Rs. 3.34 million (2023: net reversal of Rs. 0.56 million) was recorded.

	2024	2023
	(Rupees in thousand)	
5.3 Movement in capital work-in-progress		
Balance at beginning of the year	489,481	340,293
Additions during the year	2,972,045	613,079
Transfers made during the year	(1,731,091)	(463,891)
Balance at end of the year	1,730,435	489,481
5.4 Capital work-in-progress		
Processing plant	620,709	345,456
Korangi tank farm	222,966	44,489
Keamari terminal	467,098	5,731
Pipelines	38,964	20,603
Power generation, transmission and distribution	10,983	480
Water treatment and cooling system	110,311	31,203
Steam Generation Plant	99,643	-
Equipment including furniture	38,860	16,139
Fire fighting and telecommunication systems	6,120	3,265
Intangible assets	13,996	-
Advances to contractors / suppliers	100,785	22,115
	1,730,435	489,481
6. RIGHT-OF-USE ASSET		
Opening net book value	115,345	131,255
Depreciation for the year	(15,910)	(15,910)
Closing net book value	99,435	115,345
Depreciation rate	9%	9%
6.1	The Company has obtained Keamari Terminal on lease for a period of 25 years. Lease payments are increased every year by 5% to reflect market rentals.	
7. INTANGIBLES - SOFTWARE		
Net carrying value basis		
Opening net book value	6,736	-
Additions at cost	13,508	6,850
Amortisation	(1,919)	(114)
Closing net book value	18,325	6,736
Gross carrying value basis		
Cost	43,023	29,515
Accumulated amortisation	(24,698)	(22,779)
Net book value	18,325	6,736
Amortisation rate	20%-33%	20%
8. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD		
Pak Grease Manufacturing Company (Private) Limited - 850,401 (2023: 850,401) fully paid ordinary shares - note 8.1	61,141	45,854



- 8.1** The Company holds 27.26% (2023: 27.26%) share in the associate. The above amount represents proportionate carrying value of the associate's net assets - refer note 8.2. 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 manufacture and sale of petroleum grease products.

	2024	2023
	(Rupees in thousand)	
Opening balance	45,854	55,514
Share of profit / (loss) for the year	19,539	(9,660)
Dividend received	(4,252)	-
	61,141	45,854

8.2 Summarised financial information of Company's associate:

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

Revenue from contracts with customers	470,893	122,670
Profit / (Loss) from continuing operations	71,764	(37,764)
Other comprehensive income / (loss)	-	-
Total comprehensive income / (loss)	71,764	(37,764)
Non-current assets	71,429	39,660
Current assets	212,961	157,695
Non-current liabilities	(10,670)	(11,435)
Current liabilities	(49,433)	(17,710)
Net assets	224,287	168,210
Carrying value (Company's share of 27.26%)	61,141	45,854

9. LONG-TERM DEPOSITS AND LOANS

Secured and considered good

Deposits	22,582	21,182
Loans to employees	18,708	17,840
Recoverable within one year – note 12	(10,068)	(10,800)
	8,640	7,040
	31,222	28,222

10. INVENTORIES

Raw material

Crude oil [including in transit Rs. 0.01 billion
(2023: 9.61 billion)]

Finished products - notes 10.1 & 10.2

Stores, spares and chemicals - note 10.3

	15,140,306	25,778,009
	13,138,724	7,921,641
	2,241,157	1,761,234
	30,520,187	35,460,884



10.1 As at June 30, 2024 stock of finished products has been written down by Rs. 380.6 million (2023: 56.72 million) to arrive at their net realisable value.

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

	2024	2023
	(Rupees in thousand)	
- Al-Hamd Bulk Storage (Private) Limited	1,812,913	581,483
- Shell Pakistan Limited	46,853	46,029
- Pakistan Molasses Company (Private) Limited	1,110,938	-
- Karachi Bulk Storage and Terminals (Private) Limited	681,446	3,059
- PSO - related party	1,370	174
	3,653,520	630,745

10.3 Stores, spares and chemicals

Stores	180,792	550,818
Spares	368,610	287,338
Chemicals	1,732,715	983,000
	2,282,117	1,821,156
Provision for slow moving stores, spares and chemicals	(40,960)	(59,922)
	2,241,157	1,761,234

11. TRADE RECEIVABLES

Considered good		
Due from Related Party		
Pakistan State Oil - Parent	6,492,190	9,842,340
Flow Petroleum Private Limited - Associate	56,173	720,419
Others – note 11.1	4,680,726	9,349,576
	11,229,089	19,912,335
Considered doubtful - others	134,892	134,892
	11,363,981	20,047,227
Less: Loss allowance on doubtful receivables	(134,892)	(134,892)
	11,229,089	19,912,335

11.1 This also include trade receivables on account of export sales of Rs. 1.54 billion (2023: Rs. 4.30 billion) secured by way of export letters of credit.

	2024	2023
	(Rupees in thousand)	
11.2 The age analysis of trade receivables past due but not impaired is as follows:		
Up to 3 months	634,087	5,096,489
3 to 6 months	-	2,499
More than 6 months	57,119	53,977



11.3 The age analysis of trade receivables past due but not impaired from related parties are as follows:

	2024	2023
	(Rupees in thousand)	
Up to 3 months	-	5,612,301
3 to 6 months	-	-
More than 6 months	25,291	24,522

11.4 The maximum aggregate amount due from PSO - (related party) at the end of any month during the year was Rs. 23.27 billion (2023: Rs. 17.30 billion).

The maximum aggregate amount due from Flow - (related party) at the end of any month during the year was Rs. 329 million (2023: Rs. nil).

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

	2024	2023
	(Rupees in thousand)	

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

Trade deposits	111,024	112,768
Loans to employees recoverable within one year – note 9	10,068	10,800
Advances for supplies and services	671,175	26,328
Short-term prepayments	37,735	24,404
	830,002	174,300

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

13. OTHER RECEIVABLES

Receivable from government - note 13.1	8,775,191	9,067,694
Profit on cash and cash equivalents	24,675	334,746
Receivable from refineries - note 13.2	4,505,305	25,098
Custom Duty Receivable - note 23.5	9,638,785	-
Sales Tax claimable from Government	57,904	-
Workers Profit Participation Fund - note 23.6	239,331	-
	23,241,191	9,427,538

13.1 This includes a net amount of Rs. 8.78 billion (exchange gains of Rs. 0.62 billion net of exchange losses of Rs 9.40 billion) (2023: Rs. 9.07 billion) in respect of foreign currency loans (FE loans) obtained by the Company for settlement of LCs of crude oil based on the directions of Ministry of Finance (MoF) dated November 27, 2013 and October 21, 2021. On July 18, 2024, MoF interalia informed the Directorate General of Oil office that exchange losses incurred by the Company on the two FE loans taken by it, may be included in the summary for the Economic Coordination committee (ECC) for recovery through pricing mechanism.

13.2 This includes Rs. 4,491 million (2023: Rs. 11 million) due from Pak-Arab Refinery Limited (PARCO) - (related party) in respect of sharing of crude oil, freight and other charges. It further includes Rs. 14 million (2023: Rs 14.10 million) due from National Refinery Limited in respect of pipeline and crude testing charges. Due to the short-term nature of other receivables, their carrying amount is considered to be the same as their fair value.



	2024	2023
	(Rupees in thousand)	
14. INVESTMENTS		
Investment in treasury bills - note 14.1	4,200,895	-

14.1 This represents short term investment in treasury bills measured at fair value through profit or loss. Fair values of these investments are determined using repurchase price and carry interest yields ranging from 20.85% to 21.64%. These treasury bills will be matured latest by April 17, 2025.

The investment in Government treasury bills are valued on observable inputs, including quoted prices for similar instruments or other market data (Level 2 in fair value hierarchy).

	2024	2023
	(Rupees in thousand)	
15. CASH AND BANK BALANCES		
With banks on		
- Term Deposit	-	9,452,000
- Mark-up bearing savings accounts - note 15.1	3,291,205	2,060,717
- Current accounts - note 15.2	3,635,870	157,621
Cash in hand	152	269
	6,927,227	11,670,607

15.1 The rates of mark-up on savings accounts as at June 30, 2024 is 19% per annum (2023: 19.50% per annum).

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

16. SHARE CAPITAL

2024	2023		2024	2023
(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

16.1 These fully paid ordinary shares carry one vote per share and right to dividend.

17. SPECIAL RESERVE

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



As more fully explained in note 23.5 of the financial statements, the GoP issued Refining Policy for Existing / Brownfield Refineries, 2023 on August 17, 2023 (later revised on February 23, 2024) which supersedes all previous refining policies including the aforementioned directives. Since, the requirement to maintain Special Reserve has not been replicated in the Refinery Policy 2023, the Company after obtaining legal advice has transferred the balance of Rs. 16.98 billion in Special Reserve to Unappropriated Profit / Accumulated loss.

	2024	2023
	(Rupees in thousand)	
18. OTHER RESERVES		
Capital reserve - Exchange equalisation reserve	897	897
Revenue reserves - General reserve	1,050	1,050
	1,947	1,947
19. LONG-TERM BORROWINGS		
Long term loan - note 19.1	4,500,000	2,000,000
	4,500,000	2,000,000
Less: Current portion of long term borrowing	(1,500,000)	-
	3,000,000	2,000,000
19.1 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):		
Opening balance	2,000,000	1,301,437
Add: Loans obtained		
Long term loan - note 19.2	1,000,000	2,000,000
Diminishing Musharika - note 19.3	1,500,000	-
	2,500,000	2,000,000
Less: Loans repaid		
Diminishing Musharika repaid	-	(200,000)
Long term loan repaid	-	(1,000,000)
Salary financing - repaid - excluding accrued markup	-	(101,437)
	-	(1,301,437)
Closing balance - note 19.4	4,500,000	2,000,000
19.2 During the year, additional Rs. 1 billion was disbursed under long term project finance facility of Rs. 3 billion under mark-up arrangements through Askari Bank Limited (ABL) which was obtained during 2022-23. The facility carries mark-up of 1 month KIBOR + 1% per annum for a tenor of 3 years (including 2.5 year grace period). The loan is repayable in equal monthly installments commencing from 31st month from drawdown date, whereas markup is to be paid on a quarterly basis. The loan is secured by way of hypothecation of property, plant and equipment (excluding land and buildings).		
19.3 This represents Rs. 1.5 billion diminishing musharika obtained during the year under mark-up arrangement through Faysal Bank Limited. The loan carries mark-up of 3 months KIBOR + 0.1% per annum for a tenor of 18 months (including 1 year grace period) and is repayable in six equal monthly installments commencing from 13th month from the drawdown date. The loan is secured by way of hypothecation of property, plant and equipment (excluding land and buildings).		
19.4 It includes Rs. 1.5 billion financing obtained under islamic financing arrangement and Rs. 3 billion obtained under conventional long term financing.		



