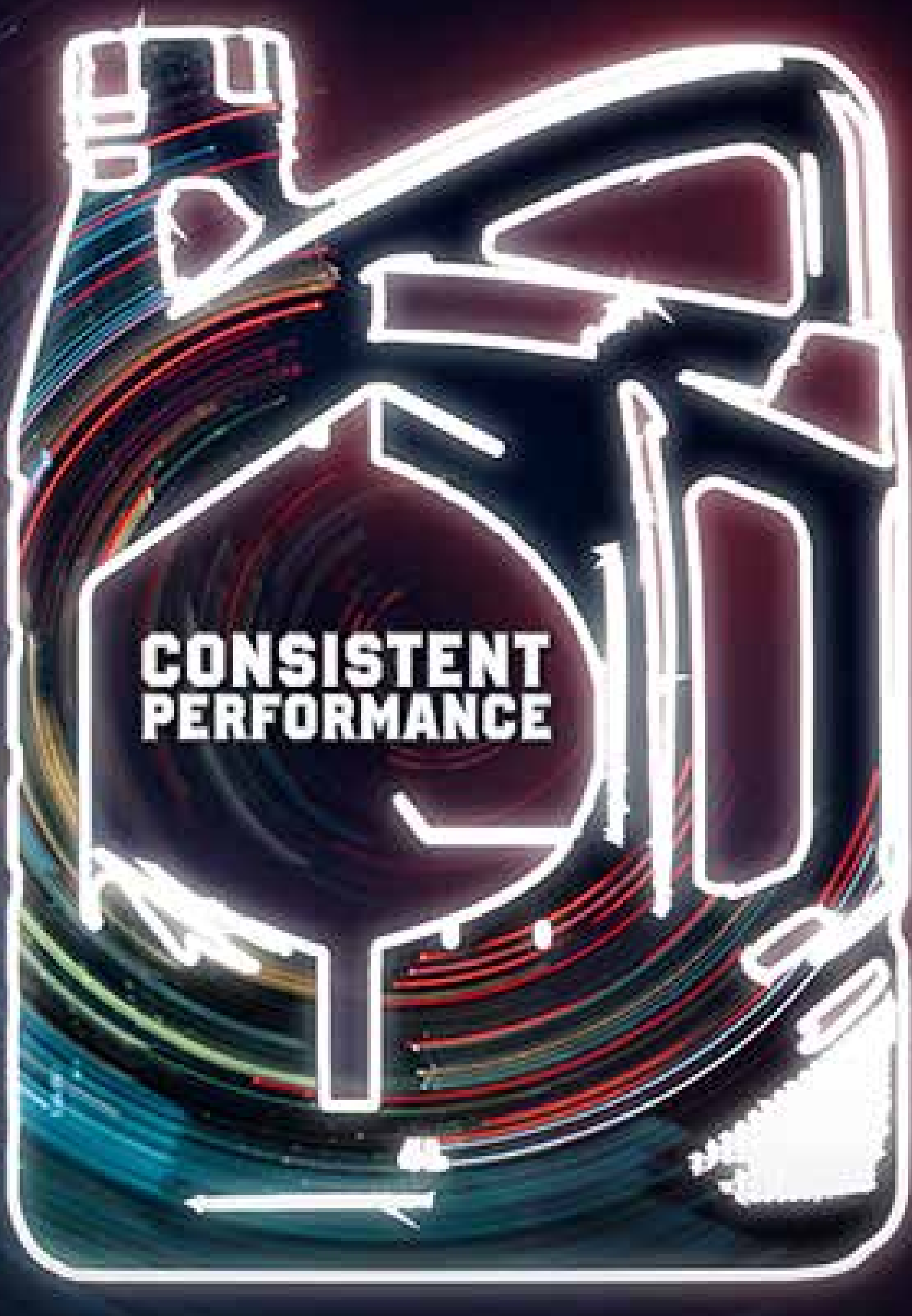
Hi-Tech Lubricants Ltd

Annual Report 2020



Standing in Solidarity with the Affectees of COVID-19

CONSISTENT PERFORMANCE

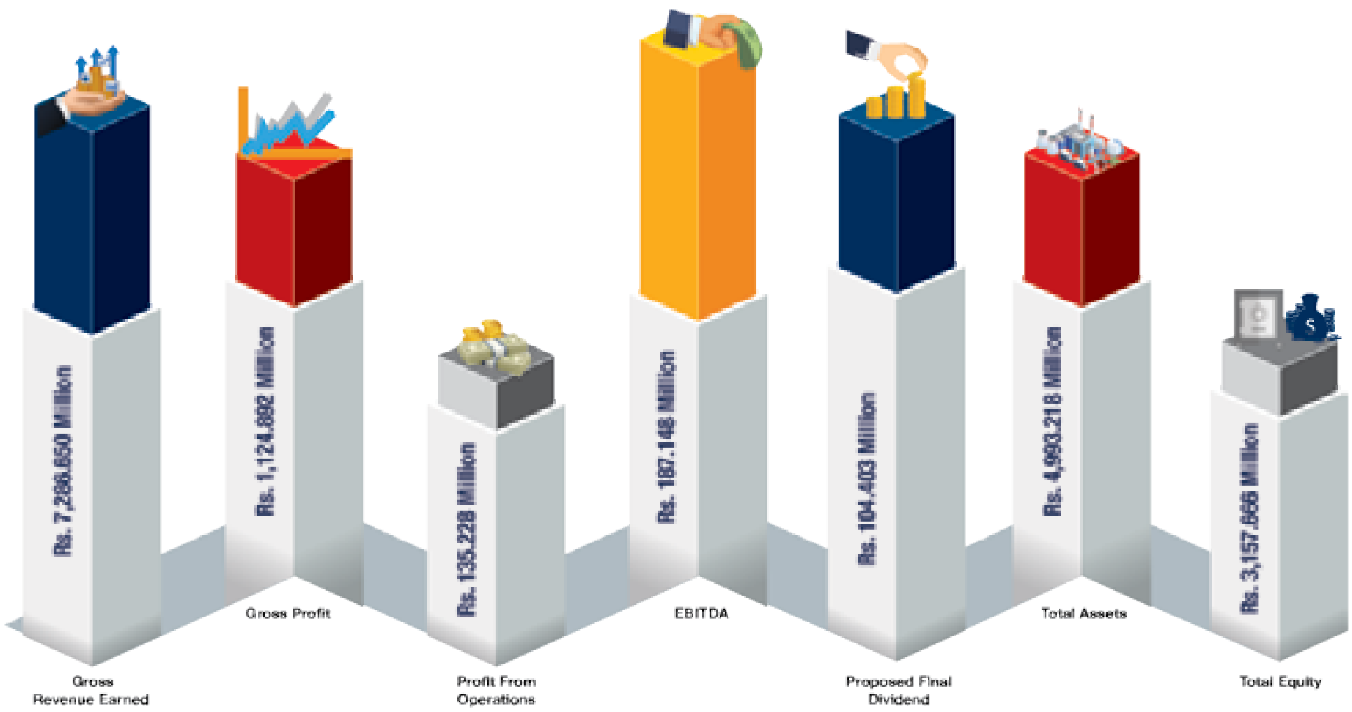
Hi-Tech Lubricants Limited (HTLL) has been marketing lubricants in Pakistan for the last 23 years. Starting in 1997 the business was based upon a simple import and sell model. Through our customers trust in the Consistent Performance of our brands we have navigated across tumultuous socioeconomic and political times to emerge as one of the leading lubricants company in Pakistan.

Today, we are continuingly focused on driving the legacy of “Consistent Performance” forward in all facets that encompass our brands. Guided by our values rooted in respect, our mission is to shape a better and performance driven future for our company as well as our esteemed stakeholders.

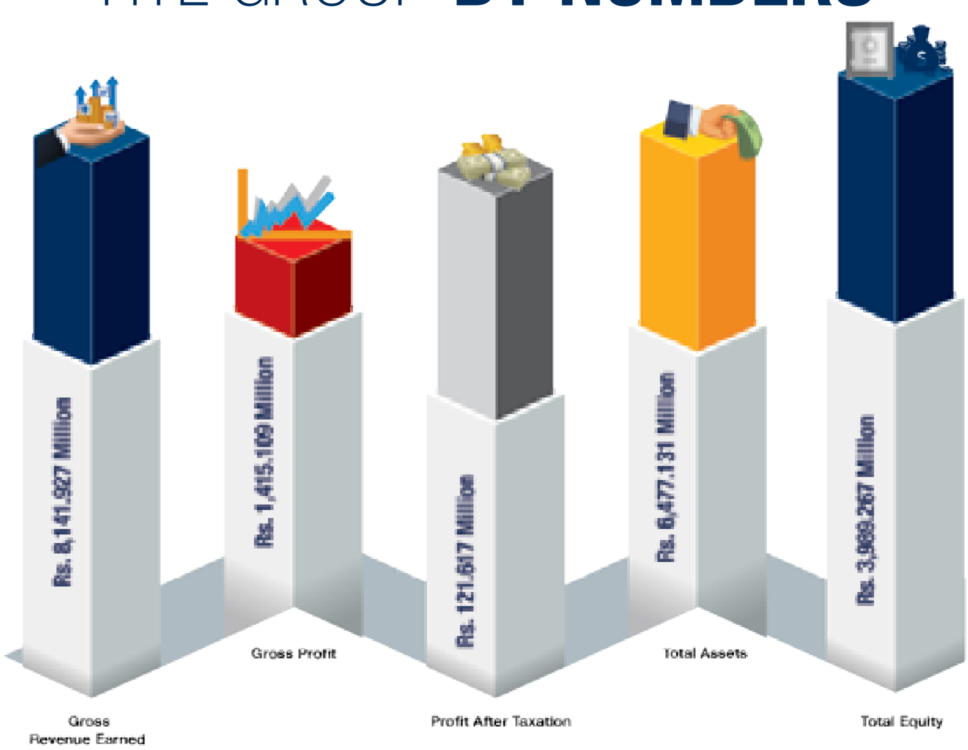
We have been strategically aligned towards consistent performance which is represented in our business expansion. With state of the art blending plant providing the company with stronger roots in its supply chain and the addition of HTL Express centers and HTL Fuel Stations has brought us one step closer to our ultimate customer.

At HTL, performance is aligned with sustainable growth. While the Company has grown substantially in the last few years – we remain driven by the same core principle: Consistency – in product quality, in corporate strategy which aims to increase the range of products and services we provide our customers and in our commitment to continued judicious investment in our expansion.

HTLL BY **NUMBERS**



HTL GROUP **BY NUMBERS**



CONTENTS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CEO'S **MESSAGE**

Dear Stakeholders,

I am pleased to report that despite a year full of challenges, Hi-Tech Lubricants Limited (the Company) has stayed on course and continued to fulfill the promise and commitment to all our stakeholders by achieving results better than last year.

The financial year 2019-20 was a very difficult year world over and in Pakistan due to the COVID-19 pandemic. Global and local business environment remained highly challenging, with the impact of COVID-19 spreading across the whole world within weeks. The COVID-19 pandemic badly affected the entire corporate sector. Higher inflation and rupee devaluation continued to exert significant pressure on the overall economy and also deteriorated the purchasing power of the consumers. During these challenging times, the Company managed to operate, often with very thin staff and successfully deployed business continuity and incident management plans to cope with this crisis. The Company's strategy remained focused to boost its sales by providing diversified portfolio of lubricants to its consumers and also introducing new products in Pakistan that meet International Quality Standards.

Coming to the annual results 2019-20; with the grace of Allah Almighty, the Group (Hi-Tech Lubricants Limited and Hi-Tech Blending (Private) Limited its wholly owned subsidiary) was able to deliver resilient performance despite of COVID-19 challenges and sluggish market conditions. On a consolidated basis, the Group attained profit after tax of Rupees 121.617 million, up by 196.12 percent as compared to Rupees 41.069 million during the corresponding year. The earnings per share increased to Rupees 1.05 as compared to Rupees 0.35 during the corresponding year, which reiterates our ongoing commitment to creating shareholders' value.

The successful start of marketing and sale of petroleum products through HTL Fuel stations is the remarkable achievement of the Company during the year. As at 30 June 2020, the Company has eleven operational HTL Fuel stations in various cities of Punjab Province and shortly this number will reach to twenty-six. On the other hand, the Company is expediently working to complete the construction of its Nowshera Oil storage depot. It is near to completion; a few months' delay was occurred due to COVID-19 crises. The Company expects to start marketing and sale of petroleum products in Khyber Pakhtunkhwa province by January 2021, after successful completion of Nowshera Oil storage depot and receiving formal approvals from Oil and Gas Regulatory Authority (OGRA). It will lead the Company to operate thirty-five HTL Fuel Stations in Khyber Pakhtunkhwa Province. The Company is actively planning to extend its Sahiwal Oil storage depot; due to this overall limit on number of HTL Fuel stations would be enhanced by fifteen to twenty in Punjab Province. In order to safeguard continuous uninterrupted supply of petroleum products the Company also plans to build its storage near the oil pipeline system under joint arrangements with other Oil Marketing Companies.

Considering the economic situations, the Group strategically moved towards local blending of various lubricant products through its state of the art blending facility. During the current year, Hi-Tech Blending (Private) Limited – wholly owned subsidiary company processed almost eight million liters of various lubricant products. This strategical move helps us to achieve better competitive position in the market.

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

This year, Hi-Tech Lubricants Limited won the First Prize for 'Living the Global Compact Best Practices Sustainability Award 2019', in the category of National Companies, at award ceremony hosted by UN Global Compact Network Pakistan and also achieved second position in Best Corporate Reports of 2018 Awards in fuel and energy sector arranged by the joint committee of Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP).

Pakistan will achieve economic growth around one percent to one and half percent for FY 2021 according to various National and International Bodies survey reports, it envisaged a slowdown in economic activity. On the other hand, by the Grace of Allah Almighty significant reduction in outbreak of COVID-19 was observed after the year ended 30 June 2020 and economy is fast reverting back to normal levels which is a positive sign for the economy. We are optimistic about the year ahead.

Lastly, I would like to highlight and extend my deepest gratitude to the persistent efforts of our esteemed Chairman of the Board, the Board of Directors, our entire team and all stakeholders for their continued support and encouragement. Together we will be able to achieve more solid performance in the coming fiscal year.

HASSAN TAHIR
Chief Executive Officer

COMPANY **PROFILE**

Hi-Tech Lubricants Limited (the Company) has been marketing lubricants in Pakistan for the last 23 years and is catering the needs of automotive, industrial and marine segments. The Company has outreach and availability of the ZIC products at around 20,000 retail outlets and wash stations, with a sales and technical force comprising of 174 employees across Pakistan including Azad including Azad Jammu and Kashmir and Gilgit Baltistan. Over 300 distribution vans are committed to providing door-to-door delivery for customers.

The Company also maintains adequate stock in warehouses as well as with distributors guaranteeing inexhaustible availability, and is currently providing a wide range of products that covers the needs of major business segments. Products are categorized into Passenger Car Motor Oil (PCMO), Diesel Engine Oil (DEO) and Motorcycle Oil (MCO) due to its usage. Both synthetic and semi synthetic product range is available in the market.

In 2017, the Company stepped into the retail service industry with a One-Stop Vehicle Maintenance Solution under the brand name of HTL Express Centers. Currently, the Company is running the aforesaid HTL Express Centers in three mega cities of Pakistan i.e. Lahore, Karachi and Rawalpindi.

During the current financial year, the Company achieved another milestone by the successful start of marketing and sale of petroleum products in Punjab Province under the brand name HTL Fuel Stations.

PRINCIPLE **BUSINESS ACTIVITIES OF THE COMPANY**

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

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

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

In addition, the Company successfully started its petroleum segment of operations in Punjab Province. Due to this, the Company is able to market and sale of petroleum products under the brand name of HTL Fuel Stations. Petroleum products include Petroleum Motor Gasoline (Petrol) and High Speed Diesel (Diesel).

KEY **MARKETS**

ZIC LUBRICANTS

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

Majority of Company's revenue is generated in the Punjab province.

Currently, the Company has not engaged in business with foreign customers. However, the Company has the plans to tap the foreign markets specially Afghanistan

HTL EXPRESS CENTERS

The Company provides vehicle maintenance services in Lahore, Karachi and Rawalpindi under its brand name HTL Express Centers. The Company entertains both corporate and non-corporate customers.

PETROLEUM PRODUCTS

The Company successfully started marketing and selling of petroleum products in Punjab Province under its brand name HTL Fuel Stations. At 30 June 2020, the Company has eleven operational HTL Fuel Stations. City wise detail of these HTL Fuel Stations is stated below:

CITY NAME	NUMBER OF HTL FUEL STATIONS
Multan	1
Lalian	1
Faisalabad	1
Hasilpur	1
Jhang	1
Gujranwala	1
Jaranwala	1
Arifwala	1
Wazirabad	1
Okara	1
Lahore	1
Total	**11**

KEY BRANDS
PRODUCTS & SERVICES

ZIC **Oil**

The Company's product portfolio consists of three major categories i.e. Mineral / Classic Oil, Semi Synthetic and Synthetic Engine Oils. Mineral oil is refined from crude oil and is conventional, synthetic oil is artificially prepared chemically according to the need or requirements of vehicle, while semi synthetic oils are a mixture of both mineral and synthetic oil. The composition of synthetic oils is 50-90% of synthetic oil and remaining mineral traces while fully synthetic oil exhibit 100% chemical composition.

GASOLINE ENGINE OILS (GEO)

X1-20W-50
(Economy)

X3-15W-40
(Classic)

X5-20W-50
(Synthetic)

TOP-0W-40
(Fully Synthetic)

X9-5W-40
(Fully Synthetic)

ZIC Synthetic Oil is based on Very High Viscosity Index (VHVI) technology offering various grades (issued by SAE). Fully Synthetic Oil provides superior engine protection and is also fuel efficient. ZIC Gasoline Engine Oil is used for vehicles working on Petrol, LPG, and CNG. In Gasoline Engine Oil, ZIC offers a wide series such as ZIC Top, X9, X7, X5, X3 and X1. Among these ZIC TOP, X9, X7 FE and X7 are fully synthetic engine oil and are of premium quality targeting the luxury car market, X5 is synthetic whereas X3 and X1 are classical. All ZIC X 7 ranges has been upgraded to API SP grading this fiscal year. The grading such as ZIC 0W30 and 5W40 are done on the bases of their viscosity. SAE is involved in multi grading of oil considering viscosity and temperature resistance. Both of the above mentioned grades provides better Oil Drain Intervals (ODI), thus keeping the engine protected and fuel efficient in all conditions (temperature and heavy load while driving). Fuel Efficiency benefits up to 10% as compared to conventional motor oils and delivers better performance.

X7-0W-30
(Fully Synthetic)

X7-0W-20
(Fully Synthetic)

X7-5W-20
(Fully Synthetic)

X7-10W-40
(Fully Synthetic)

MOTOR **CYCLE OILS (MCO)**

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

M9-10W-40 | **M7-10W-40** | **M5-10W-50** | **M5-20W-40** | **M3-20W-50** | **M1-20W-50**

DIESEL **ENGINE OILS**

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

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

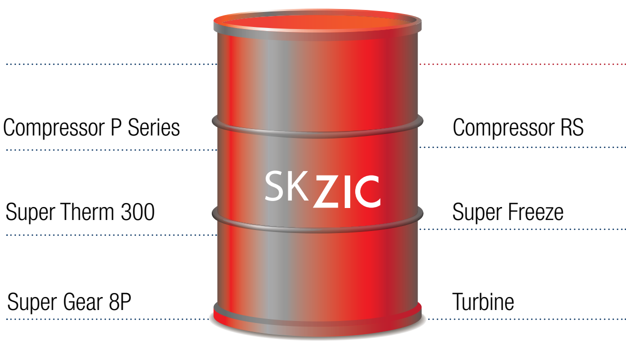
X7000-10W-40 (CI-4) (Fully Synthetic) | **X7000-15W-40 (CI-4)** (Fully Synthetic) | **X7000-20W-50 (CI-4)** (Synthetic)

X3000-15W-40 (CF-4/SG) (Classic) | **X3000-20W-50 (CF-4/SG)** (Classic) | **X3000-SAE-40 (CF/SF)** (Classic) | **X3000-SAE-50 (CF/SF)** (Classic) | **X1000-50 (CF/SF)** (Economy) | **X5000-15W-40 (CH-4)** (Synthetic)

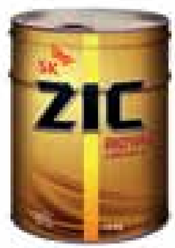
INDUSTRIAL OILS, GREASES, HYDRAULICS, ATF, GEAR OILS, **BRAKE FLUIDS AND COOLANTS POWER GENERATION GEN-SET OILS**

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

Industrial oil



Grease

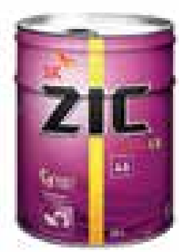


ZIC Royal Grease

ZIC Crown Grease

Hydraulic oil

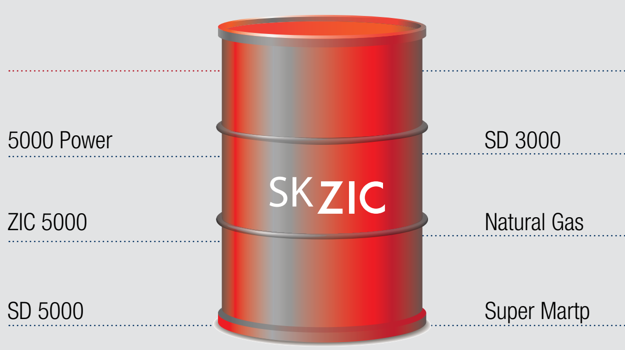
ZIC VEGA



ZIC VEGA LX

POWER GENERATION **GEN-SET OILS**

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



VEHICLE MAINTENANCE **CENTERS**

HTL EXPRESS CENTER

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

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

The centers are committed to maintaining international quality standards, reflecting our company's promise of delivering excellence in all our business practices. Currently, the Company has eight operational HTL Express Centers in three mega cities. i.e. Four in Lahore, three in Karachi and one in Rawalpindi.

HTL FUEL **STATIONS**

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

During the year, the Company achieved a milestone by the successful start of marketing and sale of petroleum products through HTL Fuel Stations in the Punjab Province. As at 30 June 2020, the Company has eleven operational HTL Fuel stations in various cities of Punjab Province and shortly this number will reach to twenty-six.

The Company expects to start marketing and sale of petroleum products in Khyber Pakhtunkhwa Province by January 2021, after successful completion of Nowshera Oil storage depot and receiving formal approvals from Oil and Gas Regulatory Authority (OGRA). It will lead the Company to operate thirty-five HTL Fuel Stations in Khyber Pakhtunkhwa Province.

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

Our vision is to establish HTL Fuel Stations as a market leader in oil marketing sector, offering superior quality products and services compared to what is being offered by existing market players, all the while keeping the needs of our customers at the center of all our planning and decision-making process. We envision HTL to become the brand of choice in the oil marketing industry, and HTL Fuel Stations to proudly stand as a compendium of our flagship offerings: a One-Stop Solution for all who are on the move.

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

WHOLLY OWNED SUBSIDIARY

BLENDING PLANT

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

HI-TECH **TESTING LABORATORY**

TESTING LABORATORY

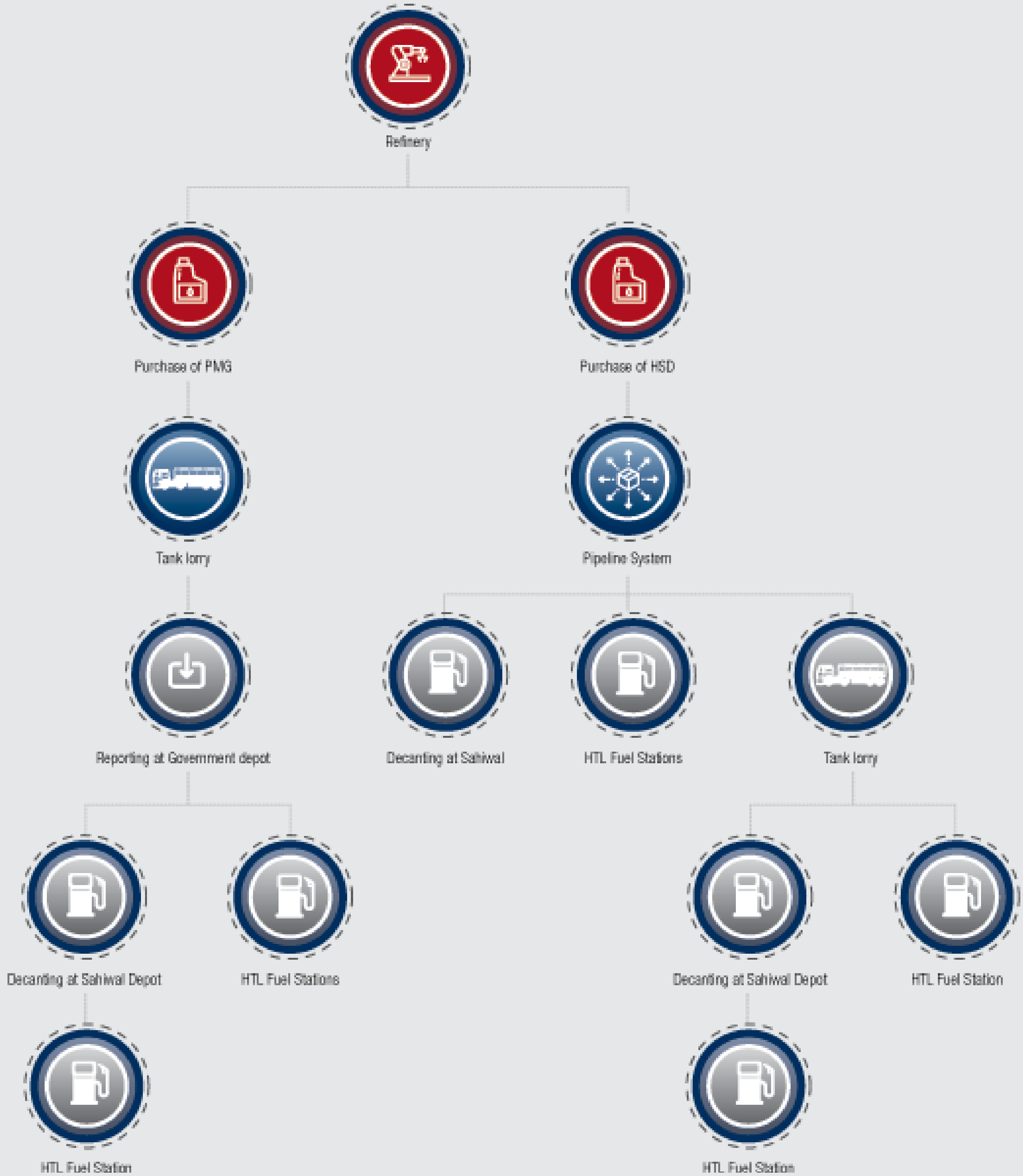
HTBL blending plant also incorporates Hi-Tech Testing Laboratory, built with the latest lubricant testing technology that provides greater accuracy and precision to our quality control operations. The Lab also provides commercial lubricant testing services, making quality assurance more accessible to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

HI-TECH
BOTTLING SECTION

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

LUBRICANTS **SEGMENT VALUE CHAIN**

PETROLEUM **SEGMENT VALUE CHAIN**



SIGNIFICANT **CHANGE FROM PRIOR YEAR**

• PETROLEUM SEGEMENT OPERATIONS

During the year, the Company has successfully started marketing and sale of its petroleum products in Punjab Province.

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

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

Hi-Tech Lubricants Limited – Holding Company

Hi-Tech Blending (Private) Limited – wholly owned subsidiary company

Hi-Tec Lubricants Limited

Hi-Tech Lubricants Limited (HTLL) is the holding company of Hi-Tech Blending (Private) Limited. In March 1997, HTLL started its business as an Association of Persons (AOP) and 2011 it was first converted into private limited company and later on converted into a public unlisted company. In 2016, HTLL finally got listed on Pakistan Stock Exchange. As at 30 June 2020, the market capitalization of HTLL is around Rupees 3.51 billion, with majority of its shares being held by the directors, their spouses and children.

Hi-Tech Blending (Private) Limited

Hi-Tech Blending (Private) Limited is a wholly owned subsidiary of HTLL and was incorporated in Pakistan as a private Company limited by shares on 13 March 2014 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of the Company is to construct, own and operate oil blending plant.

CALENDAR **OF MAJOR EVENTS**

2019

20-Aug-19
Received second prize of Best Corporate Reports of 2018 Awards organized by ICAP and ICMAP.

11-Sep-19
Soft launch of HTL Express Centre in Rawalpindi

21-Sep-19
Approval of annual financial results for the year ended 30 June 2019 by Board

23-Oct-19
"Breast cancer awareness month" seminar organized for female employees

25-Oct-19
- 11th Annual General Meeting (AGM)
- Approval of annual financial results by shareholders
- Approval of final cash dividend (D-7) by shareholders

26-Oct-19
Approval of financial results for the first quarter ended 30 September 2019 by Board

22-Nov-19
Corporate breifing session organized on the basis of annual financial statements for the year ended 30 June 2019

2020

20-Jan-20
Start of marketing and sale of petroleum products through HTL Fuel Stations in Punjab Province

21-Feb-20
Approval of financial results for the half year ended 31 December 2019

25-Feb-20
OGRA granted permission to proceed to apply for NOCs from concerned departments for setting up petrol pumps up to 35 in KPK Province

02-Mar-20
Won the First Prize for 'Living the Global Compact Best Practices Sustainability Award 2019', in the category of National Companies, at award ceremony hosted by UN Global Compact Network Pakistan.

03-Mar-20
Participated in Sustainable Development / Global Goals Roadshow 2020 organized by UN Global Compact Network Pakistan

03-Mar-20
Organized Annual Distributor's Conference

28-Apr-20
Approval of financial results for the third quarter ended 31 March 2020 by Board

31-May-20
Successfully implemented Oracle system for petroleum segment operations.

1997 BUSINESS ESTABLISHED

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

2000 EXPANSION YEAR

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

2006 CUSTOMIZED ERP IMPLEMENTATION

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

2007 ESTABLISHMENT OF SEPARATE PRODUCT SEGMENTS

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

2010 ISO CERTIFICATION

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

2011 CONVERSION OF AOP INTO PUBLIC UNLISTED COMPANY

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

JOURNEY SO FAR

2013 INVESTMENT IN BLENDING PLANT

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

2014 IMPLEMENTATION ORACLE FINANCIAL AND BUSINESS INTELLIGENCE TOOLS

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

2016 TAKING HTL TO CAPITAL MARKETS

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

2017 COMMENCEMENT OF HTL EXPRESS CENTERS (RETAIL SERVICES)

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

2020 PETROLEUM SEGMENT OPERATIONS

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

OUR **VISION**

Delivering high quality products and services for client satisfaction.

OUR **MISSION**

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

OUR CORPORATE **CULTURE AND CORE VALUES**

As we continue to expand, it is important to identify and reinforce the aspects of our corporate "character" that define Hi-Tech Lubricants Limited (HTLL), and which are important to nurture within the Company as we grow. At HTLL, our business activities and individual actions are guided by our core values and principles of integrity, respect, quality and responsibility. These values describe us as we want our image to be. We ensure that our decisions and actions consistently demonstrate these values. And by practicing the same we will be able to achieve long term commitments with our stakeholders including distributors, institutions, customers, employees, suppliers, and the communities we serve.

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

RESPECT
We maintain openness and respect others that motivate us to cross all boundaries

QUALITY
We strive for quality in everything we do

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


ZIC
ZIC

CODE OF BUSINESS **CONDUCT AND ETHICS**

ETHICAL CONDUCT **& PERSONAL MAINTENANCE**

Delivering high quality products and services for client satisfaction. Each employee owes a duty to the Company to act with integrity. Integrity requires, among other things, being honest and ethical. It is of high importance that each employee maintains certain personal standards to make sure he / she stay on top of game with outstanding results. All employees must practice proper personal hygiene standards. The Company encourages a work environment where all employees can practice the organizational values and job goals effectively and efficiently.

WORK **ETHICS**

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

HEALTH AND **SAFETY**

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

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

ANTI-BULLYING **&** **ANTI-DISCRIMINATION**

Bullying or discrimination, including behavior, comments, jokes, slurs, e-mail messages, photographs, or other conducts that contribute to an intimidating or offensive environment are not tolerated (zero tolerance).

HTLL is committed to maintaining a non-discriminatory and free of bullying workplace. Acts or threats of intimidation, sabotage, physical or mental harm, terrorization and similar activities are not tolerated.

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

SEXUAL HARASSMENT **AT WORKPLACE**

"Sexual Harassment" means any unwelcome sexual advance, request for sexual favors or other verbal or written communication or physical conduct of a sexual nature. This also includes sexually demeaning attitudes, causing interference with work performance or creating an intimidation, hostile or offensive work environment. Also any attempt to punish the complainant for refusal to comply to such a request or is made a condition for employment. We practice zero tolerance for sexual harassment, physical or mental, that contributes to a sexually offensive environment for either male or female. Supervisors who fail to take action, engage in harassment, or permit harassment to occur not only expose HTLL to liability; they also expose themselves to personal liability or even to non-tolerable offence.

ABUSE OF **COMPANY RESOURCES**

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

MEDIA & SOCIAL **NETWORKING**

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

CONFIDENTIALITY

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

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

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

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

CONFLICT **OF INTEREST**

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

TRADE **REGULATIONS**

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

SOCIALLY **RESPONSIBLE BUSINESS**

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

GEOGRAPHICAL **PRESENCE**

NORTH

- **30** Distributors ZIC (S) Synthetic
- **29** Distributors ZIC (M) Ecno Tier
- **2** Regional Offices
- **1** HTL Express Centre

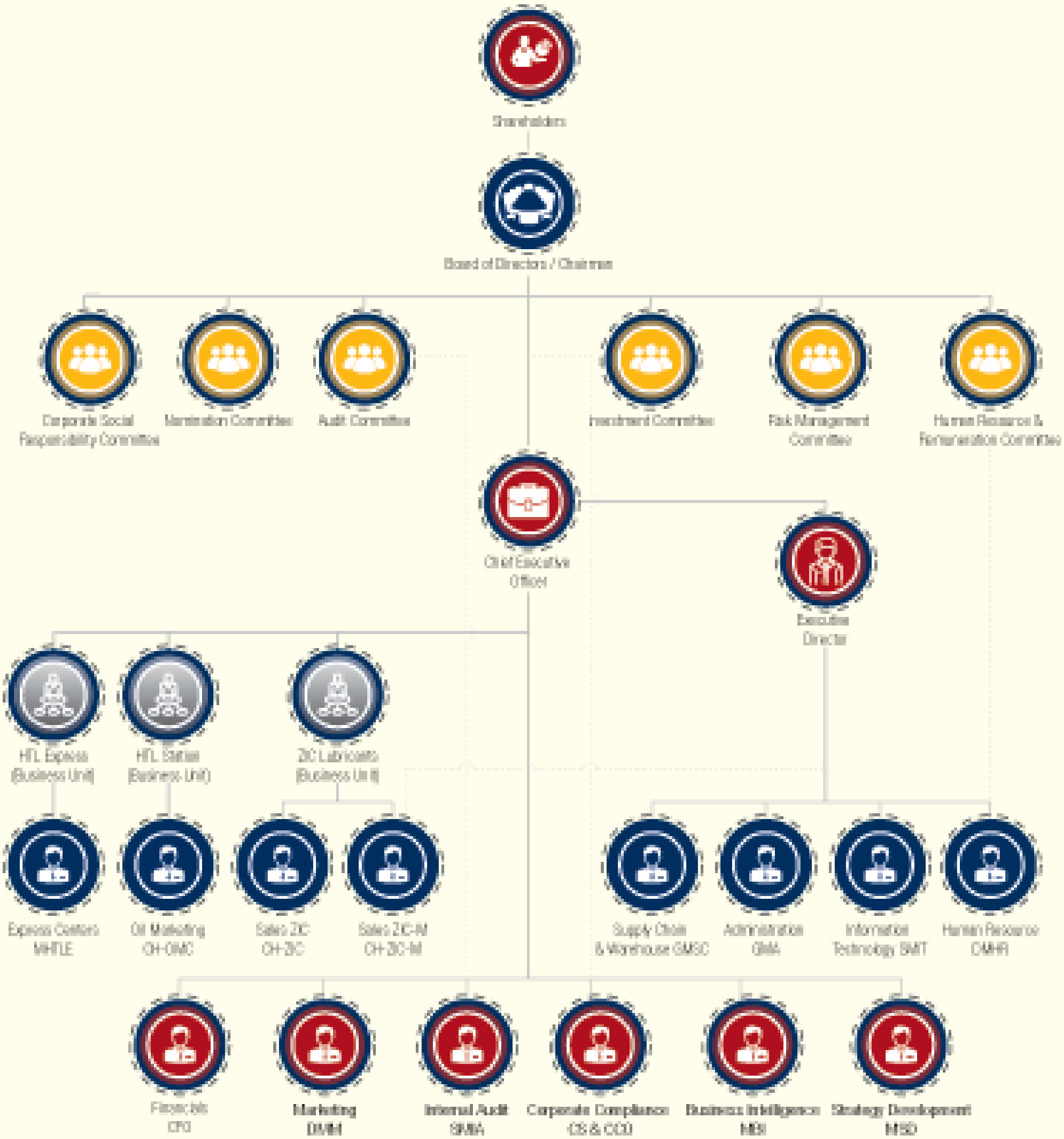
CENTRAL

- **39** Distributors ZIC (S) Synthetic
- **36** Distributors ZIC (M) Ecno Tier
- **4** HTL Express Centers
- **11** HTL Fuel Stations
- **1** Registered and Head Office
- **1** OMC Project Office
- **1** Regional Office
- **3** Warehouses
- **1** Oil Depot

SOUTH

- **13** Distributors ZIC (S) Synthetic
- **12** Distributors ZIC (M) Ecno Tier
- **3** HTL Express Centers
- **1** Regional Office
- **1** Warehouse

ORGANIZATIONAL **STRUCTURE**



LEGEND

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

COMPANY **INFORMATION**

BOARD OF **DIRECTORS**

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

Mr. Hassan Tahir
Chief Executive Officer / Executive Director

Mr. Muhammad Ali Hassan
Executive Director

Mr. Tahir Azam
Non Executive Director

Ms. Mavira Tahir
Non Executive Director

Mr. Faraz Akhtar Zaidi
Non Executive Director

Mr. Ji Won Park
Non Executive Director (Nominee of SK Lubricants Co. Ltd.)

Mr. Muhammad Tabassum Munir
Independent Director

Dr. Safdar Ali Butt
Independent Director

Syed Asad Abbas Hussain
Independent Director

CHIEF FINANCIAL **OFFICER**

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

COMPANY SECRETARY & **CHIEF COMPLIANCE OFFICER**

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

EXTERNAL **AUDITORS**

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

SHARE **REGISTRAR**

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

LEGAL **ADVISOR**

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

STOCK **SYMBOL**

HTL

REGISTERED **/ HEAD OFFICE**

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

REGIONAL **OFFICES**

KARACHI **OFFICE:**

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

ISLAMABAD **OFFICE:**

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

MULTAN **OFFICE:**

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

PESHAWAR **OFFICE:**

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

OMC **OFFICE:**

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

HTBL **LOCATION**

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

COMPANY **WEBSITE:**

www.hitechlubricants.com
www.zicoil.pk

BANKERS

ISLAMIC **BANKS**

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

CONVENTIONAL **BANKS**

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

STRATEGIC **DIRECTION**

@ HTL

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

STRATEGIC **DIRECTION**

CORPORATE **STRATEGY**

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

REVENUE **GROWTH**

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

BRAND **IMAGE**

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

OPTIMIZATION OF SYSTEMS AND **PROCESSES**

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

SHAREHOLDERS' **EQUITY**

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

BUSINESS **DIVERSIFICATION**

Continuing with its commitment to develop profitable non-lubricant businesses, the Company is utilizing the IPO funds generated in 2016 for the development of infra-structure for HTL Fuel Stations to ensure long-term profitability of the Company by investing in related business streams in the automotive industry. During the year, the Company successfully started marketing and sale of petroleum products in the Punjab Province through HTL Fuel Stations.

COMPANY PERFORMANCE **INDICATORS**

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

FUTURE **RELEVANCE**

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

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

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

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

During the year, the Company successfully started marketing and sale of petroleum products through HTL Fuel Stations. At 30 June 2020, the Company has eleven operational HTL Fuel Stations and this will number will reach to twenty-six in short span of time. The Company making continuous efforts to start its petroleum segment operations in Khyber Pakhtunkhwa Province by January 2020, after taking necessary approval from OGRA. In the medium term, more investment in the HTL Fuel Stations would expand the HTL network in the country, providing greater avenues for ZIC and HTL Express to penetrate in the motor oil segment through greater visibility at the stations. The concept of delivering a one-stop solution for all vehicle needs would take precedence over individual brands, helping establish the brand name of HTL as a top quality product and service provider in the automotive industry.

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

IMPLEMENTATION **PLAN**

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

RESOURCE **ALLOCATION**

FINANCIAL **CAPITAL**

LIQUIDITY AND CASH FLOW **MANAGEMENT ANALYSIS**

Effective resource and working capital management with following key highlights:

a) More than 90% advance collection from customers;
b) Channel financing for distributors and dealers from financial institutions;
c) Efficient inventory management with forecasting;
d) Budgeted cash inflows and out flow with daily monthly, quarterly and yearly planning; and
e) Timely negotiations with financial institutions for external financing and opportunity planning. A budgeting and planning department works under the direct supervision of CFO of the Company.

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

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

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

CAPITAL STRUCTURE **OF THE COMPANY**

Debt: Equity ratio has been decreased from 39:61 to 21:79. Such reduction is mainly due to repayment of short term borrowings by the Company. All Capex were financed either from internal generated resources or from IPO funds used specifically for expansions in petroleum segment operations. Future projections indicate adequacy of the capital structure for the foreseeable future.

REPAYMENT OF **DEBT**

Our cash flows forecast gives us the confidence to pay short and long term debt. Company's ability to pay its debt is stable as per our credit rating 'A/A-2' assigned by JCR-VIS Credit Rating Company. Assigned rating depicts good credit quality with adequate protection factors. Further, risk factors may vary with possible changes. Moreover, there is good certainty of timely payment coupled with sound company fundamental and liquidity factors.

HUMAN **CAPITAL**

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

HTLL possesses a dedicated sales force equipped with the technical knowledge of the product who works day and night to boost the sales of the company. Moreover, the support departments like IT, HR, Marketing, Financials, Administration, Corporate Compliance, Internal Audit, Supply Chain and Warehouse have motivated and committed professionals in their domains and working side by side with each other to make the HTLL business a success. Especially, HTL Fuel Stations (Petroleum segment) and HTL Express Center teams possess hands on experience and work with devotion and motivation to ensure the success of these new projects. We are proud of the empowerment philosophy at HTLL which gives our team both the responsibility as well as accountability to be the best that they can be.

MANUFACTURED **CAPITAL**

HTLL has necessary oil storage depot for HTL Fuel Stations in Punjab Province located at Sahiwal. On the other hand, to start HTL Fuel Stations in Khyber Pakhtunkhwa Province (KPK) oil storage depot is under construction at Nowshera, KPK. For ZIC lubricants storage, HTLL has three warehouses in Lahore and one in Karachi.

INFORMATION TECHNOLOGY **CAPITAL**

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

INTELLECTUAL **CAPITAL**

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

STRATEGY FOR **LIQUIDITY MANAGEMENT**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities. As at 30 June 2020, the Company had Rupees 3,456.243 million available borrowing limits from financial institutions and Rupees 158.925 million cash and bank balances. Management believes the liquidity risk to be low based on following available facilities:

Description	Non-funded	Funded
	Rupees	Rupees
Total facilities	647,000,000	4,285,910,000
Utilized at the end of the year	50,963,303	829,666,946
Un-utilized at the end of the year	596,036,697	3,456,243,054

SIGNIFICANT PLANS **AND DECISIONS**

As stated in the prospectus dated 28 December 2015, the Company planned to offer state of the art retail outlets across Pakistan with multitude of unique services and also planned to install additional filling lines at the blending plant of its subsidiary. The plan of the year 2015-16 covered 37 grand outlets openings in 11 major cities of Pakistan including Lahore, Gujranwala, Sialkot, Faisalabad, Multan, Islamabad, Rawalpindi, Karachi and Hyderabad. Over a period of 5 years, the Company planned to open 75 retail outlets (including 67 rented) across 16 major cities of Pakistan. As per quarterly progress report number 06 dated 14 July 2017, the Company informed the progress on implementation of project: Expansion through retail outlet: 1 owned service center under regulatory approval and out of the 10 rented service centers, 1 is operational, 3 are approved and under construction, 3 are under regulatory approvals and 3 are under negotiations. Accurate, effective and timely implementation of the above plans of the Company became a big challenge for the Company due to expensive lands and properties at key locations in almost all the cities for express service centers. Hence, the Company planned for incorporation of express centers into its fuel stations to be established under the umbrella of Oil Marketing Company (OMC) Project of the Company. In this regard, the Company obtained a financial feasibility report from KPMG Taseer Hadi & Co., Chartered Accountants regarding investment in OMC Project.

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

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

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

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

During the current financial year, the Company has started its petroleum segment operations in Punjab Province and expediently working on completion of its Nowshera Oil storage in KP. The Company further expecting to start its petroleum segment operations by January 2021, after obtaining formal approval from OGRA. Currently, the Company has eight operational the Company has eleven retail outlets operational for sale of petroleum products as on 30 June 2020. HTL Express Centers, four in Lahore, three in Karachi and one in Rawalpindi.

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

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

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

As part of our commitment to our stakeholders, we regularly monitor our strategies to further enhance the value creation process. There were no significant changes in objectives and / or strategies from prior years.

FUTURE OUTLOOK

FORWARD LOOKING STATEMENT

Pakistan will achieve economic growth around one percent to one and half percent for FY 2021 according to various National and International Bodies survey reports, it envisaged a slowdown in economic activity. The economic environment has been challenging in the country for both businesses and consumers. The management of the Company is optimistic about improvement in macro-economic conditions and has planned investments in new machinery, equipment's and fuel storages facilities in the current year to enhance capacity and presence in the fuel business. The Company is committed to increase profitability by focusing on volumetric growth, cost efficiencies and product mix management.

