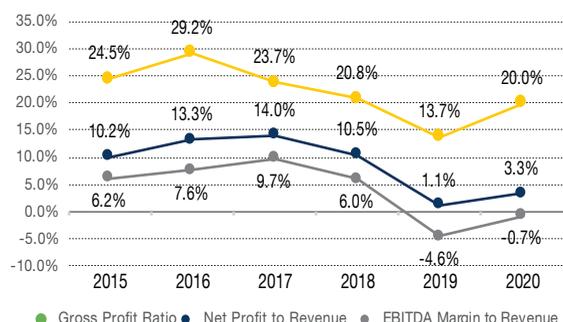


ANALYSIS OF FINANCIAL STATEMENTS

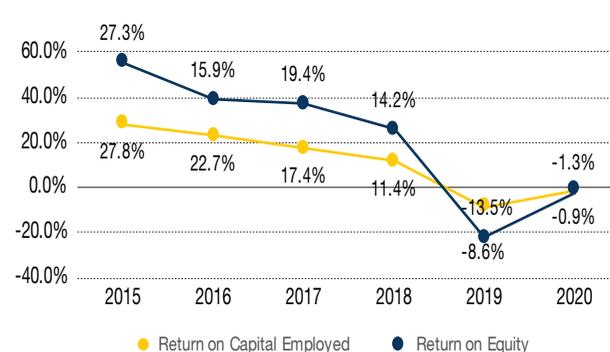
FOR THE CURRENT AND LAST FIVE YEARS

| Key Performance Indicators | UOM | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--------------------------------------|-------|--------|---------|--------|--------|--------|--------|
| PROFITABILITY RATIOS | | | | | | | |
| Gross Profit Ratio | % | 19.99% | 13.72% | 20.84% | 23.69% | 29.16% | 24.47% |
| Net Profit to Revenue | % | -0.71% | -4.61% | 5.99% | 9.71% | 7.55% | 6.18% |
| EBITDA Margin to Revenue | % | 3.32% | 1.15% | 10.49% | 14.02% | 13.27% | 10.16% |
| Operating Leverage Ratio | Times | -6.41 | -50.06 | -0.43 | 2.84 | 2.48 | 3.79 |
| Return on Equity | % | -1.27% | -13.48% | 14.24% | 19.41% | 15.90% | 27.28% |
| Return on Capital Employed | % | -0.86% | -8.65% | 11.38% | 17.40% | 22.74% | 27.83% |
| LIQUIDITY RATIOS | | | | | | | |
| Current Ratio | Times | 1.01 | 1.10 | 1.84 | 1.75 | 3.96 | 1.35 |
| Quick Ratio / Acid Test Ratio | Times | 0.73 | 0.82 | 1.20 | 1.02 | 2.92 | 0.66 |
| Cash to Current Liabilities | Times | 0.08 | 0.06 | 0.31 | 0.04 | 0.29 | 0.12 |
| Cash Flow from Operations to Revenue | Times | 0.22 | -0.13 | 0.13 | -0.05 | 0.06 | 0.08 |

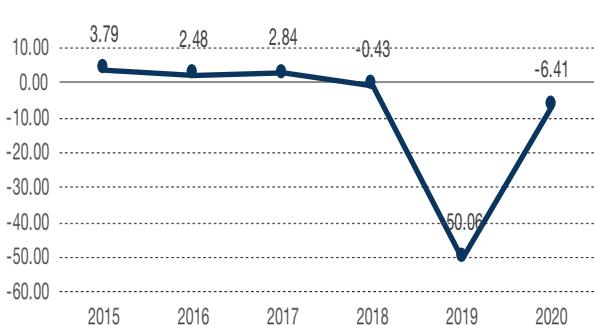
PROFITABILITY RATIOS



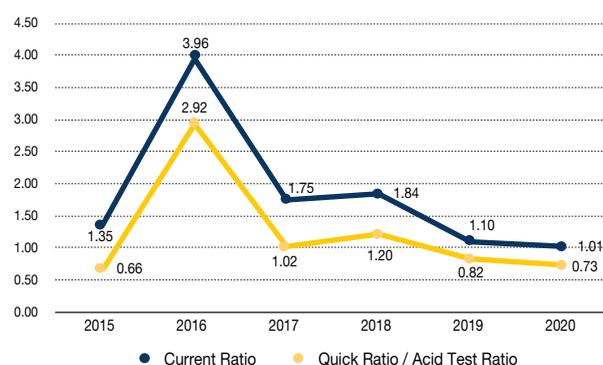
PROFITABILITY RATIOS



OPERATING LEVERAGE RATIO



LIQUIDITY RATIOS



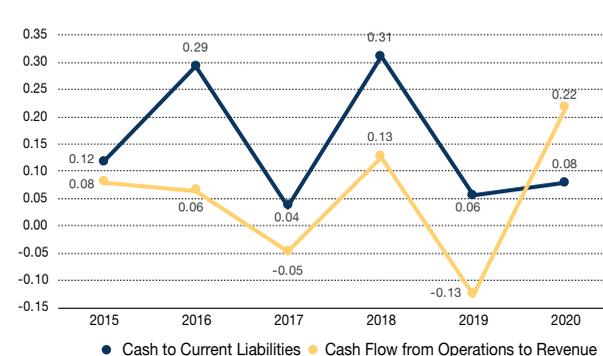
PROFITABILITY RATIOS

Profitability ratios are financial metrics which help to assess the Company's ability in terms of its earnings. This includes Gross Profit Ratio, Net Profit to Revenue Ratio, EBDITDA Margin to Revenue, Operating Leverage Ratio, Return on Equity and Return on Capital Employed. Unfavorable fluctuations in International lubricant prices coupled with market volatility in terms of uncertain global / local economic conditions and abrupt devaluation in rupee against dollar put upward pressure causing the cost of sales to dramatically increase due to which profitability ratios show decreasing trend from mainly in FY 2018 and FY 2019. With a fiercely competitive market, the Company still able to retain its market share by ensuring customers receive high quality products and services at affordable prices which in turn cost to Company's margins. However, in FY 2020 apart from challenges profitability ratios shows improvement which is a positive sign for the Company.

LIQUIDITY RATIOS

Liquidity ratios are financial metrics used to determine Company's ability to meet its short term debt and other short term liabilities when they fall due. This include Current Ratio, Quick Ratio, Cash to Current Liabilities and Cash Flow from Operations to Revenue. Liquidity ratios metrics show mixed trend in FY 2020 as compare to FY 2019. Current Ratio and Quick Ratio show decrease while Cash to Current Liabilities and Cash Flow from Operations to Revenue show some increase in FY 2020 as compare to FY 2019. Increase in Cash Flow from Operations to Revenue from -0.13 time to 0.22 times which is positive indicator for the Company.

LIQUIDITY RATIOS

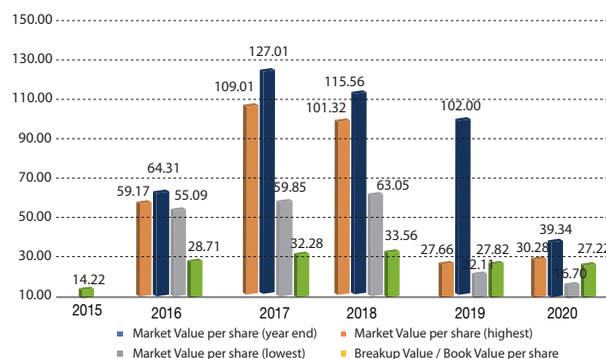


| Key Performance Indicators | UOM | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|----------|---------|---------|---------|---------|---------|---------|
| INVESTMENT/MARKET RATIOS | | | | | | | |
| Earnings / (Loss) per share | Rs. | -0.35 | -3.75 | 4.78 | 6.27 | 5.43 | 4.37 |
| Price Earnings Ratio | Times | -86.51 | -7.38 | 21.20 | 17.39 | 10.90 | * |
| Price to Book Ratio | % | 0.7 | 0.5 | 2.1 | 2.2 | 1.7 | * |
| Dividend Yield Ratio | Times | 0.01 | 0.06 | 0.03 | 0.02 | 0.03 | * |
| Dividend Payout Ratio | % | -71.43% | -46.67% | 73.22% | 43.06% | 27.62% | 320.82% |
| Cash Dividend per share | Rs. | 0.25 | 1.75 | 3.50 | 2.70 | 1.50 | 14.02 |
| Market Value per share (year end) | Rs. | 30.28 | 27.66 | 101.32 | 109.01 | 59.17 | * |
| Market Value per share (highest) | Rs. | 39.34 | 102 | 115.56 | 127.01 | 64.31 | * |
| Market Value per share (lowest) | Rs. | 16.7 | 22.11 | 63.05 | 59.85 | 55.09 | * |
| Breakup Value / Book Value per share | Rs. | 27.2 | 27.8 | 33.6 | 32.3 | 28.7 | 14.2 |
| No. of Shares based on par value of Rs.10 | No.(000) | 116,004 | 116,004 | 116,004 | 116,004 | 116,004 | 87,003 |
| Total Dividend Paid | Rs.(000) | 29,001 | 203,007 | 406,014 | 313,211 | 168,206 | 128,755 |

SHARE PRICE SENSITIVITY ANALYSIS

Share price in the stock market moves due to various factors such as company performance, general market sentiment, economic events and interest rates, etc. Being a responsible and law-compliant Company, HTLL circulates price sensitive information to stock exchanges in accordance with the requirements of listing regulations in a timely manner. During the year 2020, HTLL's share price touched the peak of Rupees 39.34 while the lowest recorded price was Rupees 16.70 with a closing price of Rupees 30.28 at the end of the year.

