

A photograph of an industrial refinery or chemical plant. The image shows several tall, cylindrical distillation columns or towers, painted in a light blue-grey color. These towers are surrounded by a complex network of pipes, ladders, and scaffolding. Some pipes are painted bright blue, while others are yellow or orange. The background is a clear, light sky. The right side of the image is partially obscured by a large, dark blue triangular graphic that contains the text.

**Condensed Interim
Financial Statements
for the Quarter Ended
September 30, 2023**

Refining with Vision



Contents

- 02 Corporate Information
- 03 Directors' Review – English
- 04 Directors' Review – Urdu
- 05 Condensed Interim Statement of Financial Position
- 06 Condensed Interim Statement of Profit or Loss
- 07 Condensed Interim Statement of Profit or Loss and other
Comprehensive Income
- 08 Condensed Interim Statement of Changes in Equity
- 09 Condensed Interim Statement of Cash Flows
- 10 Notes to the Condensed Interim Financial Statements

Corporate Information

Board of Directors

Laith G. Pharaon
Alternate Director: Mohammad Raziuddin

Wael G. Pharaon
Alternate Director: Babar Bashir Nawaz

Shuaib A. Malik - Chairman

Shamim Ahmad Khan

Abdus Sattar

Sajid Nawaz

Khondamir Nusratkhujiev

Chief Executive Officer

Jamil A. Khan

Chief Financial Officer

Nouman Ahmed Usmani

Company Secretary

Muhammad Atta ur Rehman Malik

Audit Committee

Shamim Ahmad Khan Chairman

Abdus Sattar Member

Babar Bashir Nawaz Member

Alternate Director for Mr. Wael G. Pharaon

Shaikh Ather Ahmed Secretary

Human Resource and Remuneration (HR&R) Committee

Shamim Ahmad Khan Chairman

Shuaib A. Malik Member

Babar Bashir Nawaz Member

Alternate Director for Mr. Wael G. Pharaon

Jamil A. Khan Member

Nouman Ahmed Usmani Secretary

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisor

Ali Sibtain Fazli & Associates
Legal Advisors, Advocates & Solicitors

Bankers

Habib Bank Limited
Meezan Bank Limited
Allied Bank Limited
National Bank of Pakistan
Bank Alfalah Limited
United Bank Limited
Askari Bank Limited
Faysal Bank Limited
BankIslami Pakistan
The Bank of Punjab
Habib Metropolitan Bank Limited
Dubai Islamic Bank
MCB Bank Limited
Samba Bank Limited
Bank AL-Habib Limited
Industrial & Commercial Bank of China Limited

Registered Office

7-B, Korangi Industrial Area, Karachi-74900

P.O. Box: 8228, Karachi-74900

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

PABX: +92-21-35064981-86

+92-21-35064977-79

Website: www.nrlpak.com

E-mail: info@nrlpak.com

Share Registrar

CDC Share Registrar Services Limited
CDC House, 99-B, Block 'B', S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi – 74400.

Tel: (Toll Free) 0800-23275

Fax: +92-21-34326053

Email: info@cdcsrsl.com

Website: www.cdcsrsl.com

Directors' Review

On behalf of the Board of Directors of National Refinery Limited, I am pleased to present a brief review of the financial results and operations of your Company for the quarter ended September 30, 2023.

During the quarter, your company earned profit after tax of Rs. 3,203 million resulting in earning per share of Rs. 40.05 as compared to loss after tax of Rs. 4,391 million that resulted in loss per share of Rs. 54.92 in the corresponding period.

Fuel segment of the Company experienced a significant turnaround in its financial performance. In the current quarter, it earned profit after tax of Rs. 1,995 million in contrast to loss after tax of Rs. 4,457 million in the same period last year. Improvement in fuel segment profitability is mainly attributed to consistent increase in petroleum product prices in the international market during the quarter, which resulted in improved gross refinery margins. The performance was further improved with the help of effective measures taken by Government authorities that relieved pressure on the exchange rate, thereby resulting in exchange gain of Rs. 367 million in the current quarter as compared to loss of Rs. 4,058 million in same period last year. Additionally, the measures taken by the Government to address vulnerabilities along porous borders, resulted in restoration of demand for petroleum products to certain extent.