PROGRESS OF OUR EXPANSION PLAN

The Company successfully started marketing and sale of petroleum products through operations of HTL Fuel Stations in Punjab Province. On 30 June 2020, the Company has eleven operational HTL Fuel Stations. In order to start, HTL Fuel Stations in Khyber Pakhtunkhwa Province, the Company is expediently working on completion of its Nowshera oil storage depot. On the other hand, the Company moved one step ahead by the start of HTL Express Center in Rawalpindi.

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

It is a matter of pride that Company successfully started petroleum segment operations through HTL Fuel Stations and launched HTL Express Center in Rawalpindi as mentioned in our previous report.

SOURCES OF INFORMATION

Management has quoted figures regarding economic growth for FY 2021 mainly from International Monetary Fund (IMF) and Focus Economics survey report.

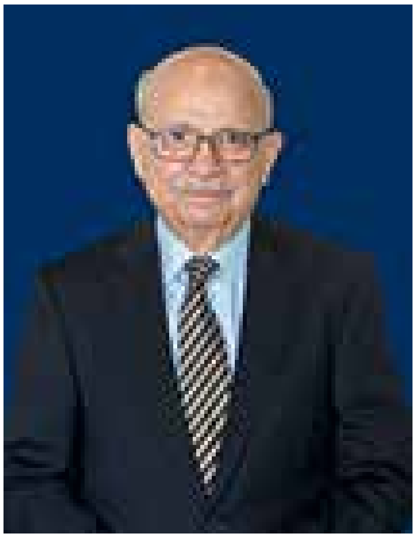

SK ZIC
HTL
STATION
AL KARAM
SHAM O SAHAR
FILLING STATION
Brand Power Index, Korea
Excitingly Fast.

CORPORATE **GOVERNANCE**

@ HTL

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

PROFILE OF THE **DIRECTORS**



MR. SHAUKAT **HASSAN**

Chairman Board of Directors and Non-Executive Director

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

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

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

Mr. Shaukat has numerous successful leading roles under his name. He is the principal Director of MAS associates (Pvt.) Ltd, Director at WASL Investment Finance Ltd. He is the CEO of MAS Infosoft (Pvt.) Ltd., He is Chairman/Trustee of HTL EPF Trust, MAS Associates EPF Trust and Sabra Hamida Trust.

MR. HASSAN **TAHIR**

Chief Executive Officer and Executive Director

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

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

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

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

MR. MUHAMMAD **ALI HASSAN**

Executive Director

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

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

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

MR. TAHIR **AZAM**

Non Executive Director

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

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

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

Mr. Tahir Azam is the CEO/Director of MAS Associates (Pvt.) Ltd., and Director of MAS Infosoft (Pvt.) Ltd. and Haut Buys (Pvt.) Ltd.. He is also acting as a Trustee of HTL EPF Trust, MAS Associates EPF Trust and Sabra Hamida Trust.

MR. FARAZ **AKHTAR ZAIDI**

Non Executive Director

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

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

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

MS. MAVIRA **TAHIR**

Non Executive Director

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

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

MR. JI WON **PARK**
(NOMINEE OF SK LUBRICANTS CO., LTD.)

Non Executive Director

Mr. Ji Won Park holds a Bachelor's degree in Chemical Engineering and is the Vice President & Head of Lubricants Global Business Division at SK Lubricants (SKL hereafter). He is a great expert in global business not only about finished lubricants products but also about Base oil. Mr. Park's deep knowledge about lubricants products enriches his insights about marketing & sales, including focus on quality and strategy. Additionally, his job career covers almost all work areas without any border. He has served in multiple functions ranging from Technical Service (1991~2000) and Base Oil Overseas Marketing & Sales (2001~2005) to assisting the CEO of SK Innovation (2006~2009) as Secretary Staff. Preparing himself to be a professional marketer, Mr. Park further invested his enthusiasm in expanding SKL's sales while serving as the Managing Director of SKL's Europe Branch (2010~2013), Team Leader of Lubricants Global Marketing Team (2014~2018) and B2B Marketing Team (2018). With these verified qualifications, Mr. Park accelerated global sales as a leader of entire SKL Lubricants Global Business Division (2019). Since 2020 Mr. Park, as a leader of Lubricants Business Division, is providing vast motivation and keen insights to the entire SKL Lubricants Business.

MR. MUHAMMAD **TABASSUM MUNIR**

Independent Director

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

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

DR. SAFDAR **ALI BUTT**

Independent Director

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

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

Dr. Butt spent 24 years in academics with institutions of higher learning in Pakistan and abroad. He retired as Professor Emeritus of Finance & Corporate Governance from Capital University of Science & Technology, Islamabad in January 2018. He has authored 38 books on various business related subjects of which 8 were published from UK, 19 from Kenya and 9 from Pakistan. His latest book is A Handbook for Company Directors in Pakistan. In addition, he has published over a hundred articles and research papers on finance, corporate governance and management related issues.

SYED **ASAD ABBAS HUSSAIN**

Independent Director

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

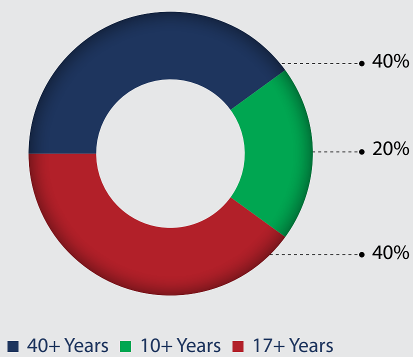
Born and educated in the United Kingdom, Mr. Asad is a self-motivated entrepreneur with over 25 years' experience within the IT Sector, specializing in routes to market via Retail and Ecommerce, as well as providing IT managed services.

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

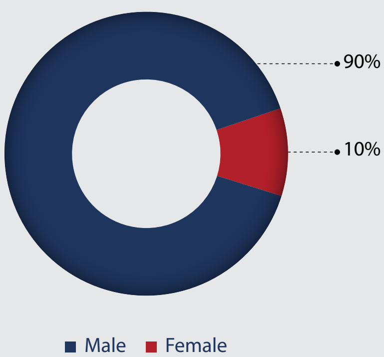
BOARD'S **PROFILE**

AREAS OF **EXPERTISE**

BOARD ANALYSIS
EXPERIENCE



BOARD ANALYSIS
GENDER



ROLE OF **THE CHAIRMAN**

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

ROLE OF **THE CEO**

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

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

HTLL aspires to the highest standards of corporate governance and seeks to consistently enhance and improve corporate governance performance, emphasizing transparency and embedding a sustainable culture of long-term value creation.

HTL has a well-defined whistle blowing policy to ensure that it conducts business lawfully, ethically, and with integrity. The prime objective is to encourage employees and professional associates of the Company to formally bring to the notice of an appropriate official their concerns about or knowledge of an actual or suspected wrongdoing noticed by them. Proper code of conduct articulates the values the organization wishes to foster in leaders and employees and, in doing so, defines desired behavior. Proper benchmarking is carried out at regular intervals to identify and eliminate any redundant practices.

FORMAL ORIENTATION **AT INDUCTION**

At the time of joining the Board, newly co-opted directors were provided with an orientation pack comprising of Companies Act, 2017, Securities Act, 2015, Rulebook of Pakistan Stock Exchange Ltd., Listed Companies (Code of Corporate Governance) Regulations, 2019, HTL's Policy for Directors Remuneration and Memorandum and Articles of Association through an email from the Chairman of the Board.

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

No Board meeting of HTL's Directors was held outside Pakistan during the year 2020.

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

Our respected Chairman of the audit committee, Mr. Muhammad Tabassum Munir, was present at the 11th Annual General Meeting (AGM) to answer the questions of the shareholders on audit committee's activities and matters within the scope of the audit committee's responsibilities.

STATEMENT ON **MANAGEMENT RESPONSIBILITY**

HTLL's management is responsible for the preparation and presentation of the financial statements in accordance with the accounting and reporting standerds as applicable in Pakistan.

CHAIRMAN'S **REVIEW**

The year 2020 has been a challenging year for the world. The COVID-19 pandemic has, with alarming speed, delivered a global economic shock of enormous magnitude, leading to steep recession globally.

The pandemic has also dealt a devastating blow on Pakistan's socioeconomic fabric and public health system. The Country's economy has to deal with multiple challenges of the pandemic as well as an already lower GDP growth and a general economic slowdown. In addition, higher inflation and significant rupee devaluation continued to exert significant pressure on consumers purchasing power.

The COVID-19 pandemic badly affected the entire corporate sector. During these challenging times, the Group (Hi-Tech Lubricants Limited and Hi-Tech Blending (Private) Limited-wholly owned subsidiary company) managed to operate, often with very thin staff and successfully deployed business continuity and incident management plans to cope with this crisis.

With the grace of Allah Almighty, despite these challenges, the Group has achieved positive earnings of Rupees 1.05 per share on a consolidated basis, helping us to deliver on our ongoing commitment to creating shareholders' value.

I take pride in affirming that the Board and the Management of the Group efficiently analyzed the unprecedented situation after the onslaught of COVID-19 and formulated a carefully planned strategy to ensure safety of our people and deal with the outbreak. This is demonstrated in our efficient control environment and compliance with global health practices.

While keeping foremost priority to the safety, health and wellbeing of our employees, your Group focused on the availability of products under a diversified portfolio. With strong brand equity and recall, we remained successful in maintaining confidence of our stakeholders, markets and community while delivering better than expected results. The value of brands and relationships in the distribution chain show their true value in these markets. We believe our results are a testament to our long term strategy of investing in our brand and developing these relationships.

PETROLEUM **PRODUCTS SEGMENT**

During the current financial year, Hi-Tech Lubricants Limited (the Company) achieved a milestone by successfully starting marketing and sale of petroleum products through HTL Fuel stations. At 30th June 2020, the Company has eleven operational fuel stations. Further, the Company is expediently working on completion of its Nowshera Oil storage depot.

The Company expects to start marketing and sale of petroleum products in Khyber Pakhtunkhwa Province by January 2021, after successful completion of Nowshera Oil storage depot and receiving formal approvals from Oil and Gas Regulatory Authority (OGRA).

In addition to the start of Khyber Pakhtunkhwa operations, the Company is also planning to extend Sahiwal Oil storage depot and enter into joint arrangements with other Oil Marketing Companies for building storage facility near Oil pipelines system for continuous uninterrupted supply of petroleum products.

HI-TECH BLENDING (PRIVATE) LIMITED (HTBL) - WHOLLY OWNED SUBSIDIARY OF THE COMPANY also performed well despite of COVID -19 pandemic and other economic challenges. During the year, HTBL's processing of various lubricant products has risen to almost eight million liters which itself an achievement.

BOARD'S **OVERALL PERFORMANCE**

Hi-Tech Lubricants Limited (the Company) complies with the all 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 and its committees.

The Board sets the overall strategy and direction for the management to manage the Company. The Board oversees the progress of the business and takes on the role of governance to make decisions about the direction of the Company, oversight of the business, strategic planning, decision-making, risk and control framework, regulatory compliance and financial planning to protect and enhance Company's long-term and strategic value. The Board has an evaluation process to assess its own performance.

The Board also plays an important role in overseeing the management performance and focusing on major risk areas. The Board was fully involved in the budgeting and strategic planning processes and has set-up well defined Corporate Governance processes which are vital for enhancing corporate accountability. The Board is also committed to ensuring high standards of Corporate Governance and Ethical Values to preserve and maintain stakeholders' value. All Directors, including Independent Directors, fully participate and contribute to the decision-making process of the Board.

RISK **MANAGEMENT**

The Board constantly reviews principal risks facing the Company and considers whether they reflect an acceptable level of risk. Where this is not the case, the Board also considers what is required to reduce the likelihood and potential impact of the risk. The Board either approves the level of risk being taken or requires management to reduce the risk exposure. For core areas of the business, the Board uses a number of methodologies to ensure that management operates within an accepted risk appetite. These include delegated authority levels and the approval of specific policies and procedures.

The Board receives regular feedback on the degree to which management is operating within acceptable risk tolerances through various operational and financial reports, including risk assessment, risk management, performance, internal audit and external audit reports. All members of the management team have individual ownership for one or more of the principal risks.

END **NOTE**

In order to mitigate the adverse economic impact, the Government of Pakistan has taken various measures to support the economic activities in the country. Additionally, the State Bank of Pakistan has reduced the policy rate by 6.25 percent to 7.01 percent to stimulate the economy. Further, by the Grace of Allah Almighty significant reduction in the outbreak of COVID-19 was observed after the year ended 30 June 2020 and the economy is fast recovering back to normal levels. The Board of Directors and senior management of the Group is 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 for its sincere efforts, the Board of Directors for their guidance and all stakeholders for their continuous support.

SHAUKAT HASSAN
Chairman

BOARD **COMMITTEES**

AUDIT **COMMITTEE OF THE BOARD**

Sr. No.	NAMES	POSITIONS IN THE COMMITTEE	MONTH OF JOINING THE COMMITTEE	STATUS IN THE COMPANY
1	Mr. Muhammad Tabassum Munir	Chairman/Member	Since Reconstitution of the Committee on 26 October 2018	Independent Director
2	Dr. Safdar Ali Butt	Member		Independent Director
3	Mr. Shaukat Hassan	Member		Non-Executive Director
4	Mr. Tahir Azam	Member		Non-Executive Director
5	Mr. Faraz Akhtar Zaidi	Member		Non-Executive Director

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

Sr. No.	NAMES	POSITIONS IN THE COMMITTEE	MONTH OF JOINING THE COMMITTEE	STATUS IN THE COMPANY
1	Dr. Safdar Ali Butt	Chairman/Member	Since Reconstitution of the Committee on 26 October 2018	Independent Director
2	Mr. Shaukat Hassan	Member		Non-Executive Director
3	Ms. Mavira Tahir	Member		Non-Executive Director
4	Mr. Tahir Azam	Member		Non-Executive Director

INVESTMENT **COMMITTEE OF THE BOARD**

Sr. No.	NAMES	POSITIONS IN THE COMMITTEE	MONTH OF JOINING THE COMMITTEE	STATUS IN THE COMPANY
1	Mr. Shaukat Hassan	Chairman/Member	Since Reconstitution of the Committee on 26 October 2018	Non-Executive Director
2	Mr. Tahir Azam	Member		Non-Executive Director
3	Mr. Hassan Tahir	Member		CEO/Executive Director
4	Mr. Muhammad Ali Hassan	Member		Executive Director
5	Mr. Faraz Akhtar Zaidi	Member		Non-Executive Director
6	Mr. Muhammad Imran	Member		Chief Financial Officer
7	Mr. Shahzad Sohail	Member		General Manager Supply Chain

RISK MANAGEMENT **COMMITTEE OF THE BOARD**

Sr. No.	NAMES	POSITIONS IN THE COMMITTEE	MONTH OF JOINING THE COMMITTEE	STATUS IN THE COMPANY
1	Mr. Faraz Akhtar Zaidi	Chairman/Member	Since Reconstitution of the Committee on 7 February 2019	Non-Executive Director
2	Ms. Mavira Tahir	Member		Non-Executive Director
3	Mr. Muhammad Tabassum Munir	Member		Independent Director

all the members attended all the 2 out of 2 meetings held during the year.

CORPORATE SOCIAL RESPONSIBILITY **COMMITTEE OF THE BOARD**

Sr. No.	NAMES	POSITIONS IN THE COMMITTEE	MONTH OF JOINING THE COMMITTEE	STATUS IN THE COMPANY
1	Mr. Shaukat Hassan	Chairman/Member	Since Reconstitution of the Committee on 26 October 2018	Non-Executive Director
2	Mr. Tahir Azam	Member		Non-Executive Director
3	Mr. Hassan Tahir	Member		CEO/Executive Director
4	Mr. Muhammad Ali Hassan	Member		Executive Director
5	Mrs. Sana Sabir	Member		Director of HTBL
6	Ms. Mavira Tahir	Member		Non-Executive Director

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

NOMINATION **COMMITTEE OF THE BOARD**

Sr. No.	NAMES	POSITIONS IN THE COMMITTEE	MONTH OF JOINING THE COMMITTEE	STATUS IN THE COMPANY
1	Dr. Safdar Ali Butt	Chairman/Member	Since Constitution of the Committee on 11 September 2020	Independent Director
2	Mr. Shaukat Hassan	Member		Non-Executive Director
3	Ms. Mavira Tahir	Member		Non-Executive Director
4	Mr. Tahir Azam	Member		Non-Executive Director

SALIENT FEATURES **OF TOR'S**

AUDIT **COMMITTEE OF THE BOARD**

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

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

- Leading the process for board appointments, identifying and assessing candidates who are qualified for election of directors;
- Recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors) and members of senior management;
- Undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant;
- Recommending human resource management policies to the board;
- Recommending to the board the selection, evaluation, development, compensation (including retirement benefits) and succession planning of the Chief Executive Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit;
- Ensuring appropriate mechanisms are in place regarding succession planning for the board members and all senior managers including CEO, CFO, Company Secretary, Internal Auditor, executive management;
- Reviewing corporate goals & objectives relevant to the human resources of the company.
- Overseeing the selection of any benchmark group used in determining compensation or any element of compensation and reviewing the same;
- Overseeing the identification and management of risks associated with the corporation's compensation policies and practices;
- Reviewing and making recommendations to the Board for approval relating to the development of new or revised salary structures and incentive plans;
- Forming sub-committees or selecting an independent HR consultant(s) to advise the committee, when appropriate;
- Formulating and reviewing, on a regular basis, the management and staff training plans, and reporting to the board on potential risks or gaps in resources;
- Annually reviewing the employee engagement initiatives;
- Annually reviewing the organizational structure, Health & Safety Procedures, Code of Conduct & Ethics, management succession plan and all other related documents, and apprising the Board there-on.

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

INVESTMENT **COMMITTEE OF THE BOARD**

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

RISK MANAGEMENT **COMMITTEE OF THE BOARD**

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

CORPORATE SOCIAL RESPONSIBILITY **COMMITTEE OF THE BOARD**

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

NOMINATION **COMMITTEE OF THE BOARD**

The nomination committee shall be responsible for:

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

COMPANY **POLICIES**

CORPORATE SOCIAL **RESPONSIBILITY**

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

SOCIAL AND ENVIRONMENTAL **RESPONSIBILITY**

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

TRANSACTIONS WITH **RELATED PARTY**

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

SAFETY OF **RECORDS**

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

CONFLICT OF **INTEREST**

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

SECURITY CLEARANCE **OF FOREIGN DIRECTORS**

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

INFORMATION TECHNOLOGY (IT) **GOVERNANCE**

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

IT governance policy includes following key aspects:

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

WHISTLE **BLOWING**

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

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

DIVERSITY

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

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

STAKEHOLDERS **ENGAGEMENT**

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

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

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

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

COMMUNICATION **CHANNELS**

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

INVESTOR'S **GRIEVANCE**

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

POINT OF **CONTACTS**

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

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

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

HUMAN **RESOURCE**

HIRING

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

EMPLOYEE HEALTH **& MATERNITY**

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

LEARNING & **DEVELOPMENT**

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

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

JOB **ROTATION**

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

The policy mainly focuses upon achieving the following:

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

PERFORMANCE **MANAGEMENT**

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

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

SUCCESSION **PLANNING**

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

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

REPORT OF THE **BOARD AUDIT COMMITTEE**

The Board Audit Committee (BAC) of Hi-Tech Lubricants Limited ("the Company") is delighted to present its report for the year ended 30 June 2020. BAC is governed by the mandate given to it vide Listed Companies (Code of Corporate Governance) Regulations, 2019 and by the Board of Directors. BAC assists Board in scrutinizing the financial and non-financial information and maintaining an independent check on performance of the management. It also provides a helping hand to Board in internal controls, compliance and governance matters.

Name	Designation	No.of meetings attended during the Financial Year
Mr. Muhammad Tabassum Munir Independent Director	Chairman / Member	6
Dr. Safdar Ali Butt Independent Director	Member	6
Mr. Shaukat Hassan Non-Executive Director	Member	6
Mr. Tahir Azam Non-Executive Director	Member	6
Mr. Faraz Akhtar Zaidi Non-Executive Director	Member	5

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

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

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

During financial year 2019-20, BAC held six meetings, including one mandatory meeting in every quarter of the financial year, with meaningful participation of all the members. CFO and internal auditors were regularly invited to the meetings for explanation / elaboration on accounts and other relevant issues. BAC also met external and internal auditors independently during the year. Based on reviews and discussions in the meetings, BAC reports that:

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

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

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

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

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

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

7. The Company had issued a Statement of Compliance with the Code of Corporate Governance which had also been reviewed and certified by the external auditors of the Company.

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

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

10. BAC had reviewed the Annual Report and concluded that it is fairly structured to provide all necessary information in detail yet in a lucid way, balanced and understandable for its shareholders. Because of meeting the aforesaid aspects, the Company was able to secure the runner up position in the category 'Oil and Gas Sector' for its Annual Report for the year ended June 30, 2018 in the Best Corporate & Sustainability Report Awards 2018 jointly conducted by Institute of Chartered Accountants of Pakistan and Institute of Cost and Management Accountants of Pakistan.

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

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

13. The Chairman BAC remains present in every General Body Meeting to answer the questions pertaining to the Committee's activities during the year and other important matters which fall within the scope of the Committee's mandate.

14. BAC has devised a formal, comprehensive and detailed discussion with Executive Management on all the pertinent aspects of Covid-19 to provide the Company a clear direction.

15. Minutes of the BAC meetings are timely circulated to the Board of Directors.

16. BAC takes into account any feedback from the Board of Directors and incorporates for improvement.

INTERNAL **AUDIT FUNCTION**

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

2. The Listed Companies (Code of Corporate Governance) Regulations, 2019 defines the mandate of internal audit function as well as the responsibilities of Head of Internal Audit.

3. The Board has set up effective internal financial controls across all functions. The independent Internal Audit function of the Company regularly monitors the implementation of financial controls, whereas the BAC reviews the effectiveness of the internal control framework.

4. Internal Audit function plays a vital role in improving the overall control environment. It also acts as an advisor to other functions for streamlining processes and ensuring implementation of the Company's policies.

5. The Internal Audit function has carried out its duties under the approved Terms of Reference (TORs) of BAC. BAC has reviewed material internal audit findings, making appropriate recommendations to the relevant operational managers, or bringing the matters to the Board's/ other Board Committees' attention where required.

6. In addition, Internal Audit also undertakes special tasks as and when directed by the BAC.

7. Through the internal audit reports, BAC and the Board kept a regular watch on safeguarding of the assets of the Company and the shareholders' wealth at all levels within the Company.

8. BAC, on the basis of the internal audit reports, reviewed the adequacy of controls and compliance shortcomings in the audited areas and discuss corrective actions in the light of management responses.

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

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

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

EXTERNAL **AUDIT**

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

2. BAC has reviewed and discussed the audit process, all the Key Audit Matters and other audit observations identified during the external audit including compliance with applicable regulations and draft Management Letter with the External Auditors. Final Management Letter is required to be submitted within 45 days of the date of the Audit Report on financial statements under the Code of Corporate Governance and shall accordingly be discussed in the next BAC meeting.

3. The External Auditors attended all the audit committee meetings where their reports were discussed and the External Auditors also attended General Body Meetings of the Company during the year.

4. The present auditors, M/s Riaz Ahmad & Co. Chartered Accountants will retire at the conclusion of the upcoming Annual General Meeting and, being eligible, offer themselves for reappointment, and have confirmed attendance of the upcoming Annual General Meeting. The Committee discussed the appointment of external auditors and fixing of their audit fee, and recommended to the Board the re-appointment of M/s Riaz Ahmad & Co. Chartered Accountants as external auditors for the year 2020-21.

MUHAMMAD TABASSUM MUNIR
Chairman, Board's Audit Committee

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

At HTLL, we consider our human resource as one of our most important assets. The Company's HRRC has been charged with all the responsibilities that are attributed to it by the latest version of Corporate Governance regulations as well as the Company's desire to ensure that our employees stay motivated and focused on the Company's vision of sustainable progress. HRRC is an advisory body whose TORs require it to perform the oversight function on all HR related issues and to formulate formal or informal recommendations and/or advice for the Board. I am pleased to confirm that this body has performed its tasks well as enumerated later in this report.

COMPOSITION OF HRRC

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

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

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

SIGNIFICANT DELIBERATIONS OF HRRC

During the year, HRRC achieved the following:

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

b. Formulation of Company's annual calendar of HR related activities, and oversight on its effective implementation.

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

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

The Committee had the responsibility for oversight of Company's CSR related endeavors; however during the current year a separate CSR Committee was formed and this function was transferred to it.

EMPLOYMENT POLICIES

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

KEY HIGHLIGHTS OF HRM DIVISION

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

a. Career Fairs:

Career Fairs were held in seven universities nationwide including University of Management & Technology, Comsat, Shaheed Zulfiqar Ali Bhutto Institute of Science and Technology, National University of Science and Technology, Forman Christian College, LUMS and LSE.

b. Internship Program:

HTLL Internship Program that included induction of five interns in different departments of the Company.

c. Training & Development:

Conduct of following training sessions

i. Balance Score Card at Annual Conference.
ii. In-house session on Microsoft Excel 2013
iii. With Holding Tax: Technical and Practical Aspects
iv. Data Analysis & Dashboard Reporting
v. AWS Solutions Architect
vi. Audit Committee Workshop
vii. Art of Negotiations
viii. How Managers become Leaders

d. Employee Engagement Activities

i. An exciting one-day Sports Gala was arranged for staff at Aleem Dar Cricket Academy on 07th December 2019.
ii. An exciting one-day tour of Walled City Lahore was arranged for all participant of Annual Conference on 25th January 2020.

e. Liaison with Technical Institutes

We have cultivated and maintained a strong liaison with government technical institutes like TEVTA for technical staff recruitment.

Key Performance Indicators

Some of the more important KPIs are enumerated below:

i.	Number of universities visited, and career fairs held in:	7
ii.	Head Count	343
iii.	Employee Turnover (at all levels)	19% p.a.***
iv.	Training programs conducted	9
v.	Number of persons trained	183
vi.	Number of Employee Satisfaction Level Surveys conducted	1

*** Employee turnover rate for sales staff is quite high, consistent with the industry and past years. However turnover in operational staff is considerably low as compared to sales.

SUPPORT TO THE BOARD

The HRRC provided its due support in Board Performance Exercise to the Board as well as the Chairman of the Company. This included the revision of evaluation forms (with external help) as well as tabulation of the data collected. In addition, HRRC has made major interventions in the field of its competence and gained satisfactory review by the Board. The composition of members, and key objectives assigned to it, make this committee a significant component of Board's overall performance. All activities are planned through a structured Calendar of events and major policy initiatives. HRRC is focused on taking forward its contemporary practices to enable employees with their professional growth while ensuring a safe work environment. The future plans include comprehensive compensation & benefits review while ensuring adequate learning and growth opportunities for employees. Such initiatives have been incorporated in HR's Annual Strategy which is closely linked with overall business strategy of HTLL for sustainable growth and profitability.

MEETINGS OF HRRC

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

DR. SAFDAR ALI BUTT

Chairman, HRRC

STATEMENT OF **COMPLIANCE**

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019
NAME OF COMPANY: **HI-TECH LUBRICANTS LIMITED**
YEAR ENDED: **JUNE 30, 2020**

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

1. The total number of directors are ten as per the following:
   a) Male: 09
   b) Female: 01
2. The composition of board is as follows:
   a) Independent Directors:
      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
      v. Mr. Ji Woon Park (Nominee SK Lubricants Co.Ltd)
   c) Executive Directors:
      i. Mr. Hassan Tahir (CEO)
      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. Ji Won Seek Park (Nominee SK Lubricants Co., Ltd.)
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) 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
Five meetings were held during the financial year ended June 30, 2020.

b) HR and Remuneration Committee
Two meetings of HR and Remuneration Committee were held during the financial year ended June 30, 2020.

c) Risk Management Committee
One meeting of Risk Management Committee was held during the financial year ended June 30, 2020.

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	Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	The Board has now constituted the separate nomination committee at the time of approval of this Statement of Compliance in its meeting held on 11 September 2020.	29

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.

HASSAN TAHIR
Chief Executive Officer

SHAUKAT HASSAN
Chairman

Lahore
September 11, 2020

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 2020 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 2020.

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore
Date: September 11, 2020

HTL AND **ITS CHALLENGING ENVIRONMENT**

@ HTL

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


ZIC

SWOT **ANALYSIS**

STRENGTHS

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

WEAKNESSES

- Low industrial sales
- Over reliance on promotional schemes

OPPORTUNITIES

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

THREATS

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

STRENGTHS AND **WEAKNESSES REPORT**

STRENGTHS

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

Hi-Tech Lubricants Limited (the Company) has a network of more than one hundred and fifty distributors across all major cities of Pakistan including Gilgit Baltistan and Azad Jammu and Kashmir.

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

During the year, the Company has introduced a new handler model for timely delivery of products to its distributors. It will reduce the Company's supply chain cost while strengthening the available distribution network.

ECONOMIES OF SCALE THROUGH **BLENDING PLANT FACILITY**

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

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

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

PREMIUM QUALITY **PRODUCTS**

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

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

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

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

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

STRONG BRAND RECOGNITION **AND RECALL**

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

HEALTHY AND GROWING **CUSTOMER BASE**

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

WEAKNESSES

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

LOW INDUSTRIAL **SALES**

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

OVER RELIANCE ON **PROMOTIONAL SCHEMES**

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

RISK AND **OPPORTUNITY REPORT**

Fiscal year 2020 was a year in which every company in Pakistan became aware of how difficult risk management is. A global pandemic resulted in prolonged shutdowns of almost all economies of the world for extended periods of time. While, HTLL navigated the pandemic well focusing on maintaining the maximum amount of sales possible while keeping its staff and customers safe the year was a reminder that events of consequence beyond our ability to predict do happen. The oil marketing and lubricant industry specifically is prone to potential risks, emanating from inherent uncertainties in market competition, geo-politics, volatile commodity prices and regulatory issues. All of these factors may materially affect our operations, profitability and reputation. Hence, the management strives to manage these risks proactively while pursuing growth opportunities. Measures that we use to mitigate our various risks are set out in the relevant sections of this Report.

KEY SOURCES OF RISKS:

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

- Generally speaking any development that leads to a reduction / shutdown in mobility in the country results in a reduction in volume for our Company. Generally, these shutdowns when they did happen were localized and sometimes associated with political instability, strikes and law and order issues causes a lot of risks for the organizations operating in Pakistan. Due to the instable situations, Pakistan is surrounded by frequent strikes that create a difficult law and order situation

- Changes in the Government policies including the imposition of new taxes, duties, penalties and regulations is another challenge. This situation may influence the ability of the Company to achieve its long term strategic objectives.

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

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

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

Specific Risks and Sources	Risk Ranking / Likelihood	Specific Risks Mitigating Strategies
STRATEGIC RISK		
Electrification of Vehicles	Low	• The Company's management keeps a close watch on the development of electric vehicles globally – specifically their cost of purchase and operate, and the development of required infrastructure associated with their use.
COMMERCIAL / MARKET RISK		
Stiff competition in the lubricant market and increasing new entrants pose threats to the Company's market share, profitability and commercial viability. Such market situation results in a likelihood of reduced prices or increased distribution cost hence squeeze the margins.	Moderate	• To overcome the pricing and cost issues, the Company has invested in a blending plant (HTBL-100% owned entity) to reduce its cost base. The plant is operational and its contribution to total volumes forecast is increasing day by day. • Furthermore, the Company continues aggressive marketing and building customer and retailer loyalty to stay competitive in the long term.
REGULATORY RISKS		
The Company is subject to changes in taxation and duty structures. In addition, its OMC business is a regulated business where regulations, margins can be changed by the Regulator.	Moderate	• The Company maintains close relations with consultants and advisors to understand and plan for changes in taxation and duties by adjusting its pricing. • On the regulatory side, the Company is in contact with regulators and other OMCs to ensure its voice is heard in the appropriate forums.
INFORMATION TECHNOLOGY RISK		
Information technology risks include information system breakdown, delayed or no recovery of it systems, obsolescence of technology and inadequate information classification standards that may lead to data security and data privacy issues.	Low	• Presence of pre and post vendor evaluation system ensures the availability of quality IT systems. Furthermore, off-site backup facility acts as a safeguard in case of any breakdown in IT systems. • The Company has developed BCP and DRP to ensure the availability of IT systems all the time. • The Company has designed and implemented a comprehensive policy to ensure data security and appropriate classification of organizational data (with preference to sensitive data).
REDUCTION IN MOBILITY		
Generally speaking any development that leads to a reduction / shutdown in mobility in the country results in a reduction in volume for our Company. Generally, these shutdowns when they did happen were localized and sometimes associated with political instability, strikes and law and order issues. causes a lot of risks for the organizations operating in Pakistan. Due to the instable situations, Pakistan is surrounded by frequent strikes that create a difficult law and order situation. Currently, the Mobility Risk is elevated on account of the Covid-19 Pandemic and associated lockdowns.	Moderate generally but currently High	• General shut downs are relatively easy to manage as HTLL adjusts its purchases upward/downwards based on realized demand • Shut downs associated with the Pandemic, though they are currently no longer in place have required not only careful reviews of volumes achieved but also developing strategies to develop product to the market as and when allowed by the authorities.

Specific Risks and Sources	Risk Ranking / Likelihood	Specific Risks Mitigating Strategies
FINANCIAL AND MACRO RISK		
FOREIGN EXCHANGE RISK AND NON-AVAILABILITY OF EXCHANGE COVER		
The Company is exposed to foreign exchange risk on account of product imports. Frequent variations in US$ and non-availability of forward cover for POL products pose difficulty in managing standard costs.	High	• As per the regulations of the State Bank of Pakistan, forward exchange cover is not available for POL products. • Executive management, financials and supply chain departments work in close coordination, keeping in view the trends of relative strengths of currencies and develop strategy for working capital management. • We work on the best possible strategy i.e. leading, lagging and netting depending upon the trends and market information.
CREDIT RISK		
Risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligation. Credit exposure to financially sound credit customers' and investments in high rated securities is a challenge to each and every Company.	Low	• The Company does not extend its credit to distributors and dealers. Only financially sound industrial customers are entertained with the credit facility and such exposure is immaterial to the total revenues of the Company.
LIQUIDITY RISK		
Risk of encountering difficulties in meeting the obligations associated with its financial liabilities as they fall due. Ensuring the availability of sufficient funds for working capital, meeting capital expenditure requirement, distribution of wealth to all the stakeholders and to act as a responsible legal entity is the foremost importance.	Low	• Our treasury section manages the funds proactively and ensures the availability of financial resources as required. We manage working capital, operations and expansions through a mix of equity, long term and short term financing. To bridge the gap of uncertain requirements, credit lines are being committed with reputable banks having good credit ratings. • The Company has been allotted a credit rating of A and A-1 for the long and short term financing respectively. This depicts our ability to meet our obligations timely, and denotes a stable liquidity position.
RUPEE DEVALUATION RISK		
Increasing cost of doing business due to devaluation of Pakistan rupee coupled with inflation.	High	• This risk is uncontrollable. Company manages rupee devaluation risk by adjusting prices. • The Company also ensures its orders are managed such that foreign exchange risk is minimized at any given point in time.

KEY OPPORTUNITIES **AND SOURCES**

- ## PETROLEUM SEGMENT **OPERATIONS**

During the year, the Company successfully started marketing and sale of petroleum products through HTL Fuel Stations in the Punjab Province. As at 30 June 2020, the Company has eleven operational fuel stations. Our oil storage Nowshera, Khyber Pakhtunkhwa Province (KPK) is near completion – albeit a few months behind schedule due to the shutdowns associated with COVID-19 pandemic. The Company expecting to start petroleum segment operations in KPK in near future after formal approval from OGRA. These fuel stations will generate an additional source of income for HTLL and provide substantial synergy for HTLL lube operations.

- ## HTL EXPRESS **CENTERS**

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

- ## EXPORT **SALES**

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

- ## RISK **GOVERNANCE**

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

- ## BOARD AND **COMMITTEES**

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

1. THE **AUDIT COMMITTEE**

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

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

It focuses on the risks in its area of oversight, including assessment of compensation programs to ensure they do not escalate corporate risk, in addition to succession planning with a view to ensure availability of talented human resources in each area of critical Company operations.

3. THE RISK **MANAGEMENT COMMITTEE**

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

4. THE **INVESTMENT COMMITTEE**

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

INTERNAL AUDIT FUNCTION

Internal Audit Function operates under the Board approved plan and provides independent and objective evaluations while reporting directly to the Audit Committee on the effectiveness of governance, risk management and control processes.

CONTROL ACTIVITIES

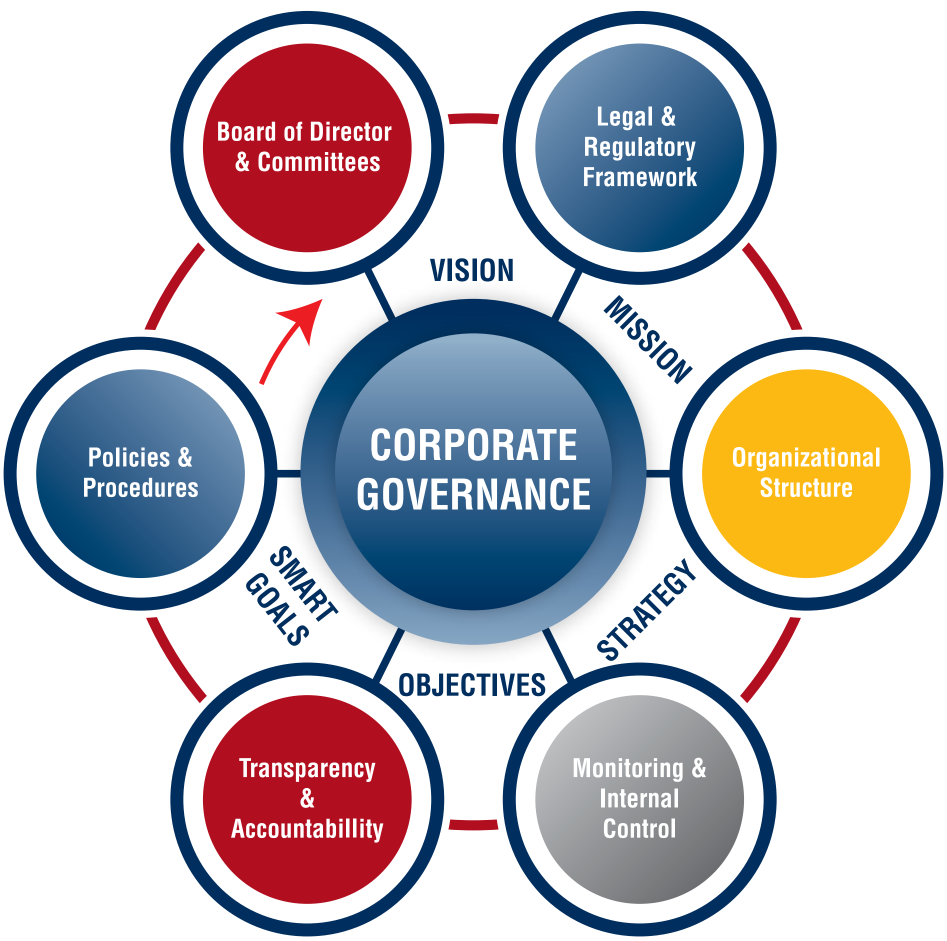
Controls include preventive, detective and corrective activities. Senior management assesses the risks and places appropriate controls to mitigate and respond these risks.

POLICIES AND PROCEDURES

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

CONTINUOUS IMPROVEMENT

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



PESTEL **ANALYSIS**

	FACTORS	RESPONSE TO THE ASSOCIATED FACTORS
POLITICAL	These includes overall political environment, stability of national government, red tapism in regulatory approvals, overall corruption index, potential regulatory and tax changes.	Changes in polices and regulations are continuously monitored by the Company for timely decision making. HTLL strictly ensures the policy of zero % tax evasion and defends all the tax and regulatory matters through legal grounds.
ECONOMIC	Outbreak of the COVID-19 pandemic globally leads to contraction of economy. Macro-economic factors are economic growth of the country, changes in interest rates, exchange rates, inflation and disposable income of consumers and businesses. Micro-economic factors such as competition norms impact the Company competitive advantage.	Low economic growth, devaluation of currency, higher interest rates and higher inflation along with Outbreak of COVID-19 pandemic has affected the whole society. All these factors make count in decrease of consumers purchasing power. Due to which revenue of the Company decreased. The management of the Company efficiently analyzed the unprecedented situation after the onslaught of COVID-19 and formulated a carefully planned strategy to ensure safety of our people and deal with the outbreak. And able to successfully negate the impact of pandemic along with increase of shareholder's value. On the other hand, the measures taken by the Government of Pakistan along with reduction of policy rate by the State Bank of Pakistan has given positive impact on the economy. Management of the Company is continuously monitoring macro-economic factors for timely decision making. Stiff competition exists in the market; our marketing efforts are aligned with our sales strategy. We develop our schemes after due evaluation of market data especially customer feedback and competitors' activities. Business intelligence department makes careful analysis and provide insight of future trends.
SOCIAL	Focus on Corporate social responsibility	At HTLL Corporate Social Responsibility (CSR) is well-devised and structured combination of programs strongly built on the core objective to improve lives with direct interventions in local communities. Making a real contribution to society and helping to find solutions to global challenges is fundamental to our way of doing business. The primary focus of CSR initiatives of HTLL remains in three core areas of sustainable development; education, healthcare and environment. Detail relating to Company's social activities is discussed in CSR section of the Report.
TECHNOLOGICAL	Increasing IT efficiency, automation, technological change and the amount of technological awareness.	The Company has always given priority to latest technological developments. Successful implementation of Oracle and Business Intelligence Tool, Distributor Claim Management System and our wholly owned subsidiary company, blending plant are some of the reflections of our technological priority. The Company also in the process of implementing Oracle for petroleum segment of business. We believe new technologies can maximize online retail productivity and minimize operational costs. Even under the circumstances created by the Covid-19 outbreak, our systems and software remained available to our employees making work from home possible.
ENVIRONMENTAL	Climate change, environmental offsets, attitudes toward "green" or ecological products, laws regulating environment and air pollution.	Climate change has had detrimental effects on growing economies like Pakistan over the last fiscal year. Frequent flooding and unprecedented rainfall patterns has inundated rivers to destroy crops which is the staple for our economy. Although we are a part of the industry closely related with automobile sector where profits are attached to the mileage i.e. more miles run means frequent oil changes/sale, yet we are still very aware of the effects that are taking place on the environment. We have been socially aware and making efforts towards planting more trees with frequent plantation drives to importing and promoting motor oil variants that are fully synthetic environment friendly, fuel efficient resulting in low fuel consumption, low carbon emission, low vehicle maintenance and saving the end consumer's vehicle and money while being socially responsible towards the environment. The idea that we support is to be able to add value to the society and environment with our efforts not limiting to just the environment but also people and the young generation with providing better environment and opportunities.
LEGAL	Various laws and regulations applicable on the Company, i.e. statutory, corporate, legal, secretarial, taxation, import, health and safety laws and regulations.	HTLL makes conscious efforts to ensure compliance with all applicable laws and regulations. In addition to its professional team, the Company also hires the services of a legal advisor/tax consultant in order to ensure compliance with all legal / regulatory requirements.

SEASONAL **VARIATION**

Pakistan's agriculture sector plays a central role in the economy as it contributes 18.9 percent to GDP and absorbs 42.3 percent of labor force. Hence the consumer spending is hugely linked to the season of harvest and when availability of crop in the market. Resulting in low sales in first and second quarter with high in third and fourth.

DIRECTORS' **REPORT**

DIRECTORS' REPORT **TO THE SHAREHOLDERS**

The Directors of Hi-Tech Lubricants Limited ("HTLL" or the "Company") are pleased to present Annual Report along with the audited financial statements for the year ended June 30, 2020.

2020 was being a challenging year for Pakistan's economy mainly due to lower GDP growth and economic slowdown followed by the COVID-19 pandemic. However, the board is appreciative of the results generated by our employees that lead to a consolidated profit of PKR 122 million for the year. This profit includes an embedded loss of PKR 18 million associated with our OMC which is in its initial years of development. The year was marked by changes in consumer behavior in reaction to exchange rate driven price changes, followed by impacts on the supply chain caused by taxation and regulatory changes led by the Government. Prior to the COVID-19 pandemic there were also sharply higher interest costs faced by all businesses in Pakistan. Our first quarter of the fiscal year, which is generally a seasonally slower one, resulted in losses caused by a slowdown in end consumer demand and a sharp reduction in informal participants in the distribution chain that withdrew from the market in response to the Government documentation drive. The Company returned to profitability in the second quarter though sales remained subdued in this traditionally strong period as the consumer continued to absorb price increases and channel inventory continued to reduce. Quarter 3 showed a return to increased volumes (both quarter over quarter and year over year), and the economy was poised well just the COVID-19 pandemic hit.

The last quarter of fiscal year 2020 saw overall economic and social activity of the country in all fields of life grind to a virtual standstill for extended periods of time. HTLL navigated the pandemic well, much better than we feared at the beginning of what looked like an extended lockdown. Our sales team engaged with existing relationships with both distributors and retailers to ensure the maximum level of sales possible. Through proactive marketing, incentives and social interaction (albeit socially distanced), we believe we achieved better results than our competitors in the last quarter. Relationships with retailers and distributors, built over several years and nurtured in person helped us tremendously in this unique time. Developing these relationships has been an integral part of the Company's strategy and is a core strength of the Company, which it is not easy to replicate. The quarter also saw the sharp reduction in interest rates that helped improve profitability.

Additional drivers of profitability in the year were increased discipline with regards to discounting, inventory rationalization and lower levels of running finance and taxation. On taxation, an increasing volume of the Company's products are now blended or filled in our blending plant as per our long-standing strategy. The taxation regime at Hi-Tech Blending (Private) Limited ("HTBL" or the "subsidiary company") is more favorable for the Company and we expect a lower effective tax rate for the consolidated accounts in the future than in past years.

Despite these short-term challenges, absent dramatic changes on the macroeconomic or pandemic front we are optimistic about the year ahead. The first quarter of fiscal 2021 has started off strong with material growth year over year. The lubricant market is improving and we anticipate a growth in the industry next year. Our inventory is at good levels, our running finance has decreased and our financial and tax charges should be in check based on the current regulations and interest rates.

