

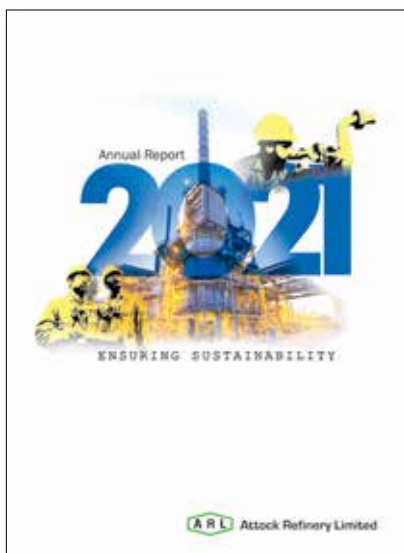
Annual Report

2021

ENSURING SUSTAINABILITY



Attock Refinery Limited



# 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 despite various hurdles and challenges.

The dynamics of refinery business are constantly varying and changing with new challenges emerging due to environmental concerns, pandemic issues, economic recessions, globalisation, 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 alongwith 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 upgradation 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.







# stentor

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# Honors & Achievements



Certificate of Merit  
Best Corporate  
Report Awards 2019



2<sup>nd</sup> Prize  
15<sup>th</sup> OSH Award  
2019



Gold Medium National  
Category  
8<sup>th</sup> Employer of the  
Year Award 2020



17<sup>th</sup> AEEA  
Annual Environments  
Excellence Awards  
2020



Certificate of Merit  
Best Sustainability  
Report Awards 2019

# Vision, Mission & Core Values

## VISION

To be a world class and leading organization continuously providing high quality diversified environment-friendly energy resources and petrochemicals.

## MISSION

We will utilize best blend of state-of-the-art technologies, high performing people, excellent business processes and synergetic organizational culture thus exceeding expectations of all stakeholders.

## CORE VALUES

Our success will not be a matter of chance, but a commitment to the following enduring beliefs and values that are engrained in the way we think and take actions to pursue a climate of excellence:

### Integrity & Ethics

Integrity, honesty, high ethical, legal and safety standards are a cornerstone of our business practices.

### Quality

We pursue quality as a way of life. It is an attitude that affects everything we do for relentless pursuit of excellence.

### Social Responsibility

We believe in respect for the community and preserving the environment for our future generations and keeping National interest paramount in all our actions.

### Learning & Innovation

We embrace lifelong learning and innovation as an essential catalyst for our future success. We believe in continuous improvement and to seize opportunities inherent in change to shape the future.

### Team Work

We believe that competent and satisfied people are the Company's heart, muscle and soul. We savour flashes of genius in the organization's life by reinforcing attitude of teamwork and knowledge-sharing based on mutual respect, trust and openness.

### Empowerment

We flourish under an ecosystem of shared understanding founded on the concept of empowerment, accountability and open communication in all directions.



# Strategic Plan

The Company's strategic plans include enhancement of its refining capacity and production of value added and more environment friendly petroleum products to maintain and expand its market in an efficient, effective and economical manner. Projects targeting environmental and community development are also a regular feature of the Company's strategic plans.

## **SIGNIFICANT CHANGES IN OBJECTIVES AND STRATEGIES FROM PRIOR YEARS**

Management believes that our business objectives and strategies are well planned and are aligned with the current challenges of minimizing Furnace Fuel Oil and meeting new specifications of petroleum products.



# Company Profile

Attock Refinery Limited (ARL) was incorporated as a Private Limited Company in November, 1978 to take over the business of The Attock Oil Company Limited (AOC) relating to refining of crude oil and supplying of refined petroleum products. It was subsequently converted into a Public Limited Company in June, 1979 and its shares are quoted on the Pakistan Stock Exchange Limited. The Company is also registered with Central Depository Company of Pakistan Limited (CDC).

Original paid-up capital of the Company was Rs 80 million which was subscribed by the holding

company i.e. AOC, Government of Pakistan, investment companies and general public. The present paid-up capital of the Company is Rs 1,066.163 million.

ARL is the pioneer of crude oil refining in the country with its operations dating back to 1922. Backed by a rich experience of more than 99 years of successful operations, ARL's plants have been gradually upgraded/replaced with state-of-the-art hardware to remain competitive and meet new challenges and requirements.

It all began in February 1922, when two small stills of 2,500 barrel

per day (bpd) came on stream at Morgah following the first discovery of oil at Khaur where drilling started on January 22, 1915 and at very shallow depth of 223 feet 5,000 barrels of oil flowed. After discovery of oil in Dhulian in 1937, the Refinery was expanded in late thirties and early forties. A 5,500 bpd Lummus Two-Stage-Distillation Unit, a Dubbs Thermal Cracker Lubricating Oil Refinery, Wax Purification facility and the Edeleanu Solvent Extraction Unit for smoke-point correction of Kerosene were added.

There were subsequent discoveries of oil at Meyal and Toot (1968).





Reservoir studies during the period 1970-78 further indicated high potential for crude oil production of around 20,000 bpd. In 1981, the capacity of Refinery was increased by the addition of two distillation units of 20,000 and 5,000 bpd capacity, respectively. Due to their vintage, the old units for lube/wax production, as well as Edeleanu, were closed down in 1986. Another expansion and up gradation project was completed in 1999 with the installation of a Heavy Crude Unit of 10,000 bpd and a Catalytic Reformer of 5,000 bpd. In 2000, a Captive Power Plant with installed capacity of 7.5 Megawatt was commissioned.

The latest Expansion/Up-gradation Project completed in November 2016 comprised the following:

- i) Diesel Hydro Desulphurization (DHDS) unit: This has reduced Sulphur contents in the High Speed Diesel to meet Euro II specification;
- ii) Preflash unit: This has increased refining capacity by 10,400 bpd;
- iii) Light Naphtha Isomerization unit: This has enhanced production of Premium Motor Gasoline by about 20,000 M. Tons per month;

- iv) Expansion of existing Captive power plant by 18 MW.

ARL's current nameplate capacity stands at 53,400 bpd and it possesses the capability to process lightest to heaviest (10-65 API) crudes. The Company is ISO 9001, ISO 14001, ISO/IEC 17025, OHSAS 18001 certified and is the first refinery in Pakistan to implement ISO 50001 (Energy Management System).

## Accreditation & Certifications



**ISO 9001: 2015**  
QUALITY MANAGEMENT  
SYSTEM



**ISO 14001: 2015**  
ENVIRONMENTAL  
MANAGEMENT SYSTEM



**ISO 45001: 2018**  
OCCUPATIONAL HEALTH  
AND SAFETY MANAGEMENT  
SYSTEMS

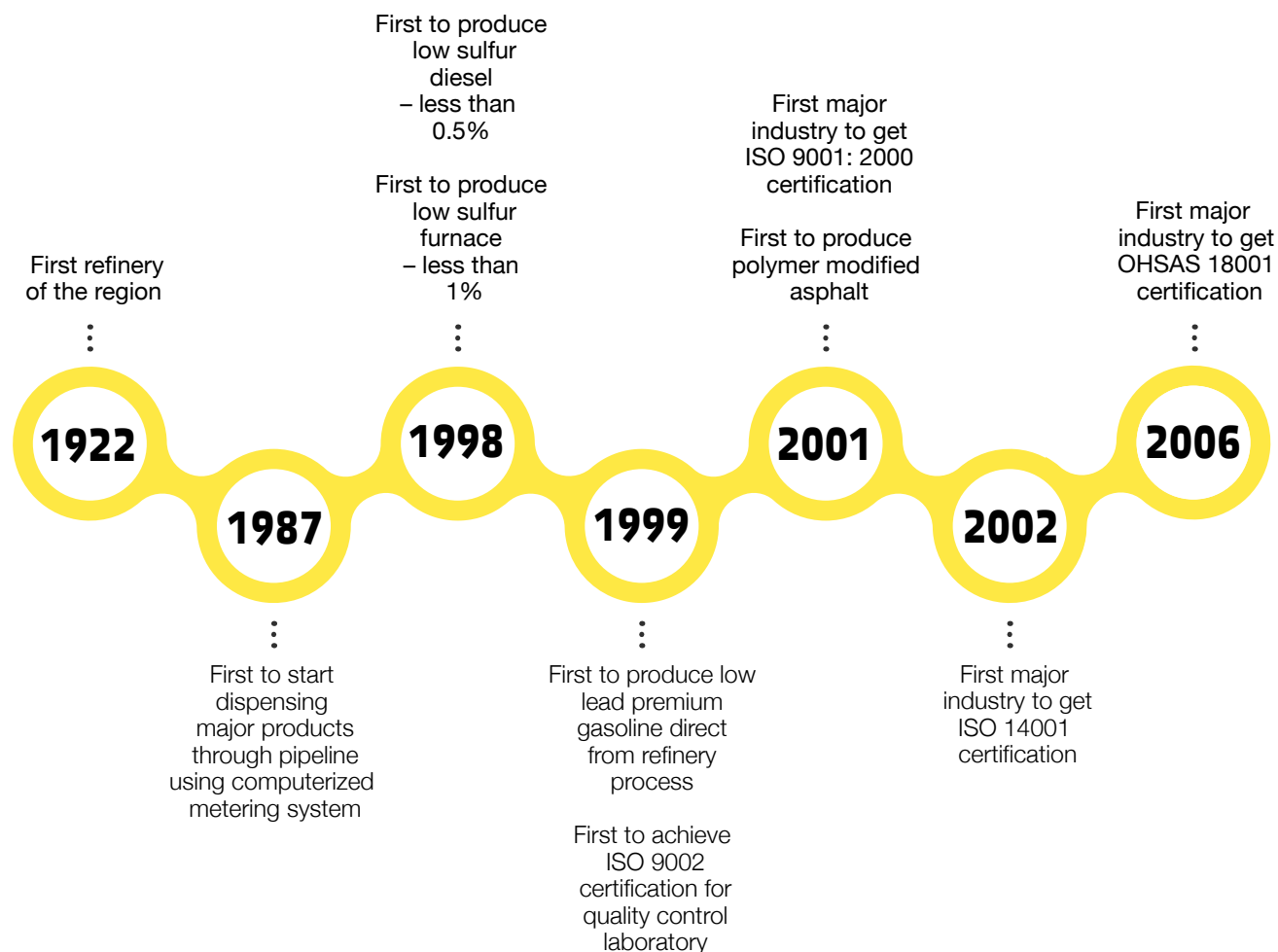


**ISO/IEC 17025: 2017**  
LABORATORY MANAGEMENT  
SYSTEM

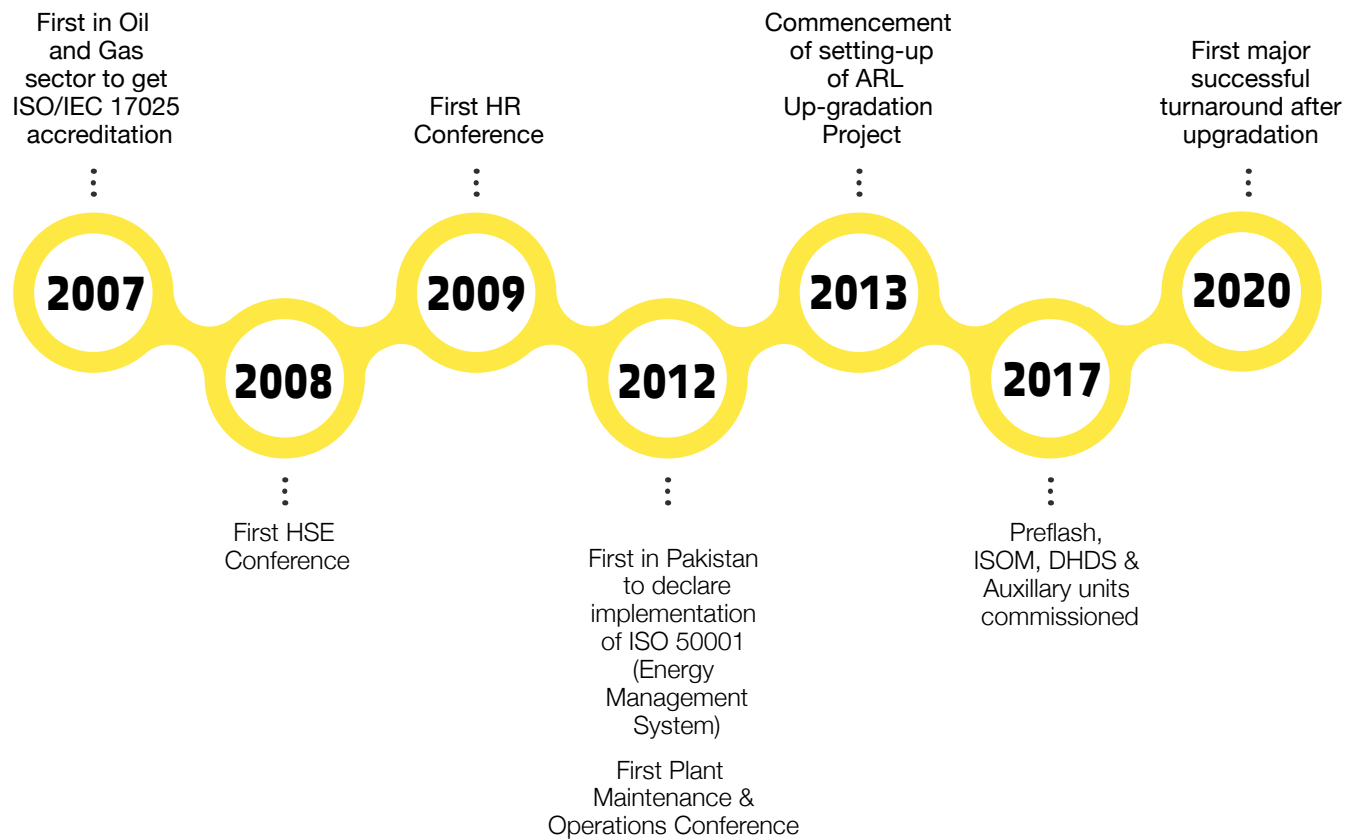
IMPLEMENTED AT ARL  
**ISO 50001**  
Energy Management System



# Series of Firsts & Major Events







# ARL Products

## **LIQUEFIED PETROLEUM GAS (LPG)**

LPG, is a flammable mixture of hydrocarbon gases used as a fuel in heating appliances and vehicles. As its' boiling point is below room temperature, LPG will evaporate quickly at normal temperatures and pressures and is usually supplied in pressurized steel vessels. ARL is producing LPG as per Pakistan Standards and Quality Control Authority (PSQCA) & Gas Processors Association (GPA) standard and specifications.

## **NAPHTHA**

A flammable liquid mixture of hydrocarbon i.e. a component of natural gas condensate or a distillation product. Export of high quality color-less Naphtha by ARL is adding to the national exchequer in terms of foreign exchange inflows.

## **JET FUEL**

ARL is producing Jet fuel, a type of aviation fuel designed for use in aircraft powered by gas-turbine engines. It is clear and bright in appearance. JP-1 is provided to APL, PSO, Shell and JP-8 to Pakistan Air Force.

## **LIGHT DIESEL OIL (LDO)**

LDO is a product that is burned in a furnace or boiler for generation of heat or used in an engine for generation of power. LDO is used for diesel engines, generally of stationary type operating below 750 rpm.

## **MINERAL TURPENTINE TAR (MTT)**

ARL is producing an inexpensive petroleum-based replacement for the vegetable-based turpentine. It is commonly used as paint thinner for oil-based paint and cleaning brushes and as an organic solvent in other applications.

## **FURNACE FUEL OIL (FFO)**

ARL supplies FFO which is a commercial heating oil for burner; it is also used in power plants. Major portion of this fuel is supplied to Independent Power Producers (IPPs) for the production of Electricity. ARL is the only refinery in the country producing Low Sulfur Furnace Fuel Oil (LSFO). ARL is also producing Residual Furnace Fuel Oil (RFO), a special high-viscosity residual oil which requires preheating.

## **PENETRATION GRADE BITUMEN**

Bitumen is a black or dark-colored (solid, semi-solid, viscous), amorphous, cementitious material. ARL is producing Penetration Grade Bitumen usually used as a Paving Grade Bitumen suitable for road construction and for the production of asphalt pavements with superior properties. ARL is producing 60-70 & 80-100 grade Penetration Grade Bitumen.





### **POLYMER MODIFIED BITUMEN (PMB)**

ARL is the only refinery of Pakistan producing this special product. Bitumen is further treated with polymer which enhances consistency, reduces temperature susceptibility, improves stiffness and cohesion, increases flexibility, resilience and toughness, develops binder-aggregate adhesion. It is worth mentioning that Polymer Modified Bitumen produced by ARL had been used for the construction of Islamabad-Peshawar Motorway (M1).

### **PREMIUM MOTOR GASOLINE (PMG)**

It is a transparent petroleum-derived liquid that is primarily used as a fuel in reciprocating spark - ignition internal combustion engine. Some additives are also added in it to improve quality. ARL is a major producer of PMG in the country. ARL is producing environment friendly low sulfur & low benzene PMG product as per PSQCA and Ministry of Energy (Petroleum Division) Government of Pakistan advised specifications.

### **KEROSENE OIL**

It is a mixture of thin, clear combustible liquid hydrocarbons derived from crude oil distillation. It is used for burning in kerosene lamps and domestic heaters or furnaces as a fuel and also as a solvent for greases and insecticides.

### **HIGH SPEED DIESEL (HSD)**

HSD produced by ARL is used as a fuel for high speed diesel engines like buses, lorries, generators, locomotives etc. Gas turbine requiring distillate fuels normally make use of HSD as a fuel. After commissioning of DHDS unit, ARL is supplying environment friendly HSD with low sulphur contents.

### **JUTE BATCHING OIL (JBO)**

JBO produced by ARL is mainly used in the jute industry to make the jute fibers pliable. It is also used by processors to produce various industrial oils. ARL is the only refinery in Pakistan that produces JBO.

### **CUTBACK ASPHALTS**

Cutback Asphalt is manufactured by blending asphalt cement with a solvent. There are two major types of Cutback Asphalt based on the relative rate of evaporation of the solvent: Rapid-Curing (RC) & Medium-Curing (MC). RC Cutback Asphalt is used primarily for surface treatments and tack coat. MC Cutback Asphalt is typically used for prime coat, surface treatments and stockpile patching mixes. ARL is producing three grades i.e. RC-70, RC-250 & MC-70.



# Board of Directors



## **Mr. Laith G. Pharaon**

Non Executive Director  
(Chairman Attock Group of Companies)

A businessman and an international investor who has financial and trading interests in Pakistan and other parts of the world in various sectors like petroleum, power generation, chemical, real estate and cement etc. Mr. Laith holds a graduate degree from the University of Southern California. He is also Director on the Board of various Companies in the Group.

## **Other Engagements**

### **Chairman & Director**

The Attock Oil Company Limited  
Attock Cement Pakistan Limited  
Attock Petroleum Limited

### **Director**

Pakistan Oilfields Limited  
Attock Gen Limited  
National Refinery Limited





### **Mr. Wael G. Pharaon**

Non Executive Director

A businessman and an international investor who has financial and trading interests in Pakistan and other parts of the world in various sectors like petroleum, power generation, chemical, real estate and cement etc. Mr. Wael holds a graduate degree. He is also Director on the Board of various Companies in the Group.

### **Other Engagements**

#### **Director**

The Attock Oil Company Limited  
Attock Cement Pakistan Limited  
Pakistan Oilfields Limited  
National Refinery Limited  
Attock Petroleum Limited  
Attock Gen Limited



### **Mr. Shuaib A. Malik**

Chairman/ Non Executive Director &  
Alternate Director to Mr. Laith G. Pharaon

Mr. Shuaib A. Malik has been associated with Attock Group of Companies for over four decades. He started his career as an Executive Officer in The Attock Oil Company Limited in July 1977 and served in different Companies in the Group at various times with the responsibility to supervise and oversee the operations and affairs of these Companies. He has exhaustive experience related to various aspects of upstream, midstream and downstream petroleum business. He obtained his bachelor's degree from Punjab University and has attended many international management programs, workshops and conferences including two such programs at British Institute of Management, UK and Harvard Business School, USA. Presently, he is holding the position of Group Chief Executive of the Attock Group of Companies besides being the Director on the Board of all the Companies in the Group.

### **Other Engagements**

**Chairman, Chief Executive Officer,  
Director & Alternate Director**  
Pakistan Oilfields Limited

#### **Group Chief Executive**

**Chairman, Director  
& Alternate Director**  
National Refinery Limited

**Director & Alternate Director**  
Attock Cement Pakistan Limited  
Attock Gen Limited

**Chief Executive Officer  
& Director**

The Attock Oil Company Limited  
Attock Petroleum Limited

**Resident Representative**  
Pharaon Investment Group Limited  
(Holding) s.a.l



### **Mr. Abdus Sattar**

Non Executive Director

Mr. Abdus Sattar has over 35 years of Financial Management experience at key positions of responsibility in various Government organizations / ministries, commercial organizations with the main objective of controlling costs of various commodities, to watch consumer interest, minimize government subsidies, improve government revenues, eliminate wasteful expenses / leakages and fixation of gas and POL prices. After serving as Financial Advisor to Ministry of Petroleum & Natural Resources, Government of Pakistan, he also remained Financial Advisor for Mari Gas Company Limited for around 8 years including 6 years as its Director on the Board. While working as Financial Advisor in Ministry of Petroleum he also served as Director on a number of boards like OGDCL, PPL, SNGPL, SSGCL, PSO, PARCO, ARL, POL, NRL, PMDC etc. as a nominee of Government of Pakistan for about seven years. He is a fellow member of Institute of Cost and Management Accountant of Pakistan (ICMAP) and was also nominated as council member of ICMAP for three years (Jan 2000 to Dec 2002) by the Government of Pakistan. He has attended many advance financial management courses, programs and trainings in institutions of international repute in Pakistan and abroad. Presently, he is on the Board of Pakistan Oilfields Limited, Attock Cement Pakistan Limited, Attock Petroleum Limited and National Refinery Limited and a visiting faculty member of a number of reputed universities and professional institutions.

### **Other Engagements**

#### **Director**

Pakistan Oilfields Limited  
Attock Cement Pakistan Limited  
Attock Petroleum Limited  
National Refinery Limited

## Board of Directors



**Mr. Jamil A. Khan**

Non Executive Director

Mr. Jamil A. Khan was previously working in Pakistan Air Force in General Duty Pilot Branch and continued to serve in various operational, administration and staff positions for over sixteen years. He joined National Refinery Limited in 2005 immediately after its privatization. After serving as Deputy Managing Director of the Company for more than a decade, the Board of Directors has appointed him as Chief Executive Officer of the Company effective November 3, 2018. He has also served as a member on the Board of Directors of National Refinery Limited as an alternate director. He is a graduate in aero sciences and holds a degree of Masters in Business Administration (Finance) besides qualifying the Directors Training Program from Pakistan Institute of Corporate Governance (PICG).

### Other Engagements

**Chief Executive Officer**  
National Refinery Limited



**Mr. Shamim Ahmad Khan**

Independent Non Executive Director

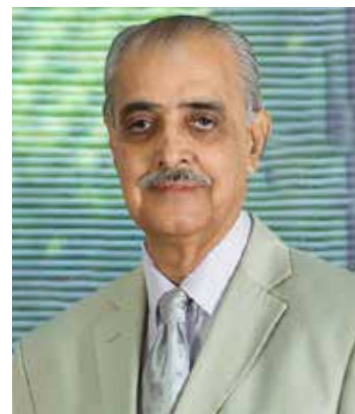
After joining Civil Service of Pakistan, Mr. Shamim Ahmad Khan served in senior positions in the Government, particularly in the Ministry of Finance and retired as Secretary, Ministry of Commerce. For ten years, he worked in Corporate Law Authority, regulatory body for the corporate sector as a Member and later as Chairman. He restructured it as Securities and Exchange Commission of Pakistan (SECP) and served as its first Chairman. After leaving SECP in 2000, he has been serving as independent/non-executive director of a number of listed companies. Presently, he is a non-executive director of IGI Holdings Limited, Pakistan Oilfields Limited and Attock Cement Pakistan Limited. He is also Chairman of IGI Life Insurance and IGI General Insurance. Earlier he has served on the Boards of Packages, Abbott Laboratories Pakistan, ABN AMRO/ Royal Bank of Scotland, Linde Pakistan and Pakistan Reinsurance Company. He has also been associated with non-profit sector. For six years, he served as a Member/ Chairman, Certification Panel, Pakistan Center for Philanthropy and presently he is a member of Board of Governors of SDPI and director of Karandaaz, a non-profit company sponsored by DFID. Mr. Khan has undertaken a number of consultancy assignments for Asian Development Bank, World Bank and DFID.

### Other Engagements

**Chairman & Director**  
IGI Life Insurance  
IGI General Insurance

**Director**  
IGI Holdings Limited  
Pakistan Oilfields Limited  
Attock Cement Pakistan Limited  
Karandaaz

**Member Board of Governors**  
Sustainable Development Policy Institute (SDPI)



**Mr. Tariq Iqbal Khan**

Independent Non Executive Director

Mr. Tariq Iqbal Khan is a fellow member of Institute of Chartered Accountants Pakistan, with diversified experience of more than 40 years. He was pivotal in founding Islamabad Stock Exchange where he subsequently served as President as well. He has also served as the Member Tax Policy & Co-ordination in the Central Board of Revenue, followed by being appointed as Commissioner SECP, where he was instrumental in restructuring the SECP. He also held the charge of Chairman SECP (acting) for a brief period. He served on prominent national level committees like Committee for formulation of Takeover law, CLA Committee for review of Securities & Exchange Ordinance 1969, Committee for formulation of CDC law & regulations and Prime Minister's Committee for Revival of Stock Market. He served as the Chairman and MD of NIT for more than 8 years, which played the role of a catalyst in establishing, strengthening and stabilizing the capital markets. Additionally, during this period, he held the charge of Chairman & MD of ICP, for almost 5 years. He has served on Boards of the top companies like CDC, Faysal Bank Limited, Bank Al-Habib Limited, GSK, ICI, Siemens and Packages etc. He has remained Chairman of Attock Refinery Limited, Sui Northern Gas Pipelines Limited, K.P. Energy Board and KPOGCL. Presently he is a member on the Boards of National Refinery Limited, Packages Limited, Silk Bank Limited, Interloop Limited and Pakistan Oilfields Limited. Presently he is also serving as Chairman of Packaged Converters Limited and Audit Oversight Board.

### Other Engagements

**Chairman**  
Audit Oversight Board

**Director**  
National Refinery Limited  
Pakistan Oilfields Limited  
Packages Limited  
Silk Bank Limited



**Mr. Babar Bashir Nawaz**

Alternate Director to Mr. Wael G. Pharaon

Mr. Babar Bashir Nawaz has an illustrious career span of over 35 years with the Attock Group of Companies. During this period he has held various positions in Finance, Marketing, Personnel & General Management, before being appointed as the Chief Executive Officer of Attock Cement Pakistan Limited in 2002. Mr. Bashir holds a postgraduate degree in Business Administration from the Quaid-e-Azam University, Islamabad. At present, he is serving as a Director on the Board of all the listed companies of the Attock Group in Pakistan. Being a seasoned professional, he has attended various courses, workshops and seminars in Pakistan and abroad on the business management and carries enormous knowledge of the cement industry in Pakistan. Currently, he is the Vice Chairman of All Pakistan Cement Manufacturers Association (APCMA).

**Other Engagements****Chief Executive & Director**

Attock Cement Pakistan Limited

**Alternate Director**

Attock Petroleum Limited  
Pakistan Oilfields Limited  
National Refinery Limited

**Mr. M. Adil Khattak**

Chief Executive Officer

Mr. M. Adil Khattak, Chief Executive Officer of Attock Refinery Limited since 2005 has been associated with The Attock Oil Group for the last 45 years. Mr. Khattak has extensive experience in engineering, maintenance, human resource management, project management and marketing.

Mr. Khattak also holds the positions of Chief Executive Officer of Attock Gen Limited, Attock Hospital (Pvt.) Ltd. and National Cleaner Production Centre. He is alternate Director of Attock Petroleum Limited and Director of Petroleum Institute of Pakistan. He is also a Member on the Boards of Governors of Lahore University of Management Sciences, Ghulam Ishaq Khan Institute of Engineering Sciences and Technology and Sustainable Development Policy Institute. Mr. Khattak is President of Attock Sahara Foundation, an NGO, working for the poor and needy people of Morgah and its surrounding areas.

Mr. Khattak holds a Master's degree in engineering from Texas Tech University, USA and has attended many technical, financial and management programs in institutions of international repute in Pakistan, USA, Europe and Japan.

**Other Engagements****Alternate Director**

Attock Petroleum Limited

**Chief Executive Officer**

Attock Gen Limited  
Attock Hospital (Pvt) Limited  
National Cleaner Production Centre

**Director**

Petroleum Institute of Pakistan

**Member Board of Governors**

Lahore University of Management Sciences  
GIK Institute of Engineering Sciences and Technology  
Sustainable Development Policy Institute

**President**

Attock Sahara Foundation

# Board Committees

## Audit Committee

### Mr. Shamim Ahmad Khan

Chairman  
(Independent Director)

### Mr. Shuaib A. Malik

Member

### Mr. Abdus Sattar

Member

### Mr. Tariq Iqbal Khan

Member

### Mr. Babar Bashir Nawaz

Member  
(Alternate Director to Mr. Wael G. Pharaon)

## HR & Remuneration Committee

### Mr. Tariq Iqbal Khan

Chairman  
(Independent Director)

### Mr. Shuaib A. Malik

Member

### Mr. Jamil A. Khan

Member

### Mr. M. Adil Khattak

Member

## Responsibility

The Audit Committee's primary role is to ensure compliance with the best practices of Code of Corporate Governance, statutory laws, safeguard of Company's assets through monitoring of internal control system and fulfill other responsibilities under the Code.

## Responsibility

The prime role of the Human Resource & Remuneration (HR&R) Committee is to give recommendations on matters like human resource management policies, selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO, CFO, Company Secretary and Head of Internal Audit to the Board. The Committee also considers recommendations of CEO on such matters for key management positions.



# Company Information

**Mr. M. Adil Khattak**

Chief Executive Officer

**Syed Asad Abbas (FCA)**

Chief Financial Officer

**Mr. Saif ur Rehman Mirza (FCA)**

Company Secretary

**Bankers**

Al Baraka Bank (Pakistan) Limited  
Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
JS Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
The Bank of Punjab  
United Bank Limited

**Auditors**

A. F. Ferguson & Co.  
Chartered Accountants

**Legal Advisor**

Ali Sibtain Fazli & Associates  
Legal Advisors, Advocates & Solicitors

**Share Registrar**

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

**Registered Office**

The Refinery, Morgah, Rawalpindi  
Tel: (051) 5487041-5  
Fax: (051) 5487093  
(051) 5406229  
E-mail: [info@arl.com.pk](mailto:info@arl.com.pk)  
Website: [www.arl.com.pk](http://www.arl.com.pk)



# The Management



01 **Saif-ur-Rehman Mirza**  
Company Secretary

02 **Sardar Lall Khan**  
Manager (HR & A)

03 **Asif Saeed**  
AGM (C & MM)

04 **Syed Asad Abbas**  
Chief Financial Officer

05 **Munir A. Temuri**  
AGM (Operations)

06 **M. Adil Khattak**  
Chief Executive Officer





**07 Salman Tariq**  
AGM (Maintenance)

**08 Khalid Mehmood**  
SM (TS, P&D)

**09 Anwer Saeed**  
Manager (HSEQ)

**10 Usman Ishaq Raja**  
Manager (BR&A)

**11 Saeed Uddin Faruqi**  
Manager (Engineering)

# Management Committees

Various Committees have been formulated to look after the operational and financial matters of the Company. Brief description of the role of Committees involved in strategic matters is given below:



## **MANAGEMENT COMMITTEE**

This Committee which is constituted of all departmental heads meets fortnightly under the chairmanship of CEO to coordinate and discuss various issues.

## **VALUE & ETHICS COMMITTEE**

The primary role of this Committee is to investigate and advise the CEO appropriate action regarding violation of ARL Core Values and related codes and policies.

## **SUCCESSION PLANNING AND CAREER MANAGEMENT COMMITTEE**

This Committee is responsible for initiating and taking all necessary steps towards formulation and implementation of an appropriate Succession Planning and Career Management System in the Company.

## **ECONO-TECH. COMMITTEE**

This Committee reviews all new proposals relating to Refinery operations and projects and formulates recommendations after discussing/evaluating it from technical and economic aspects.

## **BUDGET COMMITTEE**

This Committee reviews and recommends the annual budget proposals for the approval of the Board of Directors. It also monitors the approved budget utilization.

## **APPRAISAL COMMITTEE**

The role of this Committee is to review and propose annual increments and promotions of management staff.

## **PRICING COMMITTEE**

This Committee is responsible for determining prices of deregulated products from time to time.

## **CENTRAL HSE COMMITTEE**

The primary role of this Committee is to set operating policy and procedures consistent with HSEQ Policy and to monitor its implementation. Furthermore, this Committee provides a strategic direction, sets goals and objectives, monitors performance and provides a mechanism for dealing with safety behavior issues.

## **BID EVALUATION COMMITTEE**

The primary responsibility of this Committee is to review cases of bids for purchase of goods and services to ensure acquisition of the most suitable resource at the optimum price.

## **RISK MANAGEMENT & STRATEGIC PLAN COMMITTEE**

This Committee discusses and decides all matters related to risk management and strategic plan of Attock Refinery Limited.

## **STANDING COMMITTEE FOR GENDER JUSTICE**

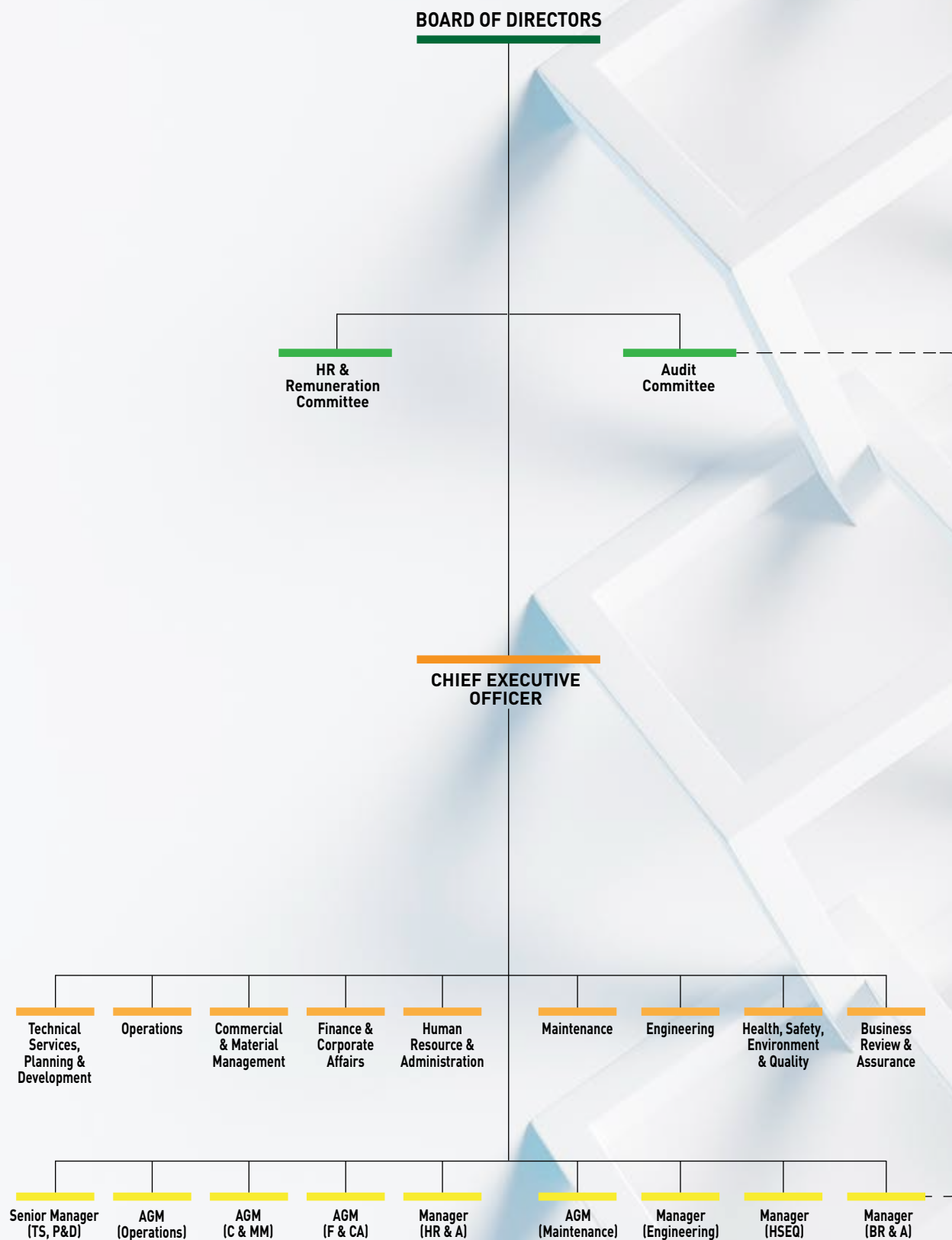
The prime responsibility of this Committee is to safeguard rights of employees and making the work environment free of harassment. In case of any complaint, conduct proper investigation and advise CEO for appropriate action.

## **TRAINING STEERING & SCHOLARSHIP COMMITTEE**

This Committee proposes names of staff members for outside trainings and also approves scholarships for employees' children.



# Organogram



— Administrative Reporting  
 ..... Functional Reporting

# Health, Safety, Environment & Quality (HSEQ) Policy

ARL is committed to provide the best quality products in the market, endeavors to protect the environment and to ensure health and safety of its employees, contractors, customers and work for continual improvements in Health, Safety, Environment and Quality (HSEQ) systems. ARL is committed to comply with all applicable Health, Safety, Environment and Quality laws and regulations. The Policy shall be used to demonstrate this commitment through:

## HEALTH

ARL seeks to conduct its activities in such a way as to promote the health of and avoid harm to its employees, contractors, visitors and the community.

## SAFETY

ARL ensures that every employee or contractor works under the safest possible conditions. It is our firm belief that every effort must be made to avoid accidents, injury to people, damage to property and the environment.

ARL believes that practically all accidents are preventable by carrying out risk assessments and reducing risks identified by appropriate controls.

## ENVIRONMENT

ARL is committed to prevent pollution by the efficient use of energy throughout its operations, recycle and reuse of the effluent wherever possible and use of cost-effective cleaner production techniques that lead to preventive approach for sustainable development.

## QUALITY

ARL recognizes employees' input towards quality by emphasizing skills development and professionalism. ARL must be customer driven, cost effective and continuously improving services, works and products to meet requirements of the market.

ARL conducts periodic audits and risk assessment of its activities, processes and products for setting and reviewing its objectives and targets to provide assurance, to improve HSEQ standards and loss control. ARL is committed to share all pertinent information related to HSEQ with all concerned parties.





# Energy Policy

As a responsible corporate entity, Attock Refinery Limited (ARL) is cognizant that natural energy resources are not only scarce but also very precious and need to be optimally utilized. Ever-increasing environmental consciousness as well as market competition demands enhancement of energy efficiency and energy conservation where possible. Energy conservation positively impacts environment and goes a long way in reducing greenhouse gases and other hazardous emissions.

ARL is committed to produce quality petroleum products by employing economical energy efficient processes and equipment. It is our goal to reduce energy

consumption where possible by regular monitoring and up gradation. We believe that energy efficiency and optimization is the key to sustainable development.

In our economic and development strategies, we focus on initiatives that will use energy resources more efficiently. To further enhance the energy management, ARL has set the following energy objectives:

## **1. Use of Robust, Scientifically Sound Technology:**

This will enable the optimization of the existing resources and employing energy efficient equipment while protecting the environment.

## **2. Energy Management:**

ARL believes in setting realistic targets pertaining to energy efficiency and conservation and review them periodically to ensure sustainable growth.

## **3. Responsible Development:**

ARL is committed to comply with all applicable legal requirements in respect of energy efficiency, conservation and its reporting.

## **4. Energy Conservation Awareness:**

To keep abreast with latest development in energy conservation technologies and inculcate energy conservation culture in all our activities.



# Human Resource Policy

ARL Corporate policy on human resources is to attain the highest standards of professionalism throughout the organization by recognizing and revealing individual capabilities, productivity, commitment and contribution. ARL firmly believes that the continued progress and success of the Company depends upon to a great extent on its personnel – that only with a carefully selected, well trained, achievement oriented and dedicated employee force, can the Company maintain its Leadership in the Refining industry. And because the most valuable asset of the Company is its personnel, ARL has the following human resource policies:

1. Employ the best-qualified persons available, recognizing each person as an individual thus affording equal opportunity.
2. Pay just and responsible compensation in line with the industry standards, job requirements and work force.
3. Help employees to attain their maximum efficiency and effectiveness through a well-rounded training and development program.
4. Provide and maintain comfortable, peaceful and orderly working conditions.
5. Promote from within whenever possible and provide opportunities for growth and promotion to the employees.
6. Treat each employee with fairness and respect and in return expect from him service marked by dedication, devotion, commitment and loyalty.
7. Encourage each employee to improve and develop him/ her self and thereby prepare him/ her for positions of higher responsibility.
8. Recognize and reward efficiency, team work, discipline and dedication to duty and responsibility.
9. Exhaust all means to resolve Labor-Management differences, if any, promptly and amicably.
10. Provide a wholesome and friendly atmosphere for harmonious Labor-Management relations.











# Whistle Blowing Policy

The Management encourages whistle blowing culture in the organization and has adopted a culture to detect, identify and report any activity which is not in line with the Company policies, any misuse of Company's properties or any breach of law which may affect the reputation of the Company. The Company has adopted the best corporate policies to protect employee(s) who report corporate wrongdoings, illegal conduct, internal fraud and discrimination against retaliation. The Company promotes transparency and accountability through publication of accurate financial information to all the stakeholders, implementation of sound effective and efficient internal control system and operational procedures.

All employees have signed a code of conduct and the Company takes any deviation very seriously.

The Company encourages Whistle Blowing to raise the issue directly to Chief Executive Officer provided that:-

- The Whistle Blower has sufficient evidence(s) to ensure genuineness of the fact after a proper investigation at his/her own end.
- The Whistle Blower understands that his/her act will cause more good than harm to the Company and he/she is doing this because of his/her loyalty with the Company and
- The Whistle Blower understands the seriousness of his/her action and is ready to assume his/her own responsibility.

The Management understands that through the use of a good Whistle Blowing Plan, they can discover and develop a powerful ally in building trust with its employees and manage fair and transparent operations. The Company therefore provides a mechanism whereby any employee who meets the above referred conditions can report any case based on merit without any fear of retaliation and reprisal.



# Gender Diversity Policy

## INTRODUCTION:

Attock Refinery Limited (ARL) recognises that a diverse workforce draws on different perspectives and experiences of many individuals and this makes an essential contribution to the achievement of its overall corporate objectives and success of its business. ARL promotes hiring and retaining of women across all departments, including operations and other technical functions.

We believe that to be effective our work must pursue equality of power, opportunities and access to resources for men and women of all ages, abilities and backgrounds.

## DEFINITIONS:

**Gender:** It refers to social and cultural differences between male and female, as opposed to biological differences.

**Diversity:** Here it refers to the inclusion of individuals of different genders in all their diversity such as training, profession, origin, ethnicity or religion.

## OBJECTIVES:

The Objectives of this policy are:

1. To improve the way in which gender considerations are consolidated in all aspects of our working. This includes internal matters i.e. composition of staff as well as external working practices i.e. collaboration with external partners.
2. To actively promote gender diversity to the extent practicable considering the technical, social and cultural patterns of conduct as well as true nature and associated complications within plant and machinery intensive refining industry.
3. To ensure that all employees are entitled to a workplace free from harassment and discrimination and have the opportunity to contribute and achieve their potential.

## SCOPE:

ARL's Gender Diversity Policy covers:

1. Recruitment.
2. Compensation and Benefits.
3. Retention and Professional Development.
4. Working Conditions.

## RECRUITMENT:

ARL being an equal opportunity employer seeks to practice fair, objective and non-discriminatory recruitment and selection procedures. All vacant positions are open for specified knowledge, experience and skills required from the applicants irrespective of their genders. While advertising any specific position it is also ensured that the language used does not echo traditional gender stereotypes. Selection will be made on the basis of relevant criteria, experience, aptitude and ability and will be carried out by more than one person.





### **COMPENSATION AND BENEFITS:**

At ARL, pay packages are not gender specific and are determined on the basis of employment grades assigned to individuals as per company policy / which are purely based on the educational background and qualification of the individual, his or her experience and abilities and requirements for the job. Likewise performance appraisal and increments are also based on merit and job performance without any gender biases. The compensation and other benefits are made available to all employees at the time of hiring.

### **RETENTION AND PROFESSIONAL DEVELOPMENT:**

Motivation is considered as an important phenomenon regarding retention of all talented employees and is equally driven by satisfaction of extrinsic job factors like salary and benefits as well as intrinsic job factors like professional development.

A mechanism for professional development of employees is followed wherein the Department heads / Managers identify the professional development needs of both men and women employees without any discrimination at the time of performance appraisals and the Human Resource Department facilitate the staff development activities through on formal training sessions on equal opportunity basis.

### **WORKING CONDITIONS:**

Appropriate conditions of employment that support work life balance and fulfilment of family responsibilities are provided generally to all employees without any discrimination. Female employees are additionally facilitated through provision of maternity leaves as per company policy. A robust anti-harassment policy is in place for the prevention of all forms of harassment at work place for all Staff members for the resolution of harassment complaints.

### **RESPONSIBILITY FOR THE POLICY:**

The Board of Directors of Attock Refinery Limited have overall responsibility for the effective operation of this policy. The Board has delegated to the Chief Executive the day to day responsibility for implementing the policy including making the objectives of this policy as part of key Performance Indicators of senior management and maintaining gender dis-aggregated data with regard to female employment inside the Company as well as data regarding female customer base or supply base, if applicable.



# Protection against Harassment at WorkPlace

## Objective:

Attock Refinery Limited (ARL) is dedicated to provide a working environment that ensures that each & every employee is treated with respect & dignity and afforded with equitable conduct. The Company is committed to encourage a positive professional work atmosphere that is essential for the professional growth of its staff and it also promotes equality of opportunity. Harassment, therefore, has no place at ARL. This policy affirms ARL's zero tolerance for harassment on bases of race, color, origin, gender, religion, age or any physical attributes. The policy also assures employees the right to employment in a place of work that is free from harassment and intimidation in accordance with the spirit and theme of "Protection Against Harassment of Women at workplace Act, 2010"(the Act).

Harassment is not necessarily confined to the behavior of seniors toward juniors, it can take place between colleagues at the same level or involve staff behaving inappropriately towards more senior staff.

The Company views harassment to be among the most serious breaches of work place decorum. Consequently, appropriate disciplinary or corrective action, ranging from a warning to termination, can be expected if such a situation arises and demands for it.

It should be noted that harassment can also lead to civil and criminal

claims beyond the Company's own disciplinary proceedings.

## Application:

This policy applies to all employees who work in the Company; that includes Senior and Junior management employees and office staff members including internees or apprentices/trainees. The Company will not tolerate harassment whether it is by fellow Employees, junior or senior staff members.

The workplace includes:

1. All offices or other premises where business of the Company is conducted;
2. All Company-related activities performed at any other location away from the Company's premises;
3. Any social, business or other functions where the behavior or remarks may have an effect on the place of work or workplace relations.

## Explanation:

Definition of Harassment:  
For this policy, Harassment is defined as:

"Engaging in a course of vexatious comment or conduct against an employee in a workplace that is known or ought reasonably to be known to be unwelcomed, unsolicited, unreciprocated and usually (but not always) repeated. It is a behavior that is likely to offend, humiliate or intimidate".

For harassment to occur there does not have to be an intention to offend or harass. It is the impact of the behavior on the person who is receiving it, together with the nature of the behavior, which determines whether it is harassment.

Further, 'workplace' in this context is defined to include not only the usual work environment, but also work related events, seminars, conferences, work functions and business trips.

Forms of harassment include but not limited to:

1. Verbal abuse: Unwanted comment that offends, humiliates or engenders anxiety or fear.
2. Bullying: Repeated mistreatment, verbal abuse, or conduct which is threatening, humiliating, intimidating, or that which interferes with work.
3. Sexual harassment: Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature.
4. Racial/religious harassment: Any unwanted comment referring to the worker's religious affiliation or racial background that attempts to humiliate or demean a worker.
5. Age harassment: include offensive remarks about a person's age and treating that person unfavorably on basis of his/her age.
6. Stalking: is unwanted or obsessive attention which includes staring, following or monitoring.



### **Roles and Responsibilities:**

All staff members have a personal accountability to make sure that their conduct is not in conflict with this policy.

All staff members are expected to participate in this endeavor which in turn would strengthen and promote the development of a work environment free from harassment.

The Management is responsible for:

- Discouraging and stopping employment-related harassment;
- Examining every official written complaint of harassment;
- Taking proper corrective measures to react to any substantiated allegations of harassment in the Company;
- Ensuring that all staff members of the Company are aware of the harassment predicament and as to what their individual and collective responsibilities are with respect to circumventing/stopping harassment.

### **Resolution of Harassment Complaints:**

The Company is committed to provide a helpful working environment to resolve harassment worries by setting up an Inquiry Committee consisting of 3 members to be constituted by the Chief Executive Officer.

Complaints:

1. Although, it is the responsibility of the Departmental Heads/ Managerial Members to address the issue of Harassment however, in case of non-resolution of the complaint, any staff member of the Company with a harassment concern may bring an official complaint to the Inquiry Committee. All such complaints will be investigated promptly.
2. All records of complaints that include the meetings, discussions, dialogues, investigation results, and other related material will be kept confidential by the Committee/Company, except

for where revelation is required for disciplining or any other remedial process.

3. After investigating the matter, the Committee will forward its report to the competent Authority who is the Chief Executive Officer of the Company. If it is confirmed that a harassment allegation is valid, strict disciplinary or corrective actions will be taken accordingly. However, false allegations/complaints will result in disciplinary action against the original Complainant.

### **No Reprisal:**

The Company is committed to ensure that no staff member, who brings forward a (genuine) harassment complaint, is subjected to any kind of reprisal. Any retaliatory action will be viewed as a disciplinable matter.

**EMPLOYEES, WHO HAVE BEEN SUBJECTED TO HARASSMENT, MAY WRITE DIRECTLY TO THE CHIEF EXECUTIVE OFFICER FOR RESOLUTION OF THEIR CASES.**





# Business Process Re-Engineering, Research & Development

1. Hydrogen is a high value stream in a refinery as it is used at processing units for sulfur removal and octane improvement. Hydrogen requirement is met through hydrogen generation from Hydrogen unit (HYU) while Reformer unit is a net exporter of hydrogen after its own internal usage as fuel. A modification was carried out to optimize Reformer hydrogen internal usage. This allowed operational flexibility to provide additional hydrogen to processing units and consequently resulted in substantial savings due to reduction in HYU operating costs.
2. Production of 95 RON PMG started on trial basis for the first time and product was dispatched successfully. Being higher priced product this will improve the refinery economics.
3. PMG sulfur is being maintained at <10 ppm to meet Euro-V sulfur specification. This has been achieved by efficient naphtha pool blending operation.
4. Diesel Hydrodesulphurization (DHDS) unit is designed to produce Euro-II (500 ppm Sulphur) diesel with capability of upgrading to Euro-V (10 ppm Sulphur) with an additional reactor installation. Considering current feed quality, operation of DHDS was optimized to produce a more environment friendly and higher priced Euro-III (350 ppm Sulphur) product without any hardware modification.
5. On grade Jute Batching oil (JBO) was successfully produced at heavy crude unit for the first time while charging light sweet crude. Previously, JBO was produced while processing heavy crude only.
6. Training of staff on Operator Training Simulator (OTS) is an ongoing process to provide hands on training to new inductees. 6 Shift Engineers, 10-Boardmen and 39-Field operators were trained in Operations Department to perform independent duties. In addition to OTS training, 09 in-house sessions on different areas were carried out to enhance technical skills of operation staff.
7. Mechanical seals of a few pumps at main crude oil processing unit (HBU-I) were designed at lower temperatures. With addition of pre flash unit, design transfer temperature of atmospheric distillation unit was enhanced for better distillates recovery. The existing seals were upgraded by installing high temperatures mechanical seals to minimize the risk of frequent leakages and down time. This also resulted in maintaining required heater performances for maximum distillates recovery.
8. Steam consumption at Heavy Crude Unit (HCU) was reduced through optimized operation of vacuum steam ejectors and saving of 5-6 Tons per day of steam was achieved. This has also improved operational flexibility.
9. Pre-Reformer & High Temperature Shift (HTS) convertor reactors catalyst was replaced in-house at HYU after completing its useful life. This has resulted in better plant performance and Hydrogen gas production. Additionally, a new Fuel gas knockout vessel at HYU was installed for safe handling of heavy hydrocarbon in fuel gas stream.

10. Isomerization unit reactor catalyst is very sensitive to water. Liquid feed and gas driers are major safe guard against moisture for this highly sensitive and expensive catalyst. Driers remove moisture using highly active molecular sieves. First replacement of molecular sieves of both feed and gas driers was carried out successfully in house upon completion of its useful life.
11. During Reformer unit shutdown, parallel operation of both DHDS and Isomerization unit on single source of hydrogen from HYU unit was successfully achieved. This was made possible by adjustment of plants load, circulating process streams and adjustment of reactor temperature at Isomerization unit. It helped to save PMG production loss during planned shutdowns and emergencies at Reformer unit.
12. Hydrocarbons from flare bottoms are transferred in naphtha slop tanks. Presence of H<sub>2</sub>S gas was reported during tanks water drainage. Keeping in view the personnel safety, problem identification was carried out and resolved by diversion of flare seal water towards Sour water unit for treatment.
13. PSO pipeline dispatches remained suspended for seventeen (17) months for essential repairs from September 2019 to February 2021. Despite this handicap, continuous supply of petroleum products was ensured by 24 hours products filling operations through rail and road bowsters.
14. ARL commissioned another FFO tank enhancing its total FFO storage capacity for sustainable Refinery Operation in low demand period.
15. Considering water conservation as a social responsibility, water usage was optimized by timely attending leakages, optimizing blow downs/reject streams and recycling some quantity of water. As a result fresh water consumption was optimized.
16. For reducing energy consumption at ARL, Chemical cleaning of six boilers has been performed during the year. It has resulted in improved performance of the boilers. Steam production capacity of each boiler has been improved while fuel oil consumption has decreased.
17. Management of Change (MOC) system was developed and implemented in house. This year, it was further improved with addition of workflow for Temporary jobs and HSE risk matrix. Option for operator training and Instrumentation job workflow are also being incorporated in the system as an ongoing improvement.





# Corporate Social Responsibility

Since its inception in 1922, Attock Refinery Limited (ARL) has been contributing towards CSR, which is an important part of our core values. During these long years, we have taken exhaustive initiatives in this realm and continue to find ways and means to meaningfully contribute towards community welfare activities as enumerated below:

## 1. Attock Sahara Foundation (ASF)

- a. ASF is a registered Non-Profit Organization (NPO), sponsored by ARL to help and support the less privileged segment of the community through various welfare programs/ schemes which mainly include but not limited to Apprenticeship Program, Scholarship Scheme, Marriage Support Fund, Poor Patient Fund, Collection and Distribution of Zakat, community development





projects like women skill development, capacity building and skill enhancement. In this realm, during the year under review Rs 20.77 million were spent.

- b. ASF lays special emphasis to empower and strengthen the less privileged women by imparting different skills and creating awareness to enable them to become earning hands for their families. The programmes for this purpose include stitching, hand and machine embroidery, on job training as beautician, computer training etc. ASF sustains itself through a well-equipped medium size Industrial Stitching Section which is its main source of income to meet its manifesto.

- c. During the year ASF also created awareness on dengue, Covid-19, importance of tree plantation and kitchen gardening.

## 2. Community Welfare

The Company supports and arranges multiple community welfare activities for which the expenditure during the year was Rs 7.07 million. Details are as given below:

- a. Sports including hockey, cricket, football along with other sports facilities and well maintained play grounds.
- b. Patronizing parks, providing potable drinking water and health care to the surrounding communities.







- c. Administrative support to schools, mosques and churches in the surrounding area.
- d. Financial assistance to an NGO working for the betterment of the visually impaired.
- e. Fuel to Garrison Golf Club for promotion of Golf.
- f. Annual grants to adjoining Union Councils of Morgah and Kotha Kalan.

- g. In collaboration with Attock Hospital (Pvt) Limited (AHL), a wholly owned subsidiary of ARL, arranged free medical camps and blood donation campaigns.
- h. Seminars on COVID-19 pandemic, plastic bags hazards, dengue awareness, women health and child protection were held during the year.

### 3. Health, Safety, Environment and Protection Measures

In line with the Health, Safety, Environment and Quality (HSEQ) policy of the Company, following activities and programmes are conducted:

- a. The water used in the production process is treated at the Effluent Treatment Plant to ensure that the effluent water leaving the refinery meets the National Environmental Quality Standards (NEQS). This has also helped in conservation and recycling of water.
- b. The Company supports National Cleaner Production Centre Foundation (NCCP-F), an NPO which provides analytical/ environmental and waste management services including bioremediation and waste incineration.
- c. The Company has taken a step forward towards achieving excellence in Environmental





Management Systems by following British Safety Council 5 Star Environmental Audit Rating program guidelines for adopting best practices. The Company maintained 4 Star rating for this year.

- d. Hazard and Operability (HAZOP) study is conducted on all process areas at regular intervals to identify and control the hazards at process units.
- e. The Company has been installing on-grid solar power systems on a regular basis since last few years. Till now the Company has 3 such systems with total capacity of about 191kW. This initiative of ARL has not only reduced its energy cost but is also a step forward towards generation of green energy to achieve United Nations Sustainable Development Goal of Affordable and Clean energy.
- f. Safety Week, Energy Week, World Environment Day, World Safety Day, World Energy Day were observed in collaboration with NCPC and Environmental Protection Agency (EPA) during the year.

#### 4. Covid-19 Pandemic

ARL has taken all necessary precautions as per Government directives, to minimize effects of Covid-19 without compromising refinery operations. Precautionary measures include checking body temperature before entering the premises of Refinery and offices, wearing face masks, provision of sanitizers and disinfection of buildings. We also conduct regular awareness sessions in collaboration with AHL to control Covid-19 spread



among employees, their families and local community.

As per SOP effected employees and their families were isolated and extended medical support which resulted in their complete recovery as well as helped to contain the spread of the pandemic. In this context mix of work from home, flexible office timings and online video meetings without compromising standards of work have been adopted and official travelling has been restricted to the most essential.

