EN ROUTE TO A HIGH

PERFORMANCE ORGANIZATION

Hi-Tech Lubricants Limited

Annual Report **2018**

EN ROUTE TO A HIGH PERFORMANCE ORGANIZATION

A high-performing organization is one which consistently achieves superior results in comparison to its peers in the industry, both in financial and non-financial terms, for five or more years. Following a series of major internal initiatives, the company has worked very hard over the last year to incorporate the core elements of a high-performance organization in everything we do. We have been reinvesting in our employees, paving way for improved performance to deliver greater value to our customers, consequently increasing shareholder's value while consistently giving back to the community through our CSR initiatives. The strategy, culture, and structure of HTL have been fine-tuned, aligned and refreshed for the exciting times ahead.

Under the visionary leadership of our Chairman of the Board, CEO, and Board of Directors, the company is entering a new era of diversified expansion. The ZIC brand has gained the trust of our customers by becoming the brand of choice over the past many years. Upholding the same promise of quality products and services, HTL has now added three new business units to its portfolio, HTL Express for complete vehicle maintenance, HTL Stations, and HTL Mart, transforming HTL into a high-performance organization by 2020.

HTL **BY NUMBERS**

Rs.
10,910
Million

Gross Revenue Earned

Rs.
406
Million

Dividend
(2018)

Rs.
1,167
Million

Operating Cash Inflows

Rs.
1,290
Million

Free Cash Flows To Firm

82
Percentage

Growth in Revenue
(Last five years)

12
Million Liters

Growth in Lube Oil
(Last five years)

187
Distributors

Strength of Distribution Network

6,673
Million

Number of Customers Served

OUR **ILMGAH SCHOOL SYSTEMS**

OUR **ZIC LUBE DIVISION**

OUR **BLENDING PLANT**

OUR **HTL EXPRESS CENTERS**

OUR **HTL STATIONS (OMC)**

CEO'S **MESSAGE**

On behalf of the entire management of Hi-Tech Lubricants Limited, I begin by expressing gratitude to our shareholders for placing their trust in us. I would also like to highlight and extend my deepest gratitude to the persistent efforts of our esteemed Chairman of the Board, the Board of Directors, Executive Director, and the entire Hi-Tech Lubricants Limited fraternity. All of them have dedicated their energy, skill, knowledge, and time on transforming this company into one of the market leaders in Lubricant Industry.

We started this business in 1997 based upon a simple import-and-sell model with local distribution. Through motivation and grit we have navigated across tumultuous socio-economic and political times to emerge as a leading lubricants company in Pakistan. Hi-Tech Lubricants Limited holds the ISO 9001:2015 Certification that interprets highest quality in our products and services. In order to improve operational efficiency, Hi-Tech Lubricants Limited now operates its own state-of-the-art blending plant in Lahore having EMS 14001 certification for quality assurance. We are also establishing our own standalone HTL Express centers and HTL fuel stations all over the country.

Our performance this past year has been excellent and on a consolidated basis, Hi-Tech Lubricants Limited achieved net revenue of Rs. 9,255 million. A growth of 26.3 % over the previous year and driven by a strong volume growth of 16.6%. I am also very pleased to report that Hi-Tech Lubricants Limited has posted a net profit of Rs. 759 million, a growth of 2% over previous year's figure. Regular dividends have been paid throughout the year and this year our total dividend payout is Rs. 406 million including Rs. 203 million proposed as final dividend.

Building upon our success, we believe it is now the perfect time for expansion, a time for growth and consequently a time for change. In the past year we have successfully launched HTL Express, our One-Stop Shop solution for our customer' vehicle maintenance needs. I am happy to report that we have five HTL Express service centers operating in high-traffic localities of Lahore, Karachi and more centers are currently under development. In addition, our HTL fuel stations will be rolled out in the near future and will be offering quality fuel with a wide range of Non Fuel Retail (NFR). These fuel stations will be show casing our new HTL Express centers for our customers and will be the epicenter of our delivery services.

As the company grows, so does our need to ensure the continuous and relentless improvements in our operations. Adhering to the stipulations of our ISO 9001:2015 Certification, there are several strategic areas which will remain the core of our work at the company. These include maintaining quality products, a motivated driven workforce, increasing our brand equity and ensuring the implementation of the standards of HSSE practices throughout the organization.

The Board of Directors has recently agreed to establish a dedicated Office of Strategic Management. This office will provide assistance in achieving company-wide strategic objectives, helping align individual business unit strategies, overall company strategy to achieve our vision and mission. Furthermore ensuring that we remain focused on becoming a High Performance Organization.

All of us at Hi-Tech Lubricants Limited are deeply committed to contributing to the betterment of society through our CSR initiatives. One of our key focuses with our CSR initiatives is the ILMGAH Schools. We started the first one under the Sabra Hamida Trust seven years ago with only 35 students and 5 teachers. Today, that number has multiplied tenfold, whereby parents have placed their faith in our institution to provide their children with quality education, including schools supplies such as uniforms, books, and stationery. We are committed on continuing this invaluable work and help improve the lives of our future generation.

The years to come are exciting for the company, and we are committed on working hard and achieving our goals, consequently creating value for all our stakeholders.

HASSAN TAHIR
Chief Executive Officer

CONTENTS

OUR **VISION**

Delivering high quality Products and Services for Client Satisfaction

OUR **MISSION**

Earning customer satisfaction through provision of quality services to our client system by employing state of the art technologies and processes and by investing in our stakeholders

OUR CORPORATE CULTURE **AND CORE VALUES**

As we continue to expand, it is important to identify and reinforce the aspects of our corporate “character” that define HTL, and which are important to nurture within the group as we grow. At HTL, our business activities and individual actions are guided by our core values and principles.

These core values which govern our work ethic and culture are:

QUALITY

We strive for quality in everything we do

RESPONSIBILITY

High sense of responsibility by holding our selves accountable for whatever we do

RESPECT

We maintain openness and respect for others that motivates us to cross all boundaries

INTEGRITY

We are open, honest, and ethical. We trust and respect each other.

COMPANY **PROFILE**

Hi-Tech Lubricants Limited (HTL); Company behind ZIC, is a Public Limited Company and is one of the leading synthetic engine and machinery lubricant marketing company of Pakistan which boasts a sizeable market share in lubricants market. HTL product portfolio under brand name “ZIC” includes a wide range of specialty lubricants in automotive, industrial and marine segments, which are imported from S.K Lubricants, South Korea.

Hi-Tech Lubricants (HTL) was formed as an Association of Person (AOP) in March, 1997 to market imported lubricants in Pakistan. These Lubricants were imported from YU Kong Ltd (Now known as SK Lubricants Ltd.), South Korea in sealed cartons. During the early days, Hi-Tech Lubricants established its own distribution in Lahore and shaped a sales team to educate the local market on the use of synthetic lubricants. Pakistan's Lubricant market during the late 90’s was predominantly a Mid/Low tier market with less understanding on API/SAE grades. Lubricant was sold on the basis of color and brand. There was no differentiation in application for Passenger car Motor Oil (PCMO), Diesel Engine Oil (DEO) and Motorcycle Oil (MCO).

Now, Hi-Tech Lubricants Ltd has been marketing lubricants in Pakistan for the last 21 years and is catering the automotive, industrial and marine segments. HTL has outreach and availability at over 20,000 retail outlets, Wash Stations and Transporters. Sales and technical force comprises over 175 employees across the Pakistan in all 5 provinces as well as Azad Jammu & Kashmir. Over 300 distribution vans are indulged to do door to door delivery for customers. HTLL also maintains adequate stocking in warehouses as well as with our distributors, which guarantees inexhaustible availability and is currently providing a wide range of products that covers the needs of major business segments.

Tough competition exists in our lubricant marketing sector. Shell, Total, PSO and Chevron are few major competitors. Creative and extensive marketing efforts are required to maintain and induce sales volume. Sales promotional schemes are introduced for distributors, retailers as well as ultimate consumers. Products are categorized into Passenger Car Motor Oil (PCMO), Diesel Engine Oil (DEO) and Motorcycle Oil (MCO) due to its usage. Both synthetic and semi synthetic product range is available in the market.

During the last three years, the company’s market share has increased significantly. The future forecast to lead the competition is also quite promising; one of the many reasons to achieve such a phenomenal growth trend has been the product quality that is imported in finished form from SK Lubricants (world’s largest Petrochemical Complex with a market share of over 50% in Synthetic lube base oil).

HTL has also stepped into the retail service industry in 2017 with the initiation of Complete Vehicle Maintenance under one roof. These car care centers under the brand name HTL Express Centers are state of the art retail outlets with a multitude of world class quality standards for vehicle maintenance offers complete car care services from oil change to under chassis, batteries, tyres etc. Currently we have four (04) operational HTL Express centers in Lahore; Dharampura, Garden Town, Gulshan-e-Ravi and Johar Town which are gaining loyal customer bases in their respective domains by providing products and services which are exceeding customer expectation. We are expecting the launch of three additional service centers in Karachi by the end of 2018.

HTL has also ventured in Oil Marketing sector under the brand name HTL Fuel Stations. Storage facilities are under construction in Punjab & Khyber Pakhtunkhwa (KPK). As soon as final go ahead will be received from concerned ministry and regulatory bodies after completion of construction, HTL Fuel Stations will commence their operations. Till date more than 100 MoU’s have been signed in Punjab & KPK. Our target is to open 360 retail stations nationwide in next five (05) years.

OWNERSHIP

Hi- Tech Lubricants Limited (HTL) is a Public Limited Company. Company’s sponsors includes Mr. Tahir Azam, Mr. Shaukat Hassan, Mr. Muhammad Basit Hassan (Late), Mr. Hassan Tahir, Mr. Muhammad Ali Hassan and Mrs. Uzra Tahir. Substantial shareholders are Mrs. Uzra Tahir and Mrs. Arifa Shaukat. Details of the shares are mentioned in the pattern of shareholding. HTL owns a 100% owned Subsidiary, Hi-Tech Blending (Pvt.) Limited (HTBL).

OPERATING **STRUCTURE**

HTL is organized as a group of business divisions managed strategically by a core team of executives to meet HTL’s strategic and financial objectives.

DIVISIONS

HTL has 3 business divisions, namely, ZIC Lubricants, HTL Fuel Stations (OMC) and HTL Express Centers. Currently, HTL Lube and HTL Express Centers are the operating Divisions. HTL Fuel Stations (OMC) business will commence commercial operations following the final approval from Oil and Gas Regulatory Authority (OGRA).

Currently, HTL is operating with 400 employees. 268 Employees are working at head office and regional offices. 230 employees (our sales force team) are strategically placed in the market to deliver meaningful long-term value to our clientele. During the year, on average 371 employees were employed by HTL.

BOARD AND **COMMITTEES**

In discharging its responsibilities, the board of each group company relies on management and various committees to ensure compliance with policies and procedures established to achieve the objectives of each group company's stakeholders and adhere to sound corporate governance.

Audit Committee, Human Resource & Remuneration Committee, Risk Management Committee, Corporate Social Responsibility Committee and Investment Committee assist Board in performing their duties.

The board is also encouraged to seek independent professional advice where necessary to ensure its responsibilities are properly discharged. The Board is represented by executive, non-executive and independent directors. Non-executive and Independent directors bring external judgment on issues of strategy, performance, minority rights protection where applicable and expertise on relevant markets.

A non-executive chairman provides discerning leadership to the board, enabling members to properly fulfill their duties in ensuring the highest levels of accountability and business integrity.

The CEO plays a significant and strategic role in the company's operational success and drives the group to achieve its financial and operating goals.

EXECUTIVE **MANAGEMENT TEAM (EMT)**

Our team of Head of Departments (HOD's) is the cluster of experts and is responsible for managing the Company's core business operations as a whole, which requires planning of various development processes, Group principles and Group practices, as well as monitoring the development of financial matters.

FUNCTIONAL **DEPARTMENTS**

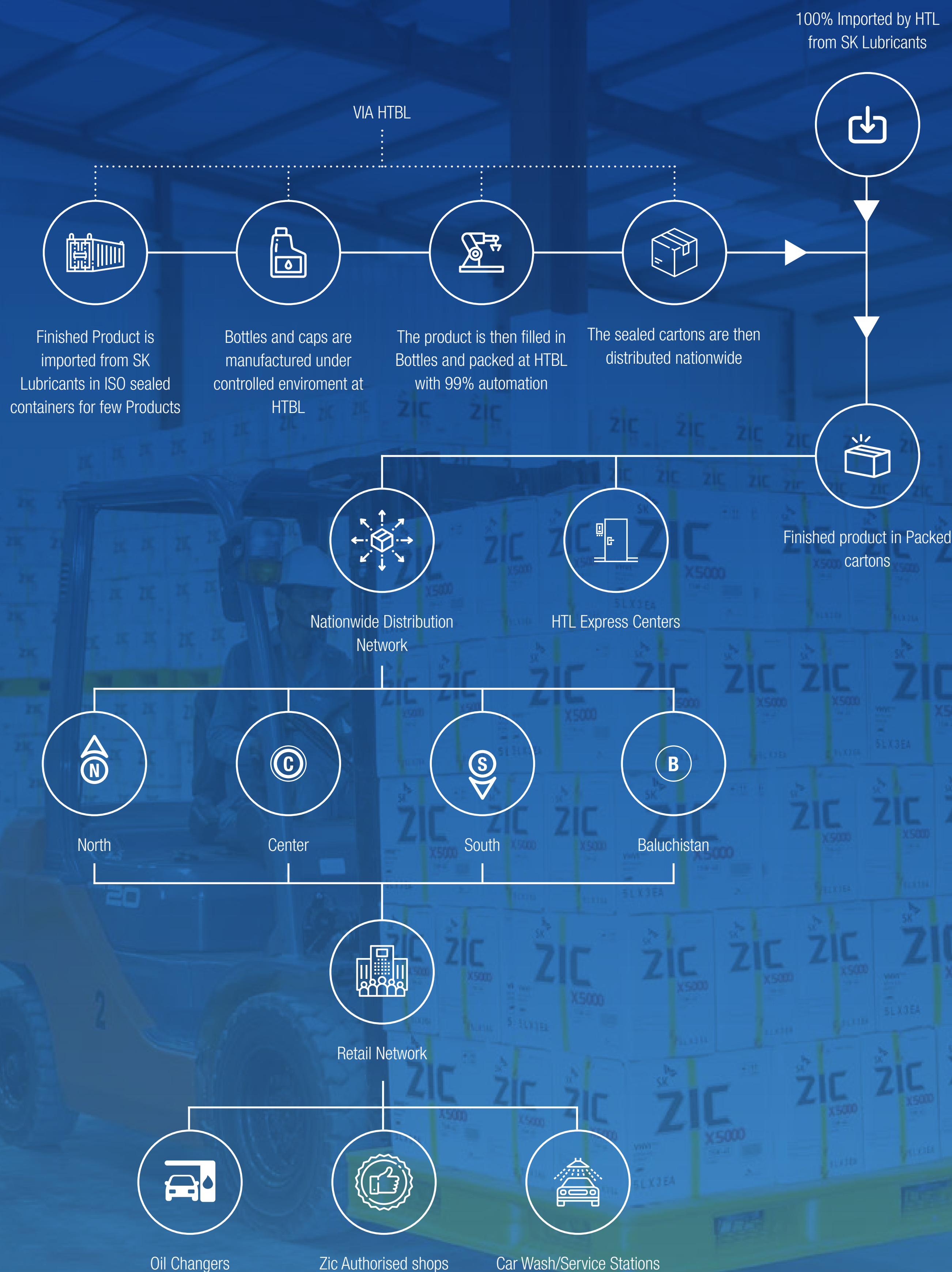
Following functional departments exist in the HTL:

- Sales ZIC
- Sales ZIC-M
- Business Intelligence
- Marketing
- Financials
- Supply Chain & Warehouse
- Administration
- Human Resource
- Information Technology
- Internal Audit
- HTL Express
- Oil Marketing
- Corporate Compliance
- Strategy Development

RELATIONSHIP WITH THE GROUP COMPANIES **AND NATURE OF THOSE RELATIONSHIPS**

HTL owns 100% wholly owned subsidiary Company, Hi-Tech Blending (Pvt.) Limited (HTBL). HTBL has started commercial run of ZIC mid-tier range. The installation of additional filling lines at HTBL Plant will serve international requirements. HTBL with its exceptional lab, filling lines and quality controls can be termed as the best in Asia and certainly the first of its type in Pakistan. Major players in lubricant industry outsource their cans and caps, however, HTL is doing it in-house via HTBL.

VALUE **CHAIN**


100% Imported by HTL from SK Lubricants
VIA HTBL
Finished Product is imported from SK Lubricants in ISO sealed containers for few Products
Bottles and caps are manufactured under controlled enviroment at HTBL
The product is then filled in Bottles and packed at HTBL with 99% automation
The sealed cartons are then distributed nationwide
Finished product in Packed cartons
Nationwide Distribution Network
HTL Express Centers
North
Center
South
Baluchistan
Retail Network
Oil Changers
Zic Authorised shops
Car Wash/Service Stations

CALENDAR OF **MAJOR EVENTS**

10 JULY 2017

Grand Opening of 1st HTL Express Center at Dharampura, Lahore

26 AUGUST 2017

56th Board Meeting for Audited Annual Accounts for the year ended 30.06.2017

26 AUGUST 2017

Recommendation of Final Cash Dividend (D-4) @ 17.5%

29 SEPETMBER 2017

Passing of Special Resolution for utilization of IPO Funds in OMC Project of HTL

29 SEPTEMBER 2017

57th Board Meeting for Director Replacement

21 DECEMBER 2017

Opening of 2nd HTL Express Center at Garden Town, Lahore

05 JANUARY 2018

Won the EFP's Business Sustainability Award 2017

19 JANUARY 2018

Won the NFEH's Corporate Social Responsibility Award 2018

26 JANUARY 2018

Won the Best Tax Payer Award

31 JANUARY 2018

Recommendation of Interim Cash Dividend (D-5) @ 17.5%

06 FEBRUARY 2018

Grand Opening of 3rd HTL Express Center at Gulshan Ravi, Lahore

07 FEBRUARY 2018

Launching of New Product "ZIC TOP"

15 FEBRUARY 2018

Permission by OGRA to Apply to DCO for NOC to Set-up Petrol Pumps

21 MARCH 2018

Won the EFP's International Women's Day Award 2018

22 MARCH 2018

1st Cycle of Electronic Disbursement of Interim Cash Dividend through IBANs (Total 6 Cycles after every 15-Working Days till the end of the Fiscal Year)

21 APRIL 2018

Change of Director representing SK Lubricants Co. Ltd.

15 MAY 2018

Won the Most Popular Car Engine Oil Award from Pak Wheels

JOURNEY **SO FAR**

1997
BUSINESS **ESTABLISHED**

In March, 1997 Hi-Tech Lubricants (HTL) started its journey as an Association of Persons (AOP). The main business was to import the lubricants from YU Kong Ltd. (now known as SK Lubricants Ltd.) and market the same in Pakistan.

2000
EXPANSION **YEAR**

After the struggle of three (03) years, HTL succeeded to create its brand name in the lubricants industry, hence expanded its distribution network in other cities of Pakistan.

2006
CUSTOMIZED **ERP IMPLEMENTATION**

In the year 2006, HTL purchased customized ERP Software and Online Customer Web Portal. This customized ERP software helped HTL to record and support its business activities.

2007
ESTABLISHMENT OF **SEPARATE PRODUCT SEGMENTS**

In order to boost sales revenue, HTL introduced Mid-Tier products. This establishment of new product segment and separate reporting lines helped HTL to focus deeply on both the categories through a dedicated sales force.

2010
ISO **CERTIFICATION**

In 2010, HTL got ISO 9001:2008 certifications to ensure excellent quality management system.

2011
CONVERSION OF AOP INTO **PUBLIC UNLISTED COMPANY**

In 2011, HTL management decided to go one-step further and got a status of a Pvt Ltd. company by fulfilling the legal requirements. In the same year, HTL got converted into a public unlisted company.

2013
INVESTMENT IN **BLENDING PLANT**

In 2013, HTL devised the strategy of diversification and decided to invest in a wholly owned subsidiary, Hi-Tech Blending (Pvt.) Limited (HTBL), a state of the art blending plant in Bhai Kot adjacent to Sunder Industrial Estate, Lahore.

2014:
IMPLEMENTATION ORACLE FINANCIAL AND **BUSINESS INTELLIGENCE TOOLS**

In 2014, HTL implemented Oracle software and Business Intelligence Tool for its core business operations. This implementation was completed in a record time of 6 months.

2016
TAKING HTL **TO CAPITAL MARKETS**

In 2016, HTL stepped into capital markets through an Initial Public Offering (IPO). HTL issued 29,001,000 ordinary shares of Rs.10 each. Further in the same year, in 2017 to reach out to consumers directly to fulfill their car care needs.

2018:
COMMENCEMENT OF **HTL EXPRESS CENTERS (RETAIL SERVICES)**

In 2018, HTL launched a new project named “HTL Express” and established its first retail center at Dharampura, Lahore.

APPROVAL FOR **ESTABLISHING HTL FUEL STATIONS (OMC)**

In 2018, HTL got approval of its shareholders for setting up OMC.

CODE OF BUSINESS CONDUCT **AND ETHICS**

ETHICAL CONDUCT **& PERSONAL MAINTENANCE**

Each employee owes a duty to the Company to act with integrity. Integrity requires, among other things, being honest and ethical. It is of high importance that each employee maintains certain personal standards to make sure he stays on top of the game with outstanding results.

PERSONAL **MAINTENANCE**

All employees must practice proper personal hygiene standards. Employer and employees collectively encourage the work environment where all employees can practice the organizational values and job goals effectively and efficiently.

WORK **ETHICS**

Employees make all work decisions according to the STAR method: STOP, THINK, and ACT RESPONSIBLY. HTL values must be upheld during all decision making processes without any violation of HTL rules and regulations that might hinder HTL' development. Make responsible decisions for issues like employment inquiries and attendance matters.

HEALTH **AND SAFETY**

All employees are expected to take an active part in maintaining a safe and healthy environment. Employees are expected to be mentally and physically fit for work and remain fit while on duty. While on duty, they must not be under the influence of alcohol or any drugs that impair your ability to perform on the job. While on duty, employees must refrain from taking naps or long rest breaks. The exceptions are aspirin- or ibuprofen-based products and legal drugs which have been prescribed to the employees, and are being used in the manner prescribed by a health practitioner.

As per the job nature, employees observes all the safety rules and instructions provided by supervisor and use safety equipment where required.

ANTI-BULLYING **& ANTI-DISCRIMINATION**

"We embrace diversity and respect the personal dignity of our fellow employee"

Bullying or discrimination, including behavior, comments, jokes, slurs, e-mail messages, photographs, or other conducts that contribute to an intimidating or offensive environment are not tolerated (Zero Tolerance). HTL is committed to maintaining a non-discriminatory workplace, free of bullying. Acts or threats of intimidation, sabotage, physical or mental harm, terrorization and similar activities are not tolerated.

SEXUAL HARASSMENT **AT WORKPLACE**

"Sexual Harassment" means any unwelcome sexual advance, request for sexual favors or other verbal or written communication or physical conduct of a sexual nature. This also includes sexually demeaning attitudes, causing interference with work performance or creating an intimidating, hostile or offensive work environment. Also any attempt to punish the complainant for refusal to comply to such a request or is made a condition for employment.

We practice Zero Tolerance for sexual harassment, physical or mental, that contributes to a sexually offensive environment for either male or female. Supervisors who fail to take action, engage in harassment, or permit harassment to occur not only expose HTL to liability; they also expose themselves to personal liability or even to non-tolerable offence.

ABUSE OF **COMPANY RESOURCES**

"Always use our trademarks and other intellectual property properly"

HTL provides the necessary equipment to do jobs. No equipment is removed from the physical confines of HTL office premises unless approved and neither it is utilized for personal benefits. Employees are responsible for ensuring the security of HTL by complying with the company's information security standards. We seriously take the problems of drug or other controlled substance abuse, and are committed to providing a work place free from these.

Every employee is responsible for the proper acquisition, use, maintenance, and disposal of company assets (e.g., materials, equipment, tools, real property, information, and funds) and services.

MEDIA & SOCIAL **NETWORKING**

Unless employee is an officially designated company spokesperson, s/he is not authorized to speak on behalf of HTL through social media channels, regardless of whether s/he is using a company or personal device. Such person is held personally liable for all such acts.

CONFIDENTIALITY

Employees and directors maintain the confidentiality of all information entrusted to them, except when disclosure is authorized or legally mandated. Confidential or proprietary information of our Company includes any non-public information that would be harmful to the company or useful or helpful to competitors if disclosed.

FRAUD, DECEPTION, DISHONESTY, BRIBERY **& ANTI-CORRUPTION MEASURES**

HTL upholds its value of never indulging in any fraudulent or dishonest act with its employees or any third party. Fraud basically means to deceive or to act dishonestly or to abuse your power or position to take advantage of an individual or the company assets.

We do not get involved in bribery or corruption to retain the reputation for a long time. We do not choose business partners who indulge in such activities. We do not give, receive, ask for or permit anyone else to give bribes or undertake any corrupt activities to win new business share, retain existing HTL business or to further our interests.

CONFLICT OF **INTEREST**

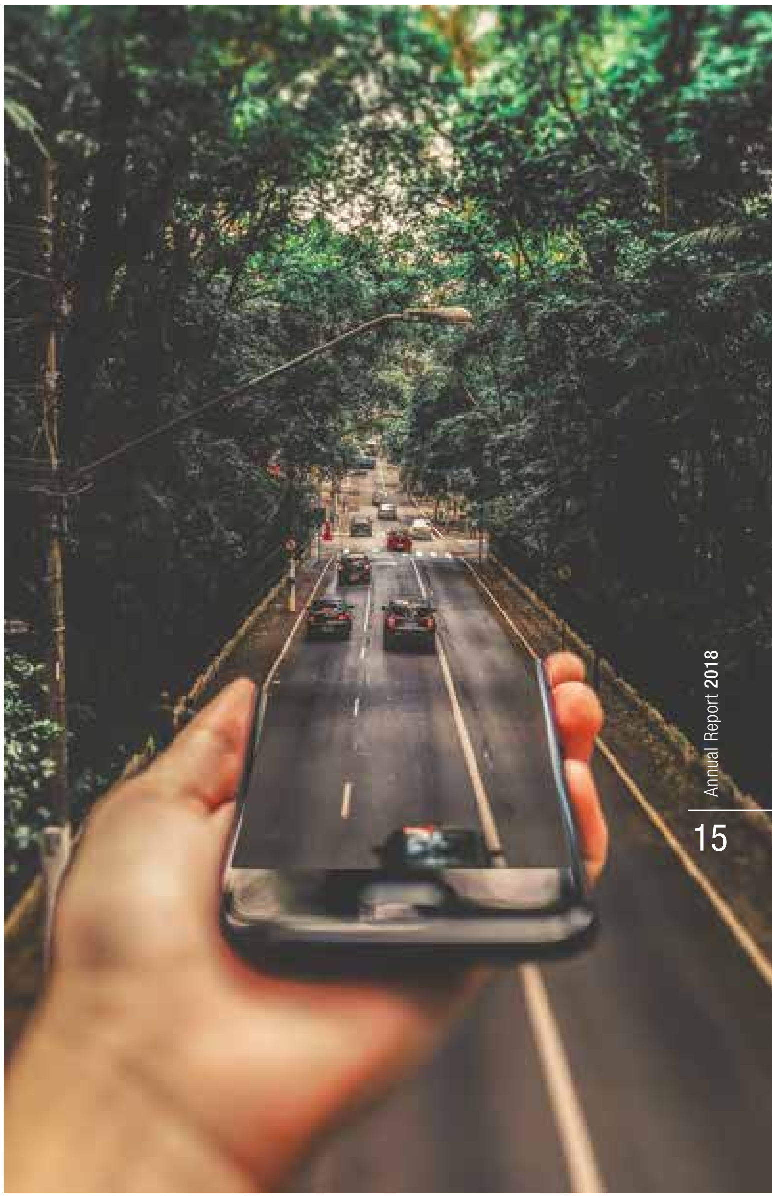
“We will always act in the best interests of Hi Tech Lubricants Limited”

A "conflict of interest" arises when an individual's personal interest interferes or appears to interfere with the interests of the Company. We ensure uniform standards, honest working relationships and fair dealing to its all customers, suppliers and partners in business.

All employees exercise great care in situations in which a pre-existing personal relationship exists between an individual and any third party or official of an agency with whom the Company has an existing or potential business relationship. Moreover, no employee influence any decision to be made by the Company if any relative is a supplier or competes with the company in any manner, thereof.

TRADE **REGULATIONS**

HTL keenly follows national trade laws and regulations during export and import deals. All international trade sanctions along with rules binding to export and import of goods are checked within HTL for lawful and appropriate trade.



PRODUCT **PORTFOLIO**

HTL provides a wide range of top quality synthetic lubricants products in both industrial and automotive sector. Its principal manufacturer SK Lubricants is the largest best producer of Group III Base Oil (which is patent as you-base) in the world that guarantees high quality and ensures engine's peak efficiency and protection. Hi-Tech Lubricant's product portfolio consists of three major categories as HTL deals in Mineral/Classic Oil, Semi Synthetic and synthetic engine oils. Mineral oil is refined from crude oil and is conventional, synthetic oil is artificially prepared chemically according to the need or requirements of vehicle while semi synthetic oils are a mixture of both mineral and synthetic oil. The composition of synthetic oils is 50-90% of synthetic oil and remaining mineral traces while fully synthetic oil exhibit 100% chemical composition.

GASOLINE ENGINE **OILS (GEO)**

ZIC Synthetic Oil is based on very high viscosity Index (VHVI) technology offering various grades (issued by SAE). Fully Synthetic Oil provides superior engine protection and is also fuel efficient. ZIC Gasoline Engine Oil is used for vehicles working on Petrol, LPG, and CNG. In Gasoline Engine Oil, ZIC offers a wide series such as ZIC Top, X9, X7, X5 and X3. Among these ZIC TOP, X9, X7 FE and X7 are fully synthetic engine oil and is of premium quality targeting luxurious car market, X5 is synthetic whereas X3 is classical.

The grading such as ZIC 0W30 and 5W40 are done on the bases of their viscosity. SAE is involved in multi grading of oil considering viscosity and temperature resistance. Both above mention grades provides better Oil Drain Intervals (ODI), thus keeping the engine protected and fuel efficient in all conditions (temperature and heavy load while driving). Fuel Efficiency benefits up to 10% as compared to conventional motor oils and delivers better performance.

TOP-0W-40
(Fully Synthetic)

X9-5W-40
(Fully Synthetic)

X7-0W-30
(Fully Synthetic)

X7-0W-20
(Fully Synthetic)

X7-5W-20
(Fully Synthetic)

X7-10W-40
(Fully Synthetic)

X5-20W-50
(Synthetic)

X3-15W-40
(Classic)

M7-10W-40

M5-10W-50

M5-20W-40

MOTOR CYCLE **OILS (MCO)**

ZIC Motor Cycle Oil is offering a wide range of products. ZIC M7 is fully synthetic and M5 is high quality semi synthetic MCO imported from SK Lubricants. ZIC Synthetic series provides exceptional lubrication, best performance and protection against piston scuffing & rust. ZIC MCO provides complete lubrication for engine, clutch & gear unlike other conventional oils.

DIESEL ENGINE **OILS**

ZIC Diesel Engine oil is used in vehicles that have heavy duty engines like trucks, buses, trawlers etc. Under DEO, ZIC is offering X7000, X5000 and X3000. X7000 and X5000 are high quality fully synthetic engine oils, X3000 is a classical mineral oil while X1000 is prepared in HTBL. The strength lies that ZIC uses YUBASE (Group III base oil with viscosity index of 120 or higher) with blend of different additives. The use of YUBASE (refined base-III) results in maintaining better viscosity than any other engine of low quality base oil. The enhanced viscosity improver used in ZIC provides ultimate long term protection for Diesel engines vehicle.

The hydrocarbon grading in DEO such as CI-4, CH-4 and CF-4 is given by American Petroleum Institution which shows the chemical strength of additives. As most of lubricant products in Pakistan are HVI but ZIC has a competitive advantage of offering VHVI technology resulting in engine protection, long oil change intervals and fuel efficiency.

X7000-10W-40 (CI-4)
(Fully Synthetic)

X7000-15W-40 (CI-4)
(Fully Synthetic)

X7000-20W-50 (CI-4)
(Synthetic)

X5000-15W-40 (CH-4)
(Synthetic)

X3000-15W-40 (CF-4/SG)
(Classic)

X3000-20W-50 (CF-4/SG)
(Classic)

X3000-SAE-40 (CF/SF)
(Classic)

X3000-SAE-50 (CF/SF)
(Classic)

INDUSTRIAL **OIL**

Compressor P Series | **Compressor RS**

Super Therm 300 | **Super Freeze**

Super Gear 8P | **Turbine**

GREASE

ZIC Royal Grease

ZIC Crown Grease

HYDRAULIC **OIL**

ZIC VEGA

ZIC VEGA LX

POWER GENERATION **GEN-SET OILS**

- ZIC is composed of YUBASE (Group III base oil with a viscosity index of 120 or higher).The use of YUBASE guarantees that ZIC will maintain viscosity better than any other Oil of which viscosity index is artificially enhanced by viscosity index-enhancing agents mixed with low-quality base oil.
- ZIC Diesel Generator Engine oils provide excellent wear protection along with advance fuel economy. ZIC 5000 Power and SD 5000 are synthetic Formula lubricants which provide long drain capability, low emission with exhaust treatments for equipment like catalytic converters and DPF.

INDUSTRIAL OILS, GREASES, HYDRAULICS, ATF, **GEAR OILS, BRAKE FLUIDS AND COOLANTS**

- ZIC Coolants have high quality long life for radiators that (ethylene glycol based) that provides outstanding performance in all cooling systems. ZIC coolants are pre-dilluted for customer's convenience mixed (50: 50) with water and ethylene glycol.
- ZIC Vega series is a high quality hydraulic oil providing semi anti-wear performance coupled with excellent oxidation stability. It has great low temperature performance by applying SK's proprietary technology, VHVI Tech and holds its viscosity under high temperature operating conditions.
- ZIC Dexron is fully synthetic ATF engineered with SK's proprietary VHVI Tech and advanced additive technology. It meets all the stringent requirements of all kind of automotive transmission requirements and is fully backward / serviceable.
- ZIC Super Gear EP Series is premium quality extreme pressure gear oils. They contain Sulfur / Phosphorous extreme pressure additive system giving load carrying ability and protection against wear. In addition these oils provide excellent protection against corrosion of steel and copper containing alloys.
- SK Super Freeze refrigeration oil series is made from high quality naphthenic base stock and high quality additive package which is intended to be used in refrigeration compressors.
- SK Super Compressor oil series is formulated from premium quality, high viscosity index base stock combined with selective additives to satisfy the lubrication requirements of all kind of rotary screw / rotary vane compressors used in industrial applications.
- SK Super Therm 300 is formulated from high quality base stock with advance additive package system which provides high stability when heated for heat transfer applications.
- SK Super Brake Fluid is a high quality brake fluid providing outstanding performance for all hydraulics brake systems.
- ZIC Royal Grease series is multipurpose lithium soap-thickened grease available in NLGI grades 0, 1, 2, and 3, formulated with paraffinic mineral oil base oils, and also containing additives to control oxidation and rust formation. ZIC Greases can be used in a wide range of industrial and automotive applications, where there is no requirement for load-carrying properties.

5000 Power | **SD 3000**

ZIC 5000 | **Natural Gas**

SD 5000 | **Super Martp**

BLENDING **PLANT**

HI-TECH BLENDING **(PVT.) LIMITED**

Our capabilities are expanding with the growing demand for ZIC Lubricants in the country. With a growing customer base depending upon our premium lubricants on a regular basis, there is an ever-increasing need to continuously refine our supply chain to ensure consistent provision of ZIC Lubricants all around the country. In pursuance of that goal, we have established Hi-Tech Blending (Private) Limited (HTBL), a 100% owned subsidiary of HTL equipped with an exceptional independent Hi-Tech Testing Laboratory, filling lines, and quality control checks. The plant has been designed to produce cans and caps in-house, minimizing the risk of contamination. Now we import lubricant oil from SK Lubricants in Korea, while bottling and capping is done in our state-of-the-art HTBL plant.

The Hi-Tech Testing Laboratory installed at our HTBL plant hosts the latest lubricant testing technology providing greater accuracy and precision to our operations. The Lab also has the capacity to be commercialized and utilized by our customers for testing lubricant products, allowing for greater quality checks and assuring only top-quality products enter the marketplace to reduce the presence of substandard products.

HI-TECH **TESTING LAB**

VEHICLE MAINTENANCE **CENTERS**

HTL **EXPRESS CENTERS**

For years, HTL has been serving the premium quality lubricant SK ZIC to its customers without fail. We have made a commitment to never compromise on quality because we are on a mission to deliver only the best to our customers. Since customers will always remain at the center of our business, we have recognized a gaping void in the market for vehicle maintenance needs which forced our customers to turn to local repair shops offering varying quality in products and services. Our customers deserve the best only, hence HTL Express was established, a One-Stop Solution to all vehicle maintenance needs. HTL Express is a reliable, convenient, modern, quick, clean, and customer-centric service center offering a complete health check for your vehicle including oil change, wash/service, tyre service, battery service, AC service, and vehicle accessories. The goal is not only to provide vehicle repairs but to provide long-term solutions to ensure durability and prevent the occurrence of defects. With an HTL Express Center, you can be sure to experience both high-quality products and high-quality services to match them. These centers will emerge as symbols of trust and excellence for preventive vehicle maintenance across Pakistan. These centers are committed to maintaining international quality standards reflecting our company's promise of delivering excellence in all our business practices. We have four centers already installed and successfully operating in Lahore, while more are under-development in Karachi, Islamabad, and Multan to be launched in the near future.

DHARAMPURA

GARDEN TOWN

GULSHAN-E-RAVI

JOHAR TOWN

FUEL **STATIONS**

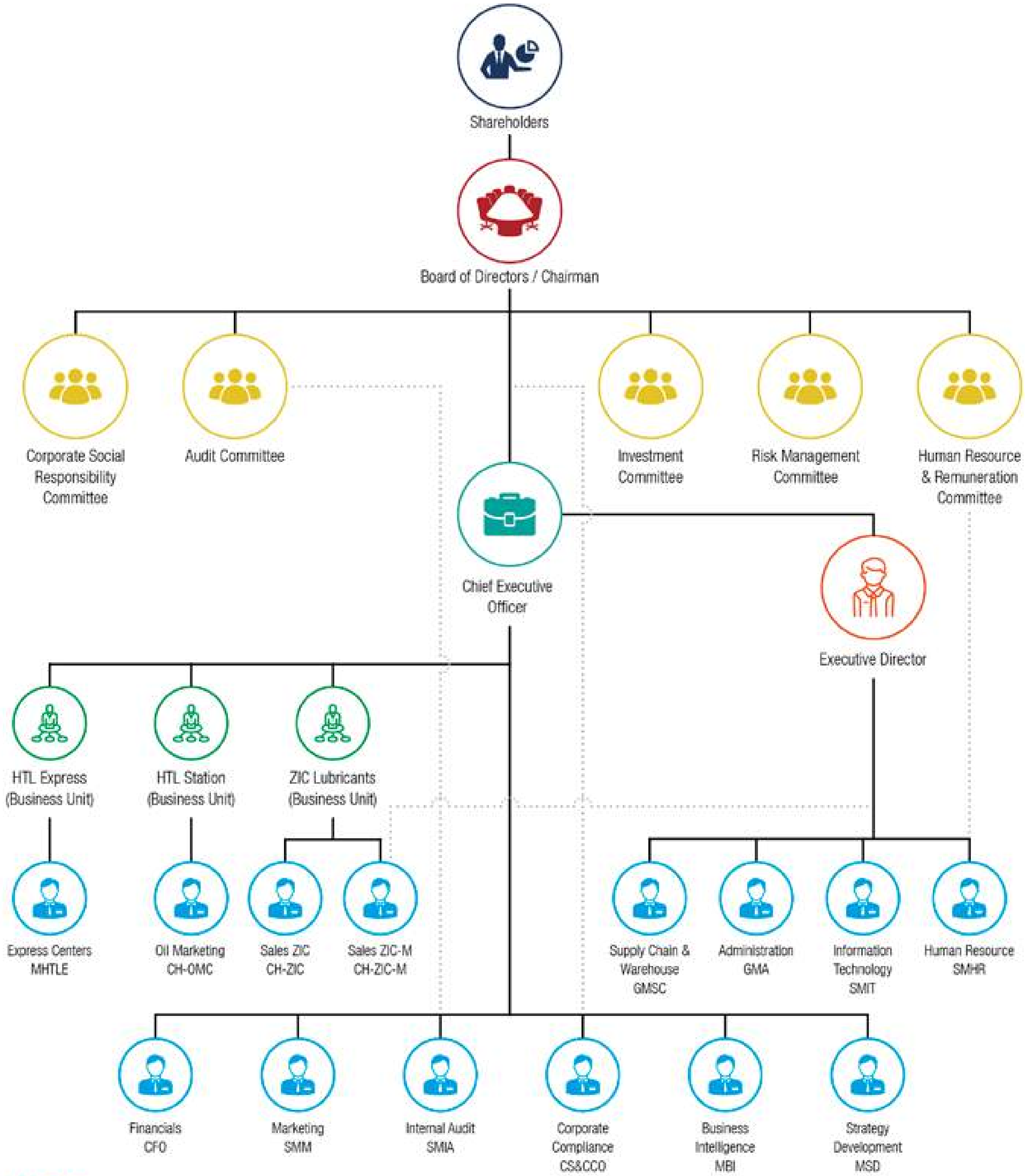
HTL **FUEL STATIONS**

With HTL Fuel Stations, our ambition is to offer a complete solution to all your requirements as user of a vehicle. Imagine the HTL Station: a conveniently-located stop in your journey offering top-quality fuel, an HTL Express center offering complete vehicle maintenance products and services including our star product ZIC, and an HTL Mart equipped with your favorite and essential fast-moving consumer goods, all at one place. The project is currently under development, and our first fuel depot at Sahiwal has neared completion while land has been purchased in Nowshera KPK for the construction of the second fuel depot. Our first HTL Fuel Stations is scheduled to materialize by the end of 2018 subject to completion of statutory requirements. We are committed to opening 360 HTL Fuel Stations by 2022 in Pakistan, completely transforming the way you experience road travel. We aim to develop the same confidence in our customers with our fuel stations as we have done with SK ZIC, by consistently delivering excellence in all our product and service offerings. Our goal is to establish HTL Fuel Stations as a market leader in the OMC sector offering superior quality compared to what is being offered by existing market players, keeping the needs of our customers at the center of all our planning and decision-making. We envision HTL to become the brand of choice in the industry, and HTL Fuel Stations to proudly stand as a compendium of our flagship offerings: a One-Stop Solution for all who are on the move.

GEOGRAPHICAL **PRESENCE**

STRENGTH OF **DISTRIBUTION NETWORK**

ORGANIZATIONAL **STRUCTURE**



LEGEND

CFO:	Chief Financial Officer
CS&CCO:	Company Secretary and Chief Compliance Officer
CH:	Country Head
OMC:	Oil Marketing Company
MSD:	Manager Strategy Development
GMSC:	General Manager Supply Chain
GMA:	General Manager Administration
SMIA:	Senior Manager Internal Audit
SMM:	Senior Manager Marketing
MBI:	Manager Business Intelligence
SMIT:	Senior Manager Information Technology
SMHR:	Senior Manager Human Resource
MHTLE:	Manager HTL Express

COMPANY **INFORMATION**

BOARD OF **DIRECTORS**

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

Mr. Hassan Tahir
Chief Executive Officer / Executive Director

Mr. Muhammad Ali Hassan
Executive Director

Mr. Tahir Azam
Non Executive Director

Ms. Mavira Tahir
Non Executive Director

Mr. Faraz Akhtar Zaidi
Non Executive Director

Mr. Moon Seek Park
Non Executive Director (SK Lubricants' Representative)

Mr. Muhammad Tabassum Munir
Independent Director

Dr. Safdar Ali Butt
Independent Director

Syed Asad Abbas Hussain
Independent Director

CHIEF FINANCIAL **OFFICER**

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

COMPANY SECRETARY & **CHIEF COMPLIANCE OFFICER**

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

EXTERNAL **AUDITORS**

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

SHARE **REGISTRAR**

Share Registrar Services,
Central Depository Company of Pakistan Limited,
CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahra-e-Faisal,
Karachi-74400
Phone: +92-21-111-111-500

REGISTERED / **HEAD OFFICE**

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

WEBSITE:

www.hitechlubricants.com
www.zicoil.pk

QR CODE

STOCK **SYMBOL**

HTL

HTBL **LOCATION**

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

REGIONAL **OFFICES**

KARACHI **OFFICE:**

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

ISLAMABAD **OFFICE:**

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

MULTAN **OFFICE:**

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

PESHAWAR **OFFICE:**

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

OMC **OFFICE:**

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

LEGAL **ADVISOR**

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

INTERNAL **AUDITORS**

EY Ford Rhodes, Chartered Accountants
96-B/ 1, Pace Mall Building 4th Floor, M.M. Alam Road,Gulberg II Lahore
Phone: +92-42-35778402
Fax: +92-42-35778412

BANKERS

ISLAMIC **BANKS**

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

CONVENTIONAL **BANKS**

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

FINANCIAL **REVIEW**

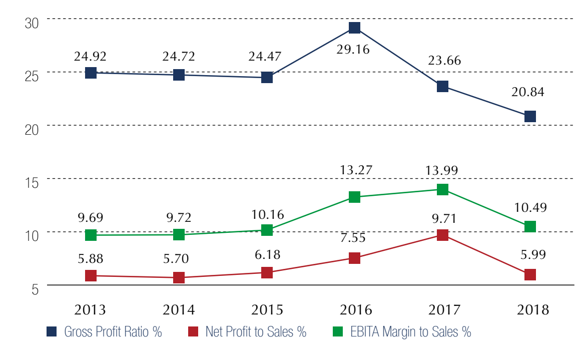
The company takes great pride in practicing absolute transparency while sharing its financial performance with all stakeholders. Our numbers support the ambitious journey of growth and expansion embarked upon by HTL.

ANALYSIS OF **FINANCIAL STATEMENTS**

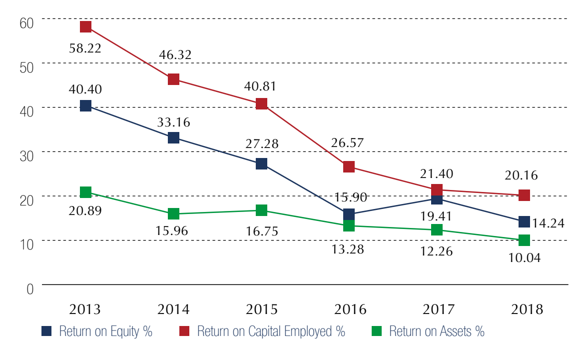
FOR THE CURRENT **AND LAST FIVE YEARS**

Key Performance Indicators	UOM	2018	2017	2016	2015	2014	2013
PROFITABILITY RATIOS							
Gross Profit Ratio	%	20.84	23.66	29.16	24.47	24.72	24.92
Net Profit to Sales	%	5.99	9.71	7.55	6.18	5.70	5.88
EBITDA Margin to Sales	%	10.49	13.99	13.27	10.16	9.72	9.69
Return on Equity	%	14.24	19.41	15.90	27.28	33.16	40.40
Return on Capital Employed	%	20.17	21.40	26.58	40.82	46.32	58.23
EBIT Margin	%	10.36	14.25	12.76	9.63	8.74	9.01
Working Capital	Rs.	775.903	1639.03	305.23	229.08	325.81	541.3
Return on Assets	%	10.04	12.36	13.28	16.75	15.96	20.89
LIQUIDITY RATIOS							
Current Ratio	Times	1.84	1.75	3.96	1.35	1.46	1.81
Quick Ratio	Times	1.20	1.02	2.92	0.66	0.63	0.66
Cash to Current Liabilities	Times	0.31	0.04	0.29	0.12	0.34	0.15
Cash Flow from Operations to Sales	Rs.	0.16	-0.01	0.12	0.11	0.14	0.07

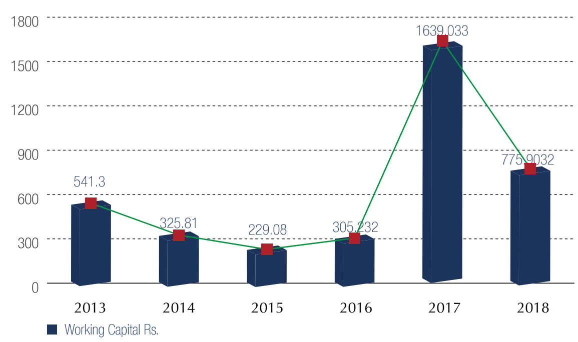
PROFITABILITY **RATIOS**



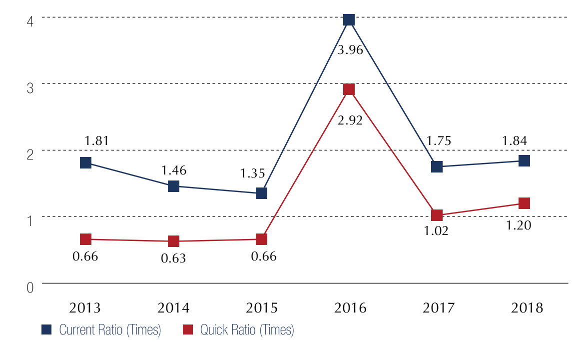
PROFITABILITY **RATIOS**



PROFITABILITY **RATIOS**



LIQUIDITY **RATIOS**



PROFITABILITY **RATIOS**

Increase in the cost of sales due to the upward movement in the dollar price resulted in reduced gross and net margins. HTL products are imported that leads to the exposure to the foreign currency fluctuation. Return on capital employed was recorded at 24%. Return on capital employed (ROCE) for the year is less than the previous years' return on capital employed due to decrease in the earnings as explained above.

LIQUIDITY **RATIOS**

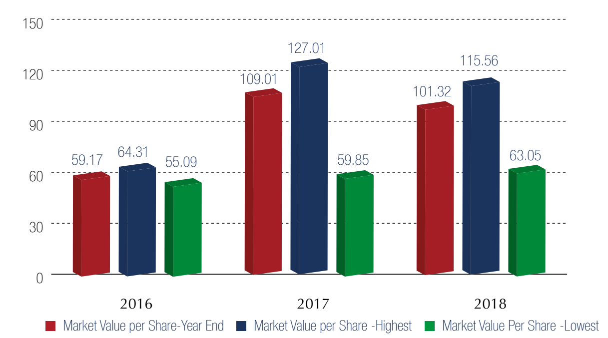
Current ratio is 1.8 times that is exactly same as compared to the last year current ratio. This ratio is same in times but total balance of current assets as well as current liabilities have decreased in the current year as compared to the last year. Furthermore, Current ratio Six years' average is 2.03 times that means current year showed improvement as compared to the previous years. Cash to current liabilities ratio improved to 0.31 times compared to 0.037 times of last year due to increase in cash inflows. Cash flows from operations to sales have increased by .17 times from the last year because of increase in cash inflows in operating activities.

Key Performance Indicators	UOM	2018	2017	2016	2015	2014	2013
INVESTMENT/MARKET RATIOS							
Earning per Share	Rs.	4.78	6.27	5.43	3.88	3.46	3.10
Price Earnings Ratio	Rs.	21.20	17.40	10.91	*	*	*
Price to Book Ratio	Rs.	3.02	3.38	1.73	*	*	*
Dividend Yield Ratio	Rs.	0.03	0.02	0.03	*	*	*
Dividend Payout Ratio	%	73.23	43.09	27.65	34.74	26.04	93.41
Cash Dividend per Share	Rs.	3.50	2.70	1.50	1.35	0.90	2.90
Market Value per Share-Year End	Rs.	101.32	109.01	59.17	*	*	*
Market Value per Share -Highest	Rs.	115.56	127.01	64.31	*	*	*
Market Value Per Share -Lowest	Rs.	63.05	59.85	55.09	*	*	*
Breakup Value/Book Value per Share	Rs.	33.56	32.28	34.12	14.22	12.09	26.74
No. of Shares (mn) - based on par value of 10	Nos.	116.00	116.00	97.62	87.00	75.00	25.00
Total Dividend Paid (mn)	Rs.	406.01	313.21	146.43	117.30	67.50	72.50

SHARE PRICE **SENSITIVITY ANALYSIS**

Share price in the stock market moves due to various factors such as company performance, general market sentiment, economic events and interest rates, etc. Being a responsible and law-compliant Company, HTL circulates price sensitive information to stock exchanges in accordance with the requirements of listing regulations in a timely manner. During the year 2018, HTL's share price touched the peak of Rs. 115.56 while the lowest recorded price was Rs. 63.05 with a closing price of Rs. 101.32 at the end of the year.

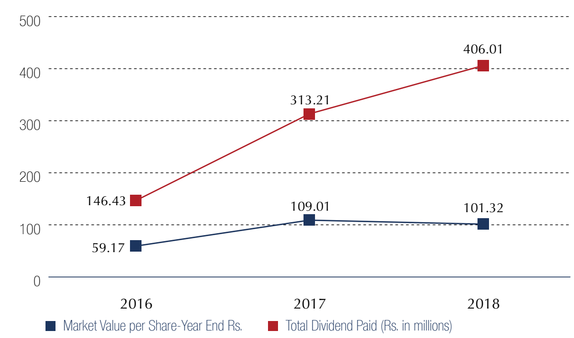
SHARE PRICE **SENSITIVITY ANALYSIS**



INVESTMENT / MARKET **SHARE RATIOS**

Dividend per share is 3.5 that resulted into 73 % dividend payout ratio for 2018 as compared to 43 % of the last year. Breakup value of the Company improved to Rs. 33.6 per share. This showed improvement by 4 % from the last year. Further, six (6) years' average breakup value per share is 25.5. Market value per share stood at Rs. 101.3. This is 7 % lower than the last year-end market value (i.e. Rs. 109). HTL's share maximum and minimum market value stood at 115.56 and 63.05 respectively during the last year. HTL recorded earnings per share of Rs. 4.78 for the year ended 30th June 2018 that resulted into decline of 24 % from the last year due to decrease in the net margins.

INVESTMENT / MARKET **SHARE RATIOS**



SEGMENTAL **REVIEW**

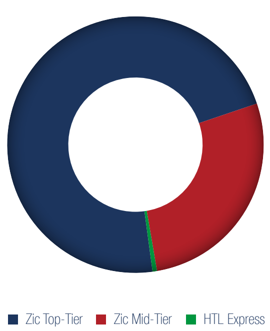
Based on the strategic factors and nature of operations Lube and Express Service Centers are considered as major divisions/segments in HTL. HTL also holds 100 % shareholding in HTBL, a subsidiary Company.

Lube segment reported net sales of Rs. 1,288 million. It shows 23.6 % increase from the last year. HTL Express is a one stop preventive maintenance solution which is changing the dynamics of vehicle maintenance in Pakistan by bringing comfort closer to vehicle maintenance through genuine products, superior services, latest technologies and best people. Effectively, this is the first year of operation for this segment. We started our first express center in the last week of June 2017. In the first year, HTL Express team made efforts to gain the loyalty of new customers. Company believes that consistent efforts are required to increase the revenue in the coming years by increasing number of customers as well as outlets. In total three (03) HTL Express Centers were opened in the last year and few others are under negotiation phase. Consolidated revenue is Rs. 9,255 million.

Hi-Tech Blending (HTBL) net sales have increased by 92.8 % from the last year. HTBL has also commenced its blending operations during the year.

** Not applicable due to being unlisted organization*

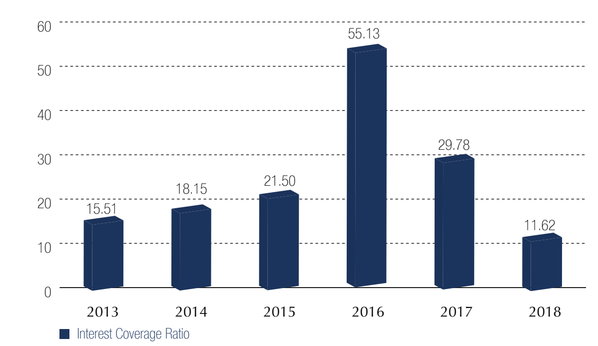
SEGMENTAL **REVIEW**



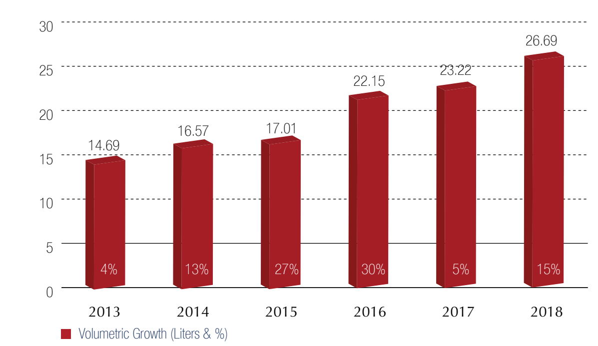
ANALYSIS OF **FINANCIAL STATEMENTS**
FOR THE CURRENT **AND LAST FIVE YEARS**

Key Performance Indicators	UOM	2018	2017	2016	2015	2014	2013
CAPITAL STRUCTURE							
Financial Leverage Ratio	Times	0.15623	0.21115	0.0095	0.0256	0.0467	0.033
Debt to Equity Ratio (as per Book Value)	%	18.1419	24.9047	1.1266	4.1777	9.7057	6.3906
Debt to Equity Ratio (as per Market Value)	%	6.84	8.94	0.65	*	*	*
Interest Coverage Ratio	Times	11.62	29.78	55.13	21.50	18.15	15.51
ACTIVITY/TURNOVER RATIOS							
Total Assets Turnover Ratio	Times	1.68	1.27	1.76	2.71	2.80	3.56
Fixed Assets Turnover	Times	6.66	7.90	20.88	24.63	22.01	22.42
No. of Days in Inventory	Days	47.89	96.11	48.71	44.95	71.97	72.30
No. of Days in Receivables	Days	9.35	8.74	7.90	15.88	11.73	8.64
No. of Days in Payables	Days	30.81	51.40	42.86	60.58	66.61	44.54
Operating Cycle	Days	26.43	53.45	13.75	0.25	17.09	36.40
GROWTH RATIOS							
Volume (mn litrs)	Ltrs	26.69	23.22	22.15	17.01	16.57	14.69
Volumetric Growth	%	15.00	4.82	30.19	2.70	12.79	3.93
Avg. Selling Price (PKR/litre)	Rs.	347.00	322.56	316.72	321.32	318.35	313.02
Growth in avg. selling price	%	7.60	1.84	(1.43)	0.93	1.70	3.72
Sales Growth	%	23.60	6.75	28.32	3.66	14.71	7.80
Admin Expenses - % of Sales	%	3.79	3.73	3.76	3.24	3.09	3.11
Distribution Cost - % of Sales	%	6.55	5.94	12.14	11.07	11.90	12.12
Earnings growth	%	(23.72)	37.23	56.88	12.28	11.32	2.20

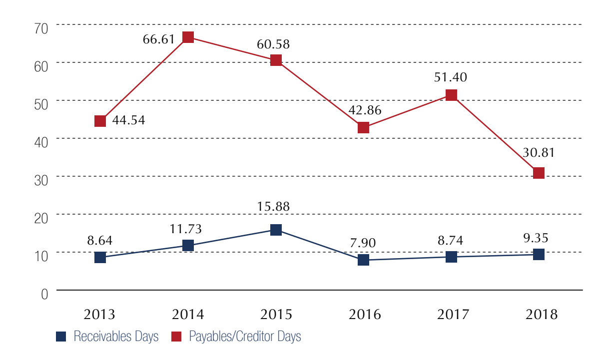
CAPITAL **STRUCTURE RATIO**



GROWTH **RATIO**



ACTIVITY/TURNOVER **RATIOS**



CAPITAL STRUCTURE **RATIOS**

Interest cover had decreased to 11.6 times as compared to 29.8 times of the last year. This decline is the result of increase in finance cost as well as cost of sales. Debt to equity ratio reduced to 18:82 as compared to 25:75 of the last year.

ACTIVITY / TURNOVER **RATIOS**

HTL witnessed improvement in inventory and creditor days by 48 days and 21 days respectively as compared to the last year. Despite of the fact that gross revenue increased by 24 % from the last year Company maintained the debtor days at the same level i.e. 9 days. Total assets turnover increase by .4 times as compared to the last year owning to increase in fixed assets.

GROWTH **RATIOS**

HTL witnessed volumetric gowth by 15 % in the year 2018. Despite challenging market and economic conditions, Company still maintained its growth. Admin expenses remained stable in all the years. Distribution cost increased due to marketing spend on introducing new products. Earnings decreased due to increase in distribution and marketing cost coupled with the depreciation of rupee.

** Not applicable due to being unlisted organization*

VERTICAL **ANALYSIS**

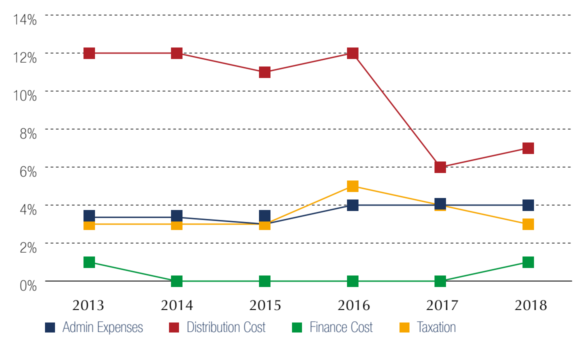
FOR THE CURRENT **AND LAST FIVE YEARS**

Profit & Loss	2018		2017		2016		2015		2014		2013	
	in Mn	%age	in Mn	%age	in Mn	%age	in Mn	%age	in Mn	%age	in Mn	%age
Total Revenue	9,253.58	100%	7,488.88	100%	7,015.30	100%	5,466.92	100%	5,273.83	100%	4,597.33	100%
COGS	(7,325.25)	79%	(5,716.70)	76%	(4,969.65)	71%	(4,129.15)	76%	(3,970.26)	75%	(3,451.58)	75%
Gross Profit	1,928.33	21%	1,772.18	24%	2,045.65	29%	1,337.76	24%	1,303.57	25%	1,145.75	25%
Admin Expenses	(351.09)	4%	(279.42)	4%	(263.51)	4%	(177.33)	3%	(163.10)	3%	(143.15)	3%
Distribution Cost	(606.11)	7%	(444.83)	6%	(851.45)	12%	(605.10)	11%	(627.79)	12%	(557.15)	12%
EBITDA	971.13	10%	1,047.93	14%	930.69	13%	555.34	10%	512.68	10%	445.45	10%
Depreciation	(57.43)	1%	(44.75)	1%	(38.31)	1%	(34.68)	1%	(27.65)	1%	(15.49)	0%
Other Operating Expenses	(63.07)	1%	(32.00)	0.4%	(43.44)	1%	(47.23)	1%	(33.60)	1%	(23.57)	1%
Other Income	108.46	1%	96.00	1%	46.31	1%	52.83	1%	9.38	0.2%	7.76	0.2%
EBIT	959.09	10%	1,067.18	14%	895.26	13%	526.26	10%	460.81	9%	414.15	9%
Share of income from subsidiary	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Finance Cost	(82.54)	1%	(35.84)	0.5%	(16.24)	0.2%	(24.48)	0.4%	(25.38)	0.5%	(26.70)	1%
Profit Before Tax	876.55	9%	1,031.34	14%	879.02	13%	501.78	9%	435.43	8%	387.45	8%
Taxation	(322.12)	3%	(304.48)	4%	(349.35)	5%	(164.16)	3%	(134.72)	3%	(117.34)	3%
Profit After Tax	554.43	6%	726.86	10%	529.67	8%	337.62	6%	300.70	6%	270.11	6%

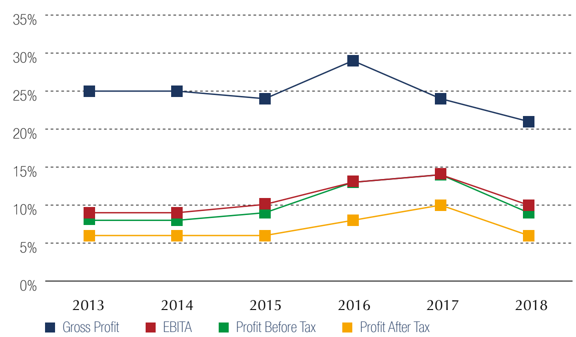
PROFIT AND LOSS **VERTICAL ANALYSIS**

Significant growth in the revenue is witnessed during the last six years. The cost of goods sold (COGS) increased by 3% in comparison to 2017 and is 79% of the total revenue. Distribution cost is 7% and is the major constituent of the total period cost. Due to above changes in the revenue and costs, HTL posted profit after tax of Rs. 554 million (6% of the net revenue).

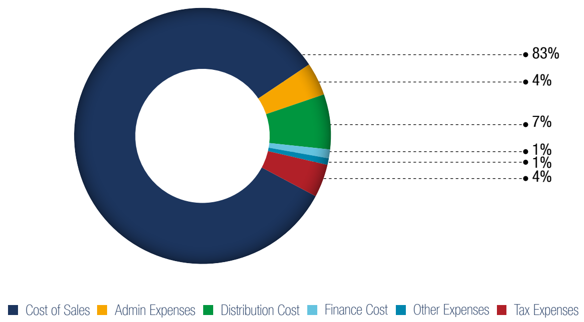
VERTICAL ANALYSIS-**EXPENSES (2013-18)**



VERTICAL ANALYSIS-**PROFITS (2013-18)**



VERTICAL ANALYSIS-**STATEMENT OF PROFIT & LOSS (2018)**



VERTICAL **ANALYSIS**

FOR THE CURRENT **AND LAST FIVE YEARS**

Statement of Financial Position	2018		2017		2016		2015		2014		2013	
	in Mn	%age	in Mn	%age	in Mn	%age	in Mn	%age	in Mn	%age	in Mn	%age
Non current assets												
Fixed assets	1,389.21	25.2%	948.12	16.1%	336.04	8.4%	221.92	11.0%	239.61	12.7%	205.03	15.9%
Investment in subsidiary company	1,300.00	23.5%	1,300.00	22.1%	1,102.76	27.6%	776.41	38.5%	255.00	13.5%	-	0.0%
Long term loans to employees	0.28	0.01%	1.05	0.02%	3.24	0.08%	2.60	0.13%	1.46	0.08%	1.21	0.09%
Long term security deposits	38.61	0.7%	32.74	0.6%	13.50	0.3%	13.63	0.7%	15.75	0.8%	12.81	1.0%
Deferred income tax asset	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total non current assets	2,728.10	49.4%	2,281.91	38.8%	1,455.54	36.5%	1,014.55	50.3%	511.82	27.2%	219.06	16.9%
Current assets												
Stock-in-trade	961.21	17.4%	1,505.34	25.6%	663.26	16.6%	508.48	25.2%	782.88	41.6%	683.70	52.9%
Trade debts	236.94	4.3%	179.39	3.1%	151.78	3.8%	237.84	11.8%	169.50	9.0%	108.86	8.4%
Loans and advances	146.46	2.7%	663.62	11.3%	58.79	1.5%	108.25	5.4%	82.64	4.4%	159.85	12.4%
Short term deposits and prepayments	27.93	0.5%	14.61	0.2%	13.68	0.3%	15.44	0.8%	13.63	0.7%	9.74	0.8%
Accrued Interest	15.33	0.3%	0.35	0.01%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other receivables	17.34	0.3%	79.65	1.4%	0.51	0.0%	44.33	2.2%	1.73	0.1%	0.32	0.0%
Short term investment	917.35	16.6%	1,081.13	18.4%	1,458.56	36.6%	-	0.0%	-	0.0%	20.00	1.5%
Cash and bank balances	471.60	8.5%	75.11	1.3%	186.86	4.7%	86.78	4.3%	321.93	17.1%	91.33	7.1%
Total current assets	2,794.17	50.6%	3,599.19	61.2%	2,533.45	63.5%	1,001.13	49.7%	1,372.30	72.8%	1,073.81	83.1%
Total assets	5,522.27	100.0%	5,881.10	100.0%	3,988.99	100.0%	2,015.68	100.0%	1,884.12	100.0%	1,292.86	100.0%
Capital and reserves												
Issued, subscribed and paid up capital	1,160.04	21.0%	1,160.04	19.7%	1,160.04	29.1%	870.03	43.2%	750.03	39.8%	250.01	19.3%
Share premium	1,441.70	26.1%	1,441.70	24.5%	1,441.70	36.1%	-	0.0%	-	0.0%	-	0.0%
Accumulated profit / (loss)	1,290.98	23.4%	1,142.57	19.4%	728.91	18.3%	367.45	18.2%	156.73	8.3%	418.56	32.4%
Total capital and reserves	3,892.72	70.5%	3,744.31	63.7%	3,330.65	83.5%	1,237.48	61.4%	906.76	48.1%	668.57	51.7%
Non current liabilities												
Liabilities against assets subject to finance lease	79.11	1.4%	65.81	1.1%	15.17	0.4%	25.15	1.2%	29.50	1.6%	26.32	2.0%
Long term deposits	1.50	0.03%	2.00	0.03%	2.00	0.05%	3.00	0.15%	2.00	0.11%	0.50	0.04%
Deferred liabilities	12.07	0.2%	3.21	0.1%	-	0.0%	9.03	0.4%	7.84	0.4%	5.35	0.4%
Long term financing	14.89	0.27%	13.50	0.23%	1.03	0.03%	-	0.00%	-	0.00%	-	0.00%
Total non current liabilities	107.57	1.9%	84.51	1.4%	18.20	0.5%	37.18	1.8%	39.34	2.1%	32.17	2.5%
Current liabilities												
Trade and other payables	614.00	10.5%	804.00	13.5%	583.00	14.6%	685.29	34.0%	724.56	38.5%	421.17	32.6%
Accrued mark-up	18.22	0.33%	9.52	0.16%	0.54	0.01%	-	0.00%	4.71	0.25%	4.91	0.38%
Loans from directors	-	0.0%	-	0.0%	-	0.0%	-	0.0%	140.76	7.5%	147.36	11.4%
Current portion of liabilities against assets subject to finance lease	61.09	1.1%	43.49	0.7%	21.75	0.5%	26.45	1.3%	20.98	1.1%	16.41	1.3%
Short term borrowing	707.64	12.8%	1,118.97	19.0%	-	0.0%	-	0.0%	37.53	2.0%	-	0.0%
Taxation - net	116.78	2.1%	75.22	1.3%	34.25	0.9%	29.27	1.5%	9.47	0.5%	2.28	0.2%
Unclaimed Dividend	4.30	0.70%	1.53	0.19%	0.86	0.02%						
Total current liabilities	1,521.98	27.6%	2,052.28	34.9%	640.14	16.0%	741.02	36.8%	938.02	49.8%	592.13	45.8%
Total liabilities and equity	5,522.27	100.0%	5,881.10	100.0%	3,988.99	100.0%	2,015.68	100.0%	1,884.12	100.0%	1,292.86	100.0%

FINANCIAL POSITION'S
VERTICAL ANALYSIS

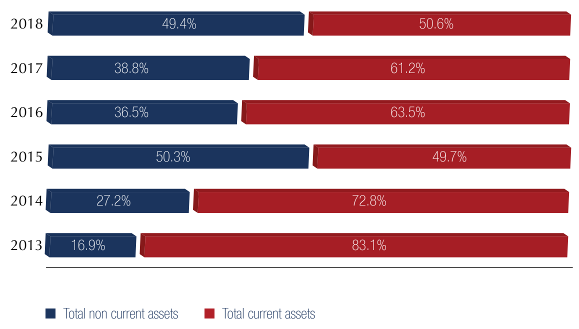
Total assets comprises of current and non current assets. Position as at 30th june 2018 depicts that out of the total assets, current assets are 50.6 % and non current assets are 49.4 %.

