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.
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• 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

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 ملکی معاشیت کے تمام ترقیت اشاریوں کے ساتھ برخلاف توقع بہتر رہی اور مالی سال ۲۰-۲۰۱۹ میں منفی ۰.۴۷ فیصد کے مقابلے میں مالی سال ۲۰۲۱-۲۰۲۰ میں اقتصادی ترقی کی شرح کا تخمینہ ۳.۹۴ فیصد رہا۔ معاشی بحالی کی یہ رفتار آئی ایم ایف اور عالمی بینک کی پیش گوئیوں سے مقدر رہے۔ نیز یہ بھی ۲ ارب حقیقت کی واضح مثال ہے کہ کووڈ-۱۹ کی تیسری لہر کے باوجود پاکستان کی معیشت میں بہتری آئی ہے۔ انا لوسٹ بیگرین نے بھی پاکستان کو کووڈ اثرات سے بہترین انداز میں نبرد آزما ہونے والے ممالک کی اولین صف میں رکھا ہے۔

مالی سال 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 دوران بجٹ میں بہت سے اقدامات کیے گئے ہیں تاکہ معاشی سرگرمیوں میں مزید تیزی لائی جائے۔ درآمدات اور برآمدات کے بڑھتے ہوئے حجم اور ورکرز ترسیلات کی بدولت پاکستان کی معیاری ریٹنگ ایجنسی فچ کی فنانس لیبائی (TERF) کے تحت متعلقہ پیداوار میں اضافے کی گنجائش ہو جانے سے متعلقہ شعبے کی پیشہ ور صورتحال بدستور قائم ہے گی۔ اس کی ایک اور 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 مد نظر رکھتے ہوئے، بینک دولت پاکستان نے اپنی سابقہ مانیٹری پالیسی اعلامیہ میں پالیسی ریٹ کو موجودہ کیفیت کو بدستور قائم 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 ہر شعبہ میں وسعت اور ہمارے برانڈز پر سرمایہ کاری کے ذریعے آمدنی میں ۹۹ 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 رفتاری سے ویکسینیشن کی بدولت کاروبار کو ترقی کی اس رفتار پر لانے میں مدد فراہم کی۔

ہماری منافعت میں یہ اضافہ لاگت میں بچت کے اقدامات، اصلاحی پر کشش اور قیمتوں کے احسن انضباط کا ثمر ہے۔ گروپ نے اس سال ۸۹۱ ملین روپے کا مجموعی (آپریٹنگ) منافع حاصل کیا جو سابقہ سال کی نسبت ۱۸۶ فیصد زیادہ ہے اور اس کا اہم محرک بالائی اخراجات کے کنٹرول اور مالی لاگت کی لاگت سے متعلق اصلاحی اقدامات کی بدولت ممکن ہوا۔ درآمد کم تر شرح سود اور داخلی سطح پر بہتر پیداواری بہتر حکمت عملی کی وجہ سے فنانس کی لاگت میں ۵۱ فیصد کی واقع ہوئی جس کی بدولت مجموعی منافع میں ۵۲۰ ملین روپے کی بہتری آئی (گزشتہ سال سے ۴۳۴ فیصد زیادہ)۔ ان اعداد و شمار میں ہمارے اور کمپنی (OMC) منصوبے سے متعلقہ ۶۲ 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	مجموعی برائے ۳۰ جون ۲۰۲۰ء	تبدیلی
	روپے ملین میں	روپے ملین میں	
مجموعی فروخت	۱۵,۶۰۰	۸,۱۲۳	۹۲ فیصد
خالص فروخت	۱۰,۵۹۷	۵,۳۲۹	۹۹ فیصد
مجموعی منافع	۲,۳۶۸	۱,۳۱۵	۸۰ فیصد
فروخت کی شرح فیصد	۲۲.۳۴ فیصد	۲۴.۶۸ فیصد	-۲۳۴ بی پی ایس
آپریٹنگ منافع	۸۹۱	۳۱۱	۱۸۶ فیصد
فروخت کی شرح فیصد	۸.۴ فیصد	۵.۸ فیصد	۲۶۰ بی پی ایس
بعد از محصول منافع	۶۵۱	۱۲۲	۴۳۴ فیصد
فروخت کی شرح فیصد	۶.۱ فیصد	۲.۳ فیصد	۳۸۰ بی پی ایس
آمدنی فی حصص	۵.۶۲	۱.۰۵	۴۳۵ فیصد

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 لیوبریکنٹس کا موٹر آئل (پی سی ایم او) میں ۲۸ 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 سے ۷ فیصد رہی۔ مقامی سطح پر تیار کیے گئے برانڈز میں گزشتہ سال کی 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 اور منفعت میں نمایاں اضافہ جاری رہا۔ HTBL نے تیسرے فریق کے پورٹ فولیو میں نئی مصنوعات کا اضافہ کیا بلکہ اپنی بلینڈنگ کی سہولیات کو بھی وسعت دی۔