SHARE PRICE SENSITIVITY ANALYSIS



SEGMENTAL REVIEW

LUBRICANTS

Lubricant segment operations represents purchase and sale of lubricants, parts and rendering of services. Lubricants segment of the Company performed well in comparison from FY 2019 and has been able to achieve profit from operations of Rupees 153.335 million in comparison to loss of Rupees 29.050 million in FY 2019. Detailed segment information has been presented in note 52 of the financial statements.

PETROLEUM PRODUCTS

Petroleum segment operations represents marketing and sale of petroleum products through HTL Fuel Stations. The Company has successfully started its petroleum segment operations during the FY 2020. Detailed segment information has been presented in note 52 of the financial statements.

Company's Revenue in terms of lubricant segment and petroleum segment is stated in the table:

| DESCRIPTION | REVENUE |
|------------------------------|-------------------|
| | Rupee in thousand |
| Lubricants | 5,279,394 |
| Petroleum products | 349,263 |
| Total revenue of the Company | 5,628,657 |

Revenue of petroleum segment operations will increase in line with the increase in fuel stations. On 30 June 2020, the Company have eleven operational fuel stations in Punjab Province.

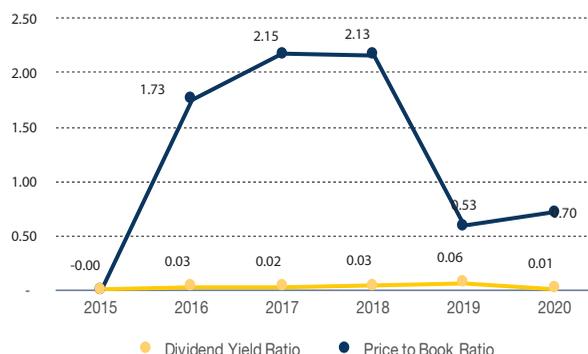
INVESTMENT / MARKET SHARE RATIOS

Stock market has witnessed downfall during the year. On the other hand, the Company has been able to reduce its loss per share from Rupee 3.75 to Rupees 0.35 which is a positive indicator for the Company. Due to macro and micro economic challenges investment / market share ratios shows mixed trend.

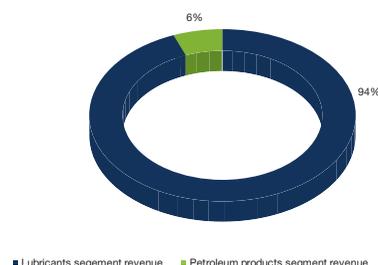
INVESTMENT / MARKET SHARE RATIOS



INVESTMENT / MARKET SHARE RATIOS



SEGMENTAL REVENUE



ANALYSIS OF FINANCIAL STATEMENTS

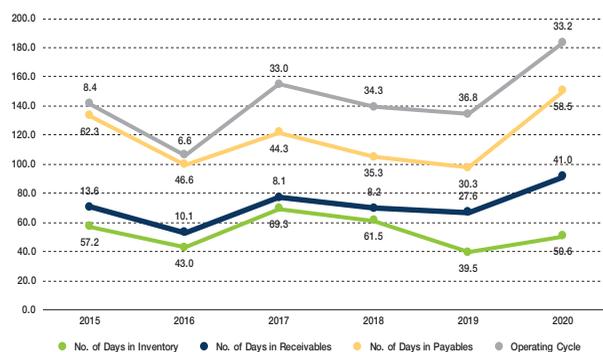
FOR THE CURRENT AND LAST FIVE YEARS

| Key Performance Indicators | UOM | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-------|-------|-------|-------|-------|-------|-------|
| CAPITAL STRUCTURE | | | | | | | |
| Financial Leverage Ratio | Times | 27.0% | 64.3% | 22.2% | 33.2% | 1.1% | 4.2% |
| Long term Debt to Equity Ratio (as per Book Value) | % | 1.84% | 0.46% | 0.77% | 0.57% | 0.07% | 0.00% |
| Long term Debt to Equity Ratio (as per Market Value) | % | 1.65% | 0.46% | 0.3% | 0.2% | - | 0% |
| Interest Coverage Ratio | Times | 0.7 | 0.2 | 11.6 | 29.8 | 55.1 | 21.5 |
| ACTIVITY/TURNOVER RATIOS | | | | | | | |
| Total Assets Turnover Ratio | Times | 1.13 | 1.54 | 1.68 | 1.27 | 1.76 | 2.71 |
| Fixed Assets Turnover Ratio | Times | 3.32 | 5.95 | 6.67 | 7.96 | 21.69 | 26.17 |
| No. of Days in Inventory | Days | 50.63 | 39.55 | 61.45 | 69.26 | 43.03 | 57.16 |
| No. of Days in Receivables | Days | 41.03 | 27.60 | 8.21 | 8.07 | 10.14 | 13.60 |
| No. of Days in Payables | Days | 58.49 | 30.35 | 35.32 | 44.30 | 46.60 | 62.31 |
| Operating Cycle | Days | 33.17 | 36.80 | 34.35 | 33.03 | 6.57 | 8.44 |

INTEREST COVERAGE RATIO



ACTIVITY/TURNOVER RATIOS



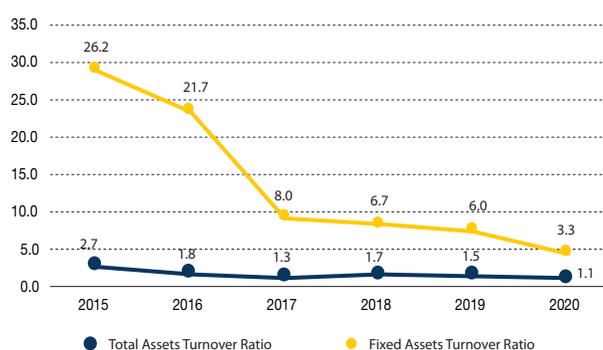
CAPITAL STRUCTURE RATIOS

Interest cover has increased in FY 2020 in comparison from 2019 i.e. 0.7 times from 0.2 times, which is a positive indicator for the Company. Long term debt to equity ratio is increased on account of long term finance obtained by the Company during the year. On the other hand, financial leverage ratio has been decreased during the year which is also a positive indicator for the Company.

ACTIVITY / TURNOVER RATIOS

Operating cycle of the Company has been decreased in comparison from previous two years which depicts efficient working capital management.

ACTIVITY/TURNOVER RATIOS



VERTICAL ANALYSIS

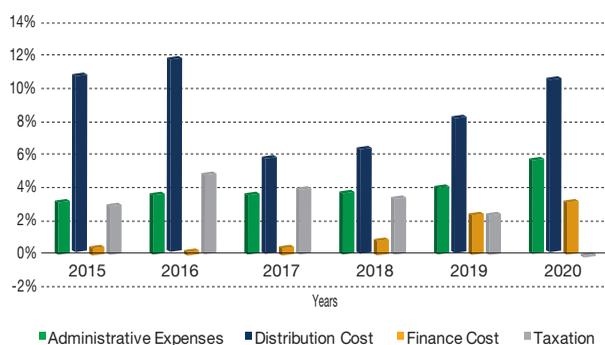
FOR THE CURRENT AND LAST FIVE YEARS

| Profit & Loss | 2020 | | 2019 | | 2018 | | 2017 | | 2016 | | 2015 | |
|-----------------------------------|------------------|------------|------------------|-------------|------------------|------------|------------------|------------|------------------|------------|------------------|------------|
| | Rs. (000) | %age | Rs. (000) | %age | Rs. (000) | %age | Rs. (000) | %age | Rs. (000) | %age | Rs. (000) | %age |
| Net Revenue | 5,628,659 | 100% | 9,431,162 | 100% | 9,253,578 | 100% | 7,488,882 | 100% | 7,015,302 | 100% | 5,466,916 | 100% |
| Cost of Sales | (4,503,767) | 80% | (8,136,799) | 86% | (7,325,252) | 79% | (5,714,430) | 76% | (4,969,649) | 71% | (4,129,152) | 76% |
| Gross Profit | 1,124,892 | 20% | 1,294,363 | 14% | 1,928,326 | 21% | 1,774,452 | 24% | 2,045,653 | 29% | 1,337,764 | 24% |
| Administrative Expenses | (328,230) | 6% | (390,823) | 4% | (351,091) | 4% | (279,254) | 4% | (263,512) | 4% | (177,330) | 3% |
| Distribution Cost | (609,514) | 11% | (795,362) | 8% | (606,107) | 7% | (445,148) | 6% | (851,449) | 12% | (605,095) | 11% |
| EBITDA | 1,050,050 | 19% | 108,178 | 1% | 971,128 | 10% | 1,050,050 | 14% | 930,692 | 13% | 555,339 | 10% |
| Depreciation and Amortization | (157,102) | 3% | (80,777) | 1% | (57,433) | 1% | (44,748) | 1% | (38,311) | 1% | (34,677) | 1% |
| Other Expenses | (24,486) | 0.4% | (103,571) | 1% | (63,070) | 1% | (33,869) | 0.5% | (43,437) | 1% | (47,229) | 1% |
| Other Income | 129,668 | 2% | 113,899 | 1% | 108,463 | 1% | 95,757 | 1% | 46,313 | 1% | 52,825 | 1% |
| EBIT | 1,067,190 | 19% | 37,729 | 0.4% | 959,088 | 10% | 1,067,190 | 14% | 895,257 | 13% | 526,258 | 10% |
| Finance Cost | (186,326) | 3% | (235,072) | 2% | (82,541) | 1% | (35,838) | 0% | (16,240) | 0% | (24,479) | 0% |
| (Loss) / Profit Before Tax | (51,098) | -1% | (197,343) | -2% | 876,547 | 9% | 1,031,352 | 14% | 879,017 | 13% | 501,779 | 9% |
| Taxation | 10,980 | -0.2% | (237,476) | 3% | (322,117) | 3% | (304,484) | 4% | (349,352) | 5% | (164,160) | 3% |
| (Loss) / Profit After Tax | (40,118) | -1% | (434,819) | -5% | 554,430 | 6% | 726,868 | 10% | 529,665 | 8% | 337,619 | 6% |

