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**

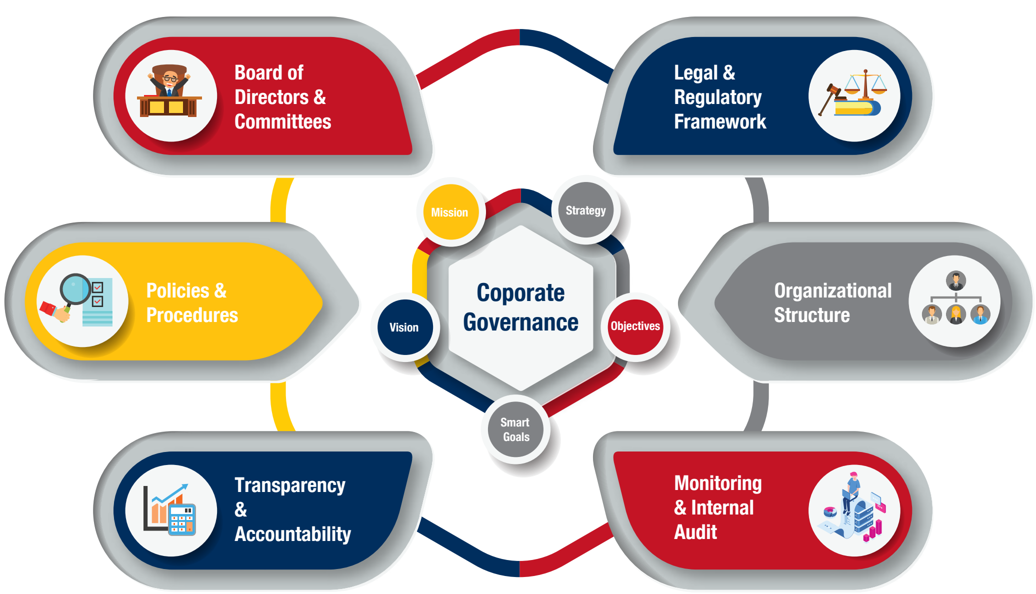
Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. . The Company believes that it is not exposed to major concentration 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.