On the other side, equity and liabilities constitute of share capital and reserves (70.5%), non current liabilities (1.9%) and current liabilities (27.6%). Current liabilities mainly constitutes short term financing (12.8%), trade and other payables (11.2%) and taxation (2.1%).

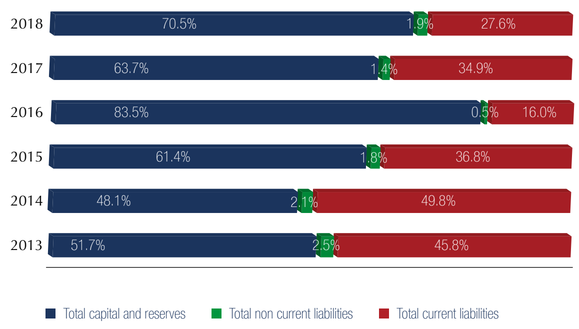
Non-current liabilites mainly constitutes, liabilities against assets subject to finance lease (1.4%) and long term financing (0.3%).

Capital and reserves mainly constitutes, paid up capital (21%), share premium (26.1%) and accumulated profits (23.4%).

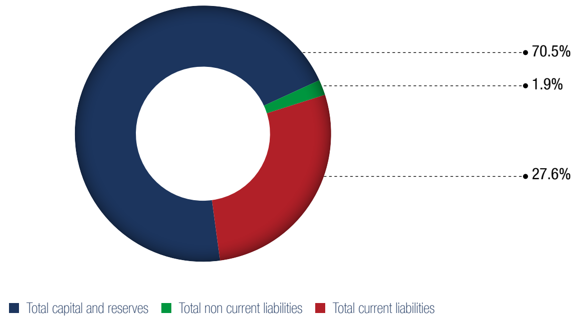
VERTICAL ANALYSIS-**TOTAL ASSETS**



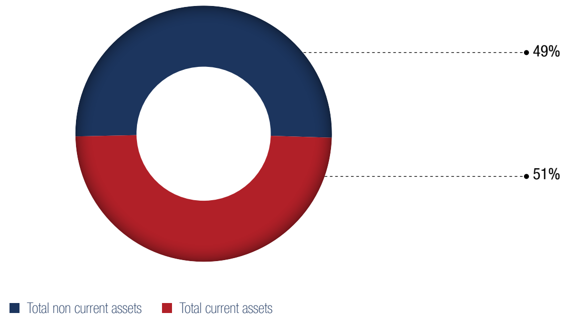
VERTICAL ANALYSIS-**TOTAL EQUITY & LIABILITIES**



VERTICAL ANALYSIS-**TOTAL EQUITY & LIABILITIES (2018)**



VERTICAL ANALYSIS-**TOTAL ASSETS (2018)**



HORIZONTAL **ANALYSIS**

FOR THE CURRENT **AND LAST FIVE YEARS**

Statement of Financial Position	2018 in Mn	2018 vs 2017 %age	2017 in Mn	2017 vs 2016 %age	2016 in Mn	2016 vs 2015 %age	2015 in Mn	2015 vs 2014 %age	2014 in Mn	2014 vs 2013 %age	2013 in Mn
Non current assets											
Fixed assets	1,389.21	47%	948.12	182%	336.04	51%	221.92	(7%)	239.61	17%	205.03
Investment in subsidiary company	1,300.00	0%	1,300.00	18%	1,102.76	42%	776.41	204%	255.00	0%	-
Long term loans to employees	0.28	(73%)	1.05	(68%)	3.24	25%	2.60	78%	1.46	21%	1.21
Long term security deposits	38.61	18%	32.74	142%	13.50	(1%)	13.63	(13%)	15.75	23%	12.81
Deferred income tax asset	-	0%	-	0%	-	0%	-	0%	-	0%	-
Total non current assets	2,728.10	20%	2,281.91	56.8%	1,455.54	43.5%	1,014.55	98.2%	511.82	133.6%	219.06
Current assets											
Stock-in-trade	961.21	(36%)	1,505.34	127%	663.26	30%	508.48	(35%)	782.88	15%	683.70
Trade debts	236.94	32%	179.39	18%	151.78	(36%)	237.84	40%	169.50	56%	108.86
Loans and advances	146.46	(78%)	663.62	1029%	58.79	(46%)	108.25	31%	82.64	(48%)	159.85
Short term deposits and prepayments	27.93	91%	14.61	7%	13.68	(11%)	15.44	13%	13.63	40%	9.74
Accrued Interest	15.33	4268%	0.35	0%	0.03	0%	-	0%	-	0%	-
Other receivables	17.34	(78%)	79.65	15579%	0.51	(99%)	44.33	2466%	1.73	440%	0.32
Short term investment	917.35	(15%)	1,081.13	(26%)	1,458.56	0%	-	0%	-	(100%)	20.00
Cash and bank balances	471.60	528%	75.11	(60%)	186.86	115%	86.78	(73%)	321.93	252%	91.33
Total current assets	2,794.17	(22%)	3,599.19	42%	2,533.45	153%	1,001.13	(27%)	1,372.30	28%	1,073.81
Total assets	5,522.27	(6%)	5,881.10	47%	3,988.99	98%	2,015.68	7%	1,884.12	46%	1,292.86
Capital and reserves											
Issued, subscribed and paid up capital	1,160.04	0%	1,160.04	0%	1,160.04	33%	870.03	16%	750.03	200%	250.01
Share premium	1,441.70	0%	1,441.70	0%	1,441.70	0%	-	0%	-	0%	-
Accumulated profit / (loss)	1,290.98	13%	1,142.57	57%	728.91	98%	367.45	134%	156.73	(63%)	418.56
Total capital and reserves	3,892.72	4%	3,744.31	12%	3,330.65	169%	1,237.48	36%	906.76	36%	668.57
Non current liabilities											
Liabilities against assets subject to finance lease	79.11	20%	65.81	334%	15.17	(40%)	25.15	(15%)	29.50	12%	26.32
Long term deposits	1.50	(25%)	2.00	0%	2.00	(33%)	3.00	50%	2.00	300%	0.50
Deferred liabilities	12.07	276%	3.21	0%	-	(100%)	9.03	15%	7.84	47%	5.35
Long term financing	14.89	10%	13.50	1210%	1.03	0%	-	0%	-	0%	-
Total non current liabilities	107.57	27%	84.51	364%	18.20	(51%)	37.18	(5%)	39.34	22%	32.17
Current liabilities											
Trade and other payables	614.00	(23%)	804.00	38%	583.00	(15%)	685.29	(5%)	724.56	72%	421.17
Accrued mark-up	18.22	91%	9.52	1662%	0.54	0%	-	(100%)	4.71	(4%)	4.91
Loans from directors	-	0%	-	0%	-	0%	-	(100%)	140.76	(4%)	147.36
Current portion of liabilities against assets subject to finance lease	61.09	40%	43.49	100%	21.75	(18%)	26.45	26%	20.98	28%	16.41
Short term borrowing	707.64	(37%)	1,118.97	0%	-	0%	-	(100%)	37.53	0%	-
Taxation - net	116.78	55%	75.22	120%	34.25	17%	29.27	209%	9.47	315%	2.28
Unclaimed Dividend	4.30	182%	1.53	77%	0.86	0%	-	0%	-	0%	-
Total current liabilities	1,521.98	(26%)	2,052.28	221%	640.14	(14%)	741.02	(21%)	938.02	58%	592.13
Total liabilities and equity	5,522.27	(6%)	5,881.10	47%	3,988.99	98%	2,015.68	7%	1,884.12	46%	1,292.86

Profit & Loss	2018 in Mn	2018 vs 2017 %age	2017 in Mn	2017 vs 2016 %age	2016 in Mn	2016 vs 2015 %age	2015 in Mn	2015 vs 2014 %age	2014 in Mn	2014 vs 2013 %age	2013 in Mn
Total Revenue	9,253.58	24%	7,488.88	7%	7,015.30	28%	5,466.92	4%	5,273.83	15%	4,597.33
COGS	(7,325.25)	28%	(5,716.70)	15%	(4,969.65)	20%	(4,129.15)	4%	(3,970.26)	15%	(3,451.58)
Gross Profit	1,928.33	9%	1,772.18	(13%)	2,045.65	53%	1,337.76	3%	1,303.57	14%	1,145.75
Admin Expenses	(351.09)	26%	(279.42)	6%	(263.51)	49%	(177.33)	9%	(163.10)	14%	(143.15)
Distribution Cost	(606.11)	36%	(444.83)	(48%)	(851.45)	41%	(605.10)	(4%)	(627.79)	13%	(557.15)
EBITDA	971.13	(7%)	1,047.93	13%	930.69	68%	555.34	8%	512.68	15%	445.45
Depreciation	(57.43)	28%	(44.75)	17%	(38.31)	10%	(34.68)	25%	(27.65)	78%	(15.49)
Other Operating Expenses	(63.07)	97%	(32.00)	(26%)	(43.44)	(8%)	(47.23)	41%	(33.60)	43%	(23.57)
Other Income	108.46	13%	96.00	107%	46.31	(12%)	52.83	463%	9.38	21%	7.76
EBIT	959.09	(10%)	1,067.18	19%	895.26	70%	526.26	14%	460.81	11%	414.15
Share of income from subsidiary	-	0%	-	0%	-	0%	-	0%	-	0%	-
Finance Cost	(82.54)	130%	(35.84)	121%	(16.24)	(34%)	(24.48)	(4%)	(25.38)	(5%)	(26.70)
Profit Before Tax	876.55	(15%)	1,031.34	17%	879.02	75%	501.78	15%	435.43	12%	387.45
Taxation	(322.12)	6%	(304.48)	(13%)	(349.35)	113%	(164.16)	22%	(134.72)	15%	(117.34)
Profit After Tax	554.43	(24%)	726.86	37%	529.67	57%	337.62	12%	300.70	11%	270.11

FINANCIAL POSITION'S
HORIZONTAL ANALYSIS

Non-current assets have increased by Rs.446 million (20 %) from the last year. This increase was mainly due to investments made in expansion projects (i.e. HTL Fuel Stations and HTL Express Centers).

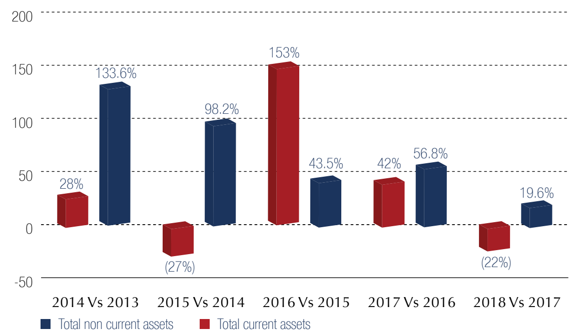
Current assets primarily comprises of inventory, trade debts, short -term investments and cash & bank balances. On an aggregate basis, current assets decreased by Rs. 805 million (22 %) as compared to the last year. Trade receivable balance is 8 % of total current assets balance that shows company effective revenue collection policy.

Shareholders' equity has increased by 4 % as compared to the previous year, due to increase in un-appropriated profit for the year. Shareholders' equity includes share capital and reserves (i.e. capital and revenue reserves). Company retained 27% profits to finance its expansions.

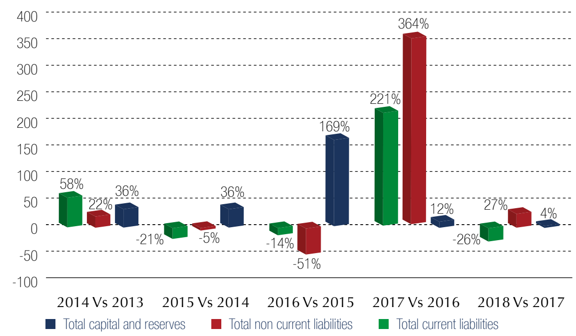
Non-current liabilities have increased to Rs.107.5 million from Rs.84.5 million up by 27%. This is mainly due to long-term finance obtained from commercial bank for building a new warehouse at company's plant site.

Overall, current liabilities decreased by 26 %. This decrease was witnessed due to decrease in the inventory related foreign trade payables whereby company used its free cash flow to repay its liabilities. Further, company also managed to reduce its short-term financing by 37 %.

HORIZONTAL ANALYSIS-**TOTAL ASSETS**



HORIZONTAL ANALYSIS-**TOTAL EQUITY & LIABILITIES**



PROFIT & LOSS
HORIZONTAL ANALYSIS

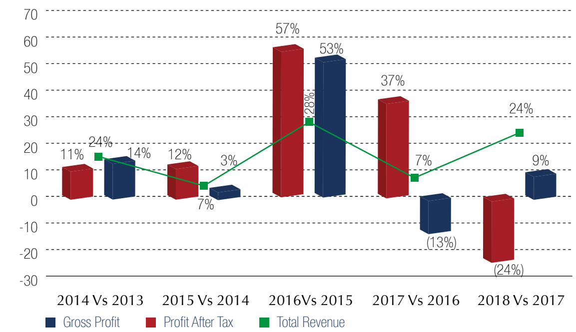
Net sales increased by Rs. 1.7 billion (24 %). Volume increased by 16.6 % from the last year volume.

HTL witnessed growth of 8 % in the gross profit as compared to previous year. Total Distribution cost includes salaries, admin expenses and marketing cost. Distribution cost increased by Rs. 163 million (35 %) as compared to the last year. Out of Rs. 163 million, marketing cost contributed 56%. This mainly relates to introduction of two new fully synthetic product.

Other income increased by Rs. 12 million (13 %). This return reflects interest on IPO funds and short term loans to subsidiary company.

Finance cost has increased by Rs. 46 million from the last year balance. 2017-18 depicts the Profit after tax of Rs 554 million as compared to Rs. 726 million of 2016-17.

HORIZONTAL ANALYSIS - **PROFIT & LOSS**

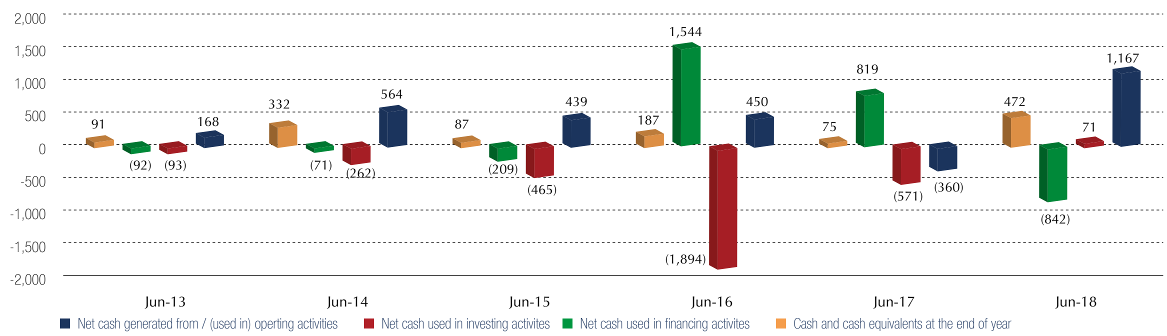


CASH FLOWS **ANALYSIS**

FOR THE CURRENT **AND LAST FIVE YEARS**

Summary of Cash Flow Statement	2018	2017	2016	2015	2014	2013
			Amounts in PKR'Millions			
Cash flow from operating activities						
Cash generated from operations	1,512.47	(72.86)	819.06	610.72	713.88	302.70
Payment for:						
Finance charges	(73.84)	(26.86)	(15.70)	(29.19)	(25.58)	(27.52)
Taxes	(271.70)	(260.30)	(353.14)	(142.91)	(124.78)	(106.76)
Net cash generated from / (used in) operating activities	1,166.93	(360.03)	450.22	438.62	563.52	168.41
Cash flow from investing activities						
Capital Expenditure on fixed assets	(440.94)	(652.80)	(144.68)	(10.94)	(52.36)	(115.27)
Proceeds from disposal of fixed assets	9.54	74.72	2.80	61.08	17.56	15.38
Investment in subsidiary company	-	(197.24)	(326.35)	(521.41)	(255.00)	-
Work in progress	(296.50)	(261.00)	-	-	-	-
Repayment of loans from subsidiary company	557.50	-	-	-	-	-
Short term investment	155.00	378.66	(1,453.25)	-	20.00	-
Long term deposits	0.27	1.15	27.39	-	-	-
Interest received on loans to subsidiary company	28.95	-	-	-	-	-
Profit on bank deposits received	57.62	85.35	-	6.32	8.04	7.39
Investment in TDRs	-	-	-	-	-	-
Net cash used in investing activities	71.43	(571.16)	(1,894.08)	(464.94)	(261.76)	(92.50)
Cash flow from financing activities						
Proceeds/repayment of long term financing	8.69	18.81	2.39	-	-	
Repayment of liability against asset subject to finance lease	(35.97)	(5.80)	(22.83)	(21.77)	(17.13)	(14.85)
Loan from directors	-	-	-	(140.76)	(6.60)	(2.00)
Dividend paid	(403.24)	(312.55)	(167.34)	(128.76)	(85.00)	(75.00)
Short term borrowings	(411.33)	1,118.97	-	(37.53)	37.53	-
Capital injected	-	-	1,731.71	120.00	-	-
Net cash used in financing activities	(841.86)	819.43	1,543.93	(208.81)	(71.21)	(91.85)
Net increase / (decrease) in cash and cash equivalents	396.49	(111.75)	100.08	(235.14)	230.55	(15.95)
Cash and cash equivalents transferred from Hi -Tech Lubricants	-	-	-	-	-	-
Cash and cash equivalents at the start of year	75.11	186.86	86.78	321.93	91.33	107.29
Cash and cash equivalents at the end of year	471.60	75.11	186.86	86.79	321.89	91.34

ANALYSIS OF **CASH FLOWS**



CASH FLOWS **ANALYSIS**

HTL makes, execute and monitor its plans for operating, financing and investing cash flows activities. Analysis of its cash flow cycle is explained below:

OPERATING **ACTIVITIES**

After excluding impact of non-cash items, Company witnessed increase in net cash generated from operating activities by Rs. 1.5 billion from the last year. This is mainly due to increase in cash received from our customers coupled with increase in sales revenue.

INVESTING **ACTIVITIES**

HTL witnessed increase by Rs. 642 million in its cash inflows from investing activities as compared to last year. This is mainly due to collection of loan as well as interest thereon from Hi Tech Blending (Subsidiary Company). Furthermore, less reliance on investment in non-core functions and reduced investment in fixed assets has also contributed significantly in mentioned increase.

FINANCING **ACTIVITIES**

Net outflows from financing activities are Rs. 841 million as compared to the Rs. 819 million inflows of the last year. This substantial increase in cash outflows is mainly due to repayment of its long and the short-term loans.

CASH AND **CASH EQUIVALENTS**

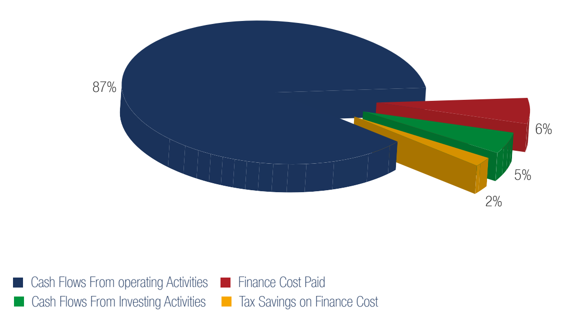
HTL witnessed an increase of Rs. 396 million at the year-end balance as compared to the last year ending balance. This is mainly due to the cash inflows in operating and investing activities.

ANALYSIS OF FREE **CASH FLOWS**

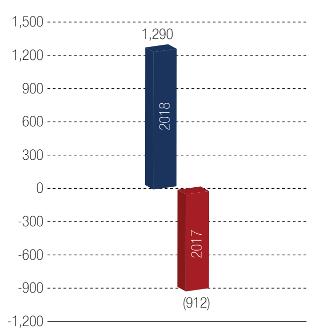
Free Cash Flows to Firm	2018	2017
Cash Flows From operating Activities	1,166,925,085	(360,025,413)
Finance Cost Paid	73,840,862	26,863,520
Cash Flows From Investing Activities	71,429,045	(571,155,278)
Tax Savings on Finance Cost	(22,152,259)	(8,059,056)
Free Cash Flows to Firm	1,290,042,733	(912,376,227)

Free Cash Flows to Firm	2018	2017
Cash Flows From operating Activities	1,166,925,085	(360,025,413)
Cash Flows From Financing Activities	(841,862,155)	819,430,040
Cash Flows From Investing Activities	71,429,045	(571,155,278)
Cash Paid to Equity Holders (Dividend)	403,243,100	312,548,794
Free Cash Flows to Equity Holders	799,735,075	200,798,143

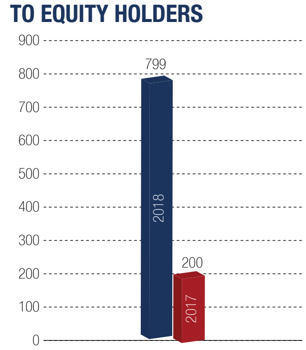
FREE CASH **FLOWS TO FIRM-2018**



FREE CASH **FLOWS TO FIRM**



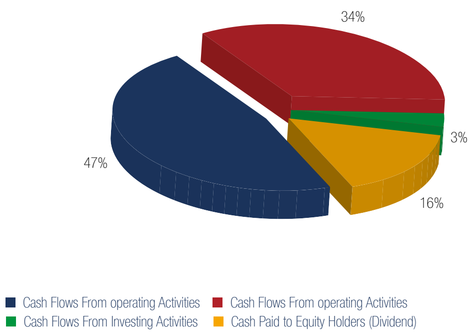
FREE CASH FLOWS **TO EQUITY HOLDERS**



FREE CASH **FLOWS ANALYSIS**

Free Cash Flows to the Firm (FCFF) is essentially a measurement of a company's profitability after all expenses and reinvestments. FCFF of 2018 mainly constitutes cash inflows from operating activities. An increase of Rs. 2.2 billion was witnessed in 2018. Free cash flows to equity holders showed inflows from operating activities and outflows in investing activities.

FREE CASH FLOWS TO **EQUITY HOLDERS -2018**



DIRECT METHOD **CASH FLOWS**

Cash Flows From Operating Activities	
Cash Received From Customers	
(including sales tax)	10,330,034,173
Cash Paid to Employees as Remunreration	(404,135,874)
Cash Paid to the Vendors	(8,146,985,814)
Income Tax Paid	(73,840,862)
Sales Tax Paid	(265,481,337)
Finance Cost Paid	(271,703,030)
Zakat Paid	(962,171)
Net Cash Flows From Operating Activities	1,166,925,085
CASH FLOWS FROM INVESTING ACTIVITIES	
Capital expenditure on property and equipment	(440,267,182)
Capital expenditure on intangible assets	(676,234)
Proceeds from disposal of property and equipment	9,537,134
Investment in subsidiary company	-
Loans to subsidiary company	(296,500,000)
Repayment of loans from subsidiary company	557,500,000
Short term investments - net	154,999,999
Dividend income	272,250
Interest received on loans to subsidiary company	28,947,816
Profit on bank deposits and term	
depositreceipts received	57,615,262
Net cash from / (used in) investing activities	71,429,045
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of liabilities against	
assets subject to finance lease	(35,972,579)
Dividend paid	(403,243,100)
Proceeds from long term financing	21,865,000
Repayment of long term financing	(13,177,918)
Short term borrowings - net	(411,333,558)
Net cash (used in) / from financing activities	(841,862,155)
Net increase / (decrease) in cash and cash equivalents	396,491,975
Cash and cash equivalents at the beginning of the year	75,112,775
Cash and cash equivalents at the end of the year	471,604,750

QUARTERLY **ANALYSIS**

FOR THE **CURRENT YEAR**

Profit & Loss	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Amounts in PKR'Millions			
Sales	2,277.52	3,831.37	1,592.00	3,209.54
Discounts	(32.53)	(102.54)	(74.44)	(159.30)
	2,244.98	3,728.83	1,517.56	3,050.24
Sales Tax	(208.08)	(366.82)	(189.71)	(523.42)
Net Sales	2,036.90	3,362.01	1,327.85	2,526.82
Cost Of Sales	(1,616.51)	(2,598.78)	(1,011.59)	(2,098.38)
Gross Profit	420.39	763.23	316.26	428.44
Distribution Cost	(154.20)	(268.51)	(124.50)	(88.84)
Administrative Expenses	(83.95)	(84.27)	(98.06)	(112.30)
Other Expenses	(17.31)	(32.22)	(4.75)	(8.79)
	(255.45)	(385.00)	(227.32)	(209.93)
Other Income	24.89	27.99	24.74	30.85
Profit From Operations	189.83	406.22	113.68	249.36
Finance Cost	(17.23)	(21.59)	(22.11)	(21.61)
Profit Before Taxation	172.60	384.62	91.57	227.75
Taxation	(54.60)	(121.02)	(31.07)	(115.42)
Profit After Taxation	118.00	263.60	60.50	112.33

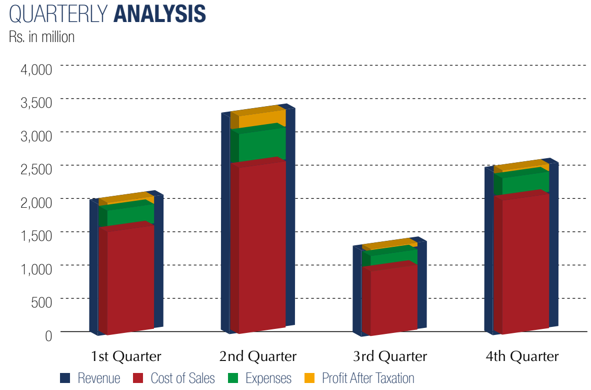
Statement of Financial Position	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Amounts in PKR'Millions			
Equity and Liabilities				
Share Capital and Reserves				
Authorized share capital 150,000,000 (2017: 150,000,000) ordinary shares of Rupees 10 each	1,500.00	1,500.00	1,500.00	1,500.00
Issued, subscribed and paid-up share capital	1,160.04	1,160.04	1,160.04	1,160.04
Share deposit money	-	-	-	-
Reserves	2,499.26	2,762.86	2,620.35	2,732.68
Total Equity	3,659.30	3,922.90	3,780.39	3,892.72
Liabilities				
Non-Current Liabilities				
Long term financing	26.14	22.39	22.93	14.89
Liabilities against assets subject to finance lease	65.32	72.24	64.74	79.11
Long term deposits	2.00	1.50	1.50	1.50
Deferred income tax liability	3.21	8.64	8.64	12.07
	96.67	104.77	97.81	107.57
Current Liabilities				
Trade and other payables	988.33	1,102.80	756.65	613.96
Accrued mark-up	14.92	15.24	15.59	18.22
Short term borrowings	614.56	1,337.83	1,115.12	707.64
Current portion of non-current liabilities	49.66	50.91	48.79	61.09
Unclaimed dividend	-	-	16.20	4.30
Taxation - net	82.42	89.62	86.35	116.78
	1,749.89	2,596.39	2,038.70	1,521.98
Total Liabilities	1,846.57	2,701.17	2,136.51	1,629.55
Contingencies and Commitments	-	-		
Total Equity and Liabilities	5,505.86	6,624.06	5,916.91	5,522.27

Statement of Financial Position	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Amounts in PKR'Millions			
ASSETS				
NON-CURRENT ASSETS				
Fixed assets	1,003.71	1,116.81	1,192.86	1,389.21
Investment in subsidiary company	1,300.00	1,300.00	1,300.00	1,300.00
Long term loans to employees	0.73	0.49	0.39	0.28
Long term security deposits	32.63	38.82	36.00	38.61
	2,337.07	2,456.12	2,529.24	2,728.10
CURRENT ASSETS				
Stock-in-trade	1,170.21	1,447.52	1,337.19	961.21
Trade debts	180.67	468.15	254.49	236.94
Loans and advances	633.82	648.82	708.94	146.46
Short term deposits and prepayments	13.96	20.78	27.05	27.93
Other receivables	15.11	65.62	23.24	17.34
Accrued interest	9.15	10.87	10.66	15.33
Short term investments	1,080.41	978.87	953.41	917.35
Cash and bank balances	65.46	527.30	72.67	471.60
	3,168.79	4,167.94	3,387.66	2,794.17
TOTAL ASSETS	5,505.86	6,624.06	5,916.91	5,522.27

QUARTERLY **ANALYSIS**

Sales of the company grew by 24% in FY 2018 as compared to the previous year. The sales of lubricants are seasonal and accordingly the sales declined in the 1st and 3rd quarters of the year. Whereas, the considerable increase in the volumes were witnessed in the 2nd and 4th quarters. The company follows similar pattern almost every year.

QUARTERLY **ANALYSIS**



REVENUE

Revenue varies in the each quarter. In the 2nd quarter, Company earned highest (i.e. 36 %) revenue out of the total revenue earned by the company. 1st and 4th quarter, showed earnings of 22% and 27% respectively. 3rd quarter remained at the lowest level i.e. 14%. Variation in the quarterly results is due to the seasonal impact on the products of HTL.

COST OF **SALES**

The cost of sales remained stable in all the quarters.

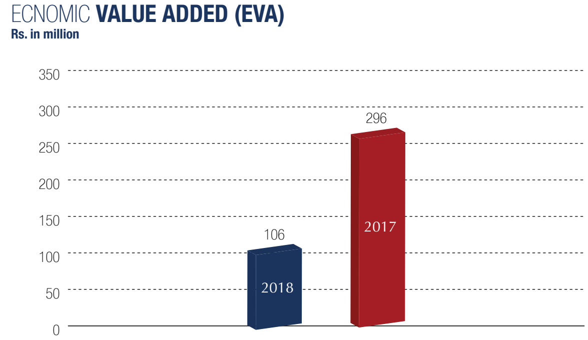
PROFIT FROM **OPERATIONS**

Variation in the profits from operations is mainly due to revenue contribution. Profits followed same trend as revenue.

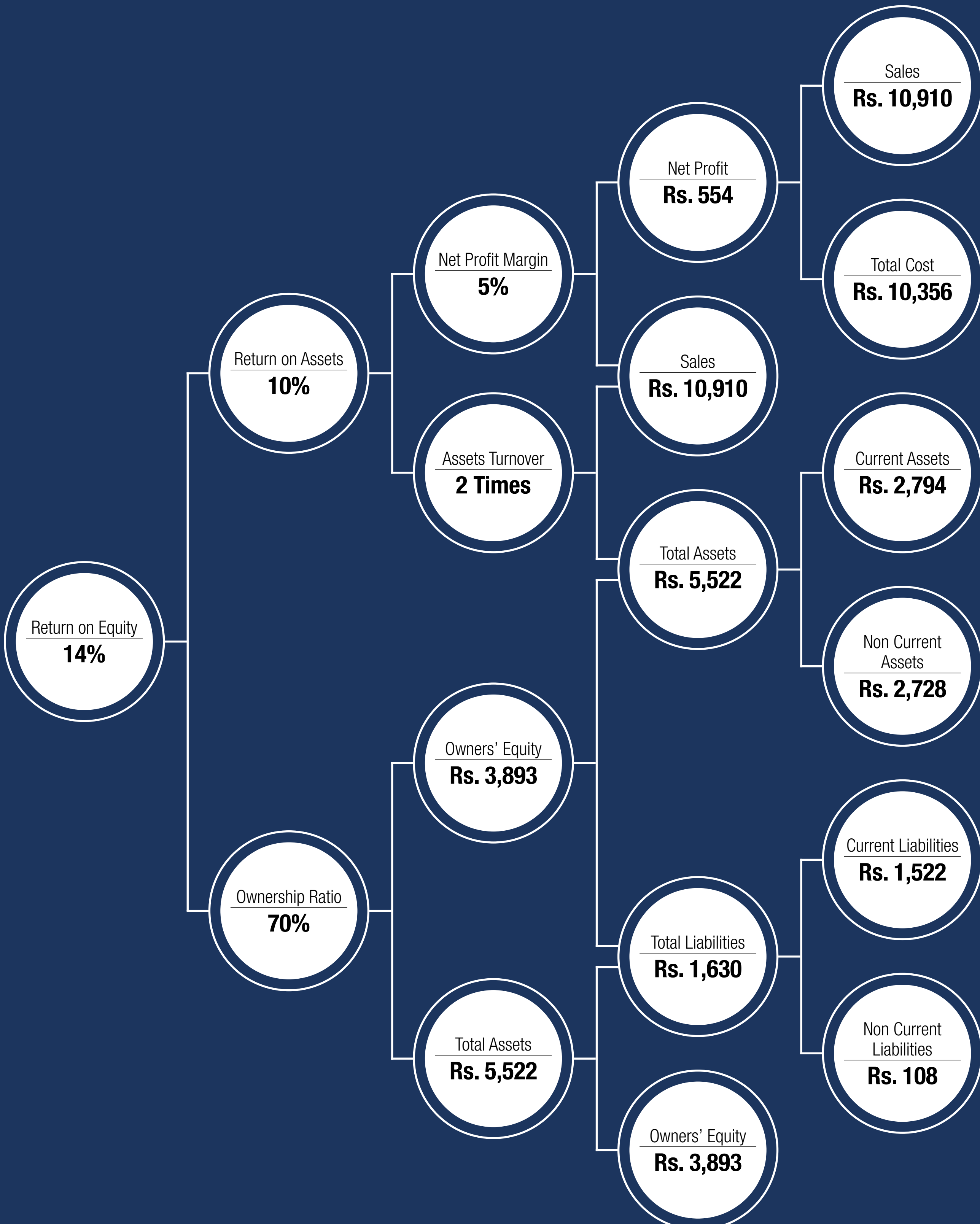
ECONOMIC **VALUE ADDED**

Economic value added (EVA) is used to measure the value a company generates from funds invested into its business. HTL generated positive EVA in both the years.

ECNOMIC **VALUE ADDED (EVA)**



DUPONT **ANALYSIS**



Although the gross sales of HTL increased by 25% in 2018 but the cost of sales also increased by 29% that caused the decrease of net profit of the company by 24%. All these factors contributed in decrease of the net profit margin from 8% in 2017 to 5% in 2018. This decreased in net profit margin blurred the increase in asset turnover and finnaly caused the Return on Assets to be decreased to 10% with respect to 12% in the previous financial year. on the other hand the decrease in total assets by 6% and increase in owner's equity by 4% in comparison to the previous year caused the ownership ratio to be reached from 64% (in 2017) to 70% (in 2018). Finally the ROE, that is the ultimate interest factor of the equity providers, has decreased to 14% (in 2018) as compared to 19% (in 2017) due to the decrease in return on assets and increase in ownership ratio.

ANALYSIS OF FINANCIAL **AND NON-FINANCIAL PERFORMANCE**

HTL financials department has been entrusted the responsibility of yearly budgeting. A comprehensive exercise been carried out in last quarter of the fiscal year whereby each business unit and cost center submits its input through system based budgeting module. After careful consideration and review by the company's executive management, the budgets are presented to audit committee for their review, consideration and recommendation for approval by the board. Budgets are based on forecast and assumption appropriate to business. Further budgeting department also carries out sensitivity analysis to ensure if analysis. Factors like controllable and non-controllable costs, seasonality and trends are given due importance. Further, CEO and management teams are clearly assigned balance scorecard based on business unit's targets, profitability and other qualitative factors.

PERFORMANCE AGAINST **FINANCIAL MEASURES**

Company sets financial targets for business units, their liquidity and working capital against defined targets. Company was able to sustain its growth and sustain its position in the market. On stand-alone basis, our growth in volume is 15 %, which contributed in sustaining our share in the market. Company also achieved its working capital and liquidity targets. The instability in the material cost had negatively impacted our gross margins for year 2018 as compared to 2017. Increased depreciation, marketing and administration cost impacted our bottom line. These expenses were made on launch of new improved API grade products and retail business which will give benefits in future.

STATEMENT OF **FINANCIAL POSITION**

SHAREHOLDERS' **EQUITY**

Shareholders' equity has increased by 4 % as compared to the previous year, due to increase in un-appropriated profit for the year. Shareholders' equity includes share capital and reserves (i.e. capital and revenue reserves). Company retained 27% profits to finance its expansions.

NON CURRENT **LIABILITIES**

Non-current liabilities have increased to Rs.107.5 million from Rs.84.5 million up by 27%. This is mainly due to long-term finance obtained from commercial bank for building a new warehouse at company's plant site. The warehouse became operational in Nov 2017.

CURRENT **LIABILITIES**

Overall, current liabilities decreased by 26 %. This decrease was witnessed due to decrease in the inventory related foreign trade payables whereby company used its free cash flow to repay its liabilities. Further, company also managed to reduce its short-term financing by 37 % through its efficient working management.

NON CURRENT **ASSETS**

Non-current assets have increased by Rs.446 million (20 %) from the last year. This investment accounts for HTL Stations (OMC) and HTL Express Centers and is in line with our growth strategy.

CURRENT **ASSETS**

Current assets primarily comprises of inventory, trade debts, short -term investments and cash & bank balances. On an aggregate basis, current assets decreased by Rs. 805 million (22 %) as compared to the last year. Decrease in the total current assets balance provides evidence for our efficient working capital management as Company was able to reduce its inventory and increase its cash and cash equivalents. The increase in trade receivables balance is in line with the sales that showed company effective revenue collection policy. Furthermore, such collection has helped HTL to pay its liabilities in time. We are very confident that Company is able to pay all its debts in the short as well as in the long run at their contracted dates.

PROFIT **AND LOSS**

REVENUE

Net sales increased by Rs. 1.7 billion (24 %). Our volume increased by 16.6 % from the last year volume. Price rose by 7.4%, which was in line with the economic situations triggered by International Lube prices and exchange rate fluctuations. Company effectively managed its pricing strategy to stay competitive in the market.

GROSS **PROFIT**

HTL witnessed growth of 8 % in the gross profit as compared to previous year. While analyzing vertically, gross margin has declined due to factors affecting commodity prices as discussed above.

DISTRIBUTION **COST**

Total Distribution cost includes salaries, admin expenses and marketing cost. Distribution cost increased by Rs. 163 million (35 %) as compared to the last year.

OTHER **INCOME**

Other income increased by Rs. 12 million (13 %). This return reflects interest on IPO funds and short term loans to subsidiary company. The loan has been recovered during the year.

FINANCE **COST**

Finance cost has increased by Rs. 46 million from the last year balance. Company used its working capital efficiently for both parent and subsidiary company.

PROFIT FOR **THE YEAR**

2017-18 depicts the Profit after tax of Rs 554 million as compared to Rs. 726 million of 2016-17. The decrease in net profit is due to expansion/ growth phase that has increased our marketing, administration and other related cost.

LIQUIDITY **POSITION**

HTL was assigned initial entity ratings of A and A-1 (Single A and A-One) with stable outlook by JCR-VIS Credit Rating Company Limited. It depicts the strong liquidity position in the lubricant industry with low financial risk and strong corporate governance.

Performance against the financial targets is regularly evaluated. Variance analysis activity, along-with proper reasoning, is carried out to ensure the performance on track. Though, Company did not achieve its targets for the revenue but the said variance was in the acceptable limits. Mostly, favorable cost variances were witnessed but certain expenses exceeded our targeted cost due to the reasons mentioned above. Our ED's has given due deliberations to the reasons for variances and suggested mitigating measures against all the controllable factors.

PERFORMANCE AGAINST **NON-FINANCIAL MEASURES**

Non-financial targets are set for human resource development, growth / expansion, succession, process and production efficiencies at HTL and HTBL respectively, quality improvements both in product and services, automation (IT Capital), protection of intellectual capitals, health and safety, building better relationship with community (social capital), managing diversity, ensuring compliance with all the laws and regulations and paying due taxes are the hallmark of the company. 2017-18 had been wonderful year for the HTL. We surpassed the last year performance and achieved all the non-financials targets during the year.

HR department worked on multidimensional aspects as envisaged in the targets, including, hiring right person at competitive packages through internal and external sources, held trainings and conferences for employees, offered internships, employed special person, and devising succession plan at different cadre as per the need of the Company. Another milestone achievement was the step towards building a high performance organization nurturing the core values and emphasizing strategy, structure and culture throughout the organization. A number of team building events were arranged which created teams full of motivation.

Company opened two outlets of HTL Express preventive car care during the year. These centers provided the exceptional quality services to the customers. HTL also constructed Fuel Storage Depot for OMC project which will commence its operations in the coming year. Two (02) new IT software's (Retail Pro and Fathom) were procured to augment the business operations. IT Department shifted all its infrastructure to high availability (HA). Proper disaster recovery and business continuity planning exercises were conducted. The down time remained zero during the whole year and it's a major business success. Fire safety trainings and safety drills were conducted at HTL offices and HTBL plant site to ensure health and safety requirements. HTL made conscious efforts to ensure the protection of intellectual capital and introduced new products and business units to add further in its brand equity. Our CSR refers to the factors that are important for key stakeholders including shareholders, community interests, employees and customers. Our CSR stands on three identified strategic pillars i.e. Education, Environment and Healthcare. HTL continued its contribution throughout the year. HTL awarded at 10th National CSR Excellence Awards Ceremony 2018 for its consistent efforts in CSR initiatives. Further, United Nation Global Compact has awarded First Prize in the Large National Category. During the year, Ms. Mavira Tahir joined as Non-Executive Director that ensured diversity at HTL's Board. Company awarded with the "Best Taxpayers Award" from Pakistan Customs at customs day celebrations.

ANALYSIS OF CHANGES **IN THE PERFORMANCE**

The instability in material cost, coupled with currency devaluation, freight and commodity prices impacted negatively the profits for the year. In order to maintain market position, competitiveness and to enhance market share, the impact was carefully analyzed and not fully passed on to the ultimate consumers. However, our wholly owned subsidiary company contributed a gross margin of Rs. 467 million to sustain bottom line at the same level as of the last year. In comparison to the last year, Company witnessed increase in the marketing and distribution cost that contributed in the low level of earning as compare to the last year.

CHANGES IN THE INDICATORS **AND PERFORMANCE MEASURES**

For the year 2018, HTL has adopted Balance Scorecard approach to measure performance indicators of each division and company as a whole. All the departments were given certain criteria to define their long, medium and short-term goals. Along-with deadlines, achievable targets/ KPI's were allotted to each department. Development of new business unit (HTL Express) have resulted in new orientation i.e. providing customers with the exceptional services.

METHODS USED **IN COMPILING THE INDICATORS**

- Customer satisfaction Index through recurring feedback and retention of old customers
- Engagement of independent professional consultant
- Breakeven point analysis
- Expected return on new outlets (Return on Capital Expenditures)

BUSINESS RATIONAL OF MAJOR CAPITAL **EXPENDITURE/ PROJECTS**

HTL has purchased Land in Tarun Jabba, KPK for Rs. 58 million. This land is purchased for the construction of Storage Depot as part of our strategic investment in HTL Fuel Stations (Oil Marketing) Project. During the year, Rs. 53 million was invested in HTL Express Center for opening new Express Centers. To date Rs. 91 million in total has been invested in HTL Express Centers.

Company invested in the above projects from the money collected from the Public through Initial Public Offering (IPO) and such investments are the part of our strategic growth plan. HTL has also allocated budget for the above projects as approved by Board of Directors in line with the growth strategy.

During the last year, Rs. 29 million was also incurred on the construction of warehouse at Sundar Industrial state, Lahore for HTL ZIC Oil business division. This land is owned by HTBL. Total cost of the warehouse is Rs. 113 million. Warehouse is complete and no further investment is planned on this project. This investment has increased our lube storage capacity to 1600,000 liters from 800,000. With this investment, the Company possesses sufficient capacity to meet our customer demand even inventory procurement lead time increases beyond normal days.

MARKET **SHARE**

INTERNAL **SOURCES**

Hi-Tech Lubricants (HTL) Limited is one of the leading lubricant marketing companies of Pakistan. HTL has a sizeable market share in almost all the related market segments of the Company.

EXTERNAL **SOURCES**

As per the research report by an independent Party “Kantar TNS”, (one of the largest international research agencies) usage rate for ZIC recorded 21%, ranking 3rd in terms of M/S for the year 2016-17.

BEST TAX **PAYERS AWARD**

As one of the largest Lubricant Oil Marketing Companies in Pakistan, Hi-Tech Lubricants Limited was awarded the “Best Tax Payers Award” in 2017. The substantial contribution by Hi-Tech Lubricants Limited to the national exchequer was recognized by the Federal Board of Revenue.

STRATEGIC **DIRECTION**

The road to progress in the information age is fast-paced and risky, to be treaded with an articulately-designed strategic direction. HTL has set its management and strategic objectives to guide the company as it soars to greater heights.

CORPORATE **STRATEGY**

Increasing value for our stakeholders by growing our presence in the lubricants market while pursuing strategic expansion into business opportunities which align with our core competencies. We will consistently provide best quality products and exceptional services to all our customers around the country.

STRATEGIC **DIRECTION**

Pakistan offers tremendous opportunities for growth and expansion especially for businesses in the automotive industry. The country's real GDP is expected to grow by 5.4% in 2018, largely boosted by the China Pakistan Economic Corridor. This is due to increased private spending and increased production in agriculture. China has also pledged USD $63 billion for development of roads, railways, and infrastructure throughout the country. This offers immense opportunities for HTL to expand our business operations. It is expected that thousands of new vehicles will be coming onto the roads in the near future due to increased trade and new entrants in the automobile market such as KIA, Renault, and Hyundai.

HTL is well positioned to take advantage of these opportunities. In recent years, the company has diversified its operations, expanding and gaining more control over the value chain. From being a company solely focused on importing finished goods from South Korea for sale in Pakistan, to now having its own blending plant, HTL has come a long way. HTL has already embarked upon a journey to expand its operations, this time integrating forward to get closer to its customers with the successful launch of HTL Express centres and the upcoming launch of HTL fuel stations.

The HTL team has been working tirelessly since going public and listing on the Pakistan Stock Exchange in 2016 to create more value for our shareholders. We have already established 5 HTL Express standalone stations, and are looking forward to launching more both as a standalone unit and also as part of the HTL fuel stations. HTL is well on the way to launching HTL fuel stations. The depots have already been constructed, and the team is being assembled to move into the launch stage.

BUSINESS UNIT **GOALS**

SK ZIC	HTL STATION	HTL EXPRESS	HTL MART	HTL BLENDING (Hi-Tech Blending (Private) Ltd)
To make ZIC the #1 lubricant brand in the industry	To provide high quality products and services in the fuel industry	To become the 1st choice for vehicle preventive maintenance	To provide high quality products and services in FMCG	To cater to the requirements of the end consumers

MANAGEMENT **OBJECTIVES**

Our strategic objectives align with our corporate strategy and serve the needs of all individual business units, although each has separate, more defined strategic objectives of their own. At the corporate level, the following objectives will remain at the center of all planning and decision making for the forseeable future.

Objective	Strategies	Goals
Increased Efficiency	Maintenance of product quality	Cost reduction without compromising on quality Increased automation of processes
	Recruitment of skilled workforce for new business units	Increasing marginal production per additional worker
	Enforcement of HSSE practices	Ensuring safety of our team
Diversified Expansion	Sales growth through fighter brands	Increase in volumes Increase in market share
	HTL Express	Increase in customer base of HTL Express
	HTL Stations	Meeting the development plan for HTL stations
Reinforced Brand Image	HTL brand name reinforced through HTL Express, HTL Mart, and HTL Stations	Improved customer retention Improved customer loyalty and trust
	Availability & accessibility in more geographical regions	Wider market footprint of the HTL brand name Increased sales for all individual business units

COMPANY PERFORMANCE **INDICATORS**

Strategic Objectives	Performance Monitoring Indicator	Measure
Sales Growth	Market share, Volume growth	Increase in total revenue through increase in volume and diversification
Brand Image	Brand Equity	Brand Affinity, Brand Recognition
Optimization of Processes and Systems	Inventory Turnover, Asset Turnover, Receivables Turnover	Reduction in costs due to increase in efficiency
Shareholders Equity	ROE, EPS, Asset Turnover, and Free Cash Flow	Increase in shareholders equity due to increasing profitability, diversified expansion, and brand image
Business Diversification	More equal distribution of resources among separate business units of the company	Different business units contributing to the revenue stream to reduce reliance on a single source

FUTURE **RELEVANCE**

The above mentioned performance indicators are expected to remain relevant in the forseeable future to assess the performance of the company in achieving its strategic objectives.

RESOURCE **ALLOCATION**

FINANCIAL **CAPITAL**

LIQUIDITY AND CASH FLOW **MANAGEMENT ANALYSIS**

Effective resource and working capital management with following key highlights:

a) 99% advance collection from customers;

b) Channel financing for distributors and dealers;

c) Efficient inventory management with forecasting;

d) Budgeted cash inflows and out flow with daily monthly, quarterly and yearly planning; and

e) Timely negotiations with financial institutions for external financing and opportunity planning.

A budgeting and planning department works under the direct supervision of CFO of the Company. This section works for annual strategic planning, budgeting and forecasting that enables company to efficiently achieve its vision and safeguard against future strategic and liquidity risks. This planning further helps to maintain a healthy working capital cycle. Liquidity requirements are managed through sales revenue, return from the investments and external financing where considered economical.

STRATEGIES TO OVERCOME THE LIQUIDITY **PROBLEMS INCLUDING FINANCING ARRANGEMENTS**

Cash against sales are collected in advance from customers. Investments are made after due consideration and evaluation of all the factors associated with such investments and after recommendation from investment Committee. HTL manage funds through internal source of financing. External sources are arranged after careful analysis of cash flows required for working capital and Capex requirements. Furthermore, there are no operational losses to the Company.

Revenue reserves increased by 6 % in 2018 on account of profit retention thereby increased our equity. Debt: Equity ratio decreased to 18 : 82 from 25 : 75. The decrease in gearing ratio is mainly due to decrease in short term borrowings. All Capex were financed either from internal generated resources or from IPO funds used specifically for expansions in OMC. Future projections indicate adequacy of the capital structure for the foreseeable future.

REPAYMENT OF **DEBT**

Our cash flows forecast gives us the confidence to pay short and current portion of long term debt. Company's ability to pay its debt is stable as per our credit rating. We are assigned initial entity rating of 'A/A-1' with a 'Stable' outlook by JCR-VIS Credit Rating Company. Assigned rating depicts the strong liquidity position in the lubricant industry, moderate business risk, low financial risk and strong corporate governance. Further, company also possesses sufficient ability to raise further financing to meet any contingency for payment.

HUMAN **CAPITAL**

Success of organizations undoubtedly lies in the quality of their human resources. In HTL, basic and most valuable strategic asset is the human capital. It is a pool of diverse individuals with varied experiences, professional attitudes, abilities, and skills. Each member of HTL is considered equally important and is provided constant training, motivation and guidance to further enhance human resource capabilities.

HTL possesses a dedicated sales force equipped with the technical knowledge of the product who works day and night to boost the sales of the company. Moreover, the support departments like

IT, HR, Marketing, Financials, Administration, Corporate Compliance, Internal Audit, Supply Chain & Warehouse have motivated and committed professionals in their domains and working side by side with each other

to make the HTL business a success. Especially, HTL Express Center and HTL Fuel Station (OMC) Teams possess hands on experience and work with devotion and motivation to ensure the success of these new projects.

We are proud of the empowerment philosophy at HTL which gives our team both the responsibility as well as accountability to be the best that they can be.

MANUFACTURED **CAPITAL**

HTL has constructed Storage Depot at Sahiwal for HTL Fuel station (OMC) project. We are in the final stages of construction as well as securing all the legal compliances of this Storage Depot. Further, HTL has also constructed a new warehouse at Sundar Industrial State, Lahore for storage of lubricants.

INFORMATION TECHNOLOGY **CAPITAL**

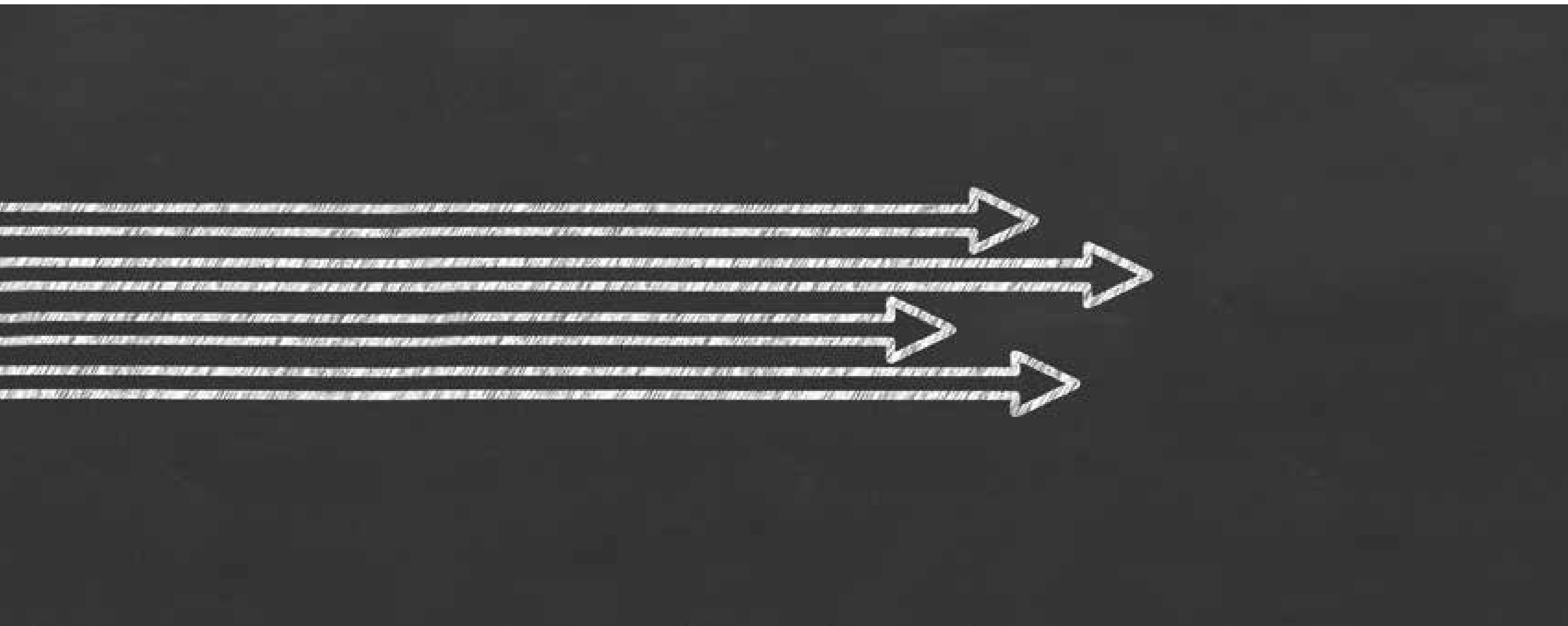
HTL has successfully implemented Oracle & Business Intelligence Tool, Distributor Management System and Claim Management System to ensure integration, efficiency and effectiveness of all the functional activities. Furthermore, Retail Pro system has also developed to support HTL Express Center operations.

INTELLECTUAL **CAPITAL**

Hi-Tech Lubricants Limited (HTL); Company behind ZIC, is a Public Limited Company and is one of the leading synthetic engine and machinery lubricant marketing company of Pakistan which boasts a sizeable market share in lubricants market. HTL Lube division product portfolio is under the brand name of “ZIC”. HTL stepped in to the retail service industry in 2017 with the initiation of Complete Vehicle Maintenance under one roof. These car care centers under the brand name HTL Express Centers are state of the art retail outlets with a multitude of world class quality standards for vehicle maintenance, offering complete car care services from oil change to under chassis, batteries, tires etc. HTL has also ventured in Oil Marketing sector under the brand name HTL Stations.

SIGNIFICANT CHANGES IN OBJECTIVES AND **STRATEGIES FROM PRIOR YEARS**

In line with its continued expansion and growth moving forward, the Board of Directors and the CEO have recognized the need to strategically align the priorities and strategic directions of all individual business units into one cohesive strategic plan to allow for the creation of uniform identity of the HTL brand. The management believes this overarching strategic direction will provide the necessary anchor to the company for achieving its long term goals and delivering value to all our stakeholders.



FUTURE **OUTLOOK**

FORWARD LOOKING **STATEMENT**

Pakistan offers tremendous room for growth and expansion especially for businesses catering to the needs of the automotive industry. The country's real GDP grows 5.4% in 2018, largely boosted by the projects on ground within China Pakistan Economic Corridor (CPEC), healthy consumer spendings, volume growth in large scale manufacturing, high industrial productions and boosting agriculture. China has also pledged USD $63 billion for development of projects including roads, railways, and infrastructure throughout the country, which offers immense opportunity for HTL to expand business operations and cater to the needs of thousands of new vehicles which will be coming on the roads in the future with increased trade and with new entrants in the automobile market such as KIA, Renault, and Hyundai.

The company recognized the immense growth potential in the sector and planned its expansionary projects accordingly. We planned number of new SKUs in company s' product line expected to be launched next year. These newer SKUs we hope to deliver a variety of high quality oil blends to our valued customers in a niche market.

Building upon the successful model of the HTLs' expansion strategy our car care centers, a one stop solution for preventive car care HTL EXPRESS is moving forward and expanding its network around the country. Three (3) new HTL Express centers in Karachi are the newest addition to the HTL family, after which we expect another two to open in Rawalpindi/Islamabad region.

Our fuel depot in the province of Punjab has already been developed and the fuel stations are expected to launch soon after regulatory approvals.

STATEMENT ON FORWARD LOOKING **DISCLOSURES MADE IN PREVIOUS YEARS**

In last year's annual report, we stated that the company has been experiencing consistent growth in its revenue figures and the statement is in line with our reported a growth rate of 26.3% in 2018 revenue. The company also developed a two-phased expansion plan to take advantage of the growing automotive market had announced it would launch HTL Express Centers in year 2017-18. As stipulated, three HTL Express Centers have started operations in Lahore in the year ended June 30, 2-018 and as planned we are on an expedited trajectory to launch our HTL fuel stations soon we got regulatory approvals.

PROGRESS OF **OUR EXPANSION PLAN**

The company embarked upon a two-phased expansion plan after successful IPO in 2016 with the resolve to further enhance its ability to infiltrate the retail market through the introduction of HTL Express centers, HTL Stations, and HTL Mart.

Phase-1 of our expansion plan is well underway, as out of five retail outlets in Lahore, four are operational and are contributing to revenues. 3 centers in Karachi are operational soon. We are now looking to replicate the model of our Lahore and Karachi based HTL Express centers in other big cities of the country such as Rawalpindi/Islamabad, currently finalizing the locations for these HTL Express localities which are planned for launch in the near future. As planned, the locations in Lahore are offering state-of-the-art preventive car care maintenance services, and have allowed the company to become directly engaged with end consumers.

For Phase-2, the initial outlay was envisaged at PKR 3.8 billion towards the establishment of the HTL Stations (OMC). Under this expansion phase, a total of 360 fuel stations are expected to be laid out across the country in the coming years.

Construction of fuel depots has been planned in multiple parts of the country to support the operations of HTL Stations of which one located in Punjab is fully complete and other under construction in KPK. A core component of our OMC expansion would be the HTL Marts, to be opened at the HTL fuel stations with the mission of providing our customers with the best quality of fast-moving consumer goods. We envision the HTL Mart to become another symbol of quality and excellence in the HTL brand portfolio, gaining the trust of our customers through our impeccable service provision.

ECONOMIC AND **POLITICAL ENVIRONMENT**

The political environment of the country has improved after the third democratic transition of government took place after the July 2018 general elections. Investor confidence has allowed for the inflow of foreign investment including automobile companies which are slowly but surely entering the local market. While the long term economic growth in the country seems promising, the short term situation associated with the balance of payments acts as a challenge to potential growth and expansion.

Renault planned to produce 50,000 vehicles in a year. Similarly, there is increasing involvement by KIA in the region as well. All of this is expected to bring about the much needed boom in the local automobile market, subsequently increasing the market for fuel, motor oil, and vehicle maintenance. As a leading brand in the motor oil industry, HTL SK ZIC already has a strong customer base and a brand image with peoples' trust. HTL aims to extend that brand image and bring it under a corporate umbrella to cover a variety of new offerings delivering the same promise of quality to our customers in the form of HTL Express, HTL Stations, and HTL Mart, presenting a One-Stop Solution to all of our customer's needs. Our core ambition remains the same, CARING and SHARING.

COMPETITORS **ANALYSIS**

There are several OMCs currently operating a network of petrol stations in Pakistan, allowing them better access to the lubricants market as well increased revenue through diversified offerings of petroleum products.

Shell Pakistan continues to dominate the lubricants market with a sizeable market share followed by PSO, Caltex, HTL and others. With our expansion and strategic growth plans, HTL is on track to widening its product range to increase market share, offering fighter brands to effectively compete with competitors in the market.

COST OF **DOING BUSINESS**

The cost of doing business in the lubricants sector remains high within the country. This offers HTL a competitive advantage over new entrants who find it difficult to sustain operations within the country due to high cost of doing business because they lack the financial muscle to expand operations and benefit from economies of scale especially in fuel.

THREATS IN **THE INDUSTRY**

The policies pertaining to the governance of OMCs and motor oil companies, as stipulated under the regulations prescribed by the Government of Pakistan and OGRA, is crucial to our planned expansion. In a highly competitive lubricants market, fluctuations in exchange rates can impact on contribution margins and overall profitability. The problem of counterfeit products poses a threat to the entire OMC market, and efficient policies against the prevalence of fake products in the market need to be installed in order to fight their presence.

SOURCES AND **ASSUMPTIONS**

The Company obtained a financial feasibility report from KPMG Taseer Hadi & Co., Chartered Accountants regarding investment in OMC Project. Financial feasibility study was based upon operational, financial & marketing assumptions provided by the HTL, its consultants (other than KPMG) and publically available information. This Report includes certain statements, estimates, targets and projections with respect to the anticipated future performance of the Company and as to the market for the company. The feasibility study has been carried out using the following indicators, namely, NPV, Payback period and IRR. Financial indicators as per NPV and IRR method are based on the discounted cash flows and therefore recognize the time value of money. Under a Discounted cash flows approach, forecast cash flows are discounted back to the present date, generating a net present value for the cash flow stream of the business. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to arrive at an overall value. Net Present Value (NPV) method compares the present value of all the cash inflows from an investment with the present value of all the cash outflows from an investment. A positive NPV therefore results from the PV of cash inflows exceeding the present value of cash outflows and a negative NPV results from the present value of cash outflows exceeding the present value cash inflows. Internal rate of return (IRR) equates the PV of an investment's expected benefits (inflows) with the PV of its costs (outflows). Equivalently, the IRR may be defined as the discount rate at which the NPV of an investment is zero. Pay back period signifies the length of time required to recover the initial cost of an investment.

VIDEO **PRESENTATION**

Video presentation of the CEO explaining the business review, performance, strategy and outlook is placed on the Company's website.

CORPORATE **GOVERNANCE**

At its core, HTL is fortified with the expertise of its Board of Directors and Management team who devise, implement, and monitor comprehensive policies, procedures, and systems to maintain stability even at the most difficult turns.

PROFILE OF THE **DIRECTORS**

MR. SHAUKAT **HASSAN**

Chairman Board of Directors and Non-Executive Director

Mr. Shaukat Hassan holds a master's degree in economics from Punjab University Lahore and is the chairman of Board of Directors. Having more than 4 decades of financial and entrepreneurial expertise, he is an enthusiast and wise individual. Mr. Shaukat has a proven track record for his excellent business professionalism and is one of the core partners since the inception of business operations for the Group in 1976.

He has actively lead and created a strong foundation of financial systems for HTL. Apart from financials, his core areas of interests include human resources, employee training and talent retention. His diversified skills also include business development and sales of Industrial equipment to leading E&P Companies Internationally. Mr. Shaukat is actively involved in joint business collaborations with organizations having multi-national presence.

He has been an active member of various profit & non-profit based organization including LCCI, EDAS and currently serving as Vice President and Director of PFBA in Pakistan. He is the go to mentor and coach for many leading entrepreneurs from the recent times.

Apart from his business interests, Mr. Shaukat is keenly involved in CSR & SHT activities mainly focused at minimizing the life challenges of financially underprivileged sector of the community.

Mr. Shaukat Hassan is also the CEO of MAS Infosoft (Pvt.) Ltd, Director of MAS Associates (Pvt) Ltd and Chairman/Trustee of HTL Employees Provident Fund Trust, Sabira Hamida Trust and MAS Associates Employees Provident Fund Trust.

MR. HASSAN **TAHIR**

Chief Executive Officer and Executive Director

Mr. Hassan Tahir holds an MBA degree in banking / finance from Lahore School of Economics (LSE) and is the CEO of HTL. Mr. Hassan is a working professional since 2001 and believes that a satisfied customer brings in not just more business but also increases the goodwill of the Company.

His drive for excellent interpersonal skills and highest customer satisfaction led him to set up IT operations with back office processing (BOP) and IT infrastructure for major clients in UK / Europe.

With his motivational experience and hard work he helped the Company in launching mid-tier lubricant range in Pakistani Market in partnership with world's two major oil companies. Mr. Hassan went on to launch another semi-synthetic range in Pakistan and was an even bigger success. Rewarding achievements and motivating employees, that is how he turned HTL into a strong family.

Mr. Hassan Tahir is the Director of MAS Infosoft (Pvt.) Ltd, Hi- Tech Blending (Pvt.) Ltd, Hi-Tech Energy (Pvt) Ltd and Haut Buys (Pvt) Ltd. He is also a Partner of MAS Services and Trustee of HTL Employees Provident Fund Trust and Sabra Hamida Trust.

MR. MUHAMMAD **ALI HASSAN**

Executive Director

Mr. Muhammad Ali Hassan holds a bachelor degree in Marketing and HR from Sydney University, Australia. Mr. Ali Hassan is leading the Sales, HR and Administrative Functions at HTL. Mr. Muhammad Ali Hassan is using his knowledge and learning to create best practices across the Company.

Mr. Ali has built an outstanding business partnerships and strategic alliances with clients which is a true reflection of his abilities to lead in this corporate world. He is a true leader who believes in quantitative output and skillful organizational culture.

Mr. Muhammad Ali Hassan is the CEO and Director of Hi- Tech Blending (Pvt.) Ltd. He also holds directorship in Hi-Tech Energy (Pvt) Ltd and is a partner of MAS Services. Mr. Ali Hassan is also acting as a Trustee of HTL Employees Provident Fund Trust and Sabira Hamida Trust.

MR. TAHIR **AZAM**

Non Executive Director

Mr. Tahir Azam holds a master's degree in economics from Punjab University, Lahore and is working as a Non-Executive Director for the Company. He has over 4 decade of experience in research, management and consultancy of setting up successful businesses. Mr. Tahir has also led various US AID funded entrepreneurship programs and training programs across Pakistan.

He is one of the founding member of the Company who led the sales and marketing of HTL during the first 10 years of business. Establishing distribution networks and creating sale teams was his milestone achievements on which HTL stands today.

Being an entrepreneur and managing director of associated business companies, Mr. Tahir Azam has inculcated his excellent standard for sales department into producing exceptional results. He has proved with his entrepreneurial abilities that business opportunities are not given rather they are created.

Mr. Tahir Azam is the CEO of MAS Associates (Pvt) Ltd and Director of MAS Infosoft (Pvt.) Ltd and Haut Buys (Pvt) Ltd. He is also acting as a Trustee of HTL Employees Provident Fund Trust and Sabira Hamida Trust.

MR. FARAZ **AKHTAR ZAIDI**

Non Executive Director

Mr. Zaidi has over 15 years of experience in both investment banking and investment management globally. Mr. Zaidi has held positions with Credit Suisse (New York), Polygon Investment Partners (London), and Standard Chartered Principal Finance (Dubai). His investing experience includes public and private market transactions in both developed and emerging markets.

Mr. Zaidi has a Masters in Business Administration from the Darden School of Business, University of Virginia and a B.A. from Rhodes College.

MS. MAVIRA **TAHIR**

Non Executive Director

Ms. Mavira Tahir, a self-motivated and dynamic professional brings on board more than 12 years of diverse professional exposure. She has attained a degree in Health Administration from Canada and has successfully completed several research projects throughout her academic and professional tenure in Canada. Project management, budget development & monitoring, fiscal operations, trainings are her key areas of execution with precision and cost controls.

As a thorough professional, Ms. Tahir believes in time management, creativity and team building as pillar of individual as well as team success. She is a passion driven professional and emphasizes more in team development and mentoring as key attributes for a leader to inspire people and remain successful. Her philosophy “there is no substitute for hard work” has led her to succeed in various leadership and project management roles in Canada.

MR. MOON **SEEK PARK**

Non Executive Director

Mr. Moon Seek Park holds a bachelor’s degree in Business Administration from Korea University and is the Team Leader of Global Lubricants Business in SK Lubricants (SKL hereafter).

Starting his career in the lubricants business, he has become an expert after serving various market segments for over 17 years. Throughout his stay in Russia, he analyzed overseas markets and differentiated marketing techniques while utilizing his insights from the domestic market.

Mr. Moon Seek Park is well known as a professional marketer, having invested his enthusiasm in expanding SKL’s global sales. He established SK Lubricants India and served as the Managing Director while strategically developing business tactics to successfully penetrate a new market. Since then, he took the role of Team Leader of Base Oil Supply Chain Management Team and devoted his efforts into optimizing global operations. With these rewarding experiences, Mr. Moon Seek Park is now providing keen insights to SKL’s Global Lubricants Business Team.

MR. MUHAMMAD **TABASSUM MUNIR**

Independent Director

Mr. M. Tabassum Munir has worked for more than three decades, as Member Lahore Stock Exchange, till January 15, 2014. He also served as its Vice President. He was also Member Pakistan Mercantile Exchange. He has served as director of Annoor Textile Mills Ltd from 1987 to 1989. He has been serving as a member of the Board of Directors at M/s Synthetic Products Enterprises Limited (SPEL) for the last four years.

His skills of working, managing and participating in all-inclusive Capital Market and its infrastructural development matters, were widely acknowledged. He has participated in numerous seminars, roundtables, conferences, workshops, et al. and has gained useful domain knowledge and experience. It has strengthened his dedicated role and capacity in the management of finance.

