

Annual Report 2022

Hi-Tech Lubricants Ltd



BEING **LIMITLESS**



BEING **LIMITLESS**

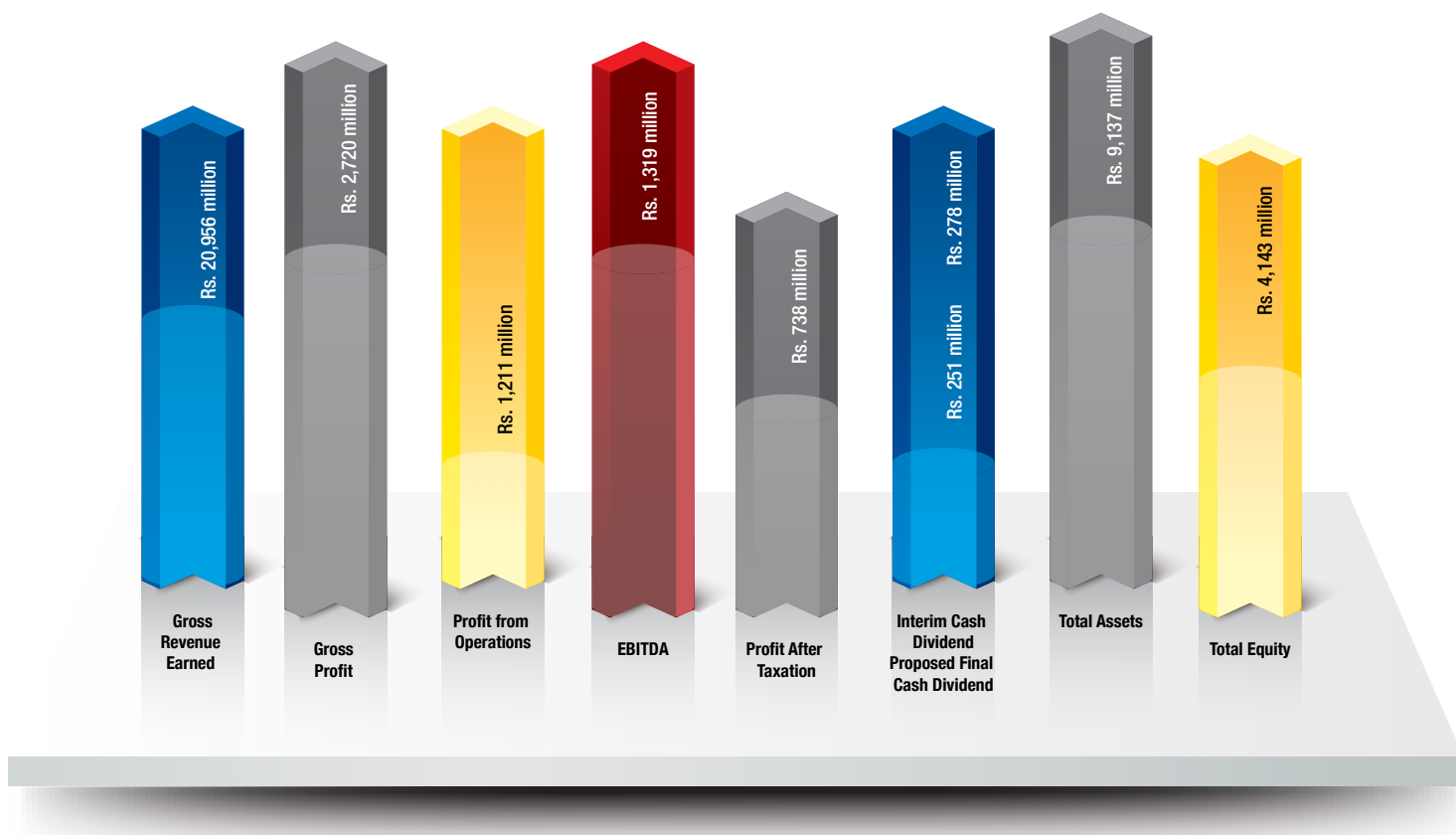
Hi Tech Lubricants limited has beaten the boundaries set by the industry repeatedly. We have achieved remarkable growth in a very short span of time, a major contributing factor has been the evolution from setting benchmarks and targets to Being limitless. The company has always strived to develop an environment that prospers a culture of not limiting oneself and looking for ways to break the preconceived notions, whether it is of how business is carried out or a product is marketed. We take pride in being a trail blazer with innovative thinking backed by sound strategic business planning.

At HTL, our team of highly specialized individuals focus on collaboration and innovation to challenge the status quo . We believe we are embedding the culture to push our boundaries and to go above and beyond.

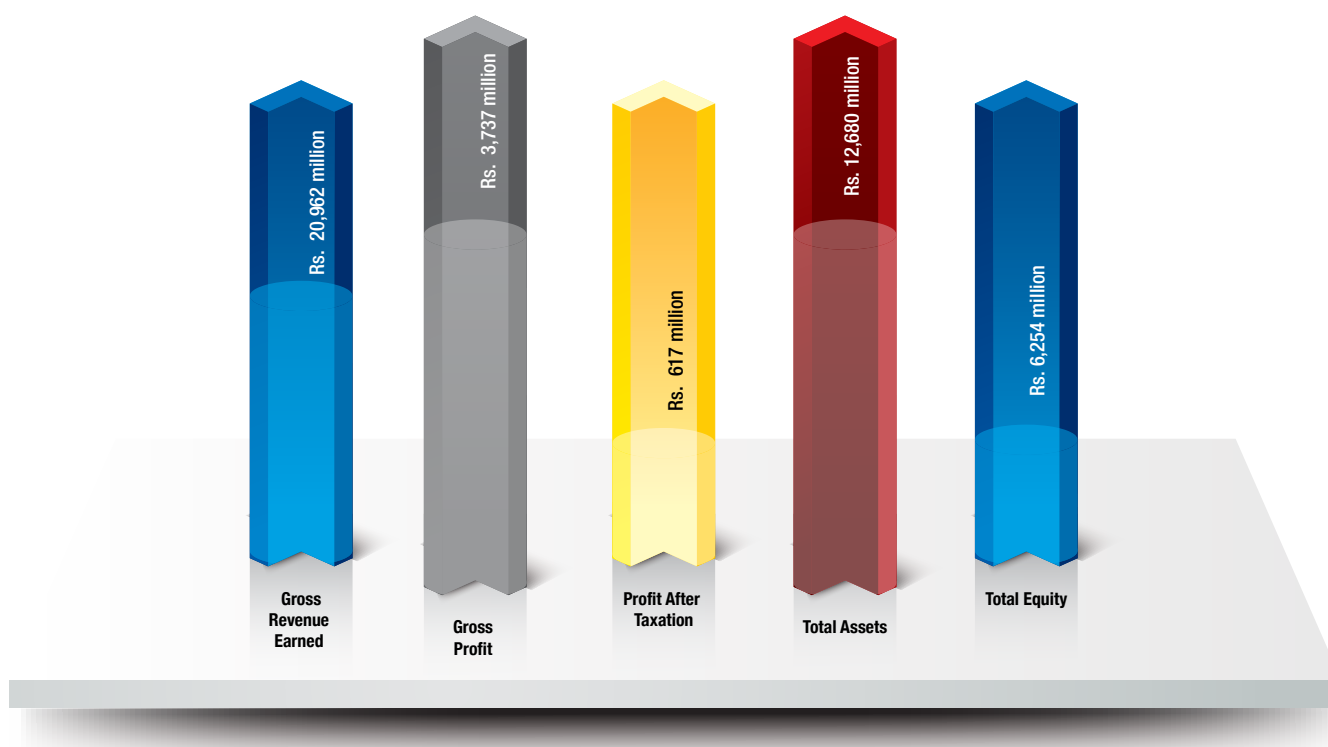
We believe that every stakeholder plays an integral role in building the legacy of a brand. We take great pride in the team work that is not just limited to our employees, but encompasses our ever-growing network of handlers, distributors, dealers, franchisees, vendors, customers et al. At HTL no bars are held to facilitate its customers in their journey, whether it is our HTL Station or HTL Express Client looking for premium quality Fuel, Lubricant or maintenance.