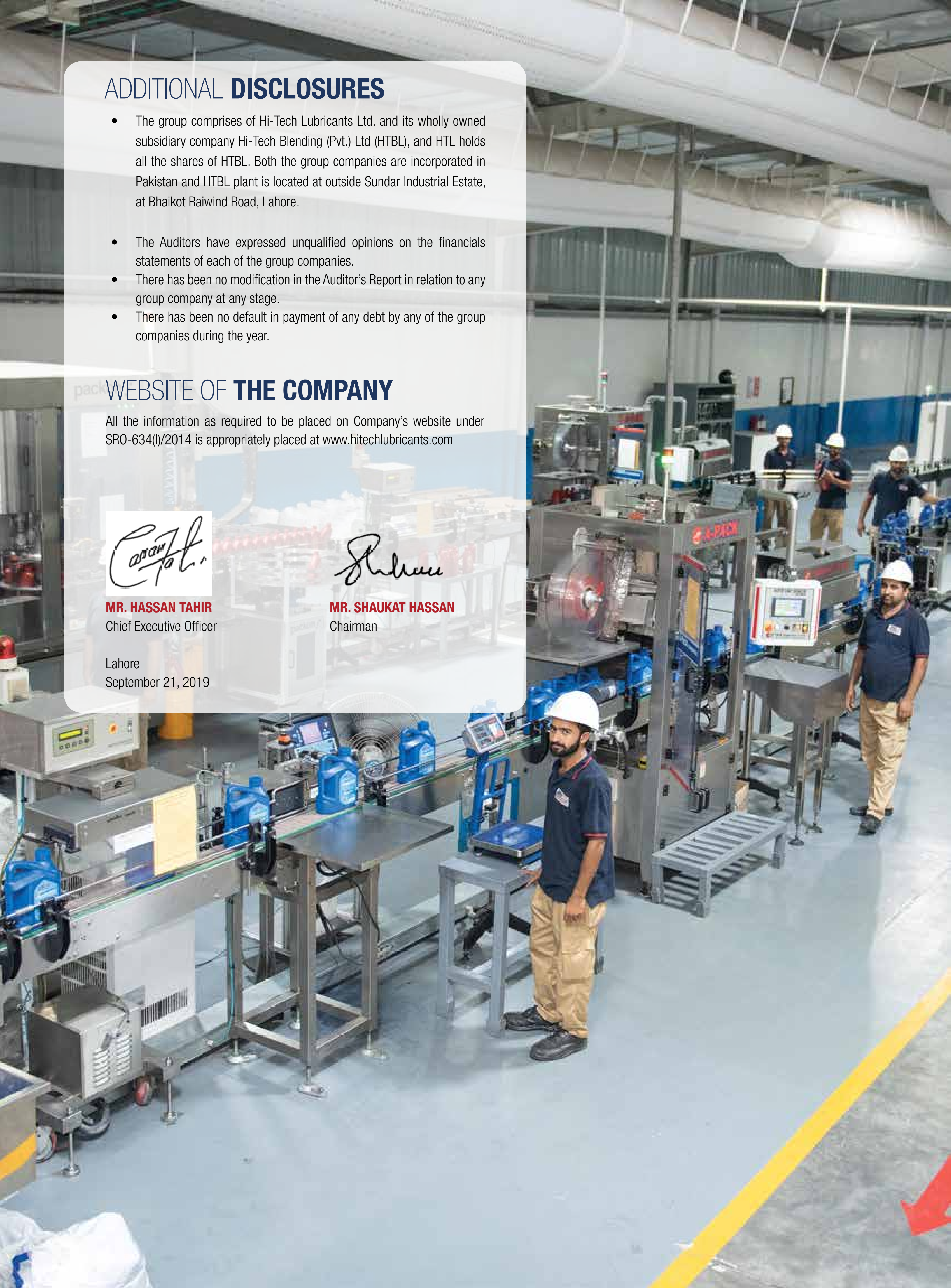
WEBSITE OF **THE COMPANY**

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



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 دباؤنے کمپنی کی کاروباری سرگرمیوں پر ایک بوجھ ڈال دیا ہے۔ صارفین کے لحاظ سے، افراط زر کے دباؤنے 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 ڈسٹریبیوٹر کا قیمت اور ٹیکس میں متوقع اضافہ اور سیلز مراعات سے فائدہ حاصل کرنا تھا۔ کمپنی نے فروخت میں آسانی کے لئے ڈسٹریبیوٹر 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)

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 زرمبادلہ کے نقصانات، کمپنی کے ترقیاتی اقدامات سے وابستہ اوورہیڈ 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 اورزیادہ 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 آٹو موٹو 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 برقرار 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 تاکہ 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 کسٹر 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۔

مالی وسائل کا انظباط

کیش مینجمنٹ / نقد رقم کا انظباط

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 کیپیٹل 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
یکم 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 ڈائیریکٹرز 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 ایگزیکٹو آفیسر اور ایگزیکٹو ڈائریکٹرز اور نان ایگزیکٹو 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:

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 مجوعی 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 ہذف 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۔

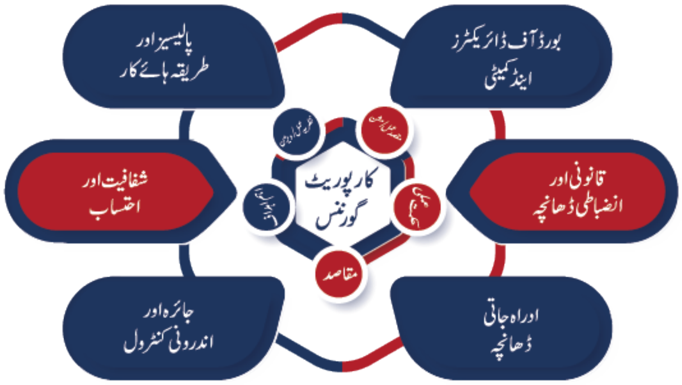
مالیاتی ذمہ داریوں کو پورا کرنے کی مد میں درپیش مشکلات کے حوالے سے ایسے رسک کا سامنا رہتا ہے ۔لیکویڈٹی رسک کے حوالے سے محتاط منصوبہ سازی معاہداتی ذمہ داریوں کو پورا کرنے کے لیے وافر فنڈز کی دستیابی کو ممکن بناتی ہے۔ کمپنی کی فنڈ مینجمنٹ سے متعلقہ حکمت عملی کا بنیادی مقصد ذاتی ذرائع سے حصول زر میں اضافہ 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 لیکوڈیٹی (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 موئثر 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 پرا ایسجرل 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۔