Your Company has recently embarked a significant change by producing Very Low Sulphur Furnace Oil (VLSFO), commonly known as "Bunker Fuel" after necessary change in crude mix and adjustments in production process. VLSFO is a premium product and environment friendly fuel that is now mandated for use by all sea vessels under the International Maritime Organization's (IMO) 2020 regulations. Furthermore, following the successful resumption of normal operations at Hydro Production Unit (HPU), the Company has also initiated the production and sale of High Speed Diesel (HSD) compliant with PAK-V specifications. Both of these recent initiatives are anticipated to contribute positively to the sustainability of refinery operations.

Lube Segment earned profit after tax of Rs. 1,208 million as compared to profit after tax of Rs. 66 million during the corresponding quarter. Better product margins due to increasing price trend resulted in improved profitability.

The Company's working capital requirement continues to remain on higher side, primarily due to the elevated crude oil prices compared to corresponding period. Further, increase in bank borrowing rates in the current quarter as compared to same period last year has resulted in mark-up cost of Rs. 1,825 million during this period, which was Rs. 1,280 million during the same period last year.

The Government has approved Pakistan Refinery Policy 2023 for existing brownfield refineries in August 2023. The policy offers fiscal incentives for upgrade of existing refineries, subject to certain terms and conditions. We appreciate the support of the Government in considering the upgradation of the refineries and are in contact with the Ministry of Energy (MoE) and Oil and Gas Regulatory Authority (OGRA) for smooth implementation of the policy.

We thank our shareholders, customers and staff for their continuous support and trust in the Company.

Islamabad
October 09, 2023

On behalf of the Board



Shuaib A. Malik

Chairman

ڈائریکٹرز کا جائزہ

نیشنل ریفاائنری لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے میں آپ کی کمپنی کے 30 ستمبر 2023 کو مکمل ہونے والی سہ ماہی کے مالی نتائج اور آپریشنز کا ایک مختصر جائزہ پیش کرتے ہوئے مسرت محسوس کرتا ہوں۔

موجودہ سہ ماہی کے دوران، آپ کی کمپنی نے 3,203 ملین روپے کا ٹیکس کے بعد منافع کمایا جس کے نتیجے میں فی حصص آمدنی 40.05 روپے رہی۔ جبکہ گزشتہ مالی سال اسی مدت میں کمپنی کو 4,391 ملین روپے ٹیکس کے بعد نقصان ہوا تھا جو کہ 54.92 روپے فی حصص نقصان کے مساوی تھا۔

کمپنی کے فیول سیگمنٹ کی کارکردگی میں نمایاں بہتری آئی ہے۔ موجودہ سہ ماہی کے دوران کمپنی کے فیول سیگمنٹ کو 1,995 ملین روپے ٹیکس کے بعد منافع ہوا جبکہ اس کے برعکس گزشتہ سال اسی مدت میں ٹیکس کے بعد نقصان 4,457 ملین روپے تھا۔ فیول سیگمنٹ کے منافع میں بہتری کی وجہ بنیادی طور پر سہ ماہی کے دوران بین الاقوامی مارکیٹ میں پیٹرولیم مصنوعات کی قیمتوں میں مسلسل اضافہ ہے، جس کے نتیجے میں ریفاائنری کے گراس ریفاائننگ مارجنز میں بہتری آئی ہے۔ حکومتی حکام کی جانب سے کیے گئے موثر اقدامات کے نتیجے میں شرح مبادلہ پر دباؤ کم ہوا، جس کی وجہ سے بھی کارکردگی کو مزید بہتر بنانے میں مدد ملی اور موجودہ سہ ماہی میں زرمبادلہ کی مد میں 367 ملین روپے کا فائدہ ہوا جبکہ گزشتہ سال اسی مدت میں زرمبادلہ کی مد میں 4,058 ملین روپے کا نقصان ہوا تھا۔ مزید برآں، غیر محفوظ سرجنوں کے ساتھ ملحقہ خدشات کو دور کرنے کے لیے حکومت کی جانب سے اٹھائے گئے اقدامات کے نتیجے میں پیٹرولیم مصنوعات کی طلب میں کچھ حد تک بحالی ہوئی ہے۔