DG Health Services Punjab has approved Attock Hospital (Pvt.) Limited, a wholly owned subsidiary of the Company, as an official Covid-19 Vaccination Counter for mass vaccination. Mobile Vaccination Team of the hospital is also actively extending the vaccination facility in the neighbouring

areas. In this way free of cost vaccination facility has been extended to employees of Attock Group of Companies, their families and general public of the surroundings areas. We are also pursuing our contractors/service providers for the prompt vaccination of their staff who visit us on regular basis.

#### 5. Employment of Special Persons

ARL not only provides equal employment opportunities to special persons but takes an extra step to help them to earn respectable living. Emoluments to a tune of Rs 3.31 million were spent for this noble cause.

#### 6. Education/Training

- a. The Company is operating an extensive management training program of 1 to 2 years for fresh graduates. The annual

expenditure on these training schemes during the year was over Rs 37.25 million.

- b. The Company offers scholarships from class 6 to PhD level to employees' children. During the year, 26 scholarships were awarded and 16 brilliant students amongst employees' children were recognized by awarding prizes. The Company incurred an annual expenditure of Rs 3.16 million in this respect.

### 7. Business Ethics and Anti-Corruption Measures

The Company has voluntarily adopted United Nations Global Compact (UNGC) principles in its business practices leading to fight against corruption in all its forms, including extortion and bribery.

### 8. Green Environmental Initiatives

- a. The Company in collaboration with The Attock Oil Company Limited (AOC) has established Attock Institute of Horticulture (AIH) for the promotion of art and practice of Horticulture in general and to impart knowledge and training to Horticultural professionals and domestic gardeners in particular. Courses include professional Horticulture training duly recognized by Technical Education & Vocational Training Authority (TEVTA) Punjab and kitchen gardening. AIH will become fully operative as soon as the COVID-19 situation eases out.
- b. The Company has established Morgah Biodiversity Park which helps to conserve the Biodiversity of Potohar Region and provides recreation and education to the visitors. The Park also conserves flora and

fauna of the Potohar Region. Under Morgah Biodiversity Project, Company has initiated several CSR activities for the benefits of employees and local communities which include production of natural honey, fruits including Peach, Grapes, Citrus, Papaya, Olives and Organic Vegetables. Water Conservation including Kitchen Waste Water Recycling, Rain Water Harvesting for irrigation and Solar Powered Drip & Sprinkler Irrigation Systems.

- c. ARL plants 10,000 to 12,000 saplings each year including about 2,000 fruit plants. Tree saplings are also donated to various educational institutions and local communities to enhance the vegetation cover, improve the environment and conserve natural ecosystems for future generations.
- d. 72<sup>nd</sup> Annual Flower Show was organized by Morgah Club during last week of March, 2021. Due to Pandemic of Covid-19, only judgments of Bungalows and office lawns were done. Employees of Attock Group of companies residing in Bungalows of ARL colony participated in the Lawn competitions.



### 9. Energy Conservation

The Company has implemented Energy Management System ISO - 50001-2011 and continues with its internal program to conserve energy by creating awareness among its employees and taking initiatives to optimize energy consumption in the ARL Campus. ARL has achieved another milestone by commissioning in total 191 kW on-grid Solar Power System.



## 10. Industrial Relations/ Workers Welfare

ARL provides maximum benefits to its workers and ensures cordial industrial relations through its Collective Bargaining Agent (CBA). In this context the Company extends following facilities:

- a. CBA Referendum was held at ARL in collaboration with Registrar of Trade Unions, Rawalpindi on September 30, 2020 between two registered trade unions of ARL for the determination of CBA.
- b. Provision of highly subsidized food and wheat flour.
- c. Every year the Company selects four workers for Hajj and five workers for Umrah along with their spouses or dependents on the Company's expense. The Company also nominates one Non-Muslim worker along with spouse or dependent, for visiting their sacred places in Pakistan. However, due to the restriction on Hajj consequent to Covid-19 pandemic, the selected workers would perform Hajj from next year.
- d. The Company gives quarterly Good Performance and Safety Awards to its workers for their motivation and Long Service Awards to acknowledge their long association with ARL.
- e. Free pick and drop facility is provided to the school, college and university going children of the workers.



## 11. Dengue & Corona Control Campaign

Special teams were assembled by ARL Administration to ensure precautions against Dengue and Corona, Created awareness, launched campaign for eradication of dengue larva and Fumigated & Sprayed the area and surroundings with effective and recommended chemicals to protect the resident from the effects of Dengue and Corona. Mostly these exercises were carried out in collaboration with government health teams.



# Chairman's Review

I am pleased to present annual review as Chairman of the Board of Directors of Attock Refinery Limited for the year ended June 30, 2021.

Economies all over the world including that of Pakistan have been facing challenges posed by new waves and variants of COVID-19 pandemic. Refining sector in particular has been affected badly due to reduction in global demand and instability in prices of petroleum products.

Mainly due to shrinking margins, the Company suffered loss for the year amounting to Rs 2,145 million (June 30, 2020: Loss of Rs 2,825 million) which translated into loss per share of Rs 20.12 (June 30, 2020: Loss of Rs 26.50 per share). It has long been felt that local refineries need up-gradation for improving products specifications, which requires huge investment. The investment required by our Company would be in the range of US\$ 500 million. Obviously, investment of this magnitude is not possible without the Government's support in the shape of incentives as is being done in other countries. In order to discuss this critical issue, a number of meetings of refineries representatives were held with the Government during the year in which consensus was reached for formulation of a new Refining Policy to replace the existing policy which has been in place since 1997. It was encouraging to note that in line with refineries' suggestions, amendments required in the Income Tax and Customs laws have been made in the Finance Act, 2021. However, formal approval of the Refining Policy is still awaited.

It was very challenging for the Company to continue operations during these difficult times and simultaneously carry out deliberations with the Government in consultation with all refineries. The Board has monitored the whole situation very closely and continued to advise the CEO who ably represented the Company in the deliberations. A special committee of the Board was constituted to carry out holistic view of the challenges being faced by the refining sector in general and our Company in particular.

The Board has seven Directors including five non-executive and two independent Directors. The members of the Board have rich and vast experience in the fields of business, refining, finance, and regulations. During the year, five board meetings were held. In addition to guiding the management, the Board has fulfilled its mandatory responsibilities including ensuring compliance by the Company with all legal and regulatory requirements. The Board has constituted Audit and Human Resource and Remuneration Committee. All committees provided valuable input and assistance to the Board. The Audit Committee particularly focused on detailed review of financial statements and effectiveness of internal controls. The Board has in place an effective mechanism for evaluation of performance of the Board, its members and the Committees. Based on the feedback received through this mechanism, overall role of the Board has been found to be effective.

I would like to express my appreciation for the contribution of the Board, excellent efforts put in by our management and employees as well as for the support received from all stakeholders including our valued customers, crude oil suppliers, banks, contractors and Ministry of Energy and other organisations.

—Sd—

August 11, 2021  
Rawalpindi

**Shuaib A. Malik**  
Chairman













# Directors' Report

On behalf of the Board of Directors, we are presenting the Company's 43<sup>rd</sup> Annual Report which includes the Audited Financial Statements of the Company together with Auditors' Report thereon for the year ended June 30, 2021.

## 1 FINANCIAL RESULTS

During the financial year 2020-21 the Company suffered loss after tax of Rs 2,265 million from refinery operations (June 30, 2020: Loss of Rs 3,379 million). Non-refinery income during the current year was Rs 120 million (June 30, 2020: Rs 554 million). Resultantly, net loss for the current year was Rs 2,145 million (June 30, 2020: Loss of Rs 2,825 million). This resulted in loss per share of Rs 20.12 (June 30, 2020: Loss per share of Rs 26.50 per share).

The last couple of years have remained very challenging for local refining sector. The recent challenge have been caused by COVID-19 pandemic which has resulted in reduced demand and lower spreads of petroleum products in comparison to crude oil prices in the international market. However, some positive developments such as reduced interest rates, relatively stable exchange rate and fortnightly pricing of petroleum products in the country have provided some relief to the Company.

In order to meet the unforeseen challenges, the Company's management carefully developed an operational strategy to minimise

losses while ensuring supply of committed quantities of refined products and managing payments for crude oil supplies and the Government levies, taxes etc.

During the year the Company earned a consolidated profit after tax of Rs 1,068 million (June 30, 2020: Loss of Rs 4,685 million) which translates into consolidated earnings per share of Rs 10.01 (June 30, 2020: Loss per share of Rs 43.95 per share).

## 2 APPROPRIATION AND DIVIDEND

Due to loss suffered by the Company, the Board of Directors has decided not to recommend any cash dividend or bonus shares for the current year (June 30, 2020: Nil). Similarly no appropriation has been recommended.

## 3 PRINCIPAL ACTIVITIES, DEVELOPMENT AND PERFORMANCE

During the year, the management decided to operate the refinery at about 77% of its capacity (June 30, 2020: 69%). The decision had been taken after extensive exercises of refinery economics which suggested optimal throughput in order to

minimize losses while enabling the Company to meet its supply commitments. Various factors including management of crude receipts, product slate, product supply issues, safety of processing units, reduction in operating costs and pricing of products were taken into consideration for determining the optimal level of operations.

During the year under review, the refinery's throughput was 1.868 million Tons (June 30, 2020: 1.688 million Tons). Major part of the crude production from the northern region of the country was processed at the refinery.

A total of 1.853 million Tons of crude oil (June 30, 2020: 1.698 million Tons) was received from different oilfields which was processed at various units.

All the crude processing units operated smoothly. The Company supplied 1.795 million Tons (June 30, 2020: 1.568 million Tons) of various petroleum products during the year meeting the standard quality specifications.

Details regarding business process re-engineering, research and development have been given in a separate section of the annual report.

## 4 IMPACT OF THE COMPANY'S BUSINESS ON ENVIRONMENT

The Company is cognizant of its responsibility towards environment. All efforts are being made to ensure sustainability of healthy environment. In this connection the Company has implemented various procedures for energy management, water preservation, conservation of biodiversity and resource efficiency. All these steps reflect the Company's strong commitment to achieve the ultimate goal to control and minimize the impact on environment on sustainable basis. Implementation of energy management Standard ISO-50001, use of effluent treatment plant and water conservation measures like drip irrigation, waste water recycling/ reuse demonstrate our continuous commitment for environment, safety and quality. The Company's efforts in this regard have been well recognized at the relevant forums in the shape of prestigious awards.

## 5 PRICING FORMULA

The pricing of the Company's petroleum products is carried out under the Import Parity Pricing Formula, as modified from time to time by the Government under which the cost of crude oil is determined on import parity basis. Product prices are fixed fortnightly equivalent to the import parity price calculated under prescribed parameters. Among other directives, the Pricing Formula requires the Company to transfer amount of profit above 50% of paid-up share capital as at July 1, 2002 to a Special Reserve account for expansion/modernization.

The refineries have sought certain revisions in the pricing formula along with other incentives which are hopefully expected to be sanctioned along with approval of the Refining Policy.

## 6 SHARE CAPITAL

The issued, subscribed and paid-up capital of the Company as at June 30, 2021 was Rs 1,066.163 million. As per the pricing formula,

the maximum profits available for distribution from refinery operations cannot exceed an amount equivalent to 50% of the paid-up capital of Rs 291.6 million as at July 1, 2002.

## 7 PRINCIPAL RISKS AND UNCERTAINTIES

Under the present pricing formula, the Company remains exposed to the risk of adverse fluctuation in the international prices of petroleum products and crude oil. However, these risks have been mitigated to some extent with introduction of fortnightly pricing and application of actual exchange rate in Motor Spirit and High Speed Diesel pricing. The Company is also exposed to the risks associated with the non-uplifting of furnace oil. The Company has taken up this matter with the Government and has made suggestions for addressing this issue. The Company is keenly looking forward to formal approval of the Refining Policy which can take care of interests of all stakeholders. Financial risks relating to the business of the Company and the details of measures for mitigating these risks have been explained in detail in note 39.3 to the financial statements.





## 8 FUTURE OUTLOOK AND REFINERY'S PLANS FOR EXPANSION AND UP-GRADATION

The most important challenge being faced by the refinery is the urgent need for making investment for upgradation of the product specifications to Euro-V.

In order to achieve upgradation, the Company has planned to install a Continuous Catalyst Regeneration (CCR) Unit for further improvement of PMG pool octane, elimination of both octane boosting additives and naphtha exports. The Licensor Front End Engineering Design (FEED)/Basic Engineering Design Package (BEDP) for CCR Platforming Unit has been completed by M/s Honeywell UOP, USA. The project aims to enhance PMG production and to meet Euro-V specifications.

A revamp feasibility study of ARL's DHDS unit for production of Euro-V specification (10 ppm Sulphur max) diesel at enhanced capacity has been completed by the unit Licensor. The study outcome suggests that required objectives

can be achieved with the revamp of the unit. Licensor Front End Engineering Design (FEED) is now being planned.

In order to address reduced future demand of Furnace Fuel oil (FFO) and as per directions from the Government, all the refineries are now working on a Joint Venture for Bottom-of-the-Barrel (BOB) Upgradation project. Feasibility study for the Joint BOB Upgradation project of the refineries is in progress and is being done by a renowned international consultant.

ARL has plans to install a state-of-the-art new deep conversion green- field refinery of 50,000 BPD capacity, if sustainable enhanced supplies of local crude from north become available and necessary support is received from the Government.

All of the above mentioned plans are dependent upon availability of sustainable local crude, suitable quality of crude, demand supply situation of petroleum products, the prevalent/future product specifications in the country and

the Government policies. The Ministry of Energy (Petroleum Division) and the local refineries have prepared a draft Refining Policy for sustainability and upgradation of existing refineries as well as for attracting investment in refining sector. We wish to acknowledge the support received from relevant ministries in making amendments in the Income Tax and Customs Laws through the Finance Act, 2021 in line with refineries' suggestions. Now approval of the Refining Policy by the Government is awaited which would provide comprehensive package for all stakeholders and encourage investment in the refining sector.

The spread of COVID-19 pandemic and consequent imposition of lock down by Federal and Provincial Governments of Pakistan caused economic slowdown and disruption of various businesses. Unfortunately, we are facing threat of new variants of the pandemic. However, as a result of steps taken by the authorities including efforts to get a larger segment of population vaccinated, it is hoped that the situation would abate,



enabling restoration of normalcy. The management continues to monitor the potential risks.

As in the past, your Company remains committed to meeting all challenges and to providing high quality diversified environment friendly energy resources and to use best blend of state-of-the-art technologies and excellent human resource.

### 9 CONTRIBUTION TO THE NATIONAL ECONOMY

The Company's annual contribution to the national exchequer in the form of taxes and duties amounted to over Rs 67 billion while foreign exchange savings of US \$ 115 million were achieved through import substitution and exports.

The Company not only operates on 100% indigenous crude oil thus providing a major outlet to several oilfields spread over the northern part of Pakistan but also remains the main source of petroleum

products to the civil and defense sectors of the northern region of Pakistan. It is also a catalyst in the deployment of a large transportation fleet for crude oil and refined products movement.

### 10 HUMAN RESOURCE DEVELOPMENT

Human Resource is the backbone of any organization and is its most valuable asset. At Attock Refinery Limited, we are cognizant of the need to maintain a merit based balanced work environment enabling the employees to materialize their full potential. Due emphasis is also laid on their welfare and due compensation in order to promote a willing workforce to achieve the Company's objectives. The Company hires qualified professionals through equal opportunity policy on fair remuneration. The employees are provided training with a view to upgrade their knowledge and skills helping them to improve efficiency

and effectiveness. The Company has adopted a well structured policy for career growth of employees, succession planning, retention and conducive working condition. Efforts are made to resolve Labour Management differences which helps in maintaining industrial peace and harmony.

#### 10.1 Employee Development and Training

Training and development system aims at developing a workforce which understands the organizational culture and adheres to its values and norms in letter and spirit. An all-encompassing training programme comprising specific on-the-job-training in place including use of highly advanced Operator Training Simulators (OTS). Our training matrix also exposes our employees to a variety of off-the-job training as speakers and participants in professional





conferences and workshops held in-house as well as in-country and abroad. Due to COVID-19 Pandemic, shift from the classroom training to online training is a new normal and ARL has worked on the possibilities of such training. Our employees have undergone online technical training exposure from Japan Cooperation Centre Petroleum (JCCP), Japan.

Besides, training plan is an integral part of our performance management strategy and is formulated on the basis of training need assessment, performance appraisal input for improvement, staff career planning and other organizational requirements.

## 10.2 Motivational and Encouragement Awards

With a view to encouraging staff in attaining optimum level of performance, ARL organizes regular quarterly awards ceremonies where outstanding performance of employees of all departments is recognized through commemorative shields and cash awards. These performance awards were awarded in the fields of core performance, safety and housekeeping. In addition to this, four employees along with spouses are selected through balloting for Hajj and Umrah. One non-muslim employee with spouse is also selected through balloting for visit of their

religious holy places. Due to COVID-19, balloting has been deferred this year.

## 10.3 Agreement with Collective Bargaining Agent (CBA) 2019-2021

Negotiations with CBA's charter of demand were successfully concluded during the year between ARL management and CBA.

The purpose of this celebration is to motivate employees and make them energy conscious and to strengthen their commitment towards energy conservation at workplace. The management of ARL urges that we take energy issues as our moral and social responsibility. We believe that sustainable business growth is possible only when we equally take care of global interests.

# 11 ORGANIZATIONAL DEVELOPMENT

## 11.1 Energy Week - October 2020

Energy Week was celebrated from October 26 to 29, 2020. Everyone in the company participated in this smart energy movement by following the COVID-19 protocols. This celebration was organized in-line with the World Energy Day.

## 11.2 Safety Week - April 2021

The International Labor Organization (ILO) marks the World Day for Safety and Health at Work on 28<sup>th</sup> of April each year to promote prevention of occupational accidents and diseases. In this context, ARL celebrated safety week from April 26-30, 2021.



During the week, safety talks were held in different sections of the refinery. Area safety Incharges along with their respective section workers shared suggestions for improvement related to safety and health at workplaces. Due to Covid-19, presentations were arranged on-line and safety talks were conducted on site by following the Covid-19 protocols.

### 11.3 World Environment Day- June, 2021

ARL in collaboration with EPA Punjab and NCPC celebrated World Environment Day on June 8, 2021. This year's theme for World Environment Day was Ecosystem Restoration which means assisting in the recovery of ecosystems that have been degraded or destroyed, as well as conserving the ecosystems that are still intact.

This event was followed by tree plantation. All participants planted trees and concluded the event with the pledge to shift towards environment friendly solutions that can help in restoring the ecosystem and to circulate the message to other fellows. Students from local government school were also a part of the event.

## 12 CORPORATE SOCIAL RESPONSIBILITY

The Company continued to carry out numerous steps and measures towards Corporate Social Responsibility (CSR). Details for CSR activity have been given in a separate section of the annual report. The Company is proud to have long history of carrying out such activities.



## 13 CORPORATE AWARDS AND RECOGNITIONS

### 13.1 Employer of the Year Award 2020

The Company won the 8<sup>th</sup> Employer of the Year Award 2020 in Gold Medium National Category organized by Employer Federation Pakistan (EFP). Companies from all over the country are invited by EFP to participate in this prestigious award every year.

### 13.2 Prize in Occupational Safety and Health (OSH) Award

The Company won 2<sup>nd</sup> prize in Oil, Gas and Energy sector category in 15<sup>th</sup> OSH Award organized by EFP.

### 13.3 Best Corporate and Sustainability Report Awards

The Company achieved Certificate of Merit in the "Best Corporate and Sustainability Report Awards" organized by joint committee of Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP).

### 13.4 Annual Environment Excellence Awards

The Company won the 17<sup>th</sup> Annual Environment Excellence Awards 2020 organized by National Forum for Environment and Health (NFEH).

## 14 CORPORATE GOVERNANCE

The Board of Directors and the management remain committed to the principles of good corporate management practices with emphasis on transparency and disclosures. The Board and the management are cognizant of their responsibilities and monitor the refinery operations and performance to ensure integrity, comprehensiveness and transparency of financial and non-financial information.

The Company is fully compliant with the Code of Corporate Governance 2019 (the Code) and as per the requirements of the listing regulations, following specific statements are being submitted hereunder:

- i. Proper books of accounts of the Company have been maintained.
- ii. The financial statements prepared by the management present fairly



- its state of affairs, the results of its operations, cash flows and changes in equity.
- iii. Appropriate accounting policies have been consistently applied in preparation of financial statements which conform to the Approved Accounting Standards as applicable in Pakistan. The accounting estimates, wherever required, are based on reasonable and prudent judgment.
- iv. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained.
- v. The system of internal control is sound in design and has been effectively implemented and monitored.
- vi. There are no significant doubts upon the Company's ability to continue as a going concern.
- vii. There is no reported instance of any material departure from the best practices of Corporate Governance.
- viii. Significant deviations from last year's operating results, future plans and changes, if any, in pricing formula have been separately disclosed, as appropriate, in this Report of the Directors.
- ix. All major Government levies in the normal course of business, amounting to Rs 2,985 million, payable as at June 30, 2021 have been

cleared subsequent to the year end.

- x. The value of investments in employees retirement funds based on the latest unaudited accounts as at June 30, 2021 are as follows:

| Rs in million        |       |
|----------------------|-------|
| Management Staff     |       |
| Pension Fund         | 1,125 |
| Staff Provident Fund | 553   |
| General Staff        |       |
| Provident Fund       | 374   |
| Gratuity Fund        | 442   |

- xi. In terms of Regulation 19 of the Code, companies are encouraged that all directors on their board have acquired the prescribed certification under Director Training Program by June 30, 2022. Presently, five (5) directors of the Company meet the exemption requirement of the Director's Training Program (DTP), while two (2) directors have already completed this program. Further, one alternate director and the Chief Executive Officer of the Company have also completed DTP.

- xii. The Board strives to continuously improve its effectiveness. The Board of Directors has developed a mechanism as required under Code of Corporate Governance, for annual evaluation to assess performance of the Board and the Committees. The Board also reviews developments in corporate governance to ensure that the Company always remains aligned with best practices.

- xiii. The Board of Directors have formulated a Directors' Remuneration Policy and its main features includes that every director including alternate directors are entitled to meeting fee as remuneration for attending meetings of the Board of Directors. No remuneration shall be paid for attending General Meeting(s) or meetings of the Committee(s) of the Board and / or any other business meetings of the Company. Aggregate amount of remuneration paid to executive and non-executive directors have been disclosed in note 38.2 of the annexed financial statements.

- xiv. Key operating and financial data of last 6 years is annexed.

A separate statement of compliance signed by the Chairman and Chief Executive Officer is separately included in this Annual Report.

## 15 ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Board has set up an independent audit function headed by a qualified person reporting to the Audit Committee. The scope of internal auditing within the Company is clearly defined which broadly involves review and evaluation of its' internal control systems. The Board has also approved annual Internal Audit Plans.

## 16 CREDIT RATING

The Company's long term and short term rating is 'AA' (Double A) and 'A1+' (A one plus) respectively. The credit rating was carried out by The Pakistan Credit Rating Agency (PACRA). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payments of financial commitments.

## 17 DIRECTORS AND BOARD MEETINGS HELD DURING THE YEAR

### 17.1 Directors of the Company

The following persons were the Directors of the Company during the year:

| S/No. | Name of Directors              | Designation            | Gender |
|-------|--------------------------------|------------------------|--------|
| 1.    | Mr. Laith G. Pharaon           | Non-Executive Director | Male   |
| 2.    | Mr. Wael G. Pharaon            | Non-Executive Director | Male   |
| 3.    | Mr. Shuaib A. Malik (Chairman) | Non-Executive Director | Male   |
| 4.    | Mr. Abdus Sattar               | Non-Executive Director | Male   |
| 5.    | Mr. Jamil A. Khan              | Non-Executive Director | Male   |
| 6.    | Mr. Shamim Ahmad Khan          | Independent Director   | Male   |
| 7.    | Mr. G. A. Sabri                | Independent Director   | Male   |

### 17.2 Directors meetings held during the year

During the year under review, five meetings of the Board of Directors were held through video link and the attendance of Directors was as under:

| S/No. | Name of Directors              | Total number of board meetings | Number of board meetings attended |
|-------|--------------------------------|--------------------------------|-----------------------------------|
| 1.    | Mr. Laith G. Pharaon           | 5                              | 5*                                |
| 2.    | Mr. Wael G. Pharaon            | 5                              | 5*                                |
| 3.    | Mr. Shuaib A. Malik (Chairman) | 5                              | 5                                 |
| 4.    | Mr. Abdus Sattar               | 5                              | 5                                 |
| 5.    | Mr. Jamil A. Khan              | 5                              | 5                                 |
| 6.    | Mr. Shamim Ahmad Khan          | 5                              | 5                                 |
| 7.    | Mr. G. A. Sabri                | 5                              | 5                                 |
| 8.    | Mr. M. Adil Khattak (CEO)      | 5                              | 5                                 |

\* Overseas directors attended the meetings either in person or through alternate directors.

### 17.3 Meetings held outside Pakistan

During the year ended June 30, 2021, no meeting of the Board of Directors of the Company was held outside Pakistan.





## 18 BOARD COMMITTEES MEETINGS HELD DURING THE YEAR

During the year under review, detail of Board's Committees meetings held is as under:-

### AUDIT COMMITTEE

| S/No. | Name of Directors                | Total number of meetings | Number of meetings attended |
|-------|----------------------------------|--------------------------|-----------------------------|
| 1.    | Mr. Shamim Ahmad Khan (Chairman) | 4                        | 4                           |
| 2.    | Mr. Shuaib A. Malik              | 4                        | 4                           |
| 3.    | Mr. Abdus Sattar                 | 4                        | 4                           |
| 4.    | Mr. G. A. Sabri                  | 4                        | 4                           |
| 5.    | Mr. Babar Bashir Nawaz           | 4                        | 4                           |

### HUMAN RESOURCE AND REMUNERATION (HR & R) COMMITTEE

| S/No. | Name of Directors          | Total number of meetings | Number of meetings attended |
|-------|----------------------------|--------------------------|-----------------------------|
| 1.    | Mr. G. A. Sabri (Chairman) | 1                        | 1                           |
| 2.    | Mr. Shuaib A. Malik        | 1                        | 1                           |
| 3.    | Mr. Jamil A. Khan          | 1                        | 1                           |
| 4.    | Mr. M. Adil Khattak        | 1                        | 1                           |

## 19 REMUNERATION OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

Non-Executive directors including independent directors are entitled to fee for attending the board meetings. Foreign directors opted not to receive any meeting fee. Detail of remuneration paid to the Chief Executive Officer is disclosed in note 38 to the financial statements.

## 20 NEWLY ELECTED BOARD & ITS COMPOSITION

An Extra-Ordinary General Meeting of the shareholders was held on July 12, 2021 in which following seven persons were elected as directors for a term of 3 years commencing from July 18, 2021:

| S/No. | Name of Directors     | Designation            | Gender |
|-------|-----------------------|------------------------|--------|
| 1.    | Mr. Laith G. Pharaon  | Non-Executive Director | Male   |
| 2.    | Mr. Wael G. Pharaon   | Non-Executive Director | Male   |
| 3.    | Mr. Shuaib A. Malik   | Non-Executive Director | Male   |
| 4.    | Mr. Abdus Sattar      | Non-Executive Director | Male   |
| 5.    | Mr. Jamil A. Khan     | Non-Executive Director | Male   |
| 6.    | Mr. Shamim Ahmad Khan | Independent Director   | Male   |
| 7.    | Mr. Tariq Iqbal Khan  | Independent Director   | Male   |

The newly elected Board of Directors has re-appointed Mr. Shuaib A. Malik as Chairman of the Board. The Board has also re-appointed Mr. M. Adil Khattak as Chief Executive Officer of the Company.

The Board places on record its appreciation for the valuable services rendered by the retiring directors.

The newly elected Board constituted the following Committees of the Board namely:

#### AUDIT COMMITTEE

| S/No. | Name of Directors   | Designation |
|-------|---|-------------|
| 1.    | Mr. Shamim Ahmad Khan (Independent Director)                          | Chairman    |
| 2.    | Mr. Shuaib A. Malik   | Member      |
| 3.    | Mr. Abdus Sattar  | Member      |
| 4.    | Mr. Tariq Iqbal Khan  | Member      |
| 5.    | Mr. Babar Bashir Nawaz<br>(Alternate Director to Mr. Wael G. Pharaon) | Member      |

#### HUMAN RESOURCE & REMUNERATION (HR&R) COMMITTEE

| S/No. | Name of Directors                           | Designation |
|-------|---|-------------|
| 1.    | Mr. Tariq Iqbal Khan (Independent Director) | Chairman    |
| 2.    | Mr. Shuaib A. Malik                         | Member      |
| 3.    | Mr. Jamil A. Khan                           | Member      |
| 4.    | Mr. M. Adil Khattak                         | Member      |

## 21 AUDITORS

The Auditors Messrs A.F. Ferguson and Co. Chartered Accountants retired and offered themselves for reappointment. The Audit Committee has recommended the reappointment of Messrs A.F. Ferguson and Co. Chartered Accountants as auditors for the financial year ending June 30, 2022 on such terms and conditions and remuneration to be mutually decided.

## 22 PATTERN OF SHAREHOLDING

The total number of Company's shareholders as at June 30, 2021 was 5,274 as against 6,897 on June 30, 2020. The pattern of shareholding as at June 30, 2021 is included in this Annual Report. All trades in the shares of the Company, if any, carried out by the Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary and their spouses and minor children are disclosed and annexed.

## 23 EARNINGS/(LOSS) PER SHARE

Based on the net loss for the current year the loss per share was Rs 20.12 (June 2020 loss per share: Rs 26.50).



## 24 AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

The Company's Independent External Auditors A.F. Ferguson & Co. have audited ARL's Separate and Consolidated Financial Statements and issued unqualified audit opinion stating that the financial statements give a true and fair view of the state of affairs as at June 30, 2021.

Independent Auditors' Reports on the Audit of ARL's Separate and Consolidated Financial Statements are annexed to this Annual Report.

## 25 HOLDING COMPANY

The Attock Oil Company Limited, incorporated in England, is the Holding Company of Attock Refinery Limited.

## 26 SUBSIDIARY COMPANY

The Company has a wholly owned subsidiary company; Attock Hospital (Private) Limited (AHL). The accounts of AHL have been consolidated with the accounts of ARL and are annexed to these financial statements.

## 27 CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company are annexed.

We may take this opportunity to thank the management and the employees for their continuous dedicated commitment to the Company. We may also acknowledge the contribution of the Board and all stakeholders for supporting the Company.

For and on behalf of the Board

—Sd—

**Abdus Sattar**  
Director

August 11, 2021  
Rawalpindi

—Sd—

**M. Adil Khattak**  
Chief Executive Officer



۲۷۔ یکجا گوشوارے (CONSOLIDATED ACCOUNTS):

کمپنی کے یکجا گوشوارے (Consolidated Accounts) منسلک ہیں۔

بورڈ آف ڈائریکٹرز انتظامیہ اور اپنے ملازمین کے کام سے مسلسل وابستگی پر شکر گزار ہیں۔ ہم اس کے علاوہ بورڈ ممبران کے تعاون اور متعلقہ اداروں کی معاونت کے بھی ممنون ہیں۔

بورڈ کی جانب سے

-Sd-

ایم عادل خٹک  
چیف ایگزیکٹو آفیسر

-Sd-

عبدالستار  
ڈائریکٹر

۱۱ اگست ۲۰۲۱

راولپنڈی



## انسانی وسائل و معاوضہ (HR&R) کمیٹی:

| نمبر شمار | ڈائریکٹرز کے نام                         | عہدہ   |
|-----------|--|--------|
| ۱۔        | جناب طارق اقبال خان (خود مختار ڈائریکٹر) | چیرمین |
| ۲۔        | جناب شعیب اے ملک                         | ممبر   |
| ۳۔        | جناب جمیل اے خان                         | ممبر   |
| ۴۔        | جناب ایم عادل خٹک                        | ممبر   |

## ۲۱۔ آڈیٹر:

آڈیٹر، میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور انھوں نے اگلے سال کے لیے اپنی خدمات کی پیشکش کی ہے۔ آڈٹ کمیٹی نے میسرز اے ایف فرگوسن اینڈ کمپنی کی اگلے مالی سال کے لیے، جس کا اختتام ۳۰ جون ۲۰۲۲ کو ہوگا ایسی شرائط و ضوابط اور معاوضہ جس کا تعین باہمی اتفاق رائے سے ہوگا، بطور آڈیٹر تقرر کی سفارش کی ہے۔

## ۲۲۔ حصہ داران کی تفصیل (PATTERN OF SHAREHOLDING):

کمپنی کے کل حصہ داروں کی تعداد ۳۰ جون ۲۰۲۱ کو ۵,۲۷,۲۸۹ تھی جبکہ گزشتہ برس ۳۰ جون ۲۰۲۰ کو یہ تعداد ۶,۸۹۷ تھی۔ ۳۰ جون ۲۰۲۱ تک کی حصہ داران کی تفصیل (Pattern of Shareholding) اس سالانہ رپورٹ کے ساتھ منسلک ہے۔ کمپنی کے حصص میں ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر اور کمپنی سیکرٹری اور ان کے ازواج اور چھوٹے بچوں کی جانب سے کئے گئے ہر لین دین، اگر کوئی ہوا، ان کی تفصیل رپورٹ کے ہمراہ منسلک ہے۔

## ۲۳۔ فی حصہ منافع / (نقصان) {EARNINGS/ (LOSS) PER SHARE}:

خالص منافع / نقصان کی بنیاد پر رواں برس کے لیے فی حصہ نقصان ۲۰.۱۲ روپے ہے (۳۰ جون ۲۰۲۰: فی حصہ نقصان ۲۶.۵۰ روپے)۔

## ۲۴۔ مالیاتی حسابات پر آڈیٹر کی رپورٹ:

کمپنی کے خود مختار بیرونی آڈیٹر اے ایف فرگوسن اینڈ کمپنی نے اے آر ایل کے الگ اور یکجا گوشواروں کا آڈٹ کیا ہے اور بلا اعتراض آڈٹ رپورٹ جاری کی ہے جس میں کہا گیا ہے کہ مالیاتی حسابات ۳۰ جون ۲۰۲۱ تک کمپنی کے امور کا صحیح اور منصفانہ نقشہ پیش کرتے ہیں۔

## ۲۵۔ محلوک کمپنی (HOLDING COMPANY):

"دی انک آئل کمپنی لمیٹڈ" جو انگلینڈ میں قائم کی گئی ہے، انک ریفاؤنڈری کمپنی کی محلوک کمپنی (Holding Company) ہے۔

## ۲۶۔ ذیلی کمپنی (SUBSIDIARY COMPANY):

کمپنی بلا شرکت غیر ایک ذیلی کمپنی (Subsidiary Company) کی ملکیت رکھتی ہے جو "انک ہاسپٹل پرائیویٹ لمیٹڈ (AHL)" ہے۔ AHL کے اکاؤنٹس، انک ریفاؤنڈری لمیٹڈ (ARL) کے اکاؤنٹس سے مربوط ہیں۔

### ۱۹۔ ڈائریکٹرز اور چیف ایگزیکٹو کا معاوضہ:

نان ایگزیکٹو ڈائریکٹرز بشمول خود مختار ڈائریکٹرز بورڈ اجلاسوں میں شرکت کے لئے صرف فیس کے مستحق ہیں۔ غیر ملکی ڈائریکٹرز نے بورڈ اجلاس کی فیس نہ لینے کا فیصلہ کیا ہے۔ سال کے دوران چیف ایگزیکٹو آفیسر کو ادا کیے جانے والے معاوضہ کی تفصیل مالیاتی حسابات کے نوٹ ۳۸ میں دی گئی ہے۔

### ۲۰۔ نیا منتخب شدہ بورڈ اور ترتیب و تفصیل:

حصہ داران کا ایک غیر معمولی اجلاس عام ۱۲ جولائی ۲۰۲۱ کو منعقد ہوا جس میں مندرجہ ذیل سات افراد کو ۱۸ جولائی ۲۰۲۱ سے شروع ہونے والی تین سالہ مدت کے لیے بطور ڈائریکٹرز منتخب کیا گیا:

| نمبر شمار | ڈائریکٹرز کے نام    | عہدہ                  | جنس |
|-----------|---------------------|-----------------------|-----|
| ۱۔        | جناب لیث جی فرعون   | نان ایگزیکٹو ڈائریکٹر | مرد |
| ۲۔        | جناب وائل جی فرعون  | نان ایگزیکٹو ڈائریکٹر | مرد |
| ۳۔        | جناب شعیب اے ملک    | نان ایگزیکٹو ڈائریکٹر | مرد |
| ۴۔        | جناب عبدالستار      | نان ایگزیکٹو ڈائریکٹر | مرد |
| ۵۔        | جناب جمیل اے خان    | نان ایگزیکٹو ڈائریکٹر | مرد |
| ۶۔        | جناب شمیم احمد خان  | خود مختار ڈائریکٹر    | مرد |
| ۷۔        | جناب طارق اقبال خان | خود مختار ڈائریکٹر    | مرد |

نئے منتخب شدہ بورڈ آف ڈائریکٹرز نے جناب شعیب اے ملک کا بطور چیئر مین اور جناب ایم عادل خٹک کا بطور چیف ایگزیکٹو آفیسر دوبارہ تقرر کیا۔

بورڈ ریٹائر ہونے والے ڈائریکٹرز کی گرانقدر خدمات کو خراج تحسین پیش کرتا ہے۔

نئے منتخب شدہ بورڈ نے مندرجہ ذیل ڈائریکٹرز پر مشتمل کمیٹیاں تشکیل دیں۔

### اڈٹ کمیٹی:

| نمبر شمار | ڈائریکٹرز کے نام                        | عہدہ     |
|-----------|---|----------|
| ۱۔        | جناب شمیم احمد خان (خود مختار ڈائریکٹر) | چیئر مین |
| ۲۔        | جناب شعیب اے ملک                        | ممبر     |
| ۳۔        | جناب عبدالستار                          | ممبر     |
| ۴۔        | جناب طارق اقبال خان                     | ممبر     |
| ۵۔        | جناب بابر بشیر نواز                     | ممبر     |



## ۱۷.۲۔ سال کے دوران ڈائریکٹرز کے اجلاس:

زیر جائزہ سال میں بورڈ آف ڈائریکٹرز کے پانچ اجلاس بذریعہ وڈیولنک ہوئے اور اس میں ڈائریکٹرز کی شرکت کچھ اس طرح تھی:-

| نمبر شمار | ڈائریکٹرز کے نام             | منعقدہ اجلاس | شرکت |
|-----------|------------------------------|--------------|------|
| ۱۔        | جناب لیث جی فرعون            | ۵            | ۵*   |
| ۲۔        | جناب وائل جی فرعون           | ۵            | ۵*   |
| ۳۔        | جناب شعیب اے ملک (چیئرمین)   | ۵            | ۵    |
| ۴۔        | جناب عبدالستار               | ۵            | ۵    |
| ۵۔        | جناب جمیل اے خان             | ۵            | ۵    |
| ۶۔        | جناب شمیم احمد خان           | ۵            | ۵    |
| ۷۔        | جناب جی اے صابری             | ۵            | ۵    |
| ۸۔        | جناب ایم عادل خٹک (سی ای او) | ۵            | ۵    |

\* بیرون ملک مقیم ڈائریکٹرز نے اجلاس میں بذات خود یا ان کی طرف سے متبادل ڈائریکٹر نے شرکت کی۔

## ۱۷.۳۔ پاکستان سے باہر منعقد ہونے والے اجلاس:

۳۰ جون ۲۰۲۱ کو ختم ہونے والے سال کے دوران بورڈ آف ڈائریکٹرز کا کوئی اجلاس ملک سے باہر منعقد نہیں ہوا۔

## ۱۸۔ سال کے دوران بورڈ کمیٹیوں کے اجلاس:

زیر جائزہ سال میں بورڈ کمیٹیوں کے اجلاسوں کی تفصیل درج ذیل ہے:-

### آڈٹ کمیٹی:

| نمبر شمار | ڈائریکٹرز کے نام             | منعقدہ اجلاس | شرکت |
|-----------|------------------------------|--------------|------|
| ۱۔        | جناب شمیم احمد خان (چیئرمین) | ۴            | ۴    |
| ۲۔        | جناب شعیب اے ملک             | ۴            | ۴    |
| ۳۔        | جناب عبدالستار               | ۴            | ۴    |
| ۴۔        | جناب جی اے صابری             | ۴            | ۴    |
| ۵۔        | جناب بابر بشیر نواز          | ۴            | ۴    |

### انسانی وسائل و معاوضہ (HR&R) کمیٹی:

| نمبر شمار | ڈائریکٹرز کے نام           | منعقدہ اجلاس | شرکت |
|-----------|----------------------------|--------------|------|
| ۱۔        | جناب جی اے صابری (چیئرمین) | ۱            | ۱    |
| ۲۔        | جناب شعیب اے ملک           | ۱            | ۱    |
| ۳۔        | جناب جمیل اے خان           | ۱            | ۱    |
| ۴۔        | جناب ایم عادل خٹک          | ۱            | ۱    |

xii- بورڈ اس بات کے لئے مسلسل کوشاں ہے کہ وہ اپنی کی افادیت میں اضافہ کرے۔ ”ضابطہ برائے کاروباری نظم و نسق“ میں تجویز کردہ طریقہ کار کے مطابق بورڈ نے اپنی کارکردگی کا سالانہ جائزہ لینے کا انتظام کیا ہے۔ اس کے علاوہ بورڈ مسلسل کاروباری انتظام کے حوالے سے تازہ ترین پیش رفت سے خود کو آگاہ رکھتا ہے تاکہ انتظامی حوالے سے بہترین طریقہ کار اختیار کیا جاسکے۔

xiii- بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کے معاوضہ کی ایک پالیسی تشکیل دی ہے جس کی اہم خصوصیات میں شامل ہے کہ ہر ایک ڈائریکٹر بشمول متبادل ڈائریکٹر، بورڈ آف ڈائریکٹرز کے اجلاس میں شرکت کے لیے فیس بطور معاوضہ لینے کا حقدار ہو گا۔ اجلاس عام یا بورڈ کی کمیٹیوں کے اجلاس اور کمپنی کے کاروباری اجلاس میں شرکت کرنے کے لیے کوئی بھی معاوضہ نہیں دیا جائے گا۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کو دیے جانے والے معاوضہ کی مجموعی رقم منسلک مالیاتی بیانات کے نوٹ ۳۸.۲ میں ظاہر کر دیا گیا ہے۔

xiv- کمپنی کے گزشتہ ۶ برس کے انتظامی و مالی امور سے متعلق اعداد و شمار منسلک ہیں۔  
علاوہ ازیں اس ضابطے پر عمل درآمد کا چیئرمین اور چیف ایگزیکٹو آفیسر سے دستخط شدہ تعمیل کا بیان اس سالانہ رپورٹ کے ساتھ الگ سے شامل کیا گیا ہے۔

#### ۱۵- مناسب اندرونی مالیاتی ضابطہ:

بورڈ نے آڈٹ کمیٹی کو رپورٹنگ کرنے والے اہل فرد کی سربراہی میں ایک آزاد آڈٹ سیکشن ترتیب دیا ہے۔ کمپنی کے اندرونی آڈیٹنگ کا دائرہ واضح طور پر بیان کیا گیا ہے جس میں اس کے ”اندرونی کنٹرول سسٹمز“ کا جائزہ لینا اور جانچنا وسیع پیمانے پر شامل ہے۔ بورڈ نے سالانہ اندرونی آڈٹ منصوبوں کی بھی منظوری دی ہے۔

#### ۱۶- کریڈٹ ریٹنگ:

کمپنی کی طویل المدت درجہ بندی (ریٹنگ) ”AA“ (ڈبل اے) جبکہ قلیل المدت درجہ بندی ”A1+“ (اے ون پلس) ہے۔ یہ درجہ بندی ”پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA)“ نے متعین کی ہے۔ اس درجہ بندی سے ظاہر ہوتا ہے کہ کمپنی کو کسی کریڈٹ رسک کا سامنا کرنے کا بہت کم امکان ہے جس کی بنیاد مالیاتی واجبات کی بروقت ادائیگی ہے۔

#### ۱۷- ڈائریکٹرز اور سال کے دوران ہونے والے بورڈ کے اجلاس:

##### ۱۷.۱- کمپنی کے ڈائریکٹرز اور ترتیب و تفصیل:

سال کے دوران مندرجہ ذیل افراد کمپنی کے ڈائریکٹرز تھے:

| نمبر شمار | ڈائریکٹرز کے نام           | عہدہ                  | جنس |
|-----------|----------------------------|-----------------------|-----|
| ۱-        | جناب لیٹ جی فرعون          | نان ایگزیکٹو ڈائریکٹر | مرد |
| ۲-        | جناب وائل جی فرعون         | نان ایگزیکٹو ڈائریکٹر | مرد |
| ۳-        | جناب شعیب اے ملک (چیئرمین) | نان ایگزیکٹو ڈائریکٹر | مرد |
| ۴-        | جناب عبدالستار             | نان ایگزیکٹو ڈائریکٹر | مرد |
| ۵-        | جناب جمیل اے خان           | نان ایگزیکٹو ڈائریکٹر | مرد |
| ۶-        | جناب شمیم احمد خان         | خود مختار ڈائریکٹر    | مرد |
| ۷-        | جناب جی اے صابری           | خود مختار ڈائریکٹر    | مرد |



کمپنی پوری طرح ”ضابطہ برائے کاروباری نظم و نسق- ۲۰۱۹ (کوڈ)“ پر عمل پیرا ہے اور قواعد و ضوابط کے مطابق درج ذیل مخصوص نکات پیش ہیں۔

- i- کمپنی کے حسابداری کے باقاعدہ کھاتے مرتب کیے جاتے ہیں۔
- ii- انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے تمام معاملات کو واضح طور پر پیش کرتے ہیں جیسے سرگرمیوں کے نتائج، رقم کی آمدورفت اور کاروباری سرمائے میں ہونے والی تبدیلیاں۔
- iii- مناسب حسابداری کے اصول تسلسل سے مالیاتی حسابات بنانے میں استعمال ہوتے ہیں جو منظور شدہ حسابداری کے معیارات سے مطابقت رکھتے ہیں جن کا پاکستان میں اطلاق ہوتا ہے۔ گوشوارے ہمیشہ انتہائی منطقی اور محتاط اندازوں پر مشتمل ہوتے ہیں۔
- iv- پاکستان میں لاگو ”انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز“ کو مالیاتی گوشواروں کی تیاری کے لیے بروئے کار لایا جاتا ہے۔ اگر کہیں ان کے سفارش کردہ ضوابط سے انحراف کیا جاتا ہے تو واضح طور پر اس کی بھی نشاندہی اور وضاحت کی جاتی ہے۔
- v- اندرونی کنٹرول کا نظام مضبوط بنیادوں پر استوار ہے اور موثر طریقے سے روبہ عمل ہے جس کی مسلسل نگرانی بھی کی جاتی ہے۔
- vi- کمپنی کے قائم نہ رہنے کے حوالے سے کسی بھی قسم کا کوئی خدشہ نہیں پایا جاتا۔
- vii- کمپنی میں ”ضابطہ برائے کاروباری نظم و نسق“ میں بیان کردہ ضابطوں کی کوئی واضح خلاف ورزی سامنے نہیں آئی۔
- viii- گزشتہ برس کے انتظامی نتائج، مستقبل کے منصوبوں سے واضح انحراف اور قیمتوں کے تعین میں تبدیلی اگر کوئی ہوئی، کی نشاندہی اس ”بورڈ آف ڈائریکٹرز“ رپورٹ میں جہاں مناسب تھا، ذکر کیا گیا ہے۔
- ix- اپنی عمومی کاروباری سرگرمیوں کے لیے حکومت کو واجب الادا تمام رقوم جو ۳۰ جون ۲۰۲۱ کو واجب الادا تھیں اور جن کی مالیت ۲,۹۸۵ ملین روپے تھی، وہ سال کے اختتام کے بعد ادا کی جا چکی ہیں۔
- x- کارکنوں کے ریٹائرمنٹ فنڈ میں کی گئی سرمایہ کاری کل مالیت جو تازہ ترین غیر آڈٹ شدہ مالیاتی کھاتوں ۳۰ جون ۲۰۲۱ کے اعداد و شمار سے مرتب کی گئی ہے، درجہ ذیل ہیں:-

روپے ملین میں

|       |                       |
|-------|-----------------------|
| ۱,۱۲۵ | مینجمنٹ سٹاف پنشن فنڈ |
| ۵۵۳   | سٹاف پراویڈنٹ فنڈ     |
| ۳۷۴   | جزل سٹاف پراویڈنٹ فنڈ |
| ۴۴۲   | گریجویٹ فنڈ           |

- xi- کوڈ کی ریگولیشن نمبر ۱۹ کی شرط کو پورا کرنے کے لیے کمپنی اپنے تمام ڈائریکٹرز کو ۳۰ جون ۲۰۲۲ تک ڈائریکٹرز ٹریننگ پروگرام (DTP) میں شرکت کی حوصلہ افزائی کرتی ہے۔ فی الوقت پانچ ڈائریکٹرز ایسے ہیں جو DTP سے استثنیٰ کے تقاضوں پر پورا اترتے ہیں جبکہ دو ڈائریکٹرز پہلے ہی پروگرام مکمل کر چکے ہیں علاوہ ازیں ایک متبادل ڈائریکٹر اور کمپنی کے چیف ایگزیکٹو آفیسر بھی DTP مکمل کر چکے ہیں۔

### ۱۱.۳ عالمی یوم ماحولیات - جون ۲۰۲۱:

اے آر ایل نے ای پی اے (EPA) پنجاب اور این سی پی سی (NCPC) کے اشتراک سے ۸ جون ۲۰۲۱ کو عالمی یوم ماحولیات منایا۔ اس سال عالمی یوم ماحولیات کا موضوع "ماحولیاتی نظام کی بحالی" تھا جس کا مطلب ہے کہ ماحولیاتی نظام کی بحالی میں معاونت کی جائے جو انحطاط یا تباہ ہو چکے ہیں اور نیز ماحولیاتی نظام کا تحفظ بھی ہے جو ابھی تک برقرار ہیں۔

اس تقریب کے بعد شجر کاری کی گئی۔ تمام شرکاء نے درخت لگائے اور ماحول دوست ماحول کی طرف بڑھنے کے عہد کے ساتھ تقریب کا اختتام کیا جو ماحولیاتی نظام کی بحالی اور دوسرے لوگوں کو پیغام پہنچانے میں مدد فراہم کر سکتا ہے۔ مقامی سرکاری اسکول کے طلباء بھی اس تقریب کا حصہ تھے۔

### ۱۲۔ تجارتی اور سماجی ذمہ داری:

کمپنی نے اپنی تجارتی و سماجی ذمہ داری (Corporate Social Responsibility) (CSR) کو پورا کرنے کے لئے مزید کئی اقدامات جاری رکھے ہوئے ہیں۔ ان سرگرمیوں کی تفصیلات بھی سالانہ رپورٹ کے ایک الگ حصے میں درج ہیں۔ کمپنی کو ان ذمہ داریوں کو نبھانے کی اپنی طویل تاریخ پر فخر ہے۔

### ۱۳۔ تجارتی ایوارڈز اور اعترافات:

#### ۱۳.۱ ایمپلائز آف دی ایئر ایوارڈ ۲۰۲۰:

کمپنی نے آٹھویں ایمپلائز آف دی ایئر ایوارڈ ۲۰۲۰ گولڈ میڈیم نیشنل کیٹگری میں جیتا جس کا اہتمام ایمپلائز فیڈریشن پاکستان (ای ایف پی) (EFP) نے کیا۔ ای ایف پی کی طرف سے ملک بھر کی کمپنیوں کو ہر سال اس ایوارڈ میں شرکت کے لئے مدعو کیا جاتا ہے۔

#### ۱۳.۲ پیشہ ورانہ حفاظتی اور صحت (OSH) ایوارڈ:

ایمپلائز فیڈریشن پاکستان کے زیر اہتمام ۱۵ ویں او ایس ایچ (OSH) ایوارڈ میں کمپنی نے آئل، گیس اور توانائی کے شعبے میں دوسرا انعام جیتا۔

#### ۱۳.۳ بہترین کارپوریٹ اور استحکام رپورٹ ایوارڈز:

کمپنی نے انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (آئی سی اے پی) (ICAP) اور انسٹیٹیوٹ آف کاسٹ اینڈ مینجمنٹ اکاؤنٹنٹس آف پاکستان (آئی سی ایم اے پی) (ICMAP) کی مشترکہ کمیٹی کے زیر اہتمام "بہترین کارپوریٹ اور استحکام رپورٹ ایوارڈز" میں سرٹیفیکیٹس آف میرٹ حاصل کیے۔

#### ۱۳.۴ سالانہ ماحولیاتی اصلی ایوارڈ:

کمپنی نے ۷۷ سالانہ ماحولیاتی ایوارڈ ۲۰۲۰ جیتا۔ جس کا اہتمام نیشنل فورم برائے ماحول اور صحت (NFEH) (National Forum for Environment & Health) نے کیا تھا۔

#### ۱۴۔ ضابطہ برائے کاروباری نظم و نسق:

کمپنی کی انتظامیہ اور بورڈ آف ڈائریکٹرز بہترین کارپوریٹ مینجمنٹ کے اصولوں پر عمل کرنے پر یقین رکھتے ہیں اور اس کے لیے شفافیت اور افشائے حقائق پر زور دیتے ہیں۔ بورڈ اور انتظامیہ اپنی ذمہ داریوں سے پوری طرح آگاہ ہیں اور اس امر کے لیے کوشاں ہیں کہ ریفائنری کی سرگرمیوں اور کارکردگی کو اس طرح فروغ دیں کہ مالی و غیر مالی معاملات سے متعلق تمام معلومات کو قابل اعتماد، جامعیت اور شفافیت کے ساتھ مرتب اور پیش کیا جائے۔



ہمارے ملازمین ملک کے اندر اور ملک کے باہر تربیتی پروگرامز اور کانفرنسز میں بطور اسپیکر اور شرکاء حصہ لیتے ہیں۔ کوئیڈ-۱۹ کے وبائی مرض کی وجہ سے، جہاں ممکن ہو وہاں کلاس روم کی تربیت سے آن لائن تربیت کی طرف منتقل ہونا، ایک نیا معمول ہے اور اے آر ایل نے ایسی تربیت کے امکانات پر کام کیا ہے۔ ہمارے ملازمین نے جاپان کو آپریشن سینٹر پیٹرولیم (JCCP) (Japan Co-ordination Center Petroleum) سے آن لائن تکنیکی تربیت بھی حاصل کی ہے۔

اس کے علاوہ، تربیت کا منصوبہ ہماری کارکردگی کا انتظام کرنے کی حکمت عملی کا ایک لازمی جزو ہے اور یہ تربیت افراد کی کارکردگی کو بہتر بنانے کیلئے کارکردگی کا اندازہ، عملے کے کیریئر کی منصوبہ بندی، اور دیگر تنظیمی ضروریات کی بنیاد پر وضع کیا گیا ہے۔

## ۱۰.۲۔ تحریک و ترغیب اور حوصلہ افزائی کے اعزازات:

کارکنان کی بہترین صلاحیتوں سے کام لینے کو یقینی بنانے کے لئے انک ریفرنری میں ہر سہ ماہی کے اختتام پر تقریبات کا اہتمام کیا جاتا ہے جس میں ہر محکمے کے بہترین کارکنان کو اعلیٰ کارکردگی کی بنیاد پر شیلڈ اور نقد انعامات سے نوازا جاتا ہے۔ کارکردگی کے یہ اعزازات بنیادی کارکردگی، تحفظ، دفتری صفائی ستھرائی اور ادارے کی بہتری جیسے شعبوں میں دیئے جاتے ہیں۔ اس کے علاوہ قرعہ اندازی کے ذریعے چار ملازمین کو شریک حیات کے ساتھ حج اور پانچ ملازمین کو شریک حیات کے ساتھ عمرے کے لیے چنا جاتا ہے۔ ایک غیر مسلم ملازم کو بھی شریک حیات کے ساتھ ان کے مذہبی مقدس مقامات کی زیارتوں کے لیے چنا جاتا ہے۔ کوئیڈ-۱۹ کی وجہ سے اس سال قرعہ اندازی ملتوی کی گئی ہے۔

## ۱۰.۳۔ ورکرز یونین (سی بی اے) (CBA) (Collective Bargaining Agent) سے معاہدہ ۲۰۲۱-۲۰۱۹:

کارکنان کے مطالبے کے سلسلے میں کمپنی انتظامیہ اور سی بی اے (CBA) کے درمیان مذاکرات کامیابی سے اختتام پذیر ہوئے۔

## ۱۱۔ ادارہ جاتی ترقی:

### ۱۱.۱۔ توانائی کا ہفتہ (Energy Week) - اکتوبر ۲۰۲۰:

۲۶ اکتوبر سے ۲۹ اکتوبر ۲۰۲۰ تک توانائی کا ہفتہ منایا گیا۔ کمپنی میں موجود ہر شخص کوئیڈ-۱۹ کی احتیاتی تدابیر پر عمل کرتے ہوئے اس پروگرام میں شریک ہوا۔ یہ جشن عالمی یوم توانائی کے دن کی مناسبت سے ترتیب دیا گیا تھا۔

اس جشن کا مقصد ملازمین کی حوصلہ افزائی کرنا، انہیں توانائی کی اہمیت سے آگاہ کرنا اور کام کی جگہ پر توانائی کے تحفظ کے لئے اپنی وابستگی کے عزم کو مضبوط بنانا ہے۔ کمپنی کی انتظامیہ اس بات پر زور دیتی ہے کہ ہم توانائی کے معاملات کو اپنی اخلاقی اور معاشرتی ذمہ داری سمجھتے ہیں۔ ہم سمجھتے ہیں کہ پائیدار کاروباری نمواسی وقت ممکن ہے جب ہم ماحولیاتی مفادات کا یکساں طور پر خیال رکھیں۔

### ۱۱.۲۔ احتیاط اور حفاظت کا ہفتہ (Safety Week) - اپریل ۲۰۲۱:

انٹرنیشنل لیبر آرگنائزیشن (ILO) پیشہ ورانہ حادثات اور بیماریوں کی روک تھام کو فروغ دینے کے لئے ہر سال ۲۸ اپریل کو کام کے مقام پر حفاظت اور صحت کے لئے عالمی دن مناتی ہے۔ اس سلسلہ میں، اے آر ایل نے ۲۶ - ۳۰ اپریل ۲۰۲۱ کو سیفٹی ویک منایا۔

اس ہفتے کے دوران، ریفرنری کے مختلف حصوں میں احتیاط اور حفاظت کے موضوع پر مذاکرات ہوئے۔ ایریا سیفٹی انچارجز نے اپنے اپنے کام کے مقامات پر حفاظت اور صحت سے متعلق بہتری کے لئے تجاویز دیں۔ کوئیڈ-۱۹ کی وجہ سے، آن لائن کے ذریعہ شرکت کا اہتمام کیا گیا تھا اور کوئیڈ-۱۹ کی حفاظتی تدابیر پر عمل کر کے کام کے مقام پر احتیاط اور حفاظت کی آگاہی کے بارے میں گفتگو کی گئی۔