The business that started as a simple export and sell model, has now emerged as one of the leading Oil marketing companies in the industry. A state-of-the-art blending plant offers the company with stronger roots in its supply chain, HTL Express centers and HTL Stations (OMC) persistently bring us closer to our end consumers. All this has only been possible due to the company's conscious efforts to go beyond the norms and limitations of the industry to excel and achieve exponential growth for our stakeholders through a vision to be truly limitless.

HTL BY NUMBERS



HTL GROUP BY NUMBERS



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CEO'S MESSAGE

Dear Stakeholders,

Each year brings with it a unique set of challenges but when seen as opportunities to grow and evolve, even the most insurmountable challenges yield to determination and resolve. While FY 2022 was a welcome reprieve from the debilitating impacts of COVID, several other hurdles presented themselves along the way. It is but for the Grace of Allah, Hi-Tech Lubricants Limited (the Company or HTL) successfully overcame all of these obstacles through the unrelenting efforts of our employees.

I am pleased to share an overview of the year, highlighting some noteworthy milestones and achievements delivered by HTL.

During the year in review, HTL delivered record results despite local and international headwinds. On an unconsolidated basis, net revenue increased by 67% to Rupees 17,739 million, profit from operations increased by 107% to Rupees 1,211 million and profit after taxation increased by 104 % to Rupees 738 million in comparison to the last year. Earnings per share increased to Rupees 5.30 as compared to Rupees 2.60 during the corresponding year. Furthermore, first dividend of Rupees 260 million has been received from Hi-Tech Blending (Private) Limited – wholly owned subsidiary which itself an achievement.

On a consolidated basis, your Group (Hi-Tech Lubricants Limited and its wholly owned subsidiary, Hi-Tech Blending (Private) Limited) attained profit after tax of Rupees 617 million, down by 10% as compared to Rupees 684 million during the corresponding year. This decrease in profit is mainly due to incorporation of super tax imposed under Finance Act, 2022 and certain deferred tax liabilities recognized by the Group.

HTL's exceptional performance amidst continued volatility in the external environment would not have been possible without the dedicated and collaborative efforts of our People. They embody our values and are clearly a source of competitive advantage; an asset which we continue to invest in and nurture.

Our expansion in HTL Fuel Stations has given us a bigger muscle to circumvent our brand image and your company now has a higher appeal in terms of value recognition in Pakistan. During the year, Oil and Gas Regulatory Authority (OGRA) has enhanced the limit of HTL Fuel Stations from twenty-six to fifty-two in the Province of Punjab on the basis of successful expansion of Sahiwal Oil Storage Facility. Currently, the Company has twenty-seven dealer operated fuel stations in Punjab Province. Furthermore, the Company has successfully completed its second Oil Storage Facility located at Nowshera, Khyber Pakhtunkhwa Province and received satisfactory completion acknowledgment from OGRA. It will further allow the Company to operate thirty-five HTL Fuel Stations in Khyber Pakhtunkhwa Province once all regulatory requirements are met.

Hi-Tech Blending (Private) Limited (HTBL) wholly owned subsidiary company continued its impressive growth in revenues and product portfolio. Moving on its strategical path, HTBL is in the process of expanding blending facilities and entering into plastic packaging industry to diversify its operations. As HTBL is involved in the production of plastic bottles for its own needs since 2016 and has attained substantial experience in extrusion blow molding and injection molding. Therefore, decided to produce plastic products for external customers and third parties. HTBL has been approached by potential large scale users of plastics for supply of specially designed items to meet their varied specific needs and company has entered in to various contracts.

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

This year, Hi-Tech Lubricants Limited won the Second Prize for 'Living the Global Compact Best Practices Sustainability Award 2021', in the category of National Companies, at award ceremony hosted by UN Global Compact Network Pakistan and also achieved Fourth Position in Best Corporate & Sustainability Report Award 2021 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).

I would like to express my sincere appreciation to our Chairman of Board and all Board members especially Executive Director Mr. Ali Hassan for their invaluable guidance and support, our stakeholders for their confidence in us and our team for their unfettered commitment that has enabled us to achieve all that we have. I am confident that HTL is well positioned for the future and looking forward to another year of new opportunities, growth and Delivering Enduring Value.



HASSAN TAHIR
Chief Executive Officer



COMPANY PROFILE

Hi-Tech Lubricants Limited (HTL or the Company) has been marketing lubricants in Pakistan for the last 25 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 Jammu and Kashmir and Gilgit Baltistan. Over 300 distribution vans are committed to providing door-to-door delivery for customers.

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

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

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

PRINCIPLE BUSINESS ACTIVITIES OF THE COMPANY

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

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

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

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

KEY MARKETS

ZIC LUBRICANTS

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

Majority of Company's revenue is generated in the Punjab province. In 2021, for the purpose of tapping foreign markets, the Company has entered into a Non-Exclusive Distribution Agreement with M/S Osman Ghani Limited (an Afghanistan based company) for export of locally blended ZIC Brand products.

HTL EXPRESS CENTERS

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

PETROLEUM PRODUCTS

The Company successfully running its petroleum segment operations under its brand name HTL Fuel Stations in Punjab Province. Currently, the Company has twenty-seven dealer operated fuel stations. City wise detail of these fuel stations is stated below:

CITY NAME	NUMBER OF HTL FUEL STATIONS
Lahore	3
Multan	3
Lalian	1
Faisalabad	1
Hasilpur	1
Jhang	2
Gujranwala	4
Arifwala	1
Wazirabad	1
Lalamusa	1
Okara	3
Chakwal	1
Bahawalpur	1
Rahim Yar Khan	1
Dera Ghazi Khan	1
Rawalpindi	1
Islamabad	1
Total	27



KEY BRANDS & **PRODUCT & 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.





X1-20W-50
(Economy)



X3-15W-40
(Classic)



X5-20W-50
(Synthetic)



TOP-0W-40
(Fully Synthetic)



X9-5W-40
(Fully Synthetic)



X7-0W-30
(Fully Synthetic)



X7-0W-20
(Fully Synthetic)



X7-5W-20
(Fully Synthetic)



X7-10W-40
(Fully Synthetic)



GASOLINE ENGINE OILS (GEO)

ZIC Synthetic Oil is based on Very High Viscosity Index (VHVI) technology offering various grades (issued by SAE). Fully Synthetic Oil provides superior engine protection and is also fuel efficient. ZIC Gasoline Engine Oil is used for vehicles working on Petrol, LPG, and CNG. In Gasoline Engine Oil, ZIC offers a wide series such as ZIC Top, X9, X7, X5, 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.

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.



M1-20W-50



M3-20W-50



M9-10W-40



M7-10W-40



M5-10W-50



M5-20W-40

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.



X1000-50 (CF/SF)
(Economy)

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 VHV technology resulting in engine protection, long oil change intervals and fuel efficiency.



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



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



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



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



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



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



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

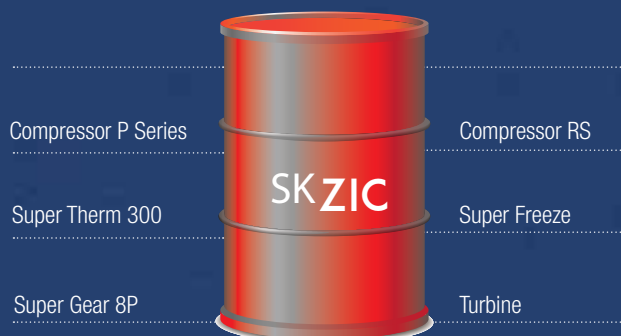


X3000-SAE-50 (CF/SF)
(Classic)

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

- 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.





HTL EXPRESS CENTERS (FRANCHISE MODEL)

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. In 2021, the Company has changed its strategy and adopted franchise model for HTL Express Centers. Currently, the Company has given eight HTL Express Center franchises in three different cities. i.e. Four in Lahore, three in Karachi and one in Rawalpindi.



HTL FUEL STATIONS

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

The Company is successfully doing marketing and sale of petroleum products through HTL Fuel Stations (dealer operated) in the Province of Punjab. Currently, the Company has twenty-seven dealer operated fuel stations, however, soon this number will increase as Oil and Gas Regulatory Authority (OGRA) has enhanced the limit of HTL Fuel stations from twenty-six to fifty-two during the year.