خام تیل کے کمس میں ضروری تبدیلی اور پیداواری عمل میں ایڈجسٹمنٹ کے بعد آپ کی کمپنی نے حال ہی میں ویری اوسلفرفنس ائزل (VLSFO) تیار کر کے ایک نمایاں پیشرفت کی ہے، جسے عام طور پر "بکرفیول" کہا جاتا ہے۔ VLSFO ایک پربیم پروڈکٹ اور ماحول دوست ایندھن ہے جو اب انٹرنیشنل میری ٹائم آرگنائزیشن 2020 (IMO) کے ضوابط کے تحت تمام سمندری جہازوں کے استعمال کے لیے لازمی ہے۔ مزید برآں، ہائیڈرو پروڈکشن یونٹ (HPU) میں معمول کے آپریشنز کی دوبارہ بحالی کے بعد، کمپنی نے PAK-V معیارات کے مطابق ہائی سپیڈ ڈیزل (HSD) کی پیداوار اور فروخت بھی شروع کر دی ہے۔ امید ہے کہ دونوں حالیہ اقدامات ریفاائنری کے پائیدار آپریشنز میں مثبت کردار ادا کریں گے۔

لیوب سیگمنٹ نے 1,208 ملین روپے ٹیکس کے بعد منافع کمایا جبکہ گزشتہ سال اسی مدت میں 66 ملین روپے ٹیکس کے بعد منافع ہوا تھا۔ قیمتوں کے بڑھتے ہوئے رجحان کی وجہ سے بہتر پروڈکٹ مارجنز کے نتیجے میں منافع میں اضافہ ہوا۔

کمپنی کی ورکنگ کپٹیل فنانسنگ کی ضروریات بدستور بلند ہیں جس کی بنیادی وجہ گزشتہ مدت کے مقابلے میں خام تیل کی قیمتوں میں اضافہ ہے۔ مزید برآں، گزشتہ سال کی اسی مدت کے مقابلے میں موجودہ سہ ماہی میں ٹیکوں سے قرض لینے کی شرح میں اضافے کے نتیجے میں مارک اپ اخراجات کی مد میں 1,825 ملین روپے لاگت آئی ہے۔ جو کہ گزشتہ سال کی اسی مدت کے دوران 1,280 ملین روپے تھی۔

حکومت نے اگست 2023 میں موجودہ براؤن فیلڈ ریفاائنریز کے لیے پاکستان ریفاائنری پالیسی 2023 کی منظوری دے دی ہے۔ پالیسی کچھ شرائط و ضوابط کے ساتھ موجودہ ریفاائنریز کے اپگریڈ کے لیے مالی مراعات فراہم کرتی ہے۔ ہم ریفاائنریز کی اپگریڈیشن پرنور کرنے میں حکومت کے تعاون کو سراہتے ہیں اور پالیسی پر ہولت سے عمل درآمد کے لیے وزارت توانائی (MoE) اور آئل اینڈ گیس ریگولیٹری اتھارٹی (OGRA) کے ساتھ رابطے میں ہیں۔

ہم اپنے حصص یافتگان، صارفین اور عملے کا اکی مسلسل حمایت اور اعتماد کیلئے شکر یہ ادا کرتے ہیں۔

بورڈ چیف ایب سے

شیب ایب ملک

چیئر مین

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2023

		Unaudited September 30, 2023	Audited June 30, 2023
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	5	25,398,237	25,599,046
Long-term investment		14,555	14,555
Long-term loans	6	24,742	25,892
Long-term deposits	7	30,265	30,265
Deferred taxation	8	5,497,814	6,911,879
Retirement benefit prepayments		405,583	409,787
		31,371,196	32,991,424
CURRENT ASSETS			
Stores, spares and chemicals		1,911,388	2,586,185
Stock-in-trade	9	64,512,478	48,136,902
Trade receivables		13,665,808	22,914,667
Loans and advances	10	71,867	94,531
Trade deposits and short-term prepayments	11	774,855	98,535
Interest accrued		47,065	33,637
Other receivables		3,269,112	1,477,197
Taxation - payments less provision		2,693,599	2,841,539
Cash and bank balances	12	569,205	605,301
		87,515,377	78,788,494
TOTAL ASSETS		118,886,573	111,779,918
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		799,666	799,666
Reserves		37,001,715	33,799,013
		37,801,381	34,598,679
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term lease liability		158,338	158,338
Provision for Gas Infrastructure Development Cess	13.1	-	53,618
Retirement benefit obligations		550,837	524,128
		709,175	736,084
CURRENT LIABILITIES			
Trade and other payables	13	47,246,931	36,650,283
Advances from customers	14	1,293,880	915,317
Unclaimed dividend		59,483	59,462
Unpaid dividend		44,641	44,776
Accrued mark-up		1,231,511	1,147,302
Provisions		112,361	112,361
Borrowings	15	30,370,157	37,504,532
Current portion of long-term lease liability		17,053	11,122
		80,376,017	76,445,155
TOTAL LIABILITIES		81,085,192	77,181,239
CONTINGENCIES AND COMMITMENTS	16		
TOTAL EQUITY AND LIABILITIES		118,886,573	111,779,918

