DIRECTORS' REPORT **TO THE SHAREHOLDERS**

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

The Directors of Hi-Tech Lubricants Limited ("HTL" or the "Company") are pleased to present the Annual Report along with standalone and consolidated audited financial statements for the year ended June 30, 2023.

PAKISTAN'S **ECONOMIC REVIEW**

During the fiscal year 2023, Pakistan encountered an unprecedented array of economic challenges arising from devastating floods, political uncertainty and global demand-supply disruptions. The situation was further compounded by a commodity super-cycle triggered by the Russia-Ukraine conflict, leading to inflationary pressures globally as well as domestically. Pakistan's inflation was further worsened by the unprecedented floods that occurred during the year, severely impacting agriculture and livestock. The inflation rates in Pakistan have reached an all-time high, with the headline Consumer Price Index (CPI) national inflation averaging 29.4% in June 2023, compared to 21.3% during the corresponding period in the previous financial year. In response to these economic conditions, the Monetary Policy Committee (MPC) of the State Bank of Pakistan (SBP) has raised its Policy Rate (benchmark rate) by a cumulative 825 basis points, bringing the benchmark rate to 22.00% in June 2023 – the highest policy rate in the country's history. The Government of Pakistan (GoP), in the wake of macroeconomic imbalances, was compelled to make the difficult decision of rationalizing imports and implementing restrictive measures to stabilize the national economy. Consequently, Pakistan's GDP growth was restricted to a modest 0.3% during this period due to the prevailing economic challenges. The Executive Board of the International Monetary Fund (IMF) approved a 9-month Stand-By Arrangement (SBA) for Pakistan in July 2023, amounting to $3 billion providing support amid low foreign exchange reserves. This program aims to serve as a policy anchor to tackle domestic and external economic and trade imbalances, as well as provide a framework for financial support from multilateral and bilateral partners. While we believe that these broad-based remedial measures and reforms implemented by the Government, alongside the resumption of the IMF program, will pave the way for the country's economic revival, it would be important to focus on long term reforms to ensure sustained recovery.

FINANCIAL PERFORMANCE ON A **CONSOLIDATED BASIS**

In the consolidated financial performance of your Group (Hi-Tech Lubricants Limited and Hi-Tech Blending (Private) Limited its wholly owned subsidiary), it is imperative to note the challenges that impacted our results in the fiscal year 2023. Our net revenue witnessed a significant decrease of 12.03%, primarily attributable to the decline in the sales of our lubricant segment, directly correlated with the automobile sector which experienced a sharp decline of 51%. This adverse trend also attributed to several external factors, including persistent inflationary pressures, a decrease in purchasing power among consumers, and the broader economic downturn experienced in Pakistan. On the other hand, cost of sales has been increased by combination of factors including significant rupee devaluation against dollar and other price hikes and the Group faced challenges in passing on these increased costs to customers which further exacerbated the decline in our profitability. Resultantly, our gross profit margin contracted by 35.05%. On the bottom finance cost has been surged by 150.69% due to heightened policy rate set by State Bank of Pakistan. The compounding effect of the aforesaid challenges coupled with the economic pressures, unfortunately resulted in a financial loss for the company during the year.

Amidst these challenges, the Group successfully started its polymer segment during the year. The addition of the polymer segment not only strengthens our portfolio but also positions us to capitalize on emerging market opportunities. Detailed consolidated financial performance of your Group is presented below:

Particulars	Consolidated Year ended 30 June		Variance (+/-)
	2023	2022	
	PKR IN MILLION		% age
Gross Revenue	17,617	20,962	(15.096%)
Net Revenue	15,610	17,744	(12.03%)
Gross Profit	2,427	3,737	(35.05%)
% of Revenue	15.54%	21.06%	(26.21%)
Operating Profit	399	1,506	(73.51%)
Finance Cost	722	288	150.69%
(Loss) / Profit before tax	(322)	1,218	(126.44%)
(Loss)/ Profit after tax	(247)	617	(140.03%)
(Loss) / Earnings Per Share	(1.77)	4.44	(140.00%)

OPERATIONAL **PERFORMANCE**

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

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

POLYMER **SEGMENT**

During the year, HTL through its wholly owned subsidiary embarked on an exciting journey of diversification by venturing into the polymer segment and started production on behalf of external customers. This strategic expansion not only strengthens our product portfolio but also demonstrates our ability to provide value-added solutions to our clients and partners. As we continue to grow in this sector, we are committed to delivering high-quality polymer products while exploring new avenues for collaboration and growth in the industry.

HTL **EXPRESS CENTERS**

HTL Express with a goal of changing the dynamics of vehicle maintenance through superior services, trained professionals and best technology continued to expand its reach. With eight HTL Express franchised centers in place, the Company is focused on increasing the customer base in the vehicle preventive maintenance. Further, the Company is increasing the number of these outlets through HTL dealer operated fuel stations. So far the mix of franchise model and fuel station model is reached the total of 38 centers to date.

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

The Company currently has 29 HTL Fuel Stations in Punjab whereas 20 fuel stations are in process. Subsequent to reporting date, the Company has expanded its operations by starting 9 new fuel stations in the Khyber Pakhtunkhwa Province. This strategic move represents a substantial step forward in our growth trajectory and underscores our commitment to providing essential services to a broader customer base. This will not only enhance our market presence but also contribute to the economic development of the region. We look forward to serving our customers in Khyber Pakhtunkhwa and creating value for all stakeholders through this expansion.

MANAGEMENT OF **LIQUID RESOURCES**

CASH **MANAGEMENT**

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

CAPITAL **EXPENDITURE**

Capital expenditure is managed carefully through a proper evaluation of profitability and risks associated with each investment. In conformity with Company's prescribed Capital Expenditure and Risk Management policies, regular project reviews are undertaken by internal audit department and audit committee for delivery on time and at budgeted cost. Large capital expenditures are further backed by long-term contracts to minimize cash flow problems for the business. Capital expenditure during the year ended June 30, 2023 was PKR 495 million compared to PKR 983 million in the corresponding period. The Board is satisfied that there are no short or long-term financial constraints that may hamper Company's investments in long term projects as the Company continues to enjoy access to competitive credit due to its strong statement of financial position as at June 2023. The company faces no liquidity risks in light of its well-planned cash management strategies leading to adequate availability of unutilized funded and non-funded financial facilities.

CONTRIBUTION TO **NATIONAL EXCHEQUER**

Your Group is a noteworthy contributor to the national economy and has contributed PKR 2 billion during the year 2023 to the national exchequer on account of sales and income taxes.

APPROPRIATION OF **PROFITS**

In view of the financial results of the Company for the year 2023, the Board of directors has not proposed any entitlement for the year ended June 30, 2023.

IPO **FUNDS**

Note 52 to the unconsolidated financial statements of the Company for the year ended June 30, 2023 provides detailed information on the utilization of IPO proceeds.

Particulars	Rupees
Un-utilized IPO proceeds as at 01 July 2022	440,709,519
Add: Profit on term deposit receipt	18,853,185
Add: Profit on bank deposits	964,945
Add: Dividend on investment in mutual funds	35,367,650
Add: Gain on disposal of investment in mutual fund	338,180
Add: Unrealised gain on investment in mutual funds	377,899
Less: Payments made relating to OMC Project	(92,343,369)
Less: Withholding tax on profit	(2,972,720)
Less: Withholding tax on dividend from mutual funds	(5,305,148)
Less: Withholding tax on disposal of mutual funds	(84,545)
Less: Bank charges	(7,240)
Un-utilized IPO proceeds as at 30 June 2022	395,898,356

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

FUTURE **OUTLOOK**

Considering the current economic situation, HTL is consolidating its market operations and demand management with increased local blending and filling at our plant by shifting 90% of our imported product portfolio to the plant. This is contributing to valuable forex savings for the country and will save HTL from exchange losses. The government is currently considering revising margins upwards for the OMC sector by providing inflation impact on CPI index. As of its implementation in September 2023, we expect improvement in profitability of OMC segment in the coming fiscal year. At the same time, we are striving hard for satisfactory increase in the number of functional service stations. With the addition of the polymer segment and the expansion of our fuel station network, we are optimistic about the prospects for the upcoming year. As we continue to focus on innovation, customer service, and operational excellence, we are confident that the upcoming year holds the promise of better financial outcomes and greater value creation for our shareholders and stakeholders alike.

MATERIAL CHANGES AND **COMMITMENTS**

• There have been no material changes since June 30, 2023 and none of the group companies have entered into any commitment, which would affect financial position of any group company at the date except those included in the unconsolidated and consolidated financial statements of the Company for the year ended June 30, 2023.

• There has been no modification in the Auditor's Report in relation to any group company at any stage.

• There has been no default in payment of any debt by any of the group companies during the year.

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

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

COMPLIANCE WITH THE **CODE OF CORPORATE GOVERNANCE**

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

AUDITORS

The present auditors M/s Riaz Ahmad & Co., Chartered Accountants, retire and offer themselves for re-appointment. They have confirmed achieving satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the Guidelines on the Code of Ethics of the International Federation of Accountants (IFAC) as adopted by ICAP. As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as Auditors of the Company for the year ending June 30, 2024, at a fee to be mutually agreed.

PATTERN OF **SHAREHOLDING**

A statement of the pattern of shareholding of certain class of shareholders as at June 30, 2023, whose disclosure is required under the reporting framework, is included in the annexed shareholders' information.

BOARD **COMMITTEES**

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

ADEQUACY OF **INTERNAL CONTROLS**

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

RISK **MANAGEMENT**

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

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

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

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

- ### CREDIT **RISK**

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

- ### LIQUIDITY **RISK**

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

- ### FOREIGN EXCHANGE **RISK**

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

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

RISK **GOVERNANCE**

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

POLICIES AND **PROCEDURES**

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

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

HTL assumes a pivotal role in promoting sustainability and corporate social responsibility across critical sectors in Pakistan, with a particular focus on education, healthcare, and the environment. Our unwavering commitment to these sectors is deeply rooted in our belief that sustainable progress is intrinsically linked to the well-being of society. We actively align our efforts with the Sustainable Development Goals (SDGs) for 2030, recognizing them as a guiding framework for global progress. At HTL, we are dedicated to driving meaningful change, contributing to a more sustainable, equitable, and prosperous Pakistan in harmony with the SDGs.

In the realm of education, HTL's Board of Directors has taken a pioneering step by establishing the Sabra Hamida Trust. This trust is driven by a primary mission: to make a significant impact on education by empowering communities through the provision of high-quality teaching, with the ultimate vision of transforming ordinary lives into exemplar ones. Committed to its cause, the trust operates in full compliance with relevant regulations and has obtained all the requisite accreditations, including recognition under section 2(36) of the Income Tax Ordinance, 2001. Additionally, the Sabra Hamida Trust proudly holds accreditation from the esteemed Pakistan Centre for Philanthropy (PCP), further underscoring its dedication to excellence and its unwavering commitment to enhancing the educational landscape in Pakistan.

HTL, via the Sabra Hamida Trust, has taken proactive steps to provide essential support to the flood-affected regions of Baluchistan, Sindh, and Punjab provinces in Pakistan. In collaboration with the Alkhidmat Foundation, we have embarked on initiatives aimed at alleviating the suffering and hardships faced by communities affected by these natural disasters. Our commitment to corporate social responsibility extends beyond borders, and we are dedicated to making a positive difference in the lives of those affected by these challenging circumstances.

HTL Group has demonstrated its commitment to philanthropy and social responsibility by contributing a significant sum of Rupees 22.74 million towards various charitable endeavors. It reflects our ongoing dedication to giving back to society and making a meaningful difference in the communities we serve, aligning our corporate values with our commitment to creating a better, more sustainable world. Detailed, along with comprehensive information about the specific activities undertaken, can be found in the dedicated Sustainability and Corporate Social Responsibility section of this year's annual report.

ENVIRONMENT, **HEALTH & SAFETY**

HTL places a paramount emphasis on environmental sustainability, health, and safety measures. We are committed to fostering a workplace and business environment that not only thrives but also safeguards the well-being of our employees, customers, and the planet. Our dedication to environmentally responsible practices extends to every facet of our operations, by products that pollution free with low emissions. Additionally, we prioritize the health and safety of our workforce, implementing robust protocols and continuous training to ensure a secure and healthy workplace. At HTL, our values align with a sustainable future, ensuring that we play our part in preserving the environment and protecting the welfare of all stakeholders. Our detailed activities have been presented in Sustainability and Corporate Social Responsibility section of this annual report.

CONTRACTS WITH **RELATED PARTIES**

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

THRESHOLD FOR **CONSIDERATION AS EXECUTIVES**

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

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

- Mr. Shaukat Hassan (Chairman BOD & Non-Executive Director);
- Mr. Hassan Tahir (CEO & Executive Director);
- Mr. Muhammad Ali Hassan (Executive Director)
- M r. Tahir Azam (Non-Executive Director);
- Mr. Faraz Akhtar Zaidi (Non-Executive Director);
- Ms. Mavira Tahir (Non-Executive Director);
- Dr. Safdar Ali Butt (Non-Executive Independent Director);
- Syed Asad Abbas Hussain (Non-Executive Independent Director)
- Mr. Shafiq ur Rehman (Non-Executive Independent Director)
- Mr. Sanghyuk Seo (Current Nominee SK Enmove Co., Ltd. formerly SK Lubricants Co.,Ltd.) (Non-Executive Director)

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

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

- Male: 09
- Female: 01

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

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

COMMITTEES OF **THE BOARD**

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

Names of members of Board's Audit Committee
Dr. Safdar Ali Butt (Chairman of Board's Audit Committee)
Mr. Shaukat Hassan (Member of Board's Audit Committee)
Mr. Tahir Azam (Member of Board's Audit Committee)
Mr. Faraz Akhtar Zaidi (Member of Board's Audit Committee)
Mr. Shafiq ur Rehman (Member of Board's Audit Committee)

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

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

Names of members of Board's Risk Management Committee
Mr. Faraz Akhtar Zaidi (Chairman of Board's RM Committee)
Ms. Mavira Tahir (Member of Board's RM Committee)
Mr. Shafiq ur Rehman (Member of Board's RM Committee)

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

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

DIRECTORS **TRAININGS**

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

EVALUATION OF **PERFORMANCES**

The evaluations of performances of the Board, its Members, Committees, the Chairman and CEO for the year ended June 30, 2023 have been conducted internally by Board's Human Resource & Remuneration Committee in coordination with Human Resource Department of the Company.

DIRECTORS' REMUNERATION **POLICY**

An extract of Directors Remuneration Policy is appended below as required under Listed Companies (Code of Corporate Governance) Regulations, 2019. Human Resources and Remuneration Committee of the Board (HRRC) has been authorized by the Board to design and oversee the implementation of the Company's Directors' Remuneration Policy. Latest revision of formal Directors Remuneration Policy was approved by the Board on 22 April 2022. Its salient features are enumerated below:

The objectives of the policy are two-fold:

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

The Policy has been drawn considering the following:

a. Company's strategic aims and goals.
b. Company's corporate social responsibility.
c. Company's core principle of business integrity.
d. The market conditions for desired talent;
e. A need for maintaining a work atmosphere that is conducive to efficiency, maturity of thought, motivation to progress and attainment of corporate goals; and

f. Remuneration structure for directors in similar businesses in Pakistan as well as other companies of comparable size.

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

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

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

Summary of Remuneration for Different Classes of Directors

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

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

Particulars	Executive Directors	Non-Executive Directors	Independent Directors
Upper Limit of Base Pay*	Rs 36 million p.a.	Rs 18 million p.a.	None
Benefits*	Company maintained car, reimbursement of medical, telecommunication, travelling, and leave travel expenses.		None
Performance & Bonus Related Payments	As per clause 3.4 (a) and (b)	None	None
Upper Limit of Meeting / Directors Fees	None	None	Rs 400,000 per completed meeting of the Board or any of its Committees
Re-imbursement of expenses	Actual expenses incurred on company business, or a flat allowance set for the particular expense, e.g. board and accommodation when travelling on company business.		
Professional Indemnity Insurance	Yes	Yes	Yes
Terminal Benefits	None	None	None
Entitlement to Share Options	None	None	None

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

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

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

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

BUSINESS CONTINUITY **PLANNING (BCP)**

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

DISASTER **RECOVERY (DR)**

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

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

The Board is cognizant of its responsibilities to all minority shareholders. Both board members and the management team hold conversations with large institutional holders of the stock and brokerage houses to understand areas of focus for shareholders or any concerns. The goal of the Board of Directors is to attract a high caliber of shareholders who are well informed about the Company's prospects and its strategy. Members of the Board have physically as well as virtually interacted with shareholders in Annual General Meeting held on October 28, 2022 to understand the views of shareholders of the Company and will do so again at this year's AGM which is planned to be conducted both physically and online. The Company further plans to hold at least One CBS on the basis of Annual Audited Financial Statements of the Company for the year ended June 30, 2023 within one month of the holding of upcoming AGM as permitted by PSX.

COMPANY'S STAFF **AND CUSTOMERS**

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

WEBSITE OF **THE COMPANY**

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

MR. HASSAN TAHIR
(Chief Executive Officer)
Lahore, September 22, 2023

MR. SHAUKAT HASSAN
(Chairman)

INDEPENDENT **AUDITOR'S REPORT**

To the members of Hi-Tech Lubricants Limited

Opinion

We have audited the annexed consolidated financial statements of Hi-Tech Lubricants Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 30 June 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1	**Revenue recognition** The Group recognized net revenue of Rupees 15,610.395 million for the year ended 30 June 2023. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. For further information on revenue, refer to the following: - Summary of significant accounting policies, Revenue recognition note 2.26 to the consolidated financial statements. - Net revenue from contracts with customers as shown on the face of consolidated statement of profit or loss.	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • We tested the effectiveness of the Group's internal controls over the calculation and recognition of discounts. • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. • We also considered the appropriateness of disclosures in the consolidated financial statements

Sr. No.	Key audit matters	How the matter was addressed in our audit
2	**Stock-in-trade existence and valuation** Stock-in-trade as at 30 June 2023 amounted to Rupees 3,210.734 million and represented a material position in the consolidated statement of financial position. The business is characterized by high volume and the valuation and existence of stock-in-trade are significant to the business. Therefore, considered as one of the key audit matters. Stock-in-trade is stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in note 2.11.2 to the consolidated financial statements. At year end, the valuation of stock-in-trade is reviewed by management and the cost of stock-in-trade is reduced where stock-in-trade is forecast to be sold below cost. For further information on stock-in-trade, refer to the following - Summary of significant accounting policies, Stock-in-trade note 2.11.2 to the consolidated financial statements. - Stock-in-trade note 21 to the consolidated financial statements.	Our procedures over existence and valuation of stock-in-trade included, but were not limited to: • To test the quantity of stock-in-trade at all locations, we assessed the corresponding stock-in-trade observation instructions and participated in stock-in-trade counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of stock-in-trade items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • We tested that the ageing report used by management correctly aged stock-in-trade items by agreeing a sample of aged stock-in-trade items to the last recorded invoice. • On a sample basis, we tested the net realizable value of stock-in-trade items to recent selling prices and re-performed the calculation of the stock-in-trade write down, if any. • We assessed the percentage write down applied to older stock-in-trade with reference to historic stock-in-trade write downs and recoveries on slow moving stock-in-trade. • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs. • We also made inquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.
3	**Capital expenditures** The Subsidiary Company [Hi-Tech Blending (Private) Limited] is investing significant amounts in its operations and there are a number of areas where management judgement impacts the carrying value of fixed assets and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Group's strategy. We focused on this area since the amounts have a signif¬icant impact on the financial position of the Group and there is significant management judgment required that has significant impact on the reporting of the financial position for the Group. Therefore, considered as one of the key audit matters. For further information, refer to the following: - Summary of significant accounting policies, fixed assets and deprecation note 2.3 to the consolidated financial statements. - Fixed assets note 14 to the consolidated financial statements.	Our procedures included, but were not limited to: • We tested operating effectiveness of controls in place over the fixed assets cycle including the controls over whether costs incurred on activities is capi¬tal or operating in nature. • We evaluated the appropriateness of capitalization policies and depreciation rates. • We performed tests of details on costs capitalized. • We verified the accuracy of management's calculation used for the impairment testing.

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

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

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

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 25 September 2023

UDIN: AR202310132emtFg74NE

CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
As at 30 June 2023

	Note	2023 Rupees	2022 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
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	3	1,392,048,000	1,392,048,000
Reserves	4	4,651,660,024	4,862,359,734
Total equity		6,043,708,024	6,254,407,734
LIABILITIES			
Non-current liabilities			
Long term financing	5	596,988,256	516,628,587
Lease liabilities	6	487,911,254	485,619,223
Long term deposits	7	16,500,000	17,000,000
Deferred liabilities	8	321,124,507	491,141,485
		1,422,524,017	1,510,389,295
Current liabilities			
Trade and other payables	9	1,926,226,196	2,732,417,755
Accrued mark-up	10	124,519,872	57,121,494
Short term borrowings	11	2,406,866,985	1,897,577,032
Current portion of non-current liabilities	12	233,041,322	222,398,052
Unclaimed dividend		5,830,744	5,755,517
		4,696,485,119	4,915,269,850
Total liabilities		6,119,009,136	6,425,659,145
Contingencies and commitments	13		
TOTAL EQUITY AND LIABILITIES		12,162,717,160	12,680,066,879
ASSETS			
Non–current assets			
Fixed assets	14	6,439,774,188	5,959,670,743
Right-of-use assets	15	635,782,031	590,982,038
Intangible assets	16	20,260,771	21,760,517
Investment property	17	135,000,000	130,000,000
Long term security deposits	18	63,700,448	55,221,660
Long term loan to an employee	19	2,985,100	783,329
		7,297,502,538	6,758,418,287
Current assets			
Stores	20	129,169,374	88,306,846
Stock-in-trade	21	3,210,734,081	3,941,260,793
Trade debts	22	233,969,194	109,026,521
Loans and advances	23	342,094,549	261,017,419
Short term deposits and prepayments	24	40,379,947	35,074,806
Other receivables	25	213,788,973	441,316,465
Advance income tax - net of provision for taxation	26	210,385,009	157,841,148
Accrued interest	27	7,032,985	570,582
Short term investments	28	222,582,946	226,804,412
Cash and bank balances	29	255,077,564	660,429,600
		4,865,214,622	5,921,648,592
TOTAL ASSETS		12,162,717,160	12,680,066,879

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

Chief Executive | Director | Chief Financial Officer

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS
For the year ended 30 June 2023

	Note	2023 Rupees	2022 Rupees
Gross Revenue From Contracts With Customers	30	17,616,699,583	20,962,350,807
Discounts		(339,727,263)	(750,430,803)
Sales tax		(1,666,576,970)	(2,467,951,364)
Net Revenue From Contracts With Customers		15,610,395,350	17,743,968,640
Cost of sales	31	(13,183,693,709)	(14,006,515,076)
Gross profit		2,426,701,641	3,737,453,564
Distribution cost	32	(1,075,020,746)	(1,142,378,955)
Administrative expenses	33	(900,037,654)	(692,612,432)
Other expenses	34	(230,619,927)	(538,247,003)
		(2,205,678,327)	(2,373,238,390)
Other income	35	178,456,916	141,898,783
Profit from operations		399,480,230	1,506,113,957
Finance cost	36	(721,939,877)	(288,242,707)
(Loss) / Profit before taxation		(322,459,647)	1,217,871,250
Taxation	37	75,477,287	(600,425,532)
(Loss) / Profit after taxation		(246,982,360)	617,445,718
Earnings per share - basic and diluted	38	(1.77)	4.44

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

Chief Executive

Director

Chief Financial Officer

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

For the year ended 30 June 2023

	2023 Rupees	2022 Rupees
(Loss) / Profit after taxation	(246,982,360)	617,445,718
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Surplus on revaluation of freehold land	314,692,250	1,783,101,998
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year	314,692,250	1,783,101,998
Total comprehensive income for the year	67,709,890	2,400,547,716

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

Chief Executive

Director

Chief Financial Officer

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the year ended 30 June 2023

	Share capital	Reserves				Total reserves	Total equity
		Capital reserve			Revenue reserve		
		Share premium	Surplus on revaluation of freehold land	Sub Total	Un–appropriated Profit		
	Rupees						
Balance as at 30 June 2021	1,160,040,000	1,441,697,946	-	1,441,697,946	1,734,698,570	3,176,396,516	4,336,436,516
Transactions with owners:							
Final dividend for the year ended 30 June 2021							
@ Rupees 2 per share	-	-	-	-	(232,008,000)	(232,008,000)	(232,008,000)
Issue of 01 bonus share for every 05 ordinary							
shares for the year ended 30 June 2022	232,008,000	-	-	-	(232,008,000)	(232,008,000)	-
Interim dividend for the year ended 30 June 2022							
@ Rupees 1.80 per share	-	-	-	-	(250,568,498)	(250,568,498)	(250,568,498)
	232,008,000	-	-	-	(714,584,498)	(714,584,498)	(482,576,498)
Profit for the year ended 30 June 2022	-	-	-	-	617,445,718	617,445,718	617,445,718
Other comprehensive income for the year ended 30 June 2022	-	-	1,783,101,998	1,783,101,998	-	1,783,101,998	1,783,101,998
Total comprehensive income for the year ended							
30 June 2022	-	-	1,783,101,998	1,783,101,998	617,445,718	2,400,547,716	2,400,547,716
Balance as at 30 June 2022	1,392,048,000	1,441,697,946	1,783,101,998	3,224,799,944	1,637,559,790	4,862,359,734	6,254,407,734
Transaction with owners:							
Final dividend for the year ended 30 June 2023							
@ Rupees 2 per share	-	-	-	-	(278,409,600)	(278,409,600)	(278,409,600)
Loss for the year ended 30 June 2023	-	-	-	-	(246,982,360)	(246,982,360)	(246,982,360)
Other comprehensive income for the year ended 30 June 2023	-	-	314,692,250	314,692,250	-	314,692,250	314,692,250
Total comprehensive income for the year ended 30 June 2023	-	-	314,692,250	314,692,250	(246,982,360)	67,709,890	67,709,890
Balance as at 30 June 2023	1,392,048,000	1,441,697,946	2,097,794,248	3,539,492,194	1,112,167,830	4,651,660,024	6,043,708,024

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

Chief Executive

Director

Chief Financial Officer

CONSOLIDATED STATEMENT OF **CASH FLOWS**
For the year ended 30 June 2023

	Note	2023 Rupees	2022 Rupees Restated
Cash flows from operating activities			
Cash generated from operations	39	591,261,161	314,129,552
Finance cost paid		(631,626,365)	(225,230,429)
Income tax paid		(125,901,296)	(207,826,265)
Net increase in long term loans to employees		(2,935,933)	(983,333)
Net decrease / (increase) in long term security deposits		11,642,528	(16,383,460)
Decrease in long term deposits		(500,000)	-
Net cash used in operating activities		(158,059,905)	(136,293,935)
Cash flows from investing activities			
Capital expenditure on operating fixed assets		(487,133,452)	(970,020,788)
Capital expenditure on intangible assets		(8,700,000)	(13,038,106)
Initial direct cost incurred on right-of-use assets		-	(4,513,000)
Proceeds from disposal of operating fixed assets		59,997,696	7,536,955
Short term investments - net		4,937,545	220,880,116
Dividends received		35,936,899	22,796,747
Profit on bank deposits and term deposit receipts received		22,813,380	21,991,452
Net cash used in investing activities		(372,147,932)	(714,366,624)
Cash flows from financing activities			
Short term borrowings - net		509,289,953	1,289,582,928
Dividend paid		(278,334,373)	(483,147,527)
Proceeds from long term financing		97,417,000	543,682,938
Repayment of long term financing		(63,004,463)	(111,806,112)
Repayment of lease liabilities		(140,512,316)	(114,969,329)
Net cash from financing activities		124,855,801	1,123,342,898
Net (decrease) / increase in cash and cash equivalents		(405,352,036)	272,682,339
Cash and cash equivalents at beginning of the year		660,429,600	387,747,261
Cash and cash equivalents at end of the year		255,077,564	660,429,600

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

Chief Executive

Director

Chief Financial Officer

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

Hi-Tech Lubricants Limited

Subsidiary Company

Hi-Tech Blending (Private) Limited

1.1 Hi-Tech Lubricants Limited ("the Holding Company") was incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The registered office of the Holding Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The principal activity of the Holding Company is to procure and distribute lubricants and petroleum products. During the year ended 30 June 2017, Oil and Gas Regulatory Authority (OGRA) granted license to the Holding Company to establish an Oil Marketing Company (OMC), subject to some conditions. On 31 May 2019, Oil and Gas Regulatory Authority (OGRA) has granted permission to the Holding Company to operate new storage facility at Sahiwal and marketing of petroleum products in the Province of Punjab. On 20 January 2020, the Holding Company has started marketing and sale of petroleum products. On 21 February 2020, OGRA has granted permission to the Holding Company to apply for No Objection Certificates (NOCs) from concerned departments to setup petrol pumps in Khyber Pakhtunkhwa Province. On 09 August 2021, OGRA has acknowledged the satisfactory completion of oil storage facility at Nowshera, Khyber Pakhtunkhwa . On 13 January 2022, OGRA has further extended / renewed the provisional license for setting up of an OMC upto 31 December 2023. On 16 March 2023, OGRA has granted permission to the Holding Company to operate new storage facility at Nowshehra and marketing of petroleum products in the province of Khyber Pakhtunkhwa.

