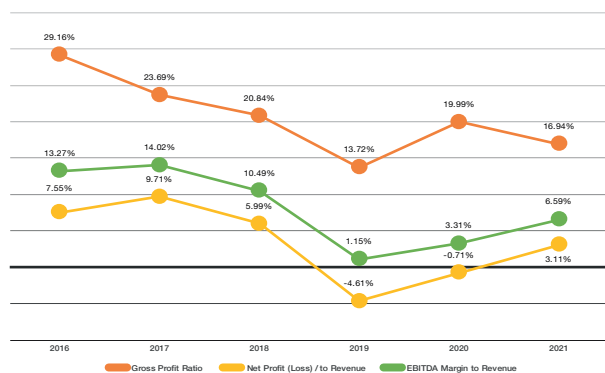


# ANALYSIS OF FINANCIAL STATEMENTS

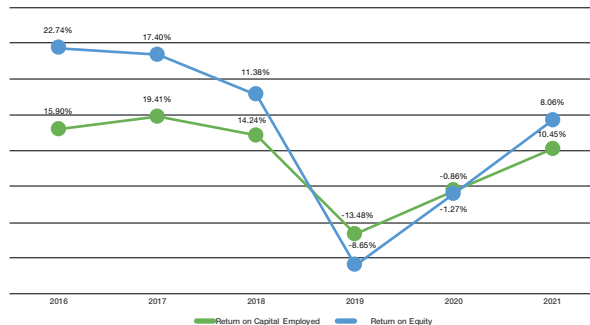
## FOR THE CURRENT AND LAST FIVE YEARS

Key Performance Indicators	UOM	2021	2020	2019	2018	2017	2016
<b>PROFITABILITY RATIOS</b>							
Gross Profit Ratio	%	16.94%	19.99%	13.72%	20.84%	23.69%	29.16%
Net Profit / (Loss) to Revenue	%	3.11%	-0.71%	-4.61%	5.99%	9.71%	7.55%
EBITDA Margin to Revenue	%	6.59%	3.31%	1.15%	10.49%	14.02%	13.27%
Operating Leverage Ratio	Times	3.50	-6.41	-50.06	-0.43	2.84	2.48
Return on Equity	%	10.45%	-1.27%	-13.48%	14.24%	19.41%	15.90%
Return on Capital Employed	%	8.06%	-0.86%	-8.65%	11.38%	17.40%	22.74%
<b>LIQUIDITY RATIOS</b>							
Current Ratio	Times	0.95	1.01	1.10	1.84	1.75	3.96
Quick Ratio / Acid Test Ratio	Times	0.52	0.73	0.82	1.20	1.02	2.92
Cash to Current Liabilities	Times	0.13	0.08	0.06	0.31	0.04	0.29
Cash Flow from Operations to Revenue	Times	0.07	0.22	-0.13	0.13	-0.05	0.06

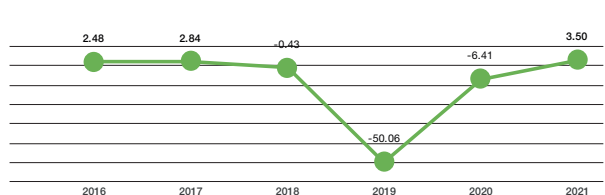
### PROFITABILITY RATIOS



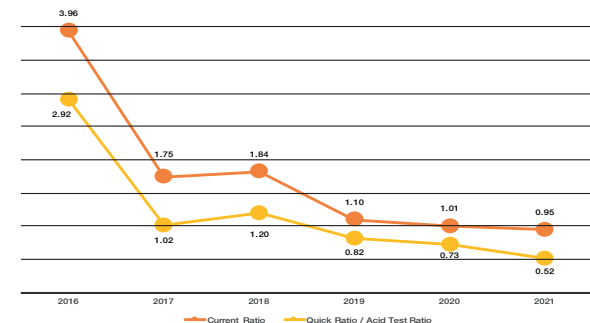
### PROFITABILITY RATIOS



### OPERATING LEVERAGE RATIO



### LIQUIDITY RATIOS



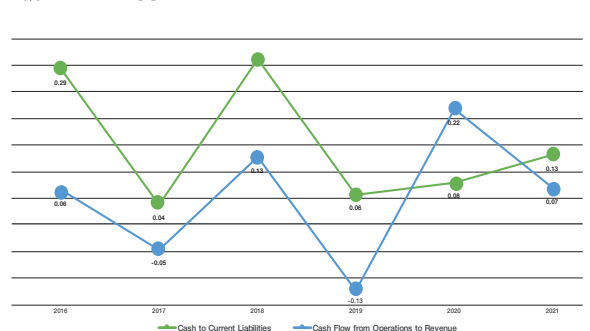
## PROFITABILITY RATIOS

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, EBITDA Margin to Revenue, Operating Leverage Ratio, Return on Equity and Return on Capital Employed. Profitability ratios of the Company have shown handsome growth on account of achievement of budgeted revenue targets and cost control measures. Net revenue has been increased by 88% leading to better fixed cost absorption and helping the Company to achieve net profit during the year. To achieve the aforesaid targets, HTL has offered excessive discounts that in turn decrease the GP ratio by 3.05% while Net profit to revenue and EBITDA margin to revenue has been increased by 3.82% and 3.28% respectively. Return on equity has also been significantly improved from FY 19 to FY 21.

## 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. Current ratio and quick ratio shows negative trend mainly on account of divesting short term investments into capital expansions. Increase in cash to current liabilities from 0.08 times to 0.13 times is mainly due to increase in cash and bank balances.

### LIQUIDITY RATIOS

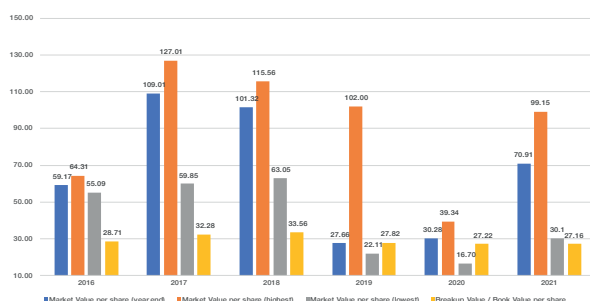


Key Performance Indicators	UOM	2021	2020	2019	2018	2017	2016
<b>INVESTMENT/MARKET RATIOS</b>							
Earnings / (Loss) per share	Rs.	2.84	-0.35	-3.75	4.78	6.27	5.43
Price Earnings Ratio	Times	24.97	-86.51	-7.38	21.20	17.39	10.90
Price to Book Ratio	Times	1.48	0.7	0.5	2.1	2.2	1.7
Dividend Yield Ratio	Times	0.04	0.01	0.06	0.03	0.02	0.03
Dividend Payout Ratio	Times	1.02	(0.71)	(0.47)	0.73	0.43	0.28
Cash Dividend per share	Rs.	2.9	0.25	1.75	3.50	2.70	1.50
Market Value per share (year end)	Rs.	70.91	30.28	27.66	101.32	109.01	59.17
Market Value per share (highest)	Rs.	99.15	39.34	102	115.56	127.01	64.31
Market Value per share (lowest)	Rs.	30.1	16.7	22.11	63.05	59.85	55.09
Breakup Value / Book Value per share	Rs.	27.16	27.2	27.8	33.6	32.3	28.7
Breakup Value per share including the effect of all investments	Rs.	27.16	27.2	27.8	33.6	32.3	28.7
No. of Shares based on par value of Rs.10	No.(000)	116,004	116,004	116,004	116,004	116,004	116,004
Total Dividend Paid	Rs.(000)	336,412	29,001	203,007	406,014	313,211	168,206

## SHARE PRICE SENSITIVITY ANALYSIS

Share price in the stock market moves due to various factors such as company performance, general market sentiment, economic events and interest rates, etc. Being a responsible and law-compliant Company, HTL circulates price sensitive information to stock exchanges in accordance with the requirements of listing regulations in a timely manner. During the year 2021, HTL's share price touched the peak of Rupees 99.15 while the lowest recorded price was Rupees 30.10 with a closing price of Rupees 70.91 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. Net revenue of lubricants segment increased by 55% in comparison to last year. The Company has achieved all its budgeted revenue targets during the year, in spite of COVID-19 challenges. Furthermore, bottom line profit of this segment also by increase by 322% reaching to Rupees 647 million in comparison to Rupees 153 million of FY 2020. With a fiercely competitive market, the Company still able to increase its market share by ensuring customers receive high quality products at affordable prices. Detailed segment information has been presented in note 53 of the financial statements.

