

Condensed Interim Financial Information  
For the Quarter Ended 30 September 2022  
(Un - Audited)



BEING **LIMITLESS**

# COMPANY INFORMATION

## BOARD OF DIRECTORS

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

Mr. Hassan Tahir  
Chief Executive Officer / Executive Director

Mr. Muhammad Ali Hassan  
Executive Director

Mr. Tahir Azam  
Non Executive Director

Ms. Mavira Tahir  
Non Executive Director

Mr. Faraz Akhtar Zaidi  
Non Executive Director

Dr. Safdar Ali Butt  
Non Executive Independent Director

Syed Asad Abbas Hussain  
Non Executive Independent Director

Mr. Shafiq Ur Rehman  
Non Executive Independent Director

Mr. Sanghyuk Seo (Nominee of SK Lubricants Co. Ltd.)  
Non Executive Director

## CHIEF FINANCIAL OFFICER

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

## COMPANY SECRETARY & CHIEF COMPLIANCE OFFICER

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

## EXTERNAL AUDITORS

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

## SHARE REGISTRAR

M/S CDC Share Registrar Services Limited, CDC House,  
99-B, Block 'B', S.M.C.H.S. Main Shakra-e-Faisal, Karachi-74400  
Phone: +92-21-111-111-500, Fax: +92-21-34326053  
Toll Free: 0800 23275 (CDCPL)  
Email Address: info@cdcsrsl.com  
Website: www.cdcsrsl.com

## LEGAL ADVISOR

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

## STOCK SYMBOL

HTL

## REGISTERED / HEAD OFFICE

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

## REGIONAL OFFICES

### KARACHI OFFICE:

C-6/1, Street No.3, Bath Island, Clifton Karachi  
Phone: +92-21-35290674-5

### ISLAMABAD OFFICE:

Suite No. 1402, 14th Floor, Green Trust Tower,  
Jinnah Avenue, Blue Area Islamabad.  
Phone: +92-51-2813054-6

### MULTAN OFFICE:

House No. 95, Block C, Phase III, Model Town, Multan.  
Phone: +92-61-6521101-3

### PESHAWAR OFFICE:

Office No.280, 3rd Floor, Deans Trade Centre,  
Islamia Road, Peshawar Cantt.  
Phone: +92-91-5253186-7

### OMC OFFICE:

2-K, Main Boulevard Road, Lahore  
Phone: +92-42-35752213-4

## HTBL LOCATION

7-Km, Sundar Raiwind Road, Bhaikot, Lahore  
Phone: +92-42-38102781-5  
Fax: +92-42-36311884

## COMPANY WEBSITE:

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

## BANKERS

### ISLAMIC BANKS

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

### CONVENTIONAL BANKS

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



## Directors' Review

### Dear Shareholders,

On behalf of the Board of Directors, we are sharing financial statements for the first quarter ended September 30, 2022. The Company incurred a loss of PKR 2.01 per share on a consolidated basis.

The Company managed lubricant gross sales of PKR 1,339 million, a less than satisfactory result. The decline in sales was caused by reluctance by various parts of the supply chain to build stocks in the wake of unprecedented movement in exchange rate, aggravated by the change in finance ministry and public perceptions of the weakening exchange rate regime as well as volatility in economic and political situation across the country. This, along with the devastating floods in major part of the country, halted almost all supplies to south side of the country. Another cause of drop in sales of first quarter was strong sales in the previous quarter when several distributors invested heavily in stocks before the price changes became effective. Despite less than satisfactory results on the top line, the Company has been able to reduce its distribution cost compared to last year by 30%. Reduction in overheads was achieved despite the heavy depreciation cost of OMC project.

Despite all the challenges posed by the rising input costs emanating from surge in the commodity prices, the Company remains cautiously optimistic about the performance in the 2nd quarter of the year. We remain committed to deliver value through better quality products.

### Position of IPO Funds

Payments made relating to OMC Project during the quarter ~~was~~ amounted to PKR 33.265 million. Bank balances of PKR 5.174 million and short term investments of PKR 414.657 million at 30 September 2022 represent un-utilized proceeds of the initial public offer. These can only be utilized for the purposes of expansions through OMC Project of the Company.

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



Mr. Shaukat Hassan  
(Chairman)

Lahore, October 28, 2022



Mr. Hassan Tahir  
(Executive Director)

## ڈائریکٹرز کا جائزہ

پیارے شیئر ہولڈرز،

بورڈ آف ڈائریکٹرز کی جانب سے، ہم 30 ستمبر 2022 کو ختم ہونے والی پہلی سہ ماہی کے مالیاتی گوشواروں کا اشتراک کر رہے ہیں۔ کمپنی کو مجموعی بنیاد پر PKR 2.01 فی شیئر کا نقصان ہوا۔

کمپنی نے 1,339 ملین PKR کی لبریلیٹی کی مجموعی فروخت کا انتظام کیا، جو کہ تسلی بخش نتیجے سے کم ہے۔ فروخت میں کمی زرمبادلہ کی شرح میں غیر معمولی نقل و حرکت، وزارت خزانہ میں تبدیلی اور زرمبادلہ کی شرح کے کمزور نظام کے بارے میں عوامی تاثرات میں اضافہ کی وجہ کے ساتھ ساتھ ملک بھر کی سیاسی صورتحال اور اقتصادیات میں اتار چڑھاؤ کے تناظر میں سپلائی چین کے مختلف حصوں کی جانب سے اسٹاک بنانے میں ہچکچاہٹ کی وجہ سے ہوئی۔ اس نے ملک کے بڑے حصے میں تباہ کن سیلاب کے ساتھ ملک کے جنوب کی طرف تقریباً تمام سپلائی روک دی۔ پہلی سہ ماہی کی فروخت میں کمی کی ایک اور وجہ ہچکچاہٹ سہ ماہی میں زبردست فروخت تھی جب قیمتوں میں تبدیلی کے موثر ہونے سے پہلے کئی تقسیم کاروں نے اسٹاک میں بہت زیادہ سرمایہ کاری کی۔ ٹاپ لائن پر تسلی بخش نتائج سے کم کے باوجود، کمپنی گزشتہ سال کے مقابلے میں اپنی تقسیم کی لاگت کو 30% تک کم کرنے میں کامیاب رہی ہے۔ او ایچ سی پروڈیکٹ کی بھاری قیمت میں کمی کے باوجود اور ہیڈز میں کمی حاصل کی گئی۔

اجناس کی قیمتوں میں اضافے سے پیدا ہونے والے ان پٹ لاگت کے بڑھتے ہوئے تمام چیلنجوں کے باوجود، کمپنی سال کی دوسری سہ ماہی میں کارکردگی کے بارے میں محتاط طور پر پر امید ہے۔ ہم بہتر معیار کی مصنوعات کے ذریعے قدر کی فراہمی کے لیے پرعزم ہیں۔

## آئی بی او فنڈز کی پوزیشن

سہ ماہی کے دوران OMC پروڈیکٹ سے متعلق ادائیگیوں کی رقم 33,265 ملین روپے تھی۔ 30 ستمبر 2022 کو PKR 5.174 ملین کے بینک بیلنس اور PKR 414.657 ملین کی مختصر مدت کی سرمایہ کاری ابتدائی عوامی پیشکش کی غیر استعمال شدہ آمدنی کی نمائندگی کرتی ہے۔ یہ صرف کمپنی کے OMC پروڈیکٹ کے ذریعے توسیع کے مقاصد کے لیے استعمال کیے جاسکتے ہیں۔

ہم اپنی انتظامیہ اور ملازمین کا کمپنی کی جانب سے ان کی کوششوں کے لیے شکریہ ادا کرنا چاہیں گے۔

جناب حسن طاہر

(چیف ایگزیکٹو)

جناب شوکت حسن

(چیرمین)

لاہور، 28 اکتوبر، 2022

اہم نوٹ: اگر انگریزی سے اردو میں کوئی غلط ترجمہ یا الجھن ہے، تو ہمیشہ اوپر کی اردو ورژن کی اصل انگریزی کو ترجیح دی جائے گی۔

