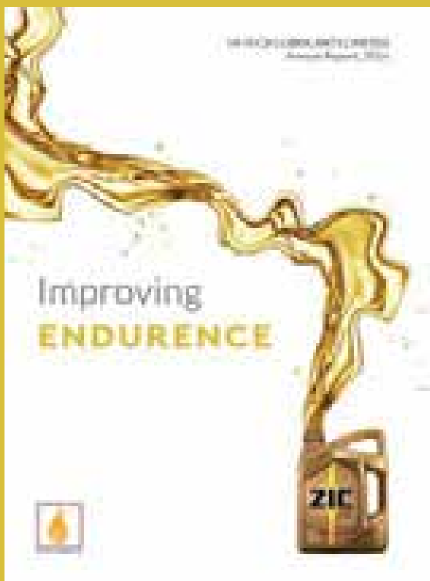
HI-TECH LUBRICANTS LIMITED
Annual Report, 2016

Improving
ENDURENCE

Hi-Tech Lubricants Ltd.



COVER STORY

Lubricants are utilized for reducing friction and wear on moving parts since centuries and mineral oil based lubricants occupy the major part of market demand. In the same way, synthetic lubricants have provided a sustainable alternative to those mineral oil based lubricants for more than half a century. These synthetics are segmented into industrial lubricants, commercial automotive lubricants and consumer automotive lubricants. Each type of mineral oil based lubricants and synthetic lubricant performs distinctive role in both extremes of the environments and temperatures. That's why even in the era of tumbled price trends in crude oil in the global business, manufacturers of synthetic lubricants has nothing much to worry about. The fact is that each of the synthetic product has an idiosyncratically invented and patented recipe attributable to a growing number of applications which demand higher performances which traditional mineral oil based lubricants have been unable to achieve. These facts have also been comprehended by investors, who contributed their part by investing in the shares of Hi-Tech Lubricants Limited (HTL), a company behind a giant brand in synthetic lubricants "ZIC".

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CONSOLIDATED FINANCIAL STATEMENTS

2016 IN NUMBERS

Total Revenue
7,015

EBITDA
931

Gross Profit
2,046

Profit Before Tax
869

Profit After Tax
530

Taxable
879

Volume (mn liters)
22

EPS - Restated (PKR)
5.43

EPS (PKR)
5.43

BVPS (PKR)
29

Profit After Tax
530

Total Dividend Paid (millions)
151

Non Current Assets
1,455

Total Assets
3,989

Current Assets
2,533

Equity
3,331

Total capital
3,371

Total Equity & Liabilities
3,989

GEOGRAPHICAL PRESENCE

HTL is an exclusive distributor and commission agent of SK Lubricants under the brand name ZIC in Pakistan. The company and it's operations were established as a partnership firm in 1997 which was taken over by Hi-Tech Lubricants (Pvt.) Limited in 2011.

The Company was converted from Private Company into Public Unlisted Company.

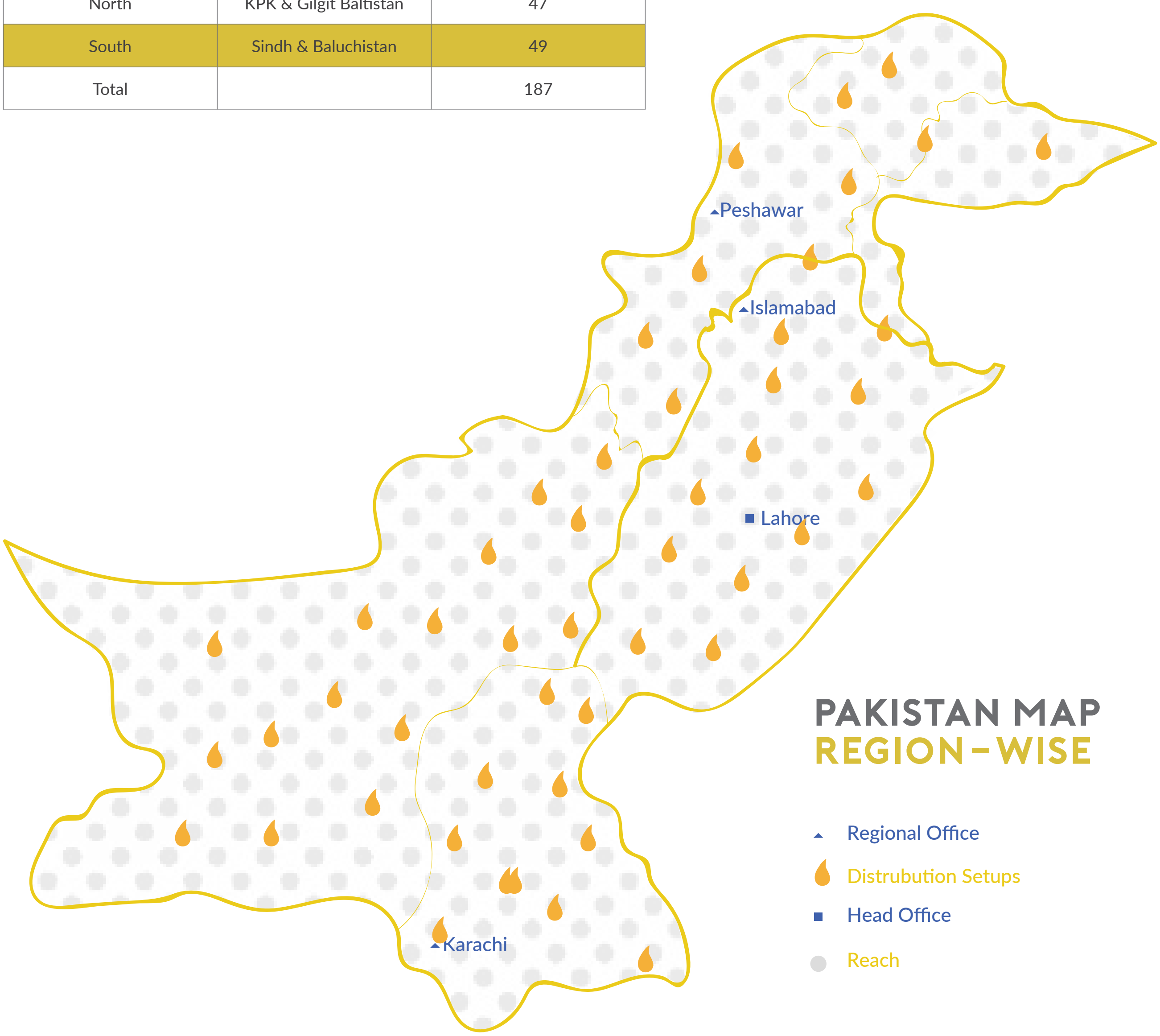
i- HTL Distribution network is spread over 180 cities across Pakistan.

ii- Outreach and availability at over 20,000 Retail outlets, Wash Stations, Transporters etc.

iii- Sales and Technical force of over 175 personnel across Pakistan.

iv- Over 300 Distribution vans for door to door delivery for retailers nationwide.

Region	Areas	HTL Distribution
Central	Punjab	91
North	KPK & Gilgit Baltistan	47
South	Sindh & Baluchistan	49
Total		187



PAKISTAN MAP REGION-WISE

- Regional Office
- Distrubution Setups
- Head Office
- Reach

BRIEF HISTORY

1997
Business Established
Commenced business as a partnership firm and established its distribution network in Lahore

2000
Expansion Year
Expanding the distribution network other cities and established regional offices in Karachi & Islamabad

2013
Investment in Blending Plant
Backward integration, setting up a blending plant

2014
Oracle Financial and Business Intelligence Implementation
Implemented oracle financial to improve MIS and performance and Online sales via Internet

2015
Taking HTL to Capital Markets
Revenues have crossed PKR 5.4bn mark with a PCMO and total market share of 16% and 7% respectively.

1997
BUSINESS ESTABLISHED

Hi-Tech Lubricants ("Hi-Tech") was formed as an Association of Persons ("AOP") in March, 1997 to market lubricants, imported from YU Kong Ltd (Now known as SK Lubricants Ltd.), South Korea in sealed cartons, in Pakistan. During the early days Hi-Tech established its own distribution in Lahore and created a sales team to educate the local market on the use of synthetic lubricants.

2000
EXPANSION YEAR

With 3 years of local marketing experience, the business was ready to expand its footprint to other cities of Pakistan. In 2000, Hi-Tech established its regional offices in Islamabad and Karachi with a dedicated sales force to handle local operations of those regions.
It was a big ask to an unknown brand and a young company to compete against the industry giants. Hi-Tech's management with focus and hard work achieved its challenges / milestones with effective controls. New door-to-door delivery systems were introduced to lubricant retailers and they were offered credit on product deliveries. Education was given to the resellers and end customers on lubricant grade/applications. All mediums were used to educate the user and seller of lubricants. Their sales team played a pivotal role in creating "ZIC" as a premium lubricant household name in Pakistan.

2010
ISO CERTIFICATION

HTL became an ISO certified Company and they delivered as per 9001:2008 quality standards with excellent quality management system in place. They followed the principles to engage with the customers, sell products and retained sustainability. Their channels for supply chain and sales became risk free with more than 400 dedicated field force & support teams offering satisfaction at the doorstep of customers.

2011
TAKEOVER OF AOP BY PRIVATE LIMITED COMPANY

In 2011, the AOP was taken over by Hi-Tech Lubricants (Pvt.) Limited which in the same year was converted into a public unlisted company, now known as Hi-Tech Lubricants Limited ("HTL").

2013

INVESTMENT IN BLENDING PLANT

In 2013, HTL diversified from trading to manufacturing and decided to invest in a wholly owned subsidiary, Hi-Tech Blending (Pvt.) Limited, to set up a state of the art blending plant in Bhai Kot adjacent to Sunder Industrial Estate, Lahore. The investment in blending will give HTL the benefits of importing in bulk as compared to sealed cartons, hence reducing cost of lubricants and savings in other overheads. The new plant will also produce its own HDPE bottle/Cap and filling lines for lubricant bulk imports.

The local filling and bottle manufacturing will open new avenues for HTL sales to not only OEMs and institutions but also in Plastic related products manufacturing /trading. The Company will have the ability to market lubricants to different automotive and industrial brands. Moreover, filling and packaging can be done on different Shop Keeping Units (SKUs). Government sector clients will be another addition to HTL portfolio due to indigenous status. The details of the plant are as follows:

Ownership	100% wholly owned subsidiary of HTL
Land	29Acres
Blending Capacity	30,000 MT per annum
Tankage	3,600 (KL)/ 3,200 MT per annum
Blow Molding	4,000 MT per annum
Injection Molding	1,500 MT per annum
Total project cost	PKR 1.9 Billion*
Debt: Equity	28:72
Estimated Completion	4Q 2015-16
Commercial Run	1Q 2016-17

2014

ORACLE FINANCIAL AND BUSINESS INTELLIGENCE IMPLEMENTATION

In order to follow the best practices of the industry and standards adopted by leading organization of the world, HTL implemented oracle financials to its core business operations. This resulted in enhanced performance and helped HTL to become a major player in Pakistan's lubricant industry. This implementation was completed in a record time of 6 month in partnership of Company's financial department and dedicated team of A. F. Ferguson & Co. (PWC). All operations of the Company were automated including payroll and provident fund.

Online Sales www.zicoil.pk

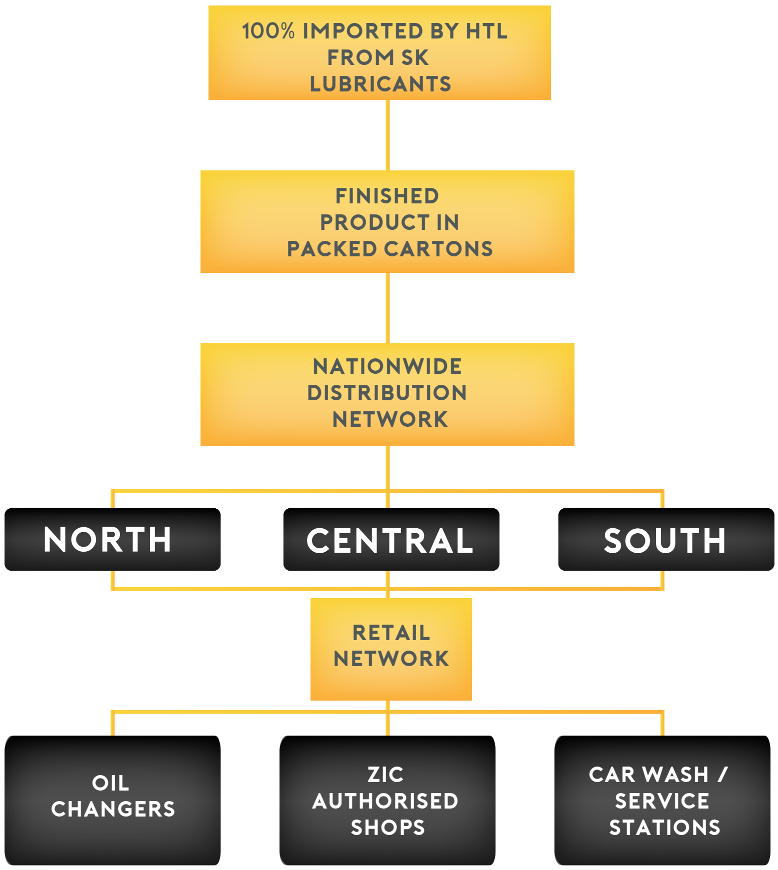
In 2014 HTL became the first lubricant Company to market its products to end consumers via Internet. The products were sold cash on delivery basis with zero delivery charges and on every purchase of ZIC products a loyalty point system was introduced. Now with the help of points, customers can redeem and benefit at any particular purchase. This online platform was highly appreciated by the loyal ZIC customers and it generated well-off revenues for HTL.

2015

TAKING HTL TO CAPITAL MARKETS

HTL is now on the edge of taking the Company to the domestic capital markets via an Initial Public Offering ("IPO"). The blending plant is expected to come Online in first quarter of the calendar year 2016 to produce HDPE packaging and filling.

BUSINESS MODEL HTL
(SYNTHETIC RANGE)



BUSINESS MODEL HTL (SEMI SYNTHETIC RANGE)
VIA HTBL (HI TECH BLENDING (PVT) LTD)

VISION

Delivering Products and
Services for
Client Satisfaction

MISSION

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

CORE VALUES

At HTL, we are guided by the Core Values of Integrity, Respect, Quality and Responsibility. These values describe us as we want our image to be. Doing what is right is the foundation of our business culture. Our goal has never been solely to comply with the law only, but to abide by the highest principles of integrity and caring for the voice of our internal and external customers in everything we do.

- **Integrity:** We are honest & trustworthy and expect adherence to the highest ethical standards through personal integrity and compliance with all operating laws, regulations, moral and social values, norms and traditions in the societies or countries where we operate. We put ourselves accountable, individually & collectively, for the acceptable standards of behavior, including honesty and fairness in all aspects of our work. We fulfill our commitments as responsible employees & citizens. We consistently treat company assets and resources in a dignified manner.

- **Respect:** We maintain openness and respect for others just the way we want to be respected. We learn from others and we believe teamwork is the ultimate reflection of collaboration. We treat one another with respect and take pride in the significant contributions that come from the diversity of individuals and ideas. Our continued success requires us to provide the education and development needed to help our people grow. We are committed to openness and trust in all relationships.

- **Quality:** We strive for quality in everything we do. We do this through a highly motivated and diverse workforce who strives to exceed the expectations of our customers. Our passion distinguishes us from our competitors, inspires us to achieve results, and contributes to our collective success.

- **Responsibility:** We take responsibility for people and the environment. We are committed to the wellbeing of our employees and to the care of our environment. We conduct business activities in a way that is safe for our employees, our contractors, visitors to our sites, the communities we operate in, and our environment. We protect the environment by preventing or minimizing the environmental impact of our activities and products through appropriate design, distribution and disposal practices.

We ensure that our decisions and actions consistently demonstrate these values. And by practicing the same we will be able to achieve long term commitments with our stakeholders including distributors, institutions, customers, employees, suppliers, and the communities we serve.

POLICY STATEMENT OF ETHICS & BUSINESS PRACTICES

It is the policy of HTL to follow the highest business ethics and standards of conduct. It is the obligation of every one of us to act responsibly, to be honest, trustworthy, conscientious and dedicated to the highest standards of ethical business practices.

The Company's goodwill and its actions as a legal entity depend on the conduct of its directors and employees. Each one of us must endeavor to act according to the highest ethical standards and to be aware of and abide by applicable laws.

This code to which the Company is committed in maintaining the highest standards of conduct and ethical behavior is obligatory, both morally as well as legally and is equally applicable to all the directors and employees of the Company.

CODE OF CONDUCT

- The Code addresses our responsibilities to the Company, to each other, and to customers, distributors, consumers and governments. We shall follow the law, be ethical, act with integrity and honesty in all matters, and be accountable for our actions.
- We shall make all work decisions according to the STAR method: STOP, THINK, and ACT RESPONSIBLY. HTL'S Values must be upheld during all decision making processes without any violation of rules and regulations that might hinder HTL'S development.
- We shall take an active part in maintaining a safe and healthy environment. We shall observe all safety rules and instructions provided by our supervisor and use safety equipment where required.
- We shall not misuse our power or position to harass, discriminate or retaliate against employee in any manner, causing interference with work performance or creating an intimidating, hostile or offensive work environment.
- We shall be responsible for ensuring the security of HTL by complying with the company's information security standards. All of us are responsible for the proper acquisition, use, maintenance, and disposal of company assets and services.
- HTL does not support organizations that, in their bylaws, policies, or practices, discriminate on the basis of race, color, religion, age, sex, national origin, ancestry, physical or mental disability, medical condition, marital status, pregnancy, sexual orientation, or any basis prohibited by applicable law.
- We shall maintain the confidentiality of all the HTL information, except when disclosure is authorized or legally mandated. Accurate records and disclosures are critical to HTL for meeting its legal, financial, regulatory, and managerial obligations. The assurance of this compliance is processed by our internal and independent auditors.
- HTL upholds its value of never indulging in any fraudulent or dishonest act with its employees or any third party. We shall not get involved in bribery or corruption to retain the reputation for a long time. We shall not choose business partners who indulge in such activities. We shall not give, receive, ask for or permit anyone else to give bribes or undertake any corrupt activities to win new business share, retain existing HTL business or to further our interests.
- We shall conduct all the business activities strictly without involving ourselves in a position in which an apparent or actual conflict of interest arises. All the business activities shall conduct on the basis of uniform standards, honest working and fair dealing with all our business stakeholders.
- We shall follow national trade laws and regulations during export and import deals. All international trade sanctions along with rules binding to export and import of goods are checked within HTL for lawful and appropriate trade.
- We shall uphold our values of treating everyone fairly, equally and also valuing diversity within the workplace while carefully practicing human rights. We are a socially responsible corporate citizen, providing opportunities to make desired changes within the community.


ZIC
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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Shaukat Hassan	Chairman BOD/ Non Executive Director
Mr. Hassan Tahir	Chief Executive Officer/ Executive Director
Mr. Muhammad Basit Hassan	Executive Director
Mr. Muhammad Ali Hassan	Executive Director
Mr. Tahir Azam	Non Executive Director
Mr. Zalmai Azam	Non Executive Director
Mr. Muhammad Tabassum Munir	Independent Director
Dr. Safdar Ali Butt	Independent Director
Mr. Syed Asad Abbas Hussain	Independent Director
Mr. Ji Won Park (SK Lubricants' Nominee Director)	Non Executive Director

CHIEF FINANCIAL OFFICER/ COMPANY SECRETARY

Mr. Muhammad Imran

EXTERNAL AUDITORS

M/S Riaz Ahmed & Company
10-B, Saint Marry Park,
Main Boulevard Gulberg, Lahore.

SHARE REGISTRAR

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

REGISTERED OFFICE

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Lahore
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Fax: +92- 42-3631-18-14
www.zicoil.pk
www.hitechlubricants.com

LEGAL ADVISOR

Mr. Ijaz Lashari
Lashari Law Associates
22-Munawar Chamber,
1-Mozang Road, Lahore

INTERNAL AUDITORS

Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants
96-B/ 1, Pace Mall Building 4th Floor,
M.M. Alam Road,
Gulberg II
Lahore

BANKERS

MCB Bank Limited
Standard Charted Bank Limited
Bank Alfalah Limited
Habib Metropolitan Bank Limited
The Bank Of Punjab
Bank AL Habib Limited
United Bank Limited
Askari Bank Limited
JS Bank Limited
National Bank of Pakistan

COMMITTEES OF THE BOARD

MEMBERS OF AUDIT COMMITTEE OF THE BOARD

NAME	DIRECTORSHIP STATUS	DATE OF JOINING/ ELECTION	DATE OF JOINING AUDIT COMMITTEE	STATUS IN THE AUDIT COMMITTEE
MR. MUHAMMAD TABUSSUM MUNIR	INDEPENDENT DIRECTOR	OCTOBER 31, 2015	NOVEMBER 13, 2015	CHAIRMAN/MEMBER
DR. SAFDAR ALI BUTT	INDEPENDENT DIRECTOR	OCTOBER 31, 2015	NOVEMBER 13, 2015	MEMBER
MR. TAHIR AZAM	NON EXECUTIVE DIRECTOR	OCTOBER 31, 2015	NOVEMBER 13, 2015	MEMBER
MR. SHAUKAT HASSAN	CHAIRMAN. B.O.D NON EXECUTIVE DIRECTOR	OCTOBER 31, 2015	NOVEMBER 13, 2015	MEMBER
MR. ZALMAI AZAM	NON EXECUTIVE DIRECTOR	OCTOBER 31, 2015	FEBRUARY 17, 2016	MEMBER

MEMBERS OF HR & REMUNERATION COMMITTEE OF THE BOARD

NAME	DIRECTORSHIP STATUS	DATE OF JOINING HR & REMUNERATION COMMITTEE	STATUS IN HR & REMUNERATION COMMITTEE
MR. TAHIR AZAM	NON EXECUTIVE DIRECTOR	NOVEMBER 13, 2015	CHAIRMAN/MEMBER
MR. SHAUKAT HASSAN	CHAIRMAN B.O.D., NON EXECUTIVE DIRECTOR	NOVEMBER 13, 2015	MEMBER
MR. ZALMAI AZAM	NON EXECUTIVE DIRECTOR	NOVEMBER 13, 2015	MEMBER
MR. MUHAMMAD ALI HASSAN	EXECUTIVE DIRECTOR	NOVEMBER 13, 2015	SECRETARY/MEMBER

MEMBERS OF INVESTMENT COMMITTEE OF THE BOARD

NAME	DIRECTORSHIP STATUS	DATE OF JOINING INVESTMENT COMMITTEE	STATUS IN THE INVESTMENT COMMITTEE
MR. MUHAMMAD BASIT HASSAN	EXECUTIVE DIRECTOR	MAY 9, 2016	MEMBER
MR. HASSAN TAHIR	CHIEF EXECUTIVE OFFICER, EXECUTIVE DIRECTOR	MAY 9, 2016	CHAIRMAN/MEMBER
MR. MUHAMMAD ALI HASSAN	EXECUTIVE DIRECTOR	MAY 9, 2016	MEMBER
MR. MUHAMMAD IMRAN	CHIEF FINANCIAL OFFICER/ COMPANY SECRETARY	MAY 9, 2016	SECRETARY/MEMBER

PROFILES OF THE DIRECTORS

MR. SHAUKAT HASSAN
CHAIRMAN BOARD OF DIRECTORS

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

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

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

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

MR. HASSAN TAHIR
CHIEF EXECUTIVE OFFICER

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

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

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

MR. MUHAMMAD BASIT HASSAN
EXECUTIVE DIRECTOR

Mr. Basit Hassan holds an MBA degree in banking / finance from Lahore School of Economics (LSE) and is working as an Executive Director for HTL. He is leading the Sales, Finance, Accounts and Supply Chain functions of the Company. His worthy experience spans for more than a decade and he has managed this Company with his outstanding leadership qualities and interpersonal skills.

His expertise and qualification has inclined sales team towards greater output both quantitative and qualitative. Backed up with Mr. Basit's entrepreneurial abilities, HTL has risen to newer heights of success and will continue to do so.

MR. MUHAMMAD ALI HASSAN
EXECUTIVE DIRECTOR

Mr. Muhammad Ali Hassan holds a bachelor degree in Marketing and HR from Sydney University, Australia. Mr. Ali apart from heading ZIC - M Sales, he also looks after the HR and Administrative Functions at HTL. Mr. Muhammad Ali Hassan is using his knowledge and learning to create best practices across the Company.

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

MR. TAHIR AZAM
DIRECTOR

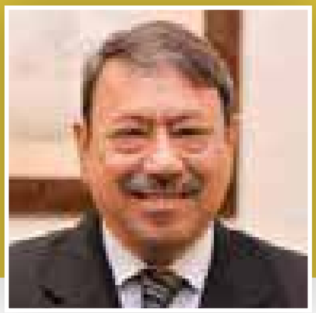
Mr. Tahir Azam holds a master's degree in economics from Punjab University Lahore and is working as a Non-Executive director for the Company. He has over 4 decades of experience in research, management and consultancy of setting up successful businesses. Mr. Tahir has also led various US AID funded entrepreneurship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

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

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

MR. ZALMAI AZAM
DIRECTOR

Mr. Zalmai Azam holds a Bachelor in Arts from Government College, Lahore. He is an experienced banker by profession offers more than 4 decades of sound knowledge and exposure to business while being associated with highly credible institutions locally as well as internationally.
Mr. Zalmai started his career back in 1971 with Standard Bank Ltd. Based on his dedicated commitment and knowledge base he was assigned various projects to work on with different banks internationally, a few to be mentioned include his role as Country Manager in "Sierra Leaon" West Africa and in Kenya as Bank Manager from 1985-86. His last assignment was with The Bank of Punjab as General Manager in 2009.
Mr. Zalmai known for his effective planning coupled with excellent people's management skills, has significantly contributed in inventory planning and control processes for HTL.



MR. JI WON PARK
DIRECTOR

Mr. Ji Won Park holds a bachelor's degree in Chemical Engineering and is a Team Leader of Global Lubricants Business in SK Lubricants(SKL hereafter). He is a great expert in global business not only about finished lubricants products but also about base oil. His deep knowledge about lubricants products from his university study enriches his marketing and sales quality and strategy. Additionally, his job career covers almost all work area without any border. From Technical Service(1991~2000) and overseas marketing & sales(2001~2005) to assist SK Innovation CEO(2006~2009).
But, his influential and eminent job area is Global Business. Because he has prepared himself as a professional marketer, having invested his enthusiasm in expanding SKL's global sales. He served as a Marketer of Base Oil in European & Taiwan Market(2001~2005). Since then he was entitled to Managing Director of SKL's Europe Branch(2010~2013). With his these precious experience, he is giving a vast motivation and the keen insight to SKL's global Lubricants Business Team.

MR. MUHAMMAD TABASSUM MUNIR
INDEPENDENT DIRECTOR

Mr. M. Tabassum Munir has worked for more than three decades, as Member Lahore Stock Exchange, till January 15, 2014. He also served as its Vice President. He was also Member Pakistan Mercantile Exchange. He has worked as director of Annoor Textile Mills Ltd from 1987 to 1989. He is currently the member of the Board of Directors at M/s Synthetic Products Enterprises Limited (SPEL).
His skills of working, managing and participating in all-inclusive Capital Market and its infrastructural development matters, were widely acknowledged. He has participated in numerous seminars, round tables, conferences, workshops, et al. and has gained useful domain knowledge and experience. It has strengthened his dedicated role and capacity in the management of finance and delivering advisory services.

DR. SAFDAR ALI BUTT
INDEPENDENT DIRECTOR

Dr. Safdar Ali Butt represents as a financial expert, a trainer, an academician and a literary person. Dr. Safdar Ali Butt holds a master degree in commerce from Karachi and PHD in financial management from Canada. He is a member of several professional bodies in Accounting, Finance and Management fields.

Dr. Safdar Ali Butt worked at notable positions overseas like Chief Accountant with Johnson & Johnson, Group Chief Accountant with Caltex Oil and Group Financial Controller with Simba Colt Motors in Kenya. He has worked as CFO with Army Welfare Trust, was a director of Askari Bank, Askari Leasing, Askari General Insurance and several other companies. He also served in a position of director Bank of Azad Jammu & Kashmir, as a nominee of AJK Government.

Dr. Safdar Ali Butt spent 24 years in academics working as dean of faculty and at senior lecturer positions of various institutions locally and internationally. He is currently on the board of several companies working in the fields of food processing, packaging and consulting. He is also a serving professor at Emeritus of Finance & Corporate Governance at Mohammad Ali Jinnah University, Islamabad. Apart from his professional work he is author of 34 text books on various business related subjects of which 8 published from UK, 19 from Kenya and 7 from Pakistan and also author of over 100 articles and papers on various finance and management related issues.

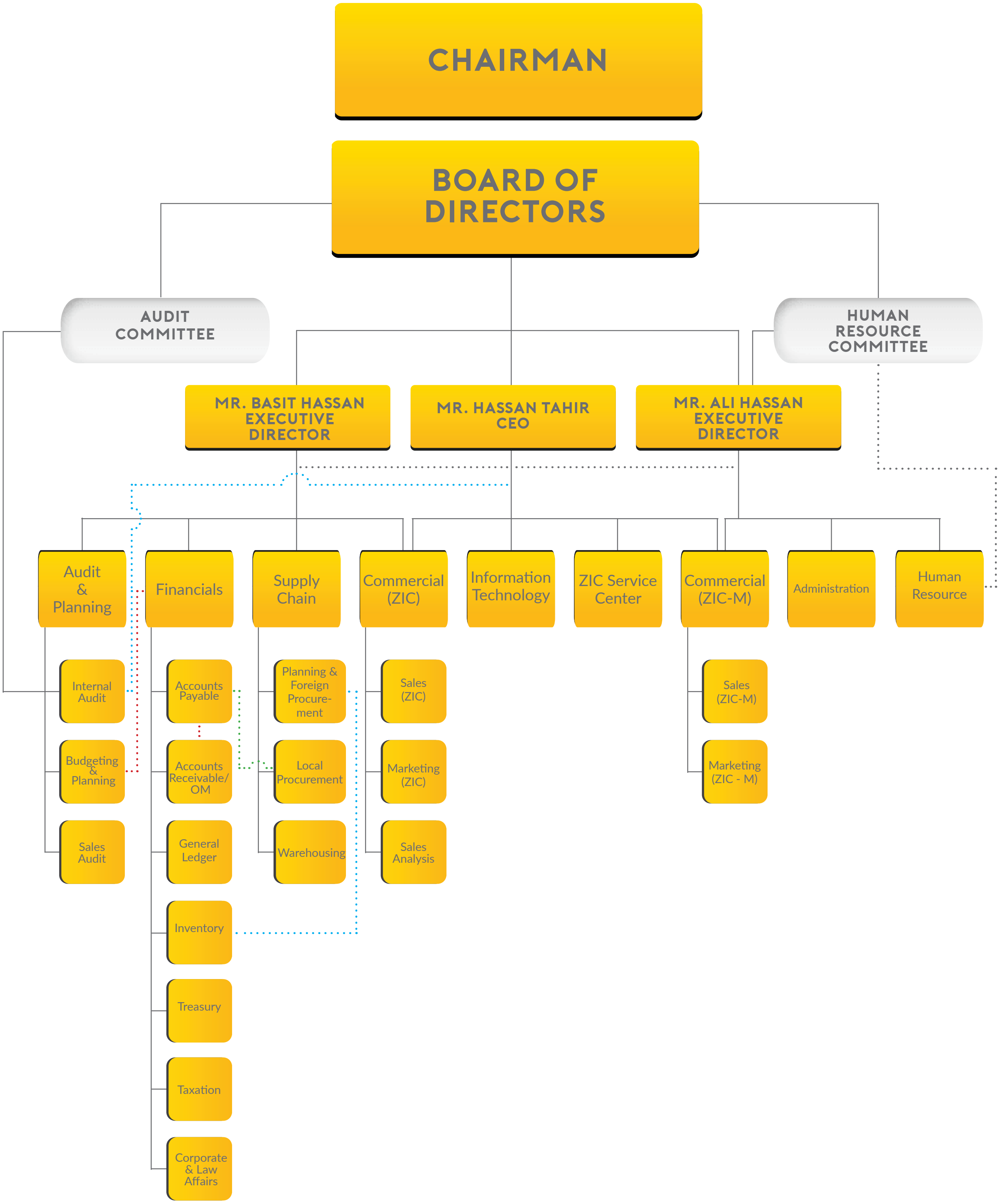
SYED ASAD ABBAS HUSSAIN
INDEPENDENT DIRECTOR

A highly innovative, creative, and self-motivated entrepreneur with over 25 years of proven experience in senior roles within the Consumer Electronics, Technology and IT Industries. Has developed multiple routes to market and solid business relationships with global vendors such as Microsoft, Intel, Hewlett Packard, Toshiba, Lenovo and Asus, as well as the leading distributer of consumer goods in the UK.

After completing his education in London, Asad successfully pursued his career within the retail sector before founding his own companies which grew into multi-million pound turnover businesses and between 1995 to 2005 his companies exceeded turnover of £100 million. He is a marketing director of 5 leading retail sector companies in UK.

Asad is also a trustee of Al Mudassar Trust, a UK-based educational charity, which supports a state-of-the-art school in Pakistan for children with disabilities and special needs.

ORGANIZATIONAL CHART



MANAGEMENT TEAM

Mr. Muhammad Imran
CFO & Company Secretary

Mr. Tamur Shah
Head of Administration

Mr. Shahzad Sohail
Head of Supply Chain & Procurement

Mr. Ahmed Shuja
Country Head Sales
ZIC

Mr. Muhammad Ashraf
Head of Information Technology

Ms. Shumaila Hameed
Head of Human Resource

Mr. Omer Farooq Bajwa
Head of Marketing

Mr. Ali Khalid
Head of Audit & Planning

Mr. Qaiser Abbas Rana
Country Head Sales
ZIC - M

PRODUCT PORTFOLIO

HTL provides a wide range of lubricants to automotive and industrial sectors in Pakistan. Our principal supplier, SK lubricant's base oil plant is the largest API Group III base oil plant in the world. SK API Group III production meets more than 50% of world's demand for similar base oils. ZIC Lubricants are ISO 9001, EMS14001certified ensuring highest quality with maximum engine protection and machine wear. ZIC is produced by using (VHVI TECH) Synthetic base oil formulation in a fully automated computerized PLC controlled plant. In result, ZIC products deliver more power, less fuel consumption, low noise, quick starting & extended engine life.