DR. SAFDAR **ALI BUTT**

Independent Director

Dr. Safdar Ali Butt is a financial expert, an experienced corporate official, an academician and an entrepreneur. He holds a master's degree from Karachi University and a doctorate in financial management from Canada. He is a member of several professional bodies in Accounting, Finance and Management. He has also completed Directors' Education program of Pakistan Institute of Corporate Governance.

Dr. Butt worked in senior financial positions with multi-national companies overseas like Johnson & Johnson and Caltex Oil Corporation. He has worked as Director Finance / CFO with Army Welfare Trust, and served on the boards of directors of Askari Bank, Askari Leasing, Askari General Insurance, Askari Cement and several other companies functioning under AWT's ambit. He also served as a director of Bank of Azad Jammu & Kashmir as a nominee of AJK government. He is currently chairman of Pak Agro Packaging Private Ltd., a company engaged in manufacture of agricultural support products.

Dr. Butt spent 24 years in academics with institutions of higher learning in Pakistan and abroad. He retired as Professor Emeritus of Finance & Corporate Governance from Capital University of Science & Technology, Islamabad in January 2018. He has authored 36 books on various business related subjects of which 8 were published from UK, 19 from Kenya and 9 from Pakistan. His latest book is A Handbook for Company Directors in Pakistan. In addition, he has published over a hundred articles and research papers on finance, corporate governance and management related issues.

MR. SYED **ASAD HUSSAIN**

Independent Director

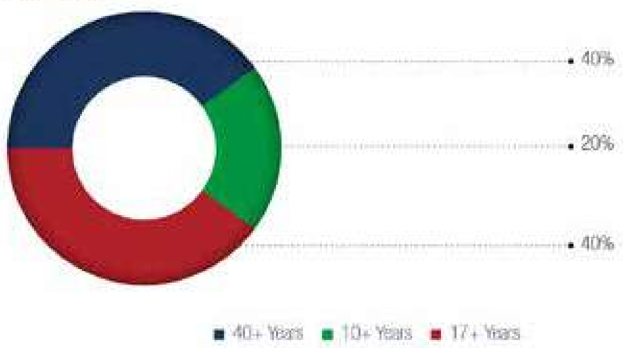
Syed Asad Hussain holds the position of Senior Vice President for The UK Pakistan Chamber of Commerce. UKPCCI was formed in 1979 and is the only chamber of commerce in the UK that is recognised by the government of the United Kingdom and Pakistan. UKPCCI promotes trade and connects businesses between the two nations, along doing so has become the voice of overseas Pakistani Business Community. Furthermore, hosts and assists all the chambers of Pakistan when visiting the United Kingdom. www.ukpcci.net

Born and educated in the United Kingdom, Mr Asad is a self-motivated entrepreneur with over 25 years' experience within the IT Sector, specialising in routes to market via Retail and Ecommerce, as well as providing IT managed services.

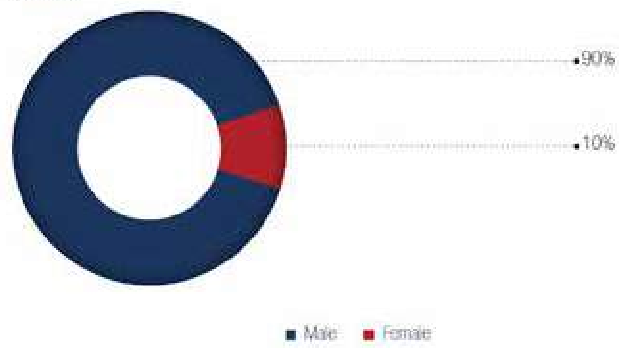
Co-Founder and Sales / Marketing Director for Retail Direct Group incorporating Laptop Outlet, Shop Retail Direct, Only Deals, MaxCom Solutions and Fredo's LDN, employ a strong team of 100 plus staff within the Group and have offices in the United Kingdom, Bulgaria and Pakistan.

BOARD'S **PROFILE**

BOARD **ANALYSIS**
EXPERIENCE



BOARD **ANALYSIS**
GENDER



AREAS OF **EXPERTISE**

Sales and marketing	Banking Services	Corporate Governance and Compliance	Technology	Finance	Administration and HR
5	5	7	2	7	3

ROLE OF **THE CHAIRMAN**

Chairman of the HTL's Board is responsible for providing effective leadership to the Board particularly during Board and shareholders meetings. The Chairman conducts the Board meeting and has the responsibility to lead the Board and ensure its effective functioning and continuous development. He creates the conditions and environment conducive for overall effectiveness of the Board and encourages the contribution of executive, nonexecutive, and independent directors in carrying out the Board's business in line with applicable laws, rules and regulations.

ROLE OF **THE CEO**

The CEO of the Company is responsible for the management of the Company, in accordance with all statutory obligations and subject to the oversight and directions of the Board. He is responsible for management of the Company's core businesses and affairs by ensuring that the executive team implements the policies and strategies approved by the Board. He keeps the Board updated on significant and sensitive issues that might affect the Company. He ensures that operational plans and control systems are in place and regularly monitors actual performance against plans and takes necessary measures.

IMPLEMENTATION OF GOVERNANCE PRACTICES EXCEEDING **THE LEGAL REQUIREMENTS**

Hi-Tech Lubricants Limited aspires to the highest standards of corporate governance and seeks to consistently enhance and improve corporate governance performance, emphasizing transparency and embedding a sustainable culture of long-term value creation. Company's strategy execution structure is organized under the two-tier system, comprising a CEO who is the overall leader for the execution of strategies for the core business functions and an ED who is responsible for all the support functions. Supervisory Board, consists of all the Board members. The Supervisory Board supervises the CEO & ED and ensures a strong external presence in the governance of the company. The Board is accountable to the shareholders of the company for the performance of their functions. Our Board reaffirms the highest standards of governance by formalizing governance policies, codes and guidelines and holding accountable for any non-compliance. Roles and responsibilities are defined for each and every employee to ensure the proper functioning and evaluation against the stated roles. Our CEO and ED has a strong relationship with management staff that is the root of implementing governance best practices. HTL follows the policy of transparency and disclosure of information to its stakeholders. Stakeholders' engagement protocols and frequencies are defined to ensure the disclosure of information as and when needed. HTL have a properly implemented whistle blowing policy to ensure doing the business lawfully, ethically and with integrity. The prime objective is to encourage employees and professional associates of the Company to formally bring to the notice of an appropriate official their concerns about or knowledge of an actual or suspected wrongdoing noticed by them. Proper code of conduct articulates the values the organization wishes to foster in leaders and employees and, in doing so, defines desired behavior. HTL has appointed one of the Big Four Audit Firm, as an independent evaluator for ensuring the identification and reporting of governance, control and risk issues as per their mandate. Proper benchmarking is carried out at regular intervals to identify and eliminate any redundant practices adopted at HTL.

FORMAL ORIENTATION **AT INDUCTION**

At the time of joining the Board, newly co-opted directors were provided with an orientation pack comprising of Companies Act, 2017, Securities Act, 2015, Rulebook of Pakistan Stock Exchange Ltd., Listed Companies (Code of Corporate Governance) Regulations, 2017, HTL's Policy for Directors Remuneration and Memorandum and Articles of Association through an email from the Chairman of the Board.

DETAILS OF BOARD MEETINGS HELD OUTSIDE **PAKISTAN DURING THE YEAR**

No Board meeting of HTL's Directors was held outside Pakistan during the year 2018.

PRESENCE OF THE CHAIRMAN **OF THE AUDIT COMMITTEE AT AGM**

Our respected Chairman of the audit committee, Mr. Muhammad Tabassum Munir, was present at the 9th Annual General Meeting (AGM) to answer the questions of the shareholders on audit committee's activities and matters within the scope of the audit committee's responsibilities.

STATEMENT ON **MANAGEMENT RESPONSIBILITY**

HTL's management is responsible for the preparation and presentation of the financial statements.

CHAIRMAN'S **REVIEW**

FINANCIAL **PERFORMANCE**

Despite macro challenges arising from deteriorating current account deficit, declining foreign exchange reserves and increasing competitiveness in the market, your company has recorded sustained growth momentum on sales, brand equity and earnings. The financial results contained in the annual report and commented upon in greater detail in Directors' report show encouraging trends. Briefly:

- Sales revenue grew by Rs 1.9 billion over last year, a 26.3% overall growth brought by 16.6% volume growth and 9.7% price impact.
- Gross profit increased by Rs 462 million, despite a minor 0.5% decline in gross profit percentage caused by fiercely competitive market conditions.
- Net Profit after tax stood at Rs 759 million, and EPS at Rs 6.55, showing a increase over the previous year.
- Dividends paid during the year amounted to Rs 3.5 per share, improving our pay-out ratio from 42.1% to 53.5%

BOARD **OPERATIONS**

The Board of your company has been assigned the role and responsibilities as defined by the Code of Corporate Governance and the Companies Act 2017, briefly enumerated below:

- Performance of fiduciary and statutory duties with a sense of objective judgment and in good faith, in the best interest of the company and its stakeholders.
- Maintenance of high corporate governance standards, including governance of risk management.
- Adherence to the Company objectives, vision and mission.
- Performance of specific tasks as outlined in Sec 10(3) of Code of Corporate Governance.

Essentially, your Board performs only the oversight, advisory and control functions as prescribed by the aforesaid two documents. It does not involve itself in operational matters – but oversees the work of all executives (including the executive directors) through well designed internal control systems that include professionally prepared procedure manuals and an externally performed internal audit function. Board has formed three important committees that assist it in the oversight and control functions: these are Audit Committee, Human Resources and Remunerations Committee and Risk Management Committee. In addition, a detailed schedule of Delegation of Authorities and Powers has been prepared and approved by the Board for ensuring effective and efficient managerial processes. The Board itself and its committees meet very frequently, and there is interaction with senior management on regular but formal basis.

EVALUATION OF **BOARD PERFORMANCE**

Evaluation of Board Performance is carried out at HTL in two stages. In the first stage, the individual board members evaluate the board's performance as a whole, by completing a detailed evaluation form. The form has been developed with assistance from relevant professionals and lists eight areas of significance. The ratings are obtained on a five point Likert scale and averaged out for each area. In the second stage, the Chairman of the Board evaluates the performance of each individual member of the Board in so far as it relates to his/her contribution to the board proceedings. Again, a professionally designed and fairly detailed evaluation form is used. This stage also requires the Chairman to evaluate the performance of the various committees of the Board.

The areas covered in evaluation at the first stage include:

- Composition and quality of the Board
- Understanding the business and its risks
- Processes and procedures adopted by the Board
- Oversight of the financial reporting process and internal control
- Oversight of audit functions
- Ethics and compliance
- Monitoring activities
- Overall evaluation

The areas covered in evaluation at the second stage include:

- Level of participation in board discussions
- Quality of contribution to board discussions
- Positivity of attitude towards conflict resolution
- Understanding of company's business and industry
- Awareness of responsibilities as a director
- General competence, professional experience and qualifications
- Overall assessment

The areas covered in evaluation of the board committees' performance include:

- Composition and quality of membership
- Processes and procedures adopted by the committee
- Understanding of its role and its significance for the Company
- Frequency of meetings and attendance thereof
- Quality of recommendations made to the Board
- Ethics and compliance to regulations

During the year under review, both the stages were efficiently completed and reports were tabled before the board by the Chairman, confirming that Board's overall performance was rated, in aggregate, by board members at 4.4 on a scale of 1 to 5. The average performance of individual directors was assessed at 4.7 on the same scale. The evaluation of the performance of Board's various committees carried out by the Chairman of the Board, showed an average score of 4.8 on the same scale.

The performance of the CEO was carried out by the Chairman, on the basis of the performance evaluation form used for senior managerial personnel, rating it as excellent.

The performance of the Chairman of the Board was covered in the first stage. All the individual directors rated the performance of the Chairman of the Board, covered in the first stage of evaluation, as excellent.

While the results of the board's performance evaluations were generally deemed to be well above the satisfactory level, your Board carried out in depth discussions on various aspects of the findings emerging from the two stage evaluation process and has developed appropriate suggestions for further improvements in the future. These relate to inclusion of new areas for evaluation like role in strategy development, long term planning, more specific input into financial planning, audit and governance areas, etc.

BOARD **PERFORMANCE & CONTRIBUTION**

Your board has vigilantly performed its duties as outlined above and succeeded in achieving a remarkable growth and consolidation of your Company's operations. The financial results have been discussed elsewhere in this report, here I will confine myself to the role played by your board and its committees. The Board met regularly throughout the year with a very high level of attendance as shown in detail in Director's Report.

The Board has been very effective in its supervisory and advisory roles as indeed borne out by the financial results (presented in greater detail in Directors' Report) achieved in the year as well as various internal and external audit reports. It has successfully planned and implemented strategies for company's sustainable growth. Your company's decision to enter the oil marketing segment of the energy industry is a step in this direction. The Board succeeded in maintaining a high level of motivation for all of its management and general staff, procuring high standards of personal performance.

Your Board is well balanced in terms of knowledge, experience, attitudes, gender and most importantly independence. I am particularly grateful for the highly professional input from your company's independent directors. They were most vocal at board meetings, expressing their views openly, and contributing significantly in improving the company's processes and procedures. They conducted themselves diligently as truly independent members of the boards and whatever board committees that they served on.

All the directors of your company have undergone directors training programs, conducted by duly authorized organisations.

The Company has a defined policy for internal whistle-blowing which ensures that all the company's operations are run in strict accordance with the law and company's own procedures and policies. No significant report was received under this policy during the year, indicating a high level of satisfaction among the company's personnel and business partners.

As shown by the performance evaluation results of individual directors, board committees, and the chief executive, all members of the board, all committees of the board, and the board as a whole, performed well above the satisfactory levels, indeed setting standards for other companies operating in the energy industry of the country.

SHAUKAT HASSAN
Chairman

BOARD **COMMITTEES**

AUDIT **COMMITTEE OF THE BOARD**

Sr. No.	NAMES	POSITIONS IN THE COMMITTEE	MONTH OF JOINING THE COMMITTEE	STATUS IN THE COMPANY
1	Mr. Muhammad Tabassum Munir	Chairman/Member	November 2015	Independent Director
2	Dr. Safdar Ali Butt	Member	November 2015	Independent Director
3	Mr. Shaukat Hassan	Member	November 2015	Non-Executive Director
4	Mr. Tahir Azam	Member	November 2015	Non-Executive Director
5	Mr. Faraz Akhtar Zaidi	Member	July 2017	Non-Executive Director

HUMAN RESOURCES & REMUNERATION **COMMITTEE OF THE BOARD**

Sr. No.	NAMES	POSITIONS IN THE COMMITTEE	MONTH OF JOINING THE COMMITTEE	STATUS IN THE COMPANY
1	Dr. Safdar Ali Butt	Chairman/Member	September 2017	Independent Director
2	Mr. Shaukat Hassan	Member	November 2015	Non-Executive Director
3	Ms. Mavira Tahir	Member	September 2017	Non-Executive Director
4	Mr. Tahir Azam	Member	November 2015	Non-Executive Director

INVESTMENT **COMMITTEE OF THE BOARD**

Sr. No.	NAMES	POSITIONS IN THE COMMITTEE	MONTH OF JOINING THE COMMITTEE	STATUS IN THE COMPANY
1	Mr. Shaukat Hassan	Chairman/Member	April 2017	Non-Executive Director
2	Mr. Hassan Tahir	Member	May 2016	CEO/Executive Director
3	Mr. Muhammad Ali Hassan	Member	May 2016	Executive Director
4	Mr. Faraz Akhtar Zaidi	Member	July 2017	Non-Executive Director
5	Mr. Muhammad Imran	Member	May 2016	Chief Financial Officer
6	Mr. Shahzad Sohail	Member	April 2017	General Manager Supply Chain

Every member attended all the five (05) meetings of Investment Committee.

RISK MANAGEMENT **COMMITTEE OF THE BOARD**

Sr. No.	NAMES	POSITIONS IN THE COMMITTEE	MONTH OF JOINING THE COMMITTEE	STATUS IN THE COMPANY
1	Mr. Faraz Akhtar Zaidi	Chairman/Member	January 2018	Non-Executive Director
2	Ms. Mavira Tahir	Member	January 2018	Non-Executive Director
3	Mr. Muhammad Ali Hassan	Member	January 2018	Executive Director
4	Mr. Muhammad Imran	Member	January 2018	Chief Financial Officer
5	Mr. Arshad Zaidi	Member	January 2018	Head of Internal Audit

CORPORATE SOCIAL RESPONSIBILITY **COMMITTEE OF THE BOARD**

Sr. No.	NAMES	POSITIONS IN THE COMMITTEE	MONTH OF JOINING THE COMMITTEE	STATUS IN THE COMPANY
1	Mr. Shaukat Hassan	Chairman/Member	June 2016	Non-Executive Director
2	Mr. Tahir Azam	Member	June 2016	Non-Executive Director
3	Mr. Hassan Tahir	Member	June 2016	CEO/Executive Director
4	Mr. Muhammad Ali Hassan	Member	June 2016	Executive Director
5	Mrs. Sana Sabir	Member	June 2018	Director of HTBL

Every member attended one out of the one meeting of CSR committee except Mrs. Sana Sabir.

SALIENT FEATURES **OF TOR'S**

AUDIT **COMMITTEE OF THE BOARD**

- Reviewing the effectiveness of internal controls
- Identifying, assessing and reporting of various risks to the Board
- Monitoring the integrity of financial information
- Reviewing Internal and external audit reports, and where necessary recommending appropriate action
- Overseeing compliance with applicable laws relating to Company's operations
- Ensuring conformity of management decisions with the Company objectives
- Examining related party transactions to ensure their probity.
- Assessing accounting estimates, going concern assumption, changes in accounting policies and compliance with accounting standards
- Making recommendation on external auditors' appointment based on independence, integrity and satisfactory rating with ICAP.

HUMAN RESOURCES & REMUNERATION **COMMITTEE OF THE BOARD**

- leading the process for board appointments, identifying and assessing candidates who are qualified for election of directors;
- recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors) and members of senior management;
- undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant;
- recommending human resource management policies to the board;
- recommending to the board the selection, evaluation, development, compensation (including retirement benefits) and succession planning of the chief executive officer, chief financial officer, company secretary and head of internal audit;

– Ensuring appropriate mechanisms are in place regarding succession planning for the board members and all senior managers including CEO, CFO, Company Secretary, Internal Auditor, executive management;

– Reviewing corporate goals & objectives relevant to the human resources of the company.

– Overseeing the selection of any benchmark group used in determining compensation or any element of compensation and reviewing the same;

– Overseeing the identification and management of risks associated with the corporation's compensation policies and practices;

– Reviewing and making recommendations to the Board for approval relating to the development of new or revised salary structures and incentive plans;

– Forming sub-committees or selecting an independent HR consultant(s) to advise the committee, when appropriate;

– Formulating and reviewing, on a regular basis, the management and staff training plans, and reporting to the board on potential risks or gaps in resources;

– Annually reviewing the employee engagement initiatives;

– Annually reviewing the organizational structure, Health & Safety Procedures, Code of Conduct & Ethics, management succession plan and all other related documents, and apprising the Board there-on.

– To design an Internal Whistle-blowing Policy for approval by the Board of Directors; to draw up procedures related thereto and to oversee the effective implementation of such procedures. The Board shall decide as to who shall be designated for initial receipt of all internal whistle-blowing intimations.

INVESTMENT **COMMITTEE OF THE BOARD**

- Setting investment and risk mitigating policies and guidelines.
- Making decisions regarding investment and divestment in line with the objective of the policy and ensuring consistency with the policy documents and conditions.

- Record and sign its decisions along with rationale and objective for buying or selling each security and highlighting the limits including price, quantity etc. for each investment.
- Maintaining minutes and proper record of Committee meetings and investment/divestment decisions.
- Ensure that investment decisions are implemented with due care, diligence and in an ethical manner.
- Reviewing the performance of the Investments on a regular and timely basis.
- Reviewing the financial risk that includes currency risk, other price risk of financial instruments, interest rate risk, credit risk and liquidity risk on a regular and timely basis.

RISK MANAGEMENT **COMMITTEE OF THE BOARD**

- Monitoring and review of all material controls (financial, operational, compliance);
- Risk mitigation measures are robust and integrity of financial information is ensured; and
- Appropriate extent of disclosure of company's risk framework and internal control system in Directors' report.
- Recommend the risk profile and risk appetite for the Company for approval by the Board;
- Recommend the Governance and Risk Management Policy for approval by the Board;
- Recommend to the Board and oversee the process developed by management to identify principal risks, evaluate their potential impact, and implement appropriate systems to manage such risks;
- Make recommendations to the Board as to the exposure limits and risk-taking authority to be delegated by the Board, to the CEO and executive management;
- Receive reports from management concerning the risk implications of new and emerging risks, organizational change and major initiatives, in order to monitor them;
- With respect to specific categories of risk, review, from time to time, principles, policies, limits, standards, guidelines, management committee mandates and other significant procedures established by management;
- Review issues raised by the CEO, Executive Director, Chief Financial Officer, External Auditors, Company Secretary or Internal Auditors that impact the risk management framework or the Group's risk management;
- Review and make recommendations to the Board on draft statutory statements covering governance and risk management issues in accordance with the requirements of regulators; and
- Direct any special investigations deemed necessary, and engage and consult independent experts where considered necessary or desirable to carry out its duties and rely on the advice of such experts.

CORPORATE SOCIAL RESPONSIBILITY **COMMITTEE OF THE BOARD**

- Building sustainable, evolving, dynamic models of social & economic infrastructure through Corporate Social Responsibility (CSR) Programs independently as well as in partnership with government & non- government bodies including other stakeholders at national, regional, district, village or block level.
- Providing services and solutions to address social issues with highest social priority for the poor, marginalized and under privileged in line with the business philosophy of providing affordable medicines for most prevalent disease.
- Planning and executing the programs that would benefit the communities in and around its work-sites e.g. plant locations in order to enhance the quality of life of the community in general and the poor in particular.
- Building, nurturing and reinforcing identity of the Company as a socially and ethically responsible corporate entity through its CSR initiatives for benefit of diverse stakeholders in the society.
- Carrying out activities that would create increased happiness and empowerment of the stakeholders.
- Acting as a catalyst through direct intervention and social investment to address the immediate needs of the poor as well as long term development concern.
- Responding to natural disasters, calamities at global as well as national level in the areas of operations to provide relief, reconstruction and rehabilitation support as and when required.
- Setting up sustainable CSR Programs for the long term welfare of the nation.
- Ensuring that all the relevant provisions of Code of Corporate Governance as well as CCGR are complied with in so far as they relate to CSR and disclosure of CSR activities.
- To advise the Board on all CSR related issues and to prepare a draft of Annual CSR Report for consideration/approval by the Board and inclusion in Company's Annual Report.
- SRC will formulate, review, revise and update HTL's CSR Policy, which will be approved by the Board of the Company. CSRC will suggest strategies and focus areas of intervention and operation to the Board as per requirement.
- CSR Committee initiates internal process to develop an Annual Action Plan in consultation with the implementing bodies to develop CSR plan and modify the same after Board review and approval.

COMPANY **POLICIES**

CORPORATE SOCIAL **RESPONSIBILITY**

HTLL's sustainability and CSR policy shows the commitment of the company towards the well-being of the society. The company's sustainability and CSR policy is in line with SECP's CSR Voluntary Guidelines 2013 and Companies Act 2017. The main purpose of this policy is to give a direction to the company at all levels that how can it contributes in the betterment of the society in which it operates. This policy of the company revolves around the three main areas of the social interest that includes Education, Environment and Healthcare. Overall company's strategies are made by considering all these important factors. HTL is bestowed by various awards in recognition of its extra ordinary efforts towards improving the lives of the people. HTL has adopted the standards introduced by United Nation Global Compact (UNGC) and also got certified from it. On effective compliance of the guidelines, HTL is awarded a first prize from UNGC.

SOCIAL AND ENVIRONMENTAL **RESPONSIBILITY**

The main objective of this policy is to ensure that HTL's business operations and activities will not have adverse effects on the society as well as the environment in which it operates. Having a social and environmental policy in hand makes the HTL responsible to comply with all legislations and other requirements that is associated with its business operations and activities. HTL is committed to sponsor social welfare programs and to work for greener Pakistan initiative to avoid environmental pollution

TRANSACTIONS WITH **RELATED PARTY**

The purpose of this policy is to ensure the proper approval and reporting of transactions between the company and its related parties, subsidiary and associated undertakings by following the guidelines of Companies Act 2017, Code and any other relevant law, if any. The policy enumerates identification and disclosure mechanism. The nature of the transactions that take place between HTL and related parties includes but not limited to sale, purchase or supply of any goods or materials, selling or otherwise disposing of, or buying, property of any kind, leasing of property of any kind, availing or rendering of any services, appointment of any agent for purchase or sale of goods, materials, services or property and such related party's appointment to any office or place of profit in the company, its subsidiary company or associated company. In cases where company has entered in any transaction with related party disclosures are required to be made, that includes but not limited to, in respect of name of company or undertaking, nature and amount of transaction, method used for transaction and arm's length.

SAFETY OF **RECORDS**

HTL has devised an effective policy for the safety of records, which ensures the security of all physical and electronic data / record by including access controls besides 'real-time' on-site and remote backup of all data. The purpose of the policy is to ensure the preservation of Company records of significant or permanent value for periods exceeding the legally stipulated timeframe in an efficient, secure and easy to retrieve manner either physically or in electronic format or both. Our IT department is responsible for back-ups of all the electronic records. Proper SOP's are also in place for complete guidelines.

CONFLICT OF **INTEREST**

Conflict of Interest Policy has been developed to inform members of the Board of their principal legal obligations to HTL and to provide a method for identification, disclosure and resolution of potential conflicts of interest under the guidelines, if any, of Companies Act, 2017, the Article of Association of the company, other relevant laws and best practices. This policy also aims to provide a framework for all Board Members to disclose actual and perceived conflicts of interest. It provides guidance on what constitutes a Conflict of Interest and how it will be managed and monitored by HTL. The Board encourages directors to resolve any issues or concerns at the earliest opportunity. While some conflicts will be resolved by an informal discussion between the parties, others will need a process for successful resolution.

SECURITY CLEARANCE **OF FOREIGN DIRECTORS**

HTL's Board has defined the complete procedure for the appointment and security clearance of any foreign national as a member of the Board. As per the policy, Company secretory is responsible for all the matters regarding security clearance of foreign director. Company Secretory files all the required forms, declarations, certified undertaking and other particulars to the SECP for clearance from the relevant Govt. Agencies.

INFORMATION TECHNOLOGY (IT) **GOVERNANCE**

Our IT Governance Policy delineates guidelines to ensure the effective input and decision making for achieving the organizational goals. Due to importance of IT in HTL, CEO directly oversees IT governance and input on strategic alignment, value delivery and resource management. Board oversees investment and risk regarding IT through Investment Committee (IC) and Risk Management Committee (RMC) respectively.

IT governance policy includes following key aspects:

- Data security
- Data storage and backup
- Availability of data in a manner to ensure informed decision making
- Ensuring safety of IT assets and resources
- Promoting transparency, accountability and governance
- Alignment of IT objectives with the corporate strategy

WHISTLE **BLOWING**

HTL have a properly documented and implemented whistle blowing policy to ensure doing the business lawfully, ethically and with integrity. The prime objective of the formulation of this Whistle-blowing Policy (WBP) is to encourage employees and professional associates of the Company to formally bring to the notice of an appropriate official their concerns about or knowledge of an actual or suspected wrongdoing noticed by them. No whistle-blower is subjected to any harassment or victimization (including informal pressures). If however, an allegation is made frivolously, maliciously or for personal gain, it will be treated as a breach of discipline and dealt with in accordance with applicable rules.

Due to strong governance and sound ethical practices, no instance of whistle blowing was witnessed at HTL.

DIVERSITY

To ensure the diversity at HTL's Board, a female, Ms. Mavira Tahir, has been appointed as non-executive director. Diversity at Hi-Tech Lubricants Limited is about commitment to equality and the treatment of all individuals with respect. HTL is dedicated to growing a rich culture, diverse workforce and a work environment in which every employee is treated fairly, respected and has the opportunity to contribute to business success, while being given the opportunities to realize their full potential as individuals. HTL Further ensures that employment and employee development decisions are purely objective and encourages every individual to feel important part of the organization. Our purpose is to ensure a diverse workplace where all the people are encouraged to perform at a significant level irrespective of the following characteristics;

- age;
- disability;
- gender;
- marital status;
- maternity and other medical conditions;
- race (includes color,cast, nationality and ethnic origins);
- religion and or belief;
- physical appearance;

STAKEHOLDERS **ENGAGEMENT**

Hi-Tech Lubricants Limited ("HTL") is committed at all times to disclose and distribute all the information to the public in full and in a timely and accurate manner, in accordance with the listing rules stipulated by the Pakistan Stock Exchange ("PSX"), as well as the Securities and Exchange Commission of Pakistan ("SECP").

All disclosures and announcements submitted to the PSX via SECP will be made available on the Company's Investors Relations website. In the unlikely event when information previously undisclosed were made known to the public, the Company will promptly announce the related appropriate information to the public through PSX and the corporate website.

Convey all the essential and relevant disclosure and information to shareholders and other prospective investors in a balanced, effective, accurate, timely and plain language.

The Company will only communicate through our officially nominated spokespersons, which will also maintain and conduct regular dialogue sessions with shareholders to seek and understand their views, as well as to answer queries made by the investors or media.

COMMUNICATION **CHANNELS**

- AGM (Annual General Meeting) and EGM (Extraordinary General Meeting) if applicable;
- Financial results presentation slides and financial results on a quarterly basis;
- Presentation to media and analysts' on half-year and full-year financial results,
- Other individual or group meetings, conference calls, investor luncheons, road shows and conferences local/overseas;
- Publications and circulars, such as annual reports, press releases and statements of major developments, or explanatory notes will be available on the corporate website;
- Corporate website address (www.hitechlubricants.com)
- Shareholders and prospective investors can contact the Company's investor relations team at 111-645- 942 or by emailing to info@masgroup.org

INVESTOR'S **GRIEVANCE**

The objective of this policy is to ensure that queries, complaints and grievances lodged/notified by public shareholders (the "Investors") are responded promptly, handled efficiently and resolved within reasonable possible time at an appropriate level. Corporate Compliance Department is responsible for supervising all the queries, complaints and grievances of Investors.

POINT OF **CONTACTS**

- All the Investors of HTL are required to contact company's Independent Share Registrar at Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahra-e- Faisal, Karachi-74400 OR at info@cdcpak.com.pk OR at 021 111 111 500;

- Alternatively, Investors of HTL may also contact either calling at HTL's landline at 042 111 645 642 or by emailing at info@masgroup.org

- All the Queries/Complaints/Grievances of Investors of HTL received either by CDC-Share Registrar or at HTL's registered office are responded timely, handled on priority basis and resolved within the timelines specified in the Company's Policy.

HUMAN **RESOURCE**

HIRING

The objective of this policy is aimed at, and committed to, building and maintaining a diverse workforce with high standards and expectations for excellence. The Hi-Tech Lubricants Limited is an equal opportunity employer and seeks to employ individuals based upon their qualifications, experience, and ability to perform the position responsibilities. All applicants can expect a fair and completed evaluation of their application.

EMPLOYEE HEALTH **& MATERNITY**

Hi Tech Lubricants Limited provides health insurance policy to all its employees for medical reimbursement in case of outpatient as well as emergency treatment along with the employee's dependents. The maternity care is also covered by the company as per pre-defined limits for each employee level.

LEARNING & **DEVELOPMENT**

The aim of the Learning and Development policy is to provide the framework for comprehensive training and development opportunities for all employees within the company. The purpose of this policy is to ensure following;

- High standards of work performance;
- Greater understanding and appreciation of factors affecting work performance;
- Sharing ideas and dissemination of good practice;
- Effective management and implementation of change;
- Building strong and effective teams;
- Increased motivation and job satisfaction for individuals;
- Professional development.

JOB **ROTATION**

The purpose of this policy is to emphasize that the company will exercise its discretion in transferring employees to other department/location or rotate them to other jobs within the organization in order to fulfill some specific operational conditions/requirements while keeping their future career progression in mind.

The policy mainly focuses upon achieving the following:

- To exercise flexibility of employment at inter & intra department and at cross functional level;
- To have additional trained management work force available;
- To facilitate and ensure smooth transition for employees earmarked to assume high level position.

PERFORMANCE **MANAGEMENT**

Performance management system is widely recognised as a bedrock policy upon which rests all other various functional activities and procedures. Hence, a well-designed performance management system helps us to attract, nurture, retain and develop human resource potentials of an organization.

Performance appraisal system is an integral part of the overall performance management system of HTL, which creates favorable and enabling circumstances for inculcating fairness, internal & external equity and above all increasing employee motivation and job satisfaction.

SUCCESSION **PLANNING**

Succession planning is the Company strategic, systematic and deliberate activity that will ensure the availability and sustainability of a supply of capable employees that are ready to assume key or critical organizational roles as they become available within the company.

Succession planning entails development of high potential employees to become business leaders in future. HTL firmly believes in the growth of its employees and continuously focuses on the development of its existing talent.

REPORT OF THE **BOARD AUDIT COMMITTEE**

The Board Audit Committee (BAC) of Hi-Tech Lubricants Limited ("the Company") is pleased to present its report for the year ended 30 June 2018. BAC is governed by the mandate given to it vide Listed Companies (Code of Corporate Governance) Regulations, 2017 and by the Board of Directors. BAC assists Board in scrutinizing the financial and non-financial information and maintaining an independent check on performance of the management. It also provides a helping hand to Board in internal controls, compliance and governance matters.

BAC comprises of five members:

Mr. Muhammad Tabassum Munir *Independent Director*	Chairman / Member
Dr. Safdar Ali Butt *Independent Director*	Member
Mr. Shaukat Hassan *Non-Executive Director*	Member
Mr. Tahir Azam *Non-Executive Director*	Member
Mr. Faraz Akhtar Zaidi *Non-Executive Director*	Member

All the members have extensive knowledge and experience in the field of finance, accounting, internal controls, financial reporting and compliance areas.

The terms of reference of BAC are defined and regularly reviewed by the Board. The salient features of which are stated below:

- Reviewing the effectiveness of internal controls
- Identifying, assessing and reporting of various risks to the Board
- Monitoring the integrity of financial information
- Reviewing Internal and external audit reports, and where necessary recommending appropriate action
- Overseeing compliance with applicable laws relating to Company's operations
- Ensuring conformity of management decisions with the Company objectives
- Examining related party transactions to ensure their probity.
- Assessing accounting estimates, going concern assumption, changes in accounting policies and compliance with accounting standards
- Making recommendation on external auditors' appointment based on independence, integrity and satisfactory rating with ICAP.

During financial year 2017-18, BAC held eight meetings, including one mandatory meeting in every quarter of the financial year, with 100% attendance and meaningful participation of all the members. CFO and internal auditors were regularly invited to the meetings. BAC also met external and internal auditors independently during the year. Based on reviews and discussions in the meetings, BAC reports that:

1. The Company has adhered, without any material departure, with both the mandatory and voluntary provisions of the Code of Corporate Governance, Company's Act 2017 and Company's own code of conduct and values, throughout the year.

2. All the consolidated and unconsolidated periodic financial statements of the Company were critically reviewed by the BAC, and their approval was recommended to the Board with observations and/or suggestions where deemed necessary.

3. Appropriate accounting policies have been consistently applied. Applicable International Financial Reporting Standards were followed in preparation of financial statements of the Company on a going concern basis, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company.

4. The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017, and applicable International Financial Reporting Standards as notified by SECP.

5. The Chief Executive Officer and the Chief Financial Officer have signed the financial statements of the Company, acknowledging their responsibilities connected thereto.

6. Accounting estimates are based on reasonable and prudent judgement.

7. BAC has reviewed, along with the external auditors, the Company's "Statement of Compliance with Code of Corporate Governance".

8. BAC has reviewed and, where appropriate, made recommendations for the approval of related party transactions to the Board.

9. BAC has reviewed the compliance with code of conduct and company policies by the Board, the management and employees of the Company and found it to be satisfactory.

10. Coordination between the External and Internal Auditors was facilitated to enhance effectiveness of internal controls, ensure operational efficiency and contribution to the Company's objectives.

11. All audit findings raised by internal and external auditors were satisfactorily investigated and cleared/resolved by BAC, and necessary action was taken by management, during the financial year.

12. BAC has devised and implemented a formal process for meaningful evaluating its own performance.

INTERNAL **AUDIT FUNCTION**

1. The Company has chosen to follow the definition of the role of internal audit function as prescribed by the Institute of Internal Auditors', USA. It states that Internal Audit function is an independent assurance and consulting activity, designed to add value and improve Company's operations. It helps the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

2. The internal control framework has been effectively implemented through an Internal Audit function established by the BAC which is independent of the External Auditors of the Company.

3. The internal audit charter defines the mandate of internal audit function as well as the responsibilities of Head of Internal Audit, internal audit officials, process owners, BAC, and CEO viz. a viz. internal audit.

4. In order to augment the capacity and effectiveness of the internal audit function of the Company and to ensure that internal audit function is utilizing the international best practices, an internal audit co-sourcing arrangement is in place with EY Ford Rhodes.

5. EY Ford Rhodes leverages on its international expertise in oil & gas sector while carrying out the internal audits of different segments of the company's operations. It is acknowledged that their recommendations have helped the Company in improving its performance in key areas of operation.

6. The Internal Audit function has carried out its duties under the charter defined by BAC. BAC has reviewed material internal audit findings, making appropriate recommendations to the relevant operational managers, or bringing the matters to the Board's/ other Board Committees' attention where required.

7. Through the internal audit reports, BAC and the Board keeps a regular watch on the risk exposure to the Company, particularly around operational, compliance, risk management and financial reporting objectives and safeguarding of the assets of the Company and the shareholders' wealth at all levels within the Company.

8. BAC has also set up a formal mechanism to ensure compliance with the recommendations given by the BAC to the management of the Company. With every meeting, a compliance status of the recommendations is reviewed by the BAC and any deviations are explained by the management.

9. The annual internal audit cycle comprises of risk assessment, audit planning, audit execution, audit reporting, management action plan and monitoring.

10. BAC has ensured that Internal Audit function has adequate resources and is appropriately placed within the Company. Head of Internal Audit has direct access to the Chairman of the BAC and independently discusses with BAC the finding made by his department.

EXTERNAL **AUDIT**

1. As a part of company's own policy and the requirement of the Law, the External Auditors M/s Riaz Ahmad & Co. Chartered Accountants, were allowed direct access to the BAC and full opportunity for necessary coordination with internal auditors. Their findings, suggestions and recommendations were freely discussed with BAC.

2. BAC has reviewed and discussed audit observations and draft Management Letter with the External Auditors. Final Management Letter is required to be submitted within 45 days of the date of the Audit Report on financial statements under the Code of Corporate Governance and shall accordingly be discussed in the next BAC meeting.

3. Being eligible for reappointment as per Listed Companies (Code of Corporate Governance) Regulation, 2017, BAC has assessed the effectiveness of the external audit process and recommended the appointment of M/s Riaz Ahmad & Co. Chartered Accountants as External Auditors of the Company for the year ending June 30, 2019. The firm has been engaged as statutory auditors with HTL for the last 7 years and this is the 3rd year as an external auditor of its engagement partner.

MUHAMMAD TABASSUM MUNIR
Chairman, Board's Audit Committee

REPORT OF THE HUMAN RESOURCE & **REMUNERATION COMMITTEE**

HRRC – Human Recourse & Remuneration Committee of HTL Board is a statutory committee and has been formed essentially to carry out the functions and fulfill the obligations if such a committee as prescribed by the Companies Act 2107 and the Code of Corporate Governance for Listed companies issued by Securities & Exchange Commission for Pakistan, as amended from time to time.

HRRC is an advisory body by the Act or the Code to perform a particular task, the responsibility of HRRC is restricted to formulation of formal or informal recommendations and/or advice for the Board. Such recommendations be sought by the Board, or the HRRC may send them to the Board on its own volition.

Membership of HRRC currently comprises of 4 Board Members selected by HTL Board with careful evaluation of member's competency and skill level while considering the crucial objectives of HRRC. All members are seasoned professionals of relevant field of professional expertise and take keen interest for HR interventions according to the scope of HRRC and the vision of organization.

1	Dr. Safdar Ali Butt	Independent Director	Chairman	05 meetings attended
2	Mr. Shaukat Hassan	Non- Executive Director	Member	06 meetings attended
3	Mr. Tahir Azam	Non- Executive Director	Member	06 meetings attended
4	Ms. Mavira Tahir	Non- Executive Director	Member	06 meetings attended

Whereas the role of Committee Secretary is being performed by Ms. Shumaila Hameed - Head of HR Division.

TERMS OF **REFERENCE**

The Code provides that the terms of reference (TOR) of the Committee shall be determined by the Board, but must include the following:

a. leading the process for board appointments, identifying and assessing candidates who are qualified for election of directors;

b. recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors) and members of senior management;

c. undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant;

d. recommending human resource management policies to the board;

e. recommending to the board the selection, evaluation, development, compensation (including retirement benefits) and succession planning of the chief executive officer, chief financial officer, company secretary and head of internal audit;

    a. Ensuring appropriate mechanisms are in place regarding succession planning for the board members and all senior managers including CEO, CFO, Company Secretary, Internal Auditor, executive management;

    b. Reviewing corporate goals & objectives relevant to the human resources of the company.

    c. Overseeing the selection of any benchmark group used in determining compensation or any element of compensation and reviewing the same;

    d. Overseeing the identification and management of risks associated with the corporation's compensation policies and practices;

    e. Reviewing and making recommendations to the Board for approval relating to the development of new or revised salary structures and incentive plans;

    f. Forming sub-committees or selecting an independent HR consultant(s) to advise the committee, when appropriate;

    g. Formulating and reviewing, on a regular basis, the management and staff training plans, and reporting to the board on potential risks or gaps in resources;

    h. Annually reviewing the employee engagement initiatives;

    i. Annually reviewing the organizational structure, Health & Safety Procedures, Code of Conduct & Ethics, management succession plan and all other related documents, and apprising the Board there-on.

    j. To design an Internal Whistle-blowing Policy for approval by the Board of Directors; to draw up procedures related thereto and to oversee the effective implementation of such procedures. The Board shall decide as to who shall be designated for initial receipt of all internal whistle-blowing intimations.

In order to align Board Remuneration, the HRRC has introduced a detailed and comprehensive Director' Remuneration Policy to make the remuneration aspect of Board Members more transparent, fair and structured. Now we can assert that all elements of Director's Remuneration are planned, budgeted and implemented as per approved policy guidelines. This it-self is a remarkable achievement in order to ensure structured remuneration t

Board level as well. Recent additions in the HTL Board of newly inducted Non- Executive Directors have been made through a structured process. Apart from remuneration; the committee has introduced a succession plan framework including policy guidelines and assessment tools at Director's level. The succession plan of critical position have already been drafted and presented to Board and key decision have been made to review and prepare a succession plan for key management position during the next fiscal year.

Board's performance evaluation is a critical process considering its importance and impact on Director's engagement throughout the year. HRRC has developed a detailed mechanism of Board's Performance Evaluation and it's a two-fold process where performance of Individual members of Board is evaluated as well as each member of Board is given an opportunity to evaluate the Performance of Board in terms of business as well as statutory compliance. This process has been successfully executed and has proved really helpful for future interventions at Board's or Director's Performance level.

FUTURE **SCOPE**

During the span of last one year HRRC has made major interventions and gained satisfactory review by the Board. The composition of member's and key objectives make this committee a significant component of Board's overall performance. All activities are planned through a structured Calendar of events and major policy initiatives. HRRC is focused to take contemporary practices to enable employees with their professional growth while ensuring a safe work environment. The future plans include comprehensive compensation & benefits review while ensuring adequate learning and growth opportunities for employees.

DR. SAFDAR ALI BUTT
Chairman, Board's Human Resource & Remuneration Committee

STATEMENT OF **COMPLIANCE**

NAME OF COMPANY: **HI-TECH LUBRICANTS LIMITED**

YEAR ENDED: **JUNE 30, 2018**

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 10 as per the following:
   a. Male: 09
   b. Female: 01
2. The composition of board is as follows:
   a) Independent Directors: 03 as named hereunder:
      i. Mr. Muhammad Tabassum Munir;
      ii. Dr. Safdar Ali Butt; and
      iii. Syed Asad Abbas Hussain.
   b) Other Non-executive Directors: 05 as named hereunder:
      i. Mr. Shaukat Hassan;
      ii. Mr. Tahir Azam;
      iii. Mr. Faraz Akhtar Zaidi;
      iv. Ms. Mavira Tahir; and
      v. Mr. Moon Seek Park (Nominee of SK Lubricants Co. Ltd.)
   c) Executive Directors: 02 as named hereunder:
      i. Mr. Hassan Tahir (CEO); and
      ii. Mr. Muhammad Ali Hassan.
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has arranged Directors' Training program for the following:
   Directors:
   i. Dr. Safdar Ali Butt (March 20, 2018 from Pakistan Institute of Corporate Governance [PICG])
   ii. Mr. Tahir Azam (November 22, 2017 from PICG)
   iii. Ms. Mavira Tahir (November 22, 2017 from PICG)
   iv. Syed Asad Abbas Hussain (November 22, 2017 from PICG)
   v. Mr. Faraz Akhtar Zaidi (November 01, 2017 from PICG)
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
   a) Audit Committee (Name of members and Chairman)
      i. Mr. Muhammad Tabassum Munir (Independent Director and Chairman of Board's Audit Committee)
      ii. Dr. Safdar Ali Butt (Independent Director and Member of Board's Audit Committee)
      iii. Mr. Shaukat Hassan (Non-Executive Director and Member of Board's Audit Committee)
      iv. Mr. Tahir Azam (Non-Executive Director and Member of Board's Audit Committee)
      v. Mr. Faraz Akhtar Zaidi (Non-Executive Director and Member of Board's Audit Committee)
   b) HR and Remuneration Committee (Name of members and Chairman)
      i. Dr. Safdar Ali Butt (Independent Director and Chairman of Board's HR&R Committee)
      ii. Mr. Shaukat Hassan (Non-Executive Director and Member of Board's HR&R Committee)
      iii. Mr. Tahir Azam (Non-Executive Director and Member of Board's HR&R Committee)
      iv. Ms. Mavira Tahir (Non-Executive Director and Member of Board's HR&R Committee)
   c) Risk Management Committee (Name of members and Chairman)
      i. Mr. Faraz Akhtar Zaidi (Non-Executive Director and Chairman of RMC)
      ii. Ms. Mavira Tahir (Non-Executive Director and Member of RMC)
      iii. Mr. Muhammad Ali Hassan (Executive Director and Member of RMC)
      iv. Mr. Muhammad Imran (CFO and Member of RMC)
      v. Syed Arshad Zaidi (Head of Internal Audit and Member of RMC)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
   a) Audit Committee: 08 meetings held during the year ended 30 June 2018
   b) HR and Remuneration Committee: 05 meetings held during the year ended 30 June 2018
   c) Risk Management Committee: No meeting held during the year ended 30 June 2018
15. The board has set up an effective internal audit function and co-sourced the internal audit function to M/s EY Ford Rhodes, Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

MR. HASSAN TAHIR
Chief Executive Officer

MR. SHAUKAT HASSAN
Chairman

Lahore
September 8, 2018

INDEPENDENT AUDITOR'S **REVIEW REPORT**

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE **CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Hi-Tech Lubricants Limited (the Company) for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

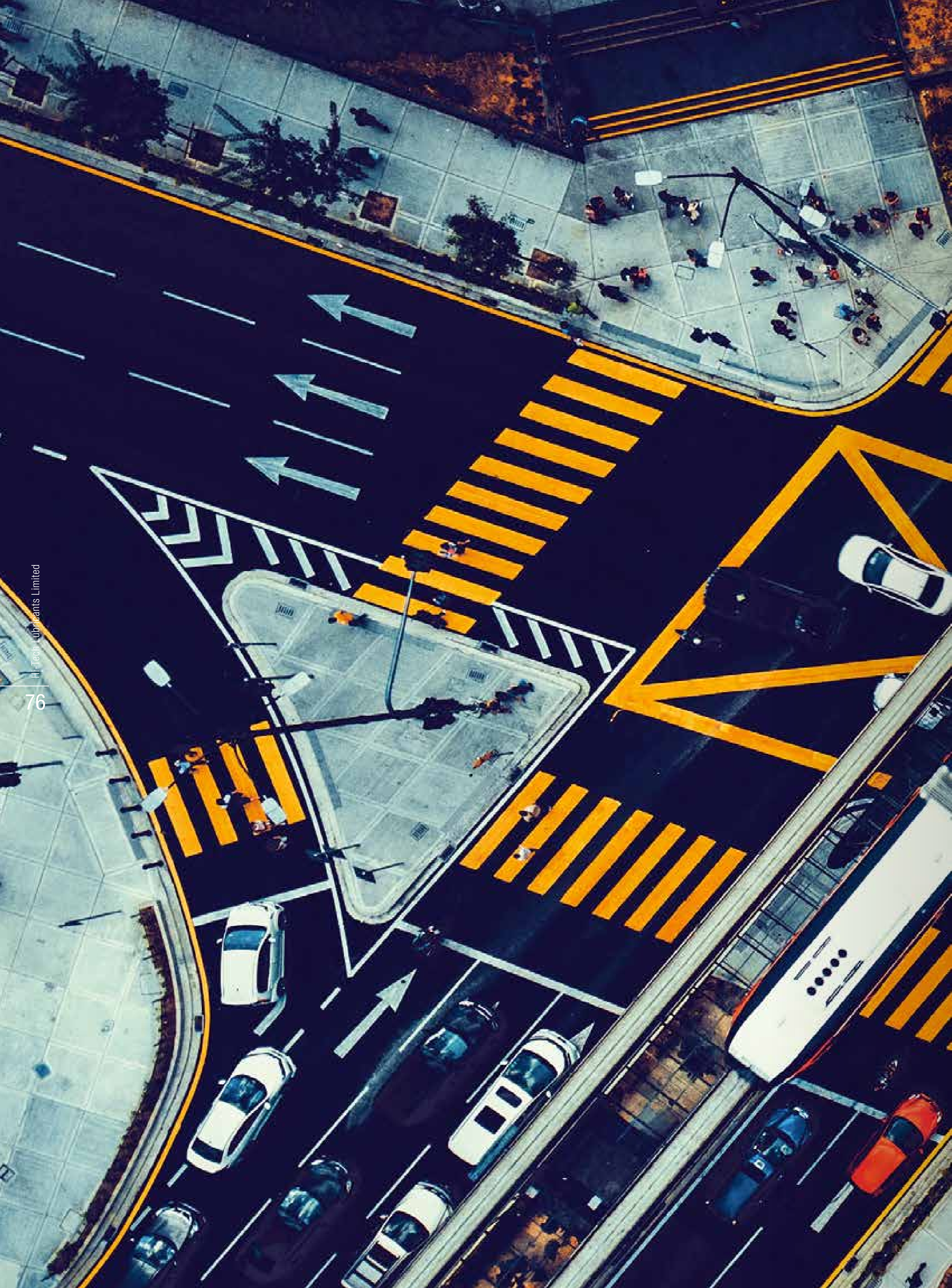
The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

Riazahmad & Co

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore
Date: September 9, 2018



HTL AND ITS CHALLENGING ENVIRONMENT

As a company working for the net benefit of society, HTL makes regular assessment of its business environment to ascertain best possible scenarios and outcomes of its operations, remaining conscious of the intersections along the path and exhibiting sufficient flexibility to changing its direction to take advantage of the opportunity.

SWOT **ANALYSIS**

STRENGTHS

- Top management's consistent vision of growth
- Economies of scale through own blending plant
- Premium quality products
- Strong brand recognition and recall
- Healthy and growing customer base
- Strong nation-wide distribution network and marketing database
- Innovative and creative trade and consumer schemes

WEAKNESSES

- Low industrial sales
- Over reliance on promotional schemes

OPPORTUNITIES

- Establishment of HTL Fuel Stations (OMC)
- Expansion into retail service centers through HTL Express
- Grasping the potential foreign markets by exporting the products to these countries

THREATS

- Imposition of new/enhanced taxes, duties and other levies
- International crude oil price fluctuation and other regulatory compliance matters
- Stiff competition in the lubricant market and increasing new entrants
- Human resource turnover
- Information system breakdown, delayed or no recovery of IT systems and obsolescence of technology
- Threats associated with the prevention of intellectual capital
- Foreign exchange risk and non-availability of exchange cover
- Risk associated with the financial capital due to economic conditions of the Company

STRENGTHS AND **WEAKNESSES REPORT**

STRENGTHS

TOP MANAGEMENT'S CONSISTENT **VISION OF GROWTH**

Ability of our experienced top management team to foresee, develop and translate vision of growth into meaningful financial and non-financial targets is our foremost strength.

ECONOMIES OF SCALE THROUGH **OWN BLENDING PLANT**

The Company is operating a plant which is an integrated unit, producing International Standard Specifications Lubricants in HDPE bottles, filling, capping & labeling of finished products on an automated high accuracy filling line and is only one of its kind in Pakistan. The plant is expected to reduce cost of imported products and will contribute significantly in company's operational profits. In backward integration, blending plant will ensure right product to be delivered in time with enough storage to facilitate future growth.

PREMIUM QUALITY **PRODUCTS**

HTL's salient feature has been to offer high-end synthetic products in price savvy market with a vision to attract and retain the customers based on quality. The availability of imported lubricants in the market with a wide-spread channel and high reliability of end user has helped HTL to gain competitive edge with the leading position in the market.

STRONG BRAND **RECOGNITION AND RECALL**

Our continuous, innovative and targeted marketing investments over the period of 20 years has helped us to earn a premium brand name in lubricant market. One of the many reasons to achieve such a phenomenal growth trend has been the product quality and import of finished lubricants from SK Lubricants of South Korea which owns world's largest petrochemical complex. SK group is the 3rd largest conglomerate in South Korea and ranked 70th on the world "Forbes" list.

HEALTHY AND GROWING **CUSTOMER BASE**

Strategy to retain existing customers and gaining the trust of new customers by building a strong relationship with our retailers, whole sellers and distributors through our trained sales force team and targeted marketing investments which help us in building increased customer base.

STRONG NATION-WIDE DISTRIBUTION **NETWORK AND MARKET DATABASE**

For the retail automotive sector, the Company has a network of more than 185 distributors across all major cities of Pakistan extending from Karachi to Peshawar, including Gilgit Baltistan and Azad Jammu & Kashmir. All our distributors use integrated customized database of secondary sales updated at point of sale.

Such distribution network ensures the presence not only through our customers but also through our sales force team deputed in such areas. Such dual presence helps us in building a strong marketing database to make informed decision making.

INNOVATIVE AND CREATIVE **TRADE AND CONSUMER SCHEMES**

Our sales and marketing teams together always strive for the development of best promotional schemes that induce sales and reduce cost of sales

WEAKNESSES

We always try to improve our performance and for achieving this objective HTL believes that the following weaknesses require due attention:

LOW INDUSTRIAL **SALES**

Sales to this segment require (a) extended credit exposure and (b) more competitive pricing strategy. Further efforts are required in aligning the industrial and retail market sales.

OVER RELIANCE ON **PROMOTIONAL SCHEMES**

Due to stiff competition, market norms, less informed consumers and to sustain a major market share, there is consistent need of offering trade schemes to induce further sales. HTL is conducting market surveys and performing analysis for reducing the reliance and cost of such promotional schemes.

RISK AND **OPPORTUNITY REPORT**

Oil marketing and lubricant industry is prone to potential risks, emanating from inherent uncertainties in market activities, geo-political situation, volatile commodity prices and regulatory issues. Like all other organizations in the sector, HTL's operations are also subject to risk factors that may materially affect its operations, profitability and reputation. Hence, the Management strives to take all the measures necessary to manage risks at an appropriate level and at the same time avail all the viable growth opportunities. Measures that we use to mitigate our various risks are set out in the relevant sections of this Report.

KEY SOURCES **OF RISKS**

The internal and external environment of an organization affects its ability to perform at its best and create hindrance in achieving its vision, mission and objectives. HTL is well aware of the situation and attempts to identify the sources that can cause risks to its operations. These identified risk sources are then evaluated by the Company's risk committee frequently in order to lower down the impacts. Some major sources of business risks are described below:

- The political instability causes a lot of risks for the organizations operating in Pakistan. Due to the instable situations, Pakistan is surrounded by frequent strikes that create a difficult law and order situation. Changes in the Government policies including the imposition of new taxes, duties, penalties and regulations is another challenge. This situation may influence the ability of HTL to achieve its long term strategic objectives.

- The micro economic conditions of a country are a big source of risks for the organizations operating at a large scale. The rising cost of inventory, increase in inflation and interest rate, coupled with unpredictable exchange rates creates sudden variation in demand, making borrowing costly and also discourages people to invest. All these factors also reduces the employement opportunities within the country. The HTL's financial efficiency may be affected by an unpridictable and unstable economic condition of the country.

- The marketplace where an organization is providing products and services causes many challenges for the organizations. New entrants, stiff competition, price wars, fluctuations in demand and supply, change in the preferrences of the customers and low margins are the major factors that cause market risks for the organizations. HTL's market became highly comeptitive with the existing and new players in the lubricants industry e.g. FUCHS, Puma, GP.

- There are some business risks that are related with the actions of the nature. Such risks are uncontrollable for almost every organization but these can be planned and the impact of these risks can be reduced.

Specific Risks and Sources	Risk Ranking / Likelihood	Specific Risks Mitigating Strategies
STRATEGIC RISK		
Imposition of new/enhanced taxes, duties and other levies including regulatory changes may affect our short and long term strategic objectives and plans. Further, keeping in view the business growth strategy, international crude oil price fluctuations and other regulatory compliance matters are few important issues to be addressed.	Moderate	• During the last year, taxes, duties and other levies regarding inventory have not changed significantly. • In the recent budget, custom duties and sales tax have increased and the same was reflected in our pricing strategy. This duty was applicable to the whole segment so we stayed competitive. • HTL's team of experts is proactively keeping abreast of international crude oil market trends and is making efforts for managing the risk associated with the purchase of oil as and when we commence our oil marketing business.
COMMERCIAL / MARKET RISK		
Stiff competition in the lubricant market and increasing new entrants pose threats to the company's market share, profitability and commercial viability. Such market situation results in a likelihood of reduced prices or increased distribution cost, hence squeeze the margins.	Moderate	• To overcome the pricing and cost issues, HTL has invested in a blending plant (HTBL-100% owned entity). The plant will start blending operations in the current year and is expected to reduce the cost significantly with an increase in the overall company margins. • Furthermore, we are adopting aggressive marketing strategy and building customer loyalty to stay competitive in the long term.
HUMAN CAPITAL RISK		
Human resource turnover especially at key positions, non-availability of right person for the right job and incompetent resource hiring are few Human Capital Risks that may affect operations of the Company.	Moderate	• HR department makes consistent effort to provide corporate culture, professional trainings, positive working atmosphere and fair competitive financial incentives to retain and develop strategic assets of the Company. A detailed succession plan is also part of HR processes.
MANUFACTURED CAPITAL RISK		
Following key risks are associated with the manufactured capital of HTL: • **Asset Acquisition Risk:** The potential for failures in Asset procurement process resulting in business losses and disruption. • **Asset Maintenance Risk**: Failure to provide preventive and detective maintenance for workplace and assets. • **Asset Capitalization Risk:** Risk of erroneous charge off or Capitalization.	Moderate	• We evaluate our vendors, at pre & post stages, and inspect all the assets at the time of receipt. Payment is made after due quality inspection by relevant technical expert. • Periodic maintenance, both preventive and detective, is carried out at HTL for all the buildings and other capital resources. A separate department is established at HTBL, 100% owned entity, to ensure maintenance of the plant and machinery. • Company ensures compliance with the International Financial Reporting Standards (IFRS) as well as the national laws framed for the capitalization of manufactured capital.
INFORMATION TECHNOLOGY RISK		
Information Technology Risks include information system breakdown, delayed or no recovery of IT systems, obsolescence of technology and Inadequate information classification standards that may lead to data security and data privacy issues.	Moderate	• Presence of vendor evaluation system ensures the availability of quality IT systems. Furthermore, off-site backup facility acts as a safeguard in case of any breakdown in IT systems. • HTL has developed BCP and DRP to ensure the availability of IT systems all the time. • HTL has designed and implemented a comprehensive policy to ensure data security and appropriate classification of organizational data (with preference to sensitive data).

Specific Risks and Sources	Risk Ranking / Likelihood	Specific Risks Mitigating Strategies
INTELLECTUAL CAPITAL RISK		
Following key risks are associated with the HTL Intellectual Capital: • Infringement of patents, trademarks and copyrights • Protection of copyrights of other organizations • Loss of Goodwill	Moderate	• Because intellectual property is not a physical asset, it can be easily overlooked. Safeguarding a company's intellectual property is crucial to developing and maintaining a successful business. • HTL rigorously and continuously monitors such infringements through its sales force team and other professionals that include investigation agencies as well. Strict actions are taken against such activities. • Employees sign a confidentiality agreement stating that they will not disclose any intellectual property or trade secrets if they leave the company. It also states that anything they create during their employment with HTL belongs exclusively to HTL. Furthermore, responsibilities for performing employment termination have been clearly assigned. • In case of Intellectual property of a third party (e.g. HTL have licensed Intellectual Property (IP) from a third party), HTL employees are trained and made aware as to how this IP must be protected. Also IT department limits access only to the employees that need to know.
FINANCIAL RISK		
FOREIGN EXCHANGE RISK AND **NON-AVAILABILITY OF EXCHANGE COVER**		
The Company is exposed to foreign exchange risk on account of product imports. Frequent variations in US$ and non-availability of forward cover for POL products pose difficulty in managing standard costs.	High	• As per the regulations of the State Bank of Pakistan, forward exchange cover is not available for POL products. • Executive management, financials and supply chain departments work in close coordination, keeping in view the trends of relative strengths of currencies and develop strategy for working capital management. • We work on the best possible strategy i.e. leading, lagging and netting depending upon the trends and market information.
CREDIT **RISK**		
Risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligation. Credit exposure to financially sound credit customers' and investments in high rated securities is a challenge to each and every Company.	Low	• HTL does not extend its credit to distributors and dealers. Only financially sound industrial customers are entertained with the credit facility and such exposure is immaterial to the total revenues of the Company. • Investment Committee (IC) approves each and every rupee to be invested by HTL after giving due consideration as per the mandate given by Board. Board oversees all the resolutions passed by IC.

Specific Risks and Sources	Risk Ranking / Likelihood	Specific Risks Mitigating Strategies
LIQUIDITY **RISK**		
Risk of encountering difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Ensuring the availability of sufficient funds for working capital, meeting capital expenditure requirement, distribution of wealth to all the stakeholders and to act as a responsible legal entity is the foremost importance.	Low	• Our treasury section manages the fund proactively and ensures the availability of financial resources as required. We manage working capital, operations and expansions through a mix of equity, long term and short term financing. To bridge the gap of uncertain requirements, credit lines are being committed with reputable banks having good credit ratings. • HTL has been allotted a credit rating of A and A-1 for the long and short term financing respectively. This depicts our ability to meet our obligations timely, and denotes a stable liquidity position.
RUPEE **DEPRECIATION RISK**		
Increasing cost of doing business due to depreciation of Pakistan rupee coupled with inflation.	High	• This risk is uncontrollable. Company manages rupee depreciation risk by adjusting prices.

KEY OPPORTUNITIES **AND SOURCES**

• HTL FUEL **STATIONS (OMC)**

HTL is about to commence commercial operations as an OMC following the approvals from Oil and Gas Regulatory Authority (OGRA). OGRA already approved 26 fuel stations to be set up in Punjab. A fuel storage site is complete and final inspection is already underway. Another storage site is planned to be built in Tarun Jaba, near Peshawar. We expect to open 360 fuel stations and earn a net profit of Rs.562 million within 5 years from the commencement of operations. We also believe that this project would generate substantial synergy for HTL lube operations.

• HTL EXPRESS **CENTERS**

HTL's forward integration, expansion into retail service centers, will enable its products to be sold directly to the end customer with loyalty programs benefits to the end users/ultimate consumers. This one stop shop model will enhance HTL's reach and provide a wide variety of products available to its valued customers.

• EXPORT **SALES**

Currently the Company is not exporting its lubricant products. Afghanistan is a potential market but to enter into such a market, substantial resources need to be deployed. HTL will consider all the pros and cons before exploring this opportunity.

• FORWARD INTEGRATION THROUGH FORMATION **OF AN OIL TRANSPORTATION COMPANY**

Oil marketing business is entirely dependent on the movement of petroleum products. Such integration would not only have a direct impact on the cost but would also assist HTL in managing its supply chain more efficiently. Major players of the oil marketing business own and operate transport vehicles.

LIKELIHOOD AND MAGNITUDE

The current situation of Pakistan is not very predictable. Political and economic instability, fluctuations in currency, shortfall of energy, frequently changing customer preferences, high competitive environment, law and order situation etc are the factors that create uncertainty in the business environment. While planning for future, organizations always consider these factors and make them the part of their strategic planning. HTL also believes that business risks and opportunities are always present in the internal and external environment of every organization and the success of every business is highly dependent on how accurately an organization has estimated and planned such risks and how effectively it manages to grasp the opportunities for its benefit.

HTL's business environment is prone to different types of risks and the chances of their occurrence are also high. In addition, a shift in customer preferences towards the low-priced products could also impact the current market share. As HTL is highly dependent on its lubricants business, it can not afford to lose its market share.

Board efforts for establishing the Company's level of risk tolerance (Risk Governance) is mentioned in Directors' Report Page no. 88.

PESTEL **ANALYSIS**

	FACTORS	RESPONSE TO THE ASSOCIATED FACTORS
P	These includes overall Political environment, Stability of National Government, Red Tapism in regulatory approvals, overall corruption index, potential regulatory and tax changes.	Political factors affect the overall lubricant sector. HTL through adjustment in its pricing strategy and marketing efforts reduces negative impact of such changes. Furthermore, HTL strictly ensures the policy of zero % tax evasion and defends all the tax and regulatory matters through legal grounds.
E	Macro environment factors are economic growth of the Pakistan, changes in interest rates, exchange rates, inflation and disposable income of consumers and businesses.	Low economic growth and increased inflation do affect whole society but due to the compulsory usage of lube in the vehicles, we have been able to increase our market share. Thousands of engines added every year provides us immense opportunity to increase our sales volume. Significant fluctuation in the US$ price was witnessed during the last year. Executive management, Financials and Supply Chain departments work in close coordination keeping in view the trends of relative strengths of currencies and develop strategy for managing the currency risk.
	Micro environment factors such as competition norms impact the Company competitive advantage.	Stiff competition exists in the market, our marketing efforts are aligned with our sales strategy. We develop our schemes after due evaluation of market data especially customer feedback and competitors activities. Business intelligence department makes careful analysis and provide insight of future trends.
S	Population growth, age distribution, trends and consumer behavior	Population of Pakistan is on the rise and with financial institutions creating products on leased policies it has become easier for people to own vehicles at a cheaper monthly installment rates. Latest data released by the auto industry shows that Imports of used cars and minivans surged to 65,723 units in 2017, up almost 70 % from 38,676 units a year. With technological advancement and international transportation network companies like Uber and Careem starting their operations in Pakistan providing earning opportunity for many households while giving alternate to public transport to others has led to increase in traffic and Oil Drain Interval (ODI) has proved to be an opportunity for Oil and lubricant sector. These factors have contributed positively in increasing sales volume.
T	Increasing IT efficiency, automation, technological change and the amount of technological awareness.	We see technology advancement as an opportunity. Our blending plant which is a a state of the art simultaneous mixing and lubricating oil blending plant and is only one of its kinds in Pakistan. Further, we believe new technologies can maximize online retail productivity and minimize operational costs. Company also successfully implemented Oracle & Business Intelligence Tool, Distributor Management System and Claim Management System to ensure integration, efficiency and effectiveness of all the functional activities.
E	Climate change, environmental offsets, attitudes toward "green" or ecological products, laws regulating environment and air pollution.	Although we are a part of the industry closely related with automobile sector where profits are attached to the mileage i.e. more miles run means frequent oil changes/sale, yet we are still very aware of the effects that are taking place on the environment. We have been socially aware and making efforts towards planting more trees with frequent plantation drives to importing and promoting motor oil variants (ZIC X7 FE) that are fully synthetic environment friendly, fuel Efficient resulting in low fuel consumption, low carbon emission, low vehicle maintenance and saving the end consumer's vehicle & money while being socially responsible towards the environment. The idea that we support is to be able to add value to the society and environment with our efforts not limiting to just the environment but also people and the young generation with providing better environment and opportunities.
L	Copyright, patents / intellectual property law, consumer protection and employment law, health and safety law, data protection, laws prevalent for managing competition, corporate laws, OGRA's regulations and other regulatory matters for the listed company.	HTL makes conscious efforts to ensure compliance with all the mentioned laws, bye laws, rules, regulations or other statutory obligations. Board oversights all the compliance matters and for the same separate compliance department is established.

SEASONAL **VARIATION**

Pakistan's principal natural resources are arable land and water. About 25% of the Pakistan's agriculture accounts for about 21% of GDP and employs about 43% of the labor force. Hence the consumer spending is hugely linked to the season of harvest and when availability of crop in the market. Resulting in August and September being slower while end of year is by and large a more active period for the sales and so is the second quarter.

DIRECTORS' **REPORT**

In a fast-paced environment, it is easy to lose focus. That is why we remain ever-cognizant of our performance through consistent monitoring of our internal controls and processes, and share the same with all our stakeholders.

DIRECTORS' REPORT **TO THE SHAREHOLDERS**

The Directors of your Company are pleased to present their Annual Report along with the audited financial statements of the Company for the year ended June 30, 2018.

While product wise market shares and sales volumes are given elsewhere in this report, your Board takes pride in stating that your company continues to occupy a prominent position among the leading lubricant marketing companies of Pakistan. With the commissioning of our own state of the art blending plant (as a wholly owned subsidiary), your company will now be able to penetrate deeper in the mid-tier automotive, motorcycle and diesel segments and to meet the growing demand for its products brought about by the growth in automobile and industrial sectors of the country.

FINANCIAL **PERFORMANCE**

Your company's financial performance continues to improve year by year as depicted by the following summary:

Rs in millions	Consolidated Year ended 30 June		Un-consolidated Year ended 30 June	
	2018	2017	2018	2017
Net Sales	9,255	7,328	9,254	7,489
Gross Margin	2,395	1,933	1,928	1,774
EBITDA	1,377	1,166	971	1,047
Depreciation and Amortization	(63)	(66)	(57)	(44)
Finance Costs	(127)	(77)	(82)	(36)
Other Operating Expenses	(108)	(40)	(63)	(34)
Other Operating Income	71	96	108	96
Earnings Before Tax	1,151	1,079	876	1,031
Tax	(391)	(335)	(322)	(304)
Earnings After Tax	759	744	554	727
Basic Earnings Per Share: Rs	6.55	6.41	4.78	6.27

Growth in consolidated net sales was 26% on a year-on-year basis, principally caused by volumetric growth of 15%. Despite 27% increase in direct costs arising out of rupee devaluation and import market price increases, and a fiercely competitive market that did not allow proportionate sales price increases, your company managed to maintain a healthy gross margin of 25.9%, only slightly below the previous year's margin of 26.3%.

