DIRECTORS' REPORT **TO THE SHAREHOLDERS**

The Directors of Hi-Tech Lubricants Limited ("HTLL" or the "Company") are pleased to present Annual Report along with the audited financial statements for the year ended June 30, 2020.

2020 was being a challenging year for Pakistan's economy mainly due to lower GDP growth and economic slowdown followed by the COVID-19 pandemic. However, the board is appreciative of the results generated by our employees that lead to a consolidated profit of PKR 122 million for the year. This profit includes an embedded loss of PKR 18 million associated with our OMC which is in its initial years of development. The year was marked by changes in consumer behavior in reaction to exchange rate driven price changes, followed by impacts on the supply chain caused by taxation and regulatory changes led by the Government. Prior to the COVID-19 pandemic there were also sharply higher interest costs faced by all businesses in Pakistan. Our first quarter of the fiscal year, which is generally a seasonally slower one, resulted in losses caused by a slowdown in end consumer demand and a sharp reduction in informal participants in the distribution chain that withdrew from the market in response to the Government documentation drive. The Company returned to profitability in the second quarter though sales remained subdued in this traditionally strong period as the consumer continued to absorb price increases and channel inventory continued to reduce. Quarter 3 showed a return to increased volumes (both quarter over quarter and year over year), and the economy was poised well just the COVID-19 pandemic hit.

The last quarter of fiscal year 2020 saw overall economic and social activity of the country in all fields of life grind to a virtual standstill for extended periods of time. HTLL navigated the pandemic well, much better than we feared at the beginning of what looked like an extended lockdown. Our sales team engaged with existing relationships with both distributors and retailers to ensure the maximum level of sales possible. Through proactive marketing, incentives and social interaction (albeit socially distanced), we believe we achieved better results than our competitors in the last quarter. Relationships with retailers and distributors, built over several years and nurtured in person helped us tremendously in this unique time. Developing these relationships has been an integral part of the Company's strategy and is a core strength of the Company, which it is not easy to replicate. The quarter also saw the sharp reduction in interest rates that helped improve profitability.

Additional drivers of profitability in the year were increased discipline with regards to discounting, inventory rationalization and lower levels of running finance and taxation. On taxation, an increasing volume of the Company's products are now blended or filled in our blending plant as per our long-standing strategy. The taxation regime at Hi-Tech Blending (Private) Limited ("HTBL" or the "subsidiary company") is more favorable for the Company and we expect a lower effective tax rate for the consolidated accounts in the future than in past years.

Despite these short-term challenges, absent dramatic changes on the macroeconomic or pandemic front we are optimistic about the year ahead. The first quarter of fiscal 2021 has started off strong with material growth year over year. The lubricant market is improving and we anticipate a growth in the industry next year. Our inventory is at good levels, our running finance has decreased and our financial and tax charges should be in check based on the current regulations and interest rates.

FINANCIAL **PERFORMANCE**

Particulars	Consolidated Year ended 30 June		Change
	2020	2019	
	PKR IN MILLION		
Net Sales	5,629	9,431	-40%
Gross Profit	1,415	2,069	-32%
% of Sales	25.14%	21.94%	3.2%
Operating Profit	311	614	-49%
% of Sales	5.5%	6.5%	-1%
Net Profit After Tax	122	41	198%
% of Sales	2.2%	0.4%	1.8%
Earnings Per Share	1.05	0.35	200%

The Company's strategy is focused on increasing value for our stakeholders by growing our presence in the lubricants market while pursuing strategic expansion into business opportunities, which align with our core competencies, namely HTL Blending, HTL Express Centres and HTL Fuel Stations.

OPERATIONAL **PERFORMANCE**

LUBE **SEGMENT**

In volume terms passenger car motor oil (PCMO) maintained its position while motorcycle oils (MCO) and diesel engine oils (DEO) segment suffered downward trend.

HI-TECH BLENDING (PRIVATE) LIMITED **("HTBL")**

HTBL is a wholly owned subsidiary of your Company. It continued its impressive growth in revenues and profitability. The Company added three new products to its portfolio.

HTL **EXPRESS CENTERS**

HTL Express with a goal of changing the dynamics of vehicle maintenance through genuine products, superior services, trained professionals and best technology is expanding its reach across Pakistan. With eight HTL Express centers in place, the Company is focused on increasing the brand's customer base in the vehicle preventive maintenance by attracting corporate clients to provide fleet maintenance services in addition to catering to the consumer segment of the vehicle maintenance industry.

HTL Express Franchise system will be introduced in year 2021 and also is combined as an integral part of potential HTL fuel stations under our OMC Project, and we expect to have a more presence across Pakistan in the future.

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

The Company currently has eleven (11) dealer operated fuel stations up and running in Punjab. This number is expected to increase to twenty-five by December 2020. While these are early days, the stations are outperforming the volumes we had forecast in their individual feasibility studies – a testament we feel to our site selection and brand equity associated with the "ZIC" name. The Company intends on expanding its storage at Sahiwal, which will allow it to operate another 15-20 fuel stations in Punjab.

The Company storage at Tarun Jabba Nowshera, Khyber Pakhtunkhwa (KPK) is near completion with machinery installation underway. We expect it to be operational by October 31, 2020. The construction of the depot has been delayed a few months because of the shutdown of the economy but we expect it to be operational by the end of the year allowing us to operate in KPK where our brand equity is string.

We have entered into hospitality agreements with renowned OMCs to receive products through their terminals to service our pumps. The Company may also build its storage near the proposed oil pipeline under joint arrangements with larger OMCs. This will safeguard Company's supply chain and will bring more efficiency in its operations.

MANAGEMENT OF **LIQUID RESOURCES**

CASH **MANAGEMENT**

Cash management and liquidity is a key focus of the Company and is incorporated into all strategic decision making of the Company from purchasing, the design of marketing schemes and capital expenditures. A budgeting and planning department works under the direct supervision of CFO of the Company directly reportable to CEO. This section works for annual strategic planning, budgeting and forecasting that enables Company to efficiently achieve its vision and safeguard against future strategic and liquidity risks. This planning further helps to maintain a healthy working capital cycle. Liquidity requirements are managed through sales revenue, return from the investments and external financing where considered economical.

The Company has an effective Cash Management System in place whereby cash inflows and outflows are projected on monthly, quarterly and half-yearly basis and monitored rigorously along with monthly and quarterly rolling forecast budgeting. Working capital requirements are properly planned and managed through efficient management of trade receivables, payables and inventory levels and financing arrangements.

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CAPITAL **EXPENDITURE**

Capital expenditure is managed carefully through a proper evaluation of profitability and risks associated with such investments, regular project reviews are undertaken by internal audit department for delivery on time and at budgeted cost. Large capital expenditures are further backed by long-term contracts so as to minimize cash flow risk to the business. Capital expenditure during the year ended June 30, 2020 was PKR 311 million compared to PKR 321 million in the corresponding period.

The Board is satisfied that there are no short or long-term financial constraints including access to credit and strong statement of financial position as at June 2020. The Company faces no liquidity risks in light of its well-planned cash management strategies leading to adequate availability of unutilized borrowing facilities.

APPROPRIATION OF **PROFITS**

In view of the financial results of the Company for the year 2020, the Board of directors have proposed, at its meeting held on September 11, 2020, a final cash dividend for the year ended June 30, 2020 of PKR 0.90 per share (9%) out of profits of the Company. The approval of the members for the dividend will be obtained at the Annual General Meeting to be held on October 23, 2020. In accordance with the requirements of applicable accounting standards, the proposed dividend amounting to PKR 104.4 million has not been recognized as a liability in these financial statements.

IPO **FUNDS**

Note 51 to the financial statements of the Company for the year ended 30 June 2020, provides detailed information on the utilization of IPO proceeds.
The Board and management are of the view that this capital must generate adequate risk adjusted returns in the best interests of the shareholders. The Company will not follow a build at all cost "land grab" strategy employed by a few other OMCs in recent years – a strategy that looked to be working excellently until it didn't. We think that the OMC business has good economics and is a natural complement to our lubricants business. Nevertheless, it differs materially from our existing business in its economics. The Company is focused on quality retail sites and excellent risk management (focused on financial, logistic and commodity based risks). This focus will reward us in the years to come, even if results in a slower than desired investment of our IPO proceeds.

Particulars	Rupees
Un-utilized IPO proceeds as at 01 July 2019	884,002,597
Add: Profit on term deposit receipts	82,042,155
Add: Profit on bank deposits	3,291,564
Add: Dividend on investment in mutual fund	9,447,404
Add: Others	926,612
Less: payments made relating to OMC project	(225,396,278)
Less: Withholding tax on profit	(12,242,865)
Less: Withholding tax on dividend from mutual fund	(1,500,745)
Less: Zakat Deducted on profit	(1,366,814)
Less: Bank charges	(22,737)
Un-utilized IPO proceeds as at 30 June 2020	739,180,893

FUTURE **OUTLOOK**

The economy of Pakistan is expected to grow around 1% to 1.5% in FY 2020, indicating a further slowdown in the country's economic activity. Further, owing to significant increase in automobile prices as an outcome of devaluation of rupee in terms of dollar, sales of automobile segment have dwindled. Recent figures have shown a whopping 53% decline in car sales in the year 2020 on YoY basis, and the Company expects this decline to continue in FY 2021.

Considering the current situations, HTLL has already increased its local blending at HTBL by shifting 90% of our imported product portfolio towards blending plant. While your Company expects a better year for profitability next year, significant uncertainties remain in the current economic scenario.

We expect core operations of OMC to be profitable in year 2021 subject to stability in economic conditions coupled with oil prices, exchange and interest rates. We should give some indication on profitability of OMC for the coming year.

AUDITORS

The present auditors M/s Riaz Ahmad & Co., Chartered Accountants, retire and offer themselves for re-appointment. They have confirmed achieving satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the Guidelines on the Code of Ethics of the International Federation of Accountants (IFAC) as adopted by ICAP. As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as Auditors of the Company for the Year ending June 30, 2021, at a fee to be mutually agreed.

COMPLIANCE WITH THE **CODE OF CORPORATE GOVERNANCE**

The mandatory requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 have been duly complied with and a Statement of Compliance to this effect along with external auditor's review report thereon is annexed in the Annual Report.

PATTERN OF **SHAREHOLDING**

A statement of the pattern of shareholding of certain class of shareholders as at June 30, 2020, whose disclosure is required under the reporting framework, is included in the annexed shareholders' information.

RISK **MANAGEMENT**

The Company has a comprehensive Risk Management Policy that has assigned specific responsibilities to directors and senior management. Three main players in the policy are the Board of Directors, Audit Committee and Risk Management Committee who regularly review the risk matrix in terms of impact and probability of occurrence. The senior management team, led by the Chief Executive Officer, Executive Director and Non-Executive Director are responsible for risk mitigation measures and developing proposals thereof for consideration by the Board.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by the Company's finance department under policies approved by the Board of Directors.

The Company's finance department evaluates and hedges financial risks where possible. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

The major risks to which Company is exposed as explained in note 46 of the unconsolidated financial statements and measures adopted for their mitigation are as follows:

• CREDIT **RISK**

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

• LIQUIDITY **RISK**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities. The Company's fund management strategy aims at managing liquidity risk through internal cash generation. HTLL has been allotted credit rating of A and A-2 for long and short term financing respectively. This depicts our ability to meet our obligations timely, and denotes a stable liquidity position. Low level of receivables balance and availability of sufficient credit lines, due to stable liquidity position, the Company is able to meet all its contractual commitments.

• FOREIGN EXCHANGE **RISK**

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currencies. The Company is mainly exposed to short term USD/PKR parity on its import of finished lubricants, raw materials and plant and machinery in the Company and in its wholly owned subsidiary since POL products are restricted from obtaining any forward cover as per guidelines of State Bank of Pakistan. However, as more of our volumes shift to blending unit we are able to mitigate this risk to an extent as our lead times and need for buffer inventories are reduced.

Moreover, Board and the Risk Management Committee also carries out a robust assessment of the principal risks facing the Company, including those that would threaten the business model, future performance, solvency or liquidity on a regular basis.

RISK **GOVERNANCE**

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

BOARD **COMMITTEES**

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

INTERNAL CONTROLS **AND MONITORING**

The directors are fully aware of their responsibility in respect of adequacy of internal financial controls and the system of internal control of the Company is sound in design and has been effectively implemented and monitored. Sound automated financial information systems have been established with restricted system access rights. HTLL has also established procedural internal controls across all the functions. Internal and external audits are being conducted throughout the year to keep the controls up-to mark. Internal Audit function operates under the Board approved plan and provides independent and objective evaluations while reporting directly to the Audit Committee on the effectiveness of governance, risk management and control processes.

POLICIES AND **PROCEDURES**

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

CORPORATE **SOCIAL RESPONSIBILITY (CSR)**

Your Company continued its focus on various social causes that includes education, healthcare, skill development, environmental protection and social welfare during the current year. As per decision of the board of directors of your Company, a trust named Sabra Hamida Trust was established on July 02, 2010. The trust is duly registered under section 2(36) of the Income Tax Ordinance, 2001. The primary objective of the trust is to contribute towards the education, health and other charitable and welfare causes. The Company is making contributions / donations to Sabra Hamida trust for carrying out its social work. The Company donated PKR 18.79 million towards various causes in the current year.

SUSTAINABILITY AND **CORPORATE SOCIAL RESPONSIBILITY**

At HTLL Corporate Social Responsibility is a well-devised and structured combination of programs strongly built on the core objective to improve lives with direct interventions in local community. The Company focuses on raising the bar while working in the much needed development sectors in Pakistan; Education, Healthcare and Environment thereby strongly upholding the United Nation Global Compact UNGC sustainable development goals.

CSR ACTIVITIES DURING **CORONA VIRUS PANDEMIC AND LOCKDOWNS**

• SERVICE ABOVE **SELF-CAMPAIGN**

Global pandemic of COVID-19 where gave a real time challenge to the under developing economies also badly jeopardized livelihood of daily wagers restraining them completely to their homes when complete lock down was the only hope to minimize spreading of this deadly virus. HTLL took it a real call for itself to support such families that been tested with this lockdown. Hence, launched "Service Above Self" campaign. This extensive campaign reached out to every oil changer in the Retail market of ZIC providing them with Rashan packages as a gesture of gratitude for their unwavering services and hard work. More than 2,000 Rashan Packages were distributed among daily wagers nationwide.

• SPREADING HAPPINESS WITH **A TOKEN OF CASH EIDI**

HTL believe true happiness is not in getting more but in giving more. So few days before Eld–ul- Fitr, HTL took another initiative in collaboration with Alkhidmat Foundation to spread happiness by distributing Cash Eidi to the most impacted from the pandemic as to support the notion that everyone deserves to rejoice and celebrate eid. It was in Great Spirit to lift up those who were disrupted hard by losing jobs or entered despair.

• ENVIRONMENT, **HEALTH & SAFETY**

Your Company is striving to meet the environmental, health and operational practices through introducing products that are pollution free with low emissions. The areas of focus in 2020 continued to be road safety through patronage with City Traffic Police and National Highway and Motorway Authorities. Firefighting drills and safety workshops executed at Company offices and plant location.

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

• MATERIAL CHANGES **AND COMMITMENTS**

- The Group comprises of Hi-Tech Lubricants Limited (HTLL) and its wholly owned subsidiary company Hi-Tech Blending (Private) Limited (HTBL). Both the Group companies are incorporated in Pakistan and HTBL plant is located at outside Sundar Industrial Estate, at Bhaikot Raiwind Road, Lahore.
- There have been no material changes since June 30, 2020 and none of the group companies have entered into any commitment, which would affect financial position of any group company at the date except those included in the unconsolidated and consolidated financial statements of the Company for the year ended June 30, 2020.
- There has been no modification in the Auditor's Report in relation to any group company at any stage.
- There has been no default in payment of any debt by any of the group companies during the year.
- These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.
- Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- There has been no material departure from the Best Practices of Corporate Governance, as detailed in the Listing Regulations and Listed Companies (Code of Corporate Governance) Regulations, 2019.
- The key operating and financial data of the Company for the last 6 years is annexed.
- The Auditors have expressed unqualified opinions on the financials statements of each of the group companies.

• CONTRIBUTION TO **NATIONAL EXCHEQUER**

Your Company is a noteworthy contributor to the national economy and has contributed PKR 2.424 Billion during the year 2020 to the national exchequer on account of sales tax, income tax, import duties and statutory levies.

• CONTRACTS WITH **RELATED PARTIES**

During the year, HTL revised related party contracts for Contractual Employment with Mr. Moeen-Ud-Din and Mr. Zalmai Azam (siblings of Non-executive directors, namely, Mr. Shaukat Hassan and Tahir Azam respectively). In pursuance of the Contractual Employment Agreements with these related parties, both the resources continue to provide professional services for HTL Express and HTL Stations (OMC) projects respectively. While securing commercial and business interests of the Company coupled with due consideration to the requirements of Companies Act, 2017 and guidelines of Listed Companies (Code of Corporate Governance Regulations, 2019, the Board approved the above mentioned revisions.

• EVALUATION OF **PERFORMANCES**

Evaluation of Performances of the Board, its Members, Committees, the Chairman and CEO for the year ended June 30, 2020 have been conducted internally by the Human Resource Department of the Company in compliance to the TORs of Board's Human Resource and Remuneration Committee as prescribed by SECP. Accordingly, no external firm/individual has been appointed for this purpose.

• THRESHOLD FOR **CONSIDERATION AS EXECUTIVES**

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

• NAMES OF ALL DIRECTORS OF THE **COMPANY DURING THE FINANCIAL YEAR**

- Mr. Hassan Tahir (CEO & Executive Director);
- Mr. Muhammad Ali Hassan (Executive Director)
- Mr. Shaukat Hassan (Chairman BOD & Non-Executive Director);
- Mr. Tahir Azam (Non-Executive Director);
- Mr. Faraz Akhtar Zaidi (Non-Executive Director);
- Ms. Mavira Tahir (Non-Executive Director);
- Mr. Muhammad Tabassum Munir (Independent Director);
- Dr. Safdar Ali Butt (Independent Director);
- Syed Asad Abbas Hussain (Independent Director)
- Mr. Moon Seek Park (Ex-Nominee of SK Lubricants Co. Ltd.) (Non-Executive Director till July 31, 2019)
- Mr. Ji Won Park (Current Nominee of SK Lubricants Co. Ltd.) (Non-Executive Director since September 21, 2019)

COMPOSITION OF THE BOARD **AT THE TIME OF DIRECTORS' REPORT**

The Composition of the Board at the time of Directors' Report is as following; The total number of directors are 10 as per the following:

- Male: 09
- Female: 01

The composition of board is as follows:

a) Independent Directors: 03
b) Non-executive Director: 05 (Includes 1 female director)
c) Executive Directors: 02

COMMITTEES OF **THE BOARD**

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

Names of members of Audit Committee of the Board

Mr. Muhammad Tabassum Munir (Chairman of board's Audit Committee)
Dr. Safdar Ali Butt (Member of board's Audit Committee)
Mr. Shaukat Hassan (Member of board's Audit Committee)
Mr. Tahir Azam (Member of board's Audit Committee)
Mr. Faraz Akhtar Zaidi (Member of board's Audit Committee)

Names of members of Human Resources and Remuneration Committee of the Board

Dr. Safdar Ali Butt (Chairman of board's HR&R Committee)
Mr. Shaukat Hassan (Member of board's HR&R Committee)
Mr. Tahir Azam (Member of board's HR&R Committee)
Ms. Mavira Tahir (Member of board's HR&R Committee)

Names of members of Risk Management Committee of the Board

Mr. Faraz Akhtar Zaidi (Chairman of RM Committee)
Ms. Mavira Tahir (Member of RM Committee)
Mr. Muhammad Tabassum Munir (Member of RM Committee)

Names of members of Corporate Social Responsibility Committee of the Board

Mr. Shaukat Hassan (Chairman of board's CSR Committee)
Mr. Tahir Azam (Member of board's CSR Committee)
Ms. Mavira Tahir (Member of board's CSR Committee)
Mr. Hassan Tahir (Member of board's CSR Committee)
Mr. Ali Hassan (Member of board's CSR Committee)
Mrs. Sana Sabir (Director of HTBL and Member of board's CSR Committee)

Names of members of Investment Committee of the Board

Mr. Shaukat Hassan (Chairman of board's Investment Committee)
Mr. Tahir Azam (Member of board's Investment Committee)
Mr. Faraz Akhtar Zaidi (Member of board's Investment Committee)
Mr. Hassan Tahir (Member of board's Investment Committee)
Mr. Ali Hassan (Member of board's Investment Committee)
Mr. Muhammad Imran (CFO and Member of board's Investment Committee)
Mr. Shahzad Sohail (GM Supply Chain & Administration & Member of board's Investment Committee)

DIRECTORS' REMUNERATION **POLICY**

An extract of Directors Remuneration Policy is appended below as required under Listed Companies (Code of Corporate Governance) Regulations, 2019. Human Resources and Remuneration Committee of the Board (HRRC) has been authorized by the Board to design and oversee the implementation of the Company's Directors' Remuneration Policy. A formal Directors Remuneration Policy was approved by the Board in April 2018 and revised on 8 Sept 2018. Its salient features are enumerated below:

The objectives of the policy are two-fold:

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

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

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

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

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

IT plays pivotal role within HTLL setup. The IT department ensures the organization's computing systems are up, available and functional. The HTLL IT team has implemented strict information security policies and access controls with information security standards compliance and best practices for the use of network and operating systems while assisting business units.

All the systems help to ensure business continuity for the core domains (i.e. financials, supply chain, procurement, sales, HR, marketing, OMC, HTL Express), employees and external customers (i.e. distributors, vendors and business partners).

DISASTER **RECOVERY (DR)**

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

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

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

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

BUSINESS CONTINUITY **PLANNING (BCP)**

In order to ensure that internal/ external customers receive minimum down time for business transactions, a transparent failover solution has been deployed. We have configured all the key servers as part of clustered environment using state-of the-art cluster services at the main data center area to make it high available. We have hosted all the servers in a dedicated proper data center. The state-of-the-art data center provides redundancy in connectivity, power, controlled temperature and physical security. Trained personnel are also hired to ensure the uninterrupted and professional support as and when needed. Proper system and configuration exists for protection against spyware, viruses, malicious apps, data leakage, botnets & servers from external threat and to establish the VPN connection from head office to Disaster Recovery site.

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

The Board is cognizant of its responsibilities to all minority shareholders. Both board members and the management team hold conversations with large institutional holders of the stock and brokerage houses to understand areas of focus for shareholders or any concerns. The goal of the Board of Directors is to attract a high caliber of shareholders who are well informed about the Company's prospects and its strategy. All the members of the Board have specially met minority shareholders in Annual General Meeting held on October 25, 2019 to understand the views of shareholders of the Company and will do so again at this years AGM. The Company further plans to hold at least One CBS on the basis of Annual Audited Financial Statements of the Company for the year ended June 30, 2020 within one month of the holding of upcoming AGM as permitted by PSX.

DIRECTORS **TRAININGS**

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

COMPANY'S STAFF **AND CUSTOMERS**

We wish to record our gratitude to all the Company employees' for their sheer hard work and commitment to the Company's objectives and for achieving good results in a challenging year for the country's economy. We are also thankful to Company's stakeholders especially our customers for their continued confidence in our products and services.

WEBSITE OF **THE COMPANY**

All the information as required to be placed on Company's website under statutory/regulatory requirements is appropriately placed at www.hitechlubricants.com.

MR. HASSAN TAHIR
Chief Executive Officer

MR. SHAUKAT HASSAN
Chairman

Lahore
September 11, 2020

ڈائریکٹران کی رپورٹ برائے حصص داران

ہائی ٹیک لبریکنٹس لمیٹڈ (ایچ ٹی ایل یا کمپنی) کے ڈائریکٹران سال مختتم ۳۰ جون ۲۰۲۰ء کی سالانہ رپورٹ مع آڈٹ شدہ مالیاتی حسابات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

مالی سال ۲۰۲۰ء پاکستان کی معیشت کیلئے ایک چیلنج سے بھرپور سال تھا جس کی بنیادی وجہ جی ڈی پی کی کم ترنمو اور معاشی سست روی اور اس کے ساتھ کووڈ۔۱۹ کی وبا تھی، تاہم بورڈ اپنے ملازمین کی کاوشوں کا اعتراف کرتا ہے جن کے نتیجے میں مالی سال کیلئے ۱۲۲ ملین پاکستانی روپے کا مجموعی منافع حاصل ہوا۔ اس منافع میں ہماری آئل مارکیٹنگ کمپنی (او ایم سی) کا ۱۸ ملین پاکستانی روپے کا نقصان شامل ہے جو ارتقاء کے ابتدائی سالوں میں ہوا۔ مالی سال کے دوران میں زرمبادلہ کی شرح کے ردعمل پر قیمتوں میں ردوبدل کے سبب صارفین کے رویّے میں نمایاں تبدیلی آئی جس کے بعد حکومت کی جانب سے ٹیکسیشن اور ریگولیٹری تبدیلیوں کا اثر فراہمی کے سلسوں پر پڑا۔ کووڈ۔۱۹ کی وبا سے قبل پاکستان کے تمام کاروباروں کو شرح سود میں تیزی سے اضافہ کا سامنا کرنا پڑا۔ مالی سال کی ہماری پہلی سہ ماہی، جو سیزن کے اعتبار سے عموماً سست روی کا شکار ہوتی ہے، اصل صارف کی طلب میں کمی اور تقسیم کاری کے سلسلوں میں غیر رسمی شرکاء میں تیزی سے کمی کے سبب مزید سست ہوگئی جنہوں نے حکومت کی دستاویزی مہم کے باعث مارکیٹ سے ہاتھ کھینچ لیا۔ دوسری سہ ماہی میں کمپنی منفعت کی صورتحال میں واپس آ گئی اگرچہ روایتی طور پر اس مضبوط مدت میں فروختی دباؤ کی حالت میں رہی، صارف نے قیمتوں کے اضافے کو قبول کرلیا اور چینل انونٹری میں کمی کا سلسلہ جاری رہا۔ تیسری سہ ماہی میں حجم میں (سہ ماہی بہ سہ ماہی اور سال بہ سال دونوں) اضافہ دیکھنے میں آیا اور معیشت متوازن حالت میں تھی کہ کووڈ۔۱۹ کی وبا کا حملہ ہوگیا۔

مالی سال ۲۰۲۰ء کی آخری سہ ماہی میں ملک کے تمام شعبہ جات میں معاشی اور سماجی سرگرمیاں ایک جگہ رک گئیں جو اگلی مدت تک رکی رہیں۔ ایچ ٹی ایل نے وبا کا اس سے زیادہ بہتر طور پر مقابلہ کیا جس کا ہمیں لاک ڈاؤن کی مدت کی ابتدا میں خطرہ تھا۔ ہماری سیلز ٹیم نے تقسیم کاروں اور ریٹیلرز کے ساتھ موجود تعلقات کو برقرار رکھتے ہوئے فروخت کی ممکنہ حد تک زیادہ سے زیادہ سطح کو یقینی بنایا۔ زیادہ فعال مارکیٹنگ محرکات اور سماجی میل جول (البتہ سماجی فاصلے کے ساتھ) کے ذریعہ آخری سہ ماہی میں ہم نے حقیقی طور پر اپنے مسابقتی اداروں سے زیادہ بہتر نتائج حاصل کئے۔ ہمارے تقسیم کاروں اور ریٹیلرز کے ساتھ کئی برسوں سے قائم تعلقات اور ذاتی میل جول کے باعث ہمیں اس مشکل وقت میں ان کا بہترین تعاون حاصل رہا۔ ایسے تعلقات کو برقرار رکھنا کمپنی کی حکمت عملی کا اہم حصہ ہے اور یہ کمپنی کی بنیادی قوت ہے جس کا کوئی نعم البدل نہیں۔ اس سہ ماہی میں شرح سود میں بھی تیزی سے کمی نظر آئی جس سے منفعت میں بہتری پیدا کرنے میں مدد دی۔

سال کے دوران میں منفعت کے اضافی ذرائع میں منظّم رعائتیں، متناسب انونٹری اور جاری مالی اخراجات اور ٹیکسیشن کی سطح میں کمی شامل ہیں۔ ٹیکسیشن کے سلسلے میں اپنی طویل المدت حکمت عملی کے مطابق کمپنی کی مصنوعات کے بڑھتے ہوئے حجم کو اب اپنے بلینڈنگ پلانٹ پر تیار کیا جاتا ہے یا بھرا جاتا ہے۔ ہائی ٹیک بلینڈنگ (پرائیویٹ) لمیٹڈ ("HTBL" یا "ذیلی کمپنی") کی ٹیکسیشن کا دائرہ کمپنی کیلئے نہایت موافق ہے اور ہمیں توقع ہے کہ گزشتہ سالوں کے مقابلے میں مستقبل میں مجموعی حسابات کیلئے کم شرح ٹیکس موثر ہوگی۔

ان قلیل المدت چیلنجز کے باوجود، میکرو اکنامک یا وبا کے محاذ پر ڈرامائی تبدیلی نہ ہونے سے ہم آنے والے سال کے لئے اچھی امیدیں رکھتے ہیں۔ مالی سال ۲۰۲۱ء کی پہلی سہ ماہی سال بہ سال مادی اضافے کے ساتھ بھرپور طریقے سے شروع ہوئی ہے۔ لبریکینٹ مارکیٹ بہتر ہو رہی ہے اور ہمیں اگلے سال اس صنعت میں اضافہ کی توقع ہے۔ ہماری انونٹری کی سطح اچھی ہے، ہمارے جاری اخراجات میں کمی آئی ہے اور ہمارے مالیاتی اور ٹیکس چارجز کو موجودہ ضابطوں اور شرح سود کی بناء پر چیک کیا جانا چاہیئے۔

مالیاتی کارکردگی

	مجموعی برائے ۳۰ جون ۲۰۲۰ء روپے ملین میں	مجموعی برائے ۳۰ جون ۲۰۱۹ء روپے ملین میں	تبدیلی
خالص فروخت	۵۶۲۹	۹۴۳۱	منفی ۴۰ فیصد
مجموعی منافع	۱۴۱۵	۲۰۶۹	منفی ۳۲ فیصد
فروخت کی شرع فیصد	۲۵۔۱۴ فیصد	۲۱۔۹۴ فیصد	۳۔۲ فیصد
آپریٹنگ منافع	۳۱۱	۶۱۴	منفی ۴۹ فیصد
فروخت کی شرع فیصد	۵۔۵ فیصد	۶۔۵ فیصد	منفی ۱ فیصد
بعد از ٹیکس منافع	۱۲۲	۴۱	۱۹۸ فیصد
فروخت کی شرع فیصد	۲۔۲ فیصد	۰۔۴ فیصد	۱۔۸ فیصد
آمدنی فی حصص	۱۔۰۵	۰۔۳۵	۲۲۰ فیصد

کمپنی کی حکمت عملی لبریکنٹس کی مارکیٹ میں اپنی موجودگی میں اضافے کے ذریعہ اپنے اسٹیک ہولڈرز کی قدر میں اضافہ کے ساتھ ساتھ کاروباری مواقع میں حکمت عملی کی توسیع پر توجہ مرکوز رکھتی ہے جو ہماری بنیادی قوت بنام ایچ ٹی ایل بلینڈنگ، ایچ ٹی ایل ایکسپریس، او ایم سی کے مطابق ہے۔

کاروباری عمل کی کارکردگی

لیوب کا شعبہ

حجم کے لحاظ سے پسینجر کار موٹر آئل (پی سی ایم او) نے اپنی پوزیشن برقرار رکھی جب کہ موٹر سائیکل آئل (ایم سی او) اور ڈیزل انجن آئل (ڈی ای او) کے شعبہ میں کمی کا رجحان رہا۔

ہائی ٹیک بلینڈنگ (پرائیویٹ) لمیٹڈ ("HTBL")

HTBL آپ کی کمپنی کی ایک کل ملکیتی ذیلی کمپنی ہے۔ اس کی آمدنی اور منفعت میں نمایاں اضافہ جاری رہا۔ کمپنی نے اپنے پورٹ فولیو میں تین نئی مصنوعات کا اضافہ کیا۔

ایچ ٹی ایل ایکسپریس سینٹرز

ایچ ٹی ایل ایکسپریس کے ذریعہ گاڑیوں کی دیکھ بھال کی بدلتی ہوئی صورتحال کے مطابق اصل مصنوعات، اعلی سروس، تربیت یافتہ پیشہ ور افراد اور بہترین ٹیکنالوجی کی پاکستان بھر میں فراہمی کا دائرہ کار وسیع تر ہوتا جا رہا ہے۔ اس وقت آٹھ ایچ ٹی ایل سینٹر موجود ہیں اور کمپنی صارف کی بنیاد پر گاڑیوں کی حفاظتی دیکھ بھال پر فوکس کر کے کارپوریٹ کلائنٹس کو متوجہ کر رہی ہے تاکہ گاڑیوں کی دیکھ بھال کے صارف کے شعبہ کے ساتھ ساتھ پورے فلیٹ کی دیکھ بھال کی خدمات فراہم کی جائیں۔

مالی سال ۲۰۲۱ء کے دوران میں ایچ ٹی ایل ایکسپریس کا فرنچائز نظام متعارف کروایا جائے گا اور اپنے او ایم سی پروجیکٹ کے تحت متوقع ایچ ٹی ایل فیول اسٹیشنز کا لازمی حصہ بنایا جائے گا اس طرح ہمیں امید ہے کہ مستقبل میں پورے پاکستان میں ہماری موجودگی میں اضافہ ہوگا۔

ایچ ٹی ایل فیول اسٹیشنز (آئل مارکیٹنگ کمپنی)

اس وقت کمپنی کے گیارہ ڈیلر آپریٹڈ فیول اسٹیشن پنجاب میں کام کر رہے ہیں۔ توقع ہے کہ دسمبر ۲۰۲۰ء تک یہ تعداد بڑھ کر چھبیس ہو جائے گی۔ ابھی ابتدائی دن ہیں اور یہ اسٹیشن ہماری انفرادی فیزبلیٹی مطالعہ کے مطابق پیش گوئی سے زیادہ بہتر کارکردگی کا مظاہرہ کر رہے ہیں۔ یہ ہماری سائٹ کے انتخاب اور "ZIC" کے برانڈ نام کے ساتھ منسلک ایکویٹی کی ایک جانچ بھی ہے۔ کمپنی ساہیوال میں اپنے اسٹوریج میں توسیع کا ارادہ رکھتی ہے جس سے پنجاب میں مزید پندرہ سے بیس فیول اسٹیشن آپریٹ ہو سکیں گے۔

تاروجبّا، نوشہرہ، خیبر پختونخوا (کے پی کے) میں کمپنی کے اسٹوریج کا کام تکمیل کے قریب ہے اور مشینری نصب کی جا رہی ہے۔ ڈپو کی تعمیر میں چند ماہ کی تاخیر ہوگئی ہے جس کی وجہ معیشت کی بندش تھی تاہم ہمیں توقع ہے کہ سال کے آخر تک یہ آپریشنل ہو جائے گا اور خیبر پختونخواہ میں ہمارا کاروباری عمل بڑھ جائے گا جہاں ہماری برانڈ ایکویٹی منسلک ہے۔

ہم نے معروف آئل مارکیٹنگ کمپنیوں کے ساتھ تعاون کے معاہدے کئے ہیں جو مصنوعات وصول کر کے اپنے ٹرمینلز کے ذریعہ ہمارے پمپس تک پہنچائیں گے۔ کمپنی بڑی آئل مارکیٹنگ کمپنیوں کے ساتھ مشترکہ منصوبہ جات کے معاہدے کے تحت مجوزہ آئل پائپ لائن کے نزدیک اسٹوریج قائم کرنے کا ارادہ رکھتی ہے۔

لیکویڈ وسائل کی مینجمنٹ

کیش مینجمنٹ

کیش مینجمنٹ اور لیکویڈیٹی پر کمپنی کی بنیادی توجہ مرکوز ہے اور یہ کمپنی کے تمام حکمت عملی کے فیصلوں بشمول خریداری سے مارکیٹنگ کی اسکیم کے ڈیزائن اور کیپٹل اخراجات تک ہر چیز میں شامل ہے۔ بجٹ تیار کرنے اور منصوبہ بندی کے ڈپارٹمنٹ براہ راست کمپنی کے چیف فنانشل آفیسر (سی ایف او) کی نگرانی میں کام کرتے ہیں اور چیف ایگزیکٹو آفیسر (سی ای او) کو براہ راست رپورٹ کرتے ہیں۔ یہ شعبہ سالانہ حکمت عملی کی پلاننگ، بجٹ تیار کرے اور پیش گوئی کرنے کا کام کرتا ہے جس سے کمپنی کو اپنے وژن کے حصول میں مستعدی اور مستقبل کے حکمت عملی اور لیکویڈیٹی کے خطرات سے تحفظ کا موقع ملتا ہے۔ پلاننگ سے مزید توانا ورکنگ کیپٹل سرکل قائم رکھنے میں مدد ملتی ہے۔ لیکویڈیٹی کی ضروریات کو سیلز کی آمدنی، سرمایہ کاری کے ذریعہ آمدنی اور باکفایت بیرونی فنانسنگ کے ذریعہ منظّم کیا جاتا ہے۔

کمپنی کا موثر کیش کا نظام موجود ہے جب کہ کیش کے داخلی بہاؤ اور خارجی بہاؤ کو ماہانہ، سہ ماہی اور ششماہی بنیادوں پر ظاہر کیا جاتا ہے اور اس کی سختی سے نگرانی کی جاتی ہے نیز ماہانہ اور سہ ماہی رولنگ پیش گوئی پر بجٹ کی تیاری کی جاتی ہے۔ ورکنگ کیپٹل کی ضروریات کی مناسب طور پر پلاننگ کی جاتی ہے اور اسے تجارتی وصولیوں، ادائیگیوں اور انونٹری کی سطح پر مستعدی سے منظّم کیا جاتا ہے اور فنانسنگ کے انتظامات کئے جاتے ہیں۔

