DIRECTORS' REPORT **TO THE SHAREHOLDERS**

IN THE NAME OF ALLAH, THE MOST BENEVOLENT, **THE MOST GRACIOUS**

The Directors of Hi-Tech Lubricants Limited ("HTL" or the "Company") are pleased to present the Annual Report along with standalone and consolidated audited financial statements for the year ended June 30, 2022.

PAKISTAN'S **ECONOMIC REVIEW**

Pakistan's economy posted a robust GDP growth of 5.97% for the fiscal year ended June 30, 2022. Exports grew strongly on account of policy support including export facilitation scheme, enhancement in coverage and loan limits under LTFF, and tariff rationalization in certain sectors. Tax collection by the Federal Board of Revenue also recorded substantial growth of 29% during the same period. However, the geopolitical uncertainty, arising out of the Russia-Ukraine conflict has amplified our macroeconomic imbalances and global commodity prices have increased substantially, bringing pressure on forex reserves. Further, CPI inflation rose to 11.3% that led the State Bank of Pakistan (SBP) to raise the policy rate to 15 percent as part of monetary tightening which has been underway since September 2021 to tame the rising inflation. The Federal Government has also increased the income taxes on select corporate sectors through the Federal Budget 2022-23 to reduce the fiscal gap.

ECONOMIC **OUTLOOK**

The economic outlook is surrounded by global and domestic uncertainties. Geopolitical tensions remain unabated, worldwide inflation remains high, interest rates show tendencies to rise, and the US dollar strengthens. Pakistan's external environment is therefore posing increasing challenges. Domestically, the Government has taken necessary measures to comply with IMF requirements. These have further increased inflation, but also have had the positive effect of alleviating the external financing constraints. Recent floods caused by abnormally heavy monsoon rains have adversely affected both important and minor crops which may impact the economic outlook through drop in agriculture performance in coming months.

FINANCIAL PERFORMANCE ON A **CONSOLIDATED BASIS**

Despite unprecedented situation caused by the global and domestic uncertainties, your Group (Hi-Tech Lubricants Limited and Hi-Tech Blending (Private) Limited its wholly owned subsidiary) recorded revenue growth of 34% through undisrupted supply and availability of products, distribution channel expansion and investments behind the brands. Despite recording a 49.8% improvement in our profit before tax, our bottom line has shown a drop of 10% due to a massive increase in corporation tax booked in the fourth quarter of year under review. The growth in operational profit was achieved through various timely initiatives, optimization fuel project expansion and strategies aimed at better pricing management in lubricant segment. The Group attained operating profit of PKR 1506 million, up by 62% as compared to corresponding year driven by volume growth, cost control and value chain optimization initiatives, however the bottom line has been hit by unprecedented tax expense of PKR 600 million primarily due to recognition of super tax and impact of deferred tax liability. The company booked effective taxation at a mammoth 97% in 4QFY22 vs. 7.5% in SPLY on account of super tax and impact of deferred tax liability. This taxation blow is the prime cause of 10% drop in our earning per share from PKR 4.91 to PKR 4.44. On a positive note, for the first time our OMC project after coming into operation is in green. These figures include a profit from operations of PKR 405 million associated with our OMC segment, which is currently in its growth phase.
Detailed consolidated financial performance of your Group is presented below:

Particulars	Consolidated Year ended 30 June		Variance (+/-)
	2022	2021	
	PKR IN MILLION		% age
Gross Sales	20,962	15,600	34%
Net Sales	17,744	10,597	67%
Gross Profit	3,737	2,268	65%
% of sales	21.06%	21.40%	(0.34%)
Operating Profit	1,506	928	62%
Net profit before Tax	1,218	813	49.8%
Net profit after Tax	617	684	(9.8%)
Earnings Per Share	4.44	4.91	(9.57%)

The Group's product strategy is focused on delivering quality in every aspect of its business we do.

OPERATIONAL **PERFORMANCE**

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

HTBL is a wholly owned subsidiary of your Company. It continued its impressive growth in revenues and profitability. HTBL continuously added new products to its portfolio and has also expanded its blending facilities.

HTL **EXPRESS CENTERS**

HTL Express with a goal of changing the dynamics of vehicle maintenance through superior services, trained professionals and best technology continued to expand its reach. With eight HTL Express franchised centers in place, the Company is focused on increasing the customer base in the vehicle preventive maintenance. Further, the Company is increasing the number of these outlets through HTL dealer operated fuel stations. So far the mix of franchise model and fuel station model is reached the total of 27 centers.

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

The Company currently has 27 HTL Fuel Stations in Punjab whereas 19 fuel stations are in process in Punjab. Further, currently there are 27 HTL Fuel Stations are in process in KPK and we are awaiting OGRA's approval of our KPK depot. While the stations are outperforming the volumes we had forecast in their individual feasibility studies – a testament to our site selection and brand equity associated with the "ZIC" name.

MANAGEMENT OF **LIQUID RESOURCES**

CASH **MANAGEMENT**

Cash management and liquidity control are our key focus areas that are incorporated into all strategic decision making processes of the Company from purchasing, the design of marketing schemes and capital expenditures. A budgeting and planning department works under the direct supervision of CFO of the Company directly reportable to CEO. This section works for annual strategic planning, budgeting and forecasting that enables Company to efficiently achieve its vision and safeguard against future strategic and liquidity risks. The Company has an effective Cash Management System in place whereby cash inflows and outflows are projected on monthly, quarterly and half-yearly basis and monitored rigorously along with monthly and quarterly rolling forecast budgeting. Working capital requirements are properly planned and managed through efficient management of trade receivables, payables and inventory levels and financing arrangements.

CAPITAL **EXPENDITURE**

Capital expenditure is managed carefully through a proper evaluation of profitability and risks associated with each investment. In conformity with Company's prescribed Capital Expenditure and Risk Management policies, regular project reviews are undertaken by internal audit department and audit committee for delivery on time and at budgeted cost. Large capital expenditures are further backed by long-term contracts to minimize cash flow problems for the business. Capital expenditure during the year ended June 30, 2022 was PKR 983 million compared to PKR 462 million in the corresponding period.

The Board is satisfied that there are no short or long-term financial constraints that may hamper Company's investments in long term projects as the Company continues to enjoy access to competitive credit due to its strong statement of financial position as at June 2022. The company faces no liquidity risks in light of its well-planned cash management strategies leading to adequate availability of unutilized funded and non-funded financial facilities.

CONTRIBUTION TO **NATIONAL EXCHEQUER**

Your Group is a noteworthy contributor to the national economy and has contributed PKR 2.785 billion during the year 2022 to the national exchequer on account of sales and income taxes.

APPROPRIATION OF **PROFITS**

In view of the financial results of the Company for the year 2022, the Board of directors has proposed, at its meeting held on September 23, 2022, a final cash dividend for the year ended June 30, 2022 of PKR 2/- per share (20%). The approval of the members for the dividend will be obtained at the Annual General Meeting to be held on October 28, 2022. In accordance with the requirements of applicable accounting standards, the proposed cash dividend amounting to PKR 278,409,600/- has not been recognized as a liability in these financial statements.

IPO **FUNDS**

Note 52 to the financial statements of the Company for the year ended June 30, 2022 provides detailed information on the utilization of IPO proceeds.

Particulars	Rupees
Un-utilized IPO proceeds as at July 01, 2021	533,731,898
Add: Profit on term deposit receipts	15,691,233
Add: Profit on bank deposits	1,523,688
Add: Dividend on investment in mutual fund	21,892,690
Add: Gain on disposal of investment in mutual fund	50,966
Add: Unrealized gain on disposal of investment in mutual fund	680,524
Less: Payments made relating to OMC project	(126,960,515)
Less: Withholding tax on profit	(2,582,239)
Less: Withholding tax on dividend from mutual funds	(3,283,902)
Less: Withholding tax on disposal of mutual funds	(32,453)
Less: Bank charges	(2,371)
Un-utilized IPO proceeds as at June 30, 2022	440,709,519

The board and management are of the view that this capital must generate adequate risk adjusted returns in the best interests of the shareholders.

FUTURE **OUTLOOK**

The economic outlook is surrounded by global and domestic uncertainties. Geopolitical tensions remain unabated, worldwide inflation remains high, interest rates show tendencies to rise, and the US dollar continues to strengthen. Pakistan's external environment is therefore facing increasing challenges.

Domestically, the Government has taken necessary measures to comply with IMF requirements. These have further increased inflation, but also have the positive effect of alleviating the external financing constraints.
Recent floods caused by abnormally heavy monsoon rains have adversely affected our important and minor crops which may impact the economic outlook through a drop in agriculture performance.

Considering the current economic situation, HTL is consolidating its market operations and demand management with increased local blending and filling at our plant by shifting 90% of our imported product portfolio to the plant and also expanding our blending facilities. This is contributing to valuable forex savings for the country and will save HTL from exchange losses.
The government is currently considering deregulation of the OMC sector. If this is implemented in the coming fiscal year, we expect improvement in profitability of our OMC segment as well as a reduction in month to month volatility of margins under the current pricing regime. At the same time, we are striving hard for satisfactory increase in the number of functional service stations, through approval of our KPK terminal.

HTBL has been approached by potential large scale users of plastic bottles for supply of specially designed plastic bottles to meet their varied specific needs and the company is in the process of finalizing these arrangements. This segment of our business is therefore at the threshold of significant increase in revenues.

Due to expected increase in number of our functional service stations, expansion in blending plant's operations, and persistently aggressive marketing policies, the Group expects better results for next year in terms of profitability and growth.

MATERIAL CHANGES AND **COMMITMENTS**

• There have been no material changes since June 30, 2022 and none of the group companies have entered into any commitment, which would affect financial position of any group company at the date except those included in the unconsolidated and consolidated financial statements of the Company for the year ended June 30, 2022.
• There has been no modification in the Auditor's Report in relation to any group company at any stage.
• There has been no default in payment of any debt by any of the group companies during the year.
These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

COMPLIANCE WITH THE **CODE OF CORPORATE GOVERNANCE**

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

AUDITORS

The present auditors M/s Riaz Ahmad & Co., Chartered Accountants, retire and offer themselves for re-appointment. They have confirmed achieving satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the Guidelines on the Code of Ethics of the International Federation of Accountants (IFAC) as adopted by ICAP. As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as Auditors of the Company for the year ending June 30, 2023, at a fee to be mutually agreed.

PATTERN OF **SHAREHOLDING**

A statement of the pattern of shareholding of certain class of shareholders as at June 30, 2022, whose disclosure is required under the reporting framework, is included in the annexed shareholders' information.

BOARD **COMMITTEES**

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

ADEQUACY OF **INTERNAL CONTROLS**

The directors are committed to its values of good governance and adequacy of internal controls. The Company has sound system of internal control in design which firmly integrated across all functions, effectively implemented and regularly monitored. The Board's Audit Committee reviews the Company's system of internal control to ensure that systems are in place and are adequate to safeguard the Company's assets, prevention & detection of error or fraud, compliance with laws & regulations and ensure the reliability of financial statements. Internal audit department provides its independent evaluation on the effectiveness of corporate governance, risk management and controls while reporting directly to the Board's Audit Committee. HTL keeps on strengthening and rationalizing its system of effective corporate governance, comprising of internally developed code of conduct, policies and procedures, and synchronized with industry's best available governance practices.

RISK **MANAGEMENT**

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

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

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

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

- ### CREDIT **RISK**

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

- ### LIQUIDITY **RISK**

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

- ### FOREIGN EXCHANGE **RISK**

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currencies. The Company is mainly exposed to short term USD/PKR parity on its import of finished lubricants, raw materials and plant and machinery in the Company and in its wholly owned subsidiary. As POL products are restricted from obtaining any forward cover as per guidelines of State Bank of Pakistan, the Company has to bear these and manage the impact of fluctuations in rupee versus dollar value on an ongoing basis. However, as more of our volumes shift to our blending unit we are able to mitigate this risk to certain extent, by curtailing as our lead times and effectively managing the need for buffer inventories.

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

RISK **GOVERNANCE**

The Company has a well-defined Risk Management Policy that clearly spells out the roles and responsibilities at various levels of our risk management programs and processes as outlined in our risk governance structure.

POLICIES AND **PROCEDURES**

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

CORPORATE **SOCIAL RESPONSIBILITY (CSR)**

During the year, and as earlier, your Company relentlessly worked on numerous social causes that include, healthcare, skill development, and environmental protection while focused primarily on Education. On July 02, 2010, the board of directors of your Company established a trust named Sabra, Hamida Trust. The principle objective of the trust is to contribute toward education by strengthening communities through quality teaching thereby visioning transforming lives from ordinary to exemplary. The trust is duly registered under section 2(36) of the Income Tax Ordinance, 2001. The trust has acquired all necessary accreditations notably the Pakistan Centre for Philanthropy (PCP) accreditation. Other than contributing a major share in education, the Company is also making regular contributions/donations to Sabra Hamida trust for carrying out need-based social work with joint collaborations while maintaining total transparency. Owing to the national disaster caused by massive flooding in Balochistan, Sindh and Punjab, the Trust is providing monetary assistance to the Al-khidmat foundation for victims' rehabilitation, for providing food and medical assistance in the affected areas. The Group donated approx. PKR 19.2 million towards various causes in the current year besides flood relief assistance.

SUSTAINABILITY AND **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

At HTL, Corporate Social Responsibility refers to playing a positive role in the community while fully taking into account the environmental and social impact of business decisions. Your company is fully committed to raising the bar in the crucial sectors of Pakistan; Education, Healthcare and the Environment. Our Corporate Social Responsibility projects are a reflection of the universally acclaimed Sustainable Development Goals (SDG) 2030. These are keenly curated projects strongly built on the core objective to bring reforms in livelihood with joint collaborations and with direct interventions in local communities. Hi-Tech Lubricants Limited shares the same sentiments as the MNC groups in Pakistan to take appropriate measures to counter challenges and thrive in the Sustainable Development Goals (SDGs'). Further details are shown in the relevant section of this annual report.

ENVIRONMENT, **HEALTH & SAFETY**

Your Company is endeavoring to meet the environmental, health and safety practices through introducing products that are pollution free with low emissions. Being a responsible corporate citizen, of Pakistan, areas of focus in 2022 continued to be road safety through patronage with City Traffic Police and National Highway and Motorway Authorities. Firefighting drills and safety workshops executed at Company offices and plant location for health and safety of our employees and for prevention of all sorts of injuries at all workplaces of your Company.

Your Company further ensures through regular reviews that our blending plant continue to comply with environmental quality standards over and above the standards as prescribed by concerned environmental protection agency. Your

Company continued focusing on behaviour based safety and risk control which enables minimizing the risks of injuries and accidents through use of helmets and other precautionary measures while driving. Detailed seminars and other awareness campaigns were conducted in liaison with City Traffic Police, National Highway and Motorway Authorities. Further details have been presented in Sustainability and Corporate Social Responsibility section of this annual report.

• CONTRACTS WITH **RELATED PARTIES**

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

• THRESHOLD FOR **CONSIDERATION AS EXECUTIVES**

The Board has fixed the threshold of employees for consideration as Executives of the Company which includes CEO, CFO, Company Secretary, Head of Internal Audit, all the Heads of Departments and such other employees as may be specified by Human Resource and Remuneration Committee keeping in view their scope of performance affecting the organization's key objectives and drawing monthly salary package of PKR 500,000/- or above.

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

- Mr. Shaukat Hassan (Chairman BOD & Non-Executive Director);
- Mr. Hassan Tahir (CEO & Executive Director);
- Mr. Muhammad Ali Hassan (Executive Director)
- M r. Tahir Azam (Non-Executive Director);
- Mr. Faraz Akhtar Zaidi (Non-Executive Director);
- Ms. Mavira Tahir (Non-Executive Director);
- Dr. Safdar Ali Butt (Non-Executive Independent Director);
- Syed Asad Abbas Hussain (Non-Executive Independent Director)
- Mr. Shafiq ur Rehman (Non-Executive Independent Director) (since last election of Directors held on October 26, 2021 and replaced Mr. Muhammad Tabassum Munir (Non-Executive Independent Director));
- Mr. Muhammad Tabassum Munir (Non-Executive Independent Director) (till last election of Directors held on October 26, 2021 and replaced by Mr. Shafiq ur Rehman (Non-Executive Independent Director));
- Mr. Sanghyuk Seo (Current Nominee of SK Lubricants Co. Ltd.) (Non-Executive Director) (since February 18, 2022))
- Mr. Hyukjin Kwon (Ex-Nominee of SK Lubricants Co. Ltd.) (Non-Executive Director) (till February 18, 2022 and replaced by Mr. Sanghyuk Seo (current Nominee of SK Lubricants Co. Ltd.))

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

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

- Male: 09
- Female: 01

The composition of board on basis of type of directorship held, is as follows:

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

COMMITTEES OF **THE BOARD**

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

Names of members of Board's Audit Committee

Dr. Safdar Ali Butt (Chairman of Board's Audit Committee since last election of Directors)
Mr. Shaukat Hassan (Member of Board's Audit Committee)
Mr. Tahir Azam (Member of Board's Audit Committee)
Mr. Faraz Akhtar Zaidi (Member of Board's Audit Committee)
Mr. Shafiq ur Rehman (Member of Board's Audit Committee since last election of Directors)
Mr. Muhammad Tabassum Munir (Ex-Member and Ex-Chairman of Board's Audit Committee) (till last election of Directors)

Names of members of Board's Human Resources and Remuneration Committee

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

Names of members of Board's Nomination Committee

Dr. Safdar Ali Butt (Chairman of Board's Nomination Committee)
Mr. Shaukat Hassan (Member of Board's Nomination Committee)
Mr. Tahir Azam (Member of Board's Nomination Committee)
Ms. Mavira Tahir (Member of Board's Nomination Committee)

Names of members of Board's Risk Management Committee

Mr. Faraz Akhtar Zaidi (Chairman of Board's RM Committee)
Ms. Mavira Tahir (Member of Board's RM Committee)
Mr. Shafiq ur Rehman (Member of Board's RM Committee) (since last election of Directors)
Mr. Muhammad Tabassum Munir (Ex-Member of Board's RM Committee) (till last election of Directors)

Names of members of Board's Corporate Social Responsibility Committee

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

• Names of members of Board's Investment Committee

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

DIRECTORS **TRAININGS**

The Company has complied well above the legal requirements in respect of Directors' Trainings and nine out of ten current directors have obtained Directors Training Certificates. Newly appointed director may also obtain the same within prescribed timeframe.

EVALUATION OF **PERFORMANCES**

The task of evaluation of performances of the Board, its Members, Committees, the Chairman and CEO for the year ended June 30, 2022 has been outsourced to an external consultant in compliance to the requirements of Rule 28 (1) (vi) of Listed Companies, (Code of Corporate Governance) Regulations, 2019. Major terms of appointment of external consultant M/S Nazeer Shaheen & Associates through its CEO Mr. Nazeer Shaheen, included, without limitation, Scope of Work, Deliverables under the Assignment, Duration of Assignment, Nature of Services, Status of the consultant, responsibilities of the parties, consultancy fee and confidentiality

DIRECTORS' REMUNERATION **POLICY**

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

The objectives of the policy are two-fold:

a. to attract, motivate and retain directors of the highest caliber with broad commercial experience, and
b. to comply with all the provisions of all relevant laws, rules and regulations applicable to directors' remunerations.

The Policy has been drawn considering the following:

a. Company's strategic aims and goals.
b. Company's corporate social responsibility.
c. Company's core principle of business integrity.
d. The market conditions for desired talent;
e. A need for maintaining a work atmosphere that is conducive to efficiency, maturity of thought, motivation to progress and attainment of corporate goals; and
f. Remuneration structure for directors in similar businesses in Pakistan as well as other companies of comparable size.

The upper limit of base pay and benefits to be allowed to individual directors is approved by Board of Directors within the limits approved by the shareholders/ members of the Company.

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

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

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

<table>
<tr><th>Particulars</th><th>Executive Directors</th><th>Non-Executive Directors</th><th>Independent Directors</th></tr>
<tr><td>Upper Limit of Base Pay*</td><td>Rs 36 million p.a.</td><td>Rs 18 million p.a.</td><td>None</td></tr>
<tr><td>Benefits*</td><td colspan="2">Company maintained car, reimbursement of medical, telecommunication, travelling, and leave travel expenses.</td><td>None</td></tr>
<tr><td>Performance Bonus</td><td>Proposed by Chairman and approved by HRRC/ Board for each director individually.</td><td>None</td><td>None</td></tr>
<tr><td>Upper Limit of Meeting / Directors Fees</td><td>None</td><td>None</td><td>Rs 400,000 per completed meeting of the Shareholders, Board or any of its Committees</td></tr>
<tr><td>Re-imbursement of expenses</td><td colspan="3">Actual expenses incurred on Company business, or a flat allowance set for the particular expense, e.g. board and accommodation when travelling on Company business.</td></tr>
<tr><td>Professional Indemnity Insurance</td><td>Yes</td><td>Yes</td><td>Yes</td></tr>
<tr><td>Terminal Benefits</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>Entitlement to Share Options</td><td>None</td><td>None</td><td>None</td></tr>
</table>

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

Summary of Remuneration for Different Classes of Directors

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

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

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

BUSINESS CONTINUITY **PLANNING (BCP)**

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

DISASTER **RECOVERY (DR)**

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

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

The Board is cognizant of its responsibilities to all minority shareholders. Both board members and the management team hold conversations with large institutional holders of the stock and brokerage houses to understand areas of focus for shareholders or any concerns. The goal of the Board of Directors is to attract a high caliber of shareholders who are well informed about the Company's prospects and its strategy. Members of the Board have virtually interacted with shareholders in Annual General Meeting held on October 26, 2021 to understand the views of shareholders of the Company and will do so again at this year's AGM which is planned to be conducted both physically and online. The Company further plans to hold at least One CBS on the basis of Annual Audited Financial Statements of the Company for the year ended June 30, 2022 within one month of the holding of upcoming AGM as permitted by PSX.

COMPANY'S STAFF **AND CUSTOMERS**

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

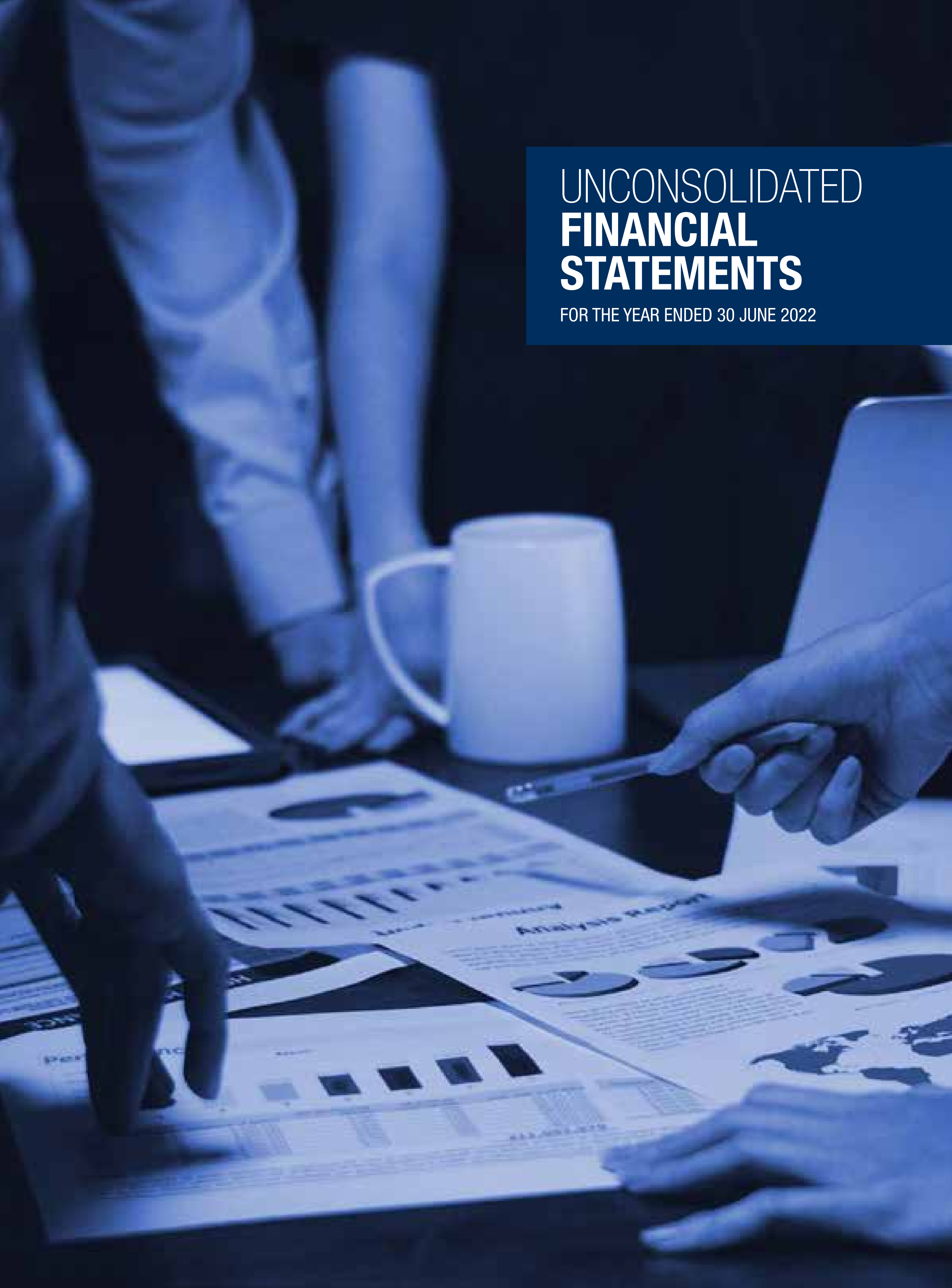
WEBSITE OF **THE COMPANY**

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

MR. HASSAN TAHIR (Chief Executive Officer) Lahore, September 23, 2022	**MR. SHAUKAT HASSAN** (Chairman)

UNCONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022



INDEPENDENT **AUDITOR'S REPORT**

To the members of Hi-Tech Lubricants Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Hi-Tech Lubricants Limited (the Company), which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	**Revenue recognition** The Company recognized net revenue from contracts with customers of Rupees 17,739.037 million for the year ended 30 June 2022. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. For further information, refer to the following: - Summary of significant accounting policies, Revenue recognition note 2.27 to the financial statements. - Net revenue from contracts with customers as shown on the face of statement of profit or loss.	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • We tested the effectiveness of the Company's internal controls over the calculation and recognition of discounts. • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. • We also considered the appropriateness of disclosures in the financial statements.

<table>
<tr><th>Sr. No.</th><th>Key audit matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>2.</td><td>Stock-in-trade existence and valuation

Stock-in-trade as at 30 June 2022 amounted to Rupees 2,868.898 million and represented a material position in the statement of financial position.

The business is characterized by high volume and the valuation and existence of stock-in-trade are significant to the business. Therefore, considered as one of the key audit matters.

Stock-in-trade is stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in note 2.11 to the financial statements.

At year end, the valuation of stock-in-trade is reviewed by management and the cost of stock-in-trade is reduced where stock-in-trade is forecast to be sold below cost.

