ENSURING SUSTAINABILITY

Attock Refinery Limited (ARL) is the pioneer and pacesetter in Pakistan Oil Refining industry. Since its inception in 1922, the company has stood the test of time through war and peace. Today it has grown into a modern state-of-the art refinery with a name plate capacity of 53,400 bpd. Our growth story that started in 1922 continues unabated.

The dynamics of refinery business are constantly varying and changing with new challenges emerging due to environmental concerns, pandemic issues, economic recessions, globalization, technological breakthroughs, alternate sources of energy and government policies etc. The spread of COVID-19 has a meltdown effect on global crude oil and product prices and has severely impacted the refinery sector in Pakistan resulting in reduced margins.

Pakistan's refining sector has also been struggling for its survival due to various policy issues over the last two decades compounded by the last three years of a very difficult business environment. The last Refining Policy was announced in 1997. The said policy lost its efficacy within a few years as it could not keep pace with the accelerated changes happening in the refining sector. In spite of this local refineries invested in various expansion and up-gradation projects.

ARL along with other refineries has been intensively engaged with Ministry of Energy (Petroleum Division)-(MEPD) for the development of a comprehensive Refining Policy for the sustainability and up-gradation of existing refineries for the last two years. A Working Group comprising representatives from MEPD and refineries was set up in December 2019. The Working Group has drafted Refining Policy and presented its proposals to competent authority for approval. The outcome would be a new and vibrant policy for the oil refining sector to attract investment in green field refineries and enable the existing refineries up-gradation to produce more high value and environment friendly products.

ARL is fully cognizant of its responsibility to ensure its sustainability under the current economic circumstances. In this connection, the Company has taken several initiatives and implemented different economic and technological measures. Some of these measures include production of Euro III HSD without any hardware modification, introduction of 95 RON Petrol to its product profile, supply of Low Sulphur Furnace Oil at premium pricing, purchase of certain crude oil at discounted pricing and optimizing Reformer hydrogen internal usage.

Similarly, synergies have also been achieved through rationalization of production slate. Moreover loss making export Naphtha operation has been restricted or curtailed through maximization of Petrol production and maintaining refinery optimum throughput.

It is pertinent to mention that refining industry's efforts have also yielded positive results in mitigating some of the issues. These measures include fortnightly pricing of petroleum products and application of actual exchange rate in Petrol and High Speed Diesel pricing.

Due to above factors, the Company was able to reduce its loss of Rs 2.8 billion suffered last year to Rs 2.1 billion during the current year. While based on consolidated accounts, the Company's consolidated profit was Rs 1 billion (June 30, 2020: Loss of Rs 4.6 billion). We shall continue to strengthen our focus on planning for sustainability of our existing operations and to up-grade our facilities to meet the future challenges.