کیپٹل کے اخراجات

کیپٹل کے اخراجات کے انتظامات ایسی سرمایہ کاری سے متعلق منفعت اور خدشات کی باقاعدہ جانچ کر کے نہایت احتیاط کے ساتھ کئے جاتے ہیں جس کو اندرونی آڈٹ ڈپارٹمنٹ بروقت ڈیلیوری اور بجٹ کی رقم کے مطابق پروجیکٹس کا جائزہ لیتا ہے۔ بڑے کیپٹل کے اخراجات کیلئے طویل مدت کے معاہدے کے ساتھ انتظامات کئے جاتے ہیں تاکہ کاروبار کو نقد رقم کے بہاؤ کے خدشات کو کم سے کم رکھا جائے۔ سال مختتمہ ۳۰ جون ۲۰۲۰ء کے دوران میں کیپٹل اخراجات ۳۱۱ ملین پاکستانی روپے تھے جب کہ گزشتہ سال اسی مدت کے اخراجات ۳۲۱ ملین پاکستانی روپے تھے۔

بورڈ کو اطمینان ہے کہ کوئی قلیل المدت یا طویل المدت رکاوٹ، بشمول قرضہ جات تک رسائی اور جون ۲۰۲۰ء تک مضبوط بیلنس شیٹ کے، موجود نہیں ہے۔ کمپنی کو اپنی عمدہ طریقے سے تیار کردہ کیش مینجمنٹ کی حکمت عملی کی روشنی میں کسی لیکویڈیٹی کے خدشہ کا سامنا نہیں ہے جس کے نتیجے میں غیر استعمال شدہ قرضہ جات کی سہولت کی مناسب دستیابی حاصل ہے۔

منافع جات کی تخصیص

مالی سال ۲۰۲۰ء میں کمپنی کے مالیاتی نتائج کے مطابق بورڈ آف ڈائریکٹرز نے گیارہ ستمبر ۲۰۲۰ء کو ہونے والی اپنی میٹنگ میں اپنے منافع جات میں سے سال مختتمہ ۳۰ جون ۲۰۲۰ء کیلئے نوے پیسے پاکستانی روپے فی شیئر (۹ فیصد) کے حساب سے حتمی نقد منافع منقسمہ کی تجویز دی ہے۔ منافع منقسمہ کیلئے ممبرز کی منظوری ۲۳ اکتوبر ۲۰۲۰ء کو منعقد ہونے والے سالانہ اجلاس عام میں حاصل کی جائے گی۔ اکاؤنٹنگ کے لاگو معیارات کی شرائط کے مطابق ۱۰۴۔۴ ملین پاکستانی روپے کے مجوزہ منافع منقسمہ کو ان مالیاتی حسابات میں بطور واجبات شامل نہیں کیا گیا ہے۔

IPO فنڈز

کمپنی کے مالیاتی حسابات کے نوٹ ۵۱ میں سال مختتمہ ۳۰ جون ۲۰۲۰ء تک کیلئے IPO کے طریقہ کار کے استعمال کی تفصیلی معلومات فراہم کی گئی ہیں۔ بورڈ اور انتظامیہ کی رائے میں اس کیپٹل سے حصص داران کے بہترین مفاد میں خدشات کو بہترین طریقہ سے ایڈجسٹ کیا ہے۔ کمپنی کسی قیمت پر "land grab" کی حکمت عملی پر عمل نہیں کرے گی جیسا کہ بعض دوسری آئل مارکیٹنگ کمپنیوں نے حال ہی کے برسوں میں کی ہے۔ یہ حکمت عملی بظاہر بہترین کارآمد نظر آتی ہے مگر حقیقت میں نہیں ہے۔ ہمارے خیال میں آئل مارکیٹنگ کمپنی کے کاروبار کی معیشت اچھی ہے اور ہمارے لبریکنٹ کے کاروبار کی فطری طور پر تکمیل کرتی ہے۔ بہرحال معیشت کے لحاظ سے یہ مادی طور پر ہمارے موجودہ کاروبار سے مختلف ہے۔ کمپنی کی توجہ معیاری ریٹیل سائٹس اور اعلیٰ رسک منیجمنٹ پر مرکوز ہے (مالیاتی، لاجسٹک اور کموڈیٹی پر مبنی خدشات پر مرکوز) ہمیں آنے والے سالوں میں اس توجہ کا صلہ ملے گا اگرچہ ہمارے IPO پروسیڈز کی مطلوبہ سرمایہ کاری کے مقابلے میں نتائج سست رو ہوں۔

	پاکستانی روپے
غیر استعمال شدہ IPO پروسیڈز بمطابق یکم جولائی ۲۰۱۹ء	۸۸۴۰۰۲۵۹۷
جمع: ٹرم ڈپازٹ پر منافع	۸۲۰۴۲۱۵۵
جمع: بینک ڈپازٹ پر منافع	۳۲۹۱۵۶۴
جمع: میوچوئل فنڈ میں سرمایہ کاری پر منافع منقسمہ	۹۴۴۷۴۰۴
جمع: دیگر	۹۲۶۶۱۲
نفی: OMC پروجیکٹس سے متعلق کی گئی ادائیگیاں	منفی ۲۲۵۳۹۶۲۷۸
نفی: منافع پر ودہولڈنگ ٹیکس	منفی ۱۲۲۴۲۸۶۵
نفی: میوچوئل فنڈز سے حاصل شدہ منافع منقسمہ پر ٹیکس	منفی ۱۵۰۰۷۴۵
نفی: منافع سے زکوٰۃ کی کٹوتی	منفی ۱۳۶۶۸۱۴
نفی: بینک چارجز	منفی ۲۲۷۳۷
غیر استعمال شدہ IPO پروسیڈز بمطابق ۳۰ جون ۲۰۲۰ء	۷۳۹۱۸۰۸۹۳

مستقبل کا منظرنامہ

مالی سال ۲۰۲۰ء میں پاکستان کی معیشت میں ۱ فیصد سے لیکر ۵۔۱ فیصد اضافہ کی توقع ہے جو ملک کی معاشی سرگرمیوں میں سست روی کا اشارہ ہے۔ نیز ڈالر کے مقابلے میں روپے کی قدر میں کمی سے آٹوموبائل کی قیمتوں میں نمایاں اضافے کے باعث آٹوموبائل کے شعبہ کی سیلز ڈگمگا رہی ہے۔ حالیہ اعدادوشمار سے ظاہر ہوتا ہے کہ ۲۰۲۰ء میں سال بہ سال کی بنیاد پر کاروں کی فروخت میں ۵۳ فیصد کمی ہوئی ہے اور کمپنی کو توقع ہے کہ ۲۰۲۱ء میں بھی کمی کا سلسلہ جاری رہے گا۔

موجودہ صورتحال کے پیش نظر HTLL نے پہلے ہی HTBL پر مقامی بلینڈنگ میں اضافہ کردیا ہے اور اپنی درآمد شدہ پروڈکٹ پورٹ فولیو کے ۹۰ فیصد کو بلینڈنگ پلانٹ پر منتقل کردیا ہے۔ اگرچہ کمپنی کو امید ہے کہ اگلا سال ایک بہتر منفعت کا سال ہوگا، موجودہ معیشت کے منظرنامہ میں غیر یقینی کیفیت نمایاں ہے۔

ہمیں امید ہے کہ ۲۰۲۱ء میں OMC کے بنیادی آپریشنز منافع بخش ہوں گے بشرطیکہ معاشی حالات کے ساتھ ساتھ آئل کی قیمتیں، زرمبادلہ اور شرح سود مستحکم رہے۔ ہمیں آنے والے سال کیلئے OMC کی منفعت کے بارے میں اشارات دینے چاہئیں۔

آڈیٹرز

موجودہ آڈیٹرز میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہوگئے ہیں اور انہوں نے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ انہوں نے تصدیق کی ہے کہ وہ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کی اطمینان بخش ریٹنگ کے حامل ہیں جو ICAP کے اختیار کردہ کوڈ آف اتھکس آف انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کی رہنما ہدایات کے مطابق ہیں۔ آڈٹ کمیٹی کی تجویز کے مطابق، بورڈ آف ڈائریکٹرز نے ان کو آئندہ ختم ہونے والے سال ۳۰ جون ۲۰۲۱ء کیلئے کمپنی کے آڈیٹر کے طور پر دوبارہ تقرری کی سفارش کی ہے جس کی فیس کا تعین باہمی رضامندی سے ہوگا۔

کوڈ آف کارپوریٹ گورننس پر عمل درآمد

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز مجریہ ۲۰۱۹ء کی لازمی شرائط کی باقاعدہ پابندی کی جاتی ہے اور اس سلسلے میں اسٹیٹمنٹ آف کمپلائنس مع اس پر بیرونی آڈیٹرز کی جائزہ رپورٹ، سالانہ رپورٹ کے ساتھ منسلک ہے۔

حصص کا طرز

مخصوص درجہ کے حصص داران کی حصص داری کا طرز بمطابق ۳۰ جون ۲۰۲۰ء جس کو رپورٹنگ فریم ورک کے تحت ظاہر کرنا ضروری ہے، حصص داروں کی معلومات کے ساتھ منسلک ہے۔

خطرات کی منیجمنٹ

کمپنی کی ایک باقاعدہ رسک منیجمنٹ پالیسی موجود ہے جس میں ڈائریکٹرز اور سینئر منیجمنٹ کی مخصوص ذمہ داریاں تفویض کی گئی ہیں۔ پالیسی کے تین بڑے ذمہ داروں میں بورڈ آف ڈائریکٹرز، آڈٹ کمیٹی اور رسک منیجمنٹ کمیٹی شامل ہیں جو رسک کے امکانات اور اس کے اثرات کی نوعیت کا مستقل جائزہ لیتے رہتے ہیں۔ سینئر منیجمنٹ ٹیم کی سربراہی چیف ایگزیکٹیو آفیسر، ایگزیکٹیو ڈائریکٹر اور نان ایگزیکٹیو ڈائریکٹرز کے ذمے ہے جو رسک کے ختم کرنے کے اقدامات اور تجاویز بورڈ کو غوروخوض کیلئے پیش کرتے ہیں۔

کمپنی کی سرگرمیوں میں متعدد مالیاتی خدشات کے امکانات موجود ہیں: مارکیٹ کے خدشات بشمول کرنسی کے خدشات، نیز قیمت کے خدشات اور شرح سود کے خدشات)، کریڈٹ کے خدشات اور لیکویڈیٹی کے خدشات۔ کمپنی کا مجموعی رسک منیجمنٹ پروگرام مالیاتی مارکیٹس کی ان دیکھی صورتحال کیلئے خدشات کی منیجمنٹ کے پروگرام پر توجہ مرکوز رکھتا ہے تاکہ کمپنی کی مالیاتی کارکردگی پر متوقع منفی اثرات کو کم سے کم کیا جاسکے۔ رسک منیجمنٹ کی ذمہ داری کمپنی کا فنانس ڈپارٹمنٹ بورڈ آف ڈائریکٹرز کی منظور شدہ پالیسیز کے تحت انجام دیتا ہے۔

کمپنی کا فنانس ڈپارٹمنٹ جہاں تک ممکن ہو مالیاتی خدشات کی جانچ اور روک تھام کرتا ہے۔ بورڈ مجموعی رسک منیجمنٹ کیلئے اصول فراہم کرنے کے ساتھ ساتھ خصوصی ایریاز جیسے کرنسی رسک، نیز قیمت کے رسک، شرح سود کے رسک، کریڈٹ رسک، لیکویڈیٹی رسک اور اضافی لیکویڈیٹی کی سرمایہ کاری کے بارے میں پالیسیز پیش کرتا ہے۔ خزانے سے متعلق تمام لین دین ان پالیسیز کے تحت کئے جاتے ہیں۔

کمپنی کیلئے بڑے خدشات غیر مجموعی فنانشل اسٹیٹمنٹس کے نوٹ 46 میں دیئے گئے ہیں اور ان کے خاتمے کیلئے اختیار کئے گئے اقدامات درج ذیل ہیں:

قرض کے خطرات

قرض کا خطرہ وہ خطرہ ہے کہ ایک پارٹی مالیاتی دستاویز کی ذمہ داریاں ادا نہ کر کے دوسری پارٹی کو مالیاتی نقصان پہنچاتی ہے۔ HTLL عام طور پر قرض نہیں دیتی سوائے مالیاتی طور پر مستحکم صارفین کو اور یہ رقم کمپنی کی مجموعی آمدنی میں غیر مادی حیثیت رکھتی ہے۔ مالیاتی اثاثہ جات کیلئے رقم سب سے زیادہ کریڈٹ شمار ہوتی ہے۔ کمپنی یقین رکھتی ہے کہ یہ بڑا قرض کا خطرہ نہیں ہوتا۔ اس کو 'A' رینک کے بینکوں اور مالیاتی اداروں کے ساتھ سرمایہ کاری کے پورٹ فولیو کے متنوع استعمال کے ذریعہ منظّم کیا جاتا ہے۔

لیکویڈیٹی کے خطرات

لیکویڈیٹی رسک وہ خطرہ ہے جب کمپنی اپنی مالیاتی واجبات وقت پر ادا نہ کر سکے۔ کمپنی لیکویڈیٹی رسک کا انتظام خاطر خواہ نقد رقم اور بینک بیلنس اور طے شدہ کریڈٹ کی سہولت کی رقم کے ذریعہ کر لیتی ہے۔ کمپنی کی فنڈ منیجمنٹ کی حکمت عملی کا مقصد اندرونی طور پر کیش کے حصول کے ذریعہ لیکویڈیٹی کے رسک کا بندوبست کرنا ہوتا ہے۔ HTLL کو مالیاتی لحاظ سے طویل مدت اور قلیل مدت کیلئے بالترتیب A اور A-2 کریڈٹ ریٹنگ الاٹ کی گئی ہے۔ اس سے ہماری واجبات کی بروقت ادائیگی کی اہلیت اور مستحکم لیکویڈیٹی پوزیشن کا اظہار ہوتا ہے۔ مستحکم لیکویڈیٹی پوزیشن کے باعث قابل وصولی بیلنس کی کم سطح اور خاطر خواہ کریڈٹ لائنز سے کمپنی اپنے تمام معاہداتی وعدے پورا کرنے کے قابل ہے۔

زرمبادلہ کے خطرات

زرمبادلہ کا خطرہ عموماً وہاں پیدا ہوتا ہے جہاں قابل وصولی اور قابلِ ادائیگی رقوم کا لین دین بیرونی کرنسی میں کیا جائے۔ کمپنی عام طور پر کمپنی کے اندر اور اپنی کل ملکیتی ذیلی ادارے میں درآمد شدہ تیار لبریکنٹس، خام مال اور پلانٹ اور مشینری پر مختصر مدت کیلئے USD/PKR کی برابری کے ساتھ کام کرتی ہے کیونکہ اسٹیٹ بینک آف پاکستان کی رہنما ہدایات کے مطابق پی او ایل پروڈکٹس کو کسی فارورڈ کور کے ذریعہ حاصل کرنے کی اجازت نہیں ہے۔ تاہم ہماری بڑی مقدار بلینڈنگ یونٹ کو منتقل کر دی گئی ہے، ہم اس رسک کو بڑی حد تک ختم کرنے کے قابل ہو گئے ہیں کیونکہ ہمارے لیڈ ٹائمز اور بفر انونٹریز کی ضروریات کم ہو گئی ہیں۔

اس کے علاوہ بورڈ اور رسک منیجمنٹ کمیٹی بھی کمپنی کو درپیش بڑے خدشات کی بھرپور جانچ کرتے ہیں جس میں دیگر خطرات جیسے کاروبار کے ماڈل، مستقبل کی کارکردگی، قرض ادا کرنے کی اہلیت یا لیکویڈیٹی کیلئے خطرات کی مستقل طور پر جانچ شامل ہے۔

خطروں کی گورننس

ہمارے رسک منیجمنٹ پروگرام کے مختلف سطحوں پر کردار اور ذمہ داریوں کو ہمارے رسک گورننس اسٹرکچر میں واضح طور پر بیان کیا گیا ہے۔

بورڈ کمیٹیاں

بورڈ ابتدائی طور پر رسک منیجمنٹ کا جائزہ اپنی کمیٹیوں کے ذریعہ کرتا ہے۔ آڈٹ کمیٹی فنانشل، ریگولیٹری اور کمپلائنس رسک پر توجہ مرکوز کر کے شفافیت اور احتساب کے عمل کو یقینی بناتی ہے۔ کمپنی کی میٹنگ ہر سہ ماہی میں یا حسب ضرورت منعقد کی جاتی ہے۔ ہیومن ریسورس اینڈ ریمونریشن کمیٹی اپنے شعبہ میں رسک کے امکانات پر نظر رکھتی ہے جس میں معاوضے کے پروگرام کا جائزہ شامل ہے تاکہ اجتماعی رسک میں اضافہ نہ ہونے کو یقینی بنایا جا سکے۔ اس کے علاوہ کمپنی آپریشن کے ہر اہم شعبہ میں اہل انسانی وسائل کی دستیابی کو یقینی بنانے کیلئے جانشینی کی پلاننگ کرتی ہے۔ رسک منیجمنٹ کمیٹی تمام مادی کنٹرولز (فنانشل، آپریشنل اور کمپلائنس) کی نگرانی کرتی ہے اور جائزہ لیتی ہے نیز رسک کے خاتمے کیلئے بڑے اقدامات تیار کرتی ہے اور مالیاتی معلومات کے تحفظ کا خیال رکھتی ہے۔ انویسٹمنٹ کمیٹی مجموعی انویسٹمنٹ پالیسیوں، حکمت عملی اور سرمایہ کاری میں رسک منیجمنٹ کی تشکیل کی ذمہ دار ہے۔

اندرونی کنٹرول اور مانیٹرنگ

ڈائریکٹرز اندرونی مالیاتی کنٹرول کے درست ہونے کے علاوہ اس بات کے بھی ذمہ دار ہیں کہ کمپنی کے اندرونی کنٹرول کا نظام ڈیزائن کے اعتبار سے مضبوط ہے اور موثر طور پر اس پر عمل اور نگرانی کی جا رہی ہے۔ مضبوط خودکار مالیاتی معلومات کا نظام قائم کیا گیا ہے اور نظام کی رسائی کی سختی سے پابندی کی جاتی ہے۔ HTLL نے بھی اپنے تمام امور میں مربوط اندرونی کنٹرول کا نظام قائم کیا ہے۔ کنٹرولز کو اپ ٹو ڈیٹ رکھنے کیلئے پورے سال کے دوران میں بیرونی اور اندرونی آڈٹ کا اہتمام کیا جاتا ہے۔ اندرونی آڈٹ کے امور بورڈ کے منظور شدہ پلان کے مطابق انجام دیئے جاتے ہیں اور خودمختار اور معروضی جانچ فراہم کی جاتی ہے نیز گورننس، رسک منیجمنٹ اور کنٹرول کے طریقہ ءکار کے موثر ہونے کے بارے میں براہ راست آڈٹ کمیٹی کو رپورٹ کی جاتی ہے۔

پالیسیاں اور طریقہ ءکار

بورڈ اور اس کی کمیٹیاں پالیسیوں اور طریقہ ءکار اختیار کرتے ہیں اور اسے کمپنی کے رسک گورننس فریم ورک سے منسلک کیا جاتا ہے تاکہ فنانشل، آپریشنل اور کمپلائنس کے خطروں کی منیجمنٹ کو یقینی بنایا جا سکے۔ یہ سب بہترین طرز عمل، اخلاقیات اور اقدار کے کلچر کو پروان چڑھانے اور مناسب طور پر عمل درآمد کیلئے سینئر منیجمنٹ کو اس کی اتھارٹی سونپی گئی ہے۔

اجتماعی سماجی ذمہ داری (CSR)

سال کے دوران میں آپ کی کمپنی نے مختلف سماجی خدمات کی انجام دہی پر توجہ مرکوز رکھی جس میں تعلیم، صحت، صلاحیتوں کو ابھارنے، ماحول کے تحفظ اور سماجی بہبود کے کام شامل ہیں۔ آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کے فیصلے کے مطابق ۲ جولائی ۲۰۱۰ء کو صابرہ حمیدہ ٹرسٹ کے نام سے ایک ٹرسٹ قائم کیا گیا۔ یہ ٹرسٹ انکم ٹیکس آرڈیننس، مجریہ ۲۰۰۱ء کی دفع (۳۶) ۲ کے تحت باقاعدہ رجسٹرڈ ہے۔ ٹرسٹ کا بینادی مقصد تعلیم، صحت اور دیگر فلاح و بہبود کے کاموں میں مدد کرنا ہے۔ کمپنی سماجی کاموں کی انجام دہی کے لئے صابرہ حمیدہ ٹرسٹ کو امداد/عطیہ فراہم کر رہی ہے۔ موجودہ سال میں کمپنی نے مختلف مقاصد کیلئے ۹۷۔۱۸ ملین پاکستانی روپے کے عطیات دیئے۔

استحکام اور اجتماعی سماجی ذمہ داری

HTLL اجتماعی سماجی ذمہ داری نہایت عمدگی کے ساتھ مرتب کی گئی ہے اور یہ مختلف پروگراموں پر مشتمل ہے جس کا بنیادی مقصد مقامی کمیونٹی سے براہ راست تعلقات کے ساتھ ان کی زندگیوں میں بہتری لانا ہے۔ کمپنی پاکستان میں ترقی کے زیادہ مستحق شعبہ جات؛ تعلیم، صحت اور ماحولیات میں کام کرتے ہوئے زندگی کے معیار کو بلند تر کرنے میں کوشاں ہے اور یونائیٹڈ نیشن گلوبل کمپیکٹ (UNGC) کے مستحکم ڈیولپمنٹ اہداف کی سختی سے پابندی کرتی ہے۔

کورونا وائرس کی وباء اور لاک ڈاؤن کے دوران رفاع عامہ کے اقدامات:

اپنی ضرورت بھلا کر، دوسروں کی خدمت۔ مہم

کووڈ۔۱۹ کی عالمی وبا نے ترقی پذیر ممالک کی معیشت کو بہت ہی کٹھن صورت حال سے دوچار کیے رکھا۔ اس وائرس کو بڑھنے سے روکنے کے لیے جب مکمل لاک ڈاؤن کے سوا کوئی چارہ نہ بچا تو اس اقدام سے یومیہ

اجرت کمانے والے افراد بھی اپنے گھروں تک محدود ہو گئے جس سے ان کی معاشی حالت زار ابتر سے ابتر ہوتی گئی۔ HTLL نے اس مشکل گھڑی میں ایسے گھرانوں کی مدد کا بیڑہ اٹھایا کہ جن کے گھر کا چولہا لاک ڈاؤن کی وجہ سے ٹھنڈا پڑ گیا تھا۔ یوں ''خود سے بڑھ کر، دوسروں کی خدمت'' مہم کا آغاز کیا گیا۔ وسیع پیمانے پر جاری رکھی جانے والی اس مہم کے دوران ہم ZIC ریٹیل مارکیٹ سے جڑے ہر تبدیل کرنے والے محنت کش تک پہنچے اور ان کی محنت اور گراں قدر خدمات کا اعتراف کرتے ہوئے انہیں راشن پیکجز فراہم کیے۔ اس ملک گیر مہم کے دوران یومیہ اجرت پر کام کرنے والے محنت کشوں میں ۲ ہزار سے زائد راشن پیکجز تقسیم کیے گئے۔

''کیش عیدی'' کی صورت میں خوشیوں کی تقسیم

HTLL کے نزدیک خوشی کا مطلب محض جمع کرنا نہیں بلکہ خوشی کا حقیقی مفہوم تو زیادہ سے زیادہ تقسیم کرنا ہے۔ یہی وجہ ہے کہ عیدالفطر سے کچھ روز قبل HTLL نے الخدمت فاؤنڈیشن کے ساتھ مل کر فلاح عامہ کے لیے ایک اور قدم اٹھایا اور عالمی وباء سے شدید متاثر ہونے والے افراد میں نقد عیدی تقسیم کی، اس بے لوث جذبے کے ساتھ کہ عید کی خوشی منانا ہماری قوم کے ہر فرد کا حق ہے۔ ہماری یہ پرخلوص مہم ان افراد کی زندگی میں بہتری لانے کی ایک ادنیٰ سی کوشش تھی کہ جو عالمی وباء کی وجہ سے اپنی ملازمت کھو چکے تھے یا مایوسی کا شکار تھے۔

ماحول، صحت اور تحفظ

کاروباری امور کی انجام دہی کے دوران صحت اور ماحول کے تحفظ کو یقینی بنانے کی خاطر، آپ کی کمپنی ایسی پٹرولیم مصنوعات متعارف کروانے کی کوشش کر رہی ہے کہ جو فضائی آلودگی کا باعث نہ بنیں اور ان سے مضر صحت مادوں کا اخراج کم سے کم ہو۔ علاوہ ازیں سال ۲۰۲۰ء میں ہم نیشنل ہائی وے اور موٹر وے اتھارٹیز کے ساتھ مل شاہراہوں پر سفر کو محفوظ تر بنانے کی جانب خصوصی توجہ دے رہے ہیں۔ اس کے علاوہ کمپنی کے دفاتر اور پلانٹ پر آتشزدگی سے نمٹنے اور ملازمین کے تحفظ کو یقینی بنانے کے لیے تربیتی ورکشاپس اور ڈرلز کا انعقاد بھی کیا جاتا ہے۔

آپ کی کمپنی رویوں میں تبدیلی لا کر حادثات کے دوران انسانی زندگیوں کو تحفظ فراہم کرنے کی کوشش کر رہی ہے۔ اس مقصد کے حصول کے لیے ڈرائیونگ کے دوران ہیلمٹ کے استعمال اور دیگر احتیاطی تدابیر پر عمل درآمد کو فروغ دیا جا رہا ہے۔ اس سلسہ میں سٹی ٹریفک پولیس، نیشنل ہائی وے اور موٹر وے اتھارٹی کے ساتھ مل کر تفصیلی سیمینارز اور آگہی مہمات کا انعقاد کیا گیا۔

اہم انتظامی تبدیلیاں اور کاروباری ذمہ داریاں:

۳۰ جون ۲۰۲۰ء سے لے اب تک کمپنی میں کوا اہم انتظامی تبدیلی نہیں کی گئی اور نہ ہی گروپ کمپنیز میں کسی کمپنی کو تفویض کردہ کاروباری ذمہ داریوں میں، اضافہ ہوا اور اب تک اس امر سے کسی بھی گروپ کمپنی کی اقتصادی صورت حال کا متاثر ہونا ممکن ہے، اس کے سوا دیگر کا ذکر ۳۰ جون ۲۰۲۰ء کو ختم ہونے والے معاشی سال کے لیے، کمپنی کے انضمام شدہ اور غیر انضمام شدہ معاشی گوشواروں میں کر دیا گیا ہے۔

☆ ہائی ٹیک لبریکینٹس لیمیٹڈ (ایچ ٹی ایل) مکمل ملکیتی ماتحت ادارہ ہائی ٹیک بلینڈنگ (پرائیویٹ) لیمیٹڈ (ایچ ٹی بی ایل) کے تمام حصص کے مالک ہیں۔ مذکورہ گروپ کمپنیوں کا کاروباری مرکز پاکستان میں ہے اور HTBL کا پلانٹ سندر انڈسٹریل اسٹیٹ کے باہر، بھائی کوٹ رائیونڈ روڈ، لاہور پر واقع ہے۔

☆ آڈیٹر/تنقیح کنندہ کی مرتبہ رپورٹ میں کسی بھی سطح پر ایسی کوئی ترمیم نہیں کی گئی کہ جو گروپ کمپنی سے متعلق ہو۔

☆ مذکورہ سال کے دوران گروپ کمپنیز کے ذمہ قرضہ جات کی مد میں کوئی بھی رقم واجب الادا نہیں۔

☆ ان مالی گوشواروں کو اکاؤنٹنگ اور رپورٹنگ سے متعلق پاکستان میں مروجہ معیارات کے عین مطابق تشکیل دیا گیا ہے۔ پاکستان میں مروجہ ان اکاؤنٹنگ اور رپورٹنگ ان معیارات میں درج ذیل عناصر شامل ہیں:

☆ کمپنیز ایکٹ، مجریہ ۲۰۱۷ء کے تحت دفعات اور ہدایات

☆ جہاں کمپنیز ایکٹ مجریہ ۲۰۱۷ء کے تحت دفعات اور ہدایات اور آئی ایف آر ایس کی شقوں میں تضاد نظر آیا، وہاں کمپنیز ایکٹ مجریہ ۲۰۱۷ء کی دفعات اور ہدایات پر عمل کیا گیا ہے۔

☆ کاروباری انضباط سے متعلق بہترین اقدامات (Best Corporate Governance) کو یقینی بناتے ہوئے، کسی بھی ایسے اہم امر سے روگردانی نہیں کی گئی کہ جن کی تفصیل لسٹنگ ریگولیشنز اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) مجریہ ۲۰۱۹ء کے قواعد نامہ میں درج ہو۔

☆ کمپنی کے قیام سے لے کر اب تک (جو کہ گزشتہ ۶ سال کا عرصہ بنتا ہے) کا اہم بنیادی انتظامی اور اقتصادی ڈیٹا ساتھ منسلک کر دیا گیا ہے۔

☆ ہر گروپ کمپنی کے مالی گوشواروں پر تنقیح کنندگان کی جانب سے غیر رسمی/غیر مشروط رائے درج کر دی گئی ہے۔

قومی خزانے میں ہمارا حصہ

ملکی معیشت کی ترقی میں کمپنی کا کردار قابل ذکر ہے، مالی سال ۲۰۲۰ء کے دوران کمپنی نے قومی خزانے میں سیلز ٹیکس، انکم ٹیکس، امپورٹ ڈیوٹیز اور سیچوریٹری لیویز کی مد میں ۲۔۴۲۴ ارب روپے کی خطیر رقم جمع کروا کر ملکی معیشت کی بحالی میں اہم کردار ادا کیا۔

متعلقہ پارٹیز سے معاہدے:

مذکورہ سال کے دوران کمپنی کی جانب سے جناب معین الدین اور جناب زُلمیٰ اعظم (نان ایگزیکٹیو ڈائیریکٹرز جناب شوکت حسن اور طاہر اعظم کے بھائی) کی معاہداتی ملازمت کے ذریعے حاصل کی گئی خدمات کے سلسلہ میں متعلقہ پارٹی کے معاہدات کی تجدید کی گئی۔ ان متعلقہ پارٹیز کے ساتھ کیے گئے معاہدہ ملازمت کے ذریعے خدمات کی فراہمی کے حوالے سے، مذکورہ معاہدات کی رو سے، دونوں ذرائع HTL Express اور HTL Stations (OMC) کے لیے بالترتیب پیشہ ورانہ خدمات کی فراہمی جاری رکھیں گے۔ اس ضمن میں کاروباری اور تجارتی مفادات کو تحفظ فراہم کرنے کے لیے کمپنی کی جانب سے کمپنیز ایکٹ مجریہ ۲۰۱۷ء کے تقاضوں اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) کی ہدایات پر عمل درآمد یقینی بناتے ہوئے بورڈ نے اس تجدید کی منظوری دی۔

کارکردگی کی جانچ پڑتال:

کمپنی کے ہیومن ریسارس ڈیپارٹمنٹ کی جانب سے ۳۰ جون ۲۰۲۰ء کو ختم ہونے والے مالی سال تک اندرونی سطح پر بورڈ، اس کے ممبرز، کمیٹیز، چیئرمین اور چیف ایگزیکٹیو کی کارکردگی کا جائزہ لیا گیا اور اس عمل کی انجام دہی کے دوران سیکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایت کے مطابق بورڈ کی ہیومن ریسارس اور ریمونریشن کمیٹی کی مرتبہ شرائط اور ضوابط کو ملحوظ رکھا گیا۔ ضابطہ کے مطابق اس مقصد کے لیے کسی بھی بیرونی

فرم/ یافرد کی خدمات حاصل نہیں کی گئیں۔

ایگزیکٹوکی حیثیت سے غور کرنے کی حد کاتعین:

بورڈ نے کمپنی کے ان تمام ملازمین کو بطور ایگزیکٹوتصور کرنے کے لئے حد مقرر کی ہے جو اعلیٰ عہدوں بشمول کمپنی کے چیف ایگزیکٹیوآفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری، ہیڈ آف انٹرنل آڈٹ اور تمام شعبہ جات کی نگرانی پر فائز ہوں، اور اس کے علاوہ ہیومن ریسارس اینڈ ریمونریشن کمیٹی کے مطابق، ادارے میں کلیدی کردار ادا کرنے والے تمام ایسے ملازمین جن کا ماہانہ مشاہرہ دو لاکھ پچھاس ہزار یا اس سے زیادہ ہے انہیں اس حوالے سے ایگزیکٹوتصور کیا جائیگا۔

مالیاتی سال کے دوران میں کمپنی کے تمام ڈائریکٹرز کے نام

۱۔ جناب حسن طاہر (سی ای او، ایگزیکٹیوڈائریکٹر)
۲۔ جناب محمد علی حسن (ایگزیکٹیوڈائریکٹر)
۳۔ جناب شوکت حسن (چیئرمین بورڈ اور نان ایگزیکٹیوڈائریکٹر)
۴۔ جناب طاہر اعظم (نان ایگزیکٹیوڈائریکٹر)
۵۔ جناب فراز اختر زیدی (نان ایگزیکٹیوڈائریکٹر)
۶۔ مس ماوراء طاہر (نان ایگزیکٹیوڈائریکٹر)
۷۔ جناب محمد تبسم منیر (نان ایگزیکٹیوانڈیپنڈنٹ ڈائریکٹر)
۸۔ ڈاکٹر صفدر علی بٹ (نان ایگزیکٹیوانڈیپنڈنٹ ڈائریکٹر)
۹۔ سید اسد عباس حسین (نان ایگزیکٹیوانڈیپنڈنٹ ڈائریکٹر)
۱۰۔ جناب مون سیک پارک (ایس کے لبریکنٹس کمپنی لمیٹڈ کے سابقہ نامزد) (۱۳ جولائی ۲۰۱۹ء تک نان ایگزیکٹیوڈائریکٹر)
۱۱۔ جناب جی وان پارک (ایس کے لبریکنٹس کمپنی لمیٹڈ کے موجودہ نامزد) (۲۱ ستمبر ۲۰۱۹ نان ایگزیکٹیو ڈائریکٹر)

ڈائریکٹرز رپورٹ کے وقت بورڈ کی تشکیل

ڈائریکٹرز رپورٹ کے وقت بورڈ کی تشکیل مندرجہ ذیل ہے:

مندرجہ ذیل کے مطابق ڈائریکٹرز کی کل تعداد دس ہے:

مرد: ۹

خاتون: ۱

بورڈ کی تشکیل مندرجہ ذیل ہے:

الف) انڈیپنڈنٹ ڈائریکٹرز: ۳
ب) نان ایگزیکٹیوڈائریکٹرز: ۵ (بشمول ایک خاتون ڈائریکٹر)
پ) ایگزیکٹیوڈائریکٹرز: ۲

بورڈ کی کمیٹیاں

بورڈ نے اپنے مختلف امور میں مدد کے لئے مندرجہ ذیل کمیٹیاں تشکیل کی ہیں۔

بورڈ کی آڈٹ کمیٹی کے ممبران کے نام:

جناب محمد تبسم منیر (بورڈ کی آڈٹ کمیٹی کے چیئرمین)
جناب صفدر علی بٹ (بورڈ کی آڈٹ کمیٹی کے ممبر)
جناب شوکت حسن (بورڈ کی آڈٹ کمیٹی کے ممبر)
جناب طاہر اعظم (بورڈ کی آڈٹ کمیٹی کے ممبر)
جناب فراز اختر زیدی (بورڈ کی آڈٹ کمیٹی کے ممبر)

بورڈ کی انسانی وسائل اور مشاہرہ کمیٹی کے ممبران کے نام:

جناب صفدر علی بٹ (بورڈ کی ایچ آر اینڈ آر کمیٹی کے چیئرمین)
جناب شوکت حسن (بورڈ کی ایچ آر اینڈ آر کمیٹی کے ممبر)
جناب طاہر اعظم (بورڈ کی ایچ آر اینڈ آر کمیٹی کے ممبر)
مس ماوراء طاہر (بورڈ کی ایچ آر اینڈ آر کمیٹی کی ممبر)

بورڈ کی رسک مینجمنٹ کمیٹی کے ممبران کے نام:

جناب فراز اختر زیدی (آر ایم کمیٹی کے چیئرمین)
مس ماوراء طاہر (آر ایم کمیٹی کی ممبر)
جناب محمد تبسم منیر (آر ایم کمیٹی کے ممبر)

بورڈ کی اجتماعی سماجی ذمہ داری کمیٹی کے ممبران کے نام

جناب شوکت حسن (بورڈ کی سی ایس آر کمیٹی کے چیئرمین)
جناب طاہر اعظم (بورڈ کی سی ایس آر کمیٹی کے ممبر)
مس ماوراء طاہر (بورڈ کی سی ایس آر کمیٹی کی ممبر)
جناب حسن طاہر (بورڈ کی سی ایس آر کمیٹی کی ممبر)
جناب علی حسن (بورڈ کی سی ایس آر کمیٹی کی ممبر)
محترمہ ثناء صابر (ایچ ٹی بی ایل کی ڈائریکٹر اور بورڈ کی سی ایس آر کمیٹی کی ممبر)

بورڈ کی سرمایہ کاری کی کمیٹی کے ممبران کے نام۔

جناب شوکت حسن (بورڈ کی سرمایہ کاری کی کمیٹی کے چیئرمین)
جناب طاہر اعظم (بورڈ کی سرمایہ کاری کی کمیٹی کے ممبر)
جناب فراز اختر زیدی (بورڈ کی سرمایہ کاری کی کمیٹی کے ممبر)
جناب حسن طاہر (بورڈ کی سرمایہ کاری کی کمیٹی کے ممبر)
جناب علی حسن (بورڈ کی سرمایہ کاری کی کمیٹی کے ممبر)
جناب محمد عمران (سی ایف او اور بورڈ کی سرمایہ کاری کی کمیٹی کے ممبر)
جناب شہزاد سہیل (جی ایم سپلائی چین اینڈ ایڈمنسٹریشن اور بورڈ کی سرمایہ کاری کی کمیٹی کے ممبر)

ڈائریکٹرز کے مشاہراہ تعین کرنے کی پالیسی:

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) مجریہ ۲۰۱۷ء کے قواعد پر عمل درآمد کرتے ہوئے ڈائریکٹرز کے مشاہرہ تعین کرنے کی پالیسی کا خلاصہ مندجہ ذیل ہے:

بورڈ کی ہیومن ریسارس اینڈ ریمونریشن کمیٹی کو بورڈ کی جانب سے اختیار دیا گیا ہے کہ کمپنی کے ڈائریکٹر حضرات کے مشاہرہ سے متعلق پالیسی تشکیل دیں، اس کی نگرانی کریں اور اس پر عمل درآمد یقینی بنائیں۔ بورڈ کی جانب سے ڈارئریکٹرز کے مشاہرہ طے کرنے کے لیے، اپریل ۲۰۱۸ء کو ایسی ہی ایک باضابطہ پالیسی

کی منظوری دی گئی جس میں ۸ ستمبر ۲۰۱۸ کو ترمیم کی گئی۔ مذکورہ پالیسی کے اہم نکات مندرجہ ذیل ہیں:
☆ پالیسی کے مطلوبہ مقاصد دو سطحی ہیں:

☆ بورڈ کے حوالے سے وسیع کاروباری تجربے اوراعلیٰ صلاحیتوں کے حامل ڈائریکٹر حضرات کو اس عہدہ کے لیے متوجہ کرنا، ان کی حوصلہ افزائی کرنا اور انہیں اس عہدے پر روکے رکھنا اور
☆ ڈائریکٹر حضرات کے عوضانہ کے تعین کے لیے تمام مروجہ و متعلقہ قوانین، ضوابط اور قواعد پر عمل در آمد یقینی بنانا

پالیسی کو ترتیب دیتے وقت مندرجہ ذیل امور کو ملحوظ خاطر رکھا گیا:
کمپنی کی حکمت عملی سے متعلقہ اہداف اور مقاصد کی تکمیل
بطور کاروباری ادارے، کمپنی پر عائد ہونے والی رفاع عامہ، کی ذمہ داریوں کی انجام دہی
کمپنی کے کاروبار سے متعلق بنیادی فلسفہ عمل کی سلامیت کا خیال رکھنا
مطلوبہ عہدے کے لیے مارکیٹ کی صورت حال

کارکردگی میں اضافے، سوچ کی وسعت اور مطلوبہ کاروباری اہداف کے لیے تحریک کے ضامن سازگار دفتری ماحول کی تشکیل اور پاکستان میں ملتے جلتے کاروباری اداروں اور مساوی کاروباری حجم کی حامل کمپنیوں میں عوضانہ کے مروجہ ڈھانچے سے موازنہ ڈائریکٹر حضرات کو دی جانے والی بنیادی تنخواہ کی زیادہ سے زیادہ حد اور دیگر مراعات کی منظوری بورڈ آف ڈائریکٹر کی جانب سے دی جاتی ہے تاہم انفرادی سطح پر کسی ڈائریکٹر کے عوضانہ کو طے کرتے ہوئے مندرجہ ذیل امور کا خیال رکھا جاتا ہے:

☆ خصوصی اہلیت، متعلقہ تجربہ ڈائریکٹر کی ذاتی قابلیت
☆ اس کی اہلیت کی مارکیٹ میں موجودہ قدر
☆ ڈائریکٹر اور کمپنی کے درمیان کاروباری تعلق کی نوعیت، یعنی وہ کس طرح کی ڈائریکٹرشپ پر فائز ہے
☆ آزاد ڈائریکٹر حضرات کا مشاہرہ صرف بورڈ/ حصص اران کے اجلاسوں کی فیس تک محدود ہے

ڈائریکٹر کے مختلف درجات کے حوالے سے مشاہرہ کا خلاصہ کچھ یوں ہے:

	ایگزیکٹیو ڈائریکٹرز	نان ایگزیکٹیو ڈائریکٹر	آزاد ڈائریکٹر
بنیادی تنخواہ کی زیادہ سے زیادہ حد	ایک سال میں ۳۶ ملین روپے	ایک سال میں ۱۸ ملین روپے	کوئی نہیں
مراعات	گاڑی جس کی دیکھ بھال کمپنی کی ذمہ داری ہے، صحت کے اخراجات، فون کا خرچہ سفر اور چھٹیوں کے سفری اخراجات	گاڑی جس کی دیکھ بھال کمپنی کی ذمہ داری ہے، صحت کے اخراجات، فون کا خرچہ سفر اور چھٹیوں کے سفری اخراجات	کوئی نہیں
کارکردگی کی بنا پر بونس	جس کی تجویز چیئرمین دے اور جس کی ایچ آر آر سی/ بورڈ آف ڈائریکٹرز کا ہر رکن انفرادی طور پر منظوری دے	کوئی نہیں	کوئی نہیں
ڈائریکٹر کے اجلاس کی فیس کی زیادہ سے زیادہ حد	کوئی نہیں	کوئی نہیں	بورڈ یا اس کی کسی کمیٹی کے ایک مکمل اجلاس کی مد میں چار لاکھ روپے
اخراجات کی واپسی	کمپنی کے امور کی انجام دہی کے دوران ڈائریکٹر کی جانب سے کیے جانے والے اصل اخراجات یا اس ضمن میں معینہ مراعات، مثال کے طور پر کمپنی کے امور کے لیے سفر کے دوران رہائش کا خرچ		
پروفیشنل انڈیمنٹی انشورنس	کی سہولت ہے	کی سہولت ہے	کی سہولت ہے
بعد از ملازمت مراعات	کوئی نہیں	کوئی نہیں	کوئی نہیں
حصص کی تفویض سے متعلقہ سہولت	کوئی نہیں	کوئی نہیں	کوئی نہیں

*بنیادی تنخواہ اور کارکردگی کی بنیاء پر بونس کا تعین ایچ آر آر سی/ بورڈ آف ڈائریکٹرز کے ہر رکن کی جانب سے انفرادی طور پر منظوری کے بعد، بورڈ کی طے کردہ حدود میں رہتے ہوئے کیا جاتا ہے۔

بورڈ کا ''مشکل حالات سے نبرد آزما ہونا اور کاروباری تسلسل کا منصوبہ'' کا جائزہ

HTLL کے سیٹ اپ میں انفارمیشن ٹیکنالوجی کلیدی کردار ادا کرتی ہے۔ انفارمیشن ٹیکنالوجی ڈیپارٹمنٹ ادارے کے کمپیوٹنگ سسٹمز کو جدید دور کے عین مطابق، دستیاب اور مؤثر رکھنے میں مدد دیتا ہے۔ HTLL کی انفارمیشن ٹیکنالوجی کی ٹیم بزنس یونٹس کو معاونت فراہم کرتے ہوئے نیٹ ورک اور آپریٹنگ سسٹمز کے

استعمال کے دوران معلومات کے تبادلے کے ضمن میں، تحفظ کے اعلیٰ معیارات اور بہترین خدمات کی فراہمی کو یقینی بناتی ہے تاکہ اس سارے عمل کے دوران سخت ترین انفارمیشن سکیورٹی پالیسیز پر عمل درآمد ممکن بنایا جا سکے۔

یہ تمام مذکورہ نظام کاروبار کے ہر کلیدی شعبے (جیسے مالی، سپلائی چین، پروکیورمنٹ، سیلز، ایچ آر، مارکیٹنگ، اوایم سی، ایچ ٹی ایل ایکسپریس) کے کاروباری امور کو بطریق احسن اور بلاتعطل چلانے میں یقینی معاونت فراہم کرتے ہیں علاوہ ازیں یہ نظام ملازمین اور بیرونی صارفین (جیسے ڈسٹری بیوٹرز، خدمات فراہم کرنے والے افراد/ ادارے اور کاروباری شراکت داروں) کو بھی ضروری معاونت فراہم کرتا ہے۔

کاروبار کو بلاتعطل جاری رکھنے کے لیے منصوبہ بندی (BCP)

اندرونی اور بیرونی صارفین کے لیے کاروباری لین دین کے وقت کو کم سے کم کرنے کے لیے ایک شفاف فیل آور سولوشن کا نفاذ عمل میں لایا گیا ہے۔ ہم نے مرکزی ڈیٹا سینٹر پر جدید ترین کلسٹر سروسز کو بروئے کار لاتے ہوئے، تمام بنیادی سرورز کو کلسٹر انوائرمنٹ کے حصہ بناتے ہوئے خصوصی طور پر تشکیل دیا ہے تاکہ تمام مطلوبہ معلومات با آسانی اور بروقت دستیاب ہوں۔ ہماری جانب سے تمام سرورز کو خاص طور پر ان کے لیے تفویض کردہ ڈیٹا سینٹر میں ہوسٹنگ فراہم کی گئی ہے۔ یہ جدید ترین ڈیٹا سینٹر، ظاہری تحفظ، درجہ حرارت کے انضباط، پاور اور کنیکٹیوٹی کے حوالے بہت بہتر کارکردگی کا حامل ہے۔ اس حوالے سے تربیت یافتہ افراد کو بھی ملازمت پر رکھا گیا ہے تاکہ بوقت ضرورت پیشہ ورانہ خدمات کے بروقت حصول کو ممکن بنایا جا سکے۔ سپائی ویئر، کمپیوٹر وائرس، مشکوک ایپلیکیشنز، ڈیٹا لیکج اور سرورز کو ہر طرح کے بیرونی خطرات سے بچانے کے لیے اور ہیڈ آفس سے ڈیزاسٹر ریکوری سائٹ تک وی پی این کنیکشن کی تشکیل کے لیے خصوصی اور موثر نظام وضع کیا گیا ہے۔

تباہی سے بحالی:

ناگہانی صورتحال میں بھی انفارمیشن ٹیکنالوجی سے متعلقہ خدمات کی دستیابی کے لیے، ایک متبادل ڈیزاسٹر ریکوری سائٹ کا قیام عمل میں لایا گیا ہے۔ کسی بھی ناگہانی صورتحال/خرابی کے واقع ہونے پر، HTLL ایک بٹ ڈیٹا بھی کھونا نہیں چاہتا (زیرو ڈیٹا لوس)۔ ہماری سائٹ کسٹمر پورٹلز، ایچ آر سسٹمز اور اندرونی اور بیرونی کسٹمر کے لیے، تمام ڈیٹا کر ترسیل کے حوالے سے ہر وقت زیرو ڈیٹا لوس سیٹ اپ کو یقینی بناتی ہے۔

بنیادی حصص داران کی ضروریات/ رائے کو سمجھنے کے لیے بورڈ کی کوششیں

تمام چھوٹے حصص داران کے حوالے سے بورڈ کو اپنی ذمہ داریوں کا بخوبی ادراک ہے۔ بورڈ اور مینجمنٹ ٹیم دونوں وقتاً فوقتاً اسٹاک مارکیٹ کے بڑے اداروں کے مالکان اور بروکریج ہاؤسز سے رابطے میں رہتے ہیں تاکہ حصص داران کے تقاضوں اور رائے کو سمجھا جا سکے۔ بورڈ آف ڈائریکٹرز کا ہدف اعلیٰ استعداد کے حامل ایسے حصص داران کی توجہ حاصل کرنا ہے کہ جو کمپنی کی حکمت عملی اور معاملات کو سمجھتے ہوں۔ ۲۵ اکتوبر ۲۰۱۹ء کو منعقد ہونے والے عمومی سالانہ اجلاس میں بورڈ کے تمام اراکین نے خاص طور پر چھوٹے حصص داران سے ملاقات کی تاکہ کمپنی کے بارے میں ان حصص داران کی رائے حاصل کی جا سکے اور اس برس بھی عمومی سالانہ اجلاس کے دوران ایسا کیا جائے گا۔ کمپنی ۳۰ جون ۲۰۲۰ء کو ختم ہونے والے مالی سال کے سالانہ تنقیح شدہ مالی گوشواروں کی بنیاد پر، پی ایس ایکس کی اجازت کے مطابق آنے والے عمومی سالانہ اجلاس کے ایک ماہ کے دوران، کم از کم ایک کارپوریٹ بریفنگ سیشن (سی بی ایس) منعقد کرنے کا ارادہ رکھتی ہے۔

ڈائریکٹران کی تربیت

کمپنی ڈائریکٹران کی تربیت کے حوالے سے تمام قانونی تقاضوں کو پورا کر چکی ہے اور کمپنی کے تمام ڈائریکٹران اس حوالے سے تربیتی اسناد بھی حاصل کر چکے ہیں۔

کمپنی کا سٹاف اور صارفین:

ہم اپنے تمام ملازمین کی ان تھک محنت اور کمپنی کے مقاصد کو حاصل کرنے کے لیے ان کی پر عزم کوششوں کو خراج تحسین پیش کرتے ہیں اور اور ملکی معیشت کے لیے اس مشکل ترین سال کے دوران بھی بہترین نتائج حاصل کرنے پر ہم ان کے تہہ دل سے شکر گزار ہیں۔ ہم اپنے صارفین اور حصص داران کا بھی شکریہ ادا کرتے ہیں کہ ہماری خدمات اور مصنوعات پر انہوں نے اپنے اعتماد کو برقرار رکھا۔

کمپنی کی ویب سائٹ:

قانونی / ریگولیٹری تقاضوں کو پورا کرنے کے لیے تمام متعلقہ معلومات کی کمپنی کی ویب سائٹ پر دستیابی ناگزیر ہے لہٰذا تمام معلو مات کو با ضابطہ اندا ز میں کمپنی کی ویب سائٹ www.hitechlubricants.com پر رکھ دیا گیا ہے۔

حسن طاہر
(چیف ایگزیکٹیو آفیسر)

شوکت حسن
(چیئرمین)

۱۱ ستمبر ۲۰۲۰ء

لاہور

CHAIRMAN'S **REVIEW**

The year 2020 has been a challenging year for the world. The COVID-19 pandemic has, with alarming speed, delivered a global economic shock of enormous magnitude, leading to steep recession globally.

The pandemic has also dealt a devastating blow on Pakistan's socioeconomic fabric and public health system. The Country's economy has to deal with multiple challenges of the pandemic as well as an already lower GDP growth and a general economic slowdown. In addition, higher inflation and significant rupee devaluation continued to exert significant pressure on consumers purchasing power.

The COVID-19 pandemic badly affected the entire corporate sector. During these challenging times, the Group (Hi-Tech Lubricants Limited and Hi-Tech Blending (Private) Limited-wholly owned subsidiary company) managed to operate, often with very thin staff and successfully deployed business continuity and incident management plans to cope with this crisis.

With the grace of Allah Almighty, despite these challenges, the Group has achieved positive earnings of Rupees 1.05 per share on a consolidated basis, helping us to deliver on our ongoing commitment to creating shareholders' value.

I take pride in affirming that the Board and the Management of the Group efficiently analyzed the unprecedented situation after the onslaught of COVID-19 and formulated a carefully planned strategy to ensure safety of our people and deal with the outbreak. This is demonstrated in our efficient control environment and compliance with global health practices.

While keeping foremost priority to the safety, health and wellbeing of our employees, your Group focused on the availability of products under a diversified portfolio. With strong brand equity and recall, we remained successful in maintaining confidence of our stakeholders, markets and community while delivering better than expected results. The value of brands and relationships in the distribution chain show their true value in these markets. We believe our results are a testament to our long term strategy of investing in our brand and developing these relationships.

PETROLEUM **PRODUCTS SEGMENT**

During the current financial year, Hi-Tech Lubricants Limited (the Company) achieved a milestone by successfully starting marketing and sale of petroleum products through HTL Fuel stations. At 30th June 2020, the Company has eleven operational fuel stations. Further, the Company is expediently working on completion of its Nowshera Oil storage depot.

The Company expects to start marketing and sale of petroleum products in Khyber Pakhtunkhwa Province by January 2021, after successful completion of Nowshera Oil storage depot and receiving formal approvals from Oil and Gas Regulatory Authority (OGRA).

In addition to the start of Khyber Pakhtunkhwa operations, the Company is also planning to extend Sahiwal Oil storage depot and enter into joint arrangements with other Oil Marketing Companies for building storage facility near Oil pipelines system for continuous uninterrupted supply of petroleum products.

HI-TECH BLENDING (PRIVATE) LIMITED (HTBL) - WHOLLY OWNED SUBSIDIARY OF THE COMPANY also performed well despite of COVID -19 pandemic and other economic challenges. During the year, HTBL's processing of various lubricant products has risen to almost eight million liters which itself an achievement.

BOARD'S **OVERALL PERFORMANCE**

Hi-Tech Lubricants Limited (the Company) complies with the all requirements set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to the composition, procedures and meetings of the Board of directors and its committees.

The Board sets the overall strategy and direction for the management to manage the Company. The Board oversees the progress of the business and takes on the role of governance to make decisions about the direction of the Company, oversight of the business, strategic planning, decision-making, risk and control framework, regulatory compliance and financial planning to protect and enhance Company's long-term and strategic value. The Board has an evaluation process to assess its own performance.

The Board also plays an important role in overseeing the management performance and focusing on major risk areas. The Board was fully involved in the budgeting and strategic planning processes and has set-up well defined Corporate Governance processes which are vital for enhancing corporate accountability. The Board is also committed to ensuring high standards of Corporate Governance and Ethical Values to preserve and maintain stakeholders' value. All Directors, including Independent Directors, fully participate and contribute to the decision-making process of the Board.

RISK **MANAGEMENT**

The Board constantly reviews principal risks facing the Company and considers whether they reflect an acceptable level of risk. Where this is not the case, the Board also considers what is required to reduce the likelihood and potential impact of the risk. The Board either approves the level of risk being taken or requires management to reduce the risk exposure. For core areas of the business, the Board uses a number of methodologies to ensure that management operates within an accepted risk appetite. These include delegated authority levels and the approval of specific policies and procedures.

The Board receives regular feedback on the degree to which management is operating within acceptable risk tolerances through various operational and financial reports, including risk assessment, risk management, performance, internal audit and external audit reports. All members of the management team have individual ownership for one or more of the principal risks.

END **NOTE**

In order to mitigate the adverse economic impact, the Government of Pakistan has taken various measures to support the economic activities in the country. Additionally, the State Bank of Pakistan has reduced the policy rate by 6.25 percent to 7.01 percent to stimulate the economy. Further, by the Grace of Allah Almighty significant reduction in the outbreak of COVID-19 was observed after the year ended 30 June 2020 and the economy is fast recovering back to normal levels. The Board of Directors and senior management of the Group is closely monitoring the economic situation and making continuous efforts to improve shareholders' value through internal efficiency enhancement and cost control measures while building on Group's existing strengths and long term strategy.

Lastly, I take this opportunity to thank our valued customers for the trust they continue to place in us, the management team for its sincere efforts, the Board of Directors for their guidance and all stakeholders for their continuous support.

SHAUKAT HASSAN
Chairman

چیئرمین کا جائزہ

۲۰۲۰ء پوری دنیا کے لیے ایک مشکل ترین سال تھا۔ کووڈ۔۱۹ نے انتہائی برق رفتاری سے دنیا بھر کی معیشت کو وسیع پیمانے پر نا قابل تلافی نقصان پہنچایا جس کا نتیجہ عالمی سطح پر کساد بازاری کی تیزی سے بلند ہوتی شرح کی صورت میں سامنے آیا۔

اس عالم گیر وبا نے پاکستان کی اقتصادی سماجی ساکھ اور شعبہ صحت کو بھی شدید متاثر کیا۔ اس صورت حال میں معاشی سرگرمیوں کے بند ہونے سے وطن عزیز کو اقتصادی سطح پر بہت سے چیلنجز کا مقابلہ کرنا پڑا جبکہ یہاں مجموعی داخلی پیداوار (GDP) کی شرح نمو پہلے سے ہی سست روی کا شکار تھی۔ بات یہاں ختم نہیں ہوتی، بلکہ اس دوران افراط زر میں اضافے اور روپے کی قدر میں مسلسل کمی سے عوام کی قوت خرید پر دباؤ بھی مسلسل بڑھتا گیا اور صورت حال ابتر سے ابتر ہوگئی۔

اس وبا نے کاروباری شعبے کو مکمل طور ہلا کر رکھ دیا۔ پر اس مشکل ترین وقت میں بھی گروپ (ہائی ٹیک لبریکینٹس لیمیٹڈ، ہائی ٹیک بلینڈنگ (پرائیویٹ) لیمیٹڈ اور اس کے مکمل ملکیتی ماتحت ادارے) کی مینجمنٹ نے اس بحران سے نمٹنے کے لیے مؤثر حکمت عملی وضع کی اور اس کے تحت کچھ مدت کے لیے بہت ہی کم سٹاف کے ساتھ اپنے تمام کاروباری امور کامیابی اور تسلسل سے جاری رکھے۔

اللہ تعالیٰ کے فضل و کرم سے ہمیں ان اقدامات کا بہت بہتر صلہ ملا اور ان نا مساعد حالات میں بھی کمپنی نے مجموعی طور پر فی حصص ۰۵۔۱ روپے منافع حاصل کیا۔ یہ کامیابی اس امر کی عکاس ہے کہ ہم نے اپنے حصص داران کو بہتر منافع فراہم کرنے کا جو وعدہ کیا تھا، اس مشکل سال میں بھی ہم نے اسے بخوبی نبھایا ہے۔

اس بات کی توثیق میرے لیے باعث افتخار ہے کہ، گروپ کی مینجمنٹ نے کوڈ۔۱۹ کے پھیلتے ہی پیدا ہونے والی غیر معمولی صورت حال کا مستعدی سے جائزہ لیا اور اس دوران متعلقہ افراد کی صحت اور تحفظ کو یقینی بناتے ہوئے حالات سے نبرد آزما ہونے کی انتہائی مؤثر اور محتاط حکمت عملی ترتیب دی۔ یہ اس امر کی واضح دلیل ہے کہ ہم موزوں و موافق ماحول کی فراہمی اور حفظان صحت کے اصولوں کا خیال رکھتے ہوئے عالمی معیارات پر عمل درآمد یقینی بناتے ہیں۔

ملازمین کی فلاح، صحت اور تحفظ کا خیال رکھنا ہماری اوّلین ترجیح ہے اور آپ کا گروپ اپنے متنوع پورٹ فولیو کے تحت متعدد مصنوعات کی وسیع رینج تیار اور فراہم کرتے ہوئے بھی اس پر سمجھوتہ نہیں کرتا۔ بہترین برانڈ کوالٹی کے حامل معروف برانڈ کے طور پر اپنی ساکھ کو برقرار رکھتے ہوئے ہم نے اپنے فریقین، مارکیٹ اور کمیونٹی کو ان کی توقعات سے بہتر نتائج فراہم کیے ہیں اور اس طرح ان کے اعتماد کو کامیابی سے بحال رکھا ہے۔ مسابقتی ماحول میں ترسیل کے وسیع، مربوط اور مضبوط تر نظام کی تشکیل کے لیے مارکیٹ میں برانڈ کی ساکھ اور بہترین تعلقات اس کی اصل قدر و منزلت کا تعین کرتے ہیں۔ ہمیں یقین ہے کہ اس ضمن میں حاصل ہونے والے نتائج کو مذکورہ تعلقات کی ترویج اور برانڈ کی ترقی کے لیے کی گئی سرمایہ کاری کے حوالے سے ہماری جانب سے ترتیب دی گئی طویل المیعاد حکمت عملی کی سند کے طور پر پیش کیا جا سکتا ہے۔

شعبۂ پیٹرولیم مصنوعات:

رواں مالی سال کے دوران ہائی ٹیک لبریکینٹس لیمیٹڈ (کمپنی) نے HTL فیول سٹیشنز پر پیٹرولیم مصنوعات کی مارکیٹنگ اور فروخت کا آغاز کر کے ترقی کے سفر پر کامیابی کا ایک اور سنگ میل عبور کیا۔

۳۰ جون ۲۰۲۰ء تک کمپنی کے ۱۱ فیول سٹیشنز کام کر رہے تھے۔ مزید برآں کاروبار کو وسعت دینے کے لیے کمپنی نوشہرہ میں تیل ذخیرہ کرنے والے ڈپو کی تعمیر بہت جلد مکمل کر رہی ہے۔

نوشہرہ میں مذکورہ ڈپو کے مکمل ہونے کے بعد اور آئل اینڈ گیس ریگولیٹر اتھارٹی (اوگرا) سے اجازت ملتے ہی، کمپنی جنوری ۲۰۲۱ء تک خیبر پختونخواہ میں بھی پیٹرولیم مصنوعات کی ترسیل اور فروخت کا آغاز کر دے گی۔

خیبر پختونخواہ میں پیٹرولیم کی مصنوعات کی ترسیل و فروخت کے آغاز کے ساتھ ساتھ کمپنی ساہیوال میں موجود اپنے آئل ڈپو کی توسیع اور دیگر آئل مارکیٹنگ کمپنیوں کے ساتھ مل کر آئل پائپ لائن سسٹم کے قریب تیل ذخیرہ کرنے کی سہولیات تعمیر کا ارادہ بھی رکھتی ہے تا کہ صارفین تک پیٹرولیم مصنوعات بلا تعطل ترسیل کو ممکن بنایا جا سکے۔

ہائی ٹیک بلینڈنگ (پرائیویٹ) لیمیٹڈ (HTBL)۔ کمپنی کا مکمل ملکیتی ماتحت ادارہ

کوڈ۔۱۹ کی وبا اور دیگر اقتصادی مشکلات کے باوجود اس ادارے کی کارکردگی بھی متاثر کن رہی۔ رواں سال کے دوران HTBL نے تقریباً آٹھ ملین لیٹر تک لبریکنٹس کی مختلف مصنوعات مقامی سطح پر تیار کیں جو بلاشبہ ادارہ ہٰذا کی نا قابل فراموش کامیابی ہے۔

بورڈ کی کامیابیوں کا مجموعی جائزہ:

ہائی ٹیک لبریکینٹس لیمیٹڈ (کمپنی)، کمپنیز ایکٹ، مجریہ ۲۰۱۷ء اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، مجریہ ۲۰۱۹ء کے تمام تر قواعد پر عمل درآمد یقینی بناتی ہے اور بورڈ آف ڈائریکٹرز اور کمیٹیوں کے اجلاسوں کو ترتیب، تشکیل دیتے ہوئے اور ان طریقہ کار وضع کرنے کے لیے ان قواعد کو ملحوظ خاطر رکھا جاتا ہے۔

کمپنی کے انضباط کے سلسلہ میں، بورڈ مینجمنٹ کے لیے ہدایت اور مجموعی حکمت عملی تیار کرتا ہے۔ بورڈ کاروباری ترقی کا جائزہ لیتا ہے۔

مزید برآں کمپنی کی ترقی کے لیے وضع کردہ طویل المیعاد حکمت عملی پر عمل درآمد یقینی بنانے کے لیے بورڈ کمپنی کے انضباط میں اپنا کردار ادا کرتا ہے۔ کمپنی کے لیے درست سمت کا تعین ہو یا کاروبار کی جانچ پڑتال ہو یا سٹریجک منصوبہ بندی، کاروباری خطرات کو کم کرنے کے اقدامات ہوں یا امور کو ضابطہ کے مطابق رکھنے کی کوششیں یا اقتصادی منصوبہ بندی بورڈ تمام مذکورہ اقدامات میں بھی بھر پور حصہ لیتا ہے۔ بورڈ کی ذاتی کارکردگی کی جانچ کے لیے بھی بورڈ کی جانب سے تشخیص کا طریقہ کار بھی وضع کیا گیا ہے۔

بورڈ مینجمنٹ کی کارکردگی کی بھی نگرانی کرتا ہے اور مینجمنٹ کے ساتھ مل کر کاروبار کو درپیش خطرات کا عمیق جائزہ لیتا ہے۔ اس کے ساتھ ساتھ بورڈ بجٹ سازی سٹریٹیجک منصوبہ بندی کے عمل میں بھی ہر مرحلہ پر شامل رہتا ہے۔ اس کے علاوہ غیر اقتصادی سرگرمیوں کی انجام دہی کے سلسلہ میں کارپوریٹ گورنس کے مفصل نظام کو تشکیل دینے کی مد میں بھی بورڈ بھرپور کردار ادا کرتا ہے۔ فریقین کے مفاد کو تحفظ فراہم کی خاطر بورڈ کاروباری اخلاقیات کے اعلیٰ معیارات کو قائم کرنے کے لیے بھی کوشاں رہتا ہے۔ تمام ڈائریکٹرز بشمول آزاد ڈائریکٹرز بورڈ کی جانب سے فیصلہ سازی کے دوران مکمل طور پر حصہ لیتے ہیں۔

کاروباری خطرات کوکم کرنے کیلئے حکمت عملی کی تشکیل:

بورڈ کمپنی کو درپیش بڑے خطرات (اقتصادی اور سرمایہ کاری سے متعلقہ کاروباری خطرات) کا مسلسل جائزہ لیتا رہتا ہے اور سوچ سمجھ کر اس امر کا فیصلہ کرتا ہے کہ یہ خطرہ مول لیا جا سکتا ہے یا نہیں۔ جہاں ایسا کرنا ممکن نا ہو تو، بورڈ اس بات کا تعین کرتا ہے کہ اس خطرے کے اثرات کو کم کرنے کے لیے کیا ضروری اقدامات اٹھائے جا سکتے ہیں۔ بورڈ اس بات کی بھی منظوری دیتا ہے کہ کس درجہ تک خطرہ مول لیا جائے یا ایسے خطرات سے دوچار ہونے سے بچنے لیے انضباطی سطح پر کیا کیا اقدامات اٹھائے جائیں۔ کاروبار میں بنیادی شعبہ جات کے لیے بورڈ متعدد طریقہ ہائے کار پر عمل کرتے ہوئے اس بات کو یقینی بناتا ہے کہ مینجمنٹ خطرات سے نبرد آزما ہونے کے لیے معینہ حد میں رہ کر کام کرے۔ ایسے اقدامات میں تفویض کردہ اختیارات کی درجہ بندی اور مخصوص پالیسیز اور طریقہ ہائے عمل کی منظوری شامل ہے۔

بورڈ کو فنانشل رپورٹس، داخلی اور خارجی تنقیحی رپورٹس مع رسک اسیسمنٹ، رسک مینجمنٹ اور کارکردگی کی رپورٹس کے ذریعے مستقل بنیادوں پر اس بات جائزہ پیش کیا جاتا ہے کہ مینجمنٹ کس طرح کاروباری خطرات کے حوالے سے معینہ حدود کا خیال رکھتے ہوئے اپنے امور سرانجام دے رہی ہے۔ بڑے خطرات کے حوالے سے مینجمنٹ ٹیم کے ہر رکن پر انفرادی طور پر ایک یا ایک سے زائد ذمہ داریاں عائد ہوتی ہیں۔

تصفیہ/آخری بات

حالیہ اقتصادی بحران کی سنگینی کو کم کرنے کے لیے حکومت پاکستان وطن عزیز میں معاشی سرگرمیوں کی رفتار کو تیز تر کرنے لیے بہت سے اقدامات کر رہی ہے۔ مزید برآں اسٹیٹ بینک آف پاکستان نے بھی معیشت کو سنبھالا دینے کے لیے پالیسی ریٹ ۲۵۔۶ فیصد سے کم کر کے ۷ فیصد کر دیا ہے۔ اس کے علاوہ اللہ تعالیٰ کے فضل و کرم سے ۳۰ جون ۲۰۲۰ء کے بعد کوڈ۔۱۹ کی وباء میں مسلسل کمی دیکھنے میں آ رہی ہے اور، معیشت بحالی کی جانب گامزن ہے۔ گروپ کے بورڈ آف ڈائریکٹرز اور اعلیٰ عہدیداران حالیہ معاشی صورت حال بغور جائزہ لے رہے ہیں اور گروپ کی موجودہ صلاحیتوں اور طویل المیعاد حکمت عملی کو بروئے کار لاتے ہوئے، اندرونی کارکردگی میں اضافے و بہتری اور شرح لاگت کو اپنے قابو میں رکھ کر حصص کی قدر میں بہتری کے لیے ہمہ وقت کوشاں ہیں۔

آخر میں، میں اپنے صارفین کا شکریہ ادا کرتا ہوں کہ انھوں ہمارے ساتھ اپنے اعتماد کا رشتہ ہمیشہ قائم رکھا ہے۔ میں اپنی مینجمنٹ ٹیم کا بھی ممنون ہوں کہ اس کامیابی میں ان کی کوششوں نے اہم کردار ادا کیا۔ میں بورڈ آف ڈائریکٹرز کا شکرگزار ہوں کہ ان کی گراں قدر رہنمائی نے ہماری کامیابی کو ممکن بنایا اور میں اپنے تمام فریقین کا بھی سپاس گزار ہوں کہ ان کا تعاون ہمیشہ ہمیں حاصل رہا۔

شوکت حسن

چیئرمین

UNCONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2020

INDEPENDENT **AUDITOR'S REPORT**

To the members of Hi-Tech Lubricants Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Hi-Tech Lubricants Limited (the Company), which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	**Revenue recognition** The Company recognized net revenue of Rupees 5,628.659 million for the year ended 30 June 2020. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. For further information, refer to the following: - Summary of significant accounting policies, Revenue from contracts with customers note 2.25 to the financial statements. - Net revenue as shown on the face of statement of profit or loss.	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • We tested the effectiveness of the Company's internal controls over the calculation and recognition of discounts. • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. • We compared the details of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation. • We also considered the appropriateness of disclosures in the financial statements.

Sr. No.	Key audit matters	How the matter was addressed in our audit
2.	**Stock-in-trade existence and valuation** Stock-in-trade as at 30 June 2020 amounted to Rupees 447.345 million and represented a material position in the statement of financial position. The business is characterized by high volume and the valuation and existence of stock-in-trade are significant to the business. Therefore, considered as one of the key audit matters. Stock-in-trade is stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in note 2.9 to the financial statements. At year end, the valuation of stock-in-trade is reviewed by management and the cost of stock-in-trade is reduced where stock-in-trade is forecast to be sold below cost. For further information on stock-in-trade, refer to the following: - Summary of significant accounting policies, Stock-in-trade note 2.9 to the financial statements. - Stock-in-trade note 22 to the financial statements.	Our procedures over existence and valuation of stock-in-trade included, but were not limited to: • To test the quantity of stock-in-trade at all locations, we assessed the corresponding stock-in-trade observation instructions and participated in stock-in-trade counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of stock-in-trade items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • We tested that the ageing report used by management correctly aged stock-in-trade items by agreeing a sample of aged stock-in-trade items to the last recorded invoice. • On a sample basis, we tested the net realizable value of stock-in-trade items to recent selling prices and re-performed the calculation of the stock-in-trade write down, if any. • We assessed the percentage write down applied to older stock-in-trade with reference to historic stock-in-trade write downs and recoveries on slow moving stock-in-trade. • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs. • We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Mubashar Mehmood.

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 11 September 2020

STATEMENT OF **FINANCIAL POSITION**

As at 30 June 2020

	Note	**2020 Rupees**	2019 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
150,000,000 (2019: 150,000,000) ordinary shares of Rupees 10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital	3	1,160,040,000	1,160,040,000
Reserves	4	1,997,625,503	2,066,744,479
Total equity		3,157,665,503	3,226,784,479
LIABILITIES			
Non-current liabilities			
Long term financing	5	42,267,650	1,822,078
Liabilities against assets subject to finance lease	6	-	26,624,594
Lease liabilities	7	204,637,134	-
Long term deposit	8	500,000	1,000,000
Deferred income	9	5,285,365	-
		252,690,149	29,446,672
Current liabilities			
Trade and other payables	10	704,278,864	739,055,365
Accrued mark-up / profit	11	22,102,743	69,576,268
Short term borrowings	12	766,262,927	1,974,915,754
Current portion of non-current liabilities	13	86,778,970	70,938,562
Unclaimed dividend		3,438,436	4,026,209
Taxation - net		-	1,223,803
		1,582,861,940	2,859,735,961
Total liabilities		1,835,552,089	2,889,182,633
Contingencies and commitments	14		
TOTAL EQUITY AND LIABILITIES		4,993,217,592	6,115,967,112
ASSETS			
Non–current assets			
Fixed assets	15	1,693,745,762	1,583,889,323
Right-of-use assets	16	270,942,898	-
Intangible assets	17	7,596,802	8,038,481
Investment in subsidiary company	18	1,300,000,600	1,300,000,600
Long term loans to employees	19	-	-
Long term security deposits	20	11,744,718	26,154,150
Deferred income tax asset - net	21	107,956,234	39,183,233
		3,391,987,014	2,957,265,787
Current assets			
Stock-in-trade	22	447,345,239	801,994,295
Trade debts	23	76,104,012	1,189,383,247
Loans and advances	24	149,156,999	36,748,025
Short term deposits and prepayments	25	31,144,473	48,893,939
Other receivables	26	50,014,789	32,515,191
Accrued interest	27	2,236	7,772,338
Short term investments	28	723,285,160	882,468,837
Cash and bank balances	29	124,177,670	158,925,453
		1,601,230,578	3,158,701,325
TOTAL ASSETS		4,993,217,592	6,115,967,112

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

Chief Executive　　　　Director　　　　Chief Financial Officer

STATEMENT OF
PROFIT OR LOSS
For the year ended 30 June 2020

HTL LIMITED
Hi-Tech Lubricants Ltd

	Note	2020 Rupees	2019 Rupees
Gross Revenue	30	7,286,650,581	11,851,564,912
Discounts		(270,429,986)	(515,680,161)
Sales tax		(1,387,561,889)	(1,904,722,276)
Net Revenue		5,628,658,706	9,431,162,475
Cost of Sales	31	(4,503,767,061)	(8,136,798,681)
Gross profit		1,124,891,645	1,294,363,794
Distribution cost	32	(713,811,747)	(834,566,220)
Administrative expenses	33	(381,034,888)	(432,395,249)
Other expenses	34	(24,485,560)	(103,571,212)
		(1,119,332,195)	(1,370,532,681)
Other income	35	129,668,449	113,899,306
Profit from operations		135,227,899	37,730,419
Finance cost	36	(186,325,810)	(235,071,636)
Loss before taxation		(51,097,911)	(197,341,217)
Taxation	37	10,979,935	(237,475,721)
Loss after taxation		(40,117,976)	(434,816,938)
Loss per share - basic and diluted	38	(0.35)	(3.75)

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

Chief Executive

Director

Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

	2020 Rupees	2019 Rupees
Loss after taxation	(40,117,976)	(434,816,938)
Other comprehensive income		
Items that will not be reclassified to profit or loss	–	–
Items that may be reclassified subsequently to profit or loss	–	–
Total comprehensive loss for the year	(40,117,976)	(434,816,938)

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

Chief Executive | Director | Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Share capital	Reserves			Total equity
		Capital reserve	Revenue reserve	Total reserves	
		Share premium	Un–appropriated Profit		
	Rupees				
Balance as at 30 June 2018	1,160,040,000	1,441,697,946	1,262,870,471	2,704,568,417	3,864,608,417
Transactions with owners:					
Final dividend for the year ended 30 June 2018					
@ Rupees 1.75 per share	-	-	(203,007,000)	(203,007,000)	(203,007,000)
Loss for the year ended 30 June 2019	-	-	(434,816,938)	(434,816,938)	(434,816,938)
Other comprehensive income for the year ended 30 June 2019	-	-	-	-	-
Total comprehensive loss for the year ended of 30 June 2019	-	-	(434,816,938)	(434,816,938)	(434,816,938)
Balance as at 30 June 2019	1,160,040,000	1,441,697,946	625,046,533	2,066,744,479	3,226,784,479
Transaction with owners:					
Final dividend for the year ended 30 June 2019					
@ Rupees 0.25 per share	-	-	(29,001,000)	(29,001,000)	(29,001,000)
Loss for the year ended 30 June 2020	-	-	(40,117,976)	(40,117,976)	(40,117,976)
Other comprehensive income for the year ended 30 June 2020	-	-	-	-	-
Total comprehensive loss for the year ended of 30 June 2020	-	-	(40,117,976)	(40,117,976)	(40,117,976)
Balance as at 30 June 2020	1,160,040,000	1,441,697,946	555,927,557	1,997,625,503	3,157,665,503

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

Chief Executive

Director

Chief Financial Officer

STATEMENT OF
CASH FLOWS
For the year ended 30 June 2020

	Note	2020 Rupees	2019 Rupees
Cash flows from operating activities			
Cash generated from / (utilized in) operations	39	1,522,037,974	(592,456,556)
Finance cost paid		(233,430,812)	(183,712,464)
Income tax paid		(74,724,817)	(404,278,887)
Net decrease in long term loans to employees		280,112	769,024
Net decrease / (increase) in long term security deposits		2,897,885	(3,538,000)
Decrease in long term deposits		(500,000)	(500,000)
Net cash (used in) / generated from operating activities		1,216,560,342	(1,183,716,883)
Cash flows from investing activities			
Capital expenditure 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
Dividend 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 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		(34,747,783)	(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		124,177,670	158,925,453

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

Chief Executive

Director

Chief Financial Officer

1. THE COMPANY AND ITS OPERATIONS

1.1 Hi-Tech Lubricants Limited ("the Company") was incorporated under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The principal activity of the Company is to procure and distribute lubricants and petroleum products. During the year ended 30 June 2017, Oil and Gas Regulatory Authority (OGRA) granted license to the Company to establish an Oil Marketing Company (OMC), subject to some conditions. On 31 May 2019, Oil and Gas Regulatory Authority (OGRA) has granted permission to the Company to operate new storage facility at Sahiwal and marketing of petroleum products in province of Punjab. On 20 January 2020, the Company has started marketing and sale of petroleum products. On 21 February 2020, OGRA has granted permission to the Company to apply for No Objection Certificates (NOCs) from concerned departments to setup petrol pumps in Khyber Pakhtunkhwa Province.

