HTL LIMITED

Annual Report 2021

ONE **TEAM** – ONE **DREAM**

ONE TEAM ONE DREAM

Hi-Tech Lubricants Limited (HTL or the Company) has achieved remarkable growth in a very short span of time and the credit goes to the Company's culture which is strongly rooted in positive energy and consistent performance but above all it's the people with a shared vision who make the company.

At HTL it's always been the goal-focused individuals with specialized expertise and complementary skills collaborating, innovating and producing consistently superior results that constitute the HTL team.

We have always believed that every stakeholder plays an important role in building the legacy of a brand. For us it's been every individual who came in contact with our Brand. It started with the effort of the first member of HTL TEAM who sold the very First Pack of ZIC Lubricant leading up to the group of ever-growing high potential people with new handlers, distributors, dealers, franchisees, retailers' et al joining along the way making the DREAM Team.

This Team extends to every single individual that believes in HTL from the first customer of ZIC to the daily visitor of HTL Station for high quality fuel and HTL Express center clientele of Vehicle maintenance looking for the premium performance that ZIC and HTL have come to be known for.

The team that once started with a handful of people continues to grow exponentially showing what a strong Vision can achieve. It's one dream with a vision that gave one team their mission.

HTL BY **NUMBERS**

HTL GROUP BY **NUMBERS**

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CEO'S **MESSAGE**

Dear Stakeholders,

The year 2020-21 introduced unprecedented challenges amid the COVID-19 pandemic. It is but for the Grace of God, the boundless courage of our employees and their commitment to the success of Hi-Tech Lubricants Limited (HTL or the Company) that we successfully delivered on our envisioned plan.

We look back on this year, as one of the most extraordinary years in living memory – a year full of challenges and changes with profound impacts on the way we live and work. During this time, the health and well-being of our people has always been a top priority of the Company. With the modified norms in our workplace 'Keeping distance, but standing together', our workforce demonstrated exemplary resilience and commitment to delivering products exceeding customers' expectations.

This year was defined by uncertainty and radical changes, all our stakeholders demonstrated great flexibility and willingness to adapt during these challenging times. We are therefore, convinced that despite the current and forthcoming challenges, we will be able to make a substantial difference. This conviction gives us the energy we need to continue to work strongly for an even brighter future.

It is with immense pleasure to report that HTL has hit all targets as per our budget 2020-2021 and we have achieved sustainable growth in all revenue generating departments. Coming to the annual results 2020-2021; HTL was able to deliver resilient performance during this fiscal year. On a consolidated basis, the Company's gross turnover increased by 92% to Rupees 15,600 million. Moreover, the consolidated net profit of the Company was Rupees 651 million which translates into an Earnings per share of Rupees 5.62 during the fiscal year ended June 30, 2021.

Moreover, this growth has come from our people who were in the positive frame of mind during pandemic (COVID-19) and worked relentlessly for a common goal. A common goal that constitutes off having a bright future for our Company. Today at HTL we are as what my soldier's Say: One Team One Dream".

Our expansion in HTL Fuel Stations has given us a bigger muscle to circumvent our brand image and your company now has a higher appeal in terms of value recognition in Pakistan. Currently, HTL has twenty-three dealer operated fuel stations in Punjab Province and this number is increasing at a very steady pace. Our Khyber Pakhtunkhwa Province has a lot of potential for HTL brand and we will be taking this advantage during Financial year 2021-2022. Our target is to start thirty-five fuel stations in Khyber Pakhtunkhwa subject to the approval from Oil and Gas Regulatory Authority. We are aiming to expand all over Pakistan in the future.

Our Lubricants Segment has reached new heights by introduction of handler model across Pakistan and addition of new markets in distribution channels.

During the year, the Company has made collaborations with Hyundai Nishat Motors (Private) Limited and M/S Regal Automobile Industries Limited (DSFK) for use of ZIC lubricants in their after sales services in all variants of cars sold by them. The Company is also in negotiation with other vehicle manufacturers and is expecting a favorable outcome. Hi-Tech Blending (Private) Limited (HTBL) – wholly owned subsidiary has mainly contributed towards the success of our lubricants segment and this will continue to grow in future. Furthermore, the Company has decided to enter into plastic packaging industry by venturing into the production of plastic products through HTBL.

The Company has a proven history and track record of its strong commitment for the improvement of society and the communities in which it operates. Making a real contribution to society and helping to find solutions to global challenges is fundamental to our way of doing business. To give focus to our efforts, we have set goals that include best environmental, social and governance practices across our operations. The primary focus of CSR initiatives of the Company remains in the education sector, healthcare and environment.

This year, Hi-Tech Lubricants Limited won the Second Prize for 'Living the Global Compact Best Practices Sustainability Award 2020', in the category of National Companies, at award ceremony hosted by UN Global Compact Network Pakistan and also achieved Third Position in Best Corporate & Sustainability Report Award 2020 in fuel and energy sector arranged by the joint committee of Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP).

With a rich legacy of serving the nation's needs, I am honored to be a part of HTL team, a Company that despite challenges has continued to grow and excel in delivering in line with its brand promise of Cultivating Growth. It has been truly inspiring to witness the teamwork, ingenuity and integrity that was exhibited on all levels in the Company. I would like to express gratitude to our Chairman of the Board and all Board members especially Executive Director Mr. Ali Hassan for their unconditional support and contributions to our success. I would also like to thank all stakeholders who have helped us and continue to do so, on this exciting journey. Building upon the momentum HTL created this year, my colleagues and I are passionately looking forward to another year of new opportunities, growth, and Delivering Enduring Value.

HASSAN TAHIR
Chief Executive Officer

COMPANY **PROFILE**

Hi-Tech Lubricants Limited (HTL or the Company) has been marketing lubricants in Pakistan for the last 24 years and is catering the needs of automotive, industrial and marine segments. The Company has outreach and availability of the ZIC products at around 20,000 retail outlets and wash stations, with a sales and technical force comprising of 174 employees across Pakistan including Azad including Azad Jammu and Kashmir and Gilgit Baltistan. Over 300 distribution vans are committed to providing door-to-door delivery for customers.

The Company also maintains adequate stock in warehouses as well as with distributors guaranteeing inexhaustible availability, and is currently providing a wide range of products that covers the needs of major business segments. 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.

In 2017, the Company stepped into the retail service industry with a One-Stop Vehicle Maintenance Solution under the brand name of HTL Express Centers. During the year 2020-2021, the Company has changed its strategy and adopted franchise model for HTL Express Centers. Currently, the Company has given franchises in three mega cities of Pakistan i.e. Lahore, Karachi and Rawalpindi.

In 2020, the Company successfully started marketing and sale of petroleum products in Punjab Province under the brand name HTL Fuel Stations.

PRINCIPLE **BUSINESS ACTIVITIES OF THE COMPANY**

The Company provides a wide range of top quality synthetic and semi synthetic lubricants products mainly to automotive sector and industrial sector under the brand name of ZIC. The Company imports a variety of ZIC products from SK Lubricants., Ltd. (South Korean Lubricant Manufacturing Company) and is also the sole authorized distributor of ZIC brand in Pakistan.

Through Hi-Tech Blending (Private) Limited (HTBL) - wholly owned subsidiary company, the Company operates a state-of-the art blending plant facility. It is a unique integrated blending plant facility which can produce lubricants that meet the International Quality Standards. The facility is fully equipped with complete bottle processing unit and automated filling lines. By using this facility, the Company imports variety of lubricants in bulk form from SK Lubricants., Ltd. and packed into bottles through automated filling lines. In collaboration with SK Lubricants., Ltd. the Company also started blending of various lubricants in Pakistan under the brand name of ZIC which itself an achievement. In addition, a state of the art Hi-Tech Testing Laboratory is also available at blending plant that provides in house lubricant testing services to the Company and also to outside customers.

To cater the needs of the end consumers, the Company provides vehicle maintenance services through its franchise centers called HTL Express Centers.

Furthermore, the Company also successfully running its petroleum segment operations under the brand name of HTL Fuel Stations in Punjab Province. Under this segment, the Company deals with Petroleum Motor Gasoline (Petrol) and High Speed Diesel (Diesel).

KEY **MARKETS**

ZIC LUBRICANTS

The Company sells its ZIC lubricants primarily through designated handlers and distributors split across all over Pakistan including Azad Jammu and Kashmir and Gilgit Baltistan. The Company has distributed its sale areas into four regions namely South, North, Central and Baluchistan.

Majority of Company's revenue is generated in the Punjab province. In view of tapping foreign markets, the Company has entered into a Non-Exclusive Distribution Agreement with M/S Osman Ghani Limited (an Afghanistan based company) for export of locally blended ZIC Brand products.

HTL EXPRESS CENTERS

The Company through its franchise model provides vehicle maintenance services in Lahore, Karachi and Rawalpindi under its brand name HTL Express Centers. These franchises entertain both corporate and non-corporate customers.

PETROLEUM PRODUCTS

The Company successfully running its petroleum segment operations under its brand name HTL Fuel Stations in Punjab Province. At 30 June 2021, the Company has twenty-three HTL Fuel Stations. City wise detail of these HTL Fuel Stations is stated below:

CITY NAME	NUMBER OF HTL FUEL STATIONS
Lahore	5
Multan	2
Lalian	1
Faisalabad	2
Hasilpur	1
Jhang	2
Gujranwala	2
Arifwala	1
Wazirabad	1
Okara	1
Bahawalpur	1
Rahim Yar Khan	1
Hujra Shah Muqeem	1
Dera Ghazi Khan	1
Islamabad	1
Total	23

KEY BRANDS
PRODUCTS & SERVICES

ZIC **Oil**

The Company's product portfolio consists of three major categories i.e. 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)

X1-20W-50
(Economy)

X3-15W-40
(Classic)

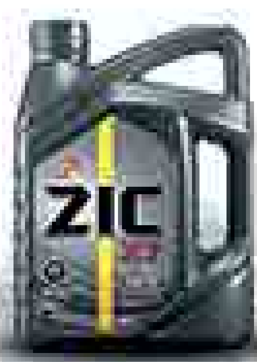
X5-20W-50
(Synthetic)

TOP-0W-40
(Fully Synthetic)

X9-5W-40
(Fully Synthetic)

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, X3 and X1. Among these ZIC TOP, X9, X7 FE and X7 are fully synthetic engine oil and are of premium quality targeting the luxury car market, X5 is synthetic whereas X3 and X1 are classical. All ZIC X 7 ranges has been upgraded to API SP grading. The grading such as ZIC OW30 and 5W40 are done on the bases of their viscosity. SAE is involved in multi grading of oil considering viscosity and temperature resistance. Both of the above mentioned 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.

X7-0W-30
(Fully Synthetic)



X7-0W-20
(Fully Synthetic)

X7-5W-20
(Fully Synthetic)

X7-10W-40
(Fully Synthetic)

MOTOR **CYCLE OILS (MCO)**

ZIC MCO is offering a wide range of products which includes ZIC M9 and M7 are fully synthetic and M5 is high quality semi synthetic. ZIC Synthetic series provides exceptional lubrication, best performance and protection against piston scuffing and rust. In classic category, the Company provides M3 which is blended with highly refined base oil and selected additives. M1 is multi viscosity motor oil specially designed for 3 wheeler's engine keeping in mind its requirements. ZIC MCO provides complete lubrication for engine, clutch and gear unlike other conventional oils.

M9-10W-40

M7-10W-40

M5-10W-50

M5-20W-40

M3-20W-50

M1-20W-50

DIESEL **ENGINE OILS**

Diesel Engine oil is used in vehicles having heavy duty engines like trucks, buses, trawlers etc. Under DEO, ZIC is offering X7000, X5000, X3000 and X1000. 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 to 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)

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)

X1000-50 (CF/SF)
(Economy)

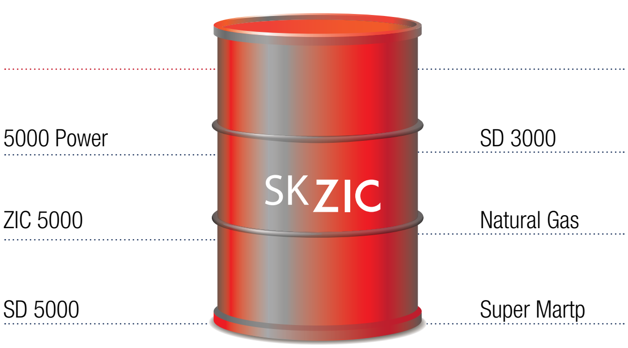
X5000-15W-40 (CH-4)
(Synthetic)

INDUSTRIAL OILS, GREASES, HYDRAULICS, ATF, GEAR OILS, **BRAKE FLUIDS AND COOLANTS POWER GENERATION GEN-SET OILS**

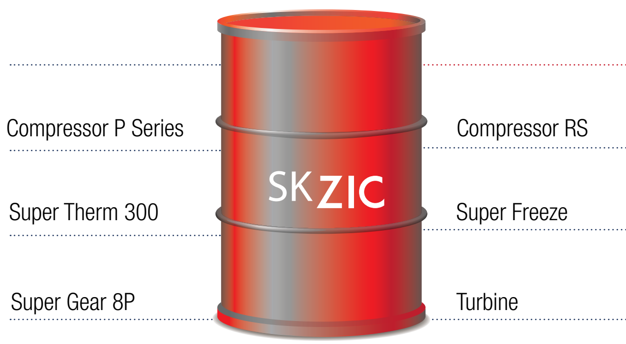
- ZIC Coolants have high quality long life for radiators that (ethylene glycol based) provides outstanding performance in all cooling systems. ZIC coolants are pre-diluted for customer's convenience mixed (50: 50) with water and ethylene glycol.
- ZIC Vega series is a high quality hydraulic oil providing 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.

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 oil



Hydraulic oil

ZIC VEGA

ZIC VEGA LX

Grease

ZIC Royal Grease

ZIC Crown Grease

VEHICLE MAINTENANCE **CENTERS**

HTL EXPRESS CENTER

It is a One-Stop Solution for all vehicle maintenance needs, providing reliable, convenient, modern, quick, clean, and customer-centric services. HTL Express Centers offers complete health check for vehicles including oil change, wash/service, tire service, battery service, air condition service, and vehicle accessories.

The brand provides long-term vehicle maintenance solutions to ensure durability by predicting and preventing the occurrence of defects. This is done with state-of-the-art diagnostic tools available at all facilities. Quality is ensured through procurement of only high-quality branded products.

The centers are committed to maintaining international quality standards, reflecting our company's promise of delivering excellence in all our business practices. During the year, the Company has changed its strategy and adopted franchise model for HTL Express Centers. Currently, the Company has given eight operational HTL Express Centers as franchises in three mega cities. i.e. Four in Lahore, three in Karachi and one in Rawalpindi.

HTL FUEL **STATIONS**

With HTL Fuel Stations, our ambition is to offer a complete solution to all requirements of a vehicle user. Imagine the HTL Station: a conveniently-located stop on the road offering top-quality fuel products, an HTL Express center providing complete vehicle maintenance products and services including our star product ZIC, and an HTL Mart equipped with essential fast-moving consumer goods, all at one place.

The Company is successfully running marketing and sale of petroleum products through HTL Fuel Stations in Punjab Province. At 30 June 2021, the Company has twenty-three HTL Fuel Stations in the Punjab Province. This number will increase to forty to forty-five after completion of expansion at Sahiwal Storage Facility.

The Company expects to start marketing and sale of petroleum products in Khyber Pakhtunkhwa Province, after receiving formal approvals from Oil and Gas Regulatory Authority (OGRA). For this purpose, the Company has successfully completed its Oil Storage Facility situated at Nowshera, Khyber Pakhtunkhwa Province. It will lead the Company to operate thirty-five HTL Fuel Stations in Khyber Pakhtunkhwa Province.

We are committed to expand our fuel business across the country as part of our long term strategic plan, completely transforming the way our customers experience road travel. We aim to develop the same confidence in our customers with our fuel stations as we have done with ZIC products, which can only be achieved by consistently delivering excellence in all our products and service offerings.

Our vision is to establish HTL Fuel Stations as a market leader in oil marketing sector, offering superior quality products and services compared to what is being offered by existing market players, all the while keeping the needs of our customers at the center of all our planning and decision-making process. We envision HTL to become the brand of choice in the oil marketing 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.

HI-TECH **BLENDING (Pvt.) Ltd.**

WHOLLY OWNED SUBSIDIARY

BLENDING PLANT

Our capabilities are expanding with the growing demand for ZIC Lubricants in the country, with an expanding customer base that depends upon the consistent supply of our premium lubricants on a regular basis. There exists an ever-increasing need to continuously refine our supply chain and ensure consistent provision of ZIC Lubricants to our valued customers. In pursuance of that goal, we established Hi-Tech Blending (Private) Limited (HTBL), a 100% owned subsidiary of HTL, equipped with an exceptional and independent Hi-tech Testing Laboratory, filling lines, and quality control checks. The plant has been designed to produce cans and caps in-house, as well as locally blend lubricants for our ZIC mid-tier products with its state-of-the-art technology that eliminates any risk of contamination during the blending and bottling process. To cater for the increasing demand of ZIC Lubricants, the Company is in the process of expanding its blending facilities.

HI-TECH **TESTING LABORATORY**

TESTING LABORATORY

HTBL blending plant also incorporates Hi-Tech Testing Laboratory, built with the latest lubricant testing technology that provides greater accuracy and precision to our quality control operations. The Lab also provides commercial lubricant testing services, making quality assurance more accessible to customers. This commercialization has the potential to reduce the presence of substandard lubricant products in the market.

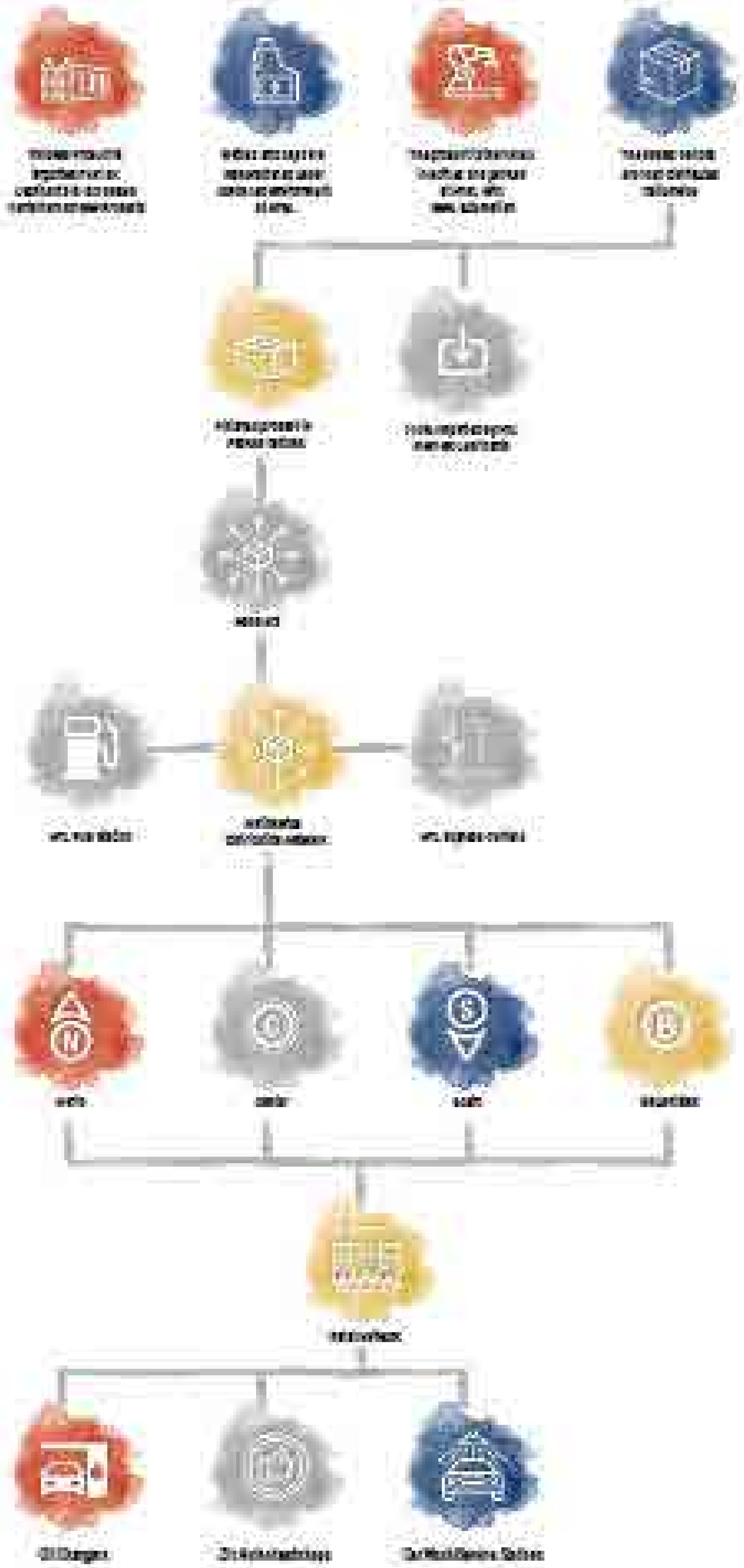
HI-TECH **BOTTLING SECTION**

HTBL bottling section within blending plant facility is a specialized end to-end bottle manufacturing unit, employing around 50 technicians who incorporate the highest international quality standards to produce flawless bottles and caps for ZIC. To eliminate any risk of contamination in the finished product, HTBL has installed sophisticated machinery which finds little to no parallel in the region in terms of high output capacity and quality, low energy consumption, and cost optimization. The bottling section is equipped with an extrusion blow molding machine called the Innova 130 SE. In addition to its production capacity of 3-10 liters, the Innova 130 SE has enabled blending plant to manufacture superior quality bottles and that too at a much lower cost due to its low energy requirements. The bottling section also has an injection molding machine which was upgraded in 2019. Due to this, the rate of cap production increased by twice without requiring any additional input, thereby cutting our cap manufacturing cost in half. Our bottling facility continues to expand both in terms of sophistication and capacity, further improving our bottle quality and increasing the rate of our bottling output. This allows us to meet our lubricant business needs plus opens up new business opportunities in the form of customers who require the production of high quality bottles of their brand at our plant.

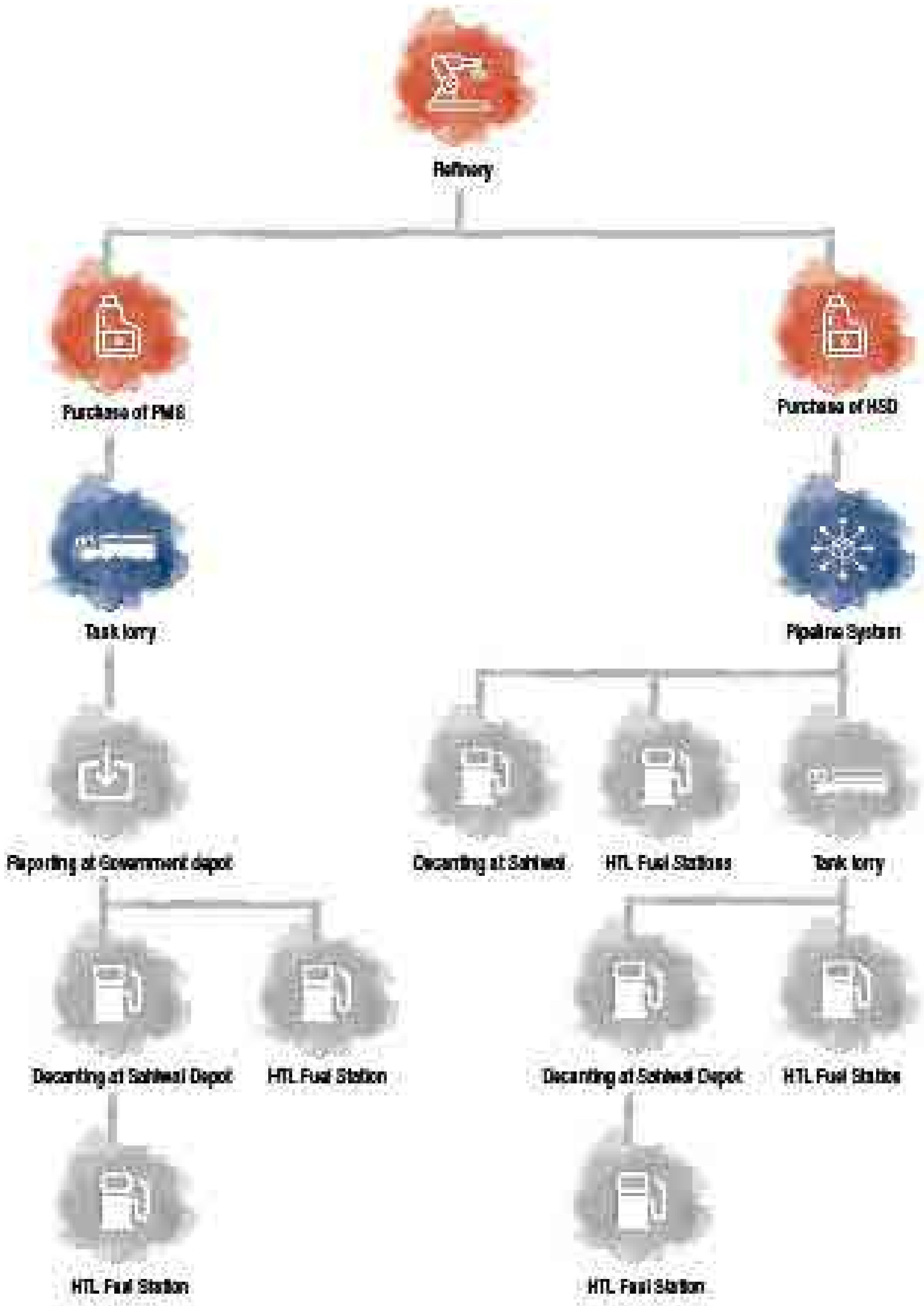
HTL (through HTBL) has also decided to enter into plastic packaging industry by venturing into the production of plastic products for external customers. For this purpose, the process for import and installation of requisite machinery has been initiated.

LUBRICANTS **SEGMENT VALUE CHAIN**

VIA HTBL



PETROLEUM **SEGMENT VALUE CHAIN**



SIGNIFICANT **CHANGE FROM PRIOR YEAR**

- Successful completion of Oil Storage Facility situated at Nowshera, Khyber Pakhtunkhwa Province.
- Started expansion of HTBL's blending facilities.
- Through HTBL, enterance into plastic packaging industry by venturing into the production of plastic products for external customers.
- Signed agreements with Hyundai Nishat Motors (Private) Limited and M/S Regal Automobile Industries Limited for use of ZIC Lubricants.

OWNERSHIP, OPERATING STRUCTURE AND RELATIONSHIP WITH **GROUP COMPANIES AND NATURE OF THOSE RELATIONS**

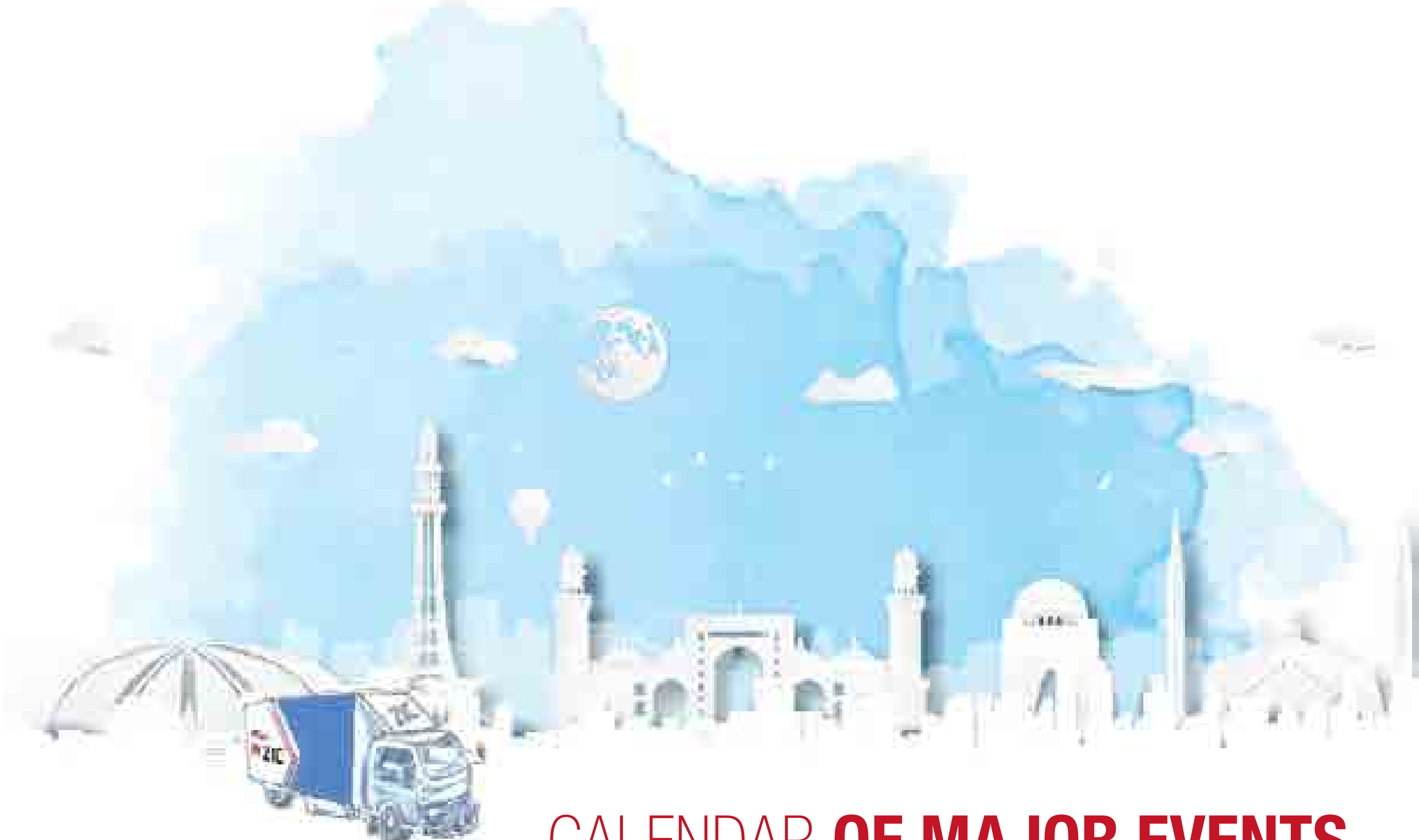
The Company is a part of Hi-Tech Lubricants Group. The Group comprises of two companies i.e. Hi-Tech Lubricants Limited and Hi-Tech Blending (Private) Limited.

Hi-Tec Lubricants Limited

Hi-Tech Lubricants Limited (HTL) is the holding company of Hi-Tech Blending (Private) Limited. In March 1997, HTL started its business as an Association of Persons (AOP) and 2011 it was first converted into private limited company and later on converted into a public unlisted company. In 2016, HTL finally got listed on Pakistan Stock Exchange. As at 30 June 2021, the market capitalization of HTL is around Rupees 8.23 billion, with majority of its shares being held by the directors, their spouses and children.

Hi-Tech Blending (Private) Limited

Hi-Tech Blending (Private) Limited is a wholly owned subsidiary of HTL and 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 Company is to construct, own and operate oil blending plant.



CALENDAR **OF MAJOR EVENTS**

2020

11-Sep-20
Approval of annual financial resutls for the year ended 30 June 2020; and

Declaration of final cash dividend @ Rs. 0.90 per shar by Board.

14-Oct-20
Achieved fourth position in fuel and energy sector under Best Corporate Reports of 2019 Awards .

23-Oct-20
12th Annual General Meeting (AGM)

Approval of annual financial resutls by shareholders

Approval of final cash dividend (D-8) by shareholders.

23-Oct-20
Approval of financial results for the first quarter ended 30 September 2020 by Board

Acceptance of resignation of Mr. Ji Won Park (Nominee of SK Lubricants Ltd,.) and co-opted Mr. Jung Woo Lee (Nominee of SK Lubricants Co. Ltd,.) as director on Board of HTL.

10-Nov-20
Electronic disbursement of final cash dividend (D8)

20-Nov-20
Corporate briefing session organized on the basis of annual financial results for the year ended 30 June 2020.

2021

19-Jan-21
Signed agrement with Hyundai Nishat Motors (Private) Limited for the use of ZIC Lubricants in their after sales services.

26-Jan-21
Started expansions at plant site of HTBL wholly owned subsidiary company.

19-Feb-21
Approval of financial results for the half year ended 31 December 2020.

Decalaration of interim cash dividend @ Rs. 2.0 per share.

26-Feb-21
Renewal / revision of HTBL's licence by OGRA for enhancing the term of lube oil blending (production and marketing) from 10 Years to 20 years.

22-Mar-21
Signed agrement with M/S Regal Automobile Industries Limited (DSFK) for the use of ZIC Lubricants in their after sales services.

25-Mar-21
Signing of contract to export Zic Lubricants to Afghanistan.

13-Apr-21
Enter into plastic packaging industry through HTBL.

23-Apr-2021
Approval of financial results for the third quarter ended 31 March 2021, by Board

3-Jun-21
Mr. Jung Woo Lee (Nominee of SK Lubricants Co. Ltd.,) resigned from directorship.

28-Jun-21
Approval of budgets and plans for the first six months of FY 2021-22 and co-opted Mr. Hyukjin Kwon (Nominee of SK Lubricants Co. Ltd.,) as director on Board of HTL.

JOURNEY

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.

SO FAR

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.

2017 COMMENCEMENT OF HTL EXPRESS CENTERS (RETAIL SERVICES)

In 2017, HTL launched a new project named "HTL Express" and established its first retail center at Dharampura, Lahore.

2020 PETROLEUM SEGMENT OPERATIONS

- Start of marketing and sale of petroleum products through HTL Fuel Stations in Punjab Province
- Successfully implemented Oracle system for petroleum segment operations

2021 ENTERANCE INTO PLASTIC PACKAGING INDUSTRY

- Successful completion of Oil Storage Facility situated at Nowshera, Khyber Pakhtunkhwa Province.
- Started expansion of HTBL's blending facilities.
- Through HTBL, enterance into plastic packaging industry by venturing into the production of plastic products for external customers.

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**

CODE OF BUSINESS **CONDUCT AND ETHICS**

ETHICAL CONDUCT **& PERSONAL MAINTENANCE**

Delivering high quality products and services for client satisfaction. 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 / she stay on top of game with outstanding results. All employees must practice proper personal hygiene standards. The Company encourages a 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 rules and regulations. 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 their 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 observe all the safety rules and instructions provided by supervisor and use safety equipment where required.

ANTI-BULLYING & ANTI-DISCRIMINATION

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 and free of bullying workplace. Acts or threats of intimidation, sabotage, physical or mental harm, terrorization and similar activities are not tolerated.

Supervisors who fail to take action, engage in, or permit such activities to occur not only expose HTL to liability; they also expose themselves to personal liability or even to non-tolerable offence.

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 intimidation, 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

HTL provides the necessary equipment to employees for their job performance. None of this equipment should be used for personal use and nor it is removed without approval from the physical confines of HTL premises. Employees are also required to comply information security policies defined by HTL. It is the responsibility of the employees to use HTL's assets properly and follow the standard operating procedures.

MEDIA & SOCIAL NETWORKING

Only officially designated employees are allowed to speak on behalf of HTL before television, print media, social media or any other media by whatsoever mean. If any employee does this, he / she would be personally liable for 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 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.

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

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

TRADE REGULATIONS

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

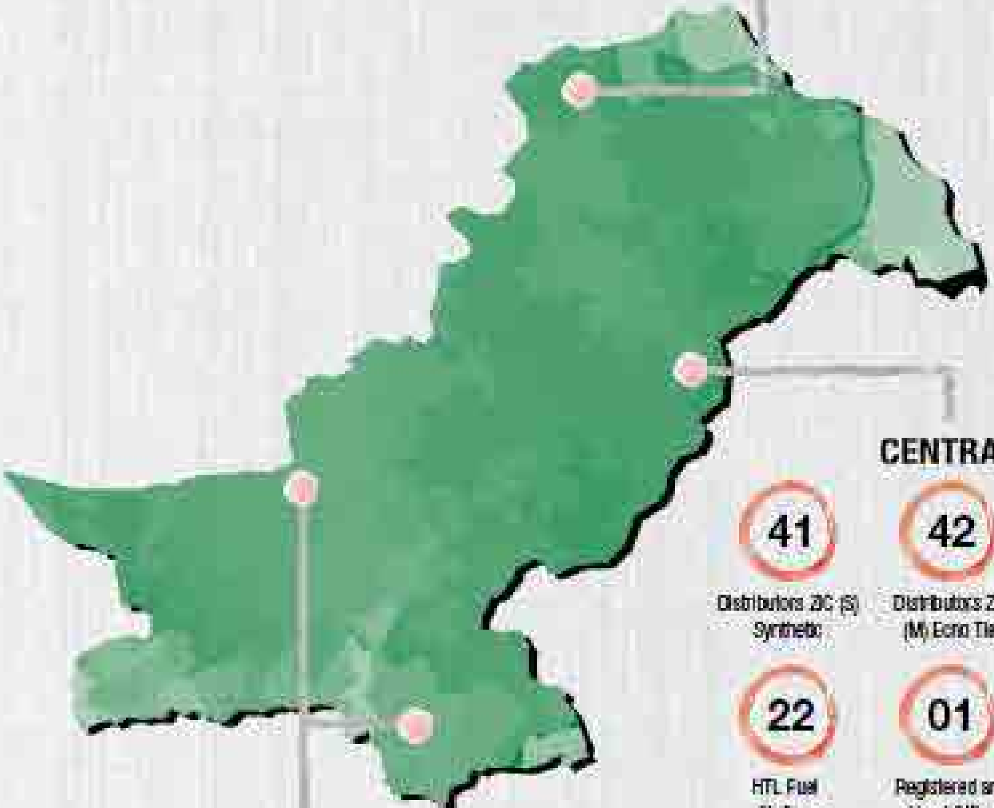
SOCIALLY RESPONSIBLE BUSINESS

HTL upholds its value of treating everyone fairly, equally and also valuing diversity within the workplace while carefully practicing human rights. Being socially responsible business, HTL provide opportunities to make desired changes within the community.

GEOGRAPHICAL **PRESENCE**

NORTH

- 01 Oil Depot
- 01 HTL Fuel Station
- 02 Handlers ZIC (S) Synthetic
- 27 Distributors ZIC (S) Synthetic
- 29 Distributors ZIC (M) Ecno Tier
- 02 Regional Offices
- 01 HTL Express Centre



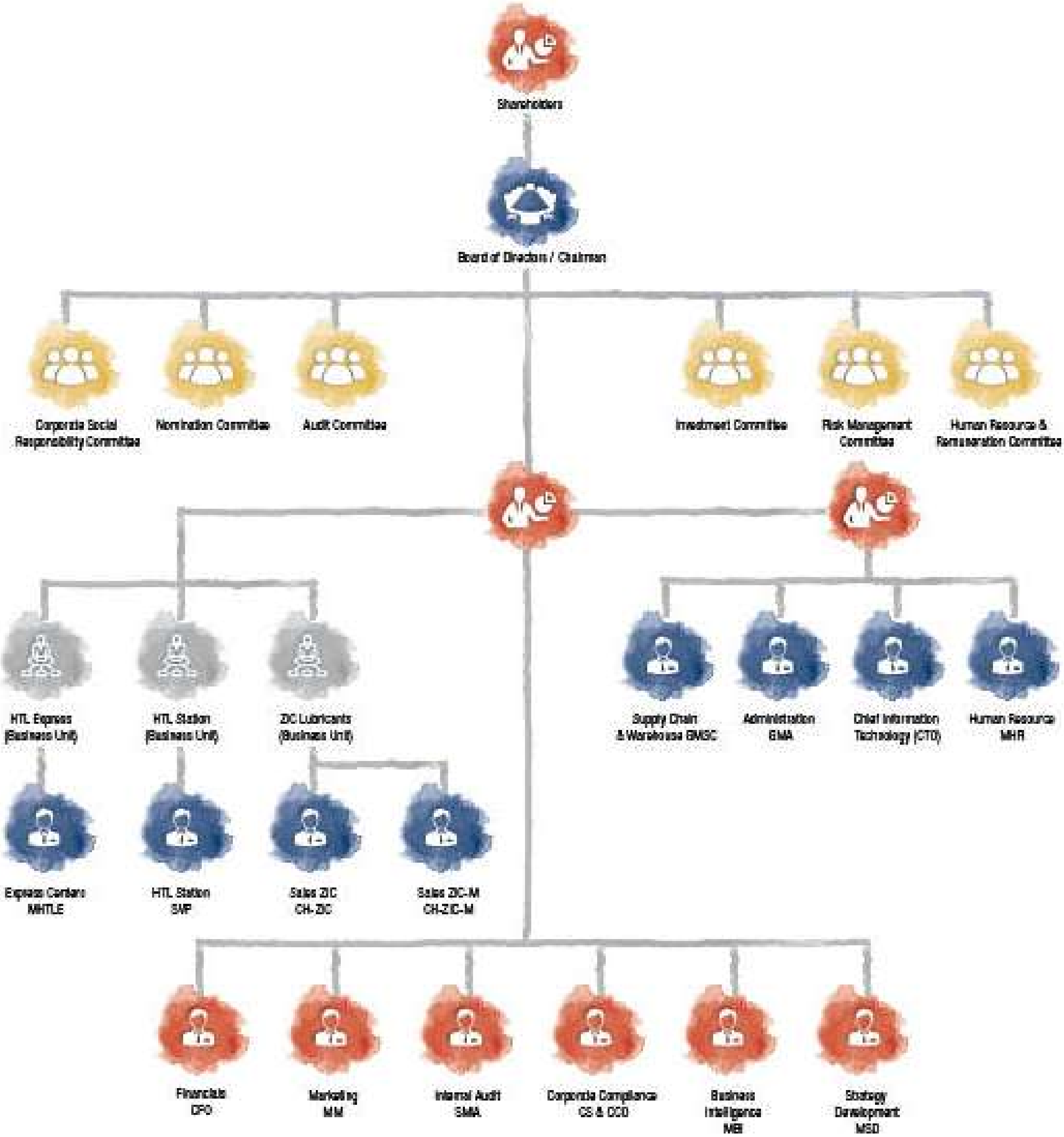
CENTRAL

- 41 Distributors ZIC (S) Synthetic
- 42 Distributors ZIC (M) Ecno Tier
- 04 HTL Express Centers
- 22 HTL Fuel Stations
- 01 Registered and Head Office
- 01 OMC Project Office
- 01 Regional Office
- 03 Warehouses
- 01 Oil Depot
- 03 Handlers ZIC (S) Synthetic

SOUTH

- 21 Distributors ZIC (S) Synthetic
- 09 Distributors ZIC (M) Ecno Tier
- 03 HTL Express Centers
- 01 Regional Office
- 01 Handlers ZIC (S) Synthetic

ORGANIZATIONAL **STRUCTURE**



LEGEND

CFO:	Chief Financial Officer
CS&CCO:	Company Secretary and Chief Compliance Officer
CH:	Country Head
SVP:	Senior Vice President
MSD:	Manager Strategy Development
GMSC:	General Manager Supply Chain
GMA:	General Manager Administration
SMIA:	Senior Manager Internal Audit
MM:	Manager Marketing
MBI:	Manager Business Intelligence
CTO	Chief Technology Officer
MHR:	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. Hyukjin Kwon
Non Executive Director (Nominee of SK Lubricants Co. Ltd.)

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**

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

LEGAL **ADVISOR**

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

STOCK **SYMBOL**

HTL

REGISTERED **/ HEAD OFFICE**

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

REGIONAL **OFFICES**

KARACHI **OFFICE:**

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

ISLAMABAD **OFFICE:**

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

MULTAN **OFFICE:**

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

PESHAWAR **OFFICE:**

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

OMC **OFFICE:**

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

HTBL **LOCATION**

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

COMPANY **WEBSITE:**

www.hitechlubricants.com
www.zicoil.pk

BANKERS

ISLAMIC **BANKS**

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

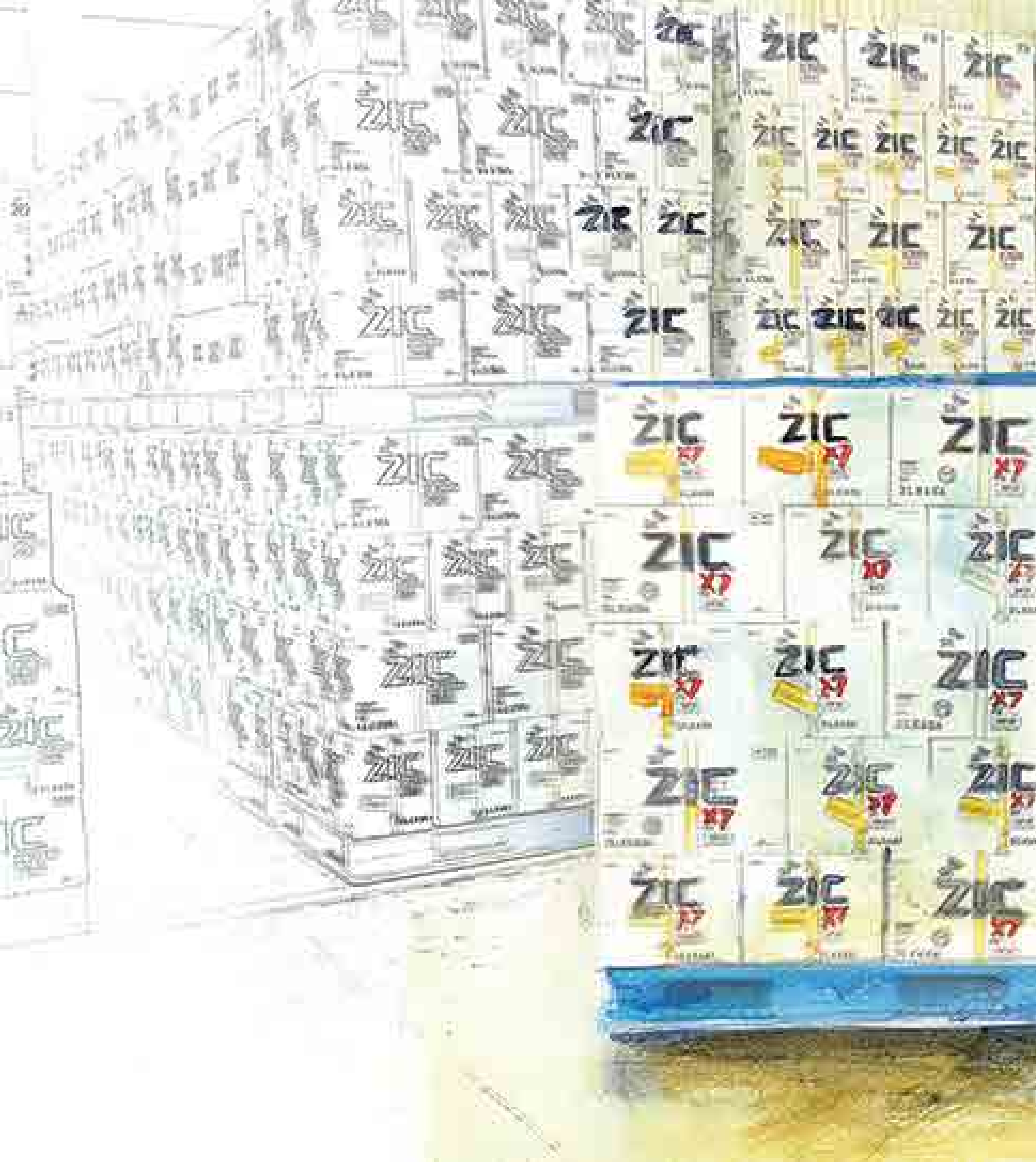
CONVENTIONAL **BANKS**

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

STRATEGIC **DIRECTION**

@ *HTL*

Our focus for Fuels & Infrastructure will be on further optimizing the consistent performance of our brand, growing wholesale fuel volumes at par with market growth rates, extracting further benefits from our investments and increasing supply volumes.




ZIC
TOYOTA
20

STRATEGIC **DIRECTION**
CORPORATE **STRATEGY**

HTL is committed to increase value for all our stakeholders by growing its presence in the lubricants market while pursuing strategic expansion into business opportunities which align with our core competencies. HTL strive to provide good quality products and better services to its customers around the country. The following five core strategic objectives guide our business:

REVENUE **GROWTH**

HTL focused on increasing revenue through data-driven strategies aimed at increasing revenue for all business units through an intricate business intelligence function that provides real-time market data and analysis to highlight key focus areas for sales expansion.

BRAND **IMAGE**

The aim is to establish HTL as a brand recognized for its provision of top quality products for automobile users. It currently includes ZIC lubricants, HTL Fuel Stations and HTL Express Centers.

OPTIMIZATION OF SYSTEMS AND **PROCESSES**

The Company undergoes regular refinement of systems and process to bring greater efficiency to business operations. Efforts include quarterly reviews of all departments to highlight problems and implement necessary rectifications. The Company has also invested in the implementation of globally-recognized efficient technologies such as Oracle and FATHOM, and leverages on an immaculately-designed intranet portal for speedy internal communication.

SHAREHOLDERS' **EQUITY**

HTL is making all necessary efforts to meet shareholders' expectations. Adequate checks are in place to monitor risk, and all strategies are aligned with the overall goal of maximizing return on investment.

BUSINESS **DIVERSIFICATION**

Continuing with its commitment to develop profitable non-lubricant businesses, the Company is utilizing the IPO funds generated in 2016 for the development of infra-structure for HTL Fuel Stations to ensure long-term profitability of the Company by investing in related business streams in the automotive industry. The Company successfully operating its petroleum segment operations in the Punjab Province while operations in Khyber Pakhtunkhwa are almost near to start, subject to Oil and Gas Regulatory Authority approvals. Furthermore, HTL decided to enter into plastic packaging industry through venturing into the production of plastic products for external customers during the year.

COMPANY PERFORMANCE **INDICATORS**

Strategic Objectives	Performance Monitoring Indicator	Measure
Revenue 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 foreseeable future to assess the performance of the Company in achieving its strategic objectives.

SHORT, MEDIUM, AND LONG TERM **STRATEGIC OBJECTIVES**

In the short term, the Company is pushing sales forward and focusing on the volumetric growth of its ZIC Oil products, especially in the South region which is currently dominated by other players in the industry. Initiatives focused on reducing costs through increased local blending and packaging opportunities would allow cost economies providing improved competitive advantage to make ZIC more attractive to greater segment of the motor oil market.

With Franchised HTL Express centers in place, the Company is focused on increasing the brand's customer base in the vehicle preventive maintenance by attracting corporate clients to provide fleet maintenance services in addition to catering to the consumer segment of the vehicle maintenance industry.

During the year, the Company started to expand its HTBL plant's blending facilities to cater for the increasing demand of ZIC Lubricants. The plans to complete its expansion project in the short term.

Entrance into the plastic packaging industry by venturing the production of plastic products through HTBL. HTL plans to complete requisite project between short term to medium term span of time.

HTL is successfully running its petroleum segment operations in Punjab Province, while operations in Khyber Pakhtunkhwa Province almost near to start, subject to approvals. The Company is expanding its operations very steadily. In the medium term, more investment in the HTL Fuel Stations would expand the HTL network in the country, providing greater avenues for ZIC and HTL Express to penetrate in the motor oil segment through greater visibility at the stations. The concept of delivering a one-stop solution for all vehicle needs would take precedence over individual brands, helping establish the brand name of HTL as a top quality product and service provider in the automotive industry.

In the long term, focus would be on establishing the right mix of diversified revenue generating streams that help HTL minimize its risk exposure while delivering a sustainable return on equity (ROE) to shareholders.

IMPLEMENTATION **PLAN**

To best implement the overarching strategic direction, the Company has well defined management objectives in place, translating the short, medium, and long term strategic objectives into monthly targets which are communicated to all departments at the start of every calendar year. The targets are set at the beginning of every calendar year based upon two core factors: performance in the previous year, and current/expected dynamics of the market. These targets are mutually defined and agreed upon before being formalized in a plan that forms the backbone of all business decision making for the year. Against all targets, annual, quarter, and monthly KPIs are also defined to help monitor progress along the way, ensuring that prompt corrective measures are taken in case of deviation from the set targets. On an annual basis, these KPIs are revised to better reflect the changing needs of all stakeholders and the evolving nature of the business, and such revisions are promptly communicated to key personnel. These targets and KPIs are continuously monitored on a monthly basis, and any discrepancies are dealt with in a swift manner to ensure compliance with quarterly targets. On a quarterly basis, the Company has a strict performance review conducted by the top management, whereby managers of each department present their results for the quarter, clearly showcasing their achievements in the quarter against pre-defined targets.

RESOURCE **ALLOCATION**

FINANCIAL **CAPITAL**

LIQUIDITY AND CASH FLOW **MANAGEMENT ANALYSIS**

Effective resource and working capital management with following key highlights:

a) More than 90% advance collection from customers;
b) Channel financing for distributors and dealers from financial institutions;
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.

CAPITAL STRUCTURE **OF THE COMPANY**

Debt: Equity ratio has been decreased from 21.29 to 17.34. Such reduction is mainly due to repayment of short term borrowings by the Company. All Capex were financed either from internal generated resources or from IPO funds used specifically for expansions in petroleum segment operations. 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 long term debt. Company's ability to pay its debt is stable as per our credit rating 'A/A-2' assigned by JCR-VIS Credit Rating Company. Assigned rating depicts good credit quality with adequate protection factors. Further, risk factors may vary with possible changes. Moreover, there is good certainty of timely payment coupled with sound company fundamental and liquidity factors.

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 and 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 Fuel Stations (Petroleum segment) team possess hands on experience and work with devotion and motivation to ensure the success of this new project. 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 necessary oil storage depot for HTL Fuel Stations in Punjab Province located at Sahiwal, which is in expansion phase. Furthermore, HTL has competed successfully its Oil Storage Facility located in Nowshera, Khyber Pakhtunkhwa Province. For ZIC lubricants storage, HTL has three warehouses in Lahore and one in Karachi.

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. Retail Pro system has also developed to support HTL Express Center operations. Furthermore, HTBL wholly owned subsidiary is also in the process of implementing Oracle for its business operations.

INTELLECTUAL **CAPITAL**

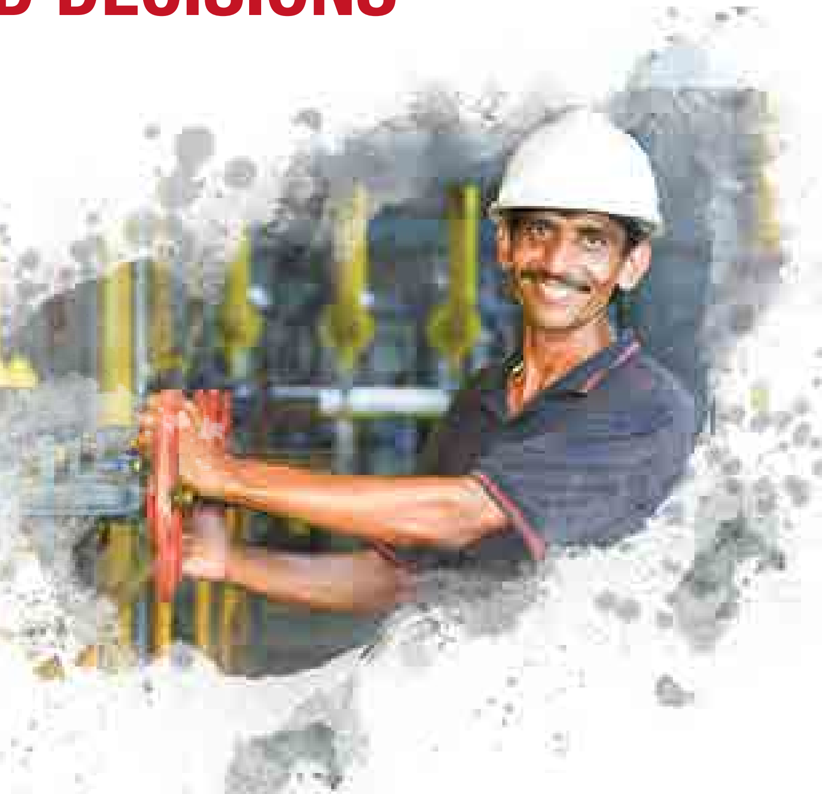
Hi-Tech Lubricants Limited (HTL); Company behind ZIC, is a Public Limited Company and is one of the leading synthetic engine and machinery lubricant marketing company of Pakistan which boasts a sizeable market share in lubricants market. HTL Lube division product portfolio is under the brand name of "ZIC". HTL stepped in to the retail service industry in 2017 with the initiation of Complete Vehicle care under one roof. During the year, the Company has adopted franchise model for HTL Express Centers. 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 Fuel Stations and invested in Oracle Financial Module to support its operations.

STRATEGY FOR **LIQUIDITY MANAGEMENT**

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 at 30 June 2021, the Company had Rupees 778.819 million available borrowing limits from financial institutions and Rupees 264.544 million cash and bank balances. Management believes the liquidity risk to be low based on following available facilities:

Description	Non-funded	Funded
	Rupees	Rupees
Total facilities	1,060,000,000	1,430,000,000
Utilized at the end of the year	199,778,799	651,180,637
Un-utilized at the end of the year	860,221,201	778,819,363

SIGNIFICANT PLANS **AND DECISIONS**



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 the progress on implementation of project: Expansion through retail outlet: 1 owned service center under regulatory approval and out of the 10 rented service centers, 1 is operational, 3 are approved and under construction, 3 are under regulatory approvals and 3 are under negotiations. Accurate, effective and timely implementation of the above plans of the Company became a big challenge for the Company due to expensive lands and properties at key locations in almost all the cities for express service centers. Hence, the Company planned for incorporation of express centers into its fuel stations to be established under the umbrella of Oil Marketing Company (OMC) Project of the Company. In this regard, the Company obtained a financial feasibility report from KPMG Taseer Hadi & Co., Chartered Accountants regarding investment in OMC Project.

In view of successful fulfillment of initial mandatory requirements of Oil and Gas Regulatory Authority (OGRA) for setting up of an OMC and future prospects of OMC in current international scenario as prospected under financial feasibility report, the shareholders of the Company in their 9th Annual General Meeting held on 29 September 2017 approved diversion and utilization of un-utilized IPO funds from HTL Express Centers and wholly owned subsidiary company to OMC Project of the Company keeping in view overall growth of the Company and ultimate benefit to all shareholders and stakeholders of the Company.

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

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

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

During the year ended on 30 June 2020, the Company started its OMC operations and expediently worked on completion of its Nowshera oil storage. During the year ended 30 June 2021, Company has completed its oil storage at Nowshera. On August 2021, subsequent to reporting period, OGRA has acknowledged the satisfactory completion of Nowshera oil storage based on third party inspection report. Currently, the Company has eight operational HTL Express Centers, four in Lahore, three in Karachi and one in Rawalpindi. Further, the Company has twenty-three retail outlets operational for sale of petroleum products as on 30 June 2021

SIGNIFICANT PLANS AND DECISIONS WITH REGARD TO CORPORATE RESTRUCTURING AND DISCONTINUANCE **OF OPERATION**

The Company does not intend to initiate any plans of corporate restructuring and discontinuance of any operations.

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

As part of our commitment to our stakeholders, we regularly monitor our strategies to further enhance the value creation process. The Company has decided to enter into plastic packaging industry through its wholly owned subsidiary, HTBL.

FUTURE**OUTLOOK**

FORWARD LOOKING **STATEMENT**

For financial year 2022, the Government of Pakistan has envisaged a GDP growth target of 4.8% and has introduced in the Federal Budget for the 2021-22 measures to boost economic activity. The industrial sector is expected to remain buoyant due to improvement in export volumes and built-up of industrial capacity under the SBP's Temporary Economic Refinance Facility (TERF). Similarly, construction sector is likely to be a key contributor to economic growth on the back of higher budgetary allocation for development spending and Government's on-going focus to support construction and housing finance. In view of the growth momentum, the SBP, in its latest monetary policy statement, maintained its expansionary policy stance, keeping the policy rate at 7% - unchanged since June 2020. The management of the Company is optimistic about improvement in macro-economic conditions and has planned investments in new machinery, equipment's and fuel storages facilities in the current year to enhance capacity and presence in the fuel business and diversification into plastic packaging industry. The Company is committed to increase profitability by focusing on volumetric growth, cost efficiencies and product mix management.

PROGRESS OF OUR **EXPANSION PLAN**

The Company steadily expanding its petroleum segment operations. Currently, the Company has twenty-three dealer operated HTL Fuel Stations in Punjab Province. The number will increase to forty to forty-five after the completion of expansion at Sahiwal Storage Facility. On the other hand, the Company has successfully completed its construction at its Oil Storage located in Nowshera, Khyber Pakhtunkhwa Province.

EXPLANATION AS TO HOW THE PERFORMANCE OF THE ENTITY MEETS THE FORWARD-LOOKING STATEMENT **IN THE PREVIOUS YEAR**

It is a matter of pride that Company successfully completed its construction of Oil Storage Facility situated at Nowshera, Khyber Pakhtunkhwa Province during the year. Furthermore, the Company has reached to twenty-three HTL fuel stations in Punjab, Province.

SOURCES OF **INFORMATION**

Management has quoted figures regarding economic growth for FY 2022 mainly from Annual Plan Coordination Committee (APCC) report.

CORPORATE **GOVERNANCE**

@ *HTL*

We have a proud history of more than two decades in Pakistan and over these years one of the core reasons for our phenomenal success has been the governing style of the Company that resulted in the consistent growth. The same level of leadership is being carried on to the new ventures i.e. HTBL, HTL Express and now HTL Fuel Station.

PROFILE OF THE **DIRECTORS**

MR. SHAUKAT **HASSAN**

Chairman Board of Directors and Non-Executive Director

Mr. Shaukat Hassan has earned Master's degree in Economics from Punjab University Lahore. He is an enthusiast with intellectual mind who brings on board more than four decades of insightful financial and entrepreneurial experience. He is the Chairman of Board of Directors. Mr. Shaukat enjoys a proven track record of exceptional business competence as is one of the core partners since the business inception, in 1976.

It is his keen insight over financial dynamics that played a vital role to build strong, sustainable and transparent financial systems of HTL. Other than financials, Human resource, employee training & development and talent retention are his core areas of interest. Mr. Shaukat is actively involved in joint business collaborations with organizations having multinational presence. His diversified skills also include business development and sales of Industrial equipment to leading E&P Companies internationally.

In the same degree, Mr. Shaukat is keenly involved in CSR & SHT activities with focus at minimizing the life challenges of financially underprivileged sector of the community uplifting them primarily through education. He has been an active member of various profit & non-profit based organization including LCCI, EDAS and is currently serving as Director of Pakistan France Business Alliance (PFBA) in Pakistan. He is a proactive member and President at Alliance Francaise De Lahore (AFL) foundation.

Mr. Shaukat has numerous successful leading roles under his name. He is the principal Director of MAS associates (Pvt.) Ltd, Director at WASL Investment Finance Ltd. He is the CEO of MAS Infosoft (Pvt.) Ltd., He is Chairman/Trustee of HTL EPF Trust, MAS Associates EPF Trust and Sabra Hamida 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 Hi- Tech Blending (Pvt.) Ltd., Hi-Tech Energy (Pvt.) Ltd., MAS Infosoft (Pvt.) Ltd., and Haut Buys (Pvt.) Ltd. and Haut Notch (Pvt) Ltd.. He is also a Partner of MAS Services and Trustee of HTL EPF Trust, HTBL EPF Trust, MAS Associates EPF Trust, MAS Services EPF 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 EPF Trust, HTBL EPF Trust, MAS Services EPF Trust and Sabra 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/Director of MAS Associates (Pvt.) Ltd., and Director of MAS Infosoft (Pvt.) Ltd. and Haut Buys (Pvt.) Ltd. and Haut Notch (Pvt) Ltd.. He is also acting as a Trustee of HTL EPF Trust, MAS Associates EPF Trust and Sabra Hamida Trust.

MR. FARAZ **AKHTAR ZAIDI**

Non Executive Director

Mr. Zaidi has over 20 years of experience in both investment banking and investment management globally. Mr. Zaidi started his career with Credit Suisse (New York) in 2002 where he provided restructuring advice and raised financing for companies undergoing financial distress. He then joined Polygon Investment Partners (in New York and subsequently London) where helped build the $9 billion hedge fund's credit business in the United States and Europe. His last stint before returning to Pakistan was with Standard Chartered Principal Finance (Dubai) where he focused on alternative investments in the Middle East and Pakistan. His investing experience includes public and private market transactions in both developed and emerging markets with a particular focus on special situation and distressed investments.

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

Mr. Zaidi is also serving as the CEO and Director of WASL Investment Finance Ltd., a Non-Bank Finance Company and as a Director at Food Check (Pvt.) Ltd.

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. HYUKJIN **KWON**
(NOMINEE OF SK LUBRICANTS CO. LTD.)

Non Executive Director

Mr. HyukJin Kwon has over 20 years of experience in lubricants industry and is currently the team leader of global lubricants business in SK Lubricants.

Starting his career as a research engineer in lubricants R&D center, He accumulated expertise in the product technology during his 9 years in the center. He assisted the CEO of SK innovation, the holding company of SK Lubricants, where he had an opportunity to develop C-level understanding of the global market.

Henceforth, he was in charge of the Pakistan market for 5 years since 2014, building up high comprehension of the Pakistan lubricants market.

In particular, he also supported the establishment of Hi-Tech lubricants blending plant and the IPO of Hi-Tech Lubricants to the Pakistan stock market.

Mr. HyukJin Kwon holds a master of mechanical engineering and is enrolled in master of business administration.

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 worked as director of Annoor Textile Mills Ltd from 1987 to 1989. He is currently the member of the Board of Directors at M/s Synthetic Products Enterprises Limited (SPEL) and Pak Agro Packaging Ltd.

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, round tables, 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 multinational 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 Ltd., a company engaged in manufacture of agricultural support products. Dr. Butt is also engaged in Ujala Education Foundation.

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 38 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

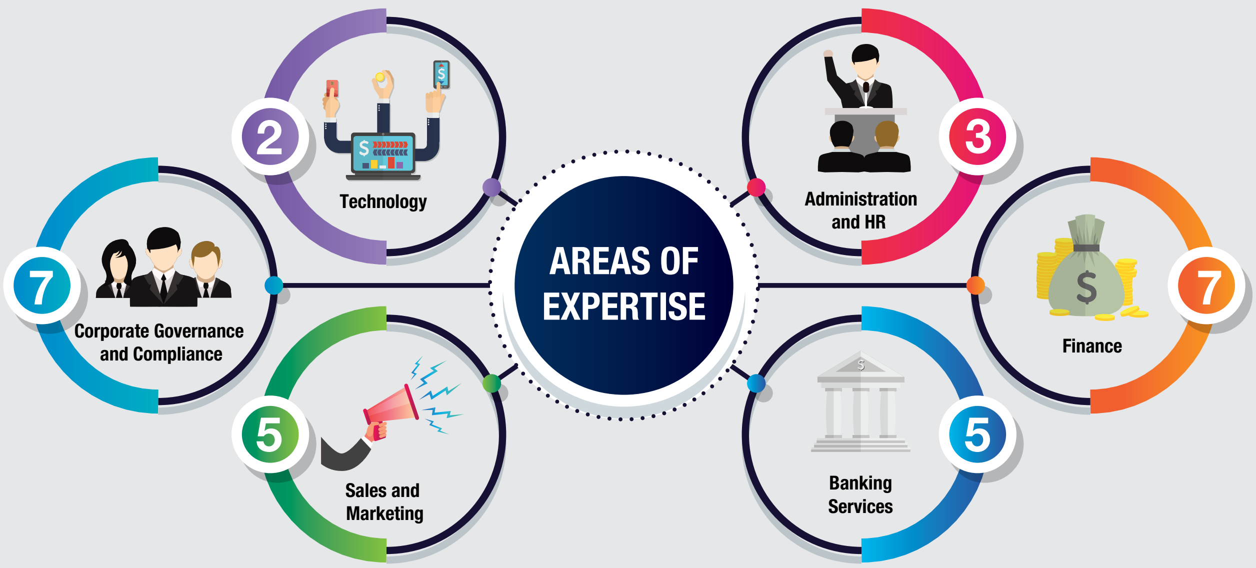
Syed Asad Hussain holds the position of Senior Vice President for The UK Pakistan Chamber of Commerce. UKPCCI was formed in 1979 and is the only chamber of commerce in the UK that is recognized by the government of the United Kingdom and Pakistan. UKPCCI promotes trade and connects businesses between 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, specializing in routes to market via Retail and Ecommerce, as well as providing IT managed services.

