Annual Report 2019

Hi-Tech Lubricants Ltd

Positive Energy

a Pathway to Peak Performance

Positive Energy

a Pathway to Peak Performance

There is no doubt a company is only as good as its people. As American author Jim Collin once said, “Great vision without great people is irrelevant”. If we want to be the best in the industry, then all of us must collectively embark upon that route to success.

That is why this year our goal is to sustain peak performance by building upon the positive energy within ourselves. The idea is simple: positive energy is a pathway to peak performance. To BE the best we can be to DO the best we can do.

At HTL, we understand that the relentless efforts of our people to excel every day can easily cause them stress, but only if the offsetting positivity drivers did not exist. Hence, we firmly believe that the sustainability of our operations lies in the satisfaction of our people, those who go above and beyond every day to achieve superior results.

Peak performance is an ideal which demands that we work upon continuously improving our systems and processes no matter how good we become at what we do. To make this a sustainable endeavor, we need positive energy within ourselves, something that everyone at HTL champions every day. Positive energy provides an endless drive to succeed, both in our professional and personal lives, and that is why it remains at the center of all that we do.

HTL BY **NUMBERS**

Rs. 11.8 Billion
Gross Revenue Earned

Rs. 29 Million
Proposed Dividend (2019)

Rs. 6.1 Billion
Total Assets

Rs. 108 Million
EBITDA

Rs. 1.29 Billion
Gross Profit

Rs. 37.7 Million
Profit From Operations

155 Distributors
Strength of Distribution Network

Rs. 3.2 Billion
Total Equity

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@ *HTL*

We take great pride in the value we add to our community. Knowing that we are able to deliver positive energy to the community through IlmGah School Systems gives our business a greater purpose, and we are amply rewarded for our efforts with the smiles we see on these children's faces.


EVOLV
SK ZIC
MOTOR OIL

CEO'S **MESSAGE**

Dear Shareholders,

Our company has made progress this past year. We have met many of our strategic targets, including those that pertain to our expansion plans, and these have added value to all of our stakeholders, especially customers and employees. In FY 2019, we focused on strengthening our core business operations. We recruited top talent for all the functions, expanded our infrastructure with three new HTL Express centers, invested in technology by implementing Oracle for upcoming HTL Fuel Stations, and extended our reach by tapping new retailers.

Our ZIC brands have shown a growth, on consolidated basis, in gross revenue (excluding sales tax) of 13% in FY 2019. HTL Express has shown an increase in its net revenue of 143 %. Our blending plant has remained profitable as well, with 26% improvement compared to the figures posted in FY 2018.

This past year has been economically challenging for our country and industry, one factor being the depreciation of the Pakistani rupee and increased finance cost. Our customers have lost purchasing power and, consequently, reduced the frequency of their vehicle's oil change. As a result, the market for lubricants has slowed down. This has affected our profits and we posted consolidated earnings per share of PKR .35 only, however, we have significantly sustained our market share since we have a special product offering.

As an expanding business, we needed to spend more this year compared to last year to fund expenditure related to our development projects. However, considering tough economic situation of the country, we found it necessary to review our overall costs structure to optimize costs and maximize utilization of financial and non-financial resources.

The regulatory environment in Pakistan has seen frequent changes this past year, and HTL has made necessary adjustments. Our strategic decision to have our own blending plant has offered immense benefit as it has provided an adequate shield against frequent price fluctuations by allowing greater control over the product cost. We have increased the utilization of our blending plant by shifting 82 % of our imported product portfolio towards local packaging, which has reduced our import bill by a substantial amount.

Our planned HTL fuel station operations faced considerable delays due to lag in the acquisition of OMC license from regulatory authorities, but the license has now been granted. This means HTL would enter the OMC business in FY 2020, and the company plans to expand its network at a great pace in line with its mission of becoming a recognized brand in the OMC sector.

In addition to providing excellent products and services, we continue to act responsibly in all business matters through adequate safety checks and policies to ensure a safe working environment for all our employees. Our CSR wing is also fully engaged in making valuable contributions to the communities we interact with, focusing on three core human areas including healthcare, education, and the environment.

Lastly, I would like to highlight and extend my deepest gratitude to the persistent efforts of our esteemed Chairman of the Board, the Board of Directors, Executive Director, Independant Directors, and the entire Hi-Tech Lubricants Limited fraternity. All of them have dedicated their energy, skill, knowledge, and time on transforming this company into one of the market leaders in the industry. I am committed to delivering upon the promise of excellence we have made to all our stakeholders, and have great expectations of the bright future we have envisioned for HTL.

HASSAN TAHIR
Chief Executive Officer

COMPANY **PROFILE**

Hi-Tech Lubricants Limited has been marketing lubricants in Pakistan for the last 22 years and is catering to the automotive, industrial and marine segments. The company has outreach and availability of the ZIC products at around 20,000 retail outlets and wash stations, with a sales and technical force comprising of 175 employees across Pakistan in all 5 of its provinces, including Azad Jammu & Kashmir. Over 300 distribution vans are committed to providing door-to-door delivery for customers.

HTLL also maintains adequate stocking in warehouses as well as with distributors guaranteeing inexhaustible availability, and is currently providing a wide range of products that covers the needs of major business segments. Products are categorized into Passenger Car Motor Oil (PCMO), Diesel Engine Oil (DEO) and Motorcycle Oil (MCO) due to its usage. Both synthetic and semi synthetic product range is available in the market.

In 2017, HTL stepped into the retail service industry with a One-Stop Vehicle Maintenance Solution under the brand name HTL Express Centers. In 2019, the company expects to launch its first fuel station, as the commercial license has been obtained during the year.

PRINCIPLE **BUSINESS ACTIVITIES**

HTL provides a wide range of top quality synthetic lubricants products in both industrial and automotive sector under the brand name of ZIC. The company imports a variety of ZIC products from the South Korean lubricant manufacturing company SK Lubricants, and is the sole authorized distributor of the brand in Pakistan. Through Hi-Tech Blending Pvt. Limited, the company manufactures ZIC cans and caps in addition to providing blending facilities, and also provides lubricant testing services through its Hi-Tech Testing Laboratory both for ZIC oil and for other customers. The company also provides vehicle maintenance services through its company-operated service centers called HTL Express. In FY19-20, the company would begin commercial activity in its oil marketing business division, whereby it would procure and sell MS and HSD fuel products to the local market.

KEY **MARKETS**

The company sells ZIC lubricants primarily through designated distributors split across four regions in the country, namely South, North, Central, and Baluchistan. Majority of HTL's revenue is generated in the Punjab province. The company does not conduct business with any foreign customers. The company is also providing vehicle maintenance services through its HTL Express brand, currently operating in Lahore, Karachi, and Rawalpindi, to both corporate and non-corporate customers.

BOARD AND **COMMITTEES**

In discharging its responsibilities, the board of each group company relies on the management and various board committees to ensure compliance with established policies and procedures to achieve the objectives of all stakeholders and adhere to sound corporate governance practices.

The Audit Committee, Human Resource & Remuneration Committee, Risk Management Committee, Corporate Social Responsibility Committee, and Investment Committee assist the Board in performing its duties. The board is also encouraged to seek independent professional advice where necessary to ensure its responsibilities are properly discharged.

The Board is represented by executive, non-executive and independent directors. Non-executive and Independent directors have relevant professional expertise and provide oversight on issues of strategy, performance, minority rights protection, and where necessary.

The Chairman provides discerning leadership to the board, enabling members to properly fulfill their duties in ensuring the highest levels of accountability and business integrity.

The CEO plays a significant and strategic role in the company's operational success and drives the group to achieve its financial and operating goals.

EXECUTIVE **MANAGEMENT TEAM (EMT)**

Our team of Head of Departments (HODs) is the cluster of experts and is responsible for managing the Company's core business operations as a whole, which requires planning of various development processes, Group principles and Group practices, as well as monitoring the development of financial matters.

FUNCTIONAL **DEPARTMENTS**

Following functional departments exist at HTL:

- Sales ZIC
- Sales ZIC-M
- Business Intelligence
- Marketing
- Financials
- Supply Chain & Warehouse
- Administration
- Human Resource
- Information Technology
- Internal Audit
- HTL Express
- HTL Fuel Stations
- Corporate Compliance
- Office of Strategy Management

OWNERSHIP, OPERATING STRUCTURE AND RELATIONSHIP WITH GROUP COMPANIES **AND NATURE OF THOSE RELATIONS**

HTL falls under the umbrella of MAS Group of Companies. The company has a wholly-owned subsidiary called Hi-Tech Blending (Pvt.) Limited (HTBL), which operates as a blending plant for ZIC products.

HTL assumed the status of a public limited company in 2016, and is listed on the Pakistan Stock Exchange. As of 30th June 2019, the company is still operating in the private sector with a market capitalization of approximately PKR 3.21 billion, with majority of its shares being held by the directors, their spouses, and children.

HTL also has a wholly-owned subsidiary, Hi-Tech Blending (Pvt.) Limited. This state-of-the-art blending plant is equipped with exceptional facilities including an independent Hi-Tech Testing Laboratory, filling lines, and quality control checks. The plant has been designed to produce cans and caps in-house, minimizing the risk of contamination during the lubricant filling process.

KEY BRANDS **&**
PRODUCT PORTFOLIO

ZIC **Oil**

Hi-Tech Lubricant's product portfolio consists of three major categories as HTL deals in Mineral/Classic Oil, Semi Synthetic, and Synthetic Engine Oils. Mineral oil is refined from crude oil and is conventional, synthetic oil is artificially prepared chemically according to the need or requirements of vehicle, while semi synthetic oils are a mixture of both mineral and synthetic oil.

The composition of synthetic oils is 50-90% of synthetic oil and remaining mineral traces while fully synthetic oil exhibit 100% chemical composition.

GASOLINE **ENGINE OILS (GEO)**

ZIC Synthetic Oil is based on Very High Viscosity Index (VHVI) technology offering various grades (issued by SAE). Fully Synthetic Oil provides superior engine protection and is also fuel efficient. ZIC Gasoline Engine Oil is used for vehicles working on Petrol, LPG, and CNG. In Gasoline Engine Oil, ZIC offers a wide series such as ZIC Top, X9, X7, X5 , X3 and X1. Among these ZIC TOP, X9, X7 FE and X7 are fully synthetic engine oil and are of premium quality targeting the luxury car market, X5 is synthetic whereas X3 and X1 are classical.

The grading such as ZIC 0W30 and 5W40 are done on the bases of their viscosity. SAE is involved in multi grading of oil considering viscosity and temperature resistance. Both of the above mentioned grades provides better Oil Drain Intervals (ODI), thus keeping the engine protected and fuel efficient in all conditions (temperature and heavy load while driving). Fuel Efficiency benefits up to 10% as compared to conventional motor oils and delivers better performance.

TOP-0W-40
(Fully Synthetic)

X9-5W-40
(Fully Synthetic)

X7-0W-30
(Fully Synthetic)

X7-0W-20
(Fully Synthetic)

X7-5W-20
(Fully Synthetic)

X7-10W-40
(Fully Synthetic)

X5-20W-50
(Synthetic)

X3-15W-40
(Classic)

X1-20W-50
(Economy)

MOTOR **CYCLE OILS (MCO)**

ZIC Motor Cycle Oil is offering a wide range of products. ZIC M9 and M7 are fully synthetic and M5 is high quality semi synthetic MCO imported from SK Lubricants. ZIC Synthetic series provides exceptional lubrication, best performance and protection against piston scuffing & rust. While M3 falls in to clasic category blended with highly refined base oil and selected additives. M1 is a multy viscosity motor oil specially designed for 3 wheeler's engine keeping in mind its requirements. ZIC MCO provides complete lubrication for engine, clutch & gear unlike other conventional oils.

M9-10W-40 **M7-10W-40** **M5-10W-50** **M5-20W-40**

M3-20W-50 **M1-20W-50**

DIESEL **ENGINE OILS**

ZIC Diesel Engine oil is used in vehicles that have heavy duty engines like trucks, buses, trawlers etc. Under DEO, ZIC is offering X7000, X5000, X3000 and X1000. X7000 and X5000 are high quality fully synthetic engine oils, X3000 is a classical mineral oil while X1000 is prepared in HTBL. The strength lies that ZIC uses YUBASE (Group III base oil with viscosity index of 120 or higher) with blend of different additives. The use of YUBASE (refined base-III) results in maintaining better viscosity than any other engine of low quality base oil. The enhanced viscosity improver used in ZIC provides ultimate long term protection for Diesel engines vehicle.

The hydrocarbon grading in DEO such as CI-4, CH-4 and CF-4 is given by American Petroleum Institution which shows the chemical strength of additives. As most of lubricant products in Pakistan are HVI but ZIC has a competitive advantage of offering VHVI technology resulting in engine protection, long oil change intervals and fuel efficiency.

X7000-10W-40 (CI-4) (Fully Synthetic) **X7000-15W-40 (CI-4)** (Fully Synthetic) **X7000-20W-50 (CI-4)** (Synthetic) **X5000-15W-40 (CH-4)** (Synthetic)

X3000-15W-40 (CF-4/SG) (Classic) **X3000-20W-50 (CF-4/SG)** (Classic) **X3000-SAE-40 (CF/SF)** (Classic) **X3000-SAE-50 (CF/SF)** (Classic) **X1000-50 (CF/SF)** (Economy)

INDUSTRIAL OILS, GREASES, HYDRAULICS, ATF, GEAR OILS, **BRAKE FLUIDS AND COOLANTS**

- ZIC Coolants have high quality long life for radiators that (ethylene glycol based) provides outstanding performance in all cooling systems. ZIC coolants are pre-dilluted for customer's convenience mixed (50: 50) with water and ethylene glycol.
- ZIC Vega series is a high quality hydraulic oil providing semi anti-wear performance coupled with excellent oxidation stability. It has great low temperature performance by applying SK's proprietary technology, VHVI Tech and holds its viscosity under high temperature operating conditions.
- ZIC Dexron is fully synthetic ATF engineered with SK's proprietary VHVI Tech and advanced additive technology. It meets all the stringent requirements of all kind of automotive transmission requirements and is fully backward / serviceable.
- ZIC Super Gear EP Series is premium quality extreme pressure gear oils. They contain Sulfur / Phosphorous extreme pressure additive system giving load carrying ability and protection against wear. In addition these oils provide excellent protection against corrosion of steel and copper containing alloys.
- SK Super Freeze refrigeration oil series is made from high quality naphthenic base stock and high quality additive package which is intended to be used in refrigeration compressors.
- SK Super Compressor oil series is formulated from premium quality, high viscosity index base stock combined with selective additives to satisfy the lubrication requirements of all kind of rotary screw / rotary vane compressors used in industrial applications.
- SK Super Therm 300 is formulated from high quality base stock with advance additive package system which provides high stability when heated for heat transfer applications.
- SK Super Brake Fluid is a high quality brake fluid providing outstanding performance for all hydraulics brake systems.
- ZIC Royal Grease series is multipurpose lithium soap-thickened grease available in NLGI grades 0, 1, 2, and 3, formulated with paraffinic mineral oil base oils, and also containing additives to control oxidation and rust formation. ZIC Greases can be used in a wide range of industrial and automotive applications, where there is no requirement for load-carrying properties.

Industrial oil

Compressor P Series
Super Therm 300
Super Gear 8P
Compressor RS
Super Freeze
Turbine

Grease

ZIC Royal Grease

ZIC Crown Grease

Hydraulic oil

ZIC VEGA

ZIC VEGA LX

POWER GENERATION **GEN-SET OILS**

- ZIC is composed of YUBASE (Group III base oil with a viscosity index of 120 or higher).The use of YUBASE guarantees that ZIC will maintain viscosity better than any other Oil of which viscosity index is artificially enhanced by viscosity index-enhancing agents mixed with low-quality base oil.
- ZIC Diesel Generator Engine oils provide excellent wear protection along with advance fuel economy. ZIC 5000 Power and SD 5000 are synthetic Formula lubricants which provide long drain capability, low emission with exhaust treatments for equipment like catalytic converters and DPF.

5000 Power
ZIC 5000
SD 5000
SD 3000
Natural Gas
Super Martp

BLENDING **PLANT**

HI-TECH BLENDING PLANT

Our capabilities are expanding with the growing demand for ZIC Lubricants in the country, with an expanding customer base that depends upon the consistent supply of our premium lubricants on a regular basis. There exists an ever-increasing need to continuously refine our supply chain and ensure consistent provision of ZIC Lubricants to our valued customers. In pursuance of that goal, we established Hi-Tech Blending (Private) Limited (HTBL), a 100% owned subsidiary of HTL, equipped with an exceptional and independent Hi-Tech Testing Laboratory, filling lines, and quality control checks. The plant has been designed to produce cans and caps in-house, as well as locally blend lubricants for our ZIC mid-tier products with its state-of-the-art technology that eliminates any risk of contamination during the blending and bottling process.

HI-TECH **TESTING LABORATORY**

TESTING LABORATORY

Our Hi-Tech Blending Plant also incorporates Hi-Tech Testing Laboratory, built with the latest lubricant testing technology that provides greater accuracy and precision to our quality control operations. The Lab also provides commercial lubricant testing services, making quality assurance more accessible to customers. This commercialization has the potential to reduce the presence of substandard lubricant products in the market.

HI-TECH **BOTTLING**

The Hi-Tech Bottling segment within our blending plant is a specialized end-to-end bottle manufacturing unit, employing around 50 technicians who incorporate the highest international quality standards to produce flawless bottles and caps for ZIC. To eliminate any risk of contamination in the finished product, the company has installed sophisticated machinery which finds little to no parallel in the region in terms of high output capacity and quality, low energy consumption, and cost optimization.

The bottling segment is equipped with an extrusion blow molding machine called the Innova 130 SE. In addition to its production capacity of 3-10 liters, the Innova 130 SE has enabled our blending plant to manufacture superior quality bottles and that too at a much lower cost due to its low energy requirements. The bottling segment also has an injection molding machine which has recently been upgraded to include new molds. This upgrade has doubled the rate of cap production without requiring any additional input, thereby cutting our cap manufacturing cost in half.

Our bottling facility continues to expand both in terms of sophistication and capacity, further improving our bottle quality and increasing the rate of our bottling output. This allows us to meet our lubricant business needs plus opens up new business opportunities in the form of customers who require the production of high quality bottles of their brand at our plant.

THE BOTTLING PROCESS

1. Storage of plastic granular and mixing master batch.
2. Extrusion blow molding of bottles.
3. Stacking of empty bottles.
4. Injection molding of caps.
5. Stripe insertion in caps.
6. Lab test and approval of cap and bottle.
7. Transfer of cap and bottle to filling line.

In the first step we receive HDPE Resin and, after quality checks, it is shifted to the EBM and IMM lines where bottles and caps are manufactured. After manufacturing, every bottle passes through extensive quality checks for leak testing and selective for other tests and then they are shifted to an empty storage area before filling.

In the IMM Line, after Cap manufacturing, quality testing is performed after which they are shifted to the foil insertion machine where their aluminum foils are inserted and then they are stored in empty bottle storage area before filling.

Features of Hi-Tech Bottling Caps and Cans

- Extrusion blow molding 04 Nos
- Injection Molding machine 03 Nos
- Chiller Unit
- Compressor Unit


INNOVA 130 SE




KYUNG WON

VEHICLE MAINTENANCE **CENTERS**

HTL EXPRESS CENTER

HTL Express is a One-Stop Solution for all vehicle maintenance needs, providing reliable, convenient, modern, quick, clean, and customer-centric services. Our Express retail outlets offer a complete health check for vehicles including oil change, wash/service, tyre service, battery service, AC service, and vehicle accessories.

The brand provides long-term vehicle maintenance solutions to ensure durability by predicting and preventing the occurrence of defects. This is done with state-of-the-art diagnostic tools available at all facilities. Quality is ensured through procurement of only high-quality branded products.

The centers are committed to maintaining international quality standards, reflecting our company's promise of delivering excellence in all our business practices. We have 4 centers successfully operating in Lahore, 3 in Karachi, and 1 in Rawalpindi. The company plans on expanding this network of HTL Express centers across the country in the future.

FUEL **STATIONS**

HTL FUEL STATIONS

With HTL Fuel Stations, our ambition is to offer a complete solution to all requirements of a vehicle user. Imagine the HTL Station: a conveniently-located stop on the road offering top-quality fuel products, an HTL Express center providing complete vehicle maintenance products and services including our star product ZIC, and an HTL Mart equipped with essential fast-moving consumer goods, all at one place. The project is currently under development, and our first fuel depot at Sahiwal has been completed while land has been purchased in Nowshera KPK for the construction of the second fuel depot.

Our first HTL Fuel Stations is scheduled to materialize by Q2 of FY2020 as the company has emerged successful in securing the necessary permission from relevant authorities to commence commercial operations. We are committed to expanding our fuel business across the country as part of our long term strategic plan, completely transforming the way our customers experience road travel. We aim to develop the same confidence in our customers with our fuel stations as we have done with ZIC products, which can only be achieved by consistently delivering excellence in all our product and service offerings.

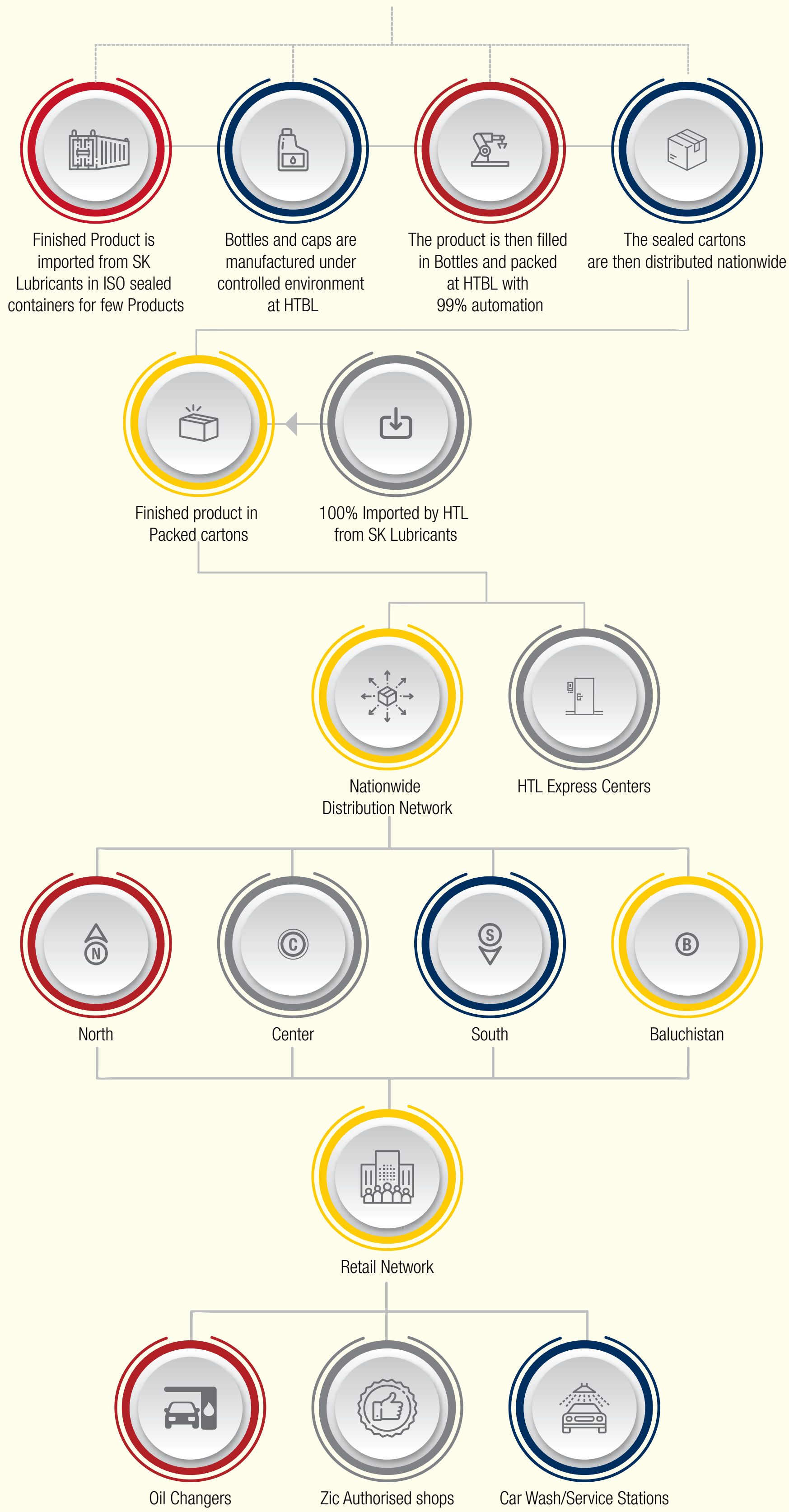
Our vision is to establish HTL Fuel Stations as a market leader in the OMC sector, offering superior quality products and services compared to what is being offered by existing market players, all the while keeping the needs of our customers at the center of all our planning and decision-making processes. We envision HTL to become the brand of choice in the oil marketing industry, and HTL Fuel Stations to proudly stand as a compendium of our flagship offerings: a One-Stop Solution for all who are on the move.

SAHIWAL DEPOT

In the last quarter of FY2019, HTL obtained license from OGRA for Sahiwal Depot. This storage depot has a capacity of 2,915 metric tons, which includes 1,865 metric tons for High Speed Diesel (HSD) and 1,050 metric tons for Premium Motor Gas (PMG).

VALUE **CHAIN**

VIA HTBL



CALENDAR **OF MAJOR EVENTS**

2018

08 Sep 2018
Approval of annual financial results for the year ended June 30, 2018 by Board

19 Sep 2018
Approval of annual budgets by Board

25 Sep 2018
Soft launch of first HTL Express Centre in Karachi, South Region.

13 Oct 2018
Consumer choice award ZIC oil best lubricant 2018

26 Oct 2018
10th Annual General Meeting (AGM)

Approval of annual accounts by sharehol

Re-election of entire Board members by shareholders

Final & Interim cash dividend (D-5 & D-6) approval by shareholders

Approval of financial results for the 1st quarter ended September 30, 20 by Board

27 Oct 2018
Inauguration of girls campus Ilmgah School System

2019

07 Jan 2019
UN Global Compact Business Suspainability Award

31 Jan 19
Official Brand Partnership Of SK ZIC motor oil with HBL-Pakistan Super League (PSL)

07 Feb 2019
Approval of financial results for the half year ended Dec 31, 2018 by Board

27 Feb 2019
Grant of license by OGRA for storage of petroleum products at Sahiwal Depot

01 Mar 2019
Launch of 6th HTL Express Centre, in Karachi

15 Mar 2019
Most popular car & bike engine oil award in Pakwheels.com 2018

20 Apr 2019
Approval of financial results for the 3rd quarter ended Mar 31, 2019 by Board

20 Jun 2019
Grant of license by Ogra for marketing of petroleum products and operations of oil storage facility at Sahiwal

1997
BUSINESS **ESTABLISHED**

In March, 1997 Hi-Tech Lubricants (HTL) started its journey as an Association of Persons (AOP). The main business was to import the lubricants from YU Kong Ltd. (now known as SK Lubricants Ltd.) and market the same in Pakistan.

2006
CUSTOMIZED **ERP IMPLEMENTATION**

In the year 2006, HTL purchased customized ERP Software and Online Customer Web Portal. This customized ERP software helped HTL to record and support its business activities.

2010
ISO **CERTIFICATION**

In 2010, HTL got ISO 9001:2008 certifications to ensure excellent quality management system.

2000
EXPANSION **YEAR**

After the struggle of three (03) years, HTL succeeded to create its brand name in the lubricants industry, hence expanded its distribution network in other cities of Pakistan.

2007
ESTABLISHMENT OF **SEPARATE PRODUCT SEGMENTS**

In order to boost sales revenue, HTL introduced Mid-Tier products. This establishment of new product segment and separate reporting lines helped HTL to focus deeply on both the categories through a dedicated sales force.

RNEY SO FAR

2013
INVESTMENT **IN BLENDING PLANT**

In 2013, HTL devised the strategy of diversification and decided to invest in a wholly owned subsidiary, Hi-Tech Blending (Pvt.) Limited (HTBL), a state of the art blending plant in Bhai Kot adjacent to Sunder Industrial Estate, Lahore.

2016
TAKING HTL **TO CAPITAL MARKETS**

In 2016, HTL stepped into capital markets through an Initial Public Offering (IPO). HTL issued 29,001,000 ordinary shares of Rs.10 each. Further in the same year, in 2017 to reach out to consumers directly to fulfill their car care needs.

2011
CONVERSION OF AOP **INTO PUBLIC UNLISTED COMPANY**

In 2011, HTL management decided to go one-step further and got a status of a Pvt Ltd. company by fulfilling the legal requirements. In the same year, HTL got converted into a public unlisted company.

2014
IMPLEMENTATION ORACLE **FINANCIAL AND BUSINESS INTELLIGENCE TOOLS**

In 2014, HTL implemented Oracle software and Business Intelligence Tool for its core business operations. This implementation was completed in a record time of 6 months.

2018
COMMENCEMENT OF HTL **EXPRESS CENTERS (RETAIL SERVICES)**

In 2018, HTL launched a new project named “HTL Express” and established its first retail center at Dharampura, Lahore.

OUR **VISION**

Delivering high quality Products and Services
for Client Satisfaction

OUR **MISSION**

Earning customer satisfaction through provision of quality services to our client system by employing state of the art technologies and processes and by investing in our stakeholders

OUR CORPORATE **CULTURE AND CORE VALUES**

As we continue to expand, it is important to identify and reinforce the aspects of our corporate “character” that define HTL, and which are important to nurture within the group as we grow.
At HTL, our business activities and individual actions are guided by our core values and principles.

QUALITY

We strive for quality in everything we do

INTEGRITY

We are open, honest, and ethical. We trust and respect each other

RESPONSIBILITY

High sense of responsibility by holding our selves accountable for whatever we do

RESPECT

We maintain openness and respect for others that motivates us to cross all boundaries

CODE OF BUSINESS **CONDUCT AND ETHICS**

ETHICAL CONDUCT **& PERSONAL MAINTENANCE**

Delivering high quality Products and Services for Client Satisfaction. Each employee owes a duty to the Company to act with integrity. Integrity requires, among other things, being honest and ethical. It is of high importance that each employee maintains certain personal standards to make sure he stays on top of the game with outstanding results.

PERSONAL **MAINTENANCE**

All employees must practice proper personal hygiene standards. Employer and employees collectively encourage a work environment where all employees can practice the organizational values and job goals effectively and efficiently.

WORK **ETHICS**

Employees make all work decisions according to the STAR method: STOP, THINK, and ACT RESPONSIBLY. HTL values must be upheld during all decision making processes without any violation of HTL rules and regulations that might hinder HTL's development. Make responsible decisions for issues like employment inquiries and attendance matters.

HEALTH AND **SAFETY**

All employees are expected to take an active part in maintaining a safe and healthy environment. Employees are expected to be mentally and physically fit for work and remain fit while on duty. While on duty, they must not be under the influence of alcohol or any drugs that impair your ability to perform on the job. While on duty, employees must refrain from taking naps or long rest breaks. The exceptions are aspirin- or ibuprofen-based products and legal drugs which have been prescribed to the employees, and are being used in the manner prescribed by a health practitioner.

As per the job nature, employees observes all the safety rules and instructions provided by supervisor and use safety equipment where required.

ANTI-BULLYING **& ANTI-DISCRIMINATION**

"We embrace diversity and respect the personal dignity of our fellow employee" Bullying or discrimination, including behavior, comments, jokes, slurs, e-mail messages, photographs, or other conducts that contribute to an intimidating or offensive environment are not tolerated (Zero Tolerance).

HTL is committed to maintaining a non-discriminatory workplace, free of bullying. Acts or threats of intimidation, sabotage, physical or mental harm, terrorization and similar activities are not tolerated.

SEXUAL HARASSMENT **AT WORKPLACE**

"Sexual Harassment" means any unwelcome sexual advance, request for sexual favors or other verbal or written communication or physical conduct of a sexual nature. This also includes sexually demeaning attitudes, causing interference with work performance or creating an intimidating, hostile or offensive work environment. Also any attempt to punish the complainant for refusal to comply to such a request or is made a condition for employment.

We practice Zero Tolerance for sexual harassment, physical or mental, that contributes to a sexually offensive environment for either male or female.

Supervisors who fail to take action, engage in harassment, or permit harassment to occur not only expose HTL to liability; they also expose themselves to personal liability or even to non-tolerable offence.

ABUSE OF **COMPANY RESOURCES**

"Always use our trademarks and other intellectual property properly" HTL provides the necessary equipment to do jobs. No equipment is removed from the physical confines of HTL office premises unless approved and neither is it utilized for personal benefits. Employees are responsible for ensuring the security of HTL by complying with the company's information security standards. We seriously take the problems of drug or other controlled substance abuse, and are committed to providing a work place free from these.

Every employee is responsible for the proper acquisition, use, maintenance, and disposal of company assets (e.g., materials, equipment, tools, real property, information, and funds) and services.

MEDIA & SOCIAL **NETWORKING**

Unless employee is an officially designated company spokesperson, s/he is not authorized to speak on behalf of HTL through social media channels, regardless of whether s/he is using a company or personal device. Such person is held personally liable for all such acts.

CONFIDENTIALITY

Employees and directors maintain the confidentiality of all information entrusted to them, except when disclosure is authorized or legally mandated. Confidential or proprietary information of our Company includes any non-public information that would be harmful to the company or useful or helpful to competitors if disclosed.

FRAUD, DECEPTION, DISHONESTY, BRIBERY **& ANTI-CORRUPTION MEASURES**

HTL upholds its value of never indulging in any fraudulent or dishonest act with its employees or any third party. Fraud basically means to deceive or to act dishonestly or to abuse your power or position to take advantage of an individual or the company assets.

We do not get involved in bribery or corruption to retain the reputation for a long time. We do not choose business partners who indulge in such activities. We do not give, receive, ask for or permit anyone else to give bribes or undertake any corrupt activities to win new business share, retain existing HTL business or to further our interests.

CONFLICT **OF INTEREST**

"We will always act in the best interests of Hi Tech Lubricants Limited" A "conflict of interest" arises when an individual's personal interest interferes or appears to interfere with the interests of the Company. We ensure uniform standards, honest working relationships and fair dealing to its all customers, suppliers and partners in business.

All employees exercise great care in situations in which a pre-existing personal relationship exists between an individual and any third party or official of an agency with whom the Company has an existing or potential business relationship. Moreover, no employee influence any decision to be made by the Company if any relative is a supplier or competes with the company in any manner, thereof.

TRADE **REGULATIONS**

HTL keenly follows national trade laws and regulations during export and import deals. All international trade sanctions along with rules binding to export and import of goods are checked within HTL for lawful and appropriate trade.

GEOGRAPHICAL **PRESENCE**

NORTH

29 Distributors ZIC (S) Synthetic

20 Distributors ZIC (M) Econo Tier

CENTRAL

37 Distributors ZIC (S) Synthetic

45 Distributors ZIC (M) Econo Tier

4 HTL Express Centers

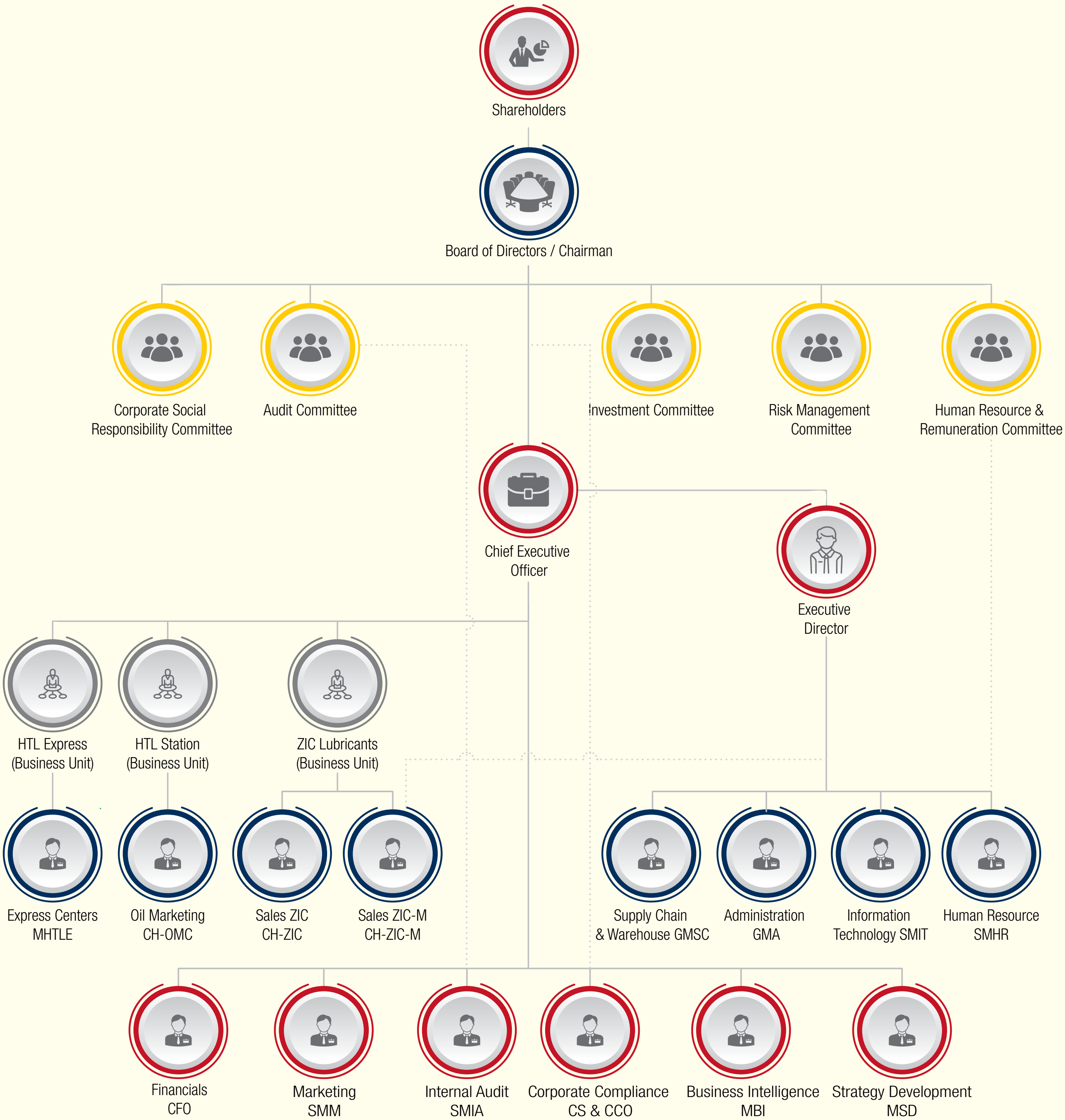
SOUTH

13 Distributors ZIC (S) Synthetic

11 Distributors ZIC (M) Econo Tier

3 HTL Express Centers

ORGANIZATIONAL **STRUCTURE**



LEGEND

CFO:	Chief Financial Officer
CS&CCO:	Company Secretary and Chief Compliance Officer
CH:	Country Head
OMC:	Oil Marketing Company
MSD:	Manager Strategy Development
GMSC:	General Manager Supply Chain
GMA:	General Manager Administration
SMIA:	Senior Manager Internal Audit
SMM:	Senior Manager Marketing
MBI:	Manager Business Intelligence
SMIT:	Senior Manager Information Technology
SMHR:	Senior Manager Human Resource
MHTLE:	Manager HTL Express

COMPANY **INFORMATION**

BOARD OF **DIRECTORS**

Mr. Shaukat Hassan
Chairman of the Board / Non Executive Director

Mr. Hassan Tahir
Chief Executive Officer / Executive Director

Mr. Muhammad Ali Hassan
Executive Director

Mr. Tahir Azam
Non Executive Director

Ms. Mavira Tahir
Non Executive Director

Mr. Faraz Akhtar Zaidi
Non Executive Director

Mr. Ji Won Park
Non Executive Director (Nominee of SK Lubricants Co. Ltd.)

Mr. Muhammad Tabassum Munir
Independent Director

Dr. Safdar Ali Butt
Independent Director

Syed Asad Abbas Hussain
Independent Director

CHIEF FINANCIAL **OFFICER**

Mr. Muhammad Imran
Phone: +92-42-111-645-645
Fax: +92- 42-3631-18-14

COMPANY SECRETARY & **CHIEF COMPLIANCE OFFICER**

Mr. Fraz Amjad Khawaja
Phone: +92-42-111-645-645
Fax: +92- 42-3631-18-14

EXTERNAL **AUDITORS**

M/S Riaz Ahmed & Company, Chartered Accountants
10-B, Saint Marry Park,
Main Boulevard Gulberg, Lahore
Phone: +92-42-35718137
Fax: +92-42-35714340

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
Phone: +92-21-111-111-500, Fax: +92-21-34326053
Toll Free: 0800 23275 (CDCPL)
Email Address: info@cdcsrsl.com
Website: www.cdcsrsl.com

LEGAL **ADVISOR**

Mr. Ijaz Lashari
Lashari Law Associates, 22-Munawar Chamber, 1-Mozang Road, Lahore
Phone: +92-42-37359287
Fax: 92-42-37321471

INTERNAL **AUDITORS**

EY Ford Rhodes, Chartered Accountants
96-B/ 1, Pace Mall Building 4th Floor, M.M. Alam Road,Gulberg II Lahore
Phone: +92-42-35778402
Fax: +92-42-35778412

STOCK **SYMBOL**

HTL

REGISTERED / **HEAD OFFICE**

1-A , Danepur Road, GOR - 1, Lahore
Phone: +92-42-111-645-645
Fax: +92- 42-3631-18-14
Email Address: info@masgroup.org

REGIONAL **OFFICES**

KARACHI **OFFICE:**

C-6/1, Street No.3, Bath Island, Clifton Karachi
Phone: +92-21-35290674-5

ISLAMABAD **OFFICE:**

Suite No. 1402, 14th Floor, Green Trust Tower,
Jinnah Avenue, Blue Area Islamabad.
Phone: +92-51-2813054-6

MULTAN **OFFICE:**

House No. 95, Block C, Phase III, Model Town, Multan.
Phone: +92-61-6521101-3

PESHAWAR **OFFICE:**

Office No.280, 3rd Floor, Deans Trade Centre,
Islamia Road, Peshawar Cantt.
Phone: +92-91-5253186-7

OMC **OFFICE:**

2-K, Main Boulevard Road, Lahore
Phone: +92-42-35752213-4

HTBL **LOCATION**

7-Km, Sundar Raiwind Road, Bhaikot, Lahore
Phone: +92-42-38102781-5
Fax: +92-42-36311884

COMPANY **WEBSITE:**

www.hitechlubricants.com
www.zicoil.pk

BANKERS

ISLAMIC **BANKS**

Meezan Bank Limited
AL-Baraka Bank Limited
Dubai Islamic Bank Limited

CONVENTIONAL **BANKS**

MCB Bank Limited
Standard Chartered Bank Limited
Habib Metropolitan Bank Limited
The Bank of Punjab
Bank AL-Habib Limited
National Bank of Pakistan
Askari Bank Limited
JS Bank Limited
Habib Bank Limited
United Bank Limited
Summit Bank Limited
Samba Bank
Faysal Bank
Bank Alfalah Limited

STRATEGIC **DIRECTION**

@ HTL

The teams at our HTL retail outlets have only one goal which is perfectly aligned with our vision: to deliver high quality products and services for customer satisfaction. It is no easy feat to delight customers, yet our teams across the country do it every day. They are charged with positive energy, which is instilled through open communication, proper & timely trainings, incentive programs, and prompt recognition of talent.

CORPORATE **STRATEGY**

HTL is committed to increasing value for our stakeholders by growing our presence in the lubricants market while pursuing strategic expansion into business opportunities which align with our core competencies. We will strive to provide good quality products and better services to all our customers around the country.

The following five core strategic objectives guide our business.

SALES **GROWTH**

The company is focused on increasing revenue through data-driven strategies aimed at increasing revenue for all business units through an intricate business intelligence function that provides real-time market data and analysis to highlight key focus areas for sales expansion.

BRAND **IMAGE**

The aim is to establish HTL as a brand recognized for its provision of top quality products for automobile users, which currently include the ZIC lubricants and prospectively include HTL Fuel Stations, and best customer service through the HTL Express vehicle care centers.

OPTIMIZATION OF SYSTEMS AND **PROCESSES**

The company undergoes regular refinement of systems and process to bring greater efficiency to business operations. Efforts include quarterly reviews of all departments to highlight problems and implement necessary rectifications.

The company has also invested in the implementation of globally-recognized efficiency technologies such as Oracle and FATHOM, and leverages on an immaculately-designed Intranet portal for speedy internal communication.

SHAREHOLDERS' **EQUITY**

HTL is making all necessary efforts to meet shareholders' expectations. Adequate checks are in place to monitor risk, and all strategies are aligned with the overall goal of maximizing return on investment.

BUSINESS **DIVERSIFICATION**

Continuing with its commitment to develop profitable non-lubricant businesses, the company is utilizing the IPO funds generated in 2016 for the development of infra-structure for HTL fuel stations to ensure long-term profitability of the company by investing in related business streams in the automotive industry.

COMPANY PERFORMANCE **INDICATORS**

Strategic Objectives	Performance Monitoring Indicator	Measure
Sales Growth	Market share, Volume growth	Increase in total revenue through increase in volume and diversification
Brand Image	Brand Equity	Brand Affinity, Brand Recognition
Optimization of Processes and Systems	Inventory Turnover, Asset Turnover, Receivables Turnover	Reduction in costs due to increase in efficiency
Shareholders Equity	ROE, EPS, Asset Turnover, and Free Cash Flow	Increase in shareholders equity due to increasing profitability, diversified expansion, and brand image
Business Diversification	More equal distribution of resources among separate business units of the company	Different business units contributing to the revenue stream to reduce reliance on a single source

FUTURE **RELEVANCE**

The above mentioned performance indicators are expected to remain relevant in the forseeable future to assess the performance of the company in achieving its strategic objectives.

SHORT, MEDIUM, AND LONG TERM **STRATEGIC OBJECTIVES**

In the short term, the company is pushing sales forward and focusing on the volumetric growth of its ZIC Oil products, especially in the South region which is currently dominated by other players in the industry. Initiatives focused on reducing costs through increased local blending and packaging opportunities would allow cost economies providing improved competitive advantage to make ZIC more attractive to greater segment of the motor oil market.

With 8 HTL Express centers in place, the company is focused on increasing the brand's customer base in the vehicle preventive maintenance by attracting corporate clients to provide fleet maintenance services in addition to catering to the consumer segment of the vehicle maintenance industry. The company has also acquired commercial license for HTL Fuel Stations, which would begin commercial operation in this fiscal year.

In the medium term, more investment in the HTL Fuel Stations would expand the HTL network in the country, providing greater avenues for ZIC and HTL Express to penetrate in the motor oil segment through greater visibility at the stations. The concept of delivering a one-stop solution for all vehicle needs would take precedence over individual brands, helping establish the brand name of HTL as a top quality product and service provider in the automotive industry.

In the long term, focus would be on establishing the right mix of diversified revenue generating streams that help HTL minimize its risk exposure while delivering a sustainable return on equity (ROE) to shareholders

IMPLEMENTATION **PLAN**

To best implement the overarching strategic direction, the company has well-defined management objectives in place, translating the short, medium, and long term strategic objectives into monthly targets which are communicated to all departments at the start of every calendar year.

The targets are set at the beginning of every calendar year based upon two core factors: performance in the previous year, and current/expected dynamics of the market. These targets are mutually defined and agreed upon before being formalized in a plan that forms the backbone of all business decision making for the year.

Against all targets, annual, quarter, and monthly KPIs are also defined to help monitor progress along the way, ensuring that prompt corrective measures are taken in case of deviation from the set targets. On an annual basis, these KPIs are revised to better reflect the changing needs of all stakeholders and the evolving nature of the business, and such revisions are promptly communicated to key personnel.

These targets and KPIs are continuously monitored on a monthly basis, and any discrepancies are dealt with in a swift manner to ensure compliance with quarterly targets. On a quarterly basis, the company has a strict performance review conducted by the top management, whereby managers of each department present their results for the quarter, clearly showcasing their achievements in the quarter against pre-defined targets.

RESOURCE **ALLOCATION**

FINANCIAL **CAPITAL**

LIQUIDITY AND CASH FLOW **MANAGEMENT ANALYSIS**

Effective resource and working capital management with following key highlights:

a) More than 90% advance collection from customers;
b) Channel financing for distributors and dealers from financial institutions;
c) Efficient inventory management with forecasting;
d) Budgeted cash inflows and out flow with daily monthly, quarterly and yearly planning; and
e) Timely negotiations with financial institutions for external financing and opportunity planning.

A budgeting and planning department works under the direct supervision of CFO of the Company. This section works for annual strategic planning, budgeting and forecasting that enables company to efficiently achieve its vision and safeguard against future strategic and liquidity risks. This planning further helps to maintain a healthy working capital cycle. Liquidity requirements are managed through sales revenue, return from the investments and external financing where considered economical.

STRATEGIES TO OVERCOME **THE LIQUIDITY PROBLEMS INCLUDING FINANCING ARRANGEMENTS**

Cash against sales are collected in advance from customers. Investments are made after due consideration and evaluation of all the factors associated with such investments and after recommendation from investment Committee. HTL manage funds through internal source of financing. External sources are arranged after careful analysis of cash flows required for working capital and Capex requirements. Furthermore, there are no operational losses to the Company.

CAPITAL STRUCTURE **OF THE COMPANY**

Debt: Equity ratio increased to 39:61 from 18 : 82. Such increase is due to high borrowing from banks because of low sales in first three quarters. All Capex were financed either from internal generated resources or from IPO funds used specifically for expansions in OMC. Future projections indicate adequacy of the capital structure for the foreseeable future.

REPAYMENT OF **DEBT**

Our cash flows forecast gives us the confidence to pay short and current portion of long term debt. Company's ability to pay its debt is stable as per our credit rating. Renewed credit rating of 'A/A-2' has been assigned by JCR-VIS Credit Rating Company with a 'Stable' outlook. Assigned rating depicts good credit quality with adequate protection factors. Further, risk factors may vary with possible changes. Moreover, there is good certainty of timely payment coupled with sound company fundamental and liquidity factors.

HUMAN **CAPITAL**

Success of organizations undoubtedly lies in the quality of their human resources. In HTL, basic and most valuable strategic asset is the human capital. It is a pool of diverse individuals with varied experiences, professional attitudes, abilities, and skills. Each member of HTL is considered equally important and is provided constant training, motivation and guidance to further enhance human resource capabilities.

HTL possesses a dedicated sales force equipped with the technical knowledge of the product who works day and night to boost the sales of the company. Moreover, the support departments like IT, HR, Marketing, Financials, Administration, Corporate Compliance, Internal Audit, Supply Chain & Warehouse have motivated and committed professionals in their domains and working side by side with each other to make the HTL business a success. Especially, HTL Express Center and HTL Fuel Station (OMC) Teams possess hands on experience and work with devotion and motivation to ensure the success of these new projects. We are proud of the empowerment philosophy at HTL which gives our team both the responsibility as well as accountability to be the best that they can be.

MANUFACTURED **CAPITAL**

HTL has constructed Storage Depot at Sahiwal for HTL Fuel station (OMC) project with all approvals in place.Another storage in Tarun Jaba Noshehra is under process of construction. Further, HTL has also constructed a new warehouse at Sundar Industrial State Lahore for storage of lubricants.

INFORMATION TECHNOLOGY **CAPITAL**

HTL has successfully implemented Oracle & Business Intelligence Tool, Distributor Management System and Claim Management System to ensure integration, efficiency and effectiveness of all the functional activities. Furthermore, Retail Pro system has also developed to support HTL Express care care Center operations.

INTELLECTUAL **CAPITAL**

Hi-Tech Lubricants Limited (HTL); Company behind ZIC, is a Public Limited Company and is one of the leading synthetic engine and machinery lubricant marketing company of Pakistan which boasts a sizeable market share in lubricants market. HTL Lube division product portfolio is under the brand name of "ZIC". HTL stepped in to the retail service industry in 2017 with the initiation of Complete Vehicle care under one roof. These car care centers under the brand name HTL Express Centers are state of the art retail outlets with a multitude of world class quality standards for vehicle maintenance, offering complete car care services from oil change to under chassis, batteries, tires etc. HTL has also ventured in Oil Marketing sector under the brand name HTL Stations and invested in Oracle Financial Module to support its operations.

STRATEGY FOR **LIQUIDITY MANAGEMENT**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities. As at 30 June 2019, the Company had Rupees 2,725.084 million available borrowing limits from financial institutions and Rupees 158.925 million cash and bank balances. Management believes the liquidity risk to be low based on following available facilities.

Total facilities	Non-funded		Funded	
	790,000,000	**1,600,000,000**	**4,700,000,000**	**2,458,000,000**
Utilized at the end of the year	109,665,250	396,607,129	1,974,915,754	707,635,668
Un-utilized at the end of the year	680,334,750	1,203,392,871	2,725,084,246	1,750,364,332

SIGNIFICANT PLANS **AND DECISIONS**

As stated in the prospectus dated 28 December 2015, the Company planned to offer state of the art retail outlets across Pakistan with multitude of unique services and also planned to install additional filling lines at the blending plant of its subsidiary. The plan of the year 2015-16 covered 37 grand outlets openings in 11 major cities of Pakistan including Lahore, Gujranwala, Sialkot, Faisalabad, Multan, Islamabad, Rawalpindi, Karachi and Hyderabad. Over a period of 5 years, the Company planned to open 75 retail outlets (including 67 rented) across 16 major cities of Pakistan. As per quarterly progress report number 06 dated 14 July 2017, the Company informed all stakeholders the progress on implementation of project: Expansion through retail outlet: 1 owned service center under regulatory approval and out of the 10 rented service centers, 1 is operational, 3 are approved and under construction, 3 are under regulatory approvals and 3 are under negotiations. Accurate, effective and timely implementation of the above plans of the Company became a big challenge for the Company due to expensive lands and properties at key locations in almost all the cities for express service centers. Hence, the Company planned for incorporation of express centers into its fuel stations to be established under the umbrella of Oil Marketing Company (OMC) Project of the Company. In this regard, the Company obtained a financial feasibility report from KPMG Taseer Hadi & Co., Chartered Accountants regarding investment in OMC Project.

In view of successful fulfillment of initial mandatory requirements of Oil and Gas Regulatory Authority (OGRA) for setting up of an OMC and future prospects of OMC in current international scenario as prospected under financial feasibility report, the shareholders of the Company in their 9th Annual General Meeting held on 29 September 2017 approved diversion and utilization of un-utilized IPO funds from HTL Express Centers and wholly owned subsidiary company to OMC Project of the Company keeping in view overall growth of the Company and ultimate benefit to all shareholders and stakeholders of the Company.

The Project envisages setting up 360 retail outlets across Punjab, Sindh and Khyber Pakhtunkhwa Provinces of Pakistan. The fuel stations will offer full range of services such as general store, tyre shop and a car shop amongst others. To support sales, the Company plans to invest in building storage capacities of 25,735 metric tons (MOGAS and HSD) across the country over a period of 7 years.

On 31 May 2019, Oil and Gas Regulatory Authority (OGRA) has granted permission to the Company to operate new oil storage facility at Sahiwal and marketing of petroleum products in the Province of Punjab. The Company has signed agreements with various dealers for setting up petrol pumps under the OMC project and also started construction of another storage site at Nowshera, Khyber Pakhtunkhwa.

CORPORATE **RESTRUCTURING**

HTL has been able to maneuver through the increasingly difficult business environment of the country through its lean management structure. The company employs optimal number of human resources in all areas of the business, and conducts a periodic needs assessment to realign manpower, if needed. Hence, no significant restructuring plans or decisions are in the pipeline for the coming year.

BUSINESS **EXPANSION**

The company established 3 new HTL Express Centers during the year, bringing the total number of centers to 8. Moving forward, further expansion in the HTL Express brand is expected as the company aims to have a wider network for the centers around the country, including as part of the HTL Fuel Stations which are also planned to open for operations in the first half of the 2019-2020 fiscal year

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DISCONTINUANCE OF **OPERATIONS**

All business units of the company would continue to operate in the foreseeable future, hence discontinuation of any operations is not being considered by the management.

SIGNIFICANT CHANGES COMPARED TO **PRIOR YEARS**

In prior years, the Board of Directors including the CEO recognized the need to strategically align the priorities and strategic directions of all individual business units into one cohesive strategic plan to allow for the creation of uniform identity of the HTL brand. The management believes this overarching strategic direction will provide the necessary anchor to the company for achieving its long term goals and delivering sustainable value to all our stakeholders.

FUTURE **OUTLOOK**

FORWARD LOOKING **STATEMENT**

According to IMF estimates, the economy of Pakistan is expected to grow by 2.8% in FY 2020, down from 2.9% in FY 2019 and 5.2% in FY 2018, indicating a further slowdown in the country's economic activity and consequently a possible further decline in the demand for automobiles and ancillary products. In the long run, the IMF predicts that the economic growth rate for Pakistan would remain under 3%, falling down to 2.5% in FY 2024. This is congruent with the recent slump in the automobile industry, as recent figures have shown a 42% decline in car sales in the month of July 2019 on a YoY basis. The company expects this decline to continue in FY 2020. Henceforth, sales forecasts have been adjusted downwards and strategic plans have been revised to accommodate this industry trend.

The economic environment has been challenging in the country for both businesses and consumers. On the business side, increased bank rates and inflationary pressures on operating cost have placed an increased burden on the company's cash flow and business operations. On the consumer side, inflationary pressures have created an unprecedented financial difficulty, whereby the demand for vehicle-related products and services has substantially declined. This has impacted both the lubricant business as well as HTL Express car care centers.

The company has taken prompt measures to ensure customers continue to receive high quality products and services at affordable prices by rationalizing costs through corporate-level restructuring and effective negotiations with lenders. In order to reduce its cost of production, the company has secured local blending rights for another ZIC product range from SK Lubricants, allowing the company to locally blend ZIC products and delivering a substantial reduction in cost to consumer. This has allowed the company greater margins which would effectively offset the substantial increase in the cost of our operations.

In order to safeguard against future economic uncertainties especially with respect to exchange rate fluctuations, the company is managing optimal inventory levels. The company has also remained compliant with all local laws and continues to function seamlessly under the new government with complete transparency.

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

The company had estimated a growing automobile market in line with an expected real GDP growth of 5.4% in FY 2019. However, the actual real GDP growth rate decreased to 2.9%. This is reflective of an overall slowdown in the economy, which has resulted in lower-than-expected demand in all sectors of business especially HTL-specific sectors of lubricants and vehicle maintenance facilities.

In FY 2019, the rapid depreciation in rupee value against the dollar put upward pressure on costs for imported lubricants, causing the cost of sales to dramatically increase. This, combined with a slower-than-expected economy which has put a downward pressure on the automobile sector, has had a drastic impact on automobile sales in the country as well as the frequency of engine oil change, and because of reduction in both these factors, our estimates of increase in demand for engine oil were not fulfilled.

However, as stated in past year's forward looking statement, the company still launched new SKUs and expanded its product line to deliver a variety of high quality oil blends to our valued customers belonging to a niche market in the automobile sector. The company will continue its expansion plans with the commencement of its fuel station operations in FY 2020.

PROGRESS OF OUR **EXPANSION PLAN**

Two more HTL Express Centers had been planned for opening in the Rawalpindi/ Islamabad region. The company went forward with the inauguration of one center while the second one was paused considering the fast-changing dynamics of the country's economic condition during the year.

The company had sought regulatory approvals to launch HTL Fuel Stations. During the year, the company was successful in acquiring regulatory approvals and licenses, and would soon be launching commercial operations of Fuel Stations.

@ *HTL*

We pride ourselves in the sophisticated technology installed throughout the company's processes. The technology at HTL helps us ensure we are always working with the most cost-effective IT solutions which offer the greatest value to our company. We are continuously implementing new IT methods that can improve the way we exchange data with all internal stakeholders. We work based upon the principles of equality and trust, and believe that good ideas can come from anywhere. This keeps everyone positively charged, and committed to delivering continuous improvements in the HTL technology infrastructure.

CORPORATE **GOVERNANCE**

PROFILE OF THE **DIRECTORS**

MR. SHAUKAT **HASSAN**

Chairman Board of Directors and Non-Executive Director

Mr. Shaukat Hassan holds a master's degree in economics from Punjab University Lahore and is the chairman of Board of Directors. Having more than 4 decades of financial and entrepreneurial expertise, he is an enthusiast and wise individual. Mr. Shaukat has a proven track record for his excellent business professionalism and is one of the core partners since the inception of business operations for the Group in 1976.

He has actively lead and created a strong foundation of financial systems for HTL. Apart from financials, his core areas of interests include human resources, employee training and talent retention. His diversified skills also include business development and sales of Industrial equipment to leading E&P Companies Internationally. Mr. Shaukat is actively involved in joint business collaborations with organizations having multi-national presence.

He has been an active member of various profit & non-profit based organization including LCCI, EDAS and currently serving as Vice President and Director of PFBA in Pakistan. He is the go to mentor and coach for many leading entrepreneurs from the recent times.

Apart from his business interests, Mr. Shaukat is keenly involved in CSR & SHT activities mainly focused at minimizing the life challenges of financially underprivileged sector of the community.

Mr. Shaukat Hassan is also the CEO of MAS Infosoft (Pvt.) Ltd, Director of MAS Associates (Pvt) Ltd and Chairman/Trustee of HTL Employees Provident Fund Trust, Sabira Hamida Trust and MAS Associates Employees Provident Fund Trust.

MR. HASSAN **TAHIR**

Chief Executive Officer and Executive Director

Mr. Hassan Tahir holds an MBA degree in banking / finance from Lahore School of Economics (LSE) and is the CEO of HTL. Mr. Hassan is a working professional since 2001 and believes that a satisfied customer brings in not just more business but also increases the goodwill of the Company.

His drive for excellent interpersonal skills and highest customer satisfaction led him to set up IT operations with back office processing (BOP) and IT infrastructure for major clients in UK / Europe.

With his motivational experience and hard work he helped the Company in launching mid-tier lubricant range in Pakistani Market in partnership with world's two major oil companies. Mr. Hassan went on to launch another semi-synthetic range in Pakistan and was an even bigger success. Rewarding achievements and motivating employees, that is how he turned HTL into a strong family.

Mr. Hassan Tahir is the Director of MAS Infosoft (Pvt.) Ltd, Hi- Tech Blending (Pvt.) Ltd, Hi-Tech Energy (Pvt) Ltd and Haut Buys (Pvt) Ltd. He is also a Partner of MAS Services and Trustee of HTL Employees Provident Fund Trust and Sabra Hamida Trust.

MR. MUHAMMAD **ALI HASSAN**

Executive Director

Mr. Muhammad Ali Hassan holds a bachelor degree in Marketing and HR from Sydney University, Australia. Mr. Ali Hassan is leading the Sales, HR and Administrative Functions at HTL. Mr. Muhammad Ali Hassan is using his knowledge and learning to create best practices across the Company.

Mr. Ali has built an outstanding business partnerships and strategic alliances with clients which is a true reflection of his abilities to lead in this corporate world. He is a true leader who believes in quantitative output and skillful organizational culture.

Mr. Muhammad Ali Hassan is the CEO and Director of Hi- Tech Blending (Pvt.) Ltd. He also holds directorship in Hi-Tech Energy (Pvt) Ltd and is a partner of MAS Services. Mr. Ali Hassan is also acting as a Trustee of HTL Employees Provident Fund Trust and Sabira Hamida Trust.

MR. TAHIR **AZAM**

Non Executive Director

Mr. Tahir Azam holds a master's degree in economics from Punjab University, Lahore and is working as a Non-Executive Director for the Company. He has over 4 decade of experience in research, management and consultancy of setting up successful businesses. Mr. Tahir has also led various US AID funded entrepreneurship programs and training programs across Pakistan.

He is one of the founding member of the Company who led the sales and marketing of HTL during the first 10 years of business. Establishing distribution networks and creating sale teams was his milestone achievements on which HTL stands today.

Being an entrepreneur and managing director of associated business companies, Mr. Tahir Azam has inculcated his excellent standard for sales department into producing exceptional results. He has proved with his entrepreneurial abilities that business opportunities are not given rather they are created.

Mr. Tahir Azam is the CEO of MAS Associates (Pvt) Ltd and Director of MAS Infosoft (Pvt.) Ltd and Haut Buys (Pvt) Ltd. He is also acting as a Trustee of HTL Employees Provident Fund Trust and Sabira Hamida Trust.

MR. FARAZ **AKHTAR ZAIDI**

Non Executive Director

Mr. Zaidi has over 15 years of experience in both investment banking and investment management globally. Mr. Zaidi has held positions with Credit Suisse (New York), Polygon Investment Partners (London), and Standard Chartered Principal Finance (Dubai). His investing experience includes public and private market transactions in both developed and emerging markets.

Mr. Zaidi has a Masters in Business Administration from the Darden School of Business, University of Virginia and a B.A. from Rhodes College.

MS. MAVIRA **TAHIR**

Non Executive Director

Ms. Mavira Tahir, a self-motivated and dynamic professional brings on board more than 12 years of diverse professional exposure. She has attained a degree in Health Administration from Canada and has successfully completed several research projects throughout her academic and professional tenure in Canada. Project management, budget development & monitoring, fiscal operations, trainings are her key areas of execution with precision and cost controls.

As a thorough professional, Ms. Tahir believes in time management, creativity and team building as pillar of individual as well as team success. She is a passion driven professional and emphasizes more in team development and mentoring as key attributes for a leader to inspire people and remain successful. Her philosophy "there is no substitute for hard work" has led her to succeed in various leadership and project management roles in Canada.

MR. JI WON **PARK**

Non Executive Director

Mr. Ji Won Park holds a Bachelor's degree in Chemical Engineering and is the Vice President & Head of Lubricants Global Business Division at SK Lubricants(SKL hereafter). He is a great expert in global business not only about finished lubricants products but also about Base oil. Mr. Park's deep knowledge about lubricants products enriches his insights about marketing & sales, including focus on quality and strategy. Additionally, his job career covers almost all work areas without any border. He has served in multiple functions ranging from Technical Service(1991~2000) and Base Oil Overseas Marketing & Sales(2001~2005) to assisting the CEO of SK Innovation(2006~2009) as Secretary Staff. Preparing himself to be a professional marketer, Mr. Park further invested his enthusiasm in expanding SKL's sales while serving as the Managing Director of SKL's Europe Branch(2010~2013), Team Leader of Lubricants Global Marketing Team(2014~2018) and B2B Marketing Team(2018). With these verified qualifications, Mr. Park is now providing vast motivation and keen insights to the entire SKL Lubricants Global Business Division.

MR. MUHAMMAD **TABASSUM MUNIR**

Independent Director

Mr. M. Tabassum Munir has worked for more than three decades, as Member Lahore Stock Exchange, till January 15, 2014. He also served as its Vice President. He was also Member Pakistan Mercantile Exchange. He has served as director of Annoor Textile Mills Ltd from 1987 to 1989. He has been serving as a member of the Board of Directors at M/s Synthetic Products Enterprises Limited (SPEL) for the last four years.

His skills of working, managing and participating in all-inclusive Capital Market and its infrastructural development matters, were widely acknowledged. He has participated in numerous seminars, roundtables, conferences, workshops, et al. and has gained useful domain knowledge and experience. It has strengthened his dedicated role and capacity in the management of finance.

DR. SAFDAR **ALI BUTT**

Independent Director

Dr. Safdar Ali Butt is a financial expert, an experienced corporate official, an academician and an entrepreneur. He holds a master's degree from Karachi University and a doctorate in financial management from Canada. He is a member of several professional bodies in Accounting, Finance and Management. He has also completed Directors' Education program of Pakistan Institute of Corporate Governance.

Dr. Butt worked in senior financial positions with multinational companies overseas like Johnson & Johnson and Caltex Oil Corporation. He has worked as Director Finance / CFO with Army Welfare Trust, and served on the boards of directors of Askari Bank, Askari Leasing, Askari General Insurance, Askari Cement and several other companies functioning under AWT's ambit. He also served as a director of Bank of Azad Jammu & Kashmir as a nominee of AJK government. He is currently chairman of Pak Agro Packaging Private Ltd., a company engaged in manufacture of agricultural support products.

Dr. Butt spent 24 years in academics with institutions of higher learning in Pakistan and abroad. He retired as Professor Emeritus of Finance & Corporate Governance from Capital University of Science & Technology, Islamabad in January 2018. He has authored 36 books on various business related subjects of which 8 were published from UK, 19 from Kenya and 9 from Pakistan. His latest book is A Handbook for Company Directors in Pakistan. In addition, he has published over a hundred articles and research papers on finance, corporate governance and management related issues.

MR. SYED **ASAD HUSSAIN**

Independent Director

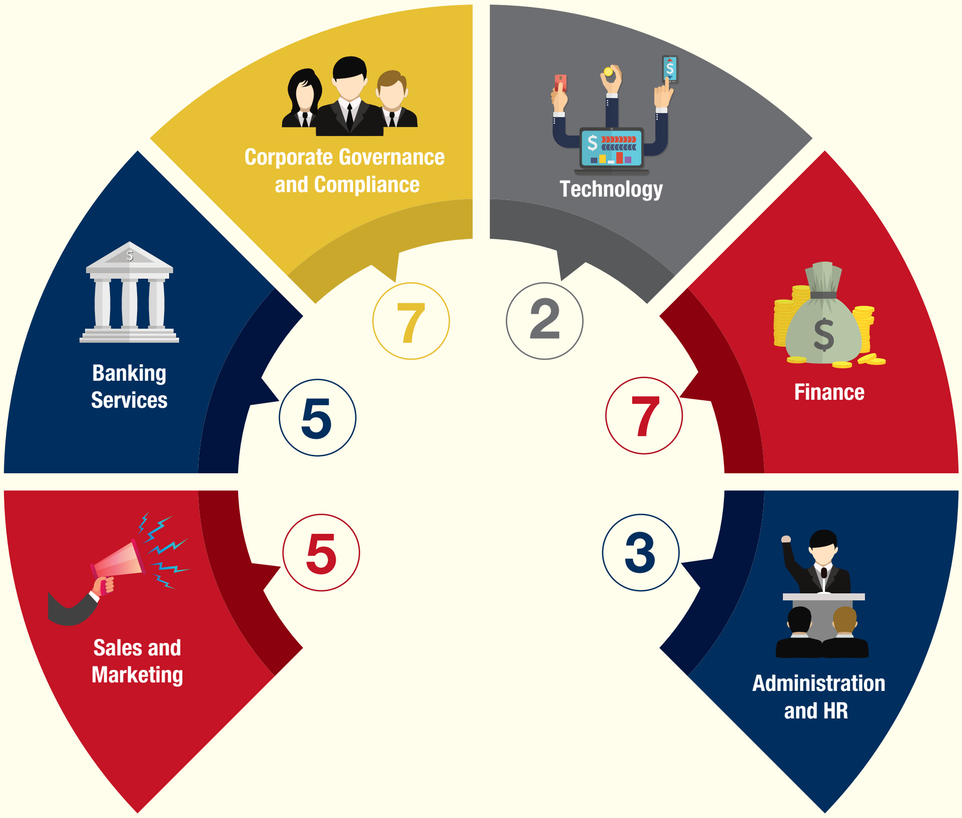
Syed Asad Hussain holds the position of Senior Vice President for The UK Pakistan Chamber of Commerce. UKPCCI was formed in 1979 and is the only chamber of commerce in the UK that is recognised by the government of the United Kingdom and Pakistan. UKPCCI promotes trade and connects businesses between the two nations, along doing so has become the voice of overseas Pakistani Business Community. Furthermore, hosts and assists all the chambers of Pakistan when visiting the United Kingdom. www.ukpcci.net

Born and educated in the United Kingdom, Mr Asad is a self-motivated entrepreneur with over 25 years' experience within the IT Sector, specialising in routes to market via Retail and Ecommerce, as well as providing IT managed services.

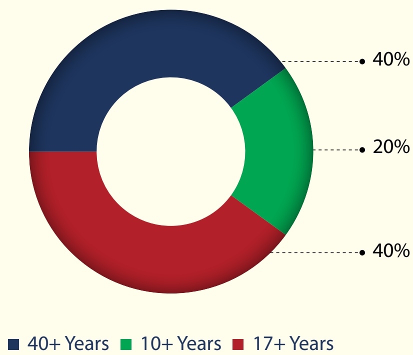
Co-Founder and Sales / Marketing Director for Retail Direct Group incorporating Laptop Outlet, Shop Retail Direct, Only Deals, MaxCom Solutions and Fredo's LDN, employ a strong team of 100 plus staff within the Group and have offices in the United Kingdom, Bulgaria and Pakistan.

BOARD'S **PROFILE**

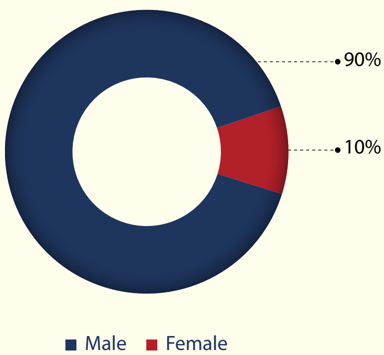
AREAS OF **EXPERTISE**



BOARD ANALYSIS
EXPERIENCE



BOARD ANALYSIS
GENDER



ROLE OF **THE CHAIRMAN**

Chairman of the HTL's Board is responsible for providing effective leadership to the Board particularly during Board and shareholders meetings. The Chairman conducts the Board meeting and has the responsibility to lead the Board and ensure its effective functioning and continuous development. He creates the conditions and environment conducive for overall effectiveness of the Board and encourages the contribution of executive, nonexecutive, and independent directors in carrying out the Board's business in line with applicable laws, rules and regulations.