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

Business units	Address
Registered and head office	1-A, Danepur Road, GOR-1, Lahore
Regional office – Karachi	C-6 /1, Street No. 3, Bath Island, Clifton, Karachi
Regional office – Islamabad	Suite No. 1402, 14th Floor, Green Trust Tower, Jinnah Avenue, Blue Area, Islamabad.
Regional office – Multan	House No. 95, Block C, Phase III, Model Town, Multan.
Regional office – Peshawar	Office No. 280, 3rd Floor, Deans Trade Centre, Islamia Road, Peshawar
Customs bonded warehouse	7-Km, Sundar Raiwind Road, Bhai Kot, Lahore
Warehouse	Property No. 35 A/M, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore
Warehouse	7-Km, Sundar Raiwind Road, Bhai Kot, Lahore
Warehouse	B-13, Cotton Godown, Korangi Industrial Area, Karachi
Oil Depot – OMC Project	Mouza No. 107/9L, Tehsil and District Sahiwal
OMC Project office	Plot No. 2, Block K, Main Boulevard Gulberg-II, Lahore
Oil Depot – OMC Project	Mouza Aza Khel Bala, Tehsil and District Nowshera
HTL Express Centre	Dharampura, Lahore
HTL Express Centre	Garden Town, Lahore
HTL Express Centre	Block F, Gulshan-e-Ravi, Lahore
HTL Express Centre	Johar Town, Lahore
HTL Express Centre	Phase II, DHA, Karachi
HTL Express Centre	Gulistan-e-Johar, Karachi
HTL Express Centre	Pakistan Employees Cooperative Housing Society, Karachi
HTL Express Centre	Askari XIV Sector – A, Rawalpindi
HTL Express Centre (proposed)	22– A, Zafar Ali Road, Lahore

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

b) Accounting convention

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective accounting policies.

C) Critical accounting estimates and judgments

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

Income tax

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Useful lives, pattern of economic benefits and impairment

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

Inventories

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

Provision for obsolescence of stock-in-trade

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

Recovery of deferred tax assets

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

Allowance for expected credit losses

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

Impairment of investment in subsidiary company

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

Revenue from contracts with customers involving sale of goods

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

Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

d) Standard, interpretation and amendments to published approved accounting standard that are effective in current year and are relevant to the Company

Following standard, interpretation and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2019:

- IFRS 16 'Lease'
- IFRS 9 (Amendments) 'Financial Instruments'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- IASB's Annual Improvements to IFRSs: 2015 – 2017 Cycle

The Company has changed its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 16. These are disclosed in note 2.4. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

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

f) Amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2020 or later periods:

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

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

Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 1 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

– IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

The above amendments and improvements do not have a material impact on the financial statements.

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

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2020 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Fixed assets

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

Depreciation

Depreciation is charged to statement of profit or loss by applying the reducing balance method whereby cost of an asset is written off over its estimated useful life at the rates given in Note 15.1. Depreciation on additions is charged for the full month in which the asset is available for use and on deletion up to the month immediately preceding the deletion.

Useful life of assets is reviewed at each financial year end and if expectations differ from previous estimates the change is accounted for as change in accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

De-recognition

An item of operating fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment loss, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

2.3 Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition, an intangible asset is carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

2.4 IFRS 16 "Leases"

The Company has adopted IFRS 16 from 01 July 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognized in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17, as the operating expense is now replaced by interest expense and depreciation in the statement of profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

IFRS 16 has been adopted using the modified retrospective approach and as such the comparatives have not been restated. The impacts of adoption as at 01 July 2019 are as follows:

Registered and head office	Rupees
Operating fixed assets (leased) decreased by	114,952,001
Right-of-use assets increased by	374,508,131
Short term deposits and prepayments decreased by	7,455,595
Liabilities against assets subject to finance lease decreased by	84,491,075
Lease liabilities increased by	336,591,610

Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated by applying reducing balance method over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

2.5 Investment in subsidiary company

Investment in subsidiary company is stated at cost less impairment loss, if any, in accordance with the provisions of IAS 27 'Separate Financial Statements'.

2.6 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures are rounded off to the nearest Pak Rupees.

2.7 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.8 Employee benefits

The Company operates a contributory provident fund scheme covering all regular employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 10% of basic salary of employees. The Company's contributions to the fund are charged to statement of profit or loss.

2.9 Stock-in-trade

Stock-in-trade, except in transit, is stated at lower of cost and net realizable value. Cost is determined on the basis of weighted average cost.

Cost in relation to items in transit comprises of invoice value and other charges incurred thereon.

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

2.10 Investments and other financial assets

a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost
Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)
Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss (FVTPL)
Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

2.11 Financial Liabilities - classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

2.12 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.13 De-recognition of financial assets and financial liabilities

a) Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial liabilities

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

2.14 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.15 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.17 Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.18 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or the tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.19 Borrowings

Financing and borrowings are initially recognized at fair value of the consideration received, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method.

2.20 Borrowing costs

Borrowing costs are recognized as expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of cost of that asset.

2.21 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

2.22 Trade and other payables

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

2.23 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

2.24 Ijarah contracts

Under the Ijarah contracts the Company obtains usufruct of an asset for an agreed period for an agreed consideration. The Company accounts for its Ijarah contracts in accordance with the requirements of IFAS 2 'Ijarah'. Accordingly, the Company as a Mustaj'ir (lessee) in the Ijarah contract recognises the Ujrah (lease) payments as an expense in the profit and loss on straight line basis over the Ijarah term.

2.25 Revenue from contracts with customers

i) Revenue recognition

(a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

(b) Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(c) Dividend

Dividend on equity investments is recognized when right to receive the dividend is established.

(d) Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

ii) Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

iii) Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

iv) Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Company that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

v) Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

vi) Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

vii) Refund liabilities

Refund liabilities are recognised where the Company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology

2.26 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

2.27 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has following reportable business segments:

- Lubricants (purchase and sale of lubricants, parts and rendering of services).
- Petroleum products (Marketing and sale of petroleum products).

2.28 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

2.29 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

2.30 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of fixed assets are included in non-current liabilities as deferred income and are credited to profit or loss over the expected lives of the related assets.

2.31 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

3. ISSUED, SUBSCRIBED AND PAID–UP SHARE CAPITAL

2020	2019		2020	2019
(Number of shares)			Rupees	Rupees
41,002,000	41,002,000	Ordinary shares of Rupees 10 each		
		fully paid-up in cash	410,020,000	410,020,000
25,000,000	25,000,000	Ordinary shares of Rupees 10 each		
		issued as fully paid for consideration		
		other than cash (Note 3.2)	250,000,000	250,000,000
50,002,000	50,002,000	Ordinary shares of Rupees 10 each		
		issued as fully paid bonus shares	500,020,000	500,020,000
116,004,000	116,004,000		1,160,040,000	1,160,040,000

3.1 827,775 (2019: 827,775) ordinary shares of the Company are held by SK Lubricants Co., Ltd. - principal supplier and long term partner.

3.2 On 01 July 2011, the Company entered into 'Agreement for Takeover of Partnership Firm by Private Limited Company / Dissolution of Partnership' ("the Agreement") with partners of Hi-Tec Lubricants, a registered partnership firm ("the Firm") and took over all the business, assets and liabilities of the Firm, as per audited financial statements of Hi-Tec Lubricants for the year ended 30 June 2011, against consideration of issuance of shares of the Company amounting to Rupees 250,000,000 divided into 2,500,000 ordinary shares of Rupees 100 each.

3.3 The principal shareholders of the Company and SK Lubricants Co., Ltd. (SKL) have a shareholders agreement in place. The parties to the agreement have agreed on certain board of directors' unanimous resolution items such as direct or indirect engagement in lubricant products under the brand name of the Company or any other party other than SKL, engagement with other companies engaged in lubricants business, lubricants business reorganizations, etc. The principal shareholders have undertaken to hold, in aggregate, at all times 51% shares or more of the Company.

	2020 Rupees	2019 Rupees
4. RESERVES		
Capital reserve		
Share premium (Note 4.1)	1,441,697,946	1,441,697,946
Revenue reserve		
Un-appropriated profit	555,927,557	625,046,533
	1,997,625,503	2,066,744,479

4.1 This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

	2020 Rupees	2019 Rupees
5. LONG TERM FINANCING		
From banking company - secured		
Bank Al-Habib Limited - 1 (Note 5.1)	-	5,783,742
Bank Al-Habib Limited - 2 (Note 5.1)	-	9,110,417
Bank Alfalah Limited - Loan under SBP Refinance Scheme (Note 5.2)	58,118,654	-
	58,118,654	14,894,159
Less : Current portion shown under current liabilities (Note 13)	15,851,004	13,072,081
	42,267,650	1,822,078

5.1 These facilities were obtained to build warehouse at the property of Hi-Tech Blending (Private) Limited - subsidiary company at Sundar Raiwind Road, Lahore. These facilities were secured against hypothecation charge over current assets of the Company of Rupees 1,067 million and personal guarantees of directors of the Company. These carried mark-up at the rate of 3 months KIBOR plus 1.75% per annum. These were repayable in 12 equal quarterly installments. Effective rate of mark-up charged during the year was 14.70% (2019: ranged from 8.67% to 12.67%) per annum.

5.2 These term finance facilities, aggregating to Rupees 63.40 million are obtained by the Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. These are secured against first hypothecation charge of Rupees 127 million and personal guarantees of all sponsor directors. These finance facilities are payable in 8 equal quarterly installments commencing from 01 January 2021 and ending on 01 October 2022. Mark-up is payable quarterly at the rate of SBP refinance rate plus 3.00% per annum. These loans are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustments are recognized at discount rates of 9.89% and 10.04% per annum.

	2020 Rupees	2019 Rupees
6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	-	90,562,395
Less: Un-amortized finance charge	-	6,071,320
Present value of future minimum lease payments	-	84,491,075
Less: Current portion shown under current liabilities (Note 13)	-	57,866,481
	-	26,624,594

6.1 As on 01 July 2019, the Company has adopted IFRS 16 'Leases', hence, liabilities against assets subject to finance lease have been classified as lease liabilities (Note 7 to these financial statements). Minimum lease payments were discounted using implicit interest rate ranged from 7.23% to 13.25% per annum. Rentals were payable in monthly and quarterly installments. Taxes, repairs and insurance costs were borne by the Company. These were secured against charge on the leased assets, personal guarantees of directors and security deposits of Rupees 25.805 million.

	2020		2019	
	Not later than one year	**Later than one year but not later than five years**	Not later than one year	Later than one year but not later than five years
	Rupees			
Future minimum lease payments	-	-	62,367,662	28,194,733
Less: Un-amortized finance charge	-	-	4,501,181	1,570,139
Present value of future minimum lease payments	-	-	57,866,481	26,624,594

7. LEASE LIABILITIES

	2020 Rupees	2019 Rupees
Total lease liabilities	275,565,100	-
Less: Current portion shown under current liabilities (Note 13)	70,927,966	-
	204,637,134	-

7.1 The interest expense on lease liabilities for the year is Rupees 35.756 million. The total cash outflow for leases for the year ended 30 June 2020 amounted to Rupees 48.576 million.

7.2 Implicit rates against lease liabilities range from 8.76% to 14.99% per annum.

7.3 Leases from banking companies are secured against charge on the leased assets, personal guarantees of directors and security deposits of Rupees 9.732 million.

8. LONG TERM DEPOSITS

This represent long term security deposit from distributor of the Company. This is unsecured, interest free and repayable on termination of distribution agreement. This security deposit has been utilized for the purpose of business in accordance with the terms of written agreement with distributor.

	2020 Rupees	2019 Rupees
9. DEFERRED INCOME - GOVERNMENT GRANT		
Recognized during the year	5,653,888	-
Amortized during the year (Note 35)	(368,523)	-
	5,285,365	-

9.1 The State Bank of Pakistan (SBP), through its Circular No. 06 of 2020 dated 10 April 2020 has introduced a temporary Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns (the Refinance Scheme). The Refinance Scheme is funded by SBP. Borrowers can obtain loans from the Banks and ease their cash flow constraints to avoid layoffs. One of the key feature of the Refinance Scheme is that borrowers can obtain loan at mark-up rates that are below normal lending rates. As per International Accounting Standard (IAS) 20 'Accounting for Government Grants and Disclosure of Government Assistance' the benefit of a Government loan at a below-market rate of interest is treated as a Government Grant. The Company has obtained this loan as disclosed in note 5 to the financial statements. In accordance with IFRS 9 'Financial Instruments' loan obtained under the Refinance Scheme was initially recognised at its fair value which is the present value of loan proceeds received, discounted using prevailing market rates of interest for a similar instrument. Hence, the benefit of the below-market rate of interest has been measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit is accounted for and presented as deferred grant in accordance with IAS 20. The grant is being amortised in the statement of profit or loss, in line with the recognition of interest expense the grant is compensating. There are no unfulfilled conditions or contingencies attached to these grants.

	2020 Rupees	2019 Rupees
10. TRADE AND OTHER PAYABLES		
Creditors (Note 10.1)	454,220,219	224,019,143
Accrued liabilities (Note 10.2)	153,184,687	428,888,431
Advances from customers	48,465,976	37,112,697
Retention money payable	16,818,062	-
Earnest money payable	-	1,525,827
Customs duty and other charges payable	23,856,668	10,073,760
Income tax deducted at source	5,146,055	4,861,908
Sales tax payable	-	29,826,527
Payable to employees' provident fund trust	2,587,197	2,747,073
	704,278,864	739,055,365

10.1 These include Rupees 327.050 million (2019: Rupees 157.468 million) and Rupees 61.463 million (2019: Rupees 22.018 million) payable to Hi-Tech Blending (Private) Limited - subsidiary company and SK Lubricants Co., Ltd - principal supplier and long term partner respectively.

10.2 These include Rupees 5.910 million (2019: Rupees 5.551 million) on account of remuneration payable to directors of the Company.

	2020 Rupees	2019 Rupees
11. ACCRUED MARK-UP / PROFIT		
Long term financing	193,554	489,491
Liabilities against assets subject to finance lease	-	957,446
Lease liabilities	307,285	-
Short term borrowings	21,601,904	68,129,331
	22,102,743	69,576,268
12. SHORT TERM BORROWINGS		
From banking companies - secured		
Short term finances (Note 12.1 and 12.2)	716,262,927	1,535,873,239
Running musharakah (Note 12.1 and 12.3)	50,000,000	439,042,515
	766,262,927	1,974,915,754

12.1 These finances are obtained from banking companies under mark-up / profit arrangements and are secured against trust receipts, first joint pari passu hypothecation charge over current assets, lien over term deposit receipts, personal guarantees of sponsor directors of the Company and hypothecation charge over land, building and plant and machinery of Hi-Tech Blending (Private) Limited - subsidiary company.

12.2 The rates of mark-up ranged from 8.92% to 15.45% (2019: 7.00% to 14.30%) per annum.

12.3 The rates of profit ranged from 9.01% to 14.86% (2019: 7.42% to 14.80%) per annum.

	2020 Rupees	2019 Rupees
13. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Long term financing (Note 5)	15,851,004	13,072,081
Liabilities against assets subject to finance lease (Note 6)	-	57,866,481
Lease liabilities (Note 7)	70,927,966	-
	86,778,970	70,938,562

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 Corporate guarantees of Rupees 1,300 million (2019: Rupees 1,425.52 million) have been given by the Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - subsidiary company.

14.1.2 Guarantees of Rupees 58 million (2019: Rupees 58 million) are given by the bank of the Company to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.

14.1.3 Guarantees of Rupees 22 million (2019: Rupees 22 million) are given by the bank of the Company to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.

14.1.4 Guarantee of Rupees 6 million (2019: Rupees 6 million) and Rupees 2.25 million (2019: Rupees 2.25 million) are given by the banks of the Company to Total Parco Pakistan Limited and Pakistan State Oil Company Limited respectively against fuel cards obtained by the Company for its employees.

14.1.5 During the year ended 30 June 2018, assessment under section 161 and section 205 of the Income Tax Ordinance, 2001 for the tax year

2014 was finalized by the Deputy Commissioner Inland Revenue creating a demand of Rupees 18.207 million against the Company. The Company, being aggrieved filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)], who decided the case in favor of the Company reducing the total demand to Rupees 0.191 million. However, Income Tax Department has filed an appeal against the order of the CIR(A) before the Appellate Tribunal Inland Revenue and the same is pending adjudication. No provision against the original tax demand has been recognized in these financial statements, as the Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.

14.1.6 On 05 June 2018, the Competition Commission of Pakistan ("CCP") has initiated a formal enquiry under the provisions of the Competition Act, 2010 ("the Act") on complaint against the Company and its subsidiary company, Hi-Tech Blending (Private) Limited by Chevron Pakistan Lubricants (Private) Limited ("Chevron") for adopting deceptive marketing practices in contravention of section 10 of the Act. It has also been prayed by Chevron to CCP to impose a penalty of 10% of the annual turnover of the Company and its subsidiary company and / or Rupees 75 million, as CCP may deem appropriate. CCP has concluded its enquiry on the complaint lodged by Chevron on 07 February 2019. On 20 August 2019, CCP has issued a show cause notice to the Company and its subsidiary company regarding deceptive marketing practices by distributing false and misleading information about its brand "ZIC" under section 10 of the Act. The Company and its subsidiary company have appeared before the CCP through their advocates, rejecting the contents of the enquiry report concluded by CCP, and expects a favorable outcome of the matter. Therefore, no provision for penalty has been recognized in these financial statements.

14.1.7 On 19 December 2018, the Company has filed an appeal before Commissioner Inland Revenue Appeals [CIR(A)] against the order of Deputy Commissioner Inland Revenue (DCIR). DCIR passed an order under section 122(1) and section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 whereby a demand of Rupees 83.595 million has been raised. CIR(A) vide order dated 18 December 2018 has upheld some of the additions made by DCIR and also directed the DCIR to give opportunity of hearing to the Company in one of the said matters. Being aggrieved by the order of CIR(A), the Company filed an appeal before the Appellate Tribunal Inland Revenue [ATIR] which is pending adjudication. No provision against this demand has been recognized in these financial statements, as the Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.

14.1.8 Deputy Commissioner Inland Revenue (DCIR) has passed an assessment order on 28 November 2018 under section 161 and section 205 of the Income Tax Ordinance, 2001 for the tax year 2015 whereby a demand of Rupees 22.358 million has been raised. On 21 December 2018, the Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR. CIR(A) accepted the Company's stance on certain issues assailed in appeal and reduced the aggregate demand to Rupees 10.735 million. Being aggrieved by the order of CIR(A), the Company filed an appeal before the Appellate Tribunal Inland Revenue [ATIR] which is pending adjudication. No provision against this demand has been recognized in these financial statements, as the Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.

14.1.9 During the year ended 30 June 2020, Deputy Commissioner Inland Revenue (DCIR) issued a notice to recover an amount of Rupees 21.124 million against super tax for the tax year 2019 under section 4B of the Income Tax Ordinance, 2001. The Company through its tax advisor submitted its reply that liability on account of super tax did not arise for subject year. The matter is still pending before DCIR. No provision against this demand has been recognized in the financial statements, as the Company, based on the advice of the tax advisor, is confident of favourable outcome of the matter.

		2020 Rupees	2019 Rupees
14.2	**Commitments**		
14.2.1	For capital expenditures	107,622,214	206,035,941

14.2.2 The amount of future ijara rentals and the period in which these payments will become due are as follow:

	2020 Rupees	2019 Rupees
Not later than one year	3,130,124	5,269,381
Later than one year but not later than five years	-	3,135,023
	3,130,124	8,404,404

15. FIXED ASSETS

	2020 Rupees	2019 Rupees
Operating fixed assets		
- Owned (Note 15.1)	1,394,602,141	1,375,599,503
- Leased (Note 15.1)	-	114,952,001
	1,394,602,141	1,490,551,504
Capital work-in-progress (Note 15.2)	299,143,621	93,337,819
	1,693,745,762	1,583,889,323

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

Description	Operating fixed assets												
	Owned										Leased		
	Freehold land	Buildings on freehold land	Buildings on leasehold land	Machinery	Tanks and pipelines	Dispensing pumps	Furniture and fittings	Vehicles	Office equipment	Computer	Total	Vehicles	Machinery	Total
	Rupees													
At 30 June 2018														
Cost	549,886,262	52,115,124	163,957,917	13,596,967	-	-	18,980,513	111,059,977	33,351,415	27,068,406	970,016,581	139,836,106	1,698,360	141,534,466
Accumulated depreciation	-	(21,658,099)	(10,649,458)	(829,846)	-	-	(8,271,167)	(67,044,182)	(12,200,412)	(13,054,155)	(133,707,319)	(47,049,035)	(259,000)	(47,308,035)
Net book value	549,886,262	30,457,025	153,308,459	12,767,121	-		10,709,346	44,015,795	21,151,003	14,014,251	836,309,262	92,787,071	1,439,360	94,226,431
Year ended 30 June 2019														
Opening net book value	549,886,262	30,457,025	153,308,459	12,767,121	-	-	10,709,346	44,015,795	21,151,003	14,014,251	836,309,262	92,787,071	1,439,360	94,226,431
Additions	12,276,632	153,895,968	145,204,269	60,412,469	112,915,635	-	6,462,383	6,282,637	89,181,486	3,954,987	590,586,466	52,386,047	-	52,386,047
Transfer from leased assets:														
Cost	-	-	-	-	-	-	-	7,127,160	-	-	7,127,160	(7,127,160)	-	(7,127,160)
Accumulated depreciation	-	-	-	-	-	-	-	(3,999,257)	-	-	(3,999,257)	3,999,257	-	3,999,257
	-	-	-	-			-	3,127,903	-	-	3,127,903	(3,127,903)	-	(3,127,903)
Disposals:														
Cost	-	-	-	-	-	-	-	(11,909,757)	-	(77,249)	(11,987,006)	(1,304,750)	-	(1,304,750)
Accumulated depreciation	-	-	-	-	-	-	-	8,049,217	-	49,924	8,099,141	130,475	-	130,475
	-	-	-	-			-	(3,860,540)	-	(27,325)	(3,887,865)	(1,174,275)	-	(1,174,275)
Depreciation	-	(4,355,291)	(18,964,797)	(2,771,287)	(752,771)	-	(1,406,268)	(9,622,337)	(7,830,216)	(4,833,296)	(50,536,263)	(27,214,363)	(143,936)	(27,358,299)
Closing net book value	562,162,894	179,997,702	279,547,931	70,408,303	112,162,864	-	15,765,461	39,943,458	102,502,273	13,108,617	1,375,599,503	113,656,577	1,295,424	114,952,001
At 30 June 2019														
Cost	562,162,894	206,011,092	309,162,186	74,009,436	112,915,635	-	25,442,896	112,560,017	122,532,901	30,946,144	1,555,743,201	183,790,243	1,698,360	185,488,603
Accumulated depreciation	-	(26,013,390)	(29,614,255)	(3,601,133)	(752,771)	-	(9,677,435)	(72,616,559)	(20,030,628)	(17,837,527)	(180,143,698)	(70,133,666)	(402,936)	(70,536,602)
Net book value	562,162,894	179,997,702	279,547,931	70,408,303	112,162,864	-	15,765,461	39,943,458	102,502,273	13,108,617	1,375,599,503	113,656,577	1,295,424	114,952,001
Year ended 30 June 2020														
Opening net book value	562,162,894	179,997,702	279,547,931	70,408,303	112,162,864	-	15,765,461	39,943,458	102,502,273	13,108,617	1,375,599,503	113,656,577	1,295,424	114,952,001
Transfer to right-of-use assets on adoption of IFRS 16	-	-	-	-	-	-	-	-	-	-	-	(113,656,577)	(1,295,424)	(114,952,001)
Additions	-	7,150,643	41,519,296	4,419,000	4,411,150	9,120,343	900,206	-	5,841,091	2,948,685	76,310,414	-	-	-
Transfer from leased assets:														
Cost	-	-	-	1,698,360	-	-	-	82,906,826	-	-	84,605,186	-	-	-
Accumulated depreciation	-	-	-	(500,094)	-	-	-	(40,863,378)	-	-	(41,363,472)	-	-	-
	-	-	-	1,198,266	-	-	-	42,043,448	-	-	43,241,714	-	-	-
Written off:														
Cost	-	-	-	-	-	-	-	-	-	(1,093,000)	(1,093,000)	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	368,834	368,834	-	-	-
	-	-	-	-	-	-	-	-	-	(724,166)	(724,166)			
Disposals:														
Cost	-	-	-	-	-	-	-	(18,912,133)	-	(1,169,500)	(20,081,633)	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	10,396,521	-	277,259	10,673,780	-	-	-
	-	-	-	-	-	-	-	(8,515,612)	-	(892,241)	(9,407,853)	-	-	-
Depreciation	-	(18,291,745)	(29,702,095)	(7,291,737)	(9,138,755)	(367,027)	(1,811,989)	(8,861,385)	(10,614,056)	(4,338,682)	(90,417,471)	-	-	-
Closing net book value	562,162,894	168,856,600	291,365,132	68,733,832	107,435,259	8,753,316	14,853,678	64,609,909	97,729,308	10,102,213	1,394,602,141	-	-	-
At 30 June 2020														
Cost	562,162,894	213,161,735	350,681,482	80,126,796	117,326,785	9,120,343	26,343,102	176,554,710	128,373,992	31,632,329	1,695,484,168	-	-	-
Accumulated depreciation	-	(44,305,135)	(59,316,350)	(11,392,964)	(9,891,526)	(367,027)	(11,489,424)	(111,944,801)	(30,644,684)	(21,530,116)	(300,882,027)	-	-	-
Net book value	562,162,894	168,856,600	291,365,132	68,733,832	107,435,259	8,753,316	14,853,678	64,609,909	97,729,308	10,102,213	1,394,602,141	-	-	-
Annual rate of depreciation (%)		10	10	10	8	10	10	20	10	30		20	10	

HTL LIMITED
Hi-Tech Lubricants Ltd

15.1.1 Detail of operating fixed assets exceeding the book value of Rupees 500,000 disposed of during the year is as follows:

Particulars	Quantity	Cost	Accumulated depreciation	Net book value	Consideration	Gain / (loss)	Mode of disposal	Particulars of purchasers
		Rupees						
Vehicles - owned								
Toyota Corolla LEH-15-4485	1	2,073,310	1,219,838	853,472	1,044,614	191,142	Company's policy	Mr. Shahzada Tamur Shah - Company's ex-employee
Toyota Corolla LEB-17A-471	1	2,248,623	766,578	1,482,045	1,866,666	384,621	Company's policy	Mr. Omer Farooq - Company's ex-employee
Toyota Corolla LE-17A-331	1	2,247,560	712,228	1,535,332	1,880,000	344,668	Company's policy	Mrs. Shumaila Hameed - Company's ex-employee
Honda Civic LEB-17-4479	1	2,744,385	1,187,039	1,557,346	2,800,000	1,242,654	Company's policy	Mr. Nasir Ahmed - Company's ex-employee
Toyota Fortuner LEB-11-9595	1	3,782,600	2,584,464	1,198,136	2,778,000	1,579,864	Negotiation	Mr. Qazi Muhammad Ali, Lahore
		13,096,478	6,470,147	6,626,331	10,369,280	3,742,949		
Computer - server	1	996,050	224,111	771,939	220,000	(551,939)	Negotiation	Mr. Zahid Tiwana - Company's ex-employee
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000		5,989,105	3,979,522	2,009,583	4,805,792	2,796,209		
		20,081,633	10,673,780	9,407,853	15,395,072	5,987,219		

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

	2020	2019
	Rupees	Rupees
Distribution cost (Note 32)	40,111,448	39,204,026
Administrative expenses (Note 33)	50,306,023	38,690,536
	90,417,471	77,894,562

15.1.3 Leasehold buildings includes two warehouses and water tank (2019: two warehouses) having net book value of Rupees 169.285 million (2019: Rupees 183.860 million) constructed on the land owned by Hi-Tech Blending (Private) Limited - subsidiary company. The Company has entered into a lease agreement for 20 years with Hi-Tech Blending (Private) Limited - subsidiary company ending on 30 June 2036, against a piece of land measuring 45 Kanals where the aforesaid warehouses and water tank are constructed.

15.1.4 Particulars of immovable properties (i.e. land and buildings) are as follows:

Location	Usage of Immovable Property	Total area of land	Covered area of building
		Acres	Square feet
Property No. 35 A / M, Quaid-e- Azam Industrial Estate, Kot Lakhpat, Lahore	Customs bonded warehouse	0.69	21,965
Mouza No. 107/9L, Tehsil and District Sahiwal	Oil depot	6.7	199,513
Plot No. 2, Block K, Main Boulevard Gulberg-II, Lahore	OMC project office	0.39	1,847
Mouza Aza Khel Bala, Tehsil and District Nowshera	For construction of oil depot	7.55	-
7-km, Sundar Raiwind Road, Bhai Kot, Lahore - Warehouse - 1	Warehouse	-	49,658
7-Km, Sundar Raiwind Road, Bhai Kot, Lahore - Warehouse - 2	Warehouse	-	53,348
Dharampura, Lahore	HTL Express Centre	-	1,436
Garden Town, Lahore	HTL Express Centre	-	1,789
Gulshan-e-Ravi, Lahore	HTL Express Centre	-	2,444
Johar Town, Lahore	HTL Express Centre	-	4,500
Defence Housing Authority, Phase II, Karachi	HTL Express Centre	-	812
Gulistan-e-Johar, Karachi	HTL Express Centre	-	3,149
Pakistan Employees Cooperative Housing Society, Karachi	HTL Express Centre	-	2,700
Askari XIV Sector - A, Rawalpindi	HTL Express Centre	-	881
22 - A, Zafar Ali Road, Lahore	HTL Express Centre (Proposed)	0.16	-

15.1.5 Cost of fixed assets (including capital work-in-progress) held by dealers of retail outlets of the Company are as follows:

Name of retail outlets	Categories			
	Buildings on leasehold land	Tanks and pipelines	Dispensing pumps	Total
		Rupees		
Hussain Filling Station - Head Muhammad Road, Multan	3,180,469	1,608,000	1,911,655	6,700,124
Lalian Filling Station - Faisalabad Road, Lalian	3,740,267	1,926,050	-	5,666,317
Punjab Filling Station - Main Satyana Road, Faisalabad	2,610,584	877,100	2,001,106	5,488,790
Ittehad Filling Station - Circular Road, Daska	-	877,100	-	877,100
Green Fuel CNG - Lalamusa	2,725,893	1,132,550	-	3,858,443
M. Nawaz Filling Station - Darban Road, Syed-Nager, Dera Ismail Khan	-	1,269,700	-	1,269,700
A.B. Petroleum Filling Station - Tehsil Liaqatpur, Rahim Yar Khan	-	1,480,589	-	1,480,589
Jillani CNG - Lehtrar Road, Islamabad	6,646,567	1,386,830	-	8,033,397
Dasti Filling Station - Jampur Road , Dera Ghazi Khan	-	808,290	-	808,290
Rehman Filling Station - Chistian Road, Hasilpur	2,013,421	-	-	2,013,421
Al-Fazal Filling Station - Sargodha Road, Jhang	3,163,859	-	2,227,102	5,390,961
Ibrahim Petroleum - Sialkot Road, Gujranwala	1,962,962	-	-	1,962,962
Karma wala-1 Filling Station - Shahkot Road, Jaranwala	2,532,005	-	-	2,532,005
Raja Adeel Anwar Filling Station, Arifwala Road, Arifwala	1,853,000	-	-	1,853,000
Gondal Filling Station - Daska Road, Wazirabad	2,204,744	-	1,421,968	3,626,712
City Filling Station - Hujra Shah Muqeem, Okara	1,504,906	-	-	1,504,906
Al Karam Filling Station - Shamkey Bhattian, Lahore	3,514,294	-	1,558,512	5,072,806
Super Cool CNG Filling Station - College Road, Lahore	1,962,500	1,188,925	-	3,151,425
	39,615,471	12,555,134	9,120,343	61,290,948

The above assets are not in possession of the Company as these have been provided to dealers of retail outlets to facilitate them to promote and sell Company's products.

		2020 Rupees	2019 Rupees
15.2	**Capital work-in-progress**		
	Advance against purchase of apartment (Note 15.2.1)	25,226,750	25,226,750
	Advances for purchase of vehicles	24,895,701	-
	Civil works	194,227,385	8,596,431
	Dispensing pumps	9,082,648	23,984,539
	Mobilization and other advances	11,626,452	34,016,071
	Unallocated expenditures	34,084,685	1,514,028
		299,143,621	93,337,819

15.2.1 This represent advance given to BNP (Private) Limited against purchase of apartment in Grand Hayatt at 1-Constitution Avenue, Islamabad. On 29 July 2016, Capital Development Authority (CDA) cancelled the leased deed of BNP (Private) Limited on the grounds of violating the terms and conditions of the said lease. Against the alleged order, BNP (Private) Limited filed a writ petition before the Honorable Islamabad High Court ("IHC") challenging the cancellation of said lease. IHC dismissed the writ petition of BNP (Private) Limited. However, the honorable judge of IHC ruled that it is a duty of the Federal Government to ensure that the purchasers do not suffer due to Government's own wrongful actions and omissions, particularly when the regulatory failure of the CDA stands admitted. The Company and others filed appeals against the aforesaid judgment of IHC before Honorable Supreme Court of Pakistan. Honorable Supreme Court of Pakistan has passed order on 09 January 2019 whereby the Court has revived the original lease together with all approvals and permissions already granted. The Court has further ordered that BNP (Private) Limited shall complete the entire project within a reasonable time. On 15 March 2019, CDA has filed a review petition before the Honorable Supreme Court of Pakistan urging to cancel the lease deed and to allow the federal cabinet to review the matter as per the directions of IHC. The decision on the review petition is still pending. In view of the aforesaid, advice of the legal counsel of the Company and the fact that the Company's apartment is one of the duly built apartments on 6th Floor of the Tower, no provision against advance for purchase of apartment has been recognized in these financial statements.

16. RIGHT-OF-USE ASSETS

	Land	Buildings	Vehicles	Machinery	Total
			Rupees		
Net carrying amount					
01 July 2019	252,119,774	7,436,356	113,656,577	1,295,424	374,508,131
30 June 2020	212,827,264	3,064,790	55,050,844	-	270,942,898
Depreciation expense for the year ended 30 June 2020 (Note 32)	39,292,510	4,371,566	20,424,763	97,158	64,185,997
Addition during the year ended 30 June 2020	-	-	3,862,478	-	3,862,478
Book value of assets transferred to fixed assets - owned during the year ended 30 June 2020	-	-	42,043,448	1,198,266	43,241,714

Lease of land

The Company obtained land on lease for construction and operation of its service centers, filling stations and storage warehouses. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from five to twenty years.

Lease of buildings

The Company obtained buildings on lease for its offices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods are of three years.

Lease of vehicles

The Company obtained vehicles on lease for employees. The average contract duration is three years.

Lease of machinery

The Company obtained generator on lease for use at its warehouse.