ایچ ٹی ایل ایکسپریس سینٹرز

بہترین خدمات اور پیشہ ورانہ تربیت کے حامل عملے اور جدید ترین ٹیکنالوجی کے ذریعے گاڑیوں کی دیکھ بھال کے تصور 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 صارف کی بنیاد پر گاڑیوں کی حفاظتی دیکھ بھال کے دائرہ کار کو وسعت دے رہی ہے۔ مزید برآں کمپنی ایچ ٹی ایل ایکسپریس فیول اسٹیشنز کے ذریعے آؤٹ لیٹس کی تعداد میں بھی اضافہ کر رہی ہے۔ تمام 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) ایچ ٹی ایل فیول اسٹیشن پنجاب میں کام کر رہے ہیں اور توقع ہے کہ دسمبر ۲۰۲۲ء تک یہ تعداد بڑھ کر پچاس سے زیادہ ہو جائے گی بشرطیکہ اوگرا ادارے کے لیے منظوری دے دے۔ ابھی ابتدائی دن ہیں اور یہ اسٹیشن ہمارے ابتدائی غیر جانبدار مطالعہ کے مطابق پیش گوئی سے زیادہ بہتر کارکردگی کا مظاہرہ کر رہے ہیں۔ یہ ہماری ساکھ کے انتخاب اور "ٹوٹل" کے برانڈ نام کے ساتھ منسلک ٹیکنالوجی کی ایک جھلک بھی ہے۔ کمپنی سال ۲۰۲۲ء میں اپنے اسٹیشنز کی تعداد بڑھانے کا ارادہ رکھتی ہے جس سے پنجاب میں مزید فیول اسٹیشن قائم ہو 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 شعبوں سے لے کر خریداری، مارکیٹنگ، انجینئرنگ کی تشکیل اور کیپٹل اخراجات تک ہر چیز میں امور کا خیال رکھا جاتا ہے۔ بجٹ تیار کرنے اور منصوبہ بندی کے ڈیپارٹمنٹ 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 اہداف کے حصول میں مستعدی اور مستقبل کی حکمت عملی اور لیکویڈیٹی کے خطرات سے نمٹنے کا موقع ملتا ہے۔ کمپنی میں کیش انضباط کا موثر نظام موجود ہے جب کہ کیش کے داخلی بہاؤ اور خارجی بہاؤ کو روزانہ، 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 وصولیوں، ادائیگیوں اور انوینٹری 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 ڈیپارٹمنٹ بروقت ڈلیوری اور بجٹ کی رقم کے مطابق پراجیکٹس 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 بڑھنے کے 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 ۳۴۳ ملین پاکستانی روپے تھے۔

بورڈ کو اطمینان ہے کہ دریں اثنا کوئی ایسی قلیل المدت یا طویل المدت رکاوٹ موجود نہیں جو طویل میعاد پراجیکٹس پر کمپنی کی سرمایہ کاری کی راہ میں حائل ہو سکے کیونکہ کمپنی کو جون ۲۰۲۱ء میں اپنی مضبوط بیلنس شیٹ اور معاشی ساکھ کی وجہ سے مسلسل بینکوں کی جانب سے کریڈٹ سہولت حاصل رہے گی۔ کمپنی کو اپنی عمدہ 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 ان 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 ۲۰ ستمبر ۲۰۲۱ء کو ہونے والی اپنی میٹنگ میں اپنے منافع جات میں سے سال مختتمہ ۳۰ جون ۲۰۲۱ء کیلئے ۱ روپے فی شیئرز (۱۰ فیصد) کے حساب سے حتمی نقد منافع منقسمہ اور ۲۰ فیصد بونس کے اجراء کی تجویز دی ہے جس سے کمپنی کے حاصل شدہ شیئرز کیپٹل میں ۲۳۲,۰۲۹,۰۰۰ 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 ضروریات کی شرائط کے مطابق ۲۳۲,۰۰۰,۰۰۰ 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 ریزرو کی موجودہ حالت کو پیش نظر رکھتے ہوئے طویل المیعاد مالیاتی حکمت عملی کی تکمیل کے لیے بونس شیئرز کے اجراء کے ذریعے اپنے حاصل شدہ شیئرز کیپٹل میں بتدریج اضافے کی خواہاں ہے تاکہ اسٹاک کی فروخت سے حاصل شدہ مستقل سرمائے کی بنیاد (Permanent Equity Base) کو مضبوطی سے استوار کیا جا سکے۔