2024 2023
(Rupees in thousand)

20. LEASE LIABILITY

Lease liabilities under IFRS 16	151,295	161,215
Current portion	(11,326)	(8,723)
Non Current Portion	139,969	152,492

20.1 Liabilities are payables as follows:

	2024			2023		
	Present Value of Minimum Lease Payments	Future Finance Cost	Minimum Lease Payments	Present Value of Minimum Lease Payments	Future Finance Cost	Minimum Lease Payments
	(Rupees in thousand)			(Rupees in thousand)		
Not later than one year	11,326	16,688	28,014	8,723	19,438	28,161
Later than one year but not later than five year	93,520	41,850	135,370	75,703	51,741	127,444
Later than five year	46,449	1,194	47,643	76,789	6,795	83,584
	151,295	59,732	211,027	161,215	77,974	239,189

20.2 The lease liability is discounted using incremental borrowing rate of 13.71% (2023: 13.71%).

21. DEFERRED TAX (LIABILITIES) / ASSET

	Deferred tax liability arising in respect of taxable temporary difference			Deferred tax asset arising in respect of deductible temporary difference					Net deferred tax liability
	Property, plant and equipment	Investment in associate accounted for under equity method	Total	Right of use asset net of lease liability	Unabsorbed depreciation	Provision for slow moving stores and spares	Excess of Alternate Corporate Tax / Minimum Tax over Normal Tax Liability	Total	
	(Rupees in thousand)								
July 01, 2022	(1,182,061)	(18,035)	(1,200,096)	12,313	213,083	21,297	669,088	915,781	(284,315)
Credit / (charge) to profit or loss for the year	(52,027)	488	(51,539)	5,272	(213,083)	1,005	704,144	497,338	445,799
June 30, 2023	(1,234,088)	(17,547)	(1,251,635)	17,585	-	22,302	1,373,232	1,413,119	161,484
Credit / (charge) to profit or loss for the year	(74,068)	2,477	(71,591)	2,336	-	(6,327)	(704,144)	(708,135)	(779,726)
June 30, 2024	(1,308,156)	(15,070)	(1,323,226)	19,921	-	15,975	669,088	704,984	(618,242)

21.1 The company has not recognised deferred tax asset in respect of minimum tax of Rs. 250.81 million.

22. EMPLOYEE BENEFIT OBLIGATIONS / (PREPAYMENTS)

The Company operates recognised funded gratuity and pension schemes (the Schemes) for its eligible management and non-management employees. Actuarial valuation of these Schemes is carried out every year and the latest actuarial valuation was carried out as at June 30, 2024, using the Projected Unit Credit Method, details of which as per the actuarial valuation are stated in note 22.1.1.

Assets of these schemes are held in separate trusts (the Funds), which are governed by local regulations which mainly include Sindh Trust Act, 2020, 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	
	2024	2023	2024	2023	2024	2023	2024	2023
(Rupees in thousand)								
22.1.1 Statement of financial position reconciliation								
Present value of defined benefit obligation at June 30 - note 22.1.2	2,090,365	1,846,774	356,325	308,814	346,042	282,607	112,533	99,312
Fair value of plan assets at June 30 - note 22.1.3	(1,852,856)	(1,379,471)	(260,702)	(185,279)	(294,905)	(236,927)	(130,805)	(118,417)
Deficit / (surplus)	237,509	467,303	95,623	123,535	51,137	45,680	(18,272)	(19,105)
22.1.2 Movement in the present value of defined benefit obligation								
Opening balance	1,846,774	1,764,747	308,814	257,305	282,607	249,485	99,312	82,568
Benefits paid by the plan	(111,073)	(101,539)	(11,086)	(15,926)	(26,683)	(16,129)	(3,786)	(7,051)
Current service cost	64,342	63,600	10,599	8,965	24,765	19,995	3,644	3,280
Past service cost	(123,231)	-	-	-	22,811	-	-	-
Interest cost	296,029	236,932	50,145	34,349	46,077	34,019	16,082	10,877
Remeasurement on obligation	117,524	(116,966)	(2,147)	24,121	(3,535)	(4,763)	(2,719)	9,638
Closing balance	2,090,365	1,846,774	356,325	308,814	346,042	282,607	112,533	99,312
22.1.3 Movement in the fair value of plan assets								
Opening balance	1,379,471	1,298,844	185,279	173,952	236,927	211,992	118,417	115,152
Contributions paid into the plan	143,065	128,824	31,262	20,638	31,649	24,746	-	-
Benefits paid by the plan	(111,073)	(101,539)	(11,086)	(15,926)	(26,683)	(16,129)	(3,786)	(7,051)
Interest income	217,306	171,708	29,482	22,676	39,193	29,268	18,961	15,006
Remeasurement of plan assets	224,087	(118,366)	25,765	(16,061)	13,819	(12,950)	(2,787)	(4,690)
Closing balance	1,852,856	1,379,471	260,702	185,279	294,905	236,927	130,805	118,417
22.1.4 Expense recognised in statement of profit or loss and other comprehensive income								
Current service cost	64,342	63,600	10,599	8,965	24,765	19,995	3,644	3,280
Past service cost	(123,231)	-	-	-	22,811	-	-	-
Net interest cost / (income)	78,723	65,224	20,663	11,673	6,884	4,751	(2,879)	(4,129)
Expense recognised in statement of profit or loss and other comprehensive income	19,834	128,824	31,262	20,638	54,460	24,746	765	(849)
22.1.5 Remeasurement recognised in Other Comprehensive Income								
Remeasurement of present value of defined benefit obligation	117,524	(116,966)	(2,147)	24,121	(3,535)	(4,763)	(2,719)	9,638
Remeasurement of fair value of plan assets	(224,087)	118,366	(25,765)	16,061	(13,819)	12,950	2,787	4,690
Remeasurements	(106,563)	1,400	(27,912)	40,182	(17,354)	8,187	68	14,328
22.1.6 Net recognised liability / (asset)								
Net liability at the beginning of the year	467,303	465,903	123,535	83,353	45,680	37,493	(19,105)	(32,584)
Expense recognised in statement of profit or loss and other comprehensive income	19,834	128,824	31,262	20,638	54,460	24,746	765	(849)
Contribution made to the fund during the year	(143,065)	(128,824)	(31,262)	(20,638)	(31,649)	(24,746)	-	-
Remeasurements recognised in other comprehensive income	(106,563)	1,400	(27,912)	40,182	(17,354)	8,187	68	14,328
Recognised liability / (asset) as at June 30	237,509	467,303	95,623	123,535	51,137	45,680	(18,272)	(19,105)



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

	Pension Schemes				Gratuity Schemes			
	Management		Non-Management		Management		Non-Management	
	2024	2023	2024	2023	2024	2023	2024	2023
	(Rupees in thousand)							
Equity securities	25.18%	20.49%	20.99%	16.36%	26.93%	19.71%	0.00%	0.00%
Debt securities	56.47%	73.21%	71.80%	65.77%	62.81%	68.36%	93.40%	85.95%
Others	18.34%	6.31%	7.21%	17.87%	10.25%	11.93%	6.60%	14.05%
22.1.8 Actuarial assumptions								
Discount rate at June 30	14.75%	16.25%	14.75%	16.25%	14.75%	16.25%	14.75%	16.25%
Future salary increases								
- One time salary increase	N/A	N/A	N/A	13.00%	N/A	N/A	N/A	13.00%
- First year following the valuation	12.00%	15.00%	7.00%	5.00%	12.00%	15.00%	7.00%	6.00%
- Second year following the valuation	14.75%	16.25%	14.75%	13.25%	14.75%	16.25%	14.75%	16.25%
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	5.00%	5.00%	5.00%	5.00%				
- Long term pension increase rate	7.50%	7.50%	7.50%	7.50%				

22.1.9 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, 2024 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, 2025 is expected to amount to Rs. 37.73 million and Rs. 127.79 million respectively.

22.2 Risks on account of defined benefit plan

The Company faces the following risks on account of defined benefit plan:

- Final salary risk - The risk that the final salary at the time of cessation of service is greater than assumed salary. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.
- Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.
- Risk of insufficiency of assets - This is managed by making regular contribution to the Fund as advised by the actuary.



22.3 Sensitivity analysis for actuarial assumptions

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

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
		(Rupees in thousand)	
Discount rate at June 30	0.50%	(136,125)	120,046
Future salary increases	0.50%	45,759	(69,599)
Future pension increases	0.50%	(388,448)	(524,104)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity and pension benefit liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.



	2024	2023	2022	2021	2020
(Rupees in thousand)					
22.4 Historical information					
Management Pension Fund					
Present value of defined benefit obligation	2,090,365	1,846,774	1,764,747	1,575,208	1,543,285
Fair value of plan assets	(1,852,856)	(1,379,471)	(1,298,844)	(1,308,268)	(1,196,805)
Deficit in the plan	237,509	467,303	465,903	266,940	346,480
Experience adjustments					
(Gain) / loss on obligation	117,524	(116,966)	49,879	(103,344)	268,373
Gain / (Loss) on plan assets	224,087	(118,366)	(148,477)	(23,804)	169,359
Non-Management Pension Fund					
Present value of defined benefit obligation	356,325	308,814	257,305	254,664	226,204
Fair value of plan assets	(260,702)	(185,279)	(173,952)	(157,096)	(135,402)
Deficit in the plan	95,623	123,535	83,353	97,568	90,802
Experience adjustments					
(Gain) / loss on obligation	(2,147)	24,121	(22,933)	2,453	5,198
Gain / (loss) on plan assets	25,765	(16,061)	(8,718)	1,573	6,214
Management Gratuity Fund					
Present value of defined benefit obligation	346,042	282,607	249,485	208,084	179,686
Fair value of plan assets	(294,905)	(236,927)	(211,992)	(195,041)	(166,645)
Deficit in the plan	51,137	45,680	37,493	13,043	13,041
Experience adjustments					
(Gain) / loss on obligation	(3,535)	(4,763)	15,596	(1,128)	(2,601)
Gain / (loss) on plan assets	13,819	(12,950)	(8,854)	3,520	5,291
Non-Management Gratuity Fund					
Present value of defined benefit obligation	112,533	99,312	82,568	84,105	69,728
Fair value of plan assets	(130,805)	(118,417)	(115,152)	(109,685)	(99,985)
Surplus in the plan	(18,272)	(19,105)	(32,584)	(25,580)	(30,257)
Experience adjustments					
(Gain) / loss on obligation	(2,719)	9,638	(9,512)	4,981	(9,165)
Gain / (loss) on plan assets	(2,787)	(4,690)	(1,611)	304	3,470



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

	No. of years
Management Pension fund	9.33
Non-management Pension fund	9.35
Management Gratuity fund	6.08
Non-management Gratuity fund	5.77

22.6 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.

22.7 The Company's contributions toward the provident fund for the year ended June 30, 2024 amounted to Rs. 45.49 million (2023: Rs. 40.55 million).

	2024	2023
	(Rupees in thousand)	
23. TRADE AND OTHER PAYABLES		
Creditors – note 23.1	28,342,846	35,435,851
Payable to the Government – note 23.2	9,666,903	4,628,419
Accrued liabilities - notes 23.3	3,501,665	2,821,755
Payable to escrow account - note 23.4 and 23.5	1,276,630	-
Surplus price differential payable - note 26.3	4,744,412	1,975,856
Sales tax payable	-	562,282
Accrued mark-up on bank borrowings	466,142	476,090
Workers' Profit Participation Fund – note 23.6	-	172,393
Advances from customers – note 23.7	456,047	266,553
Workers' Welfare Fund	156,565	61,098
Retention money	115,884	8,359
Tax deducted at source	10,114	4,788
	48,737,208	46,413,444

23.1 This includes Rs. 2.61 billion (2023: 5.8 billion) due to related parties.

23.2 This represents GoP's share in the value of local crude purchased and petroleum levy on sale of petroleum products. This is net of receivable of Rs. 259.13 million (2023: Rs. 259.13 million) from the Government 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). 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.

23.3 This includes differential of regulatory / custom duty levied amounting to Rs. 0.15 billion (2023: Rs. 0.10 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 the 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. The RRD mechanism has been superseded during the year by Pakistan Oil Refining Policy for Existing / Brownfield Refineries, 2023 (the Policy) effective August 17, 2023.