Furthermore, the Company has successfully completed its second Oil Storage Facility located at Nowshera, Khyber Pakhtunkhwa Province and received satisfactory completion acknowledgment from OGRA. It will further allow the Company to operate thirty-five HTL Fuel Stations in Khyber Pakhtunkhwa Province once all regulatory requirements are met.

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 (PRIVATE) LIMITED**

WHOLLY OWNED SUBSIDIARY COMPANY

BLENDING PLANT

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





HI-TECH TESTING LABORATORY

TESTING LABORATORY

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







HI-TECH BOTTLING SECTION

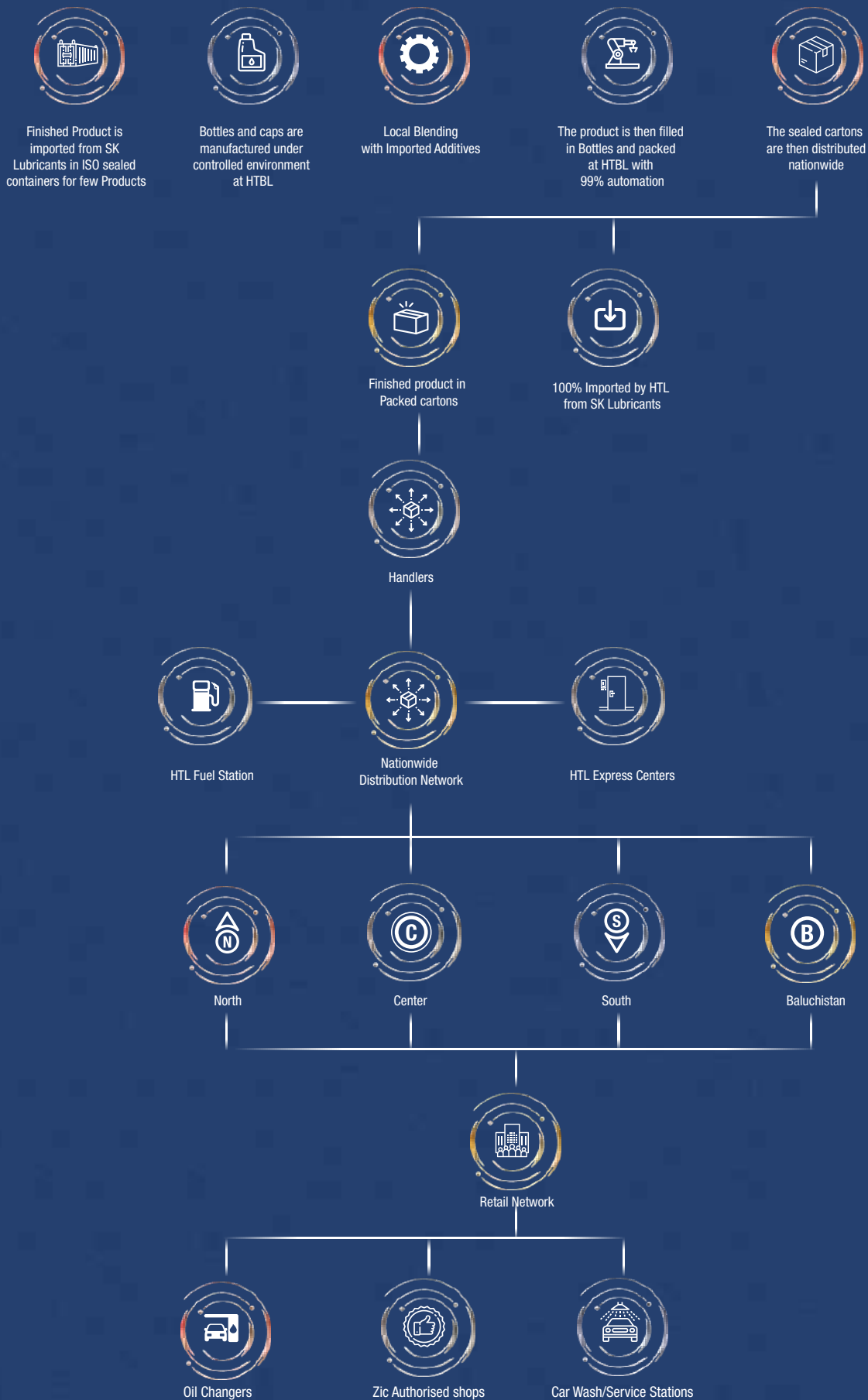
HTBL bottling section within blending plant facility is a specialized end-to-end bottle manufacturing unit, employing around 50 technicians who incorporate the highest international quality standards to produce flawless bottles and caps for ZIC. To eliminate any risk of contamination in the finished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

HTL (through HTBL) has been in the process of entering into plastic packaging industry by into the production of plastic products for external customers.