For further information on stock-in-trade, refer to the following:

- Summary of significant accounting policies, Stock-in-trade note 2.11 to the financial statements.
- Stock-in-trade note 23 to the financial statements.</td><td>Our procedures over existence and valuation of stock-in-trade included, but were not limited to:

• To test the quantity of stock-in-trade at all locations, we assessed the corresponding stock-in-trade observation instructions and participated in stock-in-trade counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management.
• For a sample of stock-in-trade items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets.
• We tested that the ageing report used by management correctly aged stock-in-trade items by agreeing a sample of aged stock-in-trade items to the last recorded invoice.
• On a sample basis, we tested the net realizable value of stock-in-trade items to recent selling prices and re-performed the calculation of the stock-in-trade write down, if any.
• We assessed the percentage write down applied to older stock-in-trade with reference to historic stock-in-trade write downs and recoveries on slow moving stock-in-trade.
• In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs.
• We also made inquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.</td></tr>
</table>

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 24 September 2022

UDIN: AR202210132dMEGa3vuH

STATEMENT OF
FINANCIAL POSITION
As at 30 June 2022

	Note	2022 Rupees	2021 Rupees Restated
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
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	3	1,392,048,000	1,160,040,000
Reserves	4	2,750,498,756	2,022,535,056
Total equity		4,142,546,756	3,182,575,056
LIABILITIES			
Non-current liabilities			
Long term financing	5	-	47,490,196
Lease liabilities	6	471,952,022	334,670,123
Long term deposits	7	17,000,000	17,000,000
Deferred income tax liability - net	22	69,878,336	-
Deferred income - Government grant	8	-	361,618
		558,830,358	399,521,937
Current liabilities			
Trade and other payables	9	2,725,758,038	1,385,266,386
Accrued mark-up	10	38,150,124	9,756,777
Short term borrowings	11	1,494,218,779	461,180,637
Current portion of non-current liabilities	12	172,181,700	162,697,568
Unclaimed dividend		5,755,517	6,326,546
Provision for taxation - net	13	-	10,919,484
		4,436,064,158	2,036,147,398
Total liabilities		4,994,894,516	2,435,669,335
Contingencies and commitments	14		
TOTAL EQUITY AND LIABILITIES		9,137,441,272	5,618,244,391
ASSETS			
Non–current assets			
Fixed assets	15	2,590,342,283	1,833,545,894
Right-of-use assets	16	555,744,577	359,293,341
Intangible assets	17	6,657,720	10,645,943
Investment property	18	130,000,000	93,750,000
Investment in subsidiary company	19	1,300,000,600	1,300,000,600
Long term security deposits	20	37,694,740	29,401,655
Long term loan to an employee	21	783,329	-
Deferred income tax asset - net	22	-	48,245,631
		4,621,223,249	3,674,883,064
Current assets			
Stock-in-trade	23	2,868,897,798	878,741,709
Trade debts	24	106,218,981	103,225,348
Loans and advances	25	192,209,599	89,718,454
Short term deposits and prepayments	26	24,309,437	19,316,915
Other receivables	27	440,065,418	141,381,054
Accrued interest	28	570,582	390,462
Short term investments	29	226,804,412	446,043,245
Cash and bank balances	30	657,141,796	264,544,140
		4,516,218,023	1,943,361,327
TOTAL ASSETS		9,137,441,272	5,618,244,391

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

Chief Executive

Director

Chief Financial Officer

STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2022

HTL LIMITED
Hi-Tech Lubricants Ltd

	Note	2022 Rupees	2021 Rupees Restated
Gross revenue from contracts with customers	31	20,956,422,071	13,848,010,797
Discounts		(750,430,803)	(830,704,052)
Sales tax		(2,466,954,101)	(2,419,097,363)
Net revenue from contracts with customers		17,739,037,167	10,598,209,382
Cost of Sales	32	(15,019,145,240)	(8,802,509,492)
Gross profit		2,719,891,927	1,795,699,890
Distribution cost	33	(1,092,423,139)	(812,725,253)
Administrative expenses	34	(563,500,529)	(469,239,729)
Other expenses	35	(236,054,991)	(41,274,592)
		(1,891,978,659)	(1,323,239,574)
Other income	36	382,802,711	112,541,381
Profit from operations		1,210,715,979	585,001,697
Finance cost	37	(195,516,047)	(81,147,580)
Profit before taxation		1,015,199,932	503,854,117
Taxation	38	(277,277,940)	(142,532,964)
Profit after taxation		737,921,992	361,321,153
Earnings per share - basic and diluted	39	5.30	2.60

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

Chief Executive

Director

Chief Financial Officer

STATEMENT OF
COMPREHENSIVE INCOME
For the year ended 30 June 2022

	2022 Rupees	2021 Rupees Restated
Profit after taxation	737,921,992	361,321,153
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Surplus on revaluation of freehold land	704,626,206	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year	704,626,206	-
Total comprehensive income for the year	1,442,548,198	361,321,153

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

Chief Executive

Director

Chief Financial Officer

STATEMENT OF **CHANGES IN EQUITY**

For the year ended 30 June 2022

	Share capital	Reserves					Total equity
		Capital reserve			Revenue reserve	Total reserves	
		Share premium	Surplus on revaluation of freehold land	Sub Total	Un–appropriated Profit		
	Rupees						
Balance as at 30 June 2020	1,160,040,000	1,441,697,946	-	1,441,697,946	555,927,557	1,997,625,503	3,157,665,503
Transactions with owners:							
Final dividend for the year ended 30 June 2020							
@ Rupees 0.90 per share	-	-	-	-	(104,403,600)	(104,403,600)	(104,403,600)
Interim dividend for the year ended 30 June 2021							
@ Rupees 2.00 per share	-	-	-	-	(232,008,000)	(232,008,000)	(232,008,000)
Profit for the year ended 30 June 2021 - restated	-	-	-	-	361,321,153	361,321,153	361,321,153
Other comprehensive income for the year ended 30 June 2021	-	-	-	-	-	-	-
Total comprehensive income for the year ended							
30 June 2021 - restated	-	-	-	-	361,321,153	361,321,153	361,321,153
Balance as at 30 June 2021 - restated	1,160,040,000	1,441,697,946	-	1,441,697,946	580,837,110	2,022,535,056	3,182,575,056
Transaction with owners:							
Final dividend for the year ended 30 June 2021							
@ Rupees 2 per share	-	-	-	-	(232,008,000)	(232,008,000)	(232,008,000)
Issue of 01 bonus share for every 05 ordinary shares for the							
year ended 30 June 2021	232,008,000	-	-	-	(232,008,000)	(232,008,000)	-
Interim dividend for the year ended 30 June 2022							
@ Rupees 1.80 per share	-	-	-	-	(250,568,498)	(250,568,498)	(250,568,498)
Profit for the year ended 30 June 2022	-	-	-	-	737,921,992	737,921,992	737,921,992
Other comprehensive income for the year ended 30 June 2022	-	-	704,626,206	704,626,206	-	704,626,206	704,626,206
Total comprehensive income for the year ended 30 June 2022	-	-	704,626,206	704,626,206	737,921,992	1,442,548,198	1,442,548,198
Balance as at 30 June 2022	1,392,048,000	1,441,697,946	704,626,206	2,146,324,152	604,174,604	2,750,498,756	4,142,546,756

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

Chief Executive

Director

Chief Financial Officer

STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees Restated
Cash flows from operating activities			
Cash (used in) / generated from operations	40	(51,318,855)	856,216,605
Finance cost paid		(162,380,933)	(85,570,387)
Income tax paid		(58,722,363)	(56,194,929)
Net increase in long term loan to an employee		(983,333)	-
Net increase in long term security deposits		(6,681,740)	(8,701,887)
Increase in long term deposits		-	16,500,000
Net cash (used in) / generated from operating activities		(280,087,224)	722,249,402
Cash flows from investing activities			
Capital expenditure on operating fixed assets		(198,380,855)	(267,486,601)
Capital expenditure on intangible assets		(824,609)	(7,069,069)
Initial direct cost incurred on right-of-use assets		(3,410,776)	(1,203,654)
Proceeds from disposal of operating fixed assets		2,556,955	13,775,776
Short term investments - net		220,880,116	277,774,997
Dividends received		282,796,867	20,452,706
Profit on bank deposits and term deposit receipt received		21,991,452	21,828,703
Net cash from investing activities		325,609,150	58,072,858
Cash flows from financing activities			
Repayment of lease liabilities		(107,111,273)	(81,501,417)
Dividend paid		(483,147,527)	(333,523,490)
Long term financing obtained		-	126,582,220
Long term financing repaid		(95,703,612)	(46,430,813)
Short term borrowings - net		1,033,038,142	(305,082,290)
Net cash from / (used in) financing activities		347,075,730	(639,955,790)
Net increase in cash and cash equivalents		392,597,656	140,366,470
Cash and cash equivalents at the beginning of the year		264,544,140	124,177,670
Cash and cash equivalents at the end of the year		657,141,796	264,544,140

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

Chief Executive

Director

Chief Financial Officer

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. On 09 August 2021, OGRA has acknowledged the satisfactory completion of oil storage facility at Nowshera, Khyber Pakhtunkhwa Province. On 13 January 2022, OGRA has further extended / renewed the Provisional License for setting up of an OMC upto 31 December 2023.

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

Business units	Address
Registered and head office	1-A, Danepur Road, GOR-1, Lahore
Regional office – Karachi	C-6 /1, Street No. 3, Bath Island, Clifton, Karachi
Regional office – Islamabad	Suite No. 1402, 14th Floor, Green Trust Tower, Jinnah Avenue, Blue Area, Islamabad.
Regional office – Multan	House No. 95, Block C, Phase III, Model Town, Multan
Regional office – Peshawar	Office No. 280, 3rd Floor, Deans Trade Centre, Islamia Road, Peshawar
Warehouse	Property No. 35 A/M, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore
Customs bonded warehouse	7-KM, Sundar Raiwind Road, Bhai Kot, Lahore
Warehouse	7-KM, Sundar Raiwind Road, Bhai Kot, Lahore
Oil Depot – OMC Project	Mouza No. 107/9L, Tehsil and District Sahiwal
OMC Project office	Plot No. 2, Block K, Main Boulevard Gulberg-II, Lahore
Oil Depot – OMC Project	Mouza Aza Khel Bala, Tehsil and District Nowshera
Oil Depot – Extension	Mouza Aza Khel Payan, Tehsil and District Nowshera
HTL Express Centre	Dharampura, Lahore
HTL Express Centre	Garden Town, Lahore
HTL Express Centre	Block F, Gulshan-e-Ravi, Lahore
HTL Express Centre	Johar Town, Lahore
HTL Express Centre	Phase II, DHA, Karachi
HTL Express Centre	Gulistan-e-Johar, Karachi
HTL Express Centre	Pakistan Employees Cooperative Housing Society, Karachi
HTL Express Centre	Askari XIV Sector – A, Rawalpindi
Hussain Filling Station	Head Muhammad Road, Multan
Lali Sons Filling Station	Faisalabad Road, Lalian
Punjab Filling Station	Main Satyana Road, Faisalabad
Green Fuel CNG	1-KM, G.T. Road, Lalamusa
A.B. Petroleum Filling Station	Tehsil Liaqatpur, Rahim Yar Khan
Jillani CNG	Lehtrar Road, Islamabad
Dasti Filling Station	Jampur Road, Dera Ghazi Khan
Rehman Filling Station	Chistian Road, Hasilpur
Al-Fazal Filling Station	Sargodha Road, Jhang

Ibrahim Petroleum	Sialkot Road, Gujranwala
Karma Wala-1 Filling Station	Shahkot Road, Jaranwala
Raja Adeel Filling Station	Arifwala Road, Arifwala
Gondal Filling Station	Daska Road, Wazirabad
City Filling Station	Hujra Shah Muqeem, Okara
Al Karam Filling Station	Shamkey Bhattian, Lahore
Green City Fuel Station	Hasilpur Road, Bahalwalpur
Khokhar Fuel Station	Small Industrial Estate, Jinnah Road, Gujranwala
Minhas CNG	Multan Road, Lahore
One Stop	Main Ferozepur Road, Lahore
S&S	Toba Road, Jhang
Al Yousaf CNG	Khanewal Road, Multan
Rana Petroleum	Faisalabad Road, Okara
Mudassir Zulfiqar Filling Station	Vehari Road, Multan
Shahid & Company	Daska Road, Gujranwala
Benzina II Filling Station	Benazir Road, Okara
Nambardar Filling Station	Rawalpindi Road, Chakwal
Iftikhar Nadeem & Company	Mouza Jhawary, Dhamial Road, Rawalpindi Cantt.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

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

b) Accounting convention

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

C) Critical accounting estimates and judgments

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

Income tax

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

Useful lives, pattern of economic benefits and impairment

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

Inventories

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines.

Allowance for expected credit losses

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

Impairment of investment in subsidiary company

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

Revenue from contracts with customers involving sale of goods

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

Provisions

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

Classification of investments

The management of the Company determines the appropriate classification of its investments at the time of purchase or increase in holding and classifies its investments in accordance with IFRS 9 "Financial Instruments".

Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

Revaluation of freehold land and investment property

Fair values of freehold land and investment property are determined by independent valuer engaged by the Company. The key assumptions used to determine the fair values of freehold land and investment property are complex in nature. Further, determining adjustments for any differences in nature, location and condition of freehold land and investment property involves significant judgment. The effect of any changes in fair values are considered as estimate and are accounted for on a prospective basis.

d) Amendments to published approved accounting standard that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2021:

- IFRS 16 (Amendments) 'Leases'.
- Interest Rate Benchmark Reform– Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts', IFRS 7 'Financial Instruments: Disclosures' and IFRS 16 'Leases'.

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

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

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2021 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

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

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2022 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

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

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

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

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

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making

Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors) effective for annual periods beginning on or after 1 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

The International Accounting Standards Board (IASB) has published 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements. Effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2022. The amendments also add to IFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

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

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

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

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2022 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Fixed assets

Operating fixed assets except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition. Freehold land is stated at revalued amount less any identified impairment loss. Capital work-in-progress are stated at cost less any recognized impairment loss. All expenditure connected with specific assets incurred during installation and construction periods are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

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

Change in accounting policy

Previously, freehold land was stated, under cost model, at cost less recognized accumulated impairment loss, if any.

The Company has revised its accounting policy under IAS 16 'Property, Plant and Equipment', in respect of freehold land to fair value model under which freehold land is stated at revalued amount less recognized impairment loss, if any. Independent valuations are performed periodically, the carrying amounts are reviewed against the valuations and adjustments are made where there is material change. Increases in the carrying amount arising on revaluation of freehold land is recognised in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognised in the statement of profit or loss, the increase is first recognised in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss.

Depreciation

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

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

De-recognition

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

2.3 Intangible assets

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

2.4 Right-of-use assets

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

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

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

2.5 Lease liabilities

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

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

2.6 Investment in subsidiary company

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

2.7 Investment property

Land held for capital appreciation or to earn rental income is classified as investment property. Investment property is carried at fair value. Changes in fair value are presented in statement of profit or loss as part of other income.

Change in accounting policy

The Company has changed its accounting policy in respect of investment property to fair value model under which investment property is stated at revalued amount less recognized impairment loss, if any, whereas it was previously valued at cost less recognized impairment loss, if any. The management believes that the new policy provides reliable and more relevant information to the users of these financial statements.

Independent valuations are performed periodically, the carrying amounts are reviewed against these valuations and adjustments are made where there are material changes. Increases in the carrying amounts arising on revaluation of investment property are recognised, in the statement of profit or loss and accumulated in revaluation surplus in shareholders' equity.

This change in accounting policy has been accounted for retrospectively as referred under IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements have been re-stated.

Effect of the retrospective application of change in accounting policy is as follows:

Effect on statement of financial position:	**Rupees**
Investment property (as shown on face of statement of financial position)	
Previously reported as on 30 June 2021 – at cost	61,658,100
Fair value adjustment to investment property due to retrospective application of change in accounting policy	32,091,900
Balance as on 30 June 2021 – restated	93,750,000
Revenue reserve (as shown in note 4 to the statement of financial position)	
Profit for the year as previously reported	329,229,253
Fair value adjustment to investment property due to retrospective application of change in accounting policy	32,091,900
Balance as on 30 June 2021 – restated	580,837,110
Effect on statement of profit or loss for the year ended 30 June 2021:	
Other income (as shown in note 36)	
Increase in other income due to fair value gain on revaluation of investment property	32,091,900
Earnings per share (as shown on face of statement of profit or loss)	
Increase in earnings per share	0.27

The change did not have any impact on other comprehensive income for the year and the Company's operating, investing and financing cash flows. Had there been no change in accounting policy, the effect of figures reported in respect of year ended 30 June 2022 would have been as follows:

Effect on statement of financial position:	**Rupees**
Investment property (as shown on face of statement of financial position) would have been lower by	68,341,900
Revenue reserves (as shown in note 4) would have been lower by	68,341,900
Other income (as shown on face of statement of profit or loss) would have been lower by	36,250,000
Profit for the year would have been lower by	36,250,000
Earnings per share would have been lower by	0.26

2.8 Functional and presentation currency

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

2.9 Foreign currency transactions and translation

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

2.10 Employee benefits

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

2.11 Stock-in-trade

Stock-in-trade, except for stock-in-transit, is stated at lower of weighted average cost and estimated net realizable value. Cost comprises of invoice value, charges like custom duties and similar levies and other direct costs.

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

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

2.12 Investments and other financial assets

a) Classification

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

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

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

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

b) Measurement

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

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

Debt instruments

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

Amortized cost

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

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss (FVTPL)

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

Equity instruments

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

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss

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

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

2.13 Financial Liabilities - classification and measurement

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

2.14 Impairment of financial assets

The Company recognizes loss allowances for Expected Credit Losses (ECLs) on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVTOCI; and
- Contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and

- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

2.15 De-recognition of financial assets and financial liabilities

a) Financial assets

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

b) Financial liabilities

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

2.16 Offsetting of financial instruments

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

2.17 Impairment of non-financial assets

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

2.18 Cash and cash equivalents

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

2.19 Provisions

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

2.20 Taxation

Current

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

Deferred

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

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

Group taxation adjustments

Current and deferred taxes based on the consolidated results of the Group (under Section 59AA of the Income Tax Ordinance, 2001) are allocated within the Group on the basis of separate return method, modified for determining realizability of tax credits and tax losses which are assessed at Group level. Any adjustments in the current and deferred taxes of the Company on account of group taxation are credited or charged to statement of profit or loss in the year in which they arise.

2.21 Borrowings

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

2.22 Borrowing costs

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

2.23 Trade and other receivables

Trade debts are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

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

2.24 Trade and other payables

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

2.25 Contingent assets

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

2.26 Ijarah contracts

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

2.27 Revenue recognition

(a) Sale of goods

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

(b) Interest

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

(c) Dividend

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

(d) Rental income

The Company earns rental income on some of its property leased out. Rental income is recognized on accrual basis over the period of lease agreement as per the requirements of IFRS 16.

2.28 Contract assets

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

2.29 Customer acquisition costs

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

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

2.30 Customer fulfilment costs

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

2.31 Right of return assets

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

2.32 Contract liabilities

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

2.33 Refund liabilities

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

2.34 Share capital

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

2.35 Segment reporting

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

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

The Company has following reportable business segments:

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

2.36 Contingent liabilities

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

2.37 Earnings per share

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

2.38 Government grants

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

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

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

2.39 Dividend and other appropriations

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

3. ISSUED, SUBSCRIBED AND PAID–UP SHARE CAPITAL

2022	2021		2022	2021
(Number of shares)			Rupees	Rupees
41,002,000	41,002,000	Ordinary shares of Rupees 10 each		
		fully paid-up in cash	410,020,000	410,020,000
25,000,000	25,000,000	Ordinary shares of Rupees 10 each		
		issued as fully paid for consideration		
		other than cash (Note 3.2)	250,000,000	250,000,000
73,202,800	50,002,000	Ordinary shares of Rupees 10 each		
		issued as fully paid bonus shares	732,028,000	500,020,000
139,204,800	116,004,000		1,392,048,000	1,160,040,000

3.1 993,330 (2021: 827,775) ordinary shares of the Company are held by SK Lubricants Co., Ltd. - principal supplier and long term partner.

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

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

	2022 Rupees	2021 Rupees Restated
4. RESERVES		
Capital reserve		
Share premium (Note 4.1)	1,441,697,946	1,441,697,946
Surplus on revaluation of freehold land	-	-
As at 01 July	704,626,206	-
Add: Surplus on revaluation of freehold land	704,626,206	-
As at 30 June		
Revenue reserve		
Un-appropriated profit	604,174,604	580,837,110
	2,750,498,756	2,022,535,056

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

	2022 Rupees	2021 Rupees
5. LONG TERM FINANCING		
From banking company - secured		
Loan under State Bank of Pakistan (SBP) Refinance Scheme (Note 5.1)	47,490,196	138,452,041
Less: Current portion shown under current liabilities (Note 12)	47,490,196	90,961,845
	-	47,490,196

5.1 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).

		2022	2021
		Rupees	Rupees
6.	**LEASE LIABILITIES**		
	Total lease liabilities	596,281,908	401,664,079
	Less: Current portion shown under current liabilities (Note 12)	(124,329,886)	(66,993,956)
		471,952,022	334,670,123
6.1	Reconciliation of lease liabilities is as follows:		
	Opening balance	401,664,079	275,565,100
	Add: Additions during the year	243,183,235	263,640,693
	Add: Interest accrued during the year (Note 37)	50,390,078	33,175,450
	Add / (less): Impact of lease modifications during the year	66,644,586	(56,040,297)
	Less: Impact of lease termination during the year	(8,098,721)	-
	Less: Payments made during the year	(157,501,349)	(114,676,867)
		596,281,908	401,664,079
	Less: Current portion shown under current liabilities (Note 12)	(124,329,886)	(66,993,956)
		471,952,022	334,670,123
6.2	Maturity analysis of lease liabilities is as follows:		
	Upto 6 months	88,070,049	54,820,414
	6-12 months	92,019,875	49,637,154
	1-2 year	151,016,624	107,079,176
	More than 2 years	502,612,188	336,487,145
		833,718,736	548,023,889
	Less: Future finance cost	(237,436,828)	(146,359,810)
	Present value of lease liabilities	596,281,908	401,664,079
6.3	Amounts recognised in the statement of profit or loss:		
	Interest accrued during the year (Note 37)	50,390,079	33,175,450
	Expense relating to short term leases (included in distribution cost)	-	7,881,300
	Expense relating to leases of low-value assets (included in distribution cost)	1,882,221	1,761,950
	Total amount recognised in statement of profit or loss	52,272,300	42,818,700

6.4 Implicit rates against lease liabilities range from 7.40% to 16.28% (2021: 7.36% to 13.97%) per annum.

6.5 Leases from banking company are secured against the leased assets, personal guarantees of directors and security deposits of Rupees 28.100 million (2021: Rupees 18.189 million).

7. LONG TERM DEPOSITS

7.1 These are unsecured, interest free and repayable on termination of agreements. These security deposits have been utilized for the purpose of business in accordance with under process amendments to the terms of written agreements.

	2022 Rupees	2021 Rupees
8. DEFERRED INCOME - GOVERNMENT GRANT		
Opening balance	5,103,385	5,285,365
Add: Recognized during the year (Note 8.1)	-	7,741,179
Less: Amortized during the year (Note 36)	4,741,767	7,923,159
Closing balance	361,618	5,103,385
Less: Current portion shown under current liabilities (Note 12)	361,618	4,741,767
	-	361,618

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

	2022 Rupees	2021 Rupees
9. TRADE AND OTHER PAYABLES		
Creditors (Note 9.1)	2,262,455,325	1,115,677,772
Accrued liabilities (Note 9.2)	91,030,412	97,478,093
Infrastructure cess payable	67,555,065	64,428,052
Contract liabilities - unsecured (Note 9.3)	63,104,103	39,100,051
Retention money payable	16,796,112	32,823,412
Customs duty and other charges payable	60,266,180	20,392,828
Income tax deducted at source	14,600,110	11,326,854
Workers' welfare fund payable	15,889,350	900,948
Workers' profit participation fund payable	19,292,825	-
Payable to Hi-Tech Blending (Private) Limited - subsidiary company (Note 9.4)	111,351,094	-
Payable to employees' provident fund trust	3,417,462	3,138,376
	2,725,758,038	1,385,266,386

9.1 These include Rupees 1,202.327 million (2021: Rupees 697.545 million) and Rupees 52.663 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.

9.2 These include Rupees 2.384 million (2021: Rupees 4.124 million) on account of remuneration payable to directors of the Company.

9.3 These include Rupees 0.470 million (2021: Rupees Nil) received as advance for purchase of lubricants from Hi-Tech Blending (Private) Limited - subsidiary company.

9.4 The Company and Hi-Tech Blending (Private) Limited - subsidiary company have opted for group taxation as one fiscal unit under section 59AA of the Income Tax Ordinance, 2001. As on reporting date, the Company's share under group taxation after netting of advance tax has been recognized as payable to Hi-Tech Blending (Private) Limited - subsidiary company.

		2022 Rupees	2021 Rupees
10.	**ACCRUED MARK-UP / PROFIT**		
	Long term financing	355,248	1,065,745
	Short term borrowings	37,794,876	8,691,032
		38,150,124	9,756,777
11.	**SHORT TERM BORROWINGS**		
	From banking companies - secured		
	Short term finances (Note 11.1 and Note 11.2)	1,494,218,779	461,180,637

11.1 These finances are obtained from banking companies under mark-up arrangements and are secured against trust receipts, first joint pari passu hypothecation charge over present and future current assets of the Company, 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.

11.2 The rates of mark-up range from 8.01% to 16.02% (2021: 7.63% to 12.19%) per annum.

		2022 Rupees	2021 Rupees
12.	**CURRENT PORTION OF NON-CURRENT LIABILITIES**		
	Long term financing (Note 5)	47,490,196	90,961,845
	Lease liabilities (Note 6)	124,329,886	66,993,956
	Deferred income - Government grant (Note 8)	361,618	4,741,767
		172,181,700	162,697,568
13.	**PROVISION FOR TAXATION - NET**		
	Provision for taxation	238,421,105	82,822,361
	Less: Advance income tax	(238,421,105)	(71,902,877)
		-	10,919,484

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 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. The tax authorities have filed an income tax reference before Honourable Lahore High Court, Lahore against the order of the ATIR which is pending for adjudication. No provision against the case has been made in these financial statements, as the management, based on the advice of the legal counsel, is confident of favorable outcome of litigation.

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

14.1.3 Deputy Commissioner Inland Revenue (DCIR) passed an assessment order on 28 November 2018 under section 161 and section 205 of the Income Tax Ordinance, 2001 for the tax year 2015 whereby a demand of Rupees 22.358 million has been raised. On 21 December 2018, the Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR. CIR(A) accepted the Company's stance on certain issues assailed in appeal and reduced the aggregate demand to Rupees 10.735 million. Being aggrieved by the order of CIR(A), the Company filed 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 management, based on advice of the tax advisor, is confident of favorable outcome of litigation.

14.1.4 On 27 June 2022, Deputy Commissioner Inland Revenue (DCIR) passed an assessment order under section 161 and section 205 of the Income Tax Ordinance, 2001 for the tax year 2016 whereby a demand of Rupees 5.467 million including default surcharge has been raised against the Company on account of non / short deduction of withholding tax in respect of certain payments. The Company, subsequent to the reporting date, has filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR which is pending adjudication. The management, based on advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision thereagainst has been recognized in these financial statements.

14.1.5 On 24 March 2022, the Deputy Commissioner Inland Revenue (DCIR) has issued an amended assessment order under section 122(1) of the Income Tax Ordinance, 2001 for the tax year 2018 creating a demand of Rupees 1,115.673 million on account of various issues. Against the aforesaid order, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 29 August 2022, subsequent to the reporting date, CIR(A) has vacated the entire tax demand. However, in respect of various issues, the matter has been remanded back to the department for fresh consideration. The management, based on the advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these financial statements.

14.1.6 On 26 February 2022, Deputy Commissioner Inland Revenue (DCIR) passed an assessment order under section 177 and section 122(1) of the Income Tax Ordinance, 2001 for the tax year 2019 whereby a demand of Rupees 843.451 million has been raised against the Company on various issues. Against the order of DCIR, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 16 May 2022, CIR(A) has vacated the tax demand. However, in respect of certain issues, the case has been remanded back to assessing officer for fresh consideration. On 13 July 2022, subsequent to the reporting date, the tax authorities have filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR(A) which is pending adjudication. The management, based on the advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these financial statements.

14.1.7 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. However, on 29 September 2021, DCIR confirmed the matter and re-issued an order to recover Rupees 21.124 million against super tax for the tax year 2019 under section 4B of the Income Tax Ordinance, 2001. Against the aforesaid order, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 25 February 2022, CIR(A) remanded back the case to department for fresh consideration. However, these remand back proceedings have not been initiated yet. The management, based on advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these financial statements.

14.1.8 On 28 February 2022, Deputy Commissioner Inland Revenue (DCIR) issued an order for tax periods from July 2016 to June 2017 creating a demand of Rupees 1,353.135 million alongwith penalty and default surcharge on various issues under relevant provisions of the Sales Tax Act, 1990. Against the aforesaid order, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 27 May 2022, CIR(A) provided partial relief to the Company. However, sales tax default in respect of certain issues was upheld by CIR(A). Being aggrieved with the order of CIR(A), the Company has filed appeal before Appellate Tribunal Inland Revenue (ATIR) (except for defaults relating to short payment of extra tax and non-charging of sales tax on scrap sales aggregating to Rupees 3.818 million) which is pending for adjudication. The management, based on advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these financial statements.

14.1.9 On 15 March 2022, Deputy Commissioner Inland Revenue (DCIR) issued an order for tax periods from July 2018 to June 2019 creating a demand of Rupees 901.257 million alongwith penalty and default surcharge on various issues under relevant provisions of the Sales Tax Act, 1990. Against the aforesaid order, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 31 May 2022, CIR(A) provided partial relief to the Company. However, sales tax default in respect of certain issues was upheld by CIR(A). Being aggrieved with the order of CIR(A), the Company has filed appeal before Appellate Tribunal Inland Revenue (ATIR) (except for default relating to non-charging of sales tax on scrap sales amounting to Rupees 0.520 million) which is pending adjudication. The management, based on advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these financial statements.

14.1.10 Corporate guarantees of Rupees 2,633 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.

14.1.11 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.

14.1.12 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.

14.1.13 Guarantee of Rupees 15 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.

		2022 Rupees	2021 Rupees
14.2	**Commitments**		
14.2.1	For capital expenditures	53,571,861	35,310,701
14.2.2	Letters of credit other than for capital expenditures	-	38,219,444
15.	**FIXED ASSETS**		
	Operating fixed assets (Note 15.1)	2,459,192,488	1,744,846,431
	Capital work-in-progress (Note 15.2)	131,149,795	88,699,463
		2,590,342,283	1,833,545,894

15.1 Operating fixed assets

Reconciliation of the carrying amounts of operating fixed assets at the beginning and at the end of the year is as follows:

Description	Freehold land	Buildings on freehold land	Buildings on leasehold land	Machinery	Tanks and pipelines	Electric installation	Furniture and fittings	Vehicles	Leasehold improvements	Office equipment	Computers	Total
	Categories											
	Rupees											
At 30 June 2020												
Cost	562,162,894	213,161,735	350,681,482	80,126,796	117,326,785	9,120,343	26,343,102	176,554,710	-	128,373,992	31,632,329	1,695,484,168
Accumulated depreciation	-	(44,305,135)	(59,316,350)	(11,392,964)	(9,891,526)	(367,027)	(11,489,424)	(111,944,801)	-	(30,644,684)	(21,530,116)	(300,882,027)
Net book value	562,162,894	168,856,600	291,365,132	68,733,832	107,435,259	8,753,316	14,853,678	64,609,909	-	97,729,308	10,102,213	1,394,602,141
Year ended 30 June 2021												
Opening net book value	562,162,894	168,856,600	291,365,132	68,733,832	107,435,259	8,753,316	14,853,678	64,609,909	-	97,729,308	10,102,213	1,394,602,141
Additions	18,382,000	269,659,293	64,955,449	926,527	61,569,350	7,638,404	619,500	4,581,752	4,463,125	32,040,434	13,094,925	477,930,759
Transferred from right-of-use assets:												
Cost	-	-	-	-	-	-	-	82,965,895	-	-	-	82,965,895
Accumulated depreciation	-	-	-	-	-	-	-	(39,516,206)	-	-	-	(39,516,206)
	-	-	-	-	-	-	-	43,449,689	-	-	-	43,449,689
Transferred to investment property:												
Cost	(61,658,100)	-	-	-	-	-	-	-	-	-	-	(61,658,100)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-
	(61,658,100)	-	-	-	-	-	-	-	-	-	-	(61,658,100)
Disposals:												
Cost	-	-	-	-	-	-	-	(12,989,313)	-	(67,397)	(4,164,202)	(17,220,912)
Accumulated depreciation	-	-	-	-	-	-	-	8,320,444	-	32,176	2,829,373	11,181,993
	-	-	-	-	-	-	-	(4,668,869)	-	(35,221)	(1,334,829)	(6,038,919)
Depreciation Depreciation	-	(19,161,008)	(33,493,762)	(6,894,754)	(9,587,471)	(1,538,900)	(1,543,268)	(15,860,905)	(333,121)	(10,430,109)	(4,595,841)	(103,439,139)
Closing net book value	518,886,794	419,354,885	322,826,819	62,765,605	159,417,138	14,852,820	13,929,910	92,111,576	4,130,004	119,304,412	17,266,468	1,744,846,431
At 30 June 2021												
Cost	518,886,794	482,821,028	415,636,931	81,053,323	178,896,135	16,758,747	26,962,602	251,113,044	4,463,125	160,347,029	40,563,052	2,177,501,810
Accumulated depreciation	-	(63,466,143)	(92,810,112)	(18,287,718)	(19,478,997)	(1,905,927)	(13,032,692)	(159,001,468)	(333,121)	(41,042,617)	(23,296,584)	(432,655,379)
Net book value	518,886,794	419,354,885	322,826,819	62,765,605	159,417,138	14,852,820	13,929,910	92,111,576	4,130,004	119,304,412	17,266,468	1,744,846,431
Year ended 30 June 2022												
Opening net book value	518,886,794	419,354,885	322,826,819	62,765,605	159,417,138	14,852,820	13,929,910	92,111,576	4,130,004	119,304,412	17,266,468	1,744,846,431
Additions	623,500	20,576,645	10,840,459	-	71,740,070	19,353,204	1,368,719	1,537,358	-	20,873,046	9,017,522	155,930,523
Revaluation surplus	704,626,206	-	-	-	-	-	-	-	-	-	-	704,626,206
Transferred from right-of-use assets:												
Cost	-	-	-	-	-	-	-	5,976,770	-	-	-	5,976,770
Accumulated depreciation	-	-	-	-	-	-	-	(4,189,689)	-	-	-	(4,189,689)
	-	-	-	-	-	-	-	1,787,081	-	-	-	1,787,081
Disposals:												
Cost	-	-	-	-	-	-	-	(5,155,128)	-	-	(2,954,542)	(8,109,670)
Accumulated depreciation	-	-	-	-	-	-	-	3,975,476	-	-	2,009,912	5,985,388
	-	-	-	-	-	-	-	(1,179,652)	-	-	(944,630)	(2,124,282)
Writen-off:												
Cost	-	-	-	(186,000)	-	-	(1,600,052)	(107,189)	-	(3,307,537)	(2,734,349)	(7,935,127)
Accumulated depreciation	-	-	-	65,802	-	-	761,062	80,319	-	1,672,409	2,316,314	4,895,906
	-	-	-	(120,198)	-	-	(838,990)	(26,870)	-	(1,635,128)	(418,035)	(3,039,221)
Depreciation	-	(43,492,602)	(32,760,345)	(6,273,312)	(18,046,178)	(1,988,610)	(1,436,543)	(18,614,996)	(826,001)	(12,739,487)	(6,656,176)	(142,834,250)
Closing net book value	1,224,136,500	396,438,928	300,906,933	56,372,095	213,111,030	32,217,414	13,023,096	75,614,497	3,304,003	125,802,843	18,265,149	2,459,192,488
At 30 June 2022												
Cost / revalued amount	1,224,136,500	503,397,673	426,477,390	80,867,323	250,636,205	36,111,951	26,731,269	253,364,855	4,463,125	177,912,538	43,891,683	3,027,990,512
Accumulated depreciation	-	(106,958,745)	(125,570,457)	(24,495,228)	(37,525,175)	(3,894,537)	(13,708,173)	(177,750,358)	(1,159,122)	(52,109,695)	(25,626,534)	(568,798,024)
Net book value	1,224,136,500	396,438,928	300,906,933	56,372,095	213,111,030	32,217,414	13,023,096	75,614,497	3,304,003	125,802,843	18,265,149	2,459,192,488
Annual rate of depreciation (%)		10	10	10	8	10	10	20	20	10	30	

15.1.1 All items of operating fixed assets disposed off during the year had net book value of less than Rupees 500,000. Vehicles and computers having net book value of Rupees 1.180 million and Rupees 0.945 million respectively have been sold to employees of the Company at Rupees 2.567 million and Rupees Nil respectively as per Company policy.