There is no impairment against right-of-use assets.

	2020 Rupees	2019 Rupees
17. INTANGIBLE ASSETS		
Computer softwares (Note 17.1)	7,596,802	4,732,856
Intangible asset under development - computer software	-	3,305,625
	7,596,802	8,038,481
17.1 Computer softwares		
Opening book value	4,732,856	2,894,585
Less: Amortization charged during the year (Note33)	5,362,625	4,720,367
Closing book value	2,498,679	2,882,096
Add: Cost of additions during the year	7,596,802	4,732,856
17.2 Cost as at 30 June		
Accumulated amortization	38,080,272	32,717,646
Net book value as at 30 June	(30,483,470)	(27,984,790)
	7,596,802	4,732,856

17.3 Intangible assets - computer softwares have been amortized at the rate of 30% (2019: 30%) per annum.

		2020 Rupees	2019 Rupees
18.	**INVESTMENT IN SUBSIDIARY COMPANY - at cost**		
	Hi-Tech Blending (Private) Limited - unquoted		
	130,000,060 (2019: 130,000,060) fully paid ordinary shares of Rupees 10 each		
	Equity held 100% (2019: 100%)	1,300,000,600	1,300,000,600

18.1 Investment in Hi-Tech Blending (Private) Limited includes 60 (2019: 60) shares in the name of nominees of the Company.

19.	**LONG TERM LOANS TO EMPLOYEES**		
	Considered good:		
	Executives (Note 19.1)	-	280,112
	Less: Current portion shown under current assets (Note 24)	-	280,112
		-	-

19.1	Reconciliation of carrying amounts of loans to executives:		
	Opening balance	280,112	1,049,136
	Less: Repayments	280,112	769,024
	Closing balance	-	280,112

19.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 0.280 million (2019: Rupees 1.014 million).

19.2 These represent loans to employees of the Company for the purpose of house building. These were interest free and repayable over a period of four years. These were secured against deposit of original land documents and credit balance of employees in provident fund trust.

		2020 Rupees	2019 Rupees
20.	**LONG TERM SECURITY DEPOSITS**		
	Security deposits against leased assets	9,731,750	25,805,106
	Security deposit against Ijara	2,993,400	2,993,400
	Security deposits - others	10,794,018	13,802,300
		23,519,168	42,600,806
	Less: Current portion shown under current assets (Note 25)	11,774,450	16,446,656
		11,744,718	26,154,150

	2020 Rupees	2019 Rupees
21. DEFERRED INCOME TAX ASSET - NET		
The net deferred income tax asset comprised of temporary differences relating to:		
Deductible temporary differences		
Allowance for expected credit losses	8,770,114	13,532,396
Right-of-use assets	1,340,439	-
Provision for doubtful advance to supplier	46,154	686,005
Provision for slow moving and damaged inventory items	1,881,556	2,184,394
Available tax losses	159,480,402	95,690,600
	171,518,665	112,093,395
Taxable temporary differences		
Accelerated tax depreciation and amortization	(63,562,431)	(64,076,493)
Leased assets	-	(8,833,669)
	(63,562,431)	(72,910,162)
Net deferred income tax asset	107,956,234	39,183,233
22. STOCK-IN-TRADE		
Lubricants and parts (Note 22.1)	378,075,086	798,874,972
Less: Provision for slow moving and damaged inventory items (Note 22.2)	6,488,123	7,532,393
	371,586,963	791,342,579
Petroleum products		
- Stock in hand (Note 22.3 and Note 22.4)	6,766,970	-
- Stock in pipeline system (Note 22.5)	28,457,092	-
	35,224,062	-
Dispensing pumps and other installations (Note 22.6)	40,324,810	10,411,114
Stock of promotional items	209,404	240,602
	447,345,239	801,994,295

22.1 This includes stock-in-transit of Rupees Nil (2019: Rupees 26.503 million) and stock amounting to Rupees 105.921 million (2019: Rupees Nil) lying at customs bonded warehouse.

	2020 Rupees	2019 Rupees
22.2 Provision for slow moving and damaged inventory items		
Opening balance	7,532,393	2,450,521
Add: Provision recognized during the year (Note 34)	4,305,591	5,444,396
Less: Reversal of provision during the year (Note 35)	5,349,861	362,524
Closing balance	6,488,123	7,532,393

22.3 This includes stock of petroleum products in transit of Rupees 2.592 million (2019: Rupees Nil).

22.4 This includes the Company's share of pipeline stock of High Speed Diesel amounting to Rupees 1.630 million (2019: Rupees Nil) held by Askar Oil Services (Private) Limited.

22.5 This represents the Company's share of pipeline stock of High Speed Diesel amounting to Rupees 28.457 million (2019: Rupees Nil) held by Pak-Arab Pipeline Company Limited.

22.6 These dispensing pumps and other installations have been purchased by the Company for resale to service and filling station dealers as part of OMC operations.

	2020 Rupees	2019 Rupees

23. TRADE DEBTS

	2020 Rupees	2019 Rupees
Unsecured:		
Considered good (Note 23.1)	106,345,785	1,236,046,682
Less: Allowance for expected credit losses (Note 23.3)	30,241,773	46,663,435
	76,104,012	1,189,383,247

23.1 As at 30 June 2020, trade debts of Rupees 106.346 million (2019: Rupees 1,235.558 million) were past due but not impaired. The age analysis of these trade debts is as follows:

	2020 Rupees	2019 Rupees
Upto 1 month	47,059,998	1,141,006,719
1 to 6 months	26,906,103	43,945,216
More than 6 months	32,379,684	50,606,458
	106,345,785	1,235,558,393

23.2 Trade debts of Rupees Nil (2019: Rupees 0.339 million) were impaired and written off against allowance for expected credit losses and trade debts of Rupees Nil (2019: Rupees 0.422 million) were directly written off during the year. The age analysis of these trade debts was more than one year.

23.3 Allowance for expected credit losses

	2020 Rupees	2019 Rupees
Opening balance	46,663,435	543,919
Add: Recognized as on 01 July 2018	-	28,112,601
Add: Recognized during the year (Note 34)	-	18,346,376
Less: Reversal of allowance for expected credit losses (Note 35)	16,421,662	-
Less: Bad debts written off against allowance for expected credit losses	-	339,461
Closing balance	30,241,773	46,663,435

24. LOANS AND ADVANCES

	2020 Rupees	2019 Rupees
Considered good, unsecured:		
Loans to employees - interest free and against salaries:		
- Executives (Note 24.1)	2,359,990	608,331
- Other employees	2,220,463	2,715,719
	4,580,453	3,324,050
Advances to employees against expenses	978,256	1,102,215
Current portion of long term loans to employees (Note 19)	-	280,112
Advances to suppliers (Note 24.2)	128,273,290	17,541,648
Margin against bank guarantees	15,325,000	14,500,000
	149,156,999	36,748,025

24.1 These include Rupees 2.310 million (2019: Rupees Nil) loan receivable from Chief Financial Officer of the Company. Maximum aggregate amount outstanding at the end of any month during the year was Rupees 2.52 million (2019: Rupees Nil).

		2020 Rupees	2019 Rupees
24.2	**Advances to suppliers**		
	Unsecured:		
	Considered good	128,273,290	17,541,648
	Considered doubtful	159,151	2,365,535
		128,432,441	19,907,183
	Less: Provision for doubtful advance to supplier (Note 24.2.1)	159,151	2,365,535
		128,273,290	17,541,648
24.2.1	**Provision for doubtful advance to supplier**		
	Opening balance	2,365,535	-
	Add: Recognized during the year (Note 34)	159,151	2,365,535
	Less: Advance to supplier written off	2,365,535	-
	Closing balance	159,151	2,365,535
25.	**SHORT TERM DEPOSITS AND PREPAYMENTS**		
	Current portion of long term security deposits (Note 20)	11,774,450	16,446,656
	Short term security deposits	6,745,465	3,442,465
	Prepaid insurance	11,198,972	20,130,871
	Prepaid rent	1,425,586	8,873,947
		31,144,473	48,893,939
26.	**OTHER RECEIVABLES**		
	Receivable from MAS Associates (Private) Limited - associated company (Note 26.1)	145,074	136,670
	Receivable from SK Lubricants Co., Ltd. (Note 26.2)	-	28,501,777
	Advance income tax - net	15,707,948	-
	Sales tax receivable	11,404,451	-
	Inland freight equalization mechanism	14,086,180	-
	Others	8,671,136	3,876,744
		50,014,789	32,515,191

26.1 It is neither past due nor impaired. The maximum aggregate amount receivable from associated company at the end of any month during the year was Rupees 0.433 million (2019: Rupees 0.223 million).

26.2 This has been fully received during the year. The maximum aggregate amount receivable from SK Lubricants Co., Ltd. - principal supplier and long term partner at the end of any month during the year was Rupees 28.502 million (2019: Rupees 98.371 million).

	2020 Rupees	2019 Rupees
27. ACCRUED INTEREST		
On short term loans to subsidiary company (Note 27.1)	-	7,741,006
On bank deposits	2,236	31,332
	2,236	7,772,338

27.1 This represented accrued interest on un-secured short term loans given to Hi-Tech Blending (Private) Limited - subsidiary company at average borrowing cost of the Company. The subsidiary company has fully repaid the accrued interest during the year. The maximum aggregate amount of accrued interest receivable from subsidiary company at the end of the any month during the year was Rupees 7.741 million (2019: Rupees 7.741 million). The aging of this accrued interest was as follows:

	2020 Rupees	2019 Rupees
Upto 1 month	-	241,125
1 to 6 months	-	7,499,881
More than 6 months	-	-
	-	7,741,006

	2020 Rupees	2019 Rupees
28. SHORT TERM INVESTMENTS		
Debt instruments (Note 28.1)	472,420,787	778,385,366
Equity instruments (Note 28.2)	250,864,373	104,083,471
	723,285,160	882,468,837
28.1 Debt instruments		
At amortized cost		
Term deposit receipts	471,031,918	771,031,918
Add: Interest accrued thereon	1,388,869	7,353,448
	472,420,787	778,385,366

28.1.1 These term deposit receipts issued by banking companies having maturity period ranging from one month to six months and carry interest ranging from 5.36% to 12.85% (2019: 3.88% to 11.96%) per annum. Term deposit receipts amounting to Rupees 471.031 million (2019: Rupees 471.031 million) are under lien with banks against short term borrowings.

		2020 Rupees	2019 Rupees
28.2	**Equity instruments**		
	Fair value through profit or loss		
	Quoted - other than related party:		
	Engro Fertilizer Limited		
	49,500 (2019: 49,500) fully paid ordinary shares of Rupees 10 each	3,246,080	3,246,080
	First Habib Cash Fund		
	1,004,003.3926 (2019: Nil) units	100,591,746	-
	NBP Islamic Mahana Amdani Fund		
	4,617,722.0716 (2019: 3,527,150.8850) units	46,148,675	35,271,589
	UBL Liquidity Plus Fund - Class 'C'		
	710.5769 (2019: 300,782.1374) units	71,628	30,282,963
	MCB Cash Management Optimizer		
	998,363.6222 (2019: 350,903.0118) units	100,422,214	35,281,613
	Unrealized gain on remeasurement of investments at fair value	384,030	1,226
		250,864,373	104,083,471

		2020 Rupees	2019 Rupees
29.	**CASH AND BANK BALANCES**		
	Cash in hand	591,071	617,416
	Cash at banks:		
	Saving accounts (Note 29.1)	32,248,693	31,499,739
	Current accounts	91,337,906	126,808,298
		123,586,599	158,308,037
		124,177,670	158,925,453

29.1 Saving accounts carry profit at the rates ranging from 6.48% to 11.25% (2019: 4% to 11%) per annum.

29.2 Bank balances of Rupees 20.268 million (2019: Rupees 12.053 million) and short term investments of Rupees 718.912 million (2019: Rupees 871.949 million) as at 30 June 2020 represents un-utilized proceeds of the initial public offer.

		2020 Rupees	2019 Rupees
30.	**GROSS REVENUE**		
	Lubricants	6,838,217,813	11,822,293,611
	Petroleum products	392,574,835	-
	Others (Note 30.1)	55,857,933	29,271,301
		7,286,650,581	11,851,564,912

		2020 Rupees	2019 Rupees
30.1	**Others**		
	Spare parts	23,305,787	19,086,602
	Services at HTLL Express Centers	12,131,768	10,184,699
	Dispensing pumps	19,005,344	-
	Franchise and joining fee	1,415,034	-
		55,857,933	29,271,301

31. COST OF SALES

	2020 Rupees	2019 Rupees
Opening stock of lubricants and other items	801,753,693	960,933,462
Lubricants purchased during the year	3,761,900,303	7,977,618,912
	4,563,653,996	8,938,552,374
Closing stock of lubricants and other items	411,911,773	801,753,693
Cost of lubricants and other items sold	4,151,742,223	8,136,798,681
Opening stock of petroleum products	-	-
Petroleum products purchased during the year	271,567,657	-
Petroleum development levy	104,520,645	-
Inland freight equalization margin	11,160,598	-
	387,248,900	-
Closing stock of pertroleum products	35,224,062	-
Cost of petroleum products sold	352,024,838	-
Total	4,503,767,061	8,136,798,681

32. DISTRIBUTION COST

	2020 Rupees	2019 Rupees
Salaries and other benefits (Note 32.1)	294,263,250	335,856,543
Sales promotion and advertisements - net (Note 32.2)	122,477,816	197,139,351
Freight outward	33,259,463	69,384,406
Rent, rates and taxes	17,281,525	49,697,683
Travelling and conveyance	30,000,814	44,384,788
Insurance	19,513,756	17,416,547
Utilities	10,138,447	8,118,021
Repair and maintenance	10,263,082	14,382,261
Vehicles' running and maintenance	22,293,292	17,115,679
Communication	9,207,240	10,293,533
Entertainment	3,759,896	5,535,694
Ijara rentals	5,288,136	5,170,252
Depreciation (Note 15.1.2)	40,111,448	39,204,026
Depreciation on right-of-use assets (Note 16)	64,185,997	-
Hospitality charges	7,283,979	-
Sales commission	685,286	88,120
Printing and stationery	779,979	861,902
Secondary transportation freight	243,772	-
Miscellaneous	22,774,569	19,917,414
	713,811,747	834,566,220

32.1 Salaries other benefits include provident fund contribution of Rupees 9.683 million (2019: Rupees 9.387 million) by the Company.

32.2 These are net off incentives in the shape of reimbursement against sales promotion expenses and advertisements amounting to Rupees Nil (2019: Rupees 122.783 million) from SK Lubricants Co., Ltd. - principal supplier and long term partner.

	2020 Rupees	2019 Rupees
33. ADMINISTRATIVE EXPENSES		
Salaries, wages and other benefits (Note 33.1)	239,711,251	302,326,063
Rent, rates and taxes	14,661,823	12,469,710
Travelling and conveyance	6,006,002	10,603,208
Insurance	11,462,027	12,064,539
Vehicles' running and maintenance	3,692,571	6,494,975
Utilities	5,012,902	4,336,486
Repair and maintenance	4,058,970	3,984,498
Fee and subscription	15,207,712	2,209,721
Printing and stationery	1,031,837	1,505,367
Communication	3,298,826	5,339,303
Entertainment	2,798,027	4,527,621
Legal and professional (Note 33.2)	13,254,057	21,154,180
Auditor's remuneration (Note 33.3)	3,159,500	2,695,000
Depreciation (Note 15.1.2)	50,306,023	38,690,536
Amortization on intangible assets (Note 17)	2,498,679	2,882,096
Miscellaneous	4,874,681	1,111,946
	381,034,888	432,395,249

33.1 Salaries, wages and other benefits include provident fund contribution of Rupees 5.827 million (2019: Rupees 6.546 million) by the Company.

33.2 It includes an amount of Rupees 0.825 million (2019: Rupees 4.646 million) on account of internal audit services rendered by EY Ford Rhodes.

33.3 Auditor's remuneration		
Annual audit fee	1,633,500	1,485,000
Certifications	470,000	250,000
Half year review	825,000	750,000
Reimbursable expenses	231,000	210,000
	3,159,500	2,695,000
34. OTHER EXPENSES		
Allowance for expected credit losses (Note 23.3)	-	18,346,376
Provision for slow moving and damaged inventory items (Note 22.2)	4,305,591	5,444,396
Provision for doubtful advance to supplier (Note 24.2.1)	159,151	2,365,535
Bad debts written off	-	421,906
Advances to suppliers written off	-	943,408
Fixed assets written off (Note 15.1)	724,166	-
Exchange loss - net	-	52,409,722
Charities and donations (Note 34.1)	18,796,652	18,072,844
Loss on disposal of investment	-	5,106,286
Unrealized loss on remeasurement of investments at fair value through profit or loss - net	-	460,739
Penalty (Note 34.2)	500,000	-
	24,485,560	103,571,212

34.1 These include amount of Rupees 18 million (2019: Rupees 16.5 million) paid to Sabra Hamida Trust, 1-A, Danepur Road, GOR-1, Lahore, in which Mr. Hassan Tahir - Chief Executive, Mr. Shaukat Hassan - Director, Mr. Tahir Azam - Director and Mr. Ali Hassan - Director are trustees.

34.2 This represents penalty paid to Oil and Gas Regularity Authority (OGRA) on account of delay in completion of required infrastructure for OMC project.

	2020 Rupees	2019 Rupees
35. OTHER INCOME		
Income from financial assets:		
Dividend income	10,437,403	1,132,225
Profit on bank deposits and term deposit receipts	80,948,042	70,884,937
Interest income on loan to subsidiary company	-	33,630,446
Gain on disposal of investments	361,141	-
Unrealized gain on remeasurement of investments at fair value through profit or loss	382,804	-
Exchange gain - net	9,411,794	-
Reversal of allowance for expected credit losses (Note 23.3)	16,421,662	-
Income from non-financial assets:		
Gain on disposal of operating fixed assets (Note 15.1)	5,987,219	2,962,285
Credit balances written back	-	2,324,852
Reversal of provision for slow moving and damaged inventory items (Note 22.2)	5,349,861	362,524
Amortization of deferred grant (Note 9)	368,523	-
Scrap sales	-	2,602,037
	129,668,449	113,899,306
36. FINANCE COST		
Mark-up on long term financing	721,024	1,803,518
Mark-up / profit on short term borrowings	146,985,117	222,057,995
Finance charges on liabilities against assets subject to finance lease	-	7,963,302
Finance charges on lease liabilities	35,755,548	-
Bank charges and commission	2,864,121	3,246,821
	186,325,810	235,071,636
37. TAXATION		
For the year:		
Current (Note 37.1)	58,199,027	288,749,527
Deferred tax	(68,773,001)	(51,251,823)
Prior year adjustment	(405,961)	(21,983)
	(10,979,935)	237,475,721

37.1 The provision for current tax is calculated in accordance with the relevant provisions of the Income Tax Ordinance, 2001. Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented being impracticable.

38. LOSS PER SHARE - BASIC AND DILUTED		
There is no dilutive effect on the basic loss per share which based on:		
Loss after taxation attributable to ordinary shareholders (Rupees)	(40,117,976)	(434,816,938)
Weighted average number of shares (Number)	116,004,000	116,004,000
Loss per share - basic and diluted (Rupees)	(0.35)	(3.75)

	2020 Rupees	2019 Rupees
39. CASH GENERATED FROM / (UTILIZED IN) OPERATIONS		
Loss before taxation	(51,097,911)	(197,341,217)
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	90,417,471	77,894,562
Depreciation on right-of-use assets	64,185,997	-
Amortization on intangible assets	2,498,679	2,882,096
Amortization of deferred grant	(368,523)	-
Allowance for expected credit losses	-	18,346,376
Reversal of allowance for expected credit losses	(16,421,662)	-
Provision for slow moving and damaged inventory items	4,305,591	5,444,396
Reversal of provision of slow moving and damaged inventory items	(5,349,861)	(362,524)
Bad debts written off	-	421,906
Advances to suppliers written off	-	943,408
Provision for doubtful advance to supplier	159,151	2,365,535
Credit balances written back	-	(2,324,852)
Gain on disposal of operating fixed assets	(5,987,219)	(2,962,285)
Dividend income	(10,437,403)	(1,132,225)
Profit on bank deposits and term deposit receipts	(80,948,042)	(70,884,937)
Interest income on loans to subsidiary company	-	(33,630,446)
(Gain) / loss on disposal of investments	(361,141)	5,106,286
Unrealized (gain) / loss on remeasurement of investments carried at fair value through profit or loss - net	(382,804)	460,739
Fixed assets written off	724,166	-
Exchange (gain) / loss - net	(9,411,794)	52,409,722
Finance cost	186,325,810	235,071,636
Working capital changes (Note 39.1)	1,354,187,469	(685,164,732)
	1,522,037,974	(592,456,556)

	2020 Rupees	2019 Rupees
39.1 Working capital changes		
Decrease / (increase) in current assets:		
Stock-in-trade	355,693,326	154,130,208
Trade debts	1,129,700,897	(998,037,794)
Loans and advances	(110,482,702)	105,910,245
Short term deposits and prepayments	5,621,670	(5,715,895)
Other receivables	(1,791,650)	(15,174,858)
	1,378,741,541	(758,888,094)
(Decrease) / increase in trade and other payables	(24,554,072)	73,723,362
	1,354,187,469	(685,164,732)

39.2 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	2020					
	Liabilities from financing activities					
	Long term financing	Liabilities against assets subject to finance lease	Lease liabilities	Short term borrowings	Unclaimed dividend	Total
	Rupees					
Balance as at 01 July 2019	14,894,159	84,491,075	-	1,974,915,754	4,026,209	2,078,327,197
Transferred to lease liabilities on adoption of IFRS 16 'Leases'	-	(84,491,075)	84,491,075			-
Financing obtained	63,404,019	-	-	6,681,482,830	-	6,744,886,849
Repayment of financing	(14,894,159)	-	-	(7,890,135,657)	-	(7,905,029,816)
Acquisitions - finance leases	-	-	3,733,000	-	-	3,733,000
Other change - non-cash movement	-	-	235,916,781	-	-	235,916,781
Repayment of lease liabilities	-	-	(48,575,756)	-	-	(48,575,756)
Dividend declared	-	-	-	-	29,001,000	29,001,000
Dividend paid	-	-	-	-	(29,588,773)	(29,588,773)
Balance as at 30 June 2020	63,404,019	-	275,565,100	766,262,927	3,438,436	1,108,670,482

	2019				
	Liabilities from financing activities				
	Long term financing	Liabilities against assets subject to finance lease	Short term borrowings	Unclaimed dividend	Total
	Rupees				
Balance as at 01 July 2018	29,894,166	125,199,232	707,635,668	4,297,369	867,026,435
Financing obtained	-	-	10,594,336,924	-	10,594,336,924
Repayment of financing	(15,000,007)	-	(9,327,056,838)	-	(9,342,056,845)
Acquisitions - finance leases	-	5,196,600	-	-	5,196,600
Other change - non-cash movement	-	(752,000)	-	-	(752,000)
Repayment of lease liabilities	-	(45,152,757)	-	-	(45,152,757)
Dividend declared	-	-	-	203,007,000	203,007,000
Dividend paid	-	-	-	(203,278,160)	(203,278,160)
Balance as at 30 June 2019	14,894,159	84,491,075	1,974,915,754	4,026,209	2,078,327,197

	2020 Rupees	2019 Rupees
39.3 Non-cash financing activities		
Acquisition of vehicles and machinery by means of finance lease	3,733,000	5,196,600

40. PROVIDENT FUND

As at the reporting date, the Hi-Tech Lubricants Limited Employees Provident Fund Trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the regulations formulated for this purpose by Securities and Exchange Commission of Pakistan which allows transition period of three years for bringing the Employees Provident Fund Trust in conformity with the requirements of the regulations.

41. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of subsidiary company, associated undertakings, other related parties, key management personnel and provident fund trust. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been disclosed else where in these financial statements, are as follows:

Relationship	Nature of transaction	2020 Rupees	2019 Rupees
Subsidiary company			
Hi-Tech Blending (Private) Limited	Sale of lubricants	460,240	170,252
	Purchase of lubricants	2,818,259,838	4,364,604,275
	Loans disbursed	-	656,950,000
	Loans recovered	-	656,950,000
	Interest charged on short term loans	-	33,630,446
	Interest received on short term loans	7,741,006	41,195,974
	Lease rentals paid	3,000,000	3,000,000
Associated companies			
MAS Associates (Private) Limited	Share of common expenses	762,241	628,880
Other related parties			
SK Lubricants Co., Ltd.	Purchase of lubricants	667,259,368	2,737,176,218
SK Lubricants Co., Ltd.	Incentives	-	122,783,061
SK Lubricants Co., Ltd.	Dividend paid	206,944	1,448,606
Provident fund trust	Contribution	15,510,009	17,358,311
Sabra Hamida Trust	Donations	18,000,000	16,500,000

41.1 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place:

Name of related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year	% age of shareholding
Hi-Tech Blending (Private) Limited	Wholly owned subsidiary company	Yes	100%
Hi-Tech Energy (Private) Limited	Common directorship	No	None
MAS Associates (Private) Limited	Common directorship	Yes	None
MAS Infosoft (Private) Limited	Common directorship	No	None
MAS Services	Common partnership of directors	No	None
Haut Buys (Private) Limited	Common directorship	No	None
Hi-Tech Lubricants Limited Employees Provident Fund Trust	Common trusteeship of directors	Yes	None
Hi-Tech Blending (Private) Limited Provident Fund Trust	Subsidiary company's employee provident fund trust	No	None
Sabra Hamida Trust	Common trusteeship of directors	Yes	None
MAS Associates Employees Provident Fund Trust	Common trusteeship of directors	No	None
SK Lubricants Co., Ltd.	Principal supplier and long term partner	Yes	None
MAS Services Employees Provident Fund Trust	Common trusteeship of directors	No	None
WASL Investment Finance Limited	Common directorship	No	None
Alliance Francaise De Lahore Foundation	Common trusteeship of directors	No	None
Pakistan France Business Alliance	Common trusteeship of directors	No	None
Food Check (Private) Limited	Common directorship	No	None
Pak Agro Packaging (Private) Limited	Common directorship	No	None
Ujala Education Foundation	Common trusteeship of directors	No	None

42. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements in respect of remuneration, including all benefits to the chief executive, directors and executives of the Company are as follows:

	2020				2019			
		Directors				Directors		
	Chief Executive	**Executives**	**Non-Executives**	**Executives**	Chief Executive	Executives	Non-Executives	Executives
	Rupees							
Managerial remuneration	11,845,161	10,451,613	26,322,580	56,134,410	12,612,903	11,129,032	29,032,258	49,846,215
Bonus	1,431,292	1,262,904	-	5,722,887	1,948,145	1,718,952	-	7,205,539
Allowances								
House rent	5,330,322	4,703,226	11,845,161	25,260,485	5,675,806	5,008,064	13,064,516	22,430,797
Medical	1,184,516	1,045,161	2,632,258	5,613,441	1,261,290	1,112,903	2,903,226	4,984,622
Travelling	2,000,000	2,000,000	3,800,000	285,600	2,125,000	2,125,000	4,000,000	518,500
Other	-	-	-	13,044,877	2,975,000	2,625,000	-	14,620,127
Contribution to provident fund trust	-	-	-	4,421,827	-	-	-	4,937,913
Leave fare assistance	-	-	-	627,690	-	-	-	3,548,084
	21,791,291	19,462,904	44,599,999	111,111,217	26,598,144	23,718,951	49,000,000	108,091,797
	1	**1**	**4**	**30**	**1**	**1**	**4**	**22**

42.1 Chief executive, five directors (other than independent directors) and certain executives of the Company are provided with fully maintained vehicles.

42.2 Aggregate amount charged in financial statements for meeting fee to three directors (2019: three directors) is Rupees 4.050 million (2019: Rupees 4.610 million).

43. NUMBER OF EMPLOYEES

	2020		2019	
	Permanent	**Contractual**	Permanent	Contractual
Total number of employees as on 30 June	335	183	366	183
Average number of employees during the year	338	181	381	181

44. CAPACITY AND PRODUCTION

Considering the nature of the Company's business, the information regarding production has no relevance whereas product storage capacities at Company's facility during the current year is detailed below:

	Storage Capacity Metric Tons	
Description	**HSD**	**PMG**
Sahiwal depot	1,859	1,021

45. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements at 30 June 2020	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets				
Financial assets at fair value through profit or loss	250,864,373	-	-	250,864,373

Recurring fair value measurements at 30 June 2019	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets				
Financial assets at fair value through profit or loss	104,083,471	-	-	104,083,471

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further there was no transfer in and out of level 3 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation technique used to value financial instruments is the use of quoted market prices.

46. FINANCIAL RISK MANAGEMENT

46.1 Financial risk factors

The Company's activities exposes it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors (the Board). The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising primarily from the United States Dollar (USD). As on reporting date, the Company's foreign exchange risk exposure is restricted to the amounts payable / receivable to / from a foreign entity. The Company's exposure to currency risk was as follows:

	2020 USD	2019 USD
Other receivable	-	175,000
Trade and other payables	(367,045)	(133,845)
Net exposure	(367,045)	41,155

The following significant exchange rates were applied during the year:

	Rupees per US Dollar	
Average rate	159.29	136.13
Reporting date rate	168.10	164.00

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on loss after taxation for the year would have been Rupees 3.085 million (2019: loss after tax for the year would have been Rupees 0.337 million lower / higher) higher / lower, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange (PSX) Index on the Company's loss after taxation for the year. The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

	Impact on loss after taxation	
Index	**2020 Rupees**	2019 Rupees
PSX 100 (5% increase)	(149,193)	(158,326)
PSX 100 (5% decrease)	149,193	158,326

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no long term interest bearing asset. The Company's interest rate risk arises from short term investments, bank balances on saving accounts, long term financing, short term borrowings and lease liabilities. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments, if any, at fixed rate expose the Company to fair value interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was as follows:

	2020 Rupees	2019 Rupees
Fixed rate instruments		
Financial assets		
Short term investments	471,031,918	771,031,918
Financial liabilities		
Long term financing	58,118,654	-
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	32,248,693	31,499,739
Financial liabilities		
Long term financing	-	14,894,159
Liabilities against assets subject to finance lease	-	84,491,075
Lease liabilities	29,737,007	-
Short term borrowings	766,262,927	1,974,915,754

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rupees 7.638 million (2019: Rupees 20.428 million) higher / lower, mainly as a result of higher / lower interest expense on long term financing, lease liabilities and short term borrowings. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2020 Rupees	2019 Rupees
Deposits	17,539,483	17,244,765
Trade debts	76,104,012	1,189,383,247
Loans and advances	19,905,453	18,104,162
Other receivables	22,902,390	32,515,191
Accrued interest	2,236	7,772,338
Short term investments	723,285,160	882,468,837
Bank balances	123,586,599	158,308,037
	983,325,333	2,305,796,577

The Company's exposure to credit risk and expected credit losses related to trade debts is given in note 23.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2020	2019
	Short term	Long term	Agency	Rupees	Rupees
Short term investments					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	-	203,889,493
JS Bank Limited	A1+	AA-	PACRA	322,270,467	322,944,792
United Bank Limited	A1+	AAA	JCR-VIS	50,012,328	50,374,315
Faysal Bank Limited	A1+	AA	JCR-VIS	100,138,082	201,176,766
Engro Fertilizer Limited	A1+	AA	PACRA	2,983,860	3,166,515
First Habib Cash Fund	AA (f)		PACRA	100,780,555	-
NBP Islamic Mahana Amdani Fund	A(f)		PACRA	46,363,225	35,351,575
UBL Liquidity Plus Fund - Class 'C'	AA(f)		JCR-VIS	71,739	30,283,768
MCB Cash Management Optimizer	AA+(f)		PACRA	100,664,904	35,281,613
				723,285,160	882,468,837
Banks					
Bank Alfalah Limited	A1+	AA+	PACRA	68,408,986	105,635,568
Bank Al-Habib Limited	A1+	AA+	PACRA	1,621,922	2,523,671
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	447,794	180,089
MCB Bank Limited	A1+	AAA	PACRA	16,302,950	23,951,152
National Bank of Pakistan	A1+	AAA	PACRA	3,429,036	11,873,266
The Bank of Punjab	A1+	AA	PACRA	115,450	120,125
Habib Bank Limited	A1+	AAA	JCR-VIS	3,275,057	1,344,096
Askari Bank Limited	A1+	AA+	PACRA	734,387	616,495
United Bank Limited	A1+	AAA	JCR-VIS	20,327,227	11,658,946
JS Bank Limited	A1+	AA-	PACRA	23,476	158
Albaraka Bank (Pakistan) Limited	A1	A	PACRA	238,399	238,399
Meezan Bank Limited	A1+	AA+	JCR-VIS	7,419,899	-
Dubai Islamic Bank Pakistan Limited	A1+	AA	JCR-VIS	885,213	158,826
Faysal Bank Limited	A1+	AA	JCR-VIS	349,557	-
Summit Bank Limited	BBB-	A-3	JCR-VIS	7,246	7,246
				123,586,599	158,308,037
				846,871,759	1,040,776,874

Due to the Company's business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities. As 30 June 2020, the Company had Rupees 3,456.243 million (2019: Rupees 2,725.084 million) available borrowing limits from financial institutions and Rupees 124.178 million (2019: Rupees 158.925 million) cash and bank balances. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2020:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	Rupees					
Non-derivative financial liabilities:						
Long term financing	58,118,654	66,015,536	956,257	16,614,970	32,533,536	15,910,773
Lease liabilities	275,565,100	413,305,547	56,272,882	35,227,852	47,134,904	274,669,909
Long term deposit	500,000	500,000	-	-	-	500,000
Trade and other payables	624,222,968	624,222,968	624,222,968	-	-	-
Unclaimed dividend	3,438,436	3,438,436	3,438,436	-	-	-
Accrued mark-up / profit	22,102,743	22,102,743	22,102,743	-	-	-
Short term borrowings	766,262,927	806,894,274	195,725,222	611,169,052	-	-
	1,750,210,828	1,936,479,504	902,718,508	663,011,874	79,668,440	291,080,682

Contractual maturities of financial liabilities as at 30 June 2019:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	Rupees					
Non-derivative financial liabilities:						
Long term financing	14,894,159	15,720,957	7,917,987	5,923,331	1,879,639	-
Liabilities against assets subject to finance lease	84,491,075	90,562,395	29,126,579	33,241,083	26,834,287	1,360,446
Long term deposits	1,000,000	1,000,000	-	-	-	1,000,000
Trade and other payables	654,433,401	654,433,401	654,433,401	-	-	-
Unclaimed dividend	4,026,209	4,026,209	4,026,209	-	-	-
Accrued mark-up / profit	69,576,268	69,576,268	69,576,268	-	-	-
Short term borrowings	1,974,915,754	2,063,043,080	2,063,043,080	-	-	-
	2,803,336,866	2,898,362,310	2,828,123,524	39,164,414	28,713,926	2,360,446

46.2 Financial instruments by categories

	2020		
	At amortized cost	At fair value through profit or loss	Total
	Rupees		
Financial assets			
Deposits	17,539,483	-	17,539,483
Trade debts	76,104,012	-	76,104,012
Loans and advances	19,905,453	-	19,905,453
Other receivables	22,902,390	-	22,902,390
Accrued interest	2,236	-	2,236
Short term investments	472,420,787	250,864,373	723,285,160
Cash and bank balances	124,177,670	-	124,177,670
	733,052,031	250,864,373	983,916,404

	2019		
	At amortized cost	At fair value through profit or loss	Total
	Rupees		
Financial assets			
Deposits	17,244,765	-	17,244,765
Trade debts	1,189,383,247	-	1,189,383,247
Loans and advances	18,104,162	-	18,104,162
Other receivables	32,515,191	-	32,515,191
Accrued interest	7,772,338	-	7,772,338
Short term investments	778,385,366	104,083,471	882,468,837
Cash and bank balances	158,925,453	-	158,925,453
	2,202,330,522	104,083,471	2,306,413,993

	At Amortized Cost	
	2020 Rupees	2019 Rupees
Financial liabilities		
Long term financing	58,118,654	14,894,159
Liabilities against assets subject to finance lease	-	84,491,075
Lease liabilities	275,565,100	-
Long term deposit	500,000	1,000,000
Trade and other payables	624,222,968	654,433,401
Short term borrowings	766,262,927	1,974,915,754
Accrued mark-up / profit	22,102,743	69,576,268
Unclaimed dividend	3,438,436	4,026,209
	1,750,210,828	2,803,336,866

46.3 Offsetting financial assets and financial liabilities

As on reporting date, recognized financial instruments are not subject to off setting as there are no enforceable master netting arrangements and similar agreements.

47. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

		Note	2020 Rupess	2019 Rupees
i)	**Loans / advances obtained as per Islamic mode:**			
	Loans	12	50,000,000	439,042,515
	Advances	10	48,465,976	37,112,697
ii)	**Shariah complaint bank deposits / bank balances**			
	Bank balances	29	8,543,511	397,228
iii)	**Profit earned from shariah complaint bank deposits / bank balances**			
	Term deposit receipts	35	-	21,247
iv)	**Revenue earned from a shariah complaint business**		5,628,658,706	9,431,162,475
v)	**Gain / (loss) or dividend earned from shariah complaint investments**			
	Dividend income	35	4,043,536	468,017
	Gain on sale of investments	35	281,580	-
	Loss on remeasurement of investments at fair value through profit or loss	34	(48,001)	(461,544)
vi)	**Exchange gain earned**	35	9,411,794	-
vii)	**Mark up paid on Islamic mode of financing**		28,515,801	38,169,636
viii)	**Profits earned or interest paid on any conventional loan or advance**			
	Profit earned on loans to subsidiary company	35	-	33,630,446
	Interest paid on loans		165,656,965	144,648,986
ix)	**Relationship with shariah compliant banks**			

Name	Relationship as at reporting date
Al-Baraka Bank (Pakistan) Limited	Bank balance
Meezan Bank Limited	Bank balance and short term borrowings
Dubai Islamic Bank Pakistan Limited	Bank balance and short term borrowings

48. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. Consistent with others in the industry, and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing, lease liabilities and short term borrowings obtained by the Company as referred to in note 5, note 6, note 7 and note 12 to the financial statements. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'.

