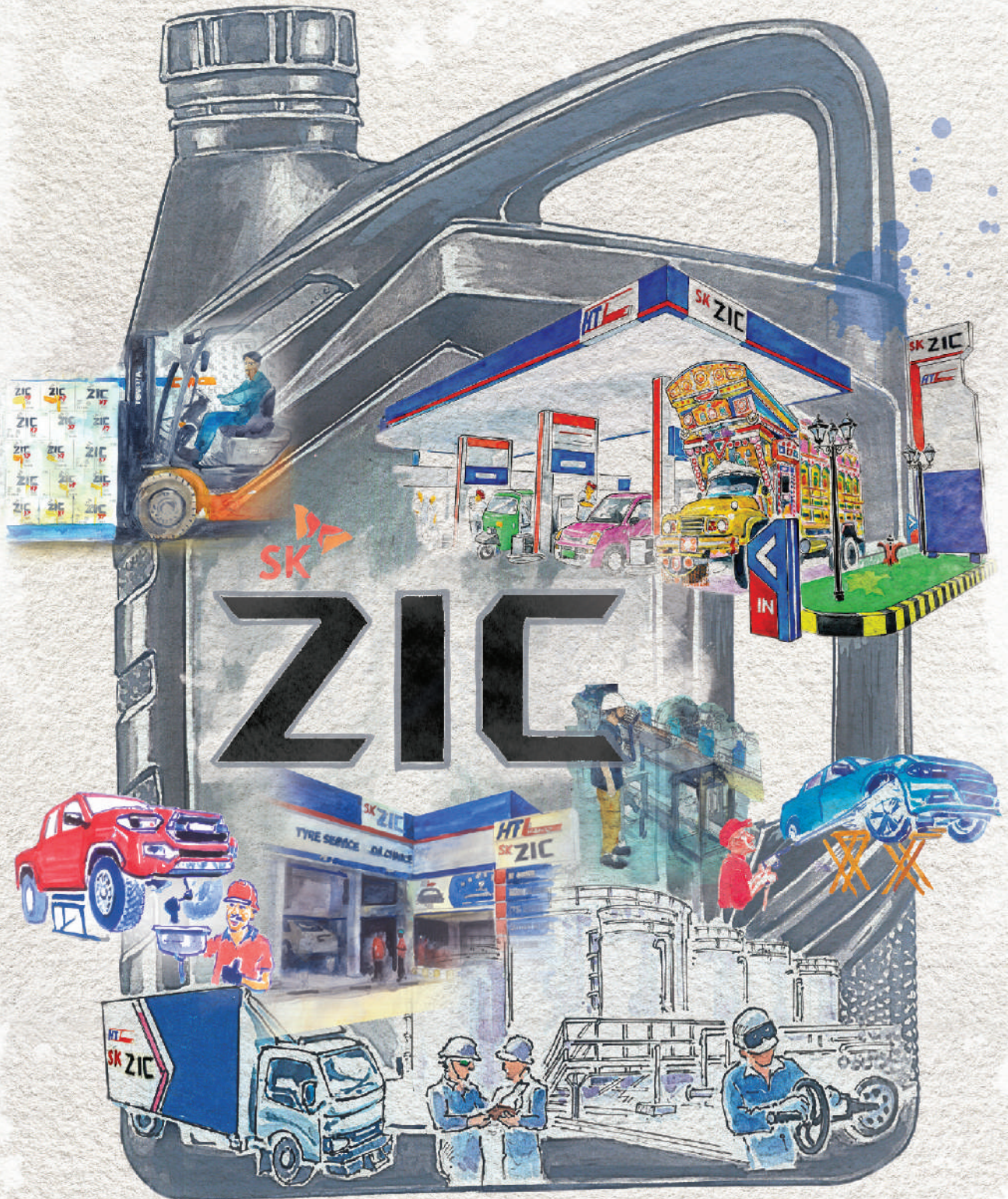




# Condensed Interim Financial Information

For the Quarter Ended 30 September 2021



**ONE TEAM - ONE DREAM**

# Company Information

## BOARD OF DIRECTORS

Mr. Shaukat Hassan  
Chairman of the Board / Non Executive Director

Mr. Hassan Tahir  
Chief Executive Officer / Executive Director

Mr. Muhammad Ali Hassan  
Executive Director

Mr. Tahir Azam  
Non Executive Director

Ms. Mavira Tahir  
Non Executive Director

Mr. Faraz Akhtar Zaidi  
Non Executive Director

Mr. Hyukjin Kwon (Nominee of SK Lubricants Co. Ltd.)  
Non Executive Director

Dr. Safdar Ali Butt  
Independent Director

Syed Asad Abbas Hussain  
Independent Director

Mr. Shafiq ur Rehman  
Independent Director

## CHIEF FINANCIAL OFFICER

Mr. Muhammad Imran  
Phone: +92-42-111-645-645  
Fax: +92-42-3631-18-14

## COMPANY SECRETARY & CHIEF COMPLIANCE OFFICER

Mr. Fraz Amjad Khawaja  
Phone: +92-42-111-645-645  
Fax: +92-42-3631-18-14

## EXTERNAL AUDITORS

M/S Riaz Ahmed & Company, Chartered Accountants  
10-B, Saint Marry Park, Main Boulevard Gulberg, Lahore  
Phone: +92-42-35718137  
Fax: +92-42-35714340

## SHARE REGISTRAR

M/S CDC Share Registrar Services Limited  
CDC House, 99-B, Block "B", S.M.C.H.S.,  
Main Shahrah-e-Faisal, Karachi, 74400.  
Telephone: +92 21 111-111-500,  
Fax: +92 21 34326053, Toll Free: 0800 23275 (CDCPL),  
Email address: info@cdcsrcsl.com,  
Website: <https://www.cdcsrcsl.com>

## REGISTERED / HEAD OFFICE

1-A, Danepur Road, GOR - 1, Lahore  
Phone: +92-42-111-645-645  
Fax: +92-42-3631-18-14  
Email Address: info@masgroup.org

## WEBSITE:

[www.hitechlubricants.com](http://www.hitechlubricants.com)  
[www.zicoil.pk](http://www.zicoil.pk)

## LEGAL ADVISOR

Mr. Ijaz Lashari  
Lashari Law Associates, 22-Munawar Chamber  
1-Mozang Road, Lahore  
Phone: +92-42-37359287  
Fax: 92-42-37321471

## BANKERS

### ISLAMIC BANKS

Meezan Bank Limited  
AL-Baraka Bank Limited  
Dubai Islamic Bank Limited

### CONVENTIONAL BANKS

MCB Bank Limited  
Standard Chartered Bank Limited  
Habib Metropolitan Bank Limited  
The Bank of Punjab  
Bank AL-Habib Limited  
National Bank of Pakistan  
Askari Bank Limited  
JS Bank Limited  
Habib Bank Limited  
United Bank Limited  
Summit Bank Limited  
Samba Bank  
Faysal Bank  
Bank Alfalah Limited

## Directors' Review

Dear Members,

On behalf of the Board of Directors, we are pleased to share the financial results for the first quarter ended September 30, 2021. The Company generated PKR 3.8 billion of Gross Revenue with gross margins of 22%. The lubricants segment generated very healthy gross margins of 34% and the fuel segment 4% gross margins. Total net income generated was PKR 104 million compared to 89 million of last year. The operating profit for the period was PKR 152 million, an increase of 42% compared to same period last year driven by volume growth, cost controls and value chain cost optimization initiatives. This includes almost 10% depreciation of rupee versus dollar in the quarter which hit badly and contributed a foreign exchange loss of approximately PKR 74 million.

Included in the numbers is a loss associated with our OMC segment of PKR 5 million which includes depreciation expense of 18 Million. The Company's goal is to bring the OMC Segment to breakeven as soon as possible and is building out its pump network and increasing volumes to generate sufficient income to offset the depreciation charges associated with our storage infrastructure. The delay in regulatory approvals associated with our KPK business has delayed this endeavor, though we are hopeful that this approval will be received in the near future. Increasing lubricant sales at all OMC locations remains a key focus for your Company.

Despite all the challenges posed by the pandemic and rising input costs emanating from surge in the commodity prices, the Company remains cautiously optimistic about the performance in the 2nd half of the year on the back of strong brand equity, continuous initiatives for operational excellence supported by highly committed workforce. We remain committed to deliver value through engine safety, fuel savings and longer drain periods. We also employ processes and technologies to ensure health and wellness of our employees and business partners.

To support value chain cost optimization initiatives along with the current supply chain constraints, the Company is carrying stocks of approximately PKR 2.8 billion. This not only gives us greater flexibility to serve our customers, but combined with lower interest rates has led to a significant reduction in our operational costs.

### Position of IPO Funds

Bank balances of PKR 40.341 million and short term investments of PKR 441.529 million at 30 September 2021 represent un-utilized proceeds of the initial public offer and can only be utilized for the purposes of expansions through OMC Project of the Company.

The economy is rebounding, primarily due to the reduced spread of Covid-19 (by the grace of Allah) as economic activity seems returns to the country. While macroeconomic and pandemic associated risks remain, we are optimistic about the next quarter and remainder of the financial year.

We would like to thank our management and employees for their efforts on behalf of the Company.



Mr. Hassan Tahir  
(Chief Executive)

Lahore, October 26, 2021



Mr. Muhammad Ali Hassan  
(Executive Director)

## ڈائریکٹران کا جائزہ

عزیز حصہ داران!