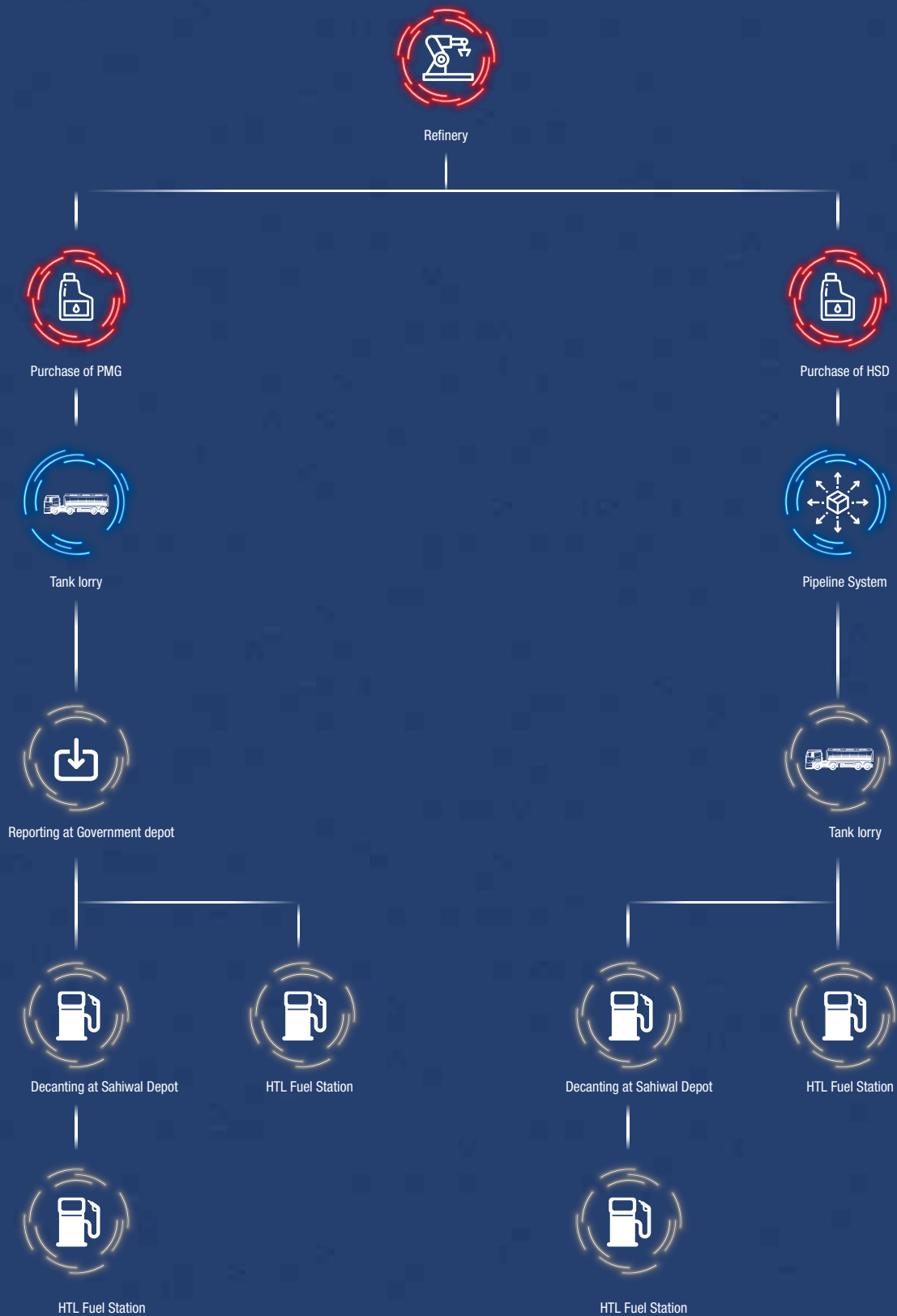


LUBRICANTS **SEGMENT VALUE CHAIN**

VIA HTBL



PETROLEUM SEGMENT VALUE CHAIN

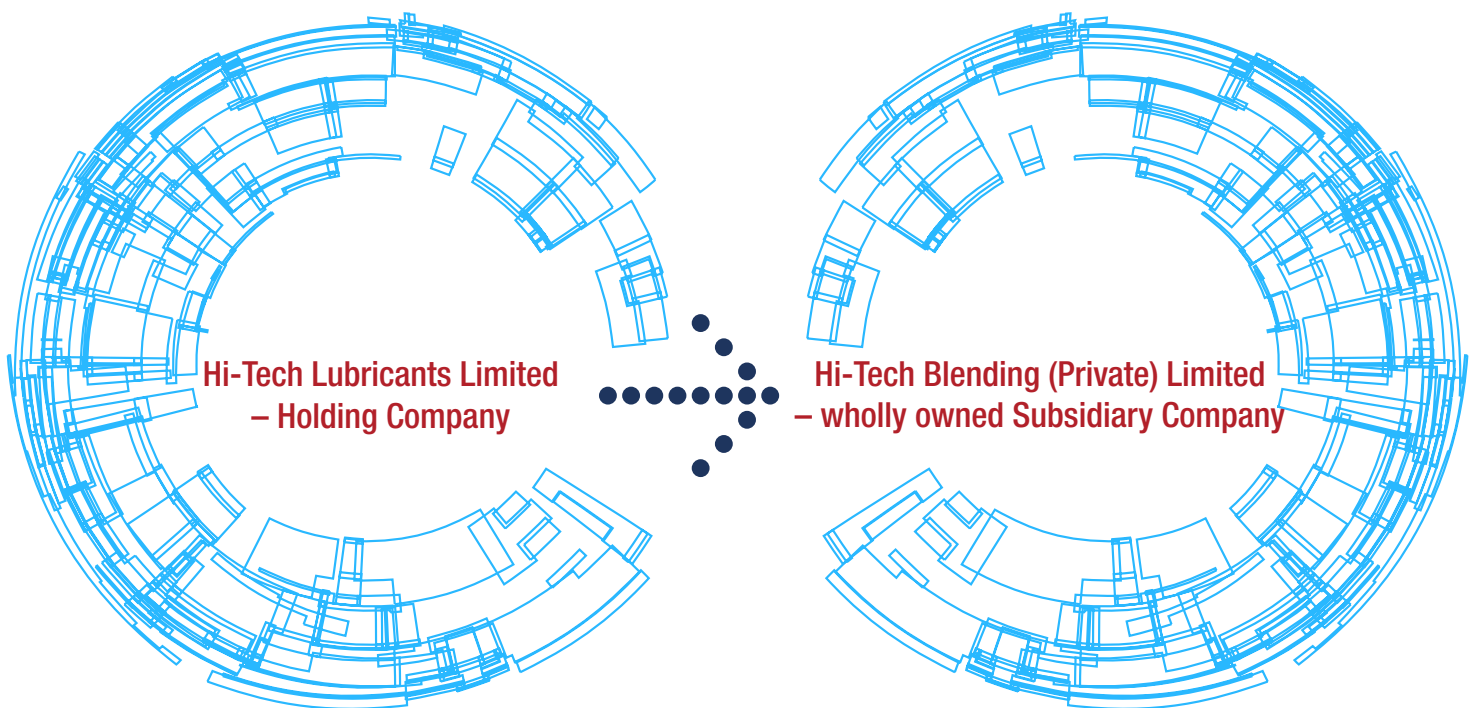


SIGNIFICANT CHANGE FROM PRIOR YEAR

- Oil & Gas Regulatory Authority (OGRA) has enhanced the limit of HTL Fuel Stations from twenty-six to fifty-two in the province of Punjab on the basis of successful expansion of Sahiwal oil storage facility.

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

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



Hi-Tec Lubricants Limited

Hi-Tech Lubricants Limited (HTL) is the holding company of Hi-Tech Blending (Private) Limited. In March 1997, HTL started its business as an Association of Persons (AOP) and 2011 it was first converted into private limited company and later on converted into a public unlisted company. In 2016, HTL finally got listed on Pakistan Stock Exchange. As at 30 June 2022, the market capitalization of HTLL is around Rupees 5.52 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 (HTBL) is a wholly owned subsidiary of HTL and was incorporated in Pakistan as a private Company limited by shares on 13 March 2014 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of the Company is to construct, own and operate oil blending plant.

2021

09-August-21

OGRA'S acknowledgement of satisfactory completion of Nowshera oil storage facility.

10-Sep-21

76th Board Meeting (BOD)

Approval of financial statements for the year ended 30 June 2021
Declaration of final cash dividend @ Rupees 2 per share i.e. 20%
Declaration of Bonus Shares @ 1 share for every 5 shares i.e. 20%

26-Oct-21

13th Annual General Meeting (AGM)
Approval of annual financial results by shareholders.
Approval of final cash dividend (D-10) by shareholders.
Approval of bonus share (B-1)
Election of directors
Reconstitution of committees of Board

77th Board Meeting

Approval of financial results for the first quarter ended 30 September 2021.

10-Nov-21

Electronic disbursement of final cash dividend (D10)

15-Nov-21

Oil and Gas Regulatory Authority (OGRA) has enhanced the limit of HTL Fuel stations from twenty-six to fifty-two in Punjab Province.

23-Nov-21

Issuance of bonus shares (B-1)

24-Nov-21

Corporate briefing session organized on the basis of annual financial results for the year ended 30 June 2021.

CALENDAR OF MAJOR EVENTS

13-Jan-22

Extension in provisional licences of OMC

18-Jan-22

Renewal of Lubricant Marketing License by OGRA

27-Jan-22

VIS revised outlook of assigned rating from 'Stable' to 'Positive'

18-Feb-22

78th Board Meeting

Approval of half yearly financial results for the period ended 31 December 2021.

Declaration of interim dividend (D11) of Rs. 1.80 per share i.e. 18%

Approval of budgets for the period started from 01 January 2022 to 30 June 2022.

Mr. Hyukjin Kwon (Nominee of Sk Lubricants Co. Ltd.) resigned and Mr. Sanghyuk Seo (Nominee of Sk Lubricants Co. Ltd.) was Co-Opted with effect from 18 February 2022.

14-Mar-22

Electronic disbursement of interim cash dividend (D11).

22-Apr-22

79th Board Meeting
Approval of financial results for the third quarter ended 31 March 2022.

2022

JOURNEY

1997 BUSINESS ESTABLISHED

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

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.

2010 ISO CERTIFICATION

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

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.

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.

2011 CONVERSION OF AOP INTO PUBLIC UNLISTED COMPANY

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

SO FAR

2013 INVESTMENT IN BLENDING PLANT

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

2014 IMPLEMENTATION ORACLE FINANCIAL AND BUSINESS INTELLIGENCE TOOLS

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

2016 TAKING HTL TO CAPITAL MARKETS

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

2017 COMMENCEMENT OF HTL EXPRESS CENTERS (RETAIL SERVICES)

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

2020 PETROLEUM SEGMENT OPERATIONS

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

2022 LIMIT ENHANCEMENT OF HTL FUEL STATIONS.

- Oil & Gas Regulatory Authority (OGRA) has enhanced the limit of HTL Fuel Stations from twenty-six to fifty-two in the province of Punjab on the basis of successful expansion of Sahiwal oil storage facility.
- Successfully implemented Oracle system in Hi-Tech Blending (Private) Limited wholly owned Subsidiary Company.