ROLE OF **THE CEO**

The CEO of the Company is responsible for the management of the Company, in accordance with all statutory obligations and subject to the oversight and directions of the Board. He is responsible for management of the Company's core businesses and affairs by ensuring that the executive team implements the policies and strategies approved by the Board. He keeps the Board updated on significant and sensitive issues that might affect the Company. He ensures that operational plans and control systems are in place and regularly monitors actual performance against plans and takes necessary measures.

IMPLEMENTATION OF GOVERNANCE PRACTICES EXCEEDING **THE LEGAL REQUIREMENTS**

Hi-Tech Lubricants Limited aspires to the highest standards of corporate governance and seeks to consistently enhance and improve corporate governance performance, emphasizing transparency and embedding a sustainable culture of long-term value creation.

HTL has a well-defined whistle blowing policy to ensure that it conducts business lawfully, ethically, and with integrity. The prime objective is to encourage employees and professional associates of the Company to formally bring to the notice of an appropriate official their concerns about or knowledge of an actual or suspected wrongdoing noticed by them. Proper code of conduct articulates the values the organization wishes to foster in leaders and employees and, in doing so, defines desired behavior. Proper benchmarking is carried out at regular intervals to identify and eliminate any redundant practices.

FORMAL ORIENTATION **AT INDUCTION**

At the time of joining the Board, newly co-opted directors were provided with an orientation pack comprising of Companies Act, 2017, Securities Act, 2015, Rulebook of Pakistan Stock Exchange Ltd., Listed Companies (Code of Corporate Governance) Regulations, 2017, HTL's Policy for Directors Remuneration and Memorandum and Articles of Association through an email from the Chairman of the Board.

DETAILS OF BOARD MEETINGS HELD OUTSIDE **PAKISTAN DURING THE YEAR**

No Board meeting of HTL's Directors was held outside Pakistan during the year 2019.

PRESENCE OF THE CHAIRMAN **OF THE AUDIT COMMITTEE AT AGM**

Our respected Chairman of the audit committee, Mr. Muhammad Tabassum Munir, was present at the 10th Annual General Meeting (AGM) to answer the questions of the shareholders on audit committee's activities and matters within the scope of the audit committee's responsibilities.

STATEMENT ON **MANAGEMENT RESPONSIBILITY**

HTL's management is responsible for the preparation and presentation of the financial statements.

CHAIRMAN'S **REVIEW**

The previous financial year was remarkable for our country and its economy. Almost all the significant economic indicators went through a major upheaval. Three main factors, namely drastic devaluation of Pak rupee, rampant inflation, and substantial increase in interest rates led to deterioration in demand for goods and services. In turn, this significantly lowered the pace of industrial progress. In particular, the energy sector of the economy was hardest hit. Most companies in this sector have recorded a drop in revenue and earnings, many going into red after several years of sustained profits. Your company has faced these challenges with meticulous planning, attention to the real causes of the problem, keeping the staff and customers meaningfully involved and retaining the market's confidence in our product. Despite the hardships, the company succeeded in enhancing its brand equity and establishing itself as one of the most respected providers of quality lubricant products.

FINANCIAL **PERFORMANCE**

Despite the decline in macro-economic factors, your company succeeded in recording a 9.1% growth in gross sales revenue from Rs 11.5 billion to Rs 12.6 billion. The EPS, however, has declined due to shrinkage in demand, fiercely competitive market environment and inevitable absorption of overheads relating to our up-coming oil marketing project. Considerable costs, both capital and revenue in nature, are being incurred but the revenue stream has not yet started flowing in. It is a matter of satisfaction that despite difficult circumstances, your company was still able to record a positive EPS on a consolidated basis.

OPERATIONAL **REVIEW**

While the normal operations of the Company continued to show improvement in quality of products and services offered by us, we are also expending a lot of effort and capital in establishment of the oil and marketing division. In this regard the following milestones have been achieved:

a. Sahiwal Depot has been completed, its inspection has been carried out by OGRA.
b. Work has commenced on construction of Nowshera KPK Depot. Applications for various NOCs required have been prepared and many have been formally lodged. It is hoped that construction will be completed by November 2019.
c. Requirements for membership of OCAC have been met and an application lodged.
d. MOU with National Refinery Ltd for product supplies has been signed.
e. Supply consent letters have been obtained and signing of formal Supply Agreement(s) will be achieved soon.
f. Once our application for membership of OCAC is approved by its board, we will be ready for award of IFEM membership by OGRA, for which all other requirements have already been met.
g. Hospitality agreements are under preparation with various oil companies.
h. Work in under way to complete general requirements posted by PARCO for eligibility for Pipeline Agreement.
i. Agreements have been finalized for establishing 26. retail petrol stations in different parts of Punjab. We hope to open the first retail outlet by mid November 2019.
j. Signage designs have been finalized for retail outlets. Arrangements are in place for getting necessary equipment like dispensing units with our designated signage.
k. Practical plans have been drawn to ensure sustained supply of products from local refineries and imports (where necessary).

Our Blending Plant (a wholly owned subsidiary of your Company) has performed excellently during the year. Its output in volume terms has increased by 17% while the number of product items being blended has risen to 2.4 million liters. Management has ensured adherence to highest quality standards. Your Company incurred a total capital expenditure of Rs. 282.6 million during the year under review.

BOARD PERFORMANCE **AND OPERATIONS**

The Board of your company has been assigned the role and responsibilities as defined by the Code of Corporate Governance and the Companies Act 2017, briefly enumerated below:

- Performance of fiduciary and statutory duties with a sense of objective judgment and in good faith, in the best interest of the company and its stakeholders.
- Maintenance of high corporate governance standards, including governance of risk management.
- Adherence to the Company objectives, vision and mission.
- Performance of specific tasks as outlined in Sec 10(3) of Code of Corporate Governance.

Essentially, your Board performs only the oversight, advisory and control functions as prescribed by the aforesaid two documents. It does not involve itself in operational matters – but oversees the work of all executives (including the executive directors) through well designed internal control systems that include professionally prepared procedure manuals and an externally performed internal audit function. Board has formed three important committees that assist it in the oversight and control functions: these are Audit Committee, Human Resources and Remunerations Committee and Risk Management Committee. In addition, a detailed schedule of Delegation of Authorities and Powers has been prepared and approved by the Board for ensuring effective and efficient managerial processes. The Board itself and its committees meet very frequently, and there is interaction with senior management on regular but formal basis. The Company also has a well-managed Whistle Blowing Policy in place under the guidance of the Board.

In the year under review, your Board focused on extracting peak performance from the segments of the company, leading to minimizing the impact of adverse economic conditions and inflationary trends, as well as improvement in qualitative growth. Due to the leadership provided by your Board, and the outstanding efforts of our executive management, your Company won the coveted second position in ICAP/SAFA Best Presented Annual Reports Competition.

Your board is fully aware of the challenges faced by your Company as well the country's economy; and has therefore carefully invested in improving the skill and motivational levels of company's employees. We have full confidence that your Company will keep growing steadily and overcome all difficulties that may arise in our path to progress.

- Composition and quality of membership
- Processes and procedures adopted by the committee
- Understanding of its role and its significance for the Company
- Frequency of meetings and attendance thereof
- Quality of recommendations made to the Board
- Ethics and compliance to regulations

Meticulously designed formal performance evaluation system has revealed very encouraging results depicting the high quality of knowledge and skills held by Board members, Chief Executive, Chairman and its Committees'.

END **NOTE**

Our country is going through difficult times. It requires a display of dedication and patience from all our citizens to meet the socio-economic challenges. Your Company is committed to playing its constructive role in the development of energy sector. The results achieved by your Company despite these difficulties are due to the selfless leadership provided by the Board, the admirable efforts and dedication of management and immense hard work of all our employees. My sincere thanks are due to all of them.

MR. SHAUKAT HASSAN
Chairman

BOARD **COMMITTEES**

AUDIT **COMMITTEE OF THE BOARD**

Sr. No.	NAMES	POSITIONS IN THE COMMITTEE	MONTH OF JOINING THE COMMITTEE	STATUS IN THE COMPANY
1	Mr. Muhammad Tabassum Munir	Chairman/Member	Since Reconstitution of the Committee on 26 October 2018	Independent Director
2	Dr. Safdar Ali Butt	Member		Independent Director
3	Mr. Shaukat Hassan	Member		Non-Executive Director
4	Mr. Tahir Azam	Member		Non-Executive Director
5	Mr. Faraz Akhtar Zaidi	Member		Non-Executive Director

HUMAN RESOURCES & REMUNERATION **COMMITTEE OF THE BOARD**

Sr. No.	NAMES	POSITIONS IN THE COMMITTEE	MONTH OF JOINING THE COMMITTEE	STATUS IN THE COMPANY
1	Dr. Safdar Ali Butt	Chairman/Member	Since Reconstitution of the Committee on 26 October 2018	Independent Director
2	Mr. Shaukat Hassan	Member		Non-Executive Director
3	Ms. Mavira Tahir	Member		Non-Executive Director
4	Mr. Tahir Azam	Member		Non-Executive Director

INVESTMENT **COMMITTEE OF THE BOARD**

Sr. No.	NAMES	POSITIONS IN THE COMMITTEE	MONTH OF JOINING THE COMMITTEE	STATUS IN THE COMPANY
1	Mr. Shaukat Hassan	Chairman/Member	Since Reconstitution of the Committee on 26 October 2018	Non-Executive Director
2	Mr. Tahir Azam	Member		Non-Executive Director
3	Mr. Hassan Tahir	Member		CEO/Executive Director
4	Mr. Muhammad Ali Hassan	Member		Executive Director
5	Mr. Faraz Akhtar Zaidi	Member		Non-Executive Director
6	Mr. Muhammad Imran	Member		Chief Financial Officer
7	Mr. Shahzad Sohail	Member		General Manager Supply Chain

RISK MANAGEMENT **COMMITTEE OF THE BOARD**

Sr. No.	NAMES	POSITIONS IN THE COMMITTEE	MONTH OF JOINING THE COMMITTEE	STATUS IN THE COMPANY
1	Mr. Faraz Akhtar Zaidi	Chairman/Member	Since Reconstitution of the Committee on 7 February 2019	Non-Executive Director
2	Ms. Mavira Tahir	Member		Non-Executive Director
3	Mr. Muhammad Tabassum Munir	Member		Independent Director

all the members attended all the 3 out of 3 meetings held during the year.

CORPORATE SOCIAL RESPONSIBILITY **COMMITTEE OF THE BOARD**

Sr. No.	NAMES	POSITIONS IN THE COMMITTEE	MONTH OF JOINING THE COMMITTEE	STATUS IN THE COMPANY
1	Mr. Shaukat Hassan	Chairman/Member	Since Reconstitution of the Committee on 26 October 2018	Non-Executive Director
2	Mr. Tahir Azam	Member		Non-Executive Director
3	Mr. Hassan Tahir	Member		CEO/Executive Director
4	Mr. Muhammad Ali Hassan	Member		Executive Director
5	Mrs. Sana Sabir	Member		Director of HTBL
6	Ms. Mavira Tahir	Member		Non-Executive Director

Every member attended one out of the one meeting of CSR committee except Mrs. Sana Sabir.

SALIENT FEATURES **OF TOR'S**

AUDIT **COMMITTEE OF THE BOARD**

- Reviewing the effectiveness of internal controls
- Identifying, assessing and reporting of various risks to the Board
- Monitoring the integrity of financial information
- Reviewing Internal and external audit reports, and where necessary recommending appropriate action
- Overseeing compliance with applicable laws relating to Company's operations
- Ensuring conformity of management decisions with the Company objectives
- Examining related party transactions to ensure their probity.
- Assessing accounting estimates, going concern assumption, changes in accounting policies and compliance with accounting standards
- Making recommendation on external auditors' appointment based on independence, integrity and satisfactory rating with ICAP.

HUMAN RESOURCES & REMUNERATION **COMMITTEE OF THE BOARD**

- leading the process for board appointments, identifying and assessing candidates who are qualified for election of directors;
- recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors) and members of senior management;
- undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant;
- recommending human resource management policies to the board;
- recommending to the board the selection, evaluation, development, compensation (including retirement benefits) and succession planning of the chief executive officer, chief financial officer, company secretary and head of internal audit;
  - Ensuring appropriate mechanisms are in place regarding succession planning for the board members and all senior managers including CEO, CFO, Company Secretary, Internal Auditor, executive management;
  - Reviewing corporate goals & objectives relevant to the human resources of the company.
  - Overseeing the selection of any benchmark group used in determining compensation or any element of compensation and reviewing the same;
  - Overseeing the identification and management of risks associated with the corporation's compensation policies and practices;
  - Reviewing and making recommendations to the Board for approval relating to the development of new or revised salary structures and incentive plans;
  - Forming sub-committees or selecting an independent HR consultant(s) to advise the committee, when appropriate;
  - Formulating and reviewing, on a regular basis, the management and staff training plans, and reporting to the board on potential risks or gaps in resources;
  - Annually reviewing the employee engagement initiatives;
  - Annually reviewing the organizational structure, Health & Safety Procedures, Code of Conduct & Ethics, management succession plan and all other related documents, and apprising the Board there-on.
  - To design an Internal Whistle-blowing Policy for approval by the Board of Directors; to draw up procedures related thereto and to oversee the effective implementation of such procedures. The Board shall decide as to who shall be designated for initial receipt of all internal whistle-blowing intimations.

INVESTMENT **COMMITTEE OF THE BOARD**

- Setting investment and risk mitigating policies and guidelines.
- Making decisions regarding investment and divestment in line with the objective of the policy and ensuring consistency with the policy documents and conditions.
- Record and sign its decisions along with rationale and objective for buying or selling each security and highlighting the limits including price, quantity etc. for each investment.

- Maintaining minutes and proper record of Committee meetings and investment/divestment decisions.
- Ensure that investment decisions are implemented with due care, diligence and in an ethical manner.
- Reviewing the performance of the Investments on a regular and timely basis.
- Reviewing the financial risk that includes currency risk, other price risk of financial instruments, interest rate risk, credit risk and liquidity risk on a regular and timely basis.

RISK MANAGEMENT **COMMITTEE OF THE BOARD**

- Monitoring and review of all material controls (financial, operational, compliance);
- Risk mitigation measures are robust and integrity of financial information is ensured; and
- Appropriate extent of disclosure of company's risk framework and internal control system in Directors' report.
- Recommend the risk profile and risk appetite for the Company for approval by the Board;
- Recommend the Governance and Risk Management Policy for approval by the Board;
- Recommend to the Board and oversee the process developed by management to identify principal risks, evaluate their potential impact, and implement appropriate systems to manage such risks;
- Make recommendations to the Board as to the exposure limits and risk-taking authority to be delegated by the Board, to the CEO and executive management;
- Receive reports from management concerning the risk implications of new and emerging risks, organizational change and major initiatives, in order to monitor them;
- With respect to specific categories of risk, review, from time to time, principles, policies, limits, standards, guidelines, management committee mandates and other significant procedures established by management;
- Review issues raised by the CEO, Executive Director, Chief Financial Officer, External Auditors, Company Secretary or Internal Auditors that impact the risk management framework or the Group's risk management;
- Review and make recommendations to the Board on draft statutory statements covering governance and risk management issues in accordance with the requirements of regulators; and
- Direct any special investigations deemed necessary, and engage and consult independent experts where considered necessary or desirable to carry out its duties and rely on the advice of such experts.

CORPORATE SOCIAL RESPONSIBILITY **COMMITTEE OF THE BOARD**

- Building sustainable, evolving, dynamic models of social & economic infrastructure through Corporate Social Responsibility (CSR) Programs independently as well as in partnership with government & non-government bodies including other stakeholders at national, regional, district, village or block level.
- Providing services and solutions to address social issues with highest social priority for the poor, marginalized and under privileged in line with the business philosophy of providing affordable medicines for most prevalent disease.
- Planning and executing the programs that would benefit the communities in and around its work-sites e.g. plant locations in order to enhance the quality of life of the community in general and the poor in particular.
- Building, nurturing and reinforcing identity of the Company as a socially and ethically responsible corporate entity through its CSR initiatives for benefit of diverse stakeholders in the society.
- Carrying out activities that would create increased happiness and empowerment of the stakeholders.
- Acting as a catalyst through direct intervention and social investment to address the immediate needs of the poor as well as long term development concern.
- Responding to natural disasters, calamities at global as well as national level in the areas of operations to provide relief, reconstruction and rehabilitation support as and when required.
- Setting up sustainable CSR Programs for the long term welfare of the nation.
- Ensuring that all the relevant provisions of Code of Corporate Governance as well as CCGR are complied with in so far as they relate to CSR and disclosure of CSR activities.
- To advise the Board on all CSR related issues and to prepare a draft of Annual CSR Report for consideration/approval by the Board and inclusion in Company's Annual Report.
- SRC will formulate, review, revise and update HTL's CSR Policy, which will be approved by the Board of the Company. CSRC will suggest strategies and focus areas of intervention and operation to the Board as per requirement.
- CSR Committee initiates internal process to develop an Annual Action Plan in consultation with the implementing bodies to develop CSR plan and modify the same after Board review and approval.

COMPANY **POLICIES**

CORPORATE SOCIAL **RESPONSIBILITY**

HTLL's sustainability and CSR policy shows the commitment of the company towards the well-being of the society. The company's sustainability and CSR policy is in line with SECP's CSR Voluntary Guidelines 2013 and Companies Act 2017. The main purpose of this policy is to give a direction to the company at all levels that how can it contributes in the betterment of the society in which it operates. This policy of the company revolves around the three main areas of the social interest that includes Education, Environment and Healthcare. Overall company's strategies are made by considering all these important factors. HTL is bestowed by various awards in recognition of its extra ordinary efforts towards improving the lives of the people. HTL has adopted the standards introduced by United Nation Global Compact (UNGC) and also got certified from it. On effective compliance of the guidelines, HTL is awarded a first prize from UNGC.

SOCIAL AND ENVIRONMENTAL **RESPONSIBILITY**

The main objective of this policy is to ensure that HTL's business operations and activities will not have adverse effects on the society as well as the environment in which it operates. Having a social and environmental policy in hand makes the HTL responsible to comply with all legislations and other requirements that is associated with its business operations and activities. HTL is committed to sponsor social welfare programs and to work for greener Pakistan initiative to avoid environmental pollution

TRANSACTIONS WITH **RELATED PARTY**

The purpose of this policy is to ensure the proper approval and reporting of transactions between the company and its related parties, subsidiary and associated undertakings by following the guidelines of Companies Act 2017, Code and any other relevant law, if any. The policy enumerates identification and disclosure mechanism. The nature of the transactio ns that take place between HTL and related parties includes but not limited to sale, purchase or supply of any goods or materials, selling or otherwise disposing of, or buying, property of any kind, leasing of property of any kind, availing or rendering of any services, appointment of any agent for purchase or sale of goods, materials, services or property and such related party's appointment to any office or place of profit in the company, its subsidiary company or associated company. In cases where company has entered in any transaction with related party disclosures are required to be made, that includes but not limited to, in respect of name of company or undertaking, nature and amount of transaction, method used for transaction and arm's length.

SAFETY OF **RECORDS**

HTL has devised an effective policy for the safety of records, which ensures the security of all physical and electronic data / record by including access controls besides 'real-time' on-site and remote backup of all data. The purpose of the policy is to ensure the preservation of Company records of significant or permanent value for periods exceeding the legally stipulated timeframe in an efficient, secure and easy to retrieve manner either physically or in electronic format or both. Our IT department is responsible for back-ups of all the electronic records. Proper SOP's are also in place for complete guidelines.

CONFLICT OF **INTEREST**

Conflict of Interest Policy has been developed to inform members of the Board of their principal legal obligations to HTL and to provide a method for identification, disclosure and resolution of potential conflicts of interest under the guidelines, if any, of Companies Act, 2017, the Article of Association of the company, other relevant laws and best practices. This policy also aims to provide a framework for all Board Members to disclose actual and perceived conflicts of interest. It provides guidance on what constitutes a Conflict of Interest and how it will be managed and monitored by HTL. The Board encourages directors to resolve any issues or concerns at the earliest opportunity. While some conflicts will be resolved by an informal discussion between the parties, others will need a process for successful resolution.

SECURITY CLEARANCE **OF FOREIGN DIRECTORS**

HTL's Board has defined the complete procedure for the appointment and security clearance of any foreign national as a member of the Board. As per the policy, Company secretory is responsible for all the matters regarding security clearance of foreign director. Company Secretory files all the required forms, declarations, certified undertaking and other particulars to the SECP for clearance from the relevant Govt. Agencies.

INFORMATION TECHNOLOGY (IT) **GOVERNANCE**

Our IT Governance Policy delineates guidelines to ensure the effective input and decision making for achieving the organizational goals. Due to importance of IT in HTL, CEO directly oversees IT governance and input on strategic alignment, value delivery and resource management. Board oversees investment and risk regarding IT through Investment Committee (IC) and Risk Management Committee (RMC) respectively.

IT governance policy includes following key aspects:

- Data security
- Data storage and backup
- Availability of data in a manner to ensure informed decision making
- Ensuring safety of IT assets and resources
- Promoting transparency, accountability and governance
- Alignment of IT objectives with the corporate strategy

WHISTLE **BLOWING**

HTL have a properly documented and implemented whistle blowing policy to ensure doing the business lawfully, ethically and with integrity. The prime objective of the formulation of this Whistle-blowing Policy (WBP) is to encourage employees and professional associates of the Company to formally bring to the notice of an appropriate official their concerns about or knowledge of an actual or suspected wrongdoing noticed by them. No whistle-blower is subjected to any harassment or victimization (including informal pressures). If however, an allegation is made frivolously, maliciously or for personal gain, it will be treated as a breach of discipline and dealt with in accordance with applicable rules.

Due to strong governance and sound ethical practices, no instance of whistle blowing was witnessed at HTL.

DIVERSITY

To ensure the diversity at HTL's Board, a female, Ms. Mavira Tahir, has been appointed as non-executive director. Diversity at Hi-Tech Lubricants Limited is about commitment to equality and the treatment of all individuals with respect. HTL is dedicated to growing a rich culture, diverse workforce and a work environment in which every employee is treated fairly, respected and has the opportunity to contribute to business success, while being given the opportunities to realize their full potential as individuals. HTL Further ensures that employment and employee development decisions are purely objective and encourages every individual to feel important part of the organization. Our purpose is to ensure a diverse workplace where all the people are encouraged to perform at a significant level irrespective of the following characteristics;

- age;
- disability;
- gender;
- marital status;
- maternity and other medical conditions;
- race (includes color,cast, nationality and ethnic origins);
- religion and or belief;
- physical appearance;

STAKEHOLDERS **ENGAGEMENT**

Hi-Tech Lubricants Limited ("HTL") is committed at all times to disclose and distribute all the information to the public in full and in a timely and accurate manner, in accordance with the listing rules stipulated by the Pakistan Stock Exchange ("PSX"), as well as the Securities and Exchange Commission of Pakistan ("SECP").

All disclosures and announcements submitted to the PSX via SECP will be made available on the Company's Investors Relations website. In the unlikely event when information previously undisclosed were made known to the public, the Company will promptly announce the related appropriate information to the public through PSX and the corporate website.

Convey all the essential and relevant disclosure and information to shareholders and other prospective investors in a balanced, effective, accurate, timely and plain language.

The Company will only communicate through our officially nominated spokespersons, which will also maintain and conduct regular dialogue sessions with shareholders to seek and understand their views, as well as to answer queries made by the investors or media.

COMMUNICATION **CHANNELS**

- AGM (Annual General Meeting) and EGM (Extraordinary General Meeting) if applicable;
- Financial results presentation slides and financial results on a quarterly basis;
- Presentation to media and analysts' on half-year and full-year financial results,
- Other individual or group meetings, conference calls, investor luncheons, road shows and conferences local/overseas;
- Publications and circulars, such as annual reports, press releases and statements of major developments, or explanatory notes will be available on the corporate website;
- Corporate website address (www.hitechlubricants.com)
- Shareholders and prospective investors can contact the Company's investor relations team at 111-645- 942 or by emailing to info@masgroup.org

INVESTOR'S **GRIEVANCE**

The objective of this policy is to ensure that queries, complaints and grievances lodged/notified by public shareholders (the "Investors") are responded promptly, handled efficiently and resolved within reasonable possible time at an appropriate level. Corporate Compliance Department is responsible for supervising all the queries, complaints and grievances of Investors.

POINT OF **CONTACTS**

- All the Investors of HTL are required to contact company's Independent Share Registrar at Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahra-e- Faisal, Karachi-74400 OR at info@cdcpak.com.pk OR at 021 111 111 500;

- Alternatively, Investors of HTL may also contact either calling at HTL's landline at 042 111 645 642 or by emailing at info@masgroup.org

- All the Queries/Complaints/Grievances of Investors of HTL received either by CDC-Share Registrar or at HTL's registered office are responded timely, handled on priority basis and resolved within the timelines specified in the Company's Policy.

HUMAN **RESOURCE**

HIRING

The objective of this policy is aimed at, and committed to, building and maintaining a diverse workforce with high standards and expectations for excellence. The Hi-Tech Lubricants Limited is an equal opportunity employer and seeks to employ individuals based upon their qualifications, experience, and ability to perform the position responsibilities. All applicants can expect a fair and completed evaluation of their application.

EMPLOYEE HEALTH **& MATERNITY**

Hi Tech Lubricants Limited provides health insurance policy to all its employees for medical reimbursement in case of outpatient as well as emergency treatment along with the employee's dependents. The maternity care is also covered by the company as per pre-defined limits for each employee level.

LEARNING & **DEVELOPMENT**

The aim of the Learning and Development policy is to provide the framework for comprehensive training and development opportunities for all employees within the company. The purpose of this policy is to ensure following;

- High standards of work performance;
- Greater understanding and appreciation of factors affecting work performance;
- Sharing ideas and dissemination of good practice;
- Effective management and implementation of change;
- Building strong and effective teams;
- Increased motivation and job satisfaction for individuals;
- Professional development.

JOB **ROTATION**

The purpose of this policy is to emphasize that the company will exercise its discretion in transferring employees to other department/location or rotate them to other jobs within the organization in order to fulfill some specific operational conditions/ requirements while keeping their future career progression in mind.

The policy mainly focuses upon achieving the following:

- To exercise flexibility of employment at inter & intra department and at cross functional level;
- To have additional trained management work force available;
- To facilitate and ensure smooth transition for employees earmarked to assume high level position.

PERFORMANCE **MANAGEMENT**

Performance management system is widely recognised as a bedrock policy upon which rests all other various functional activities and procedures. Hence, a well-designed performance management system helps us to attract, nurture, retain and develop human resource potentials of an organization.

Performance appraisal system is an integral part of the overall performance management system of HTL, which creates favorable and enabling circumstances for inculcating fairness, internal & external equity and above all increasing employee motivation and job satisfaction.

SUCCESSION **PLANNING**

Succession planning is the Company strategic, systematic and deliberate activity that will ensure the availability and sustainability of a supply of capable employees that are ready to assume key or critical organizational roles as they become available within the company.

Succession planning entails development of high potential employees to become business leaders in future. HTL firmly believes in the growth of its employees and continuously focuses on the development of its existing talent.

REPORT OF THE **BOARD AUDIT COMMITTEE**

The Board Audit Committee (BAC) of Hi-Tech Lubricants Limited ("the Company") is pleased to present its report for the year ended 30 June 2019. BAC is governed by the mandate given to it vide Listed Companies (Code of Corporate Governance) Regulations, 2017 and by the Board of Directors. BAC assists Board in scrutinizing the financial and non-financial information and maintaining an independent check on performance of the management. It also provides a helping hand to Board in internal controls, compliance and governance matters.

		No.of meetings attended during the Financial Year
Mr. Muhammad Tabassum Munir Independent Director	Chairman / Member	5
Dr. Safdar Ali Butt Independent Director	Member	5
Mr. Shaukat Hassan Non-Executive Director	Member	5
Mr. Tahir Azam Non-Executive Director	Member	4
Mr. Faraz Akhtar Zaidi Non-Executive Director	Member	5

All the members have extensive knowledge and experience in the field of finance, accounting, internal controls, financial reporting and compliance.

The terms of reference of BAC are defined and regularly reviewed by the Board. The salient features of which are stated below:

- Reviewing the effectiveness of internal controls.
- Reviewing the integrity of financial information.
- Reviewing Internal and external audit reports, and where necessary recommending appropriate action.
- Overseeing compliance with applicable laws relating to Company's operations.
- Overseeing conformity of management decisions with the Company objectives.
- Reviewing related party transactions to ensure their probity.
- Assessing accounting estimates, going concern assumption, changes in accounting policies and compliance with accounting standards.
- Making recommendation on external auditors' appointment based on independence, integrity and satisfactory rating with ICAP.

During financial year 2018-19, BAC held five meetings, including one mandatory meeting in every quarter of the financial year, with meaningful participation of all the members. CFO and internal auditors were regularly invited to the meetings for explanation / elaboration on accounts and other relevant issues. BAC also met external and internal auditors independently during the year. Based on reviews and discussions in the meetings, BAC reports that:

1. The Company had adhered, without any material departure, with both the mandatory and voluntary provisions of the Code of Corporate Governance, Company's Act 2017 and Company's own code of conduct and values, throughout the year.

2. All the consolidated and unconsolidated periodic financial statements of the Company were critically reviewed by the BAC, and their approval was recommended to the Board with observations / comments and / or suggestions, where deemed necessary.

3. Appropriate accounting policies had been consistently applied. Applicable International Financial Reporting Standards were followed in preparation of financial statements of the Company on a going concern basis, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company.

4. The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017, and applicable International Financial Reporting Standards as notified by SECP.

5. The Chief Executive Officer and the Chief Financial Officer had signed the financial statements of the Company, acknowledging their responsibilities connected thereto.

6. Accounting estimates were based on reasonable and prudent judgement.

7. BAC had reviewed, along with the external auditors, the Company's "Statement of Compliance with Code of Corporate Governance".

8. BAC had reviewed and, where appropriate, made recommendations for the approval of related party transactions to the Board.

9. BAC had reviewed the compliance with code of conduct and company policies by the Board, the management and employees of the Company and found it satisfactory.

10. Coordination between the External and Internal Auditors was facilitated to enhance effectiveness of internal controls, ensure operational efficiency and contribution to the Company's objectives.

11. BAC has devised and implemented a formal process for a meaningful evaluation of its own performance.

INTERNAL **AUDIT FUNCTION**

1. The Company has chosen to follow the definition of the role of internal audit function as prescribed by the Institute of Internal Auditors', USA. It states that Internal Audit function is an independent assurance and consulting activity, designed to add value and improve Company's operations. It helps the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of controls and governance processes.

2. The internal control framework has been effectively implemented

through an Internal Audit function established by the BAC which is independent of the External Auditors of the Company.

3. The Listed Companies (Code of Corporate Governance) Regulations, 2017 defines the mandate of internal audit function as well as the responsibilities of Head of Internal Audit.

4. In order to augment the capacity and effectiveness of the internal audit function of the Company and to ensure that internal audit function is utilizing the international best practices, an internal audit co-sourcing arrangement is in place with EY Ford Rhodes.

5. EY Ford Rhodes leverages on its international expertise in oil & gas sector while carrying out the internal audits of different segments of the company's operations. It is acknowledged that their recommendations have helped the Company in improving its performance in key areas of operation.

6. EY Ford Rhodes through its expertise in data analytics and business Intelligence, conducted descriptive and diagnostic analytics to provide management with data driven insights. Using advanced analytics, EY Ford Rhodes identified areas of strategic importance where improvements can be driven to achieve better business results.

7. The Internal Audit function has carried out its duties under the approved Terms of Reference (TORs) of BAC. BAC has reviewed material internal audit findings, making appropriate recommendations to the relevant operational managers, or bringing the matters to the Board's/ other Board Committees' attention where required.

8. Through the internal audit reports, BAC and the Board kept a regular watch on safeguarding of the assets of the Company and the shareholders' wealth at all levels within the Company.

9. BAC has also set up a formal mechanism to ensure compliance with the recommendations given by the BAC to the management of the Company. With every meeting, a compliance status of the recommendations was reviewed by the BAC and any deviations were explained by the management.

10. The annual internal audit cycle comprises of risk assessment, audit planning, audit execution, audit reporting, management action plan and monitoring.

11. BAC has ensured that Internal Audit function has adequate resources and is appropriately placed within the Company. Head of Internal Audit has direct access to the Chairman of the BAC and independently discusses with BAC the finding made by his department.

EXTERNAL **AUDIT**

1. As a part of company's own policy and the requirement of the Law, the External Auditors M/s Riaz Ahmad & Co. Chartered Accountants, were allowed direct access to the BAC and full opportunity for necessary coordination with internal auditors. Their findings, suggestions and recommendations were freely discussed with and by BAC.

2. BAC has reviewed and discussed audit observations and draft Management Letter with the External Auditors. Final Management Letter is required to be submitted within 45 days of the date of the Audit Report on financial statements under the Code of Corporate Governance and shall accordingly be discussed in the next BAC meeting.

3. Being eligible for reappointment as per Listed Companies (Code of Corporate Governance) Regulation, 2017, BAC has assessed the effectiveness of the external audit process and recommended the appointment of M/s Riaz Ahmad & Co. Chartered Accountants as External Auditors of the Company for the year ending June 30, 2020. The firm has been engaged as statutory auditors with HTL for the last 8 years and this is the 4th year as an external auditor of its engagement partner.

MUHAMMAD TABASSUM MUNIR
Chairman, Board's Audit Committee

REPORT OF THE HUMAN RESOURCE & **REMUNERATION COMMITTEE**

At HTLL, we consider our human resource as one of our most important assets. The Company's HRRC has been charged with all the responsibilities that are attributed to it by the latest version of Corporate Governance regulations as well as the Company's desire to ensure that our employees stay motivated and focused on the Company's vision of sustainable progress. HRRC is an advisory body whose TOR require it to perform the oversight function on all HR related issues and to formulate formal or informal recommendations and/or advice for the Board. I am pleased to confirm that this body has performed its tasks well as enumerated later in this report.

COMPOSITION OF HRRC

Membership of HRRC comprises of 4 board members, selected by the Board after carefully examining their competence and skill levels in light of the salient objectives of the Committee. All the members are seasoned professionals with high level of expertise and experience in their respective fields.

1	Dr. Safdar Ali Butt	Independent Director	Chairman	03 meetings attended
2	Mr. Shaukat Hassan	Non- Executive Director	Member	03 meetings attended
3	Mr. Tahir Azam	Non- Executive Director	Member	03 meetings attended
4	Ms. Mavira Tahir	Non- Executive Director	Member	02 meetings attended

The Head of HR function serves as a non-voting member and secretary to the HRRC.

SIGNIFICANT DELIBERATIONS OF HRRC

During the year, HRRC achieved the following:

a. Compliance with all the procedures, processes and structures as proposed by CCG/SECP and company's own policies and objectives.

b. Formulation of Company's annual calendar of HR related activities and oversight on its effective completion.

c. Review of Company's overall organizational structure and job grades.

d. Rationalization of office and working hours, including introduction of a 5 working days week. This has resulted in significant improvement in work morale and motivational levels.

e. Conduct of various training programs and workshops for different levels of staff.

f. Oversight of Company's social responsibilities ventures.

EMPLOYMENT POLICIES

The Company takes pride in its policy of being an Equal Employment Opportunity provider. It is committed to provide a work environment in which all individuals are treated with respect and dignity; and accordingly it encourages reporting of all perceived and actual incidents of discrimination or harassment. Procedures have been designed and implemented this purpose.

TRAINING AND DEVELOPMENT PROGRAMS

The following activities were initiated and completed by HRM Division under the guidance of HRRC:

a. Career Fairs were held in 4 universities including University of Management & Technology, University of Central Punjab, FAST National University, and Forman Christian College.

b. HTLL Internship Program that included induction of internees in all the departments of the company.

c. Conduct of

i. Future Leaders Workshop.

ii. Workplace Management Workshop – Administration

iii. Team Building & Leadership Workshop – HTL Express

iv. Effective Business Negotiations & Conflict Management Skills Workshop

v. Annual HRM Conference focused on Positive Energy: A Pathway to Peak Performance.

d. An exciting one-day Sports Gala was arranged for all Lahore based staff at Aleem Dar Cricket Academy on 24 Nov 18.

KEY PERFORMANCE INDICATORS

Some of the more important KPIs are enumerated below:

a.	Number of universities visited, and career fairs held in:	4
b.	Head Count	370
c.	Employee Turnover (at all levels)	< 20%
d.	Training programs conducted	4
e.	Number of persons trained	110
f.	Number of Employee Satisfaction Level Surveys conducted	2

SUPPORT TO THE BOARD

The HRRC provided its due support in Board Performance Exercise to the Board as well as the Chairman of the Company. This included the design of evaluation forms (with external help) as well as tabulation of the data collected. In addition, HRRC has made major interventions in the field of its competence and gained satisfactory review by the Board. The composition of members, and key objectives assigned to it, make this committee a significant component of Board's overall performance. All activities are planned through a structured Calendar of events and major policy initiatives. HRRC is focused on taking forward its contemporary practices to enable employees with their professional growth while ensuring a safe work environment. The future plans include comprehensive compensation & benefits review while ensuring adequate learning and growth opportunities for employees. Such initiatives have been incorporated in HR's Annual Strategy which is closely linked with overall business strategy of HTL for sustainable growth and profitability.

MEETINGS OF HRRC

The HRRC formally met thrice during the financial year as follows:

	Name	Position	Status	No of Meetings Attended
1	Dr. Safdar Ali Butt	Independent Director	Chairman	3
2	Mr. Shaukat Hassan	Non- Executive Director	Member	3
3	Mr. Tahir Azam	Non- Executive Director	Member	3
4	Ms. Mavira Tahir	Non- Executive Director	Member	2

DR. SAFDAR ALI BUTT
Chairman, Board's Human Resource & Remuneration Committee

STATEMENT OF **COMPLIANCE**

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

NAME OF COMPANY: **HI-TECH LUBRICANTS LIMITED**

YEAR ENDED: **JUNE 30, 2019**

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

1. The total number of directors are 10 as per the following:
   a) Male: 09
   b) Female: 01
2. The composition of board is as follows:
   a) Independent Directors: 03
      i. Mr. Muhammad Tabassum Munir
      ii. Mr. Safdar Ali Butt
      iii. Mr. Syed Asad Abbas Hussain
   b) Other Non-executive Directors: 05 as named hereunder
      i. Mr. Shaukat Hassan
      ii. Mr. Tahir Azam
      iii. Mr. Faraz Akhtar Zaidi
      iv. Ms. Mavira Tahir
      v. Mr. Moon Seek Park (Nominee SK Lubricants Co.Ltd)
   c) Executive Directors: 02 as named hereunder
      i. Mr. Hassan Tahir (CEO)
      ii. Mr. Muhammad Ali Hassan
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
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 meeting s 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 Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. All the directors have completed their directors' training program.
10. The board has approved appointment of 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. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
    a) Audit Committee (Name of members and Chairman)
       i. Mr. Muhammad Tabassum Munir (Independent Director and Chairman of board's Audit Committee)
       ii. Mr. Safdar Ali Butt (Independent Director and Member of board's Audit Committee)
       iii. Mr. Shaukat Hassan (Non-Executive Director and Member of board's Audit Committee)
       iv. Mr. Tahir Azam (Non-Executive Director and Member of board's Audit Committee)
       v. Mr. Faraz Akhtar Zaidi (Non-Executive Director and Member of board's Audit Committee)
    b) HR and Remuneration Committee (Name of members and Chairman)
       i. Mr. Safdar Ali Butt (Independent Director and Chairman of board's HR&R Committee)
       ii. Mr. Shaukat Hassan (Non-Executive Director and Member of board's HR&R Committee)
       iii. Mr. Tahir Azam (Non-Executive Director and Member of board's HR&R Committee)
       iv. Ms. Mavira Tahir (Non-Executive Director and Member of board's HR&R Committee)
    c) Risk Management Committee (Name of members and Chairman)
       i. Mr. Faraz Akhtar Zaidi (Non Executive Director and Chairman of RM Committee)
       ii. Ms. Mavira Tahir (Non-Executive Director and Member of RM Committee)
       iii. Mr. Muhammad Tabassum Munir (Independent Director and Member of RM Committee)
13. The terms of reference of the aforesaid committees has been formed, documented and advised to the committees for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
    a) Audit Committee: 05
    b) HR and Remuneration Committee: 03
    c) Risk Management Committee: 03
15. The board has set up an effective internal audit function and co-sourced the internal audit function to M/s EY Ford Rhodes, Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
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 other requirements of the Regulations have been complied with.

MR. HASSAN TAHIR
Chief Executive Officer

MR. SHAUKAT HASSAN
Chairman

Lahore
21 September 2019

INDEPENDENT AUDITOR'S **REVIEW REPORT**

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE **CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017**

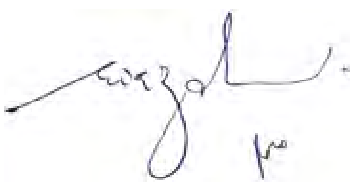
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Hi-Tech Lubricants Limited (the Company) for the year ended 30 June 2019 in accordance with the requirements of regulation 40 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore
Date: 21 September 2019

HTL AND **ITS CHALLENGING ENVIRONMENT**

@ *HTL*

Our impregnable supply chain function forms the backbone of all our operations. It is split across three core areas namely procurement, logistics, and warehousing. Each functional area is managed by an autonomous team dedicated to ensuring a seamless movement of products around the country, and everything is monitored in real time to ensure proper oversight of all supply chain operations, and also to fortify the values of integrity until they are ingrained within all personnel. A major source of positive energy is a job well done, and we thrive on it every day.

SWOT **ANALYSIS**

STRENGTHS

- Strong nation-wide distribution network and marketing database
- Economies of scale through own blending plant
- Premium quality products
- Top management's consistent vision of growth
- Strong brand recognition and recall
- Healthy and growing customer base

WEAKNESSES

- Low industrial sales
- Over reliance on promotional schemes

OPPORTUNITIES

- Establishment of Oil Marketing Company
- Expansion into retail service centers through HTL Express
- Grasping potential foreign markets by exporting the products to these countries

THREATS

- Imposition of new/enhanced taxes, duties and other levies
- International crude oil price fluctuation and other regulatory compliance matters
- Stiff competition in the lubricant market and increasing new entrants
- Human resource turnover
- Information system breakdown, delayed or no recovery of IT systems and obsolescence of technology
- Threats associated with the prevention of intellectual capital
- Foreign exchange risk and non-availability of exchange cover for POL products
- Risk associated with the financial capital due to economic conditions of the Company

STRENGTHS AND **WEAKNESSES REPORT**

STRENGTHS

STRONG NATION-WIDE DISTRIBUTION **NETWORK AND MARKET DATABASE**

For the retail automotive sector, the Company has a network of more than 150 distributors across all major cities of Pakistan extending from Karachi to Peshawar, including Gilgit Baltistan and Azad Jammu & Kashmir. All our distributors use integrated customized database of secondary sales updated at point of sale.

Such distribution network ensures the presence not only through our customers but also through our sales force team deputed in such areas. Such dual presence helps us in building a strong marketing database to make informed decision making.

ECONOMIES OF SCALE THROUGH **OWN BLENDING PLANT**

The Company is operating a plant which is an integrated unit, producing International Standard Specifications Lubricants in HDPE bottles, filling, capping & labeling of finished products on an automated high accuracy filling line and is only one of its kind in Pakistan. The plant is expected to reduce cost of imported products and will contribute significantly in company's operational profits. In backward integration, blending plant will ensure right product to be delivered in time with enough storage to facilitate future growth..

PREMIUM QUALITY **PRODUCTS**

HTL's salient feature has been to offer high-end synthetic products in price savvy market with a vision to attract and retain the customers based on quality. The availability of imported lubricants in the market with a wide-spread channel and high reliability of end user has helped HTL to gain competitive edge with the leading position in the market

TOP MANAGEMENT'S CONSISTENT **VISION OF GROWTH**

Ability of our experienced top management team to foresee, develop and translate vision of growth into meaningful financial and non-financial targets is our foremost strength..

STRONG BRAND RECOGNITION **AND RECALL**

Our continuous, innovative and targeted marketing investments over the period of 20 years has helped us to earn a premium brand name in lubricant market. One of the many reasons to achieve such a phenomenal growth trend has been the product quality and import of finished lubricants from SK Lubricants of South Korea which owns world's largest petrochemical complex. SK group is the 3rd largest conglomerate in South Korea and ranked 70th on the world "Forbes" list.

HEALTHY AND GROWING **CUSTOMER BASE**

Strategy to retain existing customers and gaining the trust of new customers by building a strong relationship with our retailers, whole sellers and distributors through our trained sales force team and targeted marketing investments which help us in building increased customer base.

WEAKNESSES

We always try to improve our performance and for achieving this objective HTL believes that the following weaknesses require due attention:

LOW INDUSTRIAL **SALES**

Sales to this segment require (a) extended credit exposure and (b) more competitive pricing strategy. Further efforts are required in aligning the industrial and retail market sales.

OVER RELIANCE ON **PROMOTIONAL SCHEMES**

Due to stiff competition, market norms, less informed consumers and to sustain a major market share, there is consistent need of offering trade schemes to induce further sales. HTL is conducting market surveys and performing analysis for reducing the reliance and cost of such promotional schemes.

RISK AND **OPPORTUNITY REPORT**

Oil marketing and lubricant industry is prone to potential risks, emanating from inherent uncertainties in market activities, geo-political situation, volatile commodity prices and regulatory issues. Like all other organizations in the sector, HTL's operations are also subject to risk factors that may materially affect its operations, profitability and reputation. Hence, the Management strives to take all the measures necessary to manage risks at an appropriate level and at the same time avail all the viable growth opportunities. Measures that we use to mitigate our various risks are set out in the relevant sections of this Report.

KEY SOURCES OF RISKS:

- The internal and external environment of an organization affects its ability to perform at its best and create hindrence in achieving its vision, mission and objectives. HTL is well aware of the situation and attempts to identify the sources that can cause risks to its operations. These identified risk sources are then evaluated by the Company's risk committee frequently in order to lower down the impacts. Some major sources of business risks are described below;

- The political instability causes a lot of risks for the organizations operating in Pakistan. Due to the instable situations, Pakistan is surrounded by frequent strikes that create a difficult law and order situation. Changes in the Government policies including the imposition of new taxes, duties, penalties and regulations is another challenge. This situation may influence the ability of HTL to achieve its long term strategic objectives.

- The micro economic conditions of a country are a big source of risks for the organizations operating at a large scale. The rising cost of inventory, increase in inflation and interest rate, coupled with unpredictable exchange rates creates sudden variation in demand, making borrowing costly and also discourages people to invest. All these factors also reduces the employement opportunities within the country. The HTL's financial efficiency may be affected by an unpridictable and unstable economic condition of the country.

- The marketplace where an organization is providing products and services causes many challenges for the organizations. New entrants, stiff competition, price wars, fluctuations in demand and supply, change in the preferrences of the customers and low margins are the major factors that cause market risks for the organizations. HTL's market became highly comeptitive with the existing and new players in the lubricants industry e.g. FUCHS, Puma, GP.

- There are some business risks that are related with the actions of the nature. Such risks are uncontrollable for almost every organization but these can be planned and the impact of these risks can be reduced.

Specific Risks and Sources	Risk Ranking / Likelihood	Specific Risks Mitigating Strategies
STRATEGIC RISK		
Imposition of new/enhanced taxes, duties and other levies including regulatory changes may affect our short and long term strategic objectives and plans. Further, keeping in view the business growth strategy; international crude oil price fluctuations and other regulatory compliance matters are few important issues to be addressed.	Moderate	• During the last year, taxes, duties and other levies regarding inventory have not changed significantly. • In the recent budget, custom duties and sales tax have increased and the same was reflected in our pricing strategy. This duty was applicable to the whole segment so we stayed competitive. • HTL's team of experts is proactively keeping abreast of international crude oil market trends and is making efforts for managing the risk associated with the purchase of oil as and when we commence our oil marketing business.
COMMERCIAL / MARKET RISK		
Stiff competition in the lubricant market and increasing new entrants pose threats to the company's market share, profitability and commercial viability. Such market situation results in a likelihood of reduced prices or increased distribution cost hence squeeze the margins.	Moderate	• To overcome the pricing and cost issues, HTL has invested in a blending plant (HTBL-100% owned entity). The plant has already started blending operations in the year under reviewed and reduced its cost significantly. • Furthermore, we are adopting aggressive marketing strategy and building customer loyalty to stay competitive in the long term.
HUMAN CAPITAL RISK		
Human resource turnover especially at key positions, non-availability of right person for the right job and incompetent resource hiring are few Human Capital Risks that may affect operations of the Company.	Moderate	
MANUFACTURED CAPITAL RISK		
Following key risks are associated with the manufactured capital of HTL: **Asset Acquisition Risk:** The potential for failures in Asset procurement process resulting in business losses and disruption. **Asset Maintenance Risk:** Failure to provide preventive and detective maintenance for workplace and assets. **Asset Capitalization Risk:** Risk of erroneous charge off or Capitalization.	Moderate	• We evaluate our vendors, at pre & post stages, and inspect all the assets at the time of receipt. Payment is made after due quality inspection by relevant technical expert. • Periodic maintenance, both preventive and detective, is carried out at HTL for all the buildings and other capital resources. A separate department is established at HTBL, 100% owned entity, to ensure maintenance of the plant and machinery. • Company ensures compliance with the International Financial Reporting Standards (IFRS) as well as the national laws framed for the capitalization of manufactured capital
INFORMATION TECHNOLOGY RISK		
FInformation Technology Risks include information system breakdown, delayed or no recovery of IT systems, obsolescence of technology and Inadequate information classification standards that may lead to data security and data privacy issues.	Moderate	• Presence of pre and post vendor evaluation system ensures the availability of quality IT systems. Furthermore, off-site backup facility acts as a safeguard in case of any breakdown in IT systems. • HTL has developed BCP and DRP to ensure the availability of IT systems all the time. • HTL has designed and implemented a comprehensive policy to ensure data security and appropriate classification of organizational data (with preference to sensitive data).

Specific Risks and Sources	Risk Ranking / Likelihood	Specific Risks Mitigating Strategies
INTELLECTUAL CAPITAL RISK		
• Following key risks are associated with the HTL Intellectual Capital: • Infringement of patents, trademarks and copyrights • Protection of copyrights of other organizations • Loss of Goodwill	Moderate	• Because intellectual property is not a physical asset, it can be easily overlooked. Safeguarding a company's intellectual property is crucial to developing and maintaining a successful business. • HTL rigorously and continuously monitors such infringements through its sales force team and other professionals that include investigation agencies as well. Strict actions are taken against such activities. • Employees sign a confidentiality agreement stating that they will not disclose any intellectual property or trade secrets if they leave the company. It also states that anything they create during their employment with HTL belongs exclusively to HTL. Furthermore, responsibilities for performing employment termination have been clearly assigned. • In case of Intellectual property of a third party (e.g. HTL have licensed Intellectual Property (IP) from a third party), HTL employees are trained and made aware as to how this IP must be protected. Also IT department limits access only to the employees that need to know.
FINANCIAL/ MACRO RISK		
FOREIGN EXCHANGE RISK AND NON-AVAILABILITY OF EXCHANGE COVER		
The Company is exposed to foreign exchange risk on account of product imports. Frequent variations in US$ and non-availability of forward cover for POL products pose difficulty in managing standard costs.	High	• As per the regulations of the State Bank of Pakistan, forward exchange cover is not available for POL products. • Executive management, financials and supply chain departments work in cl ose coordination, keeping in view the trends of relative strengths of currencies and develop strategy for working capital management. • We work on the best possible strategy i.e. leading, lagging and netting depending upon the trends and market information.
CREDIT RISK		
Risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligation. Credit exposure to financially sound credit customers' and investments in high rated securities is a challenge to each and every Company.	Low	• HTL does not extend its credit to distributors and dealers. Only financially sound industrial customers are entertained with the credit facility and such exposure is immaterial to the total revenues of the Company. • Investment Committee (IC) approves each and every rupee to be invested by HTL after giving due consideration as per the mandate given by Board. Board oversees all the resolutions passed by IC.
LIQUIDITY RISK		
Risk of encountering difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Ensuring the availability of sufficient funds for working capital, meeting capital expenditure requirement, distribution of wealth to all the stakeholders and to act as a responsible legal entity is the foremost importance.	Low	• Our treasury section manages the fund proactively and ensures the availability of financial resources as required. We manage working capital, operations and expansions through a mix of equity, long term and short term financing. To bridge the gap of uncertain requirements, credit lines are being committed with reputable banks having good credit ratings. • HTL has been allotted a credit rating of A and A-1 for the long and short term financing respectively. This depicts our ability to meet our obligations timely, and denotes a stable liquidity position.
RUPEE DEPRECIATION RISK		
Increasing cost of doing business due to depreciation of Pakistan rupee coupled with inflation.	High	• This risk is uncontrollable. Company manages rupee depreciation risk by adjusting prices.

KEY OPPORTUNITIES **AND SOURCES**

• OIL MARKETING COMPANY **(OMC)**

HTL is about to commence commercial operations as an OMC following the approvals from Oil and Gas Regulatory Authority (OGRA). OGRA allowed 26 fuel stations to be set up in Punjab on the basis of our Sahiwal Depot, which is ready to operate. Another storage site is planned to be built in Tarun Jaba, near Peshawar. We expect to open 360 fuel stations within 5 years from the commencement of operations. We also believe that this project would generate substantial synergy for HTL lube operations.

• HTL EXPRESS **CENTERS**

HTL's forward integration, expansion into retail service centers, will enable its products to be sold directly to the end customer with loyalty programs benefits to the end users/ultimate consumers. This one stop shop model will enhance HTL's reach and provide a wide variety of products available to its valued customers.

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• EXPORT **SALES**

Currently the Company is not exporting its lubricant products. Afghanistan is a potential market but to enter into such a market, substantial resources need to be deployed. HTL will consider all the pros and cons before exploring this opportunity.

• FORWARD INTEGRATION THROUGH FORMATION **OF AN OIL TRANSPORTATION COMPANY**

Oil marketing business is entirely dependent on the movement of petroleum products. Such integration would not only have a direct impact on the cost but would also assist HTL in managing its supply chain more efficiently. Major players of the oil marketing business own and operate transport vehicles.

LIKELIHOOD AND **MAGNITUDE**

The current situation of Pakistan is not very predictable. Polictical and economic instability, fluctuations in currency, shortfall of energy, frequently changing customer prefrences, high competitive environment, law and order situation etc are the factors that creates uncertainity in the business environment. While planning for future, organizations always consider these factors and make them the part of their strategic planning. HTL also believes that business risks and opprotunities are always present in the internal and external environment of every organization and the success of every business is highly dependant on how accurately an organization has estimated and planned such risks and how effectively it manages to grasp the opportunities for its benefit.

HTL's business environment is prone to different types of risks and the chances of their occurance are also high. In addition, a shift in customer preferences towards the low priced products could also impact the current market share. As HTL is highly dependent on its lubricants business, it can not afford to lose its market share.

PESTEL **ANALYSIS**

	FACTORS	RESPONSE TO THE ASSOCIATED FACTORS
P	These includes overall Political environment, Stability of National Government, Red Tapism in regulatory approvals, overall corruption index, potential regulatory and tax changes.	Political factors affect the overall lubricant sector. HTL through adjustment in its pricing strategy and marketing efforts reduces negative impact of such changes. Furthermore, HTL strictly ensures the policy of zero % tax evasion and defends all the tax and regulatory matters through legal grounds.
E	Macro environment factors are economic growth of the Pakistan, changes in interest rates, exchange rates, inflation and disposable income of consumers and businesses.	Low economic growth and increased inflation do affect whole society but due to the compulsory usage of lube in the vehicles, we have been able to increase our market share. Thousands of engines added every year provides us immense opportunity to increase our sales volume. Significant fluctuation in the US$ price was witnessed during the last year. Executive management, Financials and Supply Chain departments work in close coordination keeping in view the trends of relative strengths of currencies and develop strategy for managing the currency risk.
	Micro environment factors such as competition norms impact the Company competitive advantage.	Stiff competition exists in the market, our marketing efforts are aligned with our sales strategy. We develop our schemes after due evaluation of market data especially customer feedback and competitors activities. Business intelligence department makes careful analysis and provide insight of future trends.
S	Population growth, age distribution, trends and consumer behavior	Population of Pakistan is on the rise and with financial institutions creating products on leased policies it has become easier for people to own vehicles at a cheaper monthly installment rates. Latest data released by the auto industry shows that Imports of used cars and minivans surged to 65,723 units in 2017, up almost 70 % from 38,676 units a year. With technological advancement and international transportation network companies like Uber and Careem starting their operations in Pakistan providing earning opportunity for many households while giving alternate to public transport to others has led to increase in traffic and Oil Drain Interval (ODI) has proved to be an opportunity for Oil and lubricant sector. These factors have contributed positively in increasing sales volume.
T	Increasing IT efficiency, automation, technological change and the amount of technological awareness.	We see technology advancement as an opportunity. Our blending plant which is a a state of the art simultaneous mixing and lubricating oil blending plant and is only one of its kinds in Pakistan. Further, we believe new technologies can maximize online retail productivity and minimize operational costs. Company also successfully implemented Oracle & Business Intelligence Tool, Distributor Management System and Claim Management System to ensure integration, efficiency and effectiveness of all the functional activities..
E	Climate change, environmental offsets, attitudes toward "green" or ecological products, laws regulating environment and air pollution.	Although we are a part of the industry closely related with automobile sector where profits are attached to the mileage i.e. more miles run means frequent oil changes/sale, yet we are still very aware of the effects that are taking place on the environment. We have been socially aware and making efforts towards planting more trees with frequent plantation drives to importing and promoting motor oil variants (ZIC X7 FE) that are fully synthetic environment friendly, fuel Efficient resulting in low fuel consumption, low carbon emission, low vehicle maintenance and saving the end consumer's vehicle & money while being socially responsible towards the environment. The idea that we support is to be able to add value to the society and environment with our efforts not limiting to just the environment but also people and the young generation with providing better environment and opportunities.
L	Copyright, patents / intellectual property law, consumer protection and employment law, health and safety law, data protection, laws prevalent for managing competition, corporate laws, OGRA's regulations and other regulatory matters for the listed company.	HTL makes conscious efforts to ensure compliance with all the mentioned laws, bye laws, rules, egulations or other statutory obligations. Board oversights all the compliance matters and for the same separate compliance department is established.

SEASONAL **VARIATION**

About 25% of the Pakistan's agriculture accounts for about 21% of GDP and employs about 43% of the labor force. Hence the consumer spending is hugely linked to the season of harvest and when availability of crop in the market. Resulting in low sales in first and second quarter with high in third and fourth.

DIRECTORS' **REPORT**

DIRECTORS' REPORT **TO THE SHAREHOLDERS**

The Directors of Hi-Tech Lubricants Limited ("HTL" or the "Company") are pleased to present Annual Report along with the audited financial statements for the year ended June 30, 2019.

The economic environment has been challenging in the country for both businesses and consumers. On the business side, increased bank rates and inflationary pressures on cost have placed an increased burden on the company's business operations. On the consumer side, inflationary pressures have created an unprecedented financial difficulty, whereby the demand for vehicle-related products and services has declined. This has impacted both the lubricant business as well as HTL Express car care.

FINANCIAL **PERFORMANCE**

Despite difficult circumstances, your company was still able to record a positive EPS, on consolidated basis, as depicted by the following summary:

Particulars (Rs in millions)	Consolidated Year ended 30 June		Un-consolidated Year ended 30 June		Quarter Ended 30 June 2019	
	2019	2018	2019	2018	Consolidated	Un-Consolidated
Net Sales	9,431	9,255	9,431	9,254	4,866	4,489
Gross Margin	2,069	2,395	1,294	1,928	897	601
EBITDA	882	1,377	108	971	510	223
Depreciation and Amortization	(158)	(63)	(81)	(57)	(47)	(27)
Finance Costs	(314)	(127)	(235)	(82)	(83)	(69)
Other Operating Expenses	(192)	(108)	(104)	(63)	(59)	(28)
Other Operating Income	82	71	114	108	24	32
Earnings / (loss) Before Tax	300	1,151	(197)	876	345	131
Tax	(259)	(391)	(237)	(322)	(35)	(93)
Earnings After Tax / (loss)	41	759	(435)	554	310	38
Basic Earnings / (loss) Per Share: (Rs)	0.35	6.55	(3.75)	4.78	2.68	0.33

The company closed the year with a strong finish with earnings of PKR 310M and an EPS of 2.68 in the quarter as compared to PKR 128M, EPS 1.1 of same period last year. The revenues for the quarter were substantially higher. The last quarter of the fiscal year is always strong for us and this year was especially so as distributors increased orders to benefit from anticipated price and tax increases and sales incentives. Company extended credit to distributors on a one-time basis to facilitate sales. Subsequently all such credits has been recovered.

Growth in consolidated net sales was 2% on a year-on-year basis, principally caused by price increases; however, volumetric growth was down by 4%. Despite enormous increase in direct costs arising out of rupee devaluation and import overhead cost with fiercely competitive market that did not allow proportionate sales price increases, your company managed to maintain a gross margin of 21.9% down by 4% from the previous year's margin of 25.9%.

The operations generated consolidated Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) of PKR 882 million during 2019 against PKR 1377 million of 2018 down 43.9%. The Company achieved consolidated earnings per share of PKR 0.35 versus PKR 6.55 the year before. The increase in sales revenue did not flow through proportionately to the gross margin and bottom line primarily due to foreign exchange losses associated with the depreciation of the rupee, overhead expenses associated with the company's growth initiatives which are expected to produce profits in the future and finance costs.

The Company's strategy is focused on increasing value for our stakeholders by growing our presence in the lubricants market while pursuing strategic expansion into business opportunities, which align with our core competencies. Further, the Company continues to improve capacity utilization of its blending plant with initiatives focused on reducing costs through increased local blending and packaging opportunities would allow cost economies providing improved competitive advantage to make ZIC more attractive to greater segment of the motor oil market.

In the medium term, more investment in the HTL Fuel Stations would expand the HTL network in the country, providing greater avenues for ZIC and HTL Express to penetrate in the motor oil segment through greater visibility at the stations. The concept of delivering a one-stop solution for all vehicle needs would take precedence over individual brands, helping establish the brand name of HTL as a top quality product and service provider in the automotive industry.

OPERATIONAL **PERFORMANCE**

LUBE **SEGMENT**

In volume terms passenger car motor oil (PCMO) maintained its position while motorcycle oils (MCO) volumes grew double digits, however diesel engine oils (DEO) segment suffered downward trend.

HI-TECH BLENDING (PVT.) LIMITED. **("HTBL")**

HTBL is the wholly owned subsidiary of your company. It continued its impressive growth in revenues. The Company added one new product to its portfolio and invested in additional Extrusion Blow Molding (EBM) and Injection Molding Machines to handle growing sales volumes. HTBL is now a significant contributor to HTL's overall profitability. The Company had successfully blended local products under the brand name "ZIC" to cater to various segments of the market consisting of Passenger Car Motor Oil (PCMO), Heavy Duty Diesel Oil (HDDO) and Motorcycle Oil (MCO)

HTL **EXPRESS CENTERS**

HTL Express with a goal of changing the dynamics of vehicle maintenance through genuine products, superior services, trained professionals and best technology is expanding its reach across Pakistan.

With 8 HTL Express centers in place, the company is focused on increasing the brand's customer base in the vehicle preventive maintenance by attracting corporate clients to provide fleet maintenance services in addition to catering to the consumer segment of the vehicle maintenance industry.

HTL Express centers will also be combined as an integral part of the upcoming HTL fuel stations under our OMC Project, and we expect to have a more presence across Pakistan in the future.

HTL FUEL STATIONS **(OIL MARKETING COMPANY)**

The Project envisages setting up 360 retail outlets across Punjab, Sindh and Khyber Pakhtunkhwa Provinces of Pakistan. The fuel stations will offer full range of services such as general store, tyre shop and a car shop amongst others. To support sales, the Company plans to invest in building storage capacities of 25,735 metric tons (Mogas and HSD) across the country over a period of 7 years.

In the last quarter of 2019, Oil and Gas Regulatory Authority (OGRA) has granted permission to the Company to operate new oil storage facility at Sahiwal and marketing of petroleum products in the Province of Punjab. The Company has signed agreements with various dealers for setting up petrol pumps under the OMC project and also started construction of another storage site at Nowshera, Khyber Pakhtunkhwa.

MANAGEMENT OF **LIQUID RESOURCES**

CASH **MANAGEMENT**

Your Company focuses on maintaining optimal levels of inventory and trade receivables, maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities along with operating efficiencies and cost savings across the organization. This strategy has helped HTL to consistently generate positive cash flows. A budgeting and planning department works under the direct supervision of CEO of the Company. This section works for annual strategic planning, budgeting and forecasting that enables company to efficiently achieve its vision and safeguard against future strategic and liquidity risks. This planning further helps to maintain a healthy working capital cycle. Liquidity requirements are managed through sales revenue, return from the investments and external financing where considered economical.

The Company has an effective Cash Management System in place whereby cash inflows and outflows are projected on regular basis and monitored rigorously. Working capital requirements are properly planned and managed through efficient management of trade receivables, payables and inventory levels and financing arrangements.

CAPITAL **EXPENDITURE**

Capital expenditure is managed carefully through a rigorous evaluation of profitability and risks associated with such investments, regular project reviews are undertaken for delivery on time and at budgeted cost. Large capital expenditure is further backed by long-term contracts so as to minimize cash flow risk to the business. Capital Expenditure during the year ended June 30, 2019 was PKR 274 million as compared to PKR 454 million in the corresponding period.

The Board is satisfied that there are no short or long-term financial constraints including access to credit and strong balance sheet as at June 2019. The company faces no liquidity risks in light of its well-planned cash management strategies leading to adequate availability of unutilized borrowing facilities.

IPO **FUNDS**

During the year ended 30 June 2016, the Company made an Initial Public Offer (IPO) through issue of 29,001,000 ordinary shares of Rupees 10 each at a price of Rupees 62.50 per share determined through a book building process.

As stated in the prospectus dated 28 December 2015, the Company planned to open state of the art retail outlets across Pakistan with multitude of unique services and also planned to install additional filling lines at the blending plant of its subsidiary. The plan of the year 2015-16 covered 37 grand outlets openings in 11 major cities of Pakistan. As per quarterly progress report number 06 dated 14 July 2017, the Company informed all stakeholders on the progress in implementation of project.

Faced with the challenge posed by sharp increase in land and property prices for key locations, your Company designed a strategy to incorporate express centers into its fuel stations to be established under the umbrella of Oil Marketing Company (OMC) Project of the Company. This strategy is expected to prove more effective in terms of marketing, capital costs and potential consolidated profitability. The un-utilized proceeds of the public offer have been kept by the Company in the shape of bank balances, term deposit receipts and mutual fund.

Particulars	Rs
Un-utilized IPO proceeds as at 01 July 2018	962.790,412
Add: Profit on term deposit receipts	68,134,639
Add: Proceeds from sale of investment in mutual fund	56,705,425
Add: Others	1,064,516
• Investment in money market mutual funds	(100,836,165)
• OMC Project	(59,554,742)
• Working Capital	(32,210,865)
• Withholding tax on profit	(6,813,464)
• Withholding tax on mutual fund	(147,559)
• loss on investment in mutual fund	(5,106,286)
• Bank charges	(23,314)
Un-utilized IPO proceeds as at 30 June 2019	884,002,597

APPROPRIATION OF **PROFITS**

In view of the financial results of the Company for the year 2019, the Board of directors have proposed, at its meeting held on September 21, 2019, a final cash dividend for the year ended June 30, 2019 of PKR 0.25 per share (2.5%) out of profits of the company. The approval of the members for the dividend will be obtained at the Annual General Meeting to be held on 25 October 2019. In accordance with the requirements of applicable accounting standards, the proposed dividend amounting to PKR 29,001,000 has not been recognized as a liability in these financial statements.

RISK **MANAGEMENT**

The Company has a comprehensive Risk Management Policy that has assigned specific responsibilities to directors and senior management. Three main players in the policy are the Board of Directors, Audit Committee and Risk Management Committee who regularly review the risk matrix in terms of impact and probability of occurrence. The senior management team, led by the Chief Executive Officer Executive Director and Non-Executive Director, are responsible for risk mitigation measures and developing proposals thereof for consideration by the Board. The Company's ability to continually assess market conditions and then react decisively, allows the Company to manage risks responsibly and to actualize opportunities to strengthen the position of the Company when they arise.

The major risks to which company is exposed as explained in note 40 of the financial statements and measures adopted for their mitigation are as follows:

• CREDIT **RISK**

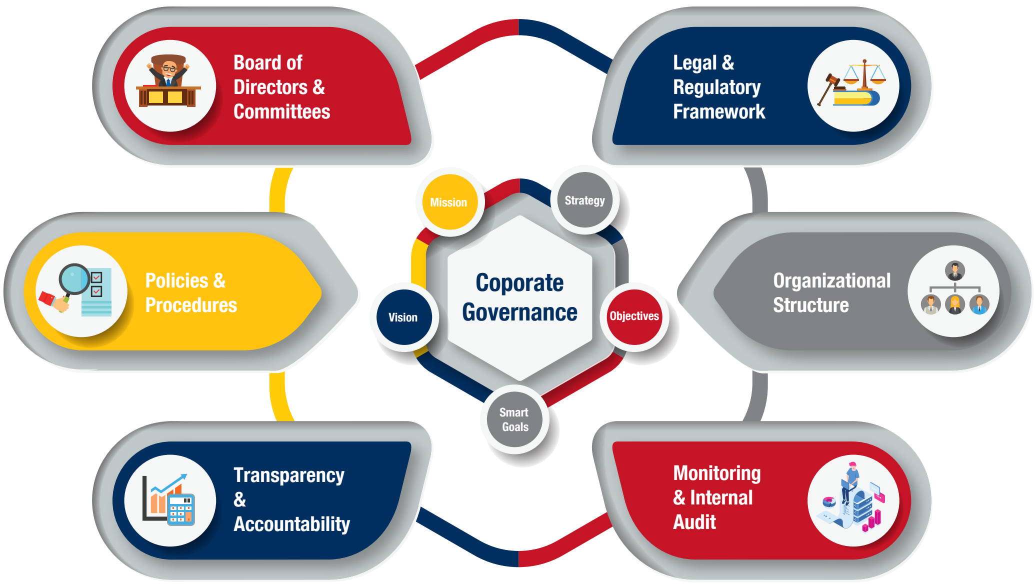
Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. . The Company believes that it is not exposed to major concentration of credit risk. Exposure is managed through application of diversification of its investment portfolio placed with 'A' ranked banks and financial institutions. Further, only financially sound industrial customers are entertained with the credit facility and such exposure is immaterial to total revenues of the Company.Ware entertained with the credit facility and such exposure is immaterial to total revenues of the Company.

• 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 manages liquidity risk by maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities. Prudent liquidity risk management ensures availability of sufficient funds for meeting contractual commitments. The Company's fund management strategy aims at managing liquidity risk through internal cash generation. HTL has been allotted credit rating of A and A-1 for long and short term financing respectively. This depicts our ability to meet our obligations timely, and denotes a stable liquidity position. Low level of receivables balance and availability of sufficient credit lines, due to stable liquidity position, the Company is able to meet all its contractual commitments.

• FOREIGN EXCHANGE **RISK**

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currencies. The Company is mainly exposed to short-term USD/PKR parity on its import of finished lubricants, raw materials and plant and machinery in the company and in its wholly owned subsidiary since POL products are restricted to obtain any forward cover as per guidelines of State Bank of Pakistan. Moreover, Board has also carried out a robust assessment of the principal risks facing the company, including those that would threaten the business model, future performance, solvency or liquidity.



WMoreover, Board has also carried out a robust assessment of the principal risks facing the company, including those that would threaten the business model, future performance, solvency or liquidity.

RISK **GOVERNANCE**

The roles and responsibilities at various levels of our risk management program are outlined in our risk governance structure.

BOARD **COMMITTEES**

The Board oversees the risk management process primarily through its committees. Audit Committee ensures transparency and accountability by focusing on financial, regulatory and compliance risks. The Committee meets quarterly or as and when required. Human Resource and Remuneration Committee focuses on the risks in its area of oversight, including assessment of compensation programs to ensure they do not escalate corporate risk, in addition to succession planning with a view to ensure availability of competent human resources in each area of critical Company operations. Risk Management Committee monitors, reviews all material controls (financial, operational and compliance) and develops robust risk mitigation measures & integrity of financial information. Investment Committee is responsible for formulating the overall investment policies, strategies and procedures for risk management in investments.

INTERNAL CONTROLS **AND MONITORING**

Sound automated financial information systems have been established with restricted system access rights. HTL has also established procedural internal controls across all the functions. Internal and external audits are being conducted throughout the year to keep the controls up-to mark. Internal Audit function operates under the Board approved plan and provides independent and objective evaluations while reporting directly to the Audit Committee on the effectiveness of governance, risk management and control processes.

POLICIES AND **PROCEDURES**

Policies and procedures have been adopted by the Board and its Committees and integrated into the Company's risk governance framework to ensure the management of financial, operational and compliance risks. These are based on best practices, promoting a culture of ethics and values with authority delegated to senior management for appropriate implementation.

CORPORATE AND **FINANCIAL REPORTING FRAMEWORK**

- The financial statements together with the notes thereon have been drawn up by the management in conformity with International Accounting Standards, as applicable in Pakistan.
- These Statements present fairly the results of its operations, cash flow and changes in equity.
- Proper books of account have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The system of internal control is sound in design and has been effectively implemented and monitored and is being continuously reviewed by the internal audit function.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the Best Practices of Corporate Governance, as detailed in the Listing Regulations and Listed Companies (Code of Corporate Governance) Regulations, 2017.
- The key operating and financial data from the formation of company (i.e. for the last seven years) is annexed.