IPO فنڈز

کمپنی کے مالیاتی حسابات کے نوٹ 51 میں سال مختتمہ ۳۰ جون ۲۰۲۱ء تک کیلئے 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	۱۷,۷۸۵,۲۱۲
جمع: بینک ڈپازٹ پر منافع	۱,۹۴۳,۵۷۹
جمع: میوچل فنڈز میں سرمایہ کاری پر منافع منقسمہ	۱۹,۳۲۷,۰۳۰
جمع: میوچل فنڈز میں سرمایہ کاری کی بیع پر منافع	۱,۰۱۰,۸۲۳
جمع: میوچل فنڈز میں سرمایہ کاری کی بیع پر غیر حقیقی منافع	۳۰۲,۸۷۰
کمی: OMC پروجیکٹس سے متعلق کی گئی ادائیگیاں	(۲۳۹,۷۴۲,۳۸۷)
کمی: منافع پر ودہولڈنگ ٹیکس کمی: میوچل فنڈز سے حاصل شدہ منافع منقسمہ پر ودہولڈنگ ٹیکس	(۲,۹۵۳,۵۲۲) (۲,۹۰۰,۵۵۵)
کمی: میوچل فنڈز کی بیع کے کیپیٹل گین پر ودہولڈنگ ٹیکس	(۲۷۹,۵۲۱)
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 خدشات کو بہترین طریقے سے نمٹا 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 پیمانے کا ۹۰ فیصد حصہ پلانٹ پر منتقل کرتے ایچ ٹی پی ایل 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 اوایم سی کاروبار آپریٹنگ نفع اور نقصان کی حد تک بریک ایون سطح سے کہیں زیادہ بہتر منافع حاصل کرے گا تاہم یہ اقتصادی حالات کے استحکام، فعال سروس اسٹیشنز کی تعداد میں خاطرخواہ اضافے کے ساتھ ساتھ تیل کی قیمتوں، ایکسچینج اور انٹرسٹ ریٹس میں استحکام سے مشروط ہے۔

مزید برآں گروپ نے بیرونی پارٹنرز کے لیے پلاسٹک پروڈکٹ کی تیاری کے شعبہ میں قدم رکھ کر پیکجنگ انڈسٹری میں موجود نئے کاروباری مواقع سے استفادہ کا بھی فیصلہ کیا ہے۔ اس کاروبار کو ہماری مکمل ملکیتی ذیلی کمپنی، ہائی ٹیک بلینڈنگ (پرائیویٹ) لمیٹڈ (ایچ ٹی بی ایل) کے ذریعے چلایا جائے گا۔ ایچ ٹی بی ایل ۲۰۱۶ء سے مقامی سطح پر تیار ہونے والی مقامی سطح پر بھری جانے والی اپنی مصنوعات کے لیے اپنی ضروریات کے مطابق بوتلیں تیار کر رہی ہے۔ یوں ادارے کو ایکسٹروژن بلو مولڈنگ اور انجکشن مولڈنگ میں اچھا خاصا تجربہ حاصل ہو گیا ہے۔ کمپنی بھرپور ہے بیرونی صارفین کے لیے بھی ایسی ہی پلاسٹک کی بوتلیں تیار کرنے کے مواقع تلاش کرتی رہتی ہے۔ تاہم اب ایچ ٹی بی 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 سروس اسٹیشنز میں متوقع اضافے، بلینڈنگ پلانٹس کے آپریشنز میں وسعت اور مارکیٹنگ کی مستقل مزاجی سے جارحانہ پالیسیوں کی بدولت، گروپ اگلے سال ترقی اور منافع کی مد میں بہترین نتائج کی توقع کر رہا ہے۔

تحقیق کنندگان

موجودہ تحقیق 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 بحثیت ختم ہونے والے سال ۳۰ جون ۲۰۲۲ء کیلئے کمپنی کے تحقیق 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 درجے 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 تفویض کی گئی ہیں۔ پالیسی کے تحت بڑے فیصلہ سازوں میں بورڈ آف ڈائریکٹرز، آڈٹ کمیٹی اور رسک مینجمنٹ کمیٹی شامل ہیں جو رسک کے مقامات اور اس کے اثرات کی نوعیت کا مستقل جائزہ لیتے رہتے ہیں۔ سینئر مینجمنٹ ٹیم کی سربراہی چیف ایگزیکٹیو آفیسر، ایگزیکٹیو ڈائریکٹرز اور نان ایگزیکٹیو ڈائریکٹرز کے ذمے ہے جو رسک کو ختم کرنے کے اقدامات اور تیار شدہ لائحہ عمل 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 لیکوڈیٹی 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 ممکنہ منفی اثرات کو کم سے کم کیا جا سکے۔ رسک مینجمنٹ کی ذمہ داری کمپنی کا فنانس ڈپارٹمنٹ بورڈ آف ڈائریکٹرز کی منظور شدہ پالیسیز کے تحت انجام دیتا ہے۔