FINANCIAL **PERFORMANCE**

Particulars	Consolidated Year ended 30 June		Change
	2020	2019	
	PKR IN MILLION		
Net Sales	5,629	9,431	-40%
Gross Profit	1,415	2,069	-32%
% of Sales	25.14%	21.94%	3.2%
Operating Profit	311	614	-49%
% of Sales	5.5%	6.5%	-1%
Net Profit After Tax	122	41	198%
% of Sales	2.2%	0.4%	1.8%
Earnings Per Share	1.05	0.35	200%

The Company's strategy is focused on increasing value for our stakeholders by growing our presence in the lubricants market while pursuing strategic expansion into business opportunities, which align with our core competencies, namely HTL Blending, HTL Express Centres and HTL Fuel Stations.

OPERATIONAL **PERFORMANCE**

LUBE **SEGMENT**

In volume terms passenger car motor oil (PCMO) maintained its position while motorcycle oils (MCO) and diesel engine oils (DEO) segment suffered downward trend.

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

HTBL is a wholly owned subsidiary of your Company. It continued its impressive growth in revenues and profitability. The Company added three new products to its portfolio.

HTL **EXPRESS CENTERS**

HTL Express with a goal of changing the dynamics of vehicle maintenance through genuine products, superior services, trained professionals and best technology is expanding its reach across Pakistan. With eight HTL Express centers in place, the Company is focused on increasing the brand's customer base in the vehicle preventive maintenance by attracting corporate clients to provide fleet maintenance services in addition to catering to the consumer segment of the vehicle maintenance industry.

HTL Express Franchise system will be introduced in year 2021 and also is combined as an integral part of potential HTL fuel stations under our OMC Project, and we expect to have a more presence across Pakistan in the future.

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

The Company currently has eleven (11) dealer operated fuel stations up and running in Punjab. This number is expected to increase to twenty-five by December 2020. While these are early days, the stations are outperforming the volumes we had forecast in their individual feasibility studies – a testament we feel to our site selection and brand equity associated with the "ZIC" name. The Company intends on expanding its storage at Sahiwal, which will allow it to operate another 15-20 fuel stations in Punjab.

The Company storage at Tarun Jabba Nowshera, Khyber Pakhtunkhwa (KPK) is near completion with machinery installation underway. We expect it to be operational by October 31, 2020. The construction of the depot has been delayed a few months because of the shutdown of the economy but we expect it to be operational by the end of the year allowing us to operate in KPK where our brand equity is string.

We have entered into hospitality agreements with renowned OMCs to receive products through their terminals to service our pumps. The Company may also build its storage near the proposed oil pipeline under joint arrangements with larger OMCs. This will safeguard Company's supply chain and will bring more efficiency in its operations.

MANAGEMENT OF **LIQUID RESOURCES**

CASH **MANAGEMENT**

Cash management and liquidity is a key focus of the Company and is incorporated into all strategic decision making 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. This planning further helps to maintain a healthy working capital cycle. Liquidity requirements are managed through sales revenue, return from the investments and external financing where considered economical.

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 such investments, 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 so as to minimize cash flow risk to the business. Capital expenditure during the year ended June 30, 2020 was PKR 311 million compared to PKR 321 million in the corresponding period.

The Board is satisfied that there are no short or long-term financial constraints including access to credit and strong statement of financial position as at June 2020. The Company faces no liquidity risks in light of its well-planned cash management strategies leading to adequate availability of unutilized borrowing facilities.

APPROPRIATION OF **PROFITS**

In view of the financial results of the Company for the year 2020, the Board of directors have proposed, at its meeting held on September 11, 2020, a final cash dividend for the year ended June 30, 2020 of PKR 0.90 per share (9%) out of profits of the Company. The approval of the members for the dividend will be obtained at the Annual General Meeting to be held on October 23, 2020. In accordance with the requirements of applicable accounting standards, the proposed dividend amounting to PKR 104.4 million has not been recognized as a liability in these financial statements.

IPO **FUNDS**

Note 51 to the financial statements of the Company for the year ended 30 June 2020, provides detailed information on the utilization of IPO proceeds.
The Board and management are of the view that this capital must generate adequate risk adjusted returns in the best interests of the shareholders. The Company will not follow a build at all cost "land grab" strategy employed by a few other OMCs in recent years – a strategy that looked to be working excellently until it didn't. We think that the OMC business has good economics and is a natural complement to our lubricants business. Nevertheless, it differs materially from our existing business in its economics. The Company is focused on quality retail sites and excellent risk management (focused on financial, logistic and commodity based risks). This focus will reward us in the years to come, even if results in a slower than desired investment of our IPO proceeds.

Particulars	Rupees
Un-utilized IPO proceeds as at 01 July 2019	884,002,597
Add: Profit on term deposit receipts	82,042,155
Add: Profit on bank deposits	3,291,564
Add: Dividend on investment in mutual fund	9,447,404
Add: Others	926,612
Less: payments made relating to OMC project	(225,396,278)
Less: Withholding tax on profit	(12,242,865)
Less: Withholding tax on dividend from mutual fund	(1,500,745)
Less: Zakat Deducted on profit	(1,366,814)
Less: Bank charges	(22,737)
Un-utilized IPO proceeds as at 30 June 2020	739,180,893

FUTURE **OUTLOOK**

The economy of Pakistan is expected to grow around 1% to 1.5% in FY 2020, indicating a further slowdown in the country's economic activity. Further, owing to significant increase in automobile prices as an outcome of devaluation of rupee in terms of dollar, sales of automobile segment have dwindled. Recent figures have shown a whopping 53% decline in car sales in the year 2020 on YoY basis, and the Company expects this decline to continue in FY 2021.

Considering the current situations, HTLL has already increased its local blending at HTBL by shifting 90% of our imported product portfolio towards blending plant. While your Company expects a better year for profitability next year, significant uncertainties remain in the current economic scenario.

We expect core operations of OMC to be profitable in year 2021 subject to stability in economic conditions coupled with oil prices, exchange and interest rates. We should give some indication on profitability of OMC for the coming year.

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, 2021, 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, 2020, 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 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 Company's finance department evaluates and hedges financial risks where possible. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

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

- ### 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. HTLL does not generally extend credit other than to financially sound industrial customers and such exposure is immaterial to total revenues of the Company The carrying amount of financial assets represents the maximum credit exposure. The Company believes that it is not exposed to major concentration of credit risk. Exposure is managed through application of diversification of its investment portfolio placed with 'A' ranked banks and financial institutions.

- ### 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. The Company's fund management strategy aims at managing liquidity risk through internal cash generation. HTLL 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 since POL products are restricted from obtaining any forward cover as per guidelines of State Bank of Pakistan. However, as more of our volumes shift to blending unit we are able to mitigate this risk to an extent as our lead times and need for buffer inventories are reduced.

Moreover, Board and the Risk Management Committee also carries out a robust 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 roles and responsibilities at various levels of our risk management program are outlined in our risk governance structure.

BOARD **COMMITTEES**

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

INTERNAL CONTROLS **AND MONITORING**

The directors are fully aware of their responsibility in respect of adequacy of internal financial controls and the system of internal control of the Company is sound in design and has been effectively implemented and monitored. Sound automated financial information systems have been established with restricted system access rights. HTLL has also established procedural internal controls across all the functions. Internal and external audits are being conducted throughout the year to keep the controls up-to mark. Internal Audit function operates under the Board approved plan and provides independent and objective evaluations while reporting directly to the Audit Committee on the effectiveness of governance, risk management and control processes.

POLICIES AND **PROCEDURES**

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

CORPORATE **SOCIAL RESPONSIBILITY (CSR)**

Your Company continued its focus on various social causes that includes education, healthcare, skill development, environmental protection and social welfare during the current year. As per decision of the board of directors of your Company, a trust named Sabra Hamida Trust was established on July 02, 2010. The trust is duly registered under section 2(36) of the Income Tax Ordinance, 2001. The primary objective of the trust is to contribute towards the education, health and other charitable and welfare causes. The Company is making contributions / donations to Sabra Hamida trust for carrying out its social work. The Company donated PKR 18.79 million towards various causes in the current year.

SUSTAINABILITY AND **CORPORATE SOCIAL RESPONSIBILITY**

At HTLL Corporate Social Responsibility is a well-devised and structured combination of programs strongly built on the core objective to improve lives with direct interventions in local community. The Company focuses on raising the bar while working in the much needed development sectors in Pakistan; Education, Healthcare and Environment thereby strongly upholding the United Nation Global Compact UNGC sustainable development goals.

CSR ACTIVITIES DURING **CORONA VIRUS PANDEMIC AND LOCKDOWNS**

• SERVICE ABOVE **SELF-CAMPAIGN**

Global pandemic of COVID-19 where gave a real time challenge to the under developing economies also badly jeopardized livelihood of daily wagers restraining them completely to their homes when complete lock down was the only hope to minimize spreading of this deadly virus. HTLL took it a real call for itself to support such families that been tested with this lockdown. Hence, launched "Service Above Self" campaign. This extensive campaign reached out to every oil changer in the Retail market of ZIC providing them with Rashan packages as a gesture of gratitude for their unwavering services and hard work. More than 2,000 Rashan Packages were distributed among daily wagers nationwide.

• SPREADING HAPPINESS WITH **A TOKEN OF CASH EIDI**

HTL believe true happiness is not in getting more but in giving more. So few days before Eld–ul- Fitr, HTL took another initiative in collaboration with Alkhidmat Foundation to spread happiness by distributing Cash Eidi to the most impacted from the pandemic as to support the notion that everyone deserves to rejoice and celebrate eid. It was in Great Spirit to lift up those who were disrupted hard by losing jobs or entered despair.

• 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 2020 continued to be road safety through patronage with City Traffic Police and National Highway and Motorway Authorities. Firefighting drills and safety workshops executed at Company offices and plant location.

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

• MATERIAL CHANGES **AND COMMITMENTS**

- The Group comprises of Hi-Tech Lubricants Limited (HTLL) and its wholly owned subsidiary company Hi-Tech Blending (Private) Limited (HTBL). Both the Group companies are incorporated in Pakistan and HTBL plant is located at outside Sundar Industrial Estate, at Bhaikot Raiwind Road, Lahore.
- There have been no material changes since June 30, 2020 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, 2020.
- 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 of the Company for the last 6 years is annexed.
- The Auditors have expressed unqualified opinions on the financials statements of each of the group companies.

• CONTRIBUTION TO **NATIONAL EXCHEQUER**

Your Company is a noteworthy contributor to the national economy and has contributed PKR 2.424 Billion during the year 2020 to the national exchequer on account of sales tax, income tax, import duties 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 revisions.

• EVALUATION OF **PERFORMANCES**

Evaluation of Performances of the Board, its Members, Committees, the Chairman and CEO for the year ended June 30, 2020 have been conducted internally by the Human Resource Department of 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**

EThe 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 250,000/- or above.

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

- Mr. Hassan Tahir (CEO & Executive Director);
- Mr. Muhammad Ali Hassan (Executive Director)
- Mr. Shaukat Hassan (Chairman BOD & Non-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 (Independent Director);
- Dr. Safdar Ali Butt (Independent Director);
- Syed Asad Abbas Hussain (Independent Director)
- Mr. Moon Seek Park (Ex-Nominee of SK Lubricants Co. Ltd.) (Non-Executive Director till July 31, 2019)
- Mr. Ji Won Park (Current Nominee of SK Lubricants Co. Ltd.) (Non-Executive Director since September 21, 2019)

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 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 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:

- To attract, motivate and retain directors of the highest caliber with broad commercial experience, and
- To comply with all the provisions of all relevant laws, rules and regulations applicable to directors' remunerations.
- The Policy has been drawn considering the following:
- Company's strategic aims and goals.
- Company's corporate social responsibility.
- Company's core principle of business integrity.
- The market conditions for desired talent;
- A need for maintaining a work atmosphere that is conducive to efficiency, maturity of thought, motivation to progress and attainment of corporate goals; and
- Remuneration structure for directors in similar businesses in Pakistan as well as other companies of comparable size.

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

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

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

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

IT plays pivotal role within HTLL setup. The IT department ensures the organization's computing systems are up, available and functional. The HTLL 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).

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, HTLL 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.

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

<table>
<tr><th>Particulars</th><th>Executive Directors</th><th>Non-Executive Directors</th><th>Independent Directors</th></tr>
<tr><td>Upper Limit of Base Pay*</td><td>Rs 36 million p.a.</td><td>Rs 18 million p.a.</td><td>None</td></tr>
<tr><td>Benefits*</td><td colspan="2">Company maintained car, reimbursement of medical, telecommunication, travelling, and leave travel expenses.</td><td>None</td></tr>
<tr><td>Performance Bonus</td><td>Proposed by Chairman and approved by HRRC/ Board for each director individually.</td><td>None</td><td>None</td></tr>
<tr><td>Upper Limit of Meeting / Directors Fees</td><td>None</td><td>None</td><td>Rs 400,000 per completed meeting of the Board or any of its Committees</td></tr>
<tr><td>Re-imbursement of expenses</td><td colspan="3">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.</td></tr>
<tr><td>Professional Indemnity Insurance</td><td>Yes</td><td>Yes</td><td>Yes</td></tr>
<tr><td>Terminal Benefits</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>Entitlement to Share Options</td><td>None</td><td>None</td><td>None</td></tr>
</table>

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

BUSINESS CONTINUITY **PLANNING (BCP)**

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

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. All the members of the Board have specially met minority shareholders in Annual General Meeting held on October 25, 2019 to understand the views of shareholders of the Company and will do so again at this years 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, 2020 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 all the directors have obtained Directors Training Certificates.

COMPANY'S STAFF **AND CUSTOMERS**

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

WEBSITE OF **THE COMPANY**

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

MR. HASSAN TAHIR
Chief Executive Officer

MR. SHAUKAT HASSAN
Chairman

Lahore
September 11, 2020

STAKEHOLDERS' **ENGAGEMENT**

@ HTL

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

STAKEHOLDERS' **ENGAGEMENT** & MANAGEMENT

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

- Shareholders
- Customers
- Suppliers
- Employees
- Society
- Banks
- Regulators
- Media

SHAREHOLDERS

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

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

CUSTOMERS

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

• EFFECTIVE **COMMUNICATION**

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

• BUILDING KEY **RELATIONSHIPS**

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

• UNDERSTANDING **SUCCESS**

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

• ORGANIZING TANGIBLE **CUSTOMER ENGAGEMENT EVENTS**

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

SUPPLIERS

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

• SUPPLIER **SEGMENTATION**

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

One effect that we have implemented at Hi Tech Lubricants Limited is to organize efforts around specific business objectives like reducing non conformances, improving customer service, or lowering supply risk exposure. A supplier segmentation effort-like every business activity-is driven by practical business objectives. Our supplier evaluations should focus on the suppliers' abilities to deliver on those objectives in ways that create value.

• INTERACTION **MODEL**

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

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

• TRANSPARENCY **FOR ALL**

Collaboration with suppliers is becoming a high priority in business world. Business supplier partnerships are all about transparency. Not only we are willing to be transparent with our suppliers, but the partnership also depends on both sides taking advantage of that transparency to act quickly and in mutually beneficial ways. Our supplier transparency model is based on good interaction and supplier specific action plans to increase transparency and making them more desirable partners.

EMPOLYEES AND SOCIETY

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

BANKS

HTLL has the continuous relationship with banks for the purpose of obtaining finance and import related facilities. HTLL's engagements with banks are as follows:

Nature of engagement	Frequency
Direct relationship	Regular
Meetings	As needed
Financial reporting	Periodic
Website	Continuously available

REGULATORS

Relationship with SECP and PSX are managed through strict compliance to all applicable corporate laws/rules/regulations/notifications, notably the Companies Act, 2017, Securities Act, 2015, Listed Companies (Code of Corporate Governance) Regulations, 2019, PSX Rulebook. All the statutory returns, Annual & Quarterly Accounts of the Company are filed through SECP e Services within prescribed time limitations, and to SECPISD through email at financial.statements@secp.gov.pk. Financials and other Material & Price Sensitive Information are also circulated to PSX through PUCARS immediately, and to SECP-ISD as and when need arises.

MEDIA

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

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

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

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

CORPORATE BRIEFING SESSION **(CBS)**

The Company values the importance of building a strong relationship with shareholders and investors. Further in compliance with the requirement of the Pakistan Stock Exchange, the Company started proper corporate / analyst briefing program to spread awareness and give right prospective to the investors regarding Company's strategy, operations and performance which helps them in making their investment decisions.

On the basis of annual financial results for the year ended 30 June 2019, the Company hold Corporate Briefing Session on 22 November 2019 at the Auditorium of Lahore Chamber of Commerce and Industry (LCCI), Lahore. All shareholders of the Company and analysts were invited.

Management of the Company was represented by:
Mr. Hassan Tahir – Chief Executive Officer
Mr. Ali Hassan – Executive Director
Mr. Muhammad Imran – Chief Financial Officer
Mr. Fraz Amjad Khawaja – Company Secretary

Chief Financial Officer of the Company gave detailed presentation on Company's financial as well as on business performance. The presentation was followed by a question and answer session which was very well addressed to the satisfaction of the audience.

It was an interactive session between the Management of the Company and the investors' community which gives the Management an opportunity to inform them about the Company's operational and financial performance, the competitive business environment in which the Company operates, challenges, and business outlook.

The Company is committed to actively follow Corporate Briefing Sessions and therefore, plans to hold at least one CBS on the basis of annual financial results for the year ended 30 June 2020 within one month of the holding of upcoming Annual General Meeting, as permitted by Pakistan Stock Exchange.

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

Apart from general clarifications requested by the shareholders about the Company's financial performance and published financial statements which were satisfactory resolved during the eleventh (11th) Annual General Meeting (AGM) held on Friday dated 25 October 2019, no significant issues were raised.

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

The Company value its shareholders who are the providers of financial capital. Each shareholder is important to the Company irrespective of the holding and voting power. At the Annual General Meeting we ensure a two-way communication with the shareholders particularly the minority shareholders.

We take the following steps to encourage our minority shareholders to attend the annual general meeting:

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

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

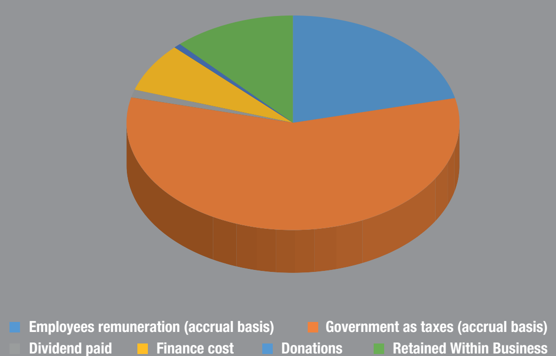
VIDEO **PRESENTATION**

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

STATEMENT OF **VALUE ADDITION**

Particulars	2020		2019	
	Rs.	%	Rs.	%
Revenue	7,016,220,595		11,335,884,751	
Cost of sales	4,503,767,061		8,136,798,681	
Wealth Generated	2,512,453,534	100%	3,199,086,070	100%
Distribution				
Employees remuneration (accrual basis)	533,974,501	21.3%	638,182,606	19.9%
Government as taxes (accrual basis)	1,445,354,955	57.5%	2,193,449,820	68.6%
Dividend paid	29,001,000	1.2%	203,278,160	6.4%
Finance cost	186,325,810	7.4%	235,071,636	7.3%
Donations	18,796,652	0.7%	18,072,844	0.6%
Retained Within Business	299,000,616	11.9%	(88,968,996)	-2.8%

DISTRIBUTION OF WEALTH GENERATED – **2020**



DISTRIBUTION OF WEALTH GENERATED - 2019

PATTERN OF **SHAREHOLDING**
AS OF **JUNE 30, 2020** **(According to prescribed Form 34)**

Pattern of holding of the shares held by the shareholders as at 30 June 2020

Number of Shareholders	Shareholding Slab			Total Shares Held
398	1	to	100	16,944
1682	101	to	500	781,414
798	501	to	1000	766,210
1054	1001	to	5000	2,859,652
227	5001	to	10000	1,866,302
100	10001	to	15000	1,314,635
63	15001	to	20000	1,151,210
32	20001	to	25000	763,500
13	25001	to	30000	361,549
13	30001	to	35000	427,383
22	35001	to	40000	849,722
8	40001	to	45000	343,300
11	45001	to	50000	550,000
5	50001	to	55000	264,500
3	55001	to	60000	173,284
5	60001	to	65000	313,100
4	65001	to	70000	270,000
5	70001	to	75000	367,800
4	75001	to	80000	313,840
4	80001	to	85000	335,500
4	85001	to	90000	357,500
1	90001	to	95000	95,000
8	95001	to	100000	796,000
1	100001	to	105000	104,000
1	110001	to	115000	113,500
1	115001	to	120000	117,000
1	120001	to	125000	125,000
1	125001	to	130000	128,500
1	135001	to	140000	137,500
1	145001	to	150000	150,000
1	150001	to	155000	155,000
1	160001	to	165000	163,000
1	165001	to	170000	169,500
2	170001	to	175000	346,580
1	195001	to	200000	200,000
1	210001	to	215000	213,000
1	235001	to	240000	237,800
1	275001	to	280000	277,000
2	295001	to	300000	600,000
1	300001	to	305000	305,000
1	350001	to	355000	355,000
1	400001	to	405000	404,000
1	405001	to	410000	410,000
1	435001	to	440000	439,700
1	445001	to	450000	450,000
2	560001	to	565000	1,124,300
1	730001	to	735000	731,000
1	825001	to	830000	827,775
2	940001	to	945000	1,881,038
1	1300001	to	1305000	1,305,000
2	2030001	to	2035000	4,062,662
1	2500001	to	2505000	2,500,100
1	3130001	to	3135000	3,134,000
3	3750001	to	3755000	11,250,450
2	7500001	to	7505000	15,000,600
1	24745001	to	24750000	24,748,750
1	28495001	to	28500000	28,498,900
4506				116,004,000

CATEGORIES OF **SHAREHOLDERS**

AS OF **JUNE 30, 2020** **(According to prescribed Form 34)**

Categories of Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	83,080,312	71.62
Associated Companies, undertakings and related parties.	867,575	0.75
NIT and ICP	0	0
Banks Development Financial Institutions, Non Banking Financial Institutions.	5500	0.00
Insurance Companies	38,500	0.03
Modarabas and Mutual Funds	3,295,995	2.84
Shareholders holding 10% (spouses of directors)	54,413,150	46.04
General Public		
a. Local	24,571,118	21.18
b. Foreign	58,000	0.05
Others (Brokers & incorporated companies)	40,87,000	3.52

NOTICE OF **12TH ANNUAL GENERAL MEETING**

Notice is hereby given that the 12th Annual General Meeting of the shareholders of Hi-Tech Lubricants Limited ("HTL" or the "Company") will be held on Friday October 23, 2020 at 11:00 Hours at Lahore electronically through video link / Zoom application, to transact the following businesses:

ORDINARY **BUSINESS**

1. To confirm minutes of 11th Annual General Meeting held on 25.10.2019, as submitted to PSX.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2020 together with the Auditor's and Board of Directors' reports thereon.
3. To approve and declare final Cash Dividend for the year ended June 30, 2020 at Rs. 0.90 per share (9.0%) as recommended by the Board of Directors for the year ended June 30, 2020.
4. To appoint Auditors of the Company for the next financial year 2020-21 and to fix their remuneration. The present auditors M/s Riaz Ahmad & Co. Chartered Accountants, retired and being eligible, offer themselves for reappointment as Auditors of the Company.

SPECIAL **BUSINESS**

5. To consider, and if thought fit, to pass the following resolutions as special resolutions, (a) to ratify and approve the transactions carried out with Sabra Hamida Trust (SHT) during the financial year ended June 30, 2020 and (b) & (c) to authorize the Board of Directors to approve all related party transactions carried out and to be carried out with SHT during the year ending June 30, 2021.

   (a). "RESOLVED THAT the transactions carried out by the Company with the following related party for the financial year ended June 30, 2020 be and are hereby ratified and approved"

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

   (b) "RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to approve all transactions up to the amount of PKR 20 Million carried out and to be carried out with above named related party for the financial year ending June 30, 2021."

   (c) "RESOLVED FURTHER THAT the approval of transactions by the Board, within the aforesaid limit of PKR 20 million, shall be deemed to have been approved by the shareholders and the transactions for the year ending June 30, 2021 shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval."

6. To consider, and if thought fit, to pass the following resolutions as special resolutions, and (a) to ratify and approve the transactions carried out with wholly owned subsidiary company Hi-Tech Blending (Private) Limited (HTBL) during the financial year ended June 30, 2020 and (b) & (c) to authorize the Board of Directors to approve all related party transactions carried out and to be carried out HTBL during the year ending June 30, 2021;

   (a) "RESOLVED THAT the transactions carried out by the Company with wholly owned subsidiary company Hi-Tech Blending (Private) Limited (HTBL) for the financial year ended June 30, 2020 be and are hereby ratified and approved"

Name(s)	Nature of Transactions	Amount (PKR)
Hi-Tech Blending (Private) Limited (HTBL) (HTBL is a wholly owned subsidiary company of HTL)	Purchase of Lubricants	2,818,259,838/-
	Sale of lubricants	460,240/-
	Interest received on short term loans	7,741,006/-
	Lease rentals paid	3,000,000/-

   (b) "RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to approve all transactions carried out and to be carried out with HTBL for the financial year ending June 30, 2021."

   (c) "RESOLVED FURTHER THAT the approval of transactions by the Board shall be deemed to have been approved by the shareholders and the transactions for the year ending June 30, 2021 shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval."

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

BY ORDER OF THE BOARD
FRAZ AMJAD KHAWAJA
COMPANY SECRETARY

Lahore,
October 01, 2020

NOTES

1. **Book Closure**: The share transfer books of the company will remain closed from 17-10-2020 to 23-10-2020 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar, M/S CDC Share Registrar Services Limited, CDC House, 99-B, Block "B", S.M.C.H.S., Main Shahrah-e-Faisal, Karachi. Telephone: +92 21 111-111-500, Fax: +92 21 34326053, Toll Free: 0800 23275 (CDCPL), Email address: info@cdcsrsl.com, Website: https://www.cdcsrsl.com by the close of business (5:00 PM) on 16-10-2020 will be considered in time to be eligible for the purpose of attending and voting at the 12th Annual General Meeting of HTL (hereinafter referred to in this notice as the "AGM").

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

3. **Participation in AGM**: In view of the Coronavirus Pandemic and Instructions / Guidelines of SECP and other Government Dept. / Institutions, the Company is required to avoid large gatherings at one place and consider the provision of online participation facilities while conducting general meetings for the safety and well-being of the shareholders and general public. Accordingly, there will no specific venue of AGM and the Shareholders of HTL are encouraged to participate in the AGM electronically through video link /Zoom Application and also encouraged to consolidate their attendance through proxies.
    A. Online Participation In AGM via ZOOM Application: The shareholders may login and participate in the proceedings of AGM through their own smart phones/computers from their own convenient locations after completing all formalities as required for verification and identification of shareholders. To attend the AGM electronically, the Login facility will be opened about half hour before the start of AGM.
    B. The shareholders of HTL, who wish to attend the AGM electronically through video link, are requested to register their following particulars by sending an e-mail at info@masgroup.org by or before the close of business hours (5:00 p.m.) on 21-10-2020.

Folio/ CDS Account No.	No. of Shares held	Name of Share-holder	Father's/ Hus-band's name	CNIC No.	Cell Phone No. with Whatsapp	Active email address

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

    C. Online Submission of Comments / Suggestions: The shareholders are also encouraged to send their comments / suggestions in writing, related to the proposed agenda items of the AGM by sending an email at info@masgroup.org by the close of business hours (5:00 p.m.) on 22-10-2020.

4. **Verification and Identification of Participants at AGM:** Members who have deposited their shares in the Central Depository System of the Central Depository Company of Pakistan Limited will have to follow the under mentioned guidelines. Each participant shall authenticate his/her identity at online AGM by enabling clear camera of his/her computer device / mobile etc.

A. FOR ATTENDING **THE MEETING**

a. In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by submitting online scan/photo of his/her original CNIC/Passport along with Participant ID & Account number at the time of login to the video link/Zoom application for attending online AGM.
b. In case of corporate entity, scan/photo of the Board's resolution / power of attorney with specimen signature of the nominee shall be submitted online (unless it has been provided earlier) at the time of login to the video link/Zoom application for attending online AGM.

B. FOR APPOINTING **PROXIES**

a. In case of individuals, the account holder and/or sub-account holder, whose registration details are uploaded as per the CDC Regulations, shall submit scan/photo of the proxy form as per above requirements.
b. The proxy form shall be (i) duly stamped with adhesive revenue tickets of PKR 50/- and (ii) witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the proxy form.
c. Attested copies of CNIC or the Passport of beneficial owners and of the proxy shall be furnished with the proxy form.
d. The proxy shall submit scan/photo of his original CNIC or Passport at the time of login to the video link/Zoom application for attending online AGM.
e. In case of corporate entity, scan/photo of the Board's resolution / power of attorney with specimen signature thereon shall be submitted online (unless it has been provided earlier) along with proxy form to the Company at the time of login to the video link/Zoom application for attending online AGM.

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

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

    In this regard, please fill the following and submit to registered address of the company at least 7 days prior to the date of AGM.
    "I/We, _________________ of ___________________, being a member of Hi-Tech Lubricants Limited, holder of _______________ ordinary share(s) as per Registered Folio/CDC Account/Sub Account No. ________________ hereby opt for video conference facility at __________.

7. **Placement of Notice & Proxy Forms (English & Urdu) and Financial Statements on HTL's Website:** The Company has placed the Notice of AGM along with Form of Proxy in English & Urdu languages and the Audited Financial Statements for the year ended June 30, 2020 along with Auditor's and Directors' Reports thereon on Company's website: www.hitechlubricants.com . These are also available at PUCARS of PSX and shareholders may obtain the same through email as well if any shareholder so desire.

8. **Electronic Transmissions of Financial Statements & Notices of General Meetings of HTL;** The members, who desire to opt to receive

in future the annual Audited Financial Statements and notices of general meetings through e-mail, are requested to provide their written consent on the Standard Request Form available on the Company's website. The Company shall, however, provide hard copy of the annual Audited Financial Statements to its shareholders, on request, free of cost, within seven days of receipt of such request.

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

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

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

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

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

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

A. **For filers & non filers:** Government of Pakistan through Finance Act, 2019, has made certain amendments in withholding tax provision by substituting the definition of "Filers" with "Active Taxpayer List" (ATL), whereby the company is required to collect tax on dividend under Section 150 of the Income Tax Ordinance, 2001 from the person not appearing in the ATL at the rates specified in the Ordinance as increased by 100%. These tax rates are as under:
a. For filers of income tax returns 15%
b. For non-filers of income tax returns 30%

To enable the company to make tax deduction on the amount of cash dividend whenever declared @ 15% instead of 30%, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of Federal Board of Revenue, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the start of above mentioned book closure otherwise tax on their cash dividend will be deducted @ 30% instead of @ 15%.
For any query/problem/information, the investors may contact the Company's above-mentioned Share Registrar.
The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas, corporate physical shareholders should send a copy of their NTN certificate to the Company or its Share Registrar. The shareholders while sending NTN or NTN Certificates, as the case may be, must quote Company name and their respective folio numbers and updated mailing addresses.

B. **For Joint Shareholders:** In the case of shares registered in the name of two or more shareholders, each joint-holder is to be treated individually as either a filer or non-filer and tax will be deducted by the company on the basis of shareholding of each joint-holder as may be notified to the Company in writing. The joint-holders are, therefore, requested to submit their shareholdings proportions of Principal Shareholder and Joint-Shareholder(s) in respect of shares held by them, otherwise each joint holder shall be presumed to have an equal number of shares.

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

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

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

This statement sets out the material facts pertaining to the special business to be transacted at the 12th Annual General Meeting (AGM) of Hi-Tech Lubricants Limited (the "Company" or "HTL") to be held on Friday October 23, 2020 at 11:00 Hours at Lahore electronically through video link/Zoom application.

1. AGENDA **ITEM NO. 5**

(a) Ratification and Approval of Related Party Transactions

All the transactions with Sabra Hamida Trust (SHT), an associated undertaking of HTL, during the period from July 01, 2019 to June 30, 2020 are entered into by the Company in the ordinary course of business and at Arm's Length Basis under Related Party Transactions Policy of the Company. Record consisting of details of all the transactions along with all supporting documents is maintained as per legal requirements and available in the registered office of HTL. All Contributions to SHT are Tax Exempted under Clause (C) of Sub Section (36) of Section 2 of Income Tax Ordinance 2001 Vide FBR Letter No.2769/J Dated: Jan.14, 2014.

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

Name(s)	Nature of Transactions	Amount (PKR)	Pricing Policy
Sabra, Hamida Trust (SHT)	Donations under CSR Policy	18,000,000/-	As per approved CSR Policy of HTL, and approval of HTL's shareholders in AGM dated 25-10-19

The transactions with SHT could not be approved by the Board in the quarterly financial statements during the fiscal year 2019-20 due to the interests/ concerns of five out of ten directors on the Board and unavailability of the required quorum in the meetings of the Board. Five directors named as (i) Mr. Hassan Tahir, (ii) Mr. Muhammad Ali Hassan, (iii) Mr. Tahir Azam, (iv) Mr. Shaukat Hassan, and (v) Ms. Mavira Tahir are interested/concerned in the related party transactions due to common directorship/Trusteeships and/or relationships amongst common Directors-Trustees.

The Board decided to place above related party transaction concluded during the fiscal year 2019-20 before the shareholders in AGM for ratification and approval.

(b) & (c) Authorization for the Board of Directors to approve related party transactions during the financial year ending June 30, 2021

The company is and shall be conducting transactions with its related parties during the financial year ending June 30, 2020 and subsequently, in the ordinary course of business and on arm's length basis as per the approved policy with respect to transactions with related parties in the normal course of business. The related parties' transactions in which majority of Directors are interested due to their relationship with trustees of related party, therefore necessitates approval of shareholders. Accordingly, approval of shareholders is being sought to authorize Board of Directors of the Company to approve all transactions carried out and to be carried out with such related party during the financial year ending June 30, 2020, which transaction shall be deemed to be approved by Shareholders. The nature and scope of such related party transactions is explained above in the statement of relevant agenda item. The related party transactions are and to be conducted during the financial year ending June 30, 2020, shall then be placed before the shareholders in the next AGM for their formal approval/ ratification.

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

2. AGENDA **ITEM NO. 6**

(a) Ratification and Approval of Related Party Transactions

All the transactions with Hi-Tech Blending (Pvt) Ltd. (HTBL), the wholly owned subsidiary company of Hi-Tech Lubricants Ltd. (HTL), during the period July 01, 2019 to June 30, 2020 are entered into by the Company in the ordinary course of business and at Arm's Length Basis under Related Party Transactions Policy of the Company. Record consisting of details of all the transactions along with all supporting documents is maintained as per legal requirements and available in the registered office of HTL.

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

Other commercial reasons for entering into RPTs are the following:

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

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

Name(s)	Nature of Transactions	Amounts (PKR)	Pricing Policy
Hi-Tech Blending (Private) Limited (HTBL) (HTBL is a wholly owned subsidiary company of HTL)	Purchase of Lubricants	2,818,259,838/-	As per approved contract between HTL & HTBL and Related Party Transactions Policy of the HTL and Standard Cost Plus Method
	Sale of lubricants	460,240/-	As per approved contract between HTL & HTBL and Related Party Transactions Policy of the HTL and Standard Cost Plus Method
	Interest received on short term loans	7,741,006/-	As per decisions of the Boards of HTL & HTBL and Related Party Transactions Policy of the HTL
	Lease rentals paid	3,000,000/-	As per approved lease agreement and Comparable uncontrolled price method and Market Rent Prevalent in the vicinity

The transactions with HTBL could not be approved by the Board in one of the quarterly financial statements during the fiscal year 2019-20 due to the interests/concerns of five out of ten directors on the Board and unavailability of the required quorum in the meetings of the Board. Five directors named as (i) Mr. Hassan Tahir, (ii) Mr. Muhammad Ali Hassan, (iii) Mr. Tahir Azam, (iv) Mr. Shaukat Hassan, and (v) Ms. Mavira Tahir are interested/concerned in the related party transactions due to common directorship and/or relationships amongst common Directors.

The Board decided to place all the above related party transactions concluded during the fiscal year 2019-20 before the shareholders in AGM for ratification and approval.

(b) & (c) Authorization for the Board of Directors to approve related party transactions during the financial year ending June 30, 2021

The company is and shall be conducting transactions of sale and purchase of goods, loan disbursements and payment of lease rentals with HTBL during the financial year ending June 30, 2021 and subsequently, in the ordinary course of business and at Arm's Length Basis as per the approved policy with respect to transactions with related parties in the normal course of business, and therefore, all the future transactions with HTBL shall be approved by the Board of Directors on quarterly basis. Considering the interests/concerns of five out of ten Directors due to their common directorship and/or relationship with Directors of HTBL, the related parties' transactions of the fiscal year 2020-21 are suggested to be placed before the shareholders.

Accordingly, approval of shareholders is being sought to authorize Board of Directors of the Company to approve all transactions carried out and to be carried out with HTBL during the financial year ending June 30, 2021, which transactions shall be deemed to be approved by Shareholders. The nature and scope of such related party transactions is explained above in the statement of relevant agenda item. The related party transactions are and to be conducted during the financial year ending June 30, 2021, shall then be placed before the shareholders in the next AGM for their formal approval/ ratification.

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

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

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

INTRODUCTION

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

REGISTRATION **PROCESS**

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

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

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

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

- After successfully saving the form you will get a link on registered email address. Upon clicking this link another screen will open up for resetting of your password.
- The password can be of 8 to 16 characters out of which 6 characters should be alphabets (at least 1 upper case and 1 lower case letter) and at least 2 numeric digits.

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

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

SERVICE **ACTIVATION**

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

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

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

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

CORPORATE **SOCIAL RESPONSIBILITY**

@ HTL

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

SUSTAINABILITY AND **CORPORATE SOCIAL RESPONSIBILITY**

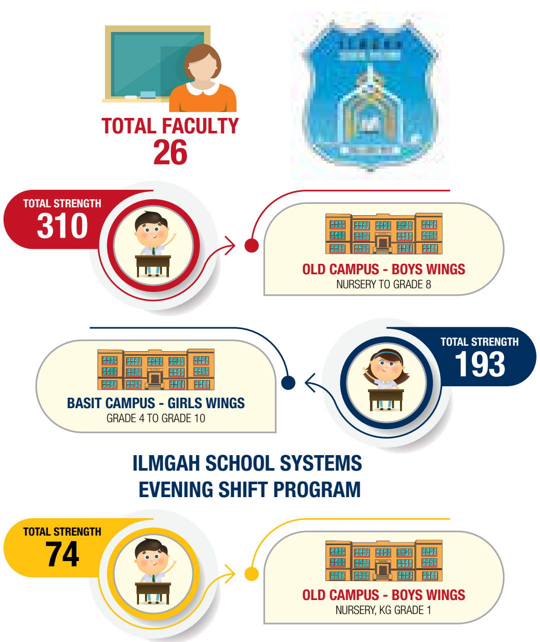
Hi-Tech Lubricants Limited (HTLL) has a proven history and track record of its strong commitment for the improvement of society and the communities in which it operates. At HTLL Corporate Social Responsibility (CSR) is well-devised and structured combination of programs strongly built on the core objective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

ILMGAH **SCHOOL SYSTEMS**

Ilmgah School Systems has evolved into a successful educational social venture by Sabra Hamida Trust aiming at uplifting the underprivileged section of society. It is an educational institution in the Green Town locality, providing access to a learning community for children to learn and become respectful and responsible citizens of Pakistan. It has separate campus for boys and girls. To cater the needs of community evening shift programs are also provided to the students here.

The management of Ilmgah School Systems is putting all efforts to introduce best educational practices and Tech Based Learning for students. Consequently, during the year management has signed a memorandum of understanding with Multiply ED Consultants that are providing education consultancy services both at national level and international level. This initiative will more strengthen the educational system at Ilmgah.

HTLL continues to maintain its commitment to the Green Town community by providing financial and managerial support to the Ilmgah School Systems through Sabra Hamida Trust.



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

Regretfully, Pakistan is among those countries where people lack even basic healthcare facilities. We believe that people should not be denied access to life-saving interventions for unfair reasons, including an inability to pay. Being a socially responsible Company HTLL has made healthcare an important pillar of its CSR strategy. HTLL encourages collaborative efforts to achieve its goal to save lives and improve health facilities in the community.

BREAST CANCER **AWARENESS MONTH**

October is recognized worldwide as breast cancer awareness month. Breast cancer is the most common cancer in women, worldwide. Pakistan has one of the highest incidences of breast cancer in Asia. Considering the fact, HTLL arranged a seminar 'I am Aware and I Care' for its female employees during the year in which Dr. Mariam Saleem from Shaukat Khanum Memorial Cancer

ILMGAH SCHOOL SYSTEMS (PROGRESS TILL DATE)										
Years	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
No of Students	35	151	228	253	301	363	343	354	510	577
No of Teachers	6	10	16	18	15	25	23	25	26	26

Hospital and Research Centre, Lahore was the speaker. She gave awareness regarding breast cancer and its preventive measures with the help of visual demonstrations. The seminar ended on a comprehensive question answer session.

HTLL OBSERVED **WORLD DONOR DAY**

As part of its social responsibility, HTLL observed World Donor Day by setting up a blood donation camp at Hi-Tech Blending (Private) Limited – wholly owned subsidiary company plant site. The event, organized in collaboration with Sundus Foundation, witnessed a commendable turnout of donors who volunteered to support maintenance of blood bank stock and contribute to the health of many people. Being one of Company's yearly CSR initiatives, the drive is aimed at raising awareness of voluntary blood donation, promoting the values of civic responsibility and giving back to the local community.
FREE MEDICAL CAMP

To ensure well-being of our community, HTLL operated a one-day general medical camp in collaboration with Transparent Hands (NGO providing free healthcare in Pakistan) at Hi-Tech Blending (Private) Limited – wholly owned subsidiary company plant site. A team of dedicated doctors and paramedics provided by Transparent Hands treated around five hundred patients free of charge. It was a healthy activity for people living in the vicinity of HTBL plant site. HTLL is committed to continue health related activities in future.

CLEAN DRINKING **WATER FACILITIES**

HTLL got one step closer to healthier environment by signing a memorandum of understanding with Alkhidmat Foundation Pakistan during the year. By joining hands with Alkhidmat Foundation Pakistan, HTLL started its journey towards provision of clean drinking water facilities in remote water scarce-areas of the society. Under this arrangement, HTLL and Alkhidmat Foundation Pakistan has successfully installed two hand-pumps in far flung villages of Khyber Pakhtunkhwa. HTLL is further taking into consideration the installation of RO plant in the vicinity of Hi-Tech Blending plant site.

SAVE MOTHER SAVE GENERATION – **THARPARKAR**

With collaboration of Alkhidmat Foundation, HTLL took another initiative to support the health conditions of expecting mothers and infants by distributing seasonal fruits and food supplement packages to various families living in Tharparkar Desert. This initiative has been taken by assessing the alarmingly high rate of nutritional deficiency in mothers that affects the health of new born baby and mother. HTLL aims to continue its support to Alkhidmat Foundation that is necessary for a healthy wellbeing.

'SERVICE ABOVE SELF' **RELIEF DRIVE**

Due to the outbreak of global pandemic COVID-19, businesses all over the country were locked down by the Government to minimize the spread of the virus and the overall economic activity has come to a halt. During the crisis, HTLL took the initiative of #ServiceBeforeSelf. This campaign focused on providing relief to the ZIC family in lieu of the extended support we have shared over the years. For this purpose, marketing department relocated their Advertising budget to the better use where HTLL ZIC team distributed ration packages to the helping hands of our retailers. This was a token of appreciation and gratitude for their hard work that has made ZIC shine out as one of the leading lubricants brand today. The campaign was run nationwide. Our sales team stepped in to the ground to make sure that they reach the helpers at the retail stores themselves to make sure the support reaches the deserving

After the successful Ramadan Ration distribution, HTLL extended its #ServiceAboveSelf campaign by joining hands with Al-Khidmat Foundation to the general public as well. The campaign focused on spreading happiness with a token of cash Eidi to the most impacted in these testing times. Our diligent team of workers and support through Al-khidmat foundation ensured that only the most deserving individuals received the Eidi with a proper vetting process and in the most humble manner to ensure there is no harm to the integrity of these hardworking individuals. Throughout these campaigns our sales team worked tirelessly to ensure that the execution was seamless and without any glitches.

BASIC PROTECTIVE MEASURES TAKEN **AGAINST CORONAVIRUES (COVID-19)**

Amid the global pandemic HTLL timely took the basic protective measures for its employees and stakeholders at all of its facilities. As part of our business continuity plan, we have formulated strategies to combat the adverse impact to the pandemic. Below are the key initiatives taken by HTLL:

- Awareness sessions / regular safety talks were held to timely aware the employees regarding the safety precautions, transmission and symptoms of coronavirus.
- Awareness videos were shared on social media platforms to educate as many audiences as possible.
- Various posters were put in place at all locations which provided awareness to employees.
- Maximum number of employees were advised to work from home by using digital / technological tools.
- Regular temperature check was ensured at all the entry points.
- Protective gloves and masks were distributed amongst the employees with strict guidelines to wear them at all times.
- Hand sanitizing machines were installed at easily accessible locations.
- Strict protocols on social distancing (including nonphysical greetings), and hand hygiene (especially after handling cash) were put in place. Handshake or any kind of physical contact was strictly prohibited irrespective of Eid or any other religious or cultural festivity.
- Visitors were not allowed in offices.
- Flexible timings were introduced to ensure implementation of social distancing.
- Disinfectant tunnel were installed at all of the entry points.
- A contingency plan was developed to allocate / redistribute work in case if any employee got infected.

ENVIRONMENTAL PROTECTION **MEASURES**

We are proactive in promoting activities that deal with environment-preservation. Caring for environment is an integral part of HTLL business practices. We respect environment and we take full responsibility with integrity to make sure that our actions do not come in the line of our duty towards environment. 'Greener Pakistan Initiative' since 2016, is at the forefront of our sustainable eco-friendly practices. We have reached colleges, schools, universities and vocational training institutes with a clear message that it is our divine obligation to protect environment and we have to plant as many trees as possible to safeguard the future of our planet. We are fully aware how brutal it can turn for our health if we do nothing for the environment now. We have planted more than 15,000 trees till date.