CORE PRODUCT LINE

ZIC SYNTHETIC AND SEMI SYNTHETIC LUBRICANT RANGE (GASOLINE)

ZIC Synthetic Oil based on VHVI technology is very high viscosity Index Engine Oil that offers various grades in Fully Synthetic Oil, providing superior Engine Protection and Advanced Fuel Savings. The enhanced viscosity improver used in ZIC provides ultimate long term protection for both types of Gasoline and Diesel engines vehicle.
ZIC 0W30 & 5W40 are both API SN & ILSAC GF-5 Grades that provide better ODI, Engine Protection and fuel savings without losing its viscosity under all types of driving conditions(extreme temperature and heavy load), at the same time extending engine service life by keeping the running engine cleaner. It's typical properties provide improved fuel saving benefits up to 10 % compared to conventional motor oils and delivers better performance.

Gasoline Synthetic Engine Oil

- X9, X7 FE & X7

X9 5W-40

X7 –FE5W-20

X7 –FE0W- 30

X710W-40

Gasoline Semi Synthetic Engine Oil

- X5 & X3

ZIC Motor Cycle Oil (MCO) Rage:

- M5 & M7

X5 (20W-50)

X3(15W40)

M7 (10W-40)

M5 (20W-40)

ZIC Diesel Engine Oils:

Diesel Engine Oil :

- ZIC X-7000, X-5000, X-3000

X7000
15W-40\ CI-4

X7000
10W-40\ CI-4

X5000
15W-40/ CH-4

X3000
20W-50/ CF-4

The biggest strength of ZIC lies in the fact that it uses YUBASE (Group III base oil with a viscosity index of 120 or higher). The use of YUBASE guarantees that ZIC maintains viscosity better than any other engine oils of which viscosity index is artificially enhanced by viscosity index-enhancing agents mixed with low-quality base oil. By using ZIC fine ability to maintain viscosity brings you the following benefits: Exceptional Engine Protection, Longer Oil Change Intervals. ZIC Semi Synthetic series consists of the following:

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

- ZIC Coolants have high quality long life for radiators that (ethylene glycol based) that provides outstanding performance in all cooling systems. ZIC coolants are pre-dilluted for customer's convenience mixed (50: 50) with water and ethylene glycol.

- ZIC Vega series is a high quality hydraulic oil providing semi anti-wear performance coupled with excellent oxidation stability. It has great low temperature performance by applying SK's proprietary technology, VHVI Tech and holds its viscosity under high temperature operating conditions.

PRODUCT
PORTFOLIO

- ZIC Dexron is fully synthetic ATF engineered with SK's proprietary VHVI Tech and advanced additive technology. It meets all the stringent requirements of all kind of automotive transmission requirements and is fully backward / serviceable.
- ZIC Super Gear EP Series is premium quality extreme pressure gear oils. They contain Sulfur / Phosphorous extreme pressure additive system giving load carrying ability and protection against wear. In addition these oils provide excellent protection against corrosion of steel and copper containing alloys.
- SK Super Freeze refrigeration oil series is made from high quality naphthenic base stock and high quality additive package which is intended to be used in refrigeration compressors.
- SK Super Compressor oil series is formulated from premium quality, high viscosity index base stock combined with selective additives to satisfy the lubrication requirements of all kind of rotary screw / rotary vane compressors used in industrial applications.
- SK Super Therm 300 is formulated from high quality base stock with advance additive package system which provides high stability when heated for heat transfer applications.
- SK Super Brake Fluid is a high quality brake fluid providing outstanding performance for all hydraulics brake systems.
- ZIC Royal Grease series is multipurpose lithium soap-thickened grease available in NLGI grades 0, 1, 2, and 3, formulated with paraffinic mineral oil base oils, and also containing additives to control oxidation and rust formation. ZIC Greases can be used in a wide range of industrial and automotive applications, where there is no requirement for load-carrying properties.

INDUSTRIAL OIL

Compressor P Series

Super Therm 300

Super Gear 8P

Compressor RS

Super Freeze

Turbine

GREASE

ZIC Royal Grease

ZIC Crown Grease

HYDRAULIC OIL

ZIC VEGA LX

ZIC VEGA LX

ZIC Super MS

POWER GENERATION GEN–SET OILS

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

STAKEHOLDERS ENGAGEMENT / CODE OF CONDUCT FOR CUSTOMERS

The Objective is to provide the end consumer with Quality product that gives better ODI with improved fuel saving. The core lies at maintaining a standard of quality & price throughout the nationwide network. HTL customer base is divided into 3 segments via the distributors that include the wholesalers, retailer and end user. An extensive retail network is managed via an efficient group of distributors fulfilling the needs and on time delivery systems for the complete network.

- The core conduct for our customers is to ensure price standards and price stability throughout the extensive network. This is achieved via a proper check and balance system in place implemented with the help of Audit and Retail teams.
- It is imperative to establish a single price list in all the 3 segments i.e. Distributor, Retailer and End-user to ensure profitability of our customers and that so that our end users keep on enjoying quality lubricants that yield better engine performance with fuel saving.

Retail trade along with the Retail -Trade margin is supported by 'Trade & Points' schemes over and above an Annual Royalty Program.

Support to End Consumers includes annual sales promotions like FOC Vouchers, Social Media Competitions and Loyalty Points System for Online Sales customers.

Direct support to end consumers is also levied through:

1- Merchandising Activities

2- CDA

MARKET OVERVIEW

Auto assemblers see the new fiscal year as promising owing to improved economic conditions which are translating into an increase in demand for vehicles. Reduction in interest rates is having a noticeable impact on car financing and in turn a positive effect on car sales.

Car sales hit to 180,079 units in 2015-2016 as compared to 151,134 units in 2014-2015, followed by a jump in truck sales to 5,550 units from 4,111 and bus sales to 1,017 from 569 units. Due to favorable sector dynamics, Pakistan which has 13 cars per thousand people, will reach 20 cars per thousand by 2020. The growth in the automobile sector both via import and local manufacturing has resulted in an increase in the demand for the lubricants combined with the decrease in fuel prices leads to people driving more and their oil change interval decreasing. This results in an increase in their oil change frequency. Thus the potential for HTL is huge as the firm has invested in establishment of Hi-Tech blending and bottling plant to cater to this vital segment of the market and economy. With the introduction of Car Care centers and Fuel stations further diversification into the oil industry.

HTL CORPORATE STRATEGY

Our corporate strategy comprises of the dimensions that complement one another and are geared toward sustainability, creating value and ensuring the future viability of the company.

> Building and maintaining a successful partnership with our distributors operationally and strategically is the key to our success to deliver continued growth ”

By working with our business partners (distributors) to satisfy consumer needs and maximize demand for our products, we help grow their business and ours. With each HTL distributor, we seek to generate joint value in every aspect of our business, ranging from logistics and delivery to marketplace execution.

We believe that Hi-Tech Lubricants Limited will outperform its oilfield services competitors' given its strong position in the fast-growing Industry.

The objective of our corporate strategy, which is based on the following below dimensions, as well as agility and customer focus;

- Value Creation – enhancing the value of the corporation on a long-term basis;
- Top Market Position - among the leading firms in terms of customer focus, quality, and market share;
- Great People Culture - strives to promote a culture of trust and personal responsibility.

Given our fundamental strengths - strong sales and execution capability, which is critical to our long-term success; we manage our business responsibility with a passion of creating value for shareholders, employees, consumers and communities we serve.

Over the last decade, we have integrated corporate responsibility and sustainability into all aspects of business management, making long-term investments that aim to build value over time.

MANAGEMENT OBJECTIVES

Objective 1: Investment in new lines of Business for sustained profitability and Shareholders Expectations

Strategy: Keen insight and consistent development in favorable business opportunities for diversification within and outside the industry

Priority: High

Status: Progress on the go

Key Insights: Diversification into a new line of business is a high cost decision however through our strong financial standing and experienced management pool HTL is in a right direction to invest, diversify and grow.

Objective 2: Sales Growth

Strategy: Expansion in geographical presence and end–user awareness

Priority: High

Status: Annual Targets Achieved

Key Insights: There are opportunities within our existing distribution network to expand locally and internationally and we are constantly showing progress by keeping in mind all geographical and governmental regulations.

Objective 3: Enhancing Market Share and Industry Leadership

Strategy: Stay abreast of business dynamics and technological advancements by continuously upgrading product availability

Priority: High

Status: Continuous Progress with annual targets achieved

Key Insights: With time; up-gradation and maintenance may

result in high costs, however; HTL is constantly striving to achieve the targets with maximum efficiency and inputs.

Objective 4: Enhance Operational Efficiency for Optimization

Strategy: Improve business processes through efficient resources allocation to improve time and financial loss

Priority: High

Status: Continuous progress - Annual plans consistently achieved

Key Insights: With careful planning and targeted business plans HTL management regularly explore avenues to improve operational efficiency and resource optimization.

Objective 5: Costs Economy

Strategy: optimum utilization of existing resources and following strict governance policies

Priority: High

Status: Continuous Progress with targeted optimization on annual basis

Key Insights: With the adoption of Oracle – Financial solution and other effective strategies implemented in the Company, we are focused to improve costs and keep a regular follow up through effective internal control systems.

SIGNIFICANT CHANGES IN OBJECTIVES AND STRATEGIES

HTL business objectives and strategies have been thoroughly planned based on careful future projections and economic conditions. There have been investments made on development projects favorable to the shareholder's expectations and growth of business. However, no significant changes have occurred during the year to affect our course of action for achievement of these objectives.

CRITICAL PERFORMANCE INDICATORS & MEASURES

In order to measure the Company's performance against the stated objective, management ensures the monitoring of these objective regularly.

No.	Objectives	KPI's
1.	Diversification	Resource allocation for expansion of projects already in progress along with investment and development of prospective business projects
2.	Sales Growth	Market Share enhancement through team development and production efficiency
3.	Operational Efficiency	Marked improvement in Gross and Net Profit Margins
4.	Shareholder's Value	EPS and Asset Turnover Ratio's
5.	Business Sustainability	Interest Covers and Current Ratios

FINANCIAL PERFORMANCE
FOR THE CURRENT AND LAST FOUR YEARS

Amounts in Millions	June-12	June-13	June-14	June-15	June-16
Profit & Loss					
Total Revenue	4,264.7	4,597.2	5,273.8	5,466.9	7,015.30
COGS	(3,290.6)	(3,451.6)	(3,970.3)	(4,129.2)	(4,969.65)
Gross Profit	974.1	1,145.7	1,303.6	1,337.8	2,045.65
Admin Expenses	(108.6)	(143.2)	(163.1)	(177.33)	(263.51)
Distribution Cost	(432.9)	(557.1)	(627.8)	(605.10)	(851.45)
EBITDA	432.5	445.4	512.7	555.3	930.69
Depreciation	(16.0)	(15.5)	(27.6)	(34.68)	(38.31)
Other Operating Expenses	(36.3)	(23.6)	(33.6)	(47.23)	(43.44)
Other Income	11.1	7.8	9.4	52.83	46.31
EBIT	391.4	414.0	460.8	526.3	895.26
Finance Cost	(28.3)	(26.7)	(25.4)	(24.48)	(16.24)
Profit Before Tax	363.1	387.4	435.4	501.8	879.02
Taxation	(98.8)	(117.3)	(134.7)	(164.16)	(349.35)
Profit After Tax	264.3	270.0	300.7	337.6	529.67
Balance Sheet					
Fixed Assets	87.7	205.0	239.6	221.9	336.0
Investments in subsidiary company	–	–	255.0	776.4	1,102.8
Long term loans to employees	1.4	1.2	1.5	2.6	3.2
Long term deposits	7.4	12.8	15.7	13.6	13.5
Deferred income tax assets	5.0	–	–	–	–
Non Current Assets	101.5	219.1	511.8	1,014.6	1,455.5
Stock in trade	449.2	683.7	782.9	508.5	663.3
Trade Debts	114.7	108.9	169.5	237.8	151.8
Loans and advances	181.2	159.9	82.6	108.2	58.8
Short term deposits and prepayments	12.9	9.7	13.6	15.4	13.7
Other receivables	2.4	0.3	1.7	44.3	0.5
Short term investments	20.0	20.0	–	–	1,458.6
Cash and banks balances	107.3	91.3	321.9	86.8	186.9
Current Assets	887.7	1,073.8	1,372.3	1,001.1	2,533.5
Total Assets	989.2	1,292.9	1,884.1	2,015.7	3,989.0
Paid-up Capital	250.0	250.0	750.0	870.0	1,160.0
Share premium	–	–	–	–	1,441.7
Retained Earnings	221.0	418.6	156.7	367.5	728.9
Equity	471.1	668.6	906.8	1,237.5	3,330.6
Liabilities against finance lease	14.0	26.3	29.5	25.2	15.2
Long term deposits (from distributors)	0.5	0.5	2.0	3.0	2.0
Deferred liabilities	–	5.3	7.8	9.0	–
Demand/Term finance	–	–	–	–	1.0
Non Current Liabilities	14.5	32.2	39.3	37.2	18.2
Trade and import LCs payables	328.5	421.2	724.6	685.3	583.6
Accrued mark-up on loans from directors	5.7	4.9	4.7	-	0.5
Loans from directors	149.4	147.4	140.8	–	–
Current portion of finance lease liabilities	18.7	16.4	21.0	26.5	21.8
Short term borrowings	–	–	37.5	–	–
Provisions for taxations	1.3	2.3	9.5	29.3	34.2
Current Liabilities	503.6	592.1	938.0	741.0	640.1
Total Liabilities	518.1	624.3	977.4	778.2	658.3
Total Equity & Liabilities	989.2	1,292.9	1,884.1	2,015.7	3,989.0

FIVE YEARS ANALYSIS
POSITION & PERFORMANCE
FOR THE CURRENT AND LAST FOUR YEARS

Amounts in Millions	June-12	June-13	June-14	June-15	June-16
Cash Flow Statement					
Cash generated from / (used in) operations	87	303	714	611	819
Payment for:					
Finance charges	(23)	(28)	(26)	(29)	(16)
Taxes	(110)	(107)	(125)	(143)	(353)
Net cash generated from / (used in) operating activities	(45)	168	564	439	450
Cash flow from investing activities					
Capital Expenditure on fixed assets	(7)	(115)	(52)	(11)	(145)
Proceeds from disposal of fixed assets	0.26	15	18	61	3
Investment in subsidiary company	–	–	(255)	(521)	(326)
short term investment	(7)	–	20	–	(1,453)
Long term deposits	–	–	–	–	27
Profit on bank deposits received	11	7	8	6	–
Net cash (used in) / generated from investing activities	(3)	(93)	(262)	(465)	(1,894)
Cash flow from financing activities					
Repayment of long term financing & assets subject to finance lease	(17)	(15)	(17)	(22)	(23)
Proceeds from Long Term financing	–	–	–	–	3
Loan from directors	106	(2)	(7)	(141)	–
Dividend paid	(18)	(75)	(85)	(129)	(167)
Short term borrowings	–	–	38	(38)	–
Capital injected	–	–	–	120	1,732
Net cash (used in) / generated from financing activities	71	(92)	(71)	(209)	1,544
Net increase / (decrease) in cash and cash equivalents	23	(16)	231	(235)	100
Cash and cash equivalents transferred from Hi -Tech Lubricants	84	–	–	–	–
Cash and cash equivalents at the start of year	–	107	91	322	87
Cash and cash equivalents at the end of year	107	91	322	87	187

KEY PERFORMANCE INDICATORS

	Unit	2016	2015	2014	2013	2012	2011*
PROFITABILITY							
Gross profit	%	29.16%	24.50%	24.74%	24.92%	22.84%	25.73%
Operating profit	%	12.76%	9.65%	8.76%	9.01%	9.18%	12.23%
Profit before tax	%	16.08%	9.20%	8.28%	8.43%	8.52%	12.07%
Net profit	%	7.55%	6.20%	5.73%	5.87%	6.20%	9.03%
Return on equity	%	15.90%	27.39%	33.32%	40.39%	56.11%	102.70%
Return on capital employed	%	26.73%	41.39%	48.85%	59.09%	80.61%	133.79%
Return on total assets	%	13.28%	16.82%	16.03%	20.88%	26.72%	53.30%
LIQUIDITY / ACTIVITY							
Current ratio	Times	3.96	1.35	1.46	1.81	1.76	1.79
Quick / Acid test ratio	Times	2.92	0.66	0.63	0.66	0.87	1.20
Debt to Assets Times	Times	0.01	0.03	0.12	0.15	0.19	0.04
Inventory turnover	Times	7.49	8.12	5.07	5.05	7.33	16.12
Stock holding period	Days	48.71	44.95	72.00	72.30	49.83	22.65
Fixed assets turnover	Times	20.88	24.63	22.01	22.42	48.63	46.37
Total assets turnover	Times	1.76	2.71	2.80	3.56	4.31	5.90
CAPITAL STRUCTURE							
Debt : Equity	Ratio	0.2 : 99.8	0.6 : 99.4	1.0 : 99	0.9 : 99.1	1.1 : 98.9	0.9 : 99.1
Interest cover	Times	55.13	21.55	18.21	15.51	13.84	76.80
INVESTMENT / MARKET							
Basic earnings per share	Rs	5.43	4.37	4.01	3.60	3.52	3.99
Diluted earnings per share	Rs	5.43	4.37	4.01	3.60	3.52	3.99
Dividend per share - proposed	Rs	1.92	1.81	2.5	2.9	1.83	-
Dividend yield	%	19.20%	18.10%	25.00%	29.00%	18.30%	0.00%
Dividend payout	%	35.36%	41.42%	62.36%	80.56%	51.93%	0.00%

* *Figures taken from Hi-Tech Lubricants (AOP).*

HORIZONTAL ANALYSIS
FOR THE CURRENT AND LAST FIVE YEARS

	2016		2015		2014		2013		2012		2011*
Balance Sheet	Values	%	Values	%	Values	%	Values	%	Values	%	Values
Non current assets											
Fixed assets	336.04	51.42%	221.92	-7.38%	239.61	16.87%	205.03	133.81%	87.69	22.62%	71.52
Investment in subsidiary company	1,102.76	100.00%	776.41	100.00%	255.00	100.00%	-	0.00%	-	0.00%	-
Long term loans to employees	3.24	24.42%	2.60	77.96%	1.46	20.64%	1.21	-15.61%	1.44	100.00%	-
Long term security deposits	13.50	-0.93%	13.63	-13.44%	15.75	22.92%	12.81	73.40%	7.39	-45.21%	13.48
Investments	-	-	-	-	-	-	-	-	-	-	13.06
Deferred income tax asset	-	0.00%	-	0.00%	-	0.00%	-	-100.00%	4.99	100.00%	-
Total non current assets	1,455.54	43.46%	1,014.56	98.22%	511.82	133.65%	219.06	115.82%	101.50	3.51%	98.06
Current assets											
Stock-in-trade	663.26	30.44%	508.48	-35.05%	782.88	14.51%	683.70	52.20%	449.20	193.93%	152.82
Trade debts	151.78	-36.18%	237.84	40.32%	169.50	55.71%	108.86	-5.07%	114.67	-10.31%	127.86
Loans and advances	58.79	-45.69%	108.25	31.00%	82.64	-48.31%	159.85	-11.76%	181.17	100.00%	-
Short term deposits and prepayments	13.68	-11.37%	15.44	13.31%	13.63	39.85%	9.74	-24.67%	12.93	100.00%	-
Other receivables	0.51	-98.85%	44.33	2465.39%	1.73	440.00%	0.32	-86.68%	2.40	-97.57%	98.90
Short term investment	1,458.56	100.00%	-	0.00%	-	-100.00%	20.00	0.00%	20.00	0.00%	-
Cash and bank balances	186.86	115.33%	86.78	-73.04%	321.93	252.48%	91.33	-14.87%	107.29	27.24%	84.32
Total current assets	2,533.45	153.06%	1,001.12	-27.05%	1,372.30	27.80%	1,073.81	20.97%	887.66	91.35%	463.90
Total assets	3,988.99	97.90%	2,015.68	6.98%	1,884.12	45.73%	1,292.86	30.70%	989.17	76.02%	561.96
Capital and reserves											
Issued, subscribed and paid up capital	1,160.04	33.33%	870.03	16.00%	750.03	200.00%	250.01	0.00%	250.01	0.00%	250.00
Share premium	1,441.70	100.00%	-	-	-	-	-	-	-	-	-
Loan from partner	-	-	-	-	-	-	-	-	-	-100%	41.69
Accumulated profit / (loss)	728.91	98.37%	367.45	134.44%	156.73	-62.55%	418.56	89.35%	221.05	100.00%	-
Total capital and reserves	3,330.65	169.15%	1,237.48	36.47%	906.76	35.63%	668.57	41.93%	471.06	61.49%	291.69
Non current liabilities											
Liabilities against assets subject to											
finance lease	15.17	-39.68%	25.15	-14.74%	29.50	12.07%	26.32	87.76%	14.02	22.27%	11.46
Long term deposits	2.00	-33.33%	3.00	50.00%	2.00	300.00%	0.50	4.17%	0.48	100.00%	-
Deferred liabilities	-	-100.00%	9.03	15.16%	7.84	46.59%	5.35	100.00%	-	100.00%	-
Demand finance	1.03	100.00%	-	-	-	-	-	-	-	-	-
Total non current liabilities	18.20	-51.05%	37.18	-5.49%	39.34	22.29%	32.17	121.89%	14.50	26.46%	11.46
Current liabilities											
Trade and other payables	583.60	-14.84%	685.30	-5.42%	724.56	72.03%	421.17	28.19%	328.55	37.89%	238.27
Loans from directors	-	0.00%	-	-100.00%	140.76	-4.48%	147.36	-1.34%	149.36	100.00%	-
Accrued mark-up	0.54	100.00%	-	-100.00%	4.71	-3.99%	4.91	-14.42%	5.74	100.00%	-
Short term borrowing	-	100.00%	-	100.00%	37.53	100.00%	-	0.00%	-	0.00%	-
Current portion of liabilities against assets											
Subject to finance lease	21.75	-17.77%	26.45	26.05%	20.98	27.90%	16.41	-12.31%	18.71	63.18%	11.47
Current portion of demand finance											1.99
Taxation - net	34.25	17.01%	29.27	209.05%	9.47	315.39%	2.28	81.38%	1.26	-82.26%	7.08
Total current liabilities	640.14	-13.61%	741.02	-21.00%	938.02	58.41%	592.13	17.58%	503.61	94.59%	258.81
Total liabilities and equity	3,988.99	97.90%	2,015.68	6.98%	1,884.12	45.73%	1,292.86	30.70%	989.17	76.02%	561.96

* *Figures taken from Hi-Tech Lubricants (AOP).*

VERTICAL ANALYSIS
FOR THE CURRENT AND LAST FIVE YEARS

	2016		2015		2014		2013		2012		2011*	
Balance Sheet	Values	Ratio	Values	Ratio	Values	Ratio	Values	Ratio	Values	Ratio	Values	Ratio
Non current assets												
Fixed assets	336.04	8.42%	221.92	11.01%	239.61	12.72%	205.03	15.86%	87.69	8.87%	71.52	12.73%
Investment in subsidiary company	1,102.76	27.65%	776.41	38.52%	255.00	13.53%	-	0.00%	-	0.00%	-	0.00%
Long term loans to employees	3.24	0.08%	2.60	0.13%	1.46	0.08%	1.21	0.09%	1.44	0.15%	-	0.00%
Long term security deposits	13.50	0.34%	13.63	0.68%	15.75	0.84%	12.81	0.99%	7.39	0.75%	13.48	2.40%
Investments	-	-	-	-	-	-	-	-	-	-	13.06	2.32%
Deferred income tax asset	-	0.00%	-	0.00%	-	0.00%	-	0.00%	4.99	0.00%	-	0.00%
Total non current assets	1,455.54	36.49%	1,014.56	50.33%	511.82	27.17%	219.06	16.94%	101.50	10.26%	98.06	17.45%
Current assets												
Stock-in-trade	663.26	16.63%	508.48	25.23%	782.88	41.55%	683.70	52.88%	449.20	45.41%	152.82	27.19%
Trade debts	151.78	3.80%	237.84	11.80%	169.50	9.00%	108.86	8.42%	114.67	11.59%	127.86	22.75%
Loans and advances	58.79	1.47%	108.25	5.37%	82.64	4.39%	159.85	12.36%	181.17	18.32%	-	0.00%
Short term deposits and prepayments	13.68	0.34%	15.44	0.77%	13.63	0.72%	9.74	0.75%	12.93	1.31%	-	0.00%
Other receivables	0.51	0.01%	44.33	2.20%	1.73	0.09%	0.32	0.02%	2.40	0.24%	98.90	17.60%
Short term investment	1,458.56	36.56%	-	0.00%	-	0.00%	20.00	1.55%	20.00	2.02%	-	0.00%
Cash and bank balances	186.86	4.68%	86.78	4.31%	321.93	17.09%	91.33	7.06%	107.29	10.85%	84.32	15.00%
Total current assets	2,533.45	63.51%	1,001.12	49.67%	1,372.30	72.83%	1,073.81	83.06%	887.66	89.74%	463.90	82.55%
Total assets	3,988.99	100.00%	2,015.68	100.00%	1,884.12	100.00%	1,292.86	100.00%	989.17	100.00%	561.96	100.00%
Capital and reserves												
Issued, subscribed and paid up capital	1,160.04	29.08%	870.03	43.16%	750.03	39.81%	250.01	19.34%	250.01	25.27%	250.00	44.49%
Share premium	1,441.70	36.14%	-	-	-	-	-	-	-	-	-	-
Loan from partner	-	-	-	-	-	-	-	-	-	-	41.69	7.42%
Accumulated profit / (loss)	728.91	18.27%	367.45	18.23%	156.73	8.32%	418.56	32.37%	221.05	22.35%	-	0.00%
Total capital and reserves	3,330.65	83.50%	1,237.48	61.39%	906.76	48.13%	668.57	51.71%	471.06	47.62%	291.69	51.91%
Non current liabilities												
Liabilities against assets subject to												
finance lease	15.17	0.38%	25.15	1.25%	29.50	1.57%	26.32	2.04%	14.02	1.42%	11.46	2.04%
Long term deposits	2.00	0.05%	3.00	0.15%	2.00	0.11%	0.50	0.04%	0.48	0.05%	-	0.00%
Deferred liabilities	-	0.00%	9.03	0.45%	7.84	0.42%	5.35	0.41%	-	0.00%	-	0.00%
Demand finance	1.03	0.03%										
Total non current liabilities	18.20	0.46%	37.18	1.84%	39.34	2.09%	32.17	2.49%	14.50	1.47%	11.46	2.04%
Current liabilities												
Trade and other payables	583.60	14.63%	685.30	34.00%	724.56	38.46%	421.17	32.58%	328.55	33.21%	238.27	42.40%
Loans from directors	-	0.00%	-	0.00%	140.76	7.47%	147.36	11.40%	149.36	15.10%	-	0.00%
Accrued mark-up	0.54	0.01%	-	0.00%	4.71	0.25%	4.91	0.38%	5.74	0.58%	-	0.00%
Short term borrowing	-	0.00%	-	0.00%	37.53	1.99%	-	0.00%	-	0.00%	-	0.00%
Current portion of liabilities against assets												
Subject to finance lease	21.75	0.55%	26.45	1.31%	20.98	1.11%	16.41	1.27%	18.71	1.89%	11.47	2.04%
Current portion of demand finance	-	-	-	-	-	-	-	-	-	-	1.99	0.35%
Taxation - net	34.25	0.86%	29.27	1.45%	9.47	0.50%	2.28	0.18%	1.26	0.13%	7.08	1.26%
Total current liabilities	640.14	16.05%	741.02	36.76%	938.02	49.79%	592.13	45.80%	503.61	50.91%	258.81	46.05%
Total liabilities and equity	3,988.99	100.00%	2,015.68	100.00%	1,884.12	100.00%	1,292.86	100.00%	989.17	100.00%	561.96	100.00%

* *Figures taken from Hi-Tech Lubricants (AOP).*

HORIZONTAL & VERTICAL ANALYSIS
PROFIT & LOSS ACCOUNT

	2016		2015		2014		2013		2012		2011*
	Values	Ratio	Values	Ratio	Values	Ratio	Values	Ratio	Values	Ratio	Values
Vertical Analysis											
Sales	7,015.30	28.32%	5,466.92	3.66%	5,273.83	14.72%	4,597.23	7.80%	4,264.72	28.60%	3,316.39
Cost of Sales	(4,969.65)	20.36%	(4,129.15)	4.04%	(3,968.87)	14.99%	(3,451.58)	4.89%	(3,290.63)	33.60%	(2,463.08)
Gross Profit	2,045.65	52.92%	1,337.76	2.51%	1,304.96	13.91%	1,145.65	17.61%	974.09	14.15%	853.31
Distribution Cost	(873.17)	39.50%	(625.95)	-3.04%	(645.60)	14.19%	(565.36)	28.03%	(441.60)	13.89%	(387.74)
Administrative Expenses	(280.10)	46.53%	(191.15)	10.53%	(172.94)	14.96%	(150.44)	29.79%	(115.90)	54.80%	(74.87)
Other Expenses	(43.44)	-8.03%	(47.23)	40.55%	(33.60)	42.57%	(23.57)	-34.99%	(36.26)	#DIV/0!	
Other Income	46.31	-12.33%	52.83	463.17%	9.38	20.85%	7.76	-30.06%	11.10	-25.54%	14.90
Profit from operations	895.26	70.12%	526.26	13.86%	462.20	11.63%	414.05	5.78%	391.43	-3.49%	405.60
Finance Cost	(16.24)	-33.66%	(24.48)	-3.56%	(25.38)	-4.93%	(26.70)	-5.61%	(28.29)	435.60%	(5.28)
Profit Before Tax	879.02	75.18%	501.78	14.87%	436.82	12.77%	387.35	6.67%	363.14	-9.29%	400.31
Taxation	(349.35)	112.81%	(164.16)	21.85%	(134.72)	14.82%	(117.34)	18.71%	(98.84)	-1.91%	(100.77)
Profit for the year	529.67	56.88%	337.62	11.76%	302.10	11.88%	270.01	2.16%	264.30	-11.77%	299.55

	2016		2015		2014		2013		2012		2011*	
	Values	Ratio	Values	Ratio	Values	Ratio	Values	Ratio	Values	Ratio	Values	Ratio
Horizontal Analysis												
Sales	7,015.30	100.00%	5,466.92	100.00%	5,273.83	100.00%	4,597.23	100.00%	4,264.72	100.00%	3,316.39	100.00%
Cost of Sales	(4,969.65)	-70.84%	(4,127.79)	-75.50%	(3,968.87)	-75.26%	(3,451.58)	-75.08%	(3,290.63)	-77.16%	(2,463.08)	-74.27%
Gross Profit	2,045.65	29.16%	1,339.13	24.50%	1,304.96	24.74%	1,145.65	24.92%	974.09	22.84%	853.31	25.73%
Distribution Cost	(873.17)	-12.45%	(625.95)	-11.45%	(645.60)	-12.24%	(565.36)	-12.30%	(441.60)	-10.35%	(387.74)	-11.69%
Administrative Expenses	(280.10)	-3.99%	(191.15)	-3.50%	(172.94)	-3.28%	(150.44)	-3.27%	(115.90)	-2.72%	(74.87)	-2.26%
Other Expenses	(43.44)	-0.62%	(47.23)	-0.86%	(33.60)	-0.64%	(23.57)	-0.51%	(36.26)	-0.85%	-	0.00%
Other Income	46.31	0.66%	52.83	0.97%	9.38	0.18%	7.76	0.17%	11.10	0.26%	14.90	0.45%
Profit from operations	895.26	12.76%	527.62	9.65%	462.20	8.76%	414.05	9.01%	391.43	9.18%	405.60	12.23%
Finance Cost	(16.24)	-0.23%	(24.48)	-0.45%	(25.38)	-0.48%	(26.70)	-0.58%	(28.29)	-0.66%	(5.28)	-0.16%
Profit Before Tax	879.02	12.53%	503.14	9.20%	436.82	8.28%	387.35	8.43%	363.14	8.52%	400.31	12.07%
Taxation	(349.35)	-4.98%	(164.16)	-3.00%	(134.72)	-2.55%	(117.34)	-2.55%	(98.84)	-2.32%	(100.77)	-3.04%
Profit for the year	529.67	7.55%	338.98	6.20%	302.10	5.73%	270.01	5.87%	264.30	6.20%	299.55	9.03%

* *Figures taken from Hi-Tech Lubricants (AOP).*

SWOT ANALYSIS

STRENGTHS

- Top management's consistent vision of growth.
- Premium quality products.
- Strong brand recognition and recall.
- Our people, their skill-set and experience.
- Healthy and growing customer base.
- Key market player.
- Strong nation-wide distribution networks.
- Innovative and creative trade & consumer schemes.
- Ability to diversify in ancillary businesses.
- Economies of scale through own blending.

WEAKNESSES

- OMC platform missing to cater to OMC loyal customers.
- Fluctuations in Exchange rates affect our forecasting.
- Bottom line gets disturbed due to loss in exchange rates.

OPPORTUNITIES

- Diversification through manufacturing with better execution of end consumer schemes and sales of related products.
- Earning capacity and growing market potential.
- Unpin the Company potential through IPO.
- OEM's and Corporate Sales growth is an opportunity for our Institutional sales force.
- Product segmentation at HTL Express Centers to be established nationwide.
- Opportunity to explore export sales market.
- Immense potential to improve quality of resources through visibility and presence as lead employer with competitive benefits.

THREATS

- Political instability and law and order situation.
- Natural Calamities affecting agricultural areas.
- Counterfeit oil.
- International infiltration has affected us in remote areas.
- Local infiltration also affects the morale of sales team.
- Distribution/ team retention.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of the Company have the pleasure in submitting their Annual Report along with the audited financial statements of the Company for the year ended June 30, 2016. Hi-Tech Lubricants (HTL) Limited is now a Public Listed Company and is one of the leading lubricant marketing companies of Pakistan. HTL has a sizable market share in almost all the related market segments of the country. HTL product portfolio under the brand name "ZIC" includes a wide range of synthetic lubricants in automotive, industrial and marine segments. With the increasing demand for the lubricant via the growth in automobile and industrial sector the company has extended its offerings with the addition of a state of the art blending plant.