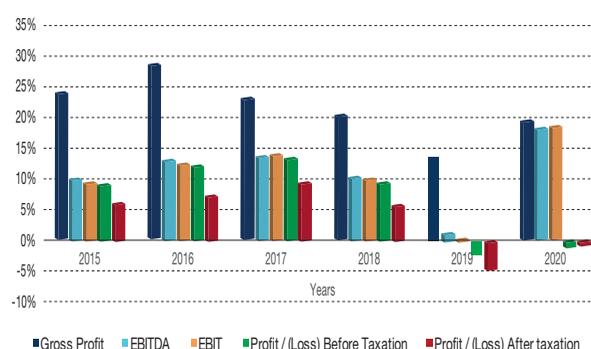
STATEMENT OF PROFIT OR LOSS VERTICAL ANALYSIS

Gross profit of the Company decreased by 13% in comparison to 2019 mainly due to decrease in revenue during the year. General slowdown in the economy, high inflation, rupee devaluation slowdown in automobile industry along with COVID-19 pandemic has effected negatively on the Company's revenue during the year. On the other hand, decrease in period cost in comparison from last year has given the Company positive support due to which net loss of the Company has reduced to Rupees 40 million.

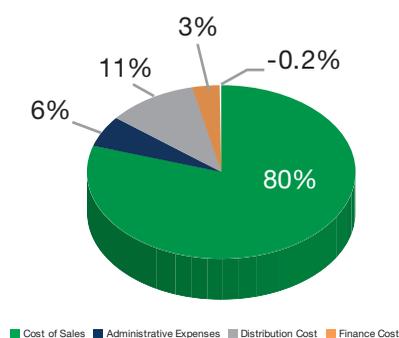
VERTICAL ANALYSIS-EXPENSES (2015-20)



VERTICAL ANALYSIS-PROFITS (2015-20)



VERTICAL ANALYSIS-STATEMENT OF PROFIT OR LOSS (2020)



VERTICAL ANALYSIS

FOR THE CURRENT AND LAST FIVE YEARS

| Statement of Financial Position | 2020 | | 2019 | | 2018 | | 2017 | | 2016 | | 2015 | |
|--|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | Rs. (000) | %age |
| Non current assets | | | | | | | | | | | | |
| Fixed assets | 1,693,746 | 33.9% | 1,583,889 | 25.9% | 1,386,311 | 25.1% | 940,568 | 16.0% | 323,455 | 8.1% | 208,872 | 10.4% |
| Right-of-use assets | 270,943 | 5.4% | - | - | - | - | - | - | - | - | - | - |
| Intangible assets | 7,597 | 0.2% | 8,038 | 0.1% | 2,895 | 0.1% | 7,554 | 0.1% | 12,584 | 0.3% | 13,045 | 0.6% |
| Investment in subsidiary company | 1,300,001 | 26.0% | 1,300,001 | 21.3% | 1,300,001 | 23.5% | 1,300,001 | 22.1% | 1,102,760 | 27.6% | 776,410 | 38.5% |
| Long term loans to employees | - | 0.0% | - | 0.0% | 280 | 0.0% | 1,049 | 0.0% | 3,235 | 0.1% | 2,598 | 0.1% |
| Long term security deposits | 11,745 | 0.2% | 26,154 | 0.4% | 38,612 | 0.7% | 32,737 | 0.6% | 13,504 | 0.3% | 13,628 | 0.7% |
| Deferred income tax asset-net | 107,956 | 2.2% | 39,183 | 0.6% | - | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% |
| Total non current assets | 3,391,988 | 67.9% | 2,957,265 | 48.4% | 2,728,099 | 49.4% | 2,281,909 | 38.8% | 1,455,538 | 36.5% | 1,014,553 | 50.3% |
| Current assets | | | | | | | | | | | | |
| Stock-in-trade | 447,345 | 9.0% | 801,995 | 13.1% | 961,206 | 17.4% | 1,505,338 | 25.6% | 663,266 | 16.6% | 508,481 | 25.2% |
| Trade debts | 76,104 | 1.5% | 1,189,384 | 19.4% | 236,937 | 4.3% | 179,385 | 3.1% | 151,782 | 3.8% | 237,843 | 11.8% |
| Loans and advances | 149,157 | 3.0% | 36,748 | 0.6% | 146,456 | 2.7% | 663,618 | 11.3% | 58,791 | 1.5% | 108,248 | 5.4% |
| Short term deposits and prepayments | 31,144 | 0.6% | 48,894 | 0.8% | 27,934 | 0.5% | 14,611 | 0.2% | 13,684 | 0.3% | 15,440 | 0.8% |
| Accrued Interest | 50,015 | 1.0% | 32,515 | 0.5% | 15,335 | 0.3% | 351.0 | 0.0% | 31 | 0.0% | - | 0.0% |
| Other receivables | 2 | 0.0% | 7,772 | 0.1% | 17,340 | 0.3% | 79,648 | 1.4% | 478 | 0.0% | 44,334 | 2.2% |
| Short term investment | 723,285 | 14.5% | 882,469 | 14.4% | 917,354 | 16.6% | 1,081,129 | 18.4% | 1,458,563 | 36.6% | - | 0.0% |
| Cash and bank balances | 124,178 | 2.5% | 158,925 | 2.6% | 471,605 | 8.5% | 75,113 | 1.3% | 186,863 | 4.7% | 86,784 | 4.3% |
| Total current assets | 1,601,230 | 32.1% | 3,158,702 | 51.6% | 2,794,167 | 50.6% | 3,599,193 | 61.2% | 2,533,458 | 63.5% | 1,001,130 | 49.7% |
| Total assets | 4,993,218 | 100.0% | 6,115,967 | 100.0% | 5,522,266 | 100.0% | 5,881,102 | 100.0% | 3,988,996 | 100.0% | 2,015,683 | 100.0% |
| Capital and reserves | | | | | | | | | | | | |
| Issued, subscribed and paid up capital | 1,160,040 | 23.2% | 1,160,040 | 19.0% | 1,160,040 | 21.0% | 1,160,040 | 19.7% | 1,160,040 | 29.1% | 870,030 | 43.2% |
| Share premium | 1,441,698 | 28.9% | 1,441,698 | 23.6% | 1,441,698 | 26.1% | 1,441,698 | 24.5% | 1,441,698 | 36.1% | - | 0.0% |
| Accumulated profit / (loss) | 555,928 | 11.1% | 625,047 | 10.2% | 1,290,983 | 23.4% | 1,142,568 | 19.4% | 728,911 | 18.3% | 367,451 | 18.2% |
| Total capital and reserves | 3,157,666 | 63.2% | 3,226,785 | 52.8% | 3,892,721 | 70.5% | 3,744,306 | 63.7% | 3,330,649 | 83.5% | 1,237,481 | 61.4% |
| Non current liabilities | | | | | | | | | | | | |
| Long term financing | 42,268 | 0.8% | 1,822 | 0.0% | 14,894 | 0.3% | 13,496 | 0.2% | 1,030 | 0.0% | - | 0.0% |
| Liabilities against assets subject to finance lease | - | 0.0% | 26,625 | 0.4% | 79,105 | 1.4% | 65,810 | 1.1% | 15,175 | 0.4% | 25,154 | 1.2% |
| Lease liabilities | 204,637 | 4.1% | - | - | - | - | - | - | - | - | - | - |
| Long term deposit | 500 | 0.0% | 1,000 | 0.0% | 1,500 | 0.0% | 2,000 | 0.0% | 2,000 | 0.1% | 3,000 | 0.1% |
| Deferred liabilities | 5,285 | 0.1% | - | 0.0% | 12,069 | 0.2% | 3,207 | 0.1% | - | 0.0% | 9,029 | 0.4% |
| Total non current liabilities | 252,690 | 5.1% | 29,447 | 0.5% | 107,568 | 1.9% | 84,513 | 1.4% | 18,205 | 0.5% | 37,183 | 1.8% |
| Current liabilities | | | | | | | | | | | | |
| Trade and other payables | 704,279 | 14.1% | 739,055 | 12.1% | 613,958 | 11.1% | 803,559 | 13.7% | 583,597 | 14.6% | 685,295 | 34.0% |
| Accrued mark-up | 22,103 | 0.4% | 69,576 | 1.1% | 18,217 | 0.3% | 9,517 | 0.2% | 543 | 0.0% | - | 0.0% |
| Short term borrowing | 766,263 | 15.3% | 1,974,915 | 32.3% | 707,636 | 12.8% | 1,118,969 | 19.0% | - | 0.0% | - | 0.0% |
| Current portion of non-current liabilities | 86,779 | 1.7% | 70,939 | 1.2% | 61,094 | 1.1% | 43,489 | 0.7% | 21,752 | 0.5% | 26,455 | 1.3% |
| Unclaimed dividend | 3438 | 0.1% | 4026 | - | 4297 | - | 1,526 | - | - | - | - | - |
| Taxation - net | - | 0.0% | 1,224 | 0.0% | 116,775 | 2.1% | 75,223 | 1.3% | 34,250 | 0.9% | 29,269 | 1.5% |
| Total current liabilities | 1,582,862 | 31.7% | 2,859,735 | 46.8% | 1,521,977 | 27.6% | 2,052,283 | 34.9% | 640,142 | 16.0% | 741,019 | 36.8% |
| Total liabilities and equity | 4,993,218 | 100.0% | 6,115,967 | 100.0% | 5,522,266 | 100.0% | 5,881,102 | 100.0% | 3,988,996 | 100.0% | 2,015,683 | 100.0% |