2024	2023
(Rupees in thousand)	

23.4 Movement of incremental incentives during the year is as follows:

Incremental incentives generated during the period	9,369,485	-
Incremental incentives to be deposited in IFEM pool	(3,490,577)	-
Incremental incentives transferred to joint Escrow Account	(4,602,278)	-
Closing balance payable to joint Escrow Account - not due	1,276,630	-

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

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

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

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

The revised policy gives the rights to a refinery who have already executed Upgrade Agreement under original Policy to opt for the amended provisions / incentives of the revised Policy by executing a supplemental to the Upgrade Agreement within 2 months of the date of notification of revised policy (subsequently extended by further 6 months). The Company is in the process of finalisation of Supplemental Upgrade and Escrow Account Agreements with OGRA.

The OGRA vide its letter dated April 02, 2024 communicated that effective date for upgrade project of the company shall be considered as Nov 30, 2023. i.e. the date of opening of escrow account.

The incremental incentives under the Policy will be recognised after the Final Investment Decision (FID) on the project. Balance in joint Escrow Account as at June 30, 2024 was as follows:

	2024	2023
	(Rupees in thousand)	
Opening balance	-	-
Incremental incentives transferred to Escrow Account during the period	4,602,278	-
Interest earned on incremental incentives (net of withholding tax)	165,327	-
Closing balance	4,767,605	-



23.6 Workers Profit Participation Fund

	2024	2023
	(Rupees in thousand)	
Opening balance	172,393	(188,594)
Expense during the year	361,276	172,393
Receipt / (payments) made during the year (net)	(773,000)	188,594
Closing balance	(239,331)	172,393

This represents the excess payment to the fund. Arrangements are being made for its recovery.

- 23.7** These represent advances received from customers against supply of petroleum products which are recognised as revenue when the performance obligation is satisfied. During the year, the amount recognised as revenue from advance balance at the beginning of the year amounts to Rs. 0.27 billion (2023: Rs. 1.1 billion).

	2024	2023
	(Rupees in thousand)	
24. SHORT-TERM BORROWINGS		
Foreign currency loan - note 24.1	23,943,989	24,632,597
Running finance under mark-up arrangements - note 24.2	-	5,201,433
Current portion of long-term borrowings - note 19	1,500,000	-
	25,443,989	29,834,030

- 24.1** This represents short term FE 25 loan, which were initially obtained from banks at mark-up rates ranging from three months LIBOR +2.5% to six months LIBOR +4.44% per annum and were repayable by January 20, 2022 and June 20, 2022 respectively. Later these FE loans have been rolled over and are now both the loans are due on August 15, 2024 and carry mark-up of 8.95% and 9.30% respectively. The banks involved in FE25 loans, have earmarked respective running finance, invoice discounting and letter of credit facilities amounting to Rs. 2.5 billion (in note 24.2) Rs. 4.0 billion (in note 24.3) and Rs. 16.8 billion (in note 24.3) respectively (2023: Rs. 2.5 billion and Rs. 4.0 billion and Rs. 16.8 billion respectively).

- 24.2** As at June 30, 2024 available running finance facilities under mark-up arrangements from various banks amounted to Rs. 9.75 billion (2023: Rs. 9.95 billion). The unutilised amount of running finance facilities as at June 30, 2024 was Rs. 7.25 billion (2023: Rs. 2.25 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 one month KIBOR+0.65% to one month KIBOR+2% per annum as at June 30, 2024 (2023: one month KIBOR+0.65% to three months KIBOR+1.5% per annum). Purchase prices are payable on demand.

- 24.3** Facilities for letters of credit / guarantees and invoice discounting as at June 30, 2024 accumulated to Rs. 66.20 billion (2023: Rs. 52.14 billion) and Rs. 4.50 billion (2023: Rs. 4.5 billion) respectively of which the unutilised amount as at June 30, 2024 was Rs.16.60 billion (2023: Rs. 5.85 billion) and Rs. 2 billion (2023: 4.5 billion) respectively.



25. CONTINGENCIES AND COMMITMENTS**Contingencies**

- a) Claims against the Company not acknowledged as debt amount to Rs. 8.24 billion (2023: Rs. 6.75 billion), which includes Rs. 7.99 billion (2023: Rs. 6.18 billion) on account of late payment surcharge on purchase of crude oil. The Company has raised similar claims aggregating to Rs. 7.87 billion (2023: Rs. 7.54 billion) relating to interest on late payments against trade receivables from certain Oil Marketing Companies which has also not been recorded. The Company is of the view that ultimately these claims will be waived off.

Contingent liabilities other than late payment surcharge involving legal proceedings are disclosed in note 25.1.

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

Commitments

- a) As at June 30, 2024 commitments outstanding for capital expenditure amounted to Rs. 1.52 billion (2023: Rs. 6.94 billion).



25.1 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	<p>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.</p> <p>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.</p> <p>The exposure in this respect is around Rs. 20 million, however it will be calculated under the preliminary decree.</p>	Company and legal representatives of late Mr. M. Ramzan Katiar	2012
High Court of Sindh	<p>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.</p> <p>The Company, as plaintiff filed another case, suit no. 1063/2008 and prayed to the Honourable 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.</p> <p>Suit 694/2008 and 1063/2008 have been disposed off in the year 2015 in favor 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.</p>	Company and Barret Hodgson	2015
High Court of Sindh	<p>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.</p>	M/s Burshane, Cantonment Board Korangi Creek and Company	2016
FBR	<p>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 62.16 million for tax year 2017 and 2018 respectively.</p> <p>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.</p> <p>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).</p>	The Company, ACIR and CIR(A)	2019

The management, based on the view of its legal and tax advisors is of the view that the decisions are expected in its favor. Accordingly, no provision of the above claims / demands have be made in the financial statements.



	2024	2023
	(Rupees in thousand)	
26. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Local sales - notes 26.1 & 26.2	381,022,594	304,454,022
Exports	22,544,905	21,076,356
Gross sales	403,567,499	325,530,378
Less:		
- Incremental incentives - note 23.4	(9,369,485)	-
- Sales tax	(9,539,232)	(7,201,648)
- Discount allowed - note 26.5	(295,593)	-
- Excise duty and petroleum levy	(67,982,185)	(33,739,249)
- Surplus price differential - note 26.3	(9,609,584)	(13,803,054)
- Custom duty - note 23.3 and 26.4	(1,231,741)	(8,926,023)
	305,539,679	261,860,404

26.1 The Company sells its products to Oil Marketing Companies (OMCs). Out of these, 2 (2023: 2) of the Company's customers contributed towards 59.1% (2023: 56.70%) of the revenues during the year amounting to Rs. 179.36 billion (2023: Rs. 184.59 billion) and each customer individually exceeds 10% of the revenues.

26.2 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, Light Diesel Oil and Aviation Fuels) are based on prices set under notifications of the Ministry of Energy (MoE).

26.3 This includes price differential amounting to Rs. 9.61 billion (2023: Rs. 13.01 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. Nil (2023: Rs. 0.79 billion) on sale of 90 RON Motor Gasoline, calculated as per the mechanism notified by MoE dated September 5, 2016.

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

26.5 During the last quarter, the company offered discounts to all the customers on ex-refinery prices of Motor Gasoline and High Speed Diesel.

	2024	2023
	(Rupees in thousand)	
27. COST OF SALES		
Crude oil and condensate consumed - note 27.1 and 27.2	282,497,468	244,854,544
Stores, spares and chemicals	7,333,303	2,658,616
Depreciation and amortisation	1,016,203	941,129
Fuel, power and water	1,265,273	919,714
Salaries and wages	1,073,993	809,702
Repairs and maintenance	1,162,529	484,699
Insurance	292,919	176,819
Retirement benefits	102,772	169,618
Staff transport	69,325	62,097
Security expenses	75,330	54,809
Rent, rates and taxes	48,563	24,310
Subscriptions	14,546	22,077
Consultancy	105,747	18,900
Travelling and entertainment	52,592	7,176
Other expenses	5,332	3,869
Exchange loss - note 27.3	547,622	6,216,476
	13,166,049	12,570,011
	295,663,517	257,424,555
Opening inventory of finished products	7,921,641	5,056,848
Closing inventory of finished products	(13,138,724)	(7,921,641)
	290,446,434	254,559,762



	2024	2023
	(Rupees in thousand)	
27.1 Crude oil and condensate consumed		
Opening inventory	25,778,009	18,421,996
Purchases	271,859,765	252,210,557
Closing inventory	(15,140,306)	(25,778,009)
	282,497,468	244,854,544

27.2 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.

27.3 This represents exchange loss incurred due to fluctuation in the value of foreign currency in terms of local currency on purchase of crude oil and condensate. Exchange loss is part of the pricing mechanism.

	2024	2023
	(Rupees in thousand)	
28. SELLING EXPENSES		
Transportation and handling charges	177,350	128,416
Depreciation and amortisation	116,993	115,614
Salaries and wages	104,501	89,820
Rent, rates and taxes	84,882	58,926
Repairs and maintenance	65,207	38,125
Insurance	57,337	30,371
Retirement benefits	11,607	11,237
Fuel, power and water	21,339	9,521
Security expenses	13,861	9,291
Staff transport	4,578	4,980
Subscriptions	8,429	3,400
Other expenses	2,507	882
	668,591	500,583

29. ADMINISTRATIVE EXPENSES

Salaries and wages	502,425	430,070
Depreciation and amortisation	124,744	97,305
Repairs and maintenance	4,701	32,173
Computer related and software maintenance expenses	74,268	52,355
Insurance	76,095	46,640
Travelling and entertainment	128,358	41,042
Legal and professional charges	54,088	38,713
Retirement benefits	37,435	33,000
Cleaning and janitorial services	34,383	28,797
Consultancy	1,185	28,300
Directors' remuneration - note 36	36,229	21,030
Subscriptions	16,154	17,832
Stamp duty charges	53,068	29,988
Security expenses	17,305	12,374
Communication	16,658	11,817
Staff transport	18,373	11,340
Training expenses	12,142	10,910
Printing and stationery	17,442	10,518
Auditors' remuneration - note 29.1	7,777	7,270
Advertising and publicity	17,796	9,807
Other expenses	11,511	3,908
	1,262,137	975,189



2024 **2023**
(Rupees in thousand)

29.1 Auditors' remuneration

Audit fee	2,700	2,100
Fee for:		
- limited review of half yearly financial information	800	600
- other certifications	1,140	488
- taxation services	2,825	2,686
Out of pocket expenses	312	1,396
	7,777	7,270

30. OTHER OPERATING EXPENSES

Research cost on Refinery Expansion and Upgradation - note 30.1	6,195,857	2,175,700
Workers' Profit Participation Fund	361,276	172,393
Workers' Welfare Fund	156,855	75,332
Donations - note 30.2	45,183	19,763
Penalties	57	-
	6,759,228	2,443,188

30.1 This represents costs incurred in respect of planning phase and other related studies for future upgradation and expansion of refinery.

30.2 This represents donation of laptops and desktops to Indus Hospital, ChildLife Foundation, Institute of Business Administration, Layton Rahmatullah Benevolent Trust, and Goread.pk. This also include the amount donated to Citizen Foundation for provision of quality education. None of the directors or their spouses have any interest in the aforementioned organisations.