# **HI-TECH LUBRICANTS LIMITED**

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

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

As At 30 September 2022

	Note	Un-Audited September 30, 2022 Rupees	Audited June 30, 2022 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 150,000,000 (2022: 150,000,000) ordinary shares of Rupees 10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital		1,392,048,000	1,392,048,000
Reserves		2,649,701,212	2,750,498,756
<b>Total equity</b>		<b>4,041,749,212</b>	<b>4,142,546,756</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	4	-	-
Lease liabilities	5	451,615,429	471,952,022
Long term deposits		17,000,000	17,000,000
Deferred income tax liability - net		24,640,334	69,878,336
Deferred income - Government grant		-	-
		493,255,763	558,830,358
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	1,042,971,350	2,725,758,038
Accrued mark-up		68,003,621	38,150,124
Short term borrowings	7	1,995,888,342	1,494,218,779
Current portion of non-current liabilities		150,263,275	172,181,700
Unclaimed dividend		5,695,334	5,755,517
Provision for taxation - net		15,158,664	-
		3,277,980,586	4,436,064,158
<b>Total liabilities</b>		<b>3,771,236,349</b>	<b>4,994,894,516</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,812,985,561</b>	<b>9,137,441,272</b>

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



Chief Executive



Director



Chief Financial Officer

		Un-Audited September 30, 2022 Rupees	Audited June 30, 2022 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	9	2,549,471,977	2,590,342,283
Right-of-use assets	10	535,211,616	555,744,577
Intangible assets	11	5,597,857	6,657,720
Investment property		130,000,000	130,000,000
Investment in subsidiary company		1,300,000,600	1,300,000,600
Long term security deposits		37,694,740	37,694,740
Long term loan to an employee		1,614,301	783,329
Deferred income tax asset - net		-	-
		4,559,591,091	4,621,223,249
<b>CURRENT ASSETS</b>			
Stock-in-trade	12	1,254,761,378	2,868,897,798
Trade debts		114,812,677	106,218,981
Loans and advances		958,078,250	192,209,599
Short term deposits and prepayments		43,245,095	24,309,437
Other receivables		352,122,465	440,065,418
Accrued interest		7,010,401	570,582
Short term investments		231,236,617	226,804,412
Cash and bank balances	13	292,127,587	657,141,796
		3,253,394,470	4,516,218,023
<b>TOTAL ASSETS</b>		7,812,985,561	9,137,441,272

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



Chief Executive



Director



Chief Financial Officer

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

For The Quarter Ended 30 September 2022

	Un-Audited September 30, 2022 Rupees	Un-Audited September 30, 2021 Rupees
GROSS REVENUE FROM CONTRACTS WITH CUSTOMERS	4,326,639,793	3,675,335,351
Discounts	(82,621,340)	(117,759,155)
Sales tax	(301,969,449)	(477,083,718)
NET REVENUE FROM CONTRACTS WITH CUSTOMERS	<u>3,942,049,004</u>	<u>3,080,492,478</u>
COST OF SALES	<u>(3,594,989,116)</u>	<u>(2,525,926,217)</u>
GROSS PROFIT	347,059,888	554,566,261
DISTRIBUTION COST	(177,613,846)	(254,698,366)
ADMINISTRATIVE EXPENSES	(186,404,125)	(140,290,788)
OTHER EXPENSES	(45,261,433)	(27,394,685)
	(409,279,404)	(422,383,839)
OTHER INCOME	27,680,137	273,719,895
PROFIT / (LOSS) FROM OPERATIONS	<u>(34,539,379)</u>	<u>405,902,317</u>
FINANCE COST	(91,239,202)	(26,070,072)
PROFIT / (LOSS) BEFORE TAXATION	<u>(125,778,581)</u>	<u>379,832,245</u>
TAXATION	24,981,037	(37,742,184)
PROFIT / (LOSS) AFTER TAXATION	<u>(100,797,544)</u>	<u>342,090,061</u>
EARNINGS/(LOSS) PER SHARE - BASIC AND DILUTED	<u>(0.72)</u>	<u>2.46</u>

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



Chief Executive



Director



Chief Financial Officer



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

For The Quarter Ended 30 September 2022

	Un-Audited September 30, 2022 Rupees	Un-Audited September 30, 2021 Rupees
PROFIT / (LOSS) AFTER TAXATION	(100,797,544)	342,090,061
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss:		
Surplus on revaluation of freehold land	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the period	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	<u>(100,797,544)</u>	<u>342,090,061</u>

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



Chief Executive



Director



Chief Financial Officer

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

For The Quarter Ended 30 September 2022

	Note	Un-Audited September 30, 2022 Rupees	Un-Audited September 30, 2021 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	14	(665,137,755)	(269,697,333)
Finance cost paid		(61,385,705)	(20,471,510)
Income tax paid		(116,449,395)	(7,182,673)
Net increase in long term loan to an employee		(1,115,490)	-
Net increase in long term security deposits		-	(1,116,360)
<b>Net cash (used in) / generated from operating activities</b>		<b>(844,088,345)</b>	<b>(298,467,876)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on operating fixed assets		7,186,423	(77,035,754)
Capital expenditure on intangible assets		-	(145,950)
Proceeds from disposal of operating fixed assets		3,851,000	1,950,000
Short term investments - net		(3,906,515)	225,975,741
Dividends received		5,832,820	4,933,416
Profit on bank deposits and term deposit receipt received		6,756,043	2,320,027
<b>Net cash from investing activities</b>		<b>19,719,771</b>	<b>157,997,480</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liabilities		(19,214,396)	15,281,184
Dividend paid		(60,183)	-
Long term financing repaid		(23,040,619)	(24,530,380)
Short term borrowings - net		501,669,563	347,168,727
<b>Net cash from / (used in) financing activities</b>		<b>459,354,365</b>	<b>337,919,531</b>
<b>Net increase in cash and cash equivalents</b>		<b>(365,014,209)</b>	<b>197,449,135</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>657,141,796</b>	<b>264,544,140</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>292,127,587</b>	<b>461,993,275</b>

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



Chief Executive



Director



Chief Financial Officer

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

For The Quarter Ended 30 September 2022

	RESERVES					TOTAL RESERVES	TOTAL EQUITY
	CAPITAL RESERVES			REVENUE RESERVE			
	SHARE CAPITAL	SHARE PREMIUM	SURPLUS ON REVALUATION OF FREEHOLD LAND	SUB-TOTAL			
Rupees -							
Balance as at 30 June 2021 - Audited	1,160,040,000	1,441,697,946	-	1,441,697,946	548,745,210	1,990,443,156	3,150,483,156
Transactions with owners:							
Profit for the quarter ended 30 September 2021	-	-	-	-	342,090,061	342,090,061	342,090,061
Other comprehensive income for the quarter ended 30 September 2021	-	-	-	-	-	-	-
Total comprehensive income for the quarter ended 30 September 2021	-	-	-	-	342,090,061	342,090,061	342,090,061
<b>Balance as at 30 September 2021 - Un audited</b>	<b>1,160,040,000</b>	<b>1,441,697,946</b>	<b>-</b>	<b>1,441,697,946</b>	<b>890,835,271</b>	<b>2,332,533,217</b>	<b>3,492,573,217</b>
Balance as at 30 June 2022 - Audited	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
Transactions with owners:							
Profit / (loss) for the quarter ended 30 September 2022	-	-	-	-	(100,797,544)	(100,797,544)	(100,797,544)
Other comprehensive income / (Loss) for the quarter ended 30 September 2022	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the quarter ended 30 September 2022	-	-	-	-	(100,797,544)	(100,797,544)	(100,797,544)
<b>Balance as at 30 September 2022 - Un audited</b>	<b>1,392,048,000</b>	<b>1,441,697,946</b>	<b>704,626,206</b>	<b>2,146,324,152</b>	<b>503,377,060</b>	<b>2,649,701,212</b>	<b>4,041,749,212</b>

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



Chief Executive



Director



Chief Financial Officer

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

For The Quarter Ended 30 September 2022

### 1. THE COMPANY AND ITS OPERATIONS

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

### 2. BASIS OF PREPARATION

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

- International Accounting Standard 34: 'Interim Financial Reporting' (IAS 34), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2022.

### 3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these unconsolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2022.

#### 3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these unconsolidated condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2022.

During preparation of these unconsolidated condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2022.