بورڈ آف ڈائریکٹران کی جانب سے ہم پہلی سہ ماہی ختمہ ۳۰ ستمبر ۲۰۲۱ء کے مالیاتی نتائج پیش کرنے پر مسرت ہیں۔ کمپنی نے ۲۲ فیصد کے مجموعی مارجن کے ساتھ تین اعشاریہ آٹھ ارب روپے کی مجموعی آمدنی حاصل کی۔ کمپنی کے لبریکینٹ سیکمیٹ نے ۳۴ فیصد کے ساتھ بہت محتمد اہم مجموعی مارجن حاصل کیا جبکہ ایندھن کے سیکمیٹ نے ۴ فیصد مجموعی مارجن حاصل کیا۔ خالص اصل آمدن ایک سو چار ملین روپے رہی جو کہ گزشتہ مالی سال کے اسی عرصہ میں نو اسی ملین روپے تھی۔ آپریٹنگ منافع پچھلے سال کے مقابلے میں ۴۲ فیصد اضافے کے ساتھ ایک سو باون ملین روپے رہا جو کہ حجم کی بڑھوتری، اخراجات پر قابو پا کر اور قدر کی زنجیر میں لاگت کی اصلاحات کی وجہ سے ممکن ہوا۔ اسی عرصہ میں ڈالر کے مقابلے میں روپے کی تقریباً ۱۰ فیصد فرسودگی بھی شامل ہے جس نے چوتھیں ملین روپے کے نقصان کے ساتھ غیر ملکی زرمبادلہ کی شرح میں شراکت داری کی۔

انہی اعداد میں ہمارے آئل مارکیٹنگ سیکمیٹ کا پانچ ملین روپے کا نقصان بھی شامل ہے جو کہ اٹھارہ ملین روپے فرسودگی کے اخراجات کے شامل ہونے کی وجہ کے بعد حاصل ہوا۔ کمپنی کے مقاصد میں شامل ہے کہ آئل مارکیٹنگ سیکمیٹ کو جلد از جلد بلا نقصان کیا جائے اسی لئے کمپنی اپنے پٹرول پمپوں کے نیٹ ورک کو تیزی سے تعمیر کر رہی ہے تاکہ حجم کو بڑھاتے ہوئے مناسب آمدنی حاصل کی جائے جو کہ ذخیرے کے بنیادی ڈھانچے سے منسلک فرسودگی کے اخراجات کو منظم کر سکے، فی الحال ریگولیشنز منظور یوں میں تاخیر کی وجہ سے ہم خیر پختونخواہ میں کام شروع نہیں کر سکے تاہم ہم پر امید ہیں کہ مستقبل قریب میں اس کی اجازت مل جائے گی۔ اپنی تمام آئل مارکیٹنگ کی جگہوں پر لبریکینٹ کی فروخت کو بڑھانا آپکی کمپنی کی کلیدی توجہ کا مرکز رہے گا۔

باوجود وباء کے لاحق ہونے اور اجناس کے ان پٹ لاگت میں اضافے کے، کمپنی سال کے دوسرے نصف میں بہتر کارکردگی کے بارے میں، جو کہ مضبوط برانڈ ایکویٹی، مسلسل محنت کرنے کی اعلیٰ مہارت اور انتہائی پر عزم افرادی قوت کے سہارے پر امید ہیں۔ ہم انجن کی حفاظت، ایندھن کی بچت، اور لمبے عرصے تک چلنے والے لبریکینٹ کی قدر دینے میں پر عزم ہیں۔ ہم ایسے طریقہ کار اور ٹیکنالوجیوں کا استعمال کرتے ہیں جسکے ذریعے ہم اپنے کاروباری شراکت داروں اور ملازمین کی صحت اور تندرستی کا خیال رکھ سکیں۔

قدر کی زنجیر میں لاگت کی اصلاحات کی حمایت میں اور فراہمی کے سلسلوں میں رکاوٹوں کو دیکھتے ہوئے کمپنی نے ۲۰.۸ ارب روپے کے سٹاک جمع کر رکھے ہیں۔ یہ نہ صرف صارف کی خدمت کرنے میں بے حد پکچ فراہم کرتے ہیں بلکہ کم شرح سود کی وجہ سے ہمارے آپریٹنگ اخراجات میں بھی کمی کا باعث بنتے ہیں۔

### آئی پی او فنڈز کی پوزیشن

سہ ماہی ختمہ ۳۰ ستمبر ۲۰۲۱ء کو ۳۰.۳۱ ملین روپے کا بینک بیلنس اور مختصر میعاد کی ۴۱.۵۲۹ ملین روپے کی سرمایہ کاری ابتدائی پبلک آفر سے حاصل غیر استعمال شدہ آمدنی کو ظاہر کرتی ہے اور رقم صرف کمپنی کے آئل مارکیٹنگ پراجیکٹ کے لیے ہی مختص ہے۔

اللہ کے فضل سے وبا کے کم پھیلاؤ کی وجہ سے معیشت بحالی کی طرف گامزن ہے۔ تاہم میکرو ایکنامک اور وبا سے جڑے خطرات موجود ہیں۔ پھر بھی ہم باقی ماندہ سال اور اگلی سہ ماہی کے بارے میں پر امید ہیں۔

ہم کمپنی کی طرف سے اپنے انتظامی عہدیداران اور ملازمین کی کاوشوں اور محنت کا شکریہ ادا کرنا چاہتے ہیں۔

جناب محمد علی حسن  
(ایگزیکٹو ڈائریکٹر)

جناب حسن طاہر  
(چیف ایگزیکٹو)

لاہور، ۱۲ ستمبر ۲۰۲۱ء

# **HI-TECH LUBRICANTS LIMITED**

**Unconsolidated Condensed Interim  
Financial Information (Un-audited)**

# Unconsolidated Condensed Interim Statement Of Financial Position (Un-audited)

As At 30 September 2021

	Un-Audited September 30, 2021	Audited June 30, 2021
Note	Rupees	Rupees
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized share capital 150,000,000 (2021: 150,000,000) ordinary shares of Rupees 10 each	1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital	1,160,040,000	1,160,040,000
Reserves	2,332,533,217	1,990,443,156
<b>Total equity</b>	<b>3,492,573,217</b>	<b>3,150,483,156</b>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term financing	4 24,639,798	47,490,196
Lease liabilities	5 349,395,980	334,670,123
Long term deposits	17,000,000	17,000,000
Deferred income - Government grant	5,821	361,618
	391,041,599	399,521,937
<b>CURRENT LIABILITIES</b>		
Trade and other payables	6 874,945,101	1,385,266,386
Accrued mark-up / profit	13,675,357	9,756,777
Short term borrowings	7 808,349,364	461,180,637
Current portion of non-current liabilities	166,592,413	162,697,568
Unclaimed dividend	6,326,546	6,326,546
Provision for taxation - net	4,476,823	10,919,484
	1,874,365,604	2,036,147,398
<b>Total liabilities</b>	<b>2,265,407,203</b>	<b>2,435,669,335</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	8	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,757,980,420</b>	<b>5,586,152,491</b>

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

  
Chief Executive

  
Director

  
Chief Financial Officer

		Un-Audited September 30, 2021 Rupees	Audited June 30, 2021 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	9	1,876,354,685	1,833,545,894
Right-of-use assets	10	343,120,519	359,293,341
Intangible assets	11	9,501,841	10,645,943
Investment property		61,658,100	61,658,100
Investment in subsidiary company		1,300,000,600	1,300,000,600
Long term security deposits		30,518,015	29,401,655
Deferred income tax asset - net		11,243,459	48,245,631
		3,632,397,219	3,642,791,164
<b>CURRENT ASSETS</b>			
Stock-in-trade	12	717,194,635	878,741,709
Trade debts		156,429,361	103,225,348
Loans and advances		219,724,269	89,718,454
Short term deposits and prepayments		24,013,051	19,316,915
Other receivables		323,770,681	141,381,054
Advance income tax - net of provision for taxation		-	-
Accrued interest		2,389,930	390,462
Short term investments		220,067,999	446,043,245
Cash and bank balances	13	461,993,275	264,544,140
		2,125,583,201	1,943,361,327
<b>TOTAL ASSETS</b>		5,757,980,420	5,586,152,491



Chief Executive



Director



Chief Financial Officer

## Unconsolidated Condensed Interim Statement of Profit or Loss (Un-audited)

For The Quarter Ended 30 September 2021

	Un-Audited September 30, 2021 Rupees	Un-Audited September 30, 2020 Rupees
	<b>Note</b>	
GROSS REVENUE FROM CONTRACTS WITH CUSTOMERS	3,675,335,351	2,341,557,862
Discounts	(117,759,155)	(78,864,570)
Sales tax	(477,083,718)	(423,797,742)
NET REVENUE FROM CONTRACTS WITH CUSTOMERS	<u>3,080,492,478</u>	<u>1,838,895,550</u>
COST OF SALES	<u>(2,525,926,217)</u>	<u>(1,443,122,979)</u>
GROSS PROFIT	554,566,261	395,772,571
DISTRIBUTION COST	(254,698,366)	(190,325,678)
ADMINISTRATIVE EXPENSES	(140,290,788)	(104,807,079)
OTHER EXPENSES	(27,394,685)	(5,254,213)
	(422,383,839)	(300,386,970)
OTHER INCOME	14 273,719,895	14,083,032
PROFIT FROM OPERATIONS	<u>405,902,317</u>	<u>109,468,633</u>
FINANCE COST	<u>(26,070,072)</u>	<u>(20,388,761)</u>
PROFIT BEFORE TAXATION	379,832,245	89,079,872
TAXATION	(37,742,184)	(13,791,717)
PROFIT AFTER TAXATION	<u><u>342,090,061</u></u>	<u><u>75,288,155</u></u>
EARNINGS PER SHARE - BASIC AND DILUTED	<u>2.95</u>	<u>0.65</u>