Details of Participation of Directors in Board Meetings During the Year Ended June 30, 2019

SR. NO.	Names of Directors during the Financial Year	Tenure of Services	No. of meetings attended during the Financial Year
1	Mr. Hassan Tahir	Re-Elected on 26.10.2018	5
2	Mr. Muhammad Ali Hassan	Re-Elected on 26.10.2018	4
3	Mr. Shaukat Hassan	Re-Elected on 26.10.2018	5
4	Mr. Tahir Azam	Re-Elected on 26.10.2018	4
5	Mr. Faraz Akhtar Zaidi	Elected on 26.10.2018	5
6	Mr. Muhammad Tabassum Munir	Re-Elected on 26.10.2018	5
7	Dr. Safdar Ali Butt	Re-Elected on 26.10.2018	5
8	Syed Asad Abbas Hussain	Re-Elected on 26.10.2018	5
9	Ms. Mavira Tahir	Elected on 26.10.2018	3
10	Mr. Moon Seek Park (Nominee of SK Lubricants Co. Ltd.)	Elected on 26.10.2018	1

Leaves of absence were granted to the members who could not attend the meetings of Board of Directors.

DIRECTORS' REMUNERATION **POLICY**

An extract of Directors Remuneration Policy is appended below as required under Listed Companies (Code of Corporate Governance) Regulations, 2017.

Human Resources and Remuneration Committee of the Board (HRRC) has been authorized by the Board to design and oversee the implementation of the Company's Directors' Remuneration Policy. A formal Directors Remuneration Policy was approved by the Board in April 2018 and revised on 8 Sept 2018. Its salient features are enumerated below:

The objectives of the policy are two-fold:

- to attract, motivate and retain directors of the highest caliber with broad commercial experience, and
- to comply with all the provisions of all relevant laws, rules and regulations applicable to directors' remunerations.
- The Policy has been drawn considering the following:
- Company's strategic aims and goals.
- Company's corporate social responsibility.
- Company's core principle of business integrity.
- The market conditions for desired talent;
- A need for maintaining a work atmosphere that is conducive to efficiency, maturity of thought, motivation to progress and attainment of corporate goals; and
- Remuneration structure for directors in similar businesses in Pakistan as well as other companies of comparable size.

The upper limit of base pay and benefits to be allowed to directors is approved by Board of Directors.

However, while setting the remuneration package of any individual director, the following factors are considered:

- The particular qualifications, relevant experience and stature of the director.
- The prevailing market value of his/her particular talent.
- The nature of association of the director with the company, i.e. type of directorship held.
- Remuneration of Independent Directors is restricted to Directors / Meetings Fees only.

DIRECTORS **TRAININGS**

The Company has complied well above the legal requirements in respect of Directors' Trainings and all the directors have obtained Directors Training Certificates.

TRADING OF/**TRANSACTIONS IN HTL SHARES**

Following transactions were carried out during the year ended June 30, 2019

1. 7,500,300 ordinary shares of HTL in physical form, as owned by deceased director/sponsor of HTL Mr. Muhammad Basit Hassan (Late), were transmitted to the legal heirs on 12.10.2018 under the Succession Certificate and under the Guardianship Certificate in the following order;

a. 3,437,638 ordinary shares of HTL in physical form were transmitted to Mr. Shaukat Hassan (Director & father of the deceased) on 12.10.2018 which included inheritance portions of the father, the mother & the widow of the deceased under Succession Certificate.

b. 2,031,331 ordinary shares of HTL in physical form were transmitted to Miss Eshaal Hassan through guardian Shaukat Hassan & Sana Sabir on 12.10.2018 as her inheritance portion from her deceased father under Guardianship Certificate.

c. 2,031,331 ordinary shares of HTL in physical form were transmitted to Miss Nawaal Hassan through guardian Shaukat Hassan & Sana Sabir on 12.10.2018 as her inheritance portion from her deceased father under Guardianship Certificate.

SUMMARY OF REMUNERATION **FOR DIFFERENT CLASSES OF DIRECTORS**

<table>
<tr><th>Particulars</th><th>Executive Directors</th><th>Non-Executive Directors</th><th>Independent Directors</th></tr>
<tr><td rowspan="2">Upper Limit of Base Pay*</td><td>Rs 36 million p.a.</td><td>Rs 18 million p.a.</td><td>None</td></tr>
<tr><td colspan="2">Company maintained car, reimbursement of medical, telecommunication, travelling, and leave travel expenses.</td><td>None</td></tr>
<tr><td>Benefits*</td><td>Proposed by Chairman and approved by HRRC/ Board for each director individually.</td><td>None</td><td>None</td></tr>
<tr><td>Performance Bonus*</td><td>None</td><td>None</td><td>Rs 400,000 per completed meeting of the Board or any of its Committees</td></tr>
<tr><td rowspan="2">Upper Limit of Meeting / Directors Fees</td><td colspan="3">Actual expenses incurred on company business, or a flat allowance set for the particular expense, e.g. board and accommodation when travelling on company business.</td></tr>
<tr><td>Yes</td><td>Yes</td><td>Yes</td></tr>
<tr><td>Re-imbursement of expenses</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>Professional Indemnity Insurance</td><td rowspan="3">None</td><td>None</td><td>None</td></tr>
<tr><td rowspan="2">Terminal Benefits</td><td></td><td></td></tr>
<tr><td></td><td></td></tr>
<tr><td>Entitlement to Share Options</td><td></td><td></td><td></td></tr>
</table>

*Base pay, benefits and performance bonus are set by HRRC/ Board of Directors for each individual director within the parameters approved by the Board.

2. 20,000 ordinary shares of HTL in CDC form were purchased by Mr. Muhammad Imran (CFO) on 25.01.2019.
3. 937,538 ordinary shares of HTL in Physical form were transferred by Mr. Shaukat Hassan (Director) to Mrs. Sana Sabir on 22.02.2019 as her inheritance portion from her deceased husband & Director/Sponsor of HTL Mr. Muhammad Basit Hassan (Late) under Succession Certificate.

Except as mentioned above, no other trading in HTL's shares were carried out by Chief Executive, Directors, Chief Financial Officer, Company Secretary, their spouses and minor children during the year.

COMMITTEES OF **THE BOARD**

The Board has formed the following committees to assist it in various functions.

- Audit Committee of the Board
- Human Resources and Remuneration Committee of the Board
- Risk Management Committee of the Board
- Corporate Social Responsibility Committee of the Board
- Investment Committee of the Board

Separate reports on the composition, proceedings and performance of the above committees are included elsewhere in this Annual Report.

FUTURE **OUTLOOK**

The economy of Pakistan is expected to grow by 2.4% in FY 2020, indicating a further slowdown in the country's economic activity. Further, owing to significant increase in automobile prices as an outcome of depreciation of rupee in terms of dollar, sales of automobile segment have dwindled. Recent figures have shown a 42% decline in car sales in the month of July 2019 on YoY basis, and the company expects this decline to continue in FY 2020.

Going forward, demand growth for lubricant business is expected to continue to be driven by the transportation sector. In addition, with increase in fuel prices together with compressed purchasing power owing to inflationary pressure, the consumer demand patterns have been negatively impacted. End consumers have made lubricant change less frequent to mitigate the cost increase.

Considering the current situations, HTL has already increased its local blending at HTBL by shifting 82 % of our imported product portfolio towards local packaging. Further, your Company has also entered into local procurement of base oil and started blending with SK Lubricants Korea formulation to produce quality lubricants. Market size of such product range is considerably large and we believe we will secure high volume share in years to come.

While your company expects a better year for profitability next year, significant uncertainties remain in the current economic scenario. .

REVIEW BY THE BOARD OF **DISASTER RECOVERY & BUSINESS CONTINUITY PLANNING**

IT plays pivotal role within HTL setup. The IT department ensures the organization's computing systems are up, available and functional. The HTL IT team has implemented strict information security policies and access controls with information security standards compliance and best practices for the use of network and operating systems while assisting business units. All the systems help to ensure business continuity for the core domains (i.e. financials, supply chain, procurement, sales, HR, marketing, OMC, HTL Express), employees and external customers (i.e. distributors, vendors and business partners).

BUSINESS CONTINUITY **PLANNING (BCP)**

In order to ensure that internal/ external customers receive minimum down time for business transactions, a transparent failover solution has been deployed. We have configured all the key servers as part of clustered environment using state-of the-art cluster services at the main data center area to make it high available.

We have hosted all the servers in a dedicated proper data center. The state-of-the-art data center provides redundancy in connectivity, power, controlled temperature and physical security. Trained personnel are also hired to ensure the uninterrupted and professional support as and when needed. Proper system and configuration exists for protection against spyware, viruses, malicious apps, data leakage, botnets & servers from external threat and to establish the VPN connection from head office to Disaster Recovery site.

DISASTER **RECOVERY (DR)**

To ensure the availability of IT services in case of disaster, an alternate disaster recovery site has been established. In case of any disruption/disaster, HTL requirement is zero data loss. Our site ensures the zero data loss setup for all the data, customer portals, HR systems and internal/external customers in real time.

OTHER **DISCLOSURES**

COMPLIANCE WITH THE CODE **OF CORPORATE GOVERNANCE**

The requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 have been duly complied with. A Statement of Compliance to this effect along with external auditor's review report thereon is annexed in the Annual Report.

MATERIAL CHANGES **AND COMMITMENTS**

There have been no material changes since June 30, 2018 and none of the group companies have entered into any commitment, which would affect financial position of any group company at the date except those included in the unconsolidated and consolidated financial statements of the Company for the year ended June 30, 2019.

PATTERN OF **SHAREHOLDING**

A statement of the pattern of shareholding of certain class of shareholders as at June 30, 2019, whose disclosure is required under the reporting framework, is included in the annexed shareholders' information.

CONTRACTS WITH **RELATED PARTIES**

During the year, HTL revised related party contracts for Contractual Employment with Mr. Moeen-Ud-Din and Mr. Zalmai Azam (siblings of Non-executive directors, namely, Mr. Shaukat Hassan and Tahir Azam respectively). In pursuance of the Contractual Employment Agreements with these related parties, both the resources continue to provide professional services for

HTL Express and HTL Stations (OMC) projects respectively. While securing commercial and business interests of the Company coupled with due consideration to the requirements of Companies Act, 2017 and guidelines of Listed Companies (Code of Corporate Governance) Regulations, 2017, Board approved the above mentioned revisions..

CONTRIBUTION TO **NATIONAL EXCHEQUER**

Your Company is a noteworthy contributor to the national economy and has contributed PKR 1.94 billion during the year 2019 to the national exchequer on account of sales tax, income tax, import duties and statutory levies..

ENVIRONMENT, HEALTH **& SAFETY**

Your Company is striving to meet the environmental, health and operational practices through introducing products that are pollution free with low emissions. The areas of focus in 2019 continued to be road safety through patronage with City Traffic Police and National Highway and Motorway Authorities. Firefighting drills and safety workshops executed at company offices and plant location.

Your Company continued focusing on behavior based safety and risk control which enables minimizing the risks of injuries and accidents through use of helmets and other precautionary measures while driving. Detailed seminars and other awareness campaigns were conducted in liaison with City Traffic Police, National Highway and Motorway Authorities.

CORPORATE SOCIAL **RESPONSIBILITY (CSR)**

Your Company continued its focus on various social causes that includes education, healthcare, skill development, environmental protection and social welfare during the current year.

As per decision of the board of directors of your company, a trust named Sabra Hamida Trust was established on July 02, 2010. The trust is duly registered under section 2(36) of the Income Tax Ordinance, 2001. The primary objective of the trust is to contribute towards the education, health and other charitable and welfare causes. The Company is making contributions / donations to Sabra Hamida trust for carrying out its social work, The Company donated PKR 18.07 million towards various causes in the current year.

- Awards and Achievements for CSR Initiatives

United Nation Global Compact has, in recognition of your company's Corporate Social Responsibility efforts, awarded First Prize in the Large National Category. In addition, HTL also received acknowledgement of its CSR efforts at the 10th National CSR Excellence Awards Ceremony 2018. This was organized by the prestigious National Forum of Environment & Health (NFEH) and HTL was awarded for working on the overall betterment of the society.

BEST CORPORATE **REPORT AWARD**

We are pleased to share that your Company has been declared the runner-up (2nd place) for 2018 Best Corporate Report Awards organized by a joint committee of ICAP and ICMAP. Hi- Tech Lubricants Limited has submitted its annual report for the very first time in this competition and defeated all other listed giants in the Oil & Energy sector.

PROVIDENT **FUND**

Total size of the fund is PKR 99.9 million. The Company has contributed PKR 17.3 million in recognized Employees Provident Fund Trust. These funds are invested in secured term deposit certificates with banks, Government Treasury Bills, capital protected mutual funds and market tradable securities with high dividend yields.

THRESHOLD FOR CONSIDERATION **AS EXECUTIVES**

The Board has fixed the threshold of employees for consideration as Executives of the Company which includes CEO, CFO, Company Secretary, Head of Internal Audit, all the Heads of Departments and such other employees as may be specified by Human Resource and Remuneration Committee keeping in view their scope of performance affecting the organization's key objectives and drawing monthly salary package of PKR 250,000/- or above.

AUDITORS

The present auditors M/s Riaz Ahmad & Co., Chartered Accountants retire and offer themselves for re-appointment. They have confirmed achieving satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the Guidelines on the Code of Ethics of the International Federation of Accountants (IFAC) as adopted by ICAP. As suggested by the Audit Committee, the Board of Directors has recommended their re-appointment as Auditors of the Company for the year ending June 30, 2020, at a fee to be mutually agreed.

COMPANY'S STAFF **AND CUSTOMERS**

We wish to record our gratitude to all the company employees' for their sheer hard work and commitment to the Company's objectives. We are also thankful to company's stakeholders especially our customers for their continued confidence in our products and services.

BOARDS' EFFORTS TOWARDS UNDERSTANDING **THE VIEWS OF MAJOR SHAREHOLDERS**

Other than Executive Directors of the Company, HTL's major shareholders are spouses of Non-Executive Directors. Furthermore, all the members of the Board have specially met minority shareholders in Annual General Meeting held on October 26, 2018 to understand the views of shareholders about the company.

The Company plans to hold at least one of Corporate Briefing Session on the basis of Annual Financial Statements of the Company for the year ended June 30, 2019 within one month of the holding of upcoming AGM as permitted by PSX.

ADDITIONAL **DISCLOSURES**

- The group comprises of Hi-Tech Lubricants Ltd. and its wholly owned subsidiary company Hi-Tech Blending (Pvt.) Ltd (HTBL), and HTL holds all the shares of HTBL. Both the group companies are incorporated in Pakistan and HTBL plant is located at outside Sundar Industrial Estate, at Bhaikot Raiwind Road, Lahore.

- The Auditors have expressed unqualified opinions on the financials statements of each of the group companies.
- There has been no modification in the Auditor's Report in relation to any group company at any stage.
- There has been no default in payment of any debt by any of the group companies during the year.

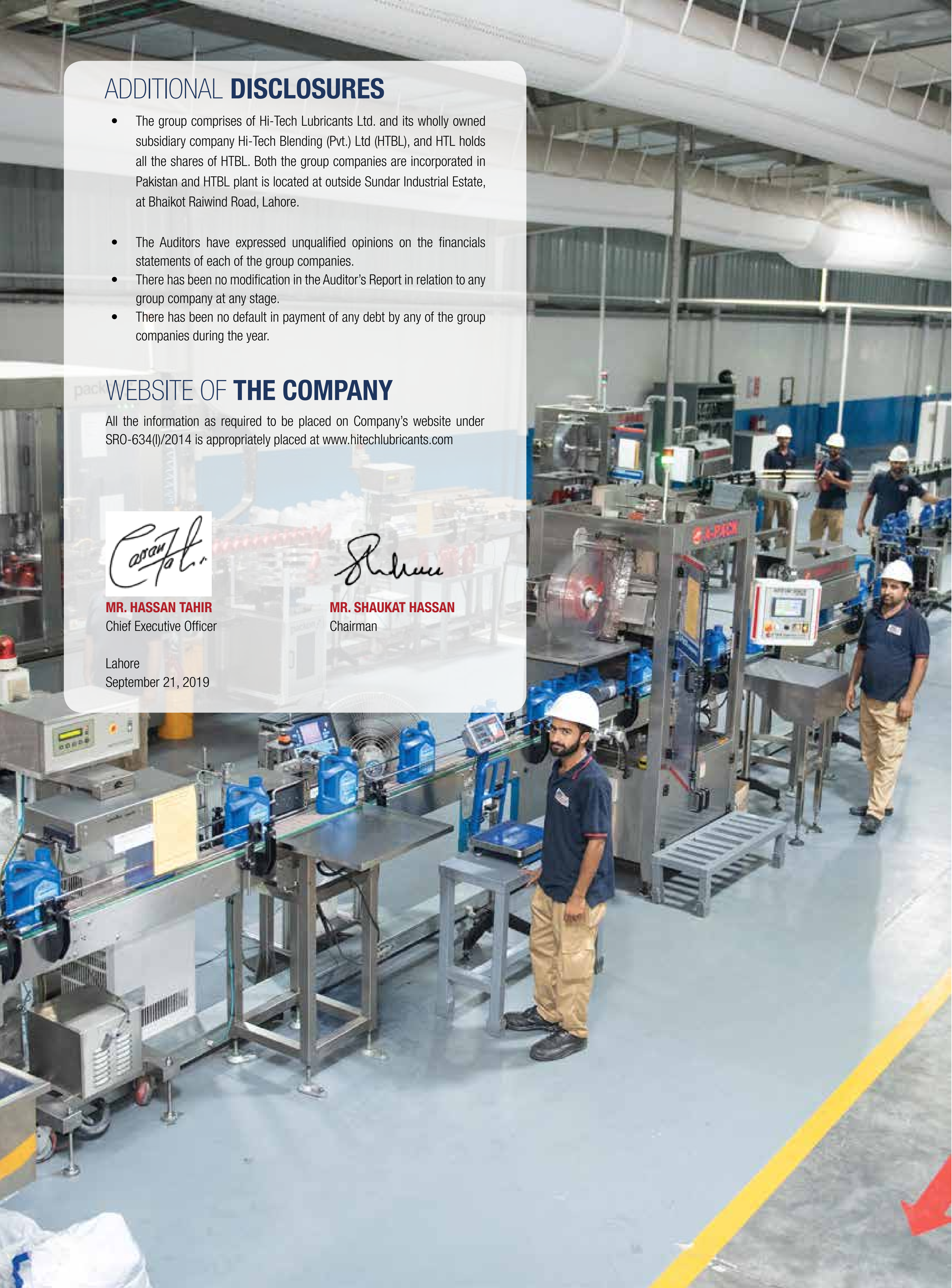
WEBSITE OF **THE COMPANY**

All the information as required to be placed on Company's website under SRO-634(I)/2014 is appropriately placed at www.hitechlubricants.com

MR. HASSAN TAHIR
Chief Executive Officer

MR. SHAUKAT HASSAN
Chairman

Lahore
September 21, 2019



@ *HTL*

At HTL, we ensure that the company machinery is always working to support its personnel. We liaison between the government and HTL pertaining to all administrative matters, ensuring the company remains compliant with all legal requirements. While the revenue generating functions are focused on delighting customers outside the company, the operation functions are entirely focused on delighting the company's internal customers: employees. their own selves.

STAKEHOLDERS' **ENGAGEMENT**

STAKEHOLDERS' **ENGAGEMENT**

At HTL, stakeholders' engagement & management is arguably the most important ingredient for successful project delivery. HTL believes in understanding stakeholders' demands, interests and motivation. By finding mutual ground, the foundations for lasting relationships are made, granting opportunities to build on existing community connections and create new ones.

CUSTOMERS

We believe our customers, which predominantly includes the oil retailers, will only respond if and when they are engaged. The key insights for stakeholders' engagements from the perspective of customers include the following core actions:

EFFECTIVE **COMMUNICATION**

Before engaging with stakeholders, it is very important to develop a deeper understanding of their needs. Communication with our stakeholders will always remain a two-way street, whereby we will remain transparent and continue to disclose both financial and non-financial information in a timely and periodic manner, and also gather information from all our stakeholders to serve them in the best way possible.

BUILDING KEY **RELATIONSHIPS**

Developing relationships is the integral part of our marketing strategy. We believe that trust is essential for people to form lasting relationships with us, which naturally translate into numbers. Making efforts in identifying and building stakeholder relationships increases confidence, minimizes uncertainty, and speeds up decision-making process across our organization..

UNDERSTANDING **SUCCESS**

We firmly believe in the age-old saying: if you want to go fast, go alone, if you want to go far, go together. This can be said about the partnership between HTL and its retailers. We have developed an understanding of success that ensures value addition for all our stakeholders, including and especially our retailer customers. We are on a mission to make sure that all our stakeholders succeed with us..

ORGANIZING TANGIBLE CUSTOMER **ENGAGEMENT EVENTS**

HTL regularly organizes special engagement events for its retailers in all major cities of Pakistan including Lahore, Faisalabad, Multan, Islamabad, Peshawar, Karachi and Sukkur. At these events, we introduce new products, if any, allowing a thorough introduction to key stakeholders so they become fully aware of the new product offering. The increasing motivation and interest from the customers at these events has proved that the relationship between HTL and its retailers is getting stronger with each passing moment.

SHAREHOLDERS

A major reason why we exist is because our shareholders continue to place trust in our ability to increase the value of their investment. There are multiple engagement points we use to interact with our shareholders.

EFFECTIVE **REPORTING**

HTL's strict compliance guidelines ensure we remain transparent at all times. This includes dissemination of all material information as promptly as possible so that all shareholders remain up to date about any material changes to the company's operations.

VALUE **ADDITION**

Although we make sure to remain conscious of all our stakeholders' needs, we understand that our shareholders do take priority when it comes to giving an adequate return on investment. This value addition is done through greater efficiency in resource utilization which optimizes costs and delivers greater returns.

SUPPLIERS

At HTL, our relationship with our suppliers supply chain system is engaged in the following hierarchies:

SUPPLIER **SEGMENTATION**

HTL supply chain management goes beyond cost containment. Tomorrow's leaders at Hi Tech Lubricants Limited will differentiate themselves not only through achieving lower costs, but through producing a range of other benefits. That is, they are always in the process of creating more value by optimizing their effectiveness at every step of the chain.

One effect that we have implemented at Hi Tech Lubricants Limited is to organize efforts around specific business objectives like reducing non-conformances, improving customer service, or lowering supply risk exposure. A supplier segmentation effort—like every business activity—is driven by practical business objectives. Our supplier evaluations should focuses on the suppliers' abilities to deliver on those objectives in ways that create value..

INTERACTION **MODEL**

Value is created not by a segmentation analysis but also by the actions that we take at HTL based on that analysis. The action of rationalizing inappropriate suppliers is just a start. But the real potential comes in the collaborative, mutually supportive relationships with the suppliers whose capabilities best fit our needs. By building trust and transparency with these suppliers, we always endeavor to eliminate inefficiencies, collaborate on innovations and take advantage of each other's strengths.

Our partnership with our suppliers is based on an interaction model. This interaction model defines our expectations in the business relationship by sharing information you share, when and how we share it. In short, with an interaction model and supplier-specific action plans, we try to apply key value drivers strategically, ahead of time, using a disciplined, objective and repeatable approach.

TRANSPARENCY **FOR ALL**

Collaboration with suppliers is becoming a high priority not only for HTL but for other increasing number of companies. Business supplier partnerships are all about transparency. Not only we are willing to be transparent with our supplier, but the partnership also depends on both sides taking advantage of that transparency to act quickly and in mutually beneficial ways.

Our supplier transparency model is based on good interaction and supplier specific action plans to increase transparency and making them more desirable partners.

REGULATORS

Relationship with SECP and PSX are managed through strict compliance to all applicable corporate laws/rules/regulations/notifications, notably the Companies Act, 2017, Securities Act, 2015, Listed Companies (Code of Corporate Governance) Regulations, 2017, PSX Rulebook. All the statutory returns, Annual & Quarterly Accounts of the Company are filed through SECP eServices within prescribed time limitations, and to SECPISD through email at financial.statements@secp.gov.pk. Financials and other Material & Price Sensitive Information are also circulated to PSX through PUCARS immediately, and to SECP-ISD as and when need arises.

Financial Information of the Company are also placed on HTL's website and advertisement to that effect is published in English & Urdu Newspapers of Lahore & Karachi, and intimation of such advertisement is also announced at PUCARS of PSX and to SECP-ISD for maximum dissemination to all the present and future investors & stakeholders. The website is continuously updated and a Website Compliance Certificate is also forwarded to SECPISD annually along with placement of the same at HTL's Website.

The Company Secretary was provided the opportunity to attend the meeting at Ministry of Religious Affairs and Interfaith Harmony at Islamabad on May 02, 2018 where officials from aforesaid ministry, Auditor General of Pakistan, SECP-ISD, SECP, CRO-LHR, Central Depository Company of Pakistan Limited and representatives of few listed companies were present to resolve issues involved in audit of zakat deducted from cash dividend and approval of plan by CDC for online availability of Zakat Exemption Declarations from public shareholders having shares in Book Entry form.

DETAILS REGARDING **ANALYST BRIEFING**

The company plans to hold at least one Corporate/Analyst Briefing session on the basis of Annual Financial Statements of the company for the year ended June 30, 2019, within one month of the holding of upcoming AGM as permitted by PSX.

SIGNIFICANT ISSUES RAISED **IN THE LAST AGM**

Apart from general clarifications requested by the shareholders about the Company's financial performance and published financial statements during the tenth (10th) Annual General Meeting (AGM) held on Friday October 26th, 2018, no significant issues were raised.

STEPS TAKEN TO ENCOURAGE **THE MINORITY SHAREHOLDERS**

During the last AGM, all the members of the Board specially met minority shareholders to understand the views of shareholders about the company. Also, dissemination of Notice of General Meeting through Courier and by publication in one English language and one Urdu language daily newspaper (Lahore and Karachi editions). Notice of General Meeting is also placed on the Company's website. Further, all the shareholders are given right to speak and ask questions, as per the legal requirements, to encourage their participation and involvement.

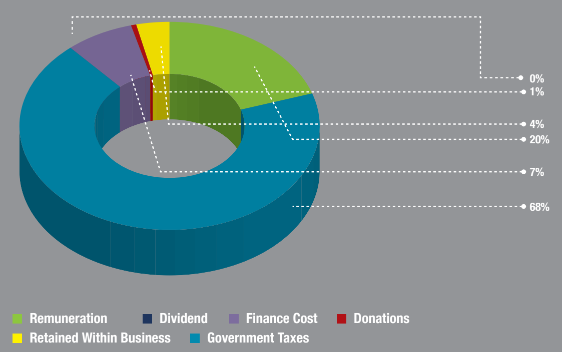
VIDEO **PRESENTATION**

Video Presentation of CEO has been Uploaded on Company web site.

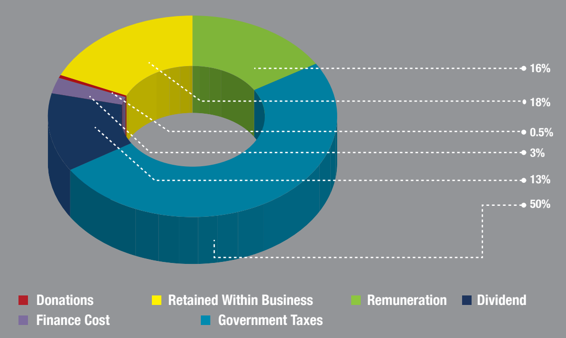
STATEMENT OF **VALUE ADDITION**

Particulars	2019		2018	
	Rs.	%	Rs.	%
Revenue	11,335,884,751		10,541,609,264	
Purchases	8,136,798,681		7,325,251,809	
Wealth Generated	3,199,086,070	100%	3,216,357,455	100%
Distribution of Wealth				
Remuneration (Accrual Basis)	638,182,606	19.9%	523,133,566	16.4%
Government Taxes (Accrual)	2,193,449,820	68.6%	1,601,286,359	50.1%
Dividend	-	0.0%	406,014,000	12.7%
Finance Cost	235,071,636	7.3%	82,540,731	2.6%
Donations	18,072,844	0.6%	15,308,958	0.5%
Retained Within Business	114,309,164	3.6%	588,073,841	18.4%

DISTRIBUTION OF **WEALTH GENERATED - 2019**



DISTRIBUTION OF **WEALTH GENERATED – 2018**



PATTERN OF **SHAREHOLDING**
AS OF **JUNE 30, 2019**

Number of Shareholders	Shareholding Slab			Total Shares Held
425	1	to	100	19,047
1,751	101	to	500	810,391
835	501	to	1,000	803,430
938	1,001	to	5,000	2,462,143
199	5,001	to	10,000	1,606,771
71	10,001	to	15,000	935,335
52	15,001	to	20,000	959,310
32	20,001	to	25,000	766,784
14	25,001	to	30,000	392,049
13	30,001	to	35,000	432,383
10	35,001	to	40,000	382,022
4	40,001	to	45,000	169,100
8	45,001	to	50,000	400,000
5	50,001	to	55,000	263,500
1	55,001	to	60,000	60,000
4	60,001	to	65,000	250,240
2	65,001	to	70,000	134,500
2	70,001	to	75,000	148,500
4	75,001	to	80,000	311,140
2	80,001	to	85,000	165,500
1	85,001	to	90,000	90,000
3	90,001	to	95,000	280,400
5	95,001	to	100,000	497,000
1	100,001	to	105,000	100,500
1	105,001	to	110,000	110,000
2	115,001	to	120,000	234,500
1	120,001	to	125,000	120,500
1	125,001	to	130,000	130,000
1	130,001	to	135,000	135,000
1	135,001	to	140,000	137,500
2	155,001	to	160,000	315,500
1	170,001	to	175,000	172,080
1	180,001	to	185,000	184,500
2	195,001	to	200,000	400,000
1	210,001	to	215,000	213,000
1	225,001	to	230,000	229,300
1	250,001	to	255,000	252,800
1	320,001	to	325,000	323,700
1	335,001	to	340,000	337,800
1	395,001	to	400,000	395,500
1	465,001	to	470,000	466,500
1	525,001	to	530,000	525,900
1	560,001	to	565,000	564,500
1	610,001	to	615,000	613,800
1	620,001	to	625,000	624,500
1	650,001	to	655,000	651,600
1	825,001	to	830,000	827,775
2	940,001	to	945,000	1,881,138
1	1,095,001	to	1,100,000	1,095,600
1	1,820,001	to	1,825,000	1,824,000
2	2,030,001	to	2,035,000	4,062,662
1	2,500,001	to	2,505,000	2,500,100
3	3,750,001	to	3,755,000	11,250,450
1	4,735,001	to	4,740,000	4,735,500
2	7,500,001	to	7,505,000	15,000,600
1	24,745,001	to	24,750,000	24,748,750
1	28,495,001	to	28,500,000	28,498,900
4,423				116,004,000

CATEGORIES OF **SHAREHOLDERS**

AS OF **JUNE 30, 2019**

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
SHAUKAT HASAN	2	2,500,600	2
TAHIR AZAM	1	500	0
HASSAN TAHIR	1	7,500,300	6
MOHAMMAD ALI HASSAN	1	7,500,300	6
MAVIRA TAHIR	1	3,750,150	3
FARAZ AKHTAR ZAIDI	1	500	0
MUHAMMAD TABASSUM MUNIR	1	500	0
DR. SAFDAR ALI BUTT	1	500	0
SYED ASAD ABBAS HUSSAIN	1	500	0
UZRA TAHIR	2	28,581,400	25
ARIFA SHAUKAT	2	24,831,750	21
AMNA ZAIDI	1	3,750,150	3
MISS ESHAAL HASSAN THROUGH GUARDIAN SHAUKAT HASSAN & SANA SABIR	1	2,031,331	2
MISS NAWAAL HASSAN THROUGH GUARDIAN SHAUKAT HASSAN & SANA SABIR	1	2,031,331	2
Associated Companies, undertakings and related parties	-	-	-
Public Sector Companies and Corporations	-	-	-
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	7	8,806,400	8
Mutual Funds			
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	651,600	1
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	525,900	0
CDC - TRUSTEE NAFA ISLAMIC ENERGY FUND	1	323,700	0
MCBFSL - TRUSTEE JS VALUE FUND	1	94,400	0
CDC - TRUSTEE JS LARGE CAP. FUND	1	466,500	0
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	229,300	0
CDC - TRUSTEE JS ISLAMIC FUND	1	156,000	0
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	33,000	0
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	1	184,500	0
MC FSL - TRUSTEE JS GROWTH FUND	1	159,500	0
CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	1	100,500	0
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	16,500	0
CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	1	7,000	0
CDC - TRUSTEE HBL ENERGY FUND	1	624,500	1
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	110,000	0
General Public			
a. Local	4,326	17,283,513	15
Foreign Investor	5	949,275	1
OTHERS	53	2,802,100	2
Totals	**4384**	**116,004,000**	**100**

CATEGORIES OF **SHAREHOLDERS**
AS OF **JUNE 30, 2019**

Share holders holding 5% or more	Shares Held	%age
UZRA TAHIR	28,581,400	24.64
ARIFA SHAUKAT	24,831,750	21.41
HASSAN TAHIR	7,500,300	6.47
MUHAMMAD ALI HASSAN	7,500,300	6.47

S. No.	Folio #	Name of shareholder	Number of shares	%age
Directors and their spouse(s) and minor children				
1	1	SHAUKAT HASAN	500	0.00
2	2,091	MR. SHAUKAT HASSAN	2,500,100	2.16
3	2	TAHIR AZAM	500	0.00
4	4	HASSAN TAHIR	7,500,300	6.47
5	6	MOHAMMAD ALI HASSAN	7,500,300	6.47
6	9	MAVIRA TAHIR	3,750,150	3.23
7	06122-58719	FARAZ AKHTAR ZAIDI	500	0.00
8	03525-84662	MUHAMMAD TABASSUM MUNIR	500	0.00
9	16	DR. SAFDAR ALI BUTT	500	0.00
10	15	SYED ASAD ABBAS HUSSAIN	500	0.00
11	3	UZRA TAHIR	28,498,900	24.57
12	06452-37946	UZRA TAHIR	82,500	0.07
13	7	ARIFA SHAUKAT	24,748,750	21.33
14	06452-37938	ARIFA SHAUKAT	83,000	0.07
15	10	AMNA ZAIDI	3,750,150	3.23
16	2,092	MISS ESHAAL HASSAN THROUGH GUARDIAN SHAUKAT HASSAN & SANA SABIR	2,031,331	1.75
17	2,093	MISS NAWAAL HASSAN THROUGH GUARDIAN SHAUKAT HASSAN & SANA SABIR	2,031,331	1.75
		17	**82,479,812**	**71.10**
Associated Companies, undertakings and related parties			-	-
Public sector companies and corporations			-	-
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds				
1	02618-20	HABIB METROPOLITAN BANK LIMITED	8,000	0.01
2	05132-26	ASKARI BANK LIMITED	941,100	0.81
3	03277-2538	EFU LIFE ASSURANCE LTD	4,735,500	4.08
4	13748-501	ADAMJEE LIFE ASSURANCE COMPANY LTD-IMF	1,824,000	1.57
5	13748-550	ADAMJEE LIFE ASSURANCE COMPANY LIMITED-ISF	337,800	0.29
6	03277-71690	ADAMJEE LIFE ASSURANCE COMPANY LIMITED	395,500	0.34
7	13748-543	ADAMJEE LIFE ASSURANCE COMPANY LIMITED-NUIL Fund	564,500	0.49
		7	8,806,400	7.59

CATEGORIES OF **SHAREHOLDERS**
AS OF **JUNE 30, 2019**

S. No.	Folio #	Name of shareholder	Number of shares	%age
Mutual Funds				
1	05371-28	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	651,600	0.56
2	11262-23	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	525,900	0.45
3	16519-26	CDC - TRUSTEE NAFA ISLAMIC ENERGY FUND	323,700	0.28
4	05454-28	MCBFSL - TRUSTEE JS VALUE FUND	94,400	0.08
5	05652-23	CDC - TRUSTEE JS LARGE CAP. FUND	466,500	0.40
6	05819-23	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	229,300	0.20
7	06130-25	CDC - TRUSTEE JS ISLAMIC FUND	156,000	0.13
8	06213-25	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	33,000	0.03
9	10660-25	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	184,500	0.16
10	11049-29	MC FSL - TRUSTEE JS GROWTH FUND	159,500	0.14
11	11486-27	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	100,500	0.09
12	12310-25	CDC - TRUSTEE FIRST HABIB STOCK FUND	16,500	0.01
13	14126-26	CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	7,000	0.01
14	06437-29	CDC - TRUSTEE HBL ENERGY FUND	624,500	0.54
15	14373-27	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	110,000	0.09
		15	3,682,900	3.17
Foreign Investor				
1	03533-698	Habib Bank AG Zurich, Zurich,Switzerland	20,000	0.02
2	03533-722	HABIB BANK AG ZURICH, DEIRA DUBAI	25,000	0.02
3	06452-36831	SK LUBRICANTS	827,775	0.71
4	03533-2272	MAHMOOD AHMAD CHAUDHRY	73,500	0.06
5	15214-3200	MANSOOR MUHAMMAD	3,000	0.00
		5	**949,275**	**0.82**
Others				
1	03277-4841	BULK MANAGEMENT PAKISTAN (PVT.) LTD.	76,800	0.07
2	03525-63817	NH SECURITIES (PVT) LIMITED.	20,000	0.02
3	03525-67537	SHAMALIK BROTHERS (PVT) LTD	1,000	0.00
4	04184-22	AZEE SECURITIES (PRIVATE) LIMITED	500	0.00
5	05470-26	B & B SECURITIES (PRIVATE) LIMITED	99,000	0.09
6	06684-29	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT.) LTD.	76,000	0.07
7	07286-27	DR. ARSLAN RAZAQUE SECURITIES (PVT.) LIMITED	1,000	0.00
8	10231-27	MSMANIAR FINANCIALS (PVT) LTD.	5,000	0.00
9	11072-26	SEVEN STAR SECURITIES (PVT.) LTD.	2,500	0.00
10	11692-21	ABA ALI HABIB SECURITIES (PVT) LIMITED	213,000	0.18
11	12203-12148	MERIN (PRIVATE) LIMITED	500	0.00
12	14118-27	ASDA SECURITIES (PVT.) LTD.	7,500	0.01
13	04192-2126	MANAGING COMMITTEE RAZIA SHEIKH WELFARE TRUST	10,000	0.01
14	04424-2648	BEGUM AISHA AHMED AND LATIF BAWANY FOUNDATION	2,000	0.00
15	05660-15202	TRUSTEE FRANCISCANS OF ST.JOHN THE BAPTIST PAKISTAN	7,500	0.01
16	03277-4230	CRESCENT STEEL AND ALLIED PRODUCTS LTD.	68,500	0.06

CATEGORIES OF **SHAREHOLDERS**
AS OF **JUNE 30, 2019**

S. No.	Folio #	Name of shareholder	Number of shares	%age
17	03277-4865	SHAKOO (PVT) LTD.	10,000	0.01
18	03277-67767	ANAM FABRICS (PVT) LTD.	20,000	0.02
19	03277-87758	TERMINAL ONE LIMITED	100	0.00
20	03277-89780	GLOBE MANAGEMENTS (PRIVATE) LIMITED	25,000	0.02
21	03525-93669	IHSAN SONS (PRIVATE) LIMITED	500	0.00
22	04457-45	FDM CAPITAL SECURITIES (PVT) LIMITED	10,000	0.01
23	07344-29	GMI CAPITAL SECURITIES (PVT) LTD.	10,000	0.01
24	13649-24	JS GLOBAL CAPITAL LIMITED - MF	500	0.00
25	16857-26	MRA SECURITIES LIMITED - MF	91,500	0.08
26	16899-22	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES(P)LTD - MF	100,000	0.09
27	17004-27	FAWAD YUSUF SECURITIES (PRIVATE) LIMITED - MF	51,000	0.04
28	15214-2467	PAK THREAD	2,500	0.00
29	00935-38040	TRUSTEE CITY SCHOOLS PROVIDENT FUND TRUST	80,000	0.07
30	03525-28788	TRUSTEES D.G.KHAN CEMENT CO.LTD.EMP. P.F	60,000	0.05
31	12690-1408	PAKISTAN TELECOMMUNICATION EMPLOYEES TRUST	23,000	0.02
32	00307-112338	RS PUBLISHERS (PRIVATE) LIMITED	8,500	0.01
33	01651-27	FORTUNE SECURITIES LIMITED	10,000	0.01
34	04341-3265	RAO SYSTEMS (PVT.) LTD.	500	0.00
35	07179-5623	MUHAMMAD BASHIR KASMANI (PRIVATE) LIMITED	1,100	0.00
36	12997-24	TOPLINE SECURITIES LIMITED - MF	100,000	0.09
37	16881-23	SAKARWALA CAPITAL SECURITIES (PRIVATE) LIMITED - MF	1,000	0.00
38	03277-3397	PAKISTAN MEMON EDUCATIONAL & WELFARE SOC	2,000	0.00
39	03038-43962	PREMIER CABLES (PVT.) LIMITED	10,000	0.01
40	03525-82219	UHF CONSULTING (PRIVATE) LIMITED	2,500	0.00
41	03939-41223	WATEEN TELECOM (PRIVATE) LIMITED EMPLOYEES PROVIDENT FUND	1,000	0.00
42	04085-24	MRA SECURITIES LIMITED	5,000	0.00
43	04234-25	RAFI SECURITIES (PRIVATE) LIMITED	1,000	0.00
44	04366-20	MULTILINE SECURITIES (PVT) LIMITED	5,000	0.00
45	05298-28	MAAN SECURITIES (PRIVATE) LIMITED	500	0.00
46	12211-27	INFINITE SECURITIES LIMITED	130,000	0.11
47	12666-908	GETZ PHARMA (PRIVATE) LIMITED EMPLOYEES PROVIDENT FUND	16,500	0.01
48	12666-1773	Chevron Pakistan Lubricants (Pvt.) Ltd. EPF	4,000	0.00
49	13300-25	BMA CAPITAL MANAGEMENT LTD. - MF	200,000	0.17
50	14670-20	MULTILINE SECURITIES (PVT) LIMITED - MF	120,500	0.10
51	16253-29	MARKET 786 (PRIVATE) LIMITED	1,095,600	0.94
52	16261-28	AXIS GLOBAL LIMITED - MF	5,000	0.00
53	16980-21	ASDA SECURITIES (PRIVATE) LIMITED - MF	7,500	0.01
		53	2,802,100	2.42
General Public Local		**4,326**	**17,283,513**	**14.90**
Total		**4,423**	**116,004,000**	**100**

NOTICE OF **11TH ANNUAL GENERAL MEETING**

Notice is hereby given that the 11th Annual General Meeting of the shareholders of Hi-Tech Lubricants Limited (HTL) will be held on Friday October 25, 2019 at 15:00 Hours at Falettis Hotel, 24-Egerton Road, Lahore. Pakistan, to transact the following businesses:

ORDINARY **BUSINESS**

1. To confirm minutes of 10th annual general meeting held on 26.10.2018, as submitted to PSX.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2019 together with the Board of Directors' and Auditor's reports thereon.
3. To approve and declare final cash dividend of Rs. 0.25 per share i.e. @ 2.5 % as recommended by the Board of Directors for the year ended June 30, 2019.
4. To appoint Auditors of the Company for the next financial year 2019-20 and to fix their remuneration. The present auditors M/s Riaz Ahmad & Co. Chartered Accountants, retired and being eligible, offer themselves for reappointment as Auditors of the Company.

SPECIAL **BUSINESS**

5. To consider, and if thought fit, to pass the following resolutions as special resolutions, (a) to ratify and approve the transactions carried out with Sabra Hamida Trust (SHT) during the financial year ended June 30, 2019 and (b) & (c) to authorize the Board of Directors to approve all related party transactions carried out and to be carried out with SHT during the year ending June 30, 2020.

(a). "RESOLVED THAT the transactions carried out by the Company with the following related party for the financial year ended June 30, 2019 be and are hereby ratified and approved"

Name(s)	Nature of Transactions	Amount
Sabra, Hamida Trust (SHT)	Donations under CSR Policy	PKR 16.5 Million

((b) "RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to approve all transactions up to the amount of PKR 20 Million carried out and to be carried out with above named related party for the financial year ending June 30, 2020."

(c) "RESOLVED FURTHER THAT the approval of transactions by the Board, within the aforesaid limit of PKR 20 million, shall be deemed to have been approved by the shareholders and the transactions for the year ending June 30, 2020 shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval."

6. To consider, and if thought fit, to pass the following resolutions as special resolutions, (a) to ratify and approve the transactions carried out with wholly owned subsidiary company Hi-Tech Blending (Private) Limited (HTBL) during the financial year ended June 30, 2019 and (b) & (c) to authorize the Board of Directors to approve all related party transactions carried out and to be carried out with HTBL during the year ending June 30, 2020;

(a). "RESOLVED THAT the transactions carried out by the Company with wholly owned subsidiary company Hi-Tech Blending (Private) Limited (HTBL) for the financial year ended June 30, 2019 be and are hereby ratified and approved"

Name(s)	Nature of Transactions	Amount (PKR)
Hi-Tech Blending (Private) Limited (HTBL) (Wholly owned subsidiary company of HTL)	Purchase of Lubricants	4364.6 Million
	Sale of lubricants	0.17 Million
	Loans disbursed	656.95 Million
	Loans recovered	656.95 Million
	Interest charged on short term loans	33.63 Million
	Interest received on short term loans	41.20 Million
	Lease rentals paid	3 Million

(b) "RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to approve all transactions carried out and to be carried out with HTBL for the financial year ending June 30, 2020."

(c) "RESOLVED FURTHER THAT the approval of transactions by the Board shall be deemed to have been approved by the shareholders and the transactions for the year ending June 30, 2020 shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval."

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

BY ORDER OF THE BOARD
FRAZ AMJAD KHAWAJA
COMPANY SECRETARY

Lahore,
October 03, 2019

NOTES

1. **Book Closure**: The share transfer books of the company will remain closed from 19-10-2019 to 25-10-2019 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar, M/S CDC Share Registrar Services Limited, CDC House, 99-B, Block "B", S.M.C.H.S., Main Shahrah-e-Faisal, Karachi. Telephone: +92 21 111-111-500, Fax: +92 21 34326053, Toll Free: 0800 23275 (CDCPL), Email address: info@cdcsrsl.

com, Website: https://www.cdcsrsl.com by the close of business (5:00 PM) on 18-10-2019 will be considered in time to be eligible for the purpose of attending and voting at 11th Annual General Meeting of HTL (AGM). Members are requested to quote always their respective Folio/CDC Account/ Sub-Account numbers in all correspondence with the Company and/or its share registrar for any purpose including Transfers, CNIC/NICOP updates and change/update in addresses for correspondence, email/mobile phone numbers etc.

2. **Appointment of Proxy**: A member entitled to attend and vote at the AGM is entitled to appoint another member as a proxy to attend and vote instead of him/her. The instrument appointing a proxy must be received at the Registered Office of the company not less than 48 hours before the time fixed for AGM.

3. **Participation in AGM**: Members who have deposited their shares in the Central Depository System of the Central Depository Company of Pakistan Limited will have to follow the under mentioned guidelines as laid down by Securities and Exchange Commission of Pakistan:

A. FOR ATTENDING **THE MEETING**

a. In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or original Passport along with Participant ID number and the Account number at the time of attending AGM.

B. FOR APPOINTING **PROXIES**

a. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
c. Attested copies of CNIC or the Passport of beneficial owners and the proxy shall be furnished with the proxy form.
d. The proxy shall produce his original CNIC or original Passport at the time of AGM.
e. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

4. **Electronic Transmission of Financial Statements:** The members, who desire to opt to receive annual Audited Financial Statements and notice of AGM through e-mail, are requested to provide their written consent on the Standard Request Form available on the Company's website. The Company shall, however, provide hard copy of the annual Audited Financial Statements to its shareholders, on request, free of cost, within seven days of receipt of such request.
5. **Video conferencing facility:** If the Company receives consent from members holding aggregate 10% or more shareholding, residing in geographical location to participate in the meeting through video conference at least 7 days prior to the date of AGM, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

In this regard, please fill the following and submit to registered address of the company at least 7 days prior to the date of AGM.

"I/We,_________________ of ___________________, being a member of Hi-Tech Lubricants Limited, holder of _______________ ordinary share(s) as per Registered Folio/CDC Account/Sub Account No. ________________ hereby opt for video conference facility at _________.

6. **Placement of Financial Statements on Website:** The Company has placed the Audited Annual Financial Statements for the year ended June 30, 2019 along with Auditors' and Directors' Reports thereon on company's website hitechlubricants.com

7. **Deduction of Withholding Tax on the amount of Dividend:**Pursuant to Circular No. 19/2014 dated October 24, 2014, SECP has directed all companies to inform shareholders about changes made in the Section 150 of the Income Tax Ordinance, 2001. The company, hereby advise to its shareholders, the important amendments, as under:

Government of Pakistan through Finance Act, 2019, has made certain amendments in withholding tax provision by substituting the definition of "Filers" with "Active Taxpayer List" (ATL), whereby the company is required to collect tax on dividend under Section 150 of the Income Tax Ordinance, 2001 from the person not appearing in the ATL at the rates specified in the Ordinance as increased by 100%. These tax rates are as under:

a. For filers of income tax returns 15%
b. For non-filers of income tax returns 30%

To enable the company to make tax deduction on the amount of cash dividend whenever declared @ 15% instead of 30%, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of Federal Board of Revenue, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the start of above mentioned book closure otherwise tax on their cash dividend will be deducted @ 30% instead of @ 15%.

For any query/problem/information, the investors may contact the Company's above-mentioned Share Registrar.

The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas, corporate physical shareholders should send a copy of their NTN certificate to the Company or its Share Registrar. The shareholders while sending NTN or NTN Certificates, as the case may be, must quote Company name and their respective folio numbers and updated mailing addresses.

FOR JOINT SHAREHOLDERS: In the case of shares registered in the name of two or more shareholders, each joint-holder is to be treated individually as either a filer or non-filer and tax will be deducted by the company on the basis of shareholding of each joint-holder as may be notified to the Company in writing. The joint holders are, therefore, requested to submit their shareholdings proportions of Principal Shareholder and Joint-Shareholder(s) in respect of shares held by them, otherwise each joint holder shall be presumed to have an equal number of shares.

8. **Dividend Mandate:** According to the provisions of Section 242 of the Companies Act, 2017 (the "Act"), any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Further, rule 3 of Companies (Distribution of Dividends) Regulations, 2017 provides that the Company should make payment of cash dividend within a period of fifteen working days from the date of its declaration. Therefore, the registered shareholders of the Company are requested to provide following details in order to credit their cash dividends directly to their international bank account number (IBAN), if declared:

(i) in case of book-entry securities in CDS, to the CDS Participants; and
(ii) In case of physical securities to Company's Share Registrar, M/S CDC Share Registrar Services Limited, CDC House, 99-B, Block "B", S.M.C.H.S., Main Shahrah-e-Faisal, Karachi. Telephone: +92 21 111-111-500, Fax: +92 21 34326053, Toll Free: 0800 23275 (CDCPL), Email address: info@cdcsrsl.com, Website: https://www.cdcsrsl.com/ as mentioned below.

(i) in case of book-entry securities in CDS, to the CDS Participants; and
(ii) In case of physical securities to Company's Share Registrar, M/S CDC Share Registrar Services Limited, CDC House, 99-B, Block "B", S.M.C.H.S., Main Shahrah-e-Faisal, Karachi. Telephone: +92 21 111-111-500, Fax: +92 21 34326053, Toll Free: 0800 23275 (CDCPL), Email address: info@cdcsrsl.com, Website: https://www.cdcsrsl.com/ as mentioned below.

1	Shareholder's Name	2	Father's/Husband's Name
3	Folio No.	4	Postal Address
5	Name of Bank	6	Name of Branch
7	Address of Branch	8	Title of Bank Account
9	Bank Account No. (Complete with Code)	10	IBAN * (Complete with Code)
11	Mobile Phone No.	12	Landline Phone No. (if any)
13	CNIC No. (attach copy)	14	NTN (in case of corporate entity, attach copy)
	Signature of Shareholder (as on CNIC)		* IBAN number (International Bank Account Number) will be provided by your banker, containing alpha, numeric and without any space and gap.

9. **Postal Ballot/E-Voting:** In accordance In accordance with the Companies (Postal Ballot) Regulations, 2018, for any agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through postal ballot i.e. by post or e-voting, in the manner and subject to the conditions contained in the aforesaid regulations.

10. **Guidelines for Shareholders to Access CDC's eServices Portal:** Central Depository Company (CDC) has developed Central Cash Dividend Register (CCDR) as eServices web portal which would incorporate details pertaining to cash dividends paid, unpaid or withheld by listed companies. The CCDR will help to maintain the history of dividends paid to shareholders by listed companies and access to all such information will be provided to the respective shareholders. The web portal will facilitate shareholders of listed companies in retrieving details of cash dividends from centralized register and using the same for their record purposes.

    You may access CCDR via https://eservices.cdcaccess.com.pk . In addition, the Dividend/Zakat & Tax Deduction Report can also be obtained directly from your Participant (Stock broker) which has been provided to them on their CDS terminals. Moreover, you will also receive a copy of this report on your provided/registered email addresses.

STATEMENT U/S 134(3) **OF THE COMPANIES ACT, 2017**

This statement sets out the material facts pertaining to the special business to be transacted at the 11th Annual General Meeting (AGM) of Hi-Tech Lubricants Limited (the "Company") to be held on Friday October 25, 2019 at 15:00 Hours.

1. AGENDA **ITEM NO. 5**

(a) Ratification and Approval of Related Party Transactions

The transactions with related party in respect of contributions/donations to Sabra, Hamida Trust (SHT) presented by the Board as recommended by the Board's Audit Committee on quarterly basis pursuant to Listed Companies (Code of Corporate Governance) Regulations, 2017 (CCGR-2017).

The Board's Audit Committee recommended related party transactions relating to the donations to SHT reported in the first, second, third & forth quarterly unconsolidated and consolidated condensed interim financial information of Hi-Tech Lubricants Limited for consideration by the Board. Details of these transactions along with all supporting documents have been maintained as per requirements of CCGR-2017. All Contributions to SHT are Tax Exempted under Clause (C) of Sub Section (36) of Section 2 of Income Tax Ordinance 2001 Vide FBR Letter No.2769/J Dated: Jan.14, 2014.
All the other statements of related party transactions during the year were executed at Arms-Length-Price. There was no departure from the guidelines mentioned in CCGR-2017 for such transactions.
Pursuant to above, these transactions have to be approved by the shareholders in AGM.

(b) & (c) Authorization for the Board of Directors to approve related party transactions during the financial year ending June 30, 2020
The company is and shall be conducting transactions with its related parties during the financial year ending June 30, 2020 and subsequently, in the ordinary course of business and on arm's length basis as per the approved policy with respect to transactions with related parties in the normal course of business. The related parties' transactions in which majority of Directors are interested due to their relationship with trustees of related party, therefore necessitates approval of shareholders. Accordingly, approval of shareholders is being sought to authorize Board of Directors of the Company to approve all transactions carried out and to be carried out with such related party during the financial year ending June 30, 2020, which transaction shall be deemed to be approved by Shareholders. The nature and scope of such related party transactions is explained above in the statement of relevant agenda item. The related party transactions are and to be conducted during the financial year ending June 30, 2020, shall then be placed before the shareholders in the next AGM for their formal approval/ ratification.

The directors, sponsors, majority shareholders and their relatives are not interested, directly or indirectly, in the above special business except to the extent of shares that are held by them in the Company.

2. AGENDA **ITEM NO. 6**

(a) Ratification and Approval of Related Party Transactions

The transactions with associated Companies for the sale and purchase of goods, disbursement of short term loans and interest thereon and lease rentals paid were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to the Listed Companies (Code of Corporate Governance) Regulations, 2017;

The commercial reasons for entering into RPTs are the following:

a. To tap domestic market through localization and to obtain benefits of the market as it has grown appreciably in latest many years and major brand has a vast gap to tap retail segments of the country along with high end industrial and corporate sectors with major volumes.
b. State of the art and elaborated testing facilities at subsidiary company.
c. To ensure smooth supply chain and to avoid shortages.
d. To ensure freight cost saving by building warehouses at the land of subsidiary so as to make cohesion between purchase and dispatch management.

The transactions with related parties are entered into as per policy approved by the Board.
The Company has 100% holding in wholly owned subsidiary company.

(b) & (c) Authorization for the Board of Directors to approve related party transactions during the financial year ending June 30, 2020
The Company shall be conducting transactions of sale and purchase of goods, loan disbursements and payment of lease rental with associated companies during the year ending June 30, 2020 in the normal course of business and therefore, all the future transactions shall be approved by the Board of Directors on quarterly basis.

The directors, sponsors, majority shareholders and their relatives are not interested, directly or indirectly, in the above special business except to the extent of shares that are held by them in the Company.

3. All the other statements of related party transactions during the year were executed at Arms-Length-Price. There was no departure from the guidelines mentioned in CCGR-2017 for such transactions.

GUIDELINES TO REGISTER FOR **CENTRALIZED CASH DIVIDEND REGISTER (CCDR)**

INTRODUCTION

Central Depository Company (CDC) has developed Centralized Cash Dividend register (CCDR), an eservices web portal which would incorporate details pertaining to cash dividends paid, unpaid or withheld by listed companies. The CCDR will help to maintain history of dividends paid to shareholders by listed companies and access of all such information will be provided to the respective shareholders. This will also ensure a major cost incurred by listed companies towards printing and dispatching of counter foils at the time of processing of cash dividends is eliminated. The web portal will facilitate shareholders of listed companies in retrieving details of cash dividends from centralized register and using the same their record purposes.

REGISTRATION **PROCESS**

- To register for edividend services, please visit our eservices portal by accessing www.eservices.cdcaccess.com.pk/public/index.xhtml

- If you are currently not availing this facility, please first register yourself clicking new here? Register now tab. (anyone can register provided they have CNIC / NICOP / POC / Passport in case of individual clients and registration number or NTN for corporate body)

- After clicking the register now option you are requested to fill up the form displayed on the screen. (all the mandatory fields having asterisk (*) must be filled).

- After filling the requisite form, kindly save all the information by clicking the save button.

- After successfully saving the form you will get a link on registered email address. Upon clicking this link another screen will open up for resetting of your password.

- The password can be of 8 to 16 characters out of which 6 characters should be alphabets (at least 1 upper case and 1 lower case letter) and at least 2 numeric digits.

- After setting up your password, return to the home page of eservices portal.

- Your user id would be your CNIC OR NICOP OR POC or passport in case of individuals and registration number of NTN for corporate body. The password would be the same that you had setup earlier.

SERVICE **ACTIVATION**

- After successful login into your account kindly click my edividend tab appearing under edividend option. Edividend service activation screen will be opened.

- For CDS Account Holder, give participant ID and CDS account number and for Physical Share certificate, give folio number and security symbol.

- Upon loading of the List of My eDividend(s) screen, kindly insert Participant ID and Account number, if you are a CDS Account Holder OR enter your folio number and security symbol if you have Physical Share Certificates. You will be asked to opt OPT's option i.e. Mobile Number OR Email. After entering the same your eDividend service will be activated.

Once activated you will be directed to List of My eDividend(s) screen form where you can check your Dividend Payment Status. You can view dividend report of those records which have paid status.

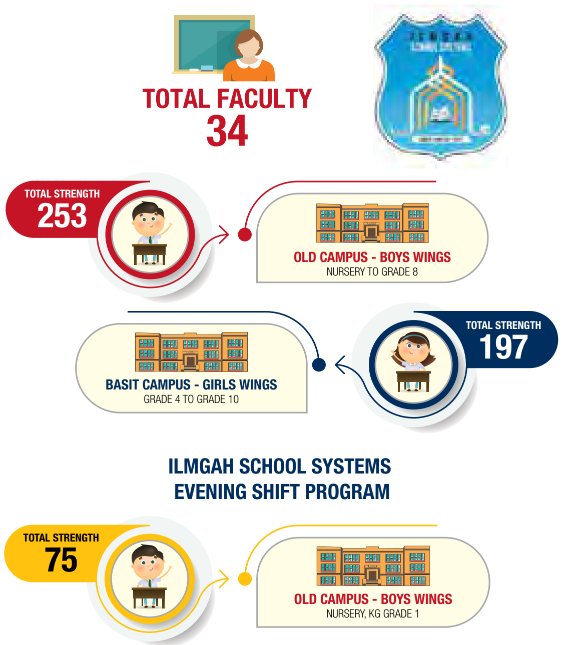
CORPORATE **SOCIAL RESPONSIBILITY**

@ HTL

One of our key focuses with our CSR initiatives is the Ilm Gah Schools. We started the first one under the Sabra Hamida Trust seven years ago with only 35 students and 5 teachers. Today, that number has multiplied tenfold, whereby parents have placed their faith in our institution to provide their children with quality education, including schools supplies such as uniforms, books, and stationery. We are committed on continuing this invaluable work and help improve the lives of our future generation.

SUSTAINABILITY AND **CORPORATE SOCIAL RESPONSIBILITY**

As a socially responsible company, HTL creates a net social benefit in the communities where it operates. Our initiatives are focused on delivering long-term improvements in three core areas of sustainable development: Education, Healthcare, and Environment. The company works on both monetary and non-monetary ways, providing support to causes that are of top development priority in Pakistan. Also, our CSR strategy is in compliance with the overarching UNGC Sustainable Development Goals.



ILMGAH **SCHOOL SYSTEMS**

Ilmgah School Systems is an educational institution in the Green Town locality, providing access to a learning community for children to learn and become respectful and responsible citizens of the country. The HTL management continues to maintain its commitment to the Green Town community by providing financial and managerial support to the Ilmgah School System through the Sabra Hamida Trust.

The company is determined to start another school soon. This school shall be opened in a different vicinity and the need assessment for the project has been initiated. We aim at expanding education footprints through purposeful collaborations. We believe in imparting education by engaging all students in partnership with family and community to become informed, compassionate, global citizens.

INAUGURATION OF **GIRLS CAMPUS**

Another milestone achieved in acquiring a new building to establish the Girls section of Ilmgah School Systems. The inauguration held at the campus in October was organized and celebrated with full zeal and zest. The interior of the school embellished beautifully while the girls welcomed the distinguished guests with showers of flower petals. The new campus has been named after late Mr. Basit Hassan. His wife, also a Trustee of Sabra Hamida Trust, Ms. Sana Sabir conducted the Ribbon Cutting Ceremony. A prayer was made for further expansion of the campus and its establishment.

LAUNCH OF **EVENING SHIFT PROGRAM**

Assessing the need and affirm on the narrative that only through education progressive nations are built who can serve as change makers for themselves and others on the whole. Evening shift program has been started at Ilmgah School Systems from this March onwards.

The evening shift caters Nursery, KG and Class I from 2:30pm to 5:30pm. 79 students have been enrolled so far in the evening program and thus getting equal opportunity to read and learn. The response has been very encouraging. Parents are greatly delighted and thankful to the management for their commitment to educate and nurture families so they may grow towards responsible global citizenship.

Today, the management is putting all efforts to register Ilmgah as Ilmgah School Systems. We are in the transitional phase where the management of Ilmgah plans to introduce students to the Tech Based Learning for which we are undergoing the expansion of the school to have more spacious rooms for maximum number to cater. Within few years, the school has become a promising platform for children to learn, experiment and grow confident to live their dreams, fighting all odds.

CHILD **ABUSE AWARENESS**

With the prevailing moral crisis, the subject of Child Abuse cannot be neglected. Which is why, second year in a row, Ilmgah School Systems observed the Child Abuse prevention month. A 2 day-workshop was arranged where the parents and students were informed about Child abuse and its prevention.

On the first day of the workshop, only the mothers of the students were invited, discussing the impacts of domestic violence on children. While on the second day, both students and mothers were invited for a detailed discussion on Child Abuse. Different types of Child abuses were elaborated other than the physical or sexual abuse. They were made aware of the mental and

ILMGAH SCHOOL SYSTEMS (PROGRESS TILL DATE)

	2011	2012	2013	2014	2015	2016	2017	2018	2019
No of Students	35	151	228	253	301	363	343	354	510
No of Teachers	6	10	16	18	15	25	23	25	26

psychological abuse the children undergo due to harsh or ill treatment even from the parents. Dr. Faadia talked about practical implications to solve and prevent everyday stress challenges. She also guided parents to focus on building a healthy relationship with their children, and to make sure they feel safe and secure. The mothers were given a chance to voice their views and raise any question regarding the topic in discussion.

The company is committed to provide lifelong learning in a caring environment and by holding such initiatives ensures the establishment of a safe and healthy society.

THE CITIZEN FOUNDATION VISIT TO **ILMGAH SCHOOL**

HTL management aims at providing quality education by any means necessary. For this purpose, the management invited institutions and Educationists to the school for their recommendations and improvements. For this purpose, Mr. Ali Safdar Raja (Head of Resource Mobilization) representing The Citizens Foundation was invited to Ilmgah school and TCF's assistance in improving students learning and enhancing teaching methodology skills was sought. Mr. Ali Safdar appreciated the Ilmgah faculty for their hardwork and commitment in obtaining academic excellence. He admired the management for providing quality learning space and healthy environment for the students to excel and grow with confidence. He showed interest for giving all possible support to further strengthen and enhance the school framework.

FREE MEDICAL **CHECKUP**

Education and healthcare goes hand in hand at Ilmgah. In continuation with routine medical checkups at Ilmgah School Systems, Dr. Muhammad Shafiq re-visited the school to examine the students with any ailment. During his visit, he showed satisfaction regarding the improved health conditions of the students. He praised the management saying that Consistent and regular medical checkups certainly speak that the Management has deep concern about the welfare and health of the students.

FREE EYE **CARE CHECKUP**

Children represent the future of any country and ensuring their healthy growth and development is a foremost duty we pay attention to. Hence, a purposeful visit of Dr. Ibrar Elahi Malik, a renowned Eye Surgeon (Opthalmologist) was arranged for the students who were having eye sight issues. It was generous of Dr. Ibrar who happily accepted to volunteer for the eye checkup. Dr. Ibrar showed his deepest care and affection for the students of Ilmgah and thoroughly examined them, suggested them medicines and advised proper care to assure improvement in the eye sights.

INITIATIVES FOR THE HEALTH AND **WELLBEING OF COMMUNITY**

Regretfully, Pakistan is among those countries where people lack even basic healthcare services. We believe that people should not be denied access to life-saving interventions for unfair reasons, including an inability to pay. HTL considers it to be our rightful responsibility for being a socially responsible company that it has made Healthcare one important pillar of its CSR strategy. During this year every initiative that we have taken is with a strong sense of purpose and great ambition to help improve health conditions. HTL encourages collaborative efforts to facilitate what we believe is the most important goal to save lives and improve health outcomes.

FREE **MEDICAL CAMP**

Green Town is one of the vicinity where people lack health facilities and remain at mercy of the hospitals operating in the city. Nor do they have adequate money to pay for treatment and medicines. Keeping in view the dire need of the area, Hi- Tech Lubricants operated a one-day General medical Camp in collaboration with Transparent Hands at the premises of IlmGah School Green Town Lahore. A team of Doctors and paramedics provided by Transparent Hands treated around 500 patients free of charge.

MOU SIGNING WITH **TRANSPARENT HANDS**

Healthcare being the one important pillar of HTL's CSR strategy and we take it as our lawful responsibility to contribute our share in life saving of many deprived from basic healthcare. HTL signed an agreement with Transparent Hands to work in collaboration for the purpose to reach out to as many as possible and provide free healthcare services. During the MOU signing ceremony the Chairman HTL Mr. Shaukat Hassan gave an overview to the CEO Transparent Hands Ms. Rameeza Moin about the CSR work the company has been aggressively doing for the past few years and ensured his full support to address to this global issue by partnering with their organization.

HI-TECH LUBRICANTS LIMITED **COMMEMORATES WORLD DONOR DAY**

Hi-Tech Lubricants Limited memorized World Donor Day in collaboration with Sundas Foundation and Hussaini Blood Bank by setting up three separate camps in Lahore, at Hi-Tech Blending Pvt. Ltd. and at HTL office Karachi on different occasions. The aim of the camp has always been to encourage employees to frequently donate blood and contribute their part to save millions of lives. The camp serves dual purpose as it also raises awareness about Thalassemia and Hemophilia diseases. The staff compassionately participates with positive energy and contributes a little share to the huge cause.

A HOBBY AND A GUARANTEED STRESS RELIEVER - **ONE DAY WORKSHOP ON VEGETABLE GARDENING**

Hi-Tech Lubricants Ltd arranged a One Day workshop on Vegetable Gardening for its employees in collaboration with the Parks & Horticulture Authority (PHA). The officials of PHA gave a hands-on learning about some of the most delicious, easy-to-grow summer vegetables. It was interesting to learn the health benefits of doing vegetable gardening. The employees not only find it enjoyable yet quote it as a healthy exercise too which makes you feel better, helps your troubles and stresses of the day to simply float away and has proven to lower blood pressure and relax the mind. The employees took home for their Goodie Bag "A Customized Summer Seed Collection" and a confidence of having a vegetable Garden of their own.

ENVIRONMENTAL **PROTECTION MEASURES**

Caring for environment is an integral part of HTL business practices. We respect environment and we take full responsibility with integrity to make sure that our actions do not come in the line of our duty towards environment. Greener Pakistan Initiative since 2016, has become a regular drive. We have reached colleges, schools, universities, vocational training institutes with a clear message that it is our divine obligation to protect environment and we have to plant as many trees as possible to safeguard the future of our planet. We are fully aware how brutal it can turn for our health if we do nothing for the environment now. During the period under review, we have been successful in planting 15000 trees collaborating with different government and Private organizations and this will continue for years to come.

GREENER PAKISTAN, **A BETTER PAKISTAN**

The youth is our future hope! Which is why HTL targeted the aspiring youth to help them play their part in saving the environment. ZIC Sales Team conducted Tree Plantation activity in three different branches of Lahore Grammar School Multan. Students planted trees with the spirit of devotion to build a greener future of their own selves.. This is just the beginning as HTL is making tireless efforts to promote a greener environment by reaching more schools and bringing increased awareness to students around the country regarding the dire need to plant more trees.

ZIC LUBRICANTS **AWARENESS PROGRAM**

HTL always strives to educate the end consumer that HTL's entire product range is environment friendly and is also a right product to enhance the life of their vehicle engines. For this purpose, HTL ZIC sales teams has been arranging Lubricant awareness programs at vocational training institutes of Punjab for automotive students (Future Market Mechanics) with the following objectives;

- Give Education & awareness on Safety riding and Traffic rules
- Promote ZIC products at the Grass root level
- Educate about Plantation and its importance for Greener Pakistan
- And to contribute to Plantation in colleges for a better tomorrow

HTL ZIC M sales teams planned and executed this intensive campaign, conducting 2 activities per day at division level, district level and the distribution city level of central region.

The campaign continued for 35 days facilitating 50 cities and turned out to be a great success by gathering a large number of audience (7044 participants).

CSR **AWARD**

LIVING THE **UN GLOBAL COMPACT BUSINESS SUSTAINABILITY AWARD 2018**

United Nations Global Compact has once again recognized Hi-Tech Lubricants Ltd for its sustainable Corporate Social Responsibility efforts by awarding 2nd position in the Large National Category.The award signifies HTL's continued commitment towards embracing and enhancing the quality of its people's life by investing in their bright future through alignment with Sustainable Development Goals (SDGs) and embedding the ten UNGC principles in its core business practices.

@ *HTL*

When it comes to positive energy at HTL, perhaps the most important source of it is our human resources. We ensure that every person working for HTL feels positive about their work by employing core human senses. We hear through periodic employee satisfaction surveys, see by creating a positive working environment, speak with effective trainings and development sessions, and touch all employee engagement points to produce a culture of positivity that results in creative thinking and highly collaborative work spaces.

HUMAN **RESOURCES**

HUMAN RESOURCE **HIGHLIGHTS**

Success of organizations undoubtedly lies in the quality of its Human Resource Management. Here at Hi-Tech Lubricants Limited we aim to build a highly capable organization and be the best employer of choice.

Starting from workforce planning, all human resources processes such as recruitment, performance management, talent management, training and development, compensation and benefits management are based on ensuring, encouraging and rewarding continuous development and superior performance.

Hi-Tech Lubricants Limited possess a dedicated sales staff that have the technical knowledge of the product and effectively works day and night to increase the sales of the company. Moreover the supporting departments like HR, IT, Marketing, Financials, Administration, Corporate Compliance, Internal Audit, Strategy, Supply Chain & Warehouse have resources who are motivated, committed and professionally strong in their domains and they are working side by side with each other to make business a success.

DIVERSITY AND **EQUAL EMPLOYMENT OPPORTUNITY**

HTL provides equal employment opportunities (EEO) to all employees and applicants for employment without regard to race, color, religion, gender, sexual orientation, gender identity, national origin, age, disability, genetic information or marital status, in accordance with applicable state laws. HTL complies with applicable state laws governing non-discrimination in employment in every location in which the company has facilities. This policy applies to all terms and conditions of employment, including hiring, placement, promotion, termination, layoff, recall, transfers, leaves, absence, compensation and training.

ANTI INSULTING **MODESTY**

HTL is committed to provide a work environment in which all individuals are treated with respect and dignity. Each individual has the right to work in a professional atmosphere that promotes equal employment opportunities and prohibits unlawful discriminatory practices, including harassment. Therefore, HTL expects that all relationships among persons in the office will be business-like and free of bias, prejudice and harassment.