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

For The Quarter Ended 30 September 2022

	Un-Audited September 30, 2022 Rupees	Audited June 30, 2022 Rupees
<b>4. LONG TERM FINANCING</b>		
<b>From banking company - secured</b>		
Loan under State Bank of Pakistan (SBP) Refinance Scheme (Note 4.1)	24,449,577	47,490,196
Less: Current portion shown under current liabilities	24,449,577	47,490,196
	<u>-</u>	<u>-</u>
<b>4.1</b>		
This term finance facility, aggregating to Rupees 189.986 million (2022: 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 (2022: 8.67% to 10.04% per annum).		
	Un-Audited September 30, 2022 Rupees	Audited June 30, 2022 Rupees
<b>5. LEASE LIABILITIES</b>		
Total lease liabilities	577,067,509	596,281,908
Less: Current portion shown under current liabilities	(125,452,080)	(124,329,886)
	<u>451,615,429</u>	<u>471,952,022</u>
<b>5.1</b>		
Implicit rates against lease liabilities range from 7.40% to 16.28% (2022: 7.40% to 16.28%) per annum.		
<b>5.2</b>		
Leases from banking company are secured against the leased assets, personal guarantees of directors and security deposits of Rupees 28.100 million (2022: Rupees 28.100 million).		
	Un-Audited September 30, 2022 Rupees	Audited June 30, 2022 Rupees
<b>6. TRADE AND OTHER PAYABLES</b>		
Creditors (Note 6.1)	444,771,424	2,262,455,325
Accrued liabilities (Note 6.2)	126,915,895	91,030,412
Infrastructure cess payable	67,555,065	67,555,065
Contract liabilities - unsecured (Note 6.3)	91,223,549	63,104,103
Retention money payable	-	16,796,112
Customs duty and other charges payable	143,798,105	60,266,180
Income tax deducted at source	17,838,832	14,600,110
Workers' welfare fund payable	15,889,350	15,889,350
Workers' profit participation fund payable	19,292,825	19,292,825
Payable to Hi-Tech Blending (Private) Limited - subsidiary company (Note 6.4)	111,351,094	111,351,094
Payable to employees' provident fund trust	4,335,211	3,417,462
	<u>1,042,971,350</u>	<u>2,725,758,038</u>

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

For The Quarter Ended 30 September 2022

- 6.1** These include Rupees Nil (2022: Rupees 1,202.327 million) and Rupees 63.465 million (2022: Rupees 52.663 million) payable to Hi-Tech Blending (Private) Limited - subsidiary company and SK Lubricants Co., Ltd - principal supplier and long term partner respectively.
- 6.2** These include Rupees 9.800 million (2022: Rupees 2.384 million) on account of remuneration payable to directors of the Company.
- 6.3** These include Rupees 0.419 million (2022: Rupees 0.470 million) received as advance for purchase of lubricants from Hi-Tech Blending (Private) Limited - subsidiary company.
- 6.4** 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.

	<b>Un-Audited</b>	<b>Audited</b>
	<b>September 30,</b>	<b>June 30,</b>
	<b>2022</b>	<b>2022</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>7. SHORT TERM BORROWINGS</b>		
<b>From banking companies - secured</b>		
Short term finances (Note 7.1 and Note 7.2)	<u>1,995,888,342</u>	<u>1,494,218,779</u>

- 7.1** 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.

- 7.2** The rates of mark-up range from 15.5% to 16.51% (2022: 8.01% to 16.02%) per annum.

### **8. CONTINGENCIES AND COMMITMENTS**

#### **8.1 Contingencies**

- 8.1.1** 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

- 8.1.2** 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.

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

For The Quarter Ended 30 September 2022

- 8.1.3** 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.
- 8.1.4** 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 advice of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision thereagainst has been recognized in these financial statements.
- 8.1.5** 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 advice of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these financial statements.
- 8.1.6** 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 advice of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these financial statements.
- 8.1.7** 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 advice of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these financial statements.

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

For The Quarter Ended 30 September 2022

- 8.1.8** 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.
- 8.1.9** 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.
- 8.1.10** Corporate guarantees of Rupees 2,633 million (2022: Rupees 2,633 million) have been given by the Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - subsidiary company.
- 8.1.11** Guarantees of Rupees 58 million (2022: Rupees 58 million) are given by the bank of the Company to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.
- 8.1.12** Guarantees of Rupees 22 million (2022: Rupees 22 million) are given by the bank of the Company to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.
- 8.1.13** Guarantee of Rupees 15 million (2022: Rupees 15 million) and Rupees 2.25 million (2022: 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.

	Un-Audited September 30, 2022 Rupees	Audited June 30, 2022 Rupees
<b>8.2 Commitments</b>		
<b>8.2.1</b> For capital expenditures	333,358,713	53,571,861
<b>8.2.2</b> Letters of credit other than for capital expenditures	-	-
<b>9. FIXED ASSETS</b>		
Operating fixed assets(Note 9.1)	2,428,610,198	2,459,192,488
Capital work-in-progress(Note 9.2)	120,861,779	131,149,795
	<u>2,549,471,977</u>	<u>2,590,342,283</u>



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

For The Quarter Ended 30 September 2022

	Un-Audited September 30, 2022 Rupees	Audited June 30, 2022 Rupees
<b>9.1 Operating fixed assets – owned</b>		
Opening book value	2,459,192,488	1,744,846,431
Add: Cost of additions during the period / year (Note 9.1.1)	3,101,591	155,930,523
Add: Revaluation Surplus	-	704,626,206
Add: Book value of assets transferred from right-of-use of assets	-	1,787,081
	<u>2,462,294,079</u>	<u>2,607,190,241</u>
Less: Book value of deletions during the period / year (Note 9.1.2)	907,103	2,124,282
	<u>2,461,386,976</u>	<u>2,605,065,959</u>
Less: Book value of deletions during the period / year (Note 9.1.3)	-	3,039,221
	<u>2,461,386,976</u>	<u>2,602,026,738</u>
Less: Depreciation charged during the period / year	32,776,777	142,834,250
Closing book value	<u>2,428,610,198</u>	<u>2,459,192,488</u>
<b>9.1.1 Cost of additions during the period / year</b>		
Freehold land	-	623,500
Buildings on freehold land	-	20,576,645
Buildings on leasehold land	-	10,840,459
Tanks and Pipeline and Tanks	-	71,740,070
Dispensing Pumps	-	19,353,204
Furniture and fittings	479,700	1,368,719
Vehicles	228,130	1,537,358
Office equipment	655,801	20,873,046
Computers	1,737,960	9,017,522
	<u>3,101,591</u>	<u>155,930,523</u>
<b>9.1.2 Book value of deletions during the period / year</b>		
Cost:		
Vehicles	3,850,385	5,155,128
Computers	547,000	2,954,542
Less: Accumulated depreciation	3,490,282	5,985,388
	<u>907,103</u>	<u>2,124,282</u>
<b>9.1.3 Book value of Written off during the period / year</b>		
Cost:		
Machinery	-	186,000
Furniture & Fittings	-	1,600,052
Office Equipments	-	107,189
Vehicles	-	3,307,537
Computers	-	2,734,349
Less: Accumulated depreciation	-	4,895,906
	<u>-</u>	<u>3,039,221</u>

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

For The Quarter Ended 30 September 2022

	Un-Audited September 30, 2022 Rupees	Audited June 30, 2022 Rupees
<b>9.2 Capital work-in-progress</b>		
Civil works	44,710,626	32,339,864
Dispensing pumps	20,752,015	20,752,020
Advance against purchase of apartment (Note 9.3)	25,976,750	25,976,750
Tanks and Pipelines	27,734,215	20,799,838
Advance against purchase Vehicles	-	26,000,000
Mobilization advances	1,688,173	5,281,323
	<u>120,861,779</u>	<u>131,149,795</u>

**9.3** This represent advance given to BNP (Private) Limited against purchase of apartment in Grand Hayatt (the "Project") at 1-Constitution Avenue, Islamabad. On 29 July 2016, Capital Development Authority (CDA) cancelled the leased deed of BNP (Private) Limited on the grounds of violating the terms and conditions of the said lease and sealed the Project. Against the alleged order, BNP (Private) Limited filed a writ petition before the Honorable Islamabad High Court ("IHC") challenging the cancellation of said lease. IHC dismissed the writ petition of BNP (Private) Limited. However, the honorable judge of IHC ruled that it is a duty of the Federal Government to ensure that the purchasers do not suffer due to Government's own wrongful actions and omissions, particularly when the regulatory failure of the CDA stands admitted. The Company and others filed appeals against the aforesaid judgment of IHC before Honorable Supreme Court of Pakistan. On 09 January 2019, Honorable Supreme Court of Pakistan has passed order whereby the Court has ordered BNP (Private) Limited to pay Rupees 17.5 billion in eight years to CDA to revive the original lease together with all approvals and permissions already granted. The Court has further ordered that BNP (Private) Limited shall complete the entire project within a reasonable time. CDA and BNP (Private) Limited have filed review petitions against the order of the Supreme Court of Pakistan which are still pending for review. Supreme Court of Pakistan referred the matter to the Public Accounts Committee (PAC) and asked them to submit its recommendation on the subject matter. During the year ended 30 June 2021, PAC endorsed the amount of Rupees 17.5 billion to be paid to CDA in six years for the revival of 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.