1.2 Hi-Tech Blending (Private) Limited

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

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

b) Accounting convention

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

c) Critical accounting estimates and judgments

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

Income Tax

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

Useful lives, pattern of economic benefits and impairment

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

Inventories

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

Allowance for expected credit losses

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

Revenue from contracts with customers involving sale of goods

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

Provisions

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

Classification of investments

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

Contingencies

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

Revaluation of freehold land and investment property

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

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

Following amendments to published approved accounting standards are mandatory for the Group's accounting periods beginning on or after 01 July 2022:

- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before Intended Use'.
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts – Cost of Fulfilling a Contract which amended IAS 1 'Presentation of Financial Statements'.
- Annual improvements to IFRS standards 2018-2020 which amended IFRS 9 'Financial Instruments' and IFRS 16 'Leases'.
- 'Reference to the Conceptual Framework (Amendments to IFRS 3)' published by the International Accounting Standards Board (IASB) with amendments to IFRS 3 'Business Combinations'.

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

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

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

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

Following amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2023 or later periods:

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

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

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

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors) effective for annual periods beginning on or after 01 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after 01 January 2024.

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 01 January 2024.

On 25 May 2023, the IASB issued 'Suppliers Finance Arrangements (Amendments to IAS 7and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangement. The amendments are effective for reporting period beginning on or after 01 January 2024.

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

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

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

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2023 but are considered not to be relevant or do not have any significant impact on the consolidated financial statements and are therefore not detailed in these consolidated financial statements.

2.2 Consolidation

Subsidiary

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

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

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

2.3 Fixed assets

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

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

Increases in the carrying amounts arising on revaluation of freehold land are recognized, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increase of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss.

Depreciation

Depreciation is charged to consolidated statement of profit or loss by applying the reducing balance method whereby cost of an asset is written off over its estimated useful life at the rates given in Note 14.1. Depreciation on additions is charged for the full month in which the asset is available for use and on deletion up to the month immediately preceding the deletion.

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

De-recognition

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

2.4 Intangible assets

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

2.5 Right-of-use assets

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

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

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

2.6 Lease liabilities

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

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

2.7 Investment property

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

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

2.8 Functional and presentation currency

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

2.9 Foreign currency transactions and translation

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

2.10 Employee benefits

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

2.11 Inventories

2.11.1 Stores

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

2.11.2 Stock-in-trade

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

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

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

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

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

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

2.12 Investments and other financial assets

a) Classification

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

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

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

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

b) Measurement

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

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

Debt instruments

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

Amortized cost

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

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss (FVTPL)

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

Equity instruments

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

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

Fair value through profit or loss

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

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

2.13 Financial Liabilities - classification and measurement

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

2.14 Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.15 De-recognition of financial assets and financial liabilities

a) Financial assets

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

b) Financial liabilities

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

2.16 Offsetting of financial instruments

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

2.17 Impairment of non-financial assets

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

2.18 Cash and cash equivalents

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

2.19 Provisions

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

2.20 Taxation

2.20.1 Current

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

2.20.2 Deferred

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

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

Group taxation adjustments

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

2.21 Borrowings

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

2.22 Borrowing costs

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

2.23 Trade and other receivables

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

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

2.24 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost and subsequently measured at amortized cost using the effective interest method.

2.25 Ijarah contracts

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

2.26 Revenue from contracts with customers

(a) Sale of goods

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

(b) Interest

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

(c) Dividend

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

(d) Rental income

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

2.27 Contract assets

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

2.28 Customer acquisition costs

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

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

2.29 Customer fulfilment costs

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

2.30 Right of return assets

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

2.31 Contract liabilities

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

2.32 Refund liabilities

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

2.33 Contingent assets

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

2.34 Contingent liabilities

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

2.35 Dividend and other appropriations

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

2.36 Earnings per share

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

2.37 Share capital

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

2.38 Government grants

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

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

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

2.39 Segment reporting

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

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

The Group has following reportable business segments:

- Lubricants (Purchase, blend, package and sale of lubricants, parts and rendering of services).
- Petroleum products (Marketing and sale of petroleum products).
- Polymer (Manufacturing and sale of plastic bottles).

3. ISSUED, SUBSCRIBED AND PAID–UP SHARE CAPITAL

2023	2022		2023	2022
(Number of shares)			Rupees	Rupees
41,002,000	41,002,000	Ordinary shares of Rupees 10 each		
		fully paid-up in cash	410,020,000	410,020,000
25,000,000	25,000,000	Ordinary shares of Rupees 10 each		
		issued as fully paid for consideration		
		other than cash (Note 3.2)	250,000,000	250,000,000
73,202,800	73,202,800	Ordinary shares of Rupees 10 each		
		issued as fully paid bonus shares	732,028,000	732,028,000
139,204,800	139,204,800		1,392,048,000	1,392,048,000

3.1 993,330 (2022: 993,330) ordinary shares of the Holding Company are held by SK Enmove Co., Ltd. (Formerly SK Lubricants Co., Ltd.) - principal supplier and long term partner.

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

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

	2023 Rupees	2022 Rupees
4. RESERVES		
Capital reserve		
Share premium (Note 4.1)	1,441,697,946	1,441,697,946
Surplus on revaluation of freehold land		
As at 01 July	1,783,101,998	-
Add: Surplus on revaluation of freehold land	314,692,250	1,783,101,998
As at 30 June	2,097,794,248	1,783,101,998
Revenue reserve		
Un-appropriated profit	1,112,167,830	1,637,559,790
	4,651,660,024	4,862,359,734

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

	2023 Rupees	2022 Rupees
5. LONG TERM FINANCING		
From banking company - secured		
Holding company		
Bank Alfalah Limited - Loan under State Bank of Pakistan (SBP) Refinance Scheme (Note 5.1)	-	47,490,196
Subsidiary company		
Bank Al-Habib Limited (Note 5.2)	632,150,056	529,564,139
	632,150,056	577,054,335
Less: Current portion shown under current liabilities (Note 12)	35,161,800	60,425,748
	596,988,256	516,628,587

5.1 This term finance facility, aggregating to Rupees 189.986 million (2022: Rupees 189.986 million) was obtained by the Holding Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. This facility was 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 was payable in 8 equal quarterly installments commenced from 01 January 2021 and ended on 01 October 2022. Mark-up was paid quarterly at the rate of SBP refinance rate plus 3.00% per annum. This loan was recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustments were recognized at discount rates ranged from 8.67% to 10.04% per annum (2022: 8.67% to 10.04% per annum).

	LENDER	2023	2022	RATE OF INTEREST	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
5.2	**Long term loans**							
	Subsidary Company							
	Bank Al-Habib Limited (Note 5.2.1)	-	7,968,836	SBP rate for refinance scheme for payment of salaries and wages + 3.00%	Thirty two unequal quarterly installments commenced from 11 January 2021 and ended on 23 October 2022.	-	Quarterly	First parri passu hypothecation charge for Rupees 1,067 million over current assets and Rupees 610 million over plant and machinery of the Subsidiary Company, first parri passu mortgage charge of Rupees 400 million over land and building of the Subsidiary Company, trust receipt, personal guarantee of all directors of the Subsidiary Company and corporate guarantee of Holding Company amounting to Rupees 2,000 million.
	Bank Al-Habib Limited (Note 5.2.2)	307,990,338	298,575,154	SBP rate for TERF + 2.00% and 3.00%	Two hundred and fourty nine unequal quarterly installments commenced from 08 May 2023 and ending on 01 November 2031.	-	Quarterly	
	Bank Al-Habib Limited (Note 5.2.2)	162,593,026	155,761,330	SBP rate for TERF + 4.00%	Two hundred and ten unequal qaurterly installments commencing from 13 October 2023 and ending on 16 December 2031.	-	Quarterly	
		470,583,364	462,305,320					
	Bank Al-Habib Limited (Note 5.2.3)	39,566,692	42,675,819	SBP rate for renewable energy financing scheme + 2.50%	Ninety six unequal quarterly installments commenced from 20 July 2022 and ending on 03 June 2032.	-	Quarterly	Exclusive charge for Rupees 80 million over plant and machinery of solar power plant, personal guarantee of all directors of the Subsidiary Company and corporate guarantee of Holding Company amounting to Rupees 2,000 million.
	Bank Al-Habib Limited (Note 5.2.4)	122,000,000	24,583,000	3 months KIBOR + 1.25% per annum	Twenty equal quarterly installments commenced from 23 May 2023 and ending on 23 February 2028.	Quarterly	Quarterly	Exclusive charge for Rupees 122 million over imported plant and machinery of the Subsidiary Company and personal guarantees of all directors of the Subisdiary Company.
		632,150,056	529,564,139					

5.2.1 This loan was obtained by the Subsidiary Company under SBP Refinance Scheme for payment of wages and salaries to workers. It was recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment was recognized at discount rate ranged from 8.17% to 9.68% (2022: 8.17% to 9.68%) per annum.

5.2.2 This loan has been obtained by the Subsidiary Company under SBP Temporary Economic Refinance Facility (TERF). It is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rates ranging from 8.85% to 13.39% (2022: 8.85% to 13.39%) per annum.

5.2.3 This loan has been obtained by the Subsidiary Company under SBP Renewable Energy Refinance Scheme. It is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rates ranging from 11.93% to 16.52% (2022: 11.93% to 16.52%) per annum.

5.2.4 Effective rate of mark-up charged during the year ranged from 16.40% to 23.33% (2022: 16.40%) per annum.

		2023 Rupees	2022 Rupees
6.	**LEASE LIABILITIES**		
	Total lease liabilities	662,217,503	624,517,326
	Less: Current portion shown under current liabilities (Note 12)	(174,306,249)	(138,898,103)
		487,911,254	485,619,223
6.1	**Reconciliation of lease liabilities is as follows:**		
	Opening balance	624,517,326	381,624,955
	Add: Additions during the year	142,903,481	299,315,835
	Add: Impact of lease modifications during the year	69,703,493	51,024,040
	Add: Interest accrued during the year (Note 36)	66,903,337	66,644,586
	Less: Impact of lease termination during the year	(30,608,025)	(8,098,721)
	Less: Payments made during the year	(211,202,109)	(165,993,369)
		662,217,503	624,517,326
	Less: Current portion shown under current liabilities (Note 12)	(174,306,249)	(138,898,103)
		487,911,254	485,619,223
6.2	**Maturity analysis of lease liabilities is as follows:**		
	Upto 6 months	107,389,212	95,807,814
	6-12 months	102,513,217	99,801,391
	1-2 years	176,329,452	172,249,802
	More than 2 years	329,201,160	478,667,230
		715,433,041	846,526,237
	Less: Future finance cost	53,215,538	222,008,911
	Present value of lease liabilities	662,217,503	624,517,326
6.3	**Amounts recognised in the consolidated statement of profit or loss**		
	Interest accrued during the year (Note 36)	69,703,493	51,024,040
	Expense relating to short term leases (included in administrative expenses)	1,144,332	876,660
	Expense relating to leases of low-value assets (included in distribution cost)	1,961,644	1,882,221
	Total amount recognised in consolidated statement of profit or loss	72,809,469	53,782,921

6.4 Implicit rates against lease liabilities range from 11.98% to 23.62% (2022: 7.40% to 17.12%) per annum.

6.5 Leases from banking companies are secured against the leased assets, personal guarantees of directors of the Holding Company and Subsidiary Company, corporate guarantee of the Holding Company and security deposits of Rupees 67.402 million (2022: Rupees 40.632 million).

7. LONG TERM DEPOSITS

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

		2023 Rupees	2022 Rupees
8.	**DEFFERED LIABILITIES**		
	Deferred income tax liability (Note 8.1)	227,617,267	376,451,989
	Deferred income - Government grant (Note 8.2)	93,507,240	114,689,496
		321,124,507	491,141,485
8.1	**Deferred income tax liability**		
	The liability for deferred taxation comprises taxable / (deductible) temporary differences relating to:		
	Deferred income tax liabilities		
	Accelerated tax depreciation and amortization	399,782,874	407,550,413
	Right-of-use assets	188,988,142	200,675,121
		588,771,016	608,225,534
	Deferred income tax assets		
	Available unused tax losses	(102,279,334)	-
	Unabsorbed tax depreciation	(41,202,898)	-
	Allowance for expected credit losses	(10,319,125)	(11,542,280)
	Provision for doubtful advances to suppliers	(793,171)	(1,562,789)
	Provision for slow moving and obsolete store items	(873,614)	(1,159,013)
	Provision for slow moving and obsolete stock-in-trade	(8,115,499)	(4,957,037)
	Lease liabilities	(197,570,108)	(212,552,426)
		(361,153,749)	(231,773,545)
	Net deferred income tax liability	227,617,267	376,451,989

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

	2023		
	Opening balance	**Recognised in statement of profit or loss**	**Closing balance**
		Rupees	
Accelerated tax depreciation and amortization	407,550,413	(7,767,539)	399,782,874
Right-of-use assets	200,675,121	(11,686,979)	188,988,142
Unabsorbed tax depriciation	-	(41,202,898)	(41,202,898)
Available unused tax losses	-	(102,279,334)	(102,279,334)
Allowance for expected credit losses	(11,542,280)	1,223,155	(10,319,125)
Provision for doubtful advances to suppliers	(1,562,789)	769,618	(793,171)
Provision for slow moving and obsolete store items	(1,159,013)	285,399	(873,614)
Provision for slow moving and obsolete stock-in-trade	(4,957,037)	(3,158,462)	(8,115,499)
Lease liabilities	(212,552,426)	14,982,318	(197,570,108)
	376,451,989	(148,834,722)	227,617,267

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

	2023	2022
	Rupees	Rupees
8.2 Deferred income - Government grant		
Opening balance	137,763,697	29,334,035
Add: Recognized during the year	2,231,950	129,288,581
Less: Amortized during the year (Note 35)	22,915,134	20,858,919
Closing balance	117,080,513	137,763,697
Less: Current portion shown under current liabilities (Note 12)	23,573,273	23,074,201
	93,507,240	114,689,496

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

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

	2023 Rupees	2022 Rupees
9. TRADE AND OTHER PAYABLES		
Creditors (Note 9.1)	1,040,828,062	1,732,001,509
Accrued liabilities (Note 9.2)	107,058,662	113,147,482
Infrastructure cess payable (Note 9.3)	175,002,601	172,436,755
Contract liabilities - unsecured	57,014,208	62,633,752
Retention money payable	22,861,709	17,838,575
Customs duty and other charges payable	278,828,890	109,125,169
Income tax deducted at source	28,663,904	14,989,310
Payable to employees' provident fund trust	4,979,216	4,076,630
Workers' profit participation fund payable (Note 9.4)	170,106,672	140,754,939
Workers' welfare fund payable (Note 9.5)	40,882,272	40,417,056
Sales tax payable	-	324,996,578
	1,926,226,196	2,732,417,755

9.1 These include Rupees 617.034 million (2022: Rupees 625.358 million) payable to SK Enmove Co., Ltd. (Formerly SK Lubricants Co., Ltd.) - principal supplier and long term partner.

9.2 These include Rupees Nil (2022: Rupees 2.384 million) on account of remuneration payable to directors of the Holding Company.

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

	2023 Rupees	2022 Rupees
Opening balance	172,436,755	147,212,835
Add: Provision made during the year	2,565,846	25,223,920
Closing balance	175,002,601	172,436,755
9.4 Workers' profit participation fund		
Balance as on 01 July	140,754,939	76,482,973
Add: Allocation for the year (Note 34)	-	52,799,520
Add: Interest for the year (Note 36)	29,351,733	11,472,446
Balance as on 30 June	170,106,672	140,754,939

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

	2023 Rupees	2022 Rupees
9.5 Workers' welfare fund		
Opening balance	40,417,056	9,483,059
Add: Allocation for the year (Note 34)	465,216	30,933,997
Closing balance	40,882,272	40,417,056
10. ACCRUED MARK-UP		
Long term financing	13,897,859	7,714,584
Short term borrowings	110,622,013	49,406,910
	124,519,872	57,121,494

	2023 Rupees	2022 Rupees
11. SHORT TERM BORROWINGS		
From banking companies - secured		
- Holding Company		
Short term finances (Note 11.1 and Note 11.2)	1,851,556,185	1,494,218,779
- Subsidiary Company		
Short term finances (Note 11.3 and Note 11.4)	555,310,800	403,358,253
	2,406,866,985	1,897,577,032

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

11.2 The effective rates of mark-up ranged from 14.14% to 23.24% (2022: 8.01% to 16.02%) per annum.

11.3 These finances are obtained from banking companies under mark-up arrangements. These short term borrowings and long term financing of Subsidiary Company are secured against trust receipts of the Subsidiary Company, 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.

11.4 The effective rates of mark-up ranged from 12.89% to 23.17% (2022: 8.45% to 16.00%) per annum.

	2023 Rupees	2022 Rupees
12. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Long term financing (Note 5)	35,161,800	60,425,748
Lease liabilities (Note 6)	174,306,249	138,898,103
Deferred income - Government grant (Note 8.2)	23,573,273	23,074,201
	233,041,322	222,398,052

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 On 19 December 2018, the Holding Company filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of Deputy Commissioner Inland Revenue (DCIR). DCIR passed an order under section 122(1) and 122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 whereby a demand of Rupees 83.595 million has been raised. CIR(A) vide order dated 18 December 2018 upheld some of the additions made by DCIR and also directed the DCIR to give opportunity of hearing to the Holding Company in one of the said matters which is still pending for adjudication. Being aggrieved by the order of CIR(A), the Holding Company filed appeal before the Appellate Tribunal Inland Revenue (ATIR) on 19 May 2021. ATIR decided the case in favour of the Holding Company. 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 consolidated financial statements, as the management, based on the advice of the legal counsel, is confident of favorable outcome of litigation.

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

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

13.1.4 On 27 June 2022, Deputy Commissioner Inland Revenue (DCIR) passed an assessment order under section 161 and section 205 of the Income Tax Ordinance, 2001 for the tax year 2016 whereby a demand of Rupees 5.467 million including default surcharge has been raised against the Holding Company on account of non / short deduction of withholding tax in respect of certain payments. The Holding Company filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR. On 17 November 2022, CIR(A) decided the appeal in favor of the Holding Company. On 12 January 2023, the tax department has filed appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A) which is pending adjudication. No provision against this demand has been recognized in these consolidated financial statements, as the management, based on advice of the tax advisor, is confident of favorable outcome of litigation.

13.1.5 On 24 March 2022, the Deputy Commissioner Inland Revenue (DCIR) has issued an amended assessment order against the Holding Company 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 Holding Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 29 August 2022, CIR(A) vacated the entire tax demand. However, in respect of various issues, the matter has been remanded back to the department for fresh consideration. Against the order of CIR(A), the Holding Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR), which is pending for hearing. 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 consolidated financial statements.

13.1.6 On 26 February 2022, Deputy Commissioner Inland Revenue (DCIR) passed an assessment order under section 177 and section 122(1) of the Income Tax Ordinance, 2001 for the tax year 2019 whereby a demand of Rupees 843.451 million has been raised against the Holding Company on various issues. Against the order of DCIR, the Holding 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, the tax authorities have filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR(A) which is pending adjudication. The management, based on the advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these consolidated financial statements.

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

13.1.8 On 28 February 2022, Deputy Commissioner Inland Revenue (DCIR) issued an order against the Holding Comapny 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 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 and tax department filed appeals before Appellate Tribunal Inland Revenue (ATIR). On 07 December 2022, ATIR accepted the Holding Company's stance in respect of all matters except for imposition of penalty and default surcharge relating to late filing of sales tax returns and late payment of due sales tax liability. However appeal filed by the tax department is yet to be heard. The management, based on advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these consolidated financial statements.

13.1.9 On 15 March 2022, Deputy Commissioner Inland Revenue (DCIR) issued an order against the Holding Comapany 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 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 and tax deparment filed appeals before Appellate Tribunal Inland Revenue (ATIR). On 07 December 2022, ATIR accepted the Holding Company's stance in respect of all matters except for imposition of penalty and default surcharge relating to late filing of sales tax returns and late payment of due sales tax liability. However appeal filed by the tax department is yet to be heard. The management, based on advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these consolidated financial statements.

13.1.10 On 30 May 2023, 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 2017 whereby a demand of Rupees 22.545 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 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 has been recognized in these consolidated financial statements.

13.1.11 During the year ended 30 June 2022, Additional Commissioner Inland Revenue (ACIR) has issued amended assessment orders against the Subsidiary Company under section 122(5A) of the Income Tax Ordinance, 2001 for the tax years 2017, 2018, 2019, 2020 and 2021 raising demands aggregating to Rupees 533.277 million 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 matters relating to tax year 2017 except in the matters of Workers' Profit Participation Fund (WPPF) which was remanded back to ACIR for consideration in view of judgement passed by Honorable Lahore Court, Lahore. Remand back proceedings by ACIR have not been initiated against the Subsidiary Company. During the year ended 30 June 2023, CIR (A) decided most of the matters in favour of the Subsidiary Company, while remanded back the case on certain matters to ACIR for tax years 2018, 2019, 2020 and 2021 to the tune of Rupees 290.311 million. Further, demand in respect of donation amounting to Rupees 1 million for tax year 2021 has been confirmed which has been duly provided for in these consolidated financial statements. However, remand back proceedings have not been initiated against the Subsidiary Company. Against the orders of CIR(A), the department has filed appeals before Appellate Tribunal Inland Revenue (ATIR) which are pending adjudication. Based on the opinion of tax advisor, the management has strong grounds to believe that the cases will be decided in favor of the Subsidiary Company. Therefore, no provision has been made in these consolidated financial statements

13.1.12 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) who vide its order dated 17 November 2022 decided the case against the Subsidiary Company. However, the Subsidiary Company filed a rectification application against the aforesaid decision of ATIR on account of Subsidiary Company's name wrongly mentioned in the decision alongwith challenging the grounds of decision addressed by ATIR. On 15 June 2023, ATIR accepted the Subsidiary Company's stance in rectification application and also directed to re-start the proceedings afresh. 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 Subsidiary Company. Therefore, no provision has been made in these consolidated financial statements.

13.1.13 The Subsidiary Company has filed application to Federal Board of Revenue ("the Board") to condone the time limits for issuance of adjustment orders on account of advance payment amounting to Rupees 4.092 million in excess of sales tax liability for tax period August 2016 and excess payment amounting to Rupees 2.422 million due to rectification of sales tax liability for tax periods June 2017 and September 2017. The Subsidiary Company's stance is verifiable from the record of tax department. Based on the advice of the tax advisor, the management expects favorable outcome of the matter. Hence, no provision has been made in these consolidated financial statements.

13.1.14 The Subsidiary Company has identified certain sales tax invoices relating to tax periods July 2020 and July 2021 wherein the Subsidiary Company has duly discharged the liabilities in respect of input sales tax at the time of imports amounting to Rupees 12.766 million. However, the same input sales tax has not been adjusted against the output sales tax of the respective tax period due to the tax department's system mal-functioning. The Subsidiary Company has filed application to the department to condone the time limits regarding the above explained matter as the Subsidiary Company's stance is verifiable from the department's record. Based on the advice of the tax advisor, the management expects favorable outcome of the matter. Hence, no provision has been made in these consolidated financial statements.

13.1.15 Corporate guarantees of Rupees 2,967.5 million (2022: Rupees 2,633 million) have been given by the Holding Company to the banks in respect of financing to Subsidiary Company.

13.1.16 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.

13.1.17 Guarantees of Rupees 66 million (2021: Rupees 66 million) are given by the bank of the Group to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.

13.1.17 Guarantees of Rupees 17.700 million (2022: Rupees 16.400 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.

		2023	2022
		Rupees	Rupees
13.2	**Commitments**		
13.2.1	For capital expenditures	46,143,062	185,502,342
13.2.2	Letters of credit other than capital expenditures	493,096,138	605,168,892
14.	**FIXED ASSETS**		
	Operating fixed assets (Note 14.1)	6,309,226,999	5,716,441,584
	Capital work-in-progress (Note 14.2)	130,547,189	243,229,159
		6,439,774,188	5,959,670,743

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

Description	Freehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Tanks and pipelines	Dispensing pumps	Electric installation	Furniture and fittings	Moulds	Vehicles	Leasehold improvements	Office equipment	Computers	Total
	Categories													
	Rupees													
At 30 June 2021														
Cost	696,923,502	1,108,787,215	209,343,830	1,150,143,448	178,896,135	16,758,747	79,227,389	38,082,415	-	292,871,204	4,463,125	169,338,170	47,945,832	3,992,781,012
Accumulated depreciation	-	(164,989,812)	(74,877,438)	(244,682,062)	(19,478,997)	(1,905,927)	(28,148,810)	(17,391,293)	-	(188,084,081)	(333,121)	(44,344,301)	(27,987,579)	(812,223,419)
Net book value	696,923,502	943,797,403	134,466,392	905,461,386	159,417,138	14,852,820	51,078,579	20,691,123	-	104,787,123	4,130,004	124,993,868	19,958,253	3,180,557,592
Year ended 30 June 2022														
Opening net book value	696,923,502	943,797,403	134,466,392	905,461,386	159,417,138	14,852,820	51,078,579	20,691,123	-	104,787,123	4,130,004	124,993,868	19,958,253	3,180,557,592
Additions	623,500	45,458,644	8,899,690	701,228,474	71,740,070	19,353,204	87,107,663	2,762,563	-	6,628,304	-	22,738,699	14,444,071	980,984,882
Revaluation surplus	1,783,101,998	-	-	-	-	-	-	-	-	-	-	-	-	1,783,101,998
Transferred from right-of-use assets:														
Cost	-	-	-	-	-	-	-	-	-	5,976,770	-	-	-	5,976,770
Accumulated depreciation	-	-	-	-	-	-	-	-	-	(4,189,689)	-	-	-	(4,189,689)
	-	-	-	-	-	-	-	-	-	1,787,081	-	-	-	1,787,081
Disposals:														
Cost	-	-	-	-	-	-	-	-	-	(10,871,105)	-	-	(3,753,442)	(14,624,547)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	7,605,500	-	-	2,414,557	10,020,057
	-	-	-	-	-	-	-	-	-	(3,265,605)	-	-	(1,338,885)	(4,604,490)
Writen-off:														
Cost	-	-	-	(186,000)	-	-	-	(1,600,052)	-	(107,189)	-	(3,307,537)	(3,559,509)	(8,760,287)
Accumulated depreciation	-	-	-	65,802	-	-	-	761,062	-	80,319	-	1,672,409	3,033,247	5,612,839
	-	-	-	(120,198)	-	-	-	(838,990)	-	(26,870)	-	(1,635,128)	(526,262)	(3,147,448)
Depreciation	-	(60,728,540)	(32,614,787)	(56,560,483)	(18,046,178)	(1,988,610)	(5,914,383)	(2,175,657)	-	(21,892,275)	(826,001)	(13,384,891)	(8,106,227)	(222,238,032)
Closing net book value	2,480,649,000	928,527,507	110,751,295	1,550,009,179	213,111,030	32,217,414	132,271,859	20,439,039	-	88,017,758	3,304,003	132,712,548	24,430,950	5,716,441,583
At 30 June 2022														
Cost / revalued amount	2,480,649,000	1,154,245,859	218,243,520	1,851,185,922	250,636,205	36,111,951	166,335,052	39,244,926	-	294,497,984	4,463,125	188,769,332	55,076,952	6,739,459,828
Accumulated depreciation	-	(225,718,352)	(107,492,225)	(301,176,743)	(37,525,175)	(3,894,537)	(34,063,193)	(18,805,888)	-	(206,480,226)	(1,159,122)	(56,056,783)	(30,646,002)	(1,023,018,244)
Net book value	2,480,649,000	928,527,507	110,751,295	1,550,009,179	213,111,030	32,217,414	132,271,859	20,439,038	-	88,017,758	3,304,003	132,712,549	24,430,950	5,716,441,584
Year ended 30 June 2023														
Opening net book value	2,480,649,000	928,527,507	110,751,295	1,550,009,179	213,111,030	32,217,414	132,271,859	20,439,038	-	88,017,758	3,304,003	132,712,549	24,430,950	5,716,441,582
Additions	-	120,363,492	42,056,824	286,908,016	3,409,167	20,156,420	45,183,722	1,242,535	12,667,000	51,157,053	-	3,571,830	13,099,363	599,815,422
Revaluation surplus	314,692,250	-	-	-	-	-	-	-	-	-	-	-	-	314,692,250
Transferred from right-of-use assets:														
Cost	-	-	-	-	-	-	-	-	-	3,862,420	-	-	-	3,862,420
Accumulated depreciation	-	-	-	-	-	-	-	-	-	(2,287,712)	-	-	-	(2,287,712)
	-	-	-	-	-	-	-	-	-	1,574,708	-	-	-	1,574,708
Disposals:														
Cost	-	-	-	-	-	-	-	-	-	(60,066,853)	-	-	(1,789,076)	(61,855,929)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	7,515,935	-	-	1,150,395	8,666,330
	-	-	-	-	-	-	-	-	-	(52,550,918)	-	-	(638,681)	(53,189,599)
Depreciation	-	(59,395,963)	(31,875,898)	(95,197,739)	(17,162,522)	(4,922,728)	(16,467,889)	(2,143,200)	(2,271,775)	(17,495,193)	(660,801)	(13,506,673)	(9,006,985)	(270,107,366)
Closing net book value	2,795,341,250	989,495,036	120,932,221	1,741,719,456	199,357,675	47,451,106	160,987,692	19,538,373	10,395,225	70,703,408	2,643,202	122,777,706	27,884,647	6,309,226,997
At 30 June 2023														
Cost / revalued amount	2,795,341,250	1,274,609,351	260,300,344	2,138,093,938	254,045,372	56,268,371	211,518,774	40,487,461	12,667,000	289,450,604	4,463,125	192,341,162	66,387,239	7,595,973,991
Accumulated depreciation	-	(285,114,315)	(139,368,123)	(396,374,482)	(54,687,697)	(8,817,265)	(50,531,082)	(20,949,088)	(2,271,775)	(218,747,196)	(1,819,923)	(69,563,456)	(38,502,592)	(1,286,746,992)
Net book value	2,795,341,250	989,495,036	120,932,221	1,741,719,456	199,357,675	47,451,106	160,987,692	19,538,373	10,395,225	70,703,408	2,643,202	122,777,706	27,884,647	6,309,226,999
Annual rate of depreciation (%)		5 - 10	10	5 - 10	8	10	10	10	33	20	20	10	30	

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

Particulars	Quantity Nos.	Cost	Accumulated depreciation	Net book value	Consideration	Gain	Mode of disposal	Particulars of purchasers
		Rupees	Rupees	Rupees	Rupees	Rupees		
Vehicles								
Toyota Corolla LE-18-4982	1	2,298,498	1,493,545	804,953	2,533,333	1,728,380	Group's policy	Mr. Arshad Zaidi, Company's employee
Honda City LE-18-6289	1	1,878,070	1,145,138	732,932	1,800,000	1,067,068	Group's policy	Mr. Anwar Sajjad, Company's employee
Toyota Corolla LEE-17-7219	1	2,060,740	1,440,998	619,742	1,994,667	1,374,925	Group's policy	Mr. Muhammad Ashraf, Company's employee
Mercedez Benz APP-22-095	1	49,555,995	-	49,555,995	49,555,995	-	Sale and lease back	Bank Al-Habib Limited
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000		6,062,626	4,586,649	1,475,977	4,113,701	2,637,724		
		61,855,929	8,666,330	53,189,599	59,997,696	6,808,097		

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

	2023	2022
	Rupees	Rupees
Cost of sales (Note 31.1)	111,351,042	67,377,551
Distribution cost (Note 32)	104,919,540	108,603,515
Administrative expenses (Note 33)	53,836,784	46,256,966
	270,107,366	222,238,032

14.1.3 Land and building of the Subsidiary Company amounting to Rupees 752.57 million (2022: Rupees 400 million) and plant and machinery of the Subsidiary Company amounting to Rupees 610 million (2022: Rupees 610 million) have been mortgaged in favour of the lender of Holding Company.