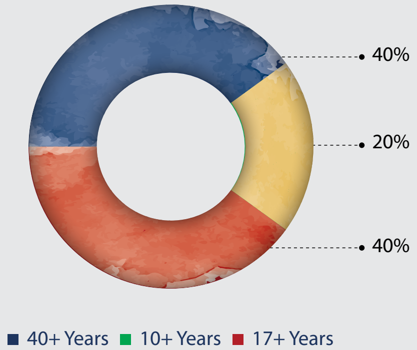
Co-Founder and Sales / Marketing Director for Retail Direct Group incorporating Laptop Outlet, Shop Retail Direct, Only Deals, MaxCom Solutions and Fredo's LDN, employ a strong team of 100 plus staff within the Group and have offices in the United Kingdom, Bulgaria and Pakistan.

BOARD'S **PROFILE**

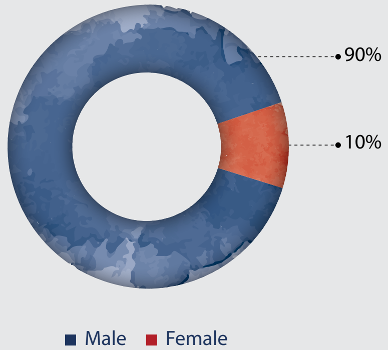
AREAS OF **EXPERTISE**



BOARD ANALYSIS
EXPERIENCE



BOARD ANALYSIS
GENDER



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.

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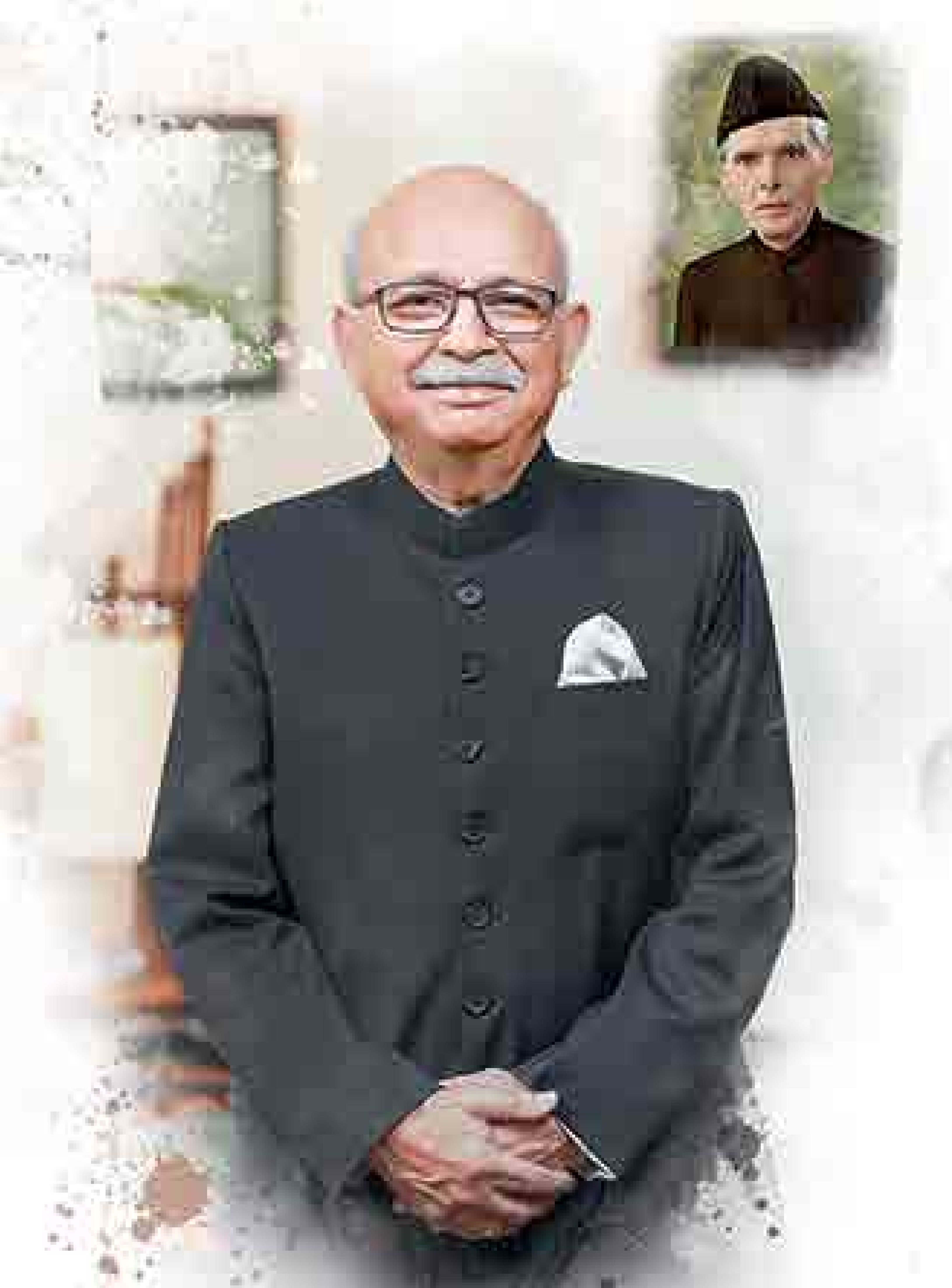
IMPLEMENTATION OF GOVERNANCE PRACTICES EXCEEDING **THE LEGAL REQUIREMENTS**

HTL 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.

HTL has a well-defined whistle blowing policy to ensure that it conducts 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. Proper benchmarking is carried out at regular intervals to identify and eliminate any redundant practices.

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, 2019, HTL's Policy for Directors Remuneration and Memorandum and Articles of Association through an email from the Chairman of the Board.



CHAIRMAN'S **REVIEW**

Dear Stakeholders,

Thank you for your unwavering support and steadily growing confidence in the ability of Hi Tech Lubricants Group (Hi-Tech Lubricants Limited and its wholly owned subsidiary, Hi-Tech Blending (Private) Limited) to deliver on its promise of creating value.

The fiscal year 2020-21 began with the COVID-19 pandemic at its peak. Global economic experts predicted this would lead to devastating economic disruption for countries regardless of their size, wealth or growth trajectories. The IMF predicted that the global GDP would fall to -4.4% and that of Pakistan would fall to -0.4%. The pandemic did indeed batter Pakistan's economy, putting immense pressure on the Government to keep the ship afloat. Emergency measures including restricted public activity, extensive health systems strengthening and provision of immediate relief to the most vulnerable segments of society further constrained the Pakistan's already narrow fiscal space. Pakistan witnessed a V-shaped economic recovery showing growth in agriculture, large scale manufacturing, construction and export sectors. The GDP provisionally grew at 3.94% during the year 2020-21 against a target of 2.1%. The current account balance was in surplus; fiscal deficit became manageable with primary balance in surplus. The policy rate remained unchanged at 7% which kept the business sentiment positive. Tax collection witnessed significant growth owing to revival of domestic economic activity and ongoing comprehensive tax and administrative reforms.

Strategically the Group remained on course in realizing our vision of providing highest quality products to our customers. We have made good progress on optimizing performance, streamlining costs, and capitalizing on our significant growth opportunities. During this challenging time, the Board closely monitored the performance of the business with a focus on achieving continuous improvements in productivity and efficiency while optimizing processes to ensure sustained growth of the Group.

With grace of Allah Almighty, in spite of these challenges, on a consolidated basis your Group managed to make record net sales of Rs 10,597 million and attained profit after tax of Rs 651 million, up by 436% as compared to Rs 122 million during the corresponding year. Consolidated earnings per share increased to Rs 5.62 as compared to Rs 1.05 during the corresponding year, providing ample evidence of our ongoing commitment to creating shareholders' value.

Higher inflation and rupee depreciation continued to exert significant pressure on the overall economy. The Group's strategy remained to boost margins by improving quality of products, achieving operational efficiencies and expanding the product base to realize economy of scales and optimizing the production capacity. Moving on its strategical path, the Group is in the process of expanding its blending facilities to cater for the increasing demand of ZIC Lubricants.

Throughout the year, the Group actively pursued various growth opportunities in line with our long term vision. Therefore, the Group has decided to enter into plastic packaging industry by venturing into the production of plastic products for external customers. This business will be operated through our wholly-owned subsidiary, Hi-Tech Blending (Private) Limited (HTBL). The process for import and installation of requisite machinery has been initiated.

Hi-Tech Lubricants Limited (the Company) has currently twenty-four dealer operated fuel stations in Punjab Province. This number will increase to forty to forty-five after completion of expansion at Sahiwal Storage. Furthermore, Oil and Gas Regulatory Authority (OGRA) has already acknowledged the satisfactory completion of the Company's second Oil Storage Facility situated at Nowshera, Khyber Pakhtunkhwa Province. This means, after the year end, the Company will start marketing and sale of petroleum products in Khyber Pakhtunkhwa Province, subject to the approval from OGRA.

BOARD'S OVERALL **PERFORMANCE**

The Company complies with all the requirements set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to the composition, procedures and meetings of the Board of Directors (the Board) and its committees. Pursuant to requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2019, an annual evaluation of the performance of the Board is conducted. The main objective of this exercise is to internally evaluate the performance of the Board and its Committees in order to oversee management and to play an effective role as a coordinated team for the success of the Company. Strategic goals for the management have been earmarked for the coming year and the Board's effectiveness is measured in the context of achievement of such objectives. Accordingly, the Board has completed its annual self-evaluation for the year 2021 and I am pleased to report that the overall performance benchmarked on the basis of criteria set for the year 2021, remained satisfactory. Such assessment was based on standards set by the Board in line with best corporate governance practices.

The Board is fully involved in the budgeting and strategic planning processes and has set-up well defined corporate governance processes and ethical values which are vital for enhancing corporate accountability. All Directors, including Independent Directors, fully participate and contribute to the decision-making process of the Board.

RISK **MANAGEMENT**

Risk management is the responsibility of the Board, supported by the Board's Risk Management Committee. The risk management committee is responsible for assisting the Board in its oversight of risk, including the ongoing monitoring, management and mitigation of principal and emerging risks, and advising the Board and higher management on the Company's overall risk appetite, tolerance and strategy. The Board receives regular updates on risk management and material changes to risk through various operational and financial reports, including risk assessment, performance, internal audit and external audit reports. Management is responsible for implementing and maintaining controls. The Board has undertaken a robust risk assessment to identify and handle these risks.

DIVIDEND AND BONUS **ANNOUNCEMENT**

To pass on the benefit of increased profitability to the shareholders, the Board has recommended a final cash dividend of Rs 2.00 (20%) per share, in addition to the interim cash dividend of Rs 2.00 (20%) per share. Furthermore, the Board has also recommended to issue bonus shares in the proportion of 01 share for every 05 shares held i.e. 20% of issued share capital.

END **NOTE**

For financial year 2022, the Government of Pakistan has envisaged a GDP growth target of 4.8% and has introduced in the Federal Budget for the 2021-22 measures to boost economic activity. The industrial sector is expected to remain buoyant due to improvement in export volumes and built-up of industrial capacity under the SBP's Temporary Economic Refinance Facility (TERF). Similarly, construction sector is likely to be a key contributor to economic growth on the back of higher budgetary allocation for development spending and Government's on-going focus to support construction and housing finance. In view of the growth momentum, the SBP, in its latest monetary policy statement, maintained its expansionary policy stance, keeping the policy rate at 7% - unchanged since June 2020. The Board of Directors and senior management of the Group are closely monitoring the economic situation and making continuous efforts to improve shareholders' value through internal efficiency enhancement and cost control measures while building on Group's existing strengths and long term strategy.

Lastly, I take this opportunity to thank our valued customers for the trust they continue to place in us, the management team and employees for its sincere efforts, the Board of Directors for their guidance and all stakeholders for their continuous support.

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	Since Reconstitution of the Committee on October 26, 2018	Independent Director
2	Dr. Safdar Ali Butt	Member		Independent Director
3	Mr. Shaukat Hassan	Member		Non-Executive Director
4	Mr. Tahir Azam	Member		Non-Executive Director
5	Mr. Faraz Akhtar Zaidi	Member		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	Since Reconstitution of the Committee on October 26, 2018	Independent Director
2	Mr. Shaukat Hassan	Member		Non-Executive Director
3	Mr. Tahir Azam	Member		Non-Executive Director
4	Miss Mavira Tahir	Member		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	Since Reconstitution of the Committee on October 26, 2018	Non-Executive Director
2	Mr. Tahir Azam	Member		Non-Executive Director
3	Mr. Hassan Tahir	Member		CEO/Executive Director
4	Mr. Muhammad Ali Hassan	Member		Executive Director
5	Mr. Faraz Akhtar Zaidi	Member		Non-Executive Director
6	Mr. Muhammad Imran	Member		Chief Financial Officer
7	Mr. Shahzad Sohail Chaudhry	Member		General Manager Supply Chain and Administration

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	Since Reconstitution of the Committee on February 07, 2019	Non-Executive Director
2	Mr. Muhammad Tabassum Munir	Member		Independent Director
3	Miss Mavira Tahir	Member		Non-Executive Director

All the members attended one out of one meeting held during the year.

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	Since Reconstitution of the Committee on October 26, 2018	Non-Executive Director
2	Mr. Tahir Azam	Member		Non-Executive Director
3	Mr. Hassan Tahir	Member		CEO/Executive Director
4	Mr. Muhammad Ali Hassan	Member		Executive Director
5	Miss Mavira Tahir	Member		Non-Executive Director
6	Mrs. Sana Sabir	Member		Director HTBL

Every member attended one out of the one meeting of CSR committee.

NOMINATION **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	Since Reconstitution of the Committee on September 11, 2020	Independent Director
2	Mr. Shaukat Hassan	Member		Non-Executive Director
3	Mr. Tahir Azam	Member		Non-Executive Director
4	Miss Mavira Tahir	Member		Non-Executive Director

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;
- 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.

NOMINATION **COMMITTEE OF THE BOARD**

The nomination committee shall be responsible for:

- Considering and making recommendations to the Board in respect of the Board's committees and the chairmanship of the Board's committees; and
- Keeping the structure, size and composition of the Board under regular review and for making recommendations to the Board with regard to any changes necessary.

COMPANY **POLICIES**

CORPORATE SOCIAL **RESPONSIBILITY**

HTL'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 second 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 Company's 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 Company, 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'S AUDIT COMMITTEE**

The Board's Audit Committee (BAC) of Hi-Tech Lubricants Limited ("the Company") is delighted to present its report for the year ended 30 June 2021. The BAC is governed by the mandate given to it vide Listed Companies (Code of Corporate Governance) Regulations, 2019 and by the Board of Directors. The 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.

Name	Designation	No.of meetings attended during the Financial Year
Mr. Muhammad Tabassum Munir Independent Director	Chairman / Member	6
Dr. Safdar Ali Butt Independent Director	Member	6
Mr. Shaukat Hassan Non-Executive Director	Member	6
Mr. Tahir Azam Non-Executive Director	Member	6
Mr. Faraz Akhtar Zaidi Non-Executive Director	Member	6

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

The BAC assists the Board to effectively carry out its supervisory oversight responsibilities on financial reporting and compliance, internal controls and risks, internal and external audit functions of the Company. The terms of reference (TORs) of the BAC are defined and regularly reviewed by the Board. During the year under Review, the Committee ensured compliance with its terms of reference, the salient features of which are stated below:

- Reviewing the effectiveness of internal controls.
- Reviewing 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 and disclosure matters.
- Overseeing conformity of management decisions with the Company objectives.
- Reviewing 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 2020-21, the BAC held six meetings, including one mandatory meeting in every quarter of the financial year, with 100% attendance and meaningful participation of all the members. Based on reviews and discussions in the meetings, the BAC reports that:

1. The Company had adhered, without any material departure, with both the mandatory and voluntary provisions of the Listed Companies (Code of Corporate Governance) Regulation, 2019, Company's Act 2017 and Company's own code of conduct and values, throughout the year. The CFO, Chief Compliance Officer and Company Secretary confirmed to the BAC that statutory and regulatory obligations and requirements of best practices of governance have been met.
2. Understanding and Compliance with Company's Code of Business Practice and Ethics had been affirmed by the members of the Board, the Management and employees of the Company individually.
3. All the consolidated and unconsolidated quarterly, half yearly and annual financial statements of the Company were critically reviewed by the BAC, and their approval was recommended to the Board with observations / comments and / or suggestions, where deemed necessary.
4. Appropriate accounting policies had 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.
5. 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 the SECP.
6. The Chief Executive Officer and the Chief Financial Officer had endorsed the financial statements of the Company, acknowledging their responsibilities connected thereto.
7. Accounting estimates were based on reasonable and prudent judgement. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017, and the external reporting is consistent with management processes and adequate for shareholder needs.
8. The Company had issued a Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulation, 2019 which had also been reviewed and certified by the external auditors of the Company.
9. The BAC had reviewed and, where appropriate, made recommendations for the approval of related party transactions to the Board.
10. The BAC had reviewed and discussed annual budget of the Company for the year and, where appropriate, made recommendations to the Board for approval of the budget.
11. The BAC had reviewed the compliance with code of conduct and company policies by the Board, the management and employees of the Company and found it satisfactory.
12. The BAC had reviewed the Integrated Annual Report and concluded that it is fairly structured to provide all necessary information i.e. financial and non-financial performance, risks and opportunities and outcomes attributable to Company's activities in sufficient detail yet in a lucid way, balanced and understandable for all of its stakeholders, including shareholders. Because of meeting the aforesaid aspects, the Company was able to secure the fourth position in the category 'Fuel and Energy Sector' for its Annual Report for the year ended June 30, 2019 in the Best Corporate & Sustainability Report Awards 2019 jointly conducted by Institute of Chartered Accountants of Pakistan and Institute of Cost and Management Accountants of Pakistan.

13. The CFO and internal auditors were regularly invited to the meetings for explanation / elaboration on accounts and other relevant issues. The Chief Executive Officer and Executive Director attend BAC meetings by invitation, when deemed necessary.
14. The BAC separately meet the external and internal auditors independently at least once in a year.
15. 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.
16. Performance of the BAC is annually reviewed by the Board of Directors and the Board acknowledged the Committee's role in thoroughly reviewing the financial statements and Company's internal audit function and other financial matters of critical importance.
17. The Chairman BAC remains present in every General Body Meeting to answer the questions pertaining to the Committee's activities during the year and other important matters which fall within the scope of the Committee's mandate.
18. Minutes of the BAC meetings are timely circulated to the Board of Directors.
19. The BAC takes into account any feedback from the Board of Directors and incorporates it in its processes for improvement.

INTERNAL **AUDIT FUNCTION**

1. The Board has effectively implemented the internal control framework through an in-house Internal Audit function, which is independent of the External Audit function. The Company's system of internal controls is sound in design and has been continually evaluated for effectiveness and adequacy.
2. The Listed Companies (Code of Corporate Governance) Regulations, 2019 defines the mandate of internal audit function as well as the responsibilities of Head of Internal Audit.
3. The Board has set up effective internal financial controls across all functions. The independent Internal Audit function of the Company regularly monitors the implementation of financial controls, whereas the BAC reviews the effectiveness of the internal control framework.
4. Internal Audit function plays a vital role in improving the overall control environment. It also acts as an advisor to other functions for streamlining processes and ensuring implementation of the Company's policies.
5. The Internal Audit function has carried out independent audits in accordance with audit plan, approved by the BAC. The 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.
6. In addition, Internal Audit also undertakes special tasks as and when directed by the BAC.
7. Through the internal audit reports, the BAC and the Board kept a regular watch on safeguarding of the assets of the Company and the shareholders' wealth at all levels within the Company.
8. Internal audit reporting systems include recommendations to improve internal controls together with agreed management action plans to resolve the issues raised. Internal audit follows up the implementation of recommendations and reports progress to the BAC.
9. The BAC, on the basis of the internal audit reports, reviewed the adequacy of controls and compliance shortcomings in the audited areas and discussed/ recommended corrective actions in the light of management responses.
10. The 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 the management provides appropriate explanation as to any impediment in its compliance in the Internal Audits' compliance reports.
11. The annual internal audit cycle comprises of risk assessment, audit planning, audit execution, audit reporting, management action plan and monitoring.
12. The 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 the BAC the findings 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 provided direct access to the Internal Auditors for necessary coordination. Their findings, suggestions and recommendations were freely discussed with and by the BAC.
2. The BAC has reviewed and discussed the audit process, all the Key Audit Matters and other audit observations identified during the external audit including compliance with applicable regulations 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. The External Auditors have been allowed direct access to the Audit Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured. The External Auditors attended all the audit committee meetings where their reports were discussed and the External Auditors also attended General Body Meetings of the Company during the year.
4. The present auditors, M/s Riaz Ahmad & Co. Chartered Accountants will retire at the conclusion of the upcoming Annual General Meeting and, being eligible, offer themselves for reappointment, and have confirmed attendance of the upcoming Annual General Meeting. The Committee discussed the appointment of external auditors and fixing of their audit fee, and recommended to the Board the re-appointment of M/s Riaz Ahmad & Co. Chartered Accountants as external auditors for the year 2021-22.
5. The Company has obtained taxation related services from M/s. AF Ferguson and Company, Chartered Accountants as it is among the most reputed firms in provision of said services and has sufficient professional competence to ensure quality of tax advice and compliance of independence.

MUHAMMAD TABASSUM MUNIR
Chairman, Board's Audit Committee

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

The HRRC of Hi-Tech Lubricants Limited ("HTL or the Company") is delighted to present its report for the year ended 30 June 2021. The HRRC is governed by the mandate given to it vide Listed Companies (Code of Corporate Governance) Regulations, 2019 and by the Board of Directors. The Committee is responsible for recommending human resource management policy to the Board, also monitoring performance, compensation, training, development and succession planning of entire workforce.

COMPOSITION **OF HRRC**

Membership of HRRC comprises of four board members, selected by the Board after carefully examining their competence and skill levels in light of the salient objectives of the Committee. All the members are seasoned professionals with high level of expertise and experience in their respective fields.

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

The Head of HR function serves as a non-voting member and secretary to the HRRC.

SIGNIFICANT DELIBERATIONS **OF HRRC**

During the year, HRRC achieved the following:

a. Compliance with all the procedures, processes and structures relating to human resources as proposed by CCG/SECP and company's own policies and objectives.

b. Ongoing review of Company's overall organizational structure and job grades.

c. Conduct of various training programs and workshops for different levels of staff.

EMPLOYMENT POLICIES

The Company takes pride in its policy of being an Equal Employment Opportunity provider. It is committed to provide a work environment in which all individuals are treated with respect and dignity; and accordingly it encourages reporting of all perceived and actual incidents of discrimination or harassment. Procedures have been designed and implemented this purpose.

KEY HIGHLIGHTS OF HRM DIVISION

The following activities were initiated and completed by HRM Division under the guidance of HRRC:

a. Management Trainee & Internship Programs

HTL inducted 05 management trainees and 04 internees in different departments of the Company during the year.

b. Training & Development:

The total number of training programs conducted in one fiscal year were 24 for 215 employees with total number training hours to be 1894.

Conduct of following training sessions:

i. Advanced Business Communication & Interpersonal Skills
ii. Advanced Negotiation Skills
iii. Art of Negotiations
iv. CHRP
v. Communication & Interpersonal Skills
vi. Dashboard Reporting And Advanced Data Analysis With MS Excel
vii. Data Analysis Techniques for Effective Decision Making
viii. Emotional Intelligence for Workplace Success
ix. Enabling Environment For Ease Of Doing Business
x. Handling Difficult People
xi. HIPO's Recreational Learning Trip
xii. Intermediate to Advanced Ms Excel
xiii. Internal Auditing for Integrated Management Systems
xiv. Leader as Coach
xv. Learn Ideas for Operational Cost Reduction
xvi. Mastering People Management & Team Leadership
xvii. Procurement & Supply Chain management Best Practices
xviii. Procurement & Supply Chain Management -Best Practices
xix. Sales Magnet
xx. Speak to be Impressive & Write to be Exact
xxi. Stress Management
xxii. Time & Stress Management & Problem Solving Skills
xxiii. Treasury Risk Management

c. Employee Engagement Activities

Conduct of following training sessions

i. HIPO recreational trip and training session from 16th to 18th October 2020
ii. An exciting recreational trip for female staff of three days i.e. 10th to 12th February 2021to Peal Continental, Bhurban.
iii. 14th August 2020, an independence day celebrations in HTL Office.

Key Performance Indicators

Some of the more important KPIs are enumerated below:

i.	Head Count	396
ii.	Employee Turnover (at all levels)	2.3% p.a.
iii.	Training programs conducted	24
iv.	Number of persons trained	215
v.	Number of Employee Satisfaction Level Surveys conducted	2

SUPPORT TO THE BOARD

The HRRC provided its due support in Board Performance Exercise to the Board as well as the Chairman of the Company. This included the revision of evaluation forms (with external help) as well as tabulation of the data collected. In addition, HRRC has made major interventions in the field of its competence and gained satisfactory review by the Board. The composition of members, and key objectives assigned to it, 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 on taking forward its 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. Such initiatives have been incorporated in HR's Annual Strategy which is closely linked with overall business strategy of HTL for sustainable growth and profitability.

MEETINGS OF HRRC

The HRRC formally met only twice during the financial year; all the members attended both the meetings. The low number of HRRC meetings is attributed to the situation created by COVID 19. However, the HR Department issues a monthly activity report to all members of HRRC to keep them informed on all pertinent issues.

DR. SAFDAR ALI BUTT
Chairman, HRRC

STATEMENT OF **COMPLIANCE**

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019
NAME OF COMPANY: **HI-TECH LUBRICANTS LIMITED**
YEAR ENDED: **JUNE 30, 2021**

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

1. 1. The total number of Directors are ten (10) as per the following:
   a) Male: 09
   b) Female: 01
2. The composition of the Board is as follows:
   a) Independent Director
      i. Mr. Muhammad Tabassum Munir
      ii. Dr. Safdar Ali Butt
      iii. Syed Asad Abbas Hussain
   b) Non-executive Directors:
      i. Mr. Shaukat Hassan
      ii. Mr. Tahir Azam
      iii. Mr. Faraz Akhtar Zaidi
      iv. Ms. Mavira Tahir (Female Director)
      v. Mr. Hyukjin Kwon (Nominee SK Lubricants Co., Ltd.) (Appointed as Director with effect from 28 June 2021 in place of Mr. Jung-Woo LEE. Mr. Jung-Woo LEE was earlier appointed as director with effect from 23 October 2020 in place of Mr. Ji Won Park)
   c) Executive Directors:
      i. Mr. Hassan Tahir (Chief Executive Officer)
      ii. Mr. Muhammad Ali Hassan

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this company;

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. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the 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 the Board;

8. The Board 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:

Names of Directors
Mr. Muhammad Tabassum Munir
Dr. Safdar Ali Butt
Syed Asad Abbas Hussain
Mr. Shaukat Hassan
Mr. Tahir Azam
Mr. Faraz Akhtar Zaidi
Ms. Mavira Tahir
Mr. Hassan Tahir (Chief Executive Officer)
Mr. Muhammad Ali Hassan

10. The Board has approved appointment of Chief Financial Officer, 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. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

a) Audit Committee

Names	Designation held
Mr. Muhammad Tabassum Munir	Chairman
Dr. Safdar Ali Butt	Member
Mr. Shaukat Hassan	Member
Mr. Tahir Azam	Member
Mr. Faraz Akhtar Zaidi	Member

b) HR and Remuneration Committee

Names	Designation held
Dr. Safdar Ali Butt	Chairman
Mr. Shaukat Hassan	Member
Mr. Tahir Azam	Member
Ms. Mavira Tahir	Member

c) Nomination Committee

Names	Designation held
Dr. Safdar Ali Butt	Chairman
Mr. Shaukat Hassan	Member
Mr. Tahir Azam	Member
Ms. Mavira Tahir	Member

d) Risk Management Committee

Names	Designation held
Mr. Faraz Akhtar Zaidi	Chairman
Ms. Mavira Tahir	Member
Mr. Muhammad Tabassum Munir	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

a) Audit Committee
Six meetings were held during the financial year ended June 30, 2021.

b) HR and Remuneration Committee
Two meetings of HR and Remuneration Committee were held during the financial year ended June 30, 2021.

c) Nomination Committee
No meeting of Nomination Committee was held during the financial year ended June 30, 2021.

d) Risk Management Committee
One meeting of Risk Management Committee was held during the financial year ended June 30, 2021.

15. The board has set up an effective internal audit function 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 Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the company;

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 requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;

19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1	**Directors' Training** Companies are encouraged to arrange training for at least one female executive every year under the Directors' Training Program from year July 2020.	The Company has planned to arrange Directors' Training Program certification for female executives over the next few years.	19(3)

20. The three elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a fourth independent director is not warranted.

SHAUKAT HASSAN
Chairman

HASSAN TAHIR
Chief Executive Officer

Lahore
September 10, 2021

INDEPENDENT AUDITOR'S **REVIEW REPORT**
TO THE MEMBERS OF HI-TECH LUBRICANTS LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE **CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Hi-Tech Lubricants Limited (the Company) for the year ended 30 June 2021 in accordance with the requirements of regulation 36 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. 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.

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 2021.

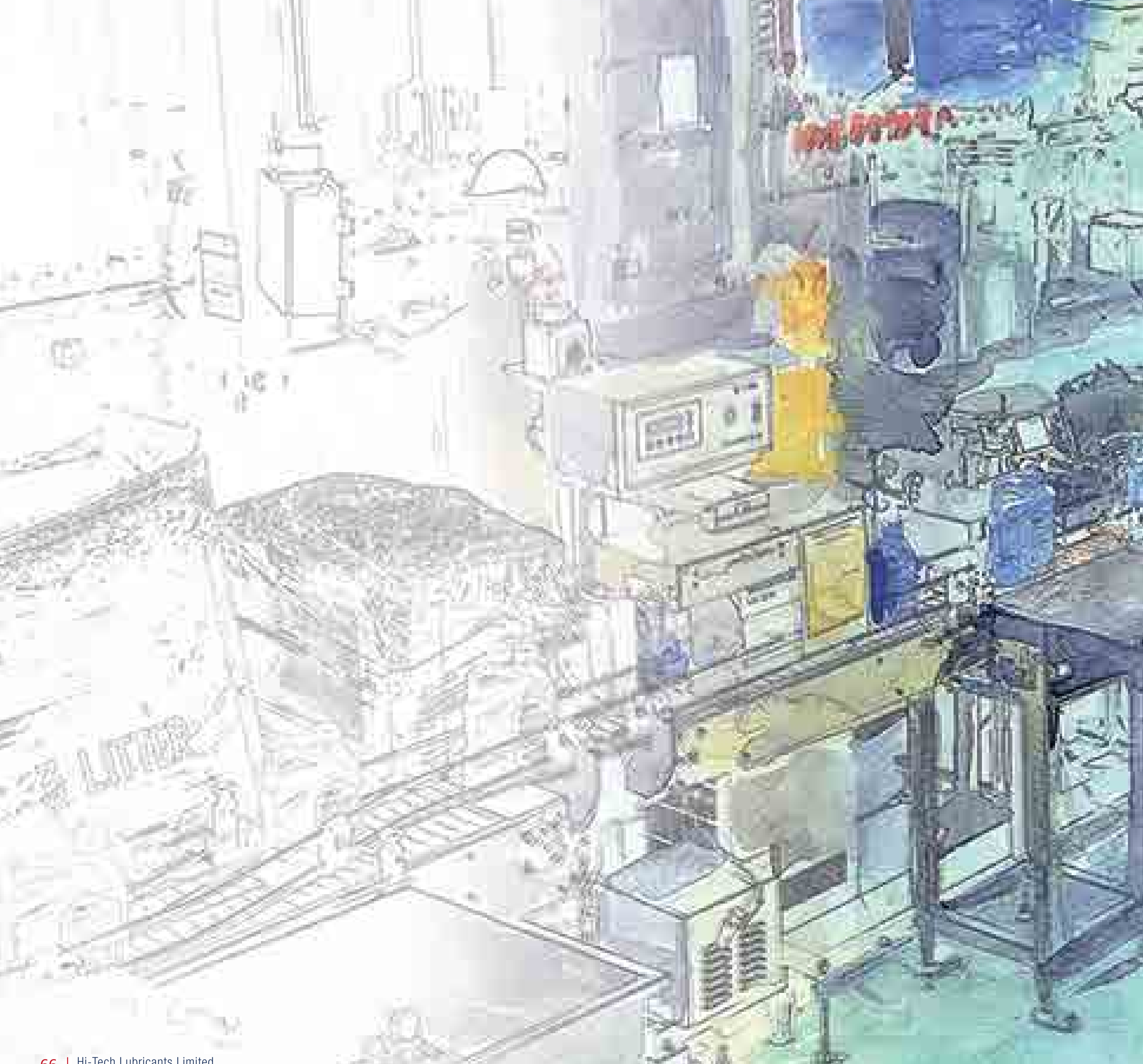
RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore
Date: September 10, 2021

HTL AND **ITS CHALLENGING ENVIRONMENT**

@ HTL

Our extensive and efficient Infrastructure division sources, imports, blends and distribute lubricants that meet a significant amount of Pakistan's transport needs. In pursuance of our goal towards consistent performance, we established Hi-Tech Blending (Private) Limited (HTBL), a 100% owned subsidiary of HTL, equipped with an exceptional and independent HiTech Testing Laboratory, bottling & filling lines, and quality control. Expanding in to the retail sector with HTL Express and stepping in to the OMC with HTL stations brings us one step closer to the end consumer making the bond stronger.



SWOT **ANALYSIS**

STRENGTHS

- Introduction of handler model for timely supply of lubricants to nation-wide distribution network
- Strong nation-wide distribution network and marketing database
- Economies of scale through blending plant facility available at Hi-Tech Blending (Private) Limited – wholly owned subsidiary (HTBL)
- Started local blending of various lubricant products through HTBL
- Increased brand equity and direct access to end consumers with the launch of HTL Fuel Stations
- Direct access to end consumers through HTL Express Centers
- Premium quality products
- Top management's consistent vision of growth
- Strong brand recognition and recall
- Healthy and growing customer base

WEAKNESSES

- Low industrial sales
- Over reliance on promotional schemes

OPPORTUNITIES

- Expansion of marketing and sale of petroleum products and lubricants through HTL Fuel Stations
- Expansion into retail market through HTL Express Centers
- Grasping potential foreign markets by exporting the products to those countries
- Increase local production through HTBL to reduce foreign exchange risks
- Entrance into plastic packaging industry by venturing into production of plastic products

THREATS

-
- 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 for POL products

STRENGTHS AND **WEAKNESSES REPORT**

STRENGTHS

INTRODUCTION OF **NEW HANDLER MODEL**

HTL has introduced new handler models for timely supply of lubricants to its distributors across Pakistan. Due to this, the Company's supply chain cost reduced a lot. Furthermore, the Company enjoys the benefit of bulk sales while keeping itself away from the worry of deliveries of its products to the nationwide distribution network of distributors.

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

HTL has a network of more than one hundred and fifty distributors across all major cities of Pakistan including Gilgit Baltistan and Azad Jammu and Kashmir.

All our distributors are required to update their secondary sales in integrated customized database. In this way the Company is readily informed about the presence of its products in the market. Further, the Company also deputed its sales force at each distributor area. Such dual presence helps us in building a strong marketing database to make informed decision making.

ECONOMIES OF SCALE THROUGH **BLENDING PLANT FACILITY**

The Company through its wholly owned subsidiary company operates a state of the art blending plant facility. It is a unique integrated blending plant facility which produce lubricants that meet the International Quality Standards. Further, the facility is equipped with complete bottle processing unit and automated filling lines. The Company strategically moved towards local production of various lubricant products. By the increase of local production, the Company expects to reduce its cost of inventory and also enjoy the economies of scale. By this backward integration, timely delivery of products will also be ensured.

DIRECT ACCESS TO END CONSUMERS THROUGH **HTL EXPRESS CENTERS**

The Company is running state of the art vehicle maintenance centers through franchise model, under the brand name of 'HTL Express Centers' in three mega cities of Pakistan i.e. Lahore, Karachi and Rawalpindi. These maintenance centers provide one-stop solution for all maintenance needs. Through HTL Express Centers the Company not only obtained direct access to end consumers but also achieve better competitive position in the market.

PREMIUM QUALITY **PRODUCTS**

The Company offers 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 the Company to gain competitive edge with the leading position in the market.

INCREASED BRAND EQUITY WITH THE LAUNCH OF **HTL FUEL STATIONS**

For the last twenty-four years, the Company has been serving its diverse customer base in the lubricants market. Entrance into marketing and sale of petroleum products through HTL Fuel Station not only strengthened the brand equity of the Company but also provides an opportunity to directly access the end consumer lubricants. It will enhance the efficiency of promotional and distributional activities of the Company as well as expand its customer base.

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.

STRONG BRAND RECOGNITION **AND RECALL**

Our continuous, innovative and targeted marketing strategies over the period of twenty-four years have 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.

WEAKNESSES

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

LOW INDUSTRIAL **SALES**

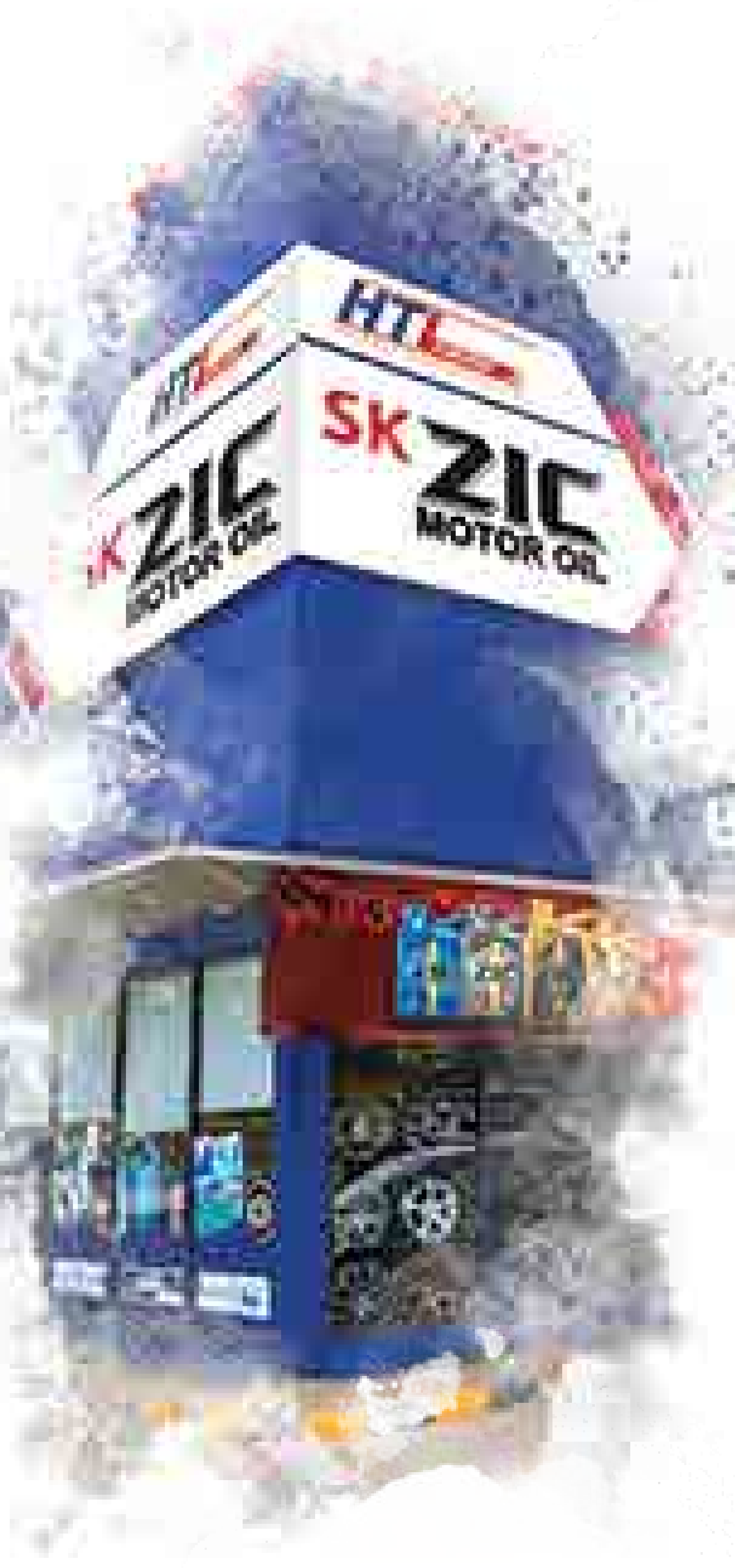
Sales to this segment require (a) extended credit exposure and (b) more competitive pricing strategy. Further efforts are required in aligning the industrial and retail market sales.

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. The Company is conducting market surveys and performing analysis for reducing the reliance and cost of such promotional schemes.

RISK AND **OPPORTUNITY REPORT**

The year 2020-2021 began with the COVID-19 pandemic at its peak. This was a year in which every company in Pakistan became aware of how difficult risk management is. HTL navigated the pandemic well focusing on maintaining the maximum amount of sales possible while keeping its staff and customers safe was a reminder that events of consequence beyond our ability to predict do happen. The oil marketing and lubricant industry specifically is prone to potential risks, emanating from inherent uncertainties in market competition, geo-politics, volatile commodity prices and regulatory issues. All of these factors may materially affect our operations, profitability and reputation. Hence, the management strives to manage these risks proactively while pursuing growth opportunities. Measures that we use to mitigate our various risks are set out in the relevant sections of this Report. Measures that we use to mitigate our various risks are set out in the relevant sections of this Report.



KEY SOURCES OF RISKS:

Identified risk sources are evaluated by the Company's Risk Management Committee frequently to ensure adequate measures are taken to protect the Company in a timely manner. Some major sources of business risks are described below:

- Generally speaking any development that leads to a reduction / shutdown in mobility in the country results in a reduction in volume for our Company. Generally, these shutdowns when they did happen were localized and sometimes associated with political instability, strikes and law and order issues 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 the Company to achieve its long term strategic objectives.

- The macro 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 Company'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		
Electrification of Vehicles	Low	• The Company's management keeps a close watch on the development of electric vehicles globally – specifically their cost of purchase and operate, and the development of required infrastructure associated with their use.
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, the Company has invested in a blending plant (HTBL-100% owned entity) to reduces its cost base. The plant is operational and its contribution to total volumes forecast is increasing day by day. • Furthermore, the Company continues aggressive marketing and building customer and retailer loyalty to stay competitive in the long term.
REGULATORY RISKS		
The Company is subject to changes in taxation and duty structures. In addition, its OMC business is a regulated business where regulations, margins can be changed by the Regulator	Moderate	• The Company maintains close relations with consultants and advisors to understand and plan for changes in taxation and duties by adjusting its pricing. • On the regulatory side, the Company is in contact with regulators and other OMCs to ensure its voice is heard in the appropriate forums.
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.	Low	• Presence of pre and post 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. • The Company has developed BCP and DRP to ensure the availability of IT systems all the time. • The Company has designed and implemented a comprehensive policy to ensure data security and appropriate classification of organizational data (with preference to sensitive data).
REDUCTION IN MOBILITY		
Generally speaking any development that leads to a reduction / shutdown in mobility in the country results in a reduction in volume for our Company. Generally, these shutdowns when they did happen were localized and sometimes associated with political instability, strikes and law and order issues. 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.	Moderate generally but currently High	• General shut downs are relatively easy to manage as HTL adjusts its purchases upward/downwards based on realized demand

Specific Risks and Sources	Risk Ranking / Likelihood	Specific Risks Mitigating Strategies
FINANCIAL AND MACRO 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	• The Company 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.
LIQUIDITY RISK		
Risk of encountering difficulties in meeting the obligations associated with its financial liabilities as they fall due. 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 funds 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. • The Company 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 DEVALUATION 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. • The Company also ensures its orders are managed such that foreign exchange risk is minimized at any given point in time.

KEY OPPORTUNITIES **AND SOURCES**

• PETROLEUM SEGMENT **OPERATIONS**

Our expansion in HTL Fuel Stations has given us a bigger muscle to circumvent our brand image and your company now has a higher appeal in terms of value recognition in Pakistan. Currently, HTL has twenty-three dealer operated fuel stations in Punjab Province and this number is increasing at a very steady pace. Our Khyber Pakhtunkhwa Province has a lot of potential for HTL brand and we will be taking this advantage during Financial year 2021-2022. Our target is to start thirty-five fuel stations in Khyber Pakhtunkhwa subject to the approval from Oil and Gas Regulatory Authority. We are aiming to expand all over Pakistan in the future

• HTL EXPRESS **CENTERS**

HTL's forward integration, expansion into retail service centers through franchise model, allow 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 enhances HTL's reach and provide a wide variety of products available to its valued customers.

• EXPORT **SALES**

In view of tapping foreign markets, the Company has entered into a Non-Exclusive Distribution Agreement with M/S Osman Ghani Limited (an Afghanistan based company) for export of locally blended ZIC Brand products.

• RISK **GOVERNANCE**

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

• BOARD AND **COMMITTEES**

The Board oversees the risk management process primarily through its committees:

1. THE **AUDIT COMMITTEE**

The Audit Committee ensures transparency and accountability by focusing on financial, regulatory and compliance risks. The Committee meets quarterly or as and when required.

2. THE HUMAN RESOURCE AND **REMUNERATION COMMITTEE**

It 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 talented human resources in each area of critical Company operations.

3. THE RISK **MANAGEMENT COMMITTEE**

Committee monitors, reviews all material controls (financial, operational and compliance) and ensures robust risk mitigation measures and integrity of financial information.

4. THE **INVESTMENT COMMITTEE**

The Committee is responsible for formulating the overall investment policies, strategies and procedures for risk management. All the investment and divestment decisions are made by the Investment Committee are in line with the objective and investment policy of the Company.

INTERNAL AUDIT FUNCTION

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.

CONTROL ACTIVITIES

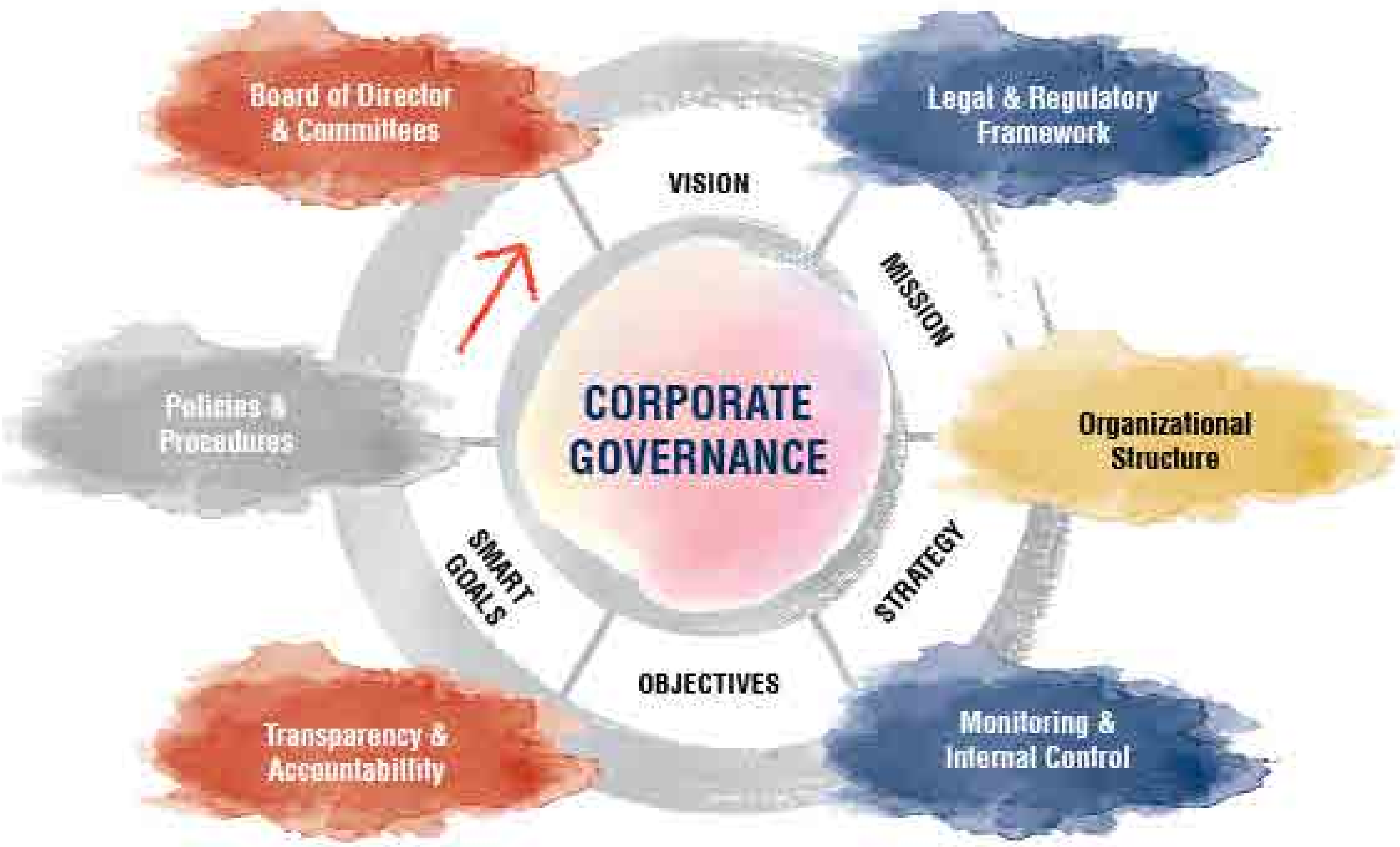
Controls include preventive, detective and corrective activities. Senior management assesses the risks and places appropriate controls to mitigate and respond these risks.

POLICIES AND PROCEDURES

Policies and procedures have been adopted by the Board and its Committees are 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.

CONTINUOUS IMPROVEMENT

The Company's risk management system is always evolving. It is an ongoing process and recognizes that the level and extent of the risk management system will evolve and commensurate with the development and growth of Company's activities. The risk management system is a "living" system. All the documentation that supports it are regularly reviewed and updated in order to keep it in line with Company's circumstances.



PESTEL **ANALYSIS**

	FACTORS	RESPONSE TO THE ASSOCIATED FACTORS
POLITICAL	These includes overall political environment, stability of national government, red tapism in regulatory approvals, overall corruption index, potential regulatory and tax changes.	Changes in polices and regulations are continuously monitored by the Company for timely decision making. HTLL strictly ensures the policy of zero % tax evasion and defends all the tax and regulatory matters through legal grounds.
ECONOMIC	Higher inflation and rupee depreciation.	Higher inflation and rupee depreciation continued to exert significant pressure on the overall economy. The Company's strategy remained to boost margins by achieving operational efficiencies and expanding the product base to realize economy of scales and optimizing the production capacity. Further to cater the impact of rupee depreciation, the Company started to increase its local blending through HTBL (its wholly owned subsidiary company).
SOCIAL	Focus on Corporate social responsibility	At HTL Corporate Social Responsibility (CSR) is well-devised and structured combination of programs strongly built on the core objective to improve lives with direct interventions in local communities. Making a real contribution to society and helping to find solutions to global challenges is fundamental to our way of doing business. The primary focus of CSR initiatives of HTL remains in three core areas of sustainable development; education, healthcare and environment. Detail relating to Company's social activities is discussed in CSR section of the Report.
TECHNOLOGICAL	Increasing IT efficiency, automation, technological change and the amount of technological awareness.	The Company has always given priority to latest technological developments. Successful implementation of Oracle for lubricants operations and petroleum segment operations, Business Intelligence Tool, Distributor Claim Management System and our wholly owned subsidiary company, blending plant are some of the reflections of our technological priority. Furthermore, our wholly owned subsidiary company is also in the process of implementing for its business. We believe new technologies can maximize online retail productivity and minimize operational costs. Even under the circumstances amid Covid-19, our systems and software remained available to our employees making work from home possible.
ENVIRONMENTAL	Climate change, environmental offsets, attitudes toward "green" or ecological products, laws regulating environment and air pollution.	Climate change has had detrimental effects on growing economies like Pakistan. Frequent flooding and unprecedented rainfall patterns has inundated rivers to destroy crops which is the staple for our economy. 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 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 and 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.
LEGAL	Various laws and regulations applicable on the Company, i.e. statutory, corporate, legal, secretarial, taxation, import, health and safety laws and regulations.	HTL makes conscious efforts to ensure compliance with all applicable laws and regulations. In addition to its professional team, the Company also hires the services of a legal advisor/tax consultant in order to ensure compliance with all legal / regulatory requirements.

SEASONAL **VARIATION**

Pakistan's agriculture sector plays a central role in the economy as it contributes 22.69 percent to GDP and absorbs 39% percent of labor force. Hence the consumer spending is hugely linked to the season of harvest and when availability of crop in the market. Therefore, Company's sales increased during the harvesting season.

DIRECTORS' **REPORT**

DIRECTORS' REPORT **TO THE SHAREHOLDERS**

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

The Directors of Hi-Tech Lubricants Limited ("HTL" or the "Company") are pleased to present the Annual Report along with standalone and consolidated audited financial statements for the year ended June 30, 2021.

ECONOMIC OVERVIEW **OF THE COUNTRY**

Pakistan's economy performed beyond expectations with all major macroeconomic indicators showing positive trend amid the COVID-19 pandemic, resulting in 3.94 percent estimated economic growth rate in fiscal year 2020-21, compared to a negative 0.47 percent in 2019-20. This recovery was more than the projections made by IMF and the World Bank and is reflective of the fact that Pakistan economy fared well despite a third wave of COVID-19 pandemic. The Economist Magazine has also ranked Pakistan among the best performing countries for the handling the coronavirus pandemic.

For financial year 2022, the Government of Pakistan (the Government) has envisaged a GDP growth target of 4.8% and has introduced several measures in the Federal Budget for the 2021-22 to boost economic activity. The industrial sector is expected to remain buoyant due to improvement in export volumes and build-up of industrial capacity under the SBP's Temporary Economic Refinance Facility (TERF). Another cause is re-surfacing of the demand that had been suppressed during the Covid situation. Similarly, construction sector is likely to be a key contributor to economic growth on the back of higher budgetary allocation for development spending and Government's on-going focus to support construction and housing finance. In view of the growth momentum, the SBP, in its latest monetary policy statement, maintained its expansionary policy stance, keeping the policy rate at 7% - unchanged since June 2020.

FINANCIAL PERFORMANCE ON A **CONSOLIDATED BASIS**

Despite unprecedented situation caused by the pandemic, your Group (Hi-Tech Lubricants Limited and Hi-Tech Blending (Private) Limited its wholly owned subsidiary) recorded revenue growth of 92% through undisrupted supply and availability of products, distribution channel expansion and investments behind the brands. Government's preventive measures to control the spread of COVID – 19 by smart lockdown policy as opposed to complete lockdowns and rapid vaccination helped the business to gain momentum.

Improvement in our profitability has been achieved through various cost savings initiatives, optimization projects and better pricing management. The Group attained operating profit of PKR 896 million, up by 188 percent as compared to corresponding year driven by volume growth, overheads control and value chain cost optimization initiatives. Financing cost for the period reduced by 51 percent due to lower interest rates and better internal cash generation strategies that contributed towards improvement in the net profit of PKR 651 million (436 percent higher than last year). These figures include a loss of PKR 94 million associated with our OMC segment, which is currently in its growth and buildout phase.

Detailed consolidated financial performance of your Group is presented below:

Particulars	Consolidated Year ended 30 June		Variance
	2021	2020	
	PKR IN MILLION		% age
Gross Sales	15,600	8,142	92%
Net Sales	10,597	5,629	88%
Gross Profit	2,268	1,415	60%
% of sales	21.40%	25.14%	-374bps
Operating Profit	896	311	188%
% of sales	8.5%	5.5%	300bps
Net profit after Tax	651	122	436%
% of sales	6.1%	2.2%	180bps
Earnings Per Share	5.62	1.05	435%

The Group's product strategy is focused on unlocking the power of engine to enhance quality of travel for everyone, today and for generations to come.

OPERATIONAL **PERFORMANCE**

LUBE **SEGMENT**

In volume terms, passenger car motor oil (PCMO) witnessed a growth of 45%, while motorcycle oils (MCO) grew by 59%, diesel engine oils (DEO) segment by 46% and under hoods by 78% respectively. The locally blended fighter brands have grown by 82% over last year.

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

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

HTL **EXPRESS CENTERS**

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

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

TThe Company currently has twenty-three (23) dealer operated fuel stations running in Punjab. This number is expected to increase to 40 to 45 by year end June 2022 subject to OGRA's approval of our KPK depot. While these are early days, the stations are outperforming the volumes we had forecast in their individual feasibility studies – a testament to our site selection and brand equity associated with the "ZIC" name. The expansion of storage at Sahiwal is near completion, which will allow to operate another 15-20 fuel stations in Punjab.

MANAGEMENT OF **LIQUID RESOURCES**

CASH **MANAGEMENT**

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

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CAPITAL **EXPENDITURE**

Capital expenditure is managed carefully through a proper evaluation of profitability and risks associated with each investment. In conformity with Company's prescribed Capital Expenditure and Risk Management policies, regular project reviews are undertaken by internal audit department for delivery on time and at budgeted cost. Large capital expenditures are further backed by long-term contracts to minimize cash flow problems for the business. Capital expenditure during the year ended June 30, 2021 was PKR 463 million compared to PKR 313 million in the corresponding period.

The Board is satisfied that there are no short or long-term financial constraints that may hamper Company's investments in long term projects as the Company continues to enjoy access to competitive credit due to its strong statement of financial position as at June 2021. The company faces no liquidity risks in light of its well-planned cash management strategies leading to adequate availability of unutilized funded and non-funded financial facilities.

APPROPRIATION OF **PROFITS**

In view of the financial results of the Company for the year 2021, the Board of directors has proposed, at its meeting held on September 10, 2021, a final cash dividend for the year ended June 30, 2021 of PKR 2 per share (20%) and a bonus issue of 20% out of profits of the Company which will lead to increase in company's paid up share capital to PKR 1,392,048,000/-. The approval of the members for the dividend and the bonus issue will be obtained at the Annual General Meeting to be held on October 26, 2021. In accordance with the requirements of applicable accounting standards, the proposed cash dividend amounting to PKR 232,008,000/- has not been recognized as a liability in these financial statements.

As a matter of long term financial strategy, the Company aims to steadily raise its paid up share capital through issue of bonus shares – as and when permitted by the company's own financial strength and the state of capital market – in order to strengthen its permanent equity base.

IPO **FUNDS**

Note 51 to the financial statements of the Company for the year ended 30 June 2021, provides detailed information on the utilization of IPO proceeds.

Particulars	Rupees
Un-utilized IPO proceeds as at 01 July 2020	739,180,893
Add: Profit on term deposit receipts	17,785,212
Add: Profit on bank deposits	1,912,548
Add: Dividend on investment in mutual funds	19,337,030
Add: Gain on disposal of investment in mutual fund	1,080,844
Add: Unrealized gain on disposal of investment in mutual fund	302,870
Less: payments made relating to OMC project	(239,742,384)
Less: Withholding tax on profit	(2,953,532)
Less: Withholding tax on dividend from mutual funds	(2,900,555)
Less: Withholding tax on disposal of mutual funds	(269,521)
Less: Bank charges	(1,507)
Un-utilized IPO proceeds as at 30 June 2021	533,731,898

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

FUTURE **OUTLOOK**

Owing to significant increase in automobile prices as an outcome of depreciation of rupee in relation to the dollar along with international supply constraints of parts, sales of automobile segment growth may slow down.

Considering the current demand for its products, HTL has already increased its local blending and filling at HTBL by shifting 90% of our imported product portfolio to the plant and also expanding our blending facilities. This is contributing to valuable forex savings for the country as it continues to curtail the forex hitherto spent on importing fully blended packed products.

We expect core operations of OMC to attain and go beyond the break-even level of profitability in year 2022 subject to stability in economic conditions, satisfactory increase in the number of our functional service stations, and stability in oil prices, exchange and interest rates.

Further, the Group has decided to avail new business opportunities in the plastic packaging industry by venturing into the production of plastic products for external customers and third parties. This business will be pursued through our wholly-owned subsidiary, Hi-Tech Blending (Private) Limited (HTBL). HTBL has produced bottles for its own needs since 2016 for both its locally blended and locally filled products. It has attained substantial experience in extrusion blow molding and injection molding. HTBL has been exploring the provision of similar plastic packaging to outside customers for some time. HTBL has been approached by potential large scale users of plastic bottles for supply of specially designed plastic bottles to meet their varied specific needs and the company is in the process of finalizing these arrangements.

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

AUDITORS

The present auditors M/s Riaz Ahmad & Co., Chartered Accountants, retire and offer themselves for re-appointment. They have confirmed achieving satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the Guidelines on the Code of Ethics of the International Federation of Accountants (IFAC) as adopted by ICAP. As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as Auditors of the Company for the year ending June 30, 2022, at a fee to be mutually agreed.

COMPLIANCE WITH THE **CODE OF CORPORATE GOVERNANCE**

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

PATTERN OF **SHAREHOLDING**

A statement of the pattern of shareholding of certain class of shareholders as at June 30, 2021, whose disclosure is required under the reporting framework, is included in the annexed shareholders' information.

RISK **MANAGEMENT**

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

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

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

The major risks to which Company is exposed as explained in Note 47 of the unconsolidated financial statements. Measures adopted for their mitigation are as follows:

• CREDIT **RISK**

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

• LIQUIDITY **RISK**

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

• FOREIGN EXCHANGE **RISK**

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

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

RISK **GOVERNANCE**

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

BOARD **COMMITTEES**

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

INTERNAL CONTROLS **AND MONITORING**

The directors are fully aware of their responsibility in respect of adequacy of internal financial controls. The system of internal control of the Company is sound in design, is being effectively implemented and regularly monitored. 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 smooth management of financial, operational and compliance risks. These are based on best practices, promoting a culture of ethics and values with necessary authorities delegated to senior management for appropriate implementation.

CORPORATE **SOCIAL RESPONSIBILITY (CSR)**

During the current year, as in the past, your Company continued its focus on various social causes that include education, healthcare, skill development, environmental protection and social welfare. As per the 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 PKR 21.18 million towards various causes in the current year in accordance with the approval granted by the shareholders/members of the company.

SUSTAINABILITY AND **CORPORATE SOCIAL RESPONSIBILITY**

At HTL, the Corporate Social Responsibility focus remains on raising the bar in the indispensable sectors of Pakistan: Education, Healthcare and Environment. Our Corporate Social Responsibility programs pitch to the universally acclaimed Sustainable Development Goals 2030. These are well-devised and structured combination of programs strongly built on the core objective to reform lives in collaboration as well as with direct interventions in local communities. Hi-Tech Lubricants Limited is on the same page with other MNC groups in Pakistan to make substantial measures in order to achieve the Sustainable Development Goals (SDGs'). Further details are shown in relevant section of this annual report.

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 2021 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 behaviour based safety and risk control which enables minimizing the risks of injuries and accidents through use of helmets and other precautionary measures while driving. Detailed seminars and other awareness campaigns were conducted in liaison with City Traffic Police, National Highway and Motorway Authorities. Further details have been presented in Sustainability and Corporate Social Responsibility section of this annual report.

MATERIAL CHANGES **AND COMMITMENTS**

- There have been no material changes since June 30, 2021 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, 2021.
- There has been no modification in the Auditor's Report in relation to any group company at any stage.
- There has been no default in payment of any debt by any of the group companies during the year.
- These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:
- 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.
- There has been no material departure from the Best Practices of Corporate Governance, as detailed in the Listing Regulations and Listed Companies (Code of Corporate Governance) Regulations, 2019.
- The key operating and financial data from the formation of company (i.e. for the last 6 years) is given elsewhere in this annual report.
- The Auditors have expressed unqualified opinions on the financials statements of each of the group companies.

CONTRIBUTION TO **NATIONAL EXCHEQUER**

Your Company is a noteworthy contributor to the national economy and has contributed PKR 5.21 Billion during the year 2021 to the national exchequer on account of sales tax, custom duties, income tax, and statutory levies

• CONTRACTS WITH **RELATED PARTIES**

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

• EVALUATION OF **PERFORMANCES**

Evaluation of Performances of the Board, its Members, Committees, the Chairman and CEO for the year ended June 30, 2021 have been conducted internally by the Company in compliance to the TORs of Board's Human Resource and Remuneration Committee as prescribed by SECP. Accordingly, no external firm/ individual has been appointed for this purpose.

• THRESHOLD FOR **CONSIDERATION AS EXECUTIVES**

The Board has fixed the threshold of employees for consideration as Executives of the Company which includes CEO, CFO, Company Secretary, Head of Internal Audit, all the Heads of Departments and such other employees as may be specified by Human Resource and Remuneration Committee keeping in view their scope of performance affecting the organization's key objectives and drawing monthly salary package of PKR 400,000/- or above.