		2020	2019
Borrowings	Rupees	854,118,590	2,074,300,988
Total equity	Rupees	3,157,665,503	3,226,784,479
Total capital employed	Rupees	4,011,784,093	5,301,085,467
Gearing ratio	Percentage	21.29%	39.13%

The decrease in gearing ratio is mainly due to decrease in short term borrowings.

49. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2020	2019	**2020**	2019
	Rupees	Rupees	**Rupees**	Rupees
Total facilities	647,000,000	790,000,000	4,285,910,000	4,700,000,000
Utilized at the end of the year	50,963,303	109,665,250	829,666,946	1,974,915,754
Unutilized at the end of the year	596,036,697	680,334,750	3,456,243,054	2,725,084,246

50. EVENTS AFTER THE REPORTING PERIOD

50.1 The Board of Directors has proposed a cash dividend for the year ended 30 June 2020 of Rupees 0.90 per share (2019: Rupee 0.25 per share). However, this event has been considered as non-adjusting event under IAS 10 'Event after Reporting Period' and has not been recognized in these financial statements.

51. UTILIZATION OF THE PROCEEDS OF THE INITIAL PUBLIC OFFER (IPO)

During the year ended 30 June 2016, the Company made an Initial Public Offer (IPO) through issue of 29,001,000 ordinary shares of Rupees 10 each at a price of Rupees 62.50 per share determined through book building process. Out of the total issue of 29,001,000 ordinary shares, 21,750,500 shares were subscribed through book building by High Net Worth Individuals and Institutional Investors, while the remaining 7,250,500 ordinary shares were subscribed by the General Public and the shares were duly allotted on 18 February 2016. On 01 March 2016, Pakistan Stock Exchange Limited approved the Company's application for formal listing of ordinary shares and trading of shares started on 03 March 2016.

Till 30 June 2017, the Company utilized the proceeds of the initial public offer of 29,001,000 ordinary shares for the purposes mentioned under heading 5.5 'Expansion Plan' in prospectus dated 28 December 2015, as per the following detail:

Purposes Mentioned Under Heading 5.5 'Expansion Plan' In Prospectus Dated 28 December 2015	**Total amount**		**Total amount utilized till 30 June 2017**
	Rupees		**Rupees**
Investment in HTLL			
Land	470,000,000		60,618,100
Building	128,000,000		12,486,445
Plant, machinery and equipment	139,000,000		2,719,201
Pre-operating costs	33,000,000		249,630
Working capital	842,562,500		739,126,208
	1,612,562,500		815,199,584
Investment in 100% owned subsidiary			
Additional filling lines for blending plant, Hi-Tech Blending (Private) Limited	200,000,000		-
Total	1,812,562,500	**B**	815,199,584
IPO proceeds (A)	1,812,562,500		
Amount un-utilized (A – B)	997,362,916		

As stated in the prospectus dated 28 December 2015, the Company planned to offer state of the art retail outlets across Pakistan with multitude of unique services and also planned to install additional filling lines at the blending plant of its subsidiary. The plan of the year 2015-16 covered 37 grand outlets openings in 11 major cities of Pakistan including Lahore, Gujranwala, Sialkot, Faisalabad, Multan, Islamabad, Rawalpindi, Karachi and Hyderabad. Over a period of 5 years, the Company planned to open 75 retail outlets (including 67 rented) across 16 major cities of Pakistan. As per quarterly progress report number 06 dated 14 July 2017, the Company informed the progress on implementation of project: Expansion through retail outlet: 1 owned service center under regulatory approval and out of the 10 rented service centers, 1 is operational, 3 are approved and under construction, 3 are under regulatory approvals and 3 are under negotiations. Accurate, effective and timely implementation of the above plans of the Company became a big challenge for the Company due to expensive lands and properties at key locations in almost all the cities for express service centers. Hence, the Company planned for incorporation of express centers into its fuel stations to be established under the umbrella of Oil Marketing Company (OMC) Project of the Company. In this regard, the Company obtained a financial feasibility report from KPMG Taseer Hadi & Co., Chartered Accountants regarding investment in OMC Project. In view of successful fulfillment of initial mandatory requirements of Oil and Gas Regulatory Authority (OGRA) for setting up of an OMC and future prospects of OMC in current international scenario as prospected under financial feasibility report, the shareholders of the Company in their 9th Annual General Meeting held on 29 September 2017 approved diversion and utilization of un-utilized IPO funds from HTL Express Centers and wholly owned subsidiary company to OMC Project of the Company keeping in view overall growth of the Company and ultimate benefit to all shareholders and stakeholders of the Company.

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

During the year ended 30 June 2017, OGRA granted license to the Company to establish an Oil Marketing Company (OMC), subject to some conditions. During the year ended 30 June 2018, with reference to OMC Project of the Company, Oil and Gas Regulatory Authority (OGRA) has granted permission to proceed to apply/acquire No Objection Certificates (NOCs) from concerned departments including District Coordination Officer (DCO) for setting up of upto 26 retail outlets in Punjab Province with instructions that retail sales through petrol pumps can only be started after completion of necessary Storage Infrastructure, 3rd Party Inspector Report confirming that storage/depot meets OGRA's notified Technical Standards and OGRA's approval.

During the year ended 30 June 2018, the Company completed its oil storage site at Sahiwal. The Company also purchased land in Nowshera for oil storage site under OMC project.

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

During the current financial year, the Company has started its OMC operations and expediently working on completion of its Nowshera Oil storage. Currently, the Company has eight operational HTLL Express Centers. Four in Lahore, three in Karachi and one in Rawalpindi. Further, the Company has eleven retail outlets operational for sale of petroleum products as on 30 June 2020.

Detail of payments out of IPO proceeds during the year ended 30 June 2020 are as follows:

	Rupees
Un-utilized IPO proceeds as at 01 July 2019	884,002,597
Add: Profit on term deposit receipts	82,042,155
Add: Profit on bank deposits	3,291,564
Add: Dividend on investments in mutual funds	9,447,404
Add: Gain on disposal of investment in mutual fund	361,140
Add: Unrealised gain on investments in mutual funds	565,472
Less: Payments made relating to OMC Project	(225,396,278)
Less: Withholding tax on profit	(12,242,865)
Less: Withholding tax on dividend from mutual funds	(1,500,745)
Less: Zakat deducted on profit	(1,366,814)
Less: Bank charges	(22,737)
Un-utilized IPO proceeds as at 30 June 2020	739,180,893

The un-utilized proceeds of the public offer have been kept by the Company in the shape of bank balances, term deposit receipts and mutual funds.

52. SEGMENT INFORMATION

The Company has two reportable segments. The following summary describes the operation in each of the Company's reportable segments:

Lubricants	Purchase and sale of lubricants, parts and rendering of services.
Petroleum products	Marketing and sale of petroleum products.

	LUBRICANTS		PETROLEUM PRODUCTS		UNALLOCATED		TOTAL - COMPANY	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	Rupees							
Revenue - net	5,279,394,808	9,431,162,475	349,263,898	-	-	-	5,628,658,706	9,431,162,475
Cost of sales	(4,140,618,034)	(8,136,798,681)	(363,149,027)	-	-	-	(4,503,767,061)	(8,136,798,681)
Gross profit / (loss)	1,138,776,774	1,294,363,794	(13,885,129)	-	-	-	1,124,891,645	1,294,363,794
Distribution cost	(630,728,253)	(832,148,246)	(83,083,494)	(2,417,974)	-	-	(713,811,747)	(834,566,220)
Administrative expenses	(370,172,553)	(432,395,249)	(10,862,335)	-	-	-	(381,034,888)	(432,395,249)
Other expenses	(24,485,560)	(103,571,212)	-	-	-	-	(24,485,560)	(103,571,212)
	(1,025,386,366)	(1,368,114,707)	(93,945,829)	(2,417,974)	-	-	(1,119,332,195)	(1,370,532,681)
Other income	39,944,627	44,700,876	89,723,822	69,198,430	-	-	129,668,449	113,899,306
Profit / (loss) from operations	153,335,035	(29,050,037)	(18,107,136)	66,780,456	-	-	135,227,899	37,730,419
Finance cost	-	-	-	-	(186,325,810)	(235,071,636)	(186,325,810)	(235,071,636)
(Loss) / profit before taxation	153,335,035	(29,050,037)	(18,107,136)	66,780,456	(186,325,810)	(235,071,636)	(51,097,911)	(197,341,217)
Taxation	-	-	-	-	10,979,935	(237,475,721)	10,979,935	(237,475,721)
(Loss) / profit after taxation	153,335,035	(29,050,037)	(18,107,136)	66,780,456	(175,345,875)	(472,547,357)	(40,117,976)	(434,816,938)

		LUBRICANTS		PETROLEUM PRODUCTS		TOTAL - COMPANY	
		2020	2019	2020	2019	2020	2019
				Rupees			
52.1	**Reconciliation of reportable segment assets and liabilities:**						
	Total assets for reportable segments	1,631,222,555	3,146,749,506	1,716,788,872	1,377,679,739	3,348,011,427	4,524,429,245
	Unallocated assets					1,645,206,165	1,591,537,867
	Total assets as per statement of financial position					4,993,217,592	6,115,967,112
	Total liabilities for reportable segments	617,441,705	736,500,003	148,390,643	3,555,363	765,832,348	740,055,366
	Unallocated liabilities					1,069,719,741	2,149,127,267
	Total liabilities as per statement of financial position					1,835,552,089	2,889,182,633

52.2 All of the sales of the Company relates to customers in Pakistan.

53.3 All non-current assets of the Company as at the reporting dates are located in Pakistan.

53. IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On 23 March 2020, the Government of the Punjab and the Government of Sindh announced a temporary lock down as a measure to reduce the spread of the COVID–19. Complying with the lockdown, the Company temporarily suspended its operations. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company resumed its operations and took all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowdown in economic activity. The lockdown caused disruptions in supply chain including supply of goods to the customers resulting in a decline in sales. Subsequent to the year ended 30 June 2020, due to significant reduction in outbreak, demand for the Company's goods is fast reverting back to normal levels. Due to this, management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

-expected credit losses under IFRS 9 'Financial Instruments';

-the impairment of tangible assets under IAS 36 'Impairment of Assets';

-the net realisable value of inventory under IAS 2, 'Inventories';

-provisions and contingent liabilities under IAS 37 Provisions, Contingent Liabilities and Contingent Assets'; and

-going concern assumption used for the preparation of these financial statements.
According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

54. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 11 September 2020 by the Board of Directors of the Company.

55. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made in these financial statements.

56. GENERAL

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

Chief Executive | Director | Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

INDEPENDENT **AUDITOR'S REPORT**

To the members of Hi-Tech Lubricants Limited

Opinion

We have audited the annexed consolidated financial statements of Hi-Tech Lubricants Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 30 June 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1	**Revenue recognition** The Group recognized net revenue of Rupees 5,628.659 million for the year ended 30 June 2020. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. For further information on revenue, refer to the following:: - Summary of significant accounting policies, Revenue from contracts with customers note 2.24 to the consolidated financial statements. - Net revenue as shown on the face of consolidated statement of profit or loss.	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • We tested the effectiveness of the Group's internal controls over the calculation and recognition of discounts. • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. • We compared the details of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation. • We also considered the appropriateness of disclosures in the consolidated financial statements.

Sr. No.	Key audit matters	How the matter was addressed in our audit
2	**Stock-in-trade existence and valuation** Stock-in-trade as at 30 June 2020 amounted to Rupees 1,459.282 million and represented a material position in the consolidated statement of financial position. The business is characterized by high volume and the valuation and existence of stock-in-trade are significant to the business. Therefore, considered as one of the key audit matters. Stock-in-trade is stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in note 2.9.2 to the consolidated financial statements. At year end, the valuation of stock-in-trade is reviewed by management and the cost of stock-in-trade is reduced where stock-in-trade is forecast to be sold below cost. For further information on stock-in-trade, refer to the following: - Summary of significant accounting policies, Stock-in-trade note 2.9.2 to the consolidated financial statements. - Stock-in-trade note 20 to the consolidated financial statements.	Our procedures over existence and valuation of stock-in-trade included, but were not limited to: • To test the quantity of stock-in-trade at all locations, we assessed the corresponding stock-in-trade observation instructions and participated in stock-in-trade counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of stock-in-trade items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • We tested that the ageing report used by management correctly aged stock-in-trade items by agreeing a sample of aged stock-in-trade items to the last recorded invoice. • On a sample basis, we tested the net realizable value of stock-in-trade items to recent selling prices and re-performed the calculation of the stock-in-trade write down, if any. • We assessed the percentage write down applied to older stock-in-trade with reference to historic stock-in-trade write downs and recoveries on slow moving stock-in-trade. • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs.. • We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.

Information Other than the Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor’s report thereon.

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

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

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Mubashar Mehmood.

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 11 September 2020

CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
As at 30 June 2020

	Note	**2020 Rupees**	2019 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
150,000,000 (2019: 150,000,000) ordinary shares of Rupees 10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital	3	1,160,040,000	1,160,040,000
Reserves	4	2,829,226,721	2,736,611,044
Total equity		3,989,266,721	3,896,651,044
LIABILITIES			
Non-current liabilities			
Long term financing	5	48,791,918	1,822,078
Liabilities against assets subject to finance lease	6	-	27,928,496
Lease liabilities	7	184,195,982	-
Long term deposits	8	500,000	1,000,000
Deferred liabilities	9	6,107,347	87,695,308
		239,595,247	118,445,882
Current liabilities			
Trade and other payables	10	1,108,298,946	688,493,701
Accrued mark-up / profit	11	31,928,575	81,921,213
Short term borrowings	12	1,013,995,774	2,243,170,808
Current portion of non-current liabilities	13	90,607,376	77,436,745
Unclaimed dividend		3,438,436	4,026,209
		2,248,269,107	3,095,048,676
Total liabilities		2,487,864,354	3,213,494,558
Contingencies and commitments	14		
TOTAL EQUITY AND LIABILITIES		6,477,131,075	7,110,145,602
ASSETS			
Non–current assets			
Fixed assets	15	3,184,059,176	3,121,595,388
Intangible assets	16	7,866,531	8,510,507
Right-of-use assets	17	253,085,332	-
Long term loans to employees	18	-	-
Long term security deposits	19	13,700,318	28,460,350
Deferred income tax asset	9	17,050,536	-
		3,475,761,893	3,158,566,245
Current assets			
Stores	20	70,578,853	24,186,433
Stock-in-trade	21	1,459,281,663	1,181,900,227
Trade debts	22	76,104,012	1,189,383,247
Loans and advances	23	174,362,842	53,856,012
Short term deposits and prepayments	24	41,259,119	61,026,609
Other receivables	25	34,309,077	32,546,523
Short term investments	26	723,285,160	882,468,837
Taxation - net		235,446,961	217,275,722
Cash and bank balances	27	186,741,495	308,935,747
		3,001,369,182	3,951,579,357
TOTAL ASSETS		6,477,131,075	7,110,145,602

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

Chief Executive   Director   Chief Financial Officer

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS
For the year ended 30 June 2020

	Note	2020 Rupees	2019 Rupees
Gross revenue		8,141,926,516	12,593,547,639
Discounts		(270,429,986)	(515,680,161)
Sales tax		(2,242,837,824)	(2,646,705,003)
Net revenue		5,628,658,706	9,431,162,475
Cost of sales	28	(4,213,549,915)	(7,362,276,954)
Gross profit		1,415,108,791	2,068,885,521
Distribution cost	29	(737,927,997)	(846,161,758)
Administrative expenses	30	(435,793,758)	(497,432,186)
Other expenses	31	(60,453,117)	(192,356,087)
		(1,234,174,872)	(1,535,950,031)
Other income	32	130,431,823	81,540,776
Profit from operations		311,365,742	614,476,266
Finance cost	33	(235,639,942)	(313,959,399)
Profit before taxation		75,725,800	300,516,867
Taxation	34	45,890,877	(259,447,192)
Profit after taxation		121,616,677	41,069,675
Earnings per share - basic and diluted	35	1.05	0.35

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

Chief Executive

Director

Chief Financial Officer

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

For the year ended 30 June 2020

	2020 Rupees	2019 Rupees
Profit after taxation	121,616,677	41,069,675
Other comprehensive income		
Items that will not be reclassified to profit or loss	–	–
Items that may be reclassified subsequently to profit or loss	–	–
Total comprehensive income for the year	121,616,677	41,069,675

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

Chief Executive

Director

Chief Financial Officer

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**
For the year ended 30 June 2020

HTL LIMITED
Hi-Tech Lubricants Ltd

	Share capital	Reserves			Total equity
		Capital reserve	Revenue reserve	Total reserves	
		Share premium	Un–appropriated Profit		
	Rupees				
Balance as at 30 June 2018	1,160,040,000	1,441,697,946	1,456,850,423	2,898,548,369	4,058,588,369
Transactions with owners:					
Final dividend for the year ended 30 June 2018					
@ Rupee 1.75 per share	-	-	(203,007,000)	(203,007,000)	(203,007,000)
Profit for the year ended 30 June 2019	-	-	41,069,675	41,069,675	41,069,675
Other comprehensive income for the year ended 30 June 2019	-	-	-	-	-
Total comprehensive income for the year ended 30 June 2019	-	-	41,069,675	41,069,675	41,069,675
Balance as at 30 June 2019	1,160,040,000	1,441,697,946	1,294,913,098	2,736,611,044	3,896,651,044
Transaction with owners:					
Final dividend for the year ended 30 June 2019					
@ Rupees 0.25 per share	-	-	(29,001,000)	(29,001,000)	(29,001,000)
Profit for the year ended 30 June 2020	-	-	121,616,677	121,616,677	121,616,677
Other comprehensive income for the year ended 30 June 2020	-	-	-	-	-
Total comprehensive income for the year ended 30 June 2020	-	-	121,616,677	121,616,677	121,616,677
Balance as at 30 June 2020	1,160,040,000	1,441,697,946	1,387,528,775	2,829,226,721	3,989,266,721

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

Chief Executive

Director

Chief Financial Officer

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the year ended 30 June 2020

	Note	**2020 Rupees**	2019 Rupees
Cash flows from operating activities			
Cash generated from operations	36	1,544,730,441	97,488,776
Finance cost paid		(285,632,580)	(261,734,419)
Income tax paid		(77,026,206)	(431,534,415)
Net decrease in long term loans to employees		280,112	769,024
Net decrease / (increase) in long term security deposits		3,008,282	(3,538,000)
Decrease in long term deposits		(500,000)	(500,000)
Net cash generated from / (used in) operating activities		1,184,860,049	(599,049,034)
Cash flows from investing activities			
Capital expenditure on operating fixed assets		(310,643,402)	(321,331,851)
Capital expenditure on intangible assets		(2,057,000)	(8,700,315)
Proceeds from disposal of operating fixed assets		16,345,072	9,263,425
Short term investments - net		153,963,043	30,869,260
Dividend received		10,437,403	1,132,225
Profit on bank deposits and term deposit receipts received		86,912,621	69,333,372
Net cash used in investing activities		(45,042,263)	(219,433,884)
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		-	(58,479,978)
Short term borrowings - net		(1,229,175,034)	917,920,280
Dividend paid		(29,588,773)	(203,278,160)
Proceeds from long term financing		73,199,019	-
Repayment of long term financing		(19,211,338)	(95,690,155)
Repayment of lease liabilities		(57,235,912)	-
Net cash (used in) / from financing activities		(1,262,012,038)	560,471,987
Net decrease in cash and cash equivalents		(122,194,252)	(258,010,931)
Cash and cash equivalents at beginning of the year		308,935,747	566,946,678
Cash and cash equivalents at end of the year		186,741,495	308,935,747

Chief Executive | Director | Chief Financial Officer

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

Hi-Tech Lubricants Limited

Subsidiary Company

Hi-Tech Blending (Private) Limited

1.1 Hi-Tech Lubricants Limited ("the Holding Company") was incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The registered office of the Holding Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The principal activity of the Holding Company is to procure and distribute lubricants and petroleum products. During the year ended 30 June 2017, Oil and Gas Regulatory Authority (OGRA) granted license to the Holding Company to establish an Oil Marketing Company (OMC), subject to some conditions. On 31 May 2019, Oil and Gas Regulatory Authority (OGRA) has granted permission to the Holding Company to operate new storage facility at Sahiwal and marketing of petroleum products in the Province of Punjab. On 20 January 2020, the Holding Company has started marketing and sale of petroleum products. On 21 February 2020, OGRA has granted permission to the Holding Company to apply for No Objection Certificates (NOCs) from concerned departments to setup petrol pumps in Khyber Pakhtunkhwa Province.

1.2 Hi-Tech Blending (Private) Limited

Hi-Tech Blending (Private) Limited ("the Subsidiary Company") was incorporated in Pakistan as a private company limited by shares on 13 March 2014 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of the Subsidiary Company is to construct, own and operate lubricating oil blending plant. The registered office of the Subsidiary Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The Subsidiary Company is a wholly owned subsidiary of Hi-Tech Lubricants Limited.

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

Business units	Address
Registered and head office	1-A, Danepur Road, GOR-1, Lahore.
Regional office – Karachi	C-6 /1, Street No. 3, Bath Island, Clifton, Karachi.
Regional office – Islamabad	Suite No. 1402, 14th Floor, Green Trust Tower, Jinnah Avenue, Blue Area, Islamabad.
Regional office – Multan	House No. 95, Block C, Phase III, Model Town, Multan.
Regional office – Peshawar	Office No. 280, 3rd Floor, Deans Trade Centre, Islamia Road, Peshawar.
Warehouse	Property No. 35 A/M, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore.
Blending plant, warehouse and customs bonded warehouse	7-KM, Sundar Raiwind Road, Bhai Kot, Lahore.
Warehouse	B-13, Cotton Godown, Korangi Industrial Area, Karachi.
Oil Depot – OMC Project	Mouza No. 107/9L, Tehsil and District Sahiwal.
OMC Project office	Plot No. 2, Block K, Main Boulevard Gulberg-II, Lahore.
Oil Depot – OMC Project	Mouza Aza Khel Bala, Tehsil and District Nowshera.
HTL Express Centre	Dharampura, Lahore.
HTL Express Centre	Garden Town, Lahore.
HTL Express Centre	Block F, Gulshan Ravi, Lahore.
HTL Express Centre	Johar Town, Lahore.
HTL Express Centre	Phase II, DHA, Karachi.
HTL Express Centre	Gulistan-e-Johar, Karachi.
HTL Express Centre	Pakistan Employees Cooperative Housing Society, Karachi.
HTL Express Centre	Askari XIV, Sector – A, Rawalpindi.
HTL Express Centre (proposed)	22– A, Zafar Ali Road, Lahore.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

b) Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except as otherwise stated in the respective accounting policies.

c) Critical accounting estimates and judgments

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

Income Tax

In making the estimates for income tax currently payable by the Group, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past. Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and where the Group's considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Useful lives, pattern of economic benefits and impairment

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

Inventories

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

Recovery of deferred tax assets

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

Allowance for expected credit losses

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

Provision for obsolescence of stock-in-trade

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

Revenue from contracts with customers involving sale of goods

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

Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the consolidated statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

d) Standard, interpretation and amendments to published approved accounting standard that are effective in current year and are relevant to the Group

Following standard, interpretation and amendments to published approved accounting standards are mandatory for the Group's accounting periods beginning on or after 01 July 2019:

- IFRS 16 'Leases'
- IFRS 9 (Amendments) 'Financial Instruments'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- IASB's Annual Improvements to IFRSs: 2015 – 2017 Cycle

The Group has changed its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 16. These are disclosed in note 2.5. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

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

f) Amendments to published approved accounting standards that are not yet effective but relevant to the Group

Following amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2020 or later periods:

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

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

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

Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The International Accounting Standards Board (IASB) has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. An entity shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 1 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

- IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

The above amendments and improvements are not expected to have a material impact on the consolidated financial statements.

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

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2020 but are considered not to be relevant or do not have any significant impact on the Group's financial statements and are therefore not detailed in these consolidated financial statements.

2.2 Consolidation

Subsidiary

Subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group. It is deconsolidated from the date that control ceases.

The assets and liabilities of Subsidiary Company have been consolidated on a line by line basis and carrying value of investment held by the Holding Group is eliminated against Holding Company's share in paid up capital of the Subsidiary Company.

Intragroup balances, transactions and unrealized gains on transactions between Group companies have been eliminated.

2.3 Fixed assets

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to consolidated statement of profit or loss account during the period in which they are incurred.

Depreciation

Depreciation is charged to consolidated statement of profit or loss by applying the reducing balance method whereby cost of an asset is written off over its estimated useful life at the rates given in Note 15.1 Depreciation on additions is charged for the full month in which the asset is available for use and on deletion up to the month immediately preceding the deletion.

De-recognition

An item of operating fixed asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment loss, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

2.4 Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition, an intangible asset is carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Group. The useful life and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

2.5 IFRS 16 “Leases”

The Group has adopted IFRS 16 from 01 July 2019. The standard replaces IAS 17 ‘Leases’ and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognized in the consolidated statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17, as the operating expense is now replaced by interest expense and depreciation in the consolidated statement of profit or loss. For classification within the consolidated statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

IFRS 16 has been adopted using the modified retrospective approach and as such the comparatives have not been restated. The impacts of adoption as at 01 July 2019 are as follows:

	Rupees
Operating fixed assets (leased) decreased by	119,259,997
Right-of-use assets increased by	358,022,226
Short term deposits and prepayments decreased by	7,455,595
Liabilities against assets subject to finance lease decreased by	87,975,981
Lease liabilities increased by	319,282,615

Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated by applying reducing balance method over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Group has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to consolidated statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

2.6 Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. Figures are rounded off to the nearest Pak Rupees.

2.7 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to consolidated statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.8 Employee benefits

The Group operates contributory provident fund schemes covering all regular employees. Equal monthly contributions are made both by the employees and the employers to the funds at the rate of 10% of basic salary of employees. The Group's contributions to the funds are charged to consolidated statement of profit or loss.

2.9 Inventories

2.9.1 Stores

Useable stores are valued principally at moving average cost, while items considered obsolete are carried at Nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

2.9.2 Stock-in-trade

Stock-in-trade, except in transit, is stated at lower of cost and net realizable value.

Cost of raw material, work-in-process and finished goods are determined as follows:

(i) For raw material: Weighted average basis
(ii) For work-in-process and finished goods: Average manufacturing cost including a portion of production overheads.

Stock in transit is valued at cost comprising invoice value plus other charges incurred thereon.

Finished goods purchased for resale are stated at the lower of cost, determined using weighted average cost method, and net realizable value.

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

2.10 Investments and other financial assets

a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the consolidated statement of profit or loss.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income / (other expenses) in the consolidated statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

2.11 Financial Liabilities - classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in consolidated statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

2.12 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.13 De-recognition of financial assets and financial liabilities

a) Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

b) Financial liabilities

The Group derecognizes a financial liability (or a part of financial liability) from its consolidated statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

2.14 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the consolidated financial statements when there is a legal enforceable right to set off and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.15 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each consolidated statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the consolidated statement of profit or loss.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.17 Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.18 Taxation

2.18.1 Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or the tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

2.18.2 Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the consolidated statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.19 Borrowings

Financing and borrowings are initially recognized at fair value of the consideration received, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method.

2.20 Borrowing costs

Borrowing costs are recognized as expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of cost of that asset.

2.21 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

2.22 Trade and other payables

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

2.23 Ijarah contracts

Under the Ijarah contracts the Group obtains usufruct of an asset for an agreed period for an agreed consideration. The Group accounts for its Ijarah contracts in accordance with the requirements of IFAS 2 'Ijarah'. Accordingly, the Group as a Mustaj'ir (lessee) in the Ijarah contract recognises the Ujrah (lease) payments as an expense in the profit or loss on straight line basis over the Ijarah term.

2.24 Revenue from contracts with customers

i) Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend

Dividend on equity investments is recognized when right to receive the dividend is established.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

ii) Contract assets

Contract assets arise when the Group performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

iii) Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

iv) Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Group that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

v) Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

vi) Contract liabilities

Contract liability is the obligation of the Group to transfer goods to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group performs its performance obligations under the contract.

vii) Refund liabilities

Refund liabilities are recognised where the Group receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Group does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology

2.25 Contingent assets

Contingent assets are disclosed when the Group has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognized until their realization becomes certain.

2.26 Contingent liabilities

Contingent liability is disclosed when the Group has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the consolidated financial statements.

2.27 Dividend and other appropriations

Dividend distribution to the shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.28 Earnings per share

The Group presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the year.

2.29 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

2.30 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of fixed assets are included in non-current liabilities as deferred income and are credited to profit or loss over the expected lives of the related assets.

2.31 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Group has following reportable business segments:

- Lubricants (purchase and sale of lubricants, parts and rendering of services).
- Petroleum products (Marketing and sale of petroleum products).

3. ISSUED, SUBSCRIBED AND PAID–UP SHARE CAPITAL

2020	2019		2020	2019
(Number of shares)			Rupees	Rupees
41,002,000	41,002,000	Ordinary shares of Rupees 10 each		
		fully paid-up in cash	410,020,000	410,020,000
25,000,000	25,000,000	Ordinary shares of Rupees 10 each		
		issued as fully paid for consideration		
		other than cash (Note 3.2)	250,000,000	250,000,000
50,002,000	50,002,000	Ordinary shares of Rupees 10 each		
		issued as fully paid bonus shares	500,020,000	500,020,000
116,004,000	116,004,000		1,160,040,000	1,160,040,000

3.1 827,775 (2019: 827,775) ordinary shares of the Holding Company are held by SK Lubricants Co., Ltd. - principal supplier and long term partner.

3.2 On 01 July 2011, the Holding Company entered into 'Agreement for Takeover of Partnership Firm by Private Limited Company / Dissolution of Partnership' ("the Agreement") with partners of Hi-Tec Lubricants, a registered partnership firm ("the Firm") and took over all the business, assets and liabilities of the Firm, as per audited financial statements of Hi-Tec Lubricants for the year ended 30 June 2011, against consideration of issuance of shares of the Holding Company amounting to Rupees 250,000,000 divided into 2,500,000 ordinary shares of Rupees 100 each.

3.3 The principal shareholders of the Holding Company and SK Lubricants Co., Ltd. (SKL) have a shareholders agreement in place. The parties to the agreement have agreed on certain board of directors' unanimous resolution items such as direct or indirect engagement in lubricant products under the brand name of the Holding Company or any other party other than SKL, engagement with other companies engaged in lubricants business, lubricants business reorganizations, etc. The principal shareholders have undertaken to hold, in aggregate, at all times 51% shares or more of the Holding Company.

	2020 Rupees	2019 Rupees
4. RESERVES		
Capital reserve		
Share premium (Note 4.1)	1,441,697,946	1,441,697,946
Revenue reserve		
Un-appropriated profit	1,387,528,775	1,294,913,098
	2,829,226,721	2,736,611,044

4.1 This reserve can be utilized by the Holding Company only for the purposes specified in section 81 of the Companies Act, 2017.

	2020 Rupees	2019 Rupees
5. LONG TERM FINANCING		
From banking company - secured		
Holding company		
Bank Al-Habib Limited-1 (Note 5.1)	-	5,783,742
Bank Al-Habib Limited-2 (Note 5.1)	-	9,110,417
Bank Alfalah Limited - Loan under SBP Refinance Scheme (Note 5.2)	58,118,654	-
	58,118,654	14,894,159
Subsidiary company		
Bank Al-Habib Limited (Note 5.3)	-	4,317,179
Bank Al-Habib Limited - Loan under SBP Refinance Scheme (Note 5.4 and Note 5.5)	8,973,018	-
	67,091,672	19,211,338
Less : Current portion shown under current liabilities (Note 13)	18,299,754	17,389,260
	48,791,918	1,822,078

5.1 These facilities were obtained to build warehouse at the property of Hi-Tech Blending (Private) Limited - Subsidiary Company at Sundar Raiwind Road, Lahore. These facilities were secured against hypothecation charge over current assets of the Holding Company of Rupees 1,067 million and personal guarantees of directors of the Holding Company. These carried mark-up at the rate of 3 months KIBOR plus 1.75% per annum. These were repayable in 12 equal quarterly instalments. Effective rate of mark-up charged during the year was 14.70% (2019: 8.67% to 12.67%) per annum.

5.2 These term finance facilities, aggregating to Rupees 63.40 million are obtained by the Holding Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. These are secured against first hypothecation charge of Rupees 127 million and personal guarantees of all sponsor directors. These finance facilities are payable in 8 equal quarterly instalments commencing from 01 January 2021 and ending on 01 October 2022. Mark-up is payable quarterly at the rate of SBP refinance rate plus 3.00% per annum. These loans are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustments are recognized at discount rates of 9.89% and 10.04% per annum.

5.3 These term finance facilities, aggregating to Rupees 250.939 million (2019: Rupees 250.939 million), were fully repaid during the year. These finance facilities were repayable in 6, 12 and 16 equal quarterly instalments commenced on 31 March 2015 and ended on 25 November 2019. Mark-up was payable quarterly at the rate of 3 months KIBOR plus 2.00% per annum. Effective rate of mark-up charged during the year ranged from 12.13% to 15.85% (2019: 8.47% to 13.13%) per annum.

5.4 These finance facilities are secured by first pari passu hypothecation charge over current assets of the Subsidiary Company of Rupees 1,067 million, hypothecation charge over plant and machinery of Rupees 610 million, mortgage charge over land and building of the Company of Rupees 400 million, corporate guarantee of the holding company of Rupees 1.3 billion and personal guarantees of directors of the Company.

	2020 Rupees	2019 Rupees
6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	-	94,390,621
Less: Un-amortized finance charge	-	6,414,640
Present value of future minimum lease payments	-	87,975,981
Less: Current portion shown under current liabilities (Note 13)	-	60,047,485
	-	27,928,496

6.1 As on 01 July 2019, the Company has adopted IFRS 16 'Leases', hence, liabilities against assets subject to finance lease have been classified as lease liabilities (Note 7 to these consolidated financial statements). Minimum lease payments were discounted using implicit interest rates ranging from 5.59% to 13.25% per annum. Rentals are payable in monthly and quarterly instalments. Taxes, repairs and insurance costs are borne by the lessee. These are secured against charge on the leased assets, personal guarantees of directors and security deposits of Rupees 26.636 million.

	2020		2019	
	Not later than one year	**Later than one year but not later than five years**	Not later than one year	Later than one year but not later than five years
	Rupees			
Future minimum lease payments	-	-	64,803,932	29,586,689
Less: Un-amortized finance charge	-	-	4,756,447	1,658,193
Present value of future minimum lease payments	-	-	60,047,485	27,928,496

	2020 Rupees	2019 Rupees
7. LEASE LIABILITIES		
Total lease liabilities	256,503,604	-
Less: Current portion shown under current liabilities (Note 13)	72,307,622	-
	184,195,982	-

7.1 The interest expense on lease liabilities for the year is Rupees 33.359 million. The total cash outflow for leases for the year ended 30 June 2020 amounted to Rupees 47.273 million.

7.2 Implicit rates against lease liabilities range from 8.00% to 14.99% per annum.

7.3 Leases from banking company are secured against charge on the leased assets, corporate guarantee of the Holding Company, personal guarantees of directors and security deposits of Rupees 10.155 million.

8. LONG TERM DEPOSITS

These represent long term security deposits from distributors of the Holding Company. These are unsecured, interest free and repayable on termination of distribution agreements. These security deposits have been utilized for the purpose of business in accordance with the terms of written agreement with distributors.

	2020 Rupees	2019 Rupees
9. DEFFERED LIABILITIES		
Deferred income (Note 9.1)	-	-
Deferred income tax (asset) / liability (Note 9.2)	(17,050,536)	87,695,308
Deferred income - Government grant (Note 9.3)	6,107,347	-
9.1 Deferred income		
Opening balance	-	220,641
Less: Amortized during the year (Note 32)	-	220,641
Closing balance	-	-

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

		2020 Rupees	2019 Rupees
9.2	**Deferred income tax (asset) / liability**		
	The net deferred income tax (asset) / liability comprised of temporary differences relating to:		
	Deductible temporary differences		
	Available tax losses	(239,836,426)	(125,128,457)
	Minimum tax carried farword	(602,501)	(10,511,095)
	Allowance for expected credit losses	(8,770,114)	(13,532,396)
	Pre-commencement expenditures	(1,178,200)	(2,356,400)
	Provision for doubtful advance to suppliers	(1,310,164)	(1,950,015)
	Provision for slow moving and damaged inventory	(1,940,146)	(2,242,984)
	Right-of-use assets	(1,340,439)	
		(254,977,990)	(155,721,347)
	Taxable temporary differences		
	Accelerated tax depreciation and amortization	237,830,737	234,344,290
	Leased assets	96,717	9,072,365
		237,927,454	243,416,655
		(17,050,536)	87,695,308

		2020 Rupees	2019 Rupees
9.3	**Deferred income - Government grant**		
	Recognized during the year	6,487,564	-
	Amortized during the year (Note 32)	(380,217)	-
	Less: Payments made during the year	6,107,347	-

9.3.1 The State Bank of Pakistan (SBP), through its Circular No. 06 of 2020 dated 10 April 2020 has introduced a temporary Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns (the Refinance Scheme). The Refinance Scheme is funded by SBP. Borrowers can obtain loans from the Banks and ease their cash flow constraints to avoid layoffs. One of the key feature of the Refinance Scheme is that borrowers can obtain loan at mark-up rates that are below normal lending rates. As per International Accounting Standard (IAS) 20 'Accounting for Government Grants and Disclosure of Government Assistance' the benefit of a Government loan at a below-market rate of interest is treated as a Government Grant. The Group has obtained these loans as disclosed in note 5 to the consolidated financial statements. In accordance with IFRS 9 'Financial Instruments' loans obtained under the Refinance Scheme were initially recognised at their fair value which is the present value of loan proceeds received, discounted using prevailing market rates of interest for a similar instrument. Hence, the benefit of the below-market rate of interest has been measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit is accounted for and presented as deferred grant in accordance with IAS 20. The grant is being amortised in the consolidated statement of profit or loss, in line with the recognition of interest expense the grant is compensating. There are no unfulfilled conditions or contingencies attached to these grants.