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

Location	Usage of Immovable Property	Total area of land	Covered area of buildings
		Acres	Square feet
Holding Company			
Property No. 35 A / M, Quaid-e- Azam Industrial Estate, Kot Lakhpat, Lahore	Warehouse	0.69	21,965
Mouza No. 107/9L, Tehsil and District Sahiwal	Oil depot	6.70	199,513
Mouza Aza Khel Bala, Tehsil and District Nowshera	Oil depot	7.55	9,257
Mouza Ali Murad Kalhoro, Indus Highway, Shikarpur (under construction)	Oil depot	8.50	56,307
Plot No. 2, Block K, Main Boulevard Gulberg-II, Lahore	OMC project office	0.39	1,847
Mouza Aza Khel Payan, Tehsil and District Nowshera	Oil depot extension	1.34	-
7-KM, Sundar Raiwind Road, Bhai Kot, Lahore	Warehouse - 1	-	49,658
7-KM, Sundar Raiwind Road, Bhai Kot, Lahore	Warehouse - 2	-	53,348
Oil Boy Energy Limited - Mouza Neel Kot, Head Muhammad Wala Road, Multan	Dealer of retail outlet	-	2,818
Lali Sons Filling Station - Faisalabad Road, Lalian	Dealer of retail outlet	-	3,274
Punjab Filling Station - Main Satiana Road, Faisalabad	Dealer of retail outlet	-	2,821
Green Fuel CNG - 1-KM, G.T. Road, Lalamusa	Dealer of retail outlet	-	4,981
A.B. Petroleum Filling Station - Tehsil Liaqatpur, Rahim Yar Khan	Dealer of retail outlet	-	3,054
Jillani CNG - Lehtrar Road, Islamabad	Dealer of retail outlet	-	2,650
Dasti Filling Station - Jampur Road, Dera Ghazi Khan	Dealer of retail outlet	-	1,815

Location	Usage of Immovable Property	Total area of land	Covered area of buildings
		Acres	Square feet
Rehman Filling Station - Chistian Road, Hasilpur	Dealer of retail outlet	-	2,525
Al-Fazal Filling Station - Sargodha Road, Jhang	Dealer of retail outlet	-	2,121
Ibrahim Petroleum - Sialkot Road, Gujranwala	Dealer of retail outlet	-	3,185
Karma Wala-1 Filling Station - Shahkot Road, Jaranwala	Dealer of retail outlet	-	2,059
Raja Adeel Filling Station - Arifwala Road, Arifwala	Dealer of retail outlet	-	2,892
Gondal Filling Station - Daska Road, Wazirabad	Dealer of retail outlet	-	1,493
City Filling Station - Hujra Shah Muqeem, Okara	Dealer of retail outlet	-	962
Al Karam Filling Station - Shamkay Bhattian, Lahore	Dealer of retail outlet	-	6,633
Green City Fuel Station - Hasilpur Road, Bahawalpur	Dealer of retail outlet	-	1,289
Khokhar Fuel Station - Small Industrial Estate, Jinnah Road, Gujranwala	Dealer of retail outlet	-	1,175
Minhas CNG - Multan Road, Lahore	Dealer of retail outlet	-	841
One Stop - Main Ferozepur Road, Lahore	Dealer of retail outlet	-	1,970
S&S - Toba Road, Jhang	Dealer of retail outlet	-	3,310
Al Yousaf CNG - Khanewal Road, Multan	Dealer of retail outlet	-	1,793
Rana Petroleum - Faisalabad Road, Okara	Dealer of retail outlet	-	2,633
Mudassir Zulfiqar Filling Station - Vehari Road, Multan	Dealer of retail outlet	-	8,084
Shahid & Company - Daska Road, Gujranwala	Dealer of retail outlet	-	6,396
Benzina II Filling Station - Benazir Road, Okara	Dealer of retail outlet	-	4,709
Nambardar Filling Station - Rawalpindi Road, Chakwal	Dealer of retail outlet	-	5,875
Iftikhar Nadeem & Company - Mouza Jhawary, Dhamyal Road, Rawalpindi Cantt.	Dealer of retail outlet	-	5,162
Suntrust CNG - Millat Road, Faisalabad	Dealer of retail outlet	-	4,086
Meezan Filling Station - Jhang Road, Toba Tek Singh	Dealer of retail outlet	-	6,227
Haji Muhammad Nawaz Filling Station, Darban Road, Syed Nager, Dera Ismail Khan (under construction)	Dealer of retail outlet	-	3,694
Big Khan Filling Station - University Road, Chakdara (under construction)	Dealer of retail outlet	-	4,872
Imdad Mir Filling Station - Mouza Ghanda, Nawab Road, Mansehra (under construction)	Dealer of retail outlet	-	3,384
Dharampura, Lahore	HTL Express Centre	-	1,436
Garden Town, Lahore	HTL Express Centre	-	1,789
Gulshan-e-Ravi, Lahore	HTL Express Centre	-	2,444
Johar Town, Lahore	HTL Express Centre	-	4,500
Defence Housing Authority, Phase II, Karachi	HTL Express Centre	-	812
Gulistan-e-Johar, Karachi	HTL Express Centre	-	3,149
PECHS, Karachi	HTL Express Centre	-	2,700
Askari XIV, Sector A, Rawalpindi	HTL Express Centre	-	881
Subsidiary Company			
7-KM, Sundar Raiwind Road, Bhai Kot, Lahore.	Manufacturing unit and office	22.30	180,839

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

Name of retail outlets	Categories							
	Buildings on leasehold land	Tanks and pipelines	Dispensing pumps	Machinery	Furniture and fittings	Office equipment	Computers	Total
	Rupees							
Oil Boy Energy Limited - Mouza Neel Kot, Head Muhammad Wala Road, Multan	3,180,469	1,608,000	1,911,655	-	-	-	-	6,700,124
Lali Sons Filling Station - Faisalabad Road, Lalian	3,834,385	1,926,050	-	-	-	-	-	5,760,435
Punjab Filling Station - Main Satiana Road, Faisalabad	2,898,584	877,100	2,001,106	-	-	-	-	5,776,790
Ittehad Filling Station - Circular Road, Daska	-	877,100	-	-	-	-	-	877,100
Green Fuel CNG - 1-KM G.T. Road, Lalamusa	2,725,893	1,132,550	-	-	-	-	-	3,858,443
A.B. Petroleum Filling Station - Tehsil Liaqatpur, Rahim Yar Khan	4,623,288	1,480,589	1,958,750	-	-	-	-	8,062,627
Jillani CNG - Lehtrar Road, Islamabad	7,147,011	1,386,830	842,830	-	-	-	-	9,376,671
Dasti Filling Station - Jampur Road, Dera Ghazi Khan	1,919,332	808,290	2,754,484	-	-	-	-	5,482,106
Rehman Filling Station - Chistian Road, Hasilpur	2,013,421	-	-	-	-	-	-	2,013,421
Al-Fazal Filling Station - Sargodha Road, Jhang	3,163,859	-	2,227,102	-	-	-	-	5,390,961
Ibrahim Petroleum - Sialkot Road, Gujranwala	1,962,962	-	-	-	-	-	-	1,962,962
Karma Wala-1 Filling Station - Shahkot Road, Jaranwala	2,532,005	-	-	-	-	-	-	2,532,005
Raja Adeel Filling Station - Arifwala Road, Arifwala	1,853,000	-	-	-	-	-	-	1,853,000
Gondal Filling Station - Daska Road, Wazirabad	2,204,744	-	1,421,968	-	-	-	-	3,626,712
City Filling Station - Hujra Shah Muqeem, Okara	1,504,906	-	-	-	-	-	-	1,504,906
Al Karam Filling Station - Shamkay Bhattian, Lahore	3,556,882	-	3,244,171	-	-	-	-	6,801,053
Green City Fuel Station - Hasilpur Road, Bahawalpur	9,954,398	1,377,706	1,911,655	-	-	-	-	13,243,759
Khokhar Fuel Station - Small Industrial Estate, Jinnah Road, Gujranwala	2,101,400	1,377,706	3,212,099	-	-	-	-	6,691,205
Minhas CNG - Multan Road, Lahore	4,749,486	-	1,421,968	-	-	-	-	6,171,454
One Stop - Main Ferozepur Road, Lahore	17,757,318	2,102,230	2,482,580	-	-	-	-	22,342,128
S&S - Toba Road, Jhang	2,549,650	-	-	-	-	-	-	2,549,650
Al Yousaf CNG - Khanewal Road, Multan	1,651,843	578,690	1,558,512	-	-	-	-	3,789,045
Rana Petroleum - Faisalabad Road, Okara	2,439,500	-	-	-	-	-	-	2,439,500
Mudassir Zulfiqar Filling Station - Vehari Road, Multan	2,176,375	-	-	-	-	-	-	2,176,375
Shahid & Company - Daska Road, Gujranwala	1,828,249	-	4,722,091	-	-	-	-	6,550,340
Benzina II Filling Station - Benazir Road, Okara	2,318,142	3,037,269	8,036,682	-	-	-	-	13,392,093
Nambardar Filling Station - Rawalpindi Road, Chakwal	926,830	-	-	-	-	-	-	926,830
Iftikhar Nadeem & Company - Mouza Jhawary, Dhamyal Road, Rawalpindi Cantt.	1,571,303	2,763,529	4,477,015	-	-	-	-	8,811,847
Suntrust CNG - Millat Road, Faisalabad	40,743,349	3,409,167	4,937,988	-	-	-	-	49,090,504
Meezan Filling Station - Jhang Road, Toba Tek Singh	1,313,475	-	-	-	-	-	-	1,313,475
"Haji Muhammad Nawaz Filling Station, Darban Road, Syed Nager, Dera Ismail Khan (under construction)"	3,274,200	1,269,700	-	-	-	-	-	4,543,900
Big Khan Filling Station - University Road, Chakdara (under construction)	4,284,160	3,950,869	-	-	-	-	-	8,235,029
Imdad Mir Filling Station - Mouza Ghanda, Nawab Road, Mansehra (under construction)	7,781,399	-	-	-	-	-	-	7,781,399
Gasoline Fuel Station - Ferozpur Road, Kasur (under construction)	-	2,272,778	-	-	-	-	-	2,272,778
Toru Fuel Station - Mardan Road , Nowshera (under construction)	-	2,859,022	-	-	-	-	-	2,859,022
Abro CNG - Kurdiawala, Faisalabad (under construction)	-	2,859,022	-	-	-	-	-	2,859,022
Gojra Filling Station - Near M-4 Interchange, Jhang (under construction)	-	1,136,389	-	-	-	-	-	1,136,389
Al - Sheikh Filling Station - Gujrat (under construction)	-	2,014,337	-	-	-	-	-	2,014,337
Moon CNG - GT Road opposite DHA, Islamabad (under construction)	-	1,136,389	-	-	-	-	-	1,136,389
Kohala Filling Station - Muzaffarabad Murree Road, Bagh (under construction)	-	3,445,266	-	-	-	-	-	3,445,266
Ghuman Fuel Station - Gurumangat Road, Lahore (under construction)	-	2,600,581	-	-	-	-	-	2,600,581
Attock Fuel Station - Iqbal Chowk, Attock (under construction)	-	877,948	-	-	-	-	-	877,948
Shah Sardar Filling Station - Murree Road, Abbotabad (under construction)	-	877,948	-	-	-	-	-	877,948
HTL Express Centre - Dharampura, Lahore	27,571,142	-	-	3,197,442	145,431	478,583	-	31,392,598
HTL Express Centre - Garden Town, Lahore	7,442,541	-	-	2,471,843	56,796	1,741,346	-	11,712,526
HTL Express Centre - Gulshan-e-Ravi, Lahore	16,220,083	-	-	5,308,603	56,796	2,602,702	14,040	24,202,224
HTL Express Centre - Johar Town, Lahore	16,713,760	-	-	7,727,402	153,621	-	24,000	24,618,783
HTL Express Centre - DHA, Karachi	7,085,936	-	-	4,019,037	669,727	97,044	-	11,871,744
HTL Express Centre - Gulistan-E-Johar, Karachi	11,978,196	-	-	6,117,945	1,115,829	811,290	-	20,023,260
HTL Express Centre - PECHS, Karachi	20,357,427	-	-	1,524,751	126,500	841,438	-	22,850,116
HTL Express Centre - Askari XIV, Sector A, Rawalpindi	9,133,147	-	-	4,419,000	854,206	2,808,753	-	17,215,106
	269,044,050	50,043,055	49,122,656	34,786,023	3,178,906	9,381,156	38,040	415,593,886

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

		2023 Rupees	2022 Rupees
14.2	**Capital work-in-progress**		
	Civil works	44,199,846	83,539,912
	Plant and machinery	-	5,489,540
	Tanks and pipelines	50,594,702	20,799,838
	Dispensing pumps	8,681,790	20,752,020
	Electric and other installations	-	8,356,162
	Advance for purchase of apartment (Note 14.2.2)	25,976,750	25,976,750
	Advances for capital expenditures	-	73,033,614
	Mobilization advance	1,094,101	5,281,323
		130,547,189	243,229,159

14.2.1 Movement in capital work in progress is as follows:

	Categories									
	Civil works	Plant and machinery	Tanks and pipelines	Dispensing pumps	Electric and other installations	Advance against purchase of apartment	Advances for capital expenditures	Mobilization advance	Unallocated expenditures	Total
	Rupees									
At 30 June 2021	26,860,047	63,943,014	-	29,396,100	-	25,226,750	101,550,777	5,069,766	2,146,800	254,193,254
Add: Additions during the year	133,858,818	546,610,401	67,572,489	5,813,200	81,356,162	750,000	77,851,580	6,330,015	-	920,142,665
Add / (Less): Adjustments made during the year	(22,820,619)	88,809,793	24,967,419	-	12,725,465	-	(101,535,258)	-	(2,146,800)	-
Add: Transferred from inventory during the year	-	-	-	4,895,924	-	-	-	-	-	4,895,924
Less: Mobilization advances adjusted during the year	-	-	-	-	-	-	-	(6,118,458)	-	(6,118,458)
Less: Transferred to operating fixed assets during the year	54,358,334	693,873,668	71,740,070	19,353,204	85,725,465	-	4,833,485			929,884,226
At 30 June 2022	83,539,912	5,489,540	20,799,838	20,752,020	8,356,162	25,976,750	73,033,614	5,281,323	-	243,229,159
Add: Additions during the year	123,080,250	193,514,924	33,204,031	2,770,000	31,109,652	-	23,555,995	-	-	407,234,852
Add / (Less): Adjustments made during the year	-	42,940,298	-	-	4,093,316	-	(47,033,614)	-	-	-
Add: Transferred from inventory during the year	-	-	-	5,316,190	-	-	-	-	-	5,316,190
Less: Mobilization advances adjusted during the year	-	-	-	-	-	-	-	4,187,222	-	4,187,222
Less: Transferred to operating fixed assets during the year	162,420,316	241,944,762	3,409,167	20,156,420	43,559,130	-	49,555,995	-	-	521,045,790
At 30 June 2023	44,199,846	-	50,594,702	8,681,790	-	25,976,750	-	1,094,101	-	130,547,189

14.2.2 This represent advance given to BNP (Private) Limited against purchase of apartment in Grand Hayatt (the "Project") at 1-Constitution Avenue, Islamabad. On 29 July 2016, Capital Development Authority (CDA) cancelled the leased deed of BNP (Private) Limited on the grounds of violating the terms and conditions of the said lease and sealed the Project. Against the alleged order, BNP (Private) Limited filed a writ petition before the Honorable Islamabad High Court ("IHC") challenging the cancellation of said lease. IHC dismissed the writ petition of BNP (Private) Limited. However, the honorable judge of IHC ruled that it is a duty of the Federal Government to ensure that the purchasers do not suffer due to Government's own wrongful actions and omissions, particularly when the regulatory failure of the CDA stands admitted. The Holding Company and others filed appeals against the aforesaid judgment of IHC before Honorable Supreme Court of Pakistan. On 09 January 2019, Honorable Supreme Court of Pakistan has passed order whereby the Court has ordered BNP (Private) Limited to pay Rupees 17.5 billion in eight years to CDA to revive the original lease together with all approvals and permissions already granted. The Court has further ordered that BNP (Private) Limited shall complete the entire project within a reasonable time. CDA and BNP (Private) Limited have filed review petitions against the order of the Supreme Court of Pakistan which are still pending for review. Supreme Court of Pakistan referred the matter to the Public Accounts Committee (PAC) and asked them to submit its recommendation on the subject matter. During the year ended 30 June 2021, PAC endorsed the amount of Rupees 17.5 billion to be paid to CDA in six years for the revival of lease and de-sealing of the Project in accordance with the settlement held between CDA and BNP (Private) Limited. On 06 January 2021, on the directives of PAC and payment of first installment of settlement amount by BNP (Private) Limited, CDA 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 started negotiations to finalize the terms and conditions of "Undertaking and Indemnity Agreement" to take the possession of the apartment. However, in March 2023, CDA has cancelled the lease deed of BNP (Private) Limited once again due to non-payment of due installment of settlement amount of Rupees 17.5 billion and taken the possession of the Project. BNP (Private) Limited filed petition before IHC against the cancellation of lease deed by CDA who decided the case against BNP (Private) Limited. Subsequently, BNP (Private) Limited filed petition before Supreme Court of Pakistan who also dismissed the petition and upheld the decisions of the Apex courts. CDA is in negotiations with the Holding Company to hand over the possession of the apartment. The Holding Company is confident of favorable outcome of the negotiations and possession of the apartment after the completion of necessary legal formalities.

15 . RIGHT-OF-USE ASSETS

	Land	Buildings	Vehicles	Total
		Rupees		
At 30 June 2021	210,203,088	73,029,064	57,713,630	340,945,782
Add: Additions during the year	142,365,608	2,174,557	159,288,670	303,828,835
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 operating fixed assets - during the year	-	-	1,787,081	1,787,081
Less: Depreciation expense for the year (Note 15.2)	56,215,487	30,808,270	24,316,814	111,340,571
At 30 June 2022	353,457,871	46,625,762	190,898,405	590,982,038
Add: Additions during the year	18,557,113	45,328,092	77,658,685	141,543,890
Add: Impact of lease modifications	(1,845,647)	69,122,276	-	67,276,629
Less: Impact of lease termination	25,059,314	-	-	25,059,314
Less: Book value of assets transferred to operating fixed assets - during the year	-	-	1,574,708	1,574,708
Less: Depreciation expense for the year (Note 15.2)	60,162,403	34,768,030	42,456,071	137,386,504
At 30 June 2023	284,947,620	126,308,100	224,526,311	635,782,031

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 two 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 Group obtained vehicles on lease for employees and director of the Holding Company. The average contract duration is three years.

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

		2023 Rupees	2022 Rupees
15.2	**Depreciation charge for the year has been allocated as follows:**		
	Distribution cost (Note 32)	125,856,800	106,467,597
	Administrative expenses (Note 33)	11,529,704	4,872,974
		137,386,504	111,340,571

16 INTANGIBLE ASSETS

	2023 Rupees	2022 Rupees
Opening net book value	21,760,517	10,713,375
Add: Cost of additions during the year	8,700,000	19,703,106
Less: Amortization charged during the year (Note 33)	10,199,746	8,655,964
Closing net book value	20,260,771	21,760,517

		2023 Rupees	2022 Rupees
16.2	Cost as at 30 June	74,985,740	66,285,739
	Accumulated amortization	(54,724,969)	(44,525,222)
	Net book value as at 30 June	20,260,771	21,760,517

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

16.4 Intangible assets costing Rupees 31.637 million (2022: Rupees 30.762 million) are fully amortized and are still in use of the Group.

17. INVESTEMENT PROPERTY

		2023 Rupees	2022 Rupees
17.1	**Land - at fair value**		
	Opening book value	130,000,000	93,750,000
	Fair value gain (Note 35)	5,000,000	36,250,000
	Closing book value	135,000,000	130,000,000

17.2 The fair value of investment property has been determined by an independent valuer M/s Anderson Consulting (Private) Limited as at 30 June 2023. Forced sale value of investment property as at 30 June 2023 is Rupees 114.750 million (2022: Rupees 110.500 million).

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

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

18. LONG TERM SECURITY DEPOSITS

	2023 Rupees	2022 Rupees
Security deposits against leased assets	67,401,559	40,632,010
Security deposits - other	18,933,950	16,778,395
	86,335,509	57,410,405
Less: Current portion shown under current assets (Note 24)	22,635,061	2,188,745
	63,700,448	55,221,660

19 LONG TERM LOANS TO EMPLOYEES

Considered good:		-
Loans to employees - interest free and unsecured	3,919,266	983,333
Less: Current portion shown under current assets (Note 23)	934,166	200,004
	2,985,100	783,329

19.1 These represent interest free and unsecured loans given to employees of Holding Company, receivable in maximum 60 monthly instalments in accordance with the Holding Company's policy. Fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of staff loans is not considered material and hence not recognized.

		2023 Rupees	2022 Rupees
20.	**STORES**		
	Stores	132,181,836	91,819,006
	Less: Provision for slow moving and obsolete store items (Note 20.1)	3,012,462	3,512,160
		129,169,374	88,306,846
20.1	**Provision for slow moving and obsolete store items:**		
	Opening balance	3,512,160	1,354,073
	Add: Provision made during the year (Note 34)	-	5,089,785
	Less: Reversal of provision during the year (Note 35)	499,698	-
	Less: Stores written off against provision during the year	-	2,931,698
	Closing balance	3,012,462	3,512,160
21	**STOCK-IN-TRADE**		
	Raw materials (Note 21.1)	1,650,353,383	1,170,447,477
	Work-in-process	94,122,182	49,019,068
		1,744,475,565	1,219,466,545
	Lubricants and parts (Note 21.2)	656,437,964	1,361,702,527
	Less: Provision for slow moving and damaged stock items (Note 21.3)	27,984,479	15,021,325
		628,453,485	1,346,681,202
	Petroleum products		
	- Stock in hand (Note 21.4 and Note 21.5)	139,978,203	712,760,727
	- Stock in pipeline system (Note 21.6)	638,125,434	606,798,070
		778,103,637	1,319,558,797
	Dispensing pumps and other installations (Note 21.7)	59,701,394	55,554,249
		3,210,734,081	3,941,260,793

21.1 These includes raw materials in transit amounting to Rupees 121.813 million (2022: Rupees 497.564 million) and raw materials amounting to Rupees 1,119.587 million (2022: Rupees 236.161 million) lying at customs bonded warehouse.

21.2 This includes stock-in-transit of Rupees Nil (2022: Rupees 52.121 million) and stock amounting to Rupees 70.612 million (2022: Rupees 80.69 million) lying at customs bonded warehouse.

	2023 Rupees	2022 Rupees
21.3 Provision for slow moving and damaged stock items		
Opening balance	15,021,325	8,833,309
Add: Provision recognized during the year	12,963,154	11,594,772
Less: Reversal of provision during the year	-	5,136,036
	12,963,154	6,458,736
Less: Stock written off against provision during the year	-	270,720
Closing balance	27,984,479	15,021,325

21.4 This includes stock of petroleum products in transit of Rupees Nil (2022: Rupees 264.996 million).

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

	2023 Rupees	2022 Rupees
Askar Oil Services (Private) Limited	2,425,987	2,122,499
Be Energy Limited	36,668,049	12,662,319
Al-Rahim Trading Company (Private) Limited	459,393	317,134,268
Gas and Oil Pakistan Limited	3,410,459	476,791
Karachi Hydrocorban Terminal Limited	4,756,350	6,672,428
	47,720,238	339,068,305

21.6 This represents the Holding Company's share of pipeline stock of High Speed Diesel and Petroleum Motor Gasoline amounting to Rupees 469.131 million (2022: Rupees 454.427 million) and Rupees 168.995 million (2022: Rupees 152.371 million) respectively held by Pak-Arab Pipeline Company Limited.