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

  
Chief Executive

  
Director

  
Chief Financial Officer



## Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For The Quarter Ended 30 September 2021

	Un-Audited 30 September, 2021 Rupees	Un-Audited 30 September, 2020 Rupees
PROFIT AFTER TAXATION	342,090,061	75,288,155
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 PROFIT FOR THE PERIOD	<u>342,090,061</u>	<u>75,288,155</u>

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



Chief Executive



Director



Chief Financial Officer

# Unconsolidated Condensed Interim Statement Of Cash Flows (Un-audited)

For The Quarter Ended 30 September 2021

	Note	Un-Audited September 30, 2021 Rupees	Un-Audited September 30, 2020 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	15	(269,697,333)	466,718,381
Finance cost paid		(20,471,510)	(33,715,098)
Income tax paid		(7,182,673)	(9,438,215)
Net (increase) / decrease in long term security deposits		(1,116,360)	-
Increase / (decrease) in long term deposits		-	2,500,000
<b>Net cash generated from operating activities</b>		<u>(298,467,876)</u>	<u>426,065,068</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on operating fixed assets		(77,035,754)	(54,221,909)
Capital expenditure on intangible assets		(145,950)	-
Proceeds from disposal of operating fixed assets		1,950,000	276,330
Short term investments - net		225,975,741	58,417,261
Dividends received		4,933,416	3,689,719
Profit on bank deposits and term deposit receipts received		2,320,027	7,165,377
<b>Net cash from / (used in) investing activities</b>		<u>157,997,480</u>	<u>15,326,778</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liabilities		15,281,184	(12,066,950)
Dividend paid		-	(145,909)
Long term financing obtained		-	31,689,969
Long term financing repaid		(24,530,380)	-
Short term borrowings - net		347,168,727	(446,679,542)
<b>Net cash used in financing activities</b>		<u>337,919,531</u>	<u>(427,202,432)</u>
<b>Net increase in cash and cash equivalents</b>		197,449,135	14,189,414
<b>Cash and cash equivalents at the beginning of the period</b>		264,544,140	124,177,670
<b>Cash and cash equivalents at the end of the period</b>		<u><u>461,993,275</u></u>	<u><u>138,367,084</u></u>

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

  
Chief Executive

  
Director

  
Chief Financial Officer

## Unconsolidated Condensed Interim Statement Of Changes In Equity (Un-audited)

For The Quarter Ended 30 September 2021

	RESERVES				TOTAL EQUITY
	CAPITAL RESERVE	REVENUE RESERVE	TOTAL RESERVES		
	SHARE PREMIUM	UN-APPROPRIATED PROFIT			
	(----- Rupees -----)				
<b>Balance as at 30 June 2020</b>	1,160,040,000	1,441,697,946	555,927,557	1,997,625,503	3,157,665,503
Transactions with owners:					
Profit for the quarter ended 30 September 2020	-	-	75,288,155	75,288,155	75,288,155
Other comprehensive income for the quarter ended 30 September 2020	-	-	-	-	-
Total comprehensive loss for the quarter ended 30 September 2020	-	-	75,288,155	75,288,155	75,288,155
<b>Balance as at 30 September 2020</b>	<b>1,160,040,000</b>	<b>1,441,697,946</b>	<b>631,215,712</b>	<b>2,072,913,658</b>	<b>3,232,953,658</b>
<b>Balance as at 30 June 2021</b>	<b>1,160,040,000</b>	<b>1,441,697,946</b>	<b>548,745,210</b>	<b>1,990,443,156</b>	<b>3,150,483,156</b>
Transactions with owners:					
Profit for the quarter ended 30 September 2021	-	-	342,090,061	342,090,061	342,090,061
Other comprehensive income for the quarter ended 30 September 2021	-	-	-	-	-
Total comprehensive loss for the quarter ended 30 September 2021	-	-	342,090,061	342,090,061	342,090,061
<b>Balance as at 30 September 2021</b>	<b>1,160,040,000</b>	<b>1,441,697,946</b>	<b>890,835,271</b>	<b>2,332,533,217</b>	<b>3,492,573,217</b>

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



Chief Executive



Director



Chief Financial Officer

# Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2021

## 1. THE COMPANY AND ITS OPERATIONS

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.

## 2. BASIS OF PREPARATION

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

- International Accounting Standard 34: 'Interim Financial Reporting' (IAS 34), 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2021.

## 3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these unconsolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2021.

### 3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim 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.

During preparation of these unconsolidated condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2021.

## Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2021

	<b>Un-Audited September 30, 2021 Rupees</b>	<b>Audited June 30, 2021 Rupees</b>
<b>4. LONG TERM FINANCING</b>		
<b>From banking company - secured</b>		
Bank Alfalah Limited - Loan under SBP Refinance Scheme (Note 4.1)	115,601,643	138,452,041
Less: Current portion shown under current liabilities	<u>90,961,845</u>	<u>90,961,845</u>
	<u>24,639,798</u>	<u>47,490,196</u>
<b>4.1</b> This term finance facility, aggregating to Rupees 189.986 million (2021: Rupees 189.986 million) is obtained by the Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. This facility is secured against first charge of Rupees 254 million over plant and machinery of Company's fuel storage depot located at Sahiwal and Nowshera and personal guarantees of all sponsor directors. This finance facility is payable in 8 equal quarterly installments commenced 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. This loan is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustments is recognized at discount rates of 8.67% to 10.04% per annum (2021: 8.67% to 10.04% per annum).		
	<b>Un-Audited September 30, 2021 Rupees</b>	<b>Audited June 30, 2021 Rupees</b>
<b>5. LEASE LIABILITIES</b>		
Total lease liabilities	420,428,594	401,664,079
Less: Current portion shown under current liabilities	<u>71,032,614</u>	<u>66,993,956</u>
	<u>349,395,980</u>	<u>334,670,123</u>
<b>5.1</b> Implicit rates against lease liabilities range from 7.36% to 13.97% (2021: 7.36% to 13.97%) per annum.		
<b>5.2</b> Leases from banking company are secured against the leased assets, personal guarantees of directors and security deposits of Rupees 18.734 million (2021: Rupees 18.734 million).		
	<b>Un-Audited September 30, 2021 Rupees</b>	<b>Audited June 30, 2021 Rupees</b>
<b>6. TRADE AND OTHER PAYABLES</b>		
Creditors (Note 6.1)	526,724,255	1,115,677,772
Accrued liabilities (Note 6.2)	104,151,257	97,478,093
Infrastructure cess	64,428,052	64,428,052
Contract liabilities - unsecured	38,169,516	39,100,051
Retention money payable	32,823,412	32,823,412
Customs duty and other charges payable	88,105,943	20,392,828
Income tax deducted at source	14,167,150	11,326,854
Workers' welfare fund payable	2,814,916	900,948
Payable to employees' provident fund trust	<u>3,560,600</u>	<u>3,138,376</u>
	<u>874,945,101</u>	<u>1,385,266,386</u>

## Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2021

- 6.1** These include Rupees 79.902 million (2021: Rupees 697.545 million) and Rupees 75.298 million (2021: Rupees 107.520 million) payable to Hi-Tech Blending (Private) Limited - subsidiary company and SK Lubricants Co., Ltd - principal supplier and long term partner respectively.
- 6.2** These include Rupees 6.425 million (2021: Rupees 4.124 million) on account of remuneration payable to directors of the Company.

	<b>Un-Audited September 30, 2021 Rupees</b>	<b>Audited June 30, 2021 Rupees</b>
<b>7. SHORT TERM BORROWINGS</b>		
<b>From banking companies - secured</b>		
Short term finances (Note 7.1 and 7.2)	808,349,364	461,180,637
Running musharakah (Note 7.1 and 7.3)	-	-
	<u>808,349,364</u>	<u>461,180,637</u>

- 7.1** 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, 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.
- 7.2** The rates of mark-up range from 8.01% to 8.85% (2021: 7.63% to 12.19%) per annum.
- 7.3** The rate of profit was 8.03% (2021: 8.03%) per annum.

## 8. CONTINGENCIES AND COMMITMENTS

### 8.1 Contingencies

- 8.1.1** Corporate guarantees of Rupees 2,375 million (2021: Rupees 2,375 million) have been given by the Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - subsidiary company.
- 8.1.2** Guarantees of Rupees 58 million (2021: Rupees 58 million) are given by the bank of the Company to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.
- 8.1.3** Guarantees of Rupees 22 million (2021: Rupees 22 million) are given by the bank of the Company to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.
- 8.1.4** Guarantee of Rupees 6 million (2021: Rupees 6 million) and Rupees 2.25 million (2021: 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.

## Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2021

- 8.1.5** During the year ended 30 June 2018, assessment under section 161 and 205 of the Income Tax Ordinance, 2001 for the tax year 2014 was finalized by the Deputy Commissioner Inland Revenue creating a demand of Rupees 18.207 million against the 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.
- 8.1.6** On 05 June 2018, the Competition Commission of Pakistan ("CCP") 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 was also 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 issued show cause notices 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 appeared before the CCP through their advocates, rejecting the contents of the enquiry report concluded by CCP. On 15 September 2020, in a detailed order, CCP has set aside the findings of enquiry report and disposed of the show cause notices issued against the Company and its subsidiary company. Further, no appeal against the order has been filed before the Competition Appellate Tribunal within the prescribed period of 60 days of the issuance of order under section 42 of the Competition Act, 2017.
- 8.1.7** On 19 December 2018, the Company filed an appeal before Commissioner Inland Revenue Appeals [CIR(A)] against the order of Deputy Commissioner Inland Revenue (DCIR). DCIR passed an order under section 122(1) and 122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 whereby a demand of Rupees 83.595 million has been raised. CIR(A) vide order dated 18 December 2018 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 which is still pending for adjudication. Being aggrieved by the order of CIR(A), the Company filed appeal before the Appellate Tribunal Inland Revenue [ATIR] on 19 May 2021. ATIR decided the case in favour of the Company. No provision against the matter has been made in these financial statements, as the Company, based on the advice of the tax advisor, is confident of favorable outcome of litigation.
- 8.1.8** Deputy Commissioner Inland Revenue (DCIR) passed an assessment order on 28 November 2018 under sections 161 and 205 of the Income Tax Ordinance, 2001 for the tax year 2015 whereby a demand of Rupees 22.358 million has been raised. On 21 December 2018, the Company 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 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.
- 8.1.9** 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.

## Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2021

	Un-Audited September 30, 2021 Rupees	Audited June 30, 2021 Rupees
<b>8.2 Commitments</b>		
<b>8.2.1</b> For capital expenditures	-	35,310,701
<b>8.2.2</b> Letters of credit other than for capital expenditures	30,597,481	38,219,444
<b>9. FIXED ASSETS</b>		
Operating fixed assets(Note 9.1)	1,716,295,838	1,744,846,431
Capital work-in-progress(Note 9.2)	160,058,847	88,699,463
	<u>1,876,354,685</u>	<u>1,833,545,894</u>
<b>9.1 Operating fixed assets – owned</b>		
Opening book value	1,744,846,431	1,394,602,141
Add: Cost of additions during the period / year (Note 9.1.1)	5,676,366	477,930,759
Add: Book value of assets transferred from right-of-use of assets	-	43,449,689
	<u>1,750,522,797</u>	<u>1,915,982,589</u>
Less: Book value of assets transferred to investment property during the period / year	-	61,658,100
Less: Book value of deletions during the period / year (Note 9.1.2)	999,389	6,038,919
	<u>1,749,523,408</u>	<u>1,848,285,570</u>
Less: Depreciation charged during the period / year	33,227,570	103,439,139
Closing book value	<u>1,716,295,838</u>	<u>1,744,846,431</u>
<b>9.1.1 Cost of additions during the period / year</b>		
Freehold land	-	18,382,000
Buildings on freehold land	523,168	269,659,293
Buildings on leasehold land	-	64,955,449
Machinery	-	926,527
Tanks and Pipeline and Tanks	-	61,569,350
Dispensing Pumps	-	7,638,404
Furniture and fittings	-	619,500
Vehicles	88,780	4,581,752
Leasehold improvements	-	4,463,125
Office equipment	2,728,207	32,040,434
Computers	2,336,211	13,094,925
	<u>5,676,366</u>	<u>477,930,759</u>



## Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2021

	Un-Audited September 30, 2021 Rupees	Audited June 30, 2021 Rupees
<b>9.1.2 Book value of deletions during the period / year</b>		
Cost:		
Vehicles	3,466,955	12,989,313
Office Equipments	-	67,397
Computers	846,800	4,164,202
Less: Accumulated depreciation	3,314,366	11,181,993
	<u>999,389</u>	<u>6,038,919</u>

### 9.2 Capital work-in-progress

Civil works	54,482,103	26,860,047
Dispensing pumps	29,396,095	29,396,100
Advance against purchase of apartment (Note 9.3)	25,226,750	25,226,750
Advances to suppliers	31,271,913	-
Mobilization and other advances	5,069,766	5,069,766
Unallocated expenditures	14,612,220	2,146,800
	<u>160,058,847</u>	<u>88,699,463</u>

**9.3** This represent advance given to BNP (Private) Limited against purchase of apartment in Grand Hayatt (the "Project") 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 and sealed the Project. 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. On 09 January 2019, Honorable Supreme Court of Pakistan has passed order whereby the Court has ordered BNP (Private) Limited to pay Rupees 17.5 billion in eight years to CDA to revive 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. CDA and BNP (Private) Limited have filed review petitions against the order of the Supreme Court of Pakistan which are still pending for review. Supreme Court of Pakistan referred the matter to the Public Accounts Committee (PAC) and asked them to submit its recommendation on the subject matter. During the year ended 30 June 2021, PAC endorsed the amount of Rupees 17.5 billion to be paid to CDA in six years for the revival of leased and de-sealing of the Project in accordance with the settlement held between CDA and BNP (Private) Limited. On 06 January 2021, on the directives of PAC and payment of first installment of settlement amount by BNP (Private) Limited, CDA has de-sealed the Project. Pursuant to the settlement of the matter as stated above and de-sealing of the Project, BNP (Private) Limited and the Company have started negotiations to finalize the terms and conditions of "Undertaking and Indemnity Agreement" to take the possession of the apartment. The Company is confident of favorable outcome of the negotiations and possession of the apartment.

## Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2021

### 10. RIGHT-OF-USE ASSETS

	Land	Buildings	Vehicles	Total
	----- R u p e e s -----			
<b>At 01 July 2020</b>	212,827,264	3,064,790	55,050,844	270,942,898
Add: Additions during the period	112,866,866	94,245,027	57,732,454	264,844,347
Less: Impact of lease modification	56,040,297	-	-	56,040,297
Less: Book value of assets transferred to fixed assets - owned during the period	-	-	43,449,689	43,449,689
Less: Depreciation expense for the period	41,103,186	24,280,753	11,619,979	77,003,918
<b>At 30 June 2021</b>	<u>228,550,647</u>	<u>73,029,064</u>	<u>57,713,630</u>	<u>359,293,341</u>
Add: Additions during the period	-	-	4,663,704	4,663,704
Less: Depreciation expense for the period	10,414,335	7,374,311	3,047,880	20,836,526
<b>At 30 September 2021</b>	<u><u>218,136,312</u></u>	<u><u>65,654,753</u></u>	<u><u>59,329,454</u></u>	<u><u>343,120,519</u></u>

#### Lease of land

The Company obtained land on lease for 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 range from two to five 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.

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

## Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2021

	Un-Audited September 30, 2021 Rupees	Audited June 30, 2021 Rupees
<b>11. INTANGIBLE ASSETS</b>		
Computer softwares (Note 11.1)	<u>9,501,841</u>	<u>10,645,943</u>
<b>11.1 Computer softwares</b>		
Opening book value	10,645,943	7,596,802
Add: Cost of additions during the period/year	145,950	7,069,069
Less: Amortization charged during the period/year	<u>1,290,052</u>	<u>4,019,928</u>
Closing book value	<u>9,501,841</u>	<u>10,645,943</u>
<b>11.2</b> Intangible assets - computer softwares have been amortized at the rate of 30% (2021: 30%) per annum.		
<b>11.3</b> Includes intangible assets at a cost of Rupees Nil (2021: Rupees 25.294 million) which were fully amortized.		
<b>12. STOCK-IN-TRADE</b>		
Lubricants and parts	334,440,146	305,785,909
Less: Provision for slow moving and damaged inventory items	<u>8,562,589</u>	<u>8,562,589</u>
	325,877,557	297,223,320
Petroleum products		
- Stock in hand	<u>324,206,935</u>	<u>375,546,876</u>
- Stock in pipeline system	<u>-</u>	<u>159,422,468</u>
	324,206,935	534,969,344
Dispensing pumps and other installations	66,917,989	46,356,890
Stock of promotional items	<u>192,154</u>	<u>192,155</u>
	<u>717,194,635</u>	<u>878,741,709</u>
<b>13. CASH AND BANK BALANCES</b>		
Cash in hand	725,036	735,004
Cash at banks:		
Saving accounts (Note 13.1)	<u>84,059,772</u>	<u>84,815,473</u>
Current accounts	<u>152,208,467</u>	<u>128,993,663</u>
	<u>236,268,239</u>	<u>213,809,136</u>
	236,993,275	214,544,140
Term deposit receipt (Note 13.2)	<u>225,000,000</u>	<u>50,000,000</u>
	<u>461,993,275</u>	<u>264,544,140</u>
<b>13.1</b> Saving accounts carry profit at the rates ranging from 5.48% to 11.30% (2020: 6.48% to 11.25%) per annum.		
<b>13.2</b> This term deposit receipt issued by banking company having maturity period of one month and carry interest at 6.15% per annum (2021: 5.25% per annum).		

## Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2021

	Un-Audited September 30, 2021 Rupees	Un-Audited September 30, 2020 Rupees
<b>14. OTHER INCOME</b>		
<b>Income from financial assets:</b>		
Dividend income (Note 14.1)	264,933,536	3,689,719
Profit on bank deposits and term deposit receipts	4,319,496	7,165,691
Gain on disposal of short term investments	495	-
Unrealized gain on remeasurement of investments at fair value through profit or loss - net	-	988,157
Rental income from HTL Express Centres	1,575,000	1,175,000
Common facility charges	238,775	-
<b>Income from non-financial assets:</b>		
Gain/(loss) on disposal of operating fixed assets	950,611	(301,606)
Amortization of deferred income - Government grant	1,679,982	1,366,071
Scrape Sale	22,000	-
	<u>273,719,895</u>	<u>14,083,032</u>
<b>14.1</b> These includes dividend from Hi-Tech Blending (Pvt) Ltd - wholly owned subsidiary company Rupees 260 million (2021: Rupees Nil).		
<b>15. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	379,832,245	89,079,872
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation on operating fixed assets	36,275,455	22,893,482
Depreciation on right-of-use assets	17,788,645	13,258,823
Amortization on intangible assets	1,290,052	838,593
Amortization of deferred income - Government grant	(1,679,982)	(1,366,071)
Gain / (Loss) on disposal of operating fixed assets	(950,611)	301,606
Dividend income	(264,933,536)	(3,689,719)
Profit on bank deposits and term deposit receipts	(4,319,496)	(7,165,691)
Loss on disposal of short term investments	(495)	(988,157)
Exchange gain - net	(20,856,217)	249,020
Finance cost	26,070,072	20,388,761
Working capital changes (Note 15.1)	(438,213,465)	332,917,862
	<u>(269,697,333)</u>	<u>466,718,381</u>
<b>15.1 Working capital changes</b>		
(Increase) / decrease in current assets:		
Stock-in-trade	161,547,074	(98,904,360)
Trade debts	(53,204,013)	19,666,328
Loans and advances	(130,005,815)	(10,173,418)
Short term deposits and prepayments	(4,696,136)	(1,583,246)
Other receivables	77,610,493	(16,846,517)
	51,251,603	(107,841,213)
Increase / (decrease) in trade and other payables	(489,465,068)	440,759,075
	<u>(438,213,465)</u>	<u>332,917,862</u>

## Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2021

### 16. 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 unconsolidated condensed interim financial statements, are as follows:

		Un-Audited September 30, 2021 Rupees	Un-Audited September 30, 2020 Rupees
<b>i Transactions</b>			
<b>Relationship</b>	<b>Nature of transaction</b>		
<b>Subsidiary company</b>			
Hi-Tech Blending (Private) Limited	Purchase of lubricants	1,206,644,385	952,345,251
	Lease rentals paid	750,000	750,000
<b>Associated companies</b>			
MAS Associates (Pvt) Limited	Share of common expenses	238,775	311,253
<b>Other related parties</b>			
SK Lubricants Co., Ltd.	Purchase of lubricants	172,826,330	40,570,139
Provident fund trust	Contribution	5,098,575	4,014,598
Sabra Hamida Trust	Donations	4,500,000	4,500,000
		Un-Audited September 30, 2021 Rupees	Audited June 30, 2021 Rupees
<b>ii Period end balances</b>			
<b>Subsidiary company</b>			
	Investment in Hi-Tech Blending (Private) Limited	1,300,000,600	1,300,000,600
	Receivable from Hi-Tech Blending (Private) Limited	581	106,402
	Payable to Hi-Tech Blending (Private) Limited	79,901,995	697,545,217
<b>Associated companies</b>			
	Receivable from MAS Associates (Private) Limited	238,775	218,274
<b>Other related parties</b>			
	Receivable from SK Lubricants Company Limited	-	31,560,000
	Payable to SK Lubricants Company Limited	75,298,095	104,572,196
	Payable to employees' provident fund trust	3,560,600	3,138,376

## Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2021

### 17. 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 September 2021	Level 1	Level 2	Level 3	Total
----- Rupees -----				
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	220,067,999	-	-	220,067,999
<hr/>				
Recurring fair value measurements at 30 June 2021	Level 1	Level 2	Level 3	Total
----- Rupees -----				
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	446,043,245	-	-	446,043,245
<hr/>				

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 on Pakistan Stock Exchange and for funds, Net Asset Value (NAV) of respective Asset Management Company.

## Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2021

### 18. 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	
	30 September, 2021	30 September, 2020	30 September, 2021	30 September, 2020	30 September, 2021	30 September, 2020	30 September, 2021	30 September, 2020
Revenue from contracts with customers - net	1,843,097,995	1,525,260,881	1,237,394,483	313,634,669	-	-	3,080,492,478	1,838,895,550
Cost of sales	(1,339,658,272)	(1,146,292,717)	(1,186,267,945)	(296,830,262)	-	-	(2,525,926,217)	(1,443,122,979)
Gross profit / (loss)	503,439,724	378,968,164	51,126,537	16,804,407	-	-	554,566,261	395,772,571
Distribution cost	(195,511,333)	(155,727,018)	(59,187,033)	(34,598,660)	-	-	(254,698,366)	(190,325,678)
Administrative expenses	(134,626,589)	(97,145,565)	(5,664,199)	(7,661,514)	-	-	(140,290,788)	(104,807,079)
Other expenses	(25,015,219)	(2,945,162)	(2,379,466)	(2,060,031)	-	-	(27,394,685)	(5,005,193)
Other income	(355,153,141)	(255,817,745)	(67,230,698)	(44,320,205)	-	-	(422,383,839)	(300,137,950)
Profit / (loss) from operations	262,925,341	5,500,772	10,794,554	8,333,240	-	-	273,719,895	13,834,012
Finance cost	411,211,924	128,651,191	(5,309,607)	(19,182,558)	-	-	405,902,317	109,468,633
Profit / (loss) before taxation	411,211,924	128,651,191	(5,309,607)	(19,182,558)	(26,070,072)	(20,388,761)	(26,070,072)	(20,388,761)
Taxation	-	-	-	-	(26,070,072)	(20,388,761)	379,832,245	89,079,872
Profit / (loss) after taxation	411,211,924	128,651,191	(5,309,607)	(19,182,558)	(37,742,184)	(13,791,717)	(37,742,184)	(13,791,717)

### 18.1 Reconciliation of reportable segment assets and liabilities:

	LUBRICANTS		PETROLEUM PRODUCTS		UNALLOCATED		TOTAL - COMPANY	
	30 September, 2021	30 June, 2021	30 September, 2021	30 June, 2021	30 September, 2021	30 June, 2021	30 September, 2021	30 June, 2021
Total assets for reportable segments	1,570,199,334	1,456,080,373	1,696,694,534	2,093,952,623	-	-	3,266,893,868	3,550,032,996
Unallocated assets	-	-	-	-	(26,070,072)	(20,388,761)	2,491,086,552	2,036,119,495
Total assets as per statement of financial position	971,137,425	1,610,776,310	391,552,302	327,773,414	(26,070,072)	(20,388,761)	5,757,980,420	5,586,152,491
Total liabilities for reportable segments	971,137,425	1,610,776,310	391,552,302	327,773,414	(37,742,184)	(13,791,717)	1,362,689,727	1,938,549,724
Unallocated liabilities	-	-	-	-	(34,180,478)	(13,791,717)	902,717,476	497,119,611
Total liabilities as per statement of financial position	971,137,425	1,610,776,310	391,552,302	327,773,414	(34,180,478)	(13,791,717)	2,265,407,203	2,435,669,335

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

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

## Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2021

### 19. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Group for the year ended 30 June 2021.

### 20. GENERAL

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



Chief Executive



Director



Chief Financial Officer



# **HI-TECH LUBRICANTS LIMITED**

**Consolidated Condensed Interim  
Financial Information (Un-audited)**

# Consolidated Condensed Interim Statement Of Financial Position (Un-audited)

As At 30 September 2021

	Un-Audited 30 September 2021 Rupees	Audited 30 June 2021 Rupees
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
150,000,000 (30 June 2021: 150,000,000) ordinary shares of Rupees 10 each	1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital	1,160,040,000	1,160,040,000
Reserves	3,248,686,489	3,144,304,616
<b>Total equity</b>	<b>4,408,726,489</b>	<b>4,304,344,616</b>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term financing	4 193,007,209	147,357,607
Lease liabilities	5 353,734,772	315,089,191
Long term deposits	17,000,000	17,000,000
Deferred liabilities	81,637,672	34,180,663
	645,379,653	513,627,461
<b>CURRENT LIABILITIES</b>		
Trade and other payables	6 2,267,108,065	1,728,466,552
Accrued mark-up / profit	20,410,542	14,963,365
Short term borrowings	7 1,172,592,391	607,994,104
Current portion of non-current liabilities	183,461,980	182,391,032
Unclaimed dividend	6,326,546	6,326,546
	3,649,899,524	2,540,141,599
<b>Total liabilities</b>	<b>4,295,279,717</b>	<b>3,053,769,060</b>
<b>CONTINGENCIES AND COMMITMENTS</b>		
	8	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8,704,005,666</b>	<b>7,358,113,676</b>

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

  
Chief Executive

  
Director

  
Chief Financial Officer

	Note	Un-Audited 30 September 2021 Rupees	Audited 30 June 2021 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	9	3,594,078,009	3,434,750,846
Right-of-use assets	10	324,772,960	340,945,782
Intangible assets	11	23,182,198	17,378,375
Investment property		61,658,100	61,658,100
Long term security deposits		42,299,415	37,226,855
Deferred income tax asset		11,243,459	-
		<u>4,057,234,141</u>	<u>3,891,959,958</u>
<b>CURRENT ASSETS</b>			
Stores		68,691,513	63,346,582
Stock-in-trade	12	2,864,986,018	1,957,046,564
Trade debts		156,429,361	103,118,348
Loans and advances		299,258,934	143,019,434
Short term deposits and prepayments		25,456,210	35,624,780
Other receivables		323,770,681	141,381,054
Advance Income tax-net of provision for taxation		208,721,627	188,435,988
Accrued Interest		2,389,930	390,462
Short term investments		220,067,999	446,043,245
Cash and bank balances	13	476,999,252	387,747,261
		<u>4,646,771,525</u>	<u>3,466,153,718</u>
<b>TOTAL ASSETS</b>		<u><u>8,704,005,666</u></u>	<u><u>7,358,113,676</u></u>