FINANCIAL PERFORMANCE

FINANCIAL REVIEW

Your Company has performed exceptionally well during the current year and the summarized financial performance is as follows:

	2016	2015
	Rupees in million	
Gross sales net of discounts	8,466	6,557
Sales Tax	1,451	1,090
Net sales from Operations	7,015	5,467
Gross Margin	2,046	1,338
EBITDA - operations	931	555
Depreciation & amortization	(38)	(35)
Finance costs	(16)	(24)
Other expenses	(43)	(47)
Other income	46	53
Earnings before tax	879	502
Tax	349	164
Earnings after tax	530	338
Basic Earnings per share – Rupees	5.43	4.37

Operations have achieved net sales of Rs. 7,015 million in 2016 against net sales of Rs. 5,467 million of last year representing sales growth of 28%. The growth involves volume growth of 30% with overall prices decreased. The gross margin during the year shows improvement of five percent. This was due to reduction in custom duties on non-synthetic products along with freight charges. The effective rate of Tax has increased by 7% as the company moves from normal Tax regime to final Tax regime on promulgation of Finance Act 2015. Super Tax has also been levied for this year at the rate of 3% of imputable income. The Company actively focused on strengthening its working capital cycle during 2016 and took initiatives to rationalize inventory levels and trade debtors. The working capital as a percentage to sales ratio improves by 3 times. Continued improvements in working capital efficiency resulted in improved positive cash flow generation from operations. Percentage to sales ratio improves by 3 times. Continued improvements in working capital efficiency resulted in improved positive cash flow generation from operations.

OPERATIONAL PERFORMANCE

ZIC TOP–TIER DIVISION

The volumes improved positively by 24% as compared to the June 30, 2015. Further break down in categories are:

Category	Symbol	% Contribution in volume increase
Passenger car motor oil segment	PCMO	29%
Heavy Duty Diesel Engine oils segment	HDDEO	17%
Motorcycle oil segment	MCO	15%
Gear, Hydraulics, Industrial and others	UHD	16%

ZIC top-tier Operations have achieved net sales of Rs. 5,407 million during 2016 as compared to Rs. 4,385 million of 2015 representing sales growth of 23%. The operating result of this business segment shows high end consumer confidence on HTL products. The Company is continuing with its focus on revenue growth, better product mix, products offering savings in fuel and energy costs and engine efficiencies.

ZIC MID–TIER DIVISION

The volumes improved positively by 52% as compared to the June 30, 2015. Further break down in categories are:

Category	Symbol	% Contribution in volume increase
Heavy Duty Diesel Engine oils segment	HDDEO	54%
Motorcycle oil segment	MCO	80%

ZIC mid-tier Operations have achieved net sales of Rs. 1,608 million during 2016 as compared to Rs. 1,082 million of 2015 representing sales growth of 49%. As a part of its continuing efforts towards technological up gradation of knowledge of vehicles and better lubricant with low emissions, fuel savings a no. of seminars and awareness programmers have been initiated for workshop owners, oil changers and end consumers.

FINANCE COSTS

The finance cost has decreased by Rs. 8.24 million during 2016 over 2015 mainly due to reduced mark up rates, reduced debt levels owing to better working capital management.

FINANCIAL MANAGEMENT

The Company's continued focus on managing optimal levels of inventory and trade receivables, sound business performance, operating efficiencies and cost savings across the organization helped generate positive cash flows.

The Company has an effective Cash Management System in place whereby cash inflows and outflows are projected on regular basis and rigorously monitored. Working capital requirements are planned to be financed through efficient management of trade receivables, payables and inventory levels. Business unit heads are assigned working capital targets which are monitored on regular basis.

Capital expenditure is managed carefully through a rigorous evaluation of profitability and risks and regular project review for delivery on time 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 2016 was at Rs. 139 million.

The Board is satisfied that there are no short or long-term financial constraints including access to credit and a strong balance sheet as of June 2016 with net equity to debt ratio at 99: 1.

INITIAL PUBLIC OFFERINGS (IPO)

Your company was looking forward to expand and increase its footprint in the retail service centers market and in mid-tier and low tier lubricant segments. To achieve this objective your company decided to offer 25% of the Post IPO paid up share capital to institutions, high net worth individuals and general public. The key investment considerations that were presented to investors were:

- Commanding market positioning of the company in high end segment
- Stellar Growth
- Strong distribution channel and market positioning
- Increased profitability
- Joint venture with SK the world's largest supplier of synthetic base oil

HTL envisages a total estimated investment requirement of PKR 1,250 million. At a Floor price of Rs. 37 Rs. 1,073 million funds were expected and HTL planned to provide 177 million funds from own sources, break-down of which was as follow:

Proceeds Utilization	PKR Million
Investment in Company	
Land	470
Building	128
Plant, Machinery & Equipment	139
Pre-operating costs	33
Working Capital	280
Sub-total (funds required by HTL)	1,050
Investment in 100% owned subsidiary	
Additional Filling Lines for Blending Plant, Hi-Tech Blending (Pvt.) Limited	200
Total Requirement	1,250
IPO Proceeds	1,812
Extra generated Funds	562

The overwhelming response and investors' confidence reposed on HTL management and its operation made it to receive Rs. 562 million more funds whereby the strike price exceeds by 70% as compared to floor price.

EXPANSION PLAN
Phase 1

RETAIL OUTLETS SERVICE DELIVERY CATEGORIZATION / PLAN

HTL is further enhancing its ability to infiltrate into the retail market with the development of HTL state of the art retail outlets across Pakistan with multitude of unique services and technical support. Five (5) locations in Lahore have already been locked in, the designing phase is under process and the first location will start operations by the end of this year. Providing a ONE STOP SOLUTION to all the car care needs and the next stop for the HTL Express "Car Care Centers" will be Karachi followed by Islamabad in the coming year.

Under this expansion HTL plans to offer state of the art retail outlets across Pakistan with multitude of unique services and technical support for our customers. This business expansion plan is the part of HTL's forward integration strategy.

The Retail outlets plan will be executed initially based on 3-Tier Business Model:

Retail Outlet /franchise covering the area up to 2,500 sq.ft.

Retail Outlet /franchise covering the area up to 5,000 sq.ft.

Retail Outlet /franchise covering the area up to 10,000 sq.ft.

TENTATIVE TIMELINES / ROLL-OUT STRATEGY

Area surveys are being conducted by HTL. Proceeds from IPO will be invested in Hi-Tech Service centers that include launch of 8 company operated outlets in Lahore, Gujranwala, Faisalabad, Islamabad and Karachi during 2016-17. .

INVESTMENT IN HI-TECH BLENDING (PVT.) LIMITED (HTBL) 100% OWNED SUBSIDIARY OF HTL

Most recently HTL has ventured into Blending Facility that has been located outside Sundar Industrial Estate, at Bhaikot Raiwand Road, Lahore. HTL has incorporated a 100% wholly owned subsidiary named Hi-Tech Blending (Pvt.) Limited with a total investment of PKR 1,103 million as of June 30, 2016. The upcoming Plant is an integrated unit Producing International Standard Specifications Lubricants in HDPE bottles, filling, capping & labeling of finished products on an automated high accuracy filling line. As per the agreement between HTL and SK Lubricant, HTL is allowed to invest in a blending plant.

The following table shows component wise project cost of blending plant:

Total capital cost	1,603,248	
Working Capital	250,000	
Total Project Cost	1,853,184	
Expansion through Additional Lines	200,000	
Total Project Cost	2,053,184	
Position as at July 31, 2016		
Through Equity	1,334,292	72%
Through Debt	518,892	28%

The Plant has started commercial production in August 2016.

Hi-Tech Blending Plant (HTBL) with its high standard's of bottle manufacturing, blending, filling and quality controls through its in house laboratory, can be termed as the best of its kind in all Asia, and certainly the best in Pakistan. The plant is currently producing lubricants from 0.7 Liter to 200 liters drums and all products are being sold in local market. It is an integrated unit producing International Standard Specifications Lubricants in HDPE bottles, filling, capping & labeling of finished products on an automated high accuracy filling lines.

This investment & business expansion plan offers multitude of opportunities to strengthen the local business line in Pakistan. HTL prime focus is to offer customized product range with diversified business line in the automotive & retail sector with unique selling propositions. No doubt the long sighted vision is the initial step, however; HTL is determined to capitalize this plan with business knowledge and customized facility by carefully addressing the risk factors. The salient objectives include the following:

- Cost effectiveness / Competitiveness
- Effective Supply Chain Management
- Investing for the Sustainability and Support of Local Business Growth especially in Motorcycle (MCO) & Heavy duty Diesel oils (HDDO)

- Introducing the Indigenous Product Line with International Blending & Packaging Standards with Capturing the Local & Government Mainstream Institutions
- OEM supplies
- Exports to Afghanistan & CIS Countries
- Enhanced Product Portfolio (Industrial & process Oils)
- Diversification in Plastic products & trading

Further Investment in the Addition of New Filling Lines:

HTL now plans to invest further in the HTBL to introduce Jerry Can and Drum filling lines.

Benefits of installing additional filling line

- Bulk Product Selling
- Packaging and sales of Industrial Products and Process Oils
- Selling of Drums and Jerry Cans to other user, e.g. Chemicals , Paints etc
- Tapping huge potential of bulk sales in Export in Afghanistan

EXPANSION PLAN
Phase 2
INVESTMENT IN SETTING UP AN OIL MARKETING COMPANY (OMC)

The proposed project envisages setting up an Oil Marketing Company and a network of fuel stations in different parts of Pakistan, with an initial target on the urban market segment of Upper Punjab, KPK, Azad Jammu and Kashmir and Islamabad Capital Territory.

Your company has already applied for a provisional license from Oil & Gas Regulatory Authority, meeting thereby all criterias, rules, regulations and formalities for setting up the project, and we expect a favorable outcome in near future.

The Initial feasibility study has done through an independent firm of Chartered Accountants M/s KPMG Pakistan and the summarized results are as follows:

The total outlay of the project is envisaged at PKR 2.5 Billion. 225 filling stations across the country in a 5 year timeline, including 11 company owned and operated filling stations. To support the filling stations, fuel depots will be built and maintained, stretching over Punjab, Sindh and KPK Provinces, over a period of 5 years. The equity debt ratio would be 80:20.

FORCES DRIVING THE BUSINESS CASE

International oil prices have fallen from USD 145.31 in 2008 to below USD 28 in January 2016. The Government of Pakistan has partially passed on the relief to end consumers by reducing the retail price of MOGAS from PKR 113.24 in Oct 2013 to PKR 62.77 in March 2016. The reduction in sale price, coupled with poor supply of CNG, directly affected the increase in demand. Demand of petroleum products have been steadily increasing at a rate of 4.35% from 2005-06 to 2014-15 and in last few years the growth surpassed by more than 8%.

RISK MITIGATION

The Board of Directors and the Audit Committee of the Board regularly review the risk matrix in terms of impact and probability of occurrence. The senior management team, led by the Chief Executive Officer and Executive Directors is responsible for risk mitigation measures. The Company's ability to continually assess market conditions and then react decisively, allows the Company to manage risks responsibly and take opportunities to strengthen the position of the Company when they arise. The major risk to which company is exposed and their mitigation is as follows:

CREDIT RISK

All financial assets of the Company, except cash in hand, are subject to credit risk. 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.

LIQUIDITY RISK

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 whereby 95% customer contracts are ensured for advance cash against deliveries thereby meeting 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.

CONTRIBUTION TO NATIONAL EXCHEQUER

Your Company is a noteworthy contributor to the national economy and has contributed Rs. 2,593 million during the year 2016 (1,954 million in 2015) to the national exchequer on account of sales tax, income tax, import duties and statutory levies.

INVESTMENT IN RETIREMENT BENEFITS : RS. 10.7 MILLION

HI-TECH Lubricants Limited has contributed Rs. 10.7 million (2015: Rs. 10.9 Million) in recognized employees provident fund. 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. The value of total investments made in staff provident funds operated by the trustees of the funds, as per their respective financial statements for the year ended 30 June 2016 is Rs 87.94 Million.

ENVIRONMENT, HEALTH SAFETY

Your Company is striving to meet the environmental, health and operational practices through introducing products that are pollution free through their low emissions.

The areas of focus in 2016 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 is also 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 and National Highway and Motorway Authorities.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

On CSR, the Company's management continued its focus on 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 Rs. 11 million towards various causes in the current year.

APPROPRIATION

In view of the excellent financial results of the Company for the year 2016, the Board of directors of the Company has recommended a final cash dividend of 13.5% percent (i.e. Rs. 1.35 per share).

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, 2017, at a fee to be mutually agreed.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance as set out by the Pakistan Stock Exchange in its Listing Regulations have been adopted by the Company and have been duly complied with. A statement to this effect is annexed to the report.

MATERIAL CHANGES

There have been no material changes since June 30, 2016 and the Company has not entered into any commitment, which would affect its financial position at the date, except financial statements of the Company for the year ended June 30, 2016.

During the year 2016 the number of directors increased from 7 to 10. Dr. Safdar Ali Butt and Mr. Syed Asad Abbas Hussain appointed as independent directors along with Mr. Mujahid Jameel Ghaznavi as non-executive director of the company. Mr. Mujahid Jameel Ghaznavi resigned during the year and Mr. JI Won Park nominee of SK Lubricants Co., Ltd. Co-opted in his place. The Board wishes to record its appreciation of the valuable services rendered by the outgoing Director and welcomes the new Director who will hold office for the remainder of the term of the outgoing member.

During the year 2016 the number of members in audit committee increased from 4 to 5 whereby Mr. Zalmai Azam non-executive director joined the committee. Mr. Muhammad Ali Hassan executive director resigned from the committee and Dr. Safdar Ali Butt Independent director joined the committee.

MEETINGS OF BOARD OF DIRECTORS

Name of director	No. of meetings attended
Mr. Hassan Tahir	8
Mr. Muhammab Basit Hassan	9
Mr. Muhammad Ali Hassan	9
Mr. Shaukat Hassan	9
Mr. Tahir Azam	9
Mr. Zalmai Azam	8
Mr. Muhammad Tabassum Munir	8
Dr. Safdar Ali Butt	5
Syed Asad Abbas Hussain	5
Syed Mujahid Jameel Ghaznavi	2
Mr. JI Won Park	2

Audit Committee

An Audit Committee of the Board has been in existence since the enforcement of the Code of Corporate Governance, which comprises of three Non-executives and two independent Directors. Six (6) meetings of the Audit Committee were held during the year 2016. The attendance of each Member is given hereunder:

Name of director	No. of meetings attended
Mr. Muhammad Tabassum Munir	6
Mr. Shaukat Hassan	6
Mr. Tahir Azam	6
Dr. Safdar Ali Butt	4
Mr. Zalmai Azam	2

The Audit Committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations and Code of Corporate Governance.

- Corporate and Financial Reporting Framework
- The financial statements together with the notes thereon have been drawn up by the management in conformity with 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.
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements.
- 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.
- The key operating and financial data from the formation of company (i-e for the last seven years) is annexed.
- Trading of Shares by Chief Executive, Directors, Chief Financial Officer, Company Secretary, their spouses and minor children:

Purchase of shares	No. of shares
Chief Executive Officer	Nil
*Directors	2,000
Chief Financial Officer	Nil
Company Secretary	Nil
Spouses	165,500

*1,500 qualification shares purchased before listing of company.

PATTERN OF SHAREHOLDING

A statement of the pattern of shareholding of certain class of shareholders as at June 30, 2016, whose disclosure is required under the reporting framework, is included in the annexed shareholders' information.

The Directors, CEO, CFO, Company Secretary and their spouses or minor children did not carry out any trade in the shares of the Company during the year, except as noted above.

FORWARD LOOKING STATEMENT

Our growth rate of top line from the last 5 years has been at an average rate of 24% and a consistent bottom line increase every year.

Auto assemblers see the new fiscal year as promising owing to improved economic conditions that translate into an increase in demand for vehicles. Reduction in interest rates is having a noticeable impact on car financing and in turn a positive effect on car sales.

Car sales hit to 180,079 units in 2015-2016 as compared to 151,134 units in 2014-2015, followed by a jump in truck sales to 5,550 units from 4,111 and bus sales to 1,017 from 569 units.

Due to favorable sector dynamics, Pakistan which has 13 cars per thousand people, will reach 20 cars per thousand by 2020. The growth in the automobile sector both via import and local manufacturing has resulted in an increase in the demand for the lubricants combined with the decrease in fuel prices leads to people driving more and their oil change interval decreasing. This results in an increase in their oil change frequency. Thus the potential for HTL is huge as the company has invested in invested in its wholly owned subsidiary company for establishment of Hi-Tech blending and bottling plant to cater to this vital segment of the market and economy. With the introduction of HTL Express "Car Care centers" and HTL "Fuel stations" enhance the growth of the company converting into higher earnings.

COMPANY'S STAFF AND CUSTOMERS

We wish to record our appreciation for the hard work and commitment of our employees to the Company's objectives and continued patronage of our customers.

Mr. Hassan Tahir	Mr. Shaukat Hassan
(Chief Executive)	(Chairman)

Lahore
September 02, 2016

ڈائریکٹرز رپورٹ

مالیاتی جائزہ

مالی نتائج کا تجزیہ

آپ کی کمپنی نے اس سال شاندار کارکردگی کا مظاہرہ کرتے ہوئے تمام اہداف حاصل کر لیے ہیں۔اس کارکردگی کے مدنظر حصص داران کو 13.5% ڈیوڈنڈ دینے کا اعلان کیا گیا ہے۔جس کے بعد مکمل ڈیوڈنڈ 26.5% کے ساتھ 02.65 روپے پر پہنچ گیا ہے۔کمپنی کے آپریشن نے اس سال Rs. 8.46 ارب کی مجموعی سیلز کے ساتھ کل 18% کا اضافہ بہ نسبت پچھلے سال کے کیا ہے۔سیلز میں یہ اضافہ 30% حجم اور منفی دو فیصد قیمتوں کی وجہ سے رونما ہوا ہے۔اس کے علاوہ مجموعی مارجن میں بھی 5% اضافہ ہوا ہے جو کہ حکومتی ٹیکس اور کرائے کی مدوں کی کمی کی وجہ سے ہے۔

اس کے علاوہ آپ کی کمپنی نے مجوعی سرمائے میں بھی بہتری کی ہے۔اور سٹاک اور دینداروں کی مد میں بھی تناسب پیدا کیا ہے۔مجموعی کام کرنے کے سرمایہ میں تین گنا اضافہ ہوا ہے۔اسی وجہ سے سرمایہ انتہائی متناسب رہا ہے۔کمپنی کے سب سے اوپر درجے کی مصنوعات میں 24% اضافہ دیکھا گیا ہے۔پٹرول انجن والی گاڑیوں کے تیل میں 29%، ڈیزل انجن والی گاڑیوں کے تیل میں 17%، موٹر سائیکلوں میں 15% اور باقی مصنوعات میں 16% ریکارڈ کیا گیا ہے۔اوپر درجے کی مصنوعات نے مجموعی طور پر Rs. 5.4 ارب کی سیلز کی جو کہ پچھلے سال کی مقابلے میں 23% زیادہ ہے۔ان نتائج کو دیکھتے ہوئے یہ بجا طور پر کہا جا سکتا ہے کہ کنزیومر کا اعتماد کمپنی پر بڑھا ہے۔آپ کی کمپنی اپنی حد درجہ کوشش جاری رکھے گی کہ اسی طرح ترقی کی راہوں پر گامزن رہے اور گاہکوں کے لیے ایسی مصنوعات متعارف کرواتی رہے۔جو کہ تیل کی بچت کے ساتھ ساتھ انجن کی بھی بہتر حفاظت کر سکیں۔

کمپنی کی درمیانہ درجہ کی مصنوعات نے حد درجہ کامیابی کے ساتھ 52% اضافہ حاصل کیا۔اس اضافے میں ڈیزل انجن والی گاڑیوں نے تیل میں 54% اور موٹر سائیکل نے 80% اضافہ حاصل کیا درمیانے درجے کی مصنوعات نے مجموعی طور پہ Rs. 1.6 ارب روپے کی سیلز کی جو کے پچھلے سال کی نسبت روپوں میں 49% زیادہ ہے۔ہماری کوششوں کی وجہ سے اور مسلسل سیمنار اور آ گہی مہم چلانے کی وجہ سے لوگ بہتر تیل اور اس کی خصوصیات کی طرف متوجہ ہوئے جو کہ ہماری کامیابی ہے۔

اس سال Discount rates میں تاریخی کمی کی وجہ سے کمپنی کی فنانس کی لاگت Rs. 8.24 ملین روپے گزشتہ سال کے مقابلے میں کم رہی اور مجموعی سرمایہ بھی بہتر رہا۔کمپنی نے ہمیشہ اس بات پہ توجہ مرکوز رکھی کہ اسٹاک کو ضرورت کے مطابق کم سے کم سطح پر رکھا جائے۔اس کے علاوہ بچت کے اصولوں کو معیار بنا کر چلا جائے۔تا کہ سرمایہ اور بڑھایا جا سکے۔

اس کے علاوہ کمپنی نقد رقم کے انتظام کے طور پر ہر لمحہ پروجیکشن بناتی رہتی ہے تا کہ سرمائے کا بوقت ضرورت آسانی سے انتظام ہو۔اس کو مدنظر رکھتے ہوئے تمام انتظامی ذمہ داران کو ہدف دیے جاتے ہیں اور اس اہداف پر ہر وقت نظر رکھی جاتی ہے۔بڑے سرمایہ کی حامل منصوبے نہایت دھیان اور سوچ سمجھ کر ترتیب دیئے جاتے ہیں۔ان کو ترتیب دیتے وقت رسک منافع اور تکمیل کو خاص اہمیت دی جاتی ہے۔اس منصوبوں کو انجام دینے کیلئے تاویل مدت کے کنٹریکٹ بھی کیے جاتے ہیں۔اس سال Rs. 139 ملین ان منصوبوں پر لگائے گئے ہیں۔اس کے علاوہ کمپنی نے اپنی ذیلی کمپنی میں Rs. 326 ملین کی انویسمنٹ کی ہے۔جو کہ بلینڈنگ پلانٹ لگا رہی ہے۔اور یہ پلانٹ آخری مراحل میں ہے۔جو کہ اگست 2016ء سے پروڈکشن شروع کر چکا ہے۔

اس کے علاوہ بورڈ یہ بھی سمجھتا ہے کہ کمپنی کے لیے کوئی خاص رکاوٹیں نہیں ہیں۔اور کمپنی کی بیلنس شیٹ نہایت مضبوطی کی حامل ہے۔اس علاوہ کمپنی کی ایکوئٹی اور قرضہ جات میں 1:99 کا تناسب ہے۔جو کہ کمپنی کہ بہترین پوزیشن کو ظاہر کرتا ہے۔

شوکت حسن

چیئرمین آف دی بورڈ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CHAIRMAN'S REVIEW

It is my honor and pleasure to present the annual report and financial statements for the year ended 30th June 2016 to all our shareholders.

Blessed with the utmost grace of Almighty, the overwhelming trust of shareholders, and untiring effort of the management, your company's overall strategic plans are well positioned for a sustained profitable growth, as evidenced by an attractive expansion in total assets, regularly improving bottom line and consistently progressive dividends payments.

Your company has maintained a steady growth over the last 5 years, at an enviable average rate of 24% p.a. This has placed your company among the top of the leading lubricant marketing companies in Pakistan. It now has a sizable market share in almost all the relevant market segments of the country by offering a product portfolio with a wide range of synthetic lubricants in automotive, industrial and marine segments.

Foreseeing the increased demand for the lubricant via the growth in automobile and industrial sector, your company has added a state of the art blending plant. Hi-Tech Blending (Pvt.) Limited (HTBL) can be termed as among the best of its kind in Asia and certainly the best in Pakistan. It is an integrated unit operating as per International Standard Specifications Lubricants in HDPE bottles, filling, capping & labeling of finished products on an automated high accuracy filling lines.

Your company has now embarked upon a program to further enhance its market effectiveness in the retail market with the development of HTL state of the art retail outlets across Pakistan with multitude of unique services and technical support. Five (5) sites in Lahore have already been locked in, the designing phase is under process and the first location will start operations by the end of this year, providing a ONE STOP SOLUTION to all the car care needs. The next stop for the HTL Express "Car Care Centers" will be Karachi followed by Islamabad in the coming year.

Considering the fact that Pakistan still has a very low vehicles-to-population ratio, auto assemblers see the new fiscal year as promising owing to improved economic conditions that are likely to translate into an increase in demand for vehicles. Reduction in interest rates is also having a noticeable impact on car financing and in turn a positive effect on car sales. Keeping in view the market demands and favorable government regulations, we are initiating a mega project: launch of an OMC under the HTL umbrella.

Our objective is to have a diversified Business Model that gives your company an opportunity to benefit from a growing market while providing resilience against unforeseen adverse market conditions. We are committed to achieve targets for sustained returns to the shareholders through our business initiatives with keen foresight for future challenges.

While efforts are focused to create a Strategic Business Portfolio to gain the confidence of shareholders, your company has invested time and resources for making valuable contributions to the winning idea of giving back to the society. We regularly recreate the energy and the volunteer spirit of all stakeholders for the sustainability of Socially Responsible Areas requiring great attention of Corporate Sector. Such investments of time and communication bring in innovative solutions to deal with social challenges. Recently, HTL has taken up many initiatives in different areas including Environment and Quality Education for the deserving students.

I take this opportunity to record my personal as well as your Board's appreciation and gratitude to a number of people who have played an active role in your company's continued success. Our business partners SK Lubricants have extended tremendous support by way of extensive planning and business intelligence assistance to help us consistently perform better in the market. I am pleased to add here that SK Lubricant have now acquired an interest in your company and are represented on its Board. We look forward to their continued cooperation in the future. The untiring efforts of your company's Management and Staff have also contributed significantly to its success as has indeed the cooperation of all our distributors and dealers.

On behalf of the Board

Shaukat Hassan
Chairman

چیئرمین جائزہ

میں کمپنی کے حصہ دران کو 2016ء کی سالانہ رپورٹ پیش کرتے ہوئے مسرت محسوس کرتا ہُوں۔

اللہ تعالی کے فضلِ وکرم اور ہمارے حصہ دران کے اعتماد اور کمپنی مینجمنٹ کی دن رات محنت کی وجہ سے ہمارے آنے والے پلان شاندار ہیں۔ یہ ہمارے اثاثوں کی شاندار بڑھوتی اور ہمارے خالص منافع اور بڑھتے ہوئے ڈیوٹنڈ سے کلی طور پر عیاں ہے۔

آپ کی کمپنی نے پچھلے پانچ سال میں متوازن شرح کے ساتھ تقریباً چوبیس فیصد کے حساب سے قابلِ رشک نمو حاصل کی ہے۔اسی وجہ سے آپ کی کمپنی لبریکنٹس مارکیٹ میں اونچے مقام پر فائز ہے۔اس کے پاس کافی فروغ پزیر مارکیٹ رسائی ہے جو کہ ایسی مصنوعات پر مشتمل ہے جہاں گاڑیوں کے لئے سنتھیٹک لیبریکنٹس صنعتوں اور سمندری جہازوں کے لیبریکنٹس موجود ہیں۔

صنعتی پیداوار اور گاڑیوں کی بڑھتی ضروریات کی وجہ سے لبریکنٹ کی مانگ میں بھی اضافہ دیکھا جارہا ہے جس کی وجہ سے آپکی کمپنی نے جدید ترین اور قابل ذکر لبریکنٹ بلینڈنگ پلانٹ لگایا ہے یہ پلانٹ کمپنی کی ذیلی کمپنی کے تحت لگایا گیا ہے جو کہ کمپنی کی کلی ملکیت ہے اسکے شاندار سٹینڈرز میں جو کہ بوتل اور ڈھکن بنانے میں استعمال ہوتے ہیں اور اس کے علاوہ یہ لبریکنٹ بلینڈ کرتا ہے اور تیار مصنوعات کو بوتلوں میں پیک بھی کرتا ہے، یہ پلانٹ پورے ایشیا میں واحد طرز کا ہے۔

آپکی کمپنی نے ایک نئی منصوبہ بندی کے ساتھ آرہی ہے جہاں کمپنی پرچون کی سطح پر صارفین کو بہترین اور منفرد طرز کی خدمت اور سہولیات دے گی ۔ اسکے لئے آپکی کمپنی پورے ملک میں آوٹ لٹیس بنا رہی ہے۔ لاہور میں پانچ جگہیں منتخب کر لی گئی ہیں ڈیزائن مکمل ہونے کے بعد اس سال کے آخر تک ایک جگہ مکمل کام شروع کر دے گی جہاں ایک چھت تلے گاڑی اور اس کے تمام کاموں کیلیئے سہولیات موجود ہوں گی۔ لاہور کے بعد کراچی اور اسلام آباد بھی جلد یہ سروس سنٹر کام شروع کر دیں گے۔

یہ جانتے ہوئے کہ پاکستان میں لوگوں کے پاس ابھی بھی گاڑیوں کی تعداد نسبتاً بہت کم ہے۔لگتا ہے کہ اگلے سالوں میں ملک کی بہتر اقتصادی صورتحال کے مدنظر اس میں بہت اضافہ ہوگا۔ اسکے علاوہ سود میں حد درجہ کمی کی وجہ سے لوگوں کا گاڑیوں کی طرف رجحان بڑھ رہا ہے اسی کو مدِنظر رکھتے ہوئے آپکی کمپنی نے ایک اور میگا پراجیکٹ آئل مارکیٹنگ کا آغاز کیا جا رہا ہے۔ جو کہ تیل کی بہتر مانگ اور آنے والے دنوں کو دیکھ کر کیا گیا ہے۔ ہم سمجھتے ہیں کہ اس فیصلے سے آپکی کمپنی بہت ترقی کرے گی اور ہماری مانگ میں بھی اضافہ کا باعث بنے گا۔

ہمارا مقصد ایک ایسا کاروباری ماڈل دینا ہے جہاں ہم ترقی بھی کریں اور ان دیکھے برے حالات میں مشکلات سے بچتے رہیں۔ ہمارا یہ عزم ہے کہ ہم مستقل اپنے حصہ داران کیلیئے منافع بخش رہیں اور مستقبل پر گہری نگاہ رکھیں اور اس سے بہتر انداز میں نبرد آزما ہوں، ہماری کوشش ہوگی کہ ایک ایسا کاروباری پورٹ فولیو لے کر چلیں جو ہمارے حصہ دران کے اعتماد پر پورا اترنے میں ہماری مدد کرے۔

آپکی کمپنی اس کے علاوہ سوسائٹی اور ملک کیلیئے کچھ کرنے کا عزم بھی رکھتی ہے۔ ہماری ہمیشہ یہ کوشش رہی ہے کہ ہم سماجی اور رضا کارانہ مہم کا حصہ رہیں اور خدمات انجام دیتے رہیں جو کہ ایک کارپوریٹ کلچر کا خاصہ ہے۔ اس طرح کے کاموں میں حصہ لینے سے معاشرے کی خدمت ہوتی ہے۔ آپکی کمپنی نے کچھ ہی عرصہ میں بہت سی تعلیمی سرگرمیوں اور ماحول کی صفائی ستھرائی کے حوالے سے بہت اور مختلف کام کیا ہے۔

اس موقع پر بورڈ کی طرف سے ان خاص لوگوں کا شکریہ ادا کرتا ہوں جن کی بہترین صلاحیت، محنت اور دلچسپی کی وجہ سے کمپنی روز بروز ترقی افزوں ہے۔ ہمارے کاروباری پارٹنرز ایس کے لبریکنٹس کی زبردست حمایت اور مسلسل مدد اور کاروباری خصوصیات کی وجہ سے آپکی کمپنی بہترین رہی ہے۔ میں یہ بھی بتانا چاہتا ہوں کہ ایس کے لبریکنٹس نے کمپنی کے مستقبل کو دیکھتے ہوئے کمپنی میں شراکت کا فیصلہ بھی کیا ہے اور کمپنی کے بورڈ پر ایس کے کا نمائندہ اسی سال آیا ہے۔ اسکے علاوہ کمپنی کی تمام مینجمنٹ اسکے عملے ڈسٹربیوٹران اور نمائندگان نے بھی کمپنی کی ترقی میں اہم اور سنگِ میل کا کردار ادا کیا ہے۔

بورڈ کی جانب سے

شوکت حسن

چئرمین

CEO'S REMARKS

I am honored to gain the trust of shareholders for choosing me to perform the responsibilities as CEO for the dynamic Hi Tech Lubricants Limited Company. I assure you of my full commitment and diligence to perform this role in the most significant and meticulous manner for HTL current and future business plans.

I must also acknowledge the efforts of Executive Directors and my management teams as their limitless contributions and business intelligence have helped us turn many difficult steps into great opportunities.

I am pleased to report the exceptional business performance of HTL by an increased market share of 3%. The sales volumes have increased by 28% as compared to 3% during the last years. The company remains firmly committed to outperform the targeted increase in market share by 2020 with fully developed team and business strategy. The inclusion of HTBL – Hi Tech Blending Plant with huge investments and state of the art blending & packaging facility is targeted towards the provision of high quality product to assist in achieving the objectives of Sales Growth and Market expansion. One of the many key features at HTBL includes the specialized blending, bottling and finished packaging facility for Motor Cycle Oil (MCO). Foreseeing the tremendous growth in the MCO Sector, we have timely managed to develop state of the art facility to meet the market demand. The demand ratio in Motorcycle Oil Segment is speculated on a much larger scale in coming years and we are ready to provide the standardized quality product for the same.

The most significant business strategy is our decision to infiltrate into the retail segment by introducing state of the art retail outlets for the end consumer. This is a unique business niche; yet a huge responsibility on us to provide the dynamic One Stop Shop Solution to our valued customers. Much of our efforts in terms of planning & creativity have been invested to offer a reliable 3-tier business model to investors and a profitable earning to exceed the expectations of shareholders.

Yet another business diversification plan has taken-off by introducing an OMC – Oil Marketing Company with the forecast to develop a network of fuel pumps through all major cities of Pakistan by the end of 2020. Initial documentation and licensing has been submitted to Ogra for approval. HTL will enter the next phase of project implementation by selecting key locations and other crucial interventions.

Our culture of efficiency and professionalism has paved our way to achieve "Consumer Choice Award" for the 5th consecutive year in a row. HTL has also been rated as the most popular engine oil through the consumer's survey by Pakwheels.com.

In order to improve profitability and operational efficiency we have ensured the services of Standardized Internal Controls & Costs review and have taken significant measures to improve the bottom line by adopting resource optimization.

With the consistent focus to diversify the business portfolio, HTL will turn out to be a profitable business for the investors and a mature choice for the shareholders. We are confident that with the persistent efforts of our team, BODs, stakeholders and diversified business portfolio we shall be able to add remarkable gains for the shareholders for many profitable years ahead.