### 10. RIGHT-OF-USE ASSETS

	Land	Buildings	Vehicles	Total
	----- Rupees -----			
<b>At 30 June 2021</b>	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	56,215,487	30,808,270	20,667,011	107,690,768
<b>At 30 June 2021</b>	<u>371,805,431</u>	<u>46,625,761</u>	<u>137,313,384</u>	<u>555,744,577</u>
Add: Additions during the year	-	-	-	-
Add: Impact of lease modifications	-	-	-	-
Less: Impact of lease termination	-	-	-	-
Less: Book value of assets transferred to fixed assets - owned during the year	-	-	-	-
Less: Depreciation expense for the year	5,893,740	7,773,549	6,865,672	20,532,961
<b>At 30 September 2022</b>	<u>365,911,691</u>	<u>38,852,212</u>	<u>130,447,712</u>	<u>535,211,616</u>

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

For The Quarter Ended 30 September 2022

### 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.

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

	Un-Audited September 30, 2022 Rupees	Audited June 30, 2022 Rupees
<b>11. INTANGIBLE ASSETS</b>		
Computer softwares (Note 11.1)	<u>5,597,857</u>	<u>6,657,720</u>
<b>11.1 Computer softwares</b>		
Opening book value	6,657,720	10,645,945
Add: Cost of additions during the period / year	-	824,607
Less: Amortization charged during the period / year	1,059,861	4,812,832
Closing book value	<u>5,597,859</u>	<u>6,657,720</u>
<b>11.2</b> Cost as at 30 September	45,973,948	45,973,947
Accumulated amortization	(40,376,091)	(39,316,227)
Net book value as at 30 September	<u>5,597,857</u>	<u>6,657,720</u>

11.3 Intangible assets - computer softwares have been amortized at the rate of 30% (2022: 30%) per annum.

11.4 Intangible assets costing Rupees 29.329 million (2022: Rupees 29.329 million) are fully amortized.

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

For The Quarter Ended 30 September 2022

	Un-Audited September 30, 2022 Rupees	Audited June 30, 2022 Rupees
<b>12. STOCK-IN-TRADE</b>		
Lubricants and parts	955,963,305	1,507,889,971
Less: Provision for slow moving and damaged inventory items	14,105,219	14,105,219
	<u>941,858,086</u>	<u>1,493,784,752</u>
Petroleum products		
Stock in hand	127,349,043	712,760,727
Stock in pipeline system	130,000,000	606,798,070
	257,349,043	1,319,558,797
Dispensing pumps and other installations	55,554,249	55,554,249
Stock of promotional items	-	-
	<u>1,254,761,378</u>	<u>2,868,897,798</u>
<b>13. CASH AND BANK BALANCES</b>		
Cash in hand	931,790	557,306
Cash at banks:		
- Saving accounts (Note 13.1)	27,684,316	225,076,032
- Current accounts	78,511,481	231,508,458
	<u>106,195,797</u>	<u>456,584,490</u>
	107,127,587	457,141,796
Term deposit receipt (Note 13.3)	185,000,000	200,000,000
	<u>292,127,587</u>	<u>657,141,796</u>

**13.1** Saving accounts carry profit at the rates ranging from 12.25% to 13.50% (2022: 5.49% to 12.25%) per annum.

**13.2** Bank balances (including term deposit receipt) of Rupees 185.000 million (2022: Rupees 218.438 million) and short term investments of Rupees 231.236 million (2022: Rupees 222.272 million) as at 30 September 2022 represents un-utilized proceeds of the initial public offer.

**13.3** This term deposit receipt issued by banking company having maturity period of three months and carry interest at 13.50% (2022: 12.75%) per annum. Effective rate of interest charged on term deposit receipt during the period ranges from 12.75% to 13.50% (2022: 5.50% to 12.75%) per annum.

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

For The Quarter Ended 30 September 2022

	Un-Audited September 30, 2022 Rupees	Un-Audited September 30, 2021 Rupees
<b>14. CASH (USED IN) / GENERATED FROM OPERATIONS</b>		
Profit before taxation	(125,778,581)	379,832,245
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation on operating fixed assets	39,642,449	36,275,455
Depreciation on right-of-use assets	13,667,289	17,788,645
Amortization on intangible assets	1,059,861	1,290,052
Amortization of deferred income - Government grant	-	(1,679,982)
Gain on disposal of operating fixed assets	(2,943,897)	-
Dividend income	(5,832,820)	(264,933,536)
Profit on bank deposits and term deposit receipt	(13,195,860)	(4,319,496)
Gain on disposal of short term investments	(525,690)	(950,611)
Loss on disposal of short term investment	-	(495)
Exchange loss / (gain) - net	38,966,777	(20,856,217)
Finance cost	91,239,202	26,070,072
Working capital changes (Note 14.1)	(701,436,485)	(438,213,465)
	<u>(665,137,755)</u>	<u>(269,697,333)</u>

	Un-Audited September 30, 2022 Rupees	Un-Audited September 30, 2021 Rupees
<b>14.1 Working capital changes</b>		
(Increase) / decrease in current assets:		
Stock-in-trade	1,614,136,420	161,547,074
Trade debts	(8,593,696)	(53,204,013)
Loans and advances	(765,584,133)	(130,005,815)
Short term deposits and prepayments	(18,935,658)	(4,696,136)
Other receivables	87,942,953	77,610,493
	908,965,886	51,251,603
Increase in trade and other payables	(1,610,402,371)	(489,465,068)
	<u>(701,436,485)</u>	<u>(438,213,465)</u>

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

For The Quarter Ended 30 September 2022

### 15. TRANSACTIONS WITH RELATED PARTIES

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

		Un-Audited September 30, 2022 Rupees	Un-Audited September 30, 2021 Rupees
<b>i Transactions</b>			
<b>Relationship</b>	<b>Nature of transaction</b>		
<b>Subsidiary company</b>			
Hi-Tech Blending (Private) Limited	Purchase of lubricants	340,461,901	1,206,644,385
	Sale of lubricants	50,420	-
	Lease rentals paid	750,000	750,000
<b>Associated companies</b>			
MAS Associates (Pvt) Limited	Share of common expenses	314,408	238,775
<b>Other related parties</b>			
SK Lubricants Co., Ltd.	Purchase of lubricants	116,565,423	172,826,330
Provident fund trust	Contribution	6,354,040	5,098,575
Sabra Hamida Trust	Donations	4,500,000	4,500,000
		Un-Audited September 30, 2022 Rupees	Audited June 30, 2022 Rupees
<b>ii Period end balances</b>			
<b>Subsidiary company</b>			
	Investment in Hi-Tech Blending (Private) Limited	1,300,000,600	1,300,000,600
	Receivable from Hi-Tech Blending (Private) Limited	520,802,382	-
	Payable to Hi-Tech Blending (Private) Limited	419,930	1,202,327,248
<b>Associated companies</b>			
	Receivable from MAS Associates (Private) Limited	314,409	292,753
<b>Other related parties</b>			
	Receivable from SK Lubricants Company Limited	90,000,000	-
	Payable to SK Lubricants Company Limited	63,465,866	41,929,480
	Payable to employees' provident fund trust	4,335,211	3,417,462

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

For The Quarter Ended 30 September 2022

### 16. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

#### (i) Fair value hierarchy

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

Recurring fair value measurements at 30 September 2022	Level 1	Level 2	Level 3	Total
--------------------------------------------------------	---------	---------	---------	-------

----- Rupees -----

#### Financial assets

Financial assets at fair value through profit or loss	231,236,617	-	-	231,236,617
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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
-------------------------------------------------------	-------------	---	---	-------------

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

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

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

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

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

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

#### (ii) Valuation techniques used to determine fair values

Specific valuation technique used to value financial instruments is the use of quoted market prices on Pakistan Stock Exchange and for funds, Net Asset Value (NAV) of respective Asset Management Company.