PAKISTAN INDEPENDENCE DAY CELEBRATIONS ALONG WITH **GREENER PAKISTAN DRIVE**

HTLL celebrated Pakistan Independence Day during the year. The ceremony started by Recitation of Holy Quran after that Flag Hoisting activity was performed at HTLL premises. Continuing the effort to contribute in conserving the environment, a tree plantation drive was also initiated in which free tree saplings were distributed amongst employees in an effort to make Greener Pakistan. Employees were briefed about the significance of tree plantation and were encouraged to plant trees within their vicinity. The entire gathering resonated unity, respect and gratitude for our beloved Nation.

LIVING THE GLOBAL COMPACT BEST PRACTICES **SUSTAINABILITY AWARD 2019**

In the year 2020, HTLL has won the First Prize for 'Living the Global Compact Best Practices Sustainability Award 2019', in the category of National Companies, at award ceremony hosted by UN Global Compact Network Pakistan. It is the recognition of HTLL's commitment towards contributing to healthier future in line with Sustainable Development Goals (SDGs) and the ten principles of the UN Global Compact embedded in the way it conducts business.

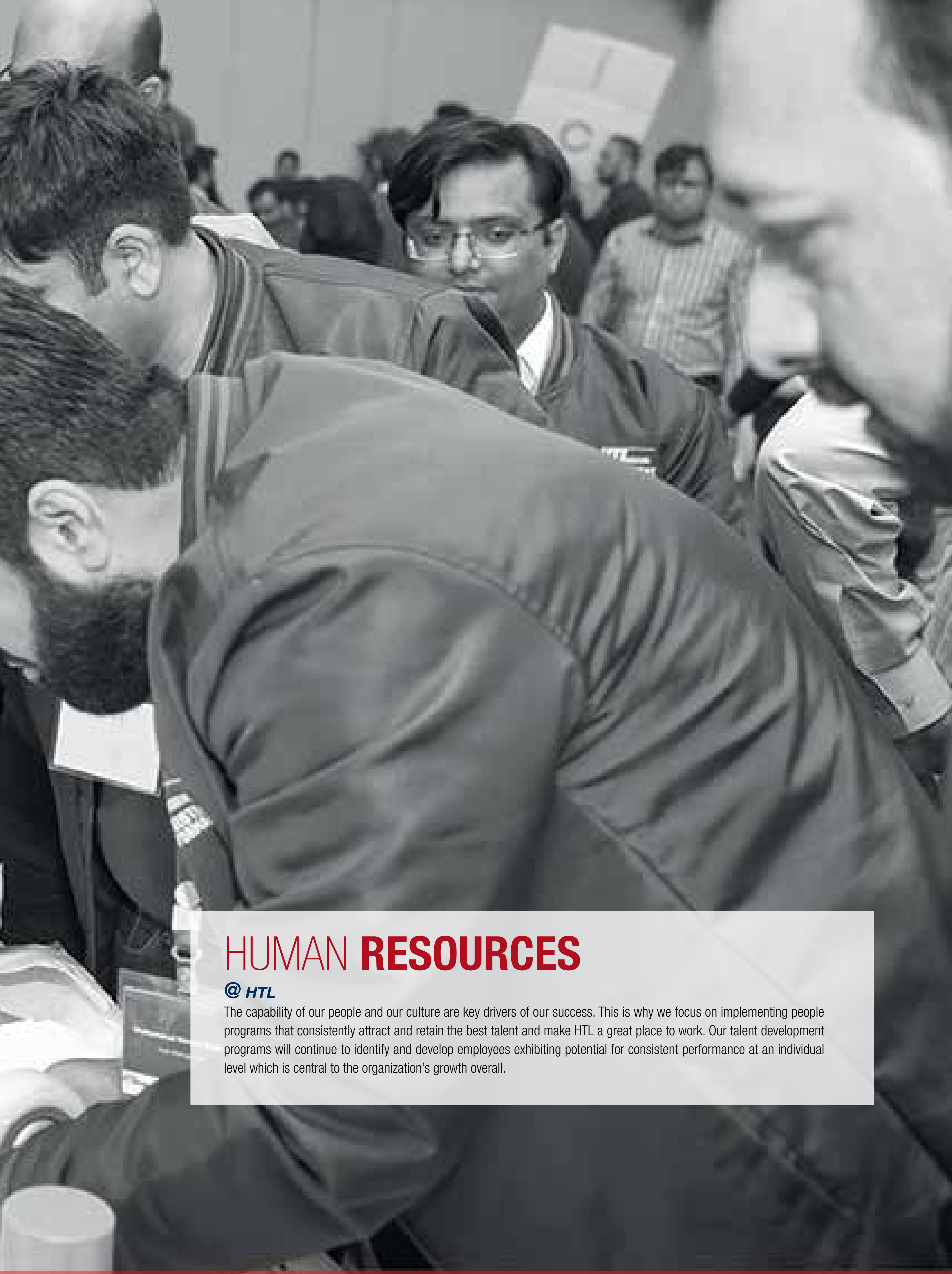
HTLL commitment towards best practices and sustainability can also be shown from the history of achievements as detailed below:

Award	Category	Year	Host
Business Excellence Award	First Position in small business enterprises	2013-2014	Un Global Compact Network Pakistan
Business Excellence Award	Second Position in large national companies	2015-2016	Un Global Compact Network Pakistan
Living the Global Compact Sustainability Award	First Position in large national companies	2017	Un Global Compact Network Pakistan
Living the Global Compact Sustainability Award	Second Position in large national companies	2018	Un Global Compact Network Pakistan
Living the Global Compact Best Practices Sustainability Award	First Position in large national companies	2019	Un Global Compact Network Pakistan

SUSTAINABLE DEVELOPMENT / **GLOBAL GOALS ROADSHOW 2020**

HTLL is on the same page with other multinational groups working in Pakistan to make considerable measures in order to achieve the Sustainable Development Goals (SDGs). To gain better understanding, HTLL participated in Sustainable Development / Global Goals Roadshow 2020 organized by UN Global Compact Network Pakistan.

It was first of its kind, a dynamic and engaging initiative addressing on how to take the organization's engagement with the SDGs to the next level and benefit from doing so. By attending this event the companies got the opportunity to share their success stories and the challenges they are facing presently in any of their specific goals. The roadshow served as an excellent opportunity for all participants to learn from each other, the tangible ways to help on their SDGs journey.



HUMAN **RESOURCES**

@ HTL

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

HUMAN RESOURCE **HIGHLIGHTS**

HR plays a significant role in developing positive business culture and improving employee engagement and productivity, both of which are critical for people and business success. Employee wellness and personal development are also increasingly recognized as essential aspects of HR.

While company leaders and front-line managers support employees and help them to accomplish their goals, HR ensures employees have the tools, resources and leadership they need to perform and to meet their potential level.

Hi Tech Lubricants Ltd. came forward with a vision to provide equal opportunities' to its employees' and to sustain a work environment in which all individuals are treated with respect and dignity.

HIGHLIGHTS OF **2019-2020**

CAREER FAIRS



Career Fairs provide a good platform to create networking opportunities to the employers and also present opportunities to the students to meet with recruiters and broaden their knowledge regarding jobs in their industry. Such networking platforms enable to establish important contacts and open doors to many opportunities for the future talent.

Hi-Tech Lubricants has participated in the following career fairs:

1. University of Management and Technology
2. Lahore School of Economics
3. Shaheed Zulfiqar Ali Bhutto Institute of Science and Technology
4. National University of Science and Technology
5. Forman Christian College
6. Lahore University of Management Sciences
7. COMSATS University

INTERNSHIP **PROGRAMS**

HTL Internship program plays a significant role in the development and self-grooming of fresh graduates by providing them multiple opportunities in professional fields of Marketing, Human Resource, Finance, Supply Chain, Warehouse, Information technology, internal audit, HTL Express and HTL Station etc. The sole purpose of internship program is to explore the fresh talent so that they can contribute more efficiently & positively towards the development and growth of the organization by sharing their new ideas and knowledge. Internship program refine the skills of fresh graduates in order to meet the challenges in future. HRD inducted 14 interns as per its internship program nationwide.

LEARNING & DEVELOPMENT

HTL has launched multiple learning and development programs for professional & personality grooming of their employees. It increases employee motivation, increase working efficiency which ultimately results into financial gain and prosperity of the organization and also Increase capacity to adopt new technologies and methods. A good learning and development program leads to light up the employees' skill set to achieve organizational goals.

Our learning and development strategy aims to achieve the following:

- Identify employee learning and development needs
- Ensure optimal human capital development
- Build the business management and leadership skills for a strong team.

BALANCE **SCORE CARD**

HTL organized One day training session "Balance Score Card" on 23rd Jan, 2020 during Annual Conference. Mr. Suleman Ansar Khan was the training consultant. Nationwide all Executive and Top Management participated in this training. The ideology of this training was:

- Better Strategic Planning
- Better Alignment of Projects and Initiatives
- Improved Performance Reporting

CONSISTENT **PERFORMANCE**

"Small disciplines repeated with consistency every day lead to great achievements gained slowly over time." Consistency is special element of every organization. For this purpose HTL conducted a one day training session "Consistent Performance" on 24th Jan, 2020 for Executive, Top and Mid-Tier Management. Mr. Burhan Shah was the trainer of this workshop.

The ideologies of this training were;

- To improve employee performance
- To improve employee confidence
- To increase employee productivity.

MICROSOFT **EXCEL 2013**

HR department took an initiative to provide in house training to the office based staff of all departments. For enhancing employees' technical skills, HTL conducted a training session on Microsoft Excel 2013 on 13th Mar, 2020. Mr. Nadeem Inayat, Mr. Zain Ul Abbidin and Mr. Arshad Mehmood were the trainers as they have expertise in MS Excel and its graphical representations.

The ideologies of this session were;

- Helps companies maximize the value of their data
- Helps to control cost more effectively
- Obtain business information



WEB BASED T**RAINING SESSIONS:**

During COVID-19 pandemic situation, HTL has conducted different web based training for employees' learning and development which are mentioned below:

Title	Type	Trainer
Art Of Negotiations	Soft Skills	Zafar Aziz Osmani
Lean Ideas for Operational Cost Reduction	Soft Skills	Syed Mehdi Husnain
How Managers Become Leaders	Soft Skills	Khalid Siraj
Audit Committee Workshop	Technical Skills	PICG

EMPLOYEE **ENGAGEMENT**

Engaging employees is critical for retaining valuable talent and is an important piece of the employee satisfaction puzzle as disengaged employees' are more likely to leave their jobs. HTL always tried to conduct different activities to engage its workforce to enhance employees' motivation and retention.
For encouraging employee engagement HTL conducted following events:

TRIP TO **WALLED CITY**

A one day trip of Walled City Lahore was arranged for all participants nominated of Annual Conference on 25th Jan, 2020. In this trip, employees' explored different historical places of Walled City Starting from Delhi Gate and visited Sabeel Wali Gali, Royal bath (Shahi Hamam), Haveli Alif Shah, Haveli Mian Sultan, Wazir Khan Mosque.

ANNUAL **CONFERENCE**

With the new beginning of year 2020, Hi-tech Lubricants limited came forward with a positive and energetic concept of "Consistent Performance" to enhance the working of 2020 for more positivity within the company, respective customers and the stakeholders.

PANDEMIC **2020**

We believed that our employees are the assets of our company and their safety are our main priority. During the challenging time of COVID-19 pandemic situation, HRD foot forward and initiated following precautionary measures to minimize the risk and spread of virus:

- Ensured Social Distancing
- Compliance of wearing face masks as well as gloves
- All officials managed their work from home and limited staff called on duty as per the business requirement
- Installed face recognition attendance machine
- Displayed videos and info-graphical banners through-out the office
- Provided time to time awareness to the employees about COVID-19 via email and live sessions

REWARD & **RECOGNITION**

PORTRAIT OF **SUCCESS**

Rewarding and recognizing employees' creates stronger relationships, which in turn spurs motivation. It increases employees' motivation, retain employees and it also creates collaborative work environment. HTL always recognizes the efforts of top performers and rewards them accordingly. For this purpose company initiates Portrait of Success program through which the top performer were awarded an exclusive opportunity to shine and become the fame of HTL. All Portraits of Success were recognized in following ways:

1) Certificates recognizing the top performing individuals in the company signed and distributed by the Chairman and the CEO of the company at annual conference.

2) The recipients of the certificates were awarded with additional benefits such as:
   a. Invitation to the Annual Retreat (both local and international)
   b. Featured in the newsletter and other HTL publications
   c. Also all Portrait of Success were rewarded monetarily

TALENT **ACQUISITION**

Talent acquisition is the most important HR aspect. With the growing business requirement we have maintained liaison with the Pakistan's best recruitment companies. For this purpose HTL signed an agreement with ROZEE.PK for improving our talent acquisition program. It provides HTL an opportunity to engage best talent from all over the Pakistan with minimum time per hire.

Moreover for technical positions, HTL is in touch with Government Technical Institutes like TEVTA for smooth process of talent acquisition.

EMPLOYEE SUGGESTIONS **& FEEDBACK**

TALK TO US

HR took an initiative of launching "Talk To Us – Drop Box" as we believe your valuable suggestions and feedback will help us to improve our services for our customers (employees) and also enhance our company's efficiency and productivity.

Talk to us - will;

- Create new ideas which would lead towards the internal & external departmental as well as company's advancement;
- Help us to improve productivity, work efficiency and our customer satisfaction;
- Enhance cross-functional department communication;
- Increase employee motivation and engagement by providing the platform to speak;
- Improve relations with our customers

CRICKET **GALA 2019**

An exciting one-day Sports Gala was arranged for all Lahore based staff at Aleem Dar Cricket Academy on 07th Dec, 2019. These activities are important to balance the work life of employees' and their positive engagement within the company.

MARKETING **EXCELLENCE**

@ HTL

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


HT
EXPRESS

MARKETING **EXCELLENCE**

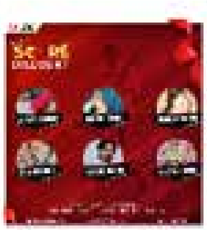
CONSISTENT MARKETING **PERFORMANCE**

This year our marketing goal was to build partnerships and strengthen relationships through elaborating our plans and maintaining trust through two way communications for all our customers and consumers alike. The strategy for the later part of the fiscal year was over shadowed by the COVID-19 outbreak which has affected all forms of economic and business activity worldwide. During the COVID-19 pandemic, we made sure that our business values remain at the core of every decision making by giving utmost priority to our customers and business partners.

INTERACTIVE BRAND **COMMUNICATIONS**

In today's world of Digital boom, social media has become a focal medium of communication for almost every brand. Therefore, this year our own focus had already tilted towards utilizing this medium to the maximum to carry out our brand communications. We further invested in our e-commerce by reaching to maximum platforms with better traffic management plans in order to make it convenient for the end consumer while expanding our reach and being better equipped for the changing time.

Over the year, the digital campaigns designed were specifically meant to engage SK ZIC users. The last year's campaign got viral and garnered a lot of interest and positive feedback. Where the end consumers posted their pictures with ZIC products on their social media tagging ZIC during their oil changes and we were pleasantly surprised by the hundreds of entries that were received and the level of creativity in those pictures. This also resulted as a non-verbal and honest recommendation by the users of SK ZIC where they represented the real Pakistan and their love for the product. Even ladies of the country showed how they vouch for the Product. The winners were those maximum likes were given Umrah Tickets, motorbikes and other exclusive gifts.



During the HBL PSL, one of the major sport event of Pakistan, we tried to take maximum advantage of the ongoing hype by engaging all social media platforms i.e. Facebook, Twitter or Instagram etc. The "Guess the Score Discount" competition garnered huge traffic with over 100K submissions received before matches. Lucky winners were given discounts on our online store as well as KFC vouchers. This aided in our digital brand engagement campaign over all. Regular campaigns initiated to engage online users to participate in a chance to win free Umrah Tickets, Bikes & KFC Vouchers.

HTL is the pioneer of e-commerce in the lubricants industry of Pakistan with ZIC Oil online sales channel delivering top quality authentic products all over Pakistan. This year in addition with this platform, ZIC extended its e-commerce reach by doing partnership with Daraz. This has been of great significance to the brand as Daraz is the largest online selling platform of Pakistan, over 5 Million active users, 15 Million assortments, 30,000 sellers over 118 cities in Pakistan and boasts a network of 500 listed brands. We hope to further leverage the scope of business with our online partners and take our brand to new heights.

Our e-commerce strategy for this year has been to respond promptly through social media and we make sure that the brand is on the right side of the history. Social media today has become brutal to brands that do not contribute and respond in the right way.

Therefore, HTL evolved and remained steadfast in delivering the best to its customers and going above and beyond to deliver emotional and financial support to them in these tough times.

RISING THROUGH THE CHALLENGES: **COVID-19 CRISIS**

In addition to its impact on public health, (COVID-19) has caused a major economic shock to the communities we operate in. The pandemic had already caused massive dislocation among lower income classes and small businesses, just several weeks after its onset and prior to the availability of government aid. Many of our small retail shops and their workers were struggling under this economic and social distress. At HTL, we stood up with our partners in these challenging times, and extended financial support to the most affected in our system in form of Rashan packages to helpers at retail stores, cash Eidi and support for our front line workers

Other campaigns, during the COVID-19 pandemic focused on raising awareness for the importance of using precautionary measures while operating life in times of social distancing. Moreover, with the promise of "Safety Comes First", we offered free disinfection of cars with an oil change at all HTL Express Centers in Lahore, Karachi and Rawalpindi. Our workers disinfected the cars with isopropyl alcohol mixture all while practicing safety measurements through full protective gear. In order to provide further ease to our respected customers, we encouraged them to move to our online stores which have been active almost throughout the entire lockdown period.

BUILDING **PARTNERSHIPS**

RETAILER TRAININGS

HTL has always stood fast on the stance of being transparent about its communication and product information. During our retailer training engagements, we ensure that our retailers and mechanics learn about the technical and factual aspects of our product. This makes them better equipped to compare and make well informed recommendation which in the long run is beneficial for keeping and increasing our end-customer base. Moreover, the technical trainings also provide industry knowledge, insights, best practices and stats about the market dynamics to further enhance their ability to choose the right brand for their customers. AT HTL we believe honesty is the best policy especially with our business partners and end consumers. This is the confidence that we have on our product and the promise of quality SK ZIC has upheld all these years.

ANNUAL DISTRIBUTORS CONFERENCE AT **PEAL CONTINENTAL BHURBAN**

HTL hosted its annual Distributors Conference in March at Peal Continental Bhurban at which more than 150 distributors representing more than 50 cities of Pakistan were present. Attendees representing a wide range of cities including partners from central, South and North of Pakistan. The agenda of this year's Distributors Conferences was to discuss the demand in the region and collaborations to combat the challenges faced by the industry.

The main purpose of this conference was to bring all HTL stakeholders on the same page and inform them about the Company's strategies in the future. Best practices were shared across the participants as well as key industry knowledge. The national integration of distributors coming together was very fruitful in understanding our customers' expectations as well as our own plan for their future with us. Such conferences are essential for success regarding product developments and for building important relationships.

Distributors are allowed to give their open feedback on Company policies to get insight into what our top distributors think of our Company's trajectory. By keeping an open ear towards there valuable feedback, we were able to drive actionable and powerful insights for the Company.

Starting with a Reception at PC Bhurban, the conference culminated with a Gala Dinner and Awards Ceremony in recognition of achievements of our both new and long standing distribution partners.

RETAILERS INTERNATIONAL **TRAVEL INCENTIVE PROGRAM**

The relationships between customers and partners in retail have always been at the forefront of our business at HTL. Therefore, this year we initiated a targeted, well-designed incentive travel program for our over performing retailers in an effort to forge stronger alliances with key partners.

This incentive travel programs offered valuable time with our customers and helped us to promote loyalty and ultimately drive sales. This travel plan included recreational trip to Dubai, Thailand, Baku, Turkey, Hunza Valley and chance for Umrah. It was also an incredible opportunity for all of our retail channel to come together at the same time in a new environment. Taking advantage of this opportunity we filled in our valuable partners with updates on our new products and services to help them understand the value of doing business with us. This gave us a chance to interact in an informal environment and make the business relationship stronger via personal friendships.


packon
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FINANCIALS

@ HTL

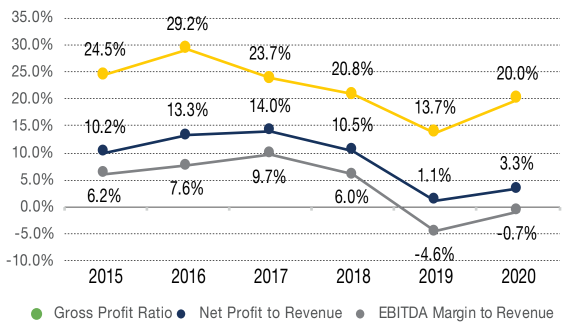
Strategic focus on cost management, along with our leadership and balanced product portfolio, has allowed us to post sustainable quality growth. The Oracle integrated system in each job function is well-designed to ensure responsible reporting of financial data. We are confident of continuing to enhance customer experience and engagement, while increasing our business's consistent performance to venture into the new decade.

ANALYSIS OF **FINANCIAL STATEMENTS**

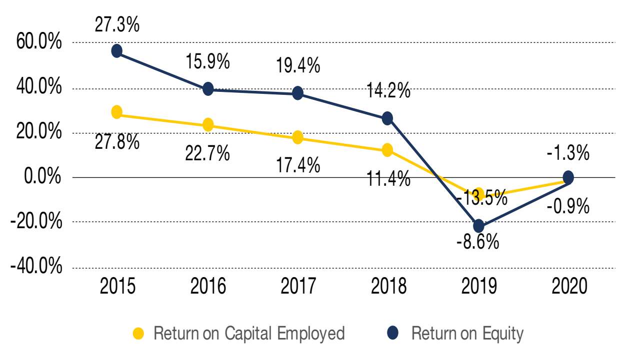
FOR THE CURRENT **AND LAST FIVE YEARS**

Key Performance Indicators	UOM	2020	2019	2018	2017	2016	2015
PROFITABILITY RATIOS							
Gross Profit Ratio	%	19.99%	13.72%	20.84%	23.69%	29.16%	24.47%
Net Profit to Revenue	%	-0.71%	-4.61%	5.99%	9.71%	7.55%	6.18%
EBITDA Margin to Revenue	%	3.32%	1.15%	10.49%	14.02%	13.27%	10.16%
Operating Leverage Ratio	Times	-6.41	-50.06	-0.43	2.84	2.48	3.79
Return on Equity	%	-1.27%	-13.48%	14.24%	19.41%	15.90%	27.28%
Return on Capital Employed	%	-0.86%	-8.65%	11.38%	17.40%	22.74%	27.83%
LIQUIDITY RATIOS							
Current Ratio	Times	1.01	1.10	1.84	1.75	3.96	1.35
Quick Ratio / Acid Test Ratio	Times	0.73	0.82	1.20	1.02	2.92	0.66
Cash to Current Liabilities	Times	0.08	0.06	0.31	0.04	0.29	0.12
Cash Flow from Operations to Revenue	Times	0.22	-0.13	0.13	-0.05	0.06	0.08

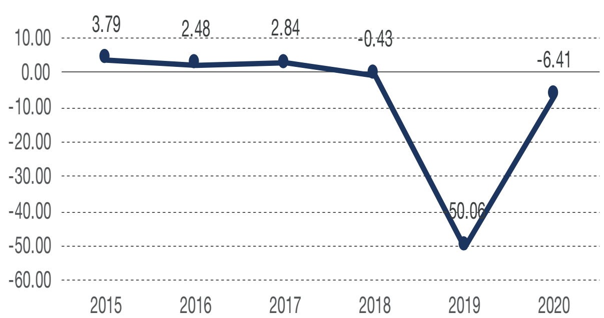
PROFITABILITY **RATIOS**



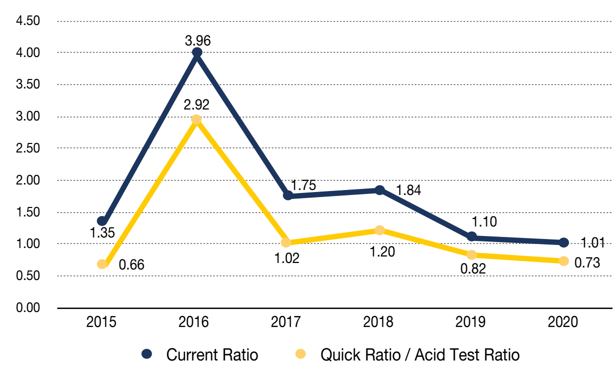
PROFITABILITY **RATIOS**



OPERATING LEVERAGE **RATIO**



LIQUIDITY **RATIOS**



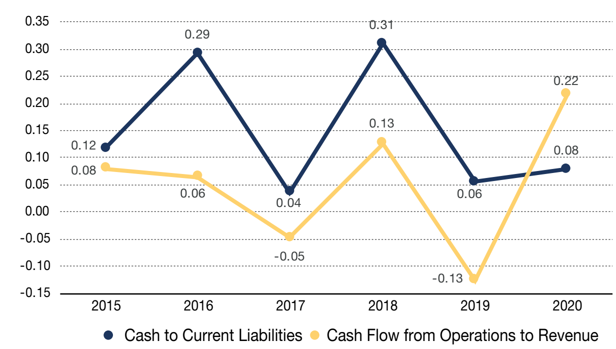
PROFITABILITY **RATIOS**

Profitability ratios are financial metrics which help to assess the Company's ability in terms of its earnings. This includes Gross Profit Ratio, Net Profit to Revenue Ratio, EBDITDA Margin to Revenue, Operating Leverage Ratio, Return on Equity and Return on Capital Employed. Unfavorable fluctuations in International lubricant prices coupled with market volatility in terms of uncertain global / local economic conditions and abrupt devaluation in rupee against dollar put upward pressure causing the cost of sales to dramatically increase due to which profitability ratios show decreasing trend from mainly in FY 2018 and FY 2019. With a fiercely competitive market, the Company still able to retain its market share by ensuring customers receive high quality products and services at affordable prices which in turn cost to Company's margins. However, in FY 2020 apart from challenges profitability ratios shows improvement which is a positive sign for the Company.

LIQUIDITY **RATIOS**

Liquidity ratios are financial metrics used to determine Company's ability to meet its short term debt and other short term liabilities when they fall due. This include Current Ratio, Quick Ratio, Cash to Current Liabilities and Cash Flow from Operations to Revenue. Liquidity ratios metrics show mixed trend in FY 2020 as compare to FY 2019. Current Ratio and Quick Ratio show decrease while Cash to Current Liabilities and Cash Flow from Operations to Revenue show some increase in FY 2020 as compare to FY 2019. Increase in Cash Flow from Operations to Revenue from -0.13 time to 0.22 times which is positive indicator for the Company.

LIQUIDITY **RATIOS**

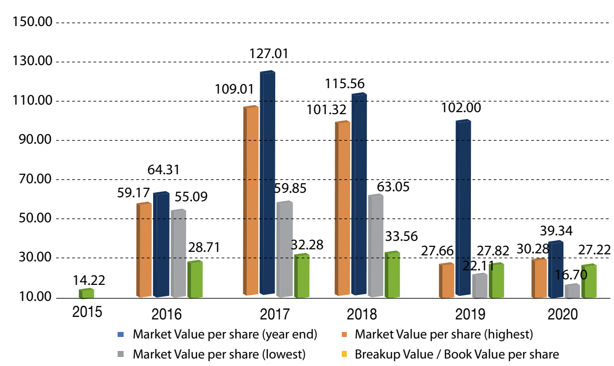


Key Performance Indicators	UOM	2020	2019	2018	2017	2016	2015
INVESTMENT/MARKET RATIOS							
Earnings / (Loss) per share	Rs.	-0.35	-3.75	4.78	6.27	5.43	4.37
Price Earnings Ratio	Times	-86.51	-7.38	21.20	17.39	10.90	*
Price to Book Ratio	%	0.7	0.5	2.1	2.2	1.7	*
Dividend Yield Ratio	Times	0.01	0.06	0.03	0.02	0.03	*
Dividend Payout Ratio	%	-71.43%	-46.67%	73.22%	43.06%	27.62%	320.82%
Cash Dividend per share	Rs.	0.25	1.75	3.50	2.70	1.50	14.02
Market Value per share (year end)	Rs.	30.28	27.66	101.32	109.01	59.17	*
Market Value per share (highest)	Rs.	39.34	102	115.56	127.01	64.31	*
Market Value per share (lowest)	Rs.	16.7	22.11	63.05	59.85	55.09	*
Breakup Value / Book Value per share	Rs.	27.2	27.8	33.6	32.3	28.7	14.2
No. of Shares based on par value of Rs.10	No.(000)	116,004	116,004	116,004	116,004	116,004	87,003
Total Dividend Paid	Rs.(000)	29,001	203,007	406,014	313,211	168,206	128,755

SHARE PRICE **SENSITIVITY ANALYSIS**

Share price in the stock market moves due to various factors such as company performance, general market sentiment, economic events and interest rates, etc. Being a responsible and law-compliant Company, HTLL circulates price sensitive information to stock exchanges in accordance with the requirements of listing regulations in a timely manner. During the year 2020, HTLL's share price touched the peak of Rupees 39.34 while the lowest recorded price was Rupees 16.70 with a closing price of Rupees 30.28 at the end of the year.

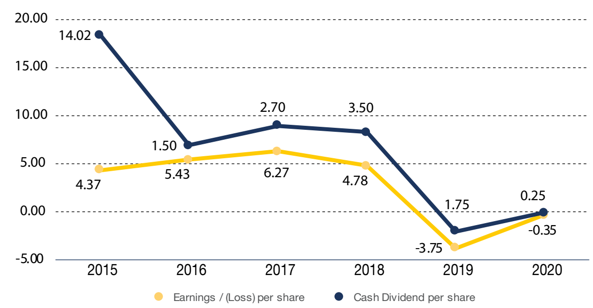
SHARE PRICE SENSITIVITY **ANALYSIS**



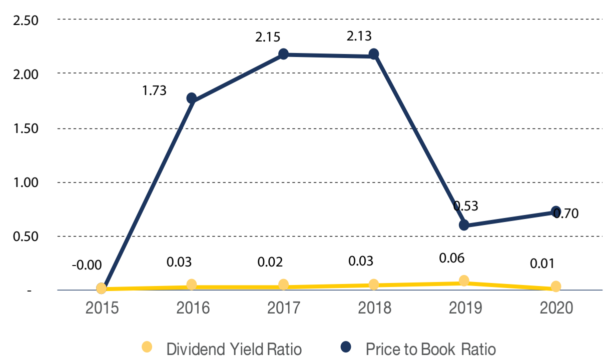
INVESTMENT / MARKET **SHARE RATIOS**

Stock market has witnessed downfall during the year. On the other hand, the Company has been able to reduce its loss per share from Rupee 3.75 to Rupees 0.35 which is a positive indicator for the Company. Due to macro and micro economic challenges investment / market share ratios shows mixed trend.

INVESTMENT / MARKET SHARE **RATIOS**



INVESTMENT / MARKET SHARE **RATIOS**



SEGMENTAL **REVIEW**

LUBRICANTS

Lubricant segment operations represents purchase and sale of lubricants, parts and rendering of services. Lubricants segment of the Company performed well in comparison from FY 2019 and has been able to achieve profit from operations of Rupees 153.335 million in comparison to loss of Rupees 29.050 million in FY 2019. Detailed segment information has been presented in note 52 of the financial statements.

PETROLEUM **PRODUCTS**

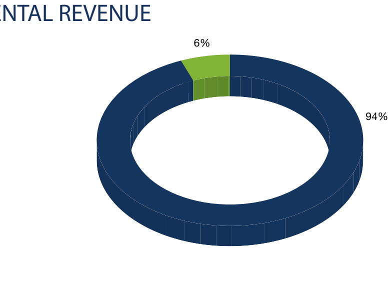
Petroleum segment operations represents marketing and sale of petroleum products through HTL Fuel Stations. The Company has successfully started its petroleum segment operations during the FY 2020. Detailed segment information has been presented in note 52 of the financial statements.

Company's Revenue in terms of lubricant segment and petroleum segment is stated in the table:

DESCRIPTION	REVENUE Rupee in thousand
Lubricants	5,279,394
Petroleum products	349,263
Total revenue of the Company	5,628,657

Revenue of petroleum segment operations will increase in line with the increase in fuel stations. On 30 June 2020, the Company have eleven operational fuel stations in Punjab Province.

SEGMENTAL REVENUE

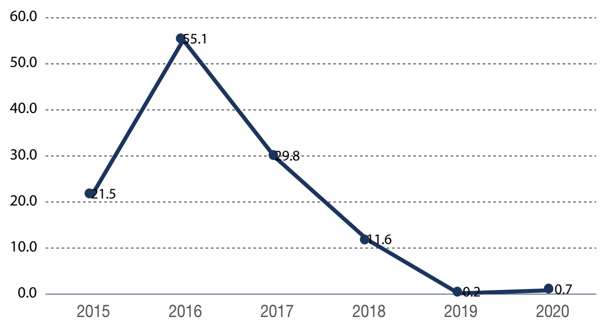


ANALYSIS OF **FINANCIAL STATEMENTS**

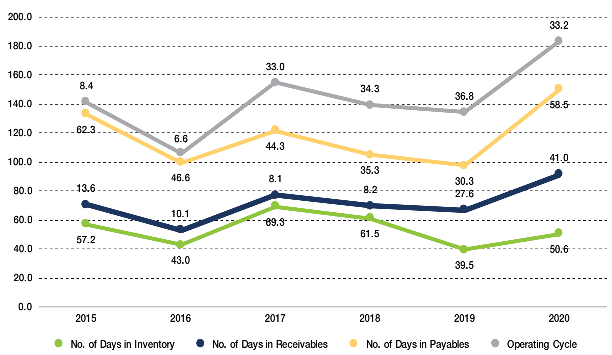
FOR THE CURRENT **AND LAST FIVE YEARS**

Key Performance Indicators	UOM	2020	2019	2018	2017	2016	2015
CAPITAL STRUCTURE							
Financial Leverage Ratio	Times	27.0%	64.3%	22.2%	33.2%	1.1%	4.2%
Long term Debt to Equity Ratio (as per Book Value)	%	1.84%	0.46%	0.77%	0.57%	0.07%	0.00%
Long term Debt to Equity Ratio (as per Market Value)	%	1.65%	0.46%	0.3%	0.2%	-	0%
Interest Coverage Ratio	Times	0.7	0.2	11.6	29.8	55.1	21.5
ACTIVITY/TURNOVER RATIOS							
Total Assets Turnover Ratio	Times	1.13	1.54	1.68	1.27	1.76	2.71
Fixed Assets Turnover Ratio	Times	3.32	5.95	6.67	7.96	21.69	26.17
No. of Days in Inventory	Days	50.63	39.55	61.45	69.26	43.03	57.16
No. of Days in Receivables	Days	41.03	27.60	8.21	8.07	10.14	13.60
No. of Days in Payables	Days	58.49	30.35	35.32	44.30	46.60	62.31
Operating Cycle	Days	33.17	36.80	34.35	33.03	6.57	8.44

INTEREST COVERAGE **RATIO**



ACTIVITY/TURNOVER **RATIOS**



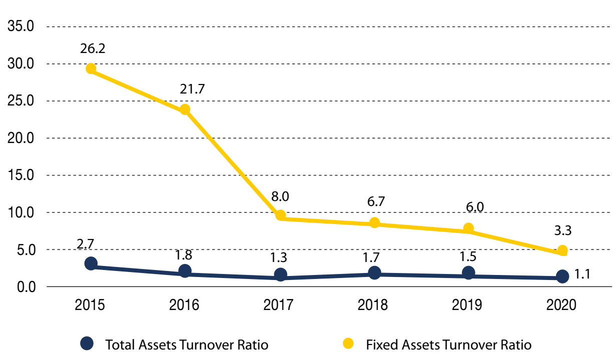
CAPITAL STRUCTURE **RATIOS**

Interest cover has increased in FY 2020 in comparison from 2019 i.e. 0.7 times from 0.2 times, which is a positive indicator for the Company. Long term debt to equity ratio is increased on account of long term finance obtained by the Company during the year. On the other hand, financial leverage ratio has been decreased during the year which is also a positive indicator for the Company.

ACTIVITY / TURNOVER **RATIOS**

Operating cycle of the Company has been decreased in comparison from previous two years which depicts efficient working capital management.

ACTIVITY/TURNOVER **RATIOS**



VERTICAL **ANALYSIS**

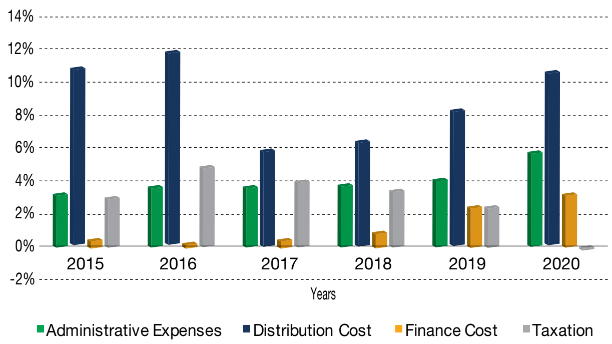
FOR THE CURRENT **AND LAST FIVE YEARS**

Profit & Loss	2020		2019		2018		2017		2016		2015	
	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)	%age
Net Revenue	5,628,659	100%	9,431,162	100%	9,253,578	100%	7,488,882	100%	7,015,302	100%	5,466,916	100%
Cost of Sales	(4,503,767)	80%	(8,136,799)	86%	(7,325,252)	79%	(5,714,430)	76%	(4,969,649)	71%	(4,129,152)	76%
Gross Profit	1,124,892	20%	1,294,363	14%	1,928,326	21%	1,774,452	24%	2,045,653	29%	1,337,764	24%
Administrative Expenses	(328,230)	6%	(390,823)	4%	(351,091)	4%	(279,254)	4%	(263,512)	4%	(177,330)	3%
Distribution Cost	(609,514)	11%	(795,362)	8%	(606,107)	7%	(445,148)	6%	(851,449)	12%	(605,095)	11%
EBITDA	1,050,050	19%	108,178	1%	971,128	10%	1,050,050	14%	930,692	13%	555,339	10%
Depreciation and Amortization	(157,102)	3%	(80,777)	1%	(57,433)	1%	(44,748)	1%	(38,311)	1%	(34,677)	1%
Other Expenses	(24,486)	0.4%	(103,571)	1%	(63,070)	1%	(33,869)	0.5%	(43,437)	1%	(47,229)	1%
Other Income	129,668	2%	113,899	1%	108,463	1%	95,757	1%	46,313	1%	52,825	1%
EBIT	1,067,190	19%	37,729	0.4%	959,088	10%	1,067,190	14%	895,257	13%	526,258	10%
Finance Cost	(186,326)	3%	(235,072)	2%	(82,541)	1%	(35,838)	0%	(16,240)	0%	(24,479)	0%
(Loss) / Profit Before Tax	(51,098)	-1%	(197,343)	-2%	876,547	9%	1,031,352	14%	879,017	13%	501,779	9%
Taxation	10,980	-0.2%	(237,476)	3%	(322,117)	3%	(304,484)	4%	(349,352)	5%	(164,160)	3%
(Loss) / Profit After Tax	(40,118)	-1%	(434,819)	-5%	554,430	6%	726,868	10%	529,665	8%	337,619	6%

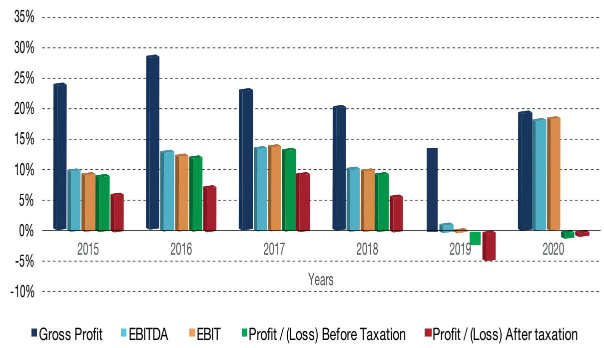
STATEMENT OF PROFIT OR LOSS **VERTICAL ANALYSIS**

Gross profit of the Company decreased by 13% in comparison to 2019 mainly due to decrease in revenue during the year. General slowdown in the economy, high inflation, rupee devaluation slowdown in automobile industry along with COVID-19 pandemic has effected negatively on the Company's revenue during the year. On the other hand, decrease in period cost in comparison from last year has given the Company positive support due to which net loss of the Company has reduced to Rupees 40 million.

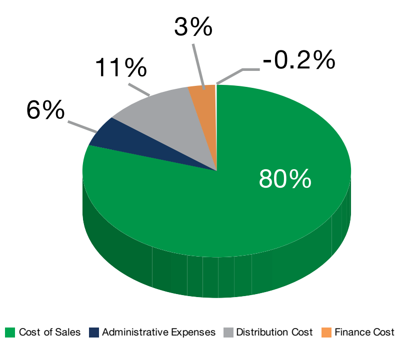
VERTICAL ANALYSIS-**EXPENSES (2015-20)**



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



VERTICAL ANALYSIS-**STATEMENT OF PROFIT OR LOSS (2020)**



VERTICAL **ANALYSIS**

FOR THE CURRENT **AND LAST FIVE YEARS**

Statment of Financial Position	2020		2019		2018		2017		2016		2015	
	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)	%age
Non current assets												
Fixed assets	1,693,746	33.9%	1,583,889	25.9%	1,386,311	25.1%	940,568	16.0%	323,455	8.1%	208,872	10.4%
Right-of-use assets	270,943	5.4%	-	-	-	-	-	-	-	-	-	-
Intangible assets	7,597	0.2%	8,038	0.1%	2,895	0.1%	7,554	0.1%	12,584	0.3%	13,045	0.6%
Investment in subsidiary company	1,300,001	26.0%	1,300,001	21.3%	1,300,001	23.5%	1,300,001	22.1%	1,102,760	27.6%	776,410	38.5%
Long term loans to employees	-	0.0%	-	0.0%	280	0.0%	1,049	0.0%	3,235	0.1%	2,598	0.1%
Long term security deposits	11,745	0.2%	26,154	0.4%	38,612	0.7%	32,737	0.6%	13,504	0.3%	13,628	0.7%
Deferred income tax asset-net	107,956	2.2%	39,183	0.6%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total non current assets	3,391,988	67.9%	2,957,265	48.4%	2,728,099	49.4%	2,281,909	38.8%	1,455,538	36.5%	1,014,553	50.3%
Current assets												
Stock-in-trade	447,345	9.0%	801,995	13.1%	961,206	17.4%	1,505,338	25.6%	663,266	16.6%	508,481	25.2%
Trade debts	76,104	1.5%	1,189,384	19.4%	236,937	4.3%	179,385	3.1%	151,782	3.8%	237,843	11.8%
Loans and advances	149,157	3.0%	36,748	0.6%	146,456	2.7%	663,618	11.3%	58,791	1.5%	108,248	5.4%
Short term deposits and prepayments	31,144	0.6%	48,894	0.8%	27,934	0.5%	14,611	0.2%	13,684	0.3%	15,440	0.8%
Accrued Interest	50,015	1.0%	32,515	0.5%	15,335	0.3%	351.0	0.0%	31	0.0%	-	0.0%
Other receivables	2	0.0%	7,772	0.1%	17,340	0.3%	79,648	1.4%	478	0.0%	44,334	2.2%
Short term investment	723,285	14.5%	882,469	14.4%	917,354	16.6%	1,081,129	18.4%	1,458,563	36.6%	-	0.0%
Cash and bank balances	124,178	2.5%	158,925	2.6%	471,605	8.5%	75,113	1.3%	186,863	4.7%	86,784	4.3%
Total current assets	1,601,230	32.1%	3,158,702	51.6%	2,794,167	50.6%	3,599,193	61.2%	2,533,458	63.5%	1,001,130	49.7%
Total assets	4,993,218	100.0%	6,115,967	100.0%	5,522,266	100.0%	5,881,102	100.0%	3,988,996	100.0%	2,015,683	100.0%
Capital and reserves												
Issued, subscribed and paid up capital	1,160,040	23.2%	1,160,040	19.0%	1,160,040	21.0%	1,160,040	19.7%	1,160,040	29.1%	870,030	43.2%
Share premium	1,441,698	28.9%	1,441,698	23.6%	1,441,698	26.1%	1,441,698	24.5%	1,441,698	36.1%	-	0.0%
Accumulated profit / (loss)	555,928	11.1%	625,047	10.2%	1,290,983	23.4%	1,142,568	19.4%	728,911	18.3%	367,451	18.2%
Total capital and reserves	3,157,666	63.2%	3,226,785	52.8%	3,892,721	70.5%	3,744,306	63.7%	3,330,649	83.5%	1,237,481	61.4%
Non current liabilities												
Long term financing	42,268	0.8%	1,822	0.0%	14,894	0.3%	13,496	0.2%	1,030	0.0%	-	0.0%
Liabilities against assets subject to finance lease	-	0.0%	26,625	0.4%	79,105	1.4%	65,810	1.1%	15,175	0.4%	25,154	1.2%
Lease liabilities	204,637	4.1%										
Long term deposit	500	0.0%	1,000	0.0%	1,500	0.0%	2,000	0.0%	2,000	0.1%	3,000	0.1%
Deferred liabilities	5,285	0.1%	-	0.0%	12,069	0.2%	3,207	0.1%	-	0.0%	9,029	0.4%
Total non current liabilities	252,690	5.1%	29,447	0.5%	107,568	1.9%	84,513	1.4%	18,205	0.5%	37,183	1.8%
Current liabilities												
Trade and other payables	704,279	14.1%	739,055	12.1%	613,958	11.1%	803,559	13.7%	583,597	14.6%	685,295	34.0%
Accrued mark-up	22,103	0.4%	69,576	1.1%	18,217	0.3%	9,517	0.2%	543	0.0%	-	0.0%
Short term borrowing	766,263	15.3%	1,974,915	32.3%	707,636	12.8%	1,118,969	19.0%	-	0.0%	-	0.0%
Current portion of non-current liabilities	86,779	1.7%	70,939	1.2%	61,094	1.1%	43,489	0.7%	21,752	0.5%	26,455	1.3%
Unclaimed dividend	3438	0.1%	4026		4297		1,526		-		-	
Taxation - net	-	0.0%	1,224	0.0%	116,775	2.1%	75,223	1.3%	34,250	0.9%	29,269	1.5%
Total current liabilities	1,582,862	31.7%	2,859,735	46.8%	1,521,977	27.6%	2,052,283	34.9%	640,142	16.0%	741,019	36.8%
Total liabilities and equity	4,993,218	100.0%	6,115,967	100.0%	5,522,266	100.0%	5,881,102	100.0%	3,988,996	100.0%	2,015,683	100.0%

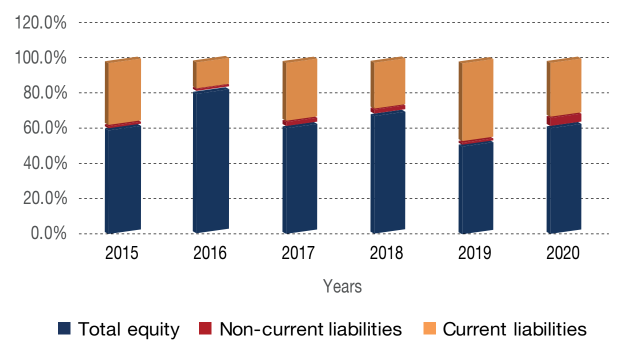
FINANCIAL POSITION'S **VERTICAL ANALYSIS**

Total assets comprise of current and non-current assets. At 30 June 2020, non-current assets are 67.9% of total assets while current assets are 32.1%.