	2022 Rupees	2021 Rupees
15.1.2 The depreciation charge on operating fixed assets for the year has been allocated as follows:		
Distribution cost (Note 33)	108,603,515	69,314,747
Administrative expenses (Note 34)	34,230,735	34,124,392
	142,834,250	103,439,139

15.1.3 Leasehold buildings include two warehouses and water tank having net book value of Rupees 139.563 million (2021: Rupees 153.286 million) constructed on the land owned by Hi-Tech Blending (Private) Limited - subsidiary company. The Company has entered into a lease agreement for 20 years with Hi-Tech Blending (Private) Limited - subsidiary company ending on 30 June 2036, against a piece of land measuring 45 Kanals where the aforesaid warehouses are constructed.

15.1.4 Particulars of immovable properties including capital work in progress (i.e. land and buildings) are as follows:

Location	Usage of Immovable Property	Total area of land	Covered area of buildings
		Acres	Square feet
Property No. 35 A / M, Quaid-e- Azam Industrial Estate, Kot Lakhpat, Lahore	Warehouse	0.69	21,965
Mouza No. 107/9L, Tehsil and District Sahiwal	Oil depot	6.70	199,513
Mouza Aza Khel Bala, Tehsil and District Nowshera	Oil depot	7.55	9,257
Plot No. 2, Block K, Main Boulevard Gulberg-II, Lahore	OMC project office	0.39	1,847
Mouza Aza Khel Payan, Tehsil and District Nowshera	Oil depot extension	1.34	-
7-KM, Sundar Raiwind Road, Bhai Kot, Lahore	Warehouse - 1	-	49,658
7-KM, Sundar Raiwind Road, Bhai Kot, Lahore	Warehouse - 2	-	53,348
Hussain Filling Station - Head Muhammad Road, Multan	Dealer of retail outlet	-	2,818
Lali Sons Filling Station - Faisalabad Road, Lalian	Dealer of retail outlet	-	3,274
Punjab Filling Station - Main Satyana Road, Faisalabad	Dealer of retail outlet	-	2,821
Green Fuel CNG - 1-KM, G.T. Road, Lalamusa	Dealer of retail outlet	-	4,981
A.B. Petroleum Filling Station - Tehsil Liaqatpur, Rahim Yar Khan	Dealer of retail outlet	-	3,054
Jillani CNG - Lehtrar Road, Islamabad	Dealer of retail outlet	-	2,650
Dasti Filling Station - Jampur Road, Dera Ghazi Khan	Dealer of retail outlet	-	1,815
Rehman Filling Station - Chistian Road, Hasilpur	Dealer of retail outlet	-	2,525
Al-Fazal Filling Station - Sargodha Road, Jhang	Dealer of retail outlet	-	2,121
Ibrahim Petroleum - Sialkot Road, Gujranwala	Dealer of retail outlet	-	3,185
Karma Wala-1 Filling Station - Shahkot Road, Jaranwala	Dealer of retail outlet	-	2,059
Raja Adeel Filling Station - Arifwala Road, Arifwala	Dealer of retail outlet	-	2,892
Gondal Filling Station - Daska Road, Wazirabad	Dealer of retail outlet	-	1,493
City Filling Station - Hujra Shah Muqeem, Okara	Dealer of retail outlet	-	962
Al Karam Filling Station - Shamkey Bhattian, Lahore	Dealer of retail outlet	-	6,633
Super Cool CNG Filling Station - College Road, Lahore	Dealer of retail outlet	-	2,159
Green City Fuel Station - Hasilpur Road, Bahawalpur	Dealer of retail outlet	-	1,289

Location	Usage of Immovable Property	Total area of land	Covered area of buildings
		Acres	Square feet
Khokhar Fuel Station - Small Industrial Estate, Jinnah Road, Gujranwala	Dealer of retail outlet	-	1,175
Minhas CNG - Multan Road, Lahore	Dealer of retail outlet	-	841
One Stop - Main Ferozpure Road, Lahore	Dealer of retail outlet	-	1,970
S&S - Toba Road, Jhang	Dealer of retail outlet	-	3,310
Al Yousaf CNG - Khanewal Road, Multan	Dealer of retail outlet	-	1,793
Rana Petroleum - Faisalabad Road, Okara	Dealer of retail outlet	-	2,633
Mudassir Zulfiqar Filling Station - Vehari Road, Multan	Dealer of retail outlet	-	8,084
Shahid & Company - Daska Road, Gujranwala	Dealer of retail outlet	-	6,396
Benzina II Filling Station - Benazir Road, Okara	Dealer of retail outlet	-	4,709
Nambardar Filling Station - Rawalpindi Road, Chakwal	Dealer of retail outlet	-	5,875
Iftikhar Nadeem & Company - Mouza Jhawary, Dhamial Road, Rawalpindi Cantt	Dealer of retail outlet	-	5,162
Suntrust CNG - Millat Road, Faisalabad (under construction)	Dealer of retail outlet	-	4,102
Big Khan Filling Station - University Road, Chakdara (under construction)	Dealer of retail outlet	-	4,872
Dharampura, Lahore	HTL Express Centre	-	1,436
Garden Town, Lahore	HTL Express Centre	-	1,789
Gulshan-e-Ravi, Lahore	HTL Express Centre	-	2,444
Johar Town, Lahore	HTL Express Centre	-	4,500
Defence Housing Authority, Phase II, Karachi	HTL Express Centre	-	812
Gulistan-e-Johar, Karachi	HTL Express Centre	-	3,149
PECHS, Karachi	HTL Express Centre	-	2,700
Askari XIV, Sector A, Rawalpindi	HTL Express Centre	-	881

15.1.5 Cost of fixed assets (including capital work-in-progress) held by dealers of retail outlets and operators of HTL Express Centres of the Company is as follows:

	Catagories							
Description	**Buildings on leasehold land**	**Tanks and pipelines**	**Dispensing pumps**	**Machinery**	**Furniture and fittings**	**Office equipment**	**Computers**	**Total**
Hussain Filling Station - Head Muhammad Road, Multan	3,180,469	1,608,000	1,911,655	-	-	-	-	6,700,124
Lali Sons Filling Station - Faisalabad Road, Lalian	3,834,385	1,926,050	-	-	-	-	-	5,760,435
Punjab Filling Station - Main Satyana Road, Faisalabad	2,898,584	877,100	2,001,106	-	-	-	-	5,776,790
Ittehad Filling Station - Circular Road, Daska	-	877,100	-	-	-	-	-	877,100
Green Fuel CNG - 1-KM G.T. Road, Lalamusa	2,725,893	1,132,550	-	-	-	-	-	3,858,443
M. Nawaz Filling Station - Darban Road, Syed-Nager, Dera Ismail Khan	3,274,200	1,269,700	-	-	-	-	-	4,543,900
A.B. Petroleum Filling Station - Tehsil Liaqatpur, Rahim Yar Khan	4,623,288	1,480,589	-	-	-	-	-	6,103,877
Jillani CNG - Lehtrar Road, Islamabad	7,147,011	1,386,830	-	-	-	-	-	8,533,841
Dasti Filling Station - Jampur Road, Dera Ghazi Khan	1,919,332	808,290	1,911,654	-	-	-	-	4,639,276
Rehman Filling Station - Chistian Road, Hasilpur	2,013,421	-	-	-	-	-	-	2,013,421
Al-Fazal Filling Station - Sargodha Road, Jhang	3,163,859	-	2,227,102	-	-	-	-	5,390,961
Ibrahim Petroleum - Sialkot Road, Gujranwala	1,962,962	-	-	-	-	-	-	1,962,962
Karma Wala-1 Filling Station - Shahkot Road, Jaranwala	2,532,005	-	-	-	-	-	-	2,532,005
Raja Adeel Filling Station - Arifwala Road, Arifwala	1,853,000	-	-	-	-	-	-	1,853,000
Gondal Filling Station - Daska Road, Wazirabad	2,204,744	-	1,421,968	-	-	-	-	3,626,712
City Filling Station - Hujra Shah Muqeem, Okara	1,504,906	-	-	-	-	-	-	1,504,906
Al Karam Filling Station - Shamkey Bhattian, Lahore	3,556,882	-	2,401,341	-	-	-	-	5,958,223
Green City Fuel Station - Hasilpur Road, Bahawalpur	9,954,398	1,377,706	-	-	-	-	-	11,332,104
Khokhar Fuel Station - Small Industrial Estate, Jinnah Road, Gujranwala	2,101,400	1,377,706	-	-	-	-	-	3,479,106
Minhas CNG - Multan Road, Lahore	4,749,486	-	-	-	-	-	-	4,749,486
One Stop - Main Ferozpure Road, Lahore	17,757,318	2,102,230	2,482,580	-	-	-	-	22,342,128
S&S - Toba Road, Jhang	2,549,650	-	-	-	-	-	-	2,549,650
Al Yousaf CNG - Khanewal Road, Multan	1,651,843	578,690	1,068,825	-	-	-	-	3,299,358
Rana Petroleum - Faisalabad Road, Okara	2,439,500	-	-	-	-	-	-	2,439,500
Mudassir Zulfiqar Filling Station - Vehari Road, Multan	2,176,375	-	-	-	-	-	-	2,176,375
Shahid & Company - Daska Road, Gujranwala	1,828,249	-	2,984,676	-	-	-	-	4,812,925
Benzina II Filling Station - Benazir Road, Okara	2,318,142	3,037,269	6,078,313	-	-	-	-	11,433,724
Nambardar Filling Station - Rawalpindi Road, Chakwal	926,830	-	-	-	-	-	-	926,830
Iftikhar Nadeem & Company - Mouza Jhawary, Dhamial Road, Rawalpindi Cantt	1,650,095	2,763,529	4,477,015	-	-	-	-	8,890,639
Suntrust CNG - Millat Road, Faisalabad	16,608,975	3,409,167	-	-	-	-	-	20,018,142
Big Khan Filling Station - University Road, Chakdara	4,284,160	3,950,869	-	-	-	-	-	8,235,029
HTL Express Centre - Dharampura, Lahore	27,571,142	-	-	3,197,442	145,431	478,583	-	31,392,598
HTL Express Centre - Garden Town, Lahore	7,442,541	-	-	2,471,843	56,796	1,741,346	-	11,712,526
HTL Express Centre - Gulshan-e-Ravi, Lahore	16,220,083	-	-	5,308,603	56,796	2,602,702	14,040	24,202,224
HTL Express Centre - Johar Town, Lahore	16,713,760	-	-	7,727,402	153,621	-	24,000	24,618,783
HTL Express Centre - DHA, Karachi	7,085,936	-	-	4,019,037	669,727	97,044	-	11,871,744
HTL Express Centre - Gulistan-E-Johar, Karachi	11,978,196	-	-	6,117,945	1,115,829	811,290	-	20,023,260
HTL Express Centre - PECHS, Karachi	20,357,427	-	-	1,524,751	126,500	841,438	-	22,850,116
HTL Express Centre - Askari XIV, Sector A, Rawalpindi	9,133,147	-	-	4,419,000	854,206	2,808,753	-	17,215,106
	235,893,594	29,963,375	28,966,235	34,786,023	3,178,906	9,381,156	38,040	342,207,329

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

	2022 Rupees	2021 Rupees
15.2 Capital work-in-progress		
Civil works	32,339,864	26,860,047
Dispensing pumps	20,752,020	29,396,100
Advance against purchase of apartment (Note 15.2.2)	25,976,750	25,226,750
Tanks and pipelines	20,799,838	-
Advance against purchase of vehicle	26,000,000	-
Mobilization advances	5,281,323	5,069,766
Unallocated expenditures	-	2,146,800
	131,149,795	88,699,463

15.2.1 Movement in capital work in progress is as follows:

	Categories								
	Civil works	Dispensing pumps	Advance against purchase of apartment	Tanks and pipelines	Advance against purchase of vehicle	Advances to suppliers	Mobilization advances	Unallocated expenditures	Total
At 30 June 2020	194,227,385	9,082,648	25,226,750	-	-	24,895,701	11,626,452	34,084,685	299,143,621
Add: Additions during the year	142,051,004	11,152,856	-	-	-	10,962,750	10,334,903	56,455,695	230,957,208
Add / (Less): Adjustments made during the year	1,313,750	16,799,000	-	-	-	(35,858,451)	-	17,745,701	-
Less: Mobilization advances adjusted during the year	-	-	-	-	-	-	(16,891,589)	-	(16,891,589)
Less: Transferred to operating fixed assets during the year	(310,732,092)	(7,638,404)	-	-	-	-	-	(106,139,281)	(424,509,777)
At 30 June 2021	26,860,047	29,396,100	25,226,750	-	-	-	5,069,766	2,146,800	88,699,463
Add: Additions during the year	59,717,540	5,813,200	750,000	67,572,489	26,000,000	-	6,330,015	-	166,183,244
Add / (Less): Adjustments made during the year	(22,820,619)	-	-	24,967,419	-	-	-	(2,146,800)	-
Add: Transferred from inventory during the year	-	-	-	-	-	-	(6,118,458)	-	(6,118,458)
Less: Mobilization advances adjusted during the year	-	4,895,924	-	-	-	-	-	-	4,895,924
Less: Transferred to operating fixed assets during the year	(31,417,104)	(19,353,204)	-	(71,740,070)	-	-	-	-	(122,510,378)
At 30 June 2022	32,339,864	20,752,020	25,976,750	20,799,838	26,000,000	-	5,281,323	-	131,149,795

15.2.2 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 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 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.

16. RIGHT-OF-USE ASSETS

	Land	Buildings	Vehicles	Total
	Rupees			
At 30 June 2020	212,827,264	3,064,790	55,050,844	270,942,898
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	-	-	43,449,689	43,449,689
Less: Depreciation expense for the year (Note 33)	41,103,186	24,280,753	11,619,979	77,003,918
At 30 June 2021	228,550,647	73,029,064	57,713,630	359,293,341
Add: Additions during the year	142,365,608	2,174,557	102,053,846	246,594,011
Add: Impact of lease modifications	64,414,176	2,230,410	-	66,644,586
Less: Impact of lease termination	7,309,513	-	-	7,309,513
Less: Book value of assets transferred to fixed assets - owned during the year	-	-	1,787,081	1,787,081
Less: Depreciation expense for the year (Note 33)	56,215,487	30,808,270	20,667,011	107,690,768
At 30 June 2022	371,805,431	46,625,761	137,313,384	555,744,577

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.

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

	2022 Rupees	2021 Rupees
17. INTANGIBLE ASSETS		
Computer softwares (Note 17.1)	6,657,720	10,645,945
17.1 Computer softwares		
Opening book value	10,645,945	7,596,802
Add: Cost of additions during the year	824,607	7,069,070
Less: Amortization charged during the year (Note 34)	4,812,832	4,019,927
Closing book value	6,657,720	10,645,945
17.2 Cost as at 30 June	45,973,947	45,149,340
Accumulated amortization	(39,316,227)	(34,503,397)
Net book value as at 30 June	6,657,720	10,645,943

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

17.4 Intangible assets costing Rupees 29.329 million (2021: Rupees 25.294 million) are fully amortized.

	2022 Rupees	2021 Rupees
18. INVESTEMENT PROPERTY		Restated
18.1 Land - at fair value		
As at 01 July	93,750,000	-
Transferred from operating fixed assets	-	61,658,100
Gain from fair value adjustment (Note 36)	36,250,000	32,091,900
As at 30 June	130,000,000	93,750,000

18.2 The fair value of investment property has been determined by an independent valuer Tristar International Consultant (Private) Limited as at 30 June 2022. Forced sale value of this property as at 30 June 2022 was Rupees 110.500 million (2021: Rupees 75 million).

18.3 Particulars of investment property (i.e. land) are as follows:

Description and address	Area of land
	Kanals
Land - 22 - A, Zafar Ali Road, Lahore	1.25

	2022 Rupees	2021 Rupees
19. INVESTMENT IN SUBSIDIARY COMPANY - at cost		
Hi-Tech Blending (Private) Limited - unquoted		
130,000,060 (2021: 130,000,060) fully paid ordinary shares of Rupees 10 each		
Equity held 100% (2021: 100%)	1,300,000,600	1,300,000,600

19.1 Investment in Hi-Tech Blending (Private) Limited includes 60 (2021: 60) shares in the name of nominees of the Company.

	2022 Rupees	2021 Rupees
20. LONG TERM SECURITY DEPOSITS		
Security deposits against leased assets	28,099,890	18,189,460
Security deposits - others	11,783,595	11,789,595
	39,883,485	29,979,055
Less: Current portion shown under current assets (Note 26)	2,188,745	577,400
	37,694,740	29,401,655
21. LONG TERM LOAN TO AN EMPLOYEE		
Considered good:		
Loan to an employee - interest free and unsecured	983,333	-
Less: Current portion shown under current assets (Note 25)	200,004	-
	783,329	-
22. DEFERRED INCOME TAX LIABILITY / (ASSET) - NET	69,878,336	(48,245,631)

	2022 Rupees	2021 Rupees
The net deferred income tax liability / (asset) comprised of temporary differences relating to:		
Deductible temporary differences		
Minimum tax carry forward	-	(66,422,837)
Available unused tax losses	-	(41,485,645)
Allowance for expected credit losses	(11,542,280)	(10,831,054)
Provision for slow moving and damaged inventory items	(4,654,722)	(2,483,151)
Provision for doubtful advances to suppliers	(983,709)	(27,903)
Lease liabilities	(196,773,030)	(116,482,583)
	(213,953,741)	(237,733,173)
Taxable temporary differences		
Accelerated tax depreciation and amortization	100,436,367	85,292,473
Right-of-use assets	183,395,710	104,195,069
	283,832,077	189,487,542
Net deferred income tax liability / (asset)	69,878,336	(48,245,631)

22.1 Movement in defered tax balances during the year is as follows:

		2022	
	Opening Balance	**Recognised in statement of profit or loss**	**Closing balance**
		Rupees	
Minimum tax carry forward	(66,422,837)	(66,422,837)	-
Available unused tax losses	(41,485,645)	(41,485,645)	-
Allowance for expected credit losses	(10,831,054)	711,226	(11,542,280)
Provision for slow moving and damaged inventory items	(2,483,151)	2,171,571	(4,654,722)
Provision for doubtful advances to suppliers	(27,903)	955,806	(983,709)
Lease liabilities	(116,482,583)	80,290,447	(196,773,030)
Accelerated tax depreciation and amortization	85,292,473	(15,143,894)	100,436,367
Right-of-use assets	104,195,069	(79,200,641)	183,395,710
	(48,245,631)	(118,123,967)	69,878,336

	2021		
	Opening Balance	**Recognised in statement of profit or loss**	**Closing balance**
		Rupees	
Minimum tax carry forward	-	66,422,837	(66,422,837)
Available unused tax losses	(159,480,402)	(117,994,757)	(41,485,645)
Allowance for expected credit losses	(8,770,114)	2,060,940	(10,831,054)
Provision for slow moving and damaged inventory items	(1,881,556)	601,595	(2,483,151)
Provision for doubtful advances to suppliers	(46,154)	(18,251)	(27,903)
Lease liabilities	(79,913,879)	36,568,704	(116,482,583)
Accelerated tax depreciation and amortization	63,562,431	(21,730,042)	85,292,473
Right-of-use assets	78,573,440	(25,621,629)	104,195,069
	(107,956,234)	(59,710,603)	(48,245,631)

	2022 Rupees	2021 Rupees
23. STOCK-IN-TRADE		
Lubricants and parts (Note 23.1)	1,507,889,971	305,785,909
Less: Provision for slow moving and damaged inventory items (Note 23.2)	14,105,219	8,562,589
	1,493,784,752	297,223,320
Petroleum products		
- Stock in hand (Note 23.3, Note 23.4 and Note 23.5)	712,760,727	375,546,876
- Stock in pipeline system (Note 23.6)	606,798,070	159,422,468
	1,319,558,797	534,969,344
Dispensing pumps and other installations (Note 23.7)	55,554,249	46,356,890
Stock of promotional items (Note 23.8)	-	192,155
	2,868,897,798	878,741,709

23.1 This includes stock-in-transit of Rupees 52.121 million (2021: Rupees 52.885 million) and stock amounting to Rupees 80.690 million (2021: Rupees Nil) lying at customs bonded warehouse.

	2022 Rupees	2021 Rupees
23.2 Provision for slow moving and damaged inventory items:		
Opening balance	8,562,589	6,488,123
Add: Provision recognized during the year	10,678,666	5,694,467
Less: Reversal of provision during the year (Note 23.2.1)	5,136,036	3,620,001
	5,542,630	2,074,466
Closing balance	14,105,219	8,562,589

23.2.1 The Company has sold all finished goods that were written down to independent distributors in Pakistan at market value.

23.3 This include stock of petroleum products in transit of Rupees 264.996 million (2021: Rupees Nil).

23.4 This include stock of petroleum products amounting to Rupees Nil (2021: Rupees 360.421 million) written down to net realizable value.

23.5 This include stock of petroleum products in possession of third parties as follows:

	2022 Rupees	2021 Rupees
Askar Oil Services (Private) Limited	2,122,499	10,021,981
Be Energy Limited	12,662,319	-
Al-Rahim Trading Company (Private) Limited	317,134,268	343,104,366
Gas and Oil Pakistan Limited	476,791	429,992
Karachi Hydrocorban Terminal Limited	6,672,428	1,525,954
	339,068,305	355,082,293

23.6 This represents the Company's share of pipeline stock of High Speed Diesel and Petroleum Motor Gasoline amounting to Rupees 454.427 million (2021: Rupees 159.422 million) and Rupees 152.371 million (2021: Rupees Nil) respectively held by Pak-Arab Pipeline Company Limited.

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

	2022 Rupees	2021 Rupees
23.8 Stock of promotional items:		
Opening balance	192,155	192,155
Less: Written off during the year (Note 35)	192,155	-
Closing balance	-	192,155

24. TRADE DEBTS

	2022 Rupees	2021 Rupees
Unsecured:		
Considered good (Note 24.1)	141,195,587	140,573,811
Less: Allowance for expected credit losses (Note 24.2)	34,976,606	37,348,463
	106,218,981	103,225,348

24.1 These include Rupees Nil (2021: Rupees 0.107 million) receivable from Hi-Tech Blending (Private) Limited - subsidiary company. This was neither past due nor impaired. The maximum aggregate amount receivable from related party at the end of any month during the year was Rupees 0.897 million (2021: Rupees: 0.714 million).

	2022 Rupees	2021 Rupees
24.2 Allowance for expected credit losses		
Opening balance	37,348,463	30,241,773
Add: Recognized during the year (Note 35)	-	7,106,690
Less: Reversal of allowance for expected credit losses (Note 36)	2,371,857	-
Closing balance	34,976,606	37,348,463

		2022 Rupees	2021 Rupees
25	**LOANS AND ADVANCES**		
	Considered good, unsecured:		
	Loans to employees - interest free and against salaries:		
	- Executives	562,500	2,817,100
	- Other employees	2,398,352	2,285,648
		2,960,852	5,102,748
	Advances to employees against expenses	9,400,944	3,178,652
	Current portion of long term loan to an employee (Note 21)	200,004	-
	Advances to suppliers (Note 25.1)	162,147,799	64,087,054
	Margin against bank guarantees	17,500,000	17,350,000
		192,209,599	89,718,454
25.1	**Advances to suppliers**		
	Unsecured:		
	Considered good	162,147,799	64,087,054
	Considered doubtful	2,980,936	96,218
		165,128,735	64,183,272
	Less: Provision for doubtful advances to suppliers (Note 25.1.1)	2,980,936	96,218
		162,147,799	64,087,054
25.1.1	**Provision for doubtful advance to supplier**		
	Opening balance	96,218	159,151
	Add: Recognized during the year (Note 35)	2,980,936	96,218
	Less: Advances to suppliers written off against provision	96,218	159,151
	Closing balance	2,980,936	96,218
26.	**SHORT TERM DEPOSITS AND PREPAYMENTS**		
	Current portion of long term security deposits (Note 20)	2,188,745	577,400
	Short term security deposits	5,377,256	6,195,595
	Prepaid expense	1,090,441	1,333,333
	Prepaid insurance	10,902,449	5,556,341
	Prepaid rent	4,750,546	5,654,246
		24,309,437	19,316,915
27.	**OTHER RECEIVABLES**		
	Receivable from MAS Associates (Private) Limited - associated company (Note 27.1)	292,753	218,274
	Receivable from SK Lubricants Co., Ltd. (Note 27.2)	-	31,560,000
	Sales tax receivable	401,491,544	80,329,533
	Inland freight equalization mechanism	35,764,376	28,635,005
	Others	2,516,745	638,242
		440,065,418	141,381,054

27.1 It is neither past due nor impaired. The maximum aggregate amount receivable from associated company at the end of any month during the year was Rupees 0.306 million (2021: Rupees 0.716 million).

27.2 It was neither past due nor impaired. The maximum aggregate amount receivable from SK Lubricants Co., Ltd. - principal supplier and long term partner at the end of any month during the year was Rupees 112.191 million (2021: Rupees 31.560 million).

	2022 Rupees	2021 Rupees
28. ACCRUED INTEREST		
On bank deposits	11,678	180
On term deposit receipt	558,904	390,282
	570,582	390,462
29. SHORT TERM INVESTMENTS		
Equity instruments (Note 29.1)	226,804,412	446,043,245
29.1 Equity instruments		
Fair value through profit or loss		
Quoted - other than related party:		
Engro Fertilizer Limited		
49,500 (2021: 49,500) fully paid ordinary shares of Rupees 10 each	3,478,365	3,246,080
First Habib Cash Fund		
2,175,445.5276 (2021: 2,008,699.7237) units	218,935,967	202,547,497
NBP Islamic Daily Dividend Fund		
33,248.6961 (2021: 4,979,421.4911) units	332,486	49,794,215
UBL Liquidity Plus Fund - Class 'C'		
17,634.4689 (2021: 311,668.6309) units	1,781,484	31,530,093
MCB Cash Management Optimizer		
3,832.6873 (2021: 644,177.1242) units	386,950	64,953,239
Meezan Rozana Amdani Fund		
5,977.4662 (2021: 1,881,905.5522) units	298,872	94,095,278
	225,214,124	446,166,402
Unrealized gain / (loss) on remeasurement of investments at fair value through profit and loss - net	1,590,288	(123,157)
	226,804,412	446,043,245

29.1.1 The fair value of listed securities is based on quoted market prices on Pakistan Stock Exchange (PSX) at reporting date. The fair values of funds are based on the Net Asset Value (NAV) being the current bid price at reporting date as quoted by the respective Asset Management Company.

	2022 Rupees	2021 Rupees
30. CASH AND BANK BALANCES		
Cash in hand	557,306	735,004
Cash at banks:		
Saving accounts (Note 30.1)	225,076,032	84,815,473
Current accounts	231,508,458	128,993,663
	456,584,490	213,809,136
	457,141,796	214,544,140
Term deposit receipt (Note 30.3)		
	200,000,000	50,000,000
	657,141,796	264,544,140

30.1 Saving accounts carry profit at the rates ranging from 5.49% to 12.25% (2021: 5.48% to 11.30%) per annum.

30.2 Bank balances (including term deposit receipt) of Rupees 218.438 million (2021: Rupees 91.301 million) and short term investments of Rupees 222.272 million (2021: Rupees 442.431 million) as at 30 June 2022 represents un-utilized proceeds of the initial public offer.

30.3 This term deposit receipt issued by banking company having maturity period of three months and carry interest at 12.75% (2021: 5.25%) per annum. Effective rate of interest charged on term deposit receipt during the year ranges from 5.50% to 12.75% (2021: 5.25% to 7.20%) per annum.

	2022 Rupees	2021 Rupees
31. GROSS REVENUE FROM CONTRACTS WITH CUSTOMERS		
Lubricants	12,589,198,927	10,866,693,297
Petroleum products	8,326,346,060	2,940,049,762
Others (Note 31.1)	40,877,084	41,267,738
	20,956,422,071	13,848,010,797
31.1 Others		
Spare parts	-	24,721,886
Services at HTL Express Centers	-	2,817,265
Dispensing pumps	11,666,956	-
Franchise and joining fee	29,210,128	13,728,587
	40,877,084	41,267,738

31.2 Revenue is recognised at point in time as per the terms and conditions of underlying contracts with customers.

31.3 The amount of Rupees 33.113 million included in contract liabilities (note 9) at 30 June 2021 has been recognised as revenue in 2022 (2021: Rupees 38.622 million).