2024 **2023**
(Rupees in thousand)

31. OTHER INCOME**Income from financial assets**

Profit on deposits	2,613,168	2,166,535
Income on treasury bills	1,551,192	1,103,006
Interest on late payments	34,942	2,874

Others

Liabilities no longer required written back	-	576,248
Recovery of precious metal - note 31.1	142,000	85,000
Rent of equipment - note 31.2	22,777	39,335
Insurance claim - note 31.3	23,516	38,062
Crude oil testing services - note 31.4	32,365	37,633
Unearned income on government grant	-	6,464
Gain (net) on disposal of operating assets	3,308	2,212
Sale of scrap	-	1,507
Others	8,178	7,619
	4,431,446	4,066,495

31.1 This represents recovery of metals (Platinum and Rhenium) from old batch of catalyst of Platformer Unit, which have been subsequently utilised for manufacture of fresh batch of catalyst.

31.2 This includes Rs. 0.37 million (2023: 0.62 million) from a related party.

31.3 This represents settlement of insurance claim from insurance companies in relation to ocean loss on crude oil imports as per the contract.



- 31.4** 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. 21.87 million (2023: Rs. 31.33 million) from a related party.

	2024	2023
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(Rupees in thousand)

32. FINANCE COST

Mark-up on running finance under mark-up arrangements - note 24.2	22,887	130,043
Mark-up on short-term borrowings	2,763,339	2,757,286
Markup on long term loans - note 19	817,192	145,015
Markup on salary refinancing - note 19	-	6,355
Exchange loss - net	155,784	990,261
Amortisation of lease liability	18,242	19,438
Bank charges	8,159	17,600
	3,785,603	4,065,998

2024

2023

(Restated)

(Rupees in thousand)

33. FINAL TAX AND MINIMUM TAX

Final tax	345,258	268,308
Minimum tax	10,477	706,008
	355,735	974,316

It represents charge for final tax and minimum tax under Income Tax Ordinance, 2001.

34. TAXATION

Current for the year	2,088,422	964,187
Prior year	(216,847)	54,848
Deferred - note 21	779,726	(445,799)
	2,651,301	573,236

34.1 Relationship between tax expense and accounting profit

Profit before taxation	7,068,671	3,372,519
Final tax and Minimum tax	(355,735)	(974,316)
Profit before income tax	6,712,936	2,398,203
Tax at the applicable tax rate of 39% (2023 : 39%)	2,618,045	935,299
Effect of:		
- Prior year tax	(216,847)	54,848
- deferred tax asset on minimum tax	250,103	(486,756)
- expenses not deductible for tax purposes	-	(180,862)
- effect on deferred tax due to rate change	-	250,707
	2,651,301	573,236



2024	2023
(Rupees in thousand)	

35. EARNINGS PER SHARE - BASI C AND DILUTED

Profit for the year attributable to ordinary shareholders (Rupees in thousand)

4,061,635	1,824,967
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Weighted average number of ordinary shares outstanding during the year (in thousand)

630,000	630,000
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Basic and diluted earnings per share

Rs. 6.45	Rs. 2.90
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There were no dilutive potential ordinary shares in issue as at June 30, 2024 and 2023.

36. 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:

	2024			2023		
	Non - Executive Directors	Chief Executive	Executives	Non - Executive Directors	Chief Executive	Executives
(Rupees in thousand)						
Fees	28,490	-	-	14,060	-	-
Managerial remuneration	-	61,208	391,255	-	51,834	330,965
Honorarium - note 36.2	3,600	-	-	3,600	-	-
Bonus	-	13,477	101,444	-	12,379	95,978
Retirement benefits	-	-	102,645	-	-	95,777
Housing	-	-	152,993	-	-	133,642
Utilities	-	-	33,865	-	-	29,700
Leave passage	-	-	53,524	-	-	46,022
Club expenses	-	-	1,164	-	-	1,070
Others	4,139	35	116,587	3,370	69	84,106
	4,139	35	358,133	3,370	69	294,540
	36,229	74,720	953,477	21,030	64,282	817,260
Number of persons	10	1	117	10	1	111

36.1 As at June 30, 2024, 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. 143.80 million (2023: Rs. 123.73 million). In addition, certain executives are provided furnished accommodation within refinery premises according to their respective terms of employment.

36.2 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.



37. 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 at agreed rates / 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	2024	2023
		(Rupees in thousand)	
(a) Parent company	Sale of goods	135,208,016	113,817,274
	Discount allowed	101,131	-
	Services rendered	375	623
	Services received	29,780	-
(b) Associated companies	Purchase of goods - net	32,685,027	7,897,405
	Sale of goods - net	35,511,613	7,221,791
	Discount allowed	9,780	-
	Services received	14,783	8,884
	Services rendered	21,866	31,330
(c) Key management personnel compensation (excluding non-executive directors)	Dividend received	4,252	-
	Salaries and other short-term employee benefits	229,367	195,069
	Post-employment benefits	15,899	13,646
	Sale of car	921	1,658
(d) Staff retirement benefit funds	Payments to staff retirement benefit funds	318,481	276,579
(e) Non-executive Directors	Remuneration and fees	36,229	21,030

37.1 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
1 Pakistan State Oil Limited	Parent Company	63.56%
2 Pak Grease Manufacturing Company (Private) Limited note - 8.1	By virtue of shareholding by the Company	N/A
3 Gas & Oil Pakistan Limited	By virtue of common directorship	N/A
4 Meezan Bank Limited	By virtue of common directorship	N/A
5 Overseas Investors Chamber of Commerce and Industry	By virtue of common directorship	N/A
6 Pak-Arab Pipeline Company Limited	By virtue of common directorship	N/A
7 Pak-Arab Refinery Limited	By virtue of common directorship	N/A
8 Petroleum Institute of Pakistan	By virtue of common directorship	N/A
9 Flow Petroleum (Private) Limited	By virtue of common directorship	N/A



	2024	2023
38. NUMBER OF EMPLOYEES		
Number of employees including contractual employees at the end of year	284	284
Average number of employees including contractual employees during the year	282	281

39. CAPACITY AND ACTUAL PERFORMANCE

Against the designed nominal annual capacity of 2,133,705 metric tons, the actual throughput during the year was 1,482,468 metric tons (2023: 1,342,207 metric tons). The Company operated the plant considering the level which gives optimal yield of products. In addition, the Company was shutdown for 38 days during the year for major turnaround.

40. FINANCIAL INSTRUMENTS**40.1 Financial assets and liabilities**

	Interest / Mark-up bearing			Non-interest / mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
(Rupees in thousand)							

FINANCIAL ASSETS

Trade deposits and loans	-	-	-	121,092	31,222	152,314	152,314
Trade receivables	-	-	-	11,229,089	-	11,229,089	11,229,089
Other receivables	-	-	-	14,466,000	-	14,466,000	14,466,000
Investments	4,200,895	-	4,200,895	-	-	-	4,200,895
Cash and bank balances	3,291,205	-	3,291,205	3,636,022	-	3,636,022	6,927,227
2024	7,492,100	-	7,492,100	29,452,203	31,222	29,483,425	36,975,525
2023	11,512,717	-	11,512,717	20,553,637	28,222	20,581,859	32,094,576

FINANCIAL LIABILITIES

Borrowings	25,443,989	3,000,000	28,443,989	-	-	-	28,443,989
Trade and other payables	-	-	-	32,426,537	-	32,426,537	32,426,537
Unclaimed dividend	-	-	-	19,852	-	19,852	19,852
Lease Liability	11,326	139,969	151,295	-	-	-	151,295
2024	25,455,315	3,139,969	28,595,284	32,446,389	-	32,446,389	61,041,673
2023	29,842,753	2,133,054	31,975,807	38,761,907	-	38,761,907	70,737,714

Above information is based on contractual maturity.



40.2 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.

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

The Company is not exposed to externally imposed capital requirement.

(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. 32.8 billion (2023: Rs. 32.09 billion).

	2024	2023
	(Rupees in thousand)	
Trade deposits and loans	152,314	151,790
Trade receivables	11,229,089	19,912,335
Other receivables	14,466,000	359,844
Cash and bank balances	6,927,227	11,670,607
	32,774,630	32,094,576

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 agency	Rating	
		Long term	Short term
Askari Bank Limited	PACRA	AA+	AA+
Bank Al Falah Limited	PACRA	AAA	A1+
Bank Al-Habib Limited	PACRA	AAA	A1+
Bank of Punjab	PACRA	AA+	A1+
Bank of China - Pakistan Operations	SP Global	A+	A1
Faysal Bank Limited	PACRA	AA	A1+
Habib Bank Limited	JCR - VIS	AAA	A1+
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+	A-1
Meezan Bank Limited	JCR - VIS	AAA	A1+
National Bank of Pakistan	PACRA	AAA	A1+
Soneri Bank Limited	PACRA	AA-	A1+
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	A1+
United Bank Limited	JCR - VIS	AAA	A1+



(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.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual payments and exclude the impact of netting agreements.

2024	Contractual Cashflows				
	Carrying amount	Total	0-1 year	1-5 years	More than 5 years
	(Rupees in thousand)				
Long term loans	4,500,000	6,045,725	2,434,975	3,610,750	-
Lease Liabilities	151,295	211,027	28,014	135,370	47,643
Short term borrowings	23,943,989	24,223,507	24,223,507	-	-
Trade and other payables	32,426,537	32,426,537	32,426,537	-	-

2023	Contractual Cashflows				
	Carrying amount	Total	0-1 year	1-5 years	More than 5 years
	(Rupees in thousand)				
Long term loans	2,000,000	4,986,250	643,167	4,343,083	-
Lease Liabilities	161,215	239,189	28,161	127,444	83,584
Short term borrowings	29,834,030	29,909,443	29,909,443	-	-
Trade and other payables	38,742,055	38,742,055	38,742,055	-	-

(iii) Foreign exchange risk

Foreign exchange risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As at June 30, 2024, financial assets include trade receivables Rs. 1.54 billion (2023: 4.73 billion) and financial liabilities include short term loan Rs. 24.21 billion (2023: Rs. 24.96 billion) which is 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, 2024, 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. 1.1 billion (2023: Rs. 1.01 billion) 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 (2023: 180 days). Financial assets and liabilities include balances of Rs. 3.29 billion (2023: Rs. 11.67 billion) and Rs. 28.44 billion (2023: Rs. 31.83 billion) respectively, which are subject to interest rate risk. Applicable interest rates for financial assets and liabilities have been indicated in respective notes.

As at June 30, 2024, 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. 209.52 million (2023: Rs. 203.21 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.



	2024	2023
	(Rupees in thousand)	
41. CASH GENERATED FROM OPERATIONS		
Profit before income tax	7,068,671	3,372,519
Adjustments for non-cash charges and other items:		
Mark-up expense	3,767,362	4,046,560
Depreciation and amortisation	1,257,941	1,154,048
Provision for employee benefit obligations	106,321	173,309
(Reversal) / provision for slow moving stores and spares - net	(22,300)	16,153
Share of (profit) / loss of associate	(19,539)	9,660
Profit on deposits	(2,613,168)	(2,166,535)
Gain on investments	(1,551,192)	(1,103,006)
Exchange loss / (gain) on cash and cash equivalents	9,185	(84,975)
Gain on disposal of operating assets - net	(3,307)	(2,212)
	931,303	2,043,002
Working capital changes - note 41.1	533,502	(19,782,283)
Cash generated from / (used in) operations	8,533,476	(14,366,762)
41.1 Working capital changes		
(Increase) / decrease in current assets		
Inventories	4,959,660	(11,420,684)
Trade receivables	8,683,246	(8,606,486)
Trade deposits, loans, advances and short-term prepayments	(655,702)	54,279
Other receivables	(14,812,332)	403,069
	(1,825,128)	(19,569,822)
Increase / (decrease) in current liabilities		
Trade and other payables	2,358,630	(212,461)
	533,502	(19,782,283)
42. CASH AND CASH EQUIVALENTS		
Cash and bank balances	6,927,227	11,670,607
Running finance under mark-up arrangements - note 24.2	-	(5,201,433)
	6,927,227	6,469,174
43. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE		
<p>The Board of Directors, in its meeting held on August 21, 2024, has proposed a final cash dividend of Rs. 2 per share for the year ended June 30, 2024 (2023: Nil). This appropriation is expected to be approved by the shareholders in the forthcoming Annual General Meeting. The financial statements for the year ended June 30, 2024 do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending June 30, 2025.</p>		
44. GENERAL		
44.1	These financial statements were authorised for issue on August 21, 2024 by the Board of Directors of the Company.	
44.2	Comparative figures have been re-arranged and reclassified for comparison purposes. However, no material reclassification has been made, except as mentioned in note 4 to the financial statements.	