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

- Mr. Shaukat Hassan (Chairman BOD & Non-Executive Director);
- Mr. Hassan Tahir (CEO & Executive Director);
- Mr. Muhammad Ali Hassan (Executive Director)
- Mr. Tahir Azam (Non-Executive Director);
- Mr. Faraz Akhtar Zaidi (Non-Executive Director);
- Ms. Mavira Tahir (Non-Executive Director);
- Mr. Muhammad Tabassum Munir (Non-Executive Independent Director);
- Dr. Safdar Ali Butt (Non-Executive Independent Director);
- Syed Asad Abbas Hussain (Non-Executive Independent Director)
- Mr. Ji Won Park (Ex-Nominee of SK Lubricants Co. Ltd.) (Non-Executive Director from 21.10.2019 to 23.10.2020)
- Mr. Jung-Woo LEE (Ex-Nominee of SK Lubricants Co. Ltd.) (Non-Executive Director from 23.10.2020 to 03.06.2021)
- Mr. Hyukjin Kwon (Current Nominee of SK Lubricants Co. Ltd.) (Non-Executive Director since 28.06.2021)

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

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

- Male: 09
- Female: 01

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

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

COMMITTEES OF **THE BOARD**

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

Names of members of Audit Committee of the Board

Mr. Muhammad Tabassum Munir (Chairman of board's Audit Committee)
Dr. Safdar Ali Butt (Member of board's Audit Committee)
Mr. Shaukat Hassan (Member of board's Audit Committee)
Mr. Tahir Azam (Member of board's Audit Committee)
Mr. Faraz Akhtar Zaidi (Member of board's Audit Committee)

Names of members of Human Resources and Remuneration Committee of the Board

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

Names of members of Nomination Committee of the Board

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

Names of members of Risk Management Committee of the Board

Mr. Faraz Akhtar Zaidi (Chairman of RM Committee)
Ms. Mavira Tahir (Member of RM Committee)
Mr. Muhammad Tabassum Munir (Member of RM Committee)

Names of members of Corporate Social Responsibility Committee of the Board

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

• Names of members of Investment Committee of the Board

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

DIRECTORS' REMUNERATION **POLICY**

An extract of Directors Remuneration Policy is appended below as required under Listed Companies (Code of Corporate Governance) Regulations, 2019. Human Resources and Remuneration Committee of the Board (HRRC) has been authorized by the Board to design and oversee the implementation of the Company's Directors' Remuneration Policy. A formal Directors Remuneration Policy was approved by the Board in April 2018 and revised on 8 Sept 2018. Its salient features are enumerated below:

The objectives of the policy are two-fold:

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

The Policy has been drawn considering the following:

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

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

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

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

Summary of Remuneration for Different Classes of Directors

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 board.

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

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

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

BUSINESS CONTINUITY **PLANNING (BCP)**

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

DISASTER **RECOVERY (DR)**

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

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

The Board is cognizant of its responsibilities to all minority shareholders. Both board members and the management team hold conversations with large institutional holders of the stock and brokerage houses to understand areas of focus for shareholders or any concerns. The goal of the Board of Directors is to attract a high caliber of shareholders who are well informed about the Company's prospects and its strategy. Members of the Board have virtually interacted with shareholders in Annual General Meeting held on October 23, 2020 to understand the views of shareholders of the Company and will do so again at this year's AGM. The Company further plans to hold at least One CBS on the basis of Annual Audited Financial Statements of the Company for the year ended June 30, 2021 within one month of the holding of upcoming AGM as permitted by PSX.

DIRECTORS **TRAININGS**

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

COMPANY'S STAFF **AND CUSTOMERS**

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

WEBSITE OF **THE COMPANY**

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

MR. SHAUKAT HASSAN
Chairman

MR. HASSAN TAHIR
Chief Executive Officer

Lahore
September 10, 2021


CAR WASH
BAY-2
TYRE SERVICE

STAKEHOLDERS' **ENGAGEMENT**

@ HTL

Through new formats, new products, new technology and new services we are redefining what consistently high performance in service and quality means for Pakistanis in the fuel and convenience market. Our growing network HTL controlled sites will delivers fuel, lubricants and a range of convenience products and services to our consumers and business customers.

STAKEHOLDERS' **ENGAGEMENT** & MANAGEMENT

Hi-Tech Lubricants Limited (HTL or the Company) believes stakeholders' engagement and management is the most important ingredient for successful project delivery. Our stakeholders' extend valuable contribution towards our growth and existence. Procedure for stakeholders' engagement includes effective communication, good harmony and compliance with laws and regulations. We cannot truly execute our purpose without input from our stakeholders.

SHAREHOLDERS

A major reason why we exist is because our shareholders continue to place trust in our ability to increase the value of their investment. They are the owners of the Company. The Company protects their interest by providing return on their investment in the shape of dividend and by making decisions in line with increasing their wealth. The Company engage shareholders in various ways as stated below;

Nature of engagement	Frequency
Annual general meeting	Annually
Reporting	Quarterly, half yearly and annually
Corporate briefing session	Annually
Website	Continuous
Any other material information	Promptly through PSX

STEPS TAKEN TO ENCOURAGE THE MINORITY **SHAREHOLDERS PARTICIPATION IN THE ANNUAL GENERAL MEETING**

The Company value its shareholders who are the providers of financial capital. Each shareholder is important to the Company irrespective of the holding and voting power. At the Annual General Meeting we ensure a two-way communication with the shareholders particularly the minority shareholders.
We take the following steps to encourage our minority shareholders to attend the annual general meeting:

- Notice of AGM is disseminated at least twenty-one days before meeting.
- Notice of AGM is published in one English and one Urdu newspaper having country-wide circulation.
- Notice of AGM is placed on Company's website
- Notice of AGM is placed on PSX website through PUCAR.
- DVD of the Annual Report of the Company along with the printed proxy form is also circulated to every shareholder along with the Notice of AGM. The proxy form enables shareholder to nominate someone to attend and vote in the meeting on his / her behalf.

In addition to above, all the shareholders are given right to speak and ask questions, as per the legal requirements, to encourage their participation and involvement.

CUSTOMERS

Customers are the backbone of the Company. Company protects their interests by providing them quality products and services. We believe our customers, which predominantly includes the oil retailers, will only respond if and when they are engaged. The key insights for stakeholders' engagements from the perspective of customers include the following core actions:

• EFFECTIVE **COMMUNICATION**

Before engaging with stakeholders, it is very important to develop a deeper understanding of their needs. Continuous communication with our stakeholders will always remain a two-way street, whereby, we remain transparent and continue to disclose both financial and non-financial information in a timely and periodic manner, and also gather information from all our stakeholders to serve them in the best way possible.

• BUILDING KEY **RELATIONSHIPS**

Developing relationships is the integral part of our marketing strategy. We believe that trust is essential for people to form lasting relationships with us, which naturally translate into numbers. Making efforts in identifying and building stakeholder relationships increases confidence, minimizes uncertainty, and speeds up decision-making process across our organization.

• UNDERSTANDING **SUCCESS**

We firmly believe in the age-old saying: if you want to go fast, go alone, if you want to go far, go together. This can be said about the partnership between HTL and its retailers. We have developed an understanding of success that ensures value addition for all our stakeholders, including and especially our retailer customers. We are on a mission to make sure that all our stakeholders succeed with us.

• ORGANIZING TANGIBLE CUSTOMER **ENGAGEMENT EVENTS**

HTL regularly organizes special engagement events for its retailers and distributors in major cities of Pakistan. At these events, we introduce new products, if any, allowing a thorough introduction to key stakeholders so they become fully aware of the new product offering. The increasing motivation and interest from the customers at these events has proved that the relationship is getting stronger with each passing moment.

• **SUPPLIERS**

At HTL, our relationship with our suppliers supply chain system is engaged in the following hierarchies:

• SUPPLIER **SEGMENTATION**

HTL supply chain management goes beyond cost containment. We are always in the process of creating more value by optimizing our effectiveness at every step of the chain.

One effect that we have implemented at HTL 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 focus on the suppliers' abilities to deliver on those objectives in ways that create value.

• INTERACTION **MODEL**

Value is created not only 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 required information. 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 in business world. Business supplier partnerships are all about transparency. Not only we are willing to be transparent with our suppliers, 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.

• EMPOLYEES AND **SOCIETY**

Employees and society both are very important stakeholder for HTL. Their engagements are stated under Human Resource Highlights and Sustainability and Corporate Social Responsibility sections of the Report.

• BANKS

We value our relationship with our financial partners. Financial risk management and business sustainability are of the few interests of this segment of stakeholders. HTL's engagements with banks are as follows:

Nature of engagement	Frequency
Direct relationship	Regular
Meetings	As needed
Financial reporting	Periodic
Website	Continuously available
Head office and site visits	As needed

• REGULATORS

Our commitment to compliance with laws and regulations is evident from our corporate team's continued efforts for efficient and effective legal and regulatory obedience.

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, 2019, PSX Rulebook. All the statutory returns, Annual & Quarterly Accounts of the Company are filed through SECP e Services within prescribed time limitations, and to SECPISD 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.

Furthermore, relationship with other regulatory bodies also managed through strict compliance of all applicable laws and regulations.

• MEDIA

Media is very important stakeholder for building HTL brand presence and to engage other stakeholders. Its nature of engagements and their frequency are stated below:

Nature of engagement	Frequency
Advertisements	Periodic in accordance with marketing strategy
Press release	Periodic as required by law

• INVESTORS' RELATIONS SECTION ON THE **CORPORATE WEBSITE**

To keep transparency in the relationship between the Company and its shareholders, HTL has a dedicated and updated investors section on its corporate website (https://www.hitechlubricants.com/investor) which contains comprehensive information that would be interesting and informative for any investor or potential investor. This section includes detailed information pertaining to: Corporate information, annual reports, financial highlights, quarterly and half yearly reports and other important information related to investor's prospective. The website is updated frequently to provide all investors and stakeholders open, accurate and up-to-date information. Complying with the laws and regulations, all details are made available on the HTL website.

• ANALYST **BRIEFING**

Corporate / analyst briefings are the interactive sessions between the management of HTL and the investors it gives opportunity to apprise investors about financial performance, business outlook, competitive environment and right perspective of affairs of the Company in which it operates and invests. The Company has strong connections with the institutional investors and analysts. Institutional investors regularly obtain Company's business briefings and financial reports.

Furthermore, in compliance with the requirement of Pakistan Stock Exchange (PSX), the Company also conducted a formal Corporate Briefing Session on the basis of its Annual Audited Financial Statements for the year ended June 30, 2020 on Friday November 20, 2020 electronically through video link / Zoom application. All shareholders of the Company and analysts were invited.

Management gave a detailed presentation on Company's operational and financial performance, the competitive business environment in which the Company operates, challenges, and business outlook. A question and answer session was also held in order to provide further explanation that shown the commitment of the Company towards continuous evolving stakeholders' engagement.

The Company is committed to actively follow Corporate Briefing Sessions and therefore, plans to hold at least one CBS on the basis of annual financial results for the year ended June 30, 2021 within one month of the holding of upcoming Annual General Meeting, as permitted by Pakistan Stock Exchange.

• ISSUES RAISED IN THE LAST **ANNUAL GENERAL MEETING**

Apart from general clarifications requested by the shareholders about the Company's financial performance and published financial statements which were satisfactory resolved during the twelfth (12th) Annual General Meeting (AGM) held on Friday dated 23 October 2020 electronically through video link / Zoom application, no significant issues were raised.

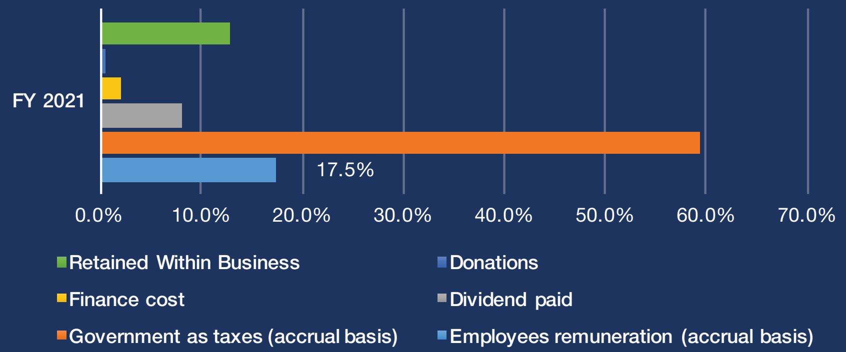
VIDEO PRESENTATION

Video presentation of Chief Executive Officer has been uploaded on Company's website at www.hitechlubricants.com.

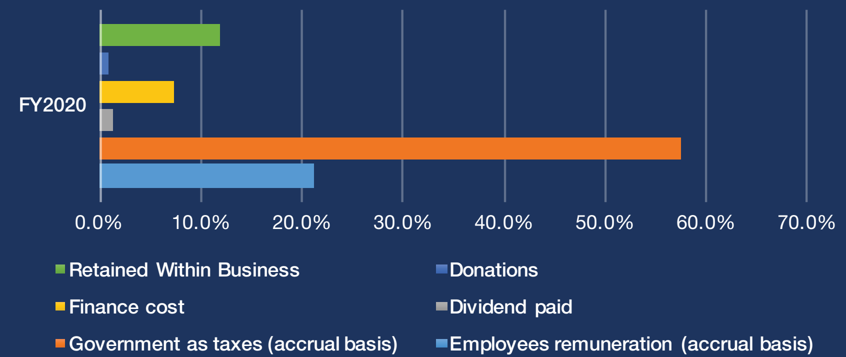
STATEMENT OF **VALUE ADDITION**

Particulars	2021		2020	
	Rs.	%	Rs.	%
Revenue	13,017,306,745		7,016,220,595	
Cost of sales	8,802,509,492		4,503,767,061	
Wealth Generated	4,214,797,253	100%	2,512,453,534	100%
Distribution				
Employees remuneration (accrual basis)	736,683,805	17.5%	533,974,501	21.3%
Government as taxes (accrual basis)	2,501,919,724	59.4%	1,445,354,955	57.5%
Dividend paid	336,411,600	8.0%	29,001,000	1.2%
Finance cost	81,147,580	1.9%	186,325,810	7.4%
Donations	21,181,109	0.5%	18,796,652	0.7%
Retained Within Business	537,453,435	12.8%	299,000,616	11.9%

DISTRIBUTION OF WEALTH GENERATED -2021



DISTRIBUTION OF WEALTH GENERATED - 2020



PATTERN OF **SHAREHOLDING**
AS OF **JUNE 30, 2021** **(According to prescribed Form 34)**

Pattern of holding of the shares held by the shareholders as at 30 June 2021

Number of Shareholders	Shareholding Slab			Total Shares Held
391	1	to	100	14,895
1628	101	to	500	765,441
855	501	to	1,000	829,518
1023	1,001	to	5,000	2,657,223
192	5,001	to	10,000	1,524,553
85	10,001	to	15,000	1,097,795
72	15,001	to	20,000	1,330,950
33	20,001	to	25,000	791,582
19	25,001	to	30,000	535,400
10	30,001	to	35,000	337,153
17	35,001	to	40,000	665,000
2	40,001	to	45,000	81,500
11	45,001	to	50,000	544,340
7	50,001	to	55,000	370,500
5	55,001	to	60,000	289,000
2	60,001	to	65,000	126,200
4	65,001	to	70,000	269,600
3	70,001	to	75,000	225,000
4	75,001	to	80,000	315,500
5	80,001	to	85,000	413,500
2	85,001	to	90,000	176,000
1	90,001	to	95,000	90,500
1	95,001	to	100,000	100,000
2	100,001	to	105,000	210,000
2	105,001	to	110,000	216,000
1	120,001	to	125,000	125,000
1	130,001	to	135,000	135,000
1	140,001	to	145,000	140,500
1	145,001	to	150,000	146,500
2	160,001	to	165,000	326,000
1	170,001	to	175,000	172,080
1	195,001	to	200,000	200,000
1	205,001	to	210,000	205,500
1	210,001	to	215,000	213,000
1	215,001	to	220,000	220,000
1	240,001	to	245,000	243,000
1	245,001	to	250,000	250,000
1	250,001	to	255,000	252,800
1	290,001	to	295,000	292,500
2	295,001	to	300,000	600,000
1	475,001	to	480,000	479,195
1	495,001	to	500,000	500,000
1	595,001	to	600,000	600,000
1	635,001	to	640,000	637,500
1	695,001	to	700,000	700,000
1	760,001	to	765,000	765,000
1	795,001	to	800,000	800,000
1	825,001	to	830,000	827,775
1	940,001	to	945,000	940,038
1	1,075,001	to	1,080,000	1,075,500
2	1,250,001	to	1,255,000	2,500,100
1	1,995,001	to	2,000,000	2,000,000
2	2,030,001	to	2,035,000	4,062,662
1	3,115,001	to	3,120,000	3,118,500
3	3,750,001	to	3,755,000	11,250,450
2	7,500,001	to	7,505,000	15,000,600
1	24,745,001	to	24,750,000	24,748,750
1	28,495,001	to	28,500,000	28,498,900
4416				116,004,000

CATEGORIES OF **SHAREHOLDERS**

AS OF **JUNE 30, 2021** **(According to prescribed Form 34)**

Categories of Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	83,079,812	71.62
Associated Companies, undertakings and related parties.	5,600,263	4.83
NIT and ICP	-	-
Banks Development Financial Institutions, Non Banking Financial Institutions.	55,500	0.05
Insurance Companies	4,054,500	3.50
Modarabas and Mutual Funds	2,501,895	2.16
Shareholders holding 10% (spouses of directors)	54,413,150	46.04
General Public		
a. Local	17,111,540	14.75
b. Foreign	133,815	0.12
Others (Brokers & incorporated companies)	3,466,675	2.99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NOTICE OF **13TH ANNUAL GENERAL MEETING**

Notice is hereby given that the 13th Annual General Meeting of the shareholders of Hi-Tech Lubricants Limited ("HTL" or the "Company") will be held on Tuesday October 26, 2021 at 11:30 Hours at Lahore through only video link / Zoom application to transact the following businesses:

ORDINARY **BUSINESS**

1. To confirm minutes of 12th Annual General Meeting held on 23.10.2020, as submitted to PSX.

2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2021 together with the Auditor's and Board of Directors' reports thereon.

3. To approve and declare final Cash Dividend for the year ended June 30, 2021 at PKR 2 per share (i.e. 20%) (as recommended by the Board of Directors on 10.09.2021) and also the interim cash dividend at PKR 2 per share (i.e. 20% (already paid), making a total of PKR 4 per share (i.e. 40 %) for the year ended June 30, 2021.

4. To appoint Auditors of the Company for the next financial year 2021-22 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, 2021. Names of the retiring directors are; (1) Mr. Shaukat Hassan, (2) Mr. Tahir Azam, (3) Mr. Hassan Tahir, (4) Mr. Muhammad Ali Hassan, (5) Ms. Mavira Tahir, (6) Mr. Faraz Akhtar Zaidi, (7) Mr. Hyukjin Kwon, (8) Dr. Safdar Ali Butt, (9) Syed Asad Abbas Hussain; and (10) Mr. Muhammad Tabassum Munir. All the retiring directors are eligible for re-election.

SPECIAL **BUSINESS**

6. To consider, and if thought fit, to pass the following resolutions with or without modifications as special resolutions, (a) to ratify and approve the transactions carried out with Sabra Hamida Trust (SHT) during the financial year ended June 30, 2021 and (b) & (c) to authorize the Board of Directors to approve all related party transactions carried out and to be carried out with SHT during the year ending June 30, 2022.

(a) "RESOLVED THAT the transactions carried out by the Company with the following related party for the financial year ended June 30, 2021 be and are hereby ratified and approved"

Name(s)	Nature of Transactions	Amount (Rupees)
Sabra, Hamida Trust (SHT)	Donations under CSR Policy	18,000,000

(b) "FURTEHR RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to approve all transactions up to the amount of PKR 20 Million carried out and to be carried out with above named related party for the financial year ending June 30, 2022."

(c) "FURTEHR RESOLVED THAT the approval of transactions by the Board, within the aforesaid limit of PKR 20 million, shall be deemed to have been approved by the shareholders and the transactions for the year ending June 30, 2022 shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval."

7. To consider, and if thought fit, to pass the following resolutions with or without modifications as special resolutions (a) to ratify and approve the transactions carried out with wholly owned subsidiary company Hi-Tech Blending (Private) Limited (HTBL) during the financial year ended June 30, 2021 and (b) & (c) to authorize the Board of Directors to approve all related party transactions carried out and to be carried out HTBL during the year ending June 30, 2022;

(a) "RESOLVED THAT the transactions carried out by the Company with wholly owned subsidiary company Hi-Tech Blending (Private) Limited (HTBL) for the financial year ended June 30, 2021 be and are hereby ratified and approved"

Name(s)	Nature of Transactions	Amount (PKR)
Hi-Tech Blending (Private) Limited (HTBL) (HTBL is a wholly owned subsidiary company of HTL)	Purchase of Lubricants	5,633,323,671
	Sale of lubricants	821,720
	Lease rentals paid	3,000,000

(b) "FURTEHR RESOLVED 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 HTBL for the financial year ending June 30, 2022."

(c) "FURTEHR RESOLVED THAT the approval of transactions by the Board shall be deemed to have been approved by the shareholders and the transactions for the year ending June 30, 2022 shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval."

8. To consider, and if thought fit, to pass the following resolutions with or without modifications as special resolutions;

(a) "RESOLVED THAT Issuance of 23,200,800 ordinary shares of PKR 10 each by utilizing PKR 232,008,000/- out of the unappropriated profits of the Company, and allotment of aforesaid shares as Fully Paid Bonus Shares in proportion of One (1) ordinary share for every Five (5) ordinary shares (i.e. 20%) to such of the members of the Company whose names appear on the members' register at the close of business on October 19, 2021 be and is hereby approved;"

(b) "FURTEHR RESOLVED THAT Above said Bonus Shares rank Pari Passu in all respects with the existing ordinary shares of the Company but not eligible for the Final Cash Dividend as recommended by the Board of Directors of the Company in its meeting held on September 10, 2021;"

(c) "FURTEHR RESOLVED THAT Fractional shares of entitled members be consolidated into whole shares and be sold through stock exchange and the sale proceeds shall be donated to charitable institution(s);"

(d) "FURTEHR RESOLVED THAT Any two of the Chief Executive Officer, the Executive Director and the Company Secretary be and are hereby authorized jointly to give effect to above resolutions and to do and /or cause to be done any and all acts, deeds and things that may be necessary, incidental, or required for issuance, allotment and distribution/electronically credit of the said Bonus Shares and payments of sale proceeds of fractional shares."

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

BY ORDER OF THE BOARD
Lahore, **FRAZ AMJAD KHAWAJA**
October 04, 2021 COMPANY SECRETARY

Note: The Statements of Material Facts under Section 134(3) of the Companies Act, 2017 pertaining to the Elections of Directors and Special Businesses of the Notice concerning information as required to be disclosed under applicable provisions of relevant laws and regulations is attached with this notice of AGM./ being sent to shareholders along with printed notice of AGM.

NOTES:

1. Book Closure: The share transfer books of the company will remain closed from 20-10-2021 to 26-10-2021 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar, M/S CDC Share Registrar Services Limited, CDC House, 99-B, Block "B", S.M.C.H.S., Main Shahrah-e-Faisal, Karachi. Telephone: +92 21 111-111-500, Fax: +92 21 34326053, Toll Free: 0800 23275 (CDCPL), Email address: info@cdcsrsl.com, Website: https://www.cdcsrsl.com by the close of business (5:00 PM) on 19-10-2021 will be considered in time to be eligible for the purpose of attending and voting at the 13th Annual General Meeting of HTL (hereinafter referred to in this notice as the "AGM").

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, 2019 (CCGR 2019), awareness of duties, powers and responsibilities under Companies Act, 2017 (CA2017), Rulebook of Pakistan Stock Exchange Ltd., CCGR 2019, 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 2019 (applicable for person filing consent to act as independent director of the Company) (H) Details of Global Beneficial Ownership and Ultimate Beneficial Ownerships and (I) Proof of holding of 500 HTL shares as Qualification Shares, if not already provided and any other important and relevant information.

4. Reasons for holding AGM electronically through Video-Link - CORONAVIRUS Contingency Planning For AGM: In view of the continued threats of Coronavirus Pandemic (COVID-19) as well as the Directives / Instructions / Guidelines of SECP and other Government Dept. / Institutions, listed companies are required to modify their usual planning for general meetings and avoid large gatherings at one place. While prioritising the wellbeing, health and safety of our shareholders, directors and employees, the shareholders, the Company has considered to minimise the physical interaction amongst and decided to hold AGM only through Video Link/Zoom Application while ensuring compliance with the quorum and other legal / regulatory requirements of general meetings. Accordingly, shareholders of HTL are encouraged to participate in AGM electronically through video link /Zoom Application and also encouraged to consolidate their attendance through proxies.

A. Online Participation In AGM via ZOOM Application: The shareholders are encouraged to login and participate in the proceedings of AGM through their own smart phones/computers from their own convenient locations after completing all formalities as required for verification and identification of shareholders. To attend the AGM electronically, the Login facility will be opened about half hour before the start of AGM.

B. The shareholders of HTL, who wish to attend the AGM electronically through video link, are requested to register their following particulars by sending an e-mail at info@masgroup.org by or before the close of business hours (5:00 p.m.) on 25-10-2021.

Folio/ CDS Account No.	No. of Shares held	Name of Shareholder	Father's/ Husband's name	CNIC No.	Cell Phone No. with Whatsapp	Active email address

The video link and/or login credentials will be shared with the shareholders whose e-mails, containing all the requested particulars, are received at the given e-mail address by or before the date/time specified above. For any query regarding procedure /requirements of online participation in AGM, the members may please contact on the above-mentioned e-mail address or at +92 42 111 645 942 during business hours

C. Online Submission of Comments / Suggestions: The shareholders are also encouraged to send their comments / suggestions in writing, related to the proposed agenda items of the AGM by sending an email at info@masgroup.org by the close of business hours (5:00 p.m.) on 25-10-2021.

5. Verification and Identification of Participants at 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. Each participant shall authenticate his/her identity at online AGM by enabling clear camera of his/her computer device / mobile etc. It is specifically informed that online participants with OFFLINE CAMERA / NO ACTIVE CAMERA will be not be allowed to participate in the proceedings of AGM and shall be DISCONNECTED / REJECTED at the option of the Chairman of AGM.

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 submitting online scan/photo of his/her original CNIC/Passport along with Participant ID & Account number at the time of login to the video link/Zoom application for attending online AGM.

b. In case of corporate entity, scan/photo of the Board's resolution / power of attorney with specimen signature of the nominee shall be submitted online (unless it has been provided earlier) at the time of login to the video link/Zoom application for attending online 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 scan/photo of the proxy form as per above requirements.

b. The proxy form shall be (i) duly stamped with adhesive revenue tickets of PKR 50/- and (ii) witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the proxy form.

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

d. The proxy shall submit scan/photo of his original CNIC or Passport at the time of login to the video link/Zoom application for attending online AGM.

e. In case of corporate entity, scan/photo of the Board's resolution / power of attorney with specimen signature thereon shall be submitted online (unless it has been provided earlier) along with proxy form to the Company at the time of login to the video link/Zoom application for attending online AGM.

6. Correspondence by Members: The shareholders must identity themselves by quoting their respective Folio/ CDS Account numbers in all correspondence with the Company and/or its share registrar for any purpose including but not limited to the Online Participation in AGM, Comments & Suggestions on proposed agenda items in AGM / Transfers & Transmissions of shares, and Changes/Updates in CNIC/NICOP/Passport # IBAN/ Correspondence Address / Email Address / Mobile Phone # etc.

7. 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.

"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 __________.

8. Placement of Notice & Proxy Forms (English & Urdu) and Financial Statements on HTL's Website: The Company has placed the Notice of AGM along with Form of Proxy in English & Urdu languages and the Audited Financial Statements for the year ended June 30, 2021 along with Auditor's and Directors' Reports thereon on Company's website: www.hitechlubricants.com . These are also available at PUCARS of PSX and shareholders may obtain the same through email as well if any shareholder so desire.

9. Electronic Transmissions of Financial Statements & Notices of General Meetings of HTL; The members, who desire to opt to receive in future the annual Audited Financial Statements and notices of general meetings 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.

10. Postal Ballot / E-Voting: In accordance with the Companies (Postal Ballot) Regulations, 2018, for any 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. Deduction of Zakat from the amount of Dividend: In accordance with Zakat & Ushr Ordinance, 1980 and/or applicable rules & regulations made thereunder (the Laws), if any shareholder has not submitted within the timeframe prescribed under the Laws, or at least one month before the start of close period fixed for dividend entitlements a duly filled/completed and properly attested in original the Zakat Declaration (in case of Muslim) and Solemn Affirmation (in case of Non muslim) on the formats prescribed under the Laws to his/her Broker/CDC (in case of CDS shareholder) and to the Company's Share Registrar (in case of physical shareholder), then his/her zakat status in the dividend entitlement register may be found as Muslim Zakat Payable, and the Company will be constrained to make compulsory deductions of Zakat @ 2.5% of face value of each share from the gross amounts of his/her cash dividends.

12. 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 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 the CDS Participants; and

(ii) In case of physical securities to Company's Share Registrar, M/S CDC Share Registrar Services Limited, CDC House, 99-B, Block "B", S.M.C.H.S., Main Shahrah-e-Faisal, Karachi. Telephone: +92 21 111-111-500, Fax: +92 21 34326053, Toll Free: 0800 23275 (CDCPL), Email address: info@cdcsrsl.com, Website: https://www.cdcsrsl.com/ as mentioned below:

1	Shareholder's Name	2	Father's/Husband's Name
3	Postal Address	4	Folio No.
5	Name of Bank	6	Name of Branch
7	Address of Branch	8	Title of Bank Account
9	IBAN * (Complete with Code)	10	Bank Account No. (Complete with Code)
11	Landline Phone No. (if any)	12	Mobile Phone No.
13	NTN (in case of corporate entity, attach copy)	14	CNIC No. (attach copy)
	Signature of Shareholder (as on CNIC)		* IBAN number (International Bank Account Number) will be provided by your banker, containing alpha, numeric and without any space and gap.

13. 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:

A. For filers & non filers: Government of Pakistan through Finance Act, 2021, has made certain amendments in withholding tax provision by substituting the definition of "Filers" with "Active Taxpayer List" (ATL), whereby the company is required to collect tax on dividend under Section 150 of the Income Tax Ordinance, 2001 from the person not appearing in the ATL at the rates specified in the Ordinance as increased by 100%. These tax rates are as under:

a. **For filers of income tax returns 15%**
b. **For non-filers of income tax returns 30%**

To enable the company to make tax deduction on the amount of cash dividend whenever declared @ 15% instead of 30%, 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 @ 30% instead of @ 15%.

For any query/problem/information, the investors may contact the Company's above-mentioned Share Registrar.

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.

B. For Joint Shareholders: 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 proportions of Principal Shareholder and Joint-Shareholder(s) in respect of shares held by them, otherwise each joint holder shall be presumed to have an equal number of shares.

14. 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.

15. Deposit of Physical Share Certificates in CDC Account: The Shareholders holding Physical Share Certificates are required under the relevant provisions of Companies Act, 2017 to open the account with Central Depository Company of Pakistan Limited (CDC) (either Investor Account directly with CDC or sub-account through under the eligible broker) and convert their physical shares into electronic shares.

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

This statement sets out the material facts pertaining to the elections of directors and the special businesses to be transacted at the 12th Annual General Meeting (AGM) of Hi-Tech Lubricants Limited (the "Company" or "HTL") to be held on Tuesday October 26, 2021 at 11:30 Hours at Lahore through only video link / Zoom application.

1. 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 10.09.2021 has fixed the number of directors for next election at ten (10) 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, 2019, 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.

Brief Profiles of persons contesting election as Independent Directors

(i) DR. SAFDAR ALI BUTT: 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 multinational 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 Ltd., a company engaged in manufacture of agricultural support products. Dr. Butt is also engaged in Ujala Education Foundation.

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 38 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.

(ii) SYED ASAD ABBAS HUSSAIN: Syed Asad Abbas 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 recognized 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, specializing 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.

(iii) MR. SHAFIQ UR REHMAN (FCA): Mr. Shafiq ur Rehman has over 35 years of experience in Industry, Banking, Education and Energy sectors at Management/Board level and in Advisory/consulting.
He is a Chartered Accountant since 1991 and a fellow member of Institute of Chartered Accountants of Pakistan. He is also qualified as Corporate Secretary since 1986 from the Institute of Corporate Secretaries of Pakistan.

He completed Bachelors in Commerce (Honors) in 1979 from the University of Peshawar.

He is listed on the (i) penal of Certified Directors with the PICG, (ii) approved penal of Experts for Provisional Manager and Official Liquidator with SECP and (iii) approved panel of Insolvency Experts under the Corporate Rehabilitation Regulations 2019 with SECP.

He is also certified Independent Director from ICAP and also member of Punjab Vocational Training Council.

Other positions and directorships held by him include (i) Independent Director at Nagina Cotton Mills Ltd., (ii) Independent Director at WASL Investment Finance Ltd. (Associated company of HTL), (iii) CEO of Chenab Energy (Pvt.) Ltd. (hydroelectric project) and (iv) Managing Partner of JSSR Consulting Pakistan (Financial, Corporate, Capital Market and Management Consultants).

Justifications for choosing Independent Directors;

1. Independent Directors shall have sufficient knowledge, skills and expertise to play effective roles as independent directors.
2. At least two of the Independent Directors are required to chair Board's committees such as Chairman of Board's Audit Committee and Board's Human Resource and Remuneration Committee.
3. Independent Directors must have attend Directors Training Program from SECP's approved institutions.
4. Names of Independent Directors must have been 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.

2. AGENDA **ITEM NO. 6**

(a) Ratification and Approval of Related Party Transactions with SHT

All the transactions with Sabra Hamida Trust (SHT), an associated undertaking of HTL, during the period from July 01, 2020 to June 30, 2021 are entered into by the Company in the ordinary course of business and at Arm's Length Basis under Related Party Transactions Policy of the Company. Record consisting of details of all the transactions along with all supporting documents is maintained as per legal requirements and available in the registered office of HTL. 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.

Nature and amount of Transactions along with applicable Pricing Policy are detailed below;

Name(s)	Nature of Transactions	Amount (PKR)	Pricing Policy
Sabra, Hamida Trust (SHT)	Donations under CSR Policy	18,000,000/-	As per approved CSR Policy of HTL, and approval of HTL's shareholders in AGM dated 23-10-2020

The transactions with SHT have been approved by the Board in the quarterly/ annual financial statements during the fiscal year 2020-21, however, the Board decided to place above related party transaction concluded during the fiscal year 2020-21 before the shareholders in AGM for ratification and approval due to the interests/concerns of five out of ten directors named as (i) Mr. Hassan Tahir, (ii) Mr. Muhammad Ali Hassan, (iii) Mr. Tahir Azam, (iv) Mr. Shaukat Hassan, and (v) Ms. Mavira Tahir in the above referred related party transactions due to common directorship/Trusteeships and/or relationships amongst common Directors-Trustees.

(b) & (c) Authorization for the Board of Directors to approve related party transactions during the financial year ending June 30, 2022

The company is and shall be conducting transactions of Donations under CSR Policy of the Company with SHT during the financial year ending June 30, 2022, and subsequently, in the ordinary course of business and at Arm's Length Basis as per the approved policy with respect to transactions with related parties in the normal course of business, and therefore, all the future transactions with SHT shall be approved by the Board of Directors on quarterly basis. Considering the interests/ concerns of five out of ten Directors due to their common directorship/trusteeship and/or relationship with Trustees of SHT, the related parties' transactions of the fiscal year 2021-22 are suggested to be placed before the 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 SHT during the financial year ending June 30, 2022, which transactions 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, 2022, 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 their respective shareholdings in the Company and to the extent of their common directorship/Trusteeships and/or relationships amongst common Directors-Trustees.

3. AGENDA **ITEM NO. 7**

(a) Ratification and Approval of Related Party Transactions with HTBL

All the transactions with Hi-Tech Blending (Pvt) Ltd. (HTBL), the wholly owned subsidiary company of Hi-Tech Lubricants Ltd. (HTL), during the period July 01, 2020 to June 30, 2021 are entered into by the Company in the ordinary course of business and at Arm's Length Basis under Related Party Transactions Policy of the Company. Record consisting of details of all the transactions along with all supporting documents is maintained as per legal requirements and available in the registered office of HTL.

HTL is parent company of HTBL and controls it. HTBL has no significant external / unrelated customers and is dependent upon HTL. HTBL's results and operations are closely knit with HTL's sales. Hence, HTBL cannot be, in any way, disassociated from HTL as far as decisions / management are concerned.

Other commercial reasons for entering into RPTs are the following:

a. To tap domestic market through localization and to obtain benefits of the market as it has grown appreciably in latest many years and major brand has a vast gap to tap retail segments of the country along with high end industrial and corporate sectors with major volumes.
b. State of the art and elaborated testing facilities at subsidiary company.
c. To ensure smooth supply chain and to avoid shortages.
d. To ensure freight cost saving by building warehouses at the land of subsidiary so as to make cohesion between purchase and dispatch management.

Nature and amount of Transactions along with applicable Pricing Policy are detailed below;

Name(s)	Nature of Transactions	Amounts (PKR)	Pricing Policy
Hi-Tech Blending (Private) Limited (HTBL) (HTBL is a wholly owned subsidiary company of HTL)	Purchase of Lubricants	5,633,323,671	As per approved contract between HTL & HTBL and Related Party Transactions Policy of the HTL and Standard Cost Plus Method
	Sale of lubricants	821,720	As per approved contract between HTL & HTBL and Related Party Transactions Policy of the HTL and Standard Cost Plus Method
	Lease rentals paid	3,000,000	As per approved lease agreement and Comparable uncontrolled price method and Market Rent Prevalent in the vicinity

The transactions with HTBL have been approved by the Board in the quarterly/ annual financial statements during the fiscal year 2020-21, however, the Board decided to place above related party transaction concluded during the fiscal year 2020-21 before the shareholders in AGM for ratification and approval due to the interests/concerns of five out of ten directors named as (i) Mr. Hassan Tahir, (ii) Mr. Muhammad Ali Hassan, (iii) Mr. Tahir Azam, (iv) Mr. Shaukat Hassan, and (v) Ms. Mavira Tahir in the above referred related party transactions due to common directorship and/or relationships amongst common Directors.

(b) & (c) Authorization for the Board of Directors to approve related party transactions during the financial year ending June 30, 2022

The company is and shall be conducting transactions with HTBL including sale and purchase of goods, loan disbursements and payment of lease rentals etc. during the financial year ending June 30, 2022 and subsequently, in the ordinary course of business and at Arm's Length Basis as per the approved policy with respect to transactions with related parties in the normal course of business, and therefore, all the future transactions with HTBL shall be approved by the Board of Directors on quarterly basis. Considering the interests/concerns of five out of ten Directors due to their common directorship and/or relationship with Directors of HTBL, the related parties' transactions of the fiscal year 2021-22 are suggested to be placed before the 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 HTBL during the financial year ending June 30, 2022, which transactions 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, 2022, 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 their respective shareholdings in the Company and to the extent of their common directorship and/or relationships amongst common directors.

All the other statements of related party transactions during the year were executed at Arm's Length Basis and under Related Party Transactions Policy of the Company, and approved by the Board on recommendations of Audit Committee There was no departure from the guidelines mentioned in applicable Corporate Governance Regulations for such transactions.

4. AGENDA **ITEM NO. 8**

(a) To consider and approve Issuance of fully paid Bonus Shares

HTL has performed significantly well in the year ended June 30, 2021 in terms of EPS. For the purpose of rationalizing the capital structure of the Company with funds employed in the Company it was deemed appropriate to increase the paid up share capital of the Company from PKR 1,160,040,000/- to PKR 1,392,048,000/- . Accordingly, the Board of Directors in its meeting held on September 10, 2021 has proposed to issue Bonus shares at the ratio of 1:5 i.e. One (1) fully paid ordinary share for every Five (5) ordinary shares held by members of Company whose names appear on the members' register at the close of business on October 19, 2021.

These Bonus Shares shall rank pari passu with the existing ordinary shares of the Company, but not eligible for the final cash dividend recommended by the Board of Directors in its meeting held on September 10, 2021.

The directors, sponsors, majority shareholders and their relatives are not interested, directly or indirectly, in the above special business except to the extent of their respective shareholdings 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.

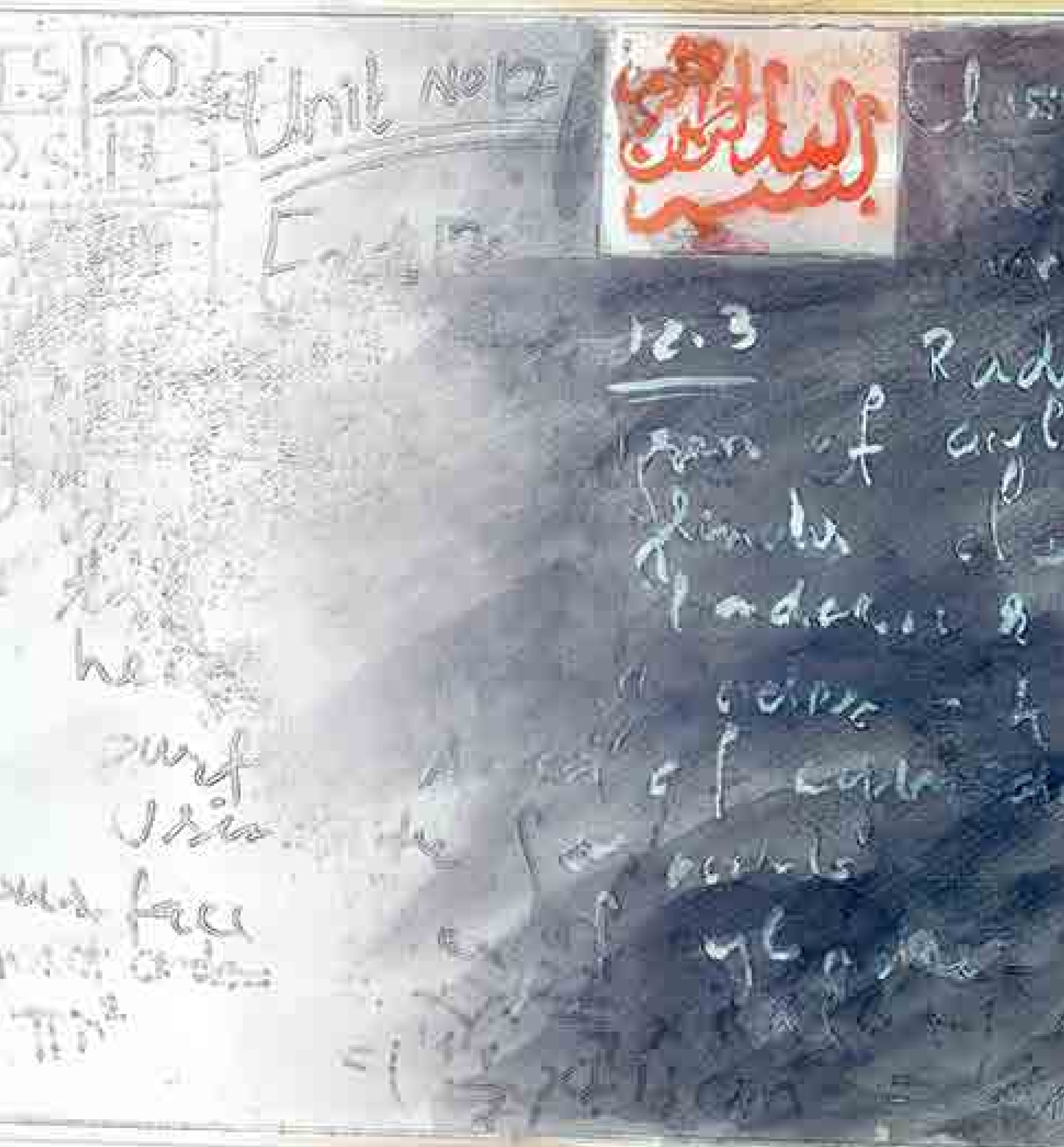
REGISTRATION **PROCESS**

- 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**

@ HTL

One of the key focuses for our CSR initiatives this year has been to create value by providing support to our neighbors and local communities, contributing to the economy around us and ensuring a transparent, resilient supply chain amid COVID-19 crisis. Moreover, we have been continuing with our Ilm Gah Schools initiative under which we are consistently committed towards providing quality education to secure the future of our generations to come.

SUSTAINABILITY AND **CORPORATE SOCIAL RESPONSIBILITY**

Hi-Tech Lubricants Limited (HTL) has a proven history and track record of its strong commitment for the improvement of society and the communities in which it operates. At HTL Corporate Social Responsibility (CSR) is well-devised and structured combination of programs strongly built on the core objective to improve lives with direct interventions in local communities. Making a real contribution to society and helping to find solutions to global challenges is fundamental to our way of doing business. To give focus to our efforts, we have set goals that include best social, environmental and governance practices across our operations. The primary focus of CSR initiatives of HTL remains in three core areas of sustainable development; education, healthcare and environment. HTL CSR strategy is in compliance with the overarching United Nations Global Compact (UNGC) sustainable development goals.

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

At HTL, the Corporate Social Responsibility focus remains on raising the bar in the indispensable sectors of Pakistan; Education, Healthcare and Environment. Our Corporate Social Responsibility programs pitch to the universally acclaimed Sustainable development Goals 2030. These are well- devised and structured combination of programs strongly built on the core objective to reform lives in collaboration as well as with direct interventions in local communities. HTL is on the same page with other MNC groups in Pakistan to make substantial measures in order to achieve the Sustainable Development Goals (SDGs').

EDUCATION

SUCCESSFUL ATTAINMENT OF PUNJAB CHARITY COMMISSION (PCC) CERTIFICATION FOR **SABRA HAMIDA TRUST**

Sabra Hamida Trust, established in 2010 with a prime objective to contribute towards education, health and other charitable and welfare causes. Ilmgah proves itself the first success story on the basis of which Sabra Hamida Trust has successfully attained certification of Punjab Charity Commission (PCC). This accreditation has been awarded after a strict evaluation protocol by PCC and on recognizing comprehensive program delivery from maintaining transparency, keeping responsive accountability process and sustained good governance and standardized financial management framework.

ILMGAH **SCHOOL SYSTEMS**

Since Ilmgah School System's establishment, it has evolved into a successful educational social venture by Sabra Hamida Trust (SHT) aiming at uplifting the underprivileged segment of society. Ilmgah initiative has been in true spirit to reshape, redefine and produce from within this segment contributors of social change enabling them to rise from underprivileged to honorable citizens. SHT aims to continue its commitment to improve the quality of life of many families, the local community and society at large.

HTL inevitably plays a concrete supporting role by means of contributing financially as well as by providing manpower resources to SHT for carrying out its social work.

ROLE OF A TEACHER IN EARLY **CHILDHOOD EDUCATION**

Ilmgah School Systems organized a seminar **'Role of a Teacher in Early Childhood Education'** to help and educate the teachers how better they can perform. In seminar, there has been a consensus that children gain a lot from early childhood education. And, more important, they learn how to socialize. Early childhood educators are, in a way, the building blocks of learning. Researchers were of the view, that without early education, children are likely to fall behind throughout their academic careers. Decisions were made to organize instruction, manage learning, and plan instructional strategies to design early childhood curriculum for Ilmgah.

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

Pakistan is among those developing countries which are currently under makeshift process in providing at par healthcare facilities and also bringing them to the reach of every citizen. Being a socially responsible company HTL feels the heat to be responsive in this lacking sector and so has made Healthcare and Well-being an important pillar of its CSR Strategy.

HTL has been extensively looking for collaborative efforts to facilitate what we have always believed is the most important goal and that is to save lives and care for wellbeing.

MOU WITH ALLAH **WALAY TRUST**

During the year, another milestone achieved by Sabra Hamida Trust for Ilmgah School Systems by signing MOU with Allah Walay Trust. The purpose of this MOU is the provision of free healthy meal to the underprivileged students of Ilmgah School Systems. Due to this, HTL is able to attain following United Nation Sustainable Development goals:

1) Elimination of hunger
2) Care for health and wellbeing of society

EYE CAMP IN COLLABORATION WITH LAHORE FRIENDS LIONS CLUB

"HEALTHY YOUTH, HEALTHY FUTURE"

HTL aims in nourishing the future of our Nation and commits to give back to the society in form of educated and healthy youth. In pursuing HTL's aim, during the year, Ilmgah School System Basit Campus set up an eye camp in collaboration with Lahore Friends Lions Club to ensure its students are learning with a healthy mind and body. The camp conducted an eye test of more than 150 students.

HTL OBSERVED BREAST CANCER **AWARENESS MONTH**

October is documented worldwide as Breast cancer awareness month. HTL accepts as true that cure begins with spreading awareness. Considering importance of awareness and challenges of COVID-19, during the year, HTL has arranged a live virtual session for its female faculty on Breast Cancer Awareness. Dr. Mariam Saleem oncologist from Shaukat Khanum Memorial Cancer Hospital and Research Centre, Lahore was the speaker. She gave awareness regarding breast cancer and its preventive measures with the help of visual demonstrations. The seminar ended on a comprehensive question answer session.

HTL OBSERVED **WORLD DONOR DAY**

HTL is a regular blood donor to Sundas Foundation. Like every year, this year too, HTL observes World Donor Day by setting up Blood camp to stand in their cause of saving innocent lives. During the year, the camp was setup at HTL's Head Office where commendable turnout of donors was witnessed who volunteered to support maintaining of blood bank stock amid Covid-19 pandemic. Being one of company's yearly CSR initiatives, the drive also aims at raising awareness about health benefits of donating blood and promoting the values of civic responsibility.

BASIC PROTECTIVE MEASURE TAKEN AGAINST **CORONAVIRUS (COVID-19)**

Amid the 3rd wave of Covid-19 HTL yet again came on strong by applying basic protective measures for its employees and stakeholders at all of its facilities. HTL assured safe and protected environment as part of business continuity plan, by keeping intact following strategies to combat challenging Covid-19.

- Awareness sessions / regular safety talks has been frequently held to keep employees aware about the safety precautions, transmission and symptoms of coronavirus.
- Awareness videos has been a regular sharing feature on ZIC social media platforms to educate as many as possible.
- Various posters are placed at all locations to educate employees.
- Regular temperature check has been a consistent drill at all the entry points.
- Protective gloves and masks distribution is ensured amongst employees with strict guidelines to wear them at all times.
- Hand sanitization has been made mandatory by using the machines earlier installed at all accessible locations.
- A contingency plan has been executed to allocate / redistribute work in case if any employee gets infected.

Furthermore, HTL got all its employees vaccinated against COVID-19.

CLEAN DRINKING **WATER FACILITIES**

HTL got one step closer to a healthier environment by extending collaboration with Alkhidmat foundation to install a complete unit of RO Plant in the area of Bhai Kot near HTBL Plant site, of which the construction has been underway. The aforesaid RO plant is in addition to the two hand pumps installed in Khyber Pakhtunkhwa Province last year. HTL is affirm on making Healthy Environment to ensure Healthy Future.

ENVIRONMENTAL **PROTECTION MEASURES**

Respecting and safeguarding the environment is strongly embedded in HTL's business practices. We are fully mindful towards environmental matters and take upright responsibility to measures that our actions do not come in the line of our obligation towards environment. Since 2016, Greener Pakistan Initiative upholds our sustainable eco-friendly practices. We have reached colleges, schools, universities and vocational training institutes with a clear message that it is our divine obligation to protect environment and we have to plant as many trees as possible to safeguard our future, our planet. We are fully aware how brutal it can turn for our health if targeted actions are not triggered for the environment now. We have been able to plant more than 30,000 trees till date.

CELEBRATING 14TH AUGUST 2020 **PAKISTAN INDEPENDENCE DAY BY PLANTING HOPE**

HTL's perpetual love for its country demonstrated this year too in its proactive efforts to conserve environment through the Greener Pakistan Drive. On the day, HTL re-endorsed its pledge to play significant role with the nation to plant trees as many. Employees were enlightened about their role as being civilized nation and their responsibility towards nature and environment. The entire HTL gathering resonated unity, respect and gratitude for our beloved Country.

WINNING THE UNGC LIVING THE **SUSTAINABILITY AWARD 2020**

The year 2021, brought yet again for HTL, the most prestigious and credible award "United Nation Global Compact Living the sustainability award 2020".

HTL won the second prize in the category of National Companies, at award ceremony hosted by UN Global Compact Network Pakistan. This award reflects the Company's earnest dedication to be the change-makers and help strengthen its people, fortify communities and build enduring relationships in harmony with its stakeholders at large. It is the recognition of HTL's commitment to do business abiding by the universally proclaimed ten principles of the UN Global Compact.
HTL has made a profound history of achievements towards best business practices and sustainability as shown below;

Award	Category	Year	Host
Business excellence award	First position in small business enterprises	2013-14	UN Global Network Pakistan
Business Excellence Award	Second Position in Large National Category	2015-16	UN Global Network Pakistan
Living the Global Compact Sustainability Award	First Position in Large National Companies	2017	UN Global Network Pakistan
Living the Global Compact Sustainability Award	Second Position in Large National Companies	2018	UN Global Network Pakistan
Living the Global Compact Sustainability Award	First Position in Large National Companies	2019	UN Global Network Pakistan
Living the Global Compact Sustainability Award	Second Position in Large National Companies	2020	UN Global Network Pakistan

HUMAN **RESOURCES**

@ *HTL*

The capability of our people and our culture are key drivers of our success. This is why we focus on implementing people programs that consistently attract and retain the best talent and make HTL a great place to work. Our talent development programs will continue to identify and develop employees exhibiting potential for consistent performance at an individual level which is central to the organization's growth overall.

HUMAN RESOURCE **EXCELLENCE**

Human Resource plays a vital role in formulating a positive business environment. It enhances employees' engagement, effectiveness and efficiency which are very significant ingredients for the success of the business as well as the employees' personal development and wellness.

Hi-Tech Lubricants Limited ('HTL or the Company') leaders and front-line managers support employees and assist them in accomplishing their individual and organizational goals, while HR ensures employees are fully equipped with requisite skills, resources and guidance to perform well and achieve their respective potentials.

HTL firmly believes in its vision to provide equal opportunities to all its employees irrespective of gender, religion, caste and ethnic orientations. Our organization is dedicated to provide a work environment in which all its employees are treated with respect, dignity and justice.

HIGHLIGHTS OF **2020-2021**

14TH AUGUST **CELEBRATION DAY**

Independence Day, 14th August is the most important day for all citizens of Pakistan. It is an unforgettable landmark in the history of Pakistan. HTL celebrates 14th August day every year with a lot of zeal and zest. Continuing with its tradition, HTL organized the event of Independence Day in 2020 with same energy and passion. In order to portray the true spirit of patriotism, ceremony started with a guard of honor. All members of the board of directors led the event and wholeheartedly participated in cake cutting ceremony. It turned out to be a great event like every year, with all the employees re-affirming their commitment to play they due role in the country's continued progress.

LEARNING & DEVELOPMENT

HTL has launched multiple learning and development programs for professional and personality grooming of their employees. It increases employee motivation and enhances working efficiency which ultimately leads to an overall improvement in organization's work environment. It also encourages employees to readily adopt new technologies and methods. Our learning and development strategy aims to achieve the following:

- Identify employee learning and development needs.
- Ensure optimum human capital development.
- Build the business management and leadership skills for a strong team.
- Retain highest levels of personal motivation and desire to progress in all our employees.

TRAINING & **DEVELOPMENT**

HTL maintains a balanced focus on the skills up-gradation and personality enhancement of its employees. The Company conducts training need analysis and individual development plans for its employees regularly. During the year, the Company arranged twenty-four training sessions consisting of 1,894 hours for 215 participants.

HIPO RECREATIONAL **TRIP AND TRAINING**

Under HIPO, the Company identifies its top performers. To polish their skills and boost their motivation levels, the Company organizes a recreational learning trip for such HIPOs every year. In 2020, it was held from 16 to 18th October 2020. In addition, a customized learning session was organized with Mr. Sohail Rizvi and Mr. Faisal Akbar Awan, two reputable and well known personalities in the world of Training & Development. In a post-event survey, the satisfaction level for the trip was recorded at 100%, signifying both the interest level of participants and the success of program organizers' efforts.

NATIONWIDE **SALES TRAINING**

HTL is well aware of the importance of regular training programs for its Sales Department personnel as they play a pivotal role in the success of the Company's developmental efforts. HTL recognizes that it is essentially a marketing company and its continued progress depends on the quality of its sales force. It therefore, pays adequate attention to polishing its skills and enhancing their working efficiency. HTL conducted a nationwide sales training for the professional and personality grooming of our sales employees from 31st March 2021 to 2nd April2021. This customized and focused training was led by Mr. Usman Gulzari, a well reputed and talented trainer in Pakistan. Once again, the post-event survey disclosed that the satisfaction level of all the participants was close to 90% and that the employees were able to improve their personal motivational levels and working efficiency.

WORK PLACE **DIVERSITY**

HTL ensures that employment and employee development decisions are purely objective and encourage every individual to feel and be an important part of the organization. Our purpose is to create and maintain a diverse workplace where people are encouraged to perform their duties without any fear of reprisal for their particular characteristics. HTL believes in an inclusive policy which rewards every employee on merit and provides all employees an equal opportunity to grow and develop their careers. HTL has operations in all parts of the country and encourages people from all regions to apply for positions in the Company. Selection is made without any regard to regionality, religion, language or political beliefs or any other form of discrimination.

EMPLOYEE ENGAGEMENT **SURVEY**

Employee Engagement Survey carries immense importance in an organization in order to measure the involvement and the satisfaction level of employees, quantitatively. This survey indicates to our decision-makers the room for improvement in terms of employees' satisfaction which would ultimately benefit the Company's operations. HTL conducted two employee engagement surveys from July 20 to December 20 and Jan 21 to June 21 in order to a have an overall view about the satisfaction level of employees.

The overall satisfaction level for employees from July 20 to December 20 was 73% and from Jan 21 to June 21 was 75% which is deemed to be well above the industry average of 64.3%. While, we are happy to be better than the industry average, our efforts will continue to carve a place among the top 10% of the industry in terms of employees' satisfaction with their working environment & culture.

WOMAN'S **DAY**

HTL has always emphasized on the gender diversity among its employees. The company always promotes equality and the rights of women in all segments of the organization. HTL acknowledges the contribution of its female employees and officers in the development of the Company as one of the finer examples of employers in the country. On 8th March 2021, HTL celebrated the special occasion of Women's Day with all the female staff members, where Ms. Mariam Zaidi, a talented and skillful guest speaker, was invited to deliver a motivational address. As indicated by the post-event survey, the day proved to be very exciting and encouraging event for women.

RECREATIONAL TRIP FOR **FEMALE STAFF**

HTL encourages female staff to interact outside the work environment, leaving aside their domestic and work pressures. In this regard, HTL organized a recreational trip for its female employees' of 3 days from 10 to 12th February 21 to Pearl Continental, Bhurban. This trip met with great success as disclosed by the post event survey. Female employees not only enjoyed the trip but also built useful bonds with other female employees of HTL which will lead to better working relationships throughout the organization.

MANAGEMENT TRAINEE & **INTERNSHIP PROGRAMS**

HTL has a well-established and regular Management Trainee & Internship program aimed at recruiting fresh graduates and helping them to develop into fine managers of the future. The program has met with considerable success over the recent past where a number of internees have moved on to assume substantive positions and supervisory roles. The Company looks at this program not only as a source of future managers but also its contribution to skilled technical resource available to the country for its development. During the year under review, a total of 05 Management Trainees & 04 internees were inducted by HTL.


SK ZIC
MOTOR OIL

MARKETING **EXCELLENCE**

@ HTL

We have started to use photo recognition as the latest technology and weekly customer surveys for tracking to add value to our sales team via merchandising activities. It enables wider, faster and more accurate information flow, which allows for increased audit coverage and decreased time spent on auditing. Moreover, our sales teams have the opportunity to improve the merchandising standards of our customers thereby ensuring the consistent performance of the brand for the end consumers.

MARKETING **EXCELLENCE**

NEW **IDENTITY LOGO**

This year HTL took a very significant and bold step to improve its brand equity. A new identity was created to help all of the HTL brands build a more recognizable theme among them. It is important for people to not only have a strong recall for ZIC, but also its parent company HTL. To meet the goalof having a coherent brand Identity as well as to create more awareness for the parent brand HTL, we created a new appealing grid being used on all shop fascia and as well as marketing collateral. This will help in gaining more profound brand equity where people will be able to link all of the brands back to its parent company and recognize that all these brands are part of one larger company. This synchronization will create a consensus between all business units of Hi-Tech Lubricants. The goal is to build stronger brand recognition for HTL Express and HTL station via association with ZIC, with an already built brand equity and customer loyalty base. For this purpose the new look was an important and initial step towards achieving it.

RASHION PACKAGES **DISTRIBUTION CAMPAIGN:**

Hi-Tech Lubricants Limited has a proven history and track record of its strong commitment for the improvement of society and the communities in which it operates. The Rashan packages distribution campaign was again held in Ramadan by HTL, as an attempt to accommodate even more people than last year. This campaign focused on providing relief to the ZIC family in lieu of the support they have shared over the years. For this purpose, marketing department allocated their advertising budget to the better use where HTL sales teams distributed Rashan packages to the helping hands of our retailers. At HTL, we remained strong with our accomplices in these difficult times, and extended support to the ones affected most in our framework in the shape of Rashan packages to the helpers at retail stores. HTL always focused on spreading happiness. 'SERVICE ABOVE SELF' Rashan Packages Distribution Campaign evolved around sending a token of appreciation and gratitude for their hard work and untiring efforts.

OMC MASK **DISTRIBUTION**

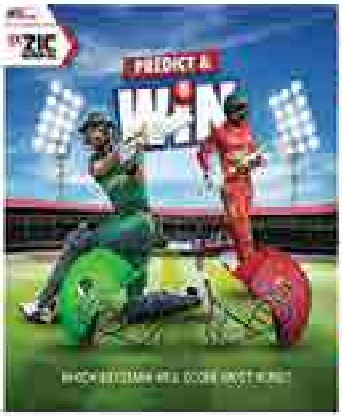
HTL came forward with a vision to combat the adverse effects of COVID 19. In the midst of the worldwide pandemic, HTL took the essential defensive measures for the safety of its customers and the staff by distributing Free Masks to the visitors at the HTL stations. The COVID-19 pandemic has reshaped our lives, therefore, we have to change our behaviors and adopt extended safety measures. As a component of our marketing progression plan, we formed systems to battle the unfavorable effect of the pandemic by branding and promoting the importance of wearing masks. This initiative ensured maximum protection for both our workers and our customers.

HYUNDAI & DFSK **COLLABORATION:**

HTL strongly believes in developing new business aspects and enhancing its business spectrum to add more value for its stake holders and business partners. The Company is focusing to secure business contracts from New Car Manufacturers entering into Pakistan Automobile Market, which are in need for Quality Lubricants for their vehicles' optimal performance and longer engine life. In result of the aforesaid efforts, HTL has successfully entered into landmark agreements with Hyundai Nishat Motor (Private) Limited and DFSK Regal Automobiles Industries Limited for exclusive sale, supply and branding of ZIC brand lubricants to all their authorized / designated dealers. Due to this, new avenues have opened for HTL and its partners by giving more ground to cover in smoother journeys. Furthermore, it will be the stepping-stone for HTL to attract similar agreements from other Car Manufacturers.

PAK VS ZIMBABWE **SERIES:**

HTL has been associated with cricket for many years. To continue its legacy, HTL sponsored Pakistan vs Zimbabwe Series to promote cricket in Pakistan.In addition to the ZIC Lubricants ground branding, HTL launched online competitions to entertain and engage the cricket fans in the challenging time of pandemic when people were looking for ways to entertain themselves at their homes. The results were exceptional as the series received maximum viewership in comparison to any other cricket tournament that took place during this year.



NATION WISE CONSUMER **DETAILING ACTIVITY**

As lubricant is a technical product, so its users need to be educated about product specifications and right choice. In this respect, HTL has taken steps to directly educate its customers on one on one basis at retail outlets and oil change centers in order to equip them better, in making a well informed decision which is beneficial for their vehicle, their pocket as well as the environment. This activity proved to be beneficial in the long run for HTL as well, as the customers who became direct endorsers of ZIC.

TRAFFIC POLICE **INITIATIVES:**

HTL has been associated with the Traffic Police for a long period of time. Being a brand we believe in social responsibility and contribution to the society. In respect of this responsibility, HTL has taken an initiative in metropolitan cities to support the on duty hardworking Traffic Police by providing free water bottles and umbrellas in the summer season. Furthermore, in the spirit of Independence Day 14th August 2020, HTL distributed free KFC meal vouchers to Traffic Police. The aforesaid efforts put HTL one step ahead in delivering CSR responsibilities.

SYNCRONISED VISUAL REPRESENTATIONS **OF ALL BUSINESS UNITS**

During the year, HTL took a significant and bold step to improve its brand equity. A new identity was created to help all of the HTL brands build a more recognizable theme among them. It is important for people to not only have a strong recall for ZIC, but also its parent company HTL. To meet the goal of having a coherent brand Identity, as well as, to create more awareness for the parent brand HTL, we created a new appealing grid with blue, red & white being used on all shop fascia and marketing collateral. This is strategically planned to help in gaining more profound brand equity where people will be able to link all of the brands back to its parent company and recognize that all these brands are part of one larger company. This color theme synchronization of blue red and white will create a consensus between all business units of HTL. The goal is to build stronger brand recognition for HTL Express Centers and HTL Fuel Stations via association with ZIC, with an already built brand equity and customer loyalty base. For this purpose, the new look was an important and initial step towards achieving it.

HTL'S FUEL STATIONS **(OMC) VIDEO:**

Since HTL's decision to venture into the OMC business, there has been a lot of positive anticipation regarding the project. So it was important to present the first look of the Venture to the stakeholders at large in the best way possible. For this purpose, a DVC video was made which showed the first proper look of HTL Fuel Stations. Through this video, we were able to improve our audience reach and communicate our message effectively. The video perfectly highlighted the strong quality measures at our stations, top-notch customer service and at-par quality. We promoted it on different platforms for amplifying its reach, spreading awareness and encouraging people to visit the stations.

FREE FUEL CAMPAIGN **AT HTL FUEL STATIONS**

With the objective of driving sales, attracting new customers, motivating shopping behavior, boosting customer loyalty and most importantly to retain our customers, HTL planned the Free Fuel Campaign during the year. The idea of the campaign was to build same loyalty link with HTL Fuel Stations as the people have with ZIC Lubricants. During this campaign, the Company encouraged people to buy ZIC Lubricants from HTL Fuel Stations to avail the incentives in terms of free fuel and the incentive increased with each repeat purchase. This in result increased customers' footfall at the station's oil change setups. The campaign was a success as it improved brand recall, and awareness among our customer base.


POWER PACKED
PERFORMANCE
SK
ZIC
X7
FE
0W-20
FULLY SYNTHETIC
VHVI
4L
MAXIMIZE FUEL ECONOMY
SP
GF-6
ENGINE PROTECTION
UPGRADED TO API SP
For Maximized Engine Protection by Preventing LPSI in GDI & TGDI

FINANCIALS

@ HTL

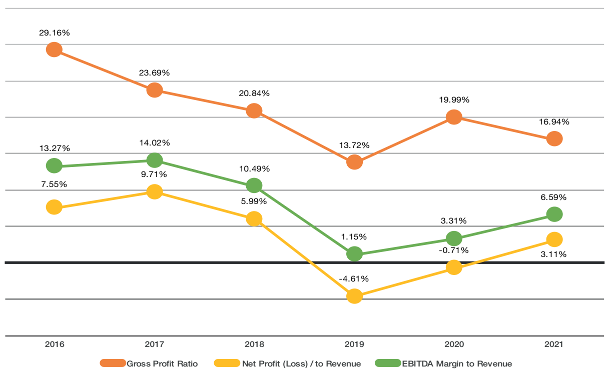
The financial function is built upon the principles of integrity, an essential quality to possess for the gatekeepers of HTL's entire financial structure. Through well-designed job functions combined with deep Oracle integration, each individual is a designated process owner with clearly defined responsibilities, eliminating the risk of fraudulent activities. This self-regulating system offers plenty of opportunities to grow, which instills positive energy in all professionals working at the company as their hard work is amply rewarded.