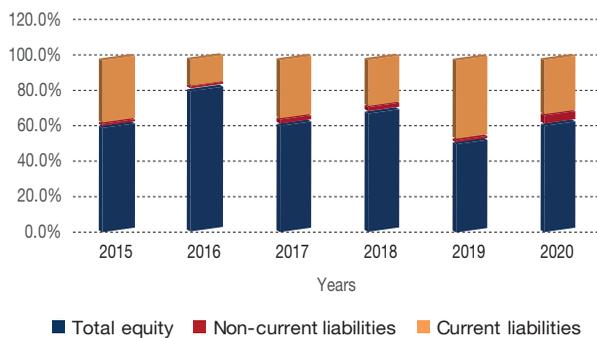
FINANCIAL POSITION'S VERTICAL ANALYSIS

Total assets comprise of current and non-current assets. At 30 June 2020, non-current assets are 67.9% of total assets while current assets are 32.1%.

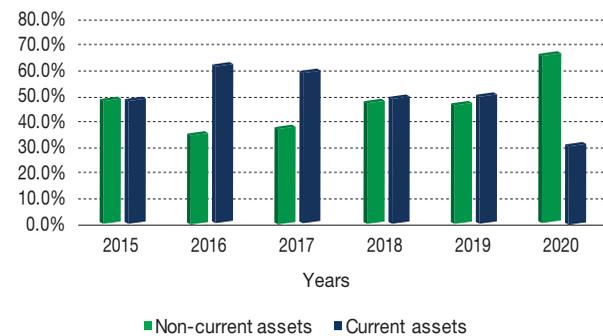
On the other side, share capital and reserves are 63.2% of the total equity and liabilities while non-current liabilities and current liabilities are 5.1% and 31.7% respectively. Share capital and reserves mainly constitute issued subscribed and paid up share capital (23.2%), share premium (28.9%) and unappropriated profit (11.1%).

Non-current liabilities mainly constitute lease liabilities (4.1%) and long term financing (0.8%). Current liabilities mainly constitute short term financing (15.3%) and trade and other payables (14.1%).

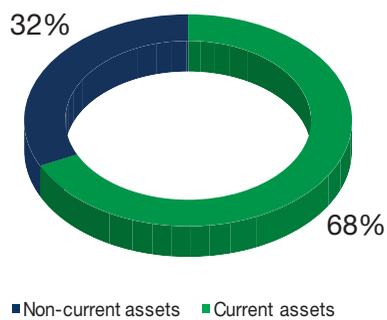
VERTICAL ANALYSIS-TOTAL EQUITY & LIABILITIES (2020)



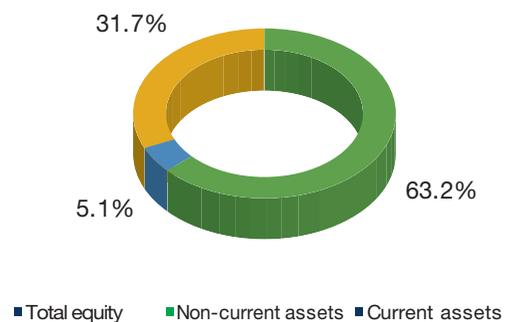
VERTICAL ANALYSIS-TOTAL ASSETS (2020)



VERTICAL ANALYSIS-TOTAL ASSETS (2020)



VERTICAL ANALYSIS-TOTAL EQUITY & LIABILITIES (2020)