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 موثر 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 موثر 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 گورنس) 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 مونریشن 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)
ماور اطاہر
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
ماور اطاہر	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 گورنس) ریگولیشنز مجریہ 2017 کے مطابق ڈائریکٹرز کے مشاہرہ کے تعین کی پالیسی کا خلاصہ نیچے درج ہے:
بورڈ کی ہیومن رسارس اینڈ ریمونریشن 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۔

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:

	ایگزیکٹیوڈائریکٹرز	نان ایگزیکٹیوڈائریکٹرز	آزادڈائریکٹرز
*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/ بازادائیگی		کوئی نہیں
کارکردگی بونس*	انفرادی طور پر ہرڈائریکٹر کے چیئرمین کی تجویز پر HR&RC / بورڈ سے منظور شدہ	کوئی نہیں	کوئی نہیں
اجلاس میں حاضری پرادا کی جانے والی ڈائریکٹرفیس 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 بازادائیگی	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 ہرڈائریکٹر کے لیے بورڈ کی منظور شدہ حدود میں رہتے ہوئے بنیادی تنخواہ، مراعات اور کارکردگی بونس، ایچ آر آرسی/ 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 سٹرفکیٹ کے تحت اور گارڈینشپ سٹرفکیٹ 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 کیوالد) کو منتقل کر دیئے گئے تھے جس میں جانشینی سٹرفکیٹ کے تحت مرحوم کے والد، والدہ اور بیوہ کے ورثے کے حصے شامل تھے۔

b. طبعی شکل میں ایچ ٹی ایل کے 2,031,331 عام حصص گارڈینشپ سٹرفکیٹ 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 سٹرفکیٹ 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 سٹرفکیٹ 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۔

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 ڈائریکٹرشپ کس قسم کی ہے۔
- آزادڈائریکٹرز کا مشاہرہ اجلاس کی فیس تک محدود ہیں۔

بورڈ کی کمیٹیاں:

مختلف امور میں مدد کے لیے بورڈ نے درج ذیل کمیٹیاں تشکیل دی ہیں:

☆بورڈ کی آڈٹ کمیٹی

☆بورڈ کی ہیومن ریسارس اینڈ ریموزیشن 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 اور ان کی کارکردگی کی الگ رپورٹس اس سالانہ رپورٹ میں دیگر جگہ پر درج ہیں۔

مستقبل کی منصوبہ بندی:

مالی سال 2020 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 آٹوموبائل کی قیمتوں میں نمایاں اضافے کی وجہ سے، آٹوموبائل 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 سال 2020 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 کرکے 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 کنٹنیوٹی 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 کلسٹر ڈ 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 سیکورٹی سے متعلق معقول انتظامات کیے گئے ہیں۔ اس ضمن میں بلاتعطل 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، یونٹس 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 جون 2018 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 ماسوائے ان کے کہ جو 30 جون 2019 کو ختم ہونے والے مالی سال کے لیے جاری کردہ مجموعی اور غیر مجموعی مالیاتی گوشوارے میں درج ہیں۔

حصص کا طریقہ کار

30 جون 2019 تک مخصوص درجہ کے لیے حصول حصص کا طریقہ کار کہ جس کورپورٹنگ 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 زلمیٔ 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۔

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، تا کہ 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 تا کہ 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 ٹریڈا 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 متعقلہ 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 ازسرنو 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 علاہ، 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

اضافی مندرجات/اعلانات

☆ گروپ ہائی ٹیک لبریکینٹس لمیٹڈ اور اس کے کل ملکیتی زیلی 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 مشروت 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

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

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.

INDEPENDENT **AUDITOR'S REPORT**

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

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)
IInterim 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**		
	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.

		2019 Rupees	2018 Rupees
31.	**OTHER INCOME**		
	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

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).

39. NUMBER OF EMPLOYEES

	2019		2018	
	Permanent	**Contractual**	Permanent	Contractual
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

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.

<table>
<tr><th>Sr. No.</th><th>Key audit matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>2</td><td>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.</td><td>

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.</td></tr>
</table>

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

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	1,131,442,653	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)
IInterim 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		
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.

	2019 Rupees	2018 Rupees
12. CURRENT PORTION OF NON-CURRENT LIABILITIES		
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

14. FIXED ASSETS

	2019 Rupees	2018 Rupees
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 **Rupees**	2018 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
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.

HTL LIMITED
Hi-Tech Lubricants Ltd

		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

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:

Relationship	Nature of transaction	2019 Rupees	2018 Rupees
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