کمپنی کا فنانس ڈپارٹمنٹ جہاں تک ممکن ہو مالیاتی خدشات کی جانچ اور رپورٹ فراہم 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 غیر مجموعی فنانشل اسٹیٹمنٹس کے نوٹ ۴۲ 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 ایک فریق کی جانب سے عدم تکمیل کی وجہ سے دوسرے فریق کو درپیش مالی خسارے کا خدشہ قرض کا خطرہ کہلاتا ہے۔ کمپنی کا معتد بہ قرض نہیں، سوائے مالیاتی طور پر مستحکم صنعتی 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 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 ویلیو فلیکچویشن 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 کرسکے۔ کمپنی لیکویڈیٹی رسک کا انتظام خاطر خواہ نقد رقم اور بینک بیلنس اور منظور شدہ کریڈٹ کی سہولیات کی رقم کے ذریعے کرتی ہے۔ کمپنی کی فنڈ مینجمنٹ کی حکمت عملی کا مقصد اندرونی طور پر کیش کے حصول کے ذریعے لیکویڈیٹی کے رسک کا سد باب کرنا ہوتا ہے۔ HTL کو مالیاتی لحاظ سے طویل مدت اور قلیل مدت کیلئے بالترتیب A1 اور A-2 کریڈٹ ریٹنگ الاٹ کی گئی ہے۔ اس سے جاری واجبات کی بروقت ادائیگی کی اہلیت اور مستحکم لیکویڈیٹی پوزیشن کا اظہار ہوتا ہے۔ مستحکم لیکویڈیٹی پوزیشن کے باعث قابل وصول بیلنس کی کم سطح اور خاطر خواہ کریڈٹ لائنز سے کمپنی اپنے تمام مالیاتی وعدے پورا کرنے کے قابل ہے۔

زرمبادلہ کے خطرات

زرمبادلہ کا خطرہ عموماً وہاں پیدا ہوتا ہے جہاں قابل وصول اور قابل ادائیگی رقوم کا لین دین بیرونی کرنسی میں کیا جائے۔ کمپنی کو معمول کے کاروبار میں ممکنہ زرمبادلہ کے خطرات جیسے بیس آئل، خام مال، پلانٹ اور مشینری کی درآمد میں مختصر مدت کے لیے امریکی ڈالر یا پاکستانی روپے کی صورت میں مساوات معاہدے 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 معینہ قیمتوں پر خریدا نہیں جاسکتا 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 ہم نے پیداوار کا بڑا حصہ بلینڈنگ یونٹ کو منتقل کر دیا ہے اور ہم اس رسک کو بڑی حد تک ختم کرنے کے قابل ہوگئے 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 مخصوص اشیاء (آئٹم) کی انوینٹری کے موثر 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 چلائی 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 ذریعے 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 ان کا بے جا رسک میں اضافہ نہ ہونے کو یقینی بنایا جاسکے۔ اس کے علاوہ کمپنی آپریشن کے ہر اہم شعبہ میں فل انسانی وسائل کی دستیابی کو یقینی بنانے کیلئے جانشینی کی پلاننگ کرتی ہے۔ رسک مینجمنٹ کمیٹی تمام بڑی کنٹرولز (فنانشل، آپریشنل اور کمپلائنس) کی نگرانی کرتی ہے اور جائزہ لیتی ہے تاکہ رسک کے خاتمے کیلئے بروقت اقدامات تیار کرتی ہے اور مالیاتی معلومات کے تحفظ کا خیال رکھتی ہے۔ انویسٹمنٹ کمیٹی مجموعی انویسٹمنٹ پالیسیوں، حکمت عملی اور سرمایہ کاری میں رسک مینجمنٹ کی تشکیل 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 مضبوط ہے اور موثر طور پر اس پر عمل اور نگرانی جاری ہے۔ مضبوط خود کار 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 کنٹرولز 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 خود مختار اور معروضی جانچ فراہم کی جاتی ہے نیز گورننس، رسک مینجمنٹ اور کنٹرول کے طریقہ کار کے موثر 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 اسے کمپنی کے رسک گورننس فریم ورک سے منسلک کیا جاتا ہے تاکہ فنانشل، آپریشنل اور کمپلائنس کے خطروں کی مینجمنٹ کو یقینی بنایا جاسکے۔ یہ سب بہترین طریقہ عمل، اخلاقیات اور اقدار کے معیار کو برقرار رکھتے ہوئے اور مناسب طور پر عمل درآمد کیلئے سینئر مینجمنٹ کو ان 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، فنی مہارت 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 سماجی بہبود 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

کی انجام دہی کے لئے صاف، شفاف اور درست کوائف فراہم کرتی ہے۔ موجودہ سال میں کمپنی نے حصص داران/ممبران کی منظوری کے مطابق مختلف مقاصد کیلئے ۹.۱۷۸ ملین پاکستانی روپے کے عطیات دیئے۔

استحکام اور اجتماعی سماجی ذمہ داری

ایچ ٹی ایل نے اجتماعی سماجی ذمہ داریوں کی انجام دہی کے سلسلہ میں بعض ان 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 اجتماعی 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 ہو مقامی آبادیوں کے لیے براہ راست اقدامات بھی کرتا ہے۔ "مستحکم ترقی کے اہداف (SDGs)" کے حصول کے لیے ایچ ٹی ایل پاکستان میں دیگر ایم این سی گروپس کے ساتھ مل کر گراں قدر کام سر انجام دے رہا ہے۔ مزید تفصیل سالانہ رپورٹ کے متعلقہ حصہ میں درج ہے۔