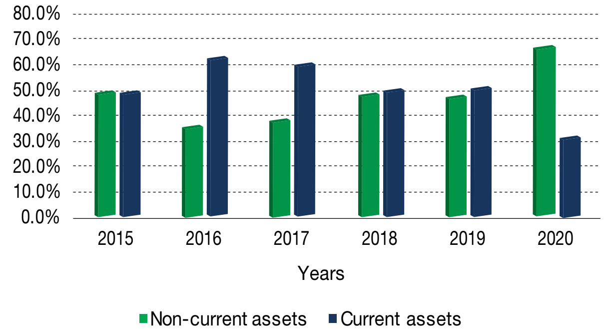
On the other side, share capital and reserves are 63.2% of the total equity and liabilities while non-current liabilities and current liabilities are 5.1% and 31.7% respectively. Share capital and reserves mainly constitute issued subscribed and paid up share capital (23.2%), share premium (28.9%) and unappropriated profit (11.1%).

Non-current liabilities mainly constitute lease liabilities (4.1%) and long term financing (0.8%). Current liabilities mainly constitute short term financing (15.3%) and trade and other payables (14.1%).

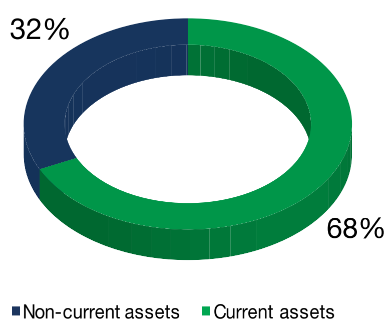
VERTICAL ANALYSIS-**TOTAL EQUITY & LIABILITIES (2020)**



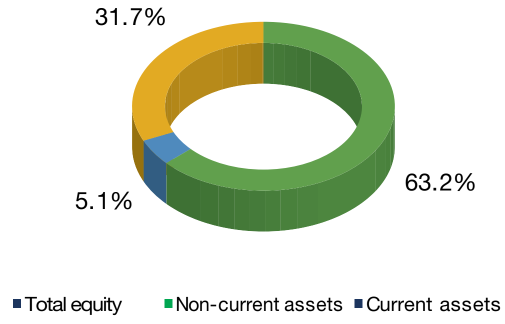
VERTICAL ANALYSIS-**TOTAL ASSETS (2020)**



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



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



HORIZONTAL **ANALYSIS**

FOR THE CURRENT **AND LAST FIVE YEARS**

Statment of Financial Position	2020	2020 vs 2019	2019	2019 vs 2018	2018	2018 vs 2017	2017	2017 vs 2016	2016	2016 vs 2015	2015
	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)
Non current assets											
Fixed assets	1,693,746	6.94%	1,583,889	14.25%	1,386,311	47%	940,568	191%	323,455	55%	208,872
Right-of-use assets	270,943	271.00%	-	0%	-	0%	-	0%	-	0%	-
Intangible assets	7,597	-5.49%	8,038	0%	2,895	0%	7,554	0%	12,584	0%	13,045
Investment in subsidiary company	1,300,001	0.00%	1,300,001	0%	1,300,001	0%	1,300,001	18%	1,102,760	42%	776,410
Long term loans to employees	-	0.00%	-	0%	280	-73%	1,049	-68%	3,235	25%	2,598
Long term security deposits	11,745	-55.09%	26,154	-32%	38,612	18%	32,737	142%	13,504	-1%	13,628
Deferred income tax asset-net	107,956	175.52%	39,183	0%	-	0%	-	0%	-	0%	-
Total non current assets	3,391,988	14.70%	2,957,265	8.4%	2,728,099	19.6%	2,281,909	56.8%	1,455,538	43.5%	1,014,553
Current assets											
Stock-in-trade	447,345	-44.22%	801,995	-17%	961,206	-36%	1,505,338	127%	663,266	30%	508,481
Trade debts	76,104	-93.60%	1,189,384	402%	236,937	32%	179,385	18%	151,782	-36%	237,843
Loans and advances	149,157	305.89%	36,748	-75%	146,456	-78%	663,618	1029%	58,791	-46%	108,248
Short term deposits and prepayments	31,144	-36.30%	48,894	75%	27,934	91%	14,611	7%	13,684	-11%	15,440
Accrued Interest	50,015	53.82%	32,515	88%	17,340		79,648		478		44,334
Other receivables	2	-99.97%	7,772	-49%	15,335	150%	351.0	0%	31	0%	-
Short term investment	723,285	-18.04%	882,469	-4%	917,354	-15%	1,081,129	-26%	1,458,563	0%	-
Cash and bank balances	124,178	-21.86%	158,925	-66%	471,605	528%	75,113	-60%	186,863	115%	86,784
Total current assets	1,601,230	-49.31%	3,158,702	13%	2,794,167	-22%	3,599,193	42%	2,533,458	153%	1,001,130
Total assets	4,993,218	-18.36%	6,115,967	11%	5,522,266	-6%	5,881,102	47%	3,988,996	98%	2,015,683
Capital and reserves											
Issued, subscribed and paid up capital	1,160,040	0.00%	1,160,040	0%	1,160,040	0%	1,160,040	0%	1,160,040	33%	870,030
Share premium	1,441,698	0.00%	1,441,698	0%	1,441,698	0%	1,441,698	0%	1,441,698	0%	-
Accumulated profit / (loss)	555,928	-11.06%	625,047	-52%	1,290,983	13%	1,142,568	57%	728,911	98%	367,451
Total capital and reserves	3,157,666	-2.14%	3,226,785	-17%	3,892,721	4%	3,744,306	12%	3,330,649	169%	1,237,481
Non current liabilities											
Long term financing	42,268	2219.87%	1,822	-88%	14,894	10%	13,496	1210%	1,030	0%	-
Liabilities against assets subject to finance lease	-	-100.00%	26,625	-66%	79,105	20%	65,810	334%	15,175	-40%	25,154
Lease liabilities	204,637	100.00%	-	-	-	-	-	-	-	-	-
Long term deposits	500	-50.00%	1,000	-33%	1,500	-25%	2,000	0%	2,000	-33%	3,000
Deferred liabilities	5,285	500.00%	-	-100%	12,069	276%	3,207	0%	-	-100%	9,029
Total non current liabilities	252,690	758.12%	29,447	-73%	107,568	27%	84,513	364%	18,205	-51%	37,183
Current liabilities											
Trade and other payables	704,279	-4.71%	739,055	20%	613,958	-24%	803,559	38%	583,597	-15%	685,295
Accrued mark-up/profit	22,103	-68.23%	69,576	282%	18,217	91%	9,517	1653%	543	0%	-
Short term borrowing	766,263	-61.20%	1,974,915	179%	707,636	-37%	1,118,969	0%	-	0%	-
Current portion of non-current liabilities	86,779	22.33%	70,939	16%	61,094	40%	43,489	100%	21,752	-18%	26,455
Unclaimed dividend	3,438	-14.61%	4026		4297		1,526		-	-	
Taxation - net	-	-100.00%	1,224	-99%	116,775	55%	75,223	120%	34,250	17%	29,269
Total current liabilities	1,582,862	-44.65%	2,859,735	88%	1,521,977	-26%	2,052,283	221%	640,142	-14%	741,019
Total liabilities and equity	4,993,218	-18.36%	6,115,967	11%	5,522,266	-6%	5,881,102	47%	3,988,996	98%	2,015,683

Statement of Profit or Loss	2020	2020 vs 2019	2019	2019 vs 2018	2018	2018 vs 2017	2017	2017 vs 2016	2016	2016 vs 2015	2015
	Rs. (000)	%age	Rs. (000)	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)	%age
Net Revenue	5,628,659	-40%	9,431,162	2%	9,253,578	24%	7,488,882	7%	7,015,302	28%	5,466,916
Cost of Sales	(4,503,767)	-45%	(8,136,799)	11%	(7,325,252)	28%	(5,714,430)	15%	(4,969,649)	20%	(4,129,152)
Gross Profit	1,124,892	-13%	1,294,363	-33%	1,928,326	9%	1,774,452	-13%	2,045,653	53%	1,337,764
Administrative Expenses	(328,230)	-16%	(390,823)	11%	(351,091)	26%	(279,254)	6%	(263,512)	49%	(177,330)
Distribution Cost	(609,514)	-23%	(795,362)	31%	(606,107)	36%	(445,148)	-48%	(851,449)	41%	(605,095)
EBITDA	187,148	73%	108,178	-89%	971,128	-8%	1,050,050	13%	930,692	68%	555,339
Depreciation and Amortization	(157,102)	94%	(80,777)	41%	(57,433)	28%	(44,748)	17%	(38,311)	10%	(34,677)
Other Expenses	(24,486)	-76%	(103,571)	64%	(63,070)	86%	(33,869)	-22%	(43,437)	-8%	(47,229)
Other Income	129,668	14%	113,899	5%	108,463	13%	95,757	107%	46,313	-12%	52,825
EBIT	135,228	258%	37,729	-96%	959,088	-10%	1,067,190	19%	895,257	70%	526,258
Finance Cost	(186,326)	-21%	(235,072)	185%	(82,541)	130%	(35,838)	121%	(16,240)	-34%	(24,479)
(Loss) / Profit Before Tax	(51,098)	-74%	(197,343)	-123%	876,547	-15%	1,031,352	17%	879,017	75%	501,779
Taxation	10,980	-105%	(237,476)	-26%	(322,117)	6%	(304,484)	-13%	(349,352)	113%	(164,160)
(Loss) / Profit After Tax	(40,118)	-91%	(434,819)	-178%	554,430	-24%	726,868	37%	529,665	57%	337,619

FINANCIAL POSITION
HORIZONTAL ANALYSIS

Non-current assets have been increased by Rupees 434.723 million (14.7%) from the last year. This increase was mainly due to investments made in expansion projects that support Company's growth strategy and recognition of right of use assets on adoption of IFRS 16 'Leases'.

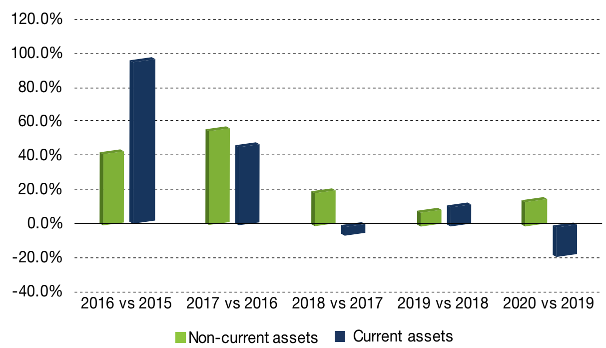
Current assets primarily comprise of inventory, trade debts, short term investments and cash and bank balances. On an aggregate basis, current assets decreased by Rupees 1,557.472 million (-49.31%) mainly on account of decrease in stock-trade by Rupees 354.650 million (-44.22%) and trade debts by Rupees 1,113.280 million (-93.60%) in comparison to last year.

Shareholders' equity has been decreased by Rupees 69.119 million (-2.14%) due to net loss of Rupees 40.118 million and apportionment of final dividend for the year 30 June 2019 of Rupees 29.001 million.

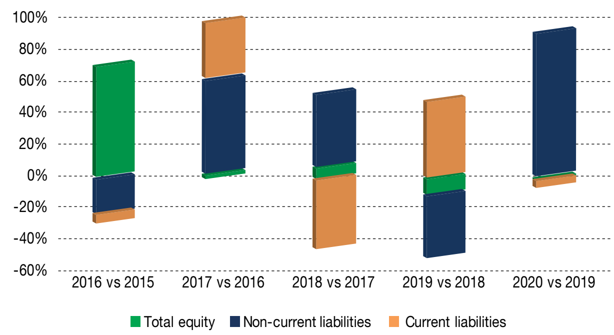
Non-current liabilities for the year have been increased by 758% with an amount of Rupees 223.243 million. Mainly due to increase in long term finance facility by the Company and increase in lease liabilities due to adoption of IFRS 16 'Leases'.

Current liabilities have decreased by Rupees 1,276 million mainly due to decrease in short term borrowings of the Company.

HORIZONTAL ANALYSIS-**TOTAL ASSETS**



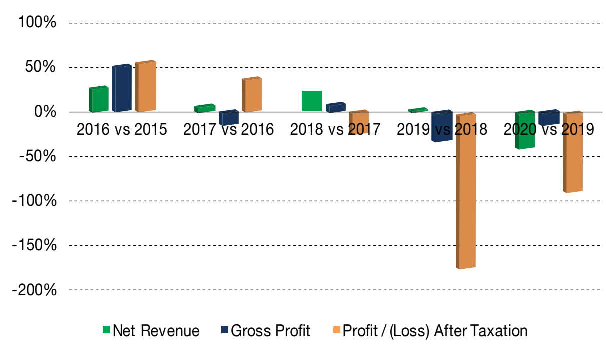
HORIZONTAL ANALYSIS-**TOTAL EQUITY & LIABILITIES**



STATEMENT OF PROFIT OR LOSS
HORIZONTAL ANALYSIS

Gross profit has been decreased by Rupees 169.471 million in comparison to last year mainly due to decrease in revenue of the Company during the year. The decrease in revenue is mainly due to general economic slowdown coupled with COVID-19 pandemic. However, on the other hand the Company was able to decrease its distribution cost, administrative cost and other expenses by effective cost control measures. Finance cost has been decrease due to repayment of short term borrowings by the Company. While other income shows positive increase mainly on account of reversal of allowance for expected credit losses as the Company timely recovered its trade debts. FY 2020 was remained challenging, but due to effective management the Company able to sustained its position and reported a net loss of Rupees 40.118 million in comparison to net loss of Rupees 434.819 million reported in FY 2019.

HORIZONTAL ANALYSIS-**PROFIT OR LOSS**

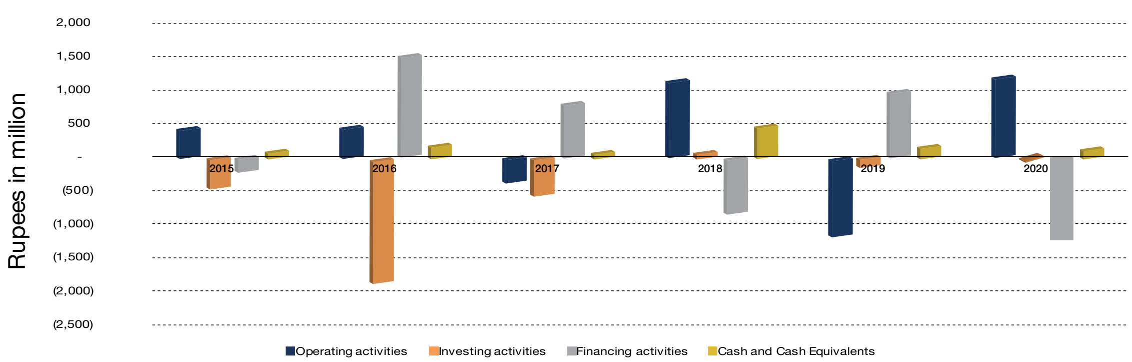


CASH FLOWS **ANALYSIS**

FOR THE CURRENT **AND LAST FIVE YEARS**

Summary of Cash Flow Statement	2020	2019	2018	2017	2016	2015
	Amounts in PKR Thousands					
Cash flow from operating activities						
(Loss) / profit before taxation	(51,098)	(197,341)	876,546	1,031,351	879,017	501,779
Adjustments for non-cash items and other items	218,949	290,049	81,069	8,525	17,554	10,729
Working capital changes	1,354,187	(685,165)	561,664	(1,091,236)	(70,540)	102,707
Finance cost paid	(233,431)	(183,712)	(73,841)	(26,864)	(15,697)	(29,194)
Income tax paid	(74,725)	(404,279)	(271,703)	(260,304)	(353,145)	(142,913)
Net decrease in long term loan to employees	280	769	1,390	3,058	(1,176)	(1,794)
Net decrease / (increase) in long term security deposits	2,898	(3,538)	(7,700)	(24,555)	(4,791)	(3,700)
(Decrease) / increase in long term deposits	(500)	(500)	(500)	-	(1,000)	1,000
Net cash generated from / (used in) operting activities	1,216,560	(1,183,717)	1,166,925	(360,025)	450,222	438,614
CASH FLOWS FROM INVESTING ACTIVITIES						
Capital expenditures on operating fixed assets	(282,116)	(275,337)	(440,267)	(650,938)	(138,692)	(10,032)
Capital expenditures on intangible assets	(5,362)	(8,026)	(676)	(1,865)	(5,985)	(905)
Proceeds from disposal of operating fixed assets	15,395	8,024	9,537	74,722	2,805	61,082
Investment in subsidary company	-	-	-	(197,241)	(326,350)	(521,410)
Loans to subsidiary company	-	(548,900)	(296,500)	(261,000)	-	-
Repayment of loans by subsidiary company	-	548,900	557,500	-	-	-
Short term investments - net	153,963	30,869	155,000	378,663	(1,453,246)	-
Dividend received	10,437	1,132	272	1,151	-	-
Interest received on loans to subsidiary company	7,741	41,196	28,948	-	-	-
Profit on bank deposits and term deposits received	86,942	69,330	57,615	85,353	27,394	6,321
Net cash used in financing activities	(13,000)	(132,812)	71,429	(571,155)	(1,894,074)	(464,944)
Cash flow from financing activities						
Proceeds from issue of share capital - net	-	-	-	-	1,731,708	120,000
Repayment of liabilities against assets subject to finance lease	-	(45,153)	(35,973)	(5,804)	(22,830)	(21,769)
Repayment of lease liabilities	(48,576)	-	-	-	-	-
Dividends paid	(29,589)	(203,278)	(403,243)	(312,549)	(167,341)	(128,755)
Proceeds from long term financing	63,404	-	21,865	23,135	2,727	-
Repayment of long term financing	(14,894)	(15,000)	(13,178)	(4,321)	(333)	-
Short term borrowings - net	(1,208,652)	1,267,280	(411,333)	1,118,969	-	(37,528)
Loan from directors	-	-	-	-	-	(140,760)
Net cash (used in) / from financing activites	(1,238,307)	1,003,849	(841,862)	819,430	1,543,931	(208,812)
Net (decrease) / increase in cash and cash equivalents	(34,747)	(312,680)	396,492	(111,750)	100,079	(235,142)
Cash and cash equivalents at the beginning of the year	158,925	471,605	75,113	186,863	86,784	321,926
Cash and cash equivalents at the end of year	124,178	158,925	471,605	75,113	186,863	86,784

ANALYSIS OF **CASH FLOWS**



CASH FLOWS **ANALYSIS**

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

OPERATING **ACTIVITIES**

After excluding impact of non-cash items, the Company witnessed increase in net cash generated from operating activities by Rupees 1.217 billion in comparison to the last year's net decrease of Rupees 1.184 billion. This is mainly due to reduction in trade debts of the Company during the year.

INVESTING **ACTIVITIES**

HTLL used net cash amounting to Rupees 13.001 million in investing activities while in last year it was Rupees 132.811 million. This mainly due to recoveries on account of short term investments during the year.

FINANCING **ACTIVITIES**

Net outflows from financing activities are Rupees 1.238 billion as compared to the Rupees 1.004 billion last year. This substantial increase in cash outflows is mainly due to repayment of short term borrowings.

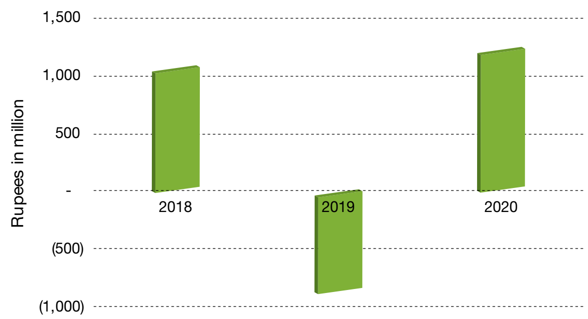
CASH AND **CASH EQUIVALENTS**

Cash and cash equivalents are reduced by Rupees 34.748 million mainly on account of outflows in financing activities.

ANALYSIS OF FREE **CASH FLOWS**

Free Cash Flows	2020	2019
(Loss) / profit before taxation	(51,098)	(197,341)
Adjustments for non-cash items and other items	218,949	290,049
Working capital changes	1,354,187	(685,165)
Capital additions	(287,478)	(283,363)
Free Cash Flows	1,234,560	(875,820)

FREE CASH **FLOWS**



DIRECT METHOD **CASH FLOWS**

Cash Flows From Operating Activities	2020	2019
Collection from customers	8,157,274,771	10,383,438,441
Payments to employees as remuneration	(557,416,534)	(484,096,196)
Payments to suppliers and service providers	(4,645,985,957)	(8,580,619,806)
Income tax paid	(74,724,817)	(404,278,887)
Sales tax paid	(1,428,792,867)	(1,914,140,374)
Finance cost paid	(233,430,812)	(183,712,464)
Zakat paid	(363,462)	(307,597)
Net cash generated from / (used in) operating activities	1,216,560,322	(1,183,716,883)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures on operating fixed assets	(282,116,245)	(275,337,578)
Capital expenditure on intangible assets	(5,362,625)	(8,025,992)
Proceeds from disposal of operating fixed assets	15,395,072	8,024,425
Loans to subsidiary company	-	(548,900,000)
Repayment of loans by subsidiary company	-	548,900,000
Short term investments - net	153,963,043	30,869,260
Dividends received	10,437,403	1,132,225
Interest received on loans to subsidiary company	7,741,006	41,195,974
Profit on bank deposits and term deposit receipts received	86,941,717	69,330,110
Net cash from / (used in) investing activities	(13,000,629)	(132,811,576)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of liabilities against assets subject to finance lease	-	(45,152,757)
Repayment of lease liabilities	(48,575,756)	-
Dividend paid	(29,588,773)	(203,278,160)
Proceeds from long term financing	63,404,019	-
Repayment of long term financing	(14,894,159)	(15,000,007)
Short term borrowings - net	(1,208,652,827)	1,267,280,086
Net cash (used in) / from financing activities	(1,238,307,496)	1,003,849,162
Net decrease in cash and cash equivalents	(34,747,803)	(312,679,297)
Cash and cash equivalents at the beginning of the year	158,925,453	471,604,750
Cash and cash equivalents at the end of the year	124,177,650	158,925,453

QUARTERLY **ANALYSIS**

FOR THE **CURRENT YEAR**

Profit & Loss	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
		Amounts in PKR Thousands		
GROSS REVENUE	606,055	2,022,478	2,097,491	2,560,627
DISCOUNTS	(15,247)	(9,205)	(70,731)	(175,247)
	590,808	2,013,273	2,026,760	2,385,380
SALES TAX	(127,575)	(399,893)	(390,945)	(469,149)
NET REVENUE	463,233	1,613,380	1,635,815	1,916,231
COST OF SALES	(397,790)	(1,244,983)	(1,301,318)	(1,559,676)
GROSS PROFIT	65,443	368,397	334,497	356,555
DISTRIBUTION COST	(205,246)	(163,409)	(180,083)	(165,074)
ADMINISTRATIVE EXPENSES	(98,955)	(98,113)	(94,336)	(89,631)
OTHER EXPENSES	(4,672)	(4,859)	(8,926)	(6,029)
	(308,873)	(266,381)	(283,345)	(260,734)
OTHER INCOME	41,035	33,732	24,946	29,955
(LOSS) / PROFIT FROM OPERATIONS	(202,395)	135,748	76,098	125,776
FINANCE COST	(37,919)	(58,487)	(52,916)	(37,004)
(LOSS) / PROFIT BEFORE TAXATION	(240,314)	77,261	23,182	88,772
TAXATION	(13,274)	(8,795)	(13,684)	46,733
(LOSS) / PROFIT AFTER TAXATION	(253,588)	68,466	9,498	135,505

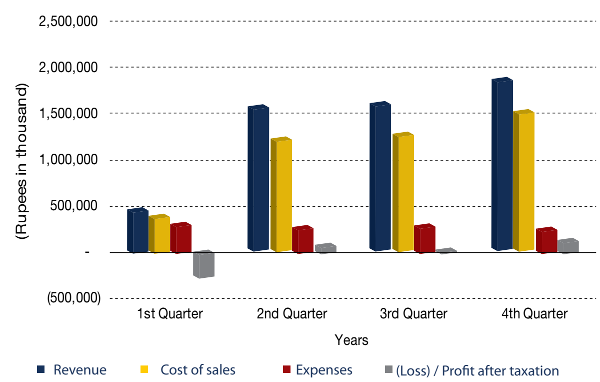
Statement of Financial Positiion	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
		Amounts in PKR Thousands		
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
150,000,000 (2019: 150,000,000)				
ordinary shares of Rupees 10 each	1,500,000	1,500,000	1,500,000	1,500,000
Issued, subscribed and paid-up share capital	1,160,040	1,160,040	1,160,040	1,160,040
Reserves	1,813,155	1,852,620	1,862,118	1,997,626
Total Equity	2,973,195	3,012,660	3,022,158	3,157,666
LIABILITIES				
NON-CURRENT LIABILITIES				
Long term financing	-	-	-	42,268
Liabilities against assets subject to finance lease	19,480	-	-	-
Lease Liabilities	-	141,726	154,888	204,637
Long term deposits	1,000	500	500	500
Deferred liability	-	-	-	5,285
	20,480	142,226	155,388	252,690
CURRENT LIABILITIES				
Trade and other payables	1,153,185	455,551	383,246	704,279
Accrued mark-up	37,592	49,639	51,425	22,103
Current portion of non-current liabilities	49,084	68,211	24,910	86,779
Unclaimed dividend	3,897	3,892	3,474	3,438
Short term borrowings	1,230,754	1,463,977	1,255,222	766,263
Taxation - net	98	-	-	-
	2,474,610	2,041,270	1,718,277	1,582,862
Total liabilities	2,495,090	2,183,496	1,873,665	1,835,552
Contingencies and Commitments	-	-	-	-
TOTAL EQUITY AND LIABILITIES	5,468,285	5,196,156	4,895,823	4,993,218

Statement of Financial Positiion	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Amounts in PKR Thousands			
ASSETS				
NON-CURRENT ASSETS				
Fixed assets	1,605,769	1,561,734	1,670,652	1,693,746
Right-of-use assets	-	260,901	242,009	270,943
Intengible assets	8,216	6,844	6,332	7,597
Investment in subsidiary company	1,300,001	1,300,001	1,300,001	1,300,001
Long term loans to employees	-	-	-	-
Long term security deposits	26,104	22,123	22,133	11,745
Deffered income tax asset - net	39,183	59,183	59,183	107,956
	2,979,273	3,210,786	3,300,310	3,391,988
CURRENT ASSETS				
Stock-in-trade	1,252,670	732,106	523,682	447,345
Trade debts	78,992	86,621	128,649	76,104
Loans and advances	72,063	211,466	67,252	149,157
Short term deposits and prepayments	52,598	48,938	20,581	31,144
Other receivables	51,637	20,499	54,809	50,015
Accrued interest	1,721	18	23	2
Short term investments	789,926	838,408	746,004	723,285
Cash and bank balances	189,405	47,315	54,513	124,178
	2,489,012	1,985,370	1,595,513	1,601,230
TOTAL ASSETS	5,468,285	5,196,156	4,895,823	4,993,218

QUARTERLY **ANALYSIS**
REVENUE

First quarter of the fiscal year, which is generally slower coupled with economic slowdown, one represents 8% of total revenue with increasing trend in remaining quarters with highest in fourth quarter which represent 34% of total revenue.

QUARTERLY **ANALYSIS**



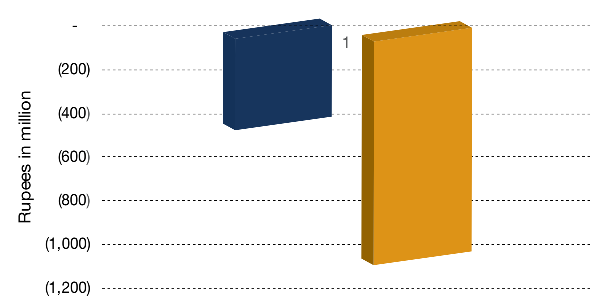
COST OF **SALES**

Cost of sales shows increasing trend in FY 2020 with lowest in first quarter and highest is fourth quarter in line with the revenue of the Company.

PROFIT FROM **OPERATIONS**

The Company reported loss from operations in its first quarter due to seasonal impact and general economic slowdown. The Company then struggled hard to get back in track and reported profit from operations in remaining three quarters of FY 2020. The Company was expecting to achieve profitable results on whole year basis, but last quarter saw overall economic and social activity due to COVID 19 pandemic, not able to achieve profitable annual results. But the Company performs well in last three quarters specially in COVID-19 pandemic due to effective management.

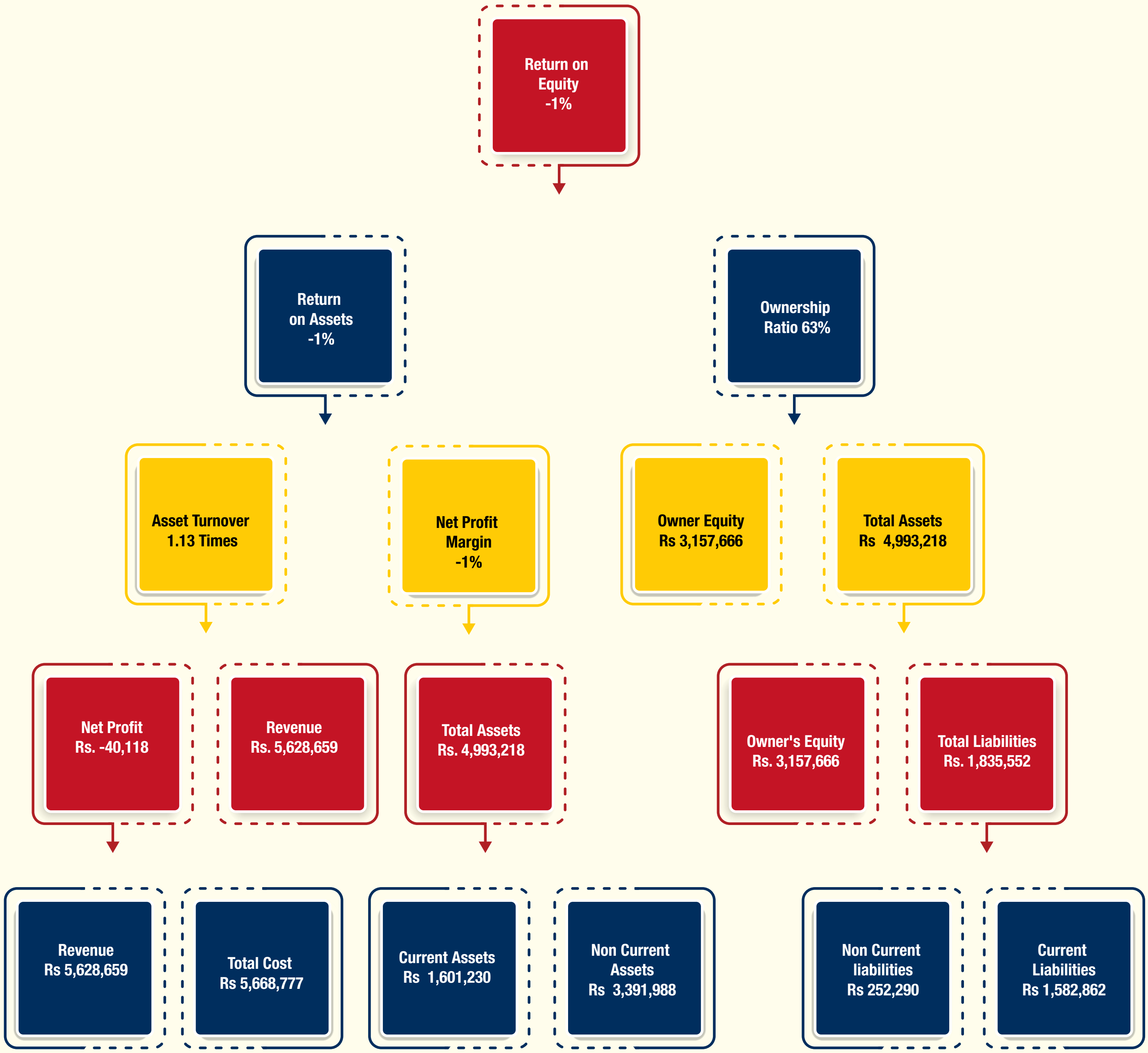
ECNOMIC **VALUE ADDED (EVA)**



ECONOMIC **VALUE ADDED**

Economic value added (EVA) is used to measure the value a company generates from funds into its business. In FY 2020, although EVA of the Company showing declined of Rupees 437 million but it reflects improvement than FY 2019.

DUPONT ANALYSIS



Gross profit of the Company decreased by 13% mainly due to decrease in revenue during the year. General slowdown in the economy, high inflation and rupee devaluation along with COVID-19 pandemic has effected negatively on the Company's revenue during the year. Period cost is decreased during the year mainly on account of effective management and cost control measures taken by the management due to which net profit margin decreased less than 2019. i.e. -1% in 2020 while -4% in 2019. On the other hand, total assets are decreased by 18 % while total liabilities are also decreased by 38% resultantly increase the ownership ratio by 10% in comparison to last year. The decrease in total assets is mainly due to decrease in trade and stock in trade while decrease in total liabilities was mainly due to decrease in short term borrowings. Consequently, the return on equity that is the ultimate interest factor of the equity providers is in negative.

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

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

PERFORMANCE AGAINST **FINANCIAL MEASURES**

Company sets financial targets for business units, their liquidity and working capital against defined targets. Company was able to sustain its market share. Company also achieved its working capital and liquidity targets. On the other hand, by effective management of economic as well as COVID-19 challenges other cost control measures, the Company able to reduce the negative impacts and reported better results in comparison from last year.

STATEMENT OF **FINANCIAL POSITION**

SHAREHOLDERS' **EQUITY**

Shareholders' equity has decreased by 2.14 % as compared to the previous year, due to reported net loss during the year. Shareholders' equity includes share capital and reserves (i.e. capital and revenue reserves).

NON CURRENT **LIABILITIES**

Non-current liabilities have increased by Rupees 223.243 million mainly due to increase in long term financing and lease liabilities. The Company has obtained long term financing Under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. On the other hand, increase in lease liabilities occurred mainly due to adoption of IFRS 16 'Leases' by the Company.

CURRENT **LIABILITIES**

Overall, current liabilities decreased by 44.65 % in 2020. This decrease is mainly on account of decrease in short term borrowings during the year.

NON CURRENT **ASSETS**

Non-current assets have increased by Rupees 435.723 million (14.70 %) from the last year. This increase is mainly in three categories i.e. fixed assets, right of use assets and deferred income tax-net. The increase in fixed assets is mainly to support the Company's expansion strategies. Right of use assets are increased due to adoption of IFRS 16' Leases' while deferred income tax asset – net is increase due to availability tax losses.

STATEMENT OF PROFIT **OR LOSS**

GROSS PROFIT

Gross profit of the Company decreased by 13% mainly due to decrease in revenue during the year. General slowdown in the economy, high inflation and rupee devaluation along with COVID-19 pandemic has effected negatively on the Company's revenue during the year.

DISTRIBUTION **COST**

Distribution cost has been reduced by 14% in comparison from last year mainly due to effective cost controls measures taken by the management of the Company.

ADMINISTRATIVE **EXPENSES**

Administrative expenses also reduced by 12% in comparison from last year mainly due to effective cost controls measures taken by the management of the Company.

OTHER **INCOME**

Overall other income has been increased by Rupees 15.769 million in comparison from last year mainly due to reversal of allowance for expected credit losses. The reason behind the reversal was effective recoveries from debtors by the Company.

FINANCE **COST**

Overall finance cost has been reduced by 21% in comparison from last year mainly due to decrease in mark /up profit on short term borrowings in line with decrease in short term borrowings.

LOSS FOR **THE YEAR**

With help of cost control measures and effective management during the economic as well COVID-19 challenges, the Company been able to reduce its reported net loss to Rupees 40.118 million in comparison from last year's loss of Rupees 434.816 million.

PERFORMANCE AGAINST **NON-FINANCIAL MEASURES**

Non-financial targets are set for human resource development, growth / expansion, and succession. Process and production efficiencies at HTLL and HTBL respectively, quality improvements both in product and services, automation (IT Capital), protection of intellectual capitals, health and safety, building better relationship with community (social capital), managing diversity, ensuring compliance with all the laws and regulations and paying due taxes are the hallmark of the company.

Apart from the challenges, HR department continuously working multidimensional aspects as envisaged in the targets, including, hired right person at competitive packages through internal and external sources, held trainings and conferences for employees, offered internships, employed special person, and devising succession plan at different cadre as per the need of the Company.

The Company achieved another milestone by successful start of petroleum segment operations in Punjab Province during the year. On 30 June 2020, the Company has eleven operational HTL Fuel Stations in Punjab Province. The Company is making hard efforts to start its petroleum operations in Khyber Pakhtunkhwa Province. With regard to HTL Express Centers, the Company successfully started HTL Express Center in Rawalpindi and the total reached to eight which contributes in total revenue of the Company.

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

ANALYSIS OF CHANGES **IN THE PERFORMANCE**

2020 was challenging year for Oil and Lubricant marketing companies due to frequent dollar fluctuation, instability in material cost, tough competition and decreased purchasing power of ultimate consumers and COVID-19 pandemic. These factors contributed negatively. Further, the Company successfully started its petroleum products segment operations in Punjab Province to achieve growth through diversification. The Company continued its focus on local blending through HTBL which is risen to around eight million liters during the year.

CHANGES IN THE INDICATORS **AND PERFORMANCE MEASURES**

The Company continued Balance Scorecard approach in the year 2020 to measure performance indicators of each division and company as a whole. Further, the Company successfully started its petroleum products segment operations in Punjab Province to achieve growth through diversification. The Company continued its focus on local blending through HTBL which is risen to around eight million liters during the year.

METHODS USED **IN COMPILING THE INDICATORS**

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

TIMELY PAYMENT OF DEBTS **AND GOVERNMENT DUES**

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

MARKET **SHARE**

EXTERNAL **SOURCES**

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

INTERNAL **SOURCES**

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

HISTORY OF MAJAOR EVENTS **DURING THE YEAR**

During the year, the Company successfully started marketing and sale of petroleum products through HTL Fuel Stations in Punjab Province.

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

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

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

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

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

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

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

BEST CORPORATE REPORT **AWARDS 2018**

Hi-Tech Lubricants Limited has been awarded the first runner up position at the Best Corporate Report Awards held in August 2019 by ICAP & ICMAP for its Annual Report 2018.

UNCONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2020

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 2020, 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 2020 and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

<table>
<tr><th>Sr. No.</th><th>Key audit matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>1.</td><td>Revenue recognition

The Company recognized net revenue of Rupees 5,628.659 million for the year ended 30 June 2020.

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 from contracts with customers note 2.25 to the financial statements.
- Net revenue as shown on the face of statement of profit or loss.</td><td>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 compared the details of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation.
• We also considered the appropriateness of disclosures in the financial statements.</td></tr>
</table>

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 2020 amounted to Rupees 447.345 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 2.9 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 2.9 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 analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs. • We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 11 September 2020

STATEMENT OF
FINANCIAL POSITION
As at 30 June 2020

	Note	**2020 Rupees**	2019 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
150,000,000 (2019: 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	1,997,625,503	2,066,744,479
Total equity		3,157,665,503	3,226,784,479
LIABILITIES			
Non-current liabilities			
Long term financing	5	42,267,650	1,822,078
Liabilities against assets subject to finance lease	6	-	26,624,594
Lease liabilities	7	204,637,134	-
Long term deposit	8	500,000	1,000,000
Deferred income	9	5,285,365	-
		252,690,149	29,446,672
Current liabilities			
Trade and other payables	10	704,278,864	739,055,365
Accrued mark-up / profit	11	22,102,743	69,576,268
Short term borrowings	12	766,262,927	1,974,915,754
Current portion of non-current liabilities	13	86,778,970	70,938,562
Unclaimed dividend		3,438,436	4,026,209
Taxation - net		-	1,223,803
		1,582,861,940	2,859,735,961
Total liabilities		1,835,552,089	2,889,182,633
Contingencies and commitments	14		
TOTAL EQUITY AND LIABILITIES		4,993,217,592	6,115,967,112
ASSETS			
Non–current assets			
Fixed assets	15	1,693,745,762	1,583,889,323
Right-of-use assets	16	270,942,898	-
Intangible assets	17	7,596,802	8,038,481
Investment in subsidiary company	18	1,300,000,600	1,300,000,600
Long term loans to employees	19	-	-
Long term security deposits	20	11,744,718	26,154,150
Deferred income tax asset - net	21	107,956,234	39,183,233
		3,391,987,014	2,957,265,787
Current assets			
Stock-in-trade	22	447,345,239	801,994,295
Trade debts	23	76,104,012	1,189,383,247
Loans and advances	24	149,156,999	36,748,025
Short term deposits and prepayments	25	31,144,473	48,893,939
Other receivables	26	50,014,789	32,515,191
Accrued interest	27	2,236	7,772,338
Short term investments	28	723,285,160	882,468,837
Cash and bank balances	29	124,177,670	158,925,453
		1,601,230,578	3,158,701,325
TOTAL ASSETS		4,993,217,592	6,115,967,112

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 2020

	Note	**2020 Rupees**	2019 Rupees
Gross Revenue	30	7,286,650,581	11,851,564,912
Discounts		(270,429,986)	(515,680,161)
Sales tax		(1,387,561,889)	(1,904,722,276)
Net Revenue		5,628,658,706	9,431,162,475
Cost of Sales	31	(4,503,767,061)	(8,136,798,681)
Gross profit		1,124,891,645	1,294,363,794
Distribution cost	32	(713,811,747)	(834,566,220)
Administrative expenses	33	(381,034,888)	(432,395,249)
Other expenses	34	(24,485,560)	(103,571,212)
		(1,119,332,195)	(1,370,532,681)
Other income	35	129,668,449	113,899,306
Profit from operations		135,227,899	37,730,419
Finance cost	36	(186,325,810)	(235,071,636)
Loss before taxation		(51,097,911)	(197,341,217)
Taxation	37	10,979,935	(237,475,721)
Loss after taxation		(40,117,976)	(434,816,938)
Loss per share - basic and diluted	38	(0.35)	(3.75)

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 2020

	2020 Rupees	2019 Rupees
Loss after taxation	(40,117,976)	(434,816,938)
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 loss for the year	(40,117,976)	(434,816,938)

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 2020

	Share capital	Reserves			Total equity
		Capital reserve	Revenue reserve	Total reserves	
		Share premium	Un–appropriated Profit		
	Rupees				
Balance as at 30 June 2018	1,160,040,000	1,441,697,946	1,262,870,471	2,704,568,417	3,864,608,417
Transactions with owners:					
Final dividend for the year ended 30 June 2018					
@ Rupees 1.75 per share	-	-	(203,007,000)	(203,007,000)	(203,007,000)
Loss for the year ended 30 June 2019	-	-	(434,816,938)	(434,816,938)	(434,816,938)
Other comprehensive income for the year ended 30 June 2019	-	-	-	-	-
Total comprehensive loss for the year ended of 30 June 2019	-	-	(434,816,938)	(434,816,938)	(434,816,938)
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
Transaction 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 of 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

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 2020

	Note	**2020 Rupees**	2019 Rupees
Cash flows from operating activities			
Cash generated from / (utilized in) operations	39	1,522,037,974	(592,456,556)
Finance cost paid		(233,430,812)	(183,712,464)
Income tax paid		(74,724,817)	(404,278,887)
Net decrease in long term loans to employees		280,112	769,024
Net decrease / (increase) in long term security deposits		2,897,885	(3,538,000)
Decrease in long term deposits		(500,000)	(500,000)
Net cash (used in) / generated from operating activities		1,216,560,342	(1,183,716,883)
Cash flows from investing activities			
Capital expenditure on operating fixed assets		(282,116,245)	(275,337,578)
Capital expenditure on intangible assets		(5,362,625)	(8,025,992)
Proceeds from disposal of operating fixed assets		15,395,072	8,024,425
Loans to subsidiary company		-	(548,900,000)
Repayment of loans by subsidiary company		-	548,900,000
Short term investments - net		153,963,043	30,869,260
Dividend received		10,437,403	1,132,225
Interest received on loans to subsidiary company		7,741,006	41,195,974
Profit on bank deposits and term deposit receipts received		86,941,717	69,330,110
Net cash used in investing activities		(13,000,629)	(132,811,576)
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		-	(45,152,757)
Repayment of lease liabilities		(48,575,756)	-
Dividend paid		(29,588,773)	(203,278,160)
Proceeds from long term financing		63,404,019	-
Repayment of long term financing		(14,894,159)	(15,000,007)
Short term borrowings - net		(1,208,652,827)	1,267,280,086
Net cash (used in) / from financing activities		(1,238,307,496)	1,003,849,162
Net decrease in cash and cash equivalents		(34,747,783)	(312,679,297)
Cash and cash equivalents at the beginning of the year		158,925,453	471,604,750
Cash and cash equivalents at the end of the year		124,177,670	158,925,453

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
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
HTL Express Centre (proposed)	22– A, Zafar Ali Road, Lahore

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 impairment

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

Inventories

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.

d) Standard, interpretation and amendments to published approved accounting standard that are effective in current year and are relevant to the Company

Following standard, interpretation and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2019:

- IFRS 16 'Lease'
- IFRS 9 (Amendments) 'Financial Instruments'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- IASB's Annual Improvements to IFRSs: 2015 – 2017 Cycle

The Company has changed its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 16. These are disclosed in note 2.4. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

There are other standard and amendments to published standards that are mandatory for accounting period beginning on or after 01 July 2019 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 2020 or later periods:

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits–this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

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 1 January 2022. 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 1 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 1 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 B3.3.6 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.