### PETROLEUM PRODUCTS

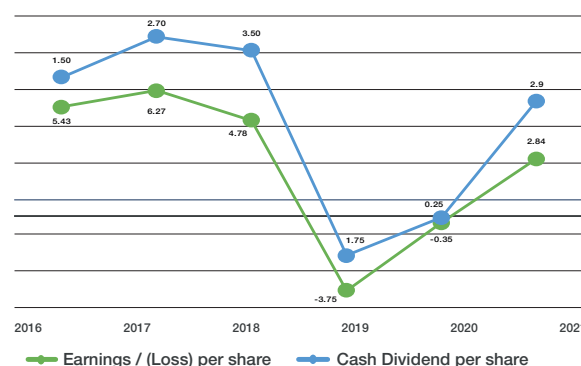
Petroleum segment operations represents marketing and sale of petroleum products through HTL Fuel Stations. The Company successfully running its petroleum segment operations in Punjab Province. Revenue of petroleum segment increased by 590% in comparison to last year. Furthermore, the Company has been able to achieve gross profit of Rupees 55.11 million in comparison to the loss of Rupees 13.89 million relating to FY 2020. Petroleum segment earns bottom line loss of Rupees 94.25 million mainly on account of depreciation. These are early days of the project; revenues will increase in line with the increase in HTL Fuel Stations. At 30 June 2021, the Company has twenty-three dealer operated HTL Fuel Stations in Punjab Province.

DESCRIPTION	REVENUE
	Rupee in thousand
Lubricants	8,188,024
Petroleum products	2,410,185
Total revenue of the Company	10,598,209

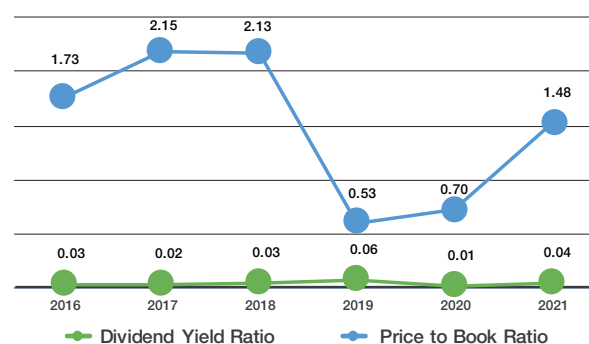
## INVESTMENT / MARKET SHARE RATIOS

Investment / market share ratios metrics witnessed a significant growth in FY 2021 in comparison from FY 2020. Earnings per share of the Company reached to Rupees 2.84 in comparison from loss per share of Rupees - 0.35, relating to FY 2020. Dividend yield ratio and dividend payout ratio also shown reasonable growth in comparison to last year. The improvement in investment / market share ratios ultimately increase shareholders value in the Company.

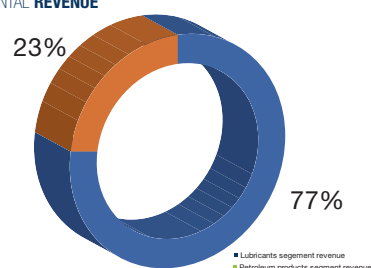
### INVESTMENT / MARKET SHARE RATIOS



### INVESTMENT / MARKET SHARE RATIOS



### SEGMENTAL REVENUE

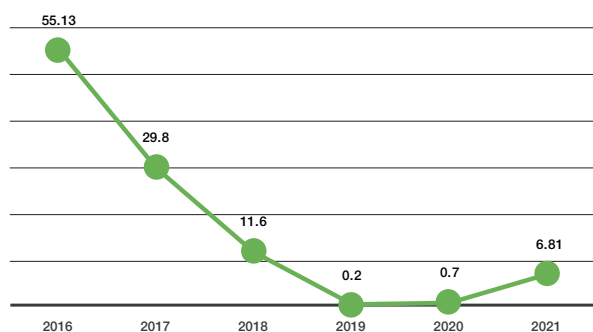


# ANALYSIS OF FINANCIAL STATEMENTS

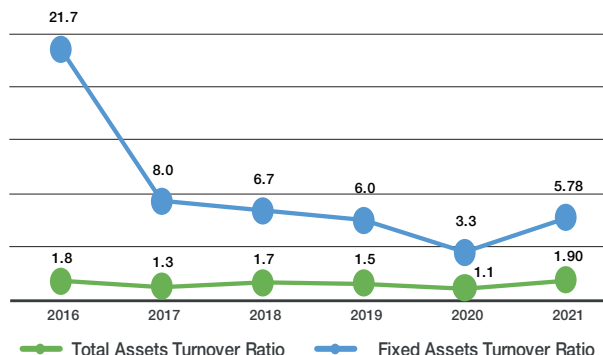
## FOR THE CURRENT AND LAST FIVE YEARS

Key Performance Indicators	UOM	2021	2020	2019	2018	2017	2016
<b>CAPITAL STRUCTURE</b>							
Financial Leverage Ratio	Times	0.32	0.27	0.64	0.22	0.33	0.01
Long term Debt to Equity Ratio (as per Book Value)	%	1.51%	1.84%	0.46%	0.77%	0.57%	0.07%
Long term Debt to Equity Ratio (as per Market Value)	%	0.58%	1.65%	0.46%	0.3%	0.2%	0.0%
Interest Coverage Ratio	Times	6.81	0.7	0.2	11.6	29.8	55.1
<b>ACTIVITY/TURNOVER RATIOS</b>							
Total Assets Turnover Ratio	Times	1.90	1.13	1.54	1.68	1.27	1.76
Fixed Assets Turnover Ratio	Times	5.78	3.32	5.95	6.67	7.96	21.69
No. of Days in Inventory	Days	27.49	50.63	39.55	61.45	69.26	43.03
No. of Days in Receivables	Days	3.09	41.03	27.60	8.21	8.07	10.14
No. of Days in Payables	Days	43.32	58.49	30.35	35.32	44.30	46.60
Operating Cycle	Days	(12.74)	33.17	36.80	34.35	33.03	6.57

INTEREST COVERAGE RATIO



ACTIVITY/TURNOVER RATIOS



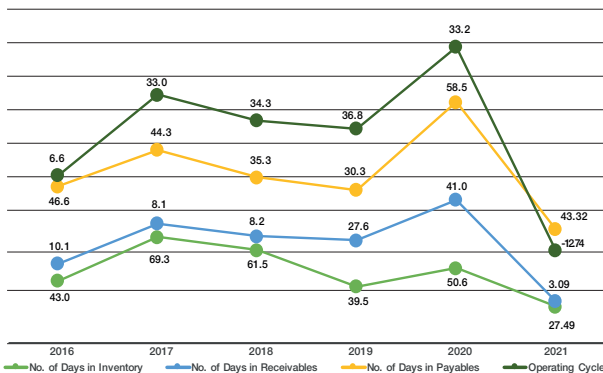
## CAPITAL STRUCTURE RATIOS

Interest coverage ratio witnessed significant growth, in comparison from FY 2020 which is a positive indication for the Company. On the other hand, financial leverage ratio has been slightly increased mainly on account of increase in lease liabilities, while long term debt to equity ratio has decreased on account of repayment of long term debt.

## ACTIVITY / TURNOVER RATIOS

Activity / turnover metrics witnessed significant improvement in comparison from FY 2020. Total asset turnover ratio has been reached to 1.90 times from 1.13 times due to increase in revenue during the year. Operating cycle has shown decreasing trend from FY 2018 to current year which depicts efficient working capital management of the Company.