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

For The Quarter Ended 30 September 2022

### 17. SEGMENT INFORMATION

The following summary describes the operation in each of the Company's reportable segments:  
 Lubricants Purchase and sale of lubricants, parts and rendering of services.  
 Petroleum products Marketing and sale of petroleum products.

	LUBRICANTS		PETROLEUM PRODUCTS		UNALLOCATED		TOTAL - COMPANY	
	30 September, 2022	30 September, 2021	30 September, 2022	30 September, 2021	30 September, 2022	30 September, 2021	30 September, 2022	30 September, 2021
Revenue - net	1,339,720,314	1,843,097,995	2,602,328,690	1,237,394,483	-	-	3,942,049,004	3,080,492,478
Cost of sales	(1,013,853,473)	(1,339,658,272)	(2,581,135,643)	(1,186,267,945)	-	-	(3,594,989,116)	(2,525,926,217)
Gross profit	325,866,841	503,439,724	21,193,047	51,126,537	-	-	347,059,888	554,566,261
Distribution cost	(106,218,879)	(195,511,333)	(71,394,967)	(59,187,033)	-	-	(177,613,846)	(254,698,366)
Administrative expenses	(177,311,775)	(134,626,589)	(9,092,350)	(5,664,199)	-	-	(186,404,125)	(140,290,788)
Other expenses	(43,525,263)	(25,015,219)	(1,736,170)	(2,379,466)	-	-	(45,261,433)	(27,394,685)
	(327,055,917)	(355,153,141)	(82,223,487)	(67,230,698)	-	-	(409,279,404)	(422,383,839)
Other income	18,802,364	262,925,341	8,877,773	10,794,554	-	-	27,680,137	273,719,895
Profit / (loss) from operations	17,613,287	411,211,924	(52,152,666)	(5,309,607)	-	-	(34,539,379)	405,902,317
Finance cost	(76,267,840)	(16,330,089)	(14,971,362)	(9,739,983)	-	-	(91,239,202)	(26,070,072)
Profit / (loss) before taxation	(58,654,552)	394,881,834	(67,124,029)	(15,049,589)	-	-	(125,776,581)	379,832,245
Taxation	-	-	-	-	24,981,037	(37,742,184)	24,981,037	(37,742,184)
Profit / (loss) after taxation	(58,654,552)	394,881,834	(67,124,029)	(15,049,589)	24,981,037	(37,742,184)	(100,797,544)	342,090,061

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

	LUBRICANTS		PETROLEUM PRODUCTS		TOTAL - COMPANY	
	Un-Audited 30 September 2022	Audited 30 June 2022	Un-Audited 30 September 2022	Audited 30 June 2022	Un-Audited 30 September 2022	Audited 30 June 2022
Total assets for reportable segments	3,442,308,656	3,245,446,841	1,739,109,613	2,744,899,707	5,181,418,269	5,990,346,548
Unallocated assets	-	-	-	-	2,631,567,292	3,147,094,724
Total assets as per statement of financial position	448,665,799	2,279,865,705	568,008,440	986,284,130	7,812,985,561	9,137,441,272
Total liabilities for reportable segments	448,665,799	2,279,865,705	568,008,440	986,284,130	1,016,674,239	3,266,149,835
Unallocated liabilities	-	-	-	-	2,764,562,110	1,728,744,681
Total liabilities as per statement of financial position	448,665,799	2,279,865,705	568,008,440	986,284,130	3,771,236,349	4,994,894,516

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

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



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

For The Quarter Ended 30 September 2022

### 18. 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 (Rupees)	Total amount utilized till 30 June 2017 (Rupees)
<b>Investment in HTLL</b>		
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
	<u>1,612,562,500</u>	<u>815,199,584</u>
<b>Investment in 100% owned subsidiary</b>		
Additional filling lines for blending plant, Hi-Tech Blending (Private) Limited	200,000,000	-
Total	<u>1,812,562,500</u>	<u>815,199,584</u>
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.

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

For The Quarter Ended 30 September 2022

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 quarter ended 30 September 2022 is as follows:

	Rupees
Un-utilized IPO proceeds as at 01 July 2022	440,709,519
Add: Profit on term deposit receipt	5,789,041
Add: Profit on bank deposits	97,231
Add: Dividend on investment in mutual funds	5,828,931
Add: Gain on disposal of investment in mutual fund	-
Add: Unrealised gain on investment in mutual funds	2,431,391
Less: Payments made relating to OMC Project	(33,265,811)
Less: Withholding tax on profit	(882,940)
Less: Withholding tax on dividend from mutual funds	(874,340)
Less: Withholding tax on disposal of mutual funds	-
Less: Zakat deducted on profit	-
Less: Bank charges	(577)
Un-utilized IPO proceeds as at 30 September 2022	<u>419,832,445</u>

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

### 19. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Company's for the year ended 30 June 2022.

### 20. GENERAL

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



Chief Executive



Director



Chief Financial Officer  
Hi-Tech Lubricants Limited | 25

# **HI-TECH LUBRICANTS LIMITED**

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

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

As At 30 September 2022

	Note	Un-Audited September 30, 2022 Rupees	Audited June 30, 2022 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
150,000,000 (2022: 150,000,000) ordinary shares of Rupees 10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital		1,392,048,000	1,392,048,000
Reserves		4,582,040,119	4,862,359,734
<b>Total equity</b>		<b>5,974,088,119</b>	<b>6,254,407,734</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	4	608,815,764	516,628,587
Lease liabilities	5	478,676,374	485,619,223
Long term deposits		17,000,000	17,000,000
Deferred liabilities		392,730,512	491,141,485
		1,497,222,650	1,510,389,295
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	1,881,860,364	2,732,417,755
Accrued mark-up / profit		98,337,798	57,121,494
Short term borrowings	7	2,669,645,765	1,897,577,032
Current portion of non-current liabilities		203,508,608	222,398,052
Unclaimed dividend		5,695,334	5,755,517
		4,859,047,869	4,915,269,850
<b>Total liabilities</b>		<b>6,356,270,519</b>	<b>6,425,659,145</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12,330,358,638</b>	<b>12,680,066,879</b>



Chief Executive



Director



Chief Financial Officer

		Un-Audited September 30, 2022 Rupees	Audited June 30, 2022 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	9	5,966,001,470	5,959,670,743
Right-of-use assets	10	590,091,416	590,982,038
Intangible assets	11	19,473,553	21,760,517
Investment property		130,000,000	130,000,000
Long term security deposits		55,221,660	55,221,660
Long term Loan to employees		1,614,301	783,329
		6,762,402,400	6,758,418,287
<b>CURRENT ASSETS</b>			
Stores		72,025,948	88,306,846
Stock-in-trade	12	3,602,596,731	3,941,260,793
Trade debts		122,497,173	109,026,521
Loans and advances		707,906,588	261,017,419
Short term deposits and prepayments		55,048,527	35,074,806
Other receivables		352,122,465	441,316,465
Advance Income tax-net of provision for taxation		122,101,296	157,841,148
Accrued Interest		7,010,401	570,582
Short term investments		231,236,617	226,804,412
Cash and bank balances	13	295,410,492	660,429,600
		5,567,956,238	5,921,648,592
<b>TOTAL ASSETS</b>		12,330,358,638	12,680,066,879

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



Chief Executive



Director



Chief Financial Officer

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

For The Quarter Ended 30 September 2022

	Un-Audited September 30, 2022 Rupees	Un-Audited September 30, 2021 Rupees
GROSS REVENUE FROM CONTRACTS WITH CUSTOMERS	4,710,331,342	3,832,709,703
Discounts	(82,621,340)	(117,759,155)
Sales tax	(685,660,998)	(634,458,070)
NET REVENUE FROM CONTRACTS WITH CUSTOMERS	3,942,049,004	3,080,492,478
COST OF SALES	(3,590,325,438)	(2,400,114,200)
GROSS PROFIT	351,723,566	680,378,278
DISTRIBUTION COST	(182,453,239)	(261,107,963)
ADMINISTRATIVE EXPENSES	(222,821,199)	(163,914,607)
OTHER EXPENSES	(184,502,461)	(84,285,137)
	(589,776,899)	(509,307,707)
OTHER INCOME	27,680,137	17,670,268
PROFIT / (LOSS) FROM OPERATIONS	(210,373,196)	188,740,839
FINANCE COST	(146,341,267)	(36,825,620)
PROFIT / (LOSS) BEFORE TAXATION	(356,714,463)	151,915,219
TAXATION	76,394,848	(47,533,346)
PROFIT / (LOSS) AFTER TAXATION	(280,319,615)	104,381,873
EARNINGS/(LOSS) PER SHARE - BASIC AND DILUTED	(2.01)	0.75