The above amendments and improvements do not have a material 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 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.

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.

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

Depreciation

Depreciation is charged to statement of profit or loss by applying the reducing balance method whereby cost of an asset is written off over its estimated useful life at the rates given in Note 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.

Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment loss, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

2.3 Intangible assets

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

2.4 IFRS 16 "Leases"

The Company has adopted IFRS 16 from 01 July 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognized in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17, as the operating expense is now replaced by interest expense and depreciation in the statement of profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

IFRS 16 has been adopted using the modified retrospective approach and as such the comparatives have not been restated. The impacts of adoption as at 01 July 2019 are as follows:

Registered and head office	Rupees
Operating fixed assets (leased) decreased by	114,952,001
Right-of-use assets increased by	374,508,131
Short term deposits and prepayments decreased by	7,455,595
Liabilities against assets subject to finance lease decreased by	84,491,075
Lease liabilities increased by	336,591,610

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.

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.

2.5 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'.

2.6 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.

2.7 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.

2.8 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.

2.9 Stock-in-trade

Stock-in-trade, except in transit, is stated at lower of cost and net realizable value. Cost is determined on the basis of weighted average cost.

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

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

2.10 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.

2.11 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.

2.12 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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.

2.19 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.

2.20 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.

2.21 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

2.22 Trade and other payables

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

2.23 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.

2.24 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.

2.25 Revenue from contracts with customers

i) 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) Other revenue

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

ii) Contract assets

Contract assets arise when the 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.

iii) 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.

iv) 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.

v) 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.

vi) 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.

vii) 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

2.26 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.

2.27 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).

2.28 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.

2.29 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.

2.30 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.

2.31 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

2020	2019		**2020**	2019
(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 (2019: 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.

	2020 **Rupees**	2019 Rupees
4. RESERVES		
Capital reserve		
Share premium (Note 4.1)	1,441,697,946	1,441,697,946
Revenue reserve		
Un-appropriated profit	555,927,557	625,046,533
	1,997,625,503	2,066,744,479

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

	2020 Rupees	2019 Rupees
5. LONG TERM FINANCING		
From banking company - secured		
Bank Al-Habib Limited - 1 (Note 5.1)	-	5,783,742
Bank Al-Habib Limited - 2 (Note 5.1)	-	9,110,417
Bank Alfalah Limited - Loan under SBP Refinance Scheme (Note 5.2)	58,118,654	-
	58,118,654	14,894,159
Less : Current portion shown under current liabilities (Note 13)	15,851,004	13,072,081
	42,267,650	1,822,078

5.1 These facilities were obtained to build warehouse at the property of Hi-Tech Blending (Private) Limited - subsidiary company at Sundar Raiwind Road, Lahore. These facilities were secured against hypothecation charge over current assets of the Company of Rupees 1,067 million and personal guarantees of directors of the Company. These carried mark-up at the rate of 3 months KIBOR plus 1.75% per annum. These were repayable in 12 equal quarterly installments. Effective rate of mark-up charged during the year was 14.70% (2019: ranged from 8.67% to 12.67%) per annum.

5.2 These term finance facilities, aggregating to Rupees 63.40 million are obtained by the Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. These are secured against first hypothecation charge of Rupees 127 million and personal guarantees of all sponsor directors. These finance facilities are payable in 8 equal quarterly installments commencing 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. These loans are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustments are recognized at discount rates of 9.89% and 10.04% per annum.

	2020 Rupees	2019 Rupees
6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	-	90,562,395
Less: Un-amortized finance charge	-	6,071,320
Present value of future minimum lease payments	-	84,491,075
Less: Current portion shown under current liabilities (Note 13)	-	57,866,481
	-	26,624,594

6.1 As on 01 July 2019, the Company has adopted IFRS 16 'Leases', hence, liabilities against assets subject to finance lease have been classified as lease liabilities (Note 7 to these financial statements). Minimum lease payments were discounted using implicit interest rate ranged from 7.23% to 13.25% per annum. Rentals were payable in monthly and quarterly installments. Taxes, repairs and insurance costs were borne by the Company. These were secured against charge on the leased assets, personal guarantees of directors and security deposits of Rupees 25.805 million.

	2020		2019	
	Not later than one year	**Later than one year but not later than five years**	Not later than one year	Later than one year but not later than five years
	Rupees			
Future minimum lease payments	-	-	62,367,662	28,194,733
Less: Un-amortized finance charge	-	-	4,501,181	1,570,139
Present value of future minimum lease payments	-	-	57,866,481	26,624,594

7. LEASE LIABILITIES

	2020 Rupees	2019 Rupees
Total lease liabilities	275,565,100	-
Less: Current portion shown under current liabilities (Note 13)	70,927,966	-
	204,637,134	-

7.1 The interest expense on lease liabilities for the year is Rupees 35.756 million. The total cash outflow for leases for the year ended 30 June 2020 amounted to Rupees 48.576 million.

7.2 Implicit rates against lease liabilities range from 8.76% to 14.99% per annum.

7.3 Leases from banking companies are secured against charge on the leased assets, personal guarantees of directors and security deposits of Rupees 9.732 million.

8. LONG TERM DEPOSITS

This represent long term security deposit from distributor of the Company. This is unsecured, interest free and repayable on termination of distribution agreement. This security deposit has been utilized for the purpose of business in accordance with the terms of written agreement with distributor.

	2020 Rupees	2019 Rupees
9. DEFERRED INCOME - GOVERNMENT GRANT		
Recognized during the year	5,653,888	-
Amortized during the year (Note 35)	(368,523)	-
	5,285,365	-

9.1 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 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.

	2020 Rupees	2019 Rupees
10. TRADE AND OTHER PAYABLES		
Creditors (Note 10.1)	454,220,219	224,019,143
Accrued liabilities (Note 10.2)	153,184,687	428,888,431
Advances from customers	48,465,976	37,112,697
Retention money payable	16,818,062	-
Earnest money payable	-	1,525,827
Customs duty and other charges payable	23,856,668	10,073,760
Income tax deducted at source	5,146,055	4,861,908
Sales tax payable	-	29,826,527
Payable to employees' provident fund trust	2,587,197	2,747,073
	704,278,864	739,055,365

10.1 These include Rupees 327.050 million (2019: Rupees 157.468 million) and Rupees 61.463 million (2019: Rupees 22.018 million) payable to Hi-Tech Blending (Private) Limited - subsidiary company and SK Lubricants Co., Ltd - principal supplier and long term partner respectively.

10.2 These include Rupees 5.910 million (2019: Rupees 5.551 million) on account of remuneration payable to directors of the Company.

	2020 Rupees	2019 Rupees
11. ACCRUED MARK-UP / PROFIT		
Long term financing	193,554	489,491
Liabilities against assets subject to finance lease	-	957,446
Lease liabilities	307,285	-
Short term borrowings	21,601,904	68,129,331
	22,102,743	69,576,268
12. SHORT TERM BORROWINGS		
From banking companies - secured		
Short term finances (Note 12.1 and 12.2)	716,262,927	1,535,873,239
Running musharakah (Note 12.1 and 12.3)	50,000,000	439,042,515
	766,262,927	1,974,915,754

12.1 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, lien over term deposit receipts, personal guarantees of sponsor directors of the Company and hypothecation charge over land, building and plant and machinery of Hi-Tech Blending (Private) Limited - subsidiary company.

12.2 The rates of mark-up ranged from 8.92% to 15.45% (2019: 7.00% to 14.30%) per annum.

12.3 The rates of profit ranged from 9.01% to 14.86% (2019: 7.42% to 14.80%) per annum.

	2020 Rupees	2019 Rupees
13. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Long term financing (Note 5)	15,851,004	13,072,081
Liabilities against assets subject to finance lease (Note 6)	-	57,866,481
Lease liabilities (Note 7)	70,927,966	-
	86,778,970	70,938,562

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 Corporate guarantees of Rupees 1,300 million (2019: Rupees 1,425.52 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 (2019: 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 (2019: 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 (2019: Rupees 6 million) and Rupees 2.25 million (2019: 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 section 205 of the Income Tax Ordinance, 2001 for the tax year

2014 was finalized by the Deputy Commissioner Inland Revenue creating a demand of Rupees 18.207 million against the Company. The Company, being aggrieved filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)], who decided the case in favor of the Company reducing the total demand to Rupees 0.191 million. However, Income Tax Department has filed an appeal against the order of 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") has 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 has also been 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 has issued a show cause notice 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 have appeared before the CCP through their advocates, rejecting the contents of the enquiry report concluded by CCP, and expects a favorable outcome of the matter. Therefore, no provision for penalty has been recognized in these financial statements.

14.1.7 On 19 December 2018, the Company has 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 section 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 has 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. Being aggrieved by the order of CIR(A), the Company filed an 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.

14.1.8 Deputy Commissioner Inland Revenue (DCIR) has passed an assessment order on 28 November 2018 under section 161 and section 205 of the Income Tax Ordinance, 2001 for the tax year 2015 whereby a demand of Rupees 22.358 million has been raised. On 21 December 2018, the Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR. CIR(A) accepted the Company's stance on certain issues assailed in appeal and reduced the aggregate demand to Rupees 10.735 million. Being aggrieved by the order of CIR(A), the Company filed an 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.

		2020 Rupees	2019 Rupees
14.2	**Commitments**		
14.2.1	For capital expenditures	107,622,214	206,035,941
14.2.2	The amount of future ijara rentals and the period in which these payments will become due are as follow:		
	Not later than one year	3,130,124	5,269,381
	Later than one year but not later than five years	-	3,135,023
		3,130,124	8,404,404
15.	**FIXED ASSETS**		
	Operating fixed assets		
	- Owned (Note 15.1)	1,394,602,141	1,375,599,503
	- Leased (Note 15.1)	-	114,952,001
		1,394,602,141	1,490,551,504
	Capital work-in-progress (Note 15.2)	299,143,621	93,337,819
		1,693,745,762	1,583,889,323

15.1 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	Machinery	Tanks and pipelines	Dispensing pumps	Furniture and fittings	Vehicles	Office equipment	Computer	Total	Vehicles	Machinery	Total
	Rupees													
At 30 June 2018														
Cost	549,886,262	52,115,124	163,957,917	13,596,967	-	-	18,980,513	111,059,977	33,351,415	27,068,406	970,016,581	139,836,106	1,698,360	141,534,466
Accumulated depreciation	-	(21,658,099)	(10,649,458)	(829,846)	-	-	(8,271,167)	(67,044,182)	(12,200,412)	(13,054,155)	(133,707,319)	(47,049,035)	(259,000)	(47,308,035)
Net book value	549,886,262	30,457,025	153,308,459	12,767,121	-		10,709,346	44,015,795	21,151,003	14,014,251	836,309,262	92,787,071	1,439,360	94,226,431
Year ended 30 June 2019														
Opening net book value	549,886,262	30,457,025	153,308,459	12,767,121	-	-	10,709,346	44,015,795	21,151,003	14,014,251	836,309,262	92,787,071	1,439,360	94,226,431
Additions	12,276,632	153,895,968	145,204,269	60,412,469	112,915,635	-	6,462,383	6,282,637	89,181,486	3,954,987	590,586,466	52,386,047	-	52,386,047
Transfer from leased assets:														
Cost	-	-	-	-	-	-	-	7,127,160	-	-	7,127,160	(7,127,160)	-	(7,127,160)
Accumulated depreciation	-	-	-	-	-	-	-	(3,999,257)	-	-	(3,999,257)	3,999,257	-	3,999,257
	-	-	-	-			-	3,127,903	-	-	3,127,903	(3,127,903)	-	(3,127,903)
Disposals:														
Cost	-	-	-	-	-	-	-	(11,909,757)	-	(77,249)	(11,987,006)	(1,304,750)	-	(1,304,750)
Accumulated depreciation	-	-	-	-	-	-	-	8,049,217	-	49,924	8,099,141	130,475	-	130,475
	-	-	-	-			-	(3,860,540)	-	(27,325)	(3,887,865)	(1,174,275)	-	(1,174,275)
Depreciation	-	(4,355,291)	(18,964,797)	(2,771,287)	(752,771)	-	(1,406,268)	(9,622,337)	(7,830,216)	(4,833,296)	(50,536,263)	(27,214,363)	(143,936)	(27,358,299)
Closing 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
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 leased 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	-	-	-
Annual rate of depreciation (%)		10	10	10	8	10	10	20	10	30		20	10	

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

Particulars	Quantity	Cost	Accumulated depreciation	Net book value	Consideration	Gain / (loss)	Mode of disposal	Particulars of purchasers
		Rupees						
Vehicles - owned								
Toyota Corolla LEH-15-4485	1	2,073,310	1,219,838	853,472	1,044,614	191,142	Company's policy	Mr. Shahzada Tamur Shah - Company's ex-employee
Toyota Corolla LEB-17A-471	1	2,248,623	766,578	1,482,045	1,866,666	384,621	Company's policy	Mr. Omer Farooq - Company's ex-employee
Toyota Corolla LE-17A-331	1	2,247,560	712,228	1,535,332	1,880,000	344,668	Company's policy	Mrs. Shumaila Hameed - Company's ex-employee
Honda Civic LEB-17-4479	1	2,744,385	1,187,039	1,557,346	2,800,000	1,242,654	Company's policy	Mr. Nasir Ahmed - Company's ex-employee
Toyota Fortuner LEB-11-9595	1	3,782,600	2,584,464	1,198,136	2,778,000	1,579,864	Negotiation	Mr. Qazi Muhammad Ali, Lahore
		13,096,478	6,470,147	6,626,331	10,369,280	3,742,949		
Computer - server	1	996,050	224,111	771,939	220,000	(551,939)	Negotiation	Mr. Zahid Tiwana - Company's ex-employee
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000		5,989,105	3,979,522	2,009,583	4,805,792	2,796,209		
		20,081,633	10,673,780	9,407,853	15,395,072	5,987,219		

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

	2020 Rupees	2019 Rupees
Distribution cost (Note 32)	40,111,448	39,204,026
Administrative expenses (Note 33)	50,306,023	38,690,536
	90,417,471	77,894,562

15.1.3 Leasehold buildings includes two warehouses and water tank (2019: two warehouses) having net book value of Rupees 169.285 million (2019: Rupees 183.860 million) constructed on the land owned by Hi-Tech Blending (Private) Limited - subsidiary company. The Company has entered into a lease agreement for 20 years with Hi-Tech Blending (Private) Limited - subsidiary company ending on 30 June 2036, against a piece of land measuring 45 Kanals where the aforesaid warehouses and water tank are constructed.

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	6.7	199,513
Plot No. 2, Block K, Main Boulevard Gulberg-II, Lahore	OMC project office	0.39	1,847
Mouza Aza Khel Bala, Tehsil and District Nowshera	For construction of oil depot	7.55	-
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
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
Pakistan Employees Cooperative Housing Society, Karachi	HTL Express Centre	-	2,700
Askari XIV Sector - A, Rawalpindi	HTL Express Centre	-	881
22 - A, Zafar Ali Road, Lahore	HTL Express Centre (Proposed)	0.16	-

15.1.5 Cost of fixed assets (including capital work-in-progress) held by dealers of retail outlets of the Company are as follows:

Name of retail outlets	Categories			
	Buildings on leasehold land	Tanks and pipelines	Dispensing pumps	Total
	Rupees			
Hussain Filling Station - Head Muhammad Road, Multan	3,180,469	1,608,000	1,911,655	6,700,124
Lalian Filling Station - Faisalabad Road, Lalian	3,740,267	1,926,050	-	5,666,317
Punjab Filling Station - Main Satyana Road, Faisalabad	2,610,584	877,100	2,001,106	5,488,790
Ittehad Filling Station - Circular Road, Daska	-	877,100	-	877,100
Green Fuel CNG - 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 Liaqatpur, Rahim Yar Khan	-	1,480,589	-	1,480,589
Jillani CNG - Lehtrar Road, Islamabad	6,646,567	1,386,830	-	8,033,397
Dasti Filling Station - Jampur Road , Dera Ghazi Khan	-	808,290	-	808,290
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 Anwar 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	3,514,294	-	1,558,512	5,072,806
Super Cool CNG Filling Station - College Road, Lahore	1,962,500	1,188,925	-	3,151,425
	39,615,471	12,555,134	9,120,343	61,290,948

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

		2020 Rupees	2019 Rupees
15.2	**Capital work-in-progress**		
	Advance against purchase of apartment (Note 15.2.1)	25,226,750	25,226,750
	Advances for purchase of vehicles	24,895,701	-
	Civil works	194,227,385	8,596,431
	Dispensing pumps	9,082,648	23,984,539
	Mobilization and other advances	11,626,452	34,016,071
	Unallocated expenditures	34,084,685	1,514,028
		299,143,621	93,337,819

15.2.1 This represent advance given to BNP (Private) Limited against purchase of apartment in Grand Hayatt 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. 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. Honorable Supreme Court of Pakistan has passed order on 09 January 2019 whereby the Court has revived 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. On 15 March 2019, CDA has filed a review petition before the Honorable Supreme Court of Pakistan urging to cancel the lease deed and to allow the federal cabinet to review the matter as per the directions of IHC. The decision on the review petition is still pending. In view of the aforesaid, advice of the legal counsel of the Company and the fact that the Company's apartment is one of the duly built apartments on 6th Floor of the Tower, no provision against advance for purchase of apartment has been recognized in these financial statements.

16. RIGHT-OF-USE ASSETS

	Land	Buildings	Vehicles	Machinery	Total
			Rupees		
Net carrying amount					
01 July 2019	252,119,774	7,436,356	113,656,577	1,295,424	374,508,131
30 June 2020	212,827,264	3,064,790	55,050,844	-	270,942,898
Depreciation expense for the year ended 30 June 2020 (Note 32)	39,292,510	4,371,566	20,424,763	97,158	64,185,997
Addition during the year ended 30 June 2020	-	-	3,862,478	-	3,862,478
Book value of assets transferred to fixed assets - owned during the year ended 30 June 2020	-	-	42,043,448	1,198,266	43,241,714

Lease of land
The Company obtained land on lease for construction and operation of 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 are of three 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.

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

	2020 Rupees	2019 Rupees
17. INTANGIBLE ASSETS		
Computer softwares (Note 17.1)	7,596,802	4,732,856
Intangible asset under development - computer software	-	3,305,625
	7,596,802	8,038,481
17.1 Computer softwares		
Opening book value	4,732,856	2,894,585
Less: Amortization charged during the year (Note33)	5,362,625	4,720,367
Closing book value	2,498,679	2,882,096
Add: Cost of additions during the year	7,596,802	4,732,856
17.2 Cost as at 30 June		
Accumulated amortization	38,080,272	32,717,646
Net book value as at 30 June	(30,483,470)	(27,984,790)
	7,596,802	4,732,856

17.3 Intangible assets - computer softwares have been amortized at the rate of 30% (2019: 30%) per annum.

	2020 Rupees	2019 Rupees
18. INVESTMENT IN SUBSIDIARY COMPANY - at cost		
Hi-Tech Blending (Private) Limited - unquoted		
130,000,060 (2019: 130,000,060) fully paid ordinary shares of Rupees 10 each		
Equity held 100% (2019: 100%)	1,300,000,600	1,300,000,600

18.1 Investment in Hi-Tech Blending (Private) Limited includes 60 (2019: 60) shares in the name of nominees of the Company.

19. LONG TERM LOANS TO EMPLOYEES

	2020 Rupees	2019 Rupees
Considered good:		
Executives (Note 19.1)	-	280,112
Less: Current portion shown under current assets (Note 24)	-	280,112
	-	-

19.1 Reconciliation of carrying amounts of loans to executives:

	2020 Rupees	2019 Rupees
Opening balance	280,112	1,049,136
Less: Repayments	280,112	769,024
Closing balance	-	280,112

19.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 0.280 million (2019: Rupees 1.014 million).

19.2 These represent loans to employees of the Company for the purpose of house building. These were interest free and repayable over a period of four years. These were secured against deposit of original land documents and credit balance of employees in provident fund trust.

	2020 Rupees	2019 Rupees
20. LONG TERM SECURITY DEPOSITS		
Security deposits against leased assets	9,731,750	25,805,106
Security deposit against Ijara	2,993,400	2,993,400
Security deposits - others	10,794,018	13,802,300
	23,519,168	42,600,806
Less: Current portion shown under current assets (Note 25)	11,774,450	16,446,656
	11,744,718	26,154,150

	2020 Rupees	2019 Rupees
21. DEFERRED INCOME TAX ASSET - NET		
The net deferred income tax asset comprised of temporary differences relating to:		
Deductible temporary differences		
Allowance for expected credit losses	8,770,114	13,532,396
Right-of-use assets	1,340,439	-
Provision for doubtful advance to supplier	46,154	686,005
Provision for slow moving and damaged inventory items	1,881,556	2,184,394
Available tax losses	159,480,402	95,690,600
	171,518,665	112,093,395
Taxable temporary differences		
Accelerated tax depreciation and amortization	(63,562,431)	(64,076,493)
Leased assets	-	(8,833,669)
	(63,562,431)	(72,910,162)
Net deferred income tax asset	107,956,234	39,183,233
22. STOCK-IN-TRADE		
Lubricants and parts (Note 22.1)	378,075,086	798,874,972
Less: Provision for slow moving and damaged inventory items (Note 22.2)	6,488,123	7,532,393
	371,586,963	791,342,579
Petroleum products		
- Stock in hand (Note 22.3 and Note 22.4)	6,766,970	-
- Stock in pipeline system (Note 22.5)	28,457,092	-
	35,224,062	-
Dispensing pumps and other installations (Note 22.6)	40,324,810	10,411,114
Stock of promotional items	209,404	240,602
	447,345,239	801,994,295

22.1 This includes stock-in-transit of Rupees Nil (2019: Rupees 26.503 million) and stock amounting to Rupees 105.921 million (2019: Rupees Nil) lying at customs bonded warehouse.

	2020 Rupees	2019 Rupees
22.2 Provision for slow moving and damaged inventory items		
Opening balance	7,532,393	2,450,521
Add: Provision recognized during the year (Note 34)	4,305,591	5,444,396
Less: Reversal of provision during the year (Note 35)	5,349,861	362,524
Closing balance	6,488,123	7,532,393

22.3 This includes stock of petroleum products in transit of Rupees 2.592 million (2019: Rupees Nil).

22.4 This includes the Company's share of pipeline stock of High Speed Diesel amounting to Rupees 1.630 million (2019: Rupees Nil) 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 28.457 million (2019: Rupees Nil) 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.

	2020 Rupees	2019 Rupees
23. TRADE DEBTS		
Unsecured:		
Considered good (Note 23.1)	106,345,785	1,236,046,682
Less: Allowance for expected credit losses (Note 23.3)	30,241,773	46,663,435
	76,104,012	1,189,383,247

23.1 As at 30 June 2020, trade debts of Rupees 106.346 million (2019: Rupees 1,235.558 million) were past due but not impaired. The age analysis of these trade debts is as follows:

	2020 Rupees	2019 Rupees
Upto 1 month	47,059,998	1,141,006,719
1 to 6 months	26,906,103	43,945,216
More than 6 months	32,379,684	50,606,458
	106,345,785	1,235,558,393

23.2 Trade debts of Rupees Nil (2019: Rupees 0.339 million) were impaired and written off against allowance for expected credit losses and trade debts of Rupees Nil (2019: Rupees 0.422 million) were directly written off during the year. The age analysis of these trade debts was more than one year.

	2020 Rupees	2019 Rupees
23.3 Allowance for expected credit losses		
Opening balance	46,663,435	543,919
Add: Recognized as on 01 July 2018	-	28,112,601
Add: Recognized during the year (Note 34)	-	18,346,376
Less: Reversal of allowance for expected credit losses (Note 35)	16,421,662	-
Less: Bad debts written off against allowance for expected credit losses	-	339,461
Closing balance	30,241,773	46,663,435
24. LOANS AND ADVANCES		
Considered good, unsecured:		
Loans to employees - interest free and against salaries:		
- Executives (Note 24.1)	2,359,990	608,331
- Other employees	2,220,463	2,715,719
	4,580,453	3,324,050
Advances to employees against expenses	978,256	1,102,215
Current portion of long term loans to employees (Note 19)	-	280,112
Advances to suppliers (Note 24.2)	128,273,290	17,541,648
Margin against bank guarantees	15,325,000	14,500,000
	149,156,999	36,748,025

24.1 These include Rupees 2.310 million (2019: Rupees Nil) loan receivable from Chief Financial Officer of the Company. Maximum aggregate amount outstanding at the end of any month during the year was Rupees 2.52 million (2019: Rupees Nil).

		2020 Rupees	2019 Rupees
24.2	**Advances to suppliers**		
	Unsecured:		
	Considered good	128,273,290	17,541,648
	Considered doubtful	159,151	2,365,535
		128,432,441	19,907,183
	Less: Provision for doubtful advance to supplier (Note 24.2.1)	159,151	2,365,535
		128,273,290	17,541,648
24.2.1	**Provision for doubtful advance to supplier**		
	Opening balance	2,365,535	-
	Add: Recognized during the year (Note 34)	159,151	2,365,535
	Less: Advance to supplier written off	2,365,535	-
	Closing balance	159,151	2,365,535
25.	**SHORT TERM DEPOSITS AND PREPAYMENTS**		
	Current portion of long term security deposits (Note 20)	11,774,450	16,446,656
	Short term security deposits	6,745,465	3,442,465
	Prepaid insurance	11,198,972	20,130,871
	Prepaid rent	1,425,586	8,873,947
		31,144,473	48,893,939
26.	**OTHER RECEIVABLES**		
	Receivable from MAS Associates (Private) Limited - associated company (Note 26.1)	145,074	136,670
	Receivable from SK Lubricants Co., Ltd. (Note 26.2)	-	28,501,777
	Advance income tax - net	15,707,948	-
	Sales tax receivable	11,404,451	-
	Inland freight equalization mechanism	14,086,180	-
	Others	8,671,136	3,876,744
		50,014,789	32,515,191

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 0.433 million (2019: Rupees 0.223 million).

26.2 This has been fully received during the year. 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 28.502 million (2019: Rupees 98.371 million).

	2020 Rupees	2019 Rupees
27. ACCRUED INTEREST		
On short term loans to subsidiary company (Note 27.1)	-	7,741,006
On bank deposits	2,236	31,332
	2,236	7,772,338

27.1 This represented accrued interest on un-secured short term loans given to Hi-Tech Blending (Private) Limited - subsidiary company at average borrowing cost of the Company. The subsidiary company has fully repaid the accrued interest during the year. The maximum aggregate amount of accrued interest receivable from subsidiary company at the end of the any month during the year was Rupees 7.741 million (2019: Rupees 7.741 million). The aging of this accrued interest was as follows:

	2020 Rupees	2019 Rupees
Upto 1 month	-	241,125
1 to 6 months	-	7,499,881
More than 6 months	-	-
	-	7,741,006

	2020 Rupees	2019 Rupees
28. SHORT TERM INVESTMENTS		
Debt instruments (Note 28.1)	472,420,787	778,385,366
Equity instruments (Note 28.2)	250,864,373	104,083,471
	723,285,160	882,468,837
28.1 Debt instruments		
At amortized cost		
Term deposit receipts	471,031,918	771,031,918
Add: Interest accrued thereon	1,388,869	7,353,448
	472,420,787	778,385,366

28.1.1 These term deposit receipts issued by banking companies having maturity period ranging from one month to six months and carry interest ranging from 5.36% to 12.85% (2019: 3.88% to 11.96%) per annum. Term deposit receipts amounting to Rupees 471.031 million (2019: Rupees 471.031 million) are under lien with banks against short term borrowings.

		2020 Rupees	2019 Rupees
28.2	**Equity instruments**		
	Fair value through profit or loss		
	Quoted - other than related party:		
	Engro Fertilizer Limited		
	49,500 (2019: 49,500) fully paid ordinary shares of Rupees 10 each	3,246,080	3,246,080
	First Habib Cash Fund		
	1,004,003.3926 (2019: Nil) units	100,591,746	-
	NBP Islamic Mahana Amdani Fund		
	4,617,722.0716 (2019: 3,527,150.8850) units	46,148,675	35,271,589
	UBL Liquidity Plus Fund - Class 'C'		
	710.5769 (2019: 300,782.1374) units	71,628	30,282,963
	MCB Cash Management Optimizer		
	998,363.6222 (2019: 350,903.0118) units	100,422,214	35,281,613
	Unrealized gain on remeasurement of investments at fair value	384,030	1,226
		250,864,373	104,083,471

		2020 Rupees	2019 Rupees
29.	**CASH AND BANK BALANCES**		
	Cash in hand	591,071	617,416
	Cash at banks:		
	Saving accounts (Note 29.1)	32,248,693	31,499,739
	Current accounts	91,337,906	126,808,298
		123,586,599	158,308,037
		124,177,670	158,925,453

29.1 Saving accounts carry profit at the rates ranging from 6.48% to 11.25% (2019: 4% to 11%) per annum.

29.2 Bank balances of Rupees 20.268 million (2019: Rupees 12.053 million) and short term investments of Rupees 718.912 million (2019: Rupees 871.949 million) as at 30 June 2020 represents un-utilized proceeds of the initial public offer.

		2020 Rupees	2019 Rupees
30.	**GROSS REVENUE**		
	Lubricants	6,838,217,813	11,822,293,611
	Petroleum products	392,574,835	-
	Others (Note 30.1)	55,857,933	29,271,301
		7,286,650,581	11,851,564,912

		2020 Rupees	2019 Rupees
30.1	**Others**		
	Spare parts	23,305,787	19,086,602
	Services at HTLL Express Centers	12,131,768	10,184,699
	Dispensing pumps	19,005,344	-
	Franchise and joining fee	1,415,034	-
		55,857,933	29,271,301

31. COST OF SALES

	2020 Rupees	2019 Rupees
Opening stock of lubricants and other items	801,753,693	960,933,462
Lubricants purchased during the year	3,761,900,303	7,977,618,912
	4,563,653,996	8,938,552,374
Closing stock of lubricants and other items	411,911,773	801,753,693
Cost of lubricants and other items sold	4,151,742,223	8,136,798,681
Opening stock of petroleum products	-	-
Petroleum products purchased during the year	271,567,657	-
Petroleum development levy	104,520,645	-
Inland freight equalization margin	11,160,598	-
	387,248,900	-
Closing stock of pertroleum products	35,224,062	-
Cost of petroleum products sold	352,024,838	-
Total	4,503,767,061	8,136,798,681

32. DISTRIBUTION COST

	2020 Rupees	2019 Rupees
Salaries and other benefits (Note 32.1)	294,263,250	335,856,543
Sales promotion and advertisements - net (Note 32.2)	122,477,816	197,139,351
Freight outward	33,259,463	69,384,406
Rent, rates and taxes	17,281,525	49,697,683
Travelling and conveyance	30,000,814	44,384,788
Insurance	19,513,756	17,416,547
Utilities	10,138,447	8,118,021
Repair and maintenance	10,263,082	14,382,261
Vehicles' running and maintenance	22,293,292	17,115,679
Communication	9,207,240	10,293,533
Entertainment	3,759,896	5,535,694
Ijara rentals	5,288,136	5,170,252
Depreciation (Note 15.1.2)	40,111,448	39,204,026
Depreciation on right-of-use assets (Note 16)	64,185,997	-
Hospitality charges	7,283,979	-
Sales commission	685,286	88,120
Printing and stationery	779,979	861,902
Secondary transportation freight	243,772	-
Miscellaneous	22,774,569	19,917,414
	713,811,747	834,566,220

32.1 Salaries other benefits include provident fund contribution of Rupees 9.683 million (2019: Rupees 9.387 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 Nil (2019: Rupees 122.783 million) from SK Lubricants Co., Ltd. - principal supplier and long term partner.

	2020 Rupees	2019 Rupees
33. ADMINISTRATIVE EXPENSES		
Salaries, wages and other benefits (Note 33.1)	239,711,251	302,326,063
Rent, rates and taxes	14,661,823	12,469,710
Travelling and conveyance	6,006,002	10,603,208
Insurance	11,462,027	12,064,539
Vehicles' running and maintenance	3,692,571	6,494,975
Utilities	5,012,902	4,336,486
Repair and maintenance	4,058,970	3,984,498
Fee and subscription	15,207,712	2,209,721
Printing and stationery	1,031,837	1,505,367
Communication	3,298,826	5,339,303
Entertainment	2,798,027	4,527,621
Legal and professional (Note 33.2)	13,254,057	21,154,180
Auditor's remuneration (Note 33.3)	3,159,500	2,695,000
Depreciation (Note 15.1.2)	50,306,023	38,690,536
Amortization on intangible assets (Note 17)	2,498,679	2,882,096
Miscellaneous	4,874,681	1,111,946
	381,034,888	432,395,249

33.1 Salaries, wages and other benefits include provident fund contribution of Rupees 5.827 million (2019: Rupees 6.546 million) by the Company.

33.2 It includes an amount of Rupees 0.825 million (2019: Rupees 4.646 million) on account of internal audit services rendered by EY Ford Rhodes.

33.3 Auditor's remuneration		
Annual audit fee	1,633,500	1,485,000
Certifications	470,000	250,000
Half year review	825,000	750,000
Reimbursable expenses	231,000	210,000
	3,159,500	2,695,000
34. OTHER EXPENSES		
Allowance for expected credit losses (Note 23.3)	-	18,346,376
Provision for slow moving and damaged inventory items (Note 22.2)	4,305,591	5,444,396
Provision for doubtful advance to supplier (Note 24.2.1)	159,151	2,365,535
Bad debts written off	-	421,906
Advances to suppliers written off	-	943,408
Fixed assets written off (Note 15.1)	724,166	-
Exchange loss - net	-	52,409,722
Charities and donations (Note 34.1)	18,796,652	18,072,844
Loss on disposal of investment	-	5,106,286
Unrealized loss on remeasurement of investments at fair value through profit or loss - net	-	460,739
Penalty (Note 34.2)	500,000	-
	24,485,560	103,571,212

34.1 These include amount of Rupees 18 million (2019: Rupees 16.5 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.

	2020 Rupees	2019 Rupees
35. OTHER INCOME		
Income from financial assets:		
Dividend income	10,437,403	1,132,225
Profit on bank deposits and term deposit receipts	80,948,042	70,884,937
Interest income on loan to subsidiary company	-	33,630,446
Gain on disposal of investments	361,141	-
Unrealized gain on remeasurement of investments at fair value through profit or loss	382,804	-
Exchange gain - net	9,411,794	-
Reversal of allowance for expected credit losses (Note 23.3)	16,421,662	-
Income from non-financial assets:		
Gain on disposal of operating fixed assets (Note 15.1)	5,987,219	2,962,285
Credit balances written back	-	2,324,852
Reversal of provision for slow moving and damaged inventory items (Note 22.2)	5,349,861	362,524
Amortization of deferred grant (Note 9)	368,523	-
Scrap sales	-	2,602,037
	129,668,449	113,899,306
36. FINANCE COST		
Mark-up on long term financing	721,024	1,803,518
Mark-up / profit on short term borrowings	146,985,117	222,057,995
Finance charges on liabilities against assets subject to finance lease	-	7,963,302
Finance charges on lease liabilities	35,755,548	-
Bank charges and commission	2,864,121	3,246,821
	186,325,810	235,071,636
37. TAXATION		
For the year:		
Current (Note 37.1)	58,199,027	288,749,527
Deferred tax	(68,773,001)	(51,251,823)
Prior year adjustment	(405,961)	(21,983)
	(10,979,935)	237,475,721

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.

	2020	2019
38. LOSS PER SHARE - BASIC AND DILUTED		
There is no dilutive effect on the basic loss per share which based on:		
Loss after taxation attributable to ordinary shareholders (Rupees)	(40,117,976)	(434,816,938)
Weighted average number of shares (Number)	116,004,000	116,004,000
Loss per share - basic and diluted (Rupees)	(0.35)	(3.75)

		2020 Rupees	2019 Rupees
39.	**CASH GENERATED FROM / (UTILIZED IN) OPERATIONS**		
	Loss before taxation	(51,097,911)	(197,341,217)
	Adjustments for non-cash charges and other items:		
	Depreciation on operating fixed assets	90,417,471	77,894,562
	Depreciation on right-of-use assets	64,185,997	-
	Amortization on intangible assets	2,498,679	2,882,096
	Amortization of deferred grant	(368,523)	-
	Allowance for expected credit losses	-	18,346,376
	Reversal of allowance for expected credit losses	(16,421,662)	-
	Provision for slow moving and damaged inventory items	4,305,591	5,444,396
	Reversal of provision of slow moving and damaged inventory items	(5,349,861)	(362,524)
	Bad debts written off	-	421,906
	Advances to suppliers written off	-	943,408
	Provision for doubtful advance to supplier	159,151	2,365,535
	Credit balances written back	-	(2,324,852)
	Gain on disposal of operating fixed assets	(5,987,219)	(2,962,285)
	Dividend income	(10,437,403)	(1,132,225)
	Profit on bank deposits and term deposit receipts	(80,948,042)	(70,884,937)
	Interest income on loans to subsidiary company	-	(33,630,446)
	(Gain) / loss on disposal of investments	(361,141)	5,106,286
	Unrealized (gain) / loss on remeasurement of investments carried at fair value through profit or loss - net	(382,804)	460,739
	Fixed assets written off	724,166	-
	Exchange (gain) / loss - net	(9,411,794)	52,409,722
	Finance cost	186,325,810	235,071,636
	Working capital changes (Note 39.1)	1,354,187,469	(685,164,732)
		1,522,037,974	(592,456,556)

		2020 Rupees	2019 Rupees
39.1	**Working capital changes**		
	Decrease / (increase) in current assets:		
	Stock-in-trade	355,693,326	154,130,208
	Trade debts	1,129,700,897	(998,037,794)
	Loans and advances	(110,482,702)	105,910,245
	Short term deposits and prepayments	5,621,670	(5,715,895)
	Other receivables	(1,791,650)	(15,174,858)
		1,378,741,541	(758,888,094)
	(Decrease) / increase in trade and other payables	(24,554,072)	73,723,362
		1,354,187,469	(685,164,732)

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

	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	-	-	235,916,781	-	-	235,916,781
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	63,404,019	-	275,565,100	766,262,927	3,438,436	1,108,670,482

	2019				
	Liabilities from financing activities				
	Long term financing	Liabilities against assets subject to finance lease	Short term borrowings	Unclaimed dividend	Total
	Rupees				
Balance as at 01 July 2018	29,894,166	125,199,232	707,635,668	4,297,369	867,026,435
Financing obtained	-	-	10,594,336,924	-	10,594,336,924
Repayment of financing	(15,000,007)	-	(9,327,056,838)	-	(9,342,056,845)
Acquisitions - finance leases	-	5,196,600	-	-	5,196,600
Other change - non-cash movement	-	(752,000)	-	-	(752,000)
Repayment of lease liabilities	-	(45,152,757)	-	-	(45,152,757)
Dividend declared	-	-	-	203,007,000	203,007,000
Dividend paid	-	-	-	(203,278,160)	(203,278,160)
Balance as at 30 June 2019	14,894,159	84,491,075	1,974,915,754	4,026,209	2,078,327,197

	2020 Rupees	2019 Rupees
39.3 Non-cash financing activities		
Acquisition of vehicles and machinery by means of finance lease	3,733,000	5,196,600

40. PROVIDENT FUND

As at the reporting date, the Hi-Tech Lubricants Limited Employees Provident Fund Trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the regulations formulated for this purpose by Securities and Exchange Commission of Pakistan which allows transition period of three years for bringing the Employees Provident Fund Trust in conformity with the requirements of the regulations.

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	2020 Rupees	2019 Rupees
Subsidiary company			
Hi-Tech Blending (Private) Limited	Sale of lubricants	460,240	170,252
	Purchase of lubricants	2,818,259,838	4,364,604,275
	Loans disbursed	-	656,950,000
	Loans recovered	-	656,950,000
	Interest charged on short term loans	-	33,630,446
	Interest received on short term loans	7,741,006	41,195,974
	Lease rentals paid	3,000,000	3,000,000
Associated companies			
MAS Associates (Private) Limited	Share of common expenses	762,241	628,880
Other related parties			
SK Lubricants Co., Ltd.	Purchase of lubricants	667,259,368	2,737,176,218
SK Lubricants Co., Ltd.	Incentives	-	122,783,061
SK Lubricants Co., Ltd.	Dividend paid	206,944	1,448,606
Provident fund trust	Contribution	15,510,009	17,358,311
Sabra Hamida Trust	Donations	18,000,000	16,500,000

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%
Hi-Tech Energy (Private) Limited	Common directorship	No	None
MAS Associates (Private) Limited	Common directorship	Yes	None
MAS Infosoft (Private) Limited	Common directorship	No	None
MAS Services	Common partnership of directors	No	None
Haut Buys (Private) Limited	Common directorship	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
Sabra Hamida Trust	Common trusteeship of directors	Yes	None
MAS Associates Employees Provident Fund Trust	Common trusteeship of directors	No	None
SK Lubricants Co., Ltd.	Principal supplier and long term partner	Yes	None
MAS Services Employees Provident Fund Trust	Common trusteeship of directors	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

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:

	2020				2019			
		Directors				Directors		
	Chief Executive	Executives	Non-Executives	Executives	Chief Executive	Executives	Non-Executives	Executives
	Rupees							
Managerial remuneration	11,845,161	10,451,613	26,322,580	56,134,410	12,612,903	11,129,032	29,032,258	49,846,215
Bonus	1,431,292	1,262,904	-	5,722,887	1,948,145	1,718,952	-	7,205,539
Allowances								
House rent	5,330,322	4,703,226	11,845,161	25,260,485	5,675,806	5,008,064	13,064,516	22,430,797
Medical	1,184,516	1,045,161	2,632,258	5,613,441	1,261,290	1,112,903	2,903,226	4,984,622
Travelling	2,000,000	2,000,000	3,800,000	285,600	2,125,000	2,125,000	4,000,000	518,500
Other	-	-	-	13,044,877	2,975,000	2,625,000	-	14,620,127
Contribution to provident fund trust	-	-	-	4,421,827	-	-	-	4,937,913
Leave fare assistance	-	-	-	627,690	-	-	-	3,548,084
	21,791,291	19,462,904	44,599,999	111,111,217	26,598,144	23,718,951	49,000,000	108,091,797
	1	**1**	**4**	**30**	**1**	**1**	**4**	**22**

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 (2019: three directors) is Rupees 4.050 million (2019: Rupees 4.610 million).

43. NUMBER OF EMPLOYEES

	2020		2019	
	Permanent	**Contractual**	Permanent	Contractual
Total number of employees as on 30 June	335	183	366	183
Average number of employees during the year	338	181	381	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:

Description	**Storage Capacity Metric Tons HSD**	**Storage Capacity Metric Tons PMG**
Sahiwal depot	1,859	1,021

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 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

Recurring fair value measurements at 30 June 2019	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets				
Financial assets at fair value through profit or loss	104,083,471	-	-	104,083,471

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.

46. FINANCIAL RISK MANAGEMENT

46.1 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:

	2020 USD	2019 USD
Other receivable	-	175,000
Trade and other payables	(367,045)	(133,845)
Net exposure	(367,045)	41,155

The following significant exchange rates were applied during the year:

	Rupees per US Dollar	
Average rate	159.29	136.13
Reporting date rate	168.10	164.00

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on loss after taxation for the year would have been Rupees 3.085 million (2019: loss after tax for the year would have been Rupees 0.337 million lower / higher) higher / lower, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) **Other price risk**

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

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange (PSX) Index on the Company's loss after taxation 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 loss after taxation	
Index	**2020 Rupees**	2019 Rupees
PSX 100 (5% increase)	(149,193)	(158,326)
PSX 100 (5% decrease)	149,193	158,326

(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, 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:

	2020 Rupees	2019 Rupees
Fixed rate instruments		
Financial assets		
Short term investments	471,031,918	771,031,918
Financial liabilities		
Long term financing	58,118,654	-
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	32,248,693	31,499,739
Financial liabilities		
Long term financing	-	14,894,159
Liabilities against assets subject to finance lease	-	84,491,075
Lease liabilities	29,737,007	-
Short term borrowings	766,262,927	1,974,915,754

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rupees 7.638 million (2019: Rupees 20.428 million) higher / lower, mainly as a result of higher / lower interest expense on long term financing, 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:

	2020 Rupees	2019 Rupees
Deposits	17,539,483	17,244,765
Trade debts	76,104,012	1,189,383,247
Loans and advances	19,905,453	18,104,162
Other receivables	22,902,390	32,515,191
Accrued interest	2,236	7,772,338
Short term investments	723,285,160	882,468,837
Bank balances	123,586,599	158,308,037
	983,325,333	2,305,796,577

The Company's exposure to credit risk and expected credit losses related to trade debts is given in note 23.