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)

	Note	September 30, 2023 (Rupees in thousand)	September 30, 2022
Revenue from contracts with customers	17	94,557,558	77,729,058
Trade discounts, taxes, duties, levies and price differentials	18	<u>(20,729,104)</u>	<u>(9,395,074)</u>
Net revenue from contracts with customers		73,828,454	68,333,984
Cost of sales		<u>(66,474,560)</u>	<u>(68,307,673)</u>
Gross profit		7,353,894	26,311
Distribution cost		(100,518)	(392,181)
Administrative expenses		(278,904)	(240,596)
Other income	19	76,011	74,956
Other operating expenses		<u>(395,604)</u>	<u>(19,305)</u>
Operating profit / (loss)		6,654,879	(550,815)
Finance cost - net	20	<u>(1,465,652)</u>	<u>(5,348,822)</u>
Profit / (loss) before taxation		5,189,227	(5,899,637)
Taxation	21	(1,986,525)	1,508,272
Profit / (loss) after taxation		<u>3,202,702</u>	<u>(4,391,365)</u>
Earnings / (loss) per share - basic and diluted		<u>Rs. 40.05</u>	<u>Rs. (54.92)</u>

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)

	September 30, 2023	September 30, 2022
	(Rupees in thousand)	
Profit / (loss) after taxation	3,202,702	(4,391,365)
Other comprehensive income / (loss)		
Items that will not be reclassified to statement of profit or loss		
Change in fair value of long term investment	-	-
Remeasurement of post employment benefit obligations	-	-
Deferred tax thereon	-	-
Total comprehensive income / (loss)	3,202,702	(4,391,365)

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)

	CAPITAL RESERVES					REVENUE RESERVES			Total
	SHARE CAPITAL	Capital compensation reserve	Exchange equalisation reserve	Special reserve	Utilised special reserve	General reserve	Gain / (loss) on revaluation of investment at fair value through OCI	Accumulated loss	
Balance as at July 1, 2022	799,666	10,142	4,117	-	9,631,914	31,961,000	17,472	(2,604,953)	39,819,358
Loss for the three months ended September 30, 2022	-	-	-	-	-	-	-	(4,391,365)	(4,391,365)
Other comprehensive income	-	-	-	-	-	-	-	(4,391,365)	(4,391,365)
Balance as at September 30, 2022	799,666	10,142	4,117	-	9,631,914	31,961,000	17,472	(6,996,318)	35,427,993
Balance as at July 1, 2023	799,666	10,142	4,117	-	9,631,914	31,961,000	14,555	(7,822,715)	34,598,679
Profit for the three months ended September 30, 2023	-	-	-	-	-	-	-	3,202,702	3,202,702
Other comprehensive income	-	-	-	-	-	-	-	3,202,702	3,202,702
Balance as at September 30, 2023	799,666	10,142	4,117	-	9,631,914	31,961,000	14,555	(4,620,013)	37,801,381

(Rupees in thousand)

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive



Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)

	Note	September 30, 2023	September 30, 2022
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	22	9,860,449	(23,787,443)
Income tax paid		(424,520)	(79,365)
Mark-up paid on Conventional Financing		(1,258,126)	(545,831)
Mark-up paid on Islamic Financing		(482,186)	(282,066)
Decrease in long-term loans		1,150	4,101
Payments made to staff retirement benefit funds		-	(7,172)
Net cash used in operating activities		7,696,767	(24,697,776)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(646,577)	(183,031)
Return on investments and bank accounts		48,203	3,244
Net cash used in investing activities		(598,374)	(179,787)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(114)	(126)
Lease rentals paid		-	(33,188)
Net cash used in financing activities		(114)	(33,314)
Net increase / (decrease) in cash and cash equivalents		7,098,279	(24,910,877)
Cash and cash equivalents at beginning of the period		(36,899,231)	(17,898,970)
Cash and cash equivalents at end of the period		(29,800,952)	(42,809,847)

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)

1. LEGAL STATUS AND OPERATIONS

National Refinery Limited was incorporated in Pakistan on August 19, 1963 as a public limited company and its shares are listed on the Pakistan Stock Exchange. The registered office of the Company is situated at 7-B, Korangi Industrial Area, Karachi, Pakistan.