Chief Executive



Director



Chief Financial Officer

## Consolidated Condensed Interim Statement of Profit or Loss (Un-audited)

For The Quarter Ended 30 September 2021

	Un-Audited 30 September 2021 Rupees	Un-Audited 30 September 2020 Rupees
GROSS REVENUE FROM CONTRACTS WITH CUSTOMERS	3,832,709,703	2,642,535,432
Discounts	(117,759,155)	(78,864,570)
Sales tax	(634,458,070)	(724,775,312)
NET REVENUE FROM CONTRACTS WITH CUSTOMERS	<u>3,080,492,478</u>	<u>1,838,895,550</u>
COST OF SALES	<u>(2,400,114,200)</u>	<u>(1,379,035,677)</u>
GROSS PROFIT	680,378,278	459,859,873
DISTRIBUTION COST	(261,107,963)	(203,799,167)
ADMINISTRATIVE EXPENSES	(163,914,607)	(119,549,657)
OTHER EXPENSES	(84,285,137)	(14,029,941)
	(509,307,707)	(337,378,765)
OTHER INCOME	17,670,268	13,903,483
PROFIT FROM OPERATIONS	<u>188,740,839</u>	<u>136,384,591</u>
FINANCE COST	(36,825,620)	(29,648,221)
PROFIT BEFORE TAXATION	151,915,219	106,736,370
TAXATION	(47,533,346)	(17,477,326)
PROFIT AFTER TAXATION	<u>104,381,873</u>	<u>89,259,044</u>
PROFIT PER SHARE - BASIC AND DILUTED	<u>0.90</u>	<u>0.77</u>

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

  
Chief Executive

  
Director

  
Chief Financial Officer

## Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For The Quarter Ended 30 September 2021

	Un-Audited 30 September 2021 Rupees	Un-Audited 30 September 2020 Rupees
PROFIT AFTER TAXATION	104,381,873	89,259,044
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 PROFIT FOR THE PERIOD	<u>104,381,873</u>	<u>89,259,044</u>

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



Chief Executive



Director



Chief Financial Officer

## Consolidated Condensed Interim Statement Of Cash Flows (Un-audited)

For The Quarter Ended 30 September 2021

	Note	Un-Audited 30 September 2021 Rupees	Un-Audited 30 September 2020 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	14	(635,056,529)	208,421,318
Finance cost paid		(27,626,086)	(44,274,387)
Income tax paid		(28,926,132)	(24,441,930)
Income tax refund received			
Net decrease / (increase) in long term security deposits		(7,182,673)	-
Net increase / (decrease) in long term deposits		(5,072,560)	2,500,000
<b>Net cash generated from operating activities</b>		<u>(703,863,980)</u>	<u>142,205,001</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on operating fixed assets		(176,327,625)	(55,510,989)
Capital expenditure on intangible assets		(7,144,449)	-
Proceeds from disposal of operating fixed assets		1,950,000	276,330
Short term investments - net		225,975,741	58,417,261
Dividend received		4,933,416	3,689,719
Profit on bank deposits and term deposit receipts received		2,320,027	7,165,377
<b>Net cash used in investing activities</b>		<u>51,707,110</u>	<u>14,037,698</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings - net		688,062,621	(217,325,271)
Dividend paid		-	(145,909)
Proceeds from long term financing		68,500,000	31,689,969
Repayment of long term financing		(28,556,005)	(2,448,750)
Repayment of lease liabilities		13,402,245	(12,350,668)
<b>Net cash used in financing activities</b>		<u>741,408,861</u>	<u>(200,580,629)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<u>89,251,991</u>	<u>(44,337,930)</u>
<b>Cash and cash equivalents at beginning of the period</b>		<u>387,747,261</u>	<u>186,741,495</u>
<b>Cash and cash equivalents at end of the period</b>		<u><u>476,999,252</u></u>	<u><u>142,403,565</u></u>

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

  
Chief Executive

  
Director

  
Chief Financial Officer

## Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For The Quarter Ended 30 September 2021

	RESERVES				TOTAL EQUITY
	CAPITAL RESERVE	REVENUE RESERVE	TOTAL RESERVES		
	SHARE PREMIUM	UN-APPROPRIATED PROFIT			
	( Rupees - )				
<b>Balance as at 30 June 2020 - Audited</b>	1,160,040,000	1,441,697,946	1,387,528,775	2,829,226,721	3,989,266,721
Transaction with owners:					
Profit for the quarter ended 30 September 2020	-	-	89,259,044	89,259,044	89,259,044
Other comprehensive income for the quarter ended 30 September 2020	-	-	-	-	-
Total comprehensive income for the quarter ended 30 September 2020	-	-	89,259,044	89,259,044	89,259,044
<b>Balance as at 30 September 2020 - Un-audited</b>	<b>1,160,040,000</b>	<b>1,441,697,946</b>	<b>1,476,787,819</b>	<b>2,918,485,765</b>	<b>4,078,525,765</b>
<b>Balance as at 30 June 2021 - Audited</b>	<b>1,160,040,000</b>	<b>1,441,697,946</b>	<b>1,702,606,670</b>	<b>3,144,304,616</b>	<b>4,304,344,616</b>
Transaction with owners:					
Profit for the quarter ended 30 September 2021	-	-	104,381,873	104,381,873	104,381,873
Other comprehensive income for the quarter ended 30 September 2021	-	-	-	-	-
Total comprehensive income for the quarter ended 30 September 2021	-	-	104,381,873	104,381,873	104,381,873
<b>Balance as at 30 September 2021 - Un-audited</b>	<b>1,160,040,000</b>	<b>1,441,697,946</b>	<b>1,806,988,543</b>	<b>3,248,686,489</b>	<b>4,408,726,489</b>

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



Chief Executive



Director



Chief Financial Officer

# Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2021

## 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

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.

## 2. BASIS OF PREPARATION

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

- International Accounting Standard 34: 'Interim Financial Reporting' (IAS 34), 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These consolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Group for the year ended 30 June 2021.

## 3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these consolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Group for the year ended 30 June 2021.

### 3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated condensed interim 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.

During preparation of these consolidated condensed interim financial statements, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Group for the year ended 30 June 2021.



## Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2021

	Un-Audited 30 September 2021 Rupees	Audited 30 June 2021 Rupees
<b>4. LONG TERM FINANCING</b>		
<b>From banking companies - secured</b>		
<b>Holding Company</b>		
Bank Alfalah Limited - Loan under State Bank of Pakistan Refinance Scheme (Note 4.1)	115,601,643	138,452,041
<b>Subsidiary Company</b>		
Bank Al-Habib Limited - Loan under SBP Refinance Scheme (Note 4.2 and Note 4.4)	19,246,075	23,271,700
Bank Al-Habib Limited - Loan under SBP Temporary Economic Refinery Facility (Note 4.3 and Note 4.4)	160,388,200	91,888,200
	<u>179,634,275</u>	<u>115,159,900</u>
	295,235,918	253,611,941
Less: Current portion shown under current liabilities	<u>102,228,709</u>	<u>106,254,334</u>
	<u>193,007,209</u>	<u>147,357,607</u>

- 4.1** This term finance facility, aggregating to Rupees 189.986 million (2021: Rupees 189.986 million) is obtained by the Holding Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. This facility is secured against first charge of Rupees 254 million over plant and machinery of Holding Company's fuel storage depot located at Sahiwal and Nowshera and personal guarantees of all sponsor directors of the Holding Company. This finance facility is payable in 8 equal quarterly installments commenced 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. This loan is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustments is recognized at discount rates of 8.67% to 10.04% per annum (2021: 8.67% to 10.04% per annum).
- 4.2** This term finance facility aggregating to Rupees 32.205 million (2021: Rupees 32.205 million) is obtained by the Subsidiary Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. This finance facility is repayable in 8 equal quarterly instalments commenced from 11 January 2021 and ending on 23 October 2022. Mark-up is payable quarterly at the rate of SBP refinance rate plus 3.00% per annum. This finance facility is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment has been recognized at discount rates ranging from 8.17% to 9.68% (2021: 8.17% to 9.68%) per annum.
- 4.3** This Temporary Economic Refinance Facility (TERF) aggregating to Rupees 115.237 million (2021: Rupees 115.237 million) is obtained by the Subsidiary Company under SBP Temporary Economic Refinance Facility for import of new machinery to support industrial economic development and growth during the year ended 30 June 2021. This facility is utilized by the Subsidiary Company for the expansion of its plant and machinery based on capacity enhancement plan of the Subsidiary Company. These finances are repayable in 20 and 32 equal quarterly instalments commencing from 08 May 2023 and ending on 09 April 2031. Mark-up is payable quarterly at the rate of SBP refinance rate plus 2.00% and 3.00% per annum. This loan is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment has been recognized at discount rates ranging from 8.85% to 9.00% per annum (2021: 8.85% to 9.00%).
- 4.4** These finance facilities and short term finances are secured against first pari passu hypothecation charge over current assets of the Subsidiary Company of Rupees 1,067 million, first hypothecation charge over plant and machinery of Rupees 610 million, first mortgage charge over land and building of the Subsidiary Company of Rupees 400 million, corporate guarantee of the Holding Company of Rupees 2 billion and personal guarantees of all directors of the Subsidiary Company.

## Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2021

	Un-Audited 30 September 2021 Rupees	Audited 30 June 2021 Rupees
<b>5. LEASE LIABILITIES</b>		
Total lease liabilities	448,717,648	381,624,955
Less: Current portion shown under current liabilities	76,635,317	66,535,764
	<u>372,082,331</u>	<u>315,089,191</u>

5.1 Implicit rates against lease liabilities range from 7.36% to 13.97% (2021: 7.36% to 13.97%) per annum.

5.2 Leases from banking company are secured against the leased assets, personal guarantees of directors of the Holding Company and security deposits of Rupees 18.189 million (2021: Rupees 18.189 million).