Hassan Tahir
Chief Executive Officer – CEO

چیف ایگزیکٹو ریمارکس

مجھے یہ بیان کرتے ہوئے خوشی محسوس ہورہی ہے کہ کمپنی کے حصہ داران نے مجھے اپنے چیف ایگزیکٹو کے طور پر منتخب کیا تا کہ میں آپکی اس متحرک اور بہترین کمپنی کی نگرانی کروں میں اپنی ذمہ داریوں سے بخوبی آگاہ ہوں اور حد درجہ ان سے با آورا ہونے کیلئے انتھک محنت اور صلاحیت سے اور کمپنی کا مستقبل سنوارنے کے لئے پوری طرح تیار ہوں۔

آپکی کمپنی کے مارکیٹ شیئر میں پچھلے سال کے مقابلے میں تین فیصد اضافہ ہوا ہے۔ آپکی کمپنی کی سیلز میں 28 فیصد اضافہ دیکھا گیا ہے۔

آپکی کمپنی مکمل طور پر استقلال رکھتی ہے کہ 2020ء تک اسکے مارکیٹ شیئر میں اچھا اضافہ کیا جائے جس کیلئے حکمت عملی ترتیب دی جا چکی ہے کمپنی کی ذیلی کمپنی ہائی ٹیک بلینڈنگ میں ایک بڑی سرمایہ کاری کی گئی ہے اور ایک شاندار اور دیکھنے کے لائق پلانٹ لگایا گیا ہے جو کہ بوتل بنانے سے لے کر اس کو پیک کرنے، تیل کو بلینڈ کرنے اور مارکیٹ تک پہنچانے کی خاص صلاحیت رکھتا ہے۔ اس پلانٹ کی وجہ سے کمپنی کی سیلز میں بڑھوتی متوقع ہے۔

اسکے علاوہ موٹر سائیکلوں کے اضافہ کی وجہ سے کمپنی نے انتہائی اچھے وقت میں پلانٹ لگایا ہے جو کہ موٹر سائیکل کے لبریکینٹ کی مستقبل کی ضرویات کو بہ آسانی پورا کرسکتا ہے۔

ہماری دوسری حکمت عملی کے تحت ہم پرچون کی سطح پر آؤٹ لیٹس متعارف کروا رہے ہیں جو کہ کنزیومرز سے براہ راست رابطہ کا ذریعہ ہونگے یہ ایک منفرد کاروبار کا طریقہ ہے جو کہ ہمارے لئے نئی راہیں کھولے گا۔ یہ ایک چھت تلے تمام سہولیات پر مشتمل ہے جہاں گاڑیوں کیلئے تمام کام کئے جاسکیں گے۔ اس ماڈل کے تحت تین طرح کے آؤٹ لیٹس ہونگے جہاں ہر طرح کے گاہک کے لئے گاڑی کے ضروری سہولیات مہیا ہونگی۔

اسکے علاوہ آپکی کمپنی نے تنوع کے طور پر ایک اور فیصلہ کیا ہے جہاں ہم آئل مارکیٹنگ کمپنی اور اسکے ساتھ پٹرول پمپ کے کاروبار میں آرہے ہیں جو کہ پاکستان کے تمام شہروں میں لگائے جائیں گے تمام ضروری دستاویزات اوگرا میں منظوری کیلئے دائر کیے جا چکے ہیں اور آپکی کمپنی اب اسکے دوسرے مرحلے میں سٹوریج بنانے اور دوسرے کاموں میں مصروف ہے۔

ہماری کمپنی کی ثقافتی پیشہ وارانہ مہارت کی وجہ سے ہم 5 سال سے کنزیومرز کی پسندیدگی کا ایوارڈ جیت رہے ہیں۔ اسکے علاوہ ہم (Pakwheels.com) کا سب سے مشہور انجن آئل برانڈ کا ایوارڈ بھی لے چکے ہیں۔

اسکے علاوہ وہ آپکی کمپنی نے مستقل مہارت بہترین توجہ اور اندرونی کنٹرول سے ذرائع کو بہترین طریقے سے استعمال کیا ہے جسکی وجہ ہمارے منافع میں بھی خاصا اضافہ دیکھا گیا ہے۔

ہم سمجھتے ہیں کہ ہم اپنا ترقی کا سفر جاری رکھیں گے اور اپنے حصہ داران کیلئے ہمیشہ منافع بخش رہیں گے۔

ہم یہ بھی سمجھتے ہیں کہ ہمارے لوگوں کی محنت، بورڈ اور حصہ داران کی کوششوں سے ہم شاندار جگہ پر پہنچ جائیں گے۔

حسن طاہر
چیف ایگزیکٹو آفیسر
ہائی ٹیک لبریکینٹس لیمیٹڈ

MARKETING EXCELLENCE

PAKWHEELS PEOPLES CHOICE CAR AWARDS 2015

Pakwheels is the biggest social media platform for the sale and purchase of vehicles. Pakwheels conducted an online survey in July 2016 in which ZIC was voted as "Best Engine Oil" in the People's Choice Car Awards 2015. ZIC won the acclaimed category award by beating local & multinational brands. The total respondents were more than 11,700 with a split of 26% respondents from Sindh, 52% from Punjab, 7% KPK, 12% from Federal Capital (Islamabad) & 3% from Baluchistan and Gilgit Baltistan. HTL as a team remains committed in giving the best services to its customers and ultimately giving the best product to the end-users that yields better ODI and Fuel Saving.

UNITED NATIONS GLOBAL COMPACT BUSINESS EXCELLENCE AWARD 2015

HTL was awarded the Business Excellence Award as UNGC champion organization in recognition of their best practices in embracing and integrating the Ten principles of UNGC. This was a huge privilege for the organization and gave it the boost to keep the working positive way and while integrating best practices in all aspects of workings

CONSUMER CHOICE AWARD 2015

ZIC won the prestigious "Consumers Most Preferred Lubricant Brand for the year" marking ZIC as the Lubricant Category Winner for the 5th year in a row.

These accolades are awarded by the Consumer Association of Pakistan (CAP) who conducts a survey nationwide both on locations and through social media to select the best brand in their particular field/ category. The survey is conducted amongst the end users on the basis of brand's Quality, Reach, Awareness and Performance. This consistent achievement is a result of great team work and concentrated efforts towards achieving our goals.

HTLS List of Awards include:

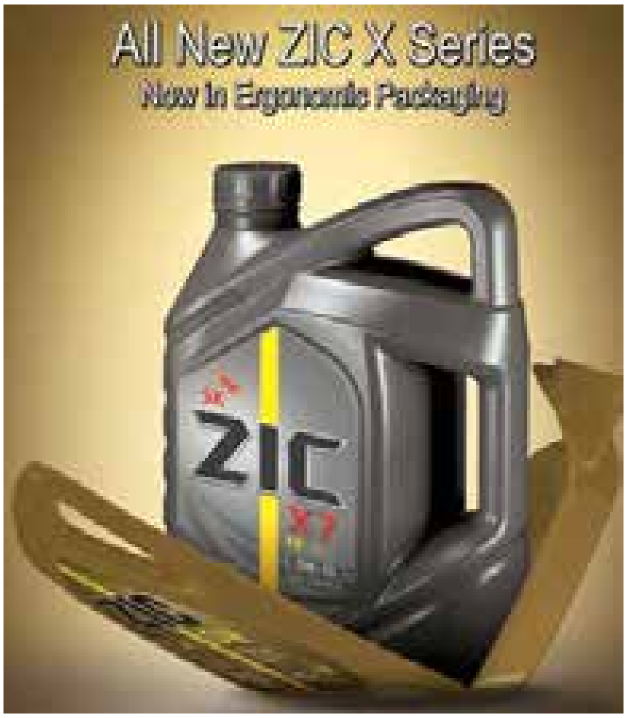
- 2011- Consumer Choice Award - Best Car Lubricant
- 2012- Consumer Icon and Consumer Choice Award - Best Lubricant
- 2013- Consumer Icon and Consumer Choice Award - Best Lubricant
- 2014- Consumer Choice Award - Best Lubricant
- 2015- Consumer Icon Award - Best Lubricant

ENERGY AWARD

HTL Marketing department is also the recipient of the prestigious energy award for the appreciation and recognition of meritorious services in lubricant market.

LAUNCH OF X – SERIES

ZIC X-SERIES – THE NEW-CHAPTER



This was an important year for Hi-Tech Lubricant Limited starting from the decision of going public to the introduction of new ergonomically designed packaging for ZIC. One of the major changes that took place at Hi-Tech Lubricants this year was the introduction of new user friendly and attractive packaging of ZIC. It was not just the packaging that would change, the SKUs would also change into new and simplified brand classification. This was a very critical decision that required a strong marketing plan to create recognition and acceptability with in the huge loyal customer base.

The overall objective of the introduction of new packaging was to create an ease in handling the company's friction reducer lubricant that yields up to 10% Fuel Saving, through attractively designed plastic containers. The other reason was to deal with the issues of fake oil available in the market, ZIC has been in the high street for almost 2 decades now and due to increase in consumer pull, Hi- Tech Lubricants Ltd started facing this fake oil issue in mid-2014. HTL and SK mutually decided to launch the new packaging early for Pakistan, this change in packaging happened after 6 years. The introduction of new packaging imposed a major expenditure on the company but no cost is bigger than customer satisfaction as the use of fake oil would not only damage customer's machinery and transport it would also dampen our brand.

The new range of ZIC was launched in October 2015 and would be called "The New ZIC X series". ZIC X-Series availability and placement was ensured along with the message to all retailers that the quality features/ aspects would remain the same with superior packaging. The new ZIC X-Series double handle bottle would ensure zero spills while pouring along with super strong mechanized adhesive seal that would protect leakage or wastage under extreme temperature or pressure environments while shipment handling.

The new line of ZIC X Series Gasoline Engine Oil products are X3 (15/40), X5 (20/50),X7 (10/40, X7 FE (5/20 & 0/30) and X9 (10/40)and the Diesel Engine Oil X Series product range is X3000 (20/50 CF-4), X5000 (15/40 CH-4), X7000 (10/40 & 15/40 CI-4). These new brand names are easy to recall, pronounce and recognize and becomes easier for the customers to choose the preferred quality of ZIC lubricants according to their choice.

The challenge was to create recognition of the new names amongst the consumers and retailers and create awareness about the change in packaging and product names so that they are aware of the new brand name, color and look of ZIC products that they have been using and are loyal to.

The brief was simple the campaign had to have the target market in focus and the objective was to communicate not only the product qualities but also the transformation of ZIC into the new ZIC X Series. Change is often met with resistance hence the campaign was designed to keep the communication simple and create acceptance & acceptability amongst the consumers.

A 360 degree Marketing campaign was launched to achieve this target making sure that all aspects of communication channels were tapped, from creating a meaningful TVC to having Zia Mohi-ud-din be the voice of the ZIC. For the first time in the history of Hi-Tech Lubricants on ground branding activation at the prime locations in Lahore, Islamabad & Karachi was executed with creative floats that roamed the roads of Lahore, Rawalpindi & Karachi for one month.

An out of box idea for BTL activation was also launched nationwide to keep the retailers engaged. The concept of Mystery Shopping was simple, retailers would recommend ZIC to shoppers and educate the customers about how to identify a good lubricant and the shoppers who were actually ZIC Mystery Team would reward them with a hefty gift, this activity helped ZIC to achieve penetration nationwide while making sure that the retailer gets prepared with the information on the change.

Hi-Tech Lubricants limited organized X series launch events exclusively for the retailers in Lahore, Islamabad, Multan and Karachi to further elaborate them on the benefits of new packaging and SKUs, also in attendance were Mr. Kwon, Senior Manager S.K Lubricants and Mr. Park, Vice President S.K Lubricants, Korea. Apart from entertainment the events had interesting question answer sessions where the retailers put up questions to the management for their better understanding about the change in the packaging and to highlight their requirement to HTL and S.K Lubricants management.

Marketing team also put some questions regarding the new ZIC X series to the audience after distributing some literature on the X series, the winners were rewarded with exciting gifts by the management and SK delegates.

The results for this 360 degree launch campaign were amazing with the highest reach for any ZIC campaign ever by achieving the target of capturing 85% of our target audience attention.

CONSUMER DETAILING ACTIVITY

At HTL we believe there is no better way to communicate with your customer but to have a one on one interaction with them. This is very important to understand what their issues are and what aspect do they put higher in priority list of requirements that they expect from their selected car motor oil. Simultaneously to inform and educate them about how to technically understand their car requirement and make the right decision according the need of their car when buying motor oil. This is achieved by sending our representatives to the end sale points to interact with the end customer, though this is a continued initiative of marketing department for the whole year this year however we had 2 nationwide CDA (customer detailing activities) where we had our ambassadors in more than 25 cities for 6 weeks interacting with our customer. The first was organized at the time of the new packaging launch with the objective to retain the loyalty of our current customers by educating them about the new names of their preferred products while giving them information about the API and ILSAC grades.

The second activity was to penetrate further into the market by educating the customers about the ILSAC GF-5 for PCMO , Countering the myth of heavy oil and educating them about how the base oil being used to develop their motor oil impacts their vehicle.

Both these activities were hugely successful with very positive feedback from the shopkeepers as well as customers resulting in not just a better image for the brand but increase in customer base as well as customer loyalty .

PAKISTAN SUPER LEAGUE

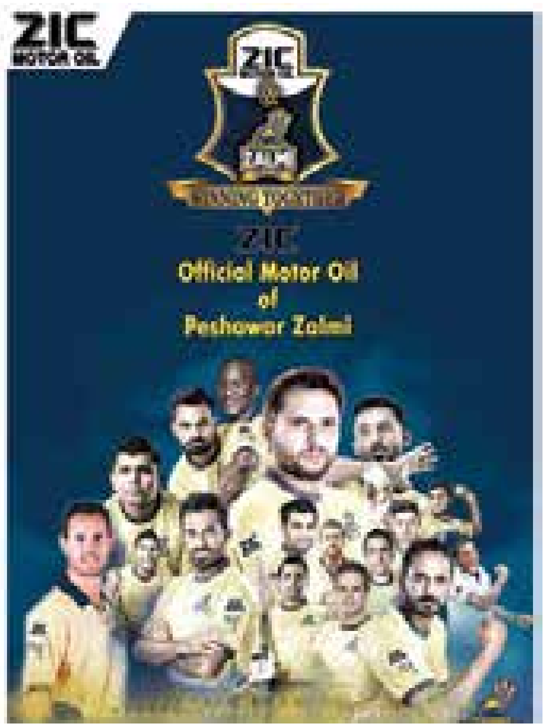
Cricket is not only the biggest sport of Pakistan but also the largest brand in Pakistan, People of all ages religiously follow cricket in Pakistan, Cricket stars have more star power then movie stars in Pakistan, for the first time ever Pakistan Cricket Board organized Pakistan Super League (PSL).

PSL consisted of 5 teams that were named on the federal and provincial capitals' of Pakistan, Each PSL team 'on field' was allowed 4 International players and one emerging talent, The teams auctioned and bought by major investors like media houses, industrialists etc.

ZIC has always been at the fore front of sponsoring sports related events in Pakistan being it golf, karate, bike rallies or cricket. And PSL was an event surrounding huge amount of anticipation and we made sure that ZIC takes advantage of this opportunity by sponsoring the team that has the maximum interest attached to it that was Peshawar Zalmi being lead by Shahid Afridi who in himself is a brand in Pakistan. ZIC is the Official MOTOR OIL of Peshawar Zalmi.

Peshawar Zalmi became the leading franchise of Pakistan super league. Zalmi objective is to make it one of the biggest brands of Pakistan & sub- continent and fulfill its CSR by Upgrading domestic cricket and the development of undermined talent in Peshawar/ KPK. Also under the same initiative PZ foundation is formed the team logo was launched on 13th Dec 2015 at army public school, Peshawar with the families of APS Martyrs

ZIC also took up the ground branding for the stadium to get mileage throughout the tournament. The results of this sponsorship were amazing as the matches were being watched and followed in all forums. The Ratings were through the roof, especially on T.V & social media, with every day contests on ZIC Face book page and campaigns for online sales and audience engagement on our social platform. Weekend Zalmi Matches were witnessed by 75% of Pakistani audience.

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WE HAVE RAISED THE BAR
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PAKISTAN CUP ZIC FEDERAL

Cricket in Pakistan has always been followed religiously for decades now, be it the world cup or a far more crucial match between India and Pakistan. Whether our players are making centuries or hitting home runs, they are THE CELEBRITIES. After the huge success of Pakistan Super League another initiative of Pakistan cricket board was the launch of The 2016 Pakistan Cup is a crisp style of residential cricket in Pakistan that is going to dispatch to supplant the current pent-angular Cup. There was better inclusion of senior cricketers through the draft process. The aim was to ensure that our domestic cricket becomes more competitive and the Pakistan Cup 2016 is a key step on this journey. Top cricketers of Pakistan took part in this tournament and the youngsters had the perfect opportunity to learn from their seniors.

ZIC being at the fore front took the sponsorship of Team Islamabad that was being lead by Misbah ul Haq as the captain. This was again a great initiative on ZIC's part to show its support in propagation of Domestic cricket in Pakistan given the current socio conditions, ZIC has been making a lot of effort in creating awareness and providing assistance to the youth of Pakistan via different initiatives to support domestic initiatives

HTL CRICKET GALA 2015

Upholding the HTL tradition of employee engagement, an exciting cum thrilling one-day sports activity is arranged every year. This year as well the event was arranged for all Lahore based employees on 12th December 2015 by HTI at the Shah Faisal Cricket Ground. It was an effort to promote teamwork and foster a sense of connectivity between employees from different departments making them feel that they are part of a unified team. The core objective was to motivate employees and generate enthusiasm to cope up live challenges by encouraging healthy competition between peers and fellow colleagues, building companionship and determination to win.

Moments filled with leisure and pleasures with a competitive spirit followed by a delicious food were some of the prominent highlights of the Away day. After some heart taking cricket action to witness from every team finally "Lahore Lions" managed to grab the winner's Trophy. The crowd supporting the Lahore lions went in mad uproar, congratulating their champions for the great success. The evening concluded at awarding the winner's and runners up trophies to the respective Champs along with the medals to the winning team by Mr. Tahir Azam and Mr. Shaukat Hassan, Directors HTL.


HTL Cricket Gala

HTL Cricket Gala

CHIEF MINISTER GOLF CHAMPIONSHIP

The first Chief Minister Golf Championship was held at Lahore Gymkhana in August 2015 that was endorsed by Hi-Tech Lubricants Ltd. the seasoned golfers of the city participated in the 2 day event that marked the launch of this Golfing event. The Chief Guest was the Chief Minister of Punjab who himself distributed the top honors to the winners and appreciated the efforts of Hi- Tech Lubricants Ltd. in their social cause Traffic Police and Road Safety programs.

ROAD SAFETY CAMPAIGNS

HTL has always been at the forefront when it comes to Corporate Social Responsibility initiatives regarding implementation of Road Safety and Traffic rules. Collaborating with Traffic Police throughout the year; HTL has extended this collaboration which started in Lahore then went to Multan, Gujranwala and Karachi. HTL will very soon kick off the same program in North with KPK Traffic Police and will provide Police cabins and barriers to assist the law enforcers. HTL is making efforts to play its part in spreading awareness about traffic safety by enforcing four wheeler passengers to wear seat belts and helmet safety awareness amongst the two wheeler passengers.

CSR – SHARING SMILES THROUGH RESPONSIBLE ACTIONS

CSR - Corporate Social Responsibility by its true virtue attracts the goodness of all small & large scale companies and institutions globally. CSR basically draws the attention of all companies to decide and act voluntarily to contribute for the better society and cleaner environment. CSR is represented by the contributions undertaken by companies to society through its business activities and social investments. This is also true to connect the concept of sustainable development at corporate level.
Over the last few years an increasing number of companies worldwide have started promoting their Corporate Social Responsibility strategies with wide-scale & long term investments. Why? Because the customers, the public and the investors expect them to act sustainable as well as responsible. So acting responsibly by giving back to the society is an ever increasing demand for corporate sector equally expected from all stakeholders of the business.
Responding to CSR Action Plans for Sustainable Development is more of a responsibility instead of gaining the huge brand presence or increase in investor's shares. CSR can not only refer to the compliance of human rights standards, labor or social security arrangements, but also to the fight against climate change, sustainable management of natural resources and consumer protection.
In the context of globalization, the prime goal of a company is to generate profits; however through the practical importance of CSR concept, the companies can at the same time contribute to social and environmental objectives by integrating CSR as a strategic investment into business strategy. The presence and recognition of sizable number of companies with good social and environmental records indicate that CSR activities can result in a better performance and create better societies for future. The research shows that consumer or investor's choice to a great extent depends on the Responsible actions of a company adopted and practiced for the betterment of society or environment.
The prime focus of HTL Management is purely to give back to the society through these impactful initiatives. The range of CSR activities has been tremendous through short term as well as long term action plans. These volunteer acts of kindness have huge positive influence for the sustainable development of society as well as personal development of employees.
Under the umbrella of SHT- Sabra Hamida Trust; the management of HTL is proud to share the success story of its first founding School for the underprivileged children around the surrounding area of Green Town, Lahore. 'Ilmgah' School started a couple of years back today enrolls hundreds of bright girls and boys separately by offering state of the art education facilities entirely free of cost for all students.
The School administrations and curriculum does not solely focus on the quality education however, they invest a great deal of time training for the personal development and better upbringing of the most deserving children of the society. The quality time is being allocated for their grooming and transformation to become a better citizen of this Country. Many CSR campaigns have been successfully executed at the School vicinity within last few years focusing on the health, hygiene, safety and environment protection awareness for the young minds. Such programs have now become the regular part of the annual calendars at 'Ilmgah'; because SHT and in broader context HTL believes the nurturing of minds for giving more responsible future leaders to the society.
Apart from these long term initiatives, the CSR Members and Representative of HTL have planned and executed many programs in the areas of student counseling, mentoring and coaching in collaborations with TCF- The Citizens Foundation Pakistan. The most profound part of such initiative is the overwhelming and energetic involvement of our employees as volunteers. It becomes a proud moment to gain a huge response and more than required number of volunteers whenever such programs have been initiated and executed with huge success rates. Be it a Disaster Recovery Campaign post natural calamities or Go – Green Program to plant trees on farther and most remote areas of the country , the HTL- CSR Team as well as our volunteer employees have shown keen interest to perform and be a part of such responsible initiatives.
To share these Responsible Initiatives for CSR by HTL is a matter of ownership to the challenges of society and environment. These initiatives have lead us to the stage whereby we have incorporated a more structured approach to our CSR Programs for coming years with planned budgets. We are more focused to give back to the society for the sustainable development and become a proud partner of future generations. Hi Tech Lubricants Limited – HTL, over the past few years have taken fundamental steps to incorporate CSR as one of the key business performance goals.

REPORT ON CSR INITIATIVES TAKEN DURING 2015 AND 2016

CSR INITIATIVES DURING 2015

1. 2nd ROTARY SPORTS FESTIVAL

Hi-Tech Lubricants limited in collaboration with the Rotary Club of Lahore, not only sponsored the Rotary Sports Festival but also ensured its employees participation to volunteer throughout the event. The event was held on 8th February 2015.

SCOPE AND ACTION:

The Marketing department, HTL took the lead in setting up the whole show. The event was reported in leading URDU and ENGLISH Daily Newspapers.

2. CSR RECOGNITION CEREMONY

An in-house recognition ceremony was organized for the employees who volunteered for the 2nd Rotary Sports Festival 2015.

SCOPE AND ACTION:

This ceremony was conducted by the HR Department to reward the employees for the good work done through their positive engagement towards the sustainable advancement of business operations. Certificates were awarded to the participants, alongwith the meal vouchers as a token of appreciation.

3. BE CLEAN, LIVE HEALTHY CAMPAIGN AT ILMGAH

Under the supervision of the School Management, the students of Ilmgah were engaged in an activity that underlined the importance of cleanliness and personal hygiene. The students participated in a drill as how to wash hands properly and what is the correct way to brush teeth.

SCOPE AND ACTION:

This act was done realizing that the habits learnt or followed at young age can easily get embedded into one's personality and that the importance of hygiene should never be overlooked. HTL stresses that such good practice needs to be adopted and strictly followed in our country where health issues are one of the major concerns.

4. MEDICAL CAMP AT ILMGAH

A medical camp was setup at Ilmgah for ensuring students' healthy growth and development. It was assisted by the team of doctors lead by Ms. Edit Kopinsky, a Hungarian from FRESH NURSING FACILITY, Shadman. The students who were with ailments were prescribed medicines which were provided free of cost to their family.

SCOPE AND ACTION:

The purpose was to fulfill the commitment that was made by HTL when putting foot in social welfare.

5. MAKE PAKISTAN POLIO FREE

HTL in collaboration with Rotary International Club, Lahore observed Polio Immunization Day at Ilmgah, where the children under 5 were given polio vaccines by the Rotary Team Members. This was organized to stand with the world in the global fight to eradicate Polio.

SCOPE AND ACTION:

The action taken under this perspective is to stay with the nation continued commitment and progress towards ending polio from root. The proper coverage was given from the Rotary platform through social media.

6. TCF-HTL VOLUNTEERS ON THE MOVE

HTL has been frequently volunteering for the RAHBAR Program of THE CITIZENS FOUNDATION, almost every quarter. In 2015, this participation has been extended to KARACHI and SOUTH region employees.

SCOPE AND ACTION:

HTL proudly connects the philosophy of its Great Business to employee engagement activities. HTL encourages its employees to be equally productive in contributing to humanitarian services.


WELCOME

7. PLANTATION DRIVE

In 2015, "lend a hand and save our land" initiative was taken at Hi-Tech Blending (Pvt) Ltd's plant. It's a continuous commitment to support the cause of Greener Pakistan. Banners supporting the cause were designed with the Marketing Department and was properly executed and reported.

SCOPE AND ACTION:

The activity was well executed at the Blending Plant with the support of the Administration department of HTL. This consistent effort from HTL for planting trees in different cities and towns is to support the preservation of the natural beauty and to fight against cutting of trees irrationally.

CSR INITIATIVES DURING 2016

Alhamdulillah HTL is consistently working towards having a Sustainable Corporate social culture. During the year 2016, HTL has gained the momentum in advancing for the corporate sustainability through several major initiatives. Following is the list of activities while marching in 2016.

8. ANNUAL CONTRIBUTION TO UNITED NATION GLOBAL COMPACT

Being the active member on UNGC panel internationally, HTL contributed a considerable amount of 2500 US dollars to UNGC funding program. UNGC ensures that the funds raised through this program are utilized for addressing the crucial issues around the GLOBE like education, health, poverty, child labor etc.

SCOPE AND ACTION:

This decision taken by the management of HTL clearly explains that it stands with every call that is made in the name of prosperity around the world. And by prosperity we mean that the cited 17 sustainable development goals by the UNGC network are addressed and resolved to their core.

9. HTL PARTICIPATED IN THE 8TH INTERNATIONAL CSR SUMMIT 2016 ARRANGED BY NFEH

National Forum for Environment & Health invited Hi-Tech lubricants limited to attend the 8th International Corporate Social Responsibility Summit 2016. HTL provided the opportunity to North Region Employees to represent HTL at the exclusive interactive session during the summit.

SCOPE AND ACTION:

The objective to attend the event was to provide an opportunity to HTL employees nationwide to have knowledge on emerging concepts and issues related to CSR in Pakistan. HTL empowers its employees to suggest and come up with ideas that elevate the CSR progress.

10. HTL BECAME OFFICIAL PARTNER OF WWF-PAKISTAN

During this year HTL became the official partner of WWF-Pakistan to support the fight for Climate changes.

SCOPE AND ACTION:

The motive behind becoming a member with WWF- Pakistan is to bring clear insight to all employees on reasons causing drastic climate change and to be amongst the leading organizations who are helping to save natural beauty and endangered species.

11. OBSERVED EARTH HOUR WITH WWF PAKISTAN

Being the member of WWF-Pakistan and realizing that Earth Hour is the biggest and most recognizable environmental event to combat climate change HTL made its Karachi office employees to participate in the launching ceremony of EARTH HOUR 2016.

SCOPE AND ACTION:

This participation ensured huge awareness among masses and felt the importance to observe the Earth hour 2016 by switching off lights for one hour from 8:30 to 9:30 in the evening.

12. BEACH CLEAN UP ACTIVITY

HTL believe that protecting the environment is important to every person's survival. In this regard, the management of Hi-Tech initiated a cleanliness drive in support to preserve our mother nature.

SCOPE AND ACTION:

The first ever initiative in this perspective was taken by the operational Team of ZIC from Karachi office, at Sea view, Clifton Karachi in collaboration with a local school. The activity was an opportunity for the staff members and for the students to contemplate the importance of the environment while participating to help clean the seashore. The effort was surely an indication towards educating students the vitality of a healthier environment and promoting to have an attitude of responsibility for our Planet.

13. HTL TEAM ISLAMABAD ENTHUSED FOR CLEAN PAKISTAN

Hi-Tech Lubricants Limited operational from Islamabad, organized the activity at the park, surrounding Faisal Mosque for CLEAN PAKISTAN initiative. The banners chanting "keep the Capital Clean, Keep Pakistan Green" clearly pointed at the ardent need to aware people about the damage being caused to our natural beauty due to their carefree attitude about maintaining cleanliness outside their homes.

SCOPE AND ACTION:

The effort was made in collaboration with the marketing department Head office and the administration department Islamabad office. It was encouraging to see families and children highly motivated and taking interest in the activity. They not only helped our HTL Team in collecting garbage but also took a vow in support for conserving our natural environment and assured to take our message wherever they go.

14. ANTI SMOKING INITIATIVE BY HTL

HTL became an official partner with Shaukat Khanum Cancer Hospital & Research Centre for the Anti Tobacco Campaign 2016. With the help of the Marketing Department HTL got benefited to be part of this campaign.

SCOPE AND ACTION:

This HTL's initiative has been taken in support to raise awareness about the hazardous effects of the use of tobacco in all its forms. HTL believes that prevention is the only way to combat this evil. It is our moral obligation to give anti-smoking education in the academia also where children are most easily influenced. This awareness campaign, HTL hopes that best serves as an eye-opener highlighting the health risks associated with tobacco use and advocating for effective policies to reduce tobacco consumption.

15. BLOOD DONATION DRIVE FOR THALASSEMIA PATIENTS IN KARACHI

HTL from Karachi initiated a blood donation drive with Hussaini Blood Bank in its office premises. It was successfully executed by the Administration and operational staff of HTL Karachi office.

SCOPE AND ACTION:

The blood bank was properly set up with marketing department's help in designing a powerful message to have much influential impact. Sales teams of ZIC and ZIC M with the operational staff participated with great zeal.

16. AN AWARENESS SESSION AND BLOOD DONATION DRIVE TO SUPPORT FATIMID FOUNDATION

Similar initiative was taken at the HTL head office in collaboration with Fatimid Foundation to help gather maximum Blood Bags for the Thalassemia patients. During the activity, an awareness session about Thalassemia and other related ailments was conducted.

SCOPE AND ACTION:

The drive was well organized with the help of marketing and administration department to spread the need to donate blood. Extensive participation was witnessed and 49 blood bags were managed from this activity.

17. GET UP, GET ENGAGED, GET MOTIVATED

1st CSR Motivator to speak from the CSR Platform. HTL strives to foster a corporate culture that empowers employees to work for positive change in and out of the company. HTL has been consistent in enabling its Employees to come together and transform their lives and others through engaging in CSR initiatives.

With this perspective HTL invited a motivational speaker for the corporate office employees who spoke on "Self-Motivation & Unleashing Dreams".

SCOPE AND ACTION:

HTL aims to cultivate a culture that supports and encourage its employees to become thought leaders, in order to help improve the community life. The HR department took the lead in arranging for the event with the support of Marketing Department.

18. HTL PROVIDING MOBILITY THROUGH WHEELS UNDER CSR INITIATIVE

HTL sponsored company branded wheel chairs for the disabled during a CSR conference which was organized at University of Management and Technology in Collaboration with the Dreams Team the art of living.

SCOPE AND ACTION:

The respected BOD's encouraged the HOD's to represent HTL on this event. HTL is passionate on doing more considerable work with honest dedication towards the welfare affairs. There is a dire need to setup a positive mind set and to treat the disabled as equals. They should not be left behind or pampered as specials but should be given equal opportunities in the challenging job market to prove their potentials.

HUMAN RESOURCE CAPITAL

Our business model is at the heart of everything we do. It defines the activities we engage in, the relationships we depend on and the outputs and outcomes we aim to achieve in order to create value for all of our stakeholders in the short, medium and long term.

Given our fundamental strengths, we are well-positioned to satisfy evolving human capital preferences while creating sustainable value over the long run.

Being a winning organization with high-performing leaders helps us to inspire our diverse work teams to be committed and engaged while providing them with the rewarding and responsible working environment.

Developing, recognizing and engaging our people secures a skilled and motivated workforce. Ensuring that we have great people, great teams and a great place to work.

Transforming Training to Learning

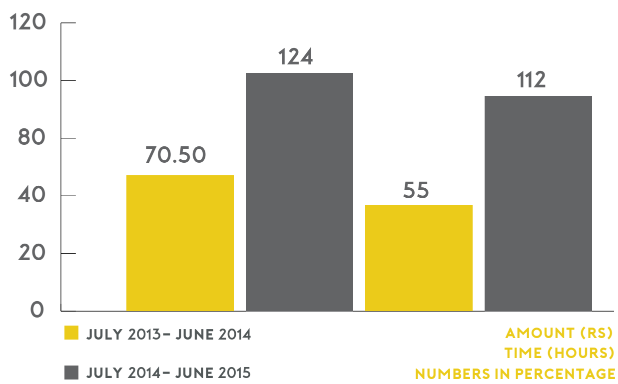
We redoubled in fact completely revamp our efforts on talent development and improved the quality of the trainings we offer to employees.

We are committed with the integral development of our human capital, which is achieved through the Learning and Development area of our sustainability strategy.

The annual training plan adjusts to the needs of every individual through a Learning Needs Analysis.

In this way, an assertive plan is designed to generate more impact in the individual and business forms, ensuring that HTL has the best business capabilities through our most important asset: OUR PEOPLE

ENHANCING PEOPLE EXCELLENCE



- 3.1 million rupees invested for the training during the year Jul 2014 – Jun 2015.
- More than 2800 hours of training averaging 7 hours for each one of our individual.

Our Stakeholders - Engagement for Change

To win we must evolve, and as our organization evolves we focus on our culture of passionate business partners, having people who lead and inspire each other for the journey ahead.

With this aim, we took a rigorous engagement initiative by arranging a distributor's partnership conference which is the critical ingredient to sustaining growth.

The rationale behind the distributors' engagement was to:

- Double HTL product sales volume by maximizing our distributors ROI and shareholder value;
- Identify the new opportunities and understand the concerns of distributors;
- Help HTL to reach its desired goals and create a stronger business for stakeholders;
  More than 4.1 million rupees invested for this engagement activity.