HORIZONTAL ANALYSIS

FOR THE CURRENT AND LAST FIVE YEARS

| Statement of Financial Position | 2020 | 2020 vs 2019 | 2019 | 2019 vs 2018 | 2018 | 2018 vs 2017 | 2017 | 2017 vs 2016 | 2016 | 2016 vs 2015 | 2015 |
|---|------------------|----------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|
| | Rs. (000) | %age | Rs. (000) | %age | Rs. (000) | %age | Rs. (000) | %age | Rs. (000) | %age | Rs. (000) |
| Non current assets | | | | | | | | | | | |
| Fixed assets | 1,693,746 | 6.94% | 1,583,889 | 14.25% | 1,386,311 | 47% | 940,568 | 191% | 323,455 | 55% | 208,872 |
| Right-of-use assets | 270,943 | 271.00% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| Intangible assets | 7,597 | -5.49% | 8,038 | 0% | 2,895 | 0% | 7,554 | 0% | 12,584 | 0% | 13,045 |
| Investment in subsidiary company | 1,300,001 | 0.00% | 1,300,001 | 0% | 1,300,001 | 0% | 1,300,001 | 18% | 1,102,760 | 42% | 776,410 |
| Long term loans to employees | - | 0.00% | - | 0% | 280 | -73% | 1,049 | -68% | 3,235 | 25% | 2,598 |
| Long term security deposits | 11,745 | -55.09% | 26,154 | -32% | 38,612 | 18% | 32,737 | 142% | 13,504 | -1% | 13,628 |
| Deferred income tax asset-net | 107,956 | 175.52% | 39,183 | 0% | - | 0% | - | 0% | - | 0% | - |
| Total non current assets | 3,391,988 | 14.70% | 2,957,265 | 8.4% | 2,728,099 | 19.6% | 2,281,909 | 56.8% | 1,455,538 | 43.5% | 1,014,553 |
| Current assets | | | | | | | | | | | |
| Stock-in-trade | 447,345 | -44.22% | 801,995 | -17% | 961,206 | -36% | 1,505,338 | 127% | 663,266 | 30% | 508,481 |
| Trade debts | 76,104 | -93.60% | 1,189,384 | 402% | 236,937 | 32% | 179,385 | 18% | 151,782 | -36% | 237,843 |
| Loans and advances | 149,157 | 305.89% | 36,748 | -75% | 146,456 | -78% | 663,618 | 1029% | 58,791 | -46% | 108,248 |
| Short term deposits and prepayments | 31,144 | -36.30% | 48,894 | 75% | 27,934 | 91% | 14,611 | 7% | 13,684 | -11% | 15,440 |
| Accrued Interest | 50,015 | 53.82% | 32,515 | 88% | 17,340 | | 79,648 | | 478 | | 44,334 |
| Other receivables | 2 | -99.97% | 7,772 | -49% | 15,335 | 150% | 351.0 | 0% | 31 | 0% | - |
| Short term investment | 723,285 | -18.04% | 882,469 | -4% | 917,354 | -15% | 1,081,129 | -26% | 1,458,563 | 0% | - |
| Cash and bank balances | 124,178 | -21.86% | 158,925 | -66% | 471,605 | 528% | 75,113 | -60% | 186,863 | 115% | 86,784 |
| Total current assets | 1,601,230 | -49.31% | 3,158,702 | 13% | 2,794,167 | -22% | 3,599,193 | 42% | 2,533,458 | 153% | 1,001,130 |
| Total assets | 4,993,218 | -18.36% | 6,115,967 | 11% | 5,522,266 | -6% | 5,881,102 | 47% | 3,988,996 | 98% | 2,015,683 |
| Capital and reserves | | | | | | | | | | | |
| Issued, subscribed and paid up capital | 1,160,040 | 0.00% | 1,160,040 | 0% | 1,160,040 | 0% | 1,160,040 | 0% | 1,160,040 | 33% | 870,030 |
| Share premium | 1,441,698 | 0.00% | 1,441,698 | 0% | 1,441,698 | 0% | 1,441,698 | 0% | 1,441,698 | 0% | - |
| Accumulated profit / (loss) | 555,928 | -11.06% | 625,047 | -52% | 1,290,983 | 13% | 1,142,568 | 57% | 728,911 | 98% | 367,451 |
| Total capital and reserves | 3,157,666 | -2.14% | 3,226,785 | -17% | 3,892,721 | 4% | 3,744,306 | 12% | 3,330,649 | 169% | 1,237,481 |
| Non current liabilities | | | | | | | | | | | |
| Long term financing | 42,268 | 2219.87% | 1,822 | -88% | 14,894 | 10% | 13,496 | 1210% | 1,030 | 0% | - |
| Liabilities against assets subject to finance lease | - | -100.00% | 26,625 | -66% | 79,105 | 20% | 65,810 | 334% | 15,175 | -40% | 25,154 |
| Lease liabilities | 204,637 | 100.00% | - | - | - | - | - | - | - | - | - |
| Long term deposits | 500 | -50.00% | 1,000 | -33% | 1,500 | -25% | 2,000 | 0% | 2,000 | -33% | 3,000 |
| Deferred liabilities | 5,285 | 500.00% | - | -100% | 12,069 | 276% | 3,207 | 0% | - | -100% | 9,029 |
| Total non current liabilities | 252,690 | 758.12% | 29,447 | -73% | 107,568 | 27% | 84,513 | 364% | 18,205 | -51% | 37,183 |
| Current liabilities | | | | | | | | | | | |
| Trade and other payables | 704,279 | -4.71% | 739,055 | 20% | 613,958 | -24% | 803,559 | 38% | 583,597 | -15% | 685,295 |
| Accrued mark-up/profit | 22,103 | -68.23% | 69,576 | 282% | 18,217 | 91% | 9,517 | 1653% | 543 | 0% | - |
| Short term borrowing | 766,263 | -61.20% | 1,974,915 | 179% | 707,636 | -37% | 1,118,969 | 0% | - | 0% | - |
| Current portion of non-current liabilities | 86,779 | 22.33% | 70,939 | 16% | 61,094 | 40% | 43,489 | 100% | 21,752 | -18% | 26,455 |
| Unclaimed dividend | 3,438 | -14.61% | 4026 | | 4297 | | 1,526 | | - | | - |
| Taxation - net | - | -100.00% | 1,224 | -99% | 116,775 | 55% | 75,223 | 120% | 34,250 | 17% | 29,269 |
| Total current liabilities | 1,582,862 | -44.65% | 2,859,735 | 88% | 1,521,977 | -26% | 2,052,283 | 221% | 640,142 | -14% | 741,019 |
| Total liabilities and equity | 4,993,218 | -18.36% | 6,115,967 | 11% | 5,522,266 | -6% | 5,881,102 | 47% | 3,988,996 | 98% | 2,015,683 |
| Statement of Profit or Loss | | | | | | | | | | | |
| | Rs. (000) | %age | Rs. (000) | Rs. (000) | %age |
| Net Revenue | 5,628,659 | -40% | 9,431,162 | 2% | 9,253,578 | 24% | 7,488,882 | 7% | 7,015,302 | 28% | 5,466,916 |
| Cost of Sales | (4,503,767) | -45% | (8,136,799) | 11% | (7,325,252) | 28% | (5,714,430) | 15% | (4,969,649) | 20% | (4,129,152) |
| Gross Profit | 1,124,892 | -13% | 1,294,363 | -33% | 1,928,326 | 9% | 1,774,452 | -13% | 2,045,653 | 53% | 1,337,764 |
| Administrative Expenses | (328,230) | -16% | (390,823) | 11% | (351,091) | 26% | (279,254) | 6% | (263,512) | 49% | (177,330) |
| Distribution Cost | (609,514) | -23% | (795,362) | 31% | (606,107) | 36% | (445,148) | -48% | (851,449) | 41% | (605,095) |
| EBITDA | 187,148 | 73% | 108,178 | -89% | 971,128 | -8% | 1,050,050 | 13% | 930,692 | 68% | 555,339 |
| Depreciation and Amortization | (157,102) | 94% | (80,777) | 41% | (57,433) | 28% | (44,748) | 17% | (38,311) | 10% | (34,677) |
| Other Expenses | (24,486) | -76% | (103,571) | 64% | (63,070) | 86% | (33,869) | -22% | (43,437) | -8% | (47,229) |
| Other Income | 129,668 | 14% | 113,899 | 5% | 108,463 | 13% | 95,757 | 107% | 46,313 | -12% | 52,825 |
| EBIT | 135,228 | 258% | 37,729 | -96% | 959,088 | -10% | 1,067,190 | 19% | 895,257 | 70% | 526,258 |
| Finance Cost | (186,326) | -21% | (235,072) | 185% | (82,541) | 130% | (35,838) | 121% | (16,240) | -34% | (24,479) |
| (Loss) / Profit Before Tax | (51,098) | -74% | (197,343) | -123% | 876,547 | -15% | 1,031,352 | 17% | 879,017 | 75% | 501,779 |
| Taxation | 10,980 | -105% | (237,476) | -26% | (322,117) | 6% | (304,484) | -13% | (349,352) | 113% | (164,160) |
| (Loss) / Profit After Tax | (40,118) | -91% | (434,819) | -178% | 554,430 | -24% | 726,868 | 37% | 529,665 | 57% | 337,619 |

FINANCIAL POSITION HORIZONTAL ANALYSIS

Non-current assets have been increased by Rupees 434.723 million (14.7%) from the last year. This increase was mainly due to investments made in expansion projects that support Company's growth strategy and recognition of right of use assets on adoption of IFRS 16 'Leases'.

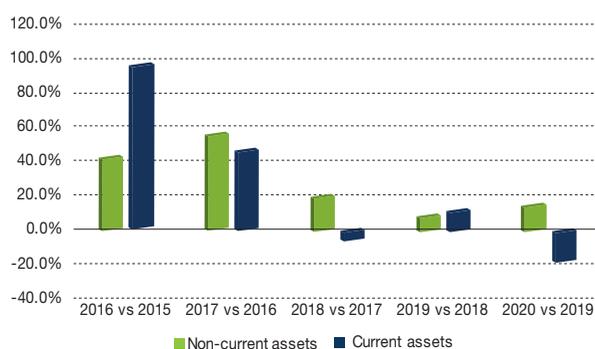
Current assets primarily comprise of inventory, trade debts, short term investments and cash and bank balances. On an aggregate basis, current assets decreased by Rupees 1,557.472 million (-49.31%) mainly on account of decrease in stock-trade by Rupees 354.650 million (-44.22%) and trade debts by Rupees 1,113.280 million (-93.60%) in comparison to last year.

Shareholders' equity has been decreased by Rupees 69.119 million (-2.14%) due to net loss of Rupees 40.118 million and apportionment of final dividend for the year 30 June 2019 of Rupees 29.001 million.

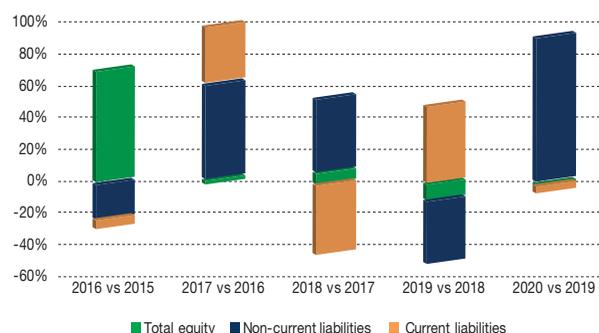
Non-current liabilities for the year have been increased by 758% with an amount of Rupees 223.243 million. Mainly due to increase in long term finance facility by the Company and increase in lease liabilities due to adoption of IFRS 16 'Leases'.

Current liabilities have decreased by Rupees 1,276 million mainly due to decrease in short term borrowings of the Company.

HORIZONTAL ANALYSIS-TOTAL ASSETS



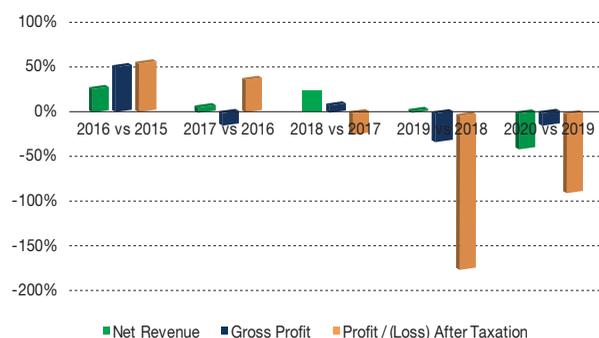
HORIZONTAL ANALYSIS-TOTAL EQUITY & LIABILITIES



STATEMENT OF PROFIT OR LOSS HORIZONTAL ANALYSIS

Gross profit has been decreased by Rupees 169.471 million in comparison to last year mainly due to decrease in revenue of the Company during the year. The decrease in revenue is mainly due to general economic slowdown coupled with COVID-19 pandemic. However, on the other hand the Company was able to decrease its distribution cost, administrative cost and other expenses by effective cost control measures. Finance cost has been decrease due to repayment of short term borrowings by the Company. While other income shows positive increase mainly on account of reversal of allowance for expected credit losses as the Company timely recovered its trade debts. FY 2020 was remained challenging, but due to effective management the Company able to sustained its position and reported a net loss of Rupees 40.118 million in comparison to net loss of Rupees 434.819 million reported in FY 2019.