کے لئے ریفاٹنگ پالیسی کا مسودہ تیار کیا ہے۔ ہم ریفاٹریز کی تجاویز کے مطابق فنانس ایکٹ ۲۰۲۱ کے ذریعہ سے انکم ٹیکس اور کسٹمز کے قوانین میں ترمیم کرنے پر متعلقہ وزارتوں کے شکر گزار ہیں۔ اب حکومت کی طرف سے ریفاٹنگ پالیسی کی منظوری کا انتظار ہے جو تمام متعلقہ اداروں کے مفاد کیلئے ایک جامع پیکیج ہو گا جو ریفاٹنگ سیکٹر میں سرمایہ کاری کیلئے حوصلہ افزا ہو گا۔

کوویڈ - ۱۹ کے وبائی بیماری کے طور پر پھیلنے کے نتیجے میں پاکستان کی وفاقی اور صوبائی حکومتوں (حکام) کے معاشی اور سماجی سرگرمیوں پر بندش (لاک ڈاؤن) (Lockdown) نافذ کرنے سے مجموعی طور پر معاشی سست روی ہوئی اور مختلف قسم کے کاروبار میں خلل پڑا۔ بد قسمتی سے ہم وائرس کی نئی اقسام سے لاحق خطرات سے دوچار ہیں۔ تاہم حکام کی جانب سے آبادی کے بڑے حصے کو ویکسینیشن کروانے سے امید کی جارہی ہے کہ صورتحال کم ہوگی اور حالات معمول پر آجائیں گے۔ انتظامیہ ممکنہ خطرات کی نگرانی جاری رکھے ہوئے ہے۔

ماضی کی طرح آپ کی کمپنی تمام چیلنجز سے نمٹنے کیلئے اور اعلیٰ معیار کے متنوع ماحول دوست توانائی کے وسائل کی فراہمی جاری رکھنے اور جدید ترین ٹیکنالوجیز اور انسانی وسائل کا بہترین استعمال کرنے کے لئے پرعزم ہے۔

## ۹۔ قومی معیشت میں شراکت۔

کمپنی نے ٹیکس اور ڈیوٹیز کی مد میں قومی خزانے میں تقریباً ۶ ارب روپے جمع کروائے۔ خام تیل کی مقامی پیداوار کو استعمال کرنے سے پیٹرولیم مصنوعات کی درآمد میں کمی ہوئی۔ مزید برآں کمپنی نے پیٹرولیم مصنوعات کی درآمد بھی کی۔ اس طرح ۱۱۵ ملین امریکی ڈالر کے زرمبادلہ کی بچت کی گئی۔

کمپنی میں استعمال ہونے والا خام تیل ۱۰۰ فیصد مقامی پیداوار سے حاصل ہوتا ہے جو ملک کے شمالی حصہ میں پھیلے ہوئے آئل فیلڈز کی پیداوار کے استعمال کا ذریعہ بنتا ہے۔ اس کے علاوہ یہ پاکستان کے شمالی علاقہ کے سول و دفاعی شعبوں کو پیٹرولیم مصنوعات کی فراہمی کا بنیادی ذریعہ بھی ہے۔ یہ خام تیل اور پیٹرولیم مصنوعات کی بڑے پیمانے پر نقل و حمل کے ذرائع کی تعیناتی میں بھی اہم کردار ادا کرتی ہے۔

## ۱۰۔ انسانی وسائل کی ترقی:

کمپنی انسانی وسائل کو اس کا سب سے قیمتی اثاثہ اور ریڈھ کی ہڈی کی مانند تصور کرتی ہے۔ انکم ریفاٹری لمیٹڈ میں ہم قابلیت پر مبنی متوازن کام کے ماحول کو برقرار رکھنے کیلئے پرعزم ہیں جو ملازمین کو ان کی مکمل صلاحیتوں کے استعمال کرنے کے قابل بناتے ہیں۔ کمپنی اپنے اہداف حاصل کرنے کے لئے ایک تیار افرادی قوت کو فروغ دینے کے لئے ان کی خود اعتمادی کو یقینی بناتے ہوئے فلاح و بہبود پر بھی مناسب زور دیتی ہے۔ کمپنی منصفانہ اور مناسب معاوضوں پر مساوی مواقع کی پالیسی کے ذریعے بہترین اہل پیشہ ور افراد کی خدمات حاصل کرتی ہے، کمپنی ملازمین کو اپنے علم اور مہارت کو مزید بڑھانے کیلئے تربیت فراہم کرتی ہے تاکہ ان کی کارکردگی بہتر ہو سکے۔ کمپنی نے ملازمین کو اپنے کیریئر میں آگے بڑھنے کیلئے منصوبہ بندی اور سازگار حالات میں کام جاری رکھنے کیلئے ایک تشکیل شدہ پالیسی اختیار کی ہے۔ کمپنی مزدور انتظامیہ کے اختلافات کو حل کرنے کیلئے تمام کوششیں بروئے کار لاتی ہے تاکہ کمپنی میں صنعتی امن و ہم آہنگی برقرار رہے۔

## ۱۰.۱۔ ملازمین کی ترقی اور تربیت:

ملازمین کی ترقی و تربیت کمپنی کے اس مقصد کو اجاگر کرتی ہے کہ ایک ایسی افرادی قوت تیار کی جائے جو ادارے کی ثقافت اور ماحول کو سمجھتے ہوں اور میعار اور اقدار پر عمل پیرا ہوں۔ ایسا ہمہ گیر تربیتی پروگرام ترتیب دیا گیا ہے جو فرائض کی ادائیگی کے لئے بہترین تربیت فراہم کرتا ہے۔ ملازمین کی تربیت کیلئے اعلیٰ درجے کا آپریٹر ٹریننگ سیمولیٹر (Operator Training Simulator) کا استعمال بھی شامل ہے۔



## ۷۔ اہم خطرات اور غیر یقینی عوامل:

قیمتوں کے حالیہ تعین کے فارمولے کے تحت کمپنی پٹرولیم مصنوعات، خام تیل کی بین الاقوامی قیمتوں کے منفی اتار چڑھاؤ کی مد میں نقصان کے خطرے سے دوچار ہے۔ تاہم پیٹرولیم مصنوعات کی پندرہ دنوں کی بنیاد پر قیمتوں کے تعین اور پیٹرول اور ہائی اسپید ڈیزل کی قیمتوں پر اصل زرمبادلہ کی شرح کے اطلاق کی وجہ سے کچھ حد تک اس خطرے کی تلافی ہو گئی ہے۔ کمپنی کو فرانس آئل کی کھپت میں کمی جیسے خطرات کا بھی سامنا ہے۔ کمپنی نے حکومت کو اس مسئلہ کے حل کیلئے تجاویز دی ہیں کمپنی اس کے علاوہ حکومت کی جانب سے ایسی ریفاٹنگ پالیسی جو تمام متعلقہ اداروں کے مفاد کا خیال رکھ سکے، کو حتمی منظوری کیلئے بہت زیادہ پُر امید ہے۔ کمپنی کے کاروبار سے منسلک مالیاتی خطرات اور ان خطرات پر قابو پانے سے متعلق تفصیلات کو اکاؤنٹس کے نوٹ ۳۹.۳ میں تفصیل سے بیان کیا گیا ہے۔

## ۸۔ مستقبل کا منظر نامہ ریفاٹری کی وسعت اور تجدید کے منصوبے:

ریفاٹری کو سب سے اہم چیلنج پیٹرولیم مصنوعات کی تصریحات میں مزید بہتری اور یورو - ۵ (Euro-V) کے حصول کیلئے لگائے جانے والے منصوبے کیلئے درکار سرمایہ کاری کو ممکن بنانا ہے۔

تجدیدی منصوبہ کی تکمیل کیلئے پی ایم جی پُول اوکٹین (PMG Pool Octane) کی تصریحات کو مزید بہتر بنانے کے لئے اضافی اوکٹین (Octane) بڑھانے اور نیفٹھا ایکسپورٹ (Naphtha Export) کو ختم کرنے کے لیے کاتھینوس کیٹیلٹک ریفامر (Continuous Catalytic Reformer) (CCR) لگانے کا ارادہ رکھتی ہے۔ پلیٹ فارمنگ یونٹ کے لئے لائسنس فرنٹ انڈ انجینئرنگ ڈیزائن (FEED) (Front End Engineering Design) / بیک انجینئرنگ ڈیزائن پیکیج (BEDP) (Basic Engineering Design Package) کا کام میسرز ہنی ویل یو او پی، یو ایس اے (M/s Honeywell UOP, USA) نے مکمل کر دیا ہے اس منصوبے کا مقصد PMG کی پیداوار کو بڑھانا اور مستقبل کی یورو - ۵ کی تصریحات پر پورا اترنا ہے۔

یورو-۵ تصریحات (۱۰ پی پی ایم سلفر میکس) کی اضافی پیداوار کیلئے انک ریفاٹری کے ڈی ایچ ڈی ایس (DHDS) یونٹ کی تجدید کیلئے یونٹ کے لائسنسز نے تکنیکی مطالعہ مکمل کر لیا ہے۔ اس مطالعہ کے نتیجے میں یہ تجویز دی گئی ہے کہ مطلوبہ مقصد کے حصول کیلئے یونٹ کی تجدید لازمی ہے۔ لائسنس فرنٹ اینڈ انجینئرنگ (FEED) کیلئے منصوبہ بندی کی جا رہی ہے۔

مستقبل میں فرانس فیول آئل کی طلب میں کمی کے مسئلے کے حل کیلئے اور حکومت کی ہدایت کے مطابق تمام ریفاٹریز اب باٹم آف بیرل (BOB) (Bottom of Barrel) کے مشترکہ تجدیدی منصوبے پر کام کر رہی ہیں۔ ریفاٹریز کے مشترکہ بی او بی (BOB) تجدیدی منصوبہ کے لئے تکنیکی مطالعہ پر بین الاقوامی مشیر کام کر رہے ہیں۔

اے آر ایل کا منصوبہ ہے کہ ایک اعلیٰ قسم کی ڈیپ کنورین (Deep Conversion) گرین فیلڈ ریفاٹری کی تنصیب کی جائے جس کی گنجائش ۵۰,۰۰۰ بیرل یومیہ ہو۔ تاہم اس کا انحصار شمال سے خام تیل کی مسلسل فراہمی اور حکومت کی معاونت پر ہے۔

مندرجہ بالا تمام منصوبوں کا انحصار مقامی خام تیل کی پائیدار دستیابی، خام تیل کے مناسب معیار، پٹرولیم مصنوعات کی طلب و رسد کی صورت حال، ملک میں موجودہ / مستقبل کی مصنوعات کی تصریحات کی دستیابی اور حکومت کی پالیسیوں پر ہے۔ وزارت توانائی (پیٹرولیم ڈویژن) اور مقامی ریفاٹریز نے موجودہ ریفاٹریز کے استحکام اور تجدید کے ساتھ ساتھ ریفاٹنگ سیکٹر میں سرمایہ کاری کو راغب کرنے

زیر جائزہ سال کے دوران ریفاٹری کی پیداوار ۱.۸۶۸ ملین ٹن رہی (۳۰ جون ۲۰۲۰: ۱.۶۸۸ ملین ٹن)۔ ٹنک کے شمالی علاقے سے نکالے جانے والے تمام خام تیل کا بڑا حصہ، اس ریفاٹری پر صاف کیا گیا ہے۔

مجموعی طور پر ۱.۸۵۳ ملین ٹن خام تیل (۳۰ جون ۲۰۲۰: ۱.۶۹۸ ملین ٹن) مختلف کنوؤں سے حاصل کر کے مختلف یونٹس پر نتھارا اور صاف کیا گیا۔

خام تیل کو نتھارنے والے تمام یونٹس بالکل درست حالت میں کام کر رہے ہیں۔ کمپنی نے اس سال ۱.۷۹۵ ملین ٹن (۳۰ جون ۲۰۲۰: ۱.۵۶۸ ملین ٹن) مختلف پٹرولیم مصنوعات فراہم کیں جو سب کی سب طے کردہ معیارات کی تصریحات کے عین مطابق تھیں۔

کاروباری عمل کی ری انجینئرنگ، تحقیق اور ترقی کے سلسلے میں تفصیلات سالانہ رپورٹ کے ایک علیحدہ حصے میں دی گئی ہیں۔

#### ۴۔ کمپنی کے کاروبار کے ماحول پر اثرات:

کمپنی صحت مند ماحول کو برقرار رکھنے کی ذمہ داری سے مکمل طور پر آگاہ ہے۔ صحت مند ماحول کے استحکام کو یقینی بنانے کیلئے تمام کوششیں بروئے کار لائی جاتی ہیں۔ کمپنی نے توانائی کے انتظام، پانی کے تحفظ، حیاتیاتی تنوع اور وسائل کی استعداد کے تحفظ کے لیے کئی ضابطے / طریقے کار لاگو کیے ہیں تاکہ ماحول پر مرتب ہونے والے منفی اثرات پر قابو پانے اور کم کرنے کے حتمی مقصد کو حاصل کیا جاسکے۔ یہ تمام اقدامات ماحول کی آلودگی پر قابو پانے اور اثرات کم کرنے کے سلسلہ میں کمپنی کی پائیدار بنیادوں پر مضبوط عزم کا اعادہ کرتے ہیں۔ توانائی کے انتظام کے معیار ISO-۵۰۰۰۱ پر عمل درآمد، پانی کی صفائی کے پلانٹ کا استعمال اور پانی کے تحفظ کے اقدامات جیسے پانی کے قطروں سے آبپاشی، گندے پانی کو دوبارہ قابل استعمال بنانا وغیرہ سے ماحول کے تحفظ کے لیے ہمارے مسلسل عزم کا اظہار ہوتا ہے۔ اس ضمن میں کمپنی کی کوششوں کے اعتراف میں متعلقہ فورمز پر معتبر ایوارڈ دیے گئے ہیں۔

#### ۵۔ قیمتوں کے تعین کا طریقہ:

کمپنی کی پٹرولیم مصنوعات کی قیمتوں کا تعین ”درآمدی قیمت سے برابری کا فارمولہ“ (Import Parity Pricing Formula) اور حکومت کی طرف سے اس میں کی گئی وقتاً فوقتاً ترامیم کی بنیاد پر کیا جاتا ہے۔ اس فارمولے کے تحت خام تیل کی قیمت کا تعین پندرہ دن کی بنیاد پر درآمدی قیمت کی بنیاد پر کیا جاتا ہے۔ تیار کردہ مصنوعات کی قیمت درآمدی قیمت کے مقررہ ضابطوں کے تحت مقرر کی جاتی ہیں۔ حکومت کی دیگر ہدایات کے ساتھ ساتھ کمپنی یکم جولائی ۲۰۰۲ تک کے سرمایہ حصص سے ۵۰ فیصد سے زیادہ منافع کو ریفاٹری کے توسیع و جدت کے لیے ”پیش ریزور اکاؤنٹ“ میں منتقل کرے گی۔

ریفاٹریز نے دیگر مراعات کے ساتھ قیمتوں کے تعین کے فارمولے میں کچھ اصلاحات طلب کی ہیں جن کی منظوری ریفاٹنگ پالیسی کے اعلان کے ساتھ ہوگی۔

#### ۶۔ سرمایہ حصص (Share Capital):

کمپنی کے ۳۰ جون ۲۰۲۱ تک جاری کردہ، وصول کردہ اور ادا شدہ سرمایہ کا حصہ ۱,۰۶۶.۱۶۳ ملین روپے تھا۔ قیمتوں کے تعین کے فارمولے کے مطابق ریفاٹری آپریشنز سے زیادہ سے زیادہ دستیاب منافع کی رقم یکم جولائی ۲۰۰۲ تک ادا شدہ سرمایہ ۶.۶۹۱ ملین روپے کے ۵۰ فیصد کے مساوی رقم سے زیادہ تقسیم نہیں ہو سکتی۔



## الملک ریفرنسری لمیٹڈ

### ڈائریکٹرز کی رپورٹ

ہم بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی ۴۳ ویں سالانہ رپورٹ جو ۳۰ جون ۲۰۲۱ کو اختتام پذیر ہونے والے مالی سال کے لیے آڈٹ شدہ مالیاتی گوشواروں اور آڈیٹرز رپورٹ پر مشتمل ہے پیش کر رہے ہیں۔

#### ۱۔ مالیاتی نتائج:

مالی سال ۲۰۲۱-۲۰۲۰ کے دوران کمپنی کو ریفرنسری سرگرمیوں سے ۲,۲۶۵ ملین روپے کا نقصان ہوا (۳۰ جون ۲۰۲۰: ۳,۳۷۹ ملین روپے کا نقصان)۔ جبکہ غیر ریفرنسری ذرائع سے ہونے والی آمدن ۱۲۰ ملین روپے رہی (۳۰ جون ۲۰۲۰: ۵۵۴ ملین روپے)۔ نتیجتاً موجودہ سال کیلئے خالص نقصان ۲,۱۴۵ ملین روپے رہا (۳۰ جون ۲۰۲۰: ۲,۸۲۵ ملین روپے کا نقصان)۔ نتیجتاً فی حصص نقصان ۲۰.۱۲ روپے رہا۔ (۳۰ جون ۲۰۲۰: ۲۶.۵۰ روپے فی حصص نقصان)۔

مقامی ریفرنسنگ سیکٹر پچھلے کئی سالوں سے شدید مشکلات کا سامنا کر رہا ہے۔ حالیہ چیلنج کو یڈ-۱۹ کے وبائی مرض سے پیدا ہونے والی صورت حال ہے جس کے نتیجے میں عالمی منڈی میں پیٹرو لیوم مصنوعات کی طلب میں کمی ہوئی۔ خام تیل اور پیٹرو لیوم مصنوعات کی قیمتوں کے فرق میں بھی کمی ہوئی۔ تاہم سود کی شرح میں تخفیف، نسبتاً مستحکم زر مبادلہ کی شرح اور ملک میں پیٹرو لیوم مصنوعات کی قیمتوں کے ۱۵ دنوں کی بنیاد پر تعین کی وجہ سے کمپنی کے مالیاتی نقصان میں کچھ کمی ہوئی۔

غیر متوقع مشکلات کا مقابلہ کرنے کے لئے اور خسارے کو کم کرنے کے لئے کمپنی انتظامیہ نے مربوط منصوبہ بندی کی اور مصنوعات کی طے شدہ مقدار کی فراہمی کو یقینی بنانے کے ساتھ ساتھ خام تیل میا کرنے والے اداروں کو ادائیگی اور سرکاری ٹیکسز کی ادائیگی جاری رکھی۔

سال کے دوران کمپنی کا یکجا منافع ٹیکس ادا کرنے کے بعد ۱,۰۶۸ ملین روپے رہا (۳۰ جون ۲۰۲۰: ۴,۶۸۵ ملین روپے کا نقصان) یعنی کہ یکجا فی حصص منافع ۱۰.۰۱ روپے رہا (۳۰ جون ۲۰۲۰: مجموعی فی حصص نقصان ۳۳.۹۵ روپے)۔

#### ۲۔ اختصاص اور منافع کا تصرف:

دوران سال کمپنی کو خسارہ ہونے کی وجہ سے بورڈ آف ڈائریکٹرز نے فیصلہ کیا ہے کہ حالیہ سال کیلئے نقد منافع یا بونس شیئرز کیلئے سفارش نہ کی جائے (۳۰ جون ۲۰۲۰: صفر)۔ اس لئے کسی اختصاص کی سفارش بھی نہیں کی گئی۔

#### ۳۔ اہم سرگرمیاں، ترقی و کارکردگی:

سال کے دوران کمپنی انتظامیہ نے ریفرنسری اپنی استعداد کے تقریباً ۷۷٪ استعمال پر چلانے کا فیصلہ کیا (۳۰ جون ۲۰۲۰: ۶۹٪)۔ یہ فیصلہ ریفرنسری معاشیات پر کام کرنے کے نتیجے میں کیا گیا تاکہ ریفرنسری کو مناسب استعداد پر چلایا جائے اور خسارے کو کم سے کم کرنے کے ساتھ ساتھ کمپنی اپنی پیٹرو لیوم مصنوعات کی طے شدہ فراہمی جاری رکھ سکے۔ بشمول مختلف عوامل خام تیل کی مصنوعات کی وصولی، مصنوعات کی پیداواری شرح، پیٹرو لیوم مصنوعات کی فراہمی، پراسیسنگ یونٹس کی حفاظت، کاروباری اخراجات اور پیٹرو لیوم مصنوعات کی قیمتوں کے تعین کے ساتھ ساتھ ریفرنسری کو سب سے بہتر استعداد پر چلانے کیلئے منصوبہ بندی کی گئی۔

# Financial Statistical Summary

## Attock Refinery Limited

Rupees in million

|  | 2021        | 2020        | 2019        | 2018       | 2017       | 2016       |        |
|--|-------------|-------------|-------------|------------|------------|------------|--------|
| TRADING RESULTS  |             |             |             |            |            |            |        |
| Sales (Net of Govt. Levies)                                | 127,752.27  | 119,819.44  | 176,754.54  | 129,588.62 | 101,386.94 | 66,564.92  |        |
| Reimbursement from/ (to) Government                        | (21.86)     | -           | -           | 7.95       | 24.85      | -          |        |
| Turnover   | 127,730.41  | 119,819.44  | 176,754.54  | 129,596.57 | 101,411.79 | 66,564.92  |        |
| Cost of Sales  | 130,298.90  | 124,999.91  | 180,815.67  | 130,675.23 | 97,078.92  | 67,466.75  |        |
| Gross profit/ (loss)                                       | (2,568.49)  | (5,180.47)  | (4,061.13)  | (1,078.66) | 4,332.87   | (901.83)   |        |
| Administration and Distribution cost                       | 819.20      | 857.01      | 740.48      | 695.28     | 644.07     | 571.08     |        |
| Other Income   | 1,481.36    | 2,780.70    | 2,779.99    | 1,977.48   | 1,434.22   | 927.38     |        |
| Non-Refinery Income  | 120.30      | 554.48      | 1,155.87    | 1,591.54   | 1,714.33   | 1,519.74   |        |
| Operating (loss)/profit                                    | (1,786.03)  | (2,702.30)  | (865.76)    | 1,795.08   | 6,837.35   | 974.21     |        |
| Financial and other charges                                | 450.59      | 1,424.18    | 6,770.21    | 2,819.03   | 1,465.80   | 162.68     |        |
| Profit/(loss) before tax                                   | (2,236.62)  | (4,126.48)  | (7,635.97)  | (1,023.95) | 5,371.55   | 811.53     |        |
| Taxation   | (91.56)     | (1,301.55)  | (2,250.73)  | (1,602.93) | (42.11)    | (4.82)     |        |
| Profit/(loss) after tax                                    | (2,145.06)  | (2,824.93)  | (5,385.24)  | 578.98     | 5,413.66   | 816.35     |        |
| Dividend   | -           | -           | -           | -          | (511.76)   | (426.47)   |        |
| Bonus shares   | -           | -           | -           | 213.23     | -          | -          |        |
| Transfer from/ (to) special reserves                       | -           | -           | 1,033.26    | 1,012.56   | (3,553.53) | -          |        |
| STATEMENT OF FINANCIAL POSITION SUMMARY                    |             |             |             |            |            |            |        |
| Paid-up Capital  | 1,066.16    | 1,066.16    | 1,066.16    | 852.93     | 852.93     | 852.93     |        |
| Reserves   | 37,633.70   | 37,029.28   | 22,193.29   | 28,767.54  | 30,227.19  | 24,399.35  |        |
| Unappropriated Profit brought forward                      | 3,011.80    | 5,807.65    | 10,398.64   | 9,697.79   | 8,300.70   | 7,937.28   |        |
| Shareholder' funds   | 41,711.66   | 43,903.09   | 33,658.09   | 39,318.26  | 39,380.82  | 33,189.56  |        |
| Financing facilities (Long term including current portion) | 10,692.79   | 7,614.19    | 10,181.42   | 14,842.92  | 19,872.17  | 15,163.68  |        |
| Property, plant & equipment (less depreciation)            | 40,105.69   | 42,542.75   | 31,145.02   | 33,239.76  | 35,356.80  | 34,965.03  |        |
| Net current assets   | (13,855.61) | (10,928.35) | (7,321.81)  | 4,110.24   | 7,902.64   | (1,102.24) |        |
| CASH FLOW SUMMARY  |             |             |             |            |            |            |        |
| Cash flows from operating activities                       | 1,558.66    | (6,137.05)  | 2,304.92    | 7,353.16   | 7,156.81   | (2,727.70) |        |
| Cash flows from investing activities                       | 381.78      | 1,562.26    | 2,596.49    | 2,491.91   | 1,963.22   | (172.69)   |        |
| Cash flows from financing activities                       | (1,017.00)  | (3,890.26)  | (11,275.19) | (8,542.68) | 2,826.74   | 1,887.58   |        |
| Increase / (Decrease) in cash and cash equivalents         | 923.43      | (8,465.05)  | (6,373.77)  | 1,302.39   | 11,946.77  | (1,012.81) |        |
| PROFITABILITY RATIOS                                       |             |             |             |            |            |            |        |
| Gross profit ratio   | %           | (2.01)      | (4.32)      | (2.30)     | (0.83)     | 4.27       | (1.35) |
| Net profit to sales  | %           | (1.68)      | (2.36)      | (3.05)     | 0.45       | 5.34       | 1.23   |
| EBITDA margin to sales                                     | %           | 1.10        | (0.46)      | (1.70)     | 2.55       | 8.78       | 1.71   |
| Operating leverage ratio                                   | Time        | (8.28)      | 1.35        | (23.87)    | (3.21)     | 11.32      | 1.26   |
| Return on equity   | %           | (5.14)      | (6.43)      | (16.00)    | 1.47       | 13.75      | 2.46   |
| Return on capital employed                                 | %           | (4.13)      | (5.92)      | (10.99)    | 1.02       | 10.06      | 1.76   |
| LIQUIDITY RATIO  |             |             |             |            |            |            |        |
| Current ratio  | Time        | 0.75        | 0.76        | 0.88       | 1.08       | 1.23       | 0.96   |
| Quick/ acid test ratio                                     | Time        | 0.52        | 0.51        | 0.66       | 0.82       | 1.00       | 0.65   |
| Cash to current liabilities                                | Time        | 0.22        | 0.18        | 0.27       | 0.45       | 0.63       | 0.35   |
| Cash flows from operation to sales                         | Time        | 0.01        | (0.05)      | 0.01       | 0.06       | 0.07       | (0.04) |
| ACTIVITY/TURNOVER RATIO                                    |             |             |             |            |            |            |        |
| Inventory turnover ratio                                   | Time        | 15.75       | 14.55       | 18.26      | 16.86      | 15.63      | 10.16  |
| No. of days in inventory                                   | Days        | 23          | 25          | 20         | 22         | 23         | 36     |
| Debtor turnover ratio                                      | Time        | 14.11       | 9.56        | 11.25      | 12.05      | 14.16      | 8.41   |
| No. of days in receivables                                 | Days        | 26          | 38          | 32         | 30         | 26         | 44     |
| Creditor turnover ratio                                    | Time        | 4.66        | 3.93        | 5.55       | 5.75       | 5.88       | 3.64   |
| No. of days in payables                                    | Days        | 78          | 93          | 66         | 63         | 62         | 101    |
| Total assets turnover ratio                                | Time        | 1.24        | 1.22        | 1.70       | 1.35       | 1.11       | 0.88   |
| Fixed assets turnover ratio                                | Time        | 3.18        | 2.82        | 5.68       | 3.78       | 2.87       | 1.90   |
| Operating cycle  | Days        | (29)        | (30)        | (14)       | (11)       | (13)       | (21)   |



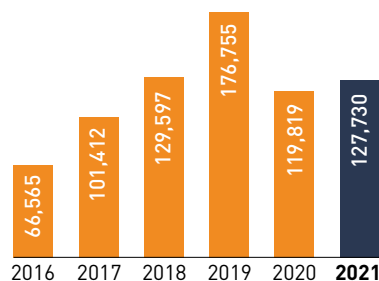
|  |      | Rupees in million |         |         |         |         |         |
|--|------|-------------------|---------|---------|---------|---------|---------|
|  |      | 2021              | 2020    | 2019    | 2018    | 2017    | 2016    |
| <b>INVESTMENT/ MARKET RATIO</b>                                |      |                   |         |         |         |         |         |
| Earnings/(loss) per share (EPS)                                | Rs   | (20.12)           | (26.50) | (50.51) | 5.43    | 63.47   | 9.57    |
| (on shares outstanding at 30 June)                             |      |                   |         |         |         |         |         |
| Dividend *   | %    | -                 | -       | -       | -       | 60      | 50      |
| Cash dividend per share  | Rs   | -                 | -       | -       | -       | 6.00    | 5.00    |
| Bonus share issue  | %    | -                 | -       | -       | 25      | -       | -       |
| Bonus share issue  | Rs   | -                 | -       | -       | 213.23  | -       | -       |
| Price earning ratio  | Time | (12.75)           | (3.37)  | (1.53)  | 31.71   | 6.03    | 29.27   |
| Price to book ratio  | Time | 0.26              | 0.10    | 0.08    | 0.18    | 0.36    | 0.32    |
| Dividend yield ratio   | %    | -                 | -       | -       | -       | 1.57    | 1.78    |
| Dividend cover ratio   | Time | -                 | -       | -       | -       | 10.58   | 1.91    |
| Dividend payout ratio  | %    | -                 | -       | -       | -       | 9.45    | 52.25   |
| Break-Up Value (Rs per share) without surplus                  |      |                   |         |         |         |         |         |
| on revaluation of freehold land                                | Rs   | 155.87            | 176.42  | 202.65  | 319.67  | 320.40  | 262.36  |
| Break-Up Value (Rs per share) with surplus                     |      |                   |         |         |         |         |         |
| on revaluation of freehold land                                | Rs   | 391.23            | 411.79  | 315.69  | 460.98  | 461.71  | 389.12  |
| Break-Up Value (Rs per share) with investment in related party |      |                   |         |         |         |         |         |
|  | Rs   | 391.23            | 411.79  | 315.69  | 460.98  | 461.71  | 389.12  |
| Highest market value per share during the year                 | Rs   | 287.37            | 137.01  | 235.52  | 430.88  | 508.16  | 288.77  |
| Lowest market value per share during the year                  | Rs   | 88.44             | 59.32   | 74.17   | 187.05  | 294.14  | 188.67  |
| Market value per share at 30th June,                           | Rs   | 256.45            | 89.32   | 77.27   | 215.31  | 382.58  | 280.14  |
| <b>CAPITAL STRUCTURE RATIOS</b>                                |      |                   |         |         |         |         |         |
| Financial leverage ratio                                       | Time | 0.26              | 0.17    | 0.30    | 0.38    | 0.50    | 0.46    |
| Debt to equity ratio   | %    | 20 : 80           | 15 : 85 | 23 : 77 | 27 : 73 | 34 : 66 | 31 : 69 |
| Weighted average cost of debt                                  | %    | 6.87              | 10.31   | 7.07    | 5.54    | 5.41    | 6.77    |
| Interest cover ratio   | Time | (1.82)            | (3.48)  | (2.97)  | 0.48    | 5.42    | -       |



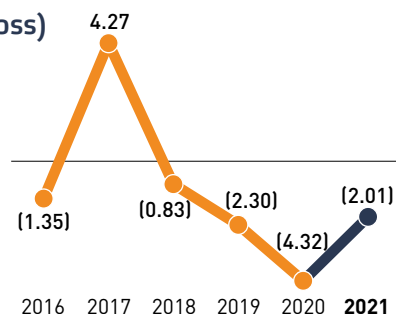
# Financial Highlights

## Attock Refinery Limited

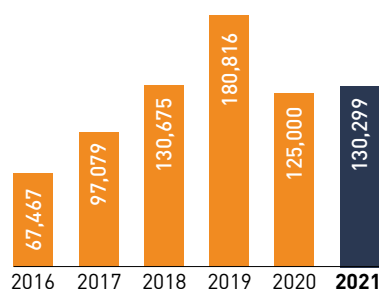
### Net Sales (Rs in million)



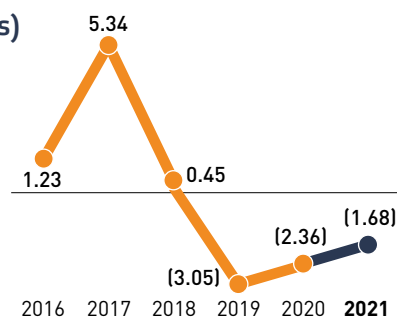
### Gross Profit/(loss) Margin (In Percentage)



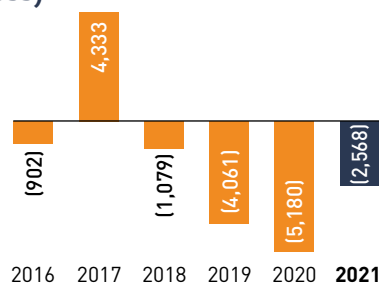
### Cost of Sales (Rs in million)



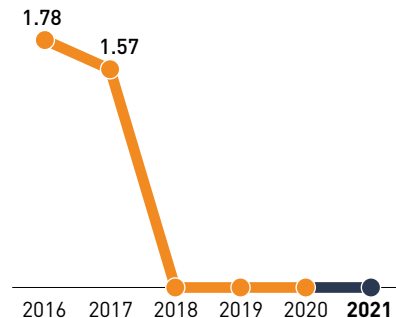
### Net Profit/(loss) Margin (In Percentage)



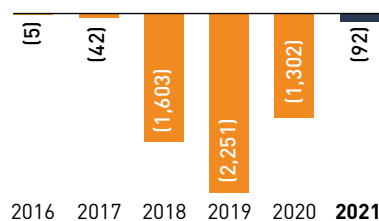
### Gross Profit/(Loss) (Rs in million)



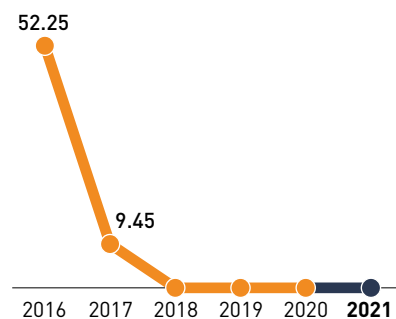
### Cash Dividend Yield (In Percentage)



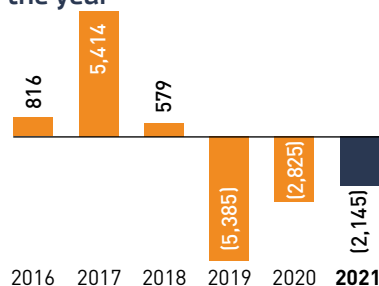
### Provision for Taxation (Rs in million)



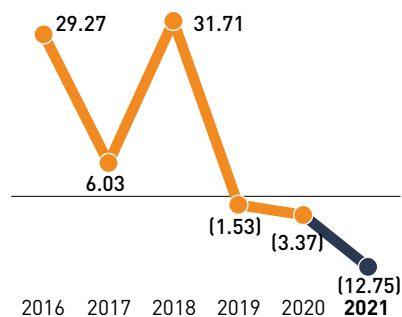
### Cash Dividend Payout (In Percentage)



### Profit/(loss) for the year (Rs in million)

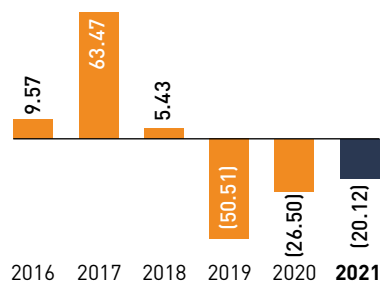


### Price Earnings Ratio (In Percentage)

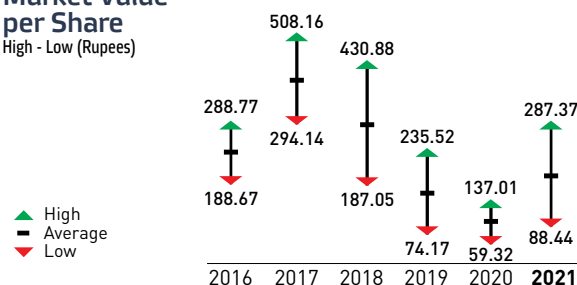




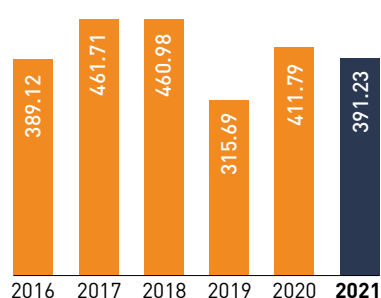
### Earnings/(loss) Per Share (Rupees)



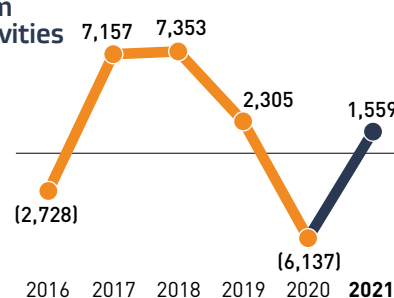
### Market Value per Share High - Low (Rupees)



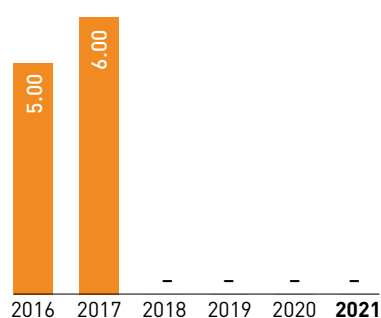
### Break-Up Value (Rs per share)



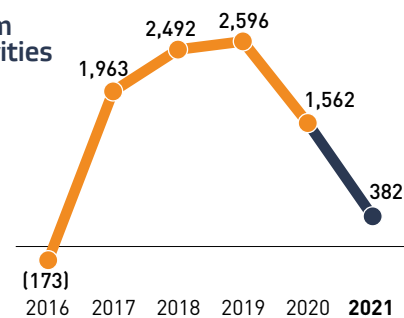
### Cash Flow from Operating Activities (Rs in million)



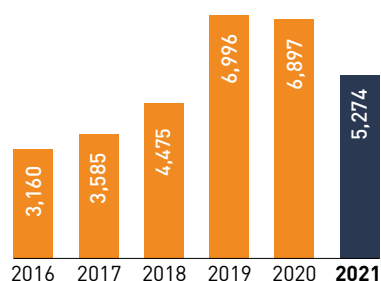
### Cash Dividend per Share (Rupees)



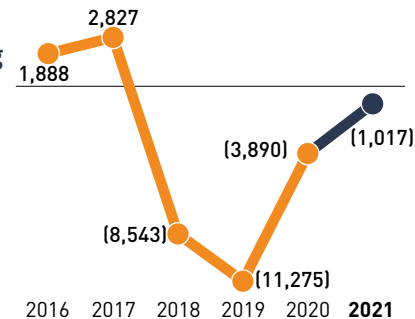
### Cash Flow from Investing Activities (Rs in million)



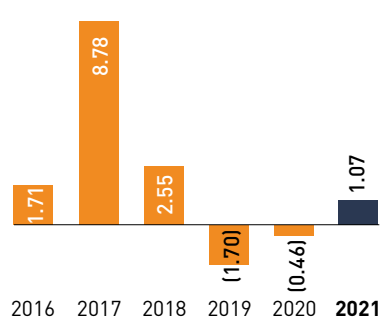
### Number of Shareholders (Numbers)



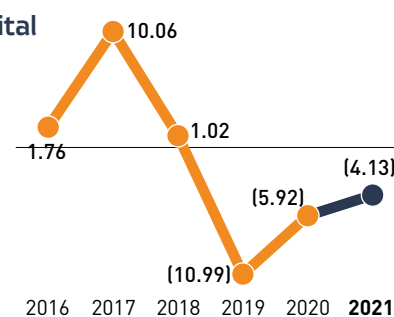
### Cash Flow from Financing Activities (Rs in million)



### EBITDA - Margin to Sales (In Percentage)



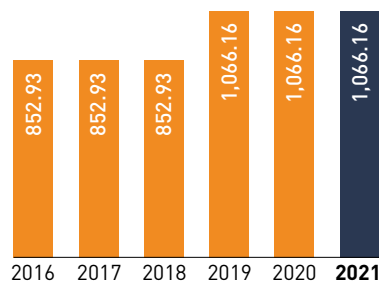
### Return on Capital Employed (In Percentage)



## Financial Highlights - Attock Refinery Limited

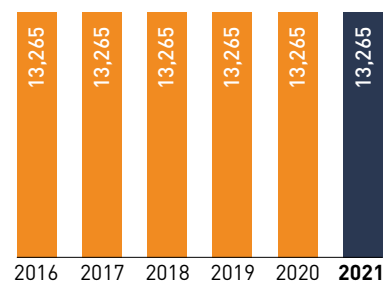
### Paid up Capital

(Rs in million)



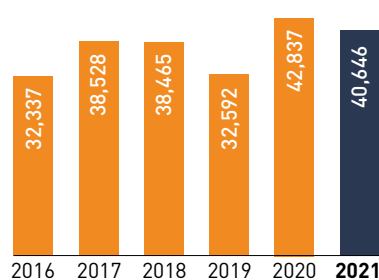
### Long Term Investments

(Rs in million)



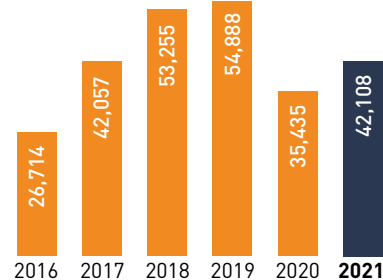
### Reserves

(Rs in million)



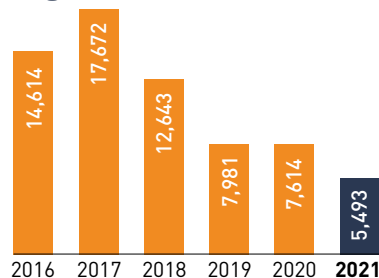
### Current Assets

(Rs in million)



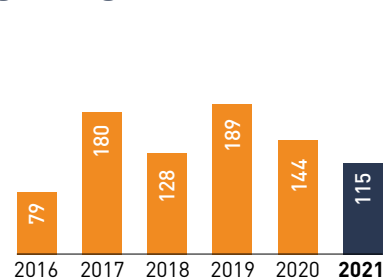
### Long Term Financing

(Rs in million)



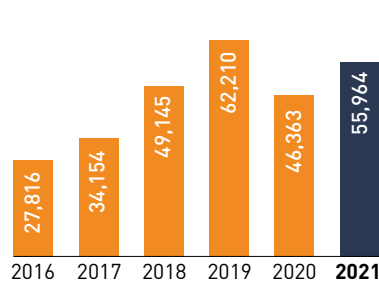
### Foreign Exchange Saving

(US\$ in million)



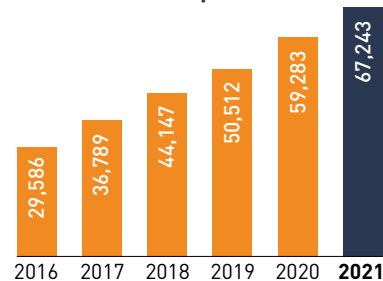
### Current Liabilities

(Rs in million)



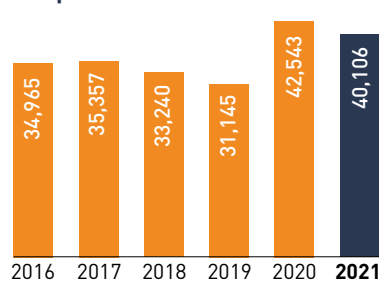
### Contribution to National Exchequer

(Rs in million)



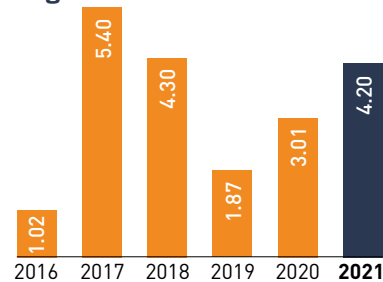
### Fixed Assets less Depreciation

(Rs in million)



### Gross Refinery Margin

(US\$ per Barrel)





# Share Price Sensitivity Analysis

The Share of Attock Refinery Limited has been historically viewed as a safe and stable investment. During the financial year 2020-21, improvement in macro-economic indicators and reduction in Company's losses had a positive impact on the price of the Company's shares.

The Share price varied from a minimum of Rs 88.44 per share to a maximum of Rs 287.37 per share during the year.

The Company's impetus towards sustained growth along with signs of stability in the economy, may lead to further stability in share price. However, this can be affected by the following factors:

## Government Policies

Government Policies impact the whole business arena adversely or otherwise. Any positive or negative decision by the Government would impact the Company's financial performance.

## Pak Rupee Devaluation

The company is exposed to the risk of increase in its costs due to devaluation of Pak Rupee versus US Dollar.

## Inventory Gains/Losses

Ideally, the downstream industries and especially the Refineries should not be affected by the variation in oil

prices, as their profits are dependent upon the Refining Margins. However, the variation in oil prices affects the prices of inventories and hence affects the profitability of the Company. Downward trend leads to inventory losses while an increasing trend positively impacts the profitability.

## Sales Volume

Operating in an industry where prices are linked with global markets and are determined by Regulator, the sales volumes of the Company are highly dependent on underlying profit margins which ultimately also affects the share price. Increase in global economic activity will lead to better prices and sales volumes.

# Analysis of Financial Statements

## Attock Refinery Limited

### ANALYSIS OF FINANCIAL POSITION

#### Share capital and Reserve:

Shareholders equity witnessed a downward trend as the Company suffered loss during the current year mainly due to lower margins between crude oil and products prices.

#### Long term financing:

Decline in the long term financing was mainly due to transfer of current portion of long term financing to current liabilities after the completion of one year of deferment in repayment of the principal amount.

#### Current liabilities:

Trade and other payables have increased due to increase in the international price of crude oil. Further during the year, the Company obtained a short term financing of Rs 3,000 million for its working capital requirements. Moreover, current portion of long term financing was transferred to current liabilities after the completion of one year deferment in repayment of the principal amount of long term financing.

#### Property, plant and equipment:

Property, plant and equipment have witnessed a downward trend due to decrease in operating assets as a result of depreciation charge for the year.

#### Current assets:

Current assets have increased by 19% from Rs 35,435 million to Rs 42,108 million during the current financial year, mainly due to increase in stock in trade and trade debtors as a result of increase in prices of crude oil and products at the year end.

### ANALYSIS OF PROFIT OR LOSS

#### Revenue:

During the current year, net sales revenue has increased by 7% from Rs 119,819 million to Rs 127,730 million. This increase is mainly on account of surge in sales volume due to slightly enhanced capacity utilization.

#### Cost of Sales:

During the period under review, cost of sales increased by 4% from Rs 125,000 million to Rs 130,299 million. This was mainly due to increase in consumption of crude oil due to slightly enhanced capacity utilization.

#### Other Income:

Decrease in other income was mainly on account of decrease in profit rates on bank deposits.

#### Finance cost:

The major decrease in finance cost was on account of decrease in interest rate on long term financing.

#### Taxation:

Provision for taxation has reduced from last year mainly due to reversal of some deferred tax assets based on assessment of future taxable profits.

#### Non-refinery income:

Non-refinery income decreased from Rs 554 million to Rs 120 million due to reduction in dividend income from the associated companies during the year as compared to the last year.

### ANALYSIS OF CASH FLOWS STATEMENT

#### Operating activities:

There was a net cash inflow of Rs 1,559 million during the current year as compared to net cash outflow of Rs 6,137 million during the corresponding year. This was mainly due to increase in sales volumes and slight improvement in overall margins on account of inventory gains.

#### Investing activities:

Cash flow from investing activities has decreased due to reduction in dividend income from associated companies and interest income on bank deposits in the current year as compared to last year.

#### Financing activities:

Cash outflow from financing activities have decreased during the current year, since in the last year the Company availed the scheme offered by the Government through State Bank of Pakistan, for deferment in repayment of principal amount of its long term financing for a period of one year. Consequently, no payment was made on account of repayment of long term loan.

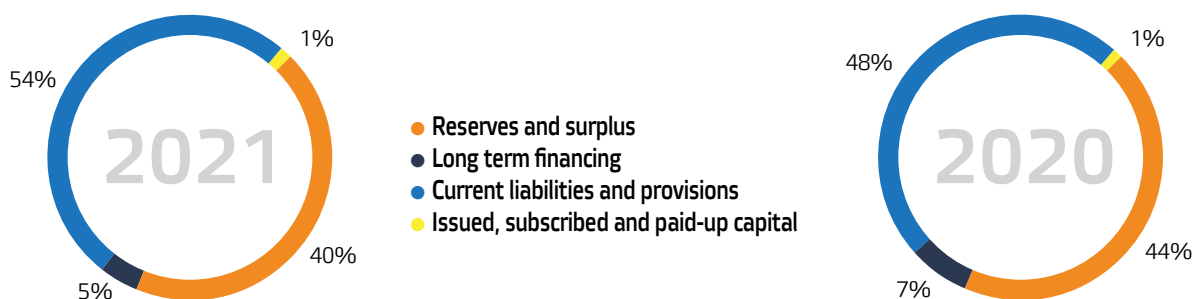
# Composition of Statement of Financial Position

## Attock Refinery Limited

### FIXED ASSETS AND CURRENT ASSETS



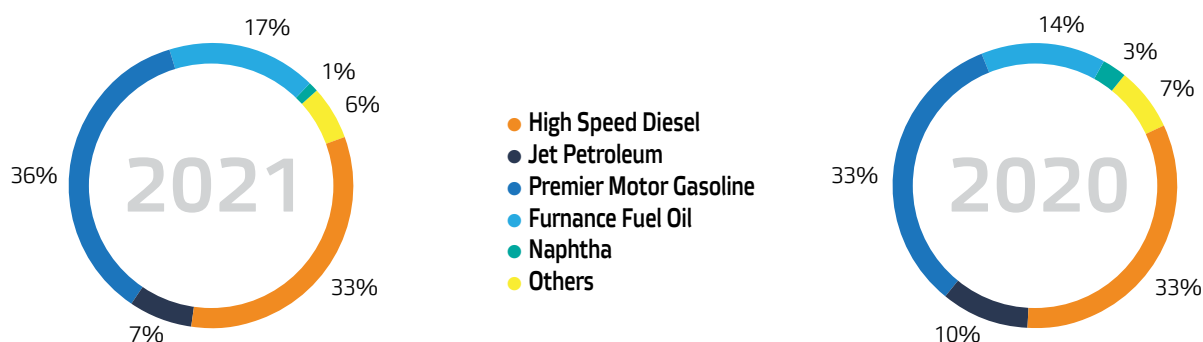
### EQUITIES AND LIABILITIES



# Segmental Review of Business Performance

## Attock Refinery Limited

ARL's financial statements have been prepared on the basis of a single reportable segment. Total sales revenue is broadly divided into following categories:

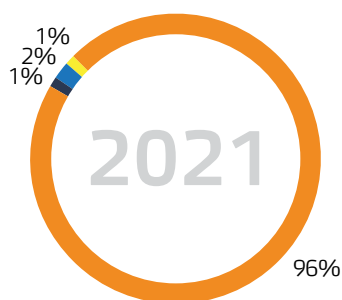




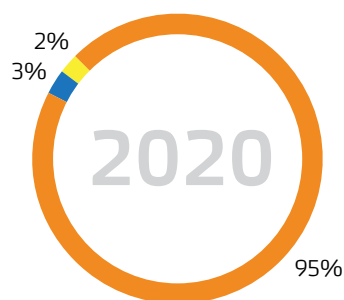
# Statement of Value Addition

## Attock Refinery Limited

|                                      | 2021          |        | 2020          |        |
|--------------------------------------|---------------|--------|---------------|--------|
|                                      | Rs '000       | %      | Rs '000       | %      |
| Gross revenue & other income         | 193,878,827   |        | 177,725,798   |        |
| Cost of sales and operating expenses | (126,369,432) |        | (121,823,461) |        |
| Total value added                    | 67,509,395    |        | 55,902,337    |        |
| <b>DISTRIBUTION</b>                  |               |        |               |        |
| Employee remuneration:               | 1,548,030     | 2.29   | 1,570,393     | 2.81   |
| Government as:                       |               |        |               |        |
| Company taxation                     | (70,329)      | (0.10) | (1,230,115)   | (2.20) |
| Sales tax, duties and levies         | 64,525,537    | 95.58  | 54,499,745    | 97.49  |
| WPPF & WWF                           | -             | -      | -             | -      |
| Shareholders as:                     |               |        |               |        |
| Dividends                            | -             | -      | -             | -      |
| Bonus Shares                         | -             | -      | -             | -      |
| Society as:                          |               |        |               |        |
| Donation                             | 540           | -      | 540           | -      |
| Providers of Finance as:             |               |        |               |        |
| Financial charges                    | 852,764       | 1.26   | 1,063,548     | 1.90   |
| Retained in Business:                |               |        |               |        |
| Depreciation                         | 2,797,909     | 4.14   | 2,823,152     | 5.05   |
| Net earnings                         | (2,145,056)   | (3.17) | (2,824,926)   | (5.05) |
|                                      | 67,509,395    | 100.00 | 55,902,337    | 100.00 |



- Government
- Retained in business
- Employee remuneration
- Provider to finance
- Shareholder
- Society



# Statement of Charity Account

## Attock Refinery Limited

|                               | 2021<br>Rs '000 |
|-------------------------------|-----------------|
| Community welfare             | 7,071           |
| Employment of Special Persons | 3,311           |
| Education and training        | 40,408          |
|                               | 50,790          |



# Vertical Analysis

|   | 2021          |          | 2020          |          |
|---|---------------|----------|---------------|----------|
|   | Rs in million | %        | Rs in million | %        |
| <b>STATEMENT OF FINANCIAL POSITION</b>                                      |               |          |               |          |
| Equity and reserves   | 41,711.66     | 40.38    | 43,903.09     | 44.80    |
| Long term financing   | 5,619.19      | 5.44     | 7,720.93      | 7.88     |
| Total current liabilities   | 55,963.72     | 54.18    | 46,363.17     | 47.32    |
|   | 103,294.57    | 100.00   | 97,987.19     | 100.00   |
| Property, plant and equipment   | 40,105.69     | 38.83    | 42,542.75     | 43.42    |
| Long term investments   | 13,264.92     | 12.84    | 13,264.92     | 13.54    |
| Non-current assets  | 7,815.85      | 7.57     | 6,744.71      | 6.88     |
| Stores, spares and loose tools  | 3,757.22      | 3.64     | 4,431.07      | 4.52     |
| Stock-in-trade  | 9,378.91      | 9.08     | 7,163.86      | 7.31     |
| Trade debts   | 13,305.41     | 12.88    | 12,728.44     | 12.99    |
| Loans, advances, deposits, prepayments<br>and other receivables             | 3,615.29      | 3.50     | 2,988.46      | 3.05     |
| Short term investment   | -             | -        | -             | -        |
| Cash and bank balances  | 12,051.28     | 11.66    | 8,122.98      | 8.29     |
|   | 103,294.57    | 100.00   | 97,987.19     | 100.00   |
| <b>STATEMENT OF PROFIT OR LOSS</b>  |               |          |               |          |
| Net Sales   | 127,730.41    | 100.00   | 119,819.44    | 100.00   |
| Cost of sales   | (130,298.90)  | (102.01) | (124,999.91)  | (104.32) |
| Gross profit/ (loss)  | (2,568.49)    | (2.01)   | (5,180.47)    | (4.32)   |
| Administration expenses   | 767.01        | 0.60     | 808.98        | 0.68     |
| Distribution cost   | 52.19         | 0.04     | 48.03         | 0.04     |
| Other charges   | 8.42          | 0.01     | 13.11         | 0.01     |
|   | (827.62)      | (0.65)   | (870.12)      | (0.73)   |
| Other income  | 1,481.36      | 1.16     | 2,780.70      | 2.32     |
| Impairment loss on financial asset  | 410.60        | 0.32     | (347.52)      | (0.29)   |
| Operating profit/ (loss)  | (1,504.15)    | (1.18)   | (3,617.41)    | (3.02)   |
| Finance cost  | (852.76)      | (0.67)   | (1,063.55)    | (0.89)   |
| Profit/ (loss) before taxation from refinery operations                     | (2,356.91)    | (1.85)   | (4,680.96)    | (3.91)   |
| Taxation  | 91.56         | 0.07     | 1,301.55      | 1.09     |
| Profit/ (loss) after taxation from refinery operations                      | (2,265.35)    | (1.78)   | (3,379.41)    | (2.82)   |
| Income from non-refinery operations less applicable<br>charges and taxation | 120.29        | 0.09     | 554.48        | 0.46     |
| Profit/(loss) for the year  | (2,145.06)    | (1.69)   | (2,824.93)    | (2.36)   |



| 2019          |          | 2018          |          | 2017          |         | 2016          |          |
|---------------|----------|---------------|----------|---------------|---------|---------------|----------|
| Rs in million | %        | Rs in million | %        | Rs in million | %       | Rs in million | %        |
| 33,658.09     | 32.41    | 39,318.26     | 38.89    | 39,380.81     | 43.17   | 33,189.56     | 43.89    |
| 7,981.42      | 7.69     | 12,642.92     | 12.50    | 17,672.17     | 19.38   | 14,613.68     | 19.33    |
| 62,210.13     | 59.90    | 49,144.86     | 48.61    | 34,153.92     | 37.45   | 27,815.95     | 36.78    |
| 103,849.64    | 100.00   | 101,106.04    | 100.00   | 91,206.90     | 100.00  | 75,619.19     | 100.00   |
| 31,145.02     | 29.99    | 33,239.76     | 32.88    | 35,356.80     | 38.77   | 34,965.03     | 46.24    |
| 13,264.92     | 12.77    | 13,264.92     | 13.12    | 13,264.92     | 14.54   | 13,264.92     | 17.54    |
| 4,551.38      | 4.38     | 1,346.26      | 1.33     | 528.63        | 0.58    | 675.54        | 0.89     |
| 3,575.96      | 3.44     | 2,905.75      | 2.87     | 2,193.27      | 2.40    | 1,815.41      | 2.40     |
| 10,018.66     | 9.65     | 9,789.00      | 9.68     | 5,712.34      | 6.26    | 6,707.64      | 8.87     |
| 22,411.91     | 21.58    | 15,748.28     | 15.58    | 10,678.54     | 11.71   | 6,889.43      | 9.11     |
| 2,298.20      | 2.21     | 1,871.72      | 1.85     | 1,842.29      | 2.02    | 1,618.02      | 2.14     |
| -             | -        | 985.84        | 0.98     | -             | -       | -             | -        |
| 16,583.59     | 15.98    | 21,954.51     | 21.71    | 21,630.11     | 23.72   | 9,683.20      | 12.81    |
| 103,849.64    | 100.00   | 101,106.04    | 100.00   | 91,206.90     | 100.00  | 75,619.19     | 100.00   |
| 176,754.54    | 100.00   | 129,596.57    | 100.00   | 101,411.79    | 100.00  | 66,564.92     | 100.00   |
| (180,815.67)  | (102.30) | (130,675.23)  | (100.83) | (97,078.92)   | (95.73) | (67,466.75)   | (101.35) |
| (4,061.13)    | (2.30)   | (1,078.66)    | (0.83)   | 4,332.87      | 4.27    | (901.83)      | (1.35)   |
| 688.46        | 0.39     | 645.12        | 0.50     | 595.02        | 0.59    | 520.54        | 0.78     |
| 52.02         | 0.03     | 50.16         | 0.04     | 49.05         | 0.05    | 50.54         | 0.08     |
| 5.85          | -        | (106.27)      | (0.08)   | 202.66        | 0.20    | 5.80          | 0.01     |
| (746.33)      | (0.42)   | (589.01)      | (0.46)   | (846.73)      | (0.84)  | (576.88)      | (0.87)   |
| 2,779.99      | 1.57     | 1,977.48      | 1.53     | 1,434.22      | 1.41    | 927.38        | 1.39     |
| (140.68)      | (0.08)   | -             | -        | -             | -       | -             | -        |
| (2,168.15)    | (1.23)   | 309.81        | 0.24     | 4,920.36      | 4.84    | (551.33)      | (0.83)   |
| (6,623.68)    | (3.75)   | (2,925.30)    | (2.26)   | (1,263.14)    | (1.25)  | (156.88)      | (0.25)   |
| (8,791.83)    | (4.98)   | (2,615.49)    | (2.02)   | 3,657.22      | 3.59    | (708.21)      | (1.08)   |
| 2,250.73      | 1.27     | 1,602.93      | 1.24     | 42.11         | 0.04    | 4.82          | 0.01     |
| (6,541.10)    | (3.71)   | (1,012.56)    | (0.78)   | 3,699.33      | 3.63    | (703.39)      | (1.07)   |
| 1,155.86      | 0.65     | 1,591.54      | 1.23     | 1,714.33      | 1.69    | 1,519.74      | 2.28     |
| (5,385.24)    | (3.06)   | 578.98        | 0.45     | 5,413.66      | 5.32    | 816.35        | 1.21     |