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



Chief Executive



Director



Chief Financial Officer

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

For The Quarter Ended 30 September 2022

	Un-Audited September 30, 2022 Rupees	Un-Audited September 30, 2021 Rupees
PROFIT / (LOSS) AFTER TAXATION	(280,319,615)	104,381,873
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 period	-	1,783,101,998
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	<u>(280,319,615)</u>	<u>1,887,483,871</u>

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



Chief Executive



Director



Chief Financial Officer

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

For The Quarter Ended 30 September 2022

	Note	Un-Audited September 30, 2022 Rupees	Un-Audited September 30, 2021 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	14	(971,554,203)	(635,056,529)
Finance cost paid		(105,124,963)	(27,626,086)
Income tax paid		(50,444,197)	(28,926,132)
Net decrease / (increase) in long term loan to employees		(1,115,490)	-
Net decrease / (increase) in long term security deposits		-	(7,182,673)
Net increase / (decrease) in long term deposits		-	(5,072,560)
<b>Net cash (used in) / generated from operating activities</b>		<u>(1,128,238,853)</u>	<u>(703,863,980)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on operating fixed assets		(65,357,572)	(176,327,625)
Capital expenditure on intangible assets		94,393	(7,144,449)
Initial direct cost incurred on right-of-use-assets		(5,313,142)	-
Proceeds from disposal of operating fixed assets		6,331,208	1,950,000
Short term investments - net		(3,906,515)	225,975,741
Dividend received		5,832,820	4,933,416
Profit on bank deposits and term deposit receipts received		6,756,043	2,320,027
<b>Net cash from / (used in) investing activities</b>		<u>(55,562,765)</u>	<u>51,707,110</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings - net		772,068,733	688,062,621
Dividend paid		(60,183)	-
Proceeds from long term financing		97,417,000	68,500,000
Repayment of long term financing		(25,241,461)	(28,556,005)
Repayment of lease liabilities		(25,401,579)	13,402,245
<b>Net cash from / (used in) financing activities</b>		<u>818,782,510</u>	<u>741,408,861</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<u>(365,019,108)</u>	<u>89,251,991</u>
<b>Cash and cash equivalents at beginning of the period</b>		<u>660,429,600</u>	<u>387,747,261</u>
<b>Cash and cash equivalents at end of the period</b>		<u><u>295,410,492</u></u>	<u><u>476,999,252</u></u>

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



Chief Executive



Director



Chief Financial Officer



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

For The Quarter Ended 30 September 2022

	RESERVES					TOTAL EQUITY	
	CAPITAL RESERVE			REVENUE RESERVE	TOTAL RESERVES		
	SHARE CAPITAL	SHARE PREMIUM	SURPLUS ON REVALUATION OF FREEHOLD LAND	SUB TOTAL			UN-APPROPRIATED PROFIT
(----- Rupees -----)							
<b>Balance as at 30 June 2021 - Audited</b>	1,160,040,000	1,441,697,946	-	1,441,697,946	1,702,606,670	3,144,304,616	4,304,344,616
Transactions with owners:							
Profit for the quarter ended 30 september 2021	-	-	-	-	104,381,873	104,381,873	104,381,873
Other comprehensive income for the quarter ended 30 september 2021	-	-	-	-	-	-	-
Total comprehensive income for the quarter ended 30 september 2021	-	-	-	-	104,381,873	104,381,873	104,381,873
<b>Balance as at 30 September 2021 - Un audited</b>	<u>1,160,040,000</u>	<u>1,441,697,946</u>	<u>-</u>	<u>1,441,697,946</u>	<u>1,806,988,543</u>	<u>3,248,686,489</u>	<u>4,408,726,489</u>
<b>Balance as at 30 June 2022 - Audited</b>	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
Transactions with owners:							
Profit/(loss) for the quarter ended 30 September 2022	-	-	-	-	(280,319,615)	(280,319,615)	(280,319,615)
Other comprehensive income/(loss) for the quarter ended 30 September 2022	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the quarter ended 30 September 2022	-	-	-	-	(280,319,615)	(280,319,615)	(280,319,615)
<b>Balance as at 30 September 2022 - Un audited</b>	<u>1,392,048,000</u>	<u>1,441,697,946</u>	<u>1,783,101,998</u>	<u>3,224,799,944</u>	<u>1,357,240,175</u>	<u>4,582,040,119</u>	<u>5,974,088,119</u>

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



Chief Executive



Director



Chief Financial Officer

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

For The Quarter Ended 30 September 2022

### 1. THE GROUP AND ITS OPERATIONS

The Group consists of:

#### Holding Company

- Hi-Tech Lubricants Limited

#### Subsidiary Company

- Hi-Tech Blending (Private) Limited

#### 1.1 Hi-Tech Lubricants Limited

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

#### 1.2 Hi-Tech Blending (Private) Limited

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

### 2. BASIS OF PREPARATION

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

- International Accounting Standard 34: 'Interim Financial Reporting' (IAS 34), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These consolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Group for the year ended 30 June 2022.

### 3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these consolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Group for the year ended 30 June 2022.

#### 3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these consolidated condensed interim financial statements, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Group for the year ended 30 June 2022.

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

For The Quarter Ended 30 September 2022

	Un-Audited September 30, 2022 Rupees	Audited June 30, 2022 Rupees
<b>4. LONG TERM FINANCING</b>		
<b>From banking companies - secured</b>		
<b>Holding Company</b>		
Bank Alfalah Limited - Loan under State Bank of Pakistan (SBP) Refinance Scheme (Note 4.1)	24,449,577	47,490,196
<b>Subsidiary Company</b>		
Bank Al-Habib Limited	621,751,316	529,564,139
	646,200,893	577,054,335
Less: Current portion shown under current liabilities	37,385,129	60,425,748
	<u>608,815,764</u>	<u>516,628,587</u>
<b>4.1</b>	<p>This term finance facility, aggregating to Rupees 189.986 million (2022: Rupees 189.986 million) is obtained by the Holding Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. This facility is secured against first charge of Rupees 254 million over plant and machinery of Holding Company's fuel storage depot located at Sahiwal and Nowshera and personal guarantees of all sponsor directors of the Holding Company. This finance facility is payable in 8 equal quarterly installments commenced from 01 January 2021 and ending on 01 October 2022. Mark-up is payable quarterly at the rate of SBP refinance rate plus 3.00% per annum. This loan is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustments is recognized at discount rates of 8.67% to 10.04% per annum (2022: 8.67% to 10.04% per annum).</p>	
	Un-Audited September 30, 2022 Rupees	Audited June 30, 2022 Rupees
<b>5. LEASE LIABILITIES</b>		
Total lease liabilities	621,725,652	624,517,326
Less: Current portion shown under current liabilities	143,049,278	138,898,103
	<u>478,676,374</u>	<u>485,619,223</u>
<b>5.1</b>	<p>Implicit rates against lease liabilities range from 7.40% to 17.12% (2022: 7.40% to 17.12%) per annum.</p>	
<b>5.2</b>	<p>Leases from banking company are secured against the leased assets, personal guarantees of directors of the Holding Company and security deposits of Rupees 40.632 million (2022: Rupees 39.343 million).</p>	
<b>6. TRADE AND OTHER PAYABLES</b>		
Creditors (Note 6.1)	581,392,797	1,732,001,509
Accrued liabilities (Note 6.2)	154,902,521	113,147,482
Infrastructure cess payable	172,436,755	172,436,755
Contract liabilities - unsecured	90,803,619	62,633,752
Retention money payable	7,268,366	17,838,575
Customs duty and other charges payable	143,798,105	109,125,169
Income tax deducted at source	18,609,874	14,989,310
Payable to employees' provident fund trust	5,163,932	4,076,630
Workers' profit participation fund payable	146,314,643	140,754,939
Workers' welfare fund payable	40,417,056	40,417,056
Payable to Hi-Tech Blending (Private) Limited - subsidiary company	-	-
Sales tax payable	520,752,696	324,996,578
	<u>1,881,860,364</u>	<u>2,732,417,755</u>

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

For The Quarter Ended 30 September 2022

- 6.1 These include Rupees 219.161 million (2022: Rupees 625.358 million) payable to SK Lubricants Co., Ltd. - principal supplier and long term partner.
- 6.2 These include Rupees 11.900 million (2022: Rupees 2.384 million) on account of remuneration payable to directors of the Holding Company.