The Company is engaged in the manufacturing, production and sale of a large range of petroleum products. The refinery complex of the Company comprises of three refineries, consisting of two lube refineries, commissioned in 1966 and 1985, and a fuel refinery added to the complex in 1977. The company has also commissioned Diesel Hydro De-sulphurisation (DHDS) and Isomerisation (ISOM) units during the financial years 2017 and 2018 respectively.

2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the international Accounting Standard Board (IASB) as notified under the Companies Act 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2023.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2023.

4. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgments, estimates and assumptions.

However, management believes that the change in outcome of judgments, estimates and assumptions would not have a material impact on the amounts disclosed in these condensed interim financial statements.

4.2 Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended June 30, 2023.

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

	September 30, 2023	June 30, 2023
(Rupees in thousand)		

5. FIXED ASSETS

Property, plant and equipment

- Operating assets - note 5.1 & 5.2	22,658,042	23,463,248
- Major spare parts and stand-by equipments	846,747	588,771
- Capital work-in-progress - note 5.3	1,891,836	1,544,933
	25,396,625	25,596,952
Intangible assets	1,612	2,094
	25,398,237	25,599,046

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)

- 5.1 In the current period variable lease for right-of-use of assets amounts to Rs. 0.59 million (June 30, 2023: Rs. 29.63 million).
- 5.2 These include the right-of-use asset comprising a lease hold land at oil installation area, Keamari of Karachi Port Trust (KPT), used by the Company for its operations.
- 5.3 Additions to operating assets during the three months ended September 30, 2023 are as follows:

	Additions (at cost)	
	September 2023	September 2022
	(Rupees in thousand)	
Plant and machinery	32,268	49,938
Storage tanks	434	-
Utilities	6,698	-
Vehicles	291	102
Office and other equipments	1,038	3,014
Buildings	436	2,457
Furniture and fixtures	532	221
	41,697	55,732

5.4 Capital work-in-progress

	Balance as at July 1, 2023	Additions during the period	Transfers	Balance as at September 30, 2023	Balance as at July 1, 2022	Additions during the year	Transfers	Balance as at June 30, 2023
	(Rupees in thousand)							
Building on leasehold land	10,377	2,195	(436)	12,136	15,629	12,694	(17,946)	10,377
Refineries upgradation projects	970,358	-	-	970,358	982,766	6,255	(18,663)	970,358
Plant and machinery	371,559	400,100	(39,400)	732,259	306,183	388,528	(323,152)	371,559
Intangible	1,050	-	-	1,050	-	1,050	-	1,050
Office and other equipments	78,901	9,000	(269)	87,632	51,892	41,476	(14,467)	78,901
	1,432,245	411,295	(40,105)	1,803,435	1,356,470	450,003	(374,228)	1,432,245
Advances to contractors/ suppliers - note 5.5	112,688	59,761	(84,048)	88,401	9,711	112,706	(9,729)	112,688
	1,544,933	471,056	(124,153)	1,891,836	1,366,181	562,709	(383,957)	1,544,933

- 5.5 These do not carry any mark-up arrangement.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)

6. LONG TERM LOANS

These include secured loans to executives and employees for the purchase of motor cars and house building. Out of these, car loans amounting to Rs. 4.3 million (June 30, 2023: Rs. 5.2 million) carry interest ranging from 3% to 7% (June 30, 2023: 3% to 7%). These also include unsecured loans to executive and employees which are interest free.

7. LONG TERM DEPOSITS

These deposits do not carry any mark-up arrangement.

8. DEFERRED TAXATION

The deferred tax asset on minimum tax, alternative corporate tax and tax losses is expected to be recovered based on the estimated future taxable income.

9. STOCK-IN-TRADE

As at September 30, 2023 stock of finished products have been written down by Rs. 210.01 million (June 30, 2023: Rs. 128.75 million) to arrive at their net realisable value.

10. LOANS AND ADVANCES

Out of these, car loans amounting to Rs. 1.37 million (June 30, 2023: Rs. 1.84 million) carry interest as disclosed in note 6. Advances do not carry any mark-up arrangement.

11. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

These deposits do not carry any mark-up arrangement.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)

	September 30, 2023	June 30, 2023
	(Rupees in thousand)	
12. CASH AND BANK BALANCES		
Cash at bank		
Conventional		
Currents accounts	56,986	71,947
Savings accounts	17,494	3,922
Deposits accounts	490,063	490,063
	564,543	565,932
Islamic		
Currents accounts	4,104	106
Savings accounts	58	38,763
	4,162	38,869
Cash in hand	500	500
	569,205	605,301
13. TRADE AND OTHER PAYABLES		
Trade creditors	33,493,516	28,222,793
Due to Government of Pakistan	1,849,596	1,354,588
Due to related parties:		
- Attock Petroleum Limited	7,037	59,871
- Attock Cement Pakistan Limited	224	-
- Attock Oil Company Limited	-	548
Accrued liabilities	1,280,826	920,081
Current portion of provision for Gas		
Infrastructure Development Cess - note 13.1	946,251	880,512
HSD Euro V differential - note 13.2	2,411,719	111,653
PMG - RON differential	-	84,732
PMG - Euro V differential	2,482	5,879
Custom duty - note 13.3	1,357,614	-
Sales tax	1,228,702	828,535
Retention money	64,852	62,879
Deposits from contractors	56,204	58,704
Workers' profits participation fund	279,032	-
Workers' Welfare Fund	191,614	79,241
Income tax deducted at source	23,053	30,881
Excise duty and petroleum levy	4,030,302	3,937,678
Others	23,907	11,708
	47,246,931	36,650,283

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)

- 13.1 The Supreme Court of Pakistan through its judgement dated August 13, 2020 had decided the Appeal against consumers upholding the vires of GIDC Act, 2015. The Review Petition was also dismissed on merits. However, the Honorable Court had provided some relief by increasing the time period for recovery of GIDC from 24 to 48 installments.

The Company also filed a civil suit before the Honourable High Court of Sindh (SHC) on the ground that the Company falls under the category of consumers and it has not passed on the burden of Cess. Accordingly, stay order was granted. However, while pendency of aforesaid suit, the Company kept on paying GIDC installments under protest and without prejudice to the Company's legal rights till August 2021 (upto 13th installment). In September 2021, Sui Southern Gas Company Limited (SSGC) revised the payment terms from 48 to 24 months. The Company, after giving notice to SSGC stopped payment of further installments of GIDC as the stay order has been operative, whereby SHC has restrained SSGC from taking any coercive action against the Company in relation to non-payment of installments of GIDC arrears. The suit is still pending adjudication before the Honourable High Court of Sindh at Karachi and interim order, granting stay, is in effect till further orders.

- 13.2 This represent differential of Euro V vs Euro I HSD on account of sale of Euro I HSD by the Company. The differential has been worked out using criteria provided by Ministry of Energy through letter dated February 26, 2013, and November 17, 2020.
- 13.3 This represents the differential of custom duty paid on import of crude oil and that recovered through sale of petroleum products upto August 16, 2023, worked out in accordance with OGRA's approved recovery mechanism. Effective August 17, 2023, the Government of Pakistan has approved and notified Pakistan Oil Refining Policy for Upgradation of Existing / Brownfield Refineries, 2023, superseding all previous policies. Under the policy, the Government has provided some incremental incentives for refinery upgradation, subject to certain conditions and restrictions, in terms of custom duty at the rate 2.5% on Diesel and 10% on Motor Gasoline to be deposited into an OGRA controlled joint Escrow Account. However, the incremental incentive is required to be deposited into Inland Freight Equalization Margin (IFEM) pool until the opening of the said account. Besides, any custom duty on crude oil will be reimbursed to refineries through IFEM. Therefore, liabilities and receivables have been accordingly accounted for in the financial statements.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)

14 ADVANCES FROM CUSTOMERS

This includes advances received from related party - Pakistan Oilfields Limited and Attock Petroleum Limited amounting to Rs. 7.15 million (June 30, 2023: Rs. 2.60 million) and Rs. 8.22 million (June 30, 2023: Rs. 0.106 million) respectively against supply of goods.