ANALYSIS OF **FINANCIAL STATEMENTS**

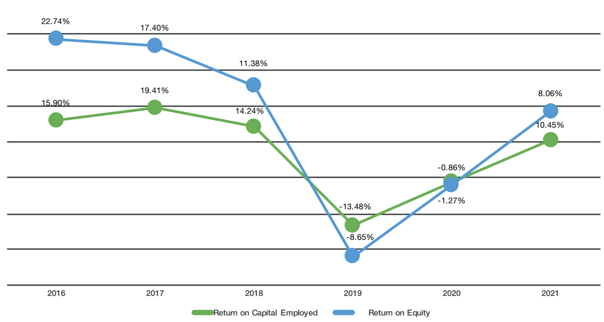
FOR THE CURRENT **AND LAST FIVE YEARS**

Key Performance Indicators	UOM	2021	2020	2019	2018	2017	2016
PROFITABILITY RATIOS							
Gross Profit Ratio	%	16.94%	19.99%	13.72%	20.84%	23.69%	29.16%
Net Profit / (Loss) to Revenue	%	3.11%	-0.71%	-4.61%	5.99%	9.71%	7.55%
EBITDA Margin to Revenue	%	6.59%	3.31%	1.15%	10.49%	14.02%	13.27%
Operating Leverage Ratio	Times	3.50	-6.41	-50.06	-0.43	2.84	2.48
Return on Equity	%	10.45%	-1.27%	-13.48%	14.24%	19.41%	15.90%
Return on Capital Employed	%	8.06%	-0.86%	-8.65%	11.38%	17.40%	22.74%
LIQUIDITY RATIOS							
Current Ratio	Times	0.95	1.01	1.10	1.84	1.75	3.96
Quick Ratio / Acid Test Ratio	Times	0.52	0.73	0.82	1.20	1.02	2.92
Cash to Current Liabilities	Times	0.13	0.08	0.06	0.31	0.04	0.29
Cash Flow from Operations to Revenue	Times	0.07	0.22	-0.13	0.13	-0.05	0.06

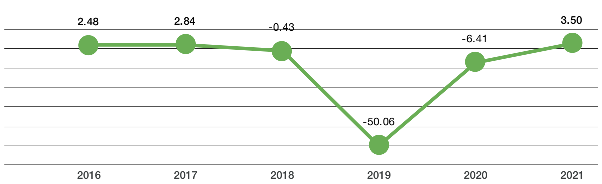
PROFITABILITY **RATIOS**



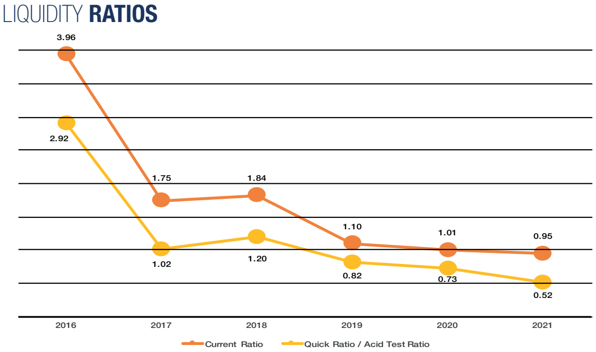
PROFITABILITY **RATIOS**



OPERATING LEVERAGE **RATIO**



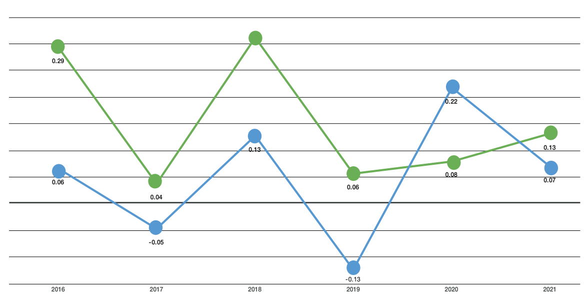
LIQUIDITY **RATIOS**



PROFITABILITY **RATIOS**

Profitability ratios are financial metrics which help to assess the Company's ability in terms of its earnings. This includes Gross Profit Ratio, Net Profit to Revenue Ratio, EBDITDA Margin to Revenue, Operating Leverage Ratio, Return on Equity and Return on Capital Employed. Profitability ratios of the Company have shown handsome growth on account of achievement of budgeted revenue targets and cost control measures. Net revenue has been increased by 88% leading to better fixed cost absorption and helping the Company to achieve net profit during the year. To achieve the aforesaid targets, HTL has offered excessive discounts that in turn decrease the GP ratio by 3.05% while Net profit to revenue and EBITDA margin to revenue has been increased by 3.82% and 3.28% respectively. Return on equity has also been significantly improved from FY 19 to FY 21.

LIQUIDITY **RATIOS**



LIQUIDITY **RATIOS**

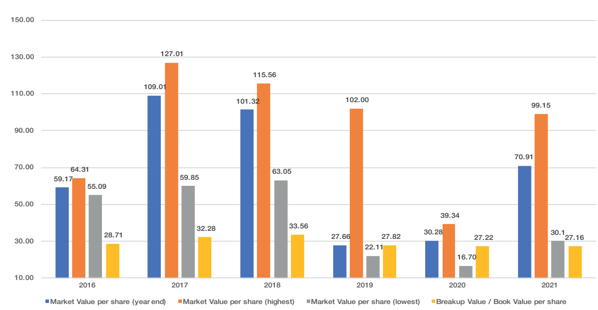
Liquidity ratios are financial metrics used to determine Company's ability to meet its short term debt and other short term liabilities when they fall due. Current ratio and quick ratio shows negative trend mainly on account of divesting short term investments into capital expansions. Increase in cash to current liabilities from 0.08 times to 0.13 times is mainly due to increase in cash and bank balances.

Key Performance Indicators	UOM	2021	2020	2019	2018	2017	2016
INVESTMENT/MARKET RATIOS							
Earnings / (Loss) per share	Rs.	2.84	-0.35	-3.75	4.78	6.27	5.43
Price Earnings Ratio	Times	24.97	-86.51	-7.38	21.20	17.39	10.90
Price to Book Ratio	Times	1.48	0.7	0.5	2.1	2.2	1.7
Dividend Yield Ratio	Times	0.04	0.01	0.06	0.03	0.02	0.03
Dividend Payout Ratio	Times	1.02	(0.71)	(0.47)	0.73	0.43	0.28
Cash Dividend per share	Rs.	2.9	0.25	1.75	3.50	2.70	1.50
Market Value per share (year end)	Rs.	70.91	30.28	27.66	101.32	109.01	59.17
Market Value per share (highest)	Rs.	99.15	39.34	102	115.56	127.01	64.31
Market Value per share (lowest)	Rs.	30.1	16.7	22.11	63.05	59.85	55.09
Breakup Value / Book Value per share	Rs.	27.16	27.2	27.8	33.6	32.3	28.7
Breakup Value per share including the effect of all investments	Rs.	27.16	27.2	27.8	33.6	32.3	28.7
No. of Shares based on par value of Rs.10	No.(000)	116,004	116,004	116,004	116,004	116,004	116,004
Total Dividend Paid	Rs.(000)	336,412	29,001	203,007	406,014	313,211	168,206

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 2021, HTL's share price touched the peak of Rupees 99.15 while the lowest recorded price was Rupees 30.10 with a closing price of Rupees 70.91 at the end of the year.

SHARE PRICE SENSITIVITY **ANALYSIS**



SEGMENTAL **REVIEW**

LUBRICANTS

Lubricant segment operations represents purchase and sale of lubricants, parts and rendering of services. Net revenue of lubricants segment increased by 55% in comparison to last year. The Company has achieved all its budgeted revenue targets during the year, in spite of COVID-19 challenges. Furthermore, bottom line profit of this segment also by increase by 322% reaching to Rupees 647 million in comparison to Rupees 153 million of FY 2020. With a fiercely competitive market, the Company still able to increase its market share by ensuring customers receive high quality products at affordable prices. Detailed segment information has been presented in note 53 of the financial statements.

PETROLEUM **PRODUCTS**

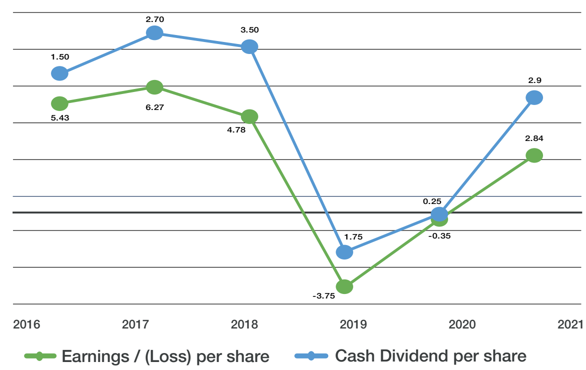
Petroleum segment operations represents marketing and sale of petroleum products through HTL Fuel Stations. The Company successfully running its petroleum segment operations in Punjab Province. Revenue of petroleum segment increased by 590% in comparison to last year. Furthermore, the Company has been able to achieve gross profit of Rupees 55.11 million in comparison to the loss of Rupees 13.89 million relating to FY 2020. Petroleum segment earns bottom line loss of Rupees 94.25 million mainly on account of depreciation. These are early days of the project; revenues will increase in line with the increase in HTL Fuel Stations. At 30 June 2021, the Company has twenty-three dealer operated HTL Fuel Stations in Punjab Province.

DESCRIPTION	REVENUE
	Rupee in thousand
Lubricants	8,188,024
Petroleum products	2,410,185
Total revenue of the Company	10,598,209

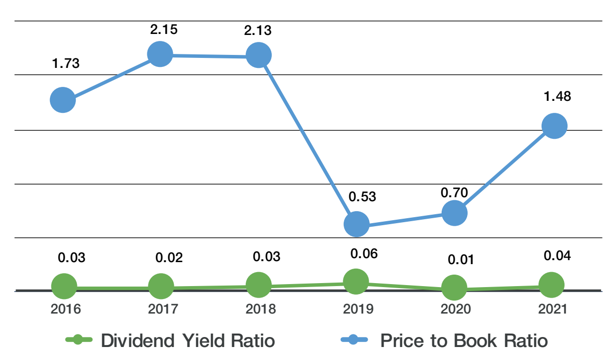
INVESTMENT / MARKET **SHARE RATIOS**

Investment / market share ratios metrics witnessed a significant growth in FY 2021 in comparison from FY 2020. Earnings per share of the Company reached to Rupees 2.84 in comparison from loss per share of Rupees – 0.35, relating to FY 2020. Dividend yield ratio and dividend payout ratio also shown reasonable growth in comparison to last year. The improvement in investment / market share ratios ultimately increase shareholders value in the Company.

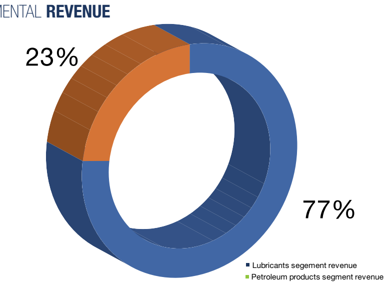
INVESTMENT / MARKET SHARE **RATIOS**



INVESTMENT / MARKET SHARE **RATIOS**



SEGMENTAL **REVENUE**

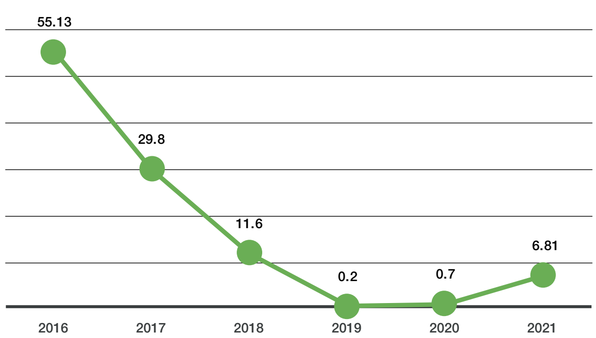


ANALYSIS OF **FINANCIAL STATEMENTS**

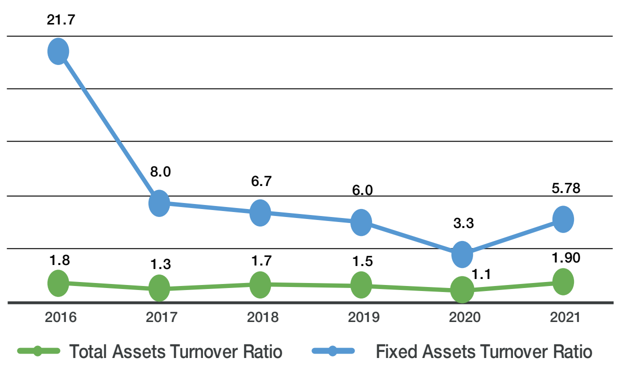
FOR THE CURRENT **AND LAST FIVE YEARS**

Key Performance Indicators	UOM	2021	2020	2019	2018	2017	2016
CAPITAL STRUCTURE							
Financial Leverage Ratio	Times	0.32	0.27	0.64	0.22	0.33	0.01
Long term Debt to Equity Ratio (as per Book Value)	%	1.51%	1.84%	0.46%	0.77%	0.57%	0.07%
Long term Debt to Equity Ratio (as per Market Value)	%	0.58%	1.65%	0.46%	0.3%	0.2%	0.0%
Interest Coverage Ratio	Times	6.81	0.7	0.2	11.6	29.8	55.1
ACTIVITY/TURNOVER RATIOS							
Total Assets Turnover Ratio	Times	1.90	1.13	1.54	1.68	1.27	1.76
Fixed Assets Turnover Ratio	Times	5.78	3.32	5.95	6.67	7.96	21.69
No. of Days in Inventory	Days	27.49	50.63	39.55	61.45	69.26	43.03
No. of Days in Receivables	Days	3.09	41.03	27.60	8.21	8.07	10.14
No. of Days in Payables	Days	43.32	58.49	30.35	35.32	44.30	46.60
Operating Cycle	Days	(12.74)	33.17	36.80	34.35	33.03	6.57

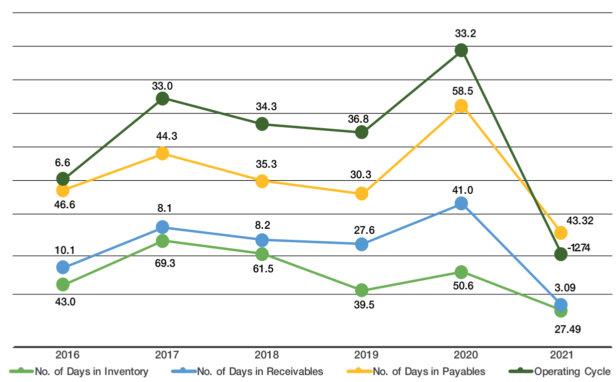
INTEREST COVERAGE **RATIO**



ACTIVITY/TURNOVER **RATIOS**



ACTIVITY/TURNOVER **RATIOS**



CAPITAL STRUCTURE **RATIOS**

Interest coverage ratio witnessed significant growth, in comparison from FY 2020 which is a positive indication for the Company. On the other hand, financial leverage ratio has been slightly increased mainly on account of increase in lease liabilities, while long term debt to equity ratio has decreased on account of repayment of long term debt.

ACTIVITY / TURNOVER **RATIOS**

Activity / turnover metrics witnessed significant improvement in comparison from FY 2020. Total asset turnover ratio has been reached to 1.90 times from 1.13 times due to increase in revenue during the year. Operating cycle has shown decreasing trend from FY 2018 to current year which depicts efficient working capital management of the Company.

VERTICAL **ANALYSIS**

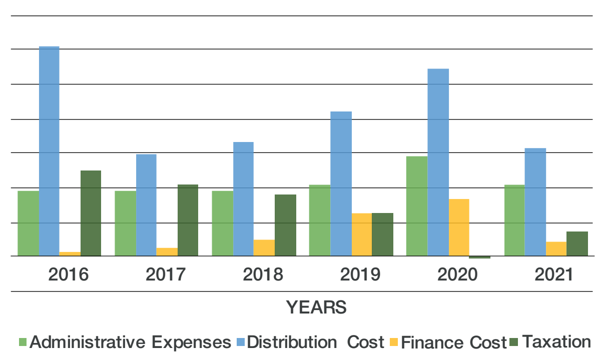
FOR THE CURRENT **AND LAST FIVE YEARS**

Statement of Profit or Loss	2021		2020		2019		2018		2017		2016	
	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)	%age
Net Revenue	10,598,209	100%	5,628,659	100%	9,431,162	100%	9,253,578	100%	7,488,882	100%	7,015,302	100%
Cost of Sales	(8,802,509)	83%	(4,503,767)	80%	(8,136,799)	86%	(7,325,252)	79%	(5,714,430)	76%	(4,969,649)	71%
Gross Profit	1,795,700	17%	1,124,892	20%	1,294,363	14%	1,928,326	21%	1,774,452	24%	2,045,653	29%
Administrative Expenses	(431,094)	4%	(328,992)	6%	(390,823)	4%	(351,091)	4%	(279,254)	4%	(263,512)	4%
Distribution Cost	(666,407)	6%	(609,514)	11%	(795,362)	8%	(606,107)	7%	(445,148)	6%	(851,449)	12%
EBITDA	698,199	7%	186,386	3%	108,178	1%	971,128	10%	1,050,050	14%	930,692	13%
Depreciation and Amortization	(184,463)	2%	(157,102)	3%	(80,777)	1%	(57,433)	1%	(44,748)	1%	(38,311)	1%
Other Expenses	(41,275)	0.4%	(20,180)	0.4%	(103,571)	1%	(63,070)	1%	(33,869)	0.5%	(43,437)	1%
Other Income	80,449	1%	126,125	2%	113,899	1%	108,463	1%	95,757	1%	46,313	1%
EBIT	552,910	5%	(51,157)	-1%	37,729	0.4%	959,088	10%	1,067,190	14%	895,257	13%
Finance Cost	(81,148)	1%	(186,326)	3%	(235,072)	2%	(82,541)	1%	(35,838)	0%	(16,240)	0%
Profit / (Loss) Before Taxation	471,762	4%	(51,097)	-1%	(197,343)	-2%	876,547	9%	1,031,352	14%	879,017	13%
Taxation	(142,533)	1.3%	10,980	-0.2%	(237,476)	3%	(322,117)	3%	(304,484)	4%	(349,352)	5%
Profit / (Loss) After Taxation	329,229	3%	(40,117)	-1%	(434,819)	-5%	554,430	6%	726,868	10%	529,665	8%

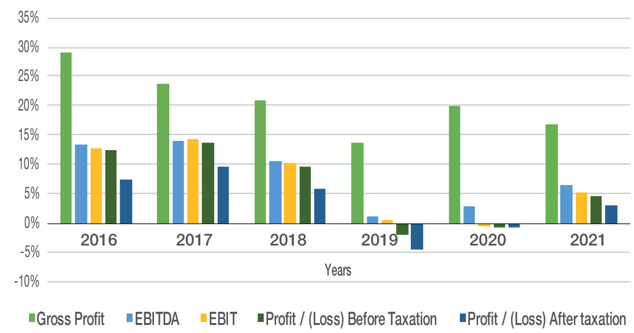
STATEMENT OF PROFIT OR LOSS **VERTICAL ANALYSIS**

Gross profit and EBTIDA representing mixed trend from last six years. However, during the current year, Gross profit, EBITDA and EBIT represent 17%, 7% and 5% of the net revenue respectively. Achievements of revenue targets and implementation of efficient cost control measures lead the Company to regain momentum during the year as reflected in statement of Profit or Loss Vertical Analysis table.

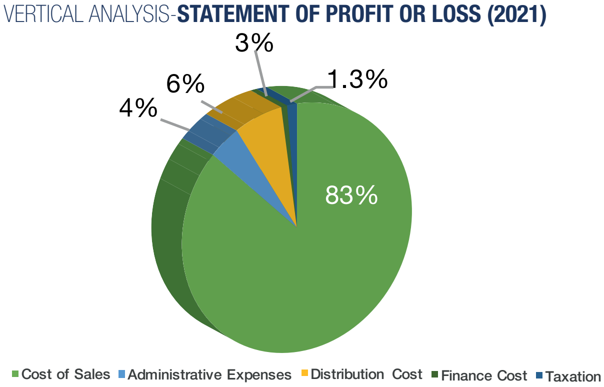
VERTICAL ANALYSIS-**EXPENSES (2016-21)**



VERTICAL ANALYSIS-**PROFITS (2015-20)**



VERTICAL ANALYSIS-**STATEMENT OF PROFIT OR LOSS (2021)**



VERTICAL **ANALYSIS**

FOR THE CURRENT **AND LAST FIVE YEARS**

Statment of Financial Position	2021		2020		2019		2018		2017		2016	
	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age
ASSETS												
Non-current assets												
Fixed assets	1,833,546	32.8%	1,693,746	33.9%	1,583,889	25.9%	1,386,311	25.1%	940,568	16.0%	323,455	8.1%
Right-of-use assets	359,293	6.4%	270,943	5.4%	-	-	-	-	-	-	-	-
Intangible assets	10,646	0.2%	7,597	0.2%	8,038	0.1%	2,895	0.1%	7,554	0.1%	12,584	0.3%
Investment property	61,658	1.1%										
Investment in subsidiary company	1,300,001	23.3%	1,300,001	26.0%	1,300,001	21.3%	1,300,001	23.5%	1,300,001	22.1%	1,102,760	27.6%
Long term loans to employees	-	0.0%	-	0.0%	-	0.0%	280	0.0%	1,049	0.0%	3,235	0.1%
Long term security deposits	29,402	0.5%	9,720	0.2%	26,154	0.4%	38,612	0.7%	32,737	0.6%	13,504	0.3%
Deferred income tax asset-net	48,246	0.9%	107,956	2.2%	39,183	0.6%	-	0.0%	-	0.0%	-	0.0%
	3,642,792	65.2%	3,389,963	67.9%	2,957,265	48.4%	2,728,099	49.4%	2,281,909	38.8%	1,455,538	36.5%
Current assets												
Stock-in-trade	878,742	15.7%	447,345	9.0%	801,995	13.1%	961,206	17.4%	1,505,338	25.6%	663,266	16.6%
Trade debts	103,225	1.8%	76,104	1.5%	1,189,384	19.4%	236,937	4.3%	179,385	3.1%	151,782	3.8%
Loans and advances	89,718	1.6%	151,182	3.0%	36,748	0.6%	146,456	2.7%	663,618	11.3%	58,791	1.5%
Short term deposits and prepayments	19,317	0.3%	31,144	0.6%	48,894	0.8%	27,934	0.5%	14,611	0.2%	13,684	0.3%
Accrued Interest	390	0.0%	2	0.0%	32,515	0.5%	15,335	0.3%	351.0	0.0%	31	0.0%
Other receivables	141,381	2.5%	50,015	1.0%	7,772	0.1%	17,340	0.3%	79,648	1.4%	478	0.0%
Short term investment	446,043	8.0%	723,285	14.5%	882,469	14.4%	917,354	16.6%	1,081,129	18.4%	1,458,563	36.6%
Cash and bank balances	264,544	4.7%	124,178	2.5%	158,925	2.6%	471,605	8.5%	75,113	1.3%	186,863	4.7%
	1,943,360	34.8%	1,603,255	32.1%	3,158,702	51.6%	2,794,167	50.6%	3,599,193	61.2%	2,533,458	63.5%
TOTAL ASSETS	5,586,152	100.0%	4,993,218	100.0%	6,115,967	100.0%	5,522,266	100.0%	5,881,102	100.0%	3,988,996	100.0%
EQUITY AND LIABILITIES												
SHARE CAPITAL AND RESERVES												
Issued, subscribed and paid up capital	1,160,040	20.8%	1,160,040	23.2%	1,160,040	19.0%	1,160,040	21.0%	1,160,040	19.7%	1,160,040	29.1%
Share premium	1,441,698	25.8%	1,441,698	28.9%	1,441,698	23.6%	1,441,698	26.1%	1,441,698	24.5%	1,441,698	36.1%
Un-appropriated profit	548,745	9.8%	555,928	11.1%	625,047	10.2%	1,290,983	23.4%	1,142,568	19.4%	728,911	18.3%
Total equity	3,150,483	56.4%	3,157,666	63.2%	3,226,785	52.8%	3,892,721	70.5%	3,744,306	63.7%	3,330,649	83.5%
Non-current liabilities												
Long term financing	47,490	0.9%	42,268	0.8%	1,822	0.0%	14,894	0.3%	13,496	0.2%	1,030	0.0%
Liabilities against assets subject to finance lease	-	0.0%	-	0.0%	26,625	0.4%	79,105	1.4%	65,810	1.1%	15,175	0.4%
Lease liabilities	334,670	6.0%	204,637	4.1%								
Long term deposit	17,000	0.3%	500	0.0%	1,000	0.0%	1,500	0.0%	2,000	0.0%	2,000	0.1%
Deferred liabilities	362	0.0%	1,863	0.0%	-	0.0%	12,069	0.2%	3,207	0.1%	-	0.0%
	399,522	7.2%	249,268	5.0%	29,447	0.5%	107,568	1.9%	84,513	1.4%	18,205	0.5%
Current liabilities												
Trade and other payables	1,385,265	24.8%	704,279	14.1%	739,055	12.1%	613,958	11.1%	803,559	13.7%	583,597	14.6%
Accrued mark-up	9,757	0.2%	22,103	0.4%	69,576	1.1%	18,217	0.3%	9,517	0.2%	543	0.0%
Short term borrowing	461,181	8.3%	766,263	15.3%	1,974,915	32.3%	707,636	12.8%	1,118,969	19.0%	-	0.0%
Current portion of non-current liabilities	162,698	2.9%	90,201	1.8%	70,939	1.2%	61,094	1.1%	43,489	0.7%	21,752	0.5%
Unclaimed dividend	6327	0.1%	3438	0.1%	4026		4297		1,526		-	
Taxation - net	10,919	0.2%	-	0.0%	1,224	0.0%	116,775	2.1%	75,223	1.3%	34,250	0.9%
	2,036,147	36.4%	1,586,284	31.8%	2,859,735	46.8%	1,521,977	27.6%	2,052,283	34.9%	640,142	16.0%
TOTAL EQUITY AND LIABILITIES	5,586,152	100.0%	4,993,218	100.0%	6,115,967	100.0%	5,522,266	100.0%	5,881,102	100.0%	3,988,996	100.0%

FINANCIAL POSITION'S **VERTICAL ANALYSIS**

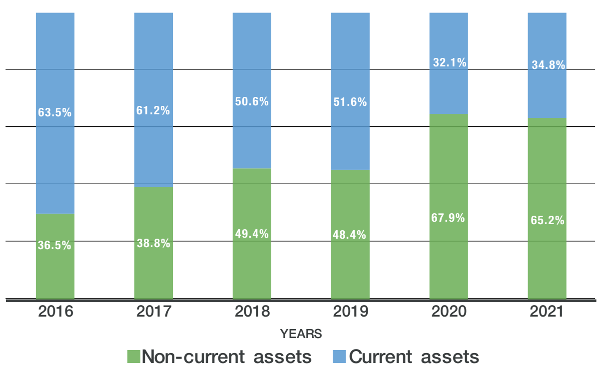
Total assets comprise of current and non-current assets. At 30 June 2021, non-current assets are 65.2% of total assets while current assets are 34.8%.

On the other side, share capital and reserves are 56.4% of the total equity and liabilities while non-current liabilities and current liabilities are 7.2% and 36.4% respectively

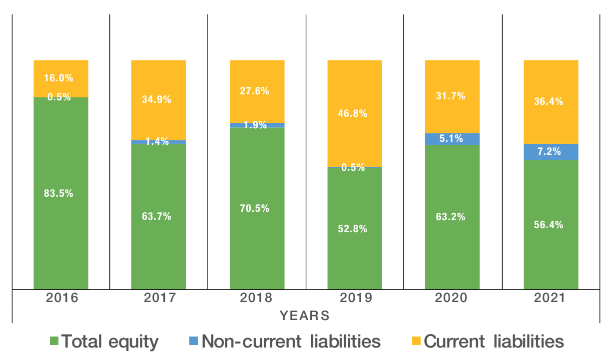
Share capital and reserves mainly constitute issued subscribed and paid up share capital (20.8%), share premium (25.8%) and unappropriated profit (9.8%).

Non-current liabilities mainly constitute lease liabilities (6.0%) and long term financing (0.9%). Current liabilities mainly constitute short term borrowings (8.3%) and trade and other payables (24.8%).

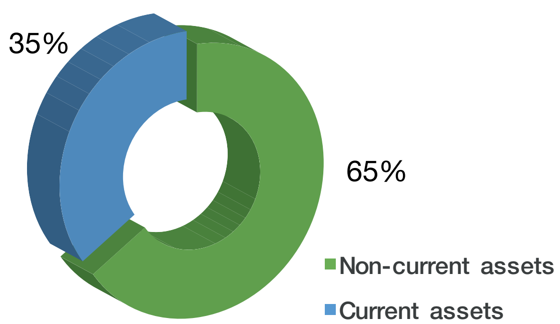
VERTICAL ANALYSIS-**TOTAL EQUITY & LIABILITIES (2021)**



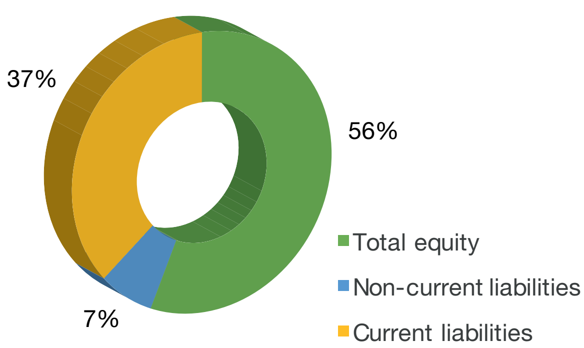
VERTICAL ANALYSIS-**TOTAL ASSETS (2020)**



VERTICAL ANALYSIS-**TOTAL ASSETS (2021)**



VERTICAL ANALYSIS-**TOTAL EQUITY & LIABILITIES (2020)**



HORIZONTAL **ANALYSIS**

FOR THE CURRENT **AND LAST FIVE YEARS**

Statment of Financial Position	2021		2020		2019		2018		2017		2016	
	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age
ASSETS												
Non-current assets												
Fixed assets	1,833,546	8.25%	1,693,746	6.94%	1,583,889	14.25%	1,386,311	47.39%	940,568	190.79%	323,455	8.1%
Right-of-use assets	359,293	32.61%	270,943	271.00%	-	0.00%	-	0.00%	-	0.00%	-	-
Intangible assets	10,646	40.13%	7,597	-5.49%	8,038	0.00%	2,895	0.00%	7,554	0.00%	12,584	0.3%
Investment property	61,658	62.00%										
Investment in subsidiary company	1,300,001	0.00%	1,300,001	0.00%	1,300,001	0.00%	1,300,001	0.00%	1,300,001	17.89%	1,102,760	27.6%
Long term loans to employees	-	0.00%	-	0.00%	-	0.00%	280	-73.31%	1,049	-67.57%	3,235	0.1%
Long term security deposits	29,402	202.49%	9,720	-62.84%	26,154	-32.26%	38,612	17.95%	32,737	142.42%	13,504	0.3%
Deferred income tax asset-net	48,246	-55.31%	107,956	175.52%	39,183	0.00%	-	0.00%	-	0.00%	-	0.0%
	3,642,792	7.46%	3,389,963	14.63%	2,957,265	8.40%	2,728,099	19.55%	2,281,909	56.77%	1,455,538	36.5%
Current assets												
Stock-in-trade	878,742	96.43%	447,345	-44.22%	801,995	-16.56%	961,206	-36.15%	1,505,338	126.96%	663,266	16.6%
Trade debts	103,225	35.64%	76,104	-93.60%	1,189,384	401.98%	236,937	32.08%	179,385	18.19%	151,782	3.8%
Loans and advances	89,718	-40.66%	151,182	311.40%	36,748	-74.91%	146,456	-77.93%	663,618	1028.77%	58,791	1.5%
Short term deposits and prepayments	19,317	-37.98%	31,144	-36.30%	48,894	75.03%	27,934	91.18%	14,611	6.77%	13,684	0.3%
Other receivables	141,381	182.68%	50,015	53.82%	32,515	87.51%	17,340		79,648		478	0.0%
Accrued Interest	390	19400.00%	2	-99.97%	7,772	-49.32%	15,335	150.00%	351.0	0.00%	31	0.0%
Short term investment	446,043	-38.33%	723,285	-18.04%	882,469	-3.80%	917,354	-15.15%	1,081,129	-25.88%	1,458,563	36.6%
Cash and bank balances	264,544	113.04%	124,178	-21.86%	158,925	-66.30%	471,605	527.86%	75,113	-59.80%	186,863	4.7%
	1,943,360	21.21%	1,603,255	-49.24%	3,158,702	13.05%	2,794,167	-22.37%	3,599,193	42.07%	2,533,458	63.5%
TOTAL ASSETS	5,586,152	11.87%	4,993,218	-18.36%	6,115,967	10.75%	5,522,266	-6.10%	5,881,102	47.43%	3,988,996	100.0%
EQUITY AND LIABILITIES												
SHARE CAPITAL AND RESERVES												
Issued, subscribed and paid up capital	1,160,040	0.00%	1,160,040	0.00%	1,160,040	0.00%	1,160,040	0.00%	1,160,040	0.00%	1,160,040	29.1%
Share premium	1,441,698	0.00%	1,441,698	0.00%	1,441,698	0.00%	1,441,698	0.00%	1,441,698	0.00%	1,441,698	36.1%
Un-appropriated profit	548,745	-1.29%	555,928	-11.06%	625,047	-51.58%	1,290,983	12.99%	1,142,568	56.75%	728,911	18.3%
Total equity	3,150,483	-0.23%	3,157,666	-2.14%	3,226,785	-17.11%	3,892,721	3.96%	3,744,306	12.42%	3,330,649	83.5%
Non-current liabilities												
Long term financing	47,490	12.35%	42,268	2219.87%	1,822	-87.77%	14,894	10.36%	13,496	1210.29%	1,030	0.0%
Liabilities against assets subject to finance lease	-	0.00%	-	-100.00%	26,625	-66.34%	79,105	20.20%	65,810	333.67%	15,175	0.4%
Lease liabilities	334,670	63.54%	204,637	100.00%	-	0.00%	-	0.00%	-	0.00%	-	
Long term deposits	17,000	3300.00%	500	-50.00%	1,000	-33.33%	1,500	-25.00%	2,000	0.00%	2,000	0.1%
Deferred liabilities	362	-80.57%	1,863	500.00%	-	-100.00%	12,069	276.33%	3,207	0.00%	-	0.0%
	399,522	60.28%	249,268	746.50%	29,447	-72.62%	107,568	27.28%	84,513	364.23%	18,205	
												0.5%
Current liabilities												
Trade and other payables	1,385,265	96.69%	704,279	-4.71%	739,055	20.38%	613,958	-23.60%	803,559	37.69%	583,597	
Accrued mark-up/profit	9,757	-55.86%	22,103	-68.23%	69,576	281.93%	18,217	91.42%	9,517	1652.67%	543	14.6%
Short term borrowing	461,181	-39.81%	766,263	-61.20%	1,974,915	179.09%	707,636	-36.76%	1,118,969	0.00%	-	0.0%
Current portion of non-current liabilities	162,698	80.37%	90,201	27.15%	70,939	16.11%	61,094	40.48%	43,489	99.93%	21,752	0.0%
Unclaimed dividend	6,327	84.03%	3,438	-14.61%	4026		4297		1,526		-	0.5%
Taxation - net	10,919	0.00%	-	-100.00%	1,224	-98.95%	116,775	55.24%	75,223	119.63%	34,250	
	2,036,147	28.36%	1,586,284	-44.53%	2,859,735	87.90%	1,521,977	-25.84%	2,052,283	220.60%	640,142	0.9%
TOTAL EQUITY AND LIABILITIES	5,586,152	11.87%	4,993,218	-18.36%	6,115,967	10.75%	5,522,266	-6.10%	5,881,102	47.43%	3,988,996	16.0%

Statment of Financial Position	2021		2020		2019		2018		2017		2016	
	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age
Net Revenue	10,598,209	88%	5,628,659	-40%	9,431,162	2%	9,253,578	24%	7,488,882	7%	7,015,302	28%
Cost of Sales	(8,802,509)	95%	(4,503,767)	-45%	(8,136,799)	11%	(7,325,252)	28%	(5,714,430)	15%	(4,969,649)	20%
Gross Profit	1,795,700	60%	1,124,892	-13%	1,294,363	-33%	1,928,326	9%	1,774,452	-13%	2,045,653	53%
Administrative Expenses	(431,094)	31%	(328,992)	-16%	(390,823)	11%	(351,091)	26%	(279,254)	6%	(263,512)	49%
Distribution Cost	(666,407)	9%	(609,514)	-23%	(795,362)	31%	(606,107)	36%	(445,148)	-48%	(851,449)	41%
EBITDA	698,199	275%	186,386	72%	108,178	-89%	971,128	-8%	1,050,050	13%	930,692	68%
Depreciation and Amortization	(184,463)	17%	(157,102)	94%	(80,777)	41%	(57,433)	28%	(44,748)	17%	(38,311)	10%
Other Expenses	(41,275)	105%	(20,180)	-81%	(103,571)	64%	(63,070)	86%	(33,869)	-22%	(43,437)	-8%
Other Income	80,449	-36%	126,125	11%	113,899	5%	108,463	13%	95,757	107%	46,313	-12%
EBIT	552,910	309%	135,229	258%	37,729	-96%	959,088	-10%	1,067,190	19%	895,257	70%
Finance Cost	(81,148)	-56%	(186,326)	-21%	(235,072)	185%	(82,541)	130%	(35,838)	121%	(16,240)	-34%
Profit / (Loss) Before Taxation	471,762	1023%	(51,097)	-74%	(197,343)	-123%	876,547	-15%	1,031,352	17%	879,017	75%
Taxation	(142,533)	1398%	10,980	-105%	(237,476)	-26%	(322,117)	6%	(304,484)	-13%	(349,352)	113%
Profit / (Loss) After Taxation	329,229	921%	(40,117)	-91%	(434,819)	-178%	554,430	-24%	726,868	37%	529,665	57%

FINANCIAL POSITION
HORIZONTAL ANALYSIS

Non-current assets have been increased by Rupees 252.829 million (7.46%) from the last year. This increase was mainly due to investments made in expansion projects that support Company's growth strategy.

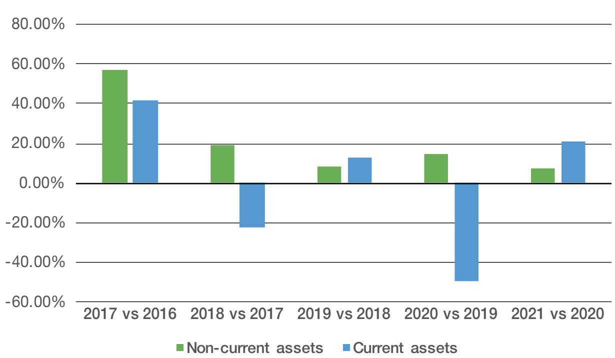
Current assets primarily comprise of inventory, trade debts, short term investments and cash and bank balances. On an aggregate basis, current assets increased by Rupees 340.105 million (21.21%) mainly on account of increase in stock-trade by Rupees 431.39 million (96.43%), cash and bank balances by Rupees 140.366 million (113.04%) while short term investments decreased by Rupees 277 million (38%) in comparison to last year.

Shareholders' equity has been decreased by Rupees 7.182 million (-0.23%) on account of dividend payments.

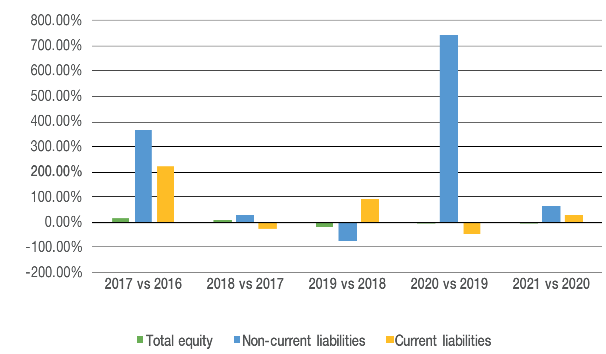
Non-current liabilities for the year have been increased by Rupees 150.26 million (60.28%) mainly due to increase in lease liabilities.

Current liabilities have increased by Rupees 449.863 million (28.36%) mainly due to increase in trade and other payable of the Company.

HORIZONTAL ANALYSIS-**TOTAL ASSETS**



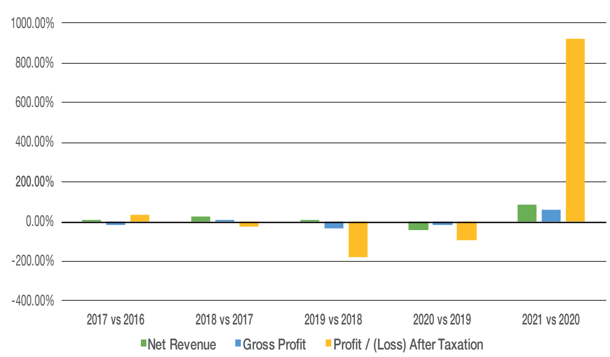
HORIZONTAL ANALYSIS-**TOTAL EQUITY & LIABILITIES**



STATEMENT OF PROFIT OR LOSS
HORIZONTAL ANALYSIS

Net revenue has been increased by Rupees 4,970 million (88%) in comparison to last year on account of achievement of all budgeted targets for the FY 2020-2021. The aforesaid increase in net revenue leads to the increase of gross profit by 670.808 million (60%) in comparison to last year. Administrative expenses have been increased by 31% mainly on account of increase in salaries and wages of the employees while distribution expenses have been increased by 9% in line with the increase of net revenue of the Company. Finance cost has been decreased by 56% due to decrease in borrowings of the Company. FY 2021 was remained challenging, but focusing on the achievement of revenue targets along with effective cost control measures, the Company able to achieve net profit of Rupees 329.229 million in comparison from loss in comparison to net loss of Rupees 40.117 million reported in FY 2020.

HORIZONTAL ANALYSIS-**PROFIT OR LOSS**

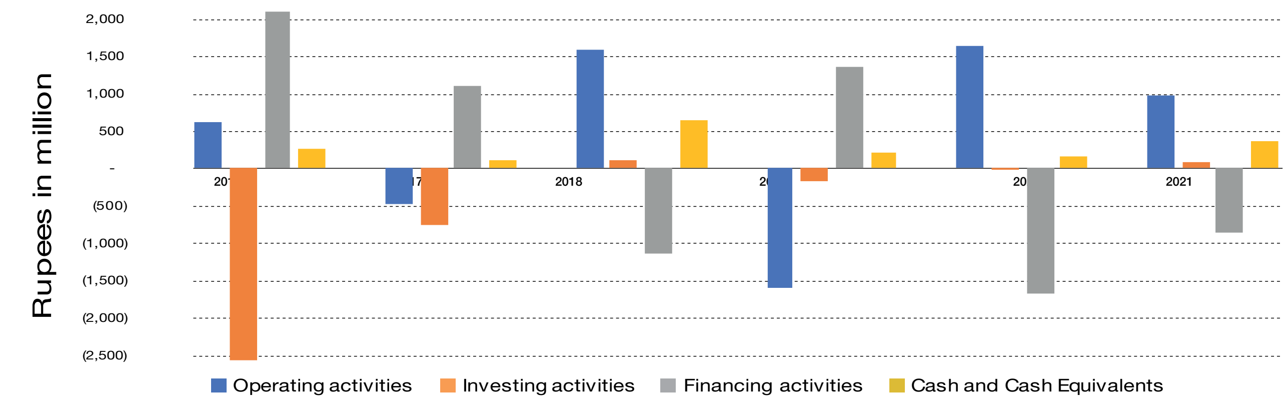


CASH FLOWS **ANALYSIS**

FOR THE CURRENT **AND LAST FIVE YEARS**

Summary of Cash Flow Statement	2021	2020	2019	2018	2017	2016
			Rupees in thousand			
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit / (loss) before taxation	471,762	(51,098)	(197,341)	876,546	1,031,351	879,017
Adjustments for non-cash items and other items	224,165	218,949	290,049	81,069	8,525	17,554
Working capital changes	160,289	1,354,187	(685,165)	561,664	(1,091,236)	(70,540)
Finance cost paid	(85,570)	(233,431)	(183,712)	(73,841)	(26,864)	(15,697)
Income tax paid	(56,195)	(74,725)	(404,279)	(271,703)	(260,304)	(353,145)
Net decrease in long term loan to employees	-	280	769	1,390	3,058	(1,176)
Net (increase) / decrease in long term security deposits	(8,702)	2,898	(3,538)	(7,700)	(24,555)	(4,791)
Increase / (decrease) in long term deposits	16,500	(500)	(500)	(500)	-	(1,000)
Net cash generated from / (used in) operting activities	722,249	1,216,560	(1,183,717)	1,166,925	(360,025)	450,222
CASH FLOWS FROM INVESTING ACTIVITIES						
Capital expenditures on operating fixed assets	(267,487)	(282,116)	(275,337)	(440,267)	(650,938)	(138,692)
Capital expenditures on intangible assets	(7,069)	(5,362)	(8,026)	(676)	(1,865)	(5,985)
Initial direct cost incurred on right of use assets	(1,204)	-	-	-	-	-
Proceeds from disposal of operating fixed assets	13,776	15,395	8,024	9,537	74,722	2,805
Investment in subsidary company	-	-	-	-	(197,241)	(326,350)
Loans to subsidiary company	-	-	(548,900)	(296,500)	(261,000)	-
Repayment of loans by subsidiary company	-	-	548,900	557,500	-	-
Short term investments - net	277,775	153,963	30,869	155,000	378,663	(1,453,246)
Dividend received	20,453	10,437	1,132	272	1,151	-
Interest received on loans to subsidiary company	-	7,741	41,196	28,948	-	-
Profit on bank deposits and term deposits received	21,829	86,942	69,330	57,615	85,353	27,394
Net cash from / (used in) investing activites	58,073	(13,000)	(132,812)	71,429	(571,155)	(1,894,074)
Cash flow from financing activities						
Proceeds from issue of share capital - net	-	-	-	-	-	1,731,708
Repayment of liabilities against assets subject to finance lease	-	-	(45,153)	(35,973)	(5,804)	(22,830)
Repayment of lease liabilities	(81,501)	(48,576)	-	-	-	-
Dividends paid	(333,524)	(29,589)	(203,278)	(403,243)	(312,549)	(167,341)
Proceeds from long term financing	126,582	63,404	-	21,865	23,135	2,727
Repayment of long term financing	(46,431)	(14,894)	(15,000)	(13,178)	(4,321)	(333)
Short term borrowings - net	(305,082)	(1,208,652)	1,267,280	(411,333)	1,118,969	-
Net cash (used in) / from financing activites	(639,956)	(1,238,307)	1,003,849	(841,862)	819,430	1,543,931
Net (decrease) / increase in cash and cash equivalents	140,366	(34,747)	(312,680)	396,492	(111,750)	100,079
Cash and cash equivalents at the beginning of the year	124,178	158,925	471,605	75,113	186,863	86,784
Cash and cash equivalents at the end of year	264,544	124,178	158,925	471,605	75,113	186,863

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, the Company witnessed net cash generated from operating activities by Rupees 722.25 million in comparison to the last year's net cash from operating activities of Rupees 1,216.56 million. This is mainly due to net increase in current assets of the Company during the year.

INVESTING **ACTIVITIES**

HTL received net cash amounting to Rupees 58.072 million from investing activities mainly on account of decrease in short term investments.

FINANCING **ACTIVITIES**

Net outflows from financing activities are Rupees 639.956 million mainly on account of repayment of short term borrowings and dividend payments.

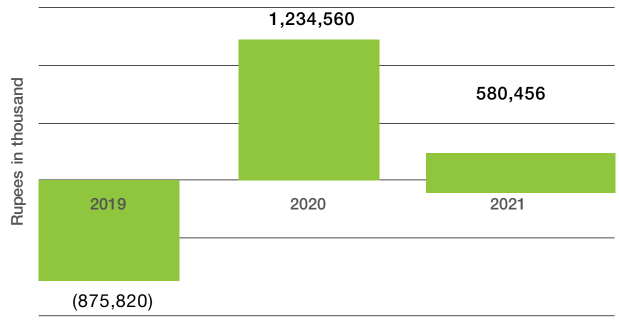
CASH AND **CASH EQUIVALENTS**

Cash and cash equivalents are increased by Rupees 140.366 million mainly on account of net cash generated from operating activities.

ANALYSIS OF FREE **CASH FLOWS**

Free Cash Flows	2021	2020	2019
	Rupees in thousand		
Profit / (loss) before taxation	471,762	(51,098)	(197,341)
Adjustments for non-cash items and other items	224,165	218,949	290,049
Working capital changes	160,289	1,354,187	(685,165)
Capital additions	(275,760)	(287,478)	(283,363)
Free Cash Flows	580,456	1,234,560	(875,820)

FREE CASH **FLOWS**



DIRECT METHOD **CASH FLOWS**

Cash Flows From Operating Activities	2021	2020
Collection from customers	10,513,763,792	8,157,274,771
Payments to employees as remuneration	(727,511,512)	(557,416,534)
Payments to suppliers and service providers	(6,433,707,994)	(4,645,985,957)
Income tax paid	(56,194,929)	(74,724,817)
Sales tax paid	(2,488,022,445)	(1,428,792,867)
Finance cost paid	(85,570,387)	(233,430,812)
Zakat paid	(507,123)	(363,462)
Net Cash Flows From Operating Activities	722,249,402	1,216,560,322
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures on operating fixed assets	(267,486,601)	(282,116,245)
Capital expenditure on intangible assets	(7,069,069)	(5,362,625)
Initial direct cost incurred on right-of-use assets	(1,203,654)	
Proceeds from disposal of operating fixed assets	13,775,776	15,395,072
Short term investments - net	277,774,997	153,963,043
Dividends received	20,452,706	10,437,403
Interest received on loans to subsidiary company	-	7,741,006
Profit on bank deposits and term deposit receipts received	21,828,703	86,941,717
Net cash from / (used in) investing activities	58,072,858	(13,000,629)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(81,501,417)	(48,575,756)
Dividend paid	(333,523,490)	(29,588,773)
Proceeds from long term financing	126,582,220	63,404,019
Repayment of long term financing	(46,430,813)	(14,894,159)
Short term borrowings - net	(305,082,290)	(1,208,652,827)
Net used in financing activities	(639,955,790)	(1,238,307,496)
Net increase / (decrease) in cash and cash equivalents	140,366,470	(34,747,803)
Cash and cash equivalents at the beginning of the year	124,177,670	158,925,453
Cash and cash equivalents at the end of the year	264,544,140	124,177,650

QUARTERLY **ANALYSIS**

FOR THE **CURRENT YEAR**

Statement of Profit or Loss	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Rupees in thousand			
GROSS REVENUE	2,341,558	3,695,613	3,389,381	4,421,459
DISCOUNTS	(78,865)	(263,146)	(159,906)	(328,787)
	2,262,693	3,432,467	3,229,475	4,092,672
SALES TAX	(423,798)	(653,416)	(593,648)	(748,235)
NET REVENUE	1,838,895	2,779,051	2,635,827	3,344,437
COST OF SALES	(1,443,123)	(2,284,029)	(2,143,499)	(2,931,858)
GROSS PROFIT	395,772	495,022	492,328	412,579
DISTRIBUTION COST	(190,326)	(218,718)	(207,329)	(196,352)
ADMINISTRATIVE EXPENSES	(104,807)	(110,634)	(120,460)	(133,339)
OTHER EXPENSES	(5,005)	(10,583)	(7,566)	(18,121)
	(300,138)	(339,935)	(335,355)	(347,812)
OTHER INCOME	13,834	30,978	25,499	10,138
PROFIT FROM OPERATIONS	109,468	186,065	182,472	74,905
FINANCE COST	(20,389)	(18,146)	(20,933)	(21,680)
PROFIT BEFORE TAXATION	89,079	167,919	161,539	53,225
TAXATION	(13,792)	(68,345)	(44,736)	(15,660)
PROFIT AFTER TAXATION	75,287	99,574	116,803	37,565

Statement of Financial Position	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Rupees in thousand			
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
150,000,000 (2020: 150,000,000)				
ordinary shares of Rupees 10 each	1,500,000	1,500,000	1,500,000	1,500,000
Issued, subscribed and paid-up share capital	1,160,040	1,160,040	1,160,040	1,160,040
Reserves	2,072,914	2,068,084	1,952,878	1,990,443
Total Equity	3,232,954	3,228,124	3,112,918	3,150,483
LIABILITIES				
NON-CURRENT LIABILITIES				
Long term financing	52,823	87,760	90,424	47,490
Lease Liabilities	194,443	291,897	285,469	334,670
Long term deposits	3,000	11,000	11,000	17,000
Deferred liability	6,544	2,054	7,047	362
	256,810	392,711	393,940	399,522
CURRENT LIABILITIES				
Trade and other payables	1,145,287	1,351,063	1,668,801	1,385,265
Accrued mark-up	8,776	2,573	6,541	9,757
Current portion of non-current liabilities	104,675	145,121	109,765	162,698
Unclaimed dividend	3,293	3,914	6,922	6,327
Short term borrowings	319,583	2,940	277,268	461,181
Taxation - net	-	2,795	3,451	10,919
	1,581,614	1,508,406	2,072,748	2,036,147
Total liabilities	1,838,424	1,901,117	2,466,688	2,435,669
Contingencies and Commitments	-	-	-	-
TOTAL EQUITY AND LIABILITIES	5,071,378	5,129,241	5,579,606	5,586,152

Statement of Financial Positiion	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Amounts in PKR'Millions			
ASSETS				
NON-CURRENT ASSETS				
Fixed assets	1,727,112	1,830,506	1,844,484	1,833,546
Right-of-use assets	255,067	320,502	315,682	359,293
Intangible assets	6,758	9,137	9,074	10,646
Investment property	-	-	-	61,658
Investment in subsidiary company	1,300,001	1,300,001	1,300,001	1,300,001
Long term security deposits	11,745	15,864	21,531	29,402
Deffered income tax asset - net	107,956	69,457	37,670	48,246
	3,408,639	3,545,467	3,528,442	3,642,792
CURRENT ASSETS				
Stock-in-trade	546,250	501,282	919,109	878,742
Trade debts	56,438	68,527	83,661	103,225
Loans and advances	159,330	282,667	200,306	89,718
Short term deposits and prepayments	32,728	27,895	38,674	19,317
Other receivables	63,767	21,830	101,937	141,381
Accrued interest	3	-	-	390
Short term investments	665,856	586,966	496,250	446,043
Cash and bank balances	138,367	94,608	211,227	264,544
	1,662,739	1,583,774	2,051,164	1,943,360
TOTAL ASSETS	5,071,378	5,129,241	5,579,606	5,586,152

QUARTERLY **ANALYSIS**
REVENUE

First quarter of the fiscal year, which is generally slower coupled with economic slowdown and COVID 19 challenges, one represents 21% of total revenue with increasing trend in remaining quarters with highest in fourth quarter which represent 42% of total revenue. Although FY 2020-2021 remained challenging, but the Company successfully able to attain significant growth in revenue figures. Furthermore, the Company also able increase market share of ZIC Lubricants.

COST OF **SALES**

Cost of sales shows increasing trend in FY 2021 with lowest in first quarter and highest is fourth quarter in line with the revenue of the Company.

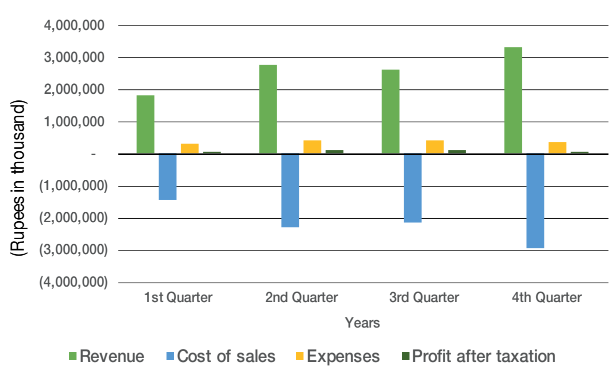
PROFIT FROM **OPERATIONS**

In spite of COVID-19 challenges, the Company successfully reported profit from operations in all four quarters of FY 2021. Profit from operations in first three quarters are in line with the revenue trend but in fourth quarter due to increase in sales discounts it has been decreased. Overall, performance of the Company was up to mark, as it also able to post bottom line profits during the four quarters of year accumulating into net profit of Rupees 329.23 million in comparison to loss of Rupees 40.117 million in FY 2020.

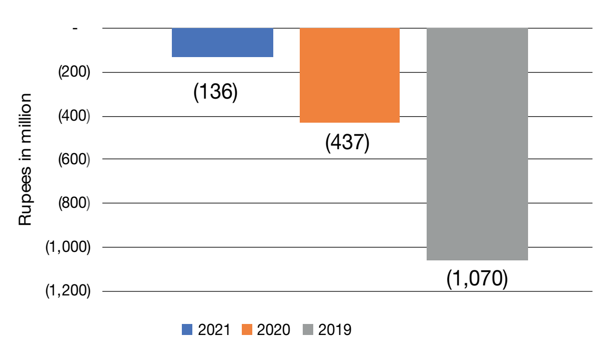
ECONOMIC **VALUE ADDED**

Economic value added (EVA) is used to measure the value a company generates from funds into its business. In FY 2021, although EVA of the Company showing declined of Rupees 136 million but it reflects significant improvement from FY 2020 and FY 2019.

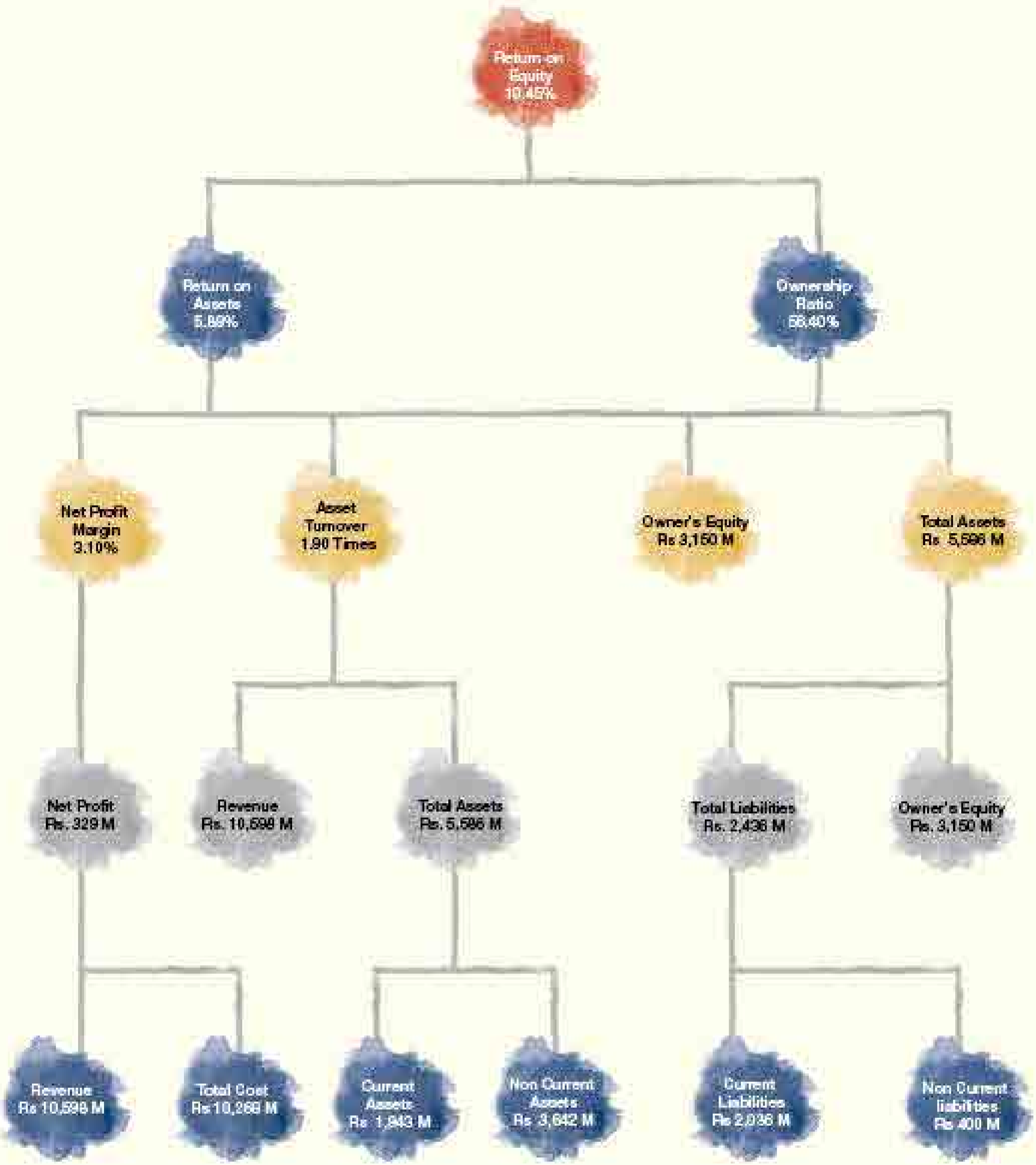
QUARTERLY **ANALYSIS**



ECNOMIC **VALUE ADDED (EVA)**



DUPONT ANALYSIS



Net profit after tax has increased to 3.10% in 2021 as compared to -0.71% reported in 2020, mainly due to increased revenue and reduction in finance cost.
Asset turnover ratio also improved due to handsome growth in revenue side.
EBTIDA Margin to revenue has increased by 3.28% in 2021 mainly due to revenue growth.
Due to positive results at bottom line, return on equity has been reached to 10.45% as compared to -1.27% reported in 2020 showing healthy recovery.

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 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. 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 market share. By achieving revenue targets and taking effective cost control measures, the Company is able to post profits in spite of challenges COVID – 19. On the other hand, Company also achieved its working capital and liquidity targets.

STATEMENT OF **FINANCIAL POSITION**

SHAREHOLDERS' **EQUITY**

In spite of achieving profits, shareholders' equity has decreased by 0.23 % as compared to the previous year due to distribution dividends. Shareholders' equity includes share capital and reserves (i.e. capital and revenue reserves).

NON CURRENT **LIABILITIES**

Non-current liabilities have increased by Rupees 150.254 million mainly due to increase in lease liabilities and long term deposits.

CURRENT **LIABILITIES**

Overall, current liabilities show net increase by 28.36 % in 2021. This is mainly on account increase in trade and other payables of the Company.

ASSETS

NON CURRENT **ASSETS**

Non-current assets have increased by Rupees 252.83 million (7.46 %) from the last year. This increase is mainly in three categories i.e. fixed assets, right of use assets. The increase in fixed assets is mainly to support the Company's expansion strategies. Right of use assets are increased due to new additions during the year.

STATEMENT OF PROFIT **OR LOSS**

GROSS PROFIT

Gross profit of the Company increased by 59.63% during the year. This is mainly on account of achieving revenue targets of the Company.

DISTRIBUTION **COST**

Distribution cost has been increased by 13.86 % in comparison from last year in correspondence to the increase in revenue line.

ADMINISTRATIVE **EXPENSES**

Administrative expenses also increased by 22.90% in comparison from last year mainly, due to increase in salaries, wages and other benefits

OTHER **INCOME**

Overall other income has been decreased by Rupees 45.67 million in comparison from last year, mainly on account of decrease in profit on bank deposits and term deposit receipts. The decrease was in line with short term investments of the Company.

FINANCE **COST**

Overall finance cost has been reduced by 56.45% in comparison from last year mainly due to decrease in mark /up profit on short term borrowings in line with decrease in short term borrowings.

PROFIT FOR THE **YEAR**

In result of achieving revenue targets along with effective cost control measures, the Company is able to post net profit to Rupees 329.229 million in comparison from last year's loss of Rupees 40.117 million.

PERFORMANCE AGAINST **NON-FINANCIAL MEASURES**

Non-financial targets are set for human resource development, growth / expansion, and 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.

Apart from the challenges, HR department continuously working multidimensional aspects as envisaged in the targets, including, hired 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.

The Company has decided to enter into plastic packaging industry by venturing into production of plastic products through its wholly owned subsidiary company. This helps HTBL to use its experience bottle manufacturing at large scale. Furthermore, the Company has successfully completed its Oil Storage Facility situated at Nowshera, Khyber Pakhtunkhwa Province. Due to this, the Company will be able to start its petroleum segment operations in Khyber Pakhtunkhwa Province, subject to the approvals from Oil and Gas Regulatory Authority.

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

IT department ensured that the down time of Information systems and other tools remained zero during the whole year and it's been again major business success. Fire safety trainings and safety drills were conducted at HTBL plant site to ensure health and safety requirements. Our business intelligence department made further efforts for protection of intellectual capital in order to maintain its brand equity.

ANALYSIS OF CHANGES **IN THE PERFORMANCE**

The fiscal year 2020-21 began with the COVID-19 pandemic at its peak. In spite of COVID-19 challenges, the Company still able to achieve its budgeted revenue targets and cost control measures which in turns helps the Company to post bottom line profits in comparison to the loss in 2020.

CHANGES IN THE INDICATORS **AND PERFORMANCE MEASURES**

The Company continued Balance Scorecard approach in the year 2021 to measure performance indicators of each division and company as a whole. Further, the Company successfully started its petroleum products segment operations in Punjab Province to achieve growth through diversification. The Company continued its focus on local blending through HTBL which is risen to around eight million liters during the year.

METHODS USED **IN COMPILING THE INDICATORS**

- Customer satisfaction Index through recurring feedback and retention of old customers
- Contribution / Value addition analysis
- Return on capital expenditures

TIMELY PAYMENT OF DEBTS **AND GOVERNMENT DUES**

The Company paid all its debts and government dues on time during the year.

MARKET **SHARE**

EXTERNAL **SOURCES**

In year 2016-17, an external valuation of the market share of the company was conducted by an independent party "Kantar TNS", one of the largest international research agencies. According to the research report of the Kantar TNS, the usage rate for ZIC was recorded as 21% with a ranking of 3rd in terms of M/S for the year.

INTERNAL **SOURCES**

According to the internal market data analysis HTL has a sizeable market share in Lubricants.

HISTORY OF MAJAOR EVENTS **DURING THE YEAR**

- The Company has decided to enter into plastic packaging industry by venturing into production of plastic products.
- Started expansion on blending facilities at HTBL's Plant Site.
- Hyundai Nishat Motors (Private) Limited and M/S Regal Automobile Industries Limited (DSFK) for use of ZIC lubricants in their after sales services.

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

In order to support growth and diversification, the Company incurred major capital expenditures in its petroleum segment operations during the year and also making continuous efforts for their expansion in future.

UNRESERVED COMPLIANCE OF INTERNATIONAL FINANCIAL REPORTING STANDARDS **(IFRS)**

The management of the Company strongly believes in adherence to unreserved compliance with all the applicable International Accounting Standards (IAS) / IFRS issued by the International Accounting Standards Board (IASB) and as adopted by SECP vital to fair preparation and presentation of financial information.

Compliance with IFRS encourages sufficient disclosures of the financial statements that are beneficial for informed decisions of stakeholders. Financial statements for the year have been prepared in accordance with the accounting and reporting standards issued by IASB as are applicable in Pakistan. IFRS adoption status is explained in detail in note 2.1 of the annexed unconsolidated financial statements.

ADOPTION OF ISLAMIC FINANCIAL ACCOUNTING STANDARDS **(IFAS)**

The Company has fully complied with Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.