ACTIVITY/TURNOVER RATIOS



# VERTICAL ANALYSIS

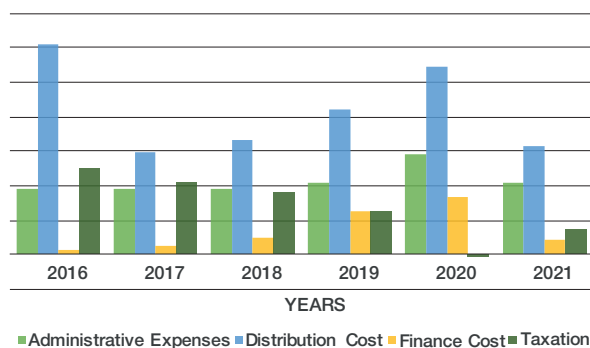
## FOR THE CURRENT AND LAST FIVE YEARS

Statement of Profit or Loss	2021		2020		2019		2018		2017		2016	
	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)	%age
Net Revenue	10,598,209	100%	5,628,659	100%	9,431,162	100%	9,253,578	100%	7,488,882	100%	7,015,302	100%
Cost of Sales	(8,802,509)	83%	(4,503,767)	80%	(8,136,799)	86%	(7,325,252)	79%	(5,714,430)	76%	(4,969,649)	71%
<b>Gross Profit</b>	<b>1,795,700</b>	<b>17%</b>	<b>1,124,892</b>	<b>20%</b>	<b>1,294,363</b>	<b>14%</b>	<b>1,928,326</b>	<b>21%</b>	<b>1,774,452</b>	<b>24%</b>	<b>2,045,653</b>	<b>29%</b>
Administrative Expenses	(431,094)	4%	(328,992)	6%	(390,823)	4%	(351,091)	4%	(279,254)	4%	(263,512)	4%
Distribution Cost	(666,407)	6%	(609,514)	11%	(795,362)	8%	(606,107)	7%	(445,148)	6%	(851,449)	12%
<b>EBITDA</b>	<b>698,199</b>	<b>7%</b>	<b>186,386</b>	<b>3%</b>	<b>108,178</b>	<b>1%</b>	<b>971,128</b>	<b>10%</b>	<b>1,050,050</b>	<b>14%</b>	<b>930,692</b>	<b>13%</b>
Depreciation and Amortization	(184,463)	2%	(157,102)	3%	(80,777)	1%	(57,433)	1%	(44,748)	1%	(38,311)	1%
Other Expenses	(41,275)	0.4%	(20,180)	0.4%	(103,571)	1%	(63,070)	1%	(33,869)	0.5%	(43,437)	1%
Other Income	80,449	1%	126,125	2%	113,899	1%	108,463	1%	95,757	1%	46,313	1%
<b>EBIT</b>	<b>552,910</b>	<b>5%</b>	<b>(51,157)</b>	<b>-1%</b>	<b>37,729</b>	<b>0.4%</b>	<b>959,088</b>	<b>10%</b>	<b>1,067,190</b>	<b>14%</b>	<b>895,257</b>	<b>13%</b>
Finance Cost	(81,148)	1%	(186,326)	3%	(235,072)	2%	(82,541)	1%	(35,838)	0%	(16,240)	0%
<b>Profit / (Loss) Before Taxation</b>	<b>471,762</b>	<b>4%</b>	<b>(51,097)</b>	<b>-1%</b>	<b>(197,343)</b>	<b>-2%</b>	<b>876,547</b>	<b>9%</b>	<b>1,031,352</b>	<b>14%</b>	<b>879,017</b>	<b>13%</b>
Taxation	(142,533)	1.3%	10,980	-0.2%	(237,476)	3%	(322,117)	3%	(304,484)	4%	(349,352)	5%
<b>Profit / (Loss) After Taxation</b>	<b>329,229</b>	<b>3%</b>	<b>(40,117)</b>	<b>-1%</b>	<b>(434,819)</b>	<b>-5%</b>	<b>554,430</b>	<b>6%</b>	<b>726,868</b>	<b>10%</b>	<b>529,665</b>	<b>8%</b>

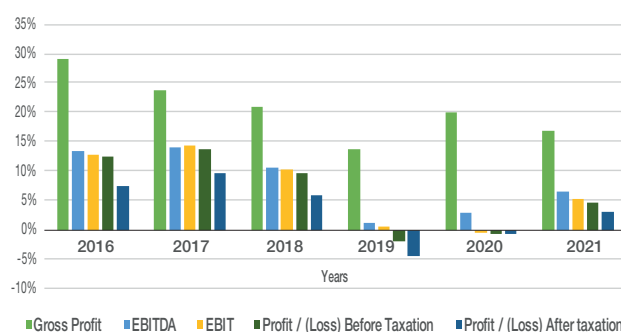
## STATEMENT OF PROFIT OR LOSS VERTICAL ANALYSIS

Gross profit and EBITDA representing mixed trend from last six years. However, during the current year, Gross profit, EBITDA and EBIT represent 17%, 7% and 5% of the net revenue respectively. Achievements of revenue targets and implementation of efficient cost control measures lead the Company to regain momentum during the year as reflected in statement of Profit or Loss Vertical Analysis table.

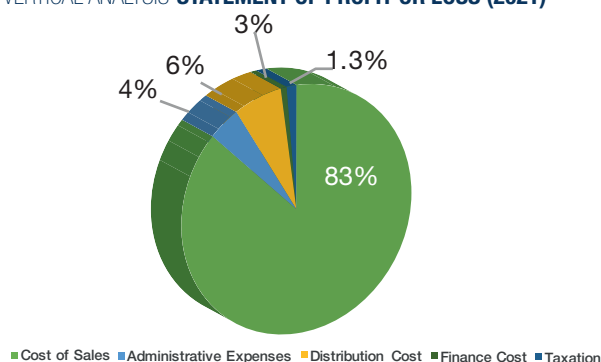
VERTICAL ANALYSIS-EXPENSES (2016-21)



VERTICAL ANALYSIS-PROFITS (2015-20)



VERTICAL ANALYSIS-STATEMENT OF PROFIT OR LOSS (2021)



# VERTICAL ANALYSIS

## FOR THE CURRENT AND LAST FIVE YEARS

Statement of Financial Position	2021		2020		2019		2018		2017		2016	
	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age
<b>ASSETS</b>												
<b>Non-current assets</b>												
Fixed assets	1,833,546	32.8%	1,693,746	33.9%	1,583,889	25.9%	1,386,311	25.1%	940,568	16.0%	323,455	8.1%
Right-of-use assets	359,293	6.4%	270,943	5.4%	-	-	-	-	-	-	-	-
Intangible assets	10,646	0.2%	7,597	0.2%	8,038	0.1%	2,895	0.1%	7,554	0.1%	12,584	0.3%
Investment property	61,658	1.1%	-	-	-	-	-	-	-	-	-	-
Investment in subsidiary company	1,300,001	23.3%	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%
Long term loans to employees	-	0.0%	-	0.0%	-	0.0%	280	0.0%	1,049	0.0%	3,235	0.1%
Long term security deposits	29,402	0.5%	9,720	0.2%	26,154	0.4%	38,612	0.7%	32,737	0.6%	13,504	0.3%
Deferred income tax asset-net	48,246	0.9%	107,956	2.2%	39,183	0.6%	-	0.0%	-	0.0%	-	0.0%
	3,642,792	65.2%	3,389,963	67.9%	2,957,265	48.4%	2,728,099	49.4%	2,281,909	38.8%	1,455,538	36.5%
<b>Current assets</b>												
Stock-in-trade	878,742	15.7%	447,345	9.0%	801,995	13.1%	961,206	17.4%	1,505,338	25.6%	663,266	16.6%
Trade debts	103,225	1.8%	76,104	1.5%	1,189,384	19.4%	236,937	4.3%	179,385	3.1%	151,782	3.8%
Loans and advances	89,718	1.6%	151,182	3.0%	36,748	0.6%	146,456	2.7%	663,618	11.3%	58,791	1.5%
Short term deposits and prepayments	19,317	0.3%	31,144	0.6%	48,894	0.8%	27,934	0.5%	14,611	0.2%	13,684	0.3%
Accrued Interest	390	0.0%	2	0.0%	32,515	0.5%	15,335	0.3%	351.0	0.0%	31	0.0%
Other receivables	141,381	2.5%	50,015	1.0%	7,772	0.1%	17,340	0.3%	79,648	1.4%	478	0.0%
Short term investment	446,043	8.0%	723,285	14.5%	882,469	14.4%	917,354	16.6%	1,081,129	18.4%	1,458,563	36.6%
Cash and bank balances	264,544	4.7%	124,178	2.5%	158,925	2.6%	471,605	8.5%	75,113	1.3%	186,863	4.7%
	1,943,360	34.8%	1,603,255	32.1%	3,158,702	51.6%	2,794,167	50.6%	3,599,193	61.2%	2,533,458	63.5%
<b>TOTAL ASSETS</b>	<b>5,586,152</b>	<b>100.0%</b>	<b>4,993,218</b>	<b>100.0%</b>	<b>6,115,967</b>	<b>100.0%</b>	<b>5,522,266</b>	<b>100.0%</b>	<b>5,881,102</b>	<b>100.0%</b>	<b>3,988,996</b>	<b>100.0%</b>
<b>EQUITY AND LIABILITIES</b>												
<b>SHARE CAPITAL AND RESERVES</b>												
Issued, subscribed and paid up capital	1,160,040	20.8%	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%
Share premium	1,441,698	25.8%	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%
Un-appropriated profit	548,745	9.8%	555,928	11.1%	625,047	10.2%	1,290,983	23.4%	1,142,568	19.4%	728,911	18.3%
<b>Total equity</b>	<b>3,150,483</b>	<b>56.4%</b>	<b>3,157,666</b>	<b>63.2%</b>	<b>3,226,785</b>	<b>52.8%</b>	<b>3,892,721</b>	<b>70.5%</b>	<b>3,744,306</b>	<b>63.7%</b>	<b>3,330,649</b>	<b>83.5%</b>
<b>Non-current liabilities</b>												
Long term financing	47,490	0.9%	42,268	0.8%	1,822	0.0%	14,894	0.3%	13,496	0.2%	1,030	0.0%
Liabilities against assets subject to finance lease	-	0.0%	-	0.0%	26,625	0.4%	79,105	1.4%	65,810	1.1%	15,175	0.4%
Lease liabilities	334,670	6.0%	204,637	4.1%	-	-	-	-	-	-	-	-
Long term deposit	17,000	0.3%	500	0.0%	1,000	0.0%	1,500	0.0%	2,000	0.0%	2,000	0.1%
Deferred liabilities	362	0.0%	1,863	0.0%	-	0.0%	12,069	0.2%	3,207	0.1%	-	0.0%
	399,522	7.2%	249,268	5.0%	29,447	0.5%	107,568	1.9%	84,513	1.4%	18,205	0.5%
<b>Current liabilities</b>												
Trade and other payables	1,385,265	24.8%	704,279	14.1%	739,055	12.1%	613,958	11.1%	803,559	13.7%	583,597	14.6%
Accrued mark-up	9,757	0.2%	22,103	0.4%	69,576	1.1%	18,217	0.3%	9,517	0.2%	543	0.0%
Short term borrowing	461,181	8.3%	766,263	15.3%	1,974,915	32.3%	707,636	12.8%	1,118,969	19.0%	-	0.0%
Current portion of non-current liabilities	162,698	2.9%	90,201	1.8%	70,939	1.2%	61,094	1.1%	43,489	0.7%	21,752	0.5%
Unclaimed dividend	6327	0.1%	3438	0.1%	4026	0.0%	4297	0.0%	1,526	0.0%	-	0.0%
Taxation - net	10,919	0.2%	-	0.0%	1,224	0.0%	116,775	2.1%	75,223	1.3%	34,250	0.9%
	2,036,147	36.4%	1,586,284	31.8%	2,859,735	46.8%	1,521,977	27.6%	2,052,283	34.9%	640,142	16.0%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,586,152</b>	<b>100.0%</b>	<b>4,993,218</b>	<b>100.0%</b>	<b>6,115,967</b>	<b>100.0%</b>	<b>5,522,266</b>	<b>100.0%</b>	<b>5,881,102</b>	<b>100.0%</b>	<b>3,988,996</b>	<b>100.0%</b>