		2020 Rupees	2019 Rupees
10.	**TRADE AND OTHER PAYABLES**		
	Creditors (Note 10.1)	641,280,514	82,935,759
	Accrued liabilities (Note 10.2)	230,309,239	495,570,454
	Advances from customers	48,465,976	37,112,697
	Retention money payable	17,523,747	309,292
	Earnest money payable	-	1,525,827
	Customs duty and other charges payable	35,986,817	10,073,760
	Income tax deducted at source	6,486,895	7,103,602
	Payable to employees' provident fund trust	3,048,867	3,128,271
	Workers' profit participation fund (Note 10.3)	50,169,035	43,094,065
	Workers' welfare fund	2,398,343	5,001,253
	Sales tax payable	72,629,513	2,638,721
		1,108,298,946	688,493,701

10.1 These include Rupees 555.631 million (2019: Rupees 22.018 million) payable to SK Lubricants Co., Ltd. - principal supplier and long term partner.

10.2 These include Rupees 5.910 million (2019: Rupees 5.551 million) on account of remuneration payable to directors of the Holding Company.

		2020 Rupees	2019 Rupees
10.3	**Workers' profit participation fund**		
	Balance as on 01 July	43,094,065	14,587,220
	Add: Allocation for the year (Note 31)	6,349,606	26,597,013
	Interest for the year (Note 33)	725,364	1,909,832
	Less: Payments made during the year	-	-
	Balance as on 30 June	50,169,035	43,094,065

10.3.1 The Subsidiary Company retains workers' profit participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Subsidiary Company till the date of allocation to workers.

		2020 Rupees	2019 Rupees
11.	**ACCRUED MARK-UP / PROFIT**		
	Long term financing	199,977	671,127
	Liabilities against assets subject to finance lease	-	1,021,719
	Short term borrowings	31,375,181	80,228,367
	Lease liabilities	353,417	-
		31,928,575	81,921,213

	2020 Rupees	2019 Rupees
12. SHORT TERM BORROWINGS		
From banking companies - secured		
- Holding Company		
Short term finances (Note 12.1 and Note 12.2)	716,262,927	1,535,873,239
Running musharakah (Note 12.1 and Note 12.3)	50,000,000	439,042,515
	766,262,927	1,974,915,754
- Subsidiary Company		
Short term finances (Note 12.4 and Note 12.5)	247,732,847	233,566,400
Musawamah finance (Note 12.4 and Note 12.6)	-	34,688,654
	247,732,847	268,255,054
	1,013,995,774	2,243,170,808

12.1 These finances are obtained from banking companies under mark-up / profit arrangements and are secured against trust receipts, first joint pari passu hypothecation charge over current assets, lien over term deposit receipts, personal guarantees of sponsor directors of the Holding Company and hypothecation charge over land, building and plant and machinery of Hi-Tech Blending (Private) Limited - Subsidiary Company.

12.2 The rates of mark-up ranged from 8.92% to 15.45% (2019: 7.00% to 14.30%) per annum.

12.3 The rates of profit ranged from 9.01% to 14.86% (2019: 7.42% to 14.80%) per annum.

12.4 These finances are obtained from banking companies under mark-up / profit arrangements and are secured against trust receipts, first pari passu hypothecation charge over present and future current assets, hypothecation charge over present and future plant and machinery, personal guarantees of directors of the Subsidiary Company and corporate guarantee of the Holding Company.

12.5 The rates of mark-up ranged from 9.14% to 18.81% (2019: 7.47% to 13.92%) per annum.

12.6 Profit was payable at respective KIBOR plus 1% per annum. Effective rate of profit charged during the year was 11.77% (2019: 7.92% to 11.77%) per annum.

	2020 Rupees	2019 Rupees
13. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Long term financing (Note 5)	18,299,754	17,389,260
Liabilities against assets subject to finance lease (Note 6)	-	60,047,485
Lease liabilities (Note 7)	72,307,622	-
	90,607,376	77,436,745

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 Corporate guarantees of Rupees 1,300 million (2019: Rupees 1,425.52 million) have been given by the Holding Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - Subsidiary Company.

14.1.2 Guarantees of Rupees 103 million (2019: Rupees 93 million) are given by the bank of the Group to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.

14.1.3 Guarantees of Rupees 56 million (2019: Rupees 46.49 million) are given by the bank of the Group to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.

14.1.4 Guarantee of Rupees 6 million (2019: Rupees 6 million) and Rupees 2.25 million (2018: Rupees 2.25 million) are given by the banks of the Holding Company to Total Parco Pakistan Limited and Pakistan State Oil Company Limited respectively against fuel cards obtained by the Holding Company for its employees.

14.1.5 During the year ended 30 June 2018, assessment under section 161 and section 205 of the Income Tax Ordinance, 2001 for the tax year 2014 was finalized by the Deputy Commissioner Inland Revenue creating a demand of Rupees 18.207 million against the Holding Company. The Holding Company, being aggrieved filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)], who decided the case in favor of the Holding Company reducing the total demand to Rupees 0.191 million. However, Income Tax Department has filed an appeal against the order of the CIR(A) before the Appellate Tribunal Inland Revenue and the same is pending adjudication. No provision against the original tax demand has been recognized in these consolidated financial statements, as the Holding Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.

14.1.6 On 05 June 2018, the Competition Commission of Pakistan ("CCP") has initiated a formal enquiry under the provisions of the Competition Act, 2010 ("the Act") on complaint against the Holding Company and its wholly-owned Subsidiary Company, Hi-Tech Blending (Private) Limited by Chevron Pakistan Lubricants (Private) Limited ("Chevron") for adopting deceptive marketing practices in contravention of section 10 of the Act. It has also been prayed by Chevron to CCP to impose a penalty of 10% of the annual turnover of the Holding Company and its wholly-owned Subsidiary Company and / or Rupees 75 million, as CCP may deem appropriate. CCP has concluded its enquiry on the complaint lodged by Chevron on 07 February 2019. On 20 August 2019, CCP has issued a show cause notice to the Holding Company and its wholly-owned Subsidiary Company regarding deceptive marketing practices by distributing false and misleading information about its brand "ZIC" under section 10 of the Act. The Holding Company and its wholly-owned Subsidiary Company have appeared before the CCP through their advocates, rejecting the contents of the enquiry report concluded by CCP, and expects a favorable outcome of the matter. Therefore, no provision for penalty has been recognized in these consolidated financial statements.

14.1.7 On 19 December 2018, the Holding Company has filed an appeal before Commissioner Inland Revenue Appeals [CIR(A)] against the order of Deputy Commissioner Inland Revenue (DCIR). DCIR passed an order under sections 122(1) and 122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 whereby a demand of Rupees 83.595 million has been raised. CIR(A) vide order dated 18 December 2018 has upheld some of the additions made by DCIR and also directed the DCIR to give opportunity of hearing to the Holding Company in one of the said matters. Being aggrieved by the order of CIR(A), the Holding Company filed appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. No provision against this demand has been recognized in these consolidated financial statements, as the Holding Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.

14.1.8 Deputy Commissioner Inland Revenue (DCIR) has passed an assessment order on 28 November 2018 under sections 161 and 205 of the Income Tax Ordinance, 2001 for the tax year 2015 whereby a demand of Rupees 22.358 million has been raised. On 21 December 2018, the Holding Company has filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR. CIR(A) accepted the Holding Company's stance on certain issues assailed in appeal and reduced the aggregate demand to Rupees 10.735 million. Being aggrieved by the order of CIR(A), the Holding Company has filed appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. No provision against this demand has been recognized in these consolidated financial statements, as the Holding Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.

14.1.9 During the year ended 30 June 2020, Deputy Commissioner Inland Revenue (DCIR) issued a notice to recover an amount of Rupees 21.124 million against super tax for the tax year 2019 under section 4B of the Income Tax Ordinance, 2001. The Holding Company through its tax advisor submitted its reply that liability on account of super tax did not arise for subject year. The matter is still pending before DCIR. No provision against this demand has been recognized in these consolidated financial statements, as the Holding Company, based on the advice of the tax advisor, is confident of favourable outcome of the matter.

		2020 Rupees	2019 Rupees
14.2	**Commitments**		
14.2.1	Contracts for capital expenditures	108,892,539	220,431,667
14.2.2	Letters of credit other than capital expenditures	3,469,584	-

14.2.3 The amount of future ijara rentals for ijara financing and the period in which these payments will become due are as follows:

	2020 Rupees	2019 Rupees
Not later than one year	3,130,124	5,269,381
Later than one year but not later than five years	-	3,135,023
Contracts for capital expenditures	3,130,124	8,404,404

		2020 Rupees	2019 Rupees
15.	**FIXED ASSETS**		
	Operating fixed assets:	2,852,230,682	2,880,461,259
	Owned (Note 15.1)	-	119,259,997
	Leased (Note 15.1)	2,852,230,682	2,999,721,256
		331,828,494	121,874,132
	Capital work-in-progress (Note 15.2)	3,184,059,176	3,121,595,388

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

Description	Operating fixed assets														
	Owned												Leased		
	Freehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Tanks and pipelines	Dispensing pumps	Electric installation	Furniture and fittings	Vehicles	Office equipment	Computer	Total	Plant and Machinery	Vehicles	Total
	Rupees														
At 30 June 2018															
Cost	727,922,970	539,235,358	46,733,766	945,307,621	-	-	67,727,889	29,843,690	114,135,340	40,263,881	32,093,561	2,543,264,076	76,513,796	176,976,032	253,489,828
Accumulated depreciation	-	(61,745,505)	(4,073,883)	(83,919,712)	-	-	(11,510,884)	(10,144,438)	(68,606,712)	(13,664,337)	(15,523,389)	(269,188,860)	(7,195,082)	(62,798,170)	(69,993,252)
Net book value	727,922,970	477,489,853	42,659,883	861,387,909	-	-	56,217,005	19,699,252	45,528,628	26,599,544	16,570,172	2,274,075,216	69,318,714	114,177,862	183,496,576
Year ended 30 June 2019															
Opening net book value	727,922,970	477,489,853	42,659,883	861,387,909	-	-	56,217,005	19,699,252	45,528,628	26,599,544	16,570,172	2,274,075,216	69,318,714	114,177,862	183,496,576
Additions	12,276,632	242,964,918	56,135,319	110,572,649	112,915,635	-	4,034,140	6,594,133	6,282,637	90,569,793	4,398,462	646,744,318	-	54,870,357	54,870,357
Transfer from leased assets:															
Cost	-	-	-	74,815,436	-	-	-	-	38,020,583	-	-	112,836,019	(74,815,436)	(38,020,583)	(112,836,019)
Accumulated depreciation	-	-	-	(9,764,388)	-	-	-	-	(19,364,458)	-	-	(29,128,846)	9,764,388	19,364,458	29,128,846
	-	-	-	65,051,048	-	-	-	-	18,656,125	-	-	83,707,173	(65,051,048)	(18,656,125)	(83,707,173)
Disposals:															
Cost	-	-	-	-	-	-	-	-	(12,324,051)	-	(77,249)	(12,401,300)	-	(1,304,750)	(1,304,750)
Accumulated depreciation	-	-	-	-	-	-	-	-	8,275,786	-	49,924	8,325,710	-	130,475	130,475
	-	-	-	-	-	-	-	-	(4,048,265)	-	(27,325)	(4,075,590)	-	(1,174,275)	(1,174,275)
Depreciation	-	(32,319,728)	(7,607,698)	(46,424,739)	(752,771)		(5,957,879)	(2,315,071)	(10,474,562)	(8,444,565)	(5,692,845)	(119,989,858)	(2,972,242)	(31,253,246)	(34,225,488)
Closing net book value	740,199,602	688,135,043	91,187,504	990,586,867	112,162,864	-	54,293,266	23,978,314	55,944,562	108,724,772	15,248,464	2,880,461,259	1,295,424	117,964,573	119,259,997
At 30 June 2019															
Cost	740,199,602	782,200,276	102,869,085	1,130,695,706	112,915,635	-	71,762,029	36,437,823	146,114,509	130,833,674	36,414,774	3,290,443,113	1,698,360	192,521,056	194,219,416
Accumulated depreciation	-	(94,065,233)	(11,681,581)	(140,108,839)	(752,771)	-	(17,468,763)	(12,459,509)	(90,169,947)	(22,108,902)	(21,166,310)	(409,981,854)	(402,936)	(74,556,483)	(74,959,419)
Net book value	740,199,602	688,135,043	91,187,504	990,586,867	112,162,864	-	54,293,266	23,978,314	55,944,562	108,724,772	15,248,464	2,880,461,259	1,295,424	117,964,573	119,259,997
Year ended 30 June 2020															
Opening net book value	740,199,602	688,135,043	91,187,504	990,586,867	112,162,864	-	54,293,266	23,978,314	55,944,562	108,724,772	15,248,464	2,880,461,259	1,295,424	117,964,573	119,259,997
Transfer to right-of-use assets on adoption of IFRS 16	-	-	-	-	-	-	-	-	-	-	-	-	(1,295,424)	(117,964,573)	(119,259,997)
Additions	-	30,299,232	41,519,296	5,575,151	4,411,150	9,120,343	-	974,092	-	5,841,091	2,948,685	100,689,040	-	-	-
Transfer from leased assets:															
Cost	-	-	-	1,698,360	-	-	-	-	87,169,683	-	-	88,868,043	-	-	-
Accumulated depreciation	-	-	-	(500,094)	-	-	-	-	(43,257,354)	-	-	(43,757,448)	-	-	-
	-	-	-	1,198,266	-	-	-	-	43,912,329	-	-	45,110,595	-	-	-
Written off:															
Cost	-	-	-	-	-	-	-	-	-	-	(1,093,000)	(1,093,000)	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	368,834	368,834	-	-	-
	-	-	-	-	-	-	-	-	-	-	(724,166)	(724,166)	-	-	-
Disposals:															
Cost	-	-	-	-	-	-	-	-	(19,439,278)	-	(1,169,500)	(20,608,778)	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	10,711,346	-	277,259	10,988,605	-	-	-
	-	-	-	-	-	-	-	-	(8,727,932)	-	(892,241)	(9,620,173)	-	-	-
Depreciation	-	(34,691,855)	(29,702,095)	(53,345,036)	(9,138,755)	(367,027)	(5,429,326)	(2,640,047)	(12,154,790)	(11,236,306)	(4,980,636)	(163,685,873)	-	-	-
Closing net book value	740,199,602	683,742,420	103,004,705	944,015,248	107,435,259	8,753,316	48,863,940	22,312,359	78,974,169	103,329,557	11,600,106	2,852,230,682	-	-	-
At 30 June 2020															
Cost	740,199,602	812,499,508	144,388,381	1,137,969,217	117,326,785	9,120,343	71,762,029	37,411,915	213,844,914	136,674,765	37,100,959	3,458,298,418	-	-	-
Accumulated depreciation	-	(128,757,088)	(41,383,676)	(193,953,969)	(9,891,526)	(367,027)	(22,898,089)	(15,099,557)	(134,870,745)	(33,345,207)	(25,500,853)	(606,067,736)	-	-	-
Net book value	740,199,602	683,742,420	103,004,705	944,015,248	107,435,259	8,753,316	48,863,940	22,312,359	78,974,169	103,329,557	11,600,106	2,852,230,682	-	-	-
Annual rate of depreciation (%)		5 - 10	10	5 - 10	8	10	10	10	20	10	30		5 - 10	20	

15.1.1 Detail of operating fixed assets exceeding the book value of Rupees 500,000 disposed of during the year is as follows:

Particulars	Quantity	Cost	Accumulated depreciation	Net book value	Consideration	Gain	Mode of disposal	Particulars of purchasers
				Rupees				
Vehicles - owned								
Toyota Corolla LEH-15-4485	1	2,073,310	1,219,838	853,472	1,044,614	191,142	Group's policy	Mr. Shahzada Tamur Shah - Group's ex-employee
Toyota Corolla LEB-17A-471	1	2,248,623	766,578	1,482,045	1,866,666	384,621	Group's policy	Mr. Omer Farooq - Group's ex-employee
Toyota Corolla LE-17A-331	1	2,247,560	712,228	1,535,332	1,880,000	344,668	Group's policy	Mrs. Shumaila Hameed - Group's ex-employee
Honda Civic LEB-17-4479	1	2,744,385	1,187,039	1,557,346	2,800,000	1,242,654	Group's policy	Mr. Nasir Ahmed - Group's ex-employee
Toyota Fortuner LEB-11-9595	1	3,782,600	2,584,464	1,198,136	2,778,000	1,579,864	Negotiation	Mr. Qazi Muhammad Ali, Lahore
		13,096,478	6,470,147	6,626,331	10,369,280	3,742,949		
Computer - server	1	996,050	224,111	771,939	220,000	(551,939)	Negotiation	Mr. Zahid Tiwana - Group's ex-employee
fixed assets with individual book values								
not exceeding Rupees 500,000		6,516,250	4,294,347	2,221,903	5,755,792	3,533,889		
		20,608,778	10,988,605	9,620,173	16,345,072	6,724,899		

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

	2020	2019
	Rupees	Rupees
Cost of sales (Note 28.1)	67,931,216	70,843,334
Distribution cost (Note 29)	40,111,448	39,204,026
Administrative expenses (Note 30)	55,643,210	44,167,986
	163,685,874	154,215,346

15.1.3 Particulars of immovable properties (i.e. lands and buildings) are as follows:

Location	Usage of Immovable Property	Total area of land	Covered area of building
		Acres	Square feet
Holding Company			
Property No. 35 A / M, Quaid-e- Azam			
Industrial Estate, Kot Lakhpat, Lahore	Customs bonded warehouse	0.69	21,965
Mouza No. 107/9L, Tehsil and District Sahiwal	Oil depot	6.70	199,513
Plot No. 2, Block K, Main Boulevard Gulberg-II, Lahore	OMC project office	0.39	1,847
Mouza Aza Khel Bala, Tehsil and District Nowshera	For construction of oil depot	7.55	-
7-km, Sundar Raiwind Road, Bhai Kot, Lahore - Warehouse - 1	Warehouse	-	49,658
7-Km, Sundar Raiwind Road, Bhai Kot, Lahore - Warehouse - 2	Warehouse	-	53,348
Dharampura, Lahore	HTL Express Centre	-	1,436
Garden Town, Lahore	HTL Express Centre	-	1,789
Gulshan-e-Ravi, Lahore	HTL Express Centre	-	2,444
Johar Town, Lahore	HTL Express Centre	-	4,500
Defence Housing Authority, Phase II, Karachi	HTL Express Centre	-	812
Gulistan-e-Johar, Karachi	HTL Express Centre	-	3,149
Pakistan Employees Cooperative Housing Society, Karachi	HTL Express Centre	-	2,700
22 - A, Zafar Ali Road, Lahore	HTL Express Centre (Proposed)	0.16	-
Subsidiary Company			
7-KM, Sundar Raiwind Road, Bhai Kot, Lahore.	Manufacturing unit and office	27.81	123,688

15.1.4 Particulars of immovable properties (i.e. lands and buildings) are as follows:

Name of retail outlets	Buildings on leasehold land	Tanks and pipelines	Covered area of building	Total
Hussain Filling Station - Head Muhammad Road, Multan	3,180,469	1,608,000	1,911,655	6,700,124
Lalian Filling Station - Faisalabad Road, Lalian	3,740,267	1,926,050	-	5,666,317
Punjab Filling Station - Main Satyana Road, Faisalabad	2,610,584	877,100	2,001,106	5,488,790
Ittehad Filling Station - Circular Road, Daska	-	877,100	-	877,100
Green Fuel CNG - Lalamusa	2,725,893	1,132,550	-	3,858,443
M. Nawaz Filling Station - Darban Road, Syed-Nager, Dera Ismail Khan	-	1,269,700	-	1,269,700
A.B. Petroleum Filling Station - Tehsil Liaqatpur, Rahim Yar Khan	-	1,480,589	-	1,480,589
Jillani CNG - Lehtrar Road, Islamabad	6,646,567	1,386,830	-	8,033,397
Dasti Filling Station - Jampur Road , Dera Ghazi Khan	-	808,290	-	808,290
Rehman Filling Station - Chistian Road, Hasilpur	2,013,421	-	-	2,013,421
Al-Fazal Filling Station - Sargodha Road, Jhang	3,163,859	-	2,227,102	5,390,961
Ibrahim Petroleum - Sialkot Road, Gujranwala	1,962,962	-	-	1,962,962
Karma wala-1 Filling Station - Shahkot Road, Jaranwala	2,532,005	-	-	2,532,005
Raja Adeel Anwar Filling Station, Arifwala Road, Arifwala	1,853,000	-	-	1,853,000
Gondal Filling Station - Daska Road, Wazirabad	2,204,744	-	1,421,968	3,626,712
City Filling Station - Hujra Shah Muqeem, Okara	1,504,906	-	-	1,504,906
Al Karam Filling Station - Shamkey Bhattian, Lahore	3,514,294	-	1,558,512	5,072,806
Super Cool CNG Filling Station - College Road, Lahore	1,962,500	1,188,925	-	3,151,425
	39,615,471	12,555,134	9,120,343	61,290,948

The above assets are not in possession of the Group as these have been provided to dealers of retail outlets to facilitate them to promote and sell Group’s products.

	2020 Rupees	2019 Rupees
15.2 Capital work-in-progress		
Civil works	213,465,802	22,843,220
Plant and machinery	24,895,701	-
Mobilization and other advances	25,072,908	48,305,595
Advance for purchase of apartment (Note 15.2.1)	25,226,750	25,226,750
Dispensing pumps	9,082,648	23,984,539
Unallocated expenditures	34,084,685	1,514,028
	331,828,494	121,874,132

15.2.1 This represent advance given to BNP (Private) Limited against purchase of apartment in Grand Hayatt at 1-Constitution Avenue, Islamabad. On 29 July 2016, Capital Development Authority (CDA) cancelled the leased deed of BNP (Private) Limited on the grounds of violating the terms and conditions of the said lease. Against the alleged order, BNP (Private) Limited filed a writ petition before the Honourable Islamabad High Court (“IHC”) challenging the cancellation of said lease. IHC dismissed the writ petition of BNP (Private) Limited. However, the honourable judge of IHC ruled that it is a duty of the Federal Government to ensure that the purchasers do not suffer due to Government’s own wrongful actions and omissions, particularly when the regulatory failure of the CDA stands admitted. The Holding Company and others filed appeals against the aforesaid judgment of IHC before Honourable Supreme Court of Pakistan. Honourable Supreme Court of Pakistan has passed order on 09 January 2019 whereby the Court has revived the original lease together with all approvals and permissions already granted. The Court has further ordered that BNP (Private) Limited shall complete the entire project within a reasonable time. On 15 March 2019, CDA has filed a review petition before the Honourable Supreme Court of Pakistan urging to cancel the lease deed and to allow the federal cabinet to review the matter as per the directions of IHC. The decision on the review petition is still pending. In view of the aforesaid, advice of the legal counsel of the Holding Company and the fact that the Holding Company’s apartment is one of the duly built apartments on 6th Floor of the Tower, no provision against advance for purchase of apartment has been recognized in these consolidated financial statements.

		2020 Rupees	2019 Rupees
16.	**INTANGIBLE ASSETS**		
	Computer softwares (Note 16.1)	7,866,531	5,204,882
	Intangible asset under development - computer software	-	3,305,625
		7,866,531	8,510,507
16.1	**Computer softwares**		
	Balance as at 01 July	5,204,882	2,917,354
	Additions during the year	5,362,625	5,394,690
	Amortization during the year (Note 30)	(2,700,976)	(3,107,162)
	As at 30 June	7,866,531	5,204,882
16.2	Cost as at 30 June	39,513,565	34,150,939
	Accumulated amortization	(31,647,034)	(28,946,057)
	Net book value as at 30 June	7,866,531	5,204,882

16.3 Intangible assets - computer softwares have been amortized at the rate of 30% (2019: 30%) per annum.

17. RIGHT-OF-USE ASSETS

	Land	Buildings	Vehicles	Machinery	Total
	Rupees				
Net carrying amount					
01 July 2019	231,325,873	7,436,356	117,964,573	1,295,424	358,022,226
30 June 2020	193,256,534	3,064,790	56,764,008	-	253,085,332
Depreciation expense for the year ended 30 June 2020	38,069,339	4,371,566	21,150,714	97,158	63,688,777
Addition during the year ended 30 June 2020	-	-	3,862,478	-	3,862,478
Book value of assets transferred to fixed assets - owned during the year ended 30 June 2020	-	-	43,912,329	1,198,266	45,110,595

Lease of land

The Holding Company obtained land on lease for construction and operation of its service centres and filling stations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from five to ten years.

Lease of buildings

The Holding Company obtained buildings on lease for its offices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods are of three years.

Lease of vehicles

The Group obtained vehicles on lease for employees. The average contract duration is 3 to 7 years.

Lease of machinery

The Holding Company obtained generator on lease for use at its warehouse.

There is no impairment against right-of-use assets.

	2020 Rupees	2019 Rupees
18. LONG TERM LOANS TO EMPLOYEES		
Considered good:		
Executives (Note 18.1)	-	280,112
Less: Current portion shown under current assets (Note 23)	-	280,112
	-	-
18.1 Reconciliation of carrying amounts of loans to executives:		
Opening balance	280,112	1,049,136
Less: Repayments	280,112	769,024
Closing balance	-	280,112

18.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 0.280 million (2019: Rupees 1.014 million).

18.1.2 The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of staff loans is not considered material and hence not recognized.

	2020 Rupees	2019 Rupees
19. LONG TERM SECURITY DEPOSITS		
Security deposits against leased assets	10,154,850	26,635,806
Security deposits against ijara	2,993,400	2,993,400
Security deposits - other	12,749,618	15,757,900
	25,897,868	45,387,106
Less: Current portion shown under current assets (Note 23)	12,197,550	16,926,756
	13,700,318	28,460,350
20. STORES		
Stores (Note 20.1)	70,780,886	24,388,466
Less: Provision for slow moving and obsolete store items	202,033	202,033
	70,578,853	24,186,433

20.1 These includes stores in transit of Rupees 1.163 million (2019: Rupees Nil) .

		2020 Rupees	2019 Rupees
21.	**STOCK-IN-TRADE**		
	Raw materials (Note 21.1)	633,749,692	377,929,673
	Work-in-process	35,955,890	20,877,744
		669,705,582	398,807,417
	Lubricants and parts (Note 21.2)	720,305,928	779,973,487
	Less: Provision for slow moving and damaged stock items (Note 21.3)	6,488,123	7,532,393
		713,817,805	772,441,094
	Petroleum products		
	- Stock in hand (Note 21.4 and Note 21.5)	6,766,970	-
	- Stock in pipeline system (Note 21.6)	28,457,092	-
		35,224,062	-
	Stock of promotional items (Note 21.7)	209,404	240,602
	Dispensing pumps and other installations	40,324,810	10,411,114
		1,459,281,663	1,181,900,227

21.1 These include raw materials in transit amounting to Rupees 171.349 million (2019: Rupees Nil) and raw materials amounting to Rupees 55.375 million (2019: Rupees Nil) lying at customs bonded warehouse.

21.2 This includes stock-in-transit of Rupees Nil (2019: Rupees 26.503 million) and stock amounting to Rupees 105.921 million (2019: Rupees Nil) lying at customs bonded warehouse.

		2020 Rupees	2019 Rupees
21.3	Provision for slow moving and damaged stock items		
	Opening balance	7,532,393	2,450,521
	Add: Provision recognized during the year (Note 31)	4,305,591	5,444,396
	Less: Provision reversed during the year (Note 32)	5,349,861	362,524
	Closing balance	6,488,123	7,532,393

21.4 This includes stock of petroleum products in transit of Rupees 2.592 million (2019: Rupees Nil).

21.5 This includes Holding Company's share of pipeline stock of High Speed Diesel amounting to Rupees 1.630 million (2019: Rupees Nil) held by Askar Oil Services (Private) Limited.

21.6 This represents Holding Company's share of pipeline stock of High Speed Diesel amounting to Rupees 28.457 million (2019: Rupees Nil) held by Pak-Arab Pipeline Company Limited.

21.7 These dispensing pumps and other installations have been purchased by the Holding Company for resale to service and filling station dealers as part of OMC operations.

	2020 Rupees	2019 Rupees
22. TRADE DEBTS		
Unsecured:		
Considered good - other than related party (Note 22.1)	106,345,785	1,236,046,682
Less: Allowance for expected credit losses (Note 22.3)	30,241,773	46,663,435
	76,104,012	1,189,383,247

22.1 As at 30 June 2020, trade debts of Rupees 106.346 million (2019: Rupees 1,235.558 million) were past due but not impaired. The age analysis of these trade debts is as follows:

	2020 Rupees	2019 Rupees
Upto 1 month	47,059,998	1,141,006,719
1 to 6 months	26,906,103	43,945,216
More than 6 months	32,379,684	50,606,458
	106,345,785	1,235,558,393

22.2 Trade debts of Rupees Nil (2019: Rupees 0.339 million) were impaired and written off against allowance for expected credit losses and trade debts of Rupees Nil (2019: Rupees 0.422 million) were directly written off during the year. The age analysis of these trade debts was more than one year.

	2020 Rupees	2019 Rupees
22.3 Allowance for expected credit losses		
Opening balance	46,663,435	543,919
Add: Recognized as on 01 July 2018	-	28,112,601
Add: Recognized during the year (Note 31)	-	18,346,376
Less: Reversal of allowance for expected credit losses (Note 32)	16,421,662	-
Less: Bad debts written off against allowance for expected credit losses	-	339,461
Closing balance	30,241,773	46,663,435
23. LOANS AND ADVANCES		
Considered good, unsecured		
Employees - interest free against salaries		
- Executives (Note 23.1)	2,359,990	1,135,582
- Other employees	2,764,971	3,137,047
	5,124,961	4,272,629
Employees - against expenses	978,256	1,102,215
Current portion of long term loans to employees (Note 18)	-	280,112
Advances to suppliers (Note 23.2)	141,684,625	24,951,056
Margin against letters of credit	11,250,000	-
Margin against bank guarantees	15,325,000	23,250,000
	174,362,842	53,856,012

23.1 These include Rupees 2.310 million (2019: Rupees Nil) loan receivable from Chief Financial Officer of the Company. Maximum aggregate amount outstanding at the end of any month during the year was Rupees 2.52 million (2019: Rupees Nil).

		2020 Rupees	2019 Rupees
23.2	**Advances to suppliers**		
	Unsecured:		
	Considered good	141,684,625	24,951,056
	Considered doubtful	4,517,807	6,724,191
	Less : Provision for doubtful advances to suppliers (Note 23.3)	4,517,807	6,724,191
		-	-
		141,684,625	24,951,056
23.3	**Provision for doubtful advances to suppliers**		
	At amortized cost		
	Balance as at 01 July	6,724,191	1,888,458
	Add: Provision recognized during the year (Note 31)	159,151	4,835,733
	Less: Advance to supplier written off	2,365,535	-
	As at 30 June	4,517,807	6,724,191

		2020 Rupees	2019 Rupees
24.	**SHORT TERM DEPOSITS AND PREPAYMENTS**		
	Current portion of long term security deposits (Note 19)	12,197,550	16,926,756
	Short term deposits	11,143,751	8,507,565
	Prepaid insurance	16,492,232	26,718,341
	Prepaid rent	1,425,586	8,873,947
		41,259,119	61,026,609
25.	**OTHER RECEIVABLES**		
	MAS Associates (Private) Limited - associated company (Note 25.1)	145,074	136,670
	Receivable from SK Lubricants Co., Ltd. - principal supplier and long term partner (Note 25.2)	-	28,501,777
	Sales tax receivable	11,404,451	-
	Accrued interest on bank deposits	2,236	31,332
	Inland freight equalization mechanism	14,086,180	-
	Others	8,671,136	3,876,744
		34,309,077	32,546,523

25.1 It is neither past due nor impaired. The maximum aggregate amount receivable from associated company at the end of any month during the year was Rupees 0.433 million (2019: Rupees 0.223 million).

25.2 This has been fully received during the year. The maximum aggregate amount receivable from SK Lubricants Co., Ltd. - principal supplier and long term partner at the end of any month during the year was Rupees 28.502 million (2019: Rupees 98.371 million).

	2020 Rupees	2019 Rupees
26. SHORT TERM INVESTMENTS		
Debt instruments (Note 26.1)	472,420,787	778,385,366
Equity instruments (Note 26.2)	250,864,373	104,083,471
	723,285,160	882,468,837
26.1 Debt instruments		
At amortized cost		
Term deposit receipts	471,031,918	771,031,918
Add: Interest accrued thereon	1,388,869	7,353,448
	472,420,787	778,385,366

26.1.1 These term deposit receipts issued by banking companies having maturity period ranging from one month to six months and carry interest ranging from 5.36% to 12.85% (2019: 3.88% to 11.96%) per annum. Term deposit receipts amounting to Rupees 471.031 million (2019: Rupees 471.031 million) are under lien with banks against short term borrowings of the Holding Company.

	2020 Rupees	2019 Rupees
26.2 Equity instruments		
Fair value through profit or loss		
Quoted - other than related party:		
Engro Fertilizer Limited		
49,500 (2019: 49,500) fully paid ordinary shares of Rupees 10 each	3,246,080	3,246,080
First Habib Cash Fund		
1,004,003.3926 (2019: Nil) units	100,591,746	-
NBP Islamic Mahana Amdani Fund		
4,617,722.0716 (2019: 3,527,150.8850) units	46,148,675	35,271,589
UBL Liquidity Plus Fund - Class 'C'		
710.5769 (2019: 300,782.1374) units	71,628	30,282,963
MCB Cash Management Optimizer		
998,363.6222 (2019: 350,903.0118) units	100,422,214	35,281,613
Unrealized gain on remeasurement of investments at fair value	384,030	1,226
	250,864,373	104,083,471
27. CASH AND BANK BALANCES		
Cash in hand	1,532,654	971,200
Cash at banks:		
Saving accounts (Note 27.1)	32,248,693	31,499,739
Current accounts	152,960,148	276,464,808
	185,208,841	307,964,547
	186,741,495	308,935,747

27.1 Saving accounts carry profit at the rates ranging from 6.48% to 11.25% (2019: 4% to 11%) per annum.

27.2 Bank balances of Rupees 20.268 million (2019: Rupees 12.053 million) and short term investments of Rupees 718.912 million (2019: Rupees 871.949 million) as at 30 June 2020 represents un-utilized proceeds of the initial public offer.

		2020 Rupees	2019 Rupees
28.	**COST OF SALES**		
	Cost of sales - owned manufactured (Note 28.1)	2,543,715,876	3,588,964,712
	Cost of sales - finished goods purchased for resale (Note 28.2)	1,669,834,039	3,773,312,242
		4,213,549,915	7,362,276,954
28.1	**Cost of sales - owned manufactured**		
	Raw materials consumed	2,547,365,119	3,102,601,044
	Packing materials consumed	104,934,517	123,134,989
	Salaries, wages and other benefits (Note 28.1.1)	63,779,197	54,410,430
	Fuel and power	36,060,840	34,700,210
	Repair and maintenance	12,442,012	13,517,077
	Insurance	8,520,303	6,252,747
	Miscellaneous	62,924,624	12,167,838
	Depreciation on operating fixed assets (Note 15.1.2)	67,931,216	70,843,334
	Depreciation on right-of-use assets	295,337	-
		2,904,253,165	3,417,627,669
	Work-in-process		
	Opening stock	20,877,744	10,732,181
	Closing stock	(35,955,890)	(20,877,744)
		(15,078,146)	(10,145,563)
	Cost of goods manufactured	2,889,175,019	3,407,482,106
	Finished goods		
	Opening stock	5,223,494	186,706,100
	Closing stock	(350,682,637)	(5,223,494)
		(345,459,143)	181,482,606
		2,543,715,876	3,588,964,712

28.1.1 Salaries, wages and other benefits include provident fund contribution of Rupees 1.883 million (2019: Rupees 1.481 million) by the Group.

		2020 Rupees	2019 Rupees
28.2	**Cost of sales - finished goods purchased for resale**		
	Opening stock - lubricants and other items	767,217,600	937,926,319
	Add: Purchases - lubricants and other items	943,640,465	3,602,603,523
	Less: Closing stock - lubricants and other items	(393,048,864)	(767,217,600)
		1,317,809,201	3,773,312,242
	Opening stock of petroleum products	-	-
	Petroleum products purchased during the year	271,567,657	-
	Petroleum development levy	104,520,645	-
	Inland freight equalization margin	11,160,598	-
		387,248,900	-
	Closing stock of petroleum products	35,224,062	-
	Cost of petroleum products sold	352,024,838	-
		1,669,834,039	3,773,312,242

	2020 Rupees	2019 Rupees
29. DISTRIBUTION COST		
Salaries, wages and other benefits (Note 29.1)	294,263,250	335,856,543
Sales promotion and advertisements - net (Note 29.2)	122,477,816	197,139,351
Freight outward	33,259,463	69,384,406
Rent, rates and taxes	17,281,525	46,697,683
Sales commission	685,286	88,120
Travelling and conveyance	30,000,814	44,384,788
Insurance	19,513,756	17,416,547
Utilities	10,138,447	8,118,021
Printing and stationery	779,979	861,902
Repair and maintenance	10,263,082	14,382,261
Vehicles' running and maintenance	22,293,292	17,115,679
Communication	9,207,240	10,293,533
Entertainment	3,759,896	5,535,694
Ijara rentals	5,288,136	5,170,252
Depreciation (Note 15.1.2)	40,111,448	39,204,026
Depreciation on right-of-use-assets	62,962,826	-
Hospitality charges	7,283,979	-
Secondary freight	243,772	-
Miscellaneous	22,774,569	19,917,414
Royalty expense (Note 29.3 and 29.4)	25,339,421	14,595,538
	737,927,997	846,161,758

29.1 Salaries, wages and other benefits include provident fund contribution of Rupees 9.683 million (2019: Rupees 9.388 million) by the Group.

29.2 These are net off incentives in the shape of reimbursement against sales promotion expenses and advertisements amounting to Rupees Nil (2019: Rupees 122.783 million) from SK Lubricants Co., Ltd. - principal supplier and long term partner.

29.3 Particulars of royalty are as follows:

Name	Address	Relationship with the Group or directors	2020	2019
SK Lubricants Co., Ltd.	26, Jong-ro, Jongno-gu, Seoul 03188, Republic of Korea	Major supplier and long term partner	25,339,421	14,595,538

29.4 Royalty expense relates to sale of certain products of Rupees 506.788 million manufactured during the year by the Subsidiary Company under the “Brand License Agreement” with SK Lubricants Co., Ltd.