2021 ENTERANCE INTO PLASTIC PACKAGING INDUSTRY

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

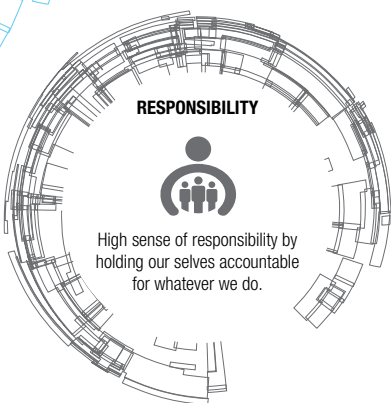
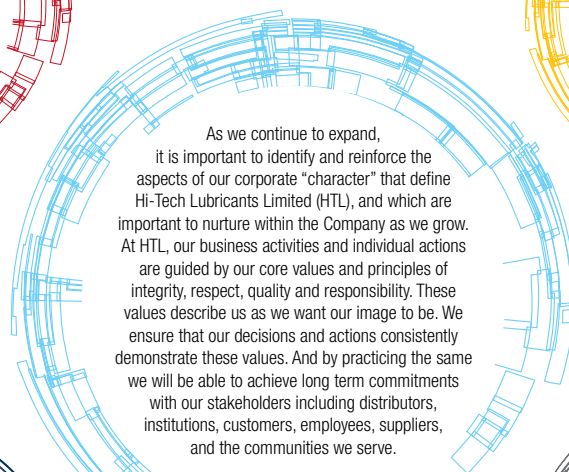
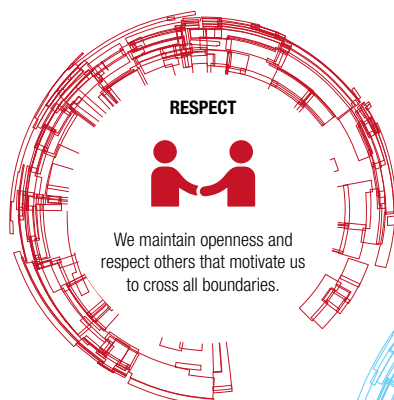
OUR VISION

Delivering high quality products and services for client satisfaction.

OUR MISSION

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

OUR CORPORATE CULTURE AND CORE VALUES



BUSINESS MODEL

KEY ELEMENTS

INPUT

- Nationwide geographical presence
- Sophisticated policies and procedures
- Skilled work force
- Continuing professional development
- Efficient treasury management
- Effective stakeholder engagements
- Strong supply chain quality assurance

BUSINESS ACTIVITIES

- Marketing and sales of lubricant products through nationwide distribution network as presented below:



- Marketing and sales of petroleum products to dealer operated HTL fuel stations.

OUTPUT

- Positive Brand Image (ZIC) and market reputation
- Best corporate governance and business practices
- Effective working capital management
- Maximum shareholder's return
- Stakeholders relationship and trust building
- Best CSR practices and ISO compliant operations
- Smooth and un-interrupted supply chain
- Premium quality products
- Customer satisfaction and brand Loyalty

CODE OF BUSINESS CONDUCT AND ETHICS

ETHICAL CONDUCT & PERSONAL MAINTENANCE

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

WORK ETHICS

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

HEALTH AND SAFETY

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

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

ANTI-BULLYING & ANTI-DISCRIMINATION

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

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

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

SEXUAL HARASSMENT AT WORKPLACE

“Sexual Harassment” means any unwelcome sexual advance, request for sexual favors or other verbal or written communication or physical conduct

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

ABUSE OF COMPANY RESOURCES

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

MEDIA & SOCIAL NETWORKING

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

CONFIDENTIALITY

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

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

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

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

CONFLICT OF INTEREST

“A conflict of interest arises when an individual's personal interest interferes or appears to interfere with the interests of the Company”. HTL ensure uniform



standards, honest working relationships and fair dealing to all customers, suppliers and partners in business.