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

	2023 Rupees	2022 Rupees
22. TRADE DEBTS		
Unsecured:		
Others - considered good	269,552,385	144,003,127
Less: Allowance for expected credit losses (Note 22.2)	35,583,191	34,976,606
	233,969,194	109,026,521

22.1 As at the reporting date, trade debts of Rupees 103.351 million (2022: Rupees 66.909 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of trade debts is as follows:

	2023 Rupees	2022 Rupees
Neither past due nor impaired	166,201,403	77,094,056
Past due but not impaired		
1 to 6 months	68,941,107	52,462,723
6 to 12 months	34,409,839	14,446,348
	103,350,946	66,909,071

		2023 Rupees	2022 Rupees
22.2	**Allowance for expected credit losses**		
	Opening balance	34,976,606	37,348,463
	Add: Recognized during the year (Note 34)	606,585	-
	Less: Reversal of allowance for expected credit losses (Note 35)	-	2,371,857
	Closing balance	35,583,191	34,976,606

23. LOANS AND ADVANCES

		2023 Rupees	2022 Rupees
	Considered good, unsecured		
	Loans to employees - interest free against salaries		
	- Executives	8,623,129	973,705
	- Other employees	3,793,641	3,423,331
		12,416,770	4,397,036
	Current portion of long term loans to employees (Note 19)	934,166	200,004
	Advances to employees against expenses	3,363,189	9,933,012
	Advances to suppliers (Note 23.1)	197,896,120	205,260,264
	Advances against letter of credits	1,056,362	2,477,103
	Margin against letter of credits	87,677,942	-
	Margin against bank guarantees	38,750,000	38,750,000
		342,094,549	261,017,419
23.1	**Advances to suppliers**		
	Unsecured:		
	Considered good	197,896,120	205,260,264
	Considered doubtful	2,735,072	4,735,725
	Less : Provision for doubtful advances to suppliers (Note 23.1.1)	2,735,072	4,735,725
		197,896,120	205,260,264
23.1.1	**Provision for doubtful advances to suppliers**		
	Opening balance	4,735,725	1,316,002
	Add: Provision recognized during the year (Note 34)	-	4,735,725
	Less: Reversal of provision during the year (Note 35)	1,250,720	-
	Less: Advances to suppliers written off against provision	749,933	1,316,002
	Closing balance	2,735,072	4,735,725

24. SHORT TERM DEPOSITS AND PREPAYMENTS

	2023 Rupees	2022 Rupees
Current portion of long term security deposits (Note 18)	22,635,061	2,188,745
Short term deposits	2,449,880	10,071,391
Prepaid expense	827,406	1,090,441
Prepaid insurance	8,061,250	16,973,683
Prepaid rent	6,406,350	4,750,546
	40,379,947	35,074,806

25. OTHER RECEIVABLES

	2023 Rupees	2022 Rupees
Receivable from MAS Associates (Private) Limited - associated company (Note 25.1)	444,154	292,753
Receivable from SK Enmove Co., Ltd. (Formerly SK Lubricants Co., Ltd.) - principal supplier and long term partner (Note 25.2)	-	-
Sales tax receivable	192,923,266	401,491,544
Inland freight equalization margin	16,760,468	35,764,376
Others	3,661,085	3,767,792
	213,788,973	441,316,465

25.1 It is neither past due nor impaired. The maximum aggregate amount receivable from associated company at the end of any month during the year was Rupees 0.754 million (2022: Rupees 0.306 million).

25.2 The maximum aggregate amount receivable from SK Enmove Co., Ltd. (Formerly SK Lubricants Co., Ltd.) - principal supplier and long term partner at the end of any month during the year was Rupees 181.400 million (2022: Rupees 112.191 million).

	2023 Rupees	2022 Rupees
26. ADVANCE INCOME TAX - NET OF PROVISION FOR TAXATION		
Advance income tax	293,922,163	396,262,253
Provision for taxation	(83,537,154)	(238,421,105)
	210,385,009	157,841,148

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

	2023 Rupees	20212 Rupees
27. ACCRUED INTEREST		
On bank deposits	9,013	11,678
On term deposit receipts	7,023,972	558,904
	7,032,985	570,582
28. SHORT TERM INVESTMENTS		
Equity instruments (Note 28.1)	222,582,946	226,804,412
28.1 Equity instruments		
At fair value through profit or loss		
Quoted - other than related party:		-
Engro Fertilizer Limited		
49,500 (2022: 49,500) fully paid ordinary shares of Rupees 10 each	4,387,680	3,478,365
First Habib Cash Fund		
2,125,858.6099 (2022: 2,175,445.5276) units	214,608,551	218,935,967
NBP Islamic Daily Dividend Fund		
37,955.7549 (2022: 33,248.6961) units	379,557	332,486
UBL Liquidity Plus Fund - Class 'C'		
20,187.0219 (2022: 17,634.4689) units	2,045,041	1,781,484
MCB Cash Management Optimizer		
4,378.7994 (2022: 3,832.6873) units	443,593	386,950
Meezan Rozana Amdani Fund		
6,812.5239 (2022: 5,977.4662) units	340,625	298,872
	222,205,047	225,214,124
Unrealized gain on remeasurement of investments at fair value through profit or loss - net	377,899	1,590,287
	222,582,946	226,804,411

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

	2023 Rupees	2022 Rupees
29. CASH AND BANK BALANCES		
Cash in hand	2,000,551	1,643,135
Cash at banks:		
Saving accounts (Note 29.1)	7,873,895	225,076,032
Current accounts	70,203,118	233,710,433
	78,077,013	458,786,465
Term deposit receipt (Note 29.3)	175,000,000	200,000,000
	255,077,564	660,429,600

29.1 Saving accounts carry profit at the rates ranging from 12.25% to 21.80% (2022: 5.49% to 12.25%) per annum.

29.2 Bank balances (including term deposit receipt) of Rupees 177.401 million (2022: Rupees 218.438 million) and short term investments of Rupees 218.497 million (2022: Rupees 222.272 million) represents un-utilized proceeds of the initial public offer of Holding Company.

29.3 This term deposit receipt issued by banking company having maturity period of three months and carrying interest at 19.50% (2022: 12.75%) per annum. Effective rate of interest on term deposit receipt during the year ranges from 10.93% to 19.50% (2022: 5.50% to 12.75%) per annum.

	2023 Rupees	2022 Rupees
30. GROSS REVENUE FROM CONTRACTS WITH CUSTOMERS		
Lubricants	9,153,605,779	12,588,325,699
Petroleum products	8,212,223,924	8,326,346,060
Others (Note 30.1)	250,869,880	47,679,048
	17,616,699,583	20,962,350,807
30.1 Others		
Dispensing pumps	3,629,355	11,666,956
Franchise and joining fee	31,604,409	29,210,128
Others	215,636,116	6,801,964
	250,869,880	47,679,048

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

30.3 The amount of Rupees 53.511 million included in contract liabilities (note 9) at 30 June 2022 has been recognised as revenue during the year ended 30 June 2023.

	2023 Rupees	2022 Rupees
31. COST OF SALES		
Cost of sales - lubricants and other items (Note 31.1)	5,225,211,883	6,682,688,537
Cost of sales - petroleum products (Note 31.2)	7,958,481,826	7,323,826,539
	13,183,693,709	14,006,515,076
31.1 Cost of sales - lubricants and other items		
Raw materials consumed (Note 31.1.1)	3,616,609,767	5,973,802,192
Packing materials consumed	100,154,900	207,944,967
Salaries and other benefits (Note 31.1.2)	140,811,349	105,414,730
Fuel and power	40,425,735	50,241,151
Repair and maintenance	46,879,415	22,577,779
Insurance	9,305,060	7,481,744
Security charges	8,250,409	7,132,492
Telephone	308,620	270,390
Depreciation on operating fixed assets (Note 14.1.2)	111,351,042	67,377,551
Miscellaneous	25,598,087	22,121,072
	4,099,694,384	6,464,364,068
Work-in-process		
Opening stock	49,019,068	24,280,043
Closing stock	(94,122,182)	(49,019,068)
	(45,103,114)	(24,739,025)
Cost of goods manufactured	4,054,591,270	6,439,625,043
Finished goods		
Opening stock	1,417,256,776	843,549,350
Add: Lubricants and other items purchased for resale	457,493,028	816,770,920
Closing stock	(704,129,191)	(1,417,256,776)
	1,170,620,613	243,063,494
	5,225,211,883	6,682,688,537
31.1.1 Raw materials consumed		
Opening stock	1,170,447,477	562,888,981
Add: Purchased during the year	4,096,515,673	6,581,360,688
	5,266,963,150	7,144,249,669
Less: Closing stock	1,650,353,383	1,170,447,477
	3,616,609,767	5,973,802,192

31.1.2 Salaries, wages and other benefits include provident fund contribution of Rupees 3.995 million (2021: Rupees 2.876 million) by the Group.

		2023 Rupees	2022 Rupees
31.2	**Cost of sales - petroleum products**		
	Opening stock of petroleum products	1,319,558,797	534,969,344
	Petroleum products purchased during the year	6,127,519,591	7,658,133,726
	Petroleum development levy	1,226,148,575	279,772,083
	Inland freight equalization margin	63,358,500	170,510,183
		7,417,026,666	8,108,415,992
	Closing stock of petroleum products	778,103,637	1,319,558,797
		7,958,481,826	7,323,826,539

32. DISTRIBUTION COST

		2023 Rupees	2022 Rupees
	Salaries and other benefits (Note 32.1)	499,141,943	463,727,334
	Sales promotion and advertisements - net (Note 32.2)	13,880,511	162,869,339
	Freight outward	37,689,754	44,528,934
	Rent, rates and taxes	3,555,668	2,431,494
	Travelling and conveyance	65,328,659	55,802,098
	Insurance	23,965,207	15,079,420
	Utilities	18,399,959	14,290,121
	Repair and maintenance	20,400,104	25,057,872
	Vehicles' running and maintenance	67,815,577	37,054,006
	Communication	9,620,312	10,928,547
	Entertainment	12,122,167	7,761,182
	Ijara rentals	-	-
	Depreciation on fixed assets (Note 14.1.2)	104,919,540	108,603,515
	Depreciation on right-of-use assets (Note 15.2)	125,856,800	106,467,597
	Hospitality charges	8,607,862	10,359,959
	Printing and stationery	1,642,903	877,631
	Miscellaneous	33,834,870	25,360,918
	Royalty (Note 32.3 and 32.4)	28,238,910	51,178,988
		1,075,020,746	1,142,378,955

32.1 Salaries other benefits include provident fund contribution of Rupees 13.240 million (2022: Rupees 11.157 million) by the Group.

32.2 These are net off incentives in the shape of reimbursement against sales promotion expenses and advertisements amounting to Rupees 181.400 million (2022: Rupees 112.191 million) from SK Enmove Co., Ltd. (Formerly SK Lubricants Co., Ltd.) - principal supplier and long term partner.

32.3 Particulars of royalty are as follows:

Name	Address	Relationship with the Group or directors	2023 Rupees	2022 Rupees
SK Enmove Co., Ltd. (Formerly SK Lubricants Co., Ltd.)	26, Jong-ro, Jongno-gu, Seoul 03188, Republic of Korea	Principal supplier and long term partner	28,238,910	51,178,988

32.4 Royalty expense relates to sale of certain products of Rupees 707.160 million (2022: Rupees 1,119.631 million) manufactured during the year by the Company under the "Brand License Agreement" with SK Enmove Co., Ltd. (Formerly SK Lubricants Co., Ltd.) - principal supplier and long term partner..

33. ADMINISTRATIVE EXPENSES

	2023 Rupees	2022 Rupees
Salaries, wages and other benefits (Note 33.1)	552,250,110	445,169,302
Consultancy charges	10,680,121	16,408,676
Rent, rates and taxes	2,184,731	1,712,410
Travelling and conveyance	61,872,459	16,932,614
Insurance	21,031,550	15,932,809
Vehicles' running and maintenance	37,404,502	21,494,201
Utilities	9,768,100	7,998,816
Repair and maintenance	9,602,290	10,869,005
Fee and subscription	21,929,524	24,111,585
Printing and stationery	2,115,132	1,975,091
Communication	6,001,728	5,251,120
Entertainment	35,161,252	17,138,125
Legal and professional	38,596,440	31,805,281
Auditor's remuneration (Note 33.2)	6,660,556	5,987,540
Depreciation on operating fixed assets (Note 14.1.2)	53,836,784	46,256,966
Depreciation on right-of-use assets (Note 15.2)	11,529,704	4,872,974
Amortization on intangible assets (Note 16.1)	10,199,746	8,655,964
Miscellaneous	9,212,925	10,039,953
	900,037,654	692,612,432

33.1 Salaries and other benefits include provident fund contribution of Rupees 13.240 million (2022: Rupees 10.660 million) by the Group.

		2023 Rupees	2022 Rupees
33.2	**Auditor's remuneration**		
	Annual audit fee	3,593,680	3,356,500
	Certifications	1,311,032	1,172,850
	Half year review	1,263,654	1,046,500
	Reimbursable expenses	492,190	411,690
		6,660,556	5,987,540
34.	**OTHER EXPENSES**		
	Allowance for expected credit losses (Note 22.2)	606,585	-
	Exchange loss - net	189,224,984	409,968,890
	Charities and donations (Note 34.1)	22,737,093	19,254,422
	Long term security deposit written off	325,000	-
	Other receivables written off	-	905,691
	Stock-in-trade written off (Note 21.8)	-	192,155
	Fixed assets written off	-	3,147,448
	Workers' profit participation fund (Note 9.4)	-	52,799,520
	Workers' welfare fund (Note 9.5)	465,216	30,933,997
	Provision for doubtful advances to suppliers (Note 23.1.1)	-	4,735,725
	Provision for slow moving and obsolete store items (Note 20.1)	-	5,089,785
	Provision for slow moving and damaged stock items (Note 21.3)	12,963,154	6,458,736
	Penalty	4,237,757	373,046
	Miscellaneous	60,138	4,387,588
		230,619,927	538,247,003

34.1 These include amount of Rupees 18 million (2022: Rupees 18 million) paid to Sabra Hamida Trust, 1-A, Danepur Road, GOR-1, Lahore, in which Mr. Hassan Tahir - Chief Executive, Mr. Shaukat Hassan - Director, Mr. Tahir Azam - Director and Mr. Ali Hassan - Director of the Holding Company are trustees.

	2023 Rupees	2022 Rupees
35. OTHER INCOME		
Income from financial assets:		
Dividend income	35,936,899	22,796,747
Profit on bank deposits and short term investments	29,275,783	22,171,572
Gain on disposal of short term investment	338,180	50,996
Unrealized gain on remeasurement of investment at fair value through profit or loss - net	377,899	1,590,287
Credit Balances Written Back	10,541,826	479,248
Reversal of allowance for expected credit losses (Note 22.2)	-	2,371,857
Income from non-financial assets:		
Gain on disposal of operating fixed assets (Note 14.1.1)	6,808,097	2,932,465
Fair value gain on investment property (Note 17.1)	5,000,000	36,250,000
Testing Fee	35,460	-
Gain on termination of leases	5,548,712	789,208
Reversal of provision for slow moving and obsolete store items (Note 20.1)	499,698	-
Reversal against provision for doubtful advances to supplier (Note 23.2)	1,250,720	-
Amortization of deferred income - Government grant (Note 8.2)	22,915,134	20,858,919
Income from handling and storage services	19,261,960	-
Common facility charges	521,400	1,056,214
Scrap sales	1,260,451	-
Insurance claim	3,421,000	-
Miscellaneous	5,065,947	2,791,270
Others:		
Rental income from HTL Express Centres	30,397,750	27,760,000
	178,456,916	141,898,783

	2023 Rupees	2022 Rupees
36. FINANCE COST		
Mark-up on long term financing	70,004,854	43,346,372
Mark-up on short term borrowings	541,787,387	173,004,004
Interest expense on lease liabilities (Note 6.1)	69,703,493	51,024,040
Interest on workers' profit participation fund (Note 9.4)	29,351,733	11,472,446
Bank charges and commission	11,092,410	9,395,845
	721,939,877	288,242,707

	2023 Rupees	2022 Rupees
37. TAXATION		
For the year		
Current - For the year (Note 37.1)	83,537,154	238,087,362
- Prior year adjustment	(10,179,719)	333,743
Deferred tax	(148,834,722)	362,004,427
	(75,477,287)	600,425,532

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

	2023 Rupees	2022 Rupees
Relationship between tax expense and accounting profit		
(Loss) / profit before taxation	(322,459,647)	1,217,871,250
Tax at the applicable rate of 29% (2022: 29%)	(93,513,298)	353,182,662
Tax effect due to adjustment of brought forward losses	-	(40,929,290)
Tax effect of minimum tax on turnover taxed at lower rate	78,051,977	(96,055,322)
Tax effect of dividend income taxed at a lower rate	5,390,535	3,419,512
Tax effect of capital gain taxed at a lower rate	94,642	27,064
Tax effect of inadmissible income	93,513,298	-
Tax effect of change in prior year's tax	(10,179,719)	333,743
Tax effect of super tax	-	96,991,506
Tax effect arising as a consequence of recognition of deferred income tax	(148,834,722)	362,004,427
Others	-	(78,548,770)
	(75,477,287)	600,425,532

	2023	2022
38. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED		
There is no dilutive effect on the basic earnings per share which based on:		
(Loss) / profit after taxation attributable to ordinary shareholders (Rupees)	(246,982,360)	617,445,718
Weighted average number of shares (Number)	139,204,800	139,204,800
(Loss) / earnings per share - basic and diluted (Rupees)	(1.77)	4.44

	2023 Rupees	2022 Rupees
39. CASH GENERATED FROM OPERATIONS		
(Loss) / profit before taxation	(322,459,647)	1,217,871,250
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	270,107,366	222,238,032
Depreciation on right-of-use assets	137,386,504	111,340,571
Amortization of intangible assets	10,199,746	8,655,964
Amortization of deferred income - Government grant	(22,915,134)	(20,858,919)
Allowance for expected credit losses	606,585	-
Provision for slow moving and damaged stock items	12,963,154	6,458,736
(Reversal of provision) / provision for slow moving and obsolete store items	(499,698)	5,089,785
(Reversal of provision) / provision for doubtful advances to suppliers	(1,250,720)	4,735,725
Credit balances written back	(10,541,826)	(479,248)
Gain on disposal of operating fixed assets	(6,808,097)	(2,932,465)
Dividend income	(35,936,899)	(22,796,747)
Profit on bank deposits and term deposit receipt	(29,275,783)	(22,171,572)
Unrealized gain on remeasurement of investments carried at fair value through profit or loss - net	(377,899)	(1,590,287)
Gain on disposal of short term investments	(338,180)	(50,996)
Fair value gain on investment property	(5,000,000)	(36,250,000)
Gain on termination of leases	(5,548,712)	(789,208)
Finance cost	721,939,877	288,242,707
Exchange loss - net	189,224,984	409,968,890
Provision for workers' profit participation fund	-	52,799,520
Provision for workers' welfare fund	465,216	30,933,997
Fixed assets written off	-	3,147,448
Stock-in-trade written off	-	192,155
Long term security deposits written off	325,000	-
Other receivables written off	-	905,691
Working capital changes (Note 39.1)	(311,004,676)	(1,940,531,477)
	591,261,161	314,129,552

39.1 Working capital changes		
Decrease / (increase) in current assets:		
Stores	(40,362,830)	(30,050,049)
Stock-in-trade	717,563,558	(1,990,865,120)
Trade debts	(125,549,258)	(5,908,173)
Loans and advances	(79,092,248)	(122,533,706)
Short term deposits and prepayments	(25,751,457)	(1,061,371)
Other receivables	227,527,492	(300,841,102)
	674,335,257	(2,451,259,521)
(Decrease) / Increase in trade and other payables	(985,339,933)	510,728,044
	(311,004,676)	(1,940,531,477)

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

	2023				
	Liabilities from financing activities				
	Long term financing	Lease liabilities	Short term borrowings	Unclaimed dividend	Total
	Rupees				
Balance as at 01 July 2022	577,054,335	624,517,326	1,897,577,032	5,755,517	3,104,904,210
Financing obtained	97,417,000	-	16,658,225,431	-	16,755,642,431
Repayment of financing	(63,004,463)	-	(16,148,935,478)	-	(16,211,939,941)
Acquisitions - finance leases	-	142,903,481	-	-	142,903,481
Other change - non-cash movement	20,683,184	35,119,062	-	-	55,802,246
Repayment of lease liabilities	-	(140,322,366)	-	-	(140,322,366)
Dividend declared	-	-	-	278,409,600	278,409,600
Dividend paid	-	-	-	(278,334,373)	(278,334,373)
Balance as at 30 June 2023	632,150,056	662,217,503	2,406,866,985	5,830,744	3,707,065,288

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

	2023 Rupees	2022 Rupees
39.3 Non-cash financing activities		
Acquisition of right-of-use assets	142,903,481	299,315,835

40. PROVIDENT FUND

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

41. PLANT CAPACITY AND ACTUAL PRODUCTION

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

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

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

	Unit of measurement	2023 Capacity	2023 Production	2022 Capacity	2022 Production
Blending division:					
Bottles	Numbers	16,420,800	2,867,062	19,042,941	6,675,072
Caps	Numbers	23,760,000	2,292,438	29,700,000	6,721,693
Filling	Litres	94,274,800	6,284,595	67,890,000	14,782,027
Blending	Litres	30,000,000	1,730,213	30,000,000	2,722,022
Polymer division:					
Bottles	Numbers	4,368,000	2,784,808	-	-
Caps	Numbers	5,940,000	3,015,336	-	-
Injection moulding parts	Numbers	198,000	114,514	-	-

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

42. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transaction	2023 Rupees	2022 Rupees
Associated companies			
MAS Associates (Private) Limited	Share of common expenses	1,452,548	1,056,214
Other related parties			
SK Enmove Co., Ltd. (Formerly SK Lubricants Co., Ltd.)	Purchase of lubricants	3,176,714,890	5,304,607,818
	Incentives	181,400,000	112,190,906
	Dividend paid	1,986,660	2,927,012
	Bonus shares issued	-	1,655,550
Hi-Tech Lubricants Limited Employees Provident Fund Trust	Contribution	25,429,262	20,802,292
Hi-Tech Blending (Private) Limited Employees Provident Fund Trust	Contribution	5,046,647	3,890,655
Sabra Hamida Trust	Donations	18,000,000	18,000,000
Directors of Holding Company			
Mr. Shaukat Hassan	Dividend paid	721,200	1,062,568
	Bonus shares issued	-	601,000
Mr. Ali Hassan	Dividend paid	18,000,720	26,521,061
	Bonus shares issued	-	15,000,600
Mr. Hassan Tahir	Dividend paid	18,000,720	26,521,061
	Bonus shares issued	-	15,000,600
Ms. Mavira Tahir	Dividend paid	12,000,360	17,680,530
	Bonus shares issued	-	10,000,300
Mr. Tahir Azam	Dividend paid	721,200	987,568
	Bonus shares issued	-	601,000
Mr. Faraz Akhtar Zaidi	Dividend paid	1,200	1,643
	Bonus shares issued	-	1,000
Dr. Safdar Ali Butt	Dividend paid	1,200	1,643
	Bonus shares issued	-	1,000
Mr. Shafiq Ur Rehman	Dividend paid	1,200	1,643
	Bonus shares issued	-	1,000
Mr. Syed Asad Abbas Hussain	Dividend paid	1,200	1,331
	Bonus shares issued	-	1,000
Mr. Muhammad Tabassum Munir (Ex-director)	Dividend paid	-	1,768

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

Name of related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year	% age of shareholding held by the Group
MAS Associates (Private) Limited	Common directorship	Yes	None
SK Enmove Co., Ltd. (Formerly SK Lubricants Co., Ltd.)	Principal supplier and long term partner	Yes	None
Sabra Hamida Trust	Common trusteeship of directors	Yes	None
Hi-Tech Energy (Private) Limited	Common directorship	No	None
MAS Infosoft (Private) Limited	Common directorship	No	None
MAS Services	Common partnership of directors	No	None
Haut Buys (Private) Limited	Common directorship	No	None
WASL Investment Finance Limited	Common directorship	No	None
Alliance Francaise De Lahore Foundation	Common trusteeship of directors	No	None
Pakistan France Business Alliance	Common trusteeship of directors	No	None
Food Check (Private) Limited	Common directorship	No	None
Pak Agro Packaging (Private) Limited	Common directorship	No	None
Ujala Education Foundation	Common trusteeship of directors	No	None
MAS Associates Employees Provident Fund Trust	Common trusteeship of directors	No	None
Hi-Tech Lubricants Limited Employees Provident Fund Trust	Common trusteeship of directors	Yes	None
Hi-Tech Blending (Private) Limited Employees Provident Fund Trust	Common trusteeship of directors	Yes	None
MAS Services Employees Provident Fund Trust	Common trusteeship of directors	No	None
Haut Notch (Private) Limited	Common directorship	No	None
Gulf Rubber Works (Private) Limited	Common directorship	No	None
ANALI	Common partnership of director	No	None
Chenab Energy (Private) Limited	Common directorship	No	None
JSSR Consulting, Pakistan	Common partnership of director	No	None
14th Gate Restructuring Company Limited	Common directorship	No	None
Mr. Shaukat Hassan	Director of the Holding Company	Yes	None
Mr. Ali Hassan	Director of the Holding Company	Yes	None
Mr. Hassan Tahir	Director of the Holding Company	Yes	None
Ms. Mavira Tahir	Director of the Holding Company	Yes	None
Mr. Tahir Azam	Director of the Holding Company	Yes	None
Mr. Faraz Akhtar Zaidi	Director of the Holding Company	Yes	None
Dr. Safdar Ali Butt	Director of the Holding Company	Yes	None
Mr. Shafiq Ur Rehman	Director of the Holding Company	Yes	None
Mr. Sanghyuk Seo	Director of the Holding Company	No	None
Mr. Syed Asad Abbas Hussain	Director of the Holding Company	Yes	None

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

43. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2023				2022			
		Directors				Directors		
	Chief Executive	**Executives**	**Non-Executives**	**Executives**	Chief Executive	Executives	Non-Executives	Executives
	Rupees							
Managerial remuneration	15,180,645	13,645,161	45,161,292	133,306,711	11,845,161	10,451,613	30,967,740	91,326,161
Bonus	2,765,000	2,475,000	-	17,750,265	3,010,646	2,656,452	-	14,766,994
Allowances								
House rent	6,831,290	6,140,322	20,322,581	59,988,020	5,330,322	4,703,226	13,935,483	41,096,773
Medical	1,518,065	1,364,516	4,516,129	13,330,671	1,184,516	1,045,161	3,096,774	9,132,616
Travelling	3,000,000	3,000,000	10,000,000	891,950	2,000,000	2,000,000	4,000,000	439,300
Other	6,157,513	6,137,513	2,000,000	77,884,355	22,468,028	22,468,028	-	61,143,201
Contribution to provident fund trust	-	-	-	11,336,955	-	-	-	7,321,643
Leave fare assistance	-	-	-	8,321,586	-	-	-	5,056,037
	35,452,513	32,762,512	82,000,002	322,810,513	45,838,673	43,324,480	51,999,997	230,282,725
	1	**1**	**4**	**64**	**1**	**1**	**4**	**49**

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

43.2 Aggregate amount charged in these consolidated financial statements for meeting fee to three directors (2022: four directors) is Rupees 6.1 million (2022: Rupees 4 million).

44. NUMBER OF EMPLOYEES

	2023		2022	
	Permanent	**Contractual**	Permanent	Contractual
Total number of employees as on 30 June	576	115	595	120
Average number of employees during the year	592	113	573	117

45. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

Recurring fair value measurements at 30 June 2023	Level 1	Level 2	Level 3	Total
		Rupees		
Financial assets				
Financial assets at fair value through profit or loss	222,582,946	-	-	222,582,946

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

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

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

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

(ii) Valuation techniques used to determine fair values

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

46. SEGMENT INFORMATION

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

Lubricants	Purchase and sale of lubricants, parts and rendering of services.
Petroleum products	Marketing and sale of petroleum products.
Polymer	Manufacturing and sale of plastic bottles

	LUBRICANTS		PETROLEUM PRODUCTS		POLYMER		UNALLOCATED		TOTAL - GROUP	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	Rupees									
Revenue from contracts with customers - net	7,276,934,978	9,800,397,830	8,150,370,310	7,943,570,810	183,090,062	-	-	-	15,610,395,350	17,743,968,640
Cost of sales	(5,096,241,527)	(6,731,332,111)	(7,917,035,700)	(7,275,182,965)	(170,416,482)	-	-	-	(13,183,693,709)	(14,006,515,076)
Gross profit	2,180,693,451	3,069,065,719	233,334,610	668,387,845	12,673,580	-	-	-	2,426,701,641	3,737,453,564
Distribution cost	(760,895,784)	(860,897,605)	(309,628,014)	(281,481,350)	(4,496,948)	-	-	-	(1,075,020,746)	(1,142,378,955)
Administrative expenses	(876,880,754)	(679,310,592)	(19,542,730)	(13,301,840)	(3,614,170)	-	-	-	(900,037,654)	(692,612,432)
Other expenses	(219,363,661)	(507,215,666)	(11,256,266)	(31,031,337)	-	-	-	-	(230,619,927)	(538,247,003)
	(1,857,140,199)	(2,047,423,863)	(340,427,010)	(325,814,527)	(8,111,118)	-	-	-	(2,205,678,327)	(2,373,238,390)
Other income	76,546,648	79,044,606	101,910,268	62,854,177	-	-	-	-	178,456,916	141,898,783
Profit / (loss) from operations	400,099,900	1,100,686,462	(5,182,132)	405,427,495	4,562,462	-	-	-	399,480,230	1,506,113,957
Finance cost	(536,838,907)	(234,390,470)	(98,582,346)	(53,852,237)	(86,518,624)	-	-	-	(721,939,877)	(288,242,707)
(Loss) / profit before taxation	(136,739,007)	866,295,992	(103,764,478)	351,575,258	(81,956,162)	-	-	-	(322,459,647)	1,217,871,250
Taxation	-	-	-	-	-	-	75,477,287	(600,425,532)	75,477,287	(600,425,532)
(Loss) / profit after taxation	(136,739,007)	866,295,992	(103,764,478)	351,575,258	(81,956,162)	-	75,477,287	(600,425,532)	(246,982,360)	617,445,718

46.1 Reconciliation of reportable segment assets and liabilities:

	LUBRICANTS		PETROLEUM PRODUCTS		POLYMER		TOTAL - GROUP	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	Rupees							
Total assets for reportable segments	6,722,267,004	6,788,072,448	3,947,956,772	2,744,899,707	815,925,107	-	11,486,148,883	9,532,972,155
Unallocated assets							676,568,277	3,147,094,724
Total assets as per consolidated statement of financial position							12,162,717,160	12,680,066,879
Total liabilities for reportable segments	2,526,927,666	3,710,578,828	233,897,003	986,284,130	475,910,407	-	3,236,735,076	4,696,862,958
Unallocated liabilities							2,882,274,060	1,728,796,187
Total liabilities as per consolidated statement of financial position							6,119,009,136	6,425,659,145

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

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

47. FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the non-financial assets that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets into the following three levels.