	2020 Rupees	2019 Rupees
30. ADMINISTRATIVE EXPENSES		
Salaries and other benefits (Note 30.1)	263,249,288	322,534,733
Rent, rates and taxes	15,617,087	13,493,561
Legal and professional (Note 30.2)	24,556,017	31,329,325
Insurance	13,173,526	13,785,650
Vehicles' running and maintenance	6,675,718	9,556,838
Utilities	5,012,902	4,336,486
Repair and maintenance	5,314,367	6,607,917
Fee and subscription	17,027,002	5,231,726
Printing and stationery	1,236,152	1,809,894
Communication	4,249,428	6,321,902
Entertainment	3,341,914	6,187,925
Auditor's remuneration (Note 30.3)	4,309,000	3,740,000
Travelling and conveyance	6,012,002	10,699,191
Depreciation on operating fixed assets (Note 15.1.2)	55,643,210	44,167,986
Depreciation on right-of-use assets	430,614	-
Amortization on intangible assets (Note 16.1)	2,700,976	3,107,162
Miscellaneous	7,244,555	14,521,890
	435,793,758	497,432,186

30.1 Salaries and other benefits include provident fund contribution of Rupees 6.475 million (2019: Rupees 7.202 million) by the Group.

30.2 It includes an amount of Rupees 0.825 million (2019: Rupees 4.646 million) on account of internal audit services rendered by EY Ford Rhodes.

	2020 Rupees	2019 Rupees
30.3 Auditor's remuneration		
Annual audit fee	2,678,500	2,435,000
Certifications	470,000	250,000
Half year review / audit	825,000	750,000
Reimbursable expenses	335,500	305,000
	4,309,000	3,740,000

	2020 Rupees	2019 Rupees
31. OTHER EXPENSES		
Allowance for expected credit losses (Note 22.3)	-	18,346,376
Bad debts written off	-	421,906
Advances to suppliers written off	-	943,408
Exchange loss - net	19,014,636	107,246,133
Charities and donations (Note 31.1)	18,796,652	18,072,844
Fixed assets written off	724,166	-
Workers' profit participation fund (Note 10.3)	6,349,606	26,597,013
Workers' welfare fund	9,637,036	4,881,253
Unrealised loss on remeasurement of investments at fair value through profit or loss - net	-	460,739
Loss on disposal of investment	-	5,106,286
Provision for doubtful advances to suppliers (Note 23.3)	159,151	4,835,733
Provision for slow moving and damaged stock items (Note 21.3)	4,305,591	5,444,396
Penalty (Note 31.2)	1,220,952	-
Input sales tax disallowed	245,327	-
	60,453,117	192,356,087

31.1 These include amount of Rupees 18 million (2019: Rupees 16.5 million) paid to Sabra Hamida Trust, 1-A, Danepur Road, GOR-1, Lahore, in which Mr. Hassan Tahir - Chief Executive, Mr. Shaukat Hassan - Director, Mr. Tahir Azam - Director and Mr. Ali Hassan - Director of Holding Company are trustees.

31.2 This represents amount paid under the Sales Tax Act, 1990 and penalty paid to Oil and Gas Regularity Authority (OGRA) on account of delay in completion of required infrastructure for OMC project.

	2020 Rupees	2019 Rupees
32. OTHER INCOME		
Income from financial assets:		
Dividend income	10,437,403	1,132,225
Profit on bank deposits and short term investments	80,948,042	70,884,937
Gain on disposal of investment	361,141	-
Unrealized Gain on remeasurement of investment at fair value	382,804	-
Reversal of allowance for expected credit losses (Note 22.3)	16,421,662	-
Exchange gain - net	9,411,794	-
Income from non-financial assets:		
Gain on disposal of operating fixed assets	6,724,899	4,013,560
Credit balances written back	-	2,324,852
Reversal of provision for slow moving and damaged stock items (Note 21.3)	5,349,861	362,524
Testing fees	14,000	-
Scrap sale	-	2,602,037
Amortization of deferred income (Note 9)	380,217	220,641
	130,431,823	81,540,776

	2020 Rupees	2019 Rupees
33. FINANCE COST		
Mark-up on long term financing	811,157	5,007,876
Mark-up / profit on short term borrowings	197,151,193	285,803,815
Finance charges on liabilities against assets subject to finance lease	-	9,083,164
Finance charges on lease liabilities	33,358,621	-
Mark-up on loans from directors	-	7,952,862
Interest on employees' provident fund	-	1,198
Interest on workers' profit participation fund (Note 10.3)	725,364	1,909,832
Bank charges and commission	3,593,607	4,200,652
	235,639,942	313,959,399

	2020 Rupees	2019 Rupees
34. TAXATION		
For the year		
Current (Note 34.1)	58,199,027	288,749,527
Deferred tax	(104,745,844)	(24,311,166)
Prior year adjustment	655,940	(4,991,169)
	(45,890,877)	259,447,192

34.1 Provision for income tax is made in accordance with the provisions of the Income Tax Ordinance, 2001.

	2020 Rupees	2019 Rupees
35. EARNINGS PER SHARE - BASIC AND DILUTED		
There is no dilutive effect on the basic earnings per share which based on:		
Profit after taxation attributable to ordinary shareholders (Rupees)	121,616,677	41,069,675
Weighted average number of shares (Number)	116,004,000	116,004,000
Basic earnings per share (Rupees)	1.05	0.35

	2020 Rupees	2019 Rupees
36. CASH GENERATED FROM OPERATIONS		
Profit before taxation	75,725,800	300,516,867
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	163,685,874	154,215,346
Amortization on right-of-use assets	63,688,777	-
Amortization on intangible assets	2,700,976	3,107,162
Amortization of deferred income	(380,217)	(220,641)
Allowance for expected credit losses	-	18,346,376
Reversal of allowance for expected credit losses	(16,421,662)	-
Provision for slow moving and damaged stock items	4,305,591	5,444,396
Reversal of provision of slow moving and damaged inventory items	(5,349,861)	-
Provision for doubtful advances to suppliers	159,151	4,835,733
Bad debts written off	-	421,906
Advances to suppliers written off	-	943,408
Credit balances written back	-	(2,324,852)
Gain on disposal of operating fixed assets	(6,724,899)	(4,013,560)
Dividend income	(10,437,403)	(1,132,225)
Profit on bank deposits and short term investments	(80,948,042)	(70,884,937)
Reversal of provision for slow moving and damaged inventory	-	(362,524)
Unrealised (gain) / loss on remeasurement of investments	(382,804)	460,739
(Gain) / loss on disposal of investment	(361,141)	5,106,286
Finance cost	235,639,942	313,959,399
Exchange loss - net	9,602,842	107,246,133
Provision for workers' profit participation fund	6,349,606	26,597,013
Provision for workers' welfare fund	9,637,036	4,881,253
Fixed assets written off	724,166	-
Working capital changes (Note 36.1)	1,093,516,709	(769,654,502)
	1,544,730,441	97,488,776

	2020 Rupees	2019 Rupees
36.1 WORKING CAPITAL CHANGES		
Decrease / (increase) in current assets:		
Stores	(46,392,420)	2,573,156
Stock-in-trade	(276,337,166)	357,092,080
Trade debts	1,129,700,897	(999,327,193)
Loans and advances	(120,946,093)	20,097,996
Short term deposits and prepayments	15,038,284	(8,686,698)
Other receivables	(1,762,554)	76,582,896
	699,300,948	(551,667,763)
Increase / (decrease) in trade and other payables	394,215,761	(217,986,739)
	1,093,516,709	(769,654,502)

36.2 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	2020					
	Liabilities from financing activities					
	Long term financing	Liabilities against assets subject to finance lease	Lease liabilities	Short term borrowings	Unclaimed dividend	Total
	Rupees					
Balance as at 01 July 2019	19,211,338	87,975,981	-	2,243,170,808	4,026,209	2,354,384,336
Transferred to lease liabilities on adoption of IFRS 16 'Leases'	-	(87,975,981)	87,975,981	-	-	-
Financing obtained	73,199,019	-	-	9,852,748,018	-	9,925,947,037
Repayment of financing	(19,211,338)	-	-	(11,081,923,052)	-	(11,101,134,390)
Acquisitions - finance leases	-	-	3,733,000	-	-	3,733,000
Other change - non-cash movement	-	-	215,068,029	-	-	215,068,029
Repayment of lease liabilities	-	-	(50,273,406)	-	-	(50,273,406)
Dividend declared	-	-	-	-	29,001,000	29,001,000
Dividend paid	-	-	-	-	(29,588,773)	(29,588,773)
Balance as at 30 June 2020	73,199,019	-	256,503,604	1,013,995,774	3,438,436	1,347,136,833

	2019				
	Liabilities from financing activities				
	Long term financing	Liabilities against assets subject to finance lease	Short term borrowings	Unclaimed dividend	Total
	Rupees				
Balance as at 01 June 2018	114,901,493	163,624,399	1,325,250,528	4,297,369	1,608,073,789
Financing obtained	-	-	15,509,155,338	-	15,509,155,338
Repayment of financing	(95,690,155)	-	(14,591,235,058)	-	(14,686,925,213)
Acquisitions - finance leases	-	7,493,600	-	-	7,493,600
Other change - non-cash movement	-	(24,662,040)	-	-	(24,662,040)
Repayment of lease liabilities	-	(58,479,978)	-	-	(58,479,978)
Dividend declared	-	-	-	203,007,000	203,007,000
Dividend paid	-	-	-	(203,278,160)	(203,278,160)
Balance as at 30 June 2019	19,211,338	87,975,981	2,243,170,808	4,026,209	2,354,384,336

		2020 Rupees	2019 Rupees
36.3	Non-cash financing activities - acquisition of vehicles and machinery by means of finance leases	3,733,000	7,493,600

37. PROVIDENT FUND

Holding Company

As at the reporting date, the Hi-Tech Lubricants Limited Employees Provident Fund Trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the regulations formulated for this purpose by Securities and Exchange Commission of Pakistan which allows transition period of three years for bringing the Employees Provident Fund Trust in conformity with the requirements of the regulations.

Subsidiary Company

Investments, out of provident fund, have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

38. PLANT CAPACITY AND ACTUAL PRODUCTION

Considering the nature of the Holding Company's business, the information regarding production has no relevance whereas product storage capacities at Holding Company's facility during the current year is detailed below:

	Storage Capacity Metric Tons	
	HSD	**PMG**
Sahiwal depot	1,859	1,021

The plant capacity and actual production of Subsidiary Company is as follows:

	Unit of measurement	2020		2019	
		Capacity	**Production**	Capacity	Production
Bottles	Numbers	16,072,941	3,996,674	14,587,941	9,473,308
Caps	Numbers	29,700,000	4,339,318	29,700,000	7,670,173
Filling	Liters	37,950,000	8,817,853	37,950,000	12,885,278
Blending	Liters	20,000,000	2,484,261	20,000,000	2,420,760

Under utilization of available capacity is mainly due to limited sales orders and due to lockdown, owing to COVID-19, announced by the Government of Punjab.

39. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated undertakings, other related parties, key management personnel and provident fund trusts. The Group in the normal course of business carries out transactions with various related parties. Detail of significant transactions with related parties, other than those which have been disclosed elsewhere in these consolidated financial statements, are as follows:

		2020 Rupees	2019 Rupees
Relationship	**Nature of transaction**		
Associated companies			
MAS Associates (Private) Limited	Share of common expenses	762,241	628,880
Other related parties			
SK Lubricants Co., Ltd.	Purchase of lubricants	2,848,514,463	5,662,901,558
SK Lubricants Co., Ltd.	Incentives	-	122,783,061
SK Lubricants Co., Ltd.	Dividend paid	206,944	1,448,606
Directors	Mark-up on loans from directors	-	7,952,862
Directors	Payment of mark-up on loans from directors	-	13,718,908
Directors	Repayment of loans to directors	-	70,000,000
Provident fund trusts	Contribution	18,041,343	19,494,625
Sabra Hamida Trust	Donations	18,000,000	16,500,000

39.1 Following are the related parties with whom the Group had entered into transactions or have arrangements / agreements in place:

Name of related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year	% age of shareholding
Hi-Tech Energy (Private) Limited	Common directorship	No	None
MAS Associates (Private) Limited	Common directorship	Yes	None
MAS Infosoft (Private) Limited	Common directorship	No	None
MAS Services	Common partnership of directors	No	None
Haut Buys (Private) Limited	Common directorship	No	None
Hi-Tech Lubricants Limited Employees Provident Fund Trust	Common trusteeship of directors	Yes	None
Sabra Hamid Trust	Common trusteeship of directors	Yes	None
MAS Associates (Private) Limited Employees Provident Fund Trust	Common trusteeship of directors	No	None
Hi-Tech Blending (Private) Limited Employees Provident Fund Trust	Common trusteeship of directors	Yes	None
SK Lubricants Co., Ltd.	Major supplier and long term partner	Yes	None
MAS Services Employees Provident Fund Trust	Common trusteeship of directors	No	None
WASL Investment Finance Limited	Common directorship	No	None
Alliance Francaise De Lahore Foundation	Common trusteeship of directors	No	None
Pakistan France Business Alliance	Common trusteeship of directors	No	None
Food Check (Private) Limited	Common directorship	No	None
Pak Agro Packaging (Private) Limited	Common directorship	No	None
Ujala Education Foundation	Common trusteeship of directors	No	None

40. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these consolidated financial statements in respect of remuneration, including all benefits to the chief executive, directors and executives of the Holding Company are as follows:

	2020				2019			
	Chief Executive	Directors: Executives	Directors: Non-Executives	Executives	Chief Executive	Directors: Executives	Directors: Non-Executives	Executives
	Rupees							
Managerial remuneration	11,845,161	10,451,613	26,322,580	56,134,410	12,612,903	11,129,032	29,032,258	49,846,215
Bonus	1,431,292	1,262,904	-	5,722,887	1,948,145	1,718,952	-	7,205,539
Allowances								
House rent	5,330,322	4,703,226	11,845,161	25,260,485	5,675,806	5,008,064	13,064,516	22,430,797
Medical	1,184,516	1,045,161	2,632,258	5,613,441	1,261,290	1,112,903	2,903,226	4,984,622
Travelling	2,000,000	2,000,000	3,800,000	285,600	2,125,000	2,125,000	4,000,000	518,500
Other	-	-	-	13,044,877	2,975,000	2,625,000	-	14,620,127
Contribution to provident fund trust	-	-	-	4,421,827	-	-	-	4,937,913
Leave fare assistance	-	-	-	627,690	-	-	-	3,548,084
	21,791,291	19,462,904	44,599,999	111,111,217	26,598,144	23,718,951	49,000,000	108,091,797
	1	**1**	**4**	**22**	**1**	**1**	**4**	**25**

40.1 Chief executive, five directors (other than independent directors) and certain executives of the Holding Company are provided with fully maintained vehicles.

40.2 Aggregate amount charged in financial statements for meeting fee to three directors (2019: three directors) is Rupees 4.050 million (2019: Rupees 4.610 million).

41. NUMBER OF EMPLOYEES

	2020 Permanent	2020 Contractual	2019 Permanent	2019 Contractual
Total number of employees as on 30 June	470	183	489	183
Average number of employees during the year	468	181	507	181

42. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements at 30 June 2020	Level 1	Level 2	Level 3	Total
			Rupees	
Financial assets				
Financial assets at fair value through profit or loss	250,864,373	-	-	250,864,373

Recurring fair value measurements at 30 June 2019	Level 1	Level 2	Level 3	Total
			Rupees	
Financial assets				
Financial assets at fair value through profit or loss	104,083,471	-	-	104,083,471

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further there was no transfer in and out of level 3 measurements.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation technique used to value financial instruments is the use of quoted market prices.

43. FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

The Group's activities exposes it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group's finance department. The Group's finance department has provided 'Risk Management Policy' covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of this policy.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Group is exposed to currency risk arising from the United States Dollar (USD). As on reporting date, the Group's foreign exchange risk exposure is restricted to the amounts payable / receivable to / from foreign entity. The Group's exposure to currency risk was as follows:

	2020 USD	2019 USD
Other receivable	-	175,000
Trade and other payables	(3,306,771)	(165,795)
Net exposure	(3,306,771)	9,205

The following significant exchange rates were applied during the year:

	Rupees per US Dollar	
Average rate	159.29	136.13
Reporting date rate	168.10	164.00

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on Group's profit after taxation for the year would have been Rupees 19.751 million lower / higher (2019: profit after taxation would have been Rupees 0.075 million higher / lower), mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Group is exposed to equity securities price risk because of short term investments held by the Group and classified at fair value through profit or loss. The Group is not exposed to commodity price risk since it does not hold any financial instruments based on commodity prices.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange (PSX) Index on the Group's profit after taxation for the year. The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index:

	Impact on Group's profit after taxation	
Index	**2020 Rupees**	2019 Rupees
PSX 100 (5% increase)	149,193	158,326
PSX 100 (5% decrease)	(149,193)	(158,326)

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has no long term interest bearing asset. The Group's interest rate risk arises from short term investments, bank balances on saving accounts, long term financing, lease liabilities and short term borrowings. Financial instruments at variable rates expose the Group to cash flow interest rate risk. Financial instruments, if any, at fixed rate expose the Group to fair value interest rate risk.

At the reporting date, the interest rate profile of the Group's interest bearing financial instruments was as follows:

	2020 Rupees	2019 Rupees
Fixed rate instruments		
Financial assets		
Short term investments	471,031,918	771,031,918
Financial liabilities		
Long term financing	67,091,672	-
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	32,248,693	31,499,739
Financial liabilities		
Long term financing	-	19,211,338
Liabilities against assets subject to finance lease	-	87,975,981
Lease liabilities	256,503,604	-
Short term borrowings	1,013,995,774	2,243,170,808

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date, fluctuates by 1% higher / lower with all other variables held constant, Group's profit after taxation for the year would have been Rupees 9.320 million (2019: Rupees 23.189 million) lower / higher, mainly as a result of higher / lower interest expense / income on long term financing, lease liabilities, short term borrowings and bank balances. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2020 Rupees	2019 Rupees
Deposits	23,893,369	24,265,465
Trade debts	76,104,012	1,189,383,247
Loans and advances	31,699,961	27,802,741
Other receivables	22,902,390	32,546,523
Accrued interest	2,236	31,332
Short term investments	723,285,160	882,468,837
Bank balances	185,208,841	307,964,547
	1,063,095,969	2,464,462,692

The Group's exposure to credit risk and expected credit losses related to trade debts is given in Note 22.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2020	2019
	Short term	Long term	Agency	Rupees	Rupees
Short term investments					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	-	203,889,493
JS Bank Limited	A1+	AA-	PACRA	322,270,467	322,944,792
United Bank Limited	A1+	AAA	JCR-VIS	50,012,328	50,374,315
Faysal Bank Limited	A1+	AA	JCR-VIS	100,138,082	201,176,766
Engro Fertilizer Limited	A1+	AA	PACRA	2,983,860	3,166,515
First Habib Cash Fund	AA(f)		PACRA	100,780,555	-
NBP Islamic Mahana Amdani Fund	A		PACRA	46,363,225	35,351,575
UBL Liquidity Plus Fund - Class 'C'	AA+		PACRA	71,739	30,283,768
MCB Cash Management Optimizer	AM2++		PACRA	100,664,904	35,281,613
				723,285,160	882,468,837
Banks					
Bank Alfalah Limited	A1+	AA+	PACRA	68,409,986	181,587,017
Bank Al-Habib Limited	A1+	AA+	PACRA	60,977,070	12,463,647
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	779,702	180,089
MCB Bank Limited	A1+	AAA	PACRA	16,315,405	23,964,245
National Bank of Pakistan	A1+	AAA	PACRA	3,429,036	11,873,266
The Bank of Punjab	A1+	AA	PACRA	115,450	120,125
Habib Bank Limited	A1+	AAA	JCR-VIS	3,275,057	1,344,096
Askari Bank Limited	A1+	AA+	PACRA	734,387	616,495
United Bank Limited	A1+	AAA	JCR-VIS	20,327,227	11,658,946
JS Bank Limited	A1+	AA-	PACRA	23,476	158
Albaraka Bank (Pakistan) Limited	A1	A	PACRA	238,399	238,399
Meezan Bank Limited	A1+	AA+	JCR-VIS	9,341,630	63,751,992
Dubai Islamic Bank Pakistan Limited	A1+	AA	JCR-VIS	885,213	158,826
Faysal Bank Limited	A1+	AA	JCR-VIS	349,557	-
Summit Bank Limited	BBB-	A-3	JCR-VIS	7,246	7,246
				185,208,841	307,964,547
				908,494,001	1,190,433,384

Due to the Group's business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Group. Accordingly the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities. As 30 June 2020, the Group had Rupees 4,464.715 million (2019: Rupees 3,756.829 million) available borrowing limits from financial institutions and Rupees 186.741 million (2019: Rupees 308.936 million) cash and bank balances. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2020:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	Rupees					
Non-derivative financial liabilities:						
Long term financing	67,091,672	76,227,667	1,103,984	19,144,831	37,596,478	18,382,374
Lease liabilities	256,503,604	414,754,203	57,086,012	35,863,378	47,134,904	274,669,909
Long term deposits	500,000	500,000	-	-	-	500,000
Trade and other payables	889,113,500	889,113,500	1,216,164,258	-	-	-
Accrued mark-up / profit	31,928,575	31,928,575	31,928,575	-	-	-
Short term borrowings	1,013,995,774	1,066,671,923	455,502,871	611,169,052	-	-
Unclaimed dividend	3,438,436	3,438,436	3,438,436	-	-	-
	2,262,571,561	2,482,634,304	1,765,224,136	666,177,261	84,731,382	293,552,283

Contractual maturities of financial liabilities as at 30 June 2019:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	Rupees					
Non-derivative financial liabilities:						
Long term financing	19,211,338	20,070,616	12,267,646	5,923,331	1,879,639	-
Liabilities against assets subject to finance lease	87,975,981	94,390,621	30,797,151	34,006,781	28,226,243	1,360,446
Long term deposits	1,000,000	1,000,000	-	-	-	1,000,000
Trade and other payables	580,341,332	580,341,332	580,341,332	-	-	-
Accrued mark-up / profit	81,921,213	81,921,213	81,921,213	-	-	-
Short term borrowings	2,243,170,808	2,335,057,438	2,335,057,438	-	-	-
Unclaimed dividend	4,026,209	4,026,209	4,026,209	-	-	-
	3,017,646,881	3,116,807,429	3,044,410,989	39,930,112	30,105,882	2,360,446

43.2 Financial instruments by categories

	2020		
	At amortized cost	At fair value through profit or loss	Total
	Rupees		
Financial assets			
Deposits	23,893,369	-	23,893,369
Trade debts	76,104,012	-	76,104,012
Loans and advances	31,699,961	-	31,699,961
Other receivables	22,902,390	-	22,902,390
Accrued interest	2,236	-	2,236
Short term investments	472,420,787	250,864,373	723,285,160
Cash and bank balances	186,741,495	-	186,741,495
	813,764,250	250,864,373	1,064,628,623

	2019		
	At amortized cost	At fair value through profit or loss	Total
		Rupees	
Financial assets			
Deposits	24,265,465	-	24,265,465
Trade debts	1,189,383,247	-	1,189,383,247
Loans and advances	27,802,741	-	27,802,741
Other receivables	32,546,523	-	32,546,523
Short term investments	778,385,366	104,083,471	882,468,837
Cash and bank balances	308,935,747	-	308,935,747
	2,361,319,089	104,083,471	2,465,402,560

	At Amortized Cost	
	2020 Rupees	2019 Rupees
Financial liabilities		
Long term financing	67,091,672	19,211,338
Liabilities against assets subject to finance lease	-	87,975,981
Lease liabilities	256,503,604	
Long term deposits	500,000	1,000,000
Trade and other payables	889,113,500	580,341,332
Short term borrowings	1,013,995,774	2,243,170,808
Accrued mark-up / profit	31,928,575	81,921,213
Unclaimed dividend	3,438,436	4,026,209
	2,262,571,561	3,017,646,881

43.3 Offsetting financial assets and financial liabilities

As on reporting date, recongnized financial instruments are not subject to off setting as there are no enforceable master netting arrangements and similar agreements.

44. SEGMENT INFORMATION

The Group has two reportable segments. The following summary describes the operation in each of the Group's reportable segments:

Lubricants	Purchase and sale of lubricants, parts and rendering of services.
Petroleum products	Marketing and sale of petroleum products.

	LUBRICANTS		PETROLEUM PRODUCTS		UNALLOCATED		TOTAL - GROUP	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
				Rupees				
Revenue - net	5,279,394,808	9,431,162,475	349,263,898	-	-	-	5,628,658,706	9,431,162,475
Cost of sales	(3,850,400,888)	(7,362,276,954)	(363,149,027)	-	-	-	(4,213,549,915)	(7,362,276,954)
Gross profit / (loss)	1,428,993,920	2,068,885,521	(13,885,129)	-	-	-	1,415,108,791	2,068,885,521
Distribution cost	(654,844,503)	(843,743,784)	(83,083,494)	(2,417,974)	-	-	(737,927,997)	(846,161,758)
Administrative expenses	(424,931,423)	(497,432,186)	(10,862,335)	-	-	-	(435,793,758)	(497,432,186)
Other expenses	(60,453,117)	(192,356,087)	-	-	-	-	(60,453,117)	(192,356,087)
	(1,140,229,043)	(1,533,532,057)	(93,945,829)	(2,417,974)	-	-	(1,234,174,872)	(1,535,950,031)
Other income	40,708,001	12,342,346	89,723,822	69,198,430	-	-	130,431,823	81,540,776
Profit / (loss) from operations	329,472,878	547,695,810	(18,107,136)	66,780,456	-	-	311,365,742	614,476,266
Finance cost	-	-	-	-	(235,639,942)	(313,959,399)	(235,639,942)	(313,959,399)
(Loss) / profit before taxation	329,472,878	547,695,810	(18,107,136)	66,780,456	(235,639,942)	(313,959,399)	75,725,800	300,516,867
Taxation	-	-	-	-	45,890,877	(259,447,192)	45,890,877	(259,447,192)
(Loss) / profit after taxation	329,472,878	547,695,810	(18,107,136)	66,780,456	(189,749,065)	(573,406,591)	121,616,677	41,069,675

		LUBRICANTS		PETROLEUM PRODUCTS		TOTAL - GROUP	
		2020	2019	**2020**	2019	**2020**	2019
				Rupees			
44.1	**Reconciliation of reportable segment assets and liabilities:**						
	Total assets for reportable segments	3,115,136,038	4,140,927,996	1,716,788,872	1,377,679,739	4,831,924,910	5,518,607,735
	Unallocated assets					1,645,206,165	1,591,537,867
	Total assets as per consolidated statement of financial position					6,477,131,075	7,110,145,602
	Total liabilities for reportable segments	1,269,753,970	1,060,811,928	148,390,643	3,555,363	1,418,144,613	1,064,367,291
	Unallocated liabilities					1,069,719,741	2,149,127,267
	Total liabilities as per consolidated statement of financial position					2,487,864,354	3,213,494,558

44.2 All of the sales of the Group relates to customers in Pakistan.

44.3 All non-current assets of the Group as at the reporting dates are located in Pakistan.

45. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. Consistent with others in the industry, and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing, lease liabilities and short term borrowings as referred to in note 5, 6, 7 and 12 to the financial statements. Total capital employed includes 'total equity' as shown in the consolidated statement of financial position plus 'borrowings'.

		2020	2019
Borrowings	Rupees	1,337,591,050	2,350,358,127
Total equity	Rupees	3,989,266,721	3,896,651,044
Total capital employed	Rupees	5,326,857,771	6,247,009,171
Gearing ratio	Percentage	25.11%	37.62%

The decrease in gearing ratio is mainly due to increase in short term borrowings.

46. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2020	2019	**2020**	2019
	Rupees	Rupees	**Rupees**	Rupees
Total facilities	847,000,000	1,090,000,000	5,551,910,000	6,000,000,000
Utilized at the end of the year	119,037,229	169,149,750	1,087,194,793	2,243,170,808
Unutilized at the end of the year	727,962,771	920,850,250	4,464,715,207	3,756,829,192

47. UTILIZATION OF THE PROCEEDS OF THE INITIAL PUBLIC OFFER (IPO)

During the year ended 30 June 2016, the Holding Company made an Initial Public Offer (IPO) through issue of 29,001,000 ordinary shares of Rupees 10 each at a price of Rupees 62.50 per share determined through book building process. Out of the total issue of 29,001,000 ordinary shares, 21,750,500 shares were subscribed through book building by High Net Worth Individuals and Institutional Investors, while the remaining 7,250,500 ordinary shares were subscribed by the General Public and the shares were duly allotted on 18 February 2016. On 01 March 2016, Pakistan Stock Exchange Limited approved the Holding Company's application for formal listing of ordinary shares and trading of shares started on 03 March 2016.

Till 30 June 2017, the Holding Company utilized the proceeds of the initial public offer of 29,001,000 ordinary shares for the purposes mentioned under heading 5.5 'Expansion Plan' in prospectus dated 28 December 2015, as per the following detail:

Purposes Mentioned Under Heading 5.5 'Expansion Plan' In Prospectus Dated 28 December 2015	Total amount	Total amount utilized till 30 June 2017
	Rupees	Rupees
Investment in HTLL		
Land	470,000,000	60,618,100
Building	128,000,000	12,486,445
Plant, machinery and equipment	139,000,000	2,719,201
Pre-operating costs	33,000,000	249,630
Working capital	842,562,500	739,126,208
	1,612,562,500	815,199,584
Investment in 100% owned subsidiary		
Additional filling lines for blending plant, Hi-Tech Blending (Private) Limited	200,000,000	-
Total	1,812,562,500	815,199,584
IPO proceeds (A)	1,812,562,500	
Amount un-utilized (A – B)	997,362,916	

As stated in the prospectus dated 28 December 2015, the Holding Company planned to offer state of the art retail outlets across Pakistan with multitude of unique services and also planned to install additional filling lines at the blending plant of its subsidiary. The plan of the year 2015-16 covered 37 grand outlets openings in 11 major cities of Pakistan including Lahore, Gujranwala, Sialkot, Faisalabad, Multan, Islamabad, Rawalpindi, Karachi and Hyderabad. Over a period of 5 years, the Holding Company planned to open 75 retail outlets (including 67 rented) across 16 major cities of Pakistan. As per quarterly progress report number 06 dated 14 July 2017, the Holding Company informed all stakeholders the progress on implementation of project: Expansion through retail outlet: 1 owned service center under regulatory approval and out of the 10 rented service centers, 1 is operational, 3 are approved and under construction, 3 are under regulatory approvals and 3 are under negotiations. Accurate, effective and timely implementation of the above plans of the Holding Company became a big challenge for the Holding Company due to expensive lands and properties at key locations in almost all the cities for express service centers. Hence, the Holding Company planned for incorporation of express centers into its fuel stations to be established under the umbrella of Oil Marketing Company (OMC) Project of the Holding Company. In this regard, the Holding Company obtained a financial feasibility report from KPMG Taseer Hadi & Co., Chartered Accountants regarding investment in OMC Project. In view of successful fulfillment of initial mandatory requirements of Oil and Gas Regulatory Authority (OGRA) for setting up of an OMC and future prospects of OMC in current international scenario as prospected under financial feasibility report, the shareholders of the Holding Company in their 9th Annual General Meeting held on 29 September 2017 approved diversion and utilization of un-utilized IPO funds from HTL express centers and wholly owned Subsidiary Company to OMC Project of the Holding Company keeping in view overall growth of the Holding Company and ultimate benefit to all shareholders and stakeholders of the Holding Company.

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

During the year ended 30 June 2017, OGRA granted license to the Holding Company to establish an Oil Marketing Company (OMC), subject to some conditions. During the year ended 30 June 2018, with reference to OMC Project of the Holding Company, Oil and Gas Regulatory Authority (OGRA) has granted permission to proceed to apply/acquire No Objection Certificates (NOCs) from concerned departments including District Coordination Officer (DCO) for setting up of upto 26 retail outlets in Punjab Province with instructions that retail sales through petrol pumps can only be started after completion of necessary Storage Infrastructure, 3rd Party Inspector Report confirming that storage/depot meets OGRA's notified Technical Standards and OGRA's approval.

During the year ended 30 June 2018, the Holding Company completed its oil storage site at Sahiwal. The Holding Company also purchased land in Nowshera for oil storage site under OMC project.

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

During the current financial year, the Holding Company has started its OMC operations and expediently working on completion of its Nowshera Oil storage. Currently, the Holding Company has eight operational HTLL Express Centers. Four in Lahore, three in Karachi and one in Rawalpindi. Further, the Holding Company has eleven retail outlets operational for sale of petroleum products as on 30 June 2020. Detail of payments out of IPO proceeds during the year ended 30 June 2020 are as follows:

	Rupees
Un-utilized IPO proceeds as at 01 July 2019	884,002,597
Add: Profit on term deposit receipts	82,042,155
Add: Profit on bank deposits	3,291,564
Add: Dividend on investments in mutual funds	9,447,404
Add: Gain on disposal of investment in mutual fund	361,140
Add: Unrealised gain on investments in mutual funds	565,472
Less: Payments made relating to OMC Project	(225,396,278)
Less: Withholding tax on profit	(12,242,865)
Less: Withholding tax on dividend from mutual funds	(1,500,745)
Less: Zakat deducted on profit	(1,366,814)
Less: Bank charges	(22,737)
Un-utilized IPO proceeds as at 30 June 2020	739,180,893

The un-utilized proceeds of the public offer have been kept by the Holding Company in the shape of bank balances, term deposit receipts and mutual funds.

48. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Holding Company has proposed a cash dividend for the year ended 30 June 2020 of Rupees 0.90 per share (2019: Rupee 0.25 per share). However, this event has been considered as non-adjusting event under IAS 10 'Event after Reporting Period' and has not been recognized in these consolidated financial statements.

49. IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On 23 March 2020, the Government of the Punjab and the Government of Sindh announced a temporary lock down as a measure to reduce the spread of the COVID–19. Complying with the lockdown, the Group temporarily suspended its operations. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Group resumed its operations and took all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowdown in economic activity. The lockdown caused disruptions in supply chain including supply of goods to the customers resulting in a decline in sales. Subsequent to the year ended 30 June 2020, due to significant reduction in outbreak, demand for the Group's goods is fast reverting back to normal levels. Due to this, management has assessed the accounting implications of these developments on these consolidated financial statements, including but not limited to the following areas:

- expected credit losses under IFRS 9 'Financial Instruments';
- the impairment of tangible assets under IAS 36 'Impairment of Assets';
- the net realisable value of inventory under IAS 2, 'Inventories';
- provisions and contingent liabilities under IAS 37 Provisions, Contingent Liabilities and Contingent Assets'; and
- going concern assumption used for the preparation of these consolidated financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these consolidated financial statements.

50. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 11 September 2020 by the Board of Directors of the Holding Company.

51. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, where necessary for the purpose of comparison. However, no significant re-arrangements of corresponding figures have been made in these consolidated financial statements.

52. GENERAL

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

Chief Executive | Director | Chief Financial Officer

STATEMENT OF **COMPLIANCE**

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019
NAME OF COMPANY: **HI-TECH LUBRICANTS LIMITED**
YEAR ENDED: **JUNE 30, 2020**

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

1. The total number of directors are ten as per the following:
   a) Male: 09
   b) Female: 01
2. The composition of board is as follows:
   a) Independent Directors:
      i. Mr. Muhammad Tabassum Munir
      ii. Dr. Safdar Ali Butt
      iii. Syed Asad Abbas Hussain
   b) Non-executive Directors:
      i. Mr. Shaukat Hassan
      ii. Mr. Tahir Azam
      iii. Mr. Faraz Akhtar Zaidi
      iv. Ms. Mavira Tahir
      v. Mr. Ji Woon Park (Nominee SK Lubricants Co.Ltd)
   c) Executive Directors:
      i. Mr. Hassan Tahir (CEO)
      ii. Mr. Muhammad Ali Hassan

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this company;

4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;

9. The Board has arranged Directors' Training program for the following:

Names of Directors
Mr. Muhammad Tabassum Munir
Dr. Safdar Ali Butt
Syed Asad Abbas Hussain
Mr. Shaukat Hassan
Mr. Tahir Azam
Mr. Faraz Akhtar Zaidi
Ms. Mavira Tahir
Mr. Ji Won Seek Park (Nominee SK Lubricants Co., Ltd.)
Mr. Hassan Tahir (Chief Executive Officer)
Mr. Muhammad Ali Hassan

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

a) Audit Committee

Names	Designation held
Mr. Muhammad Tabassum Munir	Chairman
Dr. Safdar Ali Butt	Member
Mr. Shaukat Hassan	Member
Mr. Tahir Azam	Member
Mr. Faraz Akhtar Zaidi	Member

b) HR and Remuneration Committee

Names	Designation held
Dr. Safdar Ali Butt	Chairman
Mr. Shaukat Hassan	Member
Mr. Tahir Azam	Member
Ms. Mavira Tahir	Member

c) Risk Management Committee

Names	Designation held
Mr. Faraz Akhtar Zaidi	Chairman
Ms. Mavira Tahir	Member
Mr. Muhammad Tabassum Munir	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

a) Audit Committee
Five meetings were held during the financial year ended June 30, 2020.

b) HR and Remuneration Committee
Two meetings of HR and Remuneration Committee were held during the financial year ended June 30, 2020.

c) Risk Management Committee
One meeting of Risk Management Committee was held during the financial year ended June 30, 2020.

15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of

Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;

19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1	Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	The Board has now constituted the separate nomination committee at the time of approval of this Statement of Compliance in its meeting held on 11 September 2020.	29

20. The three elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a fourth independent director is not warranted.

HASSAN TAHIR
Chief Executive Officer

SHAUKAT HASSAN
Chairman

Lahore
September 11, 2020

INDEPENDENT AUDITOR'S **REVIEW REPORT**
TO THE MEMBERS OF HI-TECH LUBRICANTS LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE **CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Hi-Tech Lubricants Limited (the Company) for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2020.

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore
Date: September 11, 2020