15. BORROWINGS

- 15.1 The facilities for running finance under mark-up arrangements with various banks amounted to Rs. 37.38 billion (2023: Rs. 41.08 billion) of which the amount remaining unutilized at the period end was Rs. 22.32 billion (2023: Rs. 17.66 billion). The rates of mark-up applicable on running finance ranges from 0.15% to 1% above one month / three months KIBOR (2023: one month / three months KIBOR + 0.15% to 1.0%) per annum.
- 15.2 The facilities for Istisna, Tijarah and Running Musharakah arrangements from various Islamic banks amounted to Rs. 17.90 billion (2023: Rs. 17.90 billion) of which Rs. 2.43 billion (2023: Rs. 6.78 billion) remain unutilized as at period end. The rate of mark-up applicable is based on relevant KIBOR + 0.05% to 0.25% (2023: one / three months KIBOR + 0.05% to 0.25%) per annum.
- 15.3 Short term loans obtained on rollover basis from commercial banks amounted to Rs. 4.70 billion (2023: Rs. 12.0 billion). These loans are interchangeable facilities with running finance arrangement as disclosed in note 15.1. The rate of mark-up applicable on these loans is based on respective tenor KIBOR plus spread ranging from + 0.04% to + 0.15% (2023: KIBOR -0.70% to + 1.00%) per annum.
- 15.4 The facility for LC discounting amounted to Rs. 10.0 billion (2023: Rs. 10.0 billion) of which the amount remaining unutilized was Rs. 10.0 billion (2023: Rs. 7.54 billion). The rate of mark-up applicable on this facility is based on respective tenor KIBOR plus spread ranging from 0.04% to 0.15% per annum (2023:KIBOR plus spread ranging from 0.04% to 0.15%) per annum.
- 15.5 The facilities for opening the letters of credit and guarantees as at September 30, 2023 amounted to Rs. 122.77 billion (2023: Rs. 122.77 billion) of which the amount remaining unutilized at the period end was Rs. 68.99 billion (2023: Rs. 68.55 billion). The above financing arrangement to the tune of Rs. 40.78 billion (2023: Rs. 44.48 billion) are interchangeable of these non-funded limits.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)

15.6 These facilities are secured against ranking charge on Company's stocks, receivables and stores, spares and chemicals.

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

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

16.2 Commitments

Commitments outstanding for capital expenditure as at September 30, 2023 amounted to Rs. 804.32 million (June 30, 2023: Rs. 926.07 million).

	September 30, 2023	September 30, 2022
	(Rupees in thousand)	
17. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Local	92,372,487	74,571,236
Export	2,185,071	3,157,822
	94,557,558	77,729,058
18. TRADE DISCOUNTS, TAXES, DUTIES, LEVIES AND PRICE DIFFERENTIALS		
Sales tax	4,603,416	5,067,586
Further tax	9,087	-
Excise duty	25	48
Petroleum levy	11,814,118	2,194,217
HSD Euro differential - note 13.2	2,300,065	-
HSD premium differential	-	178,316
PMG - RON differential	-	271,263
PMG - Euro V differential	2,481	10,016
Custom duty - note 13.3	1,999,912	1,673,628
	20,729,104	9,395,074

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)

19. OTHER INCOME

This includes return on bank deposits amounting to Rs. 61.63 million (September 30, 2022: Rs. 24.86 million).

20. FINANCE COST - NET

20.1 This includes mark-up on short term borrowings under conventional banking mode amounting to Rs. 1,108.44 million (September 30, 2022: Rs. 884.05 million) and mark-up on islamic financing amounting to Rs. 716.08 million (September 30, 2022: Rs. 395.99 million). The rates of mark-up applicable are provided in note 15.

20.2 This also includes net exchange gain of Rs. 367 million (September 30, 2022: net exchange loss of Rs. 4,057 million) on foreign currency transactions relating to purchase of crude oil and sale of products. This relates to actual fluctuations and not due to derivative financial instruments.

	September 30, 2023	September 30, 2022
(Rupees in thousand)		

21. TAXATION

Current	572,460	358,974
Deferred	1,414,065	(1,867,246)
	1,986,525	(1,508,272)

**22. CASH GENERATED FROM /
(USED IN) OPERATIONS**

Profit / (loss) before taxation	5,189,227	(5,899,637)
Adjustment for non cash charges and other items:		
Depreciation and amortisation	847,386	855,552
Provision for staff retirement benefit funds	30,913	38,455
Mark-up on Conventional Financing	1,108,444	884,050
Mark-up on Islamic Financing	716,077	395,985
Interest on lease liability	5,931	6,222
Return on investments and bank accounts	(61,631)	(24,864)
Changes in working capital - note 22.1	2,024,102	(20,043,206)
	9,860,449	(23,787,443)

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)

September 30, September 30,
2023 2022
(Rupees in thousand)

22.1 Changes in working capital

(Increase) / decrease in current assets

Stores, spares and chemicals	674,797	37,749
Stock-in-trade	(16,375,576)	(7,994,571)
Trade receivables	9,248,859	207,440
Loans and advances	22,664	17,154
Trade deposits and short-term prepayments	(676,320)	(504,179)
Other receivables	(1,791,915)	311,484
	(8,897,491)	(7,924,923)