## FINANCIAL POSITION'S VERTICAL ANALYSIS

Total assets comprise of current and non-current assets. At 30 June 2021, non-current assets are 65.2% of total assets while current assets are 34.8%.

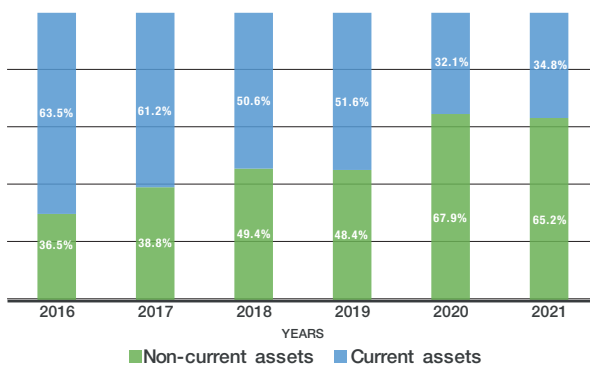
On the other side, share capital and reserves are 56.4% of the total equity and liabilities while non-current liabilities and current liabilities are 7.2% and 36.4% respectively

Share capital and reserves mainly constitute issued subscribed and

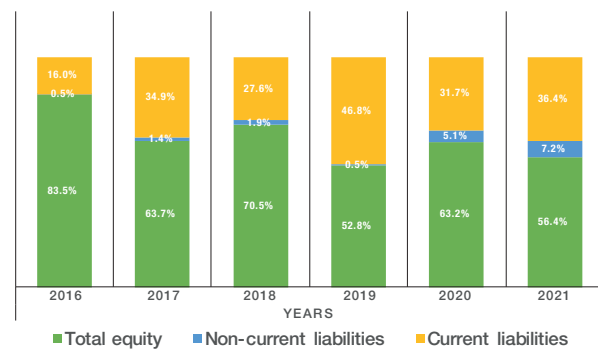
paid up share capital (20.8%), share premium (25.8%) and unappropriated profit (9.8%).

Non-current liabilities mainly constitute lease liabilities (6.0%) and long term financing (0.9%). Current liabilities mainly constitute short term borrowings (8.3%) and trade and other payables (24.8%).

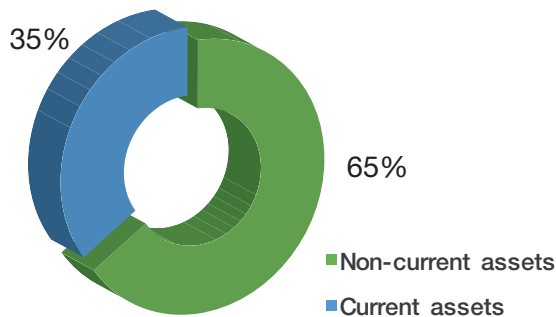
VERTICAL ANALYSIS-TOTAL EQUITY & LIABILITIES (2021)



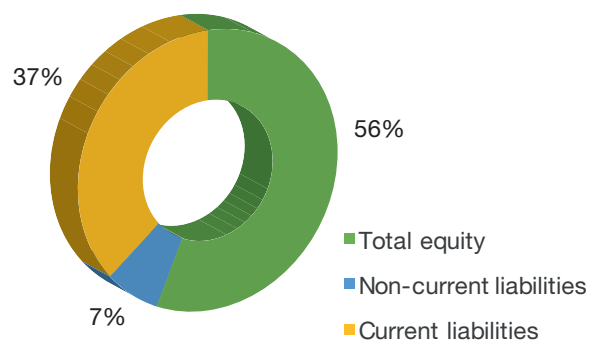
VERTICAL ANALYSIS-TOTAL ASSETS (2020)



VERTICAL ANALYSIS-TOTAL ASSETS (2021)



VERTICAL ANALYSIS-TOTAL EQUITY & LIABILITIES (2020)