HTL encourages reporting of all perceived incidents of discrimination or harassment. It is the policy of HTL to promptly and thoroughly investigate such reports with zero tolerance. HTL prohibits retaliation against any individual who reports discrimination or harassment or who participates in an investigation of such reports.

COMPLIANCE

HTL is committed to adhere his policies and structures as per Securities and Exchange Commission of Pakistan for that purpose HTL has set up a Corporate Compliance department whose purpose is to meet key regulatory objectives of the company, to protect investors interest and ensure that markets are fair, efficient and transparent. It monitors and reports on the effectiveness of controls in the management of the organizations risk exposure. The department also resolves compliance issues as they arise and advises the business on rules and controls.

KEY PERFORMANCE **INDICATORS**

No Of Universities Visited (Career Fairs)	4
Head Count	370
Employee Turnover	20%
Trainings Conducted	4
# of Trainees	110

HIGHLIGHTS OF **2018-2019**

CAREER FAIRS



Career Fair gives an opportunity to both students and employers a chance to meet one another, establish professional relationships, and discuss potential job and internship opportunities. Career fairs also present an opportunity to promote the company and services, establish the company brand in the community and also, check out the competition and what they are doing.

Hi-Tech Lubricants participated in below mentioned Career Fairs, which was organized in Lahore by their respective educational institutions.

Sr. No	Name Of University	Date
1	University of Management & Technology	December 5th, 2018
2	University Of Central Punjab	January 17th, 2019
3	FAST National University	February 20th, 2019
4	Forman Christian College	March 6th, 2019

Some of the major participants that attended the career fair are as under;

- Coca Cola Beverages Pakistan Ltd.
- Nestle Pakistan
- NETSOL Technologies
- Mobilink
- Descon Engineering
- Hotel One

INTERNSHIP **PROGRAM**

HTL Internship Program contributes towards the development of fresh graduates by providing them an opportunity for real projects in marketing, human resources, financials, supply chain & warehouse, information technology, internal audit, HTL express and HTL stations etc. In addition to the development of fresh graduates, one of the prime objectives with the Internship Program is to identify talent pool for hiring of future employees.

LEARNING & **DEVELOPMENT**

The current business environment is fast-paced, demanding and constantly evolving. HTL, therefore, strives to create an engaged, high-performing workforce where constant learning and growth are paramount. One of the most important parts of our business strategy and culture is the development of human capacity in every aspect of our operations and we believe that our principal assets are not office buildings, factories, or even brands. Its " the People" who are working day and night for the betterment of the organization.

Our learning and development strategy aims to achieve the following:

- Meet employee learning and development needs.
- Ensure optimal human capital development.
- Build the business management and leadership skills for a strong executive team.

FUTURE LEADERS **WORKSHOP**

Hi-Tech Lubricants Limited organized 3 day workshop for 2nd tier from all departments (AM & Above excluding HODs) with a theme of "Future Leaders" at Lahore on 28th & 29th June 2018 and 11th September 2018. The ideologies of this workshop were;

- Building winning environment;
- Instilling team spirit, trust and a sense of oneness;
- Collaboration and the fostering of innovation and creativity.

The participants were divided into four groups, and every group was led by a group leader. Each group leader was assigned a project and details of which are follows.

Group Leader	**Project**
Mr. Hisham Iqbal	HTL - High Performance Organizations
Mr. Rana Junaidullah	HTL Becoming an Employer Of Choice
Mr. Muhammad Imran Rafiq	HTL & Competitors Analysis
Mr. Aitzaz Hakeem Chaudhry	HTL- Oil Marketing Company

"Future Leaders" workshop was a success and was highly appreciated by both directors and employees. Team led by Mr. Hisham Iqbal was awarded with a "Best Project by a Team" and Mr. Muhammad Imran Rafiq was awarded with a "Best Performing Participant" award.

5S FOR WORKPLACE MANAGEMENT WORKSHOP - **ADMINISTRATION**

HR took an initiative to provide in-house training to supporting staff of administration department (Head office & Plant based). 5S for workplace management involves the principle of waste elimination through workplace organization and improving work place efficiency.

5S for workplace management provides the foundation for all quality improvement programs. It is a process to create more productive people and more productive companies through motivation, education, and practice. In total 53 employees were trained and accommodated in four sessions of 2-3 hours starting from 1 Feb 2019.

The ideologies of this session were;

- To enhance office space management and cleanliness.
- To speed up the work efficacy, and to develop the Problem solving mindset.
- To improve personal hygiene and basic communication skills.

TEAM BUILDING & LEADERSHIP WORKSHOP – **HTL EXPRESS**

Moving forward with in-house trainings, HR also conducted trainings for all HTL Express Center Staff on Team Building & Leadership. With this perspective HR organized a 3 days training sessions for all HTL Express Center staff starting from 15th – 17th April 2019 at HTL Head Office Lahore.

The sessions and content were designed and customized to help HTL Express Center Staff on Team Building, Leadership and to enhance collaborations to move company and operations more effectively towards its goals and Instilling team spirit, trust and a sense of oneness.

The session was a success and was highly appreciated by all employees and concerned HODs. Different type of physical activities and motivational speaking were conducted resulting in cognitive learning of employees.

ANNUAL **CONFERENCE**

With the start of New Year 2019 and the journey to explore avenues with excellence in everything we do. Hi-Tech Lubricants Limited adopted the theme of Positive Energy: A Pathway To Peak Performance for 2019 to enhance the level of positivity within the company and respective customers and stakeholders.

EFFECTIVE BUSINESS NEGOTIATION AND **CONFLICT MANAGEMENT SKILLS WORKSHOP**

HR at Hi-Tech Lubricants takes pride in its training & development program and in reference arranged a one day training program on Effective Business Negotiation and Conflict Management Skills which was organized by SMEDA. The main facilitator of the training program was Mr. Ahmed Fuad who runs a training and consultancy firm and is a Certified Corporate Training Specialist. He is also a blended learning Instructional course designer.

This one day training enabled the participants to learn up-to-date principles and skills in the area of business negotiation and conflict management. It also focused on group work, challenging business deals by using the right negotiation and conflict management skills and strategies.

The event was held at Hospitality Inn, Lahore on March 21st, 2019, and employees from different departments participated and gained valuable knowledge and skills.

CRICKET **GALA 2018**

An Exciting one-day sports activity was arranged for all Lahore based staff on November 24th, 2018 at Aleem Dar Cricket Academy, Lahore. It was an effort to uphold the balance of work-life and positive engagement within all members of the company.

The core objective was to encourage healthy competition between peers and fellow colleagues and to revive the true spirit of team work, competition and determination to win.

@ HTL

Our lubricant Sales functions are the main drivers of the company, with a team of over 200 individuals going beyond the call of duty to ensure our products reach the customer in all corners of Pakistan without fail. These young people have wholeheartedly adopted the company's vision of satisfying customers. To work efficiently, the sales teams function as a pyramid, delegating sales targets to the last person in the hierarchy. As a motivational tool, the department undergoes regular trainings and team building exercises, and the company offers sufficient incentives to fully compensate all sales personnel for their commitment to achieving the company's sales targets.

MARKETING **EXCELLENCE**

MARKETING **EXCELLENCE**

This year's goal was to maximize efficiency using effective tools that improved brand recognition, increased awareness, promoting transparency with two way communication and translated into honest brand ambassadors along the way from our customers and consumers alike. We covered ATL and BTL activities a like maximizing brand mileage.

BRAND **PRESENCE**

Cricketing events are nothing short of some religious congregations worldwide, especially in Pakistan with the initiation of PSL, it has garnered the same interest as to that of international cricket tournaments. PSL in this short span of time has undoubtedly become one the most influential brand and event in Pakistan that promises huge opportunity for Brands with prospect of maximum mileage.

Underscoring the commitment of our company with the promotion of cricket in Pakistan and especially the youth, this year was the 4th partnership of SK ZIC with HBL PSL. The first time was our association with Peshawar Zalmi, then for the next 2 years it was the famous SK ZIC Truck that came on TV screen on every 50 & 100. This year becoming the Central Partner of PSL brought more opportunities for better brand recall and brand equity for SK ZIC. ZIC has not only managed to increase its popularity amongst its target audience but has also maintained its increasing sales with a brilliant repertoire of positive customer feedback.

This year our activities covered all genres starting from ground activities that included ground logo, product integration (Life size SK ZIC Product placement at the boundary & live competitions), hoarding, boundary logo this was aided with BTL Activities (retail shop brandings, outdoor et al) and digital campaigns that covered all social medium (Facebook, Instagram and twitter) with free match tickets & SK ZIC exclusive Merchandise for online SK ZIC Followers, customers of SK ZIC E-commerce and HTL Express consumers through lucky draw.

Other on ground branding opportunities

- ZIC and its association with supporting the youth of the country in pursuing sports has been evident throughout the years the intention behind this is not brand recognition only but support the youth at all levels where ever we can. ZIC Sponsored DHA Rugby Club for Dubai Emirates Cup 2018.
- ZIC sponsored Ms. Jamila Asif in the Thal Desert Rally, Ms. Asif won the 100 km Thal Desert Rally desert rally.
- ZIC sponsored Pakistan renowned Jhal Magsi rally in the month of December 2018
- ZIC has always been visible with its initiatives for Traffic police with multiple activities designed throughout the year to assist and support the department of Traffic police. Initiative was taken to rebrand police cabins highlighting ZIC product range and Hi-Tech Lubricants Limited on cabins making it more visible for the target audience and register the company behind the Brand ZIC in Pakistan. Traffic police files were also branded with ZIC logos further strengthening the collaboration between the brand and the Traffic police.

DIGITAL MEDIA **PRESENCE**

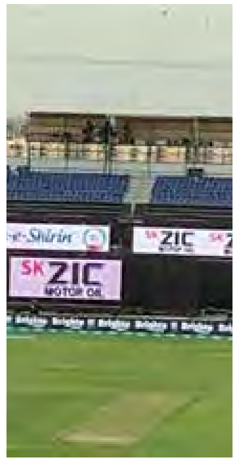
This year our major focus for brand communication was digital and social media. The world is in a digital age, and millions of people spend so much of their time poking around digital platforms. Marketing is all about connecting with customers in the right place at the right time, and if your customers are plentiful online, then that is where you should go. This medium is cost effective, targeted, measurable, adjustable, engaging and instant feedback. Multiple campaigns were initiated within this year.

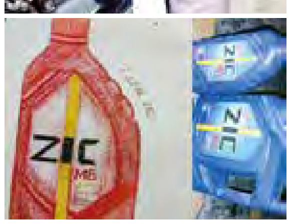
During the HBL PSL we made sure that all social media platforms were engaged Facebook, Twitter and Instagram. The #ZICSuperHIT was trending multiple times during the tenure of the HBL PSL . This was in line to the Life size bottle that was placed at the Stadium boundary and hitting that bottle by a player entitled him to a cash reward of $500. Multiple campaigns of spot & win, online purchase and other competitions were used to engage the target audience. This aided in the brand building campaign over all

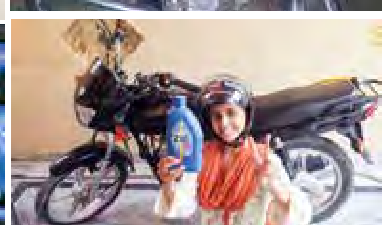
Regular campaigns of digital were initiated to engage the online users to participate in a chance to win SK ZIC Helmets, merchandise and KFC vouchers on competition and online purchase

Free ZIC branded helmet campaign was launched for online customers where higher purchases were incentivized with ZIC Helmets keeping in view the demand resulted from the Regulations being stricter on Motorbike riders safety.

The latest campaign was designed specifically to engage SK ZIC users that got viral and garnered a lot of interest and positive feedback. Where the end consumers posted their pictures with ZIC products on their social media tagging ZIC during their oil changes and we were pleasantly surprised by the hundreds of entries that were received and the level of creativity in those pictures. This also resulted as a non-verbal and honest recommendation by the users of SK ZIC where they represented the real Pakistan and their love for the product. Even ladies of the country showed how they vouch for the Product. The winners via lucky draw and maximum likes will be given umrah tickets, motorbikes and other exclusive gifts.







CONNECT, INFORM & ENGAGE -END **CONSUMERS**

Throughout the year we maintained our presence via opportunities where we get a chance to interact with our end consumers on a one on one basis for an opportunity to hear their concerns and to be able to guide them with personalized advise that answers their vehicle needs simultaneously educating and informing them about the basic knowledge on lubricants to equip them with the right tools that help them make a well informed decision that is beneficial for their vehicle, pocket and the environment.

Two days Pakistan Livestock Truck Show was sponsored by SK ZIC Motor Oil. This event provides platform to interact with end customers and educate them regarding SK ZIC products.

A one day event in collaboration with UBER was co-sponsored by SK ZIC in Lahore that was specifically for Uber drivers. Platform provided by Uber to interact directly with customers gave us an opportunity to interact with community of professional drivers whose major concern is quality of product that benefits them in mileage economy and also protects their vehicle given that their daily travel is of a commercial vehicle. We received extremely positive feedback on our fuel economy range of SK ZIC X7 that provides proven FEUL SAVINGS and also better mileage.

Customer detailing activity is one of the important tools to interact directly with potential customers and educate them about quality of ZIC products and give tailored advice to their vehicle needs which ultimately help to convert non ZIC users to ZIC users. 2 Nationwide were scheduled within this financial year where consumers were offered SK ZIC Leather keychain and the other in 2019 with KFC meal vouchers on their purchase of ZIC Products.

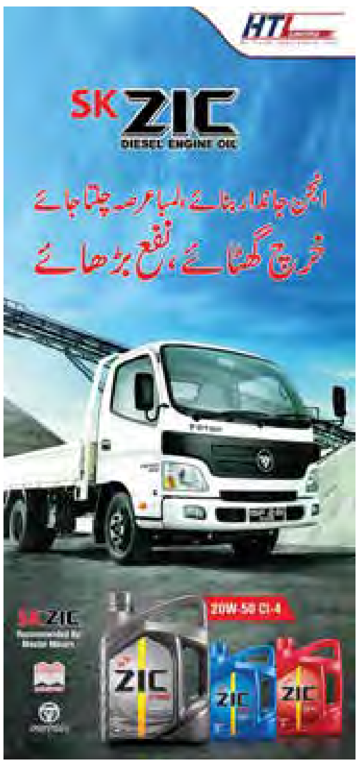
Master Motors and ZIC jointly organized free service campaign for the three truck brands Foton, Yutong & Fuso. ZIC engine oil is officially recommended by Master Motors for the truck brands.

CONNECT, INFORM & ENGAGE – **RETAILERS**

Sk ZIC has always stood fast on the stance of being transparent with its communication and product information, where our retail customers can learn about the product and are in a better position to compare and make a well informed recommendation which SK ZIC has always stood fast on the stance of being transparent with its communication and product information, where our retail customers can learn about the product and are in a better position to compare and make a well informed recommendation which in the long run is beneficial for keeping and increasing their customer base as we believe honesty is the best policy especially with your business partners. This is the confidence that we have on our product and the promise to quality that SK ZIC has upheld over the years.

MYSTERY **SHOPPING**

According to research, customers follow and stick to the lubricant that their trusted oil changer recommends. Keeping with the concept of engagement and influence a nationwide Mystery shopping activity was organized to motivate the retailers to learn more about the products and increase ZIC recommendation to the customer. Retailers were informed of the activity and Mystery shoppers visited the retail outlets inquiring asking for an oil recommendation and why was it recommended and the retailer who recommended ZIC and was well informed about the product was given a gift (Pasha Suit) and sweets and his name was placed in a lucky draw. This activity turned out to be very beneficial as it created interest in the retailers and their knowledge and recommendation for SK ZIC increased many folds.



RETAILER ENGAGEMENT **DINNER AND AWARDS 2019**

In continuation to the long held tradition of HTL iftar dinners with our business partners that include the distributors and the retailers, this year the iftar dinner was made extra special by recognizing best performers in SK ZIC retailers and mechanics who were awarded shields and gifts to motivate high performance and inculcate positive energy in this long held and mutually beneficial relationship.

TECHNICAL TRAINING **SEMINARS**

HTL always strives to educate the end consumer about automotive functionality & lubricant to ensure that the right product reaches the right customer. To successfully bring this vision into fruition, HTL Sales Team has been arranging technical trainings and Lubricant Awareness Programs nationwide

HTL has expanded its product line by keeping in view concerns of all stakeholders, market dynamics, and user needs. New ZIC-Economy products have been launched in the year 2018 to capitalize market potential and to increase sales volume.Vocational Training Institutes of Punjab for Automotive Students (Future Market Mechanics) where students were given education & awareness on "Safety Riding" and "Traffic Laws" and promoted ZIC Products at the grass-root level with

- Introduction to SK Lubricants, HTLL, and ZIC Products.
- About the Engine, Type of Engine, and General Instructions motorcycle.
- Complete Introduction to Lubricants, its different types, selection of the right type of Lubricant, and Fuel Saving.
- Difference between Diesel Engine Oil, Gasoline Engine Oil, and Motorcycle Oil.
- Traffic Laws, Safe Riding and its importance.
- Plantation and its Importance for Green Pakistan.

Retailers were invited for technical sessions in smaller cities and after training as an effective engagement tool for the questions and answers session, free bottles of our MCO product range and suits were gifted to participants.

AWARDS

CONSUMER'S CHOICE **AWARD**

Once again ZIC has won the prestigious "Consumers Most Preferred Lubricant Brand for the year". This win has marked us as the Lubricant Category Winner 2018 for the 7th year in a row. These accolades are awarded by the Consumer Association of Pakistan (CAP) who conduct a survey nationwide both on locations and through social media to select the best brand in their particular field/ category. The survey is conducted amongst the end users on the basis of brand's Quality, Reach, Awareness & Performance. This consistent achievement is a result of great team work and concentrated efforts towards achieving our goals.

PAKWHEEL'S PEOPLE'S CHOICE **AWARDS**

'ZIC Oil' bagged the "Most Popular Engine Oil Award in Pakistan" as part of the PakWheels.com People's Choice Awards 2018. This is the second time Pakwheels has carried out these awards and both years ZIC has won the award in the Most Popular Engine Oil Category. Owing to its aggressive Marketing Campaigns and consistent Quality Controls ZIC has not only managed to increase its popularity amongst its target audience but has also maintained its increasing sales with a brilliant repertoire of positive customer feedback.

FINANCIALS

@ HTL

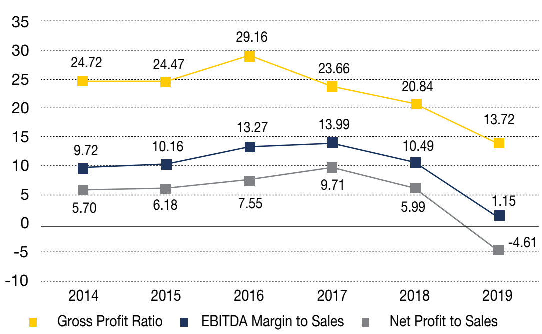
The financial function is built upon the principles of integrity, an essential quality to possess for the gatekeepers of HTL's entire financial structure. Through well-designed job functions combined with deep Oracle integration, each individual is a designated process owner with clearly defined responsibilities, eliminating the risk of fraudulent activities. This self-regulating system offers plenty of opportunities to grow, which instills positive energy in all professionals working at the company as their hard work is amply rewarded.

ANALYSIS OF **FINANCIAL STATEMENTS**

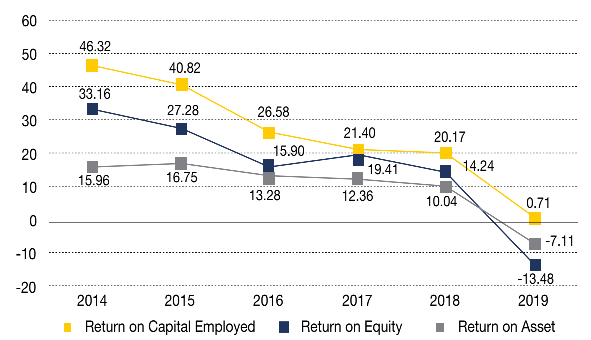
FOR THE CURRENT **AND LAST FIVE YEARS**

Key Performance Indicators	UOM	2019	2018	2017	2016	2015	2014
PROFITABILITY RATIOS							
Gross Profit Ratio	%	13.72	20.84	23.66	29.16	24.47	24.72
Net Profit to Sales	%	-4.61	5.99	9.71	7.55	6.18	5.70
EBITDA Margin to Sales	%	1.15	10.49	13.99	13.27	10.16	9.72
Return on Equity	%	-13.48	14.24	19.41	15.90	27.28	33.16
Return on Capital Employed	%	0.71	20.17	21.40	26.58	40.82	46.32
EBIT Margin	%	0.40	10.36	14.25	12.76	9.63	8.74
Working Capital	Rs.	1525.38	1243.22	1712.63	491.29	315.84	647.74
Return on Asset	%	-7.11	10.04	12.36	13.28	16.75	15.96
LIQUIDITY RATIOS							
Current Ratio	Times	1.10	1.84	1.75	3.96	1.35	1.46
Quick Ratio	Times	0.82	1.20	1.02	2.92	0.66	0.63
Cash to Current Liabilities	Times	0.06	0.31	0.04	0.29	0.12	0.34
Cash Flow from Operations to Sales	Times	-0.06	0.16	-0.01	0.12	0.11	0.14

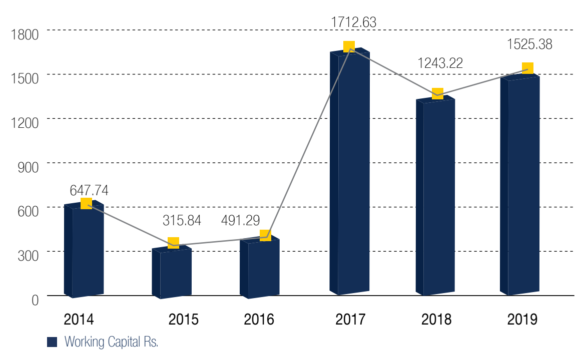
PROFITABILITY **RATIOS**



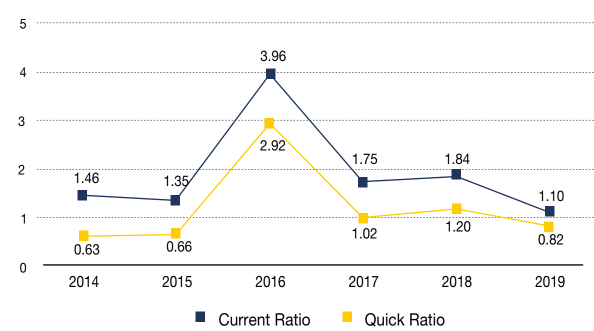
PROFITABILITY **RATIOS**



PROFITABILITY **RATIOS**



LIQUIDITY **RATIOS**



PROFITABILITY **RATIOS**

Unfavorable fluctuation in International lubricant prices coupled with market volatility in terms of uncertain global / local economic conditions and abrupt devaluation in rupee against dollar put upward pressure causing the cost of sales to dramatically increase. With a fiercely competitive market that did not allow proportionate sales price increases, the company continued retaining its market share by ensuring that customers receive high quality products and services at affordable prices which in turn cost to company's margins.

LIQUIDITY **RATIOS**

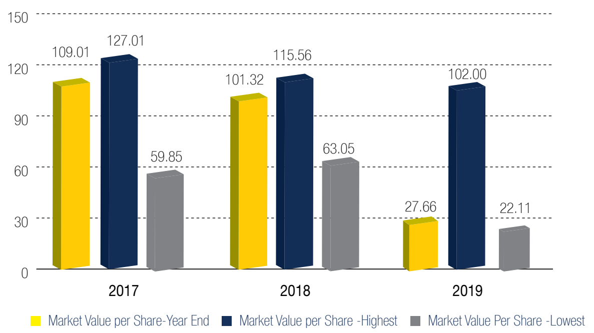
Combined with a slower-than-expected economy which has put a pressure on the automobile sector, it had a drastic impact on automobile sales in the country as well as the frequency of engine oil change, and because of reduction in both these factors, our estimates of increase in demand for engine oil were not fulfilled which reflected in our high borrowings and as such current ratio deteriorated from 1.8 to 1.1 as well as quick ratio. Cash to current liabilities ratio showed downward trend, 0.056 times, compared to 0.31 times of previous year because of decrease in cash inflows. Companys average ratio for the last 6 years is .19 times.

Key Performance Indicators	UOM	2019	2018	2017	2016	2015	2014
INVESTMENT/MARKET RATIOS							
Earning per Share	Rs.	-3.75	4.78	6.27	5.43	3.88	3.46
Price Earnings Ratio	%	-7.38	21.20	17.40	10.91	*	*
Price to Book Ratio	%	1.00	3.02	3.38	1.74	*	*
Dividend Yield Ratio	Times	0.06	0.03	0.02	0.03	*	*
Dividend Payout Ratio	%	-	73.23	43.09	27.65	34.74	26.04
Cash Dividend per Share	Rs.	-	3.50	2.70	1.50	1.35	0.90
Market Value per Share (Year End)	Rs.	27.66	101.32	109.01	59.17	*	*
Market Value per Share (Highest)	Rs.	102.00	115.56	127.01	64.31	*	*
Market Value per Share (Lowest)	Rs.	22.11	63.05	59.85	55.09	*	*
Breakup Value/Book Value per Share	Rs.	27.82	33.56	32.28	34.12	14.22	12.09
No. of Shares (mn) - based on par value of 10	Nos.	116.00	116.00	116.00	97.62	87.00	75.00
Total Dividend Paid (mn)	Rs.(mn)	203.01	406.01	313.21	146.43	117.30	67.50

SHARE PRICE **SENSITIVITY ANALYSIS**

Share price in the stock market moves due to various factors such as company performance, general market sentiment, economic events and interest rates, etc. Being a responsible and law-compliant company, HTL circulates price sensitive information to stock exchanges in accordance with the requirements of listing regulations in a timely manner. During the year 2019, HTL's share price touched the peak of Rs.102 while the lowest recorded price was Rs.22.11 with a closing price of Rs.27.66 at the end of the year.

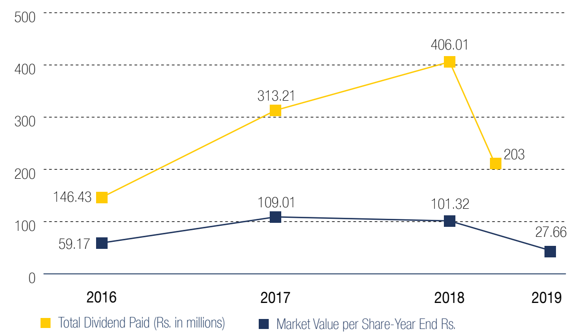
SHARE PRICE **SENSITIVITY ANALYSIS**



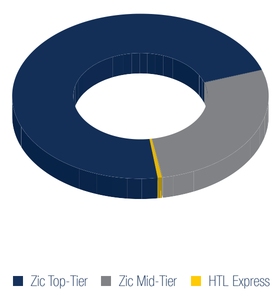
INVESTMENT / MARKET **SHARE RATIOS**

Stock market has witnessed continuous historic downfall. All the market ratios of HTL have been decreased due to marco and micro challenges faced by Pakistan. Further, Company has not paid dividend in 2019.

INVESTMENT / MARKET **SHARE RATIOS**



SEGMENTAL **REVIEW**



SEGMENTAL **REVIEW**

LUBE **SEGMENT**

In volume terms, ZIC top tier diesel segment suffered with 20% downward trend. On the other hand Passenger car motor oils sustained its volume.

Diesel volumes in ZIC mid Tier also suffered by 6% downwards. The motorcycle oils volumes on the other hand grew by 16% as compared to last year.

HI-TECH **BLENDING (PVT.) LIMITED (HTBL)**

HTBL continued its impressive growth in revenues (26%). The Company added new products to its portfolio and invested in additional Extrusion Blow Molding (EBM) and Injection Molding Machines to handle growing sales volumes. HTBL is now a significant contributor to HTL's overall profitability. HTBL has also commenced its blending operations during the year.

HTL **EXPRESS**

Though HTL Express Centers contributes very less in total revenue but with 4 new HTL Express centers, its gross revenue growth remained 143 % during the last year. Company is focused on increasing the brand's customer base in the vehicle preventive maintenance by attracting corporate clients to provide fleet maintenance services in addition to catering to the consumer segment of the vehicle maintenance industry.

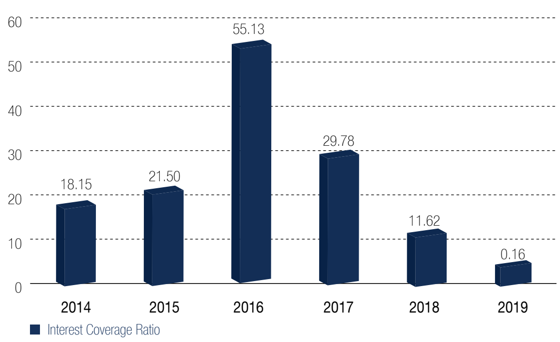
** Not applicable due to being unlisted organization*

ANALYSIS OF **FINANCIAL STATEMENTS**

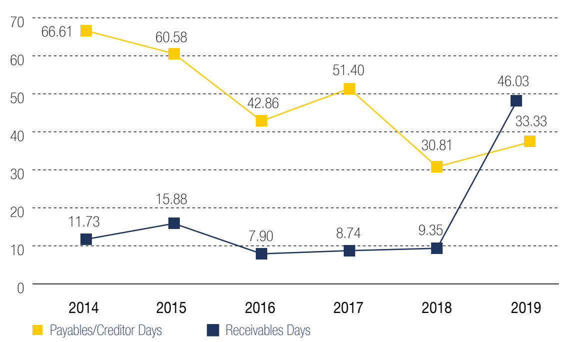
FOR THE CURRENT **AND LAST FIVE YEARS**

Key Performance Indicators	UOM	2019	2018	2017	2016	2015	2014
CAPITAL STRUCTURE							
Financial Leverage Ratio	Times	0.3392	0.1562	0.2111	0.0095	0.0256	0.0467
Debt to Equity Ratio (as per Book Value)	%	39.13	18.14	24.90	1.13	4.01	8.85
Debt to Equity Ratio (as per Market Value)	%	39.26	6.84	8.94	0.65	-	-
Interest Coverage Ratio	Times	0.16	11.62	29.78	55.13	21.50	18.15
ACTIVITY/TURNOVER RATIOS							
Total Assets Turnover Ratio	Times	1.54	1.68	1.27	1.76	2.71	2.80
Fixed Assets Turnover	Times	5.92	6.66	7.90	20.88	24.63	22.01
No. of Days in Inventory	Days	35.98	47.89	96.11	48.71	44.95	71.97
No. of Days in Receivables	Days	46.03	9.35	8.74	7.90	15.88	11.73
No. of Days in Payables	Days	33.33	30.81	51.40	42.86	60.58	66.61
Operating Cycle	Days	48.67	26.43	53.45	13.75	0.25	17.09

CAPITAL **STRUCTURE RATIO**



ACTIVITY/TURNOVER **RATIOS**



CAPITAL STRUCTURE **RATIOS**

Interest cover has significantly decreased to 0.16 times from last year 11.6 times. Debt to equity ratio is 39:61 as compared to 18:82 of last year. Increase in cost of sales, finance cost, distribution expenses are the key factors for such downward ratios.

ACTIVITY / TURNOVER **RATIOS**

Operating cycle of the company has increased to 49 days as compared to last year's 27 days. This is mainly because of increased receivable days, as company allowed its loyal customers one time credit of 30 days due to changes made by Govt. in the Finance Act, 2020. Subsequent to the year end, our customers have cleared their outstanding balances. Total assets turnover is 1.54 times as compared to 1.68 of last year.

** Not applicable due to being unlisted organization*

VERTICAL **ANALYSIS**

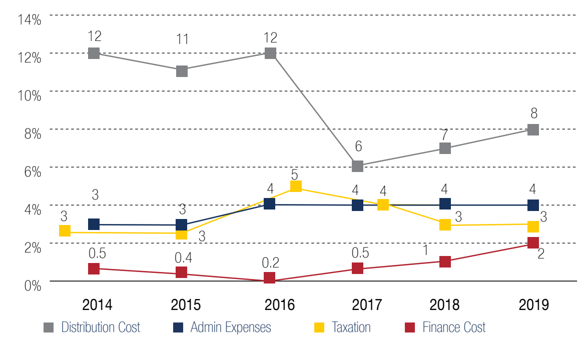
FOR THE CURRENT **AND LAST FIVE YEARS**

Profit & Loss	2019		2018		2017		2016		2015		2014	
	in Mn	%age	in Mn	%age	in Mn	%age	in Mn	%age	in Mn	%age	in Mn	%age
Total Revenue	9,431	100%	9,254	100%	7,489	100%	7,015	100%	5,467	100%	5,274	100%
COGS	(8,137)	86%	(7,325)	79%	(5,717)	76%	(4,970)	71%	(4,129)	76%	(3,970)	75%
Gross Profit	1,294	14%	1,928	21%	1,772	24%	2,046	29%	1,338	24%	1,304	25%
Admin Expenses	(391)	4%	(351.09)	3%	(279)	3%	(264)	4%	(171)	3%	(163)	3%
Distribution Cost	(795)	8%	(606.71)	6%	(445)	6%	(851)	12%	(605)	11%	(628)	12%
EBITDA	108	1%	971	10%	1,048	14%	931	13%	555	10%	513	10%
Depreciation	(81)	1%	(57)	1%	(45)	1%	(38)	1%	(35)	1%	(28)	1%
Other Operating Expenses	(104)	1%	(63)	1%	(32)	0.4%	(43)	1%	(47)	1%	(34)	1%
Other Income	114	1%	108	1%	96	1%	46	1%	53	1%	9	0.2%
EBIT	38	0.4%	959	10%	1,067	14%	895	13%	526	10%	461	9%
Share of income from subsidiary	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Finance Cost	(235)	2%	(83)	1%	(36)	0.5%	(16)	0.2%	(24)	0.4%	(25)	0.5%
Profit Before Tax	(197)	-2%	877	9%	1,031	14%	879	13%	502	9%	435	8%
Taxation	(237)	3%	(322)	3%	(304)	4%	(349)	5%	(164)	3%	(135)	3%
Profit After Tax	(435)	-5%	554	6%	727	10%	530	8%	338	6%	301	6%

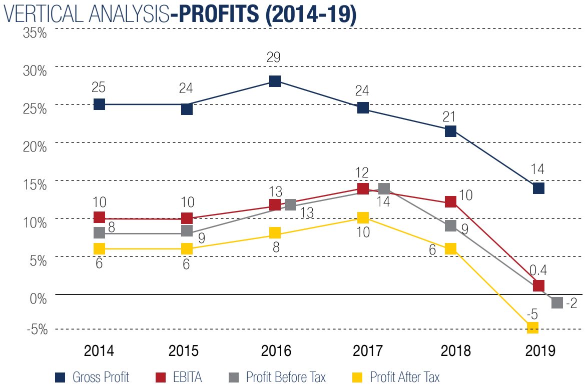
PROFIT AND LOSS **VERTICAL ANALYSIS**

Sales revenue of the company has increased by 2% as compared to 2018. This increase is due to the increase price of lubricants. On the other hand, the cost of goods sold also increased by 11% in comparison to 2018 and is 86% of the total revenue. Distribution cost is 8.4% and is the major constituent of the total period cost. Admin expenses are 4% of the total sales revenue. This implies that company is able to leaven its expenses despite the fact that the company has perused growth strategy. Due to the abrupt changes in cost of sales and operating expenses, HTL posted net loss of Rs.435 million in 2019.

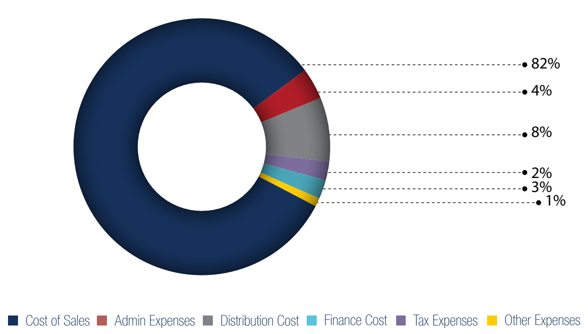
VERTICAL ANALYSIS-**EXPENSES (2014-19)**



VERTICAL ANALYSIS-**PROFITS (2014-19)**



VERTICAL ANALYSIS-**STATEMENT OF PROFIT & LOSS (2019)**



VERTICAL **ANALYSIS**

FOR THE CURRENT **AND LAST FIVE YEARS**

Statment of Financial Position	2019		2018		2017		2016		2015		2014	
	in Mn	%age	in Mn	%age	in Mn	%age	in Mn	%age	in Mn	%age	in Mn	%age
Non current assets												
Fixed assets	1,592	26.0%	1,389	25.2%	948	16.1%	336	8.4%	222	11.0%	240	12.7%
Investment in subsidiary company	1,300	21.3%	1,300	23.5%	1,300	22.1%	1,103	27.6%	776	38.5%	255	13.5%
Long term loans to employees	-	0.0%	-	0.0%	1	0.02%	3	0.1%	3	0.1%	1	0.1%
Long term security deposits	26	0.4%	39	0.7%	33	0.6%	14	0.3%	14	0.7%	16	0.8%
Deferred income tax asset	39	0.6%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total non current assets	2,957	48.4%	2,728	49.4%	2,282	38.8%	1,456	36.5%	1,015	50.3%	512	27.2%
Current assets												
Stock-in-trade	802	13.1%	961	17.4%	1,505	25.6%	663	16.6%	508	25.2%	783	41.6%
Trade debts	1,189	19.4%	237	4.3%	179	3.1%	152	3.8%	238	11.8%	170	9.0%
Loans and advances	37	0.6%	146	2.7%	664	11.3%	59	1.5%	108	5.4%	83	4.4%
Short term deposits and prepayments	49	0.8%	28	0.5%	15	0.2%	14	0.3%	15	0.8%	14	0.7%
Accrued Interest	33	0.5%	15	0.3%	0.4	0.01%	-	0.0%	-	0.0%	-	0.0%
Other receivables	8	0.1%	17	0.3%	80	1.4%	1	0.01%	44	2.2%	2	0.1%
Short term investment	882	14.4%	917	16.6%	1,081	18.4%	1,459	36.6%	-	0.0%	-	0.0%
Cash and bank balances	159	2.6%	472	8.5%	75	1.3%	187	4.7%	87	4.3%	322	17.1%
Total current assets	3,159	51.6%	2,794	50.6%	3,599	61.2%	2,533	63.5%	1,001	49.7%	1,372	72.8%
Total assets	6,116	100.0%	5,522	100.0%	5,881	100.0%	3,989	100.0%	2,016	100.0%	1,884	100.0%
Capital and reserves												
Issued, subscribed and paid up capital	1,160	19.0%	1,160	21.0%	1,160	19.7%	1,160	29.1%	870	43.2%	750	39.8%
Share premium	1,442	23.6%	1,442	26.1%	1,442	24.5%	1,442	36.1%	-	0.0%	-	0.0%
Accumulated profit / (loss)	625	10.2%	1,291	23.4%	1,143	19.4%	729	18.3%	368	18.2%	157	8.3%
Total capital and reserves	3,227	52.8%	3,893	70.5%	3,744	63.7%	3,331	83.5%	1,238	61.4%	907	48.1%
Non current liabilities												
Liabilities against assets subject to finance lease	27	0.4%	79	1.4%	66	1.1%	15	0.4%	25	1.3%	29	1.6%
Long term deposits	1	0.02%	2	0.03%	2	0.03%	2	0.1%	3	0.1%	2	0.1%
Deferred liabilities	-	0.0%	12	0.2%	3	0.1%	-	0.0%	9	0.4%	8	0.4%
Long term financing	2	0.03%	15	0.3%	13	0.2%	1	0.03%	-	0.0%	-	0.0%
Total non current liabilities	29	0.5%	108	1.9%	85	1.4%	18	0.5%	37	1.8%	39	2.1%
Current liabilities												
Trade and other payables	743	12.1%	618	11.2%	805	13.7%	584	14.6%	685	34.0%	725	38.5%
Accrued mark-up	70	1.1%	18	0.3%	10	0.2%	1	0.01%	-	0.0%	5	0.3%
Loans from directors	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	141	7.5%
Current portion of liabilities against assets subject to finance lease	71	1.2%	61	1.1%	43	0.7%	22	0.5%	27	1.3%	21	1.1%
Short term borrowing	1,975	32.3%	708	12.8%	1,119	19.0%	-	0.0%	-	0.0%	38	2.0%
Taxation - net	1	0.02%	117	2.1%	75	1.3%	34	0.9%	29	1.5%	9	0.5%
Total current liabilities	2,860	46.8%	1,522	27.6%	2,052	34.9%	640	16.0%	741	36.8%	938	49.8%
Total liabilities and equity	6,116	100.0%	5,522	100.0%	5,881	100.0%	3,989	100.0%	2,016	100.0%	1,884	100.0%

FINANCIAL POSITION'S
VERTICAL ANALYSIS

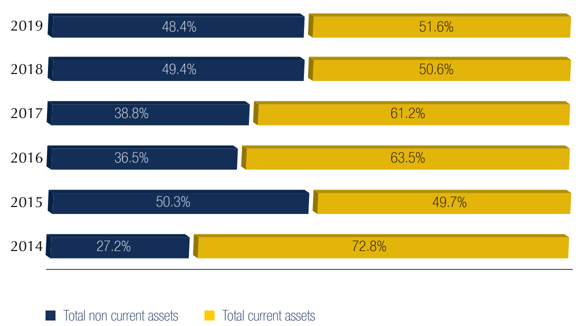
Total assets comprises of current and non-current assets. Position at 30th June, 2019 depicts that out of the total assets, current assets are 51.6% and non-current assets are 48.4%.

On the other side, equity and liabilities constitute of share capital and reserves of 52.8%, non-current liabilities of 0.5% and current liabilities of 46.8%. Capital and reserves mainly constitutes paid up capital (19%), share premium (23.6) and accumulated profits/loss (10.2%).

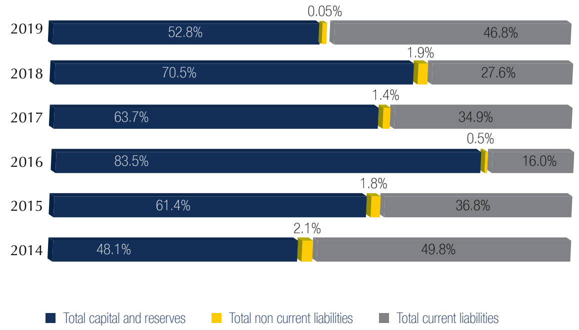
Non-current liabilities mainly constitute liabilities against assets subject to finance lease (0.4%) and and long term financing (0.03%).

Current liabilities mainly constitute short term financing of 32.3% and trade and other payables with 12.1%.

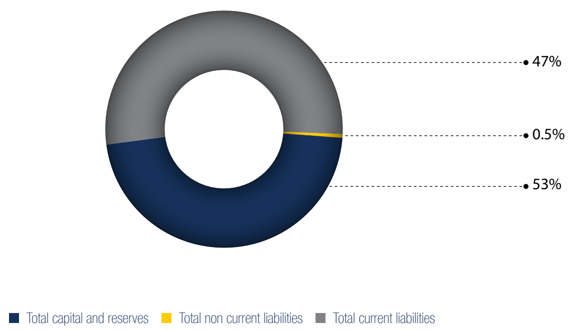
VERTICAL ANALYSIS-**TOTAL ASSETS**



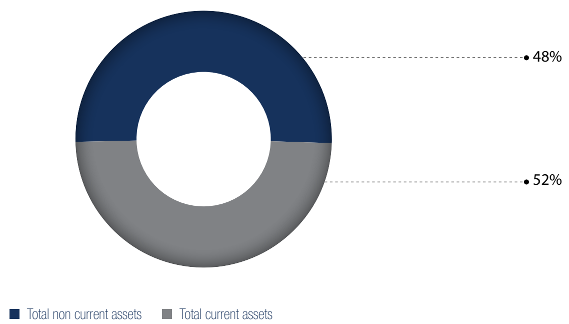
VERTICAL ANALYSIS-**TOTAL EQUITY & LIABILITIES**



VERTICAL ANALYSIS-**TOTAL EQUITY & LIABILITIES (2019)**



VERTICAL ANALYSIS-**TOTAL ASSETS (2019)**



HORIZONTAL **ANALYSIS**

FOR THE CURRENT **AND LAST FIVE YEARS**

Statment of Financial Position	2019	2019 vs 2018	2018	2018 vs 2017	2017	2017 vs 2016	2016	2016 vs 2015	2015	2015 vs 2014	2014
	in Mn	%age	in Mn	%age	in Mn	%age	in Mn	%age	in Mn	%age	in Mn
Non current assets											
Fixed assets	1,592	15%	1,389	47%	948	182%	336	51%	222	-7%	240
Investment in subsidiary company	1,300	0%	1,300	0%	1,300	18%	1,103	42%	776	204%	255
Long term loans to employees	-	-100%	0	-73%	1	-68%	3	25%	3	78%	1
Long term security deposits	26	-32%	39	18%	33	142%	14	-1%	14	-13%	16
Deferred income tax asset	39	0%	-	0%	-	0%	-	0%	-	0%	-
Total non current assets	2,957	8.4%	2,728	19.6%	2,282	56.8%	1,456	43.5%	1,015	98.2%	512
Current assets											
Stock-in-trade	802	-17%	961	-36%	1,505	127%	663	30%	508	-35%	783
Trade debts	1,189	402%	237	32%	179	18%	152	-36%	238	40%	170
Loans and advances	37	-75%	146	-78%	664	1029%	59	-46%	108	31%	83
Short term deposits and prepayments	49	75%	28	91%	15	7%	14	-11%	15	13%	14
Accrued Interest	33	112%	15	4268%	0.4	0%	-	0%	-	0%	-
Other receivables	8	-55%	17	-78%	80	15579%	1	-99%	44	2466%	2
Short term investment	882	-4%	917	-15%	1,081	-26%	1,459	0%	-	0%	-
Cash and bank balances	159	-66%	472	528%	75	-60%	187	115%	87	-73%	322
Total current assets	3,159	13%	2,794	-22%	3,599	42%	2,533	153%	1,001	-27%	1,372
Total assets	6,116	11%	5,522	-6%	5,881	47%	3,989	98%	2,016	7%	1,884
Capital and reserves											
Issued, subscribed and paid up capital	1,160	0%	1,160	0%	1,160	0%	1,160	33%	870	16%	750
Share premium	1,442	0%	1,442	0%	1,442	0%	1,442	0%	-	0%	-
Accumulated profit / (loss)	625	-52%	1,291	13%	1,143	57%	729	98%	368	134%	157
Total capital and reserves	3,227	-17%	3,893	4%	3,744	12%	3,331	169%	1,238	36%	907
Non current liabilities											
Liabilities against assets subject to finance lease	27	-66%	79	20%	66	334%	15	-40%	25	-15%	29
Long term deposits	1	-33%	2	-25%	2	0%	2	-33%	3	50%	2
Deferred liabilities	-	-100%	12	276%	3	0%	-	-100%	9	15%	8
Long term financing	2	-88%	15	10%	13	1210%	1	0%	-	0%	-
Total non current liabilities	29	-73%	108	27%	85	364%	18	-51%	37	-5%	39
Current liabilities											
Trade and other payables	743	20%	618	-23%	805	38%	584	-15%	685	-5%	725
Accrued mark-up	70	282%	18	91%	10	1662%	1	0%	-	-100%	5
Loans from directors	-	0%	-	0%	-	0%	-	0%	-	-100%	141
Current portion of liabilities against assets subject to finance lease	71	16%	61	40%	43	100%	22	-18%	27	26%	21
Short term borrowing	1,975	179%	708	-37%	1,119	0%	-	0%	-	-100%	38
Taxation - net	1	-99%	117	55%	75	120%	34	17%	29	209%	9
Total current liabilities	2,860	88%	1,522	-26%	2,052	221%	640	-14%	741	-21%	938
Total liabilities and equity	6,116	11%	5,522	-6%	5,881	47%	3,989	98%	2,016	7%	1,884

Profit & Loss	2019	2019 vs 2018	2018	2018 vs 2017	2017	2017 vs 2016	2016	2016 vs 2015	2015	2015 vs 2014	2014
	in Mn	%age	in Mn	%age	in Mn	%age	in Mn	%age	in Mn	%age	in Mn
Total Revenue	9,431	2%	9,254	24%	7,489	7%	7,015	28%	5,467	4%	5,274
COGS	(8,137)	11%	(7,325)	28%	(5,717)	15%	(4,970)	20%	(4,129)	4%	(3,970)
Gross Profit	1,294	-33%	1,928	9%	1,772	-13%	2,046	53%	1,338	3%	1,304
Admin Expenses	(391)	11%	(351)	26%	(279)	6%	(264)	49%	(177)	9%	(163)
Distribution Cost	(795)	31%	(606)	36%	(445)	-48%	(851)	41%	(605)	-4%	(628)
EBITDA	108	-89%	971	-7%	1,048	13%	931	68%	555	8%	513
Depreciation	(81)	41%	(57)	28%	(45)	17%	(38)	10%	(35)	25%	(28)
Other Operating Expenses	(104)	64%	(63)	97%	(32)	-26%	(43)	-8%	(47)	41%	(34)
Other Income	114	5%	108	13%	96	107%	46	-12%	53	463%	9
EBIT	38	-96%	959	-10%	1,067	19%	895	70%	526	14%	461
Share of income from subsidiary	-	0%	-	0%	-	0%	-	0%	-	0%	-
Finance Cost	(235)	185%	(83)	130%	(36)	121%	(16)	-34%	(24)	-4%	(25)
Profit Before Tax	(197)	-123%	877	-15%	1,031	17%	879	75%	502	15%	435
Taxation	(237)	-26%	(322)	6%	(304)	-13%	(349)	113%	(164)	22%	(135)
Profit After Tax	(435)	-178%	554	-24%	727	37%	530	57%	338	12%	301

FINANCIAL POSITION
HORIZONTAL ANALYSIS

Non-current assets have increased by Rs.229 million (8.4%) from the last year. This increase was mainly due to investments made in expansion projects that support HTL's growth strategy.

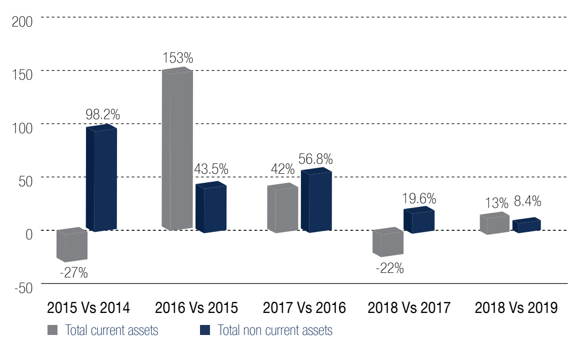
Current assets primarily comprises of inventory, trade debts, short-term investments and cash & bank balances. On an aggregate basis, current assets increased by Rs.365 million (13%) mainly due to increase in trade debts (402%) and accrued interest (112%) as compared to last year.

Shareholders' equity has been decreased by Rs.666 million (17%) mainly due to decrease in accumulated profit by 52% as compared to 2018.

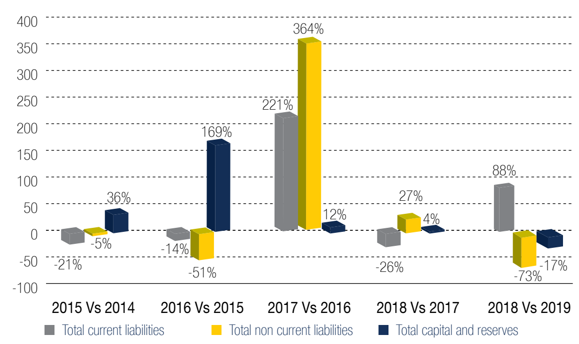
Non-current liabilities for the year have been decreased by 73% with an amount of Rs.78million. The main reason behind this decrease in non-current liabilities is the decrease in liabilities against assets subject to finance lease (66%), long term deposits (33%) and long term financing (88%).

Whereas the HTL's current liabilities have increased by Rs.1,338 million. Increase in trade payables (20%), accrued markup (282%) and short term borrowings (179%) caused this massive increase in current liabilities.

HORIZONTAL ANALYSIS-**TOTAL ASSETS**



HORIZONTAL ANALYSIS-**TOTAL EQUITY & LIABILITIES**



PROFIT & LOSS
HORIZONTAL ANALYSIS

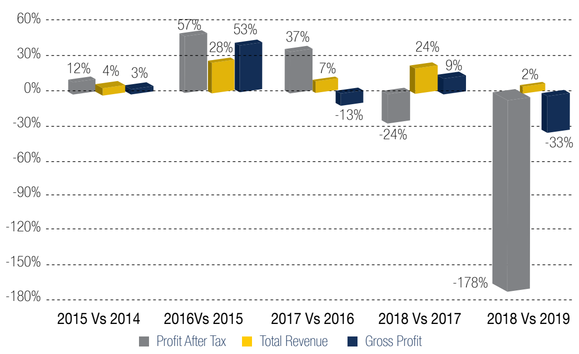
Net sales increased to Rs. 9.4 billion as compared to last year's Rs. 9.2 billion. Growth in revenue is 2 % and is mainly due to price increase. Gross profit reduced by 33 % from last year due to depreciation of rupee against dollar price. Total Distribution cost includes salaries, admin expenses and marketing cost. Distribution cost increased by Rs. 198 million (31 %) as compared to the last year. Sales promotion and advertisements contributed an increase of Rs. 98 million (49%) in increased portion of distribution cost.

Other income increased by Rs. 5.4 million (5 %). This return is due to dividend income, interest income earned on IPO funds and certain credit balances written back.

Finance cost has increased by Rs. 152 million from the last year balance due to low sales in first two quarters of the year.

FY 2019 remained a challenging year for HTL and above variations from the last year resulted into a loss after tax of Rs. 434 million.

HORIZONTAL ANALYSIS - **PROFIT & LOSS**

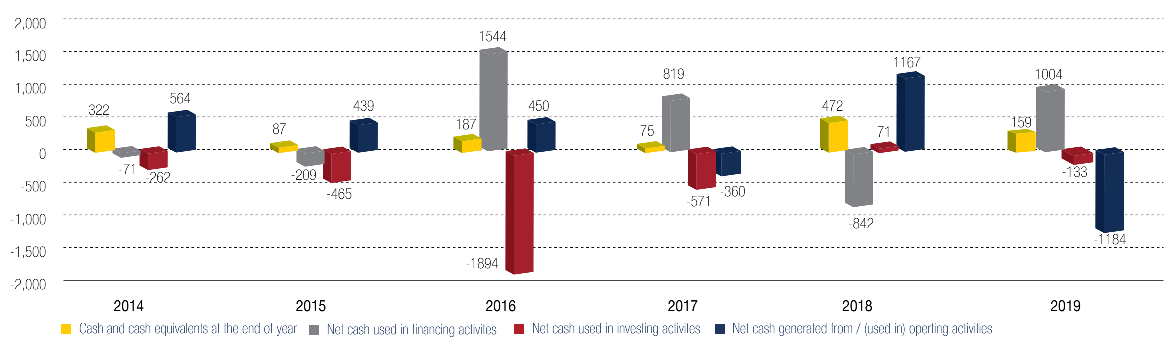


CASH FLOWS **ANALYSIS**

FOR THE CURRENT **AND LAST FIVE YEARS**

Summary of Cash Flow Statement	2019	2018	2017	2016	2015	2014
	Amounts in PKR'Millions					
Cash flow from operating activities						
Cash generated from operations	(596)	1,512.47	(72.86)	819.06	610.72	713.88
Payment for:						
Finance charges	(184)	(73.84)	(26.86)	(15.70)	(29.19)	(25.58)
Taxes	(404)	(271.70)	(260.30)	(353.14)	(142.91)	(124.78)
Net cash generated from / (used in) operating activities	(1,184)	1,166.93	(360.03)	450.22	438.62	563.52
Cash flow from investing activities						
Capital Expenditure on fixed assets	(283)	(440.94)	(652.80)	(144.68)	(10.94)	(52.36)
Proceeds from disposal of fixed assets	8	9.54	74.72	2.80	61.08	17.56
Investment in subsidiary company	-	-	(197.24)	(326.35)	(521.41)	(255.00)
Work in progress	(549)	(296.50)	(261.00)	-	-	-
Repayment of loans from subsidiary company	549	557.50	-	-	-	-
Short term investment	31	155.00	378.66	(1,453.25)	-	20.00
Long term deposits	1.1	0.27	1.15	27.39	-	-
Interest received on loans to subsidiary company	41.2	28.95	-	-	-	-
Profit on bank deposits received	69	57.62	85.35	-	6.32	8.04
Investment in TDRs		-	-	-	-	-
Net cash used in investing activities	(133)	71.43	(571.16)	(1,894.08)	(464.94)	(261.76)
Cash flow from financing activities						
Proceeds/repayment of long term financing	(15)	8.69	18.81	2.39	-	-
Repayment of liability against asset subject to finance lease	(45)	(35.97)	(5.80)	(22.83)	(21.77)	(17.13)
Loan from directors	-	-	-	-	(140.76)	(6.60)
Dividend paid	(203)	(403.24)	(312.55)	(167.34)	(128.76)	(85.00)
Short term borrowings	1,267	(411.33)	1,118.97	-	(37.53)	37.53
Capital injected		-	-	1,731.71	120.00	-
Net cash used in financing activities	1,004	(841.86)	819.43	1,543.93	(208.81)	(71.21)
Net increase / (decrease) in cash and cash equivalents	(313)	396.49	(111.75)	100.08	(235.14)	230.55
Cash and cash equivalents transferred from Hi -Tech Lubricants		-	-	-	-	-
Cash and cash equivalents at the start of year	472	75.11	186.86	86.78	321.93	91.33
Cash and cash equivalents at the end of year	159	471.60	75.11	186.86	86.79	321.89

ANALYSIS OF **CASH FLOWS**



CASH FLOWS **ANALYSIS**

HTL makes, execute and monitor its plans for operating, financing and investing cash flows activities. Analysis of its cash flow cycle is explained below:

OPERATING **ACTIVITIES**

As company incurred losses in this financial year, this resulted into net outflows in operating activities. Further, company has paid more cash for financing and income tax expenses from last year. Company operating activities reflects net outflow of Rs. 1.18 billion this year.

INVESTING **ACTIVITIES**

HTL witnessed decrease of Rs. 204.2 million in its cash inflows from investing activities as compared to last year. In the last year, HTL collected loan amount from its subsidiary company, this difference contributed in such decrease. Remaining decrease is mainly due to increased receipts of other incomes.

FINANCING **ACTIVITIES**

Company extended its running finance facilities with banks this year that resulted in an increase of Rs. 1.8 billion in its financing activities as compared to last year.

CASH AND **CASH EQUIVALENTS**

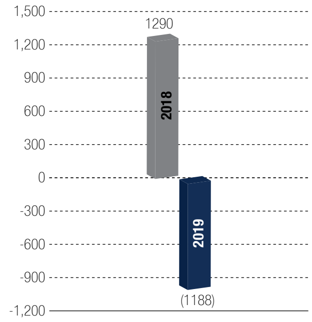
Cash and cash equivalents are Rs. 158 million that are Rs. 412 million less than the last year. Such reduction is mainly due to the losses incurred by the company during the year.

ANALYSIS OF FREE **CASH FLOWS**

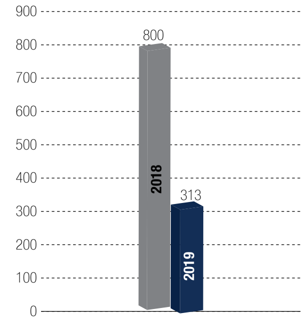
Free Cash Flows to Firm	2019	2018
Cash Flows From operating Activities	(1,183,716,883)	1,166,925,085
Finance Cost Paid	183,712,464	73,840,862
Cash Flows From Investing Activities	(132,811,576)	71,429,045
Tax Savings on Finance Cost	(55,113,739)	(22,152,259)
Free Cash Flows to Firm	(1,187,929,734)	1,290,042,733

Free Cash Flows to Equity Holders	2019	2018
Cash Flows From operating Activities	(1,183,716,883)	1,166,925,085
Cash Flows From Financing Activities	1,003,849,162	(841,862,155)
Cash Flows From Investing Activities	(132,811,576)	71,429,045
Cash Paid to Equity Holders (Dividend)	-	403,243,100
Free Cash Flows to Equity Holders	(312,679,297)	799,735,075

FREE CASH **FLOWS TO FIRM**



FREE CASH FLOWS **TO EQUITY HOLDERS**



FREE CASH **FLOWS ANALYSIS**

Free Cash Flows to the Company (FCFC) is essentially a measurement of a company's profitability after all expenses and reinvestments. Free cash flows to equity holders and overall company both showed negative balance due to substantial net outflows in operating activities. Company was also unable to pay dividend to its shareholders in the year 2019.

DIRECT METHOD **CASH FLOWS**

Cash Flows From Operating Activities	2019	2018
Cash Flows From Operating Activities		
Cash Received From Customers (including sales tax)	10,383,438,441	10,330,034,173
Cash Paid to Employees as Remunreration	(484,096,196)	(404,135,874)
Cash Paid to the Vendors	(8,580,619,806)	(8,146,985,814)
Income Tax Paid	(404,278,887)	(73,840,862)
Sales Tax Paid	(1,914,140,374)	(265,481,337)
Finance Cost Paid	(183,712,464)	(271,703,030)
Zakat Paid	307,597	(962,171)
Net Cash Flows From Operating Activities	(1,183,716,883)	1,166,925,085
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on operating fixed assets	(278,643,203)	(440,267,182)
Capital expenditure on intangible assets	(4,720,367)	(676,234)
Proceeds from disposal of operating fixed assets	8,024,425	9,537,134
Investment in subsidiary company	-	-
Loans to subsidiary company	(548,900,000)	(296,500,000)
Repayment of loans by subsidiary company	548,900,000	557,500,000
Short term investments - net	30,869,260	154,999,999
Dividend received	1,132,225	272,250
Interest received on loans to subsidiary company	41,195,974	28,947,816
Profit on bank deposits and term deposit receipts received	69,330,110	57,615,262
Net cash from / (used in) investing activities	(132,811,576)	71,429,045
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of liabilities against assets subject to finance lease	(45,152,757)	(35,972,579)
Dividend paid	(203,278,160)	(403,243,100)
Proceeds from long term financing	-	21,865,000
Repayment of long term financing	(15,000,007)	(13,177,918)
Short term borrowings - net	1,267,280,086	(411,333,558)
Net cash from / (used in) financing activities	1,003,849,162	(841,862,155)
Net (decrease) / increase in cash and cash equivalents	(312,679,297)	396,491,975
Cash and cash equivalents at the beginning of the year	471,604,750	75,112,775
Cash and cash equivalents at the end of the year	158,925,453	471,604,750

QUARTERLY **ANALYSIS**

FOR THE **CURRENT YEAR**

Profit & Loss	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
		Amounts in PKR'Millions		
SALES	2,147.44	3,383.38	1,831.89	4,488.85
DISCOUNTS	(43.34)	(343.29)	4.45	(133.50)
	2,104.10	3,040.09	1,836.34	4,355.34
SALES TAX	(355.39)	(553.98)	(249.24)	(746.11)
NET SALES	1,748.72	2,486.11	1,587.10	3,609.23
COST OF SALES	(1,447.37)	(2,376.35)	(1,305.09)	(3,007.99)
GROSS PROFIT	301.35	109.76	282.02	601.24
DISTRIBUTION COST	(290.43)	(78.63)	(149.53)	(315.97)
ADMINISTRATIVE EXPENSES	(132.68)	(123.02)	(87.61)	(89.09)
OTHER EXPENSES	(22.25)	(44.52)	(9.08)	(27.72)
	(445.36)	(246.17)	(246.22)	(432.78)
OTHER INCOME	17.62	27.55	37.13	31.60
PROFIT FROM OPERATIONS	(126.39)	(108.86)	72.93	200.06
FINANCE COST	(23.56)	(59.30)	(83.02)	(69.19)
PROFIT BEFORE TAXATION	(149.95)	(168.16)	(10.09)	130.86
TAXATION	(54.06)	(52.14)	(38.27)	(93.01)
PROFIT AFTER TAXATION	(204.01)	(220.30)	(48.36)	37.85

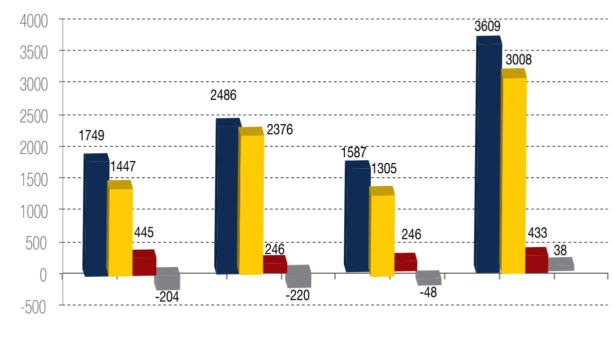
Statement of Financial Positiion	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
		Amounts in PKR'Millions		
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
150,000,000 (2017: 150,000,000)				
ordinary shares of Rupees 10 each	1,500.00	1,500.00	1,500.00	1,500.00
Issued, subscribed and paid-up share capital	1,160.04	1,160.04	1,160.04	1,160.04
Share deposit money				
Reserves	2,528.67	2,085.57	2,037.21	2,066.74
Total Equity	3,688.71	3,245.61	3,197.25	3,226.78
LIABILITIES				
NON-CURRENT LIABILITIES				
Liabilities against assets subject to finance lease	70.37	59.35	46.95	26.62
Long term deposits	1.50	1.00	1.00	1.00
Deferred income tax liability	12.07	-	-	-
Long term financing	11.14	7.39	3.64	1.82
	95.09	67.75	51.59	29.45
CURRENT LIABILITIES				
Trade and other payables	825.05	944.31	942.41	739.06
Accrued mark-up	19.24	54.60	71.34	69.58
Current portion of non-current liabilities	61.94	64.08	63.73	70.94
Unclaimed dividend	3.66	6.35	3.37	4.03
Short term borrowings	1,652.87	3,296.48	2,364.73	1,974.92
Taxation - net	108.35	93.52	69.41	1.22
	2,671.11	4,459.33	3,514.99	2,859.74
Total liabilities	2,766.20	4,527.08	3,566.58	2,889.18
Contingencies and Commitments	-	-	-	-
TOTAL EQUITY AND LIABILITIES	6,454.91	7,772.69	6,763.83	6,115.97

Statement of Financial Positiion	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Amounts in PKR'Millions			
ASSETS				
NON-CURRENT ASSETS				
Fixed assets	1,438.42	1,529.96	1,556.95	1,583.89
Intengible assets	-	4.71	4.07	8.04
Investment in subsidiary company	1,300.00	1,300.00	1,300.00	1,300.00
Long term loans to employees	0.18	0.07	-	-
Long term security deposits	39.94	38.93	24.15	26.15
Deffered income tax asset - net	-	26.03	26.03	39.18
	2,778.54	2,899.70	2,911.19	2,957.27
CURRENT ASSETS				
Stock-in-trade	1,900.47	2,421.28	1,899.72	801.99
Trade debts	171.33	235.99	207.31	1,189.38
Loans and advances	449.90	1,022.63	625.48	36.75
Short term deposits and prepayments	34.32	35.65	48.59	48.89
Other receivables	38.77	168.18	103.80	32.52
Accrued interest	3.29	10.06	16.85	7.77
Short term investments	946.05	865.75	920.73	882.47
Cash and bank balances	132.25	113.44	30.17	158.93
	3,676.37	4,872.99	3,852.64	3,158.70
TOTAL ASSETS	6,454.91	7,772.69	6,763.83	6,115.97

QUARTERLY **ANALYSIS**
REVENUE

Sales of the company grew by 2% in FY 2019 as compared to the previous year. The sales of lubricants are seasonal and accordingly the sales were low in the 1st and 2nd quarters of 2019 as compared the 1st and 2nd quarters of last year. Whereas, the considerable increase in sales were witnessed in the 3rd and 4th quarters of the FY 2019 in comparison to the sales of 3rd and 4th quarter of FY 2018. Company earned lowest revenue (i.e. 15%) in the 3rd quarter out of the total revenue earned by the company in FY 2019. The company achieved sales revenue of Rs. 4,489 million in the 4th quarter of FY 2019 that is the highest sales revenue achieved in any quarter during the last two financial years i.e. 2018 and 2019. This variation in the quarterly results is due to the seasonal impact on the products of HTL.

QUARTERLY **ANALYSIS**



COST OF **SALES**

The cost of sales showed an increasing trend in FY 2019 i.e. cost of sales is at lowest level in 1st quarter of 2019, whereas it is highest in the 4th quarter of the reporting year.

PROFIT FROM **OPERATIONS**

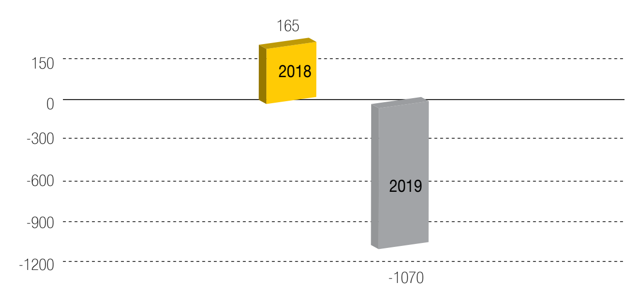
The company reported operating losses in the 1st and 2nd quarters of the FY 2019, the company then struggled hard to get back in track and reported operating profits in the 3rd and 4th quarter of the reporting.

ECONOMIC **VALUE ADDED**

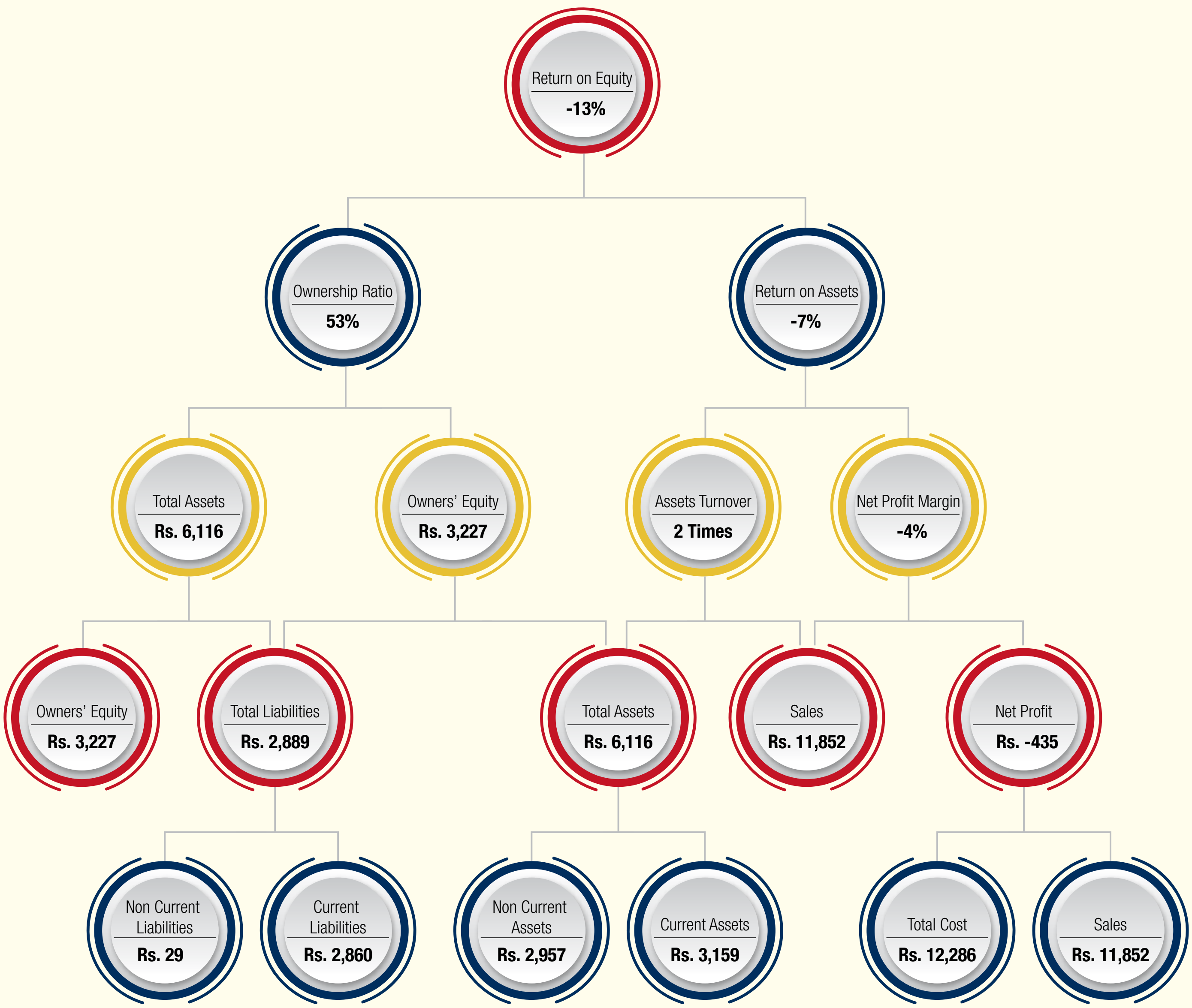
Economic value added (EVA) is used to measure the value a company generates from funds invested into its business. In 2019, HTL's EVA has declined to Rs. 1,070 million that was Rs. 165 million in FY 2018.