BEST CORPORATE **REPORTS AWARDS**

From FY 2018 to onwards, HTL participate in Best Corporate and Sustainability Report Awards competition arranged by ICAP and ICMAP every year. Year wise performance in aforesaid competition is stated below;

YEAR	POSITION	SECTOR
2018	Second	Fuel and Energy
2019	Fourth	Fuel and Energy
2020	Third	Fuel and Energy

BEST CORPORATE REPORT **AWARDS**

UNCONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2021

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 2021, 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 2021 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	**Revenue recognition** The Company recognized net revenue from contracts with customers of Rupees 10,598.209 million for the year ended 30 June 2021. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. For further information, refer to the following: - Summary of significant accounting policies, Revenue recognition note 2.27 to the financial statements. - Net revenue from contracts with customers as shown on the face of statement of profit or loss.	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • We tested the effectiveness of the Company's internal controls over the calculation and recognition of discounts. • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. • We also considered the appropriateness of disclosures in the financial statements.

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 2021 amounted to Rupees 878.742 million and represented a material position in the statement of financial position. The business is characterized by high volume and the valuation and existence of stock-in-trade are significant to the business. Therefore, considered as one of the key audit matters. Stock-in-trade is stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in note 2.11 to the financial statements. At year end, the valuation of stock-in-trade is reviewed by management and the cost of stock-in-trade is reduced where stock-in-trade is forecast to be sold below cost. For further information on stock-in-trade, refer to the following: - Summary of significant accounting policies, Stock-in-trade note 2.11 to the financial statements. - Stock-in-trade note 22 to the financial statements.	Our procedures over existence and valuation of stock-in-trade included, but were not limited to: • To test the quantity of stock-in-trade at all locations, we assessed the corresponding stock-in-trade observation instructions and participated in stock-in-trade counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of stock-in-trade items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • We tested that the ageing report used by management correctly aged stock-in-trade items by agreeing a sample of aged stock-in-trade items to the last recorded invoice. • On a sample basis, we tested the net realizable value of stock-in-trade items to recent selling prices and re-performed the calculation of the stock-in-trade write down, if any. • We assessed the percentage write down applied to older stock-in-trade with reference to historic stock-in-trade write downs and recoveries on slow moving stock-in-trade. • In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs. • We also made 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.

INDEPENDENT **AUDITOR'S REPORT**

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 10 September 2021

STATEMENT OF **FINANCIAL POSITION**

As at 30 June 2021

	Note	**2021 Rupees**	2020 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
150,000,000 (2020: 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	1,990,443,156	1,997,625,503
Total equity		3,150,483,156	3,157,665,503
LIABILITIES			
Non-current liabilities			
Long term financing	5	47,490,196	42,267,650
Lease liabilities	6	334,670,123	204,637,134
Long term deposits	7	17,000,000	500,000
Deferred income - Government grant	8	361,618	1,863,213
		399,521,937	249,267,997
Current liabilities			
Trade and other payables	9	1,385,266,386	704,278,864
Accrued mark-up / profit	10	9,756,777	22,102,743
Short term borrowings	11	461,180,637	766,262,927
Current portion of non-current liabilities	12	162,697,568	90,201,122
Unclaimed dividend		6,326,546	3,438,436
Provision for taxation - net	13	10,919,484	-
		2,036,147,398	1,586,284,092
Total liabilities		2,435,669,335	1,835,552,089
Contingencies and commitments	14		
TOTAL EQUITY AND LIABILITIES		5,586,152,491	4,993,217,592
ASSETS			
Non–current assets			
Fixed assets	15	1,833,545,894	1,693,745,762
Right-of-use assets	16	359,293,341	270,942,898
Intangible assets	17	10,645,943	7,596,802
Investment property	18	61,658,100	-
Investment in subsidiary company	19	1,300,000,600	1,300,000,600
Long term security deposits	20	29,401,655	9,719,718
Deferred income tax asset - net	21	48,245,631	107,956,234
		3,642,791,164	3,389,962,014
Current assets			
Stock-in-trade	22	878,741,709	447,345,239
Trade debts	23	103,225,348	76,104,012
Loans and advances	24	89,718,454	151,181,999
Short term deposits and prepayments	25	19,316,915	31,144,473
Other receivables	26	141,381,054	34,306,841
Advance income tax - net of provision for taxation	13	-	15,707,948
Accrued interest	27	390,462	2,236
Short term investments	28	446,043,245	723,285,160
Cash and bank balances	29	264,544,140	124,177,670
		1,943,361,327	1,603,255,578
TOTAL ASSETS		5,586,152,491	4,993,217,592

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 2021

	Note	2021 Rupees	2020 Rupees
GROSS REVENUE FROM CONTRACTS WITH CUSTOMERS	30	13,848,010,797	7,286,650,581
Discounts		(830,704,052)	(270,429,986)
Sales tax		(2,419,097,363)	(1,387,561,889)
NET REVENUE FROM CONTRACTS WITH CUSTOMERS		10,598,209,382	5,628,658,706
COST OF SALES	31	(8,802,509,492)	(4,503,767,061)
GROSS PROFIT		1,795,699,890	1,124,891,645
DISTRIBUTION COST	32	(812,725,253)	(713,811,747)
ADMINISTRATIVE EXPENSES	33	(469,239,729)	(381,797,129)
OTHER EXPENSES	34	(41,274,592)	(20,179,969)
		(1,323,239,574)	(1,115,788,845)
OTHER INCOME	35	80,449,481	126,125,099
PROFIT FROM OPERATIONS		552,909,797	135,227,899
FINANCE COST	36	(81,147,580)	(186,325,810)
PROFIT / (LOSS) BEFORE TAXATION		471,762,217	(51,097,911)
TAXATION	37	(142,532,964)	10,979,935
PROFIT / (LOSS) AFTER TAXATION		329,229,253	(40,117,976)
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED	38	2.84	(0.35)

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 2021

	2021 Rupees	2020 Rupees
PROFIT / (LOSS) AFTER TAXATION	329,229,253	(40,117,976)
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 / (LOSS) FOR THE YEAR	329,229,253	(40,117,976)

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 2021

HTL LIMITED
Hi-Tech Lubricants Ltd

	Share capital	Reserves: Capital reserve – Share premium	Reserves: Revenue reserve – Un–appropriated Profit	Total reserves	Total equity
	Rupees				
Balance as at 30 June 2019	1,160,040,000	1,441,697,946	625,046,533	2,066,744,479	3,226,784,479
Transactions with owners:					
Final dividend for the year ended 30 June 2019					
@ Rupees 0.25 per share	-	-	(29,001,000)	(29,001,000)	(29,001,000)
Loss for the year ended 30 June 2020	-	-	(40,117,976)	(40,117,976)	(40,117,976)
Other comprehensive income for the year ended 30 June 2020	-	-	-	-	-
Total comprehensive loss for the year ended 30 June 2020	-	-	(40,117,976)	(40,117,976)	(40,117,976)
Balance as at 30 June 2020	1,160,040,000	1,441,697,946	555,927,557	1,997,625,503	3,157,665,503
Transaction with owners:					
Final dividend for the year ended 30 June 2020					
@ Rupees 0.90 per share	-	-	(104,403,600)	(104,403,600)	(104,403,600)
Interim dividend for the year ended 30 June 2021					
@ Rupees 2.00 per share	-	-	(232,008,000)	(232,008,000)	(232,008,000)
	-	-	(336,411,600)	(336,411,600)	(336,411,600)
Profit for the year ended 30 June 2021	-	-	329,229,253	329,229,253	329,229,253
Other comprehensive income for the year ended 30 June 2021	-	-	-	-	-
Total comprehensive income for the year ended 30 June 2021	-	-	329,229,253	329,229,253	329,229,253
Balance as at 30 June 2021	1,160,040,000	1,441,697,946	548,745,210	1,990,443,156	3,150,483,156

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 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	856,216,605	1,522,037,974
Finance cost paid		(85,570,387)	(233,430,812)
Income tax paid		(56,194,929)	(74,724,817)
Net decrease in long term loans to employees		-	280,112
Net (increase) / decrease in long term security deposits		(8,701,887)	2,897,885
Increase / (decrease) in long term deposits		16,500,000	(500,000)
Net cash generated from operating activities		722,249,402	1,216,560,342
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on operating fixed assets		(267,486,601)	(282,116,245)
Capital expenditure on intangible assets		(7,069,069)	(5,362,625)
Initial direct cost incurred on right-of-use assets		(1,203,654)	-
Proceeds from disposal of operating fixed assets		13,775,776	15,395,072
Short term investments - net		277,774,997	153,963,043
Dividends received		20,452,706	10,437,403
Interest received on loans to subsidiary company		-	7,741,006
Profit on bank deposits and term deposit receipts received		21,828,703	86,941,717
Net cash from / (used in) investing activities		58,072,858	(13,000,629)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(81,501,417)	(48,575,756)
Dividend paid		(333,523,490)	(29,588,773)
Long term financing obtained		126,582,220	63,404,019
Long term financing repaid		(46,430,813)	(14,894,159)
Short term borrowings - net		(305,082,290)	(1,208,652,827)
Net cash used in financing activities		(639,955,790)	(1,238,307,496)
Net increase / (decrease) in cash and cash equivalents		140,366,470	(34,747,783)
Cash and cash equivalents at the beginning of the year		124,177,670	158,925,453
Cash and cash equivalents at the end of the year		264,544,140	124,177,670

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 lubricants and petroleum products. During the year ended 30 June 2017, Oil and Gas Regulatory Authority (OGRA) granted license to the Company to establish an Oil Marketing Company (OMC), subject to some conditions. On 31 May 2019, Oil and Gas Regulatory Authority (OGRA) has granted permission to the Company to operate new storage facility at Sahiwal and marketing of petroleum products in province of Punjab. On 20 January 2020, the Company has started marketing and sale of petroleum products. On 21 February 2020, OGRA has granted permission to the Company to apply for No Objection Certificates (NOCs) from concerned departments to setup petrol pumps in Khyber Pakhtunkhwa Province.

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 – Multan	House No. 95, Block C, Phase III, Model Town, Multan
Regional office – Peshawar	Office No. 280, 3rd Floor, Deans Trade Centre, Islamia Road, Peshawar
Customs bonded warehouse	7-Km, Sundar Raiwind Road, Bhai Kot, Lahore
Warehouse	Property No. 35 A/M, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore
Warehouse	7-Km, Sundar Raiwind Road, Bhai Kot, Lahore
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 and District Nowshera
Oil Depot – Extension	Mouza Aza Khel Payan, Tehsil and District Nowshera
HTL Express Centre	Dharampura, Lahore
HTL Express Centre	Garden Town, Lahore
HTL Express Centre	Block F, Gulshan-e-Ravi, Lahore
HTL Express Centre	Johar Town, Lahore
HTL Express Centre	Phase II, DHA, Karachi
HTL Express Centre	Gulistan-e-Johar, Karachi
HTL Express Centre	Pakistan Employees Cooperative Housing Society, Karachi
HTL Express Centre	Askari XIV Sector – A, Rawalpindi
Hussain Filling Station	Head Muhammad Road, Multan
Lali Sons Filling Station	Faisalabad Road, Lalian
Punjab Filling Station	Main Satyana Road, Faisalabad
Green Fuel CNG	1-KM, G.T. Road, Lalamusa
A.B. Petroleum Filling Station	Tehsil Liaqat-pur, Rahim Yar Khan
Jillani CNG	Lehtrar Road, Islamabad
Dasti Filling Station	Jampur Road, Dera Ghazi Khan
Rehman Filling Station	Chistian Road, Hasilpur
Al-Fazal Filling Station	Sargodha Road, Jhang
Ibrahim Petroleum	Sialkot Road, Gujranwala
Karma Wala-1 Filling Station	Shahkot Road, Jaranwala
Raja Adeel Filling Station	Arifwala Road, Arifwala
Gondal Filling Station	Daska Road, Wazirabad
City Filling Station	Hujra Shah Muqeem, Okara
Al Karam Filling Station	Shamkey Bhattian, Lahore
Super Cool CNG Filling Station	College Road, Lahore
Green City Fuel Station	Hasilpur Road, Bahalwalpur

Business units	Address
Khokhar Fuel Station	Small Industrial Estate, Jinnah Road, Gujranwala
Minhas CNG	Multan Road, Lahore
One Stop	Main Ferozepur Road, Lahore
S&S	Toba Road, Jhang
Al Yousaf CNG	Khanewal Road, Multan
Rana Petroleum	Faisalabad Road, Okara

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

– Provisions of and directives issued under the Companies Act, 2017.

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

b) Accounting convention

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

C) Critical accounting estimates and judgments

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

Income tax

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

Useful lives, pattern of economic benefits and impairments

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

Inventories

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.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Allowance for expected credit losses

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

Impairment of investment in subsidiary company

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

Revenue from contracts with customers involving sale of goods

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

Provisions

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

Classification of investments

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

Contingencies

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

d) 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 2020:

- IAS 1 (Amendments) 'Presentation of Financial Statements' and IAS 8 (Amendments) 'Accounting Policies, Changes in Accounting

Estimates and Errors'
- International Accounting Standards Board's revised Conceptual Framework – March 2018
- IFRS 3 (Amendments) 'Business Combination'
- IFRS 16 (Amendments) 'Leases'
- Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures'

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

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

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2020 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

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

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2021 or later periods:

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

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

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 01 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

– IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B-3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

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

- IAS 41 ‘Agriculture’ – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique

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

Covid-19-Related Rent Concessions (Amendment to IFRS 16 ‘Leases’) effective for annual reporting periods beginning on or after 01 April 2021. These amendments permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 ‘Income taxes’) effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are to be applied retrospectively, restatement of prior periods is not required.

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

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

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 ‘Financial Instruments’, IAS 39 ‘Financial Instruments: Recognition and Measurement’, IFRS 4 ‘Insurance Contracts’ and IFRS 7 ‘Financial Instruments: Disclosures’ is applicable for annual financial periods beginning on or after 01 January 2021. The changes made relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

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

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

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

2.2 Fixed assets

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

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the 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.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 15.1. Depreciation on additions is charged for the full month in which the asset is available for use and on deletion up to the month immediately preceding the deletion.

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

De-recognition

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

2.3 Intangible assets

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

2.4 Right-of-use assets

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

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

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

2.5 Lease liabilities

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

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

2.6 Investment in subsidiary company

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

2.7 Investment property

Land held for capital appreciation or to earn rental income is classified as investment property. Land is stated at cost less any recognized impairment loss.

2.8 Functional and presentation currency

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

2.9 Foreign currency transactions and translation

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

2.10 Employee benefits

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

2.11 Stock-in-trade

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

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

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

2.12 Investments and other financial assets

a) Classification

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

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

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

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

b) Measurement

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

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

Debt instruments

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

Amortized cost

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

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss (FVTPL)

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

Equity instruments

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

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss

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

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

2.13 Financial Liabilities - classification and measurement

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

2.14 Impairment of financial assets

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

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

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

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).
When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

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

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

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

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

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

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

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or

– the disappearance of an active market for a security because of financial difficulties.

2.15 De-recognition of financial assets and financial liabilities

a) Financial assets

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

b) Financial liabilities

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

2.16 Offsetting of financial instruments

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

2.17 Impairment of non-financial assets

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

2.18 Cash and cash equivalents

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

2.19 Provisions

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

2.20 Taxation

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

Deferred
Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the

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

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

2.21 Borrowings

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

2.22 Borrowing costs

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

2.23 Trade and other receivables

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

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

2.24 Trade and other payables

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

2.25 Contingent assets

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

2.26 Ijarah contracts

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

2.27 Revenue recognition

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

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

(c) Dividend

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

(d) Rental income

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

(e) Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

2.28 Contract assets

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

2.29 Customer acquisition costs

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

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

2.30 Customer fulfilment costs

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

2.31 Right of return assets

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

2.32 Contract liabilities

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

2.33 Refund liabilities

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

2.34 Share capital

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

2.35 Segment reporting

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

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

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

2.36 Contingent liabilities

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

2.37 Earnings per share

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

2.38 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.
Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

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

2.39 Dividend and other appropriations

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

3. ISSUED, SUBSCRIBED AND PAID–UP SHARE CAPITAL

2021	2020		2021	2020
(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 (2020: 827,775) ordinary shares of the Company are held by SK Lubricants Co., Ltd. - principal supplier and long term partner.

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

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

	2021 Rupees	2020 Rupees
4. RESERVES		
Capital reserve		
Share premium (Note 4.1)	1,441,697,946	1,441,697,946
Revenue reserve		
Un-appropriated profit	548,745,210	555,927,557
	1,990,443,156	1,997,625,503

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

	2021 Rupees	2020 Rupees
5. LONG TERM FINANCING		
From banking company - secured		
Bank Alfalah Limited - Loan under SBP Refinance Scheme (Note 5.1)	138,452,041	58,118,654
Less : Current portion shown under current liabilities (Note 12)	90,961,845	15,851,004
	47,490,196	42,267,650

5.1 This term finance facility, aggregating to Rupees 189.986 million (2020: Rupees 63.404 million) is obtained by the Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. This facility is secured against first charge of Rupees 254 million over plant and mechinary of Company's fuel storage depot located at Sahiwal and Nowshera and personal guarantees of all sponsor directors. This finance facility is payable in 8 equal quarterly installments commenced from 01 January 2021 and ending on 01 October 2022. Mark-up is payable quarterly at the rate of SBP refinance rate plus 3.00% per annum. This loan is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustments is recognized at discount rates of 8.67% to 10.04% per annum (2020: 9.89% to 10.04% per annum).

6. LEASE LIABILITIES

	2021 Rupees	2020 Rupees
Total lease liabilities	401,664,079	275,565,100
Less: Current portion shown under current liabilities (Note 12)	66,993,956	70,927,966
	334,670,123	204,637,134

6.1 Reconciliation of lease liabilities is as follows:

	2021 Rupees	2020 Rupees
Opening balance	275,565,100	-
Add: Adjustment on adoption of IFRS 16 on 01 July 2019	-	84,491,070
Add: Additions during the year	263,640,693	239,649,788
Less: Impact of lease modification during the year	56,040,297	-
Add: Interest accrued during the year (Note 36)	33,175,450	35,755,548
Less: Payments made during the year	114,676,867	84,331,306
	401,664,079	275,565,100
Less: Current portion shown under current liabilities (Note 12)	66,993,956	70,927,966
	334,670,123	204,637,134

6.2 Maturity analysis of lease liabilities is as follows:

	2021 Rupees	2020 Rupees
Upto 6 months	54,820,414	56,272,882
6-12 months	49,637,154	35,227,852
1-2 year	107,079,176	47,134,904
More than 2 years	336,487,145	274,669,909
	548,023,889	413,305,547
Less: Future finance cost	146,359,810	137,740,447
Present value of lease liabilities	401,664,079	275,565,100

6.3 Amounts recognised in the statement of profit or loss

	2021 Rupees	2020 Rupees
Interest accrued during the year (Note 36)	33,175,450	35,755,548
Expense relating to short term leases (included in distribution cost)	7,881,300	28,927,975
Expense relating to leases of low-value assets (included in distribution cost)	1,761,950	1,541,706
Total amount recognised in statement of profit or loss	42,818,700	66,225,229

6.4 Implicit rates against lease liabilities range from 7.36% to 13.97% (2020: 8.76% to 14.99%) per annum .

6.5 Leases from banking company are secured against the leased assets, personal guarantees of directors and security deposits of Rupees 18.189 million (2020: Rupees 9.732 million).

7. LONG TERM DEPOSITS

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

	2021 Rupees	2020 Rupees
8. DEFERRED INCOME - GOVERNMENT GRANT		
Opening balance	5,285,365	-
Add: Recognized during the year (Note 8.1)	7,741,179	5,653,888
Less: Amortized during the year (Note 35)	7,923,159	368,523
Closing balance	5,103,385	5,285,365
Less: Current portion shown under current liabilities (Note 12)	4,741,767	3,422,152
	361,618	1,863,213

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

	2021 Rupees	2020 Rupees
9. TRADE AND OTHER PAYABLES		
Creditors (Note 9.1)	1,115,677,772	454,220,219
Accrued liabilities (Note 9.2)	97,478,093	92,806,538
Infrastructure cess	64,428,052	60,378,149
Contract liabilities - unsecured	39,100,051	48,465,975
Retention money payable	32,823,412	16,818,062
Customs duty and other charges payable	20,392,828	23,856,669
Income tax deducted at source	11,326,854	5,146,055
Workers' welfare fund payable	900,948	-
Payable to employees' provident fund trust	3,138,376	2,587,197
	1,385,266,386	704,278,864

9.1 These include Rupees 697.545 million (2020: Rupees 327.050 million) and Rupees 107.520 million (2020: Rupees 61.463 million) payable to Hi-Tech Blending (Private) Limited - subsidiary company and SK Lubricants Co., Ltd - principal supplier and long term partner respectively.

9.2 These include Rupees 4.124 million (2020: Rupees 5.910 million) on account of remuneration payable to directors of the Company.

	2021 Rupees	2020 Rupees
10. ACCRUED MARK-UP / PROFIT		
Long term financing	1,065,745	193,554
Lease liabilities	-	307,285
Short term borrowings	8,691,032	21,601,904
	9,756,777	22,102,743

	2021 Rupees	2020 Rupees
11. SHORT TERM BORROWINGS		
From banking companies - secured		
Short term finances (Note 11.1 and 11.2)	461,180,637	716,262,927
Running musharakah (Note 11.1 and 11.3)	-	50,000,000
	461,180,637	766,262,927

11.1 These finances are obtained from banking companies under mark-up / profit arrangements and are secured against trust receipts, first joint pari passu hypothecation charge over current assets, personal guarantees of sponsor directors of the Company and hypothecation charge over land, building and plant and machinery of Hi-Tech Blending (Private) Limited - subsidiary company.

11.2 The rates of mark-up range from 7.63% to 12.19% (2020: 8.92% to 15.45%) per annum.

11.3 The rate of profit was 8.03% (2020: 9.01% to 14.80%) per annum.

	2021 Rupees	2020 Rupees
12. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Long term financing (Note 5)	90,961,845	15,851,004
Lease liabilities (Note 6)	66,993,956	70,927,966
Deferred income - Government grant (Note 8)	4,741,767	3,422,152
	162,697,568	90,201,122

	2021 Rupees	2020 Rupees
13. PROVISION FOR TAXATION - NET / (ADVANCE INCOME TAX - NET OF PROVISION FOR TAXATION)		
Provision for taxation	82,822,361	57,793,066
Advance income tax	(71,902,877)	(73,501,014)
	10,919,484	(15,707,948)

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 Corporate guarantees of Rupees 2,375 million (2020: Rupees 1,300 million) have been given by the Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - subsidiary company.

14.1.2 Guarantees of Rupees 58 million (2020: Rupees 58 million) are given by the bank of the Company to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.

14.1.3 Guarantees of Rupees 22 million (2020: Rupees 22 million) are given by the bank of the Company to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.

14.1.4 Guarantee of Rupees 6 million (2020: Rupees 6 million) and Rupees 2.25 million (2020: Rupees 2.25 million) are given by the banks of the Company to Total Parco Pakistan Limited and Pakistan State Oil Company Limited respectively against fuel cards obtained by the Company for its employees.

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

14.1.6 On 05 June 2018, the Competition Commission of Pakistan ("CCP") initiated a formal enquiry under the provisions of the Competition Act, 2010 ("the Act") on complaint against the Company and its subsidiary company, Hi-Tech Blending (Private) Limited by Chevron Pakistan Lubricants (Private) Limited ("Chevron") for adopting deceptive marketing practices in contravention of section 10 of the Act. It was also prayed by Chevron to CCP to impose a penalty of 10% of the annual turnover of the Company and its subsidiary company and / or Rupees 75 million, as CCP may deem appropriate. CCP has concluded its enquiry on the complaint lodged by Chevron on 07 February 2019. On 20 August 2019, CCP issued show cause notices to the Company and its subsidiary company regarding deceptive marketing practices by distributing false and misleading information about its brand "ZIC" under section 10 of the Act. The Company and its subsidiary company appeared before the CCP through their advocates, rejecting the contents of the enquiry report concluded by CCP. On 15 September 2020, in a detailed order, CCP has set aside the findings of enquiry report and disposed of the show cause notices issued against the Company and its subsidiary company. Further, no appeal against the order has been filed before the Competition Appellate Tribunal within the prescribed period of 60 days of the issuance of order under section 42 of the Competition Act, 2017.

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

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

14.1.9 During the year ended 30 June 2020, Deputy Commissioner Inland Revenue (DCIR) issued a notice to recover an amount of Rupees 21.124 million against super tax for the tax year 2019 under section 4B of the Income Tax Ordinance, 2001. The Company through its tax advisor submitted its reply that liability on account of super tax did not arise for subject year. The matter is still pending before DCIR. No provision against this demand has been recognized in the financial statements, as the Company, based on the advice of the tax advisor, is confident of favourable outcome of the matter.

		2021 Rupees	2020 Rupees
14.2	**Commitments**		
14.2.1	For capital expenditures	35,310,701	107,622,214
14.2.2	Letters of credit other than for capital expenditures	38,219,444	-

14.2.3 The amount of future ijara rentals for ijara financing and the period in which these payments will become due are as follow:

	2021 Rupees	2020 Rupees
Not later than one year	-	3,130,124
Later than one year but not later than five years	-	-
	-	3,130,124

15. FIXED ASSETS

	2021 Rupees	2020 Rupees
Operating fixed assets (Note 15.1)	1,744,846,431	1,394,602,141
Capital work-in-progress (Note 15.2)	88,699,463	299,143,621
	1,833,545,894	1,693,745,762

15.1 Operating fixed assets

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

	Operating fixed assets														
	Owned												Leased		
Description	Freehold land	Buildings on freehold land	Buildings on leasehold land	Machinery	Tanks and pipelines	Dispensing pumps	Furniture and fittings	Vehicles	Leasehold improvements	Office equipment	Computers	Total	Vehicles	Machinery	Total
	Rupees														
At 30 June 2019															
Cost	562,162,894	206,011,092	309,162,186	74,009,436	112,915,635	-	25,442,896	112,560,017	-	122,532,901	30,946,144	1,555,743,201	183,790,243	1,698,360	185,488,603
Accumulated depreciation	-	(26,013,390)	(29,614,255)	(3,601,133)	(752,771)	-	(9,677,435)	(72,616,559)	-	(20,030,628)	(17,837,527)	(180,143,698)	(70,133,666)	(402,936)	(70,536,602)
Net book value	562,162,894	179,997,702	279,547,931	70,408,303	112,162,864	-	15,765,461	39,943,458	-	102,502,273	13,108,617	1,375,599,503	113,656,577	1,295,424	114,952,001
Year ended 30 June 2020															
Opening net book value	562,162,894	179,997,702	279,547,931	70,408,303	112,162,864	-	15,765,461	39,943,458	-	102,502,273	13,108,617	1,375,599,503	113,656,577	1,295,424	114,952,001
Transfer to right-of-use assets on adoption															
of IFRS 16	-	-	-	-	-	-	-	-	-	-	-	-	(113,656,577)	(1,295,424)	(114,952,001)
Additions	-	7,150,643	41,519,296	4,419,000	4,411,150	9,120,343	900,206	-	-	5,841,091	2,948,685	76,310,414	-	-	-
Transfer from right-of-use assets:															
Cost	-	-	-	1,698,360	-	-	-	82,906,826	-	-	-	84,605,186	-	-	-
Accumulated depreciation	-	-	-	(500,094)	-	-	-	(40,863,378)	-	-	-	(41,363,472)	-	-	-
	-	-	-	1,198,266	-	-	-	42,043,448	-	-	-	43,241,714	-	-	-
Written-off:															
Cost	-	-	-	-	-	-	-	-	-	-	(1,093,000)	(1,093,000)	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	368,834	368,834	-	-	-
	-	-	-	-	-	-	-	-	-	-	(724,166)	(724,166)	-	-	-
Disposals:															
Cost	-	-	-	-	-	-	-	(18,912,133)	-	-	(1,169,500)	(20,081,633)	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	10,396,521	-	-	277,259	10,673,780	-	-	-
	-	-	-	-	-	-	-	(8,515,612)	-	-	(892,241)	(9,407,853)	-	-	-
Depreciation	-	(18,291,745)	(29,702,095)	(7,291,737)	(9,138,755)	(367,027)	(1,811,989)	(8,861,385)	-	(10,614,056)	(4,338,682)	(90,417,471)	-	-	-
Closing net book value	562,162,894	168,856,600	291,365,132	68,733,832	107,435,259	8,753,316	14,853,678	64,609,909	-	97,729,308	10,102,213	1,394,602,141	-	-	-
At 30 June 2020															
Cost	562,162,894	213,161,735	350,681,482	80,126,796	117,326,785	9,120,343	26,343,102	176,554,710	-	128,373,992	31,632,329	1,695,484,168	-	-	-
Accumulated depreciation	-	(44,305,135)	(59,316,350)	(11,392,964)	(9,891,526)	(367,027)	(11,489,424)	(111,944,801)	-	(30,644,684)	(21,530,116)	(300,882,027)	-	-	-
Net book value	562,162,894	168,856,600	291,365,132	68,733,832	107,435,259	8,753,316	14,853,678	64,609,909	-	97,729,308	10,102,213	1,394,602,141	-	-	-
Year ended 30 June 2021															
Opening net book value	562,162,894	168,856,600	291,365,132	68,733,832	107,435,259	8,753,316	14,853,678	64,609,909	-	97,729,308	10,102,213	1,394,602,141	-	-	-
Additions	18,382,000	269,659,293	64,955,449	926,527	61,569,350	7,638,404	619,500	4,581,752	4,463,125	32,040,434	13,094,925	477,930,759	-	-	-
Transfer from right-of-use assets:															
Cost	-	-	-	-	-	-	-	82,965,895	-	-	-	82,965,895	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	(39,516,206)	-	-	-	(39,516,206)	-	-	-
	-	-	-	-	-	-	-	43,449,689	-	-	-	43,449,689	-	-	-
Transferred to investment property:															
Cost	(61,658,100)	-	-	-	-	-	-	-	-	-	-	(61,658,100)	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(61,658,100)	-	-	-	-	-	-	-	-	-	-	(61,658,100)	-	-	-
Disposals:															
Cost	-	-	-	-	-	-	-	(12,989,313)	-	(67,397)	(4,164,202)	(17,220,912)	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	8,320,444	-	32,176	2,829,373	11,181,993	-	-	-
	-	-	-	-	-	-	-	(4,668,869)	-	(35,221)	(1,334,829)	(6,038,919)	-	-	-
Depreciation	-	(19,161,008)	(33,493,762)	(6,894,754)	(9,587,471)	(1,538,900)	(1,543,268)	(15,860,905)	(333,121)	(10,430,109)	(4,595,841)	(103,439,139)	-	-	-
Closing net book value	518,886,794	419,354,885	322,826,819	62,765,605	159,417,138	14,852,820	13,929,910	92,111,576	4,130,004	119,304,412	17,266,468	1,744,846,431	-	-	-
At 30 June 2021															
Cost	518,886,794	482,821,028	415,636,931	81,053,323	178,896,135	16,758,747	26,962,602	251,113,044	4,463,125	160,347,029	40,563,052	2,177,501,810	-	-	-
Accumulated depreciation	-	(63,466,143)	(92,810,112)	(18,287,718)	(19,478,997)	(1,905,927)	(13,032,692)	(159,001,468)	(333,121)	(41,042,617)	(23,296,584)	(432,655,379)	-	-	-
Net book value	518,886,794	419,354,885	322,826,819	62,765,605	159,417,138	14,852,820	13,929,910	92,111,576	4,130,004	119,304,412	17,266,468	1,744,846,431	-	-	-
Annual rate of depreciation (%)		10	10	10	8	10	10	20	20	10	30		20	10	

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

Particulars	Quantity	Cost	Accumulated depreciation	Net book value	Consideration	Gain / (loss)	Mode of disposal	Particulars of purchasers
		Rupees						
Vehicles - owned								
Honda City LEA-17A-282	1	527,400	17,580	509,820	2,480,000	1,970,180	Company's policy	Mr. Ahmed Shuja - Company's ex-employee
Honda Civic LEF-14-2770	1	2,583,970	1,957,533	626,437	1,746,667	1,120,230	Company's policy	Mr. Yaqoob Aziz - Company's employee
Suzuki Cultus LEA-17A-3416	1	1,299,550	637,759	661,791	1,140,000	478,209	Company's policy	Mr. Farhan Baig - Company's ex-employee
Honda City LEH-17-3524	1	1,708,540	874,270	834,270	1,560,000	725,730	Company's policy	Mr. Aitizaz Hakeem Chaudhary - Company's employee
		6,119,460	3,487,142	2,632,318	6,926,667	4,294,349		
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000		11,101,452	7,694,851	3,406,601	6,849,109	3,442,508		
		17,220,912	11,181,993	6,038,919	13,775,776	7,736,857		

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

	2021 Rupees	2020 Rupees
Distribution cost (Note 32)	69,314,747	40,111,448
Administrative expenses (Note 33)	34,124,392	50,306,023
	103,439,139	90,417,471

15.1.3 Leasehold buildings include two warehouses and water tank having net book value of Rupees 153.286 million (2020: Rupees 169.285 million) constructed on the land owned by Hi-Tech Blending (Private) Limited - subsidiary company. The Company has entered into a lease agreement for 20 years with Hi-Tech Blending (Private) Limited - subsidiary company ending on 30 June 2036, against a piece of land measuring 45 Kanals where the aforesaid warehouses are constructed.

15.1.4 Particulars of immovable properties (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	Oil depot	6.70	199,513
Mouza Aza Khel Bala, Tehsil and District Nowshera	Oil depot	7.55	9,257
Plot No. 2, Block K, Main Boulevard Gulberg-II, Lahore	OMC project office	0.39	1,847
Mouza Aza Khel Payan, Tehsil and District Nowshera	Oil depot extension	1.34	-
7-km, Sundar Raiwind Road, Bhai Kot, Lahore - Warehouse - 1	Warehouse	-	49,658
7-Km, Sundar Raiwind Road, Bhai Kot, Lahore - Warehouse - 2	Warehouse	-	53,348
Hussain Filling Station - Head Muhammad Road, Multan	Dealer of retail outlet	-	2,818
Lali Sons Filling Station - Faisalabad Road, Lalian	Dealer of retail outlet	-	3,274
Punjab Filling Station - Main Satyana Road, Faisalabad	Dealer of retail outlet	-	2,821
Green Fuel CNG - 1-KM G.T. Road, Lalamusa	Dealer of retail outlet	-	4,981
A.B. Petroleum Filling Station - Tehsil Liaqat-pur, Rahim Yar Khan	Dealer of retail outlet	-	3,054
Jillani CNG - Lehtrar Road, Islamabad	Dealer of retail outlet	-	2,650
Dasti Filling Station - Jampur Road , Dera Ghazi Khan	Dealer of retail outlet	-	1,815
Rehman Filling Station - Chistian Road, Hasilpur	Dealer of retail outlet	-	2,525
Al-Fazal Filling Station - Sargodha Road, Jhang	Dealer of retail outlet	-	2,121
Ibrahim Petroleum - Sialkot Road, Gujranwala	Dealer of retail outlet	-	3,185
Karma Wala-1 Filling Station - Shahkot Road, Jaranwala	Dealer of retail outlet	-	2,059
Raja Adeel Filling Station - Arifwala Road, Arifwala	Dealer of retail outlet	-	2,892
Gondal Filling Station - Daska Road, Wazirabad	Dealer of retail outlet	-	1,493
City Filling Station - Hujra Shah Muqeem, Okara	Dealer of retail outlet	-	962
Al Karam Filling Station - Shamkey Bhattian, Lahore	Dealer of retail outlet	-	6,633
Super Cool CNG Filling Station - College Road, Lahore	Dealer of retail outlet	-	2,159
Green City Fuel Station - Hasilpur Road, Bahawalpur	Dealer of retail outlet	-	1,289
Khokhar Fuel Station - Small Industrial Estate, Jinnah Road, Gujranwala	Dealer of retail outlet	-	1,175
Minhas CNG - Multan Road, Lahore	Dealer of retail outlet	-	841
One Stop - Main Ferozpure Road, Lahore	Dealer of retail outlet	-	1,970
S&S - Toba Road, Jhang	Dealer of retail outlet	-	3,310
Al Yousaf CNG - Khanewal Road, Multan	Dealer of retail outlet	-	1,793
Rana Petroleum - Faisalabad Road, Okara	Dealer of retail outlet	-	2,633
Dharampura, Lahore	HTL Express Centre	-	1,436
Garden Town, Lahore	HTL Express Centre	-	1,789
Gulshan-e-Ravi, Lahore	HTL Express Centre	-	2,444
Johar Town, Lahore	HTL Express Centre	-	4,500
Defence Housing Authority, Phase II, Karachi	HTL Express Centre	-	812
Gulistan-e-Johar, Karachi	HTL Express Centre	-	3,149
PECHS, Karachi	HTL Express Centre	-	2,700
Askari XIV, Sector A, Rawalpindi	HTL Express Centre	-	881

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

Name of retail outlets	Categories							
	Buildings on leasehold land	Tanks and pipelines	Dispensing pumps	Total	Furniture and fittings	Office equipment	Computers	Total
			Rupees					
Hussain Filling Station - Head Muhammad Road, Multan	3,180,469	1,608,000	1,911,655	-	-	-	-	6,700,124
Lali Sons Filling Station - Faisalabad Road, Lalian	3,834,385	1,926,050	-	-	-	-	-	5,760,435
Punjab Filling Station - Main Satyana Road, Faisalabad	2,898,584	877,100	2,001,106	-	-	-	-	5,776,790
Ittehad Filling Station - Circular Road, Daska	-	877,100	-	-	-	-	-	877,100
Green Fuel CNG - 1-KM G.T. Road, Lalamusa	2,725,893	1,132,550	-	-	-	-	-	3,858,443
M. Nawaz Filling Station - Darban Road, Syed-Nager, Dera Ismail Khan	-	1,269,700	-	-	-	-	-	1,269,700
A.B. Petroleum Filling Station - Tehsil Liaqat-pur, Rahim Yar Khan	4,623,288	1,480,589	-	-	-	-	-	6,103,877
Jillani CNG - Lehtrar Road, Islamabad	7,147,011	1,386,830	-	-	-	-	-	8,533,841
Dasti Filling Station - Jampur Road , Dera Ghazi Khan	1,919,332	808,290	1,911,654	-	-	-	-	4,639,276
Rehman Filling Station - Chistian Road, Hasilpur	2,013,421	-	-	-	-	-	-	2,013,421
Al-Fazal Filling Station - Sargodha Road, Jhang	3,163,859	-	2,227,102	-	-	-	-	5,390,961
Ibrahim Petroleum - Sialkot Road, Gujranwala	1,962,962	-	-	-	-	-	-	1,962,962
Karma Wala-1 Filling Station - Shahkot Road, Jaranwala	2,532,005	-	-	-	-	-	-	2,532,005
Raja Adeel Filling Station - Arifwala Road, Arifwala	1,853,000	-	-	-	-	-	-	1,853,000
Gondal Filling Station - Daska Road, Wazirabad	2,204,744	-	1,421,968	-	-	-	-	3,626,712
City Filling Station - Hujra Shah Muqeem, Okara	1,504,906	-	-	-	-	-	-	1,504,906
Al Karam Filling Station - Shamkey Bhattian, Lahore	3,556,882	-	2,401,341	-	-	-	-	5,958,223
Super Cool CNG Filling Station - College Road, Lahore	4,708,431	1,278,925	1,332,516	-	-	-	-	7,319,872
Green City Fuel Station - Hasilpur Road, Bahawalpur	9,954,398	1,377,706	-	-	-	-	-	11,332,104
Khokhar Fuel Station - Small Industrial Estate, Jinnah Road, Gujranwala	2,101,400	1,377,706	-	-	-	-	-	3,479,106
Minhas CNG - Multan Road, Lahore	4,749,486	-	-	-	-	-	-	4,749,486
One Stop - Main Ferozpure Road, Lahore	17,757,318	2,102,230	2,482,580	-	-	-	-	22,342,128
S&S - Toba Road, Jhang	2,549,650	-	-	-	-	-	-	2,549,650
Al Yousaf CNG - Khanewal Road, Multan	1,651,843	578,690	1,068,825	-	-	-	-	3,299,358
Rana Petroleum - Faisalabad Road, Okara	2,439,500	-	-	-	-	-	-	2,439,500
HTL Express Centre - Dharampura, Lahore	27,571,142	-	-	3,197,442	145,431	478,583	-	31,392,598
HTL Express Centre - Garden Town, Lahore	7,442,541	-	-	2,471,843	56,796	1,741,346	-	11,712,526
HTL Express Centre - Gulshan-e-Ravi, Lahore	16,220,083	-	-	5,308,603	56,796	2,602,702	14,040	24,202,224
HTL Express Centre - Johar Town, Lahore	16,713,760	-	-	7,727,402	153,621	-	24,000	24,618,783
HTL Express Centre - DHA, Karachi	7,085,936	-	-	4,019,037	669,727	97,044	-	11,871,744
HTL Express Centre - Gulistan-E-Johar, Karachi	11,978,196	-	-	6,117,945	1,115,829	811,290	-	20,023,260
HTL Express Centre - PECHS, Karachi	20,357,427	-	-	1,524,751	126,500	841,438	-	22,850,116
HTL Express Centre - Askari XIV, Sector A, Rawalpindi	9,133,147	-	-	4,419,000	854,206	2,808,753	-	17,215,106
	207,534,999	18,081,466	16,758,747	34,786,023	3,178,906	9,381,156	38,040	289,759,337

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

		2021 Rupees	2020 Rupees
15.2	**Capital work-in-progress**		
	Civil works	26,860,047	194,227,385
	Dispensing pumps	29,396,100	9,082,648
	Advance against purchase of apartment (Note 15.2.2)	25,226,750	25,226,750
	Advances to suppliers	-	24,895,701
	Mobilization advances	5,069,766	11,626,452
	Unallocated expenditures	2,146,800	34,084,685
		88,699,463	299,143,621

15.2.1 Movement in capital work in progress is as follows:

	Civil works	Dispensing pumps	Advance against purchase of apartment	Advances to suppliers	Mobilization advances	Unallocated expenditures	Total
				Categories / Rupees			
As at 30 June 2019	8,596,431	23,984,539	25,226,750	-	34,016,071	1,514,028	93,337,819
Add: Additions during the year	200,369,936	-	-	24,895,701	10,752,688	32,570,657	268,588,982
Less: Mobilization advance adjusted during the year	-	-	-	-	33,142,307	-	33,142,307
Less: Transferred to inventory during the year	-	5,781,548	-	-	-	-	5,781,548
Less: Transferred to operating fixed assets during the year	14,738,982	9,120,343	-	-	-	-	23,859,325
As at 30 June 2020	194,227,385	9,082,648	25,226,750	24,895,701	11,626,452	34,084,685	299,143,621
Add: Additions during the year	142,051,004	11,152,856	-	10,962,750	10,334,903	56,455,695	230,957,208
Add / (Less): Adjustments made during the year	1,313,750	16,799,000	-	(35,858,451)	-	17,745,701	-
Less: Mobilization advance adjusted during the year	-	-	-	-	16,891,589	-	16,891,589
Less: Transferred to operating fixed assets during the year:							
Buildings on freehold land	268,531,810	-	-	-	-	-	268,531,810
Buildings on leasehold land	42,200,282	-	-	-	-	20,922,190	63,122,472
Machinery	-	-	-	-	-	107,527	107,527
Tanks and pipelines	-	-	-	-	-	61,569,350	61,569,350
Dispensing pumps	-	7,638,404	-	-	-	-	7,638,404
Office equipment	-	-	-	-	-	23,540,214	23,540,214
	310,732,092	7,638,404	-	-	-	106,139,281	424,509,777
	26,860,047	29,396,100	25,226,750	-	5,069,766	2,146,800	88,699,463

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

16. RIGHT-OF-USE ASSETS

	Land	Buildings	Vehicles	Machinery	Total
			Rupees		
At 01 July 2019	252,119,774	7,436,356	113,656,577	1,295,424	374,508,131
Add: Additions during the year	-	-	3,862,478	-	3,862,478
Less: Book value of assets transferred to fixed assets - owned during the year	-	-	42,043,448	1,198,266	43,241,714
Less: Depreciation expense for the year (Note 32)	39,292,510	4,371,566	20,424,763	97,158	64,185,997
At 30 June 2020	212,827,264	3,064,790	55,050,844	-	270,942,898
Add: Additions during the year	112,866,866	94,245,027	57,732,454	-	264,844,347
Less: Impact of lease modification	56,040,297	-	-	-	56,040,297
Book value of assets transferred to fixed assets - owned during the year	-	-	43,449,689	-	43,449,689
Less: Depreciation expense for the year (Note 32)	41,103,186	24,280,753	11,619,979	-	77,003,918
At 30 June 2021	228,550,647	73,029,064	57,713,630	-	359,293,341

Lease of land

The Company obtained land on lease for its service centers, filling stations and storage warehouses. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from five to twenty years.

Lease of buildings

The Company obtained buildings on lease for its offices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from two to five years.

Lease of vehicles

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

Lease of machinery

The Company obtained generator on lease for use at its warehouse.

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

	2021 Rupees	2020 Rupees
17. INTANGIBLE ASSETS		
Computer softwares (Note 17.1)	10,645,943	7,596,802

17.1 Computer softwares		
Opening book value	7,596,802	4,732,856
Add: Cost of additions during the year	7,069,069	5,362,625
Less: Amortization charged during the year (Note 33)	4,019,928	2,498,679
Closing book value	10,645,943	7,596,802
17.2 Cost as at 30 June	45,149,340	38,080,272
Accumulated amortization	(34,503,397)	(30,483,470)
Net book value as at 30 June	10,645,943	7,596,802

17.3 Intangible assets - computer softwares have been amortized at the rate of 30% (2020: 30%) per annum.

17.4 Includes intangible assets at a cost of Rupees 25.294 million (2020: Rupees 24.022 million) which were fully amortized.

		2021 Rupees	2020 Rupees
18.	**INVESTEMENT PROPERTY**		
18.1	**Freehold land**		
	Transferred from operating fixed assets (Note 15.1)	61,658,100	-

18.2 Land having cost of Rupees 61.658 million has been recognized as investment properly during the year. The market value of land is Rupees 93.750 million. Forced sale value of land is Rupees 75.000 million. The valuation has been carried out by Surval, an independent valuer as on 30 June 2021.

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

Description and address	Area of land
	Kanals
Land - 22 - A, Zafar Ali Road, Lahore	1.28

		2021 Rupees	2020 Rupees
19.	**INVESTMENT IN SUBSIDIARY COMPANY - at cost**		
	Hi-Tech Blending (Private) Limited - unquoted		
	130,000,060 (2020: 130,000,060) fully paid ordinary shares of Rupees 10 each		
	Equity held 100% (2020: 100%)	1,300,000,600	1,300,000,600

19.1 Investment in Hi-Tech Blending (Private) Limited includes 60 (2020: 60) shares in the name of nominees of the Company.

		2021 Rupees	2020 Rupees
20.	**LONG TERM SECURITY DEPOSITS**		
	Security deposits against leased assets	18,189,460	9,731,750
	Security deposit against Ijara	-	2,993,400
	Security deposits - others	11,789,595	8,769,018
		29,979,055	21,494,168
	Less: Current portion shown under current assets (Note 25)	577,400	11,774,450
		29,401,655	9,719,718

	2021 Rupees	2020 Rupees
21. DEFERRED INCOME TAX ASSET - NET		
The net deferred income tax asset comprised of temporary differences relating to:		
Deferred income tax assets		
Minimum tax carry forward	66,422,837	-
Available unused tax losses	41,485,645	159,480,402
Allowance for expected credit losses	10,831,054	8,770,114
Provision for slow moving and damaged inventory items	2,483,151	1,881,556
Provision for doubtful advances to suppliers	27,903	46,154
Lease liabilities	116,482,583	79,913,879
	237,733,173	250,092,105
Deferred income tax liabilities		
Accelerated tax depreciation and amortization	(85,292,473)	(63,562,431)
Right-of-use assets	(104,195,069)	(78,573,440)
	(189,487,542)	(142,135,871)
Net deferred income tax asset	48,245,631	107,956,234

21.1 Deferred income tax assets are considered to the extent that the realization of related tax benefits is probable from reversals of existing deferred income tax liabilities and future taxable profits.

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

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

	2020		
	Opening Balance	**Recognised in statement of profit or loss**	**Closing balance**
Available unused tax losses	95,690,600	(63,789,802)	159,480,402
Allowance for expected credit losses	13,532,396	4,762,282	8,770,114
Provision for slow moving and damaged inventory items	2,184,394	302,838	1,881,556
Provision for doubtful advances to suppliers	686,005	639,851	46,154
Lease liabilities	-	(79,913,879)	79,913,879
Right-of-use assets	-	78,573,440	(78,573,440)
Accelerated tax depreciation and amortization	(64,076,493)	(514,062)	(63,562,431)
Lease assets	(8,833,669)	(8,833,669)	-
	39,183,233	(68,773,001)	107,956,234

	Accounting year to which the tax loss / credit relates	Amount	Accounting year in which tax loss / credit will expire
		Rupees	
Available unused tax losses - unabsorbed tax depreciation			
	2019	71,415,789	Unlimited
	2020	71,638,161	Unlimited
		143,053,950	
Minimum tax carry forward	2021	66,422,837	2026

	2021 Rupees	2020 Rupees
22. STOCK-IN-TRADE		
Lubricants and parts (Note 22.1)	305,785,909	378,075,086
Less: Provision for slow moving and damaged inventory items (Note 22.2)	8,562,589	6,488,123
	297,223,320	371,586,963
Petroleum products		
- Stock in hand (Note 22.3 and Note 22.4)	375,546,876	6,766,970
- Stock in pipeline system (Note 22.5)	159,422,468	28,457,092
	534,969,344	35,224,062
Dispensing pumps and other installations (Note 22.6)	46,356,890	40,324,810
Stock of promotional items	192,155	209,404
	878,741,709	447,345,239

22.1 This includes stock-in-transit of Rupees 52.885 million (2020: Rupees Nil) and stock amounting to Rupees Nil (2020: Rupees 105.921 million) lying at customs bonded warehouse.

	2021 Rupees	2020 Rupees
22.2 Provision for slow moving and damaged inventory items		
Opening balance	6,488,123	7,532,393
Add: Provision recognized during the year (Note 34)	5,694,467	4,305,591
Less: Reversal of provision during the year (Note 22.2.1 and Note 35)	3,620,001	5,349,861
	2,074,466	(1,044,270)
Closing balance	8,562,589	6,488,123

22.2.1 The Company has sold all the finished goods that were written down to an independent distributor in Pakistan at market value.

22.3 This includes stock of petroleum products in transit of Rupees Nil (2020: Rupees 2.592 million).

22.4 This includes the Company's share of pipeline stock of High Speed Diesel amounting to Rupees Nil (2020: Rupees 1.630 million) held by Askar Oil Services (Private) Limited.

22.5 This represents the Company's share of pipeline stock of High Speed Diesel amounting to Rupees 159.422 million (2020: Rupees 28.457 million) held by Pak-Arab Pipeline Company Limited.

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

22.7 This include stock of petroleum products amounting to Rupees 360.421 million (2020: Rupees Nil) written down to net realizable value.

	2021 Rupees	2020 Rupees
23. TRADE DEBTS		
Unsecured:		
Considered good (Note 23.1)	140,573,811	106,345,785
Less: Allowance for expected credit losses (Note 23.2)	37,348,463	30,241,773
	103,225,348	76,104,012

23.1 These include Rupees 0.107 million (2020: Rupees Nil) receivable from Hi-Tech Blending (Private) Limited - subsidiary company. It is neither past due nor impaired. The maximum aggregate amount receivable from related party at the end of any month during the year was Rupees 0.714 million (2020: Rupees: 0.573 million).

	2021 Rupees	2020 Rupees
23.2 Allowance for expected credit losses		
Opening balance	30,241,773	46,663,435
Add: Recognized during the year (Note 34)	7,106,690	-
Less: Reversal of allowance for expected credit losses (Note 35)	-	16,421,662
Closing balance	37,348,463	30,241,773
24. LOANS AND ADVANCES		
Considered good, unsecured:		
Loans to employees - interest free and against salaries:		
- Executives (Note 24.1)	2,817,100	2,359,990
- Other employees	2,285,648	2,220,463
	5,102,748	4,580,453
Advances to employees against expenses	3,178,652	978,256
Advances to suppliers (Note 24.2)	64,087,054	128,273,290
Margin against bank guarantees	17,350,000	17,350,000
	89,718,454	151,181,999

24.1 These include Rupees Nil (2020: Rupees 2.310 million) loan receivable from Chief Financial Officer of the Company. Maximum aggregate amount outstanding at the end of any month during the year was Rupees 2.100 million (2020: Rupees 2.52 million). This loan was interest free and given for the purpose of construction of house.

		2021 Rupees	2020 Rupees
24.2	**Advances to suppliers**		
	Unsecured:		
	Considered good	64,087,054	128,273,289
	Considered doubtful	96,218	159,151
		64,183,272	128,432,440
	Less: Provision for doubtful advance to supplier (Note 24.2.1)	96,218	159,151
		64,087,054	128,273,289
24.2.1	**Provision for doubtful advance to supplier**		
	Opening balance	159,151	2,365,535
	Add: Recognized during the year (Note 34)	96,218	159,151
	Less: Advances to suppliers written off against provision	159,151	2,365,535
	Closing balance	96,218	159,151

25. SHORT TERM DEPOSITS AND PREPAYMENTS

	2021 Rupees	2020 Rupees
Current portion of long term security deposits (Note 20)	577,400	11,774,450
Short term security deposits	6,195,595	6,745,465
Prepaid expense	1,333,333	-
Prepaid insurance	5,556,341	11,198,972
Prepaid rent	5,654,246	1,425,586
	19,316,915	31,144,473

26. OTHER RECEIVABLES

	2021 Rupees	2020 Rupees
Receivable from MAS Associates (Private) Limited - associated company (Note 26.1)	218,274	145,074
Receivable from SK Lubricants Co., Ltd. - related party (Note 26.2)	31,560,000	-
Sales tax receivable	80,329,533	11,404,451
Inland freight equalization margin	28,635,005	14,086,180
Others	638,242	8,671,136
	141,381,054	34,306,841

26.1 It is neither past due nor impaired. The maximum aggregate amount receivable from associated company at the end of any month during the year was Rupees 0.716 million (2020: Rupees 0.433 million).

26.2 It is neither past due nor impaired. The maximum aggregate amount receivable from SK Lubricants Co., Ltd. - principal supplier and long term partner at the end of any month during the year was Rupees 31.560 million (2020: Rupees 28.502 million).

	2021 Rupees	2020 Rupees
27. ACCRUED INTEREST		
On bank deposits	180	2,236
On term deposit receipts	390,282	-
	390,462	2,236
28. SHORT TERM INVESTMENTS		
Debt instruments (Note 28.1)	-	472,420,787
Equity instruments (Note 28.2)	446,043,245	250,864,373
	446,043,245	723,285,160
28.1 Debt instruments		
At amortized cost		
Term deposit receipts	-	471,031,918
Add: Interest accrued thereon	-	1,388,869
	-	472,420,787

28.1.1 These represented term deposit receipts issued by banking companies having maturity period ranged from one month to six months and carried interest ranged from 6.50% to 7.20% (2020: 5.36% to 12.85%) per annum. Term deposit receipts amounting to Rupees Nil (2020: Rupees 471.031 million) were under lien with banks against short term borrowings.

	2021 Rupees	2020 Rupees
28.2 Equity instruments		
Fair value through profit or loss		
Quoted - other than related party:		
Engro Fertilizer Limited		
49,500 (2020: 49,500) fully paid ordinary shares of Rupees 10 each	3,246,080	3,246,080
First Habib Cash Fund		
2,008,699.7237 (2020: 1,004,003.3926) units	202,547,497	100,591,746
NBP Islamic Mahana Amdani Fund		
Nil (2020: 4,617,722.0716) units	-	46,148,675
NBP Islamic Daily Dividend Fund		
4,979,421.4911 (2020: Nil) units	49,794,215	-
UBL Liquidity Plus Fund - Class 'C'		
311,668.6309 (2020: 710.5769) units	31,530,093	71,628
MCB Cash Management Optimizer		
644,177.1242 (2020: 998,363.6222) units	64,953,239	100,422,214
Meezan Rozana Amdani Fund		
1,881,905.5522 (2020: Nil) units	94,095,278	-
	446,166,402	250,480,343
Unrealized (loss) / gain on remeasurement of investments at fair value through profit and loss - net (Note 34)	(123,157)	384,030
	446,043,245	250,864,373

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

	2021 Rupees	2020 Rupees
29. CASH AND BANK BALANCES		
Cash in hand	735,004	591,071
Cash at banks:		
Saving accounts (Note 29.1)	84,815,473	32,248,693
Current accounts	128,993,663	91,337,906
	213,809,136	123,586,599
	214,544,140	124,177,670
Term deposit receipt (Note 29.3)	50,000,000	-
	264,544,140	124,177,670

29.1 Saving accounts carry profit at the rates ranging from 5.48% to 11.30% (2020: 6.48% to 11.25%) per annum.

29.2 Bank balances of Rupees 91.301 million (2020: Rupees 20.268 million) and short term investments of Rupees 442.431 million (2020: Rupees 718.912 million) as at 30 June 2021 represents un-utilized proceeds of the initial public offer.

29.3 This term deposit receipt issued by banking company having maturity period of one month and carry interest at 5.25% per annum.

	2021 Rupees	2020 Rupees
30. GROSS REVENUE FROM CONTRACTS WITH CUSTOMERS		
Lubricants	10,866,693,297	6,838,217,813
Petroleum products	2,940,049,762	392,574,835
Others (Note 30.1)	41,267,738	55,857,933
	13,848,010,797	7,286,650,581

	2021 Rupees	2020 Rupees
30.1 Others		
Spare parts	24,721,886	23,305,787
Services at HTL Express Centers	2,817,265	12,131,768
Dispensing pumps	-	19,005,344
Franchise and joining fee	13,728,587	1,415,034
	41,267,738	55,857,933

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

	2021 Rupees	2020 Rupees
31. COST OF SALES		
Opening stock of lubricants and other items	418,399,896	808,241,816
Lubricants purchased during the year	6,308,607,855	3,761,900,303
	6,727,007,751	4,570,142,119
Closing stock of lubricants and other items	352,142,799	418,399,896
Cost of lubricants and other items sold	6,374,864,952	4,151,742,223
Opening stock of petroleum products	35,224,062	-
Petroleum products purchased during the year	2,272,157,277	271,567,657
Petroleum development levy	572,438,740	104,520,645
Inland freight equalization margin	82,793,805	11,160,598
	2,927,389,822	387,248,900
Closing stock of pertroleum products	534,969,344	35,224,062
Cost of petroleum products sold	2,427,644,540	352,024,838
Total	8,802,509,492	4,503,767,061

32. DISTRIBUTION COST		
Salaries and other benefits (Note 32.1)	389,431,272	294,263,250
Sales promotion and advertisements - net (Note 32.2)	85,146,762	122,477,816
Freight outward	39,547,976	33,259,463
Rent, rates and taxes	10,242,911	17,281,525
Travelling and conveyance	32,734,691	30,000,814
Insurance	16,573,043	19,513,756
Utilities	9,795,994	10,138,447
Repair and maintenance	14,537,021	10,263,082
Vehicles' running and maintenance	19,941,406	22,293,292
Communication	10,669,873	9,207,240
Entertainment	6,612,481	3,759,896
Ijara rentals	3,219,815	5,288,136
Depreciation (Note 15.1.2)	69,314,747	40,111,448
Depreciation on right-of-use assets (Note 16)	77,003,918	64,185,997
Hospitality charges	9,127,517	7,283,979
Sales commission	-	685,286
Printing and stationery	1,010,685	779,979
Secondary transportation freight	-	243,772
Miscellaneous	17,815,141	22,774,569
	812,725,253	713,811,747

32.1 Salaries other benefits include provident fund contribution of Rupees 9.955 million (2020: Rupees 9.683 million) by the Company.

32.2 These are net off incentives in the shape of reimbursement against sales promotion expenses and advertisements amounting to Rupees 31.560 million (2020: Rupees Nil) from SK Lubricants Co., Ltd. - principal supplier and long term partner.

	2021 Rupees	2020 Rupees
33. ADMINISTRATIVE EXPENSES		
Salaries, wages and other benefits (Note 33.1)	347,252,533	239,711,251
Rent, rates and taxes	869,927	15,424,064
Travelling and conveyance	5,049,037	6,006,002
Insurance	10,996,474	11,462,027
Vehicles' running and maintenance	6,853,472	3,692,571
Utilities	5,518,728	5,012,902
Repair and maintenance	4,993,443	4,058,970
Fee and subscription	10,612,944	15,207,712
Printing and stationery	1,076,019	1,031,837
Communication	3,970,800	3,298,826
Entertainment	3,723,802	2,798,027
Legal and professional (Note 33.2)	25,557,857	13,254,057
Auditor's remuneration (Note 33.3)	3,475,450	3,159,500
Depreciation (Note 15.1.2)	34,124,392	50,306,023
Amortization on intangible assets (Note 17)	4,019,928	2,498,679
Miscellaneous	1,144,923	4,874,681
	469,239,729	381,797,129

33.1 Salaries, wages and other benefits include provident fund contribution of Rupees 7.246 million (2020: Rupees 5.827 million) by the Company.

33.2 It includes an amount of Rupees Nil (2020: Rupees 0.825 million) on account of internal audit services rendered by EY Ford Rhodes.

	2021 Rupees	2020 Rupees
33.3 Auditor's remuneration		
Annual audit fee	1,796,850	1,633,500
Certifications	517,000	470,000
Half year review	907,500	825,000
Reimbursable expenses	254,100	231,000
	3,475,450	3,159,500
34. OTHER EXPENSES		
Allowance for expected credit losses (Note 23.2)	7,106,690	-
Provision for slow moving and damaged inventory items - net (Note 22.2)	2,074,466	-
Provision for doubtful advances to suppliers (Note 24.2.1)	96,218	159,151
Short term security deposits written off	114,500	-
Long term security deposits written off	217,000	-
Other receivables written off	8,758,950	-
Fixed assets written off	-	724,166
Unrealized loss on remeasurement of investments at fair value through profit or loss - net (Note 28.2)	123,157	-
Charities and donations (Note 34.1)	21,181,109	18,796,652
Workers' welfare fund	900,948	-
Penalty (Note 34.2)	701,554	500,000
	41,274,592	20,179,969

34.1 These include amount of Rupees 18 million (2020: Rupees 18 million) paid to Sabra Hamida Trust, 1-A, Danepur Road, GOR-1, Lahore, in which Mr. Hassan Tahir - Chief Executive, Mr. Shaukat Hassan - Director, Mr. Tahir Azam - Director and Mr. Ali Hassan - Director are trustees.

34.2 This represents penalty paid to Oil and Gas Regularity Authority (OGRA) on account of delay in completion of required infrastructure for OMC project and penalty to Federal Board of Revenue under section 182(2) of the Income Tax Ordinance, 2001.

		2021 Rupees	2020 Rupees
35.	**OTHER INCOME**		
	Income from financial assets:		
	Dividend income	20,452,706	10,437,403
	Profit on bank deposits and term deposit receipts	22,216,929	80,948,042
	Gain on disposal of short term investments	656,239	361,141
	Unrealized gain on remeasurement of investments at fair value through profit or loss - net	-	382,804
	Reversal of allowance for expected credit losses (Note 23.2)	-	16,421,662
	Rental income from HTL Express Centres	18,800,000	-
	Common facility charges	737,681	762,241
	Income from non-financial assets:		
	Gain on disposal of operating fixed assets (Note 15.1)	7,736,857	5,987,219
	Credit balances written back	374,735	-
	Reversal of provision for slow moving and damaged inventory items - net (Note 22.2)	-	1,044,270
	Amortization of deferred income - Government grant (Note 8)	7,923,159	368,523
	Other	975,480	-
	Other:		
	Exchange gain - net	575,695	9,411,794
		80,449,481	126,125,099
36.	**FINANCE COST**		
	Mark-up on long term financing	12,461,556	721,024
	Mark-up / profit on short term borrowings	32,645,032	146,985,117
	Interest expense on lease liabilities (Note 6.3)	33,175,450	35,755,548
	Bank charges and commission	2,865,542	2,864,121
		81,147,580	186,325,810
37.	**TAXATION**		
	For the year:		
	Current (Note 37.1)	82,858,476	58,199,027
	Deferred tax	59,710,603	(68,773,001)
	Prior year adjustment	(36,115)	(405,961)
		142,532,964	(10,979,935)

37.1 The provision for current tax is calculated in accordance with the relevant provisions of the Income Tax Ordinance, 2001. Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented being impracticable.