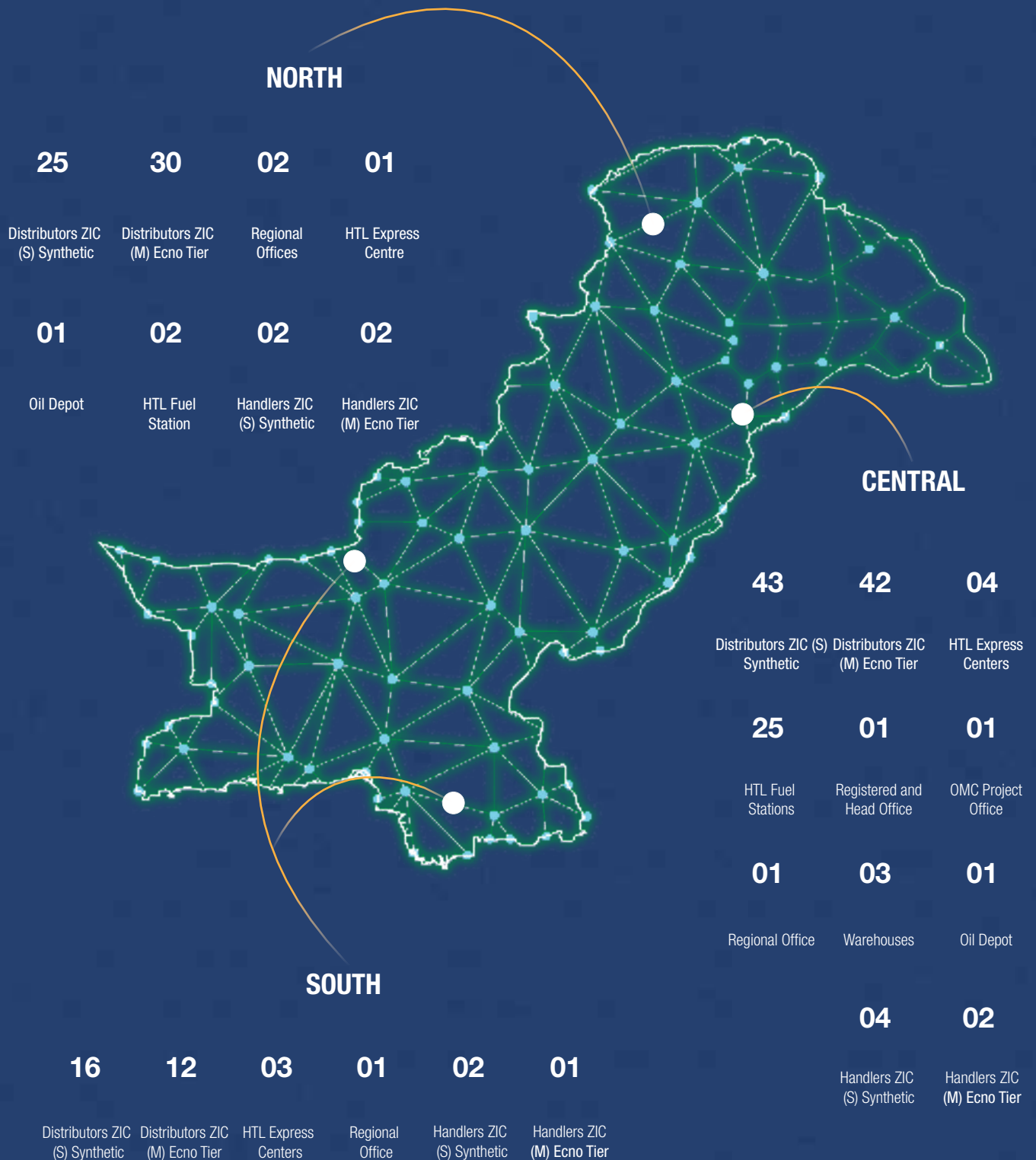
TRADE **REGULATIONS**

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

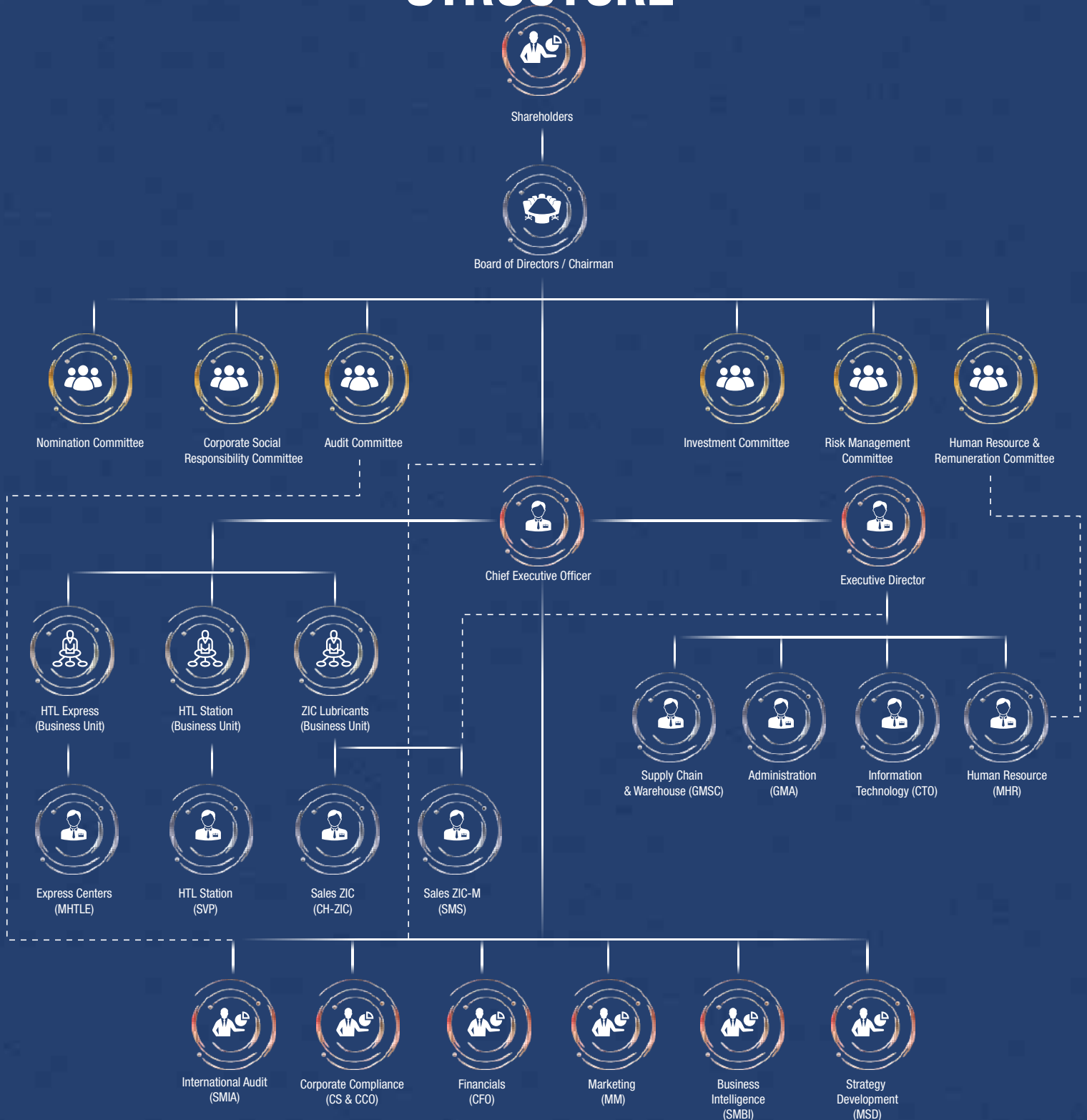
SOCIALLY **RESPONSIBLE BUSINESS**

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

GEOGRAPHICAL PRESENCE



ORGANIZATIONAL STRUCTURE



LEGEND

CFO: Chief Financial Officer
CS&CCO: Company Secretary and Chief Compliance Officer
CTO: Chief Technology Officer
CH: Country Head
SVP: Senior Vice President
SMS: Senior Manager Sales
GMSC: General Manager Supply Chain

SMIA: Senior Manager Internal Audit
MM: Manager Marketing
SMBI: Senior Manager Business Intelligence
MHR: Manager Human Resource
MHTLE: Manager HTL Express
MSD: SManager Strategy Development
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

Dr. Safdar Ali Butt
Non Executive Independent Director

Syed Asad Abbas Hussain
Non Executive Independent Director

Mr. Shafiq Ur Rehman
Non Executive Independent Director

Mr. Sanghyuk Seo (Nominee of SK Lubricants Co. Ltd.)
Non Executive 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
Soneri Bank Limited

STRATEGIC **DIRECTION**

Pylon

SK ZIC

SUPER
x7

1135

Diesel
x7000

1175



STRATEGIC DIRECTION

STRATEGIC OBJECTIVES

To support value creation for all of our stakeholders, HTL's business is focused on the delivery of following five strategic priorities, which aim to increase upon sustainable growth and cost efficiency. Everyone at HTL has a role to play in delivering these strategic priorities. To achieve these strategic objectives, the management carefully sets up strategies and plans.

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

REVENUE GROWTH

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

BRAND IMAGE

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

OPTIMIZATION OF SYSTEMS AND PROCESSES

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

SHAREHOLDERS' EQUITY

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

BUSINESS DIVERSIFICATION

Continuing with its commitment to develop profitable non-lubricant businesses, the Company is utilizing the IPO funds generated in 2016 for the development of infra-structure for HTL Fuel Stations to ensure long-term profitability of the Company by investing in related business streams in the automotive industry. The Company successfully operating its petroleum segment operations in the Punjab Province while operations in Khyber Pakhtunkhwa are almost near to start, subject to necessary approvals. Furthermore, through Hi-Tech Blending (Private) Limited – wholly owned subsidiary, HTL is in the process of entering into plastic industry through venturing into the production of plastic products for external customers.

COMPANY PERFORMANCE INDICATORS

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

FUTURE RELEVANCE

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

SHORT, MEDIUM, AND LONG TERM STRATEGIC OBJECTIVES

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

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

The Company is in the process of expanding HTBL plant's blending facilities to cater for the increasing demand of ZIC Lubricants. The plans to complete its expansion project in the short term.

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

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

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

IMPLEMENTATION PLAN

To best implement the overarching strategic direction, the Company has well defined management objectives in place, translating the short, medium, and long term strategic objectives into monthly targets which are communicated to all departments at the start of every calendar year. The targets are set at the beginning of every calendar year based upon two core factors: performance in the previous year, and current/expected dynamics of the market. These targets are mutually defined and agreed upon before being formalized in a plan that forms the backbone of all business decision making for the year. Against all targets, annual, quarter, and monthly KPIs are also defined to help monitor progress along the way, ensuring that prompt corrective measures are taken in case of deviation from the set targets. On an annual basis, these KPIs are revised to better reflect the changing needs of all stakeholders and the evolving nature of the business, and such revisions are promptly communicated to key personnel. These targets and KPIs are continuously

monitored on a monthly basis, and any discrepancies are dealt with in a swift manner to ensure compliance with quarterly targets. On a quarterly basis, the Company has a strict performance review conducted by the top management, whereby managers of each department present their results for the quarter, clearly showcasing their achievements in the quarter against pre-defined targets.



RESOURCE ALLOCATION

FINANCIAL CAPITAL

LIQUIDITY AND CASH FLOW MANAGEMENT ANALYSIS

Effective resource and working capital management with following key highlights:

- a) More than 90% advance collection from customers;
- b) Channel financing for distributors and dealers from financial institutions;
- c) Efficient inventory management with forecasting;
- d) Budgeted cash inflows and out flow with daily monthly, quarterly and yearly planning; and
- e) Timely negotiations with financial institutions for external financing and opportunity planning.

Budgeting and planning department works under the direct supervision of CFO of the Company.

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

STRATEGIES TO OVERCOME THE LIQUIDITY PROBLEMS INCLUDING FINANCING ARRANGEMENTS

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

CAPITAL STRUCTURE OF THE COMPANY

Debt: Equity ratio has been increased from 17.19 to 28.71. The increase in gearing ratio is mainly due to increase in short term borrowings in line with the increase in inventory. 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' with positive outlook assigned by JCR-VIS Credit Rating Company. Assigned rating depicts good credit quality with adequate protection factors. Further, risk factors may vary with possible changes. Moreover, there is good certainty of timely payment

coupled with sound company fundamental and liquidity factors.