Zahid Mir
Managing Director & CEO



Mohammad Abdul Aleem
Director



Imran Ahmad Mirza
Chief Financial Officer



اظہار تشکر

بورڈ وزارت توانائی اور دیگر سرکاری حکام کے قابل قدر تعاون کا معترف ہے۔ مزید برآں پورے سال کے دوران شیئر ہولڈرز، مالیاتی اداروں، اسٹریٹجک شراکت داروں، ملازمین اور دیگر اسٹیک ہولڈرز کی حمایت اور اعتماد کو بورڈ تسلیم کرتا ہے اور قدر کی نگاہ سے دیکھتا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے



زاید میر
منیجنگ ڈائریکٹر اور سی ای او



طارق کرمانی
چیئرمین

کراچی: 21 اگست 2024



یہ اقدامات پائیدار ترقی کو فروغ دینے اور معاشرے پر طویل مدتی مثبت اثرات مرتب کرنے کے لیے PRL کے عزم کی عکاسی کرتے ہیں، اور کمپنی کے اس یقین کو تقویت دیتے ہیں کہ حقیقی کامیابی کی پیائش مالی کامیابیوں کے ساتھ ساتھ لوگوں کی زندگیوں میں بہتری لانے سے کی جاتی ہے۔

اندرونی مالیاتی ضابطوں کی مناسبت

بورڈ آف ڈائریکٹرز بہتر داخلی مالیاتی ضابطوں کے قیام کا ذمہ دار ہے۔ بورڈ نے کمپنیز ایکٹ 2017 کے تحت بورڈ کو تفویض کردہ مخصوص مالی اور انتظامی اختیارات کے علاوہ بیجنگ ڈائریکٹر اور چیف ایگزیکٹو آفیسر کو کچھ مالیاتی اور انتظامی اختیارات استعمال کرنے کی اجازت دی ہے۔ بورڈ وقتاً فوقتاً داخلی مالیاتی ضابطوں کی مناسبت سے متعلق اندرونی آڈٹ فنکشن کے ذریعے اپ ڈیٹ لیتا ہے۔ سال کے دوران، بورڈ کو ان ضابطوں میں کسی قسم کی غیر موافقت رپورٹ نہیں دی گئی۔

قومی خزانے اور ویلیو ایڈیشن میں تعاون

ٹیکس سے متعلق تمام واجبات کی بروقت ادائیگی کی بدولت کمپنی ملک کے بڑے ٹیکس دہندگان میں نمایاں ہے۔ سال کے دوران، کمپنی نے قومی خزانے میں 91.96 بلین روپے (2023: 65.52 بلین روپے) براہ راست اور بالواسطہ ٹیکسوں کی مد میں جمع کرائے۔ اس کے علاوہ، سال کے دوران کمپنی کی برآمدات سے 80.43 بلین امریکی ڈالر (2023: 78.48 بلین ڈالر) کا قیمتی زرمبادلہ حاصل ہوا۔

اہم آپریشن اور مالیاتی ڈیٹا

پچھلے چھ سالوں کے اہم آپریشن اور مالیاتی تفصیلات اس رپورٹ کے ساتھ منسلک ہیں۔

کمپنی کی بنیادی سرگرمیاں

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

کمپنی اور اس کی سرمایہ کار کمپنی کے کاروبار کی نوعیت سے متعلق تبدیلیاں

کمپنی اور پاک گریس مینوفیکچرنگ کمپنی (پرائیویٹ) لمیٹڈ کے کاروبار کی نوعیت میں کوئی تبدیلی واقع نہیں ہوئی جس میں کمپنی کے 27.26 فیصد حصص ہیں۔

بعد ازاں واقعات

مالی سال کے اختتام اور رپورٹ کی تاریخ کے درمیان کمپنی کی مالی حالت کو متاثر کرنے والی کوئی اہم تبدیلیاں اور واقعات رونما نہیں ہوئے ہیں۔

بیرونی آڈیٹرز

موجودہ بیرونی آڈیٹرز میسرز کے پی ایم جی (KPMG) تاخیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس آف پاکستان سالانہ اجلاس عام کے اختتام پر ریٹائر ہو رہے ہیں اور انہوں نے خود کو دوبارہ تقرر کے لیے پیش کیا ہے۔



2015 میں تنصیب کئے جانے والے آکسیسومرازیٹیشن یونٹ کی ٹرن اراؤنڈ 2024 کے دوران، پہلی تفصیلی جانچ پڑتال ہوئی۔ یونٹ کے حساس کیٹالسٹ کی وجہ سے، یونٹ پر پینٹریشن اور ٹرن اراؤنڈ کا کام اور اس کا درست انتظام بہت اہم تھا۔ کامیاب ٹرن اراؤنڈ اور شیڈول کے مطابق یونٹ کی کارکردگی پیچیدہ کاموں کو موثر انداز سے انجام دینے اور مکمل کرنے کی PRL کی صلاحیت کو واضح کرتی ہے۔

ریفائزری کی توسیع اور اپ گریڈ پروجیکٹ (REUP)

زیر جائزہ سال کے دوران FEED کنٹرول میسرز Wood Group UK Limited نے REUP پر اپنا کام شیڈول کے مطابق جاری رکھا۔ جس کی تکمیل 2024-25 کی دوسری سہ ماہی تک متوقع ہے۔ FEED مرحلے کی تکمیل کے لیے UOP (امریکہ) اور Axens (فرانس) سے لائسنس حاصل کئے گئے۔ پروسیس ڈیزائن پیکیج (PDP) کو بھی ان لائسنسز نے حتمی شکل دے دی ہے۔ انجینئرنگ، پروکیورمنٹ، کنسٹرکشن اینڈ فنانسنگ (EPCF) کنٹرول میسرز کی پری کوالیفیکیشن کو حتمی شکل دینے کے لیے اور EPCF ٹینڈرنگ کے عمل کا پہلا مرحلہ 2024-25 کی پہلی سہ ماہی میں شروع ہو گیا ہے۔

انسانی وسائل اور صنعتی تعلقات

پاکستان ریفائزری لمیٹڈ کے ہیومن ریسورسز کا ادارے کی کامیابی میں اہم کردار ہے۔

کمپنی اعلیٰ صلاحیتوں کے حامل افراد کو راغب کرنے، برقرار رکھنے، ترقی دینے اور انعام دینے کے لیے پرعزم ہے اور ریفائزری کی موجودہ اور مستقبل کی ضروریات کو پورا کرنے کے لیے ایک مضبوط ٹیلنٹ پول موجود ہے۔

کمپنی ہیومن ریسورسز ٹیلنٹ کی ترقی پر توجہ مرکوز رکھتے ہوئے ٹریننگ پروگرام جیسے اقدامات اٹھاتی ہے جس میں ٹرینی انجینئرز، مینجمنٹ ٹرینیٹیز اور ٹرینی کیمسٹ نیز ایک اپرنٹس شپ پروگرام شامل ہیں۔ یہ پروگرام کمپنی کو جدید تجاویز اور نئے نقطہ نظر سے روشناس کرانے کے ماحول کو فروغ دیتے ہیں۔

مزید برآں، قیادت کی منتقلی کے دوران بلا تعطل کاروباری امور کو یقینی بنانے کے لیے ایک موثر طریقہ اپنایا جاتا ہے۔ جانشینی کی جامع منصوبہ بندی کے ذریعے مستقبل کے رہنماؤں کی شناخت اور تیار کی جاتی ہے اہم ذمہ داریوں کے لیے ان کی مہارتوں اور صلاحیتوں کا جائزہ لیتے ہوئے تربیت اور ترقی پر بھرپور توجہ کے ذریعے اہم عہدوں کی بلا تعطل منتقلی ہے، کمپنی کی کامیابی کو یقینی بنایا جاتا ہے۔

کمپنی نے کلکٹیو بارگیننگ ایجنٹ (CBA) کے ساتھ خوشگوار تعلقات برقرار رکھتے ہوئے صنعتی امن اور ہم آہنگی کو یقینی بنایا ہے۔

کارپوریٹ سماجی ذمہ داری (CSR)

مالی سال 2023-24 کے دوران، کمپنی نے تعلیم اور صحت جیسے اہم شعبوں میں خاطر خواہ تعاون اور موثر اقدامات کے ذریعے کارپوریٹ سماجی ذمہ داری (CSR) کے لیے اپنی غیر متزلزل وابستگی کا مظاہرہ کیا ہے۔ اس عزم کی مثال انڈس ہسپتال کے لیے 15.4 ملین روپے، چائلڈ لائف فاؤنڈیشن کے کورنگی ہسپتال کے لیے 10 ملین روپے اور لیٹن رحمت اللہ بیٹو لیٹ ٹرسٹ (LRBT) کو آنکھوں کی ضروری خدمات کے لیے 3 ملین روپے کے عطیات سے ملتی ہے۔

مزید برآں، دی سٹیٹرز فاؤنڈیشن (TCF) کے ساتھ کمپنی کی شراکت داری 10 سالہ MoU اور 10.1 ملین روپے کے عطیہ سے واضح ہوتی ہے جس کا مقصد مستحق بچوں کو معیاری تعلیم فراہم کرنا ہے۔ مزید عطیات میں تعلیمی ترقی کے لیے انسٹیٹیوٹ آف بزنس ایڈمنسٹریشن (IBA) کو 5 ملین روپے اور GoRead.pk کو 0.5 ملین روپے شامل ہیں تاکہ کم آمدنی والے علاقوں کے بچوں میں پڑھنے اور مثبت اقدار کو فروغ دیا جاسکے۔ PRL نے تعلیمی قابلیت بڑھانے اور سیکھنے کے بہتر مواقع کے لیے پسماندہ علاقوں کے تعلیمی اداروں کے لیے PC اور لیپ ٹاپ بھی عطیہ کئے ہیں۔



پوسٹ ایمپلائمنٹ بینیفٹ فنڈز میں سرمایہ کاری کی مالیت

30 جون 2024 کو غیر آڈٹ شدہ اکاؤنٹس کی بنیاد پر پروویڈنٹ، گریجویٹ اور پنشن فنڈز کی سرمایہ کاری کی مالیت حسب ذیل تھی:

(روپے '000 میں)

642,571	پروویڈنٹ فنڈ
294,905	گریجویٹ فنڈ - مینجمنٹ اسٹاف
130,805	گریجویٹ فنڈ - نان مینجمنٹ اسٹاف
1,852,856	پنشن فنڈ - مینجمنٹ اسٹاف
260,702	پنشن فنڈ - نان مینجمنٹ اسٹاف