	Un-Audited September 30, 2022 Rupees	Audited June 30, 2022 Rupees
<b>7. SHORT TERM BORROWINGS</b>		
<b>From banking companies - secured</b>		
<b>- Holding Company</b>		
Short term finances (Note 7.1 and Note 7.2)	1,995,888,342	1,494,218,779
<b>- Subsidiary Company</b>		
Short term finances (Note 7.3 and Note 7.4)	673,757,423	403,358,253
	<u>2,669,645,765</u>	<u>1,897,577,032</u>

- 7.1 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.
- 7.2 The rates of mark-up range from 15.30% to 16.81% (2022: 8.45% to 16.00%) per annum.
- 7.3 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 assets and plant and machinery of the Subsidiary Company, first pari 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.
- 7.4 The rates of mark-up range from 15.30% to 16.81% (2022: 8.45% to 16.00% ) per annum.

### 8. CONTINGENCIES AND COMMITMENTS

#### 8.1 Contingencies

- 8.1.1 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.

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

For The Quarter Ended 30 September 2022

- 8.1.2** 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.
- 8.1.3** 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.
- 8.1.4** 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.
- 8.1.5** 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.
- 8.1.6** 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.
- 8.1.7** 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.

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

For The Quarter Ended 30 September 2022

- 8.1.8** 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.
- 8.1.9** 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.
- 8.1.10** 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.
- 8.1.11** 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.
- 8.1.12** Corporate guarantees of Rupees 2,633 million (2022: Rupees 2,633 million) have been given by the Holding Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - Subsidiary Company.
- 8.1.13** Guarantees of Rupees 123 million (2022: Rupees 123 million) are given by the bank of the Group to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.
- 8.1.14** Guarantees of Rupees 56 million (2022: Rupees 56 million) are given by the bank of the Group to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess."

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

For The Quarter Ended 30 September 2022

**8.1.15** Guarantees of Rupees 16,400 million (2022: Rupees 16.4 million) and Rupees 2.25 million (2022: 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.

	Un-Audited September 30, 2022 Rupees	Audited June 30, 2022 Rupees
<b>8.2 Commitments</b>		
<b>8.2.1</b> Contracts for capital expenditures	<u>358,758,713</u>	<u>185,502,342</u>
<b>8.2.2</b> Letters of credit other than for capital expenditures	<u>-</u>	<u>605,168,892</u>
<b>9. FIXED ASSETS</b>		
Operating fixed assets:		
Owned (Note 9.1)	5,704,344,773	5,716,441,584
Capital work-in-progress (Note 9.2)	261,656,697	243,229,159
	<u>5,966,001,470</u>	<u>5,959,670,743</u>
<b>9.1 Operating fixed assets – owned</b>		
Opening book value	5,716,441,584	3,180,557,592
Add: Cost of additions during the period / year (Note 9.1.1)	49,930,091	980,984,882
Add: Revaluation of Surplus	-	1,783,101,998
Add: Book value of assets transferred from right-of-use of assets	-	1,787,081
	<u>5,766,371,675</u>	<u>5,946,431,553</u>
Less: Book value of assets written off during the period / year	-	3,147,447
Less: Book value of deletions during the period / year (Note 9.1.2)	907,103	4,604,490
	<u>5,765,464,572</u>	<u>5,938,679,616</u>
Less: Depreciation charged during the period / year	61,119,799	222,238,032
Closing book value	<u>5,704,344,773</u>	<u>5,716,441,584</u>

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

For The Quarter Ended 30 September 2022

	Un-Audited September 30, 2022 Rupees	Audited June 30, 2022 Rupees
<b>9.1.1 Cost of additions during the period / year</b>		
Freehold land	-	623,500
Buildings on freehold land	-	45,458,644
Buildings on leasehold land	-	8,899,690
Machinery	20,716,584	701,228,474
Tanks and Pipeline	-	71,740,070
Dispensing Pumps	-	19,353,204
Electric Installation	23,752,925	87,107,663
Furniture and fittings	842,985	2,762,563
Vehicles	1,258,130	6,628,304
Office equipment	895,801	22,738,699
Computers	2,463,666	14,444,071
	<u>49,930,091</u>	<u>980,984,882</u>
<b>9.1.2 Book value of deletions during the period / year</b>		
Cost:		
Vehicles	3,850,385	10,871,105
Computers	547,000	3,753,442
Office Equipments	-	-
Less: Accumulated depreciation	<u>3,490,282</u>	<u>10,020,057</u>
	<u>907,103</u>	<u>4,604,490</u>
<b>9.2. Capital work-in-progress</b>		
Civil works	50,357,505	83,539,912
Plant and machinery	23,183,204	5,489,540
Tanks and Pipelines	27,734,215	20,799,838
Dispensing pumps	20,752,015	20,752,020
Electric and other installation	96,947	8,356,162
Advance for purchase of apartment (Note 9.2.1)	25,976,750	25,976,750
Advances for capital expenditure	-	73,033,614
Mobilization advances	3,776,173	5,281,323
Unallocated expenditures	109,779,888	-
	<u>261,656,697</u>	<u>243,229,159</u>



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

For The Quarter Ended 30 September 2022

**9.2.1** 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.

10. RIGHT-OF-USE ASSETS	Land	Buildings	Vehicles	Total
	----- Rupees -----			
<b>At 30 June 2021</b>	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
Less: Impact of lease modification	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)	56,215,487	30,808,270	24,316,814	111,340,571
<b>At 30 June 2021</b>	<u>353,457,871</u>	<u>46,625,762</u>	<u>190,898,405</u>	<u>590,982,038</u>
Add: Additions during the year	-	-	5,313,000	5,313,000
Add: Impact of lease modifications	17,124,529	-	-	17,124,529
Less: Impact of lease termination	-	-	-	-
Less: Book value of assets transferred to fixed assets - owned during the year	-	-	-	-
Less: Depreciation expense for the year (Note)	5,893,740	7,773,549	9,660,862	23,328,151
<b>At 30 September 2022</b>	<u>364,688,660</u>	<u>38,852,213</u>	<u>186,550,543</u>	<u>590,091,416</u>

### 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.

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

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

For The Quarter Ended 30 September 2021

	Un-Audited September 30, 2022 Rupees	Audited June 30, 2022 Rupees
<b>11. INTANGIBLE ASSETS - computer software</b>		
Opening book value	21,760,517	10,713,375
Add: Cost of additions during the period / year	-	19,703,106
Less: Amortization charged during the period / year	2,286,964	8,655,964
Closing book value	<u>19,473,553</u>	<u>21,760,517</u>
<b>12. STOCK-IN-TRADE</b>		
Raw materials	2,202,332,516	1,170,447,477
Work-in-process	70,114,196	49,019,068
	<u>2,272,446,712</u>	<u>1,219,466,545</u>
Lubricants and parts	1,032,268,053	1,361,702,527
Less: Provision for slow moving and damaged stock items	15,021,326	15,021,325
	<u>1,017,246,727</u>	<u>1,346,681,202</u>
Petroleum products		
Stock in hand	127,349,043	712,760,727
Stock in pipeline system	130,000,000	606,798,070
	<u>257,349,043</u>	<u>1,319,558,797</u>
Dispensing pumps and other installations	55,554,249	55,554,249
Stock of promotional items	-	-
	<u>3,602,596,731</u>	<u>3,941,260,793</u>
<b>13. CASH AND BANK BALANCES</b>		
Cash in hand	1,600,948	1,643,135
Cash at banks:		
Saving accounts (Note 13.1)	27,684,316	225,076,032
Current accounts	81,125,228	233,710,433
	<u>108,809,544</u>	<u>458,786,465</u>
Term deposit receipt (Note 13.3)	185,000,000	200,000,000
	<u>295,410,492</u>	<u>660,429,600</u>

**13.1** Saving accounts carry profit at the rates ranging from 5.49% to 12.25% (2022: 5.49% to 12.25%) per annum.

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

**13.3** This term deposit receipt issued by banking company having maturity period of three months and carry interest at 12.75% (2022: 12.75%) per annum. Effective rate of interest charged on term deposit receipt during the year ranges from 5.50% to 12.75% (2022: 5.50% to 12.75%) per annum.