		2022 Rupees	2021 Rupees
32.	**COST OF SALES**		
	Opening stock of lubricants and other items	352,142,799	418,399,896
	Lubricants and other items purchased during the year	8,906,620,122	6,308,607,855
		9,258,762,921	6,727,007,751
	Closing stock of lubricants and other items	1,563,444,220	352,142,799
	Cost of lubricants and other items sold	7,695,318,701	6,374,864,952
	Opening stock of petroleum products	534,969,344	35,224,062
	Petroleum products purchased during the year	7,658,133,726	2,272,157,277
	Petroleum development levy	279,772,083	572,438,740
	Inland freight equalization margin	170,510,183	82,793,805
		8,108,415,992	2,927,389,822
	Closing stock of petroleum products	1,319,558,797	534,969,344
	Cost of petroleum products sold	7,323,826,539	2,427,644,540
	Total	15,019,145,240	8,802,509,492
33.	**DISTRIBUTION COST**		
	Salaries and other benefits (Note 33.1)	463,727,334	389,431,272
	Sales promotion and advertisements - net (Note 33.2)	162,869,339	85,146,762
	Freight outward	44,528,934	39,547,976
	Rent, rates and taxes	2,431,494	10,242,911
	Travelling and conveyance	55,802,098	32,734,691
	Insurance	15,079,420	16,573,043
	Utilities	14,290,121	9,795,994
	Repair and maintenance	25,057,872	14,537,021
	Vehicles' running and maintenance	37,054,006	19,941,406
	Communication	10,928,547	10,669,873
	Entertainment	7,761,182	6,612,481
	Ijara rentals	-	3,219,815
	Depreciation on fixed assets (Note 15.1.2)	108,603,515	69,314,747
	Depreciation on right-of-use assets (Note 16)	107,690,769	77,003,918
	Hospitality charges	10,359,959	9,127,517
	Printing and stationery	877,631	1,010,685
	Miscellaneous	25,360,918	17,815,141
		1,092,423,139	812,725,253

33.1 Salaries other benefits include provident fund contribution of Rupees 11.157 million (2021: Rupees 9.955 million) by the Company.

33.2 These are net off incentives in the shape of reimbursement against sales promotion expenses and advertisements amounting to Rupees 112.191 million (2021: Rupees 31.560 million) from SK Lubricants Co., Ltd. - principal supplier and long term partner.

	2022 Rupees	2021 Rupees
34. ADMINISTRATIVE EXPENSES		
Salaries, wages and other benefits (Note 34.1)	402,804,392	347,252,533
Rates and taxes	835,750	869,927
Travelling and conveyance	11,181,074	5,049,037
Insurance	13,080,307	10,996,474
Vehicles' running and maintenance	16,775,193	6,853,472
Utilities	7,998,816	5,518,728
Repair and maintenance	8,364,988	4,993,443
Fee and subscription	13,812,126	10,612,944
Printing and stationery	1,719,066	1,076,019
Communication	4,379,186	3,970,800
Entertainment	8,911,541	3,723,802
Legal and professional	28,647,014	25,557,857
Auditor's remuneration (Note 34.2)	4,200,350	3,475,450
Depreciation on fixed assets (Note 15.1.2)	34,230,735	34,124,392
Amortization on intangible assets (Note 17)	4,812,832	4,019,928
Miscellaneous	1,747,159	1,144,923
	563,500,529	469,239,729

34.1 Salaries, wages and other benefits include provident fund contribution of Rupees 9.645 million (2021: Rupees 7.246 million) by the Company.

	2022 Rupees	2021 Rupees
34.2 Auditor's remuneration		
Annual audit fee	1,976,500	1,796,850
Certifications	897,850	517,000
Half year review	1,046,500	907,500
Reimbursable expenses	279,500	254,100
	4,200,350	3,475,450
35. OTHER EXPENSES		
Allowance for expected credit losses (Note 24.2)	-	7,106,690
Provision for slow moving and damaged inventory items - net (Note 23.2)	5,542,630	2,074,466
Provision for doubtful advances to suppliers (Note 25.1.1)	2,980,936	96,218
Short term security deposits written off	-	114,500
Long term security deposits written off	-	217,000
Other receivables written off	905,691	8,758,950
Fixed assets written off	3,039,221	-
Stock-in-trade written off (Note 23.8)	192,155	
Unrealized loss on remeasurement of investments at fair value through profit or loss - net	-	123,157
Charities and donations (Note 35.1)	18,454,422	21,181,109
Workers' welfare fund	14,988,402	900,948
Workers' profit partifipation fund	19,292,825	-
Exchange loss - net	166,271,121	-
Others	4,387,588	701,554
	236,054,991	41,274,592

35.1 These include amount of Rupees 18 million (2021: Rupees 18 million) paid to Sabra Hamida Trust, 1-A, Danepur Road, GOR-1, Lahore, in which Mr. Hassan Tahir - Chief Executive, Mr. Shaukat Hassan - Director, Mr. Tahir Azam - Director and Mr. Ali Hassan - Director are trustees.

	2022 Rupees	2021 Rupees Restated
36. OTHER INCOME		
Income from financial assets:		
Dividend income (Note 36.1)	282,796,867	20,452,706
Profit on bank deposits and term deposit receipt	22,171,572	22,216,929
Gain on disposal of short term investments	50,996	656,239
Unrealized gain on remeasurement of investments at fair value through profit or loss - net	1,590,287	-
Reversal of allowance for expected credit losses (Note 24.2)	2,371,857	-
Common facility charges	1,056,214	737,681
Income from non-financial assets:		
Gain on disposal of operating fixed assets	432,673	7,736,857
Fair value adjustment to investment property (Note 18.1)	36,250,000	32,091,900
Gain on termination of lease	789,208	-
Credit balances written back	-	374,735
Amortization of deferred income - Government grant (Note 8)	4,741,767	7,923,159
Miscellaneous	2,791,270	975,480
Others:		
Exchange gain - net	-	575,695
Rental income from HTL Express Centres	27,760,000	18,800,000
	382,802,711	112,541,381

36.1 This includes Rupess 260 million received from Hi-Tech Blending (Private) Limited - subsidiary company.

37. FINANCE COST		
Mark-up on long term financing	7,601,321	12,461,556
Mark-up on short term borrowings	131,748,690	32,645,032
Interest expense on lease liabilities (Note 6.1)	50,390,079	33,175,450
Bank charges and commission	5,775,957	2,865,542
	195,516,047	81,147,580

38. TAXATION		
For the year:		
Current (Note 38.1)	159,359,537	82,858,476
Deferred tax	118,123,967	59,710,603
Prior year adjustment	(205,564)	(36,115)
	277,277,940	142,532,964

38.1 The Company and Hi-Tech Blending (Private) Limited - subsidiary company have opted for group taxation as one fiscal unit under section 59AA of the Income Tax Ordinance, 2001 and the provision for current taxation has been made accordingly. The numerical reconciliation between the average tax rate and the applicable tax rate has been given as follows:

	2022 Rupees	2021 Rupees Restated
Relationship between tax expense and accounting profit		
Profit before taxation	1,015,199,932	503,854,117
Tax at the applicable rate of 29% (2021: 29%)	294,407,980	146,117,694
Tax effect due to adjustment of brought forward losses	(40,929,290)	(120,962,256)
Tax effect of minimum tax on turnover taxed at lower rate	(68,998,059)	66,422,837
Tax effect of dividend income taxed at a lower rate	3,419,512	3,067,906
Tax effect of capital gain taxed at a lower rate	27,064	304,000
Tax effect of change in prior year's tax	(205,564)	(36,115)
Tax effect of group taxation adjustments	(21,358,892)	-
Tax effect of super tax	69,867,375	-
Tax effect arising as a consequence of recognition of deferred income tax	118,123,967	59,710,603
Others	(77,076,153)	(12,091,705)
	277,277,940	142,532,964

39. EARNINGS PER SHARE - BASIC AND DILUTED

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

	2022	2021 Restated
Profit after taxation attributable to ordinary shareholders (Rupees)	737,921,992	361,321,153
Weighted average number of shares (Number)	139,204,800	139,204,800
Earnings per share - basic and diluted (Rupees)	5.30	2.60

	2022 Rupees	2021 Rupees Restated
40. CASH (USED IN) / GENERATED FROM OPERATIONS		
Profit before taxation	1,015,199,932	503,854,117
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	142,834,250	103,439,139
Depreciation on right-of-use assets	107,690,769	77,003,918
Amortization on intangible assets	4,812,832	4,019,928
Amortization of deferred income - Government grant	(4,741,767)	(7,923,159)
Allowance for expected credit losses	2,371,857	7,106,690
Provision for slow moving and damaged inventory items - net	5,542,630	2,074,466
Provision for doubtful advances to suppliers	2,980,936	96,218
Gain on disposal of operating fixed assets	(432,673)	(7,736,857)
Dividend income	(282,796,867)	(20,452,706)
Profit on bank deposits and term deposit receipt	(22,171,572)	(22,216,929)
Fair value adjustment to investment property	(36,250,000)	(32,091,900)
Gain on disposal of short term investments	(50,996)	(656,239)
Unrealized (gain) / loss on remeasurement of investments carried at fair value through profit or loss - net	(1,590,287)	123,157
Fixed assets written off	3,039,221	-
Stock-in-trade written off	192,155	-
Credit balances written back	-	(374,735)
Short term security deposits written off	-	114,500
Long term security deposits written off	-	217,000
Other receivables written off	905,691	8,758,950
Gain on termination of lease	(789,208)	-
Exchange loss / (gain) - net	166,271,121	(575,695)
Finance cost	195,516,047	81,147,580
Working capital changes (Note 40.1)	(1,349,852,926)	160,289,162
	(51,318,855)	856,216,605

40.1 Working capital changes

(Increase) / decrease in current assets:	(1,995,890,874)	(433,470,936)
Stock-in-trade	(5,365,490)	(34,228,026)
Trade debts	(105,272,077)	61,367,327
Loans and advances	(6,603,867)	516,008
Short term deposits and prepayments	(299,590,055)	(115,833,163)
Other receivables	(2,412,722,363)	(521,648,790)
Increase in trade and other payables	1,062,869,437	681,937,952
	(1,349,852,926)	160,289,162

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

	2022				
	Liabilities from financing activities				
	Long term financing	Lease liabilities	Short term borrowings	Unclaimed dividend	Total
	Rupees				
Balance as at 01 July 2021	138,452,041	401,664,079	461,180,637	6,326,546	1,007,623,303
Finance obtained	-	-	13,335,914,608	-	13,335,914,608
Repayment of financing	(95,703,612)	-	(12,302,876,466)	-	(12,398,580,078)
Acquisitions - finance leases	-	243,183,235	-	-	243,183,235
Other change - non-cash movement	4,741,767	58,545,867	-	-	63,287,634
Repayment of lease liabilities	-	(107,111,273)	-	-	(107,111,273)
Dividend declared	-	-	-	482,576,498	482,576,498
Dividend paid	-	-	-	(483,147,527)	(483,147,527)
Balance as at 30 June 2022	47,490,196	596,281,908	1,494,218,779	5,755,517	2,143,746,400

	2021				
	Liabilities from financing activities				
	Long term financing	Lease liabilities	Short term borrowings	Unclaimed dividend	Total
	Rupees				
Balance as at 01 July 2020	58,118,654	275,565,100	766,262,927	3,438,436	1,103,385,117
Finance obtained	126,582,220	-	7,759,463,628	-	7,886,045,848
Repayment of financing	(46,430,813)	-	(8,064,545,918)	-	(8,110,976,731)
Acquisitions - finance leases	-	263,640,693	-	-	263,640,693
Other change - non-cash movement	181,980	(56,040,297)	-	-	(55,858,317)
Repayment of lease liabilities	-	(81,501,417)	-	-	(81,501,417)
Dividend declared	-	-	-	336,411,600	336,411,600
Dividend paid	-	-	-	(333,523,490)	(333,523,490)
Balance as at 30 June 2021	138,452,041	401,664,079	461,180,637	6,326,546	1,007,623,303

	2022 Rupees	2021 Rupees
40.3 Non-cash financing activities		
Acquisition of right-of-use assets	243,183,235	263,640,693

41. PROVIDENT FUND

Investments, out of provident fund, have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

42. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transaction	2022 Rupees	2021 Rupees
Subsidiary company			
Hi-Tech Blending (Private) Limited	Sale of lubricants	1,039,426	821,720
	Purchase of lubricants	8,089,849,202	5,633,323,671
	Dividend received	260,000,000	-
	Lease rentals paid	3,000,000	3,000,000
Associated companies			
MAS Associates (Private) Limited	Share of common expenses	1,056,214	737,681
Other related parties			
SK Lubricants Co., Ltd.	Purchase of lubricants	598,118,600	496,204,930
	Incentive	112,190,906	31,560,000
	Dividend paid	2,927,012	2,400,548
	Bonus Share Issued	1,655,550	-
Provident fund trust	Contribution	20,802,292	17,201,154
Sabra Hamida Trust	Donations	18,000,000	18,000,000
Directors of the Company			
Mr. Shaukat Hassan	Dividend paid	1,062,568	740,732
	Bonus shares issued	601,000	-
Mr. Ali Hassan	Dividend paid	26,521,061	18,488,239
	Bonus shares issued	15,000,600	-
Mr. Hassan Tahir	Dividend paid	26,521,061	18,488,239
	Bonus shares issued	15,000,600	-
Ms. Mavira Tahir	Dividend paid	17,680,530	9,244,120
	Bonus shares issued	10,000,300	-
Mr. Tahir Azam	Dividend paid	987,568	231,582
	Bonus shares issued	601,000	-
Mr. Faraz Akhtar Zaidi	Dividend paid	1,643	1,107
	Bonus shares issued	1,000	-
Dr. Safdar Ali Butt	Dividend paid	1,643	1,107
	Bonus shares issued	1,000	-
Mr. Shafiq Ur Rehman	Dividend paid	1,643	-
	Bonus shares issued	1,000	-
Mr. Syed Asad Abbas Hussain	Dividend paid	1,331	890
	Bonus shares issued	1,000	-
Mr. Muhammad Tabassum Munir (Ex-director)	Dividend paid	1,768	1,232

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

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

42.2 Detail of compensation to key management personnel comprising of chief executive officer and executives is disclosed in note 43.

43. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2022				2021			
		Directors				Directors		
	Chief Executive	**Executives**	**Non-Executives**	**Executives**	Chief Executive	Executives	Non-Executives	Executives
	Rupees							
Managerial remuneration	11,845,161	10,451,613	30,967,740	91,326,161	11,845,161	10,451,613	30,193,548	70,515,170
Bonus	3,010,646	2,656,452	-	14,766,994	2,862,584	2,525,808	-	9,368,539
Allowances								
House rent	5,330,322	4,703,226	13,935,483	41,096,773	5,330,322	4,703,226	13,587,097	31,731,827
Medical	1,184,516	1,045,161	3,096,774	9,132,616	1,184,516	1,045,161	3,019,355	7,051,517
Travelling	2,000,000	2,000,000	4,000,000	439,300	2,000,000	2,000,000	4,000,000	319,100
Others incentives	22,468,028	22,468,028	-	61,143,201	16,005,818	15,915,818	-	39,325,736
Contribution to provident fund trust	-	-	-	7,321,643	-	-	-	5,369,026
Leave fare assistance	-	-	-	5,056,037	-	-	-	2,562,203
	45,838,674	43,324,480	51,999,997	230,282,725	39,228,401	36,641,626	50,800,000	166,243,118
	1	**1**	**4**	**49**	**1**	**1**	**4**	**42**

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

43.2 Aggregate amount charged in these financial statements for meeting fee to four directors (2021: three directors) is Rupees 4 million (2021: Rupees 5.030 million).

44. NUMBER OF EMPLOYEES

	2022		2021	
	Permanent	**Contractual**	Permanent	Contractual
Total number of employees as on 30 June	410	120	383	127
Average number of employees during the year	402	117	353	139

45. CAPACITY AND PRODUCTION

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

		Storage Capacity Metric Tons	
Description	**SKO**	**PMG**	**HSD**
Sahiwal depot	198	2,040	1,860
Nowshera depot	-	1,401	1,551

46. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

Recurring fair value measurements at 30 June 2022	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets				
Financial assets at fair value through profit or loss	226,804,412	-	-	226,804,412

Recurring fair value measurements at 30 June 2021	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets				
Financial assets at fair value through profit or loss	446,043,245	-	-	446,043,245

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.

47. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgments and estimates are made in determining the fair value of non-financial assets that are recognized 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 non-financial assets into the following three levels.

At 30 June 2022	Level 1	Level 2	Level 3	Total
		Rupees		
Freehold land	-	1,224,136,500	-	1,224,136,500
Investment property - land	-	130,000,000	-	130,000,000
	-	1,354,136,500	-	1,354,136,500

Recurring fair value measurements at 30 June 2021	Level 1	Level 2	Level 3	Total
		Rupees		
Investment property - land	-	93,750,000	-	93,750,000

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

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.

(ii) Valuation techniques used to determine fair values

The Company obtains independent valuations for its freehold land (classified as fixed assets) and investment property at least annually. At the end of reporting period, the management updates the assessment of the fair value of property, taking into account the most recent independent valuations. The management determines a property's value within a range of reasonable fair value estimate. The best evidence of fair value is current prices in an active market for similar lands.

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's freehold land and investment property at the end of every financial year. As at 30 June 2022, the fair value of the investment property and freehold land has been determined by Tristar International Consultant (Private) Limited, an independent valuer.

Changes in fair values are analyzed at each reporting date during the annual valuation process between the Chief Financial Officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

48. FINANCIAL RISK MANAGEMENT

48.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

	2022 USD	2021 USD
Other receivable	-	200,000
Trade and other payables	(4,104,289)	(679,218)
Net exposure	(4,104,289)	(479,218)

The following significant exchange rates were applied during the year:

	2022	2021
	Rupees per US Dollar	
Average rate	179.89	160.31
Reporting date rate	203.50	158.30

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 22.551 million (2021: Rupees 3.717 million) lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

Sensitivity analysis

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

Index	Impact on profit after taxation 2022 Rupees	2021 Rupees
PSX 100 (5% increase)	219,384	173,918
PSX 100 (5% decrease)	(219,384)	(173,918)

(iii) Interest rate risk

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

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

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

	2022 Rupees	2021 Rupees
Fixed rate instruments		
Financial assets		
Term deposit receipt	200,000,000	50,000,000
Financial liabilities		
Long term financing	47,490,196	138,452,041
Lease liabilities	470,172,580	345,727,756
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	225,076,032	84,815,473
Financial liabilities		
Lease liabilities	126,109,328	55,936,323
Short term borrowings	1,494,218,779	461,180,637
	1,620,328,107	517,116,960

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 7.534 million lower / higher (2021: Rupees 4.237 million), mainly as a result of higher / lower interest expense on lease liabilities and short term borrowings. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

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

	2022 Rupees	2021 Rupees
Long term security deposits	11,783,595	11,789,595
Long term loan to an employee	983,333	-
Short term security deposits	5,377,256	6,195,595
Trade debts	106,218,981	103,225,348
Loans and advances	20,460,852	22,452,748
Other receivables	38,573,874	61,051,521
Accrued interest	570,582	390,462
Short term investments	226,804,412	446,043,245
Bank balances	656,584,490	263,809,136
	1,067,357,375	914,957,650

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

	Rating Short term	Rating Long term	Agency	2022 Rupees	2021 Rupees
Short term investments					
Engro Fertilizer Limited	A1+	AA	PACRA	4,387,680	3,478,365
First Habib Cash Fund	AA +(f)		VIS	219,614,489	202,154,737
NBP Islamic Daily Dividend Fund	AA(f)		PACRA	332,486	49,794,215
UBL Liquidity Plus Fund - Class 'C'	AA+(f)		VIS	1,782,636	31,485,107
MCB Cash Management Optimizer	AA+(f)		PACRA	388,249	65,035,543
Meezan Rozana Amdani Fund	AA+(f)		VIS	298,872	94,095,278
				226,804,412	446,043,245
Banks					
Bank Alfalah Limited	A1+	AA+	PACRA	230,380,858	93,407,517
Bank Al-Habib Limited	A1+	AAA	PACRA	10,415,706	19,173,437
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	203,542,683	235,446
MCB Bank Limited	A1+	AAA	PACRA	7,481,402	16,540,146
National Bank of Pakistan	A1+	AAA	PACRA	2,617,952	4,512,034
The Bank of Punjab	A1+	AA+	PACRA	115,450	115,450
Habib Bank Limited	A-1+	AAA	VIS	19,169,981	26,359,196
Askari Bank Limited	A1+	AA+	PACRA	940,289	642,870
United Bank Limited	A-1+	AAA	VIS	50,747,325	74,697,738
JS Bank Limited	A1+	AA-	PACRA	289,410	4,544,586
Al-Baraka Bank (Pakistan) Limited	A-1	A+	VIS	238,399	238,399
Meezan Bank Limited	A-1+	AAA	VIS	92,997,972	17,608,917
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	30,020,342	23,342
Faysal Bank Limited	A1+	AA	PACRA	6,905,523	3,052,574
Summit Bank Limited	A-3	BBB-	VIS	7,246	7,246
Soneri Bank Limited	A1+	AA-	PACRA	850	-
Samba Bank Limited	A-1	AA	VIS	713,102	2,650,238
				656,584,490	263,809,136
				883,388,902	709,852,381

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

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. These trade receivables are netted off with the collateral obtained from these customers to calculate the net exposure towards these customers.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the Gross Domestic Product, unemployment, interest, and the inflation Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows:

	Sales		
	Expected loss rate	Trade debts	Loss allowance
	%	Rupees	
At 30 June 2022			
Up to 30 days	6.63%	74,286,516	4,924,623
30 to 180 days	24.23%	48,138,801	11,661,975
181 to 360 days	91.21%	4,323,922	3,943,660
Above 360 days	100.00%	14,446,348	14,446,348
		141,195,587	34,976,606
Trade debts against which collateral is held		-	-
		141,195,587	34,976,606

	Sales		
	Expected loss rate	Trade debts	Loss allowance
	%	Rupees	
At 30 June 2021			
Up to 30 days	0.00%	67,275,218	-
30 to 180 days	20.75%	31,500,394	6,535,888
181 to 360 days	26.94%	15,037,408	4,051,784
Above 360 days	100.00%	26,760,791	26,760,791
		140,573,811	37,348,463
Trade debts against which collateral is held		-	-
		140,573,811	37,348,463

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities. As 30 June 2022, the Company had Rupees 1,305.781 million (2021: Rupees 778.819 million) available borrowing limits from financial institutions and Rupees 657.142 million (2021: Rupees 264.544 million) cash and bank balances. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2022:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
			Rupees			
Non-derivative financial liabilities:						
Long term financing	47,490,196	48,031,389	48,031,389	-	-	-
Lease liabilities	596,281,908	833,718,736	88,070,049	92,019,875	151,016,624	502,612,188
Long term deposits	17,000,000	17,000,000	-	-	-	17,000,000
Trade and other payables	2,481,632,943	2,481,632,943	2,481,632,943	-	-	-
Unclaimed dividend	5,755,517	5,755,517	5,755,517	-	-	-
Accrued mark-up	38,150,124	38,150,124	38,150,124	-	-	-
Short term borrowings	1,494,218,779	1,655,851,504	492,007,183	1,163,844,321	-	-
	4,680,529,467	5,080,140,213	3,153,647,205	1,255,864,196	151,016,624	519,612,188

Contractual maturities of financial liabilities as at 30 June 2021:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
			Rupees			
Non-derivative financial liabilities:						
Long term financing	138,452,041	146,233,451	49,460,183	48,741,879	48,031,389	-
Lease liabilities	401,664,079	548,023,889	54,820,414	49,637,154	107,079,176	336,487,145
Long term deposits	17,000,000	17,000,000	-	-	-	17,000,000
Trade and other payables	1,245,979,277	1,245,979,277	1,245,979,277	-	-	-
Unclaimed dividend	6,326,546	6,326,546	6,326,546	-	-	-
Accrued mark-up	9,756,777	9,756,777	9,756,777	-	-	-
Short term borrowings	461,180,637	482,433,182	124,573,856	357,859,326	-	-
	2,280,359,357	2,455,753,122	1,490,917,053	456,238,359	155,110,565	353,487,145

48.2 Financial instruments by categories

	At amortized cost	2022 At fair value through profit or loss	Total
		Rupees	
Financial assets			
Long term security deposits	11,783,595	-	11,783,595
Long term loan to an employee	983,333	-	983,333
Short term security deposits	5,377,256	-	5,377,256
Trade debts	106,218,981	-	106,218,981
Loans and advances	20,460,852	-	20,460,852
Other receivables	38,573,874	-	38,573,874
Accrued interest	570,582	-	570,582
Short term investments	-	226,804,412	226,804,412
Cash and bank balances	657,141,796	-	657,141,796
	841,110,269	226,804,412	1,067,914,681

	2021		
	At amortized cost	At fair value through profit or loss	Total
		Rupees	
Financial assets			
Long term security deposits	11,789,595	-	11,789,595
Short term security deposits	6,195,595	-	6,195,595
Trade debts	103,225,348	-	103,225,348
Loans and advances	22,452,748	-	22,452,748
Other receivables	61,051,521	-	61,051,521
Accrued interest	390,462	-	390,462
Short term investments	-	446,043,245	446,043,245
Cash and bank balances	264,544,140	-	264,544,140
	469,649,409	446,043,245	915,692,654

	At amortized cost	
	2022 Rupees	2021 Rupees
Financial liabilities		
Long term financing	47,490,196	138,452,041
Lease liabilities	596,281,908	401,664,079
Long term deposits	17,000,000	17,000,000
Trade and other payables	2,481,632,943	1,245,979,277
Short term borrowings	1,494,218,779	461,180,637
Accrued mark-up	38,150,124	9,756,777
Unclaimed dividend	5,755,517	6,326,546
	4,680,529,467	2,280,359,357

48.2.1 Reconciliation to the line items presented in the statement of financial position is as follows:

	2022		
	Financial assets	Non-financial assets	Assets as per statement of financial position
		Rupees	
Assets			
Long term security deposits	11,783,595	28,099,890	39,883,485
Long term loan to an employee	983,333	-	983,333
Short term deposits and prepayments	5,377,256	16,743,436	22,120,692
Trade debts	106,218,981	-	106,218,981
Loans and advances	20,460,852	171,548,743	192,009,595
Other receivables	38,573,874	401,491,544	440,065,418
Accrued interest	570,582	-	570,582
Short term investments	226,804,412	-	226,804,412
Cash and bank balances	657,141,796	-	657,141,796
	1,067,914,681	617,883,613	1,685,798,294

	2022		
	Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position
		Rupees	
Liabilities			
Long term financing	47,490,196	-	47,490,196
Lease liabilities	596,281,908	-	596,281,908
Long term deposits	17,000,000	-	17,000,000
Trade and other payables	2,481,632,943	244,125,095	2,725,758,038
Short term borrowings	1,494,218,779	-	1,494,218,779
Accrued mark-up	38,150,124	-	38,150,124
Unclaimed dividend	5,755,517	-	5,755,517
	4,680,529,467	244,125,095	4,924,654,562

	2021		
	Financial assets	Non-financial assets	Assets as per statement of financial position
		Rupees	
Assets			
Long term security deposits	11,789,595	18,189,460	29,979,055
Short term deposits and prepayments	6,195,595	12,543,920	18,739,515
Trade debts	103,225,348	-	103,225,348
Loans and advances	22,452,748	67,265,706	89,718,454
Other receivables	61,051,521	80,329,533	141,381,054
Accrued interest	390,462	-	390,462
Short term investments	446,043,245	-	446,043,245
Cash and bank balances	264,544,140	-	264,544,140
	915,692,654	178,328,619	1,094,021,273

	2021		
	Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position
		Rupees	
Liabilities			
Long term financing	138,452,041	-	138,452,041
Lease liabilities	401,664,079	-	401,664,079
Long term deposits	17,000,000	-	17,000,000
Trade and other payables	1,245,979,277	139,287,109	1,385,266,386
Short term borrowings	461,180,637	-	461,180,637
Accrued mark-up	9,756,777	-	9,756,777
Unclaimed dividend	6,326,546	-	6,326,546
	2,280,359,357	139,287,109	2,419,646,466

48.3 Offsetting financial assets and financial liabilities

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

49. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

	Description	Note	2022 Rupees	2021 Rupees
i)	**Loans / advances obtained as per Islamic mode:**			
	Advances	9	63,104,103	39,100,051
ii)	**Shariah complaint bank deposits / bank balances:**			
	Bank balances		123,256,713	17,870,659
iii)	**Profit earned from shariah complaint bank deposits / bank balances**		-	-
iv)	**Revenue earned from a shariah complaint business segment**		17,739,037,167	10,598,209,382
v)	**Gain / (loss) or dividend earned from shariah complaint investments:**			
	Dividend income		1,461,021	8,692,546
	Gain on sale of investments		-	254,898
vi)	**Exchange gain earned**	36	-	575,695
vii)	**Mark up paid on Islamic mode of financing**		-	2,238,976
viii)	**Profits earned or interest paid on any conventional loan or advance:**			
	Interest paid on loans		110,204,393	46,789,582

ix) Relationship with shariah compliant banks:

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

50. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. Consistent with others in the industry, and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing, lease liabilities and short term borrowings obtained by the Company as referred to in note 5, note 6 and note 11 to the financial statements. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'.

		2022	2021
			Restated
Borrowings	Rupees	1,668,179,921	660,672,386
Total equity	Rupees	4,142,546,756	3,182,575,056
Total capital employed	Rupees	5,810,726,677	3,843,247,442
Gearing ratio	Percentage	28.71%	17.19%

The increase in gearing ratio is mainly due to increase in short term borrowings and lease liabilities.

51. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2022	2021	**2022**	2021
	Rupees	Rupees	**Rupees**	Rupees
Total facilities	1,052,503,435	1,060,000,000	2,847,496,565	1,430,000,000
Utilized at the end of the year	735,469,868	199,778,799	1,541,715,344	651,180,637
Unutilized at the end of the year	317,033,567	860,221,201	1,305,781,221	778,819,363

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

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

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

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

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

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

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

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

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

During the year ended on 30 June 2020, the Company started its OMC operations and expediently worked on completion of its Nowshera oil storage. During the year ended 30 June 2021, Company has completed its oil storage at Nowshera. On 09 August 2021, OGRA acknowledged the satisfactory completion of Nowshera oil storage based on third party inspection report. During the year ended 30 June 2022, the Company has stated work on new oil storage facility at Shikarpur. Currently, the Company has eight operational HTL Express Centers, four in Lahore, three in Karachi and one in Rawalpindi. Further, the Company has twenty seven retail outlets operational for sale of petroleum products as on 30 June 2022. Detail of payments out of IPO proceeds during the year ended 30 June 2022 is as follows:

	Rupees
Un-utilized IPO proceeds as at 01 July 2021	533,731,898
Add: Profit on term deposit receipts	15,691,233
Add: Profit on bank deposits	1,523,688
Add: Dividend on investments in mutual funds	21,892,690
Add: Gain on disposal of investment in mutual fund	50,966
Add: Unrealised gain on investments in mutual funds	680,524
Less: Payments made relating to OMC Project	(126,960,515)
Less: Withholding tax on profit	(2,582,239)
Less: Withholding tax on dividend from mutual funds	(3,283,902)
Less: Withholding tax on disposal of mutual funds	(32,453)
Less: Bank charges	(2,371)
Un-utilized IPO proceeds as at 30 June 2022	440,709,519

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

53. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors has proposed a cash dividend for the year ended 30 June 2022 of Rupees 2 per share (2021: Rupees 2 per share) and Nil bonus shares for every 10 ordinary shares (2021: 02 bonus shares for every 10 ordinary shares) at their meeting held on 23 September, 2022. However, these events have been considered as non-adjusting events under IAS 10 'Events after the Reporting Period' and have not been recognized in these financial statements.