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

محفوظ اوقات کار (Safe Manhours)

پاکستان ریفرنسز لمیٹڈ ”صرف حادثات کے مقصد“ کو پانے کے لیے پر عزم ہے اور کمپنی نے جون 2024 تک لوٹ ٹائم انیڈنٹس (LTI) یعنی بغیر کسی حادثے کے 5 ملین مین آؤرز مکمل کر لئے ہیں، جو ہمارے مضبوط حفاظتی کلچر، موثر مینجمنٹ سسٹم اور مسلسل بہتری کے عزم کو ظاہر کرتا ہے۔

HSEQ ایکسٹرنل آڈٹ

نومبر 2023 میں، IMS (ISO اسٹینڈرڈز 9001، 14001 اور 45001) کے حوالے سے تھرڈ پارٹی سروس پرائیورس آڈٹ کیا گیا جس میں کوئی عدم تعمیل یا خاص مشاہدہ سامنے نہیں آیا۔

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 کرنا اور محفوظ طریقے سے ضائع کرنا

کورنگی اور کیمٹری ٹرمینلز سے نقصان دہ کچرہ اکٹھا کیا گیا اور SEPA گائیڈ لائنز کے مطابق اسے محفوظ طریقے سے تلف کیا گیا۔

ٹیکنیکل اور آپریشنز

پلانٹ محفوظ اور موثر طریقے سے سال بھر چلتا رہا۔ متعدد شاندار آپریشنل اقدامات اور مینجمنٹ ٹیم کے عزم کی بدولت، PRL نے ہائی اسپڈ ڈیزل (HSD) اور موٹر اسپرٹ (MS) کی ریکارڈ پروڈکشن کی۔ قابل ذکر بات یہ ہے کہ کمپنی نے پہلی بار EURO V MS-95 معیار کا تیار کر کے صارفین کا اطمینان حاصل کیا۔

سال کے دوران، کمپنی نے 38 دن کے ریفرنسز ٹرن اراؤنڈ کو کامیابی سے مکمل کیا۔ آپریشنل معیار، حفاظت اور کارکردگی کے لیے PRL کی لگن کو اجاگر کرتے ہوئے، زیر و بسٹیفی انیڈنٹ کا معیار برقرار رکھا گیا۔ اس کوشش میں 3,500 سے زائد افراد کا انتظام اور ایکوینٹ کی مرمت کے بعد اصل حالت میں بحال کرنا بھی شامل تھا۔ اس دوران ریفرنسز کے متعدد آلات کا اچھی طرح سے معائنہ کیا گیا، ان کی مرمت کی گئی اور مکینیکل مسائل کی نشاندہی کی گئی۔ تمام سرگرمیاں سخت کوالٹی کنٹرول اور موثر کارکردگی کے جائزوں کے ساتھ انجام دی گئیں اور پلانٹ کے محفوظ اور معیاری ری اسٹارٹ کو یقینی بنایا جا سکا۔



- کمپنی نے موجودہ/ براؤن فیلڈ ریفاؤنڈری کی اپ گریڈیشن کے لیے پاکستان آنشل ریفاؤنڈنگ پالیسی کے تحت OGRA کے ساتھ معاہدوں پر دستخط کئے ہیں، جس کے تحت کمپنی کو 6 سال کی مقررہ مدت میں REUP مکمل کرنا ہوگا۔ REUP کی تکمیل کا دارومدار کامیاب ”فنانشل کلوز“ پر ہے جس کا بہت حد تک انحصار ملک کی کریڈٹ ریٹنگ، سیاسی سماجی مسائل کے ساتھ ساتھ فوسل فیول سے متعلق پروجیکٹس کے لیے قرض دینے والے عالمی مالیاتی اداروں کی آمادگی پر ہے۔

مستقبل کے امکانات اور خطرات پر قابو پانے کے اقدامات

- کمپنی نے REUP کے FEED فیڈ پر کام جاری رکھا ہے۔ REUP کے درج ذیل مقاصد ہیں:

i - EUROV معیار کے حامل HSD اور MS کی تیاری

ii - خام تیل پروسیسنگ کی صلاحیت کو 50,000 سے 100,000 بیرل یومیٹک دوگنا کرنا؛ اور

iii - ہائیڈرواسلمنگ ریفاؤنڈری سے ڈیپ کنورژن ریفاؤنڈری میں اپ گریڈ کر کے خود انحصاری حاصل کرنے کے لیے HSFO کی پیداوار میں نمایاں کمی لانا۔

میسرز ووڈ گروپ کے لمیٹڈ، بطور FEED کنٹریکٹ کی جانب سے، 2024-25 کی دوسری سہ ماہی تک FEED کو مکمل کرنے کی توقع ہے۔ کمپنی نے عالمی ٹیکنالوجی لائسنسز سے لائسنس بھی حاصل کر لیے ہیں اور EPC کنٹریکٹرز کی پری کوالیفیکیشن مکمل کرنے کے بعد ان کنٹریکٹرز سے EPCF کی طرز پر Invitation to Bid کا عمل شروع کر دیا ہے جس کے تحت EPC کنٹریکٹرز پروجیکٹ کی فنانشنگ کو یقینی بنائے گا۔ پروجیکٹ کی لاگت کا تعین FEED کی تکمیل کے بعد کیا جائے گا جس کے بعد فنانشل کلوز اور EPC کنٹریکٹ کیا جائے گا۔

ڈیویڈنڈ (منافع منقسمہ)

ڈائریکٹرز نے 30 جون 2024 کو ختم شدہ سال کے لیے 2 روپے فی شیئر کا حتمی نقد ڈیویڈنڈ دینے کا فیصلہ کیا ہے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک (کاروباری اور مالیاتی رپورٹنگ کا طریقہ کار)

- کمپنی کے مالیاتی گوشوارے انتظامیہ کی جانب سے تیار کئے گئے ہیں جن میں کمپنی کے معاملات، اس کے کاروباری نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کو پیش کیا گیا ہے۔
- کمپنی نے کمپنیز ایکٹ 2017 کی تعمیل میں اپنے 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 نہیں بہتر انداز میں مالیاتی گوشواروں میں واضح کیا گیا ہے۔ اکاؤنٹنگ کے تخمینے احتیاط 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 شہادت نہیں ہیں۔

کریڈٹ ریٹنگ

رواں سال کے دوران پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے دوبارہ تشخیص کے بعد پاکستان ریفاؤنڈری لمیٹڈ کو طویل مدتی ایٹنیٹی ریٹنگ A (سنگل اے) اور قلیل مدتی ایٹنیٹی ریٹنگ A1 (سنگل اے ون) تفویض کی ہے۔ یہ ریٹنگ کمپنی کی اعلیٰ کریڈٹ کوالٹی اور کریڈٹ رسک سے متعلق کم خطرات کی نشاندہی کرتی ہے یعنی کمپنی کو مالیاتی وعدوں کے مطابق بروقت ادائیگیوں کی بھرپور صلاحیت حاصل ہے۔



کمپنی امور کی صورتحال اور اس کا جائزہ

کمپنی کے آپریشنز اور معاملات سے متعلق مختصر جائزہ درج ذیل ہے:

- IHS و IHSO اور پیٹرول (MS) کی مارکیٹ طلب میں کمی کے پیش نظر، آپریشنل حکمت عملی کو اس حد تک تبدیل کیا گیا کہ منافع بخش پروڈکٹس کا بہترین ممکنہ تناسب عمومی پروڈکٹس مکس میں حاصل رہے۔
- دوران سال ہائی سلفر فرس آئل (HSFO) کی مقامی طلب میں نمایاں کمی رہی، جس سے کمپنی کو سال کے دوران 142k میٹرک ٹن IHSFO ایکسپورٹ کرنا پڑا جو گزشتہ سال 115k میٹرک ٹن تھا۔
- موجودہ سال کے آخر میں مثبت ملکی معاشی پیش رفت کے سبب پچھلے سال کے مقابلے میں روپے کی قدر میں نسبتاً اضافہ اور استحکام دیکھا گیا۔ اگرچہ موجودہ سال کی پہلی ششماہی کے دوران روپے کی قدر میں نمایاں کمی ہوئی جب پاکستانی روپیہ یکم جولائی 2023 کو 286.60 فی امریکی ڈالر سے ستمبر 2023 میں اپنی کم ترین قیمت 307.50 روپے فی ڈالر ہو گیا لیکن بعد میں بہتر ہو کر 30 جون 2024 کو 278.68 روپے فی امریکی ڈالر پر اختتام پذیر ہوا۔ کمپنی کو زرمبادلہ میں 0.7 بلین روپے کے نقصان کا سامنا رہا جو پچھلے سال 6.9 بلین روپے نقصان تھا۔
- زیر جائزہ پورے سال کے دوران خام تیل کی ایل سیز (L/Cs) کی تصدیق (confirmation) ایک چیلنج بنی رہی۔ یہ ریفاؤنڈریز پر ایک اضافی بوجھ ہے جو ایکس ریفاؤنڈری قیمتوں کے ذریعے وصول نہیں کیا جاسکتا۔ اس معاملے کے حل کے لیے وزارت خزانہ (MoF)، اسٹیٹ بینک آف پاکستان (SBP)، وزارت توانائی (MoE)، مقامی بینکوں اور غیر ملکی L/C کی تصدیق کرنے والے بینکوں کے ساتھ کمپنی مسلسل رابطے میں رہی۔ ملک کی کریڈٹ ریٹنگ میں حالیہ بہتری سے یہ لاگت کم ہونا شروع ہو گئی ہے۔
- پاکستان ریفاؤنڈری لمیٹڈ کے ریفاؤنڈری ایکسپینشن اینڈ اپ گریڈ پروجیکٹ (REUP) پر کام جاری ہے اور فرنٹ اینڈ انجینئرنگ ڈیزائن (FEED) اسٹڈی فیز اپنے آخری مراحل میں داخل ہو چکا ہے، جس میں 30 جون 2024 تک 9.96 بلین روپے خرچ کئے جا چکے ہیں اور اس کی تکمیل کا ہدف مالی سال 2024-25 کی دوسری سہ ماہی رکھا گیا ہے۔ یہ بات بھی انتہائی اطمینان بخش ہے کہ کمپنی نے ٹیکنالوجی لائسنس حاصل کر لئے ہیں اور ساتھ ہی اہلیت کے شفاف عمل کے ذریعے جانچ پڑتال کرنے کے بعد منتخب اور اہل امیدواروں کی مختصر فہرست میں شامل انجینئرنگ، پروکیورمنٹ اور کنسٹرکشن (EPC) کنٹریکٹرز سے "Invitation to Bid" کے اجراء کے عمل کی شروعات ہو گئی ہے