	Un-Audited 30 September 2021 Rupees	Audited 30 June 2021 Rupees
<b>6. TRADE AND OTHER PAYABLES</b>		
Creditors (Note 6.1)	1,539,776,079	1,118,202,552
Accrued liabilities (Note 6.2)	381,951,614	144,513,477
Infrastructure cess	64,428,052	147,212,835
Contract liabilities - unsecured	38,169,516	39,100,051
Retention money payable	34,361,094	33,279,641
Customs duty and other charges payable	88,105,943	30,827,455
Income tax deducted at source	14,574,135	12,908,989
Payable to employees' provident fund trust	4,228,730	3,730,588
Workers' profit participation fund	80,090,641	76,482,973
Workers' welfare fund	12,502,858	9,483,059
Sales tax payable	8,919,403	112,724,932
	<u>2,267,108,065</u>	<u>1,728,466,552</u>

6.1 These include Rupees 697.753 million (2021: Rupees 697.753 million) payable to SK Lubricants Co., Ltd. - principal supplier and long term partner.

6.2 These include Rupees 6.425 million (2021: Rupees 4.124 million) on account of remuneration payable to directors of the Company.

	Un-Audited 30 September 2021 Rupees	Audited 30 June 2021 Rupees
<b>7. SHORT TERM BORROWINGS</b>		
<b>From banking companies - secured</b>		
<b>- Holding Company</b>		
Short term finances (Note 7.1 and Note 7.2)	808,349,364	461,180,637
Running musharakah (Note 7.1 and Note 7.3)	-	-
	808,349,364	461,180,637
<b>- Subsidiary Company</b>		
Short term finances (Note 7.4 and Note 7.5)	364,243,027	146,813,467
	<u>1,172,592,391</u>	<u>607,994,104</u>

## Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2021

- 7.1 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, 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.
- 7.2 The rates of mark-up range from 8.01% to 8.85% (2021: 7.63% to 12.19%) per annum.
- 7.3 The rate of profit was 8.03% (2021: 8.03%) per annum.
- 7.4 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 guarantee of directors of the Subsidiary Company and corporate guarantee of the Holding Company of Rupees 2 billion.
- 7.5 The rates of mark-up range from 7.66% to 12.19% (2021: 7.66% to 12.19%) per annum.

### 8. CONTINGENCIES AND COMMITMENTS

#### 8.1 Contingencies

- 8.1.1 Corporate guarantees of Rupees 2,375 million (2021: Rupees 2,375 million) have been given by the Holding Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - subsidiary company.
- 8.1.2 Guarantees of Rupees 123 million (2021: Rupees 123 million) are given by the bank of the Group to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.
- 8.1.3 Guarantees of Rupees 56 million (2021: Rupees 56 million) are given by the bank of the Group to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.
- 8.1.4 Guarantee of Rupees 6 million (2021: Rupees 6 million) and Rupees 2.25 million (2021: 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.
- 8.1.5 During the year ended 30 June 2018, assessment under section 161 and 205 of the Income Tax Ordinance, 2001 for the tax year 2014 was finalized by the Deputy Commissioner Inland Revenue creating a demand of Rupees 18.207 million against the Holding Company. The Holding Company, being aggrieved filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)], who decided the case in favor of the Holding Company reducing the total demand to Rupees 0.191 million. However, Income Tax Department has filed an appeal against the order of the CIR(A) before the Appellate Tribunal Inland Revenue and the same is pending adjudication. No provision against the original tax demand has been recognized in these consolidated financial statements, as the Holding Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.
- 8.1.6 On 05 June 2018, the Competition Commission of Pakistan ("CCP") 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 was also 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 issued show cause notices 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 appeared before the CCP through their advocates, rejecting the contents of the enquiry report concluded by CCP. On 15 September 2020, in a detailed order, CCP has set aside the findings of enquiry report and disposed of the show cause notices issued against the Holding Company and its wholly-owned Subsidiary Company. Further, no appeal against the order has been filed before the Competition Appellate Tribunal within the prescribed period of 60 days of the issuance of order under section 42 of the Competition Act, 2017.

## Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2021

- 8.1.7** On 19 December 2018, the Holding Company filed an appeal before Commissioner Inland Revenue Appeals [CIR(A)] against the order of Deputy Commissioner Inland Revenue (DCIR). DCIR passed an order under section 122(1) and 122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 whereby a demand of Rupees 83.595 million has been raised. CIR(A) vide order dated 18 December 2018 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 which is still pending for adjudication. Being aggrieved by the order of CIR(A), the Holding Company filed appeal before the Appellate Tribunal Inland Revenue [ATIR] on 19 May 2021. ATIR decided the case in favour of the Holding Company. No provision against the matter has been made in these consolidated financial statements, as the Holding Company, based on the advice of the tax advisor, is confident of favorable outcome of litigation.
- 8.1.8** Deputy Commissioner Inland Revenue (DCIR) 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 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 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.
- 8.1.9** 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.

	Un-Audited 30 September 2021 Rupees	Audited 30 June 2021 Rupees
<b>8.2 Commitments</b>		
<b>8.2.1</b> Contracts for capital expenditures	303,285,832	588,801,401
<b>8.2.2</b> Letters of credit other than for capital expenditures	98,692,423	38,219,444
<b>9. FIXED ASSETS</b>		
Operating fixed assets:		
Owned (Note 9.1)	3,146,698,127	3,180,557,592
Capital work-in-progress (Note 9.2)	447,379,882	254,193,254
	<u>3,594,078,009</u>	<u>3,434,750,846</u>
<b>9.1 Operating fixed assets – owned</b>		
Opening book value	3,180,557,592	2,852,230,682
Add: Cost of additions during the period / year (Note 9.1.1)	14,021,702	525,927,755
Add: Book value of assets transferred from right-of-use of assets	-	44,714,653
	<u>3,194,579,294</u>	<u>3,422,873,090</u>
Less: Book value of assets transferred to investment property during the period / year	-	61,658,100
Less: Book value of deletions during the period / year (Note 9.1.2)	1,325,482	6,038,919
	<u>3,193,253,812</u>	<u>3,355,176,071</u>
Less: Depreciation charged during the period / year	46,555,685	174,618,479
Closing book value	<u>3,146,698,127</u>	<u>3,180,557,592</u>

# Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2021

	Un-Audited 30 September 2021 Rupees	Audited 30 June 2021 Rupees
<b>9.1.1 Cost of additions during the period / year</b>		
Freehold land	-	18,382,000
Buildings on freehold land	523,168	296,287,707
Buildings on leasehold land	-	64,955,449
Machinery	3,311,531	12,174,231
Tanks and Pipeline	-	61,569,350
Dispensing Pumps	-	7,638,404
Electric Installation	-	7,465,360
Furniture and fittings	-	670,500
Vehicles	4,901,435	4,581,752
Leasehold improvements	-	4,463,125
Office equipment	2,728,207	32,730,802
Computers	2,557,361	15,009,075
	<u>14,021,702</u>	<u>525,927,755</u>
<b>9.1.2 Book value of deletions during the period / year</b>		
Cost:		
Vehicles	4,619,045	12,989,313
Computers	846,800	4,164,202
Office Equipments	-	67,397
Less: Accumulated depreciation	4,140,363	11,181,993
	<u>1,325,482</u>	<u>6,038,919</u>
<b>9.2. Capital work-in-progress</b>		
Advance for purchase of apartment (Note 9.2.1)	25,226,750	25,226,750
Advances for capital expenditure	20,305,796	101,550,777
Civil works	54,522,103	26,860,047
Dispensing pumps	29,396,095	29,396,100
Mobilization advances	5,069,766	5,069,766
Plant and machinery	236,807,239	63,943,014
Vehicles	61,439,913	-
Unallocated expenditures	14,612,220	2,146,800
	<u>447,379,882</u>	<u>254,193,254</u>
<b>9.2.1</b>	<p>This represent advance given to BNP (Private) Limited against purchase of apartment in Grand Hayatt (the "Project") 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 and sealed the Project. Against the alleged order, BNP (Private) Limited filed a writ petition before the Honorable Islamabad High Court ("IHC") challenging the cancellation of said lease. IHC dismissed the writ petition of BNP (Private) Limited. However, the honorable judge of IHC ruled that it is a duty of the Federal Government to ensure that the purchasers do not suffer due to Government's own wrongful actions and omissions, particularly when the regulatory failure of the CDA stands admitted. The Holding Company and others filed appeals against the aforesaid judgment of IHC before Honorable Supreme Court of Pakistan. On 09 January 2019, Honorable Supreme Court of Pakistan has passed order whereby the Court has ordered BNP (Private) Limited to pay Rupees 17.5 billion in eight years to CDA to revive 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. CDA and BNP (Private) Limited have filed review petitions against the order of the Supreme Court of Pakistan which are still pending for review. Supreme Court of Pakistan referred the matter to the Public Accounts Committee (PAC) and asked them to submit its recommendation on the subject matter. During the year ended 30 June 2021, PAC endorsed the amount of Rupees 17.5 billion to be paid to CDA in six years for the revival of lease and de-sealing of the Project in accordance with the settlement held between CDA and BNP (Private) Limited. On 06 January 2021, on the directives of PAC and payment of first installment of settlement amount by BNP (Private) Limited, CDA has de-sealed the Project. Pursuant to the settlement of the matter as stated above and de-sealing of the Project, BNP (Private) Limited and the Holding Company have started negotiations to finalize the terms and conditions of "Undertaking and Indemnity Agreement" to take the possession of the apartment. The Holding Company is confident of favorable outcome of the negotiations and possession of the apartment.</p>	

## Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2021

### 10. RIGHT-OF-USE ASSETS

	Land	Buildings	Vehicles	Total
<b>At 01 July 2020</b>	193,256,534	3,064,790	56,764,008	253,085,332
Add: Additions during the year	112,866,866	94,245,027	57,732,454	264,844,347
Less: Impact of lease modification	56,040,297	-	-	56,040,297
Less: Book value of assets transferred to fixed assets - owned during the year	-	-	44,714,653	44,714,653
Less: Depreciation expense for the year	39,880,015	24,280,753	12,068,179	76,228,947
<b>At 30 June 2021</b>	210,203,088	73,029,064	57,713,630	340,945,782
Add: Additions during the period	-	-	4,663,704	4,663,704
Less: Depreciation expense for the period	10,414,335	7,374,311	3,047,880	20,836,526
<b>At 30 September 2021</b>	199,788,753	65,654,753	59,329,454	324,772,960

#### 10.1 Lease of land

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

#### 10.2 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 range from two to five years.

#### 10.3 Lease of vehicles

The Holding Company obtained vehicles on lease for employees. The average contract duration is 3 years (2021: 3 to 7 years).