# Horizontal Analysis

|   | 2021                                  |          | 2020                                  |         |
|---|---------------------------------------|----------|---------------------------------------|---------|
|   | Increase/(Decrease)<br>from last year |          | Increase/(Decrease)<br>from last year |         |
|   | Rs in million                         | %        | Rs in million                         | %       |
| <b>STATEMENT OF FINANCIAL POSITION</b>                                      |                                       |          |                                       |         |
| Equity and reserves   | 41,711.66                             | (4.99)   | 43,903.09                             | 30.44   |
| Long term financing   | 5,619.19                              | (27.22)  | 7,720.93                              | (3.26)  |
| Total current liabilities   | 55,963.72                             | 20.71    | 46,363.17                             | (25.47) |
|   | 103,294.57                            | 5.42     | 97,987.19                             | (5.65)  |
| Property, plant and equipment   | 40,105.69                             | (5.73)   | 42,542.75                             | 36.60   |
| Long term investments   | 13,264.92                             | -        | 13,264.92                             | -       |
| Non-current assets  | 7,815.85                              | 15.88    | 6,744.71                              | 48.19   |
| Stores, spares and loose tools  | 3,757.22                              | (15.21)  | 4,431.07                              | 23.91   |
| Stock-in-trade  | 9,378.91                              | 30.92    | 7,163.86                              | (28.49) |
| Trade debts   | 13,305.41                             | 4.53     | 12,728.44                             | (43.21) |
| Loans, advances, deposits, prepayments<br>and other receivables             | 3,615.29                              | 20.98    | 2,988.46                              | 30.03   |
| Short term investment   | -                                     | -        | -                                     | -       |
| Cash and bank balances  | 12,051.28                             | 48.36    | 8,122.98                              | (51.02) |
|   | 103,294.57                            | 5.42     | 97,987.19                             | (5.65)  |
| <b>STATEMENT OF PROFIT OR LOSS</b>  |                                       |          |                                       |         |
| Net Sales   | 127,730.41                            | 6.60     | 119,819.44                            | (32.21) |
| Cost of sales   | (130,298.90)                          | 4.24     | (124,999.91)                          | (30.87) |
| Gross profit/ (loss)  | (2,568.49)                            | (50.42)  | (5,180.47)                            | 27.56   |
| Administration expenses   | 767.01                                | (5.19)   | 808.98                                | 17.51   |
| Distribution cost   | 52.19                                 | 8.66     | 48.03                                 | (7.67)  |
| Other charges   | 8.42                                  | (35.77)  | 13.11                                 | 124.10  |
|   | (827.62)                              | (4.88)   | (870.12)                              | 16.59   |
| Other income  | 1,481.36                              | (46.73)  | 2,780.70                              | 0.03    |
| Impairment loss on financial asset  | 410.60                                | (218.15) | (347.52)                              | 147.03  |
| Operating profit/ (loss)  | (1,504.15)                            | (58.42)  | (3,617.41)                            | 66.84   |
| Finance cost  | (852.76)                              | (19.82)  | (1,063.55)                            | (83.94) |
| Profit/ (loss) before taxation from refinery operations                     | (2,356.91)                            | (49.65)  | (4,680.96)                            | (46.76) |
| Taxation  | 91.56                                 | (92.97)  | 1,301.55                              | (42.17) |
| Profit/ (loss) after taxation from refinery operations                      | (2,265.35)                            | (32.97)  | (3,379.41)                            | (48.34) |
| Income from non-refinery operations less applicable<br>charges and taxation | 120.29                                | (78.31)  | 554.48                                | (52.03) |
| Profit/(loss) for the year  | (2,145.06)                            | (24.07)  | (2,824.93)                            | (47.54) |

| 2019                                  |            | 2018                                  |          | 2017                                  |          | 2016                                  |        |
|---------------------------------------|------------|---------------------------------------|----------|---------------------------------------|----------|---------------------------------------|--------|
| Increase/(Decrease)<br>from last year |            | Increase/(Decrease)<br>from last year |          | Increase/(Decrease)<br>from last year |          | Increase/(Decrease)<br>from last year |        |
| Rs in million                         | %          | Rs in million                         | %        | Rs in million                         | %        | Rs in million                         | %      |
| 33,658.09                             | (14.40)    | 39,318.26                             | (0.16)   | 39,380.81                             | 18.65    | 33,189.56                             | 100.00 |
| 7,981.42                              | (36.87)    | 12,642.92                             | (28.46)  | 17,672.17                             | 20.93    | 14,613.68                             | 100.00 |
| 62,210.13                             | 26.59      | 49,144.86                             | 43.89    | 34,153.92                             | 22.79    | 27,815.95                             | 100.00 |
| 103,849.64                            | 2.71       | 101,106.04                            | 10.85    | 91,206.90                             | 20.61    | 75,619.19                             | 100.00 |
| 31,145.02                             | (6.30)     | 33,239.76                             | (5.99)   | 35,356.80                             | 1.12     | 34,965.03                             | 100.00 |
| 13,264.92                             | -          | 13,264.92                             | -        | 13,264.92                             | -        | 13,264.92                             | 100.00 |
| 4,551.38                              | 238.08     | 1,346.26                              | 154.67   | 528.63                                | (21.75)  | 675.54                                | 100.00 |
| 3,575.96                              | 23.06      | 2,905.75                              | 32.48    | 2,193.27                              | 20.81    | 1,815.41                              | 100.00 |
| 10,018.66                             | 2.35       | 9,789.00                              | 71.37    | 5,712.34                              | (14.84)  | 6,707.64                              | 100.00 |
| 22,411.91                             | 42.31      | 15,748.28                             | 47.48    | 10,678.54                             | 55.00    | 6,889.43                              | 100.00 |
| 2,298.20                              | 22.79      | 1,871.72                              | 1.60     | 1,842.29                              | 13.86    | 1,618.02                              | 100.00 |
| -                                     | (100.00)   | 985.84                                | 100.00   | -                                     | -        | -                                     | -      |
| 16,583.59                             | (24.46)    | 21,954.51                             | 1.50     | 21,630.11                             | 123.38   | 9,683.20                              | 100.00 |
| 103,849.64                            | 2.71       | 101,106.04                            | 10.85    | 91,206.90                             | 20.61    | 75,619.19                             | 100.00 |
| 176,754.54                            | 36.39      | 129,596.57                            | 27.79    | 101,411.79                            | 52.35    | 66,564.92                             | 100.00 |
| (180,815.67)                          | 38.37      | (130,675.23)                          | 34.61    | (97,078.92)                           | 43.89    | (67,466.75)                           | 100.00 |
| (4,061.13)                            | 276.50     | (1,078.66)                            | (124.89) | 4,332.87                              | 580.45   | (901.83)                              | 100.00 |
| 688.46                                | 6.72       | 645.12                                | 8.42     | 595.02                                | 14.31    | 520.54                                | 100.00 |
| 52.02                                 | 3.71       | 50.16                                 | 2.26     | 49.05                                 | (2.95)   | 50.54                                 | 100.00 |
| 5.85                                  | (105.50)   | (106.27)                              | (152.44) | 202.66                                | 3,394.14 | 5.80                                  | 100.00 |
| (746.33)                              | 26.71      | (589.01)                              | (30.44)  | (846.73)                              | 46.78    | (576.88)                              | 100.00 |
| 2,779.99                              | 40.58      | 1,977.48                              | 37.88    | 1,434.22                              | 54.65    | 927.38                                | 100.00 |
| (140.68)                              | (100.00)   | -                                     | -        | -                                     | -        | -                                     | -      |
| (2,168.15)                            | (799.83)   | 309.81                                | (93.70)  | 4,920.36                              | 992.45   | (551.33)                              | 100.00 |
| (6,623.68)                            | 126.43     | (2,925.30)                            | 131.59   | (1,263.14)                            | 705.16   | (156.88)                              | 100.00 |
| (8,791.83)                            | 236.14     | (2,615.49)                            | (171.52) | 3,657.22                              | 616.40   | (708.21)                              | 100.00 |
| 2,250.73                              | 40.41      | 1,602.93                              | 3,706.53 | 42.11                                 | 773.65   | 4.82                                  | 100.00 |
| (6,541.10)                            | 546.00     | (1,012.56)                            | (127.37) | 3,699.33                              | 625.93   | (703.39)                              | 100.00 |
| 1,155.86                              | (27.37)    | 1,591.54                              | (7.16)   | 1,714.33                              | 12.80    | 1,519.74                              | 100.00 |
| (5,385.24)                            | (1,030.13) | 578.98                                | (89.31)  | 5,413.66                              | 563.15   | 816.35                                | 100.00 |



# Statement of Contribution & Value Addition

|   | 2021<br>Rs in million | 2020<br>Rs in million |
|---|-----------------------|-----------------------|
| <b>Value Addition and Distributions</b>   |                       |                       |
| Employees as Remuneration                 | 1,548                 | 1,570                 |
| Government as Taxes                       | 66,626                | 58,421                |
| Foreign Exchange Savings US\$ 115 million |                       |                       |
| <b>Contribution to National Exchequer</b> |                       |                       |
| Government Levies on Petroleum Products   | 66,626                | 58,421                |
| Income Tax Paid                           | 570                   | 708                   |
| Import/Export Duties                      | 47                    | 154                   |
|   | 67,243                | 59,283                |

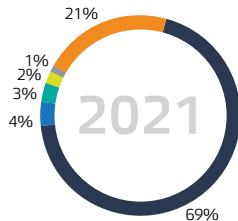


# Financial Highlights

Attock Hospital (Pvt.) Limited

## Equities & Liabilities

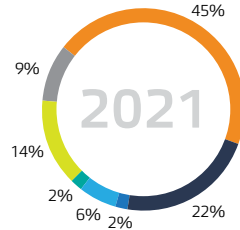
(In Percentage)



- Trade and other payables
- Accumulated profit
- Deferred grant
- Reserves
- Paid-up capital
- Current portion of lease liability

## Fixed Assets & Current Assets

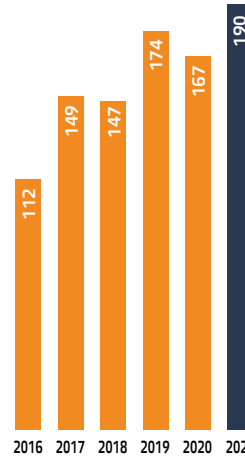
(In Percentage)



- Cash and bank balances
- Property, plant and equipment
- Stock of medicines and consumable items
- Trade debts
- Deferred taxation
- Prepayment and other receivables
- Income tax refundable

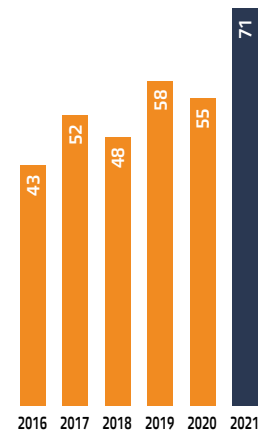
## Total Revenue including Other Income

(Rs in million)



## Revenue from Private Patients

(Rs in million)



# Pattern of Shareholding

As at June 30, 2021

Corporate Universal Identification Number: 0006538

Form-34

| Number of Shareholders | From    | Shareholding To | Total Shares Held |
|------------------------|---------|-----------------|-------------------|
| 1,168                  | 1       | 100             | 59,172            |
| 1,516                  | 101     | 500             | 465,451           |
| 790                    | 501     | 1,000           | 659,772           |
| 1,209                  | 1,001   | 5,000           | 2,756,890         |
| 254                    | 5,001   | 10,000          | 1,914,513         |
| 90                     | 10,001  | 15,000          | 1,133,948         |
| 56                     | 15,001  | 20,000          | 991,718           |
| 22                     | 20,001  | 25,000          | 507,157           |
| 20                     | 25,001  | 30,000          | 565,000           |
| 20                     | 30,001  | 35,000          | 661,875           |
| 12                     | 35,001  | 40,000          | 457,587           |
| 7                      | 40,001  | 45,000          | 294,300           |
| 9                      | 45,001  | 50,000          | 427,250           |
| 7                      | 50,001  | 55,000          | 366,590           |
| 4                      | 55,001  | 60,000          | 234,000           |
| 2                      | 60,001  | 65,000          | 124,000           |
| 2                      | 65,001  | 70,000          | 139,100           |
| 7                      | 70,001  | 75,000          | 513,750           |
| 5                      | 80,001  | 85,000          | 412,600           |
| 3                      | 85,001  | 90,000          | 270,000           |
| 2                      | 90,001  | 95,000          | 187,500           |
| 6                      | 95,001  | 100,000         | 596,000           |
| 6                      | 100,001 | 105,000         | 610,550           |
| 1                      | 110,001 | 115,000         | 110,400           |
| 2                      | 115,001 | 120,000         | 239,456           |
| 4                      | 120,001 | 125,000         | 499,000           |
| 2                      | 125,001 | 130,000         | 255,280           |
| 4                      | 135,001 | 140,000         | 549,200           |
| 1                      | 140,001 | 145,000         | 144,875           |
| 1                      | 170,001 | 175,000         | 174,575           |
| 1                      | 175,001 | 180,000         | 180,000           |
| 1                      | 185,001 | 190,000         | 186,880           |
| 2                      | 190,001 | 195,000         | 383,362           |
| 1                      | 195,001 | 200,000         | 200,000           |
| 3                      | 200,001 | 205,000         | 609,000           |
| 1                      | 225,001 | 230,000         | 230,000           |
| 1                      | 230,001 | 235,000         | 230,875           |
| 2                      | 250,001 | 255,000         | 501,486           |
| 1                      | 255,001 | 260,000         | 256,250           |
| 1                      | 265,001 | 270,000         | 268,750           |
| 1                      | 275,001 | 280,000         | 277,340           |
| 1                      | 290,001 | 295,000         | 290,500           |
| 2                      | 295,001 | 300,000         | 596,900           |
| 1                      | 325,001 | 330,000         | 329,100           |
| 1                      | 345,001 | 350,000         | 349,575           |
| 1                      | 370,001 | 375,000         | 373,100           |
| 1                      | 380,001 | 385,000         | 381,500           |
| 1                      | 385,001 | 390,000         | 385,448           |
| 1                      | 400,001 | 405,000         | 405,000           |
| 1                      | 415,001 | 420,000         | 418,827           |
| 1                      | 425,001 | 430,000         | 426,250           |
| 1                      | 430,001 | 435,000         | 433,792           |
| 1                      | 435,001 | 440,000         | 435,750           |
| 1                      | 445,001 | 450,000         | 445,071           |
| 1                      | 480,001 | 485,000         | 481,400           |
| 1                      | 525,001 | 530,000         | 526,700           |
| 1                      | 625,001 | 630,000         | 628,000           |
| 1                      | 655,001 | 660,000         | 659,000           |



| Number of Shareholders | From       | Shareholding To | Total Shares Held  |
|------------------------|------------|-----------------|--------------------|
| 1                      | 700,001    | 705,000         | 701,000            |
| 1                      | 810,001    | 815,000         | 810,625            |
| 1                      | 1,405,001  | 1,410,000       | 1,407,500          |
| 1                      | 1,785,001  | 1,790,000       | 1,790,000          |
| 1                      | 2,885,001  | 2,890,000       | 2,885,729          |
| 1                      | 3,220,001  | 3,225,000       | 3,223,501          |
| 1                      | 3,535,001  | 3,540,000       | 3,537,500          |
| 1                      | 9,075,001  | 9,080,000       | 9,075,500          |
| 1                      | 55,970,001 | 55,975,000      | 55,973,530         |
| <b>5,274</b>           |            |                 | <b>106,616,250</b> |

## Categories of Shareholders

As at June 30, 2021

| Category No. | Categories  | Number of shares held | %age   |
|--------------|---|-----------------------|--------|
| <b>1</b>     | <b>Directors/Chief Executive Officer and their spouse and minor children:</b>           |                       |        |
|              | Mr. Laith G. Pharaon  | 1                     | 0.00%  |
|              | Mr. Wael G. Pharaon   | 1                     | 0.00%  |
|              | Mr. Shuaib A. Malik   | 349,576               | 0.33%  |
|              | Mr. Abdus Sattar  | 1                     | 0.00%  |
|              | Mr. Jamil A. Khan   | 1                     | 0.00%  |
|              | Mr. M. Adil Khattak   | 5,858                 | 0.00%  |
|              |   | 355,438               | 0.33%  |
| <b>2</b>     | <b>Associated Companies, Undertakings and Related Parties:</b>                          |                       |        |
|              | The Attock Oil Company Limited  | 65,095,630            | 61.06% |
|              | Attock Petroleum Limited  | 1,790,000             | 1.68%  |
|              | Executives  | 193                   | 0.00%  |
|              |   | 66,885,823            | 62.74% |
| <b>3</b>     | <b>NIT and ICP</b>  | 445,196               | 0.42%  |
| <b>4</b>     | <b>Banks, Development Financial Institutions and Non-Banking Financial Institutions</b> | 2,481,490             | 2.33%  |
| <b>5</b>     | <b>Insurance Companies</b>  | 5,862,760             | 5.50%  |
| <b>6</b>     | <b>Modarabas and Mutual Funds</b>   | 4,545,404             | 4.26%  |
| <b>7</b>     | <b>Shareholders Holding 10%</b>   | 65,095,630            | 61.06% |
| <b>8</b>     | <b>General Public</b>   |                       |        |
|              | a. Local  | 16,553,485            | 15.53% |
|              | b. Foreign  | 105,157               | 0.10%  |
| <b>9</b>     | <b>Others</b>   |                       |        |
|              | Trusts/Funds  | 989,025               | 0.93%  |
|              | Joint Stock Companies/Others  | 8,245,522             | 7.73%  |
|              | Charitable Trusts   | 146,950               | 0.14%  |

\* No trade in shares of the Company was reported by Directors, Executives, their spouses and minor children during the year.

# Code of Conduct

## INTRODUCTION

At Attock Refinery Limited we are committed to conduct business in an honest, ethical, transparent and legal manner. Our actions are governed by the values and principles that we share. The Company wants to be seen as a role model in the corporate community by its conduct and business practices. All this depends on the Company's personnel, as they are the ones who are at the forefront of the Company's affairs with the outside world. All directors and employees have to be familiar with their obligations in this regard and have to conduct accordingly.

This Code of conduct in general is in accordance with Company's core values, goals and objectives that must be interpreted and applied within the framework of laws and customs in which the Company operates. This code will be obligatory for each director and employee to adhere to.

## 1. INTEGRITY & ETHICS

"Integrity, honesty, high ethical, legal and safety standards are cornerstones of our business practices".

### i) **Respect, Honesty and Integrity**

Directors and employees are expected to exercise honesty, objectivity and due diligence in performance of their duties and responsibilities. They are also directed to perform their work with due professionalism.

### ii) **Compliance with Laws, Rules and Regulations**

The Company is committed to comply and take all reasonable actions for compliance, with

all applicable laws, rules and regulations of the State or local jurisdiction in which the Company conducts business. Every director and employee, no matter what position he or she holds, is responsible for ensuring compliance with applicable laws.

### iii) **Full and Fair Disclosure**

Directors and employees are expected to help the Company in making full, fair, accurate, timely and understandable disclosure in compliance with all applicable laws and regulations, in all reports and documents that the Company files with, furnishes to or otherwise submits to any governmental authorities in the applicable jurisdiction and in all other public communications made by the Company.

### iv) **Prevent Conflict of Interest**

Directors and employees, irrespective of their function, grade or standing, must avoid conflict of interest situations between their direct or indirect (including members of immediate family) personal interests and the interest of the Company. Also, no employee will perform any kind of work (involving monetary benefit directly or otherwise) for a third party without proper approval of CEO.

Employees must notify their direct supervisor of any actual or potential conflict of interest situation and obtain a written ruling as to their individual case. In case of directors, such ruling can only be given by the Board and will be disclosed to the shareholders.

### v) **Trading in Company's shares**

Trading by directors and employees in the Company's shares is possible only in accordance with the more detailed guidelines issued from time to time by corporate management in accordance with applicable laws.

### vi) **Inside information**

Directors and employees may become aware of information about the Company that has not been made public. The use of such non-public or "inside" information about the Company other than in the normal performance of one's work, profession or position is unethical and may also be a violation of law.

Directors and employees becoming aware of information which might be price sensitive with respect to the Company's shares have to make sure that such information is treated strictly confidentially and not disclosed to any colleagues or to third parties other than on a strict need-to know basis.

Potentially price sensitive information pertaining to shares must be brought promptly to the attention of the management, who will deliberate on the need for public disclosure. Only the Management will decide on such disclosure. In case of doubt, seek contact with the CFO.





### vii) Media relations and disclosures

To protect commercially sensitive information, financial details released to the media should never exceed the level of detail provided in quarterly and annual reports or official statements issued at the presentation of these figures. As regards topics such as financial performance, acquisitions, divestments, joint ventures and major investments, no information should be released to the press without prior consultation with the Management. Employees should not make statements that might make third parties capable of “insider trading” on the stock market.

### viii) Corporate Opportunities

Directors and Employees are expected not to:

- a) take personal use of opportunities that are discovered through the use of Company's property, information or position.
- b) use Company's property, information, or position for personal gains.

Directors and employees are expected to put aside their personal interests in favor of the Company's interests.

### ix) Competition and Fair Dealing

The Company seeks to outperform its competition fairly and honestly. Stealing proprietary information, possessing trade secret

information without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each director and employee is expected to deal fairly with Company's customers, suppliers, competitors and other employees. No one is to take unfair advantage of anyone through manipulation, abuse of privileged information, or any other unfair practice.

The Company is committed to selling its products and services honestly and will not pursue any activity that requires to act unlawfully or in violation of this Code.

Bribes, kickbacks and other improper payments shall not be made on behalf of the Company in connection with any of its businesses. However, tip, gratuity or hospitality may be offered if such act is customary and is not illegal under applicable law. Any commission payment should be justified by a clear and traceable service rendered to the Company.

The remuneration of agents, distributors and commissioners cannot exceed normal business rates and practices. All such expenses should be reported and recorded in the Company's book of accounts.

### x) Protect Health, Safety and Security

The Company intends to provide each director and employee with a safe work environment and comply with all applicable health and safety laws. Employees and directors

should avoid violence and threatening behavior and report to work in fair condition to perform their duties.

### xi) Record Keeping

The Company is committed to compliance with all applicable laws and regulations that require the Company to maintain proper records and accounts which accurately and fairly reflect the Company's transactions. It is essential that all transactions be recorded and described truthfully, timely and accurately on the Company's books. No false, artificial or misleading transactions or entries shall be reflected or made in the books or records of the Company for any reason.

Records must always be retained or destroyed according to the Company's record retention policies.

### xii) Protection of Privacy and Confidentiality

All directors and employees, both during and after their employment, must respect the exclusivity and trade secrets of the Company, its customers, suppliers and other colleagues and may not disclose any such information unless the individual or firm owning the information properly authorizes the release or disclosure.

All the Company's assets (processes, data, designs, etc.) are considered as certified information of the Company. Any disclosure will be considered as grounds, not only for termination of services/employment, but also

for criminal prosecution, legal action or other legal remedies available during or after employment with the Company to recover the damages and losses sustained.

#### **xiii) Protection and Proper use of Company's Assets/Data**

Each director and employee is expected to be the guardian of the Company's assets and should ensure its efficient use. Theft, carelessness and waste have a direct and negative impact on the Company's profitability. All of the Company's assets should be used for legitimate business purposes only.

The use, directly or indirectly, of Company's funds for political contributions to any organization or to any candidate for public office is strictly prohibited.

Corporate funds and assets will be utilized solely for lawful and proper purposes in line with the Company's objectives.

#### **xiv) Gift Receiving**

Directors and employees will not accept gifts or favors from existing or potential customers, vendors or anyone doing or seeking to do business with the Company.

However, this does not preclude giving or receiving gifts or entertainment which are customary and proper in the circumstances, provided that no obligation could be, or be perceived to be, expected in connection with the gifts or entertainment.

#### **xv) Internet use/Information Technology**

As a general rule, all Information Technology related resources and facilities are provided only for internal use and/or business-related matters. Information Technology facilities which have been provided to employees should never be used for personal gain or profit and remain the property of the Company. Disclosure or dissemination of confidential or proprietary information regarding the Company, its products, or its customers outside the official communication structures is strictly prohibited.

#### **xvi) Compliance with Business Travel Policies**

The safety of employees while on a business trip is of vital importance to the Company. The Company encourages the traveler and his/her supervisor to exercise good judgment when determining whether travel to a high-risk area is necessary and is for the Company's business purposes.

It is not permitted to combine business trips with a vacation or to take along spouse, relative or friend without the prior written authorization from Management.

### **2. QUALITY**

"We pursue quality as a way of life. It is an attitude that affects everything we do for relentless pursuit of excellence."

ARL recognizes employees' input towards quality by

emphasizing skills development and professionalism.

It will be responsibility of all of us to ensure that ARL must be customer driven, cost effective and continuously improving services, works and products to meet requirements of the market.

### **3. SOCIAL RESPONSIBILITY**

"We believe in respect for the community and preserving the environment for our future generations and keeping national interests paramount in all our actions."

ARL encourages the spirit of volunteerism in its employees for activities of environmental protection and Social and Community development to fulfill ARL's commitment for its Corporate Social Responsibility.

ARL is committed to prevent pollution by efficient use of energy throughout its operations, recycle and reuse the effluent where it is possible and use cost effective cleaner production techniques that lead to preventive approach for sustainable development.

### **4. LEARNING AND INNOVATION**

"We embrace lifelong learning and innovation as an essential catalyst for our future success. We believe in continuous improvement and to seize opportunities inherent in change to shape the future".

All employees of ARL will strive to keep themselves abreast with the new developments in their respective areas and will

not hesitate to take initiatives that could bring improvement in the way of our working. All efforts in this respect should eventually translate into improved efficiencies and minimization of wastages at all levels.

The Company encourages and facilitates its employees in the activities of knowledge sharing, research and development and promoting the change management culture.

### 5. TEAM WORK

"We believe that competent and satisfied people are the Company's heart, muscle and soul. We savor flashes of genius in organization's life by reinforcing attitude of team work and knowledge sharing based on mutual respect, trust and openness."

We will all make our utmost efforts to foster team work in our respective areas of operation and will give special attention to the following aspects:

#### i) **Equal Employment Opportunity**

The Company believes in providing equal opportunity to everyone around. The Company policies in this regard have to be complied with and no discrimination upon race, religion, age, national origin, gender, or disability is acceptable. No harassment or discrimination of any kind will be tolerated. Directors and employees must comply with standards/laws with regard to child labor and forced labor.

#### ii) **Employee Retention**

High quality employee's attraction and retention is very important. The Company will offer competitive packages to the deserving candidates. The Company strongly believes in personnel development and employee-training programs are arranged regularly.

#### iii) **Work Environment**

All employees are to be treated with respect. The Company is highly committed to provide its employees and directors with a safe, healthy and open work environment, free from harassment, intimidation, or personal behavior not conducive to a productive work climate. In response, the Company expects consummate employee allegiance to the Company and due diligence in his/her job.

The Company also encourages constructive reasonable criticism by the employees of the management and its policies. Such an atmosphere can only be encouraged in an environment free from any prospects of retaliation due to the expression of honest opinion.

### 6. EMPOWERMENT

"We flourish under an ecosystem of shared understanding founded on the concept of empowerment, accountability and open communication in all directions."

#### i) **Communication**

All communications, whether internal or external, should be accurate, forthright and

wherever required, confidential. The Company is committed to conduct business in an open and honest manner and provide open communication channels that encourage candid dialogue.

#### ii) **Delegation of Authority and Accountability**

The guidelines in respect of delegation of authority i.e. "Limits of Authority" will be implemented in letter and spirit. All employees are expected to follow these limits and ensure maximum decentralization of decision making in their respective areas. The Company also expects that with such a level of empowered culture the employees will understand that they will be responsible for their decisions and would be fully accountable for that.

### 7. COMPLIANCE

It is the responsibility of each director and employee to comply with this code. Failure to do so will result in appropriate disciplinary action, including possible warning issuance, suspension and termination of employment, legal action and reimbursement to the Company for any losses or damages resulting from such violation. Compliance also includes the responsibility to promptly report any apparent violation of the provisions of this code.

Any employee meeting with difficulties in the understanding or application of this Code should refer to his/her functional head or, if required to CEO. Director in such a situation may refer to the Board.



# Other Corporate Governance

## Decisions taken by the Board and Delegated to Management

The Board of Directors ensures that the management upholds the vision and mission set by the shareholders of the Company. To achieve this objective, policies and objectives are set by the Board in such a manner that implementation by the management results in benefit to the Company. The Board is involved in top-level strategic decisions having long-term implications including major investments, capital financing, capital expenditure, disposal of fixed assets, approval of budgets, approval of financial statements, future projects, acquisitions and dividend declarations etc.

Operational level decisions, having short-term implications, are delegated by the Board to the management including short term investments, sale/purchase contracts, implementation of policies, treasury, taxation and stock management and Board has given them the responsibility of day to day running of the Company.

## Board Annual Evaluation

Code of Corporate Governance has been adopted by the Board in its true spirit. The performance of Board and its Committees effectively shapes the overall performance of the Company hence remains crucial. Performance of the Board and Committees can be improved by promoting best practices and professional corporate culture. As required by the Code of Corporate Governance, performance of the Board and its Committees are internally evaluated through a mechanism developed and approved by the Board of Directors to evaluate the efficacy of the Board and its Committees on an annual basis. During the year, the Board and its Committees were evaluated using this mechanism to further improve the effectiveness of the Board. Developments in corporate governance are constantly reviewed and implemented to align the Board with principles of good corporate governance.

## Board's Performance Evaluation by External Consultant

The Board's performance was carried out internally and no external consultant was engaged.

## Security Clearance of Foreign Directors

Foreign Directors elected on the Board of Attock Refinery Limited requires security clearance from Ministry of Interior through Securities and Exchange Commission of Pakistan (SECP). All legal formalities and requirements have been met and fulfilled in this regard.

## Formal Orientation for Directors at Induction

When a new member is taken on board it is ensured that he is provided with a detailed orientation of the Company. Orientation is mainly focused on Company's vision, strategies, core competencies, organisational structure, related parties, major risks (both external and internal) including legal and regulatory risks and role and responsibility of the directors as per regulatory laws applicable in Pakistan along with an overview of the strategic plan, marketing analysis, forecasts, budget and business plan.

## Directors' Training Programme

The Company ensures that it congregates requirements of Securities and Exchange Commission of Pakistan (SECP) and complying the requirements of Code in which companies are encouraged that all Directors on their Board have acquired the prescribed certification under Directors' Training Programme (DTP) by June 30, 2022. Most of the directors of ARL meets the exemption requirements of the directors training program, while, two directors have already completed this programme.

## Investors' Grievance Handling

Investor satisfaction is the prime focus of the Company to retain long lasting relationship with its prestigious investors. The Company's existing and potential investors are allowed access to information regarding Company's operations in addition to details of investments, dividend distribution or circulation of regulatory publications. Investor Grievances are managed centrally by Corporate Affairs Section of the Company. The Section has an effective Investor Grievance redressal mechanism in place to handle investors' queries and complaints promptly and effectively. The Company's grievance handling is supported by a review mechanism to minimize recurrence of similar issues in future. Investors' queries and complaints are dealt with courtesy at all the times. Investors have facility to call on the contact number provided for the purpose on the Company's website.

The Company has maintained an investors' relations section on the website. An email ID is designated for the investors' queries and complaints.

Feedback/complaint forms are available on website where investors can lodge their complaints at any time. Complaints are addressed by designated employees without any delay. The Corporate Affairs Section has maintained a record of complaints mentioning status of pending complaints and their resolution.

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## Safety of Records of the Company

To ensure prompt and accurate retrieval of records, protection of vital information in the event of disaster and to ensure compliance with legal and regulatory requirements, the Company has an established procedure for preservation of records holding significant value, in line with good governance practices and administrative requirements. Records include books of accounts, documents pertaining to secretarial, legal, taxation and other matters etc. Key records are archived in a manner to protect them from physical deterioration, accidental fire and natural calamities. Documents in physical forms are stored at specifically designated record rooms with proper safety features. Financial data and other records in the ERP system are periodically backed up at various servers and protected under secure access protocols. Paperless environment is also being promoted and an e-record management system is being put in place to safeguard the records of the Company along with optimizing storage spaces.

## Role of Chairman & Chief Executive

The Chairman heads the Board of Directors and is appointed by the Board from amongst the Non-Executive directors. Heading the meetings, defining agendas and signing the minutes are the primary responsibilities of the Chairman and making sure that the duties of the Board of Directors are met. He also manages conflicts of interests arising, if any, and makes recommendations to improve performance and effectiveness of the Board. The Chairman, at the start of the term of Directors, intimates them regarding their roles, responsibilities, duties and powers to help them manage the affairs of the Company effectively.

The CEO manages the Company and is responsible for all of its operations. The CEO designs and proposes strategies and implements decisions of the Board. The CEO reports to the Board regarding the Company's performance and profitability along with suggesting improvements to enhance shareholders' wealth.

The Board of Directors has clearly defined and segregated the roles and responsibilities of the Chairman and the CEO.

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## Conflict of Interest Management

A formal Code of Conduct is in place governing the actual or perceived conflict of interest relating to the Board members of the Company. Under the guidelines of Code of Conduct every director is required to disclose about his interest in any contract, agreement or appointment etc. These disclosures are circulated to the Board and it is ensured that interested director does not participate in decision making and voting on the subject. The effect to the above facts is recorded in minutes of meeting, if any. Any such conflicts of interests are recorded in Company's statutory register while disclosures of related party transactions are provided in financial statements.

## Audit Committee and Internal Control Framework

The Board of Directors of the Company has formed a Board Audit Committee as required under the Code of Corporate Governance (the Code). The Committee comprises of the following members:

| Name                   | Designation                     |
|------------------------|---------------------------------|
| Mr. Shamim Ahmad Khan  | Chairman (Independent Director) |
| Mr. Shuaib A. Malik    | Member                          |
| Mr. Abdus Sattar       | Member                          |
| Mr. Tariq Iqbal Khan   | Member (Independent Director)   |
| Mr. Babar Bashir Nawaz | Member (Alternate Director)     |

The meetings of the Committee are held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The agenda of the meetings include discussions on financial matters of the Company along with review of other matters as per the Terms of Reference (ToRs) of the Committee. Head of Internal Audit Department, being the Secretary to the Committee, arrange all the Committee meetings. In addition to the Committee members, the meetings are also attended by the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Company Secretary. The Committee also meet with the External Auditors separately in the absence of Head of Internal Audit and CFO to get feedback on the overall control and governance framework within the Company. The Internal Control Framework is a major part of overall governance structure. It is fundamental to the successful operation and day-to-day running of a business. The scope of internal control is very broad. It encompasses all controls incorporated into the strategic, governance and management processes, covering the Company's entire range of activities and operations and not just those directly related to financial operations and reporting. Internal control as a process designed to provide reasonable assurance regarding the achievement of objectives in relation to the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. Internal auditors play an important role in evaluating the effectiveness of control systems and have a significant monitoring role because of authority and independency in the organization. The Head of Internal Audit has direct access to the Committee. Audit observations along with compliance status are regularly presented to the Committee. The role of Internal Audit department includes review of systems within the Company at appropriate intervals to determine whether they are effectively designed and carrying out the functions in accordance with management instructions, policies and procedures and in a manner that is in agreement with Company's objectives and high standard of administrative practices.

## Calendar of Major Events

|             |   |
|-------------|---|
| 18-Sep-2020 | Received Annual Environment Excellence Award.   |
| 14-Oct-2020 | Received Award of Merit Certificate on Best Corporate and Sustainability Reporting by Joint Committee of ICMAP/ICAP.    |
| 19-Oct-2020 | Annual General Meeting of shareholders.   |
| 26-Oct-2020 | Energy Week was celebrated at ARL, with the World Energy Day (26 <sup>th</sup> - 29 <sup>th</sup> October, 2020).       |
| 28-Oct-2020 | Received Prize in Occupational Safety and Health (OSH) Award.   |
| 12-Mar-2021 | Received Employer of the Year Award 2020.   |
| 26-Apr-2021 | Safety Week was celebrated at ARL, in-line with the World Safety Day (26 <sup>th</sup> – 30 <sup>th</sup> April, 2021). |
| 08-Jun-2021 | World Environment Day was celebrated.   |
| 12-Jul-2021 | Extra-Ordinary General Meeting for Election of Directors.   |



# Statement of Compliance

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

Name of Company: **Attock Refinery Limited**

Year ended: **June 30, 2021**

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:

| Gender | Number |
|--------|--------|
| Male   | 7      |
| Female | Nil    |

2. The composition of the Board as at June 30, 2021 is as follows:

| Category                      | Name  |
|-------------------------------|---|
| Independent Directors         | Mr. Shamim Ahmad Khan<br>Mr. G.A. Sabri                                   |
| Other Non-executive Directors | Mr. Laith G. Pharaon ( <i>Alternate Director: Mr. Shuaib A. Malik</i> )   |
|                               | Mr. Wael G. Pharaon ( <i>Alternate Director: Mr. Babar Bashir Nawaz</i> ) |
|                               | Mr. Shuaib A. Malik   |
|                               | Mr. Abdus Sattar  |
|                               | Mr. Jamil A. Khan   |
| Executive Director            | Mr. M. Adil Khattak ( <i>Chief Executive Officer</i> )                    |
| Female Directors              | Nil   |

Subsequent to the year, election for the Company's Board of Director's was held on July 12, 2021 considering compliance with the related requirements of the Code of Corporate Governance Regulations, 2019 (the Code). In relation to the foregoing, a constitutional petition has been filed by the Company before the Sindh High Court, where in the Company has challenged compliance with, inter alia, the provision of regulation 7 of the Code / law relating to appointment of female director. The matter is pending adjudication. The law officer of Securities and Exchange Commission of Pakistan has also made a statement before the Court that no action contrary to the law would be taken against the Company.

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 Act and these Regulations;
7. The Meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of Board;
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. In terms of Regulation 19 of the Code, companies are encouraged that all directors on their board have acquired the prescribed certification under Directors Training Program (DTP) by June 30, 2022. Presently,

five (5) directors of the Company meet the exemption requirement of the DTP, while one (1) director has already completed this program. The remaining one (1) director shall obtain certification under the DTP in due course of time. Further, one alternate director and the Chief Executive Officer (CEO) of the Company have also completed DTP;

10. The Board has approved appointment of Chief Financial Officer (CFO), 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 Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

| Committees                    | Composition/Name  |
|-------------------------------|---|
| Audit Committee               | Mr. Shamim Ahmad Khan (Chairman)<br>Members:<br>Mr. Shuaib A. Malik<br>Mr. Abdus Sattar<br>Mr. G.A. Sabri<br>Mr. Babar Bashir Nawaz<br>(Alternate Director for Mr. Wael G. Pharaon) |
| HR and Remuneration Committee | Mr. G.A. Sabri (Chairman)<br>Members:<br>Mr. Shuaib A. Malik<br>Mr. Jamil A. Khan<br>Mr. M. Adil Khattak  |

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the Committee for compliance;
14. The frequency of meetings of the committees were as per following:

| Meetings                      | Frequency  |
|-------------------------------|--|
| Audit Committee               | Four quarterly meetings were held during the financial year ended June 30, 2021. |
| HR and Remuneration Committee | One meeting was held during the financial year ended June 30, 2021.              |

15. The Board has set up an effective internal audit function;
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 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 Institute of Chartered Accountants of Pakistan 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 Director of the Company;



## Statement of Compliance

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with. Related reference may please be also made to paragraph 2 above of the Statement. However, fraction (0.33) contained in one-third number for Independent directors has not been rounded up as one, as the existing independent directors have the requisite skills, knowledge and diversified work experience to take independent decision in the interest of the Company; and
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 is below:

| Committee  | Reg. No. | Explanation   |
|--|----------|---|
| <b>Risk Management Committee:</b><br>The board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board. | 30 (1)   | Risk Management Committee (RMC) at the level of the Company's management is already in place which is headed by the CEO. The CEO briefs the Board about the Committee's findings and recommendations for consideration and approval of the Board. |

–Sd–

**Shuaib A. Malik**  
Chairman

August 11, 2021  
Rawalpindi

–Sd–

**M. Adil Khattak**  
Chief Executive Officer





# Independent Auditor's Review Report

To the members of Attock Refinery Limited

## Review Report on the Statement of Compliance

contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Attock Refinery Limited for the year ended June 30, 2021 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

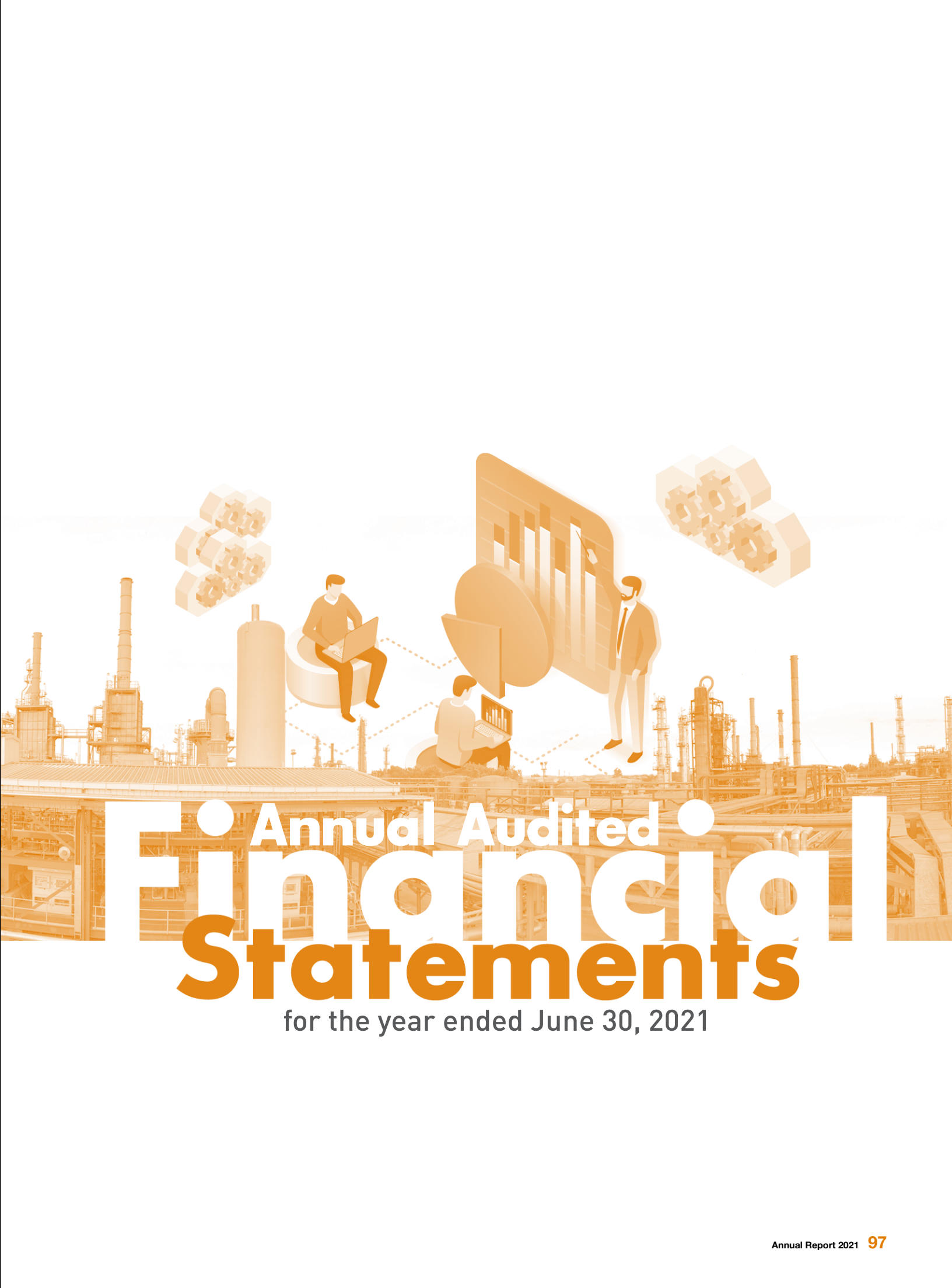
Further, we highlight content of paragraph 2 of the statement where the matter of representation of female director on the Board of Directors of the Company has been explained.

—Sd—

### Chartered Accountants

Islamabad

Date: August 23, 2021



# ● Annual Audited ● **Financial** **Statements**

for the year ended June 30, 2021





## **INDEPENDENT AUDITOR'S REPORT**

### **To the members of Attock Refinery Limited Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the annexed financial statements of Attock Refinery Limited (the Company), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss 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, 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 forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the loss 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 Matter**

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

Following is the Key audit matter:

| S. Key audit matter<br>No.   | How the matter was addressed in our<br>audit  |
|--|---|
| <p><b>1. Review of recoverability of deferred tax asset</b><br/>(Refer note 17 of the financial statements)</p> <p>Under International Accounting Standard 12, Income Taxes, the Company is required to review recoverability of the deferred tax assets recognised in the statement of financial position at each reporting period.</p> <p>Recognition of deferred tax asset position involved managements' estimate of the future available taxable profits of the Company based on an approved business plan. This estimation is inherently uncertain and requires judgement in relation to the future cash flows and also involves assessment of timing of reversals of un-used tax losses as to determine the availability of future profits against which tax deductions represented by the deferred tax assets can be offset.</p> <p>As at June 30, 2021, the Company carries a net deferred tax asset of Rs 7,775.77 million in its statement of financial position.</p> <p>We considered this as key audit matter due to significant value of deferred tax asset and assumptions used by management in this area.</p> | <p>Our procedures in relation to this matter included:</p> <ul style="list-style-type: none"> <li>- Evaluated the appropriateness of components of management's computation including consideration of un-used tax losses, tax credit on investments, minimum tax and alternative corporate tax for which deferred tax assets were recognized.</li> <li>- Analysed the requirements of the Income Tax Ordinance, 2001, in relation to above and considering the factors including aging analysis, expiry periods of relevant deferred tax assets and tax rates enacted.</li> <li>- Assessed the reasonableness of cash flow and taxable profits projections, challenging and performing audit procedures on assumptions such as growth rate, production patterns, future revenue and costs, comparing the assumptions to historical results, considering approved budget comparing the current year's results with prior year forecast and considering other relevant information to assess the quality of Company's forecasting process in determining the projections.</li> <li>- Tested mathematical accuracy of projections along consideration of use of appropriate tax rate as applicable on temporary differences.</li> <li>- Assessed the appropriateness of management's accounting for deferred taxes and the accuracy of related disclosures made in the financial statements.</li> </ul> |

### Information Other than the Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's reports 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.
- 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:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Mr. JehanZeb Amin.

**-Sd-**

Chartered Accountants  
Islamabad  
Date: August 27, 2021



# Statement of Financial Position

As at June 30, 2021

|   | Note | June 30,<br>2021<br>Rs '000 | June 30,<br>2020<br>Rs '000 |
|---|------|-----------------------------|-----------------------------|
| <b>EQUITY AND LIABILITIES</b>           |      |                             |                             |
| <b>SHARE CAPITAL AND RESERVES</b>       |      |                             |                             |
| Share capital                           |      |                             |                             |
| Authorised capital                      | 6    | 1,500,000                   | 1,500,000                   |
| Issued, subscribed and paid-up capital  | 6    | 1,066,163                   | 1,066,163                   |
| Reserves and surplus                    | 7    | 15,552,081                  | 17,743,509                  |
| Surplus on revaluation of freehold land | 13   | 25,093,419                  | 25,093,419                  |
|   |      | 41,711,663                  | 43,903,091                  |
| <b>NON CURRENT LIABILITIES</b>          |      |                             |                             |
| Long term financing                     | 8    | 5,492,792                   | 7,614,194                   |
| Long term lease liability               | 9    | 126,399                     | 106,741                     |
| <b>CURRENT LIABILITIES</b>              |      |                             |                             |
| Trade and other payables                | 10   | 47,206,536                  | 43,181,953                  |
| Short term financing                    | 11   | 3,000,000                   | -                           |
| Current portion of long term financing  | 8    | 2,200,000                   | -                           |
| Accrued mark-up on long term financing  | 8    | 152,023                     | 204,519                     |
| Current portion of lease liability      | 9    | 215,832                     | 214,899                     |
| Accrued mark-up on short term financing |      | 16,191                      | -                           |
| Unclaimed dividends                     |      | 9,302                       | 9,355                       |
| Provision for taxation                  |      | 3,163,835                   | 2,752,442                   |
|   |      | 55,963,719                  | 46,363,168                  |
| <b>TOTAL EQUITY AND LIABILITIES</b>     |      | <b>103,294,573</b>          | <b>97,987,194</b>           |
| <b>CONTINGENCIES AND COMMITMENTS</b>    |      |                             |                             |
|   | 12   |                             |                             |

|   | Note | June 30,<br>2021<br>Rs '000 | June 30,<br>2020<br>Rs '000 |
|---|------|-----------------------------|-----------------------------|
| <b>ASSETS</b>   |      |                             |                             |
| <b>NON CURRENT ASSETS</b>                                       |      |                             |                             |
| <b>PROPERTY, PLANT AND EQUIPMENT</b>                            |      |                             |                             |
| Operating assets  | 13   | 39,092,724                  | 41,424,612                  |
| Capital work-in-progress  | 14   | 862,679                     | 979,206                     |
| Major spare parts and stand-by equipments                       |      | 150,287                     | 138,935                     |
|   |      | 40,105,690                  | 42,542,753                  |
| <b>LONG TERM INVESTMENTS</b>                                    | 15   | 13,264,915                  | 13,264,915                  |
| <b>LONG TERM LOANS AND DEPOSITS</b>                             | 16   | 40,091                      | 40,103                      |
| <b>DEFERRED TAXATION</b>  | 17   | 7,775,768                   | 6,704,608                   |
| <b>CURRENT ASSETS</b>   |      |                             |                             |
| Stores, spares and loose tools                                  | 18   | 3,757,215                   | 4,431,073                   |
| Stock-in-trade  | 19   | 9,378,907                   | 7,163,855                   |
| Trade debts   | 20   | 13,305,414                  | 12,728,442                  |
| Loans, advances, deposits, prepayments<br>and other receivables | 21   | 3,615,293                   | 2,988,463                   |
| Cash and bank balances  | 22   | 12,051,280                  | 8,122,982                   |
|   |      | 42,108,109                  | 35,434,815                  |
| <b>TOTAL ASSETS</b>   |      | 103,294,573                 | 97,987,194                  |

The annexed notes 1 to 45 form an integral part of these financial statements.

–Sd–

**Syed Asad Abbas**  
Chief Financial Officer

–Sd–

**M. Adil Khattak**  
Chief Executive Officer

–Sd–

**Abdus Sattar**  
Director

# Statement of Profit or Loss

For the year ended June 30, 2021

|   | Note | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|------|-----------------|-----------------|
| Gross sales   | 23   | 192,255,944     | 174,319,185     |
| Taxes, duties, levies, discounts and price differential   | 24   | (64,525,537)    | (54,499,745)    |
| <b>Net sales</b>  |      | 127,730,407     | 119,819,440     |
| Cost of sales   | 25   | (130,298,894)   | (124,999,908)   |
| <b>Gross loss</b>   |      | (2,568,487)     | (5,180,468)     |
| Administration expenses                                   | 26   | 767,012         | 808,978         |
| Distribution cost   | 27   | 52,184          | 48,028          |
| Other charges   | 28   | 8,422           | 13,111          |
|   |      | (827,618)       | (870,117)       |
| Other income  | 29   | 1,481,359       | 2,780,700       |
| Impairment reversal/(loss) on financial asset - note 21.2 |      | 410,601         | (347,521)       |
| <b>Operating loss</b>                                     |      | (1,504,145)     | (3,617,406)     |
| Finance cost  | 30   | (852,764)       | (1,063,548)     |
| <b>Loss before taxation from refinery operations</b>      |      | (2,356,909)     | (4,680,954)     |
| Taxation  | 31   | 91,558          | 1,301,553       |
| <b>Loss after taxation from refinery operations</b>       |      | (2,265,351)     | (3,379,401)     |
| Income from non-refinery operations less                  |      |                 |                 |
| applicable charges and taxation                           | 32   | 120,295         | 554,475         |
| <b>Loss for the year</b>                                  |      | (2,145,056)     | (2,824,926)     |
| (Loss)/earnings per share - basic and diluted (Rupees)    |      |                 |                 |
| Refinery operations                                       |      | (21.25)         | (31.70)         |
| Non-refinery operations                                   |      | 1.13            | 5.20            |
|   | 33   | (20.12)         | (26.50)         |

The annexed notes 1 to 45 form an integral part of these financial statements.

—Sd—

**Syed Asad Abbas**  
Chief Financial Officer

—Sd—

**M. Adil Khattak**  
Chief Executive Officer

—Sd—

**Abdus Sattar**  
Director



# Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2021

|  | Note | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|------|-----------------|-----------------|
| Loss for the year  |      | (2,145,056)     | (2,824,926)     |
| Other comprehensive (loss)/income for the year                       |      |                 |                 |
| Items that will not be reclassified to statement of profit or loss : |      |                 |                 |
| Remeasurement (loss)/gain on staff retirement benefit plans          | 34   | (65,312)        | 40,958          |
| Related deferred tax charge/(credit)                                 |      | 18,940          | (11,878)        |
| Other comprehensive (loss)/income for the year - net of tax          |      | (46,372)        | 29,080          |
| Surplus on revaluation of freehold land - note 13.2                  |      | -               | 13,040,843      |
|  |      |                 |                 |
|  |      |                 |                 |
|  |      |                 |                 |
| Total comprehensive (loss)/income for the year                       |      | (2,191,428)     | 10,244,997      |

The annexed notes 1 to 45 form an integral part of these financial statements.

—Sd—

**Syed Asad Abbas**  
Chief Financial Officer

—Sd—

**M. Adil Khattak**  
Chief Executive Officer

—Sd—

**Abdus Sattar**  
Director

# Statement of Changes in Equity

For the year ended June 30, 2021

|  | Share capital | Special reserve for expansion/modernisation | Capital reserve<br>Utilised special reserve for expansion/modernisation | Others | Investment reserve | General reserve | Revenue reserve<br>Un-appropriated Profit | Surplus on revaluation of freehold land | Total       |
|--|---------------|---|---|--------|--------------------|-----------------|---|---|-------------|
|  | Rs '000       |   |   |        |                    |                 |   |   |             |
| <b>Balance as at July 01, 2019</b>             | 1,066,163     | -   | 10,962,934  | 5,948  | 3,762,775          | 55              | 5,807,643                                 | 12,052,576                              | 33,658,094  |
| Total comprehensive (loss)/income - net of tax |               |   |   |        |                    |                 |   |   |             |
| Loss for the year                              | -             | -   | -   | -      | -                  | -               | (2,824,926)                               | -                                       | (2,824,926) |
| Other comprehensive income for the year        | -             | -   | -   | -      | -                  | -               | 29,080                                    | 13,040,843                              | 13,069,923  |
|  | -             | -   | -   | -      | -                  | -               | (2,795,846)                               | 13,040,843                              | 10,244,997  |
| <b>Balance as at June 30, 2020</b>             | 1,066,163     | -   | 10,962,934  | 5,948  | 3,762,775          | 55              | 3,011,797                                 | 25,093,419                              | 43,903,091  |
| Total comprehensive loss - net of tax          |               |   |   |        |                    |                 |   |   |             |
| Loss for the year                              | -             | -   | -   | -      | -                  | -               | (2,145,056)                               | -                                       | (2,145,056) |
| Other comprehensive loss for the year          | -             | -   | -   | -      | -                  | -               | (46,372)                                  | -                                       | (46,372)    |
|  | -             | -   | -   | -      | -                  | -               | (2,191,428)                               | -                                       | (2,191,428) |
| <b>Balance as at June 30, 2021</b>             | 1,066,163     | -   | 10,962,934  | 5,948  | 3,762,775          | 55              | 820,369                                   | 25,093,419                              | 41,711,663  |

The annexed notes 1 to 45 form an integral part of these financial statements.