The operations generated consolidated Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) of Rs. 1,377 million during 2018 against Rs. 1,166 million of 2017, a growth of 18.1%. The Company achieved consolidated earnings per share of PKR 6.55 versus PKR 6.41 the year before. The increase in sales revenue did not flow through proportionately to the bottom line primarily due to foreign exchange losses associated with the depreciation of the rupee, investments in the brand in the form of substantially higher marketing expenditure, and non-capitalizable expenses associated with the establishment of Company's Express Service Centers which will start contributing to our profitability in near future.

In terms of financial position, the company has gained strength during the year. Its total fixed assets rose by Rs 435 million (net of depreciation), while the levels of current assets were systematically controlled to optimize cash flows and enhance operational efficiency. Total assets stood at Rs 6,608 million, some 0.5% below the level a year ago. A reduction in current assets achieved despite 26% increase in net sales and shows efficient utilization of current resources in order to sustain the level of operations and profitability in a fiercely competitive market.

The Company's strategy is focused on enhancing the satisfaction level of its customers and steadily expanding its operations through diversity. Our products already enjoy premier status in the field of lubricants and we plan to increase our products' range to escalate penetration in mid-tier and diesel segments. Further, the Company continues to improve capacity utilization of its blending plant as well as expand the network of its HTL Express centers. At the same time, an important aspect of our future strategy is to ensure that our entry into the oil marketing business is well planned and implemented in a manner to further augment the sales of our existing products. As shown elsewhere in this report, considerable investment is being made in OMC project which will Insha-Allah begin to reap profits from the next financial year.

OPERATIONAL **PERFORMANCE**

ZIC TOP-**TIER**

ZIC TOP-TIER continued its impressive performance with revenues of Rs 6,992 million, up by 23% over last year. The division introduced a range of new products namely "ZIC Top 0W40, X7 FE 0W20 and ZIC Dot-4" that has been received very well by the market.

ZIC MID-**TIER**

ZIC MID-TIER increased revenues by 27 % in fiscal 2018 over the previous year. The division introduced a new product "Zic-M5 SJ-10W50" that has quickly carved a niche in the market.

HI-TECH BLENDING **(PVT.) LIMITED ("HTBL")**

HTBL is the wholly owned subsidiary of your company. It continued its impressive growth in revenues. The Company added one new product to its portfolio and invested in additional Extrusion Blow Molding (EBM) and Injection Molding Machines to handle growing sales volumes. HTBL is now a significant contributor to HTL's overall profitability.

HTL **EXPRESS CENTERS**

HTL Express with a goal of changing the dynamics of vehicle maintenance through genuine products, superior services, trained professionals and best technology is expanding its reach across Pakistan. With a premium service and focus on quality products, HTL Express had three operational centers in Lahore by June 2018. A recent addition was the HTL Express center in Johar Town, Lahore which has proved a great success in meeting customers' needs comprehensively. In the next phase, HTL Express Center in DHA Karachi is in the finishing stage and will inshallah become operational by end September 2018. Another two centers; in P.E.C.H.S and Gulistan-e-Johar, Karachi are under construction and are expected to start commercial operations by December 2018. An additional two sites are also under negotiations in Islamabad. HTL Express will also be an integral part of the upcoming fuel stations of our OMC and expect to have a more expansive presence across Pakistan in the coming year.

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

The proposed project envisages setting up an Oil Marketing Company and a network of fuel stations in different parts of Pakistan, with an initial target on the urban market segment of Upper Punjab, KPK, Azad Jammu and Kashmir and Islamabad Capital Territory. OMC will commence commercial operations upon receipt of the final approval from Oil and Gas Regulatory Authority (OGRA). OGRA has already approved 26 fuel stations to be set up in Punjab. A fuel storage site, at Sahiwal Punjab, is complete and final inspection is already underway. We have also started construction of another storage site at Tarun Jaba, near Peshawar in line with our growth strategy.

MANAGEMENT OF **LIQUID RESOURCES**

CASH **MANAGEMENT**

Your Company focuses on maintaining optimal levels of inventory and trade receivables, sound business performance, operating efficiencies and cost savings across the organization. This strategy has helped HTL to consistently generate positive cash flows. The Company has an effective Cash Management System in place whereby cash inflows and outflows are projected on regular basis and monitored rigorously. Working capital requirements are properly planned and managed through efficient management of trade receivables, payables and inventory levels and financing arrangements. Furthermore, Business unit heads are assigned working capital targets which are monitored on regular basis.

CAPITAL **EXPENDITURE**

Capital expenditure is managed carefully through a rigorous evaluation of profitability and risks associated with such investments, regular project reviews are undertaken for delivery on time and at budgeted cost. Large capital expenditure is further backed by long-term contracts so as to minimize cash flow risk to the business. Capital Expenditure during 2018, was Rs. 454 million as compared to Rs. 614 million in the corresponding period.

The Board is satisfied that there are no short or long-term financial constraints including access to credit and strong balance sheet as at June 2018. The company faces no liquidity risks in light of its well-planned cash management strategies leading to adequate availability of unutilized borrowing facilities.

IPO **FUNDS**

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 a book building process.

Particulars	Rs
Un-utilized IPO proceeds as at 01 July 2017	1,094,571,944
Add: Profit on term deposit receipts	56,602,724
Less: Payments made during the year:	
• ZIC Service centers	(26,665,859)
• OMC Project	(138,102,455)
• Working Capital	(6,016,725)
• Withholding tax on profit	(5,660,272)
• Unrealized loss on investment in mutual fund	(11,675,221)
• Bank charges	(263,724)
Un-utilized IPO proceeds as at 30 June 2018	962,790,412

As stated in the prospectus dated 28 December 2015, the Company planned to open 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. As per quarterly progress report number 06 dated 14 July 2017, the Company informed all stakeholders on the progress in implementation of the project.

Faced with the challenge posed by sharp increase in land and property prices for key locations, your Company designed a strategy to incorporate express centers into its fuel stations to be established under the umbrella of Oil Marketing Company (OMC) Project of the Company. This strategy is expected to prove more effective in terms of marketing, capital costs and potential consolidated profitability. 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 fund.

APPROPRIATION OF **PROFITS**

In view of the excellent financial results of the Company for the year 2018, the Board of Directors have proposed, at its meeting held on 8 September, 2018, a final cash dividend for the year ended June 30, 2018 of Rs. 1.75 per share (17.5%) in addition to the interim dividend of Rs 1.75 per share (17.5%). The approval of the members for the dividend will be obtained at the Annual General Meeting to be held on 26 October 2018. In accordance with the requirements of applicable accounting standards, the proposed dividend amounting to Rs. 203 million has not been recognized as a liability in these financial statements. The balance of current year's consolidated profit, Rs 556 million will be retained in the general reserve.

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 and Executive Directors, is responsible for risk mitigation measures and developing proposals thereof for consideration by the Board. The Company's ability to continually assess market conditions and then react decisively, allows the Company to manage risks responsibly and to actualize opportunities to strengthen the position of the Company when they arise.

The major risks to which company is exposed as explained in note 42 of the consolidated financial statements and measures adopted for their mitigation are as follows:

• CREDIT **RISK**

Risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligation. The Company believes that it is not exposed to major concentration of credit risk. Exposure is managed through application of diversification of its investment portfolio placed with 'A' ranked banks and financial institutions. Further, HTL do not extend its credit to distributors and dealers. Only financially sound industrial customers are entertained with the credit facility and such exposure is immaterial to total revenues of the Company.

• LIQUIDITY **RISK**

Risk of encountering difficulties in meeting the obligations associated with its financial liabilities. Prudent liquidity risk management ensures availability of sufficient funds for meeting contractual commitments. 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-1 for long and short term financing respectively. This depicts our ability to meet our obligations timely, and denotes a stable liquidity position. Low level of receivables balance and availability of sufficient credit lines, due to stable liquidity position, the Company is able to meet all its contractual commitments.

• FOREIGN EXCHANGE **RISK**

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currencies. The Company is mainly exposed to short-term USD/PKR parity on its import of finished lubricants, raw materials and plant and machinery in the company and in its wholly owned subsidiary since POL products are restricted to obtain any forward cover as per guidelines of State Bank of Pakistan.

Moreover, Board has also carried out a robust assessment of the principal risks facing the company, including those that would threaten the business model, future performance, solvency or liquidity.

RISK **GOVERNANCE**

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

BOARD **COMMITTEES**

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

INTERNAL CONTROLS **AND MONITORING**

Sound automated financial information systems have been established with restricted system access rights. HTL has also established procedural internal controls across all the functions. Internal and external audits are being conducted throughout the year to keep the controls up-to mark. Internal Audit function operates under the Board approved plan and provides independent and objective evaluations while reporting directly to the Audit Committee on the effectiveness of governance, risk management and control processes.

POLICIES AND **PROCEDURES**

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

CORPORATE AND **FINANCIAL REPORTING FRAMEWORK**

- The financial statements together with the notes thereon have been drawn up by the management in conformity with International Accounting Standards, as applicable in Pakistan.
- These Statements present fairly the results of its operations, cash flows and changes in equity.
- Proper books of account have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The system of internal control is sound in design and has been effectively implemented and monitored and is being continuously reviewed by the internal audit function.
- There are no doubts upon the Company's ability to continue as a going concern.
- 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, 2017.
- The key operating and financial data from the formation of company (i.e. for the last seven years) is annexed.

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

During the year 2018, Ms. Mavira Tahir has been Co-opted as Director upon resignation by Mr. Zalmai Azam while Mr. Moon Seek Park (SK Lubricants Representative) was co-opted upon resignation by Mr. Ji Won Park (SK Lubricants Representative). The Board wishes to record its appreciation of the valuable services rendered by the resigning directors and welcomes new Directors who may hold office for the remaining term of the Board.

The Composition of the Board at the time of Directors' Report is as following;

The total number of directors are 10 as per the following:

- Male: 09
- Female: 01

The composition of board is as follows:

a) Independent Directors: 03 as named hereunder;
    - Mr. Muhammad Tabassum Munir (Chairman, Board's Audit Committee);
    - Dr. Safdar Ali Butt (Chairman, Board's Human Resource & Remuneration Committee);
    - Syed Asad Abbas Hussain

b) Other Non-executive Director: 05 as named hereunder;
    - Mr. Shaukat Hassan (Chairman BOD);
    - Mr. Tahir Azam;
    - Mr. Faraz Akhtar Zaidi (Chairman, Board's Risk Management Committee);
    - Ms. Mavira Tahir;
    - Mr. Moon Seek Park (SK Lubricants Representative)

c) Executive Directors: 02 as named hereunder;
    - Mr. Hassan Tahir (CEO);
    - Mr. Muhammad Ali Hassan

Names of Directors during the Financial Year	Tenure of Services	No. of meetings attended during the Financial Year
Mr. Hassan Tahir	Since Election on 31 October 2015	6
Mr. Muhammad Ali Hassan	Since Election on 31 October 2015	6
Mr. Shaukat Hassan	Since Election on 31 October 2015	6
Mr. Tahir Azam	Since Election on 31 October 2015	6
Mr. Faraz Akhtar Zaidi	Since Co-option on 26 April 2017	6
Mr. Muhammad Tabassum Munir	Since Election on 31 October 2015	6
Dr. Safdar Ali Butt	Since Election on 31 October 2015	6
Syed Asad Abbas Hussain	Since Election on 31 October 2015	6
Mr. Zalmai Azam	Elected on 31 October 15, resigned on 29 September 2017	2
Ms. Mavira Tahir	Since Co-option on 29 September 2017	4
Mr. Ji Won Park - SK Lubricants Representative	Co-opted on 24 April 16, resigned on 21 April 2018	1
Mr. Moon Seek Park - SK Lubricants Representative	Since Co-option on 21 April 2018	0

Leaves of absence were granted to the members who could not attend the meetings of Board of Directors.

DIRECTORS' REMUNERATION **POLICY**

Human Resources and Remuneration Committee of the Board (HRRC) has been authorized by the Board to design and oversee the implementation of the Company's Directors' Remuneration Policy. A formal Directors Remuneration Policy was approved by the Board in April 2018 and revised on 8 Sept 2018.

Its salient features are enumerated below in the table:

The objectives of the policy are two-fold:

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

The Policy has been drawn considering the following:

- Company's strategic aims and goals.
- Company's corporate social responsibility.

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

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

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

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

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

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

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

DIRECTORS **TRAININGS**

The Company has complied with the legal requirements in respect of Directors' Trainings. As detailed below, eight out of ten present directors have obtained Directors Training Certificates. Syed Asad Abbas Hussain has attended first part of the training program and progressing to the final test, and newly co-opted Director Mr. Moon Seek Park may also attend Directors' Training Program within the prescribed period of 6 months after his co-option as Non-Executive Director of HTL. Four Directors obtained Directors Training Certificates during the year.

- Dr. Safdar Ali Butt (March 20, 2018 from PICG)
- Mr. Tahir Azam (November 22, 2017 from PICG)
- Ms. Mavira Tahir (November 22, 2017 from PICG)
- Mr. Faraz Akhtar Zaidi (November 01, 2017 from PICG)
- Mr. Hassan Tahir (April 12, 2017 from PICG)
- Mr. Ji Won Park (SK Lubricants Representative and Ex-Director) (April 12, 2017 from PICG)
- Mr. Muhammad Ali Hassan (May 2016 from PICG)
- Mr. Shaukat Hassan (April 2016 from PICG)
- Mr. Muhammad Tabassum Munir (May 2016 from ICAP)

TRADING OF **SHARES**

No trading in the company's shares were carried out by Chief Executive, Directors, Chief Financial Officer, Company Secretary, their spouses and minor children during the year.

COMMITTEES OF **THE BOARD**

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

- Board Audit Committee (BAC)
- Human Resources & Remuneration Committee of the Board (HR&RC)
- Risk Management Committee of the Board
- Corporate Social Responsibility Committee of the Board
- Investment Committee of the Board

Composition and Salient Features of all the above committees and reports of BAC and HR&RC are included elsewhere in this Annual Report.

FUTURE **OUTLOOK**

While the country faces short term challenges, particularly on the balance of payments front we feel confident about the future outlook for the Company. The country's total vehicle fleet usage continues to increase with positive demographic and macro-economic drivers. HTL is confident that its offering of high quality lubricants, enhanced product range enabled by HTBL and new services and products provided by HTL Express and the OMC will help the Company benefit from the growing market. Our five years' strategic plan depicts healthy performances in market and profitability fields.

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

Information Technology (IT) plays 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 high available.

We have hosted all the servers in a dedicated proper data center. The state-of-the-art data center provides redundancy in connectivity, power, controlled temperature and physical security. Trained personnel are also hired to ensure the uninterrupted and professional support as and when needed. Proper system and configuration exists for protection against spyware, viruses, malicious apps, data leakage, botnets & servers from external threat and to establish the VPN connection from head office to Disaster Recovery site.

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.

OTHER **DISCLOSURES**

COMPLIANCE WITH THE CODE **OF CORPORATE GOVERNANCE**

The requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 have been duly complied with. A statement to this effect is annexed to the report.

MATERIAL CHANGES **AND COMMITMENTS**

There have been no material changes since June 30, 2017 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, 2018.

PATTERN OF **SHAREHOLDING**

A statement of the pattern of shareholding of certain class of shareholders as at June 30, 2018, whose disclosure is required under the reporting framework, is included in the annexed shareholders' information.

CONTRACTS WITH **RELATED PARTIES**

During the year, HTL entered into related party contracts 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 related party contracts, said parties provides 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, 2017, Board approved the above mentioned contracts.

CONTRIBUTION TO **NATIONAL EXCHEQUER**

Your Company is a noteworthy contributor to the national economy and has contributed Rs. 1,921 million (unconsolidated) during the year 2018 to the national exchequer on account of sales tax, income tax, import duties and statutory levies.

ENVIRONMENT, HEALTH **& SAFETY**

Your Company is striving to meet the environmental, health and operational practices through introducing products that are pollution free with low emissions. The areas of focus in 2018 continued to be road safety through patronage with City Traffic Police and National Highway and Motorway Authorities. Firefighting drills and safety workshops executed at company offices and plant location.

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

CORPORATE SOCIAL **RESPONSIBILITY (CSR)**

Your Company continued its focus on various social causes that includes, education, healthcare, skill development, environmental protection and social welfare during the current year.

As per decision of the board of directors of your company, a trust named Sabra Hamida Trust was established on July 02, 2010. The trust is duly registered under section 2 (36) of the Income Tax Ordinance, 2001. The primary objective of the trust is to contribute towards the education, health and other charitable and welfare causes. The Company is making contributions / donations to Sabra Hamida trust for carrying out its social work, The Company donated Rs 12.5 million towards various causes in the current year.

AWARDS AND ACHIEVEMENTS **FOR CSR INITIATIVES**

United Nation Global Compact has, in recognition of your company's Corporate Social Responsibility efforts, awarded First Prize in the Large National Category. In addition, HTL also received acknowledgement of its CSR efforts at the 10th National CSR Excellence Awards Ceremony 2018. This was organized by the prestigious National Forum of Environment & Health (NFEH) and HTL was awarded for working on the overall betterment of the society.

PROVIDENT **FUND**

Total Investment in Retirement Benefits Plan is Rs. 91.1 million. The Company has contributed Rs. 16.9 million (2017: Rs. 11.5 million) in recognized Employees Provident Fund Trust. These funds are invested in secured term deposit certificates with banks, Government Treasury Bills, capital protected mutual funds and market tradable securities with high dividend yields. The fair value of total investments made in provident funds operated by the trustees of the funds, as per their respective financial statements for the year ended 30 June 2018 is Rs. 91.6 million.

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 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 Rs. 250,000/- or above.

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 re-appointment as Auditors of the Company for the year ending June 30, 2018, at a fee to be mutually agreed.

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. We are also thankful to company's stakeholders especially our customers for their continued confidence in our products and services.

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

Other than Executive Directors of the Company, HTL's major shareholders are spouses of Non-Executive Directors. Furthermore, all the members of the Board have specially met minority shareholders in Annual General Meeting held on September 29, 2017 to understand the views of shareholders about the company. Further, Executive Directors also held an Analyst Briefing in Karachi on 20 February 2018 with a number of financial institutions and fund managers. Current performance, future outlook and risks associated with the investment were discussed in detail. At the end, question answer session was also held to further clarify the concerns of the participants. The Company plans to hold such briefings on a regular basis.

ADDITIONAL **DISCLOSURES**

- The group comprises of Hi-Tech Lubricants Limited and its wholly owned subsidiary company, Hi-Tech Blending (Pvt.) Ltd (HTBL), and HTL holds all the shares of HTBL. Both the Group companies are incorporated in Pakistan and HTBL plant is located outside Sundar Industrial Estate, at Bhaikot Raiwind Road, Lahore.
- The auditors have expressed unqualified opinions on the financial statements of each of the group companies.
- There has been no modification in the Auditor's Reports in relation to any group company at any stage.
- There has been no default in payments of any debts by any of the Group Companies during the year.

WEBSITE OF **THE COMPANY**

All the information as required to be placed on Company's website under SRO-634(I)/2014 is appropriately placed at www.hitechlubricants.com.

MR. HASSAN TAHIR
Chief Executive Officer

MR. SHAUKAT HASSAN
Chairman

Lahore
September 8, 2018


AAKRA
EXCHANGE
AAKRA

STAKEHOLDERS' **ENGAGEMENT**

A business is only as strong as the support received by all who are impacted by it, and we are collaborating with all our stakeholders to align priorities and create an environment promoting synergistic value addition for all.

STAKEHOLDERS' **ENGAGEMENT**

At HTL, stakeholders' engagement & management is arguably the most important ingredient for successful project delivery. HTL believes in understanding stakeholders' demands, interests and motivation. By finding mutual ground, the foundations for lasting relationships are made, granting opportunities to build on existing community connections and create new ones.

CUSTOMERS

Customers will only respond if they are engaged. The key insights for stake holders' engagements for customers at HTL include:

COMMUNICATE **EFFECTIVELY**

Before aiming to engage and influence stakeholders, it is crucial to understand the customer we are working for and relying on throughout the phases of the project lifecycle. Sharing information with stakeholders is important, but it is equally important to first gather information.

RELATIONSHIPS **ARE KEY**

Developing relationships is the integral part of our marketing strategy. Where there is trust, people gel together and relationships are most definitely transformed into numbers. Investing effort in identifying and building stakeholder relationships can increase confidence across the organization and minimizes uncertainty and speeds up decision-making process.

UNDERSTAND WHAT **SUCCESS IS**

Retention means different things to different people, we at HTL are trying to establish what our stakeholder community perceives success to be for them in this context.

TANGIBLE CUSTOMER **ENGAGEMENT EVENTS**

Hi-Tech Lubricants Limited has introduced new additions to its well established product range with ZIC TOP (PAO Technology) and X7 FE-0W20 (YUBASE Technology).

As they say "if you want to go fast, go alone. If you want to go far, go together" this definitely can be said about the partnership between Hi-Tech Lubricants Limited (HTL) and its retailers.

HTL organized events exclusively for its retailers in all major cities of Pakistan including Lahore, Faisalabad, Multan, Islamabad, Peshawar, Karachi and Sukkur.

Introduction of new product help further penetration into the market with more products by ZIC to ensure availability of maximum products that customers need hence increases the customer base. The motivation and interest from the customers at these events proved that the relationship between HTL and its retailers is getting stronger with every passing moment.

In addition to these events, HTL decided to create more interest among its customers by offering a unique promotion during PSL and took almost 500 retailers on a 4 day engagement session to Dubai. All expenses paid trip to Dubai witnessing the live excitement of PSL matches followed by desert safari, cruise dinners followed by live performance from folk singers, giving the retailers an experience to remember. We are obliged for the overwhelming response we have always received from our customers and the trust they have put forth on HTL.

SUPPLIERS

At HTL, supply chain system is engaged in the following hierarchies:

SUPPLIER **SEGMENTATION**

HTL supply chain management goes beyond cost containment. Tomorrow's leaders at Hi Tech Lubricants Limited will differentiate themselves not only through achieving lower costs, but through producing a range of other benefits. That is, they are always in the process of creating more value by optimizing their effectiveness at every step of the chain.

One effect that we have implemented at Hi Tech Lubricants Limited is to organize efforts around specific business objectives like reducing non-conformances, improving customer service, or lowering supply risk exposure.

A supplier segmentation effort—like every business activity—is driven by practical business objectives. Our supplier evaluations should focuses on the suppliers' abilities to deliver on those objectives in ways that create value.

INTERACTION **MODEL**

Value is created not by a segmentation analysis but also by the actions that we take at HTL based on that analysis. The action of rationalizing inappropriate suppliers is just a start. But the real potential comes in the collaborative, mutually supportive relationships with the suppliers whose capabilities best fit our needs. By building trust and transparency with these suppliers, we always endeavor to eliminate inefficiencies, collaborate on innovations and take advantage of each other's strengths.

Our partnership with our suppliers is based on an interaction model. This interaction model defines our expectations in the business relationship by sharing information you share, when and how we share it. In short, with an interaction model and supplier-specific action plans, we try to apply key value drivers strategically, ahead of time, using a disciplined, objective and repeatable approach.

TRANSPARENCY **FOR ALL**

Collaboration with suppliers is becoming a high priority not only for HTL but for other increasing number of companies. Business supplier partnerships are all about transparency. Not only we are willing to be transparent with our supplier, but the partnership also depends on both sides taking advantage of that transparency to act quickly and in mutually beneficial ways.

Our supplier transparency model is based on good interaction and supplier specific action plans to increase transparency and making them more desirable partners.

REGULATORS

Relationship with SECP and PSX are managed through strict compliance to all applicable corporate laws/rules/regulations/notifications, notably the Companies Act, 2017, Securities Act, 2015, Listed Companies (Code of Corporate Governance) Regulations, 2017, PSX Rulebook. All the statutory returns, Annual & Quarterly Accounts of the Company are filed through SECP eServices within prescribed time limitations, and to SECP-ISD through email at financial.statements@secp.gov.pk. Financials and other Material & Price Sensitive Information are also circulated to PSX through PUCARS immediately, and to SECP-ISD as and when need arises. Financial Information of the Company are also placed on HTL's website and advertisement to that effect is published in English & Urdu Newspapers of Lahore & Karachi, and intimation of such advertisement is also announced at PUCARS of PSX and to SECP-ISD for maximum dissemination to all the present and future investors & stakeholders. The website is continuously updated and a Website Compliance Certificate is also forwarded to SECP-ISD annually along with placement of the same at HTL's Website.

The Company Secretary was provided the opportunity to attend the meeting at Ministry of Religious Affairs and Interfaith Harmony at Islamabad on May 02, 2018 where officials from aforesaid mininstry, Auditor General of Pakistan, SECP-ISD, SECP, CRO-LHR, Central Depository Company of Pakistan Limited and representatives of few listed companies were present to resolve issues involved in audit of zakat deducted from cash dividend and approval of plan by CDC for online availability of Zakat Exemption Declarations from public shareholders having shares in Book Entry form.

SUMMARY OF **ANALYST BRIEFING**

Executive Directors held an Analyst Briefing in Karachi on 20 February 2018 with Shajar Capital. Participants were the members of financial institutions and fund management companies. HTL's Company profile, lubricant sector market overview, investment theme along with the risk associated with such investment, competitor's analysis, earning and capitalization were discussed and analyzed. According to Shajar Capital, HTL has a strong network of distributors and is focusing on building good relations with them. This strong distribution network will help HTL to make high sales and revenues. The local blending facility can also be proved as a competitive advantage for the company. HTL has grown immensely in the auto sector by making significant growth annually during 2013-17. In 2017 HTL introduced an entirely new idea in the lubricants sector of establishing an auto care facility named HTL Express that works on the concept of an auto workshop. HTL Express provides support to HTL by increasing its brand equity and promoting its brand name through its three operational outlets in the area of Dharampura, Garden Town and Gulshan Ravi.

SIGNIFICANT ISSUES RAISED **IN THE LAST AGM**

Apart from general clarifications requested by the shareholders about the Company's financial performance and published financial statements during the ninth (9th) Annual General Meeting (AGM) held on Friday September 29, 2017, no significant issues were raised.

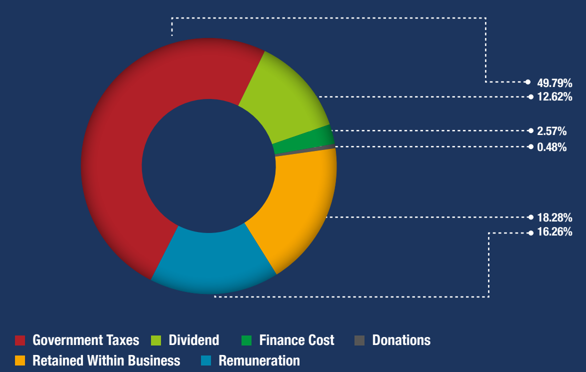
STEPS TAKEN TO ENCOURAGE **THE MINORITY SHAREHOLDERS**

Dissemination of Notice of General Meeting through Courier and by publication in one English language and one Urdu language daily newspaper (Lahore and Karachi editions). Notice of General Meeting is also placed on the Company's website. Further, all the shareholders are given right to speak and ask questions, as per the legal requirements, to encourage their participation and involvement.

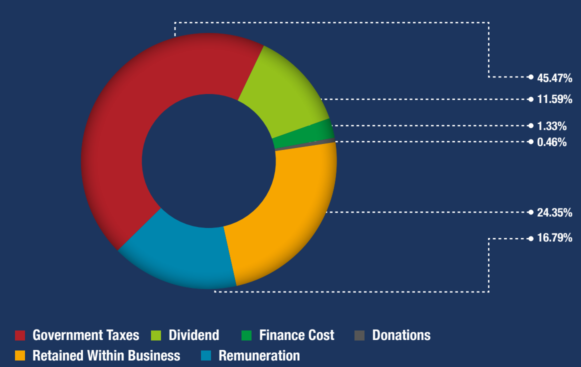
STATEMENT OF **VALUE ADDITION**

Particulars	2018		2017	
	Rs.	%	Rs.	%
Revenue	10,541,609,264		8,416,150,469	
Less: Purchases	7,325,251,809		5,714,429,952	
Wealth Generated	3,216,357,455	100%	2,701,720,517	100%
Distribution of Wealth				
To Employees As Remuneration	523,133,566	16.26%	453,655,623	16.79%
To Government As Taxes	1,601,286,359	49.79%	1,228,545,023	45.47%
To Shareholders As Dividend	406,014,000	12.62%	313,210,800	11.59%
To Financial Providers As Finance Cost	82,540,731	2.57%	35,837,835	1.33%
To Society As Donations	15,308,958	0.48%	12,538,238	0.46%
Retained Within Business	588,073,841	18.28%	657,932,998	24.35%

DISTRIBUTION OF **WEALTH GENERATED - 2018**



DISTRIBUTION OF **WEALTH GENERATED – 2017**



PATTERN OF **SHAREHOLDING**
AS OF **JUNE 30, 2018**

Number of Shareholders	Shareholding Slab			Total Shares Held
443	1	to	100	21,647
1794	101	to	500	826,829
756	501	to	1000	724,638
792	1001	to	5000	2,114,910
168	5001	to	10000	1,382,085
72	10001	to	15000	917,019
46	15001	to	20000	838,479
27	20001	to	25000	652,200
11	25001	to	30000	312,900
17	30001	to	35000	563,792
15	35001	to	40000	575,622
7	40001	to	45000	300,500
5	45001	to	50000	250,000
3	50001	to	55000	161,600
4	55001	to	60000	235,884
1	60001	to	65000	61,000
2	65001	to	70000	134,500
3	70001	to	75000	216,300
6	75001	to	80000	463,140
2	80001	to	85000	165,500
1	85001	to	90000	90,000
1	90001	to	95000	93,000
2	95001	to	100000	200,000
1	100001	to	105000	103,000
1	105001	to	110000	107,000
1	115001	to	120000	117,000
1	120001	to	125000	125,000
1	125001	to	130000	130,000
2	130001	to	135000	270,000
1	135001	to	140000	137,500
1	145001	to	150000	145,400
1	150001	to	155000	154,400
2	155001	to	160000	316,000
1	165001	to	170000	168,500
1	170001	to	175000	172,080
1	180001	to	185000	180,400
1	190001	to	195000	195,000
1	210001	to	215000	213,900
1	230001	to	235000	234,000
1	280001	to	285000	283,100
2	315001	to	320000	635,900
1	345001	to	350000	345,300
1	425001	to	430000	428,700
1	480001	to	485000	480,500
1	550001	to	555000	550,200
1	670001	to	675000	674,300
1	710001	to	715000	712,800
1	825001	to	830000	827,775
1	940001	to	945000	941,100
1	995001	to	1000000	1,000,000
1	1305001	to	1310000	1,307,100
1	2035001	to	2040000	2,035,500
3	3750001	to	3755000	11,250,450
1	4710001	to	4715000	4,712,000
3	7500001	to	7505000	22,500,900
1	24745001	to	24750000	24,748,750
1	28495001	to	28500000	28,498,900
4219				116,004,000

CATEGORIES OF **SHAREHOLDERS**
AS OF **JUNE 30, 2018**

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
SHAUKAT HASSAN	1	500	0.00
HASSAN TAHIR	1	7,500,300	6.47
MUHAMMAD ALI HASSAN	1	7,500,300	6.47
TAHIR AZAM	1	500	0.00
SYED ASAD ABBAS HUSSAIN	1	500	0.00
DR. SAFDAR ALI BUTT	1	500	0.00
MUHAMMAD TABASSUM MUNIR	1	500	0.00
AMNA ZAIDI	1	3,750,150	3.23
UZRA TAHIR	2	28,581,400	24.64
ARIFA SHAUKAT	2	24,831,750	21.41
FARAZ AKHTAR ZAIDI	1	500	0.00
MAVIRA TAHIR	1	3,750,150	3.23
Associated Companies, undertakings and related parties	-	-	-
Public Sector Companies and Corporations	-	-	-
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	12	7,071,700	6.10
Mutual Funds			
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	283,100	0.24
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	180,400	0.16
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	17,400	0.01
CDC - TRUSTEE MEEZAN BALANCED FUND	1	145,400	0.13
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	195,000	0.17
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	2,035,500	1.75
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	213,900	0.18
CDC - TRUSTEE NAFA ISLAMIC ENERGY FUND	1	428,700	0.37
CDC - TRUSTEE MEEZAN ENERGY FUND	1	550,200	0.47
MCBFSL - TRUSTEE JS VALUE FUND	1	50,000	0.04
CDC - TRUSTEE JS LARGE CAP. FUND	1	234,000	0.20
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	712,800	0.61
CDC - TRUSTEE JS ISLAMIC FUND	1	156,000	0.13
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	7,000	0.01
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	33,000	0.03
CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	1	154,400	0.13
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	1	61,000	0.05
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	17,000	0.01
MC FSL - TRUSTEE JS GROWTH FUND	1	168,500	0.15
CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	1	45,000	0.04
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	15,500	0.01
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	8,000	0.01
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	16,500	0.01
CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	1	11,000	0.01
CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND	1	10,000	0.01
CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF)	1	130,000	0.11

Categories of Shareholders	Shareholders	Shares Held	Percentage
General Public			
a. Local	4097	23,744,416	20.47
Foreign Investor	5	1,084,543	0.93
OTHERS	65	2,306,991	1.99
Totals	**4219**	**116,004,000**	**100.00**

Share holders holding 5% or more	Shares Held	Percentage
UZRA TAHIR	28,581,400	24.64
ARIFA SHAUKAT	24,831,750	21.41
HASSAN TAHIR	7,500,300	6.47
MUHAMMAD ALI HASSAN	7,500,300	6.47
MUHAMMAD BASIT HASSAN	7,500,300	6.47

CATEGORIES OF **SHAREHOLDERS**
AS OF **JUNE 30, 2018**

S. No.	Folio #	Name of shareholder	Number of shares	Per %
Directors and their spouse(s) and minor children				
1	1	SHAUKAT HASSAN	500	0.00
2	4	HASSAN TAHIR	7,500,300	6.47
3	6	MUHAMMAD ALI HASSAN	7,500,300	6.47
4	2	TAHIR AZAM	500	0.00
6	15	SYED ASAD ABBAS HUSSAIN	500	0.00
7	16	DR. SAFDAR ALI BUTT	500	0.00
8	05785-9144	MUHAMMAD TABASSUM MUNIR	500	0.00
9	10	AMNA ZAIDI	3,750,150	3.23
10	3	UZRA TAHIR	28,498,900	24.57
11	06452-37946	UZRA TAHIR	82,500	0.07
12	7	ARIFA SHAUKAT	24,748,750	21.33
13	06452-37938	ARIFA SHAUKAT	83,000	0.07
14	06122-58719	FARAZ AKHTAR ZAIDI	500	0.00
15	9	MAVIRA TAHIR	3,750,150	3.23
		14	**75,917,050**	**65.44**
Associated Companies, undertakings and related parties			-	-
Public sector companies and corporations			-	-
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds				
1	02618-20	HABIB METROPOLITAN BANK LIMITED	8,000	0.01
2	03277-90405	DAWOOD FAMILY TAKAFUL LIMITED	500	0.00
3	03277-90406	DAWOOD FAMILY TAKAFUL LIMITED	11,400	0.01
4	02832-32	MEEZAN BANK LIMITED	480,500	0.41
5	05132-26	ASKARI BANK LIMITED	941,100	0.81
6	03277-2538	EFU LIFE ASSURANCE LTD	4,712,000	4.06
7	13748-501	ADAMJEE LIFE ASSURANCE COMPANY LTD-IMF	315,900	0.27
8	13748-550	ADAMJEE LIFE ASSURANCE COMPANY LIMITED-ISF	24,300	0.02
9	10397-29	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	320,000	0.28
10	03277-90408	DAWOOD FAMILY TAKAFUL LIMITED	5,000	0.00
11	03335-57	BANK ALFALAH LIMITED	160,000	0.14
12	03277-71690	ADAMJEE LIFE ASSURANCE COMPANY LIMITED	93,000	0.08
		12	**7,071,700**	**6.10**

S. No.	Folio #	Name of shareholder	Number of shares	Per %
Foreign Investor				
1	00547-13644	MCKINLEY CAPITAL MEASA FUND OEIC LIMITED	107,000	0.09
2	03533-698	Habib Bank AG Zurich, Zurich,Switzerland	20,000	0.02
3	03533-722	HABIB BANK AG ZURICH, DEIRA DUBAI	125,000	0.11
4	03590-2870	SAADAAT YAQUB BAJWA	4,768	0.00
5	06452-36831	SK LUBRICANTS	827,775	0.71
		5	**1,084,543**	**0.93**
Others				
1	03277-4841	BULK MANAGEMENT PAKISTAN (PVT.) LTD.	76,800	0.07
2	03277-78974	CS CAPITAL (PVT) LTD	36,000	0.03
3	03525-63817	NH SECURITIES (PVT) LIMITED.	20,000	0.02
4	03525-67537	SHAMALIK BROTHERS (PVT) LTD	1,000	0.00
5	04184-22	AZEE SECURITIES (PRIVATE) LIMITED	500	0.00
6	05470-26	B & B SECURITIES (PRIVATE) LIMITED	76,400	0.07
7	05660-22	ABBASI SECURITIES (PRIVATE) LIMITED	4,000	0.00
8	05736-15	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	11,502	0.01
9	06452-27	ARIF HABIB LIMITED	215	0.00
10	06684-29	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT.) LTD.	76,000	0.07
11	07286-27	DR. ARSLAN RAZAQUE SECURITIES (PVT.) LIMITED	1,000	0.00
12	09563-20	VALUE STOCK AND COMMODITIES (PRIVATE) LIMITED	374	0.00
13	10231-27	MSMANIAR FINANCIALS (PVT) LTD.	5,000	0.00
14	11072-26	SEVEN STAR SECURITIES (PVT.) LTD.	20,000	0.02
15	11692-21	ABA ALI HABIB SECURITIES (PVT) LIMITED	1,000,000	0.86
16	12203-12148	MERIN (PRIVATE) LIMITED	500	0.00
17	14118-27	ASDA SECURITIES (PVT.) LTD.	5,000	0.00
18	04192-2126	MANAGING COMMITTEE RAZIA SHEIKH WELFARE TRUST	10,000	0.01
19	04424-2648	BEGUM AISHA AHMED AND LATIF BAWANY FOUNDATION	2,000	0.00
20	05660-15202	TRUSTEE FRANCISCANS OF ST.JOHN THE BAPTIST PAKISTAN	7,500	0.01
21	01826-87767	ABRIS (PRIVATE) LIMITED	10,000	0.01
22	03277-4230	CRESCENT STEEL AND ALLIED PRODUCTS LTD.	68,500	0.06
23	03277-4865	SHAKOO (PVT) LTD.	10,000	0.01
24	03277-67767	ANAM FABRICS (PVT) LTD.	20,000	0.02
25	03277-87758	TERMINAL ONE LIMITED	100	0.00
26	03277-89780	GLOBE MANAGEMENTS (PRIVATE) LIMITED	25,000	0.02
27	03525-93669	IHSAN SONS (PRIVATE) LIMITED	500	0.00
28	04457-45	FDM CAPITAL SECURITIES (PVT) LIMITED	20,000	0.02
29	04457-78	FDM CAPITAL SECURITIES (PVT) LIMITED	25,000	0.02
30	07344-29	GMI CAPITAL SECURITIES (PVT) LTD.	10,000	0.01
31	07419-11316	FALCON-I (PRIVATE) LIMITED	44,400	0.04
32	13649-24	JS GLOBAL CAPITAL LIMITED - MF	700	0.00

CATEGORIES OF **SHAREHOLDERS**
AS OF **JUNE 30, 2018**

S. No.	Folio #	Name of shareholder	Number of shares	Per %
33	16618-24	HORIZON SECURITIES LIMITED - MF	500	0.00
34	16857-26	MRA SECURITIES LIMITED - MF	72,300	0.06
35	16899-22	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES(P)LTD - MF	135,000	0.12
36	16998-20	ZILLION CAPITAL SECURITIES (PRIVATE) LIMITED - MF	5,000	0.00
37	17004-27	FAWAD YUSUF SECURITIES (PRIVATE) LIMITED - MF	2,000	0.00
38	15214-2467	PAK THREAD	1,500	0.00
39	00935-38040	TRUSTEE CITY SCHOOLS PROVIDENT FUND TRUST	80,000	0.07
40	03525-28788	TRUSTEES D.G.KHAN CEMENT CO.LTD.EMP. P.F	60,000	0.05
41	13748-1079	TRUSTEE - FEROZE AND SHERNAZ BHANDARA CHARITABLE TRUST	11,700	0.01
42	03277-78367	TRUSTEE PNSC EMPLOYEES CONTRIBUTORY PROVIDENT FUND	5,000	0.00
43	12690-1408	PAKISTAN TELECOMMUNICATION EMPLOYEES TRUST	40,000	0.03
44	00208-34583	IRFAN ASHFAQ & COMPANY (PRIVATE) LIMITED	500	0.00
45	00307-112338	RS PUBLISHERS (PRIVATE) LIMITED	8,500	0.01
46	01651-27	FORTUNE SECURITIES LIMITED	7,500	0.01
47	01826-101162	J HOLDINGS (PRIVATE) LIMITED	5,000	0.00
48	03277-1339	PREMIER FASHIONS (PVT) LTD	4,500	0.00
49	04226-67	ZILLION CAPITAL SECURITIES (PRIVATE) LIMITED	16,500	0.01
50	04341-3265	RAO SYSTEMS (PVT.) LTD.	500	0.00
51	04952-17352	AAZEB SECURITIES (PRIVATE) LIMITED	10,000	0.01
52	05884-18788	MAKDA (PVT.) LIMITED	500	0.00
53	07179-5623	MUHAMMAD BASHIR KASMANI (PRIVATE) LIMITED	600	0.00
54	12690-1168	RELIANCE COTTON SPINNING MILLS LTD	10,000	0.01
55	12997-24	TOPLINE SECURITIES LIMITED - MF	103,000	0.09
56	13128-27	PEARL SECURITIES LIMITED - MF	2,500	0.00
57	14258-21	H. M. IDREES H. ADAM (PRIVATE) LIMITED	100,000	0.09
58	16832-28	GROWTH SECURITIES (PRIVATE) LIMITED - MF	5,500	0.00
59	16881-23	SAKARWALA CAPITAL SECURITIES (PRIVATE) LIMITED - MF	6,500	0.01
60	14381-11296	ARABIAN SEA ENTERPRISES LIMITED	5,000	0.00
61	11692-18403	PREMIER CABLES (PVT) LIMITED	5,000	0.00
62	03277-9778	TRUSTEES ICI PAKISTAN MGNT.STAFF P.F.	5,000	0.00
63	12690-962	TRUSTEES TELENOR PAKISTAN (PVT) LTD EMPLOYEES PROVIDENT FUND	5,000	0.00
64	13748-998	TRUSTEE-TCS PRIVATE LIMTED EMPLOYEES PROVIDENT FUND	2,400	0.00
65	03277-3397	PAKISTAN MEMON EDUCATIONAL & WELFARE SOC	2,000	0.00
		65	**2,306,991**	**1.99**
General Public Local		**4097**	**23,744,416**	**20**
Total		**4,219.00**	**116,004,000**	**100.00**

NOTICE OF **10TH ANNUAL GENERAL MEETING**

Notice is hereby given that the 10th Annual General Meeting of the shareholders of Hi-Tech Lubricants Limited (HTL) will be held on Friday October 26, 2018 at 03:00 P.M. at Falettis Hotel, 24-Egerton Road, Lahore. Pakistan, to transact the following businesses:

ORDINARY **BUSINESS**

1. To confirm minutes of 9th annual general meeting held on 29.09.2017, as submitted to PSX.

2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2018 together with the Board of Directors' and Auditor's reports thereon.

3. To approve and declare final cash dividend of Rs. 1.75 per share i.e. @ 17.5% as recommended by the Board of Directors and also the interim cash dividend of Rs. 1.75 per share i.e. @ 17.5% (already paid), making a total of Rs. 3.5 per share i.e. @ 35% for the year ended June 30, 2018.

4. To appoint Auditors of the Company for the next financial year 2018-19 and to fix their remuneration. The present auditors M/s Riaz Ahmad & Co. Chartered Accountants, retired and being eligible, offer themselves for reappointment as Auditors of the Company.

5. To elect Ten (10) Directors as fixed by the Board of Directors in accordance with the provisions of section 159 of the Companies Act, 2017 for the next term of three years commencing on October 26, 2018. The retiring directors are; (1) Mr. Shaukat Hassan, (2) Mr. Tahir Azam, (3) Mr. Hassan Tahir, (4) Mr. Muhammad Ali Hassan, (5) Mr. Faraz Akhtar Zaidi, (6) Ms. Mavira Tahir, (7) Mr. Muhammad Tabassum Munir, (8) Dr. Safdar Ali Butt, (9) Syed Asad Abbas Hussain, (10) Mr. Moon Seek Park. All retiring Directors are eligible for re-election.

SPECIAL **BUSINESS**

6. To consider, and if thought fit, to pass the following resolutions as special resolutions, (a) to ratify and approve the transactions carried out with Sabra Hamida Trust (SHT) during the financial year ended June 30, 2018 and (b) & (c) to authorize the Board of Directors to approve all related party transactions carried out and to be carried out during the year ending June 30, 2019;

   (a) "RESOLVED THAT the transactions carried out by the Company with the following related party for the financial year ended June 30, 2018 be and are hereby ratified and approved"

   Name(s): Sabra, Hamida Trust (SHT)
   Nature of Transactions : Donations under CSR Policy
   Amount: Rs. 12 Million

   (b) "RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to approve all transactions carried out and to be carried out with above named related party for the financial year ending June 30, 2019 and till next Annual General Meeting of the Company."

   (c) "RESOLVED FURTHER THAT the approval of transactions by the Board, as aforesaid, shall be deemed to have been approved by the shareholders and the transactions for the year ending June 30, 2019 shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval."

7. To transact any other business with the permission of the Chair.

BY ORDER OF THE BOARD

Lahore,
October 04, 2018

FRAZ AMJAD KHAWAJA
COMPANY SECRETARY

NOTES

1. Book Closure: The share transfer books of the company will remain closed from 20-10-2018 to 26-10-2018 (both days inclusive). Transfers received in order at the office of the company's Independent Share Registrar, M/s Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahra-e- Faisal, Karachi-74400 by the close of business (5:00 PM) on 19-10-2018 will be considered in time to be eligible for the purpose of attending and voting at 10th Annual General Meeting of HTL (AGM). Members are requested to quote always their respective Folio/CDC Account/Sub-Account numbers in all correspondence with the Company and/or its share registrar for any purpose including Transfers, CNIC/NICOP updates and change/update in addresses for correspondence, email/mobile phone numbers etc..

2. Appointment of Proxy: A member entitled to attend and vote at the AGM is entitled to appoint another member as a proxy to attend and vote instead of him/her. The instrument appointing a proxy must be received at the Registered Office of the company not less than 48 hours before the time fixed for AGM.

3. For Election of Directors: Any member who seeks to contest election of Directors shall file with the Company at its registered office at 1-A, Danepur Road, GOR-1, Lahore not later than fourteen days before the AGM his / her intention to offer himself/herself for the election of directors in terms of section 159(3) of Companies Act, 2017 together with (A) Consent to act as Director under section 167(1) of the Companies Act, 2017 on a duly filled and signed Form 28, (B) Detailed Profile along with a passport size photograph and complete office address for placement onto the Company's website, (C) Active email address and valid personal cell phone number for electronic correspondence, (D) Details of holding of other offices & directorships in other companies, (E) Declarations in respect of being compliant with requirements of Listed Companies (Code of Corporate Governance) Regulations, 2017 (CCGR 2017), awareness of duties, powers and responsibilities under Companies Act, 2017 (CA2017), Rulebook of Pakistan Stock Exchange Ltd., CCGR 2017, Securities Act, 2015, Memorandum and Articles of Association of the Company and other relevant laws and regulations, (F) Declaration in respect of eligibility criteria as set out in CA2017, to act as director of a listed company, (G) Declaration of Independence in terms of section 166(2) of the Companies Act, 2017, as required under CCGR 2017 (applicable for person filing consent to act as independent director of the Company).

4. Participation in AGM: Members who have deposited their shares in the Central Depository System of the Central Depository Company of Pakistan Limited will have to follow the under mentioned guidelines as laid down by Securities and Exchange Commission of Pakistan:

A. FOR ATTENDING **THE MEETING**

a. In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or original Passport along with Participant ID number and the Account number at the time of attending AGM.

b. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of AGM.

B. FOR APPOINTING **PROXIES**

a. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.

b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.

c. Attested copies of CNIC or the Passport of beneficial owners and the proxy shall be furnished with the proxy form.

d. The proxy shall produce his original CNIC or original Passport at the time of AGM.

e. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

5. Electronic Transmission of Financial Statements; The members, who desire to opt to receive annual Audited Financial Statements and notice of AGM through e-mail, are requested to provide their written consent on the Standard Request Form available on the Company's website. The Company shall, however, provide hard copy of the annual Audited Financial Statements to its shareholders, on request, free of cost, within seven days of receipt of such request.

6. Video conferencing facility: If the Company receives consent from members holding aggregate 10% or more shareholding, residing in geographical location to participate in the meeting through video conference at least 7 days prior to the date of AGM, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

In this regard, please fill the following and submit to registered address of the company at least 7 days prior to the date of AGM.

"I/We,________________ of __________________, being a member of Hi-Tech Lubricants Limited, holder of _______________ ordinary share(s) as per Registered Folio/CDC Account/Sub Account No. ________________ hereby opt for video conference facility at __________.

7. Placement of Financial Statements on Website: The Company has placed the Audited Annual Financial Statements for the year ended June 30, 2018 along with Auditors' and Directors' Reports thereon on company's website www.hitechlubricants.com

8. Deduction of Withholding Tax on the amount of Dividend: Pursuant to Circular No. 19/2014 dated October 24, 2014, SECP has directed all companies to inform shareholders about changes made in the Section 150 of the Income Tax Ordinance, 2001. The company, hereby advise to its shareholders, the important amendments, as under:

The Government of Pakistan has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

a. For filers of income tax returns 15%
b. For non?filers of income tax returns 20%

To enable the company to make tax deduction on the amount of cash dividend whenever declared @ 15% instead of 20%, all the shareholders whose names are not entered into the Active

Tax-payers List (ATL) provided on the website of Federal Board of Revenue, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the start of above mentioned book closure otherwise tax on their cash dividend will be deducted @ 20% instead of @ 15%.

For any query/problem/information, the investors may contact the Company or its Share Registrar at Telephone Number: 0800-23275 (Toll Free), email address: info@cdcpak.com

The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas, corporate physical shareholders should send a copy of their NTN certificate to the Company or its Share Registrar. The shareholders while sending NTN or NTN Certificates, as the case may be, must quote Company name and their respective folio numbers and updated mailing addresses.

In the case of shares registered in the name of two or more shareholders, each joint-holder is to be treated individually as either a filer or non-filer and tax will be deducted by the company on the basis of shareholding of each joint-holder as may be notified to the Company in writing. The joint-holders are, therefore, requested to submit their shareholdings otherwise each joint holder shall be presumed to have an equal number of shares.

9. Dividend Mandate: According to the provisions of Section 242 of the Companies Act, 2017 (the "Act"), any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Further, rule 3 of Companies (Distribution of Dividends) Regulations, 2017 provides that the Company should make payment of cash dividend within a period of fifteen working days from the date of its declaration. Therefore, the registered shareholders of the Company are requested to provide the following details in order to credit their cash dividends directly to their international bank account number (IBAN), if declared:

(i) in case of book-entry securities in CDS, to CDS Participants; and
(ii) In case of physical securities to the Company's Share Registrar as mentioned below.

1. Shareholder's Name; ______________________________
2. Father's / Husband's Name; ________________________
3. Folio Number; ____________________________________
4. Postal Address; ___________________________________
5. Name of Bank; ____________________________________
6. Name of Branch; ___________________________________
7 Address of Branch; _________________________________
8. Title of Bank Account; ______________________________
9. Bank Account Number (Complete with code); _____________
10. IBAN Number * (Complete with code); _________________
11. Cell Number; _____________________________________
12. Telephone Number (if any); __________________________
13. CNIC Number (attach copy); __________________________
14. NTN (in case of corporate entity, attach copy); _____________

* IBAN number (International Bank Account Number) will be provided by your banker, containing alpha, numeric and without any space and gap.

To, Share Registrar Services:
Central Depository Company of Pakistan Ltd
99–B, Block – B, S.M.C.H.S., Shahrah-e-Faisal, Karachi.

____
Signature of Member / Shareholder.

10. Postal Ballot/E-voting: In accordance with the Companies (Postal Ballot) Regulations, 2018, for the purpose of election of Directors and for any other agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through postal ballot i.e. by post or e-voting, in the manner and subject to the conditions contained in the aforesaid regulations.

11. Guidelines for Shareholders to Access CDC's eServices Portal: Central Depository Company (CDC) has developed Central Cash Dividend Register (CCDR) as eServices web portal which would incorporate details pertaining to cash dividends paid, unpaid or withheld by listed companies. The CCDR will help to maintain the history of dividends paid to shareholders by listed companies and access to all such information will be provided to the respective shareholders. The web portal will facilitate shareholders of listed companies in retrieving details of cash dividends from centralized register and using the same for their record purposes.

You may access CCDR via https://eservices.cdcaccess.com.pk .In addition; the Dividend/Zakat & Tax Deduction Report can also be obtained directly from your Participant (Stock broker) which has been provided to them on their CDS terminals. Moreover, you will also receive a copy of this report on your provided/registered email addresses.

STATEMENT U/S 134(3) **OF THE COMPANIES ACT, 2017**

This statement sets out the material facts pertaining to the special business to be transacted at the 10th Annual General Meeting of Hi-Tech Lubricants Limited (the "Company") and election of directors to be held on Friday October 26, 2018 at 03:00 P.M.

AGENDA **ITEM NO. 5**

Election of Directors: In terms of section 153(1) of the Companies Act, 2017, the Board of directors, at its meeting held on 08.09.2018 has fixed the number of directors for next election at 10 (ten) which are to be elected at AGM for a period of three years. Independent directors, required on the Board in terms of regulation 6(1) of the Listed Companies (Code of Corporate Governance) Regulations, 2017, shall be elected through the process of election of directors in terms of section 159 of the Companies Act, 2017 and Article of Association of the Company.

JUSTIFICATIONS FOR **CHOOSING INDEPENDENT DIRECTORS**

1. Independent Directors shall have sufficient knowledge, skills and expertise to play effective roles as independent members of the Board.

2. Two of the Independent Directors shall be required to chair Board's committees such as Chairman of Board's Audit Committee and Board's HR&R Committee.

3. Independent Directors shall attend Directors Training Program from SECP's approved institutions.

4. Names of Independent Directors must be registered in the Data Bank maintained by Pakistan Institute of Corporate Governance (PICG) along with their written consents.

5. Independent Directors must be eligible in terms of criteria of independence as mentioned in section 166(2) of the Companies Act, 2017, and must be willing to act as Independent Directors on the Board of listed company as required under the provisions of section 166(1) of Companies Act, 2017.

6. None of circumstances, as mentioned under proviso (b) to subsection 2 of section 166 of Companies Act, 2017, shall exist in relation to Independent Directors.

7. The directors, sponsors, majority shareholders and their relatives shall not be interested, directly or indirectly, in the selection of Independent Directors except to the extent of shares that are held by them in the Company.

AGENDA **ITEM NO. 6**

(a) Ratification and Approval of Related Party Transactions
The transactions with related party in respect of contributions/ donations to Sabra, Hamida Trust (SHT) presented by the Board as recommended by the Board's Audit Committee on quarterly basis pursuant to Listed Companies (Code of Corporate Governance) Regulations, 2017 (CCGR-2017).

The Board's Audit Committee recommended related party transactions relating to the donations to SHT reported in the second, third & forth quarterly unconsolidated and consolidated condensed interim financial information of Hi-Tech Lubricants Limited for consideration by the Board. Details of these transactions along with all supporting documents have been maintained as per requirements of CCGR-2017. All Contributions to SHT are Tax Exempted under Clause (C) of Sub Section (36) of Section 2 of Income Tax Ordinance 2001 Vide FBR Letter No.2769/J Dated: Jan.14, 2014.

In the meetings of the Board of Directors, majority of the Directors were interested in said transactions with SHT due to their direct or indirect relationship with trustees of SHT, and unavailability of required quorum for approval of above said transactions pursuant to section 207 of the Companies Act, 2017 required the Board to recommended the same for placement before the shareholders of the Company in the general meeting for approval.

All the other statements of related party transactions during the year were executed at Arms-Length-Price. There was no departure from the guidelines mentioned in CCGR-2017 for such transactions.

Pursuant to above, these transactions have to be approved by the shareholders in AGM.

(b)&(c)Authorization for the Board of Directors to approve related party transactions during the financial year ending June 30, 2019 and till next AGM

The company is and shall be conducting transactions with its related parties during the financial year ending June 30, 2019 and subsequently, on arm's length basis as per the approved policy with respect to transactions with related parties in the normal course of business. The related parties' transactions in which majority of Directors are interested due to their relationship with trustees of related party, therefore necessitates approval of shareholders. Accordingly, approval of shareholders is being sought to authorize Board of Directors of the Company to approve all transactions carried out and to be carried out with such related party during the financial year ending June 30, 2019 and till next AGM, which transaction shall be deemed to be approved by Shareholders. The nature and scope of such related party transactions is explained above in the statement of relevant agenda item. The related party transactions are and to be conducted during the financial year ending June 30, 2019, shall then be placed before the shareholders in the next AGM for their formal approval/ ratification.

The directors, sponsors, majority shareholders and their relatives are not interested, directly or indirectly, in the above special business except to the extent of shares that are held by them in the Company.

GUIDELINES TO REGISTER FOR **CENTRALIZED CASH DIVIDEND REGISTER (CCDR)**

INTRODUCTION

Central Depository Company (CDC) has developed Centralized Cash Dividend register (CCDR), an eservices web portal which would incorporate details pertaining to cash dividends paid, unpaid or withheld by listed companies. The CCDR will help to maintain history of dividends paid to shareholders by listed companies and access of all such information will be provided to the respective shareholders. This will also ensure a major cost incurred by listed companies towards printing and dispatching of counter foils at the time of processing of cash dividends is eliminated. The web portal will facilitate shareholders of listed companies in retrieving details of cash dividends from centralized register and using the same their record purposes.

REGISTRATION **PROCESS**

- To register for edividend services, please visit our eservices portal by accessing www.eservices.cdcaccess.com.pk/public/index.xhtml

- If you are currently not availing this facility, please first register yourself clicking new here? Register now tab. (anyone can register provided they have CNIC / NICOP / POC / Passport in case of individual clients and registration number or NTN for corporate body)

- After clicking the register now option you are requested to fill up the form displayed on the screen. (all the mandatory fields having asterisk (*) must be filled).

- After filling the requisite form, kindly save all the information by clicking the save button.

- After successfully saving the form you will get a link on registered email address. Upon clicking this link another screen will open up for resetting of your password.

- The password can be of 8 to 16 characters out of which 6 characters should be alphabets (at least 1 upper case and 1 lower case letter) and at least 2 numeric digits.

- After setting up your password, return to the home page of eservices portal.

- Your user id would be your CNIC OR NICOP OR POC or passport in case of individuals and registration number of NTN for corporate body. The password would be the same that you had setup earlier.

SERVICE **ACTIVATION**

- After successful login into your account kindly click my edividend tab appearing under edividend option. Edividend service activation screen will be opened.

- For CDS Account Holder, give participant ID and CDS account number and for Physical Share certificate, give folio number and security symbol.

- Upon loading of the List of My eDividend(s) screen, kindly insert Participant ID and Account number, if you are a CDS Account Holder OR enter your folio number and security symbol if you have Physical Share Certificates. You will be asked to opt OPT's option i.e. Mobile Number OR Email. After entering the same your eDividend service will be activated.

Once activated you will be directed to List of My eDividend(s) screen form where you can check your Dividend Payment Status. You can view dividend report of those records which have paid status.

CORPORATE SOCIAL **RESPONSIBILITY**

More than just a CSR program, we are on a mission to improve lives with direct intervention in local communities, providing education, healthcare, and social awareness to our fellow citizens.

SUSTAINABILITY AND **CORPORATE SOCIAL RESPONSIBILITY**

HTL's CSR Strategy refers to sustainability in relation to the identified United Nation Global Compact (UNGC) sustainable development goals. The company's overall commitment to sustainability is based on its desire to do the right thing. The CSR strategy for the company classifies areas that are critical in the success of the business. It reflects factors that are important across key stakeholders including shareholders, community interests, employees and customers. Based on which the HTL CSR strategy stands on three identified pillars i.e. Education, Environment and Healthcare.

HTL has clearly identified the material aspects of its business and has built their CSR/Sustainability strategy around them. These pillars are linked into our core business and reflect key stakeholder expectations. There is clear management leadership with Board level oversight to ensure the Company is working consistently with the key pillars.

Hi-Tech Lubricants Limited is ever adaptive to the changing trends of modern world for doing business and knows how important it is for businesses to present themselves to their customers. Today, more consumers than ever are demanding that companies should change their practices, become more transparent and communicative and above all take a more hands-on approach towards making the world a better place.

Over the time HTL has built itself an organization that aspires for companies to stand with them to be the catalysts of change. We have integrated Corporate Social Responsibility as part of our daily business routines where we are transparent in our practices and honest with our customers.

CSR **AWARDS**

UNITED NATION GLOBAL COMPACT - LIVING THE UN GLOBAL COMPACT **BUSINESS SUSTAINABILITY AWARD 2017**

United Nation Global Compact has recognized Hi-Tech Lubricants Ltd, admiring our Corporate Social Responsibility efforts and has awarded First Prize in the Large National Category.

This award recognizes the overall social impact Hi-tech has had through its various programs in the areas of Education, Health and Environment. In its unrelenting effort to be a change agent HTL continues its commitments to work for the betterment of society.

NATIONAL FORUM OF ENVIRONMENT & HEALTH (NFEH) **CSR EXCELLENCE AWARD**

HTL has been acknowledged for its Corporate Social Responsibility efforts at the 10th National CSR Excellence Awards Ceremony 2018.

This was organized by the prestigious National Forum of Environment & Health (NFEH) and HTL has been awarded for working on the overall betterment of society. Over the years HTL's initiatives had been meant to improve lives of its people by fostering in them to be ethically more cultured and responsible.

The honorary award was presented to HTL in a graceful ceremony held at Serena hotel, Islamabad. Prominent personalities belonging to Corporate Sector, Government Organizations, NGO's, Academia and Media attended the event. The award marks HTL's belief in giving back to the community at large.

EMPLOYERS FEDERATION OF PAKISTAN - EFP AWARD FOR **EXCELLENCE IN WOMEN EMPOWERMENT 2017**

It is awarded in recognition of Hi-Tech Lubricants Limited's notable practices in Women Empowerment. It speaks highly about HTL's sincere commitment with UN defined 17 sustainable development goals where Gender Equality is also one of the prevailing issues being discussed around the Globe.

This achievement clearly demonstrates to our HTL family, stakeholders and the wider community, we support women in their role as leaders and affirmative to help build a Gender equal world.

ACTIVITIES

ILMGAH SCHOOL **SYSTEMS**

The HTL-CSR Era of change began in 2011 with the initiative of setting up Ilmgah School in Lahore for the children of Green Town Area. The idea behind setting up a school in this locality was to educate the less privileged segment of our society.

The school initially started from primary level till Grade 3 with 35 students and 5 teachers' accommodated in a 5 marla building. Since the response from the community was beyond expectations that within two years adjacent two buildings were acquired to manage the increasing number of enrollments. The buildings were renovated according to the rising educational needs of the school.

This new building got registered in 2014 as Ilmgah Boys Middle School and the school upgraded to grade 5. From day one, teachers have been hired on merit ensuring that the international teaching standards are not compromised. Today 370 children of the Green Town area are getting high standard education through Ilmgah. We are certain that our students are equally capable than students attending private schools around the country. The students have been performing exceptionally well as the results of Punjab Examination Commission for Grade 5 proved that Ilmgah has surpassed all other institutions by grasping top positions consistently.

Today, the management is putting all efforts to register Ilmgah as Ilmgah School Systems. We are in the transitional phase where the management of Ilmgah plans to introduce students to the Tech Based Learning for which we are undergoing the expansion of the school to have more spacious rooms for maximum number to cater. Within few years, the school has become a promising platform for children to learn, experiment and grow confident to live their dreams, fighting all odds.

AN EDUCATIONAL TRIP – **A VISIT TO THE ARMY MUSEUM**

To provide a unique interactive experience of getting up close to things that students usually see in books, newspapers and television, Hi-Tech Lubricants Limited arranged an educational trip for the Ilmgah students to the Army Museum located in Cantt. Students from Grade 5 to Grade 9 got the opportunity to learn about Pakistan Army's history and their work.

Children were split into different groups and the museum management informed them about the equipment displayed, wars that have been fought and our war heroes. Students were very happy and excited to see all the machines and equipment exhibited under one roof, used in 1965-1971 wars fought between India and Pakistan by our brave army. It was a great learning experience for the students as they described it a reliable source of infotainment.

'SAY NO TO CHILD ABUSE' **INITIATIVE**

Hi-Tech Lubricants limited took an initiative to launch CHILD ABUSE AWARENESS AND PREVENTION CAMPAIGN in April 2018, to spread awareness of one of the acute issues that prevails our society today. A two day session was conducted by a child psychologist. The students of Ilmgah along with their mothers were made to witness a visual elaboration through child friendly animation regarding the concept of "Child Abuse". They were given a clear understanding about how to deal with such circumstances. This campaign was truly informative and beneficial for the young minds of our Ilmgah students and their mothers.

INITIATIVES FOR THE HEALTH **AND WELLBEING OF COMMUNITY**

Hi-Tech Lubricants Limited's third pillar of CSR strategy is "Healthcare". That starts from the employees and grows to the community Healthcare programs. The culture of our business and the character of our people compel us to make a difference where we live and work. Number of successful blood camps, medical camps have been set-up far and wide for our people's well-being. Since 2016, we are in regular partnership with Sundas Foundation to provide them with maximum support in collecting blood bags for thalassemia patients.

Our CSR strategy is not only about giving back, it is also about enabling positive changes in our neighborhoods. We believe that being part of the fabric of local communities is what allows us and everyone to grow.

HI-TECH LUBRICANTS LIMITED PARTICAPTED IN **SHARING SMILES TO MILES INITIATIVE**

BLOOD CAMP IN **HTL OFFICE-ISLAMABAD**

Hi-Tech Lubricants Limited in collaboration with Sundas Foundation set-up a Blood Donation Camp to celebrate Sharing Smiles Day on the 19th August 2017. This camp was held in the premises of HTL office-Islamabad where people donated blood for the patients of thalassemia, hemophilia and blood cancer.

The chairman of Sundas Foundation appreciated the HTL faculty in Islamabad and the sales teams of ZIC and ZIC M for successfully arranging the camp to support great cause. It is worthy to mention that the participation of donors was not restricted only to Islamabad which much contributed in making the camp a success. There were many people who travelled hours to contribute their share in this life saving act.
This one day activity ended on lucky draw announcing 5,000 rupees cash per winner which was specifically meant to acknowledge the blood donors and motivate them to keep helping the community within their best possible capacity.

HTL RAISING EMPLOYEES **AS RESPONSIBLE CITIZENS**

Keeping its tradition of paying back to the Society, Hi-Tech Lubricants Ltd, in association with the Sundas Foundation, organized a Blood Donation Camp in the HTL's warehouse premises at Sundar, Lahore. The drive began with an awareness talk that enumerated the benefits of donating blood. The Hi-Tech Blending plant staff and the warehouse staff displayed true humanitarian spirit, a hallmark of Hi-Tech family by participating in the camp enthusiastically. It was encouraging to see the residents of Bhai Kot locality joining the camp to support the cause.

The Sundas Foundation coordinator Mr. Tariq appreciated the efforts of HTL in aligning decent number of blood donors. He congratulated for successfully motivating people and creating awareness about the benefits of donating blood. The management of HTL appreciated the Sundas Team for their noble initiative of saving lives and expressed gratitude towards all the donors for making the camp a success. The Camp helped the local community in gaining awareness about thalassemia and deepened social awareness among the HTL family too.

MEDICAL CAMP– **BHAI KOT SUNDAR, LAHORE**

They say Health is the greatest Wealth! HTL operated a free medical camp at Bhai Kot, Sundar in collaboration with Transparent Hands organization. A team of qualified doctors gave free medical aid to the poor and the under privileged. This free medical camp was a means to bring awareness amongst the deprived population of the country who have no access to basic healthcare services or knowledge about the diseases if they are suffering from any.

The camp assisted with free tests and free medicines and each individual was subjected to utmost care. Announcements after short intervals, in the local masjid were made to assure maximum people get facilitated with the camp. The HTL employees showed great volunteerism in coordinating with the union counsel people of the locality and assuring decent number of footfall.

ENLIGHTENING MINDS- **HTL'S CSR INITIATIVE FOR THE VISUALLY IMPAIRED**

HTL is taking its pace smooth and steady towards the Corporate Social Responsibility. And now we aim to give it more lift for quicker and better outcomes for a happy and content living, where possible through our initiatives.

HTL's CSR is spreading far and wide and this meant HTL's another CSR initiative, this time for the visually impaired students who seek to read and learn Quran-e-Pak in collaboration with United Relief Foundation of the Blind (URF). United Relief Foundation of the Blind has been doing a phenomenal job in providing Islamic education to the blinds through braille system of reading. And to support in this noble cause HTL donated 50 braille during a ceremony arranged in the Office of URF with the help of our ZIC and ZIC M sales teams deputed in Multan. Mr. Shoaib, ZIC distributor in Multan also participated in this divine cause.

HTL SPONSORED FAST NATIONAL UNIVERSITY **"CARE FOR ALL" ANNUAL EVENT**

HTL is socially responsible entity that aspire not only businesses but academic institutions to play an influential role by being a change maker themselves at first.

Supporting to its belief, HTL sponsored "Care For All Annual Event" organized by FAST Care Welfare Society. This welfare society established under FAST NATIONAL UNIVERSITY, strives to aid individuals that are in need and create awareness among people who can help. This two-day event featured speeches from one of the best speakers in the country followed by a theatre performances and a concert to conclude with.

HTL believes that the purpose of academic institutions should not be merely restricted to providing education but they should also help turn their students into well rounded individuals with a passion to give back to the society.

NATIONAL DISASTER **NEWS**

REHABILITATION **OF INTERNALLY DISPLACED PERSONS (IDP'S)**

Amongst other economic contributions, we also take pride in our immediate response for the support of internally displaced people of Waziristan and other affected area. HTL distributed Ration Packages containing basic amenities to IDP families in Bannu.