اصل خطرات اور غیر یقینی صورتحال

- ریفاؤنڈری حکومت پاکستان کے پالیسی فریم ورک کے تحت کام کرتی ہے۔ بعض پروڈکٹس کی قیمتوں کا تعین وزارت توانائی (MoE) کے ذریعے ریگولیٹ اور مانیٹر کیا جاتا ہے جو بنیادی طور پر درآمدی قیمت سے یکسانیت کی بنیاد پر ہوتا ہے۔ خام تیل اور ریفاؤنڈری پیٹرولیم پروڈکٹس کی بین الاقوامی قیمتوں میں تبدیلی اور وزارت توانائی کی طرف سے مقامی قیمتوں کے تعین کے طریقہ کار کا کمپنی کے نتائج پر نمایاں اثر ہو سکتا ہے۔
- ریفاؤنڈری پروڈکٹس کے معیار کا تعین حکومت کی طرف سے کیا جاتا ہے اور ریفاؤنڈری کو ان مقرر کردہ معیاروں کی باقاعدہ تعمیل کرنی ہوتی ہے۔ ان معیاروں میں کسی بھی قسم کی تبدیلی کی صورت میں ریفاؤنڈری کو آپریشنل پیرامیٹرز میں تبدیلیاں کرنے کی ضرورت پڑ سکتی ہے جس کے نتیجے میں کمپنی کے نتائج پر منفی اثر پڑ سکتا ہے۔
- ملک میں HSFO کی طلب میں گزشتہ کچھ سالوں سے مسلسل کمی واقع ہو رہی ہے جس سے پروڈکٹ کو ذخیرہ کرنے کے مسائل پیدا ہو رہے ہیں جو ریفاؤنڈری آپریشنز کے لیے ممکنہ خطرہ ہے۔ اگر HSFO کی مقامی طلب میں کمی جاری رہتی ہے تو اس سے کمپنی آپریشنز پر منفی دباؤ آئے گا اور ریفاؤنڈری اپنے آپریشنز برقرار رکھنے کے لیے رعایتی قیمت پر HSFO ایکسپورٹ کرنے پر مجبور ہوگی۔



ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2024 کو ختم شدہ سال کے لیے اپنی سالانہ رپورٹ بشمول آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

مالیاتی نتائج

2024	2023	
		(روپے ہزار میں)
4,061,635	1,824,967	منافع برائے سال
151,761	(64,097)	دیگر جامع آمدنی/(نقصان)
4,213,396	1,760,870	کل جامع منافع
		فی شیئر منافع
6.45 روپے	2.90 روپے	
		ایچ پی و پریزنٹیشن (تخصیصات):
(16,979,049)	1,724,967	اسپیشل ریزرو (سے) / میں منتقلی

کمپنی نے دوران سال اپنے منافع بخش آپریشنز کا سفر جاری رکھا اور پچھلے سال کے 1.82 بلین روپے بعد از ٹیکس منافع کے مقابلے میں 4.06 بلین روپے بعد از ٹیکس منافع کمایا۔ منافع بخش نتائج کا یہ تسلسل جارحانہ کاروباری حکمت عملیوں اور ان کے موثر عمل درآمد کو یکجا کر کے حاصل کیا گیا، جس میں مناسب خام تیل کا انتخاب، مضبوط آپریشنل انتظامات کا اطلاق، کیش فلوا اور بہتر انویسٹری مینجمنٹ شامل ہیں۔

گزشتہ چار سالوں میں ریفاؤنڈنگ انڈسٹری کی مسلسل کاوشوں کا نتیجہ اس وقت سامنے آیا جب اگست 2023 میں حکومت پاکستان (GOP) کی جانب سے موجودہ/ براؤن فیلڈ ریفاؤنڈنگ کی اپ گریڈیشن کے لیے پاکستان آئل ریفاؤنڈنگ پالیسی (پالیسی) کا اعلان کیا گیا۔ بعد ازاں حکومت نے اس پالیسی میں فروری 2024 میں ترمیم کی جس کے تحت مراعات کی حد کو 25 فیصد سے بڑھا کر 27.5 فیصد کر دیا گیا، ریفاؤنڈنگ کو مراعات حاصل کرنے کا دورانیہ 6 سال سے بڑھا کر 7 سال کیا گیا اور اس کے علاوہ متعلقہ پروجیکٹ کی تکمیل کے بعد 20 سال تک کی مدت کے لیے ہائی اسپیڈ ڈیزل (HSD) پر 7.5 فیصد پرفیکشن کی اجازت دی گئی۔ ان پالیسی اقدامات سے ریفاؤنڈنگ کو ان کے متعلقہ اپ گریڈ پروجیکٹس پر عمل درآمد کرنے میں بھرپور مدد ملنے کی توقع ہے۔ اپ گریڈیشن کے لیے اپنے بے مثال عزم کے ساتھ PRL نے اس پالیسی کے تحت آئل اینڈ گیس ریگولیٹری اتھارٹی (OGRA) کے ساتھ 15 نومبر 2023 کو مطلوبہ معاہدوں پر دستخط کئے اور اس طرح وہ پہلی اور آج تک کی واحد ریفاؤنڈنگ ہے جو 'اضافی مراعات' حاصل کرنے کی حقدار بن گئی ہے۔ مراعات کی رقم PRL اور OGRA کے مشترکہ ایسکر واکاؤنٹ میں جمع کی جا رہی ہے۔ فروری 2024 میں پالیسی میں کی گئی ترمیم کے لیے PRL نے ترمیم شدہ پالیسی کے تحت دی گئی اجازت کے مطابق معاہدہ بھی جمع کر دیا ہے جس پر عمل درآمد کے لیے OGRA اور GOP کی منظوری کا انتظار ہے۔



چیئر مین کا جائزہ

مجھے شیئر ہولڈرز کو پاکستان ریفرنسری لمیٹڈ (PRL) کی 64 ویں سالانہ رپورٹ برائے سال ختم شدہ 30 جون 2024 پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

کمپنی نے 4.06 بلین روپے کا بعد از ٹیکس منافع کمایا جو پچھلے سال 1.82 بلین روپے تھا۔ یہ منافع بخش سفر جارحانہ کاروباری حکمت عملیوں کے تحت جاری ہے بشمول انتہائی مناسب قیمت پر خام تیل کی خرید، مضبوط انتظامی نظم و ضبط، بہترین کیش فلوا اور بہتر انویسٹری مینجمنٹ۔

گزشتہ چار سالوں میں ریفرنسنگ انڈسٹری کی مسلسل کوششوں کے نتیجے میں اگست 2023 میں حکومت پاکستان (GOP) کی جانب سے موجودہ/ براؤن فیلڈ ریفرنسریز کی اپ گریڈیشن کے لیے پاکستان آئل ریفرنسنگ پالیسی (پالیسی) کا اعلان کیا گیا۔ بعد ازاں اس پالیسی میں فروری 2024 میں ترمیم کی گئی جس کے تحت مراعات کی حد کو 25 فیصد سے بڑھا کر 27.5 فیصد کر دیا گیا، ریفرنسریز کو مراعات حاصل کرنے کا دورانیہ 6 سال سے بڑھا کر 7 سال کر دیا گیا اور متعلقہ پروجیکٹ کی تکمیل کے بعد 20 سال تک کی مدت کے لیے ہائی اسپڈ ڈیزل (HSD) پر 7.5 فیصد پروفیشنل پروٹیکشن کی اجازت دی گئی۔ ان پالیسی اقدامات سے ریفرنسریز کو ان کے متعلقہ اپ گریڈ پروجیکٹس پر عمل درآمد کرنے میں بھرپور مدد کی توقع ہے اور اس سلسلے میں PRL نے نظر ثانی شدہ پالیسی کے تحت ضمنی معاہدہ بھی جمع کر دیا ہے، جس پر عمل درآمد کے لیے حکومت پاکستان اور اوگرا (OGRA) کی منظوری کا انتظار ہے۔ PRL واحد ریفرنسری ہے جس کو ریفرنسری پالیسی کے تحت OGRA کے ساتھ 15 نومبر 2023 کو مطلوبہ معاہدوں پر دستخط کرنے کے بعد "Incentives" حاصل کرنے کا حق حاصل ہو گیا ہے اور ان مراعات سے حاصل شدہ رقم PRL اور OGRA کے مشترکہ ایسکر واکاؤنٹ میں جمع کی جا رہی ہیں۔

آپ کی کمپنی ریفرنسری آپسیٹیشن اینڈ اپ گریڈ پروجیکٹ (REUP) کے لیے پرعزم ہے اور اس نے پروجیکٹ پر عمل درآمد کرنے پر اپنی توجہ مرکوز رکھی ہے جس کے لیے فرنٹ اینڈ انجینئرنگ ڈیزائن (FEED) کی تکمیل 2024-25 کی دوسری سہ ماہی میں متوقع ہے اور اس کے لئے معروف ٹیکنالوجی لائسنسرز (UOP امریکا اور Axens فرانس) کی تقرری کی جا چکی ہے۔ PRL نے اہلیت کی جانچ پڑتال کے شفاف عمل کے ذریعے منتخب امیدواروں کی مختصر فہرست میں شامل انجینئرنگ، پروجیکٹ مینٹ اینڈ کنسٹرکشن (EPC) کنٹریکٹرز کو "Invitation to Bid" جاری کر دی ہیں۔ اس کے بعد فنانشل کلوز ہوگا اور انجینئرنگ، پروجیکٹ مینٹ اینڈ کنسٹرکشن (EPC) معاہدے EPCF کی طرز پر کیے جائیں گے جس میں EPC کنٹریکٹر کی جانب سے پروجیکٹ کی فنانشل کوئی بنانا شامل ہے۔ REUP کے بروقت فنانشل کلوز کو حاصل کرنے کے لیے PRL ممکنہ سرمایہ کاروں کے ساتھ رابطے میں ہے اور اس سلسلے میں کچھ اداروں کے ساتھ مفاہمت کی یادداشت (MoUs) پر دستخط کئے گئے ہیں اور دیگر کے ساتھ بات چیت جاری ہے۔

ہیلتھ سیفٹی، انوائرنمنٹ اینڈ کوالٹی (HSEQ) اسٹینڈرڈز کمپنی کی اولین ترجیحات میں شامل رہے، ان پر تعمیل کے لیے عملی اقدامات کا مسلسل جائزہ لیا جاتا رہا اور جہاں ضرورت پڑی ان پر نظر ثانی کر کے انہیں مضبوط اور مستحکم بنایا گیا۔ اس طرح ریفرنسری نے قابل اطلاق HSEQ اسٹینڈرڈز کی پاسداری جاری رکھی۔

سال 2023-24 کے دوران PRL نے کارپوریٹ سماجی ذمہ داری (CSR) پلان کے تحت حفظانِ صحت اور تعلیم جیسے اہم شعبوں میں خاطر خواہ عطیات دیئے، اس میں انڈس ہسپتال، چائلڈ لائف فاؤنڈیشن کورنگی ہسپتال، لیٹن رحمت اللہ بینوولویٹ ٹرسٹ (LRBT)، انسٹیٹیوٹ آف بزنس ایڈمنسٹریشن (IBA) اور GoRead.pk شامل ہیں۔ مزید برآں، دی سیٹیز فاؤنڈیشن (TCF) کے ساتھ PRL کی شراکت داری 10 سالہ مفاہمت نامہ کے ذریعے جاری ہے جس کا مقصد پسماندہ بچوں کو معیاری تعلیم فراہم کرنا ہے۔

30 جون 2024 کو ختم شدہ سال کے مالی نتائج کی تفصیل منسلک ڈائریکٹرز رپورٹ اور مالیاتی گوشواروں میں وضاحت سے موجود ہے۔

میں تمام ملازمین کی محنت اور لگن کا اعتراف کرنا چاہوں گا اور اپنے ساتھی ڈائریکٹرز، وزارت توانائی، حکومت پاکستان اور دیگر تمام اسٹیک ہولڈرز کا ان کی مسلسل رہنمائی اور تعاون پر شکریہ ادا کرتا ہوں۔

Q Kinari

طارق کرمانی

چیئر مین

کراچی: 21 اگست 2024



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **Sixty-fourth (64th) Annual General Meeting** of **Pakistan Refinery Limited** will be held on **Saturday, October 19, 2024 at 11:00 hours** at the premises of the Company situated at Korangi Creek Road, Karachi as well as 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, 2024 together with the Reports of the Board and the Auditors thereon.