HORIZONTAL ANALYSIS-PROFIT OR LOSS

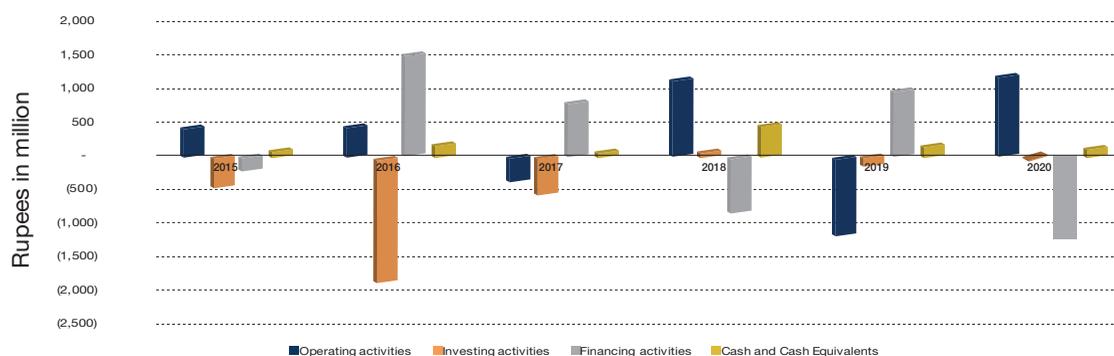


CASH FLOWS ANALYSIS

FOR THE CURRENT AND LAST FIVE YEARS

| Summary of Cash Flow Statement | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------------------------|--------------------|------------------|------------------|--------------------|------------------|
| | Amounts in PKR Thousands | | | | | |
| Cash flow from operating activities | | | | | | |
| (Loss) / profit before taxation | (51,098) | (197,341) | 876,546 | 1,031,351 | 879,017 | 501,779 |
| Adjustments for non-cash items and other items | 218,949 | 290,049 | 81,069 | 8,525 | 17,554 | 10,729 |
| Working capital changes | 1,354,187 | (685,165) | 561,664 | (1,091,236) | (70,540) | 102,707 |
| Finance cost paid | (233,431) | (183,712) | (73,841) | (26,864) | (15,697) | (29,194) |
| Income tax paid | (74,725) | (404,279) | (271,703) | (260,304) | (353,145) | (142,913) |
| Net decrease in long term loan to employees | 280 | 769 | 1,390 | 3,058 | (1,176) | (1,794) |
| Net decrease / (increase) in long term security deposits | 2,898 | (3,538) | (7,700) | (24,555) | (4,791) | (3,700) |
| (Decrease) / increase in long term deposits | (500) | (500) | (500) | - | (1,000) | 1,000 |
| Net cash generated from / (used in) operating activities | 1,216,560 | (1,183,717) | 1,166,925 | (360,025) | 450,222 | 438,614 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Capital expenditures on operating fixed assets | (282,116) | (275,337) | (440,267) | (650,938) | (138,692) | (10,032) |
| Capital expenditures on intangible assets | (5,362) | (8,026) | (676) | (1,865) | (5,985) | (905) |
| Proceeds from disposal of operating fixed assets | 15,395 | 8,024 | 9,537 | 74,722 | 2,805 | 61,082 |
| Investment in subsidiary company | - | - | - | (197,241) | (326,350) | (521,410) |
| Loans to subsidiary company | - | (548,900) | (296,500) | (261,000) | - | - |
| Repayment of loans by subsidiary company | - | 548,900 | 557,500 | - | - | - |
| Short term investments - net | 153,963 | 30,869 | 155,000 | 378,663 | (1,453,246) | - |
| Dividend received | 10,437 | 1,132 | 272 | 1,151 | - | - |
| Interest received on loans to subsidiary company | 7,741 | 41,196 | 28,948 | - | - | - |
| Profit on bank deposits and term deposits received | 86,942 | 69,330 | 57,615 | 85,353 | 27,394 | 6,321 |
| Net cash used in financing activities | (13,000) | (132,812) | 71,429 | (571,155) | (1,894,074) | (464,944) |
| Cash flow from financing activities | | | | | | |
| Proceeds from issue of share capital - net | - | - | - | - | 1,731,708 | 120,000 |
| Repayment of liabilities against assets subject to finance lease | - | (45,153) | (35,973) | (5,804) | (22,830) | (21,769) |
| Repayment of lease liabilities | (48,576) | - | - | - | - | - |
| Dividends paid | (29,589) | (203,278) | (403,243) | (312,549) | (167,341) | (128,755) |
| Proceeds from long term financing | 63,404 | - | 21,865 | 23,135 | 2,727 | - |
| Repayment of long term financing | (14,894) | (15,000) | (13,178) | (4,321) | (333) | - |
| Short term borrowings - net | (1,208,652) | 1,267,280 | (411,333) | 1,118,969 | - | (37,528) |
| Loan from directors | - | - | - | - | - | (140,760) |
| Net cash (used in) / from financing activities | (1,238,307) | 1,003,849 | (841,862) | 819,430 | 1,543,931 | (208,812) |
| Net (decrease) / increase in cash and cash equivalents | (34,747) | (312,680) | 396,492 | (111,750) | 100,079 | (235,142) |
| Cash and cash equivalents at the beginning of the year | 158,925 | 471,605 | 75,113 | 186,863 | 86,784 | 321,926 |
| Cash and cash equivalents at the end of year | 124,178 | 158,925 | 471,605 | 75,113 | 186,863 | 86,784 |

ANALYSIS OF CASH FLOWS



CASH FLOWS ANALYSIS

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

OPERATING ACTIVITIES

After excluding impact of non-cash items, the Company witnessed increase in net cash generated from operating activities by Rupees 1.217 billion in comparison to the last year's net decrease of Rupees 1.184 billion. This is mainly due to reduction in trade debts of the Company during the year.

INVESTING ACTIVITIES

HTLL used net cash amounting to Rupees 13.001 million in investing activities while in last year it was Rupees 132.811 million. This mainly due to recoveries on account of short term investments during the year.

FINANCING ACTIVITIES

Net outflows from financing activities are Rupees 1.238 billion as compared to the Rupees 1.004 billion last year. This substantial increase in cash outflows is mainly due to repayment of short term borrowings.

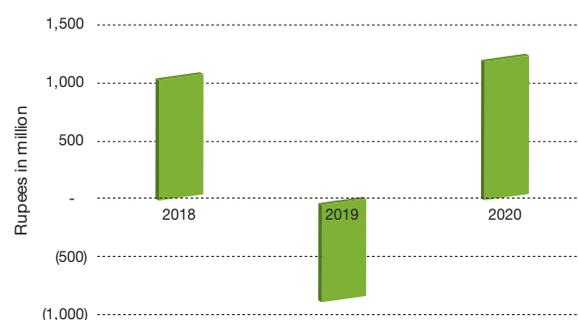
CASH AND CASH EQUIVALENTS

Cash and cash equivalents are reduced by Rupees 34.748 million mainly on account of outflows in financing activities.

ANALYSIS OF FREE CASH FLOWS

| Free Cash Flows | 2020 | 2019 |
|--|------------------|------------------|
| (Loss) / profit before taxation | (51,098) | (197,341) |
| Adjustments for non-cash items and other items | 218,949 | 290,049 |
| Working capital changes | 1,354,187 | (685,165) |
| Capital additions | (287,478) | (283,363) |
| Free Cash Flows | 1,234,560 | (875,820) |

FREE CASH FLOWS



DIRECT METHOD CASH FLOWS

| Cash Flows From Operating Activities | 2020 | 2019 |
|--|------------------------|------------------------|
| Collection from customers | 8,157,274,771 | 10,383,438,441 |
| Payments to employees as remuneration | (557,416,534) | (484,096,196) |
| Payments to suppliers and service providers | (4,645,985,957) | (8,580,619,806) |
| Income tax paid | (74,724,817) | (404,278,887) |
| Sales tax paid | (1,428,792,867) | (1,914,140,374) |
| Finance cost paid | (233,430,812) | (183,712,464) |
| Zakat paid | (363,462) | (307,597) |
| Net cash generated from / (used in) operating activities | 1,216,560,322 | (1,183,716,883) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditures on operating fixed assets | (282,116,245) | (275,337,578) |
| Capital expenditure on intangible assets | (5,362,625) | (8,025,992) |
| Proceeds from disposal of operating fixed assets | 15,395,072 | 8,024,425 |
| Loans to subsidiary company | - | (548,900,000) |
| Repayment of loans by subsidiary company | - | 548,900,000 |
| Short term investments - net | 153,963,043 | 30,869,260 |
| Dividends received | 10,437,403 | 1,132,225 |
| Interest received on loans to subsidiary company | 7,741,006 | 41,195,974 |
| Profit on bank deposits and term deposit receipts received | 86,941,717 | 69,330,110 |
| Net cash from / (used in) investing activities | (13,000,629) | (132,811,576) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of liabilities against assets subject to finance lease | - | (45,152,757) |
| Repayment of lease liabilities | (48,575,756) | - |
| Dividend paid | (29,588,773) | (203,278,160) |
| Proceeds from long term financing | 63,404,019 | - |
| Repayment of long term financing | (14,894,159) | (15,000,007) |
| Short term borrowings - net | (1,208,652,827) | 1,267,280,086 |
| Net cash (used in) / from financing activities | (1,238,307,496) | 1,003,849,162 |
| Net decrease in cash and cash equivalents | (34,747,803) | (312,679,297) |
| Cash and cash equivalents at the beginning of the year | 158,925,453 | 471,604,750 |
| Cash and cash equivalents at the end of the year | 124,177,650 | 158,925,453 |