# HORIZONTAL ANALYSIS

FOR THE CURRENT AND LAST FIVE YEARS

Statement of Financial Position	2021		2020		2019		2018		2017		2016	
	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age
<b>ASSETS</b>												
<b>Non-current assets</b>												
Fixed assets	1,833,546	8.25%	1,693,746	6.94%	1,583,889	14.25%	1,386,311	47.39%	940,568	190.79%	323,455	8.1%
Right-of-use assets	359,293	32.61%	270,943	271.00%	-	0.00%	-	0.00%	-	0.00%	-	-
Intangible assets	10,646	40.13%	7,597	-5.49%	8,038	0.00%	2,895	0.00%	7,554	0.00%	12,584	0.3%
Investment property	61,658	62.00%	-	-	-	-	-	-	-	-	-	-
Investment in subsidiary company	1,300,001	0.00%	1,300,001	0.00%	1,300,001	0.00%	1,300,001	0.00%	1,300,001	17.89%	1,102,760	27.6%
Long term loans to employees	-	0.00%	-	0.00%	-	0.00%	280	-73.31%	1,049	-67.57%	3,235	0.1%
Long term security deposits	29,402	202.49%	9,720	-62.84%	26,154	-32.26%	38,612	17.95%	32,737	142.42%	13,504	0.3%
Deferred income tax asset-net	48,246	-55.31%	107,956	175.52%	39,183	0.00%	-	0.00%	-	0.00%	-	0.0%
	3,642,792	7.46%	3,389,963	14.63%	2,957,265	8.40%	2,728,099	19.55%	2,281,909	56.77%	1,455,538	36.5%
<b>Current assets</b>												
Stock-in-trade	878,742	96.43%	447,345	-44.22%	801,995	-16.56%	961,206	-36.15%	1,505,338	126.96%	663,266	16.6%
Trade debts	103,225	35.64%	76,104	-93.60%	1,189,384	401.98%	236,937	32.08%	179,385	18.19%	151,782	3.8%
Loans and advances	89,718	-40.66%	151,182	311.40%	36,748	-74.91%	146,456	-77.93%	663,618	1028.77%	58,791	1.5%
Short term deposits and prepayments	19,317	-37.98%	31,144	-36.30%	48,894	75.03%	27,934	91.18%	14,611	6.77%	13,684	0.3%
Other receivables	141,381	182.68%	50,015	53.82%	32,515	87.51%	17,340	-	79,648	-	478	0.0%
Accrued Interest	390	19400.00%	2	-99.97%	7,772	-49.32%	15,335	150.00%	351.0	0.00%	31	0.0%
Short term investment	446,043	-38.33%	723,285	-18.04%	882,469	-3.80%	917,354	-15.15%	1,081,129	-25.88%	1,458,563	36.6%
Cash and bank balances	264,544	113.04%	124,178	-21.86%	158,925	-66.30%	471,605	527.86%	75,113	-59.80%	186,863	4.7%
	1,943,360	21.21%	1,603,255	-49.24%	3,158,702	13.05%	2,794,167	-22.37%	3,599,193	42.07%	2,533,458	63.5%
<b>TOTAL ASSETS</b>	<b>5,586,152</b>	<b>11.87%</b>	<b>4,993,218</b>	<b>-18.36%</b>	<b>6,115,967</b>	<b>10.75%</b>	<b>5,522,266</b>	<b>-6.10%</b>	<b>5,881,102</b>	<b>47.43%</b>	<b>3,988,996</b>	<b>100.0%</b>
<b>EQUITY AND LIABILITIES</b>												
<b>SHARE CAPITAL AND RESERVES</b>												
Issued, subscribed and paid up capital	1,160,040	0.00%	1,160,040	0.00%	1,160,040	0.00%	1,160,040	0.00%	1,160,040	0.00%	1,160,040	29.1%
Share premium	1,441,698	0.00%	1,441,698	0.00%	1,441,698	0.00%	1,441,698	0.00%	1,441,698	0.00%	1,441,698	36.1%
Un-appropriated profit	548,745	-1.29%	555,928	-11.06%	625,047	-51.58%	1,290,983	12.99%	1,142,568	56.75%	728,911	18.3%
<b>Total equity</b>	<b>3,150,483</b>	<b>-0.23%</b>	<b>3,157,666</b>	<b>-2.14%</b>	<b>3,226,785</b>	<b>-17.11%</b>	<b>3,892,721</b>	<b>3.96%</b>	<b>3,744,306</b>	<b>12.42%</b>	<b>3,330,649</b>	<b>83.5%</b>
<b>Non-current liabilities</b>												
<b>Long term financing</b>												
Liabilities against assets subject to finance lease	47,490	12.35%	42,268	2219.87%	1,822	-87.77%	14,894	10.36%	13,496	1210.29%	1,030	0.0%
Lease liabilities	-	0.00%	-	-100.00%	26,625	-66.34%	79,105	20.20%	65,810	333.67%	15,175	0.4%
Long term deposits	334,670	63.54%	204,637	100.00%	-	0.00%	-	0.00%	-	0.00%	-	-
Deferred liabilities	17,000	3300.00%	500	-50.00%	1,000	-33.33%	1,500	-25.00%	2,000	0.00%	2,000	0.1%
	362	-80.57%	1,863	500.00%	-	-100.00%	12,069	276.33%	3,207	0.00%	-	0.0%
	399,522	60.28%	249,268	746.50%	29,447	-72.62%	107,568	27.28%	84,513	364.23%	18,205	0.5%
<b>Current liabilities</b>												
Trade and other payables	1,385,265	96.69%	704,279	-4.71%	739,055	20.38%	613,958	-23.60%	803,559	37.69%	583,597	-
Accrued mark-up/profit	9,757	-55.86%	22,103	-68.23%	69,576	281.93%	18,217	91.42%	9,517	1652.67%	543	14.6%
Short term borrowing	461,181	-39.81%	766,263	-61.20%	1,974,915	179.09%	707,636	-36.76%	1,118,969	0.00%	-	0.0%
Current portion of non-current liabilities	162,698	80.37%	90,201	27.15%	70,939	16.11%	61,094	40.48%	43,489	99.93%	21,752	0.0%
Unclaimed dividend	6,327	84.03%	3,438	-14.61%	4026	-	4297	-	1,526	-	-	0.5%
Taxation - net	10,919	0.00%	-	-100.00%	1,224	-98.95%	116,775	55.24%	75,223	119.63%	34,250	-
	2,036,147	28.36%	1,586,284	-44.53%	2,859,735	87.90%	1,521,977	-25.84%	2,052,283	220.60%	640,142	0.9%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,586,152</b>	<b>11.87%</b>	<b>4,993,218</b>	<b>-18.36%</b>	<b>6,115,967</b>	<b>10.75%</b>	<b>5,522,266</b>	<b>-6.10%</b>	<b>5,881,102</b>	<b>47.43%</b>	<b>3,988,996</b>	<b>16.0%</b>
<b>Statement of Financial Position</b>												
	2021		2020		2019		2018		2017		2016	
	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age
Net Revenue	10,598,209	88%	5,628,659	-40%	9,431,162	2%	9,253,578	24%	7,488,882	7%	7,015,302	28%
Cost of Sales	(8,802,509)	95%	(4,503,767)	-45%	(8,136,799)	11%	(7,325,252)	28%	(5,714,430)	15%	(4,969,649)	20%
<b>Gross Profit</b>	<b>1,795,700</b>	<b>60%</b>	<b>1,124,892</b>	<b>-13%</b>	<b>1,294,363</b>	<b>-33%</b>	<b>1,928,326</b>	<b>9%</b>	<b>1,774,452</b>	<b>-13%</b>	<b>2,045,653</b>	<b>53%</b>
Administrative Expenses	(431,094)	31%	(328,992)	-16%	(390,823)	11%	(351,091)	26%	(279,254)	6%	(263,512)	49%
Distribution Cost	(666,407)	9%	(609,514)	-23%	(795,362)	31%	(606,107)	36%	(445,148)	-48%	(851,449)	41%
<b>EBITDA</b>	<b>698,199</b>	<b>275%</b>	<b>186,386</b>	<b>72%</b>	<b>108,178</b>	<b>-89%</b>	<b>971,128</b>	<b>-8%</b>	<b>1,050,050</b>	<b>13%</b>	<b>930,692</b>	<b>68%</b>
Depreciation and Amortization	(184,463)	17%	(157,102)	94%	(80,777)	41%	(57,433)	28%	(44,748)	17%	(38,311)	10%
Other Expenses	(41,275)	105%	(20,180)	-81%	(103,571)	64%	(63,070)	86%	(33,869)	-22%	(43,437)	-8%
Other Income	80,449	-36%	126,125	11%	113,899	5%	108,463	13%	95,757	107%	46,313	-12%
<b>EBIT</b>	<b>552,910</b>	<b>309%</b>	<b>135,229</b>	<b>258%</b>	<b>37,729</b>	<b>-96%</b>	<b>959,088</b>	<b>-10%</b>	<b>1,067,190</b>	<b>19%</b>	<b>895,257</b>	<b>70%</b>
Finance Cost	(81,148)	-56%	(186,326)	-21%	(235,072)	185%	(82,541)	130%	(35,838)	121%	(16,240)	-34%
<b>Profit / (Loss) Before Taxation</b>	<b>471,762</b>	<b>1023%</b>	<b>(51,097)</b>	<b>-74%</b>	<b>(197,343)</b>	<b>-123%</b>	<b>876,547</b>	<b>-15%</b>	<b>1,031,352</b>	<b>17%</b>	<b>879,017</b>	<b>75%</b>
Taxation	(142,533)	1398%	10,980	-105%	(237,476)	-26%	(322,117)	6%	(304,484)	-13%	(349,352)	113%
<b>Profit / (Loss) After Taxation</b>	<b>329,229</b>	<b>921%</b>	<b>(40,117)</b>	<b>-91%</b>	<b>(434,819)</b>	<b>-178%</b>	<b>554,430</b>	<b>-24%</b>	<b>726,868</b>	<b>37%</b>	<b>529,665</b>	<b>57%</b>

## FINANCIAL POSITION HORIZONTAL ANALYSIS

Non-current assets have been increased by Rupees 252.829 million (7.46%) from the last year. This increase was mainly due to investments made in expansion projects that support Company's growth strategy.

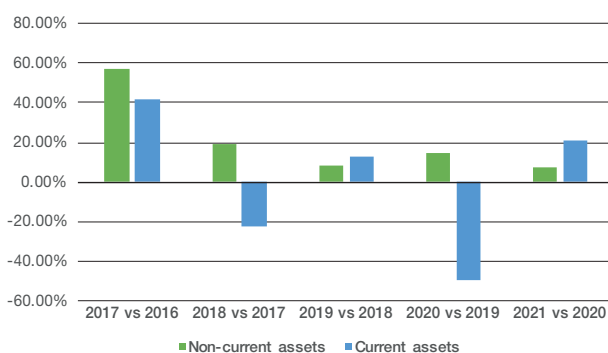
Current assets primarily comprise of inventory, trade debts, short term investments and cash and bank balances. On an aggregate basis, current assets increased by Rupees 340.105 million (21.21%) mainly on account of increase in stock-trade by Rupees 431.39 million (96.43%), cash and bank balances by Rupees 140.366 million (113.04%) while short term investments decreased by Rupees 277 million (38%) in comparison to last year.

Shareholders' equity has been decreased by Rupees 7.182 million (-0.23%) on account of dividend payments.

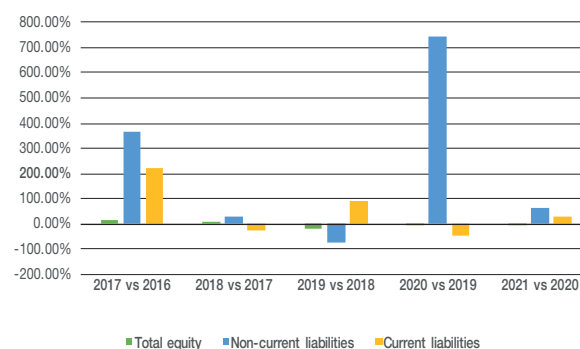
Non-current liabilities for the year have been increased by Rupees 150.26 million (60.28%) mainly due to increase in lease liabilities.