54. 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	
	2022	2021 Restated	**2022**	2021 Restated	**2022**	2021 Restated	**2022**	2021 Restated
	Rupees							
Revenue from contracts with customers - net	9,795,466,357	8,188,023,965	7,943,570,810	2,410,185,417	-	-	17,739,037,167	10,598,209,382
Cost of sales	(7,743,962,275)	(6,447,435,412)	(7,275,182,965)	(2,355,074,080)	-	-	(15,019,145,240)	(8,802,509,492)
Gross profit	2,051,504,082	1,740,588,553	668,387,845	55,111,337	-	-	2,719,891,927	1,795,699,890
Distribution cost	(810,941,789)	(649,206,935)	(281,481,350)	(163,518,318)	-	-	(1,092,423,139)	(812,725,253)
Administrative expenses	(550,198,689)	(440,667,585)	(13,301,840)	(28,572,144)	-	-	(563,500,529)	(469,239,729)
Other expenses	(205,073,636)	(31,639,457)	(31,031,337)	(9,635,135)	-	-	(236,104,973)	(41,274,592)
	(1,566,214,114)	(1,121,513,977)	(325,814,527)	(201,725,597)	-	-	(1,892,028,641)	(1,323,239,574)
Other income	319,948,534	60,170,000	62,854,177	52,371,381	-	-	382,802,711	112,541,381
Profit / (loss) from operations	805,238,502	679,244,576	405,427,495	(94,242,879)	-	-	1,210,665,997	585,001,697
Finance cost	(141,663,810)	(44,218,665)	(53,852,237)	(36,928,915)	-	-	(195,516,047)	(81,147,580)
Profit / (loss) before taxation	663,574,692	635,025,911	351,575,258	(131,171,794)	-	-	1,015,149,950	503,854,117
Taxation	-	-	-	-	(277,277,940)	(142,532,964)	(277,277,940)	(142,532,964)
Profit / (loss) after taxation	663,574,692	635,025,911	351,575,258	(131,171,794)	(277,277,940)	(142,532,964)	737,872,010	361,321,153

		LUBRICANTS		PETROLEUM PRODUCTS		TOTAL - COMPANY	
		2022	2021	**2022**	2021	**2022**	2021
			Restated				Restated
				Rupees			
54.1	**Reconciliation of reportable segment assets and liabilities:**						
	Total assets for reportable segments	3,245,446,841	1,488,172,273	2,744,899,707	2,093,952,623	5,990,346,548	3,582,124,896
	Unallocated assets					3,147,094,724	2,036,119,495
	Total assets as per statement of financial position					9,137,441,272	5,618,244,391
	Total liabilities for reportable segments	2,279,865,705	1,610,776,310	986,284,130	327,773,414	3,266,149,835	1,938,549,724
	Unallocated liabilities					1,728,744,681	497,119,611
	Total liabilities as per statement of financial position					4,994,894,516	2,435,669,335

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

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

55. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 23 September, 2022 by the Board of Directors of the Company.

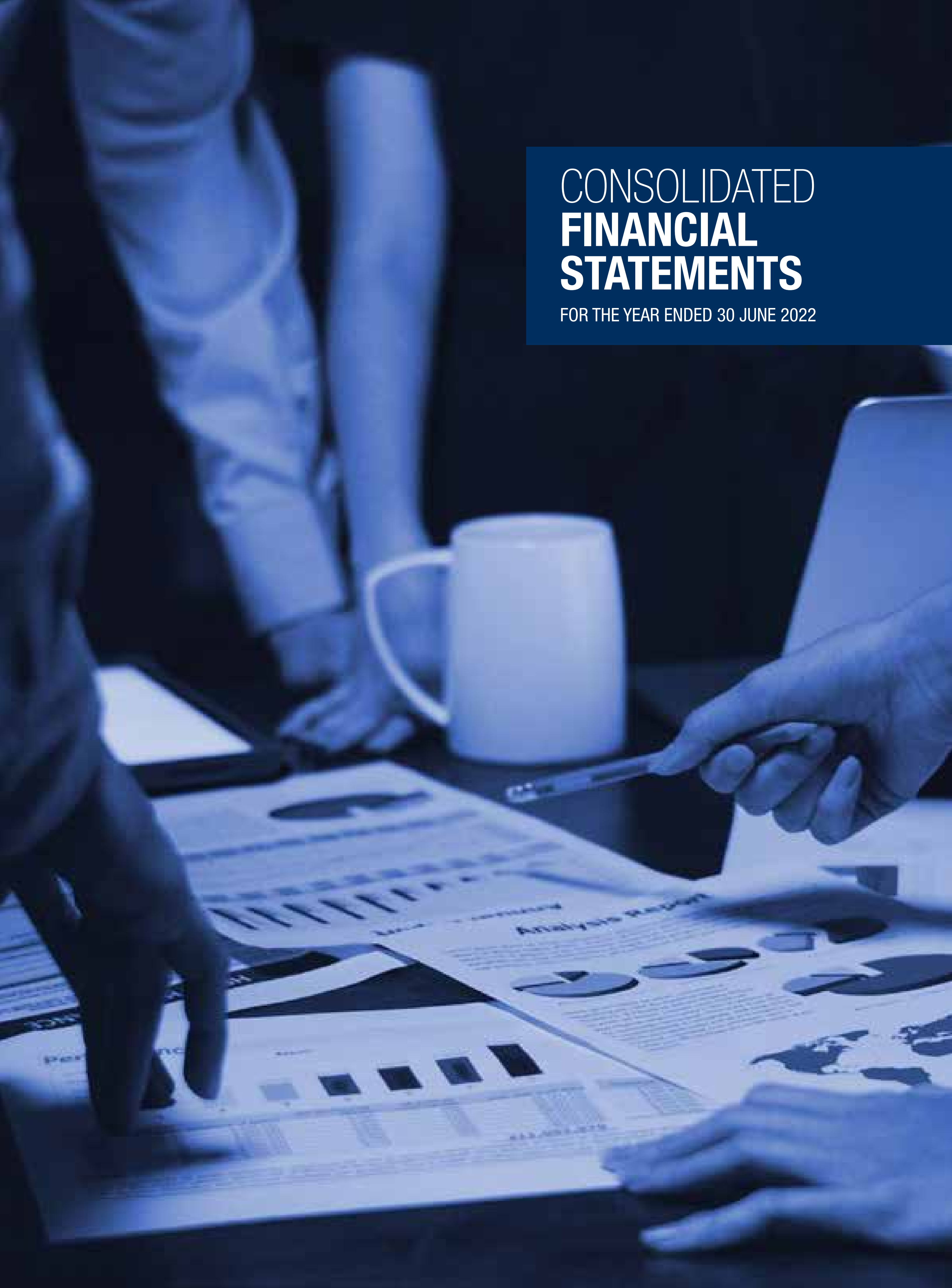
56. CORRESPONDING FIGURES

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

57. GENERAL

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

Chief Executive | Director | Chief Financial Officer



CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

INDEPENDENT **AUDITOR'S REPORT**

To the members of Hi-Tech Lubricants Limited

Opinion

We have audited the annexed consolidated financial statements of Hi-Tech Lubricants Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 30 June 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1	**Revenue recognition** The Group recognized net revenue of Rupees 17,743.969 million for the year ended 30 June 2022. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. For further information on revenue, refer to the following: - Summary of significant accounting policies, Revenue recognition note 2.26 to the consolidated financial statements. - Net revenue from contracts with customers as shown on the face of consolidated statement of profit or loss.	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • We tested the effectiveness of the Group's internal controls over the calculation and recognition of discounts. • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. • We also considered the appropriateness of disclosures in the consolidated financial statements.

Sr. No.	Key audit matters	How the matter was addressed in our audit
2	**Stock-in-trade existence and valuation** Stock-in-trade as at 30 June 2022 amounted to Rupees 3,941.261 million and represented a material position in the consolidated statement of financial position. The business is characterized by high volume and the valuation and existence of stock-in-trade are significant to the business. Therefore, considered as one of the key audit matters. Stock-in-trade is stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in note 2.11.2 to the consolidated financial statements. At year end, the valuation of stock-in-trade is reviewed by management and the cost of stock-in-trade is reduced where stock-in-trade is forecast to be sold below cost. For further information on stock-in-trade, refer to the following: - Summary of significant accounting policies, Stock-in-trade note 2.11.2 to the consolidated financial statements. - Stock-in-trade note 21 to the consolidated financial statements.	Our procedures over existence and valuation of stock-in-trade included, but were not limited to: • To test the quantity of stock-in-trade at all locations, we assessed the corresponding stock-in-trade observation instructions and participated in stock-in-trade counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of stock-in-trade items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • We tested that the ageing report used by management correctly aged stock-in-trade items by agreeing a sample of aged stock-in-trade items to the last recorded invoice. • On a sample basis, we tested the net realizable value of stock-in-trade items to recent selling prices and re-performed the calculation of the stock-in-trade write down, if any. • We assessed the percentage write down applied to older stock-in-trade with reference to historic stock-in-trade write downs and recoveries on slow moving stock-in-trade. • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs. • We also made inquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.
3	**Capital expenditures** The Subsidiary Company [Hi-Tech Blending (Private) Limited] is investing significant amounts in its operations and there are a number of areas where management judgement impacts the carrying value of fixed assets and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Group's strategy. We focused on this area since the amounts have a significant impact on the financial position of the Group and there is significant management judgment required that has significant impact on the reporting of the financial position for the Group. Therefore, considered as one of the key audit matters. For further information, refer to the following: - Summary of significant accounting policies, fixed assets and deprecation note 2.3 to the consolidated financial statements. - Fixed assets note 14 to the consolidated financial statements.	Our procedures included, but were not limited to: • We tested operating effectiveness of controls in place over the fixed assets cycle including the controls over whether costs incurred on activities is capital or operating in nature. • We evaluated the appropriateness of capitalization policies and depreciation rates. • We performed tests of details on costs capitalized. • We verified the accuracy of management's calculation used for the impairment testing.

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

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

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

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

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

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

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

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

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

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

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

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

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 24 September 2022

UDIN: AR202210132rl8kaN2oM

CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
As at 30 June 2022

	Note	2022 Rupees	2021 Rupees Restated
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
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	3	1,392,048,000	1,160,040,000
Reserves	4	4,862,359,734	3,176,396,516
Total equity		6,254,407,734	4,336,436,516
LIABILITIES			
Non-current liabilities			
Long term financing	5	516,628,587	147,357,607
Lease liabilities	6	485,619,223	315,089,191
Long term deposits	7	17,000,000	17,000,000
Deferred liabilities	8	491,141,485	34,180,663
		1,510,389,295	513,627,461
Current liabilities			
Trade and other payables	9	2,732,417,755	1,728,466,552
Accrued mark-up	10	57,121,494	14,963,365
Short term borrowings	11	1,897,577,032	607,994,104
Current portion of non-current liabilities	12	222,398,052	182,391,032
Unclaimed dividend		5,755,517	6,326,546
		4,915,269,850	2,540,141,599
Total liabilities		6,425,659,145	3,053,769,060
Contingencies and commitments	13		
TOTAL EQUITY AND LIABILITIES		12,680,066,879	7,390,205,576
ASSETS			
Non–current assets			
Fixed assets	14	5,959,670,743	3,434,750,846
Right-of-use assets	15	590,982,038	340,945,782
Intangible assets	16	21,760,517	17,378,375
Investment property	17	130,000,000	93,750,000
Long term security deposits	18	55,221,660	37,226,855
Long term loan to an employee	19	783,329	-
		6,758,418,287	3,924,051,858
Current assets			
Stores	20	88,306,846	63,346,582
Stock-in-trade	21	3,941,260,793	1,957,046,564
Trade debts	22	109,026,521	103,118,348
Loans and advances	23	261,017,419	143,019,434
Short term deposits and prepayments	24	35,074,806	35,624,780
Other receivables	25	441,316,465	141,381,054
Advance income tax - net of provision for taxation	26	157,841,148	188,435,988
Accrued interest	27	570,582	390,462
Short term investments	28	226,804,412	446,043,245
Cash and bank balances	29	660,429,600	387,747,261
		5,921,648,592	3,466,153,718
TOTAL ASSETS		12,680,066,879	7,390,205,576

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

Chief Executive | Director | Chief Financial Officer

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS
For the year ended 30 June 2022

HTL LIMITED
Hi-Tech Lubricants Ltd

	Note	2022 Rupees	2021 Rupees Restated
Gross Revenue From Contracts With Customers	30	20,962,350,807	15,600,490,187
Discounts		(750,430,803)	(830,704,052)
Sales tax		(2,467,951,364)	(4,172,398,473)
Net Revenue From Contracts With Customers		17,743,968,640	10,597,387,662
Cost of sales	31	(14,006,515,076)	(8,329,595,460)
Gross profit		3,737,453,564	2,267,792,202
Distribution cost	32	(1,142,378,955)	(861,385,257)
Administrative expenses	33	(692,612,432)	(547,749,403)
Other expenses	34	(538,247,003)	(70,521,255)
		(2,373,238,390)	(1,479,655,915)
Other income	35	141,898,783	139,874,169
Profit from operations		1,506,113,957	928,010,456
Finance cost	36	(288,242,707)	(114,660,654)
Profit before taxation		1,217,871,250	813,349,802
Taxation	37	(600,425,532)	(129,768,407)
Profit after taxation		617,445,718	683,581,395
Earnings per share - basic and diluted	38	4.44	4.91

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

Chief Executive

Director

Chief Financial Officer

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

For the year ended 30 June 2022

	2022 Rupees	2021 Rupees Restated
Profit after taxation	617,445,718	683,581,395
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Surplus on revaluation of freehold land	1,783,101,998	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year	1,783,101,998	-
Total comprehensive income for the year	2,400,547,716	683,581,395

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

Chief Executive

Director

Chief Financial Officer

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY
For the year ended 30 June 2022

	Share capital	Reserves				Total reserves	Total equity
		Capital reserve			Revenue reserve		
		Share premium	Surplus on revaluation of freehold land	Sub Total	Un–appropriated Profit		
	Rupees						
Balance as at 30 June 2020	1,160,040,000	1,441,697,946	-	1,441,697,946	1,387,528,775	2,829,226,721	3,989,266,721
Transactions with owners:							
Final dividend for the year ended 30 June 2020							
@ Rupees 0.90 per share	-	-	-	-	(104,403,600)	(104,403,600)	(104,403,600)
Interim dividend for the year ended 30 June 2021							
@ Rupees 2.00 per share	-	-	-	-	(232,008,000)	(232,008,000)	(232,008,000)
	-	-	-	-	(336,411,600)	(336,411,600)	(336,411,600)
Profit for the year ended 30 June 2021 - restated	-	-	-	-	683,581,395	683,581,395	683,581,395
Other comprehensive income for the year ended 30 June 2021	-	-	-	-	-	-	-
Total comprehensive income for the year ended 30 June 2021 - restated	-	-	-	-	683,581,395	683,581,395	683,581,395
Balance as at 30 June 2021 - restated	1,160,040,000	1,441,697,946	-	1,441,697,946	1,734,698,570	3,176,396,516	4,336,436,516
Transaction with owners:							
Final dividend for the year ended 30 June 2021							
@ Rupees 2 per share	-	-	-	-	(232,008,000)	(232,008,000)	(232,008,000)
Issue of 01 bonus share for every 05 ordinary shares for the year ended 30 June 2021	232,008,000	-	-	-	(232,008,000)	(232,008,000)	-
Interim dividend for the year ended 30 June 2022							
@ Rupees 1.80 per share	-	-	-	-	(250,568,498)	(250,568,498)	(250,568,498)
	232,008,000	-	-	-	(714,584,498)	(714,584,498)	(482,576,498)
Profit for the year ended 30 June 2022	-	-	-	-	617,445,718	617,445,718	617,445,718
Other comprehensive income for the year ended 30 June 2022	-	-	1,783,101,998	1,783,101,998	-	1,783,101,998	1,783,101,998
Total comprehensive income for the year ended 30 June 2022	-	-	1,783,101,998	1,783,101,998	617,445,718	2,400,547,716	2,400,547,716
Balance as at 30 June 2022	1,392,048,000	1,441,697,946	1,783,101,998	3,224,799,944	1,637,559,790	4,862,359,734	6,254,407,734

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

Chief Executive

Director

Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees Restated
Cash flows from operating activities			
Cash generated from operations	39	314,129,552	1,103,303,871
Finance cost paid		(225,230,429)	(111,735,078)
Income tax paid		(207,826,265)	(161,097,870)
Income tax refunds received		-	109,838,534
Net increase in long term loan to an employee		(983,333)	-
Net increase in long term security deposits		(16,383,460)	(14,571,487)
Net increase in long term deposits		-	16,500,000
Net cash (used in) / generated from operating activities		(136,293,935)	942,237,970
Cash flows from investing activities			
Capital expenditure on operating fixed assets		(970,020,788)	(448,292,515)
Capital expenditure on intangible assets		(13,038,106)	(13,734,069)
Initial direct cost incurred on right-of-use assets		(4,513,000)	(1,203,654)
Proceeds from disposal of operating fixed assets		7,536,955	13,775,776
Short term investments - net		220,880,116	277,774,997
Dividend received		22,796,747	20,452,706
Profit on bank deposits and term deposit receipts received		21,991,452	21,828,703
Net cash used in investing activities		(714,366,624)	(129,398,056)
Cash flows from financing activities			
Short term borrowings - net		1,289,582,928	(406,001,670)
Dividend paid		(483,147,527)	(333,523,490)
Proceeds from long term financing		543,682,938	264,229,020
Repayment of long term financing		(111,806,112)	(54,482,063)
Repayment of lease liabilities		(114,969,329)	(82,055,945)
Net cash from / (used in) financing activities		1,123,342,898	(611,834,148)
Net increase in cash and cash equivalents		272,682,339	201,005,766
Cash and cash equivalents at beginning of the year		387,747,261	186,741,495
Cash and cash equivalents at end of the year		660,429,600	387,747,261

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

Chief Executive   Director   Chief Financial Officer

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

Hi-Tech Lubricants Limited

Subsidiary Company

Hi-Tech Blending (Private) Limited

1.1 Hi-Tech Lubricants Limited ("the Holding Company") was incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The registered office of the Holding Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The principal activity of the Holding Company is to procure and distribute lubricants and petroleum products. During the year ended 30 June 2017, Oil and Gas Regulatory Authority (OGRA) granted license to the Holding Company to establish an Oil Marketing Company (OMC), subject to some conditions. On 31 May 2019, Oil and Gas Regulatory Authority (OGRA) has granted permission to the Holding Company to operate new storage facility at Sahiwal and marketing of petroleum products in the Province of Punjab. On 20 January 2020, the Holding Company has started marketing and sale of petroleum products. On 21 February 2020, OGRA has granted permission to the Holding Company to apply for No Objection Certificates (NOCs) from concerned departments to setup petrol pumps in Khyber Pakhtunkhwa Province. On 09 August 2021, OGRA has acknowledged the satisfactory completion of oil storage facility at Nowshera, Khyber Pakhtunkhwa Province. On 13 January 2022, OGRA has further extended / renewed the Provisional License for setting up of an OMC upto 31 December 2023.

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 and manufacturing and sale of plastic products. The registered office of the Subsidiary Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The Subsidiary Company is a wholly owned subsidiary of Hi-Tech Lubricants Limited.

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

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

Business units	Address
Hussain Filling Station	Head Muhammad Road, Multan
Lali Sons Filling Station	Faisalabad Road, Lalian
Punjab Filling Station	Main Satyana Road, Faisalabad
Green Fuel CNG	1-KM, G.T. Road, Lalamusa
A.B. Petroleum Filling Station	Tehsil Liaqatpur, Rahim Yar Khan
Jillani CNG	Lehtrar Road, Islamabad
Dasti Filling Station	Jampur Road, Dera Ghazi Khan
Rehman Filling Station	Chistian Road, Hasilpur
Al-Fazal Filling Station	Sargodha Road, Jhang
Ibrahim Petroleum	Sialkot Road, Gujranwala
Karma Wala-1 Filling Station	Shahkot Road, Jaranwala
Raja Adeel Filling Station	Arifwala Road, Arifwala
Gondal Filling Station	Daska Road, Wazirabad
City Filling Station	Hujra Shah Muqeem, Okara
Al Karam Filling Station	Shamkey Bhattian, Lahore
Green City Fuel Station	Hasilpur Road, Bahalwalpur
Khokhar Fuel Station	Small Industrial Estate, Jinnah Road, Gujranwala
Minhas CNG	Multan Road, Lahore
One Stop	Main Ferozepur Road, Lahore
S&S	Toba Road, Jhang
Al Yousaf CNG	Khanewal Road, Multan
Rana Petroleum	Faisalabad Road, Okara
Mudassir Zulfiqar Filling Station	Vehari Road, Multan
Shahid & Company	Daska Road, Gujranwala
Benzina II Filling Station	Benazir Road, Okara
Nambardar Filling Station	Rawalpindi Road, Chakwal
Iftikhar Nadeem & Company	Mouza Jhawary, Dhamial Road, Rawalpindi Cantt.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

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

b) Accounting convention

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

c) Critical accounting estimates and judgments

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

Income Tax

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

Useful lives, pattern of economic benefits and impairment

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

Inventories

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines.

Allowance for expected credit losses

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

Revenue from contracts with customers involving sale of goods

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

Provisions

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

Classification of investments

The management of the Group determines the appropriate classification of its investments at the time of purchase or increase in holding and classifies its investments in accordance with IFRS 9 "Financial Instruments".

Contingencies

The Group reviews the status of all pending litigations and claims against the Group. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the consolidated statement of financial position date.

Revaluation of freehold land and investment property

Fair values of freehold land and investment property are determined by independent valuer engaged by the Group. The key assumptions used to determine the fair values of freehold land and investment property are complex in nature. Further, determining adjustments for any differences in nature, location and condition of freehold land and investment property involves significant judgment. The effect of any changes in fair values are considered as estimate and are accounted for on a prospective basis.

d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Group

Following amendments to published approved accounting standards are mandatory for the Group's accounting periods beginning on or after 01 July 2021:

- IFRS 16 (Amendments) 'Leases'.
- Interest Rate Benchmark Reform– Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and
- Measurement', IFRS 4 'Insurance Contracts', IFRS 7 'Financial Instruments: Disclosures' and IFRS 16 'Leases'.

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

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

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2021 but are considered not to be relevant or do not have any significant impact on the Group's financial statements and are therefore not detailed in these financial statements.

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

Following amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2022 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

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

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

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

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

Disclosure of Accounting Policies (Amendments to IAS 1 ‘Presentation of Financial Statements’ and IFRS Practice Statement 2 ‘Making Materiality Judgement’) effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its ‘significant accounting policies’ in their financial statements. These amendments shall assist the entities to disclose their ‘material accounting policies’ in their financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 ‘Income taxes’) effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

Change in definition of Accounting Estimate (Amendments to IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors) effective for annual periods beginning on or after 1 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

The International Accounting Standards Board (IASB) has published ‘Reference to the Conceptual Framework (Amendments to IFRS 3)’ with amendments to IFRS 3 ‘Business Combinations’ that update an outdated reference in IFRS 3 without significantly changing its requirements. Effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2022. The amendments also add to IFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

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

The above amendments and improvements are likely to have no significant impact on the financial statements.

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

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2022 but are considered not to be relevant or do not have any significant impact on the consolidated financial statements and are therefore not detailed in these consolidated financial statements.

2.2 Consolidation

Subsidiary

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

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

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

2.3 Fixed assets

Operating fixed assets except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of fixed assets consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition. Freehold land and capital work-in-progress are stated at cost less any recognized impairment loss. All expenditure connected with specific assets incurred during installation and construction periods are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

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

Change in accounting policy

Previously, freehold land was stated, under cost model, at cost less recognized accumulated impairment loss, if any.

The Group has revised its accounting policy under IAS 16 'Property, Plant and Equipment', in respect of freehold land to fair value model under which freehold land is stated at revalued amount less recognized impairment loss, if any. Independent valuations are performed periodically, the carrying amounts are reviewed against the valuations and adjustments are made where there is material change. Increases in the carrying amount arising on revaluation of freehold land is recognised in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognised in the consolidated statement of profit or loss, the increase is first recognised in the consolidated statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the consolidated statement of profit or loss.

Depreciation

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

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

De-recognition

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

2.4 Intangible assets

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

2.5 Right-of-use assets

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

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

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

2.6 Lease liabilities

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

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

2.7 Investment property

Land held for capital appreciation or to earn rental income is classified as investment property. Investment property is carried at fair value. Changes in fair value are presented in statement of profit or loss as part of other income.

Change in accounting policy

The Group has changed its accounting policy in respect of investment property to fair value model under which investment property is stated at revalued amount less recognized impairment loss, if any, whereas it was previously valued at cost less recognized impairment loss, if any. The management believes that the new policy provides reliable and more relevant information to the users of these consolidated financial statements.

Independent valuations are performed periodically, the carrying amounts are reviewed against these valuations and adjustments are made where there are material changes. Increases in the carrying amounts arising on revaluation of investment property are recognised, in the consolidated statement of profit or loss and accumulated in revaluation surplus in shareholders' equity.

This change in accounting policy has been accounted for retrospectively as referred under IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements have been re-stated.

Effect of the retrospective application of change in accounting policy is as follows:

Effect on consolidated statement of financial position:	**Rupees**
Investment property (as shown on face of consolidated statement of financial position)	
Previously reported as on 30 June 2021 – at cost	61,658,100
Fair value adjustment to investment property due to retrospective application of change in accounting policy	32,091,900
Balance as on 30 June 2021 – restated	93,750,000
Revenue reserve (as shown in note 4 to the consolidated statement of financial position)	
Profit for the year as previously reported	651,489,495
Fair value adjustment to investment property due to retrospective application of change in accounting policy	32,091,900
Balance as on 30 June 2021 – restated	683,581,395

Effect on consolidated statement of profit or loss for the year ended 30 June 2021:	**Rupees**
Other income (as shown in note 35)	
Increase in other income due to fair value gain on revaluation of investment property	32,091,900
Earnings per share (as shown on face of consolidated statement of profit or loss account)	
Increase in earnings per share	0.27

The change did not have any impact on other comprehensive income for the year and the Group's operating, investing and financing cash flows. Had there been no change in accounting policy, the effect of figures reported in respect of year ended 30 June 2022 would have been as follows:

Effect on consolidated statement of financial position:	**Rupees**
Investment property (as shown on face of consolidated statement of financial position) would have been lower by	68,341,900
Revenue reserves (as shown in note 4) would have been lower by	68,341,900
Other income (as shown on face of consolidated statement of financial position) would have been lower by	36,250,000
Profit for the year would have been lower by	38,250,000
Earnings per share would have been lower by	0.26

2.8 Functional and presentation currency

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

2.9 Foreign currency transactions and translation

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

2.10 Employee benefits

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

2.11 Inventories

2.11.1 Stores

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

2.11.2 Stock-in-trade

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

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

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

Finished goods purchased for resale are stated at the lower of cost, determined using weighted average cost method, and net realizable value. Cost of finished goods purchased for resale comprises of invoice value, charges like custom duties and similar levies and other direct costs.
Stock in transit is valued at cost comprising invoice value plus other charges incurred thereon.

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

2.12 Investments and other financial assets

a) Classification

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

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

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

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

b) Measurement

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

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

Debt instruments

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

Amortized cost

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

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss (FVTPL)

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

Equity instruments

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

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss

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

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

2.13 Financial Liabilities - classification and measurement

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

2.14 Impairment of financial assets

The Group recognizes loss allowances for Expected Credit Losses (ECLs) on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVTOCI; and
- Contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and

- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

2.15 De-recognition of financial assets and financial liabilities

a) Financial assets

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

b) Financial liabilities

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

2.16 Offsetting of financial instruments

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

2.17 Impairment of non-financial assets

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

2.18 Cash and cash equivalents

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

2.19 Provisions

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

2.20 Taxation

2.20.1 Current

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

2.20.2 Deferred

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

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

Group taxation adjustments

Current and deferred taxes based on the consolidated results of the Group (under Section 59AA of the Income Tax Ordinance, 2001) are allocated within the Group on the basis of separate return method, modified for determining realizability of tax credits and tax losses which are assessed at Group level. Any adjustments in the current and deferred taxes of the Group on account of group taxation are credited or charged to consolidated statement of profit or loss in the year in which they arise.

2.21 Borrowings

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

2.22 Borrowing costs

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

2.23 Trade and other receivables

Trade debts are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

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

2.24 Trade and other payables

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

2.25 Ijarah contracts

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

2.26 Revenue from contracts with customers

(a) Sale of goods

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

(b) Interest

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

(c) Dividend

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

(d) Rental income

The Group earns rental income on some of its property leased out. Rental income is recognized on accrual basis over the period of lease agreement as per the requirements of IFRS 16.

2.27 Contract assets

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

2.28 Customer acquisition costs

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

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

2.29 Customer fulfilment costs

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

2.30 Right of return assets

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

2.31 Contract liabilities

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

2.32 Refund liabilities

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

2.33 Contingent assets

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

2.34 Contingent liabilities

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

2.35 Dividend and other appropriations

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

2.36 Earnings per share

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

2.37 Share capital

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

2.38 Government grants

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

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

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

2.39 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.
Segment results that are reported to the chief executive officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Group has following reportable business segments:

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

3. ISSUED, SUBSCRIBED AND PAID–UP SHARE CAPITAL

2022	2021		2022	2021
(Number of shares)			Rupees	Rupees
41,002,000	41,002,000	Ordinary shares of Rupees 10 each		
		fully paid-up in cash	410,020,000	410,020,000
25,000,000	25,000,000	Ordinary shares of Rupees 10 each		
		issued as fully paid for consideration		
		other than cash (Note 3.2)	250,000,000	250,000,000
73,202,800	50,002,000	Ordinary shares of Rupees 10 each		
		issued as fully paid bonus shares	732,028,000	500,020,000
139,204,800	116,004,000		1,392,048,000	1,160,040,000

3.1 993,330 (2021: 827,775) ordinary shares of the Holding Company are held by SK Lubricants Co., Ltd. - principal supplier and long term partner.

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

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

	2022 Rupees	2021 Rupees Restated
4. RESERVES		
Capital reserve		
Share premium (Note 4.1)	1,441,697,946	1,441,697,946
Surplus on revaluation of freehold land		
As at 01 July	-	-
Add: Surplus on revaluation of freehold land	1,783,101,998	-
As at 30 June	1,783,101,998	-
Revenue reserve		
Un-appropriated profit	1,637,559,790	1,734,698,570
	4,862,359,734	3,176,396,516

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

	2022 Rupees	2021 Rupees
5. LONG TERM FINANCING		
From banking company - secured		
Holding company		
Bank Alfalah Limited - Loan under State Bank of Pakistan (SBP) Refinance Scheme (Note 5.1)	47,490,196	138,452,041
Subsidiary company		
Bank Al-Habib Limited (Note 5.2)	529,564,139	115,159,900
	577,054,335	253,611,941
Less: Current portion shown under current liabilities (Note 12)	60,425,748	106,254,334
	516,628,587	147,357,607

5.1 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 mechinary 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).