At 30 June 2023	Level 1	Level 2	Level 3	Total
		Rupees		
Freehold land	-	2,795,341,250	-	2,795,341,250
Investment property - land	-	135,000,000	-	135,000,000
	-	2,930,341,250	-	2,930,341,250

At 30 June 2022	Level 1	Level 2	Level 3	Total
		Rupees		
Freehold land	-	1,783,101,998	-	1,783,101,998
Investment property - land	-	130,000,000	-	130,000,000
	-	1,913,101,998	-	1,913,101,998

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

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

(ii) Valuation techniques used to determine level 2 fair values

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

Valuation processes

The Group engages external, independent and qualified valuers to determine the fair value of the Group's freehold land and investment property at the end of every financial year. As at 30 June 2023, the fair value of the investment property and freehold land has been determined by Al-Hadi Financial and Legal Consultants and Anderson Consulting (Private) Limited, independent valuers.

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

48. FINANCIAL RISK MANAGEMENT

48.1 Financial risk factors

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

Risk management is carried out by the Group's finance department. The Group's finance department has provided 'Risk Management Policy' covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of this policy.

(a) Market risk

(i) Currency risk

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

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

	2023 USD	2022 USD
Trade and other payables	2,150,309	6,994,055

The following significant exchange rates were applied during the year:

	Rupees per US Dollar	
Average rate	253.08	179.89
Reporting date rate	287.10	203.50

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on Group's loss after taxation for the year would have been Rupees 24.884 million higher / lower (2022: Group's profit after taxation for the year would have been Rupees 38.429 million lower / higher), mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange (PSX) Index on the Group's loss after taxation (2022: Profit after taxation) for the year. The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index:

	Impact on Group's profit / (loss) after taxation	
Index	**2023 Rupees**	2022 Rupees
PSX 100 (5% increase)	(204,262)	219,384
PSX 100 (5% decrease)	204,262	(219,384)

(iii) Interest rate risk

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

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

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

	2023 Rupees	2022 Rupees
Fixed rate instruments		
Financial assets		
Term deposit receipt	175,000,000	200,000,000
Financial liabilities		
Long term financing	510,150,056	552,471,335
Lease liabilities	467,952,255	450,591,648
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	7,873,895	225,076,032
Financial liabilities		
Long term financing	122,000,000	24,583,000
Lease liabilities	194,265,248	173,925,678
Short term borrowings	2,406,866,985	1,897,577,032
	2,723,132,233	2,096,085,710

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date, fluctuates by 1% higher / lower with all other variables held constant, Group's loss after taxation for the year would have been Rupees 26.610 million higher / lower (2022: Group's profit after taxation would have been Rupees 10.103 million lower / higher) mainly as a result of higher / lower interest expense on lease liabilities, short term borrowings and bank balances. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

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

	2023 Rupees	2022 Rupees
Long term security deposits	18,933,950	16,778,395
Long term loans to employees	3,919,266	983,333
Short term deposits	2,449,880	10,071,391
Trade debts	233,969,194	109,026,521
Loans and advances	138,844,712	43,147,036
Other receivables	20,865,707	39,824,921
Accrued interest	7,032,985	570,582
Short term investments	222,582,946	226,804,412
Bank balances	253,077,013	658,786,465
	901,675,653	1,105,993,056

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

	Rating Short term	Rating Long term	Agency	2023 Rupees	2022 Rupees
Short term investments					
Engro Fertilizer Limited	A1+	AA	PACRA	4,085,235	4,387,680
First Habib Cash Fund		AA+(f)	VIS	215,290,591	219,614,488
NBP Islamic Daily Dividend Fund		AA(f)	PACRA	379,557	332,487
UBL Liquidity Plus Fund - Class 'C'		AA+(f)	VIS	2,042,658	1,782,636
MCB Cash Management Optimizer		AA+(f)	PACRA	444,282	388,249
Meezan Rozana Amdani Fund		AA+(f)	VIS	340,625	298,872
				222,582,948	226,804,412
Banks					
Bank Alfalah Limited	A1+	AA+	PACRA	8,411,749	230,381,808
Bank AL Habib Limited	A1+	AAA	PACRA	16,028,254	11,557,478
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	175,559,977	203,672,750
MCB Bank Limited	A1+	AAA	PACRA	12,765,615	7,493,857
National Bank of Pakistan	A1+	AAA	PACRA	1,195,805	2,617,952
The Bank of Punjab	A1+	AA+	PACRA	115,450	115,450
Habib Bank Limited	A-1+	AAA	VIS	65,132	19,169,981
Askari Bank Limited	A1+	AA+	PACRA	848,155	940,289
United Bank Limited	A-1+	AAA	VIS	4,928,558	50,747,325
JS Bank Limited	A1+	AA-	PACRA	287,110	289,410
Albaraka Bank (Pakistan) Limited	A-1	A+	VIS	238,399	238,399
Meezan Bank Limited	A-1+	AAA	VIS	27,195,432	93,914,703
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	108,520	30,020,342
Faysal Bank Limited	A1+	AA	PACRA	4,671,404	6,905,523
Summit Bank Limited	A-3	BBB-	VIS	7,246	7,246
Soneri Bank Limited	A1+	AA-	PACRA	-	850
Samba Bank Limited	A-1	AA	VIS	650,207	713,102
				253,077,013	658,786,465
				475,659,961	885,590,877

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

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

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

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product, unemployment, interest, and the inflation Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 30 June 2023 and 30 June 2022 was determined as follows:

	Sales		
	Expected loss rate	Trade debts	Loss allowance
	%	Rupees	
At 30 June 2023			
Up to 30 days	7.11%	11,358,580	807,735
30 to 180 days	68.50%	778,230	533,084
181 to 360 days	96.75%	5,154,272	4,986,669
Above 360 days	100.00%	29,255,603	29,255,603
		46,546,685	35,583,091
Trade debts which are not subject to risk of default		223,005,700	-
		269,552,385	35,583,091

	Sales		
	Expected loss rate	Trade debts	Loss allowance
	%	Rupees	
At 30 June 2022			
Up to 30 days	6.63%	74,286,516	4,924,623
30 to 180 days	24.23%	48,138,801	11,661,975
181 to 360 days	91.21%	4,323,922	3,943,660
Above 360 days	100.00%	14,446,348	14,446,348
		141,195,587	34,976,606
Trade debts which are not subject to risk of default		2,807,540	-
		144,003,127	34,976,606

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities. As 30 June 2023, the Group had Rupees 2,421.517 million (2022: Rupees 2,034.666 million) available borrowing limits from financial institutions and Rupees 255.078 million (2022: Rupees 660.430 million) cash and bank balances. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2023:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
			Rupees			
Non-derivative financial liabilities:						
Long term financing	632,150,056	814,547,642	39,361,329	63,666,031	123,909,463	587,610,820
Lease liabilities	662,217,503	715,433,041	107,389,212	102,513,217	176,329,452	329,201,160
Long term deposits	16,500,000	16,500,000	-	-	-	16,500,000
Trade and other payables	1,170,748,433	1,170,748,433	1,170,748,433	-	-	-
Accrued mark-up	124,519,872	124,519,872	124,519,872	-	-	-
Short term borrowings	2,406,866,985	3,128,722,055	540,195,415	2,588,526,640	-	-
Unclaimed dividend	5,830,744	5,830,744	5,830,744	-	-	-
	5,018,833,593	5,976,301,787	1,988,045,005	2,754,705,888	300,238,915	933,311,980

Contractual maturities of financial liabilities as at 30 June 2022:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
			Rupees			
Non-derivative financial liabilities:						
Long term financing	577,054,335	854,214,238	75,141,131	22,452,218	88,165,199	668,455,690
Lease liabilities	624,517,326	846,526,237	95,807,814	99,801,391	172,249,802	478,667,230
Long term deposits	17,000,000	17,000,000	-	-	-	17,000,000
Trade and other payables	1,862,987,566	3,185,165,719	3,185,165,719	-	-	-
Accrued mark-up	57,121,494	57,121,494	57,121,494	-	-	-
Short term borrowings	1,897,577,032	2,106,324,833	618,305,245	1,488,019,588	-	-
Unclaimed dividend	5,755,517	5,755,517	5,755,517	-	-	-
	5,042,013,270	7,072,108,038	4,037,296,920	1,610,273,197	260,415,001	1,164,122,920

48.2 Financial instruments by categories

	2023		
	At amortized cost	At fair value through profit or loss	Total
		Rupees	
Financial assets			
Long term security deposits	18,933,950	-	18,933,950
Long term loans to employees	3,919,266	-	3,919,266
Short term deposits	2,449,880	-	2,449,880
Trade debts	233,969,194	-	233,969,194
Loans and advances	138,844,712	-	138,844,712
Other receivables	20,865,707	-	20,865,707
Accrued interest	7,032,985	-	7,032,985
Short term investments	-	222,582,946	222,582,946
Cash and bank balances	255,077,564	-	255,077,564
	681,093,258	222,582,946	903,676,204

	2022		
	At amortized cost	At fair value through profit or loss	Total
		Rupees	
Financial assets			
Long term security deposits	16,778,395	-	16,778,395
Long term loans to employees	983,333	-	983,333
Short term deposits	10,071,391	-	10,071,391
Trade debts	109,026,521	-	109,026,521
Loans and advances	43,147,036	-	43,147,036
Other receivables	39,824,921	-	39,824,921
Accrued interest	570,582	-	570,582
Short term investments	-	226,804,412	226,804,412
Cash and bank balances	660,429,600	-	660,429,600
	880,831,779	226,804,412	1,107,636,191

	At Amortized Cost	
	2023 Rupees	2022 Rupees
Financial liabilities		
Long term financing	632,150,056	577,054,335
Lease liabilities	662,217,503	624,517,326
Long term deposits	16,500,000	17,000,000
Trade and other payables	1,170,748,433	1,862,987,566
Short term borrowings	2,406,866,985	1,897,577,032
Accrued mark-up	124,519,872	57,121,494
Unclaimed dividend	5,830,744	5,755,517
	5,018,833,593	5,042,013,270

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

	2023		
	Financial assets	**Non-financial assets**	**Assets as per consolidated statement of financial position**
	Rupees		
Financial assets			
Long term security deposits	18,933,950	44,766,498	63,700,448
Long term loans to employees	3,919,266	-	3,919,266
Short term deposits and prepayments	2,449,880	37,930,067	40,379,947
Trade debts	233,969,194	-	233,969,194
Loans and advances	138,844,712	203,249,837	342,094,549
Other receivables	20,865,707	192,923,266	213,788,973
Accrued interest	7,032,985	-	7,032,985
Short term investments	222,582,946	-	222,582,946
Cash and bank balances	255,077,564	-	255,077,564
	903,676,204	478,869,668	1,382,545,872

	2023		
	Financial liabilities	**Non-financial liabilities**	**Liabilities as per consolidated statement of financial position**
	Rupees		
Liabilities			
Long term financing	632,150,056	-	632,150,056
Lease liabilities	662,217,503	-	662,217,503
Long term deposits	16,500,000	-	16,500,000
Trade and other payables	1,170,748,433	755,477,763	1,926,226,196
Short term borrowings	2,406,866,985	-	2,406,866,985
Accrued mark-up	124,519,872	-	124,519,872
Unclaimed dividend	5,830,744	-	5,830,744
	5,018,833,593	755,477,763	5,774,311,356

	2022		
	Financial assets	Non-financial assets	Assets as per consolidated statement of financial position
		Rupees	
Assets			
Long term security deposits	16,778,395	40,632,010	57,410,405
Long term loans to employees	983,333	-	983,333
Short term deposits and prepayments	10,071,391	22,814,670	32,886,061
Trade debts	109,026,521	-	109,026,521
Loans and advances	43,147,036	217,670,379	260,817,415
Other receivables	39,824,921	401,491,544	441,316,465
Accrued interest	570,582	-	570,582
Short term investments	226,804,412	-	226,804,412
Cash and bank balances	660,429,600	-	660,429,600
	1,107,636,191	682,608,603	1,790,244,794

	2022		
	Financial liabilities	Non-financial liabilities	Liabilities as per consolidated statement of financial position
		Rupees	
Liabilities			
Long term financing	577,054,335	-	577,054,335
Lease liabilities	624,517,326	-	624,517,326
Long term deposits	17,000,000	-	17,000,000
Trade and other payables	1,862,987,566	869,430,189	2,732,417,755
Short term borrowings	1,897,577,032	-	1,897,577,032
Accrued mark-up	57,121,494	-	57,121,494
Unclaimed dividend	5,755,517	-	5,755,517
	5,042,013,270	869,430,189	5,911,443,459

48.3 Offsetting financial assets and financial liabilities

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

49. CAPITAL RISK MANAGEMENT

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

		2023	2022
Borrowings	Rupees	3,350,362,802	2,786,320,742
Total equity	Rupees	6,043,708,024	6,254,407,734
Total capital employed	Rupees	9,394,070,826	9,040,728,476
Gearing ratio	Percentage	35.66%	30.82%

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

50. UNUTILIZED CREDIT FACILITIES

	Non-funded		**Funded**	
	2023	2022	**2023**	2022
	Rupees	Rupees	**Rupees**	Rupees
Total facilities	3,479,200,000	2,201,266,175	6,069,836,740	4,731,882,565
Utilized at the end of the year	1,999,741,272	1,667,784,595	3,648,319,860	2,697,216,456
Unutilized at the end of the year	1,479,458,728	533,481,580	2,421,516,880	2,034,666,109

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

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

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

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

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

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

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

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

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

During the year ended on 30 June 2020, the Holding Company started its OMC operations and expediently worked on completion of its Nowshera oil storage. During the year ended 30 June 2021, Holding 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 Holding Company has started work on new oil storage facility at Shikarpur. On 16 March 2023, OGRA has granted permission to the Holding Company to operate new storage facility at Nowshehra and marketing of petroleum products in the province of Khyber Pakhtunkhwa. Currently, the Holding Company has eight operational HTL Express Centers, four in Lahore, three in Karachi and one in Rawalpindi. Further, the Holding Company has twenty nine retail outlets operational for sale of petroleum products as on 30 June 2023. Detail of payments out of IPO proceeds during the year ended 30 June 2023 is as follows:

	Rupees
Un-utilized IPO proceeds as at 01 July 2022	440,709,519
Add: Profit on term deposit receipt	18,853,185
Add: Profit on bank deposits	964,945
Add: Dividend on investment in mutual funds	35,367,650
Add: Gain on disposal of investment in mutual fund	338,180
Add: Unrealised gain on investment in mutual funds	377,899
Less: Payments made relating to OMC Project	(92,343,369)
Less: Withholding tax on profit	(2,972,720)
Less: Withholding tax on dividend from mutual funds	(5,305,148)
Less: Withholding tax on disposal of mutual funds	(84,545)
Less: Bank charges	(7,240)
Un-utilized IPO proceeds as at 30 June 2022	395,898,356

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.

52. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 22 September 2023 by the Board of Directors of the Holding Company.

53. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, where necessary for the purpose of comparison. However, no significant re-arrangements of corresponding figures have been made in these consolidated financial statements.

54. GENERAL

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

Chief Executive	Director	Chief Financial Officer

INDEPENDENT **AUDITOR'S REPORT**

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

Opinion

We have audited the annexed financial statements of Hi-Tech Lubricants Limited (the Company), which comprise the statement of financial position as at 30 June 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1	**Revenue recognition** The Company recognized net revenue from contracts with customers of Rupees 15,531.692 million for the year ended 30 June 2023. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. For further information on revenue, refer to the following: - Summary of significant accounting policies, Revenue recognition note 2.27 to the financial statements. - Net revenue from contracts with customers as shown on the face of statement of profit or loss.	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • We tested the effectiveness of the Company's internal controls over the calculation and recognition of discounts. • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. • We also considered the appropriateness of disclosures in the financial statements.

Sr. No.	Key audit matters	How the matter was addressed in our audit
2	**Stock-in-trade existence and valuation** Stock-in-trade as at 30 June 2023 amounted to Rupees 1,102.922 million and represented a material position in the statement of financial position. The business is characterized by high volume and the valuation and existence of stock-in-trade are significant to the business. Therefore, considered as one of the key audit matters. Stock-in-trade is stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in note 2.11 to the financial statements. At year end, the valuation of stock-in-trade is reviewed by management and the cost of stock-in-trade is reduced where stock-in-trade is forecast to be sold below cost. For further information on stock-in-trade, refer to the following - Summary of significant accounting policies, Stock-in-trade note 2.11 to the financial statements. - Stock-in-trade note 23 to the financial statements.	Our procedures over existence and valuation of stock-in-trade included, but were not limited to: • To test the quantity of stock-in-trade at all locations, we assessed the corresponding stock-in-trade observation instructions and participated in stock-in-trade counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of stock-in-trade items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • We tested that the ageing report used by management correctly aged stock-in-trade items by agreeing a sample of aged stock-in-trade items to the last recorded invoice. • On a sample basis, we tested the net realizable value of stock-in-trade items to recent selling prices and re-performed the calculation of the stock-in-trade write down, if any. • We assessed the percentage write down applied to older stock-in-trade with reference to historic stock-in-trade write downs and recoveries on slow moving stock-in-trade. • In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs. • We also made inquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 25 September 2023

UDIN: AR20231013242mF8w0Pj

STATEMENT OF
FINANCIAL POSITION
As at 30 June 2023

	Note	2023 Rupees	2022 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
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	3	1,392,048,000	1,392,048,000
Reserves	4	2,430,897,384	2,750,498,756
Total equity		3,822,945,384	4,142,546,756
LIABILITIES			
Non-current liabilities			
Long term financing	5	-	-
Lease liabilities	6	492,138,641	471,952,022
Long term deposits	7	16,500,000	17,000,000
Deferred income tax liability - net	8	-	69,878,336
Deferred income - Government grant	9	-	-
		508,638,641	558,830,358
Current liabilities			
Trade and other payables	10	974,284,283	2,725,758,038
Accrued mark-up	11	81,019,923	38,150,124
Short term borrowings	12	1,851,556,185	1,494,218,779
Current portion of non-current liabilities	13	150,742,680	172,181,700
Unclaimed dividend		5,830,744	5,755,517
Provision for taxation - net	14	-	-
		3,063,433,815	4,436,064,158
Total liabilities		3,572,072,456	4,994,894,516
Contingencies and commitments	15		
TOTAL EQUITY AND LIABILITIES		7,395,017,840	9,137,441,272
ASSETS			
Non–current assets			
Fixed assets	16	2,589,502,914	2,590,342,283
Right-of-use assets	17	605,121,153	555,744,577
Intangible assets	18	3,981,524	6,657,720
Investment property	19	135,000,000	130,000,000
Investment in subsidiary company	20	1,300,000,600	1,300,000,600
Long term security deposits	21	51,943,128	37,694,740
Long term loan to an employee	22	2,985,100	783,329
Deferred income tax asset - net	8	83,599,116	-
		4,772,133,535	4,621,223,249
Current assets			
Stock-in-trade	23	1,102,921,785	2,868,897,798
Trade debts	24	159,239,694	106,218,981
Loans and advances	25	625,010,633	192,209,599
Short term deposits and prepayments	26	32,337,488	24,309,437
Other receivables	27	188,392,066	440,065,418
Accrued interest	28	52,987,973	570,582
Short term investments	29	222,582,946	226,804,412
Cash and bank balances	30	239,411,720	657,141,796
		2,622,884,305	4,516,218,023
TOTAL ASSETS		7,395,017,840	9,137,441,272

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

Chief Executive

Director

Chief Financial Officer

STATEMENT OF
PROFIT OR LOSS
For the year ended 30 June 2023

HTL LIMITED
Hi-Tech Lubricants Ltd

	Note	**2023 Rupees**	2022 Rupees
Gross revenue from contracts with customers	31	17,523,929,280	20,956,422,071
Discounts		(339,727,263)	(750,430,803)
Sales tax		(1,652,509,962)	(2,466,954,101)
Net revenue from contracts with customers		15,531,692,055	17,739,037,167
Cost of Sales	32	(13,944,983,410)	(15,019,145,240)
Gross profit		1,586,708,645	2,719,891,927
Distribution cost	33	(1,043,508,059)	(1,092,423,139)
Administrative expenses	34	(718,731,055)	(563,500,529)
Other expenses	35	(36,142,523)	(236,054,991)
		(1,798,381,637)	(1,891,978,659)
Other income	36	505,105,718	382,802,711
Profit from operations		293,432,726	1,210,715,979
Finance cost	37	(474,616,854)	(195,516,047)
(Loss) / Profit before taxation		(181,184,128)	1,015,199,932
Taxation	38	87,771,606	(277,277,940)
(Loss) / Profit after taxation		(93,412,522)	737,921,992
(Loss) / Earnings per share - basic and diluted	39	(0.67)	5.30

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

Chief Executive

Director

Chief Financial Officer

STATEMENT OF
COMPREHENSIVE INCOME
For the year ended 30 June 2023

	2023 Rupees	2022 Rupees
(Loss) / Profit after taxation	(93,412,522)	737,921,992
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Surplus on revaluation of freehold land	52,220,750	704,626,206
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year	52,220,750	704,626,206
Total comprehensive (loss) / income for the year	(41,191,772)	1,442,548,198

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

Chief Executive

Director

Chief Financial Officer

STATEMENT OF
CHANGES IN EQUITY
For the year ended 30 June 2023

HTL LIMITED
Hi-Tech Lubricants Ltd

	Share capital	Reserves: Capital reserve: Share premium	Reserves: Capital reserve: Surplus on revaluation of freehold land	Reserves: Capital reserve: Sub Total	Reserves: Revenue reserve: Un–appropriated Profit	Total reserves	Total equity
	Rupees						
Balance as at 30 June 2021	1,160,040,000	1,441,697,946	-	1,441,697,946	580,837,110	2,022,535,056	3,182,575,056
Transactions with owners:							
Final dividend for the year ended 30 June 2021							
@ Rupees 2.00 per share	-	-	-	-	(232,008,000)	(232,008,000)	(232,008,000)
Issue of 01 bonus share for every 05 ordinary shares							
for the year ended 30 June 2021	232,008,000	-	-	-	(232,008,000)	(232,008,000)	-
Interim dividend for the year ended 30 June 2022							
@ Rupees 1.80 per share	-	-	-	-	(250,568,498)	(250,568,498)	(250,568,498)
	232,008,000	-	-	-	(714,584,498)	(714,584,498)	(482,576,498)
Profit for the year ended 30 June 2022	-	-	-	-	737,921,992	737,921,992	737,921,992
Other comprehensive income for the year ended 30 June 2022	-	-	704,626,206	704,626,206	-	704,626,206	704,626,206
Total comprehensive income for the year ended							
30 June 2022	-	-	704,626,206	704,626,206	737,921,992	1,442,548,198	1,442,548,198
Balance as at 30 June 2022	1,392,048,000	1,441,697,946	704,626,206	2,146,324,152	604,174,604	2,750,498,756	4,142,546,756
Transaction with owners:							
Final dividend for the year ended 30 June 2023							
@ Rupees 2 per share	-	-	-	-	(278,409,600)	(278,409,600)	(278,409,600)
Loss for the year ended 30 June 2023	-	-	-	-	(93,412,522)	(93,412,522)	(93,412,522)
Other comprehensive income for the year ended 30 June 2023	-	-	52,220,750	52,220,750	-	52,220,750	52,220,750
Total comprehensive loss for the year ended 30 June 2023	-	-	52,220,750	52,220,750	(93,412,522)	(41,191,772)	(41,191,772)
Balance as at 30 June 2023	1,392,048,000	1,441,697,946	756,846,956	2,198,544,902	232,352,482	2,430,897,384	3,822,945,384

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

Chief Executive

Director

Chief Financial Officer

STATEMENT OF
CASH FLOWS
For the year ended 30 June 2023

	Note	2023 Rupees	2022 Rupees
Cash flows from operating activities			
Cash generated from / (used in) operations	40	506,606,358	(51,318,855)
Finance cost paid		(431,385,437)	(162,380,933)
Income tax paid		(200,960,436)	(58,722,363)
Net increase in long term loans to employees		(3,135,937)	(983,333)
Net decrease / (increase) in long term security deposits		103,328	(6,681,740)
Decrease in long term deposits		(500,000)	-
Net cash used in operating activities		(129,272,124)	(280,087,224)
Cash flows from investing activities			
Capital expenditure on operating fixed assets		(134,757,935)	(198,380,855)
Capital expenditure on intangible assets		(1,500,000)	(824,609)
Initial direct cost incurred on right-of-use assets		-	(3,410,776)
Short term loan given to subsidiary company		(1,093,656,544)	-
Short term loan repaid by subsidiary company		608,156,544	-
Proceeds from disposal of operating fixed assets		59,957,697	2,556,955
Short term investments - net		4,937,545	220,880,116
Dividends received		295,937,019	282,796,867
Interest received on short term loan to subsidiary company		44,386,253	-
Profit on bank deposits and term deposit receipt received		22,813,380	21,991,452
Net cash (used in) / from investing activities		(193,726,041)	325,609,150
Cash flows from financing activities			
Repayment of lease liabilities		(125,883,130)	(107,111,273)
Dividend paid		(278,334,373)	(483,147,527)
Long term financing repaid		(47,851,814)	(95,703,612)
Short term borrowings - net		357,337,406	1,033,038,142
Net cash (used in) / from financing activities		(94,731,911)	347,075,730
Net (decrease) / increase in cash and cash equivalents		(417,730,076)	392,597,656
Cash and cash equivalents at the beginning of the year		657,141,796	264,544,140
Cash and cash equivalents at the end of the year		239,411,720	657,141,796

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

Chief Executive

Director

Chief Financial Officer

1. THE COMPANY AND ITS OPERATIONS

Hi-Tech Lubricants Limited ("the Company") was incorporated under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The principal activity of the Company is to procure and distribute lubricants and petroleum products. During the year ended 30 June 2017, Oil and Gas Regulatory Authority (OGRA) granted license to the Company to establish an Oil Marketing Company (OMC), subject to some conditions. On 31 May 2019, Oil and Gas Regulatory Authority (OGRA) has granted permission to the Company to operate new storage facility at Sahiwal and marketing of petroleum products in province of Punjab. On 20 January 2020, the Company has started marketing and sale of petroleum products. On 21 February 2020, OGRA has granted permission to the Company to apply for No Objection Certificates (NOCs) from concerned departments to setup petrol pumps in Khyber Pakhtunkhwa. On 09 August 2021, OGRA has acknowledged the satisfactory completion of oil storage facility at Nowshera, Khyber Pakhtunkhwa. On 13 January 2022, OGRA has further extended / renewed the provisional license for setting up of an OMC upto 31 December 2023. On 16 March 2023, OGRA has granted permission to the Company to operate new storage facility at Nowshehra and marketing of petroleum products in the province of Khyber Pakhtunkhwa.

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

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

City Filling Station	Hujra Shah Muqeem, Okara
Al Karam Filling Station	Shamkey Bhattian, Lahore
Green City Fuel Station	Hasilpur Road, Bahalwalpur
Khokhar Fuel Station	Small Industrial Estate, Jinnah Road, Gujranwala
Minhas CNG	Multan Road, Lahore
One Stop	Main Ferozepur Road, Lahore
S&S	Toba Road, Jhang
Al Yousaf CNG	Khanewal Road, Multan
Rana Petroleum	Faisalabad Road, Okara
Mudassir Zulfiqar Filling Station	Vehari Road, Multan
Shahid & Company	Daska Road, Gujranwala
Benzina II Filling Station	Benazir Road, Okara
Nambardar Filling Station	Rawalpindi Road, Chakwal
Iftikhar Nadeem & Company	Mouza Jhawary, Dhamial Road, Rawalpindi Cantt.
Suntrust CNG	Millat Road, Faisalabad
Meezan Filling Station	Jhang Road, Toba Tek Singh

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

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

b) Accounting convention

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

C) Critical accounting estimates and judgments

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

Income tax

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

Useful lives, pattern of economic benefits and impairment

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

Inventories

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

Allowance for expected credit losses

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

Impairment of investment in subsidiary company

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

Revenue from contracts with customers involving sale of goods

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

Provisions

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

Classification of investments

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

Contingencies

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

Revaluation of freehold land and investment property

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

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

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2022:

- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before Intended Use'.
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts – Cost of Fulfilling a Contract which amended IAS 1 'Presentation of Financial Statements'.