My Best Salary Can Do Best

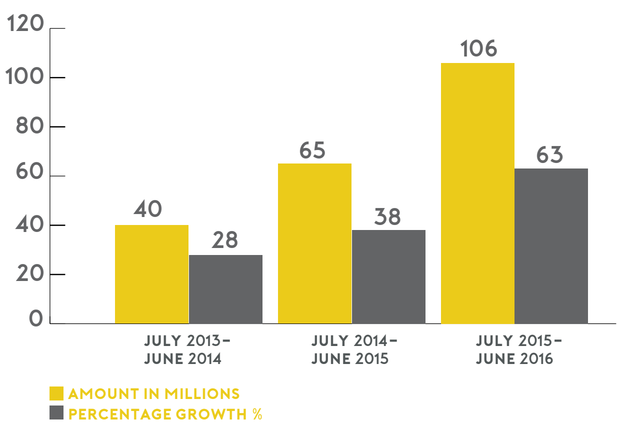
The objective of our human capital philosophy is to attract, retain and motivate employees and reward the right behaviors:

- To support profitable growth and reward participants bi-annually for their contribution to business performance;
- To see that employees are fairly and equitably rewarded;
- To ensure that their individual contributions are directly linked to the success of our Company;
- To drive for high performance with stretched individual and business targets linked to our key strategies.

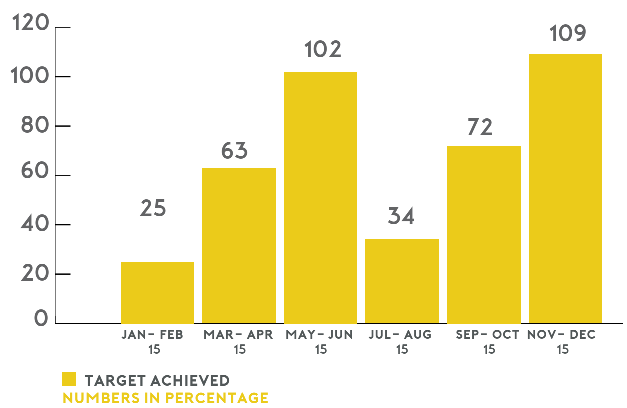
To reward employees for their efforts with the theme "Business is Great" and to Adopt or embody behaviors that produce exceptional performance, we introduced "My Best Salary" award based on the target achievements (financial, business and non-financial targets), which was paid in full during the year 2015.

This theme will be incorporated in our everyday life to live with a Can Do 'BEST' Attitude. We expect each member of our integrated family to explore great avenues with Excellence in everything we do.

Throughout the year we will continue sharing the spirit through different channels to let you unleash our best from within. Let the **passion for excellence** ignite amongst all so that together we **can do – best.**



CAN DO BEST – BI–ANNUAL BONUS



REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **HI-TECH LUBRICANTS LIMITED (**"the Company") for the year ended 30 June 2016 to comply with the Code contained in the Regulations of Pakistan Stock Exchange Limited, where the company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine 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 best practices contained in the Code as applicable to the Company for the year ended 30 June 2016.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: 23rd September, 2016

LAHORE

REPORT OF BOARD AUDIT COMMITTEE (THE COMMITTEE) ON ADHERENCE TO CODE OF CORPORATE GOVERNANCE

The Board Audit Committee has concluded its annual review of the conduct and operations of the Company during 2016, and reports that:

- The Company has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed and certified by the Auditors of the Company.

- Understanding and compliance with the Company codes and policies has been affirmed by the members of the Board, the Management and the employees of the Company individually. Equitable treatment of shareholders has also been ensured.

- Appropriate accounting policies have been consistently applied. All core and other applicable International Accounting Standards were followed in preparation of financial statements of the Company on going concern basis, for the financial year ended 30th June, 2016, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equities of the Company and its subsidiaries for the year under review.

- Chief Executive and CFO have endorsed the financial statements of the Company and the Directors' report. They acknowledged their responsibility for true and fair presentation of the Company's financial conditions and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.

- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with Companies Ordinance, 1984. The financial statements comply with the requirements of the Fourth Schedule to the Companies Ordinance, 1984 and the external reporting is consistent with management processes and adequate shareholder needs.

- All Directors have access to the Company Secretary. All direct or indirect trading in holding Company's shares by Directors & executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transactions which were notified by the Company Secretary to the Board within the stipulated time. All such holdings have been disclosed in the pattern of Shareholdings. The Annual Secretarial Compliance Certificates are being filed regularly within stipulated time.

- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executives and executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim/ final results, distribution to shareholders of any other business decision, which could materially affect the share market price of the Company, along with maintenance of confidentiality of all business information.

INTERNAL AUDIT

- The internal control framework has been effectively implemented through outsourcing Internal Audit to a professional services firm by the name of Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants.

- The Company has established an independent in-house Internal Audit function through appointing a full time Head of Internal Audit to act as coordinator between the firm providing professional services and Board of Directors.

- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.

- The Board Audit Committee has ensured the achievement of operational compliance, risk management, financial reporting and control objectives, safeguarding the assets of the Company and the shareholders wealth at all levels within the Company.

- The Internal Audit function has carried out its duties under the charter defined by the Committee. The Committee has reviewed material Internal Audit findings, taking appropriate action or bringing the matter to the Board's attention where required.

- The Head of Internal Audit has direct access to the Chairperson of the Board Audit Committee and the

Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to the Management and the right to seek information and explanations.

- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

EXTERNAL AUDITORS

- The statutory Auditors of the Company, Riaz Ahmad & Co., Chartered Accountants, have completed their Audit assignment of the "Company's Financial Statements" and the "Statements of Compliance with the Code of corporate Governance" for the financial year ended 30 June 2016, and shall retire on the conclusion of the 8th Annual General Meeting.

- The Board Audit Committee has reviewed and discussed Audit observations and Draft Audit Management Letter with the External Auditors. Final Management Letter is required to be submitted within 45 days of the date of the Auditors' Report on financial statements under the listing regulations and shall accordingly be discussed in the next Board Audit Committee Meeting. Audit Observations for interim review were also discussed with the Auditors.

- The Auditors have been allowed direct access to the Committee and the effectiveness, independence and the objectivity of the Auditors has thereby been ensured. The Auditors attended the General Meetings of the Company during the year and have confirmed attendance of the 8th Annual General Meeting scheduled for 21 October 2016 and have indicated their willingness to continue as Auditors.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Year Ended June 30,2016

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19.23 of listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.
The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent, non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	Mr. Muhammad Tabassum Munir, Dr. Safdar Ali Butt, Mr. Syed Asad Abbas Hussain
Non-Executive Directors	Mr. Shaukat Hassan, Mr. Tahir Azam, Mr. Zalmai Azam, Mr. Ji Won Park
Executive Directors	Mr. Hassan Tahir, Mr. Muhammad Basit Hassan, Mr. Muhammad Ali Hassan

The independent directors meets the criteria of independence under clause 5.19.1.(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy occurring on the board on April 11, 2016 was filled up by the directors within eight days.

5. 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.

6. 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.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board has arranged training programs for two of its directors during the year: Moreover, the company has been listed on Pakistan Stock Exchange Limited on March 01, 2016 the board intends to arrange training programs for other directors in stages.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The directors’ report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises of 5 members of whom 3 are non-executive directors and 2 are independent directors with the chairman of the committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed Human Resource and Remuneration Committee. It comprises of 4 members of whom 3 are non-executive directors and 1 is executive director with the chairman of the committee is a non-executive director.

18. The board has set up an effective internal audit function and has also outsourced the internal audit function to Ernst & Young Ford Rhodes Sidat Hyder Rhodes Sidat Hyder, Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and the procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review programs of the Institute of Chartered Accountants of Pakistan (ICAP), 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.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final financial results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23. We confirm that all other material principles enshrined in the CCG have been complied.

Lahore July 21, 2016

Mr **Hassan Tahir**
(Chief Executive Officer)

UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

AUDITORS REPORT TO THE MEMBERS

We have audited the annexed balance sheet of HI-TECH LUBRICANTS LIMITED as at 30 June 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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 2016 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: 02 Sep, 2016
Lahore

UNCONSOLIDATED BALANCE SHEET

As at 30 June 2016

Hi-Tech Lubricants Ltd.

	Note	2016 Rupees	2015 Rupees
Equity and liabilities			
Share capital and reserves			
Authorised share capital			
150,000,000 (2015: 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	870,030,000
Reserves	4	2,170,608,975	367,451,433
Total equity		3,330,648,975	1,237,481,433
Liabilities			
Non-current liabilities			
Long term financing	5	1,030,125	–
Liabilities against assets subject to finance lease	6	15,174,991	25,153,936
Long term deposits	7	2,000,000	3,000,000
Deferred liabilities	8	–	9,029,392
		18,205,116	37,183,328
Current liabilities			
Trade and other payables	9	583,597,337	685,294,990
Accrued mark-up	10	542,912	–
Current portion of non-current liabilities	11	21,751,630	26,454,850
Taxation - net		34,249,757	29,269,032
		640,141,636	741,018,872
Total liabilities		658,346,752	778,202,200
Contingencies and commitments	12		
Total equity and liabilities		3,988,995,727	2,015,683,633
Assets			
Non-current assets			
Fixed assets	13	336,039,321	221,917,657
Investment in subsidiary company	14	1,102,760,000	776,410,000
Long term loans to employees	15	3,235,345	2,597,648
Long term security deposits	16	13,503,685	13,628,100
		1,455,538,351	1,014,553,405
Current assets			
Stock-in-trade	17	663,264,775	508,480,910
Trade debts	18	151,782,449	237,843,235
Loans and advances	19	58,790,666	108,247,829
Short term deposits and prepayments	20	13,684,348	15,440,281
Other receivables	21	508,913	44,334,256
Short term investments	22	1,458,562,799	–
Cash and bank balances	23	186,863,426	86,783,717
		2,533,457,376	1,001,130,228
Total assets		3,988,995,727	2,015,683,633

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

Chief Executive

Director

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30 June 2016

	Note	2016 Rupees	2015 Rupees
Sales - net	24	8,466,198,565	6,556,723,263
Sales tax		(1,450,896,485)	(1,089,807,444)
Net sales		7,015,302,080	5,466,915,819
Cost of sales	25	(4,969,648,662)	(4,129,151,808
Gross profit		2,045,653,418	1,337,764,011
Distribution cost	26	(873,174,771)	(625,951,502)
Administrative expenses	27	(280,097,565)	(191,150,761)
Other expenses	28	(43,437,010)	(47,229,288)
		(1,196,709,346)	(864,331,551)
Other income	29	46,313,011	52,825,248
Profit from operations		895,257,083	526,257,708
Finance cost	30	(16,239,596)	(24,479,022)
Profit before taxation		879,017,487	501,778,686
Taxation	31	(349,352,091)	(164,160,068)
Profit after taxation		529,665,396	337,618,618
Earnings per share - basic and diluted	32	5.43	4.37

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

Chief Executive

Director

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

Hi-Tech Lubricants Ltd.

	2016 Rupees	2015 Rupees
Profit after taxation	529,665,396	337,618,618
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	529,665,396	337,618,618

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

Chief Executive

Director

UNCONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2016

	Note	2016 Rupees	2015 Rupees
Cash flows from operating activities			
Cash generated from operations	33	826,030,811	615,214,330
Finance cost paid		(15,696,684)	(29,194,020)
Income tax paid		(353,144,801)	(142,913,350)
Net increase in long term loans to employees		(1,176,088)	(1,793,832)
Long term security deposits - net		(4,791,085)	(3,699,600)
Long term deposits - net		(1,000,000)	1,000,000
Net cash generated from operating activities		450,222,153	438,613,528
Cash flows from investing activities			
Capital expenditure on property and equipment		(138,691,598)	(10,032,146)
Capital expenditure on intangible assets		(5,984,979)	(905,000)
Proceeds from disposal of property and equipment		2,804,800	61,082,087
Investment in subsidiary company		(326,350,000)	(521,410,000)
Short term investments		(1,453,246,080)	–
Profit on bank deposits received		27,393,744	6,321,410
Net cash used in investing activities		(1,894,074,113)	(464,943,649)
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		(22,828,565)	(21,768,966)
Loans from directors - net		–	(140,760,028)
Proceeds from issue of share capital - net		1,731,707,946	120,000,000
Dividend paid		(167,341,337)	(128,755,150)
Proceed from long term financing		2,727,000	–
Repayment of long term financing		(333,375)	–
Short term borrowings - net		–	(37,528,040)
Net cash from / (used in) financing activities		1,543,931,669	(208,812,184)
Net increase / (decrease) in cash and cash equivalents		100,079,709	(235,142,305)
Cash and cash equivalents at beginning of the year		86,783,717	321,926,022
Cash and cash equivalents at end of the year		186,863,426	86,783,717

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

Chief Executive

Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

Hi-Tech Lubricants Ltd.

	Share captial	Reserves: Capital reserve – Share premium	Reserves: Revenue reserve – Un-appropriated profit	Reserves: Total reserves	Total equity
			Rupees		
Balance as at 30 June 2014	750,030,000	–	158,587,965	158,587,965	908,617,965
Transactions with owners:					
Final dividend for the year ended 30 June 2014					
@ Rupee 1 per share of Rupees 100 each	–	–	(7,500,300)	(7,500,300)	(7,500,300)
1st interim dividend for the year ended 30 June 2015					
@ Rupees 4.67 per share of Rupees 100 each	–	–	(35,001,400)	(35,001,400)	(35,001,400)
2nd interim dividend for the year ended 30 June 2015					
@ Rupees 5.5 per share of Rupees 100 each	–	–	(41,251,650)	(41,251,650)	(41,251,650)
3rd interim dividend for the year ended 30 June 2015					
@ Rupees 2.5 per share of Rupees 100 each	–	–	(18,750,750)	(18,750,750)	(18,750,750)
4th interim dividend for the year ended 30 June 2015					
@ Rupees 0.35 per share of Rupees 10 each	–	–	(26,251,050)	(26,251,050)	(26,251,050)
Shares issued during the year	120,000,000	–	–	–	120,000,000
	120,000,000	–	(128,755,150)	(128,755,150)	(8,755,150)
Profit for the year ended 30 June 2015	–	–	337,618,618	337,618,618	337,618,618
Other comprehensive income for the year ended					
30 June 2015	–	–	–	–	–
Total comprehensive income for the year ended 30 June 2015	–	–	337,618,618	337,618,618	337,618,618
Balance as at 30 June 2015	870,030,000	–	367,451,433	367,451,433	1,237,481,433
Transactions with owners:					
Final dividend for the year ended 30 June 2015					
@ Rupee 0.20 per share of Rupees 10 each	–	–	(17,400,600)	(17,400,600)	(17,400,600)
Interim dividend for year ended 30 June 2016 @					
Rupees 1.30 per share of Rupees 10 each	–	–	(150,805,200)	(150,805,200)	(150,805,200)
Shares issued during the year	290,010,000	1,522,552,500	–	1,522,552,500	1,812,562,500
Share issuance costs	-	(80,854,554)	–	(80,854,554)	(80,854,554)
	290,010,000	1,441,697,946	(168,205,800)	1,273,492,146	1,563,502,146
Profit for the year ended 30 June 2016	–	–	529,665,396	529,665,396	529,665,396
Other comprehensive income for the year ended					
30 June 2016	–	–	–	–	–
Total comprehensive income for the year ended					
of 30 June 2016	–	–	529,665,396	529,665,396	529,665,396
Balance as at 30 June 2016	1,160,040,000	1,441,697,946	728,911,029	2,170,608,975	3,330,648,975

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

Chief Executive

Director

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

1. THE COMPANY AND ITS OPERATIONS

Hi-Tech Lubricants Limited ("the Company") was incorporated as a private limited company in Pakistan on 01 September 2008 under the Companies Ordinance, 1984 and subsequently converted into public limited company with effect from 31 October 2011. The shares of the Company are 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 import and distribute petroleum products.

During the year, the Company has 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 have been duly allotted on 18 February 2016. On 01 March 2016, Pakistan Stock Exchange Limited has approved the Company's application for formal listing of ordinary shares and trading of shares started on 03 March 2016.

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 approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

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:

Taxation

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.

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 property and equipment, 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.

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.

Provisions for doubtful debts

The Company reviews its receivables against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

d) Standards that are effective in current year and are relevant to the Company

The following standards are mandatory for the Company's accounting periods beginning on or after 01 July 2015:

IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 01 January 2015). Concurrent with the issuance of IFRS 10, the IASB has also issued IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IAS 27 (revised 2011) 'Separate Financial Statements' and IAS 28 (revised 2011) 'Investments in Associates and Joint Ventures'. The objective of IFRS 10 is to have a single basis for consolidation for all entities, regardless of the nature of the investee, and that basis is control. The definition of control includes three elements: power over an investee, exposure or rights to variable returns of the investee and the ability to use power over the investee to affect the investor's returns. IFRS 10 replaces those parts of IAS 27 that address when and how an investor should prepare consolidated financial statements and replaces Standing Interpretations Committee (SIC) 12 'Consolidation – Special Purpose Entities' in its entirety. This standard does not have significant impact on these financial statements, except for certain additional disclosures.

IFRS 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2015). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. This standard does not have significant impact on these financial statements, except for certain additional disclosures.

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard does not have significant impact on these financial statements, except for certain additional disclosures.

e) Standard and amendments to published standards that are effective in current year but not relevant to the Company

There are standard and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2015 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.

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

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2016 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The aforesaid standard is not expected to have a material impact on the Company's financial statements.

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.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Company's financial statements.

IAS 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments will result in certain additional disclosures in the Company's financial statements.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method which is based on revenue, generated by an activity by using of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 27 (Amendments) 'Separate Financial Statements' (effective for annual periods beginning on or after 01 January 2016). The amendments have been made to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. 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 10 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.

On 25 September 2014, IASB issued Annual Improvements to IFRSs: 2012 – 2014 Cycle, incorporating amendments to four IFRSs more specifically in IAS 34 'Interim Financial Reporting', which is considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 January 2016. The amendment is unlikely to have a significant impact on the Company's financial statements and has therefore not been analyzed in detail.

g) Standard and amendments to published standards that are not yet effective and not considered relevant to the Company

There are standard and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2016 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 Property and equipment

Property and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of property and equipment 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 recognized impairment loss, if any.

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 profit and loss account 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 13.1. 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 property and equipment 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.

Impairment

The Company assesses at each reporting date whether there is any indication that property and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated remaining useful life.

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 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 profit and loss account 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 profit and loss account.

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 profit and loss account on a straight line basis over the lease term.

2.5 Investments

The Company's management determines the appropriate classification of its investments at the time of purchase.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "investment at fair value through profit and loss account" which is initially measured at fair value.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments, except investments in subsidiaries and equity method accounted for associates, which are tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.

2.5.1 Investment at fair value through profit and loss account

Investment classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in profit and loss account.

2.5.2 Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

2.5.3 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'.

2.5.4 Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale.

After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in statement of comprehensive income until the investment is sold, derecognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of comprehensive income is included in profit and loss account.

For investments that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the reporting date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

2.6 Foreign currency

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the profit and loss account.

2.7 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 profit and loss account.

2.8 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 up to the reporting date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

2.9 Financial instruments

2.9.1 Recognition and de-recognition

Financial instruments carried on the balance sheet include investments, deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instruments at fair value through profit or loss" which are initially measured at fair value.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

2.9.2 Offsetting

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.

2.10 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.

2.11 Provision

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.

2.12 Taxation

2.12.1 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.

2.12.2 Deferred

Deferred tax is accounted for using the balance sheet 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 balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognized in statement of comprehensive income or directly in equity. In this case the tax is also recognized in statement of comprehensive income or directly in equity, respectively.

2.13 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest rate method.

2.14 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.

2.15 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.16 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value which is normally the transaction cost.

2.17 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets.

2.18 Impairment

2.18.1 Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

2.18.2 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 profit and 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 profit and loss account.

2.19 Revenue

2.19.1 Sale of goods

Revenue from sale of goods is recognized on dispatch of goods to customers.

2.19.2 Interest income

Interest income is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

2.20 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.

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2016

3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2016	2015		2016	2015
Number of shares			Rupees	Rupees
41,002,000	12,001,000	Ordinary shares of Rupees 10 each fully paid-up in cash	410,020,000	120,010,000
25,000,000	25,000,000	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash	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	87,003,000		1,160,040,000	870,030,000

3.1 Movement during the year

2016	2015		2016	2015
Number of shares			Rupees	Rupees
87,003,000	75,003,000	At 01 July	870,030,000	750,030,000
29,001,000	12,000,000	Issue of fully paid-up shares of Rupees 10 each (Note 1)	290,010,000	120,000,000
116,004,000	87,003,000	At 30 June	1,160,040,000	870,030,000

3.2 827,777 (2015: Nil) ordinary shares of the Company are held by SK Lubricants Company Limited, an associated company.

	2016 Rupees	2015 Rupees
4 RESERVES		
Capital reserve		
Share premium (Note 4.1)	1,441,697,946	–
Revenue reserve		
Un-appropriated profit	728,911,029	367,451,433
	2,170,608,975	367,451,433

4.1 This reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

	2016 Rupees	2015 Rupees
5 LONG TERM FINANCING		
From banking company - secured		
Bank Al-Habib Limited-1 (Note 5.1)	809,625	–
Bank Al-Habib Limited-2 (Note 5.2)	1,584,000	–
	2,393,625	–
Less : Current portion (Note 11)	1,363,500	–
	1,030,125	–

5.1 This facility has been obtained for purchase of generator and is secured against charge of Rupees 1.143 million over generator and personal guarantees of directors. This carries mark-up at the rate of 3 months KIBOR plus 2.00% per annum. It is repayable in 24 equal monthly instalments. Effective rate of mark-up charged during the year ranged from 8.35 % to 8.49% per annum.

5.2 This facility has been obtained for purchase of generator and is secured against charge of Rupees 1.584 million over generator and personal guarantees of directors. This carries mark-up at the rate of 3 months KIBOR plus 2.00% per annum. It is repayable in 8 equal quarterly instalments. Effective rate of mark-up charged during the year was 8.05% per annum.

	2016 Rupees	2015 Rupees
6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	37,389,165	55,432,019
Less: Un-amortized finance charge	1,826,044	3,823,233
Present value of future minimum lease payments	35,563,121	51,608,786
Less: Current portion (Note 11)	20,388,130	26,454,850
	15,174,991	25,153,936

6.1 Minimum lease payments have been discounted using implicit interest rates ranging from 8.06% to 12.64% (2015: 9.03% to 12.07%) per annum. Rentals are payable in monthly instalments. Taxes, repairs and insurance costs are to be borne by the Company. These are secured against charge on the leased assets, personal guarantees of directors and deposits of Rupees 12.062 million (2015: Rupees 15.075 million).

	2016		2015	
	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		Rupees	
Future minimum lease payments	21,754,286	15,634,879	29,226,047	26,205,974
Less: Un-amortized finance charge	1,366,156	459,888	2,771,197	1,052,038
Present value of future minimum lease payments	20,388,130	15,174,991	26,454,850	25,153,936

7. LONG TERM DEPOSITS

These represent long term deposits from distributors of the Company. These are unsecured, interest free and repayable on termination of distribution agreement.

	2016 Rupees	2015 Rupees
8. DEFERRED LIABILITIES		
Deferred income (Note 8.1)	–	255,957
Deferred income tax liability - net (Note 8.2)	–	8,773,435
	–	9,029,392

8.1 Deferred income

This represented gain on sale and lease back transactions and amortized over the lease term.

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		2016 Rupees	2015 Rupees
8.2	Deferred income tax liability - net		
	The net deferred income tax liability comprised of temporary differences relating to:		
	Deductible temporary differences		
	Provision for doubtful trade debts	–	(802,712)
	Taxable temporary differences		
	Accelerated tax depreciation and amortization	–	7,066,750
	Leased assets	–	2,509,397
		–	9,576,147
	Net deferred income tax liability	–	8,773,435

8.2.1 Provision for deferred income tax on temporary differences has not been considered necessary as the Company is chargeable to tax under section 169 of the Income Tax Ordinance, 2001.

9. TRADE AND OTHER PAYABLES

	2016 Rupees	2015 Rupees
Creditors (Note 9.1)	158,279,683	274,617,049
Accrued liabilities (Note 9.2)	140,211,383	142,843,482
Advances from customers	130,872,499	147,391,831
Retention money payable	134,311	–
Customs duty and other charges payable	74,217,825	78,913,861
Income tax deducted at source	9,696,944	2,924,735
Sales tax payable	69,320,229	37,203,282
Unclaimed dividend	864,463	–
Payable to employees' provident fund trust	–	1,400,750
	583,597,337	685,294,990

9.1 It includes Rupees 115.948 million (2015: Rupees 248.295 million) payable to SK Lubricants Company Limited, an associated company.

9.2 It includes amount of Rupees Nil (2015: Rupees 3.000 million) on account of remuneration payable to directors of the Company.

10. ACCRUED MARK-UP

	2016 Rupees	2015 Rupees
Long term financing	23,561	–
Short term borrowings availed during the year	519,351	–
	542,912	–

11. CURRENT PORTION OF NON-CURRENT LIABILITIES

	2016 Rupees	2015 Rupees
Long term financing (Note 5)	1,363,500	–
Liabilities against assets subject to finance lease (Note 6)	20,388,130	26,454,850
	21,751,630	26,454,850

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 The Additional Commissioner Inland Revenue has issued an assessment order for the tax year 2009 under section 122 (5A) of the Income Tax Ordinance, 2001 by creating a demand of Rupees 11.004 million on various grounds. Against the alleged order, the Company has filed an appeal before the Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) decided the case by deleting some of the provisions of the order whereby the tax demand has been reduced to Rupees 2.911 million which is mainly on account of non-deduction of withholding tax. Being aggrieved with order of the Commissioner Inland Revenue (Appeals), the Company has filed appeal before the Appellant Tribunal Inland Revenue which has not yet been decided. The management of the Company expects a favourable outcome, therefore no provision for the same has been made in these financial statements.

12.1.2 Corporate guarantees of Rupees 855 million (2015: Rupees 583.534 million) have been given by the Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited, subsidiary company.

	2016 Rupees	2015 Rupees
12.2 Commitments		
Contracts for capital expenditure	3,616,368	–
Letters of credit other than capital expenditure	340,535,013	678,183,494

13. FIXED ASSETS

	2016 Rupees	2015 Rupees
Property and equipment:		
Operating fixed assets		
- Owned (Note 13.1)	239,293,518	120,651,623
- Leased (Note 13.1)	42,898,138	62,993,807
	282,191,656	183,645,430
Capital work-in-progress (Note 13.2)	41,263,928	25,226,750
	323,455,584	208,872,180
Intangible assets:		
Computer softwares (Note 13.1)	12,583,737	13,045,477
	336,039,321	221,917,657

13.1 Reconciliations of carrying amounts of operating fixed assets and intangible assets at the beginning and at the end of the year are as follows:

Description	Operating fixed assets										Intangible assets
	Owned							Leased			
	Freehold land	Building on freehold land	Furniture and fittings	Vehicles	Office equipment	Computers	Total	Vehicles	Generators	Total	Computer software
	Rupees										Rupees
At 30 June 2014											
Cost	34,960,787	55,034,712	13,287,566	70,191,625	22,088,039	7,039,188	202,601,917	75,349,857	992,000	76,341,857	3,530,853
Accumulated depreciation / amortization	–	(6,697,855)	(4,364,395)	(41,013,145)	(8,363,065)	(2,081,281)	(62,519,741)	(17,808,315)	(228,656)	(18,036,971)	(2,142,697)
Net book value	34,960,787	48,336,857	8,923,171	29,178,480	13,724,974	4,957,907	140,082,176	57,541,542	763,344	58,304,886	1,388,156
Year ended 30 June 2015											
Opening net book value	34,960,787	48,336,857	8,923,171	29,178,480	13,724,974	4,957,907	140,082,176	57,541,542	763,344	58,304,886	1,388,156
Additions	–	–	1,348,893	266,525	1,773,411	3,784,801	7,173,630	30,756,516	–	30,756,516	16,200,970
Transferred from leased assets:											
Cost	–	–	–	16,131,317	992,000	–	17,123,317	(16,131,317)	(992,000)	(17,123,317)	–
Accumulated depreciation	–	–		(7,306,956)	(298,629)	–	(7,605,585)	7,306,956	298,629	7,605,585	–
	–	–	–	8,824,361	693,371	–	9,517,732	(8,824,361)	(693,371)	(9,517,732)	–
Disposals:											
Cost	(9,960,787)	(2,919,588)	–	(26,881,193)	–	–	(39,761,568)	(2,438,500)	–	(2,438,500)	–
Accumulated depreciation	–	1,083,860	–	18,030,782	–	–	19,114,642	546,630	–	546,630	–
	(9,960,787)	(1,835,728)	–	(8,850,411)	–	–	(20,646,926)	(1,891,870)	–	(1,891,870)	–
Depreciation / amortization charge	–	(4,721,946)	(979,267)	(6,268,283)	(1,444,643)	(2,060,850)	(15,474,989)	(14,588,020)	(69,973)	(14,657,993)	(4,543,649)
Closing net book value	25,000,000	41,779,183	9,292,797	23,150,672	14,747,113	6,681,858	120,651,623	62,993,807	–	62,993,807	13,045,477
At 30 June 2015											
Cost	25,000,000	52,115,124	14,636,459	59,708,274	24,853,450	10,823,989	187,137,296	87,536,556	–	87,536,556	19,731,823
Accumulated depreciation / amortization	–	(10,335,941)	(5,343,662)	(36,557,602)	(10,106,337)	(4,142,131)	(66,485,673)	(24,542,749)	–	(24,542,749)	(6,686,346)
Net book value	25,000,000	41,779,183	9,292,797	23,150,672	14,747,113	6,681,858	120,651,623	62,993,807	–	62,993,807	13,045,477
Year ended 30 June 2016											
Opening net book value	25,000,000	41,779,183	9,292,797	23,150,672	14,747,113	6,681,858	120,651,623	62,993,807	–	62,993,807	13,045,477
Additions	109,326,530	–	408,002	625,195	4,934,030	8,857,073	124,150,830	10,618,090	–	10,618,090	5,984,979
Transferred from leased assets:											
Cost	–	–	–	21,240,386	–	–	21,240,386	(21,240,386)	–	(21,240,386)	–
Accumulated depreciation	–	–	–	(7,233,622)	–	–	(7,233,622)	7,233,622	–	7,233,622	–
	–	–	–	14,006,764	–	–	14,006,764	(14,006,764)	–	(14,006,764)	–
Disposals / derecognitions:											
Cost	–	–	–	(3,073,657)	(5,740,245)	(567,128)	(9,381,030)	–	–	–	–
Accumulated depreciation	–	–	–	2,030,648	2,576,997	415,463	5,023,108	–	–	–	–
	–	–		(1,043,009)	(3,163,248)	(151,665)	(4,357,922)	–	–	–	–
Depreciation / amortization charge	–	(4,177,918)	(955,764)	(5,019,267)	(1,638,449)	(3,366,379)	(15,157,777)	(16,706,995)	–	(16,706,995)	(6,446,719)
Closing net book value	134,326,530	37,601,265	8,745,035	31,720,355	14,879,446	12,020,887	239,293,518	42,898,138	–	42,898,138	12,583,737
At 30 June 2016											
Cost	134,326,530	52,115,124	15,044,461	78,500,198	24,047,235	19,113,934	323,147,482	76,914,260	–	76,914,260	25,716,802
Accumulated depreciation / amortization	–	(14,513,859)	(6,299,426)	(46,779,843)	(9,167,789)	(7,093,047)	(83,853,964)	(34,016,122)	–	(34,016,122)	(13,133,065)
Net book value	134,326,530	37,601,265	8,745,035	31,720,355	14,879,446	12,020,887	239,293,518	42,898,138	–	42,898,138	12,583,737
Annual rate of depreciation / amortization (%)		10	10	20	10	30		20	10		30

13.1.1 Detail of operating fixed assets exceeding book value of Rupees 50,000 disposed of during the year is as follows:

Particulars	Cost	Accumulated depreciation	Net book value	Consideration	Gain / (loss)	Mode of disposal	Particulars of purchasers
			Rupess				
Vehicles							
Suzuki Alto - LWL-06-7689	689,050	593,876	95,174	463,000	367,826	Negotiation	Mr. Ijaz Lashari, Lahore
Suzuki Alto - ARF-08-502	642,800	500,763	142,037	350,000	207,963	Negotiation	Mr. Khurram Imtiaz, Lahore
Suzuki Alto - LEB-10-3798	667,000	493,607	173,393	500,000	326,607	Negotiation	Mr. Muhammad Islam Akber, Lahore
Suzuki Cultus LEA-08-9803	781,250	284,722	496,528	554,000	57,472	Negotiation	Mr. Khurram Ayub, Lahore
Honda CD 70 - LEX-3986	59,744	21,149	38,595	57,000	18,405	Insurance claim	EFU General Insurance Limited
Honda CD - LEL-1550	87,607	24,374	63,233	97,000	33,767	Insurance claim	EFU General Insurance Limited
	2,927,451	1,918,492	1,008,959	2,021,000	1,012,041		
Office equipment							
Office equipment	4,442,046	2,028,885	2,413,161	–	(2,413,161)	Written off	
Generator	1,275,000	534,150	740,850	750,000	9,150	Negotiation	Mrs. Uzra Azam - related party
	5,717,046	2,563,035	3,154,011	750,000	(2,404,011)		
Computers	567,128	415,463	151,665	–	(151,665)	Written off	
Aggregate of other items of property and equipment with individual book values not exceeding Rupees 50,000	169,405	126,118	43,287	33,800	(9,487)		
	9,381,030	5,023,108	4,357,922	2,804,800	(1,553,122)		

13.1.2 The depreciation charge on operating fixed assets for the year has been allocated as follows:

	2016 Rupees	2015 Rupees
Distribution cost (Note 26)	21,726,262	20,856,304
Administrative expenses (Note 27)	10,138,510	9,276,678
	31,864,772	30,132,982

13.1.3 Amortization on intangible assets amounting to Rupees 6.447 million (2015: Rupees 4.544 million) has been allocated to administrative expenses.

13.1.4 The cost of intangibles as at reporting date includes fully amortized intangible assets of Rupees 3.531 million (2015: Rupees 1.486 million) which are still in use of the Company.