HUMAN CAPITAL

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

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

MANUFACTURED CAPITAL

HTL has necessary oil storage depot for HTL Fuel Stations in Punjab Province located at Sahiwal. Furthermore, HTL has competed successfully its Oil Storage Facility located in Nowshera, Khyber Pakhtunkhwa Province. For ZIC lubricants storage, HTL has three warehouses in Lahore and one in Karachi.

INFORMATION TECHNOLOGY CAPITAL

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

INTELLECTUAL CAPITAL

Hi-Tech Lubricants Limited (HTL); Company behind ZIC, is a Public Limited Company and is one of the leading synthetic engine and machinery lubricant marketing company of Pakistan which boasts a sizeable market share in lubricants market. HTL Lube division product portfolio is under the brand name of "ZIC". HTL stepped in to the retail service industry in 2017 with the initiation of Complete Vehicle care under one roof. In 2021, the Company has adopted franchise model for HTL Express Centers. These car care centers under the brand name HTL Express Centers are state of the art retail outlets with a multitude of world class quality standards for vehicle maintenance, offering complete car care services from oil change to under chassis, batteries, tires etc. HTL has also ventured in Oil Marketing sector under the brand name HTL Fuel Stations and invested in Oracle Financial Module to support its operations.

STRATEGY FOR LIQUIDITY MANAGEMENT

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities. As at 30 June 2022, the Company had Rupees 1,306 million available borrowing limits from financial institutions and Rupees 657 million cash and bank balances. Management believes the liquidity risk to be low based on following available facilities:

Description	Non-funded	Funded
	Rupees	Rupees
Total facilities	1,052,503,435	2,847,496,565
Utilized at the end of the year	735,469,868	1,541,715,344
Un-utilized at the end of the year	317,033,567	1,305,781,221



SIGNIFICANT PLANS AND DECISIONS

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

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

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

During the year ended 30 June 2017, OGRA granted license to the Company to establish an Oil Marketing Company (OMC), subject to some conditions. During the year ended 30 June 2018, with reference to OMC Project of the Company, Oil and Gas Regulatory Authority (OGRA) has granted permission to proceed to apply/acquire No

Objection Certificates (NOCs) from concerned departments including District Coordination Officer (DCO) for setting up of upto 26 retail outlets in Punjab Province with instructions that retail sales through petrol pumps can only be started after completion of necessary Storage Infrastructure, 3rd Party Inspector Report confirming that storage/depot meets OGRA's notified Technical Standards and OGRA's approval. During the year ended 30 June 2018, the Company completed its oil storage site at Sahiwal. The Company also purchased land in Nowshera for oil storage site under OMC project.

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

During the year ended on 30 June 2020, the Company started its OMC operations and expediently worked on completion of its Nowshera oil storage. During the year ended 30 June 2021, Company has completed its oil storage at Nowshera. On August 2021, OGRA has acknowledged the satisfactory completion of Nowshera oil storage based on third party inspection report. During the year, after successful expansion of Sahiwal Oil Storage Facility, OGRA has enhanced the limit of petrol pumps from twenty-six to fifty-two in the Province of Punjab. Currently, the Company has eight operational HTL Express Centers, four in Lahore, three in Karachi and one in Rawalpindi. Further, the Company has twenty-seven retail outlets operational for sale of petroleum products as on 30 June 2022

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

The forward-looking statement and the future outlook are covered in the Directors Report under the heading "Future Outlook".

PROJECTIONS ABOUT KNOWN TRENDS AND UNCERTAINTIES

The commodity super cycle, which started last year post pandemic, continues to persist. This has been further aggravated by the ongoing Russia-Ukraine conflict resulting in continuous volatility in commodity prices particularly petroleum products and lubricants, which has significantly increased cost of sales.

On the local front, rising interest rates coupled with higher inflation have severely affected the purchasing power which will impact the demand in the short term. Moreover, Pak Rupee depreciation along with inflation will put stress on Company's margins.

HTL's strong financial position will continue to support its vision to improve its operational efficiencies, make new investments and enhance shareholder value. By making investments in local expansions, your company continues to exploit and benefit from opportunities to create value for its shareholders.

EXPLANATION OF EXTERNAL ENVIRONMENT THAT IS LIKELY TO BE FACED AND HOW IT WILL AFFECT THE ORGANIZATION

EXTERNAL ENVIRONMENT	IMPROVEMENT	IMPACT ON THE ORGANISATION
Political	Domestic political situation	Improvement in political situation will result in formation of long-term policies by the Government which will result in increase in economic activities which in turn put positive impact on revenue side of the Company.
	Conflict between Russia and Ukraine	In the event of a timely settlement between Russia and Ukraine, the Company anticipates the reduction in petroleum products prices, it will be benefited for the Company.
Economic	Easing of fiscal and monetary measures.	It will reduce the finance cost of the Company.
Social	Increase in Social upliftment, public welfare and infrastructure development projects.	Increase in demand of both lubricants and petroleum products of the Company. As a socially responsible corporate entity, HTL will remain committed to making efforts for environment conservation, education, women empowerment, and health initiatives.
Technological	Technological advancements and adoption of digital tools for business	The Company has regularly invested in technological upgrades. The adoption of new technologies result in efficiencies, cost savings and risks mitigation. The Company remains proactive in adapting to new technological changes.
Environmental	Impact of Climate change, global warming, pollution and environmental degradation etc.	The environment impacts the Company like all other persons. The Company takes various steps to protect the environment including compliance with applicable environment standards.
Legal	Deregulation of OMC sector	Improvement in profitability of the OMC segment of the Company.

SOURCES OF INFORMATION AND ASSUMPTIONS USED FOR PROJECTIONS / FORECASTS

The future projections and forecasts are made by making certain assumptions, keeping in mind the macroeconomic conditions, historical trends, and prospective developments. The external information, such as macroeconomic factors, market dynamics, etc. is obtained through various publications and forums, such as State Bank of Pakistan, Government of Pakistan Finance Division Economic Advisor's wing etc.

On the other hand, internal information is obtained through a collaborative effort of various departments within the Company. The management carries out a corporate planning activity to forecast future revenues and trends for the Company while considering the market dynamics, demand/ supply situation, seasonal variations, and international oil prices. To make future projections, the management makes use of their best judgment and estimates. Whereas, the Board critically analyzes the budgets and forecasts while devising new projects of expansion and diversification.

STATUS OF CAPITAL PROJECTS

The Company steadily expanding its petroleum segment operations. Currently, the Company has twenty-seven dealer operated HTL Fuel Stations in Punjab Province. The Company has successfully completed the expansion of Sahiwal oil storage due to this OGRA has enhanced HTL Fuel Stations limit from twenty-six to fifty-two in the province of Punjab. On the other hand, OGRA has acknowledged the satisfactory completion of Nowshera oil storage based on third party inspection report.

Hi-Tech Blending (Private) Limited is in the process of expanding its blending facilities and entering into plastic packaging industry. HTBL has been approached by potential large scale users of plastic bottles for supply of specially designed plastic bottles to meet their varied specific needs and the company is in the process of finalizing these arrangements.

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

Matter reported in forward looking statement	Actual performance
Investment in machinery and equipment	HTBL wholly owned subsidiary company is in the process of expansion of its blending facilities.
Investment in oil storage facilities	Expansion of Sahiwal oil storage facility has been successfully completed, and due to this OGRA has enhanced the limit of HTL Fuel Stations from twenty-six to fifty-two during the year. OGRA has acknowledged the satisfactory completion of Nowshera oil storage based on third party inspection report.

ABILITY OF COMPANY TO RESPOND TO THE CRITICAL CHALLENGES

HTL's strong financial position puts it in a position to respond to critical challenges, support its Vision to improve operational efficiencies make new investments and enhance shareholders' value. The Company has put systems in place to identify the challenges and to capitalize on the opportunities. The Company remain proactive in developing strategies for risks mitigation and continues to upgrade technologies and the technical skills of its human resources to remain able to respond to ever-evolving new challenges.





CORPORATE GOVERNANCE

The aim of our leadership is to ensure transparency and accountability in all of our practices. We strive to conquer every challenge in the industry under the mentorship of our management to achieve the position of a market leader.