- Annual improvements to IFRS standards 2018-2020 which amended IFRS 9 'Financial Instruments' and IFRS 16 'Leases'.

- 'Reference to the Conceptual Framework (Amendments to IFRS 3)' published by the International Accounting Standards Board (IASB) with amendments to IFRS 3 'Business Combinations'.

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

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

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

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

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2023 or later periods:

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

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

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

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors) effective for annual periods beginning on or after 01 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after 01 January 2024.

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 01 January 2024.

On 25 May 2023, the IASB issued 'Suppliers Finance Arrangements (Amendments to IAS 7and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangement. The amendments are effective for reporting period beginning on or after 01 January 2024.

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

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

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

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2023 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Fixed assets

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

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

Increases in the carrying amounts arising on revaluation of freehold land are recognized, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increase of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss.

Depreciation

Depreciation is charged to statement of profit or loss by applying the reducing balance method whereby cost of an asset is written off over its estimated useful life at the rates given in Note 16.1. Depreciation on additions is charged for the full month in which the asset is available for use and on deletion up to the month immediately preceding the deletion.

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

De-recognition

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

2.3 Intangible assets

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

2.4 Right-of-use assets

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

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

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

2.5 Lease liabilities

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

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

2.6 Investment in subsidiary company

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

2.7 Investment property

Land held for capital appreciation or to earn rental income is classified as investment property. Investment property is carried at fair value.

Independent valuation is performed periodically, the carrying amount is reviewed against the valuation and adjustment is made where there is material change. Increase in the carrying amount arising on revaluation of investment property is recognised in the statement of profit or loss.

Change in accounting policy

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

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

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

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

2.8 Functional and presentation currency

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

2.9 Foreign currency transactions and translation

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

2.10 Employee benefits

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

2.11 Stock-in-trade

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

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

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

2.12 Investments and other financial assets

a) Classification

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

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

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

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

b) Measurement

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

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

Debt instruments

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

Amortized cost

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

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss (FVTPL)

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

Equity instruments

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

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss

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

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

2.13 Financial Liabilities - classification and measurement

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

2.14 Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.15 De-recognition of financial assets and financial liabilities

a) Financial assets

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

b) Financial liabilities

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

2.16 Offsetting of financial instruments

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

2.17 Impairment of non-financial assets

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

2.18 Cash and cash equivalents

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

2.19 Provisions

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

2.20 Taxation

Current

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

Deferred

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

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

Group taxation adjustments

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

2.21 Borrowings

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

2.22 Borrowing costs

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

2.23 Trade and other receivables

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

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

2.24 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost and subsequently measured at amortized cost using the effective interest method.

2.25 Contingent assets

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

2.26 Ijarah contracts

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

2.27 Revenue recognition

(a) Sale of goods

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

(b) Interest

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

(c) Dividend

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

(d) Rental income

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

2.28 Contract assets

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

2.29 Customer acquisition costs

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

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

2.30 Customer fulfilment costs

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

2.31 Right of return assets

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

2.32 Contract liabilities

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

2.33 Refund liabilities

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

2.34 Share capital

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

2.35 Segment reporting

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

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

The Company has following reportable business segments:

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

2.36 Contingent liabilities

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

2.37 Earnings per share

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

2.38 Government grants

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

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

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

2.39 Dividend and other appropriations

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

3. ISSUED, SUBSCRIBED AND PAID–UP SHARE CAPITAL

2023	2022		2023	2022
(Number of shares)			Rupees	Rupees
41,002,000	41,002,000	Ordinary shares of Rupees 10 each		
		fully paid-up in cash	410,020,000	410,020,000
25,000,000	25,000,000	Ordinary shares of Rupees 10 each		
		issued as fully paid for consideration		
		other than cash (Note 3.2)	250,000,000	250,000,000
73,202,800	73,202,800	Ordinary shares of Rupees 10 each		
		issued as fully paid bonus shares	732,028,000	732,028,000
139,204,800	139,204,800		1,392,048,000	1,392,048,000

3.1 993,330 (2022: 993,330) ordinary shares of the Company are held by SK Enmove Co., Ltd. (Formerly SK Lubricants Co., Ltd.) - principal supplier and long term partner.

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

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

	2023 Rupees	2022 Rupees
4. RESERVES		
Capital reserve		
Share premium (Note 4.1)	1,441,697,946	1,441,697,946
Surplus on revaluation of freehold land		
As at 01 July	704,626,206	-
Add: Surplus on revaluation of freehold land	52,220,750	704,626,206
As at 30 June	756,846,956	704,626,206
Revenue reserve		
Un-appropriated profit	232,352,482	604,174,604
	2,430,897,384	2,750,498,756

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

	2023 Rupees	2022 Rupees
5. LONG TERM FINANCING		
From banking company - secured		
Loan under State Bank of Pakistan (SBP) Refinance Scheme (Note 5.1)	-	47,490,196
Less: Current portion shown under current liabilities (Note 12)	-	47,490,196
	-	-

5.1 This term finance facility, aggregating to Rupees 189.986 million (2022: Rupees 189.986 million) was obtained by the Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. This facility was 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 was payable in 8 equal quarterly installments commenced from 01 January 2021 and ended on 01 October 2022. Mark-up was paid quarterly at the rate of SBP refinance rate plus 3.00% per annum. This loan was recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustments were recognized at discount rates ranged from 8.67% to 10.04% per annum (2022: 8.67% to 10.04% per annum).

		2023 Rupees	2022 Rupees
6.	**LEASE LIABILITIES**		
	Total lease liabilities	642,881,321	596,281,908
	Less: Current portion shown under current liabilities (Note 13)	(150,742,680)	(124,329,886)
		492,138,641	471,952,022
6.1	Reconciliation of lease liabilities is as follows:		
	Opening balance	596,281,908	401,664,079
	Add: Additions during the year	137,363,481	243,183,235
	Add: Interest accrued during the year (Note 37)	66,160,324	50,390,078
	Add / (less): Impact of lease modifications during the year	66,903,337	66,644,586
	Less: Impact of lease termination during the year	(30,608,025)	(8,098,721)
	Less: Payments made during the year	(193,219,704)	(157,501,349)
		642,881,321	596,281,908
	Less: Current portion shown under current liabilities (Note 13)	(150,742,680)	(124,329,886)
		492,138,641	471,952,022
6.2	Maturity analysis of lease liabilities is as follows:		
	Upto 6 months	98,083,366	88,070,049
	6-12 months	87,543,123	92,019,875
	1-2 year	164,131,787	151,016,624
	More than 2 years	359,201,160	502,612,188
		708,959,436	833,718,736
	Less: Future finance cost	(66,078,115)	(237,436,828)
	Present value of lease liabilities	642,881,321	596,281,908
6.3	Amounts recognised in the statement of profit or loss:		
	Interest accrued during the year (Note 37)	66,160,324	50,390,079
	Expense relating to leases of low-value assets (included in distribution cost)	1,961,644	1,882,221
	Total amount recognised in statement of profit or loss	68,121,968	52,272,300

6.4 Implicit rates against lease liabilities range from 14.40% to 23.62% (2022: 7.40% to 16.28%) per annum.

6.5 Leases from banking companies are secured against the leased assets, personal guarantees of directors and security deposits of Rupees 54.869 million (2022: Rupees 28.100 million).

7. LONG TERM DEPOSITS

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

	2023 Rupees	2022 Rupees
8. DEFERRED INCOME TAX (ASSET) / LIABILITY - NET		
The net deferred income tax (asset) / liability comprised of temporary differences relating to:		
Deductible temporary differences		
Unabsorbed tax depreciation	(38,632,306)	-
Available unused tax losses	(102,279,334)	-
Allowance for expected credit losses	(10,319,125)	(11,542,280)
Provision for slow moving and damaged inventory items	(7,849,828)	(4,654,722)
Provision for doubtful advances to suppliers	(356,353)	(983,709)
Lease liabilities	(186,435,583)	(196,773,030)
	(345,872,529)	(213,953,741)
Taxable temporary differences		
Accelerated tax depreciation and amortization	86,788,279	100,436,367
Right-of-use assets	175,485,134	183,395,710
	262,273,413	283,832,077
Net deferred income tax (asset) / liability	(83,599,116)	69,878,336

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

		2023	
	Opening Balance	**Recognised in statement of profit or loss**	**Closing balance**
		Rupees	
Unabsorbed tax depreciation	-	38,632,306	(38,632,306)
Available unused tax losses	-	102,279,334	(102,279,334)
Allowance for expected credit losses	(11,542,280)	(1,223,155)	(10,319,125)
Provision for slow moving and damaged inventory items	(4,654,722)	3,195,106	(7,849,828)
Provision for doubtful advances to suppliers	(983,709)	(627,356)	(356,353)
Lease liabilities	(196,773,030)	(10,337,447)	(186,435,583)
Accelerated tax depreciation and amortization	100,436,367	13,648,088	86,788,279
Right-of-use assets	183,395,710	7,910,576	175,485,134
	69,878,336	153,477,452	(83,599,116)

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

	2023 Rupees	2022 Rupees
9. DEFERRED INCOME - GOVERNMENT GRANT		
Opening balance	361,618	5,103,385
Less: Amortized during the year (Note 36)	361,618	4,741,767
Closing balance	-	361,618
Less: Current portion shown under current liabilities (Note 13)	-	361,618
	-	-

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

		2023 Rupees	2022 Rupees
10.	**TRADE AND OTHER PAYABLES**		
	Creditors (Note 10.1)	532,407,429	2,262,455,325
	Accrued liabilities (Note 10.2)	64,309,560	91,030,412
	Infrastructure cess payable	67,555,065	67,555,065
	Contract liabilities - unsecured (Note 10.3)	56,684,948	63,104,103
	Retention money payable	11,508,299	16,796,112
	Customs duty and other charges payable	36,991,393	60,266,180
	Income tax deducted at source	26,872,192	14,600,110
	Workers' profit participation fund payable (Note 10.4)	22,682,575	19,292,825
	Workers' welfare fund payable (Note 10.5)	15,889,350	15,889,350
	Payable to Hi-Tech Blending (Private) Limited - subsidiary company (Note 10.6)	135,254,590	111,351,094
	Payable to employees' provident fund trust	4,128,882	3,417,462
		974,284,283	2,725,758,038

10.1 These include Rupees 157.782 million (2022: Rupees 1,202.327 million) and Rupees 54.196 million (2022: Rupees 52.663 million) payable to Hi-Tech Blending (Private) Limited - subsidiary company and SK Enmove Co., Ltd. (Formerly SK Lubricants Co., Ltd.) - principal supplier and long term partner respectively.

10.2 These include Rupees Nil (2022: Rupees 2.384 million) on account of remuneration payable to directors of the Company.

10.3 These include Rupees Nil (2022: Rupees 0.470 million) received as advance for purchase of lubricants from Hi-Tech Blending (Private) Limited - subsidiary company.

		2023 Rupees	2022 Rupees
10.4	**Workers' profit participation fund**		
	Balance as on 01 July	19,292,825	-
	Add: Provision for the year (Note 35)	-	19,292,825
	Add: Interest for the year (Note 37)	3,389,750	-
	Balance as on 30 June	22,682,575	19,292,825

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

		2023 Rupees	2022 Rupees
10.5	**Workers welfare fund**		
	Balance as on 01 July	15,889,350	900,948
	Add: Provision for the year (Note 35)	-	14,988,402
	Balance as on 30 June	15,889,350	15,889,350

10.6 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.

	2023 Rupees	2022 Rupees
11. ACCRUED MARK-UP		
Long term financing	-	355,248
Short term borrowings	81,019,923	37,794,876
	81,019,923	38,150,124
12. SHORT TERM BORROWINGS		
From banking companies - secured		
Short term finances (Note 12.1 and Note 12.2)	1,851,556,185	1,494,218,779

12.1 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.

12.2 The effective rates of mark-up ranged from 14.14% to 23.24% (2022: 8.01% to 16.02%) per annum.

	2023 Rupees	2022 Rupees
13. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Long term financing (Note 5)	-	47,490,196
Lease liabilities (Note 6)	150,742,680	124,329,886
Deferred income - Government grant (Note 9)	-	361,618
	150,742,680	172,181,700
14. PROVISION FOR TAXATION - NET		
Provision for taxation	83,537,154	238,421,105
Less: Advance income tax	(83,537,154)	(238,421,105)
	-	-

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 On 19 December 2018, the Company filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of Deputy Commissioner Inland Revenue (DCIR). DCIR passed an order under section 122(1) and 122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 whereby a demand of Rupees 83.595 million has been raised. CIR(A) vide order dated 18 December 2018 upheld some of the additions made by DCIR and also directed the DCIR to give opportunity of hearing to the Company in one of the said matters which is still pending for adjudication. Being aggrieved by the order of CIR(A), the Company filed appeal before the Appellate Tribunal Inland Revenue (ATIR) on 19 May 2021. ATIR decided the case in favour of the Company. The tax authorities have filed an income tax reference before Honourable Lahore High Court, Lahore against the order of the ATIR which is pending for adjudication. No provision against the case has been made in these financial statements, as the management, based on the advice of the legal counsel, is confident of favorable outcome of litigation.

15.1.2 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.

15.1.3 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.

15.1.4 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 filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR. On 17 November 2022, CIR(A) decided the appeal in favor of the Company. On 12 January 2023, the tax department has filed appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A) 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.

15.1.5 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, CIR(A) vacated the entire tax demand. However, in respect of various issues, the matter has been remanded back to the department for fresh consideration. Against the order of CIR(A), the Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR), which is pending for hearing. 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.

15.1.6 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, the tax authorities have filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR(A) which is pending adjudication. The management, based on the advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these financial statements.

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

15.1.8 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 and tax department filed appeals before Appellate Tribunal Inland Revenue (ATIR). On 07 December 2022, ATIR accepted the Company's stance in respect of all matters except for imposition of penalty and default surcharge relating to late filing of sales tax returns and late payment of due sales tax liability. However appeal filed by the tax department is yet to be heard. 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.

15.1.9 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 and tax deparment filed appeals before Appellate Tribunal Inland Revenue (ATIR). On 07 December 2022, ATIR accepted the Company's stance in respect of all matters except for imposition of penalty and default surcharge relating to late filing of sales tax returns and late payment of due sales tax liability. However appeal filed by the tax department is yet to be heard. 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.

15.1.10 On 30 May 2023, 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 2017 whereby a demand of Rupees 22.545 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 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 has been recognized in these financial statements.

15.1.11 Corporate guarantees of Rupees 2,967.5 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.

15.1.12 Guarantee of Rupees 58 million (2022: Rupees 58 million) is given by the bank of the Company to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.

15.1.13 Guarantees of Rupees 22.314 million (2022: Rupees 22.314 million) are given by the bank of the Company to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.

15.1.14 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.

		2023 Rupees	2022 Rupees
15.2	**Commitments**		
15.2.1	For capital expenditures	46,143,062	53,571,861
15.2.2	Letters of credit other than for capital expenditures	49,166,475	-

16. FIXED ASSETS

	2023 Rupees	2022 Rupees
Operating fixed assets (Note 16.1)	2,458,955,725	2,459,192,488
Capital work-in-progress (Note 16.2)	130,547,189	131,149,795
	2,589,502,914	2,590,342,283

16.1 Operating fixed assets

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

Description	Freehold land	Buildings on freehold land	Buildings on leasehold land	Machinery	Tanks and pipelines	Dispensing pumps	Furniture and fittings	Vehicles	Leasehold improvements	Office equipment	Computers	Total
	Categories											
	Rupees											
At 30 June 2021												
Cost	518,886,794	482,821,028	415,636,931	81,053,323	178,896,135	16,758,747	26,962,602	251,113,044	4,463,125	160,347,029	40,563,052	2,177,501,810
Accumulated depreciation	-	(63,466,143)	(92,810,112)	(18,287,718)	(19,478,997)	(1,905,927)	(13,032,692)	(159,001,468)	(333,121)	(41,042,617)	(23,296,584)	(432,655,379)
Net book value	518,886,794	419,354,885	322,826,819	62,765,605	159,417,138	14,852,820	13,929,910	92,111,576	4,130,004	119,304,412	17,266,468	1,744,846,431
Year ended 30 June 2022												
Opening net book value	518,886,794	419,354,885	322,826,819	62,765,605	159,417,138	14,852,820	13,929,910	92,111,576	4,130,004	119,304,412	17,266,468	1,744,846,431
Additions	623,500	20,576,645	10,840,459	-	71,740,070	19,353,204	1,368,719	1,537,358	-	20,873,046	9,017,522	155,930,523
Revaluation surplus	704,626,206	-	-	-	-	-	-	-	-	-	-	704,626,206
Transferred from right-of-use assets:												
Cost	-	-	-	-	-	-	-	5,976,770	-	-	-	5,976,770
Accumulated depreciation	-	-	-	-	-	-	-	(4,189,689)	-	-	-	(4,189,689)
	-	-	-	-	-	-	-	1,787,081	-	-	-	1,787,081
Disposals:												
Cost	-	-	-	-	-	-	-	(5,155,128)	-	-	(2,954,542)	(8,109,670)
Accumulated depreciation	-	-	-	-	-	-	-	3,975,476	-	-	2,009,912	5,985,388
	-	-	-	-	-	-	-	(1,179,652)	-	-	(944,630)	(2,124,282)
Written-off:												
Cost	-	-	-	(186,000)	-	-	(1,600,052)	(107,189)	-	(3,307,537)	(2,734,349)	(7,935,127)
Accumulated depreciation	-	-	-	65,802	-	-	761,062	80,319	-	1,672,409	2,316,314	4,895,906
	-	-	-	(120,198)	-	-	(838,990)	(26,870)	-	(1,635,128)	(418,035)	(3,039,221)
Depreciation	-	(43,492,602)	(32,760,345)	(6,273,312)	(18,046,178)	(1,988,610)	(1,436,543)	(18,614,996)	(826,001)	(12,739,487)	(6,656,176)	(142,834,250)
Closing net book value	1,224,136,500	396,438,928	300,906,933	56,372,095	213,111,030	32,217,414	13,023,096	75,614,497	3,304,003	125,802,843	18,265,149	2,459,192,488
At 30 June 2022												
Cost / revalued amount	1,224,136,500	503,397,673	426,477,390	80,867,323	250,636,205	36,111,951	26,731,269	253,364,855	4,463,125	177,912,538	43,891,683	3,027,990,512
Accumulated depreciation	-	(106,958,745)	(125,570,457)	(24,495,228)	(37,525,175)	(3,894,537)	(13,708,173)	(177,750,358)	(1,159,122)	(52,109,695)	(25,626,534)	(568,798,024)
Net book value	1,224,136,500	396,438,928	300,906,933	56,372,095	213,111,030	32,217,414	13,023,096	75,614,497	3,304,003	125,802,843	18,265,149	2,459,192,488
Year ended 30 June 2023												
Opening net book value	1,224,136,500	396,438,928	300,906,933	56,372,095	213,111,030	32,217,414	13,023,096	75,614,497	3,304,003	125,802,843	18,265,149	2,459,192,488
Additions	-	-	42,056,824	4,000,035	3,409,167	20,156,420	879,250	50,562,795	-	2,282,272	12,013,778	135,360,541
Revaluation surplus	52,220,750	-	-	-	-	-	-	-	-	-	-	52,220,750
Transferred from right-of-use assets:												
Cost	-	-	-	-	-	-	-	3,862,420	-	-	-	3,862,420
Accumulated depreciation	-	-	-	-	-	-	-	(2,287,712)	-	-	-	(2,287,712)
	-	-	-	-	-	-	-	1,574,708	-	-	-	1,574,708
Disposals:												
Cost	-	-	-	-	-	-	-	(60,003,353)	-	-	(1,713,776)	(61,717,129)
Accumulated depreciation	-	-	-	-	-	-	-	7,466,621	-	-	1,086,070	8,552,691
	-	-	-	-	-	-	-	(52,536,732)	-	-	(627,706)	(53,164,438)
Depreciation	-	(39,643,890)	(31,875,898)	(5,870,545)	(17,162,522)	(4,922,728)	(1,371,332)	(14,977,607)	(660,801)	(12,722,376)	(7,020,625)	(136,228,324)
Closing net book value	1,276,357,250	356,795,038	311,087,859	54,501,585	199,357,675	47,451,106	12,531,014	60,237,661	2,643,202	115,362,739	22,630,596	2,458,955,725
At 30 June 2023												
Cost / revalued amount	1,276,357,250	503,397,673	468,534,214	84,867,358	254,045,372	56,268,371	27,610,519	247,786,717	4,463,125	180,194,810	54,191,685	3,157,717,094
Accumulated depreciation	-	(146,602,635)	(157,446,355)	(30,365,773)	(54,687,697)	(8,817,265)	(15,079,505)	(187,549,056)	(1,819,923)	(64,832,071)	(31,561,089)	(698,761,369)
Net book value	1,276,357,250	356,795,038	311,087,859	54,501,585	199,357,675	47,451,106	12,531,014	60,237,661	2,643,202	115,362,739	22,630,596	2,458,955,725
Annual rate of depreciation (%)		10	10	10	8	10	10	20	20	10	30	

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

Description	Quantity Nos.	Cost	Accumulated depreciation	Net book value	Sale Proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
		Rupees						
Vehicles								
Toyota Corolla LE-18-4982	1	2,298,498	1,493,545	804,953	2,533,333	1,728,380	Company policy	Mr. Arshad Zaidi, Company's employee
Honda City LE-18-6289	1	1,878,070	1,145,138	732,932	1,800,000	1,067,068	Company policy	Mr. Anwar Sajjad, Company's employee
Toyota Corolla LEE-17-7219	1	2,060,740	1,440,998	619,742	1,994,667	1,374,925	Company policy	Mr. Muhammad Ashraf, Company's employee
Mercedez Benz APP-22-095	1	49,555,995	-	49,555,995	49,555,995	-	Sale and lease back	Bank Al-Habib Limited
		55,793,303	4,079,681	51,713,622	55,883,995	4,170,373		
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000		5,923,826	4,473,010	1,450,816	4,073,701	2,622,885		
		61,717,129	8,552,691	53,164,438	59,957,696	6,793,258		

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

	2023 Rupees	2022 Rupees
Distribution cost (Note 33)	104,919,540	108,603,515
Administrative expenses (Note 34)	31,308,784	34,230,735
	136,228,324	142,834,250

16.1.3 Buildings on leasehold land include two warehouses and water tank having net book value of Rupees 123.947 million (2022: Rupees 139.563 million) constructed on the land owned by Hi-Tech Blending (Private) Limited - subsidiary company. The Company has entered into a lease agreement for 20 years with Hi-Tech Blending (Private) Limited - subsidiary company ending on 30 June 2036, against a piece of land measuring 45 Kanals where the aforesaid warehouses and water tank are constructed.

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

Location	Usage of Immovable Property	Total area of land	Covered area of building
		Acres	Square feet
Property No. 35 A / M, Quaid-e- Azam Industrial Estate, Kot Lakhpat, Lahore	Warehouse	0.69	21,965
Mouza No. 107/9L, Tehsil and District Sahiwal	Oil depot	6.70	199,513
Mouza Aza Khel Bala, Tehsil and District Nowshera	Oil depot	7.55	9,257
Mouza Ali Murad Kalhoro, Indus Highway, Shikarpur (under construction)	Oil depot	8.50	56,307
Plot No. 2, Block K, Main Boulevard Gulberg-II, Lahore	OMC project office	0.39	1,847
Mouza Aza Khel Bala, Tehsil and District Nowshera	Oil depot extension	1.34	-
7-km, Sundar Raiwind Road, Bhai Kot, Lahore - Warehouse - 1	Warehouse - 1	-	49,658
7-Km, Sundar Raiwind Road, Bhai Kot, Lahore - Warehouse - 2	Warehouse - 2	-	53,348
Oil Boy Energy Limited - Mouza Neel Kot, Head Muhammad Wala Road, Multan	Dealer of retail outlet	-	2,818
Lali Sons Filling Station - Faisalabad Road, Lalian	Dealer of retail outlet	-	3,274
Punjab Filling Station - Main Satiana Road, Faisalabad	Dealer of retail outlet	-	2,821
Green Fuel CNG - 1-KM, G.T. Road, Lalamusa	Dealer of retail outlet	-	4,981
A.B. Petroleum Filling Station - Tehsil Liaqatpur, Rahim Yar Khan	Dealer of retail outlet	-	3,054
Jillani CNG - Lehtrar Road, Islamabad	Dealer of retail outlet	-	2,650

Location	Usage of Immovable Property	Total area of land	Covered area of buildings
		Acres	Square feet
Dasti Filling Station - Jampur Road, Dera Ghazi Khan	Dealer of retail outlet	-	1,815
Rehman Filling Station - Chistian Road, Hasilpur	Dealer of retail outlet	-	2,525
Al-Fazal Filling Station - Sargodha Road, Jhang	Dealer of retail outlet	-	2,121
Ibrahim Petroleum - Sialkot Road, Gujranwala	Dealer of retail outlet	-	3,185
Karma Wala-1 Filling Station - Shahkot Road, Jaranwala	Dealer of retail outlet	-	2,059
Raja Adeel Filling Station - Arifwala Road, Arifwala	Dealer of retail outlet	-	2,892
Gondal Filling Station - Daska Road, Wazirabad	Dealer of retail outlet	-	1,493
City Filling Station - Hujra Shah Muqeem, Okara	Dealer of retail outlet	-	962
Al Karam Filling Station - Shamkay Bhattian, Lahore	Dealer of retail outlet	-	6,633
Green City Fuel Station - Hasilpur Road, Bahawalpur	Dealer of retail outlet	-	1,289
Khokhar Fuel Station - Small Industrial Estate, Jinnah Road, Gujranwala	Dealer of retail outlet	-	1,175
Minhas CNG - Multan Road, Lahore	Dealer of retail outlet	-	841
One Stop - Main Ferozepur Road, Lahore	Dealer of retail outlet	-	1,970
S&S - Toba Road, Jhang	Dealer of retail outlet	-	3,310
Al Yousaf CNG - Khanewal Road, Multan	Dealer of retail outlet	-	1,793
Rana Petroleum - Faisalabad Road, Okara	Dealer of retail outlet	-	2,633
Mudassir Zulfiqar Filling Station - Vehari Road, Multan	Dealer of retail outlet	-	8,084
Shahid & Company - Daska Road, Gujranwala	Dealer of retail outlet	-	6,396
Benzina II Filling Station - Benazir Road, Okara	Dealer of retail outlet	-	4,709
Nambardar Filling Station - Rawalpindi Road, Chakwal	Dealer of retail outlet	-	5,875
Iftikhar Nadeem & Company - Mouza Jhawary, Dhamyal Road, Rawalpindi Cantt.	Dealer of retail outlet	-	5,162
Suntrust CNG - Millat Road, Faisalabad	Dealer of retail outlet	-	4,086
Meezan Filling Station - Jhang Road, Toba Tek Singh	Dealer of retail outlet	-	6,227
Haji Muhammad Nawaz Filling Station, Darban Road, Syed Nager, Dera Ismail Khan (under construction)	Dealer of retail outlet	-	3,694
Big Khan Filling Station - University Road, Chakdara (under construction)	Dealer of retail outlet	-	4,872
Imdad Mir Filling Station - Mouza Ghanda, Nawab Road, Mansehra (under construction)	Dealer of retail outlet	-	3,384
Dharampura, Lahore	HTL Express Centre	-	1,436
Garden Town, Lahore	HTL Express Centre	-	1,789
Gulshan-e-Ravi, Lahore	HTL Express Centre	-	2,444
Johar Town, Lahore	HTL Express Centre	-	4,500
Defence Housing Authority, Phase II, Karachi	HTL Express Centre	-	812
Gulistan-e-Johar, Karachi	HTL Express Centre	-	3,149
PECHS, Karachi	HTL Express Centre	-	2,700
Askari XIV, Sector A, Rawalpindi	HTL Express Centre	-	881