	2016 Rupees	2015 Rupees
13.2 Capital work-in-progress		
Advance against purchase of apartment	25,226,750	25,226,750
Advance for purchase of vehicle	2,015,505	–
Civil works	8,451,580	–
Unallocated expenditures	5,570,093	–
	41,263,928	25,226,750

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	2016 Rupees	2015 Rupees
14. INVESTMENT IN SUBSIDIARY COMPANY - AT COST		
Hi-Tech Blending (Private) Limited - unquoted		
10,000,050 (2015: 10,000,050) fully paid		
ordinary shares of Rupees 10 each		
Equity held 100% (2015: 100%)	100,000,500	100,000,500
Advance against issuance of shares	1,002,759,500	676,409,500
	1,102,760,000	776,410,000
15. LONG TERM LOANS TO EMPLOYEES		
Considered good		
- Executives (Note 15.1)	5,285,198	3,870,369
- Other employees	212,725	451,466
	5,497,923	4,321,835
Less: Current portion shown under current assets (Note 19)		
- Executives	2,049,853	1,465,455
- Other employees	212,725	258,732
	2,262,578	1,724,187
	3,235,345	2,597,648
15.1 Reconciliation of carrying amounts of loans to executives:		
Opening balance	3,870,369	1,817,850
Add: Disbursements	3,142,128	3,348,585
Less: Repayments	1,727,299	1,296,066
Closing balance	5,285,198	3,870,369

15.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 6.035 million (2015: Rupees 4.693 million).

15.2 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.

15.3 The fair value adjustment in accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' arising in respect of staff loans is not considered material and hence not recognized.

	2016 Rupees	2015 Rupees
16. LONG TERM SECURITY DEPOSITS		
Security deposits against leased assets	12,061,900	15,074,700
Security deposits - others	6,357,285	3,885,000
	18,419,185	18,959,700
Less: Current portion (Note 20)	4,915,500	5,331,600
	13,503,685	13,628,100
17. STOCK-IN-TRADE		
Lubricants (Note 17.1)	662,906,276	505,266,701
Stock of promotional items	358,499	3,214,209
	663,264,775	508,480,910

Hi-Tech Lubricants Ltd.

17.1 This includes stock-in-transit of Rupees 434.590 million (2015: Rupees 282.671 million) lying at custom bonded warehouses.

	2016 Rupees	2015 Rupees
18. TRADE DEBTS		
Unsecured:		
Considered good		
Related party (Note 18.1)	638,000	–
Other than related party (Note 18.2)	151,144,449	237,843,235
	151,782,449	237,843,235
Considered doubtful (Note 18.3)	492,392	3,641,868
	152,274,841	241,485,103
Provision for doubtful trade debts (Note 18.4)	(492,392)	(3,641,868)
	151,782,449	237,843,235

18.1 This represents amount due from Hi-Tech Blending (Private) Limited - subsidiary company. This is past due but not impaired and outstanding for more than three months.

18.2 As at 30 June 2016, trade debts of Rupees 128.547 million (2015: Rupees 227.128 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The age analysis of these trade debts is as follows:

	2016 Rupees	2015 Rupees
Upto 1 month	82,430,379	176,222,704
1 to 6 months	38,592,590	43,889,983
More than 6 months	7,524,552	7,015,054
	128,547,521	227,127,741

18.3 As at 30 June 2016, trade debts of Rupees 0.492 million (2015: Rupees 3.642 million) were impaired and provided for. The age analysis of these trade debts was more than one year.

	2016 Rupees	2015 Rupees
18.4 Provision for doubtful trade debts		
Opening balance	3,641,868	4,269,992
Add: Charge for the year (Note 28)	492,392	3,748,920
Less: Bad debts written off during the year	3,641,868	4,377,044
Closing balance	492,392	3,641,868
19. LOANS AND ADVANCES		
Considered good, unsecured:		
Employees - interest free against salaries		
- Executives	1,273,436	384,261
- Other employees	1,554,097	2,146,082
	2,827,533	2,530,343
Employees - against expenses	1,119,770	543,483
Current portion of long term loans to employees (Note 15)	2,262,578	1,724,187
Advances to suppliers	38,370,785	15,597,875
Margin against letters of credit	14,210,000	87,851,941
	58,790,666	108,247,829

	2016 Rupees	2015 Rupees
20. SHORT TERM DEPOSITS AND PREPAYMENTS		
Current portion of long term security deposits (Note 16)	4,915,500	5,331,600
Short term deposits	2,047,500	3,523,577
Prepaid insurance	5,515,929	5,713,896
Prepaid rent	1,205,419	871,208
	13,684,348	15,440,281
21. OTHER RECEIVABLES		
Related parties (Note 21.1)	215,832	392,047
Profit accrued on bank deposits	31,283	-
Receivable from SK Lubricants Company Limited - associated company	-	40,850,000
Insurance claims receivable	-	932,735
Receivable from employees' provident fund trust	234,195	-
Others	27,603	2,159,474
	508,913	44,334,256
21.1 Related parties		
MAS Associates (Private) Limited	215,832	338,910
Hi-Tech Greases and Oil Company	–	53,137
	215,832	392,047
22. SHORT TERM INVESTMENTS		
Held-to-maturity (Note 22.1)	1,455,364,109	–
At fair value through profit or loss (Note 22.2)	3,198,690	–
	1,458,562,799	–
22.1 Held-to-maturity		
Term deposit receipts	1,450,000,000	–
Add: Interest accrued thereon	5,364,109	–
	1,455,364,109	–

22.1.1 These term deposit receipts issued by banking companies having maturity period ranges from one month to one year and carry interest ranged from 6.00% to 7.15 % per annum. Term deposits receipts amounting to Rupees 100 million is under lien with bank against short term borrowings.

	2016 Rupees	2015 Rupees
22.2 At fair value through profit or loss		
Quoted - other than related party:		
Engro Fertilizer Limited		
49,500 (2015: Nil) fully paid ordinary shares of 10 each	3,246,080	–
Less: Unrealized loss on remeasurement at fair value	(47,390)	–
	3,198,690	–

Hi-Tech Lubricants Ltd.

	2016 Rupees	2015 Rupees

23. CASH AND BANK BALANCES

	2016 Rupees	2015 Rupees
Cash in hand	603,680	283,920
Cash at banks:		
Saving accounts (Note 23.1)	86,009,244	25,866,373
Current accounts	100,250,502	60,633,424
	186,259,746	86,499,797
	186,863,426	86,783,717

23.1 Saving accounts carry mark-up at the rates ranging from 4.00% to 6.00% (2015: 5% to 7.5%) per annum.

23.2 Bank balances of Rupees 29.973 million (2015: Rupees Nil) and short term investments of Rupees 1,450 million (2015: Rupees Nil) as at 30 June 2016 represents un-utilized proceeds of the initial public offer (Note 1) and can only be utilized for the purposes mentioned in the prospectus dated 28 December 2015 as per special condition imposed by regulators.

24. SALES - net

	2016 Rupees	2015 Rupees
Gross sales	8,541,257,808	6,582,807,380
Less: Discount / stock given under sales promotion schemes	75,059,243	26,084,117
	8,466,198,565	6,556,723,263

25. COST OF SALES

	2016 Rupees	2015 Rupees
Opening stock	505,266,701	784,736,187
Purchased during the year	5,127,288,237	3,849,682,322
	5,632,554,938	4,634,418,509
Closing stock	(662,906,276)	(505,266,701)
	4,969,648,662	4,129,151,808

26. DISTRIBUTION COST

	2016 Rupees	2015 Rupees
Salaries, wages and other benefits	231,189,543	179,608,972
Sales promotion and advertisements (Note 26.1)	433,660,783	269,674,913
Freight outward	55,916,991	41,285,336
Rent, rates and taxes	46,131,277	41,319,043
Sales commission	4,182,544	4,695,850
Travelling and conveyance	35,830,494	32,916,968
Insurance	7,161,013	8,003,756
Utilities	3,259,989	2,959,259
Printing and stationery	424,904	361,391
Repair and maintenance	6,454,197	5,276,327
Vehicles' running and maintenance	7,716,744	8,772,048
Communication	6,949,984	5,687,241
Entertainment	3,576,963	2,836,203
Depreciation on operating fixed assets (Note 13.1.2)	21,726,262	20,856,304
Miscellaneous	8,993,083	1,697,891
	873,174,771	625,951,502

26.1 These are net off with incentives in shape of reimbursement against sales promotion expenses and advertisements amounting to Rupees 121.179 million (2015: Rupees 40.850 million) from SK Lubricants Company Limited, South Korea, an associated company and sole supplier of the Company.

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	2016 Rupees	2015 Rupees
27. ADMINISTRATIVE EXPENSES		
Salaries and other benefits	197,655,671	124,838,663
Rent, rates and taxes	8,963,670	5,725,994
Legal and professional	10,926,120	3,529,235
Insurance	4,400,110	4,077,781
Vehicles' running and maintenance	6,721,417	6,391,643
Utilities	3,123,382	3,308,489
Repair and maintenance	3,585,179	3,043,176
Fee and subscription	1,840,369	3,952,649
Printing and stationery	611,203	640,789
Communication	3,652,722	3,333,638
Entertainment	3,299,419	2,822,212
Auditors' remuneration (Note 27.1)	1,849,000	2,165,000
Travelling and conveyance	15,338,927	9,335,757
Depreciation on operating fixed assets (Note 13.1.2)	10,138,510	9,276,678
Amortization on intangible assets (Note 13.1.3)	6,446,719	4,543,649
Miscellaneous	1,545,147	4,165,407
	280,097,565	191,150,761
27.1 Auditors' remuneration		
Annual audit fee	1,000,000	1,000,000
Special audit fee	–	750,000
Certifications	175,000	300,000
Half year review	500,000	–
Reimbursable expenses	174,000	115,000
	1,849,000	2,165,000
28. OTHER EXPENSES		
Provision for doubtful trade debts (Note 18.4)	492,392	3,748,920
Bad debts written off	4,745,603	–
Exchange loss - net	24,713,804	32,694,368
Loss on disposal of operating fixed assets	1,553,122	–
Charities and donations (Note 28.1)	11,884,699	10,786,000
Unrealised loss on remeasurement of investment at fair value (Note 22.2)	47,390	–
	43,437,010	47,229,288

28.1 It includes amount of Rupees 11.000 million (2015: Rupees 10.500 million) paid to Sabra Hamida Trust in which Mr. Hassan Tahir - Chief Executive, Mr. Basit Hassan - Director, Mr. Shaukat Hassan - Director, Mr. Tahir Azam - Director, Mr. Ali Hassan - Director and Mr. Zalmai Azam - Director are trustees.

	2016 Rupees	2015 Rupees
29. OTHER INCOME		
Income from financial assets		
Profit on bank deposits and short term investments	32,789,136	6,321,410
Income from assets other than financial assets		
Gain on disposal of operating fixed assets	–	39,925,353
Credit balances written back	10,791,307	5,668,147
Scrap sale	2,476,611	648,845
Amortization of deferred income	255,957	261,493
	46,313,011	52,825,248

	2016 Rupees	2015 Rupees

30. FINANCE COST

	2016 Rupees	2015 Rupees
Mark up on long term financing	50,409	–
Mark up on short term borrowings availed during the year	11,980,267	5,719,552
Finance charges on liabilities against assets subject to finance lease	2,846,962	5,015,274
Mark-up on loans from directors	–	13,078,565
Bank charges and commission	1,361,958	665,631
	16,239,596	24,479,022

31. TAXATION

	2016 Rupees	2015 Rupees
For the year		
Current (Note 31.1)	358,480,248	165,022,321
Deferred tax (Note 31.2 and 8.2.1)	(8,773,435)	1,449,661
Prior period adjustment	(354,722)	(2,311,914)
	349,352,091	164,160,068

31.1 The Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001. Provision for income tax is made accordingly. Further, provision against income from other sources is made under the relevant provisions of the Income Tax Ordinance, 2001.

31.2 Provision for deferred income tax is not required as the Company is chargeable to tax under section 169 of the Income Tax Ordinance, 2001 and no temporary differences are expected to arise in the foreseeable future.

	2016 Rupees	2015 Rupees
31.3 Reconciliation between tax expense and accounting profit		
Accounting profit before taxation	879,017,487	501,778,686
Applicable tax rate	32%	33%
Tax on accounting profit	281,285,596	165,586,966
Tax effect of income subject to final tax regime	46,467,774	8,886,100
Effect of super tax	30,726,878	–
Expenses that are not deductible in determining taxable profit	–	(9,450,744)
Prior year adjustment	(354,722)	(2,311,914)
Tax effect of temporary differences	(8,773,435)	1,449,661
	349,352,091	164,160,068

32. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share which based on:

	2016 Rupees	2015 Rupees
Profit after taxation attributable to ordinary shareholders (Rupees)	529,665,396	337,618,618
Weighted average number of shares (Number)	97,620,852	77,205,740
Basic earnings per share (Rupees)	5.43	4.37

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2016

	2016 Rupees	2015 Rupees
33. CASH GENERATED FROM OPERATIONS		
Profit before taxation	879,017,487	501,778,686
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	31,864,772	30,132,982
Amortization on intangible assets	6,446,719	4,543,649
Amortization of deferred income	(255,957)	(261,493)
Provision for doubtful trade debts	492,392	3,748,920
Bad debts written off	4,745,603	–
Credit balances written back	(10,791,307)	(5,668,147)
Loss / (gain) on disposal of property and equipment	1,553,122	(39,925,353)
Profit on bank deposits and short term investments	(32,789,136)	(6,321,410)
Finance cost	16,239,596	24,479,022
Unrealised loss on remeasurement of investments at fair value	47,390	–
Cash flows from operating activities before working capital changes	896,570,681	512,506,857
Working capital changes		
(Increase) / decrease in current assets:		
Stock-in-trade	(154,783,865)	276,255,277
Trade debts	80,822,791	(72,089,505)
Loans and advances	49,995,554	(24,954,081)
Short term deposits and prepayments	1,339,833	(296,629)
Other receivables	43,856,626	(42,605,922)
	21,230,939	136,309,140
Decrease in trade and other payables	(91,770,809)	(33,601,667)
	826,030,811	615,214,330

34. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on un-audited financial statements of the provident fund trust:

	2016 Rupees	2015 Rupees
Size of the fund - Total assets	87,938,878	70,572,873
Cost of investments	87,393,726	51,641,570
Percentage of investments made	99.38%	73.17%
Fair value of investments	89,192,259	54,153,285

34.1 The break-up of fair value of investments is as follows:

	2016 Percentage	2015 Percentage	2016 Rupees	2015 Rupees
Deposits with banks	83.15%	85.41%	74,161,656	46,250,000
Listed securities	15.00%	12.75%	13,375,460	6,903,285
Units of mutual fund	1.86%	1.85%	1,655,143	1,000,000
	100.00%	100.00%	89,192,259	54,153,285

34.2 Investments, out of provident fund, have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

35. 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:

		2016 Rupees	2015 Rupees
Relationship	Nature of transaction		
Subsidiary company			
Hi-Tech Blending (Private) Limited	Share deposit money	326,350,000	521,410,000
	Sale of fixed assets	–	1,079,404
	Sale of lubricants	638,000	–
Associated companies			
MAS Associates (Private) Limited	Share of common expenses	384,149	338,910
SK Lubricants Company Limited	Purchase of lubricants	92,115,085	–
Other related parties			
Directors	Loans repaid	–	260,860,028
Directors	Loans received	–	120,100,000
Directors	Mark-up on loans from directors	–	13,078,565
Directors	Rent expense	16,518,696	16,518,696
Directors	Book value of vehicles transferred	–	5,602,694
Provident fund trust	Contribution	10,681,105	10,741,762
Spouse of director	Sale of generator	750,000	–

36. 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:

	2016				2015			
		Directors				Directors		
	Chief executives	Executives	Non-executives	Executives	Chief executives	Executives	Non-executives	Executives
	Rupees							
Managerial remuneration	11,612,903	15,741,935	6,967,742	37,556,274	6,840,000	16,624,730	–	27,766,866
House rent allowance	5,225,806	7,083,871	3,135,484	16,900,324	3,078,000	7,481,129	–	12,495,090
Medical allowance	1,161,290	1,574,194	696,774	3,755,634	684,000	1,662,473	–	2,776,687
Bonus	–	–	–	14,165,948	678,000	1,921,000	–	3,597,078
Contribution to provident fund trust	–	–	–	3,747,900	393,677	1,115,420	–	2,714,159
Other allowances and benefits	13,046,943	17,905,358	327,560	17,663,215	4,597,895	2,197,869	–	5,275,172
	31,046,942	42,305,358	11,127,560	93,789,295	16,271,572	31,002,621	–	54,625,051
Number of persons	1	2	2	39	1	4	–	29

36.1 Chief executive, four directors and certain executives of the Company are provided with fully maintained vehicles.

36.2 Aggregate amount charged in financial statements for meeting fee to nine directors (2015: Nil) is Rupees 4.34 million (2015: Rupees Nil).

	2016 Rupees	2015 Rupees
37. NUMBER OF EMPLOYEES		
Total number of employees as on 30 June	428	402
Average number of employees during the year	410	398

38 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.

		30, June 2016		
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
		Rupees		
Financial assets				
Financial assets at fair value through profit or loss	3,198,690	–	–	3,198,690

		30, June 2015		
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
		Rupees		
Financial assets				
Financial assets at fair value through profit or loss	–	–	–	–

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 trading and available-for-sale 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 include the use of quoted market prices.

39 INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

39.1

Description	Note	2016 Carried under Non-shariah arrangements	2016 Carried under Shariah arrangements	2015 Carried under Non-shariah arrangements	2015 Carried under Shariah arrangements
		Rupees			
Assets					
Loans and advances					
Loans to employees	15 and 19	–	8,325,456	–	6,852,178
Deposits					
Deposits	16 and 20	–	20,466,685	–	22,483,277
Bank balances	23	186,259,746	–	86,499,797	–
Liabilities					
Loans and deposits					
Long term financing	5	2,393,625	–	–	–
Liabilities against assets subject to finance lease	6	35,563,121	–	51,608,786	
Long term deposits	7	–	2,000,000	–	3,000,000
Income					
Profit on bank deposits and short term investments	29	32,789,136	–	6,321,410	–
Unrealized loss on short term investment	22.2	–	47,390	–	–

	2016 Rupees	2015 Rupees
39.2 Sources of other income		
Profit on bank deposits and short term investments	32,789,136	6,321,410
Credit balances written back	10,791,307	5,668,147
Gain on disposal of operating fixed assets	–	39,925,353
Scrap sale	2,476,611	648,845
Amortization of deferred income	255,957	261,493
	46,313,011	52,825,248
39.3 Exchange loss (actual currency)	24,713,804	32,694,368

39.4 The revenue of the Company is from sales of lubricants.

39.5 Relationship with banks

Name	Relationship: Non Islamic Windows operations	Relationship: With Islamic Windows operations
Bank Alfalah Limited	√	–
Bank Al-Habib Limited	√	–
Habib Metropolitan Bank Limited	√	–
MCB Bank Limited	√	–
National Bank of Pakistan	√	–
Standard Chartered Bank (Pakistan) Limited	√	–
The Bank of Punjab	√	–
Habib Bank Limited	√	–
Askari Bank Limited	√	–
United Bank Limited	√	–
JS Bank Limited	√	–

40. FINANCIAL RISK MANAGEMENT

40.1 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 from various currency exposures, primarily with respect to the United States Dollar (USD). As on reporting date, the Company's foreign exchange risk exposure is restricted to the amounts payable to a foreign entity and other receivables. The Company's exposure to currency risk was as follows:

	2016 USD	2015 USD
Other receivables	–	400,857
Trade and other payables	(1,107,430)	(2,441,449)
Net exposure	(1,107,430)	(2,040,592)

The following significant exchange rates were applied during the year:

	Rupees per US Dollar	
Average rate	104.26	101.34
Reporting date rate	104.70	101.70

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 profit after taxation for the year would have been Rupees 5.797 million lower / higher (2015: Rupees 10.376 million lower / higher), mainly as a result of exchange 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 Company is exposed to equity securities price risk because of short term investment held by the Company and classified as fair value through profit or loss. The Company is not exposed to commodity price risk.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange (PSX) Index on the Company's profit after taxation for the year. The analysis is based on the assumption that the equity index had increased / decreased by 5.00% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

	Impact on profit after taxation	
	2016	2015
Index	**Rupees**	Rupees
PSX 100 (5% increase)	159,935	–
PSX 100 (5% decrease)	(159,935)	–

(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 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:

	2016	2015
	Rupees	Rupees
Fixed rate instruments		
Financial assets		
Short term investments	1,455,364,109	–
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	86,009,244	25,866,373
Financial liabilities		
Long term financing	2,393,625	–
Liabilities against assets subject to finance lease	35,563,121	51,608,786

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 1.00% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 0.481 million higher / lower (2015: Rupees 0.172 million lower / higher), mainly as a result of higher / lower interest expense / income on liabilities against assets subject to finance lease 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:

	2016 Rupees	2015 Rupees
Deposits	8,404,785	7,408,577
Trade debts	151,782,449	237,843,235
Loans and advances	8,325,456	6,852,178
Other receivables	508,913	44,334,256
Short term investments	1,458,562,799	–
Bank balances	186,259,746	86,499,797
	1,813,844,148	382,938,043

The age analysis of trade debts as at reporting date is given in note 18.2.

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				
	Short term	Long term	Agency	2016 Rupees	2015 Rupees
Short term investments					
Bank Alfalah Limited	A1+	AA	PACRA	300,828,493	–
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	602,214,110	–
JS Bank Limited	A1+	A+	PACRA	502,321,506	–
United Bank Limited	A-1+	AAA	JCR-VIS	50,000,000	–
Engro Fertilizer Limited	A1+	AA-	PACRA	3,198,690	–
Banks					
Bank Alfalah Limited	A1+	AA	PACRA	78,167,723	14,597,590
Bank Al-Habib Limited	A1+	AA+	PACRA	22,454,334	2,713,209
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	34,315,809	12,371,707
MCB Bank Limited	A1+	AAA	PACRA	30,859,049	43,949,723
National Bank of Pakistan	A1+	AAA	PACRA	9,899,053	1,024,691
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	77,678	9,441,840
The Bank of Punjab	A1+	AA-	PACRA	63,301	7,766
Habib Bank Limited	A-1+	AAA	JCR-VIS	371	1,410,001
Askari Bank Limited	A1+	AA+	PACRA	236,678	983,270
United Bank Limited	A-1+	AAA	JCR-VIS	58,442	–
JS Bank Limited	A1+	A+	PACRA	10,127,308	–
				1,644,822,545	86,499,797

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 2016, the Company had Rupees 165.000 million (2015: Rupees 110.000 million) available borrowing limits from financial institutions and Rupees 186.863 million (2015: Rupees 86.784 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 2016:

	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	2,393,625	2,624,408	751,187	764,594	1,108,627	–
Liabilities against assets subject to finance lease	35,563,121	37,389,165	14,181,153	7,573,133	11,980,790	3,654,089
Long term deposits	2,000,000	2,000,000	–	–	–	2,000,000
Trade and other payables	298,625,377	298,625,377	298,625,377	–	–	–
Accrued mark-up	542,912	542,912	542,912	–	–	–
	339,125,035	341,181,862	314,100,629	8,337,727	13,089,417	5,654,089

Contractual maturities of financial liabilities as at 30 June 2015:

	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years
	Rupees					
Non-derivative financial liabilities:						
Liabilities against assets subject to finance lease	51,608,786	55,432,019	20,414,727	8,811,318	18,252,431	7,953,543
Long term deposits	3,000,000	3,000,000	-	-	-	3,000,000
Trade and other payables	417,460,531	417,460,531	417,460,531	-	-	
	472,069,317	475,892,550	437,875,258	8,811,318	18,252,431	10,953,543

40.2 Financial instruments by categories

	Loans and receivables	Held-to maturity	At fair value through profit or loss	Total	Loans and receivables
				2016	2015
				Rupees	Rupees
Financial assets					
Deposits	8,404,785	–	–	8,404,785	7,408,577
Trade debts	151,782,449	–	–	151,782,449	237,843,235
Loans and advances	8,325,456	–	–	8,325,456	6,852,178
Other receivables	508,913	–	–	508,913	44,334,256
Short term investments	–	1,455,364,109	3,198,690	1,458,562,799	–
Cash and bank balances	186,863,426	–	–	186,863,426	86,783,717
	355,885,029	1,455,364,109	3,198,690	1,814,447,828	383,221,963

	At amortized cost	
	2016	2015
	Rupees	Rupees
Financial liabilities		
Long term financing	2,393,625	–
Liabilities against assets subject to finance lease	35,563,121	51,608,786
Long term deposits	2,000,000	3,000,000
Trade and other payables	298,625,377	417,460,531
Accrued mark-up	542,912	–
	339,125,035	472,069,317

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2016

41. 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 and liabilities against assets subject to finance lease obtained by the Company as referred to in note 5 and 6 to the financial statements. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'.

		2016 Rupees	2015 Rupees
Borrowings	Rupees	37,956,746	51,608,786
Total equity	Rupees	3,330,648,975	1,237,481,433
Total capital employed	Rupees	3,368,605,721	1,289,090,219
Gearing ratio	Percentage	1.13%	4.00%

42. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees
Total facilities	645,000,000	1,140,000,000	165,000,000	110,000,000
Utilized at the end of the year	340,535,013	678,183,494	–	–
Unutilized at the end of the year	304,464,987	461,816,506	165,000,000	110,000,000

43. SEGMENT INFORMATION

These financial statements has been prepared on the basis of single reportable segment. Sales of non-synthetic items represents 67.13% (2015: 68.88%) of the total sales of the Company. 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.

44. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors has proposed a cash dividend for the year ended 30 June 2016 of Rupees 1.35 per share (2015: Rupee 0.20 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.

45. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 02 Sep, 2016 by the Board of Directors of the Company.

46. 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 financial statements.

47. GENERAL

Figures have been rounded off to the nearest Rupee, unless otherwise stated.

Chief Executive

Director

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Hi-Tech Lubricants Limited (the Holding Company) and its Subsidiary Company, Hi-Tech Blending (Private) Limited (together referred to as Group) as at 30 June 2016 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Hi-Tech Lubricants Limited and Hi-Tech Blending (Private) Limited. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Hi-Tech Lubricants Limited and its Subsidiary Company, Hi-Tech Blending (Private) Limited as at 30 June 2016 and the results of their operations for the year then ended.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: 02 Sep, 2016
Lahore

CONSOLIDATED BALANCE SHEET

As at 30 June 2016

Hi-Tech Lubricants Ltd.

	Note	2016 Rupees	2015 Rupees
Equity and liabilities			
Share capital and reserves			
Authorised share capital			
150,000,000 (2015: 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	870,030,000
Reserves	4	2,142,371,554	350,757,450
Total equity		3,302,411,554	1,220,787,450
Liabilities			
Non-current liabilities			
Long term financing	5	215,356,033	158,442,399
Liabilities against assets subject to finance lease	6	165,067,091	190,044,550
Long term deposits	7	2,000,000	3,000,000
Deferred liabilities	8	12,584,791	21,442,561
		395,007,915	372,929,510
Current liabilities			
Trade and other payables	9	590,701,630	695,293,525
Accrued mark-up	10	15,297,891	4,755,676
Short term borrowings	11	98,994,215	20,000,000
Current portion of non-current liabilities	12	232,798,149	123,577,120
Taxation - net		22,370,779	21,761,337
		960,162,664	865,387,658
Total liabilities		1,355,170,579	1,238,317,168
Contingencies and commitments	13		
Total equity and liabilities		4,657,582,133	2,459,104,618
Assets			
Non-current assets			
Fixed assets	14	1,851,303,435	1,313,648,718
Long term loans to employees	15	3,235,345	2,597,648
Long term security deposits	16	101,487,135	94,807,550
		1,956,025,915	1,411,053,916
Current assets			
Stock-in-trade	17	752,208,413	508,480,910
Trade debts	18	151,144,449	237,843,235
Loans and advances	19	96,268,274	109,932,775
Short term deposits and prepayments	20	16,877,313	16,894,121
Other receivables	21	508,913	44,334,256
Short term investments	22	1,458,562,799	–
Sales tax refundable		38,492,600	28,132,462
Cash and bank balances	23	187,493,457	102,432,943
		2,701,556,218	1,048,050,702
Total assets		4,657,582,133	2,459,104,618

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

Chief Executive

Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30 June 2016

	Note	**2016 Rupees**	2015 Rupees
Sales - net	24	8,465,560,565	6,556,723,263
Sales tax		(1,450,896,485)	(1,089,807,444)
Net sales		7,014,664,080	5,466,915,819
Cost of sales	25	(4,969,010,662)	(4,129,151,808)
Gross profit		2,045,653,418	1,337,764,011
Distribution cost	26	(873,174,771)	(625,951,502)
Administrative expenses	27	(290,643,245)	(194,656,444)
Other expenses	28	(43,437,010)	(47,229,288)
		(1,207,255,026)	(867,837,234)
Other income	29	46,625,824	52,858,866
Profit from operations		885,024,216	522,785,643
Finance cost	30	(17,960,154)	(24,803,453)
Profit before taxation		867,064,062	497,982,190
Taxation	31	(348,942,104)	(176,068,972)
Profit after taxation		518,121,958	321,913,218
Earnings per share - basic and diluted	32	5.31	4.17

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

Chief Executive

Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

	2016 Rupees	2015 Rupees
Profit after taxation	518,121,958	321,913,218
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	518,121,958	321,913,218

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

Chief Executive

Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2016

	Note	2016 Rupees	2015 Rupees
Cash flows from operating activities			
Cash generated from operations	33	679,731,028	587,384,476
Finance cost paid		(17,915,922)	(29,518,451)
Income tax paid		(357,516,084)	(150,394,673)
Net increase in long term loans to employees		(1,176,088)	(1,793,832)
Long term security deposits - net		(11,595,085)	(84,879,050)
Long term deposits - net		(1,000,000)	1,000,000
Net cash generated from operating activities		290,527,849	321,798,470
Cash flows from investing activities			
Capital expenditure on property, plant and equipment		(554,169,949)	(679,854,732)
Capital expenditure on intangible assets		(5,984,979)	(1,663,970)
Proceeds from disposal of property, plant and equipment		21,304,800	68,002,683
Short term investments made		(1,453,246,080)	–
Profit on bank deposits received		27,393,744	6,321,410
Net cash used in investing activities		(1,964,702,464)	(607,194,609)
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		(51,827,612)	(23,829,939)
Short term borrowings - net		78,994,215	(158,288,068)
Proceeds from issue of share capital - net		1,731,707,946	120,000,000
Dividend paid		(167,341,337)	(128,755,150)
Proceeds from long term financing		253,844,905	231,492,616
Repayment of long term financing		(86,142,988)	(11,539,860)
Net cash from financing activities		1,759,235,129	29,079,599
Net increase / (decrease) in cash and cash equivalents		85,060,514	(256,316,540)
Cash and cash equivalents at beginning of the year		102,432,943	358,749,483
Cash and cash equivalents at end of the year		187,493,457	102,432,943

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

Chief Executive

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

Hi-Tech Lubricants Ltd.

	Share captial	Capital reserve: Share premium	Revenue reserve: Un-appropriated profit	Total reserves	Total equity
			Rupees		
Balance as at 30 June 2014	750,030,000	–	157,599,382	157,599,382	907,629,382
Transactions with owners:					
Final dividend for the year ended 30 June 2014					
@ Rupee 1 per share of Rupees 100 each	–	–	(7,500,300)	(7,500,300)	(7,500,300)
1st interim dividend for the year ended 30 June 2015					
@ Rupees 4.67 per share of Rupees 100 each	–	–	(35,001,400)	(35,001,400)	(35,001,400)
2nd interim dividend for the year ended 30 June 2015					
@ Rupees 5.5 per share of Rupees 100 each	–	–	(41,251,650)	(41,251,650)	(41,251,650)
3rd interim dividend for the year ended 30 June 2015					
@ Rupees 2.5 per share of Rupees 100 each	–	–	(18,750,750)	(18,750,750)	(18,750,750)
4th interim dividend for the year ended 30 June 2015					
@ Rupees 0.35 per share of Rupees 10 each	–	–	(26,251,050)	(26,251,050)	(26,251,050)
Shares issued during the year	120,000,000	–	–	–	120,000,000
	120,000,000	–	(128,755,150)	(128,755,150)	(8,755,150)
Profit for the year ended 30 June 2015	–	–	321,913,218	321,913,218	321,913,218
Other comprehensive income for the year ended					
30 June 2015	–	–	–	–	–
Total comprehensive income for the year ended 30 June 2015	–	–	321,913,218	321,913,218	321,913,218
Balance as at 30 June 2015	870,030,000	–	350,757,450	350,757,450	1,220,787,450
Transactions with owners:					
Final dividend for the year ended 30 June 2015					
@ Rupee 0.20 per share of Rupees 10 each	–	–	(17,400,600)	(17,400,600)	(17,400,600)
Interim dividend for year ended 30 June 2016					
@ Rupees 1.30 per share of Rupees 10 each	–	–	(150,805,200)	(150,805,200)	(150,805,200)
Shares issued during the year	290,010,000	1,522,552,500	–	1,522,552,500	1,812,562,500
Share issuance costs	–	(80,854,554)	–	(80,854,554)	(80,854,554)
	290,010,000	1,441,697,946	(168,205,800)	1,273,492,146	1,563,502,146
Profit for the year ended 30 June 2016	–	–	518,121,958	518,121,958	518,121,958
Other comprehensive income for the year ended					
30 June 2016	–	–	–	–	–
Total comprehensive income for the year ended					
of 30 June 2016	–	–	518,121,958	518,121,958	518,121,958
Balance as at 30 June 2016	1,160,040,000	1,441,697,946	700,673,608	2,142,371,554	3,302,411,554

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

Chief Executive

Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

- Hi-Tech Lubricants Limited

Subsidiary Company

- Hi-Tech Blending (Private) Limited

Hi-Tech Lubricants Limited

Hi-Tech Lubricants Limited ("the Holding Company") was incorporated as a private limited company in Pakistan on 01 September 2008 under the Companies Ordinance, 1984 and subsequently converted into public limited company with effect from 31 October 2011. The shares of the Holding Company are 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 import and distribute petroleum products.

During the year, the Holding Company has 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 have been duly allotted on 18 February 2016. On 01 March 2016, Pakistan Stock Exchange Limited has approved the Holding Company's application for formal listing of ordinary shares and trading of shares started on 03 March 2016.

Hi-Tech Blending (Private) Limited

Hi-Tech Blending (Private) Limited ("the Subsidiary Company") was incorporated in Pakistan as a private limited company by shares under the Companies Ordinance, 1984 on 13 March 2014. 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.

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 approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

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 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:

Taxation

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.

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 property, plant and equipment, 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.

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.

