AHL Brief Note: 21-Oct-2026
Refinery: National Refinery Limited
Annual General Meeting Takeaways

NRL management held an annual general meeting today.

REP-300

AGM Takeaways:

- NRL reported an overall GRM of USD 11.95/bbl in FY26, with positive margins from petrol, diesel and LBOs offsetting losses on furnace oil, naphtha and certain export products.
- Crude procurement has become increasingly challenging due to the closure of the Red Sea route, with the company increasingly focusing on Fujairah for crude sourcing.
- The company procures crude from ADNOC and Aramco through their respective trading arms, with term-contract prices linked to published regional benchmarks and spot prices locked at the time of purchase, typically two months before delivery. Crude premiums vary significantly by source, ranging from USD 5–12/bbl for regional crude to USD 30–35/bbl for alternative supplies, while freight and war-risk premiums are incurred separately.
- NRL highlighted its substantial crude procurement requirements as the key driver of short-term borrowings. The company needs to purchase multiple crude cargoes each month, with each cargo costing ~PKR 20–30bn, resulting in significant funding requirements.
- NRL is conducting a feasibility study with UK-based Foster Wheeler, expected to be completed within six months, to determine the optimal refinery configuration, technology and investment requirements. The previously indicated USD 300–400mn investment remains under evaluation, with potential upgrades including Euro-V compliant petrol production and reduced furnace oil output; the final project scope and CAPEX will be determined upon completion of the study.
- NRL relies heavily on imported crude, with local production meeting only around 5% of its total requirements. While the refinery already produces Euro-V diesel, its broader upgrade project could require USD 1.5–1.8bn in investment, reflecting its complexity and longer preparation timeline.
- NRL reversed PKR 13.5bn in customs-duty benefits on non-regulated products after the government rejected its claim, despite the submission of required documentation under the earlier policy. Going forward, such claims will be treated in accordance with the applicable policy framework.
- NRL incurred ~PKR 1.3bn in payments to PSO relating to the HSD price differential for April, as part of a broader industry arrangement under which refineries were required to bear a portion of the price differential in exchange for the applicable pricing mechanism.
- The company is expanding its export portfolio, with four to five products expected to be exported during the current year, including LBO, furnace oil (FO), bitumen and naphtha, with wax exports also planned this year.

Zayan Babar Khan
D: +92 21 38280264
zayan.babar@arifhabibltd.com

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- The company is expanding its export portfolio, with four to five products expected to be exported during the current year, including LBO, furnace oil (FO), bitumen and naphtha, with wax exports also planned this year.
- NRL exported around 90–95% of its furnace oil production in FY26, with exports recently declining to approximately 70% as domestic sales increased to 20–30%. However, international prices and premiums remain more attractive, making exports the more favourable sales channel.
- NRL's capacity utilization improved to 70% in FY26 from 56% in the previous year. Management aims to further increase throughput in FY27 despite crude procurement challenges.
- Management reiterated that dividends are being withheld to preserve cash for the planned refinery upgrade, reduce reliance on borrowing and manage substantial accumulated losses suitable operating conditions.

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