In accordance with Section 223 of the Companies Act, 2017 and pursuant to the S.R.O. 389(I)/2023 dated March 21, 2023, the financial statements of the Company can be accessed through the following weblink and QR enabled code:

<http://www.prl.com.pk/downloads/PRLannualreport2024.pdf>



2. To approve and declare a Final Dividend @ 20%, i.e., Rs. 2 per share on the ordinary shares of the Company for the year ended June 30, 2024 as recommended by the Board of Directors.
3. To appoint Company's Auditors for the year ending June 30, 2025 and to fix their remuneration.

ANY OTHER BUSINESS

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

By Order of the Board

Shehrzad Aminullah
Company Secretary

Karachi:
Date: September 27, 2024



NOTES:**1. Closure of Share Transfer Books**

The Share Transfer Books of the Company will remain closed from Friday, October 11, 2024 to Friday, October 18, 2024 (both days inclusive). Transfers received in order by the Shares Registrar of the Company, M/s. FAMCO Share Registration Services (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi up to the close of business on Thursday, October 10, 2024 will be treated in time for attending the AGM and entitlement to the dividend.

2. Electronic Transmission of Annual Report

In compliance with Section 223(6) of the Companies Act, 2017, and pursuant to S.R.O. 389(I)/2023 dated March 21, 2023 the Company has electronically transmitted the Annual Report 2024 through weblink, QR enabled code and through email to Members whose email addresses are available with the Company's Share Registrar, M/s. FAMCO Share Registration Services (Pvt.) Limited. However, in cases, where email addresses are not available with the Company's Share Registrar, printed copies of the notices of AGM along with the QR enabled code/weblink to download the Annual Report 2024 (containing the financial statements), have been dispatched.

Notwithstanding the above, the Company will provide hard copies of the Annual Report 2024, to any Member on their request, at their registered address, free of cost, within one (1) week of receiving such request. Further, Members are requested to kindly provide their valid email address (along with a copy of valid CNIC) to the Company's Share Registrar, M/s. FAMCO Share Registration Services (Pvt.) Limited if the Member holds shares in physical form or, to the Member's respective Participant/Investor Account Services, if shares are held in book entry form.

3. Participation in the AGM Proceedings via Physical Presence or Through Video Link Facility

A Member, who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her Participant's ID Number and CDC Account/Sub-account Number along with Original Computerized National Identity Card (CNIC) or Original Passport at the time of attending the Meeting.

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 detailed state at the bottom of this Note. In case of the information sent through courier, the same should be received at the Company's Office by October 16, 2024:

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

A copy of CNIC will be required with the above mentioned 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: 216)

WhatsApp: +92 3080930461

Email: companysecretarial@prl.com.pk



4. **Submission of Valid CNIC (Mandatory)**

Individual Members who have not yet submitted a copy of their valid Computerized 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 the Share Registrar of the Company, FAMCO Share Registration Services (Private) Limited, 8-F, near Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shakra-e-Faisal, Karachi (“Share Registrar Office”). Corporate Members 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.

5. **Requirements for Appointing Proxies**

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 through video-link. The instrument appointing the Proxy, as per the format available at the Company’s website, must be received at the Registered Office of the Company i.e. (PAKISTAN REFINERY LIMITED, Korangi Creek Road, P.O. Box 4612, Karachi - 75190) not less than 48 hours (excluding holidays) before the time of holding the Meeting.

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 a Corporate Entity, the Board of Directors’ Resolution/Power of Attorney with specimen signature of the Nominee shall be submitted along with the Proxy Form (unless it has been provided earlier) to the Company.
- v) The Proxy shall produce his/her original CNIC or original valid passport at the time of the Meeting.

6. **Updation of Shareholder Addresses/Email and Cell Numbers**

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

Further, to comply with requirement of Section 119 of the Companies Act, 2017 and Regulation 47 of the Companies Regulations, 2024, all CDC and physical shareholders are requested to provide their email address and cell phone number incorporated/updated in their physical folio or CDC Account.

7. **Electronic Dividend Mandate**

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

In order to receive dividends directly into their bank account in the case of physical shares, shareholders are requested to fill in Electronic Credit Mandate Form available on Company’s website and send it duly signed along with a copy of their CNIC to the Registrar of the Company, FAMCO Share Registration Services (Pvt.) Limited.

In case shares are held in CDC, then Electronic Credit Mandate Form must be submitted directly to shareholder’s broker/participant/CDC account services. No further action is required if IBAN has already been incorporated/updated in the CDC account or physical folio of the shareholder.



8. Income Tax on Dividend Payment

The rates of deduction of income tax from dividend payments under Section 150 of the Income Tax Ordinance, 2001 shall be as follows:

1. Shareholders appearing in Active Taxpayers List (ATL): 15%
 2. Shareholders not appearing in Active Taxpayers List (ATL): 30%
- (i) To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.
 - (ii) Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to FAMCO Share Registration Services (Pvt.) Ltd, by the first day of Book Closure.
 - (iii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal Shareholder as well as Joint-Holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint holder(s) in respect of shares held by them (only if not already provided) to our Shares Registrar, in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach our Shares Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).

- (iv) For any query/problem/information, the investors may contact the Company Secretary at phone: +92 21 35092631 (Direct) / +92 21 35122131-40 (Ext: 216) and email address: companysecretarial@prl.com.pk and/or FAMCO Share Registration Services (Pvt.) Limited at 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shakra-e-Faisal, Karachi, Phones: +92 21 34380101-5 and +92 21 34384621-3 and email address: info.shares@famcosrs.com
- (v) Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN Certificate to the Company or FAMCO Share Registration Services (Pvt.) Limited.
- (vi) Shareholders, while sending NTN or NTN Certificates, as the case may be, must quote Company Name and their respective Folio Numbers. Without the NTN Company would not be in a position to check filer status on the ATL and hence a higher tax of 30% may be applied in such cases.



9. Zakat Exemption

In order to claim exemption from compulsory deduction of Zakat, shareholders are requested to submit a notarized copy of Zakat Declaration Form "CZ-50" on NJSP of Rs.200/- to the Shares Registrar of the Company, FAMCO Share Registration Services (Pvt.) Limited by the first day of book closure. In case shares are held in scripless form, such Zakat Declaration Form (CZ -50) must be uploaded in the CDC Account of the Shareholder, through their participant/Investor Account Services. Further, Non-Muslim Shareholders are also required to file Solemn Affirmation (available on <https://famcosrs.com>) with the Shares Registrar of the Company in case shares are held in physical certificates or with CDC Participant / Investor Account Services if the shares are in scripless form. No exemption from deduction of Zakat will be allowed unless the above documents complete in all respects have been made available as detailed above.

10. Conversion of Physical Shares into CDC Account

The Securities and Exchange Commission of Pakistan (SECP) has issued 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 into the Book-Entry form.

11. Proxy Form

A Proxy Form is enclosed and is also available on the Company's Website.



PROXY FORM

Sixty Fourth (64th) Annual General Meeting 2024

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. _____
 and/or CDC Participant I.D No. _____ and Sub Account No. _____
 hereby appoint _____ S/o D/o W/o _____
 CNIC _____ or failing him/her _____
 as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on
 October 19, 2024 and at any adjournment thereof.

Signed under my / our hands on this _____ day of _____, 2024.

 Signature of Member

(Signature should agree with the specimen signature registered with the Company and in case of shares held in
 electronic form signature should agree with the specimen as per CNIC)

Signed in the presence of:

Witnesses:

1. Signature: _____
 Name: _____
 Address: _____
 CNIC: _____

2. Signature: _____
 Name: _____
 Address: _____
 CNIC: _____

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 i.e. (PAKISTAN REFINERY LIMITED, Korangi Creek Road, P.O. Box 4612, Karachi - 75190) not less than 48 hours (excluding holidays) 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 or passport of the appointer and the proxy-holder shall be furnished with the Proxy Form.
4. The Proxyholder shall produce his/her original CNIC at the time of the Meeting.
5. In case of a Corporate Entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted along with the Proxy Form to the Company (unless it has been provided earlier).



FAMCO Share Registration Services (Pvt.) Limited

8-F, near Hotel Faran, Nursery, Block - 6, P.E.C.H.S.,
Shahrah-e-Faisal, Karachi.

Tel: (92-21) 34380101-5, Fax: (92-21) 34380106

Website: www.famco.com.pk



پراکسی فارم

چونٹھویں (۶۳ویں) سالانہ جنرل اجلاس عام ۲۰۲۳

میں / ہم _____ ولد / بنت / زوجہ _____
 CNIC _____ پاکستان ریفرنسز لمیٹڈ کا رکن اور _____
 پارٹنیشن آئی ڈی نمبر اور سب اکاؤنٹ نمبر _____ CDC حصص کا حامل، رجسٹرڈ فولیو نمبر اور / یا _____
 کے مطابق، اس خط کے ذریعے _____ ولد / بنت / زوجہ _____
 کو اپنا / ہمارا نمائندہ مقرر کرتا / کرتے ہیں جو میری / ہماری جانب سے کمپنی کے سالانہ جنرل اجلاس، جو ۱۹ اکتوبر ۲۰۲۳ کو منعقد ہوگا، میں میری / ہماری جانب سے ووٹ دے گا / دیں گے اور کسی بھی
 ملتوی شدہ اجلاس میں بھی میری / ہماری نمائندگی کرے گا / کریں گے۔

میں / ہم نے اس _____ دن، _____، ۲۰۲۳ کو اس پر دستخط کیے ہیں۔

رکن کے دستخط

(دستخط کمپنی میں رجسٹرڈ نمونہ دستخط سے مطابقت رکھنا چاہیے اور اگر حصص الیکٹرانک صورت میں ہیں تو دستخط CNIC کے مطابق نمونہ دستخط سے مطابقت رکھنا چاہیے)

گواہان کی موجودگی میں دستخط کیے گئے:
 گواہ:

1. دستخط: _____

نام: _____

CNIC: _____

پتہ: _____

2. دستخط: _____

نام: _____

CNIC: _____

پتہ: _____

نوٹس:

1- یہ پراکسی فارم مکمل اور دستخط شدہ حالت میں پاور آف اٹارنی یا دیگر اتھارٹی کے ساتھ، جس کے تحت یہ پراکسی دستخط شدہ ہے، کمپنی کے رجسٹرڈ دفتر (پاکستان ریفرنسز لمیٹڈ، کورنگی کریک روڈ، پی او باکس 4612، کراچی - 75190) میں اجلاس کے وقت سے کم از کم 48 گھنٹے (تعطیلات کو چھوڑ کر) قبل موصول ہونا چاہیے۔

2- پراکسی فارم دو افراد کے دستخط سے تصدیق شدہ ہونا چاہیے، جن کے نام، پتے اور CNIC نمبر فارم میں درج کیے جائیں۔

3- مقرر کنندہ اور پراکسی ہولڈر کے CNIC یا پاسپورٹ کی تصدیق شدہ نقول پراکسی فارم کے ساتھ فراہم کی جائیں۔

4- پراکسی ہولڈر اجلاس کے وقت اپنی اصل CNIC پیش کرے گا / گی۔

5- اگر آپ ایک کارپوریٹ ادارہ ہیں، تو آپ کو اپنے بورڈ آف ڈائریکٹرز کی ریزولوشن یا پاور آف اٹارنی، جس میں نمونہ کے دستخط شامل ہیں،

پراکسی فارم کے ساتھ کمپنی کو جمع کرانا چاہیے (اگر پہلے سے جمع نہیں کیا گیا ہے)۔



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