-Sd-

**Syed Asad Abbas**  
Chief Financial Officer

-Sd-

**M. Adil Khattak**  
Chief Executive Officer

-Sd-

**Abdus Sattar**  
Director

# Statement of Cash Flows

For the year ended June 30, 2021

|   | Note | 2021<br>Rs '000    | 2020<br>Rs '000    |
|---|------|--------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                 |      |                    |                    |
| Cash receipts from  |      |                    |                    |
| - customers   |      | 191,370,268        | 184,473,734        |
| - others  |      | 866,194            | 260,340            |
|   |      | 192,236,462        | 184,734,074        |
| Cash paid for operating costs   |      | (123,481,058)      | (131,742,081)      |
| Cash paid to Government for duties, taxes and levies                        |      | (66,626,248)       | (58,421,327)       |
| Income tax paid   |      | (570,499)          | (707,713)          |
| <b>Net cash inflow/(outflow) from operating activities</b>                  |      | <b>1,558,657</b>   | <b>(6,137,047)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                 |      |                    |                    |
| Additions to property, plant and equipment                                  |      | (133,896)          | (607,167)          |
| Proceeds against disposal of operating assets                               |      | 789                | 7,491              |
| Long term loans and deposits  |      | 12                 | 4,223              |
| Income received on bank deposits  |      | 373,352            | 1,531,796          |
| Dividends received from associated companies                                |      | 141,524            | 625,913            |
| <b>Net cash generated from investing activities</b>                         |      | <b>381,781</b>     | <b>1,562,256</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                 |      |                    |                    |
| Repayment of long term financing  |      | -                  | (2,200,000)        |
| Repayment of lease liability  |      | (233,482)          | (219,045)          |
| Transaction cost on long term financing                                     |      | (500)              | (500)              |
| Finance cost  |      | (782,968)          | (1,470,502)        |
| Dividends paid to the Company's shareholders                                |      | (54)               | (211)              |
| <b>Net cash outflow from financing activities</b>                           |      | <b>(1,017,004)</b> | <b>(3,890,258)</b> |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b> |      | <b>923,434</b>     | <b>(8,465,049)</b> |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>                   |      | <b>8,122,982</b>   | <b>16,583,594</b>  |
| Effects of exchange rate changes on cash and cash equivalents               |      | 4,864              | 4,437              |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>                         | 42   | <b>9,051,280</b>   | <b>8,122,982</b>   |

The annexed notes 1 to 45 form an integral part of these financial statements.

-Sd-

**Syed Asad Abbas**  
Chief Financial Officer

-Sd-

**M. Adil Khattak**  
Chief Executive Officer

-Sd-

**Abdus Sattar**  
Director



# Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2021

## 1. LEGAL STATUS AND OPERATIONS

Attock Refinery Limited (the Company) was incorporated in Pakistan on November 8, 1978 as a private limited company and was converted into a public company on June 26, 1979. The registered office of the Company is situated at Morgah, Rawalpindi. Its shares are quoted on Pakistan Stock Exchange Limited. It is principally engaged in the refining of crude oil.

The Company is subsidiary of The Attock Oil Company Limited, England and its ultimate parent is Coral Holding Limited (a private limited company incorporated in Malta).

## 2. STATEMENT OF COMPLIANCE

These are separate financial statements of the Company and 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; 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## 3. NEW AND REVISED STANDARDS AND INTERPETATIONS

### 3.1 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

|  | Effective date<br>(annual reporting periods<br>beginning on or after) |
|--|---|
| IAS 1 Presentation of Financial Statements (Amendments)                      | January 1, 2023   |
| IAS 8 Changes in Accounting Estimates and Errors (Amendments)                | January 1, 2023   |
| IAS 12 Income Taxes (Amendments)   | January 1, 2023   |
| IAS 16 Property, plant and equipment (Amendments)                            | January 1, 2022   |
| IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) | January 1, 2022   |
| IFRS 3 Business combinations (Amendments)                                    | January 1, 2022   |
| IFRS 7 Financial instruments: Disclosures (Amendments)                       | January 1, 2021   |
| IFRS 9 Financial instruments (Amendments)                                    | January 1, 2021   |
| IFRS 16 Leases (Amendments)  | January 1, 2021   |

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation/disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 17 Insurance Contracts

The following interpretation issued by the IASB has been waived off by SECP:

- IFRIC 12 Service concession arrangements

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **4.1 Basis of measurement**

These financial statements have been prepared under the historical cost convention modified by revaluation of freehold land referred to in note 4.7, certain financial instruments which are carried at their fair values and staff retirement gratuity and pension plans which are carried at present value of defined benefit obligation net of fair value of plan assets.

##### **4.2 Dividend and revenue reserves appropriation**

Dividend and movement in revenue reserves are recognised in the financial statements in the period in which these are approved.

##### **4.3 Employees retirement benefits**

The main features of the retirement benefit schemes operated by the Company for its employees are as follows:

###### **(i) Defined benefit plans**

The Company operates approved pension fund for its management staff and approved gratuity fund for its management and non-management staff. The investments of pension and gratuity funds are made through approved trust funds. Gratuity is deductible from pension. Management staff hired after January 1, 2012 are only entitled to benefits under gratuity fund. Contributions are made in accordance with actuarial recommendations. Actuarial valuations are conducted by an independent actuary, annually using projected unit credit method related details of which are given in note 34 to the financial statements. The obligation at the date of statement of financial position is measured at the present value of the estimated future cash outflows. All contributions are charged to statement of profit or loss for the year.

Actuarial gains and losses (remeasurement gains/losses) on employees' retirement benefit plans are recognised immediately in other comprehensive income and past service cost is recognized in statement of profit or loss when they occur.

Calculation of gratuity and pension obligations require assumptions to be made of future outcomes which mainly includes increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

###### **(ii) Defined contribution plans**

The Company operates an approved contributory provident fund for all employees. Equal monthly contribution is made both by the Company and the employee to the fund at the rate of 10% of basic salary.

##### **4.4 Employee compensated absences**

The Company also provides for compensated absences for all employees in accordance with the rules of the Company.

##### **4.5 Taxation**

Income tax expense comprises of current and deferred tax.

###### **Current tax**

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates, if any. Income tax expense is recognised in statement of profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

###### **Deferred tax**

Deferred income tax is accounted for using the statement of financial position liability method in respect of all temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised

# Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2021

for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, un-used tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are substantially expected to apply to the period when the differences reverse based on the tax rates that have been enacted. Deferred tax is charged or credited to income except in the case of items credited or charged to equity in which case it is included in equity.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

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

## **4.6 Provisions**

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

## **4.7 Property, plant and equipment and capital work-in-progress**

### **a) Cost**

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and impairment losses. Freehold land is stated at revalued amount. Capital work-in-progress and major spare parts and stand-by equipment are stated at cost. Cost in relation to certain plant and machinery items include borrowing cost related to the financing of major projects during construction phase.

### **b) Revaluation**

Increase in the carrying amount arising on revaluation of freehold land are recognised in other comprehensive income and accumulated in shareholders' equity under the heading surplus on revaluation of freehold land. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase is first recognised in statement of profit or loss. Decreases that reverse previous increases 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.

### **c) Depreciation**

Depreciation on operating assets is calculated using the straight-line method to allocate their cost over their estimated useful life at the rates specified in note 13.1.

### **d) Repairs and maintenance**

Maintenance and normal repairs, including minor alterations, are charged to income as and when incurred. Renewals and improvements are capitalised and the assets so replaced, if any, are retired.

### **e) Gains and losses on disposal**

Gains and losses arising on disposal of assets are included in income currently.

## **4.8 Impairment of non-financial assets**

Assets that have an indefinite useful life, for example land, are not subject to amortisation or depreciation and are tested annually for impairment. Assets that are subject to depreciation/amortisation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversals of the impairment losses are restricted to the extent that assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. An impairment loss or reversal of impairment loss is recognised in the statement of profit or loss.



#### **4.9 Investments**

##### **4.9.1 Investment in subsidiaries**

Investment in subsidiary is initially recognised at cost. At subsequent reporting date, recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amount of investment is adjusted accordingly. Impairment losses are recognised as expense in the statement of profit or loss. Where impairment loss is subsequently reversed, the carrying amounts of investment are increased to its revised recoverable amount, limited to the extent of initial cost of investment. Reversal of impairment losses are recognised in the statement of profit or loss.

The profits or losses of subsidiaries are carried forward in their financial statements and are not dealt within these financial statements except to the extent of dividend declared by the subsidiaries. Gains and losses on disposal of investment are included in other income. When the disposal on investment in subsidiary results in loss of control such that it becomes an associate, the retained investment is carried at cost.

##### **4.9.2 Investment in associates**

Investments in associates and jointly controlled entities are initially recognised at cost. At subsequent reporting date, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognised as expense in the statement of profit or loss. Where impairment losses are subsequently reversed, the carrying amounts of these investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in the statement of profit or loss. The profits and losses of associates and jointly controlled entities are carried forward in their financial statements and are not dealt within these financial statements except to the extent of dividend declared by the associates and jointly controlled entities. Gains and losses on disposal of investments are included in the statement of profit or loss.

#### **4.10 Stores, spares and loose tools**

These are valued at moving average cost less allowance for obsolete and slow moving items. Items in transit are stated at invoice value plus other charges incidental thereto.

#### **4.11 Stock-in-trade**

Stock-in-trade is valued at the lower of cost and net realisable value.

Cost in relation to crude oil is determined on a First-in-First-Out (FIFO) basis. In relation to semi-finished and finished products, cost represents the cost of crude oil and an appropriate portion of manufacturing overheads.

Net realisable value represents selling prices in the ordinary course of business less costs necessary to be incurred for its sale.

#### **4.12 Revenue recognition**

The Company recognizes revenue when it transfers control over goods to its customers, being when the products are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue is recognized at an amount that reflects the consideration, to which the Company expects to be entitled in exchange for transferring of goods to its customers net of discount and sales related indirect taxes. The sales related indirect taxes are regarded as collected on behalf of statutory authorities. The Company generates revenue by supplying refined petroleum products to the customers, including export of Naphtha product.

- i) Revenue from sales is recognised on delivery of products ex-refinery to the customers with the exception that Naphtha export sales are recognised on the basis of products shipped to customers.

The Company is operating under the import parity pricing formula, as modified from time to time, whereby it is charged the cost of crude on 'import parity' basis and is allowed to charge product prices equivalent to the 'import parity' price, calculated under prescribed parameters.

# Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2021

- ii) Income from crude desalter operations, rental income, scrap sales, insurance commission, handling and service income are recognized on accrual basis.
- iii) Dividend income is recognised when the right to receive dividend is established.
- iv) Income on bank deposits and short term investments are recognised using the effective yield method.

## 4.13 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional currency.

## 4.14 Foreign currency transactions and balances

Transactions in foreign currencies are converted into Pakistani Rupees at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies at the year end are translated at exchange rates prevailing at the statement of financial position date. Exchange differences are dealt with through the statement of profit or loss.

## 4.15 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

### (i) Financial assets

#### Classification

The Company classifies its financial assets in the following measurement categories:

- a) Amortized cost where the effective interest rate method will apply;
- b) fair value through profit or loss;
- c) fair value through other comprehensive income.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or OCI. For investments in equity instruments that are not held for trading, this depends on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). The Company reclassifies debt investments when and only when its business model for managing those assets changes.

#### Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

#### Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### **Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

##### **(a) Amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

##### **(b) Fair value through other comprehensive income (FVTOCI)**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit or loss and recognised in other income/charges. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/charges and impairment expenses are presented as separate line item in the statement of profit or loss.

##### **(c) Fair value through profit or loss (FVTPL)**

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the statement of profit or loss and presented net within other operating gains/(losses) in the period in which it arises.

#### **De-recognition of financial assets**

A financial asset (or, where applicable part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.



# Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2021

## **Impairment of financial assets**

The Company assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL model:

- Trade debts
- Loans, advances, deposits, prepayments and other receivables
- Cash and bank balances

## **Simplified approach for trade debts**

The Company recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade debts are separately assessed for ECL measurement. The lifetime expected credit losses are estimated using the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

## **Recognition of loss allowance**

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making a contractual payment.

## **Write-off**

The Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

## **(ii) Financial liabilities**

### **Classification, initial recognition and subsequent measurement**

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss; and
- other financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

#### **a) Fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

**b) Amortised cost**

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the statement of profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

**De-recognition of financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When 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 the respective carrying amounts is recognized in the statement of profit or loss.

**(iii) Off-setting financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set off the recognized amounts, and the Company either intends to settle on a net basis, or realize the asset and settle the liability simultaneously. Legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

**4.16 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 measurement is directly or indirectly observable; and
- 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 recognized 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 categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

# Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2021

The Company's Chief Financial Officer determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement. External valuers may be involved for valuation of significant assets and significant liabilities. For the purpose of fair value disclosures, the Company determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

## **4.17 Earnings per share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Basic and diluted EPS relating to Refinery and Non-refinery operations is also calculated in line with the manner described above by dividing the profit or loss attributable to ordinary shareholders from Refinery and Non-refinery operations respectively.

## **4.18 Finance income**

Finance income comprise of interest income on funds invested, dividend income, gain on disposal financial assets and changes in fair value of investments held for trading. Interest income is recognised as it accrues in the statement of profit or loss, using effective interest method. Dividend income is recognised in the statement of profit or loss on the date that the Company's right to receive payment is established.

## **4.19 Finance cost**

Finance costs comprise of interest expense on borrowings, changes in fair value of investment carried at fair value through the statement of profit or loss and impairment losses recognised on financial assets.

## **4.20 Contingent Liabilities**

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

## **4.21 Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set off the recognised amounts and the Company intends to settle on a net basis or realise the asset and settle the liability simultaneously.

## **4.22 Borrowings and their costs**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs on the borrowing to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a transaction cost on borrowing and amortised over the period of the facility to which it relates.

Borrowing costs are recognised as an 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.



**4.23 Operating segments**

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.

**4.24 Trade debts**

These are recognized and carried at the original invoice amounts, being the fair value, less an allowance for uncollectible amounts, if any. The Company applies the IFRS 9 simplified approach to measure the Expected Credit Loss (ECL) which uses a lifetime expected loss allowance for trade debts.

**4.25 Loans, advances, deposits and other receivables**

These are recognized at cost, which is the fair value of the consideration given. The Company assesses on a forward looking basis the expected credit losses associated with the advances, deposits and other receivables. The Company applies the general approach for calculating a lifetime expected credit losses for its loans, advances, deposits and other receivables recognized. The life time expected credit loss is determined at least annually. However, an assessment is made at each reporting date to determine whether there is an indication that a financial asset or a group of financial assets may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and impairment loss is recognized for the difference between the recoverable amount and the carrying value.

**4.26 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash in hand, bank balances and investments that are highly liquid, readily convertible to known amounts of cash with insignificant risk of changes in value and have original maturity period of less than three month from the date of acquisition.

**4.27 Trade and other payables**

Liabilities for trade and other payables, including payable to related parties, are carried at cost, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

**4.28 Contract liabilities**

Under IFRS 15 "Revenue from Contracts with Customers", obligation to transfer goods or services to a customer for which the Company has received consideration or an amount of consideration is due from the customer is presented as contract liability. The contract liabilities of the Company comprises of advance payments from customers for supply of petroleum products as described in note 10.2.

**4.29 Lease liability and right-of-use asset**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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 lease payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if

# Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2021

the lease term reflects the lessee exercising that option, less any lease incentives receivable. The 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 lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes 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 has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. 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.

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

- i) Surplus on revaluation of freehold land - note 13.2
- ii) Contingencies - note 12
- iii) Estimated useful life of operating assets - note 13.1
- iv) Deferred taxation - note 17
- v) Taxation - note 31
- vi) Employees defined benefit plans - note 34
- vii) Movement in loss allowances - note 21.2
- viii) Right of use assets and lease liabilities - note 13.5 and 9

## 6. SHARE CAPITAL

### 6.1 Authorised capital

| 2021<br>Number of shares | 2020<br>Number of shares |                                   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--------------------------|--------------------------|-----------------------------------|-----------------|-----------------|
| 150,000,000              | 150,000,000              | Ordinary shares of Rupees 10 each | 1,500,000       | 1,500,000       |

### 6.2 Issued, subscribed and paid-up capital

| 2021<br>Number of shares | 2020<br>Number of shares | Ordinary shares of Rupees 10 each        | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--------------------------|--------------------------|--|-----------------|-----------------|
| 8,000,000                | 8,000,000                | Fully paid in cash                       | 80,000          | 80,000          |
| 98,616,250               | 98,616,250               | Shares issued as fully paid bonus shares | 986,163         | 986,163         |
| 106,616,250              | 106,616,250              |  | 1,066,163       | 1,066,163       |

The parent company, The Attock Oil Company Limited held 65,095,630 (2020: 65,063,530) ordinary shares and the associated company, Attock Petroleum Limited held 1,790,000 (2020: 1,790,000) ordinary shares at the year end.

|   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|-----------------|-----------------|
| <b>7. RESERVES AND SURPLUS</b>                                  |                 |                 |
| <b>Capital reserve</b>  |                 |                 |
| Special reserve for expansion/modernisation - note 7.1          | -               | -               |
| Utilised special reserve for expansion/modernisation - note 7.2 | 10,962,934      | 10,962,934      |
| <b>Others</b>   |                 |                 |
| Liabilities taken over from The Attock Oil Company Limited      |                 |                 |
| no longer required  | 4,800           | 4,800           |
| Capital gain on sale of building                                | 654             | 654             |
| Insurance and other claims realised relating to                 |                 |                 |
| pre-incorporation period  | 494             | 494             |
|   | 5,948           | 5,948           |
| <b>Revenue reserve</b>  |                 |                 |
| Investment reserve - note 7.3                                   | 3,762,775       | 3,762,775       |
| General reserve   | 55              | 55              |
| Unappropriated profit   | 820,369         | 3,011,797       |
|   | 4,583,199       | 6,774,627       |
|   | 15,552,081      | 17,743,509      |

- 7.1** Under the Policy Framework for Up-gradation and Expansion of Refineries, 2013 issued by the Ministry of Energy-Petroleum Division (the Ministry) as amended from time to time, the refineries are required to transfer the amount of profit above 50% of paid-up capital as at July 1, 2002 into a Special Reserve Account which shall be available for utilisation for Up-gradation of refineries or may also be utilized in off setting losses of the refinery from refinery operations.
- 7.2** Represents amounts utilized out of the Special Reserve for expansion/modernization of the refinery. The total amount of capital expenditure incurred on Refinery expansion/modernisation till June 30, 2021 is Rs 29,143.58 million including Rs 18,180.65 million spent over and above the available balance in the Special Reserve which has been incurred by the Company from its own resources.
- 7.3** The Company has set aside gain on sale of investment as investment reserve to meet any future losses/impairment on investments.



# Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2021

|   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|-----------------|-----------------|
| <b>8. LONG TERM FINANCING - secured</b>           |                 |                 |
| <b>From banking companies</b>                     |                 |                 |
| Syndicated Term Finance - note 8.1                | 5,942,295       | 5,941,485       |
| Musharaka Finance - note 8.2                      | 1,944,913       | 1,944,648       |
|   | 7,887,208       | 7,886,133       |
| Less: Unamortized transaction cost on financing:  |                 |                 |
| Balance at beginning of the year                  | 67,420          | 94,920          |
| Addition during the year                          | 500             | 500             |
| Amortization for the year                         | (25,527)        | (28,000)        |
| Balance at end of the year                        | 42,393          | 67,420          |
|   | 7,844,815       | 7,818,713       |
| Current portion of long term financing - note 8.4 | (2,200,000)     | -               |
|   | 5,644,815       | 7,818,713       |
| Mark-up payable shown as current liability        | (152,023)       | (204,519)       |
|   | 5,492,792       | 7,614,194       |

- 8.1** The Company entered into a syndicated finance agreement with a consortium of banks which includes Bank AL-Habib Limited as the Agent Bank for a term finance facility of Rs 16,575 million for ARL Up-gradation Projects. The facility carries a mark-up of 3 months KIBOR plus 1.70% which is payable on quarterly basis.
- 8.2** The Company obtained Musharaka finance facility of Rs 5,425 million from Bank AL-Habib Limited (the Bank) as the Investment Agent for ARL Up-gradation Projects. The total Musharaka investment amounts to Rs 8,029 million and Investment Agent's (the Bank) share in Musharaka Assets A is nil % (2020: nil %) while its share in Musharaka Assets B is 35.37% (2020: 35.37%) respectively. While the Managing Co-owner's (the Company) share in Musharaka Assets A is 100% (2020: 100 %) while its share in Musharaka Assets B is 64.63% (2020: 64.63%) respectively. The rental payments under this facility are calculated on the basis of 3 months KIBOR plus 1.70% on value of unit purchased on each Musharaka Assets purchase date under Musharaka agreement.
- 8.3** The facilities referred to in notes 8.1 and 8.2 are secured by first pari passu charge by way of hypothecation over all present and future current assets to the extent of Rs 15,000 million. Further, the facility is also secured by first pari passu charge by way of hypothecation over all present and future movable fixed assets of the Company and mortgage over identified immovable property. Until the payment of all the outstanding amounts due by the Company have been paid in full, the Company cannot, except with the prior written consent of the Agent Bank/ Investment Agent, permit the collective shareholding of Attock Oil Company Limited in the Company to fall below 51%.
- 8.4** In the prior year, the Company availed the facility for deferment of the payment of principle amount for one year, in accordance with the incentives offered by the State Bank of Pakistan, in responsiveness to the COVID-19 Pandemic. Consequently the next installment for principle repayment for an amount of Rs 550 million falls due in July 2021.

|   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|-----------------|-----------------|
| <b>9. LONG TERM LEASE LIABILITIES</b>                         |                 |                 |
| Balance at beginning of the year                              | 321,640         | -               |
| Impact of initial application of IFRS 16                      | -               | 473,695         |
| Additions during the year                                     | 227,070         | -               |
| Lease finance charges   | 27,004          | 30,857          |
| Lease rentals paid  | (233,483)       | (219,044)       |
| Remeasurement in lease liability                              | -               | 36,132          |
| Balance at end of the year                                    | 342,231         | 321,640         |
| Current portion of long term lease liabilities                | (215,832)       | (214,899)       |
|   | 126,399         | 106,741         |
| <b>10. TRADE AND OTHER PAYABLES</b>                           |                 |                 |
| Creditors - note 10.1   | 26,847,266      | 21,236,688      |
| Unearned revenue - note 23.2                                  | -               | 331,943         |
| Due to The Attock Oil Company Limited - Holding Company       | 229,625         | 148,127         |
| Due to Attock Hospital (Private) Limited - Subsidiary Company | 571             | -               |
| Due to associated companies                                   |                 |                 |
| Pakistan Oilfields Limited                                    | 2,681,791       | 1,793,167       |
| Attock Energy (Private) Limited                               | -               | 1               |
| Accrued liabilities and provisions - note 10.1                | 4,787,800       | 4,602,951       |
| Due to the Government under pricing formula                   | 4,058,933       | 1,715,915       |
| Custom duty payable to the Government                         | 5,245,223       | 8,908,757       |
| Sales tax payable   | 2,501,329       | 1,081,535       |
| Payable to statutory authorities in respect of petroleum      |                 |                 |
| development levy and excise duty                              | 483,247         | 2,683,235       |
| Advance payments from customers - note 10.2                   | 193,073         | 501,777         |
| ARL Gratuity Fund   | 114,277         | 47,535          |
| Crude oil freight adjustable through inland freight           |                 |                 |
| equalisation margin   | 59,958          | 126,879         |
| Deposits from customers adjustable against freight            |                 |                 |
| and Government levies payable on their behalf                 | 376             | 376             |
| Security deposits   | 3,067           | 3,067           |
|   | 47,206,536      | 43,181,953      |

**10.1** These balances include amounts retained from payments to crude suppliers for purchase of local crude as per the directives of the Ministry of Energy - Petroleum Division (the Ministry). Further, as per directive of the Ministry such withheld amounts are to be retained in designated 90 days interest bearing accounts. The amounts withheld along with accumulated profits amounted to Rs 3,950.27 million (2020: Rs 3,722.85 million).

**10.2** Advance payments from customers is recognised as revenue when the performance obligation in accordance with the policy as described in note 4.12 is satisfied.

|                                    | 2021<br>Rs '000 | 2020<br>Rs '000 |
|------------------------------------|-----------------|-----------------|
| Opening balance                    | 501,777         | 30,698          |
| Revenue recognized during the year | (7,104,542)     | (2,848,504)     |
| Advance received during the year   | 6,795,838       | 3,319,583       |
| Closing balance                    | 193,073         | 501,777         |

# Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2021

## 11. SHORT TERM FINANCING

During the year the Company obtained short term financing for Rs 3,000 million from a bank to finance its working capital requirements. This facility was fully utilized at the year end. This facility is secured by ranking hypothecation charge over all present and future current and fixed assets (excluding land and building) of the Company. The rate of mark-up on short term financing facility is 3 months KIBOR plus 0.08% p.a. which is payable on quarterly basis.

|   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|-----------------|-----------------|
| <b>12. CONTINGENCIES AND COMMITMENTS</b>  |                 |                 |
| <b>Contingencies:</b>   |                 |                 |
| i) Consequent to amendment through the Finance Act, 2014, SRO 575(I)/2006 was withdrawn. As a result, all imports relating to the ARL Up-gradation Project were subjected to the higher rate of customs duties, sales tax and income tax. Aggrieved by the withdrawal of the said SRO, the Company filed a writ petition on August 20, 2014, in the Lahore High Court, Rawalpindi Bench (the Court). The Court granted interim relief by allowing the imports against submission of bank guarantees and restraining customs authorities from charging an increased amount of customs duty/sales tax. Bank guarantees were issued in favour of the Collector of Customs, as per the directives of the Court. These guarantees include amounts aggregating to Rs 731 million on account of adjustable/claimable government levies.<br><br>On November 10, 2020 the Court referred the case to Customs authorities with the instruction not to encash the bank guarantees without giving the Company appropriate remedy under the law. In June 2021, the Customs authorities have issued orders granting partial relief for Company's contention. The Company has preferred an appeal before Collector of Appeals in respect of matters not adjudicated per its contention.<br><br>Based on advice from the legal advisor, the Company is confident that there are reasonable grounds for a favourable decision, and accordingly, this has not been recognized as a liability in the financial statements. | 1,326,706       | 1,326,706       |
| ii) Due to circular debt in the oil industry, certain amounts due from the oil marketing companies (OMCs) and due to crude oil suppliers have not been paid/received on their due dates for payment. As a result the Company has raised claims on OMCs in respect of mark-up on delayed payments as well as received counter claims from some crude oil suppliers which have not been recognized in the financial statements as these have not been acknowledged debt by either party.  |                 |                 |
| iii) Guarantees issued by banks on behalf of the Company [other than (i) above].  | -               | 344             |
| iv) Claims for land compensation contested by the Company.  | 5,300           | 1,300           |
| v) Price adjustment related to crude oil and condensate purchases have been recorded based on provisional prices due to non-finalisation of Crude Oil Sale Purchase Agreement (COSA) and may require adjustment in subsequent periods as referred to in note 25.1, the amount of which can not be presently quantified.   |                 |                 |



|                     |  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---------------------|--|-----------------|-----------------|
| vi)                 | <p>In March 2018, Mela and Nashpa Crude Oil Sale and Purchase Agreement (COSA) with effective date of March 27, 2007 was executed between the President of Pakistan and the working interest owners of a Petroleum Concession Agreement (PCA) whereby various matters including the pricing mechanism for crude oil were prescribed. The Company has been purchasing crude oil from the respective oil fields since 2007 and 2009. In this respect, an amount of Rs 2,484 million was demanded from the Company as alleged arrears of crude oil price for certain periods prior to signing of aforementioned COSA.</p> <p>In view of the foregoing, the Company filed a writ petition on December 17, 2018 before the Honourable Islamabad High Court (the Court), whereby interim relief was granted to the Company by restraining respondents from charging the premium or discount regarding the supplies of crude oil made to the Company between 2012 to 2018. Based on the Company's assessment of related matter and based on the legal advices obtained from its legal consultants, the Company did not acknowledge the related demand and accordingly, not provided for the same in its books of account. The matter is pending for adjudication.</p> | 2,484,098       | 2,484,098       |
| vii)                | <p>Claim by the Company from Government on account of additional deemed duty on High Speed Diesel (HSD). In the Policy Framework of 2013 for Up-gradation of Refineries, the Government had committed to enhance deemed duty on HSD from 7.5% to 9% subject to setting up of Diesel Hydrodesulphurisation (DHDS) unit. However, this incentive had been withdrawn on April 25, 2016.</p> <p>The Company has strongly taken up with the Government the matter of withdrawal of additional deemed duty as this incentive was primarily given to recover the cost of investment on DHDS unit which the Company has successfully installed and commissioned.</p>   | 3,092,485       | 2,500,895       |
| viii)               | <p>The Finance Act, 2017 has introduced tax on every public company at the rate of 7.5% of its accounting profit before tax for the year. However, this tax does not apply in case of a public company which distributes at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares.</p> <p>Aggrieved by this amendment, the Company filed a writ petition on August 3, 2017 in Sindh High Court (the Court), Karachi. The Court has granted stay to the Company. Subsequently, a notification was issued on February 13, 2018 by the Federal Board of Revenue whereby exemption was granted in the incidental matter to the companies that are subject to restrictions imposed by Government of Pakistan on distribution of dividend. Accordingly, no charge has been recorded for the related tax.</p>  | 418,470         | 418,470         |
| <b>Commitments:</b> |  |                 |                 |
| i)                  | Capital expenditure  | 40,970          | 111,761         |
| ii)                 | Letters of credit and other contracts for purchase of store items  | 34,431          | 159,418         |

# Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2021

|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| <b>13. PROPERTY, PLANT AND EQUIPMENT</b> |                 |                 |
| Operating assets                         |                 |                 |
| Owned assets - note 13.1                 | 38,707,929      | 41,076,387      |
| Right of use assets (ROU) - note 13.5    | 384,795         | 348,225         |
|  | 39,092,724      | 41,424,612      |

## 13.1 Owned Assets

|                                 | Freehold land<br>(note 13.2) | Buildings on<br>freehold land | Plant and<br>machinery | Computer<br>equipment<br>Rs '000 | Furniture,<br>fixtures and<br>equipment | Vehicles      | Total             |
|---------------------------------|------------------------------|-------------------------------|------------------------|----------------------------------|---|---------------|-------------------|
| <b>As at July 01, 2019</b>      |                              |                               |                        |                                  |   |               |                   |
| Cost or valuation               | 12,106,798                   | 246,846                       | 29,330,223             | 85,495                           | 165,288                                 | 190,534       | 42,125,184        |
| Accumulated depreciation        | -                            | (130,176)                     | (11,340,947)           | (62,223)                         | (97,291)                                | (117,643)     | (11,748,280)      |
| <b>Net book value</b>           | <b>12,106,798</b>            | <b>116,670</b>                | <b>17,989,276</b>      | <b>23,272</b>                    | <b>67,997</b>                           | <b>72,891</b> | <b>30,376,904</b> |
| <b>Year ended June 30, 2020</b> |                              |                               |                        |                                  |   |               |                   |
| Opening net book value          | 12,106,798                   | 116,670                       | 17,989,276             | 23,272                           | 67,997                                  | 72,891        | 30,376,904        |
| Additions                       | -                            | 2,623                         | 237,500                | 3,703                            | 7,532                                   | 5,784         | 257,142           |
| Revaluation Surplus             | 13,040,843                   | -                             | -                      | -                                | -                                       | -             | 13,040,843        |
| Disposals                       |                              |                               |                        |                                  |   |               |                   |
| Cost                            | -                            | -                             | (13,263)               | (3,463)                          | (5,444)                                 | (8,897)       | (31,067)          |
| Accumulated depreciation        | -                            | -                             | 13,232                 | 3,458                            | 5,337                                   | 6,643         | 28,670            |
|                                 | -                            | -                             | (31)                   | (5)                              | (107)                                   | (2,254)       | (2,397)           |
| Depreciation charge             | -                            | (9,849)                       | (2,540,201)            | (8,883)                          | (12,218)                                | (24,954)      | (2,596,105)       |
| <b>Closing net book value</b>   | <b>25,147,641</b>            | <b>109,444</b>                | <b>15,686,544</b>      | <b>18,087</b>                    | <b>63,204</b>                           | <b>51,467</b> | <b>41,076,387</b> |
| <b>As at June 30, 2020</b>      |                              |                               |                        |                                  |   |               |                   |
| Cost or valuation               | 25,147,641                   | 249,469                       | 29,554,460             | 85,735                           | 167,376                                 | 187,421       | 55,392,102        |
| Accumulated depreciation        | -                            | (140,025)                     | (13,867,916)           | (67,648)                         | (104,172)                               | (135,954)     | (14,315,715)      |
| <b>Net book value</b>           | <b>25,147,641</b>            | <b>109,444</b>                | <b>15,686,544</b>      | <b>18,087</b>                    | <b>63,204</b>                           | <b>51,467</b> | <b>41,076,387</b> |
| <b>Year ended June 30, 2021</b> |                              |                               |                        |                                  |   |               |                   |
| Opening net book value          | 25,147,641                   | 109,444                       | 15,686,544             | 18,087                           | 63,204                                  | 51,467        | 41,076,387        |
| Additions                       | -                            | 3,596                         | 234,418                | 836                              | 221                                     | -             | 239,071           |
| Disposals                       |                              |                               |                        |                                  |   |               |                   |
| Cost                            | -                            | -                             | (145)                  | (83)                             | (3,345)                                 | (6,603)       | (10,176)          |
| Accumulated depreciation        | -                            | -                             | 145                    | 83                               | 3,279                                   | 6,548         | 10,055            |
|                                 | -                            | -                             | -                      | -                                | (66)                                    | (55)          | (121)             |
| Depreciation charge             | -                            | (9,682)                       | (2,556,940)            | (7,352)                          | (12,223)                                | (21,211)      | (2,607,408)       |
| <b>Closing net book value</b>   | <b>25,147,641</b>            | <b>103,358</b>                | <b>13,364,022</b>      | <b>11,571</b>                    | <b>51,136</b>                           | <b>30,201</b> | <b>38,707,929</b> |
| <b>As at June 30, 2021</b>      |                              |                               |                        |                                  |   |               |                   |
| Cost or valuation               | 25,147,641                   | 253,065                       | 29,788,733             | 86,488                           | 164,252                                 | 180,818       | 55,620,997        |
| Accumulated depreciation        | -                            | (149,707)                     | (16,424,711)           | (74,917)                         | (113,116)                               | (150,617)     | (16,913,068)      |
| <b>Net book value</b>           | <b>25,147,641</b>            | <b>103,358</b>                | <b>13,364,022</b>      | <b>11,571</b>                    | <b>51,136</b>                           | <b>30,201</b> | <b>38,707,929</b> |
| Annual rate of depreciation (%) | -                            | 5                             | 10                     | 20                               | 10                                      | 20            |                   |

- 13.2** Freehold land was revalued in May 2020 and the revaluation surplus of Rs13,040.84 million was added to the value of freehold land and corresponding amount was transferred to surplus on revaluation of freehold land. Had the freehold land been stated on the historical cost basis, the carrying amount of land would have been Rs 54.22 million (2020: Rs 54.22 million).
- 13.3** Forced sales value of freehold land based on valuation conducted in May 2020 was Rs 20,118.11 million.
- 13.4** Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

| Location                           | Usage of immovable property                         | Total Area<br>(In acres) |
|------------------------------------|---|--------------------------|
| Morgah Rawalpindi                  | Refinery processing plants, office and staff colony | 398.44                   |
| Chak Shahpur, Morgah, Rawalpindi   | Water wells   | 44.96                    |
| Humak (adjacent DHA II), Islamabad | Water wells   | 7.34                     |

|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| <b>13.5 Right of use assets</b>                                  |                 |                 |
| Balance at the beginning of the year                             | 348,225         | -               |
| Effect of change in accounting policy due to adoption of IFRS 16 | -               | 539,141         |
| Balance at the beginning of the year - adjusted                  | 348,225         | 539,141         |
| Depreciation for the year  | (190,500)       | (227,048)       |
| Remeasurement in lease liability                                 | 227,070         | 36,132          |
| Balance at end of the year                                       | 384,795         | 348,225         |

- 13.6** The depreciation relating to owned assets and right of use assets for the year has been allocated as follows:

|   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|-----------------|-----------------|
| Cost of sales - note 25                                     | 2,713,055       | 2,664,666       |
| Administration expenses - note 26                           | 84,119          | 157,598         |
| Distribution cost - note 27                                 | 735             | 888             |
|   | 2,797,909       | 2,823,152       |
| <b>14. CAPITAL WORK-IN-PROGRESS</b>                         |                 |                 |
| Balance at beginning of the year                            | 979,206         | 622,573         |
| Additions during the year                                   | 114,650         | 594,538         |
| Transfer to operating assets                                |                 |                 |
| - Buildings on freehold land                                | 3,596           | 20,539          |
| - Plant and machinery                                       | 227,581         | 217,366         |
|   | (231,177)       | (237,905)       |
| Balance at end of the year                                  | 862,679         | 979,206         |
| Break-up of the closing balance of capital work-in-progress |                 |                 |
| Civil works   | -               | 3,838           |
| Plant and machinery   | 861,679         | 974,368         |
| Pipeline project  | 1,000           | 1,000           |
|   | 862,679         | 979,206         |



# Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2021

|   | 2021          |            | 2020          |            |
|---|---------------|------------|---------------|------------|
|   | % age holding | Rs '000    | % age holding | Rs '000    |
| <b>15. LONG TERM INVESTMENTS - AT COST</b>  |               |            |               |            |
| <b>Associated Companies</b>   |               |            |               |            |
| <b>Quoted</b>   |               |            |               |            |
| National Refinery Limited (NRL) - note 15.1   | 25            | 8,046,635  | 25            | 8,046,635  |
| 19,991,640 (2020: 19,991,640) fully paid ordinary shares including 3,331,940 (2020: 3,331,940) bonus shares of Rs 10 each   |               |            |               |            |
| Market value as at June 30, 2021: Rs 10,459 million (June 30, 2020: Rs 2,145 million)                                       |               |            |               |            |
| Attock Petroleum Limited (APL)  | 21.88         | 4,463,485  | 21.88         | 4,463,485  |
| 21,772,965 (2020: 21,772,965) fully paid ordinary shares including 11,272,885 (2020: 11,272,885) bonus shares of Rs 10 each |               |            |               |            |
| Market value as at June 30, 2021: Rs 6,990 million (June 30, 2020: Rs 6,645 million)  |               |            |               |            |
|   |               | 12,510,120 |               | 12,510,120 |
| <b>Unquoted</b>   |               |            |               |            |
| Attock Gen Limited (AGL)  | 30            | 748,295    | 30            | 748,295    |
| 7,482,957 (2020: 7,482,957) fully paid ordinary shares of Rs 100 each   |               |            |               |            |
| Attock Information Technology Services (Private) Limited  | 10            | 4,500      | 10            | 4,500      |
| 450,000 (2020: 450,000) fully paid ordinary shares of Rs 10 each  |               |            |               |            |
|   |               | 752,795    |               | 752,795    |
| <b>Subsidiary Company</b>   |               |            |               |            |
| <b>Unquoted</b>   |               |            |               |            |
| Attock Hospital (Private) Limited   | 100           | 2,000      | 100           | 2,000      |
| 200,000 (2020: 200,000) fully paid ordinary shares of Rs 10 each  |               |            |               |            |
|   |               | 13,264,915 |               | 13,264,915 |

All associated and subsidiary companies are incorporated in Pakistan.

- 15.1** The market value of NRL is higher than its carrying amount as at June 30, 2021. In prior year, the market value of NRL was lower than its carrying amount and consequently recoverable amount was computed by an external investment advisor engaged by the Company. The recoverable amount of investment in NRL computed by the external investment advisor exceeded its carrying amount. The recoverable amount had been estimated based on a value in use calculation. These calculations had been made on discounted cash flow based valuation methodology which assumed gross profit margin of 3.43%, terminal growth rate of 3% and capital asset pricing model based discount rate of 18.20%.

|   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|-----------------|-----------------|
| <b>16. LONG TERM LOANS AND DEPOSITS</b>                                       |                 |                 |
| Loans - secured and considered good - note 16.1                               |                 |                 |
| Employees   | 55,563          | 65,073          |
| Executives  | 15,732          | 8,279           |
|   | 71,295          | 73,352          |
| Amounts due within next twelve months shown<br>under current assets - note 21 | (46,120)        | (46,539)        |
|   | 25,175          | 26,813          |
| Security deposits   | 14,916          | 13,290          |
|   | 40,091          | 40,103          |

- 16.1** These are interest free loans as per the terms of employment and are recoverable in 24, 36, and 60 equal monthly installments depending on case to case basis. These loans are secured against outstanding provident fund balance or a third party guarantee. Receivable from executives of the Company does not include any amount receivable from Directors or Chief Executive Officer. The maximum amount due from executives of the Company at the end of any month during the year was Rs 16.30 million (2020: Rs 14.26 million).

|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| <b>17. DEFERRED TAXATION</b>   |                 |                 |
| The balance of deferred tax is in respect of following<br>major temporary differences: |                 |                 |
| Accelerated tax depreciation   | (1,363,264)     | (1,648,837)     |
| Minimum tax  | 3,273,334       | 2,775,774       |
| Unused tax losses  | 5,409,548       | 5,024,118       |
| Alternative corporate tax in excess of minimum tax                                     | 102,684         | 102,684         |
| Remeasurement loss on staff retirement benefit plans                                   | 188,844         | 169,904         |
| Provisions   | 164,622         | 280,965         |
|  | 7,775,768       | 6,704,608       |

|  |           |           |
|--|-----------|-----------|
| <b>17.1 Movement of deferred tax asset</b>           |           |           |
| Balance at beginning of the year                     | 6,704,608 | 4,507,066 |
| Tax charge recognised in statement of profit or loss | 1,052,220 | 2,209,420 |
| Tax charge recognised in other comprehensive income  | 18,940    | (11,878)  |
| Balance at end of the year                           | 7,775,768 | 6,704,608 |

- 17.2** The deferred tax asset recognised in the financial statements represents the management's best estimate of the potential benefit which is expected to be realized in the future years in the form of reduced tax liability as the Company would be able to set off the tax liability in those years against minimum tax and unused tax loss against the taxable profits of future years. Based on management's assessment of future available taxable profits, the carrying amount of deferred tax asset was reduced by an amount of Rs 580.58 million in respect of minimum tax and unused tax losses expiring in 2022.

# Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2021

|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| <b>18. STORES, SPARES AND LOOSE TOOLS</b>  |                 |                 |
| Stores (including items in transit amounting to<br>Rs 261.56 million; 2020: Rs 549.36 million) | 2,742,021       | 3,494,553       |
| Spares   | 1,184,194       | 1,097,081       |
| Loose tools  | 971             | 988             |
|  | 3,927,186       | 4,592,622       |
| Less: Provision for slow moving items - note 18.1  | 169,971         | 161,549         |
|  | 3,757,215       | 4,431,073       |
| <b>18.1 Movement in provision for slow moving items</b>  |                 |                 |
| Balance as at July 1   | 161,549         | 151,801         |
| Reversal of provision against stores written off   | -               | (3,363)         |
| Provision for the year   | 8,422           | 13,111          |
| Balance as at June 30  | 169,971         | 161,549         |
| <b>19. STOCK-IN-TRADE</b>  |                 |                 |
| Crude oil  | 2,487,241       | 1,995,340       |
| Semi-finished products   | 2,448,840       | 1,809,951       |
| Finished products - note 19.2  | 4,442,826       | 3,358,564       |
|  | 9,378,907       | 7,163,855       |

- 19.1** Stock-in-trade include stocks carried at net realisable value of Rs 5,845.80 million (2020: Rs 3,326.41 million). Adjustments amounting to Rs 379.61 million (2020: Rs 509.50 million) have been made to closing inventory to write down stocks to their net realisable value.

|   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|-----------------|-----------------|
| <b>19.2</b> This includes naphtha stock held by third parties |                 |                 |
| At National Refinery Limited                                  | 100,360         | 654,380         |
|   | 100,360         | 654,380         |

## **20. TRADE DEBTS - unsecured and considered good**

- 20.1** Trade debts include amount receivable from associated companies Attock Petroleum Limited Rs 7,833.75 million (2020: Rs 10,329.65 million) and Pakistan Oilfields Limited Rs nil (2020: Rs 49.24 million).

Age analysis of trade debts from associated companies, past due but not impaired.

|                 | 2021<br>Rs '000 | 2020<br>Rs '000 |
|-----------------|-----------------|-----------------|
| 0 to 6 months   | 4,862,065       | 3,650,831       |
| 6 to 12 months  | 2,525,337       | 1,692,219       |
| Above 12 months | 446,351         | 5,035,844       |
|                 | 7,833,753       | 10,378,894      |

- 20.2** The maximum aggregate amount due from the related parties at the end of any month during the year was Rs 14,173.75 million (2020: Rs 16,798.92 million).



|   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|-----------------|-----------------|
| <b>21. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b> |                 |                 |
| <b>Loans and advances - considered good</b>                             |                 |                 |
| Current portion of long term loans - secured - note 16                  |                 |                 |
| Employees   | 34,562          | 39,489          |
| Executives  | 11,558          | 7,050           |
|   | 46,120          | 46,539          |
| <b>Advances</b>   |                 |                 |
| Suppliers   | 36,983          | 141,218         |
| Employees   | 7,559           | 5,959           |
|   | 44,542          | 147,177         |
|   | 90,662          | 193,716         |
| <b>Deposits and prepayments</b>   |                 |                 |
| Trade deposits  | 286             | 286             |
| Short term prepayments  | 125,369         | 106,058         |
|   | 125,655         | 106,344         |
| <b>Other receivables - considered good</b>                              |                 |                 |
| Due from Subsidiary Company   |                 |                 |
| Attock Hospital (Private) Limited                                       | -               | 3,494           |
| Due from associated companies   |                 |                 |
| Attock Information Technology Services (Private) Limited                | 444             | 441             |
| Attock Petroleum Limited  | 3,653,123       | 3,347,758       |
| Attock Leisure and Management Associates (Private) Limited              | 50              | 436             |
| Attock Gen Limited  | 1,961           | 980             |
| National Cleaner Production Centre Foundation                           | 611             | 762             |
| National Refinery Limited   | 10,912          | 10,912          |
| Attock Sahara Foundation  | -               | 18              |
| Attock Energy (Private) Limited   | 9               | -               |
| Capgas (Private) Limited  | 51              | -               |
| Income accrued on bank deposits   | 26,616          | 28,066          |
| Staff Pension Fund  | 16,688          | 14,354          |
| Other receivables   | 15,257          | 18,529          |
|   | 3,725,722       | 3,425,750       |
| Loss allowance - note 21.2  | (326,746)       | (737,347)       |
|   | 3,615,293       | 2,988,463       |

**21.1** The maximum aggregate amount due from the related parties at the end of any month during the year was Rs 4,040.87 million (2020: Rs 3,326.18 million).

Age analysis of associated companies, past due but not impaired.

|                 | 2021<br>Rs '000 | 2020<br>Rs '000 |
|-----------------|-----------------|-----------------|
| 0 to 6 months   | 797,997         | 1,690,706       |
| 6 to 12 months  | 1,308,760       | 4,200           |
| Above 12 months | 1,560,405       | 1,669,895       |
|                 | 3,667,162       | 3,364,801       |

# Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2021

|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| <b>21.2 Movement in loss allowances</b>              |                 |                 |
| Balance at beginning of the year                     | 737,347         | 389,826         |
| Impairment (reversal)/loss on financial asset        | (410,601)       | 347,521         |
| Balance at end of the year                           | 326,746         | 737,347         |
| <b>22. CASH AND BANK BALANCES</b>                    |                 |                 |
| Cash in hand (US \$ 7,393; 2020: US \$ 7,393)        | 2,321           | 2,281           |
| With banks:  |                 |                 |
| Local currency                                       |                 |                 |
| Current accounts                                     | 8,024           | 7,932           |
| Deposit accounts - note 22.1, 22.2 and 22.3          | 6,894,581       | 3,663,055       |
| Savings accounts                                     | 5,073,295       | 4,371,869       |
| Foreign currency                                     |                 |                 |
| Saving accounts (US \$ 463,573; 2020: US \$ 463,090) | 73,059          | 77,845          |
|  | 12,051,280      | 8,122,982       |

- 22.1** Deposit accounts include Rs 3,894.58 million (2020: Rs 3,663.06 million) placed in a 90-days interest-bearing account consequent to directives of the Ministry of Energy - Petroleum Division on account of amounts withheld alongwith related interest earned thereon net of withholding tax, as referred to in note 10.1.
- 22.2** Balances with banks include Rs 3,000 million (2020: Rs nil) in respect of deposits placed in 30-days interest-bearing account.
- 22.3** Bank deposits of Rs 1,326.71 million (2020: Rs 1,327.05 million) were under lien with bank against a bank guarantee issued on behalf of the Company.
- 22.4** Balances with banks include Rs 3.07 million (2020: Rs 3.07 million) in respect of security deposits received from customers etc.
- 22.5** Interest/mark-up earned on balances with banks ranged between 5.50% to 8.00% (2020: 6.50% to 15.50%) with weighted average rate of 6.85% (2020: 12.68%) per annum.

|   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|-----------------|-----------------|
| <b>23. GROSS SALES</b>  |                 |                 |
| Local sales   | 191,383,038     | 171,183,381     |
| Naphtha export sales  | 894,767         | 3,467,747       |
| Reimbursement due from the Government under import parity pricing formula - note 23.1 | (21,861)        | -               |
| Unearned Revenue from June 27 - 30, 2020 - note 23.2                                  | -               | (331,943)       |
|   | 192,255,944     | 174,319,185     |

- 23.1** This represents amount due to/from the Government of Pakistan (GoP) on account of shortfall in ex-refinery prices of certain petroleum products under the import parity pricing formula.
- 23.2** This represented the additional receipts realised at the revised prices notified as at June 27, 2020 by the Government as against the price previously applicable for the month of June 2020 and as subsequently directed by the Ministry of Energy - Petroleum Division to be netted with the loss sustained in July 2020 to arrive at the adjustment in petroleum products prices.

|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| <b>24. TAXES, DUTIES, LEVIES, DISCOUNTS AND PRICE DIFFERENTIAL</b> |                 |                 |
| Sales tax  | 27,714,063      | 24,868,069      |
| Petroleum development levy   | 31,263,847      | 24,057,826      |
| Custom duties and other levies - note 24.1                         | 4,531,797       | 4,070,233       |
| Discounts  | -               | 83,690          |
| PMG RON differential - note 24.2                                   | 893,255         | 1,419,927       |
| HSD price differential - note 24.3                                 | 122,575         | -               |
|  | 64,525,537      | 54,499,745      |

**24.1** This includes Rs 4,531.54 million (2020: Rs 4,069.90 million) recovered from customers and payable as per Oil and Gas Regulatory Authority directives on account of custom duty on PMG and HSD.

**24.2** This represents amount payable as per Oil and Gas Regulatory Authority directives on account of differential between price of PSO's imported 92 RON PMG and 90 RON PMG sold by the Company during the period.

**24.3** This represents amount payable as per Oil and Gas Regulatory Authority directives on account of HSD Euro-III and V price differential claim.

|   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|-----------------|-----------------|
| <b>25. COST OF SALES</b>  |                 |                 |
| Opening stock of semi-finished products   | 1,809,951       | 1,602,259       |
| Crude oil consumed - note 25.1  | 119,710,027     | 110,686,024     |
| Transportation and handling charges   | 70,559          | 368,082         |
| Salaries, wages and other benefits - note 25.2  | 1,088,539       | 1,124,246       |
| Printing and stationery   | 2,377           | 3,453           |
| Chemicals consumed  | 3,177,428       | 2,873,627       |
| Fuel and power  | 4,200,991       | 3,561,758       |
| Rent, rates and taxes   | 15,173          | 15,752          |
| Telephone   | 2,401           | 2,257           |
| Professional charges for technical services   | 1,592           | 7,904           |
| Insurance   | 322,846         | 309,430         |
| Repairs and maintenance (including stores and spares consumed Rs 333.36 million; 2020: Rs 439.44 million) | 428,087         | 638,993         |
| Staff transport and traveling   | 16,724          | 20,537          |
| Cost of receptacles   | 21,836          | 24,046          |
| Research and development  | 15,288          | 13,968          |
| Depreciation - note 13.6  | 2,713,055       | 2,664,666       |
| Security charges  | 25,829          | 26,370          |
| Contract services   | 209,293         | 203,547         |
|   | 133,831,996     | 124,146,919     |
| Closing stock of semi-finished products   | (2,448,840)     | (1,809,951)     |
|   | 131,383,156     | 122,336,968     |
| Opening stock of finished products  | 3,358,564       | 6,021,504       |
| Closing stock of finished products  | (4,442,826)     | (3,358,564)     |
|   | (1,084,262)     | 2,662,940       |
|   | 130,298,894     | 124,999,908     |



# Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2021

|                                | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--------------------------------|-----------------|-----------------|
| <b>25.1 Crude oil consumed</b> |                 |                 |
| Stock at beginning of the year | 1,995,340       | 2,394,892       |
| Purchases                      | 120,201,928     | 110,286,472     |
|                                | 122,197,268     | 112,681,364     |
| Stock at end of the year       | (2,487,241)     | (1,995,340)     |
|                                | 119,710,027     | 110,686,024     |

Certain crude oil and condensate purchases have been recorded based on provisional prices due to non-finalisation of Crude Oil Sale Purchase Agreements (COSA) and may require adjustment in subsequent periods.