FLOOD RELIEF **ACTIVITIES**

The 2014 cyclone that lashed Pakistan's south western coast crippled life in the affected areas especially in Baluchistan. While it may be impossible to prevent disaster and misfortune from happening but it is possible to provide relief. HTL believes in serving our people and society to the extent possible. Hence, for the relief of food victims the flood material was delivered to them door to door and at different locations near affected villages.

ENVIRONMENTAL PROTECTION **MEASURES**

HTL's Corporate Social Responsibility (CSR) strictly refers to our actions towards Environment. Our company's existence is not lonely. It's part of a bigger system of people, values, other organizations and nature. The Social responsibility of any business should be to give back to the world just as it gives to us. HTL is well aware of the fact that cars, trucks and other forms of transportation are the single largest contributors to air pollution around the globe. And here comes our huge responsibility while serving in the lubricant sector, to provide solutions to lessen the carbon emissions as a result of increased number of vehicles on road. In wake of which, HTL, in its product line has wide range of environment-friendly products. They are safer for environment and long-life enhancers for heavy and light traffic vehicles' engines.

GREENER PAKISTAN **INITIATIVE**

Since 2016, HTL has been initiating Nationwide Plantation drive "Greener Pakistan" which now has become a regular and indispensable part of our CSR objectives. Through this initiative HTL approached schools, colleges & universities of different cities and involved students, educating them making them aware about the adverse effects of deforestation. With this initiative, So far we have been successful in planting 30,000 trees in the year under review.

BUILDING A PLANT NURSERY **INITIATIVE**

2018 is indeed a distinguished year in Hi-Tech's Corporate Social Responsibility perspective as it has taken a step forward in the Environment sector by starting a long term project of building a Plant Nursery. This nursery is being set up on the 2 acres area of land at Hi-tech Blending Plant, Sundar.

For this sole purpose, HTL has acquired the services of Ex. Director Horticulturist. He shall be looking after all the areas i.e. from plant propagation to its nurturing and growing it to a useable size.

We are targeting that over a period of three years, this Plant nursery shall be able to grow different type of plants for all seasons. In the long term we foresee that general public, institutions or private estates shall also be facilitated through this project.

HI-TECH LUBRICANTS ORGANISED **AN AWARENESS WALK FOR SMOG**

In the last few years, smog has emerged as a life-threatening problem around the globe. The alarming increase in the air pollution levels has provoked the nations to take immediate actions soon before it completely disrupts the ozone layer.

In Pakistan, unnecessary cutting of trees and at the same time increased number of vehicles on road, while plantation of trees is minimal, is the major cause of smog. In wake of its harmful effects on climate and our people's health Hi-Tech Lubricants held a walk at Hi-Tech Blending Plant, Sundar, Lahore to raise awareness among people regarding the causes and preventive measures against smog.

Mr. Yaqub Aziz, Chief Operating Officer Hi-Tech Blending Plant along with the ZIC Country Head Mr. Ahmed Shujah led the walk with their Blending Plant Staff, Warehouse Faculty and Sales Teams of ZIC and ZIC M. Large number of local community of Sundar also participated in the walk.

The purpose of the Walk was to raise an urge about Planting Trees in order to reduce the extreme levels of air pollution. The participants of walk used masks as an essential precautionary measure during smog. The walk concluded on planting second batch of Trees in reference to HTL's Go Green Initiative.

ENERGY **CONSERVATION**

The Company has issued directives to the employees to save planet's scarce resources. We encourage our employees to save energy to the extent possible. All the employees turn off lights and ACs as they leave their workplace and our administration staff supervises compliance with such directives. The Company is replacing lights/ halogen bulbs, air conditioning (AC) with SMD/ LED lights and invertors respectively.

We plan to design new head office building in such a way that maximum benefits could be obtained from daylight and install solar panels to the extent possible. Further, all the employees are encouraged to enact and implement these initiatives both at workplace as well as at home to show commitment to conscientious corporate citizenship. Importantly, HTL has reduced its working days from 6 to 5 days in a week.

INDUSTRIAL **RELATIONS**

HTL have zero tolerance level for any non-compliance with the Industrial Relations Commission. To date no case is reported in labor court against HTL. The average tenure of employment in HTL is better than other local companies due to its employee friendly culture and open door policy. Further, recreational and motivational activities are held to ensure harmony and congenial environment.

EFFORTS MADE TO MITIGATE ADVERSE **IMPACT OF INDUSTRIAL EFFLUENTS**

HTL, being a trading organization, does not have any industrial effluent. At HTBL only non-hazardous waste is generated which is being disposed through professional vendors. Such vendors are evaluated for health, safety and quality assurance measures by HTBL.

CONSUMER PROTECTION **MEASURES**

HTL focuses on consumer protection measures and trails "Consumers International" which is an independent non-profit international body, consisting of over 250 organizations from 115 countries. It seeks to promote a fair society and acts to defend the rights of consumers. HTL actively advocates the establishment of legislation, institutions and information that improves the quality of life and empowers people to make positive changes in their own lives. Further, we strongly believe that the consumers of HTL are provided with the following through our customer care activities:

- The right to satisfaction of basic need
- The right to be informed
- The right to choose
- The right to be heard
- The right to redress
- The right to a healthy environment

Our online system enables us to reach and respond to every query that our consumers might have regarding product or retail information, packaging, supplies and complaints

PROCEDURES ADOPTED **FOR QUALITY ASSURANCE**

HTL's mission of quality is to provide an effective and efficient quality assurance system and counsel for the operational units. OGRA and GAP, trusted and authorized Government Bodies carry out quality assurance, at the time of clearance of products from port. HTL is paying hefty amounts for such quality inspections. HTL is ISO 9001:2015 certified Company. HTL has adopted a quality system that expresses the organizational structure, responsibilities, processes, procedures and resources. Quality management system at HTL includes the aspects of overall management function that determines and implements the company's quality policy and quality objectives. Both quality control and quality assurance are part of quality management.

HUMAN **RESOURCE**

The people who develop an ever-lasting relationship with our customers, who go to great lengths and exceed expectations, who reinforce our commitment to grow our operations, and who add value to all of HTL's stakeholders. These are our Human Resources and, considering their monumental importance, we spend extensively on their training and development while caring for their safety and security through our established HSE policies.

HUMAN RESOURCE **HIGHLIGHTS**

Pursuing HR Vision to become an employer of choice and sharing best People practices, HR Team initiated an organization wide survey to gauge the engagement level of employees earlier in 2018. Survey named "Voice of Employee" showed 92% satisfaction rate and it also represented a progressive level of employee commitment to retain with Organization for the period between 3-5 years as employees are well aware of their progressive opportunities with HTL for their career growth.

WORK-LIFE BALANCE INITIATIVE – **VOICE OF EMPLOYEE SURVEY**

HR has lead key interventions to improve the work-life balance of employees at HTL. One of the key intervention is to introduce a 5 Day's work week at HTL. This decision has proved to be a historic change based on an employee opinion gathered through an internal survey – Voice of Employee; organized by Human Resource Division. This change has enhanced employee productivity and motivation in general. Not to ignore the fact that it has made a positive impact for their overall well-being and creating a balance in social as well as professional life.

COMPETITIVE PAY AND **BENEFITS SURVEY**

Under the scope of HR Annual Salary Review, the statutory HR & Remuneration committee has carefully reviewed current direct compensation of employees and have made considerable adjustments to make direct compensation a competitive aspect of employee remuneration. The decisions were made after carefully reviewing Cost of Living and the overall inflation as per GDP growth rate. This intervention has definitely increased employee's trust for the organization.

Moving forward to ensure HTL as a leading and competitive pay master in the Industry, HR has participated in Internationally Recognized Salary Survey organized by Mercer. The sole purpose is to benchmark Compensation & Benefits practices with Industry and continually ensure competitive pay structure to attract and retain top talent.

STRATEGY INTERVENTION THROUGH **HR BUSINESS PARTNERING**

HR has taken on the road to Strategy intervention by introducing a successful model of HR Business Partners. The core concept has been presented at board level and moving forward, first layer of HR business Partners will be on board to support operational and strategy initiatives for different business units at HTL. Same model will be replicated for support functions as a second phase of intervention.

EMPLOYMENT OF **SPECIAL PERSONS**

HTL believes in Creating Shared Value for the communities in which it works and lives. The health of our company is intrinsically linked to the health and resilience of the society we operate in; this is why HTL's purpose is to enhance quality of life and contribute to a healthier future.

HTL fulfills its responsibility by providing employment to special persons in the field of

a. administration;
b. warehousing;
c. computer skills; and
d. service centers.

FUTURE LEADERS **DEVELOPMENT PROGRAM**

To ensure the talent readiness of HTL Future Leaders, HR has initiated a development program for mid-tier management layer across Sales and Operations. A group of more than 30 future leaders have attended a rigorous development program designed carefully by external consultants to cover the various aspects of leadership development through cross-functional and strategic interventions.

LEADERSHIP TRAINING & STRATEGY **DEVELOPMENT PROGRAM**

Throughout the fiscal year, purpose built customized training programs have been designed to enhance leadership capabilities of management team at Functional Head level. Along with leadership collaborations a comprehensive Strategy Development Program has been carried out to ensure effective planning, design and execution of HTL business strategy. Through such programed interventions, extensive training hours have been invested for the development of core team of functional heads.

LONG-SERVICE **EMPLOYMENT RECOGNITIONS**

Ensuring people are valued for their dedicated services rendered to the Organization, HR team has arranged a recognition Program of employees having service tenure over the span of decades. We made sure that they are being paid competitive Rewards as well as receiving appreciation for their dedicated services by their peers and executive management team.

SUCCESSION **PLANNING**

During the course of fiscal year HR has initiated Succession Planning to ensure talent pool availability at critical positions. During the first phase of the planning, successors have been identified for critical and statutory positions through assessment tools. Moving forward, a comprehensive succession plan will be designed covering critical as well as management positions at the functional level.

TRAININGS & **CONFERENCES**

Training & Conference sessions allow trainees to meet, understand and develop collaboration amongst employees. Considering the importance of such sessions, HTL had conducted following sessions for HTL employees.

ENABLING **TOGETHER**

Growth, stability and profitability can point towards a sustainable future for any company. It all depends on the shoulders of the group of people who works for the company in different departments. Teamwork, takes place when two individuals or a group of people work together towards achieving a common goal by sharing their ideas and skills. What we need is teamwork where tension, disagreement, and conflict improve the value of the ideas, expose the risks inherent in the plan and lead to enhanced trust, among the whole organization. To build a strong team HTL management has planned team building session for HTBL staff in May 2017 at HTBL Plant Lahore.

The ideologies of this session are:

- Enhance the team collaboration to move a company more effectively towards its goals;
- To create greater flexibility within the different teams; and
- To speed up the work efficacy, and to develop the Problem solving mindset.

SAR UTHA **KE JIYO**

Hi-Tech Lubricants Limited organized a one day training session for the Sales Staff (AM & Above Grade) with a theme of "Sar Utha Ke Jiyo" at HTBL Plant Lahore in July 2017.

The motto of this is to keep the sales team of the HTL refreshed, energized and motivated, an enchanting training session was led by Pakistan's renowned motivational speaker Mr. Qaisar Abbas.

The ideologies of this training session are;

- Building winning-mindedness;
- Challenging limits and beating obstacles;
- Nurturing a growth mindset;
- Developing an aggressive approach towards business development;
- Committing to sell in tough times by seizing every opportunity; and
- Instilling team spirit, trust and a sense of oneness.

That session was a success and was highly appreciated by both directors and employees. Different type of physical activities and motivational speaking were conducted resulting in cognitive learning of employees.

JOINT LEAP-WINNING **WITH ENERGY & FOCUS**

Hi-Tech Lubricants strives to nurture a corporate culture that empowers employees to work for constructive change in and out of the company. Its vision is to cultivate a culture that supports and encourage its employees to become thought leaders.

With this perspective Hi-Tech Lubricants Limited organized a one day training session for the HODs of Hi-Tech Lubricants Limited in September 2017 at Faletti's Hotel Lahore. This session is designed and customized to help HODs to create a more dynamic, loyal, and energized workplace where they can work as a team in a collaborative environment. This session was also accompanied by Pakistan's renowned motivational speaker Mr. Qaisar Abbas.

ANNUAL **CONFERENCE**

With the start of New Year 2018 and the journey to explore avenues with excellence in everything we do. Hi-Tech Lubricants Limited adopts the Caring & Winning Customers theme for 2018 to optimize the level of service delivery to our respective customers

INTERNSHIP **PROGRAM**

HTL Internship Program contributes towards the development of fresh graduates by providing them an opportunity for real projects in marketing, human resources, financials, supply chain & warehouse, information technology, internal audit, HTL express and HTL Stations etc. In addition to the development of fresh graduates, one of the prime objectives with the Internship Program is to identify talent pool for hiring of future employees.

SPORTS **GALA**

An Exciting one-day sports activity was arranged for all Lahore based staff on 2nd December 2017 at Aleem Dar Cricket Academy, Lahore. It was an effort to uphold the balance of work-life and positive engagement within all members of HTL. The core objective was to encourage the healthy competition between peers and fellow colleagues and to revive the true spirit of team work, challenge and determination to win.

CELEBRATIONS OF **INTERNATIONAL WOMEN'S DAY**

HTL always commemorates inspiring role of women around the world to secure women's rights and build societies that are more equitable. Hi-Tech Lubricants Limited (HTL) organized region-wise Get-Together for female staff in an honor of remarkable contribution to the society.

The celebration in the HTL's head office started with a cake cutting ceremony in the presence of HTL Board of Directors & SK ZIC representatives' Mr. Hyuk Jin Kwon & Mr. Moon Seek Park. Later on, the female employees shared their opinion about the challenges that working women are facing today and what has been their idea to overcome such challenges. The celebrations concluded with a vote of thanks by a female staff member for providing the opportunity to share ideas to make working environment more wonderful for the female staff members.

BUSINESS STRATEGY **DEVELOPMENT**

To ensure sustainable development of People & Business Processes simultaneously, Hi-Tech Lubricants Limited has initiated a key process of Business Strategy Development. For that purpose Company went through numerous sessions with the Consultants and the first phase of Business Strategy Development was completed in April 2018.

HEALTH, SAFETY **& ENVIRONMENT (HSE)**

HTL believes in acting as a responsible legal entity and comply with all the local applicable laws and relevant industry standards. We continuously evaluate Health, Safety and Environmental aspects of our people, equipment and services. HTL's policy clearly states that every employee has a universal right to have a safe and healthy place to work. We are committed to the integration of HSE objectives into our management systems at all levels. We keep educating our people with sound HSE practices and also equip them with appropriate protective equipment in line, according to the nature of job being performed.

OCCUPATIONAL **HEALTH, SAFETY & ENVIRONMENT**

At HTBL plant, we ensure that the Quality HSE Standards of practices are embedded at its core. We have a dedicated team of individuals who ensure necessary compliance with health and safety matters. A yearly calendar of both in-house as well as external trainings is developed for the purpose to ensure continual improvement in the procedures to adapt. These trainings are initiated by skilled instructors and are made regular part of routine work by conducting them on bi-annual basis.

EMERGENCY EVACUATION DRILL **AGAINST FIRE HAZARD & MOCK DRILLS**

HTL focuses on enhancing its business success by reducing risks and adding values to its services and people. HTBL being an OHSAS 18001 and ISO 14001 certified company, a comprehensive management system procedure is followed in order to efficiently respond to any kind of uncertain emergency situation. As a step towards emergency preparedness different mock drills are carried out to assess the effectiveness of trainings held. One among these is the emergency evacuation drill against fire hazard. This drill was conducted both in HTL head office and in HTBL plant. Designated emergencies exits and evacuation areas (or "assembly points") within or near the company premises were clearly marked and made clear to all employees.

An evacuation plan / map or site layout is posted in near main gate of the company for general awareness of everyone. Map shows evacuation routes, recovery routes, closest exits, fire protection equipment location, eye wash, shower station and spill control station etc.

MANAGEMENT **TEAM**

FROM LEFT **TO RIGHT**

Omer Farooq
Senior Manager, Marketing

Shahzad Sohail
General Manager, Supply Chain

Shumaila Hameed
Senior Manager, HR & CSR

Qaisar Abbas Rana
Country Head, Sales ZIC-M

Syed Arshad Ali Zaidi
Senior Manager, Internal Audit

Mahmood-ul-Hassan Tiwana
General Manager, Administration & Public Affairs

Muhammad Ashraf
Senior Manager, IT

Ahmed Shuja
Country Head, Sales ZIC

Khawaja Muhammad Fraz Amjad
Company Secretary and Chief Compliance Officer

Nasir Ahmed
Country Head, OMC

Muhammad Imran
Chief Financial Officer

Syed Warris Waqar Kirmani
Manager, HTL Express

Muhammad Awais
Manager, Business Intelligence


No. 1 Lubricant Brand in
Brand Power Index, Korea
ZIC
TOP
Made with World's
Most Technologically Advanced Synthetic Oil
Now Available in 3 Liters & Above
HTL

MARKETING
EXCELLENCE

Marketing excellence is all about identifying and serving the needs of our customers, and we strive to achieve it. As long as you are on the road, we make sure our presence is felt so you can confidently embark upon your journey.

MARKETING **EXCELLENCE**

ZIC MAKING EFFORTS **TO EDUCATE & INFORM**

ZIC has always been making efforts to be honest with its consumers and is the only brand that makes an effort towards educating the consumer and creating transparency so that the consumer can make an educated decision. Keeping up this tradition we developed a 360º campaign targeted at informing the consumer of what to look for in a lubricant and what is that ZIC as a product is offering. Television Commercial (TVC) was developed keeping in mind the main components that make up engine oil and what is important to look for in a motor oil.

The major constituent of any engine oil is its base oil, almost 80%. Quality of the base oil is the most important aspect in determining the quality of lubricant. ZIC Motor Oil's base oil "YUBASE" is categorized as Premium base oil on the standards set by American Petroleum Index (API). YUBASE with VHVI Technology is the first of its kind in the world that maintains lubrication in extreme temperature removes sludge and significantly improves engine life & performance.

WHY ZIC IS **OBVIOUS CHOICE?**

- Reduced Oil Consumption
- SK ZIC has very few components that evaporate easily in high temperature environment of an operating engine. The reduced oil consumption saves trouble of adding additional oil, resulting in cost-saving effect.
- Extended Oil Drain Interval
- YUBASE excellent oxidation stability and high viscosity index prevent performance degradation even after long time use.
- Superior Engine Protection
- The superior viscosity-retaining property ensures good fluidity with low temperatures and forms a strong oil film inside the cylinder at high temperatures, thus providing exhaustive protection of engine by removing impurities and creating an operable environment for the additives.

This campaign was simultaneously run on all mediums including Television (TV), digital and outdoor. The feedback from viewers was very well received.

PAKISTAN SUPER LEAGUE **(PSL) 2018**

Cricket is the biggest and fanatic sport of Pakistan. People of all ages religiously follow cricket in Pakistan, cricket stars are more famous than film stars in Pakistan and PSL has finally brought cricket back to Pakistan after many years.

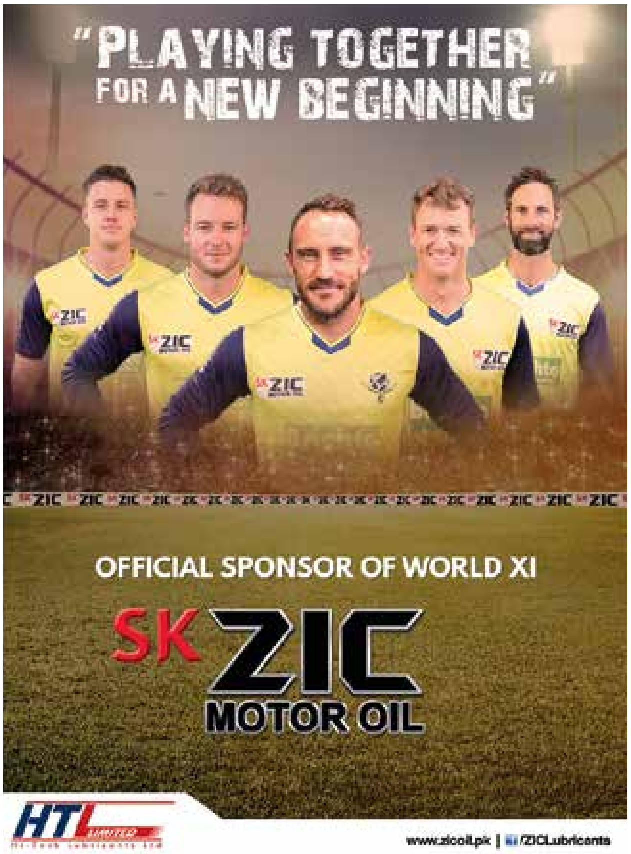
ZIC has always been at the fore front of sponsoring sports related events in Pakistan be it Golf, Karate, Auto Shows, Bike Rallies, or Cricket. PSL was an event surrounding huge amount of anticipation and we made sure that ZIC takes advantage of this marketing opportunity.

To continue huge success that ZIC earned in first and second editions of PSL through its association with Peshawar Zalmi, being the official motor oil sponsor, and introduction of favorite PSL Truck on every 50 and 100 scores on board respectively. ZIC once again took the sponsorship of PSL Truck on every 50 and 100 scores on board.

Truckers being our direct target market brought more value in Diesel Engine Oil (DEO) segment that built an association amongst the transporters. ZIC truck appeared on all live matches regardless of any specific team match that resulted in wider coverage and exceptional public reach. PSL final that was played in Karachi generated more than 70 million viewership across the globe hence resulted in significant addition to ZIC brand equity.

On ground activation like hoardings in Dubai and digital boundaries in Dubai, Sharjah, Lahore and Karachi were also acquired by ZIC to further strengthen up the brand image. In addition to this, HTL decided to create more interest among its retailers by offering a trade scheme. More than 400 retailers qualified on target achievement for a 4 day company paid trip to Dubai witnessing the live excitement of PSL matches followed by desert safari, Dubai excursions and gala dinner followed by performance of Daler Mehndi.

This in totality turned out to be very successful decisions, being prominent brand in all the PSL tournaments gave ZIC more mileage while strengthening its relationship with cricket, cricket lovers and retailers in Pakistan. We are also obliged for the overwhelming response we have always received from our retailers and the trust they have showed on HTL of being the best Lubricant Company of Pakistan.



ZIC SPONSORED THE REVIVAL **OF INTERNATIONAL CRICKET IN PAKISTAN**

INDEPENDENCE CUP **(PAKISTAN VS WORLD XI)**

Cricket in Pakistan has now become synonymous with the involvement of ZIC Motor Oil. Pakistanis have this emotional connect with cricket that affects moods and brings everyone on the same page. This year Pakistan Cricket Board (PCB) made all efforts to bring international cricket back to Pakistan. In what would be the beginning of resumption of international cricket in our beautiful Pakistan, PCB invited the star studded world 11 team to Lahore for a three off international T-20 tournament. The event turned out to be a game changer in bringing international cricket back to Pakistan.

ZIC became the official motor oil sponsor for the world XI cricket team. By becoming the sponsor for guests' star team, ZIC showed the love and its contribution to support PCB initiative for bringing back the International Cricket in Pakistan. The atmosphere throughout the three T-20 matches was unbelievable and Pakistan ended up winning the series 2-1. This series was much bigger than the eventual results, it was about revival of international cricket in Pakistan and a message to the whole world by fanatic cricket lovers screaming not for Pakistan but for cricket. ZIC will continue its investments in such opportunities that bring Pakistani people together and earns the value for our shareholders.

NEW PRODUCT LAUNCH -ADVANCED TECHNOLOGY SYNTHETIC OIL **"ZIC TOP" AN OPPORTUNITY TO CONNECT WITH RETAILERS**

Hi-Tech Lubricants Limited has introduced new additions to its well established product range with ZIC TOP (PAO Technology) and X7 FE-0W20 (YUBASE Technology).

As they say "if you want to go fast, go alone" and "If you want to go far, go together" this definitely can be said about the partnership between Hi-Tech Lubricants Limited (HTL) and its retailers.

HTL organized events exclusively for its retailers in all major cities of Pakistan including Lahore, Faisalabad, Multan, Islamabad, Peshawar, Karachi and Sukkur.

On the occasion, Mr. Tahir Azam, Non-Executive Director, highlighted that if motorists need high performance with fuel savings then ZIC is the choice due to advanced group-IV base oil, YUBASE, that ensures peak performance with fuel saving. Introduction of new product help further penetration into the market with more products by ZIC to ensure availability of each and every product that customers need hence increases the customer base. With the influx of imported and diverse range of vehicles the requirements have increased and we do not want our loyal customers to be disappointed. The motivation and interest from the retailers who travelled to attend these events proved that the connection that HTL has developed with its retail network is still stronger than ever.

HI-TECH LUBRICANTS & JUBILEE GENERAL INSURANCE **JOINED HANDS FOR "CONSUMER PROMOTION CAMPAIGN"**

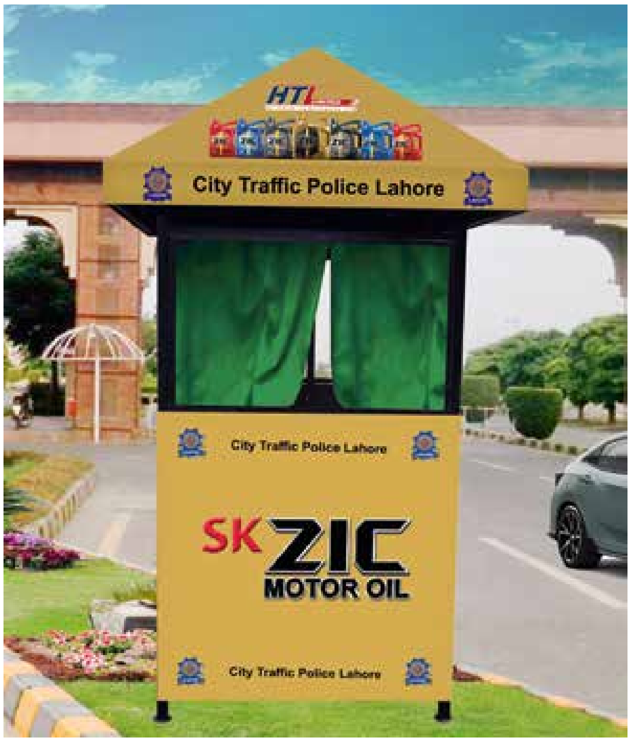
Hi-Tech Lubricants Limited came together with Jubilee general insurance marking the initiation of a relationship between two major players in their respective industries coming together to launch one off offer for ZIC consumers in second quarter of 2018. Where free jubilee general personal accident insurance worth up to Rs.150,000/- was offered on all ZIC Gasoline and Diesel Products 3 Liter and above packs.

The background behind this consumer promotion was HTL initiative to show that the company cares for its customers and has always been striving for consumer benefits along with giving their vehicles the best engine oil that promises improved performance and better fuel saving.

In order to make this more attractive lucky draw was also introduced for all the costumers registering for insurance via scratch card at the end of campaign. Major prizes include luxury cars, laptops and motorbikes etc.

At each step of nationwide campaign, from idea generation to TVC development, all aspects were completed with empathy highlighting multiples facets of family life. The TVC concept gave homage to family values while subliminally shedding light on the importance of careful driving. The lead actor, 6 years old child Ibrahim from Gujranwala, who was deaf by birth hired to play the part of a deaf kid in the TVC. The decision was taken in light to be a company who provides equal opportunity and wants to have positive influence for shy kids life who was home schooled.

The emotional TVC received very positive feedback from viewers and campaign was successful run on television and digital media.



ZIC SUPPORTING **THE TRAFFIC POLICE**

This year HTL updated the image of the Traffic Police cabins as part of our nationwide CSR activity and initiated the placements of Traffic Police cabins in Lahore, Gujranwala, Multan & Karachi.

CONSUMERS **CHOICE AWARD**

Once again ZIC has won the prestigious "Consumers Most Preferred Lubricant Brand for the year". This win has marked us as the Lubricant Category Winner 2017 for the 6th year in a row.

These accolades are awarded by the Consumer Association of Pakistan (CAP) who conduct a survey nationwide both on locations and through social media to select the best brand in their particular field/ category. The survey is conducted amongst the end users on the basis of brand's Quality, Reach, Awareness & Performance. This consistent achievement is a result of great team work and concentrated efforts towards achieving our goals.

PAK WHEELS **PEOPLE'S CHOICE CAR AWARDS**

'ZIC Oil' bagged the "Most Popular Engine Oil Award in Pakistan" as part of the PakWheels.com People's Choice Car Awards 2017. This is the second time Pakwheels has carried out these awards and both years ZIC has won the award in the Most Popular Engine Oil Category. Owing to its aggressive Marketing Campaigns and consistent Quality Controls ZIC has not only managed to increase its popularity amongst its target audience but has also maintained its increasing sales with a brilliant repertoire of positive customer feedback.

UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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 2018, 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 2018 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Sr. No.	Key audit matters	How the matter was addressed in our audit
1	**Revenue recognition** Revenue amounting to Rupees 9,254 million is measured net of discounts earned by customers on the Company's sales. Discounts recognized, based on sales made during the year, are material and considered to be complex. There is a potential risk that these arrangements may not be appropriately reflected and as a result revenue may be misstated in the financial statements. Revenue is recognised when the risks and rewards of the underlying products have been transferred to the customer. The Company focuses on revenue as a key performance measure which could create an incentive for revenue to be recognized before the risks and rewards have been transferred. Revenue recognition was determined to be a key audit matter and a significant risk of material misstatement due to the risk related to the recognition of revenue before risks and rewards have been transferred. For further information on revenue, refer to the following: - Summary of significant accounting policies, Revenue note 2.19.1 to the financial statements. - Sales and discounts shown on the face of statement of profit or loss.	Our procedures included, were not limited to: • We considered the appropriateness of the Company's revenue recognition accounting policies, including those relating to discounts and assessing compliance with the policies in terms of applicable accounting standards. • In response to the risk of fraud, we tested the effectiveness of the Company's controls over the calculation of discounts and correct timing of revenue recognition. • We assessed sales transactions taking place at either side of the year end as well as credit notes issued after the year end date to assess whether that revenue was recognised in the correct period. • We compared current year discount accruals to the prior year and, where relevant, we completed further inquiries and testing. We reconciled a sample of discounts accruals to supporting documentation and challenged management's assumptions used in estimating discount accruals. • We also considered the adequacy of the Company's disclosures in respect of revenue. • We assessed the revenue recognized with substantive analytical procedures.

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 2018 amounted to Rupees 961.206 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 2.8 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 2.8 to the financial statements. - Stock-in-trade note 18 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. • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs. • We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.
3	**Preparation of financial statements under the Companies Act, 2017** The Companies Act 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018. The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and contents of disclosures in relation to various elements of the financial statements. In case of the Company, specific additional disclosures and changes to the existing disclosures have been included in the financial statements. The above changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act. For further information, refer to note 2.1(b) to the financial statements.	Our procedures included, but were not limited to: • We assessed the procedures applied by the management for identification of the changes required in the financial statements due the application of the Act. • We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. • We verified on test basis the supporting evidences for the additional disclosures and ensured appropriateness of the disclosures made.

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 of the Company and our auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to

communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 09 September 2018

STATEMENT OF
FINANCIAL POSITION
As at 30 June 2018

	Note	2018 Rupees	2017 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
150,000,000 (2017: 150,000,000) ordinary shares of Rupees 10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital	3	1,160,040,000	1,160,040,000
Reserves	4	2,732,681,018	2,584,265,837
Total equity		3,892,721,018	3,744,305,837
LIABILITIES			
Non-current liabilities			
Long term financing	5	14,894,163	13,495,415
Liabilities against assets subject to finance lease	6	79,105,383	65,810,301
Long term deposits	7	1,500,000	2,000,000
Deferred income tax liability	8	12,068,590	3,207,194
		107,568,136	84,512,910
Current liabilities			
Trade and other payables	9	613,957,734	803,559,308
Accrued mark-up	10	18,217,096	9,517,227
Short term borrowings	11	707,635,668	1,118,969,226
Current portion of non-current liabilities	12	61,093,852	43,488,959
Unclaimed dividend		4,297,369	1,526,469
Taxation - net		116,775,146	75,222,610
		1,521,976,865	2,052,283,799
Total liabilities		1,629,545,001	2,136,796,709
Contingencies and commitments	13		
TOTAL EQUITY AND LIABILITIES		5,522,266,019	5,881,102,546
ASSETS			
Non–current assets			
Fixed assets	14	1,389,206,432	948,121,502
Investment in subsidiary company	15	1,300,000,600	1,300,000,600
Long term loans to employees	16	280,132	1,049,136
Long term security deposits	17	38,612,406	32,737,456
		2,728,099,570	2,281,908,694
Current assets			
Stock-in-trade	18	961,206,375	1,505,337,836
Trade debts	19	236,936,937	179,385,219
Loans and advances	20	146,456,105	663,618,225
Short term deposits and prepayments	21	27,933,788	14,611,449
Other receivables	22	17,340,333	79,647,997
Accrued interest	23	15,334,604	351,106
Short term investments	24	917,353,557	1,081,129,245
Cash and bank balances	25	471,604,750	75,112,775
		2,794,166,449	3,599,193,852
TOTAL ASSETS		5,522,266,019	5,881,102,546

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 2018

Hi-Tech Lubricants Ltd

	Note	2018 Rupees	2017 Rupees
Gross sales		10,910,427,446	8,737,862,484
Discounts		(368,818,182)	(321,712,015)
Sales tax		(1,288,030,793)	(927,268,447)
Net sales		9,253,578,471	7,488,882,022
Cost of sales	26	(7,325,251,809)	(5,714,429,952)
Gross profit		1,928,326,662	1,774,452,070
Distribution cost	27	(636,053,835)	(472,316,882)
Administrative expenses	28	(378,578,016)	(296,834,248)
Other expenses	29	(63,070,455)	(33,868,613)
		(1,077,702,306)	(803,019,743)
Other income	30	108,462,518	95,756,939
Profit from operations		959,086,874	1,067,189,266
Finance cost	31	(82,540,731)	(35,837,835)
Profit before taxation		876,546,143	1,031,351,431
Taxation	32	(322,116,962)	(304,483,769)
Profit after taxation		554,429,181	726,867,662
Earnings per share - basic and diluted	33	4.78	6.27

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 2018

	2018 Rupees	2017 Rupees
Profit after taxation	554,429,181	726,867,662
Other comprehensive income		
Items that will not be reclassified to profit or loss	–	–
Items that may be reclassified subsequently to profit or loss	–	–
Total comprehensive income for the year	554,429,181	726,867,662

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 2018

HTL LIMITED
Hi-Tech Lubricants Ltd

	Share capital	Reserves			Total equity
		Capital reserve	Revenue reserve	Total reserves	
		Share premium	Un–appropriated profit		
	Rupees				
Balance as at 30 June 2016	1,160,040,000	1,441,697,946	728,911,029	2,170,608,975	3,330,648,975
Transactions with owners:					
Final dividend for the year ended 30 June 2016					
@ Rupee 1.35 per share of Rupees 10 each	–	–	(156,605,400)	(156,605,400)	(156,605,400)
Interim dividend for year ended 30 June 2017					
@ Rupees 1.35 per share of Rupees 10 each	–	–	(156,605,400)	(156,605,400)	(156,605,400)
	–	–	(313,210,800)	(313,210,800)	(313,210,800)
Profit for the year ended 30 June 2017	–	–	726,867,662	726,867,662	726,867,662
Other comprehensive income for the year ended 30 June 2017	–	–	–	–	–
Total comprehensive income for the year ended 30 June 2017	–	–	726,867,662	726,867,662	726,867,662
Balance as at 30 June 2017	1,160,040,000	1,441,697,946	1,142,567,891	2,584,265,837	3,744,305,837
Transactions with owners:					
Final dividend for the year ended 30 June 2017					
@ Rupees 1.75 per share of Rupees 10 each	–	–	(203,007,000)	(203,007,000)	(203,007,000)
Interim dividend for the year ended 30 June 2018					
@ Rupee 1.75 per share of Rupees 10 each	–	–	(203,007,000)	(203,007,000)	(203,007,000)
	–	–	(406,014,000)	(406,014,000)	(406,014,000)
Profit for the year ended 30 June 2018	–	–	554,429,181	554,429,181	554,429,181
Other comprehensive income for the year ended 30 June 2018	–	–	–	–	–
Total comprehensive income for the year ended of 30 June 2018	–	–	554,429,181	554,429,181	554,429,181
Balance as at 30 June 2018	1,160,040,000	1,441,697,946	1,290,983,072	2,732,681,018	3,892,721,018

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

Chief Executive | Director | Chief Financial Officer

STATEMENT OF
CASH FLOWS
For the year ended 30 June 2018

	Note	2018 Rupees	2017 Rupees
Cash flows from operating activities			
Cash generated from / (utilized in) operations	34	1,519,278,983	(51,361,642)
Finance cost paid		(73,840,862)	(26,863,520)
Income tax paid		(271,703,030)	(260,303,723)
Net decrease in long term loans to employees		1,390,444	3,058,343
Net increase in long term security deposits		(7,700,450)	(24,554,871)
Net decrease in long term deposits		(500,000)	–
Net cash generated from / (used in) operating activities		1,166,925,085	(360,025,413)
Cash flows from investing activities			
Capital expenditure on property and equipment		(440,267,182)	(650,937,428)
Capital expenditure on intangible assets		(676,234)	(1,865,420)
Proceeds from disposal of property and equipment		9,537,134	74,721,623
Investment in subsidiary company		–	(197,240,600)
Loans to subsidiary company		(296,500,000)	(261,000,000)
Repayment of loans from subsidiary company		557,500,000	–
Short term investments - net		154,999,999	378,662,602
Dividend income		272,250	1,150,572
Interest received on loans to subsidiary company		28,947,816	–
Profit on bank deposits and term deposit receipts received		57,615,262	85,353,373
Net cash from / (used in) investing activities		71,429,045	(571,155,278)
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		(35,972,579)	(5,803,850)
Dividend paid		(403,243,100)	(312,548,794)
Proceeds from long term financing		21,865,000	23,135,000
Repayment of long term financing		(13,177,918)	(4,321,542)
Short term borrowings - net		(411,333,558)	1,118,969,226
Net cash (used in) / from financing activities		(841,862,155)	819,430,040
Net increase / (decrease) in cash and cash equivalents		396,491,975	(111,750,651)
Cash and cash equivalents at the beginning of the year		75,112,775	186,863,426
Cash and cash equivalents at the end of the year		471,604,750	75,112,775

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

Chief Executive | Director | Chief Financial Officer

1. THE COMPANY AND ITS OPERATIONS

1.1 Hi-Tech Lubricants Limited ("the Company") was incorporated under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The principal activity of the Company is to procure and distribute petroleum products. During the year ended 30 June 2017, Oil and Gas Regulatory Authority (OGRA) has granted license to the Company to establish an Oil Marketing Company (OMC), subject to some conditions.

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

Business units	Address
Registered and head office	1-A, Danepur Road, GOR-1, Lahore
Regional office - Karachi	C-6 /1, Street No. 3, Bath Island, Clifton, Karachi
Regional office - Islamabad	Suite No. 1402, 14th Floor, Green Trust Tower, Jinnah Avenue, Blue Area, Islamabad.
Regional office - Peshawar	Office No. 280, 3rd Floor, Deans Trade Centre, Islamia Road, Peshawar
Customs bonded warehouse	Property No. 35 A/M, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore
Customs bonded warehouse	Behind G.T. Road, Akhri Mint Stop, Near Nadia Ghee Mills, Daroghawala, Lahore
Customs bonded warehouse	Plot No. F-77-B, S.I.T.E, Karachi
Customs bonded warehouse	S/85, Hawks bay Road, Near Mono Motors, Karachi
Customs bonded warehouse	157-A, Block B, Opposite Atlas Auto Shershah, Karachi
Warehouse	B-13, Cotton Godown, Korangi Industrial Area, Karachi
Warehouse	7-Km, Sundar Raiwind Road, Bhai Kot, Lahore
Oil Depot – OMC Project	Mouza No. 107/9L, Tehsil and District Sahiwal
OMC Project office	Plot No. 2, Block K, Main Boulevard Gulberg-II, Lahore
Oil Depot – OMC Project	Mouza Aza Khel Bala, Tehsil and District Nowshera
HTL Express Centre	Dharampura, Lahore
HTL Express Centre	Garden Town, Lahore
HTL Express Centre	Block F, Gulshan Ravi, Lahore
HTL Express Centre (proposed)	22 – A, Zafar Ali Road, Jail Road, Lahore

1.3 Summary of significant transactions and events affecting the Company's financial position and performance

a) The exchange rate of United States Dollar to Pak Rupees has increased from Pak Rupees 104.8 as at 30 June 2017 to Pak Rupees 121.6 as at 30 June 2018.

b) 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 up to maximum 26 retail outlets in Punjab Province with instructions that retail sale through petrol pump 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.

c) For a detailed discussion, about the Company's performance, please refer to the Directors' report.

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) Preparation of financial statements under the Companies Act, 2017

The Fourth Schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its Fourth Schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Company (refer note 14.1.5), management assessment of sufficiency of tax provision in the financial statements (refer note 32.3), change in threshold for identification of executives (refer note 37), additional disclosure requirements for related parties (refer note 36) etc.

c) Accounting convention

These financial statements have been prepared under the historical cost convention except for certain financial instruments carried at fair value.

d) 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:

Taxation

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.

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 property and equipment, with a corresponding effect on the depreciation charge and impairment.

Inventories

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

Provision for obsolescence of stock-in-trade

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

Provisions for doubtful debts

The Company reviews its receivables against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

e) Amendments to published approved accounting standards 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 2017:

IAS 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments have resulted in certain additional disclosures in the Company's financial statements.

IAS 12 (Amendments), 'Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments have no significant impact on Company's financial statements.

The application of the above amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

f) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2018 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 July 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The aforesaid standard is not expected to have a material impact on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The aforesaid standard is not expected to have a material impact on the Company's financial statements.

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases–Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the solely payments of principal and interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Company's financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Company's financial statements.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018). IFRIC 22 clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The interpretation is not expected to have a material impact on the Company's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Company's financial statements.

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

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 3 'Business Combinations', IFRS 11 'Joint Arrangements', IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs'. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

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

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 2018 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 Property and equipment

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

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

Depreciation

Depreciation is charged to statement of profit or loss by applying the reducing balance method whereby cost of an asset is written off over its estimated useful life at the rates given in Note 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.

De-recognition

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

Capital work-in-progress

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

2.3 Intangible assets

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

2.4 Leases

The Company is the lessee:

2.4.1 Finance leases

Leases where the Company has substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost, is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to statement of profit or loss over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to profit and loss account.

2.4.2 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to statement of profit or loss on a straight line basis over the lease term.

2.5 Investments

The Company's management determines the appropriate classification of its investments at the time of purchase.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "investment at fair value through profit or loss" which is initially measured at fair value.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments, except investment in subsidiary company, which is tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.

2.5.1 Investment at fair value through profit or loss

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in statement of profit or loss.

2.5.2 Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in statement of profit or loss when the investments are derecognized or impaired, as well as through the amortization process.

2.5.3 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'.

2.5.4 Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale.

After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in statement of other comprehensive income until the investment is sold, derecognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of other comprehensive income is included in statement of profit or loss. These are sub-categorized as under:

Quoted

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the reporting date. Fair value of investments in open-end mutual funds is determined using redemption price.

Unquoted

Fair value of unquoted investments is determined on the basis of appropriate valuation techniques as allowed by IAS 39 'Financial Instruments: Recognition and Measurement'.

2.6 Foreign currencies

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the statement of profit or loss.

2.7 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.

2.8 Stock-in-trade

Stock-in-trade, except in transit, is stated at lower of cost and net realizable value. Cost is determined on the basis of weighted average cost. Cost in relation to items in transit comprises of invoice value and other charges incurred thereon.

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

2.9 Financial instruments

2.9.1 Recognition and de-recognition

Financial instruments carried on the statement of financial position include investments, deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instruments at fair value through profit or loss" which are initially measured at fair value.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

2.9.2 Offsetting

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.

2.10 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.

2.11 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.

2.12 Taxation

2.12.1 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.

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

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

2.13 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest rate method.

2.14 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.

2.15 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.16 Trade and other payables

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

2.17 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets.

2.18 Impairment

2.18.1 Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

2.18.2 Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in statement of profit or loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior periods. Such reversal is recognized in statement of profit or loss.

2.19 Revenue

2.19.1 Sale of goods

Revenue from sale of goods is recognized on dispatch of goods to customers.

2.19.2 Interest income

Interest income is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

2.19.3 Dividend income

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

2.20 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.

2.21 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.

2.22 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 to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company has single reportable business segment.

3. ISSUED, SUBSCRIBED AND PAID–UP SHARE CAPITAL

2018	2017		2018	2017
(Number of shares)			Rupees	Rupees
41,002,000	41,002,000	Ordinary shares of Rupees 10 each fully paid-up in cash	410,020,000	410,020,000
25,000,000	25,000,000	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash (Note 3.2)	250,000,000	250,000,000
50,002,000	50,002,000	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	500,020,000	500,020,000
116,004,000	116,004,000		1,160,040,000	1,160,040,000

3.1 827,775 (2017: 827,775) ordinary shares of the Company are held by SK Lubricants Co., Ltd. - related party.

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

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

	2018 Rupees	2017 Rupees
4 RESERVES		
Capital reserve		
Share premium (Note 4.1)	1,441,697,946	1,441,697,946
Revenue reserve		
Un-appropriated profit	1,290,983,072	1,142,567,891
	2,732,681,018	2,584,265,837

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

	2018 Rupees	2017 Rupees
5 LONG TERM FINANCING		
From banking company - secured		
Bank Al-Habib Limited-1 (Note 5.1)	13,495,415	21,207,084
Bank Al-Habib Limited-2 (Note 5.1)	16,398,751	–
	29,894,166	21,207,084
Less : Current portion shown under current liabilities (Note 12)	15,000,003	7,711,669
	14,894,163	13,495,415

5.1 These facilities have been obtained to build warehouse at the property of Hi-Tech Blending (Private) Limited - subsidiary company at Sundar Raiwind Road. These facilities are secured against hypothecation charge over current assets of the Company of Rupees 1,067 million and personal guarantee of directors of the Company. These carry mark-up at the rate of 3 months KIBOR plus 1.75% per annum. These are repayable in 12 equal quarterly installments. Effective rate of mark-up charged during the year ranged from 7.89% to 8.18% (2017: 7.84% to 7.89%) per annum.

	2018 Rupees	2017 Rupees
6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	134,911,579	110,085,050
Less: Un-amortized finance charge	9,712,347	8,497,459
Present value of future minimum lease payments	125,199,232	101,587,591
Less: Current portion shown under current liabilities (Note 12)	46,093,849	35,777,290
	79,105,383	65,810,301

6.1 Minimum lease payments have been discounted using implicit interest rates ranging from 6.95% to 12.44% (2017: 7.40% to 12.67%) per annum. Rentals are payable in monthly and quarterly instalments. Taxes, repairs and insurance costs are to be borne by the Company. These are secured against charge on the leased assets, personal guarantees of directors and deposits of Rupees 26.557 million (2017: Rupees 23.384 million).

	2018		2017	
	Not later than one year	**Later than one year but not later than five years**	Not later than one year	Later than one year but not later than five years
	Rupees			
Future minimum lease payments	52,015,851	82,895,728	40,590,495	69,494,555
Less: Un-amortized finance charge	5,922,002	3,790,345	4,813,205	3,684,254
Present value of future minimum lease payments	46,093,849	79,105,383	35,777,290	65,810,301

7. LONG TERM DEPOSITS

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

	2018 Rupees	2017 Rupees
8. DEFFERED INCOME TAX LIABILITY		
The net deferred income tax liability comprised of temporary differences relating to:		
Deductible temporary differences		
Provision for doubtful trade debts	157,737	185,212
Leased assets	8,982,112	1,117,551
	9,139,849	1,302,763
Taxable temporary difference		
Accelerated tax depreciation and amortization	21,208,439	4,509,957
Net deferred income tax liability	12,068,590	3,207,194
9. TRADE AND OTHER PAYABLES		
Creditors (Note 9.1)	166,910,839	330,221,891
Accrued liabilities (Note 9.2)	163,552,298	93,794,222
Advances from customers	152,873,281	191,257,137
Customs duty and other charges payable	88,711,322	176,933,600
Income tax deducted at source	51,118	9,740,779
Sales tax payable	39,244,625	–
Payable to employees' provident fund trust	2,614,251	1,611,679
	613,957,734	803,559,308

9.1 It includes Rupees 136.592 million (2017: Rupees 296.537 million) payable to SK Lubricants Co., Ltd. - related party.

9.2 It includes amount of Rupees 6.823 million (2017: Rupees 5.241 million) on account of remuneration payable to directors of the Company.

	2018 Rupees	2017 Rupees
10. ACCRUED MARK-UP		
Long term financing	1,038,947	417,120
Liabilities against assets subject to finance lease	279,031	268,021
Short term borrowings	16,899,118	8,832,086
	18,217,096	9,517,227
11. SHORT TERM BORROWINGS		
From banking companies - secured		
Running finances (Note 11.1 and 11.2)	331,835,243	809,821,049
Finance against trust receipts (Note 11.1 and 11.3)	296,916,620	166,772,060
Running musharakah (Note 11.1 and 11.4)	–	142,376,117
Musawamah finance (Note 11.1 and 11.5)	78,883,805	–
	707,635,668	1,118,969,226

11.1 These finances are obtained from banking companies under mark up arrangements and are secured against first joint pari passu hypothecation charge over current assets, lien over term deposit receipts and personal guarantee of sponsor directors.

11.2 The rates of markup range from 7.15% to 9.66% (2017: 7.15% to 7.72%) per annum.

11.3 The rates of markup range from 7.16% to 8.14% (2017: 7.33% to 7.72%) per annum.

11.4 The rate of markup range from 7.14% to 7.50% (2017: 7.09% to 7.12%) per annum.

11.5 Mark up is payable at respective KIBOR plus 1% per annum. Effective rate of markup charged during the year ranged from 7.42% to 7.83% per annum.

	2018 Rupees	2017 Rupees
12. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Long term financing (Note 5)	15,000,003	7,711,669
Liabilities against assets subject to finance lease (Note 6)	46,093,849	35,777,290
	61,093,852	43,488,959

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 Corporate guarantees of Rupees 1,425.52 million (2017: Rupees 1,383.57 million) have been given by the Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - subsidiary company.

13.1.2 Guarantees of Rupees 28 million (2017: Rupees 10 million) are given by the bank of the Company to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.

13.1.3 Guarantees of Rupees 12.314 million (2017: Rupees 2.314 million) are given by the bank of the Company to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.

13.1.4 During the year ended 30 June 2018, assessment under section 161 / 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 favour of the Company reducing the total demand to Rupees 0.191 million. However, Income Tax Department has filed an appeal against the order of the CIR(A) before the Appellate Tribunal Inland Revenue and the same is pending adjudication. No provision against the original tax demand has been recognized in these financial statements, as the Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.

13.1.5 On 05 June 2018, the Competition Commission of Pakistan ("CCP") has initiated a formal enquiry under the provisions of the Competition Act, 2010 ("the Act") on complaint against the Company and its wholly-owned subsidiary company, Hi-Tech Blending (Private) Limited by Chevron Pakistan Lubricants (Private) Limited ("Chevron") for adopting deceptive marketing practices in contravention of section 10 of the Act. It has also been prayed by Chevron to CCP to impose a penalty of 10% of the annual turnover of the Company and its wholly-owned subsidiary and / or Rupees 75 million, as CCP may deem appropriate. The Company and its wholly-owned subsidiary company have submitted a detail reply before the CCP through their advocates, rejecting the contents of filed compliant, and expects a favorable outcome of the matter. Hence, no provision for penalty has been recognized in these financial statements.

		2018 Rupees	2017 Rupees
13.2	**Commitments**		
13.2.1	**Capital expenditures:**		
	Contracts	25,168,567	173,427,561
	Letters of credit	4,862,700	–
		30,031,267	173,427,561
13.2.2	Letters of credit other than for capital expenditures	245,018,196	87,340,703

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

	2018 Rupees	2017 Rupees
Not later than one year	5,004,436	–
Later than one year but not later than five years	7,943,488	–
	12,947,924	–

14. FIXED ASSETS

	2018 Rupees	2017 Rupees
Property and equipment:		
Operating fixed assets		
- Owned (Note 14.1)	836,309,262	622,505,331
- Leased (Note 14.1)	94,226,431	92,080,840
	930,535,693	714,586,171
Capital work-in-progress (Note 14.2)	455,776,154	225,981,488
	1,386,311,847	940,567,659
Intangible assets:		
Computer softwares (Note 14.1)	2,894,585	7,553,843
	1,389,206,432	948,121,502

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

Description	Operating fixed assets — Owned: Freehold land	Buildings on freehold land	Buildings on leasehold land	Machinery	Furniture and fittings	Vehicles	Office equipment	Computer	Total	Leased: Vehicles	Machinery	Total	Intangible assets: Computer softwares
	Rupees												Rupees
At 30 June 2016													
Cost	134,326,530	52,115,124	–	–	15,044,461	78,500,198	24,047,235	19,113,934	323,147,482	76,914,260	–	76,914,260	25,716,802
Accumulated depreciation / amortization	–	(14,513,859)	–	–	(6,299,426)	(46,779,843)	(9,167,789)	(7,093,047)	(83,853,964)	(34,016,122)	–	(34,016,122)	(13,133,065)
Net book value	134,326,530	37,601,265	–	–	8,745,035	31,720,355	14,879,446	12,020,887	239,293,518	42,898,138	–	42,898,138	12,583,737
Year ended 30 June 2017													
Opening net book value	134,326,530	37,601,265	–	–	8,745,035	31,720,355	14,879,446	12,020,887	239,293,518	42,898,138	–	42,898,138	12,583,737
Additions	355,881,500	–	27,571,142	3,197,442	1,722,462	69,646,779	1,612,021	3,791,701	463,423,047	78,067,521	1,698,360	79,765,881	1,865,420
Transferred from leased assets:													
Cost	–	–	–	–	–	20,679,900	–	–	20,679,900	(20,679,900)	–	(20,679,900)	–
Accumulated depreciation	–	–	–	–	–	(8,651,059)	–	–	(8,651,059)	8,651,059	–	8,651,059	–
	–	–	–	–	–	12,028,841	–	–	12,028,841	(12,028,841)	–	(12,028,841)	–
Disposals:													
Cost	–	–	–	–	–	(83,929,173)	(896,343)	(209,500)	(85,035,016)	(3,314,130)	–	(3,314,130)	–
Accumulated depreciation	–	–	–	–	–	13,849,025	434,519	124,373	14,407,917	999,955	–	999,955	–
	–	–	–	–	–	(70,080,148)	(461,824)	(85,127)	(70,627,099)	(2,314,175)	–	(2,314,175)	–
Depreciation / amortization charge	–	(3,760,126)	(229,760)	(26,645)	(924,946)	(11,027,330)	(1,550,540)	(4,093,629)	(21,612,976)	(16,141,092)	(99,071)	(16,240,163)	(6,895,314)
Closing net book value	490,208,030	33,841,139	27,341,382	3,170,797	9,542,551	32,288,497	14,479,103	11,633,832	622,505,331	90,481,551	1,599,289	92,080,840	7,553,843
At 30 June 2017													
Cost	490,208,030	52,115,124	27,571,142	3,197,442	16,766,923	84,897,704	24,762,913	22,696,135	722,215,413	130,987,751	1,698,360	132,686,111	27,582,222
Accumulated depreciation / amortization	–	(18,273,985)	(229,760)	(26,645)	(7,224,372)	(52,609,207)	(10,283,810)	(11,062,303)	(99,710,082)	(40,506,200)	(99,071)	(40,605,271)	(20,028,379)
Net book value	490,208,030	33,841,139	27,341,382	3,170,797	9,542,551	32,288,497	14,479,103	11,633,832	622,505,331	90,481,551	1,599,289	92,080,840	7,553,843
Year ended 30 June 2018													
Opening net book value	490,208,030	33,841,139	27,341,382	3,170,797	9,542,551	32,288,497	14,479,103	11,633,832	622,505,331	90,481,551	1,599,289	92,080,840	7,553,843
Additions	59,678,232	–	136,386,775	10,399,525	2,213,590	11,056,501	8,588,502	8,455,479	236,778,604	39,013,031	–	39,013,031	676,234
Transferred from leased assets:													
Cost	–	–	–	–	–	28,076,186	–	–	28,076,186	(28,076,186)	–	(28,076,186)	–
Accumulated depreciation	–	–	–	–	–	(14,234,378)	–	–	(14,234,378)	14,234,378	–	14,234,378	–
	–	–	–	–	–	13,841,808	–	–	13,841,808	(13,841,808)	–	(13,841,808)	–
Written off:													
Cost	–	–	–	–	–	–	–	(4,083,208)	(4,083,208)	–	–	–	(261,176)
Accumulated depreciation	–	–	–	–	–	–	–	2,539,189	2,539,189	–	–	–	151,125
	–	–	–	–	–	–	–	(1,544,019)	(1,544,019)	–	–	–	(110,051)
Disposals:													
Cost	–	–	–	–	–	(12,970,414)	–	–	(12,970,414)	(2,088,490)	–	(2,088,490)	–
Accumulated depreciation	–	–	–	–	–	8,620,776	–	–	8,620,776	348,081	–	348,081	–
	–	–	–	–	–	(4,349,638)	–	–	(4,349,638)	(1,740,409)	–	(1,740,409)	–
Depreciation / amortization charge	–	(3,384,114)	(10,419,698)	(803,201)	(1,046,795)	(8,821,373)	(1,916,602)	(4,531,041)	(30,922,824)	(21,125,294)	(159,929)	(21,285,223)	(5,225,441)
Closing net book value	549,886,262	30,457,025	153,308,459	12,767,121	10,709,346	44,015,795	21,151,003	14,014,251	836,309,262	92,787,071	1,439,360	94,226,431	2,894,585
At 30 June 2018													
Cost	549,886,262	52,115,124	163,957,917	13,596,967	18,980,513	111,059,977	33,351,415	27,068,406	970,016,581	139,836,106	1,698,360	141,534,466	27,997,280
Accumulated depreciation / amortization	–	(21,658,099)	(10,649,458)	(829,846)	(8,271,167)	(67,044,182)	(12,200,412)	(13,054,155)	(133,707,319)	(47,049,035)	(259,000)	(47,308,035)	(25,102,695)
Net book value	549,886,262	30,457,025	153,308,459	12,767,121	10,709,346	44,015,795	21,151,003	14,014,251	836,309,262	92,787,071	1,439,360	94,226,431	2,894,585
Annual rate of depreciation / amortization (%)		10	10	10	10	20	10	30		20	10		30

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

Particulars	Quantity	Cost	Accumulated depreciation	Net book value	Consideration	Gain	Mode of disposal	Particulars of purchasers
		Rupees						
Vehicles - owned								
Honda Civic LEE-13-2976	1	2,371,000	1,431,940	939,060	1,200,000	260,940	Negotiation	Mr. Sajjad Ahmed, Sahiwal
Honda City LED-13-6398	1	1,545,935	964,432	581,503	960,000	378,497	Company's policy	Mr. Ejaz Khattak, Company's employee, Islamabad
Suzuki Cultus LEH-14-1702	1	1,090,290	565,966	524,324	800,000	275,676	Insurance claim	EFU General Insurance Limited
Honda Civic LEF-13-946	1	2,072,725	1,206,049	866,676	1,385,000	518,324	Negotiation	Ch. Riaz Ahmed, Lahore
		7,079,950	4,168,387	2,911,563	4,345,000	1,433,437		
Vehicle - leased								
Toyota Corolla LEH-16-8987	1	2,088,490	348,081	1,740,409	1,875,000	134,591	Insurance claim	EFU General Insurance Limited
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000		5,890,464	4,452,389	1,438,075	3,317,134	1,879,059		
		15,058,904	8,968,857	6,090,047	9,537,134	3,447,087		

	2018 Rupees	2017 Rupees
14.1.2 The depreciation charge on operating fixed assets for the year has been allocated as follows:		
Distribution cost (Note 27)	29,946,666	27,168,421
Administrative expenses (Note 28)	22,261,381	10,684,717
	52,208,047	37,853,138

14.1.3 Amortization on intangible assets amounting to Rupees 5.225 million (2017: Rupees 6.895 million) has been allocated to administrative expenses.

14.1.4 The cost of intangible assets as at reporting date includes fully amortized intangible assets of Rupees 18.982 million (2017: Rupees 3.531 million) which are still in use of the Company.

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

Location	Usage of Immovable Property	Total area of land	Covered area of building
		Acres	Square feet
Property No. 35 A / M, Quaid-e- Azam Industrial Estate, Kot Lakhpat, Lahore	Customs bonded warehouse	0.69	21,965
Mouza No. 107/9L, Tehsil and District Sahiwal	For construction of oil depot	6.7	–
Plot No. 2, Block K, Main Boulevard Gulberg-II, Lahore	OMC project office	0.39	1,847
Mouza Aza Khel Bala, Tehsil and District Nowshera	For construction of oil depot	6.25	–
7-km, Sundar Raiwind Road, Bhai Kot, Lahore	Warehouse	–	49,658
Dharampura, Lahore	HTL Express Centre	–	1,436
Garden Town, Lahore	HTL Express Centre	–	1,789
Gulshan Ravi, Lahore	HTL Express Centre	–	2,444
22 - A, Zafar Ali Road, Jail Road, Lahore	HTL Express Centre (Proposed)	0.16	–

		2018 Rupees	2017 Rupees
14.2	**Capital work-in-progress**		
	Advance against purchase of apartment (Note 14.2.1)	25,226,750	25,226,750
	Advances for purchase of vehicles	44,915,301	16,468,000
	Civil works (Note 14.2.2)	234,196,220	111,548,093
	Mobilization and other advances	44,202,573	20,224,164
	Unallocated expenditures (Note 14.2.2)	107,235,310	52,514,481
		455,776,154	225,981,488

14.2.1 This represent advance given to BNP (Private) Limited against purchase of apartment in Grand Hayatt at 1-Constitution Avenue, Islamabad. On July 29, 2016 Capital Development Authority (CDA) cancelled the leased deed of BNP (Private) Limited on the grounds of violating the terms and conditions of the said lease. Against the alleged order, BNP (Private) Limited filed a writ petition before the Honorable Islamabad High Court ("the Court") challenging the cancellation of said lease. The Court dismissed the writ petition of BNP (Private) Limited. However, the honorable judge of the Court 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 have filed intra-court appeals against the aforesaid judgement of the Court and judgment is awaited.

In the Final Report of the Committee setup by Honorable Prime Minister of Pakistan, pursuant to the orders of the Court, it has duly been recommended that the project be regularized in accordance with CDA's Plot Restoration Policy and in case where the investor does not want to accept the new arrangement, BNP (Private) Limited shall refund the investment with mark-up equivalent to that being charged by the banks for personal loans at the time of refunding the investment.

In view of the aforesaid, advice of the legal counsel of the Company and the fact that the Company's apartment is one of the duly built apartments on 6th Floor of the Tower, no provision against advance for purchase of apartment has been recognized in these financial statements.

14.2.2 An amount of Rupees 56.386 million (2017: Rupees 61.522 million) is included in civil works and Rupees 1.974 million (2017: Rupees 25.280 million) is included in unallocated expenditures relating to the construction of a warehouse on the land owned by Hi-Tech Blending (Private) Limited - subsidiary company. The Company entered into a lease agreement with Hi-Tech Blending (Private) Limited - subsidiary company, against a piece of land measuring 45 Kanals where the Company is building a warehouse. One warehouse has already been built on this land. The lease agreement is for 20 years.

		2018 Rupees	2017 Rupees
15.	**INVESTMENT IN SUBSIDIARY COMPANY - AT COST**		
	Hi-Tech Blending (Private) Limited - unquoted (Note 15.1)		
	130,000,060 (2017: 130,000,060) fully paid ordinary shares of Rupees 10 each		
	Equity held 100% (2017: 100%)	1,300,000,600	1,300,000,600

15.1 Investment in Hi-Tech Blending (Private) Limited includes 60 shares in the name of nominee directors of the Company. Investment made in subsidiary company is in accordance with requirements of the Companies Act, 2017.

		2018 Rupees	2017 Rupees
16.	**LONG TERM LOANS TO EMPLOYEES**		
	Considered good		
	- Executives (Note 16.1)	1,049,136	2,306,412
	- Other employees	–	133,168
		1,049,136	2,439,580
	Less: Current portion shown under current assets (Note 20)		
	- Executives	769,004	1,257,276
	- Other employees	–	133,168
		769,004	1,390,444
		280,132	1,049,136
16.1	**Reconciliation of carrying amounts of loans to executives:**		
	Opening balance	2,306,412	4,903,391
	Less: Repayments	1,257,276	2,596,979
	Closing balance	1,049,136	2,306,412

16.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 2.202 million (2017: Rupees 3.459 million).

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

16.3 The fair value adjustment in accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' arising in respect of staff loans is not considered material and hence not recognized.

		2018 Rupees	2017 Rupees
17.	**LONG TERM SECURITY DEPOSITS**		
	Security deposits against leased assets	26,557,106	23,383,956
	Security deposit against Ijara	2,189,400	–
	Security deposits - others	11,068,300	14,465,300
		39,814,806	37,849,256
	Less: Current portion shown under current assets (Note 21)	1,202,400	5,111,800
		38,612,406	32,737,456
18.	**STOCK-IN-TRADE**		
	Lubricants (Note 18.1)	963,383,983	1,507,238,185
	Less: Provision for slow moving and damaged inventory items (Note 18.2)	2,450,521	2,215,187
		960,933,462	1,505,022,998
	Stock of promotional items	272,913	314,838
		961,206,375	1,505,337,836

18.1 This includes stock-in-transit of Rupees 224.707 million (2017: Rupees Nil) and stock amounting to Rupees 178.839 million (2017: Rupees 1,067.471 million) lying at customs bonded warehouses.

		2018 Rupees	2017 Rupees
18.2	**Provision for slow moving and damaged inventory items**		
	Opening balance	2,215,187	–
	Add: Provision for the year (Note 29)	807,206	2,215,187
	Less: Provision reversed for the year (Note 30)	571,872	–
	Closing balance	2,450,521	2,215,187

19. TRADE DEBTS

	Unsecured:		
	Considered good - other than related party (Note 19.1)	236,936,937	179,385,219
	Considered doubtful - other than related party (Note 19.2)	543,919	1,575,557
		237,480,856	180,960,776
	Less: Provision for doubtful trade debts (Note 19.3)	543,919	1,575,557
		236,936,937	179,385,219

19.1 As at 30 June 2018, trade debts of Rupees 223.498 million (2017: Rupees 148.921 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 age analysis of these trade debts is as follows:

	2018 Rupees	2017 Rupees
Upto 1 month	105,006,206	82,306,505
1 to 6 months	96,533,574	61,259,643
More than 6 months	21,958,268	5,354,781
	223,498,048	148,920,929

19.2 As at 30 June 2018, trade debts of Rupees 0.544 million (2017: Rupees 1.575 million) were impaired and provided for. Trade debts of Rupees 1.576 million (2017: Rupees 0.476 million) were impaired and written off against provision and trade debts of Rupees 0.180 million (2017: Rupees 0.127 million) were directly written off during the year. The age analysis of these trade debts was more than one year.

		2018 Rupees	2017 Rupees
19.3	**Provision for doubtful trade debts**		
	Opening balance	1,575,557	492,392
	Add: Provision for the year (Note 29)	543,919	1,575,557
	Less: Reversal of provision made during the year (Note 30)	–	15,937
	Less: Bad debts written off against provision during the year	1,575,557	476,455
	Closing balance	543,919	1,575,557

	2018 Rupees	2017 Rupees
20. LOANS AND ADVANCES		
Considered good, unsecured:		
Loans to employees - interest free and against salaries:		
- Executives	1,034,668	1,159,352
- Other employees	2,305,095	2,754,824
	3,339,763	3,914,176
Loans to employees against expenses	925,203	1,408,320
Current portion of long term loans to employees (Note 16)	769,004	1,390,444
Loan to subsidiary company (Note 20.1)	–	261,000,000
Advances to suppliers (Note 20.2)	134,422,135	368,294,783
Margin against letters of credit	–	24,879,002
Margin against bank guarantees	7,000,000	2,731,500
	146,456,105	663,618,225

20.1 It represented short term loan given to Hi-Tech Blending (Private) Limited - subsidiary company for working capital requirement. It was unsecured loan and repayable on demand. It carried mark-up at average borrowing cost of the Company. The maximum aggregate amount receivable from subsidiary company at the end of any month during the year was Rupees 557.500 million (2017: Rupees 261 million). These were neither past due nor impaired.

20.2 These include advances of Rupees 85.138 million (2017: Rupees 325.920 million) to Hi-Tech Blending (Private) Limited - subsidiary company in the ordinary course of business. The maximum aggregate amount of advance given to subsidiary company at the end of any month during the year was Rupees 257.740 million (2017: Rupees 325.920 million). These are neither past due nor impaired.

	2018 Rupees	2017 Rupees
21. SHORT TERM DEPOSITS AND PREPAYMENTS		
Current portion of long term security deposits (Note 17)	1,202,400	5,111,800
Short term deposits	4,665,000	1,944,000
Prepaid insurance	14,437,654	5,125,716
Prepaid rent	7,628,734	2,429,933
	27,933,788	14,611,449
22. OTHER RECEIVABLES		
Receivable from MAS Associates (Private) Limited - associated company (Note 22.1)	79,042	114,623
Receivable from SK Lubricants Co., Ltd. - related party (Note 22.2)	17,024,000	55,875,455
Sales tax receivable	–	23,572,344
Others	237,291	85,575
	17,340,333	79,647,997

22.1 The maximum aggregate amount receivable from associated company at the end of any month during the year was Rupees 0.263 million (2017: Rupees 0.290 million). It is neither past due nor impaired.

22.2 The maximum aggregate amount receivable from related party at the end of any month during the year was Rupees 90.701 million (2017: Rupees 101.017 million). It is neither past due nor impaired.

	2018 Rupees	2017 Rupees

23. ACCRUED INTEREST

	2018 Rupees	2017 Rupees
On short term loans to subsidiary company (Note 23.1)	15,306,534	261,178
On bank deposits	28,070	89,928
	15,334,604	351,106

23.1 The maximum aggregate amount of interest receivable from subsidiary company at the end of any month during the year was Rupees 17.292 million (2017: Rupees 0.261 million). As at 30 June 2018, accrued interest on short term loans to subsidiary company of Rupees 4.792 million (2017: Rupees Nil) was past due but not impaired. The aging of this accrued interest was more than six months.