ECNOMIC **VALUE ADDED (EVA)**

Rs. in million



DUPONT ANALYSIS



The gross sales of HTL increased by 8.6% and the cost of sales also increased by 11.8%. The period cost for the year 2019 also increased that is mainly due to increase in finance and distribution expenses. All these factors contributed in overall decrease in net profit margin from 5% in 2018 to -4% in 2019. This decrease in net profit margin also resulted in Return on Asset to be decreased to -7% with respect to 10% in the previous year. On the other hand the increase in total assets by 11% and decrease in owners equity by 17% as compared to the last year. This increase in total assets and decrease in equity caused the company's ownership ratio to decrease from 70% in 2018 to 53% in 2019. On the other hand the current liabilities for the year 2019 has been increased by Rs.1,338 million that is mainly due to the increase in short term borrowings by Rs.1,267 million as compare to the previous year. These increase in short term borrowings resultantly increased the finance cost of the company by Rs.153 million. Consequently the ROE, that is the ultimate interest factor of the equity providers is in negative.

ANALYSIS OF FINANCIAL **AND NON-FINANCIAL PERFORMANCE**

HTL LIMITED
Hi-Tech Lubricants Ltd

HTL financials department has been entrusted the responsibility of yearly budgeting. A comprehensive exercise been carried out in last quarter of the fiscal year whereby each business unit and cost center submits its input through system based budgeting module. After careful consideration and review by company's executive management, the budgets are presented to audit committee for their review, consideration and recommendation for approval by the board. Budgets are based on forecast and assumption appropriate to business. Further budgeting department also carries out sensitivity analysis to ensure if analysis. Factors like controllable and non-controllable costs, seasonality and trends are given due importance. CEO and management teams are clearly assigned balance scorecard based on business unit's targets, profitability and other qualitative factors.

PERFORMANCE AGAINST **FINANCIAL MEASURES**

Company sets financial targets for business units, their liquidity and working capital against defined targets. Company was able to sustain its market share. Company also maintained its working capital and liquidity targets. As company is pursuing growth strategy as well as fierce competition in the lube sector, it thus faced severe challenges. Also, the instability in the material cost had negatively impacted our gross margins for year 2019 as compared to 2018. Increased depreciation, marketing and administration cost impacted our bottom line.

STATEMENT OF **FINANCIAL POSITION**

SHAREHOLDERS' **EQUITY**

Shareholders' equity has decreased by 17 % as compared to the previous year, due to decrease in retained earnings for the year because the company has reported net loss in 2018-19. Shareholders' equity includes share capital and reserves (i.e. capital and revenue reserves).

NON CURRENT **LIABILITIES**

Non-current liabilities have decreased to Rs.29.4 million from Rs.107.5 million that are 73% less than the last year. This is mainly due to decrease in deferred liabilities and long-term financing by 100% and 88% respectively. The company has also cut down its liabilities against finance lease by 66% as compared to the last year.

CURRENT **LIABILITIES**

Overall, current liabilities increased by 88% in 2019. This increase was witnessed due to increase in overall borrowings due to fierce competition in the market that lead to decreased level of sales in the first three quarters of the year. Trade payables including LC's bills have also been increased from the last year that helped company to maintain its finance cost to some level.

NON CURRENT **ASSETS**

Non-current assets have increased by Rs.229.1 million (8.4 %) from the last year. This investment is made in fixed assets in shape of property, plant and equipment. This investment supports the company's expansion and diversification strategies made by keeping in view the fierce marketing competition.

CURRENT **ASSETS**

Current assets primarily comprises of inventory, trade debts, short -term investments and cash & bank balances. On an aggregate basis, current assets increased by Rs. 364.5 million (13 %) as compared to the last year. This increase in current assets is mainly due to the increase in trade debts by 952.4 million in 2019. By keeping in view the proposed changes in Finance Act 2020, HTL offered 30 days credit to its distributors in June-2019 due to which HTL's distributors availed this offer effectively and purchased bulk of stock till June 30, 2019.

PROFIT **AND LOSS**

REVENUE, COST OF SALES AND GROSS PROFIT

Net sales of the company increased by Rs. 177.5 million (2%). This increase in revenue is mainly due to the increase in overall price of the stock that is followed by the increase in cost of sales by 11% from the last year. This price rose was in line with the economic situations triggered by International Lube prices and exchange rate fluctuations. As the increase in revenue (2%) in less than increase in cost of sales (11%), this resulted in the decline of company's gross profit by 33%.

DISTRIBUTION **COST**

Total Distribution cost includes salaries, admin expenses and marketing cost. Distribution cost increased by Rs. 198.5 million (31%) as compared to the last year. Out of Rs. 198.5 million, marketing cost contributed 99% mainly due to heavy advertisements made for HTL Express and HTL Stations. Company also sponsored the overall event of Pakistan Super League that proved as a big source of company advertisement and brand recognition worldwide. As the company expanded, it hired professional staff to support its new projects that lead to the increase in salaries and wages by (23%). On the other hand the increase in company's fixed assets resulted in the increase in insurance as well as depreciation expense by 51% and 31% respectively.

OTHER **INCOME**

Other income increased by Rs. 5.4 million (5%). This return reflects interest on IPO funds and profits on bank deposits. The company also has written back credit balances of 2.3 million that also contributed in overall increase in other income.

FINANCE **COST**

The company have availed short term finances from banking companies that increased by Rs. 1,267 million or 179% in 2019. This huge increase in short term borrowings resultantly increased the overall finance cost of the company by Rs. 152 million as compared to the last year.

PROFIT FOR **THE YEAR**

All the above mentioned factors affected the profitability of the company in negative way and the company experienced a net loss of Rs. 434 million in 2019.

LIQUIDITY **POSITION**

JCR-VIS Credit Rating Company Limited has revised the entity rating of HTL from A/A-1 to A/A-2 which shows good credit quality with adequate protection factors along with overall stable outlook of the company.

HTL regularly evaluated its performance against financial targets. Targets are measured against actual performance of the company and extensive variance analysis activity is carried out to investigate the reasons of these variations. Due to the unfavorable economic situation of Pakistan and fierce competition in the market the sales volumes of the company decreased, that is why HTL could to achieve its targets for revenue in FY 2019. The variance analysis activity enabled the company to get back on its track. Our ED's has also given due deliberation to the reasons for variances and suggested mitigating measures against all the controllable factors. Future austerity measures have already adopted keeping in view the economic situation of Pakistan.

PERFORMANCE AGAINST **NON-FINANCIAL MEASURES**

Non-financial targets are set for human resource development, growth / expansion, and succession. Process and production efficiencies at HTL and HTBL respectively, quality improvements both in product and services, automation (IT Capital), protection of intellectual capitals, health and safety, building better relationship with community (social capital), managing diversity, ensuring compliance with all the laws and regulations and paying due taxes are the hallmark of the company.

2018-19 had been wonderful year for the HTL. HR department worked on multidimensional aspects as envisaged in the targets, including, hired right person at competitive packages through internal and external sources, held trainings and conferences for employees, offered internships, employed special person, and devising succession plan at different cadre as per the need of the Company. Another milestone achievement was building towards a high performance organization nurturing the core values and emphasizing strategy, structure and culture throughout the organization. A number of team building events were arranged which created a team full of motivation.

Company opened four (04) retail outlets of HTL Express during the year that helped company to increase its overall segment sales by 143 % from last year. HTL also obtained long awaited marketing license in May 2019 and advanced its construction of KPK depot. We expect to start OMC operations by second quarter of the coming year.

We achieved a big milestone and successfully completed fieldwork of Oracle, Financial module for OMC business. We expect to go-live the Oracle module in November 2019. IT department ensured that the down time of Information systems and other tools remained zero during the whole year and it's been again major business success. Fire safety trainings and safety drills were conducted at HTBL plant site to ensure health and safety requirements. Our business intelligence department made further efforts for protection of intellectual capital in order to maintain its brand equity.

ANALYSIS OF CHANGES **IN THE PERFORMANCE**

2019 was challenging year for Oil and Lubricant marketing companies due to frequent dollar fluctuation, instability in material cost, tough competition and decreased purchasing power of ultimate consumers.

These factors affected negatively our bottom line. We carefully analyzed the overall situation and introduced trade schemes to sustain volumetric share in the market.

Further, Company added new products to its portfolio and invested in new machines at HTBL to handle depreciation in rupee value. Due to current economic situations and Govt. direction, we have shifted our focus towards HTBL, which continued its impressive growth in revenue by 26%.

CHANGES IN THE INDICATORS AND PERFORMANCE MEASURES

Company continued Balance Scorecard approach in the year 2019 to measure performance indicators of each division and company as a whole. Further, Company added new products to its portfolio and invested in new machines at HTBL to handle depreciation in rupee value. Due to current economic situations and Govt. direction, HTL has shifted more focus towards HTBL. As a result, HTBL showed impressive increase of 26 % from the last year.

METHODS USED IN COMPILING THE INDICATORS

- Engagement of independent professional consultant
- Customer satisfaction Index through recurring feedback and retention of old customers
- Expected return on new outlets (Return on Capital Expenditures)
- Contribution/ Value addition analysis

BUSINESS RATIONAL OF MAJOR CAPITAL EXPENDITURE/ PROJECTS

In order to support the growth and diversification strategy of the company, HTL added the assets of Rs. 590.6 million in its financial position during the year 2018-19. In FY 2019, OGRA granted the license of marketing the petroleum products that caused the company to capitalize its Sahiwal Depot project which is the main constituent of this increase in assets.

The company also invested in the extension of its retail presence and opened four (04) new retail outlets in different cities of the country.

MARKET SHARE

EXTERNAL SOURCES

In year 2016-17, an external valuation of the market share of the company was conducted by an independent party "Kantar TNS", one of the largest international research agencies. According to the research report of the Kantar TNS, the usage rate for ZIC was recorded as 21% with a ranking of 3rd in terms of M/S for the year.

INTERNAL SOURCES

Hi-Tech Lubricants Ltd. (HTL) is one of the leading lubricant marketing companies of Pakistan. HTL has a sizeable market share in almost all the related market segments of the company.

BEST CORPORATE REPORT **AWARDS 2018**

Hi-Tech has been awarded the first runner up position at the Best Corporate Report Awards held in August 2019 by ICAP & ICMAP for its 2018 Annual Report.

UNCONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2019

INDEPENDENT **AUDITOR'S REPORT**

To the members of Hi-Tech Lubricants Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Hi-Tech Lubricants Limited (the Company), which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss, the statement of 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, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	**Revenue recognition** The Company recognized net revenue of Rupees 9,431.162 million for the year ended 30 June 2019. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. For further information, refer to the following: - Summary of significant accounting policies, Revenue from contracts with customers note 2.20 to the financial statements. - Net Sales as shown on the face of statement of profit or loss.	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • We tested the effectiveness of the Company's internal controls over the calculation and recognition of discounts. • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. • We compared the details of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation. • We also considered the appropriateness of disclosures in the financial statements.

Sr. No.	Key audit matters	How the matter was addressed in our audit
2.	**Stock-in-trade existence and valuation** Stock-in-trade as at 30 June 2019 amounted to Rupees 801.994 million and represented a material position in the statement of financial position. The business is characterized by high volume and the valuation and existence of stock-in-trade are significant to the business. Therefore, considered as one of the key audit matters. Stock-in-trade is stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in note 2.9 to the financial statements. At year end, the valuation of stock-in-trade is reviewed by management and the cost of stock-in-trade is reduced where stock-in-trade is forecast to be sold below cost. For further information on stock-in-trade, refer to the following: - Summary of significant accounting policies, Stock-in-trade note 2.9 to the financial statements. - Stock-in-trade note 19 to the financial statements.	Our procedures over existence and valuation of stock-in-trade included, but were not limited to: • To test the quantity of stock-in-trade at all locations, we assessed the corresponding stock-in-trade observation instructions and participated in stock-in-trade counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of stock-in-trade items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • We tested that the ageing report used by management correctly aged stock-in-trade items by agreeing a sample of aged stock-in-trade items to the last recorded invoice. • On a sample basis, we tested the net realizable value of stock-in-trade items to recent selling prices and re-performed the calculation of the stock-in-trade write down, if any. • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs. • We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.

Information Other than the 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 financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional 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 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 Mubashar Mehmood.

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 21 September 2019

STATEMENT OF
FINANCIAL POSITION

As at 30 June 2019

	Note	2019 Rupees	2018 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
150,000,000 (2018: 150,000,000) ordinary shares of Rupees 10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital	3	1,160,040,000	1,160,040,000
Reserves	4	2,066,744,479	2,732,681,018
Total equity		3,226,784,479	3,892,721,018
LIABILITIES			
Non-current liabilities			
Long term financing	5	1,822,078	14,894,163
Liabilities against assets subject to finance lease	6	26,624,594	79,105,383
Long term deposits	7	1,000,000	1,500,000
Deferred income tax liability - net	8	-	12,068,590
		29,446,672	107,568,136
Current liabilities			
Trade and other payables	9	739,055,365	613,957,734
Accrued mark-up / profit	10	69,576,268	18,217,096
Short term borrowings	11	1,974,915,754	707,635,668
Current portion of non-current liabilities	12	70,938,562	61,093,852
Unclaimed dividend		4,026,209	4,297,369
Taxation - net		1,223,803	116,775,146
		2,859,735,961	1,521,976,865
Total liabilities		2,889,182,633	1,629,545,001
Contingencies and commitments	13		
TOTAL EQUITY AND LIABILITIES		6,115,967,112	5,522,266,019
ASSETS			
Non–current assets			
Fixed assets	14	1,583,889,323	1,386,311,847
Intangible assets	15	8,038,481	2,894,585
Investment in subsidiary company	16	1,300,000,600	1,300,000,600
Long term loans to employees	17	-	280,132
Long term security deposits	18	26,154,150	38,612,406
Deferred income tax asset - net	8	39,183,233	-
		2,957,265,787	2,728,099,570
Current assets			
Stock-in-trade	19	801,994,295	961,206,375
Trade debts	20	1,189,383,247	236,936,937
Loans and advances	21	36,748,025	146,456,105
Short term deposits and prepayments	22	48,893,939	27,933,788
Other receivables	23	32,515,191	17,340,333
Accrued interest	24	7,772,338	15,334,604
Short term investments	25	882,468,837	917,353,557
Cash and bank balances	26	158,925,453	471,604,750
		3,158,701,325	2,794,166,449
TOTAL ASSETS		6,115,967,112	5,522,266,019

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

Chief Executive

Director

Chief Financial Officer

STATEMENT OF
PROFIT OR LOSS
For the year ended 30 June 2019

	Note	**2019 Rupees**	2018 Rupees
Gross Sales		11,851,564,912	10,910,427,446
Discounts		(515,680,161)	(368,818,182)
Sales tax		(1,904,722,276)	(1,288,030,793)
Net Sales		9,431,162,475	9,253,578,471
Cost of Sales	27	(8,136,798,681)	(7,325,251,809)
Gross profit		1,294,363,794	1,928,326,662
Distribution cost	28	(834,566,220)	(636,053,835)
Administrative expenses	29	(432,395,249)	(378,578,016)
Other expenses	30	(103,571,212)	(63,070,455)
		(1,370,532,681)	(1,077,702,306)
Other income	31	113,899,306	108,462,518
Profit from operations		37,730,419	959,086,874
Finance cost	32	(235,071,636)	(82,540,731)
(Loss) / profit before taxation		(197,341,217)	876,546,143
Taxation	33	(237,475,721)	(322,116,962)
(Loss) / profit after taxation		(434,816,938)	554,429,181
(Loss) / earnings per share - basic and diluted	34	(3.75)	4.78

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

Chief Executive

Director

Chief Financial Officer

STATEMENT OF
COMPREHENSIVE INCOME
For the year ended 30 June 2019

	2019 Rupees	2018 Rupees
(Loss) / profit after taxation	(434,816,938)	554,429,181
Other comprehensive income		
Items that will not be reclassified to profit or loss	–	–
Items that may be reclassified subsequently to profit or loss	–	–
Total comprehensive (loss) / income for the year	(434,816,938)	554,429,181

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

Chief Executive

Director

Chief Financial Officer

STATEMENT OF
CHANGES IN EQUITY
For the year ended 30 June 2019

HTL LIMITED
Hi-Tech Lubricants Ltd

	Share capital	Reserves			Total equity
		Capital reserve	Revenue reserve	Total reserves	
		Share premium	Un–appropriated Profit		
	Rupees				
Balance as at 30 June 2017	1,160,040,000	1,441,697,946	1,142,567,891	2,584,265,837	3,744,305,837
Transactions with owners:					
Final dividend for the year ended 30 June 2017					
@ Rupee 1.75 per share	–	–	(203,007,000)	(203,007,000)	(203,007,000)
lInterim dividend for year ended 30 June 2018					
@ Rupees 1.75 per share	–	–	(203,007,000)	(203,007,000)	(203,007,000)
	–	–	(406,014,000)	(406,014,000)	(406,014,000)
Profit for the year ended 30 June 2018	–	–	554,429,181	554,429,181	554,429,181
Other comprehensive income for the year ended 30 June 2018	–	–	–	–	–
Total comprehensive income for the year ended 30 June 2018	–	–	554,429,181	554,429,181	554,429,181
Balance as at 30 June 2018	1,160,040,000	1,441,697,946	1,290,983,072	2,732,681,018	3,892,721,018
Adjustment on adoption of IFRS - 9 (Note 2.10)	–	–	(28,112,601)	(28,112,601)	(28,112,601)
Adjusted total equity as at 01 July 2018	1,160,040,000	1,441,697,946	1,262,870,471	2,704,568,417	3,864,608,417
Transaction with owners:					
Final dividend for the year ended 30 June 2018					
@ Rupees 1.75 per share	–	–	(203,007,000)	(203,007,000)	(203,007,000)
	–	–	(203,007,000)	(203,007,000)	(203,007,000)
Loss for the year ended 30 June 2019	–	–	(434,816,938)	(434,816,938)	(434,816,938)
Other comprehensive income for the year ended 30 June 2019	–	–	–	–	–
Total comprehensive loss for the year ended of 30 June 2019	–	–	(434,816,938)	(434,816,938)	(434,816,938)
Balance as at 30 June 2019	1,160,040,000	1,441,697,946	625,046,533	2,066,744,479	3,226,784,479

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

Chief Executive | Director | Chief Financial Officer

STATEMENT OF
CASH FLOWS
For the year ended 30 June 2019

	Note	2019 Rupees	2018 Rupees
Cash flows from operating activities			
Cash (utilized in) / generated from operations	35	(592,456,556)	1,519,278,983
Finance cost paid		(183,712,464)	(73,840,862)
Income tax paid		(404,278,887)	(271,703,030)
Net decrease in long term loans to employees		769,024	1,390,444
Net increase in long term security deposits		(3,538,000)	(7,700,450)
Decrease in long term deposits		(500,000)	(500,000)
Net cash (used in) / generated from operating activities		(1,183,716,883)	1,166,925,085
Cash flows from investing activities			
Capital expenditure on operating fixed assets		(275,337,578)	(440,267,182)
Capital expenditure on intangible assets		(8,025,992)	(676,234)
Proceeds from disposal of operating fixed assets		8,024,425	9,537,134
Loans to subsidiary company		(548,900,000)	(296,500,000)
Repayment of loans by subsidiary company		548,900,000	557,500,000
Short term investments - net		30,869,260	154,999,999
Dividend received		1,132,225	272,250
Interest received on loans to subsidiary company		41,195,974	28,947,816
Profit on bank deposits and term deposit receipts received		69,330,110	57,615,262
Net cash (used in) / from investing activities		(132,811,576)	71,429,045
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		(45,152,757)	(35,972,579)
Dividend paid		(203,278,160)	(403,243,100)
Proceeds from long term financing		-	21,865,000
Repayment of long term financing		(15,000,007)	(13,177,918)
Short term borrowings - net		1,267,280,086	(411,333,558)
Net cash from / (used in) financing activities		1,003,849,162	(841,862,155)
Net (decrease) / increase in cash and cash equivalents		(312,679,297)	396,491,975
Cash and cash equivalents at the beginning of the year		471,604,750	75,112,775
Cash and cash equivalents at the end of the year		158,925,453	471,604,750

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

Chief Executive | Director | Chief Financial Officer

1. THE COMPANY AND ITS OPERATIONS

1.1 Hi-Tech Lubricants Limited ("the Company") was incorporated under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The principal activity of the Company is to procure and distribute petroleum products. During the year ended 30 June 2017, Oil and Gas Regulatory Authority (OGRA) granted license to the Company to establish an Oil Marketing Company (OMC), subject to some conditions. On 31 May 2019, Oil and Gas Regulatory Authority (OGRA) has granted permission to the Company to operate new storage facility at Sahiwal and marketing of petroleum products in province of Punjab.

1.2 Geographical location and addresses of all business units are as follows:

Business units	Address
Registered and head office	1-A, Danepur Road, GOR-1, Lahore
Regional office – Karachi	C-6 /1, Street No. 3, Bath Island, Clifton, Karachi
Regional office – Islamabad	Suite No. 1402, 14th Floor, Green Trust Tower, Jinnah Avenue, Blue Area, Islamabad.
Regional office – Peshawar	Office No. 280, 3rd Floor, Deans Trade Centre, Islamia Road, Peshawar
Customs bonded warehouse	7-Km, Sundar Raiwind Road, Bhai Kot, Lahore
Warehouse 1	7-Km, Sundar Raiwind Road, Bhai Kot, Lahore
Warehouse 2	Property No. 35 A/M, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore
Warehouse	B-13, Cotton Godown, Korangi Industrial Area, Karachi
Oil Depot – OMC Project	Mouza No. 107/9L, Tehsil and District Sahiwal
OMC Project office	Plot No. 2, Block K, Main Boulevard Gulberg-II, Lahore
Oil Depot – OMC Project	Mouza Aza Khel Bala, Tehsil and District Nowshera
HTL Express Centre	Dharampura, Lahore
HTL Express Centre	Garden Town, Lahore
HTL Express Centre	Block F, Gulshan Ravi, Lahore
HTL Express Centre	Johar Town, Lahore
HTL Express Centre	Phase II, DHA, Karachi
HTL Express Centre	Gulistan-e-Johar, Karachi
HTL Express Centre	Pakistan Employees Cooperative Housing Society, Karachi
HTL Express Centre (proposed)	22– A, Zafar Ali Road, Lahore

1.3 These financial statements are the separate financial statements of the Company. Consolidated financial statements of the Company are prepared separately.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

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

– International Financial Reporting Standards (IFRSs) 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 IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

b) Accounting convention

These financial statements have been prepared under the historical cost convention except for certain financial instruments carried at fair value.

C) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Income tax

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past. Instances where the Company's view differs from the view taken by 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.

Useful lives, pattern of economic benefits and impairment

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of the assets for possible impairments on an annual basis. If such indication exist assets recoverable amount is estimated in order to determine the extent of impairment loss, if any. Any change in the estimates in the future might affect the carrying amount of respective item of operating fixed assets, with a corresponding effect on the depreciation charge and impairment.

Inventories

Net realizable value of inventories is determined with reference to current prevailing selling prices less estimated expenditure to make sales.

Provision for obsolescence of stock-in-trade

Provision for obsolescence of items of stock-in-trade is made on the basis of management's estimate of net realizable value and age analysis prepared on an item-by-item basis.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Impairment of investment in subsidiary company

In making an estimate of recoverable amount of the Company's investments in subsidiary company, the management considers future cash flows.

Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

d) Standards, interpretations and amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following standards, interpretations and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2018:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- IFRS 15 (Amendments), 'Revenue from Contracts with Customers
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- Annual Improvements to IFRSs: 2014 – 2016 Cycle

The Company has changed its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 9 and IFRS 15. These are disclosed in note 2.10 and note 2.20. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

e) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2019 or later periods:

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases–Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the solely payments of principal and interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Company's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Company's financial statements.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

Amendments to IFRS 3 'Business Combinations' (effective for annual periods beginning on or after 01 January 2020). The International Accounting Standards Board (IASB) has issued 'Definition of Business' aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 3 'Business Combinations', IFRS 11 'Joint Arrangements', IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs'. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits–this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

f) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2019 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Fixed assets

Operating fixed assets except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition. Freehold land and capital work-in-progress are stated at cost less any recognized impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

Depreciation

Depreciation is charged to statement of profit or loss by applying the reducing balance method whereby cost of an asset is written off over its estimated useful life at the rates given in Note 14.1. Depreciation on additions is charged for the full month in which the asset is available for use and on deletion up to the month immediately preceding the deletion.

Useful life of assets is reviewed at each financial year end and if expectations differ from previous estimates the change is accounted for as change in accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

De-recognition

An item of operating fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment loss, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use

2.3 Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition, an intangible asset is carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

2.4 Leases

The Company is the lessee:

2.4.1 Finance leases

Leases where the Company has substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost, is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to statement of profit or loss over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to statement of profit or loss.

2.4.2 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to statement of profit or loss on a straight line basis over the lease term.

2.5 Investment in subsidiary company

Investment in subsidiary company is stated at cost less impairment loss, if any, in accordance with the provisions of IAS 27 ‘Separate Financial Statements’.

2.6 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company’s functional and presentation currency. Figures are rounded off to the nearest Pak Rupees.

2.7 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.8 Employee benefits

The Company operates a contributory provident fund scheme covering all regular employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 10% of basic salary of employees. The Company’s contributions to the fund are charged to statement of profit or loss.

2.9 Stock-in-trade

Stock-in-trade, except in transit, is stated at lower of cost and net realizable value. Cost is determined on the basis of weighted average cost.

Cost in relation to items in transit comprises of invoice value and other charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

2.10 IFRS 9 "Financial instruments"

The Company has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'expected credit loss' ('ECL') model to recognize an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. Key changes in accounting policies resulting from application of IFRS 9 are as follows:

i) Recognition of financial instruments

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

ii) Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

Investments and other financial assets

a) Classification

From 01 July 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the Company'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 profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend 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. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) 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, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in 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:

Amortized cost

Financial 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 other 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 income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial 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 other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income 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 other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss

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

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income/ (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Financial liabilities

a) Classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

iii) Impairment of financial assets

From 01 July 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

iv) De-recognition

a) Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial liabilities

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

v) Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

vi) Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these financial statements as there is no hedge activity carried on by the Company during the year ended 30 June 2019.

vii) Impacts of adoption of IFRS 9 on these financial statements as on 01 July 2018

On 01 July 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

Financial assets (01 July 2018)

	Trade debts categorized as	
	Loans and receivables	**Amortised cost**
	Rupees	**Rupees**
Opening balance (before reclassification)	236,936,937	-
Adjustments due to adoption of IFRS 9:		
Reclassification of trade debts	(236,936,937)	236,936,937
Recognition of expected life time credit losses on trade debts	-	(28,112,601)
Opening balance (after reclassification)	-	208,824,336

The impact of these changes on the Company's un-appropriated profit and equity is as follows:

Un-appropriated profit and equity (01 July 2018)

	Effect on un-appropriated profit	Effect on total equity
	Rupees	Rupees
Opening balance (before reclassification)	1,290,983,072	3,892,721,018
Adjustment on adoption of IFRS 9 due to recognition of expected life time credit losses on trade debts	(28,112,601)	(28,112,601)
Opening balance (after reclassification)	1,262,870,471	3,816,608,417

Reclassifications of financial instruments on adoption of IFRS 9

As on 01 July 2018, the classification and measurement of financial instruments of the Company were as follows:

	Measurement category		Carrying amounts		
	Original (IAS 39)	New (IFRS 9)	Original	New	Difference
			Rupees		
Non-current financial assets					
Long term security deposits	Loans and receivables	Amortised cost	11,068,300	11,068,300	-
Long term loans to employees	Loans and receivables	Amortised cost	280,132	280,132	-
Current financial assets					
Loans and advances	Loans and receivables	Amortised cost	11,108,767	11,108,767	-
Deposits	Loans and receivables	Amortised cost	4,665,000	4,665,000	-
Trade debts	Loans and receivables	Amortised cost	236,936,937	208,824,336	28,112,601
Other receivables	Loans and receivables	Amortised cost	17,340,604	17,340,604	-
Accrued interest	Loans and receivables	Amortised cost	15,334,604	15,334,604	-
Short term investments:					
Term deposit receipts	Held to maturity	Amortised cost	851,833,801	851,833,801	-
Other short term investments	At fair value through profit or loss	At fair value through profit or loss	65,519,756	65,519,756	-
Cash and bank balances	Loans and receivables	Amortised cost	471,604,750	471,604,750	-
Non-current financial liabilities					
Long term financing	Amortised cost	Amortised cost	14,894,163	14,894,163	-
Liabilities against subject to finance lease	Amortised cost	Amortised cost	79,105,383	79,105,383	-
Long term deposits	Amortised cost	Amortised cost	1,500,000	1,500,000	-
Current financial liabilities					
Trade and other payables	Amortised cost	Amortised cost	330,463,137	330,463,137	-
Unclaimed dividend	Amortised cost	Amortised cost	4,297,369	4,297,369	-
Accrued mark-up / profit	Amortised cost	Amortised cost	18,217,096	18,217,096	-
Short term borrowings	Amortised cost	Amortised cost	707,635,668	707,635,668	-
Current portion of non-current liabilities	Amortised cost	Amortised cost	69,093,852	69,093,852	-

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.12 Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.13 Taxation

2.13.1 Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income.

The charge for current tax is calculated using prevailing tax rates or the tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

2.13.2 Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.14 Borrowings

Financing and borrowings are initially recognized at fair value of the consideration received, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method.

2.15 Borrowing costs

Borrowing costs are recognized as expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of cost of that asset.

2.16 Trade debts and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

2.17 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value which is normally the transaction cost.

2.18 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

2.19 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in statement of profit or loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior periods. Such reversal is recognized in statement of profit or loss.

2.20 Revenue from contracts with customers

The Company has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in Company's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. Key changes in accounting policies resulting from application of IFRS 15 are as follows:

i) Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend

Dividend on equity investments is recognized when right to receive the dividend is established.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

ii) Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

iii) Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

iv) Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Company that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

v) Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

vi) Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

vii) Refund liabilities

Refund liabilities are recognised where the Company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

viii) Impacts of adoption of IFRS 15 on these financial statements as on 01 July 2018

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. The application of IFRS 15 does not have any impact on the revenue recognition policy of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the year of initial application is Rupees Nil.

2.21 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

2.22 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company has single reportable business segment.

2.23 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

2.24 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. 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.

2.25 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

3. ISSUED, SUBSCRIBED AND PAID–UP SHARE CAPITAL

2019	2018		2019	2018
(Number of shares)			Rupees	Rupees
41,002,000	41,002,000	Ordinary shares of Rupees 10 each		
		fully paid-up in cash	410,020,000	410,020,000
25,000,000	25,000,000	Ordinary shares of Rupees 10 each		
		issued as fully paid for consideration		
		other than cash (Note 3.2)	250,000,000	250,000,000
50,002,000	50,002,000	Ordinary shares of Rupees 10 each		
		issued as fully paid bonus shares	500,020,000	500,020,000
116,004,000	116,004,000		1,160,040,000	1,160,040,000

3.1 827,775 (2018: 827,775) ordinary shares of the Company are held by SK Lubricants Co., Ltd. - related party.

3.2 On 01 July 2011, the Company entered into 'Agreement for Takeover of Partnership Firm by Private Limited Company / Dissolution of Partnership' ("the Agreement") with partners of Hi-Tec Lubricants, a registered partnership firm ("the Firm") and took over all the business, assets and liabilities of the Firm, as per audited financial statements of Hi-Tec Lubricants for the year ended 30 June 2011, against consideration of issuance of shares of the Company amounting to Rupees 250,000,000 divided into 2,500,000 ordinary shares of Rupees 100 each.

3.3 The principal shareholders of the Company and SK Lubricants Co., Ltd. (SKL) have a shareholders agreement in place. The parties to the agreement have agreed on certain board of directors' unanimous resolution items such as direct or indirect engagement in lubricant products under the brand name of the Company or any other party other than SKL, engagement with other companies engaged in lubricants business, lubricants business reorganizations, etc. The principal shareholders have undertaken to hold, in aggregate, at all times 51% shares or more of the Company.

	2019 Rupees	2018 Rupees
4 RESERVES		
Capital reserve		
Share premium (Note 4.1)	1,441,697,946	1,441,697,946
Revenue reserve		
Un-appropriated profit	625,046,533	1,290,983,072
	2,066,744,479	2,732,681,018

4.1 This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

	2019 Rupees	2018 Rupees
5 LONG TERM FINANCING		
From banking company - secured		
Bank Al-Habib Limited-1 (Note 5.1)	5,783,742	13,495,415
Bank Al-Habib Limited-2 (Note 5.1)	9,110,417	16,398,751
	14,894,159	29,894,166
Less : Current portion shown under current liabilities (Note 12)	13,072,081	15,000,003
	1,822,078	14,894,163

5.1 These facilities have been obtained to build warehouse at the property of Hi-Tech Blending (Private) Limited - subsidiary company at Sundar Raiwind Road. These facilities are secured against hypothecation charge over current assets of the Company of Rupees 1,067 million and personal guarantee of directors of the Company. These carry mark-up at the rate of 3 months KIBOR plus 1.75% per annum. These are repayable in 12 equal quarterly installments. Effective rate of mark-up charged during the year ranged from 8.67% to 12.67% (2018: 7.89% to 8.18%) per annum.

	2019 Rupees	2018 Rupees
6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	90,562,395	134,911,579
Less: Un-amortized finance charge	6,071,320	9,712,347
Present value of future minimum lease payments	84,491,075	125,199,232
Less: Current portion shown under current liabilities (Note 12)	57,866,481	46,093,849
	26,624,594	79,105,383

6.1 Minimum lease payments have been discounted using implicit interest rates ranging from 7.23% to 13.25% (2018: 6.95% to 12.44%) per annum. Rentals are payable in monthly and quarterly installments. Taxes, repairs and insurance costs are borne by the Company. These are secured against charge on the leased assets, personal guarantees of directors and security deposits of Rupees 25.805 million (2018: Rupees 26.557 million).

	2019		2018	
	Not later than one year	**Later than one year but not later than five years**	Not later than one year	Later than one year but not later than five years
	Rupees			
Future minimum lease payments	62,367,662	28,194,733	52,015,851	82,895,728
Less: Un-amortized finance charge	4,501,181	1,570,139	5,922,002	3,790,345
Present value of future minimum lease payments	57,866,481	26,624,594	46,093,849	79,105,383

7. LONG TERM DEPOSITS

These represent long term security deposits from distributors of the Company. These are unsecured, interest free and repayable on termination of distribution agreements. These security deposits have been utilized for the purpose of business in accordance with the terms of written agreements with distributors.

	2019 Rupees	2018 Rupees
8. DEFFERED INCOME TAX (ASSETS) / LIABILITY - NET		
The net deferred income tax (asset) / liability comprised of temporary differences relating to:		
Deductible temporary differences		
Allowance for expected credit losses	(13,532,396)	(157,737)
Leased assets	-	(8,982,112)
Provision for doubtful advance to supplier	(686,005)	-
Provision for slow moving and damaged inventory items	(2,184,394)	-
Available tax losses	(95,690,600)	-
	(112,093,395)	(9,139,849)
Taxable temporary difference		
Accelerated tax depreciation and amortization	64,076,493	21,208,439
Leased assets	8,833,669	-
	72,910,162	21,208,439
Net deferred income tax (asset) / liability	(39,183,233)	12,068,590
9. TRADE AND OTHER PAYABLES		
Creditors (Note 9.1)	224,019,143	166,910,839
Accrued liabilities (Note 9.2)	428,888,431	163,552,298
Advances from customers	37,112,697	152,873,281
Earnest money payable	1,525,827	-
Customs duty and other charges payable	10,073,760	88,711,322
Income tax deducted at source	4,861,908	51,118
Sales tax payable	29,826,527	39,244,625
Payable to employees' provident fund trust	2,747,073	2,614,251
	739,055,365	613,957,734

9.1 These include Rupees 157.468 million (2018: Rupees Nil) and Rupees 22.018 million (2018: Rupees 136.592 million) payable to Hi-Tech Blending (Private) Limited - subsidiary company and SK Lubricants Co., Ltd - related party respectively.

9.2 These include Rupees 5.551 million (2018: Rupees 6.823 million) on account of remuneration payable to directors of the Company.

	2019 Rupees	2018 Rupees
10. ACCRUED MARK-UP / PROFIT		
Long term financing	489,491	1,038,947
Liabilities against assets subject to finance lease	957,446	279,031
Short term borrowings	68,129,331	16,899,118
	69,576,268	18,217,096
11. SHORT TERM BORROWINGS		
From banking companies - secured		
Short term finances (Note 11.1 and 11.2)	1,535,873,239	610,061,485
Running musharakah / musawamah finance (Note 11.1 and 11.3)	439,042,515	97,574,183
	1,974,915,754	707,635,668

11.1 These finances are obtained from banking companies under mark-up / profit arrangements and are secured against trust receipts, first joint pari passu hypothecation charge over current assets, lien over term deposit receipts and personal guarantees of sponsor directors.

11.2 The rates of mark-up ranged from 7.00% to 14.30% (2018: 7.15% to 9.66%) per annum.

11.3 The rates of profit ranged from 7.42% to 14.80% (2018: 7.14% to 7.50) per annum.

	2019 Rupees	2018 Rupees
12. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Long term financing (Note 5)	13,072,081	15,000,003
Liabilities against assets subject to finance lease (Note 6)	57,866,481	46,093,849
	70,938,562	61,093,852

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 Corporate guarantees of Rupees 1,425.52 million (2018: Rupees 1,425.52 million) have been given by the Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - subsidiary company.

13.1.2 Guarantees of Rupees 58 million (2018: Rupees 28 million) are given by the bank of the Company to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.

13.1.3 Guarantees of Rupees 22 million (2018: Rupees 12.314 million) are given by the bank of the Company to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.

13.1.4 Guarantee of Rupees 6 million (2018: Rupees Nil) and Rupees 2.25 million (2018: Rupees Nil) are given by the banks of the Company to Total Parco Pakistan Limited and Pakistan State Oil Company Limited respectively against fuel cards obtained by the Company for its employees.

13.1.5 During the year ended 30 June 2018, assessment under section 161 / 205 of the Income Tax Ordinance, 2001 for the tax year 2014 was finalized by the Deputy Commissioner Inland Revenue creating a demand of Rupees 18.207 million against the Company. The Company, being aggrieved filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)], who decided the case in favor of the Company reducing the total demand to Rupees 0.191 million. However, Income Tax Department has filed an appeal against the order of the CIR(A) before the Appellate Tribunal Inland Revenue and the same is pending adjudication. No provision against the original tax demand has been recognized in these financial statements, as the Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.

13.1.6 On 05 June 2018, the Competition Commission of Pakistan ("CCP") has initiated a formal enquiry under the provisions of the Competition Act, 2010 ("the Act") on complaint against the Company and its subsidiary company, Hi-Tech Blending (Private) Limited by Chevron Pakistan Lubricants (Private) Limited ("Chevron") for adopting deceptive marketing practices in contravention of section 10 of the Act. It has also been prayed by Chevron to CCP to impose a penalty of 10% of the annual turnover of the Company and its subsidiary company and / or Rupees 75 million, as CCP may deem appropriate. CCP has concluded its enquiry on the complaint lodged by Chevron on 07 February 2019. On 20 August 2019, subsequent to the reporting period, CCP has issued a show cause notice to the Company and its subsidiary company regarding deceptive marketing practices by distributing false and misleading information about its brand "ZIC" under section 10 of the Act. The Company and its subsidiary company have appeared before the CCP through their advocates, rejecting the contents of the enquiry report concluded by CCP, and expects a favorable outcome of the matter. Therefore, no provision for penalty has been recognized in these financial statements.

13.1.7 On 19 December 2018, the Company has filed an appeal before Commissioner Inland Revenue Appeals [CIR(A)] against the order of Deputy Commissioner Inland Revenue (DCIR). DCIR passed an order under section 122(1) and 122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 whereby a demand of Rupees 83.595 million has been raised. CIR(A) vide order dated 18 December 2018 has upheld some of the additions made by DCIR and also directed the DCIR to give opportunity of hearing to the Company in one of the said matters. Being aggrieved by the order of CIR(A), the Company filed appeal before the Appellate Tribunal Inland Revenue [ATIR] which is pending adjudication. No provision against this demand has been recognized in these financial statements, as the Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.

13.1.8 Deputy Commissioner Inland Revenue (DCIR) has passed an assessment order on 28 November 2018 under sections 161 and 205 of the Income Tax Ordinance, 2001 for the tax year 2015 whereby a demand of Rupees 22.358 million has been raised. On 21 December 2018, the Company has filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR. CIR(A) accepted the Company's stance on certain issues assailed in appeal and reduced the aggregate demand to Rupees 10.735 million. Being aggrieved by the order of CIR(A), the Company has filed appeal before the Appellate Tribunal Inland Revenue [ATIR] which is pending adjudication. No provision against this demand has been recognized in these financial statements, as the Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.

	2019 Rupees	2018 Rupees
13.2 Commitments		
13.2.1 Capital expenditures:		
Contracts	206,035,941	25,168,567
Letters of credit	-	4,862,700
	206,035,941	30,031,267
13.2.2 Letters of credit other than for capital expenditures	-	245,018,196

13.2.3 The amount of future ijara rentals for ijara financing and the period in which these payments will become due are as follow:

	2019 Rupees	2018 Rupees
Not later than one year	5,269,381	5,004,436
Later than one year but not later than five years	3,135,023	7,943,488
	8,404,404	12,947,924

14. FIXED ASSETS

Operating fixed assets		
- Owned (Note 14.1)	1,375,599,503	836,309,262
- Leased (Note 14.1)	114,952,001	94,226,431
	1,490,551,504	930,535,693
Capital work-in-progress (Note 14.2)	93,337,819	455,776,154
	1,583,889,323	1,386,311,847

14.1 Reconciliation of the carrying amounts of operating fixed assets at the beginning and at the end of the year are as follows:

Description	Operating fixed assets												
	Owned										Leased		
	Freehold land	Buildings on freehold land	Buildings on leasehold land	Machinery	Tanks and pipelines	Furniture and fittings	Vehicles	Office equipment	Computer	Total	Vehicles	Machinery	Total
	Rupees												
At 30 June 2017													
Cost	490,208,030	52,115,124	27,571,142	3,197,442	-	16,766,923	84,897,704	24,762,913	22,696,135	722,215,413	130,987,751	1,698,360	132,686,111
Accumulated depreciation	-	(18,273,985)	(229,760)	(26,645)	-	(7,224,372)	(52,609,207)	(10,283,810)	(11,062,303)	(99,710,082)	(40,506,200)	(99,071)	(40,605,271)
Net book value	490,208,030	33,841,139	27,341,382	3,170,797	-	9,542,551	32,288,497	14,479,103	11,633,832	622,505,331	90,481,551	1,599,289	92,080,840
Year ended 30 June 2018													
Opening net book value	490,208,030	33,841,139	27,341,382	3,170,797	-	9,542,551	32,288,497	14,479,103	11,633,832	622,505,331	90,481,551	1,599,289	92,080,840
Additions	59,678,232	-	136,386,775	10,399,525	-	2,213,590	11,056,501	8,588,502	8,455,479	236,778,604	39,013,031	-	39,013,031
Transfer from leased assets:													
Cost	-	-	-	-	-	-	28,076,186	-	-	28,076,186	(28,076,186)	-	(28,076,186)
Accumulated depreciation	-	-	-	-	-	-	(14,234,378)	-	-	(14,234,378)	14,234,378	-	14,234,378
	-	-	-	-	-	-	13,841,808	-	-	13,841,808	(13,841,808)	-	(13,841,808)
Written-off:													
Cost	-	-	-	-	-	-	-	-	(4,083,208)	(4,083,208)	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	2,539,189	2,539,189	-	-	-
	-	-	-	-	-	-	-	-	(1,544,019)	(1,544,019)	-	-	-
Disposals:													
Cost	-	-	-	-	-	-	(12,970,414)	-	-	(12,970,414)	(2,088,490)	-	(2,088,490)
Accumulated depreciation	-	-	-	-	-	-	8,620,776	-	-	8,620,776	348,081	-	348,081
	-	-	-	-	-	-	(4,349,638)	-	-	(4,349,638)	(1,740,409)	-	(1,740,409)
Depreciation	-	(3,384,114)	(10,419,698)	(803,201)	-	(1,046,795)	(8,821,373)	(1,916,602)	(4,531,041)	(30,922,824)	(21,125,294)	(159,929)	(21,285,223)
Closing net book value	549,886,262	30,457,025	153,308,459	12,767,121	-	10,709,346	44,015,795	21,151,003	14,014,251	836,309,262	92,787,071	1,439,360	94,226,431
At 30 June 2018													
Cost	549,886,262	52,115,124	163,957,917	13,596,967	-	18,980,513	111,059,977	33,351,415	27,068,406	970,016,581	139,836,106	1,698,360	141,534,466
Accumulated depreciation	-	(21,658,099)	(10,649,458)	(829,846)	-	(8,271,167)	(67,044,182)	(12,200,412)	(13,054,155)	(133,707,319)	(47,049,035)	(259,000)	(47,308,035)
Net book value	549,886,262	30,457,025	153,308,459	12,767,121	-	10,709,346	44,015,795	21,151,003	14,014,251	836,309,262	92,787,071	1,439,360	94,226,431
Year ended 30 June 2019													
Opening net book value	549,886,262	30,457,025	153,308,459	12,767,121	-	10,709,346	44,015,795	21,151,003	14,014,251	836,309,262	92,787,071	1,439,360	94,226,431
Additions	12,276,632	153,895,968	145,204,269	60,412,469	112,915,635	6,462,383	6,282,637	89,181,486	3,954,987	590,586,466	52,386,047	-	52,386,047
Transfer from leased assets:													
Cost	-	-	-	-		-	7,127,160	-	-	7,127,160	(7,127,160)	-	(7,127,160)
Accumulated depreciation	-	-	-	-		-	(3,999,257)	-	-	(3,999,257)	3,999,257	-	3,999,257
	-	-	-	-		-	3,127,903	-	-	3,127,903	(3,127,903)	-	(3,127,903)
Disposals:													
Cost	-	-	-	-		-	(11,909,757)	-	(77,249)	(11,987,006)	(1,304,750)	-	(1,304,750)
Accumulated depreciation	-	-	-	-		-	8,049,217	-	49,924	8,099,141	130,475	-	130,475
	-	-	-	-		-	(3,860,540)	-	(27,325)	(3,887,865)	(1,174,275)	-	(1,174,275)
Depreciation	-	(4,355,291)	(18,964,797)	(2,771,287)	(752,771)	(1,406,268)	(9,622,337)	(7,830,216)	(4,833,296)	(50,536,263)	(27,214,363)	(143,936)	(27,358,299)
Closing net book value	562,162,894	179,997,702	279,547,931	70,408,303	112,162,864	15,765,461	39,943,458	102,502,273	13,108,617	1,375,599,503	113,656,577	1,295,424	114,952,001
At 30 June 2019													
Cost	562,162,894	206,011,092	309,162,186	74,009,436	112,915,635	25,442,896	112,560,017	122,532,901	30,946,144	1,555,743,201	183,790,243	1,698,360	185,488,603
Accumulated depreciation	-	(26,013,390)	(29,614,255)	(3,601,133)	(752,771)	(9,677,435)	(72,616,559)	(20,030,628)	(17,837,527)	(180,143,698)	(70,133,666)	(402,936)	(70,536,602)
Net book value	562,162,894	179,997,702	279,547,931	70,408,303	112,162,864	15,765,461	39,943,458	102,502,273	13,108,617	1,375,599,503	113,656,577	1,295,424	114,952,001
Annual rate of depreciation (%)		10	10	10	8	10	20	10	30		20	10	

14.1.1 Detail of operating fixed assets exceeding the book value of Rupees 500,000 disposed of during the year is as follows:

Particulars	Quantity	Cost	Accumulated depreciation	Net book value	Consideration	Gain	Mode of disposal	Particulars of purchasers
		Rupees						
Vehicles - owned								
Suzuki Swift LEH-14-4476	1	1,369,540	801,759	567,781	720,000	152,219	Company's policy	Mr. Hassan Azhar - Company's employee, Lahore
Honda Civic LEB-15-5576	1	2,596,350	1,459,033	1,137,317	1,400,000	262,683	Company's policy	Mr. Shahzad Sohail - Company's employee, Lahore
		3,965,890	2,260,792	1,705,098	2,120,000	414,902		
Vehicle - leased								
Suzuki Cultus LE-18A-9483	1	1,304,750	130,475	1,174,275	1,250,000	75,725	Insurance claim	EFU General Insurance Limited
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000		8,021,116	5,838,349	2,182,767	4,654,425	2,471,658		
		13,291,756	8,229,616	5,062,140	8,024,425	2,962,285		

	2019 Rupees	2018 Rupees
14.1.2 The depreciation charge on operating fixed assets for the year has been allocated as follows:		
Distribution cost (Note 28)	39,204,026	29,946,666
Administrative expenses (Note 29)	38,690,536	22,261,381
	77,894,562	52,208,047

14.1.3 Leasehold buildings includes two warehouses (2018: one warehouse) having net book value of Rupees 183.860 million (2018: Rupees 106.148 million) constructed on the land owned by Hi-Tech Blending (Private) Limited - subsidiary company. The Company has entered into a lease agreement for 20 years with Hi-Tech Blending (Private) Limited - subsidiary company ending on 30 June 2036, against a piece of land measuring 45 Kanals where the aforesaid warehouses are constructed.

14.1.4 Particulars of immovable properties (i.e. land and buildings) are as follows:

Location	Usage of Immovable Property	Total area of land	Covered area of building
		Acres	Square feet
Property No. 35 A / M, Quaid-e- Azam Industrial Estate, Kot Lakhpat, Lahore	Warehouse	0.69	21,965
Mouza No. 107/9L, Tehsil and District Sahiwal	Oil depot	6.7	199,513
Plot No. 2, Block K, Main Boulevard Gulberg-II, Lahore	OMC project office	0.39	1,847
Mouza Aza Khel Bala, Tehsil and District Nowshera	For construction of oil depot	7.55	-
7-km, Sundar Raiwind Road, Bhai Kot, Lahore - Warehouse - 1	Customs bonded warehouse	-	49,658
7-Km, Sundar Raiwind Road, Bhai Kot, Lahore - Warehouse - 2	Warehouse	-	53,348
Dharampura, Lahore	HTL Express Centre	-	1,436
Garden Town, Lahore	HTL Express Centre	-	1,789
Gulshan Ravi, Lahore	HTL Express Centre	-	2,444
Johar Town, Lahore	HTL Express Centre	-	4,500
Defence Housing Authority, Phase II, Karachi	HTL Express Centre	-	812
Gulistan-e-Johar, Karachi	HTL Express Centre	-	3,149
Pakistan Employees Cooperative Housing Society, Karachi	HTL Express Centre	-	2,700
22 - A, Zafar Ali Road, Lahore	HTL Express Centre (Proposed)	0.16	-

		2019 Rupees	2018 Rupees
14.2	**Capital work-in-progress**		
	Advance against purchase of apartment (Note 14.2.1)	25,226,750	25,226,750
	Advances for purchase of vehicles	-	44,915,301
	Civil works	8,596,431	234,196,220
	Dispensing pumps	23,984,539	-
	Mobilization and other advances	34,016,071	44,202,573
	Unallocated expenditures	1,514,028	107,235,310
		93,337,819	455,776,154

14.2.1 This represent advance given to BNP (Private) Limited against purchase of apartment in Grand Hayatt at 1-Constitution Avenue, Islamabad. On 29 July 2016, Capital Development Authority (CDA) cancelled the leased deed of BNP (Private) Limited on the grounds of violating the terms and conditions of the said lease. Against the alleged order, BNP (Private) Limited filed a writ petition before the Honorable Islamabad High Court ("IHC") challenging the cancellation of said lease. IHC dismissed the writ petition of BNP (Private) Limited. However, the honorable judge of IHC ruled that it is a duty of the Federal Government to ensure that the purchasers do not suffer due to Government's own wrongful actions and omissions, particularly when the regulatory failure of the CDA stands admitted. The Company and others filed appeals against the aforesaid judgment of IHC before Honorable Supreme Court of Pakistan. Honorable Supreme Court of Pakistan has passed order on 09 January 2019 whereby the Court has revived the original lease together with all approvals and permissions already granted. The Court has further ordered that BNP (Private) Limited shall complete the entire project within a reasonable time. On 15 March 2019, CDA has filed a review petition before the Honorable Supreme Court of Pakistan urging to cancel the lease deed and to allow the federal cabinet to review the matter as per the directions of IHC. The decision on the review petition is still pending. In view of the aforesaid, advice of the legal counsel of the Company and the fact that the Company's apartment is one of the duly built apartments on 6th Floor of the Tower, no provision against advance for purchase of apartment has been recognized in these financial statements.

		2019 Rupees	2018 Rupees
15.	**INTANGIBLE ASSETS**		
	Computer softwares (Note 15.1)	4,732,856	2,894,585
	Intangible asset in progress - computer software	3,305,625	-
		8,038,481	2,894,585
15.1	**Computer softwares**		
	Opening book value	2,894,585	7,553,843
	Add: Cost of additions during the year	4,720,367	676,234
	Less: Book value of intangible assets written off	-	110,051
	Less: Amortization charged during the year (Note 29)	2,882,096	5,225,441
	Closing book value	4,732,856	2,894,585
15.2	Cost as at 30 June	32,717,646	27,997,280
	Accumulated amortization	(27,984,790)	(25,102,695)
	Net book value as at 30 June	4,732,856	2,894,585

15.3 Intangible assets - computer softwares have been amortized at the rate of 30% (2018: 30%) per annum.

	2019 Rupees	2018 Rupees
16. INVESTMENT IN SUBSIDIARY COMPANY - AT COST		
Hi-Tech Blending (Private) Limited - unquoted		
130,000,060 (2018: 130,000,060) fully paid ordinary shares of Rupees 10 each		
Equity held 100% (2018: 100%)	1,300,000,600	1,300,000,600

16.1 Investment in Hi-Tech Blending (Private) Limited includes 60 (2018: 60) shares in the name of nominee directors of the Company.

	2019 Rupees	2018 Rupees
17. LONG TERM LOANS TO EMPLOYEES		
Considered good:		
Executives (Note 17.1)	280,112	1,049,136
Less: Current portion shown under current assets (Note 21)	280,112	769,004
	-	280,132
17.1 Reconciliation of carrying amounts of loans to executives:		
Opening balance	1,049,136	2,306,412
Less: Repayments	769,024	1,257,276
Closing balance	280,112	1,049,136

17.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 1.014 million (2018: Rupees 2.202 million).

17.2 These represent loans to employees of the Company for the purpose of house building. These are interest free and repayable over a period of four years. These are secured against deposit of original land documents and credit balance of employees in provident fund trust.

17.3 The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of staff loans is not considered material and hence not recognized.

	2019 Rupees	2018 Rupees
18. LONG TERM SECURITY DEPOSITS		
Security deposits against leased assets	25,805,106	26,557,106
Security deposit against Ijara	2,993,400	2,189,400
Security deposits - others	13,802,300	11,068,300
	42,600,806	39,814,806
Less: Current portion shown under current assets (Note 22)	16,446,656	1,202,400
	26,154,150	38,612,406
19. STOCK-IN-TRADE		
Lubricants (Note 19.1)	798,874,972	963,383,983
Less: Provision for slow moving and damaged inventory items (Note 19.2)	7,532,393	2,450,521
	791,342,579	960,933,462
Dispensing pumps and other installations (Note 19.3)	10,411,114	-
Stock of promotional items	240,602	272,913
	801,994,295	961,206,375

19.1 This includes stock-in-transit of Rupees 26.503 million (2018: Rupees 224.707 million) and stock amounting to Rupees Nil (2018: Rupees 178.839 million) lying at customs bonded warehouses.

		2019 Rupees	2018 Rupees
19.2	**Provision for slow moving and damaged inventory items**		
	Opening balance	2,450,521	2,215,187
	Add: Provision recognized during the year (Note 30)	5,444,396	807,206
	Less: Provision reversed during the year (Note 31)	362,524	571,872
	Closing balance	7,532,393	2,450,521

19.3 These dispensing pumps and other installations have been purchased by the Company for resale to service and filling station dealers as part of OMC operations.

		2019 Rupees	2018 Rupees
20.	**TRADE DEBTS**		
	Unsecured:		
	Considered good (Note 20.1)	1,236,046,682	237,480,856
	Less: Allowance for expected credit losses (Note 20.3)	46,663,435	543,919
		1,189,383,247	236,936,937

20.1 As at 30 June 2019, trade debts of Rupees 1,235.558 million (2018: Rupees 223.498 million) were past due but not impaired. The age analysis of these trade debts is as follows:

	2019 Rupees	2018 Rupees
Upto 1 month	1,141,006,719	105,006,206
1 to 6 months	43,945,216	96,533,574
More than 6 months	50,606,458	21,958,268
	1,235,558,393	223,498,048

20.2 Trade debts of Rupees 0.339 million (2018: Rupees 1.576 million) were impaired and written off against allowance for expected credit losses and trade debts of Rupees 0.422 million (2018: Rupees 0.180 million) were directly written off during the year. The age analysis of these trade debts was more than one year.

		2019 Rupees	2018 Rupees
20.3	**Allowance for expected credit losses**		
	Opening balance	543,919	1,575,557
	Add: Recognized as on 01 July 2018	28,112,601	-
	Add: Recognized during the year (Note 30)	18,346,376	543,919
	Less: Bad debts written off against allowance for expected credit losses	339,461	1,575,557
	Closing balance	46,663,435	543,919

		2019 Rupees	2018 Rupees
21.	**LOANS AND ADVANCES**		
	Considered good, unsecured:		
	Loans to employees - interest free and against salaries:		
	- Executives	608,331	1,034,668
	- Other employees	2,715,719	2,305,095
		3,324,050	3,339,763
	Advances to employees against expenses	1,102,215	925,203
	Current portion of long term loans to employees (Note 17)	280,112	769,004
	Advances to suppliers (Note 21.1)	17,541,648	134,422,135
	Margin against bank guarantees	14,500,000	7,000,000
		36,748,025	146,456,105
21.1	**Advances to suppliers**		
	Unsecured:		
	Considered good (Note 21.1.1)	17,541,648	134,422,135
	Considered doubtful	2,365,535	-
		19,907,183	134,422,135
	Less: Provision for doubtful advance to supplier (Note 30)	2,365,535	-
		17,541,648	134,422,135

21.1.1 These include advance of Rupees Nil (2018: Rupees 85.138 million) given to Hi-Tech Blending (Private) Limited - subsidiary company in the ordinary course of business. The maximum aggregate amount of advance given to subsidiary company at the end of any month during the year was Rupees 415.562 million (2018: Rupees 257.740 million). These were neither past due nor impaired.

		2019 Rupees	2018 Rupees
22.	**SHORT TERM DEPOSITS AND PREPAYMENTS**		
	Current portion of long term security deposits (Note 18)	16,446,656	1,202,400
	Short term security deposits	3,442,465	4,665,000
	Prepaid insurance	20,130,871	14,437,654
	Prepaid rent	8,873,947	7,628,734
		48,893,939	27,933,788
23.	**OTHER RECEIVABLES**		
	Receivable from MAS Associates (Private) Limited - associated company (Note 23.1)	136,670	79,042
	Receivable from SK Lubricants Co., Ltd. - related party (Note 23.2)	28,501,777	17,024,000
	Others	3,876,744	237,291
		32,515,191	17,340,333

23.1 It is neither past due nor impaired. The maximum aggregate amount receivable from associated company at the end of any month during the year was Rupees 0.223 million (2018: Rupees 0.263 million).

23.2 It is past due but not impaired. The maximum aggregate amount receivable from related party at the end of any month during the year was Rupees 98.371 million (2018: Rupees 90.701 million).

	2019 Rupees	2018 Rupees
24. ACCRUED INTEREST		
On short term loans to subsidiary company (Note 24.1)	7,741,006	15,306,534
On bank deposits	31,332	28,070
	7,772,338	15,334,604

24.1 It represents accrued interest on un-secured short term loans given to Hi-Tech Blending (Private) Limited - subsidiary company at average borrowing cost of the Company. The Company has given short term loans to its subsidiary company for working capital requirements and the loans were fully repaid by subsidiary company during the year. The maximum aggregate amount of short term loans and accrued interest receivable from subsidiary company at the end of any month during the year was Rupees 549.800 million (2018: Rupees 557.500 million) and Rupees 20.588 million (2018: Rupees 17.292 million) respectively. As at 30 June 2019, accrued interest on short term loans to subsidiary company of Rupees 7.741 million (2018: Rupees 4.792 million) was past due but not impaired. The aging of this accrued interest is as follows :

	2019 Rupees	2018 Rupees
Upto 1 month	241,125	-
1 to 6 months	7,499,881	-
More than 6 months	-	4,792,000
	7,741,006	4,792,000

	2019 Rupees	2018 Rupees
25. SHORT TERM INVESTMENTS		
Debt instruments (Note 25.1)	778,385,366	851,833,801
Equity instruments (Note 25.2)	104,083,471	65,519,756
	882,468,837	917,353,557
25.1 Debt instruments		
At amortized cost		
Term deposit receipts	771,031,918	846,031,918
Add: Interest accrued thereon	7,353,448	5,801,883
	778,385,366	851,833,801

25.1.1 These term deposit receipts issued by banking companies having maturity period ranging from one month to six months and carry interest ranging from 3.88% to 11.96% (2018: 3.00% to 6.21%) per annum. Term deposit receipts amounting to Rupees 471.031 million (2018: Rupees 671.031 million) are under lien with banks against short term borrowings.

		2019 Rupees	2018 Rupees
25.2	**Equity instruments**		
	Fair value through profit or loss		
	Quoted - other than related party:		
	Engro Fertilizer Limited		
	49,500 (2018: 49,500) fully paid ordinary shares of Rupees 10 each	3,246,080	3,246,080
	Alfalah GHP Stock Fund B Growth Units		
	Nil (2018: 461,430) units	-	73,486,932
	NBP Islamic Mahana Amdani Fund		-
	3,527,150.8850 (2018: Nil) units	35,271,589	
	UBL Liquidity Plus Fund - Class 'C'		-
	300,782.1374 (2018: Nil) units	30,282,963	
	MCB Cash Management Optimizer		-
	350,903.0118 (2018: Nil) units	35,281,613	
	Unrealized gain / (loss) on remeasurement of investments at fair value	1,226	(11,213,256)
		104,083,471	65,519,756

26. CASH AND BANK BALANCES

	2019 Rupees	2018 Rupees
Cash in hand	617,416	601,332
Cash at banks:		
Saving accounts (Note 26.1)	31,499,739	207,327,155
Current accounts	126,808,298	263,676,263
	158,308,037	471,003,418
	158,925,453	471,604,750

26.1 Saving accounts carry profit at the rates ranging from 4% to 11% (2018: 3% to 6%) per annum.

26.2 Bank balances of Rupees 12.053 million (2018: Rupees 54.947 million) and short term investments of Rupees 871.949 million (2018: Rupees 907.844 million) as at 30 June 2019 represents un-utilized proceeds of the initial public offer. Bank balance amounting to Rupees Nil (2018: Rupees 50 million) is under lien with a bank against short term borrowing.

27. COST OF SALES

	2019 Rupees	2018 Rupees
Opening stock	960,933,462	1,505,022,998
Purchased during the year	7,967,207,798	6,781,162,273
	8,928,141,260	8,286,185,271
Less: Closing stock (Note 19)	791,342,579	960,933,462
	8,136,798,681	7,325,251,809

	2019 Rupees	2018 Rupees
28. DISTRIBUTION COST		
Salaries, wages and other benefits (Note 28.1)	335,856,543	273,668,475
Sales promotion and advertisements - net (Note 28.2)	197,139,351	98,901,950
Freight outward	69,384,406	67,122,586
Rent, rates and taxes	49,697,683	43,834,426
Sales commission	88,120	1,795,067
Travelling and conveyance	44,384,788	43,594,463
Insurance	17,416,547	11,516,424
Utilities	8,118,021	4,596,749
Printing and stationery	861,902	715,606
Repair and maintenance	14,382,261	10,864,569
Vehicles' running and maintenance	17,115,679	12,553,114
Communication	10,293,533	9,275,269
Entertainment	5,535,694	3,790,176
Ijara rentals	5,170,252	2,317,819
Depreciation (Note 14.1.2)	39,204,026	29,946,666
Miscellaneous	19,917,414	21,560,476
	834,566,220	636,053,835

28.1 Salaries, wages and other benefits include provident fund contribution of Rupees 9.387 million (2018: Rupees 7.367 million) by the Company.

29.1 These are net off incentives in the shape of reimbursement against sales promotion expenses and advertisements amounting to Rupees 122.783 million (2018: Rupees 228.026 million) from SK Lubricants Co., Ltd. - related party.

	2019 Rupees	2018 Rupees
29. ADMINISTRATIVE EXPENSES		
Salaries and other benefits (Note 29.1)	302,326,063	249,465,091
Rent, rates and taxes	12,469,710	10,939,699
Travelling and conveyance	10,603,208	21,764,165
Legal and professional (Note 29.2)	21,154,180	29,069,517
Insurance	12,064,539	8,677,757
Vehicles' running and maintenance	6,494,975	6,512,955
Utilities	4,336,486	3,399,405
Repair and maintenance	3,984,498	6,110,129
Fee and subscription	2,209,721	1,710,697
Printing and stationery	1,505,367	951,616
Communication	5,339,303	3,969,658
Entertainment	4,527,621	4,658,814
Auditor's remuneration (Note 29.3)	2,695,000	2,791,225
Depreciation (Note 14.1.2)	38,690,536	22,261,381
Amortization on intangible assets (Note 15)	2,882,096	5,225,441
Miscellaneous	1,111,946	1,070,466
	432,395,249	378,578,016

29.1 Salaries and other benefits include provident fund contribution of Rupees 6.546 million (2018: Rupees 5.340 million) by the Company.

26.2 It includes an amount of Rupees 4.646 million (2018: Rupees 2.534 million) on account of internal audit services rendered by EY Ford Rhodes.

		2019 Rupees	2018 Rupees
29.3	**Auditor's remuneration**		
	Annual audit fee	1,485,000	1,350,000
	Certifications	250,000	481,225
	Half year review	750,000	750,000
	Reimbursable expenses	210,000	210,000
		2,695,000	2,791,225

30. OTHER EXPENSES

	2019 Rupees	2018 Rupees
Allowance for expected credit losses (Note 20.3)	18,346,376	543,919
Provision for slow moving and damaged inventory items (Note 19.2)	5,444,396	807,206
Provision for doubtful advance to supplier (Note 21.1)	2,365,535	-
Bad debts written off	421,906	180,292
Advances to suppliers written off	943,408	-
Fixed assets written off	-	1,654,071
Exchange loss - net	52,409,722	34,971,164
Charities and donations (Note 30.1)	18,072,844	15,308,958
Loss on disposal of investment	5,106,286	-
Unrealized loss on remeasurement of investments at fair value through profit or loss - net	460,739	9,604,845
	103,571,212	63,070,455

30.1 These include amount of Rupees 16.5 million (2018: Rupees 12 million) paid to Sabra Hamida Trust, 1-A, Danepur Road, GOR-1, Lahore, in which Mr. Hassan Tahir - Chief Executive, Mr. Shaukat Hassan - Director, Mr. Tahir Azam - Director and Mr. Ali Hassan - Director are trustees.

31. OTHER INCOME

	2019 Rupees	2018 Rupees
Income from financial assets:		
Dividend income	1,132,225	272,250
Profit on bank deposits and term deposit receipts	70,884,937	58,382,560
Interest income on loan to subsidiary company	33,630,446	43,993,172
Income from non-financial assets:		
Gain on disposal of operating fixed assets	2,962,285	3,447,087
Credit balances written back	2,324,852	-
Reversal of provision for slow moving and damaged inventory items (Note 19.2)	362,524	571,872
Scrap sales	2,602,037	1,795,577
	113,899,306	108,462,518

	2019 Rupees	2018 Rupees
32. FINANCE COST		
Mark-up on long term financing	1,803,518	2,775,010
Mark-up / profit on short term borrowings	222,057,995	71,231,588
Finance charges on liabilities against assets subject to finance lease	7,963,302	6,033,324
Bank charges and commission	3,246,821	2,500,809
	235,071,636	82,540,731
33. TAXATION		
For the year:		
Current (Note 33.1)	288,749,527	313,252,999
Deferred tax (Note 8)	(51,251,823)	8,861,396
Prior year adjustment	(21,983)	2,567
	237,475,721	322,116,962

33.1 The provision for current tax represents final tax on imports, minimum tax on local sales and tax on income from other sources under the relevant provisions of the Income Tax Ordinance, 2001. Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented being impracticable.

	2019 Rupees	2018 Rupees
34. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED		
There is no dilutive effect on the basic (loss) / earnings per share which based on:		
(Loss) / profit after taxation attributable to ordinary shareholders (Rupees)	(434,816,938)	554,429,181
Weighted average number of shares (Number)	116,004,000	116,004,000
(Loss) / earnings per share - basic and diluted (Rupees)	(3.75)	4.78

		2019 Rupees	2018 Rupees
35.	**CASH (UTILIZED IN) / GENERATED FROM OPERATIONS**		
	(Loss) / profit before taxation	(197,341,217)	876,546,143
	Adjustments for non-cash charges and other items:		
	Depreciation on operating fixed assets	77,894,562	52,208,047
	Amortization on intangible assets	2,882,096	5,225,441
	Allowance for expected credit losses	18,346,376	543,919
	Provision for slow moving and damaged inventory items	5,444,396	807,206
	Reversal of provision of slow moving and damaged inventory items	(362,524)	(571,872)
	Bad debts written off	421,906	180,292
	Advances to suppliers written off	943,408	-
	Provision for doubtful advance to supplier	2,365,535	-
	Credit balances written back	(2,324,852)	-
	Gain on disposal of operating fixed assets	(2,962,285)	(3,447,087)
	Dividend income	(1,132,225)	(272,250)
	Profit on bank deposits and term deposit receipts	(70,884,937)	(58,382,560)
	Interest income on loans to subsidiary company	(33,630,446)	(43,993,172)
	Loss on disposal of investment	5,106,286	-
	Unrealized loss on remeasurement of investments carried at fair value through profit or loss - net	460,739	9,604,845
	Fixed assets written off	-	1,654,071
	Exchange loss - net	52,409,722	34,971,164
	Finance cost	235,071,636	82,540,731
	Working capital changes (Note 35.1)	(685,164,732)	561,664,065
		(592,456,556)	1,519,278,983

35.1	**Working capital changes**		
	Decrease / (increase) in current assets:		
	Stock-in-trade	154,130,208	543,896,127
	Trade debts	(998,037,794)	(58,275,929)
	Loans and advances	105,910,245	255,540,680
	Short term deposits and prepayments	(5,715,895)	(17,231,739)
	Other receivables	(15,174,858)	62,307,664
		(758,888,094)	786,236,803
	Increase / (decrease) in trade and other payables	73,723,362	(224,572,738)
		(685,164,732)	561,664,065

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35.2 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	Liabilities from financing activities				
	Long term financing	**Liabilities against assets subject to finance lease**	**Short term borrowings**	**Unclaimed dividend**	**Total**
	Rupees				
Balance as at 01 July 2018	29,894,166	125,199,232	707,635,668	4,297,369	867,026,435
Financing obtained	-	-	10,594,336,924	-	10,594,336,924
Repayment of financing	(15,000,007)	-	(9,327,056,838)	-	(9,342,056,845)
Acquisitions - finance leases	-	5,196,600	-	-	5,196,600
Other change - non-cash movement	-	(752,000)	-	-	(752,000)
Repayment of lease liabilities	-	(45,152,757)	-	-	(45,152,757)
Dividend declared	-	-	-	203,007,000	203,007,000
Dividend paid	-	-	-	(203,278,160)	(203,278,160)
Balance as at 30 June 2019	14,894,159	84,491,075	1,974,915,754	4,026,209	2,078,327,197

	2019 Rupees	2018 Rupees
35.3 Non-cash financing activities		
Acquisition of vehicles and machinery by means of finance lease	5,196,600	65,319,120

36. PROVIDENT FUND

As at the reporting date, the Hi-Tech Lubricants Limited Employees Provident Fund Trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the regulations formulated for this purpose by Securities and Exchange Commission of Pakistan which allows transition period of 3 year for bringing the Employees Provident Fund Trust in conformity with the requirements of the regulations.

37. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of subsidiary company, associated undertakings, other related parties, key management personnel and provident fund trust. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been disclosed else where in these financial statements, are as follows:

Relationship	Nature of transaction	2019 Rupees	2018 Rupees
Subsidiary company	Sale of lubricants	170,252	237,385
Hi-Tech Blending (Private) Limited	Purchase of lubricants	4,364,604,275	3,457,539,093
	Loans disbursed	656,950,000	296,500,000
	Loans recovered	656,950,000	557,500,000
	Interest charged on short term loans	33,630,446	43,993,172
	Interest received on short term loans	41,195,974	28,947,816
	Lease rentals paid	3,000,000	3,000,000
	Sale of vehicle	-	133,821
Associated companies			
MAS Associates (Private) Limited	Share of common expenses	628,880	589,048
Other related parties			
SK Lubricants Co., Ltd.	Purchase of lubricants	2,737,176,218	2,225,755,614
SK Lubricants Co., Ltd.	Incentives	122,783,061	228,026,281
SK Lubricants Co., Ltd.	Dividend paid	1,448,606	2,897,213
Directors	Rent expense	-	2,314,266
Provident fund trust	Contribution	17,358,311	15,170,142
Sabra Hamida Trust	Donations	16,500,000	12,000,000

37.1 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place:

Name of related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year	% age of shareholding
Hi-Tech Blending (Private) Limited	Wholly owned subsidiary company	Yes	100%
Hi-Tech Energy (Private) Limited	Common directorship	No	None
MAS Associates (Private) Limited	Common directorship	Yes	None
MAS Infosoft (Private) Limited	Common directorship	No	None
MAS Services	Common partnership of directors	No	None
Haut Buys (Private) Limited	Common directorship	No	None
Hi-Tech Lubricants Limited Employees Provident Fund Trust	Common trusteeship of directors	Yes	None
Hi-Tech Blending (Private) Limited Provident Fund Trust	Subsidiary company's employee Provident Fund Trust	No	None
Sabra Hamid Trust	Common trusteeship of directors	Yes	None
MAS Associates (Private) Limited Employees Provident Fund Trust	Common trusteeship of directors	No	None
SK Lubricants Co., Ltd.	Major supplier and long term partner	Yes	None

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements in respect of remuneration, including all benefits to the chief executive, directors and executives of the Company are as follows:

	2019				2018			
		Director				Director		
	Chief Executive	Executives	Non-Executives	Executives	Chief Executive	Executives	Non-Executives	Executives
	Rupees							
Managerial remuneration	12,612,903	11,129,032	29,032,258	49,846,215	24,742,910	21,010,570	15,225,806	44,250,466
Bonus	1,948,145	1,718,952	-	7,205,539	-	-	-	19,801,014
Allowances								
House rent	5,675,806	5,008,064	13,064,516	22,430,797	5,922,581	5,225,806	6,851,613	19,841,632
Medical	1,261,290	1,112,903	2,903,226	4,984,622	1,316,129	1,161,290	1,522,581	4,409,252
Travelling	2,125,000	2,125,000	4,000,000	518,500	3,068,700	2,150,000	3,000,000	804,380
Other	2,975,000	2,625,000	-	14,620,127	-	-	-	389,960
Contribution to provident fund trust	-	-	-	4,937,913	-	-	-	4,354,930
Leave fare assistance	-	-	-	3,548,084	-	-	-	1,923,581
	26,598,144	23,718,952	49,000,000	108,091,797	35,050,320	29,547,666	26,600,000	95,775,215
	1	1	4	22	1	1	4	25

38.1 Chief executive, five directors (other than independent directors) and certain executives of the Company are provided with fully maintained vehicles.

38.2 Aggregate amount charged in financial statements for meeting fee to three directors (2018: six directors) is Rupees 4.610 million (2018: Rupees 5.350 million).

	2019		2018	
	Permanent	Contractual	Permanent	Contractual
39. NUMBER OF EMPLOYEES				
Total number of employees as on 30 June	366	183	399	153
Average number of employees during the year	381	181	371	131

40. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements at 30, June 2019	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets				
Financial assets at fair value through profit or loss	104,083,471	-	-	104,083,471

Recurring fair value measurements at 30, June 2018	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets				
Financial assets at fair value through profit or loss	65,519,756	-	-	65,519,756

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further there was no transfer in and out of level 3 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation technique used to value financial instruments is the use of quoted market prices.

41. FINANCIAL RISK MANAGEMENT

41.1 Financial risk factors

The Company's activities exposes it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors (the Board). The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market 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.

The Company is exposed to currency risk arising primarily from the United States Dollar (USD). As on reporting date, the Company's foreign exchange risk exposure is restricted to the amounts payable / receivable to / from a foreign entity. The Company's exposure to currency risk was as follows:

	2019 USD	2018 USD
Other receivable	175,000	140,000
Trade and other payables	(133,845)	(1,123,288)
Net exposure	41,155	(983,288)

The following significant exchange rates were applied during the year:

	Rupees per US Dollar	
Average rate	136.13	110.43
Reporting date rate	164.00	121.60

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on loss after taxation for the year would have been Rupees 0.337 million lower / higher (2018: profit after tax for the year would have been Rupees 4.185 million lower / higher), mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

Other 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 instrument traded in the market. The Company is not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange (PSX) Index on the Company's loss after taxation for the year. The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

Index	**Impact on (loss) / profit after taxation**	
	2019 Rupees	2018 Rupees
PSX 100 (5% increase)	(158,326)	185,402
PSX 100 (5% decrease)	158,326	(185,402)

(iii) Interest rate risk

This 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 asset. The Company's interest rate risk arises from short term investments, bank balances on saving accounts, long term financing, short term borrowings and liabilities against assets subject to finance lease. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments, if any, at fixed rate expose the Company to fair value interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was as follows:

	2019 Rupees	2018 Rupees
Fixed rate instruments		
Financial assets		
Short term investments	778,385,366	851,833,801
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	31,499,739	207,327,155
Financial liabilities		
Long term financing	14,894,159	29,894,166
Liabilities against assets subject to finance lease	84,491,075	125,199,232
Short term borrowings	1,974,915,754	707,635,668

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rupees 20.428 million higher / lower (2018: profit after tax would have been Rupees 4.588 million lower / higher), mainly as a result of higher / lower interest expense on long term financing, liabilities against assets subject to finance lease and short term borrowings. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting dates were outstanding for the whole year.

(b) 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 carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2019 Rupees	2018 Rupees
Deposits	17,244,765	15,733,300
Trade debts	1,189,383,247	236,936,937
Loans and advances	18,104,162	11,388,899
Other receivables	32,515,191	17,340,333
Accrued interest	7,772,338	15,334,604
Short term investments	882,468,837	917,353,557
Bank balances	158,308,037	471,003,418
	2,305,796,577	1,685,091,048

HTL LIMITED
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The Company's exposure to credit risk and expected credit losses related to trade debts is given in note 20.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2019	2018
	Short term	Long term	Agency	Rupees	Rupees
Short term investments					
Bank Alfalah Limited	A1+	AA+	PACRA	-	100,800,811
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	203,889,493	101,700,450
JS Bank Limited	A1+	AA-	PACRA	322,944,792	523,621,584
United Bank Limited	A1+	AAA	JCR-VIS	50,374,315	-
Summit Bank Limited	A-1	A-	JCR-VIS	-	100,706,849
Dubai Islamic Bank Pakistan Limited	A1	AA	JCR-VIS	-	25,004,107
Faysal Bank Limited	A1+	AA	JCR-VIS	201,176,766	-
Engro Fertilizer Limited	A1+	AA	PACRA	3,166,515	3,708,045
Alfalah GHP Stock Fund B Growth Units	4-Star		PACRA	-	61,811,711
NBP Islamic Mahana Amdani Fund	A		PACRA	35,351,575	-
UBL Liquidity Plus Fund - Class 'C'	AA+		PACRA	30,283,768	-
MCB Cash Management Optimizer	AM2++		PACRA	35,281,613	-
				882,468,837	917,353,557
Banks					
Bank Alfalah Limited	A1+	AA+	PACRA	105,635,568	166,627,746
Bank Al-Habib Limited	A1+	AA+	PACRA	2,523,671	126,981,239
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	180,089	6,445,529
MCB Bank Limited	A1+	AAA	PACRA	23,951,152	60,163,601
National Bank of Pakistan	A1+	AAA	PACRA	11,873,266	3,789,228
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	-	74,162
The Bank of Punjab	A1+	AA	PACRA	120,125	33,301
Habib Bank Limited	A1+	AAA	JCR-VIS	1,344,096	603,332
Askari Bank Limited	A1+	AA+	PACRA	616,495	192,740
United Bank Limited	A1+	AAA	JCR-VIS	11,658,946	85,054,539
JS Bank Limited	A1+	AA-	PACRA	158	12,021
Albaraka Bank (Pakistan) Limited	A1	A	PACRA	238,399	1,088,431
Meezan Bank Limited	A1+	AA+	JCR-VIS	-	18,174,609
Dubai Islamic Bank Pakistan Limited	A1	AA	JCR-VIS	158,826	10,955
Samba Bank Limited	A1	AA	JCR-VIS	-	1,751,985
Summit Bank Limited	A-1	A-	JCR-VIS	7,246	-
				158,308,037	471,003,418
				1,040,776,874	1,388,356,975

Due to the Company's business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) 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 manages liquidity risk by maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities. As 30 June 2019, the Company had Rupees 2,725.084 million (2018: Rupees 1750.364 million) available borrowing limits from financial institutions and Rupees 158.925 million (2018: Rupees 471.605 million) cash and bank balances. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2019:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	Rupees					
Non-derivative financial liabilities:						
Long term financing	14,894,159	15,720,957	7,917,987	5,923,331	1,879,639	-
Liabilities against assets subject to finance lease	84,491,075	90,562,395	29,126,579	33,241,083	26,834,287	1,360,446
Long term deposits	1,000,000	1,000,000	-	-	-	1,000,000
Trade and other payables	654,433,401	654,433,401	654,433,401	-	-	-
Unclaimed dividend	4,026,209	4,026,209	4,026,209	-	-	-
Accrued mark-up / profit	69,576,268	69,576,268	69,576,268	-	-	-
Short term borrowings	1,974,915,754	2,063,043,080	2,063,043,080	-	-	-
	2,803,336,866	2,898,362,310	2,828,123,524	39,164,414	28,713,926	2,360,446

Contractual maturities of financial liabilities as at 30 June 2018:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	Rupees					
Non-derivative financial liabilities:						
Long term financing	29,894,166	32,579,393	8,607,980	8,308,075	13,805,402	1,857,936
Liabilities against assets subject to finance lease	125,199,232	134,911,579	26,074,509	25,941,342	58,482,235	24,413,493
Long term deposits	1,500,000	1,500,000	-	-	-	1,500,000
Trade and other payables	330,463,137	330,463,137	330,463,137	-	-	-
Unclaimed dividend	4,297,369	4,297,369	4,297,369	-	-	-
Accrued mark-up / profit	18,217,096	18,217,096	18,217,096	-	-	-
Short term borrowings	707,635,668	718,212,371	718,212,371	-	-	-
	1,217,206,668	1,240,180,945	1,105,872,462	34,249,417	72,287,637	27,771,429

41.2 Financial instruments by categories

	2019		
	At amortized cost	At fair value through profit or loss	Total
	Rupees		
Financial assets			
Deposits	17,244,765		17,244,765
Trade debts	1,189,383,247	-	1,189,383,247
Loans and advances	18,104,162	-	18,104,162
Other receivables	32,515,191	-	32,515,191
Accrued interest	7,772,338	-	7,772,338
Short term investments	778,385,366	104,083,471	778,385,366
Cash and bank balances	158,925,453	-	158,925,453
	2,202,330,522	104,083,471	2,306,413,993

	2018			
	Loans and receivables	Held-to-maturity	At fair value through profit or loss	Total
	Rupees			
Financial assets				
Deposits	15,733,300	-	-	15,733,300
Trade debts	236,936,937	-	-	236,936,937
Loans and advances	11,388,899	-	-	11,388,899
Other receivables	17,340,333	-	-	17,340,333
Accrued interest	15,334,604	-	-	15,334,604
Short term investments	-	851,833,801	65,519,756	917,353,557
Cash and bank balances	471,604,750	-	-	471,604,750
	768,338,823	851,833,801	65,519,756	1,685,692,380

	At amortized cost	
	2019 Rupees	2018 Rupees
Financial liabilities		
Long term financing	14,894,159	29,894,166
Liabilities against assets subject to finance lease	84,491,075	125,199,232
Long term deposits	1,000,000	1,500,000
Trade and other payables	654,433,401	330,463,137
Short term borrowings	1,974,915,754	707,635,668
Accrued mark-up / profit	69,576,268	18,217,096
Unclaimed dividend	4,026,209	4,297,369
	2,803,336,866	1,217,206,668

41.3 Offsetting financial assets and financial liabilities

As on reporting date, recognized financial instruments are not subject to off setting as there are no enforceable master netting arrangements and similar agreements.

42. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

		Note	**2019 Rupees**	2018 Rupees
	Description			
i)	**Loans / advances obtained as per Islamic mode:**			
	Loans	11	439,042,515	97,574,183
	Advances	9	37,112,697	152,873,281
ii)	**Shariah complaint bank deposits / bank balances**			
	Bank balances	26	397,225	19,273,995
	Term deposit receipts	25.1	-	25,000,000
iii)	**Profit earned from shariah complaint bank deposits / bank balances**			
	Bank balances	31	-	-
	Term deposit receipts	31	21,247	3,739,863
iv)	**Revenue earned from a shariah complaint business**		9,431,162,475	9,253,578,471
v)	**Gain / (loss) or dividend earned from shariah complaint investments**			
	Dividend income	31	468,017	272,250
	Loss on sale of investment	31	-	-
	Unrealized (loss) / gain on remeasurement of investment at fair value	30	(461,544)	973,665
vi)	**Exchange gain earned**	30	-	-
vii)	**Mark up paid on Islamic mode of financing**		38,169,636	8,985,506
viii)	**Profits earned or interest paid on any conventional loan or advance**			
	Profit earned on loans to subsidiary company	31	33,630,446	43,993,172
	Interest paid on loans		142,296,007	62,354,547

ix) Relationship with shariah compliant banks

Name	Relationship as at reporting date
Al-Baraka Bank (Pakistan) Limited	Bank balance
Meezan Bank Limited	Bank balance and short term borrowings
Dubai Islamic Bank Pakistan Limited	Bank balance and short term borrowings

43. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. Consistent with others in the industry, and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing, liabilities against assets subject to finance lease and short term borrowings obtained by the Company as referred to in note 5, 6 and 11 to the financial statements. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'.

		2019	2018
Borrowings	Rupees	2,074,300,988	862,729,066
Total equity	Rupees	3,226,784,479	3,892,721,018
Total capital employed	Rupees	5,301,085,467	4,755,450,084
Gearing ratio	Percentage	39.13%	18.14%

The increase in gearing ratio is mainly due to increase in short term borrowings.

44. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2019 Rupees	2018 Rupees	**2019 Rupees**	2018 Rupees
Total facilities	790,000,000	1,600,000,000	4,700,000,000	2,458,000,000
Utilized at the end of the year	109,665,250	396,607,129	1,974,915,754	707,635,668
Unutilized at the end of the year	680,334,750	1,203,392,871	2,725,084,246	1,750,364,332

45. SEGMENT INFORMATION

These financial statements has been prepared on the basis of single reportable segment. All of the sales of the Company relates to customers in Pakistan. All non-current assets of the Company as at reporting date were located in Pakistan.

46. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors has proposed a cash dividend for the year ended 30 June 2019 of Rupees 0.25 per share (2018: Rupee 1.75 per share). However, this event has been considered as non-adjusting event under IAS 10 'Event after Reporting Period' and has not been recognized in these financial statements.

47. UTILIZATION OF THE PROCEEDS OF THE INITIAL PUBLIC OFFER (IPO)

During the year ended 30 June 2016, the Company made an Initial Public Offer (IPO) through issue of 29,001,000 ordinary shares of Rupees 10 each at a price of Rupees 62.50 per share determined through book building process. Out of the total issue of 29,001,000 ordinary shares, 21,750,500 shares were subscribed through book building by High Net Worth Individuals and Institutional Investors, while the remaining 7,250,500 ordinary shares were subscribed by the General Public and the shares were duly allotted on 18 February 2016. On 01 March 2016, Pakistan Stock Exchange Limited approved the Company's application for formal listing of ordinary shares and trading of shares started on 03 March 2016.

Till 30 June 2017, the Company utilized the proceeds of the initial public offer of 29,001,000 ordinary shares for the purposes mentioned under heading 5.5 'Expansion Plan' in prospectus dated 28 December 2015, as per the following detail:

Purposes Mentioned Under Heading 5.5 'Expansion Plan' In Prospectus Dated 28 December 2015	Total amount		Total amount utilized till 30 June 2017
	Rupees		
Investment in HTLL			
Land	470,000,000		60,618,100
Building	128,000,000		12,486,445
Plant, machinery and equipment	139,000,000		2,719,201
Pre-operating costs	33,000,000		249,630
Working capital	842,562,500		739,126,208
	1,612,562,500		815,199,584
Investment in 100% owned subsidiary			
Additional filling lines for blending plant, Hi-Tech Blending (Private) Limited	200,000,000		-
Total	1,812,562,500	**B**	815,199,584
IPO proceeds (A)	1,812,562,500		
Amount un-utilized (A – B)	997,362,916		

As stated in the prospectus dated 28 December 2015, the Company planned to offer state of the art retail outlets across Pakistan with multitude of unique services and also planned to install additional filling lines at the blending plant of its subsidiary. The plan of the year 2015-16 covered 37 grand outlets openings in 11 major cities of Pakistan including Lahore, Gujranwala, Sialkot, Faisalabad, Multan, Islamabad, Rawalpindi, Karachi and Hyderabad. Over a period of 5 years, the Company planned to open 75 retail outlets (including 67 rented) across 16 major cities of Pakistan. As per quarterly progress report number 06 dated 14 July 2017, the Company informed all stakeholders the progress on implementation of project: Expansion through retail outlet: 1 owned service center under regulatory approval and out of the 10 rented service centers, 1 is operational, 3 are approved and under construction, 3 are under regulatory approvals and 3 are under negotiations. Accurate, effective and timely implementation of the above plans of the Company became a big challenge for the Company due to expensive lands and properties at key locations in almost all the cities for express service centers. Hence, the Company planned for incorporation of express centers into its fuel stations to be established under the umbrella of Oil Marketing Company (OMC) Project of the Company. In this regard, the Company obtained a financial feasibility report from KPMG Taseer Hadi & Co., Chartered Accountants regarding investment in OMC Project. In view of successful fulfillment of initial mandatory requirements of Oil and Gas Regulatory Authority (OGRA) for setting up of an OMC and future prospects of OMC in current international scenario as prospected under financial feasibility report, the shareholders of the Company in their 9th Annual General Meeting held on 29 September 2017 approved diversion and utilization of un-utilized IPO funds from HTL Express Centers and wholly owned subsidiary company to OMC Project of the Company keeping in view overall growth of the Company and ultimate benefit to all shareholders and stakeholders of the Company.

The Project envisages setting up 360 retail outlets across Punjab, Sindh and Khyber Pakhtunkhwa Provinces of Pakistan. The fuel stations will offer full range of services such as general store, tyre shop and a car shop amongst others. To support sales, the Company plans to invest in building storage capacities of 25,735 metric tons (Mogas and HSD) across the country over a period of 7 years.

During the year ended 30 June 2017, OGRA granted license to the Company to establish an Oil Marketing Company (OMC), subject to some conditions. During the year ended 30 June 2018, with reference to OMC Project of the Company, Oil and Gas Regulatory Authority (OGRA) has granted permission to proceed to apply/acquire No Objection Certificates (NOCs) from concerned departments including District Coordination Officer (DCO) for setting up of upto 26 retail outlets in Punjab Province with instructions that retail sales through petrol pumps can only be started after completion of necessary Storage Infrastructure, 3rd Party Inspector Report confirming that storage/depot meets OGRA's notified Technical Standards and OGRA's approval.

During the year ended 30 June 2018, the Company completed its oil storage site at Sahiwal. The Company also purchased land in Nowshera for oil storage site under OMC project.

On 31 May 2019, Oil and Gas Regulatory Authority (OGRA) has granted permission to the Company to operate new oil storage facility at Sahiwal and marketing of petroleum products in the Province of Punjab. The Company has signed agreements with various dealers for setting up petrol pumps under the OMC project and also started construction of another storage site at Nowshera, Khyber Pakhtunkhwa. Currently, the Company has seven operational HTLL Express Centers, four in Lahore and three in Karachi. Detail of payments out of IPO proceeds during the year ended 30 June 2019 are as follows:

	Rupees
Un-utilized IPO proceeds as at 01 July 2018	962,790,412
Add: Profit on term deposit receipts	68,134,639
Add: Proceeds from sale of investment in mutual fund	56,705,425
Add: Dividend on investment in mutual funds	983,725
Add: Unrealised gain on investment mutual funds	80,791
Less: Payments made during the year:	
OMC Project	(59,554,742)
Working Capital	(32,210,865)
	(91,765,607)
Less: Investment in mutual funds	(100,836,165)
Less: Withholding tax on profit	(6,813,464)
Less: Withholding tax on dividend from mutual funds	(147,559)
Less: Loss on disposal of investment in mutual fund	(5,106,286)
Less: Bank charges	(23,314)
Un-utilized IPO proceeds as at 30 June 2019	884,002,597

The un-utilized proceeds of the public offer have been kept by the Company in the shape of bank balances, term deposit receipts and mutual funds.

48. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 21 September 2019 by the Board of Directors of the Company.

49. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made in these financial statements.

50. GENERAL

Figures have been rounded off to the nearest Rupee, unless otherwise stated.

Chief Executive | Director | Chief Financial Officer

CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2019

INDEPENDENT **AUDITOR'S REPORT**

To the members of Hi-Tech Lubricants Limited

Opinion

We have audited the annexed consolidated financial statements of Hi-Tech Lubricants Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and 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 30 June 2019, and 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 the 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:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1	**Revenue recognition** The Group recognized net revenue of Rupees 9,431.162 million for the year ended 30 June 2019. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Group and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. For further information on revenue, refer to the following:: - Summary of significant accounting policies, Revenue from contracts with customers note 2.19 to the consolidated financial statements. - Net sales as shown on the face of consolidated statement of profit or loss.	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • We tested the effectiveness of the Group's internal controls over the calculation and recognition of discounts. • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. • We compared the details of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation. • We also considered the appropriateness of disclosures in the consolidated financial statements.

Sr. No.	Key audit matters	How the matter was addressed in our audit
2	**Stock-in-trade existence and valuation** Stock-in-trade as at 30 June 2019 amounted to Rupees 1,181.900 million and represented a material position in the consolidated statement of financial position. The business is characterized by high volume and the valuation and existence of stock-in-trade are significant to the business. Therefore, considered as one of the key audit matters. Stock-in-trade is stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in note 2.9.2 to the consolidated financial statements. At year end, the valuation of stock-in-trade is reviewed by management and the cost of stock-in-trade is reduced where stock-in-trade is forecast to be sold below cost. Raw materials are valued at weighted average cost whereas, costing of work-in-process and manufactured finished goods is considered to carry more significant risk as the cost of material, labor and manufacturing overheads is allocated on the basis of complex formulas and involves management judgment. For further information on stock-in-trade, refer to the following: - Summary of significant accounting policies, Stock-in-trade note 2.9.2 to the consolidated financial statements. - Stock-in-trade note 19 to the consolidated financial statements.	Our procedures over existence and valuation of stock-in-trade included, but were not limited to: • To test the quantity of stock-in-trade at all locations, we assessed the corresponding stock-in-trade observation instructions and participated in stock-in-trade counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of stock-in-trade items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • We tested that the ageing report used by management correctly aged stock-in-trade items by agreeing a sample of aged stock-in-trade items to the last recorded invoice. • On a sample basis, we tested the net realizable value of stock-in-trade items to recent selling prices and re-performed the calculation of the stock-in-trade write down, if any. • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs. • We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.

Information Other than the 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 the 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 accounting and reporting standards as applicable in Pakistan and Companies Act, 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 is 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 Mubashar Mehmood.

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 21 September 2019

CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

As at 30 June 2019

	Note	**2019 Rupees**	2018 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
150,000,000 (2018: 150,000,000) ordinary shares of Rupees 10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital	3	1,160,040,000	1,160,040,000
Reserves	4	2,736,611,044	2,926,660,970
Total equity		3,896,651,044	4,086,700,970
LIABILITIES			
Non-current liabilities			
Long term financing	5	1,822,078	19,156,221
Liabilities against assets subject to finance lease	6	27,928,496	80,309,810
Long term deposits	7	1,000,000	1,500,000
Deferred income tax liability	8	87,695,308	112,227,115
		118,445,882	213,193,146
Current liabilities			
Trade and other payables	9	688,493,701	770,080,893
Accrued mark-up / profit	10	81,921,213	29,696,233
Short term borrowings	11	2,243,170,808	1,325,250,528
Current portion of non-current liabilities	12	77,436,745	179,059,861
Unclaimed dividend		4,026,209	4,297,369
		3,095,048,676	2,308,384,884
Total liabilities		3,213,494,558	2,521,578,030
Contingencies and commitments	13		
TOTAL EQUITY AND LIABILITIES		7,110,145,602	6,608,279,000
ASSETS			
Non–current assets			
Fixed assets	14	3,121,595,388	2,952,235,148
Intangible assets	15	8,510,507	2,917,354
Long term loans to employees	17	-	280,132
Long term security deposits	18	28,460,350	41,092,506
		3,158,566,245	2,996,525,140
Current assets			
Stores	18	24,186,433	26,759,589
Stock-in-trade	19	1,181,900,227	1,544,074,179
Trade debts	20	1,189,383,247	236,936,937
Loans and advances	21	53,856,012	80,222,041
Short term deposits and prepayments	22	61,026,609	60,831,795
Other receivables	23	32,546,523	109,129,419
Short term investments	24	882,468,837	917,353,557
Taxation - net		217,275,722	69,499,665
Cash and bank balances	25	308,935,747	566,946,678
		3,951,579,357	3,611,753,860
TOTAL ASSETS		7,110,145,602	6,608,279,000

The annexed notes form an integral part of these consolidated financial statements.

Chief Executive

Director

Chief Financial Officer

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS
For the year ended 30 June 2019

HTL LIMITED
Hi-Tech Lubricants Ltd

	Note	2019 Rupees	2018 Rupees
Gross Sales		12,593,547,639	11,539,772,684
Discounts		(515,680,161)	(368,818,182)
Sales tax		(2,646,705,003)	(1,915,568,089)
Net Sales		9,431,162,475	9,255,386,413
Cost of Sales	26	(7,362,276,954)	(6,860,164,085)
Gross profit		2,068,885,521	2,395,222,328
Distribution cost	27	(846,161,758)	(635,791,336)
Administrative expenses	28	(497,432,186)	(444,926,193)
Other expenses	29	(192,356,087)	(108,050,088)
		(1,535,950,031)	(1,188,767,617)
Other income	30	81,540,776	71,376,823
Profit from operations		614,476,266	1,277,831,534
Finance cost	31	(313,959,399)	(127,280,022)
Profit before taxation		300,516,867	1,150,551,512
Taxation	32	(259,447,192)	(391,017,141)
Profit after taxation		41,069,675	759,534,371
Earnings per share - basic and diluted	33	0.35	6.55

The annexed notes form an integral part of these consolidated financial statements.

Chief Executive	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

For the year ended 30 June 2019

	2019 Rupees	2018 Rupees
Profit after taxation	41,069,675	759,534,371
Other comprehensive income		
Items that will not be reclassified to profit or loss	–	–
Items that may be reclassified subsequently to profit or loss	–	–
Total comprehensive income for the year	41,069,675	759,534,371

The annexed notes form an integral part of these consolidated financial statements.

Chief Executive | Director | Chief Financial Officer

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

For the year ended 30 June 2019

	Share capital	Reserves			Total equity
		Capital reserve	Revenue reserve	Total reserves	
		Share premium	Un–appropriated Profit		
	Rupees				
Balance as at 30 June 2017	1,160,040,000	1,441,697,946	1,131,442,653	2,573,140,599	3,733,180,599
Transactions with owners:					
Final dividend for the year ended 30 June 2017					
@ Rupee 1.75 per share	-	-	(203,007,000)	(203,007,000)	(203,007,000)
lInterim dividend for year ended 30 June 2018					
@ Rupees 1.75 per share	-	-	(203,007,000)	(203,007,000)	(203,007,000)
	-	-	(406,014,000)	(406,014,000)	(406,014,000)
Profit for the year ended 30 June 2018	-	-	759,534,371	759,534,371	759,534,371
Other comprehensive income for the year ended 30 June 2018	-	-	-	-	-
Total comprehensive income for the year ended 30 June 2018	-	-	759,534,371	759,534,371	759,534,371
Balance as at 30 June 2018	1,160,040,000	1,441,697,946	1,484,963,024	2,926,660,970	4,086,700,970
Adjustment on adoption of IFRS - 9 (Note 2.10)	-	-	(28,112,601)	(28,112,601)	(28,112,601)
Adjusted total equity as at 01 July 2018	1,160,040,000	1,441,697,946	1,456,850,423	2,898,548,369	4,058,588,369
Transaction with owners:					
Final dividend for the year ended 30 June 2018					
@ Rupees 1.75 per share	-	-	(203,007,000)	(203,007,000)	(203,007,000)
	-	-	(203,007,000)	(203,007,000)	(203,007,000)
Profit for the year ended 30 June 2019	-	-	41,069,675	41,069,675	41,069,675
Other comprehensive income for the year ended 30 June 2019	-	-	-	-	-
Total comprehensive income for the year ended 30 June 2019	-	-	41,069,675	41,069,675	41,069,675
Balance as at 30 June 2019	1,160,040,000	1,441,697,946	1,294,913,098	2,736,611,044	3,896,651,044

The annexed notes form an integral part of these consolidated financial statements.

Chief Executive

Director

Chief Financial Officer

CONSOLIDATED STATEMENT OF
CASH FLOWS
For the year ended 30 June 2019

	Note	**2019 Rupees**	2018 Rupees
Cash flows from operating activities			
Cash generated from / (utilized in) operations	34	97,488,776	1,619,023,784
Finance cost paid		(261,734,419)	(125,474,807)
Income tax paid		(431,534,415)	(326,744,373)
Net decrease in long term loans to employees		769,024	1,390,444
Net increase in long term security deposits		(3,538,000)	(8,051,050)
Decrease in long term deposits		(500,000)	(500,000)
Net cash (used in) / generated from operating activities		(599,049,034)	1,159,643,998
Cash flows from investing activities			
Capital expenditure on operating fixed assets		(321,331,851)	(530,468,627)
Capital expenditure on intangible assets		(8,700,315)	(676,234)
Proceeds from disposal of operating fixed assets		9,263,425	9,673,313
Short term investments - net		30,869,260	154,999,999
Dividend received		1,132,225	272,250
Profit on bank deposits and term deposit receipts received		69,333,372	57,814,765
Net cash (used in) investing activities		(219,433,884)	(308,384,534)
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		(58,479,978)	(64,653,476)
Short term borrowings - net		917,920,280	89,290,619
Dividend paid		(203,278,160)	(403,243,100)
Proceeds from long term financing		-	21,865,000
Repayment of long term financing		(95,690,155)	(148,475,674)
Net cash from / (used in) financing activities		560,471,987	(505,216,631)
Net (decrease) / increase in cash and cash equivalents		(258,010,931)	346,042,833
Cash and cash equivalents at beginning of the year		566,946,678	220,903,845
Cash and cash equivalents at end of the year		308,935,747	566,946,678

The annexed notes form an integral part of these consolidated financial statements.

Chief Executive | Director | Chief Financial Officer

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

Hi-Tech Lubricants Limited

Subsidiary Company

Hi-Tech Blending (Private) Limited

1.1 Hi-Tech Lubricants Limited ("the Holding Company") was incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The registered office of the Holding Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The principal activity of the Holding Company is to procure and distribute petroleum products. During the year ended 30 June 2017, Oil and Gas Regulatory Authority (OGRA) granted license to the Holding Company to establish an Oil Marketing Company (OMC), subject to some conditions. On 31 May 2019, Oil and Gas Regulatory Authority (OGRA) has granted permission to the Holding Company to operate new storage facility at Sahiwal and marketing of petroleum products in the Province of Punjab.

1.2 Hi-Tech Blending (Private) Limited

Hi-Tech Blending (Private) Limited ("the Subsidiary Company") was incorporated in Pakistan as a private company limited by shares on 13 March 2014 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of the Subsidiary Company is to construct, own and operate lubricating oil blending plant. The registered office of the Subsidiary Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The Subsidiary Company is a wholly owned subsidiary of Hi-Tech Lubricants Limited.

1.2 Geographical location and addresses of all business units are as follows:

Business units	Address
Registered and head office	1-A, Danepur Road, GOR-1, Lahore
Regional office – Karachi	C-6 /1, Street No. 3, Bath Island, Clifton, Karachi
Regional office – Islamabad	Suite No. 1402, 14th Floor, Green Trust Tower, Jinnah Avenue, Blue Area, Islamabad.
Regional office – Peshawar	Office No. 280, 3rd Floor, Deans Trade Centre, Islamia Road, Peshawar
Customs bonded warehouse	7-Km, Sundar Raiwind Road, Bhai Kot, Lahore
Blending plant, office and warehouses	7-Km, Sundar Raiwind Road, Bhai Kot, Lahore
Warehouse	Property No. 35 A/M, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore
Warehouse	B-13, Cotton Godown, Korangi Industrial Area, Karachi
Oil Depot – OMC Project	Mouza No. 107/9L, Tehsil and District Sahiwal
OMC Project office	Plot No. 2, Block K, Main Boulevard Gulberg-II, Lahore
Oil Depot – OMC Project	Mouza Aza Khel Bala, Tehsil and District Nowshera
HTL Express Centre	Dharampura, Lahore
HTL Express Centre	Garden Town, Lahore
HTL Express Centre	Block F, Gulshan Ravi, Lahore
HTL Express Centre	Johar Town, Lahore
HTL Express Centre	Phase II, DHA, Karachi
HTL Express Centre	Gulistan-e-Johar, Karachi
HTL Express Centre	Pakistan Employees Cooperative Housing Society, Karachi
HTL Express Centre (proposed)	22– A, Zafar Ali Road, Lahore

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

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

- International Financial Reporting Standards (IFRSs) 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 IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

b) Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments carried at fair value.

c) Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the consolidated financial statements or where judgments were exercised in application of accounting policies are as follows:

Income Tax

In making the estimates for income tax currently payable by the Group, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past. Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and where the Group's considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Useful lives, pattern of economic benefits and impairment

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Group. Further, the Group reviews the value of the assets for possible impairments on an annual basis. If such indication exist assets recoverable amount is estimated in order to determine the extent of impairment loss, if any. Any change in the estimates in the future might affect the carrying amount of respective item of operating fixed assets, with a corresponding effect on the depreciation charge and impairment.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provision for obsolescence of stock-in-trade

Provision for obsolescence of items of stock-in-trade is made on the basis of management's estimate of net realizable value and age analysis prepared on an item-by-item basis.

Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Group is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Group

Following standards, interpretations and amendments to published approved accounting standards are mandatory for the Group's accounting periods beginning on or after 01 July 2018:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- IFRS 15 (Amendments), 'Revenue from Contracts with Customers
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- IAS 40 (Amendments), 'Investment Property'
- Annual Improvements to IFRSs: 2014 – 2016 Cycle

The Group has changed its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 9 and IFRS 15. These are disclosed in note 2.10 and note 2.19. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

e) Standards, interpretations and amendments to published standards that are not yet effective but relevant to the Group

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2019 or later periods:

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases–Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Group is in the process of evaluating the impacts of the aforesaid standard on the Group's financial statements.

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the solely payments of principal and interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Group's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Group's financial statements.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The management of the Group is in the process of evaluating the impacts of the aforesaid amendments on the Group's financial statements.

Amendments to IFRS 3 'Business Combinations' (effective for annual periods beginning on or after 01 January 2020). The International Accounting Standards Board (IASB) has issued 'Definition of Business' aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past consolidated financial statements.

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 3 'Business Combinations', IFRS 11 'Joint Arrangements', IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs'. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Group's financial statements and have therefore not been analyzed in detail.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits–this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

f) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Group

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2019 but are considered not to be relevant or do not have any significant impact on the Group's financial statements and are therefore not detailed in these consolidated financial statements.

2.2 Consolidation

Subsidiary

Subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group. It is deconsolidated from the date that control ceases.

The assets and liabilities of Subsidiary Company have been consolidated on a line by line basis and carrying value of investment held by the Holding Group is eliminated against Holding Group's share in paid up capital of the Subsidiary Company.

Intragroup balances, transactions and unrealized gains on transactions between Group companies have been eliminated.

2.3 Fixed assets

Operating fixed assets except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of fixed assets consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition. Freehold land and capital work-in-progress are stated at cost less any recognized impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to consolidated statement of profit or loss account during the period in which they are incurred.

Depreciation

Depreciation is charged to consolidated statement of profit or loss by applying the reducing balance method whereby cost of an asset is written off over its estimated useful life at the rates given in Note 14.1 Depreciation on additions is charged for the full month in which the asset is available for use and on deletion up to the month immediately preceding the deletion.

De-recognition

An item of operating fixed asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment loss, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

2.4 Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition, an intangible asset is carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Group. The useful life and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

2.5 Leases

The Group is the lessee:

2.5.1 Finance leases

Leases where the Group has substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost, is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to consolidated statement of profit or loss over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to consolidated statement of profit or loss.

2.5.2 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to consolidated statement of profit or loss on a straight line basis over the lease term.

2.6 Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. Figures are rounded off to the nearest Pak Rupees.

2.7 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to consolidated statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.8 Employee benefits

The Group operates contributory provident fund schemes covering all regular employees. Equal monthly contributions are made both by the employees and the employers to the funds at the rate of 10% of basic salary of employees. The Group's contributions to the funds are charged to consolidated statement of profit or loss.

2.9 Inventories

2.9.1 Stores

Useable stores are valued principally at moving average cost, while items considered obsolete are carried at Nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

2.9.2 Stock-in-trade

Stock-in-trade, except in transit, is stated at lower of cost and net realizable value.

Cost of raw material, work-in-process and finished goods are determined as follows:

(i) For raw material: Weighted average basis
(ii) For work-in-process and finished goods: Average manufacturing cost including a portion of production overheads.

Stock in transit is valued at cost comprising invoice value plus other charges incurred thereon.

Finished goods purchased for resale are stated at the lower of cost, determined using weighted average cost method, and net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

2.10 IFRS 9 "Financial instruments"

The Group has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Group makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Group's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Group. New impairment requirements use an 'expected credit loss' ('ECL') model to recognize an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Group has adopted IFRS 9 by applying the modified retrospective approach according to which the Group is not required to restate the prior year results. Key changes in accounting policies resulting from application of IFRS 9 are as follows:

i) Recognition of financial instruments

The Group initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

ii) Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

Investments and other financial assets

a) Classification

From 01 July 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the Group'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 profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend 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. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

b) 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, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in 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:

Amortized cost

Financial 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 other 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 income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial 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 other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income 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 other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the consolidated statement of profit or loss.

Fair value through profit or loss

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

Equity instruments

The Group subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income / (other expenses) in the consolidated statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Financial liabilities

a) Classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in consolidated statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

iii) Impairment of financial assets

From 01 July 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

iv) De-recognition

a) Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

b) Financial liabilities

The Group derecognizes a financial liability (or a part of financial liability) from its consolidated statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

v) Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the consolidated financial statements when there is a legal enforceable right to set off and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

vi) Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these consolidated financial statements as there is no hedge activity carried on by the Group during the year ended 30 June 2019.

vii) Impacts of adoption of IFRS 9 on these consolidated financial statements as on 01 July 2018

On 01 July 2018, the Group's management has assessed which business models apply to the financial assets held by the Group at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

Financial assets (01 July 2018)

	Trade debts categorized as	
	Loans and receivables	**Amortised cost**
	Rupees	Rupees
Opening balance (before reclassification)	236,936,937	-
Adjustments due to adoption of IFRS 9:		
Reclassification of trade debts	(236,936,937)	236,936,937
Recognition of expected life time credit losses on trade debts	-	(28,112,601)
Opening balance (after reclassification)	-	208,824,336

The impact of these changes on the Group's un-appropriated profit and equity is as follows:

Un-appropriated profit and equity (01 July 2018)

	Effect on un-appropriated profit	**Effect on total equity**
	Rupees	Rupees
Opening balance (before reclassification)	1,290,983,072	3,892,721,018
Adjustment on adoption of IFRS 9 due to recognition of expected life time credit losses on trade debts	(28,112,601)	(28,112,601)
Opening balance (after reclassification)	1,262,870,471	3,816,608,417

Reclassifications of financial instruments on adoption of IFRS 9

As on 01 July 2018, the classification and measurement of financial instruments of the Group were as follows:

	Measurement category		Carrying amounts		
	Original (IAS 39)	New (IFRS 9)	Original	New	Difference
			Rupees		
Non-current financial assets					
Long term security deposits	Loans and receivables	Amortised cost	13,023,900	13,023,900	-
Long term loans to employees	Loans and receivables	Amortised cost	280,132	280,132	-
Current financial assets					
Loans and advances	Loans and receivables	Amortised cost	15,296,186	15,296,186	-
Short term deposits	Loans and receivables	Amortised cost	6,966,750	6,966,750	-
Trade debts	Loans and receivables	Amortised cost	236,936,937	208,824,336	28,112,601
Other receivables	Loans and receivables	Amortised cost	17,368,403	17,368,403	-
Short term investments:					
Term deposit receipts	Held to maturity	Amortised cost	851,833,801	851,833,801	-
Other short term investments	At fair value through profit or loss	At fair value through profit or loss	65,519,756	65,519,756	-
Cash and bank balances	Loans and receivables	Amortised cost	566,946,678	566,946,678	-
Non-current financial liabilities					
Long term financing	Amortised cost	Amortised cost	19,156,221	19,156,221	-
Liabilities against subject to finance lease	Amortised cost	Amortised cost	80,309,810	80,309,810	-
Long term deposits	Amortised cost	Amortised cost	1,500,000	1,500,000	-
Current financial liabilities					
Trade and other payables	Amortised cost	Amortised cost	462,209,970	462,209,970	-
Unclaimed dividend	Amortised cost	Amortised cost	4,297,369	4,297,369	-
Accrued mark-up / profit	Amortised cost	Amortised cost	29,696,233	29,696,233	-
Short term borrowings	Amortised cost	Amortised cost	1,325,250,528	1,325,250,528	-
Current portion of non-current liabilities	Amortised cost	Amortised cost	179,059,861	179,059,861	-

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.12 Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.13 Taxation

2.13.1 Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or the tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

2.13.2 Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the consolidated statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.14 Borrowings

Financing and borrowings are initially recognized at fair value of the consideration received, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method.

2.15 Borrowing costs

Borrowing costs are recognized as expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of cost of that asset.

2.16 Trade debts and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

2.17 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value which is normally the transaction cost.

2.18 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in consolidated statement of profit or loss. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior periods. Such reversal is recognized in consolidated statement of profit or loss.

2.19 Revenue from contracts with customers

The Group has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in Group's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Group's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Group has adopted IFRS 15 by applying the modified retrospective approach according to which the Group is not required to restate the prior year results. Key changes in accounting policies resulting from application of IFRS 15 are as follows:

i) Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend

Dividend on equity investments is recognized when right to receive the dividend is established.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

ii) Contract assets

Contract assets arise when the Group performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

iii) Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

iv) Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Group that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

v) Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

vi) Contract liabilities

Contract liability is the obligation of the Group to transfer goods to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group performs its performance obligations under the contract.

vii) Refund liabilities

Refund liabilities are recognised where the Group receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Group does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

2.20 Contingent assets

Contingent assets are disclosed when the Group has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognized until their realization becomes certain.

2.21 Contingent liabilities

Contingent liability is disclosed when the Group has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the consolidated financial statements.

2.22 Dividend and other appropriations

Dividend distribution to the shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.23 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

2.24 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Group has single reportable business segment.

3. ISSUED, SUBSCRIBED AND PAID–UP SHARE CAPITAL

2019	2018		**2019**	2018
(Number of shares)			**Rupees**	Rupees
41,002,000	41,002,000	Ordinary shares of Rupees 10 each		
		fully paid-up in cash	410,020,000	410,020,000
25,000,000	25,000,000	Ordinary shares of Rupees 10 each		
		issued as fully paid for consideration		
		other than cash (Note 3.2)	250,000,000	250,000,000
50,002,000	50,002,000	Ordinary shares of Rupees 10 each		
		issued as fully paid bonus shares	500,020,000	500,020,000
116,004,000	116,004,000		1,160,040,000	1,160,040,000

3.1 827,775 (2018: 827,775) ordinary shares of the Holding Company are held by SK Lubricants Co., Ltd. - related party.

3.2 On 01 July 2011, the Holding Company entered into 'Agreement for Takeover of Partnership Firm by Private Limited Company / Dissolution of Partnership' ("the Agreement") with partners of Hi-Tec Lubricants, a registered partnership firm ("the Firm") and took over all the business, assets and liabilities of the Firm, as per audited financial statements of Hi-Tec Lubricants for the year ended 30 June 2011, against consideration of issuance of shares of the Holding Company amounting to Rupees 250,000,000 divided into 2,500,000 ordinary shares of Rupees 100 each.

3.3 The principal shareholders of the Holding Company and SK Lubricants Co., Ltd. (SKL) have a shareholders agreement in place. The parties to the agreement have agreed on certain board of directors' unanimous resolution items such as direct or indirect engagement in lubricant products under the brand name of the Holding Company or any other party other than SKL, engagement with other companies engaged in lubricants business, lubricants business reorganizations, etc. The principal shareholders have undertaken to hold, in aggregate, at all times 51% shares or more of the Holding Company.

	2019 Rupees	2018 Rupees
4. RESERVES		
Capital reserve		
Share premium (Note 4.1)	1,441,697,946	1,441,697,946
Revenue reserve		
Un-appropriated profit	1,294,913,098	1,484,963,024
	2,736,611,044	2,926,660,970

4.1 This reserve can be utilized by the Holding Company only for the purposes specified in section 81 of the Companies Act, 2017.

	2019 Rupees	2018 Rupees
5. LONG TERM FINANCING		
From banking company - secured		
Holding company		
Bank Al-Habib Limited-1 (Note 5.1)	5,783,742	13,495,415
Bank Al-Habib Limited-2 (Note 5.1)	9,110,417	16,398,751
	14,894,159	29,894,166
Subsidiary company		
Bank Al-Habib Limited (Note 5.2)	4,317,179	85,007,327
	19,211,338	114,901,493
Less : Current portion shown under current liabilities (Note 12)	17,389,260	95,745,272
	1,822,078	19,156,221

5.1 These facilities have been obtained to build warehouse at the property of Hi-Tech Blending (Private) Limited - subsidiary company at Sundar Raiwind Road, Lahore. These facilities are secured against hypothecation charge over current assets of the Holding Company of Rupees 1,067 million and personal guarantee of directors of the Holding Company. These carry mark-up at the rate of 3 months KIBOR plus 1.75% per annum. These are repayable in 12 equal quarterly installments. Effective rate of mark-up charged during the year ranged from 8.67% to 12.67% (2018: 7.89% to 8.18%) per annum.

5.2 These term finance facilities, aggregating to Rupees 250.939 million (2018: Rupees 250.939 million), are secured by first pari passu hypothecation charge over current assets of the Subsidiary Company to the extent of Rupees 667 million, corporate guarantee of the Holding Company of Rupees 1.3 billion and personal guarantees of directors of the Subsidiary Company. The finance facilities are repayable in 6, 12 and 16 equal quarterly installments commenced on 31 March 2015 and ending on 25 November 2019. Mark-up is payable quarterly at the rate of 3 month KIBOR plus 2.00% per annum. Effective rate of mark-up charged during the year ranged from 8.47% to 13.13% (2018: 8.10% to 8.47%) per annum.

	2019 Rupees	2018 Rupees
6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	94,390,621	174,275,897
Less: Un-amortized finance charge	6,414,640	10,651,498
Present value of future minimum lease payments	87,975,981	163,624,399
Less: Current portion (Note 12)	60,047,485	83,314,589
	27,928,496	80,309,810

6.1 Minimum lease payments have been discounted using implicit interest rates ranging from 5.59% to 13.25% (2018: 6.95% to 12.44%) per annum. Rentals are payable in monthly and quarterly installments. Taxes, repairs and insurance costs are borne by the lessee. These are secured against charge on the leased assets, personal guarantees of directors and security deposits of Rupees 26.636 million (2018: Rupees 51.298 million).

	2019		2018	
	Not later than one year	**Later than one year but not later than five years**	Not later than one year	Later than one year but not later than five years
	Rupees			
Future minimum lease payments	64,803,932	29,586,689	90,113,034	84,162,863
Less: Un-amortized finance charge	4,756,447	1,658,193	6,798,445	3,853,053
Present value of future minimum lease payments	60,047,485	27,928,496	83,314,589	80,309,810

7. LONG TERM DEPOSITS

These represent long term security deposits from distributors of the Holding Company. These are unsecured, interest free and repayable on termination of distribution agreements. These security deposits have been utilized for the purpose of business in accordance with the terms of written agreement with distributors.

	2019 Rupees	2018 Rupees
8. DEFFERED LIABILITIES		
Deferred income (Note 8.1)	-	220,641
Deferred income tax liability (Note 8.2)	87,695,308	112,006,474
	87,695,308	112,227,115
8.1 Deferred income		
Opening balance	220,641	653,257
Less: Amortized during the year (Note 30)	220,641	432,616
Closing balance	-	220,641

8.1.1 This represented gain on sale and lease back transactions and has been amortized over the lease term.

	2019 Rupees	2018 Rupees
8.2 Deferred income tax liability		
The net deferred income tax liability comprised of temporary differences relating to:		
Deductible temporary differences		
Available tax losses	(125,128,457)	(39,628,469)
Minimum tax carried farword	(10,511,095)	-
Allowance for expected credit losses	(13,532,396)	(157,737)
Pre-commencement expenditures	(2,356,400)	(3,534,600)
Provision for doubtful advance to suppliers	(1,950,015)	(547,653)
Provision for slow moving and damaged inventory	(2,242,984)	(58,590)
	(155,721,347)	(43,927,049)
Taxable temporary differences		
Accelerated tax depreciation and amortization	234,344,290	150,170,591
Leased assets	9,072,365	5,762,932
	243,416,655	155,933,523
	87,695,308	112,006,474

	2019 Rupees	2018 Rupees
9. TRADE AND OTHER PAYABLES		
Creditors (Note 9.1)	82,935,759	270,188,112
Accrued liabilities (Note 9.2)	495,570,454	191,983,368
Advances from customers	37,112,697	152,873,281
Retention money payable	309,292	38,490
Earnest money payable	1,525,827	-
Customs duty and other charges payable	10,073,760	97,073,430
Income tax deducted at source	7,103,602	972,963
Employees' provident fund trust payable	3,128,271	2,999,404
Workers' profit participation fund (Note 9.3)	43,094,065	14,587,220
Workers' welfare fund	5,001,253	120,000
Sales tax payable	2,638,721	39,244,625
	688,493,701	770,080,893

9.1 These include Rupees 22.018 million (2018: Rupees 231.553 million) payable to SK Lubricants Co., Ltd. - related party.

9.2 These include Rupees 5.551 million (2018: Rupees 6.823 million) on account of remuneration payable to directors of the Holding Company.

	2019 Rupees	2018 Rupees
9.3 Workers' profit participation fund		
Balance as on 01 July	14,587,220	3,779,284
Add: Allocation for the year (Note 29)	26,597,013	14,587,182
Interest for the year (Note 31)	1,909,832	286,678
Less: Payments made during the year	-	4,065,924
Balance as on 30 June	43,094,065	14,587,220

9.3.1 The Subsidiary Company retains workers' profit participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Subsidiary Company till the date of allocation to workers.

	2019 Rupees	2018 Rupees
10. ACCRUED MARK-UP		
Long term financing	671,127	2,887,579
Liabilities against assets subject to finance lease	1,021,719	287,113
Short term borrowings (Note 10.1)	80,228,367	26,521,541
	81,921,213	29,696,233

10.1 This includes mark-up of Rupees Nil (2018: Rupees 5.766 million) payable to directors of the Subsidiary Company.

	2019 Rupees	2018 Rupees

11. SHORT TERM BORROWINGS

	2019 Rupees	2018 Rupees
From banking companies - secured		
- Holding Company		
Running finances (Note 11.1 and Note 11.2)	1,535,873,239	610,061,485
Running musharakah / musawamah finance (Note 11.1 and Note 11.3)	439,042,515	97,574,183
	1,974,915,754	707,635,668
- Subsidiary Company		
Short term finances (Note 11.1 and 11.2)	233,566,400	506,133,540
Murabaha / Musawamah finance (Note 11.4 and Note 11.6)	34,688,654	41,481,320
	268,255,054	547,614,860
From related parties - unsecured		
Loans from directors (Note11.7)	-	70,000,000
	2,243,170,808	1,325,250,528

11.1 These finances are obtained from banking companies under markup / profit arrangements and are secured against trust receipts, first joint pari passu hypothecation charge over current assets, lien over term deposit receipts and personal guarantees of sponsor directors of the Holding Company.

11.2 The rates of markup ranged from 7.00% to 14.30% (2018: 7.15% to 9.66%) per annum.

11.3 The rates of profit ranged from 7.42% to 14.80% (2018: 7.14% to 7.50%) per annum.

11.4 These finances are obtained from banking companies under mark-up / profit arrangements and are secured against trust receipts, first pari passu hypothecation charge over present and future current assets, hypothecation charge over present and future plant and machinery, personal guarantees of directors of the Subsidiary Company and corporate guarantee of the Holding Company.

11.5 The rates of mark-up ranged from 7.47% to 13.92% (2018: 7.35% to 8.16%) per annum.

11.6 Profit is payable at respective KIBOR plus 1% per annum. Effective rate of profit charged during the year ranged from 7.92% to 11.77% (2018: 7.92%) per annum.

11.7 These unsecured loans were from directors of the Subsidiary Company. Mark-up was payable yearly at the rate of 3 months KIBOR plus 2.00% per annum. Effective rate of mark-up charged during the year ranged from 8.93% to 13.13% (2018: 8.14% to 8.50%) per annum. These were repayable on demand. These loans were utilized for capital expenditure requirements of the Subsidiary Company.

12. CURRENT PORTION OF NON-CURRENT LIABILITIES

	2019 Rupees	2018 Rupees
Long term financing (Note 5)	17,389,260	95,745,272
Liabilities against assets subject to finance lease (Note 6)	60,047,485	83,314,589
	77,436,745	179,059,861

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 Corporate guarantees of Rupees 1,425.52 million (2018: Rupees 1,425.52 million) have been given by the Holding Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - Subsidiary Company.

13.1.2 Guarantees of Rupees 93 million (2018: Rupees 43 million) are given by the bank of the Group to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.

13.1.3 Guarantees of Rupees 46.49 million (2018: Rupees 27.80 million) are given by the bank of the Group to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.

13.1.4 Guarantee of Rupees 6 million (2018: Rupees Nil) and Rupees 2.25 million (2018: Rupees Nil) are given by the banks of the Holding Company to Total Parco Pakistan Limited and Pakistan State Oil Company Limited respectively against fuel cards obtained by the Holding Company for its employees.

13.1.5 On 05 June 2018, the Competition Commission of Pakistan ("CCP") has initiated a formal enquiry under the provisions of the Competition Act, 2010 ("the Act") on complaint against the Holding Company and its wholly-owned Subsidiary Company, Hi-Tech Blending (Private) Limited by Chevron Pakistan Lubricants (Private) Limited ("Chevron") for adopting deceptive marketing practices in contravention of section 10 of the Act. It has also been prayed by Chevron to CCP to impose a penalty of 10% of the annual turnover of the Holding Company and its wholly-owned Subsidiary Company and / or Rupees 75 million, as CCP may deem appropriate. CCP has concluded its enquiry on the complaint lodged by Chevron on 07 February 2019. On 20 August 2019, subsequent to the reporting period, CCP has issued a show cause notice to the Holding Company and its wholly-owned Subsidiary Company regarding deceptive marketing practices by distributing false and misleading information about its brand "ZIC" under section 10 of the Act. The Holding Company and its wholly-owned Subsidiary Company have appeared before the CCP through their advocates, rejecting the contents of the enquiry report concluded by CCP, and expects a favorable outcome of the matter. Therefore, no provision for penalty has been recognized in these consolidated financial statements.

13.1.6 On 13 September 2018, Commissioner Inland Revenue ordered to initiate sales tax enquiry for the sales tax period from July 2015 to June 2018 alledging the 'evasion of sales tax' on various grounds against the Subsidiary Company through officers of Inland Revenue under section 38 and section 25(2) of the Sales Tax Act, 1990 ("the Act") and required the Subsidiary Company to submit various records in this regard. Based on the enquiry report, Assistant Commissioner Inland Revenue has issued a show cause notice to the Subsidiary Company mainly on account of short payment of sales tax and extra tax of Rupees 39.808 million and Rupees 29.739 million respectively. On 07 February 2019, the Subsidiary Company through its tax advisor submitted the reply of show cause notice along with supporting documents. Based on the reply submitted by the Subsidiary Company, Deputy Commissioner Inland Revenue has passed an assessment order on 29 April 2019 under section 11 of the Act, where tax demand on account of sales tax has been reduced to Rupees 41.023 million including penalty and default surcharge of Rupees 1.619 million and Rupees 8.745 million on non-payment of sales tax respectively. On 23 May 2019, the Subsidiary Company being aggrieved from the decision of Deputy Commissioner Inland Revenue has filled appeal before Commissioner Inland Revenue (Appeals) which is still pending for adjudication. Based on the advice of the tax advisor, the Subsidiary Company expects a favorable outcome of the matter. Hence, no provision against this demand has been recognized in these consolidated financial statements.

13.1.7 During the year ended 30 June 2018, assessment under sections 161 and 205 of the Income Tax Ordinance, 2001 for the tax year 2014 was finalized by the Deputy Commissioner Inland Revenue creating a demand of Rupees 18.207 million against the Holding Company. The Holding Company, being aggrieved filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)], who decided the case in favor of the Holding Company reducing the total demand to Rupees 0.191 million. However, Income Tax Department has filed an appeal against the order of the CIR(A) before the Appellate Tribunal Inland Revenue and the same is pending adjudication. No provision against the original tax demand has been recognized in these consolidated financial statements, as the Holding Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.

13.1.8 On 19 December 2018, the Holding Company has filed an appeal before Commissioner Inland Revenue Appeals [CIR(A)] against the order of Deputy Commissioner Inland Revenue (DCIR). DCIR passed an order under sections 122(1) and 122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 whereby a demand of Rupees 83.595 million has been raised. CIR(A) vide order dated 18 December 2018 has upheld some of the additions made by DCIR and also directed the DCIR to give opportunity of hearing to the Holding Company in one of the said matters. Being aggrieved by the order of CIR(A), the Holding Company filed appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. No provision against this demand has been recognized in these consolidated financial statements, as the Holding Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.

13.1.9 Deputy Commissioner Inland Revenue (DCIR) has passed an assessment order on 28 November 2018 under sections 161 and 205 of the Income Tax Ordinance, 2001 for the tax year 2015 whereby a demand of Rupees 22.358 million has been raised. On 21 December 2018, the Holding Company has filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR. CIR(A) accepted the Holding Company's stance on certain issues assailed in appeal and reduced the aggregate demand to Rupees 10.735 million. Being aggrieved by the order of CIR(A), the Holding Company has filed appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. No provision against this demand has been recognized in these consolidated financial statements, as the Holding Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.

		2019 Rupees	2018 Rupees
13.2	**Commitments**		
13.2.1	**Capital expenditures:**		
	Contracts	220,431,667	33,313,371
	Letters of credit	-	4,862,700
		220,431,667	38,176,071
13.2.2	Letters of credit other than capital expenditures	-	253,445,076

13.2.3 The amount of future ijara rentals for ijara financing and the period in which these payments will become due are as follow:

	2019 Rupees	2018 Rupees
Not later than one year	5,269,381	5,004,436
Later than one year but not later than five years	3,135,023	7,943,488
	8,404,404	12,947,924

		2019 Rupees	2018 Rupees
14.	**FIXED ASSETS**		
	Operating fixed assets		
	- Owned (Note 14.1)	2,880,461,259	2,274,075,216
	- Leased (Note 14.1)	119,259,997	183,496,576
		2,999,721,256	2,457,571,792
	Capital work-in-progress (Note 14.2)	121,874,132	494,663,356
		3,121,595,388	2,952,235,148

14.1 Reconciliation of the carrying amounts of operating fixed assets at the beginning and at the end of the year are as follows:

Description	Operating fixed assets													
	Owned											Leased		
	Freehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Tanks and pipelines	Electric installation	Furniture and fittings	Vehicles	Office equipment	Computer	Total	Plant and Machinery	Vehicles	Total
	Rupees											Rupees		
At 30 June 2017														
Cost	668,244,738	411,318,736	27,571,142	900,334,050	-	58,754,269	26,660,099	87,153,567	31,293,822	27,090,268	2,238,420,691	76,513,796	167,720,134	244,233,930
Accumulated depreciation	-	(34,601,016)	(229,760)	(39,998,383)	-	(5,264,550)	(8,178,661)	(53,454,802)	(11,174,287)	(12,563,173)	(165,464,632)	(3,462,555)	(51,425,307)	(54,887,862)
Net book value	668,244,738	376,717,720	27,341,382	860,335,667	-	53,489,719	18,481,438	33,698,765	20,119,535	14,527,095	2,072,956,059	73,051,241	116,294,827	189,346,068
Year ended 30 June 2018														
Opening net book value	668,244,738	376,717,720	27,341,382	860,335,667	-	53,489,719	18,481,438	33,698,765	20,119,535	14,527,095	2,072,956,059	73,051,241	116,294,827	189,346,068
Additions	59,678,232	127,916,622	19,162,624	44,973,571	-	8,973,620	3,183,591	11,056,501	8,970,059	9,086,501	293,001,321	-	40,240,074	40,240,074
Transfer from leased assets:														
Cost	-	-	-	-	-	-	-	28,895,686	-	-	28,895,686	-	(28,895,686)	(28,895,686)
Accumulated depreciation	-	-	-	-	-	-	-	(14,661,246)	-	-	(14,661,246)	-	14,661,246	14,661,246
	-	-	-	-	-	-	-	14,234,440	-	-	14,234,440	-	(14,234,440)	(14,234,440)
Written-off:														
Cost	-	-	-	-	-	-	-	-	-	(4,083,208)	(4,083,208)	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	2,539,189	2,539,189	-	-	-
	-	-	-	-	-	-	-	-	-	(1,544,019)	(1,544,019)	-	-	-
Disposals:														
Cost	-	-	-	-	-	-	-	(12,970,414)	-	-	(12,970,414)	-	(2,088,490)	(2,088,490)
Accumulated depreciation	-	-	-	-	-	-	-	8,620,776	-	-	8,620,776	-	348,081	348,081
	-	-	-	-	-	-	-	(4,349,638)	-	-	(4,349,638)	-	(1,740,409)	(1,740,409)
Depreciation	-	(27,144,489)	(3,844,123)	(43,921,329)	-	(6,246,334)	(1,965,777)	(9,111,440)	(2,490,050)	(5,499,405)	(100,222,947)	(3,732,527)	(26,382,190)	(30,114,717)
Closing net book value	727,922,970	477,489,853	42,659,883	861,387,909	-	56,217,005	19,699,252	45,528,628	26,599,544	16,570,172	2,274,075,216	69,318,714	114,177,862	183,496,576
At 30 June 2018														
Cost	727,922,970	539,235,358	46,733,766	945,307,621	-	67,727,889	29,843,690	114,135,340	40,263,881	32,093,561	2,543,264,076	76,513,796	176,976,032	253,489,828
Accumulated depreciation	-	(61,745,505)	(4,073,883)	(83,919,712)	-	(11,510,884)	(10,144,438)	(68,606,712)	(13,664,337)	(15,523,389)	(269,188,860)	(7,195,082)	(62,798,170)	(69,993,252)
Net book value	727,922,970	477,489,853	42,659,883	861,387,909	-	56,217,005	19,699,252	45,528,628	26,599,544	16,570,172	2,274,075,216	69,318,714	114,177,862	183,496,576
Year ended 30 June 2019														
Opening net book value	727,922,970	477,489,853	42,659,883	861,387,909	-	56,217,005	19,699,252	45,528,628	26,599,544	16,570,172	2,274,075,216	69,318,714	114,177,862	183,496,576
Additions	12,276,632	242,964,918	56,135,319	110,572,649	112,915,635	4,034,140	6,594,133	6,282,637	90,569,793	4,398,462	646,744,318	-	54,870,357	54,870,357
Transfer from leased assets:														
Cost	-	-	-	74,815,436	-	-	-	38,020,583	-	-	112,836,019	(74,815,436)	(38,020,583)	(112,836,019)
Accumulated depreciation	-	-	-	(9,764,388)	-	-	-	(19,364,458)	-	-	(29,128,846)	9,764,388	19,364,458	29,128,846
	-	-	-	65,051,048	-	-	-	18,656,125	-	-	83,707,173	(65,051,048)	(18,656,125)	(83,707,173)
Disposals:														
Cost	-	-	-	-	-	-	-	(12,324,051)	-	(77,249)	(12,401,300)	-	(1,304,750)	(1,304,750)
Accumulated depreciation	-	-	-	-	-	-	-	8,275,786	-	49,924	8,325,710	-	130,475	130,475
	-	-	-	-	-	-	-	(4,048,265)	-	(27,325)	(4,075,590)	-	(1,174,275)	(1,174,275)
Depreciation	-	(32,319,728)	(7,607,698)	(46,424,739)	(752,771)	(5,957,879)	(2,315,071)	(10,474,562)	(8,444,565)	(5,692,845)	(119,989,858)	(2,972,242)	(31,253,246)	(34,225,488)
Closing net book value	740,199,602	688,135,043	91,187,504	990,586,867	112,162,864	54,293,266	23,978,314	55,944,562	108,724,772	15,248,464	2,880,461,259	1,295,424	117,964,573	119,259,997
At 30 June 2019														
Cost	740,199,602	782,200,276	102,869,085	1,130,695,706	112,915,635	71,762,029	36,437,823	146,114,509	130,833,674	36,414,774	3,290,443,113	1,698,360	192,521,056	194,219,416
Accumulated depreciation	-	(94,065,233)	(11,681,581)	(140,108,839)	(752,771)	(17,468,763)	(12,459,509)	(90,169,947)	(22,108,902)	(21,166,310)	(409,981,854)	(402,936)	(74,556,483)	(74,959,419)
Net book value	740,199,602	688,135,043	91,187,504	990,586,867	112,162,864	54,293,266	23,978,314	55,944,562	108,724,772	15,248,464	2,880,461,259	1,295,424	117,964,573	119,259,997
Annual rate of depreciation (%)		5 - 10	10	5 - 10	8	10	10	20	10	30		5 - 10	20	

14.1.1 Detail of operating fixed assets exceeding book value of Rupees 500,000 disposed of during the year is as follows:

Particulars	Quantity	Cost	Accumulated depreciation	Net book value	Consideration	Gain	Mode of disposal	Particulars of purchasers
		Rupees						
Vehicles - owned								
Suzuki Swift LEH-14-4476	1	1,369,540	801,759	567,781	720,000	152,219	Holding Company's policy	Mr. Hassan Azhar-Company's employee, Lahore
Honda Civic LEB-15-5576	1	2,596,350	1,459,033	1,137,317	1,400,000	262,683	Holding Company's policy	Mr. Shahzad Sohail-Company's employee, Lahore
		3,965,890	2,260,792	1,705,098	2,120,000	414,902		
Vehicle - leased								
Suzuki Cultus LE-18A-9483	1	1,304,750	130,475	1,174,275	1,250,000	75,725	Insurance claim	EFU General Insurance Limited
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000		8,435,410	6,064,918	2,370,492	5,893,425	3,522,933		
		13,706,050	8,456,185	5,249,865	9,263,425	4,013,560		

14.1.2 The depreciation charge on operating fixed assets for the year has been allocated as follows:

	2019	2018
	Rupees	Rupees
Cost of sales (Note 26.1)	70,843,334	72,375,050
Distribution cost (Note 27)	39,204,026	29,684,167
Administrative expenses (Note 28)	44,167,986	28,278,447
	154,215,346	130,337,664

14.1.3 Particulars of immovable properties (i.e. lands and buildings) are as follows:

Location	Usage of Immovable Property	Total area of land	Covered area of building
		Acres	Square feet
Holding Company			
Property No. 35 A / M, Quaid-e- Azam Industrial Estate, Kot Lakhpat, Lahore	Warehouse	0.69	21,965
Mouza No. 107/9L, Tehsil and District Sahiwal	Oil depot	6.7	199,513
Plot No. 2, Block K, Main Boulevard Gulberg-II, Lahore	OMC project office	0.39	1,847
Mouza Aza Khel Bala, Tehsil and District Nowshera	For construction of oil depot	7.55	-
7-km, Sundar Raiwind Road, Bhai Kot, Lahore - Warehouse - 1	Warehouse	-	49,658
7-Km, Sundar Raiwind Road, Bhai Kot, Lahore - Warehouse - 2	Customs bonded warehouse	-	53,348
Dharampura, Lahore	HTL Express Centre	-	1,436
Garden Town, Lahore	HTL Express Centre	-	1,789
Gulshan-e-Ravi, Lahore	HTL Express Centre	-	2,444
Johar Town, Lahore	HTL Express Centre	-	4,500
Defence Housing Authority, Phase II, Karachi	HTL Express Centre	-	812
Gulistan-e-Johar, Karachi	HTL Express Centre	-	3,149
Pakistan Employees Cooperative Housing Society, Karachi	HTL Express Centre	-	2,700
22 - A, Zafar Ali Road, Lahore	HTL Express Centre (Proposed)	0.16	-
Subsidiary Company			
7-KM, Sundar Raiwind Road, Bhai Kot, Lahore.	Manufacturing unit and office	27.58	125,074

		2019 Rupees	2018 Rupees
14.2	**Capital work-in-progress**		
	Civil works	22,843,220	236,672,167
	Plant and machinery	-	35,231,172
	Mobilization and other advances	48,305,595	45,382,656
	Advance for purchase of apartment (Note 14.2.1)	25,226,750	25,226,750
	Advances for purchase of vehicles	-	44,915,301
	Dispensing pumps	23,984,539	-
	Unallocated expenditures	1,514,028	107,235,310
		121,874,132	494,663,356

14.2.1 This represent advance given to BNP (Private) Limited against purchase of apartment in Grand Hayatt at 1-Constitution Avenue, Islamabad. On 29 July 2016, Capital Development Authority (CDA) cancelled the leased deed of BNP (Private) Limited on the grounds of violating the terms and conditions of the said lease. Against the alleged order, BNP (Private) Limited filed a writ petition before the Honorable Islamabad High Court ("IHC") challenging the cancellation of said lease. IHC dismissed the writ petition of BNP (Private) Limited. However, the honorable judge of IHC ruled that it is a duty of the Federal Government to ensure that the purchasers do not suffer due to Government's own wrongful actions and omissions, particularly when the regulatory failure of the CDA stands admitted. The Holding Company and others filed appeals against the aforesaid judgment of IHC before Honorable Supreme Court of Pakistan. Honorable Supreme Court of Pakistan has passed order on 09 January 2019 whereby the Court has revived the original lease together with all approvals and permissions already granted. The Court has further ordered that BNP (Private) Limited shall complete the entire project within a reasonable time. On 15 March 2019, CDA has filed a review petition before the Honorable Supreme Court of Pakistan urging to cancel the lease deed and to allow the federal cabinet to review the matter as per the directions of IHC. The decision on the review petition is still pending. In view of the aforesaid, advice of the legal counsel of the Holding Company and the fact that the Holding Company's apartment is one of the duly built apartments on 6th Floor of the Tower, no provision against advance for purchase of apartment has been recognized in these consolidated financial statements.

		2019 Rupees	2018 Rupees
15.	**INTANGIBLE ASSETS**		
	Computer softwares (Note15.1)	5,204,882	2,917,354
	Intangible asset under development - computer software	3,305,625	-
		8,510,507	2,917,354
15.1	**Computer softwares**		
	Balance as at 01 July	2,917,354	7,804,303
	Additions during the year	5,394,690	676,234
	Written off during the year	-	(110,051)
	Amortization during the year (Note 28)	(3,107,162)	(5,453,132)
	As at 30 June	5,204,882	2,917,354
15.2	Cost as at 30 June	34,150,939	28,756,250
	Accumulated amortization	(28,946,057)	(25,838,896)
	Net book value as at 30 June	5,204,882	2,917,354

15.3 Intangible assets - computer softwares have been amortized at the rate of 30% (2018: 30%) per annum.

		2019 Rupees	2018 Rupees
16 .	**LONG TERM LOANS TO EMPLOYEES**		
	Considered good:		
	Executives (Note 16.1)	280,112	1,049,136
	Less: Current portion shown under current assets (Note 21)	280,112	769,004
		-	280,132
16.1	**Reconciliation of carrying amounts of loans to executives:**		
	Opening balance	1,049,136	2,306,412
	Less: Repayments	769,024	1,257,276
	Closing balance	280,112	1,049,136

16.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 1.014 million (2018: Rupees 2.202 million).

16.2 These represent loans to employees of the Holding Company for the purpose of house building. These are interest free and repayable over a period of four years. These are secured against deposit of original land documents and credit balance of employees in provident fund trust.

16.3 The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of staff loans is not considered material and hence not recognized.

		2019 Rupees	2018 Rupees
17 .	**LONG TERM SECURITY DEPOSITS**		
	Security deposits against leased assets	26,635,806	51,297,846
	Security deposits against ijara	2,993,400	2,189,400
	Security deposits - other	15,757,900	13,023,900
		45,387,106	66,511,146
	Less: Current portion shown under current assets (Note 22)	16,926,756	25,418,640
		28,460,350	41,092,506
18.	**STORES**		
	Stores	24,388,466	26,961,622
	Less: Provision for slow moving and obsolete store items (Note 18.1)	202,033	202,033
		24,186,433	26,759,589
18.1	**Provision for slow moving and obsolete store items**		
	Balance as at 01 July	202,033	-
	Add: Provision recognized during the year (Note 29)	-	202,033
	As at 30 June	202,033	202,033

		2019 Rupees	2018 Rupees
19.	**STOCK-IN-TRADE**		
	Raw materials (Note 19.1)	377,929,673	408,436,666
	Work-in-process	20,877,744	10,732,181
		398,807,417	419,168,847
	Finished goods (Note 19.2)	779,973,487	1,127,082,940
	Less: Provision for slow moving and damaged stock items (Note 19.3)	7,532,393	2,450,521
		772,441,094	1,124,632,419
	Stock of promotional items	240,602	272,913
	Dispensing pumps and other installations	10,411,114	-
		1,181,900,227	1,544,074,179

19.1 These include raw materials in transit amounting to Rupees Nil (2018: Rupees 240.081 million) and raw materials amounting to Rupees Nil (2018: Rupees 51.418 million) lying at customs bonded warehouse.