	LENDER	2022	2021	RATE OF INTEREST	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
5.2	**Long term loans**							
	Subsidary Company							
	Bank Al-Habib Limited (Note 5.2.1)	7,968,836	23,271,700	SBP rate for refinance scheme for payment of salaries and wages + 3.00%	Eight equal quarterly installments commenced from 11 January 2021 and ending on 23 October 2022.	-	Quarterly	First parri passu hypothecation charge for Rupees 1,067 million over current assets and Rupees 610 million over plant and machinery of the Subsidiary Company, first parri passu mortgage charge of Rupees 400 million over land and building of the Subsidiary Company, trust receipt, personal guarantee of all directors of the Subsidiary Company and corporate guarantee of Holding Company amounting to Rupees 2,000 million.
	Bank Al-Habib Limited (Note 5.2.2)	298,575,154	91,888,200	SBP rate for TERF + 2.00% and 3.00%	Twenty to thirty-two unequal quarterly installments commencing from 08 May 2023 and ending on 01 November 2031.	-	Quarterly	
	Bank Al-Habib Limited (Note 5.2.2)	155,761,330	-	SBP rate for TERF + 4.00%	Twenty to thirty-two unequal qaurterly installments commencing from 13 October 2023 and ending on 16 December 2031.	-	Quarterly	
		462,305,320	115,159,900					
	Bank Al-Habib Limited (Note 5.2.3)	42,675,819	-	SBP rate for renewable energy financing scheme + 2.50%	Thirty-nine unequal quarterly installments commencing from 20 July 2022 and ending on 03 June 2032.	-	Quarterly	Exclusive charge for Rupees 80 million over plant and machinery of solar power plant, personal guarantee of all directors of the Subsidiary Company and corporate guarantee of Holding Company amounting to Rupees 2,000 million.
	Bank Al-Habib Limited (Note 5.2.4)	24,583,000	-	3 months KIBOR + 1.25% per annum	Twenty equal quarterly installments commencing from 23 May 2023 and ending on 23 February 2028.	Quarterly	Quarterly	Exclusive charge for Rupees 122 million over imported plant and machinery of the Subsidiary Company and personal guarantees of all directors of the Subisdiary Company.
		529,564,139	115,159,900					

5.2.1 This loan was obtained by the Subsidiary Company under SBP Refinance Scheme for payment of wages and salaries to workers. It was recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment was recognized at discount rate ranging from 8.17% to 9.68% (2021: 8.17% to 9.68%) per annum.

5.2.2 This loan is obtained by the Subsidiary Company under SBP Temporary Economic Refinance Facility (TERF). It is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rates ranging from 8.85% to 13.39% (2021: 8.85% to 9.00%) per annum.

5.2.3 This loan is obtained by the Subsidiary Company under SBP Renewable Energy Refinance Scheme. It is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rates ranging from 11.93% to 16.52% per annum.

5.2.4 Effective rate of markup charged during the year was 16.40% per annum.

		2022 Rupees	2021 Rupees

6. LEASE LIABILITIES

		2022 Rupees	2021 Rupees
	Total lease liabilities	624,517,326	381,624,955
	Less: Current portion shown under current liabilities (Note 12)	(138,898,103)	(66,535,764)
		485,619,223	315,089,191
6.1	**Reconciliation of lease liabilities is as follows:**		
	Opening balance	381,624,955	256,503,604
	Add: Additions during the year	299,315,835	263,640,693
	Add / (less): Impact of lease modifications during the year	66,644,586	(56,040,297)
	Add: Interest accrued during the year (Note 36)	51,024,040	30,645,942
	Less: Impact of lease termination during the year	(8,098,721)	-
	Less: Payments made during the year	(165,993,369)	(113,124,987)
		624,517,326	381,624,955
	Less: Current portion shown under current liabilities (Note 12)	(138,898,103)	(66,535,764)
		485,619,223	315,089,191
6.2	**Maturity analysis of lease liabilities is as follows:**		
	Upto 6 months	95,807,814	53,320,414
	6-12 months	99,801,391	48,137,154
	1-2 years	172,249,802	104,079,176
	More than 2 years	478,667,230	297,487,145
		846,526,237	503,023,889
	Less: Future finance cost	222,008,911	121,398,934
	Present value of lease liabilities	624,517,326	381,624,955

6.3 Amounts recognised in the consolidated statement of profit or loss

	2022 Rupees	2021 Rupees
Interest accrued during the year (Note 36)	51,024,040	30,645,942
Expense relating to short term leases (included in administrative expenses)	876,660	844,089
Expense relating to short term leases (included in distribution cost)	-	7,881,300
Expense relating to leases of low-value assets (included in distribution cost)	1,882,221	1,761,950
Total amount recognised in consolidated statement of profit or loss	53,782,921	41,133,281

6.4 Implicit rates against lease liabilities range from 7.40% to 17.12% (2021: 7.36% to 13.97%) per annum.

6.5 Leases from banking company are secured against the leased assets, personal guarantees of directors of the Holding Company and security deposits of Rupees 39.343 million (2021: Rupees 24.059 million).

7. LONG TERM DEPOSITS

These are unsecured, interest free and repayable on termination of agreements. These security deposits have been utilized for the purpose of business in accordance with under process amendments to the terms of written agreements.

		2022 Rupees	2021 Rupees

8. DEFFERED LIABILITIES

	2022 Rupees	2021 Rupees
Deferred income tax liability (Note 8.1)	376,451,989	14,447,562
Deferred income - Government grant (Note 8.2)	114,689,496	19,733,101
	491,141,485	34,180,663

8.1 Deferred income tax liability

The net deferred income tax liability comprises of temporary differences relating to:

	2022 Rupees	2021 Rupees
Deferred income tax liabilities		
Accelerated tax depreciation and amortization	407,550,413	267,802,727
Right-of-use assets	200,675,121	104,195,069
	608,225,534	371,997,796
Deferred income tax assets		
Available unused tax losses	-	(133,420,516)
Minimum tax carry forward	-	(93,480,100)
Allowance for expected credit losses	(11,542,280)	(10,831,054)
Provision for doubtful advances to suppliers	(1,562,789)	(381,640)
Provision for slow moving and obsolete store items	(1,159,013)	(392,681)
Provision for slow moving and obsolete stock-in-trade	(4,957,037)	(2,561,660)
Lease liabilities	(212,552,426)	(116,482,583)
	(231,773,545)	(357,550,234)
Net deferred income tax liability	376,451,989	14,447,562

8.1.1 Movement in deferred income tax balances during the year is as follows:

	2022		
	Opening balance	**Recognised in statement of profit or loss**	**Closing balance**
		Rupees	
Accelerated tax depreciation and amortization	267,802,727	139,747,686	407,550,413
Right-of-use assets	104,195,069	96,480,052	200,675,121
Available unused tax losses	(133,420,516)	133,420,516	-
Minimum tax carry forward	(93,480,100)	93,480,100	-
Allowance for expected credit losses	(10,831,054)	(711,226)	(11,542,280)
Provision for doubtful advances to suppliers	(381,640)	(1,181,149)	(1,562,789)
Provision for slow moving and obsolete store items	(392,681)	(766,332)	(1,159,013)
Provision for slow moving and obsolete stock-in-trade	(2,561,660)	(2,395,377)	(4,957,037)
Lease liabilities	(116,482,583)	(96,069,843)	(212,552,426)
	14,447,562	362,004,427	376,451,989

	2021		
	Opening Balance	Recognised in Statement of Profit or Loss	Closing Balance
		Rupees	
Accelerated tax depreciation and amortization	237,830,737	29,971,990	267,802,727
Right-of-use assets	79,070,258	25,124,811	104,195,069
Available unused tax losses	(239,836,426)	106,415,910	(133,420,516)
Minimum tax carry forward	(602,501)	(92,877,599)	(93,480,100)
Allowance for expected credit losses	(8,770,114)	(2,060,940)	(10,831,054)
Pre-commencement expenditures	(1,178,200)	1,178,200	-
Provision for doubtful advances to suppliers	(1,310,164)	928,524	(381,640)
Provision for slow moving and obsolete store items	(1,940,146)	1,547,465	(392,681)
Provision for slow moving and obsolete stock in trade	-	(2,561,660)	(2,561,660)
Lease liabilities	(80,313,980)	(36,168,603)	(116,482,583)
	(17,050,536)	31,498,098	14,447,562

		2022	2021
		Rupees	Rupees
8.2	**Deferred income - Government grant**		
	Opening balance	29,334,035	6,107,347
	Add: Recognized during the year	129,288,581	33,578,652
	Less: Amortized during the year (Note 35)	20,858,919	10,351,964
	Closing balance	137,763,697	29,334,035
	Less: Current portion shown under current liabilities (Note 12)	23,074,201	9,600,934
		114,689,496	19,733,101

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

8.2.2 The State Bank of Pakistan (SBP), through its Circular No. 01 and 02 of 2020 dated 17 March 2020 introduced a Temporary Economic Refinance Facility (TERF) and Islamic Temporary Economic Refinance Facility (ITERF) for setting of new industrial units. The refinance was available through Banks / DFIs. One of the key feature of the refinance facility was that borrowers can obtain loan at mark-up rates that are below normal lending rates. As per International Accounting Standard (IAS) 20 'Accounting for Government Grants and Disclosure of Government Assistance', the benefit of a Government loan at a below-market rate of interest is treated as a Government Grant. The Company has obtained this loan as disclosed in note 5 to the financial statements. In accordance with IFRS 9 'Financial Instruments' loan obtained under the refinance facility was initially recognized at fair value which is the present value of loan proceeds received, discounted using prevailing market rates of interest for a similar instrument. Hence, the benefit of the below-market rate of interest has been measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit is accounted for and presented as deferred grant in accordance with IAS 20. The grant is being amortized in the statement of profit or loss, in line with the recognition of interest expense the grant is compensating.

	2022 Rupees	2021 Rupees
9. TRADE AND OTHER PAYABLES		
Creditors (Note 9.1)	1,732,001,509	1,118,202,552
Accrued liabilities (Note 9.2)	113,147,482	144,513,477
Infrastructure cess payable (Note 9.3)	172,436,755	147,212,835
Contract liabilities - unsecured	62,633,752	39,100,051
Retention money payable	17,838,575	33,279,641
Customs duty and other charges payable	109,125,169	30,827,455
Income tax deducted at source	14,989,310	12,908,989
Payable to employees' provident fund trust	4,076,630	3,730,588
Workers' profit participation fund payable (Note 9.4)	140,754,939	76,482,973
Workers' welfare fund payable (Note 9.5)	40,417,056	9,483,059
Sales tax payable	324,996,578	112,724,932
	2,732,417,755	1,728,466,552

9.1 These include Rupees 625.358 million (2021: Rupees 697.753 million) payable to SK Lubricants Co., Ltd. - principal supplier and long term partner.

9.2 These include Rupees 2.384 million (2021: Rupees 4.124 million) on account of remuneration payable to directors of the Holding Company.

9.3 Movement in the provision for infrastructure development cess during the year is as follows:

	2022 Rupees	2021 Rupees
Opening balance	147,212,835	117,205,848
Add: Provision made during the year	25,223,920	30,006,987
Closing balance	172,436,755	147,212,835

9.4 Workers' profit participation fund		
Opening balance	76,482,973	50,169,035
Add: Allocation for the year (Note 34)	52,799,520	16,775,116
Add: Interest for the year (Note 36)	11,472,446	9,538,822
Closing balance	140,754,939	76,482,973

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

	2022 Rupees	2021 Rupees
9.5 Workers' welfare fund		
Opening balance	9,483,059	2,398,343
Add: Allocation for the year (Note 34)	30,933,997	7,084,716
Closing balance	40,417,056	9,483,059
10. ACCRUED MARK-UP		
Long term financing	7,714,584	2,350,144
Short term borrowings	49,406,910	12,613,221
	57,121,494	14,963,365

	2022 Rupees	2021 Rupees
11. SHORT TERM BORROWINGS		
From banking companies - secured		
- Holding Company		
Short term finances (Note 11.1 and Note 11.2)	1,494,218,779	461,180,637
- Subsidiary Company		
Short term finances (Note 11.3 and Note 11.4)	403,358,253	146,813,467
	1,897,577,032	607,994,104

11.1 These finances are obtained from banking companies under mark-up arrangements and are secured against trust receipts, first joint pari passu hypothecation charge over present and future current assets of the Holding Company, personal guarantees of sponsor directors of the Holding Company and hypothecation charge over land, building and plant and machinery of Subsidiary Company.

11.2 The rates of mark-up range from 8.01% to 16.02% (2021: 7.63% to 12.19%) per annum.

11.3 These finances are obtained from banking companies under mark-up arrangements. These short term borrowings and long term financing of Subsidiary Company are secured against trust receipts, first pari passu hypothecation charge over current and plant and machinery of the Subsidiary Company, first parri passu mortgage charge over land and building of the Subsidiary Company, personal guarantees of directors of the Subsidiary Company and corporate guarantee of the Holding Company amounting to Rupees 2,000 million.

11.4 The rates of mark-up range from 8.45% to 16.00% (2021: 7.66% to 12.19%) per annum.

	2022 Rupees	2021 Rupees
12. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Long term financing (Note 5)	60,425,748	106,254,334
Lease liabilities (Note 6)	138,898,103	66,535,764
Deferred income - Government grant (Note 8.2)	23,074,201	9,600,934
	222,398,052	182,391,032

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 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 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. The tax authorities have filed an income tax reference before Honourable Lahore High Court, Lahore against the order of the ATIR which is pending adjudication. No provision against the case has been made in these consolidated financial statements, as the management, based on the advice of the legal counsel, is confident of favorable outcome of litigation.

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

13.1.3 Deputy Commissioner Inland Revenue (DCIR) passed an assessment order on 28 November 2018 under section 161 and section 205 of the Income Tax Ordinance, 2001 for the tax year 2015 whereby a demand of Rupees 22.358 million has been raised against the Holding Company. 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 management, based on advice of the tax advisor, is confident of favorable outcome of litigation.

13.1.4 On 27 June 2022, Deputy Commissioner Inland Revenue (DCIR) passed an assessment order under section 161 and section 205 of the Income Tax Ordinance, 2001 for the tax year 2016 whereby a demand of Rupees 5.467 million including default surcharge has been raised against the Holding Company on account of non / short deduction of withholding tax in respect of certain payments. The Holding Company, subsequent to the reporting date, has filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR which is pending adjudication. The management, based on advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision thereagainst has been recognized in these consolidated financial statements.

13.1.5 On 24 March 2022, the Deputy Commissioner Inland Revenue (DCIR) has issued an amended assessment order under section 122(1) of the Income Tax Ordinance, 2001 for the tax year 2018 creating a demand of Rupees 1,115.673 million against the Holding Company on account of various issues. Against the aforesaid order, the Holding Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 29 August 2022, subsequent to the reporting date, CIR(A) has vacated the entire tax demand. However, in respect of various issues, the matter has been remanded back to the department for fresh consideration. The management, based on the advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these consolidated financial statements.

13.1.6 On 26 February 2022, Deputy Commissioner Inland Revenue (DCIR) passed an assessment order under section 177 and section 122(1) of the Income Tax Ordinance, 2001 for the tax year 2019 whereby a demand of Rupees 843.451 million has been raised against the Holding Company on various issues. Against the order of DCIR, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 16 May 2022, CIR(A) has vacated the tax demand. However, in respect of certain issues, the case has been remanded back to assessing officer for fresh consideration. On 13 July 2022, subsequent to the reporting date, the tax authorities have filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR(A) which is pending adjudication. The management, based on the advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these consolidated financial statements.

13.1.7 During the year ended 30 June 2020, Deputy Commissioner Inland Revenue (DCIR) issued a notice to the Holding Company 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. However, on 29 September 2021, DCIR confirmed the matter and re-issued an order to recover Rupees 21.124 million against super tax for the tax year 2019 under section 4B of the Income Tax Ordinance, 2001. Against the aforesaid order, the Holding Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 25 February 2022, CIR(A) remanded back the case to department for fresh consideration. However, these remand back proceedings have not been initiated yet. The management, based on advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these consolidated financial statements.

13.1.8 On 28 February 2022, Deputy Commissioner Inland Revenue (DCIR) issued an order for tax periods from July 2016 to June 2017 creating a demand of Rupees 1,353.135 million alongwith penalty and default surcharge against the Holding Company on various issues under relevant provisions of the Sales Tax Act, 1990. Against the aforesaid order, the Holding Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 27 May 2022, CIR(A) provided partial relief to the Holding Company. However, sales tax default in respect of certain issues was upheld by CIR(A). Being aggrieved with the order of CIR(A), the Holding Company has filed appeal before Appellate Tribunal Inland Revenue (ATIR) (except for defaults relating to short payment of extra tax and non-charging of sales tax on scrap sales aggregating to Rupees 3.818 million) which is pending adjudication. The management, based on advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these consolidated financial statements.

13.1.9 On 15 March 2022, Deputy Commissioner Inland Revenue (DCIR) issued an order for tax periods from July 2018 to June 2019 creating a demand of Rupees 901.257 million alongwith penalty and default surcharge against the Holding Company on various issues under relevant provisions of the Sales Tax Act, 1990. Against the aforesaid order, the Holding Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 31 May 2022, CIR(A) provided partial relief to the Holding Company. However, sales tax default in respect of certain issues was upheld by CIR(A). Being aggrieved with the order of CIR(A), the Holding Company has filed appeal before Appellate Tribunal Inland Revenue (ATIR) (except for default relating to non-charging of sales tax on scrap sales amounting to Rupees 0.520 million) which is pending adjudication. The management, based on advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these consolidated financial statements.

13.1.10 During the year ended 30 June 2022, Additional Commissioner Inland Revenue (ACIR) has issued amended assessment orders under section 122(5A) of the Income Tax Ordinance, 2001 for tax years 2017, 2018, 2019, 2020 and 2021 raising demands agregating to Rupees 533.277 million against the Subsidiary Company on various issues. Against the aforesaid orders, the Subsidiary Company preferred appeals before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 04 November 2021, CIR(A) passed an order whereby the order of ACIR was annulled in respect of all the matters relating to tax year 2017 except in the matter of Workers' Profit Participation Fund (WPPF) which was remanded back to ACIR for consideration in view of the judgment passed by Honorable Lahore Court, Lahore. Remand back proceedings by ACIR have not been initiated against the Subsidiary Company. Further, in the matters of tax years 2018, 2019, 2020 and 2021, CIR(A) has provided interim relief by restricting tax department from taking any coercive action against the Subsidiary Company. Based on the opinion of tax advisor, the management has strong grounds to believe that the case will be decided in favor of the Subsidiary Company. Therefore, no provision has been made in these consolidated financial statements.

13.1.11 On 04 February 2022, Deputy Commissioner Inland Revenue (DCIR) passed an order under section 11 of the Sales Tax Act, 1990 for the tax periods November 2019 and March 2020 creating a demand of Rupees 2.046 million on account of disallowance of input sales tax on building materials alongwith default surcharge and penalty against the Subsidiary Company. The Subsidiary Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR. CIR(A) through its order dated 31 May 2022 upheld the decision of DCIR. Being aggrieved with the order of CIR(A), the Subsidiary Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. The management, based on the advice of its legal counsel, has strong grounds to believe that the case will be decided in favor of the Company. Therefore, no provision has been made in these consolidated financial statements.

13.1.12 Corporate guarantees of Rupees 2,633 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.

13.1.13 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.

13.1.14 Guarantees of Rupees 66 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.

13.1.15 Guarantees of Rupees 16.400 million (2021: Rupees 6 million) and Rupees 2.25 million (2021: Rupees 2.25 million) are given by the banks of the Group to Total Parco Pakistan Limited and Pakistan State Oil Company Limited respectively against fuel cards obtained by the Group for its employees.

	2022	2021
	Rupees	Rupees
13.2 Commitments		
13.2.1 Contracts for capital expenditures	185,502,342	588,801,401
13.2.2 Letters of credit other than capital expenditures	605,168,892	38,219,444

	2022	2021
	Rupees	Rupees
14. FIXED ASSETS		
Operating fixed assets (Note 14.1)	5,716,441,584	3,180,557,592
Capital work-in-progress (Note 14.2)	243,229,159	254,193,254
	5,959,670,743	3,434,750,846

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

Description	Freehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Tanks and pipelines	Dispensing pumps	Electric installation	Furniture and fittings	Vehicles	Leasehold improvements	Office equipment	Computers	Total
	Categories												
	Rupees												
At 30 June 2020													
Cost	740,199,602	812,499,508	144,388,381	1,137,969,217	117,326,785	9,120,343	71,762,029	37,411,915	213,844,914	-	136,674,765	37,100,959	3,458,298,418
Accumulated depreciation	-	(128,757,088)	(41,383,676)	(193,953,969)	(9,891,526)	(367,027)	(22,898,089)	(15,099,557)	(134,870,745)	-	(33,345,207)	(25,500,853)	(606,067,736)
Net book value	740,199,602	683,742,420	103,004,705	944,015,248	107,435,259	8,753,316	48,863,940	22,312,359	78,974,169	-	103,329,557	11,600,106	2,852,230,682
Year ended 30 June 2021													
Opening net book value	740,199,602	683,742,420	103,004,705	944,015,248	107,435,259	8,753,316	48,863,940	22,312,359	78,974,169	-	103,329,557	11,600,106	2,852,230,682
Additions	18,382,000	296,287,707	64,955,449	12,174,231	61,569,350	7,638,404	7,465,360	670,500	4,581,752	4,463,125	32,730,802	15,009,075	525,927,755
Transferred from right-of-use assets:													
Cost	-	-	-	-	-	-	-	-	87,433,851	-	-	-	87,433,851
Accumulated depreciation	-	-	-	-	-	-	-	-	(42,719,198)	-	-	-	(42,719,198)
	-	-	-	-	-	-	-	-	44,714,653	-	-	-	44,714,653
Transferred to investment property:													
Cost	(61,658,100)	-	-	-	-	-	-	-	-	-	-	-	(61,658,100)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
	(61,658,100)	-	-	-	-	-	-	-	-	-	-	-	(61,658,100)
Disposals:													
Cost	-	-	-	-	-	-	-	-	(12,989,313)	-	(67,397)	(4,164,202)	(17,220,912)
Accumulated depreciation	-	-	-	-	-	-	-	-	8,320,444	-	32,176	2,829,373	11,181,993
	-	-	-	-	-	-	-	-	(4,668,869)	-	(35,221)	(1,334,829)	(6,038,919)
Depreciation Depreciation	-	(36,232,724)	(33,493,762)	(50,728,093)	(9,587,471)	(1,538,900)	(5,250,721)	(2,291,736)	(18,814,582)	(333,121)	(11,031,270)	(5,316,099)	(174,618,479)
Closing net book value	696,923,502	943,797,403	134,466,392	905,461,386	159,417,138	14,852,820	51,078,579	20,691,123	104,787,123	4,130,004	124,993,868	19,958,253	3,180,557,592
At 30 June 2021													
Cost	696,923,502	1,108,787,215	209,343,830	1,150,143,448	178,896,135	16,758,747	79,227,389	38,082,415	292,871,204	4,463,125	169,338,170	47,945,832	3,992,781,012
Accumulated depreciation	-	(164,989,812)	(74,877,438)	(244,682,062)	(19,478,997)	(1,905,927)	(28,148,810)	(17,391,293)	(188,084,081)	(333,121)	(44,344,301)	(27,987,579)	(812,223,419)
Net book value	696,923,502	943,797,403	134,466,392	905,461,386	159,417,138	14,852,820	51,078,579	20,691,123	104,787,123	4,130,004	124,993,868	19,958,253	3,180,557,592
Year ended 30 June 2022													
Opening net book value	696,923,502	943,797,403	134,466,392	905,461,386	159,417,138	14,852,820	51,078,579	20,691,123	104,787,123	4,130,004	124,993,868	19,958,253	3,180,557,592
Additions	623,500	45,458,644	8,899,690	701,228,474	71,740,070	19,353,204	87,107,663	2,762,563	6,628,304	-	22,738,699	14,444,071	980,984,882
Revaluation surplus	1,783,101,998	-	-	-	-	-	-	-	-	-	-	-	1,783,101,998
Transferred from right-of-use assets:													
Cost	-	-	-	-	-	-	-	-	5,976,770	-	-	-	5,976,770
Accumulated depreciation	-	-	-	-	-	-	-	-	(4,189,689)	-	-	-	(4,189,689)
	-	-	-	-	-	-	-	-	1,787,081	-	-	-	1,787,081
Disposals:													
Cost	-	-	-	-	-	-	-	-	(10,871,105)	-	-	(3,753,442)	(14,624,547)
Accumulated depreciation	-	-	-	-	-	-	-	-	7,605,500	-	-	2,414,557	10,020,057
	-	-	-	-	-	-	-	-	(3,265,605)	-	-	(1,338,885)	(4,604,490)
Writen-off:	-	-	-	(186,000)	-	-	-	(1,600,052)	(107,189)	-	(3,307,537)	(3,559,509)	(8,760,287)
Cost	-	-	-	65,802	-	-	-	761,063	80,319	-	1,672,409	3,033,247	5,612,840
Accumulated depreciation	-	-	-	(120,198)	-	-	-	(838,989)	(26,870)	-	(1,635,128)	(526,262)	(3,147,447)
Depreciation	-	(60,728,540)	(32,614,787)	(56,560,483)	(18,046,178)	(1,988,610)	(5,914,383)	(2,175,657)	(21,892,275)	(826,001)	(13,384,891)	(8,106,227)	(222,238,032)
Closing net book value	2,480,649,000	928,527,507	110,751,295	1,550,009,179	213,111,030	32,217,414	132,271,859	20,439,040	88,017,758	3,304,003	132,712,548	24,430,950	5,716,441,584
At 30 June 2022													
Cost / revalued amount	2,480,649,000	1,154,245,859	218,243,520	1,851,185,922	250,636,205	36,111,951	166,335,052	39,244,926	294,497,984	4,463,125	188,769,332	55,076,952	6,739,459,828
Accumulated depreciation	-	(225,718,352)	(107,492,225)	(301,176,743)	(37,525,175)	(3,894,537)	(34,063,193)	(18,805,886)	(206,480,226)	(1,159,122)	(56,056,784)	(30,646,002)	(1,023,018,244)
Net book value	2,480,649,000	928,527,507	110,751,295	1,550,009,179	213,111,030	32,217,414	132,271,859	20,439,040	88,017,758	3,304,003	132,712,548	24,430,950	5,716,441,584
Annual rate of depreciation (%)		5 - 10	10	5 - 10	8	10	10	10	20	20	10	30	

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

Particulars	Quantity	Cost	Accumulated depreciation	Net book value	Consideration	Gain	Mode of disposal	Particulars of purchasers
		Rupees	Rupees	Rupees	Rupees	Rupees		
Vehicles								
Toyota Corolla LEC-18A-5953	1	2,484,310	1,423,896	1,060,414	2,000,000	939,586	Group's policy	Mr. Nauman Mirza - Group's ex-employee
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000		12,140,237	8,596,161	3,544,076	5,536,955	1,992,879		
		14,624,547	10,020,057	4,604,490	7,536,955	2,932,465		

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

	2022	2021
	Rupees	Rupees
Cost of sales (Note 31.1)	67,377,551	64,548,947
Distribution cost (Note 32)	108,603,515	69,314,747
Administrative expenses (Note 33)	46,256,966	40,754,785
	222,238,032	174,618,479

14.1.3 Particulars of immovable properties including capital work in progress (i.e. lands and buildings) are as follows:

Location	Usage of Immovable Property	Total area of land	Covered area of buildings
		Acres	Square feet
Holding Company			
Property No. 35 A / M, Quaid-e- Azam Industrial Estate, Kot Lakhpat, Lahore	Warehouse	0.69	21,965
Mouza No. 107/9L, Tehsil and District Sahiwal	Oil depot	6.70	199,513
Mouza Aza Khel Bala, Tehsil and District Nowshera	Oil depot	7.55	9,257
Plot No. 2, Block K, Main Boulevard Gulberg-II, Lahore	OMC project office	0.39	1,847
Mouza Aza Khel Payan, Tehsil and District Nowshera	Oil depot extension	1.34	-
7-KM, Sundar Raiwind Road, Bhai Kot, Lahore	Warehouse - 1	-	49,658
7-KM, Sundar Raiwind Road, Bhai Kot, Lahore	Warehouse - 2	-	53,348

Location	Usage of Immovable Property	Total area of land	Covered area of buildings
		Acres	Square feet
Hussain Filling Station - Head Muhammad Road, Multan	Dealer of retail outlet	-	2,818
Lali Sons Filling Station - Faisalabad Road, Lalian	Dealer of retail outlet	-	3,274
Punjab Filling Station - Main Satyana Road, Faisalabad	Dealer of retail outlet	-	2,821
Green Fuel CNG - 1-KM, G.T. Road, Lalamusa	Dealer of retail outlet	-	4,981
A.B. Petroleum Filling Station - Tehsil Liaqatpur, Rahim Yar Khan	Dealer of retail outlet	-	3,054
Jillani CNG - Lehtrar Road, Islamabad	Dealer of retail outlet	-	2,650
Dasti Filling Station - Jampur Road, Dera Ghazi Khan	Dealer of retail outlet	-	1,815
Rehman Filling Station - Chistian Road, Hasilpur	Dealer of retail outlet	-	2,525
Al-Fazal Filling Station - Sargodha Road, Jhang	Dealer of retail outlet	-	2,121
Ibrahim Petroleum - Sialkot Road, Gujranwala	Dealer of retail outlet	-	3,185
Karma Wala-1 Filling Station - Shahkot Road, Jaranwala	Dealer of retail outlet	-	2,059
Raja Adeel Filling Station - Arifwala Road, Arifwala	Dealer of retail outlet	-	2,892
Gondal Filling Station - Daska Road, Wazirabad	Dealer of retail outlet	-	1,493
City Filling Station - Hujra Shah Muqeem, Okara	Dealer of retail outlet	-	962
Al Karam Filling Station - Shamkey Bhattian, Lahore	Dealer of retail outlet	-	6,633
Green City Fuel Station - Hasilpur Road, Bahawalpur	Dealer of retail outlet	-	1,289
Khokhar Fuel Station - Small Industrial Estate, Jinnah Road, Gujranwala	Dealer of retail outlet	-	1,175
Minhas CNG - Multan Road, Lahore	Dealer of retail outlet	-	841
One Stop - Main Ferozpure Road, Lahore	Dealer of retail outlet	-	1,970
S&S - Toba Road, Jhang	Dealer of retail outlet	-	3,310
Al Yousaf CNG - Khanewal Road, Multan	Dealer of retail outlet	-	1,793
Rana Petroleum - Faisalabad Road, Okara	Dealer of retail outlet	-	2,633
Mudassir Zulfiqar Filling Station - Vehari Road, Multan	Dealer of retail outlet	-	8,084
Shahid & Company - Daska Road, Gujranwala	Dealer of retail outlet	-	6,396
Benzina II Filling Station - Benazir Road, Okara	Dealer of retail outlet	-	4,709
Nambardar Filling Station - Rawalpindi Road, Chakwal	Dealer of retail outlet	-	5,875
Iftikhar Nadeem & Company - Mouza Jhawary, Dhamial Road, Rawalpindi Cantt	Dealer of retail outlet	-	5,162
Suntrust CNG - Millat Road, Faisalabad (under construction)	Dealer of retail outlet	-	4,102
Big Khan Filling Station - University Road, Chakdara (under construction)	Dealer of retail outlet	-	4,872
Dharampura, Lahore	HTL Express Centre	-	1,436
Garden Town, Lahore	HTL Express Centre	-	1,789
Gulshan-e-Ravi, Lahore	HTL Express Centre	-	2,444
Johar Town, Lahore	HTL Express Centre	-	4,500
Defence Housing Authority, Phase II, Karachi	HTL Express Centre	-	812
Gulistan-e-Johar, Karachi	HTL Express Centre	-	3,149
PECHS, Karachi	HTL Express Centre	-	2,700
Askari XIV, Sector A, Rawalpindi	HTL Express Centre	-	881
Subsidiary Company			
7-KM, Sundar Raiwind Road, Bhai Kot, Lahore.	Manufacturing unit and office	27.92	141,193