Provisions for doubtful debts

The Group reviews its receivables against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

d) Standards that are effective in current year and are relevant to the Group

The following standards are mandatory for the Group's accounting periods beginning on or after 01 July 2015:

IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 01 January 2015). Concurrent with the issuance of IFRS 10, the IASB has also issued IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IAS 27 (revised 2011) 'Separate Financial Statements' and IAS 28 (revised 2011) 'Investments in Associates and Joint Ventures'. The objective of IFRS 10 is to have a single basis for consolidation for all entities, regardless of the nature of the investee, and that basis is control. The definition of control includes three elements: power over an investee, exposure or rights to variable returns of the investee and the ability to use power over the investee to affect the investor's returns. IFRS 10 replaces those parts of IAS 27 that address when and how an investor should prepare consolidated financial statements and replaces Standing Interpretations Committee (SIC) 12 'Consolidation – Special Purpose Entities' in its entirety. This standard does not have significant impact on these consolidated financial statements, except for certain additional disclosures.

IFRS 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2015). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. This standard does not have significant impact on these consolidated financial statements, except for certain additional disclosures.

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard does not have significant impact on these consolidated financial statements, except for certain additional disclosures.

e) Standard and amendments to published standards that are effective in current year but not relevant to the Group

There are standard and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2015 but are considered not to be relevant or do not have any significant impact on the Group's consolidated financial statements and are therefore not detailed in these consolidated financial statements.

f) Standards and amendments to published standards that are not yet effective but relevant to the Group

Following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2016 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Group is in the process of evaluating the impacts of the aforesaid standard on the Group's consolidated financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The aforesaid standard is not expected to have a material impact on the Group's consolidated financial statements.

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 consolidated financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Group's consolidated financial statements.

IAS 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments will result in certain additional disclosures in the Group's consolidated financial statements.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method which is based on revenue, generated by an activity by using of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the Group's consolidated financial statements.

Amendments to IFRS 10 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 consolidated financial statements.

On 25 September 2014, IASB issued Annual Improvements to IFRSs: 2012 – 2014 Cycle, incorporating amendments to four IFRSs more specifically in IAS 34 'Interim Financial Reporting', which is considered relevant to the Group's financial statements. These amendments are effective for annual periods beginning on or after 01 January 2016. The amendment is unlikely to have a significant impact on the Group's consolidated financial statements and has therefore not been analyzed in detail.

g) Standards and amendments to published standards that are not yet effective and not considered relevant to the Group

There are standard and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2016 but are considered not to be relevant or do not have any significant impact on the Group's consolidated financial statements and are therefore not detailed in these consolidated financial statements.

2.2 Property, plant and equipment

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of property, plant and equipment 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 recognized impairment loss, if any.

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 profit and loss account during the period in which they are incurred.

Depreciation

Depreciation is charged to consolidated profit and loss account 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 property, plant and equipment 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.

Impairment

The Group assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in consolidated profit and loss account. The recoverable amount is higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated remaining useful life.

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 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.

2.4 Leases

The Group is the lessee:

2.4.1 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 profit and loss account 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 profit and loss account.

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 consolidated profit and loss account on a straight line basis over the lease term.

2.5 Investments

The Group's management determines the appropriate classification of its investments at the time of purchase.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "investment at fair value through profit and loss account" which is initially measured at fair value.

The Group assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Group applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments, except investments in subsidiaries and equity method accounted for associates, which are tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.

2.5.1 Investment at fair value through profit and loss account

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in consolidated profit and loss account.

2.5.2 Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in consolidated profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

2.5.3 Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale.

After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in consolidated statement of comprehensive income until the investment is sold, derecognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in consolidated statement of comprehensive income is included in consolidated profit and loss account.

For investments that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the reporting date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

2.6 Foreign currency

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the consolidated balance sheet date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the consolidated profit and loss account.

2.7 Employee benefits

Hi-Tech Lubricants Limited - Holding Company operates a contributory provident fund scheme covering all regular employees. Equal monthly contributions are made both by the employees and the employers' to funds at the rate of 10% of basic salary of employees. The Holding Company's contributions to the fund are charged to consolidated profit and loss account.

2.8 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 up to the reporting date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

2.9 Financial instruments

2.9.1 Recognition and de-recognition

Financial instruments carried on the consolidated balance sheet include investments, deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, short term borrowings, accrued mark-up and trade and other payables, etc. Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instruments at fair value through profit or loss" which are initially measured at fair value.

Financial assets are de-recognized when the Group loses control of the contractual rights that comprise the financial asset. The Group loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Group surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the consolidated profit or loss. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

2.9.2 Off setting

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.

2.10 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.

2.11 Provision

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.

2.12 Taxation

2.12.1 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.

2.12.2 Deferred

Deferred tax is accounted for using the balance sheet 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 consolidated balance sheet date. Deferred tax is charged or credited in the consolidated profit and loss account, except to the extent that it relates to items recognized in consolidated statement of comprehensive income or directly in equity. In this case the tax is also recognized in consolidated statement of comprehensive income or directly in equity, respectively.

2.13 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the consolidated profit and loss account over the period of the borrowings using the effective interest rate method.

2.14 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.

2.15 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.16 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value which is normally the transaction cost.

2.17 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets.

2.18 Impairment

2.18.1 Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

2.18.2 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 profit and 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 consolidated profit and loss account.

2.19 Revenue

2.19.1 Sale of goods

Revenue from sale of goods is recognized on dispatch of goods to customers.

2.19.2 Interest income

Interest income is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

2.20 Dividend and other appropriations

Dividend distribution to the Group's shareholders is recognized as a liability in the Group'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.

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 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 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.

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For the year ended 30 June 2016

3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2016	2015		2016	2015
Number of shares			Rupees	Rupees
41,002,000	12,001,000	Ordinary shares of Rupees 10 each fully paid-up in cash	410,020,000	120,010,000
25,000,000	25,000,000	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash	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	87,003,000		1,160,040,000	870,030,000

3.1 Movement during the year

2016	2015		2016	2015
Number of shares			Rupees	Rupees
87,003,000	75,003,000	At 01 July	870,030,000	750,030,000
29,001,000	12,000,000	Issue of fully paid-up shares of Rupees 10 each (Note 1)	290,010,000	120,000,000
116,004,000	87,003,000	At 30 June	1,160,040,000	870,030,000

3.2 827,777 (2015: Nil) ordinary shares of the Holding Company are held by SK Lubricants Company Limited, an associated company.

	2016 Rupees	2015 Rupees
4 RESERVES		
Capital reserve		
Share premium (Note 4.1)	1,441,697,946	–
Revenue reserve		
Un-appropriated profit	700,673,608	350,757,450
	2,142,371,554	350,757,450

4.1 This reserve can be utilized by the Holding Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

	2016 Rupees	2015 Rupees
5 LONG TERM FINANCING		
From banking companies - secured		
Habib Metropolitan Bank Limited (Note 5.1)	375,466,048	10,344,960
Bank Al-Habib Limited-1 (Note 5.2)	9,795,000	209,607,796
Bank Al-Habib Limited-2 (Note 5.3)	809,625	–
Bank Al-Habib Limited-3 (Note 5.4)	1,584,000	–
	387,654,673	219,952,756
Less: Current portion (Note 12)	172,298,640	61,510,357
	215,356,033	158,442,399

5.1 These term finance facilities, aggregating to Rupees 412.641 million (2015: Rupees 290.000 million), are secured by first hypothecation charge over all present and future plant and machinery of the Subsidiary Company to the extent of Rupees 610.000 million (2015: Rupees 610.000 million), first mortgage charge over land and building of the Subsidiary Company to the extent of Rupees 400.000 million, corporate guarantee of the Holding Company and personal guarantees of directors of the Subsidiary Company. The finance facilities are repayable in 6,12 and 16 equal quarterly instalments commenced on 31 March 2015 and ending on 25 November 2019. Mark-up is payable quarterly at the rate of 3 months KIBOR plus 2.00% per annum. Effective rate of mark-up charged during the year ranged from 8.35% to 10% (2015: 8.78% to 11.63%) per annum.

5.2 This term finance facility of Rupees 13.470 million is secured by specific charge over specific machinery of the Subsidiary Company to the extent of Rupees 22.450 million, corporate guarantee of the Holding Company and personal guarantees of directors of the Subsidiary Company. The finance facility is repayable in 11 equal quarterly instalments commenced on 08 November 2015 and ending on 08 May 2018. Mark-up is payable quarterly at the rate of 3 months KIBOR plus 2.00% per annum. Effective rate of mark-up charged during the year ranged from 8.35% to 9.01% (2015: 9.26%) per annum.

5.3 This facility has been obtained by the Holding Company for purchase of generator and is secured against charge of Rupees 1.143 million over generator of the Holding Company and personal guarantees of directors of the Holding Company. This carries mark-up at the rate of 3 months KIBOR plus 2.00% per annum. The finance facility is repayable in 24 equal monthly instalments. Effective rate of mark-up charge during the year is ranged from 8.35 % to 8.49% per annum.

5.4 This facility has been obtained by the Holding Company for purchase of generator and is secured against charge of Rupees 1.584 million over generator of the Holding Company and personal guarantees of directors of the Holding Company. This carries mark-up at the rate of 3 months KIBOR plus 2.00% per annum. It is repayable in 8 equal quarterly instalments. Effective rate of mark-up charge during the year is 8.05% per annum.

	2016 Rupees	2015 Rupees
6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	240,409,023	277,227,835
Less: Un-amortized finance charge	14,842,423	25,116,522
Present value of future minimum lease payments	225,566,600	252,111,313
Less: Current portion (Note 12)	60,499,509	62,066,763
	165,067,091	190,044,550

6.1 Minimum lease payments have been discounted using implicit interest rates ranging from 5.61% to 12.64% (2015: 8.76% to 12.07%) per annum. Rentals are payable in monthly instalments. Taxes, repairs and insurance costs are to be borne by the lessee. These are secured against charge on the leased assets, personal guarantees of directors and deposits of Rupees 98.090 million (2015: Rupees 96.254 million).

	2016		2015	
	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		Rupees	
Future minimum lease payments	69,281,593	171,127,430	75,928,570	201,299,265
Less: Un-amortized finance charge	8,782,084	6,060,339	13,861,807	11,254,715
Present value of future minimum lease payments	60,499,509	165,067,091	62,066,763	190,044,550

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2016

7. LONG TERM DEPOSITS

These represent long term deposits from distributors of the Holding Company. These are unsecured, interest free and repayable on termination of distribution agreement.

	2016 Rupees	2015 Rupees
8. DEFERRED LIABILITIES		
Deferred income (Note 8.1)	1,085,873	760,222
Deferred income tax liability - net (Note 8.2)	11,498,918	20,682,339
	12,584,791	21,442,561
8.1 Deferred income		
Opening balance	760,222	517,450
Add: Excess of sales proceeds over carrying value	894,421	537,883
Less: Amortized during the year (Note 29)	568,770	295,111
Closing balance	1,085,873	760,222

8.1.1 This represents gain on sale and lease back transactions and is being amortized over the lease term.

	2016 Rupees	2015 Rupees
8.2 Deferred income tax liability - net		
The net deferred income tax liability comprised of temporary differences relating to:		
Deductible temporary differences		
Available tax losses	(17,628,697)	(3,036,813)
Provision for doubtful trade debts	–	(802,712)
	(17,628,697)	(3,839,525)
Taxable temporary differences		
Accelerated tax depreciation and amortization	1,087,547	7,721,810
Deferred income on sale and lease back	336,621	161,365
Leased assets	27,703,447	16,638,689
	29,127,615	24,521,864
Net deferred income tax liability	11,498,918	20,682,339

8.2.1 The net deferred income tax liability represents the temporary differences of the Subsidiary Company. Provision for deferred income tax on temporary differences of the Holding Company has not been considered necessary as the Holding Company is chargeable to tax under section 169 of the Income Tax Ordinance, 2001.

	2016 Rupees	2015 Rupees
9. TRADE AND OTHER PAYABLES		
Creditors (Note 9.1)	215,303,011	300,686,779
Accrued liabilities (Note 9.2)	141,376,790	146,687,143
Advances from customers	130,872,499	147,391,831
Retention money payable	17,995,188	16,929,267
Customs duty and other charges payable	74,217,825	78,913,861
Income tax deducted at source	10,071,854	3,146,489
Unclaimed dividend	864,463	–
Payable to employees' provident fund trust	–	1,400,750
Due to director	–	137,405
	590,701,630	695,293,525

9.1 It includes an amount of Rupees 155.387 million (2015: Rupees 248.295 million) payable to SK Lubricants Company Limited, an associated company.

9.2 It includes amount of Rupees Nil (2015: Rupees 5.000 million) on account of remuneration payable to directors of the Group.

	2016 Rupees	2015 Rupees
10. ACCRUED MARK-UP		
Long term financing	8,317,527	4,256,996
Short term borrowings (Note 10.1)	6,818,156	498,680
Liabilities against assets subject to finance lease	162,208	–
	15,297,891	4,755,676

10.1 This includes mark-up of Rupees 6,266,297 (2015: Rupees 498,680) payable to directors of the Subsidiary Company.

	2016 Rupees	2015 Rupees
11. SHORT TERM BORROWINGS		
From banking companies - secured		
Short term finance (Note11.1)	12,075,977	–
Temporary overdraft	1,918,238	–
	13,994,215	–
From related parties - unsecured:		
Loan from directors (Note11.2)	85,000,000	20,000,000
	98,994,215	20,000,000

11.1 This represents finance against trust receipts from Bank Al-Habib Limited and repayable within 60 days. Mark-up is payable quarterly at the rate of 3 month KIBOR plus 1.5% per annum. Effective rate of mark-up charged during the year is 7.84% per annum. This is secured against trust receipts and ranking charge over assets of the Subsidiary Company.

11.2 These unsecured loans are from directors of the Subsidiary Company. Mark-up is payable half yearly at the rate of 3 month KIBOR plus 2.00% per annum. Effective rate of mark-up charged during the year ranged from 8.35% to 9.01% (2015: 10%) per annum. These are repayable on demand.

	2016 Rupees	2015 Rupees
12. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Long term financing (Note 5)	172,298,640	61,510,357
Liabilities against assets subject to finance lease (Note 6)	60,499,509	62,066,763
	232,798,149	123,577,120

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 The Additional Commissioner Inland Revenue has issued an assessment order for the tax year 2009 under section 122 (5A) of the Income Tax Ordinance, 2001 by creating a demand of Rupees 11.004 million on various grounds. Against the alleged order, the Holding Company has filed an appeal before the Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) decided the case by deleting some of the provisions of the order whereby the tax demand has been reduced to Rupees 2.911 million which is mainly on account of non-deduction of withholding tax. Being aggrieved with order of the Commissioner Inland Revenue (Appeals), the Holding Company has filed appeal before the Appellant Tribunal Inland Revenue which has not yet been decided. The management of the Holding Company expects a favourable outcome, therefore no provision for the same has been made in these consolidated financial statements.

13.1.2 Corporate guarantees of Rupees 855.000 million (2015: Rupees 583.534 million) have been given by the Holding Company to the banks in respect of financing to the Subsidiary Company.

	2016 Rupees	2015 Rupees
13.2 Commitments		
Contracts for capital expenditures	13,485,336	127,270,175
Letters of credit other than capital expenditure	402,294,220	678,183,494

14. FIXED ASSETS

	2016 Rupees	2015 Rupees
Property, plant and equipment:		
Operating fixed assets		
- Owned (Note 14.1)	427,789,593	309,275,461
- Leased (Note 14.1)	65,200,771	71,211,682
	492,990,364	380,487,143
Capital work-in-progress (Note 14.2)	1,345,251,183	919,433,025
	1,838,241,547	1,299,920,168
Intangible assets:		
Computer softwares (Note 14.1)	13,061,888	13,728,550
	1,851,303,435	1,313,648,718

14.1 Reconciliations of carrying amounts of operating fixed assets and intangible assets at the beginning and at the end of the year are as follows:

Description	Operating fixed assets										Intangible assets
	Owned							Leased			
	Freehold land	Building on freehold land	Furniture and fittings	Vehicles	Office equipment	Computers	Total	Vehicles	Generators	Total	Computer software
	Rupees										Rupees
At 30 June 2014											
Cost	182,116,590	55,034,712	13,287,566	70,191,625	22,088,039	7,039,188	349,757,720	75,349,857	992,000	76,341,857	3,530,853
Accumulated depreciation / amortization	–	(6,697,855)	(4,364,395)	(41,013,145)	(8,363,065)	(2,081,281)	(62,519,741)	(17,808,315)	(228,656)	(18,036,971)	(2,142,697)
Net book value	182,116,590	48,336,857	8,923,171	29,178,480	13,724,974	4,957,907	287,237,979	57,541,542	763,344	58,304,886	1,388,156
Year ended 30 June 2015											
Opening net book value	182,116,590	48,336,857	8,923,171	29,178,480	13,724,974	4,957,907	287,237,979	57,541,542	763,344	58,304,886	1,388,156
Additions	28,450,905	–	1,729,836	17,794,207	3,196,687	4,306,966	55,478,601	39,576,016	–	39,576,016	16,959,940
Transferred from leased assets:											
Cost	–	–	–	16,131,317	992,000	–	17,123,317	(16,131,317)	(992,000)	(17,123,317)	–
Accumulated depreciation	–	–	–	(7,306,956)	(298,629)	–	(7,605,585)	7,306,956	298,629	7,605,585	–
	–	–	–	8,824,361	693,371	–	9,517,732	(8,824,361)	(693,371)	(9,517,732)	–
Disposals:											
Cost	(9,960,787)	(2,919,588)	–	(30,314,410)	–	–	(43,194,785)	(2,438,500)	–	(2,438,500)	–
Accumulated depreciation	–	1,083,860	–	15,081,286	–	–	16,165,146	546,630	–	546,630	–
	(9,960,787)	(1,835,728)	–	(15,233,124)	–	–	(27,029,639)	(1,891,870)	–	(1,891,870)	–
Depreciation / amortization charge	–	(4,721,946)	(1,011,497)	(6,467,284)	(1,569,224)	(2,159,261)	(15,929,212)	(15,189,645)	(69,973)	(15,259,618)	(4,619,546)
Closing net book value	200,606,708	41,779,183	9,641,510	34,096,640	16,045,808	7,105,612	309,275,461	71,211,682	–	71,211,682	13,728,550
At 30 June 2015											
Cost	200,606,708	52,115,124	15,017,402	73,802,739	26,276,726	11,346,154	379,164,853	96,356,056	–	96,356,056	20,490,793
Accumulated depreciation / amortization	-	(10,335,941)	(5,375,892)	(39,706,099)	(10,230,918)	(4,240,542)	(69,889,392)	(25,144,374)	–	(25,144,374)	(6,762,243)
Net book value	200,606,708	41,779,183	9,641,510	34,096,640	16,045,808	7,105,612	309,275,461	71,211,682	–	71,211,682	13,728,550
Year ended 30 June 2016											
Opening net book value	200,606,708	41,779,183	9,641,510	34,096,640	16,045,808	7,105,612	309,275,461	71,211,682	–	71,211,682	13,728,550
Additions	110,346,530		2,772,312	9,907,392	7,674,380	12,209,727	142,910,341	29,118,090	–	29,118,090	5,984,979
Transferred from leased assets:											
Cost	–	–	–	21,240,386	–	–	21,240,386	(21,240,386)	–	(21,240,386)	–
Accumulated depreciation	–	–	–	(7,233,622)	–	–	(7,233,622)	7,233,622	–	7,233,622	–
	–	–	–	14,006,764	–	–	14,006,764	(14,006,764)	–	(14,006,764)	–
Disposals / derecognitions:											
Cost	–	–	–	(21,125,969)	(5,740,245)	(567,128)	(27,433,342)	–	–	–	–
Accumulated depreciation	–	–	–	2,477,381	2,576,997	415,463	5,469,841	–	–	–	–
		–	–	(18,648,588)	(3,163,248)	(151,665)	(21,963,501)	–	–	–	–
Depreciation / amortization charge	–	(4,177,918)	(1,033,753)	(5,762,011)	(1,864,979)	(3,600,811)	(16,439,472)	(21,122,237)	–	(21,122,237)	(6,651,641)
Closing net book value	310,953,238	37,601,265	11,380,069	33,600,197	18,691,961	15,562,863	427,789,593	65,200,771	–	65,200,771	13,061,888
At 30 June 2016											
Cost	310,953,238	52,115,124	17,789,714	83,824,548	28,210,861	22,988,753	515,882,238	104,233,760	–	104,233,760	26,475,772
Accumulated depreciation / amortization	-	(14,513,859)	(6,409,645)	(50,224,351)	(9,518,900)	(7,425,890)	(88,092,645)	(39,032,989)	–	(39,032,989)	(13,413,884)
Net book value	310,953,238	37,601,265	11,380,069	33,600,197	18,691,961	15,562,863	427,789,593	65,200,771	–	65,200,771	13,061,888
Annual rate of depreciation / amortization (%)		10	10	20	10	30		20	10		30

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14.1.1 Detail of operating fixed assets exceeding book value of Rupees 50,000 disposed of during the year is as follows:

Particulars	Cost	Accumulated depreciation	Net book value	Consideration	Gain / (loss)	Mode of disposal	Particulars of purchasers
			Rupess				
Vehicles							
Suzuki Alto - LWL-06-7689	689,050	593,876	95,174	463,000	367,826	Negotiation	Mr. Ijaz Lashari, Lahore
Suzuki Alto - ARF-08-502	642,800	500,763	142,037	350,000	207,963	Negotiation	Mr. Khurram Imtiaz, Lahore
Suzuki Alto - LEB-10-3798	667,000	493,607	173,393	500,000	326,607	Negotiation	Mr. Muhammad Islam Akber, Lahore
Suzuki Cultus LEA-08-9803	781,250	284,722	496,528	554,000	57,472	Negotiation	Mr. Khurram Ayub, Lahore
Honda CD 70 - LEX-3986	59,744	21,149	38,595	57,000	18,405	Insurance claim	EFU General Insurance Limited
Honda CD - LEL-1550	87,607	24,374	63,233	97,000	33,767	Insurance claim	EFU General Insurance Limited
Toyota Prado - LEE- 688	9,236,357	299,800	8,936,557	9,200,000	263,443	Sale and lease back	Bank Al-Habib Limited
Toyota Prado-LE- 95	8,815,955	146,933	8,669,022	9,300,000	630,978	Sale and lease back	Bank Al-Habib Limited
	20,979,763	2,365,225	18,614,538	20,521,000	1,906,462		
Office equipment							
Office equipment	4,442,046	2,028,885	2,413,161	–	(2,413,161)	Written off	
Generator	1,275,000	534,150	740,850	750,000	9,150	Negotiation	Mrs. Uzra Azam - related party
	5,717,046	2,563,035	3,154,011	750,000	(2,404,011)		
Computers	567,128	415,463	151,665	–	(151,665)	Written off	
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000	169,405	126,118	43,287	33,800	(9,487)		
	27,433,342	5,469,841	21,963,501	21,304,800	(658,701)		

14.1.2 The depreciation charge on operating fixed assets for the year has been allocated as follows:

	2016 Rupees	2015 Rupees
Capital work-in-progress	2,564,156	907,515
Distribution cost (Note 26)	21,726,262	20,856,304
Administrative expenses (Note 27)	13,271,291	9,425,011
	37,561,709	31,188,830

14.1.3 Amortization on intangible assets amounting to Rupees 6.652 million (2015: Rupees 4.620 million) has been allocated to administrative expenses.

14.1.4 The cost of intangibles as at reporting date includes fully amortized intangible assets of Rupees 3.531 million (2015: Rupees 1.486 million) which are still in use of the Holding Company.

	2016 Rupees	2015 Rupees
14.2 Capital work-in-progress		
Owned:		
Civil works (Note 14.2.2)	316,634,834	179,682,714
Plant and machinery (Note 14.2.2)	575,595,283	395,982,842
Electric installations	48,524,215	9,059,219
Mobilization advances	2,076,368	15,395,095
Advances for capital expenditure	53,430,850	52,523,254
Unallocated expenditure (Note 14.2.1)	91,922,830	30,351,213
	1,088,184,380	682,994,337
Plant and machinery - Leased (Note 14.2.2)	257,066,803	236,438,688
	1,345,251,183	919,433,025

	2016 Rupees	2015 Rupees
14.2.1 Unallocated expenditures		
Salaries, allowances and other benefits	25,124,302	5,991,066
Travelling and conveyance	2,988,689	2,568,388
Design and fabrication charges	3,243,670	3,243,670
Consultancy charges	25,672,297	13,310,479
Communication	1,114,634	246,837
Vehicles' running and maintenance	3,205,912	807,987
Insurance	2,711,083	347,161
Security charges	4,637,386	979,404
Utilities	6,638,387	595,467
Entertainment	1,569,868	611,219
Mark-up on loans from directors (Note 14.2.2)	6,266,297	498,680
Legal and professional charges	3,967,048	104,560
Depreciation on operating fixed assets	3,471,671	907,515
Miscellaneous	1,311,586	138,780
	91,922,830	30,351,213

14.2.2 Borrowings costs amounting to Rupees 41.838 million (2015: Rupees 8.377 million) has been capitalized during the year using capitalization rate ranged from 5.61% to 11% (2015: 8.76% to 11.63%) per annum.

15. LONG TERM LOANS TO EMPLOYEES

	2016 Rupees	2015 Rupees
Considered good		
- Executives (Note 15.1)	5,285,198	3,870,369
- Other employees	212,725	451,466
	5,497,923	4,321,835
Less: Current portion shown under current assets (Note 19)		
- Executives	2,049,853	1,465,455
- Other employees	212,725	258,732
	2,262,578	1,724,187
	3,235,345	2,597,648

	2016 Rupees	2015 Rupees
15.1 Reconciliation of carrying amounts of loans to executives:		
Opening balance	3,870,369	1,817,850
Add: Disbursements	3,142,128	3,348,585
Less: Repayments	1,727,299	1,296,066
Closing balance	5,285,198	3,870,369

15.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 6.035 million (2015: Rupees 4.693 million).

15.2 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.

15.3 The fair value adjustment in accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' arising in respect of staff loans is not considered material and hence not recognized.

	2016 Rupees	2015 Rupees
16. LONG TERM SECURITY DEPOSITS		
Security deposits against leased assets	98,089,750	96,254,150
Security deposits - others	8,312,885	3,885,000
	106,402,635	100,139,150
Less: Current portion (Note 20)	4,915,500	5,331,600
	101,487,135	94,807,550
17. STOCK-IN-TRADE		
Lubricants (Note 17.1)	722,874,237	505,266,701
Raw materials	28,975,677	–
Stock of promotional items	358,499	3,214,209
	752,208,413	508,480,910

17.1 This includes stock-in-transit of Rupees 487.866 million (2015: Rupees 282.671 million) out of which of Rupees 434.590 million (2015: Rupees 282.671 million) is lying at custom bonded warehouses.

	2016 Rupees	2015 Rupees
18. TRADE DEBTS		
Unsecured:		
Considered good		
Other than related parties (Note 18.1)	151,144,449	237,843,235
Considered doubtful (Note 18.2)	492,392	3,641,868
	151,636,841	241,485,103
Provision for doubtful trade debts (Note 18.3)	(492,392)	(3,641,868)
	151,144,449	237,843,235

18.1 As at 30 June 2016, trade debts of Rupees 128.548 million (2015: Rupees 227.128 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The age analysis of these trade debts is as follows:

	2016 Rupees	2015 Rupees
Upto 1 month	82,430,379	176,222,704
1 to 6 months	38,592,590	43,889,983
More than 6 months	7,524,552	7,015,054
	128,547,521	227,127,741

18.2 As at 30 June 2016, trade debts of Rupees 0.492 million (2015: Rupees 3.642 million) were impaired and provided for. The age analysis of these trade debts was more than one year.

		2016 Rupees	2015 Rupees
18.3	Provision for doubtful trade debts		
	Opening balance	3,641,868	4,269,992
	Add: Charge for the year (Note 28)	492,392	3,748,920
	Less: Bad debts written off during the year	3,641,868	4,377,044
	Closing balance	492,392	3,641,868

19. LOANS AND ADVANCES

Considered good, unsecured:		
Employees - interest free against salaries		
- Executives	1,273,436	384,261
- Other employees	1,766,647	2,146,082
	3,040,083	2,530,343
Employees - against expenses	1,272,560	2,228,429
Current portion of long term loans to employees (Note 15)	2,262,578	1,724,187
Advances to suppliers	46,929,702	15,597,875
Margin against letters of credit	42,763,351	87,851,941
	96,268,274	109,932,775

20. SHORT TERM DEPOSITS AND PREPAYMENTS

Current portion of long term security deposits (Note 16)	4,915,500	5,331,600
Short term deposits	3,882,500	4,283,577
Prepaid insurance	6,873,894	6,407,736
Prepaid rent	1,205,419	871,208
	16,877,313	16,894,121

21. OTHER RECEIVABLES

Related parties (Note 21.1)	215,832	392,047
Profit accrued on bank deposits	31,283	–
Receivable from SK Lubricants Company Limited - associated company	–	40,850,000
Insurance claims receivable	–	932,735
Receivable from employees' provident fund trust	234,195	–
Others	27,603	2,159,474
	508,913	44,334,256

21.1	Related parties		
	MAS Associates (Private) Limited	215,832	338,910
	Hi-Tech Greases and Oil Company	–	53,137
		215,832	392,047

22. SHORT TERM INVESTMENTS

Held-to-maturity (Note 22.1)	1,455,364,109	–
At fair value through profit or loss (Note 22.2)	3,198,690	–
	1,458,562,799	–

	2016 Rupees	2015 Rupees
22.1 Held-to-maturity		
Term deposit receipts	1,450,000,000	–
Add: Interest accrued thereon	5,364,109	–
	1,455,364,109	–

22.1.1 These term deposit receipts issued by banking companies having maturity period ranges from one month to one year and carry interest ranged from 6 % to 7.15 % per annum. Term deposits receipts amounting to Rupees 100 million is under lien with bank against short term borrowings to the Holding Company.

	2016 Rupees	2015 Rupees
22.2 At fair value through profit or loss		
Quoted - other than related party:		
Engro Fertilizer Limited		
49,500 (2015: Nil) fully paid ordinary shares of 10 each	3,246,080	–
Less: Unrealized loss on remeasurement at fair value	(47,390)	–
	3,198,690	–
23. CASH AND BANK BALANCES		
Cash in hand	687,138	283,920
Cash at banks:		
Saving accounts (Note 23.1)	86,009,244	25,866,373
Current accounts	100,797,075	76,282,650
	186,806,319	102,149,023
	187,493,457	102,432,943

23.1 Saving accounts carry mark-up at the rates ranging from 4 % to 6 % (2015: 5% to 7.5%) per annum.

23.2 Bank balances of Rupees 29.973 million (2015: Rupees Nil) and short term investments of Rupees 1,450 million (2015: Rupees Nil) as at 30 June 2016 represents un-utilized proceeds of the initial public offer (Note 1) of the Holding Company and can only be utilized for the purposes mentioned in the prospectus dated 28 December 2015 as per special condition imposed by regulators.

	2016 Rupees	2015 Rupees
24. SALES - net		
Gross sales	8,540,619,808	6,582,807,380
Less: Discount / stock given under sales promotion schemes	75,059,243	26,084,117
	8,465,560,565	6,556,723,263
25. COST OF SALES		
Opening stock	505,266,701	784,736,187
Purchased during the year	5,186,618,198	3,849,682,322
	5,691,884,899	4,634,418,509
Closing stock	(722,874,237)	(505,266,701)
	4,969,010,662	4,129,151,808

	2016 Rupees	2015 Rupees

26. DISTRIBUTION COST

	2016 Rupees	2015 Rupees
Salaries, wages and other benefits	231,189,543	179,608,972
Sales promotion and advertisements (Note 26.1)	433,660,783	269,674,913
Freight outward	55,916,991	41,285,336
Rent, rates and taxes	46,131,277	41,319,043
Sales commission	4,182,544	4,695,850
Travelling and conveyance	35,830,494	32,916,968
Insurance	7,161,013	8,003,756
Utilities	3,259,989	2,959,259
Printing and stationery	424,904	361,391
Repair and maintenance	6,454,197	5,276,327
Vehicles' running and maintenance	7,716,744	8,772,048
Communication	6,949,984	5,687,241
Entertainment	3,576,963	2,836,203
Depreciation on operating fixed assets (Note 14.1.2)	21,726,262	20,856,304
Miscellaneous	8,993,083	1,697,891
	873,174,771	625,951,502

26.1 These are net off with incentives in shape of reimbursement against sales promotion expenses and advertisements amounting to Rupees 121.179 million (2015: Rupees 40.850 million) from SK Lubricants Company Limited, South Korea, an associated company and sole supplier of the Holding Company.

27. ADMINISTRATIVE EXPENSES

	2016 Rupees	2015 Rupees
Salaries and other benefits	202,562,047	127,031,102
Rent, rates and taxes	9,039,310	5,879,994
Legal and professional	11,187,120	3,718,235
Insurance	4,637,714	4,077,781
Vehicles' running and maintenance	7,443,430	6,391,643
Utilities	3,123,382	3,308,489
Repair and maintenance	3,990,141	3,297,853
Fee and subscription	1,878,489	4,029,394
Printing and stationery	748,465	739,381
Communication	3,652,722	3,333,638
Entertainment	3,299,419	2,822,212
Auditors' remuneration (Note 27.1)	2,274,000	2,481,000
Travelling and conveyance	15,338,927	9,335,757
Depreciation on operating fixed assets (Note 14.1.2)	13,271,291	9,425,011
Amortization on intangible assets (Note 14.1.3)	6,651,641	4,619,546
Miscellaneous	1,545,147	4,165,408
	290,643,245	194,656,444

27.1 Auditors' remuneration

	2016 Rupees	2015 Rupees
Annual audit fee	1,400,000	1,200,000
Special audit fee	–	850,000
Certifications	175,000	300,000
Half year review	500,000	–
Reimbursable expenses	199,000	131,000
	2,274,000	2,481,000

	2016 Rupees	2015 Rupees
28. OTHER EXPENSES		
Provision for doubtful trade debts (Note 18.3)	492,392	3,748,920
Bad debts written off	4,745,603	–
Exchange loss - net	24,713,804	32,694,368
Loss on disposal of operating fixed assets	1,553,122	–
Charities and donations (Note 28.1)	11,884,699	10,786,000
Unrealised loss on remeasurement of investment at fair value (Note 22.2)	47,390	–
	43,437,010	47,229,288

28.1 It includes amount of Rupees 11.000 million (2015: Rupees 10.500 million) paid to Sabra Hamida Trust in which Mr. Hassan Tahir - Chief Executive, Mr. Basit Hassan - Director, Mr. Shaukat Hassan - Director, Mr. Tahir Azam - Director, Mr. Ali Hassan - Director and Mr. Zalmai Azam - Director of the Holding Company are trustees.