19.2 These include stock-in-transit of Rupees 26.503 million (2018: Rupees 224.707 million) and stock amounting to Rupees Nil (2018: Rupees 178.839 million) lying at customs bonded warehouses.

		2019 Rupees	2018 Rupees
19.3	Provision for slow moving and damaged inventory items		
	Opening balance	2,450,521	2,215,187
	Add: Provision recognized during the year (Note 29)	5,444,396	807,206
	Less: Provision reversed during the year (Note 30)	362,524	571,872
	Closing balance	7,532,393	2,450,521
20.	**TRADE DEBTS**		
	Unsecured:		
	Considered good - other than related party (Note 20.1)	1,236,046,682	237,480,856
	Less: Allowance for expected credit losses (Note 20.3)	46,663,435	543,919
		1,189,383,247	236,936,937

20.1 As at 30 June 2019, trade debts of Rupees 1,235.558 million (2018: Rupees 223.498 million) were past due but not impaired. The age analysis of these trade debts is as follows:

	2019 Rupees	2018 Rupees
Upto 1 month	1,141,006,719	105,006,206
1 to 6 months	43,945,216	96,533,574
More than 6 months	50,606,458	21,958,268
	1,235,558,393	223,498,048

20.2 Trade debts of Rupees 0.339 million (2018: Rupees 1.576 million) were impaired and written off against allowance for expected credit losses and trade debts of Rupees 0.422 million (2018: Rupees 0.180 million) were directly written off during the year. The age analysis of these trade debts was more than one year.

		2019 Rupees	2018 Rupees
20.3	**Allowance for expected credit losses**		
	Opening balance	543,919	1,575,557
	Add: Recognized as on 01 July 2018	28,112,601	-
	Add: Recognized during the year (Note 29)	18,346,376	543,919
	Less: Bad debts written off against allowance for expected credit losses	339,461	1,575,557
	Closing Balance	46,663,435	543,919

21. LOANS AND ADVANCES

	2019 Rupees	2018 Rupees
Considered good, unsecured		
Employees - interest free against salaries		
- Executives	1,135,582	1,034,668
- Other employees	3,137,047	2,742,514
	4,272,629	3,777,182
Employees - against expenses	1,102,215	925,203
Current portion of long term loans to employees (Note 16)	280,112	769,004
Advances to suppliers (Note 21.1)	24,951,056	64,000,652
Margin against bank guarantees	23,250,000	10,750,000
	53,856,012	80,222,041

		2019 Rupees	2018 Rupees
21.1	**Advances to suppliers**		
	Unsecured:		
	Considered good	24,951,056	64,000,652
	Considered doubtful	6,724,191	1,888,458
	Less : Provision for doubtful advances to suppliers (Note 21.2)	6,724,191	1,888,458
		-	-
		24,951,056	64,000,652
21.2	**Provision for doubtful advances to suppliers**		
	Balance as at 01 July	1,888,458	-
	Add: Provision recognized during the year (Note 29)	4,835,733	1,888,458
	As at 30 June	6,724,191	1,888,458

22. SHORT TERM DEPOSITS AND PREPAYMENTS

	2019 Rupees	2018 Rupees
Current portion of long term security deposits (Note 17)	16,926,756	25,418,640
Short term deposits	8,507,565	6,966,750
Prepaid insurance	26,718,341	20,817,671
Prepaid rent	8,873,947	7,628,734
	61,026,609	60,831,795

	2019 Rupees	2018 Rupees
23. OTHER RECEIVABLES		
MAS Associates (Private) Limited - associated company (Note 23.1)	136,670	79,042
Receivable from SK Lubricants Co., Ltd. - related party (Note 23.2)	28,501,777	17,024,000
Sales tax receivable	-	91,761,016
Accrued interest on bank deposits	31,332	28,070
Others	3,876,744	237,291
	32,546,523	109,129,419

23.1 It is neither past due nor impaired. The maximum aggregate amount receivable from associated company at the end of any month during the year was Rupees 0.223 million (2018: Rupees 0.263 million).

23.2 It is neither past due nor impaired. The maximum aggregate amount receivable from related party at the end of any month during the year was Rupees 98.371 million (2018: Rupees 90.701 million).

	2019 Rupees	2018 Rupees
24. SHORT TERM INVESTMENTS		
Debt instruments (Note 24.1)	778,385,366	851,833,801
Equity instruments (Note 24.2)	104,083,471	65,519,756
	882,468,837	917,353,557
24.1 Debt instruments		
At amortized cost		
Term deposit receipts	771,031,918	846,031,918
Add: Interest accrued thereon	7,353,448	5,801,883
	778,385,366	851,833,801

24.1.1 These term deposit receipts issued by banking companies having maturity period ranging from one month to six months and carry interest ranging from 3.88% to 11.96% (2018: 3.00% to 6.21%) per annum. Term deposit receipts amounting to Rupees 471.031 million (2018: Rupees 671.031 million) are under lien with banks against short term borrowings of the Holding Company.

	2019 Rupees	2018 Rupees
24.2 Equity instruments		
Fair value through profit or loss		
Quoted - other than related party:		
Engro Fertilizer Limited		
49,500 (2018: 49,500) fully paid ordinary shares of Rupees 10 each	3,246,080	3,246,080
Alfalah GHP Stock Fund B Growth Units		
Nil (2018: 461,430) units	-	73,486,932
NBP Islamic Mahana Amdani Fund		
3,527,150.8850 (2018: Nil) units	35,271,589	-
UBL Liquidity Plus Fund - Class 'C'		
300,782.1374 (2018: Nil) units	30,282,963	-
MCB Cash Management Optimizer		
350,903.0118 (2018: Nil) units	35,281,613	-
Unrealized gain / (loss) on remeasurement of investments at fair value	1,226	(11,213,256)
	104,083,471	65,519,756

25. CASH AND BANK BALANCES

	2019 Rupees	2018 Rupees
Cash in hand	971,200	718,057
Cash at banks:		
Saving accounts (Note 25.1)	31,499,739	207,327,155
Current accounts	276,464,808	358,901,466
	307,964,547	566,228,621
	308,935,747	566,946,678

25.1 Saving accounts carry profit at the rates ranging from 4% to 11% (2018: 3% to 6%) per annum.

25.2 Bank balances of Rupees 12.053 million (2018: Rupees 54.947 million) and short term investments of Rupees 871.949 million (2018: Rupees 907.844 million) as at 30 June 2019 represents un-utilized proceeds of the initial public offer of the Holding Company. Bank balance amounting to Rupees Nil (2018: Rupees 50 million) is under lien with a bank against short term borrowing of the Holding Company.

26. COST OF SALES

	2019 Rupees	2018 Rupees
Cost of sales - owned manufactured (Note 26.1)	3,588,964,712	2,990,944,459
Cost of sales - finished goods purchased for resale (Note 26.2)	3,773,312,242	3,869,219,626
	7,362,276,954	6,860,164,085

		2019 Rupees	2018 Rupees
26.1	**Cost of sales - owned manufactured**		
	Raw materials consumed	3,102,601,044	2,770,693,343
	Packing materials consumed	123,134,989	122,062,365
	Salaries, wages and other benefits (Note 26.1.1)	54,410,430	44,595,715
	Fuel and power	34,700,210	25,191,818
	Repair and maintenance	13,517,077	32,354,175
	Insurance	6,252,747	4,528,843
	Miscellaneous	12,167,838	11,839,750
	Depreciation on operating fixed assets (Note 14.1.2)	70,843,334	72,375,050
		3,417,627,669	3,083,641,059
	Work-in-process		
	Opening stock	10,732,181	8,555,976
	Closing stock	(20,877,744)	(10,732,181)
		(10,145,563)	(2,176,205)
	Cost of goods manufactured	3,407,482,106	3,081,464,854
	Finished goods		
	Opening stock	186,706,100	96,185,705
	Closing stock	(5,223,494)	(186,706,100)
		181,482,606	(90,520,395)
		3,588,964,712	2,990,944,459

26.1.1 Salaries, wages and other benefits include provident fund contribution of Rupees 1.481 million (2018: Rupees 1.308 million) by the Subsidiary Company.

		2019 Rupees	2018 Rupees
26.2	**Cost of sales - finished goods purchased for resale**		
	Opening stock	937,926,319	1,483,522,765
	Add: Purchases	3,602,603,523	3,323,623,180
	Less: Closing stock	(767,217,600)	(937,926,319)
		3,773,312,242	3,869,219,626

	2019 Rupees	2018 Rupees
27. DISTRIBUTION COST		
Salaries, wages and other benefits (Note 27.1)	335,856,543	273,668,475
Sales promotion and advertisements - net (Note 27.2)	197,139,351	98,901,950
Freight outward	69,384,406	67,122,586
Rent, rates and taxes	46,697,683	43,834,426
Sales commission	88,120	1,795,067
Travelling and conveyance	44,384,788	43,594,463
Insurance	17,416,547	11,516,424
Utilities	8,118,021	4,596,749
Printing and stationery	861,902	715,606
Repair and maintenance	14,382,261	10,864,569
Vehicles' running and maintenance	17,115,679	12,553,114
Communication	10,293,533	9,275,269
Entertainment	5,535,694	3,790,176
Ijara rentals	5,170,252	2,317,819
Depreciation (Note 14.1.2)	39,204,026	29,684,167
Miscellaneous	19,917,414	21,560,476
Royalty expense (Note 27.3 and 27.4)	14,595,538	-
	846,161,758	635,791,336

27.1 Salaries, wages and other benefits include provident fund contribution of Rupees 9.388 million (2018: Rupees 7.367 million) by the Holding Company.

27.2 These are net off incentives in the shape of reimbursement against sales promotion expenses and advertisements amounting to Rupees 122.783 million (2018: Rupees 228.026 million) from SK Lubricants Co., Ltd. - related party.

27.3 Particulars of royalty are as follows:

Name	Address	Relationship with the Group or directors	2019	2018
SK Lubricants Co., Ltd.	26, Jong-ro, Jongno-gu, Seoul 03188, Republic of Korea	Major supplier and long term partner	14,595,538	-

27.4 Royalty expense relates to sale of certain products of Rupees 291.911 million manufactured during the year by the Subsidiary Company under the "Brand License Agreement" with SK Lubricants Co., Ltd.

	2019 Rupees	2018 Rupees
28. ADMINISTRATIVE EXPENSES		
Salaries and other benefits (Note 28.1)	322,534,733	277,257,837
Rent, rates and taxes	13,493,561	10,609,372
Legal and professional (Note 28.2)	31,329,325	35,466,166
Insurance	13,785,650	10,285,272
Vehicles' running and maintenance	9,556,838	9,218,773
Utilities	4,336,486	3,426,819
Repair and maintenance	6,607,917	8,401,346
Fee and subscription	5,231,726	2,942,149
Printing and stationery	1,809,894	1,265,493
Communication	6,321,902	5,035,762
Entertainment	6,187,925	6,491,576
Auditor's remuneration (Note 28.2)	3,740,000	4,036,225
Travelling and conveyance	10,699,191	23,570,355
Depreciation on operating fixed assets (Note 14.1.2)	44,167,986	28,278,447
Amortization on intangible assets (Note 15.1)	3,107,162	5,453,132
Miscellaneous	14,521,890	13,187,469
	497,432,186	444,926,193

28.1 Salaries and other benefits include provident fund contribution of Rupees 7.202 million (2018: Rupees 5.830 million) by the Group.

28.2 It includes an amount of Rupees 4.646 million (2018: Rupees 2.534 million) on account of internal audit services rendered by EY Ford Rhodes.

	2019 Rupees	2018 Rupees
28.3 Auditor's remuneration		
Annual audit fee	2,435,000	2,150,000
Certifications	250,000	481,225
Half year review / audit	750,000	1,100,000
Reimbursable expenses	305,000	305,000
	3,740,000	4,036,225

	2019 Rupees	2018 Rupees
29. OTHER EXPENSES		
Allowance for expected credit losses (Note 20.3)	18,346,376	543,919
Bad debts written off	421,906	180,292
Advances to suppliers written off	943,408	-
Exchange loss - net	107,246,133	61,773,851
Charities and donations (Note 29.1)	18,072,844	15,308,958
Fixed assets written off	-	1,654,071
Workers' profit participation fund (Note 9.3)	26,597,013	14,587,182
Workers' welfare fund	4,881,253	120,000
Unrealised loss on remeasurement of investments at fair value through profit or loss - net	460,739	9,604,845
Loss on disposal of investment	5,106,286	-
Insurance claim receivable written off	-	1,291,007
Provision for doubtful advances to suppliers (Note 21.2)	4,835,733	1,888,458
Provision for slow moving and obsolete store items (Note 18.1)	-	202,033
Provision for slow moving and damaged stock items (Note 19.3)	5,444,396	807,206
Penalty (Note 29.2)	-	88,266
	192,356,087	108,050,088

29.1 These include amount of Rupees 16.5 million (2018: Rupees 12 million) paid to Sabra Hamida Trust, 1-A, Danepur Road, GOR-1, Lahore, in which Mr. Hassan Tahir - Chief Executive, Mr. Shaukat Hassan - Director, Mr. Tahir Azam - Director and Mr. Ali Hassan - Director of Holding Company are trustees.

29.2 This represents amount paid under the Sales Tax Act, 1990.

	2019 Rupees	2018 Rupees
30. OTHER INCOME		
Income from financial assets:		
Dividend income	1,132,225	272,250
Profit on bank deposits and short term investments	70,884,937	58,496,255
Income from non-financial assets:		
Gain on disposal of operating fixed assets	4,013,560	3,583,266
Credit balances written back	2,324,852	6,214,987
Reversal of provision for slow moving and damaged stock items (Note 19.3)	362,524	571,872
Testing fees	-	10,000
Scrap sale	2,602,037	1,795,577
Amortization of deferred income (Note 8.1)	220,641	432,616
	81,540,776	71,376,823

	2019 Rupees	2018 Rupees
31. FINANCE COST		
Mark-up on long term financing	5,007,876	13,624,202
Mark-up / profit on short term borrowings	285,803,815	95,435,937
Finance charges on liabilities against assets subject to finance lease	9,083,164	9,112,520
Mark-up on loans from directors	7,952,862	5,766,045
Interest on employees' provident fund	1,198	40,260
Interest on workers' profit participation fund (Note 9.3)	1,909,832	286,678
Bank charges and commission	4,200,652	3,014,380
	313,959,399	127,280,022

	2019 Rupees	2018 Rupees
32. TAXATION		
For the year		
Current (Note 32.1)	288,749,527	321,522,186
Deferred tax	(24,311,166)	72,056,250
Prior year adjustment	(4,991,169)	(2,561,295)
	259,447,192	391,017,141

32.1 Provision for income tax is made in accordance with the provisions of the Income Tax Ordinance, 2001.

	2019 Rupees	2018 Rupees
33. EARNINGS PER SHARE - BASIC AND DILUTED		
There is no dilutive effect on the basic earnings per share which based on:		
Profit after taxation attributable to ordinary shareholders (Rupees)	41,069,675	759,534,371
Weighted average number of shares (Number)	116,004,000	116,004,000
Basic earnings per share (Rupees)	0.35	6.55

	2019 Rupees	2018 Rupees
34. CASH GENERATED FROM OPERATIONS		
Profit before taxation	300,516,867	1,150,551,512
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	154,215,346	130,337,664
Amortization on intangible assets	3,107,162	5,453,132
Amortization of deferred income	(220,641)	(432,616)
Allowance for expected credit losses	18,346,376	543,919
Provision for slow moving and damaged stock items	5,444,396	807,206
Provision for slow moving and obsolete store items	-	202,033
Provision for doubtful advances to suppliers	4,835,733	1,888,458
Bad debts written off	421,906	180,292
Advances to suppliers written off	943,408	-
Credit balances written back	(2,324,852)	-
Retention money written back	-	(6,214,987)
Gain on disposal of operating fixed assets	(4,013,560)	(3,583,266)
Dividend income	(1,132,225)	(272,250)
Profit on bank deposits and short term investments	(70,884,937)	(58,496,255)
Reversal of provision for slow moving and damaged inventory	(362,524)	(571,872)
Unrealised loss on remeasurement of investments	460,739	9,604,845
Loss on disposal of investment	5,106,286	-
Finance cost	313,959,399	127,280,022
Exchange loss - net	107,246,133	61,773,851
Provision for workers' profit participation fund	26,597,013	14,587,182
Provision for workers' welfare fund	4,881,253	120,000
Insurance claim receivable written off	-	1,291,007
Fixed assets written off	-	1,654,071
Working capital changes (Note 34.1)	(769,654,502)	182,319,836
	97,488,776	1,619,023,784

	2019 Rupees	2018 Rupees
34.1 WORKING CAPITAL CHANGES		
Decrease / (increase) in current assets:		
Stores	2,573,156	23,195,248
Stock-in-trade	357,092,080	526,532,002
Trade debts	(999,327,193)	(58,076,849)
Loans and advances	20,097,996	43,063,591
Short term deposits and prepayments	(8,686,698)	(16,193,633)
Other receivables	76,582,896	133,300,202
	(551,667,763)	651,820,561
Decrease in trade and other payables	(217,986,739)	(469,500,725)
	(769,654,502)	182,319,836

34.2 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	Liabilities from financing activities				
	Long term financing	Liabilities against assets subject to finance lease	Short term borrowings	Unclaimed dividend	Total
	Rupees				
Balance as at 01 June 2018	114,901,493	163,624,399	1,325,250,528	4,297,369	1,608,073,789
Financing obtained	-	-	15,509,155,338	-	15,509,155,338
Repayment of financing	(95,690,155)	-	(14,591,235,058)	-	(14,686,925,213)
Acquisitions - finance leases	-	7,493,600	-	-	7,493,600
Other change - non-cash movement	-	(24,662,040)	-	-	(24,662,040)
Repayment of lease liabilities	-	(58,479,978)	-	-	(58,479,978)
Dividend declared	-	-	-	203,007,000	203,007,000
Dividend paid	-	-	-	(203,278,160)	(203,278,160)
Balance as at 30 June 2019	19,211,338	87,975,981	2,243,170,808	4,026,209	2,354,384,336

	2019 Rupees	2018 Rupees
34.3 Non-cash financing activities		
Acquisition of vehicles and machinery by means of finance lease	7,493,600	66,528,120

35. PROVIDENT FUND

Holding Company

As at the reporting date, the Hi-Tech Lubricants Limited Employees Provident Fund Trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the regulations formulated for this purpose by Securities and Exchange Commission of Pakistan which allows transition period of three years for bringing the Employees Provident Fund Trust in conformity with the requirements of the regulations.

Subsidiary Company

Investments, out of provident fund, have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

36. PLANT CAPACITY AND ACTUAL PRODUCTION

The plant capacity and actual production of Subsidiary Company is as follows:

	Unit of measurement	2019		2018	
		Capacity	Production	Capacity	Production
Bottles	Numbers	14,587,941	9,473,308	11,055,939	7,074,019
Caps	Numbers	29,700,000	7,670,173	11,840,400	6,989,455
Filling	Liters	37,950,000	12,885,278	37,950,000	13,089,480
Blending	Liters	20,000,000	2,420,760	20,000,000	-

Under utilization of available capacity is mainly due to limited sales orders.

37. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated undertakings, other related parties, key management personnel and provident fund trusts. The Group in the normal course of business carries out transactions with various related parties. Detail of significant transactions with related parties, other than those which have been disclosed elsewhere in these consolidated financial statements, are as follows:

		2019 Rupees	2018 Rupees
Relationship	**Nature of transaction**		
Associated companies			
MAS Associates (Private) Limited	Share of common expenses	628,880	589,048
Other related parties			
SK Lubricants Co., Ltd.	Purchase of lubricants	5,662,901,558	4,752,867,943
SK Lubricants Co., Ltd.	Incentives	122,783,061	228,026,281
SK Lubricants Co., Ltd.	Dividend paid	1,448,606	2,897,213
Directors	Mark-up on loans from directors	7,952,862	5,766,044
Directors	Mark-up on loans from directors	13,718,908	12,012,285
Directors	Repayment of loans to directors	70,000,000	-
Directors	Rent expense	-	2,314,266
Provident fund trusts	Contribution	19,494,625	16,967,833
Sabra Hamida Trust	Donations	16,500,000	12,000,000

37.1 Following are the related parties with whom the Group had entered into transactions or have arrangements / agreements in place:

Name of related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year	% age of shareholding
Hi-Tech Energy (Private) Limited	Common directorship	No	None
MAS Associates (Private) Limited	Common directorship	Yes	None
MAS Infosoft (Private) Limited	Common directorship	No	None
MAS Services	Common partnership of directors	No	None
Haut Buys (Private) Limited	Common directorship	No	None
Hi-Tech Lubricants Limited Employees Provident Fund Trust	Common trusteeship of directors	Yes	None
Sabra Hamid Trust	Common trusteeship of directors	Yes	None
MAS Associates (Private) Limited Employees Provident Fund Trust	Common trusteeship of directors	No	None
Hi-Tech Blending (Private) Limited Employees Provident Fund Trust	Common trusteeship of directors	Yes	None
SK Lubricants Co., Ltd.	Major supplier and long term partner	Yes	None

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these consolidated financial statements in respect of remuneration, including all benefits to the chief executive, directors and executives of the Holding Company are as follows:

	2019				2018			
		Directors				Directors		
	Chief Executive	Executives	Non-Executives	Executives	Chief Executive	Executives	Non-Executives	Executives
	Rupees							
Managerial remuneration	12,612,903	11,129,032	29,032,258	49,846,215	24,742,910	21,010,570	15,225,806	44,250,466
Bonus	1,948,145	1,718,952	-	7,205,539	-	-	-	19,801,014
Allowances								
House rent	5,675,806	5,008,064	13,064,516	22,430,797	5,922,581	5,225,806	6,851,613	19,841,632
Medical	1,261,290	1,112,903	2,903,226	4,984,622	1,316,129	1,161,290	1,522,581	4,409,252
Travelling	2,125,000	2,125,000	4,000,000	518,500	3,068,700	2,150,000	3,000,000	804,380
Other	2,975,000	2,625,000	-	14,620,127	-	-	-	389,960
Contribution to provident fund trust	-	-	-	4,937,913	-	-	-	4,354,930
Leave fare assistance	-	-	-	3,548,084	-	-	-	1,923,581
	26,598,144	23,718,952	49,000,000	108,091,797	35,050,320	29,547,666	26,600,000	95,775,215
	1	**1**	**4**	**22**	**1**	**1**	**4**	**25**

38.1 Chief executive, five directors (other than independent directors) and certain executives of the Holding Company are provided with fully maintained vehicles.

38.2 Aggregate amount charged in financial statements for meeting fee to three directors (2018: six directors) is Rupees 4.610 million (2018: Rupees 5.350 million).

39. NUMBER OF EMPLOYEES

	2019		2018	
	Permanent	**Contractual**	Permanent	Contractual
Total number of employees as on 30 June	489	183	523	153
Average number of employees during the year	507	181	483	131

40. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements at 30 June 2019	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets				
Financial assets at fair value through profit or loss	104,083,471	-	-	104,083,471

Recurring fair value measurements at 30 June 2018	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets				
Financial assets at fair value through profit or loss	65,519,756	-	-	65,519,756

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further there was no transfer in and out of level 3 measurements.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation technique used to value financial instruments is the use of quoted market prices.

41. FINANCIAL RISK MANAGEMENT

41.1 Financial risk factors

The Group's activities exposes it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Gorup's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Gorup's financial performance.

Risk management is carried out by the Group's finance department. The Group's finance department has provided 'Risk Management Policy' covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of this policy.

(a) Market 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.

The Group is exposed to currency risk arising primarily from the United States Dollar (USD). As on reporting date, the Group's foreign exchange risk exposure is restricted to the amounts payable / receivable to / from a foreign entity. The Group's exposure to currency risk was as follows:

	2019 USD	2018 USD
Other receivable	175,000	140,000
Trade and other payables	(165,795)	(1,904,220)
Net exposure	9,205	(1,764,220)

The following significant exchange rates were applied during the year:

	Rupees per US Dollar	
Average rate	136.13	110.43
Reporting date rate	164.00	121.60

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on Group's profit after taxation for the year would have been Rupees 0.075 million higher / lower (2018: profit after taxation would have been Rupees 8.696 million lower / higher), mainly as a result of exchange gains / losses (2018: losses / gains) on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

Other 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 instrument traded in the market. The Group is exposed to equity securities price risk because of short term investments held by the Group and classified at fair value through profit or loss. The Group is not exposed to commodity price risk since it does not hold any financial instruments based on commodity prices.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange (PSX) Index on the Group's profit after taxation for the year. The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index:

	Impact on Group's profit after taxation	
Index	**2019 Rupees**	2018 Rupees
PSX 100 (5% increase)	158,326	185,402
PSX 100 (5% decrease)	(158,326)	(185,402)

(iii) Interest rate risk

This 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 asset. The Group's interest rate risk arises from short term investments, bank balances on saving accounts, long term financing, liabilities against assets subject to finance lease and short term borrowings. Financial instruments at variable rates expose the Group to cash flow interest rate risk. Financial instruments, if any, at fixed rate expose the Group to fair value interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was as follows:

	2019 Rupees	2018 Rupees
Fixed rate instruments		
Financial assets		
Short term investments	778,385,366	851,833,801
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	31,499,739	207,327,155
Financial liabilities		
Long term financing	19,211,338	114,901,493
Liabilities against assets subject to finance lease	87,975,981	163,624,399
Short term borrowings	2,243,170,808	1,325,250,528

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

'If interest rates at the reporting date, fluctuates by 1% higher / lower with all other variables held constant, Group's profit after taxation for the year would have been Rupees 23.189 million (2018: Rupees 9.775 million) lower / higher, mainly as a result of higher / lower interest expense / income on long term financing, liabilities against assets subject to finance lease, short term borrowings and bank balances. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting dates were outstanding for the whole year.

(b) 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 carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2019 Rupees	2018 Rupees
Deposits	24,265,465	19,990,650
Trade debts	1,189,383,247	236,936,937
Loans and advances	27,802,741	15,296,186
Other receivables	32,546,523	17,368,403
Short term investments	882,468,837	917,353,557
Bank balances	307,964,547	566,228,621
	2,464,431,360	1,773,174,354

The Group's exposure to credit risk and expected credit losses related to trade debts is given in Note 20.3.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2019	2018
	Short term	Long term	Agency	Rupees	Rupees
Short term investments					
Bank Alfalah Limited	A1+	AA+	PACRA	-	100,800,811
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	203,889,493	101,700,450
JS Bank Limited	A1+	AA-	PACRA	322,944,792	523,621,584
United Bank Limited	A1+	AAA	JCR-VIS	50,374,315	-
Summit Bank Limited	A-1	A-	JCR-VIS	-	100,706,849
Dubai Islamic Bank Pakistan Limited	A1	AA	JCR-VIS	-	25,004,107
Faysal Bank Limited	A1+	AA	JCR-VIS	201,176,766	-
Engro Fertilizer Limited	A1+	AA	PACRA	3,166,515	3,708,045
Alfalah GHP Stock Fund B Growth Units	4-Star		PACRA	-	61,811,711
NBP Islamic Mahana Amdani Fund	A		PACRA	35,351,575	-
UBL Liquidity Plus Fund - Class 'C'	AA+		PACRA	30,283,768	-
MCB Cash Management Optimizer	AM2++		PACRA	35,281,613	-
				882,468,837	917,353,557
Banks					
Bank Alfalah Limited	A1+	AA+	PACRA	181,587,017	166,660,722
Bank Al-Habib Limited	A1+	AA+	PACRA	12,463,647	127,126,923
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	180,089	100,933,024
MCB Bank Limited	A1+	AAA	PACRA	23,964,245	60,482,218
National Bank of Pakistan	A1+	AAA	PACRA	11,873,266	3,789,228
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	-	74,162
The Bank of Punjab	A1+	AA	PACRA	120,125	33,301
Habib Bank Limited	A1+	AAA	JCR-VIS	1,344,096	603,332
Askari Bank Limited	A1+	AA+	PACRA	616,495	192,740
United Bank Limited	A1+	AAA	JCR-VIS	11,658,946	85,054,539
JS Bank Limited	A1+	AA-	PACRA	158	12,021
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	238,399	1,088,431
Meezan Bank Limited	A1+	AA+	JCR-VIS	63,751,992	18,415,040
Dubai Islamic Bank Pakistan Limited	A1	AA	JCR-VIS	158,826	10,955
Samba Bank Limited	A1	AA	JCR-VIS	-	1,751,985
Summit Bank Limited	A-1	A-	JCR-VIS	7,246	-
				307,964,547	566,228,621
				1,190,433,384	1,483,582,178

Due to the Group's business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Group. Accordingly the credit risk is minimal.

(c) 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 manages liquidity risk by maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities. As 30 June 2019, the Group had Rupees 3,756.829 million (2018: Rupees 2,452.749 million) available borrowing limits from financial institutions and Rupees 308.936 million (2018: Rupees 566.947 million) cash and bank balances. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2019:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	Rupees					
Non-derivative financial liabilities:						
Long term financing	19,211,338	20,070,616	12,267,646	5,923,331	1,879,639	-
Liabilities against assets subject to finance lease	87,975,981	94,390,621	30,797,151	34,006,781	28,226,243	1,360,446
Long term deposits	1,000,000	1,000,000	-	-	-	1,000,000
Trade and other payables	580,341,332	580,341,332	580,341,332	-	-	-
Accrued mark-up / profit	81,921,213	81,921,213	81,921,213	-	-	-
Short term borrowings	2,243,170,808	2,335,057,438	2,335,057,438	-	-	-
Unclaimed dividend	4,026,209	4,026,209	4,026,209	-	-	-
	3,017,646,881	3,116,807,429	3,044,410,989	39,930,112	30,105,882	2,360,446

Contractual maturities of financial liabilities as at 30 June 2018:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	Rupees					
Non-derivative financial liabilities:						
Long term financing	114,901,493	117,563,893	60,127,303	39,369,114	18,067,476	-
Liabilities against assets subject to finance lease	163,624,399	179,733,758	58,713,645	31,399,389	63,940,282	25,680,442
Long term deposits	1,500,000	1,500,000	-	-	-	1,500,000
Trade and other payables	462,209,970	462,209,970	462,209,970	-	-	-
Accrued mark-up / profit	29,696,233	29,696,233	29,696,233	-	-	-
Short term borrowings	1,325,250,528	1,337,847,097	1,337,847,097	-	-	-
Unclaimed dividend	4,297,369	4,297,369	4,297,369	-	-	-
	2,101,479,992	2,132,848,320	1,952,891,617	70,768,503	82,007,758	27,180,442

41.2 Financial instruments by categories

	2019		
	At amortized cost	At fair value through profit or loss	Total
	Rupees		
Financial assets			
Deposits	24,265,465	-	24,265,465
Trade debts	1,189,383,247	-	1,189,383,247
Loans and advances	27,802,741	-	27,802,741
Other receivables	32,546,523	-	32,546,523
Short term investments	778,385,366	104,083,471	882,468,837
Cash and bank balances	308,935,747	-	308,935,747
	2,361,319,089	104,083,471	2,465,402,560

	2018			
	Loans and receivables	Held-to-maturity	At fair value through profit or loss	Total
	Rupees			
Financial assets				
Deposits	19,990,650	-	-	19,990,650
Trade debts	236,936,937	-	-	236,936,937
Loans and advances	15,296,186	-	-	15,296,186
Other receivables	17,368,403	-	-	17,368,403
Short term investments	-	851,833,801	65,519,756	917,353,557
Cash and bank balances	566,946,678	-	-	566,946,678
	856,538,854	851,833,801	65,519,756	1,773,892,411

	At Amortized Cost	
	2019 Rupees	2018 Rupees
Financial liabilities		
Long term financing	19,211,338	114,901,493
Liabilities against assets subject to finance lease	87,975,981	163,624,399
Long term deposits	1,000,000	1,500,000
Trade and other payables	580,341,332	462,209,970
Short term borrowings	2,243,170,808	1,325,250,528
Accrued mark-up / profit	81,921,213	29,696,233
Unclaimed dividend	4,026,209	4,297,369
	3,017,646,881	2,101,479,992

41.3 Offsetting financial assets and financial liabilities

As on reporting date, recongnized financial instruments are not subject to off setting as there are no enforceable master netting arrangements and similar agreements.

42. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. Consistent with others in the industry, and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing, liabilities against assets subject to finance lease and short term borrowings as referred to in note 5, 6 and 11 to the financial statements. Total capital employed includes 'total equity' as shown in the consolidated statement of financial position plus 'borrowings'.

		2019	2018
Borrowings	Rupees	2,350,358,127	1,603,776,420
Total equity	Rupees	3,896,651,044	4,846,235,341
Total capital employed	Rupees	6,247,009,171	6,450,011,761
Gearing ratio	Percentage	37.62%	24.86%

The increase in gearing ratio is mainly due to increase in short term borrowings.

43. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2019	2018	**2019**	2018
	Rupees	Rupees	**Rupees**	Rupees
Total facilities	1,090,000,000	2,000,000,000	6,000,000,000	3,708,000,000
Utilized at the end of the year	169,149,750	435,518,509	2,243,170,808	1,255,250,528
Unutilized at the end of the year	920,850,250	1,564,481,491	3,756,829,192	2,452,749,472

44. SEGMENT INFORMATION

These consolidated financial statements have been prepared on the basis of single reportable segment. All of the sales of the Group relates to customers in Pakistan. All non-current assets of the Group as at reporting date were located in Pakistan.

45. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Holding Company has proposed a cash dividend for the year ended 30 June 2019 of Rupees 0.25 per share (2018: Rupee 1.75 per share). However, this event has been considered as non-adjusting event under IAS 10 'Event after Reporting Period' and has not been recognized in these consolidated financial statements.

46. UTILIZATION OF THE PROCEEDS OF THE INITIAL PUBLIC OFFER (IPO)

During the year ended 30 June 2016, the Holding Company made an Initial Public Offer (IPO) through issue of 29,001,000 ordinary shares of Rupees 10 each at a price of Rupees 62.50 per share determined through book building process. Out of the total issue of 29,001,000 ordinary shares, 21,750,500 shares were subscribed through book building by High Net Worth Individuals and Institutional Investors, while the remaining 7,250,500 ordinary shares were subscribed by the General Public and the shares were duly allotted on 18 February 2016. On 01 March 2016, Pakistan Stock Exchange Limited approved the Holding Company's application for formal listing of ordinary shares and trading of shares started on 03 March 2016.

Till 30 June 2017, the Holding Company utilized the proceeds of the initial public offer of 29,001,000 ordinary shares for the purposes mentioned under heading 5.5 'Expansion Plan' in prospectus dated 28 December 2015, as per the following detail:

Purposes Mentioned Under Heading 5.5 'Expansion Plan' In Prospectus Dated 28 December 2015	Total amount		Total amount utilized till 30 June 2017
	Rupees		Rupees
Investment in HTLL			
Land	470,000,000		60,618,100
Building	128,000,000		12,486,445
Plant, machinery and equipment	139,000,000		2,719,201
Pre-operating costs	33,000,000		249,630
Working capital	842,562,500		739,126,208
	1,612,562,500		815,199,584
Investment in 100% owned subsidiary			
Additional filling lines for blending plant, Hi-Tech Blending (Private) Limited	200,000,000		-
Total	1,812,562,500	**B**	815,199,584
IPO proceeds (A)	1,812,562,500		
Amount un-utilized (A – B)	997,362,916		

As stated in the prospectus dated 28 December 2015, the Holding Company planned to offer state of the art retail outlets across Pakistan with multitude of unique services and also planned to install additional filling lines at the blending plant of its subsidiary. The plan of the year 2015-16 covered 37 grand outlets openings in 11 major cities of Pakistan including Lahore, Gujranwala, Sialkot, Faisalabad, Multan, Islamabad, Rawalpindi, Karachi and Hyderabad. Over a period of 5 years, the Holding Company planned to open 75 retail outlets (including 67 rented) across 16 major cities of Pakistan. As per quarterly progress report number 06 dated 14 July 2017, the Holding Company informed all stakeholders the progress on implementation of project: Expansion through retail outlet: 1 owned service center under regulatory approval and out of the 10 rented service centers, 1 is operational, 3 are approved and under construction, 3 are under regulatory approvals and 3 are under negotiations. Accurate, effective and timely implementation of the above plans of the Holding Company became a big challenge for the Holding Company due to expensive lands and properties at key locations in almost all the cities for express service centers. Hence, the Holding Company planned for incorporation of express centers into its fuel stations to be established under the umbrella of Oil Marketing Company (OMC) Project of the Holding Company. In this regard, the Holding Company obtained a financial feasibility report from KPMG Taseer Hadi & Co., Chartered Accountants regarding investment in OMC Project. In view of successful fulfillment of initial mandatory requirements of Oil and Gas Regulatory Authority (OGRA) for setting up of an OMC and future prospects of OMC in current international scenario as prospected under financial feasibility report, the shareholders of the Holding Company in their 9th Annual General Meeting held on 29 September 2017 approved diversion and utilization of un-utilized IPO funds from HTL express centers and wholly owned Subsidiary Company to OMC Project of the Holding Company keeping in view overall growth of the Holding Company and ultimate benefit to all shareholders and stakeholders of the Holding Company.

The Project envisages setting up 360 retail outlets across Punjab, Sindh and Khyber Pakhtunkhwa Provinces of Pakistan. The fuel stations will offer full range of services such as general store, tyre shop and a car shop amongst others. To support sales, the Holding Company plans to invest in building storage capacities of 25,735 metric tons (Mogas and HSD) across the country over a period of 7 years.

During the year ended 30 June 2017, OGRA granted license to the Holding Company to establish an Oil Marketing Company (OMC), subject to some conditions. During the year ended 30 June 2018, with reference to OMC Project of the Holding Company, Oil and Gas Regulatory Authority (OGRA) has granted permission to proceed to apply/acquire No Objection Certificates (NOCs) from concerned departments including District Coordination Officer (DCO) for setting up of upto 26 retail outlets in Punjab Province with instructions that retail sales through petrol pumps can only be started after completion of necessary Storage Infrastructure, 3rd Party Inspector Report confirming that storage/ depot meets OGRA's notified Technical Standards and OGRA's approval.

During the year ended 30 June 2018, the Holding Company completed its oil storage site at Sahiwal. The Holding Company also purchased land in Nowshera for oil storage site under OMC project.

On 31 May 2019, Oil and Gas Regulatory Authority (OGRA) has granted permission to the Holding Company to operate new oil storage facility at Sahiwal and marketing of petroleum products in the Province of Punjab. The Holding Company has signed agreements with various dealers for setting up petrol pumps under the OMC project and also started construction of another storage site at Nowshera, Khyber Pakhtunkhwa. Currently, the Holding Company has seven operational HTLL Express Centers, four in Lahore and three in Karachi. Detail of payments out of IPO proceeds during the year ended 30 June 2019 are as follows:

	Rupees
Un-utilized IPO proceeds as at 01 July 2018	962,790,412
Add: Profit on term deposit receipts	68,134,639
Add: Proceeds from sale of investment in mutual fund	56,705,425
Add: Dividend on investment in mutual funds	983,725
Add: Unrealised gain on investment mutual funds	80,791
Less: Payments made during the year	
OMC Project	(59,554,742)
Working capital	(32,210,865)
	(91,765,607)
Less: Investment in mutual funds	(100,836,165)
Less: Withholding tax on profit	(6,813,464)
Less: Withholding tax on dividend from mutual funds	(147,559)
Less: Loss on disposal of investment in mutual fund	(5,106,286)
Less: Bank charges	(23,314)
Un-utilized IPO proceeds as at 30 June 2019	884,002,597

The un-utilized proceeds of the public offer have been kept by the Holding Company in the shape of bank balances, term deposit receipts and mutual funds.

47. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 21 September 2019 by the Board of Directors of the Holding Company.

48. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, where necessary for the purpose of comparison. However, no significant re-arrangements of corresponding figures have been made in these consolidated financial statements.

49. GENERAL

Figures have been rounded off to the nearest Rupee, unless otherwise stated.

Chief Executive | Director | Chief Financial Officer

چیف ایگزیکٹو آفیسر کا پیغام:

ہماری کمپنی نے اس پچھلے سال ترقی کی ہے۔ہم اپنے بہت سے اسٹریٹیجک اہداف کو پورا کر چکے ہیں، بشمول۔ وہ جو ہمارے توسیع کے منصوبوں سے متعلق ہیں، اور اس سے ہمارے سب اسٹیک ہولڈرز کی قدر میں اضافہ ہوا ہے،خاص طور پر صارفین اور ملازمین۔مالی سال 2019 میں،ہم نے اپنے بنیادی کاروبار کو مضبوط بنانے پر توجہ دی۔ ہم نے تمام افعال کے لئے اعلی ٹیلنٹ کو بھرتی کیا، اپنے بنیادی ڈھانچے کو تین نئے ایچ ٹی ایل ایکسپریس مراکز کے ساتھ بڑھایا۔ آئندہ ایچ ٹی ایل فیول اسٹیشنوں کے لئے اوریکل لاگو کیا، ٹیکنالوجی میں سرمایہ کاری کی،اور نئے خوردہ فروشوں کو ٹیپ کرکے رسائی بڑھا دی۔

مالی سال 2019 میں ہمارے ZIC برانڈ نے مجموعی محصولات میں (سیلز ٹیکس کو چھوڑ کر) ، مستحکم بنیادوں پر،13٪ نشونما کی ہے۔ایچ ٹی ایل ایکسپریس نے اپنی خالص آمدنی میں 143 فیصد کا اضافہ دیکھا ہے۔ہمارا بلینڈنگ پلانٹ مالی سال 2018 میں شائع کردہ اعدادوشمار کے مقابلے, محصولات میں 26 فیصد بہتری کے ساتھ منافع بخش رہا۔

یہ پچھلا سال ہمارے ملک اور صنعت کے لئے معاشی طور پر چیلنج رہا ہے،جس کا ایک عنصر پاکستانی روپے کی قدر میں کمی اور مالیات کی لاگت میں اضافہ ہے۔ ہمارے صارفین کی خریداری کی قوت کم ہوئی ہے اور، نتیجے میں، ان کی گاڑی میں تیل کی تبدیلی کی فریکوئنسی بھی کم ہو گی ہے۔ان سب سے،لبریکنٹ کی مارکیٹ کی رفتار ست ہوگئی ہے۔

اس سے ہمارے منافع متاثر ہوئے ہیں اور ہم نے صرف 35 پیسے فی حصص مجموعی آمدنی پوسٹ کی ہے، تاہم، ہم نے خاص طور پر اپنے مارکیٹ شیئر کو برقرار رکھا ہے۔ چونکہ ہمارے پاس ایک خاص مصنوعات کی پیش کش ہے۔ ایک بڑھتے ہوئے کاروبار کے طور پر، ہمیں ترقیاتی منصوبوں سے متعلق فنڈ میں گذشتہ سال کے مقابلے میں اس سال زیادہ خرچ کرنے کی ضرورت ہے۔ تاہم،ملک، کی اقتصادی معاشی صورتحال پر غور کرتے ہوئے ہم نے لاگت کے ہر ڈھانچےکو بہتر بنانے اور مالی اور غیر مالی وسائل کے استحصال پر نظرثانی کرنے کو ضروری سمجھا ہے.

گذشتہ سال سے پاکستان میں ریگولیٹری ماحول میں متواتر تبدیلیاں دیکھنے کو مل رہی ہیں،اور ایچ ٹی ایل نے بھی ضروری تبدیلیاں کی ہیں۔

ہمارا اپنا بلینڈنگ پلانٹ لگانے کے اسٹریٹیجک فیصلے نے بے حد فائد دیا۔کیونکے اس نے وقتاً فواکتاًقیموں کے اتار چڑھاؤ کے خلاف ایک مناسب ڈھال فراہم کی اور مصنوعات کی لاگت پر ہمیں قابو دیا ہے. ہم نے اپنے امپورٹڈ پروڈکٹ پورٹ فولیو کا 82 فیصد مقامی پیکیجنگ کی طرف منتقل کرکے اپنے بلینڈنگ پلانٹ کے استعمال میں اضافہ کیا ہے،جس سے ہمارے درآمدی بل میں خاطر خواہ رقم کم ہوگئی ہے.

ریگولیٹری حکام سے OMC لائسنس کے حصول میں تاخیر کی وجہ سے ایچ ٹی ایل فیول اسٹیشن منصوبے کے آپریشنوں کو کافی تاخیر کا سامنا کرنا پڑا، لیکن اب لائسنس دے دیا گیا ہے۔ اس کا مطلب یہ ہے کہ ہم مالی سال 2020 میں او ایم سی کے کاروبار میں داخل جائیں گے، اور کمپنی کا منصوبہ ہے کہ وہ او ایم سی سیکٹر میں ایک تسلیم شدہ برانڈ بننے کے مشن کے مطابق اپنے نیٹ ورک کو تیز رفتار سے بڑھا سکے۔

عمدہ مصنوعات اور خدمات کی فراہمی کے علاوہ، ہم اپنے تمام ملازمین کے لئے محفوظ کاروباری ماحول کو یقینی بنانے کے لئے مناسب حفاظتی اقدامات اور پالیسیوں کے ذریعے کاروباری معاملات میں ذمہ داری کے ساتھ کام کرتے رہتے ہیں۔ ہمارا سی ایس آر ونگ ان کمیونٹیز کے لئے قابل قدر شراکتیں کرنے میں پوری طرح مصروف ہے، جن میں صحت کی دیکھ بھال، تعلیم، اور ماحولیات سمیت تینوں بنیادی انسانی شعبوں پر توجہ دی جارہی ہے۔

آخر میں، میں اپنے قابل احترام چیئرمین، بورڈ آف ڈائریکٹرز، ایگزیکٹو ڈائریکٹر، اور پورے ہائی ٹیک لبریکنٹ لمیٹڈ برادران کی مستقل کاوشوں کے لئے اپنے دل کی گہرائیوں سے شکریہ ادا کرنا چاہتا ہوں۔ ان سبھی نے اپنی توانائی، مہارت، علم اور وقت کو اس کمپنی کو انڈسٹری کی ایک اول درجہ کمپنی میں تبدیل کرنے کے لئے وقف کیا ہے۔ میں فضیلت کے وعدے کو پورا کرنے کے لئے پرعزم ہوں جو ہم نے اپنے تمام اسٹیک ہولڈرز سے کیا ہے، اور ہم نے روشن مستقبل سے بڑی توقعات وابستہ کی ہیں جن کا ہم نے ایچ ٹی ایل کے لئے تصور کیا ہے۔

حسن طاہر
سی ای او

زیر نظر سال میں، آپ کے بورڈ نے کمپنی کے مختلف حصوں سے اعلیٰ کارکردگی حاصل کرنے پر توجہ دی، جس کے نتیجے میں منفی معاشی حالتوں اور افراط زر کے رجحانات کے اثرات کو کم کرنے کے ساتھ ساتھ معیار کی نشوونما میں بہتری بھی شامل ہے۔ آپ کے بورڈ کے ذریعہ فراہم کردہ قیادت اور ہمارے انتظامیہ کی شاندار کاوشوں کی وجہ سے، آپ کی کمپنی نے آئی سی اے پی / سیفا ICAP/SAFA Best Presented Annual Reports Competition کے بہترین سالانہ رپورٹس مقابلہ میں دوسری پوزیشن حاصل کی۔

آپ کا بورڈ آپ کی کمپنی کے ساتھ ساتھ ملک کی معیشت کو درپیش چیلنجز سے پوری طرح واقف ہے۔ اور اس وجہ سے کمپنی کے ملازمین کی مہارت اور ترغیبی سطح کو بہتر بنانے میں احتیاط سے سرمایہ کاری کی ہے۔ ہمیں پورا اعتماد ہے کہ آپ کی کمپنی مستحکم ترقی کرتی رہے گی اور ترقی کی راہ میں پیدا ہونے والی تمام مشکلات پر قابو پائے گی۔

بورڈ کی کارکردگی کی تشخیص۔

میں آپ کو بتا کر خوشی محسوس کر رہا ہوں کے آپ کا بورڈ پاکستان کی لسٹڈ کمپنیوں میں سب سے زیادہ فعال اور چست بورڈز میں شامل ہے۔

بورڈ کی کارکردگی کی تشخیص دو مراحل پر کی جاتی ہے۔ پہلے مرحلے میں، بورڈ کے انفرادی ممبران مجموعی طور پر بورڈ کی کارکردگی کا جائزہ لیتے ہیں۔ اور دوسرے مرحلے میں، بورڈ کے چیئرمین بورڈ کے ہر فرد کی کارکردگی کا جائزہ لیتے ہیں جہاں تک اس کا بورڈ کی کارروائی میں ان کی شراکت سے تعلق ہے۔

بورڈ، اس کی کمیٹیوں، ممبران، سی ای او اور چیئرمین کی کارکردگی کا اندازہ ایک بنائے گئے ڈیزائن کے تحت کیا جاتا ہے۔ کلیدی تشخیصی نکات مندرجہ ذیل ہیں۔

- تشکیل
- کاروبار اور اس کے خطرات کو سمجھنا۔
- عمل اور طریقہ کار۔
- عمومی قابلیت، پیشہ ورانہ تجربہ اور قابلیت۔
- تنازعات کے حل کے لئے مثبت رویہ۔
- ملاقاتوں اور اس میں شرکت کی تعداد۔
- شراکت اور معیاری کام میں اضافہ۔
- مالی رپورٹنگ کے عمل، آڈٹ کے افعال اور اندرونی کنٹرول کی نگرانی۔
- اخلاقیات اور تعمیل۔
- نگرانی کی سرگرمیاں۔

چھان بین کے ساتھ تیار کردہ باضابطہ کارکردگی کی تشخیصی نظام سے بہت حوصلہ افزا نتائج سامنے آئے ہیں۔ جو کہ بورڈ ممبران، چیف ایگزیکٹو، چیئرمین اور اس کی کمیٹیوں کے اعلیٰ سطح کے علم اور صلاحیتوں کی عکاسی کرتے ہیں

اختتامی نوٹ

ہمارا ملک مشکل اوقات سے گزر رہا ہے۔ معاشرتی اور اقتصادی چیلنجز کا مقابلہ کرنے کے لئے ہمارے تمام شہریوں کو لگن اور صبر کا مظاہرہ کرنا ہوگا۔ آپ کی کمپنی توانائی کے شعبے کی ترقی میں اپنا تعمیری کردار ادا کرنے کے لئے پرعزم ہے۔ ان مشکلات کے باوجود آپ کی کمپنی کے حاصل کردہ نتائج بورڈ کی طرف سے فراہم کردہ بے لوث قیادت، قابل تحسین کاوشوں اور انتظامیہ کی لگن اور ہمارے تمام ملازمین کی بے پناہ محنت کی وجہ سے ہیں۔ میرا مخلصانہ شکریہ ان سب کے لئے ہے۔

شوکت حسن

چیئرمین

چیئرمین کا جائزہ

پچھلا مالی سال ہمارے ملک اور اس کی معیشت کے لئے قابل ذکر تھا۔ تقریباً تمام اہم معاشی اشارے ایک بڑی ہلچل سے دوچار ہوئے۔ تین اہم عوامل، یعنی پاکستانی روپے کی ساخت گراوٹ، افراط زر کی شرح میں اضافہ، اور شرح سود میں خاطر خواہ اضافے کے نتیجے میں سامان اور خدمات کی مانگ میں بگاڑ پیدا ہوا۔ اس کے نتیجے میں، صنعتی ترقی کی رفتار نمایاں طور پر کم ہوئی۔ خاص طور پر، معیشت کے توانائی کے شعبے کو سب سے زیادہ متاثر کیا۔ اس شعبے میں زیادہ تر کمپنیوں نے محصولات اور آمدنی میں کمی ریکارڈ کی ہے، کئی سالوں کے منافع کے بعد بہت ساری کمپنیاں خسارے میں گئی ہیں۔ آپ کی کمپنی نے پیچیدہ منصوبہ بندی، پریشانی کی اصل وجوہات کی طرف توجہ، عملے اور صارفین کو مقصد میں مشغول رکھنا اور ہماری مصنوعات پر مارکیٹ کا اعتماد برقرار رکھنا، ان مشکلات کا مقابلہ کیا ہے۔ مشکلات کے باوجود، کمپنی نے اپنی برانڈ ایکویٹی میں اضافہ کرنے اور خود کو معیاری تیل کی مصنوعات مہیا کرنے والے بہترین کمپنی کے طور پر قائم کرنے میں کامیابی حاصل کی۔

مالیاتی کارکردگی۔

میکرو معاشی (کلاں معاشیات) عوامل میں کمی کے باوجود، آپ کی کمپنی مجموعی سیلز آمدنی میں 9.5 فیصد اضافے کے ساتھ 11.5 ارب روپے سے 12.6 ارب روپے تک ریکارڈ کرنے میں کامیاب ہوگئی۔ فی حصص آمدنی ، تاہم، طلب کم ہونے، زبردست مسابقتی مارکیٹ کے ماحول اور ہمارے آنے والے آئل مارکیٹنگ کے منصوبے سے متعلق اخراجات کی ناگزیر جذب کی وجہ سے کم ہوگئی ہے۔ قابل قدر سرمایہ کاری اور اخراجات دونوں ہی خرچ اٹھائے جارہے ہیں لیکن محصول کا بہاو بھی شروع نہیں ہوا ہے۔ اطمینان کی بات ہے کہ مشکل حالات کے باوجود، آپ کی کمپنی اب بھی ایک مجموعی طور پر مثبت فی حصص آمدنی ریکارڈ کرنے میں کامیاب رہی۔

آپریشنل جائزہ۔

اگرچہ کمپنی کی عام کاروائیاں ہمارے ذریعہ پیش کردہ مصنوعات اور خدمات کے معیار میں بہتری کا مظاہرہ کرتی رہیں، ہم تیل اور مارکیٹنگ ڈویژن کے قیام میں بھی بہت زیادہ کوششیں اور سرمایہ خرچ کررہے ہیں۔ اس سلسلے میں مندرجہ ذیل سنگ میل حاصل کرلئے گئے ہیں۔

a. ساہیوال ڈپو مکمل ہوچکا ہے، اس کا معائنہ اوگرا نے کیا ہے۔
b. نوشہرہ (کے پی کے) ڈپو کی تعمیر کا کام شروع کردیا گیا ہے۔ متعدد این او سیز کے لئے درکار درخواستیں تیار کی گئیں ہیں اور متعدد کو باضابطہ طور پر درج کیا گیا ہے۔ امید کی جارہی ہے کہ نومبر 2019 تک تعمیرات مکمل ہوجائیں گی۔
c. او سی اے سی (OCAC) کی رکنیت حاصل کرنے کے تقاضے پورے کردیئے گئے ہیں اور ایک درخواست درج کی گئی ہے۔
d. مصنوعات کی فراہمی کے لئے نیشنل ریفائنری لمیٹڈ کے ساتھ مفاہمت نامے پر دستخط کیے گئے ہیں۔
e. سپلائی کے رضامندی کے خطوط موصول ہوگئے ہیں اور رسد کے باقاعدہ معاہدے پر دستخط جلد ہی حاصل کرلیں گے۔
f. ایک بار جب اس کے بورڈ کے ذریعہ OCAC کی رکنیت کے لئے ہماری درخواست منظور ہوجائے گی، تو ہم اوگرا کے ذریعہ IFEM ممبر شپ کی اجازت کے لئے تیار ہوجائیں گے، جس کے لئے دوسری تمام شرائط پہلے ہی پوری ہوچکی ہیں۔
g. آئل کمپنیوں کے ساتھ ہوسپٹالیٹی کے معاہدے تیار ہیں۔
h. پائپ لائن معاہدے کی اہلیت کے لئے پارکو کے ذریعہ پوسٹ کردہ عمومی ضروریات کو مکمل کرنے کے لئے کام جاری ہے۔
i. پنجاب کے مختلف علاقوں میں 26 پٹرول اسٹیشن قائم کرنے کے معاہدوں کو حتمی شکل دے دی گئی ہے۔ ہم امید کرتے ہیں کہ نومبر 2019 کے وسط تک پہلا ریٹیل آؤٹ لیٹ کھل جائے گا۔
j. ریٹیل آؤٹ لیٹ کے لئے اشتہاری تختہ کے ڈیزائن کو حتمی شکل دے دی گئی ہے۔ ہمارے نامزد اشتہاری تختہ کے ساتھ ڈسپنس یونٹ جیسے ضروری سامان حاصل کرنے کے لئے انتظامات موجود ہیں۔
k. مقامی ریفائنریوں اور درآمدات (جہاں ضروری ہو) سے مصنوعات کی مستقل فراہمی کو یقینی بنانے کے لئے عملی منصوبے تیار کیے گئے ہیں۔

ہمارے بلینڈنگ پلانٹ (آپ کی کمپنی کا مکمل ملکیتی ماتحت ادارہ) نے سال کے دوران عمدہ کارکردگی کا مظاہرہ کیا ہے۔ حجم کے لحاظ سے اس کی پیداوار میں 17٪ کا اضافہ ہوا ہے جبکہ املاک ہونے والی اشیا کی تعداد بڑھ کر 2.4 ملین لیٹر ہوچکا ہے۔ مینجمنٹ نے اعلی معیار کے معیار پر عمل پیرا ہونا یقینی بنایا ہے۔ آپ کی کمپنی نے سال کے دوران مجموعی طور پر 282.6 ملین روپے سرمایہ کاری اخراجات کیے۔

بورڈ پرفارمنس اور آپریشنز۔

آپ کی کمپنی کے بورڈ کو یہ رول اور ذمہ داریاں تفویض کی گئیں ہیں جیسا کہ کوڈ آف کارپوریٹ گورننس اور کمپنیز ایکٹ 2017 کے تحت بیان کیا گیا ہے، ذیل میں مختصراً بیان کیا گیا ہے:

- معقول فیصلے کے احساس، نیک نیتی کے ساتھ، کمپنی اور اس کے اسٹیک ہولڈرز کے بہترین مفاد میں، تقوی اور قانونی فرائض کی کارکردگی۔
- اعلی کارپوریٹ گورننس معیاروں کی بحالی، بشمول رسک مینجمنٹ کی حکمرانی۔
- کمپنی کے مقاصد، وژن اور مشن کی پاسداری۔
- کوڈ آف کارپوریٹ گورننس کے سیکشن 10 (3) میں بیان کردہ مخصوص کاموں کی کارکردگی۔

بنیادی طور پر، آپ کا بورڈ مذکورہ دو قانونی دستاویزات کے ذریعہ صرف نگرانی، مشاورتی اور کنٹرول کام انجام دیتا ہے۔ یہ آپریشنل معاملات میں خود کو شامل نہیں کرتا ہے۔ لیکن اندرونی کنٹرول سسٹم کے ذریعہ ڈیزائن کردہ تمام عہدیداروں (بشمول ایگزیکٹو ڈائریکٹرز) کے کام کی نگرانی کرتا ہے جس میں پیشہ ورانہ طور پر تیار کردہ طریقہ کار دستی اور بیرونی طور پر انجام دیئے جانے والے داخلی آڈٹ کا فنکشن شامل ہوتا ہے۔ بورڈ نے نگران اور کنٹرول کے افعال میں اس کی مدد کرنے والی تین اہم کمیٹیاں تشکیل دی ہیں۔ اس کے علاوہ، بورڈ نے موثر انتظامی عمل کو یقینی بنانے کے لئے اتھارٹی اور اختیارات کے وفد کا ایک تفصیلی شیڈول تیار اور منظور کیا ہے۔ بورڈ خود اور اس کی کمیٹیاں کثرت سے ملتی ہیں، اور باقاعدہ بنیادوں پر سینئر مینجمنٹ کے ساتھ باہمی روابط ہوتے ہیں۔ اس بورڈ کے پاس بورڈ کی رہنمائی میں ایک اچھی طرح سے منظم Whistle Blowing پالیسی بھی ہے۔

اضافی مندرجات/اعلانات

☆ گروپ ہائی ٹیک لبریکینٹس لمیٹڈ اور اس کے کل ملکیتی ذیلی ہائی ٹیک بلنڈنگ (پرائیویٹ) لمیٹڈ (ایچ ٹی بی ایل) پر مشتمل ہے۔ اور (ایچ ٹی بی ایل) کے تمام شیئرز (ایچ ٹی ایل) کی ملکیت میں ہیں۔ دونوں گروپ کمپنیز پاکستان میں ادارے کی حیثیت سے تشکیل یافتہ ہوئے۔ (ایچ ٹی ایل) بیرون سندر انڈسٹریل اسٹیٹ، بھائی کوٹ رائیونڈ لاہور پر واقع ہے۔

☆ آڈیٹرز نے گروپ کمپنیز کے مالیاتی گوشوارے پر غیر مشروط رائے کا اظہار کیا ہے۔

☆ آڈیٹر کی رپورٹ میں کسی جگہ گروپ کمپنیز کے حوالے سے کوئی ردو بدل نہیں کیا گیا۔

☆ اس سال کوئی بھی گروپ کمپنی کسی بھی قرض کی ادائیگی سے قاصر نہیں رہی۔

کمپنی کی ویب سائٹ

SRO-634(I)/2014 کے تحت تمام درکار معلومات کو بطریق احسن کمپنی کی ویب سائٹ www.hitechlubricants.com پر رکھ دیا گیا ہے۔

شوکت حسن
چیئرمین

حسن طاہر
چیف ایگزیکٹو

21 ستمبر 2019
لاہور

قومی خزانے کے لیے ہمارا کردار:

آپ کی کمپنی نے سال 2019 میں انکم ٹیکس، سیلز ٹیکس، امپورٹ ڈیوٹیز اور قانونی لیویز کی مد میں 1.94 بلین روپے قومی خزانے میں جمع کروا کر ملک کی معاشی ترقی میں قابل قدر کردار ادا کیا ہے۔

ماحول، صحت اور تحفظ

آپ کی کمپنی نے عوام کی صحت کی حفاظت کے لیے ایسی ماحول دوست مصنوعات متعارف کروائی ہیں جو آلودگی کا باعث نہیں بنتی اور بہت کم مضر صحت اجزاء خارج کرتی ہیں۔ 2019 میں جس شعبہ پر توجہ دی گئی وہ روڈ سیفٹی تھا اور اس سلسلہ میں سٹی ٹریفک پولیس اور نیشنل ہائی وے اتھارٹیز سے بھرپور تعاون کیا گیا۔ کمپنی کے دفاتر اور پلانٹس میں فائر فائٹنگ ڈرلز اور ورک شاپس کا اہتمام بھی کیا گیا۔

آپ کی کمپنی سڑک پر ہونے والے حادثات کو کم کرنے کی خاطر شہریوں کے رویے میں مثبت بدلاؤ لانے کے لیے ہمہ وقت کوشاں ہے۔ اس مقصد کے حصول کے لیے ہلیمٹ کے استعمال اور ڈرائیونگ کے دوران دیگر احتیاطی تدابیر کو اپنانے کے لیے سٹی ٹریفک پولیس اور نیشنل ہائی وے اتھارٹی کے ساتھ مل کر متعدد تفصیلی سیمینارز اور آگہی مہم کا انعقاد بھی کیا گیا ہے، تاکہ نہ صرف حادثات کے خطرے کو کم کیا جا سکے بلکہ حادثات کے دوران لگنے والی شدید چوٹ کے اندیشے کو کم کر کے قیمتی جانوں کو بھی بچایا جا سکے۔

کاروباری ادارے کی حیثیت سے رفاہ عام کی ذمہ داریاں (CSR)

آپ کے کمپنی نے اس سال صحت، تعلیم، فنی تربیت اور ماحول کی حفاظت سمیت رفاہ عام کے بہت سے شعبوں میں اپنی خدمات سرانجام دی ہیں۔

بورڈ آف ڈائریکٹرز کے فیصلے کے مطابق 2 جولائی 2010 کو صابرہ حمیدہ کے نام سے ایک ٹرسٹ قائم کیا گیا۔ یہ ٹرسٹ انکم ٹیکس آرڈیننس مجریہ 2001 کے سیکشن (36)2 کے تحت باقاعدہ طور پر رجسٹرڈ ہے۔ اس ٹرسٹ کا بنیادی مقصد نامساعد حالات سے دوچار افراد کو صحت، تعلیم اور دیگر سہولیات زندگی فراہم کرنا ہے۔ کمپنی صابرہ حمید ٹرسٹ کو عطیات/ وسائل فراہم کر رہی ہے تاکہ وہ عوام کی رفاہ کے لیے اپنی خدمت کو بخوبی جاری رکھ سکے۔ اس سال کمپنی نے رفاہ عام کے مختلف کاموں کے لیے 18.07 ملین روپے کی خطیر رقم عطیہ کی ہے۔

CSR سے متعلقہ اقدامات کے صلہ میں ملنے والا ایوارڈ

اقوام متحدہ کے ادارے گلوبل کمپیکٹ نے رفاہ عام کی ذمہ داریوں کو نبھانے کے لیے ہمارے اقدامات کا اعتراف کرتے ہوئے کمپنی کو لارج نیشنل کیٹگری میں پہلے انعام سے نوازا ہے۔ علاوہ ازیں 2018 میں منعقد ہونے والی CSR ایکسلینس ایوارڈ کی تقریب میں بھی ہماری ان خدمات کو سراہا گیا۔ اس تقریب کا اہتمام نیشنل فورم آف انوائرمنٹ اینڈ ہیلتھ (NFEH) جیسے معتبر ادارے کی جانب سے کیا گیا اور اس تقریب میں آپ کی کمپنی کو معاشرے کی بہتری کے لیے اٹھائے گئے اقدامات کیحوالے سے ایوارڈ سے نوازا گیا۔

بہترین کارپوریٹ رپورٹ ایوارڈ 2018

ہمیں یہ بتاتے ہوئے خوشی ہے کہ آپ کی کمپنی کو آئی سی اے پی (ICAP) اور آئی سی ایم اے پی (ICMAP) کی مشترکہ کمیٹی کے زیر اہتمام 2018 کے بہترین کارپوریٹ رپورٹ ایوارڈز کے لئے رنر اپ (دوسرا مقام) قرار دیا گیا ہے۔ ہائی ٹیک لبریکنٹس نے اس مقابلے میں پہلی بار اپنی سالانہ رپورٹ پیش کی ہے اور تیل و توانائی کے شعبے میں شامل دیگر تمام بڑے لسٹڈ کمپنیوں کو شکست دی ہے۔

پراویڈنٹ فنڈ:

ریٹائرمنٹ بینفٹ پلان کا حجم 99.9 ملین روپے ہے۔ کمپنی نے ایمپلائی پراویڈنٹ فنڈ میں شامل ملازمین کے لیے 17.3 ملین روپے مختص کیے ہیں۔ ان فنڈز کے ذریعے بینک کے ساتھ سکیورڈ ٹرم ڈیپازٹ سرٹفیکیٹس، گورنمنٹ ٹریژری بلز، کیپٹل پراٹیکٹڈ میوچل فنڈز اور زیادہ منافع دینے والی مارکیٹ ٹریڈ ایبل سکیورٹیز کی مد میں سرمایہ کاری کی گئی ہے۔

بطور ایگزیکٹیو تعیناتی کے لیے کم از کم معینہ مشاہرات

بورڈ نے کمپنی کے چیف ایگزیکٹیو آفیسر، سی ایف او، کمپنی سیکرٹری، انٹرنل آڈٹ کے سربراہ اور تمام دیگر شعبہ جات کے سربراہان کے ساتھ ساتھ ملازمین کو بطور ایگزیکٹیو تصور کرنے کے لیے مشاہرہ کی حد مقرر کی ہے۔ اس حد کا تعین ہیومن ریسارس اینڈ ریمونریشن کمیٹی کی جانب سے کارکردگی کی افادیت اور ادارے کے بنیادی مقاصد کی انجام دہی میں ادا کیے جانے والے کردار کو مدنظر رکھ کر کیا گیا ہے اور ایگزیکٹیوز کے لیے -/250,000 یا اس سے زائد ماہانہ تنخواہ مقرر کی گئی ہے۔

تنقیح کنندگان/ آڈیٹرز

کمپنی کے موجودہ آڈیٹر میسرز ریاض احمد اینڈ کمپنی، چارٹڈ اکاؤنٹنٹ نے ریٹائر ہونے کے بعد دوبار تقرری کے لیے درخواست دی ہے۔ انہیں انسٹیٹیوٹ آف چارٹڈ اکاؤنٹنٹس آف پاکستان (ICAP) کی جانب سے اطمینان بخش ریٹنگ حاصل ہے اور یہ انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAQ) کے کوڈ آف ایتھکس کے متعلقہ ہدایت نامہ کہ جسے ICAP نے اختیار کیا ہے، کی یقینی پاسداری کرتے ہیں۔ آڈٹ کمیٹی کی تجویز کے مطابق، بورڈ آف ڈائریکٹرز نے 30 جون 2020 کو ختم ہونے والے مالی سال کے لیے، باہمی اتفاق سے طے ہونے والے معاوضے کے عوض، کمپنی کے آڈیٹر کی حیثیت سے ان کی از سر نو تقرری کی منظوری دی ہے۔

کمپنی ملازمین/ سٹاف اور کسٹمرز

ہم اپنے تمام ملازمین ان تھک محنت اور کمپنی کے مطلوبہ مقاصد کے حصول کے لیے ان کی لگن کو تہ دل سے سراہتے ہیں۔ ہم کامیابی کے سفر میں کمپنی کے ساتھ چلنے والے افراد خصوصاً اپنے کسٹمرز کے بھی شکر گزار ہیں کہ انھوں نے ہماری مصنوعات اور خدمات پر مسلسل اعتماد کا اظہار کرتے ہوئے ہمارے لیے کامیابی کی راہ ہموار کی۔

اہم حصص داران کے خیالات کو سمجھنے کے لیے بورڈ کی کاوشوں کا جائزہ:

کمپنی کے ایگزیکٹیو ڈائریکٹرز کے علاوہ، ایچ ٹی ایل کے بڑے حصص داران نان ایگزیکٹیو ڈائریکٹرز کے/ کی شریک حیات ہیں۔ مزید برآں بورڈ کے تمام ممبرز نے 26 اکتوبر 2018 کو منعقد ہونے والے عمومی سالانہ اجلاس میں خاص طور کم حصص رکھنے والے حصص داران سے ملاقات کر کے ان کے خیالات کو سمجھنے کی کوشش کی ہے۔ کمپنی کا منصوبہ ہے کہ کمپنی کے سالانہ مالیاتی بیانات کی بنیاد پر 30 جون 2019 کو ختم ہونے والے سال کے لئے کارپوریٹ بریفنگ سیشن میں سے ایک کا انعقاد آئندہ سالانہ اجلاس عام کے انعقاد کے ایک ماہ کے اندر ہوگا جس کی اجازت پی ایس ایکس کے ذریعہ دی گئی ہے

☆بورڈ کی ہیومن ریسارس اینڈ ریمونریشن کمیٹی

☆بورڈ کی رسک مینجمنٹ کمیٹی

☆بورڈ کی رفاہ عام کی ذمہ داریوں سے متعلقہ کمیٹی

☆بورڈ کی انوسٹمنٹ کمیٹی

مذکورہ بالا کمیٹیوں کی تشکیل، ان کے تحت ہونے والی پیش رفت اوران کی کارکردگی کی الگ رپورٹس اس سالانہ رپورٹ میں دیگر جگہ پر درج ہیں۔

مستقبل کی منصوبہ بندی:

مالی سال2020 میں پاکستان کی معیشت میں 2.4 فیصد اضافے کی توقع ہے، جو اس ملک کی معاشی سرگرمی میں مزید سست روی کا اشارہ ہے۔ مزید، ڈالر کے مقابلے میں روپے کی قدر میں کمی آٹو موبائل کی قیمتوں میں نمایاں اضافے کی وجہ سے، آٹو موبائل حصے کی فروخت میں کمی واقع ہوئی ہے حالیہ اعداد وشمار میں سالانہ بنیاد پر جولائی 2019 کے مہینے میں کاروں کی فروخت میں 42 فیصد کمی واقع ہوئی ہے۔ اور کمپنی کو توقع ہے کہ مالی سال2020 میں یہ کمی برقرار رہے گی۔
آگے بڑھنے کے ساتھ، لبریکنٹ کے کاروبار کے لئے طلب کی نشونما میں توقع کی جاتی ہے کہ وہ نقل و حمل کے شعبے کے ذریعہ کارفرما رہے گا ۔ اضافی طور پر، افراط زر کے دباؤ کی وجہ سے ایندھن کی قیمتوں میں اضافے کے ساتھ خریداری کی طاقت میں کمی کی وجہ سے، صارفین کی طلب کے نمونوں پر بھی منفی اثر پڑا ہے۔ لاگت میں اضافے کو کم کرنے کے لئے اختتامی صارفین نے لبریکنٹ کی تبدیلی کم بار کردی ہے ۔ موجودہ حالات پر غور کرتے ہوئے، ایچ ٹی ایل نے درآمدی پروڈکٹ پورٹ فولیو کا ٪82 فیصد مقامی پیکیجنگ کی طرف منتقل کر کے ایچ ٹی بی ایل میں اپنی مقامی بلینڈنگ میں پہلے ہی اضافہ کردیا ہے۔ مزید یہ کہ آپ کی کمپنی نے بیس آئل کی مقامی خریداری بھی کی ہے اور معیاری لبریکنٹ کی تیاری کے لئے ایس کے(SK) کوریا کی فارمولیشن پر مبنی بلینڈنگ شروع کردی ہے۔ اس طرح کی مصنوعات کی مارکیٹ کا سائز کافی بڑا ہے اور ہمیں یقین ہے کہ آنے والے برسوں میں ہم زیادہ مقدار میں حصص حاصل کریں گے۔ اگرچہ آپ کی کمپنی کو اگلے سال منافع بخش سال کی توقع ہے، موجودہ معاشی منظرنامے میں اہم غیر یقینی صورتحال باقی ہے۔