24. SHORT TERM INVESTMENTS

	2018 Rupees	2017 Rupees
Held-to-maturity (Note 24.1)	851,833,801	1,006,004,644
At fair value through profit or loss (Note 24.2)	65,519,756	75,124,601
	917,353,557	1,081,129,245

24.1 Held-to-maturity

	2018 Rupees	2017 Rupees
Term deposit receipts	846,031,918	1,001,031,917
Add: Interest accrued thereon	5,801,883	4,972,727
	851,833,801	1,006,004,644

24.1.1 These term deposit receipts issued by banking companies having maturity period ranges from one month to six month (2017: one month to one year) and carry interest ranging from 3.00% to 6.21% (2017: 5.90% to 6.40%) per annum. Term deposits receipts amounting to Rupees 671.031 million (2017: Rupees 491.031 million) are under lien with banks against short term borrowings.

24.2 At fair value through profit or loss

	2018 Rupees	2017 Rupees
Quoted - other than related party:		
Engro Fertilizer Limited		
49,500 (2017: 49,500) fully paid ordinary shares of Rupees 10 each	3,246,080	3,246,080
Alfalah GHP Stock Fund B Growth Units		
461,430 (2017: 461,430) units of Rupees 159.2592 each	73,486,932	73,486,932
Less: Unrealized loss on remeasurement of investments at fair value	11,213,256	1,608,411
	65,519,756	75,124,601

25. CASH AND BANK BALANCES

	2018 Rupees	2017 Rupees
Cash in hand	601,332	533,379
Cash at banks:		
Saving accounts (Note 25.1)	207,327,155	36,135,276
Current accounts	263,676,263	38,444,120
	471,003,418	74,579,396
	471,604,750	75,112,775

25.1 Saving accounts carry mark-up at the rates ranging from 3% to 6% (2017: 3.75% to 6%) per annum.

25.2 Bank balances of Rupees 54.947 million (2017: Rupees 20.053 million) and short term investments of Rupees 907.844 million (2017: Rupees 1,075 million) as at 30 June 2018 represents un-utilized proceeds of the initial public offer. Bank balance amounting to Rupees 50 million (2017: Rupees Nil) is under lien with a bank against short term borrowing.

	2018 Rupees	2017 Rupees
26. COST OF SALES		
Opening stock	1,505,022,998	662,906,276
Purchased during the year	6,781,162,273	6,556,546,674
	8,286,185,271	7,219,452,950
Less: Closing stock (Note 18)	960,933,462	1,505,022,998
	7,325,251,809	5,714,429,952
27. DISTRIBUTION COST		
Salaries, wages and other benefits (Note 27.1)	273,668,475	247,991,160
Sales promotion and advertisements - net (Note 27.2)	98,901,950	7,396,424
Freight outward	67,122,586	56,511,272
Rent, rates and taxes	43,834,426	45,719,323
Sales commission	1,795,067	2,972,170
Travelling and conveyance	43,594,463	32,838,479
Insurance	11,516,424	8,736,157
Utilities	4,596,749	2,745,069
Printing and stationery	715,606	432,221
Repair and maintenance	10,864,569	6,128,753
Vehicles' running and maintenance	12,553,114	9,368,393
Communication	9,275,269	7,143,730
Entertainment	3,790,176	2,906,814
Ijara rentals	2,317,819	–
Depreciation on operating fixed assets (Note 14.1)	29,946,666	27,168,421
Miscellaneous	21,560,476	14,258,496
	636,053,835	472,316,882

27.1 Salaries, wages and other benefits include provident fund contribution of Rupees 7.367 million (2017: Rupees 7.636 million) by the Company.

27.2 These are net off incentives in the shape of reimbursement against sales promotion expenses and advertisements amounting to Rupees 228.026 million (2017: Rupees 156.335 million) from SK Lubricants Co., Ltd. - related party.

	2018 Rupees	2017 Rupees
28. ADMINISTRATIVE EXPENSES		
Salaries and other benefits (Note 28.1)	249,465,091	205,664,463
Rent, rates and taxes	10,939,699	10,230,321
Travelling and conveyance	21,764,165	11,899,826
Legal and professional (Note 28.2)	29,069,517	11,041,456
Insurance	8,677,757	5,891,913
Vehicles' running and maintenance	6,512,955	7,177,530
Utilities	3,399,405	3,010,683
Repair and maintenance	6,110,129	5,642,530
Fee and subscription	1,710,697	4,427,769
Printing and stationery	951,616	666,319
Communication	3,969,658	5,808,279
Entertainment	4,658,814	3,716,316
Auditors' remuneration (Note 28.3)	2,791,225	2,261,500
Depreciation on operating fixed assets (Note 14.1)	22,261,381	10,684,717
Amortization on intangible assets (Note 14.1.3)	5,225,441	6,895,314
Miscellaneous	1,070,466	1,815,312
	378,578,016	296,834,248

28.1 Salaries and other benefits include provident fund contribution of Rupees 5.340 million (2017: Rupees 3.906 million) by the Company.

28.2 It includes an amount of Rupees 2.534 million (2017: Rupees 2.095 million) on account of internal audit services rendered by EY Ford Rhodes.

		2018 Rupees	2017 Rupees
28.3	**Auditors' remuneration**		
	Annual audit fee	1,350,000	1,150,000
	Certifications	481,225	385,000
	Half year review	750,000	550,000
	Reimbursable expenses	210,000	176,500
		2,791,225	2,261,500
29.	**OTHER EXPENSES**		
	Provision for doubtful trade debts (Note 19.3)	543,919	1,575,557
	Provision for slow moving and damaged inventory items (Note 18.2)	807,206	2,215,187
	Bad debts written off	180,292	127,107
	Fixed assets written off	1,654,071	–
	Exchange loss - net	34,971,164	15,851,504
	Charities and donations (Note 29.1)	15,308,958	12,538,238
	Unrealized loss on remeasurement of investment at fair value	9,604,845	1,561,020
		63,070,455	33,868,613

29.1 These include amount of Rupees 12 million (2017: Rupees 12 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 and Rupees 1 million (2017: Rupees Nil) paid to Al-Mudassar Trust, Bahariwal, Tehsil Kharian, District Gujrat in which there is no interest of any director or his/her spouse in donee's fund.

		2018 Rupees	2017 Rupees
30.	**OTHER INCOME**		
	Income from financial assets		
	Dividend income	272,250	1,150,572
	Profit on bank deposits and term deposit receipts	58,382,560	85,020,636
	Gain on sale of short term investment	–	3,181,451
	Interest income on loans to subsidiary company	43,993,172	261,178
	Income from non-financial assets		
	Gain on disposal of operating fixed assets	3,447,087	1,780,349
	Credit balances written back	–	1,983,967
	Reversal of provision for doubtful trade debts (Note 19.3)	–	15,937
	Reversal of provision for slow moving and damaged inventory items (Note 18.2)	571,872	–
	Scrap sales	1,795,577	2,362,849
		108,462,518	95,756,939
31.	**FINANCE COST**		
	Mark up on long term financing	2,775,010	770,431
	Mark up on short term borrowings	71,231,588	30,936,119
	Finance charges on liabilities against assets subject to finance lease	6,033,324	3,087,422
	Bank charges and commission	2,500,809	1,043,863
		82,540,731	35,837,835

	2018 Rupees	2017 Rupees
32. TAXATION		
For the year:		
Current (Note 32.1)	313,252,999	298,424,805
Deferred tax (Note 8)	8,861,396	3,207,193
Prior year adjustment	2,567	2,851,771
	322,116,962	304,483,769

32.1 The provision for current tax represents final tax on imports, tax on sales under normal tax regime and tax on income from other sources under the relevant provisions of the Income Tax Ordinance, 2001.

	2018 Rupees	2017 Rupees
32.2 Reconciliation between tax expense and accounting profit		
Accounting profit before taxation	876,546,143	1,031,351,431
Applicable tax rate	30%	31%
Tax on accounting profit	262,963,843	319,718,944
Tax effect of income subject to final tax regime	34,145,257	(35,461,500)
Effect of super tax	29,323,249	27,685,403
Expenses that are not deductible in determining taxable profit	(3,426,031)	1,103,165
Prior year adjustment	2,567	2,851,771
Tax effect of temporary differences	8,861,396	3,207,193
Tax credits	(9,753,319)	(14,621,207)
	322,116,962	304,483,769

32.3 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purposes of taxation is available which can be analyzed as follows:

Description	Year ended 30 June 2017	2016	2015
		Rupees	
Provision for taxation	298,427,372	359,424,629	164,667,599
Tax assessed	270,722,192	328,362,629	164,667,599

The excess provision mainly pertains to super tax provisions recognized in the respective years which have not been paid as yet as the Company intends to contest the levy of tax.

	2018	2017
33. EARNINGS PER SHARE - BASIC AND DILUTED		
There is no dilutive effect on the basic earnings per share which based on:		
Profit after taxation attributable to ordinary shareholders (Rupees)	554,429,181	726,867,662
Weighted average number of shares (Number)	116,004,000	116,004,000
Basic earnings per share (Rupees)	4.78	6.27

	2018 Rupees	2017 Rupees

34. CASH GENERATED FROM / (UTILIZED IN) OPERATIONS

	2018 Rupees	2017 Rupees
Profit before taxation	876,546,143	1,031,351,431
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	52,208,047	37,853,139
Amortization on intangible assets	5,225,441	6,895,314
Provision for doubtful trade debts	543,919	1,575,557
Provision for slow moving and damaged inventory items	807,206	2,215,187
Reversal of provision for doubtful trade debts	–	(15,937)
Reversal of provision of slow moving and damaged inventory items	(571,872)	–
Bad debts written off	180,292	127,107
Credit balances written back	–	(1,983,967)
Gain on disposal of operating fixed assets	(3,447,087)	(1,780,349)
Dividend income	(272,250)	(1,150,572)
Profit on bank deposits and term deposit receipts	(58,382,560)	(85,020,636)
Interest income on loans to subsidiary company	(43,993,172)	(261,178)
Unrealized loss on remeasurement of investments at fair value	9,604,845	1,561,020
Gain on disposal of short term investment	–	(3,181,451)
Fixed assets written off	1,654,071	–
Exchange loss - net	34,971,164	15,851,504
Finance cost	82,540,731	35,837,835
Working capital changes (Note 34.1)	561,664,065	(1,091,235,646)
	1,519,278,983	(51,361,642)

34.1 Working capital changes

	2018 Rupees	2017 Rupees
Decrease / (increase) in current assets:		
Stock-in-trade	543,896,127	(844,288,248)
Trade debts	(58,275,929)	(29,305,434)
Loans and advances	255,540,680	(344,699,693)
Short term deposits and prepayments	(17,231,739)	(730,801)
Other receivables	62,307,664	(79,170,367)
	786,236,803	(1,298,194,543)
(Decrease) / increase in trade and other payables	(224,572,738)	206,958,897
	561,664,065	(1,091,235,646)

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

	Liabilities from financing activities				
	Long term financing	Liabilities against assets subject to finance lease	Short term borrowings	Unclaimed dividend	Total
	Rupees				
Balance as at 01 July 2017	21,207,084	101,587,591	1,118,969,226	1,526,469	1,243,290,370
Financing obtained	21,865,000	–	7,696,804,614	–	7,718,669,614
Repayment of financing	(13,177,918)	–	(8,108,138,172)	–	(8,121,316,090)
Acquisitions - finance leases	–	65,319,120	–	–	65,319,120
Other change - non-cash movement	–	(5,734,900)	–	–	(5,734,900)
Repayment of lease liabilities	–	(35,972,579)	–	–	(35,972,579)
Dividend declared	–	–	–	406,014,000	406,014,000
Dividend paid	–	–	–	(403,243,100)	(403,243,100)
Balance as at 30 June 2018	29,894,166	125,199,232	707,635,668	4,297,369	867,026,435

		2018 Rupees	2017 Rupees
34.3	**Non-cash financing activities**		
	Acquisition of vehicles and machinery by means of finance lease	65,319,120	93,399,776

35. PROVIDENT FUND RELATED DISCLOSURES

	2018 Rupees	2017 Rupees
The following information is based on un-audited financial statements of the provident fund trust:		
Size of the fund - Total assets	90,190,586	87,478,981
Cost of investments	86,552,733	82,349,232
Percentage of investments made	95.97%	94.14%
Fair value of investments	87,082,552	89,192,259

35.1 The break-up of cost of investments is as follows:

	2018 Percentage	2017 Percentage	2018 Rupees	2017 Rupees
Investment in other collective investment scheme	12.71%	13.36%	11,000,000	11,000,000
Investment in listed equity securities	13.96%	11.77%	12,086,810	9,693,227
Bank balances and term deposit receipts	73.33%	74.87%	63,465,923	61,656,005
	100.00%	100.00%	86,552,733	82,349,232

35.2 As at the reporting date, Hi-Tech Lubricants Limited Employees Provident Fund Trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the rules formulated for this purpose in terms of SRO 731 (I)/2018 issued by Securities and Exchange Commission of Pakistan on 06 June 2018 which allows transition period of one year for bringing the employees provident fund trust in conformity with the requirements of the rules.

36. 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	2018 Rupees	2017 Rupees
Subsidiary company			
Hi-Tech Blending (Private) Limited	Share deposit money	–	197,240,600
	Issuance of shares	–	1,200,000,100
	Sale of lubricants	282,489	27,901
	Purchase of lubricants	3,831,954,432	2,325,570,721
	Loans disbursed	296,500,000	261,000,000
	Repayment of loans	557,500,000	–
	Interest charged on short term loans	43,993,172	261,178
	Lease rentals paid	3,000,000	3,000,000
	Sale of vehicle	133,821	–
Associated companies			
MAS Associates (Private) Limited	Share of common expenses	589,048	641,658
Other related parties			
SK Lubricants Co., Ltd.	Purchase of lubricants	2,225,755,614	3,341,798,883
Directors	Rent expense	2,314,266	16,518,699
Provident fund trust	Contribution	15,170,142	11,541,355
Sabra Hamida Trust	Donations	12,000,000	12,000,000

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

Name of related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year	% age of shareholding
Hi-Tech Blending (Private) Limited	Wholly owned subsidiary company	Yes	100%
Hi-Tech Energy (Private) Limited	Common directorship	No	None
MAS Associates (Private) Limited	Common directorship	Yes	None
MAS Infosoft (Private) Limited	Common directorship	No	None
MAS Services	Common directorship	No	None
Haut Buys (Private) Limited	Common directorship	No	None
Hi-Tech Lubricants Limited Employees Provident Fund Trust	Common trusteeship of directors	Yes	None
Sabra Hamida Trust	Common trusteeship of directors	Yes	None
MAS Associates (Private) Limited Employees Provident Fund Trust	Common trusteeship of directors	No	None
SK Lubricants Co., Ltd.	Major supplier and long term partner	Yes	None

37. 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:

	2018				2017			
		Directors				Directors		
	Chief Executive	Executives	Non–Executives	Executives	Chief Executive	Executives	Non–Executives	Executives
	Rupees							
Managerial remuneration	24,742,910	21,010,570	15,225,806	44,250,466	22,050,845	28,691,600	9,290,322	28,037,951
Bonus	–	–	–	19,801,014	–	–	–	17,232,321
Allowances								
House rent	5,922,581	5,225,806	6,851,613	19,841,632	5,341,936	7,112,903	4,180,645	12,215,017
Medical	1,316,129	1,161,290	1,522,581	4,409,252	1,187,097	1,580,645	929,032	2,714,448
Travelling	3,068,700	2,150,000	3,000,000	804,380	1,500,000	2,700,000	2,000,000	825,050
Other	–	–	–	389,960	500,000	1,300,000	–	1,897,681
Contribution to provident fund trust	–	–	–	4,354,930	–	–	–	2,527,482
Leave fare assistance	–	–	–	1,923,581	–	–	–	881,972
	35,050,320	29,547,666	26,600,000	95,775,215	30,579,878	41,385,148	16,399,999	66,331,922
	1	**1**	**4**	**25**	**1**	**2**	**2**	**17**

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

37.2 Aggregate amount charged in financial statements for meeting fee to six directors (2017: five directors) is Rupees 5.350 million (2017: Rupees 3.05 million).

	2018		2017	
	Permanent	**Contractual**	Permanent	Contractual
38. NUMBER OF EMPLOYEES				
Total number of employees as on 30 June	399	153	229	105
Average number of employees during the year	371	131	300	83

39. 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 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
	Rupees			
Financial assets				
Financial assets at fair value through profit or loss	65,519,756	–	–	65,519,756

Recurring fair value measurements at 30, June 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
	Rupees			
Financial assets				
Financial assets at fair value through profit or loss	75,124,601	–	–	75,124,601

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 trading and available-for-sale 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.

40. FINANCIAL RISK MANAGEMENT

40.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

	2018 USD	2017 USD
Other receivable	140,000	527,596
Trade and other payables	(1,123,288)	(4,419,369)
Net exposure	(983,288)	(3,891,773)

The following significant exchange rates were applied during the year:

	Rupees per US Dollar	
Average rate	110.43	104.55
Reporting date rate	121.60	104.80

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 4.185 million lower / higher (2017: Rupees 14.071 million lower / higher), mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

Sensitivity analysis

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

Index	Impact on profit after taxation 2018 Rupees	2017 Rupees
PSX 100 (5% increase)	185,402	136,719
PSX 100 (5% decrease)	(185,402)	(136,719)

(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 term deposit receipts, bank balances on saving accounts, long term financing, short term borrowings and liabilities against assets subject to finance lease. 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:

	2018 Rupees	2017 Rupees
Fixed rate instruments		
Financial assets		
Short term investments	851,833,801	1,006,004,644
Floating rate instruments		
Financial assets		
Loan to subsidiary company	–	261,000,000
Bank balances - saving accounts	207,327,155	36,135,276
Financial liabilities		
Long term financing	29,894,166	21,207,084
Liabilities against assets subject to finance lease	125,199,232	101,587,591
Short term borrowings	707,635,668	1,118,969,226

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 4.588 million (2017: Rupees 6.518 million) lower / higher, mainly as a result of higher / lower interest expense on long term financing, liabilities against assets subject to finance lease, 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:

	2018 Rupees	2017 Rupees
Deposits	15,733,300	16,409,300
Trade debts	236,936,937	179,385,219
Loans and advances	4,388,899	267,353,756
Other receivables	17,340,333	56,075,653
Accrued interest	15,334,604	351,106
Short term investments	917,353,557	1,081,129,245
Bank balances	471,003,418	74,579,396
	1,678,091,048	1,675,283,675

The age analysis of trade debts as at reporting date is given in note 19.1.

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			2018	2017
	Short term	**Long term**	**Agency**	**Rupees**	Rupees
Short term investments					
Bank Alfalah Limited	A1+	AA+	PACRA	100,800,811	200,336,898
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	101,700,450	301,956,888
JS Bank Limited	A1+	AA-	PACRA	523,621,584	453,483,554
United Bank Limited	A1+	AAA	JCR-VIS	–	50,227,304
Summit Bank Limited	A-1	A-	JCR-VIS	100,706,849	–
Dubai Islamic Bank Pakistan Limited	A1	AA-	JCR-VIS	25,004,107	–
Engro Fertilizer Limited	A1+	AA	PACRA	3,708,045	2,734,380
Alfalah GHP Stock Fund B Growth Units	4-Star		PACRA	61,811,711	72,390,221
Banks					
Bank Alfalah Limited	A1+	AA+	PACRA	166,627,746	13,769,809
Bank Al-Habib Limited	A1+	AA+	PACRA	126,981,239	28,268
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	6,445,529	8,124,381
MCB Bank Limited	A1+	AAA	PACRA	60,163,601	23,005,839
National Bank of Pakistan	A1+	AAA	PACRA	3,789,228	597,754
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	74,162	8,074,629
The Bank of Punjab	A1+	AA	PACRA	33,301	33,301
Habib Bank Limited	A1+	AAA	JCR-VIS	603,332	4,862,764
Askari Bank Limited	A1+	AA+	PACRA	192,740	409,846
United Bank Limited	A1+	AAA	JCR-VIS	85,054,539	662,002
JS Bank Limited	A1+	AA-	PACRA	12,021	14,960,656
Albaraka Bank (Pakistan) Limited	A1	A	PACRA	1,088,431	49,727
Meezan Bank Limited	A1+	AA+	JCR-VIS	18,174,609	–
Dubai Islamic Bank Pakistan Limited	A1	AA-	JCR-VIS	10,955	–
Samba Bank Limited	A1	AA	JCR-VIS	1,751,985	–
Summit Bank Limited	A1	A-	JCR-VIS	–	420
				1,388,356,975	1,155,708,641

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

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities. As 30 June 2018, the Company had Rupees 1,750 million (2017: Rupees 433.195 million) available borrowing limits from financial institutions and Rupees 471.605 million (2017: Rupees 75.113 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 2018:

	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	29,894,166	32,579,393	8,607,980	8,308,075	13,805,420	1,857,918
Liabilities against assets subject to finance lease	125,199,232	134,911,579	26,074,509	25,941,342	58,482,235	24,413,307
Long term deposits	1,500,000	1,500,000	–	–	–	1,500,000
Trade and other payables	330,463,137	330,463,137	330,463,137	–	–	–
Unclaimed dividend	4,297,369	4,297,369	4,297,369	–	–	–
Accrued mark-up	18,217,096	18,217,096	18,217,096	–	–	–
Short term borrowings	707,635,668	718,212,371	718,212,371	–	–	–
	1,217,206,668	1,240,180,945	1,105,872,462	34,249,417	72,287,655	27,771,225

Contractual maturities of financial liabilities as at 30 June 2017:

	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	21,207,084	23,310,821	4,248,409	4,500,958	8,548,913	6,012,541
Liabilities against assets subject to finance lease	101,587,591	109,817,029	22,017,590	18,304,884	69,494,555	–
Long term deposits	2,000,000	2,000,000	–	–	–	2,000,000
Trade and other payables	424,016,113	424,016,113	424,016,113	–	–	–
Unclaimed dividend	1,526,469	1,526,469	1,526,469	–	–	–
Accrued mark-up	9,517,227	9,517,227	9,517,227	–	–	–
Short term borrowings	1,118,969,226	1,150,969,023	1,142,892,910	8,076,113	–	–
	1,678,823,710	1,721,156,682	1,604,218,718	30,881,955	78,043,468	8,012,541

40.2 Financial instruments by categories

	2018			
	Loans and receivables	Held–to maturity	At fair value through profit or loss	Total
	Rupees			
Financial assets				
Deposits	15,733,300	–	–	15,733,300
Trade debts	236,936,937	–	–	236,936,937
Loans and advances	4,388,899	–	–	4,388,899
Other receivables	17,340,333	–	–	17,340,333
Accrued interest	15,334,604	–	–	15,334,604
Short term investments	–	851,833,801	65,519,756	917,353,557
Cash and bank balances	471,604,750	–	–	471,604,750
	761,338,823	851,833,801	65,519,756	1,678,692,380

	2017			
	Loans and receivables	Held–to maturity	At fair value through profit or loss	Total
	Rupees			
Financial assets				
Deposits	16,409,300	–	–	16,409,300
Trade debts	179,385,219	–	–	179,385,219
Loans and advances	267,353,756	–	–	267,353,756
Other receivables	56,075,653	–	–	56,075,653
Accrued interest	351,106	–	–	351,106
Short term investments	–	1,006,004,644	75,124,601	1,081,129,245
Cash and bank balances	75,112,775	–	–	75,112,775
	594,687,809	1,006,004,644	75,124,601	1,675,817,054

	At amortized cost	
	2018 Rupees	2017 Rupees
Financial liabilities		
Long term financing	29,894,166	21,207,084
Liabilities against assets subject to finance lease	125,199,232	101,587,591
Long term deposits	1,500,000	2,000,000
Trade and other payables	330,463,137	424,016,113
Short term borrowings	707,635,668	1,118,969,226
Accrued mark-up	18,217,096	9,517,227
Unclaimed dividend	4,297,369	1,526,469
	1,217,206,668	1,678,823,710

40.3 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.

41 DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

		Note	**2018 Rupees**	2017 Rupees
	Description			
i)	**Loans / advances obtained as per Islamic mode:**			
	Loans	5,6 and 11	97,574,183	142,376,117
	Advances	9	152,873,281	191,257,137
ii)	**Shariah complaint bank deposits / bank balances**			
	Bank balances	25	19,273,995	49,727
	Term deposit receipts	24.1	25,000,000	–
iii)	**Profit earned from shariah complaint bank deposits / bank balances**			
	Bank balances	30	–	–
	Term deposit receipts		3,739,863	–
iv)	**Revenue earned from a shariah complaint business**		9,253,578,471	7,488,882,022
v)	**Gain / (loss) or dividend earned from shariah complaint investments**			
	Dividend income	30	272,250	346,500
	Gain on sale of investment	30	–	–
	Unrealized gain / (loss) on remeasurement of investment at fair value	29	973,665	(464,310)

		Note	2018 Rupees	2017 Rupees
vi)	**Exchange gain earned**	29	–	–
vii)	**Mark up paid on Islamic mode of financing**		8,985,506	2,790,610
viii)	**Profits earned or interest paid on any conventional loan or advance**			
	Profit earned on loans to subsidiary company	30	43,993,172	261,178
	Interest paid on loans		62,354,547	23,029,047

ix) Relationship with shariah compliant banks

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

42. 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, liabilities against assets subject to finance lease and short term borrowings obtained by the Company as referred to in note 5, 6 and 11 to the financial statements. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'.

		2018	2017
Borrowings	Rupees	862,729,066	1,241,763,901
Total equity	Rupees	3,892,721,018	3,744,305,837
Total capital employed	Rupees	4,755,450,084	4,986,069,738
Gearing ratio	Percentage	18.14%	24.90%

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

43. UNUTILIZED CREDIT FACILITIES

	Non–funded		Funded	
	2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees
Total facilities	1,600,000,000	986,594,028	2,458,000,000	1,552,164,731
Utilized at the end of the year	396,607,129	397,593,744	707,635,668	1,118,969,226
Unutilized at the end of the year	1,203,392,871	589,000,284	1,750,364,332	433,195,505

44. SEGMENT INFORMATION

These financial statements has been prepared on the basis of single reportable segment. All of the sales of the Company relates to customers in Pakistan. All non-current assets of the Company as at reporting date were located in Pakistan.

45. EVENTS AFTER THE REPORTING PERIOD

45.1 The Board of Directors has proposed a cash dividend for the year ended 30 June 2018 of Rupees 1.75 per share (2017: Rupee 1.75 per share). However, this event has been considered as non-adjusting event under IAS 10 'Event after Reporting Period' and has not been recognized in these financial statements.

45.2 Under Section 5A of the Income Tax Ordinance, 2001, a tax shall be imposed at the rate of 5% of accounting profit before tax of the Company if it does not distribute at least 20% of its after tax profit for the year within six months of the end of the year ended 30 June 2018 through cash. The requisite cash dividend has been proposed by the Board of Directors of the Company in their meeting held on 09 September 2018 and will be distributed within the prescribed time limit. Therefore, the recognition of any income tax liability in this respect is not considered necessary.

46. 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		
Investment in HTLL			
Land	470,000,000		60,618,100
Building	128,000,000		12,486,445
Plant, machinery and equipment	139,000,000		2,719,201
Pre-operating costs	33,000,000		249,630
Working capital	842,562,500		739,126,208
	1,612,562,500		815,199,584
Investment in 100% owned subsidiary			
Additional filling lines for blending plant, Hi-Tech Blending (Private) Limited	200,000,000		–
Total	1,812,562,500	**B**	815,199,584
IPO proceeds (A)	1,812,562,500		
Amount un-utilized (A – B)	997,362,916		

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

growth of the Company and ultimate benefit to all shareholders and stakeholders of the Company.
The Project envisages setting up 360 retail outlets across Punjab, Sindh and Khyber Pakhtunkhwa Provinces of Pakistan. The fuel stations will offer full range of services such as general store, tire 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 current year 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.

A fuel storage site at Sahiwal is complete and final inspection is already underway. Another storage site shall be built in Nowshera. Currently, the Company has three operational HTL Express Centers in Lahore. Detail of payments out of IPO proceeds during the year ended 30 June 2018 are as follows:

	Rupees
Un-utilized IPO proceeds as at 01 July 2017	1,094,571,944
Add: Profit on term deposit receipts	56,602,724
Less: Payments made during the year:	
HTL Express Centres	(26,665,859)
OMC Project	(138,102,455)
Working capital	(6,016,725)
	(170,785,039)
Less: Withholding tax on profit	(5,660,272)
Less: Unrealized loss on investment in mutual fund	(11,675,221)
Less: Bank charges	(263,724)
Un-utilized IPO proceeds as at 30 June 2018	962,790,412

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 fund.

47. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 09 SEP 2018 by the Board of Directors of the Company.

48. 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. Further, to comply with the requirements of the Companies Act, 2017, unclaimed dividend has been reclassified from trade and other payables and presented on the face of statement of financial position.

49. GENERAL

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

Chief Executive | Director | Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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 2018, 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 2018, 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** Revenue amounting to Rupees 9,255 million is measured net of discounts earned by customers on the Group's sales. Discounts recognized, based on sales made during the year, are material and considered to be complex. There is a potential risk that these arrangements may not be appropriately reflected and as a result revenue may be misstated in the consolidated financial statements. Revenue is recognised when the risks and rewards of the underlying products have been transferred to the customer. The Group focuses on revenue as a key performance measure which could create an incentive for revenue to be recognized before the risks and rewards have been transferred. Revenue recognition was determined to be a key audit matter and a significant risk of material misstatement due to the risk related to the recognition of revenue before risks and rewards have been transferred. For further information on revenue, refer to the following: - Summary of significant accounting policies, Revenue note 2.21.1 to the consolidated financial statements. - Sales and discounts shown on the face of consolidated statement of profit or loss.	Our procedures included, were not limited to: • We considered the appropriateness of the Group's revenue recognition accounting policies, including those relating to discounts and assessing compliance with the policies in terms of applicable accounting standards. • In response to the risk of fraud, we tested the effectiveness of the Group's controls over the calculation of discounts and correct timing of revenue recognition. • We assessed sales transactions taking place at either side of the year end as well as credit notes issued after the year end date to assess whether that revenue was recognised in the correct period. • We compared current year discount accruals to the prior year and, where relevant, we completed further inquiries and testing. We reconciled a sample of discounts accruals to supporting documentation and challenged management's assumptions used in estimating discount accruals. • We also considered the adequacy of the Group's disclosures in respect of revenue. • We assessed the revenue recognized with substantive analytical procedures.

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 2018 amounted to Rupees 1,544 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 2.10.2 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. Raw materials are valued at weighted average cost whereas, costing of work-in-process and manufactured finished goods is considered to carry more significant risk as the cost of material, labor and manufacturing overheads is allocated on the basis of complex formulas and involves management judgment. For further information on stock-in-trade, refer to the following: - Summary of significant accounting policies, Stock-in-trade note 2.10.2 to the consolidated financial statements. - Stock-in-trade note 19 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. • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs. • We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.
3	**Preparation of consolidated financial statements under the Companies Act, 2017** The Companies Act 2017 (the Act) became applicable for the first time for the preparation of the Group's annual financial statements for the year ended 30 June 2018. The Act forms an integral part of the statutory financial reporting framework as applicable to the Group and amongst others, prescribes the nature and contents of disclosures in relation to various elements of the consolidated financial statements. In case of the Group, specific additional disclosures and changes to the existing disclosures have been included in the consolidated financial statements. The above changes and enhancements in the consolidated financial statements are considered important and a key audit matter because of the volume and significance of the changes in the consolidated financial statements resulting from the transition to the new reporting requirements under the Act. For further information, refer to note 2.1(b) to the consolidated financial statements.	Our procedures included, but were not limited to: • We assessed the procedures applied by the management for identification of the changes required in the consolidated financial statements due the application of the Act. • We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. • We verified on test basis the supporting evidences for the additional disclosures and ensured appropriateness of the disclosures made.

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 of the Group and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 09 September 2018

CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
As at 30 June 2018

	Note	2018 Rupees	2017 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
150,000,000 (2017: 150,000,000) ordinary shares of Rupees 10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital	3	1,160,040,000	1,160,040,000
Reserves	4	2,926,660,970	2,573,140,599
Total equity		4,086,700,970	3,733,180,599
LIABILITIES			
Non-current liabilities			
Long term financing	5	19,156,221	98,557,862
Liabilities against assets subject to finance lease	6	80,309,810	103,119,783
Long term deposits	7	1,500,000	2,000,000
Deferred liabilities	8	112,227,115	40,603,480
		213,193,146	244,281,125
Current liabilities			
Trade and other payables	9	770,080,893	1,169,315,572
Accrued mark-up	10	29,696,233	27,891,018
Short term borrowings	11	1,325,250,528	1,235,959,909
Current portion of non-current liabilities	12	179,059,861	207,401,109
Unclaimed dividend		4,297,369	1,526,469
		2,308,384,884	2,642,094,077
Total liabilities		2,521,578,030	2,886,375,202
Contingencies and commitments	13		
TOTAL EQUITY AND LIABILITIES		6,608,279,000	6,619,555,801
ASSETS			
Non–current assets			
Fixed assets	14	2,955,152,502	2,501,014,416
Long term loans to employees	16	280,132	1,049,136
Long term security deposits	17	41,092,506	59,083,196
		2,996,525,140	2,561,146,748
Current assets			
Stores	18	26,759,589	50,156,870
Stock-in-trade	19	1,544,074,179	2,070,841,515
Trade debts	20	236,936,937	179,584,299
Loans and advances	21	80,222,041	125,795,530
Short term deposits and prepayments	22	60,831,795	24,413,272
Other receivables	23	109,129,419	243,868,294
Short term investments	24	917,353,557	1,081,129,245
Taxation - net		69,499,665	61,716,183
Cash and bank balances	25	566,946,678	220,903,845
		3,611,753,860	4,058,409,053
TOTAL ASSETS		6,608,279,000	6,619,555,801

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 2018

HTL LIMITED
Hi-Tech Lubricants Ltd

	Note	**2018 Rupees**	2017 Rupees
Gross sales		11,539,772,684	8,949,001,968
Discounts		(368,818,182)	(321,712,015)
Sales tax		(1,915,568,089)	(1,298,818,374)
Net sales		9,255,386,413	7,328,471,579
Cost of sales	26	(6,860,164,085)	(5,395,695,695)
Gross profit		2,395,222,328	1,932,775,884
Distribution cost	27	(635,791,336)	(472,316,882)
Administrative expenses	28	(444,926,193)	(360,692,907)
Other expenses	29	(108,050,088)	(40,196,878)
		(1,188,767,617)	(873,206,667)
Other income	30	71,376,823	96,177,950
Profit from operations		1,277,831,534	1,155,747,167
Finance cost	31	(127,280,022)	(77,089,573)
Profit before taxation		1,150,551,512	1,078,657,594
Taxation	32	(391,017,141)	(334,677,749)
Profit after taxation		759,534,371	743,979,845
Earnings per share - basic and diluted	33	6.55	6.41

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 2018

	2018 Rupees	2017 Rupees
Profit after taxation	759,534,371	743,979,845
Other comprehensive income		
Items that will not be reclassified to profit or loss	–	–
Items that may be reclassified subsequently to profit or loss	–	–
Total comprehensive income for the year	759,534,371	743,979,845

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 2018

	Share capital	Reserves			Total equity
		Capital reserve	Revenue reserve	Total reserves	
		Share premium	Un–appropriated profit		
	Rupees				
Balance as at 30 June 2016	1,160,040,000	1,441,697,946	700,673,608	2,142,371,554	3,302,411,554
Transactions with owners:					
Final dividend for the year ended 30 June 2016					
@ Rupee 1.35 per share of Rupees 10 each	–	–	(156,605,400)	(156,605,400)	(156,605,400)
Interim dividend for the year ended 30 June 2017					
@ Rupees 1.35 per share of Rupees 10 each	–	–	(156,605,400)	(156,605,400)	(156,605,400)
	–	–	(313,210,800)	(313,210,800)	(313,210,800)
Profit for the year ended 30 June 2017	–	–	743,979,845	743,979,845	743,979,845
Other comprehensive income for the year ended 30 June 2017	–	–	–	–	–
Total comprehensive income for the year ended 30 June 2017	–	–	743,979,845	743,979,845	743,979,845
Balance as at 30 June 2017	1,160,040,000	1,441,697,946	1,131,442,653	2,573,140,599	3,733,180,599
Transactions with owners:					
Final dividend for the year ended 30 June 2017					
@ Rupee 1.75 per share of Rupees 10 each	–	–	(203,007,000)	(203,007,000)	(203,007,000)
Interim dividend for year ended 30 June 2018					
@ Rupees 1.75 per share of Rupees 10 each	–	–	(203,007,000)	(203,007,000)	(203,007,000)
	–	–	(406,014,000)	(406,014,000)	(406,014,000)
Profit for the year ended 30 June 2018	–	–	759,534,371	759,534,371	759,534,371
Other comprehensive income for the year ended 30 June 2018	–	–	–	–	–
Total comprehensive income for the year ended 30 June 2018	–	–	759,534,371	759,534,371	759,534,371
Balance as at 30 June 2018	1,160,040,000	1,441,697,946	1,484,963,024	2,926,660,970	4,086,700,970

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 2018

	Note	2018 Rupees	2017 Rupees
Cash flows from operating activities			
Cash generated from operations	34	1,619,023,784	123,262,893
Finance cost paid		(125,474,807)	(64,496,446)
Income tax paid		(326,744,373)	(390,313,405)
Net decrease in long term loans to employees		1,390,444	3,058,343
Net increase in long term security deposits		(8,051,050)	(25,122,111)
Net decrease in long term deposits		(500,000)	–
Net cash generated from / (used in) operating activities		1,159,643,998	(353,610,726)
Cash flows from investing activities			
Capital expenditure on property, plant and equipment		(530,468,627)	(761,897,536)
Capital expenditure on intangible assets		(676,234)	(1,865,420)
Proceeds from disposal of property, plant and equipment		9,673,313	74,966,513
Short term investments - net		154,999,999	378,662,602
Dividend income		272,250	1,150,572
Profit on bank deposits and term deposit receipts received		57,814,765	85,353,373
Net cash used in investing activities		(308,384,534)	(223,629,896)
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		(64,653,476)	(67,623,383)
Short term borrowings - net		89,290,619	1,136,965,694
Dividend paid		(403,243,100)	(312,548,794)
Proceeds from long term financing		21,865,000	23,135,000
Repayment of long term financing		(148,475,674)	(169,277,507)
Net cash (used in) / from financing activities		(505,216,631)	610,651,010
Net increase in cash and cash equivalents		346,042,833	33,410,388
Cash and cash equivalents at beginning of the year		220,903,845	187,493,457
Cash and cash equivalents at end of the year		566,946,678	220,903,845

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

Chief Executive | Director | Chief Financial Officer

HTL LIMITED
Hi-Tech Lubricants Ltd

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

- Hi-Tech Lubricants Limited

Subsidiary Company

- Hi-Tech Blending (Private) Limited

1.1 Hi-Tech Lubricants Limited

Hi-Tech Lubricants Limited ("the Holding Company") was incorporated under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The registered office of the Holding Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The principal activity of the Holding Company is to procure and distribute petroleum products. During the year ended 30 June 2017, Oil and Gas Regulatory Authority (OGRA) has granted license to the Holding Company to establish an Oil Marketing Company (OMC), subject to some conditions.

1.2 Hi-Tech Blending (Private) Limited

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

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

Business units	Address
Registered and head office	1-A, Danepur Road, GOR-1, Lahore
Regional office - Karachi	C-6 /1, Street No. 3, Bath Island, Clifton, Karachi
Regional office - Islamabad	Suite # 1402, 14th Floor Green Trust Tower, Jinnah Avenue, Blue Area, Islamabad
Regional office - Peshawar	Office No. 280, 3rd Floor, Deans Trade Centre, Islamia Road, Peshawar
Customs bonded warehouse	Property No. 35 A/M, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore
Blending plant, office and warehouse	7-Km, Sundar Raiwind Road, Bhai Kot, Lahore
Customs bonded warehouse	Behind G.T. Road, Akhri Mint Stop, Near Nadia Ghee Mills, Daroghawala, Lahore
Customs bonded warehouse	Plot No. F-77-B, S.I.T.E, Karachi
Customs bonded warehouse	S/85, Hawks bay Road, Near Mono Motors, Karachi
Customs bonded warehouse	157-A, Block B, Opposite Atlas Auto Shershah, Karachi
Warehouse	B-13, Cotton Godown, Korangi Industrial Area, Karachi
Oil Depot – OMC Project	Mouza No. 107/9L, Tehsil and District Sahiwal
OMC Project office	Plot No. 2, Block K, Main Boulevard Gulberg-II, Lahore
Oil Depot – OMC Project	Mouza Aza Khel Bala, Tehsil & District Nowshera
HTL Express Centre	Dharampura, Lahore
HTL Express Centre	Garden Town, Lahore
HTL Express Centre	Gulshan-e-Ravi, Lahore
HTL Express Centre (proposed)	22-A, Zafar Ali Road, Jail Road, Lahore

1.4 Summary of significant transactions and events affecting the Group's financial position and performance

a) The exchange rate of United States Dollar to Pak Rupees has increased from Pak Rupees 104.8 as at 30 June 2017 to Pak Rupees 121.6 as at 30 June 2018.

b) 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 up to maximum 26 retail outlets in Punjab Province with instructions that retail sale through petrol pump 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.

c) For a detailed discussion, about the Group's performance, please refer to the Directors' report.

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) Preparation of consolidated financial statements under the Companies Act, 2017

The Fourth Schedule to the Companies Act, 2017 became applicable to the Group for the first time for the preparation of these consolidated financial statements. The Companies Act, 2017 (including its Fourth Schedule) forms an integral part of the statutory financial reporting framework applicable to the Group and amongst others, prescribes the nature and content of disclosures in relation to various elements of the consolidated financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Group (refer note 14.1.5), management assessment of sufficiency of tax provision in the consolidated financial statements (refer note 32.2), change in threshold for identification of executives (refer note 38), additional disclosure requirements for related parties (refer note 37) etc.

c) Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments carried at fair value.

d) 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:

Taxation

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.

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 property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Inventories

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

Provision for obsolescence of stock-in-trade

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

Provisions for doubtful debts

The Group reviews its receivables against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

e) 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 2017:

IAS 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments have resulted in certain additional disclosures in the Group's financial statements.

IAS 12 (Amendments), 'Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments have no significant impact on Groups financial statements.

The application of the above amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

f) Standards, interpretations and amendments to published standards that are not yet effective but relevant to the Group

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2018 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 July 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The aforesaid standard is not expected to have a material impact on the Group's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The aforesaid standard is not expected to have a material impact on the Group's financial statements.

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases–Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Group is in the process of evaluating the impacts of the aforesaid standard on the Group's financial statements.

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the solely payments of principal and interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Group's financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Group's financial statements.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018). IFRIC 22 clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The interpretation is not expected to have a material impact on the Group's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Group's financial statements.

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

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 3 'Business Combinations', IFRS 11 'Joint Arrangements', IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs'. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Group's financial statements and have therefore not been analysed in detail.

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

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 2018 but are considered not to be relevant or do not have any significant impact on the Group's financial statements and are therefore not detailed in these consolidated financial statements.

2.2 Consolidation

Subsidiary

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

The assets and liabilities of Subsidiary Company have been consolidated on a line by line basis and carrying value of investment held by the Holding 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 Property, plant and equipment

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

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

Depreciation

Depreciation is charged to consolidated statement of profit or loss by applying the reducing balance method whereby cost of an asset is written off over its estimated useful life at the rates given in Note 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.

De-recognition

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

Capital work-in-progress

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

2.4 Investment property

Land held for capital appreciation or to earn rental income is classified as investment property. Land is stated at cost less any recognized impairment loss.

2.5 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.

2.6 Leases

The Group is the lessee:

2.6.1 Finance leases

Leases where the Group has substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost, is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to consolidated statement of profit or loss over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to consolidated statement of profit or loss.

2.6.2 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to consolidated statement of profit or loss on a straight line basis over the lease term.

2.7 Investments

The Group's management determines the appropriate classification of its investments at the time of purchase.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "investment at fair value through profit or loss" which is initially measured at fair value.

The Group assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Group applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments.

2.7.1 Investment at fair value through profit or loss

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in consolidated statement of profit or loss.

2.7.2 Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in consolidated statement of profit or loss when the investments are derecognized or impaired, as well as through the amortization process.

2.7.3 Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale.

After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in consolidated statement of other comprehensive income until the investment is sold, derecognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in consolidated statement of other comprehensive income is included in consolidated statement of profit or loss. These are sub-categorized as under:

Quoted

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the reporting date. Fair value of investments in open-end mutual funds is determined using redemption price.

Unquoted

Fair value of unquoted investments is determined on the basis of appropriate valuation techniques as allowed by IAS 39 'Financial Instruments: Recognition and Measurement'.

2.8 Foreign currencies

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the consolidated balance sheet date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the consolidated statement of profit or loss.

2.9 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.

2.10 Inventories

2.10.1 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.

2.10.2 Stock-in-trade

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

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

(i) For raw material: Weighted average basis

(ii) For work-in-process and finished goods: Average manufacturing cost including a portion of production overheads.

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

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

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

2.11 Financial instruments

2.11.1 Recognition and de-recognition

Financial instruments carried on the consolidated statement of financial position include investments, deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for “financial instruments at fair value through profit or loss” which are initially measured at fair value.

Financial assets are de-recognized when the Group loses control of the contractual rights that comprise the financial asset. The Group loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Group surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

2.11.2 Off setting

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.

2.12 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.

2.13 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.

2.14 Taxation

2.14.1 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.

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

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

2.15 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest rate method.

2.16 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.

2.17 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.18 Trade and other payables

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

2.19 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets.

2.20 Impairment

2.20.1 Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

2.20.2 Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in consolidated statement of profit or loss. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior periods. Such reversal is recognized in consolidated statement of profit or loss.

2.21 Revenue

2.21.1 Sale of goods

Revenue from sale of goods is recognized on dispatch of goods to customers.

2.21.2 Interest income

Interest income is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

2.21.3 Dividend income

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

2.22 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.

2.23 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.

2.24 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 Group's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Group has single reportable business segment.

3. ISSUED, SUBSCRIBED AND PAID–UP SHARE CAPITAL

2018	2017		**2018**	2017
(Number of shares)			**Rupees**	Rupees
41,002,000	41,002,000	Ordinary shares of Rupees 10 each fully paid-up in cash	410,020,000	410,020,000
25,000,000	25,000,000	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash (Note 3.2)	250,000,000	250,000,000
50,002,000	50,002,000	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	500,020,000	500,020,000
116,004,000	116,004,000		1,160,040,000	1,160,040,000

3.1 827,775 (2017: 827,775) ordinary shares of the Holding Company are held by SK Lubricants Co., Ltd. - related party.

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

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

	2018 Rupees	2017 Rupees
4. RESERVES		
Capital reserve		
Share premium (Note 4.1)	1,441,697,946	1,441,697,946
Revenue reserve		
Un-appropriated profit	1,484,963,024	1,131,442,653
	2,926,660,970	2,573,140,599

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

	2018 Rupees	2017 Rupees
5 LONG TERM FINANCING		
From banking companies - secured		
Holding Company		
Bank Al-Habib Limited-1 (Note 5.1)	13,495,415	21,207,084
Bank Al-Habib Limited-2 (Note5.1)	16,398,751	–
	29,894,166	21,207,084
Subsidiary Company		
Bank Al-Habib Limited (Note 5.2)	85,007,327	215,410,083
Habib Metropolitan Bank Limited (Note5.3)	–	4,895,000
	85,007,327	220,305,083
	114,901,493	241,512,167
Less: Current portion shown under current liabilities (Note 12)	95,745,272	142,954,305
	19,156,221	98,557,862

5.1 These facilities have been obtained to build warehouse at the property of Hi-Tech Blending (Private) Limited - Subsidiary Company at Sundar Raiwind Road. These facilities are secured against hypothecation charge over current assets of the Holding Company of Rupees 1,067 million and personal guarantee of directors of the Holding Company. These carry mark-up at the rate of 3 months KIBOR plus 1.75% per annum. These are repayable in 12 equal quarterly installments. Effective rate of mark-up charged during the year ranged from 7.89% to 8.18% (2017: 7.84% to 7.89%) per annum.

5.2 These term finance facilities, aggregating to Rupees 250.939 million (2017: Rupees 250.939 million), are secured by first pari passu hypothecation charge over current assets of the Subsidiary Company to the extent of Rupees 667 million, ranking hypothecation charge over current assets of the Subsidiary Company to the extent of Rupees 400 million, corporate guarantee of the Holding Company of Rupees 1.3 billion and personal guarantees of directors of the Subsidiary Company. The finance facilities are repayable in 6, 12 and 16 equal quarterly installments commenced on 31 March 2015 and ending on 25 November 2019. Mark-up is payable quarterly at the rate of 3 month KIBOR plus 2.00% per annum. Effective rate of mark-up charged during the year ranged from 8.10% to 8.47% (2017: 8.04% to 8.35%) per annum.

5.3 This term finance facility has been fully paid during the year. It was secured by specific charge over specific machinery of the Subsidiary Company to the extent of Rupees 22.450 million, corporate guarantee of the Holding Company of Rupees 84 million and personal guarantees of directors of the Subsidiary Company. The finance was repayable in 11 equal quarterly installments commenced on 08 November 2015 and ended on 08 May 2018. Mark-up was payable quarterly at the rate of 3 month KIBOR plus 2.00% per annum. Effective rate of mark-up charged during the year ranged from 8.14% to 8.5% (2017: 8.04% to 8.12%) per annum.

	2018 Rupees	2017 Rupees

6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2018 Rupees	2017 Rupees
Future minimum lease payments	174,275,897	179,972,282
Less: Un-amortized finance charge	10,651,498	12,405,695
Present value of future minimum lease payments	163,624,399	167,566,587
Less: Current portion (Note 12)	83,314,589	64,446,804
	80,309,810	103,119,783

6.1 Minimum lease payments have been discounted using implicit interest rates ranging from 6.95% to 12.44% (2017: 5.01% to 12.67%) per annum. Rentals are payable in monthly and quarterly instalments. Taxes, repairs and insurance costs are to be borne by the lessee. These are secured against charge on the leased assets, personal guarantees of directors and deposits of Rupees 51.30 million (2017: Rupees 47.856 million).

	2018		2017	
	Not later than one year	Later than one year but not later than five years	Not later than one year	Later than one year but not later than five years
	Rupees			
Future minimum lease payments	90,113,034	84,162,863	72,361,156	107,611,126
Less: Un-amortized finance charge	6,798,445	3,853,053	7,914,352	4,491,343
Present value of future minimum lease payments	83,314,589	80,309,810	64,446,804	103,119,783

7. LONG TERM DEPOSITS

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

8. DEFERRED LIABILITIES

	2018 Rupees	2017 Rupees
Deferred income (Note 8.1)	220,641	653,257
Deferred income tax liability (Note 8.2)	112,006,474	39,950,223
	112,227,115	40,603,480

8.1 Deferred income

	2018 Rupees	2017 Rupees
Opening balance	653,257	1,085,873
Less: Amortized during the year (Note 30)	432,616	432,616
Closing balance	220,641	653,257

8.1.1 This represents gain on sale and lease back transactions and is being amortized over the lease term.

		2018 Rupees	2017 Rupees
8.2	**Deferred income tax liability**		
	The net deferred income tax liability comprised of temporary differences relating to:		
	Deductible temporary differences		
	Available tax losses	(39,628,469)	(101,688,662)
	Provision for doubtful trade debts	(157,737)	(185,212)
	Pre-commencement expenditures	(3,534,600)	–
	Provision for doubtful advances to suppliers	(547,653)	–
	Provision for slow moving and obsolete store items	(58,590)	–
		(43,927,049)	(101,873,874)
	Taxable temporary differences		
	Accelerated tax depreciation and amortization	150,170,591	133,359,802
	Deferred income on sale and lease back	–	195,977
	Leased assets	5,762,932	8,268,318
		155,933,523	141,824,097
	Net deferred income tax liability	112,006,474	39,950,223

9. TRADE AND OTHER PAYABLES

	2018 Rupees	2017 Rupees
Creditors (Note 9.1)	270,188,112	630,421,850
Accrued liabilities (Note 9.2)	191,983,368	99,938,485
Advances from customers	152,873,281	191,257,137
Retention money payable	38,490	13,797,442
Customs duty and other charges payable	97,073,430	217,053,922
Income tax deducted at source	972,963	10,010,459
Employees' provident fund trust	2,999,404	3,056,993
Workers' profit participation fund (Note 9.3)	14,587,220	3,779,284
Workers' welfare fund	120,000	–
Sales tax payable	39,244,625	–
	770,080,893	1,169,315,572

9.1 It includes Rupees 231.553 million (2017: Rupees 576.694 million) payable to SK Lubricants Co., Ltd. - related party.

9.2 It includes amount of Rupees 6.823 million (2017: Rupees 5.241 million) on account of remuneration payable to directors of the Holding Company.

		2018 Rupees	2017 Rupees
9.3	**Workers' profit participation fund**		
	Balance as on 01 July	3,779,284	–
	Add: Allocation for the year (Note 29)	14,587,182	
	Interest for the year (Note 31)	286,678	3,779,284
	Less: Payments during the year	4,065,924	–
	Balance as on 30 June	14,587,220	3,779,284

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

10. ACCRUED MARK-UP

	2018 Rupees	2017 Rupees
Long term financing	2,887,579	5,225,555
Short term borrowings (Note 10.1)	26,521,541	22,335,295
Liabilities against assets subject to finance lease	287,113	330,168
	29,696,233	27,891,018

10.1 This includes mark-up of Rupees 5.766 million (2017: Rupees 12.012 million) payable to directors of the Subsidiary Company.

	2018 Rupees	2017 Rupees
11. SHORT TERM BORROWINGS		
From banking companies - secured		
- Holding Company		
Running finances (Note 11.1 and Note 11.2)	331,835,243	809,821,049
Finance against trust receipts (Note 11.1and Note 11.3)	296,916,620	166,772,060
Running musharakah (Note 11.1 and Note 11.4)	–	142,376,117
Musawamah (Note 11.1 and Note 11.5)	78,883,805	–
	707,635,668	1,118,969,226
- Subsidiary Company		
Short term finance (Note 11.6)	506,133,540	46,990,683
Murabaha / Musawamah (Note 11.7)	41,481,320	–
	547,614,860	46,990,683
From related parties - unsecured		
Loan from directors (Note11.8)	70,000,000	70,000,000
	1,325,250,528	1,235,959,909

11.1 These finances are obtained from banking companies under markup arrangements and are secured against first joint pari passu hypothecation charge over current assets, lien over term deposit receipts, and personal guarantee of sponsor directors of Holding Company.

11.2 The rates of markup range from 7.15% to 9.66% (2017: 7.15% to 7.72%) per annum.

11.3 The rates of markup range from 7.16% to 8.14% (2017: 7.33% to 7.72%) per annum.

11.4 The rate of markup range from 7.14% to 7.50% (2017: 7.09% to 7.12%) per annum.

11.5 Mark up is payable at respective KIBOR plus 1% per annum. Effective rate of markup charged during the year ranged from 7.42% to 7.83% per annum.

11.6 These represent finance against trust receipts and running finance from Bank Al-Habib Limited. Mark-up is payable quarterly at the rate of 3 month KIBOR plus 1% per annum. Effective rate of mark-up charged during the year ranged from 7.35% to 8.16% (2017: 7.51% to 7.84%) per annum. These are secured against trust receipts, first pari passu hypothecation charge over current assets of the Subsidiary Company to the extent of Rupees 667 million, ranking hypothecation charge over current assets of the Subsidiary Company to the extent of Rupees 400 million, personal guarantees of directors of the Subsidiary Company and corporate guarantee of the Holding Company of Rupees 1.3 billion.

11.7 This represents murabaha / musawamah finance facility of Rupees 250 million. Mark-up is payable at respective KIBOR plus 1% per annum. Effective rate of mark up charged during the year is 7.92%. This is secured against hypothecation charge over present and future current assets to the extent of Rupees 400 million and hypothecation charge over present and future fixed assets to the extent of Rupees 400 million and corporate guarantee of the Holding Company.

11.8 These unsecured loans are from directors of the Subsidiary Company. Mark-up is payable yearly at the rate of 3 month KIBOR plus 2% per annum. Effective rate of mark-up charged during the year ranged from 8.14% to 8.50% (2017: 8.04% to 8.12%) per annum. These are repayable on demand. These loans were utilized for capital expenditure requirements of the Subsidiary Company.

	2018 Rupees	2017 Rupees
12. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Long term financing (Note 5)	95,745,272	142,954,305
Liabilities against assets subject to finance lease (Note 6)	83,314,589	64,446,804
	179,059,861	207,401,109

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 Corporate guarantees of Rupees 1,425.52 million (2017: Rupees 1,383.57 million) have been given by the Holding Company to the banks in respect of financing to the Subsidiary Company.

13.1.2 Guarantees of Rupees 43 million (2017: Rupees 14 million) are given by the bank of the Group to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.

13.1.3 Guarantees of Rupees 27.80 million (2017: Rupees 5.314 million) are given by the bank of the Group to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.

13.1.4 During the year ended 30 June 2018, assessment under section 161 / 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 favour of the Holding Company reducing the total demand to Rupees 0.191 million. However, Income Tax Department has filed an appeal against the order of the CIR(A) before the Appellate Tribunal Inland Revenue and the same is pending adjudication. No provision against the original tax demand has been recognized in these consolidated financial statements, as the Holding Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.

13.1.5 On 05 June 2018, the Competition Commission of Pakistan ("CCP") has initiated a formal enquiry under the provisions of the Competition Act, 2010 ("the Act") on complaint against the Holding Company and its wholly-owned Subsidiary Company, Hi-Tech Blending (Private) Limited by Chevron Pakistan Lubricants (Private) Limited ("Chevron") for adopting deceptive marketing practices in contravention of section 10 of the Act. It has also been prayed by Chevron to CCP to impose a penalty of 10% of the annual turnover of the Holding Company and its wholly-owned subsidiary and / or Rupees 75 million, as CCP may deem appropriate. The Holding Company and its wholly-owned Subsidiary Company have submitted a detail reply before the CCP through their advocates, rejecting the contents of filed compliant, and expects a favorable outcome of the matter. Hence, no provision for penalty has been recognized in these consolidated financial statements.

		2018 Rupees	2017 Rupees
13.2	**Commitments**		
13.2.1	**Capital expenditures:**		
	Contracts	33,313,371	173,427,561
	Letters of credit	4,862,700	–
		38,176,071	173,427,561
13.2.2	Letters of credit other than capital expenditures	253,445,076	273,526,133

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

	2018 Rupees	2017 Rupees
Not later than one year	5,004,436	–
Later than one year but not later than five years	7,943,488	–
	12,947,924	–

14. FIXED ASSETS

	2018 Rupees	2017 Rupees
Property, plant and equipment:		
Operating fixed assets:		
Owned (Note 14.1)	2,274,075,216	2,072,956,059
Leased (Note 14.1)	183,496,576	189,346,068
	2,457,571,792	2,262,302,127
Capital work-in-progress (Note 14.2)	494,663,356	230,907,986
Intangible assets:		
Computer softwares (Note 14.1)	2,917,354	7,804,303
	2,955,152,502	2,501,014,416

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

Description	Freehold land	A piece of freehold land at sunder Raiwind Road, Lahore (Note 15)	Building on freehold land	Building on leasehold land	Machinery	Electric Installations	Furniture and fittings	Vehicles	Office equipment	Computers	Total	Plant and Machinery	Vehicles	Total	Computer software
	Operating fixed assets														Intangible assets
	Owned											Leased			
	Rupees														Rupees
At 30 June 2016															
Cost	275,139,521	35,813,717	52,115,124	–	–	–	17,789,714	80,875,052	28,210,861	22,988,753	512,932,742	–	104,233,760	104,233,760	26,475,772
Accumulated depreciation / amortization	-	-	(14,513,859)	–	–	–	(6,409,645)	(47,274,855)	(9,518,900)	(7,425,890)	(85,143,149)	–	(39,032,989)	(39,032,989)	(13,413,884)
Net book value	275,139,521	35,813,717	37,601,265	–	–	–	11,380,069	33,600,197	18,691,961	15,562,863	427,789,593	–	65,200,771	65,200,771	13,061,888
Year ended 30 June 2017															
Opening net book value	275,139,521	35,813,717	37,601,265	–	–	–	11,380,069	33,600,197	18,691,961	15,562,863	427,789,593	–	65,200,771	65,200,771	13,061,888
Additions	357,291,500	–	359,203,612	27,571,142	900,334,050	58,754,269	8,870,385	69,646,779	3,979,304	4,311,015	1,789,962,056	76,513,796	87,480,404	163,994,200	1,865,420
Transferred from leased assets:															
Cost	–	–	–	–	–	–	–	20,679,900	–	–	20,679,900	–	(20,679,900)	(20,679,900)	–
Accumulated depreciation	–	–	–	–	–	–	–	(8,651,059)	–	–	(8,651,059)	–	8,651,059	8,651,059	–
	–	–	–	–	–	–	–	12,028,841	–	–	12,028,841	–	(12,028,841)	(12,028,841)	–
Disposals:															
Cost	–	–	–	–	–	–	–	(84,048,164)	(896,343)	(209,500)	(85,154,007)	–	(3,314,130)	(3,314,130)	–
Accumulated depreciation	–	–	–	–	–	–	–	13,886,891	434,519	124,373	14,445,782	–	999,955	999,955	–
	–	–	–	–	–	–	–	(70,161,273)	(461,824)	(85,127)	(70,708,225)	–	(2,314,175)	(2,314,175)	–
Depreciation / amortization charge	–	–	(20,087,157)	(229,760)	(39,998,383)	(5,264,550)	(1,769,016)	(11,415,779)	(2,089,906)	(5,261,656)	(86,116,206)	(3,462,555)	(22,043,332)	(25,505,887)	(7,123,005)
Closing net book value	632,431,021	35,813,717	376,717,720	27,341,382	860,335,667	53,489,719	18,481,438	33,698,765	20,119,535	14,527,095	2,072,956,059	73,051,241	116,294,827	189,346,068	7,804,303
At 30 June 2017															
Cost 632,431,021	35,813,717	411,318,736	27,571,142	900,334,050	58,754,269	26,660,099	87,153,567	31,293,822	27,090,268	2,238,420,691	76,513,796	167,720,134	244,233,930	28,341,192	
Accumulated depreciation / amortization	–	–	(34,601,016)	(229,760)	(39,998,383)	(5,264,550)	(8,178,661)	(53,454,802)	(11,174,287)	(12,563,173)	(165,464,632)	(3,462,555)	(51,425,307)	(54,887,862)	(20,536,889)
Net book value	632,431,021	35,813,717	376,717,720	27,341,382	860,335,667	53,489,719	18,481,438	33,698,765	20,119,535	14,527,095	2,072,956,059	73,051,241	116,294,827	189,346,068	7,804,303
Year ended 30 June 2018															
Opening net book value	632,431,021	35,813,717	376,717,720	27,341,382	860,335,667	53,489,719	18,481,438	33,698,765	20,119,535	14,527,095	2,072,956,059	73,051,241	116,294,827	189,346,068	7,804,303
Additions	59,678,232	-	15,192,471	131,886,775	44,973,571	8,973,620	3,183,591	11,056,501	8,970,059	9,086,501	293,001,321	–	40,240,074	40,240,074	676,234
Transferred from leased assets:															
Cost	–	–	–	–	–	–	–	28,895,686	–	–	28,895,686	–	(28,895,686)	(28,895,686)	–
Accumulated depreciation	–	–	–	–	–	–	–	(14,661,246)	–	–	(14,661,246)	–	14,661,246	14,661,246	–-
	–	–	–	–	–	–	–	14,234,440	–	–	14,234,440	–	(14,234,440)	(14,234,440)	–
Written off:															
Cost	–	–	–	–	–	–	–	–	–	(4,083,208)	(4,083,208)	–	–	–	(261,176)
Accumulated depreciation	–	–	–	–	–	–	–	–	–	2,539,189	2,539,189	–	–	–	151,125
	–	–	–	–	–	–	–	–	–	(1,544,019)	(1,544,019)	–	–	–	(110,051)
Disposals:															
Cost	–	–	–	–	–	–	–	(12,970,414)	–	–	(12,970,414)	–	(2,088,490)	(2,088,490)	–
Accumulated depreciation	–	–	–	–	–	–	–	8,620,776	–	–	8,620,776	–	348,081	348,081	–
	–	–	–	–	–	–	–	(4,349,638)	–	–	(4,349,638)	–	(1,740,409)	(1,740,409)	–
Depreciation / amortization charge	–	–	(20,831,414)	(10,157,198)	(43,921,329)	(6,246,334)	(1,965,777)	(9,111,440)	(2,490,050)	(5,499,405)	(100,222,947)	(3,732,527)	(26,382,190)	(30,114,717)	(5,453,132)
Closing net book value	692,109,253	35,813,717	371,078,777	149,070,959	861,387,909	56,217,005	19,699,252	45,528,628	26,599,544	16,570,172	2,274,075,216	69,318,714	114,177,862	183,496,576	2,917,354
At 30 June 2018															
Cost	692,109,253	35,813,717	426,511,207	159,457,917	945,307,621	67,727,889	29,843,690	114,135,340	40,263,881	32,093,561	2,543,264,076	76,513,796	176,976,032	253,489,828	28,756,250
Accumulated depreciation / amortization	–	–	(55,432,430)	(10,386,958)	(83,919,712)	(11,510,884)	(10,144,438)	(68,606,712)	(13,664,337)	(15,523,389)	(269,188,860)	(7,195,082)	(62,798,170)	(69,993,252)	(25,838,896)
Net book value	692,109,253	35,813,717	371,078,777	149,070,959	861,387,909	56,217,005	19,699,252	45,528,628	26,599,544	16,570,172	2,274,075,216	69,318,714	114,177,862	183,496,576	2,917,354
Annual rate of depreciation / amortization (%)			5 - 10	10	5 - 10	10	10	20	10	30		5 - 10	20		30

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

Particulars	Quantity	Cost	Accumulated depreciation	Net book value	Consideration	Gain	Mode of disposal	Particulars of purchasers
		Rupees						
Vehicles - owned								
Honda Civic LEE-13-2976	1	2,371,000	1,431,940	939,060	1,200,000	260,940	Negotiation	Mr. Sajjad Ahmed , Sahiwal
Honda City LED-13-6398	1	1,545,935	964,432	581,503	960,000	378,497	Company's policy	Mr. Ejaz Khattak, Group's employee, Islamabad
Suzuki Cultus LEH-14-1702	1	1,090,290	565,966	524,324	800,000	275,676	Insurance claim	EFU General Insurance Limited
Honda Civic LEF-13-946	1	2,072,725	1,206,049	866,676	1,385,000	518,324	Negotiation	Ch. Riaz Ahmed, Lahore
		7,079,950	4,168,387	2,911,563	4,345,000	1,433,437		
Vehicles - leased								
Toyota Corolla LEH-16-8987	1	2,088,490	348,081	1,740,409	1,875,000	134,591	Insurance Claim	EFU General Insurance Limited
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 500,000		5,890,464	4,452,389	1,438,075	3,453,313	2,015,238		
		15,058,904	8,968,857	6,090,047	9,673,313	3,583,266		

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

	2018 Rupees	2017 Rupees
Cost of sales (Note 26)	72,375,050	52,177,374
Distribution cost (Note 27)	29,684,167	27,168,421
Administrative expenses (Note 28)	28,278,447	32,276,298
	130,337,664	111,622,093

14.1.3 Amortization on intangible assets amounting to Rupees 5.453 million (2017: Rupees 7.123 million) has been allocated to administrative expenses.

14.1.4 The cost of intangible assets as at reporting date includes fully amortized intangible assets of Rupees 18.982 million (2017: Rupees 3.531 million) which are still in use of the Holding Company.

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

Location	Usage of Immovable Property	Total area of land	Covered area of building
		Acres	Square feet
Holding Company			
Property No. 35 A / M, Quaid-e- Azam Industrial Estate, Kot Lakhpat, Lahore	Customs bonded warehouse	0.69	21,965
Mouza No. 107/9L, Tehsil and District Sahiwal	For construction of oil depot	6.7	–
Plot No. 2, Block K, Main Boulevard Gulberg-II, Lahore	OMC project office	0.39	1,847
Mouza Aza Khel Bala, Tehsil and District Nowshera	For construction of oil depot	6.25	–
7-km, Sundar Raiwind Road, Bhai Kot, Lahore	Warehouse	–	49,658
Dharampura, Lahore	HTL express centre	–	1,436
Garden Town, Lahore	HTL express centre	–	1,789
Gulshan-e-Ravi, Lahore	HTL express centre	–	2,444
22 - A, Zafar Ali Road, Jail Road, Lahore	HTL express centre (Proposed)	0.16	–
Subsidiary Company			
7-KM, Sundar Raiwind Road, Bhai Kot, Lahore.	Manufacturing unit and office	21.96038	125,074

		2018 Rupees	2017 Rupees
14.2	**Capital work-in-progress**		
	Owned:		
	Civil works	236,672,167	111,548,093
	Plant and machinery	35,231,172	–
	Mobilization and other advances	45,382,656	28,150,662
	Advance for purchase of apartment (Note 14.2.1)	25,226,750	25,226,750
	Advances for purchase of vehicles	44,915,301	16,468,000
	Unallocated expenditures	107,235,310	49,514,481
		494,663,356	230,907,986

14.2.1 This represent advance given by the Holding Company to BNP (Private) Limited against purchase of apartment in Grand Hayatt at 1-Constitution Avenue, Islamabad. On July 29, 2016 Capital Development Authority (CDA) cancelled the leased deed of BNP (Private) Limited on the grounds of violating the terms and conditions of the said lease. Against the alleged order, BNP (Private) Limited filed a writ petition before the Honorable Islamabad High Court ("the Court") challenging the cancellation of said lease. The Court dismissed the writ petition of BNP (Private) Limited. However, the honorable judge of the Court 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 have filed intra-court appeals against the aforesaid judgement of the Court and judgment is awaited.

In the Final Report of the Committee setup by Honorable Prime Minister of Pakistan, pursuant to the orders of the Court, it has duly been recommended that the project be regularized in accordance with CDA's Plot Restoration Policy and in case where the investor does not want to accept the new arrangement, BNP (Private) Limited shall refund the investment with mark-up equivalent to that being charged by the banks for personal loans at the time of refunding the investment.

In view of the aforesaid, advice of the legal counsel of the Holding Company and the fact that the Holding Company's apartment is one of the duly built apartments on 6th Floor of the Tower, no provision against advance for purchase of apartment has been recognized in these consolidated financial statements.