ماحول، صحت اور تحفظ

کاروباری امور کی انجام دہی کے دوران صحت اور ماحول کے تحفظ کو یقینی بنانے کی خاطر آپ کی کمپنی ایسی پیٹرولیم مصنوعات متعارف کروانے کی کوشش کرتی 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 ایم ٹیگ ہائی وے اور موٹروے اتھارٹیز 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 آتشزدگی سے بچنے اور ملازمین کے تحفظ کو یقینی بنانے کے لیے تربیتی ورکشاپس اور مشقوں کا انعقاد بھی کیا جاتا ہے۔

آپ کی کمپنی رویوں میں تبدیلی لا کر حادثات 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 سلسلہ میں سٹی ٹریفک پولیس، نیشنل ہائی وے اور موٹر وے اتھارٹی کے ساتھ مل کر تفصیلی سیمینارز اور آگہی مہمات کا انعقاد کیا گیا۔ مزید تفصیلات سالانہ رپورٹ کے استحکام و اجتماعی سماجی ذمہ داری حصہ میں مہیا کر دی گئی ہیں۔

اہم انتظامی تبدیلیاں اور کاروباری فیصلہ سازیاں:

☆ ۳۰ جون ۲۰۲۱ء سے لے کر اب تک کمپنی میں کوئی اہم انتظامی تبدیلی نہیں کی گئی 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 ۳۰ جون ۲۰۲۱ء کو ختم ہونے والے مالی سال کے لیے کمپنی کے آڈٹ شدہ اور غیر آڈٹ شدہ مالیاتی گوشواروں میں درج کر دیا گیا ہے۔

☆ آڈیٹر تحقیق کنندگان کی مرتبہ رپورٹ میں کسی بھی سطح پر ایسی کوئی ترمیم نہیں کی گئی کہ جو گروپ کمپنی سے متعلق ہو۔

☆ مذکورہ سال کے دوران گروپ کمپنیز کے ذمہ قرض 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 کئے 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 تضاد 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 جن کی تفصیل لسٹنگ ریگولیشنز اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) مجریہ ۲۰۱۹ء کے قواعد 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 مہیا کر دیا گیا ہے۔

☆ ہر گروپ کمپنی کے مالی گوشواروں پر تحقیق 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 2.21 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 محسن امین اور جناب ذکی اعظم (نان ایگزیکٹو ڈائریکٹرز) جناب شوکت حسن صاحب اور جناب طاہر اعظم صاحب کے بھائی) کی معاونانہ ملازمت کے ذریعے حاصل کی گئی خدمات کے سلسلہ 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 وہ بالترتیب HTL Express اور HTL Stations (OMC) کے لیے پیشہ ورانہ 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) ریگولیشن مجریہ ۲۰۱۹ء کی ہدایات پر مکمل 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 اعلیٰ 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 مشاہیرہ کمیٹی کی

مرتب قرار داد اور ضوابط کا لحاظ رکھا گیا۔ ضابطے 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 سیکریٹری، 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 انہیں 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 ایگزیکٹیو ڈائریکٹر)
☆ جناب حسن طاہر (سی ای او، ایگزیکٹیو ڈائریکٹر)
☆ جناب محمد علی حسن (ایگزیکٹیو ڈائریکٹر)
☆ جناب طاہر اعظم (نان ایگزیکٹیو ڈائریکٹر)
☆ جناب فراز اختر زیدی (نان ایگزیکٹیو ڈائریکٹر)
☆ مس نادرہ طاہر (نان ایگزیکٹیو ڈائریکٹر)
☆ جناب محمد تبسم منیر (نان ایگزیکٹیو انڈیپینڈنٹ ڈائریکٹر)
☆ ڈاکٹر صفدر علی بٹ (نان ایگزیکٹیو انڈیپینڈنٹ ڈائریکٹر)
☆ سید اسد عباس حسین (نان ایگزیکٹیو انڈیپینڈنٹ ڈائریکٹر)
☆ جناب بی ون پارک (ایس کے لبریکنٹس کمپنی لمیٹڈ کے ساتھ نامزد) (۱۲ اکتوبر ۲۰۱۹ء سے ۲۳ اکتوبر ۲۰۲۰ء تک نان ایگزیکٹیو ڈائریکٹر)
☆ جناب جنگ وو لی (ایس کے لبریکنٹس کمپنی لمیٹڈ کے ساتھ نامزد) (۲۳ اکتوبر ۲۰۲۰ء سے ۳ جون ۲۰۲۱ تک نان ایگزیکٹیو ڈائریکٹر)
☆ جناب ہائیوکی کوان (ایس کے لبریکنٹس کمپنی لمیٹڈ کے موجودہ نامزد) (۲۸ جون ۲۰۲۱ء سے نان ایگزیکٹیو 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 ہے:

مرد: ۹

خاتون: ۱

ڈائریکٹرشپ کی قسم کے مطابق بورڈ کی تشکیل مندرجہ ذیل ہے:

الف) انڈیپینڈنٹ ڈائریکٹرز: ۳
ب) دیگر نان ایگزیکٹیو ڈائریکٹرز: ۵ (بشمول ایک خاتون ڈائریکٹر)
پ) ایگزیکٹیو 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 اجتماعی سماجی ذمہ داری کمیٹی کے ممبران کے نام

☆ جناب شوکت حسن (بورڈ کی سی ایس آر کمیٹی کے چیئرمین)
☆ جناب طاہر اعظم (بورڈ کی سی ایس آر کمیٹی کے ممبر)
☆ مس نادرہ طاہر (بورڈ کی سی ایس آر کمیٹی کی ممبر)
☆ جناب حسن طاہر (بورڈ کی سی ایس آر کمیٹی کی ممبر)
☆ جناب علی حسن (بورڈ کی سی ایس آر کمیٹی کی ممبر)
☆ محترمہ ثناء صابر (ایچ آر اینڈ اے کی ڈائریکٹر اور بورڈ کی سی 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)

☆ 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 لیگل ایڈوائزر (ٹی ایم سپلائی چین اینڈ ایڈمنسٹریشن اور بورڈ کی سرمایہ کاری کی کمیٹی کے ممبر)

ڈائریکٹرز کے مشاہرہ کا تعین کرنے کی پالیسی:

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز ۲۰۱۹ء کے قواعد پر عمل درآمد کرتے ہوئے ڈائریکٹرز کے مشاہرہ کا 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 کمیٹی کی ایک باضابطہ پالیسی کی منظوری دی گئی جس میں ۲۸ دسمبر 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 معاوضے کے تعین کے لیے تمام مروجہ متعلقہ ایکٹس، ضوابط 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
☆ بطور کاروباری ادارے، کمپنی پر عائد ہونے والی قانونی اور سماجی ذمہ داریوں کی انجام دہی
☆ کمپنی کے کاروبار سے متعلق بنیادی فلسفہ عمل کی ساکھ کا تحفظ رکھنا
☆ مطلوبہ عہدے کے لیے مارکیٹ کی صورتحال

کارکردگی میں اضافے، مسابقتی برتری، وسعت اور مطلوبہ کاروباری اہداف کے لیے تحریک کے متقاضی سازگار دفتری ماحول کی تشکیل اور پاکستان میں تیزی سے بڑھتے ہوئے کاروباری اداروں اور دیگر کاروباری حجم کی حامل کمپنیوں میں معاوضے کے مروجہ طریقے سے مطابقت کے لیے 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 معاوضے 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 نبھا رہا 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:

	ایگزیکٹیو ڈائریکٹرز	نان ایگزیکٹیو 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، سفر اور چھٹیوں کے سفری اخراجات	گاڑی جس کی دیکھ بھال کمپنی کی ذمہ داری ہے، صحت کے اخراجات، فون کا خرچہ، سفر اور چھٹیوں کے سفری اخراجات	کوئی نہیں
کارکردگی کی بنیاد پر بونس	جس کی تجویز چیئرمین دے اور جس کی انچارج کمیٹی / 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 مجلس 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 تفویض سے متعلقہ سہولت	کوئی نہیں	کوئی نہیں	کوئی نہیں

* بنیادی تنخواہ اور کارکردگی کی بنیاد پر بونس کا تعین انچارج کمیٹی / 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 سر نو بحالی اور کاروباری تسلسل کا منصوبہ" کا جائزہ

HTL کے سیٹ اپ میں 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

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 تحفظ 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 سیکیورٹی پالیسیز پر عمل درآمد یقینی بنایا جا سکے۔

یہ تمام مذکورہ نظام کاروبار کے ہر کلیدی شعبے (جیسے مالیات، سپلائی چین، پروکیورمنٹ، سیلز، ایچ آر، مارکیٹنگ، ہیومن ریسورس، ایچ ایس ای، ای آر پی، ایکسپریس) 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 دورانیہ کو کم سے کم کرنے کے لیے ایک شفاف نیٹ ورک اور سولوشن کا نفاذ عمل میں لایا گیا ہے۔ ہم نے مرکزی ڈیٹا سینٹر پر جدید ترین کلسٹر سرورز 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 سینٹرز میں ہوسٹنگ فراہم کی گئی ہے۔ یہ جدید ترین ڈیٹا سینٹر ظاہری تحفظ، درجہ حرارت کے انضباط، پاور اور ہوا سازی کے حوالے سے بہترین 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۔ سپلائی ریز، کیبینٹ وائرنگ، نیٹ ورک انٹیلیجنس، ڈیٹا بیس اور سرورز کو ہر طرح کے بیرونی خطرات سے بچانے کے لیے اور بیک اپ سے آفات کی بحالی تک ایپلی کیشنز 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 اتفاقی اہل ایک بائٹ ڈیٹا بھی کھو نہیں جائے گا (زیرو ڈیٹا لاس)۔ ہماری سائٹ کلسٹر پر مبنی، ایچ آر سسٹم اور اندرونی اور بیرونی صارفین کے لیے تمام ایپلیکیشنز کی ترسیل کے حوالے سے بروقت دستیاب ڈیٹا کا بیک اپ کو یقینی بناتی ہے۔