بورڈ آف ڈیزاسٹر ریکوری کا تجزیہ اور بزنس کنٹینیوٹی پلاننگ:

ایچ ٹی ایل کے سیٹ اپ میں آئی ٹی کا کردار نہایت اہم ہے۔ آئی ٹی ڈیپارٹمنٹ اس بات کو یقینی بناتا ہے کہ کمپنی کا کمپیوٹنگ سسٹم بروقت دستیاب ہے اور مؤثر انداز میں کام کر رہا ہے۔ کاروباری یونٹس کی معاونت کرنے کے لیے ایچ ٹی ایل کی آئی ٹی ٹیم نہ صرف انفارمیشن سیکورٹی کے مروجہ معیارات پر پورا اترے ہوئے سخت سیکورٹی اور ایکسس کنٹرول کی پالیسیز پر عمل درآمد کو یقینی بناتی ہے بلکہ نیٹ ورک اور آپریٹنگ سسٹمز کے بہتر استعمال کی بھی یقین دہانی کراتی ہے۔ تمام سسٹمز، جملہ امور (یعنی مالیاتی، سپلائی چین، اشیاء کی وصولی، سیلز، ایچ آر، مارکیٹنگ، OMC، ایچ ٹی ایل ایکسپریس) اور کارکنان اور بیرونی کسٹمرز (یونی ڈسٹری بیوٹرز، وینڈرز اور بزنس پارٹنرز) کی مجوزہ معیارات کے مطابق کارکردگی کو برقرار رکھنے کی ضمانت دیتے ہیں۔

کاروبار جاری رکھنے کی منصوبہ بندی(BCP)

اس امر کو یقینی بنانے کے لیے کہ اندرونی اور بیرونی کسٹمرز کو کاروباری لین دین کے لیے کم سے کم وقت میسر آئے، ایک شفاف فیل اوور حل کا نظام نافذ کیا گیا ہے۔ ہم نے مرکزی ڈیٹا سینٹر ایریا میں جدید کلسٹر سروسز کو استعمال میں لاتے ہوئے کلسٹرڈ انوائرمنٹ کے حصہ کے طور پر تمام کلیدی سرورز کے نفاذ اور دستیابی کو یقینی بنایا ہے۔

ہم نے تمام سرورز کو مختص کردہ موثر ڈیٹا سینٹرز میں ہوسٹ کیا ہے۔ ان جدید ڈیٹا سینٹرز میں کنیکٹیوٹی، پاور، کنٹرولڈ ٹمریچر اور طبعی سکیورٹی سے متعلق معقول انتظامات کیے گئے ہیں۔ اس ضمن میں بلا تعطل اور ماہرانہ معاونت کے لیے ماہرین کی ایک ٹیم کو بھی تعینات کیا گیا ہے۔ ان ڈیٹا سینٹرز میں سپائی ویئر، وائرسز، میلیشیس ایپس، ڈیٹا لیکج، بوٹنیٹس اور ہیڈ آفس سے VPN کنیکشنز کے ذریعے ڈیزاسٹر ریکوری سائٹ سے رابطہ قائم کرنے کے سلسلہ میں درپیش بیرونی خطرات سے مقابلہ کرنے کے لیے معقول انتظامات کیے گئے ہیں۔

ڈیزاسٹر ریکوری (ڈی آر)

ناگہانی صورت حال میں آئی ٹی سروسز کی دستیابی کو یقینی بنانے کے لیے ایک متبادل ڈیزاسٹر ریکوری سائٹ قائم کی گئی ہے۔ ناگہانی صورت حال/خلل کی صوت میں ایچ ٹی ایل کو اگر کچھ درکار ہے تو وہ ہے ''زیرو ڈیٹا لاس'' (یعنی ڈیٹا مکمل طور پر محفوظ رہے)۔ ہماری یہ سائٹ تمام ڈیٹا، کسٹمر پورٹل، ایچ آر سسٹمز اور انٹرنل/ ایسکٹرنل کسٹمرز کے لیے بروقت زیرو ڈیٹا لاس سیٹ اپ کے قیام کو یقینی بناتی ہے۔

متفرق مندرجات/ اعلانات

کوڈ آف کارپوریٹ گورننس پر عمل درآمد کوڈ آف کارپوریٹ گورننس اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز مجریہ 2017 پر عمل درآمد یقینی بنایا گیا ہے۔ سٹیٹمنٹ آف کمپلائنس بشمول خارجی نظرثانی آڈیٹر کی ریویو رپورٹ اس سالانہ رپورٹ میں لف کردی گئی ہے۔

اہم تبدیلیاں اور عہد

30 جون2018 سے کوئی اہم تبدیلیاں رونما نہیں ہوئیں اور اب تک گروپ کمپنیز میں سے کسی کی جانب سے کوئی ایسا عزم نہیں کیا جو گروپ کمپنیز میں سے کسی بھی کمپنی کی مالیاتی ساکھ کو متاثر کرے ما سوائے ان کے کہ جو 30 جون2019 کو ختم ہونے والے مالی سال کے لیے جاری کردہ مجموعی اور غیر مجموعی مالیاتی گوشوارے میں درج ہیں۔

حصص کا طریقہ کار

30 جون2019 تک مخصوص درجہ کے لیے حصول حصص کا طریقہ کار کہ جس کو رپورٹنگ فریم ورک کے تحت ظاہر کرنا ضروری ہے، حصص داران کی متصل معلومات میں شامل ہیں۔

متعلقہ پارٹیز سے معاہدات

اس سال کے دوران ایچ ٹی ایل نے جناب معین الدین اور جناب زلمیٰ اعظم (بالترتیب نان ایگزیکٹیو ڈائریکٹرز شوکت حسن اور طاہر اعظم کے بھائی/قریبی رشتہ دار) متعلقہ پارٹی کے معاہدات ملازمت کی تجدید کی۔ متعلقہ پارٹیز سے کیے گئے ان معاہدات کے تحت مذکورہ پارٹیز ایچ ٹی ایل ایکسپریس اور ایچ ٹی ایل سٹیشنز (OMC) کے پراجیکٹس کے لیے بالترتیب اپنی خدمات پیش کریں گی۔ اپنے کاروباری اور کمرشل مفادات کا تحفظ کرنے کے ساتھ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز مجریہ 2017 پر عمل درآمد یقینی بناتے ہوئے بورڈ نے مذکورہ بالا معاہدات کے تجدید کی منظوری دی ہے۔

ڈائریکٹرز کوادا کی جانے والی بنیادی تنخواہ اور دیگر مراعات کی بالائی حد کی منظوری بورڈ کی جانب سے دی جاتی ہے۔

مختلف ڈائریکٹرز کے مشاہرہ کا خلاصہ کچھ یوں ہے:

	ایگزیکٹیو ڈائریکٹرز	نان ایگزیکٹیو ڈائریکٹرز	آزاد ڈائریکٹرز
*بنیادی تنخواہ کی زیادہ سے زیادہ حد	36 ملین روپے سالانہ	18 ملین روپے سالانہ	کوئی نہیں
مراعات	کمپنی کی دیکھ بھال میں رکھی گئی کار، میڈیکل، ٹیلی کمیونیکشن اور سفری اخراجات کی ادائیگی/ باز ادائیگی		کوئی نہیں
کارکردگی بونس*	انفرادی طور پر ہر ڈائریکٹر کے چیئرمین کی تجویز پر HR&RC / بورڈ سے منظور شدہ	کوئی نہیں	کوئی نہیں
اجلاس میں حاضری پر ادا کی جانے والی ڈائریکٹر فیس کی زیادہ سے زیادہ حد	کوئی نہیں	کوئی نہیں	400,000 روپے بورڈ یا اس کی کسی کمیٹی کے ایک مکمل اجلاس میں شرکت پر
اخراجات کی باز ادائیگی	کمپنی کے امور کی انجام دہی کے سلسلہ میں برداشت کیے جانے والے اصل اخراجات، یا متعلقہ امور کی انجام دہی کے لیے پہلے سے طے کی گئی رقم مثال کے طور کمپنی کے امور کے لیے سفر کرنے پر رہائش اور سفری اخراجات		
پیشہ ورانہ معاوضے کی انشورنس	ہاں/سہولت دی جاتی ہے	ہاں/سہولت دی جاتی ہے	ہاں/سہولت دی جاتی ہے
ٹرمینل بینفٹس	کوئی نہیں	کوئی نہیں	کوئی نہیں
حصص کے استحقاق کی سہولت	کوئی نہیں	کوئی نہیں	کوئی نہیں

* انفرادی طور پر ہر ڈائریکٹر کے لیے بورڈ کی منظور شدہ حدود میں رہتے ہوئے بنیادی تنخواہ، مراعات اور کارکردگی بونس، ایچ آر آر سی/ بورڈ آف ڈائریکٹرز کی جانب سے متعین کیا جاتا ہے۔

ڈائریکٹرز کی تربیت

کمپنی کی جانب سے ڈائریکٹرز کی تربیت کے حوالے سے تمام قانونی تقاضوں کو پورا کیا جاتا ہے۔ تمام ڈائریکٹرز، ڈائریکٹر ٹریننگ سرٹیفکیٹ حاصل کر چکے ہیں۔

حصص کی تجارت

سال کے دوران درج ذیل نے کمپنی کے حصص کی کوئی تجارت نہیں کی گئی۔

1. ایچ ٹی ایل کے 7,500,300 عام حصص جو کہ ایچ ٹی ایل کے مرحوم ڈائریکٹر/کفیل جناب باسط حسن (مرحوم) کی ملکیت ہیں، کو جانشینی سرٹیفکیٹ کے تحت اور گارڈینشپ سرٹیفکیٹ کے تحت 12.10.2018 کو قانونی ورثا میں منتقل کیا گیا۔ جن کی ترتیب مندرجہ ذیل ہے:

a. طبعی شکل میں ایچ ٹی ایل کے 3,437,438 عام حصص مسٹر شوکت حسن (ڈائریکٹر اور مرحوم کے والد) کو منتقل کر دیئے گئے تھے جس میں جانشینی سرٹیفکیٹ کے تحت مرحوم کے والد، والدہ اور بیوہ کے ورثے کے حصے شامل تھے۔

تاہم انفرادی طور پر کسی ڈائریکٹر کے مشاہرہ کا تعین کرنے کے ضمن میں درج ذیل امور کا خیال رکھا جاتا ہے:

- متعلقہ شعبہ کے حوالے سے ڈائریکٹر کی اہلیت اور تجربہ
- اس کے متعلقہ ٹیلنٹ کی مارکیٹ ویلیو
- ڈائریکٹر سے کمپنی کی وابستگی کی نوعیت یعنی ڈائریکٹر شپ کس قسم کی ہے۔
- آزاد ڈائریکٹرز کا مشاہرہ اجلاس کی فیس تک محدود ہیں۔

b. طبعی شکل میں ایچ ٹی ایل کے 2,031,331 عام حصص گارڈینشپ سرٹیفکیٹ کے تحت اپنے متوفی والد سے وراثتی حصے کے طور پر 12.10.2018 کو سرپرست شوکت حسن اور ثناء صابر کے ذریعہ مس ایشال حسن کو منتقل کر دیئے گئے تھے۔

طبعی شکل میں ایچ ٹی ایل کے 2,031,331 عام حصص کو سرپرست سرٹیفکیٹ کے تحت اپنے متوفی والد سے وراثت کے حصے کے طور پر 12.10.2018 کو سرپرست شوکت حسن اور ثناء صابر کے ذریعہ مس نوال حسن کو منتقل کیا گیا تھا۔

2. سی ڈی سی فارم میں ایچ ٹی ایل کے 20,000 عام حصص مسٹر محمد عمران (سی ایف او) نے 25.01.2019 کو خریدے تھے۔

3. طبعی شکل میں ایچ ٹی ایل کے 937,538 عام حصص کو مسٹر شوکت حسن (ڈائریکٹر) نے، جانشینی سرٹیفکیٹ کے تحت، مس ثنا صابر کو 22.02.2019 کو اپنے مرحوم شوہر اور ایچ ٹی ایل کے ڈائریکٹر/کفیل جناب مسٹر باسط حسن (مرحوم) سے وراثتی حصہ کے طور پر منتقل کیا تھا)۔

- سوائے جیسا کہ اوپر ذکر کیا گیا ہے، چیف ایگزیکٹو، ڈائریکٹرز، چیف فنانشل آفیسر، کمپنی سیکریٹری، ان کے شریک حیات اور نابالغ بچوں نے سال کے دوران ایچ ٹی ایل کے حصص میں کوئی دوسرا کاروبار نہیں کیا۔

بورڈ کی کمیٹیاں:

مختلف امور میں مدد کے لیے بورڈ نے درج ذیل کمیٹیاں تشکیل دی ہیں:

☆ بورڈ کی آڈٹ کمیٹی

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

- نوٹس کے ہمراہ تمام مالیاتی گوشواروں کو مینجمنٹ کی جانب سے پاکستان میں مروجہ اکاؤنٹنگ کے بین الاقوامی معیارات کو یقینی بناتے ہوئے تیار کیا جاتا ہے۔
- یہ گوشوارے آپریشنز، کیش فلو اور ایکویٹی میں ہونے والی تبدیلیوں کا مکمل جائزہ فراہم کرتے ہیں
- کمپنی کی جانب سے اکاؤنٹس کے کھاتوں کو بطریق احسن مرتب کیا جاتا ہے۔
- مالیاتی گوشواروں اور اکاؤنٹنگ کے تخمینہ جات کی تیاری کے سلسلہ میں جو کہ معقول اور مؤثر فیصلوں پر مبنی ہوتے ہیں، ہر بار درست اکاؤنٹنگ پالیسیز کو لاگو کیا جاتا ہے۔
- انتظامی امور کا اندرونی نظام جدید انداز سے تیار کیا گیا ہے اور نہ صرف اس کے مؤثر نفاذ کو یقینی بنایا گیا ہے بلکہ آڈٹ کے اندرونی نظام کے ذریعے اس کی مستقل بنیاد پر نگرانی اور جائزہ بھی لیا جاتا ہے۔
- ایک چلتے ہوئے منافع بخش کاروبار کی حیثیت سے کمپنی کی مستحکم حیثیت کے بارے میں کوئی شک نہیں۔
- کارپوریٹ گورنس کے ان تمام عمدہ طریقہ ہائے کار کہ جن کی تفصیل لسٹنگ ریگولیشن اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن مجریہ 2017 میں موجود ہے، پر عمل درآمد میں کسی قسم کی کوئی کوتاہی نہیں برتی جاتی۔
- کمپنی کے قیام سے لے کر اب تک (یعنی گزشتہ سات سال سے) تمام کلیدی انتظامی اور مالیاتی ڈیٹا مربوط حالت میں محفوظ ہے۔

ڈائریکٹرز رپورٹ کے اجراء کے وقت تشکیل کردہ بورڈ

ڈائریکٹرز رپورٹ کے اجراء کے وقت تشکیل کردہ بورڈ کی تفصیل درج ذیل ہے:
ڈائریکٹرز کی کل تعداد دس ہے جس کی تفصیل یہ ہے:

مرد: 09
خواتین: 01
بورڈ درج ذیل انداز میں تشکیل دیا گیا ہے

a) آزاد ڈائریکٹرز کی تعداد 3 ہے جن کے نام یہ ہیں:
محمد تبسم منیر (بورڈ آڈٹ کمیٹی کے چیئرمین)
ڈاکٹر صفدر علی بٹ (بورڈ کی ہیومن ریسورس اینڈ ری موزیشن کے کمیٹی کے چیئرمین)
سید اسد عباس حسین

b) نان ایگزیکٹیو ڈائریکٹر کی تعداد 5 ہے جن کے نام یہ ہیں:
شوکت حسن (چیئرمین BOD)
طاہر اعظم
فراز اختر زیدی (بورڈ کی رسک مینجمنٹ کمیٹی کے چیئرمین)
ماوراطاہر
جی وون پارک (ایس کے لبریکنٹ کے نمائندہ)

c) ایگزیکٹیو ڈائریکٹرز کی تعداد 2 ہے جن کے نام درج ذیل ہیں:

حسن طاہر (سی ای او)
محمد علی حسن

مالی سال کے دوران اجلاسوں میں ڈائریکٹرز کی شرکت

مالی سال کے دوران ڈائریکٹرز کے نام	سروس کی مدت	مالی سال کے دوران اجلاسوں میں شرکت کی تعداد
حسن طاہر	26 اکتوبر 2018 کو دوبارہ منتخب ہوئے	5
محمد علی حسن	26 اکتوبر 2018 کو دوبارہ منتخب ہوئے	4
شوکت حسن	26 اکتوبر 2018 کو دوبارہ منتخب ہوئے	5
طاہر اعظم	26 اکتوبر 2018 کو دوبارہ منتخب ہوئے	4
فراز اختر زیدی	26 اکتوبر 2018 کو منتخب ہوئے	5
محمد تبسم منیر	26 اکتوبر 2018 کو دوبارہ منتخب ہوئے	5
ڈاکٹر صفدر علی بٹ	26 اکتوبر 2018 کو دوبارہ منتخب ہوئے	5
ماوراطاہر	26 اکتوبر 2018 کو منتخب ہوئے	3
اسد عباس حسین	26 اکتوبر 2018 کو دوبارہ منتخب ہوئے	5
مون سیک پارک	26 اکتوبر 2018 کو منتخب ہوئے	1

بورڈ آف ڈائریکٹرز کے اجلاس کے دوران حاضری سے قاصر رہنے والے ممبرز کی غیر حاضری کی درخواست کو قبول کیا گیا۔

ڈائریکٹر کے مشاہرہ متعین کرنے کی پالیسی

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز مجریہ 2017 کے مطابق ڈائریکٹرز کے مشاہرہ کے تعین کی پالیسی کا خلاصہ نیچے درج ہے:
بورڈ کی ہیومن رسارس اینڈ ریمونر یشن کمیٹی بورڈ کی جانب سے کمپنی کی ڈائریکٹرز ریمونریشن پالیسی پر عمل درآمد کرانے کی مجاز ہے۔ اپریل 2018 میں ڈائریکٹرز ریمونریشن پالیسی کی بورڈ کی جانب سے رسمی منظوری ہوئی تھی اور 8 ستمبر 2018 کو اس پر نظر ثانی ہوئی تھی۔ اس کی نمایاں خصوصیات درج ذیل ہیں۔

مذکورہ پالیسی کے جملہ مقاصد کا احاطہ دو درجات میں کیا جاسکتا ہے
- بورڈ کا وسیع کمرشل تجربہ اور گراں قدر اہلیت رکھنے والے ڈائریکٹرز کو مدعو کرنا، ان کی حوصلہ افزائی کرنا اور انہیں اس عہدے پر برقرار رکھنا اور
- ڈائریکٹرز کے مشاہرہ کے تعین سے متعلقہ تمام مروجہ قوانین، ضابطوں اور قوائد کی پاسداری کرنا

یہ پالیسی درج ذیل امور کو مدنظر رکھ کر تیار کی گئی:
- کمپنی کے لائحہ عمل سے وابستہ منازل اور اہداف
- کمپنی کی فلاح عامہ سے متعلق ذمہ داریاں
- کاروبار کو مربوط انداز سے چلانے کے لیے کمپنی کے بنیادی اصول
- مطلوبہ ٹیلنٹ کے حساب سے مارکیٹ کی صورت حال
- ایک سازگار ماحول کی تشکیل کی جو کارکردگی کو بہتر بنانے، تصورات کو حقیقت میں ڈھالنے، ترقی کی لگن کو بڑھانے اور کاروباری اہداف حاصل کرنے میں معاون ہو۔
- پاکستان میں اسی بزنس سے وابستہ اور نسبتاً یہی سائز رکھنے والی کمپنیز میں ڈائریکٹرز کے مشاہرات کے مطابق مشاہرہ کا تعین کرنا۔

کریڈٹ رسک:

کریڈٹ رسک اس خطرہ کی نمائندگی کرتا ہے کہ ایک فریق مالی وسائل کی طرف سے کسی فریق کی ذمہ داری نبھانے میں ناکام ہوکر دوسرے فریق کو مالی نقصان پہنچائے گا۔

اگر کسٹمر یا فنانشل انسٹرومنٹ میں فریق پارٹی اپنی معاہداتی ذمہ داریوں کو پورا کرنے سے قاصر رہتی ہے تو کمپنی کو مالیاتی خسارے کی صورت میں ایسے رسک کا سامنا ہوتا ہے۔ کمپنی یقین رکھتی ہے کہ کسی بڑے مجموعی کریڈٹ رسک کا سامنا نہیں ہے۔ اس خدشے کا تدارک درجہ ''A'' کے مالیاتی اداروں میں متنوع انوسٹمنٹ پورٹ فولیو کے نفاذ سے ممکن بنایا گیا ہے۔ مزید برآں ایچ ٹی ایل اپنے ڈسٹری بیوٹرز اور ڈیلرز کو کریڈٹ کی سہولت نہیں دیتی۔ مزید، ہمارے معاشی طور پر مستحکم صنعتی کسٹمرز کو کریڈٹ کی سہولت حاصل ہے اور اس کی رقم کو متعلقہ خدشات کے پیش نظر کمپنی کے کل ریونیو سے حذف کیا جاتا ہے۔

لیکویڈٹی رسک:

لیکویڈیٹی رسک یہ خطرہ ہے کہ گروپ اپنی مالی ذمہ داریوں کو پورا نہیں کر سکے گا جب ادائیگی کا وقت آئے گا یہ گروپ کافی نقد رقم اور بینک بیلنس برقرار رکھنے اور قرضوں کی فراہمی کے لئے کافی حد تک سہولیات اور فنڈ کی دستیابی کے ذریعے لیکویڈیٹی رسک کا انتظام کرتا ہے۔

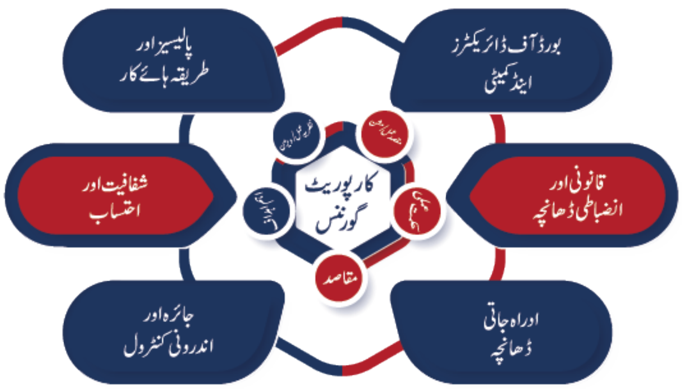
مالیاتی ذمہ داریوں کو پورا کرنے کی مد میں درپیش مشکلات کے حوالے سے ایسے رسک کا سامنا رہتا ہے ۔لیکویڈٹی رسک کے حوالے سے محتاط منصوبہ سازی معاہداتی ذمہ داریوں کو پورا کرنے کے لیے وافر فنڈز کی دستیابی کو ممکن بناتی ہے۔ کمپنی کی فنڈ مینجمنٹ سے متعلقہ حکمت عملی کا بنیادی مقصد ذاتی ذرائع سے حصول زر میں اضافہ کے ذریعے لیکویڈٹی (قرض کی ادائیگی) رسک کو کم کرنا ہے۔ ایچ ٹی ایل کو طویل المیعاد اور قلیل المیعاد فنانسنگ کے لیے بالترتیب A اور A-2 ریٹنگ جاری کی گئی ہے۔ یہ اس امر کی واضح دلیل ہے کہ ہم اپنی مالیاتی ذمہ داریوں کو بروقت پورا کرتے ہیں اور لیکویڈیٹی (قرض کی ادائیگی) کے حوالے سے ہماری ساکھ مضبوط ہے۔ قابل وصول اثاثہ جات کو کم ہونے، وافر کریڈٹ لائنز کی دستیابی اور مستحکم لیکویڈٹی (قرض کی ادائیگی) ساکھ کی وجہ سے کمپنی اپنی تمام معاہداتی ذمہ داریوں کو کامیابی سے بروقت پورا کرتی ہے۔

زرمبادلہ سے متعلقہ رسک

قابل وصول اور واجب ادا اثاثہ جات کے حوالے غیر ملکی کرنسی میں لین دین سے زرمبادلہ سے متعلقہ رسک کا سامنا رہتا ہے۔ کمپنی بنیادی طور پر تیار لبریکنٹس، خام مال اور پلانٹ و مشینری کی کمپنی میں درآمد پر امریکی ڈالرز/ پاکستانی روپے کے قلیل المیعاد مساوات مبادلہ پر یقین رکھتی ہے اور سٹیٹ بینک آف پاکستان کے ہدایت نامے کے مطابق جب سے POL مصنوعات کے لیے کسی فارورڈ کور کے حصول پر پابند عائد کی گئی کمپنی اپنا ملکیتی ذیلی ادارہ رکھتی ہے۔ مزید برآں بورڈ نے ایسے بنیادی رسک کی جانچ کو مضبوط بنانے کے لیے ضروری اقدامات کیے ہیں کہ جو بزنس ماڈل، مستقبل کی کارکردگی، قرض کی ادائیگی یا لیکویڈیٹی کو متاثر کرتے ہیں۔

رسک گورننس

ہمارے رسک مینجمنٹ پروگرام کے حوالے سے مختلف درجات پر ہماری ذمہ داریوں اور کردار کی تفصیل رسک گورننس سٹرکچر میں درج ہے۔



بورڈ کمیٹیز:

بورڈ، ابتدائی طور رسک مینجمنٹ کے طریقہ ہائے کار کا متعلقہ کمیٹیز کے ذریعے جائزہ لیتا ہے۔ آڈٹ کمیٹی، مالیاتی، انضباطی اور انتظامی رسکس پر نظر رکھتے ہوئے شفافیت اور احتساب کو یقینی بناتی ہے۔ اس کمیٹی کا اجلاس سہ ماہی بنیادوں پر یا جب ضروری ہو منعقد کیا جاتا ہے۔ ہیومن ریسورس اور ری موزیشن کمیٹی، نگرانی اور مشاہرے کے امور سے متعلقہ رسکس جن میں مراعاتی پروگرامز بھی شامل ہیں کا جائزہ لیتی ہے اور اس امر کو یقینی بناتی ہے کہ اس سے کارپوریٹ رسک میں اضافہ نہ ہو جائے، مزید برآں کامیاب منصوبہ سازی کو یقینی بنانے کے لیے یہ کمیٹی، کمپنی کے اہم شعبہ جات کے نظام کو بطریق احسن چلانے کے لیے ماہر اور تجربہ کار عملے کی دستیابی کو بھی یقینی بناتی ہے۔ رسک مینجمنٹ کمیٹی تمام میٹریل کنٹرولز (مالیاتی، انضباطی اور انتظامی) کا جائزہ لیتی ہے اور مالیاتی معلومات کو موثر بنانے اور رسک کو کم کرنے کے حوالے سے ضروری اقدامات کرتی ہے۔ انوسٹمنٹ کمیٹی سرمایہ کاری سے وابستہ رسک کو ختم کرنے کے لیے انوسٹمنٹ پالیسیز، حکمت عملی اور طریقہ کار بنانے کی ذمہ دار ہے۔

اندرونی انضباط اور نگرانی:

کمپنی کی جانب سے رسائی کے محتاط اختیارات کے ساتھ مالیاتی معلومات کی فراہمی کا جدید خودکار نظام تیار کیا ہے۔ ایچ ٹی ایل نے تمام فنکشنز کے لیے پراسیجرل انٹرنل کنٹرول بھی قائم کیا ہے۔ انضباط کے معیار پر پورا اترنے کے لیے سارا سال اندرونی اور بیرونی آڈٹ کیا جاتا ہے۔ بورڈ کے مصدقہ پلان کے تحت آڈٹنگ کا اندرونی نظام چلایا جاتا ہے جو نگرانی اور رسک مینجمنٹ کے کنٹرول کے طریقہ کار کو مؤثر بنانے کے لیے آڈٹ کمیٹی کو براہ راست جوابدہ رہتے ہوئے آزادانہ اور معروضی حساب کتاب کو یقینی بناتا ہے۔

پالسیز اور طریقہ ہائے کار:

مالیاتی، انضباطی اور انتظامی رسکس سے نبرد آزما ہونے کے لیے بورڈ اور اس کی کمیٹیز نے پالسیز اور طریقہ ہائے کار اختیار کیے ہیں اور انہیں کمپنی کے رسک کے انضباطی ڈھانچے کا حصہ بنا دیا گیا ہے۔ ان کی بنیاد عمدہ تجربات، معاشرتی اقدار اور اخلاقیات پر رکھی گئی ہے اور سینئر عہدیداران کے پاس ان کے نفاذ کو یقینی بنانے کا مکمل اختیار حاصل ہے۔

مالی وسائل کا انتظام

کیش مینجمنٹ / نقد رقم کا انتظام

آپ کی کمپنی انوینٹری اور تجارت کی وصولی کی زیادہ سے زیادہ سطح کو برقرار رکھنے، کافی نقد رقم اور بینک بیلنس برقرار رکھنے اور تنظیم میں آپریٹنگ استعداد کاروں اور لاگت کی بچت کے ساتھ ساتھ قرضوں کی فراہمی کی خاطر خواہ سہولیات کی کافی مقدار کے ذریعے فنڈ کی دستیابی پر توجہ دیتی ہے۔ اس حکمت عملی نے HTL کو مستقل طور پر مثبت نقد بہاؤ پیدا کرنے میں مدد فراہم کی ہے۔ بجٹ اور منصوبہ بندی کا محکمہ کمپنی کے سی ای او کی براہ راست نگرانی میں کام کرتا ہے۔ یہ حصہ سالانہ اسٹریٹجک منصوبہ بندی، بجٹ سازی اور پیش گوئی کے لئے کام کرتا ہے جو کمپنی کو قابل بناتا ہے کہ وہ مستقبل میں ہونے والے اسٹریٹجک اور لیکویڈیٹی خطرات کے مقابلہ میں اپنے وژن اور حفاظت کو موثر انداز میں حاصل کر سکے۔ یہ منصوبہ بندی صحت مند ورکنگ کیپیٹل سائیکل کو برقرار رکھنے میں مزید مدد کرتی ہے۔ لیکویڈیٹی کی ضروریات کا انتظام سیلز ریونیو، سرمایہ کاری اور بیرونی فنانسنگ سے ہوتا ہے جو بھی کم خرچ پڑے۔ کمپنی کے پاس کیش مینجمنٹ کا ایک موثر نظام موجود ہے جس کے تحت باقاعدگی سے نقد آمد اور اخراج کی پیش گوئی کی جاتی ہے اور سختی سے نگرانی کی جاتی ہے۔ ورکنگ کیپٹل کی ضروریات کو موزوں مینجمنٹ، منصوبہ بندی اور مناسب طریقے سے تجارتی وصولی، ادائیگی اور انوینٹری کی سطحوں اور مالی اعانت کے ذریعہ پورا کیا جاتا ہے۔

مصارف اصل

منافع اور متعلقہ سرمایہ کاری سے وابستہ رسک کا سختی سے حساب رکھتے ہوئے مصارف اصل کا انتظام بڑی احتیاط سے سنبھالا جاتا ہے، بروقت ترسیل اور تخمینہ لاگت کو حد میں رکھنے کے پراجیکٹ کا باقاعدگی سے جائزہ لیا جاتا ہے۔ مزید برآں ایسے اخراجات کہ جن کے لیے بڑے سرمایہ کی ضرورت ہو، انہیں طویل المیعاد ٹھیکوں / معاہدوں سے تحفظ دیا جاتا ہے تاکہ کاروبار میں کیش فلو کے رسک کو کم کیا جا سکے۔ سابقہ مدت میں 454 ملین روپے کے مقابلے میں 2019 کے دوران مصارف اصل 274 ملین روپے رہا۔ بورڈ مطمئن ہے کہ جون 2019 تک بشمول کریڈٹ تک رسائی اور مضبوط بیلنس شیٹ / فرد میزان / آمدن و خرچ کے گوشوارے کو درست انداز میں مرتب کرنے کے سلسلہ میں کوئی قلیل المیعاد اور طویل المیعاد رکاوٹ کا سامنا نہیں۔ کمپنی کو کیش مینجمنٹ / نقد رقم کے انضباط کے حوالے سے اپنی بطریق احسن ترتیب دی گئی حکمت عملی کے حوالے سے کسی لیکویڈیٹی رسک کا سامنا نہیں ہے اور یہ حکمت عملی قرض کی استعمال نہ کی گئی سہولیات کی دستیابی کو وافر بنانے میں بھی معاون ہے۔

آئی پی او فنڈز

جون 2016 کو ختم ہونیوالے مالی سال کے دوران کمپنی نے ایک ابتدائی پبلک آفر (IPO) دی اور دس روپے فی شیئر قیمت والے 29,001,000 شیئرز، 62.50 روپے فی شیئر کی قیمت پر جاری کیے اور اس قیمت کو بک بلڈنگ کے طریقہ کار سے متعین کیا گیا۔

جیسا کہ پراسپیکٹس مجریہ 28 دسمبر 2015 میں درج ہے، کمپنی پورے پاکستان میں منفرد خدمات کے اضافے کے ساتھ جدید آؤٹ لیٹس کھولنے کا ارادہ بھی رکھتی ہے، اس کے ساتھ ساتھ کمپنی کے ملکیتی اور ذیلی ادارے بلینڈنگ پلانٹ پر اضافی فلنگ لائنز کی تنصیب کا منصوبہ بھی بنایا گیا ہے۔ سال 16-2015 کے لیے کی گئی منصوبہ بندی میں پاکستان کے 11 اہم شہروں میں 37 بڑے آؤٹ لیٹس کھولنے کا فیصلہ بھی کیا گیا ہے۔ سہ ماہی ترقیاتی رپورٹ نمبر 6 مجریہ 14 جولائی 2017 میں تمام حصص داران کو مذکورہ پراجیکٹ پر ہونے والی پیش رفت کے بارے میں آگاہ کیا گیا ہے۔

شہروں کے اہم مقامات پر زمین کی تیزی سے بڑھتی ہوئی قیمت ہمارے لیے ایک چیلنج ہے جس سے نبرد آزما ہونے کے لیے آپ کی کمپنی نے ایکسپریس سینٹرز کو فیول سٹیشنز کے ساتھ ملانے کی حکمت عملی تیار کی ہے اور ان فیول سٹیشنز کا قیام آئل مارکیٹنگ کمپنی (او ایم سی) کے ذیل عمل میں لایا جائے گا۔ یہ حکمت عملی مارکیٹنگ، لاگتی سرمائے اور مجموعی منافع میں اضافے کے سلسلہ میں کافی موثر ثابت ہوگی۔ پبلک آفر کے استعمال نہ ہونے والے زر کو کمپنی نے بینک بیلنس، ٹرم ڈیپازٹ رسیپٹ اور میوچل فنڈ کے طور پر محفوظ رکھا ہے۔

تفصیلات	روپے
کیم جولائی 2018 تک استعمال نہ کی گئی IPO کی رقم	962,790,412
جمع: ٹرم ڈیپازٹ پر حاصل شدہ منافع	68,134,639
جمع: میوچل فنڈز کی فروخت سے حاصل شدہ رقم	56,705,425
جمع: دوسرے (Other)	1,064,516
منی مارکیٹ میوچل فنڈز میں سرمایہ کاری	(100,836,165)
OMC پراجیکٹ	(59,554,742)
زیر استعمال سرمایہ / ورکنگ کیپیٹل	(32,210,865)
منافع پر ودہولڈنگ ٹیکس	(6,813,464)
میوچل فنڈز پر ودہولڈنگ ٹیکس	(147,559)
میوچل فنڈ میں خسارہ	(5,106,286)
بینک چارجز	(23,314)
30 جون 2018 تک غیر استعمال شدہ IPO کی رقم	884,002,597

منافع کا تصرف

2019 میں کمپنی کے مالیاتی نتائج کو مدنظر رکھتے بورڈ آف ڈائریکٹرز نے 21 ستمبر 2019 کو منعقد ہونے والے اپنے اجلاس کے دوران 30 جون 2019 کو ختم ہونے والے مالی سال کے لیے 0.25 روپے فی شیئر (2.5 فیصد) کے حتمی نقد منافع منقسمہ کی ترسیل کی تجویز دی ہے۔ ممبران کی جانب اس منافع منقسمہ کی منظوری 25 اکتوبر 2019 کو منعقد ہونے والے عمومی سالانہ اجلاس میں دی جائے گی۔ اکاؤنٹنگ کے مروجہ معیارات پر پورا اترنے کے لیے ان مالیاتی گوشواروں میں 29 ملین روپے مالیت کے مجوزہ منافع منقسمہ کو لائبلٹی کے طور پر درج نہیں کیا گیا۔

رسک مینجمنٹ

کمپنی نے ایک مربوط رسک مینجمنٹ پالیسی تیار کی ہے جس کے تحت کمپنی کے ڈائریکٹرز اور سینئر عہدیداران پر کچھ خاص ذمہ داریاں عائد ہوتی ہیں۔ اس پالیسی کے تین اہم کردار بورڈ آف ڈائریکٹرز، آڈٹ کمیٹی اور رسک مینجمنٹ کمیٹی ہیں جو ممکنہ خدشات کی وقوع پذیری کے خدشات کو مدنظر رکھتے ہوئے رسک میٹرکس کا از سر نو جائزہ لیتے ہیں۔ چیف ایگزیکٹیو آفیسر اور ایگزیکٹیو ڈائریکٹرز اور نان ایگزیکٹیو ڈائریکٹرز کی نگرانی میں کام کرنے والی سینئر عہدیداران کی ٹیم رسک کو کم سے کم کرنے کے لیے اقدامات کرنے کی ذمہ دار ہے اور اس کی تیار کردہ تجاویز کو بورڈ کی جانب سے زیر غور لایا جاتا ہے۔ مارکیٹ کی صورت حال کا مسلسل ٹھیک اندازہ لگانے اور اس کے مطابق درست فیصلہ کرنے کی صلاحیت نے کمپنی کو ممکنہ خدشات سے نبرد آزما ہوتے ہوئے دستیاب سنہری مواقع سے بھرپور فائدہ حاصل کرنے کے قابل بنایا ہے اور اس سے کمپنی کی ساکھ مضبوط ہوئی ہے۔

کمپنی کو جن اہم خدشات کا سامنا ہے انہیں کلی مالیاتی گوشوارے کے نوٹ 40 میں تفصیلاً بیان کر دیا گیا ہے اور ان کو کم کرنے کے لیے درج ذیل اقدامات اٹھائے گئے ہیں:

کمائی جبکہ 2018 میں(EBITDA) PKR1377 ملین تھی۔ کمپنی نے پی کے آر 0.35 حصص کی مجموعی آمدنی حاصل کی جبکہ گذشتہ سال پی کے آر 6.55 فی حصص آمدنی حاصل کی تھی۔ فروخت کی آمدنی میں اضافہ متناسب تناسب سے مجموعی مارجن اور خالص مارجن تک نہیں پہنچا، اس کی وجہ بنیادی طور پر روپے کی گراوٹ سے وابستہ زر مبادلہ کے نقصانات، کمپنی کے ترقیاتی اقدامات سے وابستہ اوور ہیڈ اخراجات جن سے توقع کی جاتی ہے کہ وہ مستقبل میں منافع کے حصول اور سود کی لاگت میں کمی کرینگے۔

کمپنی کی حکمت عملی ہمارے اسٹیک ہولڈرز کی قدر بذریعہ لبریکنٹ مارکیٹ میں اپنی موجودگی میں اضافہ اور کاروباری مواقع میں اسٹریٹجک توسیع کرتے ہوئے بڑھانے پر مرکوز ہے جو کے ہماری بنیادی قابلیت کے ساتھ ہم آہنگ بھی ہے۔ مزید یہ کہ کمپنی بڑھتے ہوئے بلینڈنگ اور پیکیجنگ کے مواقع کے ذریعے اخراجات کو کم کرنے پر توجہ مرکوز کرنے والے اقدامات کے ساتھ اپنے بلینڈنگ پلانٹ کی صلاحیت کے استعمال میں بہتری لانے کا کام جاری رکھے گی. اس سے زک کو موٹر آئل مارکیٹ میں بہتر مسابقتی فائدہ اور زیادہ سے زیادہ حصہ فراہم کرنے میں مدد ملے گی۔

درمیانی مدت میں HTL فیول اسٹیشنوں میں زیادہ سرمایہ کاری سے ملک میں HTL نیٹ ورک کو وسعت ملے گی. سٹیشنوں پر مرئیت کے ذریعے زک اور ایچ ٹی ایل ایکسپریس کو زیادہ سے زیادہ موٹر آئل سیگمنٹ میں داخل ہونے کے لئے راہیں فراہم کرنا ہے. گاڑی کی تمام ضروریات کے لئے ایک اسٹاپ حل کی فراہمی کا تصور, انفرادی برانڈز پر فوقیت رکھے گی, اعلی معیار کی مصنوعات کے طور پر ایچ ٹی ایل کے برانڈ نام کو قائم کرنے میں مدد فراہم کرے گی اور آٹوموٹو انڈسٹری میں خدمات فراہم کرنے والا بنا دے گی۔

انتظامی امور کی کارکردگی

لیوب بزنس سگمنٹ

حجم کی شرائط میں مسافر کار موٹر آئل (پی سی ایم او) نے اپنی حیثیت بر قرار رکھی جبکہ موٹر سائیکل آئلز (ایم سی او) کے حجم میں ڈبل ہندسے بڑھ گئے، تاہم ڈیزل انجن آئلز (ڈی ای او) طبقہ کو نیچے کی طرف رجحان ملا۔

ہائی ٹیک بلینڈنگ (پرائیوٹ) لمیٹڈ (ایچ ٹی بی ایل)

ایچ ٹی بی ایل آپ کی کمپنی کا مکمل ملکیتی ماتحت ادارہ ہے۔ اس نے محصولات میں اپنی متاثر کن افزائش جاری رکھی۔ کمپنی نے اپنے پورٹ فولیو میں ایک نئی پروڈکٹ کا اضافہ کیا اور اضافی ایکسٹروژن بلو مولڈنگ (ای بی ایم) اور انجکشن مولڈنگ مشینوں میں سرمایہ کاری کی جو کہ بڑھتی ہوئی فروخت کے حجم کو سنبھالنے کے لے. ایچ ٹی بی ایل اب ایچ ٹی ایل کے مجموعی منافع میں نمایاں مددگار ہے۔ کمپنی نے کامیابی کے ساتھ مقامی مصنوعات کو برانڈ نام ZIC کے تحت بلینڈ کیا تا کہ مسافر کار موٹر آئل (پی سی ایم او)، ہیوی ڈیوٹی ڈیزل آئل (ایچ ڈی ڈی او) اور موٹر سائیکل آئل (ایم سی او) پر مشتمل مارکیٹ کے مختلف حصوں کی ضرورت کو پورا کریں۔

ایچ ٹی ایل ایکسپریس

حقیقی مصنوعات، اعلی خدمات، تربیت یافتہ پیشہ ور افراد اور بہترین ٹکنالوجی کے ذریعہ گاڑیوں کی بحالی کی حرکیات کو تبدیل کرنے کے ایک مقصد کے ساتھ ایچ ٹی ایل ایکسپریس پاکستان بھر میں اپنی وسعت کو بڑھا رہاہے۔ 8 ایچ ٹی ایل ایکسپریس مراکز کے ساتھ، کمپنی کی توجہ, گاڑیوں کی دیکھ بھال کی صنعت کے صارف طبقہ کو پورا کرنے کے ساتھ, کارپوریٹ گاہکوں کو گاڑی دیکھ بھال کی خدمات فراہمی کے ذریعے دیکھ بھال کے برانڈ کے کسٹمر بیس کو بڑھانے پر مرکوز ہے ایچ ٹی ایل ایکسپریس مراکز کو ہمارے او ایم سی پروجیکٹ کے تحت بننے والے ایچ ٹی ایل فیول اسٹیشنوں کے لازمی حصے کے طور پر بھی ملایا جائے گا، اور ہم توقع کرتے ہیں کہ مستقبل میں پاکستان بھر میں اس کی مزید موجودگی ہوگی۔

ایچ ٹی ایل سٹیشنز(آئل مارکیٹنگ کمپنی)

اس پروجیکٹ کے تحت پنجاب، سندھ اور خیبر پختونخوا کے صوبوں سمیت پاکستان میں 360 ریٹیل آؤٹ لیٹس کے قیام کا تصور کیا گیا ہے۔ فیول اسٹیشنوں میں جنرل اسٹور، ٹائر شاپ اور ایک کار شاپ جیسی دیگر خدمات دستیاب ہوں گی۔ فروخت کی حمایت کرنے کے لئے، کمپنی 7 سال کی مدت میں پورے ملک میں 25،735 (Mogas and HSD) میٹرک ٹن ذخیرہ کرنے کی صلاحیتوں کو بڑھانے میں سرمایہ کاری کرنے کا ارادہ رکھتی ہے۔ سال 2019 کی آخری سہ ماہی میں آئل اینڈ گیس ریگولیٹری اتھارٹی (اوگرا) نے کمپنی کو صوبہ پنجاب, ساہیوال, میں تیل ذخیرہ کرنے کی نئی سہولت اور پیٹرولیم مصنوعات کی مارکیٹنگ کی اجازت دے دی ہے۔ کمپنی نے او ایم سی پروجیکٹ کے تحت پٹرول پمپ لگانے کے لئے مختلف ڈیلروں کے ساتھ معاہدوں پر دستخط کیے ہیں اور خیبر پختونخوا, نوشہرہ, میں ایک اور اسٹوریج سائٹ کی تعمیر بھی شروع کر دی ہے۔

ڈائریکٹرز کی رپورٹ برائے حصص داران

ہائی ٹیک لیبریکنٹس لمیٹڈ (ایچ ٹی ایل یا کمپنی) کے ڈائریکٹرز بمسرت یہ سالانہ رپورٹ برائے سال مختتمہ 30 جون 2019 تنقیح شدہ مالیاتی گوشواروں کے ہمراہ پیش کرتے ہیں۔

ملک کی معاشی صورتحال کاروبار اور صارفین دونوں کے لئے ایک چیلنج رہا ہے۔ کاروبار لحاظ سے، بڑھتے ہوئے بینک نرخوں اور قیمت پر افراط زر کے دباؤ نے کمپنی کی کاروباری سرگرمیوں پر ایک بوجھ ڈال دیا ہے۔ صارفین کے لحاظ سے، افراط زر کے دباؤ نے ایک مثال مالی مشکل پیدا کر دی ہے، جس کے تحت گاڑیوں سے منسلک مصنوعات اور خدمات کی طلب میں کمی واقع ہوئی ہے۔ اس سے لبریکنٹ والے کاروبار کے ساتھ ساتھ ایچ ٹی ایل ایکسپریس کار کیئر دونوں پر اثر پڑا ہے۔

مالیاتی کارکردگی

مشکل حالات کے باوجود، آپ کی کمپنی مجموعی فی حصص آمدنی کو مستحکم بنیادوں پر ریکارڈ کرنے میں کامیاب رہی، جیسا کہ مندرجہ ذیل خلاصہ سے دکھایا گیا ہے:

	مجموعی		غیر مجموعی		سہ ماہی نتیجہ	
	مالی سال 30 جون کو ختم ہوا		مالی سال 30 جون کو ختم ہوا		اپریل تا جون 2019	
	2019	2018	2019	2018	مجموعی	غیر مجموعی
پاکستانی روپے ملین کے حساب سے						
خالص فروخت	9,431	9,255	9,431	9,254	4,866	4,489
گراس مارجن	2,069	2,395	1,294	1,928	897	601
EBITDA	882	1,377	108	971	510	223
فرسودگی سے قیمت اور مالیاتی قدر میں کمی	(158)	(63)	(81)	(57)	(47)	(27)
قرضہ/فنانس سے متعلقہ لاگت	(314)	(127)	(235)	(82)	(83)	(69)
دیگر انتظامی اخراجات	(192)	(108)	(104)	(63)	(59)	(28)
دیگر انتظامی آمدنی	82	71	114	108	24	32
ٹیکس سے قبل آمدنی / (نقصان)	300	1,151	(197)	876	345	131
ٹیکس	(259)	(391)	(237)	(322)	(35)	(93)
ٹیکس کے بعد آمدنی / (نقصان)	41	759	(435)	554	310	38
فی شیئر آمدنی / (نقصان) (روپے میں)	0.35	6.55	(3.75)	4.78	2.68	0.33

کمپنی نے سہ ماہی میں 310 ملین پاکستانی روپے کی آمدنی اور 2.68 کی فی حصص آمدنی کے ساتھ مضبوط اختتام کے ساتھ سال بند کیا۔ پچھلے سال اسی مدت میں 128 ملین پاکستانی روپے اور 1.1 فی حصص آمدنی تھی۔ سہ ماہی محصولات کافی زیادہ رہے۔ مالی سال کی آخری سہ ماہی ہمارے لئے ہمیشہ مستحکم ہوتی ہے اور اس سال میں اضافہ کی خاص وجہ ڈسٹری بیوٹر کا قیمت اور ٹیکس میں متوقع اضافہ اور سیلز مراعات سے فائدہ حاصل کرنا تھا۔ کمپنی نے فروخت میں آسانی کے لئے ڈسٹری بیوٹر کو ایک وقت کی بنیاد پر کریڈٹ بڑھایا۔ اس کے بعد ایسے تمام کریڈٹ بازیافت ہو چکے ہیں۔

سالانہ بنیاد پر مجموعی خالص فروخت میں افزائش ٪2 تھی جو بنیادی طور پر قیمتوں میں اضافے کی وجہ سے ہے۔ تاہم، مقدار میں ٪4 کمی رہی۔ زبردست مسابقتی مارکیٹ کے ساتھ روپے کی قدر میں کمی اور درآمدی اوورہیڈ لاگت سے پیدا ہونے والے براہ راست اخراجات میں بے حد اضافے کے باوجود، متناسب فروخت کی قیمت میں اضافے کی اجازت نہیں دی، آپ کی کمپنی گذشتہ سال کے ٪25.9 کے مارجن سے ٪21.9 فیصد کے مجموعی مارجن کو برقرار رکھنے میں کامیاب رہی جو کے گذشتہ سال سے 4 فیصد کم ہے ان کاروائیوں نے 2019 کے دوران 43.9 فیصد کمی کے ساتھ PKR 882 ملین کی مجموعی (EBITDA)

ہدایات برائے رجسٹریشن۔ مرکزی کیش ڈیویڈنڈ رجسٹر

تعارف:

سینٹرل ڈیپازٹری کمپنی نے مرکزی کیش ڈیویڈنڈ رجسٹر (CCDR) کی بنیاد رکھی ہے۔ یہ ایک الیکٹرونک سروسز ویب پورٹل ہے جس میں لسٹڈ کمپنیز کی جانب سے ادا شدہ، غیر ادا شدہ اور روکے جانے والے کیش ڈیویڈنڈز کی تفصیلات درج کی جائیں گی۔ CCDR کے ذریعے لسٹڈ کمپنیز کی جانب سے شیئر ہولڈرز کو ادا کیے گئے ڈیویڈنڈز کا ریکارڈ رکھنا ممکن ہوگا اور اس معلومات تک شیئر ہولڈرز کو رسائی فراہم کی جائے گی۔ اس کے ذریعے لسٹڈ کمپنیز کو کیش ڈیویڈنڈ کے کاؤنٹر فوئل کی پرنٹنگ اور اس کی ڈاک ٹکٹ کے ذریعے ترسیل پر آنے والے خرچ کو بچانے میں بھی کامیابی حاصل ہوگی۔ اس ویب پورٹل کے ذریعے لسٹڈ کمپنیز کے شیئر ہولڈرز کو کیش ڈیویڈنڈز کی تفصیلات مرکزی رجسٹر سے باسہولت حاصل ہوں گی اور ان کا ریکارڈ رکھنا بھی آسان ہوگا۔

رجسٹریشن کا طریقہ کار

- ای ڈیویڈنڈ سروسز کے لئے رجسٹر کرنے کیلئے ہماری ای سروسز پورٹل پر جائیں www.eservices.cdcaccess.com.pk/public/index.xhtml
- اگر آپ پہلے سے ای سروسز کی سہولت حاصل نہیں کر رہے تو New Here? Register Now کے ٹیب پر کلک کر کے خود کو رجسٹر کروائیں۔ (اس سروس کیلئے کوئی بھی رجسٹر کر سکتا ہے۔
رجسٹریشن کیلئے افراد کو CNIC/NICOP/POC یا پاسپورٹ درکار ہوگا اور کارپوریٹ ادارے کو رجسٹریشن نمبر یا NTN کی ضرورت ہوگی۔)
- Register Now پر کلک کرنے کے بعد سکرین پر ابھرنے والے فارم کو پُر کریں۔ (تمام لازمی خانوں کے آگے * کا نشان نمایاں ہوگا۔ ان تمام خانوں کو پُر کرنا لازمی ہے۔)
- فارم پُر کرنے کے بعد 'Save' کا بٹن دبا کر فراہم کی گئی معلومات کو محفوظ کیجئے۔
- فارم کو کامیابی سے محفوظ کرنے کے بعد آپکو اپنے رجسٹرڈ ای میل ایڈریس پر ایک لنک موصول ہوگا۔ اس لنک کو کلک کرنے پر پاس ورڈ تبدیل کرنے کیلئے ایک نئی سکرین کھل جائے گی۔
- پاس ورڈ 10-8 ہندسوں کا ہو سکتا ہے جس میں سے 6 انگریزی حروف تہجی (ایک اپر کیس اور ایک لوئر کیس) اور کم از کم دو نمبرز ہونے چاہئیں۔
- پاس ورڈ سیٹ کرنے کے بعد ای سروسز کے ہوم پیج پر واپس آ جائیں۔
- افراد کے لئے یوزر آئی ڈی (User ID) CNIC / NICOP/ POC / Passport ہوگا اور کارپوریٹ ادارے کیلئے رجسٹریشن نمبر یا NTN نمبر ہوگا۔ پاس ورڈ وہی ہوگا جو آپ نے پہلے منتخب کیا ہے

سروس کی شروعات

- اپنے اکاؤنٹ میں کامیابی سے لاگ ان کرنے کے بعد eDividend کے آپشن کے نیچے My eDividend کے ٹیب پر کلک کیجئے۔ eDividend Service Activation سکرین کھل جائے گی۔
- سی ڈی سی اکاؤنٹ ہولڈرز اپنے پارٹیسپنٹ آئی ڈی اور سی ڈی ایس اکاؤنٹ نمبر مہیا کریں اور فزیکل شیئر سرٹیفکیٹ کیلئے فولیو نمبر اور سکیورٹی سمبل (Symbol) دیں۔
- سکرین پر List of my eDividend(s) لوڈ ہونے پر اگر آپ سی ڈی ایس اکاؤنٹ ہولڈر ہیں تو پارٹیسپنٹ آئی ڈی اور سی ڈی ایس اکاؤنٹ نمبر ڈالیں اور اگر آپ کے پاس کاغذی شیئر سرٹیفکیٹ ہیں تو فولیو نمبر اور سکیورٹی سمبل ڈالیں۔ اس کے بعد آپ کو OTP آپشن کا انتخاب کرنا ہوگا یعنی موبائل نمبر یا ای میل۔ اس کے مہیا کرنے کے بعد آپ کی ای ڈیویڈنڈ سروس کا آغاز ہو جائے گا۔
- سروس کے فعال ہو جانے پر آپ کے سامنے List of my eDividend(s) کی سکرین ظاہر ہو جائے گی جس پر آپ اپنے Dividend Payment Status کو دیکھ سکتے ہیں۔ آپ Paid Status والے ڈیویڈنڈز کی Dividend Report بھی دیکھ پائیں گے۔

FORM OF **PROXY**

I/We ______________________ a member / member of Hi-Tech Lubricants Limited and holder of____________________shares as per Share Register Folio # / CDC Participant I.D. Participant ID # Sub A/C # / Investor A/C #________________________do hereby appoint________________________of ________________________or failing him______________________________of who is also member of the Company vide Registered Folio # ____________________________________as my/our Proxy to attend, speak and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on Friday October 25, 2019 at 3:00 p.m. and at any adjournment thereof.

As witness my/our hand this _____________day of October, 2019 at ____________

Witness' Signature:...

....

Name...

CNIC # ....

Address..

....

Affix Revenue Stamp of Rs. 5/-

Witness' Signature:...

....

Name...

CNIC # ....

Address..

....

Member's Signature

Date:

Place:

Notes:

1. The Form of Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.

2. CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their Computerized National Identity Cards / Passport in original to provide his / her identity, and in case of Proxy, must enclosed an attested copy of his / her CNIC or Passport. Representatives of corporate members should bring the usual documents for such purpose.

ہائی-ٹیک لبریکنٹس لمیٹڈ

مختار نامہ

میں / ہم ____________________

کا / کے ____________________

بحیثیت رکن ہائی۔ٹیک لبریکنٹس لمیٹڈ اور حامل حصص، بمطابق شیئر رجسٹر فولیو نمبر ____________________

اور / یا سی ڈی سی پارٹیسپینٹ (شرکت آئی ڈی) نمبر ____________________

اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر ____________________

محترم / محترمہ ____________________

کو اپنے / ہمارے ایماء پر مورخہ 25 اکتوبر 2019 بروز جمعہ بوقت دوپہر 3:00 بجے

کو منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا / ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

آج بروز.......................بتاریخ....................... 2019ء کو دستخط کیے گئے۔

گواہان

پانچ روپے مالیت کے رسیدی ٹکٹ پر دستخط

دستخط کمپنی کے نمونہ دستخط سے سے مماثل ہونے چاہئیں۔

1۔
دستخط: ____________________
نام: ____________________
پتہ ____________________
____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________________

2۔
دستخط: ____________________
نام: ____________________
پتہ ____________________
____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________________

نوٹ

1۔ ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کرسکتا، وہ اس فارم کو مکمل کرے اور دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل رجسٹرڈ آفس کے پتے پر ارسال کردے۔

2۔ سی ڈی سی شیئر ہولڈر ہونے کی صورت میں درج بالا کے علاوہ ذیل میں درج ہدایات پر بھی عمل کرنا ہوگا:

(الف) فرد ہونے کی صورت میں اکاؤنٹ ہولڈر یا سب سکاؤنٹ ہولڈر اور / یا وہ جس کی سیکیورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد وضوابط کے مطابق اپ لوڈ ہوں انہیں کمپنی کی جانب سے دی گئی ہدایت کی روشنی میں پراکسی فارم جمع کرانا ہوگا۔

(ب) مختار نامے پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز فارم پر درج ہوں۔

(ج) بینیفشل اونرز (مستفید ہونے والے فرد) کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی جسے نائب مختار نامہ کے ہمراہ پیش کرے گا۔

(د) اجلاس کے وقت نائب کو اپنا اصل کمپیوٹرائزڈ قومی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔

(و) کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن)، بورڈ آف ڈائریکٹرز قرارداد / مع نامزد کردہ شخص / اٹارنی کے نمونہ دستخط پاور آف اٹارنی (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامے) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔

NOTICE FOR MANDATORY REQUIREMENT **OF DIVIDEND MANDATE**

Dear Shareholder,

Under Section 242 of the Companies Act, 2017, listed companies are required to PAY CASH DIVIDENDS ONLY THROUGH ELECTRONIC MODE directly into the bank accounts designated by the entitled shareholders, and therefore, all the valuable shareholders of Hi-Tech Lubricants Limited (HTL) are requested to kindly authorize HTL for direct credit of their cash dividend(s) in your bank accounts by providing following information to your respective CDC Participant / CDC Investor Account Services (in case your shareholding is in Book Entry Form) or to our Share Registrar M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block "B", S.M.C.H.S. Main Shahraha-e-Faisal, Karachi. Telephone: -92 21 111-111-500, Fax: +92 21 34326053, Toll Free: 0800 23275 (CDCPL), Email address: info@cdcsrsl.com, Website: https://www.cdcsrsl.com (in case your shareholding is in Physical Form).

Also please note that all those shareholders who have already provided their dividend mandate are requested to check correctness and activeness of their bank accounts for credit of their future cash dividend(s) without any delay and complications.

PLEASE NOTE THAT THE DIVIDEND MANDATE INFORMATION IS A MANDATORY REQUIREMENT FOR ALL THE SHAREHOLDERS IRRESPECTIVE OF CDC ACCOUNT/SUB ACCOUNT HOLDERS AND PHYSICAL SHARE CERTIFICATE HOLDERS.

MANDATORY INFORMATION REQUIRED UNDER COMPANIES ACT, 2017	
PERSONAL INFORMATION OF SHAREHOLDER OF HI-TECH LUBRICANTS LIMITED	
NAME OF SHAREHOLDER	
COMPUTORIZED NATIONAL IDENTITY CARD NUMBER/(CNIC #)	
COMPLETE MAILING ADDRESS (for notice of dividend and other correspondence by HTL/Share Registrar)	
FOLIO NUMBER / CDC ACCOUNT NUMBER	
BANK ACCOUNT DETAILS OF SHAREHOLDER OF HI-TECH LUBRICANTS LIMITED	
TITLE OF BANK ACCOUNT (Complete As On Cheque Book)	
BANK ACCOUNT NUMBER (Complete As On Cheque Book)	
IBAN	
BANK NAME (Complete As On Cheque Book)	
BRANCH NAME AND ADDRESS (Complete As On Cheque Book)	
MOBILE PHONE NUMBER (active)	
EMAIL ADDRESS, (active) if any	
LANDLINE NUMBER, if any	

It is stated that above mentioned information is true and correct and I undertake to intimate any changes in above mentioned information to the HTL and its Share Registrar as soon as these occur.

______________________________ Dated: ____________________

SIGNATURE OF SHAREHOLDER (AS ON CNIC)

نوٹس برائے لازمی مینڈیٹ بابت نقد ڈیویڈنڈ

عزیز حصص دار

کمپنیز ایکٹ 2017 کے سیکشن 242 کے تحت لسٹڈ کمپنیوں کو نقد ڈیویڈنڈ کی ادائیگی صرف الیکٹرونک ذریعہ سے اہل حصص داران کے مقررہ بینک اکاؤنٹ کے توسط سے ہی کرنے کا اختیار ہے۔ اس لئے ہائی ٹیک لبریکنٹس لمیٹڈ (ایچ ٹی ایل) کے تمام حصص داران سے درخواست ہے کہ وہ ایچ ٹی ایل کو ان کے نقد ڈیویڈنڈ براہ راست ان کے مقررہ بینک اکاؤنٹ میں جمع کرانے کا مجاز قرار دیں اور بک انٹری حصص دار ہونے کی صورت میں اپنے متعلقہ سی ڈی سی پارٹیسیپینٹ / سی ڈی سی انویسٹر اکاؤنٹ سروسز کو اور حصص کے طبعی شکل میں ہونے کی صورت میں ہمارے شیئر رجسٹرار میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس، B-99، بلاک بی، ایس ایم سی ایچ ایس، مرکزی شاہراہ فیصل، کراچی۔ 74400، فون: +92 21 111 111 500، فیکس: +92 21 34326053، ٹال فری نمبر: (CDCPL) 0800 23275، ای میل: info@cdcsrsl.com، ویب سائٹ: https://www.cdcsrsl.com، کو لازمی معلومات بابت بینک ضرور فراہم کریں۔

برائے مہربانی نوٹ فرمالیں کہ جن حصص داران نے اپنے ڈیویڈنڈ مینڈیٹ کی معلومات پہلے ہی فراہم کردی ہیں، وہ اپنے بینک اکاؤنٹ کی درستی اور اس کے فعال ہونے کی تصدیق کرلیں تاکہ آئندہ ان کے نقد ڈیویڈنڈ بلا تاخیر یا بنا کسی پیچیدگی کے ان کے اکاؤنٹ میں جمع ہو جائیں۔

برائے تاکید مزید نوٹ فرمالیں کہ ڈیویڈنڈ مینڈیٹ کی معلومات فراہم کرنا تمام حصص داران کیلئے لازمی ہے خواہ وہ سی ڈی سی اکاؤنٹ / سب اکاؤنٹ ہولڈر ہوں یا وہ فزیکل شیئر سرٹیفکیٹ کے حامل ہوں۔

کمپنیز ایکٹ 2017 کے تحت مطلوبہ لازمی معلومات

ہائی ٹیک لبریکنٹس لمیٹڈ (ایچ ٹی ایل) کے حصص داران کی ذاتی معلومات

شیئر ہولڈر کا نام: ____________________

کمپیوٹرائز قومی شناختی کارڈ نمبر: ____________________ (CNIC):

ڈاک کا مکمل پتہ (ایچ ٹی ایل / شیئر رجسٹرار کی جانب سے ڈیویڈنڈ کی اطلاع اور خط و کتابت کیلئے درکار)

____

فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر ____________________

ہائی ٹیک لبریکنٹس کے حصص دار کے بینک اکاؤنٹ کی معلومات

بینک اکاؤنٹ کا ٹائٹل (مکمل بمطابق چیک بک)

____

IBAN ____________________

بینک کا نام (مکمل بمطابق چیک بک) ____________________

برانچ کا نام اور پتہ (مکمل بمطابق چیک بک) ____________________

موبائل فون نمبر (فعال) ____________________

ای میل کا پتہ (فعال) اگر ہے۔ ____________________

لینڈ لائن نمبر، اگر ہے۔ ____________________

میں تصدیق کرتا / کرتی ہوں کہ درج بالا معلومات سچ اور درست ہیں اور ان معلومات میں کسی تبدیلی کی صورت میں ایچ ٹی ایل یا اس کے شیئر رجسٹرار کو فوری مطلع کرنے کا / کی ذمہ دار ہوں۔

تاریخ ____________

____

حصص دار کے دستخط (CNIC کے مطابق)

NOTICE FOR MANDATORY REQUIREMENT **OF ZAKAT DECLARATION ON CZ-50 FORMAT/ SOLMN AFFIRMATION FOR AZKAR EXEMPTION**

Dear Shareholder,

According to Zakat & Ushr Ordinance, 1980, Zakat Declaration / Solemn Affirmation in case of Non-Muslim of all Zakat Exempted shareholders (physical or CDS) is mandatory as per the prescribed format.

We are scrutinizing the records pertaining to Zakat deduction / exemption in respect to the dividend issued by the Company to its shareholders enabling us to avoid any future objections raised by Zakat Audit Authorities.

Keeping in view above precautions, following instruction must be followed while filling the Zakat Declaration Form;

- Zakat Declaration must be submitted as per the format attached (Form CZ-50) on Non-Judicial Stamp Paper of Rs.50/-
- All required fields / columns must be filled properly. Complete information are required including age, address, CNIC & Folio / CDS Account No. etc.
- Zakat Declaration must be Notarized by Notary Public / Oath Commissioner.
- Your Fiqah / Faith / Religion clearly mentioned on Zakat Declaration.

Therefore, in order to avoid such objections of Zakat Audit Authorities and also to comply with the prescribed format of Zakat declaration, kindly submit us the following documents within 15 days of receipt of this notice.

1. Companies / Muslim Individuals claiming Zakat exemptions on the basis of faith / fiqah:

   Attested Zakat Declaration (CZ-50) (format available athitechlubricants.com/) on non-judicial stamp paper of Rs.50/- along with copies of your and witnesses CNICs.

2. Non-Muslim Individuals claiming exemption from compulsory deduction of Zakat:

   Affidavit / Solemn Affirmation (format available at hitechlubricants.com/) duly signed by shareholder / CDS Account holder on plain paper along with copies of your and witnesses CNICs.

   Please also provide copy of your and witnesses CNICs along with copy of fresh Zakat Declaration on CZ-50 format.

In case we do not receive attested copy of Zakat Declaration on CZ-50 format and/or Affidavit / Solemn Affirmation from the registered shareholders within 15 Days of this Notice, we will be marking your zakat status from Muslim Zakat Non-Payable to 'Muslim Zakat Payable' OR Non-Muslim Zakat Non-Payable to Non-Muslim Zakat Payable, as the case may be, for all the future dividend(s) and we will also be constrained to report this status as non-filing / non-availability of Zakat Declarations/ Affidavit / Solemn Affirmation to Zakat Authorities as and when they conduct audit.

Shareholders are requested to please use signatures as they have registered in the Share Registrar's record.

اطلاع برائے لازمی معلومات کی فراہمی بابت زکوٰۃ ڈکلریشن بمطابق CZ-50 فارمیٹ / حلفیہ تصدیق برائے استثنٰی زکوٰۃ

عزیز حصص دار،

زکوٰۃ وعشر آرڈیننس 1980 کے تحت زکوٰۃ ڈکلریشن / حلفیہ تصدیق: زکوٰۃ سے مستثنٰی، غیر مسلم حصہ دار (فزیکل یا سی ڈی ایس) کے لئے مقررہ فارمیٹ کے مطابق فراہم کرنا لازمی ہے۔
ہم کمپنی کی جانب سے حصص داران کو جاری کئے جائے والے ڈیویڈنڈ کے سلسلے میں زکوٰۃ کی کٹوتی / استثنٰی سے متعلق اپنے ریکارڈ کو درست کرنے کی جانچ پڑتال کررہے ہیں تاکہ آئندہ زکوٰۃ آڈٹ اتھارٹیز کی جانب سے کوئی اعتراض نہ اٹھایا جائے۔

درج بالا احتیاط کے سبب آپ سے درخواست ہے کہ زکوٰۃ ڈکلریشن فارم پر کرتے وقت درج ذیل ہدایات پر عمل کریں:

- زکوٰۃ ڈکلریشن صرف مقررہ فارمیٹ (CZ-50) کے مطابق -/Rs.50 کے نان جوڈیشل اسٹیمپ پیپر پر جمع کرائی جائے۔
- تمام مطلوبہ شعبہ / کالم درست طور پر پُر کئے جائیں۔عمر، پتے، CNIC اور فولیو /CDS اکاؤنٹ نمبر وغیرہ کی مکمل معلومات ہوں۔
- زکوٰۃ ڈکلریشن لازمی طور پر نوٹری پبلک / اوتھ کمشنر سے تصدیق شدہ ہونا چاہئے۔
- زکوٰۃ ڈکلریشن پر اپنا فقہ / عقیدہ / مذہب واضح طور پر تحریر کیا گیا ہو۔

لہٰذا زکوٰۃ آڈٹ اتھارٹیز کی جانب سے ایسے اعتراضات سے بچنے اور زکوٰۃ ڈکلریشن کے مجوزہ فارمیٹ کی پیروی کیلئے برائے مہربانی درج ذیل دستاویزات اس نوٹس کی وصولی کے 15 دن کے اندر جمع کرادیں۔

۱۔ کمپنیاں / مسلمان افراد جو اپنے عقیدے / فقہ کی بناء پر زکوٰۃ سے استثنٰی کا دعویٰ کرتے ہوں:

تصدیق شدہ زکوٰۃ ڈکلریشن (CZ-50) (فارمیٹ hitechlubricants.com پر دستیاب ہے) -/Rs.50 کے نان جوڈیشل اسٹیمپ پیپر پر مع اپنے اور گواہان کے CNIC کی کاپیاں۔

۲۔ غیر مسلم افراد جو زکوٰۃ کی لازمی کٹوتی سے مستثنٰی ہونے کے دعویدار ہوں:

حلف نامہ: حلفیہ تصدیق (فارمیٹ hitechlubricants.com پر دستیاب ہے) جو سادہ کاغذ پر حصہ دار CDS/ اکاؤنٹ ہولڈر کا دستخط شدہ ہو مع اپنے اور گواہان کے CNIC کی کاپیاں۔

برائے مہربانی اپنے اور گواہان کے CNIC کی کاپیاں، تازہ ترین (CZ-50) فامیٹ پر زکوٰۃ ڈکلریشن کے ہمراہ فراہم کریں۔

رجسٹرڈ حصص داران کی جانب سے (CZ-50) فامیٹ پر زکوٰۃ ڈکلریشن اور / یا حلف نامہ / حلفیہ تصدیق اس نوٹس کے 15 دن کے اندر اندر موصول نہ ہونے کی صورت میں آئندہ ڈیویڈنڈز کیلئے ہم آپ کے زکوٰۃ کے اسٹیٹس کو صورتحال کے مطابق مسلم زکوٰۃ نا قابلِ ادائیگی سے مسلم زکوٰۃ قابلِ ادائیگی میں یا غیر مسلم زکوٰۃ نا قابل ادائیگی کو غیر مسلم زکوٰۃ قابل ادائیگی کے زمرے میں شامل کردیں گے اور زکوٰۃ اتھارٹیز کو آڈٹ کے وقت زکوٰۃ ڈکلریشن / حلف نامہ / حلفیہ تصدیق کی عدم وصولی / عدم دستیابی کے طور پر رپورٹ کرنے پر مجبور ہوں گے۔

حصص داران سے درخواست ہے کہ وہ ان دستاویزات پر وہی دستخط کریں جو شیئر رجسٹرار کے ریکارڈ میں رجسٹرڈ ہیں۔

Note:

In Loving Memory of

MUHAMMAD BASIT HASSAN

1979 – 2017

Executive Director Hi-Tech Lubricants Limited

A VISIONARY LEADER

He was an inspiration for people around him, quick but well informed decision-making, entrepreneurial vision, sheer hard work, quick wit and an ability to inculcate team spirit is what defined his personality that led the company to new heights of success. His exceptional blend of corporate acumen and great human values made him into a leader not just well respected but genuinely loved.

Departed but will never be forgotten.

Hi-Tech Lubricants Ltd

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