		2018 Rupees	2017 Rupees
15	**A PIECE OF FREEHOLD LAND AT SUNDAR RAIWIND ROAD, LAHORE**		
	At cost	35,813,717	35,813,717

15.1 Particulars of this piece of freehold land are as follows:

Description and address	Area of land
	Kanals
Factory Land, 7-KM, Sundar Raiwind Road, Bhai Kot, Lahore.	45

		2018 Rupees	2017 Rupees
16.	**LONG TERM LOANS TO EMPLOYEES**		
	Considered good		
	- Executives (Note 16.1)	1,049,136	2,306,412
	- Other employees	–	133,168
		1,049,136	2,439,580
	Less: Current portion shown under current assets (Note 21)		
	- Executives	769,004	1,257,276
	- Other employees	–	133,168
		769,004	1,390,444
		280,132	1,049,136
16.1	**Reconciliation of carrying amounts of loans to executives:**		
	Opening balance	2,306,412	4,903,391
	Less: Repayments	1,257,276	2,596,979
	Closing balance	1,049,136	2,306,412

16.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 2.202 million (2017: Rupees 3.459 million).

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

16.3 The fair value adjustment in accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' arising in respect of staff loans is not considered material and hence not recognized.

		2018 Rupees	2017 Rupees
17.	**LONG TERM SECURITY DEPOSITS**		
	Security deposits against leased assets	51,297,846	47,856,046
	Security deposits against ijara	2,189,400	–
	Security deposits - other	13,023,900	16,420,900
		66,511,146	64,276,946
	Less: Current portion shown under current assets (Note 22)	25,418,640	5,193,750
		41,092,506	59,083,196
18.	**STORES**		
	Stores	26,961,622	–
	Less: Provision for slow moving and obsolete store items (Note 29)	202,033	–
		26,759,589	–
19.	**STOCK-IN-TRADE**		
	Raw materials (Note 19.1)	408,436,666	482,262,231
	Work-in-process	10,732,181	8,555,976
	Finished goods (Note 19.2)	1,127,082,940	1,581,923,657
	Less: Provision for slow moving and damaged stock items (Note 19.3)	2,450,521	2,215,187
		1,124,632,419	1,579,708,470
	Stock of promotional items	272,913	314,838
		1,544,074,179	2,070,841,515

19.1 These include raw materials in transit amounting to Rupees 240.081 million (2017: Rupees Nil) and raw materials amounting to Rupees 51.418 million (2017: Rupees 243.913 million) lying at customs bonded warehouse.

19.2 These include stock-in-transit of Rupees 224.707 million (2017: Rupees Nil) and stock amounting to Rupees 178.839 million (2017: Rupees 1,067.471 million) lying at customs bonded warehouses.

		2018 Rupees	2017 Rupees
19.3	**Provision for slow moving and damaged stock items**		
	Opening balance	2,215,187	–
	Add: Charge for the year (Note 29)	807,206	2,215,187
	Less: Reversal made during the year (Note 30)	571,872	–
	Closing balance	2,450,521	2,215,187

20. TRADE DEBTS

		2018 Rupees	2017 Rupees
	Unsecured:		
	Considered good - other than related party (Note 20.1)	236,936,937	179,584,299
	Considered doubtful - other than related party (Note 20.2)	543,919	1,575,557
		237,480,856	181,159,856
	Less: Provision for doubtful trade debts (Note 20.3)	543,919	1,575,557
		236,936,937	179,584,299

20.1 As at 30 June 2018, trade debts of Rupees 223.498 million (2017: Rupees 148.921 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 age analysis of these trade debts is as follows:

	2018 Rupees	2017 Rupees
Upto 1 month	105,006,206	82,306,505
1 to 6 months	96,533,574	61,259,643
More than 6 months	21,958,268	5,354,781
	223,498,048	148,920,929

20.2 As at 30 June 2018, trade debts of Rupees 0.544 million (2017: Rupees 1.575 million) were impaired and provided for. Trade debts of Rupees 1.576 million (2017: Rupees 0.476 million) were impaired and written off against provision and trade debts of Rupees 0.180 million (2017: Rupees 0.127 million) were directly written off during the year. The age analysis of these trade debts was more than one year.

		2018 Rupees	2017 Rupees
20.3	**Provision for doubtful trade debts**		
	Opening balance	1,575,557	492,392
	Add: Charge for the year (Note 29)	543,919	1,575,557
	Less: Reversal made during the year (Note 30)	–	15,937
	Less: Bad debts written off during the year	1,575,557	476,455
	Closing balance	543,919	1,575,557

	2018 Rupees	2017 Rupees
21. LOANS AND ADVANCES		
Considered good, unsecured:		
Employees - interest free against salaries		
- Executives	1,034,668	1,159,352
- Other employees	2,742,514	2,759,487
	3,777,182	3,918,839
Employees - against expenses	925,203	1,411,110
Current portion of long term loans to employees (Note 16)	769,004	1,390,444
Advances to suppliers (Note 21.1)	64,000,652	53,910,649
Margin against letters of credit	–	61,084,488
Margin against bank guarantees	10,750,000	4,080,000
	80,222,041	125,795,530
21.1 Advances to suppliers		
Considered good	64,000,652	53,910,649
Considered doubtful	1,888,458	–
Less : Provision for doubtful advances to suppliers	1,888,458	–
	–	–
	64,000,652	53,910,649
22. SHORT TERM DEPOSITS AND PREPAYMENTS		
Current portion of long term security deposits (Note 17)	25,418,640	5,193,750
Short term deposits	6,966,750	11,067,870
Prepaid insurance	20,817,671	5,721,719
Prepaid rent	7,628,734	2,429,933
	60,831,795	24,413,272
23. OTHER RECEIVABLES		
MAS Associates (Private) Limited - associated company (Note 23.1)	79,042	114,623
Receivable from SK Lubricants Co., Ltd. - related party (Note 23.2)	17,024,000	55,875,455
Sales tax receivable	91,761,016	171,396,482
Insurance claims receivable	–	16,220,423
Accrued interest on bank deposits	28,070	175,736
Others	237,291	85,575
	109,129,419	243,868,294

23.1 The maximum aggregate amount receivable from associated company at the end of any month during the year was Rupees 0.263 million (2017: Rupees 0.290 million). It is neither past due nor impaired.

23.2. The maximum aggregate amount receivable from related party at the end of any month during the year was Rupees 90.701 million (2017: Rupees 101.017 million). It is neither past due nor impaired.

	2018 Rupees	2017 Rupees
24. SHORT TERM INVESTMENTS		
Held-to-maturity (Note 24.1)	851,833,801	1,006,004,644
At fair value through profit or loss (Note 24.2)	65,519,756	75,124,601
	917,353,557	1,081,129,245
24.1 Held-to-maturity		
Term deposit receipts	846,031,918	1,001,031,917
Add: Interest accrued thereon	5,801,883	4,972,727
	851,833,801	1,006,004,644

24.1.1 These term deposit receipts issued by banking companies having maturity period ranges from one month to six month (2017: one month to one year) and carry interest ranging from 3.00% to 6.21% (2017: 5.90% to 6.40%) per annum. Term deposits receipts amounting to Rupees 671.031 million (2017: Rupees 491.031 million) are under lien with banks against short term borrowings of the Holding Company.

	2018 Rupees	2017 Rupees
24.2 At fair value through profit or loss		
Quoted - other than related party:		
Engro Fertilizer Limited		
49,500 (2016: 49,500) fully paid ordinary shares of 10 each	3,246,080	3,246,080
Alfalah GHP Stock Fund B Growth Units		
461,430 (2016: Nil) Units of Rupees 159.2592 each	73,486,932	73,486,932
Less: Unrealized loss on remeasurement of investments at fair value	11,213,256	1,608,411
	65,519,756	75,124,601
25. CASH AND BANK BALANCES		
Cash in hand	718,057	1,143,417
Cash at banks:		
Saving accounts (Note 25.1)	207,327,155	36,135,276
Current accounts	358,901,466	166,225,152
	566,228,621	202,360,428
Term deposit	–	17,400,000
	566,946,678	220,903,845

25.1 Saving accounts carry mark-up at the rates ranging from 3% to 6% (2017: 3.75% to 6%) per annum.

25.2 Bank balances of Rupees 54.947 million (2017: Rupees 20.053 million) and short term investments of Rupees 907.844 million (2017: Rupees 1,075 million) as at 30 June 2018 represents un-utilized proceeds of the initial public offer of the Holding Company. Bank balance amounting to Rupees 50 million (2017: Rupees Nil) is under lien with a bank against short term borrowing of the Holding Company.

	2018 Rupees	2017 Rupees
26. COST OF SALES		
Cost of sales - owned manufactured (Note 26.1)	2,990,944,459	1,614,026,635
Cost of sales - finished goods purchased for resale (Note 26.2)	3,869,219,626	3,781,669,060
	6,860,164,085	5,395,695,695

		2018 Rupees	2017 Rupees
26.1	**Cost of sales - owned manufactured**		
	Raw materials consumed	2,770,693,343	1,668,164,310
	Packing materials consumed	122,062,365	83,682,480
	Salaries, wages and other benefits (Note 26.1.1)	44,595,715	33,318,930
	Fuel and power	25,191,818	20,921,449
	Repair and maintenance	32,354,175	10,070,770
	Insurance	4,528,843	3,227,961
	Miscellaneous	11,839,750	3,595,408
	Depreciation on operating fixed assets (Note 14.1.2)	72,375,050	52,177,374
		3,083,641,059	1,875,158,682
	Work-in-process		
	Opening stock	8,555,976	–
	Closing stock	(10,732,181)	(8,555,976)
		(2,176,205)	(8,555,976)
	Cost of goods manufactured	3,081,464,854	1,866,602,706
	Finished goods		
	Opening stock	96,185,705	–
	Closing stock	(186,706,100)	(96,185,705)
		(90,520,395)	(96,185,705)
		2,990,944,459	1,770,417,001
	Less: Cost of sales related to trial run production	–	156,390,366
		2,990,944,459	1,614,026,635

26.1.1 Salaries, wages and other benefits include provident fund contribution of Rupees 1.308 million (2017: Rupees 0.554 million) by the Subsidiary Company.

		2018 Rupees	2017 Rupees
26.2	**Cost of sales - finished goods purchased for resale**		
	Opening stock	1,483,522,765	662,906,276
	Add: Purchases	3,323,623,180	4,602,285,549
	Less: Closing stock	(937,926,319)	(1,483,522,765)
		3,869,219,626	3,781,669,060

27. DISTRIBUTION COST

	2018 Rupees	2017 Rupees
Salaries, wages and other benefits (Note 27.1)	273,668,475	247,991,160
Sales promotion and advertisements - net (Note 27.2)	98,901,950	7,396,424
Freight outward	67,122,586	56,511,272
Rent, rates and taxes	43,834,426	45,719,323
Sales commission	1,795,067	2,972,170
Travelling and conveyance	43,594,463	32,838,479
Insurance	11,516,424	8,736,157
Utilities	4,596,749	2,745,069
Printing and stationery	715,606	432,221
Repair and maintenance	10,864,569	6,128,753
Vehicles' running and maintenance	12,553,114	9,368,393
Communication	9,275,269	7,143,730
Entertainment	3,790,176	2,906,814
Ijara rentals	2,317,819	–
Depreciation on operating fixed assets (Note 14.1.2)	29,684,167	27,168,421
Miscellaneous	21,560,476	14,258,496
	635,791,336	472,316,882

27.1 Salaries, wages and other benefits include provident fund contribution of Rupees 7.367 million (2017: Rupees 7.636 million) by the Holding Company.

27.2 These are net off incentives in the shape of reimbursement against sales promotion expenses and advertisements amounting to Rupees 228.026 million (2017: Rupees 156.335 million) from SK Lubricants Co., Ltd. - related party.

	2018 Rupees	2017 Rupees
28. ADMINISTRATIVE EXPENSES		
Salaries and other benefits (Note 28.1)	277,257,837	224,577,550
Rent, rates and taxes	10,609,372	11,066,682
Legal and professional (Note 28.2)	35,466,166	13,997,093
Insurance	10,285,272	7,212,562
Vehicles' running and maintenance	9,218,773	8,849,365
Utilities	3,426,819	3,780,266
Repair and maintenance	8,401,346	7,949,447
Fee and subscription	2,942,149	14,663,390
Printing and stationery	1,265,493	940,694
Communication	5,035,762	6,872,895
Entertainment	6,491,576	4,832,428
Auditors' remuneration (Note 28.3)	4,036,225	2,896,500
Travelling and conveyance	23,570,355	12,594,967
Depreciation on operating fixed assets (Note 14.1.2)	28,278,447	32,276,298
Amortization on intangible assets (Note 14.1.3)	5,453,132	7,123,005
Miscellaneous	13,187,469	5,949,005
	444,926,193	365,582,147
Less: Expenses related to trial run production	–	4,889,240
	444,926,193	360,692,907

28.1 Salaries and other benefits include provident fund contribution of Rupees 5.830 million (2017: Rupees 4.07 million) by the Group.

28.2 It includes an amount of Rupees 5.234 million (2017: Rupees 2.095 million) on account of internal audit services rendered by EY Ford Rhodes.

	2018 Rupees	2017 Rupees
28.3 Auditors' remuneration		
Annual audit fee	2,150,000	1,750,000
Certifications	481,225	385,000
Half year review / audit	1,100,000	550,000
Reimbursable expenses	305,000	211,500
	4,036,225	2,896,500

	2018 Rupees	2017 Rupees
29. OTHER EXPENSES		
Provision for doubtful trade debts (Note 20.3)	543,919	1,575,557
Bad debts written off	180,292	127,107
Exchange loss - net	61,773,851	18,400,485
Charities and donations (Note 29.2)	15,308,958	12,538,238
Fixed assets written off	1,654,071	–
Workers' profit participation fund (Note 9.3)	14,587,182	3,779,284
Workers' welfare fund	120,000	–
Unrealised loss on remeasurement of investments at fair value	9,604,845	1,561,020
Insurance claim receivable written off	1,291,007	–
Provision for doubtful advances to suppliers (Note 21.1)	1,888,458	–
Provision for slow moving and obsolete store items (Note 18)	202,033	–
Provision for slow moving and damaged stock items (Note 19.3)	807,206	2,215,187
Penalty (Note 29.1)	88,266	–
	108,050,088	40,196,878

29.1 This represents amount paid under the Sales Tax Act, 1990.

29.2 These include amount of Rupees 12 million (2017: Rupees 12 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 and Rupees 1 million (2017: Rupees Nil) paid to Al-Mudassar Trust, Bahariwal, Tehsil Kharian, District Gujrat in which there is no interest of any director or his/her spouse in donee's fund.

	2018 Rupees	2017 Rupees
30. OTHER INCOME		
Income from financial assets		
Dividend income	272,250	1,150,572
Profit on bank deposits and short term investments	58,496,255	85,106,444
Gain on sale of short term investment	–	3,181,451
Income from non-financial assets		
Gain on disposal of operating fixed assets	3,583,266	1,944,114
Credit balances written back	–	1,983,967
Reversal of provision for doubtful debts (Note 20.3)	–	15,937
Reversal of provision for slow moving and damaged stock items (Note 19.3)	571,872	–
Retention money written back	6,214,987	–
Testing fees	10,000	–
Scrap sale	1,795,577	2,362,849
Amortization of deferred income (Note 8.1)	432,616	432,616
	71,376,823	96,177,950

	2018 Rupees	2017 Rupees
31. FINANCE COST		
Mark up on long term financing	13,624,202	24,784,789
Mark up on short term borrowings	95,435,937	37,113,622
Finance charges on liabilities against assets subject to finance lease	9,112,520	7,611,303
Mark up on loans from directors	5,766,045	5,745,988
Interest on employees' provident fund	40,260	15,654
Markup on workers' profit participation fund (Note 9.3)	286,678	–
Bank charges and commission	3,014,380	1,818,217
	127,280,022	77,089,573
32. TAXATION		
For the year		
Current (Note 32.1)	321,522,186	303,371,545
Deferred tax	72,056,250	28,451,305
Prior year adjustment	(2,561,295)	2,854,899
	391,017,141	334,677,749

32.1 Provision for income tax is made in accordance with the provisions of the Income Tax Ordinance, 2001.

32.2 The Group computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purposes of taxation is available which can be analyzed as follows:

Description	Year ended 30 June 2017	2016	2015
		Rupees	
Provision for taxation	300,810,250	359,427,757	164,667,599
Tax assessed	273,105,070	328,365,757	164,667,599

The excess provision mainly pertains to super tax provisions recognized in the respective years which have not been paid as yet as the Holding Company intends to contest the levy of tax.

	2018	2017
33. EARNINGS PER SHARE - BASIC AND DILUTED		
There is no dilutive effect on the basic earnings per share which based on:		
Profit after taxation attributable to ordinary shareholders (Rupees)	759,534,371	743,979,845
Weighted average number of shares (Number)	116,004,000	116,004,000
Basic earnings per share (Rupees)	6.55	6.41

		2018 Rupees	2017 Rupees
34.	**CASH GENERATED FROM OPERATIONS**		
	Profit before taxation	1,150,551,512	1,078,657,594
	Adjustments for non-cash charges and other items:		
	Depreciation on operating fixed assets	130,337,664	111,622,093
	Amortization on intangible assets	5,453,132	7,123,005
	Amortization of deferred income	(432,616)	(432,616)
	Provision for doubtful trade debts	543,919	1,575,557
	Provision for slow moving and damaged stock items	807,206	2,215,187
	Provision for slow moving and obsolete store items	202,033	–
	Reversal of provision for doubtful debts	–	(15,937)
	Provision for doubtful advances to suppliers	1,888,458	–
	Bad debts written off	180,292	127,107
	Credit balances written back	–	(1,983,967)
	Retention money written back	(6,214,987)	–
	Gain on disposal of property and equipment	(3,583,266)	(1,944,114)
	Dividend income	(272,250)	(1,150,572)
	Profit on bank deposits and short term investments	(58,496,255)	(85,106,444)
	Reversal of provision for slow moving and damaged inventory	(571,872)	–
	Unrealised loss on remeasurement of investments at fair value	9,604,845	1,561,020
	Gain on disposal of short term investment	–	(3,181,451)
	Finance cost	127,280,022	77,089,573
	Exchange loss - net	61,773,851	18,400,485
	Provision for workers' profit participation fund	14,587,182	3,779,284
	Provision for workers' welfare fund	120,000	–
	Insurance claim receivable written off	1,291,007	–
	Fixed assets written off	1,654,071	–
	Working capital changes (Note 34.1)	182,319,836	(1,085,072,911)
		1,619,023,784	123,262,893
34.1	**Working capital changes**		
	Decrease / (increase) in current assets:		
	Stores	23,195,248	(50,156,870)
	Stock-in-trade	526,532,002	(1,320,848,289)
	Trade debts	(58,076,849)	(29,504,514)
	Loans and advances	43,063,591	(30,399,390)
	Short term deposits and prepayments	(16,193,633)	(7,257,709)
	Other receivables	133,300,202	(204,866,781)
		651,820,561	(1,643,033,553)
	(Decrease) / increase in trade and other payables	(469,500,725)	557,960,642
		182,319,836	(1,085,072,911)

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

	Liabilities from financing activities				
	Long term financing	**Liabilities against assets subject to finance lease**	**Short term borrowings**	**Unclaimed dividend**	**Total**
	Rupees				
Balance as at 01 July 2017	241,512,167	167,566,587	1,235,959,909	1,526,469	1,646,565,132
Financing obtained	21,865,000	–	15,181,945,811	–	15,203,810,811
Repayment of financing	(148,475,674)	–	(15,092,655,192)	–	(15,241,130,866)
Acquisitions - finance leases	–	66,528,120	–	–	66,528,120
Other change - non-cash movement	–	(5,816,850)	–	–	(5,816,850)
Repayment of lease liabilities	–	(64,653,476)	–	–	(64,653,476)
Dividend declared	–	–	–	406,014,000	406,014,000
Dividend paid	–	–	–	(403,243,100)	(403,243,100)
Balance as at 30 June 2018	114,901,493	163,624,381	1,325,250,528	4,297,369	1,608,073,771

	2018 Rupees	2017 Rupees
34.3 Non-cash financing activities		
Acquisition of vehicles, plant and machinery by means of finance leases	66,528,120	103,985,134

35. PROVIDENT FUND RELATED DISCLOSURES

	2018 Rupees	2017 Rupees
The following information is based on un-audited financial statements of the provident fund trusts:		
Size of the funds - Total assets	95,100,144	87,478,981
Cost of investments	91,159,867	82,349,232
Percentage of investments made	95.86%	94.14%
Fair value of investments	91,689,686	89,192,259

35.1 The break-up of cost of investments is as follows:

	2018 Percentage	2017 Percentage	**2018** Rupees	2017 Rupees
Investment in other collective investment scheme	12.07%	13.36%	11,000,000	11,000,000
Investment in listed equity securities	13.26%	11.77%	12,086,810	9,693,227
Bank balances and term deposit receipts	74.67%	74.87%	68,073,057	61,656,005
	100.00%	100.00%	91,159,867	82,349,232

35.2 As at the reporting date, Hi-Tech Lubricants Limited Employees Provident Fund Trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the rules formulated for this purpose in terms of SRO 731 (I)/2018 issued by Securities and Exchange Commission of Pakistan on 06 June 2018 which allows transition period of one year for bringing the employees provident fund trust in conformity with the requirements of the rules. Investments, out of Hi-Tech Blending (Private) Limited Provident Fund Trust, have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

36. PLANT CAPACITY AND ACTUAL PRODUCTION

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

	2018 capacity	2017 Production	2018 capacity	2017 Production
Bottles	11,055,939	7,074,019	11,055,939	4,515,427
Caps	11,840,400	6,989,455	10,890,000	4,993,862
Filling	37,950,000	13,089,480	37,950,000	8,249,929

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

37. 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	2018 Rupees	2017 Rupees
Associated companies			
MAS Associates (Private) Limited	Share of common expenses	589,048	641,658
Other related parties			
SK Lubricants Co., Ltd.	Purchase of lubricants	4,752,867,943	5,030,838,528
Directors	Repayment of loans	–	15,000,000
Directors	Mark-up on loans from directors	5,766,044	5,767,617
Directors	Rent expense	2,314,266	16,518,699
Provident fund trusts	Contribution	16,967,833	11,541,355
Sabra Hamida Trust	Donations	12,000,000	12,000,000

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

Name of related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year	% age of shareholding
Hi-Tech Energy (Private) Limited	Common directorship	No	None
MAS Associates (Private) Limited	Common directorship	Yes	None
MAS Infosoft (Private) Limited	Common directorship	No	None
MAS Services	Common directorship	No	None
Haut Buys (Private) Limited	Common directorship	No	None
Hi-Tech Lubricants Limited Employees Provident Fund Trust	Common trusteeship of directors	Yes	None
Sabra Hamid Trust	Common trusteeship of directors	Yes	None
MAS Associates (Private) Limited Employees Provident Fund Trust	Common trusteeship of directors	No	None
Hi-Tech Blending (Private) Limited Provident Fund Trust	Common trusteeship of directors	Yes	None
SK Lubricants Co., Ltd.	Major supplier and long term partner	Yes	None

38. 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:

	2018				2017			
		Directors				Directors		
	Chief Executive	Executives	Non–Executives	Executives	Chief Executive	Executives	Non–Executives	Executives
	Rupees							
Managerial remuneration	24,742,910	21,010,570	15,225,806	44,250,466	22,050,845	28,691,600	9,290,322	28,037,951
Bonus	–	–	–	19,801,014	–	–	–	17,232,321
Allowances								
House rent	5,922,581	5,225,806	6,851,613	19,841,632	5,341,936	7,112,903	4,180,645	12,215,017
Medical	1,316,129	1,161,290	1,522,581	4,409,252	1,187,097	1,580,645	929,032	2,714,448
Travelling	3,068,700	2,150,000	3,000,000	804,380	1,500,000	2,700,000	2,000,000	825,050
Other	–	–	–	389,960	500,000	1,300,000	–	1,897,681
Contribution to provident fund trust	–	–	–	4,354,930	–	–	–	2,527,482
Leave fare assistance	–	–	–	1,923,581	–	–	–	881,972
	35,050,320	29,547,666	26,600,000	95,775,215	30,579,878	41,385,148	16,399,999	66,331,922
	1	**1**	**4**	**25**	**1**	**2**	**2**	**17**

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

38.2 Aggregate amount charged in financial statements for meeting fee to six directors (2017: five directors) is Rupees 5.350 million (2017: Rupees 3.05 million).

39. NUMBER OF EMPLOYEES

	2018		2017	
	Permanent	**Contractual**	Permanent	Contractual
Total number of employees as on 30 June (Note 39.1)	523	153	340	105
Average number of employees during the year	483	131	402	83

39.1 These include 113 (2017: 104) number of factory employees.

40. 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 2018	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets				
Financial assets at fair value through profit or loss	65,519,756	–	–	65,519,756

Recurring fair value measurements at 30, June 2017	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets				
Financial assets at fair value through profit or loss	75,124,601	–	–	75,124,601

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 trading and available-for-sale 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.

41. FINANCIAL RISK MANAGEMENT

41.1 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 under policies approved by the Board of Directors (the Board). The Group'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 Group is exposed to currency risk arising from the United States Dollar (USD). As on reporting date, the Group's foreign exchange risk exposure is restricted to the amounts payable / receivable to / from foreign entity. The Group's exposure to currency risk was as follows:

	2018 **USD**	2017 USD
Other receivables	140,000	527,596
Trade and other payables	(1,904,220)	(7,468,028)
Net exposure	(1,764,220)	(6,940,432)

The following significant exchange rates were applied during the year:

	Rupees per US Dollar	
Average rate	110.43	104.55
Reporting date rate	121.60	104.80

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on Group's profit after taxation for the year would have been Rupees 8.696 million (2017: Rupees 35.569 million) lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

Sensitivity analysis

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

Index	Impact on Group's profit after taxation	
	2018 Rupees	2017 Rupees
PSX 100 (5% increase)	185,402	136,719
PSX 100 (5% decrease)	(185,402)	(136,719)

(iii) Interest rate risk

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

The Group has no long term interest bearing asset. The Group's interest rate risk arises from short term investments, bank balances on saving accounts, term deposit, long term financing, liabilities against assets subject to finance lease 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:

	2018 Rupees	2017 Rupees
Fixed rate instruments		
Financial assets		
Short term investments	851,833,801	1,006,004,644
Term deposit	–	17,400,000
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	207,327,155	36,135,276
Financial liabilities		
Long term financing	114,901,493	241,512,167
Liabilities against assets subject to finance lease	163,624,399	167,566,587
Short term borrowings	1,325,250,528	1,235,959,909
Net exposure against floating rate	1,396,449,265	1,608,903,387

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date, fluctuates by 1% higher / lower with all other variables held constant, Group's profit after taxation for the year would have been Rupees 9.775 million lower / higher (2017: Rupees 11.101 million lower / higher), mainly as a result of higher / lower interest expense / income on long term financing, liabilities against assets subject to finance lease, 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:

	2018 Rupees	2017 Rupees
Deposits	19,990,650	27,488,770
Trade debts	236,936,937	179,584,299
Loans and advances	4,826,318	6,358,419
Other receivables	17,368,403	72,471,812
Short term investments	917,353,557	1,081,129,245
Bank balances	566,228,621	219,760,428
	1,762,704,486	1,586,792,973

The age analysis of trade debts as at reporting date is given in note 20.1.

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			**2018**	2017
	Short term	**Long term**	**Agency**	**Rupees**	Rupees
Short term investments					
Bank Alfalah Limited	A1+	AA+	PACRA	100,800,811	200,336,898
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	101,700,450	301,956,888
JS Bank Limited	A1+	AA-	PACRA	523,621,584	453,483,554
United Bank Limited	A1+	AAA	JCR-VIS	–	50,227,304
Summit Bank Limited	A-1	A-	JCR-VIS	100,706,849	–
Dubai Islamic Bank Pakistan Limited	A1	AA-	JCR-VIS	25,004,107	–
Engro Fertilizer Limited	A1+	AA	PACRA	3,708,045	2,734,380
Alfalah GHP Stock Fund B Growth Units	4-Star		PACRA	61,811,711	72,390,221
Banks					
Bank Alfalah Limited	A1+	AA+	PACRA	166,660,722	13,769,809
Bank Al-Habib Limited	A1+	AA+	PACRA	127,126,923	99,348,951
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	100,933,024	52,799,636
MCB Bank Limited	A1+	AAA	PACRA	60,482,218	24,190,933
National Bank of Pakistan	A1+	AAA	PACRA	3,789,228	597,754
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	74,162	8,074,629
The Bank of Punjab	A1+	AA	PACRA	33,301	33,301
Habib Bank Limited	A1+	AAA	JCR-VIS	603,332	4,862,764
Askari Bank Limited	A1+	AA+	PACRA	192,740	409,846
United Bank Limited	A1+	AAA	JCR-VIS	85,054,539	662,002
JS Bank Limited	A1+	AA-	PACRA	12,021	14,960,656
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	1,088,431	49,727
Meezan Bank Limited	A1+	AA+	JCR-VIS	18,415,040	
Dubai Islamic Bank Pakistan Limited	A1	AA-	JCR-VIS	10,955	
Samba Bank Limited	A1	AA	JCR-VIS	1,751,985	
Summit Bank Limited	A1	A-	JCR-VIS	–	420
				1,483,582,178	1,300,889,673

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

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2018, the Group had Rupees 2,452.749 million (2017: Rupees 826.966 million) available borrowing limits from financial institutions and Rupees 566.947 million (2017: Rupees 220.904 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 2018:

	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	114,901,493	117,563,893	60,127,303	39,369,114	18,067,476	---
Liabilities against assets subject to finance lease	163,624,399	179,733,758	58,713,645	31,399,389	63,940,282	25,680,442
Long term deposits	1,500,000	1,500,000	–	–	–	1,500,000
Trade and other payables	462,209,970	131,746,833	131,746,833	–	–	–
Accrued mark-up	29,696,233	26,785,671	29,696,233	–	–	–
Short term borrowings	1,325,250,528	1,337,847,097	1,337,847,097	–	–	–
Unclaimed dividend	4,297,369	4,297,369	4,297,369	–	–	–
	2,101,479,992	1,799,474,621	1,622,428,480	70,768,503	82,007,758	27,180,442

Contractual maturities of financial liabilities as at 30 June 2017:

	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	241,512,167	257,181,300	90,824,254	61,323,503	86,607,988	18,425,555
Liabilities against assets subject to finance lease	167,566,587	179,704,261	38,153,693	33,939,442	107,611,126	–
Long term deposits	2,000,000	2,000,000	–	–	–	2,000,000
Trade and other payables	744,157,777	744,157,777	744,157,777	–	–	–
Accrued mark-up	27,891,018	27,891,018	27,891,018	–	–	–
Short term borrowings	1,235,959,909	1,270,918,573	1,262,842,460	8,076,113	–	–
Unclaimed dividend	1,526,469	1,526,469	1,526,469	–	–	–
	2,420,613,927	2,483,379,398	2,165,395,671	103,339,058	194,219,114	20,425,555

41.2 Financial instruments by categories

	2018			
	Loans and receivables	Held–to maturity	At fair value through profit or loss	Total
	Rupees			
Financial assets				
Deposits	19,990,650	–	–	19,990,650
Trade debts	236,936,937	–	–	236,936,937
Loans and advances	4,826,318	–	–	4,826,318
Other receivables	17,368,403	–	–	17,368,403
Short term investments	–	851,833,801	65,519,756	917,353,557
Cash and bank balances	566,946,678	–	–	566,946,678
	846,068,986	851,833,801	65,519,756	1,763,422,543

	2017			
	Loans and receivables	Held–to maturity	At fair value through profit or loss	Total
	Rupees			
Financial assets				
Deposits	27,488,770	–	–	27,488,770
Trade debts	179,584,299	–	–	179,584,299
Loans and advances	6,358,419	–	–	6,358,419
Other receivables	72,471,812	–	–	72,471,812
Short term investments	–	1,006,004,644	75,124,601	1,081,129,245
Cash and bank balances	220,903,845	–	–	220,903,845
	506,807,145	1,006,004,644	75,124,601	1,587,936,390

	At amortized cost	
	2018 Rupees	2017 Rupees
Financial liabilities		
Long term financing	114,901,493	241,512,167
Liabilities against assets subject to finance lease	163,624,399	167,566,587
Long term deposits	1,500,000	2,000,000
Trade and other payables	462,209,970	744,157,777
Short term borrowings	1,325,250,528	1,235,959,909
Accrued mark-up	29,696,233	27,891,018
Unclaimed dividend	4,297,369	1,526,469
	2,101,479,992	2,420,613,927

41.3 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.

42. 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, liabilities against assets subject to finance lease and short term borrowings as referred to in note 5,6 and 11 to the financial statements. Total capital employed includes 'total equity' as shown in the consolidated statement of financial position plus 'borrowings'.

		2018	2017
Borrowings	Rupees	1,603,776,420	1,645,038,663
Total equity	Rupees	4,086,700,970	3,733,180,599
Total capital employed	Rupees	5,690,477,390	5,378,219,262
Gearing ratio	Percentage	28.18%	30.59%

The decrease in gearing ratio is mainly due to increase in profits.

43. UNUTILIZED CREDIT FACILITIES

	Non–funded		Funded	
	2018	2017	**2018**	2017
	Rupees	Rupees	**Rupees**	Rupees
Total facilities	2,000,000,000	2,790,895,028	3,708,000,000	2,462,950,731
Utilized at the end of the year	435,518,509	863,761,381	1,255,250,528	1,635,985,050
Unutilized at the end of the year	1,564,481,491	1,927,133,647	2,452,749,472	826,965,681

44. SEGMENT INFORMATION

These consolidated financial statements have been prepared on the basis of single reportable segment. All of the sales of the Group relates to customers in Pakistan. All non-current assets of the Group as at reporting date were located in Pakistan.

45. EVENTS AFTER THE REPORTING PERIOD

45.1 The Board of Directors of the Holding Company has proposed a cash dividend for the year ended 30 June 2018 of Rupees 1.75 per share (2017: Rupee 1.75 per share). However, this event has been considered as non-adjusting event under IAS 10 'Event after Reporting Period' and has not been recognized in these consolidated financial statements.

45.2 Under Section 5A of the Income Tax Ordinance, 2001, a tax shall be imposed at the rate of 5% of accounting profit before tax of the Holding Company if it does not distribute at least 20% of its after tax profit for the year within six months of the end of the year ended 30 June 2018 through cash. The requisite cash dividend has been proposed by the Board of Directors of the Holding Company in their meeting held on 09 September 2018 and will be distributed within the prescribed time limit. Therefore, the recognition of any income tax liability in this respect is not considered necessary.

46. 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	
Investment in HTLL		
Land	470,000,000	60,618,100
Building	128,000,000	12,486,445
Plant, machinery and equipment	139,000,000	2,719,201
Pre-operating costs	33,000,000	249,630
Working capital	842,562,500	739,126,208
	1,612,562,500	815,199,584
Investment in 100% owned subsidiary		
Additional filling lines for blending plant, Hi-Tech Blending (Private) Limited	200,000,000	–
Total	1,812,562,500	815,199,584
IPO proceeds (A)	1,812,562,500	
Amount un-utilized (A – B)	997,362,916	

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

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 current year 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.

A fuel storage site at Sahiwal is complete and final inspection is already underway. Another storage site shall be built in Nowshera. Currently, the Holding Company has three operational HTL express centers in Lahore. Detail of payments out of IPO proceeds during the year ended 30 June 2018 are as follows:

		Rupees
Un-utilized IPO proceeds as at 01 July 2017		1,094,571,944
Add: Profit on term deposit receipts		56,602,724
Less: Payments made during the year:		
HTL express centres	(26,665,859)	
OMC Project	(138,102,455)	
Working capital	(6,016,725)	
		(170,785,039)
Less: Withholding tax on profit		(5,660,272)
Less: Unrealized loss on investment in mutual fund		(11,675,221)
Less: Bank charges		(263,724)
Un-utilized IPO proceeds as at 30 June 2018		962,790,412

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

47. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 09 SEP 2018 by the Board of Directors of the Holding Company.

48. 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. Further, to comply with the requirements of the Companies Act, 2017, unclaimed dividend has been reclassified from trade and other payables and presented on the face of consolidated statement of financial position.

49. GENERAL

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

Chief Executive | Director | Chief Financial Officer

چیف ایگزیکٹو آفیسر کا پیغام:

اپنے پیغام کے آغاز میں ہائی ٹیک لبریکنٹس لمیٹڈ کی تمام مینجمنٹ ٹیم کی جانب سے میں اپنے محترم حصص داران کا ہم پر اعتماد کرنے کے لئے شکریہ ادا کرنا چاہوں گا ۔ اس کے علاوہ میں چیئرمین آف دی بورڈ، بورڈ آف ڈائریکٹرز، ایگزیکٹیو ڈائریکٹرز اور ہائی ٹیک لبریکنٹس لمیٹڈ کے تمام کارکنان کا ان کی انتھک کاوشوں کے لئے شکر گزار ہوں۔ ان سب نے مل کر اپنی لگن، کام، علم اور ہنر سے ہماری کمپنی کو لبریکنٹ انڈسٹری کا مارکیٹ لیڈر بنانے میں اہم کردار ادا کیا۔

اس کمپنی نے اپنے کاروبار کا آغاز 1997 میں عام درآمد و فروخت کنندہ کے ساتھ مقامی ڈسٹری بیوٹر کی حیثیت سے کیا۔ کامیابی کے اس سفر میں ہم نے ہر طرح کے معاشی، معاشرتی اور سیاسی حالات سے پیدا ہونے والی مشکلات کا ڈٹ کر مقابلہ کیا اور آج ہائی ٹیک لبریکنٹس پاکستان میں صف اول کی لبریکنٹ کمپنی ہے۔ ہائی۔ٹیک لبریکنٹس کی ISO 9001:2015 سرٹیفیکیشن اس کی مصنوعات اور خدمات کے اعلیٰ معیار کی واضح دلیل ہے۔ اپنی کارکردگی اور معیار کو اور بہتر بنانے کے لیے لاہور میں ہائی ٹیک لبریکنٹس اپنا بلینڈنگ پلانٹ بھی کامیابی سے چلا رہا ہے جہاں معیار کو یقینی بنانے کے لیے EMS 14001 سرٹیفیکیشن بھی حاصل کی جا چکی ہے۔ اس کے علاوہ ملک بھر میں ایچ ٹی ایل ایکسپریس سینٹرز اور ایچ ٹی ایل فیول سٹیشنز بھی کھولے جا رہے ہیں۔

کمپنی نے گزشتہ سال بہت اچھی اور مستحکم کارکردگی کا مظاہرہ کیا۔ اس سال مجموعی بنیاد پر ہائی ٹیک لبریکنٹس کا کل ریونیو 9,255 ملین روپے رہا جو پچھلے سال کی نسبت 26.3 فیصد زیادہ ہے اور 16.6 فیصد گراس قدر والیم گروتھ کی عکاسی کرتا ہے۔ مجھے یہ اعلان کرتے ہوئے بھی انتہائی خوشی ہو رہی ہے کہ ہم نے اس سال 759 ملین روپے کل منافع حاصل کیا جو گزشتہ سال کی مقابلے میں 2 فیصد زیادہ ہے۔ نقد منافع منقسمہ کی پورا سال بدستور ادائیگی کی گئی اور 203 ملین روپے کے حتمی منافع منقسمہ کو شامل کرتے ہوئے ادا کیے گئے کل منافع منقسمہ 406 ملین روپے ہے۔

ہمارا یہ ماننا ہے کہ کامیابی کے اس تسلسل کو برقرار رکھنے، اپنی کمپنی کو بڑھانے اور اس میں تبدیلی لانے کے لئے یہ بہترین موقع ہے۔ ہم نے گزشتہ سال ایچ ٹی ایل ایکسپریس کا آغاز کیا اور اس کے ذریعے سواری کی دیکھ بھال کے حوالے سے اپنے صارفین کی تمام ضروریات کو ایک ہی چھت تلے پورا کرنے کی کوشش کی۔ مجھے یہ بیان کرتے ہوئے بہت خوشی ہے کہ آج ملک میں سب سے زیادہ ٹریفک والے شہروں لاہور اور کراچی میں پانچ ایچ ٹی ایل ایکسپریس سروس سینٹرز کامیابی سے اپنی خدمات سرانجام دے رہے ہیں اور عنقریب اس طرح کے اور بھی سینٹرز کھولے جا رہے ہیں۔ مستقبل قریب میں ہمارے ایچ ٹی ایل فیول سٹیشنز کو از سرِ نو ترقی دی جائے گی اور یہاں معیاری فیول کے ساتھ نان فیول ریٹیل (NFR) کی وسیع رینج بھی دستیاب ہوگی۔ یہ فیول سٹیشنز ہمارے صارفین کے لئے ہمارے نئے ایچ ٹی ایل ایکسپریس سینٹرز کی نمائش کریں گے اور ہماری خدمات کے حصول کا اہم مرکز ہوں گے۔

کمپنی کی ترقی ہم سے کارکردگی میں بتدریج، مسلسل اور یقینی بہتری کا تقاضا کرتی ہے۔ ISO 9001:2015 سرٹیفیکیشن کی مقررہ شرائط کو پورا کرنے کی خاطر کمپنی کی حکمت عملی کے کئی ایسے شعبہ جات ہیں جو کہ کام کا مرکز رہیں گے۔ ان معاملات میں مصنوعات کے معیار کو برقرار رکھنا، کارکنان کا حوصلہ بڑھانا، ہمارے برینڈ کی ایکویٹی کو بڑھانا اور پورے ادارے میں ایچ ایس ای سٹینڈرڈ کی پریکٹس کا نفاذ جیسے امور شامل ہیں۔

بورڈ آف ڈائریکٹرز نے حال ہی میں سٹریٹیجک مینجمنٹ کا خصوصی دفتر کھولنے کی رضامندی دی ہے۔ یہ دفتر کمپنی بھر میں منصوبہ سازی سے متعلقہ جملہ اہداف کو حاصل کرنے میں معاونت فراہم کرے گا، انفرادی طور پر بزنس یونٹس کی حکمت عملی تشکیل دے گا اور کمپنی کے نظریہ اور مقصد کار کو پورا کرنے کے لیے لائحہ عمل تشکیل دینے میں مددگار ثابت ہوگا۔ مزید برآں یہ اس بات کو بھی یقینی بنائے گا کہ ہم کارکردگی کے بہتر معیار کو مسلسل برقرار رکھ سکیں۔

ہائی ٹیک لبریکنٹس لمیٹڈ سے منسلک ہر شخص اس حقیقت سے بخوبی آگاہ ہے کہ جہاں رہتے ہوئے ہم نے ترقی کی منازل حاصل کی ہیں، اس معاشرے کی بہتری کے لیے کوشش کرنا ہماری ذمہ داری ہے۔ سی ایس آر کی اس ذمہ داری کو پورا کرنے کے لیے علم گاہ سکولز فلاح عامہ کی جانب کمپنی کا اہم قدم ہے۔ 7 سال قبل ہم نے صابرہ حمیدہ ٹرسٹ کے تحت 35 طلبہ اور 5 اساتذہ پر مشتمل ایک تعلیمی ادارے سے اس اقدام کی شروعات کی اور آج ان کی تعداد میں دس گنا اضافہ ہو چکا ہے۔ یہاں طلبہ کو معیاری تعلیم کے ساتھ یونیفارم، کتابیں اور سٹیشنری مفت فراہم کی جاتی ہے اور والدین اس ادارے پر اپنے اعتماد کا اظہار کرتے ہیں۔ ہمارا عزم ہے کہ آنے والی نسلوں کے بہتر مستقبل کے لیے ہماری یہ کوششیں یوں ہی جاری رہیں گی۔

ہمیں امید ہے کہ آنے والے سال ہماری کمپنی کے لیے خوش آئند ہیں اور ہم سخت محنت سے اپنے اہداف کے لئے پرعزم ہیں اور نتیجتاً کمپنی سے جڑے ہر فرد و ادارے کے لئے قدر تخلیق کر رہے ہیں۔

حسن طاہر

(سی ای او)

زیر جائزہ سال میں دونوں مراحل بحسن وخوبی مکمل ہوئے اور چیئرمین کی جانب سے بورڈ کے سامنے پیش کئے گئے اور تصدیق کی گئی کہ بورڈ کی مجموعی کارکردگی کی ریٹنگ کا عمل انجام دیا گیا؛ مجموعی طور پر بورڈ ممبرز کی ریٹنگ 1 تا 5 کے اسکیل میں 4.4 حاصل ہوئی۔ انفرادی طور پر ڈائریکٹرز کی اوسط کارکردگی اسی اسکیل پر 4.7 حاصل ہوئی۔ جب کہ اسی اسکیل پر بورڈ کی مختلف کمیٹیوں کی کارکردگی کی جانچ سے 4.8 کی ریٹنگ حاصل ہوئی۔
اعلیٰ انتظامیہ کے عملے کے لئے استعمال کئے گئے جانچ کے فارم کی بنیاد پر چیئرمین نے سی ای او کی کارکردگی کی ریٹنگ بہترین قرار دی۔

پہلے مرحلے میں بورڈ کے چیئرمین کی کارکردگی کو کور کیا گیا۔ بورڈ کے چیئرمین نے تمام ڈائریکٹران کی کارکردگی کو بہترین ریٹ کیا جو کہ جانچ کے پہلے مرحلے میں کور کی گئی تھیں۔

بورڈ کی کارکردگی کے نتائج کی جانچ کو عمومی طور پر تسلی بخش سطح سے اوپر قرار دیا گیا، آپ کے بورڈ نے دو مرحلہ جانچ کے طریقہ کار سے حاصل شدہ نتائج کے مختلف پہلوؤں پر گہرائی کے ساتھ گفت وشنید کی اور مستقبل میں مزید بہتری کے لئے تجاویز پیش کیں۔ اس میں جانچ کے نئے شعبہ جات کو شامل کرنا، جیسے حکمت عملی کی تیاری میں کردار، طویل المدت منصوبہ بندی، مالیاتی منصوبہ بندی، آڈٹ اور گورننس وغیرہ کے شعبہ جات میں مزید خصوصی سفارشات وغیرہ۔

بورڈ کی کارکردگی اور شراکت

آپ کے بورڈ نے درج بالا کے مطابق شاندار ترقی کے حصول اور آپ کی کمپنی کے استحکام کیلئے انتھک محنت سے خدمات انجام دیں۔ مالیاتی نتائج کو اس رپورٹ میں کسی دوسری جگہ زیر بحث لایا گیا ہے۔ یہاں میں صرف آپ کے بورڈ اور اس کی کمیٹیز کے کردار پر گفتگو کروں گا۔ ڈائریکٹرز نے سارا سال باقاعدگی سے میٹنگز میں شرکت کی جس کی تفصیل ڈائریکٹرز کی رپورٹ میں شامل ہے۔

بورڈ نے موثر طور پر سپروائزری اور ایڈوائزری کردار ادا کیا ہے جو کہ اس سال میں حاصل کردہ مالیاتی نتائج (ڈائریکٹرز رپورٹ میں زیادہ تفصیل کے ساتھ پیش کی گئی) مع مختلف اندرونی اور بیرونی آڈٹ رپورٹس سے ظاہر ہے۔ کمپنی کی پائیدار ترقی کے لئے حکمت عملی کو کامیابی سے پلان کیا گیا اور اس پر عمل درآمد کیا گیا۔ آپ کی کمپنی کا توانائی کی صنعت میں آئل مارکیٹنگ کے شعبہ میں داخل ہونے کا فیصلہ اسی سلسلہ کی ایک کڑی ہے۔ بورڈ نے اپنے تمام انتظامی اور دیگر اسٹاف کو مستقل طور پر کامیابی کے ساتھ متحرک رکھا اور ذاتی کارکردگی کے اعلیٰ معیار کو قائم رکھا ہے۔

آپ کا بورڈ معلومات، تجربہ، رویوں، صنف اور بالخصوص خودمختاری کے زمرے میں نہایت متوازن ہے۔ میں خاص طور پر آپ کی کمپنی کے خودمختار ڈائریکٹرز کی جانب سے پیشہ ورانہ مشوروں اور تجاویز پیش کرنے پر بے حد مشکور ہوں۔ یہ بورڈ کے اجلاس میں بولنے اور کھل کر اپنی آراء کا اظہار کرنے اور کمپنی کے طریقہ کار اور عمل کو بہتر بنانے میں فعال رہے۔ انہوں نے حقیقت میں ایک خودمختار ڈائریکٹر کی حیثیت سے اور بورڈ کی کمیٹیز کے لئے مخلصانہ طور پر خدمات انجام دیں۔

آپ کی کمپنی کے تمام ڈائریکٹرز نے مجاز اداروں کی جانب سے منعقد ہونے والے ٹریننگ پروگرامز میں شرکت کی۔
کمپنی نے انٹرنل وسل بلوئنگ کی پالیسی وضع کی ہے جو کہ اس بات کو یقینی بناتی ہے کہ کمپنی کا آپریشن سخت قانون اور کمپنی کے اپنے طریقہ کار اور پالیسیز کے مطابق انجام دیا جارہا ہے۔ اس سال کے دوران میں اس پالیسی کے تحت کوئی خصوصی رپورٹ موصول نہیں ہوئی، جو کمپنی کے عملے اور بزنس پارٹنرز میں انتہائی بھروسہ مند ہونے کی علامت ہے۔

جیسا کہ کارکردگی کے نتائج سے ظاہر ہے خودمختار ڈائریکٹرز، بورڈ کمیٹیز اور چیف ایگزیکٹیو، بورڈ کے تمام ممبرز، بورڈ کی تمام کمیٹیز، اور مجموعی طور پر پورے بورڈ نے نہایت اطمینان بخش سطح تک کارکردگی کا مظاہرہ کیا ہے جو ملک کی توانائی کی صنعت میں آپریٹ کرنے والی دیگر کمپنیز کے لئے ایک معیار ہے۔

شوکت حسن
چیئرمین

چیئرمین کا جائزہ

مالیاتی کارکردگی

موجودہ کرنٹ اکاؤنٹ کے خسارے، غیر ملکی زرمبادلہ کے ذخائر میں کمی اور مارکیٹ میں بڑھتی ہوئی مسابقت سے پیدا ہونے والے میکرو چیلنجز کے باوجود آپ کی کمپنی نے سیلز، برانڈ ایکویٹی اور آمدنی میں اضافہ کی رفتار کو برقرار رکھا ہے۔ مالیاتی نتائج میں سالانہ رپورٹ اور اس پر ڈائریکٹرز کی رپورٹ میں تفصیلی تبصرہ حوصلہ افزا رجحانات کی نشان دہی کرتا ہے۔ جو مختصراً درج ذیل ہے:

- سیلز کی آمدنی میں گزشتہ سال کے مقابلہ میں 1.9 بلین روپے کا اضافہ ہوا جو مجموعی اضافہ کا 26.3% ہے جو مقدار میں 16.6% اضافہ اور قیمتوں کے اثر میں 9.7% اثر پڑا
- مجموعی منافع میں 462 ملین روپے کا اضافہ ہوا، اگرچہ مارکیٹ میں سخت مقابلے کی کیفیت کے باعث مجموعی منافع کی شرح میں 0.5% کمی آئی۔
- بعد از ٹیکس خالص منافع 759 ملین روپے ہوا اور فی شیئر آمدنی 6.55 روپے رہی جو گزشتہ سال کے مقابلے میں زیادہ ہے۔
- اس سال میں نقد منافع منقسمہ 3.5 روپے فی شیئر کے حساب سے ادا کیا گیا جس سے ہماری ادائیگی کی شرح 42.1% سے بڑھ کر 53.5% ہوگئی۔

بورڈ کا کاروباری عمل

کمپنی کے بورڈ کو کوڈ آف کارپوریٹ گورننس او رکمپنیز ایکٹ 2017 کے مطابق تفویض کئے گئے کردار اور ذمہ داریاں مختصراً درج ذیل ہیں:

- اخلاقی اور قانونی ذمہ داریوں کی ادائیگی جو منصفانہ اور خلوص کے ساتھ کمپنی اور اس کے اسٹیک ہولڈرز کے بہترین مفاد میں ہوں۔
- اعلیٰ کارپوریٹ گورننس کے معیارات بشمول رسک مینجمنٹ کی گورننس کو قائم رکھنا۔
- کمپنی کے مقاصد، وژن اور مشن کی پاسداری کرنا۔
- کوڈ آف کارپوریٹ گورننس کے سیکشن (3)10 میں واضح کئے گئے خصوصی امور پر عمل درآمد کرنا۔

آپ کا بورڈ لازمی طور پر مذکورہ دو دستاویزات میں درج امور کی نگرانی، مشاورت اور امور کو کنٹرول کا ذمہ دار ہے۔ یہ کاروباری عمل میں شریک نہیں ہوگا؛ مگر مقررہ داخلی کنٹرول کے نظام بشمول پیشہ ورانہ مہارت سے تیار کردہ طریقہ کار کے مینوئلز اور بیرونی طور پر داخلی آڈٹ کے امور کے ذریعہ تمام ایگزیکٹیوز (بشمول ایگزیکٹیو ڈائریکٹرز) کے کاموں کی نگرانی کرنا۔ بورڈ نے تین کمیٹیاں تشکیل دی ہیں جو نگرانی اور کنٹرول کے امور میں مدد کریں گی؛ ان کے نام ہیں: آڈٹ کمیٹی، ہیومن ریسورسز اینڈ ریمونریشنز کمیٹی اور رسک مینجمنٹ کمیٹی۔ اس کے علاوہ اختیارات اور پاورز کی تفویض کا تفصیلی شیڈول تیار کرلیا گیا ہے اور بورڈ نے اس کو یقینی بنانے اور مستعد انتظامی طریقہ کار اختیار کرنے کیلئے اس کی منظوری دے دی ہے۔ بورڈ اور اس کی کمیٹیاں باقاعدگی کے ساتھ میٹنگ کرتی ہیں اور اعلیٰ انتظامیہ کے ساتھ ان کا باضابطہ مگر رسمی رابطہ قائم ہے۔

بورڈ کی کارکردگی کی جانچ

بورڈ کی کارکردگی کی جانچ HTLL میں دو مراحل میں کی جاتی ہے۔ پہلے مرحلے میں بورڈ کے ممبرز انفرادی طور پر جانچ کے ایک تفصیلی فارم پُر کر کے بورڈ کی مجموعی کارکردگی کی جانچ کرتے ہیں۔ یہ فارم متعلقہ پروفیشنلز کی مدد سے تیار کیا گیا ہے اور آٹھ نمایاں شعبہ جات کی فہرست پر مشتمل ہے۔ اس کی ریٹنگ فائیو پوائنٹ Likert اسکیل اور ہر شعبہ کی اوسط کی بناء پر کی جاتی ہے۔ دوسرے مرحلے پر چیئرمین بورڈ کے ہر ممبر کی انفرادی کارکردگی کی جانچ کرتا ہے جو اس کے بورڈ سے متعلق امور میں شراکت کے بارے میں ہوتی ہے۔ ایک مرتبہ پھر پیشہ ورانہ طور پر تشکیل شدہ اور منصفانہ طور پر تفصیلات پر مبنی جانچ کا فارم استعمال کیا گیا ہے۔ اس مرحلے میں چیئرمین کو بورڈ کی مختلف کمیٹیوں کی کارکردگی کی جانچ بھی کرنا ہوگی۔

پہلے مرحلے میں جن شعبہ جات کی جانچ کی جائے گی وہ ہیں:

- بورڈ کی تشکیل اور اس کا معیار
- کاروبار اور اس کے رسک کی سمجھ بوجھ
- بورڈ کے اختیار کئے گئے طریقے اور طرز عمل
- مالیاتی رپورٹنگ کے طریقوں اور داخلی کنٹرول کا عمومی جائزہ
- آڈٹ کے امور کا عمومی جائزہ
- ضابطہ اخلاق اور اس پر عمل درآمد
- مانیٹرنگ کی سرگرمیاں
- مجموعی جانچ

دوسرے مرحلے میں جانچ کیلئے منتخب شعبہ جات یہ ہیں:

- بورڈ کے اجلاسوں میں شرکت کی شرح
- بورڈ کے اجلاس میں گفت وشنید میں شمولیت کا معیار
- تنازعہ کے حل کے لئے مثبت رویہ
- کمپنی کے کاروبار اور صنعت کی سمجھ بوجھ
- ڈائریکٹر کی حیثیت سے ذمہ داریوں سے آگہی
- عمومی اہلیت، پیشہ ورانہ تجربہ اور تعلیمی قابلیت
- مجموعی جائزہ

بورڈ کمیٹیز کی کارکردگی کی جانچ کے شعبہ جات یہ ہیں:

- ممبرشپ کی تشکیل اور اس کا معیار
- کمیٹی کے اختیار کردہ طریقہ کار اور طرز عمل
- اپنے کردار کی سمجھ بوجھ اور کمپنی کیلئے اس کی اہمیت
- اجلاس کا تواتر اور حاضری کی صورتحال
- بورڈ کو پیش کی گئی سفارشات کا معیار
- ضابطہ اخلاق اور ضوابط پر عمل درآمد

اہم حصص داران کے خیالات کو سمجھنے کے لیے بورڈ کی کاوشوں کا جائزہ:

کمپنی کے ایگزیکٹیو ڈائریکٹرز کے علاوہ، ایچ ٹی ایل کے بڑے حصص داران نان ایگزیکٹیو ڈائریکٹرز کے/کی شریک حیات ہیں۔ مزید برآں بورڈ کے تمام ممبرز نے 29 ستمبر 2017 کو منعقد ہونے والے عمومی سالانہ اجلاس میں خاص طور کم حصص رکھنے والے حصص داران سے ملاقات کر کے ان کے خیالات کو سمجھنے کی کوشش کی ہے۔ مزید برآں ایگزیکٹیو ڈائریکٹرز نے 20 فروری 2018 کو کراچی میں متعدد مالیاتی اداروں اور فنڈ مینیجرز کے ساتھ ایک تجزیاتی بریفنگ کا اہتمام کیا۔ حالیہ کارکردگی، مستقبل کی منصوبہ بندی اور سرمایہ کاری سے متعلقہ خدشات کا تفصیلی جائزہ لیا گیا۔ آخر میں سوال و جواب کا سیشن بھی ہوا اور شرکاء کے سوالات کے جواب دیے گئے۔ کمپنی مستقبل میں باقاعدگی سے ایسی بریفنگ کے انعقاد کا ارادہ رکھتی ہے۔

اضافی مندرجات/اعلانات

- گروپ ہائی ٹیک لبریکینٹس لمیٹڈ اور اس کے کل ملکیتی ذیلی ہائی ٹیک بلینڈنگ (پرائیویٹ) لمیٹڈ (ایچ ٹی بی ایل) پر مشتمل ہے۔ اور (ایچ ٹی بی ایل) کے تمام شیئرز (ایچ ٹی ایل) کی ملکیت میں ہیں۔ دونوں گروپ کمپنیز پاکستان میں ادارے کی حیثیت سے تشکیل یافتہ ہوئے۔ ایچ ٹی بی ایل پلانٹ بیرون سندر انڈسٹریل اسٹیٹ، بھائی کوٹ رائیونڈ لاہور پر واقع ہے۔
- آڈیٹرز نے گروپ کمپنیز کے مالیاتی گوشوارے پر غیر مشروط رائے کا اظہار کیا ہے۔
- آڈیٹر کی رپورٹ میں کسی جگہ گروپ کمپنیز کے حوالے سے کوئی ردوبدل نہیں کیا گیا۔
- اس سال کوئی بھی گروپ کمپنی کسی بھی قرض کی ادائیگی سے قاصر نہیں رہی۔

کمپنی کی ویب سائٹ

SRO-634(I) / 2014 کے تحت تمام درکار معلومات کو بطریق احسن کمپنی کی ویب سائٹ www.hitechlubricants.com پر رکھ دیا گیا ہے۔

شوکت حسن
چیئرمین

حسن طاہر
چیف ایگزیکٹیو

8 ستمبر 2018
لاہور

حصص کا طریقہ کار

30 جون 2018 تک مخصوص درجہ کے لیے حصص کا طریقہ کار کہ جس کو رپورٹنگ فریم ورک کے تحت ظاہر کرنا ضروری ہے، حصص داران کی متصل معلومات میں شامل ہیں۔

متعلقہ پارٹیز سے معاہدات

اس سال کے دوران ایچ ٹی ایل نے جناب معین الدین اور جناب ذکی اعظم (بالترتیب نان ایگزیکٹیو ڈائریکٹرز شوکت حسن اور طاہر اعظم کے بھائی/قریبی رشتہ دار) متعلقہ پارٹی معاہدات کیے۔ متعلقہ پارٹیز سے کیے گئے ان معاہدات کے تحت مذکورہ پارٹیز ایچ ٹی ایل ایکپریس اور ایچ ٹی ایل سٹیشنز (OMC) کے پراجیکٹس کے لیے بالترتیب اپنی خدمات پیش کریں گی۔ اپنے کاروباری اور کمرشل مفادات کا تحفظ کرنے کے ساتھ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز مجریہ 2017 پر عمل درآمد یقینی بناتے ہوئے بورڈ نے مذکورہ بالا معاہدات کی منظوری دی ہے۔

قومی خزانے کے لیے ہمارا کردار

آپ کی کمپنی نے غیر مجموعی طور پر سال 2018 میں انکم ٹیکس، سیلز ٹیکس، امپورٹ ڈیوٹیز اور قانونی لیویز کی مد میں 1,921 ملین روپے قومی خزانے میں جمع کروا کر ملک کی معاشی ترقی میں قابل قدر کردار ادا کیا ہے۔

ماحول، صحت اور تحفظ

آپ کی کمپنی نے عوام کی صحت کی حفاظت کے لیے ایسی ماحول دوست مصنوعات متعارف کروائی ہیں جو آلودگی کا باعث نہیں بنتی اور بہت کم مضر صحت اجزاء خارج کرتی ہیں۔ 2018 میں جس شعبہ پر توجہ دی گئی وہ روڈ سیفٹی تھا اور اس سلسلہ میں سٹی ٹریفک پولیس اور نیشنل ہائی وے اتھارٹیز سے بھرپور تعاون کیا گیا۔ کمپنی کے دفاتر اور پلانٹس میں فائر فائٹنگ ڈرلز اور ورک شاپس کا اہتمام بھی کیا گیا۔

آپ کی کمپنی سڑک پر ہونے والے حادثات کو کم کرنے کی خاطر شہریوں کے رویے میں مثبت بدلاؤ لانے کے لیے ہمہ وقت کوشاں ہے۔ اس مقصد کے حصول کے لیے ہلیمٹ کے استعمال اور ڈرائیونگ کے دوران دیگر احتیاطی تدابیر کو اپنانے کے لیے سٹی ٹریفک پولیس اور نیشنل ہائی وے اتھارٹی کے ساتھ مل کر متعدد تفصیلی سیمینارز اور آگہی مہم کا انعقاد بھی کیا گیا ہے، تاکہ نہ صرف حادثات کے خطرے کو کم کیا جا سکے بلکہ حادثات کے دوران لگنے والی شدید چوٹ کے اندیشے کو کم کر کے قیمتی جانوں کو بھی بچایا جا سکے۔

کاروباری ادارے کی حیثیت سے رفاہ عام کی ذمہ داریاں (CSR)

آپ کی کمپنی نے اس سال صحت، تعلیم، فنی تربیت اور ماحول کی حفاظت سمیت رفاہ عام کے بہت سے شعبوں میں اپنی خدمات سرانجام دی ہیں۔

بورڈ آف ڈائریکٹرز کے فیصلے کے مطابق 2 جولائی 2010 کو صابرہ حمیدہ کے نام سے ایک ٹرسٹ قائم کیا گیا۔ یہ ٹرسٹ انکم ٹیکس آرڈیننس مجریہ 2001 کے سیکشن 2(36) کے تحت باقاعدہ طور پر رجسٹرڈ ہے۔

اس ٹرسٹ کا بنیادی مقصد نامساعد حالات سے دوچار افراد کو صحت، تعلیم اور دیگر سہولیات زندگی فراہم کرنا ہے۔ کمپنی صابرہ حمیدہ ٹرسٹ کو عطیات/وسائل فراہم کر رہی ہے تاکہ وہ عوام کی رفاہ کے لیے اپنی خدمت کو بخوبی جاری رکھ سکے۔ اس سال کمپنی نے رفاہ عام کے مختلف کاموں کے لیے 12.5 ملین روپے کی خطیر رقم عطیہ کی ہے۔

CSR سے متعلقہ اقدامات کے صلہ میں ملنے والے ایوارڈز

اقوام متحدہ کے ادارے گلوبل کمپیکٹ نے رفاہ عام کی ذمہ داریوں کو نبھانے کے لیے ہمارے اقدامات کا اعتراف کرتے ہوئے کمپنی کو لارج نیشنل کیٹگری میں پہلے انعام سے نوازا ہے۔ علاوہ ازیں 2018 میں منعقد ہونے والی CSR ایکسیلینس ایوارڈ کی تقریب میں بھی ہماری ان خدمات کو سراہا گیا۔ اس تقریب کا اہتمام نیشنل فورم آف انوائرمنٹ اینڈ ہیلتھ (NFEH) جیسے معتبر ادارے کی جانب سے کیا گیا اور اس تقریب میں آپ کی کمپنی کو معاشرے کی بہتری کے لیے اٹھائے گئے اقدامات کے حوالے سے ایوارڈ سے نوازا گیا۔

پراویڈنٹ فنڈ

ریٹائرمنٹ بینفٹ پلان کی مد میں 91.1 ملین روپے کی کل سرمایہ کاری کی گئی ہے۔ کمپنی نے ایمپلائی پراویڈنٹ فنڈ میں شامل ملازمین کے لیے 16.9 ملین روپے (2017 میں 11.5 ملین روپے) مختص کیے ہیں۔ ان فنڈز کے ذریعے بینک کے ساتھ سکیورڈ ٹرم ڈیپازٹ سرٹیفکیٹس، گورنمنٹ ٹریژری بلز، کیپٹل پراٹیکٹڈ میوچل فنڈز اور زیادہ منافع دینے والی مارکیٹ ٹریڈ ایبل سکیورٹیز کی مد میں سرمایہ کاری کی گئی ہے۔ فنڈ کے منتظم ٹرسٹیز کی جانب سے 30 جون 2018 کو جاری ہونے والے متعلقہ مالیاتی گوشواروں کے مطابق پراویڈنٹ فنڈ میں کی جانے والی کل سرمایہ کاری 91.6 ملین روپے ہے۔

بطور ایگزیکٹیو تعیناتی کے لیے کم از کم معینہ مشاہرات

بورڈ نے کمپنی کے چیف ایگزیکٹیو آفیسر، سی ایف او، کمپنی سیکرٹری، انٹرنل آڈٹ کے سربراہ اور تمام دیگر شعبہ جات کے سربراہان کے لیے کے لیے مشاہرہ کی حد مقرر کی ہے۔ اس حد کا تعین ہیومن ریسارس اینڈ ریمونریشن کمیٹی کی جانب سے کارکردگی کی افادیت اور ادارے کے بنیادی مقاصد کی انجام دہی میں ادا کیے جانے والے کردار کو مدنظر رکھ کر کیا گیا ہے اور ایگزیکٹیوز کے لیے -/250,000 روپے یا اس سے زائد ماہانہ تنخواہ مقرر کی گئی ہے۔

تنقیح کنندگان/آڈیٹرز

کمپنی کے موجودہ آڈیٹر میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹ نے ریٹائر ہونے کے بعد دوبارہ تقرری کے لیے درخواست دی ہے۔ انہیں انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کی جانب سے اطمینان بخش ریٹنگ حاصل ہے اور یہ انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کے کوڈ آف ایتھکس کے متعلقہ ہدایت نامہ کہ جسے ICAP نے اختیار کیا ہے، کی یقینی پاسداری کرتے ہیں۔ آڈٹ کمیٹی کی تجویز کے مطابق، بورڈ آف ڈائریکٹرز نے 30 جون 2018 کو ختم ہونے والے مالی سال کے لیے، باہمی اتفاق سے طے ہونے والے معاوضے کے عوض، کمپنی کے آڈیٹر کی حیثیت سے ان کی از سر نو تقرری کی منظوری دی ہے۔

کمپنی ملازمین/ سٹاف اور کسٹمرز

ہم اپنے تمام ملازمین ان تھک محنت اور کمپنی کے مطلوبہ مقاصد کے حصول کے لیے ان کی لگن کو تہ دل سے سراہتے ہیں۔ ہم کامیابی کے سفر میں کمپنی کے ساتھ چلنے والے افراد خصوصاً اپنے کسٹمرز کے بھی شکر گزار ہیں کہ انہوں نے ہماری مصنوعات اور خدمات پر مسلسل اعتماد کا اظہار کرتے ہوئے ہمارے لیے کامیابی کی راہ ہموار کی۔

ڈائریکٹرز کی تربیت

کمپنی کی جانب سے ڈائریکٹرز کی تربیت کے حوالے سے تمام قانونی تقاضوں کو پورا کیا جاتا ہے۔ جیسا کی تفصیل نیچے درج ہے دس میں آٹھ موجودہ ڈائریکٹرز نے ڈائریکٹرز ٹریننگ سرٹیفکیٹ حاصل کیے ہیں۔

سید عباس حسین نے تربیتی پروگرام کا پہلا حصہ مکمل کرلیا ہے اور فائنل ٹیسٹ کی جانب بڑھ رہے ہیں اور حال میں تعینات کیے گئے ڈائریکٹر مون سیک پارک بھی ایچ ٹی ایل میں نان ایگزیکٹیو ڈائریکٹر کا عہدہ سنبھالنے کے بعد 6 ماہ کے دوران ڈائریکٹرز ٹریننگ پروگرام مکمل کر سکتے ہیں۔ اس سال چار ڈائریکٹرز نے ڈائریکٹر ٹریننگ سرٹیفکیٹ حاصل کیے:

- ڈاکٹر صفدر علی بٹ (پی آئی سی جی سے 20 مارچ 2018 کو)
- طاہر اعظم (پی آئی سی جی سے 22 نومبر 2018 کو)
- ماورا طاہر (پی آئی سی جی سے 22 نومبر 2017 کو)
- فراز اختر زیدی (پی آئی سی جی سے یکم نومبر 2017 کو)
- حسن طاہر (پی آئی سی جی سے 12 اپریل 2017 کو)
- جی وون پارک (ایس کے لبریکنٹس کے نمائندہ خصوصی اور سابقہ ڈائریکٹر) (پی آئی سی جی سے 12 اپریل 2017 کو)
- محمد علی حسن (پی آئی سی جی سے مئی 2016 کو)
- شوکت حسن (پی آئی سی جی سے اپریل 2016 کو)
- محمد تبسم منیر (آئی سی اے پی سے مئی 2016 کو)

حصص کی تجارت

سال کے دوران چیف ایگزیکٹیو، ڈائریکٹرز، چیف فنانشل آفیسرز، کمپنی سیکرٹری اور ان کے / کی شریک حیات اور نابالغ بچوں کی جانب سے کمپنی کے حصص کی کوئی تجارت نہیں کی گئی۔

بورڈ کی کمیٹیاں:

مختلف امور میں مدد کے لیے بورڈ نے درج ذیل کمیٹیاں تشکیل دی ہیں:

- بورڈ کی آڈٹ کمیٹی (BAC)
- بورڈ کی ہیومن ریسارس اینڈ ریموزیشن کمیٹی (HR&RC)
- بورڈ کی رسک مینجمنٹ کمیٹی
- بورڈ کی رفاہ عام کی ذمہ داریوں سے متعلقہ کمیٹی
- بورڈ کی انوسٹمنٹ کمیٹی

مذکورہ بالا کمیٹیوں کی تشکیل، اور ریفرنس کی شرائط کی نمایاں خصوصیات اور BAC اور HR&RC کی رپورٹس اس سالانہ رپورٹ میں دیگر جگہ پر درج ہیں۔

مستقبل کی منصوبہ بندی:

جبکہ ملک کو ادائیگی کے میزان کے حوالے سے قلیل المیعاد چیلنجز کا سامنا ہے ہم کمپنی کی مستقبل کی منصوبہ بندی کے حوالے سے انتہائی مطمئن ہیں۔ ملک میں بڑے پیمانے پر معاشی ترقی اور دیگر معاشی حقائق کی بنا پر یہاں موٹر وہیکل کی تعداد میں مسلسل اضافہ ہو رہا ہے۔ ایچ ٹی ایل مطمئن ہے کہ ہمارے اعلیٰ معیار کے لبریکنٹس، بڑھتی ہوئی پراڈکٹ رینج اور ایچ ٹی ایل کی جانب سے پیش کردہ نئی خدمات اور مصنوعات اور OMC ہمیں مارکیٹ کی اس ترقی سے بھرپور فائدہ اٹھانے کے قابل بنائیں گی۔ ہماری پانچ سالہ حکمت عملی مارکیٹ میں مثبت کارکردگی اور بہتر منصوبے کے حصول کے لیے تیار کی گئی ہے۔

بورڈ کا ڈیزاسٹر ریکوری کا تجزیہ اور بزنس کنٹنیوٹی پلاننگ

ایچ ٹی ایل کے سیٹ اپ میں آئی ٹی کا کردار نہایت اہم ہے۔ آئی ٹی ڈیپارٹمنٹ اس بات کو یقینی بناتا ہے کہ کمپنی کا کمپیوٹنگ سسٹم بروقت دستیاب ہے اور مؤثر انداز میں کام کر رہا ہے۔ کاروباری یونٹس کی معاونت کرنے کے لیے ایچ ٹی ایل کی آئی ٹی ٹیم نہ صرف انفارمیشن سیکورٹی کے مروجہ معیارات پر پورا اترتے ہوئے سخت سیکورٹی اور ایکسس کنٹرول کی پالیسیز پر عمل درآمد کو یقینی بناتی ہے بلکہ نیٹ ورک اور آپریٹنگ سسٹمز کے بہتر استعمال کی بھی یقین دہانی کراتی ہے۔ تمام سسٹمز، جملہ امور (یعنی مالیاتی، سپلائی چین، اشیاء کی وصولی، سیلز، ایچ آر، مارکیٹنگ، OMC، ایچ ٹی ایل ایکسپریس) اور کارکنان اور بیرونی کسٹمرز (یعنی ڈسٹری بیوٹرز، وینڈرز اور بزنس پارٹنرز) کی مجوزہ معیارات کے مطابق کارکردگی کو برقرار رکھنے کی ضمانت دیتے ہیں۔

کاروبار جاری رکھنے کی منصوبہ بندی (بی سی پی)

اس امر کو یقینی بنانے کے لیے کہ اندرونی اور بیرونی کسٹمرز کو کاروباری لین دین کے لیے کم سے کم وقت میسر آئے، ایک شفاف فیل اوور حل کا نظام نافذ کیا گیا ہے۔ ہم نے مرکزی ڈیٹا سینٹر ایریا میں جدید کلسٹر سرورز کو استعمال میں لاتے ہوئے کلسٹر ڈ انوائرمنٹ کے حصہ کے طور پر تمام کلیدی سرورز کے نفاذ اور دستیابی کو یقینی بنایا ہے۔

ہم نے تمام سرورز کو مختص کردہ موثر ڈیٹا سینٹرز میں ہوسٹ کیا ہے۔ ان جدید ڈیٹا سینٹرز میں کنیکٹیوٹی، پاور، کنٹرولڈ ٹمریچر اور طبیعی سیکورٹی سے متعلق معقول انتظامات کیے گئے ہیں۔ اس ضمن میں بلا تعطل اور ماہرانہ معاونت کے لیے ماہرین کی ایک ٹیم کو بھی تعینات کیا گیا ہے۔ ان ڈیٹا سینٹرز میں سپائی ویئر، وائرسز، میلیشیس ایپس، ڈیٹا لیکج، بوٹنیٹس اور ہیڈ آفس سے VPN کنیکشنز کے ذریعے ڈیزاسٹر ریکوری سائٹ سے رابطہ قائم کرنے کے سلسلہ میں درپیش بیرونی خطرات سے مقابلہ کرنے کے لیے معقول انتظامات کیے گئے ہیں۔

ڈیزاسٹر ریکوری (ڈی آر)

ناگہانی صورت حال میں آئی ٹی سرورز کی دستیابی کو یقینی بنانے کے لیے ایک متبادل ڈیزاسٹر ریکوری سائٹ قائم کی گئی ہے۔ ناگہانی صورت حال/خلل کی صورت میں ایچ ٹی ایل کو اگر کچھ درکار ہے تو وہ ہے "زیرو ڈیٹا لاس" (یعنی ڈیٹا مکمل طور پر محفوظ رہے)۔ ہماری یہ سائٹ تمام ڈیٹا، کسٹمر پورٹل، ایچ آر سسٹمز اور انٹرنل/ ایکسٹرنل کسٹمرز کے لیے بروقت زیرو ڈیٹا لاس سیٹ اپ کے قیام کو یقینی بناتی ہے۔

متفرق مندرجات/اعلانات

کوڈ آف کارپوریٹ گورننس پر عمل درآمد

کوڈ آف کارپوریٹ گورننس اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز مجریہ 2017 پر عمل درآمد یقینی بنایا گیا ہے۔ اس مطابق ایک دستاویز اس رپورٹ سے متصل ہے۔

اہم تبدیلیاں اور عہد

30 جون 2017 سے کوئی اہم تبدیلیاں رونما نہیں ہوئیں اور اب تک گروپ کمپنیز میں سے کسی کی جانب سے کوئی ایسا عزم نہیں کیا جو گروپ کمپنیز میں سے کسی بھی کمپنی کی مالیاتی ساکھ کو متاثر کرے ماسوائے ان کے کہ جو 30 جون 2018 کو ختم ہونے والے مالی سال کے لیے جاری کردہ مجموعی اور غیر مجموعی مالیاتی گوشوارے میں درج ہیں۔

ماوراطاہر	29 ستمبر 2017 کو عہدہ ملنے سے اب تک	4
جی وون پارک (ایس کے لبریکنٹس کے نمائندہ خصوصی)	24 اپریل 2016 کو عہدہ پر فائز ہونے اور 21 اپریل 2018 کو مستعفی ہونے تک	1
مون سیک پارک (ایس کے لبریکنٹس کے نمائندہ خصوصی)	21 اپریل 2018 کو عہدہ ملنے سے اب تک	0

بورڈ آف ڈائریکٹرز کے اجلاس کے دوران حاضری سے قاصر رہنے والے ممبرز کی غیر حاضری کی درخواست کو قبول کیا گیا۔

ڈائریکٹر کے مشاہرہ متعین کرنے کی پالیسی

بورڈ کی ہیومن رسارس اینڈ ریمونریشن کمیٹی بورڈ کی جانب سے کمپنی کی ڈائریکٹرز ریمونریشن پالیسی پر عمل درآمد کرانے کی مجاز ہے۔ اپریل 2018 میں رکھی ڈائریکٹرز ریمونریشن پالیسی کی بورڈ کی جانب سے منظوری ہوئی تھی اور 8 ستمبر 2018 کو اس پر نظرثانی ہوئی تھی۔

مذکورہ پالیسی کے جملہ مقاصد کا احاطہ دو درجات میں کیا جاسکتا ہے:

- کمرشل بورڈ کا وسیع تجربہ اور گراں قدر اہلیت رکھنے والے ڈائریکٹرز کو مدعو کرنا، ان کی حوصلہ افزائی کرنا اور انہیں اس عہدے پر برقرار رکھنا اور
- ڈائریکٹرز کے مشاہرہ کے تعین سے متعلقہ تمام مروجہ قوانین، ضابطوں اور قوائد کی پاسداری کرنا

یہ پالیسی درج ذیل امور کو مدنظر رکھ کرتیا کی گئی:

- کمپنی کے لائحہ عمل سے وابستہ منازل اور اہداف
- کمپنی کی فلاح عامہ سے متعلق ذمہ داریاں
- کاروبار کو مربوط انداز سے چلانے کے لیے کمپنی کے بنیادی اصول
- مطلوبہ ٹیلنٹ کے حساب سے مارکیٹ کی صورت حال
- ایک سازگار ماحول کی تشکیل کہ جو کارکردگی کو بہتر بنانے، تصورات کو حقیقت میں ڈھالنے، ترقی کی لگن کو بڑھانے اور کاروباری اہداف حاصل کرنے میں معاون ہو
- پاکستان میں اسی بزنس سے وابستہ اور نسبتاً یہی سائز رکھنے والی کمپنیز میں ڈائریکٹرز کے مشاہرات کے مطابق مشاہرہ کا تعین کرنا۔

ڈائریکٹرز کو ادا کی جانے والی بنیادی تنخواہ اور دیگر مراعات کی بالائی حد کی منظوری بورڈ کی جانب سے دی گئی ہے۔

تاہم انفرادی طور پر کسی ڈائریکٹر کے مشاہرہ کا تعین کرنے کے ضمن میں درج ذیل امور کا خیال رکھا جاتا ہے:

- متعلقہ شعبہ کے حوالے سے ڈائریکٹر کی اہلیت اور تجربہ
- اس کے متعلقہ ٹیلنٹ کی مارکیٹ ویلیو
- ڈائریکٹر سے کمپنی کی وابستگی کی نوعیت یعنی ڈائریکٹرشپ کس قسم کی ہے
- آزاد ڈائریکٹرز کا مشاہرہ اجلاس کی فیس تک محدود ہیں

مختلف ڈائریکٹرز کے مشاہرہ کا خلاصہ کچھ یوں ہے:

	ایگزیکٹو ڈائریکٹرز	نان ایگزیکٹو ڈائریکٹرز	آزاد ڈائریکٹرز
*بنیادی تنخواہ کی زیادہ سے زیادہ حد	36 ملین روپے سالانہ	18 ملین روپے سالانہ	کوئی نہیں
مراعات	کمپنی کی دیکھ بھال میں رکھی گئی کار، میڈیکل، ٹیلی کمیونیکشن اور سفری اخراجات کی ادائیگی/ بازادائیگی		کوئی نہیں
کارکردگی بونس*	انفرادی طور پر ہر ڈائریکٹر کے چیئرمین کی تجویز پر HR&RC / بورڈ سے منظور شدہ	کوئی نہیں	کوئی نہیں
اجلاس میں حاضری پر ادا کی جانے والی ڈائریکٹر فیس کی زیادہ سے زیادہ حد	کوئی نہیں	کوئی نہیں	400,000 روپے بورڈ یا اس کی کسی کمیٹی کے ایک مکمل اجلاس میں شرکت پر
اخراجات کی بازادائیگی	کمپنی کے امور کی انجام دہی کے سلسلہ میں برداشت کیے جانے والے اصل اخراجات، یا متعلقہ امور کی انجام دہی کے لیے پہلے سے طے کی گئی رقم مثال کے طور کمپنی کے امور کے لیے سفر کرنے پر رہائش اور سفری اخراجات		
پیشہ ورانہ معاوضے کی انشورنس	ہاں/سہولت دی جاتی ہے	ہاں/سہولت دی جاتی ہے	ہاں/سہولت دی جاتی ہے
ٹرمینل بینیفٹس	کوئی نہیں	کوئی نہیں	کوئی نہیں
حصص کے استحقاق کی سہولت	کوئی نہیں	کوئی نہیں	کوئی نہیں

* انفرادی طور پر ہر ڈائریکٹر کے لیے بورڈ کی منظور شدہ حدود میں رہتے ہوئے بنیادی تنخواہ، مراعات اور کارکردگی بونس، ایچ آر آر سی/ بورڈ آف ڈائریکٹرز کی جانب سے متعین کیا جاتا ہے۔

بورڈ کمیٹیز

بورڈ ،ابتدائی طور رسک مینجمنٹ کے طریقہ ہائے کار کا متعلقہ کمیٹیز کے ذریعے جائزہ لیتا ہے۔ آڈٹ کمیٹی، مالیاتی ، انضباطی اور انتظامی رسکس پر نظر رکھتے ہوئے شفافیت اور احتساب کو یقینی بناتی ہے۔ اس کمیٹی کا اجلاس سہ ماہی بنیادوں پر یا جب ضروری ہو منعقد کیا جاتا ہے۔ ہیومن ریسورس اور ری موزیشن کمیٹی ،نگرانی اور مشاہرے کے امور سے متعلقہ رسکس جن میں مراعاتی پروگرامز بھی شامل ہیں کا جائزہ لیتی ہے اور اس امر کو یقینی بناتی ہے کہ اس سے کارپوریٹ رسک میں اضافہ نہ ہو جائے ،مزید برآں کامیاب منصوبہ سازی کو یقینی بنانے کے لیے یہ کمیٹی، کمپنی کے اہم شعبہ جات کے نظام کو بطریق احسن چلانے کے لیے ماہر اور تجربہ کار عملے کی دستیابی کو بھی یقینی بناتی ہے۔ رسک مینجمنٹ کمیٹی تمام میٹریل کنٹرولز (مالیاتی ، انضباطی اور انتظامی) کا جائزہ لیتی ہے اور مالیاتی معلومات کو موثر بنانے اور رسک کو کم کرنے کے حوالے سے ضروری اقدامات کرتی ہے۔ انوسٹمنٹ کمیٹی سرمایہ کاری سے وابستہ رسک کو ختم کرنے کے لیے انوسٹمنٹ پالیسیز، حکمت عملی اور طریقہ کار بنانے کی ذمہ دار ہے۔

اندرونی انضباط اور نگرانی

کمپنی کی جانب سے رسائی کے محتاط اختیارات کے ساتھ مالیاتی معلومات کی فراہمی کا جدید خودکار نظام تیار کیا ہے۔ ایچ ٹی ایل نے تمام فنکشنز کے لیے پرا یجرل انٹرنل کنٹرول بھی قائم کیا ہے۔ انضباط کے معیار پر پورا اترنے کے لیے سارا سال اندرونی اور بیرونی آڈٹ کیا جاتا ہے۔ بورڈ کے مصدقہ پلان کے تحت آڈٹنگ کا اندرونی نظام چلایا جاتا ہے جو نگرانی اور رسک مینجمنٹ کے کنٹرول کے طریقہ کار کو موثر بنانے کے لیے آڈٹ کمیٹی کو براہ راست جوابدہ رہتے ہوئے آزادانہ اور معروضی حساب کتاب کو یقینی بناتا ہے۔

پالسیز اور طریقہ ہائے کار

مالیاتی ، انضباطی اور انتظامی رسکس سے نبرد آزما ہونے کے لیے بورڈ اور اس کی کمیٹیز نے پالسیز اور طریقہ ہائے کار اختیار کیے ہیں اور انہیں کمپنی کے رسک کے انضباطی ڈھانچے کا حصہ بنا دیا گیا ہے۔ ان کی بنیاد عمدہ تجربات ،معاشرتی اقدار اور اخلاقیات پر رکھی گئی ہے اور سینئر عہدیداران کے پاس ان کے نفاذ کو یقینی بنانے کا مکمل اختیار حاصل ہے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

- نوٹس کے ہمراہ تمام مالیاتی گوشواروں کو مینجمنٹ کی جانب سے پاکستان میں مروجہ اکاؤنٹنگ کے بین الاقوامی معیارات کو یقینی بناتے ہوئے تیار کیا جاتا ہے۔
- یہ گوشوارے آپریشنز، کیش فلو اور ایکویٹی میں ہونے والی تبدیلیوں کا مکمل جائزہ فراہم کرتے ہیں۔
- کمپنی کی جانب سے اکاؤنٹس کے کھاتوں کو بطریق احسن مرتب کیا جاتا ہے۔
- مالیاتی گوشواروں اور اکاؤنٹنگ کے تخمینہ جات کی تیاری کے سلسلہ میں جو کہ معقول اور موثر فیصلوں پر مبنی ہوتے ہیں، ہر بار درست اکاؤنٹنگ پالیسیز کو لاگو کیا جاتا ہے۔
- انتظامی امور کا اندرونی نظام جدید انداز سے تیار کیا گیا ہے اور نہ صرف اس کے موثر نفاذ کو یقینی بنایا گیا ہے بلکہ آڈٹ کے اندرونی نظام کے ذریعے اس کی مستقل بنیاد پر نگرانی اور جائزہ بھی لیا جاتا ہے۔
- ایک چلتے ہوئے منافع بخش کاروبار کی حیثیت سے کمپنی کی مستحکم حیثیت کے بارے میں کوئی شک نہیں۔
- کارپوریٹ گورنس کے ان تمام عمدہ طریقہ ہائے کار کہ جن کی تفصیل لسٹنگ ریگولیشن اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورنس) ریگولیشن مجریہ 2017 میں موجود ہے، پر عمل درآمد میں کسی قسم کی کوئی کوتاہی نہیں برتی جاتی۔
- کمپنی کے قیام سے لے کر اب تک (یعنی گزشتہ سات سال سے) تمام کلیدی انتظامی اور مالیاتی ڈیٹا مربوط حالت میں محفوظ ہے۔

ڈائریکٹرز رپورٹ کے اجراء کے وقت تشکیل کردہ بورڈ

سال 2018 کے دوران محترم زلمئی اعظم کے مستعفی ہونے پر محترمہ ماوراطاہر کو ڈائریکٹر مقرر کیا گیا ہے جبکہ محترم مون سیک پارک کو بھی (ایس کے لبریکنٹس کے نمائندہ خصوصی) کو محترم جی وون پارک (ایس کے لبریکنٹس کے نمائندہ خصوصی) کے مستعفی ہونے کے پر یہ عہدہ دیا گیا ہے۔ بورڈ، مستعفی ہونے والے ڈائریکٹرز کی گراں قدر خدمات کا اعتراف کرتا ہے اور بورڈ کی بقایا مدت کے لیے عہدہ سنبھالنے والے نئے ڈائریکٹرز کو خوش آمدید کہتا ہے۔

ڈائریکٹرز رپورٹ کے اجراء کے وقت تشکیل کردہ بورڈ کی تفصیل درج ذیل ہے:

ڈائریکٹرز کی کل تعداد دس ہے جس کی تفصیل یہ ہے:

- مرد: 09
- خواتین: 01

بورڈ درج ذیل انداز میں تشکیل دیا گیا ہے

a) آزاد ڈائریکٹرز کی تعداد 3 ہے جن کے نام یہ ہیں:
- محمد تبسم منیر (بورڈ آڈٹ کمیٹی کے چیئرمین)
- ڈاکٹر صفدر علی بٹ (بورڈ کی ہیومن ریسورس اینڈ ری موزیشن کی کمیٹی کے چیئرمین)
- سید اسد عباس حسین

b) نان ایگزیکٹیو ڈائریکٹرز کی تعداد 5 ہے جن کے نام یہ ہیں:
- شوکت حسن (چیئرمین BOD)
- طاہر اعظم
- فراز اختر زیدی (بورڈ کی رسک مینجمنٹ کمیٹی کے چیئرمین)
- ماوراطاہر
- مون سیک پارک (ایس کے لبریکنٹ کے نمائندہ خصوصی)

c) ایگزیکٹیو ڈائریکٹرز کی تعداد 2 ہے جن کے نام درج ذیل ہیں:
- حسن طاہر (سی ای او)
- محمد علی حسن

مالی سال کے دوران ڈائریکٹرز کے نام	سروس کی مدت	مالی سال کے دوران اجلاسوں میں شرکت کی تعداد
حسن طاہر	31 اکتوبر 2015 کو منعقد ہونے والے الیکشن سے اب تک	6
محمد علی حسن	31 اکتوبر 2015 کو منعقد ہونے والے الیکشن سے اب تک	6
شوکت حسن	31 اکتوبر 2015 کو منعقد ہونے والے الیکشن سے اب تک	6
طاہر اعظم	31 اکتوبر 2015 کو منعقد ہونے والے الیکشن سے اب تک	6
فراز اختر زیدی	26 اپریل 2017 کو عہدہ ملنے کے بعد	6
محمد تبسم منیر	31 اکتوبر 2015 کو منعقد ہونے والے الیکشن سے اب تک	6
صفدر علی بٹ	31 اکتوبر 2015 کو منعقد ہونے والے الیکشن سے اب تک	6
اسد عباس حسین	31 اکتوبر 2015 کو منعقد ہونے والے الیکشن سے اب تک	6
زلمئی اعظم	31 اکتوبر 2015 کو منعقد ہونے والے الیکشن سے 29 ستمبر 2017 کو مستعفی ہونے تک	2

تفصیلات	روپے
یکم جولائی 2017 تک استعمال نہ کی گئی آئی پی او کی رقم	1,094,571,944
جمع: ٹرم ڈپازٹ پر حاصل شدہ منافع	56,602,724
تخفیف: رواں سال میں کی گئی ادائیگیاں	
ژک سروس سینٹر	(26,665,859)
او ایم سی پراجیکٹ	(138,102,455)
زیر استعمال سرمایہ/ ورکنگ کیپیٹل	(6,016,725)
منافع پر وِدہولڈنگ ٹیکس	(5,660,272
موچئل فنڈ میں غیر ممکنہ خسارہ	(11,675,221)
بینک چارجز	(263,724)
30 جون 2018 تک غیر استعمال شدہ آئی پی او کی رقم	962,790,412

منافع کا تصرف

2018 میں کمپنی کے گراں قدر مالیاتی نتائج کو مدنظر رکھتے بورڈ آف ڈائریکٹرز نے 8 ستمبر 2018 کو منعقد ہونے والے اپنے اجلاس کے دوران 30 جون 2018 کو ختم ہونے والے مالی سال کے لیے 1.75 روپے فی شیئر (17.5 فیصد) کے عبوری نقد منافع منقسمہ کے ساتھ 1.75 روپے فی شیئر (17.5 فیصد) کے حتمی نقد منافع منقسمہ کی ترسیل کی تجویز دی ہے۔ ممبران کی جانب اس منافع منقسمہ کی منظوری 26 اکتوبر 2018 کو منعقد ہونے والے عمومی سالانہ اجلاس میں دی جائے گی۔ اکاؤنٹنگ کے مروجہ معیارات پر پورا اترنے کے لیے ان مالیاتی گوشواروں میں 203 ملین روپے مالیت کے مجوزہ منافع منقسمہ کو لائبلٹی کے طور پر درج نہیں کیا گیا۔ رواں سال کے 556 ملین روپے مجموعی منافع کو عمومی محفوظ زر (جنرل ریزرو) میں رکھا جائے گا۔

رسک منیجمنٹ

کمپنی نے ایک مربوط رسک منیجمنٹ پالیسی تیار کی ہے جس کے تحت کمپنی کے ڈائریکٹرز اور سینئر عہدیداران پر کچھ خاص ذمہ داریاں عائد ہوتی ہیں۔ اس پالیسی کے تین اہم کردار بورڈ آف ڈائریکٹرز، آڈٹ کمیٹی اور رسک منیجمنٹ کمیٹی ہیں جو ممکنہ خدشات کی وقوع پذیری کے خدشات کو مدنظر رکھتے ہوئے رسک میٹرکس کا از سرِ نو جائزہ لیتے ہیں۔ چیف ایگزیکٹیو آفیسر اور ایگزیکٹیو ڈائریکٹر کی نگرانی میں کام کرنے والی سینئر عہدیداران کی ٹیم رسک کو کم سے کم کرنے کے لیے اقدامات کرنے کی ذمہ دار ہے اور اس کی تیار کردہ تجاویز کو بورڈ کی جانب سے زیر غور لایا جاتا ہے۔ مارکیٹ کی صورت حال کا مسلسل ٹھیک اندازہ لگانے اور اس کے مطابق درست فیصلہ کرنے کی صلاحیت نے کمپنی کو ممکنہ خدشات سے نبرد آزما ہوتے ہوئے دستیاب سنہری مواقع سے بھرپور فائدہ حاصل کرنے کے قابل بنایا ہے اور اس سے کمپنی کی ساکھ مضبوط ہوئی ہے۔

کمپنی کو جن اہم خدشات کا سامنا ہے انہیں کلی مالیاتی گوشوارے کے نوٹ 40 میں تفصیلاً بیان کر دیا گیا ہے اور ان کو کم کرنے کے لیے درج ذیل اقدامات اٹھائے گئے ہیں:

کریڈٹ رسک:

اگر کسٹمر یا فنانشل انسٹرومنٹ میں فریق پارٹی اپنی معاہداتی ذمہ داریوں کو پورا کرنے سے قاصر رہتی ہے تو کمپنی کو مالیاتی خسارے کی صورت میں ایسے رسک کا سامنا ہوتا ہے۔ کمپنی کی یہ کوشش رہتی ہے کہ کسی بڑے مجموعی کریڈٹ رسک کا سامنا نہ کرنا پڑے۔ اس خدشے کا تدارک درجہ "A" کے مالیاتی اداروں میں متنوع انویسٹمنٹ پورٹ فولیو کے نفاذ سے ممکن بنایا گیا ہے۔ مزید برآں ایچ ٹی ایل اپنے ڈسٹری بیوٹرز اور ڈیلرز کو کریڈٹ کی سہولت نہیں دیتی۔ تاہم ہمارے معاشی طور پر مستحکم صنعتی کسٹمرز کو کریڈٹ کی سہولت حاصل ہے اور اس کی رقم کو متعلقہ خدشات کے پیش نظر کمپنی کے کل ریوینیو سے حذف کیا جاتا ہے۔

لیکویڈیٹی رسک

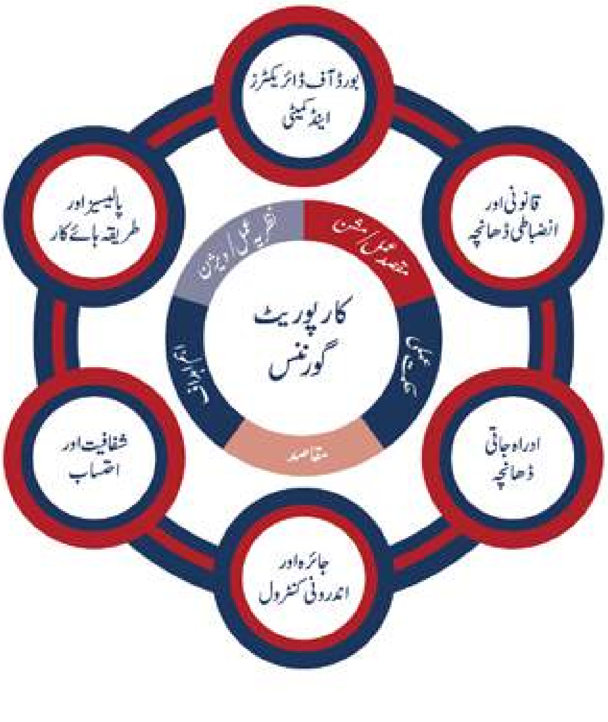
مالیاتی ذمہ داریوں کو پورا کرنے کی مد میں درپیش مشکلات کے حوالے سے ایسے رسک کا سامنا رہتا ہے۔ لیکویڈیٹی رسک کے حوالے سے محتاط منصوبہ سازی معاہداتی ذمہ داریوں کو پورا کرنے کے لیے وافر فنڈز کی دستیابی کو ممکن بناتی ہے۔ کمپنی کی فنڈ منیجمنٹ سے متعلقہ حکمت عملی کا بنیادی مقصد ذاتی ذرائع سے حصول زر میں اضافہ کے ذریعے لیکویڈیٹی (قرض کی ادائیگی) رسک کو کم کرنا ہے۔ ایچ ٹی ایل کو طویل المیعاد اور قلیل المیعاد فنانسنگ کے لیے بالترتیب A اور A-1 ریٹنگ جاری کی گئی ہے۔ یہ اس امر کی واضح دلیل ہے کہ ہم اپنی مالیاتی ذمہ داریوں کو بروقت پورا کرتے ہیں اور لیکویڈیٹی (قرض کی ادائیگی) کے حوالے سے ہماری ساکھ مضبوط ہے۔ قابل وصول اثاثہ جات کو کم ہونے، وافر کریڈٹ لائنز کی دستیابی اور مستحکم لیکویڈیٹی (قرض کی ادائیگی) ساکھ کی وجہ سے کمپنی اپنی تمام معاہداتی ذمہ داریوں کو کامیابی سے بروقت پورا کرتی ہے۔

زر مبادلہ سے متعلقہ رسک

قابل وصول اور واجب ادا اثاثہ جات کے حوالے غیر ملکی کرنسی میں لین دین سے زر مبادلہ سے متعلقہ رسک کا سامنا رہتا ہے۔ کمپنی بنیادی طور پر تیار لبریکنٹس، خام مال اور پلانٹ و مشینری کی کمپنی میں درآمد پر امریکی ڈالر/ پاکستانی روپے کے قلیل المیعاد مساوات مبادلہ پر یقین رکھتی ہے اور سٹیٹ بینک آف پاکستان کے ہدایت نامے کے مطابق جب سے POL مصنوعات کے لیے کسی فارورڈ کور کے حصول پر پابند عائد کی گئی کمپنی اپنا مکلفتی ذیلی ادارہ رکھتی ہے۔ مزید برآں بورڈ نے ایسے بنیادی رسک کی جانچ کو مضبوط بنانے کے لیے ضروری اقدامات کیے ہیں کہ جو بزنس ماڈل، مستقبل کی کارکردگی، قرض کی ادائیگی یا لیکویڈیٹی کو متاثر کرتے ہیں۔

رسک گورننس

ہمارے رسک منیجمنٹ پروگرام کے حوالے سے مختلف درجات پر ہماری ذمہ داریوں اور کردار کی تفصیل رسک گورننس سٹرکچر میں درج ہے۔



انتظامی امور کے حوالے سے کارکردگی کا جائزہ

زک ٹاپ ۔ٹیئر

زک ٹاپ ۔ٹیئر کی کارکردگی 6,992 ملین روپے ریونیو کے ساتھ اس بار بھی متاثر کن رہی جو کہ گزشتہ سال کی نسبت 23 فیصد زیادہ ہے۔اس ڈویژن میں X7 FE 0W20 اور ZIC Top 0W40 کے نام سے پراڈکٹس کی نئی رینج بھی متعارف کروائی گئی جن کے بارے میں مارکیٹ کا بہت مثبت ردعمل سامنے آیا۔

زک مڈ ۔ٹیئر

زک مڈ ۔ٹیئر کے ریونیو میں مالی سال 2018 کے دوران پچھلے سال کے مقابلے میں 27 فیصد اضافہ ہوا۔ اس ڈویژن میں ایک نئی پراڈکٹ متعارف کروائی گئی ''Zic-M5 SJ-10W50'' جس نے مارکیٹ میں بہت جلد مقبولیت حاصل کر لی

ہائی ٹیک بلینڈنگ (پرائیویٹ) لمیٹڈ (ایچ ٹی بی ایل)

ایچ ٹی بی ایل کمپنی کی ایک کل ملکیتی ذیلی کمپنی ہے ۔اس کے ریونیوز میں میں بھی نمایاں اضافہ سامنے آیا ہے۔ کمپنی نے اپنے پورٹ فولیو میں ایک نئی پراڈکٹ کو شامل کیا ہے اور فروخت کے بڑھتے ہوئے حجم کو پیش نظر رکھتے ہوئے اضافی ایکسٹروژن بلومولڈنگ (ای بی ایم) اور انجیکشن مولڈنگ مشینز کی مد میں سرمایہ کاری کی ہے۔ایچ ٹی بی ایل، ایچ ٹی ایل کے منافع کو بڑھانے میں اہم کردار ادا کرے گا۔

ایچ ٹی ایل ایکسپریس

ایچ ٹی ایل ایکسپریس کا بنیادی مقصد اصل مصنوعات، بہتر خدمات، تربیت یافتہ عملے اور جدید ٹیکنالوجی کے ذریعے پاکستان میں موٹر وہیکل کی دیکھ بھال کے حوالے سے نئی روایت کو قائم کرنا ہے۔ جون 2018 تک لاہور میں ایچ ٹی ایل ایکسپریس کے تین سینٹرز کھولے گئے جو معیاری خدمات اور مصنوعات کے ذریعے اپنی خدمات بخوبی سرانجام دے رہے ہیں۔ حال ہی میں جوہر ٹاؤن لاہور میں ایک اور ایچ ٹی ایل ایکسپریس سینٹر کھولا گیا جس نے کسٹمرز کی ضروریات کو پورا کیا اور بہت پذیرائی حاصل کی۔ اس سلسلے کے دوسرے مرحلے کا آغاز بھی کر دیا گیا ہے اور ڈی ایچ اے کراچی میں ایسی ایک سہولت کا ستمبر 2018 کے اختتام تک افتتاح کیا جائے گا۔اس کے علاوہ پی۔ای۔سی۔ ایچ۔ ایس اور گلستان جوہر میں ایسے دو اور سینٹرز زیر تعمیر ہیں جو دسمبر 2018 تک کاروباری سرگرمیوں کا آغاز کر دیں گے۔مزید برآں اسلام آباد میں بھی اس مقصد کے لیے دو مقامات پر غور کیا جا رہا ہے۔ایچ ٹی ایل ایکسپریس ہمارے آنے والے OMC کے فیول سٹیشنز کا لازمی حصہ ہوں گے اور آنے والے سالوں میں ملک بھر میں ان کی تعداد میں اضافہ کیا جائے گا۔

ایچ ٹی ایل سٹیشنز (آئل مارکیٹنگ کمپنی)

پاکستان کے مختلف علاقوں میں آئل مارکیٹنگ کمپنی اور فیول سٹیشنز کے ایک نیٹ ورک کے قیام کا پراجیکٹ بھی زیر غور ہے، ابتدائی طور پر اس مقصد کے لیے بالائی پنجاب کے شہری علاقوں، خیبر پختونخواہ، آزاد جموں وکشمیر اور اسلام آباد کا چناؤ کیا گیا ہے۔ OMC کی کاروباری سرگرمیوں کا باقاعدہ آغاز آئل اینڈ گیس ریگولیٹری اتھارٹی (OGRA) کی باقاعدہ منظوری کے بعد کیا جائے گا۔ OGRA کی جانب سے تاحال پنجاب میں 26 فیول سٹیشنز کھولنے کی اجازت دی جا چکی ہے۔ پنجاب ساہیوال میں فیول کو ذخیرہ کی ایک سہولت مکمل کر لی گئی ہے جس کا حتمی تجزیہ پہلے سے ہی چل رہا ہے۔ ہماری جانب سے ان سٹیشنز کی تعداد میں اضافے کی حکمت عملی کو آگے بڑھاتے ہوئے اس طرح کی ایک اور سائٹ پشاور کے قریب ترین جبہ کے مقام پر بھی زیر تعمیر ہے۔

مائع وسائل کا انضباط

کیش مینجمنٹ/نقد رقم کا انضباط

آپ کی کمپنی پورے ادارے میں انوینٹری اور قابل وصول تجارتی اثاثہ جات کا حساب رکھنے والے نظام کو بتدریج بہتر بنانے، کاروباری کارکردگی کو برقرار رکھنے، انتظامی امور کو بطریق احسن چلانے اور لاگت میں کمی کے اصولوں پر خصوصی توجہ دیتی ہے۔ یہ حکمت عملی ایچ ٹی ایل کے کیش فلو کو مسلسل مثبت رکھنے میں مدد دیتی ہے۔ کمپنی کی جانب سے ایک موثر کیش مینجمنٹ کا نظام ترتیب دیا گیا ہے جس کے ذریعے کیش ان فلو اور آؤٹ فلو (نقد رقم کے آنے جانے) کا باقاعدگی سے حساب کتاب اور سختی سے جائزہ لیا جاتا ہے۔ زیر استعمال سرمائے کی صحیح انداز میں منصوبہ بندی کی جاتی ہے اور قابل وصول تجارتی اثاثہ جات، واجبات، انونٹری لیولز اور فنانسنگ کے معاملات کے موثر انتظام کی بابت بزنس یونٹس ہیڈز کو زیر استعمال سرمایہ کے حوالے سے مختلف اہداف دیئے جاتے ہیں جن کا باقاعدگی سے جائزہ لیا جاتا ہے۔

مصارف اصل

منافع اور متعلقہ سرمایہ کاری سے وابستہ رسک کا سختی سے حساب رکھتے ہوئے مصارف اصل کا انتظام بڑی احتیاط سے سنبھالا جاتا ہے، بروقت ترسیل اور تخمینہ لاگت کو حد میں رکھنے کے پراجیکٹ کا باقاعدگی سے جائزہ لیا جاتا ہے۔ مزید برآں ایسے اخراجات کہ جن کے لیے بڑے سرمایہ کی ضرورت ہو، انہیں طویل المیعاد ٹھیکوں/معاہدوں سے تحفظ دیا جاتا ہے تاکہ کاروبار میں کیش فلو کے رسک کو کم کیا جا سکے۔ سابقہ مدت میں 614 ملین روپے کے مقابلے میں 2018 کے دوران مصارف اصل 454 ملین روپے رہا۔ بورڈ مطمئن ہے کہ جون 2018 تک بشمول کریڈٹ تک رسائی اور مضبوط بیلنس شیٹ/فرد میزان/آمدن وخرچ کے گوشوارے کو درست انداز میں مرتب کرنے کے سلسلہ میں کوئی قلیل المیعاد اور طویل المیعاد رکاوٹ کا سامنا نہیں۔ کمپنی کو کیش مینجمنٹ/نقد رقم کے انضباط کے حوالے سے اپنی بطریق احسن ترتیب دی گئی حکمت عملی کے حوالے سے کسی لیکویڈیٹی رسک کا سامنا نہیں ہے اور یہ حکمت عملی قرض کی استعمال نہ کی گئی سہولیات کی دستیابی کو وافر بنانے میں بھی معاون ہے۔

آئی پی او فنڈز

جون 2016 کو ختم ہونے والے مالی سال کے دوران کمپنی نے ایک انیشیل پبلک آفر (IPO) دی اور دس روپے فی شیئر قیمت والے 29,001,000 شیئرز، 62.50 روپے فی شیئر کی قیمت پر جاری کیے اور اس قیمت کو بک بلڈنگ کے طریقہ کار سے متعین کیا گیا۔

جیسا کہ پراسپیکٹس مجریہ 28 دسمبر 2015 میں درج ہے، کمپنی پورے پاکستان میں منفرد خدمات کے اضافے کے ساتھ جدید آؤٹ لیٹس کھولنے کا ارادہ بھی رکھتی ہے، اس کے ساتھ ساتھ کمپنی کے ملکیتی اور ذیلی ادارے بلینڈنگ پلانٹ پر اضافی فلنگ لائنز کی تنصیب کا منصوبہ بھی بنایا گیا ہے۔ سال 16-2015 کے لیے کی گئی منصوبہ بندی میں پاکستان کے 11 اہم شہروں میں 37 بڑے آؤٹ لیٹس کھولنے کا فیصلہ بھی کیا گیا تھا۔ سہ ماہی ترقیاتی رپورٹ نمبر 6 مجریہ 14 جولائی 2017 میں تمام حصص داران کو مذکورہ پراجیکٹ پر ہونے والی پیش رفت کے بارے میں آگاہ کیا گیا ہے۔

شہروں کے اہم مقامات پر زمین کی تیزی سے بڑھتی ہوئی قیمت ہمارے لیے ایک چیلنج ہے جس سے نبرد آزما ہونے کے لیے آپ کی کمپنی نے ایکسپریس سینٹرز کو فیول سٹیشنز کے ساتھ ملانے کی حکمت عملی تیار کی ہے اور ان فیول سٹیشنز کا قیام آئل مارکیٹنگ کمپنی (OMC) کے ذیل عمل میں لایا جائے گا۔ یہ حکمت عملی مارکیٹنگ، لاگتی سرمائے اور مجموعی منافع میں اضافے کے سلسلہ میں کافی موثر ثابت ہوگی۔ پبلک آفر کے استعمال نہ ہونے والے زر کو کمپنی نے بینک بیلنس، ٹرم ڈیپازٹ رسیپٹ اور میوچل فنڈ کے طور پر محفوظ رکھا ہے۔

ڈائریکٹرز رپورٹ برائے حصص داران

کمپنی کے ڈائریکٹرز کی جانب بمسرت یہ سالانہ رپورٹ برائے سال مختتمہ 30 جون 2018 منقطع شدہ مالیاتی گوشواروں کے ہمراہ پیش کی جارہی ہے۔

مختلف مصنوعات کا مارکیٹ شیئرز اور فروخت کے حجم کی بابت کہ جن کا ذکر اس رپورٹ میں آگے درج ہے، آپ کی کمپنی کے ڈائریکٹرز آپ کو اس بات سے آگاہ کرتے ہوئے فخر محسوس کررہے ہیں کہ ہماری کمپنی نے ملک کی صف اوّل کی لبریکنٹ مارکیٹنگ کمپنیز میں اپنی نمایاں حیثیت کامیابی سے برقرار رکھی ہے۔ اپنے ذاتی جدید بلینڈنگ پلانٹ (کمپنی کا اپنا ملکیتی اور ذیلی ادارہ) کے قیام کے ساتھ، آپ کی کمپنی اب مارکیٹ کے مڈ ٹیئر آٹوموٹیو، موٹر سائیکل اور ڈیزل سیگمنٹس میں گہری دھاک بٹھانے اور وطن عزیز میں آٹوموبائل انڈسٹری کی ترقی سے اپنی پراڈکٹ کی بڑھتی ہوئی طلب کو پورا کرنے کے قابل ہو چکی ہے۔

مالیاتی / معاشی کارکردگی

آپ کی کمپنی کی معاشی / مالیاتی کارکردگی سالہا سال سے بتدریج بہتری کی جانب گامزن ہے جیسا کہ درج ذیل خلاصے سے ظاہر ہے:

	مجموعی		غیر مجموعی	
	مالی سال جو 30 جون کو ختم ہوا		مالی سال جون 30 جون کو ختم ہوا	
پاکستانی روپے ملین کے حساب سے	2017	2018	2017	2018
کل فروخت	7,328	9,255	7,489	9,254
گراس مارجن	1,933	2,395	1,774	1,928
سود، ٹیکس، فرسودگی سے قبل منافع (ای بی آئی ٹی ڈی اے)	1,166	1,377	1,047	971
فرسودگی سے قیمت اور مالیاتی قدر میں کمی	(66)	(63)	(44)	(57)
قرضہ / فنانس سے متعلقہ لاگت	(77)	(127)	(36)	(82)
دیگر انتظامی اخراجات	(40)	(108)	(34)	(63)
دیگر انتظامی آمدنی	96	71	96	108
ٹیکس سے قبل آمدنی	1,079	1,151	1,031	876
ٹیکس	(335)	(391)	(304)	(322)
ٹیکس کے بعد آمدنی	744	759	727	554
فی شیئر کے حساب سے بنیادی آمدنی	6.41	6.55	6.27	4.78

سال بہ سال کی بنیاد پر کل سیلز میں مجموعی اضافے کی شرح 26 فیصد رہی، جس کی بنیادی وجہ والیومیٹرک گروتھ (ترقی بالحاظ حجم) میں 15 فیصد اضافہ ہے۔ یہ ایک حقیقت ہے کہ روپے کی قدر میں کمی اور مارکیٹ میں درآمدات کی قیمت میں اضافے سے کل پیداواری لاگت (ڈائریکٹ لاگت) میں 27 فیصد اضافہ ہوا اور مارکیٹ میں مقابلے کی فضا کی وجہ سے قیمت فروخت میں اس تناسب سے اضافہ نہ کیا جاسکا، لیکن آپ کی کمپنی نے گراس مارجن کو کامیابی سے 25.9 فیصد کی گراس قدر شرح پر ہی رکھا جو گزشتہ سال کی 26.3 فیصد شرح کے بالکل قریب ہے۔

آپریشنز کے شعبہ نے سال 2018 میں سود، ٹیکس، فرسودگی سے قبل (ای بی آئی ٹی ڈی اے) 1,377 ملین روپے کا مجموعی منافع حاصل کیا جو 2017 میں حاصل ہونے والے 1,166 ملین روپے کے مجموعی منافع سے 18.1 فیصد زیادہ ہے۔ کمپنی نے فی شیئر پر 6.55 روپے آمدنی حاصل کی جبکہ پچھلے سال یہ آمدنی 6.41 روپے تھی۔ تاہم سیلز ریونیو میں ہونے والے اس اضافہ کے ثمرات بنیادی طور پر نچلی سطح تک نہیں پہنچ سکے، جس کی بنیادی وجوہات روپے کی قدر میں کمی سے زرمبادلہ میں خسارہ، برانڈنگ کی مد میں سرمایہ کاری سے مارکیٹنگ کے اخراجات میں اضافہ اور کمپنی کی جانب سے ایکسپریس سروس سینٹرز کے قیام کے سلسلہ میں ہونے والے نان کیپٹلائزڈ اخراجات ہیں، جن سے مستقبل قریب میں ہمارے منافع میں گراں قدر اضافہ ہوگا۔

مالیاتی ساکھ کے حوالے سے بھی کمپنی اس سال اور مستحکم ہوئی ہے۔ اس کے کل فکسڈ ایسٹس (غیر منقولہ اثاثہ جات) کی مالیت 435 ملین روپے تک بڑھ گئی ہے (قدر میں کمی سے علاوہ) جبکہ کرنٹ ایسٹس (منقولہ اثاثہ جات) کو ایک معقول لائحہ عمل کے ذریعے ترسیل زر کے انضباط اور کارکردگی میں بہتری کی مد میں استعمال میں لایا جارہا ہے۔ اس طرح کل اثاثہ جات کی مالیت 6,608 ملین ہے جو پچھلے سال کی نسبت بس 0.5 فیصد کم ہے۔ کل شرح فروخت میں 26 فیصد اضافے کے باوجود کرنٹ ایسٹس میں کوتی سامنے آئی ہے، جس سے یہ بخوبی ظاہر ہوتا ہے کہ کرنٹ ایسٹس کو انتظامی امور میں بتدریج بہتری اور مارکیٹ میں مقابلے کی صورت حال سے نبرد آزما ہوتے ہوئے منافع کو بڑھانے کے لیے بطریق احسن استعمال میں لایا جارہا ہے۔

کمپنی کی حکمت عملی کا محور اپنے صارفین کے اطمینان اور اپنے جداگانہ طرز عمل کے ذریعے مسلسل ترقی کی منازل طے کرنا ہے۔ ہماری مصنوعات لبریکنٹس کے شعبہ میں صارفین کی اوّلین پسند ہیں اور ہم مڈ ٹیئر اور ڈیزل سیگمنٹ میں اپنی ساکھ کو مضبوط کرنے کی خاطر اپنی مصنوعات کی رینج میں اضافے کا ارادہ رکھتے ہیں۔ مزید برآں کمپنی اپنے بلینڈنگ پلانٹ کو زیادہ سے زیادہ بروئے کار لانے کے ساتھ ساتھ ایچ ٹی ایل ایکسپریس سینٹرز کے نیٹ ورک کو وسعت دینے کی بھی خواہشمند ہے۔ دریں اثناء ہماری مستقبل کی حکمت عملی کا ایک اور اہم پہلو یہ ہے کہ آئل مارکیٹنگ کے کاروبار میں ہماری شمولیت ایک اچھی منصوبہ بندی کے تحت ہوتا کہ اس طرح ہماری موجودہ مصنوعات کی شرح فروخت میں مزید اضافہ ہو سکے۔ جیسا کہ اس رپورٹ میں آگے درج ہے، ہماری جانب سے او ایم سی کے پراجیکٹ میں نمایاں سرمایہ کاری کی گئی ہے جس کا آنے والے معاشی سالوں میں ہمیں بہت فائدہ ہوگا۔

ہدایات برائے رجسٹریشن۔مرکزی کیش ڈیویڈنڈ رجسٹر

تعارف:

سینٹرل ڈیپازٹری کمپنی نے مرکزی کیش ڈیویڈنڈ رجسٹر (CCDR) کی بنیاد رکھی ہے۔ یہ ایک الیکٹرونک سروسز ویب پورٹل ہے جس میں لسٹڈ کمپنیز کی جانب سے ادا شدہ، غیر ادا شدہ اور روکے جانے والے کیش ڈیویڈنڈز کی تفصیلات درج کی جائیں گی۔ CCDR کے ذریعے لسٹڈ کمپنیز کی جانب سے شیئر ہولڈرز کو ادا کیے گئے ڈیویڈنڈز کا ریکارڈ رکھنا ممکن ہوگا اور اس معلومات تک شیئر ہولڈرز کو رسائی فراہم کی جائے گی۔ اس کے ذریعے لسٹڈ کمپنیز کو کیش ڈیویڈنڈ کے کاؤنٹر فوئل کی پرنٹنگ اور اس کی ڈاک ٹکٹ کے ذریعے ترسیل پر آنے والے خرچ کو بچانے میں بھی کامیابی حاصل ہوگی۔ اس ویب پورٹل کے ذریعے لسٹڈ کمپنیز کے شیئر ہولڈرز کو کیش ڈیویڈنڈز کی تفصیلات مرکزی رجسٹر سے باسہولت حاصل ہوگی اور ان کا ریکارڈ رکھنا بھی آسان ہوگا۔

رجسٹریشن کا طریقہ کار

- ای ڈیویڈنڈ سروسز کے لئے رجسٹر کرنے کیلئے ہماری ای سروسز پورٹل پر جائیں www.eservices.cdcaccess.com.pk/public/index.xhtml
- اگر آپ پہلے سے ای سروسز کی سہولت حاصل نہیں کر رہے تو New Here? Register Now کے ٹیب پر کلک کر کے خود کو رجسٹر کروائیں۔ (اس سروس کیلئے کوئی بھی رجسٹر کر سکتا ہے۔
  رجسٹریشن کیلئے افراد کو CNIC/NICOP/POC یا پاسپورٹ درکار ہوگا اور کارپوریٹ ادارے کو رجسٹریشن نمبر یا NTN کی ضرورت ہوگی۔)
- Register Now پر کلک کرنے کے بعد سکرین پر ابھرنے والے فارم کو پُر کریں۔ (تمام لازمی خانوں کے آگے * کا نشان نمایاں ہوگا۔ ان تمام خانوں کو پُر کرنا لازمی ہے۔)
- فارم پُر کرنے کے بعد 'Save' کا بٹن دبا کر فراہم کی گئی معلومات کو محفوظ کیجئے۔
- فارم کو کامیابی سے محفوظ کرنے کے بعد آپکو اپنے رجسٹرڈ ای میل ایڈریس پر ایک لنک موصول ہوگا۔ اس لنک کو کلک کرنے پر پاس ورڈ تبدیل کرنے کیلئے ایک نئی سکرین کھل جائے گی۔
- پاس ورڈ 10-8 ہندسوں کا ہوسکتا ہے جس میں سے 6 انگریزی حروف تہجی (ایک اپر کیس اور ایک لوئر کیس) اور کم از کم دو نمبرز ہونے چاہئیں۔
- پاس ورڈ سیٹ کرنے کے بعد ای سروسز کے ہوم پیج پر واپس آجائیں۔
- افراد کے لئے یوزر آئی ڈی (User ID) CNIC /NICOP/ POC / Passport ہوگا اور کارپوریٹ ادارے کیلئے رجسٹریشن نمبر یا NTN نمبر ہوگا۔ پاس ورڈ وہی ہوگا جو آپ نے پہلے منتخب کیا ہے

سروس کی شروعات

- اپنے اکاؤنٹ میں کامیابی سے لاگ ان کرنے کے بعد eDividend کے آپشن کے نیچے My eDividend کے ٹیب پر کلک کیجئے۔ eDividend Service Activation سکرین کھل جائے گی۔
- سی ڈی سی اکاؤنٹ ہولڈرز اپنے پارٹیسپنٹ آئی ڈی اور سی ڈی ایس اکاؤنٹ نمبر مہیا کریں اور فزیکل شیئر سرٹیفکیٹ کیلئے فولیو نمبر اور سکیورٹی سمبل (Symbol) دیں۔
- سکرین پر List of my eDividend(s) لوڈ ہونے پر اگر آپ سی ڈی ایس اکاؤنٹ ہولڈر ہیں تو پارٹیسپنٹ آئی ڈی اور سی ڈی ایس اکاؤنٹ نمبر ڈالیں اور اگر آپ کے پاس کاغذی شیئر سرٹیفکیٹ ہیں تو فولیو نمبر اور سکیورٹی سمبل ڈالیں۔ اس کے بعد آپ کو OTP آپشن کا انتخاب کرنا ہوگا یعنی موبائل نمبر یا ای میل۔ اس کے مہیا کرنے کے بعد آپ کی ای ڈیویڈنڈ سروس کا آغاز ہو جائے گا۔
- سروس کے فعال ہو جانے پر آپ کے سامنے List of my eDividend(s) کی سکرین ظاہر ہو جائے گی جس پر آپ اپنے Dividend Payment Status کو دیکھ سکتے ہیں۔ آپ Paid Status والے ڈیویڈنڈز کی Dividend Report بھی دیکھ پائیں گے۔

FORM OF **PROXY**

I/We ______________________ a member / member of Hi-Tech Lubricants Limited and holder of____________________shares as per Share Register Folio # / CDC Participant I.D. Participant ID # Sub A/C # / Investor A/C #________________________do hereby appoint________________________of ________________________or failing him______________________________of who is also member of the Company vide Registered Folio # ____________________________________as my/our Proxy to attend, speak and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on Friday October 26, 2018 at 3:00 p.m. and at any adjournment thereof.

As witness my/our hand this _____________day of October, 2018 at ____________

Witness' Signature:...

....

Name...

CNIC # ....

Address..

....

Affix Revenue Stamp of Rs. 5/-

Witness' Signature:...

....

Name...

CNIC # ....

Address..

....

Member's Signature

Date:									
Place:									

Notes:

1. The Form of Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.

2. CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their Computerized National Identity Cards / Passport in original to provide his / her identity, and in case of Proxy, must enclosed an attested copy of his / her CNIC or Passport. Representatives of corporate members should bring the usual documents for such purpose.

ھائی-ٹیک لبریکنٹس لمیٹڈ

مختار نامہ

میں / ہم ______________________________

کا / کے ______________________________

بحیثیت رکن ہائی۔ٹیک لبریکنٹس لمیٹڈ اور حامل حصص، بمطابق شیئرز رجسٹر فولیو نمبر ______________________________

اور / یا سی ڈی سی پارٹیسپنٹ (شرکت آئی ڈی) نمبر ______________________________

اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر ______________________________

محترم / محترمہ ______________________________

کو اپنے / ہمارے ایماء پر ______ مورخہ 26 اکتوبر 2018 بروز جمعہ بوقت دوپہر 3:00 بجے

کو منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا / ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

آج بروز .... بتاریخ .... 2018ء کو دستخط کیے گئے۔

گواہان

1۔
دستخط: ______________________________
نام: ______________________________
پتہ: ______________________________
____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ______________________________

2۔
دستخط: ______________________________
نام: ______________________________
پتہ: ______________________________
____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ______________________________

پانچ روپے مالیت کے رسیدی ٹکٹ پر دستخط

دستخط کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں۔

نوٹ

1۔ ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کرسکتا، وہ اس فارم کو مکمل کرے اور دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل رجسٹرڈ آفس کے پتے پر ارسال کردے۔

2۔ سی ڈی سی شیئر ہولڈر ہونے کی صورت میں درج بالا کے علاوہ ذیل میں درج ہدایات پر بھی عمل کرنا ہوگا:

(الف) فرد ہونے کی صورت میں اکاؤنٹ ہولڈر یا سب-اکاؤنٹ ہولڈر اور / یا وہ جس کی سیکیورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد وضوابط کے مطابق اپ لوڈ ہوں انہیں کمپنی کی جانب سے دی گئی ہدایت کی روشنی میں پراکسی فارم جمع کرانا ہوگا۔

(ب) مختار نامے پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز فارم پر درج ہوں۔

(ج) بینیفشل اونرز (مستفید ہونے والے فرد) کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی جسے نائب مختار نامہ کے ہمراہ پیش کرے گا۔

(د) اجلاس کے وقت نائب کو اپنا اصل کمپیوٹرائزڈ قومی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔

(ہ) کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن)، بورڈ آف ڈائریکٹرز قرارداد / مع نامزد کردہ شخص / اٹارنی کے نمونہ دستخط پاور آف اٹارنی (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامے) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔

NOTICE FOR MANDATORY REQUIREMENT **OF DIVIDEND MANDATE**

Dear Shareholder,

Under Section 242 of the Companies Act, 2017, listed companies are required to PAY CASH DIVIDENDS ONLY THROUGH ELECTRONIC MODE directly into the bank accounts designated by the entitled shareholders, and therefore, all the valuable shareholders of Hi-Tech Lubricants Limited (HTL) are requested to kindly authorize HTL for direct credit of their cash dividend(s) in your bank accounts by providing following information to your respective CDC Participant / CDC Investor Account Services (in case your shareholding is in Book Entry Form) or to our Share Registrar M/s. Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99-B, Block B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi – 74400 (in case your shareholding is in Physical Form).

Also please note that all those shareholders who have already provided their dividend mandate are requested to check correctness and activeness of their bank accounts for credit of their future cash dividend(s) without any delay and complications.

PLEASE NOTE THAT THE DIVIDEND MANDATE INFORMATION IS A MANDATORY REQUIREMENT FOR ALL THE SHAREHOLDERS IRRESPECTIVE OF CDC ACCOUNT/SUB ACCOUNT HOLDERS AND PHYSICAL SHARE CERTIFICATE HOLDERS.

MANDATORY INFORMATION REQUIRED UNDER COMPANIES ACT, 2017	
PERSONAL INFORMATION OF SHAREHOLDER OF HI-TECH LUBRICANTS LIMITED	
NAME OF SHAREHOLDER	
COMPUTORIZED NATIONAL IDENTITY CARD NUMBER/(CNIC #)	
COMPLETE MAILING ADDRESS (for notice of dividend and other correspondence by HTL/Share Registrar)	
FOLIO NUMBER / CDC ACCOUNT NUMBER	
BANK ACCOUNT DETAILS OF SHAREHOLDER OF HI-TECH LUBRICANTS LIMITED	
TITLE OF BANK ACCOUNT (Complete As On Cheque Book)	
BANK ACCOUNT NUMBER (Complete As On Cheque Book)	
IBAN	
BANK NAME (Complete As On Cheque Book)	
BRANCH NAME AND ADDRESS (Complete As On Cheque Book)	
MOBILE PHONE NUMBER (active)	
EMAIL ADDRESS, (active) if any	
LANDLINE NUMBER, if any	

It is stated that above mentioned information is true and correct and I undertake to intimate any changes in above mentioned information to the HTL and its Share Registrar as soon as these occur.

_______________________________ Dated: ____________________

SIGNATURE OF SHAREHOLDER (AS ON CNIC)

نوٹس برائے لازمی مینڈیٹ بابت نقد ڈیویڈنڈ

عزیز حصص دار

کمپنیز ایکٹ 2017 کے سیکشن 242 کے تحت لسٹڈ کمپنیوں کو نقد ڈیویڈنڈ کی ادائیگی صرف الیکٹرونک ذریعہ سے اہل حصص داران کے مقررہ بینک اکاؤنٹ کے توسط سے ہی کرنے کا اختیار ہے۔ اس لئے ہائی ٹیک لبریکنٹس لمیٹڈ (ایچ ٹی ایل) کے تمام حصص داران سے درخواست ہے کہ وہ ایچ ٹی ایل کو ان کے نقد ڈیویڈنڈ براہ راست ان کے مقررہ بینک اکاؤنٹ میں جمع کرانے کا مجاز قرار دیں اور بک انٹری حصص دار ہونے کی صورت میں اپنے متعلقہ سی ڈی سی پارٹیسپنٹ ری ڈی سی انویسٹر اکاؤنٹ سروسز کو اور حصص کے طبعی شکل میں ہونے کی صورت میں ہمارے شیئر رجسٹرار میسرز سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ کے شیئر رجسٹرار ڈپارٹمنٹ واقع CDC ہاؤس، 99-B، بلاک بی، ایس ایم سی ایچ ایس، مین شارع فیصل، کراچی 74400، پاکستان کو لازمی معلومات بابت بینک ضرور فراہم کریں۔

برائے مہربانی نوٹ فرمالیں کہ جن حصص داران نے اپنے ڈیویڈنڈ مینڈیٹ کی معلومات پہلے ہی فراہم کردی ہیں، وہ اپنے بینک اکاؤنٹ کی درستی اور اس کے فعال ہونے کی تصدیق کرلیں تاکہ آئندہ ان کے نقد ڈیویڈنڈ بلا تاخیر یا بنا کسی پیچیدگی کے ان کے اکاؤنٹ میں جمع ہو جائیں۔

برائے تاکید مزید نوٹ فرمالیں کہ ڈیویڈنڈ مینڈیٹ کی معلومات فراہم کرنا تمام حصص داران کیلئے لازمی ہے خواہ وہ سی ڈی سی اکاؤنٹ / سب اکاؤنٹ ہولڈر ہوں یا وہ فزیکل شیئر سرٹیفکیٹ کے حامل ہوں۔

کمپنیز ایکٹ 2017 کے تحت مطلوبہ لازمی معلومات

ہائی ٹیک لبریکنٹس لمیٹڈ (ایچ ٹی ایل) کے حصص داران کی ذاتی معلومات

شیئر ہولڈر کا نام: ________________________________

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ________________________ (CNIC):

ڈاک کا مکمل پتہ (ایچ ٹی ایل / شیئر رجسٹرار کی جانب سے ڈیویڈنڈ کی اطلاع اور خط و کتابت کیلئے درکار)

____

فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر ________________________________

ہائی ٹیک لبریکنٹس کے حصص دار کے بینک اکاؤنٹ کی معلومات

بینک اکاؤنٹ کا ٹائٹل (مکمل بمطابق چیک بک)

____

IBAN ________________________________

بینک کا نام (مکمل بمطابق چیک بک) ________________________________

برانچ کا نام اور پتہ (مکمل بمطابق چیک بک) ________________________________

موبائل فون نمبر (فعال) ________________________________

ای میل کا پتہ (فعال) اگر ہے۔ ________________________________

لینڈ لائن نمبر، اگر ہے۔ ________________________________

میں تصدیق کرتا / کرتی ہوں کہ درج بالا معلومات سچ اور درست ہیں اور ان معلومات میں کسی تبدیلی کی صورت میں ایچ ٹی ایل یا اس کے شیئر رجسٹرار کو فوری مطلع کرنے کا / کی ذمہ دار ہوں۔

تاریخ ____________

____

حصص دار کے دستخط (CNIC کے مطابق)

NOTICE FOR MANDATORY REQUIREMENT **OF ZAKAT DECLARATION ON CZ-50 FORMAT/ SOLMN AFFIRMATION FOR AZKAR EXEMPTION**

Dear Shareholder,

According to Zakat & Ushr Ordinance, 1980, Zakat Declaration / Solemn Affirmation in case of Non-Muslim of all Zakat Exempted shareholders (physical or CDS) is mandatory as per the prescribed format.

We are scrutinizing the records pertaining to Zakat deduction / exemption in respect to the dividend issued by the Company to its shareholders enabling us to avoid any future objections raised by Zakat Audit Authorities.

Keeping in view above precautions, following instruction must be followed while filling the Zakat Declaration Form;

- Zakat Declaration must be submitted as per the format attached (Form CZ-50) on Non-Judicial Stamp Paper of Rs.50/-
- All required fields / columns must be filled properly. Complete information are required including age, address, CNIC & Folio / CDS Account No. etc.
- Zakat Declaration must be Notarized by Notary Public / Oath Commissioner.
- Your Fiqah / Faith / Religion clearly mentioned on Zakat Declaration.

Therefore, in order to avoid such objections of Zakat Audit Authorities and also to comply with the prescribed format of Zakat declaration, kindly submit us the following documents within 15 days of receipt of this notice.

1. Companies / Muslim Individuals claiming Zakat exemptions on the basis of faith / fiqah:

   Attested Zakat Declaration (CZ-50) (format available at http://investor.hitechlubricants.com/) on non-judicial stamp paper of Rs.50/- along with copies of your and witnesses CNICs.

2. Non-Muslim Individuals claiming exemption from compulsory deduction of Zakat:

   Affidavit / Solemn Affirmation (format available at http://investor.hitechlubricants.com/) duly signed by shareholder / CDS Account holder on plain paper along with copies of your and witnesses CNICs.

   Please also provide copy of your and witnesses CNICs along with copy of fresh Zakat Declaration on CZ-50 format.

In case we do not receive attested copy of Zakat Declaration on CZ-50 format and/or Affidavit / Solemn Affirmation from the registered shareholders within 15 Days of this Notice, we will be marking your zakat status from Muslim Zakat Non-Payable to 'Muslim Zakat Payable' OR Non-Muslim Zakat Non-Payable to Non-Muslim Zakat Payable, as the case may be, for all the future dividend(s) and we will also be constrained to report this status as non-filing / non-availability of Zakat Declarations/ Affidavit / Solemn Affirmation to Zakat Authorities as and when they conduct audit.

Shareholders are requested to please use signatures as they have registered in the Share Registrar's record.

اطلاع برائے لازمی معلومات کی فراہمی بابت زکوٰۃ ڈکلریشن بمطابق CZ-50 فارمیٹ / حلفیہ تصدیق برائے استثنیٰ زکوٰۃ

عزیز حصص دار،

زکوٰۃ وعشر آرڈیننس 1980 کے تحت زکوٰۃ ڈکلریشن / حلفیہ تصدیق: زکوٰۃ سے مستثنیٰ، غیر مسلم حصہ دار (فزیکل یا سی ڈی ایس) کے لئے مقررہ فارمیٹ کے مطابق فراہم کرنا لازمی ہے۔
ہم کمپنی کی جانب سے حصص داران کو جاری کئے جائے والے ڈیویڈنڈ کے سلسلے میں زکوٰۃ کی کٹوتی / استثنیٰ سے متعلق اپنے ریکارڈ کو درست کرنے کی جانچ پڑتال کررہے ہیں تاکہ آئندہ زکوٰۃ آڈٹ اتھارٹیز کی جانب سے کوئی اعتراض نہ اٹھایا جائے۔

درج بالا احتیاط کے سبب آپ سے درخواست ہے کہ زکوٰۃ ڈکلریشن فارم پر کرتے وقت درج ذیل ہدایات پر عمل کریں:

- زکوٰۃ ڈکلریشن صرف مقررہ فارمیٹ (CZ-50) کے مطابق -/Rs.50 کے نان جوڈیشل اسٹیمپ پیپر پر جمع کرائی جائے۔
- تمام مطلوبہ شعبہ / کالم درست طور پر پُر کئے جائیں۔ عمر، پتے، CNIC اور فولیو / CDS اکاؤنٹ نمبر وغیرہ کی مکمل معلومات ہوں۔
- زکوٰۃ ڈکلریشن لازمی طور پر نوٹری پبلک / اوتھ کمشنر سے تصدیق شدہ ہونا چاہئے۔
- زکوٰۃ ڈکلریشن پر اپنا فقہ / عقیدہ / مذہب واضح طور پر تحریر کیا گیا ہو۔

لہٰذا زکوٰۃ آڈٹ اتھارٹیز کی جانب سے ایسے اعتراضات سے بچنے اور زکوٰۃ ڈکلریشن کے مجوزہ فارمیٹ کی پیروی کیلئے برائے مہربانی درج ذیل دستاویزات اس نوٹس کی وصولی کے 15 دن کے اندر جمع کرادیں۔

۱۔ کمپنیاں / مسلمان افراد جو اپنے عقیدے / فقہ کی بناء پر زکوٰۃ سے استثنیٰ کا دعویٰ کرتے ہوں:

تصدیق شدہ زکوٰۃ ڈکلریشن (CZ-50) (فارمیٹ http://investor.hitechlubricants.com پر دستیاب ہے) -/Rs.50 کے نان جوڈیشل اسٹیمپ پیپر پر مع اپنے اور گواہان کے CNIC کی کاپیاں۔

۲۔ غیر مسلم افراد جو زکوٰۃ کی لازمی کٹوتی سے مستثنیٰ ہونے کے دعویدار ہوں:

حلف نامہ: حلفیہ تصدیق (فارمیٹ http://investor.hitechlubricants.com پر دستیاب ہے) جو سادہ کاغذ پر حصہ دار CDS / اکاؤنٹ ہولڈر کا دستخط شدہ ہو مع اپنے اور گواہان کے CNIC کی کاپیاں۔

برائے مہربانی اپنے اور گواہان کے CNIC کی کاپیاں، تازہ ترین (CZ-50) فامیٹ پر زکوٰۃ ڈکلریشن کے ہمراہ فراہم کریں۔

رجسٹرڈ حصص داران کی جانب سے (CZ-50) فامیٹ پر زکوٰۃ ڈکلریشن اور / یا حلف نامہ / حلفیہ تصدیق اس نوٹس کے 15 دن کے اندر اندر موصول نہ ہونے کی صورت میں آئندہ ڈیویڈنڈز کیلئے ہم آپ کے زکوٰۃ کے اسٹیٹس کو صورتحال کے مطابق مسلم زکوٰۃ نا قابلِ ادائیگی سے مسلم زکوٰۃ قابلِ ادائیگی میں یا غیر مسلم زکوٰۃ نا قابلِ ادائیگی کو غیر مسلم زکوٰۃ قابلِ ادائیگی کے زمرے میں شامل کردیں گے اور زکوٰۃ اتھارٹیز کو آڈٹ کے وقت زکوٰۃ ڈکلریشن / حلف نامہ / حلفیہ تصدیق کی عدم وصولی / عدم دستیابی کے طور پر رپورٹ کرنے پر مجبور ہوں گے۔

حصص داران سے درخواست ہے کہ وہ ان دستاویزات پر وہی دستخط کریں جو شیئر رجسٹرار کے ریکارڈ میں رجسٹرڈ ہیں۔

Note:

Note:

Note:

In Loving Memory of

MUHAMMAD BASIT HASSAN
1979 – 2017
Executive Director Hi-Tech Lubricants Limited

A VISIONARY LEADER

He was an inspiration for people around him, quick but well informed decision-making, entrepreneurial vision, sheer hard work, quick wit and an ability to inculcate team spirit is what defined his personality that led the company to new heights of success. His exceptional blend of corporate acumen and great human values made him into a leader not just well respected but genuinely loved.

Departed but will never be forgotten.

www.hitechlubricants.com

HTL LIMITED
Hi-Tech Lubricants Ltd

Corporate Office:
1-A, Danepur Road, G.O.R-1, Lahore.
UAN: +92 42 111 645 942
Phone: +92 42 36311881-3
Fax: +92 42 36311884

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

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

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

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