- 25.2** Salaries, wages and other benefits under cost of sales, administration expenses and distribution cost include the Company's contribution to the Pension and Gratuity Fund Rs 46.97 million (2020: Rs 52.39 million) and to the Provident Fund Rs 38.17 million (2020: Rs 35.96 million).

|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| <b>26. ADMINISTRATION EXPENSES</b>   |                 |                 |
| Salaries, wages and other benefits - note 25.2   | 418,680         | 409,803         |
| Board meeting fee  | 8,914           | 8,575           |
| Transport, traveling and entertainment   | 14,983          | 21,811          |
| Telephone  | 2,422           | 2,481           |
| Electricity, gas and water   | 13,682          | 15,157          |
| Printing and stationery  | 5,362           | 5,725           |
| Auditor's remuneration - note 26.1   | 15,779          | 9,493           |
| Legal and professional charges   | 32,707          | 7,309           |
| Repairs and maintenance  | 79,246          | 76,144          |
| Subscription   | 30,812          | 32,839          |
| Publicity  | 3,986           | 4,179           |
| Scholarship scheme   | 3,200           | 3,801           |
| Rent, rates and taxes  | 7,979           | 7,419           |
| Insurance  | 2,098           | 2,179           |
| Donations - note 26.2  | 540             | 540             |
| Training expenses  | 21              | 275             |
| Depreciation - note 13.6   | 84,119          | 157,598         |
| Security charges   | 1,228           | 2,183           |
| Contract services  | 41,254          | 41,467          |
|  | 767,012         | 808,978         |
| <b>26.1 Auditor's remuneration</b>   |                 |                 |
| Annual audit   | 2,459           | 2,200           |
| Review of half yearly financial information, audit of consolidated financial statements, employee funds and special certifications | 2,178           | 2,068           |
| Tax services   | 10,199          | 4,202           |
| Out of pocket expenses   | 943             | 1,023           |
|  | 15,779          | 9,493           |

- 26.2** No director or his spouse had any interest in the donee institutions.

|   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|-----------------|-----------------|
| <b>27. DISTRIBUTION COST</b>  |                 |                 |
| Salaries, wages and other benefits - note 25.2                      | 38,694          | 34,373          |
| Transport, travelling and entertainment                             | 572             | 305             |
| Telephone   | 289             | 291             |
| Electricity, gas and water  | 3,203           | 2,854           |
| Printing and stationery   | 73              | 64              |
| Repairs and maintenance including packing and other stores consumed | 2,510           | 3,077           |
| Rent, rates and taxes   | 943             | 867             |
| Depreciation - note 13.6  | 735             | 888             |
| Contract services   | 5,165           | 5,309           |
|   | 52,184          | 48,028          |
| <b>28. OTHER CHARGES</b>  |                 |                 |
| Provision for slow moving store items                               | 8,422           | 13,111          |
|   | 8,422           | 13,111          |
| <b>29. OTHER INCOME</b>   |                 |                 |
| <b>Income from financial assets</b>                                 |                 |                 |
| Income on bank deposits   | 371,901         | 1,429,032       |
| Interest on delayed payments  | 707,682         | 1,149,712       |
| Exchange gain (net)   | 216,180         | -               |
|   | 1,295,763       | 2,578,744       |
| <b>Income from non - financial assets</b>                           |                 |                 |
| Income from crude desalter operations - note 29.1                   | 1,376           | 1,275           |
| Rental income   | 107,683         | 122,848         |
| Sale of scrap   | 17,122          | 8,129           |
| Profit on disposal of operating assets                              | 668             | 5,094           |
| Calibration charges   | 4,144           | 4,323           |
| Handling and service charges  | 44,434          | 46,463          |
| Penalties from carriage contractors                                 | 60              | 1,404           |
| Miscellaneous - note 29.2   | 10,109          | 12,420          |
|   | 185,596         | 201,956         |
|   | 1,481,359       | 2,780,700       |
| <b>29.1 Income from crude desalter operations</b>                   |                 |                 |
| Income  | 69,010          | 64,157          |
| Less: Operating costs   |                 |                 |
| Salaries, wages and other benefits                                  | 2,117           | 1,971           |
| Chemical consumed   | 2,634           | 2,450           |
| Fuel and power  | 42,122          | 39,161          |
| Repairs and maintenance   | 20,761          | 19,300          |
|   | 67,634          | 62,882          |
|   | 1,376           | 1,275           |

**29.2** This mainly includes income on account of laboratory services provided to different entities.

# Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2021

|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| <b>30. FINANCE COST</b>  |                 |                 |
| Exchange loss (net)  | -               | 127,797         |
| Interest on long term financing  | 786,199         | 904,301         |
| Interest on short term financing   | 37,350          | -               |
| Interest on lease liability  | 27,004          | 30,857          |
| Bank and other charges   | 2,211           | 593             |
|  | 852,764         | 1,063,548       |
| <b>31. TAXATION</b>  |                 |                 |
| Current tax  | 960,662         | 907,867         |
| Deferred tax   | (1,052,220)     | (2,209,420)     |
|  | (91,558)        | (1,301,553)     |
| <b>31.1 Relationship between tax expense and accounting loss (refinery operations)</b>       |                 |                 |
| Accounting loss before taxation  | (2,356,909)     | (4,680,954)     |
| Tax at applicable tax rate of 29% (2020: 29%)  | (683,504)       | (1,357,477)     |
| Tax effect of income taxable at special rates  | 11,365          | 54,949          |
| Deferred tax asset derecognized on minimum tax   | 454,155         | -               |
| Deferred tax asset derecognized on tax loss  | 126,426         | -               |
| Others   | -               | 975             |
|  | (91,558)        | (1,301,553)     |
| <b>32. INCOME FROM NON-REFINERY OPERATIONS LESS APPLICABLE CHARGES AND TAXATION</b>          |                 |                 |
| Dividend income from associated companies  |                 |                 |
| National Refinery Limited  | -               | -               |
| Attock Petroleum Limited   | 141,524         | 326,595         |
| Attock Gen Limited   | -               | 299,318         |
|  | 141,524         | 625,913         |
| Less: Taxation - current   | (21,229)        | (71,438)        |
|  | 120,295         | 554,475         |
| <b>32.1 Relationship between tax expense and accounting income (non-refinery operations)</b> |                 |                 |
| Accounting profit before taxation  | 141,524         | 625,913         |
| Tax at applicable tax rate of 29% (2020: 29%)  | 41,042          | 181,515         |
| Tax effect of income taxable at special rates  | (19,813)        | (110,077)       |
|  | 21,229          | 71,438          |



|   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|-----------------|-----------------|
| <b>33. (LOSS)/EARNINGS PER SHARE - BASIC AND DILUTED</b>                    |                 |                 |
| Loss after taxation from refinery operations                                | (2,265,351)     | (3,379,401)     |
| Income from non-refinery operations less<br>applicable charges and taxation | 120,295         | 554,475         |
|   | (2,145,056)     | (2,824,926)     |
| Weighted average number of fully paid ordinary shares ('000)                | 106,616         | 106,616         |
| (Loss)/earnings per share - Basic and diluted (Rs)                          |                 |                 |
| Refinery operations   | (21.25)         | (31.70)         |
| Non-refinery operations   | 1.13            | 5.20            |
| Loss per share  | (20.12)         | (26.50)         |

**34. EMPLOYEES' DEFINED BENEFIT PLANS**

|  | Funded pension  |             | Funded gratuity |           |
|--|-----------------|-------------|-----------------|-----------|
|  | 2021<br>Rs '000 | 2020        | 2021<br>Rs '000 | 2020      |
| <b>a) The amounts recognised in the statement of financial position:</b> |                 |             |                 |           |
| Present value of defined benefit obligations                             | 1,108,023       | 1,049,391   | 555,913         | 568,171   |
| Fair value of plan assets  | (1,124,711)     | (1,063,744) | (441,636)       | (520,636) |
| Net (surplus)/liability  | (16,688)        | (14,353)    | 114,277         | 47,535    |
| <b>b) The amounts recognised in the statement of profit or loss:</b>     |                 |             |                 |           |
| Current service cost   | 22,210          | 22,048      | 21,177          | 21,204    |
| Net interest (income)/cost   | (494)           | (422)       | 4,078           | 9,558     |
|  | 21,716          | 21,626      | 25,255          | 30,762    |
| <b>c) Movement in the present value of defined benefit obligation:</b>   |                 |             |                 |           |
| Present value of defined benefit obligation at beginning of the year     | 1,049,391       | 965,622     | 568,171         | 600,976   |
| Current service cost   | 22,210          | 22,048      | 21,177          | 21,204    |
| Interest cost  | 88,945          | 135,012     | 45,435          | 76,253    |
| Benefits paid  | (53,290)        | (52,157)    | (128,189)       | (94,076)  |
| Benefits payable to outgoing member                                      | -               | -           | (15,959)        | (11,719)  |
| Remeasurement loss/(gain) on defined benefit obligation                  | 767             | (21,134)    | 65,278          | (24,467)  |
| Present value of defined benefit obligation at end of the year           | 1,108,023       | 1,049,391   | 555,913         | 568,171   |

# Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2021

|  | Funded pension |           | Funded gratuity |          |
|--|----------------|-----------|-----------------|----------|
|  | 2021           | 2020      | 2021            | 2020     |
|  | Rs '000        |           | Rs '000         |          |
| <b>d) Movement in the fair value of plan assets:</b> |                |           |                 |          |
| Fair value of plan assets at beginning of the year   | 1,063,744      | 968,843   | 520,636         | 528,184  |
| Expected return on plan assets                       | 89,441         | 135,434   | 41,356          | 66,695   |
| Contributions  | 19,461         | 19,028    | 28,414          | 28,787   |
| Benefits paid  | (53,290)       | (52,157)  | (128,189)       | (94,076) |
| Benefits payable to outgoing member                  | -              | -         | (15,959)        | (11,719) |
| Bank charges   | -              | -         | -               | 4        |
| Remeasurement gain/(loss) on plan assets             | 5,355          | (7,404)   | (4,622)         | 2,761    |
| Fair value of plan assets at end of the year         | 1,124,711      | 1,063,744 | 441,636         | 520,636  |
| Actual return on plan assets                         | 94,796         | 128,030   | 36,734          | 69,456   |

The Company expects to contribute Rs 132 million during the year ending June 30, 2022 to its defined benefit pension and gratuity plans.

|                                    | Funded pension |           | Funded gratuity |          |
|------------------------------------|----------------|-----------|-----------------|----------|
|                                    | 2021           | 2020      | 2021            | 2020     |
|                                    | Rs '000        |           | Rs '000         |          |
| <b>e) Plan assets comprise of:</b> |                |           |                 |          |
| Investment in equity securities    | 116,000        | 100,453   | 5               | 5        |
| Investment in mutual funds         | 14,259         | 10,900    | 4,753           | 3,633    |
| Debt instruments                   | 1,152,212      | 1,077,923 | 203,043         | 519,462  |
| Deposits with banks                | 38,326         | 59,327    | 278,317         | 39,359   |
| Others                             | 417            | 395       | -               | -        |
| Share of asset of related parties  | (196,503)      | (185,254) | (44,482)        | (41,823) |
|                                    | 1,124,711      | 1,063,744 | 441,636         | 520,636  |

f) The expected return on plan assets is based on market expectations and depend upon the asset portfolio of the Funds, at the beginning of the year, for returns over the entire life of the related obligations.

|  | Funded pension |          | Funded gratuity |        |
|--|----------------|----------|-----------------|--------|
|  | 2021           | 2020     | 2021            | 2020   |
|  | Rs '000        |          | Rs '000         |        |
| <b>g) Remeasurement recognised in OCI:</b> |                |          |                 |        |
| Remeasurement (loss)/gain on obligation    |                |          |                 |        |
| (Loss)/gain due to change in:              |                |          |                 |        |
| Financial assumptions                      | (10,295)       | (24,584) | (364)           | 114    |
| Experience adjustments                     | 9,528          | 45,718   | (64,914)        | 24,353 |
|  | (767)          | 21,134   | (65,278)        | 24,467 |
| Remeasurement gain/(loss) on plan assets   | 5,355          | (7,404)  | (4,622)         | 2,761  |
|  | 4,588          | 13,730   | (69,900)        | 27,228 |

|  | Funded pension            |                           | Funded gratuity           |                           |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
|  | 2021                      | 2020                      | 2021                      | 2020                      |
|  | Rs '000                   |                           | Rs '000                   |                           |
| h) Principal actuarial assumptions used in the actuarial valuation are as follows: |                           |                           |                           |                           |
| Discount rate  | 10.00%                    | 8.50%                     | 10.00%                    | 8.50%                     |
| Expected return on plan assets   | 10.00%                    | 8.50%                     | 10.00%                    | 8.50%                     |
| Future salary increases  | 9.00%                     | 7.50%                     | 9.00%                     | 7.50%                     |
| Future pension increases   | 4.00%                     | 2.50%                     | N/A                       | N/A                       |
| Demographic assumptions  |                           |                           |                           |                           |
| Rates of employee turnover   |                           |                           |                           |                           |
| Management   | Low                       | Low                       | Low                       | Low                       |
| Non-management   | Nil                       | Nil                       | Nil                       | Nil                       |
| Mortality rates (pre-retirement)   | SLIC (2001<br>-05)-1 year | SLIC (2001<br>-05)-1 year | SLIC (2001<br>-05)-1 year | SLIC (2001<br>-05)-1 year |
| Mortality rates (post retirement)  | SLIC (2001<br>-05)-1 year | SLIC (2001<br>-05)-1 year | N/A                       | N/A                       |

i) There is no significant risk associated with the plan assets, as significant component thereof comprises of fixed interest rate bearing TDR's and saving accounts with financial institutions having satisfactory credit ratings.

j) **Sensitivity Analysis:**

The calculation of defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in respective assumptions by one percent.

|                      | Effect of<br>1 percent<br>increase<br>Rs '000 | Effect of<br>1 percent<br>decrease<br>Rs '000 |
|----------------------|---|---|
| Discount rate        | 1,513,884                                     | 1,842,071                                     |
| Future salary growth | 1,732,627                                     | 1,599,104                                     |
| Pension increase     | 1,217,135                                     | 1,011,438                                     |

If the life expectancy increase/decrease by 1 year, the impact on defined benefit obligation would be Rs 10.479 million.

The above sensitivity analysis are based on the changes in assumptions 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 defined benefit obligation to significant assumptions the same method (present value of the defined benefit obligation calculated with the projected credit unit method at the end of the reporting period) has been applied when calculating the liability recognized within the statement of financial position.

k) **Projected benefit payments from fund are as follows:**

|            | Pension<br>Rs '000 | Gratuity |
|------------|--------------------|----------|
| FY 2022    | 26,930             | 95,030   |
| FY 2023    | 57,365             | 155,502  |
| FY 2024    | 65,296             | 112,594  |
| FY 2025    | 72,902             | 44,009   |
| FY 2026    | 79,068             | 64,767   |
| FY 2027-31 | 508,311            | 249,038  |



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l) The weighted average number of years of defined benefit obligation is given below:

|                      | Pension | Gratuity |
|----------------------|---------|----------|
|                      | Years   |          |
| <b>Plan duration</b> |         |          |
| June 30, 2021        | 11.31   | 4.46     |
| June 30, 2020        | 11.05   | 4.12     |

m) The Company contributes to the gratuity and pension funds on the advice of the fund's actuary. The contributions are equal to the current service cost with adjustment for any deficit.

## 35. DEFINED CONTRIBUTION PLAN

Details of the provident funds based on un-audited financial statements for the year ended June 30, 2021 are as follows:

|                                | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--------------------------------|-----------------|-----------------|
| <b>Staff provident fund</b>    |                 |                 |
| Size of the fund               | 594,633         | 558,347         |
| Cost of investments made       | 553,322         | 528,506         |
| Fair value of investments made | 590,913         | 554,615         |
| %age of investments made       | 99%             | 99%             |

|  | 2021    |      | 2020    |      |
|--|---------|------|---------|------|
|  | Rs '000 | %age | Rs '000 | %age |
| <b>Breakup of investment - at cost</b> |         |      |         |      |
| Shares                                 | 35,056  | 6%   | 32,031  | 6%   |
| Mutual funds                           | 9,581   | 2%   | 9,757   | 2%   |
| Bank deposits                          | 33,131  | 6%   | 42,051  | 8%   |
| Term deposits                          | 475,554 | 86%  | 444,667 | 84%  |
|  | 553,322 | 100% | 528,506 | 100% |

|                                     | 2021<br>Rs '000 | 2020<br>Rs '000 |
|-------------------------------------|-----------------|-----------------|
| <b>General staff provident fund</b> |                 |                 |
| Size of the fund                    | 394,789         | 472,393         |
| Cost of investments made            | 374,304         | 459,028         |
| Fair value of investments made      | 392,123         | 469,429         |
| %age of investments made            | 99%             | 99%             |

|  | 2021    |      | 2020    |      |
|--|---------|------|---------|------|
|  | Rs '000 | %age | Rs '000 | %age |
| <b>Breakup of investment - at cost</b> |         |      |         |      |
| Shares                                 | 26,445  | 7%   | 23,964  | 5%   |
| Mutual funds                           | 10,611  | 3%   | 10,596  | 2%   |
| Bank deposits                          | 30,021  | 8%   | 8,098   | 2%   |
| Term deposits                          | 307,227 | 82%  | 416,370 | 91%  |
|  | 374,304 | 100% | 459,028 | 100% |

The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

### 36. OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment. Revenue from external customers for products of the Company are as follows:

|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| High speed diesel  | 68,476,922      | 63,044,068      |
| Premier Motor Gasoline                                       | 76,619,065      | 63,445,294      |
| Furnace fuel oil   | 25,349,517      | 20,023,865      |
| Jet petroleum  | 11,107,291      | 13,493,896      |
| Naphtha  | 894,767         | 3,467,747       |
| Others   | 9,808,382       | 10,844,315      |
|  | 192,255,944     | 174,319,185     |
| Less: Taxes, duties levies, discounts and price differential | 64,525,537      | 54,499,745      |
|  | 127,730,407     | 119,819,440     |

Revenue from four major customers of the Company constitute 92% (2020: 90%) of total revenue during the year.

### 37. RELATED PARTY TRANSACTIONS

**37.1** Attock Oil Company Limited holds 61.06% (2020: 61.03%) shares of the Company at the year end. Therefore, all subsidiaries and associated undertakings of Attock Oil Company Limited are related parties of the Company. The related parties also comprise of directors, major shareholders, key management personnel, entities over which the directors are able to exercise significant influence on financial and operating policy decisions and employees' funds. Amount due from and due to these undertakings are shown under receivables and payables. The remuneration of Chief Executive, directors and executives is disclosed in note 38 to the financial statements.

|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| <b>Associated Companies</b>                                |                 |                 |
| Pakistan Oilfields Limited                                 |                 |                 |
| Rental income  | 1,718           | 755             |
| Rental expense   | 2,885           | 2,861           |
| Sale of Regulated Petroleum Products                       | 214,345         | 276,363         |
| Purchase of crude oil                                      | 13,485,781      | 12,751,834      |
| Purchase of gas  | 10,159          | 15,945          |
| Pipeline Charges   | 3,193           | 2,871           |
| Reimbursement of expenses incurred by POL on behalf of ARL | 1,927           | 857             |
| Reimbursement of expenses incurred by ARL on behalf of POL | 15,645          | 19,313          |
| LPG Handling Charges                                       | 897             | 1,148           |
| Attock Petroleum Limited                                   |                 |                 |
| Rental income  | 1,521           | 1,592           |
| Interest Income on delayed payments                        | 707,682         | 1,149,712       |
| Dividend received by ARL from APL                          | 141,524         | 326,594         |
| Sale of Regulated Petroleum Products                       | 30,828,943      | 31,552,827      |
| Sale of De-Regulated Petroleum Products                    | 15,728,715      | 14,729,348      |
| Purchase of Regulated Petroleum Products                   | 5,752           | 7,762           |
| Purchase of lube oil                                       | -               | 2,067           |
| Naphtha Export   | 12,525          | 55,907          |
| Reimbursement of expenses incurred by ARL on behalf of APL | 16,219          | 22,041          |
| RFO Handling Charges                                       | 35,062          | 25,419          |

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|   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|-----------------|-----------------|
| National Refinery Limited                                     |                 |                 |
| Naphtha Storage Charges                                       | 120,704         | 116,018         |
| Reimbursement of expenses incurred by ARL on behalf of NRL    | -               | 580             |
| Reimbursement of expenses incurred by NRL on behalf of ARL    | -               | 153             |
| Attock Cement Pakistan Limited                                |                 |                 |
| Reimbursement of expenses incurred by ACL on behalf of ARL    | -               | 414             |
| Reimbursement of expenses incurred by ARL on behalf of ACL    | -               | 92              |
| Attock Gen Limited  |                 |                 |
| Storage tank lease income                                     | 22,307          | 20,126          |
| Land lease income   | 34,620          | 36,107          |
| Dividend received by ARL from AGL                             | -               | 299,318         |
| Sale of Regulated Petroleum Products                          | 1,009           | 1,670           |
| Sale of goods   | 22,516          | 4,034           |
| Reimbursement of expenses incurred by ARL on behalf of AGL    | 16,234          | 14,705          |
| National Cleaner Production Centre Foundation                 |                 |                 |
| Rental income   | 2,959           | 2,530           |
| Sale of Regulated Petroleum Products                          | 109             | 303             |
| Purchase of services  | 4,307           | 3,548           |
| Reimbursement of expenses incurred by ARL on behalf of NCPC   | 18,745          | 22,228          |
| Attock Information Technology Services (Private) Limited      |                 |                 |
| Purchase of services  | 52,526          | 55,267          |
| Sale of Regulated Petroleum Products                          | 378             | 395             |
| Reimbursement of expenses incurred by ARL on behalf of AITSL  | 3,906           | 5,403           |
| Attock Leisure and Management Associates (Private) Limited    |                 |                 |
| Sale of Regulated Petroleum Products                          | 281             | 254             |
| Reimbursement of expenses incurred by ARL on behalf of ALMA   | 75              | 442             |
| Attock Sahara Foundation                                      |                 |                 |
| Rental income   | 152             | 169             |
| Purchase of goods   | 13,664          | 9,096           |
| Sponsorship   | 405             | -               |
| Reimbursement of expenses incurred by ARL on behalf of ASF    | 436             | 746             |
| Reimbursement of expenses incurred by ASF on behalf of ARL    | -               | 250             |
| Attock Energy (Private) Limited                               |                 |                 |
| Purchase of goods and services (Solar panels)                 | -               | 3,140           |
| Reimbursement of expenses incurred by ARL on behalf of AEPL   | 415             | 864             |
| Sale of goods and services                                    | 11              | -               |
| Capgas (Private) Limited                                      |                 |                 |
| Sale of Regulated Petroleum Products                          | 398             | -               |
| Reimbursement of expenses incurred by ARL on behalf of Capgas | 9               | -               |



|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| <b>Holding Company</b>                                     |                 |                 |
| Attock Oil Company Limited                                 |                 |                 |
| Rental income  | 281             | 271             |
| Rental Expense   | 120,322         | 117,709         |
| Purchase of crude oil                                      | 440,769         | 361,847         |
| Sale of Regulated Petroleum Products                       | 717             | 130             |
| Reimbursement of expenses incurred by AOC on behalf of ARL | 19,059          | 7,631           |
| Reimbursement of expenses incurred by ARL on behalf of AOC | 17,501          | 27,055          |
| <b>Subsidiary Company</b>                                  |                 |                 |
| Attock Hospital (Private) Limited                          |                 |                 |
| Rental income  | 1,348           | 1,266           |
| Purchase of services                                       | 82,081          | 81,070          |
| Sale of Regulated Petroleum Products                       | 161             | 212             |
| Reimbursement of expenses incurred by ARL on behalf of AHL | 16,606          | 22,233          |
| <b>Other related parties</b>                               |                 |                 |
| Remuneration including benefits and perquisites of         |                 |                 |
| Chief Executive Officer and key management personnel       | 115,080         | 98,355          |
| Directors Fees   | 8,914           | 8,575           |
| Contribution to staff retirement benefit plans             |                 |                 |
| Staff Pension Fund   | 19,461          | 19,028          |
| Staff Gratuity Fund  | 28,414          | 28,787          |
| Staff Provident Fund                                       | 38,174          | 35,962          |

**37.2** Following are the related parties with whom the Company had entered into transactions or have arrangement/ agreement in place.

| Sr. No. | Company Name   | Basis of association    | Aggregate %<br>of shareholding |
|---------|--|-------------------------|--------------------------------|
| 1       | The Attock Oil Company Limited<br>(Incorporated in England - Pakistan Branch Office) | Holding Company         | 61.06%                         |
| 2       | National Refinery Limited  | Associated Company      | 25.00%                         |
| 3       | Attock Petroleum Limited   | Associated Company      | 21.88%                         |
| 4       | Attock Gen Limited   | Associated Company      | 30.00%                         |
| 5       | Attock Information Technology Services<br>(Private) Limited                          | Associated Company      | 10.00%                         |
| 6       | Pakistan Oilfields Limited   | Associated Company      | Nil                            |
| 7       | Attock Cement Pakistan Limited   | Associated Company      | Nil                            |
| 8       | National Cleaner Production Centre Foundation  | Associated Company      | Nil                            |
| 9       | Attock Leisure & Management Associates<br>(Private) Limited                          | Associated Company      | Nil                            |
| 10      | Attock Energy (Private) Limited  | Associated Company      | Nil                            |
| 11      | Capgas (Private) Limited   | Associated Company      | Nil                            |
| 12      | Attock Hospital (Private) Limited  | Wholly owned Subsidiary | 100.00%                        |

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- 37.3** Associated Companies incorporated outside Pakistan with whom the Company had entered into transaction or had agreements are as follows:

|  |  |
|--|--|
| Name of undertaking  | The Attock Oil Company Limited                 |
| Registered address   | 4, Swan Street, Manchester,<br>England, M4 5JN |
| Country of incorporation                                   | England  |
| Basis of association                                       | Parent company                                 |
| Aggregate %age of shareholding                             | 61.06%   |
| Chief Executive Officer                                    | Shuaib A. Malik                                |
| Operational status   | Private Limited Company                        |
| Auditor's opinion on latest available financial statements | Unqualified opinion                            |

## 38. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the accounts for remuneration, including benefits and perquisites, are as follows:

|  | Chief Executive Officer |                 | Executives      |                 |
|--|-------------------------|-----------------|-----------------|-----------------|
|  | 2021<br>Rs '000         | 2020<br>Rs '000 | 2021<br>Rs '000 | 2020<br>Rs '000 |
| Managerial remuneration/honorarium                                 | 10,973                  | 10,609          | 126,859         | 84,111          |
| Bonus  | 3,245                   | 3,061           | 25,817          | 18,798          |
| Company's contribution to Provident,<br>Pension and Gratuity Funds | -                       | -               | 26,189          | 18,014          |
| Housing and utilities  | 7,423                   | 7,251           | 92,960          | 68,397          |
| Leave passage  | 1,530                   | 1,530           | 11,258          | 10,498          |
|  | 23,171                  | 22,451          | 283,083         | 199,818         |
| Less: charged to Attock Gen Limited                                | 6,951                   | 5,337           | -               | -               |
|  | 16,220                  | 17,114          | 283,083         | 199,818         |
| No. of person(s)   | 1                       | 1               | 56              | 35              |

- 38.1** In addition to above, the Chief Executive Officer and 19 (2020: 19) executives were provided with limited use of the Company's car. The Chief Executive Officer and all executives were provided with medical facilities. Limited residential telephone facility was also provided to the Chief Executive Officer and 13 (2020:7) executives. Leave passage is paid to Chief Executive Officer and all executives in accordance with the terms of employment.
- 38.2** Further, based on actual attendance, meeting fee of Rs 6.37 million (2020: Rs 6.07 million) was paid to 5 (2020: 5) Non-Executive Directors, Rs 1.27 million (2020: Rs 1.25 million) to Chief Executive Officer and Rs 1.27 million (2020: Rs 1.25 million) to 1 (2020: 1) alternate director of the Company.

|  |  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|--|-----------------|-----------------|
| <b>39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT</b>       |  |                 |                 |
| <b>39.1 Financial assets and liabilities</b>               |  |                 |                 |
| <b>Financial assets classified as amortised cost:</b>      |  |                 |                 |
| Maturity upto one year                                     |  |                 |                 |
| Trade debts  |  | 13,305,414      | 12,728,442      |
| Loans, advances, deposits & other receivables              |  | 3,452,940       | 2,741,187       |
| Cash and bank balances                                     |  |                 |                 |
| Foreign currency - US \$                                   |  | 74,224          | 79,088          |
| Local currency   |  | 11,977,056      | 8,043,894       |
| Maturity after one year                                    |  |                 |                 |
| Long term loans and deposits                               |  | 40,091          | 40,103          |
|  |  | 28,849,725      | 23,632,714      |
| <b>Financial liabilities classified as amortised cost:</b> |  |                 |                 |
| Maturity upto one year                                     |  |                 |                 |
| Trade and other payables                                   |  | 34,724,731      | 28,290,733      |
| Unclaimed dividends  |  | 9,302           | 9,355           |
| Long term financing  |  | 2,200,000       | -               |
| Short term financing                                       |  | 3,000,000       | -               |
| Long term lease liability                                  |  | 215,832         | 214,899         |
| Accrued mark-up on long term financing                     |  | 152,023         | 204,519         |
| Accrued mark-up on short term financing                    |  | 16,191          | -               |
| Maturity after one year                                    |  |                 |                 |
| Long term financing  |  | 5,492,792       | 7,614,194       |
| Long term lease liability                                  |  | 126,399         | 106,741         |
|  |  | 45,937,270      | 36,440,441      |

### 39.2 Credit quality of financial assets

The credit quality of Company's financial assets have been assessed below by reference to external credit ratings of counter parties determined by The Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR-VIS). The counter parties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any defaults in meeting obligations.

|  | Rating | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|--------|-----------------|-----------------|
| <b>Trade debts</b>                                     |        |                 |                 |
| Counter parties with external credit rating            | A 1+   | 3,168,625       | 900,266         |
| Counter parties without external credit rating         |        |                 |                 |
| Due from associated companies                          |        | 7,833,753       | 10,378,894      |
| Others *   |        | 2,303,036       | 1,449,282       |
|  |        | 13,305,414      | 12,728,442      |
| <b>Loans, advances, deposits and other receivables</b> |        |                 |                 |
| Counter parties without external credit rating         |        | 3,493,031       | 2,781,290       |
| <b>Bank balances</b>                                   |        |                 |                 |
| Counter parties with external credit rating            | A 1+   | 12,017,290      | 8,040,320       |
|  | A 1    | 31,669          | 80,381          |
|  |        | 12,048,959      | 8,120,701       |

\* These balances represent receivable from oil marketing companies and defence agencies.

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## 39.3 Financial risk management

### 39.3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

#### a) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's credit risk is primarily attributable to its trade debts and balances at banks. Credit sales are essentially to oil marketing companies and reputable foreign customers. The Company maintains balances with banks having satisfactory credit rating. Due to the high credit worthiness of counter parties the credit risk is considered minimal.

At June 30, 2021, trade debts of Rs 13,305.41 million (2020: Rs 12,728.44 million) were past due but not impaired. The aging analysis of these trade debts is as follows:

|                 | 2021<br>Rs '000 | 2020<br>Rs '000 |
|-----------------|-----------------|-----------------|
| 0 to 6 months   | 9,488,927       | 5,085,466       |
| 6 to 12 months  | 55,231          | 1,931           |
| Above 12 months | 3,761,256       | 7,641,045       |
|                 | 13,305,414      | 12,728,442      |

Based on past experience, the management believes that no impairment allowance is necessary in respect of trade debts.

#### b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains lines of credit as mentioned in note 11 to the financial statements.



The table below analysis the contractual maturities of the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the maturity date. The amounts disclosed in the table are undiscounted cash flows.

|                            | Carrying<br>amount<br>Rs '000 | Contractual<br>cash flows<br>Rs '000 | Less than<br>1 Year<br>Rs '000 | Above<br>1 year<br>Rs '000 |
|----------------------------|-------------------------------|--------------------------------------|--------------------------------|----------------------------|
| <b>As at June 30, 2021</b> |                               |                                      |                                |                            |
| Long term financing        | 7,844,815                     | 9,223,089                            | 2,843,376                      | 6,379,713                  |
| Accrued Interest           | 152,023                       | 152,023                              | 152,023                        | -                          |
| Lease liability            | 342,231                       | 434,254                              | 287,298                        | 146,956                    |
| Trade and other payables   | 34,724,731                    | 34,724,731                           | 34,724,731                     | -                          |
| Short term financing       | 3,000,000                     | 3,000,000                            | 3,000,000                      | -                          |
| Unclaimed dividends        | 9,302                         | 9,302                                | 9,302                          | -                          |
| <b>As at June 30, 2020</b> |                               |                                      |                                |                            |
| Long term financing        | 7,818,713                     | 9,963,889                            | 769,889                        | 9,194,000                  |
| Accrued Interest           | 204,519                       | 204,519                              | 204,519                        | -                          |
| Lease liability            | 321,640                       | 349,633                              | 223,423                        | 126,210                    |
| Trade and other payables   | 28,290,733                    | 28,290,733                           | 28,290,733                     | -                          |
| Unclaimed dividends        | 9,355                         | 9,355                                | 9,355                          | -                          |

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

**c) Market risk**

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Company is exposed to interest rate risk, currency risk and market price risk.

**i) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. Financial assets include Rs 74 million (2020: Rs 79 million) and financial liabilities include Rs 3,191 million (2020: Rs 3,743 million) which were subject to currency risk.

|                       | 2021   | 2020   |
|-----------------------|--------|--------|
| <b>Rupees per USD</b> |        |        |
| Average rate          | 160.72 | 158.65 |
| Reporting date rate   | 157.60 | 168.60 |

**Sensitivity analysis**

At June 30, 2021, if the currency had weakened/strengthened by 10% against US dollar with all other variables held constant, profit after tax for the year would have been Rs 221 million (2020: Rs 260 million) lower/higher.

**ii) Interest rate risk**

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no long term interest bearing financial

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assets whose fair value or future cash flows will fluctuate because of changes in market interest rates. Financial assets and liabilities include balances of Rs 12,041 million (2020: Rs 8,113 million) and Rs 11,588 million (2020: Rs 11,337 million) respectively, which are subject to interest rate risk. Applicable interest rates for financial assets and liabilities have been indicated in respective notes.

## Sensitivity analysis

At June 30, 2021, if interest rates had been 1% higher/lower with all other variables held constant, profit after tax for the year would have been Rs 3 million (2020: loss Rs 23 million) higher/lower, mainly as a result of higher/lower interest income/expense from these financial assets and liabilities.

### iii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

At the year end the Company is not exposed to price risk since there are no financial instruments, whose fair value or future cash flows will fluctuate because of changes in market prices.

### 39.3.2 Capital risk management

The Company is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and the level of dividend to ordinary shareholders. There was no change to the Company's approach to the capital management during the year.

As mentioned in note - 7.1, the Company is subject to pricing formula whereby profits after tax from refinery operations in excess of 50% of the paid up capital as of July 1, 2002 are transferred to special reserve and can only be utilized to offset against any future losses or to make investment for expansion or upgradation and is therefore not available for distribution.

### 39.4 Fair value of financial assets and liabilities

The carrying values of financial assets and liabilities approximate their fair value.

## 40. FAIR VALUE HIERARCHY

### Fair value of land

Valuation of the freehold land owned by the Company was valued by independent valuers to determine the fair value of the land as at June 30, 2020. The revaluation surplus was credited to other comprehensive income and is shown as 'surplus on revaluation of freehold land'. The different levels have been defined as follows:

- **Level 1**  
Quoted prices (unadjusted) in active market for identical assets/liabilities.
- **Level 2**  
Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3**  
Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Fair value of land has been determined using level 2 fair values under following valuation technique.

Level 2 fair value of land has been derived using the sales comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

|  | 2021<br>Rs '000  | 2020<br>Rs '000    |
|--|------------------|--------------------|
| <b>41. CASH GENERATED FROM OPERATIONS</b>                    |                  |                    |
| Loss before taxation   | (2,356,909)      | (4,680,954)        |
| <b>Adjustments for:</b>                                      |                  |                    |
| Depreciation   | 2,797,909        | 2,823,152          |
| Gain on disposal of property, plant and equipment            | (668)            | (5,094)            |
| Provision for slow moving, obsolete and in transit stores    | 8,422            | 13,111             |
| Interest income  | (371,901)        | (1,429,032)        |
| Finance cost (net)   | 852,764          | 1,063,548          |
| Effect of exchange rate changes                              | (4,864)          | -                  |
| Interest on delayed payments                                 | (707,682)        | (1,149,712)        |
| Impairment (reversal)/loss on financial asset                | (410,601)        | 347,521            |
|  | (193,530)        | (3,017,460)        |
| <b>Working capital changes</b>                               |                  |                    |
| <b>(Increase)/decrease in current assets:</b>                |                  |                    |
| Stores, spares and loose tools                               | 665,436          | (868,221)          |
| Stock-in-trade   | (2,215,052)      | 2,854,800          |
| Trade debts  | (885,676)        | 10,154,549         |
| Loans, advances, deposits, prepayments and other receivables | 490,003          | (56,278)           |
|  | (1,945,289)      | 12,084,850         |
| <b>(Increase)/decrease in current liabilities:</b>           |                  |                    |
| Trade and other payables                                     | 4,267,975        | (14,496,724)       |
|  |                  |                    |
| Income taxes paid  | (570,499)        | (707,713)          |
| <b>Net cash inflow/(outflow) from operating activities</b>   | <b>1,558,657</b> | <b>(6,137,047)</b> |

#### 42. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise of the following:

|                        | 2021<br>Rs '000 | 2020<br>Rs '000 |
|------------------------|-----------------|-----------------|
| Cash and bank balances | 12,051,280      | 8,122,982       |
| Short term financing   | (3,000,000)     | -               |
|                        | 9,051,280       | 8,122,982       |

# Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2021

## 43. DISCLOSURE FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed as required under Paragraph 10 of Part I of the 4<sup>th</sup> Schedule to the Companies Act, 2017 relating to "All Shares Islamic Index".

| Description   | Explanation   |                |
|---|---|----------------|
| i) Loans and advances obtained as per Islamic mode                        | Disclosed in note 8   |                |
| ii) Deposits  | Non-interest bearing  |                |
| iii) Segment revenue  | Disclosed in note 36  |                |
| iv) Relationship with banks having Islamic windows                        | Following is the list of banks with which the Company has a relationship with Islamic window of operations: |                |
|   | 1. Meezan Bank Limited  |                |
|   | 2. Al-Baraka Bank (Pakistan) Limited  |                |
|   | 3. Dubai Islamic Bank   |                |
| <b>As at June 30, 2021</b>  |   | <b>Rs '000</b> |
| v) Bank balances  | Placed under interest arrangement   | 12,012,286     |
|   | Placed under Shariah permissible arrangement  | 36,673         |
|   |   | 12,048,959     |
| <b>For the year ended June 30, 2021</b>                                   |   |                |
| vi) Income on bank deposits including income accrued as at reporting date | Placed under interest arrangement   | 370,183        |
|   | Placed under Shariah permissible arrangement  | 1,718          |
|   |   | 371,901        |
| <b>For the year ended June 30, 2021</b>                                   |   |                |
| vii) Interest paid including accrued as at reporting date                 | Under interest arrangement  | 592,330        |
|   | Under Shariah permissible arrangement   | 193,869        |
|   |   | 786,199        |
| viii) All sources of other income   | Disclosed in note 29  |                |
| ix) Dividend income   | Disclosed in note 32  |                |
| x) Exchange gain  | Earned from actual currency   |                |

Disclosures other than above are not applicable to the Company.

## 44. GENERAL

- 44.1** The spread of Covid-19 as a pandemic and consequently imposition of lock down by Federal and Provincial Governments of Pakistan (Authorities) caused an overall economic slow down and disruption to various businesses. However, as a result of steps taken by the Authorities including efforts to get vaccination of larger segment of population, the businesses are resuming and demand of petroleum products is improving. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.



#### 44.2 Capacity and production

Against the designed annual refining capacity of US barrels 18.690 million (2020: US barrels 18.690 million) the actual throughput during the year was US barrels 14.382 million (2020: US barrels 12.995 million). The underutilization was due to the Covid-19 pandemic which resulted in refineries operating at a lower capacity.

#### 44.3 Reclassification

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of better presentation in accordance with the accounting and reporting standards as applicable in Pakistan.

|  | 2021 | 2020 |
|--|------|------|
| <b>44.4 Number of employees</b>          |      |      |
| Number of employees at June 30           |      |      |
| Permanent                                | 474  | 522  |
| Contract                                 | 353  | 353  |
|  | 827  | 875  |
| Average number of employees for the year |      |      |
| Permanent                                | 499  | 545  |
| Contract                                 | 348  | 360  |
|  | 847  | 905  |

#### 44.5 Unavailed credit facilities

The Company has entered into an arrangement with banks for obtaining Letter of Credit and Letter of Guarantee facility to import chemical, spare parts and other materials upto a maximum of Rs 3,178 million (2020: Rs 2,978 million). The facility is secured against lien on shipping documents. The unavailed facility at June 30, 2021 was Rs 1,804.53 million (2020: Rs 1,436.39 million). The facilities will expire on various dates after June 30, 2021.

#### 44.6 Rounding off

Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

#### 45. DATE OF AUTHORISATION

These financial statements have been authorised for issue by the Board of Directors of the Company on August 11, 2021.

—Sd—

**Syed Asad Abbas**  
Chief Financial Officer

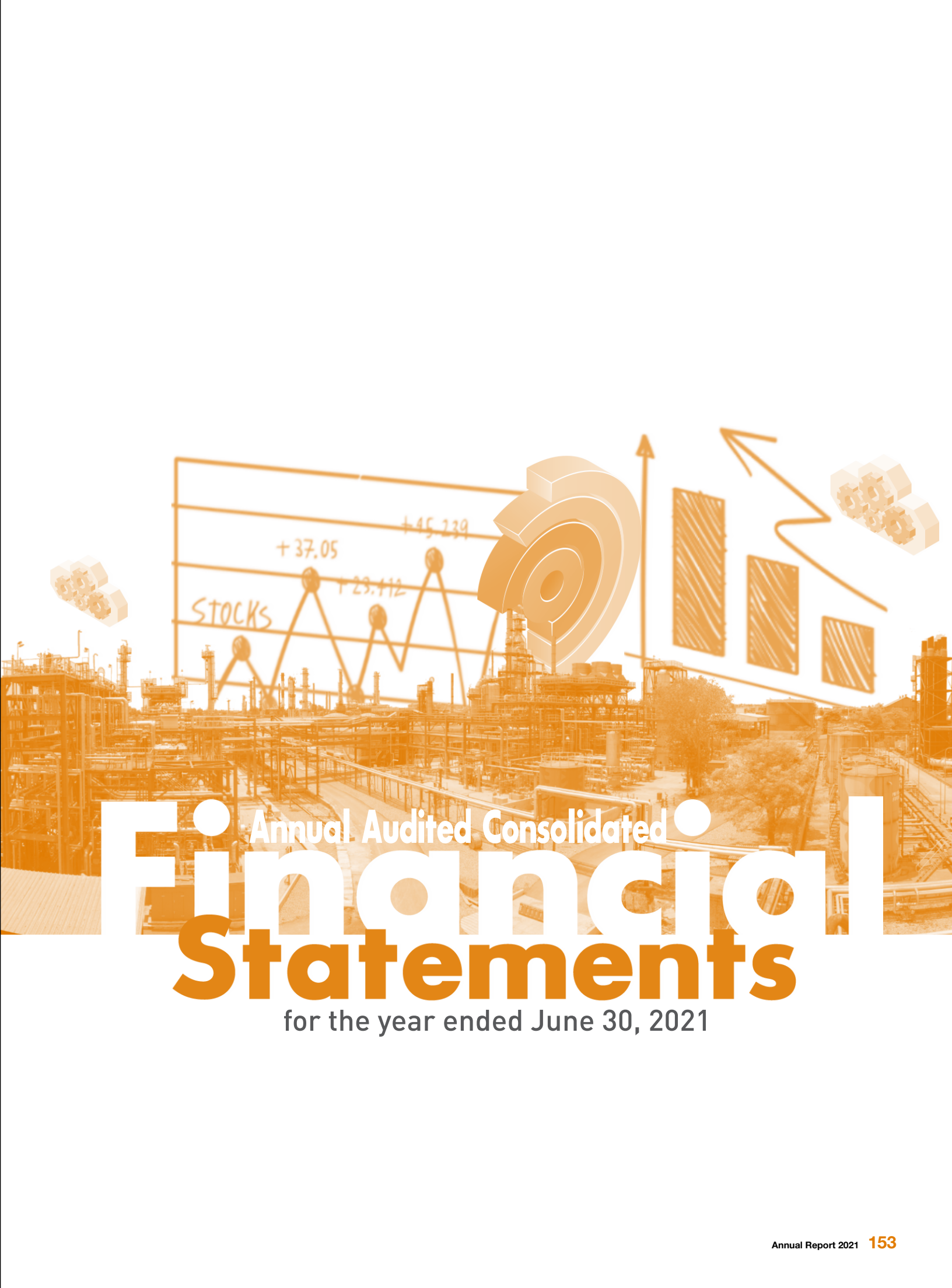
—Sd—

**M. Adil Khattak**  
Chief Executive Officer

—Sd—

**Abdus Sattar**  
Director





● Annual Audited Consolidated ●

# Financial Statements

for the year ended June 30, 2021

## Independent Auditor's Report

### To the members of Attock Refinery Limited Report on the Audit of Consolidated Financial Statements

#### Opinion

We have audited the annexed consolidated financial statements of Attock Refinery Limited, and its subsidiary, Attock Hospital (Private) Limited (the Group) which comprise the consolidated statement of financial position as at June 30, 2021, and the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### 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 Consolidated Financial Statements* section of our report. We are independent of the Group 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Following are the Key audit matters:

| S.<br>No. | Key audit matters   | How the matter was addressed in our audit  |
|-----------|---|--|
| 1.        | <p><b>Review of recoverability of deferred tax asset</b><br/>(Refer note 18 of the consolidated financial statements)</p> <p>Under International Accounting Standard 12, Income Taxes, the Group is required to review recoverability of the deferred tax assets recognised in the consolidated statement of financial position at each reporting period.</p> <p>Recognition of deferred tax asset position involved managements' estimate of the future available taxable profits of the Group based on an approved business plan. This estimation is inherently uncertain and requires judgement in relation to the future cash flows and also involves assessment of timing of reversals of un-used tax losses as to determine the availability of future profits against which tax deductions represented by the deferred tax assets can be offset.</p> <p>As at June 30, 2021, the Group carries a net deferred tax asset of Rs 6,963 million in its consolidated statement of financial position.</p> <p>We considered this as key audit matter due to significant value of deferred tax asset and assumptions used by management in this area.</p> | <p>Our procedures in relation to this matter included:</p> <ul style="list-style-type: none"> <li>- Evaluated the appropriateness of components of management's computation including consideration of un-used tax losses, minimum tax and alternative corporate tax for which deferred tax assets were recognized.</li> <li>- Analysed the requirements of the Income Tax Ordinance, 2001, in relation to above and considering the factors including aging analysis, expiry periods of relevant deferred tax assets and tax rates enacted.</li> <li>- Assessed the reasonableness of cash flows and taxable profits projections, challenging and performing audit procedures on assumptions such as growth rate, production patterns, future revenue and costs, comparing the assumptions to historical results, considering approved budget comparing the current year's results with prior year /forecast and considering other relevant information to assess the quality of the Group's forecasting process in determining the projections.</li> <li>- Tested mathematical accuracy of projections along consideration of use of appropriate tax rates as applicable on temporary differences.</li> <li>- Assessed the appropriateness of management's accounting for deferred taxes and the accuracy of related disclosures made to the consolidated financial statements.</li> </ul> |

| S. No. | Key audit matters  | How the matter was addressed in our audit   |
|--------|--|---|
| 2.     | Investment in associated companies   |   |
|        | <p>(Refer note 16 to the consolidated financial statements)</p> <p>The Group has investment in its associated companies National Refinery Limited (NRL) and Attock Petroleum Limited (APL). As at June 30, 2021, the carrying amount of investment in above referred companies amounted to Rs 10,459 million (net of recognised impairment loss of Rs 3,809 million) and Rs 8,348 million respectively. The carrying amount of APL is higher by Rs 1,358 million in relation to the quoted market value of its shares.</p> <p>The Group carries out impairment assessment at each reporting period end of the value of investment where there are indicators of impairment. The Group has assessed the recoverable amount of the investment in associated companies based on the higher of the value-in-use ("VIU") and fair value (quoted market price as at June 30, 2021). VIU is based on valuation analysis carried out by the independent external investment advisor for NRL and by the management's expert for APL. VIU is based on a discounted cash flow model which involves estimation of future cash flows. This estimation is inherently uncertain and requires significant judgement on both future cash flows and the discount rate applied to the future cash flows.</p> <p>In view of significant management judgement involved in the determination of recoverable value i.e. higher of VIU and fair value, we considered this as a key audit matter.</p> | <p>Our audit procedures in relation to assessment of carrying value of investment in associated companies, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>- Assessed the appropriateness of management's accounting for investment in associated companies.</li> <li>- Considered management's process for identifying the existence of impairment indicators in respect of investment in associated companies</li> <li>- Evaluated the independent external investment advisor's and management expert's competence, capabilities and objectivity;</li> <li>- Made inquiries of the independent external investment advisor/management expert and assessed the valuation methodology used;</li> <li>- Checked, on sample basis, the reasonableness of the input data provided by the management to the independent external investment advisor and used by the management's expert, to supporting evidence;</li> <li>- Assessed the reasonableness of cash flow projections, challenging and performing audit procedures on assumptions such as growth rate, future revenue and costs, terminal growth rate and discount rate by comparing the assumptions to historical results, budgets and comparing the current year's results with prior year forecast and other relevant information;</li> </ul> |

**S. Key audit matters**  
**No.**

**How the matter was addressed in our audit**

- Checked mathematical accuracy of cash flows projections;
- Performed independently a sensitivity analysis in consideration of the potential impact of reasonably possible upside or downside changes in key assumptions; and
- Checked quoted price of investment in NRL and APL as of June 30, 2021 with publicly available stock exchange data; and
- Assessed the adequacy of the Company's disclosures in the financial statements in this respect

**Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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 consolidated 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.

The engagement partner on the audit resulting in this independent auditor's report is JehanZeb Amin.

**-Sd-**

Chartered Accountants  
Islamabad  
Date: August 27, 2021

# Consolidated Statement of Financial Position

As at June 30, 2021

|   | Note | June 30,<br>2021<br>Rs '000 | June 30,<br>2020<br>Rs '000 |
|---|------|-----------------------------|-----------------------------|
| <b>EQUITY AND LIABILITIES</b>           |      |                             |                             |
| <b>SHARE CAPITAL AND RESERVES</b>       |      |                             |                             |
| Share capital                           |      |                             |                             |
| Authorised capital                      | 6    | 1,500,000                   | 1,500,000                   |
| Issued, subscribed and paid-up capital  | 6    | 1,066,163                   | 1,066,163                   |
| Reserves and surplus                    | 7    | 23,761,583                  | 22,735,949                  |
| Surplus on revaluation of freehold land | 14   | 25,093,419                  | 25,093,419                  |
|   |      | 49,921,165                  | 48,895,531                  |
| <b>NON CURRENT LIABILITIES</b>          |      |                             |                             |
| Long term financing                     | 8    | 5,492,792                   | 7,614,194                   |
| Long term lease liability               | 9    | 126,399                     | 106,741                     |
| Deferred grant                          | 10   | 5,204                       | 5,873                       |
| <b>CURRENT LIABILITIES</b>              |      |                             |                             |
| Trade and other payables                | 11   | 47,226,654                  | 43,207,620                  |
| Short term financing                    | 12   | 3,000,000                   | -                           |
| Accrued mark-up on long term financing  | 8    | 152,023                     | 204,519                     |
| Current portion of long term financing  | 8    | 2,200,000                   | -                           |
| Current portion of lease liability      | 9    | 215,832                     | 214,899                     |
| Accrued mark-up on short term financing |      | 16,191                      | -                           |
| Unclaimed dividends                     |      | 9,302                       | 9,355                       |
| Provision for taxation                  |      | 3,163,835                   | 2,752,443                   |
|   |      | 55,983,837                  | 46,388,836                  |
| <b>TOTAL EQUITY AND LIABILITIES</b>     |      | <b>111,529,397</b>          | <b>103,011,175</b>          |
| <b>CONTINGENCIES AND COMMITMENTS</b>    |      |                             |                             |
|   | 13   |                             |                             |

|   | Note | June 30,<br>2021<br>Rs '000 | June 30,<br>2020<br>Rs '000 |
|---|------|-----------------------------|-----------------------------|
| <b>ASSETS</b>   |      |                             |                             |
| <b>NON CURRENT ASSETS</b>                                       |      |                             |                             |
| <b>PROPERTY, PLANT AND EQUIPMENT</b>                            |      |                             |                             |
| Operating assets  | 14   | 39,118,611                  | 41,446,237                  |
| Capital work-in-progress  | 15   | 862,679                     | 979,206                     |
| Major spares parts and stand-by equipment                       |      | 150,287                     | 138,935                     |
|   |      | 40,131,577                  | 42,564,378                  |
| <b>LONG TERM INVESTMENTS</b>                                    | 16   | 22,199,744                  | 18,520,569                  |
| <b>LONG TERM LOANS AND DEPOSITS</b>                             | 17   | 41,031                      | 40,626                      |
| <b>DEFERRED TAXATION</b>  | 18   | 6,963,147                   | 6,398,137                   |
| <b>CURRENT ASSETS</b>   |      |                             |                             |
| Stores, spares and loose tools                                  | 19   | 3,757,215                   | 4,431,073                   |
| Stock-in-trade  | 20   | 9,381,522                   | 7,166,651                   |
| Trade debts   | 21   | 13,305,509                  | 12,728,517                  |
| Loans, advances, deposits, prepayments<br>and other receivables | 22   | 3,644,242                   | 3,002,534                   |
| Cash and bank balances  | 23   | 12,105,410                  | 8,158,690                   |
|   |      | 42,193,898                  | 35,487,465                  |
| <b>TOTAL ASSETS</b>   |      | 111,529,397                 | 103,011,175                 |

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

–Sd–

**Syed Asad Abbas**  
Chief Financial Officer

–Sd–

**M. Adil Khattak**  
Chief Executive Officer

–Sd–

**Abdus Sattar**  
Director

# Consolidated Statement of Profit or Loss

For the year ended June 30, 2021

|   | Note | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|------|-----------------|-----------------|
| Gross sales   | 24   | 192,361,466     | 174,400,900     |
| Taxes, duties, levies, discounts and price differential           | 25   | (64,525,537)    | (54,499,745)    |
| <b>Net sales</b>  |      | 127,835,929     | 119,901,155     |
| Cost of sales   | 26   | (130,298,894)   | (124,999,908)   |
| <b>Gross loss</b>   |      | (2,462,965)     | (5,098,753)     |
| Administration expenses   | 27   | 830,100         | 879,233         |
| Distribution cost   | 28   | 52,184          | 48,028          |
| Other charges   | 29   | 9,283           | 13,424          |
|   |      | (891,567)       | (940,685)       |
| Other income  | 30   | 1,483,291       | 2,784,520       |
| Impairment reversal/(loss) on financial asset - note 22.2         |      | 410,601         | (347,521)       |
| <b>Operating loss</b>   |      | (1,460,640)     | (3,602,439)     |
| Finance cost  | 31   | (852,764)       | (1,063,548)     |
| <b>Loss before taxation from refinery operations</b>              |      | (2,313,404)     | (4,665,987)     |
| Taxation  | 32   | 78,942          | 1,292,787       |
| <b>Loss after taxation from refinery operations</b>               |      | (2,234,462)     | (3,373,200)     |
| <b>Profit/(loss) after taxation from non-refinery operations</b>  |      |                 |                 |
| Impairment reversal/(loss) on investment in an associated company | 16   | 1,625,412       | (1,130,060)     |
| Share in profit/(loss) of associated companies                    | 34   | 1,676,892       | (182,067)       |
|   |      | 3,302,304       | (1,312,127)     |
| <b>Profit/(loss) for the year</b>                                 |      | 1,067,842       | (4,685,327)     |
| Earnings/(loss) per share - basic and diluted (Rupees)            |      |                 |                 |
| Refinery operations   |      | (20.96)         | (31.64)         |
| Non-refinery operations   |      | 30.97           | (12.31)         |
|   | 35   | 10.01           | (43.95)         |

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

—Sd—

**Syed Asad Abbas**  
Chief Financial Officer

—Sd—

**M. Adil Khattak**  
Chief Executive Officer

—Sd—

**Abdus Sattar**  
Director



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2021

|  | Note | 2021<br>Rs '000  | 2020<br>Rs '000  |
|--|------|------------------|------------------|
| Profit/(loss) for the year   |      | 1,067,842        | (4,685,327)      |
| Other comprehensive (loss)/income for the year                           |      |                  |                  |
| Items that will not be reclassified to statement of profit or loss:      |      |                  |                  |
| Remeasurement (loss)/gain on staff retirement benefit plans              | 36   | (52,539)         | 45,987           |
| Related deferred tax charge/(credit)                                     |      | 15,236           | (13,336)         |
| Share of other comprehensive income of associated companies - net of tax |      | (4,116)          | 7,918            |
|  |      | (41,419)         | 40,569           |
| Surplus on revaluation of freehold land - note 14.2                      |      | -                | 13,040,843       |
| Items that will be reclassified to statement of profit or loss           |      |                  |                  |
| Change in fair value of long term investment                             |      | (789)            | (101)            |
| <b>Total comprehensive income for the year</b>                           |      | <b>1,025,634</b> | <b>8,395,984</b> |

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

—Sd—

**Syed Asad Abbas**  
Chief Financial Officer

—Sd—

**M. Adil Khattak**  
Chief Executive Officer

—Sd—

**Abdus Sattar**  
Director

# Consolidated Statement of Changes in Equity

For the year ended June 30, 2021

|   | Capital reserve |   |  |                     |         | Revenue reserve |                        |  | Surplus on revaluation of freehold land | Total       |
|---|-----------------|---|--|---------------------|---------|-----------------|------------------------|--|---|-------------|
|   | Share capital   | Special reserve for expansion/modernisation | Utilised special reserve for expansion/modernisation | Maintenance reserve | Others  | General reserve | Un-appropriated profit | Gain/(loss) on revaluation of investment at fair value through OCI |   |             |
|   | Rs '000         |   |  |                     |         |                 |                        |  |   |             |
| Balance as at July 1, 2019  | 1,066,163       | -   | 12,908,966   | 205,640             | 155,996 | 7,077,380       | 7,029,489              | 3,337  | 12,052,576                              | 40,499,547  |
| Total comprehensive (loss)/income - net of tax                      |                 |   |  |                     |         |                 |                        |  |   |             |
| Loss for the year   | -               | -   | -  | -                   | -       | -               | (4,685,327)            | -  | -                                       | (4,685,327) |
| Other comprehensive income/(loss) for the year                      | -               | -   | -  | -                   | -       | -               | 40,569                 | (101)  | 13,040,843                              | 13,081,311  |
|   | -               | -   | -  | -                   | -       | -               | (4,644,758)            | (101)  | 13,040,843                              | 8,395,984   |
| Transfer to maintenance reserve by an associated company - note 7.3 | -               | -   | -  | 7,936               | -       | -               | (7,936)                | -  | -                                       | -           |
| Balance as at June 30, 2020   | 1,066,163       | -   | 12,908,966   | 213,576             | 155,996 | 7,077,380       | 2,376,795              | 3,236  | 25,093,419                              | 48,895,531  |
| Total comprehensive income/(loss) - net of tax                      |                 |   |  |                     |         |                 |                        |  |   |             |
| Income for the year   | -               | -   | -  | -                   | -       | -               | 1,067,842              | -  | -                                       | 1,067,842   |
| Other comprehensive loss for the year                               | -               | -   | -  | -                   | -       | -               | (41,419)               | (789)  | -                                       | (42,208)    |
|   | -               | -   | -  | -                   | -       | -               | 1,026,423              | (789)  | -                                       | 1,025,634   |
| Transfer to maintenance reserve by an associated company - note 7.3 | -               | -   | -  | 1,337               | -       | -               | (1,337)                | -  | -                                       | -           |
| Balance as at June 30, 2021   | 1,066,163       | -   | 12,908,966   | 214,913             | 155,996 | 7,077,380       | 3,401,881              | 2,447  | 25,093,419                              | 49,921,165  |

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

-Sd-

**Syed Asad Abbas**  
Chief Financial Officer

-Sd-

**M. Adil Khattak**  
Chief Executive Officer

-Sd-

**Abdus Sattar**  
Director

# Consolidated Statement of Cash Flows

For the year ended June 30, 2021

|  | Note | 2021<br>Rs '000    | 2020<br>Rs '000    |
|--|------|--------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                  |      |                    |                    |
| Cash receipts from   |      |                    |                    |
| - customers  |      | 191,555,467        | 184,637,479        |
| - others   |      | 866,194            | 260,340            |
|  |      | 192,421,661        | 184,897,819        |
| Cash paid for operating costs                                |      | [123,632,954]      | [131,901,618]      |
| Cash paid to Government for duties, taxes and levies         |      | [66,626,248]       | [58,421,327]       |
| Income tax paid  |      | [579,881]          | [716,912]          |
| <b>Net cash inflows/(outflows) from operating activities</b> |      | <b>1,582,578</b>   | <b>[6,142,038]</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                  |      |                    |                    |
| Additions to property, plant and equipment                   |      | [141,739]          | [610,405]          |
| Proceeds against disposal of operating assets                |      | 789                | 7,491              |
| Long term loans and deposits                                 |      | [405]              | 3,864              |
| Income received on bank deposits                             |      | 376,113            | 1,535,475          |
| Dividends received from the associated companies             |      | 141,524            | 625,913            |
| <b>Net cash generated from investing activities</b>          |      | <b>376,282</b>     | <b>1,562,338</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                  |      |                    |                    |
| Repayment of long term financing                             |      | -                  | [2,200,000]        |
| Repayment of lease liability                                 |      | [233,482]          | [219,045]          |
| Grant received for purchase of operating assets              |      | -                  | 1,520              |
| Transaction cost on long term financing                      |      | [500]              | [500]              |
| Finance cost   |      | [782,968]          | [1,470,502]        |
| Dividends paid to the Company's shareholders                 |      | [54]               | [211]              |
| <b>Net cash outflows from financing activities</b>           |      | <b>[1,017,004]</b> | <b>[3,888,738]</b> |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>  |      |                    |                    |
| <b>DURING THE YEAR</b>                                       |      | <b>941,856</b>     | <b>[8,468,438]</b> |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>    |      | <b>8,158,690</b>   | <b>16,622,691</b>  |
| Effect of exchange rate changes on cash and cash equivalent  |      | 4,864              | 4,437              |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>          | 44   | <b>9,105,410</b>   | <b>8,158,690</b>   |

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

-Sd-

**Syed Asad Abbas**  
Chief Financial Officer

-Sd-

**M. Adil Khattak**  
Chief Executive Officer

-Sd-

**Abdus Sattar**  
Director

# Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

## 1. LEGAL STATUS AND OPERATIONS

Attock Refinery Limited (the Company) was incorporated in Pakistan on November 8, 1978 as a private limited company and was converted into a public company on June 26, 1979. The registered office of the Company is situated at Morgah, Rawalpindi. Its shares are quoted on the Pakistan Stock Exchange Limited. It is principally engaged in the refining of crude oil.

The Company is subsidiary of The Attock Oil Company Limited, England and its ultimate parent is Coral Holding Limited (a private limited company incorporated in Malta).

Attock Hospital (Private) Limited (AHL) was incorporated in Pakistan on August 24, 1998 as a private limited company and commenced its operations from September 1, 1998. AHL is engaged in providing medical services. AHL is a wholly owned subsidiary of Attock Refinery Limited. For the purpose of these consolidated financial statements, the Company and its above referred wholly owned subsidiary AHL is referred to as the Group.

## 2. STATEMENT OF COMPLIANCE

These are consolidated financial statements of the Group and consolidated financial statements have been prepared in accordance with approved 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; 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## 3. NEW AND REVISED STANDARDS AND INTERPRETATIONS

### 3.1 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

|  | Effective date<br>(annual reporting periods<br>beginning on or after) |
|--|---|
| IAS 1 Presentation of financial statements (Amendments)                      | January 1, 2023   |
| IAS 8 Changes in Accounting Estimates and Errors (Amendments)                | January 1, 2023   |
| IAS 12 Income Taxes (Amendments)   | January 1, 2023   |
| IAS 16 Property, Plant and Equipment (Amendments)                            | January 1, 2022   |
| IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) | January 1, 2022   |
| IFRS 3 Business combinations (Amendments)                                    | January 1, 2022   |
| IFRS 7 Financial instruments: Disclosures (Amendments)                       | January 1, 2021   |
| IFRS 9 Financial instruments (Amendments)                                    | January 1, 2021   |
| IFRS 16 Leases (Amendments)  | January 1, 2021   |

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation/disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 17 Insurance Contracts



The following interpretations issued by the IASB have been waived of by SECP:

IFRIC 12 Service concession arrangements

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **4.1 Basis of measurement**

These consolidated financial statements have been prepared under the historical cost convention modified by revaluation of freehold land referred to in note 4.8, certain financial instruments which are carried at their fair values and staff retirement gratuity and pension plans which are carried at present value of defined benefit obligation net of fair value of plan assets.