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

Description	Buildings on leasehold land	Tanks and pipelines	Dispens-ing pumps	Machinery	Furniture and fittings	Office equipment	Computers	Total
	Catagories							
	Rupees							
Oil Boy Energy Limited - Mouza Neel Kot, Head Muhammad Wala Road, Multan	3,180,469	1,608,000	1,911,655	-	-	-	-	6,700,124
Lali Sons Filling Station - Faisalabad Road, Lalian	3,834,385	1,926,050	-	-	-	-	-	5,760,435
Punjab Filling Station - Main Satiana Road, Faisalabad	2,898,584	877,100	2,001,106	-	-	-	-	5,776,790
Ittehad Filling Station - Circular Road, Daska	-	877,100	-	-	-	-	-	877,100
Green Fuel CNG - 1-KM G.T. Road, Lalamusa	2,725,893	1,132,550	-	-	-	-	-	3,858,443
A.B. Petroleum Filling Station - Tehsil Liaqatpur, Rahim Yar Khan	4,623,288	1,480,589	1,958,750	-	-	-	-	8,062,627
Jillani CNG - Lehtrar Road, Islamabad	7,147,011	1,386,830	842,830	-	-	-	-	9,376,671
Dasti Filling Station - Jampur Road, Dera Ghazi Khan	1,919,332	808,290	2,754,484	-	-	-	-	5,482,106
Rehman Filling Station - Chistian Road, Hasilpur	2,013,421	-	-	-	-	-	-	2,013,421
Al-Fazal Filling Station - Sargodha Road, Jhang	3,163,859	-	2,227,102	-	-	-	-	5,390,961
Ibrahim Petroleum - Sialkot Road, Gujranwala	1,962,962	-	-	-	-	-	-	1,962,962
Karma Wala-1 Filling Station - Shahkot Road, Jaranwala	2,532,005	-	-	-	-	-	-	2,532,005
Raja Adeel Filling Station - Arifwala Road, Arifwala	1,853,000	-	-	-	-	-	-	1,853,000
Gondal Filling Station - Daska Road, Wazirabad	2,204,744	-	1,421,968	-	-	-	-	3,626,712
City Filling Station - Hujra Shah Muqeem, Okara	1,504,906	-	-	-	-	-	-	1,504,906
Al Karam Filling Station - Shamkay Bhattian, Lahore	3,556,882	-	3,244,171	-	-	-	-	6,801,053
Green City Fuel Station - Hasilpur Road, Bahawalpur	9,954,398	1,377,706	1,911,655	-	-	-	-	13,243,759
Khokhar Fuel Station - Small Industrial Estate, Jinnah Road, Gujranwala	2,101,400	1,377,706	3,212,099	-	-	-	-	6,691,205
Minhas CNG - Multan Road, Lahore	4,749,486	-	1,421,968	-	-	-	-	6,171,454
One Stop - Main Ferozepur Road, Lahore	17,757,318	2,102,230	2,482,580	-	-	-	-	22,342,128
S&S - Toba Road, Jhang	2,549,650	-	-	-	-	-	-	2,549,650
Al Yousaf CNG - Khanewal Road, Multan	1,651,843	578,690	1,558,512	-	-	-	-	3,789,045
Rana Petroleum - Faisalabad Road, Okara	2,439,500	-	-	-	-	-	-	2,439,500
Mudassir Zulfiqar Filling Station - Vehari Road, Multan	2,176,375	-	-	-	-	-	-	2,176,375
Shahid & Company - Daska Road, Gujranwala	1,828,249	-	4,722,091	-	-	-	-	6,550,340
Benzina II Filling Station - Benazir Road, Okara	2,318,142	3,037,269	8,036,682	-	-	-	-	13,392,093
Nambardar Filling Station - Rawalpindi Road, Chakwal	926,830	-	-	-	-	-	-	926,830
Iftikhar Nadeem & Company - Mouza Jhawary, Dhamyal Road, Rawalpindi Cantt.	1,571,303	2,763,529	4,477,015	-	-	-		8,811,847
Suntrust CNG - Millat Road, Faisalabad	40,743,349	3,409,167	4,937,988	-	-	-	-	49,090,504
Meezan Filling Station - Jhang Road, Toba Tek Singh	1,313,475	-	-	-	-	-	-	1,313,475
"Haji Muhammad Nawaz Filling Station, Darban Road, Syed Nager, Dera Ismail Khan (under construction)"	3,274,200	1,269,700	-	-	-	-	-	4,543,900
Big Khan Filling Station - University Road, Chakdara (under construction)	4,284,160	3,950,869	-	-	-	-	-	8,235,029
Gasoline Fuel Station - Ferozpur Road, Kasur (under construction)	-	2,272,778	-	-	-	-	-	2,272,778
Toru Fuel Station - Mardan Road , Nowshera (under construction)	-	2,859,022	-	-	-	-		2,859,022
Abro CNG - Kurdiawala, Faisalabad (under construction)	-	2,859,022	-	-	-	-	-	2,859,022
Gojra Filling Station - Near M-4 Interchange, Jhang (under construction)	-	1,136,389	-	-	-	-	-	1,136,389
Al - Sheikh Filling Station - Gujrat (under construction)	-	2,014,337	-	-	-	-	-	2,014,337
Moon CNG - GT Road opposite DHA, Islamabad (under construction)	-	1,136,389	-	-	-	-	-	1,136,389
Kohala Filling Station - Muzaffarabad Murree Road, Bagh (under construction)	-	3,445,266	-	-	-	-	-	3,445,266
Ghuman Fuel Station - Gurumangat Road, Lahore (under construction)	-	2,600,581	-	-	-	-	-	2,600,581
Attock Fuel Station - Iqbal Chowk, Attock (under construction)	-	877,948	-	-	-	-	-	877,948
Shah Sardar Filling Station - Murree Road, Abbotabad (under construction)	-	877,948	-	-	-	-	-	877,948
HTL Express Centre - Dharampura, Lahore	27,571,142	-	-	3,197,442	145,431	478,583	-	31,392,598
HTL Express Centre - Garden Town, Lahore	7,442,541	-	-	2,471,843	56,796	1,741,346	-	11,712,526
HTL Express Centre - Gulshan-e-Ravi, Lahore	16,220,083	-	-	5,308,603	56,796	2,602,702	14,040	24,202,224
HTL Express Centre - Johar Town, Lahore	16,713,760	-	-	7,727,402	153,621	-	24,000	24,618,783
HTL Express Centre - DHA, Karachi	7,085,936	-	-	4,019,037	669,727	97,044	-	11,871,744
HTL Express Centre - Gulistan-E-Johar, Karachi	11,978,196	-	-	6,117,945	1,115,829	811,290	-	20,023,260
HTL Express Centre - PECHS, Karachi	20,357,427	-	-	1,524,751	126,500	841,438	-	22,850,116
HTL Express Centre - Askari XIV, Sector A, Rawalpindi	9,133,147	-	-	4,419,000	854,206	2,808,753	-	17,215,106
	269,044,050	**50,043,055**	**49,122,656**	**34,786,023**	**3,178,906**	**9,381,156**	**38,040**	**415,593,886**

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

		2023 Rupees	2022 Rupees
16.2	**Capital work-in-progress**		
	Civil works	44,199,846	32,339,864
	Dispensing pumps	8,681,790	20,752,020
	Advance against purchase of apartment (Note 16.2.2)	25,976,750	25,976,750
	Tanks and pipelines	50,594,702	20,799,838
	Advance against purchase of vehicle	-	26,000,000
	Mobilization advances	1,094,101	5,281,323
		130,547,189	131,149,795

16.2.1 Movement in capital work in progress is as follows:

	Categories							
	Civil works	Dispensing pumps	Advance against purchase of apartment	Tanks and pipelines	Advance against purchase of vehicle	Mobilization advances	Unallocated expenditures	Total
At 30 June 2021	26,860,047	29,396,100	25,226,750	-	-	5,069,766	2,146,800	88,699,463
Add: Additions during the year	59,717,540	5,813,200	750,000	67,572,489	26,000,000	6,330,015	-	166,183,244
Add / (Less): Adjustments made during the year	(22,820,619)	-	-	24,967,419	-	-	(2,146,800)	-
Less: Mobilization advances adjusted during the year	-	-	-	-	-	(6,118,458)	-	(6,118,458)
Add: Transferred from inventory	-	4,895,924	-	-	-	-	-	4,895,924
Less: Transferred to operating fixed assets during the year	(31,417,104)	(19,353,204)	-	(71,740,070)	-	-	-	(122,510,378)
At 30 June 2022	32,339,864	20,752,020	25,976,750	20,799,838	26,000,000	5,281,323	-	131,149,795
Add: Additions during the year	53,916,806	2,770,000	-	33,204,031	23,555,995	-	-	113,446,832
Less: Mobilization advances adjusted during the year	-	-	-	-	-	(4,187,222)	-	(4,187,222)
Add: Transferred from inventory	-	5,316,190	-	-	-	-	-	5,316,190
Less: Transferred to operating fixed assets during the year	(42,056,824)	(20,156,420)	-	(3,409,167)	(49,555,995)	-		(115,178,406)
At 30 June 2023	44,199,846	8,681,790	25,976,750	50,594,702	-	1,094,101	-	130,547,189

16.2.2 This represent advance given to BNP (Private) Limited against purchase of apartment in Grand Hayatt (the "Project") at 1-Constitution Avenue, Islamabad. On 29 July 2016, Capital Development Authority (CDA) cancelled the leased deed of BNP (Private) Limited on the grounds of violating the terms and conditions of the said lease and sealed the Project. Against the alleged order, BNP (Private) Limited filed a writ petition before the Honorable Islamabad High Court ("IHC") challenging the cancellation of said lease. IHC dismissed the writ petition of BNP (Private) Limited. However, the honorable judge of IHC ruled that it is a duty of the Federal Government to ensure that the purchasers do not suffer due to Government's own wrongful actions and omissions, particularly when the regulatory failure of the CDA stands admitted. The Company and others filed appeals against the aforesaid judgment of IHC before Honorable Supreme Court of Pakistan. On 09 January 2019, Honorable Supreme Court of Pakistan has passed order whereby the Court has ordered BNP (Private) Limited to pay Rupees 17.5 billion in eight years to CDA to revive the original lease together with all approvals and permissions already granted. The Court has further ordered that BNP (Private) Limited shall complete the entire project within a reasonable time. CDA and BNP (Private) Limited have filed review petitions against the order of the Supreme Court of Pakistan which are still pending for review. Supreme Court of Pakistan referred the matter to the Public Accounts Committee (PAC) and asked them to submit its recommendation on the subject matter. During the year ended 30 June 2021, PAC endorsed the amount of Rupees 17.5 billion to be paid to CDA in six years for the revival of lease and de-sealing of the Project in accordance with the settlement held between CDA and BNP (Private) Limited. On 06 January 2021, on the directives of PAC and payment of first installment of settlement amount by BNP (Private) Limited, CDA 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 started negotiations to finalize the terms and conditions of "Undertaking and Indemnity Agreement" to take the possession of the apartment. However, in March 2023, CDA has cancelled the lease deed of BNP (Private) Limited once again due to non-payment of due installment of settlement amount of Rupees 17.5 billion and taken the possession of the Project. BNP (Private) Limited filed petition before IHC against the cancellation of lease deed by CDA who decided the case against BNP (Private) Limited. Subsequently, BNP (Private) Limited filed petition before Supreme Court of Pakistan who also dismissed the petition and upheld the decisions of the Apex courts. CDA is in negotiations with the Company to hand over the possession of the apartment. The Company is confident of favorable outcome of the negotiations and possession of the apartment after the completion of necessary legal formalities.

17. RIGHT-OF-USE ASSETS

	Land	Buildings	Vehicles	Total
	Rupees			
At 30 June 2021	228,550,647	73,029,064	57,713,630	359,293,341
Add: Additions during the year	142,365,608	2,174,557	102,053,846	246,594,011
Add: Impact of lease modifications	64,414,176	2,230,410	-	66,644,586
Less: Impact of lease termination	7,309,513	-	-	7,309,513
Less: Book value of assets transferred to operating fixed assets - during the year	-	-	1,787,081	1,787,081
Less: Depreciation expense for the year (Note 33)	56,215,487	30,808,270	20,667,011	107,690,768
At 30 June 2022	371,805,431	46,625,761	137,313,384	555,744,577
Add: Additions during the year	18,557,113	45,328,092	71,928,735	135,813,940
Add: Impact of lease modifications	(1,845,647)	69,122,276	-	67,276,629
Less: Impact of lease terminations	25,059,314	-	-	25,059,314
Less: Book value of assets transferred to operating fixed assets - during the year	-	-	1,574,708	1,574,708
Less: Depreciation expense for the year (Note 33)	60,162,403	34,768,030	32,149,538	127,079,971
At 30 June 2023	303,295,180	126,308,099	175,517,873	605,121,153

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 two 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 and director of the Company. The average contract duration is three years.

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

		2023 Rupees	2022 Rupees
18.	**INTANGIBLE ASSETS - Computer softwares**		
	Opening net book value	6,657,720	10,645,945
	Add: Cost of additions during the year	1,500,000	824,607
	Less: Amortization charged during the year (Note 34)	4,176,196	4,812,832
	Closing net book value	3,981,524	6,657,720
18.1	Cost as at 30 June	47,473,948	45,973,947
	Accumulated amortization	(43,492,424)	(39,316,227)
	Net book value as at 30 June	3,981,524	6,657,720

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

18.3 Intangible assets costing Rupees 30.204 million (2022: Rupees 29.329 million) are fully amortized and are still in use of the Company.

		2023 Rupees	2022 Rupees
19.	**INVESTEMENT PROPERTY**		
19.1	**Land - at fair value**		
	Opening book value	130,000,000	93,750,000
	Fair value gain (Note 36)	5,000,000	36,250,000
	Closing book value	135,000,000	130,000,000

19.2 The fair value of investment property has been determined by an independent valuer M/s Anderson Consulting (Private) Limited as at 30 June 2023. Forced sale value of investment property as at 30 June 2023 is Rupees 114.750 million (2022: Rupees 110.500 million).

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

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

		2023 Rupees	2022 Rupees
20.	**INVESTMENT IN SUBSIDIARY COMPANY - at cost**		
	Hi-Tech Blending (Private) Limited - unquoted		
	130,000,060 (2022: 130,000,060) fully paid ordinary shares of Rupees 10 each		
	Equity held 100% (2022: 100%)	1,300,000,600	1,300,000,600

20.1 Investment in Hi-Tech Blending (Private) Limited includes 60 (2022: 60) shares in the name of nominees of the Company.

		2023 Rupees	2022 Rupees
21.	**LONG TERM SECURITY DEPOSITS**		
	Security deposits against leased assets	54,869,439	28,099,890
	Security deposits - others	13,939,150	11,783,595
		68,808,589	39,883,485
	Less: Current portion shown under current assets (Note 26)	16,865,461	2,188,745
		51,943,128	37,694,740
22.	**LONG TERM LOANS TO EMPLOYEES**		
	Considered good:		
	Loans to employees - interest free and unsecured (Note 22.1)	3,919,266	983,333
	Less: Current portion shown under current assets (Note 25)	934,166	200,004
		2,985,100	783,329

22.1 These represent interest free and unsecured loans given to employees, receivable in maximum 60 monthly instalments in accordance with the Company's policy. Fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of staff loans is not considered material and hence not recognized.

	2023 Rupees	2022 Rupees
23. STOCK-IN-TRADE		
Lubricants and parts (Note 23.1)	292,185,127	1,507,889,971
Less: Provision for slow moving and damaged inventory items (Note 23.2)	27,068,373	14,105,219
	265,116,754	1,493,784,752
Petroleum products		
- Stock in hand (Note 23.3 and Note 23.4)	139,978,203	712,760,727
- Stock in pipeline system (Note 23.5)	638,125,434	606,798,070
	778,103,637	1,319,558,797
Dispensing pumps and other installations (Note 23.6)	59,701,394	55,554,249
	1,102,921,785	2,868,897,798

23.1 This includes stock-in-transit of Rupees Nil (2022: Rupees 52.121 million) and stock amounting to Rupees 70.612 million (2022: Rupees 80.690 million) lying at customs bonded warehouse.

	2023 Rupees	2022 Rupees
23.2 Provision for slow moving and damaged inventory items:		
Opening balance	14,105,219	8,562,589
Add: Provision recognized during the year	12,963,154	10,678,666
Less: Reversal of provision during the year	-	5,136,036
	12,963,154	5,542,630
Closing balance	27,068,373	14,105,219

23.3 This includes stock of petroleum products in transit of Rupees Nil (2022: Rupees 264.996 million).

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

	2023 Rupees	2022 Rupees
Askar Oil Services (Private) Limited	2,425,987	2,122,499
Be Energy Limited	36,668,049	12,662,319
Al-Rahim Trading Company (Private) Limited	459,393	317,134,268
Gas and Oil Pakistan Limited	3,410,459	476,791
Karachi Hydrocorban Terminal Limited	4,756,350	6,672,428
	47,720,238	339,068,305

23.5 This represents the Company's share of pipeline stock of High Speed Diesel and Petroleum Motor Gasoline amounting to Rupees 469.131 million (2022: Rupees 454.427 million) and Rupees 168.995 million (2022: Rupees 152.371 million) respectively held by Pak-Arab Pipeline Company Limited.

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

	2023 Rupees	2022 Rupees
24. TRADE DEBTS		
Unsecured:		
Considered good	194,822,885	141,195,587
Less: Allowance for expected credit losses (Note 24.2)	35,583,191	34,976,606
	159,239,694	106,218,981

24.1 As at the reporting date, trade debts of Rupees 70.957 million (2022: Rupees 66.909 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of trade debts is as follows:

	2023 Rupees	2022 Rupees
Neither past due nor impaired	123,866,261	74,286,516
Past due but not impaired		
1 to 6 months	36,546,749	52,462,723
6 to 12 months	34,409,839	14,446,348
	70,956,588	66,909,071
24.2 Allowance for expected credit losses		
Opening balance	34,976,606	37,348,463
Add: Recognized during the year (Note 35)	606,585	-
Less: Reversal of allowance for expected credit losses (Note 36)	-	2,371,857
Closing balance	35,583,191	34,976,606

24.3 The maximum aggregate amount receivable from Hi-Tech Blending (Private) Limited at the end of any month during the year was Rupees 121.330 million (2022: Rupees 0.897 million).

	2023 Rupees	2022 Rupees
25 LOANS AND ADVANCES		
Considered good, unsecured:		
Loans to employees - interest free and against salaries:		
- Executives	8,623,129	562,500
- Other employees	2,809,835	2,398,352
	11,432,964	2,960,852
Short term loan to subsidiary company (Note 25.1)	485,500,000	-
Advances to employees against expenses	3,363,189	9,400,944
Current portion of long term loans to employees (Note 22)	934,166	200,004
Advances to suppliers (Note 25.2)	106,280,314	162,147,799
Margin against bank guarantees	17,500,000	17,500,000
	625,010,633	192,209,599

25.1 This represents unsecured short term loan given to Hi-Tech Blending (Private) Limited - subsidary company to meet the working capital requirements and is repayable on demand. This carries mark-up at the rate of 3 month KIBOR plus 1.5 % per annum. The effective rate of mark-up charged during the year on outstanding balance ranged from 17.21% to 23.58% (2022: Nil) per annum.

		2023 Rupees	2022 Rupees
25.2	**Advances to suppliers**		
	Unsecured:		
	Considered good	106,280,314	162,147,799
	Considered doubtful	1,228,802	2,980,936
		107,509,116	165,128,735
	Less: Provision for doubtful advances to suppliers (Note 25.2.1)	1,228,802	2,980,936
		106,280,314	162,147,799
25.2.1	**Provision for doubtful advance to supplier**		
	Opening balance	2,980,936	96,218
	Add: Recognized during the year (Note 35)	-	2,980,936
	Less: Advances to suppliers written off against provision	749,933	96,218
	Less: Reversal of provision during the year (Note 36)	1,002,201	-
	Closing balance	1,228,802	2,980,936
26.	**SHORT TERM DEPOSITS AND PREPAYMENTS**		
	Current portion of long term security deposits (Note 21)	16,865,461	2,188,745
	Short term security deposits	2,197,595	5,377,256
	Prepaid expenses	827,406	1,090,441
	Prepaid insurance	6,040,676	10,902,449
	Prepaid rent	6,406,350	4,750,546
		32,337,488	24,309,437
27.	**OTHER RECEIVABLES**		
	Receivable from MAS Associates (Private) Limited - associated company (Note 27.1)	444,154	292,753
	Receivable from SK Enmove Co., Ltd. (Formerly SK Lubricants Co., Ltd.) - related party (Note 27.2)	-	-
	Sales tax receivable	167,526,359	401,491,544
	Inland freight equalization mechanism	16,760,468	35,764,376
	Others	3,661,085	2,516,745
		188,392,066	440,065,418

27.1 It is neither past due nor impaired. The maximum aggregate amount receivable from associated company at the end of any month during the year was Rupees 0.754 million (2022: Rupees 0.306 million).

27.2 The maximum aggregate amount receivable from SK Enmove Co., Ltd. (Formerly SK Lubricants Co., Ltd.) - principal supplier and long term partner at the end of any month during the year was Rupees 181.400 million (2022: Rupees 112.191 million).

		2023 Rupees	2022 Rupees
28.	**ACCRUED INTEREST**		
	On bank deposits	9,013	11,678
	On short term loan to subsidary company (Note 28.1)	45,954,988	-
	On term deposit receipt	7,023,972	558,904
		52,987,973	570,582

28.1 It is neither past due nor impaired. The maximum aggregate amount receivable from subsidiary company at the end of any month during the year was Rupees 51.965 million (2022: Rupees Nil).

		2023 Rupees	2022 Rupees
29.	**SHORT TERM INVESTMENTS**		
	Equity instruments (Note 29.1)	222,582,946	226,804,412
29.1	**Equity instruments**		
	Fair value through profit or loss		
	Quoted - other than related party:		
	Engro Fertilizer Limited		
	49,500 (2022: 49,500) fully paid ordinary shares of Rupees 10 each	4,387,680	3,478,365
	First Habib Cash Fund		
	2,125,858.6099 (2022: 2,175,445.5276) units	214,608,551	218,935,967
	NBP Islamic Daily Dividend Fund		
	37,955.7549 (2022: 33,248.6961) units	379,557	332,486
	UBL Liquidity Plus Fund - Class 'C'		
	20,187.0219 (2022: 17,634.4689) units	2,045,041	1,781,484
	MCB Cash Management Optimizer		
	4,378.7994 (2022: 3,832.6873) units	443,593	386,950
	Meezan Rozana Amdani Fund		
	6,812.5239 (2022: 5,977.4662) units	340,625	298,872
		222,205,047	225,214,124
	Unrealized gain on remeasurement of investments at fair value through profit or loss - net	377,899	1,590,288
		222,582,946	226,804,412

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

	2023 Rupees	2022 Rupees
30. CASH AND BANK BALANCES		
Cash in hand	1,771,008	557,306
Cash at banks:		
Saving accounts (Note 30.1)	7,873,895	225,076,032
Current accounts	54,766,817	231,508,458
	62,640,712	456,584,490
	64,411,720	457,141,796
Term deposit receipt (Note 30.3)	175,000,000	200,000,000
	239,411,720	657,141,796

30.1 Saving accounts carry profit at the rates ranging from 12.25% to 21.80% (2022: 5.49% to 12.25%) per annum.

30.2 Bank balances (including term deposit receipt) of Rupees 177.401 million (2022: Rupees 218.438 million) and short term investments of Rupees 218.497 million (2022: Rupees 222.272 million) represents un-utilized proceeds of the initial public offer.

30.3 This term deposit receipt issued by banking company having maturity period of three months and carrying interest at 19.50% (2022: 12.75%) per annum. Effective rate of interest on term deposit receipt during the year ranges from 10.93% to 19.50% (2022: 5.50% to 12.75%) per annum.

	2023 Rupees	2022 Rupees
31. GROSS REVENUE FROM CONTRACTS WITH CUSTOMERS		
Lubricants	9,155,331,178	12,589,198,927
Petroleum products	8,212,223,924	8,326,346,060
Others (Note 31.1)	156,374,178	40,877,084
	17,523,929,280	20,956,422,071
31.1 Others		
Packing material, spare parts and base oil (Note 31.1.1)	121,140,414	-
Dispensing pumps	3,629,355	11,666,956
Franchise and joining fee	31,604,409	29,210,128
	156,374,178	40,877,084

31.1.1 This represents sale of packing material, spare parts and base oil to Hi-Tech Blending (Private) Limited - subsidary company amounting to Rupees 121.140 million (2022: Rupees Nil).

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

31.3 The amount of Rupees 53.511 million included in contract liabilities (Note 10) at 30 June 2022 has been recognised as revenue during the year ended 30 June 2023.

		2023 Rupees	2022 Rupees
32.	**COST OF SALES**		
	Opening stock of lubricants and other items	1,563,444,220	352,142,799
	Lubricants and other items purchased during the year	4,666,083,490	8,906,620,122
		6,229,527,710	9,258,762,921
	Closing stock of lubricants and other items	339,876,354	1,563,444,220
	Cost of lubricants and other items sold	5,889,651,356	7,695,318,701
	Opening stock of petroleum products	1,319,558,797	534,969,344
	Petroleum products purchased during the year	6,127,519,591	7,658,133,726
	Petroleum development levy	1,226,148,575	279,772,083
	Inland freight equalization margin	63,358,500	170,510,183
		7,417,026,666	8,108,415,992
	Closing stock of petroleum products	778,103,637	1,319,558,797
	Cost of petroleum products sold	7,958,481,826	7,323,826,539
	Cost of packing material, spare parts and base oil sold to subsidary company	96,850,228	-
	Total	13,944,983,410	15,019,145,240
33.	**DISTRIBUTION COST**		
	Salaries and other benefits (Note 33.1)	495,521,402	463,727,334
	Sales promotion and advertisements - net (Note 33.2)	13,880,511	162,869,339
	Freight outward	37,689,754	44,528,934
	Rent, rates and taxes	3,555,668	2,431,494
	Travelling and conveyance	64,844,779	55,802,098
	Insurance	23,965,207	15,079,420
	Utilities	18,399,959	14,290,121
	Repair and maintenance	20,400,104	25,057,872
	Vehicles' running and maintenance	67,717,670	37,054,006
	Communication	9,516,412	10,928,547
	Entertainment	11,931,447	7,761,182
	Depreciation on fixed assets (Note 16.1.2)	104,919,540	108,603,515
	Depreciation on right-of-use assets (Note 17)	127,079,971	107,690,769
	Hospitality charges	8,607,862	10,359,959
	Printing and stationery	1,642,903	877,631
	Miscellaneous	33,834,870	25,360,918
		1,043,508,059	1,092,423,139

33.1 Salaries other benefits include provident fund contribution of Rupees 13.128 million (2022: Rupees 11.157 million) by the Company.

33.2 These are net off incentives in the shape of reimbursement against sales promotion expenses and advertisements amounting to Rupees 181.400 million (2022: Rupees 112.191 million) from SK Enmove Co., Ltd. (Formerly SK Lubricants Co., Ltd.) - principal supplier and long term partner.

	2023 Rupees	2022 Rupees
34. ADMINISTRATIVE EXPENSES		
Salaries, wages and other benefits (Note 34.1)	499,139,804	402,804,392
Rates and taxes	921,314	835,750
Travelling and conveyance	41,708,009	11,181,074
Insurance	16,906,277	13,080,307
Vehicles' running and maintenance	33,070,608	16,775,193
Utilities	9,768,100	7,998,816
Repair and maintenance	7,038,228	8,364,988
Fee and subscription	15,208,543	13,812,126
Printing and stationery	1,450,359	1,719,066
Communication	5,040,966	4,379,186
Entertainment	16,790,197	8,911,541
Legal and professional	29,955,690	28,647,014
Auditor's remuneration (Note 34.2)	4,842,926	4,200,350
Depreciation on fixed assets (Note 16.1.2)	31,308,784	34,230,735
Amortization on intangible assets (Note 18)	4,176,196	4,812,832
Miscellaneous	1,405,054	1,747,159
	718,731,055	563,500,529

34.1 Salaries, wages and other benefits include provident fund contribution of Rupees 12.3 million (2022: Rupees 9.645 million) by the Company.

	2023 Rupees	2022 Rupees
34.2 Auditor's remuneration		
Annual audit fee	2,213,680	1,976,500
Certifications	1,005,592	897,850
Half year review	1,263,654	1,046,500
Reimbursable expenses	360,000	279,500
	4,842,926	4,200,350
35. OTHER EXPENSES		
Allowance for expected credit losses (Note 24.2)	606,585	-
Provision for slow moving and damaged inventory items - net (Note 23.2)	12,963,154	5,542,630
Provision for doubtful advances to suppliers	-	2,980,936
Long term security deposit written off	325,000	-
Other receivables written off	-	905,691
Fixed assets written off	-	3,039,221
Stock-in-trade written off (Note 23.7)	-	192,155
Charities and donations (Note 35.1)	22,037,093	18,454,422
Workers' welfare fund	-	14,988,402
Workers' profit participation fund	-	19,292,825
Exchange loss - net	150,553	166,271,121
Miscellaneous	60,138	4,387,588
	36,142,523	236,054,991

35.1 These include amount of Rupees 18 million (2022: Rupees 18 million) paid to Sabra Hamida Trust, 1-A, Danepur Road, GOR-1, Lahore, in which Mr. Hassan Tahir - Chief Executive, Mr. Shaukat Hassan - Director, Mr. Tahir Azam - Director and Mr. Ali Hassan - Director are trustees.