Current liabilities have increased by Rupees 449.863 million (28.36%) mainly due to increase in trade and other payable of the Company.

HORIZONTAL ANALYSIS-TOTAL ASSETS



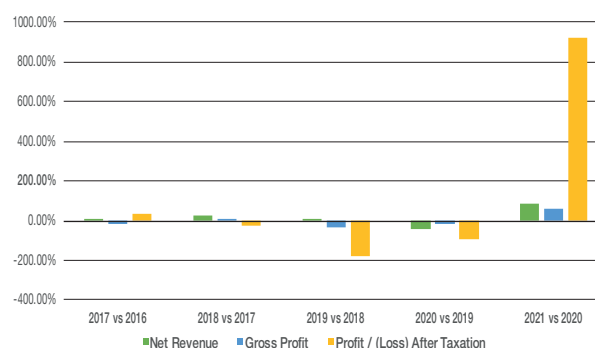
HORIZONTAL ANALYSIS-TOTAL EQUITY & LIABILITIES



## STATEMENT OF PROFIT OR LOSS HORIZONTAL ANALYSIS

Net revenue has been increased by Rupees 4,970 million (88%) in comparison to last year on account of achievement of all budgeted targets for the FY 2020-2021. The aforesaid increase in net revenue leads to the increase of gross profit by 670.808 million (60%) in comparison to last year. Administrative expenses have been increased by 31% mainly on account of increase in salaries and wages of the employees while distribution expenses have been increased by 9% in line with the increase of net revenue of the Company. Finance cost has been decreased by 56% due to decrease in borrowings of the Company. FY 2021 was remained challenging, but focusing on the achievement of revenue targets along with effective cost control measures, the Company able to achieve net profit of Rupees 329.229 million in comparison from loss in comparison to net loss of Rupees 40.117 million reported in FY 2020.

HORIZONTAL ANALYSIS-PROFIT OR LOSS



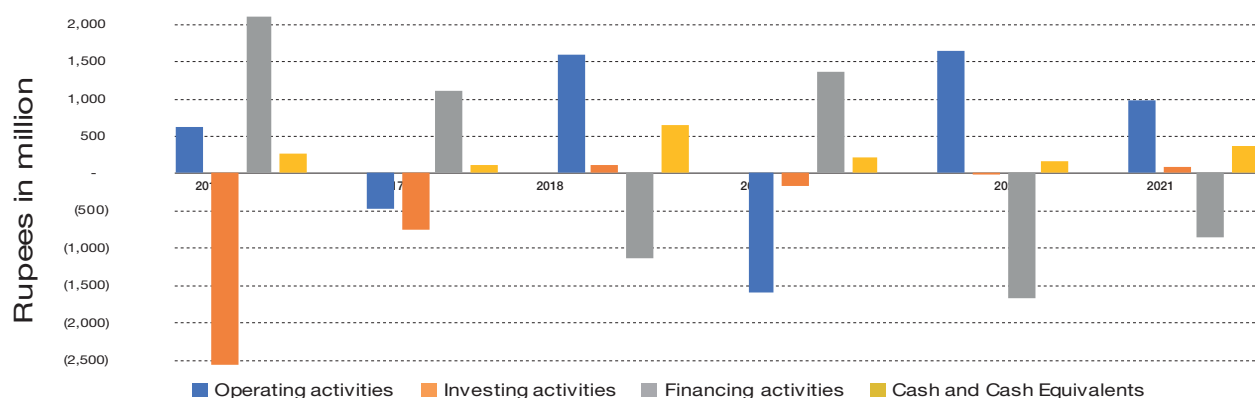


# CASH FLOWS ANALYSIS

FOR THE CURRENT AND LAST FIVE YEARS

Summary of Cash Flow Statement	2021	2020	2019	2018	2017	2016
	Rupees in thousand					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Profit / (loss) before taxation	471,762	(51,098)	(197,341)	876,546	1,031,351	879,017
Adjustments for non-cash items and other items	224,165	218,949	290,049	81,069	8,525	17,554
Working capital changes	160,289	1,354,187	(685,165)	561,664	(1,091,236)	(70,540)
Finance cost paid	(85,570)	(233,431)	(183,712)	(73,841)	(26,864)	(15,697)
Income tax paid	(56,195)	(74,725)	(404,279)	(271,703)	(260,304)	(353,145)
Net decrease in long term loan to employees	-	280	769	1,390	3,058	(1,176)
Net (increase) / decrease in long term security deposits	(8,702)	2,898	(3,538)	(7,700)	(24,555)	(4,791)
Increase / (decrease) in long term deposits	16,500	(500)	(500)	(500)	-	(1,000)
<b>Net cash generated from / (used in) operating activities</b>	<b>722,249</b>	<b>1,216,560</b>	<b>(1,183,717)</b>	<b>1,166,925</b>	<b>(360,025)</b>	<b>450,222</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Capital expenditures on operating fixed assets	(267,487)	(282,116)	(275,337)	(440,267)	(650,938)	(138,692)
Capital expenditures on intangible assets	(7,069)	(5,362)	(8,026)	(676)	(1,865)	(5,985)
Initial direct cost incurred on right of use assets	(1,204)	-	-	-	-	-
Proceeds from disposal of operating fixed assets	13,776	15,395	8,024	9,537	74,722	2,805
Investment in subsidiary company	-	-	-	-	(197,241)	(326,350)
Loans to subsidiary company	-	-	(548,900)	(296,500)	(261,000)	-
Repayment of loans by subsidiary company	-	-	548,900	557,500	-	-
Short term investments - net	277,775	153,963	30,869	155,000	378,663	(1,453,246)
Dividend received	20,453	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	21,829	86,942	69,330	57,615	85,353	27,394
<b>Net cash from / (used in) investing activities</b>	<b>58,073</b>	<b>(13,000)</b>	<b>(132,812)</b>	<b>71,429</b>	<b>(571,155)</b>	<b>(1,894,074)</b>
Cash flow from financing activities						
Proceeds from issue of share capital - net	-	-	-	-	-	1,731,708
Repayment of liabilities against assets subject to finance lease	-	-	(45,153)	(35,973)	(5,804)	(22,830)
Repayment of lease liabilities	(81,501)	(48,576)	-	-	-	-
Dividends paid	(333,524)	(29,589)	(203,278)	(403,243)	(312,549)	(167,341)
Proceeds from long term financing	126,582	63,404	-	21,865	23,135	2,727
Repayment of long term financing	(46,431)	(14,894)	(15,000)	(13,178)	(4,321)	(333)
Short term borrowings - net	(305,082)	(1,208,652)	1,267,280	(411,333)	1,118,969	-
<b>Net cash (used in) / from financing activities</b>	<b>(639,956)</b>	<b>(1,238,307)</b>	<b>1,003,849</b>	<b>(841,862)</b>	<b>819,430</b>	<b>1,543,931</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>140,366</b>	<b>(34,747)</b>	<b>(312,680)</b>	<b>396,492</b>	<b>(111,750)</b>	<b>100,079</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>124,178</b>	<b>158,925</b>	<b>471,605</b>	<b>75,113</b>	<b>186,863</b>	<b>86,784</b>
<b>Cash and cash equivalents at the end of year</b>	<b>264,544</b>	<b>124,178</b>	<b>158,925</b>	<b>471,605</b>	<b>75,113</b>	<b>186,863</b>

## ANALYSIS OF CASH FLOWS



## CASH FLOWS ANALYSIS

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

### OPERATING ACTIVITIES

After excluding impact of non-cash items, the Company witnessed net cash generated from operating activities by Rupees 722.25 million in comparison to the last year's net cash from operating activities of Rupees 1,216.56 million. This is mainly due to net increase in current assets of the Company during the year.

### INVESTING ACTIVITIES

HTL received net cash amounting to Rupees 58.072 million from investing activities mainly on account of decrease in short term investments.

### FINANCING ACTIVITIES

Net outflows from financing activities are Rupees 639.956 million mainly on account of repayment of short term borrowings and dividend payments.

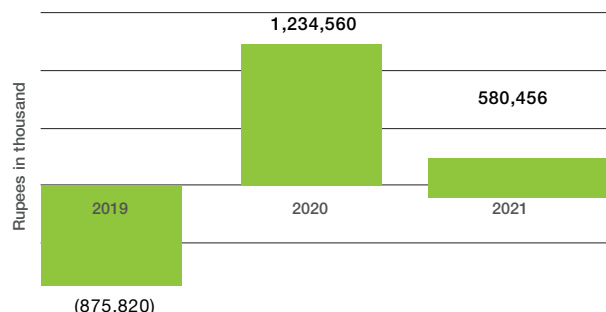
### CASH AND CASH EQUIVALENTS

Cash and cash equivalents are increased by Rupees 140.366 million mainly on account of net cash generated from operating activities.