حصص داران کی ضروریات/ارادے کو سمجھنے کے لیے بورڈ کی کوشش

تمام چھوٹے حصص داران کے حوالے سے بورڈ کو اپنی ذمہ داریوں کا بخوبی 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 ایگزیکٹو آفیسر سے حال ہی میں حصص داران کی توجہ حاصل کرنا ہے کہ جو کمپنی کی حکمت عملی اور معاملات کو سمجھتے ہوں۔ ۲۳ اکتوبر ۲۰۲۰ء کو منعقد ہونے والے عمومی سالانہ اجلاس میں بورڈ کے تمام اراکین نے الیکٹرانک 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 لیا جائے گا۔ کمپنی ۳۰ جون ۲۰۲۱ء کو ختم ہونے والے مالی سال کے سالانہ تنقیح 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 بورڈ 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 مشکل 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 با ضابطہ انداز میں کمپنی کی ویب سائٹ www.hitechlubricants.com پر مہیا کیا گیا ہے۔

حسن طاہر
(چیف ایگزیکٹو آفیسر)

شوکت حسن
(چیئرمین)

۱۰ ستمبر ۲۰۲۱ء

لاہور

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

چیئرمین کا جائزہ

عزیز حصص داران

ہم آپ کے مستقل تعاون اور ہائی ٹیک لبریکنٹس گروپ (ہائی ٹیک لبریکنٹس لمیٹڈ اور اس کی کلی ملکیتی ذیلی کمپنی ہائی ٹیک بلینڈنگ (پرائیویٹ) لمیٹڈ) پر آپ کے مسلسل بڑھتے ہوئے اعتماد پر شکرگزار ہیں کہ آپ کے اس ساتھ کی بنا پر ہم نے قدر و منزلت میں اضافے کا بیڑہ اٹھایا ہے۔

مالی سال ۲۰۲۱-۲۰۲۰ء کے آغاز پر کووڈ-۱۹ کی وبا اپنے عروج پر تھی۔ اس وقت معاشیات کے عالمی ماہرین کا کہنا تھا کہ یہ وبا ممالک کے تمام اداروں بالخصوص ترقی کے اشاریوں کو تیزی سے متاثر کرتے ہوئے بڑی حد تک ان کی معاشی حالت پر جارحانہ اثرات مرتب کرے گی۔ اس ضمن میں آئی ایم ایف نے پیش گوئی کی تھی کہ عالمی مجموعی پیداوار (گلوبل جی ڈی پی) منفی ۴.۳ فیصد رہے گی اور پاکستان کی مجموعی داخلی پیداوار منفی ۰.۴ فیصد کم ہو جائے گی۔ اس وبا نے پاکستان کی معیشت کو بھی تباہ کیا اور معیشت کی کشتی کو ڈوبنے سے بچانے کے لیے حکومت کو اچھا خاصا بوجھ برداشت کرنا پڑا۔ اقتصادی حالت میں گراوٹ 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 اداروں کے لیے کوئی امدادی پیکج فراہم کرنا۔ ان نامساعد حالات سے نبرد آزما ہوتے ہوئے بھی پاکستان نے معاشی بحالی کے سلسلے میں "V" کی صورت بہتری کا رجحان ظاہر کیا اور ایسا زرعی پیداوار میں اضافے، صنعتی مصنوعات کی بڑھتی ہوئی طلب، تعمیراتی شعبے کی ترقی اور برآمدات کے شعبے میں بہتری سے ممکن ہوا۔ مالی سال ۲۰۲۱-۲۰۲۰ء کے لیے مجموعی داخلی پیداوار میں اضافے کی شرح کا ہدف ۲.۱ فیصد تجویز کیا گیا تھا، اور جو 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۔

آگے بڑھنے کی 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 والے عوامل کے احسن انضمام اور ترقی کے اہم مواقع کے مطابق سرمایہ کاری کی مد میں ہم نے خاطر خواہ ترقی کی ہے۔ اس نامساعد وقت میں ہم اجتماعی طور پر یکجہتی سے کاروباری امور کا جائزہ لیتے رہے تاکہ منظم بنیادوں پر گروپ کی ترقی کو یقینی بنانے کے لیے عملی 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 ۲۹.۵ بلین روپے کی ریکارڈ فروخت کی اور ۱۰۵۹ ملین روپے منافع حاصل کیا جو گزشتہ سال حاصل ہونے والے ۱۴۳ ملین روپے کے منافع سے ۶۳۳ فیصد زیادہ ہے۔ اس دوران فی حصص کی آمدن بڑھ کر ۹.۲۵ روپے رہی جو گزشتہ سال ۱.۰۵ روپے فی حصص تھی۔ یہ حصص یافتگان کی منفعت کو بڑھانے کے لیے ہماری کاوشوں کا واضح ثبوت ہے۔