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			2020	2019
	Short term	Long term	Agency	Rupees	Rupees
Short term investments					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	-	203,889,493
JS Bank Limited	A1+	AA-	PACRA	322,270,467	322,944,792
United Bank Limited	A1+	AAA	JCR-VIS	50,012,328	50,374,315
Faysal Bank Limited	A1+	AA	JCR-VIS	100,138,082	201,176,766
Engro Fertilizer Limited	A1+	AA	PACRA	2,983,860	3,166,515
First Habib Cash Fund	AA (f)		PACRA	100,780,555	-
NBP Islamic Mahana Amdani Fund	A(f)		PACRA	46,363,225	35,351,575
UBL Liquidity Plus Fund - Class 'C'	AA(f)		JCR-VIS	71,739	30,283,768
MCB Cash Management Optimizer	AA+(f)		PACRA	100,664,904	35,281,613
				723,285,160	882,468,837
Banks					
Bank Alfalah Limited	A1+	AA+	PACRA	68,408,986	105,635,568
Bank Al-Habib Limited	A1+	AA+	PACRA	1,621,922	2,523,671
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	447,794	180,089
MCB Bank Limited	A1+	AAA	PACRA	16,302,950	23,951,152
National Bank of Pakistan	A1+	AAA	PACRA	3,429,036	11,873,266
The Bank of Punjab	A1+	AA	PACRA	115,450	120,125
Habib Bank Limited	A1+	AAA	JCR-VIS	3,275,057	1,344,096
Askari Bank Limited	A1+	AA+	PACRA	734,387	616,495
United Bank Limited	A1+	AAA	JCR-VIS	20,327,227	11,658,946
JS Bank Limited	A1+	AA-	PACRA	23,476	158
Albaraka Bank (Pakistan) Limited	A1	A	PACRA	238,399	238,399
Meezan Bank Limited	A1+	AA+	JCR-VIS	7,419,899	-
Dubai Islamic Bank Pakistan Limited	A1+	AA	JCR-VIS	885,213	158,826
Faysal Bank Limited	A1+	AA	JCR-VIS	349,557	-
Summit Bank Limited	BBB-	A-3	JCR-VIS	7,246	7,246
				123,586,599	158,308,037
				846,871,759	1,040,776,874

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

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities. As 30 June 2020, the Company had Rupees 3,456.243 million (2019: Rupees 2,725.084 million) available borrowing limits from financial institutions and Rupees 124.178 million (2019: Rupees 158.925 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 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 deposit	500,000	500,000	-	-	-	500,000
Trade and other payables	624,222,968	624,222,968	624,222,968	-	-	-
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	-	-
	1,750,210,828	1,936,479,504	902,718,508	663,011,874	79,668,440	291,080,682

Contractual maturities of financial liabilities as at 30 June 2019:

	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	14,894,159	15,720,957	7,917,987	5,923,331	1,879,639	-
Liabilities against assets subject to finance lease	84,491,075	90,562,395	29,126,579	33,241,083	26,834,287	1,360,446
Long term deposits	1,000,000	1,000,000	-	-	-	1,000,000
Trade and other payables	654,433,401	654,433,401	654,433,401	-	-	-
Unclaimed dividend	4,026,209	4,026,209	4,026,209	-	-	-
Accrued mark-up / profit	69,576,268	69,576,268	69,576,268	-	-	-
Short term borrowings	1,974,915,754	2,063,043,080	2,063,043,080	-	-	-
	2,803,336,866	2,898,362,310	2,828,123,524	39,164,414	28,713,926	2,360,446

46.2 Financial instruments by categories

	2020		
	At amortized cost	At fair value through profit or loss	Total
	Rupees		
Financial assets			
Deposits	17,539,483	-	17,539,483
Trade debts	76,104,012	-	76,104,012
Loans and advances	19,905,453	-	19,905,453
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
	733,052,031	250,864,373	983,916,404

	2019		
	At amortized cost	At fair value through profit or loss	Total
	Rupees		
Financial assets			
Deposits	17,244,765	-	17,244,765
Trade debts	1,189,383,247	-	1,189,383,247
Loans and advances	18,104,162	-	18,104,162
Other receivables	32,515,191	-	32,515,191
Accrued interest	7,772,338	-	7,772,338
Short term investments	778,385,366	104,083,471	882,468,837
Cash and bank balances	158,925,453	-	158,925,453
	2,202,330,522	104,083,471	2,306,413,993

	At Amortized Cost	
	2020 Rupees	2019 Rupees
Financial liabilities		
Long term financing	58,118,654	14,894,159
Liabilities against assets subject to finance lease	-	84,491,075
Lease liabilities	275,565,100	-
Long term deposit	500,000	1,000,000
Trade and other payables	624,222,968	654,433,401
Short term borrowings	766,262,927	1,974,915,754
Accrued mark-up / profit	22,102,743	69,576,268
Unclaimed dividend	3,438,436	4,026,209
	1,750,210,828	2,803,336,866

46.3 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.

47. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

		Note	2020 Rupess	2019 Rupees
i)	**Loans / advances obtained as per Islamic mode:**			
	Loans	12	50,000,000	439,042,515
	Advances	10	48,465,976	37,112,697
ii)	**Shariah complaint bank deposits / bank balances**			
	Bank balances	29	8,543,511	397,228
iii)	**Profit earned from shariah complaint bank deposits / bank balances**			
	Term deposit receipts	35	-	21,247
iv)	**Revenue earned from a shariah complaint business**		5,628,658,706	9,431,162,475
v)	**Gain / (loss) or dividend earned from shariah complaint investments**			
	Dividend income	35	4,043,536	468,017
	Gain on sale of investments	35	281,580	-
	Loss on remeasurement of investments at fair value through profit or loss	34	(48,001)	(461,544)
vi)	**Exchange gain earned**	35	9,411,794	-
vii)	**Mark up paid on Islamic mode of financing**		28,515,801	38,169,636
viii)	**Profits earned or interest paid on any conventional loan or advance**			
	Profit earned on loans to subsidiary company	35	-	33,630,446
	Interest paid on loans		165,656,965	144,648,986
ix)	**Relationship with shariah compliant banks**			

Name	Relationship as at reporting date
Al-Baraka Bank (Pakistan) Limited	Bank balance
Meezan Bank Limited	Bank balance and short term borrowings
Dubai Islamic Bank Pakistan Limited	Bank balance and short term borrowings

48. 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, note 7 and note 12 to the financial statements. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'.

		2020	2019
Borrowings	Rupees	854,118,590	2,074,300,988
Total equity	Rupees	3,157,665,503	3,226,784,479
Total capital employed	Rupees	4,011,784,093	5,301,085,467
Gearing ratio	Percentage	21.29%	39.13%

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	647,000,000	790,000,000	4,285,910,000	4,700,000,000
Utilized at the end of the year	50,963,303	109,665,250	829,666,946	1,974,915,754
Unutilized at the end of the year	596,036,697	680,334,750	3,456,243,054	2,725,084,246

50. EVENTS AFTER THE REPORTING PERIOD

50.1 The Board of Directors has proposed a cash dividend for the year ended 30 June 2020 of Rupees 0.90 per share (2019: Rupee 0.25 per share). However, this event has been considered as non-adjusting event under IAS 10 'Event after Reporting Period' and has not been recognized in these financial statements.

51. 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 the progress on implementation of project: Expansion through retail outlet: 1 owned service center under regulatory approval and out of the 10 rented service centers, 1 is operational, 3 are approved and under construction, 3 are under regulatory approvals and 3 are under negotiations. Accurate, effective and timely implementation of the above plans of the Company became a big challenge for the Company due to expensive lands and properties at key locations in almost all the cities for express service centers. Hence, the Company planned for incorporation of express centers into its fuel stations to be established under the umbrella of Oil Marketing Company (OMC) Project of the Company. In this regard, the Company obtained a financial feasibility report from KPMG Taseer Hadi & Co., Chartered Accountants regarding investment in OMC Project. In view of successful fulfillment of initial mandatory requirements of Oil and Gas Regulatory Authority (OGRA) for setting up of an OMC and future prospects of OMC in current international scenario as prospected under financial feasibility report, the shareholders of the Company in their 9th Annual General Meeting held on 29 September 2017 approved diversion and utilization of un-utilized IPO funds from HTL Express Centers and wholly owned subsidiary company to OMC Project of the Company keeping in view overall growth of the Company and ultimate benefit to all shareholders and stakeholders of the Company.

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

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

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

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

During the current financial year, the Company has started its OMC operations and expediently working on completion of its Nowshera Oil storage. Currently, the Company has eight operational HTLL Express Centers. Four in Lahore, three in Karachi and one in Rawalpindi. Further, the Company has eleven retail outlets operational for sale of petroleum products as on 30 June 2020.

Detail of payments out of IPO proceeds during the year ended 30 June 2020 are as follows:

	Rupees
Un-utilized IPO proceeds as at 01 July 2019	884,002,597
Add: Profit on term deposit receipts	82,042,155
Add: Profit on bank deposits	3,291,564
Add: Dividend on investments in mutual funds	9,447,404
Add: Gain on disposal of investment in mutual fund	361,140
Add: Unrealised gain on investments in mutual funds	565,472
Less: Payments made relating to OMC Project	(225,396,278)
Less: Withholding tax on profit	(12,242,865)
Less: Withholding tax on dividend from mutual funds	(1,500,745)
Less: Zakat deducted on profit	(1,366,814)
Less: Bank charges	(22,737)
Un-utilized IPO proceeds as at 30 June 2020	739,180,893

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

52. 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	
	2020	2019	2020	2019	2020	2019	2020	2019
	Rupees							
Revenue - net	5,279,394,808	9,431,162,475	349,263,898	-	-	-	5,628,658,706	9,431,162,475
Cost of sales	(4,140,618,034)	(8,136,798,681)	(363,149,027)	-	-	-	(4,503,767,061)	(8,136,798,681)
Gross profit / (loss)	1,138,776,774	1,294,363,794	(13,885,129)	-	-	-	1,124,891,645	1,294,363,794
Distribution cost	(630,728,253)	(832,148,246)	(83,083,494)	(2,417,974)	-	-	(713,811,747)	(834,566,220)
Administrative expenses	(370,172,553)	(432,395,249)	(10,862,335)	-	-	-	(381,034,888)	(432,395,249)
Other expenses	(24,485,560)	(103,571,212)	-	-	-	-	(24,485,560)	(103,571,212)
	(1,025,386,366)	(1,368,114,707)	(93,945,829)	(2,417,974)	-	-	(1,119,332,195)	(1,370,532,681)
Other income	39,944,627	44,700,876	89,723,822	69,198,430	-	-	129,668,449	113,899,306
Profit / (loss) from operations	153,335,035	(29,050,037)	(18,107,136)	66,780,456	-	-	135,227,899	37,730,419
Finance cost	-	-	-	-	(186,325,810)	(235,071,636)	(186,325,810)	(235,071,636)
(Loss) / profit before taxation	153,335,035	(29,050,037)	(18,107,136)	66,780,456	(186,325,810)	(235,071,636)	(51,097,911)	(197,341,217)
Taxation	-	-	-	-	10,979,935	(237,475,721)	10,979,935	(237,475,721)
(Loss) / profit after taxation	153,335,035	(29,050,037)	(18,107,136)	66,780,456	(175,345,875)	(472,547,357)	(40,117,976)	(434,816,938)

		LUBRICANTS		PETROLEUM PRODUCTS		TOTAL - COMPANY	
		2020	2019	2020	2019	2020	2019
		Rupees					
52.1	**Reconciliation of reportable segment assets and liabilities:**						
	Total assets for reportable segments	1,631,222,555	3,146,749,506	1,716,788,872	1,377,679,739	3,348,011,427	4,524,429,245
	Unallocated assets					1,645,206,165	1,591,537,867
	Total assets as per statement of financial position					4,993,217,592	6,115,967,112
	Total liabilities for reportable segments	617,441,705	736,500,003	148,390,643	3,555,363	765,832,348	740,055,366
	Unallocated liabilities					1,069,719,741	2,149,127,267
	Total liabilities as per statement of financial position					1,835,552,089	2,889,182,633

52.2 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.

53. IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On 23 March 2020, the Government of the Punjab and the Government of Sindh announced a temporary lock down as a measure to reduce the spread of the COVID–19. Complying with the lockdown, the Company temporarily suspended its operations. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company resumed its operations and took all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowdown in economic activity. The lockdown caused disruptions in supply chain including supply of goods to the customers resulting in a decline in sales. Subsequent to the year ended 30 June 2020, due to significant reduction in outbreak, demand for the Company's goods is fast reverting back to normal levels. Due to this, management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

-expected credit losses under IFRS 9 'Financial Instruments';

-the impairment of tangible assets under IAS 36 'Impairment of Assets';

-the net realisable value of inventory under IAS 2, 'Inventories';

-provisions and contingent liabilities under IAS 37 Provisions, Contingent Liabilities and Contingent Assets'; and

-going concern assumption used for the preparation of these financial statements.
According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

54. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 11 September 2020 by the Board of Directors of the Company.

55. 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.

56. 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 2020

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 2020, 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 2020, 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 5,628.659 million for the year ended 30 June 2020. 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 from contracts with customers note 2.24 to the consolidated financial statements. - Net revenue 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 compared the details of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation. • We also considered the appropriateness of disclosures in the consolidated financial statements.

Sr. No.	Key audit matters	How the matter was addressed in our audit
2	**Stock-in-trade existence and valuation** Stock-in-trade as at 30 June 2020 amounted to Rupees 1,459.282 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 2.9.2 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 2.9.2 to the consolidated financial statements. - Stock-in-trade note 20 to the consolidated financial statements.	Our procedures over existence and valuation of stock-in-trade included, but were not limited to: • To test the quantity of stock-in-trade at all locations, we assessed the corresponding stock-in-trade observation instructions and participated in stock-in-trade counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of stock-in-trade items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • We tested that the ageing report used by management correctly aged stock-in-trade items by agreeing a sample of aged stock-in-trade items to the last recorded invoice. • On a sample basis, we tested the net realizable value of stock-in-trade items to recent selling prices and re-performed the calculation of the stock-in-trade write down, if any. • We assessed the percentage write down applied to older stock-in-trade with reference to historic stock-in-trade write downs and recoveries on slow moving stock-in-trade. • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs.. • We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.

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

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

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

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 11 September 2020

CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

As at 30 June 2020

	Note	2020 Rupees	2019 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
150,000,000 (2019: 150,000,000)			
ordinary shares of Rupees 10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital	3	1,160,040,000	1,160,040,000
Reserves	4	2,829,226,721	2,736,611,044
Total equity		3,989,266,721	3,896,651,044
LIABILITIES			
Non-current liabilities			
Long term financing	5	48,791,918	1,822,078
Liabilities against assets subject to finance lease	6	-	27,928,496
Lease liabilities	7	184,195,982	-
Long term deposits	8	500,000	1,000,000
Deferred liabilities	9	6,107,347	87,695,308
		239,595,247	118,445,882
Current liabilities			
Trade and other payables	10	1,108,298,946	688,493,701
Accrued mark-up / profit	11	31,928,575	81,921,213
Short term borrowings	12	1,013,995,774	2,243,170,808
Current portion of non-current liabilities	13	90,607,376	77,436,745
Unclaimed dividend		3,438,436	4,026,209
		2,248,269,107	3,095,048,676
Total liabilities		2,487,864,354	3,213,494,558
Contingencies and commitments	14		
TOTAL EQUITY AND LIABILITIES		6,477,131,075	7,110,145,602
ASSETS			
Non–current assets			
Fixed assets	15	3,184,059,176	3,121,595,388
Intangible assets	16	7,866,531	8,510,507
Right-of-use assets	17	253,085,332	-
Long term loans to employees	18	-	-
Long term security deposits	19	13,700,318	28,460,350
Deferred income tax asset	9	17,050,536	-
		3,475,761,893	3,158,566,245
Current assets			
Stores	20	70,578,853	24,186,433
Stock-in-trade	21	1,459,281,663	1,181,900,227
Trade debts	22	76,104,012	1,189,383,247
Loans and advances	23	174,362,842	53,856,012
Short term deposits and prepayments	24	41,259,119	61,026,609
Other receivables	25	34,309,077	32,546,523
Short term investments	26	723,285,160	882,468,837
Taxation - net		235,446,961	217,275,722
Cash and bank balances	27	186,741,495	308,935,747
		3,001,369,182	3,951,579,357
TOTAL ASSETS		6,477,131,075	7,110,145,602

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 2020

	Note	2020 Rupees	2019 Rupees
Gross revenue		8,141,926,516	12,593,547,639
Discounts		(270,429,986)	(515,680,161)
Sales tax		(2,242,837,824)	(2,646,705,003)
Net revenue		5,628,658,706	9,431,162,475
Cost of sales	28	(4,213,549,915)	(7,362,276,954)
Gross profit		1,415,108,791	2,068,885,521
Distribution cost	29	(737,927,997)	(846,161,758)
Administrative expenses	30	(435,793,758)	(497,432,186)
Other expenses	31	(60,453,117)	(192,356,087)
		(1,234,174,872)	(1,535,950,031)
Other income	32	130,431,823	81,540,776
Profit from operations		311,365,742	614,476,266
Finance cost	33	(235,639,942)	(313,959,399)
Profit before taxation		75,725,800	300,516,867
Taxation	34	45,890,877	(259,447,192)
Profit after taxation		121,616,677	41,069,675
Earnings per share - basic and diluted	35	1.05	0.35

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 2020

	2020 Rupees	2019 Rupees
Profit after taxation	121,616,677	41,069,675
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	121,616,677	41,069,675

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 2020

HTL LIMITED
Hi-Tech Lubricants Ltd

	Share capital	Capital reserve	Revenue reserve	Total reserves	Total equity
		Share premium	Un-appropriated Profit		
	Rupees				
Balance as at 30 June 2018	1,160,040,000	1,441,697,946	1,456,850,423	2,898,548,369	4,058,588,369
Transactions with owners:					
Final dividend for the year ended 30 June 2018					
@ Rupee 1.75 per share	-	-	(203,007,000)	(203,007,000)	(203,007,000)
Profit for the year ended 30 June 2019	-	-	41,069,675	41,069,675	41,069,675
Other comprehensive income for the year ended 30 June 2019	-	-	-	-	-
Total comprehensive income for the year ended 30 June 2019	-	-	41,069,675	41,069,675	41,069,675
Balance as at 30 June 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					
@ Rupees 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

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 2020

	Note	**2020 Rupees**	2019 Rupees
Cash flows from operating activities			
Cash generated from operations	36	1,544,730,441	97,488,776
Finance cost paid		(285,632,580)	(261,734,419)
Income tax paid		(77,026,206)	(431,534,415)
Net decrease in long term loans to employees		280,112	769,024
Net decrease / (increase) in long term security deposits		3,008,282	(3,538,000)
Decrease in long term deposits		(500,000)	(500,000)
Net cash generated from / (used in) operating activities		1,184,860,049	(599,049,034)
Cash flows from investing activities			
Capital expenditure on operating fixed assets		(310,643,402)	(321,331,851)
Capital expenditure on intangible assets		(2,057,000)	(8,700,315)
Proceeds from disposal of operating fixed assets		16,345,072	9,263,425
Short term investments - net		153,963,043	30,869,260
Dividend received		10,437,403	1,132,225
Profit on bank deposits and term deposit receipts received		86,912,621	69,333,372
Net cash used in investing activities		(45,042,263)	(219,433,884)
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		-	(58,479,978)
Short term borrowings - net		(1,229,175,034)	917,920,280
Dividend paid		(29,588,773)	(203,278,160)
Proceeds from long term financing		73,199,019	-
Repayment of long term financing		(19,211,338)	(95,690,155)
Repayment of lease liabilities		(57,235,912)	-
Net cash (used in) / from financing activities		(1,262,012,038)	560,471,987
Net decrease in cash and cash equivalents		(122,194,252)	(258,010,931)
Cash and cash equivalents at beginning of the year		308,935,747	566,946,678
Cash and cash equivalents at end of the year		186,741,495	308,935,747

Chief Executive | Director | Chief Financial Officer

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

Hi-Tech Lubricants Limited

Subsidiary Company

Hi-Tech Blending (Private) Limited

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

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.
Warehouse	Property No. 35 A/M, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore.
Blending plant, warehouse and customs bonded 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.
HTL Express Centre	Dharampura, Lahore.
HTL Express Centre	Garden Town, Lahore.
HTL Express Centre	Block F, Gulshan 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.
HTL Express Centre (proposed)	22– A, Zafar Ali Road, Lahore.

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's considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Useful lives, pattern of economic benefits and impairment

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

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Recovery of deferred tax assets

Deferred 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.

d) Standard, interpretation and amendments to published approved accounting standard that are effective in current year and are relevant to the Group

Following standard, interpretation and amendments to published approved accounting standards are mandatory for the Group's accounting periods beginning on or after 01 July 2019:

- IFRS 16 'Leases'
- IFRS 9 (Amendments) 'Financial Instruments'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- IASB's Annual Improvements to IFRSs: 2015 – 2017 Cycle

The Group has changed its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 16. These are disclosed in note 2.5. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

There are other standard and amendments to published standards that are mandatory for accounting period beginning on or after 01 July 2019 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 2020 or later periods:

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits–this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

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

Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The International Accounting Standards Board (IASB) has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. An entity shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

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 1 January 2022. 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 1 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 1 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 B3.3.6 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.

The above amendments and improvements are not expected to have a material impact on the consolidated 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 2020 but are considered not to be relevant or do not have any significant impact on the Group's financial statements and are therefore not detailed in these consolidated financial statements.

2.2 Consolidation

Subsidiary

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

The assets and liabilities of Subsidiary Company have been consolidated on a line by line basis and carrying value of investment held by the Holding 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.

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 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.

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.

Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment loss, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

2.4 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 IFRS 16 "Leases"

The Group has adopted IFRS 16 from 01 July 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognized in the consolidated statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17, as the operating expense is now replaced by interest expense and depreciation in the consolidated statement of profit or loss. For classification within the consolidated statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

IFRS 16 has been adopted using the modified retrospective approach and as such the comparatives have not been restated. The impacts of adoption as at 01 July 2019 are as follows:

	Rupees
Operating fixed assets (leased) decreased by	119,259,997
Right-of-use assets increased by	358,022,226
Short term deposits and prepayments decreased by	7,455,595
Liabilities against assets subject to finance lease decreased by	87,975,981
Lease liabilities increased by	319,282,615

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.

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.

2.6 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.

2.7 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.

2.8 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.

2.9 Inventories

2.9.1 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.

2.9.2 Stock-in-trade

Stock-in-trade, except in transit, is stated at lower of cost and net realizable value.

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

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

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

Finished goods purchased for resale are stated at the lower of cost, determined using weighted average cost method, and net realizable value.

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

2.10 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.

2.11 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.

2.12 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 Taxation

2.18.1 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.

2.18.2 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.

2.19 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.

2.20 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.

2.21 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

2.22 Trade and other payables

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

2.23 Ijarah contracts

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

2.24 Revenue from contracts with customers

i) Revenue recognition

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.

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.

Dividend

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

Other revenue

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

ii) 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.

iii) 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.

iv) 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.

v) 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.

vi) 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.

vii) 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

2.25 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.

2.26 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.

2.27 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.

2.28 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.

2.29 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.

2.30 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.

2.31 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 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

2020	2019		2020	2019
(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 (2019: 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.

	2020	2019
	Rupees	Rupees
4. RESERVES		
Capital reserve		
Share premium (Note 4.1)	1,441,697,946	1,441,697,946
Revenue reserve		
Un-appropriated profit	1,387,528,775	1,294,913,098
	2,829,226,721	2,736,611,044

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

	2020 Rupees	2019 Rupees
5. LONG TERM FINANCING		
From banking company - secured		
Holding company		
Bank Al-Habib Limited-1 (Note 5.1)	-	5,783,742
Bank Al-Habib Limited-2 (Note 5.1)	-	9,110,417
Bank Alfalah Limited - Loan under SBP Refinance Scheme (Note 5.2)	58,118,654	-
	58,118,654	14,894,159
Subsidiary company		
Bank Al-Habib Limited (Note 5.3)	-	4,317,179
Bank Al-Habib Limited - Loan under SBP Refinance Scheme (Note 5.4 and Note 5.5)	8,973,018	-
	67,091,672	19,211,338
Less : Current portion shown under current liabilities (Note 13)	18,299,754	17,389,260
	48,791,918	1,822,078

5.1 These facilities were obtained to build warehouse at the property of Hi-Tech Blending (Private) Limited - Subsidiary Company at Sundar Raiwind Road, Lahore. These facilities were secured against hypothecation charge over current assets of the Holding Company of Rupees 1,067 million and personal guarantees of directors of the Holding Company. These carried mark-up at the rate of 3 months KIBOR plus 1.75% per annum. These were repayable in 12 equal quarterly instalments. Effective rate of mark-up charged during the year was 14.70% (2019: 8.67% to 12.67%) per annum.

5.2 These term finance facilities, aggregating to Rupees 63.40 million are obtained by the Holding Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. These are secured against first hypothecation charge of Rupees 127 million and personal guarantees of all sponsor directors. These finance facilities are payable in 8 equal quarterly instalments commencing 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. These loans are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustments are recognized at discount rates of 9.89% and 10.04% per annum.

5.3 These term finance facilities, aggregating to Rupees 250.939 million (2019: Rupees 250.939 million), were fully repaid during the year. These finance facilities were repayable in 6, 12 and 16 equal quarterly instalments commenced on 31 March 2015 and ended on 25 November 2019. Mark-up was payable quarterly at the rate of 3 months KIBOR plus 2.00% per annum. Effective rate of mark-up charged during the year ranged from 12.13% to 15.85% (2019: 8.47% to 13.13%) per annum.

5.4 These finance facilities are secured by first pari passu hypothecation charge over current assets of the Subsidiary Company of Rupees 1,067 million, hypothecation charge over plant and machinery of Rupees 610 million, mortgage charge over land and building of the Company of Rupees 400 million, corporate guarantee of the holding company of Rupees 1.3 billion and personal guarantees of directors of the Company.

	2020 Rupees	2019 Rupees
6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	-	94,390,621
Less: Un-amortized finance charge	-	6,414,640
Present value of future minimum lease payments	-	87,975,981
Less: Current portion shown under current liabilities (Note 13)	-	60,047,485
	-	27,928,496

6.1 As on 01 July 2019, the Company has adopted IFRS 16 'Leases', hence, liabilities against assets subject to finance lease have been classified as lease liabilities (Note 7 to these consolidated financial statements). Minimum lease payments were discounted using implicit interest rates ranging from 5.59% to 13.25% per annum. Rentals are payable in monthly and quarterly instalments. Taxes, repairs and insurance costs are borne by the lessee. These are secured against charge on the leased assets, personal guarantees of directors and security deposits of Rupees 26.636 million.

	2020		2019	
	Not later than one year	**Later than one year but not later than five years**	Not later than one year	Later than one year but not later than five years
	Rupees			
Future minimum lease payments	-	-	64,803,932	29,586,689
Less: Un-amortized finance charge	-	-	4,756,447	1,658,193
Present value of future minimum lease payments	-	-	60,047,485	27,928,496

	2020 Rupees	2019 Rupees
7. LEASE LIABILITIES		
Total lease liabilities	256,503,604	-
Less: Current portion shown under current liabilities (Note 13)	72,307,622	-
	184,195,982	-

7.1 The interest expense on lease liabilities for the year is Rupees 33.359 million. The total cash outflow for leases for the year ended 30 June 2020 amounted to Rupees 47.273 million.

7.2 Implicit rates against lease liabilities range from 8.00% to 14.99% per annum.

7.3 Leases from banking company are secured against charge on the leased assets, corporate guarantee of the Holding Company, personal guarantees of directors and security deposits of Rupees 10.155 million.

8. LONG TERM DEPOSITS

These represent long term security deposits from distributors of the Holding Company. These are unsecured, interest free and repayable on termination of distribution agreements. These security deposits have been utilized for the purpose of business in accordance with the terms of written agreement with distributors.

	2020 Rupees	2019 Rupees
9. DEFFERED LIABILITIES		
Deferred income (Note 9.1)	-	-
Deferred income tax (asset) / liability (Note 9.2)	(17,050,536)	87,695,308
Deferred income - Government grant (Note 9.3)	6,107,347	-
9.1 Deferred income		
Opening balance	-	220,641
Less: Amortized during the year (Note 32)	-	220,641
Closing balance	-	-

9.1.1 This represented gain on sale and lease back transactions and has been amortized over the lease term.

		2020 Rupees	2019 Rupees
9.2	**Deferred income tax (asset) / liability**		
	The net deferred income tax (asset) / liability comprised of temporary differences relating to:		
	Deductible temporary differences		
	Available tax losses	(239,836,426)	(125,128,457)
	Minimum tax carried farword	(602,501)	(10,511,095)
	Allowance for expected credit losses	(8,770,114)	(13,532,396)
	Pre-commencement expenditures	(1,178,200)	(2,356,400)
	Provision for doubtful advance to suppliers	(1,310,164)	(1,950,015)
	Provision for slow moving and damaged inventory	(1,940,146)	(2,242,984)
	Right-of-use assets	(1,340,439)	
		(254,977,990)	(155,721,347)
	Taxable temporary differences		
	Accelerated tax depreciation and amortization	237,830,737	234,344,290
	Leased assets	96,717	9,072,365
		237,927,454	243,416,655
		(17,050,536)	87,695,308

		2020 Rupees	2019 Rupees
9.3	**Deferred income - Government grant**		
	Recognized during the year	6,487,564	-
	Amortized during the year (Note 32)	(380,217)	-
	Less: Payments made during the year	6,107,347	-

9.3.1 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 these loans as disclosed in note 5 to the consolidated financial statements. In accordance with IFRS 9 'Financial Instruments' loans obtained under the Refinance Scheme were initially recognised at their 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.

	2020 Rupees	2019 Rupees
10. TRADE AND OTHER PAYABLES		
Creditors (Note 10.1)	641,280,514	82,935,759
Accrued liabilities (Note 10.2)	230,309,239	495,570,454
Advances from customers	48,465,976	37,112,697
Retention money payable	17,523,747	309,292
Earnest money payable	-	1,525,827
Customs duty and other charges payable	35,986,817	10,073,760
Income tax deducted at source	6,486,895	7,103,602
Payable to employees' provident fund trust	3,048,867	3,128,271
Workers' profit participation fund (Note 10.3)	50,169,035	43,094,065
Workers' welfare fund	2,398,343	5,001,253
Sales tax payable	72,629,513	2,638,721
	1,108,298,946	688,493,701

10.1 These include Rupees 555.631 million (2019: Rupees 22.018 million) payable to SK Lubricants Co., Ltd. - principal supplier and long term partner.

10.2 These include Rupees 5.910 million (2019: Rupees 5.551 million) on account of remuneration payable to directors of the Holding Company.

	2020 Rupees	2019 Rupees
10.3 Workers' profit participation fund		
Balance as on 01 July	43,094,065	14,587,220
Add: Allocation for the year (Note 31)	6,349,606	26,597,013
Interest for the year (Note 33)	725,364	1,909,832
Less: Payments made during the year	-	-
Balance as on 30 June	50,169,035	43,094,065

10.3.1 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.

	2020 Rupees	2019 Rupees
11. ACCRUED MARK-UP / PROFIT		
Long term financing	199,977	671,127
Liabilities against assets subject to finance lease	-	1,021,719
Short term borrowings	31,375,181	80,228,367
Lease liabilities	353,417	-
	31,928,575	81,921,213

	2020 Rupees	2019 Rupees
12. SHORT TERM BORROWINGS		
From banking companies - secured		
- Holding Company		
Short term finances (Note 12.1 and Note 12.2)	716,262,927	1,535,873,239
Running musharakah (Note 12.1 and Note 12.3)	50,000,000	439,042,515
	766,262,927	1,974,915,754
- Subsidiary Company		
Short term finances (Note 12.4 and Note 12.5)	247,732,847	233,566,400
Musawamah finance (Note 12.4 and Note 12.6)	-	34,688,654
	247,732,847	268,255,054
	1,013,995,774	2,243,170,808

12.1 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, lien over term deposit receipts, 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.

12.2 The rates of mark-up ranged from 8.92% to 15.45% (2019: 7.00% to 14.30%) per annum.

12.3 The rates of profit ranged from 9.01% to 14.86% (2019: 7.42% to 14.80%) per annum.

12.4 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 guarantees of directors of the Subsidiary Company and corporate guarantee of the Holding Company.

12.5 The rates of mark-up ranged from 9.14% to 18.81% (2019: 7.47% to 13.92%) per annum.

12.6 Profit was payable at respective KIBOR plus 1% per annum. Effective rate of profit charged during the year was 11.77% (2019: 7.92% to 11.77%) per annum.

	2020 Rupees	2019 Rupees
13. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Long term financing (Note 5)	18,299,754	17,389,260
Liabilities against assets subject to finance lease (Note 6)	-	60,047,485
Lease liabilities (Note 7)	72,307,622	-
	90,607,376	77,436,745

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 Corporate guarantees of Rupees 1,300 million (2019: Rupees 1,425.52 million) have been given by the Holding Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - Subsidiary Company.

14.1.2 Guarantees of Rupees 103 million (2019: Rupees 93 million) are given by the bank of the Group to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.

14.1.3 Guarantees of Rupees 56 million (2019: Rupees 46.49 million) are given by the bank of the Group to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.

14.1.4 Guarantee of Rupees 6 million (2019: Rupees 6 million) and Rupees 2.25 million (2018: 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.

14.1.5 During the year ended 30 June 2018, assessment under section 161 and section 205 of the Income Tax Ordinance, 2001 for the tax year 2014 was finalized by the Deputy Commissioner Inland Revenue creating a demand of Rupees 18.207 million against the Holding Company. The Holding Company, being aggrieved filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)], who decided the case in favor of the Holding Company reducing the total demand to Rupees 0.191 million. However, Income Tax Department has filed an appeal against the order of 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.

14.1.6 On 05 June 2018, the Competition Commission of Pakistan ("CCP") has initiated a formal enquiry under the provisions of the Competition Act, 2010 ("the Act") on complaint against the Holding Company and its wholly-owned Subsidiary Company, Hi-Tech Blending (Private) Limited by Chevron Pakistan Lubricants (Private) Limited ("Chevron") for adopting deceptive marketing practices in contravention of section 10 of the Act. It has also been prayed by Chevron to CCP to impose a penalty of 10% of the annual turnover of the Holding Company and its wholly-owned Subsidiary 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 has issued a show cause notice 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 have appeared before the CCP through their advocates, rejecting the contents of the enquiry report concluded by CCP, and expects a favorable outcome of the matter. Therefore, no provision for penalty has been recognized in these consolidated financial statements.

14.1.7 On 19 December 2018, the Holding Company has filed an appeal before Commissioner Inland Revenue Appeals [CIR(A)] against the order of Deputy Commissioner Inland Revenue (DCIR). DCIR passed an order under sections 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 has 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. 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.

14.1.8 Deputy Commissioner Inland Revenue (DCIR) has 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 has 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 has 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.

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 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.

	2020 Rupees	2019 Rupees
14.2 Commitments		
14.2.1 Contracts for capital expenditures	108,892,539	220,431,667
14.2.2 Letters of credit other than capital expenditures	3,469,584	-

14.2.3 The amount of future ijara rentals for ijara financing and the period in which these payments will become due are as follows:

	2020 Rupees	2019 Rupees
Not later than one year	3,130,124	5,269,381
Later than one year but not later than five years	-	3,135,023
Contracts for capital expenditures	3,130,124	8,404,404

	2020 Rupees	2019 Rupees
15. FIXED ASSETS		
Operating fixed assets:	2,852,230,682	2,880,461,259
Owned (Note 15.1)	-	119,259,997
Leased (Note 15.1)	2,852,230,682	2,999,721,256
	331,828,494	121,874,132
Capital work-in-progress (Note 15.2)	3,184,059,176	3,121,595,388

15.1 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 — Freehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Tanks and pipelines	Dispensing pumps	Electric installation	Furniture and fittings	Vehicles	Office equipment	Computer	Total	Leased — Plant and Machinery	Vehicles	Total
	Rupees														
At 30 June 2018															
Cost	727,922,970	539,235,358	46,733,766	945,307,621	-	-	67,727,889	29,843,690	114,135,340	40,263,881	32,093,561	2,543,264,076	76,513,796	176,976,032	253,489,828
Accumulated depreciation	-	(61,745,505)	(4,073,883)	(83,919,712)	-	-	(11,510,884)	(10,144,438)	(68,606,712)	(13,664,337)	(15,523,389)	(269,188,860)	(7,195,082)	(62,798,170)	(69,993,252)
Net book value	727,922,970	477,489,853	42,659,883	861,387,909	-	-	56,217,005	19,699,252	45,528,628	26,599,544	16,570,172	2,274,075,216	69,318,714	114,177,862	183,496,576
Year ended 30 June 2019															
Opening net book value	727,922,970	477,489,853	42,659,883	861,387,909	-	-	56,217,005	19,699,252	45,528,628	26,599,544	16,570,172	2,274,075,216	69,318,714	114,177,862	183,496,576
Additions	12,276,632	242,964,918	56,135,319	110,572,649	112,915,635	-	4,034,140	6,594,133	6,282,637	90,569,793	4,398,462	646,744,318	-	54,870,357	54,870,357
Transfer from leased assets:															
Cost	-	-	-	74,815,436	-	-	-	-	38,020,583	-	-	112,836,019	(74,815,436)	(38,020,583)	(112,836,019)
Accumulated depreciation	-	-	-	(9,764,388)	-	-	-	-	(19,364,458)	-	-	(29,128,846)	9,764,388	19,364,458	29,128,846
	-	-	-	65,051,048	-	-	-	-	18,656,125	-	-	83,707,173	(65,051,048)	(18,656,125)	(83,707,173)
Disposals:															
Cost	-	-	-	-	-	-	-	-	(12,324,051)	-	(77,249)	(12,401,300)	-	(1,304,750)	(1,304,750)
Accumulated depreciation	-	-	-	-	-	-	-	-	8,275,786	-	49,924	8,325,710	-	130,475	130,475
	-	-	-	-	-	-	-	-	(4,048,265)	-	(27,325)	(4,075,590)	-	(1,174,275)	(1,174,275)
Depreciation	-	(32,319,728)	(7,607,698)	(46,424,739)	(752,771)		(5,957,879)	(2,315,071)	(10,474,562)	(8,444,565)	(5,692,845)	(119,989,858)	(2,972,242)	(31,253,246)	(34,225,488)
Closing 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
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	-	-	-
Transfer from leased 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)	(163,685,873)	-	-	-
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	-	-	-
Annual rate of depreciation (%)		5 - 10	10	5 - 10	8	10	10	10	20	10	30		5 - 10	20	

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	Mode of disposal	Particulars of purchasers
				Rupees				
Vehicles - owned								
Toyota Corolla LEH-15-4485	1	2,073,310	1,219,838	853,472	1,044,614	191,142	Group's policy	Mr. Shahzada Tamur Shah - Group's ex-employee
Toyota Corolla LEB-17A-471	1	2,248,623	766,578	1,482,045	1,866,666	384,621	Group's policy	Mr. Omer Farooq - Group's ex-employee
Toyota Corolla LE-17A-331	1	2,247,560	712,228	1,535,332	1,880,000	344,668	Group's policy	Mrs. Shumaila Hameed - Group's ex-employee
Honda Civic LEB-17-4479	1	2,744,385	1,187,039	1,557,346	2,800,000	1,242,654	Group's policy	Mr. Nasir Ahmed - Group's ex-employee
Toyota Fortuner LEB-11-9595	1	3,782,600	2,584,464	1,198,136	2,778,000	1,579,864	Negotiation	Mr. Qazi Muhammad Ali, Lahore
		13,096,478	6,470,147	6,626,331	10,369,280	3,742,949		
Computer - server	1	996,050	224,111	771,939	220,000	(551,939)	Negotiation	Mr. Zahid Tiwana - Group's ex-employee
fixed assets with individual book values not exceeding Rupees 500,000		6,516,250	4,294,347	2,221,903	5,755,792	3,533,889		
		20,608,778	10,988,605	9,620,173	16,345,072	6,724,899		

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

	2020	2019
	Rupees	Rupees
Cost of sales (Note 28.1)	67,931,216	70,843,334
Distribution cost (Note 29)	40,111,448	39,204,026
Administrative expenses (Note 30)	55,643,210	44,167,986
	163,685,874	154,215,346

15.1.3 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
Plot No. 2, Block K, Main Boulevard Gulberg-II, Lahore	OMC project office	0.39	1,847
Mouza Aza Khel Bala, Tehsil and District Nowshera	For construction of oil depot	7.55	-
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
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
Pakistan Employees Cooperative Housing Society, Karachi	HTL Express Centre	-	2,700
22 - A, Zafar Ali Road, Lahore	HTL Express Centre (Proposed)	0.16	-
Subsidiary Company			
7-KM, Sundar Raiwind Road, Bhai Kot, Lahore.	Manufacturing unit and office	27.81	123,688

15.1.4 Particulars of immovable properties (i.e. lands and buildings) are as follows:

Name of retail outlets	Buildings on leasehold land	Tanks and pipelines	Covered area of building	Total
Hussain Filling Station - Head Muhammad Road, Multan	3,180,469	1,608,000	1,911,655	6,700,124
Lalian Filling Station - Faisalabad Road, Lalian	3,740,267	1,926,050	-	5,666,317
Punjab Filling Station - Main Satyana Road, Faisalabad	2,610,584	877,100	2,001,106	5,488,790
Ittehad Filling Station - Circular Road, Daska	-	877,100	-	877,100
Green Fuel CNG - 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 Liaqatpur, Rahim Yar Khan	-	1,480,589	-	1,480,589
Jillani CNG - Lehtrar Road, Islamabad	6,646,567	1,386,830	-	8,033,397
Dasti Filling Station - Jampur Road , Dera Ghazi Khan	-	808,290	-	808,290
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 Anwar 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	3,514,294	-	1,558,512	5,072,806
Super Cool CNG Filling Station - College Road, Lahore	1,962,500	1,188,925	-	3,151,425
	39,615,471	12,555,134	9,120,343	61,290,948

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

	2020 Rupees	2019 Rupees
15.2 Capital work-in-progress		
Civil works	213,465,802	22,843,220
Plant and machinery	24,895,701	-
Mobilization and other advances	25,072,908	48,305,595
Advance for purchase of apartment (Note 15.2.1)	25,226,750	25,226,750
Dispensing pumps	9,082,648	23,984,539
Unallocated expenditures	34,084,685	1,514,028
	331,828,494	121,874,132

15.2.1 This represent advance given to BNP (Private) Limited against purchase of apartment in Grand Hayatt 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. Against the alleged order, BNP (Private) Limited filed a writ petition before the Honourable Islamabad High Court ("IHC") challenging the cancellation of said lease. IHC dismissed the writ petition of BNP (Private) Limited. However, the honourable 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 Honourable Supreme Court of Pakistan. Honourable Supreme Court of Pakistan has passed order on 09 January 2019 whereby the Court has revived 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. On 15 March 2019, CDA has filed a review petition before the Honourable Supreme Court of Pakistan urging to cancel the lease deed and to allow the federal cabinet to review the matter as per the directions of IHC. The decision on the review petition is still pending. In view of the aforesaid, advice of the legal counsel of the Holding Company and the fact that the Holding Company's apartment is one of the duly built apartments on 6th Floor of the Tower, no provision against advance for purchase of apartment has been recognized in these consolidated financial statements.

		2020 Rupees	2019 Rupees
16.	**INTANGIBLE ASSETS**		
	Computer softwares (Note 16.1)	7,866,531	5,204,882
	Intangible asset under development - computer software	-	3,305,625
		7,866,531	8,510,507
16.1	**Computer softwares**		
	Balance as at 01 July	5,204,882	2,917,354
	Additions during the year	5,362,625	5,394,690
	Amortization during the year (Note 30)	(2,700,976)	(3,107,162)
	As at 30 June	7,866,531	5,204,882
16.2	Cost as at 30 June	39,513,565	34,150,939
	Accumulated amortization	(31,647,034)	(28,946,057)
	Net book value as at 30 June	7,866,531	5,204,882

16.3 Intangible assets - computer softwares have been amortized at the rate of 30% (2019: 30%) per annum.

17. RIGHT-OF-USE ASSETS

	Land	Buildings	Vehicles	Machinery	Total
	Rupees				
Net carrying amount					
01 July 2019	231,325,873	7,436,356	117,964,573	1,295,424	358,022,226
30 June 2020	193,256,534	3,064,790	56,764,008	-	253,085,332
Depreciation expense for the year ended 30 June 2020	38,069,339	4,371,566	21,150,714	97,158	63,688,777
Addition during the year ended 30 June 2020	-	-	3,862,478	-	3,862,478
Book value of assets transferred to fixed assets - owned during the year ended 30 June 2020	-	-	43,912,329	1,198,266	45,110,595

Lease of land

The Holding Company obtained land on lease for construction and operation of its service centres and filling stations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from five to ten 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 are of three years.

Lease of vehicles

The Group obtained vehicles on lease for employees. The average contract duration is 3 to 7 years.

Lease of machinery

The Holding Company obtained generator on lease for use at its warehouse.

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

	2020 Rupees	2019 Rupees
18. LONG TERM LOANS TO EMPLOYEES		
Considered good:		
Executives (Note 18.1)	-	280,112
Less: Current portion shown under current assets (Note 23)	-	280,112
	-	-
18.1 Reconciliation of carrying amounts of loans to executives:		
Opening balance	280,112	1,049,136
Less: Repayments	280,112	769,024
Closing balance	-	280,112

18.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 0.280 million (2019: Rupees 1.014 million).

18.1.2 The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of staff loans is not considered material and hence not recognized.

	2020 Rupees	2019 Rupees
19. LONG TERM SECURITY DEPOSITS		
Security deposits against leased assets	10,154,850	26,635,806
Security deposits against ijara	2,993,400	2,993,400
Security deposits - other	12,749,618	15,757,900
	25,897,868	45,387,106
Less: Current portion shown under current assets (Note 23)	12,197,550	16,926,756
	13,700,318	28,460,350
20. STORES		
Stores (Note 20.1)	70,780,886	24,388,466
Less: Provision for slow moving and obsolete store items	202,033	202,033
	70,578,853	24,186,433

20.1 These includes stores in transit of Rupees 1.163 million (2019: Rupees Nil) .

	2020 Rupees	2019 Rupees
21. STOCK-IN-TRADE		
Raw materials (Note 21.1)	633,749,692	377,929,673
Work-in-process	35,955,890	20,877,744
	669,705,582	398,807,417
Lubricants and parts (Note 21.2)	720,305,928	779,973,487
Less: Provision for slow moving and damaged stock items (Note 21.3)	6,488,123	7,532,393
	713,817,805	772,441,094
Petroleum products		
- Stock in hand (Note 21.4 and Note 21.5)	6,766,970	-
- Stock in pipeline system (Note 21.6)	28,457,092	-
	35,224,062	-
Stock of promotional items (Note 21.7)	209,404	240,602
Dispensing pumps and other installations	40,324,810	10,411,114
	1,459,281,663	1,181,900,227

21.1 These include raw materials in transit amounting to Rupees 171.349 million (2019: Rupees Nil) and raw materials amounting to Rupees 55.375 million (2019: Rupees Nil) lying at customs bonded warehouse.

21.2 This includes stock-in-transit of Rupees Nil (2019: Rupees 26.503 million) and stock amounting to Rupees 105.921 million (2019: Rupees Nil) lying at customs bonded warehouse.