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

	Un-Audited 30 September 2021 Rupees	Audited 30 June 2021 Rupees
<b>11. INTANGIBLE ASSETS</b>		
Computer softwares (Note 11.1)	9,518,699	10,713,375
Intangible asset under development - computer software	13,663,499	6,665,000
	<u>23,182,198</u>	<u>17,378,375</u>
<b>11.1 Computer Softwares</b>		
Opening book value	10,713,375	7,866,531
Additions during the period/year	145,950	7,069,069
Amortization during the period/year	(1,340,626)	(4,222,225)
Closing book value	<u>9,518,699</u>	<u>10,713,375</u>

#### 11.2 Intangible assets - computer softwares have been amortized at the rate of 30% (2021: 30%) per annum.

## Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2021

	Un-Audited 30 September 2021 Rupees	Audited June 30, 2021 Rupees
<b>12. STOCK-IN-TRADE</b>		
Raw Material	1,398,250,480	562,888,981
Work-in-process	50,424,979	24,280,043
	<u>1,448,675,459</u>	<u>587,169,024</u>
Lubricants and parts	1,033,556,070	797,192,460
Less: Provision for slow moving and damaged stock items	8,562,589	8,833,309
	<u>1,024,993,481</u>	<u>788,359,151</u>
Petroleum products	324,206,935	534,969,344
Stock of promotional items	192,154	192,155
Dispensing pumps and other installations	66,917,989	46,356,890
	<u>2,864,986,018</u>	<u>1,957,046,564</u>
<b>13. CASH AND BANK BALANCES</b>		
Cash in hand	2,139,365	1,728,835
Cash at banks:		
Saving accounts (Note 13.1)	84,059,772	84,815,473
Current accounts	165,800,116	251,202,953
	<u>249,859,888</u>	<u>336,018,426</u>
Term deposit receipt (Note 13.2)	224,999,999	50,000,000
	<u>476,999,252</u>	<u>387,747,261</u>

13.1 Saving accounts carry profit at the rates ranging from 5.48% to 11.30% (2021: 5.48% to 11.30%) per annum.

13.2 This term deposit receipt issued by banking company having maturity period of one month and carry interest at 6.15% per annum (2021: 5.25% per annum).

	Un-Audited 30 September 2021 Rupees	Un-Audited 30 September 2020 Rupees
<b>14. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	151,915,219	106,736,370
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation on operating fixed assets	53,711,278	40,369,282
Depreciation on right-of-use assets	17,788,645	13,344,482
Amortization of intangible assets	1,340,626	855,451
Amortization of deferred income - Government grant	(1,679,982)	(1,435,542)
Provision for slow moving and obsolete store items	1,577,625	-
Gain on disposal of operating fixed assets	(1,631,185)	301,606
Dividend income	(4,933,416)	(3,689,719)
Profit on bank deposits and short term investments	(4,319,496)	(7,165,691)
Unrealised loss / (gain) on remeasurement of investments	(495)	(988,157)
Finance cost	36,825,620	29,648,221
Exchange (gain) / loss - net	31,815,486	8,822,901
Provision for workers' profit participation fund	1,535,293	427,511
Provision for workers' welfare fund	1,105,831	23,356
Working capital changes (Note 14.1)	(920,107,578)	21,171,247
	<u>(635,056,529)</u>	<u>208,421,318</u>

## Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2021

	Un-Audited 30 September 2021 Rupees	Un-Audited 30 September 2020 Rupees
<b>14.1 Working capital changes</b>		
Decrease / (increase) in current assets:		
Stores	(6,922,556)	7,775,055
Stock-in-trade	(910,061,646)	398,754,703
Trade debts	520,876,873	346,717,085
Loans and advances	(156,239,500)	(41,708,439)
Short term deposits and prepayments	10,168,570	3,141,808
Other receivables	77,610,493	(16,846,517)
	(464,567,766)	697,833,695
Increase / (decrease) in trade and other payables	(455,539,812)	(676,662,448)
	<u>(920,107,578)</u>	<u>21,171,247</u>

### 15. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Group comprise of subsidiary company, associated undertakings, other related parties, key management personnel and provident fund trust. The Holding 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 consolidated condensed interim financial statements, are as follows:

Relationship	Nature of transactions	Un-Audited 30 September 2021 Rupees	Un-Audited 30 September 2020 Rupees
<b>i Transactions</b>			
<b>Associated companies</b>			
MAS Associates (Private) Limited	Share of common expenses	238,775	311,253
<b>Other related parties</b>			
SK Lubricants Co., Ltd.	Purchase of lubricants	1,345,394,738	357,129,002
Provident fund trusts	Contribution	6,087,858	4,746,549
Sabra Hamida Trust	Donations	4,500,000	4,500,000
		<b>Un-Audited 30 September 2021 Rupees</b>	<b>Audited 30 June 2021 Rupees</b>
<b>ii. Period end balances</b>			
<b>Associated company</b>			
Receivable from MAS Associates (Private) Limited		238,775	218,274
<b>Other related party:</b>			
Receivable from SK Lubricants Company Limited		-	31,560,000
Payable to SK Lubricants Company Limited		427,160,310	748,540,365
Payable to employees' provident fund trust		4,228,730	3,730,588



## Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2021

### 16 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 September 2021	Level 1	Level 2	Level 3	Total
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----- Rupees -----

#### Financial assets

Financial assets at fair value through profit or loss	220,067,999	-	-	220,067,999
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Recurring fair value measurements at 30 June 2021	Level 1	Level 2	Level 3	Total
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----- Rupees -----

#### Financial assets

Financial assets at fair value through profit or loss	446,043,245	-	-	446,043,245
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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 on Pakistan Stock Exchange and for funds, Net Asset Value (NAV) of respective Asset Management Company.

# Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2021

## 17. 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.

	(Un-audited)							
	LUBRICANTS		PETROLEUM PRODUCTS		UNALLOCATED		TOTAL - COMPANY	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Revenue - net	1,843,097,995	1,525,260,881	1,237,394,483	313,634,669	-	-	3,080,492,478	1,838,895,550
Cost of sales	(1,213,846,255)	(1,082,205,415)	(1,186,267,945)	(296,830,262)	-	-	(2,400,114,200)	(1,379,035,677)
Gross profit	629,251,741	443,055,466	51,126,537	1,680,407	-	-	680,378,278	459,859,873
Distribution cost	(201,920,930)	(169,200,507)	(59,187,033)	(34,598,660)	-	-	(261,107,963)	(203,799,167)
Administrative expenses	(158,250,408)	(111,888,143)	(5,664,199)	(7,661,514)	-	-	(163,914,607)	(119,549,657)
Other expenses	(81,905,671)	(11,969,910)	(2,379,466)	(2,060,031)	-	-	(84,285,137)	(14,029,941)
Other income	(442,077,009)	(293,058,560)	(67,230,698)	(44,320,206)	-	-	(509,307,707)	(337,378,765)
Profit / (loss) from operations	6,875,714	5,570,243	10,794,554	8,333,240	-	-	17,670,268	13,903,483
Finance cost	194,050,446	155,567,149	(5,309,607)	(19,182,558)	-	-	188,740,839	136,384,591
Profit / (Loss) before taxation	194,050,446	155,567,149	(5,309,607)	(19,182,558)	(36,825,620)	(29,648,221)	(36,825,620)	(29,648,221)
Taxation	194,050,446	155,567,149	(5,309,607)	(19,182,558)	(47,533,346)	(17,477,326)	(47,533,346)	(17,477,326)
Profit / (Loss) after taxation	194,050,446	155,567,149	(5,309,607)	(19,182,558)	(84,358,966)	(47,125,547)	104,381,873	89,259,044
<b>Total assets for reportable segments</b>	-----Rupees-----						-----Rupees-----	
	4,516,224,580	3,228,041,558	1,696,694,534	2,093,952,623			6,212,919,114	5,321,994,181
<b>Unallocated assets</b>								
							2,491,086,552	1,645,206,165
<b>Total assets as per statement of financial position</b>							8,704,005,666	6,967,200,346
<b>Total liabilities for reportable segments</b>							3,392,561,701	2,556,649,449
<b>Unallocated liabilities</b>							902,717,476	1,069,719,741
<b>Total liabilities as per statement of financial position</b>							4,295,279,177	3,626,369,190

17.2 All of the sales of the Group relates to customers in Pakistan.

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

## Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2021

### 18. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Group for the year ended 30 June 2021.

### 19. GENERAL

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



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Director



Chief Financial Officer



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