افراط 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 مقصد 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 کلی 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 زائد 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 ... کمپنی کے لیے سٹوریج کی دوسری سہولت کی تکمیل کی منظوری دے دی ہے۔ اس کا مطلب یہ ہے کہ اس سال کے آخر تک منظوری ملنے پر کمپنی ... 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) قوانین مجریہ ۲۰۱۹ء کے قواعد کا مکمل خیال رکھتی ہے۔ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) قوانین 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 اہم فیصلے کیے جا سکیں جو کمپنی کی کامیابی میں کلیدی کردار ادا کریں۔ اگلے سال تک انتظامیہ کے لیے کچھ حکمت عملی اہداف متعین کیے جاتے ہیں اور اس دوران بورڈ کی مؤثر کارکردگی کی جانچ ان مقاصد میں کامیابی کی بنیاد پر کی جاتی ہے۔ اسی حوالے سے بورڈ نے سال ۲۰۲۱ء کے لیے داخلی قدر پیمائی کی، پورے عمل کو مکمل کر لیا 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 گورننس کی بہترین کارکردگی کے حوالے سے بورڈ کے متعین کردہ معیارات کے مطابق کی جاتی ہے۔

بورڈ ڈائریکٹرز منصوبہ بندی اور حکمت سازی کے عمل میں مکمل طور پر حصہ لیتا ہے اور ہمارے ہاں کارپوریٹ

گورننس کے جملہ امور اور اخلاقی 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 لاتا ہے۔

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 ذمہ داری میں نگرانی کے جاری امور اور موجودہ 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 بڑی 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 ثمرات کو حصص داران تک پہنچانے کے لیے بورڈ نے دو روپے فی حصص (بیس فیصد) کے حساب سے عبوری نقد منافع منقسمہ کے علاوہ ۳ روپے فی حصص (تیس 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 کیپیٹل 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 اشیاء اور آمدات کے بڑھتے ہوئے حجم اور بینک دولت پاکستان کی عارضی اکنامک ری فنانس فیسلیٹی (TERF) کے تحت صنعتی پیداوار میں اضافے کی گنجائش بڑھ جانے سے صنعتی شعبے کی مثبت 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 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 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

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
Raco

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

HTL LIMITED
Hi-Tech Lubricants Ltd

	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	

HTL LIMITED
Hi-Tech Lubricants Ltd

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**		
	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**		
	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.

29. CASH AND BANK BALANCES

	2021 Rupees	2020 Rupees
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.

30. GROSS REVENUE FROM CONTRACTS WITH CUSTOMERS

	2021 Rupees	2020 Rupees
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

	2021 Rupees	2020 Rupees
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.

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.

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

Stock-in-trade as at 30 June 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.</td><td>Our procedures over existence and valuation of stock-in-trade included, but were not limited to:

• To test the quantity of stock-in-trade at all locations, we assessed the corresponding stock-in-trade observation instructions and participated in stock-in-trade counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management.

• For a sample of stock-in-trade items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets.

• We tested that the ageing report used by management correctly aged stock-in-trade items by agreeing a sample of aged stock-in-trade items to the last recorded invoice.

• On a sample basis, we tested the net realizable value of stock-in-trade items to recent selling prices and re-performed the calculation of the stock-in-trade write down, if any.

• We assessed the percentage write down applied to older stock-in-trade with reference to historic stock-in-trade write downs and recoveries on slow moving stock-in-trade.

• In the context of our testing of the calculation, we 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.</td></tr>
</table>

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the 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

	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

Hi-Tech Lubricants Ltd

	Share capital	Capital reserve	Revenue reserve	Total reserves	Total equity
		Reserves			
		Share premium	Un-appropriated Profit		
	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

	2021 Rupees	2020 Rupees
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.

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	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:

Description	Operating fixed assets															
	Owned													Leased		
	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

HTL LIMITED
Hi-Tech Lubricants Ltd

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:

	Civil works	Plant and machinery	Dispensing pumps	Advance against purchase of apartment	Advances for capital expenditures	Mobilization advance	Unallocated expenditures	Total
	Categories							
	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

	2021 Rupees	2020 Rupees
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:

	2021 Rupees	2020 Rupees
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

38. CASH GENERATED FROM OPERATIONS

	2021 Rupees	2020 Rupees
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:

		2021 Rupees	2020 Rupees
Relationship	**Nature of transaction**		
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:

	Short term	Rating Long term	Agency	2021 Rupees	2020 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.

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 & Co.

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore
Date: September 10, 2021