	2020 Rupees	2019 Rupees
21.3 Provision for slow moving and damaged stock items		
Opening balance	7,532,393	2,450,521
Add: Provision recognized during the year (Note 31)	4,305,591	5,444,396
Less: Provision reversed during the year (Note 32)	5,349,861	362,524
Closing balance	6,488,123	7,532,393

21.4 This includes stock of petroleum products in transit of Rupees 2.592 million (2019: Rupees Nil).

21.5 This includes Holding Company's share of pipeline stock of High Speed Diesel amounting to Rupees 1.630 million (2019: Rupees Nil) held by Askar Oil Services (Private) Limited.

21.6 This represents Holding Company's share of pipeline stock of High Speed Diesel amounting to Rupees 28.457 million (2019: Rupees Nil) held by Pak-Arab Pipeline Company Limited.

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

	2020 Rupees	2019 Rupees
22. TRADE DEBTS		
Unsecured:		
Considered good - other than related party (Note 22.1)	106,345,785	1,236,046,682
Less: Allowance for expected credit losses (Note 22.3)	30,241,773	46,663,435
	76,104,012	1,189,383,247

22.1 As at 30 June 2020, trade debts of Rupees 106.346 million (2019: Rupees 1,235.558 million) were past due but not impaired. The age analysis of these trade debts is as follows:

	2020 Rupees	2019 Rupees
Upto 1 month	47,059,998	1,141,006,719
1 to 6 months	26,906,103	43,945,216
More than 6 months	32,379,684	50,606,458
	106,345,785	1,235,558,393

22.2 Trade debts of Rupees Nil (2019: Rupees 0.339 million) were impaired and written off against allowance for expected credit losses and trade debts of Rupees Nil (2019: Rupees 0.422 million) were directly written off during the year. The age analysis of these trade debts was more than one year.

	2020 Rupees	2019 Rupees
22.3 Allowance for expected credit losses		
Opening balance	46,663,435	543,919
Add: Recognized as on 01 July 2018	-	28,112,601
Add: Recognized during the year (Note 31)	-	18,346,376
Less: Reversal of allowance for expected credit losses (Note 32)	16,421,662	-
Less: Bad debts written off against allowance for expected credit losses	-	339,461
Closing balance	30,241,773	46,663,435
23. LOANS AND ADVANCES		
Considered good, unsecured		
Employees - interest free against salaries		
- Executives (Note 23.1)	2,359,990	1,135,582
- Other employees	2,764,971	3,137,047
	5,124,961	4,272,629
Employees - against expenses	978,256	1,102,215
Current portion of long term loans to employees (Note 18)	-	280,112
Advances to suppliers (Note 23.2)	141,684,625	24,951,056
Margin against letters of credit	11,250,000	-
Margin against bank guarantees	15,325,000	23,250,000
	174,362,842	53,856,012

23.1 These include Rupees 2.310 million (2019: Rupees Nil) loan receivable from Chief Financial Officer of the Company. Maximum aggregate amount outstanding at the end of any month during the year was Rupees 2.52 million (2019: Rupees Nil).

		2020 Rupees	2019 Rupees
23.2	**Advances to suppliers**		
	Unsecured:		
	Considered good	141,684,625	24,951,056
	Considered doubtful	4,517,807	6,724,191
	Less : Provision for doubtful advances to suppliers (Note 23.3)	4,517,807	6,724,191
		-	-
		141,684,625	24,951,056
23.3	**Provision for doubtful advances to suppliers**		
	At amortized cost		
	Balance as at 01 July	6,724,191	1,888,458
	Add: Provision recognized during the year (Note 31)	159,151	4,835,733
	Less: Advance to supplier written off	2,365,535	-
	As at 30 June	4,517,807	6,724,191

		2020 Rupees	2019 Rupees
24.	**SHORT TERM DEPOSITS AND PREPAYMENTS**		
	Current portion of long term security deposits (Note 19)	12,197,550	16,926,756
	Short term deposits	11,143,751	8,507,565
	Prepaid insurance	16,492,232	26,718,341
	Prepaid rent	1,425,586	8,873,947
		41,259,119	61,026,609
25.	**OTHER RECEIVABLES**		
	MAS Associates (Private) Limited - associated company (Note 25.1)	145,074	136,670
	Receivable from SK Lubricants Co., Ltd. - principal supplier and long term partner (Note 25.2)	-	28,501,777
	Sales tax receivable	11,404,451	-
	Accrued interest on bank deposits	2,236	31,332
	Inland freight equalization mechanism	14,086,180	-
	Others	8,671,136	3,876,744
		34,309,077	32,546,523

25.1 It is neither past due nor impaired. The maximum aggregate amount receivable from associated company at the end of any month during the year was Rupees 0.433 million (2019: Rupees 0.223 million).

25.2 This has been fully received during the year. 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 28.502 million (2019: Rupees 98.371 million).

	2020 Rupees	2019 Rupees

26. SHORT TERM INVESTMENTS

	2020 Rupees	2019 Rupees
Debt instruments (Note 26.1)	472,420,787	778,385,366
Equity instruments (Note 26.2)	250,864,373	104,083,471
	723,285,160	882,468,837

26.1 Debt instruments

	2020 Rupees	2019 Rupees
At amortized cost		
Term deposit receipts	471,031,918	771,031,918
Add: Interest accrued thereon	1,388,869	7,353,448
	472,420,787	778,385,366

26.1.1 These term deposit receipts issued by banking companies having maturity period ranging from one month to six months and carry interest ranging from 5.36% to 12.85% (2019: 3.88% to 11.96%) per annum. Term deposit receipts amounting to Rupees 471.031 million (2019: Rupees 471.031 million) are under lien with banks against short term borrowings of the Holding Company.

26.2 Equity instruments

	2020 Rupees	2019 Rupees
Fair value through profit or loss		
Quoted - other than related party:		
Engro Fertilizer Limited		
49,500 (2019: 49,500) fully paid ordinary shares of Rupees 10 each	3,246,080	3,246,080
First Habib Cash Fund		
1,004,003.3926 (2019: Nil) units	100,591,746	-
NBP Islamic Mahana Amdani Fund		
4,617,722.0716 (2019: 3,527,150.8850) units	46,148,675	35,271,589
UBL Liquidity Plus Fund - Class 'C'		
710.5769 (2019: 300,782.1374) units	71,628	30,282,963
MCB Cash Management Optimizer		
998,363.6222 (2019: 350,903.0118) units	100,422,214	35,281,613
Unrealized gain on remeasurement of investments at fair value	384,030	1,226
	250,864,373	104,083,471

27. CASH AND BANK BALANCES

	2020 Rupees	2019 Rupees
Cash in hand	1,532,654	971,200
Cash at banks:		
Saving accounts (Note 27.1)	32,248,693	31,499,739
Current accounts	152,960,148	276,464,808
	185,208,841	307,964,547
	186,741,495	308,935,747

27.1 Saving accounts carry profit at the rates ranging from 6.48% to 11.25% (2019: 4% to 11%) per annum.

27.2 Bank balances of Rupees 20.268 million (2019: Rupees 12.053 million) and short term investments of Rupees 718.912 million (2019: Rupees 871.949 million) as at 30 June 2020 represents un-utilized proceeds of the initial public offer.

		2020 Rupees	2019 Rupees
28.	**COST OF SALES**		
	Cost of sales - owned manufactured (Note 28.1)	2,543,715,876	3,588,964,712
	Cost of sales - finished goods purchased for resale (Note 28.2)	1,669,834,039	3,773,312,242
		4,213,549,915	7,362,276,954
28.1	**Cost of sales - owned manufactured**		
	Raw materials consumed	2,547,365,119	3,102,601,044
	Packing materials consumed	104,934,517	123,134,989
	Salaries, wages and other benefits (Note 28.1.1)	63,779,197	54,410,430
	Fuel and power	36,060,840	34,700,210
	Repair and maintenance	12,442,012	13,517,077
	Insurance	8,520,303	6,252,747
	Miscellaneous	62,924,624	12,167,838
	Depreciation on operating fixed assets (Note 15.1.2)	67,931,216	70,843,334
	Depreciation on right-of-use assets	295,337	-
		2,904,253,165	3,417,627,669
	Work-in-process		
	Opening stock	20,877,744	10,732,181
	Closing stock	(35,955,890)	(20,877,744)
		(15,078,146)	(10,145,563)
	Cost of goods manufactured	2,889,175,019	3,407,482,106
	Finished goods		
	Opening stock	5,223,494	186,706,100
	Closing stock	(350,682,637)	(5,223,494)
		(345,459,143)	181,482,606
		2,543,715,876	3,588,964,712

28.1.1 Salaries, wages and other benefits include provident fund contribution of Rupees 1.883 million (2019: Rupees 1.481 million) by the Group.

		2020 Rupees	2019 Rupees
28.2	**Cost of sales - finished goods purchased for resale**		
	Opening stock - lubricants and other items	767,217,600	937,926,319
	Add: Purchases - lubricants and other items	943,640,465	3,602,603,523
	Less: Closing stock - lubricants and other items	(393,048,864)	(767,217,600)
		1,317,809,201	3,773,312,242
	Opening stock of petroleum products	-	-
	Petroleum products purchased during the year	271,567,657	-
	Petroleum development levy	104,520,645	-
	Inland freight equalization margin	11,160,598	-
		387,248,900	-
	Closing stock of petroleum products	35,224,062	-
	Cost of petroleum products sold	352,024,838	-
		1,669,834,039	3,773,312,242

	2020 Rupees	2019 Rupees
29. DISTRIBUTION COST		
Salaries, wages and other benefits (Note 29.1)	294,263,250	335,856,543
Sales promotion and advertisements - net (Note 29.2)	122,477,816	197,139,351
Freight outward	33,259,463	69,384,406
Rent, rates and taxes	17,281,525	46,697,683
Sales commission	685,286	88,120
Travelling and conveyance	30,000,814	44,384,788
Insurance	19,513,756	17,416,547
Utilities	10,138,447	8,118,021
Printing and stationery	779,979	861,902
Repair and maintenance	10,263,082	14,382,261
Vehicles' running and maintenance	22,293,292	17,115,679
Communication	9,207,240	10,293,533
Entertainment	3,759,896	5,535,694
Ijara rentals	5,288,136	5,170,252
Depreciation (Note 15.1.2)	40,111,448	39,204,026
Depreciation on right-of-use-assets	62,962,826	-
Hospitality charges	7,283,979	-
Secondary freight	243,772	-
Miscellaneous	22,774,569	19,917,414
Royalty expense (Note 29.3 and 29.4)	25,339,421	14,595,538
	737,927,997	846,161,758

29.1 Salaries, wages and other benefits include provident fund contribution of Rupees 9.683 million (2019: Rupees 9.388 million) by the Group.

29.2 These are net off incentives in the shape of reimbursement against sales promotion expenses and advertisements amounting to Rupees Nil (2019: Rupees 122.783 million) from SK Lubricants Co., Ltd. - principal supplier and long term partner.

29.3 Particulars of royalty are as follows:

Name	Address	Relationship with the Group or directors	2020	2019
SK Lubricants Co., Ltd.	26, Jong-ro, Jongno-gu, Seoul 03188, Republic of Korea	Major supplier and long term partner	25,339,421	14,595,538

29.4 Royalty expense relates to sale of certain products of Rupees 506.788 million manufactured during the year by the Subsidiary Company under the “Brand License Agreement” with SK Lubricants Co., Ltd.

	2020 Rupees	2019 Rupees
30. ADMINISTRATIVE EXPENSES		
Salaries and other benefits (Note 30.1)	263,249,288	322,534,733
Rent, rates and taxes	15,617,087	13,493,561
Legal and professional (Note 30.2)	24,556,017	31,329,325
Insurance	13,173,526	13,785,650
Vehicles' running and maintenance	6,675,718	9,556,838
Utilities	5,012,902	4,336,486
Repair and maintenance	5,314,367	6,607,917
Fee and subscription	17,027,002	5,231,726
Printing and stationery	1,236,152	1,809,894
Communication	4,249,428	6,321,902
Entertainment	3,341,914	6,187,925
Auditor's remuneration (Note 30.3)	4,309,000	3,740,000
Travelling and conveyance	6,012,002	10,699,191
Depreciation on operating fixed assets (Note 15.1.2)	55,643,210	44,167,986
Depreciation on right-of-use assets	430,614	-
Amortization on intangible assets (Note 16.1)	2,700,976	3,107,162
Miscellaneous	7,244,555	14,521,890
	435,793,758	497,432,186

30.1 Salaries and other benefits include provident fund contribution of Rupees 6.475 million (2019: Rupees 7.202 million) by the Group.

30.2 It includes an amount of Rupees 0.825 million (2019: Rupees 4.646 million) on account of internal audit services rendered by EY Ford Rhodes.

	2020 Rupees	2019 Rupees
30.3 Auditor's remuneration		
Annual audit fee	2,678,500	2,435,000
Certifications	470,000	250,000
Half year review / audit	825,000	750,000
Reimbursable expenses	335,500	305,000
	4,309,000	3,740,000

	2020 Rupees	2019 Rupees
31. OTHER EXPENSES		
Allowance for expected credit losses (Note 22.3)	-	18,346,376
Bad debts written off	-	421,906
Advances to suppliers written off	-	943,408
Exchange loss - net	19,014,636	107,246,133
Charities and donations (Note 31.1)	18,796,652	18,072,844
Fixed assets written off	724,166	-
Workers' profit participation fund (Note 10.3)	6,349,606	26,597,013
Workers' welfare fund	9,637,036	4,881,253
Unrealised loss on remeasurement of investments at fair value through profit or loss - net	-	460,739
Loss on disposal of investment	-	5,106,286
Provision for doubtful advances to suppliers (Note 23.3)	159,151	4,835,733
Provision for slow moving and damaged stock items (Note 21.3)	4,305,591	5,444,396
Penalty (Note 31.2)	1,220,952	-
Input sales tax disallowed	245,327	-
	60,453,117	192,356,087

31.1 These include amount of Rupees 18 million (2019: Rupees 16.5 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 Holding Company are trustees.

31.2 This represents amount paid under the Sales Tax Act, 1990 and penalty paid to Oil and Gas Regularity Authority (OGRA) on account of delay in completion of required infrastructure for OMC project.

	2020 Rupees	2019 Rupees
32. OTHER INCOME		
Income from financial assets:		
Dividend income	10,437,403	1,132,225
Profit on bank deposits and short term investments	80,948,042	70,884,937
Gain on disposal of investment	361,141	-
Unrealized Gain on remeasurement of investment at fair value	382,804	-
Reversal of allowance for expected credit losses (Note 22.3)	16,421,662	-
Exchange gain - net	9,411,794	-
Income from non-financial assets:		
Gain on disposal of operating fixed assets	6,724,899	4,013,560
Credit balances written back	-	2,324,852
Reversal of provision for slow moving and damaged stock items (Note 21.3)	5,349,861	362,524
Testing fees	14,000	-
Scrap sale	-	2,602,037
Amortization of deferred income (Note 9)	380,217	220,641
	130,431,823	81,540,776

	2020 Rupees	2019 Rupees
33. FINANCE COST		
Mark-up on long term financing	811,157	5,007,876
Mark-up / profit on short term borrowings	197,151,193	285,803,815
Finance charges on liabilities against assets subject to finance lease	-	9,083,164
Finance charges on lease liabilities	33,358,621	-
Mark-up on loans from directors	-	7,952,862
Interest on employees' provident fund	-	1,198
Interest on workers' profit participation fund (Note 10.3)	725,364	1,909,832
Bank charges and commission	3,593,607	4,200,652
	235,639,942	313,959,399

	2020 Rupees	2019 Rupees
34. TAXATION		
For the year		
Current (Note 34.1)	58,199,027	288,749,527
Deferred tax	(104,745,844)	(24,311,166)
Prior year adjustment	655,940	(4,991,169)
	(45,890,877)	259,447,192

34.1 Provision for income tax is made in accordance with the provisions of the Income Tax Ordinance, 2001.

	2020 Rupees	2019 Rupees
35. EARNINGS PER SHARE - BASIC AND DILUTED		
There is no dilutive effect on the basic earnings per share which based on:		
Profit after taxation attributable to ordinary shareholders (Rupees)	121,616,677	41,069,675
Weighted average number of shares (Number)	116,004,000	116,004,000
Basic earnings per share (Rupees)	1.05	0.35

		2020 Rupees	2019 Rupees
36.	**CASH GENERATED FROM OPERATIONS**		
	Profit before taxation	75,725,800	300,516,867
	Adjustments for non-cash charges and other items:		
	Depreciation on operating fixed assets	163,685,874	154,215,346
	Amortization on right-of-use assets	63,688,777	-
	Amortization on intangible assets	2,700,976	3,107,162
	Amortization of deferred income	(380,217)	(220,641)
	Allowance for expected credit losses	-	18,346,376
	Reversal of allowance for expected credit losses	(16,421,662)	-
	Provision for slow moving and damaged stock items	4,305,591	5,444,396
	Reversal of provision of slow moving and damaged inventory items	(5,349,861)	-
	Provision for doubtful advances to suppliers	159,151	4,835,733
	Bad debts written off	-	421,906
	Advances to suppliers written off	-	943,408
	Credit balances written back	-	(2,324,852)
	Gain on disposal of operating fixed assets	(6,724,899)	(4,013,560)
	Dividend income	(10,437,403)	(1,132,225)
	Profit on bank deposits and short term investments	(80,948,042)	(70,884,937)
	Reversal of provision for slow moving and damaged inventory	-	(362,524)
	Unrealised (gain) / loss on remeasurement of investments	(382,804)	460,739
	(Gain) / loss on disposal of investment	(361,141)	5,106,286
	Finance cost	235,639,942	313,959,399
	Exchange loss - net	9,602,842	107,246,133
	Provision for workers' profit participation fund	6,349,606	26,597,013
	Provision for workers' welfare fund	9,637,036	4,881,253
	Fixed assets written off	724,166	-
	Working capital changes (Note 36.1)	1,093,516,709	(769,654,502)
		1,544,730,441	97,488,776

		2020 Rupees	2019 Rupees
36.1	**WORKING CAPITAL CHANGES**		
	Decrease / (increase) in current assets:		
	Stores	(46,392,420)	2,573,156
	Stock-in-trade	(276,337,166)	357,092,080
	Trade debts	1,129,700,897	(999,327,193)
	Loans and advances	(120,946,093)	20,097,996
	Short term deposits and prepayments	15,038,284	(8,686,698)
	Other receivables	(1,762,554)	76,582,896
		699,300,948	(551,667,763)
	Increase / (decrease) in trade and other payables	394,215,761	(217,986,739)
		1,093,516,709	(769,654,502)

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

	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	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	-	-	215,068,029	-	-	215,068,029
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	73,199,019	-	256,503,604	1,013,995,774	3,438,436	1,347,136,833

	2019				
	Liabilities from financing activities				
	Long term financing	**Liabilities against assets subject to finance lease**	**Short term borrowings**	**Unclaimed dividend**	**Total**
	Rupees				
Balance as at 01 June 2018	114,901,493	163,624,399	1,325,250,528	4,297,369	1,608,073,789
Financing obtained	-	-	15,509,155,338	-	15,509,155,338
Repayment of financing	(95,690,155)	-	(14,591,235,058)	-	(14,686,925,213)
Acquisitions - finance leases	-	7,493,600	-	-	7,493,600
Other change - non-cash movement	-	(24,662,040)	-	-	(24,662,040)
Repayment of lease liabilities	-	(58,479,978)	-	-	(58,479,978)
Dividend declared	-	-	-	203,007,000	203,007,000
Dividend paid	-	-	-	(203,278,160)	(203,278,160)
Balance as at 30 June 2019	19,211,338	87,975,981	2,243,170,808	4,026,209	2,354,384,336

	2020 Rupees	2019 Rupees
36.3 Non-cash financing activities - acquisition of vehicles and machinery by means of finance leases	3,733,000	7,493,600

37. PROVIDENT FUND

Holding Company

As at the reporting date, the Hi-Tech Lubricants Limited Employees Provident Fund Trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the regulations formulated for this purpose by Securities and Exchange Commission of Pakistan which allows transition period of three years for bringing the Employees Provident Fund Trust in conformity with the requirements of the regulations.

Subsidiary Company

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.

38. PLANT CAPACITY AND ACTUAL PRODUCTION

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

	Storage Capacity Metric Tons	
	HSD	PMG
Sahiwal depot	1,859	1,021

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

	Unit of measurement	2020		2019	
		Capacity	Production	Capacity	Production
Bottles	Numbers	16,072,941	3,996,674	14,587,941	9,473,308
Caps	Numbers	29,700,000	4,339,318	29,700,000	7,670,173
Filling	Liters	37,950,000	8,817,853	37,950,000	12,885,278
Blending	Liters	20,000,000	2,484,261	20,000,000	2,420,760

Under utilization of available capacity is mainly due to limited sales orders and due to lockdown, owing to COVID-19, announced by the Government of Punjab.

39. 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:

		2020 Rupees	2019 Rupees
Relationship	**Nature of transaction**		
Associated companies			
MAS Associates (Private) Limited	Share of common expenses	762,241	628,880
Other related parties			
SK Lubricants Co., Ltd.	Purchase of lubricants	2,848,514,463	5,662,901,558
SK Lubricants Co., Ltd.	Incentives	-	122,783,061
SK Lubricants Co., Ltd.	Dividend paid	206,944	1,448,606
Directors	Mark-up on loans from directors	-	7,952,862
Directors	Payment of mark-up on loans from directors	-	13,718,908
Directors	Repayment of loans to directors	-	70,000,000
Provident fund trusts	Contribution	18,041,343	19,494,625
Sabra Hamida Trust	Donations	18,000,000	16,500,000

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

Name of related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year	% age of shareholding
Hi-Tech Energy (Private) Limited	Common directorship	No	None
MAS Associates (Private) Limited	Common directorship	Yes	None
MAS Infosoft (Private) Limited	Common directorship	No	None
MAS Services	Common partnership of directors	No	None
Haut Buys (Private) Limited	Common directorship	No	None
Hi-Tech Lubricants Limited Employees Provident Fund Trust	Common trusteeship of directors	Yes	None
Sabra Hamid Trust	Common trusteeship of directors	Yes	None
MAS Associates (Private) Limited Employees Provident Fund Trust	Common trusteeship of directors	No	None
Hi-Tech Blending (Private) Limited Employees Provident Fund Trust	Common trusteeship of directors	Yes	None
SK Lubricants Co., Ltd.	Major supplier and long term partner	Yes	None
MAS Services Employees Provident Fund Trust	Common trusteeship of directors	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

40. 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:

	2020				2019			
		Directors				Directors		
	Chief Executive	Executives	Non-Executives	Executives	Chief Executive	Executives	Non-Executives	Executives
	Rupees							
Managerial remuneration	11,845,161	10,451,613	26,322,580	56,134,410	12,612,903	11,129,032	29,032,258	49,846,215
Bonus	1,431,292	1,262,904	-	5,722,887	1,948,145	1,718,952	-	7,205,539
Allowances								
House rent	5,330,322	4,703,226	11,845,161	25,260,485	5,675,806	5,008,064	13,064,516	22,430,797
Medical	1,184,516	1,045,161	2,632,258	5,613,441	1,261,290	1,112,903	2,903,226	4,984,622
Travelling	2,000,000	2,000,000	3,800,000	285,600	2,125,000	2,125,000	4,000,000	518,500
Other	-	-	-	13,044,877	2,975,000	2,625,000	-	14,620,127
Contribution to provident fund trust	-	-	-	4,421,827	-	-	-	4,937,913
Leave fare assistance	-	-	-	627,690	-	-	-	3,548,084
	21,791,291	19,462,904	44,599,999	111,111,217	26,598,144	23,718,951	49,000,000	108,091,797
	1	**1**	**4**	**22**	**1**	**1**	**4**	**25**

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

40.2 Aggregate amount charged in financial statements for meeting fee to three directors (2019: three directors) is Rupees 4.050 million (2019: Rupees 4.610 million).

41. NUMBER OF EMPLOYEES

	2020		2019	
	Permanent	**Contractual**	Permanent	Contractual
Total number of employees as on 30 June	470	183	489	183
Average number of employees during the year	468	181	507	181

42. 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 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

Recurring fair value measurements at 30 June 2019	Level 1	Level 2	Level 3	Total
		Rupees		
Financial assets				
Financial assets at fair value through profit or loss	104,083,471	-	-	104,083,471

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.

43. FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

	2020 USD	2019 USD
Other receivable	-	175,000
Trade and other payables	(3,306,771)	(165,795)
Net exposure	(3,306,771)	9,205

The following significant exchange rates were applied during the year:

	Rupees per US Dollar	
Average rate	159.29	136.13
Reporting date rate	168.10	164.00

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 19.751 million lower / higher (2019: profit after taxation would have been Rupees 0.075 million higher / lower), 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	**2020 Rupees**	2019 Rupees
PSX 100 (5% increase)	149,193	158,326
PSX 100 (5% decrease)	(149,193)	(158,326)

(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, 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:

	2020 Rupees	2019 Rupees
Fixed rate instruments		
Financial assets		
Short term investments	471,031,918	771,031,918
Financial liabilities		
Long term financing	67,091,672	-
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	32,248,693	31,499,739
Financial liabilities		
Long term financing	-	19,211,338
Liabilities against assets subject to finance lease	-	87,975,981
Lease liabilities	256,503,604	-
Short term borrowings	1,013,995,774	2,243,170,808

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date, fluctuates by 1% higher / lower with all other variables held constant, Group's profit after taxation for the year would have been Rupees 9.320 million (2019: Rupees 23.189 million) lower / higher, mainly as a result of higher / lower interest expense / income on long term financing, 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:

	2020 Rupees	2019 Rupees
Deposits	23,893,369	24,265,465
Trade debts	76,104,012	1,189,383,247
Loans and advances	31,699,961	27,802,741
Other receivables	22,902,390	32,546,523
Accrued interest	2,236	31,332
Short term investments	723,285,160	882,468,837
Bank balances	185,208,841	307,964,547
	1,063,095,969	2,464,462,692

The Group's exposure to credit risk and expected credit losses related to trade debts is given in Note 22.

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			2020	2019
	Short term	Long term	Agency	Rupees	Rupees
Short term investments					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	-	203,889,493
JS Bank Limited	A1+	AA-	PACRA	322,270,467	322,944,792
United Bank Limited	A1+	AAA	JCR-VIS	50,012,328	50,374,315
Faysal Bank Limited	A1+	AA	JCR-VIS	100,138,082	201,176,766
Engro Fertilizer Limited	A1+	AA	PACRA	2,983,860	3,166,515
First Habib Cash Fund	AA(f)		PACRA	100,780,555	-
NBP Islamic Mahana Amdani Fund	A		PACRA	46,363,225	35,351,575
UBL Liquidity Plus Fund - Class 'C'	AA+		PACRA	71,739	30,283,768
MCB Cash Management Optimizer	AM2++		PACRA	100,664,904	35,281,613
				723,285,160	882,468,837
Banks					
Bank Alfalah Limited	A1+	AA+	PACRA	68,409,986	181,587,017
Bank Al-Habib Limited	A1+	AA+	PACRA	60,977,070	12,463,647
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	779,702	180,089
MCB Bank Limited	A1+	AAA	PACRA	16,315,405	23,964,245
National Bank of Pakistan	A1+	AAA	PACRA	3,429,036	11,873,266
The Bank of Punjab	A1+	AA	PACRA	115,450	120,125
Habib Bank Limited	A1+	AAA	JCR-VIS	3,275,057	1,344,096
Askari Bank Limited	A1+	AA+	PACRA	734,387	616,495
United Bank Limited	A1+	AAA	JCR-VIS	20,327,227	11,658,946
JS Bank Limited	A1+	AA-	PACRA	23,476	158
Albaraka Bank (Pakistan) Limited	A1	A	PACRA	238,399	238,399
Meezan Bank Limited	A1+	AA+	JCR-VIS	9,341,630	63,751,992
Dubai Islamic Bank Pakistan Limited	A1+	AA	JCR-VIS	885,213	158,826
Faysal Bank Limited	A1+	AA	JCR-VIS	349,557	-
Summit Bank Limited	BBB-	A-3	JCR-VIS	7,246	7,246
				185,208,841	307,964,547
				908,494,001	1,190,433,384

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

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities. As 30 June 2020, the Group had Rupees 4,464.715 million (2019: Rupees 3,756.829 million) available borrowing limits from financial institutions and Rupees 186.741 million (2019: Rupees 308.936 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 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	889,113,500	889,113,500	1,216,164,258	-	-	-
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	-	-	-
	2,262,571,561	2,482,634,304	1,765,224,136	666,177,261	84,731,382	293,552,283

Contractual maturities of financial liabilities as at 30 June 2019:

	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	19,211,338	20,070,616	12,267,646	5,923,331	1,879,639	-
Liabilities against assets subject to finance lease	87,975,981	94,390,621	30,797,151	34,006,781	28,226,243	1,360,446
Long term deposits	1,000,000	1,000,000	-	-	-	1,000,000
Trade and other payables	580,341,332	580,341,332	580,341,332	-	-	-
Accrued mark-up / profit	81,921,213	81,921,213	81,921,213	-	-	-
Short term borrowings	2,243,170,808	2,335,057,438	2,335,057,438	-	-	-
Unclaimed dividend	4,026,209	4,026,209	4,026,209	-	-	-
	3,017,646,881	3,116,807,429	3,044,410,989	39,930,112	30,105,882	2,360,446

43.2 Financial instruments by categories

	2020		
	At amortized cost	At fair value through profit or loss	Total
	Rupees		
Financial assets			
Deposits	23,893,369	-	23,893,369
Trade debts	76,104,012	-	76,104,012
Loans and advances	31,699,961	-	31,699,961
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

	2019		
	At amortized cost	**At fair value through profit or loss**	**Total**
		Rupees	
Financial assets			
Deposits	24,265,465	-	24,265,465
Trade debts	1,189,383,247	-	1,189,383,247
Loans and advances	27,802,741	-	27,802,741
Other receivables	32,546,523	-	32,546,523
Short term investments	778,385,366	104,083,471	882,468,837
Cash and bank balances	308,935,747	-	308,935,747
	2,361,319,089	104,083,471	2,465,402,560

	At Amortized Cost	
	2020 Rupees	2019 Rupees
Financial liabilities		
Long term financing	67,091,672	19,211,338
Liabilities against assets subject to finance lease	-	87,975,981
Lease liabilities	256,503,604	
Long term deposits	500,000	1,000,000
Trade and other payables	889,113,500	580,341,332
Short term borrowings	1,013,995,774	2,243,170,808
Accrued mark-up / profit	31,928,575	81,921,213
Unclaimed dividend	3,438,436	4,026,209
	2,262,571,561	3,017,646,881

43.3 Offsetting financial assets and financial liabilities

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

44. 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**	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
				Rupees				
Revenue - net	5,279,394,808	9,431,162,475	349,263,898	-	-	-	5,628,658,706	9,431,162,475
Cost of sales	(3,850,400,888)	(7,362,276,954)	(363,149,027)	-	-	-	(4,213,549,915)	(7,362,276,954)
Gross profit / (loss)	1,428,993,920	2,068,885,521	(13,885,129)	-	-	-	1,415,108,791	2,068,885,521
Distribution cost	(654,844,503)	(843,743,784)	(83,083,494)	(2,417,974)	-	-	(737,927,997)	(846,161,758)
Administrative expenses	(424,931,423)	(497,432,186)	(10,862,335)	-	-	-	(435,793,758)	(497,432,186)
Other expenses	(60,453,117)	(192,356,087)	-	-	-	-	(60,453,117)	(192,356,087)
	(1,140,229,043)	(1,533,532,057)	(93,945,829)	(2,417,974)	-	-	(1,234,174,872)	(1,535,950,031)
Other income	40,708,001	12,342,346	89,723,822	69,198,430	-	-	130,431,823	81,540,776
Profit / (loss) from operations	329,472,878	547,695,810	(18,107,136)	66,780,456	-	-	311,365,742	614,476,266
Finance cost	-	-	-	-	(235,639,942)	(313,959,399)	(235,639,942)	(313,959,399)
(Loss) / profit before taxation	329,472,878	547,695,810	(18,107,136)	66,780,456	(235,639,942)	(313,959,399)	75,725,800	300,516,867
Taxation	-	-	-	-	45,890,877	(259,447,192)	45,890,877	(259,447,192)
(Loss) / profit after taxation	329,472,878	547,695,810	(18,107,136)	66,780,456	(189,749,065)	(573,406,591)	121,616,677	41,069,675

		LUBRICANTS		PETROLEUM PRODUCTS		TOTAL - GROUP	
		2020	2019	2020	2019	2020	2019
		Rupees					
44.1	Reconciliation of reportable segment assets and liabilities:						
	Total assets for reportable segments	3,115,136,038	4,140,927,996	1,716,788,872	1,377,679,739	4,831,924,910	5,518,607,735
	Unallocated assets					1,645,206,165	1,591,537,867
	Total assets as per consolidated statement of financial position					6,477,131,075	7,110,145,602
	Total liabilities for reportable segments	1,269,753,970	1,060,811,928	148,390,643	3,555,363	1,418,144,613	1,064,367,291
	Unallocated liabilities					1,069,719,741	2,149,127,267
	Total liabilities as per consolidated statement of financial position					2,487,864,354	3,213,494,558

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

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

45. 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, 7 and 12 to the financial statements. Total capital employed includes 'total equity' as shown in the consolidated statement of financial position plus 'borrowings'.

		2020	2019
Borrowings	Rupees	1,337,591,050	2,350,358,127
Total equity	Rupees	3,989,266,721	3,896,651,044
Total capital employed	Rupees	5,326,857,771	6,247,009,171
Gearing ratio	Percentage	25.11%	37.62%

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

46. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2020	2019	2020	2019
	Rupees	Rupees	Rupees	Rupees
Total facilities	847,000,000	1,090,000,000	5,551,910,000	6,000,000,000
Utilized at the end of the year	119,037,229	169,149,750	1,087,194,793	2,243,170,808
Unutilized at the end of the year	727,962,771	920,850,250	4,464,715,207	3,756,829,192

47. 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	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 current financial year, the Holding Company has started its OMC operations and expediently working on completion of its Nowshera Oil storage. Currently, the Holding Company has eight operational HTLL Express Centers. Four in Lahore, three in Karachi and one in Rawalpindi. Further, the Holding Company has eleven retail outlets operational for sale of petroleum products as on 30 June 2020. Detail of payments out of IPO proceeds during the year ended 30 June 2020 are as follows:

	Rupees
Un-utilized IPO proceeds as at 01 July 2019	884,002,597
Add: Profit on term deposit receipts	82,042,155
Add: Profit on bank deposits	3,291,564
Add: Dividend on investments in mutual funds	9,447,404
Add: Gain on disposal of investment in mutual fund	361,140
Add: Unrealised gain on investments in mutual funds	565,472
Less: Payments made relating to OMC Project	(225,396,278)
Less: Withholding tax on profit	(12,242,865)
Less: Withholding tax on dividend from mutual funds	(1,500,745)
Less: Zakat deducted on profit	(1,366,814)
Less: Bank charges	(22,737)
Un-utilized IPO proceeds as at 30 June 2020	739,180,893

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.

48. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Holding Company has proposed a cash dividend for the year ended 30 June 2020 of Rupees 0.90 per share (2019: Rupee 0.25 per share). However, this event has been considered as non-adjusting event under IAS 10 'Event after Reporting Period' and has not been recognized in these consolidated financial statements.

49. IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On 23 March 2020, the Government of the Punjab and the Government of Sindh announced a temporary lock down as a measure to reduce the spread of the COVID–19. Complying with the lockdown, the Group temporarily suspended its operations. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Group resumed its operations and took all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowdown in economic activity. The lockdown caused disruptions in supply chain including supply of goods to the customers resulting in a decline in sales. Subsequent to the year ended 30 June 2020, due to significant reduction in outbreak, demand for the Group's goods is fast reverting back to normal levels. Due to this, management has assessed the accounting implications of these developments on these consolidated financial statements, including but not limited to the following areas:

- expected credit losses under IFRS 9 'Financial Instruments';
- the impairment of tangible assets under IAS 36 'Impairment of Assets';
- the net realisable value of inventory under IAS 2, 'Inventories';
- provisions and contingent liabilities under IAS 37 Provisions, Contingent Liabilities and Contingent Assets'; and
- going concern assumption used for the preparation of these consolidated financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these consolidated financial statements.

50. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 11 September 2020 by the Board of Directors of the Holding Company.

51. 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.

52. GENERAL

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

Chief Executive | Director | Chief Financial Officer

چیف ایگزیکٹو کا پیغام

"Living the Global"

"Compact Best Practices Sustainability Award 2019"

Best Corporate Reports of 2018

HTLL

حسن طاہر

چیف ایگزیکٹو آفیسر

چیئرمین کا جائزہ

[illegible]

[illegible] (BCP)

[illegible] HTLL [illegible]

[illegible]

[illegible] www.hitechlubricants.com [illegible]

[illegible]

[illegible]	[illegible]	[illegible]	[illegible]
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[illegible]	[illegible]	[illegible]	[illegible]

FORM OF **PROXY**

HTL LIMITED
Hi-Tech Lubricants Ltd

I/We ______________________ a member / member of Hi-Tech Lubricants Limited and holder of____________________shares as per Share Register Folio # / CDC Participant I.D. Participant ID # Sub A/C # / Investor A/C #________________________do hereby appoint________________________of ________________________or failing him______________________________of who is also member of the Company vide Registered Folio # ___________________________________as my/our Proxy to attend, speak and vote for me /us and on my / our behalf at the Annual General Meeting of the Company to be held on Friday October 23, 2020 at 11:00 a.m. and at any adjournment thereof.

As witness my/our hand this ______________day of October, 2020 at _____________

Witness' Signature:...

....

Name...

CNIC # ....

Address..

....

Affix Revenue Stamp of Rs. 50/-

Witness' Signature:...

....

Name...

CNIC # ....

Address..

....

Member's Signature

Date:

Place:

Notes:

1. The Form of Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.

2. CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their Computerized National Identity Cards / Passport in original to provide his / her identity, and in case of Proxy, must enclosed an attested copy of his / her CNIC or Passport. Representatives of corporate members should bring the usual documents for such purpose.

ہائی-ٹیک لبریکنٹس لمیٹڈ

مختار نامہ

میں / ہم ____________________

ساکن ____________________

بحیثیت رکن ہائی-ٹیک لبریکنٹس لمیٹڈ اور حامل ________ عمومی حصص بمطابق شیئر رجسٹر فولیو نمبر ____________________

اور/یا سی ڈی سی پارٹیسپنٹ (شراکت دار) آئی ڈی نمبر ____________________

اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر ____________________

محترم / محترمہ ____________________

کو اپنا / ہمارا بطور مختار ____________ مورخہ 23 اکتوبر 2020 بروز جمعہ بوقت صبح 11:00 بجے

کو منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں یا اس کے کسی ملتوی شدہ اجلاس میں اپنی / ہماری جگہ ووٹ دینے اور شرکت کرنے کے لیے مقرر کرتا ہوں / کرتے ہیں۔

آج بروز ____________ بتاریخ ____________ 2020 کو دستخط کیے گئے۔

گواہان

1۔

دستخط: ____________________

نام: ____________________

پتہ: ____________________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________________

پانچ روپے کے ریونیو اسٹیمپ پر دستخط

2۔

دستخط: ____________________

نام: ____________________

پتہ: ____________________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________________

دستخط کمپنی کے پاس رجسٹرڈ نمونے کے مطابق ہونے چاہئیں۔

نوٹ:

1۔ یہ مختار نامہ مکمل طور پر پُر اور دستخط شدہ ہو کر اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں جمع کرایا جائے۔

2۔ سی ڈی سی حصص یافتگان اور ان کے مختاران کو درج ذیل ہدایات پر عمل کرنا ہوگا:

(الف) فرد ہونے کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وہ شخص جس کی سیکیورٹیز گروپ اکاؤنٹ میں ہوں اور جس کی رجسٹریشن کی تفصیلات ضوابط کے مطابق اپ لوڈ ہوں، مذکورہ بالا ضروریات کے مطابق مختار نامہ جمع کرائے گا۔

(ب) مختار نامے پر دو افراد گواہ ہوں گے جن کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج ہوں گے۔

(ج) مالکان اور مختار کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول مختار نامے کے ساتھ جمع کرائی جائیں گی۔

(د) اجلاس کے وقت مختار اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرے گا۔

(ہ) کارپوریٹ ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ مع نمونہ دستخط اس شخص کے جسے اجلاس میں نمائندگی کے لیے نامزد کیا گیا ہو، مختار نامے کے ہمراہ کمپنی میں جمع کرانا ہوگا۔

ہدایات برائے رجسٹریشن - مرکزی کیش ڈیویڈنڈ رجسٹر

تعارف:

سینٹرل ڈیپازٹری کمپنی نے مرکزی کیش ڈیویڈنڈ رجسٹر (CCDR) کی بنیاد رکھی ہے۔ یہ ایک الیکٹرانک سروس ویب پورٹل ہے جس میں لسٹڈ کمپنیز کی جانب سے ادا شدہ، غیر ادا شدہ اور روکے جانے والے کیش ڈیویڈنڈ کی تفصیلات درج کی جائیں گی۔ CCDR کے ذریعے لسٹڈ کمپنیز کی جانب سے شیئر ہولڈرز کو ادا کیے گئے ڈیویڈنڈ (اور غیر ادا شدہ) کا ریکارڈ ہوگا اور ان معلومات تک شیئر ہولڈرز کو رسائی فراہم کی جائے گی۔ اس کے ذریعے لسٹڈ کمپنیز کو کیش ڈیویڈنڈ کے اعداد و شمار کی رپورٹنگ اور اس کی ادائیگی کے ذریعے ترسیل پر آنے والے اخراجات کو بچانے میں بھی کامیابی حاصل ہوگی۔ اس ویب پورٹل کے ذریعے لسٹڈ کمپنیز کے شیئر ہولڈرز کو کیش ڈیویڈنڈ کی تفصیلات مرکزی رجسٹر سے با آسانی حاصل ہوں گی اور ان کا ریکارڈ رکھنا بھی آسان ہوگا۔

رجسٹریشن کا طریقہ کار

- ای ڈیویڈنڈ سروس کے لئے رجسٹر کرنے کیلئے مندرجہ ذیل ویب پورٹل پر جائیں www.eservices.cdcaccess.com.pk/public/index.xhtml
- اگر آپ پہلے سے اس سروس کی سہولت استعمال نہیں کر رہے تو New Here? Register Now کے بٹن پر کلک کرکے فارم کو پُر کریں۔ (اس سروس کیلئے کوئی بھی رجسٹر کر سکتا ہے۔
  رجسٹریشن کیلئے افراد کو CNIC/NICOP/POC یا پاسپورٹ اور اداروں کو رجسٹریشن نمبر یا NTN کی ضرورت ہوگی۔)
- Register Now پر کلک کرنے کے بعد سکرین پر ابھرنے والے فارم کو پُر کریں۔ (تمام ضروری خانوں کے آگے * کا نشان لگایا گیا ہے، جن کا پُر کرنا لازمی ہے۔)
- فارم پُر کرنے کے بعد 'Save' کا بٹن دبا کر درج کی گئی معلومات کو محفوظ کیجئے۔
- فارم کامیابی سے محفوظ کرنے کے بعد آپ کو آپ کے درج کردہ ای میل ایڈریس پر ایک لنک موصول ہوگا۔ اس لنک کو کلک کرنے پر پاس ورڈ تبدیل کرنے کیلئے آپ کی تصدیق مکمل ہو جائے گی۔
- پاس ورڈ 8-10 حروف کا ہونا چاہیئے جس میں سے کم از کم ایک بڑا حرف، ایک چھوٹا حرف، ایک نمبر اور ایک سپیشل کریکٹر ہونا چاہیئے۔
- پاس ورڈ سیٹ کرنے کے بعد سروس کے ہوم پیج پر واپس آ جائیں۔
- افراد کے لئے یوزر آئی ڈی (User ID) CNIC / NICOP / POC / Passport اور اداروں کیلئے رجسٹریشن نمبر یا NTN نمبر ہوگا۔ پاس ورڈ وہی ہوگا جو آپ نے پہلے منتخب کیا ہے۔

سروس کی شروعات

- اپنے اکاؤنٹ میں کامیابی سے لاگ ان کرنے کے بعد eDividend کے آپشن کے نیچے My eDividend کے بٹن پر کلک کیجئے۔ eDividend Service Activation کی سکرین
  کھل جائے گی۔
- یہاں پر اکاؤنٹ ہولڈر اپنے پاس موجود تمام سی ڈی سی اکاؤنٹ نمبر درج کریں اور شیئر سرٹیفکیٹ کیلئے فولیو نمبر اور کمپنی کا سمبل (Symbol) درج کریں۔
- سکرین پر List of my eDividend(s) کا لنک ہے، اگر آپ کے پاس سی ڈی سی اکاؤنٹ نمبر ہے تو سی ڈی سی اکاؤنٹ نمبر اور اگر آپ کے پاس فزیکل شیئر سرٹیفکیٹ ہیں
  تو فولیو نمبر اور کمپنی کا سمبل درج کریں۔ اس کے بعد آپ کو OTP یا PIN آپ کے ای میل اور موبائل نمبر پر موصول ہوگا۔ اس کو درج کرنے کے بعد آپ کی ای ڈیویڈنڈ سروس کا آغاز ہو جائے گا۔
- سروس کے فعال ہونے پر آپ کے سامنے List of my eDividend(s) کی سکرین ظاہر ہو جائے گی جس پر آپ اپنے Dividend Payment Status کو دیکھ سکتے ہیں۔ آپ
  Paid Status والے ڈیویڈنڈز کی Dividend Report بھی دیکھ پائیں گے۔


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Risk profiler*
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@jamapunji_pk
*Mobile apps are also available for download for android and ios devices

In Loving Memory of

MUHAMMAD BASIT HASSAN

1979 – 2017

Executive Director Hi-Tech Lubricants Limited

A VISIONARY LEADER

He was an inspiration for people around him, quick but well informed decision-making, entrepreneurial vision, sheer hard work, quick wit and an ability to inculcate team spirit is what defined his personality that led the company to new heights of success. His exceptional blend of corporate acumen and great human values made him into a leader not just well respected but genuinely loved.

Departed but will never be forgotten.

HTL LIMITED

Hi-Tech Lubricants Ltd

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