## ANALYSIS OF FREE CASH FLOWS

Free Cash Flows	2021	2020	2019
	Rupees in thousand		
Profit / (loss) before taxation	471,762	(51,098)	(197,341)
Adjustments for non-cash items and other items	224,165	218,949	290,049
Working capital changes	160,289	1,354,187	(685,165)
Capital additions	(275,760)	(287,478)	(283,363)
<b>Free Cash Flows</b>	<b>580,456</b>	<b>1,234,560</b>	<b>(875,820)</b>

### FREE CASH FLOWS



## DIRECT METHOD CASH FLOWS

	2021	2020
<b>Cash Flows From Operating Activities</b>		
Collection from customers	10,513,763,792	8,157,274,771
Payments to employees as remuneration	(727,511,512)	(557,416,534)
Payments to suppliers and service providers	(6,433,707,994)	(4,645,985,957)
Income tax paid	(56,194,929)	(74,724,817)
Sales tax paid	(2,488,022,445)	(1,428,792,867)
Finance cost paid	(85,570,387)	(233,430,812)
Zakat paid	(507,123)	(363,462)
<b>Net Cash Flows From Operating Activities</b>	<b>722,249,402</b>	<b>1,216,560,322</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures on operating fixed assets	(267,486,601)	(282,116,245)
Capital expenditure on intangible assets	(7,069,069)	(5,362,625)
Initial direct cost incurred on right-of-use assets	(1,203,654)	
Proceeds from disposal of operating fixed assets	13,775,776	15,395,072
Short term investments - net	277,774,997	153,963,043
Dividends received	20,452,706	10,437,403
Interest received on loans to subsidiary company	-	7,741,006
Profit on bank deposits and term deposit receipts received	21,828,703	86,941,717
<b>Net cash from / (used in) investing activities</b>	<b>58,072,858</b>	<b>(13,000,629)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of lease liabilities	(81,501,417)	(48,575,756)
Dividend paid	(333,523,490)	(29,588,773)
Proceeds from long term financing	126,582,220	63,404,019
Repayment of long term financing	(46,430,813)	(14,894,159)
Short term borrowings - net	(305,082,290)	(1,208,652,827)
<b>Net used in financing activities</b>	<b>(639,955,790)</b>	<b>(1,238,307,496)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>140,366,470</b>	<b>(34,747,803)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>124,177,670</b>	<b>158,925,453</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>264,544,140</b>	<b>124,177,650</b>

# QUARTERLY ANALYSIS

FOR THE **CURRENT YEAR**

Statement of Profit or Loss	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Rupees in thousand			
GROSS REVENUE	2,341,558	3,695,613	3,389,381	4,421,459
DISCOUNTS	(78,865)	(263,146)	(159,906)	(328,787)
	2,262,693	3,432,467	3,229,475	4,092,672
SALES TAX	(423,798)	(653,416)	(593,648)	(748,235)
<b>NET REVENUE</b>	1,838,895	2,779,051	2,635,827	3,344,437
COST OF SALES	(1,443,123)	(2,284,029)	(2,143,499)	(2,931,858)
<b>GROSS PROFIT</b>	395,772	495,022	492,328	412,579
DISTRIBUTION COST	(190,326)	(218,718)	(207,329)	(196,352)
ADMINISTRATIVE EXPENSES	(104,807)	(110,634)	(120,460)	(133,339)
OTHER EXPENSES	(5,005)	(10,583)	(7,566)	(18,121)
	(300,138)	(339,935)	(335,355)	(347,812)
OTHER INCOME	13,834	30,978	25,499	10,138
<b>PROFIT FROM OPERATIONS</b>	109,468	186,065	182,472	74,905
FINANCE COST	(20,389)	(18,146)	(20,933)	(21,680)
<b>PROFIT BEFORE TAXATION</b>	89,079	167,919	161,539	53,225
TAXATION	(13,792)	(68,345)	(44,736)	(15,660)
<b>PROFIT AFTER TAXATION</b>	75,287	99,574	116,803	37,565

Statement of Financial Position	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Rupees in thousand			
<b>EQUITY AND LIABILITIES</b>				
<b>SHARE CAPITAL AND RESERVES</b>				
Authorized share capital				
150,000,000 (2020: 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	2,072,914	2,068,084	1,952,878	1,990,443
<b>Total Equity</b>	3,232,954	3,228,124	3,112,918	3,150,483
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
Long term financing	52,823	87,760	90,424	47,490
Lease Liabilities	194,443	291,897	285,469	334,670
Long term deposits	3,000	11,000	11,000	17,000
Deferred liability	6,544	2,054	7,047	362
	256,810	392,711	393,940	399,522
<b>CURRENT LIABILITIES</b>				
Trade and other payables	1,145,287	1,351,063	1,668,801	1,385,265
Accrued mark-up	8,776	2,573	6,541	9,757
Current portion of non-current liabilities	104,675	145,121	109,765	162,698
Unclaimed dividend	3,293	3,914	6,922	6,327
Short term borrowings	319,583	2,940	277,268	461,181
Taxation - net	-	2,795	3,451	10,919
	1,581,614	1,508,406	2,072,748	2,036,147
<b>Total liabilities</b>	1,838,424	1,901,117	2,466,688	2,435,669
Contingencies and Commitments	-	-	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	5,071,378	5,129,241	5,579,606	5,586,152

Statement of Financial Position	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Amounts in PKR'Millions			
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Fixed assets	1,727,112	1,830,506	1,844,484	1,833,546
Right-of-use assets	255,067	320,502	315,682	359,293
Intangible assets	6,758	9,137	9,074	10,646
Investment property	-	-	-	61,658
Investment in subsidiary company	1,300,001	1,300,001	1,300,001	1,300,001
Long term security deposits	11,745	15,864	21,531	29,402
Deffered income tax asset - net	107,956	69,457	37,670	48,246
	3,408,639	3,545,467	3,528,442	3,642,792
<b>CURRENT ASSETS</b>				
Stock-in-trade	546,250	501,282	919,109	878,742
Trade debts	56,438	68,527	83,661	103,225
Loans and advances	159,330	282,667	200,306	89,718
Short term deposits and prepayments	32,728	27,895	38,674	19,317
Other receivables	63,767	21,830	101,937	141,381
Accrued interest	3	-	-	390
Short term investments	665,856	586,966	496,250	446,043
Cash and bank balances	138,367	94,608	211,227	264,544
	1,662,739	1,583,774	2,051,164	1,943,360
<b>TOTAL ASSETS</b>	<b>5,071,378</b>	<b>5,129,241</b>	<b>5,579,606</b>	<b>5,586,152</b>

## QUARTERLY ANALYSIS REVENUE

First quarter of the fiscal year, which is generally slower coupled with economic slowdown and COVID 19 challenges, one represents 21% of total revenue with increasing trend in remaining quarters with highest in fourth quarter which represent 42% of total revenue. Although FY 2020-2021 remained challenging, but the Company successfully able to attain significant growth in revenue figures. Furthermore, the Company also able increase market share of ZIC Lubricants.

## COST OF SALES

Cost of sales shows increasing trend in FY 2021 with lowest in first quarter and highest is fourth quarter in line with the revenue of the Company.

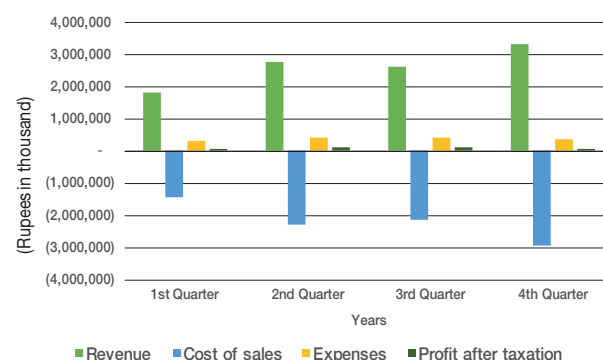
## PROFIT FROM OPERATIONS

In spite of COVID-19 challenges, the Company successfully reported profit from operations in all four quarters of FY 2021. Profit from operations in first three quarters are in line with the revenue trend but in fourth quarter due to increase in sales discounts it has been decreased. Overall, performance of the Company was up to mark, as it also able to post bottom line profits during the four quarters of year accumulating into net profit of Rupees 329.23 million in comparison to loss of Rupees 40.117 million in FY 2020.