		2021 Rupees	2020 Rupees
38.	**EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED**		
	There is no dilutive effect on the basic earnings / (loss) per share which based on:		
	Profit / (loss) after taxation attributable to ordinary shareholders (Rupees)	329,229,253	(40,117,976)
	Weighted average number of shares (Number)	116,004,000	116,004,000
	Earnings / (loss) per share - basic and diluted (Rupees)	2.84	(0.35)

	2021 Rupees	2020 Rupees
39. CASH GENERATED FROM OPERATIONS		
Profit / (loss) before taxation	471,762,217	(51,097,911)
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	103,439,139	90,417,471
Depreciation on right-of-use assets	77,003,918	64,185,997
Amortization on intangible assets	4,019,928	2,498,679
Amortization of deferred income - Government grant	(7,923,159)	(368,523)
Allowance / (reversal of allowance) for expected credit losses	7,106,690	(16,421,662)
Provision / (reversal of provision) for slow moving and damaged inventory items - net	2,074,466	(1,044,270)
Provision for doubtful advances to suppliers	96,218	159,151
Gain on disposal of operating fixed assets	(7,736,857)	(5,987,219)
Dividend income	(20,452,706)	(10,437,403)
Profit on bank deposits and term deposit receipts	(22,216,929)	(80,948,042)
Gain on disposal of short term investments	(656,239)	(361,141)
“Unrealized loss / (gain) on remeasurement of investments carried at fair value through profit or loss - net”	123,157	(382,804)
Fixed assets written off	-	724,166
Credit balances written back	(374,735)	-
Short term security deposits written off	114,500	-
Long term security deposits written off	217,000	-
Other receivables written off	8,758,950	-
Exchange gain - net	(575,695)	(9,411,794)
Finance cost	81,147,580	186,325,810
Working capital changes (Note 39.1)	160,289,162	1,354,187,469
	856,216,605	1,522,037,974

	2021 Rupees	2020 Rupees
39.1 Working capital changes		
(Increase) / decrease in current assets:		
Stock-in-trade	(433,470,936)	355,693,326
Trade debts	(34,228,026)	1,129,700,897
Loans and advances	61,367,327	(110,482,702)
Short term deposits and prepayments	516,008	5,621,670
Other receivables	(115,833,163)	(1,791,650)
	(521,648,790)	1,378,741,541
Increase / (decrease) in trade and other payables	681,937,952	(24,554,072)
	160,289,162	1,354,187,469

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

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

	2020					
	Liabilities from financing activities					
	Long term financing	Liabilities against assets subject to finance lease	Lease liabilities	Short term borrowings	Unclaimed dividend	Total
	Rupees					
Balance as at 01 July 2019	14,894,159	84,491,075	-	1,974,915,754	4,026,209	2,078,327,197
Transferred to lease liabilities on adoption of IFRS 16 'Leases'	-	(84,491,075)	84,491,075			-
Financing obtained	63,404,019	-	-	6,681,482,830	-	6,744,886,849
Repayment of financing	(14,894,159)	-	-	(7,890,135,657)	-	(7,905,029,816)
Acquisitions - finance leases	-	-	3,733,000	-	-	3,733,000
Other change - non-cash movement	(5,285,365)	-	235,916,781	-	-	230,631,416
Repayment of lease liabilities	-	-	(48,575,756)	-	-	(48,575,756)
Dividend declared	-	-	-	-	29,001,000	29,001,000
Dividend paid	-	-	-	-	(29,588,773)	(29,588,773)
Balance as at 30 June 2020	58,118,654	-	275,565,100	766,262,927	3,438,436	1,103,385,117

	2021 Rupees	2020 Rupees
39.3 Non-cash financing activities		
Acquisition of right-of-use assets	263,640,693	3,733,000

40. PROVIDENT FUND

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

41. 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	2021 Rupees	2020 Rupees
Subsidiary company			
Hi-Tech Blending (Private) Limited	Sale of lubricants	821,720	460,240
	Purchase of lubricants	5,633,323,671	2,818,259,838
	Interest on short term loans	-	7,741,006
	Lease rentals paid	3,000,000	3,000,000
Associated companies			
MAS Associates (Private) Limited	Share of common expenses	737,681	762,241
Other related parties			
SK Lubricants Co., Ltd.	Purchase of lubricants	496,204,930	667,259,368
SK Lubricants Co., Ltd.	Incentives	31,560,000	-
SK Lubricants Co., Ltd.	Dividend paid	2,400,548	206,944
Provident fund trust	Contribution	17,201,154	15,510,009
Sabra Hamida Trust	Donations	18,000,000	18,000,000

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

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

42. 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:

	2021				2020			
		Directors				Directors		
	Chief Executive	Executive	Non-Executive	Executives	Chief Executive	Executive	Non-Executive	Executives
	Rupees							
Managerial remuneration	11,845,161	10,451,613	30,193,548	70,515,170	11,845,161	10,451,613	26,322,580	56,134,410
Bonus	2,862,584	2,525,808	-	9,368,539	1,431,292	1,262,904	-	5,722,887
Allowances								
House rent	5,330,322	4,703,226	13,587,097	31,731,827	5,330,322	4,703,226	11,845,161	25,260,485
Medical	1,184,516	1,045,161	3,019,355	7,051,517	1,184,516	1,045,161	2,632,258	5,613,441
Travelling	2,000,000	2,000,000	4,000,000	319,100	2,000,000	2,000,000	3,800,000	285,600
Others incentives	16,005,818	15,915,818	-	39,325,736	-	-	-	13,044,877
Contribution to provident fund trust	-	-	-	5,369,026	-	-	-	4,421,827
Leave fare assistance	-	-	-	2,562,203	-	-	-	627,690
	39,228,401	36,641,626	50,800,000	166,243,118	21,791,291	19,462,904	44,599,999	111,111,217
	1	**1**	**4**	**42**	**1**	**1**	**4**	**30**

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

42.2 Aggregate amount charged in financial statements for meeting fee to three directors (2020: three directors) is Rupees 5.030 million (2020: Rupees 4.050 million).

43. NUMBER OF EMPLOYEES

	2021		2020	
	Permanent	**Contractual**	Permanent	Contractual
Total number of employees as on 30 June	383	127	335	183
Average number of employees during the year	353	139	338	181

44. CAPACITY AND PRODUCTION

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

	Storage Capacity Metric Tons	
Description	**PMG**	**HSD**
Sahiwal depot	1,110	1,859
Nowshera depot	1,401	1,551

45. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are 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 2021	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets				
Financial assets at fair value through profit or loss	446,043,245	-	-	446,043,245

Recurring fair value measurements at 30 June 2020	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets				
Financial assets at fair value through profit or loss	250,864,373	-	-	250,864,373

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

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

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

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

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

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

(ii) Valuation techniques used to determine fair values

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

46. FAIR VALUE MEASUREMENTS - NON-FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgments and estimates are made for non-financial assets not measured at fair value in these financial statements but for which the fair value is described in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

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

Recurring fair value measurements at 30 June 2020	Level 1	Level 2	Level 3	Total
	Rupees			
Investment property	-	-	-	-

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

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

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

The Company obtains independent valuation for its investment property at least annually. At the end of reporting period, the management updates the assessment of the fair value of property, taking into account the most recent independent valuation. The management determines a property's value within a range of reasonable fair value estimate. The best evidence of fair value is current prices in an active market for similar properties.

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's investment property at the end of every financial year. As at 30 June 2021, the fair value of the investment property has been determined by Surval, an independent valuer.

Change in fair value is analyzed between the Chief Financial Officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

47. FINANCIAL RISK MANAGEMENT

47.1 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:

	2021 USD	2020 USD
Other receivable	200,000	-
Trade and other payables	(679,218)	(367,045)
Net exposure	(479,218)	(367,045)

The following significant exchange rates were applied during the year:

	Rupees per US Dollar	
Average rate	160.31	159.29
Reporting date rate	158.30	168.10

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 3.717 million (2020: loss after tax for the year would have been Rupees 3.085 million higher / lower) 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 (2020: loss 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:

	Impact on profit / loss after taxation	
Index	**2021 Rupees**	2020 Rupees
PSX 100 (5% increase)	173,918	(149,193)
PSX 100 (5% decrease)	(173,918)	149,193

(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 short term investments, bank balances on saving accounts, term deposit receipt, long term financing, short term borrowings and lease liabilities. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments, if any, at fixed rate expose the Company to fair value interest rate risk.

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

	2021 Rupees	2020 Rupees
Fixed rate instruments		
Financial assets		
Short term investments	-	471,031,918
Term deposit receipt	50,000,000	-
Financial liabilities		
Long term financing	138,452,041	58,118,654
Lease liabilities	345,727,756	245,828,093
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	84,815,473	32,248,693
Financial liabilities		
Lease liabilities	55,936,323	29,737,007
Short term borrowings	461,180,637	766,262,927
	517,116,960	795,999,934

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 (2020: loss after taxation) for the year would have been Rupees 4.237 million lower / higher (2020: Rupees 7.638 million higher / lower), mainly as a result of higher / lower interest expense on lease liabilities and short term borrowings. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

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

	2021 Rupees	2020 Rupees
Long term security deposits	29,979,055	21,494,168
Short term security deposits	6,195,595	6,745,465
Trade debts	103,225,348	76,104,012
Loans and advances	22,452,748	21,930,453
Other receivables	61,051,521	22,902,390
Accrued interest	390,462	2,236
Short term investments	446,043,245	723,285,160
Bank balances	263,809,136	123,586,599
	933,147,110	996,050,483

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			2021	2020
	Short term	Long term	Agency	Rupees	Rupees
Short term investments					
JS Bank Limited	A-1+	AA-	PACRA	-	322,270,467
United Bank Limited	A-1+	AAA	VIS	-	50,012,328
Faysal Bank Limited	A-1+	AA	PACRA	-	100,138,082
Engro Fertilizer Limited	A1+	AA	PACRA	3,478,365	2,983,860
First Habib Cash Fund		AA+(f)	VIS	202,154,737	100,780,555
NBP Islamic Mahana Amdani Fund		A(f)	PACRA	-	46,363,225
NBP Islamic Daily Dividend Fund		AA(f)	PACRA	49,794,215	-
UBL Liquidity Plus Fund - Class 'C'		AA+(f)	JCR-VIS	31,485,107	71,739
MCB Cash Management Optimizer		AA+(f)	PACRA	65,035,543	100,664,904
Meezan Rozana Amdani Fund		AA+(f)	VIS	94,095,278	-
				446,043,245	723,285,160
Banks					
Bank Alfalah Limited	A-1+	AA+	PACRA	93,407,517	68,408,986
Bank Al-Habib Limited	A-1+	AAA	PACRA	19,173,437	1,621,922
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	235,446	447,794
MCB Bank Limited	A-1+	AAA	PACRA	16,540,146	16,302,950
National Bank of Pakistan	A-1+	AAA	PACRA	4,512,034	3,429,036
The Bank of Punjab	A-1+	AA+	PACRA	115,450	115,450
Habib Bank Limited	A-1+	AAA	VIS	26,359,196	3,275,057
Askari Bank Limited	A-1+	AA+	PACRA	642,870	734,387
United Bank Limited	A-1+	AAA	VIS	74,697,738	20,327,227
JS Bank Limited	A-1+	AA-	PACRA	4,544,586	23,476
Albaraka Bank (Pakistan) Limited	A-1	A	VIS	238,399	238,399
Meezan Bank Limited	A-1+	AAA	VIS	17,608,917	7,419,899
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	23,342	885,213
Faysal Bank Limited	A-1+	AA	PACRA	3,052,574	349,557
Summit Bank Limited	A-3	BBB-	VIS	7,246	7,246
Samba Bank Limited	A-1	AA	VIS	2,650,238	-
				263,809,136	123,586,599
				709,852,381	846,871,759

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

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

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

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the Gross Domestic Product, unemployment, interest, and the inflation Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows:

	Sales		
	Expected loss rate	**Trade debts**	**Loss allowance**
	%	**Rupees**	**Rupees**
At 30 June 2021			
Up to 30 days	0.00%	67,275,218	-
30 to 180 days	20.75%	31,500,394	6,535,888
181 to 360 days	26.94%	15,037,408	4,051,784
Above 360 days	100.00%	26,760,791	26,760,791
		140,573,811	37,348,463
Trade debts against which collateral is held		-	-
		140,573,811	37,348,463
At 30 June 2020			
Up to 30 days	0.00%	47,059,998	-
30 to 180 days	19.93%	26,906,103	5,361,344
181 to 360 days	24.79%	9,971,162	2,471,907
Above 360 days	100.00%	22,408,522	22,408,522
		106,345,785	30,241,773
Trade debts against which collateral is held		-	-
		106,345,785	30,241,773

(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 2021, the Company had Rupees 778.819 million (2020: Rupees 3,456.243 million) available borrowing limits from financial institutions and Rupees 264.544 million (2020: Rupees 124.178 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 2021:

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

Contractual maturities of financial liabilities as at 30 June 2020:

	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	58,118,654	66,015,536	956,257	16,614,970	32,533,536	15,910,773
Lease liabilities	275,565,100	413,305,547	56,272,882	35,227,852	47,134,904	274,669,909
Long term deposits	500,000	500,000	-	-	-	500,000
Trade and other payables	563,844,819	563,844,819	563,844,819	-	-	-
Unclaimed dividend	3,438,436	3,438,436	3,438,436	-	-	-
Accrued mark-up / profit	22,102,743	22,102,743	22,102,743	-	-	-
Short term borrowings	766,262,927	806,894,274	195,725,222	611,169,052	-	-
	1,689,832,679	1,876,101,355	842,340,359	663,011,874	79,668,440	291,080,682

47.2 Financial instruments by categories

	2021		
	At amortized cost	At fair value through profit or loss	Total
	Rupees		
Financial assets			
Long term security deposits	29,979,055	-	29,979,055
Short term security deposits	6,195,595	-	6,195,595
Trade debts	103,225,348	-	103,225,348
Loans and advances	22,452,748	-	22,452,748
Other receivables	61,051,521	-	61,051,521
Accrued interest	390,462	-	390,462
Short term investments	-	446,043,245	446,043,245
Cash and bank balances	264,544,140	-	264,544,140
	487,838,869	446,043,245	933,882,114

	2020		
	At amortized cost	At fair value through profit or loss	Total
		Rupees	
Financial assets			
Long term security deposits	21,494,168	-	21,494,168
Short term security deposits	6,745,465	-	6,745,465
Trade debts	76,104,012	-	76,104,012
Loans and advances	21,930,453	-	21,930,453
Other receivables	22,902,390	-	22,902,390
Accrued interest	2,236	-	2,236
Short term investments	472,420,787	250,864,373	723,285,160
Cash and bank balances	124,177,670	-	124,177,670
	745,777,181	250,864,373	996,641,554

	At Amortized Cost	
	2021 Rupees	2020 Rupees
Financial liabilities		
Long term financing	138,452,041	58,118,654
Lease liabilities	401,664,079	275,565,100
Long term deposits	17,000,000	500,000
Trade and other payables	1,245,979,277	563,844,819
Short term borrowings	461,180,637	766,262,927
Accrued mark-up / profit	9,756,777	22,102,743
Unclaimed dividend	6,326,546	3,438,436
	2,280,359,357	1,689,832,679

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

	2021		
	Financial assets	Non-financial assets	Total as per statement of financial position
		Rupees	
Assets			
Long term security deposits	29,979,055	-	29,979,055
Short term security deposits	6,195,595	-	6,195,595
Trade debts	103,225,348	-	103,225,348
Loans and advances	22,452,748	67,265,706	89,718,454
Other receivables	61,051,521	80,329,533	141,381,054
Accrued interest	390,462	-	390,462
Short term investments	446,043,245	-	446,043,245
Cash and bank balances	264,544,140	-	264,544,140
	933,882,114	147,595,239	1,081,477,353

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

	2020		
	Financial assets	Non-financial assets	Total as per statement of financial position
		Rupees	
Assets			
Long term security deposits	21,494,168	-	21,494,168
Short term security deposits	6,745,465	-	6,745,465
Trade debts	76,104,012	-	76,104,012
Loans and advances	21,930,453	129,251,546	151,181,999
Other receivables	22,902,390	11,404,451	34,306,841
Accrued interest	2,236	-	2,236
Short term investments	723,285,160	-	723,285,160
Cash and bank balances	124,177,670	-	124,177,670
	996,641,554	140,655,997	1,137,297,551

	2020		
	Financial liabilities	Non-financial liabilities	Total as per statement of financial position
		Rupees	
Liabilities			
Long term financing	58,118,654	-	58,118,654
Lease liabilities	275,565,100	-	275,565,100
Long term deposits	500,000	-	500,000
Trade and other payables	563,844,819	140,434,045	704,278,864
Short term borrowings	766,262,927	-	766,262,927
Accrued mark-up / profit	22,102,743	-	22,102,743
Unclaimed dividend	3,438,436	-	3,438,436
	1,689,832,679	140,434,045	1,830,266,724

47.3 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.

48 DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

	Description	Note	2021 Rupess	2020 Rupees
i)	**Loans / advances obtained as per Islamic mode:**			
	Loans	11	-	50,000,000
	Advances	9	39,100,051	48,465,976
ii)	**Shariah complaint bank deposits / bank balances**			
	Bank balances		17,870,659	8,543,511
iii)	**Profit earned from shariah complaint bank deposits / bank balances**		-	-
iv)	**Revenue earned from a shariah complaint business**		10,598,209,382	5,628,658,706
v)	**Gain / (loss) or dividend earned from shariah complaint investments**			
	Dividend income		8,692,546	4,043,536
	Gain on sale of investments		254,898	281,580
	Loss on remeasurement of investments at fair value through profit or loss		-	(48,001)
vi)	**Exchange gain earned**	35	575,695	9,411,794
vii)	**Mark up paid on Islamic mode of financing**		2,238,976	28,515,801
viii)	**Profits earned or interest paid on any conventional loan or advance**			
	Interest paid on loans		46,789,582	165,656,965

ix)	**Relationship with shariah compliant banks**	
	Name	**Relationship as at reporting date**
	Al-Baraka Bank (Pakistan) Limited	Bank balance
	Meezan Bank Limited	Bank balance
	Dubai Islamic Bank Pakistan Limited	Bank balance

49. CAPITAL RISK MANAGEMENT

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

		2021	2020
Borrowings	Rupees	660,672,386	854,118,590
Total equity	Rupees	3,150,483,156	3,157,665,503
Total capital employed	Rupees	3,811,155,542	4,011,784,093
Gearing ratio	Percentage	17.34%	21.29%

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

50. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2021	2020	**2021**	2020
	Rupees	Rupees	**Rupees**	Rupees
Total facilities	1,060,000,000	647,000,000	1,430,000,000	4,285,910,000
Utilized at the end of the year	199,778,799	50,963,303	651,180,637	829,666,946
Unutilized at the end of the year	860,221,201	596,036,697	778,819,363	3,456,243,054

51. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors has proposed a cash dividend for the year ended 30 June 2021 of Rupees 2 per share (2020: Rupee 0.90 per share) and 02 bonus shares for every 10 ordinary shares (2020: Nil) at their meeting held on 10 September 2021. However, these events have been considered as non-adjusting events under IAS 10 'Events after Reporting Period' and have not been recognized in these financial statements.

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

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

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

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

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

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

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

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

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

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

	Rupees
Un-utilized IPO proceeds as at 01 July 20120	739,180,893
Add: Profit on term deposit receipts	17,785,212
Add: Profit on bank deposits	1,912,548
Add: Dividend on investment in mutual funds	19,337,030
Add: Gain on disposal of investment in mutual fund	1,080,844
Add: Unrealised gain on investment mutual funds	302,870
Less: Payments made relating to OMC Project	(239,742,384)
Less: Withholding tax on profit	(2,953,532)
Less: Withholding tax on dividend from mutual funds	(2,900,555)
Less: Withholding tax on disposal of mutual funds	(269,521)
Less: Bank charges	(1,507)
Un-utilized IPO proceeds as at 30 June 2021	533,731,898

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

53. SEGMENT INFORMATION

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

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

	LUBRICANTS		PETROLEUM PRODUCTS		UNALLOCATED		TOTAL - COMPANY	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
				Rupees				
Revenue from contracts with customers - net	8,188,023,965	5,279,394,808	2,410,185,417	349,263,898	-	-	10,598,209,382	5,628,658,706
Cost of sales	(6,447,435,412)	(4,140,618,034)	(2,355,074,080)	(363,149,027)	-	-	(8,802,509,492)	(4,503,767,061)
Gross profit / (loss)	1,740,588,553	1,138,776,774	55,111,337	(13,885,129)	-	-	1,795,699,890	1,124,891,645
Distribution cost	(649,206,935)	(630,728,253)	(163,518,318)	(83,083,494)	-	-	(812,725,253)	(713,811,747)
Administrative expenses	(440,667,585)	(370,172,553)	(28,572,144)	(10,862,335)	-	-	(469,239,729)	(381,034,888)
Other expenses	(31,639,457)	(24,485,560)	(9,635,135)	-	-	-	(41,274,592)	(24,485,560)
	(1,121,513,977)	(1,025,386,366)	(201,725,597)	(93,945,829)	-	-	(1,323,239,574)	(1,119,332,195)
Other income	28,078,100	39,944,627	52,371,381	89,723,822	-	-	80,449,481	129,668,449
Profit / (loss) from operations	647,152,676	153,335,035	(94,242,879)	(18,107,136)	-	-	552,909,797	135,227,899
Finance cost	-	-	-	-	(81,147,580)	(186,325,810)	(81,147,580)	(186,325,810)
Profit / (loss) before taxation	647,152,676	153,335,035	(94,242,879)	(18,107,136)	(81,147,580)	(186,325,810)	471,762,217	(51,097,911)
Taxation	-	-	-	-	(142,532,964)	10,979,935	(142,532,964)	10,979,935
Profit / (loss) after taxation	647,152,676	153,335,035	(94,242,879)	(18,107,136)	(223,680,544)	(175,345,875)	329,229,253	(40,117,976)

		LUBRICANTS		PETROLEUM PRODUCTS		TOTAL - COMPANY	
		2021	2020	2021	2020	2021	2020
				Rupees			
53.1	**Reconciliation of reportable segment assets and liabilities:**						
	Total assets for reportable segments	1,456,080,373	1,631,222,555	2,093,952,623	1,716,788,872	3,550,032,996	3,348,011,427
	Unallocated assets					2,036,119,495	1,645,206,165
	Total assets as per statement of financial position					5,586,152,491	4,993,217,592
	Total liabilities for reportable segments	1,610,776,310	617,441,705	327,773,414	148,390,643	1,938,549,724	765,832,348
	Unallocated liabilities					497,119,611	1,069,719,741
	Total liabilities as per statement of financial position					2,435,669,335	1,835,552,089

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

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

54. IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. During the year, the Government of the Punjab from time to time announced temporary smart lock downs as a measure to reduce the spread of the COVID -19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Management is actively monitoring the impact of the pandemic on its financial condition, liquidity, operations, supply chain, and workforce, which at this point is not considered to be significant. During the year, the Company has availed SBP's refinance scheme for payment of wages and salaries as explained in note 5 to these financial statements. Further, management believes that the Company has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future when they become due. From the very outset of COVID-19, the management has adopted various policies and practices to minimize adverse impact of COVID-19 on the business and is continuously monitoring the situation in order to proactively address any challenges which may arise from COVID-19.

55. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 10 September 2021 by the Board of Directors of the Company.

56. CORRESPONDING FIGURES

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

57. GENERAL

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

Chief Executive

Director

Chief Financial Officer

CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2021

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 2021, 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 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1	**Revenue recognition** The Group recognized net revenue of Rupees 10,597.388 million for the year ended 30 June 2021. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. For further information on revenue, refer to the following:: - Summary of significant accounting policies, Revenue recognition note 2.26 to the consolidated financial statements. - Net revenue from contracts with customers as shown on the face of consolidated statement of profit or loss.	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • We tested the effectiveness of the Group's internal controls over the calculation and recognition of discounts. • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. • We also considered the appropriateness of disclosures in the consolidated financial statements.

Sr. No.	Key audit matters	How the matter was addressed in our audit
2	**Stock-in-trade existence and valuation** Stock-in-trade as at 30 June 2021 amounted to Rupees 1,957.047 million and represented a material position in the consolidated statement of financial position. The business is characterized by high volume and the valuation and existence of stock-in-trade are significant to the business. Therefore, considered as one of the key audit matters. Stock-in-trade is stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in note 2.11.2 to the consolidated financial statements. At year end, the valuation of stock-in-trade is reviewed by management and the cost of stock-in-trade is reduced where stock-in-trade is forecast to be sold below cost. For further information on stock-in-trade, refer to the following: - Summary of significant accounting policies, Stock-in-trade note 2.11.2 to the consolidated financial statements. - Stock-in-trade note 20 to the consolidated financial statements.	Our procedures over existence and valuation of stock-in-trade included, but were not limited to: • To test the quantity of stock-in-trade at all locations, we assessed the corresponding stock-in-trade observation instructions and participated in stock-in-trade counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of stock-in-trade items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • We tested that the ageing report used by management correctly aged stock-in-trade items by agreeing a sample of aged stock-in-trade items to the last recorded invoice. • On a sample basis, we tested the net realizable value of stock-in-trade items to recent selling prices and re-performed the calculation of the stock-in-trade write down, if any. • We assessed the percentage write down applied to older stock-in-trade with reference to historic stock-in-trade write downs and recoveries on slow moving stock-in-trade. • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs. • We also made 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 10 September 2021

CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

As at 30 June 2021

	Note	2021 Rupees	2020 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
150,000,000 (2020: 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	3,144,304,616	2,829,226,721
Total equity		4,304,344,616	3,989,266,721
LIABILITIES			
Non-current liabilities			
Long term financing	5	147,357,607	48,791,918
Lease liabilities	6	315,089,191	184,195,982
Long term deposits	7	17,000,000	500,000
Deferred liabilities	8	34,180,663	2,081,887
		513,627,461	235,569,787
Current liabilities			
Trade and other payables	9	1,728,466,552	1,108,298,946
Accrued mark-up / profit	10	14,963,365	31,928,575
Short term borrowings	11	607,994,104	1,013,995,774
Current portion of non-current liabilities	12	182,391,032	94,632,836
Unclaimed dividend		6,326,546	3,438,436
		2,540,141,599	2,252,294,567
Total liabilities		3,053,769,060	2,487,864,354
Contingencies and commitments	13		
TOTAL EQUITY AND LIABILITIES		7,358,113,676	6,477,131,075
ASSETS			
Non–current assets			
Fixed assets	14	3,434,750,846	3,184,059,176
Right-of-use assets	15	340,945,782	253,085,332
Intangible assets	16	17,378,375	7,866,531
Investment property	17	61,658,100	-
Long term security deposits	18	37,226,855	11,675,318
Deferred income tax asset - net	8	-	17,050,536
		3,891,959,958	3,473,736,893
Current assets			
Stores	19	63,346,582	70,578,853
Stock-in-trade	20	1,957,046,564	1,459,281,663
Trade debts	21	103,118,348	76,104,012
Loans and advances	22	143,019,434	176,387,842
Short term deposits and prepayments	23	35,624,780	41,259,119
Other receivables	24	141,381,054	34,306,841
Advance income tax - net of provision for taxation	25	188,435,988	235,446,961
Accrued interest	26	390,462	2,236
Short term investments	27	446,043,245	723,285,160
Cash and bank balances	28	387,747,261	186,741,495
		3,466,153,718	3,003,394,182
TOTAL ASSETS		7,358,113,676	6,477,131,075

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 2021

HTL LIMITED
Hi-Tech Lubricants Ltd

	Note	**2021 Rupees**	2020 Rupees
GROSS REVENUE FROM CONTRACTS WITH CUSTOMERS	29	15,600,490,187	8,141,926,516
Discounts		(830,704,052)	(270,429,986)
Sales tax		(4,172,398,473)	(2,242,837,824)
NET REVENUE FROM CONTRACTS WITH CUSTOMERS		10,597,387,662	5,628,658,706
COST OF SALES	30	(8,329,595,460)	(4,213,549,915)
GROSS PROFIT		2,267,792,202	1,415,108,791
DISTRIBUTION COST	31	(861,385,257)	(737,927,997)
ADMINISTRATIVE EXPENSES	32	(547,749,403)	(436,555,999)
OTHER EXPENSES	33	(70,521,255)	(60,453,117)
		(1,479,655,915)	(1,234,937,113)
OTHER INCOME	34	107,782,269	131,194,064
PROFIT FROM OPERATIONS		895,918,556	311,365,742
FINANCE COST	35	(114,660,654)	(235,639,942)
PROFIT BEFORE TAXATION		781,257,902	75,725,800
TAXATION	36	(129,768,407)	45,890,877
PROFIT AFTER TAXATION		651,489,495	121,616,677
EARNINGS PER SHARE - BASIC AND DILUTED	37	5.62	1.05

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 2021

	2021 Rupees	2020 Rupees
PROFIT AFTER TAXATION	651,489,495	121,616,677
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	651,489,495	121,616,677

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 2021

HTL LIMITED
Hi-Tech Lubricants Ltd

	Share capital	Reserves: Capital reserve — Share premium	Reserves: Revenue reserve — Un-appropriated Profit	Total reserves	Total equity
	Rupees				
Balance as at 01 July 2019	1,160,040,000	1,441,697,946	1,294,913,098	2,736,611,044	3,896,651,044
Transaction with owners:					
Final dividend for the year ended 30 June 2019 @ Rupee 0.25 per share	-	-	(29,001,000)	(29,001,000)	(29,001,000)
Profit for the year ended 30 June 2020	-	-	121,616,677	121,616,677	121,616,677
Other comprehensive income for the year ended 30 June 2020	-	-	-	-	-
Total comprehensive income for the year ended 30 June 2020	-	-	121,616,677	121,616,677	121,616,677
Balance as at 30 June 2020	1,160,040,000	1,441,697,946	1,387,528,775	2,829,226,721	3,989,266,721
Transactions with owners:					
Final dividend for the year ended 30 June 2020 @ Rupees 0.90 per share	-	-	(104,403,600)	(104,403,600)	(104,403,600)
Interim dividend for the year ended 30 June 2021 @ Rupees 2.00 per share	-	-	(232,008,000)	(232,008,000)	(232,008,000)
			(336,411,600)	(336,411,600)	(336,411,600)
Profit for the year ended 30 June 2021	-	-	651,489,495	651,489,495	651,489,495
Other comprehensive income for the year ended 30 June 2021	-	-	-	-	-
Total comprehensive income for the year ended 30 June 2021	-	-	651,489,495	651,489,495	651,489,495
Balance as at 30 June 2021	1,160,040,000	1,441,697,946	1,702,606,670	3,144,304,616	4,304,344,616

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 2021

	Note	**2021 Rupees**	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	1,103,303,871	1,544,730,441
Finance cost paid		(111,735,078)	(285,632,580)
Income tax paid		(161,097,870)	(77,026,206)
Income tax refunds received		109,838,534	-
Net decrease in long term loans to employees		-	280,112
Net (increase) / decrease in long term security deposits		(14,571,487)	3,008,282
Net increase / (decrease) in long term deposits		16,500,000	(500,000)
Net cash generated from operating activities		942,237,970	1,184,860,049
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on operating fixed assets		(448,292,515)	(310,643,402)
Capital expenditure on intangible assets		(13,734,069)	(2,057,000)
Initial direct cost incurred on right-of-use assets		(1,203,654)	-
Proceeds from disposal of operating fixed assets		13,775,776	16,345,072
Short term investments - net		277,774,997	153,963,043
Dividend received		20,452,706	10,437,403
Profit on bank deposits and term deposit receipts received		21,828,703	86,912,621
Net cash used in investing activities		(129,398,056)	(45,042,263)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		(406,001,670)	(1,229,175,034)
Dividend paid		(333,523,490)	(29,588,773)
Proceeds from long term financing		264,229,020	73,199,019
Repayment of long term financing		(54,482,063)	(19,211,338)
Repayment of lease liabilities		(82,055,945)	(57,235,912)
Net cash used in financing activities		(611,834,148)	(1,262,012,038)
Net increase / (decrease) in cash and cash equivalents		201,005,766	(122,194,252)
Cash and cash equivalents at beginning of the year		186,741,495	308,935,747
Cash and cash equivalents at end of the year		387,747,261	186,741,495

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

Chief Executive | Director | Chief Financial Officer

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

- Hi-Tech Lubricants Limited

Subsidiary Company

- Hi-Tech Blending (Private) Limited

1.1 Hi-Tech Lubricants Limited

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

1.2 Hi-Tech Blending (Private) Limited

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

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

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

HTL Express Centre	Askari XIV Sector – A, Rawalpindi
Hussain Filling Station	Head Muhammad Road, Multan
Lali Sons Filling Station	Faisalabad Road, Lalian
Punjab Filling Station	Main Satyana Road, Faisalabad
Green Fuel CNG	1-KM, G.T. Road, Lalamusa
A.B. Petroleum Filling Station	Tehsil Liaqat-pur, Rahim Yar Khan
Jillani CNG	Lehtrar Road, Islamabad
Dasti Filling Station	Jampur Road, Dera Ghazi Khan
Rehman Filling Station	Chistian Road, Hasilpur
Al-Fazal Filling Station	Sargodha Road, Jhang
Ibrahim Petroleum	Sialkot Road, Gujranwala
Karma Wala-1 Filling Station	Shahkot Road, Jaranwala
Raja Adeel Filling Station	Arifwala Road, Arifwala
Gondal Filling Station	Daska Road, Wazirabad
City Filling Station	Hujra Shah Muqeem, Okara
Al Karam Filling Station	Shamkey Bhattian, Lahore
Super Cool CNG Filling Station	College Road, Lahore
Green City Fuel Station	Hasilpur Road, Bahalwalpur
Khokhar Fuel Station	Small Industrial Estate, Jinnah Road, Gujranwala
Minhas CNG	Multan Road, Lahore
One Stop	Main Ferozepur Road, Lahore
S&S	Toba Road, Jhang
Al Yousaf CNG	Khanewal Road, Multan
Rana Petroleum	Faisalabad Road, Okara

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

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

b) Accounting convention

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

c) Critical accounting estimates and judgments

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

Income tax

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

Useful lives, pattern of economic benefits and impairments

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

Inventories

Net realizable value of inventories is determined with reference to current prevailing selling prices less estimated expenditure to make sales.

Recovery of deferred income tax assets

Deferred income tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Allowance for expected credit losses

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

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.

Revenue from contracts with customers involving sale of goods

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

Provisions

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

Classification of investments

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

Contingencies

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

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

Following amendments to published approved accounting standards are mandatory for the Group's accounting periods beginning on or after 01 July 2020:

- IAS 1 (Amendments) 'Presentation of Financial Statements' and IAS 8 (Amendments) 'Accounting Policies, Changes in Accounting Estimates and Errors'

- International Accounting Standards Board's revised Conceptual Framework – March 2018
- IFRS 3 (Amendments) 'Business Combination'
- IFRS 16 (Amendments) 'Leases'
- Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures'

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

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

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2020 but are considered not to be relevant or do not have any significant impact on the consolidated financial statements and are therefore not detailed in these consolidated financial statements.

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

Following amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2021 or later periods:

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

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

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 01 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

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

- IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B-3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

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

- IAS 41 'Agriculture' – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

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

Covid-19-Related Rent Concessions (Amendment to IFRS 16 ‘Leases’) effective for annual reporting periods beginning on or after 01 April 2021. These amendments permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 ‘Income taxes’) effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are to be applied retrospectively, restatement of prior periods is not required.

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

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

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 ‘Financial Instruments’, IAS 39 ‘Financial Instruments: Recognition and Measurement’, IFRS 4 ‘Insurance Contracts’ and IFRS 7 ‘Financial Instruments: Disclosures’ is applicable for annual financial periods beginning on or after 01 January 2021. The changes made relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

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

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

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

2.2 Consolidation

Subsidiary

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

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

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

2.3 Fixed assets

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

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

Depreciation

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

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

De-recognition

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

2.4 Intangible assets

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

2.5 Right-of-use assets

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

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

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

2.6 Lease liabilities

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

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

2.7 Investment property

Land held for capital appreciation or to earn rental income is classified as investment property. Land is stated at cost less any recognized impairment loss.

2.8 Functional and presentation currency

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

2.9 Foreign currency transactions and translation

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

2.10 Employee benefits

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

2.11 Inventories

2.11.1 Stores

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

2.11.2 Stock-in-trade

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

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

(i) For raw material: Weighted average basis

(ii) For work-in-process and finished goods: Average manufacturing cost including a portion of production overheads.

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

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

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

2.12 Investments and other financial assets

a) Classification

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

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

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

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

b) Measurement

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

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

Debt instruments

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

Amortized cost

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

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss (FVTPL)

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

Equity instruments

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

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss

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

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

2.13 Financial Liabilities - classification and measurement

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

2.14 Impairment of financial assets

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

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

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

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

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

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

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

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

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

2.15 De-recognition of financial assets and financial liabilities

a) Financial assets

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

b) Financial liabilities

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

2.16 Offsetting of financial instruments

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

2.17 Impairment of non-financial assets

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

2.18 Cash and cash equivalents

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

2.19 Provisions

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

2.20 Taxation

2.20.1 Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or the tax rates expected to apply to the profit for the year if enacted.

The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

2.20.2 Deferred

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

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

2.21 Borrowings

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

2.22 Borrowing costs

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

2.23 Trade and other receivables

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

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

2.24 Trade and other payables

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

2.25 Ijarah contracts

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

2.26 Revenue from contracts with customers

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

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

(c) Dividend

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

(d) Rental income

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

(e) Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

2.27 Contract assets

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

2.28 Customer acquisition costs

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

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

2.29 Customer fulfilment costs

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

2.30 Right of return assets

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

2.31 Contract liabilities

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

2.32 Refund liabilities

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

2.33 Contingent assets

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

2.34 Contingent liabilities

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

2.35 Dividend and other appropriations

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

2.36 Earnings per share

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

2.37 Share capital

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

2.38 Government grants

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

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

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

2.39 Segment reporting

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

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

The Group has following reportable business segments:

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

3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2021	2020		2021	2020
(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 (2020: 827,775) ordinary shares of the Holding Company are held by SK Lubricants Co., Ltd. - principal supplier and long term partner.

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

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

	2021 Rupees	2020 Rupees
4. RESERVES		
Capital reserve		
Share premium (Note 4.1)	1,441,697,946	1,441,697,946
Revenue reserve		
Un-appropriated profit	1,702,606,670	1,387,528,775
	3,144,304,616	2,829,226,721

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

	2021 Rupees	2020 Rupees
5. LONG TERM FINANCING		
From banking companies - secured		
Holding Company		
Bank Alfalah Limited - Loan under State Bank of Pakistan (SBP) Refinance Scheme (Note5.1)	138,452,041	58,118,654
Subsidiary Company		
Bank Al-Habib Limited - Loan under SBP Refinance Scheme (Note 5.2 and 5.4)	23,271,700	8,973,018
Bank Al-Habib Limited - Loan under SBP Temporary Economic Refinance Facility (Note 5.3 and 5.4)	91,888,200	-
	115,159,900	8,973,018
	253,611,941	67,091,672
Less: Current portion shown under current liabilities (Note 12)	106,254,334	18,299,754
	147,357,607	48,791,918

5.1 This term finance facility, aggregating to Rupees 189.986 million (2020: Rupees 63.404 million) is obtained by the Holding Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. This facility is secured against first charge of Rupees 254 million over plant and mechinary of Holding Company's fuel storage depot located at Sahiwal and Nowshera and personal guarantees of all sponsor directors of the Holding Company. This finance facility is payable in 8 equal quarterly installments commenced from 01 January 2021 and ending on 01 October 2022. Mark-up is payable quarterly at the rate of SBP refinance rate plus 3.00% per annum. This loan is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustments is recognized at discount rates of 8.67% to 10.04% per annum (2020: 9.89% to 10.04% per annum).

5.2 This term finance facility aggregating to Rupees 32.205 million (2020: Rupees 9.795 million) is obtained by the Subsidiary Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. This finance facility is repayable in 8 equal quarterly instalments commenced from 11 January 2021 and ending on 23 October 2022. Mark-up is payable quarterly at the rate of SBP refinance rate plus 3.00% per annum. This finance facility is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment has been recognized at discount rates ranging from 8.17% to 9.68% (2020: 9.68%) per annum.

5.3 This Temporary Economic Refinance Facility (TERF) aggregating to Rupees 115.237 million is obtained by the Subsidiary Company under SBP Temporary Economic Refinance Facility for import of new machinery to support industrial economic development and growth during the year ended 30 June 2021. This facility is utilized by the Subsidiary Company for the expansion of its plant and machinery based on capacity enhancement plan of the Subsidiary Company. These finances are repayable in 20 and 32 equal quarterly instalments commencing from 08 May 2023 and ending on 09 April 2031. Mark-up is payable quarterly at the rate of SBP refinance rate plus 2.00% and 3.00% per annum. This loan is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment has been recognized at discount rates ranging from 8.85% to 9.00% per annum.

5.4 These finance facilities and short term finances are secured against first pari passu hypothecation charge over current assets of the Subsidiary Company of Rupees 1,067 million, first hypothecation charge over plant and machinery of Rupees 610 million, first mortgage charge over land and building of the Subsidiary Company of Rupees 400 million, corporate guarantee of the Holding Company of Rupees 2 billion and personal guarantees of all directors of the Subsidiary Company.

		2021 Rupees	2020 Rupees
6.	**LEASE LIABILITIES**		
	Total lease liabilities	381,624,955	256,503,604
	Less: Current portion shown under current liabilities (Note 12)	66,535,764	72,307,622
		315,089,191	184,195,982
6.1	Reconciliation of lease liabilities is as follows:		
	Opening balance	256,503,604	-
	Add: Adjustment on adoption of IFRS 16 on 01 July 2019	-	67,534,824
	Add: Additions during the year	263,640,693	239,649,788
	Less: Impact of lease modification during the year	56,040,297	-
	Add: Interest accrued during the year (Note 35)	30,645,942	33,358,621
	Less: Payments made during the year	113,124,987	84,039,629
		381,624,955	256,503,604
	Less: Current portion shown under current liabilities (Note 12)	66,535,764	72,307,622
		315,089,191	184,195,982
6.2	Maturity analysis of lease liabilities is as follows:		
	Upto 6 months	53,320,414	56,221,002
	6-12 months	48,137,154	33,727,852
	1-2 years	104,079,176	44,134,904
	More than 2 years	297,487,145	232,669,909
		503,023,889	366,753,667
	Less: Future finance cost	121,398,934	110,250,063
	Present value of lease liabilities	381,624,955	256,503,604
6.3	**Amounts recognised in the consolidated statement of profit or loss**		
	Interest accrued during the year (Note 35)	30,645,942	33,358,621
	Expense relating to short term leases (included in distribution cost)	7,881,300	28,927,975
	Expense relating to leases of low-value assets (included in distribution cost)	1,761,950	1,541,706
	Total amount recognised in consolidated statement of profit or loss	40,289,192	63,828,302

6.4 Implicit rates against lease liabilities range from 7.36% to 13.97% (2020: 8.00% to 14.99%) per annum.

6.5 Leases from banking company are secured against the leased assets, personal guarantees of directors of the Holding Company and security deposits of Rupees 18.189 million (2020: Rupees 10.155 million).

7 LONG TERM DEPOSITS

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

	2021 Rupees	2020 Rupees
8. DEFERRED LIABILITIES		
Deferred income tax liability / (asset) (Note 8.1)	14,447,562	(17,050,536)
Deferred income - Government grant (Note 8.2)	19,733,101	2,081,887
8.1 Deferred income tax liability / (asset)		
The net deferred income tax liability / (asset) comprises of temporary differences relating to:		
Deferred income tax liabilities		
Accelerated tax depreciation and amortization	267,802,727	237,830,737
Right-of-use assets	104,195,069	79,070,258
	371,997,796	316,900,995
Deferred income tax assets		
Available unused tax losses	(133,420,516)	(239,836,426)
Minimum tax carry forward	(93,480,100)	(602,501)
Allowance for expected credit losses	(10,831,054)	(8,770,114)
Pre-commencement expenditures	-	(1,178,200)
Provision for doubtful advances to suppliers	(381,640)	(1,310,164)
Provision for slow moving and obsolete store items	(392,681)	(1,940,146)
Provision for slow moving and obsolete stock-in-trade	(2,561,660)	-
Lease liabilities	(116,482,583)	(80,313,980)
	(357,550,234)	(333,951,531)
Net deferred income tax liability / (asset)	14,447,562	(17,050,536)

8.1.1 ‘Deferred income tax assets are considered to the extent that the realization of related tax benefits is probable from reversals of existing deferred income tax liabilities and future taxable profits.

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

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

	2020		
	Opening Balance	**Recognised in statement of profit or loss**	**Closing balance**
Accelerated tax depreciation and amortization	234,344,290	3,486,447	237,830,737
Right-of-use assets	-	79,070,258	79,070,258
Leased assets	9,072,365	(9,072,365)	-
Available unused tax losses	(125,128,457)	(114,707,969)	(239,836,426)
Minimum tax carry forward	(10,511,095)	9,908,594	(602,501)
Allowance for expected credit losses	(13,532,396)	4,762,282	(8,770,114)
Pre-commencement expenditures	(2,356,400)	1,178,200	(1,178,200)
Provision for doubtful advances to suppliers	(1,950,015)	639,851	(1,310,164)
Provision for slow moving and obsolete store items	(2,242,984)	302,838	(1,940,146)
Lease liabilities	-	(80,313,980)	(80,313,980)
	87,695,308	(104,745,844)	(17,050,536)

	Accounting year to which the tax loss / credit relates	**Amount**	**Accounting year in which tax loss / credit will expire**
Available unused tax losses - unabsorbed tax depreciation			
	2017	317,016,798	Unlimited
	2019	71,415,789	Unlimited
	2020	71,638,161	Unlimited
		460,070,748	
Minimum tax carry forward			
	2017	5,753,751	2022
	2020	18,668,239	2025
	2021	69,058,110	2026
		93,480,100	

		2021 Rupees	2020 Rupees
8.2	**Deferred income - Government grant**		
	Opening balance	6,107,347	-
	Recognized during the year	33,578,652	6,487,564
	Less: Amortized during the year (Note 34)	10,351,964	380,217
	Closing balance	29,334,035	6,107,347
	Less: Current portion shown under current liabilities (Note 12)	9,600,934	4,025,460
		19,733,101	2,081,887

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

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

	2021 Rupees	2020 Rupees
9. TRADE AND OTHER PAYABLES		
Creditors (Note 9.1)	1,118,202,552	641,280,514
Accrued liabilities (Note 9.2)	144,513,477	113,103,391
Infrastructure cess	147,212,835	117,205,848
Contract liabilities - unsecured	39,100,051	48,465,976
Retention money payable	33,279,641	17,523,747
Customs duty and other charges payable	30,827,455	35,986,817
Income tax deducted at source	12,908,989	6,486,895
Payable to employees' provident fund trust	3,730,588	3,048,867
Workers' profit participation fund (Note 9.3)	76,482,973	50,169,035
Workers' welfare fund (Note 9.4)	9,483,059	2,398,343
Sales tax payable	112,724,932	72,629,513
	1,728,466,552	1,108,298,946

9.1 These include Rupees 697.753 million (2020: Rupees 555.631 million) payable to SK Lubricants Co., Ltd. - principal supplier and long term partner.

9.2 These include Rupees 4.124 million (2020: Rupees 5.910 million) on account of remuneration payable to directors of the Holding Company.

	2021 Rupees	2020 Rupees
9.3 Workers' profit participation fund		
Balance as on 01 July	50,169,035	43,094,065
Add: Allocation for the year (Note 33)	16,775,116	6,349,606
Interest for the year (Note 35)	9,538,822	725,364
Less: Payments made during the year	-	-
Balance as on 30 June	76,482,973	50,169,035

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.

	2021 Rupees	2020 Rupees
9.4 Workers' welfare fund		
Balance as on 01 July	2,398,343	5,001,253
Add: Allocation for the year (Note 33)	7,084,716	9,637,036
Less: Payments made during the year	-	12,239,946
Balance as on 30 June	9,483,059	2,398,343

	2021 Rupees	2020 Rupees
10. ACCRUED MARK-UP / PROFIT		
Long term financing	2,350,144	199,977
Short term borrowings	12,613,221	31,375,181
Lease liabilities	-	353,417
	14,963,365	31,928,575

	2021 Rupees	2020 Rupees
11. SHORT TERM BORROWINGS		
From banking companies - secured		
- Holding Company		
Short term finances (Note 11.1 and Note 11.2)	461,180,637	716,262,927
Running musharakah (Note 11.1 and Note 11.3)	-	50,000,000
	461,180,637	766,262,927
- Subsidiary Company		
Short term finances (Note 11.4 and Note 11.5)	146,813,467	247,732,847
	607,994,104	1,013,995,774

11.1 These finances are obtained from banking companies under mark-up / profit arrangements and are secured against trust receipts, first joint pari passu hypothecation charge over current assets, personal guarantees of sponsor directors of the Holding Company and hypothecation charge over land, building and plant and machinery of Hi-Tech Blending (Private) Limited - Subsidiary Company.

11.2 The rates of mark-up range from 7.63% to 12.19% (2020: 8.92% to 15.45%) per annum.

11.3 The rate of profit was 8.03% (2020: 9.01% to 14.80%) per annum.

11.4 These finances are obtained from banking companies under mark-up / profit arrangements and are secured against trust receipts, first pari passu hypothecation charge over present and future current assets, hypothecation charge over present and future plant and machinery, personal guarantee of directors of the Subsidiary Company and corporate guarantee of the Holding Company of Rupees 2 billion.

11.5 The rates of mark-up range from 7.66% to 12.19% (2020: 9.14% to 18.81%) per annum.

	2021 Rupees	2020 Rupees
12. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Long term financing (Note 5)	106,254,334	18,299,754
Lease liabilities (Note 6)	66,535,764	72,307,622
Deferred income - Government grant (Note 8.2)	9,600,934	4,025,460
	182,391,032	94,632,836

13. CONTINGENCIES AND COMMITMENTS

13.1.1 Corporate guarantees of Rupees 2,375 million (2020: Rupees 1,300 million) have been given by the Holding Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - subsidiary company.

13.1.2 Guarantees of Rupees 123 million (2020: Rupees 103 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 56 million (2020: Rupees 56 million) are given by the bank of the Group to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.

13.1.4 Guarantee of Rupees 6 million (2020: Rupees 6 million) and Rupees 2.25 million (2020: Rupees 2.25 million) are given by the banks of the Holding Company to Total Parco Pakistan Limited and Pakistan State Oil Company Limited respectively against fuel cards obtained by the Holding Company for its employees.

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

13.1.6 On 05 June 2018, the Competition Commission of Pakistan ("CCP") initiated a formal enquiry under the provisions of the Competition Act, 2010 ("the Act") on complaint against the Holding Company and its wholly-owned Subsidiary Company, Hi-Tech Blending (Private) Limited by Chevron Pakistan Lubricants (Private) Limited ("Chevron") for adopting deceptive marketing practices in contravention of section 10 of the Act. It was also prayed by Chevron to CCP to impose a penalty of 10% of the annual turnover of the Holding Company and its wholly-owned Subsidiary Company and / or Rupees 75 million, as CCP may deem appropriate. CCP has concluded its enquiry on the complaint lodged by Chevron on 07 February 2019. On 20 August 2019, CCP issued show cause notices to the Holding Company and its wholly-owned Subsidiary Company regarding deceptive marketing practices by distributing false and misleading information about its brand "ZIC" under section 10 of the Act. The Holding Company and its wholly-owned Subsidiary Company appeared before the CCP through their advocates, rejecting the contents of the enquiry report concluded by CCP. On 15 September 2020, in a detailed order, CCP has set aside the findings of enquiry report and disposed of the show cause notices issued against the Holding Company and its wholly-owned Subsidiary Company. Further, no appeal against the order has been filed before the Competition Appellate Tribunal within the prescribed period of 60 days of the issuance of order under section 42 of the Competition Act, 2017.

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

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

13.1.9 During the year ended 30 June 2020, Deputy Commissioner Inland Revenue (DCIR) issued a notice to recover an amount of Rupees 21.124 million against super tax for the tax year 2019 under section 4B of the Income Tax Ordinance, 2001. The Holding Company through its tax advisor submitted its reply that liability on account of super tax did not arise for subject year. The matter is still pending before DCIR. No provision against this demand has been recognized in these consolidated financial statements, as the Holding Company, based on the advice of the tax advisor, is confident of favourable outcome of the matter.

	2021 Rupees	2020 Rupees
13.2 Commitments		
13.2.1 Contracts for capital expenditures	588,801,401	108,892,539
13.2.2 Letters of credit other than capital expenditures	38,219,444	3,469,584

13.2.3 The amount of future ijara rentals for ijara financing and the period in which these payments will become due are as follows:

Not later than one year	-	3,130,124
Later than one year but not later than five years	-	-
	-	3,130,124

	2021 Rupees	2020 Rupees
14. FIXED ASSETS		
Operating fixed assets:		
-Owned (Note 14.1)	3,180,557,592	2,852,230,682
Capital work-in-progress (Note 14.2)	254,193,254	331,828,494
	3,434,750,846	3,184,059,176

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

	Operating fixed assets															
	Owned													Leased		
Description	Freehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Tanks and pipelines	Dispensing pumps	Electric installation	Furniture and fittings	Vehicles	Leasehold improvements	Office equipment	Computer	Total	Plant and Machinery	Vehicles	Total
	Rupees													Rupees		
At 30 June 2019																
Cost	740,199,602	782,200,276	102,869,085	1,130,695,706	112,915,635	-	71,762,029	36,437,823	146,114,509	-	130,833,674	36,414,774	3,290,443,113	1,698,360	192,521,056	194,219,416
Accumulated depreciation	-	(94,065,233)	(11,681,581)	(140,108,839)	(752,771)	-	(17,468,763)	(12,459,509)	(90,169,947)	-	(22,108,902)	(21,166,310)	(409,981,854)	(402,936)	(74,556,483)	(74,959,419)
Net book value	740,199,602	688,135,043	91,187,504	990,586,867	112,162,864	-	54,293,266	23,978,314	55,944,562	-	108,724,772	15,248,464	2,880,461,259	1,295,424	117,964,573	119,259,997
Year ended 30 June 2020																
Opening net book value	740,199,602	688,135,043	91,187,504	990,586,867	112,162,864	-	54,293,266	23,978,314	55,944,562	-	108,724,772	15,248,464	2,880,461,259	1,295,424	117,964,573	119,259,997
Transfer to right-of-use assets																
on adoption of IFRS 16	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,295,424)	(117,964,573)	(119,259,997)
Additions	-	30,299,232	41,519,296	5,575,151	4,411,150	9,120,343	-	974,092	-	-	5,841,091	2,948,685	100,689,040	-	-	-
Transferred from right-of-use assets:																
Cost	-	-	-	1,698,360	-	-	-	-	87,169,683	-	-	-	88,868,043	-	-	-
Accumulated depreciation	-	-	-	(500,094)	-	-	-	-	(43,257,354)	-	-	-	(43,757,448)	-	-	-
	-	-	-	1,198,266	-	-	-	-	43,912,329	-	-	-	45,110,595	-	-	-
Written off:																
Cost	-	-	-	-	-	-	-	-	-	-	-	(1,093,000)	(1,093,000)	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	368,834	368,834	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	(724,166)	(724,166)	-	-	-
Disposals:																
Cost	-	-	-	-	-	-	-	-	(19,439,278)	-	-	(1,169,500)	(20,608,778)	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	10,711,346	-	-	277,259	10,988,605	-	-	-
	-	-	-	-	-	-	-	-	(8,727,932)	-	-	(892,241)	(9,620,173)	-	-	-
Depreciation	-	(34,691,855)	(29,702,095)	(53,345,036)	(9,138,755)	(367,027)	(5,429,326)	(2,640,047)	(12,154,790)	-	(11,236,306)	(4,980,636)	(163,685,874)	-	-	-
Closing net book value	740,199,602	683,742,420	103,004,705	944,015,248	107,435,259	8,753,316	48,863,940	22,312,359	78,974,169	-	103,329,557	11,600,106	2,852,230,682	-	-	-
At 30 June 2020																
Cost	740,199,602	812,499,508	144,388,381	1,137,969,217	117,326,785	9,120,343	71,762,029	37,411,915	213,844,914	-	136,674,765	37,100,959	3,458,298,418	-	-	-
Accumulated depreciation	-	(128,757,088)	(41,383,676)	(193,953,969)	(9,891,526)	(367,027)	(22,898,089)	(15,099,557)	(134,870,745)	-	(33,345,207)	(25,500,853)	(606,067,736)	-	-	-
Net book value	740,199,602	683,742,420	103,004,705	944,015,248	107,435,259	8,753,316	48,863,940	22,312,359	78,974,169	-	103,329,557	11,600,106	2,852,230,682	-	-	-
Year ended 30 June 2021																
Opening net book value	740,199,602	683,742,420	103,004,705	944,015,248	107,435,259	8,753,316	48,863,940	22,312,359	78,974,169	-	103,329,557	11,600,106	2,852,230,682	-	-	-
Additions	18,382,000	296,287,707	64,955,449	12,174,231	61,569,350	7,638,404	7,465,360	670,500	4,581,752	4,463,125	32,730,802	15,009,075	525,927,755	-	-	-
Transferred from right-of-use assets:																
Cost	-	-	-	-	-	-	-	-	87,433,851	-	-	-	87,433,851	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	(42,719,198)	-	-	-	(42,719,198)	-	-	-
	-	-	-	-	-	-	-	-	44,714,653	-	-	-	44,714,653	-	-	-
Transferred to investment property:	(61,658,100)	-	-	-	-	-	-	-	-	-	-	-	(61,658,100)	-	-	-
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	(61,658,100)	-	-	-	-	-	-	-	-	-	-	-	(61,658,100)	-	-	-
Disposals:																
Cost	-	-	-	-	-	-	-	-	(12,989,313)	-	(67,397)	(4,164,202)	(17,220,912)	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	8,320,444	-	32,176	2,829,373	11,181,993	-	-	-
	-	-	-	-	-	-	-	-	(4,668,869)	-	(35,221)	(1,334,829)	(6,038,919)	-	-	-
Depreciation	-	(36,232,724)	(33,493,762)	(50,728,093)	(9,587,471)	(1,538,900)	(5,250,721)	(2,291,736)	(18,814,582)	(333,121)	(11,031,270)	(5,316,099)	(174,618,479)	-	-	-
Closing net book value	696,923,502	943,797,403	134,466,392	905,461,386	159,417,138	14,852,820	51,078,579	20,691,123	104,787,123	4,130,004	124,993,868	19,958,253	3,180,557,592	-	-	-
At 30 June 2021																
Cost	696,923,502	1,108,787,215	209,343,830	1,150,143,448	178,896,135	16,758,747	79,227,389	38,082,415	292,871,204	4,463,125	169,338,170	47,945,832	3,992,781,012	-	-	-
Accumulated depreciation	-	(164,989,812)	(74,877,438)	(244,682,062)	(19,478,997)	(1,905,927)	(28,148,810)	(17,391,292)	(188,084,081)	(333,121)	(44,344,302)	(27,987,579)	(812,223,420)	-	-	-
Net book value	696,923,502	943,797,403	134,466,392	905,461,386	159,417,138	14,852,820	51,078,579	20,691,123	104,787,123	4,130,004	124,993,868	19,958,253	3,180,557,592	-	-	-
Annual rate of depreciation (%)		5 - 10	10	5 - 10	8	10	10	10	20	20	10	30		5 - 10	20	

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

Particulars	Quantity	Cost	Accumulated depreciation	Net book value	Consideration	Gain	Mode of disposal	Particulars of purchasers
				Rupees				
Vehicles - owned								
Honda City LEA-17A-282	1	527,400	17,580	509,820	2,480,000	1,970,180	Group's policy	Mr. Ahmed Shuja - Group's ex-employee
Honda Civic LEF-14-2770	1	2,583,970	1,957,533	626,437	1,746,667	1,120,230	Group's policy	Mr. Yaqoob Aziz - Group's employee
Suzuki Cultus LEA-17A-3416	1	1,299,550	637,759	661,791	1,140,000	478,209	Group's policy	Mr. Farhan Baig - Group's ex-employee
Honda City LEH-17-3524	1	1,708,540	874,270	834,270	1,560,000	725,730	Group's policy	Mr. Aitizaz Hakeem Chaudhary - Group's employee
		6,119,460	3,487,142	2,632,318	6,926,667	4,294,349		
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000		11,101,452	7,694,851	3,406,601	6,849,109	3,442,508		
		17,220,912	11,181,993	6,038,919	13,775,776	7,736,857		

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

	2021 **Rupees**	2020 Rupees
Cost of sales (Note 30.1)	64,548,947	67,931,216
Distribution cost (Note 31)	69,314,747	40,111,448
Administrative expenses (Note 32)	40,754,785	55,643,210
	174,618,479	163,685,874

14.1.3 Particulars of immovable properties (i.e. lands 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	Oil depot	6.70	199,513
Mouza Aza Khel Bala, Tehsil and District Nowshera	Oil depot	7.55	9,257
Plot No. 2, Block K, Main Boulevard Gulberg-II, Lahore	OMC project office	0.39	1,847
Mouza Aza Khel Payan, Tehsil and District Nowshera	Oil depot extension	1.34	-
7-km, Sundar Raiwind Road, Bhai Kot, Lahore - Warehouse - 1	Warehouse	-	49,658
7-Km, Sundar Raiwind Road, Bhai Kot, Lahore - Warehouse - 2	Warehouse	-	53,348
Hussain Filling Station - Head Muhammad Road, Multan	Dealer of retail outlet	-	2,818
Lali Sons Filling Station - Faisalabad Road, Lalian	Dealer of retail outlet	-	3,274
Punjab Filling Station - Main Satyana Road, Faisalabad	Dealer of retail outlet	-	2,821
Green Fuel CNG - 1-KM G.T. Road, Lalamusa	Dealer of retail outlet	-	4,981
A.B. Petroleum Filling Station - Tehsil Liaqat-pur, Rahim Yar Khan	Dealer of retail outlet	-	3,054
Jillani CNG - Lehtrar Road, Islamabad	Dealer of retail outlet	-	2,650
Dasti Filling Station - Jampur Road , Dera Ghazi Khan	Dealer of retail outlet	-	1,815
Rehman Filling Station - Chistian Road, Hasilpur	Dealer of retail outlet	-	2,525
Al-Fazal Filling Station - Sargodha Road, Jhang	Dealer of retail outlet	-	2,121
Ibrahim Petroleum - Sialkot Road, Gujranwala	Dealer of retail outlet	-	3,185
Karma Wala-1 Filling Station - Shahkot Road, Jaranwala	Dealer of retail outlet	-	2,059
Raja Adeel Filling Station - Arifwala Road, Arifwala	Dealer of retail outlet	-	2,892
Gondal Filling Station - Daska Road, Wazirabad	Dealer of retail outlet	-	1,493
City Filling Station - Hujra Shah Muqeem, Okara	Dealer of retail outlet	-	962
Al Karam Filling Station - Shamkey Bhattian, Lahore	Dealer of retail outlet	-	6,633
Super Cool CNG Filling Station - College Road, Lahore	Dealer of retail outlet	-	2,159
Green City Fuel Station - Hasilpur Road, Bahawalpur	Dealer of retail outlet	-	1,289
Khokhar Fuel Station - Small Industrial Estate, Jinnah Road, Gujranwala	Dealer of retail outlet	-	1,175
Minhas CNG - Multan Road, Lahore	Dealer of retail outlet	-	841
One Stop - Main Ferozpure Road, Lahore	Dealer of retail outlet	-	1,970
S&S - Toba Road, Jhang	Dealer of retail outlet	-	3,310
Al Yousaf CNG - Khanewal Road, Multan	Dealer of retail outlet	-	1,793
Rana Petroleum - Faisalabad Road, Okara	Dealer of retail outlet	-	2,633
Dharampura, Lahore	HTL Express Centre	-	1,436
Garden Town, Lahore	HTL Express Centre	-	1,789
Gulshan-e-Ravi, Lahore	HTL Express Centre	-	2,444
Johar Town, Lahore	HTL Express Centre	-	4,500
Defence Housing Authority, Phase II, Karachi	HTL Express Centre	-	812
Gulistan-e-Johar, Karachi	HTL Express Centre	-	3,149
PECHS, Karachi	HTL Express Centre	-	2,700
Askari XIV, Sector A, Rawalpindi	HTL Express Centre	-	881
Subsidiary Company			
7-KM, Sundar Raiwind Road, Bhai Kot, Lahore.	Manufacturing unit and office	27.81	141,193

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

Name of retail outlets	Buildings on leasehold land	Tanks and pipelines	Dispensing pumps	Machinery	Furniture and fittings	Office equipment	Computers	Total
Hussain Filling Station - Head Muhammad Road, Multan	3,180,469	1,608,000	1,911,655	-	-	-	-	6,700,124
Lali Sons Filling Station - Faisalabad Road, Lalian	3,834,385	1,926,050	-	-	-	-	-	5,760,435
Punjab Filling Station - Main Satyana Road, Faisalabad	2,898,584	877,100	2,001,106	-	-	-	-	5,776,790
Ittehad Filling Station - Circular Road, Daska	-	877,100	-	-	-	-	-	877,100
Green Fuel CNG - 1-KM G.T. Road, Lalamusa	2,725,893	1,132,550	-	-	-	-	-	3,858,443
M. Nawaz Filling Station - Darban Road, Syed-Nager, Dera Ismail Khan	-	1,269,700	-	-	-	-	-	1,269,700
A.B. Petroleum Filling Station - Tehsil Liaqat-pur, Rahim Yar Khan	4,623,288	1,480,589	-	-	-	-	-	6,103,877
Jillani CNG - Lehtrar Road, Islamabad	7,147,011	1,386,830	-	-	-	-	-	8,533,841
Dasti Filling Station - Jampur Road , Dera Ghazi Khan	1,919,332	808,290	1,911,654	-	-	-	-	4,639,276
Rehman Filling Station - Chistian Road, Hasilpur	2,013,421	-	-	-	-	-	-	2,013,421
Al-Fazal Filling Station - Sargodha Road, Jhang	3,163,859	-	2,227,102	-	-	-	-	5,390,961
Ibrahim Petroleum - Sialkot Road, Gujranwala	1,962,962	-	-	-	-	-	-	1,962,962
Karma Wala-1 Filling Station - Shahkot Road, Jaranwala	2,532,005	-	-	-	-	-	-	2,532,005
Raja Adeel Filling Station - Arifwala Road, Arifwala	1,853,000	-	-	-	-	-	-	1,853,000
Gondal Filling Station - Daska Road, Wazirabad	2,204,744	-	1,421,968	-	-	-	-	3,626,712
City Filling Station - Hujra Shah Muqeem, Okara	1,504,906	-	-	-	-	-	-	1,504,906
Al Karam Filling Station - Shamkey Bhattian, Lahore	3,556,882	-	2,401,341	-	-	-	-	5,958,223
Super Cool CNG Filling Station - College Road, Lahore	4,708,431	1,278,925	1,332,516	-	-	-	-	7,319,872
Green City Fuel Station - Hasilpur Road, Bahawalpur	9,954,398	1,377,706	-	-	-	-	-	11,332,104
Khokhar Fuel Station - Small Industrial Estate, Jinnah Road, Gujranwala	2,101,400	1,377,706	-	-	-	-	-	3,479,106
Minhas CNG - Multan Road, Lahore	4,749,486	-	-	-	-	-	-	4,749,486
One Stop - Main Ferozpure Road, Lahore	17,757,318	2,102,230	2,482,580	-	-	-	-	22,342,128
S&S - Toba Road, Jhang	2,549,650	-	-	-	-	-	-	2,549,650
Al Yousaf CNG - Khanewal Road, Multan	1,651,843	578,690	1,068,825	-	-	-	-	3,299,358
Rana Petroleum - Faisalabad Road, Okara	2,439,500	-	-	-	-	-	-	2,439,500
HTL Express Centre - Dharampura, Lahore	27,571,142	-	-	3,197,442	145,431	478,583	-	31,392,598
HTL Express Centre - Garden Town, Lahore	7,442,541	-	-	2,471,843	56,796	1,741,346	-	11,712,526
HTL Express Centre - Gulshan-e-Ravi, Lahore	16,220,083	-	-	5,308,603	56,796	2,602,702	14,040	24,202,224
HTL Express Centre - Johar Town, Lahore	16,713,760	-	-	7,727,402	153,621	-	24,000	24,618,783
HTL Express Centre - DHA, Karachi	7,085,936	-	-	4,019,037	669,727	97,044	-	11,871,744
HTL Express Centre - Gulistan-E-Johar, Karachi	11,978,196	-	-	6,117,945	1,115,829	811,290	-	20,023,260
HTL Express Centre - PECHS, Karachi	20,357,427	-	-	1,524,751	126,500	841,438	-	22,850,116
HTL Express Centre - Askari XIV, Sector A, Rawalpindi	9,133,147	-	-	4,419,000	854,206	2,808,753	-	17,215,106
	207,534,999	18,081,466	16,758,747	34,786,023	3,178,906	9,381,156	38,040	289,759,337

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

	2021 Rupees	2020 Rupees
14.2 Capital work-in-progress		
Civil works	26,860,047	213,465,802
Plant and machinery	63,943,014	-
Dispensing pumps	29,396,100	9,082,648
Advance for purchase of apartment (Note 14.2.2)	25,226,750	25,226,750
Advances for capital expenditures	101,550,777	37,621,166
Mobilization advance	5,069,766	12,347,443
Unallocated expenditures	2,146,800	34,084,685
	254,193,254	331,828,494

14.2.1 Movement in capital work in progress is as follows:

	Categories							
	Civil works	Plant and machinery	Dispensing pumps	Advance against purchase of apartment	Advances for capital expenditures	Mobilization advance	Unallocated expenditures	Total
	Rupees							
As at 30 June 2019	22,843,220	-	23,984,539	25,226,750	12,725,465	35,580,130	1,514,028	121,874,132
Add: Additions during the year	228,510,153	-	-	-	24,895,701	12,875,661	32,570,657	298,852,172
Less: Mobilization advance adjusted during the year	-	-	-	-	-	36,108,348	-	36,108,348
Less: Transferred to inventory during the year	-	-	5,781,548	-	-	-	-	5,781,548
Less: Transferred to operating fixed assets during the year	37,887,571	-	9,120,343	-	-	-	-	47,007,914
As at 30 June 2020	213,465,802	-	9,082,648	25,226,750	37,621,166	12,347,443	34,084,685	331,828,494
Add: Additions during the year	149,133,281	65,280,003	11,152,856	-	99,788,062	10,334,903	56,455,695	392,144,800
Add / (Less): Adjustments made during the year	1,313,750	-	16,799,000	-	(35,858,451)	-	17,745,701	-
Less: Mobilization advance adjusted during t he year	-	-	-	-	-	17,612,580	-	17,612,580
Less: Transferred to operating fixed assets during the year:								
Buildings on freehold land	294,852,504	-	-	-	-	-	-	294,852,504
Buildings on leasehold land	42,200,282	-	-	-	-	-	20,922,190	63,122,472
Plant and machinery	-	1,336,989	-	-	-	-	107,527	1,444,516
Tanks and pipelines	-	-	-	-	-	-	61,569,350	61,569,350
Dispensing pumps	-	-	7,638,404	-	-	-	-	7,638,404
Office equipment	-	-	-	-	-	-	23,540,214	23,540,214
	337,052,786	1,336,989	7,638,404	-	-	-	106,139,281	452,167,460
At 30 June 2021	26,860,047	63,943,014	29,396,100	25,226,750	101,550,777	5,069,766	2,146,800	254,193,254

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

15. RIGHT-OF-USE ASSETS

	Land	Buildings	Vehicles	Machinery	Total
			Rupees		
At 01 July 2019	231,325,873	7,436,356	117,964,573	1,295,424	358,022,226
Add: Additions during the year	-	-	3,862,478	-	3,862,478
Less: Book value of assets transferred to fixed assets - owned during the year	-	-	43,912,329	1,198,266	45,110,595
Less: Depreciation expense for the year (Note 15.2)	38,069,339	4,371,566	21,150,714	97,158	63,688,777
At 30 June 2020	193,256,534	3,064,790	56,764,008	-	253,085,332
Add: Additions during the year	112,866,866	94,245,027	57,732,454	-	264,844,347
Less: Impact of lease modification	56,040,297	-	-	-	56,040,297
Less: Book value of assets transferred to fixed assets - owned during the year	-	-	44,714,653	-	44,714,653
Less: Depreciation expense for the year (Note 15.2)	39,880,015	24,280,753	12,068,179	-	76,228,947
At 30 June 2021	210,203,088	73,029,064	57,713,630	-	340,945,782

Lease of land

The Holding Company obtained land on lease for its service centers, filling stations and storage warehouses. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from five to twenty years.