QUARTERLY ANALYSIS

FOR THE **CURRENT YEAR**

| Profit & Loss | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
|--|--------------------------|-------------|-------------|-------------|
| | Amounts in PKR Thousands | | | |
| GROSS REVENUE | 606,055 | 2,022,478 | 2,097,491 | 2,560,627 |
| DISCOUNTS | (15,247) | (9,205) | (70,731) | (175,247) |
| | 590,808 | 2,013,273 | 2,026,760 | 2,385,380 |
| SALES TAX | (127,575) | (399,893) | (390,945) | (469,149) |
| NET REVENUE | 463,233 | 1,613,380 | 1,635,815 | 1,916,231 |
| COST OF SALES | (397,790) | (1,244,983) | (1,301,318) | (1,559,676) |
| GROSS PROFIT | 65,443 | 368,397 | 334,497 | 356,555 |
| DISTRIBUTION COST | (205,246) | (163,409) | (180,083) | (165,074) |
| ADMINISTRATIVE EXPENSES | (98,955) | (98,113) | (94,336) | (89,631) |
| OTHER EXPENSES | (4,672) | (4,859) | (8,926) | (6,029) |
| | (308,873) | (266,381) | (283,345) | (260,734) |
| OTHER INCOME | 41,035 | 33,732 | 24,946 | 29,955 |
| (LOSS) / PROFIT FROM OPERATIONS | (202,395) | 135,748 | 76,098 | 125,776 |
| FINANCE COST | (37,919) | (58,487) | (52,916) | (37,004) |
| (LOSS) / PROFIT BEFORE TAXATION | (240,314) | 77,261 | 23,182 | 88,772 |
| TAXATION | (13,274) | (8,795) | (13,684) | 46,733 |
| (LOSS) / PROFIT AFTER TAXATION | (253,588) | 68,466 | 9,498 | 135,505 |

| Statement of Financial Position | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
|---|--------------------------|-------------|-------------|-------------|
| | Amounts in PKR Thousands | | | |
| EQUITY AND LIABILITIES | | | | |
| SHARE CAPITAL AND RESERVES | | | | |
| Authorized share capital | | | | |
| 150,000,000 (2019: 150,000,000) | | | | |
| ordinary shares of Rupees 10 each | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| Issued, subscribed and paid-up share capital | 1,160,040 | 1,160,040 | 1,160,040 | 1,160,040 |
| Reserves | 1,813,155 | 1,852,620 | 1,862,118 | 1,997,626 |
| Total Equity | 2,973,195 | 3,012,660 | 3,022,158 | 3,157,666 |
| LIABILITIES | | | | |
| NON-CURRENT LIABILITIES | | | | |
| Long term financing | - | - | - | 42,268 |
| Liabilities against assets subject to finance lease | 19,480 | - | - | - |
| Lease Liabilities | - | 141,726 | 154,888 | 204,637 |
| Long term deposits | 1,000 | 500 | 500 | 500 |
| Deferred liability | - | - | - | 5,285 |
| | 20,480 | 142,226 | 155,388 | 252,690 |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | 1,153,185 | 455,551 | 383,246 | 704,279 |
| Accrued mark-up | 37,592 | 49,639 | 51,425 | 22,103 |
| Current portion of non-current liabilities | 49,084 | 68,211 | 24,910 | 86,779 |
| Unclaimed dividend | 3,897 | 3,892 | 3,474 | 3,438 |
| Short term borrowings | 1,230,754 | 1,463,977 | 1,255,222 | 766,263 |
| Taxation - net | 98 | - | - | - |
| | 2,474,610 | 2,041,270 | 1,718,277 | 1,582,862 |
| Total liabilities | 2,495,090 | 2,183,496 | 1,873,665 | 1,835,552 |
| Contingencies and Commitments | - | - | - | - |
| TOTAL EQUITY AND LIABILITIES | 5,468,285 | 5,196,156 | 4,895,823 | 4,993,218 |

| Statement of Financial Position | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
|-------------------------------------|--------------------------|-------------|-------------|-------------|
| | Amounts in PKR Thousands | | | |
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| Fixed assets | 1,605,769 | 1,561,734 | 1,670,652 | 1,693,746 |
| Right-of-use assets | - | 260,901 | 242,009 | 270,943 |
| Intangible assets | 8,216 | 6,844 | 6,332 | 7,597 |
| Investment in subsidiary company | 1,300,001 | 1,300,001 | 1,300,001 | 1,300,001 |
| Long term loans to employees | - | - | - | - |
| Long term security deposits | 26,104 | 22,123 | 22,133 | 11,745 |
| Deffered income tax asset - net | 39,183 | 59,183 | 59,183 | 107,956 |
| | 2,979,273 | 3,210,786 | 3,300,310 | 3,391,988 |
| CURRENT ASSETS | | | | |
| Stock-in-trade | 1,252,670 | 732,106 | 523,682 | 447,345 |
| Trade debts | 78,992 | 86,621 | 128,649 | 76,104 |
| Loans and advances | 72,063 | 211,466 | 67,252 | 149,157 |
| Short term deposits and prepayments | 52,598 | 48,938 | 20,581 | 31,144 |
| Other receivables | 51,637 | 20,499 | 54,809 | 50,015 |
| Accrued interest | 1,721 | 18 | 23 | 2 |
| Short term investments | 789,926 | 838,408 | 746,004 | 723,285 |
| Cash and bank balances | 189,405 | 47,315 | 54,513 | 124,178 |
| | 2,489,012 | 1,985,370 | 1,595,513 | 1,601,230 |
| TOTAL ASSETS | 5,468,285 | 5,196,156 | 4,895,823 | 4,993,218 |

QUARTERLY ANALYSIS REVENUE

First quarter of the fiscal year, which is generally slower coupled with economic slowdown, one represents 8% of total revenue with increasing trend in remaining quarters with highest in fourth quarter which represent 34% of total revenue.

COST OF SALES

Cost of sales shows increasing trend in FY 2020 with lowest in first quarter and highest is fourth quarter in line with the revenue of the Company.

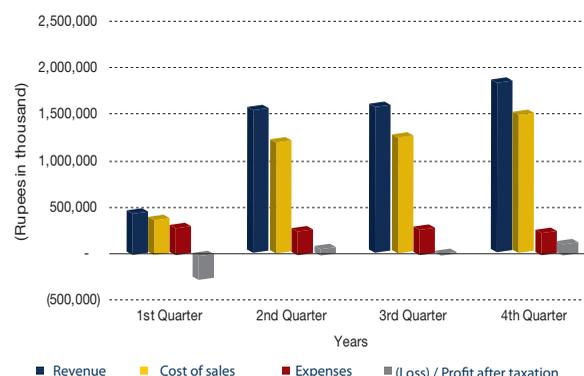
PROFIT FROM OPERATIONS

The Company reported loss from operations in its first quarter due to seasonal impact and general economic slowdown. The Company then struggled hard to get back in track and reported profit from operations in remaining three quarters of FY 2020. The Company was expecting to achieve profitable results on whole year basis, but last quarter saw overall economic and social activity due to COVID 19 pandemic, not able to achieve profitable annual results. But the Company performs well in last three quarters specially in COVID-19 pandemic due to effective management.

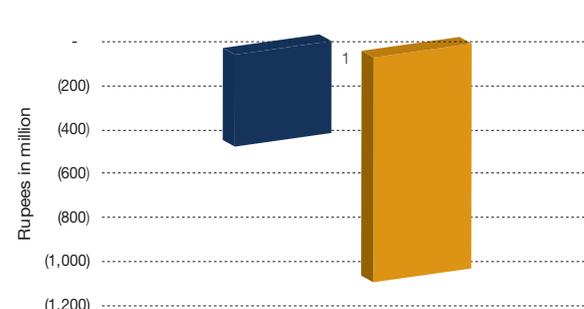
ECONOMIC VALUE ADDED

Economic value added (EVA) is used to measure the value a company generates from funds into its business. In FY 2020, although EVA of the Company showing declined of Rupees 437 million but it reflects improvement than FY 2019.