14.1.4 Cost of fixed assets (including capital work-in-progress) held by dealers of retail outlets and operators of HTL Express Centres of the Group are as follows:

Name of retail outlets	Categories							
	Buildings on leasehold land	Tanks and pipelines	Dispensing pumps	Machinery	Furniture and fittings	Office equipment	Computers	Total
	Rupees							
Hussain Filling Station - Head Muhammad Road, Multan	3,180,469	1,608,000	1,911,655	-	-	-	-	6,700,124
Lali Sons Filling Station - Faisalabad Road, Lalian	3,834,385	1,926,050	-	-	-	-	-	5,760,435
Punjab Filling Station - Main Satyana Road, Faisalabad	2,898,584	877,100	2,001,106	-	-	-	-	5,776,790
Ittehad Filling Station - Circular Road, Daska	-	877,100	-	-	-	-	-	877,100
Green Fuel CNG - 1-KM G.T. Road, Lalamusa	2,725,893	1,132,550	-	-	-	-	-	3,858,443
M. Nawaz Filling Station - Darban Road, Syed-Nager, Dera Ismail Khan	3,274,200	1,269,700	-	-	-	-	-	4,543,900
A.B. Petroleum Filling Station - Tehsil Liaqatpur, Rahim Yar Khan	4,623,288	1,480,589	-	-	-	-	-	6,103,877
Jillani CNG - Lehtrar Road, Islamabad	7,147,011	1,386,830	-	-	-	-	-	8,533,841
Dasti Filling Station - Jampur Road, Dera Ghazi Khan	1,919,332	808,290	1,911,654	-	-	-	-	4,639,276
Rehman Filling Station - Chistian Road, Hasilpur	2,013,421	-	-	-	-	-	-	2,013,421
Al-Fazal Filling Station - Sargodha Road, Jhang	3,163,859	-	2,227,102	-	-	-	-	5,390,961
Ibrahim Petroleum - Sialkot Road, Gujranwala	1,962,962	-	-	-	-	-	-	1,962,962
Karma Wala-1 Filling Station - Shahkot Road, Jaranwala	2,532,005	-	-	-	-	-	-	2,532,005
Raja Adeel Filling Station - Arifwala Road, Arifwala	1,853,000	-	-	-	-	-	-	1,853,000
Gondal Filling Station - Daska Road, Wazirabad	2,204,744	-	1,421,968	-	-	-	-	3,626,712
City Filling Station - Hujra Shah Muqeem, Okara	1,504,906	-	-	-	-	-	-	1,504,906
Al Karam Filling Station - Shamkey Bhattian, Lahore	3,556,882	-	2,401,341	-	-	-	-	5,958,223
Green City Fuel Station - Hasilpur Road, Bahawalpur	9,954,398	1,377,706	-	-	-	-	-	11,332,104
Khokhar Fuel Station - Small Industrial Estate, Jinnah Road, Gujranwala	2,101,400	1,377,706	-	-	-	-	-	3,479,106
Minhas CNG - Multan Road, Lahore	4,749,486	-	-	-	-	-	-	4,749,486
One Stop - Main Ferozpure Road, Lahore	17,757,318	2,102,230	2,482,580	-	-	-	-	22,342,128
S&S - Toba Road, Jhang	2,549,650	-	-	-	-	-	-	2,549,650
Al Yousaf CNG - Khanewal Road, Multan	1,651,843	578,690	1,068,825	-	-	-	-	3,299,358
Rana Petroleum - Faisalabad Road, Okara	2,439,500	-	-	-	-	-	-	2,439,500
Mudassir Zulfiqar Filling Station - Vehari Road, Multan	2,176,375	-	-	-	-	-	-	2,176,375
Shahid & Company - Daska Road, Gujranwala	1,828,249	-	2,984,676	-	-	-	-	4,812,925
Benzina II Filling Station - Benazir Road, Okara	2,318,142	3,037,269	6,078,313	-	-	-	-	11,433,724
Nambardar Filling Station - Rawalpindi Road, Chakwal	926,830	-	-	-	-	-	-	926,830
Iftikhar Nadeem & Company - Mouza Jhawary, Dhamial Road, Rawalpindi Cantt	1,650,095	2,763,529	4,477,015	-	-	-	-	8,890,639
Suntrust CNG - Millat Road, Faisalabad	16,608,975	3,409,167	-	-	-	-	-	20,018,142
Big Khan Filling Station - University Road, Chakdara	4,284,160	3,950,869	-	-	-	-	-	8,235,029
HTL Express Centre - Dharampura, Lahore	27,571,142	-	-	3,197,442	145,431	478,583	-	31,392,598
HTL Express Centre - Garden Town, Lahore	7,442,541	-	-	2,471,843	56,796	1,741,346	-	11,712,526
HTL Express Centre - Gulshan-e-Ravi, Lahore	16,220,083	-	-	5,308,603	56,796	2,602,702	14,040	24,202,224
HTL Express Centre - Johar Town, Lahore	16,713,760	-	-	7,727,402	153,621	-	24,000	24,618,783
HTL Express Centre - DHA, Karachi	7,085,936	-	-	4,019,037	669,727	97,044	-	11,871,744
HTL Express Centre - Gulistan-E-Johar, Karachi	11,978,196	-	-	6,117,945	1,115,829	811,290	-	20,023,260
HTL Express Centre - PECHS, Karachi	20,357,427	-	-	1,524,751	126,500	841,438	-	22,850,116
HTL Express Centre - Askari XIV, Sector A, Rawalpindi	9,133,147	-	-	4,419,000	854,206	2,808,753	-	17,215,106
	235,893,594	29,963,375	28,966,235	34,786,023	3,178,906	9,381,156	38,040	342,207,329

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

	2022 Rupees	2021 Rupees
14.2 Capital work-in-progress		
Civil works	83,539,912	26,860,047
Plant and machinery	5,489,540	63,943,014
Tanks and pipelines	20,799,838	-
Dispensing pumps	20,752,020	29,396,100
Electric and other installations	8,356,162	-
Advance for purchase of apartment (Note 14.2.2)	25,976,750	25,226,750
Advances for capital expenditures	73,033,614	101,550,777
Mobilization advance	5,281,323	5,069,766
Unallocated expenditures	-	2,146,800
	243,229,159	254,193,254

14.2.1 Movement in capital work in progress is as follows:

	Categories									
	Civil works	Plant and machinery	Tanks and pipelines	Dispensing pumps	Electric and other installations	Advance against purchase of apartment	Advances for capital expenditures	Mobilization advance	Unallocated expenditures	Total
	Rupees									
At 30 June 2020	213,465,802	-	-	9,082,648	-	25,226,750	37,621,166	12,347,443	34,084,685	331,828,494
Add: Additions during the year	149,133,281	65,280,003	-	11,152,856	-	-	99,788,062	10,334,903	56,455,695	392,144,800
Add / (Less): Adjustments made during the year	1,313,750	-	-	16,799,000	-	-	(35,858,451)	-	17,745,701	-
Less: Mobilization advances adjusted during the year	-	-	-	-	-	-	-	(17,612,580)	-	(17,612,580)
Less: Transferred to operating fixed assets during the year	337,052,786	1,336,989	-	7,638,404	-	-	-	-	106,139,281	452,167,460
At 30 June 2021	26,860,047	63,943,014	-	29,396,100	-	25,226,750	101,550,777	5,069,766	2,146,800	254,193,254
Add: Additions during the year	133,858,818	546,610,401	67,572,489	5,813,200	81,356,162	750,000	77,851,580	6,330,015	-	920,142,665
Add / (Less): Adjustments made during the year	(22,820,619)	88,809,793	24,967,419	-	12,725,465	-	(101,535,258)	-	(2,146,800)	-
Add: Transferred from inventory during the year	-	-	-	4,895,924	-	-	-	-	-	4,895,924
Less: Mobilization advances adjusted during the year	-	-	-	-	-	-	-	(6,118,458)	-	(6,118,458)
Less: Transferred to operating fixed assets during the year	54,358,334	693,873,668	71,740,070	19,353,204	85,725,465	-	4,833,485			929,884,226
At 30 June 2022	83,539,912	5,489,540	20,799,838	20,752,020	8,356,162	25,976,750	73,033,614	5,281,323	-	243,229,159

14.2.2 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.

15 . RIGHT-OF-USE ASSETS

	Land	Buildings	Vehicles	Total
		Rupees		
At 30 June 2020	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 (Note 15.2)	39,880,015	24,280,753	12,068,179	76,228,947
At 30 June 2021	210,203,088	73,029,064	57,713,630	340,945,782
Add: Additions during the year	142,365,608	2,174,557	159,288,670	303,828,835
Add: Impact of lease modifications	64,414,175	2,230,411	-	66,644,586
Less: Impact of lease termination	7,309,513	-	-	7,309,513
Less: Book value of assets transferred to fixed assets - owned during the year	-	-	1,787,081	1,787,081
Less: Depreciation expense for the year (Note 15.2)	56,215,487	30,808,270	24,316,814	111,340,571
At 30 June 2022	353,457,871	46,625,762	190,898,405	590,982,038

Lease of land

The Holding 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 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.

Lease of vehicles

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

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

	2022 Rupees	2021 Rupees
15.2 Depreciation charge for the year has been allocated as follows:		
Cost of sales (Note 31.1)	-	132,417
Distribution cost (Note 32)	106,467,597	75,780,747
Administrative expenses (Note 33)	4,872,974	315,783
	111,340,571	76,228,947

16 INTANGIBLE ASSETS

Computer softwares (Note 16.1, 16.2 and 16.3)	21,760,517	10,713,375
Intangible asset under development - computer software	-	6,665,000
	21,760,517	17,378,375

		2022 Rupees	2021 Rupees
16.1	**Computer softwares**		
	Opening book value	10,713,375	7,866,531
	Add: Cost of additions during the year	19,703,106	7,069,069
	Less: Amortization charged during the year (Note 33)	8,655,964	4,222,225
	Closing book value	21,760,517	10,713,375
16.2	Cost as at 30 June	66,285,739	46,582,633
	Accumulated amortization	(44,525,222)	(35,869,258)
	Net book value as at 30 June	21,760,517	10,713,375

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

16.4 Intangible assets costing Rupees 30.762 million (2021: Rupees 26.053 million) are fully amortized.

		2022 Rupees	2021 Rupees
			Restated
17.	**INVESTEMENT PROPERTY**		
17.1	**Land - at fair value**		
	As at 01 July	93,750,000	-
	Transferred from operating fixed assets	-	61,658,100
	Gain from fair value adjustment (Note 35)	36,250,000	32,091,900
	As at 30 June	130,000,000	93,750,000

17.2 The fair value of investment property has been determined by an independent valuer Tristar International Consultant (Private) Limited as at 30 June 2022. Forced sale value of this property as at 30 June 2022 was Rupees 110.500 million (2021: Rupees 75 million).

17.3 Particulars of investment property (i.e. land) are as follows:

Description and address	Area of land
	Kanals
Land - 22 - A, Zafar Ali Road, Lahore	1.25

		2022 Rupees	2021 Rupees
18.	**LONG TERM SECURITY DEPOSITS**		
	Security deposits against leased assets	40,632,010	24,059,060
	Security deposits - other	16,778,395	13,745,195
		57,410,405	37,804,255
	Less: Current portion shown under current assets (Note 24)	2,188,745	577,400
		55,221,660	37,226,855
19	**LONG TERM LOAN TO AN EMPLOYEE**		
	Considered good:		-
	Loan to an employee - interest free and unsecured	983,333	-
	Less: Current portion shown under current assets (Note 24)	200,004	-
		783,329	-
20.	**STORES**		
	Stores	91,819,006	64,700,655
	Less: Provision for slow moving and obsolete store items (Note 20.1)	3,512,160	1,354,073
		88,306,846	63,346,582
20.1	**Provision for slow moving and obsolete store items:**		
	Opening balance	1,354,073	202,033
	Add: Provision recognized during the year (Note 34)	5,089,785	1,354,073
	Less: Store items written off against provision	2,931,698	202,033
	Closing balance	3,512,160	1,354,073
21	**STOCK-IN-TRADE**		
	Raw materials (Note 21.1)	1,170,447,477	562,888,981
	Work-in-process	49,019,068	24,280,043
		1,219,466,545	587,169,024
	Lubricants and parts (Note 21.2)	1,361,702,527	797,192,460
	Less: Provision for slow moving and damaged stock items (Note 21.3)	15,021,325	8,833,309
		1,346,681,202	788,359,151
	Petroleum products		
	- Stock in hand (Note 21.4 Note 21.5 and Note 21.6)	712,760,727	375,546,876
	- Stock in pipeline system (Note 21.7)	606,798,070	159,422,468
		1,319,558,797	534,969,344
	Dispensing pumps and other installations (Note 21.8)	55,554,249	46,356,890
	Stock of promotional items (Note 21.9)	-	192,155
		3,941,260,793	1,957,046,564

21.1 These include raw materials in transit amounting to Rupees 497.564 million (2021: Rupees 179.017 million) and raw materials amounting to Rupees 236.161 (2021: Rupees Nil) lying at customs bonded warehouse.

21.2 This includes stock-in-transit of Rupees 52.121 million (2021: Rupees 52.885 million) and stock amounting to Rupees 80.69 million (2021: Rupees Nil) lying at customs bonded warehouse.

		2022 Rupees	2021 Rupees
21.3	**Provision for slow moving and damaged stock items**		
	Opening balance	8,833,309	6,488,123
	Add: Provision recognized during the year	11,594,772	5,965,187
	Less: Provision reversed during the year (Note 21.3.1)	5,136,036	3,620,001
		6,458,736	2,345,186
	Less: Stock written off against provision during the year	270,720	-
	Closing balance	15,021,325	8,833,309

21.3.1 The Group has sold all finished goods that were written down to independent distributors in Pakistan at market value.

21.4 This includes stock of petroleum products in transit of Rupees 264.996 million (2021: Rupees Nil).

21.5 This include stock of petroleum products amounting to Rupees Nil (2021: Rupees 360.421 million) written down to net realizable value.

21.6 This include stock of petroleum products in possession of third parties as follows:

	2022 Rupees	2021 Rupees
Askar Oil Services (Private) Limited	2,122,499	10,021,981
Be Energy Limited	12,662,319	-
Al-Rahim Trading Company (Private) Limited	317,134,268	343,104,366
Gas and Oil Pakistan Limited	476,791	429,992
Karachi Hydrocorban Terminal Limited	6,672,428	1,525,954
	339,068,305	355,082,293

21.7 This represents the Holding Company's share of pipeline stock of High Speed Diesel and Petroleum Motor Gasoline amounting to Rupees 454.427 million (2021: Rupees 159.422 million) and Rupees 152.371 million (2021: Rupees Nil) respectively held by Pak-Arab Pipeline Company Limited.

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

		2022 Rupees	2021 Rupees
21.9	**Stock of promotional items:**		
	Opening balance	192,155	192,155
	Less: Written off during the year (Note 32.2)	192,155	-
	Closing balance	-	192,155

		2022 Rupees	2021 Rupees
22.	**TRADE DEBTS**		
	Unsecured:		
	Considered good - other than related party	144,003,127	140,466,811
	Less: Allowance for expected credit losses (Note 22.1)	34,976,606	37,348,463
		109,026,521	103,118,348

		2022 Rupees	2021 Rupees
22.1	**Allowance for expected credit losses**		
	Opening balance	37,348,463	30,241,773
	Add: Recognized during the year (Note 34)	-	7,106,690
	Less: Reversal of allowance for expected credit losses (Note 35)	2,371,857	-
	Closing balance	34,976,606	37,348,463
23.	**LOANS AND ADVANCES**		
	Considered good, unsecured		
	Loans to employees - interest free against salaries		
	- Executives	973,705	2,867,100
	- Other employees	3,423,331	3,007,947
		4,397,036	5,875,047
	Current portion of long term loan to an employee	200,004	-
	Advances to employees against expenses	9,933,012	3,578,652
	Advances to suppliers (Note 23.1)	205,260,264	99,117,428
	Advances against letter of credits	2,477,103	848,307
	Margin against bank guarantees	38,750,000	33,600,000
		261,017,419	143,019,434

		2022 Rupees	2021 Rupees
23.1	**Advances to suppliers**		
	Unsecured:		
	Considered good	205,260,264	99,023,376
	Considered doubtful	4,735,725	1,316,002
	Less : Provision for doubtful advances to suppliers (Note 23.2)	4,735,725	1,316,002
		-	-
		205,260,264	99,023,376
23.2	**Provision for doubtful advances to suppliers**		
	Opening balance	1,316,002	4,517,807
	Add: Provision recognized during the year (Note 34)	4,735,725	1,316,002
	Less: Advances to suppliers written off against provision	1,316,002	4,517,807
	Closing balance	4,735,725	1,316,002

		2022 Rupees	2021 Rupees
24.	**SHORT TERM DEPOSITS AND PREPAYMENTS**		
	Current portion of long term security deposits (Note 18)	2,188,745	577,400
	Short term deposits	10,071,391	20,313,880
	Prepaid expense	1,090,441	1,333,333
	Prepaid insurance	16,973,683	7,745,921
	Prepaid rent	4,750,546	5,654,246
		35,074,806	35,624,780
25.	**OTHER RECEIVABLES**		
	Receivable from MAS Associates (Private) Limited - associated company (Note 25.1)	292,753	218,274
	Receivable from SK Lubricants Co., Ltd. - principal supplier and long term partner (Note 25.2)	-	31,560,000
	Sales tax receivable	401,491,544	80,329,533
	Inland freight equalization margin	35,764,376	28,635,005
	Others	3,767,792	638,242
		441,316,465	141,381,054

25.1 It is neither past due nor impaired. The maximum aggregate amount receivable from associated company at the end of any month during the year was Rupees 0.306 million (2021: Rupees 0.716 million).

25.2 It was neither past due nor impaired. The maximum aggregate amount receivable from SK Lubricants Co., Ltd. - principal supplier and long term partner at the end of any month during the year was Rupees 112.191 million (2021: Rupees 31.560 million).

	2022 Rupees	2021 Rupees
26. ADVANCE INCOME TAX - NET OF PROVISION FOR TAXATION		
Advance income tax	396,262,253	271,258,349
Provision for taxation	(238,421,105)	(82,822,361)
	157,841,148	188,435,988

26.1 The Group has opted for group taxation as one fiscal unit under section 59AA of the Income Tax Ordinance, 2001.

	2022 Rupees	2021 Rupees
27. ACCRUED INTEREST		
On bank deposits	11,678	180
On term deposit receipts	558,904	390,282
	570,582	390,462
28. SHORT TERM INVESTMENTS		
Equity instruments (Note 28.1)	226,804,412	446,043,245
28.1 Equity instruments		
At fair value through profit or loss		
Quoted - other than related party:		-
Engro Fertilizer Limited		
49,500 (2021: 49,500) fully paid ordinary shares of Rupees 10 each	3,478,365	3,246,080
First Habib Cash Fund		
2,175,445.5276 (2021: 2,008,699.7237) units	218,935,967	202,547,497
NBP Islamic Daily Dividend Fund		
33,248.6961 (2021: 4,979,421.4911) units	332,487	49,794,215
UBL Liquidity Plus Fund - Class 'C'		
17,634.4689 (2021: 311,668.6309) units	1,781,484	31,530,093
MCB Cash Management Optimizer		
3,832.6873 (2021: 644,177.1242) units	386,950	64,953,239
Meezan Rozana Amdani Fund		
5,977.4662 (2021: 1,881,905.5522) units	298,872	94,095,278
	225,214,125	446,166,402
Unrealized gain / (loss) on remeasurement of investments at fair value through profit and loss - net	1,590,287	(123,157)
	226,804,412	446,043,245

28.1.1 The fair value of listed securities is based on quoted market prices on Pakistan Stock Exchange (PSX) at reporting date. The fair values of funds are based on the Net Asset Value (NAV) being the current bid price at reporting date as quoted by the respective Asset Management Company.

	2022 Rupees	2021 Rupees
29. CASH AND BANK BALANCES		
Cash in hand	1,643,135	1,728,835
Cash at banks:		
Saving accounts (Note 29.1)	225,076,032	84,815,473
Current accounts	233,710,433	251,202,953
	458,786,465	336,018,426
Term deposit receipt (Note 29.3)	200,000,000	50,000,000
	660,429,600	387,747,261

29.1 Saving accounts carry profit at the rates ranging from 5.49% to 12.25% (2021: 5.48% to 11.30%) per annum.

29.2 Bank balances (including term deposit receipt) of Rupees 218.438 million (2021: Rupees 91.301 million) and short term investments of Rupees 222.272 million (2021: Rupees 442.431 million) as at 30 June 2022 represents un-utilized proceeds of the initial public offer.

29.3 This term deposit receipt issued by banking company having maturity period of three months and carry interest at 12.75% (2021: 5.25%) per annum. Effective rate of interest charged on term deposit receipt during the year ranges from 5.50% to 12.75% (2021: 5.25% to 7.20%) per annum.

	2022 Rupees	2021 Rupees
30. GROSS REVENUE FROM CONTRACTS WITH CUSTOMERS		
Lubricants	12,588,325,699	12,619,172,687
Petroleum products	8,326,346,060	2,940,049,762
Others (Note 30.1)	47,679,048	41,267,738
	20,962,350,807	15,600,490,187
30.1 Others		
Spare parts	-	24,721,886
Services at HTL Express Centres	-	2,817,265
Dispensing pumps	11,666,956	-
Franchise and joining fee	29,210,128	13,728,587
Others	6,801,964	-
	47,679,048	41,267,738

30.2 Revenue is recognised at point in time as per the terms and conditions of underlying contracts with customers.

30.3 The amount of Rupees 33.113 million included in contract liabilities (note 9) at 30 June 2021 has been recognised as revenue in 2022 (2021: Rupees 38.622 million).

		2022 Rupees	2021 Rupees
31.	**COST OF SALES**		
	Cost of sales - lubricants and other items (Note 31.1)	6,682,688,537	5,901,950,920
	Cost of sales - petroleum products (Note 31.2)	7,323,826,539	2,427,644,540
		14,006,515,076	8,329,595,460
31.1	**Cost of sales - lubricants and other items**		
	Raw materials consumed (Note 31.1.1)	5,973,802,192	4,862,103,950
	Packing materials consumed	207,944,967	191,058,444
	Salaries, wages and other benefits (Note 31.1.2)	105,414,730	83,460,152
	Fuel and power	50,241,151	41,279,627
	Repair and maintenance	22,577,779	21,349,885
	Insurance	7,481,744	5,505,801
	Security charges	7,132,492	5,832,480
	Telephone	270,390	165,000
	Depreciation on operating fixed assets (Note 14.1.2)	67,377,551	64,548,947
	Depreciation on right-of-use assets (Note 15.2)	-	132,417
	Miscellaneous	22,121,072	22,472,798
		6,464,364,068	5,297,909,501
	Work-in-process		
	Opening stock	24,280,043	35,955,890
	Closing stock	(49,019,068)	(24,280,043)
		(24,739,025)	11,675,847
	Cost of goods manufactured	6,439,625,043	5,309,585,348
	Finished goods		
	Opening stock	843,549,350	760,630,738
	Add: Lubricants and other items purchased for resale	816,770,920	675,284,184
	Closing stock	(1,417,256,776)	(843,549,350)
		243,063,494	592,365,572
		6,682,688,537	5,901,950,920
31.1.1	**Raw materials consumed**		
	Opening stock	562,888,981	633,749,692
	Add: Purchased during the year	6,581,360,688	4,791,243,239
		7,144,249,669	5,424,992,931
	Less: Closing stock	1,170,447,477	562,888,981
		5,973,802,192	4,862,103,950

31.1.2 Salaries, wages and other benefits include provident fund contribution of Rupees 2.876 million (2021: Rupees 2.291 million) by the Group.

		2022 Rupees	2021 Rupees
31.2	**Cost of sales - petroleum products**		
	Opening stock of petroleum products	534,969,344	35,224,062
	Petroleum products purchased during the year	7,658,133,726	2,272,157,277
	Petroleum development levy	279,772,083	572,438,740
	Inland freight equalization margin	170,510,183	82,793,805
		8,108,415,992	2,927,389,822
	Closing stock of petroleum products	1,319,558,797	534,969,344
		7,323,826,539	2,427,644,540

		2022 Rupees	2021 Rupees
32.	**DISTRIBUTION COST**		
	Salaries and other benefits (Note 32.1)	463,727,334	389,431,272
	Sales promotion and advertisements - net (Note 32.2)	162,869,339	85,146,762
	Freight outward	44,528,934	39,547,976
	Rent, rates and taxes	2,431,494	10,242,911
	Travelling and conveyance	55,802,098	32,734,691
	Insurance	15,079,420	16,573,043
	Utilities	14,290,121	9,795,994
	Repair and maintenance	25,057,872	14,537,021
	Vehicles' running and maintenance	37,054,006	19,941,406
	Communication	10,928,547	10,669,873
	Entertainment	7,761,182	6,612,481
	Ijara rentals	-	3,219,815
	Depreciation (Note 14.1.2)	108,603,515	69,314,747
	Depreciation on right-of-use assets (Note 15.2)	106,467,597	75,780,747
	Hospitality charges	10,359,959	9,127,517
	Printing and stationery	877,631	1,010,685
	Miscellaneous	25,360,918	17,815,141
	Royalty expense (Note 32.3 and 32.4)	51,178,988	49,883,175
		1,142,378,955	861,385,257

32.1 Salaries other benefits include provident fund contribution of Rupees 11.157 million (2021: Rupees 9.955 million) by the Group.

32.2 These are net off incentives in the shape of reimbursement against sales promotion expenses and advertisements amounting to Rupees 112.191 million (2021: Rupees 31.560 million) from SK Lubricants Co., Ltd. - principal supplier and long term partner

32.3 Particulars of royalty are as follows:

Name	Address	Relationship with the Group or directors	2022 Rupees	2021 Rupees
SK Lubricants Co., Ltd.	26, Jong-ro, Jongno-gu, Seoul 03188, Republic of Korea	Principal supplier and long term partner	51,178,988	49,883,175

32.4 Royalty expense relates to sale of certain products of Rupees 1,119.631 million (2021: Rupees 997.663 million) manufactured during the year by the Subsidiary Company under the “Brand License Agreement” with SK Lubricants Co., Ltd - principal supplier and long term partner.

33. ADMINISTRATIVE EXPENSES

	2022 Rupees	2021 Rupees
Salaries and other benefits (Note 33.1)	445,169,302	388,571,318
Consultancy charges	16,408,676	8,261,818
Rent, rates and taxes	1,712,410	1,928,333
Travelling and conveyance	16,932,614	6,183,355
Insurance	15,932,809	12,693,414
Vehicles' running and maintenance	21,494,201	8,614,476
Utilities	7,998,816	5,518,728
Repair and maintenance	10,869,005	6,687,403
Fee and subscription	24,111,585	17,870,315
Printing and stationery	1,975,091	1,429,375
Communication	5,251,120	4,643,882
Entertainment	17,138,125	5,234,402
Legal and professional	31,805,281	25,779,579
Auditor's remuneration (Note 33.2)	5,987,540	5,032,900
Depreciation on operating fixed assets (Note 14.1.2)	46,256,966	40,754,785
Depreciation on right-of-use assets (Note 15.2)	4,872,974	315,783
Amortization on intangible assets (Note 16.1)	8,655,964	4,222,225
Miscellaneous	10,039,953	4,007,312
	692,612,432	547,749,403

33.1 Salaries and other benefits include provident fund contribution of Rupees 10.660 million (2021: Rupees 8.065 million) by the Group.

	2022 Rupees	2021 Rupees
33.2 Auditor's remuneration		
Annual audit fee	3,356,500	2,996,850
Certifications	1,172,850	759,500
Half year review	1,046,500	907,500
Reimbursable expenses	411,690	369,050
	5,987,540	5,032,900

34. OTHER EXPENSES

	2022 Rupees	2021 Rupees
Allowance for expected credit losses (Note 22.1)	-	7,106,690
Exchange loss - net	409,968,890	-
Charities and donations (Note 34.1)	19,254,422	22,181,109
Short term security deposits written off	-	114,500
Long term security deposits written off	-	217,000
Other receivables written off	905,691	8,758,950
Stock-in-trade written off (Note 21.9)	192,155	-
Fixed assets written off	3,147,448	-
Workers' profit participation fund (Note 9.4)	52,799,520	16,775,116
Workers' welfare fund (Note 9.5)	30,933,997	7,084,716
Unrealised loss on remeasurement of investments at fair value through profit or loss - net	-	123,157
Provision for doubtful advances to suppliers (Note 23.2)	4,735,725	1,316,002
Provision for slow moving and obsolete store items (Note 20.1)	5,089,785	1,354,073
Provision for slow moving and damaged stock items (Note 21.3)	6,458,736	2,345,186
Others	4,760,634	3,144,756
	538,247,003	70,521,255

34.1 These include amount of Rupees 18 million (2021: Rupees 19 million) paid to Sabra Hamida Trust, 1-A, Danepur Road, GOR-1, Lahore, in which Mr. Hassan Tahir - Chief Executive, Mr. Shaukat Hassan - Director, Mr. Tahir Azam - Director and Mr. Ali Hassan - Director of the Holding Company are trustees.