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

For The Quarter Ended 30 September 2022

	Un-Audited September 30, 2022 Rupees	Un-Audited September 30, 2021 Rupees
<b>14. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	(356,714,463)	151,915,219
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation on operating fixed assets	66,318,955	53,711,278
Depreciation on right-of-use assets	16,462,481	17,788,645
Amortization of intangible assets	2,192,571	1,340,626
Amortization of deferred income - Government grant	-	(1,679,982)
Provision for slow moving and obsolete store items	-	1,577,625
Gain on disposal of operating fixed assets	(2,943,897)	(1,631,185)
Dividend income	(5,832,820)	(4,933,416)
Profit on bank deposits and short term investments	(13,195,860)	(4,319,496)
Unrealised loss / (gain) on remeasurement of investments	(525,690)	(495)
Finance cost	146,341,267	36,825,620
Exchange (gain) / loss - net	174,427,846	31,815,486
Provision for workers' profit participation fund	-	1,535,293
Provision for workers' welfare fund	-	1,105,831
Working capital changes (Note 14.1)	(998,084,593)	(920,107,578)
	<u>(971,554,203)</u>	<u>(635,056,529)</u>

### 14.1 Working capital changes

Decrease / (increase) in current assets:

Stores	16,280,898	(6,922,556)
Stock-in-trade	337,306,846	(910,061,646)
Trade debts	1,188,856,595	520,876,873
Loans and advances	(1,422,320,093)	(156,239,500)
Short term deposits and prepayments	(19,973,721)	10,168,570
Other receivables	87,942,953	77,610,493
	188,093,478	(464,567,766)
Increase / (decrease) in trade and other payables	(1,186,178,071)	(455,539,812)
	<u>(998,084,593)</u>	<u>(920,107,578)</u>

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

For The Quarter Ended 30 September 2022

### 15. 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:

Relationship	Nature of transaction	Un-Audited	Un-Audited
		September 30, 2022	September 30, 2021
		Rupees	Rupees
<b>i. Transactions</b>			
<b>Associated companies</b>			
MAS Associates (Private) Limited	Share of common expenses	314,408	238,775
<b>Other related parties</b>			
SK Lubricants Co., Ltd.	Purchase of lubricants	1,307,660,552	1,345,394,738
Provident fund trusts	Contribution	7,592,426	6,087,858
Sabra Hamida Trust	Donations	4,500,000	4,500,000
<b>ii. Period end balances</b>			
<b>Associated company</b>			
Receivable from MAS Associates (Private) Limited		314,409	292,753
<b>Other related party:</b>			
Receivable from SK Lubricants Company Limited		90,000,000	-
Payable to SK Lubricants Company Limited		219,161,990	614,625,067
Payable to employees' provident fund trust		5,165,791	4,076,630

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

For The Quarter Ended 30 September 2022

### 16 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

#### (i) Fair value hierarchy

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

Recurring fair value measurements at 30 September 2022	Level 1	Level 2	Level 3	Total
--------------------------------------------------------	---------	---------	---------	-------

#### Financial assets

Financial assets at fair value through profit or loss	231,236,617	-	-	231,236,617
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Recurring fair value measurements at 30 June 2022	Level 1	Level 2	Level 3	Total
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#### Financial assets

Financial assets at fair value through profit or loss	226,804,412	-	-	226,804,412
-------------------------------------------------------	-------------	---	---	-------------

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

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

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

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

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

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

#### (ii) Valuation techniques used to determine fair values

Specific valuation technique used to value financial instruments is the use of quoted market prices on Pakistan Stock Exchange and for funds, Net Asset Value (NAV) of respective Asset Management Company.

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

For The Quarter Ended 30 September 2022

### 17. SEGMENT INFORMATION

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

Lubricants

Purchase and sale of lubricants, parts and rendering of services.

Petroleum products

Marketing and sale of petroleum products.

	LUBRICANTS		PETROLEUM PRODUCTS		UNALLOCATED		TOTAL - COMPANY	
	30 September, 2022	30 September, 2021	30 September, 2022	30 September, 2021	30 September, 2022	30 September, 2021	30 September, 2022	30 September, 2021
Revenue - net	1,339,720,314	1,843,097,995	2,602,328,690	1,237,394,483	-	-	3,942,049,004	3,080,492,478
Cost of sales	(1,009,189,795)	(1,213,846,255)	(2,581,135,643)	(1,186,267,945)	-	-	(3,590,325,438)	(2,400,114,200)
Gross profit	330,530,519	629,251,741	21,193,047	51,126,537	-	-	351,723,566	680,378,278
Distribution cost	(111,058,272)	(201,920,930)	(71,394,967)	(59,187,033)	-	-	(182,453,239)	(261,107,963)
Administrative expenses	(213,728,849)	(158,250,408)	(9,092,350)	(5,664,199)	-	-	(222,821,199)	(163,914,607)
Other expenses	(182,766,291)	(81,905,671)	(1,736,170)	(2,379,466)	-	-	(184,502,461)	(84,285,137)
	(507,553,412)	(442,077,009)	(82,223,487)	(67,230,698)	-	-	(589,776,899)	(509,307,707)
Other income	18,802,364	6,875,714	8,877,773	10,794,554	-	-	27,680,137	17,670,268
Profit / (loss) from operations	(158,220,530)	194,050,446	(52,152,666)	(5,309,607)	-	-	(210,373,196)	188,740,839
Finance cost	(131,369,905)	(27,085,637)	(14,971,362)	(9,739,983)	-	-	(146,341,267)	(36,825,620)
Profit / (Loss) before taxation	(289,590,434)	166,964,808	(67,124,029)	(15,049,589)	-	-	(356,714,463)	151,915,219
Taxation	-	-	-	-	76,394,848	(47,533,346)	76,394,848	(47,533,346)
Profit / (Loss) after taxation	(289,590,434)	166,964,808	(67,124,029)	(15,049,589)	76,394,848	(47,533,346)	(280,319,615)	104,381,873

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

	LUBRICANTS		PETROLEUM PRODUCTS		TOTAL - COMPANY	
	Un-Audited 30 September 2022	Audited 30 June 2022	Un-Audited 30 September 2022	Audited 30 June 2022	Un-Audited 30 September 2022	Audited 30 June 2022
Total assets for reportable segments	8,191,868,458	6,788,072,448	1,739,109,613	2,744,899,707	9,930,978,071	9,532,972,155
Unallocated assets					2,631,567,292	3,147,094,724
Total assets as per statement of financial position					12,562,545,363	12,680,066,879
Total liabilities for reportable segments	3,033,699,969	3,710,578,828	568,008,440	986,284,130	3,601,708,409	4,696,862,958
Unallocated liabilities					2,754,562,110	1,728,796,187
Total liabilities as per statement of financial position					6,356,270,519	6,425,659,145

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

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

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

For The Quarter Ended 30 September 2022

### 18. UTILIZATION OF THE PROCEEDS OF THE INITIAL PUBLIC OFFER (IPO)

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

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

Purposes Mentioned Under Heading 5.5 'Expansion Plan' In Prospectus Dated 28 December 2015	Total amount (Rupees)	Total amount utilized till 30 June 2017 (Rupees)
<b>Investment in HTLL</b>		
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
	<u>1,612,562,500</u>	<u>815,199,584</u>
<b>Investment in 100% owned subsidiary</b>		
Additional filling lines for blending plant, Hi-Tech Blending (Private) Limited	200,000,000	-
Total	<u>1,812,562,500</u> B	<u>815,199,584</u>
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.

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

For The Quarter Ended 30 September 2022

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 started 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:

	<b>Rupees</b>
Un-utilized IPO proceeds as at 01 July 2022	440,709,519
Add: Profit on term deposit receipt	5,789,041
Add: Profit on bank deposits	97,231
Add: Dividend on investment in mutual funds	5,828,931
Add: Gain on disposal of investment in mutual fund	-
Add: Unrealised gain on investment in mutual funds	2,431,391
Less: Payments made relating to OMC Project	(33,265,811)
Less: Withholding tax on profit	(882,940)
Less: Withholding tax on dividend from mutual funds	(874,340)
Less: Withholding tax on disposal of mutual funds	-
Less: Zakat deducted on profit	-
Less: Bank charges	(577)
Un-utilized IPO proceeds as at 30 September 2022	<u>419,832,445</u>

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

### 19. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Group for the year ended 30 June 2022.

### 20. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on September 28, 2022 by the Board of Directors of the Group.

### 21. GENERAL

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



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Director



Chief Financial Officer





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