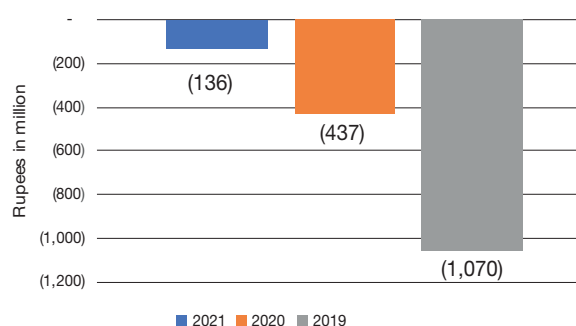
## ECONOMIC VALUE ADDED

Economic value added (EVA) is used to measure the value a company generates from funds into its business. In FY 2021, although EVA of the Company showing declined of Rupees 136 million but it reflects significant improvement from FY 2020 and FY 2019.

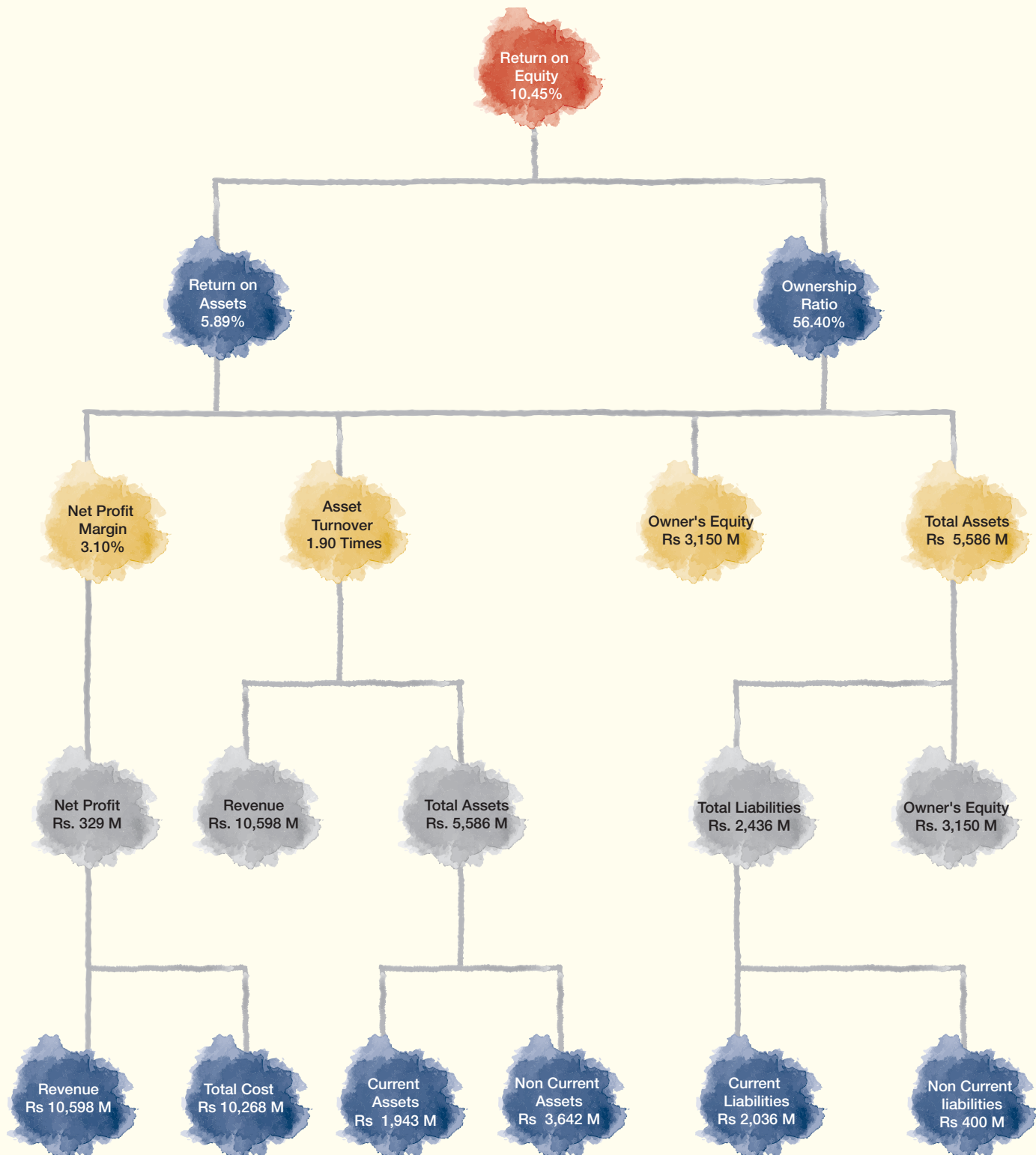
### QUARTERLY ANALYSIS



### ECONOMIC VALUE ADDED (EVA)



# DUPONT ANALYSIS



Net profit after tax has increased to 3.10% in 2021 as compared to -0.71% reported in 2020, mainly due to increased revenue and reduction in finance cost. Asset turnover ratio also improved due to handsome growth in revenue side. EBTIDA Margin to revenue has increased by 3.28% in 2021 mainly due to revenue growth. Due to positive results at bottom line, return on equity has been reached to 10.45% as compared to -1.27% reported in 2020 showing healthy recovery

# 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. By achieving revenue targets and taking effective cost control measures, the Company is able to post profits in spite of challenges COVID – 19. On the other hand, Company also achieved its working capital and liquidity targets.

## STATEMENT OF FINANCIAL POSITION

### SHAREHOLDERS' EQUITY

In spite of achieving profits, shareholders' equity has decreased by 0.23 % as compared to the previous year due to distribution dividends. Shareholders' equity includes share capital and reserves (i.e. capital and revenue reserves).

### NON CURRENT LIABILITIES

Non-current liabilities have increased by Rupees 150.254 million mainly due to increase in lease liabilities and long term deposits.

### CURRENT LIABILITIES

Overall, current liabilities show net increase by 28.36 % in 2021. This is mainly on account increase in trade and other payables of the Company.

### ASSETS

#### NON CURRENT ASSETS

Non-current assets have increased by Rupees 252.83 million (7.46 %) from the last year. This increase is mainly in three categories i.e. fixed assets, right of use assets. The increase in fixed assets is mainly to support the Company's expansion strategies. Right of use assets are increased due to new additions during the year.

## STATEMENT OF PROFIT OR LOSS

### GROSS PROFIT

Gross profit of the Company increased by 59.63% during the year. This is mainly on account of achieving revenue targets of the Company.

### DISTRIBUTION COST

Distribution cost has been increased by 13.86 % in comparison from last year in correspondence to the increase in revenue line.

### ADMINISTRATIVE EXPENSES

Administrative expenses also increased by 22.90% in comparison from last year mainly, due to increase in salaries, wages and other benefits

### OTHER INCOME

Overall other income has been decreased by Rupees 45.67 million in comparison from last year, mainly on account of decrease in profit on bank deposits and term deposit receipts. The decrease was in line with short term investments of the Company.

### FINANCE COST

Overall finance cost has been reduced by 56.45% 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.

### PROFIT FOR THE YEAR

In result of achieving revenue targets along with effective cost control measures, the Company is able to post net profit to Rupees 329.229 million in comparison from last year's loss of Rupees 40.117 million.

## PERFORMANCE AGAINST NON-FINANCIAL MEASURES

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

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 has decided to enter into plastic packaging industry by venturing into production of plastic products through its wholly owned subsidiary company. This helps HTBL to use its experience bottle manufacturing at large scale. Furthermore, the Company has successfully completed its Oil Storage Facility situated at Nowshera, Khyber Pakhtunkhwa Province. Due to this, the Company will be able to start its petroleum segment operations in Khyber Pakhtunkhwa Province, subject to the approvals from Oil and Gas Regulatory Authority.

# ANALYSIS OF FINANCIAL AND NON-FINANCIAL PERFORMANCE

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

The fiscal year 2020-21 began with the COVID-19 pandemic at its peak. In spite of COVID-19 challenges, the Company still able to achieve its budgeted revenue targets and cost control measures which in turns helps the Company to post bottom line profits in comparison to the loss in 2020.

## CHANGES IN THE INDICATORS AND PERFORMANCE MEASURES

The Company continued Balance Scorecard approach in the year 2021 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

- The Company has decided to enter into plastic packaging industry by venturing into production of plastic products.
- Started expansion on blending facilities at HTBL's Plant Site.
- Hyundai Nishat Motors (Private) Limited and M/S Regal Automobile Industries Limited (DSFK) for use of ZIC lubricants in their after sales services.

## 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.

## BEST CORPORATE REPORTS AWARDS

From FY 2018 to onwards, HTL participate in Best Corporate and Sustainability Report Awards competition arranged by ICAP and ICMAP every year. Year wise performance in aforesaid competition is stated below;

YEAR	POSITION	SECTOR
2018	Second	Fuel and Energy
2019	Fourth	Fuel and Energy
2020	Third	Fuel and Energy