##### **4.2 Basis of consolidation**

###### **a) Subsidiary**

Subsidiary is an entity over which the Company has the control and power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights or otherwise has power to elect and appoint more than one half of its directors. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The assets, liabilities, income and expenses of subsidiary company have been consolidated on a line by line basis and the carrying value of investments held by the parent company is eliminated against the subsidiary shareholders' equity in the consolidated financial statements.

Material intra-company balances and transactions have been eliminated for consolidated purposes.

###### **b) Associates**

Associates are all entities over which the Company has significant influence but not control. Investment in associated companies is accounted for using the equity method. Under this method the investments are stated at cost plus the Company's share in undistributed earnings and losses after acquisition, less any impairment in the value of individual investments.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to consolidated statement of profit or loss where applicable.

The Company's share of post-acquisition profit is recognised in the consolidated statement of profit or loss, and its share of post-acquisition movements in consolidated statement of profit or loss and other comprehensive income is recognised in other comprehensive income with the corresponding adjustment to the carrying amount of the investment. When the Company's share of losses 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 legal or constructive obligations or made payments on behalf of the associate.

The Company determines at each reporting date whether there is any objective evidence if the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying amount and recognises the amount adjacent to share of profit/(loss) of associates in the consolidated statement of profit or loss.

##### **4.3 Dividend and revenue reserves appropriation**

Dividend and movement in revenue reserves are recognised in the consolidated financial statements in the period in which these are approved.

##### **4.4 Employees retirement benefits**

The main features of the retirement benefit schemes operated by the Group for its employees are as follows:

###### **(i) Defined benefit plans**

The Group operates approved pension fund for its management staff and approved gratuity fund for its management and non-management staff. The investments of pension and gratuity funds are made through

# Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

approved trust funds. Gratuity is deductible from pension. Management staff hired after January 1, 2012 are only entitled to benefits under gratuity fund. Contributions are made in accordance with actuarial recommendations. Actuarial valuations are conducted by an independent actuary, annually using projected unit credit method related details of which are given in note 36 to the consolidated financial statements. The obligation at the date of consolidated statement of financial position is measured at the present value of the estimated future cash outflows. All contributions are charged to consolidated statement of profit or loss for the year.

Actuarial gains and losses (remeasurement gains/losses) on employees' retirement benefit plans are recognised immediately in other comprehensive income and past service cost is recognized in statement of profit or loss when they occur.

Calculation of gratuity and pension obligations require assumptions to be made of future outcomes which mainly includes increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

## (iii) Defined contribution plans

The Group operates an approved contributory provident fund for all employees. Equal monthly contribution is made both by the Company and the employee to the fund at the rate of 10% of basic salary.

## 4.5 Employee compensated absences

The Group also provides for compensated absences for all employees in accordance with the rules of the Company.

## 4.6 Taxation

Income tax expense comprises of current and deferred tax.

### Current tax

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates, if any. Income tax expense is recognised in the consolidated statement of profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

The Group takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Group's views differ from the income tax department at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

### Deferred tax

Deferred income tax is accounted for using the consolidated statement of financial position liability method in respect of all temporary differences arising between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, un-used tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are substantially expected to apply to the period when the differences reverse based on the tax rates that have been enacted. Deferred tax is charged or credited to income except in the case of items credited or charged to equity in which case it is included in equity.

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

## 4.7 Provisions

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

#### **4.8 Property, plant and equipment and capital work-in-progress**

##### **a) Cost**

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and impairment losses. Freehold land is stated at revalued amount. Capital work-in-progress and stores held for capital expenditure are stated at cost. Cost in relation to certain plant and machinery items include borrowing cost related to the financing of major projects during construction phase.

##### **b) Revaluation**

Increase in the carrying amount arising on revaluation of freehold land are recognised in other comprehensive income and accumulated in shareholders' equity under the heading surplus on revaluation of freehold land. To the extent that the increase reverses a decrease previously recognised in consolidated statement of profit or loss, the increase is first recognised in consolidated statement of profit or loss. Decreases that reverse previous increases 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 consolidated statement of profit or loss.

##### **c) Depreciation**

Depreciation on operating assets is calculated using the straight-line method to allocate their cost over their estimated useful life at the rates specified in note 14.1.

##### **d) Repairs and maintenance**

Maintenance and normal repairs, including minor alterations, are charged to income as and when incurred. Renewals and improvements are capitalised and the assets so replaced, if any, are retired.

##### **e) Gains and losses on disposal**

Gains and losses on deletion of assets are included in income current.

#### **4.9 Impairment of non-financial assets**

Assets that have an indefinite useful life, for example land, are not subject to amortisation or depreciation and are tested annually for impairment. Assets that are subject to depreciation/amortisation are reviewed for impairment at each consolidated statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversals of the impairment losses are restricted to the extent that assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. An impairment loss or reversal of impairment loss is recognised in the consolidated statement of profit or loss.

#### **4.10 Stores, spares and loose tools**

These are valued at moving average cost less allowance for obsolete and slow moving items. Items in transit are stated at invoice value plus other charges paid thereto.

#### **4.11 Stock-in-trade**

Stock-in-trade is valued at the lower of cost and net realisable value.

Stock of medicine and consumable items are valued on the basis of moving average cost less allowance for obsolete items.

Cost in relation to crude oil is determined on a First-in-First-Out (FIFO) basis. In relation to semi-finished and finished products, cost represents the cost of crude oil and an appropriate portion of manufacturing overheads.

Net realisable value represents selling prices in the ordinary course of business less costs necessary to be incurred for its sale.

#### **4.12 Revenue recognition**

The Group recognizes revenue when it transfers control over goods to its customers, being when the products are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue is recognized at an amount that reflects the consideration, to which the Group expects to

# Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

be entitled in exchange for transferring of goods to its customers net of discount and sales related indirect taxes. The sales related indirect taxes are regarded as collected on behalf of statutory authorities. The Group generates revenue by supplying refined petroleum products to the customers, including export of Naphtha.

- i) Revenue from sales is recognised on delivery of products ex-refinery to the customers with the exception that Naphtha export sales are recognised on the basis of products shipped to customers.

The Group is operating under the import parity pricing formula, as modified from time to time, whereby it is charged the cost of crude on 'import parity' basis and is allowed to charge product prices equivalent to the 'import parity' price, calculated under prescribed parameters.

- ii) Income from crude desalter operations, rental income, scrap sales, insurance commission, handling, service income, medical treatment and supplies are recognized on accrual basis.
- iii) Dividend income is recognised when the right to receive dividend is established.
- iv) Income on bank deposits and short term investments are recognised using the effective yield method.
- v) Revenue for health care and related streams is recognised when goods are delivered or services are rendered to the extent it is probable that the economic benefits from the transactions will flow to the Group and the revenue can be reliably measured. Revenue is recognised at the fair value if the consideration received or receivables, net of discount and sales related in direct taxes.
- vi) Income on investment in associated companies is recognised using the equity method. Under this method, the Company's share of post-acquisition profit or loss of the associated company is recognised in the profit and loss and its share of post-acquisition movements in reserve is recognised in reserves. Dividend distribution by the associated companies is adjusted against the carrying amount of the investment.

#### 4.13 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pakistani Rupees (Rupees), which is the Group's functional currency.

#### 4.14 Foreign currency transactions and balances

Transactions in foreign currencies are converted into Pakistani Rupees at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies at the year end are translated at exchange rates prevailing at the consolidated statement of financial position date. Exchange differences are dealt with through the consolidated statement of profit or loss.

#### 4.15 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Group loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the consolidated statement of profit or loss.

##### (i) Financial assets

###### Classification

The Group classifies its financial assets in the following measurement categories:

- a) Amortized cost where the effective interest rate method will apply;
- b) fair value through profit or loss;
- c) fair value through other comprehensive income.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.



For assets measured at fair value, gains and losses will either be recorded in consolidated statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this depends on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### **Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### **Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in consolidated statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### **Debt instruments**

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

##### **(a) Amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

##### **(b) Fair value through other comprehensive income (FVTOCI)**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to consolidated statement of profit or loss and recognised in other income/charges. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/charges and impairment expenses are presented as separate line item in the consolidated statement of profit or loss.

##### **(c) Fair value through profit or loss (FVTPL)**

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the consolidated statement of profit or loss and presented net within other operating gains/(losses) in the period in which it arises.

#### **De-recognition of financial assets**

A financial asset (or, where applicable part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired

# Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

## **Impairment of financial assets**

The Group assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL model:

- Trade debts
- Loans, advances, deposits, prepayments and other receivables
- Cash and bank balances

## **Simplified approach for trade debts**

The Group recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade debts are separately assessed for ECL measurement. The lifetime expected credit losses are estimated using the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

## **Recognition of loss allowance**

The Group recognizes an impairment gain or loss in the consolidated statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making a contractual payment.

## **Write-off**

The Group write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

**(ii) Financial liabilities**

**Classification, initial recognition and subsequent measurement**

The Group classifies its financial liabilities in the following categories:

- at fair value through profit or loss; and
- other financial liabilities

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

**a) Fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Group has not designated any financial liability upon recognition as being at fair value through profit or loss.

**b) Amortised cost**

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the consolidated statement of profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

**De-recognition of financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When 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 the respective carrying amounts is recognized in the consolidated statement of profit or loss.

**(iii) Off-setting financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position, if the Group has a legally enforceable right to set off the recognized amounts, and the Group either intends to settle on a net basis, or realize the asset and settle the liability simultaneously. Legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counter party.

**4.16 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 Group. 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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

# Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized 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 measurement is directly or indirectly observable; and
- 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 recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Chief Financial Officer determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement. External valuers may be involved for valuation of significant assets and significant liabilities. For the purpose of fair value disclosures, the Group determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

## **4.17 Trade debts**

These are recognized and carried at the original invoice amounts, being the fair value, less an allowance for uncollectible amounts, if any. The Group applies the IFRS 9 simplified approach to measure the Expected Credit Loss (ECL) which uses a lifetime expected loss allowance for trade debts.

## **4.18 Earnings per share**

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Basic and diluted EPS relating to Refinery and Non-refinery operations is also calculated in line with the manner described above by dividing the profit or loss attributable to ordinary shareholders from Refinery and Non-refinery operations respectively.

## **4.19 Finance income**

Finance income comprise of interest income on funds placed, dividend income, gain on disposal of assets carried at FVTOCI financial assets and changes in fair value of investments held for trading. Interest income is recognised as it accrues in the consolidated statement of profit or loss, using effective interest method.

## **4.20 Deferred grant**

Grants related to operating assets are accounted for by setting up the grants as deferred grant. These grants are recognised as income on a systematic basis over the useful life of the related asset.

## **4.21 Contingent Liabilities**

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.



#### **4.22 Trade and other payables**

Liabilities for trade and other payables, including payable to related parties, are carried at cost, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Group.

#### **4.23 Cash and cash equivalents**

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise of cash in hand, bank balances and investments that are highly liquid, readily convertible to known amounts of cash with insignificant risk of changes in value and have original maturity period of less than three month from the date of acquisition.

#### **4.24 Borrowings and their costs**

Finance costs comprise interest expense on borrowings, changes in fair value of investment carried at fair value through the consolidated statement of profit or loss and impairment losses recognised on financial assets.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of related loan facilities are recognised as transaction costs on the borrowing to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a transaction cost on borrowing and amortised over the period of the facility to which it relates.

Borrowing costs are recognised as an 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.

#### **4.25 Operating segments**

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 Group has a single reportable segment as the Board of Directors views the Group's operations as one reportable segment.

#### **4.26 Contract liabilities**

Under IFRS 15 "Revenue from Contracts with Customers", obligation to transfer goods or services to a customer for which the Group has received consideration or an amount of consideration is due from the customer is presented as contract liability. The contract liabilities of the Group comprises of advance payments from customers for supply of petroleum products as described in note 11.2.

#### **4.27 Lease liability and right-of-use asset**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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 Group.

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 Group's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if

# Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group 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 lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes 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 has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. 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.

## **4.28 Loans, advances, deposits and other receivables**

These are recognized at cost, which is the fair value of the consideration given. The Group assesses on a forward looking basis the expected credit losses associated with the advances, deposits and other receivables. The Group applies the general approach for calculating a lifetime expected credit losses for its loans, advances, deposits and other receivables recognized. The life time expected credit loss is determined at least annually. However, an assessment is made at each reporting date to determine whether there is an indication that a financial asset or a group of financial assets may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and impairment loss is recognized for the difference between the recoverable amount and the carrying value.

## **4.29 Finance cost**

Finance costs comprise of interest expense on borrowings, changes in fair value of investment carried at fair value through the statement of profit or loss and impairment losses recognised on financial assets.

## **5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of consolidated financial statements in conformity with the approved accounting standards requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are as follows:

- i) Contingencies - note 13
- ii) Estimated useful life of operating assets - note 14.1
- iii) Surplus on revaluation of freehold land - note 14.2
- iv) Right of use assets and lease liabilities - note 14.5 and 9
- v) Estimate of recoverable amount of investment in an associated company - note 16
- vi) Deferred taxation - note 18
- vii) Movement in loss allowances - note 22.2
- viii) Taxation - note 32
- ix) Employees defined benefit plans - note 36

## 6. SHARE CAPITAL

### 6.1 Authorised capital

| 2021<br>Number of shares | 2020<br>Number of shares |                                   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--------------------------|--------------------------|-----------------------------------|-----------------|-----------------|
| 150,000,000              | 150,000,000              | Ordinary shares of Rupees 10 each | 1,500,000       | 1,500,000       |

### 6.2 Issued, subscribed and paid up capital

| 2021<br>Number of shares | 2020<br>Number of shares | Ordinary shares of Rupees 10 each       | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--------------------------|--------------------------|---|-----------------|-----------------|
| 8,000,000                | 8,000,000                | Fully paid in cash                      | 80,000          | 80,000          |
| 98,616,250               | 98,616,250               | Share issued as fully paid bonus shares | 986,163         | 986,163         |
| 106,616,250              | 106,616,250              |   | 1,066,163       | 1,066,163       |

The parent company, The Attock Oil Company Limited held 65,095,630 (2020: 65,063,530) ordinary shares and the associated company, Attock Petroleum Limited held 1,790,000 (2020: 1,790,000) ordinary shares at the year end.

|   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|-----------------|-----------------|
| <b>7 RESERVES AND SURPLUS</b>   |                 |                 |
| <b>Capital reserve</b>  |                 |                 |
| Special reserve for expansion/modernisation - note 7.1                        | -               | -               |
| Utilised special reserve for expansion/modernisation - note 7.2               | 10,962,934      | 10,962,934      |
| Utilised special reserve for expansion/modernisation of associated company    | 1,946,032       | 1,946,032       |
|   | 12,908,966      | 12,908,966      |
| Maintenance reserve - note 7.3  | 214,913         | 213,576         |
| <b>Others</b>   |                 |                 |
| Liabilities taken over from The Attock Oil Company Limited no longer required | 4,800           | 4,800           |
| Capital gain on sale of building  | 654             | 654             |
| Insurance and other claims realised relating to pre-incorporation period      | 494             | 494             |
| Donation received for purchase of hospital equipment                          | 4,000           | 4,000           |
| Bonus shares issued by associated companies                                   | 146,048         | 146,048         |
|   | 155,996         | 155,996         |
| <b>Revenue reserve</b>  |                 |                 |
| General reserve   | 7,077,380       | 7,077,380       |
| Unappropriated profit   | 3,401,881       | 2,376,795       |
| Gain on revaluation of investment at fair value through OCI                   | 2,447           | 3,236           |
|   | 10,481,708      | 9,457,411       |
|   | 23,761,583      | 22,735,949      |

**7.1** Under the Policy Framework for Up-gradation and Expansion of Refineries, 2013 issued by the Ministry of Energy - Petroleum Division (the Ministry) as amended from time to time, the refineries are required to transfer the amount of profit above 50% of paid-up capital as at July 1, 2002 into a Special Reserve Account which shall be available for utilisation for Up-gradation of refineries or may also be utilized in off setting losses of the refinery from refinery operations.

# Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

- 7.2** Represents amounts utilized out of the Special Reserve for expansion/modernization of the refinery. The total amount of capital expenditure incurred on Refinery expansion/modernisation till June 30, 2021 is Rs 29,143.58 million including Rs 18,180.65 million spent over and above the available balance in the Special Reserve which has been incurred by the Company from its own resources.
- 7.3** Represents amount retained by Attock Gen Limited for the purposes of major maintenance expenses as per the terms of the Power Purchase Agreement.

|   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|-----------------|-----------------|
| <b>8. LONG TERM FINANCING - secured</b>           |                 |                 |
| <b>From banking companies</b>                     |                 |                 |
| Syndicated Term Finance - note 8.1                | 5,942,295       | 5,941,485       |
| Musharaka Finance - note 8.2                      | 1,944,913       | 1,944,648       |
|   | 7,887,208       | 7,886,133       |
| Less: Unamortized transaction cost on financing:  |                 |                 |
| Balance at beginning of the year                  | 67,420          | 94,920          |
| Addition during the year                          | 500             | 500             |
| Amortization for the year                         | (25,527)        | (28,000)        |
| Balance at end of the year                        | 42,393          | 67,420          |
|   | 7,844,815       | 7,818,713       |
| Current portion of long term financing - note 8.4 | (2,200,000)     | -               |
|   | 5,644,815       | 7,818,713       |
| Mark-up payable shown as current liability        | (152,023)       | (204,519)       |
|   | 5,492,792       | 7,614,194       |

- 8.1** The Company entered into a syndicated finance agreement with a consortium of banks which includes Bank AL-Habib Limited as the Agent Bank for a term finance facility of Rs 16,575 million for ARL Up-gradation Projects. The facility carries a mark-up of 3 months KIBOR plus 1.70% which is payable on quarterly basis.
- 8.2** The Company obtained Musharaka finance facility of Rs 5,425 million from Bank AL-Habib Limited (the Bank) as the Investment Agent for ARL Up-gradation Projects. The total Musharaka investment amounts to Rs 8,029 million and Investment Agent's (the Bank) share in Musharaka Assets A is nil % (2020: nil %) while its share in Musharaka Assets B is 35.37% (2020: 35.37%) respectively. While the Managing Co-owner's (the Group) share in Musharaka Assets A is 100% (2020: 100 %) while its share in Musharaka Assets B is 64.63% (2020: 64.63%) respectively. The rental payments under this facility are calculated on the basis of 3 months KIBOR plus 1.70% on value of unit purchased on each Musharaka Assets purchase date under Musharaka agreement.
- 8.3** The facilities referred to in notes 8.1 and 8.2 are secured by first pari passu charge by way of hypothecation over all present and future current assets to the extent of Rs 15,000 million. Further, the facility is also secured by first pari passu charge by way of hypothecation over all present and future movable fixed assets of the Company and mortgage over identified immovable property. Until the payment of all the outstanding amounts due by the Company have been paid in full, the Company cannot, except with the prior written consent of the Agent Bank/Investment Agent, permit the collective shareholding of Attock Oil Group Limited in the Company to fall below 51%.
- 8.4** In the prior year, the Company availed the facility for deferment of the payment of principle amount for one year, in accordance with the incentives offered by the State Bank of Pakistan, in responsiveness to the COVID-19 Pandemic. Consequently the next installment for principle repayment for an amount of Rs 550 million falls due in July 2021.



|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| <b>9. LONG TERM LEASE LIABILITIES</b>          |                 |                 |
| Balance at beginning of the year               | 321,640         | -               |
| Impact of initial application of IFRS 16       | -               | 473,695         |
| Additions during the year                      | 227,070         | -               |
| Lease finance charges                          | 27,004          | 30,857          |
| Lease rentals paid                             | (233,483)       | (219,044)       |
| Remeasurement in lease liability               | -               | 36,132          |
| Balance at end of the year                     | 342,231         | 321,640         |
| Current portion of long term lease liabilities | (215,832)       | (214,899)       |
|  | <b>126,399</b>  | <b>106,741</b>  |
| <b>10. DEFERRED GRANT</b>                      |                 |                 |
| <b>As at July 1</b>                            |                 |                 |
| Cost   | 6,694           | 5,175           |
| Accumulated amortization                       | (821)           | (215)           |
| <b>Net book value</b>                          | <b>5,873</b>    | <b>4,960</b>    |
| Opening book value                             | 5,873           | 4,960           |
| Grant received                                 | -               | 1,519           |
| Amortization charge for the year               | (669)           | (606)           |
|  | <b>5,204</b>    | <b>5,873</b>    |
| <b>As at June 30</b>                           |                 |                 |
| Cost   | 6,694           | 6,694           |
| Accumulated amortization                       | (1,490)         | (821)           |
| <b>Net book value</b>                          | <b>5,204</b>    | <b>5,873</b>    |

# Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| <b>11. TRADE AND OTHER PAYABLES</b>  |                 |                 |
| Creditors - note 11.1  | 26,851,751      | 21,240,821      |
| Unearned revenue - note 24.2   | -               | 331,943         |
| Due to The Attock Oil Company Limited - Holding Company  | 229,599         | 148,115         |
| Due to associated companies  |                 |                 |
| Pakistan Oilfields Limited   | 2,678,017       | 1,790,324       |
| Attock Energy (Private) Limited  | -               | 1               |
| Accrued liabilities and provisions - note 11.1   | 4,808,532       | 4,629,589       |
| Due to the Government under pricing formula  | 4,058,933       | 1,715,915       |
| Custom duty payable to Government  | 5,245,223       | 8,908,757       |
| Advance payments from customers - note 11.2  | 193,073         | 501,777         |
| Sales tax payable  | 2,501,329       | 1,081,535       |
| ARL Gratuity Fund  | 113,329         | 45,066          |
| Crude oil freight adjustable through inland freight equalisation margin                          | 59,958          | 126,879         |
| Deposits from customers adjustable against freight and Government levies payable on their behalf | 376             | 376             |
| Payable to statutory authorities in respect of petroleum development levy and excise duty        | 483,247         | 2,683,235       |
| Security deposits  | 3,287           | 3,287           |
|  | 47,226,654      | 43,207,620      |

**11.1** These balances include amounts retained from payments to crude suppliers for purchase of local crude as per the directives of the Ministry of Energy - Petroleum Division (the Ministry). Further, as per directive of the Ministry such withheld amounts are to be retained in designated 90 days interest bearing accounts. The amounts withheld along with accumulated profits amounted to Rs 3,950.27 million (2020: Rs 3,722.85 million).

**11.2** Advance payments from customers is recognised as revenue when the performance obligation in accordance with the policy as described in note 4.12 is satisfied.

|                                    | 2021<br>Rs '000 | 2020<br>Rs '000 |
|------------------------------------|-----------------|-----------------|
| Opening balance                    | 501,777         | 30,698          |
| Revenue recognized during the year | (7,104,542)     | (2,848,504)     |
| Advance received during the year   | 6,795,838       | 3,319,583       |
| Closing balance                    | 193,073         | 501,777         |

## 12. SHORT TERM FINANCING

During the year the Company obtained short term financing for Rs 3,000 million from a bank to finance its working capital requirements. This facility was fully utilized at the year end. This facility is secured by ranking hypothecation charge over all present and future current and fixed assets (excluding land and building) of the Company. The rate of mark-up on short term financing facility is 3 months KIBOR plus 0.08% p.a. which is payable on quarterly basis.

|  |  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|--|-----------------|-----------------|
| <b>13. CONTINGENCIES AND COMMITMENTS</b> |  |                 |                 |
|  | <b>Contingencies:</b>  |                 |                 |
| i)                                       | <p>Consequent to amendment through the Finance Act, 2014, SRO 575(I)/2006 was withdrawn. As a result, all imports relating to the ARL Up-gradation Project were subjected to the higher rate of customs duties, sales tax and income tax. Aggrieved by the withdrawal of the said SRO, the Company filed a writ petition on August 20, 2014, in the Lahore High Court, Rawalpindi Bench (the Court). The Court granted interim relief by allowing the imports against submission of bank guarantees and restraining customs authorities from charging an increased amount of customs duty/sales tax. Bank guarantees were issued in favour of the Collector of Customs, as per the directives of the Court. These guarantees include amounts aggregating to Rs 731 million on account of adjustable/claimable government levies.</p> <p>On November 10, 2020 the Court referred the case to Customs authorities with the instruction not to encash the bank guarantees without giving the Company appropriate remedy under the law. In June 2021, the Customs authorities have issued orders granting partial relief for Company's contention. The Company has preferred an appeal before Collector of Appeals in respect of matters not adjudicated per its contention.</p> <p>Based on advice from the legal advisor, the Company is confident that there are reasonable grounds for a favourable decision, and accordingly, this has not been recognized as a liability in the consolidated financial statements.</p> | 1,326,706       | 1,326,706       |
| ii)                                      | Due to circular debt in the oil industry, certain amounts due from the oil marketing companies (OMCs) and due to crude oil suppliers have not been paid/received on their due dates for payment. As a result the Company has raised claims on OMCs in respect of mark-up on delayed payments as well as received counter claims from some crude oil suppliers which have not been recognized in the consolidated financial statements as these have not been acknowledged as debt by either parties.   |                 |                 |
| iii)                                     | Guarantees issued by banks on behalf of the Company [other than (i) above].  | -               | 344             |
| iv)                                      | Claims for land compensation contested by ARL.   | 5,300           | 1,300           |
| v)                                       | Price adjustment related to crude oil and condensate purchases have been recorded based on provisional prices due to non-finalisation of Crude Oil Sale Purchase Agreement (COSA) and may require adjustment in subsequent periods as referred to in note 26.1, the amount of which can not be presently quantified.   |                 |                 |
| vi)                                      | In March 2018, Mela and Nashpa Crude Oil Sale and Purchase Agreement (COSA) with effective date of March 27, 2007 was executed between the President of Pakistan and the working interest owners of Petroleum Concession Agreement (PCA) whereby various matters including the pricing mechanism for crude oil were prescribed. The Company has been purchasing crude oil from the respective oil fields since 2007 and 2009. In this respect, an amount of Rs 2,484 million was demanded from the Company as alleged arrears of crude oil price for certain periods prior to signing of aforementioned COSA.  | 2,484,098       | 2,484,098       |

# Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

|   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|-----------------|-----------------|
| In view of the foregoing, the Company filed a writ petition on December 17, 2018 before the Honourable Islamabad High Court (the Court), whereby interim relief was granted to the Company by restraining respondents from charging the premium or discount regarding the supplies of crude oil made to the Company between 2012 to 2018. Based on the Company's assessment of related matter and based on the legal advices obtained from its legal consultants the Company did not acknowledge the related demand and accordingly, not provided for the same in its books of account. The matter is pending for adjudication.   |                 |                 |
| vii) Claim by the Company from Government on account of additional deemed duty on High Speed Diesel (HSD). In the Policy Framework of 2013 for Up-gradation of Refineries, the Government had committed to enhance deemed duty on HSD from 7.5% to 9% subject to setting up of Diesel Hydrodesulphurisation (DHDS) unit. However, this incentive had been withdrawn on April 25, 2016.<br><br>The Company has strongly taken up with the Government the matter of withdrawal of additional deemed duty as this incentive was primarily given to recover the cost of investment on DHDS unit which the Company has successfully installed and commissioned.  | 3,092,485       | 2,500,895       |
| viii) The Finance Act, 2017 has introduced tax on every public company at the rate of 7.5% of its accounting profit before tax for the year. However, this tax shall not apply in case of a public company which distributes at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares.<br><br>Aggrieved by this amendment, the Company filed a writ petition on August 3, 2017 in Sindh High Court (the Court), Karachi. The Court has granted stay to the Company. Subsequently, a notification was issued on February 13, 2018 by the Federal Board of Revenue whereby exemption was granted in the incidental matter to the companies that are subject to restrictions imposed by Government of Pakistan on distribution of dividend. Accordingly, no charge has been recorded for the related tax. | 418,470         | 418,470         |
| ix) The Company's share in contingency of associated companies.   | 2,324,842       | 2,122,458       |
| <b>Commitments:</b>   |                 |                 |
| i) Capital expenditure  | 40,970          | 111,761         |
| ii) Letters of credit and other contracts for purchase of store items   | 34,431          | 159,418         |
| iii) The Company's share of commitments of associated companies.  |                 |                 |
| Capital expenditures commitments  | 381,141         | 555,162         |
| Outstanding letters of credit   | 1,790,581       | 508,836         |



|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| <b>14. PROPERTY, PLANT AND EQUIPMENT</b> |                 |                 |
| Operating assets                         |                 |                 |
| Owned assets - note 14.1                 | 38,733,816      | 41,098,012      |
| Right of use assets (ROU) - note 14.5    | 384,795         | 348,225         |
|  | 39,118,611      | 41,446,237      |

#### 14.1 Owned assets

|                                    | Freehold land<br>(note 14.2) | Buildings on<br>freehold land | Plant and<br>machinery | Computer<br>equipment | Furniture,<br>fixtures and<br>equipment | Vehicles  | Total        |
|------------------------------------|------------------------------|-------------------------------|------------------------|-----------------------|---|-----------|--------------|
|                                    | Rs '000                      |                               |                        |                       |   |           |              |
| As at July 1, 2019                 |                              |                               |                        |                       |   |           |              |
| Cost or valuation                  | 12,106,798                   | 246,846                       | 29,362,131             | 87,473                | 169,889                                 | 190,534   | 42,163,671   |
| Accumulated depreciation           | -                            | (130,176)                     | (11,354,510)           | (63,322)              | (99,826)                                | (117,644) | (11,765,478) |
| Net book value                     | 12,106,798                   | 116,670                       | 18,007,621             | 24,151                | 70,063                                  | 72,890    | 30,398,193   |
| Year ended June 30, 2020           |                              |                               |                        |                       |   |           |              |
| Opening net book value             | 12,106,798                   | 116,670                       | 18,007,621             | 24,151                | 70,063                                  | 72,890    | 30,398,193   |
| Additions                          | -                            | 2,623                         | 240,129                | 3,970                 | 7,873                                   | 5,784     | 260,379      |
| Revaluation Surplus                | 13,040,843                   | -                             | -                      | -                     | -                                       | -         | 13,040,843   |
| Disposals                          |                              |                               |                        |                       |   |           |              |
| Cost                               | -                            | -                             | (13,371)               | (3,525)               | (5,449)                                 | (8,897)   | (31,242)     |
| Depreciation                       | -                            | -                             | 13,341                 | 3,520                 | 5,341                                   | 6,643     | 28,845       |
|                                    | -                            | -                             | (30)                   | (5)                   | (108)                                   | (2,254)   | (2,397)      |
| Depreciation charge                | -                            | (9,849)                       | (2,542,604)            | (9,037)               | (12,562)                                | (24,954)  | (2,599,006)  |
| Closing net book value             | 25,147,641                   | 109,444                       | 15,705,116             | 19,079                | 65,266                                  | 51,466    | 41,098,012   |
| As at June 30, 2020                |                              |                               |                        |                       |   |           |              |
| Cost or valuation                  | 25,147,641                   | 249,469                       | 29,588,889             | 87,918                | 172,313                                 | 187,421   | 55,433,651   |
| Accumulated depreciation           | -                            | (140,025)                     | (13,883,773)           | (68,839)              | (107,047)                               | (135,955) | (14,335,639) |
| Net book value                     | 25,147,641                   | 109,444                       | 15,705,116             | 19,079                | 65,266                                  | 51,466    | 41,098,012   |
| Year ended June 30, 2021           |                              |                               |                        |                       |   |           |              |
| Opening net book value             | 25,147,641                   | 109,444                       | 15,705,116             | 19,079                | 65,266                                  | 51,466    | 41,098,012   |
| Additions                          | -                            | 3,596                         | 238,209                | 836                   | 4,274                                   | -         | 246,915      |
| Disposals                          |                              |                               |                        |                       |   |           |              |
| Cost                               | -                            | -                             | (145)                  | (83)                  | (3,345)                                 | (6,603)   | (10,176)     |
| Depreciation                       | -                            | -                             | 145                    | 83                    | 3,279                                   | 6,548     | 10,055       |
|                                    | -                            | -                             | -                      | -                     | (66)                                    | (55)      | (121)        |
| Depreciation charge                | -                            | (9,682)                       | (2,559,799)            | (7,578)               | (12,720)                                | (21,211)  | (2,610,990)  |
| Closing net book value             | 25,147,641                   | 103,358                       | 13,383,526             | 12,337                | 56,754                                  | 30,200    | 38,733,816   |
| As at June 30, 2021                |                              |                               |                        |                       |   |           |              |
| Cost or valuation                  | 25,147,641                   | 253,065                       | 29,826,953             | 88,671                | 173,242                                 | 180,818   | 55,670,390   |
| Accumulated depreciation           | -                            | (149,707)                     | (16,443,427)           | (76,334)              | (116,488)                               | (150,618) | (16,936,574) |
| Net book value                     | 25,147,641                   | 103,358                       | 13,383,526             | 12,337                | 56,754                                  | 30,200    | 38,733,816   |
| Annual rate of<br>Depreciation (%) | -                            | 5                             | 10                     | 20                    | 10                                      | 20        |              |

# Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

- 14.2** Freehold land was revalued in May 2020 and the revaluation surplus of Rs13,040.84 million was added to the value of freehold land and corresponding amount was transferred to surplus on revaluation of freehold land. Had the freehold land been stated on the historical cost basis, the carrying amount of land would have been Rs 54.22 million (2020: Rs 54.22 million).
- 14.3** Forced sales value of freehold land based on valuation conducted in May 2020 was Rs 20,118.11 million.
- 14.4** Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

| Location                           | Usage of immovable property                         | Total Area<br>(In acres) |
|------------------------------------|---|--------------------------|
| Morgah Rawalpindi                  | Refinery processing plants, office and staff colony | 398.44                   |
| Chak Shahpur, Morgah, Rawalpindi   | Water wells   | 44.96                    |
| Humak (adjacent DHA II), Islamabad | Water wells   | 7.34                     |

|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| <b>14.5 Right of use assets</b>                                  |                 |                 |
| Balance at beginning of the year                                 | 348,225         | -               |
| Effect of change in accounting policy due to adoption of IFRS 16 | -               | 539,141         |
| Balance as at beginning of the year - adjusted                   | 348,225         | 539,141         |
| Depreciation for the year  | (190,500)       | (227,048)       |
| Remeasurement in lease liability                                 | 227,070         | 36,132          |
| Balance at end of the year                                       | 384,795         | 348,225         |

- 14.6** The depreciation charge relating to owned assets and right of use assets for the year has been allocated as follows:

|                                   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|-----------------------------------|-----------------|-----------------|
| Cost of sales - note 26           | 2,713,055       | 2,664,666       |
| Administration expenses - note 27 | 87,699          | 160,500         |
| Distribution cost - note 28       | 735             | 888             |
|                                   | 2,801,489       | 2,826,054       |

|   |           |           |
|---|-----------|-----------|
| <b>15. CAPITAL WORK-IN-PROGRESS</b>                         |           |           |
| Balance at beginning of the year                            | 979,206   | 622,573   |
| Additions during the year                                   | 114,650   | 594,538   |
| Transfer to operating assets                                |           |           |
| - Buildings on freehold land                                | 3,596     | 20,539    |
| - Plant and machinery                                       | 227,581   | 217,366   |
|   | (231,177) | (237,905) |
| Balance at end of the year                                  | 862,679   | 979,206   |
| Break-up of the closing balance of capital work-in-progress |           |           |
| Civil works   | -         | 3,838     |
| Plant and machinery   | 861,679   | 974,368   |
| Pipeline project  | 1,000     | 1,000     |
|   | 862,679   | 979,206   |

|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| <b>16. LONG TERM INVESTMENTS</b>                       |                 |                 |
| Balance at beginning of the year                       | 18,520,569      | 20,709,543      |
| Share of loss before tax of associated companies       | 2,200,192       | (440,818)       |
| Share in other comprehensive income                    | (4,116)         | 7,918           |
| Dividend received from associated companies            | (141,524)       | (625,913)       |
| Impairment reversal/(charge) on investment             | 1,625,412       | (1,130,060)     |
| Effect of changes in accounting policies due to IFRS 9 | (789)           | (101)           |
| Balance at end of the year                             | 22,199,744      | 18,520,569      |

|   | 2021          |            | 2020          |            |
|---|---------------|------------|---------------|------------|
|   | % age holding | Rs '000    | % age holding | Rs '000    |
| <b>16.1 Investment in associated companies</b>  |               |            |               |            |
| <b>Associated companies</b>   |               |            |               |            |
| <b>Quoted</b>   |               |            |               |            |
| National Refinery Limited (NRL) - note 16.3   | 25            | 10,459,427 | 25            | 8,396,490  |
| 19,991,640 (2020: 19,991,640) fully paid ordinary shares including 3,331,940 (2020: 3,331,940) bonus shares of Rs 10 each   |               |            |               |            |
| Market value as at June 30, 2021: Rs 10,459 million (June 30, 2020: Rs 2,145 million)                                       |               |            |               |            |
| Attock Petroleum Limited (APL) - note 16.4  | 21.88         | 8,347,683  | 21.88         | 7,399,825  |
| 21,772,965 (2020: 21,772,965) fully paid ordinary shares including 11,272,885 (2020: 11,272,885) bonus shares of Rs 10 each |               |            |               |            |
| Market value as at June 30, 2021: Rs 6,990 million (June 30, 2020: Rs 6,645 million)  |               |            |               |            |
| <b>Unquoted</b>   |               |            |               |            |
| Attock Gen Limited (AGL)  | 30            | 3,351,893  | 30            | 2,689,167  |
| 7,482,957 (2020: 7,482,957) fully paid ordinary shares of Rs 100 each   |               |            |               |            |
| Attock Information Technology Services (Private) Limited (AITSL)  | 10            | 40,741     | 10            | 35,087     |
| 450,000 (2020: 450,000) fully paid ordinary shares of Rs 10 each  |               |            |               |            |
|   |               | 22,199,744 |               | 18,520,569 |

All associated companies are incorporated in Pakistan. Although ARL has less than 20 percent shareholding in Attock Information Technology Services (Private) Limited, this company has been treated as associate since ARL has representation on its Board of Directors.

# Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

**16.2** The tables below provide summarised financial information for associated companies that are material to the Company. The information disclosed reflects the amounts presented in the audited financial statements of the relevant associates. Adjustments made by the reporting entity when using the equity method, including fair value adjustments have been reflected in these consolidated financial statements.

|   | National Refinery Limited |                    | Attock Petroleum Limited |                   | Attock Gen Limited |                  | Attock Information Technology Services (Pvt) Limited |                |
|---|---------------------------|--------------------|--------------------------|-------------------|--------------------|------------------|--|----------------|
|   | June 30, 2021             | June 30, 2020      | June 30, 2021            | June 30, 2020     | June 30, 2021      | June 30, 2020    | June 30, 2021  | June 30, 2020  |
|   | Rs '000                   |                    | Rs '000                  |                   | Rs '000            |                  | Rs '000  |                |
| <b>Summarised statement of financial position</b>                             |                           |                    |                          |                   |                    |                  |  |                |
| Current assets  | 36,192,216                | 21,345,597         | 44,210,980               | 35,654,693        | 14,942,053         | 15,230,175       | 359,765  | 293,870        |
| Non- current assets   | 39,489,300                | 41,967,193         | 17,328,126               | 15,166,745        | 6,544,237          | 6,929,934        | 75,656   | 89,096         |
| Current liabilities   | (42,919,804)              | (32,983,296)       | (31,795,455)             | (27,908,728)      | (10,000,127)       | (12,964,018)     | (22,119)   | (22,806)       |
| Non- current liabilities  | (1,174,325)               | (492,208)          | (7,381,496)              | (4,883,583)       | (313,189)          | (232,206)        | (5,885)  | (9,283)        |
| <b>Net assets</b>   | <b>31,587,387</b>         | <b>29,837,286</b>  | <b>22,362,155</b>        | <b>18,029,127</b> | <b>11,172,974</b>  | <b>8,963,885</b> | <b>407,417</b>                                       | <b>350,877</b> |
| <b>Reconciliation to carrying amounts:</b>                                    |                           |                    |                          |                   |                    |                  |  |                |
| Net assets as at July 1   | 29,837,286                | 33,873,469         | 18,029,127               | 18,360,238        | 8,963,885          | 8,908,418        | 350,877  | 291,655        |
| Effect of changes in accounting policies due to adoption of IFRS 9            | (3,155)                   | (404)              | -                        | -                 | -                  | -                | -  | -              |
| Profit for the year   | 1,770,100                 | (4,063,762)        | 4,977,747                | 1,157,897         | 2,210,408          | 1,053,025        | 56,540   | 59,222         |
| Other comprehensive income/(loss)   | (16,844)                  | 27,983             | 2,244                    | 3,984             | (1,319)            | 169              | -  | -              |
| Dividends paid  | -                         | -                  | (646,963)                | (1,492,992)       | -                  | (997,727)        | -  | -              |
| <b>Net assets as at June 30</b>   | <b>31,587,387</b>         | <b>29,837,286</b>  | <b>22,362,155</b>        | <b>18,029,127</b> | <b>11,172,974</b>  | <b>8,963,885</b> | <b>407,417</b>                                       | <b>350,877</b> |
| Company's percentage shareholding in the associate                            | 25%                       | 25%                | 21.88%                   | 21.88%            | 30.00%             | 30.00%           | 10.00%   | 10.00%         |
| Company's share in net assets   | 7,896,848                 | 7,459,323          | 4,891,764                | 3,943,906         | 3,351,893          | 2,689,167        | 40,741   | 35,087         |
| Excess of purchase consideration over carrying amount at the date acquisition | 6,371,654                 | 6,371,654          | 3,455,919                | 3,455,919         | -                  | -                | -  | -              |
| Proportionate share in carrying value of net assets before impairment         | 14,268,502                | 13,830,977         | 8,347,683                | 7,399,825         | 3,351,893          | 2,689,167        | 40,741   | 35,087         |
| Impairment  | (3,809,075)               | (5,434,487)        | -                        | -                 | -                  | -                | -  | -              |
| <b>Carrying amount of investment</b>  | <b>10,459,427</b>         | <b>8,396,490</b>   | <b>8,347,683</b>         | <b>7,399,825</b>  | <b>3,351,893</b>   | <b>2,689,167</b> | <b>40,741</b>  | <b>35,087</b>  |
| <b>Summarised statement of comprehensive income</b>                           |                           |                    |                          |                   |                    |                  |  |                |
| Net revenue   | 139,625,198               | 125,612,646        | 188,645,375              | 201,078,720       | 7,873,586          | 6,961,525        | 151,297  | 142,949        |
| Profit/(loss) for the year  | 1,770,100                 | (4,063,762)        | 4,977,747                | 1,157,897         | 2,210,408          | 1,053,025        | 56,540   | 59,222         |
| Other comprehensive (loss)/income   | (16,844)                  | 27,983             | 2,244                    | 3,984             | (1,319)            | 169              | -  | -              |
| <b>Total comprehensive income/(loss)</b>                                      | <b>1,753,256</b>          | <b>(4,035,779)</b> | <b>4,979,991</b>         | <b>1,161,881</b>  | <b>2,209,089</b>   | <b>1,053,194</b> | <b>56,540</b>  | <b>59,222</b>  |

During the year, dividend received from Attock Petroleum Limited was Rs 142 million (2020: Rs 327 million) and Attock Gen Limited was Rs nil (2020: Rs 299 million).



**16.3** In prior year, the market value of NRL was lower than its carrying amount and consequently recoverable amount was computed by an external investment advisor engaged by the Company. The recoverable amount of investment in NRL computed by the external investment advisor exceeded its carrying amount. The recoverable amount had been estimated based on a value in use calculation. These calculations had been made on discounted cash flow based valuation methodology which assumed gross profit margin of 3.43%, terminal growth rate of 3% and capital asset pricing model based discount rate of 18.20%.

**16.4** Based on valuation analysis carried out by the Group, the recoverable amount of investment in Attock Petroleum Limited exceeds its carrying amount. The recoverable amount has been estimated based on a value in use calculation. These calculations have been made on discounted cash flow based valuation methodology which assumes an average gross profit margin of 5.10%, a terminal growth rate of 4% and a capital asset pricing model based discount rate of 16.51%.

|   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|-----------------|-----------------|
| <b>17. LONG TERM LOANS AND DEPOSITS</b>                                       |                 |                 |
| Loans - secured and considered good - note 17.1                               |                 |                 |
| Employees   | 57,222          | 66,756          |
| Executives  | 15,732          | 8,279           |
|   | 72,954          | 75,035          |
| Amounts due within next twelve months shown<br>under current assets - note 22 | (46,839)        | (47,699)        |
|   | 26,115          | 27,336          |
| Security deposits   | 14,916          | 13,290          |
|   | 41,031          | 40,626          |

**17.1** These are interest free loans as per the terms of employment and are recoverable in 24, 36, and 60 equal monthly installments depending on case to case basis. These loans are secured against outstanding provident fund balance or a third party guarantee. Receivable from executives of the Company does not include any amount receivable from Directors or Chief Executive Officer. The maximum amount due from executives of the Company at the end of any month during the year was Rs 16.30 million (2020: Rs 14.26 million).

|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| <b>18. DEFERRED TAXATION</b>                                       |                 |                 |
| Temporary differences between accounting and tax base              |                 |                 |
| of non-current assets and investment in associated companies       | (2,180,857)     | (1,964,177)     |
| Unused tax losses and minimum taxes                                | 8,785,567       | 7,902,576       |
| Deferred grant   | 1,509           | 1,703           |
| Remeasurement loss on staff retirement benefit plans               | 192,306         | 177,070         |
| Provisions   | 164,622         | 280,965         |
|  | 6,963,147       | 6,398,137       |
| <b>18.1 Movement of deferred tax asset</b>                         |                 |                 |
| Balance at beginning of the year                                   | 6,398,137       | 3,871,802       |
| Tax charge recognised in profit or loss                            | 550,150         | 2,539,609       |
| Tax (credit)/charge related to subsidiary accounted for separately | (376)           | 62              |
|  | 549,774         | 2,539,671       |
| Tax charge/(credit) recognised in other comprehensive income       | 15,236          | (13,336)        |
| Balance at end of the year   | 6,963,147       | 6,398,137       |

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- 18.2** The deferred tax asset recognised in the consolidated financial statements represents the management's best estimate of the potential benefit which is expected to be realized in the future years in the form of reduced tax liability as the Company would be able to set off the tax liability in those years against minimum tax and unused tax loss against the taxable profits of future years. Based on management's assessment of future available taxable profits, the carrying amount of deferred tax asset was reduced by an amount of Rs 580.58 million in respect of minimum tax and unused tax losses expiring in 2022.

|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| <b>19. STORES, SPARES AND LOOSE TOOLS</b>  |                 |                 |
| Stores (including items in transit for an amount of<br>Rs 261.56 million; 2020: Rs 549.36 million) | 2,742,021       | 3,494,553       |
| Spares   | 1,184,194       | 1,097,081       |
| Loose tools  | 971             | 988             |
|  | 3,927,186       | 4,592,622       |
| Less: Provision for slow moving items - note 19.1  | 169,971         | 161,549         |
|  | 3,757,215       | 4,431,073       |
| <b>19.1 Movement in provision for slow moving items</b>  |                 |                 |
| Balance as at July 1   | 161,549         | 151,801         |
| Reversal of provision against stores written off   | -               | (3,363)         |
| Provision for the year   | 8,422           | 13,111          |
| Balance as at June 30  | 169,971         | 161,549         |
| <b>20. STOCK-IN-TRADE</b>  |                 |                 |
| Crude oil  | 2,487,241       | 1,995,340       |
| Semi-finished products   | 2,448,840       | 1,809,951       |
| Finished products - note 20.2  | 4,442,826       | 3,358,564       |
| Medical supplies   | 2,615           | 2,796           |
|  | 9,381,522       | 7,166,651       |

- 20.1** Stock-in-trade include stocks carried at net realisable value of Rs 5,845.80 million (2020: Rs 3,326.41 million). Adjustments amounting to Rs 379.61 million (2020: Rs 509.50 million) have been made to closing inventory to write down stocks to their net realisable value.

|   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|-----------------|-----------------|
| <b>20.2</b> This includes naphtha stock held by third parties |                 |                 |
| At National Refinery Limited                                  | 100,360         | 654,380         |
|   | 100,360         | 654,380         |

## **21. TRADE DEBTS - unsecured and considered good**

- 21.1** Trade debts include amount receivable from associated companies Attock Petroleum Limited Rs 7,833.75 million (2020: Rs 10,329.65 million) and Pakistan Oilfields Limited Rs nil (2020: Rs 49.24 million).

Age analysis of trade debts from associated companies, past due but not impaired.

|                 | 2021<br>Rs '000 | 2020<br>Rs '000 |
|-----------------|-----------------|-----------------|
| 0 to 6 months   | 4,862,065       | 3,650,831       |
| 6 to 12 months  | 2,525,337       | 1,692,294       |
| Above 12 months | 446,351         | 5,035,844       |
|                 | 7,833,753       | 10,378,969      |

- 21.2** The maximum aggregate amount due from the related parties at the end of any month during the year was Rs 14,173.75 million (2020: Rs 16,798.92 million).

|   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|-----------------|-----------------|
| <b>22. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b> |                 |                 |
| <b>Loans and advances - considered good</b>                             |                 |                 |
| Current portion of long term loans - secured - note 17                  |                 |                 |
| Employees   | 35,281          | 40,649          |
| Executives  | 11,558          | 7,050           |
|   | 46,839          | 47,699          |
| <b>Advances</b>   |                 |                 |
| Suppliers   | 36,983          | 141,218         |
| Employees   | 7,599           | 6,046           |
|   | 44,582          | 147,264         |
|   | 91,421          | 194,963         |
| <b>Deposits and prepayments</b>   |                 |                 |
| Trade deposits  | 286             | 286             |
| Short term prepayments  | 125,418         | 106,097         |
|   | 125,704         | 106,383         |
| <b>Other receivables - considered good</b>                              |                 |                 |
| Due from associated companies   |                 |                 |
| Attock Information Technology Services (Private) Limited                | 444             | 441             |
| Attock Petroleum Limited  | 3,654,893       | 3,348,960       |
| Attock Leisure and Management Associates (Private) Limited              | 50              | 436             |
| Attock Gen Limited  | 2,047           | 1,048           |
| National Cleaner Production Centre Foundation                           | 613             | 764             |
| Attock Energy (Pvt) Limited   | 9               | -               |
| Capgas (Private) Limited  | 212             | 48              |
| National Refinery Limited   | 10,912          | 10,912          |
| Attock Sahara Foundation  | 466             | 313             |
| Income accrued on bank deposits   | 26,615          | 28,536          |
| Income tax refundable   | 11,713          | 14,570          |
| Staff Pension Fund  | 30,632          | 13,978          |
| Other receivables   | 15,257          | 18,529          |
|   | 3,753,863       | 3,438,535       |
| Loss allowance - note 22.2  | (326,746)       | (737,347)       |
|   | 3,644,242       | 3,002,534       |

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- 22.1** The maximum aggregate amount due from the related parties at the end of any month during the year was Rs 4,053.96 million (2020: Rs 3,336.55 million)

Age analysis of other receivables from associated companies, past due but not impaired.

|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| 0 to 6 months  | 799,236         | 1,693,746       |
| 6 to 12 months                                       | 1,309,936       | 4,200           |
| Above 12 months                                      | 1,560,474       | 1,669,991       |
|  | 3,669,646       | 3,367,937       |
| <b>22.2 Movement in loss allowances</b>              |                 |                 |
| Balance at beginning of the year                     | 737,347         | 389,826         |
| Impairment (reversal)/loss on financial asset        | (410,601)       | 347,521         |
| Balance at end of the year                           | 326,746         | 737,347         |
| <b>23. CASH AND BANK BALANCES</b>                    |                 |                 |
| Cash in hand (US \$ 7,393; 2020: US \$ 7,393)        | 2,521           | 2,397           |
| With banks:  |                 |                 |
| Local Currency                                       |                 |                 |
| Current accounts                                     | 8,934           | 11,831          |
| Deposit accounts - note 23.1, 23.2 and 23.3          | 6,894,581       | 3,663,055       |
| Savings accounts                                     | 5,126,315       | 4,403,562       |
| Foreign Currency                                     |                 |                 |
| Saving accounts (US \$ 463,573; 2020: US \$ 463,090) | 73,059          | 77,845          |
|  | 12,105,410      | 8,158,690       |

- 23.1** Deposit accounts include Rs 3,894.58 million (2020: Rs 3,663.06 million) placed in a 90-days interest-bearing account consequent to directives of the Ministry of Energy - Petroleum Division on account of amounts withheld alongwith related interest earned thereon net of withholding tax, as referred to in note 11.1.
- 23.2** Balances with banks include Rs 3,030 million (2020: Rs nil) in respect of deposits placed in 30-days interest-bearing account.
- 23.3** Bank deposits of Rs 1,326.71 million (2020: Rs 1,327.05 million) were under lien with bank against a bank guarantee issued on behalf of the Company.
- 23.4** Balances with banks include Rs 3.29 million (2020: Rs 3.29 million) in respect of security deposits received from customers etc.
- 23.5** Interest/mark-up earned on balances with banks ranged between 5.50% to 8.00% (2020: 6.50% to 15.50%) with weighted average rate of 6.85% (2020: 12.68%) per annum.



|   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|-----------------|-----------------|
| <b>24. GROSS SALES</b>  |                 |                 |
| - Company   |                 |                 |
| Local sales   | 191,383,038     | 171,183,381     |
| Naphtha export sales  | 894,767         | 3,467,747       |
| Reimbursement due from the Government under import parity pricing formula - note 24.1 | (21,861)        | -               |
| Unearned Revenue from June 27 - 30, 2020 - note 24.2                                  | -               | (331,943)       |
| - Subsidiary  |                 |                 |
| Local sales   | 105,522         | 81,715          |
|   | 192,361,466     | 174,400,900     |

**24.1** This represents amount due to/from the Government of Pakistan (GoP) on account of shortfall in ex-refinery prices of certain petroleum products under the import parity pricing formula.

**24.2** This represented the additional receipts realised at the revised prices notified as at June 27, 2020 by the Government as against the price previously applicable for the month of June 2020 and as subsequently directed by the Ministry of Energy - Petroleum Division to be netted with the loss sustained in July 2020 to arrive at the adjustment in petroleum products prices.

|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| <b>25. TAXES, DUTIES, LEVIES, DISCOUNTS AND PRICE DIFFERENTIAL</b> |                 |                 |
| Sales tax  | 27,714,063      | 24,868,069      |
| Petroleum development levy   | 31,263,847      | 24,057,826      |
| Custom duties and other levies - note 25.1                         | 4,531,797       | 4,070,233       |
| Discounts  | -               | 83,690          |
| PMG RON differential - note 25.2                                   | 893,255         | 1,419,927       |
| HSD price differential - note 25.3                                 | 122,575         | -               |
|  | 64,525,537      | 54,499,745      |

**25.1** This includes Rs 4,531.54 million (2020: Rs 4,069.90 million) recovered from customers and payable as per Oil and Gas Regulatory Authority directives on account of custom duty on PMG and HSD.

**25.2** This represents amount payable as per Oil and Gas Regulatory Authority directives on account of differential between price of PSO's imported 92 RON PMG and 90 RON PMG sold by the Company during the period.

**25.3** This represents amount payable as per Oil and Gas Regulatory Authority directives on account of HSD Euro-III and V price differential claim.

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|   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|-----------------|-----------------|
| <b>26. COST OF SALES</b>  |                 |                 |
| Opening stock of semi-finished products   | 1,809,951       | 1,602,259       |
| Crude oil consumed - note 26.1  | 119,710,027     | 110,686,024     |
| Transportation and handling charges   | 70,559          | 368,082         |
| Salaries, wages and other benefits - note 26.2  | 1,088,539       | 1,124,246       |
| Printing and stationery   | 2,377           | 3,453           |
| Chemicals consumed  | 3,177,428       | 2,873,627       |
| Fuel and power  | 4,200,991       | 3,561,758       |
| Rent, rates and taxes   | 15,173          | 15,752          |
| Telephone   | 2,401           | 2,257           |
| Professional charges for technical services   | 1,592           | 7,904           |
| Insurance   | 322,846         | 309,430         |
| Repairs and maintenance (including stores and spares consumed Rs 333.36 million; 2020: Rs 439.44 million) | 428,087         | 638,993         |
| Staff transport and traveling   | 16,724          | 20,537          |
| Cost of receptacles   | 21,836          | 24,046          |
| Research and development  | 15,288          | 13,968          |
| Depreciation - note 14.6  | 2,713,055       | 2,664,666       |
| Security charges  | 25,829          | 26,370          |
| Contract services   | 209,293         | 203,547         |
|   | 133,831,996     | 124,146,919     |
| Closing stock of semi-finished products   | (2,448,840)     | (1,809,951)     |
|   | 131,383,156     | 122,336,968     |
| Opening stock of finished products  | 3,358,564       | 6,021,504       |
| Closing stock of finished products  | (4,442,826)     | (3,358,564)     |
|   | (1,084,262)     | 2,662,940       |
|   | 130,298,894     | 124,999,908     |
| <b>26.1 Crude oil consumed</b>  |                 |                 |
| Stock at beginning of the year  | 1,995,340       | 2,394,892       |
| Purchases   | 120,201,928     | 110,286,472     |
|   | 122,197,268     | 112,681,364     |
| Stock at end of the year  | (2,487,241)     | (1,995,340)     |
|   | 119,710,027     | 110,686,024     |

Certain crude oil and condensate purchases have been recorded based on provisional prices due to non-finalisation of Crude Oil Sale Purchase Agreements (COSA) and may require adjustment in subsequent periods.