Lease of buildings

The Holding Company obtained buildings on lease for its offices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from two to five years.

Lease of vehicles

The Holding Company obtained vehicles on lease for employees. The average contract duration is 3 years (2020: 3 to 7 years).

Lease of machinery

The Holding Company obtained generator on lease for use at its warehouse.

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

	2021 Rupees	2020 Rupees
15.2 Depreciation charge for the year has been allocated as follows:		
Cost of sales (Note 30.1)	132,417	295,337
Distribution cost (Note 31)	75,780,747	62,962,826
Administrative expenses (Note 32)	315,783	430,614
	76,228,947	63,688,777

		2021 Rupees	2020 Rupees
16.	**INTANGIBLE ASSETS**		
	Computer softwares (Note 16.1, 16.2 and 16.3)	10,713,375	7,866,531
	Intangible asset under development - computer software	6,665,000	-
		17,378,375	7,866,531
16.1	**Computer softwares**		
	Opening book value	7,866,531	5,204,882
	Add: Cost of additions during the year	7,069,069	5,362,625
	Less: Amortization charged during the year (Note 33)	4,222,225	2,700,976
	Closing book value	10,713,375	7,866,531
16.2	Cost as at 30 June	46,582,633	39,513,565
	Accumulated amortization	(35,869,258)	(31,647,034)
	Net book value as at 30 June	10,713,375	7,866,531

16.3 Intangible assets - computer softwares have been amortized at the rate of 30% (2020: 30%) per annum.

16.4 Includes intangible assets at a cost of Rupees 26.053 million (2020: Rupees 24.781 million) which were fully amortized.

		2021 Rupees	2020 Rupees
17.	**INVESTEMENT PROPERTY**		
17.1	**Freehold land**		
	Transferred from operating fixed assets (Note 14.1)	61,658,100	-

17.2 Land having cost of Rupees 61.658 million has been recognized as investment properly during the year. The market value of land is Rupees 93.750 million. Forced sale value of land is Rupees 75.000 million. The valuation has been carried out by Surval, an independent valuer as on 30 June 2021.

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

Description and address	Area of land
	Kanals
Land - 22 - A, Zafar Ali Road, Lahore	1.28

		2021 Rupees	2020 Rupees
18.	**LONG TERM SECURITY DEPOSITS**		
	Security deposits against leased assets	24,059,060	10,154,850
	Security deposits against ijara	-	2,993,400
	Security deposits - other	13,745,195	10,724,618
		37,804,255	23,872,868
	Less: Current portion shown under current assets (Note 23)	577,400	12,197,550
		37,226,855	11,675,318

		2021 Rupees	2020 Rupees
19.	**STORES**		
	Stores (Note 19.1)	64,700,655	70,780,886
	Less: Provision for slow moving and obsolete store items (Note 19.2)	1,354,073	202,033
		63,346,582	70,578,853

19.1 These includes stores in transit of Rupees Nil (2020: Rupees 1.163 million) .

19.2	**Provision for slow moving and obsolete store items**		
	As at 01 July	202,033	202,033
	Add: Provision recognized during the year (Note 33)	1,354,073	-
	Less: Store items written off against provision	202,033	-
	As at 30 June	1,354,073	202,033
20.	**STOCK-IN-TRADE**		
	Raw materials (Note 20.1)	562,888,981	633,749,692
	Work-in-process	24,280,043	35,955,890
		587,169,024	669,705,582
	Lubricants and parts (Note 20.2)	797,192,460	720,305,928
	Less: Provision for slow moving and damaged stock items (Note 20.3)	8,833,309	6,488,123
		788,359,151	713,817,805
	Petroleum products		
	- Stock in hand (Note 20.4 and Note 20.5)	375,546,876	6,766,970
	- Stock in pipeline system (Note 20.6)	159,422,468	28,457,092
		534,969,344	35,224,062
	Stock of promotional items	192,155	209,404
	Dispensing pumps and other installations (Note 20.7)	46,356,890	40,324,810
		1,957,046,564	1,459,281,663

20.1 These include raw materials in transit amounting to Rupees 179.017 million (2020: Rupees 171.349 million) and raw materials amounting to Rupees Nil (2020: Rupees 55.375 million) lying at customs bonded warehouse.

20.2 This includes stock-in-transit of Rupees 52.885 million (2020: Rupees Nil) and stock amounting to Rupees Nil (2020: Rupees 105.921 million) lying at customs bonded warehouse.

		2021 Rupees	2020 Rupees
20.3	**Provision for slow moving and damaged stock items**		
	Opening balance	6,488,123	7,532,393
	Add: Provision recognized during the year (Note 33)	5,965,187	4,305,591
	Less: Provision reversed during the year (Note 20.3.1 and Note 34)	3,620,001	5,349,861
		2,345,186	(1,044,270)
	Closing balance	8,833,309	6,488,123

20.3.1 The Group has sold all the finished goods that were written down to an independent distributor in Pakistan at market value.

20.4 This includes stock of petroleum products in transit of Rupees Nil (2020: Rupees 2.592 million).

20.5 This includes the Holding Company's share of pipeline stock of High Speed Diesel amounting to Rupees Nil (2020: Rupees 1.630 million) held by Askar Oil Services (Private) Limited.

20.6 This represents the Holding Company's share of pipeline stock of High Speed Diesel amounting to Rupees 159.422 million (2020: Rupees 28.457 million) held by Pak-Arab Pipeline Company Limited.

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

20.8 This include stock of petroleum products amounting to Rupees 360.421 million (2020: Rupees Nil) written down to net realizable value.

		2021 Rupees	2020 Rupees
21.	**TRADE DEBTS**		
	Unsecured:		
	Considered good - other than related party	140,466,811	106,345,785
	Less: Allowance for expected credit losses (Note 21.1)	37,348,463	30,241,773
		103,118,348	76,104,012
21.1	**Allowance for expected credit losses**		
	Opening balance	30,241,773	46,663,435
	Add: Recognized during the year (Note 33)	7,106,690	-
	Less: Reversal of allowance for expected credit losses (Note 34)	-	16,421,662
	Closing balance	37,348,463	30,241,773
22.	**LOANS AND ADVANCES**		
	Considered good, unsecured:		
	Loans to employees - interest free against salaries		
	- Executives (Note 22.1)	2,867,100	2,359,990
	- Other employees	3,007,947	2,764,971
		5,875,047	5,124,961
	Advances to employees against expenses	3,578,652	978,256
	Advances to suppliers (Note 22.2)	99,023,376	141,684,625
	Advances against letter of credits	848,307	-
	Margin against bank guarantees	33,600,000	28,600,000
	Advances - Other	94,052	-
		143,019,434	176,387,842

22.1 These include Rupees Nil (2020: Rupees 2.310 Million) loan receivable from Chief Financial Officer of the Holding Company, maximum aggregate amount outstanding at the end of any month during the year was Rupees 2.100 million (2020: Rupees 2.52 million). This loan was interest free and given for the purpose of construction of house.

		2020 Rupees	2019 Rupees
22.2	**Advances to suppliers**		
	Unsecured:		
	Considered good	99,023,376	141,684,625
	Considered doubtful	1,316,002	4,517,807
	Less : Provision for doubtful advances to suppliers (Note 22.3)	1,316,002	4,517,807
		-	-
		99,023,376	141,684,625
22.3	**Provision for doubtful advances to suppliers**		
	As at 01 July	4,517,807	6,724,191
	Add: Provision recognized during the year (Note 33)	1,316,002	159,151
	Less: Advance to supplier written off	4,517,807	2,365,535
	As at 30 June	1,316,002	4,517,807

		2021 Rupees	2020 Rupees
23.	**SHORT TERM DEPOSITS AND PREPAYMENTS**		
	Current portion of long term security deposits (Note 18)	577,400	12,197,550
	Short term deposits	20,313,880	11,143,751
	Prepaid expense	1,333,333	-
	Prepaid insurance	7,745,921	16,492,232
	Prepaid rent	5,654,246	1,425,586
		35,624,780	41,259,119
24.	**OTHER RECEIVABLES**		
	Receivable from MAS Associates (Private) Limited - associated company (Note 24.1)	218,274	145,074
	Receivable from SK Lubricants Co., Ltd. - principal supplier and long term partner (Note 24.2)	31,560,000	-
	Sales tax receivable	80,329,533	11,404,451
	Inland freight equalization margin	28,635,005	14,086,180
	Others	638,242	8,671,136
		141,381,054	34,306,841

24.1 It is neither past due nor impaired. The maximum aggregate amount receivable from associated company at the end of any month during the year was Rupees 0.716 million (2020: Rupees 0.433 million).

24.2 It is neither past due nor impaired. The maximum aggregate amount receivable from SK Lubricants Co., Ltd. - principal supplier and long term partner at the end of any month during the year was Rupees 31.560 million (2020: Rupees 28.502 million).

		2021 Rupees	2020 Rupees
25.	**ADVANCE INCOME TAX - NET OF PROVISION FOR TAXATION**		
	Advance income tax	271,258,349	294,301,928
	Provision for taxation	(82,822,361)	(58,854,967)
		188,435,988	235,446,961
26.	**ACCRUED INTEREST**		
	On bank deposits	180	2,236
	On term deposit receipts	390,282	-
		390,462	2,236
27.	**SHORT TERM INVESTMENTS**		
	Debt instruments (Note 27.1)	-	472,420,787
	Equity instruments (Note 27.2)	446,043,245	250,864,373
		446,043,245	723,285,160
27.1	**Debt instruments**		
	At amortized cost		
	Term deposit receipts	-	471,031,918
	Add: Interest accrued thereon	-	1,388,869
		-	472,420,787

27.1.1 These represented term deposit receipts issued by banking companies having maturity period ranging from one month to six months and carry interest ranged from 6.50% to 7.20% (2020: 5.36% to 12.85%) per annum. Term deposit receipts amounting to Nil (2020: Rupees 471.031 million) were under lien with banks against short term borrowings.

	2021 Rupees	2020 Rupees
27.2 Equity instruments		
Fair value through profit or loss		
Quoted - other than related party:		
Engro Fertilizer Limited		
49,500 (2020: 49,500) fully paid ordinary shares of Rupees 10 each	3,246,080	3,246,080
First Habib Cash Fund		
2,008,699.7237 (2020: 1,004,003.3926) units	202,547,497	100,591,746
NBP Islamic Mahana Amdani Fund		
Nill (2020: 4,617,722.0716) units	-	46,148,675
NBP Islamic Daily Dividend Fund		
4,979,421.4911 (2020: Nil) units	49,794,215	-
UBL Liquidity Plus Fund - Class 'C'		
311,668.6309 (2020: 710.5769) units	31,530,093	71,628
MCB Cash Management Optimizer		
644,177.1242 (2020: 998,363.6222) units	64,953,239	100,422,214
Meezan Rozana Amdani Fund		
1,881,905.5522 (2020: Nil) units	94,095,278	-
	446,166,402	250,480,343
Unrealized (loss) / gain on remeasurement of investments at fair value through profit and loss - net (Note 33)	(123,157)	384,030
	446,043,245	250,864,373

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

	2021 Rupees	2020 Rupees
28. CASH AND BANK BALANCES		
Cash in hand	1,728,835	1,532,654
Cash at banks:		
Saving accounts (Note 28.1)	84,815,473	32,248,693
Current accounts	251,202,953	152,960,148
	336,018,426	185,208,841
Term deposit receipt (Note 28.3)	50,000,000	-
	387,747,261	186,741,495

28.1 Saving accounts carry profit at the rates ranging from 5.48% to 11.30% (2020: 6.48% to 11.25%) per annum.

28.2 Bank balances of Rupees 91.301 million (2020: Rupees 20.268 million) and short term investments of Rupees 442.431 million (2020: Rupees 718.912 million) as at 30 June 2021 represents un-utilized proceeds of the initial public offer.

28.3 This term deposit receipt issued by banking company having maturity period of one month and carry interest at 5.25% per annum.

		2021 Rupees	2020 Rupees
29.	**GROSS REVENUE FROM CONTRACTS WITH CUSTOMERS**		
	Lubricants	12,619,172,687	7,693,493,748
	Petroleum products	2,940,049,762	392,574,835
	Others (Note 29.1)	41,267,738	55,857,933
		15,600,490,187	8,141,926,516
29.1	**Others**		
	Spare parts	24,721,886	23,305,787
	Services at HTL Express Centres	2,817,265	12,131,768
	Dispensing pumps	-	19,005,344
	Franchise and joining fee	13,728,587	1,415,034
		41,267,738	55,857,933

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

		2021 Rupees	2020 Rupees
30.	**COST OF SALES**		
	Cost of sales - owned manufactured (Note 30.1)	5,166,079,561	2,543,715,876
	Cost of sales - finished goods purchased for resale (Note 30.2)	3,163,515,899	1,669,834,039
		8,329,595,460	4,213,549,915
30.1	**Cost of sales - owned manufactured**		
	Raw materials consumed	4,862,103,950	2,547,365,119
	Packing materials consumed	191,058,444	104,934,517
	Salaries, wages and other benefits (Note 30.1.1)	83,460,152	63,779,197
	Fuel and power	41,279,627	36,060,840
	Repair and maintenance	21,349,885	12,442,012
	Insurance	5,505,801	8,520,303
	Security charges	5,832,480	5,822,215
	Telephone	165,000	135,500
	Miscellaneous	22,472,798	56,966,909
	Depreciation on operating fixed assets (Note 14.1.2)	64,548,947	67,931,216
	Depreciation on right-of-use assets (Note 15.2)	132,417	295,337
		5,297,909,501	2,904,253,165
	Work-in-process		
	Opening stock	35,955,890	20,877,744
	Closing stock	(24,280,043)	(35,955,890)
		11,675,847	(15,078,146)
	Cost of goods manufactured	5,309,585,348	2,889,175,019
	Finished goods		
	Opening stock	350,682,637	5,223,494
	Closing stock	(494,188,424)	(350,682,637)
		(143,505,787)	(345,459,143)
		5,166,079,561	2,543,715,876

30.1.1 Salaries, wages and other benefits include provident fund contribution of Rupees 2.291 million (2020: Rupees 1.883 million) by the Group.

		2021 Rupees	2020 Rupees
30.2	**Cost of sales - finished goods purchased for resale**		
	Opening stock of lubricants and other items	409,948,101	773,705,723
	Lubricants purchased during the year	675,284,184	954,051,579
		1,085,232,285	1,727,757,302
	Closing stock of lubricants and other items	(349,360,926)	(409,948,101)
	Cost of lubricants and other items sold	735,871,359	1,317,809,201
	Opening stock of petroleum products	35,224,062	-
	Petroleum products purchased during the year	2,272,157,277	271,567,657.00
	Petroleum development levy	572,438,740	104,520,645.00
	Inland freight equalization margin	82,793,805	11,160,598.00
		2,927,389,822	387,248,900
	Closing stock of petroleum products	534,969,344	35,224,062
	Cost of petroleum products sold	2,427,644,540	352,024,838
	Total	3,163,515,899	1,669,834,039
31.	**DISTRIBUTION COST**		
	Salaries and other benefits (Note 31.1)	389,431,272	294,263,250
	Sales promotion and advertisements - net (Note 31.2)	85,146,762	122,477,816
	Freight outward	39,547,976	33,259,463
	Rent, rates and taxes	10,242,911	17,281,525
	Travelling and conveyance	32,734,691	30,000,814
	Insurance	16,573,043	19,513,756
	Utilities	9,795,994	10,138,447
	Repair and maintenance	14,537,021	10,263,082
	Vehicles' running and maintenance	19,941,406	22,293,292
	Communication	10,669,873	9,207,240
	Entertainment	6,612,481	3,759,896
	Ijara rentals	3,219,815	5,288,136
	Depreciation (Note 14.1.2)	69,314,747	40,111,448
	Depreciation on right-of-use assets (Note 15.2)	75,780,747	62,962,826
	Hospitality charges	9,127,517	7,283,979
	Sales commission	-	685,286
	Printing and stationery	1,010,685	779,979
	Secondary transportation freight	-	243,772
	Miscellaneous	17,815,141	22,774,569
	Royalty expense (Note 31.3 and 31.4)	49,883,175	25,339,421
		861,385,257	737,927,997

31.1 Salaries other benefits include provident fund contribution of Rupees 9.955 million (2020: Rupees 9.683 million) by the Group.

31.2 These are net off incentives in the shape of reimbursement against sales promotion expenses and advertisements amounting to Rupees 31.560 million (2020: Rupees Nil) from SK Lubricants Co., Ltd. - principal supplier and long term partner.

31.3 Particulars of royalty are as follows:

Name	Address	Relationship with the Group or directors	2021	2020
SK Lubricants Co., Ltd.	26, Jong-ro, Jongno-gu, Seoul 03188, Republic of Korea	Major supplier and long term partner	49,883,175	25,339,421

31.4 Royalty expense relates to sale of certain products of Rupees 997.663 million (2020: Rupees 506.788 million) manufactured during the year by Subsidiary Company under the “Brand License Agreement” with SK Lubricants Co., Ltd - principal supplier and long term partner.

	2021 Rupees	2020 Rupees
32. ADMINISTRATIVE EXPENSES		
Salaries and other benefits (Note 32.1)	388,571,318	263,249,288
Consultancy charges	8,261,818	8,842,963
Rent, rates and taxes	1,928,333	16,379,328
Travelling and conveyance	6,183,355	6,012,002
Insurance	12,693,414	13,173,526
Vehicles' running and maintenance	8,614,476	6,675,718
Utilities	5,518,728	5,012,902
Repair and maintenance	6,687,403	5,314,367
Fee and subscription	17,870,315	17,027,002
Printing and stationery	1,429,375	1,236,152
Communication	4,643,882	4,249,428
Entertainment	5,234,402	3,341,914
Legal and professional (Note 32.2)	25,779,579	15,713,054
Auditor's remuneration (Note 32.3)	5,032,900	4,309,000
Depreciation on operating fixed assets (Note 14.1.2)	40,754,785	55,643,210
Depreciation on right-of-use assets (Note 15.2)	315,783	430,614
Amortization on intangible assets (Note 16.1)	4,222,225	2,700,976
Miscellaneous	4,007,312	7,244,555
	547,749,403	436,555,999

32.1 Salaries and other benefits include provident fund contribution of Rupees 8.065 million (2020: Rupees 6.475 million) by the Group.

32.2 It includes an amount of Rupees Nil (2020: Rupees 0.825 million) on account of internal audit services rendered by EY Ford Rhodes.

	2021 Rupees	2020 Rupees
32.3 Auditor's remuneration		
Annual audit fee	2,996,850	2,678,500
Certifications	759,500	470,000
Half year review	907,500	825,000
Reimbursable expenses	369,050	335,500
	5,032,900	4,309,000

33. OTHER EXPENSES

	2021 Rupees	2020 Rupees
Allowance for expected credit losses (Note 21.1)	7,106,690	-
Exchange loss - net	-	19,014,636
Charities and donations (Note 33.1)	22,181,109	18,796,652
Short term security deposits written off	114,500	-
Long term security deposits written off	217,000	-
Other receivables written off	8,758,950	-
Fixed assets written off	-	724,166
Workers' profit participation fund (Note 9.3)	16,775,116	6,349,606
Workers' welfare fund (Note 9.4)	7,084,716	9,637,036
Unrealised loss on remeasurement of investments at fair value through profit or loss - net (Note 27.2)	123,157	-
Provision for doubtful advances to suppliers (Note 22.3)	1,316,002	159,151
Provision for slow moving and obsolete store items (Note 19.2)	1,354,073	-
Provision for slow moving and damaged stock items (Note 20.3)	2,345,186	4,305,591
Penalty (Note 33.2)	3,144,756	1,220,952
Input sales tax disallowed	-	245,327
	70,521,255	60,453,117

33.1 These include amount of Rupees 19 million (2020: Rupees 18 million) paid to Sabra Hamida Trust, 1-A, Danepur Road, GOR-1, Lahore, in which Mr. Hassan Tahir - Chief Executive, Mr. Shaukat Hassan - Director, Mr. Tahir Azam - Director and Mr. Ali Hassan - Director of the Holding Company are trustees.

33.2 This represent penalty and default surcharge recognised under the provisions of the Sales Tax Act, 1990, penalty paid to Oil and Gas Regularity Authority (OGRA) on account of delay in completion of required infrastructure for OMC project and penalty to Federal Board of Revenue under section 182(2) of the Income Tax Ordinance, 2001.

	2021 Rupees	2020 Rupees
34. OTHER INCOME		
Income from financial assets:		
Dividend income	20,452,706	10,437,403
Profit on bank deposits and short term investments	22,216,929	80,948,042
Gain on disposal of short term investment	656,239	361,141
Unrealized gain on remeasurement of investment		
at fair value through profit or loss - net (Note 27.2)	-	382,804
Reversal of allowance for expected credit losses (Note 21.1)	-	16,421,662
Rental income from HTL Express Centres	18,800,000	-
Common facility charges	737,681	762,241
Income from non-financial assets:		
Gain on disposal of operating fixed assets (Note 14.1.1)	7,736,857	6,724,899
Credit balances written back	374,735	-
Reversal of provision for slow moving and damaged stock items (Note 20.3)	-	5,349,861
Testing fee	-	14,000
Tender fee	50,000	-
Amortization of deferred income - Government grant (Note 8.2)	10,351,964	380,217
Other	975,480	-
Other:		
Exchange gain - net	25,429,678	9,411,794
	107,782,269	131,194,064
35. FINANCE COST		
Mark-up on long term financing	15,648,337	811,157
Mark-up / profit on short term borrowings	54,848,706	197,151,193
Interest expense on lease liabilities (Note 6.1)	30,645,942	33,358,621
Interest on workers' profit participation fund (Note 9.3)	9,538,822	725,364
Bank charges and commission	3,978,847	3,593,607
	114,660,654	235,639,942
36. TAXATION		
For the year:		
Current (Note 36.1)	93,155,174	58,199,027
Deferred tax	31,498,098	(104,745,844)
Prior year adjustment	5,115,135	655,940
	129,768,407	(45,890,877)

36.1 The provision for current tax is calculated in accordance with the relevant provisions of the Income Tax Ordinance, 2001. Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented being impracticable.

	2021 Rupees	2020 Rupees
37. 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)	651,489,495	121,616,677
Weighted average number of shares (Number)	116,004,000	116,004,000
Earnings per share - basic and diluted (Rupees)	5.62	1.05

	2021 Rupees	2020 Rupees
38. CASH GENERATED FROM OPERATIONS		
Profit before taxation	781,257,902	75,725,800
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	174,618,479	163,685,874
Depreciation on right-of-use assets	76,228,947	63,688,777
Amortization of intangible assets	4,222,225	2,700,976
Amortization of deferred income - Government grant	(10,351,964)	(380,217)
Allowance / (reversal of allowance) for expected credit losses	7,106,690	(16,421,662)
Provision / (reversal of provision) for slow moving and damaged stock items	2,345,186	(1,044,270)
Provision for slow moving and obsolete store items	1,354,073	-
Provision for doubtful advances to suppliers	1,316,002	159,151
Credit balances written back	(374,735)	-
Gain on disposal of operating fixed assets	(7,736,857)	(6,724,899)
Dividend income	(20,452,706)	(10,437,403)
Profit on bank deposits and short term investments	(22,216,929)	(80,948,042)
Unrealised loss / (gain) on remeasurement of investments	123,157	(382,804)
Gain on disposal of short term investments	(656,239)	(361,141)
Finance cost	114,660,654	235,639,942
Exchange (gain) / loss - net	(25,429,678)	9,602,842
Provision for workers' profit participation fund	16,775,116	6,349,606
Provision for workers' welfare fund	7,084,716	9,637,036
Fixed assets written off	-	724,166
Short term security deposits written off	114,500	-
Long term security deposits written off	217,000	-
Other receivables written off	8,758,950	-
Working capital changes (Note 38.1)	(5,660,618)	1,093,516,709
	1,103,303,871	1,544,730,441

		2021 Rupees	2020 Rupees
38.1	**WORKING CAPITAL CHANGES**		
	(Increase) / decrease in current assets:		
	Stores	5,878,198	(46,392,420)
	Stock-in-trade	(500,110,087)	(276,337,166)
	Trade debts	(34,121,026)	1,129,700,897
	Loans and advances	32,052,406	(120,946,093)
	Short term deposits and prepayments	(6,100,311)	15,038,284
	Other receivables	(115,833,163)	(1,762,554)
		(618,233,983)	699,300,948
	Increase in trade and other payables	612,573,365	394,215,761
		(5,660,618)	1,093,516,709

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

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

	2020					
	Liabilities from financing activities					
	Long term financing	Liabilities against assets subject to finance lease	Lease liabilities	Short term borrowings	Unclaimed dividend	Total
	Rupees					
Balance as at 01 June 2019	19,211,338	87,975,981	-	2,243,170,808	4,026,209	2,354,384,336
Transferred to lease liabilities on adoption of IFRS 16 'Leases'	-	(87,975,981)	87,975,981	-	-	-
Financing obtained	73,199,019	-	-	9,852,748,018	-	9,925,947,037
Repayment of financing	(19,211,338)	-	-	(11,081,923,052)	-	(11,101,134,390)
Acquisitions - finance leases	-	-	3,733,000	-	-	3,733,000
Other change - non-cash movement	(6,107,347)	-	215,068,029	-	-	208,960,682
Repayment of lease liabilities	-	-	(50,273,406)	-	-	(50,273,406)
Dividend declared	-	-	-	-	29,001,000	29,001,000
Dividend paid	-	-	-	-	(29,588,773)	(29,588,773)
Balance as at 30 June 2020	67,091,672	-	256,503,604	1,013,995,774	3,438,436	1,341,029,486

		2021 Rupees	2020 Rupees
38.3	Acquisition of right-of-use assets	263,640,693	3,733,000

39. PROVIDENT FUND

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

40. PLANT CAPACITY AND ACTUAL PRODUCTION

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

Description	Storage Capacity Metric Tons	
	PMG	HSD
Sahiwal depot	1,110	1,859
Nowshera depot	1,401	1,551

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

	Unit of measurement	2021		2020	
		Capacity	Production	Capacity	Production
Bottles	Numbers	16,072,941	6,842,253	16,072,941	3,996,674
Caps	Numbers	29,700,000	6,703,770	29,700,000	4,339,318
Filling	Litres	37,950,000	15,899,440	37,950,000	8,817,853
Blending	Litres	20,000,000	4,800,365	20,000,000	2,484,261

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

41. 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	2021 Rupees	2020 Rupees
Associated companies			
MAS Associates (Private) Limited	Share of common expenses	737,681	762,241
Other related parties			
SK Lubricants Co., Ltd.	Purchase of lubricants	3,540,746,158	2,848,514,463
SK Lubricants Co., Ltd.	Incentives	31,560,000	-
SK Lubricants Co., Ltd.	Dividend paid	2,400,548	206,944
Provident fund trusts	Contribution	20,310,789	18,041,343
Sabra Hamida Trust	Donations	19,000,000	18,000,000

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

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

42. 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:

	2021				2020			
		Directors				Directors		
	Chief Executive	Executives	Non-Executives	Executives	Chief Executive	Executives	Non-Executives	Executives
	Rupees							
Managerial remuneration	11,845,161	10,451,613	30,193,548	70,515,170	11,845,161	10,451,613	26,322,580	56,134,410
Bonus	2,862,584	2,525,808	-	9,368,539	1,431,292	1,262,904	-	5,722,887
Allowances								
House rent	5,330,322	4,703,226	13,587,097	31,731,827	5,330,322	4,703,226	11,845,161	25,260,485
Medical	1,184,516	1,045,161	3,019,355	7,051,517	1,184,516	1,045,161	2,632,258	5,613,441
Travelling	2,000,000	2,000,000	4,000,000	319,100	2,000,000	2,000,000	3,800,000	285,600
Other	16,005,818	15,915,818	-	39,325,736	-	-	-	13,044,877
Contribution to provident fund trust	-	-	-	5,369,026	-	-	-	4,421,827
Leave fare assistance	-	-	-	2,562,203	-	-	-	627,690
	39,228,401	36,641,626	50,800,000	166,243,118	21,791,291	19,462,904	44,599,999	111,111,217
	1	**1**	**4**	**42**	**1**	**1**	**4**	**22**

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

42.2 Aggregate amount charged in these consolidated financial statements for meeting fee to three directors (2020: three directors) is Rupees 5.030 million (2020: Rupees 4.050 million).

43. NUMBER OF EMPLOYEES

	2021		2020	
	Permanent	**Contractual**	Permanent	Contractual
Total number of employees as on 30 June	529	127	470	183
Average number of employees during the year	490	139	468	181

44. 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 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
		Rupees		
Financial assets				
Financial assets at fair value through profit or loss	446,043,245	-	-	446,043,245

Recurring fair value measurements at 30 June 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
		Rupees		
Financial assets				
Financial assets at fair value through profit or loss	250,864,373	-	-	250,864,373

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

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

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

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

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

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

(ii) Valuation techniques used to determine fair values

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

45. SEGMENT INFORMATION

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

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

	LUBRICANTS		PETROLEUM PRODUCTS		UNALLOCATED		TOTAL - GROUP	
	2021	2020	2021	2020	2021	2020	2021	2020
	Rupees							
Revenue from contracts with customers - net	8,187,202,245	5,279,394,808	2,410,185,417	349,263,898	-	-	10,597,387,662	5,628,658,706
Cost of sales	(5,974,521,380)	(3,850,400,888)	(2,355,074,080)	(363,149,027)	-	-	(8,329,595,460)	(4,213,549,915)
Gross profit / (loss)	2,212,680,865	1,428,993,920	55,111,337	(13,885,129)	-	-	2,267,792,202	1,415,108,791
Distribution cost	(697,866,939)	(654,844,503)	(163,518,318)	(83,083,494)	-	-	(861,385,257)	(737,927,997)
Administrative expenses	(519,177,259)	(424,931,423)	(28,572,144)	(10,862,335)	-	-	(547,749,403)	(435,793,758)
Other expenses	(60,886,120)	(60,453,117)	(9,635,135)	-	-	-	(70,521,255)	(60,453,117)
	(1,277,930,318)	(1,140,229,043)	(201,725,597)	(93,945,829)	-	-	(1,479,655,915)	(1,234,174,872)
Other income	55,410,888	40,708,001	52,371,381	89,723,822	-	-	107,782,269	130,431,823
Profit / (loss) from operations	990,161,435	329,472,878	(94,242,879)	(18,107,136)	-	-	895,918,556	311,365,742
Finance cost	-	-	-	-	(114,660,654)	(235,639,942)	(114,660,654)	(235,639,942)
Profit / (loss) before taxation	990,161,435	329,472,878	(94,242,879)	(18,107,136)	(114,660,654)	(235,639,942)	781,257,902	75,725,800
Taxation	-	-	-	-	(129,768,407)	45,890,877	(129,768,407)	45,890,877
Profit / (loss) after taxation	990,161,435	329,472,878	(94,242,879)	(18,107,136)	(244,429,061)	(189,749,065)	651,489,495	121,616,677

		LUBRICANTS		PETROLEUM PRODUCTS		TOTAL - GROUP	
		2021	2020	2021	2020	2021	2020
		Rupees					
45.1	**Reconciliation of reportable segment assets and liabilities:**						
	Total assets for reportable segments	3,228,041,558	3,115,136,038	2,093,952,623	1,716,788,872	5,321,994,181	4,831,924,910
	Unallocated assets					2,036,119,495	1,645,206,165
	Total assets as per consolidated statement of financial position					7,358,113,676	6,477,131,075
	Total liabilities for reportable segments	2,228,876,035	1,269,753,970	327,773,414	148,390,643	2,556,649,449	1,418,144,613
	Unallocated liabilities					497,119,611	1,069,719,741
	Total liabilities as per consolidated statement of financial position					3,053,769,060	2,487,864,354

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

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

46. FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

Judgments and estimates are made for non-financial assets not measured at fair value in these consolidated financial statements but for which the fair value is described 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 non-financial assets into the following three levels.

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

Recurring fair value measurements at 30 June 2020	Level 1	Level 2	Level 3	Total
		Rupees		
Investment property	-	-	-	-

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.

The Group engages external, independent and qualified valuer to determine the fair value of the Group's investment property at the end of every financial year. As at 30 June 2021, the fair value of the investment property has been determined by Surval, an independent valuer.

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

The Group obtains independent valuation for its investment property at least annually. At the end of reporting period, the management updates the assessment of the fair value of property, taking into account the most recent independent valuation. The management determines a property's value within a range of reasonable fair value estimate. The best evidence of fair value is current prices in an active market for similar properties.

Valuation processes

The Group engages external, independent and qualified valuer to determine the fair value of the Group's investment property at the end of every financial year. As at 30 June 2021, the fair value of the investment property has been determined by Surval, an independent valuer.

Change in fair value is analyzed between the Chief Financial Officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

47. FINANCIAL RISK MANAGEMENT

47.1 Financial risk factors

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

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

(a) **Market risk**

(i) **Currency risk**

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

The Group is exposed to currency risk arising primarily 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 a foreign entity. The Group's exposure to currency risk was as follows:

	2021 USD	2020 USD
Other receivable	200,000	-
Trade and other payables	(4,747,242)	(3,306,771)
Net exposure	(4,547,242)	(3,306,771)

The following significant exchange rates were applied during the year:

	Rupees per US Dollar	
Average rate	160.31	159.29
Reporting date rate	158.30	168.10

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 33.662 million (2020: Rupees 19.751 million) lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) **Other price risk**

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

Sensitivity analysis

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

	Impact on Group's profit after taxation	
Index	**2021 Rupees**	2020 Rupees
PSX 100 (5% increase)	173,918	(149,193)
PSX 100 (5% decrease)	(173,918)	149,193

(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 receipt, long term financing, lease liabilities and short term borrowings. Financial instruments at variable rates expose the Group to cash flow interest rate risk. Financial instruments, if any, at fixed rate expose the Group to fair value interest rate risk.

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

	2021 Rupees	2020 Rupees
Fixed rate instruments		
Financial assets		
Short term investments	-	471,031,918
Term deposit receipt	50,000,000	-
Financial liabilities		
Long term financing	253,611,941	67,091,672
Lease liabilities	325,688,632	225,386,941
Financial assets		
Bank balances - saving accounts	84,815,473	32,248,693
Financial liabilities		
Lease liabilities	55,936,323	31,116,663
Short term borrowings	607,994,104	1,013,995,774
	663,930,427	1,045,112,437

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 5.602 million (2020: Rupees 9.320 million) lower / higher, mainly as a result of higher / lower interest expense / income on lease liabilities, short term borrowings and bank balances. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

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

	2021 Rupees	2020 Rupees
Long term security deposits	31,934,655	10,724,618
Short term security deposits	20,313,880	11,143,751
Trade debts	103,118,348	76,104,012
Loans and advances	39,475,047	33,724,961
Other receivables	61,051,521	22,902,390
Accrued interest	390,462	2,236
Short term investments	446,043,245	723,285,160
Bank balances	386,018,426	185,208,841
	1,088,345,584	1,063,095,969

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			2021	2020
	Short term	Long term	Agency	Rupees	Rupees
Short term investments					
JS Bank Limited	A-1+	AA-	PACRA	-	322,270,467
United Bank Limited	A-1+	AAA	VIS	-	50,012,328
Faysal Bank Limited	A-1+	AA	PACRA	-	100,138,082
Engro Fertilizer Limited	A1+	AA	PACRA	3,478,365	2,983,860
First Habib Cash Fund	AA+(f)		VIS	202,154,737	100,780,555
NBP Islamic Mahana Amdani Fund	A(f)		PACRA	-	46,363,225
NBP Islamic Daily Dividend Fund	AA(f)		PACRA	49,794,215	-
UBL Liquidity Plus Fund - Class 'C'	AA+(f)		JCR-VIS	31,485,107	71,739
MCB Cash Management Optimizer	AA+(f)		PACRA	65,035,543	100,664,904
Meezan Rozana Amdani Fund	AA+(f)		VIS	94,095,278	-
				446,043,245	723,285,160
Banks					
Bank Alfalah Limited	A-1+	AA+	PACRA	93,788,540	68,409,986
Bank Al-Habib Limited	A-1+	AAA	PACRA	65,053,083	60,977,070
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	75,254,881	779,702
MCB Bank Limited	A-1+	AAA	PACRA	16,552,601	16,315,405
National Bank of Pakistan	A-1+	AAA	PACRA	4,512,034	3,429,036
The Bank of Punjab	A-1+	AA+	PACRA	115,450	115,450
Habib Bank Limited	A-1+	AAA	VIS	26,359,196	3,275,057
Askari Bank Limited	A-1+	AA+	PACRA	642,870	734,387
United Bank Limited	A-1+	AAA	VIS	74,697,738	20,327,227
JS Bank Limited	A-1+	AA-	PACRA	4,544,586	23,476
Albaraka Bank (Pakistan) Limited	A-1	A	VIS	238,399	238,399
Meezan Bank Limited	A-1+	AAA	VIS	18,525,648	9,341,630
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	23,342	885,213
Faysal Bank Limited	A-1+	AA	PACRA	3,052,574	349,557
Summit Bank Limited	A-3	BBB-	VIS	7,246	7,246
Samba Bank Limited	A-1	AA	VIS	2,650,238	-
				386,018,426	185,208,841
				832,061,671	908,494,001

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

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

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

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product, unemployment, interest, and the inflation Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows:

	Sales		
	Expected loss rate	Trade debts	Loss allowance
	%	Rupees	Rupees
At 30 June 2021			
Up to 30 days	0.00%	67,275,218	-
30 to 180 days	20.75%	31,500,394	6,535,888
181 to 360 days	26.94%	15,037,408	4,051,784
Above 360 days	100.00%	26,760,791	26,760,791
		140,573,811	37,348,463
Trade debts against which collateral is held		-	-
		140,573,811	37,348,463
At 30 June 2020			
Up to 30 days	0.00%	47,059,998	-
30 to 180 days	19.93%	26,906,103	5,361,344
181 to 360 days	24.79%	9,971,162	2,471,907
Above 360 days	100.00%	22,408,522	22,408,522
		106,345,785	30,241,773
Trade debts against which collateral is held		-	-
		106,345,785	30,241,773

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities. As 30 June 2021, the Group had Rupees 1,052.720 million (2020: Rupees 4,464.715 million) available borrowing limits from financial institutions and Rupees 387.747 million (2020: Rupees 186.741 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 2021:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	Rupees					
Non-derivative financial liabilities:						
Long term financing	253,611,941	306,934,689	59,819,533	58,933,478	63,110,288	125,071,390
Lease liabilities	381,624,955	503,023,890	53,320,414	48,137,154	104,079,176	297,487,145
Long term deposits	17,000,000	17,000,000	-	-	-	17,000,000
Trade and other payables	1,295,995,670	1,360,423,722	1,360,423,722	-	-	-
Accrued mark-up / profit	14,963,365	14,963,365	14,963,365	-	-	-
Short term borrowings	607,994,104	633,365,240	275,505,914	357,859,326	-	-
Unclaimed dividend	6,326,546	6,326,546	6,326,546	-	-	-
	2,577,516,581	2,842,037,452	1,770,359,494	464,929,958	167,189,464	439,558,535

Contractual maturities of financial liabilities as at 30 June 2020:

	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	67,091,672	76,227,667	1,103,984	19,144,831	37,596,478	18,382,374
Lease liabilities	256,503,604	414,754,203	57,086,012	35,863,378	47,134,904	274,669,909
Long term deposits	500,000	500,000	-	-	-	500,000
Trade and other payables	771,907,652	771,907,652	771,907,652	-	-	-
Accrued mark-up / profit	31,928,575	31,928,575	31,928,575	-	-	-
Short term borrowings	1,013,995,774	1,066,671,923	455,502,871	611,169,052	-	-
Unclaimed dividend	3,438,436	3,438,436	3,438,436	-	-	-
	2,145,365,713	2,365,428,456	1,320,967,530	666,177,261	84,731,382	293,552,283

47.2 Financial instruments by categories

	2021		
	At amortized cost	At fair value through profit or loss	Total
	Rupees		
Financial assets			
Long term security deposits	31,934,655	-	31,934,655
Short term security deposits	20,313,880	-	20,313,880
Trade debts	103,118,348	-	103,118,348
Loans and advances	39,475,047	-	39,475,047
Other receivables	61,051,521	-	61,051,521
Accrued interest	390,462	-	390,462
Short term investments	-	446,043,245	446,043,245
Cash and bank balances	387,747,261	-	387,747,261
	644,031,174	446,043,245	1,090,074,419

	2020		
	At amortised cost	At fair value through profit or loss	Total
Financial assets			
Long term security deposits	10,724,618	-	10,724,618
Short term security deposits	11,143,751	-	11,143,751
Trade debts	76,104,012	-	76,104,012
Loans and advances	33,724,961	-	33,724,961
Other receivables	22,902,390	-	22,902,390
Accrued interest	2,236	-	2,236
Short term investments	472,420,787	250,864,373	723,285,160
Cash and bank balances	186,741,495	-	186,741,495
	813,764,250	250,864,373	1,064,628,623

	At Amortized Cost	
	2021 Rupees	2020 Rupees
Financial liabilities		
Long term financing		
Lease liabilities	253,611,941	67,091,672
Long term deposits	381,624,955	256,503,604
Trade and other payables	17,000,000	500,000
Short term borrowings	1,295,995,670	771,907,652
Accrued mark-up / profit	607,994,104	1,013,995,774
Unclaimed dividend	14,963,365	31,928,575
	6,326,546	3,438,436
	2,577,516,581	2,145,365,713

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

	2021		
	Financial assets	Non-financial assets	Total as per statement of financial position
		Rupees	
Assets			
Long term security deposits	31,934,655	5,869,600	37,804,255
Short term security deposits	20,313,880	-	20,313,880
Trade debts	103,118,348	-	103,118,348
Loans and advances	39,475,047	103,544,387	143,019,434
Other receivables	61,051,521	80,329,533	141,381,054
Accrued interest	390,462	-	390,462
Short term investments	446,043,245	-	446,043,245
Cash and bank balances	387,747,261	-	387,747,261
	1,090,074,419	189,743,520	1,279,817,938

	2021		
	Financial liabilities	Non-financial liabilities	Total as per statement of financial position
		Rupees	
Liabilities			
Long term financing	253,611,941	-	253,611,941
Lease liabilities	381,624,955	-	381,624,955
Long term deposits	17,000,000	-	17,000,000
Trade and other payables	1,295,995,670	432,470,882	1,728,466,552
Short term borrowings	607,994,104	-	607,994,104
Accrued mark-up / profit	14,963,365	-	14,963,365
Unclaimed dividend	6,326,546	-	6,326,546
	2,577,516,581	432,470,882	3,009,987,463

	2020		
	Financial assets	Non-financial assets	Total as per statement of financial position
		Rupees	
Assets			
Long term security deposits	23,449,768		23,449,768
Short term security deposits	11,143,751	-	11,143,751
Trade debts	76,104,012	-	76,104,012
Loans and advances	33,724,961	142,662,881	176,387,842
Other receivables	22,902,390	11,404,451	34,306,841
Accrued interest	2,236	-	2,236
Short term investments	723,285,160	-	723,285,160
Cash and bank balances	186,741,495	-	186,741,495
	1,077,353,773	154,067,332	1,231,421,105

	2020		
	Financial liabilities	Non-financial liabilities	Total as per statement of financial position
		Rupees	
Liabilities			
Long term financing	67,091,672	-	67,091,672
Lease liabilities	256,503,604	-	256,503,604
Long term deposits	500,000	-	500,000
Trade and other payables	771,907,652	336,391,294	1,108,298,946
Short term borrowings	1,013,995,774	-	1,013,995,774
Accrued mark-up / profit	31,928,575	-	31,928,575
Unclaimed dividend	3,438,436	-	3,438,436
	2,145,365,713	336,391,294	2,481,757,007

47.3 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.

48. CAPITAL RISK MANAGEMENT

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

		2021	2020
Borrowings	Rupees	946,876,403	1,118,311,456
Total equity	Rupees	4,304,344,616	3,989,266,721
Total capital employed	Rupees	5,251,221,019	5,107,578,177
Gearing ratio	Percentage	18.03%	21.90%

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

49. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2020	2019	**2020**	2019
	Rupees	Rupees	**Rupees**	Rupees
Total facilities	2,824,032,783	847,000,000	2,018,027,217	5,551,910,000
Utilized at the end of the year	1,302,036,139	119,037,229	965,307,654	1,087,194,793
Unutilized at the end of the year	1,521,996,644	727,962,771	1,052,719,563	4,464,715,207

50. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of Holding Company has proposed a cash dividend for the year ended 30 June 2021 of Rupees 2 per share (2020: Rupee 0.90 per share) and 02 bonus shares for every 10 ordinary shares (2020: Nil) at their meeting held on 10 September 2021. However, these events have been considered as non-adjusting events under IAS 10 'Events after Reporting Period' and have not been recognized in these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

	Rupees
Un-utilized IPO proceeds as at 01 July 2020	739,180,893
Add: Profit on term deposit receipts	17,785,212
Add: Profit on bank deposits	1,912,548
Add: Dividend on investments in mutual funds	19,337,030
Add: Gain on disposal of investment in mutual fund	1,080,844
Add: Unrealised gain on investments in mutual funds	302,870
Less: Payments made relating to OMC Project	(239,742,384)
Less: Withholding tax on profit	(2,953,532)
Less: Withholding tax on dividend from mutual funds	(2,900,555)
Less: Withholding tax on disposal of mutual funds	(269,521)
Less: Bank charges	(1,507)
Un-utilized IPO proceeds as at 30 June 2021	533,731,898

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

52. IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. During the year, the Government of the Punjab from time to time announced temporary smart lock downs as a measure to reduce the spread of the COVID -19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Group continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Management is actively monitoring the impact of the pandemic on its financial condition, liquidity, operations, supply chain, and workforce, which at this point is not considered to be significant. During the year, the Group has availed SBP's refinance scheme for payment of wages and salaries as explained in note 5 to these financial statements and its wholly-owned Subsidiary Company has also availed Temporary Economic Refinance Facility (TERF) as explained in note 5 to these financial statements. Further, management believes that the Group has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future when they become due. From the very outset of COVID-19, the management has adopted various policies and practices to minimize adverse impact of COVID-19 on the business and is continuously monitoring the situation in order to proactively address any challenges which may arise from COVID-19.

53. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 10 September 2021 by the Board of Directors of the Holding Company.

54. 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.

55. GENERAL

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

گورننس کے جملہ امور اور اخلاق اقدار کے حوالے سے مکمل طور پر واضح سیٹ اپ موجود ہے جو کارپوریٹ سطح پر احتساب کے عمل میں اہم کردار ادا کرتا ہے تاکہ اس میں بہتری لائی جا سکے۔

خطرات کا انضباط

درپیش خطرات کے سلسلے میں انصرام بورڈ کی ذمہ داری ہے اور اس حوالے سے اسے بورڈ کی رسک مینجمنٹ کمیٹی کا تعاون حاصل رہتا ہے۔ رسک مینجمنٹ کمیٹی پر یہ ذمہ داری عائد ہوتی ہے کہ آنے والے خطرات کی نگرانی کے لیے بورڈ کو مدد فراہم کرے۔ اس دائرہ کار میں نگرانی کے جاری امور اور موجود و ابھرتے ہوئے خطرات کی انضباط و تخفیف بھی شامل ہے۔ مزید برآں یہ کمیٹی بورڈ اور اعلیٰ عہدیداران کو کمپنی کو درپیش خطرات کی کلی صورت حال کے ساتھ ان خطرات کو برداشت کرنے اور ان کی بابت حکمت عملی تشکیل دینے میں بھی معاونت فراہم کرتی ہے۔ بورڈ کو خطرات کے انضباط کے ضمن میں باقاعدگی سے آگاہ رکھا جاتا ہے اور متعدد انتظامی و مالیاتی رپورٹس (بشمول خطرات کی جانچ اور اندرونی اور بیرونی آڈٹ کی رپورٹس) کے ذریعے خطرات سے نمٹنے کے لیے کی جانے والی جزوی تبدیلیوں کی باقاعدگی سے خبر دی جاتی ہے۔ اس بنا پر بورڈ نے مذکورہ خطرات سے نبرد آزما ہونے کے لیے خطرات کی مضبوط جانچ کی شروعات کی ہے۔

نقد منافع منقسمہ اور بونس کا اعلان

منافع میں اضافے کے فوائد کو حصص داران تک پہنچانے کے لیے بورڈ نے دو روپے فی حصص (بیس فیصد) کے حساب سے عبوری نقد منافع منقسمہ کے علاوہ دو روپے فی حصص (بیس فیصد) کے حساب سے حتمی نقد منافع منقسمہ کی تجویز دی ہے۔ مزید برآں ہر پانچ حصص پر ایک حصص کے تناسب سے بونس حصص کے اجراء جو کہ جاری کردہ حصص کیپٹل کا بیس فیصد بنتا ہے، کی بھی تجویز دی ہے۔

اختتامی نوٹ

مالی سال ۲۰۲۲ء کے لیے حکومت پاکستان کی جانب سے مجموعی داخلی پیداوار (جی ڈی پی) میں اضافے کا ہدف ۴.۸ فیصد مقرر کیا گیا ہے اور اس کے حصول کے لیے ۲۲-۲۰۲۱ء کے وفاقی بجٹ میں بہت سے اقدامات کیے گئے ہیں تاکہ معاشی سرگرمیوں میں مزید تیزی لائی جائے۔ درپیش انکم اور آمدات کے بڑھتے ہوئے حجم اور بینک دولت پاکستان کی عارضی اکنامک ری فنانس فیسیلٹی (TERF) کے تحت صنعتی پیداوار میں اضافے کی گنجائش بڑھ جانے سے صنعتی شعبے کی بہ حیثیت مجموعی صورتحال بدستور قائم رہے گی۔ اسی طرح تعمیراتی شعبہ معاشی ترقی میں کلیدی کردار ادا کرے گا کیونکہ حکومت تعمیرات اور ہاؤسنگ فنانس کی جانب خصوصی توجہ دے رہی ہے اور ترقیاتی اخراجات کے لیے اس بار پہلے سے کہیں زیادہ بجٹ رکھا گیا ہے۔ معاشی ترقی کی اس رفتار کو مدنظر رکھتے ہوئے، بینک دولت پاکستان نے مالیاتی بہتری پالیسی اسٹینس میں اپنی توسیع پسند پالیسی کی موجودہ کیفیت کو بدستور قائم رکھتے ہوئے پالیسی ریٹ کو ۷ فیصد پر برقرار رکھا ہے اس میں جون ۲۰۲۰ء سے کوئی تبدیلی نہیں ہوئی۔ بورڈ آف ڈائریکٹرز اور گروپ کی اعلیٰ انتظامیہ معاشی صورتحال کی باریک بینی سے نگرانی کر رہی ہے اور گروپ کی حالیہ ساکھ کو مضبوط تر بنانے کے لیے طویل المیعاد حکمت عملی کی تشکیل، داخلی سطح پر کارکردگی میں بہتری اور لاگت کے بہترین انصرام سے حصص داران کی منفعت کو بڑھانے کے لیے مسلسل کوشش کر رہی ہے۔

آخر میں، میں اپنے معزز صارفین کا تہہ دل سے شکریہ ادا کرتا ہوں کہ جنہوں نے ہمیشہ ہم پر اعتماد کیا اور اس کے ساتھ ساتھ میں اپنی مینجمنٹ ٹیم کی مخلصانہ کاوشوں، بورڈ آف ڈائریکٹرز کی رہنمائی اور تمام فریقین کے مسلسل تعاون کے لیے بھی ان کا شکر گزار ہوں۔

شوکت حسن

چیئرمین

چیئرمین کا جائزہ

عزیز حصص داران

ہم آپ کے مستقل تعاون اور ہائی ٹیک لبریکنٹس گروپ (ہائی ٹیک لبریکنٹس لمیٹڈ اور اس کی کل ملکیتی ذیلی کمپنی ہائی ٹیک بلینڈنگ (پرائیویٹ) لمیٹڈ) پر آپ کے مسلسل بڑھتے ہوئے اعتماد پر شکر گزار ہیں کہ آپ کے اس ساتھ کی بنا پر ہم نے قدرِ حصص میں اضافے کا ہدف حاصل کیا ہے۔

مالی سال ۲۰۲۱-۲۰۲۰ء کے آغاز پر کووڈ-۱۹ اپنے عروج پر تھی۔ اس وقت معاشیات کے عالمی ماہرین کا کہنا تھا کہ یہ وبا ممالک کے تمام اداروں اور ترقی کے اشاریوں کو منقطع کرتے ہوئے بدترین ان کی معاشی حالت پر جارحانہ اثرات مرتب کرے گی۔ دریں اثناء آئی ایم ایف نے پیش گوئی کی تھی کہ عالمی مجموعی پیداوار (گلوبل جی ڈی پی) منفی ۴.۴ فیصد رہے گی اور پاکستان کی مجموعی داخلی پیداوار منفی ۰.۴ فیصد تک گر جائے گی۔ اس وبا نے پاکستان کی معیشت کو بھی جکڑ لیا اور معیشت کی کشتی کو اس سے بچانے کے لیے حکومت کو اچھا خاصا بوجھ برداشت کرنا پڑا۔ اقتصادی حالت میں گھمبیر پن ہونے کے باوجود حکومت کو ہنگامی طور پر ضروری اقدامات اٹھانے پڑے جیسے عوام کی نقل و حرکت کو محدود کرنا، شعبہ صحت کو وسیع بنیادوں پر مضبوط بنانا اور اس وبا سے متاثر ہونے والے نادار طبقے کو نقدی امداد فراہم کرنا۔ ان غیر معمولی حالات سے نبرد آزما ہوتے ہوئے بھی پاکستان نے معاشی بحالی کے سلسلے میں "V" کی صورت بہترین کارکردگی ظاہر کی اور اپنی اندرونی پیداوار میں اضافے، متعلقہ مصنوعات کی بڑھتی ہوئی طلب پر تیاری، تعمیراتی شعبے کی ترقی اور برآمدات کے شعبے میں بہتری سے ممکن ہوا۔ مالی سال ۲۰۲۱-۲۰۲۰ کے لیے مجموعی داخلی پیداوار میں اضافے کی شرح کا ہدف ۲.۱ فیصد تجویز کیا گیا تھا، اور عارضی طور پر ۳.۹۴ فیصد تک جا پہنچا۔

کرنٹ اکاؤنٹ بیلنس زائد رہا اور بنیادی بیلنس کے زائد ہونے کی وجہ سے مالی خسارہ بھی قابل انضباط رہا۔ مزید برآں پالیسی ریٹ بدستور ۷ فیصد پر قائم رہا جس سے کاروباری سرگرمیوں کا رجحان مثبت رہا۔ داخلی سطح پر معاشی سرگرمیوں کی بحالی اور وسیع تر محصولی و انتظامی اصلاحات سے محصولات کی وصولی میں قابل ذکر اضافہ ہوا۔

آپ مربوط حکمت عملی پر عمل پیرا رہتے ہوئے گروپ نے اپنی تمام تر توجہ صارفین کو اعلیٰ معیار کی مصنوعات کی فراہمی کی جانب مرکوز کر رکھی ہے اور یہی کمپنی کا نظریہ عمل ہے۔ کارکردگی کو بہتر بنانے، لاگت کے احسن انصرام اور ترقی کے اہم مواقع کے مطابق سرمایہ کاری کی مد میں ہم نے خاطر خواہ ترقی کی ہے۔ اس کے ساتھ وقت میں بورڈ انتہائی باریک بینی سے کاروباری امور کا جائزہ لیتا رہا تاکہ منظم بنیادوں پر گروپ کی ترقی کو یقینی بنانے کے لیے عمل امور میں بہتری لا کر پیداواری صلاحیت اور کارکردگی میں بہتری کے تسلسل کو برقرار رکھا جا سکے۔

ان حالات میں درپیش چیلنجز کے باوجود اللہ تعالیٰ کے فضل و کرم سے، گروپ نے مجموعی بنیادوں پر ۱۰،۹۵۹ ملین روپے کی ریکارڈ فروخت کی اور ۹۱۵ ملین روپے منافع حاصل کیا جو گزشتہ سال حاصل ہونے والے ۱۲۲ ملین روپے کے منافع سے ۳۳۹ فیصد زیادہ ہے۔ اس دوران فی حصص کل آمدن بڑھ کر ۷.۹۲ روپے رہی جو گزشتہ سال ۱.۵۰ روپے تھی۔ یہ حصص یافتگان کی منفعت کو بڑھانے کے لیے ہماری کاوشوں کا واضح ثبوت ہے۔

افراطِ زر کی بڑھتی ہوئی شرح اور روپے کی کم ہوتی قدر سے مجموعی معیشت دباؤ کا شکار رہی۔ دریں اثناء گروپ کی حکمت عملی یہی رہی کہ مصنوعات کی فروخت بڑھا کر منفعت میں بہتری لائی جائے اور اس مقصد کے حصول کے لیے مصنوعات کے معیار اور آپریشنل کارکردگی میں بہتری لائی گئی۔ علاوہ ازیں مصنوعات کی تیاری میں لاگت پر بچت کو مدنظر رکھتے ہوئے، کمپنی میں نئی مصنوعات کی تیاری کے لیے پیداواری صلاحیت کو بہتر بنایا گیا۔ لبریکنٹس کی بڑھتی ہوئی طلب کو پورا کرنے کی خاطر گروپ اپنی حکمت عملی کے مطابق بلینڈنگ سہولیات میں بتدریج اضافہ کر رہا ہے۔

اپنے طویل المیعاد وژن کو عملی جامہ پہنانے کے لیے گروپ نے پورے سال کے دوران ترقی کے متعدد مواقع کا مستعدی سے جائزہ لیا ہے۔ یہی وجہ ہے کہ گروپ نے بیرونی صارفین کے لیے پلاسٹک مصنوعات کی تیاری کا آغاز کر کے پلاسٹک پیکجنگ انڈسٹری میں قدم رکھنے کا فیصلہ کیا ہے۔ اس کاروبار کو ہمارے کل ملکیتی ذیلی ادارے ہائی ٹیک بلینڈنگ (پرائیویٹ) لمیٹڈ کے تحت چلایا جائے گا۔ اس مقصد کے لیے مطلوبہ مشینری کی درآمد اور تنصیب کے عمل کا باقاعدہ آغاز کر دیا گیا ہے۔

اس وقت صوبہ پنجاب میں ہائی ٹیک لبریکنٹس لمیٹڈ (کمپنی) کے تیس بڑے آپریٹڈ فیول اسٹیشنز فعال ہیں۔ ساہیوال سٹوریج کی تکمیل اور وسعت کے بعد ان کی تعداد بڑھ کر چالیس سے پچاس تک ہو جائے گی۔ مزید برآں آئل اینڈ گیس ریگولیٹری اتھارٹی (اوگرا) نے ضلع نوشہرہ میں واقع کمپنی کے لیے سٹوریج کی دوسری سہولت کی تکمیل کو پہلے ہی منظور کر لیا ہے۔ اس کا مطلب یہ ہے کہ اس سال کے آخر تک اوگرا سے منظوری ملنے پر کمپنی صوبہ خیبر پختونخوا میں پیٹرولیم مصنوعات کی فروخت کا آغاز کر دے گی۔

بورڈ کی مجموعی کارکردگی

کمپنی بورڈ آف ڈائریکٹرز (بورڈ) اور اس کی کمیٹیوں کی تشکیل، طریقہ کار اور اجلاسوں کے حوالے سے کمپنی ایکٹ مجریہ ۲۰۱۷ء کے جملہ تقاضوں اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) قواعد مجریہ ۲۰۱۹ء کے قواعد کا مکمل خیال رکھتی ہے۔ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) قواعد مجریہ ۲۰۱۹ء کے مطابق بورڈ کی کارکردگی کو سالانہ بنیادوں پر جانچا جاتا ہے۔ اس عمل کا بنیادی مقصد بورڈ اور اس کی کمیٹیوں کی کارکردگی کی داخلی سطح پر قدر پیمائی ہے تاکہ انتظامی امور کی نگرانی کی جا سکے اور مضبوط باہمی روابط و تعاون کی بنیاد پر ایسی اہم تشکیل دی جا سکے جو کمپنی کی کامیابی میں کلیدی کردار ادا کرے۔ اگلے سال تک انتظامیہ کے لیے کچھ حکمت عملی اہداف متعین کیے جاتے ہیں اور اس دوران بورڈ کی موثر کارکردگی ان مقاصد میں کامیابی کی بنا پر جانچی جاتی ہے۔ اسی حوالے سے بورڈ نے سال ۲۰۲۱ء کے لیے اپنی قدر پیمائی کی رپورٹ مکمل کر لی ہے اور یہ امر میرے لیے باعث مسرت ہے کہ اس رپورٹ کے حساب سے سال ۲۰۲۱ء میں متعین کیے گئے معیارات کے مطابق بورڈ کی مجموعی کارکردگی حد درجہ بہتر اور اطمینان بخش رہی ہے۔ یہ جانچ کارپوریٹ گورننس کی بہترین کارکردگی کے حوالے سے بورڈ کے متعین کردہ معیارات کے مطابق کی جاتی ہے۔

بورڈ تزویراتی منصوبہ بندی اور بجٹ سازی کے عمل میں فعال طور پر حصہ لیتا ہے اور ہمارے ہاں کارپوریٹ

ہے۔ HTL کی انفارمیشن ٹیکنالوجی کی ٹیم بزنس یونٹس کو معاونت فراہم کرتے ہوئے نیٹ ورک اور آپریٹنگ سسٹم کے استعمال کے دوران معلومات کے بچاؤ کے ضمن میں، تحفظ کے اعلیٰ معیارات اور بہترین خدمات کی فراہمی کو یقینی بنایا ہے تاکہ اس سارے عمل کے دوران سخت ترین انفارمیشن سکیورٹی پالیسیز پر عمل درآمد یقینی بنایا جا سکے۔

یہ تمام مذکورہ نظام کاروبار کے ہر کلیدی شعبے (جیسے مالیات، سپلائی چین، پروکیورمنٹ، ہیومن ریسورس، ایچ آر، مارکیٹنگ، اوٹیمس، ایچ ایس ای، ایکسپینسس) کے کاروباری امور کو بطریق احسن اور بلاتعطل چلانے میں یقینی معاونت فراہم کرتے ہیں۔ علاوہ ازیں یہ نظام ملازمین اور بیرونی صارفین (جیسے ڈسٹری بیوٹرز، خدمات فراہم کرنے والے افراد/ادارے اور کاروباری شراکت دار وغیرہ) کو بھی ضروری معاونت فراہم کرتا ہے۔

کاروبار کو بلاتعطل جاری رکھنے کے لیے منصوبہ بندی BCP

اندرونی اور بیرونی صارفین کے لیے کاروباری تعطل کے وقت کو کم سے کم کرنے کے لیے ایک شفاف فیل اوور سولیوشن کا نفاذ عمل میں لایا گیا ہے۔ ہم نے مرکزی ڈیٹا سینٹر پر جدید ترین کلسٹر سرور کو بروئے کار لاتے ہوئے، تمام بنیادی سرورز کو کلسٹر ماحول کا حصہ بناتے ہوئے خصوصی طور پر تشکیل دیا ہے تاکہ تمام مطلوبہ معلومات با آسانی اور بروقت دستیاب ہوں۔ ہماری جانب سے تمام سرورز کو خاص طور پر ان کے لیے مخصوص کردہ ڈیٹا سینٹر میں ہوسٹنگ فراہم کی گئی ہے۔ یہ جدید ترین ڈیٹا سینٹر ظاہری تحفظ، درجہ حرارت کے انضباط، بجلی اور ہوا سازی کے حوالے سے بہت بہتر کارکردگی کا حامل ہے۔ اس حوالے سے تربیت یافتہ اور پڑھے لکھے تجربہ کار افراد کو بھی ملازمت پر رکھا گیا ہے تاکہ بوقت ضرورت پیشہ ورانہ خدمات کے بروقت حصول کو ممکن بنایا جا سکے۔ سپائی ویئر، کمپیوٹر وائرس، مشکوک ایپلیکیشنز، ڈیٹا لیکج اور سرورز کو ہر طرح کے بیرونی خطرات سے بچانے کے لیے اور ہیڈ آفس سے آفات کی بحالی کی سائٹ تک وی پی این کنکشن کی تشکیل کے لیے خصوصی اور موثر نظام وضع کیا گیا ہے۔

آفات سے بحالی

ناگہانی صورتحال میں بھی انفارمیشن ٹیکنالوجی سے متعلقہ خدمات کی دستیابی کے لیے ایک متبادل ڈیزاسٹر ریکوری سائٹ کو قیام عمل میں لایا گیا ہے۔ کسی بھی ناگہانی صورتحال/خرابی کے واقع ہونے پر انتہائی اہل ایک بائیٹ ڈیٹا بھی کھونے نہیں پاتا (زیرو ڈیٹا لاس)۔ ہماری سائٹ کلسٹر پر مشتمل، ای آر پی سسٹم، اندرونی اور بیرونی سسٹم کے لیے تمام ملازمین کی تربیت کے حوالے سے ہر وقت زیادہ ڈیٹا لاس بیک اپ کو یقینی بناتی ہے۔