Decrease / (increase) in current liabilities

Trade and other payables	10,543,030	(11,442,206)
Advances from Customers	378,563	(676,077)

23. CASH AND CASH EQUIVALENTS

Cash and bank balances - note 12	569,205	593,589
Borrowings - note 15	(30,370,157)	(43,403,436)
	(29,800,952)	(42,809,847)

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)**

24. TRANSACTIONS WITH RELATED PARTIES

Related party transactions are:

Nature of relationship	Nature of transactions	Transactions during the quarter	
		September 30, 2023	September 30, 2022
Associated companies			
- Attock Petroleum Limited (APL)			
	Sale of petroleum products	36,703,939	33,659,819
	Commission on Export Sales	-	9,615
	Commission on Local Sales	-	237,169
	Handling charge on local sales	3,237	-
	Purchase of Petroleum Products	6,916	7,847
	Hospitality income on sales	4,804	48,144
	Rental income	1,510	1,376
	Reimbursement of expenses incurred by NRL on behalf of APL	1,389	954
	Reimbursement of expenses incurred by APL on behalf of NRL	385	-
- Pakistan Oilfields Limited (POL)			
	Rental income	1,041	946
	Sale of petroleum products	51,416	95,958
	Reimbursement of expenses incurred by NRL on behalf of POL	63	116
- Attock Refinery Limited (ARL)			
	Reimbursement of expenses incurred by NRL on behalf of ARL	14	-
- Attock Cement Pakistan Limited (ACPL)			
	Purchase of stores	224	194
	Reimbursement of expenses incurred by ACPL on behalf of NRL	53	-
- Attock Oil Company Limited (AOCL)*			
	Reimbursement of expenses incurred by NRL on behalf of AOCL	9	9
Other related parties			
- Contribution to staff retirement benefits plans			
	Employees provident fund	13,871	13,272
	Post retirement medical fund	-	7,172
- Key management compensation **			
	Salaries and other employee benefits	16,444	21,196
	Post employment benefits	1,384	1,240
	Directors' fee	9,954	3,858

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

** Key management personnel include Chief Executive Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)

25. SEGMENT INFORMATION

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

The financial information regarding operating segments is as follows:

	FUEL		LUBE		TOTAL	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(Rupees in thousand)					
Segment Revenue						
Revenue from external customers						
- local, net of discounts, taxes, duties, levies and price differentials	51,793,379	47,859,312	19,850,004	17,316,850	71,643,383	65,176,162
- exports	-	-	2,185,071	3,157,822	2,185,071	3,157,822
	51,793,379	47,859,312	22,035,075	20,474,672	73,828,454	68,333,984
Inter-segment transfers	20,787,846	21,158,543	-	-	20,787,846	21,158,543
Elimination of intersegment transfers	-	-	-	-	(20,787,846)	(21,158,543)
Net revenue from contract with customers	72,581,225	69,017,855	22,035,075	20,474,672	73,828,454	68,333,984
Segment results after tax	1,995,374	(4,457,270)	1,207,328	65,905	3,202,702	(4,391,365)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income / (loss)	1,995,374	(4,457,270)	1,207,328	65,905	3,202,702	(4,391,365)

	FUEL		LUBE		TOTAL	
	September 30, 2023	June 30, 2023	September 30, 2023	June 30, 2023	September 30, 2023	June 30, 2023
	(Rupees in thousand)					
Segment assets	85,802,174	81,694,409	17,165,493	14,577,528	102,967,667	96,271,937
Unallocated assets	-	-	-	-	15,918,906	15,507,981
Total assets	85,802,174	81,694,409	17,165,493	14,577,528	118,886,573	111,779,918
Segment liabilities	73,546,138	71,768,893	6,988,217	4,888,218	80,534,355	76,657,111
Unallocated liabilities	-	-	-	-	550,837	524,128
Total liabilities	73,546,138	71,768,893	6,988,217	4,888,218	81,085,192	77,181,239

25.2 Incremental expenses of Diesel Hydro De-sulphurisation (DHDS) and Isomerization (ISOM) units have been charged to fuel segment in accordance with note 25.1 above.

26. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company on October 09, 2023.


Chief Financial Officer


Chief Executive


Director



National Refinery Limited

7-B, Korangi Industrial Area, Karachi-74900.

UAN: 111-675-675

Website: www.nrlpak.com

E-mail: info@nrlpak.com