		2023 Rupees	2022 Rupees
36.	**OTHER INCOME**		
	Income from financial assets:		
	Dividend income (Note 36.1)	295,937,019	282,796,867
	Profit on bank deposits and term deposit receipt	29,275,783	22,171,572
	Interest on short term loan to subsidiary company	90,341,241	-
	Gain on disposal of short term investments	338,180	50,996
	Unrealized gain on remeasurement of investments at fair value through profit or loss - net	377,899	1,590,287
	Credit balances written back	10,541,826	-
	Reversal of allowance for expected credit losses (Note 24.2)	-	2,371,857
	Income from non-financial assets:		
	Gain on disposal of operating fixed assets (Note 16.1.1)	6,793,259	432,673
	Fair value gain on investment property (Note 19)	5,000,000	36,250,000
	Gain on termination of leases	5,548,712	789,208
	Amortization of deferred income - Government grant (Note 9)	361,618	4,741,767
	Income from handling and storage services	19,261,960	-
	Reversal of provision for doubtful advances to suppliers (Note 25.2.1)	1,002,201	-
	Common facility charges	521,400	1,056,214
	Scrap sales	1,260,451	-
	Insurance claim	3,421,000	-
	Miscellaneous	4,725,419	2,791,270
	Others:		
	Rental income from HTL Express Centres	30,397,750	27,760,000
		505,105,718	382,802,711

36.1 This includes Rupees 260 million (2022: Rupees 260 million) received from Hi-Tech Blending (Private) Limited - subsidiary company.

		2023 Rupees	2022 Rupees
37.	**FINANCE COST**		
	Mark-up on long term financing	550,955	7,601,321
	Mark-up on short term borrowings	396,895,791	131,748,690
	Interest expense on lease liabilities (Note 6.1)	66,160,324	50,390,079
	Bank charges and commission	7,620,034	5,775,957
	Interest on workers' profit participation fund	3,389,750	-
		474,616,854	195,516,047

		2023 Rupees	2022 Rupees
38.	**TAXATION**		
	For the year:		
	Current - For the year (Note 38.1)	72,119,069	159,359,537
	- Prior year adjustment	(6,413,223)	(205,564)
	Deferred tax	(153,477,452)	118,123,967
		(87,771,606)	277,277,940

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

	2023 Rupees	2022 Rupees
Relationship between tax expense and accounting profit		
(Loss) / profit before taxation	(181,184,128)	1,015,199,932
Tax at the applicable rate of 29% (2022: 29%)	(52,543,397)	294,407,980
Tax effect due to adjustment of brought forward losses	-	(40,929,290)
Tax effect of minimum tax on turnover taxed at lower rate	77,658,460	(68,998,059)
Tax effect of dividend income taxed at a lower rate	5,390,535	3,419,512
Tax effect of capital gain taxed at a lower rate	94,642	27,064
Tax effect of change in prior year's tax	(6,413,223)	(205,564)
Tax effect of group taxation adjustments	(11,024,569)	(21,358,892)
Tax effect of super tax	-	69,867,375
Tax effect arising as a consequence of recognition of deferred income tax	(153,477,452)	118,123,967
Tax effect of inadmissible income	52,543,397	-
Others	-	(77,076,153)
	(87,771,606)	277,277,940

39. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

	2023	2022
There is no dilutive effect on the basic earnings per share which based on:		
(Loss) / profit after taxation attributable to ordinary shareholders (Rupees)	(93,412,522)	737,921,992
Weighted average number of shares (Number)	139,204,800	139,204,800
(Loss) / earnings per share - basic and diluted (Rupees)	(0.67)	5.30

		2023 Rupees	2022 Rupees
40.	**CASH GENERATED FROM / (USED IN) OPERATIONS**		
	(Loss) / profit before taxation	(181,184,128)	1,015,199,932
	Adjustments for non-cash charges and other items:		
	Depreciation on operating fixed assets	136,228,324	142,834,250
	Depreciation on right-of-use assets	127,079,971	107,690,769
	Amortization on intangible assets	4,176,196	4,812,832
	Amortization of deferred income - Government grant	(361,618)	(4,741,767)
	Allowance for expected credit losses	606,585	2,371,857
	Provision for slow moving and damaged inventory items - net	12,963,154	5,542,630
	Provision for doubtful advances to suppliers	-	2,980,936
	Gain on disposal of operating fixed assets	(6,793,259)	(432,673)
	Dividend income	(295,937,019)	(282,796,867)
	Profit on bank deposits and term deposit receipt	(29,275,783)	(22,171,572)
	Interest income on short term loan to subsidiary company	(90,341,241)	-
	Fair value gain on investment property	(5,000,000)	(36,250,000)
	Gain on disposal of short term investments	(338,180)	(50,996)
	Unrealized (gain) / loss on remeasurement of investments carried at fair value through profit or loss - net	(377,899)	(1,590,287)
	Fixed assets written off	-	3,039,221
	Reversal of provision for doubtful advances to suppliers	(1,002,201)	-
	Stock-in-trade written off	-	192,155
	Credit balances written back	(10,541,826)	-
	Long term security deposits written off	325,000	-
	Other receivables written off	-	905,691
	Gain on termination of lease	(5,548,712)	(789,208)
	Exchange loss - net	150,553	166,271,121
	Finance cost	474,616,854	195,516,047
	Working capital changes (Note 40.1)	377,161,587	(1,349,852,926)
		506,606,358	(51,318,855)
40.1	**Working capital changes**		
	Decrease / (increase) in current assets:	1,753,012,859	(1,995,890,874)
	Stock-in-trade	(53,627,298)	(5,365,490)
	Trade debts	54,635,333	(105,272,077)
	Loans and advances	(22,704,767)	(6,603,867)
	Short term deposits and prepayments	251,673,352	(299,590,055)
	Other receivables	1,982,989,479	(2,412,722,363)
	(Decrease) / increase in trade and other payables	(1,605,827,892)	1,062,869,437
		377,161,587	(1,349,852,926)

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

	2023				
	Liabilities from financing activities				
	Long term financing	Lease liabilities	Short term borrowings	Unclaimed dividend	Total
	Rupees				
Balance as at 01 July 2022	47,490,196	596,281,908	1,494,218,779	5,755,517	2,143,746,400
Finance obtained	-	-	13,248,374,631	-	13,248,374,631
Repayment of financing	(47,851,814)	-	(12,891,037,225)	-	(12,938,889,039)
Acquisitions - finance leases	-	137,363,481	-	-	137,363,481
Other change - non-cash movement	361,618	35,119,062	-	-	35,480,680
Repayment of lease liabilities	-	(125,883,130)	-	-	(125,883,130)
Dividend declared	-	-	-	278,409,600	278,409,600
Dividend paid	-	-	-	(278,334,373)	(278,334,373)
Balance as at 30 June 2023	-	642,881,321	1,851,556,185	5,830,744	2,500,268,250

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

	2023 Rupees	2022 Rupees
40.3 Non-cash financing activities		
Acquisition of right-of-use assets	137,363,481	243,183,235

41. PROVIDENT FUND

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

42. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transaction	2023 Rupees	2022 Rupees
Subsidiary company			
Hi-Tech Blending (Private) Limited	Sale of lubricants	103,023,346	1,039,426
	Sale of packing material and parts	18,117,068	
	Purchase of lubricants	4,305,440,690	8,089,849,202
	Dividend received	260,000,120	260,000,120
	Lease rentals paid	3,000,000	3,000,000
	Short term loan given	1,093,656,544	-
	Short term loan repaid	608,156,544	-
	Interest received on short term loan	44,386,254	-
Associated companies			
MAS Associates (Private) Limited	Share of common expenses	1,452,548	1,056,214
Other related parties			
SK Enmove Co., Ltd.	Purchase of lubricants	333,138,787	598,118,600
(Formerly SK Lubricants Co., Ltd.)	Incentive	181,400,000	112,190,906
	Dividend paid	1,986,660	2,927,012
	Bonus Share Issued	-	1,655,550
Provident fund trust	Contribution	25,429,262	20,802,292
Sabra Hamida Trust	Donations	18,000,000	18,000,000
Directors of the Company			
Mr. Shaukat Hassan	Dividend paid	721,200	1,062,568
	Bonus shares issued	-	601,000
Mr. Ali Hassan	Dividend paid	18,000,720	26,521,061
	Bonus shares issued	-	15,000,600
Mr. Hassan Tahir	Dividend paid	18,000,720	26,521,061
	Bonus shares issued	-	15,000,600
Ms. Mavira Tahir	Dividend paid	12,000,360	17,680,530
	Bonus shares issued	-	10,000,300
Mr. Tahir Azam	Dividend paid	721,200	987,568
	Bonus shares issued	-	601,000
Mr. Faraz Akhtar Zaidi	Dividend paid	1,200	1,643
	Bonus shares issued	-	1,000
Dr. Safdar Ali Butt	Dividend paid	1,200	1,643
	Bonus shares issued	-	1,000
Mr. Shafiq Ur Rehman	Dividend paid	1,200	1,643
	Bonus shares issued	-	1,000
Mr. Syed Asad Abbas Hussain	Dividend paid	1,200	1,331
	Bonus shares issued	-	1,000

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

Name of related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year	% age of shareholding held by the Company
Hi-Tech Blending (Private) Limited	Wholly owned subsidiary company	Yes	None
MAS Associates (Private) Limited	Common directorship	Yes	None
SK Enmove Co., Ltd. (Formerly SK Lubricants Co., Ltd.)	Principal supplier and long term partner	Yes	None
Hi-Tech Energy (Private) Limited	Common directorship	No	None
MAS Infosoft (Private) Limited	Common directorship	No	None
MAS Services	Common partnership of directors	No	None
Haut Buys (Private) Limited	Common directorship	No	None
Sabra Hamida Trust	Common trusteeship of directors	Yes	None
WASL Investment Finance Limited	Common directorship	No	None
Alliance Francaise De Lahore Foundation	Common trusteeship of directors	No	None
Pakistan France Business Alliance	Common trusteeship of directors	No	None
Food Check (Private) Limited	Common directorship	No	None
Pak Agro Packaging (Private) Limited	Common directorship	No	None
Ujala Education Foundation	Common trusteeship of directors	No	None
MAS Associates Employees Provident Fund Trust	Common trusteeship of directors	No	None
Hi-Tech Lubricants Limited Employees Provident Fund Trust	Common trusteeship of directors	Yes	None
Hi-Tech Blending (Private) Limited Provident Fund Trust	Subsidiary company's employee provident fund trust	No	None
MAS Services Employees Provident Fund Trust	Common trusteeship of directors	No	None
Haut Notch (Private) Limited	Common directorship	No	None
Gulf Rubber Works (Private) Limited	Common directorship	No	None
ANALI	Common partnership of director	No	None
Chenab Energy (Private) Limited	Common directorship	No	None
JSSR Consulting, Pakistan	Common partnership of director	No	None
14th Gate Restructuring Company Limited	Common directorship	No	None
Mr. Shaukat Hassan	Director of the Company	Yes	None
Mr. Ali Hassan	Director of the Company	Yes	None
Mr. Hassan Tahir	Director of the Company	Yes	None
Ms. Mavira Tahir	Director of the Company	Yes	None
Mr. Tahir Azam	Director of the Company	Yes	None
Mr. Faraz Akhtar Zaidi	Director of the Company	Yes	None
Dr. Safdar Ali Butt	Director of the Company	Yes	None
Mr. Shafiq Ur Rehman	Director of the Company	Yes	None
Mr. Sanghyuk Seo	Director of the Company	No	None
Mr. Syed Asad Abbas Hussain	Director of the Company	Yes	None

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

43. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2023				2022			
		Directors				Directors		
	Chief Executive	Executives	Non-Executives	Executives	Chief Executive	Executives	Non-Executives	Executives
	Rupees							
Managerial remuneration	15,180,645	13,645,161	45,161,292	133,306,711	11,845,161	10,451,613	30,967,740	91,326,161
Bonus	2,765,000	2,475,000	-	17,750,265	3,010,646	2,656,452	-	14,766,994
Allowances								
House rent	6,831,290	6,140,322	20,322,581	59,988,020	5,330,322	4,703,226	13,935,483	41,096,773
Medical	1,518,065	1,364,516	4,516,129	13,330,671	1,184,516	1,045,161	3,096,774	9,132,616
Travelling	3,000,000	3,000,000	10,000,000	891,950	2,000,000	2,000,000	4,000,000	439,300
Others incentives	6,157,513	6,137,513	2,000,000	77,884,355	22,468,028	22,468,028	-	61,143,201
Contribution to provident fund trust	-	-	-	11,336,955	-	-	-	7,321,643
Leave fare assistance	-	-	-	8,321,586	-	-	-	5,056,037
	35,452,513	32,762,512	82,000,002	322,810,513	45,838,674	43,324,480	51,999,997	230,282,725
	1	**1**	**4**	**64**	**1**	**1**	**4**	**49**

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

43.2 Aggregate amount charged in these financial statements for meeting fee to three directors (2022: four directors) is Rupees 6.1 million (2022: Rupees 4 million).

44. NUMBER OF EMPLOYEES

	2023		2022	
	Permanent	Contractual	Permanent	Contractual
Total number of employees as on 30 June	363	115	410	120
Average number of employees during the year	395	113	402	117

45. CAPACITY AND PRODUCTION

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

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

46. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

Recurring fair value measurements at 30 June 2023	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets				
Financial assets at fair value through profit or loss	222,582,946	-	-	222,582,946

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.

47. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgments and estimates are made in determining the fair value of non-financial assets that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

At 30 June 2023	Level 1	Level 2	Level 3	Total
		Rupees		
Freehold land	-	1,276,357,250	-	1,276,357,250
Investment property - land	-	135,000,000	-	135,000,000
	-	1,411,357,250	-	1,411,357,250

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

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

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

(ii) Valuation techniques used to determine level 2 fair values

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

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's freehold land and investment property at the end of every financial year. As at 30 June 2023, the fair value of the investment property has been determined by Anderson Consulting (Private) Limited, an independent valuer.

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

48. FINANCIAL RISK MANAGEMENT

48.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

	2023 USD	2022 USD
Trade and other payables	188,771	4,104,289

The following significant exchange rates were applied during the year:

	2023	2022
	Rupees per US Dollar	
Average rate	253.08	179.89
Reporting date rate	287.10	203.50

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on loss after taxation for the year would have been Rupees 2.710 million higher / lower (2022: profit after taxation for the year would have been Rupees 22.551 million lower / higher), mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange (PSX) Index on the Company's loss after taxation (2022: profit after taxation) for the year. The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

Index	Impact on (loss) / profit after taxation	
	2023 Rupees	2022 Rupees
PSX 100 (5% increase)	(204,262)	219,384
PSX 100 (5% decrease)	204,262	(219,384)

(iii) Interest rate risk

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

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

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

	2023 Rupees	2022 Rupees
Fixed rate instruments		
Financial assets		
Term deposit receipt	175,000,000	200,000,000
Financial liabilities		
Long term financing	-	47,490,196
Lease liabilities	487,010,986	470,172,580
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	7,873,895	225,076,032
Financial liabilities		
Lease liabilities	155,870,335	126,109,328
Short term borrowings	1,851,556,185	1,494,218,779
	2,007,426,520	1,620,328,107

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rupees 19.996 million higher / lower (2022: profit after taxation for the year would have been Rupees 7.534 million lower / higher), mainly as a result of higher / lower interest expense on lease liabilities and short term borrowings. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

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

	2023 Rupees	2022 Rupees
Long term security deposits	13,939,150	11,783,595
Long term loans to employees	3,919,266	983,333
Short term deposits	2,197,595	5,377,256
Trade debts	159,239,694	106,218,981
Loans and advances	514,432,964	20,460,852
Other receivables	20,865,707	38,573,874
Accrued interest	52,987,973	570,582
Short term investments	222,582,946	226,804,412
Bank balances	237,640,712	656,584,490
	1,227,806,007	1,067,357,375

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

	Rating			2023	2022
	Short term	Long term	Agency	Rupees	Rupees
Short term investments					
Engro Fertilizer Limited	A1+	AA	PACRA	4,085,235	4,387,680
First Habib Cash Fund	AA +(f)		VIS	215,290,591	219,614,489
NBP Islamic Mahana Amdani Fund	A(f)		PACRA	-	-
NBP Islamic Daily Dividend Fund	AA+(f)		PACRA	379,557	332,486
UBL Liquidity Plus Fund - Class 'C'	AA+(f)		VIS	2,042,658	1,782,636
MCB Cash Management Optimizer	AA+(f)		PACRA	444,282	388,249
Meezan Rozana Amdani Fund	AA+(f)		VIS	340,625	298,872
				222,582,948	226,804,412
Banks					
Bank Alfalah Limited	A1+	AA+	PACRA	8,411,749	230,380,858
Bank AL Habib Limited	A1+	AAA	PACRA	1,542,468	10,415,706
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	175,559,977	203,542,683
MCB Bank Limited	A1+	AAA	PACRA	12,753,161	7,481,402
National Bank of Pakistan	A1+	AAA	PACRA	1,195,805	2,617,952
The Bank of Punjab	A1+	AA+	PACRA	115,450	115,450
Habib Bank Limited	A-1+	AAA	VIS	42,302	19,169,981
Askari Bank Limited	A1+	AA+	PACRA	848,155	940,289
United Bank Limited	A-1+	AAA	VIS	4,928,558	50,747,325
JS Bank Limited	A1+	AA-	PACRA	287,110	289,410
Al-Baraka Bank (Pakistan) Limited	A-1	A+	VIS	238,399	238,399
Meezan Bank Limited	A-1+	AAA	VIS	26,280,201	92,997,972
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	108,520	30,020,342
Faysal Bank Limited	A1+	AA	PACRA	4,671,404	6,905,523
Summit Bank Limited	A-3	BBB-	VIS	7,246	7,246
Soneri Bank Limited	A1+	AA-	PACRA	-	850
Samba Bank Limited	A-1	AA	VIS	650,207	713,102
				237,640,712	656,584,490
				460,223,660	883,388,902

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

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

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

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the Gross Domestic Product, unemployment, interest, and the inflation Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

'On that basis, the loss allowance as at 30 June 2023 and 30 June 2022 was determined as follows:

	Sales		
	Expected loss rate	Trade debts	Loss allowance
	%	Rupees	
At 30 June 2023			
Up to 30 days	7.11%	11,358,580	807,735
30 to 180 days	68.50%	778,230	533,084
181 to 360 days	96.75%	5,154,272	4,986,669
Above 360 days	100.00%	29,255,603	29,255,603
		46,546,685	35,583,091
Trade debts against which collateral is held		148,276,200	-
		194,822,885	35,583,091

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

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities. As 30 June 2023, the Company had Rupees 362.328 million (2022: Rupees 1,305.781 million) available borrowing limits from financial institutions and Rupees 239.412 million (2022: Rupees 657.142 million) cash and bank balances. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2023:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	Rupees					
Non-derivative financial liabilities:						
Lease liabilities	642,881,321	708,959,436	98,083,366	87,543,123	164,131,787	359,201,160
Long term deposits	16,500,000	16,500,000	-	-	-	16,500,000
Trade and other payables	743,479,878	743,479,878	743,479,878	-	-	-
Unclaimed dividend	5,830,744	5,830,744	5,830,744	-	-	-
Accrued mark-up	81,019,923	81,019,923	81,019,923	-	-	-
Short term borrowings	1,851,556,185	2,084,302,514	648,458,922	1,435,843,592	-	-
	3,341,268,051	3,640,092,495	1,576,872,833	1,523,386,715	164,131,787	375,701,160

Contractual maturities of financial liabilities as at 30 June 2022:

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

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 6 and note 12 to these financial statements.

48.2 Financial instruments by categories

	2023		
	At amortized cost	At fair value through profit or loss	Total
		Rupees	
Financial assets			
Long term security deposits	13,939,150	-	13,939,150
Long term loans to employees	3,919,266	-	3,919,266
Short term deposits	2,197,595	-	2,197,595
Trade debts	159,239,694	-	159,239,694
Loans and advances	514,432,964	-	514,432,964
Other receivables	20,865,707	-	20,865,707
Accrued interest	52,987,973	-	52,987,973
Short term investments	-	222,582,946	222,582,946
Cash and bank balances	239,411,720	-	239,411,720
	1,006,994,069	222,582,946	1,229,577,015

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

	At Amortized Cost	
	2023 Rupees	2022 Rupees
Financial liabilities		
Long term financing	-	47,490,196
Lease liabilities	642,881,321	596,281,908
Long term deposits	16,500,000	17,000,000
Trade and other payables	743,479,878	2,481,632,943
Short term borrowings	1,851,556,185	1,494,218,779
Accrued mark-up	81,019,923	38,150,124
Unclaimed dividend	5,830,744	5,755,517
	3,341,268,051	4,680,529,467

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

	2023		
	Financial assets	Non-financial assets	Assets as per statement of financial position
		Rupees	
Assets			
Long term security deposits	13,939,150	38,003,978	51,943,128
Long term loans to employees	2,985,100	-	2,985,100
Short term deposits and prepayments	2,197,595	30,139,893	32,337,488
Trade debts	159,239,694	-	159,239,694
Loans and advances	514,432,964	110,577,669	625,010,633
Other receivables	20,865,707	167,526,359	188,392,066
Accrued interest	52,987,973	-	52,987,973
Short term investments	222,582,946	-	222,582,946
Cash and bank balances	239,411,720	-	239,411,720
	1,228,642,849	346,247,899	1,574,890,748

	2023		
	Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position
		Rupees	
Liabilities			
Lease liabilities	642,881,321	-	642,881,321
Long term deposits	16,500,000	-	16,500,000
Trade and other payables	743,479,878	230,804,405	974,284,283
Short term borrowings	1,851,556,185	-	1,851,556,185
Accrued mark-up	81,019,923	-	81,019,923
Unclaimed dividend	5,830,744	-	5,830,744
	3,341,268,051	230,804,405	3,572,072,456

	2022		
	Financial assets	Non-financial assets	Assets as per statement of financial position
		Rupees	
Assets			
Long term security deposits	11,783,595	25,911,145	37,694,740
Long term loans to employees	783,329	-	783,329
Short term deposits and prepayments	5,377,256	18,932,181	24,309,437
Trade debts	106,218,981	-	106,218,981
Loans and advances	20,460,852	171,748,747	192,209,599
Other receivables	38,573,874	401,491,544	440,065,418
Accrued interest	570,582	-	570,582
Short term investments	226,804,412	-	226,804,412
Cash and bank balances	657,141,796	-	657,141,796
	1,067,714,677	618,083,617	1,685,798,294

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

48.3 Offsetting financial assets and financial liabilities

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

49. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

	Description	Note	2023 Rupees	2022 Rupees
i)	**Loans / advances obtained as per Islamic mode:**			
	Advances	10	56,684,948	63,104,103
ii)	**Shariah complaint bank deposits / bank balances:**			
	Bank balances		31,298,524	123,256,713
iii)	**Profit earned from shariah complaint bank deposits / bank balances**		-	-
iv)	**Revenue earned from a shariah complaint business segment**		15,531,692,055	17,739,037,167
v)	**Gain / (loss) or dividend earned from shariah complaint investments:**			
	Dividend income		88,805	1,461,021
	Gain on sale of investments		-	-
vi)	**Exchange loss**	35	150,553	166,271,121
vii)	**Mark up paid on Islamic mode of financing**		-	-
viii)	**Profits earned or interest paid on any conventional loan or advance:**			
	Profit earned		90,341,241	-
	Interest paid on loans		351,357,848	110,204,393

ix) Relationship with shariah compliant banks:

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

50. CAPITAL RISK MANAGEMENT

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

		2023	2022
Borrowings	Rupees	2,007,426,520	1,668,179,921
Total equity	Rupees	3,822,945,384	4,142,546,756
Total capital employed	Rupees	5,830,371,904	5,810,726,677
Gearing ratio	Percentage	34.43%	28.71%

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

51. UNUTILIZED CREDIT FACILITIES

	Non-funded		**Funded**	
	2023	2022	**2023**	2022
	Rupees	Rupees	**Rupees**	Rupees
Total facilities	1,576,500,000	1,052,503,435	2,213,500,000	2,847,496,565
Utilized at the end of the year	558,710,663	735,469,868	1,851,171,790	1,541,715,344
Unutilized at the end of the year	1,017,789,337	317,033,567	362,328,210	1,305,781,221

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

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

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

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

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

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

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

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

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

During the year ended on 30 June 2020, the Company started its OMC operations and expediently worked on completion of its Nowshera oil storage. During the year ended 30 June 2021, Company has completed its oil storage at Nowshera. On 09 August 2021, OGRA acknowledged the satisfactory completion of Nowshera oil storage based on third party inspection report. During the year ended 30 June 2022, the Company has started work on new oil storage facility at Shikarpur. On 16 March 2023, OGRA has granted permission to the Company to operate new storage facility at Nowshehra and marketing of petroleum products in the province of Khyber Pakhtunkhwa. Currently, the Company has eight operational HTL Express Centers, four in Lahore, three in Karachi and one in Rawalpindi. Further, the Company has twenty nine retail outlets operational for sale of petroleum products as on 30 June 2023. Detail of payments out of IPO proceeds during the year ended 30 June 2023 is as follows:

	Rupees
Un-utilized IPO proceeds as at 01 July 2022	440,709,519
Add: Profit on term deposit receipts	18,853,185
Add: Profit on bank deposits	964,945
Add: Dividend on investments in mutual funds	35,367,650
Add: Gain on disposal of investment in mutual fund	338,180
Add: Unrealised gain on investments in mutual funds	377,899
Less: Payments made relating to OMC Project	(92,343,369)
Less: Withholding tax on profit	(2,972,720)
Less: Withholding tax on dividend from mutual funds	(5,305,148)
Less: Withholding tax on disposal of mutual funds	(84,545)
Less: Bank charges	(7,240)
Un-utilized IPO proceeds as at 30 June 2023	395,898,356

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

53. SEGMENT INFORMATION

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

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

	LUBRICANTS		PETROLEUM PRODUCTS		UNALLOCATED		TOTAL - COMPANY	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	Rupees							
Revenue from contracts with customers - net	7,381,321,745	9,795,466,357	8,150,370,310	7,943,570,810	-	-	15,531,692,055	17,739,037,167
Cost of sales	(6,027,947,711)	(7,743,962,275)	(7,917,035,699)	(7,275,182,965)	-	-	(13,944,983,410)	(15,019,145,240)
Gross profit	1,353,374,034	2,051,504,082	233,334,611	668,387,845	-	-	1,586,708,645	2,719,891,927
Distribution cost	(733,880,046)	(810,941,789)	(309,628,013)	(281,481,350)	-	-	(1,043,508,059)	(1,092,423,139)
Administrative expenses	(699,188,326)	(550,198,689)	(19,542,729)	(13,301,840)	-	-	(718,731,055)	(563,500,529)
Other expenses	(24,886,258)	(205,023,654)	(11,256,265)	(31,031,337)	-	-	(36,142,523)	(236,054,991)
	(1,457,954,630)	(1,566,164,132)	(340,427,007)	(325,814,527)	-	-	(1,798,381,637)	(1,891,978,659)
Other income	403,195,451	319,948,534	101,910,267	62,854,177	-	-	505,105,718	382,802,711
Profit / (loss) from operations	298,614,855	805,288,484	(5,182,129)	405,427,495	-	-	293,432,726	1,210,715,979
Finance cost	(376,034,509)	(141,663,810)	(98,582,345)	(53,852,237)	-	-	(474,616,854)	(195,516,047)
Profit / (loss) before taxation	(77,419,654)	663,624,674	(103,764,474)	351,575,258	-	-	(181,184,128)	1,015,199,932
Taxation	-	-	-	-	87,771,606	(277,277,940)	87,771,606	(277,277,940)
Profit / (loss) after taxation	(77,419,654)	663,624,674	(103,764,474)	351,575,258	87,771,606	(277,277,940)	(93,412,522)	737,921,992

		LUBRICANTS		PETROLEUM PRODUCTS		TOTAL - COMPANY	
		2023	2022	**2023**	2022	**2023**	2022
				Rupees			
53.1	**Reconciliation of reportable segment assets and liabilities:**						
	Total assets for reportable segments	2,770,492,791	3,245,446,841	3,947,956,772	2,744,899,707	6,718,449,563	5,990,346,548
	Unallocated assets					676,568,277	3,147,094,724
	Total assets as per statement of financial position					7,395,017,840	9,137,441,272
	Total liabilities for reportable segments	456,486,909	2,279,865,705	233,897,003	986,284,130	690,383,912	3,266,149,835
	Unallocated liabilities					2,881,688,544	1,728,744,681
	Total liabilities as per statement of financial position					3,572,072,456	4,994,894,516

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

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

54. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors has proposed a cash dividend for the year ended 30 June 2023 of Rupees Nil per share (2022: Rupees 2 per share) at their meeting held on 22 September 2023. However, this event has been considered as non-adjusting event under IAS 10 'Events after the Reporting Period' and has not been recognized in these financial statements.

55. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 22 September 2023 by the Board of Directors of the Company.

56. CORRESPONDING FIGURES

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

57. GENERAL

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

Chief Executive | Director | Chief Financial Officer