- 26.2** Salaries, wages and other benefits under cost of sales, administration expenses and distribution cost include the Company's contribution to the Pension and Gratuity Fund Rs 49.48 million (2020: Rs 57.64 million) and to the Provident Fund Rs 39.95 million (2020: Rs 37.63 million).

|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| <b>27. ADMINISTRATION EXPENSES</b>   |                 |                 |
| Salaries, wages and other benefits - note 26.2   | 455,646         | 445,679         |
| Board meeting fee  | 8,914           | 8,575           |
| Transport, traveling and entertainment   | 15,362          | 22,161          |
| Telephone  | 2,540           | 2,551           |
| Electricity, gas and water   | 20,107          | 28,246          |
| Printing and stationery  | 5,723           | 6,581           |
| Auditor's remuneration - note 27.1   | 16,012          | 9,709           |
| Legal and professional charges   | 32,856          | 7,359           |
| Repairs and maintenance  | 85,018          | 85,261          |
| Subscription   | 30,812          | 32,839          |
| Publicity  | 3,986           | 4,179           |
| Scholarship scheme   | 3,200           | 3,801           |
| Rent, rates and taxes  | 7,979           | 7,419           |
| Insurance  | 2,098           | 2,179           |
| Donations - note 27.2  | 540             | 540             |
| Training expenses  | 21              | 275             |
| Depreciation - note 14.6   | 87,699          | 160,500         |
| Security charges   | 1,228           | 2,183           |
| Contract services  | 50,359          | 49,196          |
|  | 830,100         | 879,233         |
| <b>27.1 Auditor's remuneration</b>   |                 |                 |
| Annual audit   | 2,692           | 2,416           |
| Review of half yearly financial information, audit of consolidated financial statements, employee funds and special certifications | 2,178           | 2,068           |
| Tax services   | 10,199          | 4,202           |
| Out of pocket expenses   | 943             | 1,023           |
|  | 16,012          | 9,709           |
| <b>27.2</b> No director or his spouse had any interest in the donee institutions.  |                 |                 |
| <b>28. DISTRIBUTION COST</b>   |                 |                 |
| Salaries, wages and other benefits - note 26.2   | 38,694          | 34,373          |
| Transport, traveling and entertainment   | 572             | 305             |
| Telephone  | 289             | 291             |
| Electricity, gas, fuel and water   | 3,203           | 2,854           |
| Printing and stationery  | 73              | 64              |
| Repairs and maintenance including packing and other stores consumed  | 2,510           | 3,077           |
| Rent, rates and taxes  | 943             | 867             |
| Depreciation - note 14.6   | 735             | 888             |
| Contract services  | 5,165           | 5,309           |
|  | 52,184          | 48,028          |

# Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

|   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|-----------------|-----------------|
| <b>29. OTHER CHARGES</b>                          |                 |                 |
| Provision for slow moving store items             | 8,422           | 13,111          |
| Workers' Welfare Fund                             | 861             | 313             |
|   | 9,283           | 13,424          |
| <b>30. OTHER INCOME</b>                           |                 |                 |
| <b>Income from financial assets</b>               |                 |                 |
| Income on bank deposits                           | 374,193         | 1,433,181       |
| Interest on delayed payments                      | 707,682         | 1,149,712       |
| Exchange gain (net)                               | 216,180         | -               |
|   | 1,298,055       | 2,582,893       |
| <b>Income from non - financial assets</b>         |                 |                 |
| Income from crude desalter operations - note 30.1 | 1,376           | 1,275           |
| Rental income                                     | 106,654         | 121,913         |
| Sale of scrap                                     | 17,122          | 8,129           |
| Amortization of deferred grant                    | 669             | 606             |
| Profit on disposal of operating assets            | 668             | 5,094           |
| Calibration charges                               | 4,144           | 4,323           |
| Handling and service charges                      | 44,434          | 46,463          |
| Penalties from carriage contractors               | 60              | 1,404           |
| Miscellaneous - note 30.2                         | 10,109          | 12,420          |
|   | 185,236         | 201,627         |
|   | 1,483,291       | 2,784,520       |
| <b>30.1 Income from crude desalter operations</b> |                 |                 |
| Income  | 69,010          | 64,157          |
| Less: Operating costs                             |                 |                 |
| Salaries, wages and other benefits                | 2,117           | 1,971           |
| Chemicals consumed                                | 2,634           | 2,450           |
| Fuel and power                                    | 42,122          | 39,161          |
| Repairs and maintenance                           | 20,761          | 19,300          |
|   | 67,634          | 62,882          |
|   | 1,376           | 1,275           |

**30.2** This mainly includes income on account of laboratory services provided to different entities.

|                                  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|----------------------------------|-----------------|-----------------|
| <b>31. FINANCE COST</b>          |                 |                 |
| Exchange loss (net)              | -               | 127,797         |
| Interest on long term financing  | 786,199         | 904,301         |
| Interest on short term financing | 37,350          | -               |
| Interest on lease liability      | 27,004          | 30,857          |
| Bank and other charges           | 2,211           | 593             |
|                                  | 852,764         | 1,063,548       |



|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| <b>32. TAXATION</b>  |                 |                 |
| Current tax  | 972,903         | 916,695         |
| Deferred tax   | (1,051,845)     | (2,209,482)     |
|  | (78,942)        | (1,292,787)     |
| <b>32.1 Relationship between tax expense and accounting loss<br/>(refinery operations)</b> |                 |                 |
| Accounting loss before taxation  | (2,313,404)     | (4,665,987)     |
| Tax at applicable tax rate of 29% (2020: 29%)  | (670,887)       | (1,353,136)     |
| Tax effect of income taxable at special rates  | 11,364          | 59,374          |
| Deferred tax asset derecognized on minimum tax   | 454,155         | -               |
| Deferred tax asset derecognized on tax loss  | 126,426         | -               |
| Others   | -               | 975             |
|  | (78,942)        | (1,292,787)     |

### 33. INTEREST IN SUBSIDIARY

The Company holds 100% shares in the subsidiary. The principal activities of the subsidiary are provision of medical services to the employees of the Group Companies as well as private patients. The Company was incorporated in Pakistan and its principal place of business is Morgah, Rawalpindi in Pakistan. There are no significant restrictions on Company's ability to use assets, or settle liabilities of Attock Hospital (Private) Limited.

**33.1** Following is the summarised financial information of the subsidiary. The amounts disclosed are before inter-company eliminations:

|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| <b>Summarised statement of financial position</b>          |                 |                 |
| Current assets   | 90,867          | 61,846          |
| Non- current assets  | 30,378          | 30,627          |
| Current liabilities  | (26,288)        | (35,728)        |
| Non- current liabilities                                   | (5,204)         | (6,692)         |
| Net assets   | 89,753          | 50,053          |
| <b>Summarised statements of other comprehensive income</b> |                 |                 |
| Revenue  | 187,603         | 162,785         |
| Expenses and taxation                                      | (156,972)       | (156,570)       |
| Profit for the year  | 30,631          | 6,215           |
| Other comprehensive income                                 | 9,069           | 3,571           |
| Total comprehensive income for the year                    | 39,700          | 9,786           |
| <b>Summarised statement of cash flows</b>                  |                 |                 |
| Cash flows from operating activities                       | 23,920          | (4,991)         |
| Cash flows from investing activities                       | (5,499)         | 83              |
| Cash flows from financing activities                       | -               | 1,520           |
|  | 18,421          | (3,388)         |

# Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

## 34. SHARE IN PROFIT OF ASSOCIATED COMPANIES

Share in profits of associated companies is based on the audited financial statements of the associated companies for the year ended June 30, 2021 and has been reflected net of taxation, applicable charges in respect of Workers' Profit Participation Fund and Workers' Welfare Fund. Taxation is based on presumptive tax rate applicable to dividend income from associated companies.

|   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|-----------------|-----------------|
| <b>35. EARNINGS/(LOSS) PER SHARE - BASIC AND DILUTED</b>    |                 |                 |
| Loss after taxation from refinery operations                | (2,234,462)     | (3,373,200)     |
| Earnings/(loss) after taxation from non-refinery operations | 3,302,304       | (1,312,127)     |
|   | 1,067,842       | (4,685,327)     |
| Weighted average number of fully paid ordinary shares       | 106,616         | 106,616         |
| Earnings/(loss) per share - Basic and diluted (Rs)          |                 |                 |
| Refinery operations   | (20.96)         | (31.64)         |
| Non-refinery operations                                     | 30.97           | (12.31)         |
|   | 10.01           | (43.95)         |

## 36. EMPLOYEES' DEFINED BENEFIT PLANS

The latest actuarial valuation of the employees' defined benefit plans was conducted at June 30, 2021 using the projected unit credit method. Details of the defined benefit plans are:

|  | Funded pension  |             | Funded gratuity |           |
|--|-----------------|-------------|-----------------|-----------|
|  | 2021<br>Rs '000 | 2020        | 2021<br>Rs '000 | 2020      |
| <b>a) The amounts recognised in the statement of financial position:</b> |                 |             |                 |           |
| Present value of defined benefit obligations                             | 1,187,158       | 1,138,144   | 578,667         | 590,101   |
| Fair value of plan assets  | (1,217,790)     | (1,152,121) | (465,338)       | (545,036) |
| Net (surplus)/liability  | (30,632)        | (13,977)    | 113,329         | 45,065    |
| <b>b) The amounts recognised in the statement of profit or loss:</b>     |                 |             |                 |           |
| Current service cost   | 23,642          | 23,590      | 22,357          | 22,557    |
| Net interest (income)/cost   | (408)           | 1,119       | 3,887           | 10,372    |
|  | 23,234          | 24,709      | 26,244          | 32,929    |
| <b>c) Movement in the present value of defined benefit obligation:</b>   |                 |             |                 |           |
| Present value of defined benefit obligation at beginning of the year     | 1,138,144       | 1,046,939   | 590,101         | 623,819   |
| Current service cost   | 23,642          | 23,590      | 22,357          | 22,557    |
| Interest cost  | 96,434          | 146,355     | 47,053          | 79,340    |
| Benefits paid  | (57,697)        | (56,868)    | (129,766)       | (96,956)  |
| Benefits payable to outgoing member                                      | -               | -           | (18,319)        | (11,719)  |
| Remeasurement (gain)/loss of defined benefit obligation                  | (13,365)        | (21,872)    | 67,241          | (26,940)  |
| Present value of defined benefit obligation at end of the year           | 1,187,158       | 1,138,144   | 578,667         | 590,101   |

|  | Funded pension |           | Funded gratuity |          |
|--|----------------|-----------|-----------------|----------|
|  | 2021           | 2020      | 2021            | 2020     |
|  | Rs '000        |           | Rs '000         |          |
| <b>d) Movement in the fair value of plan assets:</b> |                |           |                 |          |
| Fair value of plan assets at beginning of the year   | 1,152,121      | 1,038,404 | 545,036         | 545,172  |
| Expected return on plan assets                       | 96,842         | 145,236   | 43,166          | 68,968   |
| Contributions  | 20,726         | 31,918    | 29,682          | 35,824   |
| Benefits paid  | (57,697)       | (56,868)  | (129,766)       | (96,956) |
| Benefits payable to outgoing member                  | -              | -         | (18,319)        | (11,719) |
| Bank charges   | -              | -         | -               | 4        |
| Remeasurement gain/(loss) of plan assets             | 5,798          | (6,569)   | (4,461)         | 3,743    |
| Fair value of plan assets at end of the year         | 1,217,790      | 1,152,121 | 465,338         | 545,036  |
| Actual return on plan assets                         | 102,640        | 138,667   | 38,705          | 72,711   |

The Company expects to contribute Rs 141 million during the year ending June 30, 2022 to its defined benefit pension and gratuity plans.

|                                    | Funded pension |           | Funded gratuity |          |
|------------------------------------|----------------|-----------|-----------------|----------|
|                                    | 2021           | 2020      | 2021            | 2020     |
|                                    | Rs '000        |           | Rs '000         |          |
| <b>e) Plan assets comprise of:</b> |                |           |                 |          |
| Investment in equity securities    | 116,000        | 100,453   | 5               | 5        |
| Investment in mutual funds         | 14,259         | 10,900    | 4,753           | 3,633    |
| Debt instruments                   | 1,152,212      | 1,077,923 | 203,043         | 519,462  |
| Deposits with banks                | 38,326         | 59,327    | 278,317         | 39,359   |
| Benefits due                       | 417            | 395       | -               | -        |
| Share of asset of related parties  | (103,424)      | (96,877)  | (20,780)        | (17,423) |
|                                    | 1,217,790      | 1,152,121 | 465,338         | 545,036  |

f) The expected return on plan assets is based on the market expectations and depend upon the asset portfolio of the Funds, at the beginning of the year, for returns over the entire life of the related obligations.

|  | Funded pension |          | Funded gratuity |        |
|--|----------------|----------|-----------------|--------|
|  | 2021           | 2020     | 2021            | 2020   |
|  | Rs '000        |          | Rs '000         |        |
| <b>g) Remeasurement recognised in OCI:</b> |                |          |                 |        |
| Remeasurement gain/(loss) on obligation    |                |          |                 |        |
| Gain/(loss) due to change in:              |                |          |                 |        |
| Financial assumptions                      | (11,031)       | (26,702) | (386)           | (146)  |
| Experience adjustments                     | 24,396         | 48,574   | (66,855)        | 27,086 |
|  | 13,365         | 21,872   | (67,241)        | 26,940 |
| Remeasurement gain/(loss) on plan assets   | 5,798          | (6,569)  | (4,461)         | 3,743  |
|  | 19,163         | 15,303   | (71,702)        | 30,683 |

# Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

|   | Funded pension            |                           | Funded gratuity           |                           |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
|   | 2021                      | 2020                      | 2021                      | 2020                      |
|   | Rs '000                   |                           | Rs '000                   |                           |
| <b>h) Principal actuarial assumptions used in the actuarial valuation are as follows:</b> |                           |                           |                           |                           |
| Discount rate   | 10.00%                    | 8.50%                     | 10.00%                    | 8.50%                     |
| Expected return on plan assets  | 10.00%                    | 8.50%                     | 10.00%                    | 8.50%                     |
| Future salary increases   | 9.00%                     | 7.50%                     | 9.00%                     | 7.50%                     |
| Future pension increases  | 4.00%                     | 2.50%                     | N/A                       | N/A                       |
| Demographic assumptions   |                           |                           |                           |                           |
| Rates of employee turnover  |                           |                           |                           |                           |
| Management  | Low                       | Low                       | Low                       | Low                       |
| Non-management  | Nil                       | Nil                       | Nil                       | Nil                       |
| Mortality rates (pre-retirement)  | SLIC (2001<br>-05)-1 year | SLIC (2001<br>-05)-1 year | SLIC (2001<br>-05)-1 year | SLIC (2001<br>-05)-1 year |
| Mortality rates (post retirement)   | SLIC (2001<br>-05)-1 year | SLIC (2001<br>-05)-1 year | N/A                       | N/A                       |

i) There is no significant risk associated with the plan assets, as significant component thereof comprises of fixed interest rate bearing TDR's and saving accounts with financial institutions having satisfactory credit ratings.

**j) Sensitivity Analysis:**

The calculation of defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased/ (decreased) as a result of a change in respective assumptions by one percent.

|                      | Effect of<br>1 percent<br>increase<br>Rs '000 | Effect of<br>1 percent<br>decrease<br>Rs '000 |
|----------------------|---|---|
| Discount rate        | 1,605,525                                     | 1,956,090                                     |
| Future salary growth | 1,838,794                                     | 1,696,933                                     |
| Pension increase     | 1,304,136                                     | 1,083,605                                     |

If the life expectancy increase/decrease by 1 year, the impact on defined benefit obligation increase by Rs 11.343 million.

The above sensitivity analysis are based on the changes in assumptions 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 defined benefit obligation to significant assumptions the same method (present value of the defined benefit obligation calculated with the projected credit unit method at the end of the reporting period) has been applied when calculating the liability recognized within the consolidated statement of financial position.

**k) Projected benefit payments from fund are as follows:**

|            | Pension<br>Rs '000 | Gratuity |
|------------|--------------------|----------|
| FY 2022    | 29,035             | 95,657   |
| FY 2023    | 61,721             | 159,601  |
| FY 2024    | 69,813             | 113,099  |
| FY 2025    | 77,870             | 47,955   |
| FY 2026    | 84,820             | 68,800   |
| FY 2027-31 | 544,380            | 278,581  |



l) The weighted average number of years of defined benefit obligation is given below:

|                      | Pension | Gratuity |
|----------------------|---------|----------|
|                      | Years   |          |
| <b>Plan Duration</b> |         |          |
| June 30, 2021        | 11.31   | 4.46     |
| June 30, 2020        | 11.05   | 4.12     |

m) The Company contributes to the gratuity and pension funds on the advice of the fund's actuary. The contributions are equal to the current service cost with adjustment for any deficit.

### 37. DEFINED CONTRIBUTION PLAN

Details of the provident funds based on unaudited financial statements for the year ended June 30, 2021 are as follows:

|                                | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--------------------------------|-----------------|-----------------|
| <b>Staff provident fund</b>    |                 |                 |
| Size of the fund               | 633,144         | 589,855         |
| Cost of investments made       | 589,157         | 558,330         |
| Fair value of investments made | 629,183         | 585,912         |
| %age of investments made       | 99%             | 99%             |

|  | 2021    |      | 2020    |      |
|--|---------|------|---------|------|
|  | Rs '000 | %age | Rs '000 | %age |
| <b>Breakup of investment - at cost</b> |         |      |         |      |
| Shares                                 | 37,326  | 6%   | 33,839  | 6%   |
| Mutual Funds                           | 10,201  | 2%   | 10,308  | 2%   |
| Bank deposits                          | 35,277  | 6%   | 44,423  | 8%   |
| Term deposits                          | 506,353 | 86%  | 469,760 | 84%  |
|  | 589,157 | 100% | 558,330 | 100% |

|                                     | 2021<br>Rs '000 | 2020<br>Rs '000 |
|-------------------------------------|-----------------|-----------------|
| <b>General Staff Provident Fund</b> |                 |                 |
| Size of the fund                    | 405,556         | 485,928         |
| Cost of investments made            | 384,512         | 472,180         |
| Fair value of investments made      | 402,817         | 482,879         |
| %age of investments made            | 99%             | 99%             |

|  | 2021    |      | 2020    |      |
|--|---------|------|---------|------|
|  | Rs '000 | %age | Rs '000 | %age |
| <b>Breakup of investment - at cost</b> |         |      |         |      |
| Shares                                 | 27,166  | 7%   | 24,650  | 5%   |
| Mutual Funds                           | 10,900  | 3%   | 10,900  | 2%   |
| Bank deposits                          | 30,840  | 8%   | 8,330   | 2%   |
| Term deposits                          | 315,606 | 82%  | 428,300 | 91%  |
|  | 384,512 | 100% | 472,180 | 100% |

The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

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## 38. OPERATING SEGMENTS

These consolidated financial statements have been prepared on the basis of a single reportable segment. Revenue from external customers for products of the Group are as follows:

|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| High Speed Diesel  | 68,476,922      | 63,044,068      |
| Premier Motor Gasoline                                       | 76,619,065      | 63,445,294      |
| Furnace Fuel Oil   | 25,349,517      | 20,023,865      |
| Jet petroleum  | 11,107,291      | 13,493,896      |
| Naphtha  | 894,767         | 3,467,747       |
| Others   | 9,913,904       | 10,926,030      |
|  | 192,361,466     | 174,400,900     |
| Less: Taxes, duties levies, discounts and price differential | 64,525,537      | 54,499,745      |
|  | 127,835,929     | 119,901,155     |

Revenue from four major customers of the Company constitute 92% (2020: 90%) of total revenue during the year.

## 39. RELATED PARTY TRANSACTIONS

Attock Oil Company Limited holds 61.06% (2020: 61.03%) shares of the Company at the year end. Therefore, all subsidiaries and associated undertakings of Attock Oil Company Limited are related parties of the Company. The related parties also comprise of directors, major shareholders, key management personnel, entities over which the directors are able to exercise significant influence on financial and operating policy decisions and employees' funds. Amount due from and due to these undertakings are shown under receivables and payables. The remuneration of Chief Executive Officer, directors and executives is disclosed in note 40 to the consolidated financial statements.

|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| <b>Associated companies</b>                                |                 |                 |
| Pakistan Oilfields Limited                                 |                 |                 |
| Rental income  | 1,718           | 755             |
| Rental expense   | 2,885           | 2,861           |
| Sale of hospital and medical services by AHL               | 17,548          | 13,502          |
| Sale of Regulated Petroleum Products                       | 214,345         | 276,363         |
| Purchase of crude oil                                      | 13,485,781      | 12,751,834      |
| Purchase of gas  | 10,159          | 15,945          |
| Pipeline Charges   | 3,193           | 2,871           |
| Reimbursement of expenses incurred by POL on behalf of ARL | 1,927           | 857             |
| Reimbursement of expenses incurred by ARL on behalf of POL | 15,645          | 19,313          |
| LPG Handling Charges                                       | 897             | 1,148           |
| Attock Petroleum Limited                                   |                 |                 |
| Rental income  | 1,521           | 1,592           |
| Interest Income on delayed payments                        | 707,682         | 1,149,712       |
| Dividend received by ARL from APL                          | 141,524         | 326,594         |
| Sale of hospital and medical services by AHL               | 12,097          | 9,884           |
| Sale of Regulated Petroleum Products                       | 30,828,943      | 31,552,827      |
| Sale of De-Regulated Petroleum Products                    | 15,728,715      | 14,729,348      |

|   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|-----------------|-----------------|
| Purchase of Regulated Petroleum Products                      | 5,752           | 7,762           |
| Purchase of lube oil  | -               | 2,067           |
| Naphtha Export  | 12,525          | 55,907          |
| Reimbursement of expenses incurred by ARL on behalf of APL    | 16,219          | 22,041          |
| RFO Handling Charges  | 35,062          | 25,419          |
| National Refinery Limited                                     |                 |                 |
| Naphtha Storage Charges                                       | 120,704         | 116,018         |
| Reimbursement of expenses incurred by ARL on behalf of NRL    | -               | 580             |
| Reimbursement of expenses incurred by NRL on behalf of ARL    | -               | 153             |
| Attock Cement Pakistan Limited                                |                 |                 |
| Sale of hospital and medical services by AHL                  | 27              | 11              |
| Reimbursement of expenses incurred by ACL on behalf of ARL    | -               | 414             |
| Reimbursement of expenses incurred by ARL on behalf of ACL    | -               | 92              |
| Attock Gen Limited  |                 |                 |
| Storage tank lease income                                     | 22,307          | 20,126          |
| Land lease income   | 34,620          | 36,107          |
| Dividend received by ARL from AGL                             | -               | 299,318         |
| Sale of Regulated Petroleum Products                          | 1,009           | 1,670           |
| Sale of hospital and medical services by AHL                  | 1,466           | 897             |
| Sale of goods   | 22,516          | 4,034           |
| Reimbursement of expenses incurred by ARL on behalf of AGL    | 16,234          | 14,705          |
| National Cleaner Production Centre Foundation                 |                 |                 |
| Rental income   | 2,959           | 2,530           |
| Sale of hospital and medical services by AHL                  | 119             | 58              |
| Sale of Regulated Petroleum Products                          | 109             | 303             |
| Purchase of goods and services                                | 4,865           | 3,994           |
| Reimbursement of expenses incurred by ARL on behalf of NCPC   | 18,745          | 22,228          |
| Attock Information Technology Services (Private) Limited      |                 |                 |
| Purchase of services  | 52,987          | 55,489          |
| Sale of Regulated Petroleum Products                          | 378             | 395             |
| Reimbursement of expenses incurred by ARL on behalf of AITSL  | 3,906           | 5,403           |
| Capgas (Private) Limited                                      |                 |                 |
| Sale of hospital and medical services                         | 603             | 556             |
| Sale of Regulated Petroleum Products                          | 398             | -               |
| Reimbursement of expenses incurred by ARL on behalf of Capgas | 9               | -               |
| Attock Leisure & Management Associates (Private) Limited      |                 |                 |
| Sale of Regulated Petroleum Products                          | 281             | 254             |
| Reimbursement of expenses incurred by ARL on behalf of ALMA   | 75              | 442             |
| Attock Sahara Foundation                                      |                 |                 |
| Rental income   | 152             | 169             |
| Purchase of goods and services                                | 13,664          | 9,096           |
| Sale of hospital and medical services by AHL                  | 1,411           | 1,341           |

# Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

|   | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|-----------------|-----------------|
| Reimbursement of expenses incurred by ARL on behalf of ASF  | 436             | 746             |
| Reimbursement of expenses incurred by ASF on behalf of ARL  | -               | 250             |
| Sponsorship   | 405             | -               |
| <b>Attock Energy (Private) Limited</b>                      |                 |                 |
| Purchase of goods and services (Solar panels)               | -               | 3,140           |
| Reimbursement of expenses incurred by ARL on behalf of AEPL | 415             | 864             |
| Sale of goods and services                                  | 11              | -               |
| <b>Holding Company</b>                                      |                 |                 |
| <b>Attock Oil Company Limited</b>                           |                 |                 |
| Rental income   | 281             | 271             |
| Rental Expense  | 120,322         | 117,709         |
| Purchase of crude oil                                       | 440,769         | 361,847         |
| Sale of Regulated Petroleum Products                        | 717             | 130             |
| Sale of hospital and medical services by AHL                | 188             | 130             |
| Reimbursement of expenses incurred by AOC on behalf of ARL  | 19,059          | 7,631           |
| Reimbursement of expenses incurred by ARL on behalf of AOC  | 17,501          | 27,055          |
| <b>Other related parties</b>                                |                 |                 |
| Remuneration including benefits and perquisites of          |                 |                 |
| Chief Executive Officer and key management personnel        | 118,635         | 98,355          |
| Directors Fees  | 8,914           | 8,575           |
| Contribution to staff retirement benefits plans             |                 |                 |
| Staff Pension Fund  | 20,726          | 31,918          |
| Staff Gratuity Fund   | 29,682          | 35,824          |
| Staff Provident Fund  | 39,954          | 37,627          |

**39.1** Following are the related parties with whom the Company had entered into transactions or have arrangement/ agreement in place.

| Sr. No. | Company Name   | Basis of association    | Aggregate % of shareholding |
|---------|--|-------------------------|-----------------------------|
| 1       | The Attock Oil Company Limited<br>(Incorporated in England - Pakistan Branch Office) | Holding Company         | 61.06%                      |
| 2       | National Refinery Limited  | Associated Company      | 25.00%                      |
| 3       | Attock Petroleum Limited   | Associated Company      | 21.88%                      |
| 4       | Attock Gen Limited   | Associated Company      | 30.00%                      |
| 5       | Attock Information Technology Services (Pvt.) Ltd.                                   | Associated Company      | 10.00%                      |
| 6       | Pakistan Oilfields Limited   | Associated Company      | Nil                         |
| 7       | Attock Cement Pakistan Limited   | Associated Company      | Nil                         |
| 8       | National Cleaner Production Centre Foundation  | Associated Company      | Nil                         |
| 9       | Attock Leisure & Management Associates (Pvt.) Ltd.                                   | Associated Company      | Nil                         |
| 10      | Attock Energy (Pvt.) Limited   | Associated Company      | Nil                         |
| 11      | Capgas (Pvt.) Limited  | Associated Company      | Nil                         |
| 12      | Attock Hospital (Pvt.) Limited   | Wholly owned Subsidiary | 100.00%                     |



- 39.2** Associated Companies incorporated outside Pakistan with whom the Company had entered into transaction or had agreements are as follows:

|  |  |
|--|--|
| Name of undertaking  | The Attock Oil Company Limited             |
| Registered Address   | 4, Swan Street Manchester, England, M4 5JN |
| Country of Incorporation                                   | England                                    |
| Basis of association                                       | Parent Company                             |
| Aggregate %age of Shareholding                             | 61.06%                                     |
| Chief Executive Officer                                    | Shuaib A. Malik                            |
| Operational status   | Private Limited Company                    |
| Auditor's opinion on latest available financial statements | Unqualified Opinion                        |

#### **40. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES**

The aggregate amounts charged in the accounts for remuneration, including benefits and perquisites, were as follows:

|  | Chief Executive Officer |                 | Executives      |                 |
|--|-------------------------|-----------------|-----------------|-----------------|
|  | 2021<br>Rs '000         | 2020<br>Rs '000 | 2021<br>Rs '000 | 2020<br>Rs '000 |
| Managerial remuneration/honorarium                                 | 10,973                  | 10,609          | 128,251         | 84,111          |
| Bonus  | 3,245                   | 3,061           | 26,157          | 18,798          |
| Company's contribution to Provident,<br>Pension and Gratuity Funds | -                       | -               | 26,542          | 18,014          |
| Housing and utilities  | 7,423                   | 7,251           | 94,236          | 68,397          |
| Leave passage  | 1,530                   | 1,530           | 11,452          | 10,498          |
|  | 23,171                  | 22,451          | 286,638         | 199,818         |
| Less: charged to Attock Gen Limited                                | 6,951                   | 5,337           | -               | -               |
|  | 16,220                  | 17,114          | 286,638         | 199,818         |
| No. of person(s)   | 1                       | 1               | 57              | 35              |

- 40.1** In addition to above, the Chief Executive Officer and 20 (2020: 19) executives were provided with limited use of the Company's cars. The Chief Executive Officer and all executives were provided with medical facilities. Limited residential telephone facility was also provided to the Chief Executive Officer and 13 (2020:7) executives. Leave passage is paid to Chief Executive Officer and all executives in accordance with the terms of employment.
- 40.2** Further, based on actual attendance, meeting fee of Rs 6.37 million (2020: Rs 6.07 million) was paid to 5 (2020: 5) Non-Executive Directors, Rs 1.27 million (2020: Rs 1.25 million) to Chief Executive Officer and Rs 1.27 million (2020: Rs 1.25 million) to 1 (2020: 1) alternate director of the Company.

# Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

|  | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|-----------------|-----------------|
| <b>41. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT</b> |                 |                 |
| <b>41.1 Financial assets and liabilities</b>         |                 |                 |
| Financial assets classified as amortised cost:       |                 |                 |
| Maturity upto one year                               |                 |                 |
| Trade debts  | 13,305,509      | 12,728,517      |
| Loans, advances, deposits & other receivables        | 3,481,841       | 2,755,219       |
| Cash and bank balances                               |                 |                 |
| Foreign currency - US \$                             | 74,224          | 79,088          |
| Local currency                                       | 12,031,186      | 8,079,602       |
| Maturity after one year                              |                 |                 |
| Long term loans and deposits                         | 41,031          | 40,626          |
|  | 28,933,791      | 23,683,052      |
| Financial liabilities classified as amortised cost:  |                 |                 |
| Maturity upto one year                               |                 |                 |
| Trade and other payables                             | 34,744,849      | 28,316,401      |
| Unclaimed dividends                                  | 9,302           | 9,355           |
| Long term financing                                  | 2,200,000       | -               |
| Short term financing                                 | 3,000,000       | -               |
| Long term lease liability                            | 215,832         | 214,899         |
| Accrued mark-up on long term financing               | 152,023         | 204,519         |
| Accrued mark-up on short term financing              | 16,191          | -               |
| Maturity after one year                              |                 |                 |
| Long term financing                                  | 5,492,792       | 7,614,194       |
| Long term lease liability                            | 126,399         | 106,741         |
|  | 45,957,388      | 36,466,109      |

## 41.2 Credit quality of financial assets

The credit quality of Group's financial assets have been assessed below by reference to external credit ratings of counter parties determined by The Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR-VIS). The counter parties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any defaults in meeting obligations.

|  | Rating | 2021<br>Rs '000 | 2020<br>Rs '000 |
|--|--------|-----------------|-----------------|
| <b>Trade debts</b>                                     |        |                 |                 |
| Counter parties with external credit rating            | A 1+   | 3,168,625       | 900,266         |
| Counter parties without external credit rating         |        |                 |                 |
| Due from associated companies                          |        | 7,833,753       | 10,378,894      |
| Others *   |        | 2,303,131       | 1,449,357       |
|  |        | 13,305,509      | 12,728,517      |
| <b>Loans, advances, deposits and other receivables</b> |        |                 |                 |
| Counter parties without external credit rating         |        | 3,522,872       | 2,795,845       |

|   | Rating | 2021<br>Rs '000 | 2020<br>Rs '000 |
|---|--------|-----------------|-----------------|
| <b>Bank balances</b>                        |        |                 |                 |
| Counter parties with external credit rating | A 1+   | 12,071,220      | 8,075,912       |
|   | A 1    | 31,669          | 80,381          |
|   |        | 12,102,889      | 8,156,293       |

\* These balances represent receivable from oil marketing companies and defence agencies.

### 41.3 Financial risk management

#### 41.3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

##### a) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Group's credit risk is primarily attributable to its trade debts and placements with banks. The sales are essentially to oil marketing companies and reputable foreign customers. The Group's placements are with banks having satisfactory credit rating. Due to the high credit worthiness of counter parties the credit risk is considered minimal.

At June 30, 2021, trade debts of Rs 13,305.51 million (2020: Rs 12,728.52 million) were past due but not impaired. The aging analysis of these trade receivables is as follows:

|                 | 2021<br>Rs '000 | 2020<br>Rs '000 |
|-----------------|-----------------|-----------------|
| 0 to 6 months   | 9,488,927       | 5,085,466       |
| 6 to 12 months  | 55,231          | 1,931           |
| Above 12 months | 3,761,351       | 7,641,120       |
|                 | 13,305,509      | 12,728,517      |

Based on past experience, the management believes that no impairment allowance is necessary in respect of trade debts.

##### b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains lines of credit as mentioned in note 12 to the financial statements.

# Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

The table below analysis the contractual maturities of the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the maturity date. The amounts disclosed in the table are undiscounted cash flows.

|                            | Carrying<br>amount<br>Rs '000 | Contractual<br>cash flows<br>Rs '000 | Less than<br>1 Year<br>Rs '000 | Above<br>1 year<br>Rs '000 |
|----------------------------|-------------------------------|--------------------------------------|--------------------------------|----------------------------|
| <b>As at June 30, 2021</b> |                               |                                      |                                |                            |
| Long term financing        | 7,844,815                     | 9,223,089                            | 2,843,376                      | 6,379,713                  |
| Accrued Interest           | 152,023                       | 152,023                              | 152,023                        | -                          |
| Lease liability            | 342,231                       | 434,254                              | 287,298                        | 146,956                    |
| Trade and other payables   | 34,744,849                    | 34,744,849                           | 34,744,849                     | -                          |
| Short term borrowings      | 3,000,000                     | 3,000,000                            | 3,000,000                      | -                          |
| Unclaimed dividend         | 9,302                         | 9,302                                | 9,302                          | -                          |
| <b>As at June 30, 2020</b> |                               |                                      |                                |                            |
| Long term financing        | 7,818,713                     | 9,963,889                            | 769,889                        | 9,194,000                  |
| Accrued Interest           | 204,519                       | 204,519                              | 204,519                        | -                          |
| Lease liability            | 321,640                       | 349,633                              | 223,423                        | 126,210                    |
| Trade and other payables   | 28,316,401                    | 28,316,401                           | 28,316,401                     | -                          |
| Unclaimed dividend         | 9,355                         | 9,355                                | 9,355                          | -                          |

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

## c) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Group incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Group is exposed to interest rate risk, currency risk and market price risk.

### i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. Financial assets include Rs 74 million (2020: Rs 79 million) and financial liabilities include Rs 3,191 million (2020: Rs 3,743 million) which were subject to currency risk.

|                       | 2021   | 2020   |
|-----------------------|--------|--------|
| <b>Rupees per USD</b> |        |        |
| Average rate          | 160.72 | 158.65 |
| Reporting date rate   | 157.60 | 168.60 |

### Sensitivity analysis

At June 30, 2021, if the currency had weakened/strengthened by 10% against US dollar with all other variables held constant, profit after tax for the year would have been Rs 221 million (2020: Rs 260 million) lower/higher.



**ii) Interest rate risk**

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has no long term interest bearing financial assets whose fair value or future cash flows will fluctuate because of changes in market interest rates. Financial assets and liabilities include balances of Rs 12,094 million (2020: Rs 8,144 million) and Rs 11,588 million (2020: Rs 11,369 million) respectively, which are subject to interest rate risk. Applicable interest rates for financial assets and liabilities have been indicated in respective notes.

**Sensitivity analysis**

At June 30, 2021, if interest rates had been 1% higher/ lower with all other variables held constant, profit after tax for the year would have been Rs 3 million (2020: loss Rs 22 million) higher/ lower, mainly as a result of higher/ lower interest income/ expense from these financial assets and liabilities.

**iii) Price risk**

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

At the year end the Group is not exposed to price risk since there are no financial instruments, whose fair value or future cash flows will fluctuate because of changes in market prices.

**41.3.2 Capital risk management**

The Company is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and the level of dividend to ordinary shareholders. There was no change to the Company's approach to the capital management during the year.

As mentioned in note - 7.1, the Company is subject to pricing formula whereby profits after tax from refinery operations in excess of 50% of the paid up capital as of July 1, 2002 are transferred to special reserve and can only be utilized to offset against any future losses or to make investment for expansion or upgradation and is therefore not available for distribution.

**41.4 Fair value of financial assets and liabilities**

The carrying values of financial assets and liabilities approximate their fair value.

**42. FAIR VALUE HIERARCHY**

**Fair value of land**

Valuation of the freehold land owned by the Group was valued by independent valuers to determine the fair value of the land as at June 30, 2020. The revaluation surplus was credited to consolidated statement of profit or loss and other comprehensive income and is shown as 'surplus on revaluation of freehold land'. The different levels have been defined as follows:

- **Level 1**  
Quoted prices (unadjusted) in active market for identical assets/ liabilities.
  - **Level 2**  
Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
  - **Level 3**  
Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).
- Fair value of land has been determined using level 2 fair values under following valuation technique.

# Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

Level 2 fair value of land has been derived using the sales comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

|  | 2021<br>Rs '000  | 2020<br>Rs '000    |
|--|------------------|--------------------|
| <b>43. CASH GENERATED FROM OPERATIONS</b>                      |                  |                    |
| Profit/(loss) before taxation                                  | 1,512,200        | (6,236,865)        |
| Adjustments for:   |                  |                    |
| Depreciation   | 2,801,489        | 2,826,054          |
| Gain on disposal of property, plant and equipment              | (668)            | (5,094)            |
| Provision for slow moving, obsolete and in transit stores      | 8,422            | 13,111             |
| Workers' Welfare Fund  | 861              | 313                |
| Amortization of deferred grant                                 | (669)            | (606)              |
| Interest income  | (374,193)        | (1,433,181)        |
| Finance cost (net)   | 852,764          | 1,063,548          |
| Effect of exchange rate changes                                | (4,864)          | -                  |
| Interest on delayed payments                                   | (707,682)        | (1,149,712)        |
| Share of loss in associates                                    | (2,200,192)      | 440,818            |
| Impairment (reversal)/loss on investment in associated company | (1,625,412)      | 1,130,060          |
| Impairment (reversal)/loss on financial asset                  | (410,601)        | 347,521            |
|  | (148,545)        | (3,004,033)        |
| <b>Working capital changes</b>                                 |                  |                    |
| <b>(Increase)/decrease in current assets:</b>                  |                  |                    |
| Stores, spares and loose tools                                 | 665,436          | (868,221)          |
| Stock-in-trade   | (2,214,871)      | 2,853,576          |
| Trade debts  | (885,696)        | 10,154,502         |
| Loans, advances, deposits, prepayments and other receivables   | 471,797          | (57,544)           |
|  | (1,963,334)      | 12,082,313         |
| <b>Increase/(decrease) in current liabilities:</b>             |                  |                    |
| Trade and other payables                                       | 4,274,338        | (14,503,406)       |
|  |                  |                    |
| Income taxes paid  | (579,881)        | (716,912)          |
| <b>Net cash inflows/(outflows) from operating activities</b>   | <b>1,582,578</b> | <b>(6,142,038)</b> |

## 44. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise of the following:

|                        | 2021<br>Rs '000 | 2020<br>Rs '000 |
|------------------------|-----------------|-----------------|
| Cash and bank balances | 12,105,410      | 8,158,690       |
| Short term financing   | (3,000,000)     | -               |
|                        | 9,105,410       | 8,158,690       |

#### 45. DISCLOSURE FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed as required under Paragraph 10 of Part I of the 4<sup>th</sup> Schedule to the Companies Act, 2017 relating to "All Shares Islamic Index".

| Description  | Explanation   |                |
|--|---|----------------|
| i) Loans and advances obtained as per Islamic mode | Disclosed in note 9   |                |
| ii) Deposits                                       | Non-interest bearing  |                |
| iii) Segment revenue                               | Disclosed in note 38  |                |
| iv) Relationship with banks having Islamic windows | Following is the list of banks with which the Company has a relationship with Islamic window of operations: |                |
|  | 1. Meezan Bank Limited  |                |
|  | 2. Al-Baraka Bank (Pakistan) Limited  |                |
|  | 3. Dubai Islamic Bank   |                |
| <b>As at June 30, 2021</b>                         |   | <b>Rs '000</b> |
| v) Bank balances                                   | Placed under interest arrangement   | 12,065,307     |
|  | Placed under Shariah permissible arrangement  | 37,582         |
|  |   | 12,102,889     |
| <b>For the year ended June 30, 2021</b>            |   |                |
| vi) Income on bank deposits including              | Placed under interest arrangement   | 372,475        |
| income accrued as at reporting date                | Placed under Shariah permissible arrangement  | 1,718          |
|  |   | 374,193        |
| <b>For the year ended June 30, 2021</b>            |   |                |
| vii) Interest paid including accrued as at         | Placed under interest arrangement   | 592,330        |
| reporting date                                     | Placed under Shariah permissible arrangement  | 193,869        |
|  |   | 786,199        |
| viii) All sources of other income                  | Disclosed in note 30  |                |
| ix) Exchange gain                                  | Earned from actual currency   |                |

Disclosures other than above are not applicable to the Company.

#### 46. GENERAL

- 46.1** The spread of Covid-19 as a pandemic and consequently imposition of lock down by Federal and Provincial Governments of Pakistan (Authorities) caused an overall economic slow down and disruption to various businesses. However, as a result of steps taken by the Authorities including efforts to get vaccination of larger segment of population, the businesses are resuming and demand of petroleum products is improving. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

# Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2021

## 46.2 Capacity and production

Against the designed annual refining capacity of US barrels 18.690 million (2020: US barrels 18.690 million) the actual throughput during the year was US barrels 14.382 million (2020: US barrels 12.995 million). The underutilization was due to the Covid-19 pandemic which resulted in refineries operating at a lower capacity.

Total capacity of the hospital is 46 beds (2020: 46 beds).

## 46.3 Reclassification

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of better presentation in accordance with the accounting and reporting standards as applicable in Pakistan.

|  | 2021 | 2020 |
|--|------|------|
| <b>46.4 Number of employees</b>          |      |      |
| Number of employees at June 30           |      |      |
| Permanent                                | 506  | 556  |
| Contract                                 | 387  | 384  |
|  | 893  | 940  |
| Average number of employees for the year |      |      |
| Permanent                                | 531  | 580  |
| Contract                                 | 380  | 389  |
|  | 911  | 969  |

## 46.5 Unavailed credit facilities

The Company has entered into an arrangement with banks for obtaining Letter of Credit and Letter of Guarantee facility to import chemical, spare parts and other materials upto a maximum of Rs 3,178 million (2020: Rs 2,978 million). The facility is secured against lien on shipping documents. The unavailed facility at June 30, 2021 was Rs 1,804.53 million (2020: Rs 1,436.39 million). The facilities will expire on various dates after June 30, 2021.

## 46.6 Rounding off

Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

## 47. DATE OF AUTHORISATION

These consolidated financial statements have been authorised for issue by the Board of Directors of the Company on August 11, 2021.

–Sd–

**Syed Asad Abbas**  
Chief Financial Officer

–Sd–

**M. Adil Khattak**  
Chief Executive Officer

–Sd–

**Abdus Sattar**  
Director



# Notice of Annual General Meeting

Notice is hereby given that the 43<sup>rd</sup> Annual General Meeting of the Company will be held on September 22, 2021 at 11:00 a.m. at Attock House, Morgah, Rawalpindi, through video link, to transact the following business:

## ORDINARY BUSINESS:

1. To receive, consider and approve the audited financial statements of the Company together with Directors' and Auditor's Reports for the year ended June 30, 2021.
2. To appoint auditors for the year ending on June 30, 2022 and to fix their remuneration.
3. To transact such other business as may be placed before the meeting with the permission of the Chairman.

By Order of the Board

—Sd—

Registered Office:  
The Refinery,  
Morgah, Rawalpindi  
September 01, 2021

Saif-ur-Rehman Mirza  
Company Secretary



# Notice of Annual General Meeting



## NOTES:

### COVID-19 CONTINGENCY PLANNING FOR ANNUAL GENERAL MEETING (AGM):

In light of the threat posed by the COVID-19 situation, particularly in the wake of its subsequent waves, the Securities and Exchange Commission of Pakistan (SECP) has advised companies to modify their usual planning for general meetings in order to ensure safety and well-being of shareholders and the public at large through Circular No. 4 of 2021 dated February 15, 2021 and Circular No. 06 of 2021 dated March 03, 2021.

Accordingly, the Company will be providing the facility to all shareholders to participate in Annual General Meeting via video link while ensuring compliance with the quorum requirements.

The shareholders intending to participate in the AGM via video-link are hereby requested to share the following information with the office of the Company Secretary at the earliest but not later than 48 hours before the time of the AGM i.e. before 11:00 a.m. on September 20, 2021:

| Name of Shareholder | CNIC No. | Folio No./CDC Account No. | *Mobile No. | *Email Address |
|---------------------|----------|---------------------------|-------------|----------------|
|                     |          |                           |             |                |

\* Shareholders are requested to provide their active mobile number and email address to ensure timely communication.

### Modes of Communication:

The above mentioned information can be provided through following modes:

- a) Mobile/WhatsApp: 0312-5066389
- b) Email: 43agm@arl.com.pk

Video link details and login credentials (ZOOM Application) will be shared with those shareholders who have shown their intent to attend the meeting containing all the particulars as mentioned above on or before September 20, 2021 by 11:00 a.m.

### FOR ATTENDING THE MEETING:

- i. A member of the Company entitled to attend and vote at this meeting may appoint a proxy to attend and vote on his/her behalf. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the meeting.
- ii. In case of individuals, the account holder or sub-account holder shall authenticate his/her identity by sharing a copy of his/her CNIC or passport through email (as mentioned in the notes on proxy form) at least 48 hours before the AGM.
- iii. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominees shall be shared through email (as mentioned in the notes on proxy form) (unless it has been provided earlier) at least 48 hours before the AGM.

**FOR APPOINTING PROXIES:**

- i. In case of individuals, the account holders or sub-account holders and/or the persons whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.
- 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 the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. In case of corporate entities, the Board of Directors' resolution/power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
- v. Proxies attending meeting on behalf of members are also required to provide below information for the purpose of attending the meeting through video link. Video link details and login credentials will be shared with proxy after verification.

| Name of Proxy | CNIC No. | Folio No./CDC Account No. | Mobile No. | Email Address |
|---------------|----------|---------------------------|------------|---------------|
|               |          |                           |            |               |

**COMPUTERIZED NATIONAL IDENTITY CARD NUMBER/NATIONAL TAX NUMBER:**

In compliance with regulatory directives issued from time to time, members who have not yet provided their Computerized National Identity Card (CNIC) Numbers and/or National Tax Numbers (NTN), as the case may be, are requested to kindly provide copies of their valid CNIC and/or NTN certificates at the earliest:

- The shareholders who hold Company's shares in physical form are requested to submit the above information to the Share Registrar of the Company.
- Shareholders maintaining their shareholdings under Central Depository System (CDS) are advised to submit the above information directly to relevant Participant/CDC Investor Account Service.

**DEDUCTION OF INCOME TAX FOR FILER AND NON-FILER:**

The rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 from dividend payment, if any, effective July 1, 2021 are as follows:

|    |  |     |
|----|--|-----|
| 1. | Rate of tax deduction for shareholders appearing in Active Taxpayer List (ATL)     | 15% |
| 2. | Rate of tax deduction for shareholders not appearing in Active Taxpayer List (ATL) | 30% |

In case of joint account, each holder is to be treated individually as appearing in ATL or not appearing in ATL and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrar, or if not so notified, each joint holder shall be assumed to have an equal number of shares.

| Company Name | Folio/CDS Account No. | Total Shares | Principal Shareholder |   | Joint Shareholder |   |
|--------------|-----------------------|--------------|-----------------------|---|-------------------|---|
|              |                       |              | Name & CNIC No.       | Shareholding proportion (No. of Shares) | Name & CNIC No.   | Shareholding proportion (No. of Shares) |
|              |                       |              |                       |   |                   |   |

The CNIC/NTN number is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued and updated by the Federal Board of Revenue (FBR) in a timely manner.

**EXEMPTION FROM DEDUCTION OF INCOME TAX/ZAKAT:**

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate, are requested to submit a valid tax exemption certificate or necessary documentary evidence as the case may be. Members desiring

# Notice of Annual General Meeting

non-deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat.

## **CLOSURE OF SHARE TRANSFER BOOKS:**

The share transfer books of the Company will remain closed and no transfer of shares will be accepted for registration from September 16, 2021 to September 22, 2021 (both days inclusive). Transfers received in order at the office of Share Registrar M/s CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400, Pakistan at the close of business on September 15, 2021 will be treated in time for the purpose of Annual General Meeting.

## **CIRCULATION/TRANSMISSION OF ANNUAL REPORTS THROUGH ELECTRONIC FORM:**

The SECP vide SRO 787(1)/2014 dated September 08, 2014 has provided an option for shareholders to receive audited financial statements alongwith notice of Annual General Meeting electronically through email. Hence, members who are interested in receiving the annual reports and notice of Annual General Meeting electronically in future are requested to send their email addresses on the consent form placed on the Company's website [www.arl.com.pk](http://www.arl.com.pk) to the Company's Share Registrar. The Company shall, however additionally provide hard copies of the annual report to such members, on request, free of cost.

## **CONSENT FOR VIDEO CONFERENCE FACILITY:**

In accordance with Section 132(2) of the Companies Act, 2017 if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility a request is to be submitted to the Company Secretary on given address:

The Company Secretary,  
Attock Refinery Limited,  
Post Office Refinery, Morgah, Rawalpindi.

## **CHANGE OF ADDRESS:**

Members are requested to promptly notify any change of address to the Company's Share Registrar.

## **AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON COMPANY'S WEBSITE:**

The audited financial statements of the Company for the year ended June 30, 2021 have been made available on the Company's website [www.arl.com.pk](http://www.arl.com.pk) in addition to annual and quarterly financial statements for the prior years.

## **PAYMENT OF DIVIDEND THROUGH ELECTRONIC MODE (MANDATORY):**

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 dividend directly into their bank account, shareholders are requested to fill in E-Dividend Form available on Company's website i.e. [www.arl.com.pk](http://www.arl.com.pk) and send the duly signed Form along with a copy of CNIC to the Share Registrar of the Company, M/s CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400, Pakistan, in case of physical shares. In case shares are held in CDC then E-Dividend Form must be submitted directly to shareholder's broker/participant/CDC account services.

In the absence of bank account details or in case of incomplete details, the Company will be constrained to withhold the payment of cash dividend of those shareholders who have not provided the same.

## **UNCLAIMED DIVIDEND AND UNDELIVERED SHARE CERTIFICATES:**

The Company has previously discharged its responsibility under Section 244 of the Companies Act, 2017 whereby the Company approached the shareholders to claim their unclaimed dividends and undelivered share certificates in accordance with the law.

Shareholders, whose dividends still remain unclaimed and/or undelivered share certificates are available with the Company, are hereby once again requested to approach the Company to claim their outstanding dividend amounts and/or undelivered share certificates.

## **DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNT:**

As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act i.e. May 30, 2017. Further, SECP vide its letter dated March 26, 2021 has advised to comply Section 72 of the Act and encourage shareholders to convert their shares in book entry form.

In light of above, the shareholders having physical shareholding are requested to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Limited.

## AGL

Attock Gen Limited

## AGM

Annual General Meeting

## AHL

Attock Hospital (Pvt.) Limited

## AOC

Attock Oil Company Limited

## APL

Attock Petroleum Limited

## ASF

Attock Sahara Foundation

## AITSL

Attock Information Technology Services (Pvt.) Limited

## BPD

Barrels Per Day

## BR&A

Business Review and Assurance

## CBA

Collective Bargaining Agent

## CCG

Code of Corporate Governance

## CCR

Continuous Catalyst Regeneration

## CDC

Central Depository Company of Pakistan Limited

## CSR

Corporate Social Responsibility

## DHDS

Diesel Hydro De-Sulphurization

## EPS

Earning Per Share

## FFO

Furnace Fuel Oil

## GRM

Gross Refiner's Margin

## HBU

Howe Baker Unit

## HOBC

High Octane Blending Component

## HR&A

Human Resource and Administration

## HSD

High Speed Diesel

## HSEQ

Health Safety Environment and Quality

## HSFO

High Sulfur Furnace Fuel Oil

## IAS

International Accounting Standards

## ICAP

Institute of Chartered Accountants of Pakistan

## ICMAP

Institute of Cost and Management Accountants of Pakistan

## IFEM

Inland Freight Equalisation Margin

## IFRS

International Financial Reporting Standards

## IPP

Independent Power Producer

## ISO

International Organization for Standardization

## JBO

Jute Batching Oil

## JP's

Jet Petroleum

## LDO

Light Diesel Oil

## LPG

Liquefied Petroleum Gas

## LPS

Loss Per Share

## LSFO

Low Sulfur Furnace Fuel Oil

## LSRN

Light Straight Run Naphtha

## MTT

Mineral Turpentine Tar

## NCPC

National Cleaner Production Centre

## NRL

National Refinery Limited

## OGRA

Oil and Gas Regulatory Authority

## OHSAS

Occupational Health and Safety Management System

## OMCs

Oil Marketing Companies

## PACRA

The Pakistan Credit Rating Agency Limited

## PICG

Pakistan Institute of Corporate Governance

## PMB

Polymer Modified Bitumen

## PMG

Premium Motor Gasoline

## POL

Pakistan Oilfields Limited

## PSO

Pakistan State Oil Company Limited

## PSQCA

Pakistan Standard Quality Control Authority

## RFO

Residual Fuel Oil

## SECP

Securities and Exchange Commission of Pakistan

## UNGC

United Nations Global Compact

## UOP

Universal Oil Products

## WPPF

Workers Profit Participation Fund

## WWF

Workers Welfare Fund





# Form of Proxy

## Attock Refinery Limited

43<sup>rd</sup> Annual General Meeting

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being member(s) of Attock Refinery Limited holding \_\_\_\_\_  
ordinary shares hereby appoint Mr./Mrs./Miss \_\_\_\_\_  
of \_\_\_\_\_ or failing him/her  
\_\_\_\_\_ of  
\_\_\_\_\_ as my/our proxy in my/our  
absence to attend and vote for me/us and on my/our behalf, at the 43<sup>rd</sup> Annual General Meeting of the Company to be held on Wednesday, September 22, 2021 at 11:00 a.m. at Attock House, Morgah, Rawalpindi, through video link, and at any adjournment thereof.

| Folio No. | CDC Account No.  |             |
|-----------|------------------|-------------|
|           | Participant I.D. | Account No. |
|           |                  |             |

Signature on  
Fifty Rupees  
Revenue Stamp

The Signature should agree  
with the specimen registered  
with the Company

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021.

Signature of Shareholder \_\_\_\_\_

Signature of Proxy \_\_\_\_\_

### 1. WITNESS:

Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

CNIC No. or      -        -

Passport No. \_\_\_\_\_

### 2. WITNESS:

Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

CNIC No. or      -        -

Passport No. \_\_\_\_\_

### Important:

- This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, P.O. Refinery, Morgah, Rawalpindi-46600, Pakistan not less than 48 hours before the time of holding the meeting.
- If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
- For CDC Account Holders/Corporate Entities:  
In addition to the above the following requirements have to be met:
  - Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
  - In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

AFFIX  
CORRECT  
POSTAGE

The Company Secretary,  
**ATTOCK REFINERY LIMITED**  
P.O. Refinery, Morgah,  
Rawalpindi - 46600,  
Pakistan.

# نیابت داری فارم

انک ریفرنسری لمیٹڈ

۴۳ واں سالانہ اجلاس عام

میں / ہم \_\_\_\_\_ سکنہ \_\_\_\_\_ بحیثیت ممبر انک ریفرنسری لمیٹڈ کے \_\_\_\_\_ عمومی  
حصص کا / کی / کے مالک ہوں / ہیں۔ جناب / منز / محترمہ \_\_\_\_\_ سکنہ \_\_\_\_\_ یان کی عدم  
حاضری کی وجہ سے جناب / منز / محترمہ \_\_\_\_\_ سکنہ \_\_\_\_\_ کو کمپنی کے ۴۳ ویں سالانہ  
اجلاس عام جو بروز بدھ، ۲۲ ستمبر ۲۰۲۱ کو ۱۱:۰۰ بجے صبح، انک ہاؤس، مورگاہ، راولپنڈی میں بذریعہ وڈیو لنک منعقد ہو گا یا اس کے کسی بھی التوائی اجلاس کیلئے میرے  
/ میری / ہمارے نیابت دار کے طور پر مقرر کرتا / کرتی / کرتے ہوں / ہیں کہ وہ میری / ہماری غیر موجودگی میں میری / ہماری جانب سے شرکت کریں اور رائے  
دہندگی کا استعمال کریں۔

| فولیو نمبر | سی ڈی سی اکاؤنٹ نمبر |             |
|------------|----------------------|-------------|
|            | پارٹیسپنٹ آئی ڈی     | اکاؤنٹ نمبر |
|            |                      |             |

پچاس روپے کی  
رسیدی ٹکٹ  
پردستخط

دستخط کمپنی میں محفوظ نمونے کے مطابق ہونے چاہیے

حصہ دار کے دستخط \_\_\_\_\_

نیابت دار کے دستخط \_\_\_\_\_

تاریخ: دن \_\_\_\_\_ ماہ \_\_\_\_\_ ۲۰۲۱ء

|             |             |
|-------------|-------------|
| ۱۔ گواہ:    | ۲۔ گواہ:    |
| دستخط _____ | دستخط _____ |
| نام _____   | نام _____   |
| پتہ _____   | پتہ _____   |

شناختی کارڈ نمبر \_\_\_\_\_ شناختی کارڈ نمبر \_\_\_\_\_  
یا \_\_\_\_\_ یا \_\_\_\_\_  
پاسپورٹ نمبر \_\_\_\_\_ پاسپورٹ نمبر \_\_\_\_\_

## ضروری امور:

۱۔ باضابطہ مکمل شدہ اور دستخط کردہ نیابت داری فارم اجلاس کے انعقاد سے کم از کم ۳۸ گھنٹے قبل کمپنی کے رجسٹرڈ دفتر، پوسٹ بکس ریفرنسری، مورگاہ، راولپنڈی۔ ۴۶۶۰۰ پاکستان میں جمع کرانا ضروری ہے۔

۲۔ اگر ایک ممبر ایک سے زیادہ نیابت دار مقرر کرتا / کرتی ہے اور کمپنی میں ایک سے زیادہ نیابت داری کے فارم جمع کر داتا / کرداتی ہے تو ایسی تمام دستاویزات غیر مؤثر ہو جائیں گی۔

۳۔ سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ اداروں کیلئے:

مندرجہ بالا کے علاوہ درج ذیل تقاضے بھی پورے کرنے ہوں گے:-

i. نیابت داری فارم کے ساتھ حصہ داران اور نیابت دار کا شناختی کارڈ یا پاسپورٹ کی مصدقہ کاپی فراہم کرنا ہوگی۔

ii. کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ کے ساتھ نمونے کے دستخط (اگر چیلنجی مہیا نہیں کیا گیا) کمپنی کے نیابت داری فارم کے ساتھ پیش کرنا ہوں گے۔

AFFIX  
CORRECT  
POSTAGE

The Company Secretary,  
**ATTOCK REFINERY LIMITED**  
P.O. Refinery, Morgah,  
Rawalpindi - 46600,  
Pakistan.







## **Attock Refinery Limited**

P.O. Refinery, Morgah, Rawalpindi, Pakistan.

Tel: 92-51-5487041-45 | Fax: 92-51-5487093 & 5406229

Email: [info@arl.com.pk](mailto:info@arl.com.pk)

[www.arl.com.pk](http://www.arl.com.pk)