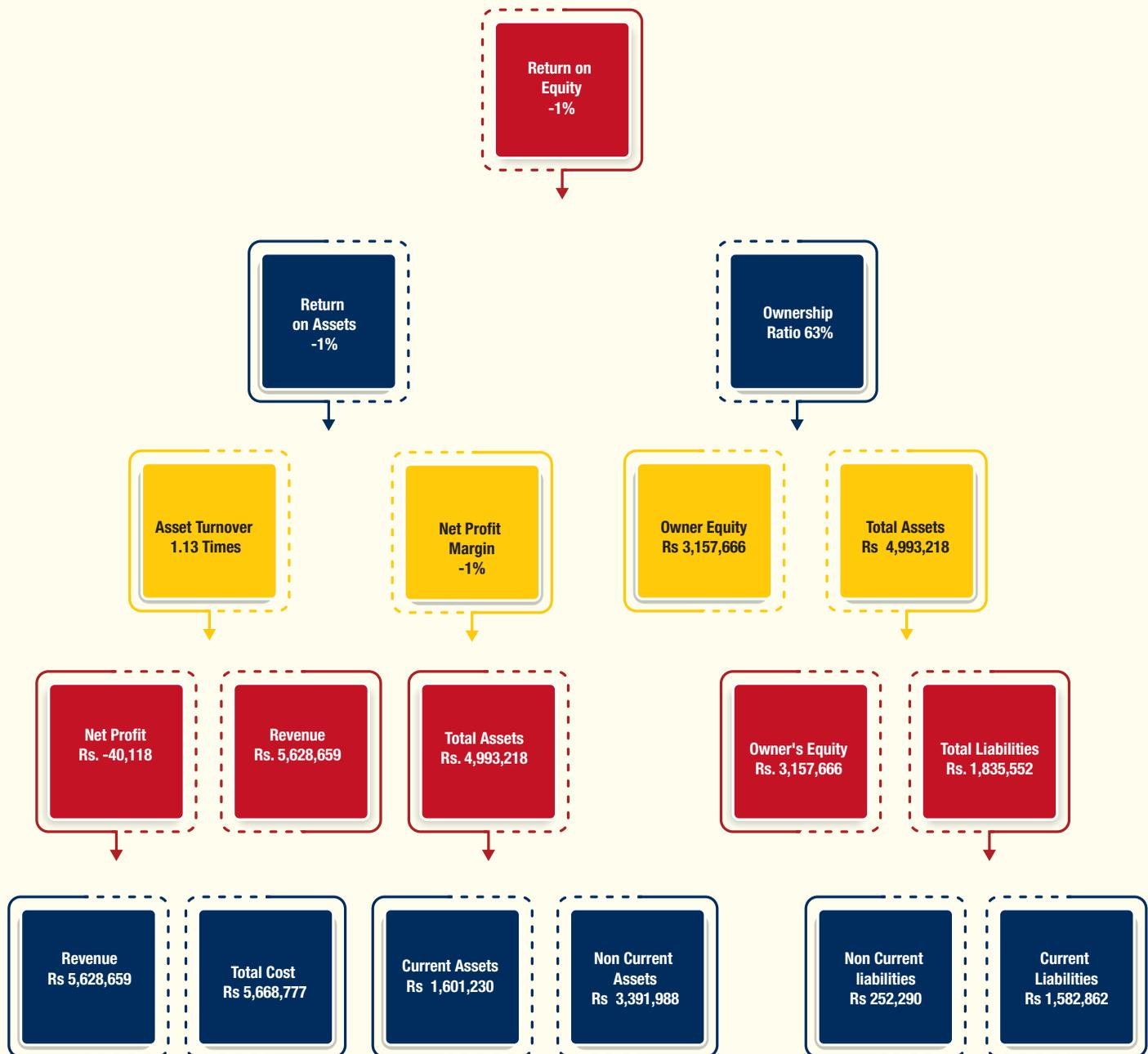
QUARTERLY ANALYSIS



ECONOMIC VALUE ADDED (EVA)



DUPONT ANALYSIS



Gross profit of the Company decreased by 13% mainly due to decrease in revenue during the year. General slowdown in the economy, high inflation and rupee devaluation along with COVID-19 pandemic has effected negatively on the Company's revenue during the year. Period cost is decreased during the year mainly on account of effective management and cost control measures taken by the management due to which net profit margin decreased less than 2019. i.e. -1% in 2020 while -4% in 2019. On the other hand, total assets are decreased by 18 % while total liabilities are also decreased by 38% resultantly increase the ownership ratio by 10% in comparison to last year. The decrease in total assets is mainly due to decrease in trade and stock in trade while decrease in total liabilities was mainly due to decrease in short term borrowings. Consequently, the return on equity that is the ultimate interest factor of the equity providers is in negative.

ANALYSIS OF FINANCIAL AND NON-FINANCIAL PERFORMANCE



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

PERFORMANCE AGAINST FINANCIAL MEASURES

Company sets financial targets for business units, their liquidity and working capital against defined targets. Company was able to sustain its market share. Company also achieved its working capital and liquidity targets. On the other hand, by effective management of economic as well as COVID-19 challenges other cost control measures, the Company able to reduce the negative impacts and reported better results in comparison from last year.

STATEMENT OF FINANCIAL POSITION

SHAREHOLDERS' EQUITY

Shareholders' equity has decreased by 2.14 % as compared to the previous year, due to reported net loss during the year. Shareholders' equity includes share capital and reserves (i.e. capital and revenue reserves).

NON CURRENT LIABILITIES

Non-current liabilities have increased by Rupees 223.243 million mainly due to increase in long term financing and lease liabilities. The Company has obtained long term financing Under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. On the other hand, increase in lease liabilities occurred mainly due to adoption of IFRS 16 'Leases' by the Company.

CURRENT LIABILITIES

Overall, current liabilities decreased by 44.65 % in 2020. This decrease is mainly on account of decrease in short term borrowings during the year.

NON CURRENT ASSETS

Non-current assets have increased by Rupees 435.723 million (14.70 %) from the last year. This increase is mainly in three categories i.e. fixed assets, right of use assets and deferred income tax-net. The increase in fixed assets is mainly to support the Company's expansion strategies. Right of use assets are increased due to adoption of IFRS 16 'Leases' while deferred income tax asset – net is increase due to availability tax losses.

STATEMENT OF PROFIT OR LOSS

GROSS PROFIT

Gross profit of the Company decreased by 13% mainly due to decrease in revenue during the year. General slowdown in the economy, high inflation and rupee devaluation along with COVID-19 pandemic has effected negatively on the Company's revenue during the year.

DISTRIBUTION COST

Distribution cost has been reduced by 14% in comparison from last year mainly due to effective cost controls measures taken by the management of the Company.

ADMINISTRATIVE EXPENSES

Administrative expenses also reduced by 12% in comparison from last year mainly due to effective cost controls measures taken by the management of the Company.

OTHER INCOME

Overall other income has been increased by Rupees 15.769 million in comparison from last year mainly due to reversal of allowance for expected credit losses. The reason behind the reversal was effective recoveries from debtors by the Company.

FINANCE COST

Overall finance cost has been reduced by 21% in comparison from last year mainly due to decrease in mark /up profit on short term borrowings in line with decrease in short term borrowings.

LOSS FOR THE YEAR

With help of cost control measures and effective management during the economic as well COVID-19 challenges, the Company been able to reduce its reported net loss to Rupees 40.118 million in comparison from last year's loss of Rupees 434.816 million.

PERFORMANCE AGAINST NON-FINANCIAL MEASURES

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

Apart from the challenges, HR department continuously working multidimensional aspects as envisaged in the targets, including, hired right person at competitive packages through internal and external sources, held trainings and conferences for employees, offered internships, employed special person, and devising succession plan at different cadre as per the need of the Company.

The Company achieved another milestone by successful start of petroleum segment operations in Punjab Province during the year. On 30 June 2020, the Company has eleven operational HTL Fuel Stations in Punjab Province. The Company is making hard efforts to start its petroleum operations in Khyber Pakhtunkhwa Province. With regard to HTL Express Centers, the Company successfully started HTL Express Center in Rawalpindi and the total reached to eight which contributes in total revenue of the Company.

IT department ensured that the down time of Information systems and other tools remained zero during the whole year and it's been again major business success. Fire safety trainings and safety drills were conducted at HTBL plant site to ensure health and safety requirements. Our business intelligence department made further efforts for protection of intellectual capital in order to maintain its brand equity.

ANALYSIS OF CHANGES IN THE PERFORMANCE

2020 was challenging year for Oil and Lubricant marketing companies due to frequent dollar fluctuation, instability in material cost, tough competition and decreased purchasing power of ultimate consumers and COVID-19 pandemic. These factors contributed negatively. Further, the Company successfully started its petroleum products segment operations in Punjab Province to achieve growth through diversification. The Company continued its focus on local blending through HTBL which is risen to around eight million liters during the year.

CHANGES IN THE INDICATORS AND PERFORMANCE MEASURES

The Company continued Balance Scorecard approach in the year 2020 to measure performance indicators of each division and company as a whole. Further, the Company successfully started its petroleum products segment operations in Punjab Province to achieve growth through diversification. The Company continued its focus on local blending through HTBL which is risen to around eight million liters during the year.

METHODS USED IN COMPILING THE INDICATORS

- Customer satisfaction Index through recurring feedback and retention of old customers
- Contribution / Value addition analysis
- Return on capital expenditures

TIMELY PAYMENT OF DEBTS AND GOVERNMENT DUES

The Company paid all its debts and government dues on time during the year.

MARKET SHARE EXTERNAL SOURCES

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

INTERNAL SOURCES

According to the internal market data analysis HTL has a sizeable market share in Lubricants.

HISTORY OF MAJOR EVENTS DURING THE YEAR

During the year, the Company successfully started marketing and sale of petroleum products through HTL Fuel Stations in Punjab Province.

BUSINESS RATIONAL OF MAJOR CAPITAL EXPENDITURES / PROJECTS

In order to support growth and diversification, the Company incurred major capital expenditures in its petroleum segment operations during the year and also making continuous efforts for their expansion in future.

UNRESERVED COMPLIANCE OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The management of the Company strongly believes in adherence to unreserved compliance with all the applicable International Accounting Standards (IAS) / IFRS issued by the International Accounting Standards Board (IASB) and as adopted by SECP vital to fair preparation and presentation of financial information.

Compliance with IFRS encourages sufficient disclosures of the financial statements that are beneficial for informed decisions of stakeholders. Financial statements for the year have been prepared in accordance with the accounting and reporting standards issued by IASB as are applicable in Pakistan. IFRS adoption status is explained in detail in note 2.1 of the annexed unconsolidated financial statements.

ADOPTION OF ISLAMIC FINANCIAL ACCOUNTING STANDARDS (IFAS)

The Company has fully complied with Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.