	2016 Rupees	2015 Rupees
29. OTHER INCOME		
Income from financial assets		
Profit on bank deposits and short term investments	32,789,136	6,321,410
Income from assets other than financial assets		
Gain on disposal of operating fixed assets	–	39,925,353
Credit balances written back	10,791,307	5,668,147
Scrap sale	2,476,611	648,845
Amortization of deferred income (Note 8.1)	568,770	295,111
	46,625,824	52,858,866
30. FINANCE COST		
Mark up on long term financing	50,409	–
Mark up on short term borrowings	12,012,775	18,798,117
Finance charges on liabilities against assets subject to finance lease	4,170,282	5,202,549
Bank charges and commission	1,726,688	802,787
	17,960,154	24,803,453
31. TAXATION		
For the year		
Current (Note 31.1)	358,480,248	165,022,321
Deferred tax (Note 31.2 and 8.2.1)	(9,183,422)	13,358,565
Prior period adjustment	(354,722)	(2,311,914)
	348,942,104	176,068,972

31.1 The Holding Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001. Provision for income tax is made accordingly. Further, provision against income from other sources is made under the relevant provisions of the Income Tax Ordinance, 2001.

31.2 Provision for deferred income tax is not required as the Holding Company is chargeable to tax under section 169 of the Income Tax Ordinance, 2001 and no temporary differences are expected to arise in the foreseeable future.

31.3 The Subsidiary Company's tax losses available for carry forward are approximately Rupees 56.867 million (2015: Rupees 9.490 million), therefore, provision for current taxation is not required.

		2016 Rupees	2015 Rupees
31.4	Reconciliation between tax expense and accounting profit		
	Accounting profit before taxation	867,064,062	497,982,190
	Applicable tax rate	32%	33%
	Tax on accounting profit	277,460,500	164,334,123
	Tax effect of income subject to final tax regime	46,467,774	8,886,100
	Effect of super tax	30,726,878	–
	Expenses that are not taxable / deductible in determining taxable profit	3,825,096	(8,197,902)
	Prior year adjustment	(354,722)	(2,311,914)
	Tax effect of temporary differences	(9,183,422)	13,358,565
		348,942,104	176,068,972

32. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share which is based on:

	2016	2015
Profit after taxation attributable to ordinary shareholders (Rupees)	518,121,958	321,913,218
Weighted average number of shares (Number)	97,620,852	77,205,740
Basic earnings per share (Rupees)	5.31	4.17

33. CASH GENERATED FROM OPERATIONS

	2016	2015
Profit before taxation	867,064,062	497,982,190
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	34,997,552	30,281,315
Amortization on intangible assets	6,651,641	4,619,546
Amortization of deferred income	(568,770)	(295,111)
Provision for doubtful trade debts	492,392	3,748,920
Bad debts written off	4,745,603	–
Credit balances written back	(10,791,307)	(5,668,147)
Loss / (gain) on disposal of property and equipment	1,553,122	(39,925,353)
Profit on bank deposits and short term investments	(32,789,136)	(6,321,410)
Finance cost	17,960,154	24,803,453
Unrealised loss on remeasurement of investments at fair value	47,390	–
Cash flows from operating activities before working capital changes	889,362,703	509,225,403
Working capital changes		
(Increase) / decrease in current assets:		
Stock-in-trade	(243,727,503)	276,255,277
Trade debts	81,460,791	(72,089,505)
Loans and advances	14,202,892	(26,639,027)
Short term deposits and prepayments	(399,292)	(1,750,469)
Other receivables	43,856,626	(42,605,922)
Sales tax refundable	(42,477,085)	(28,132,462)
	(147,083,571)	105,037,892
Decrease in trade and other payables	(62,548,104)	(26,878,819)
	679,731,028	587,384,476

34. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on un-audited financial statements of the provident fund trust of the Holding Company:

	2016 Rupees	2015 Rupees
Size of the fund - Total assets	87,938,878	70,572,873
Cost of investments	87,393,726	51,641,570
Percentage of investments made	99.38%	73.17%
Fair value of investments	89,192,259	54,153,285

34.1 The break-up of fair value of investments is as follows:

	2016	2015	2016	2015
	Percentage		Rupees	Rupees
Deposits with banks	83.15%	85.41%	74,161,656	46,250,000
Listed securities	15.00%	12.75%	13,375,460	6,903,285
Units of mutual fund	1.86%	1.85%	1,655,143	1,000,000
	100.00%	100.00%	89,192,259	54,153,285

34.2 Investments, out of provident fund, have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

35. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated undertakings, other related parties, key management personnel and provident fund trust. 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 as follows:

		2016 Rupees	2015 Rupees
Relationship	Nature of transaction		
Associated companies			
MAS Associates (Private) Limited	Share of common expenses	384,149	338,910
SK Lubricants Company Limited	Purchase of lubricants	131,554,569	–
Other related parties			
Directors	Loans repaid	–	260,860,028
Directors	Loans received	65,000,000	140,100,000
Directors	Mark-up on loans from directors	5,767,617	13,577,245
Directors	Rent expense	16,518,696	16,518,696
Directors	Book value of vehicles transferred	–	5,602,694
Provident fund trust	Contribution	10,681,105	10,741,762
Spouse of director	Sale of generator	750,000	–

36. 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 holding Company are as follows:

	2016				2015			
		Directors				Directors		
	Chief executives	Executives	Non-executives	Executives	Chief executives	Executives	Non-executives	Executives
	Rupees							
Managerial remuneration	11,612,903	15,741,935	6,967,742	37,556,274	6,840,000	16,624,730	–	27,766,866
House rent allowance	5,225,806	7,083,871	3,135,484	16,900,324	3,078,000	7,481,129	–	12,495,090
Medical allowance	1,161,290	1,574,194	696,774	3,755,634	684,000	1,662,473	–	2,776,687
Bonus	–	–	–	14,165,948	678,000	1,921,000	–	3,597,078
Contribution to provident fund trust	–	–	–	3,747,900	393,677	1,115,420	–	2,714,159
Other allowances and benefits	13,046,943	17,905,358	327,560	17,663,215	4,597,895	2,197,869	–	5,275,172
	31,046,942	42,305,358	11,127,560	93,789,295	16,271,572	31,002,621	–	54,625,051
Number of persons	1	2	2	39	1	4	–	29

36.1 Chief executive, four directors and certain executives of the Holding Company are provided with fully maintained vehicles.

36.2 Aggregate amount charged in consolidated financial statements for meeting fee to nine directors of the Holding Company (2015: Nil) is Rupees 4.34 million (2015: Rupees Nil).

	2016 Rupees	2015 Rupees
37. NUMBER OF EMPLOYEES		
Total number of employees as on 30 June	502	436
Average number of employees during the year	459	415

38 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 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

	30, June 2016			
	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets				
Financial assets at fair value through profit or loss	3,198,690	–	–	3,198,690

	30, June 2015			
	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets				
Financial assets at fair value through profit or loss	–	–	–	–

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.

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 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 trading and available-for-sale 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 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 include the use of quoted market prices.

39 INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

39.1 The following information is based on holding company only.

	2016		2015	
	Carried under		Carried under	
Description	Non-shariah arrangements	Shariah arrangements	Non-shariah arrangements	Shariah arrangements
	Rupees		Rupees	
Assets				
Loans and advances				
Loans to employees	–	8,325,456	–	6,852,178
Deposits				
Deposits	–	20,466,685	–	22,483,277
Bank balances	186,259,746	–	86,499,797	–
Liabilities				
Loan and deposits				
Long term financing	2,393,625	–	–	–
Liabilities against assets subject to finance lease	35,563,121	–	51,608,786	
Long term deposits	–	2,000,000	–	3,000,000
Income				
Profit on bank deposits and short term investments	32,789,136	–	6,321,410	–
Unrealized loss on short term investment	–	47,390	–	–

		2016 Rupees	2015 Rupees
39.2	Sources of other income		
	Profit on bank deposits and short term investments	32,789,136	6,321,410
	Credit balances written back	10,791,307	5,668,147
	Gain on disposal of operating fixed assets	–	39,925,353
	Scrap sale	2,476,611	648,845
	Amortization of deferred income	255,957	261,493
		46,313,011	52,825,248
39.3	Exchange loss (actual currency)	24,713,804	32,694,368

39.4 The revenue of the holding Company is from sales of lubricants.

39.5 Relationship with banks

	Relationship	
Name	Non Islamic Window operations	With Islamic Window operations
Bank Alfalah Limited	√	–
Bank Al-Habib Limited	√	–
Habib Metropolitan Bank Limited	√	–
MCB Bank Limited	√	–
National Bank of Pakistan	√	–
Standard Chartered Bank (Pakistan) Limited	√	–
The Bank of Punjab	√	–
Habib Bank Limited	√	–
Askari Bank Limited	√	–
United Bank Limited	√	–
JS Bank Limited	√	–

40. FINANCIAL RISK MANAGEMENT

40.1 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 Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group's finance department under policies approved by the Board of Directors (the Board). The Group'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 Group is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). As on reporting date, the Group's foreign exchange risk exposure is restricted to the amounts payable to a foreign entity and other receivables. The Group's exposure to currency risk was as follows:

	2016 USD	2015 USD
Other receivables	–	400,857
Trade and other payables	(1,483,450)	(2,441,449)
Net exposure	(1,483,450)	(2,040,592)

The following significant exchange rates were applied during the year:

	Rupees per US Dollar	
Average rate	104.26	101.34
Reporting date rate	104.70	101.70

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 7.766 million (2015: Rupees 10.376 million) lower / higher, mainly as a result of exchange 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.

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 5.00% 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	
Rupees in '000	2016	2015
Index		
PSX 100 (5% increase)	159,935	–
PSX 100 (5% decrease)	(159,935)	–

(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 Group's interest bearing financial instruments was as follows:

	2016 Rupees	2015 Rupees
Fixed rate instruments		
Financial assets		
Short term investments	1,455,364,109	–
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	86,009,244	25,866,373
Financial liabilities		
Long term financing	387,654,673	219,952,756
Liabilities against assets subject to finance lease	225,566,600	252,111,313
Short term borrowings	98,994,215	20,000,000
Net exposure against floating rate	626,206,244	466,197,696

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 6.262 million higher / lower (2015: Rupees 0.172 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:

	2016 Rupees	2015 Rupees
Deposits	12,195,385	8,168,577
Trade debts	151,144,449	237,843,235
Loans and advances	8,538,006	6,852,178
Other receivables	508,913	44,334,256
Short term investments	1,458,562,799	–
Bank balances	186,806,319	102,149,023
	1,817,755,871	399,347,269

The age analysis of trade debts as at reporting date is given in note 18.1.

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				
	Short term	Long term	Agency	**2016 Rupees**	2015 Rupees
Short term investments					
Bank Alfalah Limited	A1+	AA	PACRA	300,828,493	–
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	602,214,110	–
JS Bank Limited	A1+	A+	PACRA	502,321,506	–
United Bank Limited	A-1+	AAA	JCR-VIS	50,000,000	–
Engro Fertilizer Limited	A1+	AA-	PACRA	3,198,690	–
Banks					
Bank Alfalah Limited	A1+	AA	PACRA	78,167,723	14,865,051
Bank Al-Habib Limited	A1+	AA+	PACRA	22,836,967	17,554,461
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	34,399,851	12,777,530
MCB Bank Limited	A1+	AAA	PACRA	30,938,947	44,084,413
National Bank of Pakistan	A1+	AAA	PACRA	9,899,053	1,024,691
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	77,678	9,441,840
The Bank of Punjab	A1+	AA-	PACRA	63,301	7,766
Habib Bank Limited	A-1+	AAA	JCR-VIS	371	1,410,001
Askari Bank Limited	A1+	AA+	PACRA	236,678	983,270
United Bank Limited	A-1+	AAA	JCR-VIS	58,442	–
JS Bank Limited	A1+	A+	PACRA	10,127,308	–
				1,645,369,118	102,149,023

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 2016, the Group had Rupees 202.924 million (2015: Rupees 110.000 million) available borrowing limits from financial institutions and Rupees 187.493 million (2015: Rupees 86.784 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 2016:

	Carrying amount	Contractual cash flow	6 month or less	6 - 12 months	1 - 2 years	More than 2 years
	Rupees					
Non-derivative financial liabilities:						
Long term financing	387,654,673	425,912,061	98,029,596	96,826,141	142,427,303	88,629,021
Liabilities against assets subject to finance lease	225,566,600	240,409,023	38,414,274	30,867,319	58,557,768	112,569,662
Long term deposits	2,000,000	2,000,000	–	–	–	2,000,000
Trade and other payables	374,674,989	374,674,989	374,674,989	–	–	–
Short term borrowings	98,994,215	103,016,343	103,016,343	–	–	–
Accrued mark-up	15,297,891	15,297,891	15,297,891	–	–	–
	1,104,188,368	1,161,310,307	629,433,093	127,693,460	200,985,071	203,198,683

Hi-Tech Lubricants Ltd.

Contractual maturities of financial liabilities as at 30 June 2015:

	Carrying amount	Contractual cash flow	6 month or less	6 - 12 months	1 - 2 years	More than 2 years
	Rupees					
Non-derivative financial liabilities:						
Long term financing	219,952,756	262,040,167	49,650,514	37,257,645	71,085,951	104,046,057
Liabilities against assets subject to finance lease	252,111,313	277,227,835	46,300,200	29,628,368	59,886,529	141,412,738
Long term deposits	3,000,000	3,000,000	–	–	–	3,000,000
Trade and other payables	464,440,594	464,440,594	464,440,594	–	–	–
Short term borrowings	20,000,000	21,000,000	21,000,000	–	–	–
Accrued mark-up	4,755,676	4,755,676	4,755,676	–	–	–
	964,260,339	1,032,464,272	586,146,984	66,886,013	130,972,480	248,458,795

40.2 Financial instruments by categories

	2016				2015
	Loans and receivables	Held-to maturity	At fair value through profit or loss	Total	Loans and receivables
	Rupees				Rupees
Financial assets					
Deposits	12,195,385	–	–	12,195,385	8,168,577
Trade debts	151,144,449	–	–	151,144,449	237,843,235
Loans and advances	8,538,006	–	–	8,538,006	6,852,178
Other receivables	508,913	–	–	508,913	44,334,256
Short term investments	–	1,455,364,109	3,198,690	1,458,562,799	–
Cash and bank balances	187,493,457	–	–	187,493,457	102,432,943
	359,880,210	1,455,364,109	3,198,690	1,818,443,009	399,631,189

	At amortized cost	
	2016	2015
	Rupees	Rupees
Financial liabilities		
Long term financing	387,654,673	219,952,756
Liabilities against assets subject to finance lease	225,566,600	252,111,313
Long term deposits	2,000,000	3,000,000
Trade and other payables	374,674,989	464,440,594
Short term borrowings	98,994,215	20,000,000
Accrued mark-up	15,297,891	4,755,676
	1,104,188,368	964,260,339

41. 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 obtained by the Group 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 balance sheet plus 'borrowings'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

		2016 Rupees	2015 Rupees
Borrowings	Rupees	712,215,488	492,064,069
Total equity	Rupees	3,302,411,554	1,220,787,450
Total capital employed	Rupees	4,014,627,042	1,712,851,519
Gearing ratio	Percentage	17.74%	28.73%

42. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees
Total facilities	795,000,000	1,140,000,000	215,000,000	110,000,000
Utilized at the end of the year	402,294,220	678,183,494	12,075,977	-
Unutilized at the end of the year	392,705,780	461,816,506	202,924,023	110,000,000

43. SEGMENT INFORMATION

These consolidated financial statements have been prepared on the basis of single reportable segment. Sales of non-synthetic items represents 67.13 % (2015: 68.88%) of the total sales of the Holding Company. All of the sales of the Holding Company relates to customers in Pakistan. All non-current assets of the Group as at reporting date were located in Pakistan.

44. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Holding Company has proposed a cash dividend for the year ended 30 June 2016 of Rupees 1.35 per share (2015: Rupee 0.20 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.

45. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 02 Sep, 2016 by the Board of Directors of the Holding Company.

46. 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.

47. GENERAL

Figures have been rounded off to the nearest Rupee, unless otherwise stated.

Chief Executive

Director

PATTERN OF SHAREHOLDING

as of 30 June 2016

Hi-Tech Lubricants Ltd.

Number Of Shareholders	Shareholdings' Slab			Total Shares Held
134	1	to	100	3,265
2779	101	to	500	1,380,438
928	501	to	1000	923,798
862	1001	to	5000	2,280,271
167	5001	to	10000	1,373,787
84	10001	to	15000	1,091,041
88	15001	to	20000	1,514,212
38	20001	to	25000	898,293
18	25001	to	30000	522,634
16	30001	to	35000	519,418
16	35001	to	40000	612,608
6	40001	to	45000	257,308
17	45001	to	50000	835,833
6	50001	to	55000	324,000
6	55001	to	60000	351,000
1	60001	to	65000	62,000
6	65001	to	70000	405,230
2	70001	to	75000	150,000
7	75001	to	80000	546,500
3	80001	to	85000	246,062
1	85001	to	90000	90,000
5	90001	to	95000	462,500
6	95001	to	100000	600,000
3	105001	to	110000	325,000
1	115001	to	120000	119,140
1	120001	to	125000	125,000
2	125001	to	130000	257,984
2	135001	to	140000	273,840
3	155001	to	160000	478,888
1	170001	to	175000	170,500
2	175001	to	180000	356,011
1	195001	to	200000	200,000
1	205001	to	210000	208,500
2	245001	to	250000	500,000
1	250001	to	255000	252,164
1	290001	to	295000	295,000
1	335001	to	340000	340,000
1	355001	to	360000	357,500
1	375001	to	380000	380,000
1	385001	to	390000	390,000
1	395001	to	400000	400,000
1	425001	to	430000	426,500
1	490001	to	495000	493,000
1	545001	to	550000	550,000
1	610001	to	615000	614,000
1	645001	to	650000	650,000
1	705001	to	710000	706,500
1	825001	to	830000	827,775
1	865001	to	870000	867,000
1	950001	to	955000	955,000
1	2035001	to	2040000	2,035,500
3	3750001	to	3755000	11,250,450
3	7500001	to	7505000	22,500,900
1	24745001	to	24750000	24,748,750
1	28495001	to	28500000	28,498,900
5240				116,004,000

PATTERN OF SHAREHOLDING

as of 30 June 2016

S.No.	Number Of Shareholders		Number of share	Percentage
Directors and their spouse(s) and minor children				
1	SHAUKAT HASAN		500	0.00
2	TAHIR AZAM		500	0.00
3	HASSAN TAHIR		7,500,300	6.47
4	MOHAMMAD BASIT HASSAN		7,500,300	6.47
5	MOHAMMAD ALI HASSAN		7,500,300	6.47
6	MUHAMMAD TABASSUM MUNIR		500	0.00
7	ZALMAI AZAM		500	0.00
8	SYED ASAD ABBAS HUSSAIN		500	0.00
9	DR. SAFDAR ALI BUTT		500	0.00
10	JI WON PARK		500	0.00
11	UZRA TAHIR		28,498,900	24.57
12	UZRA TAHIR		82,500	0.07
13	ARIFA SHAUKAT		24,748,750	21.33
14	ARIFA SHAUKAT		83,000	0.07
15	SANA SABIR		2,500	0.00
16	SANA SABIR		20,000	0.02
		16	75,940,050	65.46
Associated Companies, undertakings and related parties				
1	SK LUBRICANTS		827,775	0.71
		1	827,775	0.71
Executive				
	–	–	–	
Public sector companies and corporations				
1	PAIR INVESTMENT COMPANY LIMITED		178,931	0.15
		1	178,931	0.15
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds				
1	HABIB METROPOLITAN BANK LIMITED		380,000	0.33
2	SILKBANK LIMITED		955,000	0.82
3	FIRST DAWOOD INVESTMENT BANK LIMITED		7,500	0.01
4	DAWOOD FAMILY TAKAFUL LIMITED		42,000	0.04
5	DAWOOD FAMILY TAKAFUL LIMITED		80,562	0.07
6	B.R.R. GUARDIAN MODARABA		15,000	0.01
7	CDC - TRUSTEE APF-EQUITY SUB FUND		50,000	0.04
8	CDC - TRUSTEE APIF - EQUITY SUB FUND		50,000	0.04
		8	1,580,062	1.36
Mutual Funds				
1	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND		2,035,500	1.75
2	CDC - TRUSTEE MCB PAKISTAN ISLAMIC STOCK FUND		426,500	0.37
3	CDC - TRUSTEE ATLAS STOCK MARKET FUND		650,000	0.56
4	CDC-TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND		357,500	0.31
5	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND		250,000	0.22
6	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND		706,500	0.61
		6	4,426,000	3.82

PATTERN OF SHAREHOLDING

as of 30 June 2016

S.No.	Number Of Shareholders		Number of share	Percentage
Foreign Investor				
1	HABIB BANK AG ZURICH, DEIRA DUBAI		400,000	0.34
2	MAHMOOD AHMAD CHAUDHRY		160,000	0.14
		2	560,000	0.48
Others				
1	ASIAN SECURITIES LIMITED		493,000	0.42
2	ALI HUSAIN RAJABALI LTD		100,000	0.09
3	PREMIER FASHIONS (PVT) LTD		67,500	0.06
4	BULK MANAGEMENT PAKISTAN (PVT.) LTD.		390,000	0.34
5	CS CAPITAL (PVT) LTD		10,000	0.01
6	TRUSTEE MOMIN ADAMJEE WELFARE TRUST		15,000	0.01
7	NH SECURITIES (PVT) LIMITED.		20,000	0.02
8	SHAMALIK BROTHERS (PVT) LTD		1,000	0.00
9	AZEE SECURITIES (PRIVATE) LIMITED		500	0.00
10	RAFI SECURITIES (PRIVATE) LIMITED		50,000	0.04
11	DJM SECURITIES (PRIVATE) LIMITED		3,000	0.00
12	SHERMAN SECURITIES (PRIVATE) LIMITED		110,000	0.09
13	AAZEB SECURITIES (PRIVATE) LIMITED		35,000	0.03
14	B & B SECURITIES (PRIVATE) LIMITED		47,000	0.04
15	ABBASI SECURITIES (PRIVATE) LIMITED		33,000	0.03
16	NCC - PRE SETTLEMENT DELIVERY ACCOUNT		105,500	0.09
17	ABM SECURITIES (PVT) LIMITED		16,000	0.01
18	ARIF HABIB LIMITED		215	0.00
19	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT.) LTD.		16,000	0.01
20	ASIATIC TRADERS		22,720	0.02
21	SOHAIL RAZA MOOSANI (SMC-PVT.) LIMITED		27,500	0.02
22	DR. ARSLAN RAZAQUE SECURITIES (SMC-PVT) LTD.		2,000	0.00
23	DAWOOD EQUITIES LTD.		4,000	0.00
24	VALUE STOCK AND COMMODITIES (PRIVATE) LIMITED		7,874	0.01
25	MSMANIAR FINANCIALS (PVT) LTD.		94,000	0.08
26	SEVEN STAR SECURITIES (PVT.) LTD.		20,000	0.02
27	PAK ASIAN FUND LIMITED		1,500	0.00
28	B. K. SAADAAN (PVT) LIMITED		5,000	0.00
29	ABA ALI HABIB SECURITIES (PVT) LIMITED		867,000	0.75
30	MERIN (PRIVATE) LIMITED		500	0.00
31	TRUSTEE-AL-MUSTAFA TRUST		3,000	0.00
32	ISPI Corporation (Private) Limited		31,000	0.03
33	ASDA SECURITIES (PVT.) LTD.		68,500	0.06
34	FOSSIL ENERGY (PVT.) LIMITED		200,000	0.17
35	IHSAN SONS PVT. LTD		500	0.00
		35	2,867,809	2.47
General Public Local		5171	29,623,373	25.54
Total		5240	116,004,000	100.00

PATTERN OF SHAREHOLDING

as of 30 June 2016

Categories of Shareholders		Shareholders	Shareheld	Percentage
Directors and their spouse(s) and minor children		16	75,940,050	65.46
Associated Companies, undertakings and				
related parties		1	827,775	0.71
Executives		–	–	–
Public Sector Companies and Corporations		1	178,931	0.15
Banks, development finance institutions,				
non-banking finance companies,				
insurance companies, takaful, modarabas and				
pension funds		8	1,580,062	1.36
Mutual Funds		6	4,426,000	3.82
General Public				
	a. Local	5171	29,623,373	25.54
	Foreign Investor	2	560,000	0.48
OTHERS		35	2,867,809	2.47
	Totals	5240	116,004,000	100.00

Names of Shareholders with holding 5% or more	Shareheld	Percentage
UZRA TAHIR	28,581,400	24.64
ARIFA SHAUKAT	24,831,750	21.41
HASSAN TAHIR	7,500,300	6.47
MOHAMMAD BASIT HASSAN	7,500,300	6.47
MOHAMMAD ALI HASSAN	7,500,300	6.47

NOTICE OF THE ANNUAL GENERAL MEETING

Hi-Tech Lubricants Ltd.

Notice is hereby given that the 8th Annual General Meeting of the shareholders of Hi-Tech Lubricants Limited will be held on October 24, 2016 at 12:30 p.m. at Crystal Hall, Falettis Hotel, 24-Egerton Road, Lahore. Pakistan, to transact the following business:

Ordinary Business

1. To confirm minutes of 5th Extraordinary General Meeting held on June 16, 2016.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June 2016 together with the Board of Directors' and Auditor's reports thereon.
3. To approve and declare final cash dividend of Rs. 1.35 per share i.e. @ 13.5% as recommended by the Board of Directors and also the interim cash dividend of Rs. 1.30 per share i.e. @ 13% (already paid), making a total of Rs. 2.65 per share i.e. @ 26.5% for the year ended June 30, 2016.
4. To appoint Auditors of the Company for the next financial year 2016-17 and to fix their remuneration. The present auditors M/s Riaz Ahmad & Co. Chartered Accountants, retired and being eligible, offer themselves for reappointment as Auditors of the Company.

SPECIAL BUSINESS

1. To ratify and approve Related Party Transactions with wholly owned subsidiary company for the year ended June 30, 2016.

"Resolved that the following Related Party Transactions with wholly owned subsidiary company for the year ended June 30, 2016 be and are hereby ratified, approved and confirmed."

Name(s)	Nature	Amount
Subsidiary Company		
Hi-Tech Blending (Private) Limited	Share deposit Money	326,350,000
Hi-Tech Blending (Private) Limited	Sale of lubricants	638,000

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

BY ORDER OF THE BOARD

Lahore, October 03, 2016

MUHAMMAD IMRAN (Company Secretary)

Notes:

1. The share transfer books of the company will remain closed from 18-10-2016 to 24-10-2016 (both days inclusive). Transfers received in order at the office of the company's Independent Share Registrar, M/s Central Depository Company of Pakistan Limited, CDC House 99-B, Block 'B', S.M.C.H.S. Main Shahra-e- Faisal, Karachi-74400 by the close of business (5:00 PM) on 17th October, 2016 will be considered in time to be eligible for the purpose of attending and voting at the Extra-Ordinary General Meeting.
2. A member entitled to attend and vote at the Extra-Ordinary General Meeting is entitled to appoint another member as a proxy to attend and vote instead of him/her. The instrument appointing a proxy must be received at the Registered Office of the company not less than 48 hours before the time appointed for the Meeting.
3. Members who have deposited their shares in the Central Depository System of the Central Depository Company of Pakistan Limited will have to follow the under mentioned guidelines as laid down by Securities and Exchange Commission of Pakistan:

A. For Attending the Meeting

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

ii) In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

i) In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.

ii) The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his original CNIC or original passport at the time of the Meeting.

v) In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

4. Notice to Shareholders who have not provided CNIC:

CNIC number of the shareholders is mandatory for the issuance of dividend warrants in terms of S.R.O. 831(I)/ 2012 dated 05 July 2012 read with SRO NO. 19 (I)/2014 dated 10 January 2014 and in the absence of this information, payment of dividend shall be withheld. Therefore, the shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs (if not already provided) directly to our Independent Share Registrar without any further delay.

5. Mandate for E-Dividends for shareholders:

In order to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged by Securities and Exchange Commission of Pakistan (SCEP). The shareholders are encouraged to provide a dividend mandate in favor of e-dividend by providing dividend mandate form duly filled in and signed. The Company shall adopt the procedure of e-dividend in phases. The dividend

NOTICE OF THE ANNUAL GENERAL MEETING

mandate form is available on Company's website and can be emailed. The members who have opted for mandate are requested to check the particulars of bank account which must be in sixteen (16) digits and immediately notify change if any to Independent Share Registrar in case of physical shares and to brokers/CDC in case of CDC account holder.

6. Circulation of Audited Financial Statements:

Securities and Exchange Commission of Pakistan (SECP) through its Notification SRO 787 (I)/2014 dated September 8, 2014 has allowed the circulation of Audited Financial Statements along with Notice of Annual General Meeting to the members of the company through e-mail. Therefore, all members of the company who want to receive soft copy of Annual Report are requested to send their e-mail addresses on complete consent form to company's Share Registrar. The company shall, however, provide hard copy of the Audited Financial Statements to its shareholders, on request, free of cost, within seven days of receipt of such request. The standard consent form for electronic transmission is available at the company's website. i.e. http://hitechlubricants.com/

Deduction of Withholding Tax on the amount of Dividend:

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

The Government of Pakistan through Finance Act, 2016 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

a. For filers of income tax returns 12.5%

b. For non-filers of income tax returns 20%

To enable the company to make tax deduction on the amount of cash dividend whenever declared @ 12.5% instead of 20% or such rates as applicable, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of Federal Board of Revenue, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend otherwise tax on their cash dividend will be deducted @ 20% instead of 12.5%.

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

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

STATEMENT U/S 160(1) (b) OF THE COMPANIES ORDINANCE, 1984

1. Related Party Transactions(RPTs)

The transactions with associated Companies for the sale and purchase of goods and share deposit money were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to clause (x) of the Code of Corporate Governance, 2012.

The following resolution was passed in the AGM held on October 31, 2015:

To authorize Chief Executive of the Company to approve Related Party Transactions for the year ended June 30, 2016 by passing the following resolution with or without modification.

"Resolved that the Chief Executive of the Company be and is hereby authorized to approve the Related Party Transactions with wholly owned subsidiary company on case to case basis during the year ending June 30, 2016.

Resolved further that these transactions shall be placed before the shareholders in the next AGM for their ratification/approval."

Pursuant to above, these transactions have to be approved by the shareholders in the General Meeting.

The commercial reasons for entering into RPTs are the following:

a. SK Lubricants have tremendous support by way of extensive planning and business intelligence assistance and is a world's best lubricant brand
b. To tap domestic market through localization and to obtain benefits of the market as it has grown appreciably in latest years and major brand has a vast gap to tap retail segments of the country along with high end industrial and corporate sectors with major volumes
c. State of the art and elaborated testing facilities at subsidiary company
d. To ensure smooth supply chain and to avoid shortages

The transactions with related parties are entered into on arm's length basis as per policy approved by the Board.

The Company has 100% holding in wholly owned subsidiary company.

2.Authorization to CEO for Related Party Transactions (RPTs)

The Company shall be conducting transactions of sale and purchase of goods with associated companies during the year ending June 30, 2017 in the normal course of business. The majority of Directors are not interested in these transactions any more, and therefore, all the future transactions shall be approved by the Board of Directors on quarterly basis.

FORM OF PROXY

I/We ____________________ a member / member of Hi-Tech Lubricants Limited and holder of__________________shares as per Share Register Folio # / CDC Participant I.D. Participant ID # Sub A/C # / Investor A/C #______________________ do hereby appoint______________________of ______________________or failing him____________________________ of who is also member of the Company vide Registered Folio # ________________________________as my/our Proxy to attend, speak and vote for me /us and on my / our behalf at the Annual General Meeting of the Company to be held on Monday the October 24, 2016 at 12:30 p.m. and at any adjournment thereof.

As witness my/our hand this ____________day of October, 2016 at ___________

Witness' Signature:.......................................
....
Name ....
CNIC # ....
Address...
....

Affix Revenue
Stamp of Rs. 5/-

Witness' Signature:.......................................
....
Name ....
CNIC # ....
Address...
....

Member's
Signature

Date:
Place:

Notes:

1. The Form of Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.

2. CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their Computerized National Identity Cards / Passport in original to provide his / her identity, and in case of Proxy, must enclosed an attested copy of his / her CNIC or Passport. Representatives of corporate members should bring the usual documents for such purpose.

ھائی-ٹیک لبریکنٹس لمیٹڈ

مختارنامہ

میں/ہم ____________ کا/کے ____________

بحیثیت رکن ہائی-ٹیک لبریکنٹس لمیٹڈ اور حامل حصص، بمطابق شیئر رجسٹر فولیو نمبر ____________

اور/یا سی ڈی سی پارٹیسپنٹ (شرکت آئی ڈی نمبر ____________

اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر ____________

محترم/محترمہ ____________

کو اپنے/ہمارے ایماء پر ____________ مورخہ 24 اکتوبر 2016ء، بروز پیر

کو منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا/ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

آج بروز.......................... بتاریخ....................... 2016ء کو دستخط کیے گئے۔

گواہان

1۔

دستخط: ____________

نام: ____________

پتہ ____________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________

پانچ روپے مالیت کے رسیدی ٹکٹ پر دستخط

دستخط کمپنی کے نمونہ دستخط سے
سے مماثل ہونے چاہئیں۔

2۔

دستخط: ____________

نام: ____________

پتہ ____________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________

نوٹ

1۔ ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کر سکتا، وہ اس فارم کو مکمل کرے اور دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل رجسٹرڈ آفس کے پتے پر ارسال کر دے۔

2۔ سی ڈی سی شیئر ہولڈر ہونے کی صورت میں درج بالا کے علاوہ ذیل میں درج ہدایات پر بھی عمل کرنا ہوگا:

(الف) فرد ہونے کی صورت میں اکاؤنٹ ہولڈر یا سب سکاؤنٹ ہولڈر اور/یا وہ جس کی سیکیوریٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں انہیں کمپنی کی جانب سے دی گئی ہدایت کی روشنی میں پراکسی فارم جمع کرانا ہوگا۔

(ب) مختارنامے پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز فارم پر درج ہوں۔

(ج) بینیفشل اونرز (مستفید ہونے والے فرد) کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی جسے نائب مختارنامہ کے ہمراہ پیش کرے گا۔

(د) اجلاس کے وقت نائب کو اپنا اصل کمپیوٹرائزڈ قومی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔

(و) کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن)، بورڈ آف ڈائریکٹرز قرارداد/مع نامزد کردہ شخص/اٹارنی کے نمونہ دستخط پاور آف اٹارنی (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختارنامے) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔

HI-TECH LUBRICANTS LIMITED
Company behind ZIC

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