	2022 Rupees	2021 Rupees Restated
35. OTHER INCOME		
Income from financial assets:		
Dividend income	22,796,747	20,452,706
Profit on bank deposits and short term investments	22,171,572	22,216,929
Gain on disposal of short term investment	50,996	656,239
"Unrealized gain on remeasurement of investment at fair value through profit or loss - net"	1,590,287	-
Reversal of allowance for expected credit losses (Note 22.1)	2,371,857	-
Common facility charges	1,056,214	737,681
Income from non-financial assets:		
Gain on disposal of operating fixed assets (Note 14.1.1)	2,932,465	7,736,857
Fair value adjustment to investment property (Note 17.1)	36,250,000	32,091,900
Gain on termination of lease	789,208	-
Credit balances written back	479,248	374,735
Tender fee	-	50,000
Amortization of deferred income - Government grant (Note 8.2)	20,858,919	10,351,964
Miscellaneous	2,791,270	975,480
Others:		
Exchange gain - net	-	25,429,678
Rental income from HTL Express Centres	27,760,000	18,800,000
	141,898,783	139,874,169

	2022 Rupees	2021 Rupees
36. FINANCE COST		
Mark-up on long term financing	43,346,372	15,648,337
Mark-up on short term borrowings	173,004,004	54,848,706
Interest expense on lease liabilities (Note 6.1)	51,024,040	30,645,942
Interest on workers' profit participation fund (Note 9.4)	11,472,446	9,538,822
Bank charges and commission	9,395,845	3,978,847
	288,242,707	114,660,654

	2022 Rupees	2021 Rupees

37. TAXATION

	2022 Rupees	2021 Rupees
For the year		
Current (Note 37.1)	238,087,362	93,155,174
Deferred tax	362,004,427	31,498,098
Prior year adjustment	333,743	5,115,135
	600,425,532	129,768,407

37.1 The Group has opted for group taxation as one fiscal unit under section 59AA of the Income Tax Ordinance, 2001 and the provision for current taxation has been made accordingly. The numerical reconciliation between the average tax rate and the applicable tax rate has been given as follows:

	2022 Rupees	2021 Rupees Restated
Relationship between tax expense and accounting profit		
Profit before taxation	1,217,871,250	813,349,802
Tax at the applicable rate of 29% (2021: 29%)	353,182,662	235,871,443
Tax effect due to adjustment of brought forward losses	(40,929,290)	(120,962,256)
Tax effect of minimum tax on turnover taxed at lower rate	(96,055,322)	63,787,564
Tax effect of dividend income taxed at a lower rate	3,419,512	3,067,906
Tax effect of capital gain taxed at a lower rate	27,064	304,000
Tax effect of change in prior year's tax	333,743	5,115,135
Tax effect of super tax	96,991,506	-
Tax effect arising as a consequence of recognition of deferred income tax	362,004,427	31,498,098
Tax effect of allowable tax credits	-	(74,203,907)
Others	(78,548,770)	(14,709,576)
	600,425,532	129,768,407

38. EARNINGS PER SHARE - BASIC AND DILUTED

	2022	2021 Restated
There is no dilutive effect on the basic earnings per share which based on:		
Profit after taxation attributable to ordinary shareholders (Rupees)	617,445,718	683,581,395
Weighted average number of shares (Number)	139,204,800	139,204,800
Earnings per share - basic and diluted (Rupees)	4.44	4.91

	2022 Rupees	2021 Rupees Restated
39. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,217,871,250	813,349,802
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	222,238,032	174,618,479
Depreciation on right-of-use assets	111,340,571	76,228,947
Amortization of intangible assets	8,655,964	4,222,225
Amortization of deferred income - Government grant	(20,858,919)	(10,351,964)
Allowance for expected credit losses	-	7,106,690
Provision for slow moving and damaged stock items	6,458,736	2,345,186
Provision for slow moving and obsolete store items	5,089,785	1,354,073
Provision for doubtful advances to suppliers	4,735,725	1,316,002
Credit balances written back	(479,248)	(374,735)
Gain on disposal of operating fixed assets	(2,932,465)	(7,736,857)
Dividend income	(22,796,747)	(20,452,706)
Profit on bank deposits and short term investments	(22,171,572)	(22,216,929)
Unrealised (gain) / loss on remeasurement of investments	(1,590,287)	123,157
Gain on disposal of short term investments	(50,996)	(656,239)
Gain on revaluation of investment property	(36,250,000)	(32,091,900)
Gain on termination of lease	(789,208)	-
Finance cost	288,242,707	114,660,654
Exchange loss / (gain) - net	409,968,890	(25,429,678)
Provision for workers' profit participation fund	52,799,520	16,775,116
Provision for workers' welfare fund	30,933,997	7,084,716
Fixed assets written off	3,147,448	-
Stock-in-trade written off	192,155	-
Short term security deposits written off	-	114,500
Long term security deposits written off	-	217,000
Other receivables written off	905,691	8,758,950
Working capital changes (Note 39.1)	(1,940,531,477)	(5,660,618)
	314,129,552	1,103,303,871

	2022 Rupees	2021 Rupees Restated
39.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores	(30,050,049)	5,878,198
Stock-in-trade	(1,990,865,120)	(500,110,087)
Trade debts	(5,908,173)	(34,121,026)
Loans and advances	(122,533,706)	32,052,406
Short term deposits and prepayments	(1,061,371)	(6,100,311)
Other receivables	(300,841,102)	(115,833,163)
	(2,451,259,521)	(618,233,983)
Increase in trade and other payables	510,728,044	612,573,365
	(1,940,531,477)	(5,660,618)

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

	2022				
	Liabilities from financing activities				
	Long term financing	Lease liabilities	Short term borrowings	Unclaimed dividend	Total
	Rupees				
Balance as at 01 July 2021	253,611,941	381,624,955	607,994,104	6,326,546	1,249,557,546
Financing obtained	543,682,938	-	15,566,336,490	-	16,110,019,428
Repayment of financing	(111,806,112)	-	(14,276,753,562)	-	(14,388,559,674)
Acquisitions - finance leases	-	299,315,835	-	-	299,315,835
Other change - non-cash movement	(108,434,432)	58,545,867	-	-	(49,888,565)
Repayment of lease liabilities	-	(114,969,331)	-	-	(114,969,331)
Dividend declared	-	-	-	482,576,498	482,576,498
Dividend paid	-	-	-	(483,147,527)	(483,147,527)
Balance as at 30 June 2022	577,054,335	624,517,326	1,897,577,032	5,755,517	3,104,904,210

	2021				
	Liabilities from financing activities				
	Long term financing	Lease liabilities	Short term borrowings	Unclaimed dividend	Total
	Rupees				
Balance as at 01 June 2020	67,091,672	276,944,756	1,013,995,774	3,438,436	1,361,470,638
Financing obtained	264,229,020	-	10,023,154,210	-	10,287,383,230
Repayment of financing	(54,482,063)	-	(10,429,155,880)	-	(10,483,637,943)
Acquisitions - finance leases	-	263,640,693	-	-	263,640,693
Other change - non-cash movement	(23,226,688)	(76,904,549)	-	-	(100,131,237)
Repayment of lease liabilities	-	(82,055,945)	-	-	(82,055,945)
Dividend declared	-	-	-	336,411,600	336,411,600
Dividend paid	-	-	-	(333,523,490)	(333,523,490)
Balance as at 30 June 2021	253,611,941	381,624,955	607,994,104	6,326,546	1,249,557,546

	2022 Rupees	2021 Rupees
39.3 Non-cash financing activities		
Acquisition of right-of-use assets	299,315,835	263,640,693

40. PROVIDENT FUND

Investments, out of provident fund, have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

41. PLANT CAPACITY AND ACTUAL PRODUCTION

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

	Storage Capacity		
	Metric Tons		
	SKO	PMG	HSD
Sahiwal depot	198	2,040	1,860
Nowshera depot	-	1,401	1,551

The plant capacity and actual production of Subsidiary Company is as follows:

	Unit of measurement	2022		2021	
		Capacity	Production	Capacity	Production
Bottles	Numbers	19,042,941	6,675,072	16,072,941	6,842,253
Caps	Numbers	29,700,000	6,721,693	29,700,000	6,703,770
Filling	Liters	67,890,000	14,782,027	37,950,000	15,899,440
Blending	Liters	30,000,000	2,722,022	20,000,000	4,800,365

Under utilization of available capacity is mainly due to limited sales orders.

42. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated undertakings, other related parties, key management personnel and provident fund trusts. The Group in the normal course of business carries out transactions with various related parties. Detail of significant transactions with related parties, other than those which have been disclosed elsewhere in these consolidated financial statements, are as follows:

		2022 Rupees	2021 Rupees
Relationship	**Nature of transaction**		
Associated companies			
MAS Associates (Private) Limited	Share of common expenses	1,056,214	737,681
Other related parties			
SK Lubricants Co., Ltd.	Purchase of lubricants	5,304,607,818	3,540,746,158
SK Lubricants Co., Ltd.	Incentives	112,190,906	31,560,000
SK Lubricants Co., Ltd.	Dividend paid	2,927,012	2,400,548
SK Lubricants Co., Ltd.	Bonus shares issued	1,655,550	-
Hi-Tech Lubricants Limited			
Employees Provident Fund Trust	Contribution	20,802,292	17,201,154
Hi-Tech Blending (Private) Limited			
Employees Provident Fund Trust	Contribution	3,890,655	3,109,635
Sabra Hamida Trust	Donations	18,000,000	19,000,000
Directors of Holding Company			
Mr. Shaukat Hassan	Dividend paid	1,062,568	740,732
	Bonus shares issued	601,000	-
Mr. Ali Hassan	Dividend paid	26,521,061	18,488,239
	Bonus shares issued	15,000,600	-
Mr. Hassan Tahir	Dividend paid	26,521,061	18,488,239
	Bonus shares issued	15,000,600	-
Ms. Mavira Tahir	Dividend paid	17,680,530	9,244,120
	Bonus shares issued	10,000,300	-
Mr. Tahir Azam	Dividend paid	987,568	231,582
	Bonus shares issued	601,000	-
Mr. Faraz Akhtar Zaidi	Dividend paid	1,643	1,107
	Bonus shares issued	1,000	-
Dr. Safdar Ali Butt	Dividend paid	1,643	1,107
	Bonus shares issued	1,000	-
Mr. Shafiq Ur Rehman	Dividend paid	1,643	-
	Bonus shares issued	1,000	-
Mr. Syed Asad Abbas Hussain	Dividend paid	1,331	890
	Bonus shares issued	1,000	-
Mr. Muhammad Tabassum Munir (Ex-director)	Dividend paid	1,768	1,232

42 .1 Following are the related parties with whom the Group had entered into transactions or have arrangements / agreements in place:

Name of related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year	% age of shareholding
MAS Associates (Private) Limited	Common directorship	Yes	None
SK Lubricants Co., Ltd.	Principal supplier and long term partner	Yes	None
Sabra Hamida Trust	Common trusteeship of directors	Yes	None
Hi-Tech Energy (Private) Limited	Common directorship	No	None
MAS Infosoft (Private) Limited	Common directorship	No	None
MAS Services	Common partnership of directors	No	None
Haut Buys (Private) Limited	Common directorship	No	None
WASL Investment Finance Limited	Common directorship	No	None
Alliance Francaise De Lahore Foundation	Common trusteeship of directors	No	None
Pakistan France Business Alliance	Common trusteeship of directors	No	None
Food Check (Private) Limited	Common directorship	No	None
Pak Agro Packaging (Private) Limited	Common directorship	No	None
Ujala Education Foundation	Common trusteeship of directors	No	None
MAS Associates Employees Provident Fund Trust	Common trusteeship of directors	No	None
Hi-Tech Lubricants Limited Employees Provident Fund Trust	Common trusteeship of directors	Yes	None
Hi-Tech Blending (Private) Limited Employees Provident Fund Trust	Common trusteeship of directors	Yes	None
MAS Services Employees Provident Fund Trust	Common trusteeship of directors	No	None
Haut Notch (Private) Limited	Common directorship	No	None
Gulf Rubber Works (Private) Limited	Common directorship	No	None
ANALI	Common partnership of director	No	None
Chenab Energy (Private) Limited	Common directorship	No	None
JSSR Consulting, Pakistan	Common partnership of director	No	None

42 .2 Detail of compensation to key management personnel comprising of chief executive officer and executives is disclosed in note 43.

43. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2022				2021			
		Directors				Directors		
	Chief Executive	Executives	Non-Executives	Executives	Chief Executive	Executives	Non-Executives	Executives
	Rupees							
Managerial remuneration	11,845,161	10,451,613	30,967,740	91,326,161	11,845,161	10,451,613	30,193,548	70,515,170
Bonus	3,010,646	2,656,452	-	14,766,994	2,862,584	2,525,808	-	9,368,539
Allowances								
House rent	5,330,322	4,703,226	13,935,483	41,096,773	5,330,322	4,703,226	13,587,097	31,731,827
Medical	1,184,516	1,045,161	3,096,774	9,132,616	1,184,516	1,045,161	3,019,355	7,051,517
Travelling	2,000,000	2,000,000	4,000,000	439,300	2,000,000	2,000,000	4,000,000	319,100
Other	22,468,028	22,468,028	-	61,143,201	16,005,818	15,915,818	-	39,325,736
Contribution to provident fund trust	-	-	-	7,321,643	-	-	-	5,369,026
Leave fare assistance	-	-	-	5,056,037	-	-	-	2,562,203
	45,838,673	43,324,480	51,999,997	230,282,725	39,228,401	36,641,626	50,800,000	166,243,118
	1	**1**	**4**	**49**	**1**	**1**	**4**	**42**

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

43.2 Aggregate amount charged in these consolidated financial statements for meeting fee to four directors (2021: three directors) is Rupees 4 million (2021: Rupees 5.030 million).

44. NUMBER OF EMPLOYEES

	2022		2021	
	Permanent	**Contractual**	Permanent	Contractual
Total number of employees as on 30 June	595	120	529	127
Average number of employees during the year	573	117	490	139

45. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

Recurring fair value measurements at 30 June 2022	Level 1	Level 2	Level 3	Total
		Rupees		
Financial assets				
Financial assets at fair value through profit or loss	226,804,412	-	-	226,804,412

Recurring fair value measurements at 30 June 2021	Level 1	Level 2	Level 3	Total
		Rupees		
Financial assets				
Financial assets at fair value through profit or loss	446,043,245	-	-	446,043,245

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.

46. SEGMENT INFORMATION

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

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

	LUBRICANTS		PETROLEUM PRODUCTS		UNALLOCATED		TOTAL - GROUP	
	2022	2021 Restated	**2022**	2021 Restated	**2022**	2021 Restated	**2022**	2021 Restated
				Rupees				
Revenue from contracts with customers - net	9,800,397,830	8,187,202,245	7,943,570,810	2,410,185,417	-	-	17,743,968,640	10,597,387,662
Cost of sales	(6,731,332,110)	(5,974,521,380)	(7,275,182,965)	(2,355,074,080)	-	-	(14,006,515,076)	(8,329,595,460)
Gross profit	3,069,065,720	2,212,680,865	668,387,845	55,111,337	-	-	3,737,453,564	2,267,792,202
Distribution cost	(860,897,605)	(697,866,939)	(281,481,350)	(163,518,318)	-	-	(1,142,378,955)	(861,385,257)
Administrative expenses	(679,310,592)	(519,177,259)	(13,301,840)	(28,572,144)	-	-	(692,612,432)	(547,749,403)
Other expenses	(507,265,648)	(60,886,120)	(31,033,836)	(9,635,135)	-	-	(538,299,484)	(70,521,255)
	(2,047,473,845)	(1,277,930,318)	(325,817,026)	(201,725,597)	-	-	(2,373,290,871)	(1,479,655,915)
Other income	79,044,606	87,502,788	62,854,177	52,371,381	-	-	141,898,783	139,874,169
Profit / (loss) from operations	1,100,636,481	1,022,253,335	405,424,995	(94,242,879)	-	-	1,506,061,476	928,010,456
Finance cost	(234,390,470)	(77,731,739)	(53,852,237)	(36,928,915)	-	-	(288,242,707)	(114,660,654)
Profit / (loss) before taxation	866,246,012	944,521,596	351,572,758	(131,171,794)	-	-	1,217,818,769	813,349,802
Taxation	-	-	-	-	(600,424,557)	(129,768,407)	(600,424,557)	(129,768,407)
Profit / (loss) after taxation	866,246,012	944,521,596	351,572,758	(131,171,794)	(600,424,557)	(129,768,407)	617,394,212	683,581,395

46.1 Reconciliation of reportable segment assets and liabilities:

	LUBRICANTS		PETROLEUM PRODUCTS		TOTAL - GROUP	
	2022	2021 Restated	**2022**	2021	**2022**	2021 Restated
				Rupees		
Total assets for reportable segments	6,788,072,448	3,260,133,458	2,744,899,707	2,093,952,623	9,532,972,155	5,354,086,081
Unallocated assets					3,147,094,724	2,036,119,495
Total assets as per consolidated statement of financial position					12,680,066,879	7,390,205,576
Total liabilities for reportable segments	3,710,578,828	2,228,876,035	986,284,130	327,773,414	4,696,862,958	2,556,649,449
Unallocated liabilities					1,728,796,187	497,119,611
Total liabilities as per consolidated statement of financial position					6,425,659,145	3,053,769,060

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

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

47. FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the non-financial assets that are recognized 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 Group has classified its non-financial assets into the following three levels.

At 30 June 2022	Level 1	Level 2	Level 3	Total
		Rupees		
Freehold land	-	1,783,101,998	-	1,783,101,998
Investment property - land	-	130,000,000	-	130,000,000
	-	1,913,101,998	-	1,913,101,998

At 30 June 2021	Level 1	Level 2	Level 3	Total
		Rupees		
Investment property - land	-	93,750,000	-	93,750,000

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.

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.

(ii) Valuation techniques used to determine level 2 fair values

The Group obtains independent valuations for its freehold land (classified as fixed assets) and investment property at least annually. At the end of reporting period, the management of the Group updates the assessment of the fair value of property, taking into account the most recent independent valuations. The management determines a property's value within a range of reasonable fair value estimate. The best evidence of fair value is current prices in an active market for similar lands.

Valuation processes

The Group engages external, independent and qualified valuer to determine the fair value of the Group's freehold land and investment property at the end of every financial year. As at 30 June 2022, the fair value of the investment property and freehold land has been determined by Tristar International Consultant (Private) Limited, an independent valuer.

Changes in fair values are analyzed at each reporting date during the annual valuation process between the Chief Financial Officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

48. FINANCIAL RISK MANAGEMENT

48.1 Financial risk factors

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

Risk management is carried out by the Group's finance department. The Group's finance department has provided 'Risk Management Policy' covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of this policy.

(a) Market risk

(i) Currency risk

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

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

	2022 USD	2021 USD
Other receivable	-	200,000
Trade and other payables	(6,994,055)	(4,747,242)
Net exposure	(6,994,055)	(4,547,242)

The following significant exchange rates were applied during the year:

	Rupees per US Dollar	
Average rate	179.89	160.31
Reporting date rate	203.50	158.30

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on Group's profit after taxation for the year would have been Rupees 38.429 million (2021: Rupees 33.662 million) lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

Sensitivity analysis

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

	Impact on Group's profit after taxation	
Index	**2022 Rupees**	2021 Rupees
PSX 100 (5% increase)	219,384	173,918
PSX 100 (5% decrease)	(219,384)	(173,918)

(iii) Interest rate risk

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

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

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

	2022 Rupees	2021 Rupees
Fixed rate instruments		
Financial assets		
Term deposit receipt	200,000,000	50,000,000
Financial liabilities		
Long term financing	552,471,335	253,611,941
Lease liabilities	450,591,648	450,809,983
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	225,076,032	84,815,473
Financial liabilities		
Long term financing	24,583,000	-
Lease liabilities	173,925,678	55,936,323
Short term borrowings	1,897,577,032	607,994,104
	2,096,085,710	663,930,427

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date, fluctuates by 1% higher / lower with all other variables held constant, Group's profit after taxation for the year would have been Rupees 10.103 million (2021: Rupees 5.602 million) lower / higher, mainly as a result of higher / lower interest expense / income on lease liabilities, short term borrowings and bank balances. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

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

	2022 Rupees	2021 Rupees
Long term security deposits	16,778,395	13,745,195
Long term loan to an employee	983,333	-
Short term security deposits	10,071,391	20,313,880
Trade debts	109,026,521	103,118,348
Loans and advances	43,147,036	39,475,047
Other receivables	39,824,921	61,145,573
Accrued interest	570,582	390,462
Short term investments	226,804,412	446,043,245
Bank balances	658,786,465	386,018,426
	1,105,993,056	1,070,250,176

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

	Rating Short term	Rating Long term	Agency	**2022 Rupees**	2021 Rupees
Short term investments					
Engro Fertilizer Limited	A1+	AA	PACRA	4,387,680	3,478,365
First Habib Cash Fund	AA+(f)		VIS	219,614,488	202,154,737
NBP Islamic Daily Dividend Fund	AA(f)		PACRA	332,487	49,794,215
UBL Liquidity Plus Fund - Class 'C'	AA+(f)		VIS	1,782,636	31,485,107
MCB Cash Management Optimizer	AA+(f)		PACRA	388,249	65,035,543
Meezan Rozana Amdani Fund	AA+(f)		VIS	298,872	94,095,278
				226,804,412	446,043,245
Banks					
Bank Alfalah Limited	A1+	AA+	PACRA	230,381,808	93,788,540
Bank Al-Habib Limited	A1+	AAA	PACRA	11,557,478	65,053,083
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	203,672,750	75,254,881
MCB Bank Limited	A1+	AAA	PACRA	7,493,857	16,552,601
National Bank of Pakistan	A1+	AAA	PACRA	2,617,952	4,512,034
The Bank of Punjab	A1+	AA+	PACRA	115,450	115,450
Habib Bank Limited	A-1+	AAA	VIS	19,169,981	26,359,196
Askari Bank Limited	A1+	AA+	PACRA	940,289	642,870
United Bank Limited	A-1+	AAA	VIS	50,747,325	74,697,738
JS Bank Limited	A1+	AA-	PACRA	289,410	4,544,586
Albaraka Bank (Pakistan) Limited	A-1	A+	VIS	238,399	238,399
Meezan Bank Limited	A-1+	AAA	VIS	93,914,703	18,525,648
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	30,020,342	23,342
Faysal Bank Limited	A1+	AA	PACRA	6,905,523	3,052,574
Summit Bank Limited	A-3	BBB-	VIS	7,246	7,246
Soneri Bank Limited	A1+	AA-	PACRA	850	
Samba Bank Limited	A-1	AA	VIS	713,102	2,650,238
				658,786,465	386,018,426
				885,590,877	832,061,671

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

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. These trade receivables are netted off with the collateral obtained from these customers to calculate the net exposure towards these customers.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product, unemployment, interest, and the inflation Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows:

	Sales		
	Expected loss rate	**Trade debts**	**Loss allowance**
	%	Rupees	
At 30 June 2022			
Up to 30 days	6.63%	74,286,516	4,924,623
30 to 180 days	24.23%	48,138,801	11,661,975
181 to 360 days	91.21%	4,323,922	3,943,660
Above 360 days	100.00%	14,446,348	14,446,348
		141,195,587	34,976,606
Trade debts against which collateral is held		-	-
		141,195,587	34,976,606

	Sales		
	Expected loss rate	**Trade debts**	**Loss allowance**
	%	Rupees	
At 30 June 2021			
Up to 30 days	0.00%	67,275,218	-
30 to 180 days	20.75%	31,500,394	6,535,888
181 to 360 days	26.94%	15,037,408	4,051,784
Above 360 days	100.00%	26,760,791	26,760,791
		140,573,811	37,348,463
Trade debts against which collateral is held		-	-
		140,573,811	37,348,463

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities. As 30 June 2022, the Group had Rupees 2,034.666 million (2021: Rupees 1,052.720 million) available borrowing limits from financial institutions and Rupees 660.43 million (2021: Rupees 387.747 million) cash and bank balances. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2022:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
			Rupees			
Non-derivative financial liabilities:						
Long term financing	577,054,335	854,214,238	75,141,131	22,452,218	88,165,199	668,455,690
Lease liabilities	624,517,326	846,526,237	95,807,814	99,801,391	172,249,802	478,667,230
Long term deposits	17,000,000	17,000,000	-	-	-	17,000,000
Trade and other payables	1,862,987,566	3,185,165,719	3,185,165,719	-	-	-
Accrued mark-up	57,121,494	57,121,494	57,121,494	-	-	-
Short term borrowings	1,897,577,032	2,106,324,833	618,305,245	1,488,019,588	-	-
Unclaimed dividend	5,755,517	5,755,517	5,755,517	-	-	-
	5,042,013,270	7,072,108,038	4,037,296,920	1,610,273,197	260,415,001	1,164,122,920

Contractual maturities of financial liabilities as at 30 June 2021:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
			Rupees			
Non-derivative financial liabilities:						
Long term financing	253,611,941	306,934,689	59,819,533	58,933,478	63,110,288	125,071,390
Lease liabilities	381,624,955	503,023,890	53,320,414	48,137,154	104,079,176	297,487,145
Long term deposits	17,000,000	17,000,000	-	-	-	17,000,000
Trade and other payables	1,295,995,670	1,360,423,722	1,360,423,722	-	-	-
Accrued mark-up	14,963,365	14,963,365	14,963,365	-	-	-
Short term borrowings	607,994,104	633,365,240	275,505,914	357,859,326	-	-
Unclaimed dividend	6,326,546	6,326,546	6,326,546	-	-	-
	2,577,516,581	2,842,037,452	1,770,359,494	464,929,958	167,189,464	439,558,535

48.2 Financial instruments by categories

	2022		
	At amortized cost	At fair value through profit or loss	Total
		Rupees	
Financial assets			
Long term security deposits	16,778,395	-	16,778,395
Long term loan to an employee	983,333	-	983,333
Short term security deposits	10,071,391	-	10,071,391
Trade debts	109,026,521	-	109,026,521
Loans and advances	43,147,036	-	43,147,036
Other receivables	39,824,921	-	39,824,921
Accrued interest	570,582	-	570,582
Short term investments	-	226,804,412	226,804,412
Cash and bank balances	660,429,600	-	660,429,600
	880,831,779	226,804,412	1,107,636,191

	2021		
	At amortized cost	At fair value through profit or loss	Total
		Rupees	
Financial assets			
Long term security deposits	13,745,195	-	13,745,195
Short term security deposits	20,313,880	-	20,313,880
Trade debts	103,118,348	-	103,118,348
Loans and advances	39,475,047	-	39,475,047
Other receivables	61,145,573	-	61,145,573
Accrued interest	390,462	-	390,462
Short term investments	-	446,043,245	446,043,245
Cash and bank balances	387,747,261	-	387,747,261
	625,935,766	446,043,245	1,071,979,011

	At Amortized Cost	
	2022 Rupees	2021 Rupees
Financial liabilities		
Long term financing	577,054,335	253,611,941
Lease liabilities	624,517,326	381,624,955
Long term deposits	17,000,000	17,000,000
Trade and other payables	1,862,987,566	1,295,995,670
Short term borrowings	1,897,577,032	607,994,104
Accrued mark-up	57,121,494	14,963,365
Unclaimed dividend	5,755,517	6,326,546
	5,042,013,270	2,577,516,581

48.2.1 Reconciliation to the line items presented in the consolidated statement of financial position is as follows:

	2022		
	Financial assets	Non-financial assets	Assets as per consolidated statement of financial position
		Rupees	
Financial assets			
Long term security deposits	16,778,395	40,632,010	57,410,405
Long term loan to an employee	983,333	-	983,333
Short term deposits and prepayments	10,071,391	22,814,670	32,886,061
Trade debts	109,026,521	-	109,026,521
Loans and advances	43,147,036	217,670,379	260,817,415
Other receivables	39,824,921	401,491,544	441,316,465
Accrued interest	570,582	-	570,582
Short term investments	226,804,412	-	226,804,412
Cash and bank balances	660,429,600	-	660,429,600
	1,107,636,191	682,608,603	1,790,244,794

	2022		
	Financial liabilities	Non-financial liabilities	Liabilities as per consolidated statement of financial position
		Rupees	
Liabilities			
Long term financing	577,054,335	-	577,054,335
Lease liabilities	624,517,326	-	624,517,326
Long term deposits	17,000,000	-	17,000,000
Trade and other payables	1,862,987,566	869,430,189	2,732,417,755
Short term borrowings	1,897,577,032	-	1,897,577,032
Accrued mark-up	57,121,494	-	57,121,494
Unclaimed dividend	5,755,517	-	5,755,517
	5,042,013,270	869,430,189	5,911,443,459

	2021		
	Financial assets	Non-financial assets	Assets as per consolidated statement of financial position
		Rupees	
Assets			
Long term security deposits	13,745,195	24,059,060	37,804,255
Short term deposits and prepayments	20,313,880	14,733,500	35,047,380
Trade debts	103,118,348	-	103,118,348
Loans and advances	39,475,047	103,544,387	143,019,434
Other receivables	61,145,573	80,329,533	141,381,054
Accrued interest	390,462	-	390,462
Short term investments	446,043,245	-	446,043,245
Cash and bank balances	387,747,261	-	387,747,261
	1,071,979,011	222,666,480	1,294,551,439

	2021		
	Financial assets	Non-financial assets	Assets as per consolidated statement of financial position
		Rupees	
Liabilities			
Long term financing	253,611,941	-	253,611,941
Lease liabilities	381,624,955	-	381,624,955
Long term deposits	17,000,000	-	17,000,000
Trade and other payables	1,295,995,670	432,470,882	1,728,466,552
Short term borrowings	607,994,104	-	607,994,104
Accrued mark-up	14,963,365	-	14,963,365
Unclaimed dividend	6,326,546	-	6,326,546
	2,577,516,581	432,470,882	3,009,987,463

48.3 Offsetting financial assets and financial liabilities

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

49. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. Consistent with others in the industry, and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing, lease liabilities and short term borrowings as referred to in note 5, 6 and 11 to the consolidated financial statements. Total capital employed includes 'total equity' as shown in the consolidated statement of financial position plus 'borrowings'.

		2022	2021
			Restated
Borrowings	Rupees	2,786,320,742	946,876,403
Total equity	Rupees	6,254,407,734	4,336,436,516
Total capital employed	Rupees	9,040,728,476	5,283,312,919
Gearing ratio	Percentage	30.82%	17.92%

The increase in gearing ratio is mainly due to increase in long term financing and short term borrowings.

50. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2022	2021	**2022**	2021
	Rupees	Rupees	**Rupees**	Rupees
Total facilities	2,201,266,175	2,824,032,783	4,731,882,565	2,018,027,217
Utilized at the end of the year	1,667,784,595	1,302,036,139	2,697,216,456	965,307,654
Unutilized at the end of the year	533,481,580	1,521,996,644	2,034,666,109	1,052,719,563

51. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Holding Company has proposed a cash dividend for the year ended 30 June 2022 of Rupees 2 per share (2021: Rupees 2 per share) and Nil bonus shares for every 10 ordinary shares (2021: 02 bonus shares for every 10 ordinary shares) at their meeting held on 23 September, 2022. However, these events have been considered as non-adjusting events under IAS 10 'Events after the Reporting Period' and have not been recognized in these consolidated financial statements.

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

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

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

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

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

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

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

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

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

During the year ended on 30 June 2020, the Holding Company started its OMC operations and expediently worked on completion of its Nowshera oil storage. During the year ended 30 June 2021, the Holding Company has completed its oil storage at Nowshera. On 09 August 2021, OGRA has acknowledged the satisfactory completion of Nowshera oil storage based on third party inspection report. During the year ended 30 June 2022, the Holding Company has stated work on new oil storage facility at Shikarpur. Currently, the Holding Company has eight operational HTL Express Centres, four in Lahore, three in Karachi and one in Rawalpindi. Further, the Holding Company has twenty seven retail outlets operational for sale of petroleum products as on 30 June 2022. Detail of payments out of IPO proceeds during the year ended 30 June 2022 is as follows:

	Rupees
Un-utilized IPO proceeds as at 01 July 2021	533,731,898
Add: Profit on term deposit receipts	15,691,233
Add: Profit on bank deposits	1,523,688
Add: Dividend on investments in mutual funds	21,892,690
Add: Gain on disposal of investment in mutual fund	50,966
Add: Unrealised gain on investments in mutual funds	680,524
Less: Payments made relating to OMC Project	(126,960,515)
Less: Withholding tax on profit	(2,582,239)
Less: Withholding tax on dividend from mutual funds	(3,283,902)
Less: Withholding tax on disposal of mutual funds	(32,453)
Less: Bank charges	(2,371)
Un-utilized IPO proceeds as at 30 June 2022	440,709,519

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

53. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 23 September, 2022 by the Board of Directors of the Holding Company.

54. CORRESPONDING FIGURES

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

55. GENERAL

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

Chief Executive | Director | Chief Financial Officer