حصص داران کی ضروریات/ارادے کو سمجھنے کے لیے بورڈ کی کوششیں

تمام چھوٹے حصص داران کے حوالے سے بورڈ کو اپنی ذمہ داریوں کا مکمل ادراک ہے۔ بورڈ اور مینجمنٹ ٹیم وقتاً فوقتاً اسٹاک مارکیٹ کے بڑے اداروں کے مالکان اور بروکریج ہاؤسز سے رابطے میں رہتے ہیں تاکہ حصص داران کے تقاضوں اور ارادے کو سمجھا جا سکے۔ بورڈ آف ڈائریکٹرز کا چیف اعلیٰ استعداد کے حامل ایسے حصص داران کی توجہ حاصل کرتا ہے کہ جو کمپنی کی حکمت عملی اور معاملات کو سمجھتے ہوں۔ ۲۳ اکتوبر ۲۰۲۰ کو منعقد ہونے والے عمومی سالانہ اجلاس میں بورڈ کے تمام اراکین نے ویڈیو لنک کے ذریعے سے حصص داران سے ملاقات کی تاکہ کمپنی کے بارے میں ان حصص داران کی رائے حاصل کی جا سکے اور اس برس بھی عمومی سالانہ اجلاس کے دوران ایسا کیا جائے گا۔ کمپنی ۳۰ جون ۲۰۲۱ کو ختم ہونے والے مالی سال کے سالانہ تصدیق شدہ مالیاتی گوشواروں کی بنیاد پر، پی ایس ایکس کی اجازت کے مطابق آنے والے عمومی سالانہ اجلاس کے ایک ماہ کے دوران، کم از کم ایک کارپوریٹ بریفنگ سیشن (سی بی ایس) منعقد کرنے کا ارادہ رکھتی ہے۔

ڈائریکٹران کی تربیت

کمپنی ڈائریکٹران کی تربیت کے حوالے سے تمام قانونی تقاضوں کو پورا کر چکی ہے اور کمپنی کے دس میں سے نو ڈائریکٹران اس حوالے سے تربیتی اسناد بھی حاصل کر چکے ہیں۔ نئے آنے والے ڈائریکٹرز بھی قانونی مدت کے دوران یہ سند حاصل کر سکتے ہیں۔

کمپنی کا اسٹاف اور صارفین

ہم اپنے تمام ملازمین کی ان تھک محنت اور کمپنی کے مقاصد کو حاصل کرنے کے لیے ان کی پرعزم کوششوں کو خراج تحسین پیش کرتے ہیں اور ملکی معیشت کے لیے اس مشکل ترین سال کے دوران بھی بہترین نتائج حاصل کرنے پر ہم ان کے تہہ دل سے شکر گزار ہیں۔ ہم اپنے صارفین اور حصص داران کا بھی شکریہ ادا کرتے ہیں کہ ہماری خدمات اور مصنوعات پر انہوں نے اپنے اعتماد کو برقرار رکھا۔

کمپنی کی ویب سائٹ

قانونی/ریگولیٹری تقاضوں کو پورا کرنے کے لیے تمام متعلقہ معلومات کی کمپنی کی ویب سائٹ پر دستیابی ناگزیر ہے لہٰذا تمام معلومات کو باضابطہ انداز میں کمپنی کی ویب سائٹ www.hitechlubricants.com پر رکھ دیا گیا ہے۔

حسن طاہر
(چیف ایگزیکٹو آفیسر)

شوکت حسن
(چیئرمین)

۱۰ ستمبر ۲۰۲۱ء
لاہور

☆ جناب علی حسن (بورڈ کی سرمایہ کاری کی کمیٹی کے ممبر)
☆ جناب محمد عمران (سی ایف او اور بورڈ کی سرمایہ کاری کی کمیٹی کے ممبر)
☆ جناب ظفر ارکسیل (ٹی ایم سپلائی چین اینڈ ایڈمنسٹریشن اور بورڈ کی سرمایہ کاری کی کمیٹی کے ممبر)

ڈائریکٹرز کے مشاہرہ تعین کرنے کی پالیسی:

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز ۲۰۱۹ء کے قواعد پر عمل درآمد کرتے ہوئے ڈائریکٹرز کے مشاہرہ تعین کرنے کی پالیسی کا خلاصہ مندرجہ ذیل ہے:

بورڈ کی انسانی وسائل و مشاہرہ کمیٹی کو بورڈ کی جانب سے اختیار دیا گیا ہے کہ کمپنی کے ڈائریکٹران کے مشاہرہ سے متعلق پالیسی تشکیل دیں، اس کی نگرانی کریں اور اس پر عمل درآمد یقینی بنائیں۔ بورڈ کی جانب سے ڈائریکٹران کے مشاہرہ طے کرنے کے لیے اپریل ۲۰۱۸ء کو ایچ آر اینڈ آر سی کی سفارش پر پالیسی کی منظوری دی گئی جس میں ۸ ستمبر ۲۰۱۸ء کو ترمیم کی گئی۔ مذکورہ پالیسی کے اہم نکات مندرجہ ذیل ہیں:

پالیسی کے مطلوبہ مقاصد درج ذیل ہیں:

☆ بورڈ کے حوالے سے وسیع کاروباری تجربے اور اعلیٰ صلاحیتوں کے حامل ڈائریکٹران کو اس عہدہ کے لیے متوجہ کرنا، ان کی حوصلہ افزائی کرنا اور انہیں اس عہدے پر برقرار رکھنا اور
☆ ڈائریکٹران کے معاوضہ کے تعین کے لیے تمام مربوط منصفانہ، آئینی، شفاف اور قواعد پر عمل درآمد یقینی بنانا

پالیسی کو ترتیب دیتے وقت مندرجہ ذیل امور کو ملحوظ خاطر رکھا گیا:

☆ کمپنی کی حکمت عملی سے متعلقہ اہداف اور مقاصد کی تکمیل
☆ کاروباری ادارے، کمپنی پر عائد ہونے والی وقائع خاصہ کی ذمہ داریوں کی انجام دہی
☆ کمپنی کے کاروبار سے متعلق بنیادی فلسفہ عمل کی سالمیت کا خیال رکھنا
☆ مطلوبہ عہدے کے لیے مارکیٹ کی صورت حال

کارکردگی میں اضافے، مسابقتی وسعت اور مطلوبہ کاروباری اہداف کے لیے تحریک کے متناسب سازگار دفتری ماحول کی تشکیل اور پاکستان میں کام کرنے والی کاروباری ادارے۔ دیگر کاروباری حجم کی حامل کمپنیوں میں معاوضات کے مروجہ طریقے سے موازنہ ڈائریکٹران کو دی جانے والی بنیادی تنخواہ کی زیادہ سے زیادہ حد اور دیگر مراعات کی منظوری کمپنی کے حصص داران دے چکے ہیں۔

☆ اہم انفرادی سطح پر کسی ڈائریکٹر کے معاوضات کو طے کرتے ہوئے مندرجہ ذیل امور کا خیال رکھا جاتا ہے:

☆ خصوصی اہلیت، متعلقہ تجربہ، ڈائریکٹر کی ذاتی قابلیت
☆ اس کی اہلیت کی مارکیٹ میں موجودہ قدر
☆ ڈائریکٹر اور کمپنی کے درمیان کاروباری تعلق کی نوعیت، یعنی وہ کس طرح کی ڈائریکٹرشپ پر فائز ہے
☆ آزاد ڈائریکٹران کا مشاہرہ صرف بورڈ/کمیٹی/حصص داران کے اجلاسوں کی فیس تک محدود ہے

ڈائریکٹران کے مختلف درجات کے حوالے سے مشاہرہ کا خلاصہ کچھ یوں ہے:

	ایگزیکٹو ڈائریکٹرز	نان ایگزیکٹو ڈائریکٹر	آزاد ڈائریکٹر
بنیادی تنخواہ کی زیادہ سے زیادہ حد	ایک سال میں ۹۰ ملین روپے	ایک سال میں ۱۸ ملین روپے	کوئی نہیں
مراعات	گاڑی جس کی دیکھ بھال کمپنی کی ذمہ داری ہے، صحت کے اخراجات، فون کا خرچہ، متفرق دیگر کمپنیوں کے سفری اخراجات	گاڑی جس کی دیکھ بھال کمپنی کی ذمہ داری ہے، صحت کے اخراجات، فون کا خرچہ، متفرق دیگر کمپنیوں کے سفری اخراجات	کوئی نہیں
کارکردگی کی بنیاد پر بونس	جس کی تجویز چیئرمین دے اور جس کی ایچ آر آر سی / بورڈ آف ڈائریکٹرز کا ہر رکن انفرادی طور پر منظوری دے	کوئی نہیں	کوئی نہیں
ڈائریکٹر کے اجلاس کی فیس کی زیادہ سے زیادہ حد	کوئی نہیں	کوئی نہیں	بورڈ یا اس کی کسی کمیٹی کے ایک مکمل اجلاس کی مد میں چار لاکھ روپے
اخراجات کی واپسی	کمپنی کے امور کی انجام دہی کے دوران ڈائریکٹر کی جانب سے کیے جانے والے اصل اخراجات یا اس ضمن میں متعلقہ مراعات مثال کے طور پر کمپنی کے امور کے لیے سفر کے دوران رہائش کا خرچ		
پروفیشنل انڈیمنٹی انشورنس	کی سہولت ہے	کی سہولت ہے	کی سہولت ہے
بعد از ملازمت مراعات	کوئی نہیں	کوئی نہیں	کوئی نہیں
حصص کی تقسیم سے متعلقہ سہولت	کوئی نہیں	کوئی نہیں	کوئی نہیں

* بنیادی تنخواہ اور کارکردگی کی بنیاد پر بونس کا تعین ایچ آر آر سی / بورڈ آف ڈائریکٹرز کے ہر رکن کی جانب سے انفرادی طور پر منظوری کے بعد بورڈ کی طے کردہ حدود میں رہتے ہوئے کیا جاتا ہے۔

بورڈ کا "آفات سے از پائیدار کاروباری تسلسل کا منصوبہ" کا جائزہ

HTL کے بیک اپس انفارمیشن ٹیکنالوجی اور ایم آئی ایس کلیدی کردار ادا کرتی ہے۔ انفارمیشن ٹیکنالوجی ڈیپارٹمنٹ ادارے کے کمپیوٹنگ سسٹم کو جدید دور کے عین مطابق، دستیاب اور مؤثر رکھنے میں مدد دیتا

مرتبہ فرائض اور ضوابط کا لحاظ رکھا گیا۔ ضابطہ کے مطابق اس مقصد کے لیے کسی بھی بیرونی فرم / یا فرد کی خدمات حاصل نہیں کی گئیں۔

ایگزیکٹو کی حیثیت سے غور کرنے کی حد کا تعین

بورڈ نے کمپنی کے ان تمام ملازمین کو بطور ایگزیکٹو تصور کرنے کے لئے حد مقرر کی ہے جو اعلیٰ عہدوں بشمول کمپنی کے چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری، ہیڈ آف انٹرنل آڈٹ اور تمام شعبہ جات کی نگرانی پر فائز ہوں، اور اس کے علاوہ انسانی وسائل و مشاہرہ کمیٹی کے انتخاب کے مطابق ادارے میں کلیدی کردار ادا کرنے والے تمام ایسے ملازمین جن کا ماہانہ مشاہرہ چار لاکھ روپے یا اس سے زیادہ ہے انھیں اس حوالے سے ایگزیکٹو تصور کیا جائیگا۔

مالیاتی سال کے دوران میں کمپنی کے تمام ڈائریکٹرز کے نام

☆ جناب شوکت حسن (چیئرمین بورڈ اور نان ایگزیکٹو ڈائریکٹر)
☆ جناب حسن طاہر (سی ای او، ایگزیکٹو ڈائریکٹر)
☆ جناب محمد علی حسن (ایگزیکٹو ڈائریکٹر)
☆ جناب طاہر اعظم (نان ایگزیکٹو ڈائریکٹر)
☆ جناب فراز اختر زیدی (نان ایگزیکٹو ڈائریکٹر)
☆ مس نادرہ طاہر (نان ایگزیکٹو ڈائریکٹر)
☆ جناب محمد تبسم منیر (نان ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹر)
☆ ڈاکٹر صفدر علی بٹ (نان ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹر)
☆ سید اسد عباس حسین (نان ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹر)
☆ جناب بی وون پارک (ایس کے لبریکنٹس کمپنی لمیٹڈ کے ساتھ نامزد) (۱۲ اکتوبر ۲۰۱۹ء سے ۲۳ اکتوبر ۲۰۲۰ء تک نان ایگزیکٹو ڈائریکٹر)
☆ جناب جنگ وو لی (ایس کے لبریکنٹس کمپنی لمیٹڈ کے ساتھ نامزد) (۲۳ اکتوبر ۲۰۲۰ء سے ۳ جون ۲۰۲۱ء تک نان ایگزیکٹو ڈائریکٹر)
☆ جناب ہایوک جی کوان (ایس کے لبریکنٹس کمپنی لمیٹڈ کے موجودہ نامزد) (۲۸ جون ۲۰۲۱ء سے نان ایگزیکٹو ڈائریکٹر)

ڈائریکٹرز رپورٹ کے وقت بورڈ کی تشکیل

ڈائریکٹرز رپورٹ کے وقت بورڈ کی تشکیل مندرجہ ذیل ہے:

مندرجہ ذیل کے مطابق ڈائریکٹرز کی کل تعداد ۱۰ ہے:

مرد: ۹

خاتون: ۱

ڈائریکٹرشپ کی قسم کے مطابق بورڈ کی تشکیل مندرجہ ذیل ہے:

الف) انڈیپنڈنٹ ڈائریکٹرز: ۳
ب) دیگر نان ایگزیکٹو ڈائریکٹرز: ۵ (بشمول ایک خاتون ڈائریکٹر)
پ) ایگزیکٹو ڈائریکٹرز: ۲

بورڈ کی کمیٹیاں

بورڈ نے اپنے مختلف امور میں مدد کے لئے مندرجہ ذیل کمیٹیاں تشکیل دی ہیں۔

بورڈ کی آڈٹ کمیٹی کے ممبران کے نام:

☆ جناب محمد تبسم منیر (بورڈ کی آڈٹ کمیٹی کے چیئرمین)
☆ جناب صفدر علی بٹ (بورڈ کی آڈٹ کمیٹی کے ممبر)
☆ جناب شوکت حسن (بورڈ کی آڈٹ کمیٹی کے ممبر)
☆ جناب طاہر اعظم (بورڈ کی آڈٹ کمیٹی کے ممبر)
☆ جناب فراز اختر زیدی (بورڈ کی آڈٹ کمیٹی کے ممبر)

بورڈ کی انسانی وسائل و مشاہرہ کمیٹی کے ممبران کے نام:

☆ جناب صفدر علی بٹ (بورڈ کی انسانی وسائل و مشاہرہ کمیٹی کے چیئرمین)
☆ جناب شوکت حسن (بورڈ کی انسانی وسائل و مشاہرہ کمیٹی کے ممبر)
☆ جناب طاہر اعظم (بورڈ کی انسانی وسائل و مشاہرہ کمیٹی کے ممبر)
☆ مس نادرہ طاہر (بورڈ کی انسانی وسائل و مشاہرہ کمیٹی کی ممبر)

بورڈ کی نامزدگی کمیٹی کے ممبران کے نام:

☆ جناب صفدر علی بٹ (بورڈ کی نامزدگی کمیٹی کے چیئرمین)
☆ جناب شوکت حسن (بورڈ کی نامزدگی کمیٹی کے ممبر)
☆ جناب طاہر اعظم (بورڈ کی نامزدگی کمیٹی کے ممبر)
☆ مس نادرہ طاہر (بورڈ کی نامزدگی کمیٹی کی ممبر)

بورڈ کی رسک مینجمنٹ کمیٹی کے ممبران کے نام:

☆ جناب فراز اختر زیدی (بورڈ کی رسک مینجمنٹ کمیٹی کے چیئرمین)
☆ مس نادرہ طاہر (بورڈ کی رسک مینجمنٹ کمیٹی کی ممبر)
☆ جناب محمد تبسم منیر (بورڈ کی رسک مینجمنٹ کمیٹی کے ممبر)

بورڈ کی اخلاقی سماجی ذمہ داری کمیٹی کے ممبران کے نام

☆ جناب شوکت حسن (بورڈ کی ای ایس آر کمیٹی کے چیئرمین)
☆ جناب طاہر اعظم (بورڈ کی ای ایس آر کمیٹی کے ممبر)
☆ مس نادرہ طاہر (بورڈ کی ای ایس آر کمیٹی کی ممبر)
☆ جناب حسن طاہر (بورڈ کی ای ایس آر کمیٹی کی ممبر)
☆ جناب علی حسن (بورڈ کی ای ایس آر کمیٹی کی ممبر)
☆ محترمہ ثناء صابر (ایچ ٹی ایل کی ڈائریکٹر اور بورڈ کی ای ایس آر کمیٹی کی ممبر)

بورڈ کی سرمایہ کاری کی کمیٹی کے ممبران کے نام

☆ جناب شوکت حسن (بورڈ کی سرمایہ کاری کی کمیٹی کے چیئرمین)
☆ جناب طاہر اعظم (بورڈ کی سرمایہ کاری کی کمیٹی کے ممبر)
☆ جناب فراز اختر زیدی (بورڈ کی سرمایہ کاری کی کمیٹی کے ممبر)
☆ جناب حسن طاہر (بورڈ کی سرمایہ کاری کی کمیٹی کے ممبر)

کی انجام دہی کے لئے صاف، جامع اور درست کوائف اور اعداد فراہم کرتی ہے۔ موجودہ سال میں کمپنی نے مخصوص داران/ممبران کی منظوری کے مطابق مختلف مقاصد کیلئے ۲.۸۹ ملین پاکستانی روپے کے عطیات دیئے۔

استحکام اور اجتماعی سماجی ذمہ داری

ایچ ٹی ایل نے اجتماعی سماجی ذمہ داریوں کی انجام دہی کے سلسلے میں مختلف شعبہ جات کی تعمیر و ترقی میں خصوصی توجہ دی ہے جو پاکستان کے لیے ناگزیر ہیں جیسے: تعلیم، صحت اور ماحول کا تحفظ۔ ہمارے اجتماعی سماجی ذمہ داری کے پروگرام عالمی سطح پر سراہے جانے والے "مستحکم ترقی کے اہداف ۲۰۳۰" کے مطابق تیار کیے گئے ہیں۔ ان کو عمدگی سے مرتب کیا گیا ہے اور متعدد پروگرامز کے امتزاج سے ان کے انتظامی ڈھانچے کی تشکیل کا بنیادی مقصد انسانوں کی زندگی میں مثبت تبدیلی لانا ہے۔ اس کے لیے ادارہ نہ صرف دوسروں کے ساتھ اشتراک کرتا ہے بلکہ جہاں ضروری ہوتا ہے وہاں آبادیوں کے لیے براہ راست اقدامات بھی کرتا ہے۔ "مستحکم ترقی کے اہداف (SDGs)" کے حصول کے لیے ایچ ٹی ایل پاکستان میں دیگر اہم ایجنسیوں کے ساتھ مل کر گراں قدر کام سرانجام دے رہا ہے۔ مزید تفصیل سالانہ رپورٹ کے متعلقہ حصے میں درج ہے۔

ماحول، صحت اور تحفظ

کاروباری سرگرمیوں کی انجام دہی کے دوران صحت اور ماحول کے تحفظ کو یقینی بنانے کی خاطر آپ کی کمپنی ایسی پٹرولیم مصنوعات متعارف کروانے کی کوشش کر رہی ہے جو فضائی آلودگی کا باعث نہ بنیں اور ان سے مضر صحت مادوں کا اخراج کم سے کم ہو۔ علاوہ ازیں سال ۲۰۲۱ء میں ایچ ٹی ایل ہائی وے اور موٹر وے انتظامیہ کے ساتھ مل کر شاہراہوں پر سفر کو محفوظ تر بنانے کی جانب خصوصی توجہ دے رہے ہیں۔ اس کے علاوہ کمپنی کے دفاتر اور پلانٹ پر مستعدی سے حفظان اور ملازمین کے تحفظ کو یقینی بنانے کے لیے تربیتی ورکشاپس اور سیمینارز کا انعقاد بھی کیا جاتا ہے۔

آپ کی کمپنی روڈ پر موسمی تبدیلی اور کرونا وبا کے دوران انسانی زندگیوں کو تحفظ فراہم کرنے کی کوشش کر رہی ہے۔ اس مقصد کے حصول کے لیے ڈرائیونگ کے دوران ہیلمٹ کے استعمال اور دیگر احتیاطی تدابیر پر عمل درآمد کو فروغ دیا جا رہا ہے۔ اس سلسلے میں سٹی ٹریفک پولیس، نیشنل ہائی وے اور موٹر وے پولیس کے ساتھ مل کر تفصیلی سیمینارز اور آگاہی مہمات کا انعقاد کیا گیا۔ مزید تفصیلات سالانہ رپورٹ کے استحکام اور اجتماعی سماجی ذمہ داری حصے میں مہیا کر دی گئی ہیں۔

اہم انتظامی تبدیلیاں اور کاروباری ذمہ داریاں:

☆ ۳۰ جون ۲۰۲۱ء سے لے کر اب تک کمپنی میں کوئی اہم انتظامی تبدیلیاں نہیں کی گئیں اور نہ ہی گروپ کمپنیوں میں کسی کمپنی کو تفویض کردہ کاروباری ذمہ داریوں میں اضافہ ہوا اور اب تک اس امر سے کسی بھی گروپ کمپنی کی اقتصادی صورتحال کو خطرہ لاحق نہیں ہے۔ اس کے علاوہ کمپنی کا ۳۰ جون ۲۰۲۱ء کو ختم ہونے والے مالی سال کے لیے کمپنی کے انتظامی مشاورتی اور غیر انتظامی شدہ مالی گوشواروں میں کر دیا گیا ہے۔

☆ آڈیٹرز کی طرف سے کمپنی کی مربوط رپورٹ میں کسی بھی سطح پر ایسی کوئی ترمیم نہیں کی گئی کہ جو گروپ کمپنی سے متعلق ہو۔

☆ مذکورہ سال کے دوران گروپ کے تجارتی قرضہ جات کی مد میں کوئی بھی رقم واجب الادا نہیں۔

☆ ان مالی گوشواروں کو اکاؤنٹنگ اور رپورٹنگ سے متعلق پاکستان میں مروجہ معیارات کے عین مطابق تشکیل دیا گیا ہے۔ پاکستان میں مروجہ اکاؤنٹنگ اور رپورٹنگ معیارات میں درج ذیل عناصر شامل ہیں۔

☆ بین الاقوامی اکاؤنٹنگ سٹینڈرڈز بورڈ (آئی اے ایس بی) کی جانب سے جاری کیے گئے بین الاقوامی مالیاتی رپورٹنگ سٹینڈرڈز (آئی ایف آر ایس)، کمپنیز ایکٹ، مجریہ ۲۰۱۷ء کے تحت جاری شدہ ہیں۔

☆ کمپنیز ایکٹ، مجریہ ۲۰۱۷ء کے تحت دفعات اور ہدایات

☆ جہاں کمپنیز ایکٹ مجریہ ۲۰۱۷ء کے تحت دفعات اور ہدایات اور آئی ایف آر ایس کی شقوں میں اختلاف نظر آیا وہاں کمپنیز ایکٹ مجریہ ۲۰۱۷ء کی دفعات اور ہدایات پر عمل کیا گیا ہے۔

☆ کاروباری انضباط سے متعلق بہترین اقدامات (Best Corporate Governance) کو یقینی بناتے ہوئے کسی بھی ایسے اہم امر سے روگردانی نہیں کی گئی کہ جس کی تفصیل لسٹنگ ریگولیشنز اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) مجریہ ۲۰۱۹ء کے قواعد و ضوابط میں درج ہو۔

☆ کمپنی کے قیام سے لے کر اب تک (جو کہ گزشتہ ۶ سال کا عرصہ بنتا ہے) کا اہم بنیادی انتظامی اور اقتصادی ڈیٹا سالانہ رپورٹ میں کسی جگہ بیان کر دیا گیا ہے۔

☆ ہر گروپ کمپنی کے مالی گوشواروں پر تنقیح کنندگان کی جانب سے غیر ترمیمی/ غیر مشروط رائے درج کر دی گئی ہے۔

قومی خزانے میں ہمارا حصہ

ملکی معیشت کی ترقی میں کمپنی کا کردار قابل ذکر ہے۔ مالی سال ۲۰۲۱ء کے دوران کمپنی نے قومی خزانے میں فروخت محصول، آمدنی محصول، کسٹمز ڈیوٹیز اور دیگر قانونی محصولات کی مد میں ۲.۸ ارب روپے کی خطیر رقم جمع کروا کر ملکی معیشت کی بحالی میں اہم کردار ادا کیا۔

متعلقہ پارٹیز سے معاہدے

مذکورہ سال کے دوران کمپنی کی جانب سے جناب حسین امین اور جناب ذکی اعظم (نان ایگزیکٹیو ڈائریکٹرز) جناب شوکت حسن صاحب اور جناب طاہر اعظم صاحب کے بھائی) کی صاحبزادی؛ ملازمت کے ذریعے حاصل کی گئی خدمات کے سلسلے میں متعلقہ پارٹی کے معاہدات کی تجدید کی گئی۔ ان متعلقہ پارٹیز کے ساتھ کیے گئے معاہدہ ملازمت کے ذریعے خدمات کی فراہمی کے حوالے سے مذکورہ معاہدات کی رو سے دونوں ادارے HTL Express اور HTL Stations (OMC) کے لیے بالترتیب پیشہ وارانہ خدمات کی فراہمی جاری رکھیں گے۔ اس ضمن میں کاروباری اور تجارتی مفادات کو تحفظ فراہم کرنے کے لیے کمپنی کی جانب سے کمپنیز ایکٹ مجریہ ۲۰۱۷ء کے تقاضوں اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز مجریہ ۲۰۱۹ء کی ہدایت پر عمل درآمد یقینی بناتے ہوئے بورڈ نے اس تجدید کی منظوری دی۔

کارکردگی کی جانچ پڑتال

کمپنی کی جانب سے ۳۰ جون ۲۰۲۱ء کو ختم ہونے والے مالی سال تک انفرادی سطح پر بورڈ، اس کے اراکین، کمیٹیوں، چیئرمین اور چیف ایگزیکٹو آفیسر کی کارکردگی کا جائزہ لیا گیا اور اس عمل کی انجام دہی کے دوران سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایت کے مطابق بورڈ کی انسانی وسائل و مشاہرہ کمیٹی کی

کمپنی کا فنانس ڈپارٹمنٹ جہاں تک ممکن ہو مالیاتی خدشات کی جانچ اور روک تھام کرتا ہے۔ بورڈ مجموعی رسک مینجمنٹ کیلئے اصول فراہم کرنے کے ساتھ ساتھ خصوصی ایریاز جیسے کرنسی رسک، شرح سود کے رسک، کریڈٹ رسک، لیکویڈیٹی رسک اور اضافی لیکویڈیٹی کی سرمایہ کاری کے بارے میں پالیسیز پیش کرتا ہے۔ خزانے سے متعلق تمام لین دین ان پالیسیز کے تحت کئے جاتے ہیں۔

کمپنی کیلئے بڑے خدشات لیبر مجموعی فنانشل اسٹیٹمنٹس کے نوٹ ۴۳ میں دیئے گئے ہیں اور ان کے خاتمے کیلئے اختیار کئے گئے اقدامات درج ذیل ہیں:

قرض کے خطرات

مالیاتی معاہدے کی دستاویز کے تحت عائد شدہ ذمہ داریوں کی مالک فریق کی جانب سے عدم تکمیل کی وجہ سے دوسرے فریق کو درپیش مالی خسارے کا خدشہ قرض کا خطرہ کہلاتا ہے۔ کمپنی کا معاہدہ پر قرض نہیں دینا سوائے مالیاتی طور پر منظم مستحق صارفین کو اور یہ رقم کمپنی کی مجموعی آمدنی میں غیر مادی حیثیت رکھتی ہے۔ مالیاتی اثاثہ جات کے حوالے سے یہ رقم قرض پر نقصان برداشت کرنے کی زیادہ سے زیادہ مجموعی حد کی نمائندگی کرتی ہیں۔ کمپنی کو یقین ہے کہ اسے قرض کے بڑے ارتکاز، مارکیٹ قدر و قیمت میں رد و بدل سے متعلقہ خطرات (مارکیٹ و سیٹلمنٹ ایکشن رسک) سے نبرد آزما ہونا پڑے گا۔ قرض پر نقصان برداشت کرنے کی مذکورہ حد کو 'A' ریٹنگ کے بینکوں اور مالیاتی اداروں کے ساتھ سرمایہ کاری کے پورٹ فولیو کے متنوع استعمال کے ذریعے منظم کیا جاتا ہے۔

لیکویڈیٹی کے خطرات

لیکویڈیٹی رسک وہ خطرہ ہے جب کمپنی اپنی مالیاتی واجبات وقت پر ادا نہ کر سکے۔ کمپنی لیکویڈیٹی رسک کا انتظام خاطر خواہ نقد رقم اور بینک بیلنس اور طے شدہ کریڈٹ کی سہولیات کی رقم کے ذریعہ کرتی ہے۔ کمپنی کی فنڈ مینجمنٹ کی حکمت عملی کا مقصد اندرونی طور پر کیش کے حصول کے ذریعے لیکویڈیٹی کے رسک کا بندوبست کرنا ہوتا ہے۔ HTL کو مالیاتی لحاظ سے طویل مدت اور قلیل مدت کیلئے بالترتیب A اور A-2 کریڈٹ ریٹنگ الاٹ کی گئی ہے۔ اس سے جاری واجبات کی بروقت ادائیگی کی اہمیت اور مستحکم لیکویڈیٹی پوزیشن کا اظہار ہوتا ہے۔ مستحکم لیکویڈیٹی پوزیشن کے باعث قابل وصولی بیلنس کی کم سطح اور خاطر خواہ کریڈٹ لائنز سے کمپنی اپنے تمام ہنگامی حصے پورا کرنے کے قابل ہے۔

زرمبادلہ کے خطرات

زرمبادلہ کا خطرہ عموماً وہاں پیدا ہوتا ہے جہاں قابل وصولی اور قابل ادائیگی رقوم کا لین دین بیرونی کرنسی میں کیا جائے۔ کمپنی کو معاہدہ پر کمپنی کے کاروبار کی مسلسل ذیلی کاروبار کے لیے تیار لبریکنٹس، خام مال، پلانٹ اور مشینری کی درآمد کی مد میں مختصر مدت کے لیے امریکی ڈالر/ پاکستانی روپے کی صورت میں مساوات مبادلہ کے خدشات کا سامنا رہتا ہے۔ چونکہ اسٹیٹ بینک آف پاکستان کی ہدایات کے مطابق پٹرولیم، آئل اور لبریکنٹس (پی او ایل) مصنوعات کو مستقبل میں قیمتوں کے اضافے سے بچنے کے لیے پہلے سے ہی معینہ قیمتوں پر خریدا نہیں جا سکتا لہٰذا کمپنی کو ڈالر کے مقابلے میں روپے کی قدر و قیمت میں اتار چڑھاؤ کے اثرات کو مستقل بنیادوں پر برداشت اور اس کے مطابق انتظام کرنا پڑتا ہے۔ تاہم اندرونی پیداوار کا بڑا حصہ بلینڈنگ یونٹ کو منتقل کر دیا گیا ہے اور ہم اس رسک کو بڑی حد تک ختم کرنے کے قابل ہو گئے ہیں علاوہ ازیں ہم نے اس مقصد کے لیے مصنوعات کی تیاری کے وقت کو کم کرنے اور مالی مشکلات سے نبرد آزما ہونے کے لیے مخلوط اشیاء (لبر) کی انوینٹری کے مؤثر انتظام کو بھی ممکن بنایا ہے۔

اس کے علاوہ بورڈ اور رسک مینجمنٹ کمیٹی بھی کمپنی کو درپیش بڑے خدشات کی باقاعدگی سے بھرپور جانچ کرتی ہے جس میں کاروبار کے ماڈل، مستقبل کی کارکردگی، قرض ادا کرنے کی اہلیت کو یا لیکویڈیٹی کی مد میں درپیش خطرات کی مستقل طور پر جانچ بھی شامل ہے۔

خطرات کی گورننس

کمپنی کی ایک بہت بہتر طریقے سے بنائی گئی رسک مینجمنٹ کمیٹی ہے جو کہ ہمارے رسک مینجمنٹ پروگرام کے مختلف سطحوں پر کردار اور ذمہ داریوں کو واضح طور پر بیان کرتی ہے۔

بورڈ کمیٹیاں

بورڈ ابتدائی طور پر رسک مینجمنٹ کا جائزہ اپنی کمیٹیوں کے ذریعہ کرتا ہے۔ آڈٹ کمیٹی فنانشل، ریگولیٹری اور کمپلائنس رسک پر توجہ مرکوز کرکے شفافیت اور احتساب کے عمل کو یقینی بناتی ہے۔ کمیٹی کی میٹنگ ہر سہ ماہی میں یا حسب ضرورت منعقد کی جاتی ہے۔ ہیومن ریسورس اینڈ ریمونریشن کمیٹی اپنے شعبہ میں رسک کے امکانات پر نظر رکھتی ہے جس میں معاوضے کے پروگرام کا جائزہ شامل ہے تاکہ اجتماعی رسک میں اضافہ نہ ہونے کو یقینی بنایا جا سکے۔ اس کے علاوہ کمپنی آپریشن کے ہر اہم شعبہ میں قابل انسانی وسائل کی دستیابی کو یقینی بنانے کیلئے جانشینی کی پلاننگ کرتی ہے۔ رسک مینجمنٹ کمیٹی تمام مادی کنٹرولز (فنانشل، آپریشنل اور کمپلائنس) کی نگرانی کرتی ہے اور جائزہ لیتی ہے تجزیہ رسک کے خاتمے کیلئے بروقت اقدامات تجویز کرتی ہے اور مالیاتی معلومات کے تحفظ کا خیال رکھتی ہے۔ انفارمیشن ٹیکنالوجی کمیٹی مجموعی انفارمیشن ٹیکنالوجی پالیسیوں، حکمت عملی اور سرمایہ کاری میں رسک مینجمنٹ کی تکمیل کی ذمہ دار ہے۔

اندرونی کنٹرول اور مانیٹرنگ

ڈائریکٹرز اندرونی مالیاتی کنٹرول کے درست ہونے کے علاوہ اس بات کے بھی ذمہ دار ہیں کہ کمپنی کے اندرونی کنٹرول کا نظام ڈیزائن کے اعتبار سے مستحکم ہے اور مؤثر طور پر اس پر عمل اور نگرانی کی جا رہی ہے۔ مضبوط خودکار مالیاتی معلومات کا نظام قائم کیا گیا ہے اور نظام کی رسائی کی سختی سے پابندی کی جاتی ہے۔ HTL نے بھی اپنے تمام امور میں مربوط اندرونی کنٹرول کا نظام قائم کیا ہے۔ کنٹرول کو اپ ٹو ڈیٹ رکھنے کیلئے پورے سال کے دوران میں بیرونی اور اندرونی آڈٹ کا اہتمام کیا جاتا ہے۔ اندرونی آڈٹ کے امور بورڈ کے منظور شدہ پلان کے مطابق انجام دیئے جاتے ہیں اور خودمختار اور معروضی جانچ فراہم کی جاتی ہے نیز گورننس، رسک مینجمنٹ اور کنٹرول کے طریقہ کار کے مؤثر ہونے کے بارے میں براہ راست آڈٹ کمیٹی کو رپورٹ کی جاتی ہے۔

پالیسیاں اور طریقہ کار

بورڈ اور اس کی کمیٹیاں پالیسیوں اور طریقہ کار اختیار کرتے ہیں اور انہیں کمپنی کے رسک گورننس فریم ورک سے منسلک کیا جاتا ہے تاکہ فنانشل، آپریشنل اور کمپلائنس کے خطروں کی مینجمنٹ کو یقینی بنایا جا سکے۔ یہ سب بہترین طریق عمل، اخلاقیات اور اقدار کے مجموعے پر مبنی ہوتے ہیں اور مناسب طور پر عمل درآمد کیلئے سینئر مینجمنٹ کو اس کے ضروری اختیارات سونپے گئے ہیں۔

اجتماعی سماجی ذمہ داری (CSR)

پچھلے سال کی طرح اس سال کے دوران بھی آپ کی کمپنی نے مختلف سماجی خدمات کی انجام دہی پر توجہ مرکوز رکھی جس میں تعلیم، صحت، قدرتی آفات کی ترویج، ماحول کے تحفظ اور سماجی بہبود کے کام شامل ہیں۔ آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کے فیصلے کے مطابق ۲ جولائی ۲۰۱۰ کو ساجد چیریٹی ٹرسٹ کے نام سے ایک ٹرسٹ قائم کیا گیا۔ یہ ٹرسٹ انکم ٹیکس آرڈیننس، مجریہ ۲۰۰۱ء کی دفعہ ۲(۳۶) کے تحت باقاعدہ رجسٹرڈ ہے۔ ٹرسٹ کا بنیادی مقصد تعلیم، صحت اور دیگر فلاح و بہبود کے کاموں میں مدد کرنا ہے۔ کمپنی سماجی کاموں

IPO فنڈز

کمپنی کے مالیاتی حسابات کے نوٹ 51 میں سال مختتمہ ۳۰ جون ۲۰۲۱ء تک کیے گئے IPO کے طریقہ کار کے استعمال کی تفصیلی معلومات فراہم کی گئی ہیں۔

	پاکستانی روپے
غیر استعمال شدہ IPO حاصل شدہ بمطابق یکم جولائی ۲۰۲۰ء	۷۳۹,۱۸۰,۸۹۳
جمع: ٹرم ڈپازٹ پر منافع	۱۷,۷۸۵,۲۱۴
جمع: بینک ڈپازٹ پر منافع	۱,۹۳,۵۳۸
جمع: میوچل فنڈز میں سرمایہ کاری پر منافع منقسمہ	۱۹,۳۳۷,۰۳۰
جمع: میوچل فنڈز میں سرمایہ کاری کی بیچ پر منافع	۱,۰۱۰,۸۳۳
جمع: میوچل فنڈز میں سرمایہ کاری کی بیچ پر غیر حقیقی منافع	۳۰۳,۸۷۰
کمی: OMC پروجیکٹس سے متعلق کی گئی ادائیگیاں	(۲۳۹,۷۴۲,۳۸۳)
کمی: منافع پر ود ہولڈنگ ٹیکس کمی: میوچل فنڈز سے حاصل شدہ منافع منقسمہ پر ود ہولڈنگ ٹیکس	(۴,۹۵۳,۵۳۴) (۴,۹۰۰,۵۵۵)
کمی: میوچل فنڈز کی بیچ پر کٹوتی ود ہولڈنگ ٹیکس	(۲۹۹,۵۴۱)
کمی: بینک چارجز	(۱,۵۰۷)
غیر استعمال شدہ IPO پروسیڈز بمطابق ۳۰ جون ۲۰۲۱ء	۵۳۳,۷۳۱,۸۹۸

بورڈ اور انتظامیہ کی رائے میں اس کیپٹل سے حصص داران کے بہترین مفاد میں خدمات کو بہترین طریقے سے سرانجام دیا گیا ہے۔

مستقبل کا منظرنامہ

ڈالر کے مقابلے میں روپے کی کم ہوتی قدر سے گاڑیوں کی قیمت میں نمایاں اضافے اور پرزہ جات کی رسد میں بین الاقوامی رکاوٹوں کی وجہ سے گاڑیوں کی فروخت میں سست روی متوقع ہے۔

اپنی مصنوعات کی مالیاتی طلب کو مدنظر رکھتے ہوئے، ایچ ٹی ایل نے پہلے ہی اپنی درآمد شدہ مصنوعات کے پیٹ فولیو کا ۹۰ فیصد حصہ پلانٹ پر منتقل کرتے ایچ ٹی بی پی میں اپنی مقامی سطح پر بلینڈنگ کو بڑھا دیا ہے مزید برآں ہم بلینڈنگ کی سہولیات میں بھی اضافہ کر رہے ہیں۔ اس طرح ہم مکمل طور پر تیار شدہ اور پیک کی گئی بلینڈڈ مصنوعات کی درآمد پر خرچ ہونے والے زرمبادلہ میں مسلسل کمی لا کر ملکی زرمبادلہ کی بچت میں گراں قدر کردار ادا کر رہے ہیں۔

ہم توقع کرتے ہیں کہ سال ۲۰۲۲ء میں ادارہ ہی کا کور آپریشنل نفع اور نقصان کی حد تک بہتر سطح سے کہیں زیادہ بہتر منافع حاصل کرے گا تاہم یہ اقتصادی حالت کے استحکام، اعمال سرورز میٹرز کی تعداد میں خاطر خواہ اضافے کے ساتھ ساتھ تیل کی قیمتوں، ایکسچینج اور انٹرسٹ ریٹ میں استحکام سے مشروط ہے۔

مزید برآں گروپ نے بیرونی پارٹیز کے لیے پلاسٹک پراڈکٹ کی تیاری کے شعبہ میں قدم رکھ کر پیکجنگ انڈسٹری میں موجود نئے کاروباری مواقع سے استفادے کا بھی فیصلہ کیا ہے۔ اس کاروبار کو ادارہ کی کلی ملکیتی ذیلی کمپنی، ہائی ٹیک بلینڈنگ (پرائیویٹ) لمیٹڈ (ایچ ٹی بی پی ایل) کے ذریعے چلایا جائے گا۔ ایچ ٹی بی پی ایل ۲۰۱۶ء سے مقابلے کی سطح پر تیار ہونے والی سطح پر ابھری جانے والی اپنی مصنوعات کے لیے اپنی ضروریات کے مطابق بوتلیں تیار کر رہی ہے۔ یہاں ادارہ کو ایکسٹروژن بلو مولڈنگ اور انجکشن مولڈنگ میں اچھا خاصا تجربہ حاصل ہو گیا ہے۔ کمپنی کچھ عرصے سے بیرونی صارفین کے لیے بھی ایسی ہی پلاسٹک کی بوتلیں تیار کرنے کے مواقع تلاش کرتی رہی ہے۔ تاہم اب ایچ ٹی بی پی ایل سے بڑے پیمانے پر پلاسٹک کی بوتل استعمال کرنے والے اداروں نے اپنی متنوع اور خاص ضروریات کے مطابق خصوصی طور پر ڈیزائن کردہ بوتلوں کی فراہمی کے لیے رابطہ کیا ہے اور کمپنی اس کے انتظامات کو حتمی شکل دینے کے مراحل میں ہے۔

ہمارے فعال سرورز میٹرز میں متوقع اضافے، بلینڈنگ پلانٹس کے آپریشنز میں وسعت اور مارکیٹنگ کی مستقل مزاج حکمت عملی پالیسیوں کی بدولت، گروپ اگلے سال ترقی اور منافع کی مد میں بہترین نتائج کی توقع کر رہا ہے۔

تصدیق کنندگان

موجودہ تصدیق کنندگان میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور انہوں نے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ انہوں نے تصدیق کی ہے کہ وہ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کی اطمینان بخش ریٹنگ کے حامل ہیں جو ICAP کے اختیار کردہ انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کی رہنما ہدایات کے مطابق ہیں۔ آڈٹ کمیٹی کی تجویز کے مطابق، بورڈ آف ڈائریکٹرز نے ان کو ۳۰ جون ۲۰۲۲ء کو ختم ہونے والے سال کیلئے کمپنی کے تصدیق کنندگان کے طور پر دوبارہ تقرری کی سفارش کی ہے جس کی فیس کا تعین باہمی رضامندی سے ہوگا۔

کوڈ آف کارپوریٹ گورننس پر عمل درآمد

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز مجریہ ۲۰۱۹ء کی لازمی شرائط کی باقاعدہ پابندی کی جاتی ہے اور اس سلسلے میں اسٹیٹمنٹ آف کمپلائنس مع اس پر بیرونی آڈیٹرز کی جائزہ رپورٹ، سالانہ رپورٹ کے ساتھ منسلک ہے۔

حصص کا طرز

مخصوص رویے کے حصص داران کی حصص داری کا طرز بمطابق ۳۰ جون ۲۰۲۱ء جس کو رپورٹنگ فریم ورک کے تحت ظاہر کرنا ضروری ہے، حصص داروں کی معلومات کے ساتھ منسلک ہے۔

خطرات کی مینجمنٹ

کمپنی کی ایک باقاعدہ رسک مینجمنٹ پالیسی موجود ہے جس میں ڈائریکٹرز اور سینئر مینجمنٹ کی مخصوص ذمہ داریاں متعین کی گئی ہیں۔ پالیسی کے تحت بڑے فیصلہ سازوں میں بورڈ آف ڈائریکٹرز، آڈٹ کمیٹی اور رسک مینجمنٹ کمیٹی شامل ہیں جو رسک کے امکانات اور اس کے اثرات کی اہمیت کا مستقل جائزہ لیتے رہتے ہیں۔ سینئر مینجمنٹ ٹیم کی سربراہی چیف ایگزیکٹو آفیسر، ایگزیکٹو ڈائریکٹرز اور نان ایگزیکٹو ڈائریکٹرز کے ذمے ہے جو رسک کے خاتمہ کرنے کی اقدامات اور تجاویز بورڈ کو غور و خوض کیلئے پیش کرتے ہیں۔

کمپنی کی سرگرمیوں میں متعدد مالیاتی خدشات کے امکانات موجود ہیں: مارکیٹ کے خدشات (بشمول کرنسی کے خدشات، تبدیلی قیمت کے خدشات اور شرح سود کے خدشات)، کریڈٹ کے خدشات اور لیکویڈیٹی کے خدشات۔ کمپنی کا مجموعی رسک مینجمنٹ پروگرام مالیاتی مارکیٹس کی ان دیکھی صورتحال کیلئے خدشات کی مینجمنٹ کے پروگرام پر توجہ مرکوز رکھتا ہے تاکہ کمپنی کی مالیاتی کارکردگی پر متوقع منفی اثرات کو کم سے کم کیا جا سکے۔ رسک مینجمنٹ کی ذمہ داری کمپنی کا فنانس ڈپارٹمنٹ بورڈ آف ڈائریکٹرز کی منظور شدہ پالیسیوں کے تحت انجام دیتا ہے۔

مصنوعات کی بابت گروپ کی تشکیل کردہ ہر حکمت عملی کا انحصار اس بات پر ہے کہ انجن اپنی پوری طاقت دکھائے جس سے آج اور آنے والی نسلوں تک ہر ایک کے لیے سفر کا معیار بہتر ہو جائے۔

کاروباری عمل کی کارکردگی

لیوب کا شعبہ

حجم کے لحاظ سے پیٹرو کار موٹر آئل (پی سی ایم او) میں ۲۵ فیصد کی شرح سے بڑھوتری دیکھنے میں آئی جب کہ موٹر سائیکل آئل (ایم سی او) میں یہ شرح ۵۹ فیصد اور ڈیزل انجن آئل (ڈی ای او) کے شعبے میں یہ شرح ۳۱ فیصد اور انڈسٹریل میں بالترتیب یہ شرح ۸ فیصد رہی۔ مقامی سطح پر تیار کیے گئے بلینڈڈ فلٹر برانڈز میں گزشتہ سال میں ۹۲ فیصد بڑھوتری دیکھنے میں آئی۔

ہائی ٹیک بلینڈنگ (پرائیویٹ) لمیٹڈ ("HTBL")

HTBL آپ کی کمپنی کی ایک کل ملکیتی ذیلی کمپنی ہے۔ اس کی آمدنی و منفعت میں نمایاں اضافہ جاری رہا۔ HTBL نے نہ صرف اپنے پورٹ فولیو میں نئی مصنوعات کا اضافہ کیا بلکہ اپنی بلینڈنگ کی سہولیات کو بھی وسعت دی۔

ایچ ٹی ایل ایکسپریس سینٹرز

بہترین خدمات، پیشہ ورانہ تربیت کے حامل عملے اور جدید ترین ٹیکنالوجی کے ذریعے گاڑیوں کی دیکھ بھال کے نظریے کو یکسر تبدیل کرنا ایچ ٹی ایل ایکسپریس کا مقصد عمل ہے۔ اس وقت آٹھ ایچ ٹی ایل ایکسپریس فرنچائز سینٹرز موجود ہیں جن کے ذریعے کمپنی صارفین کی تیار کردہ گاڑیوں کی حفاظتی دیکھ بھال کے دائرہ کار کو وسعت دے رہی ہے۔ مزید برآں کمپنی ایچ ٹی ایل ڈیلرز کے علاوہ فیول اسٹیشنز کے ذریعے بھی آؤٹ لیٹس کی تعداد میں بھی اضافہ کر رہی ہے۔ تاحال فرنچائز ماڈل اور فیول اسٹیشن ماڈل کو ملا کر کل اٹھارہ سینٹرز کام کر رہے ہیں۔

ایچ ٹی ایل فیول اسٹیشنز (آئل مارکیٹنگ کمپنی)

اس وقت کمپنی کے تئیس (۲۳) عدد آپریشنل فیول اسٹیشن پنجاب میں کام کر رہے ہیں اور توقع ہے کہ دسمبر ۲۰۲۲ء تک یہ تعداد بڑھ کر پچاس سے بڑھ جائے گی بشرطیکہ اوگرا ادارے کے پی کے کی منظوری دے دے۔ ابھی ابتدائی دن ہیں اور یہ اسٹیشن ہماری انفرادی غیر ملکی معیار کے مطابق پیش گوئی سے زیادہ بہتر کارکردگی کا مظاہرہ کر رہے ہیں۔ یہ ہماری ساکھ کے انتخاب اور "زاٹا" کے برانڈ نام کے ساتھ منسلک تکنیکی کی ایک جھلک بھی ہے۔ کمپنی سال بھر میں اپنے اوپر ۲ سٹیج کا ارادہ رکھتی ہے جس سے پنجاب میں مزید پندرہ سے بیس فیول اسٹیشن بڑھ سکیں گے۔

لیکویڈیٹی وسائل کی مینجمنٹ

کیش مینجمنٹ

کیش مینجمنٹ اور لیکویڈیٹی کے کنٹرول پر کمپنی کی بنیادی توجہ مرکوز ہے اور حکمت عملی کے ضمن میں کمپنی کے تمام فیصلوں سے لے کر خریداری، مارکیٹنگ کی اسکیموں کی تشکیل اور کیپٹل اخراجات تک ہر چیز میں اس امر کا خیال رکھا جاتا ہے۔ بجٹ تیار کرنے اور منصوبہ بندی کے ڈپارٹمنٹ براہ راست کمپنی کے چیف فنانشل آفیسر (سی ایف او) کی نگرانی میں کام کرتے ہیں اور چیف ایگزیکٹو آفیسر (سی ای او) کو براہ راست رپورٹ کرتے ہیں۔ یہ شعبہ سالانہ حکمت عملی کی پلاننگ، بجٹ تیار کرنے اور پیش گوئی کرنے کا کام کرتا ہے جس سے کمپنی کو اپنے وژن کے حصول میں مستعدی اور مستقبل کے حکمت عملی اور لیکویڈیٹی کے خطرات سے تحفظ کا موقع ملتا ہے۔ کمپنی میں کیش انضباط کا موثر نظام موجود ہے جب کہ کیش کے داخلی بہاؤ اور خارجی بہاؤ کو ماہانہ، سہ ماہی اور ششماہی بنیادوں پر ظاہر کیا جاتا ہے اور اس کی سختی سے نگرانی کی جاتی ہے نیز ماہانہ اور سہ ماہی رولنگ پیش گوئی پر بجٹ کی تیاری کی جاتی ہے۔ ورکنگ کیپٹل کی ضروریات کی مناسب طور پر پلاننگ کی جاتی ہے اور اسے تجارتی وصولیاں، انوینٹریز اور ادائیگیوں کی سطح پر مستعدی سے منظم کیا جاتا ہے اور فنانسنگ کے انتظامات کیے جاتے ہیں۔

کیپٹل کے اخراجات

کیپٹل کے اخراجات کا انتظام انتہائی احتیاط سے کیا جاتا ہے اور اس ضمن میں سرمایہ کاری سے متعلق منفعت کی موزوں قدر پیمائی اور خدشات کو ملحوظ رکھا جاتا ہے۔ کمپنی کے مجوزہ کیپٹل اخراجات اور رسک مینجمنٹ پالیسیز کے حوالے سے اندرونی آڈٹ ڈپارٹمنٹ بروقت ڈیلیوری اور بجٹ کی رقم کے مطابق پروجیکٹس کا باقاعدگی سے جائزہ لیتا ہے۔ بڑے کیپٹل کے اخراجات کیلئے طویل مدت کے معاہدے کے ساتھ انتظامات کیے جاتے ہیں تاکہ کاروبار کو افراط زر کے پیدا کردہ خدشات کو کم سے کم رکھا جائے۔ سال مختتمہ ۳۰ جون ۲۰۲۱ء کے دوران میں کیپٹل اخراجات ۹۳ ملین پاکستانی روپے تھے جب کہ گزشتہ سال اسی مدت کے اخراجات ۳۲۳ ملین پاکستانی روپے تھے۔

بورڈ کو اطمینان ہے کہ دریں اثنا کوئی اکیلی قلیل المدت یا طویل المدت رکاوٹ موجود نہیں جو طویل میعاد پروجیکٹس پر کمپنی کی سرمایہ کاری کی راہ میں حائل ہو سکے کیونکہ کمپنی کو جون ۲۰۲۱ء میں اپنی مضبوط منفعت اور معاشی ساکھ کی وجہ سے مسلسل کیپٹل کریڈٹ سہولت حاصل رہے گی۔ کمپنی کو اپنی بہتر طریقے سے تیار کردہ کیش مینجمنٹ کی حکمت عملی کی روشنی میں کسی لیکویڈیٹی کے خدشہ کا سامنا نہیں ہے جس کے نتیجے میں اسے غیر استعمال شدہ اور قلیل المدت قرضہ جات کی سہولت کی مناسب دستیابی حاصل ہے۔

منافع جات کی تقسیم

مالی سال ۲۰۲۱ء میں کمپنی کے مالیاتی نتائج کے مطابق بورڈ آف ڈائریکٹرز نے ۲۷ ستمبر ۲۰۲۱ء کو ہونے والی اپنی میٹنگ میں اپنے منافع جات میں سے سال مختتمہ ۳۰ جون ۲۰۲۱ء کیلئے ۱ روپے فی شیئر (۱۰ فیصد) کے حساب سے حتمی نقد منافع منقسمہ اور ۲۰ فیصد بونس کے اجرا کی تجویز دی ہے جس سے کمپنی کے جاری شدہ شیئر کیپٹل میں ۱,۳۴۴,۰۲۹,۰۰۰ روپے تک اضافہ ہوگا۔ منافع منقسمہ اور بونس کے اجراء کیلئے ممبرز کی منظوری ۲۶ اکتوبر ۲۰۲۱ء کو منعقد ہونے والے سالانہ اجلاس عام میں حاصل کی جائے گی۔ اکاؤنٹنگ کے لاگو معیارات کی شرائط کے مطابق ۳۳۲,۰۰۸,۰۰۰ پاکستانی روپے کے مجوزہ منافع منقسمہ کو ان مالیاتی حسابات میں بطور واجبات شامل نہیں کیا گیا ہے۔

کمپنی اپنی مالیاتی ساکھ کی مضبوطی اور کیپٹل سٹرکچر کی موجودہ حالت کو پیش نظر رکھتے ہوئے طویل المیعاد مالیاتی حکمت عملی کی تکمیل کے لیے، بونس شیئرز کے اجراء کے ذریعے اپنے جاری شدہ شیئر کیپٹل میں بتدریج اضافے کی خواہاں ہے تاکہ اسٹاک کی فروخت سے حاصل شدہ مستقل سرمایہ کی بنیاد (Permanent Equity Base) کو مضبوطی سے استوار کیا جا سکے۔

ڈائریکٹران کی رپورٹ برائے حصص داران

شروع اس پاک ذات کے نام سے جو نہایت مہربان اور رحم کرنے والا ہے

ہائی ٹیک لبریکنٹس لمیٹڈ (ایچ ٹی ایل یا کمپنی) کے ڈائریکٹران سال مختتمہ ۳۰ جون ۲۰۲۱ کی سالانہ رپورٹ مع آڈٹ شدہ مجموعی و علیحدہ مالیاتی حسابات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

ملک کا اقتصادی جائزہ:

کووڈ-۱۹ کی وبا کے دوران پاکستان کی معاشی صورتحال کا اس معاشیت کے تمام ترقیاتی اشاریوں کے ساتھ برخلاف توقع بہتر رہی اور مالی سال ۲۰-۲۰۱۹ میں منفی ۰.۴۷ فیصد کے مقابلے میں مالی سال ۲۱-۲۰۲۰ میں اقتصادی ترقی کی شرح کا تخمینہ ۳.۹۴ فیصد رہا۔ معاشی بحالی کی یہ رفتار آئی ایم ایف اور عالمی بینک کی پیشگوئیوں سے تقریباً دوگنا رہی جو اس حقیقت کی واضح دلیل ہے کہ کووڈ-۱۹ کی تیسری لہر کے باوجود پاکستان کی معیشت میں بہتری آئی ہے۔ اکانومسٹ میگزین نے بھی پاکستان کو کورونا وائرس سے بہتر انداز میں نبرد آزما ہونے والے ممالک کی پہلی صف میں رکھا ہے۔

مالی سال ۲۲-۲۰۲۱ کے لیے حکومت پاکستان (حکومت) کی جانب سے مالی سال ۲۰۲۲ کے لیے مجموعی داخلی پیداوار (جی ڈی پی) میں اضافے کا ہدف ۴.۸ فیصد مقرر کیا گیا ہے اور اس کے حصول کے لیے ۲۲-۲۰۲۱ کے بجٹ کے وفاقی بجٹ میں بہت سے اقدامات کیے گئے ہیں تاکہ معاشی سرگرمیوں میں مزید تیزی لائی جائے۔ درآمدات و برآمدات کے بڑھتے ہوئے حجم اور بینک دولت پاکستان کی عارضی اکنامک ری فنانس سہولت (TERF) کے تحت صنعتی پیداوار میں اضافے کی گنجائش بڑھ جانے سے صنعتی شعبے کی بہتر صورتحال برقرار رہے گی۔ اس کی ایک اہم وجہ طلب کی بحالی ہے جو کووڈ کے دوران کم ہو گئی تھی۔ اسی طرح تعمیراتی شعبہ معاشی ترقی میں کلیدی کردار ادا کرے گا کیونکہ حکومت تعمیرات اور ہاؤسنگ مالیات کی جانب خصوصی توجہ دے رہی ہے اور ترقیاتی اخراجات کے لیے اس بار پہلے سے کہیں زیادہ بجٹ رکھا گیا ہے۔ معاشی ترقی کی اس رفتار کو مدنظر رکھتے ہوئے بینک دولت پاکستان نے اپنی سابقہ مانیٹری پالیسی اسٹیٹمنٹ میں مالیاتی توسیع پسند پالیسی کی موجودہ کیفیت کو برقرار رکھتے ہوئے پالیسی ریٹ کو ۷ فیصد پر برقرار رکھا ہے اور اس میں جون ۲۰۲۰ سے کوئی تبدیلی نہیں ہوئی۔

مالیاتی کارکردگی مجموعی بنیادوں پر:

وبا سے پیدا ہونے والے نامساعد حالات کے باوجود آپ کے گروپ (ہائی ٹیک لبریکنٹس لمیٹڈ اور ہائی ٹیک بلینڈنگ (پرائیویٹ) لمیٹڈ - کمپنی کا مکمل ملکیتی ماتحت ادارہ) نے مصنوعات کی بناء پر مضبوط حکمت عملی، ڈسٹری بیوشن نیٹ ورک میں وسعت اور براہ راست سرمایہ کاری کے ذریعے آمدنی میں ۹۲ فیصد ریکارڈ اضافہ حاصل کیا ہے۔ کووڈ-۱۹ کے پھیلاؤ کو روکنے کے لیے حکومتی اقدامات، مکمل لاک ڈاؤن کی بجائے اسمارٹ لاک ڈاؤن اور تیز رفتار ویکسینیشن کی بدولت کاروبار کو ترقی کی اس رفتار پر لانے میں مدد فراہم کی۔

ہماری مصنوعات میں بہترین اضافے، لاگت میں بچت کے اقدامات، اصلاحی پروڈکٹس اور قیمتوں کے احسن انضمام کا ثمر ہے کہ گروپ نے اس سال ۸۹۶ ملین روپے کا مجموعی (آپریٹنگ) منافع حاصل کیا جو سابقہ سال کی نسبت ۱۸۸ فیصد زیادہ ہے اور ایسا اہم کردار بالائی اخراجات کے کنٹرول اور مالیاتی لاگت سے متعلق اصلاحی اقدامات کی بدولت ممکن ہوا۔ درآمدات میں کم ترین شرح سود اور داخلی سطح پر قرضہ جات کی بہتر حکمت عملی کی وجہ سے فنانس کی لاگت میں ۵۱ فیصد کمی واقع ہوئی جس کی بدولت مجموعی منافع میں ۵۱۰ ملین روپے کی بہتری آئی (گزشتہ سال سے ۴۳۶ فیصد زیادہ)۔ ان اعداد و شمار میں ہمارے او ایم سی (OMC) پروجیکٹ سے متعلقہ ۹۴ ملین روپے کا خسارہ بھی شامل ہے جو فی الوقت تعمیر اور بہتری کے مراحل میں ہے۔

آپ کے گروپ کی مجموعی مالیاتی کارکردگی کا جائزہ درج ذیل ہے:

	مجموعی برائے ۳۰ جون ۲۰۲۱ء روپے ملین میں	مجموعی برائے ۳۰ جون ۲۰۲۰ء روپے ملین میں	تبدیلی
مجموعی فروخت	۱۵,۶۰۰	۸,۱۲۳	۹۲ فیصد
خالص فروخت	۱۰,۵۹۷	۵,۶۲۹	۸۸ فیصد
مجموعی منافع	۲,۲۶۸	۱,۳۱۵	۱۰۰ فیصد
فروخت کی شرح فیصد	۲۱.۳۰ فیصد	۲۵.۱۳ فیصد	۳۸۳- بی پی ایس
آپریٹنگ منافع	۸۹۶	۳۱۱	۱۸۸ فیصد
فروخت کی شرح فیصد	۸.۵ فیصد	۵.۵ فیصد	۳۰۰ بی پی ایس
بعد از محصول منافع	۶۵۱	۱۲۲	۴۳۶ فیصد
فروخت کی شرح فیصد	۶.۱ فیصد	۲.۲ فیصد	۱۸۰ بی پی ایس
آمدنی فی حصص	۵.۶۲	۱.۰۵	۴۳۵ فیصد

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 Tuesday the October 26, 2021 at 11:30 hours and at any adjournment thereof.

As witness my/our hand this _____________day of October, 2021 at ____________

Witness' Signature:...

....

Name...

CNIC # ....

Address..

....

Affix Revenue Stamp of Rs. 50/-

Witness' Signature:...

....

Name...

CNIC # ....

Address..

....

Member's Signature

Date:

Place:

Notes:

1. 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.

2. 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 scan/photo of the proxy form as per above requirements.

b) The proxy form shall be (i) duly stamped with adhesive revenue tickets of PKR 50/- and (ii) witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the proxy form.

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

d) The proxy shall submit scan/photo of his original CNIC or Passport at the time of login to the Video-Link / Zoom application for attending online AGM.

e) In case of corporate entity, scan/photo of the Board's resolution/power of attorney with specimen signature thereon shall be submitted online (unless it has been provided earlier) along with proxy form to the Company at the time of login to the Video-Link/Zoom application for attending online AGM.

ہائی-ٹیک لبریکنٹس لمیٹڈ

مختار نامہ

میں/ہم

ساکن ____________________

بحیثیت رکن ہائی-ٹیک لبریکنٹس لمیٹڈ اور حامل حصص، بمطابق شیئرز رجسٹرڈ فولیو نمبر ____________________

اور/یا سی ڈی سی پارٹیسپنٹ (شرکت آئی ڈی) نمبر ____________________

اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر

محترم/محترمہ

کو اپنے/ہمارے بجائے مورخہ 25 اکتوبر 2021 بروز منگل بوقت صبح 11:30 بجے

کو منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز .... تاریخ .... 2021 کو دستخط کیے گئے۔

گواہان

1۔
دستخط: ____________________
نام: ____________________
پتہ: ____________________
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________________

پانچ روپے مالیت کے ریونیو اسٹیمپ پر دستخط

2۔
دستخط:
نام: ____________________
پتہ: ____________________
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

دستخط کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں۔

نوٹ

1۔ اجلاس میں شرکت اور ووٹ دینے کا اہل رکن اجلاس میں شرکت کیلئے اپنی بجائے کسی دوسرے رکن کو اپنا نائب مقرر کر سکتا ہے۔

2۔ نیابت فارم باقاعدہ دستخط شدہ اور مہر شدہ اجلاس سے کم از کم اڑتالیس (48) گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں جمع کرائے جانے چاہئیں۔

3۔ نائب کی تقرری کیلئے۔

a۔ فرد کی صورت میں، کھاتہ دار اور/یا ذیلی کھاتہ دار اور/یا جن کی رجسٹرڈ سیکیورٹیز کی تفصیلات سی ڈی سی ضوابط کے مطابق اپ لوڈ/ریکارڈ کی گئی ہوں، درج ذیل شرائط کے مطابق نیابت فارم جمع کرانا ہوگا۔

b۔ نیابت فارم پر دو گواہوں کی تصدیق کرانا ضروری ہے جن کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج ہونگے۔

c۔ حصص یافتگان اور نائب کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول نیابت فارم کے ساتھ منسلک ہونگی۔

d۔ نائب اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ کی کاپی آن لائن اجلاس میں شرکت کے لئے ویڈیو لنک/زوم ایپلیکیشن میں لاگ ان کرتے وقت بھیجے گا۔

e۔ کاروباری اداروں کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی بمعہ مجاز شخص کے نمونہ دستخط اور نیابت فارم کی نقول آن لائن اجلاس میں شرکت کے لئے ویڈیو لنک/زوم ایپلیکیشن میں لاگ ان کرتے وقت بھیجیگا، (اگر پہلے فراہم نہ کیے گئے ہوں)۔

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 کاغذی عمل 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 ہونگی 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 8-10 حروف کا ہوسکتا ہے جس میں سے 8 انگریزی حروف تہجی (ایک اپر کیس اور ایک لوئر کیس) اور کم از کم دو نمبر 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۔ پس 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 کمپنی کا سمبل (Symbol) دیں۔
- سکرین پر List of my eDividend(s) لوڈ ہوگی۔ 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 کمپنی کا سمبل ڈالیں۔ اس کے بعد آپ کو OTP آپشن کا انتخاب کرنا ہوگا جو آپ کے موبائل نمبر یا ای میل پر بھیجا جائے گا۔ اس کو مہیا کرنے کے بعد آپ کی ای ڈیویڈنڈ سروس کا آغاز ہو جائے گا۔
- سروس کے فعال ہونے 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۔

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.

Hi-Tech Lubricants Ltd

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