ZIC X7000



PROFILES 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 LCCL, 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. Director at Gulf Rubber Works (Pvt.) 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., Haut Buys (Pvt.) Ltd. and Haut Notch (Pvt.) Ltd. He is also a Partner of MAS Services and Trustee of HTL EPF Trust, HTBL EPF Trust, MAS Associates EPF Trust, MAS Services EPF Trust and Sabra Hamida Trust.



MR. MUHAMMAD ALI HASSAN

Executive Director

Mr. Muhammad Ali Hassan holds a bachelor degree in Marketing and HR from Sydney University, Australia. Mr. Muhammad 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., MAS Infosoft (Pvt.) Ltd. and is a partner of MAS Services and ANALI. 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., Director of MAS Infosoft (Pvt.) Ltd. Haut Buys (Pvt.) Ltd. and Haut Notch (Pvt.) Ltd. He is also acting as a Trustee of HTL EPF Trust, MAS Associates EPF Trust and Sabra Hamida Trust.



MR. FARAZ AKHTAR ZAIDI

Non Executive Director

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

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

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



MS. MAVIRA TAHIR

Non Executive Director

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

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



MR. SANGHYUK SEO

(NOMINEE OF SK LUBRICANTS CO. LTD.)

Non Executive Director

Mr. Sanghyuk Seo has over 20 years of experience in base oil and lubricants industry and is currently the team leader of global lubricants business and e-Fluids Development in SK Lubricants.

Starting his career as a ZIC Marketing Manager for Russia and CIS countries, experienced various lubricant businesses such as a global OEM, marine lubricants, and new market developments.

In 2010, he moved to United States and worked for SK base oil marketing for 5 years, then returned to Korea and played role of leader in various teams such as base oil business strategy, JV Co. management, business development, HBO marketing, lubricants global marketing and B2B lubricants.

Mr. Sanghyuk Seo holds a Bachelor of humanities and business administration from Kyungpook National University.



MR. SHAFIQ UR REHMAN

Non Executive Independent Director

Mr. Shafiq ur Rehman has over 35 years of experience in Industry, Banking, Education and Energy sectors at Management/Board level and in Advisory/consulting.

He is a Chartered Accountant since 1991 and a fellow member of Institute of Chartered Accountants of Pakistan. He is also qualified as Corporate Secretary since 1986 from the Institute of Corporate Secretaries of Pakistan. He completed Bachelors in Commerce (Honors) in 1979 from the University of Peshawar.

He is listed on the (i) panel of Certified Directors with the PICG, (ii) approved panel of Experts for Provisional Manager and Official Liquidator with SECP and (iii) approved panel of Insolvency Experts under the Corporate Rehabilitation Regulations 2019 with SECP. He is also certified Independent Director from ICAP and also member of Punjab Vocational Training Council.

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



DR. SAFDAR ALI BUTT

Non Executive 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 the chairman of Pak Agro Packaging Ltd., the first company listed on the GEM Board of PSX, and engaged in manufacture of agricultural support products. Dr. Butt is also engaged in Ujala Education Foundation.

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



MR. SYED ASAD HUSSAIN

Non Executive Independent Director

Entrepreneur, Philanthropist and Investor.

Co-Founder and CEO at Retail Direct Group, Incorporating Five Tech, Retail Direct, Shop Retail Direct, Laptop Outlet, UK E-Shop's Asus, Oppo and Fredo's LDN.

Born and educated in the United Kingdom, Asad has over 25 years' experience within the Global IT Sector, working with Brands such as Intel, Microsoft, Oppo, Lenovo, Asus and specializing in E-Commerce, Supply Chain and IT Managed Services.

Group Employ over 150 staff, have offices in United Kingdom, Bulgaria and Pakistan, with forecasted fiscal turnover for year ending 2023 in excess of \$100 Million.

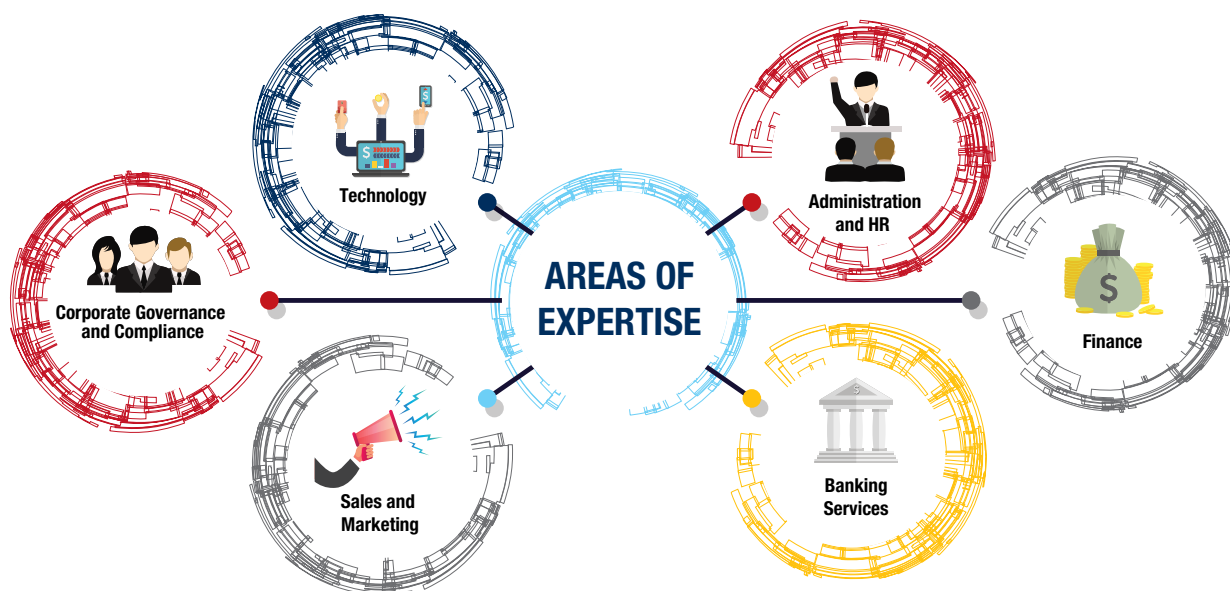
Holds the position of SVP with JumpStart Pakistan, Lift Pakistan, an Entrepreneurial Organisation whose ultimate vision is to create a national robust sustainable eco system of enterprise.

Previous held position of Senior Vice President for The UK Pakistan Chamber of Commerce.

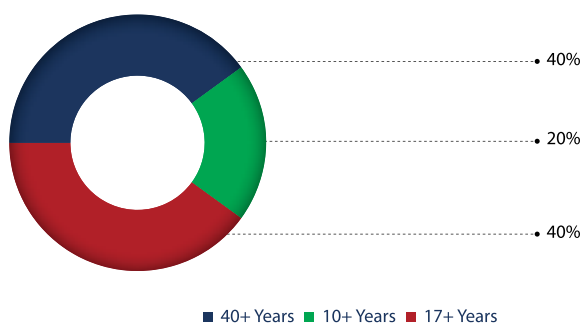
Founder and Trustee of Firdous Academy, a free school for special needs children, providing them with education and vocational activities, located in Dina Punjab.

BOARD'S PROFILE

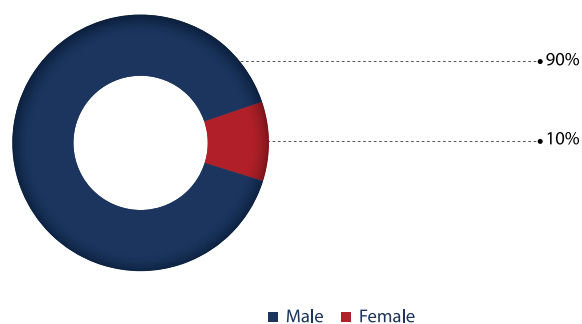
AREAS OF EXPERTISE



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**

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

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

FORMAL ORIENTATION AT **INDUCTION**

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

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

No Board meeting of HTL's Directors was held outside Pakistan during the year ended 30 June 2022.

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 13th Annual General Meeting (AGM) to answer the questions of the shareholders on audit committee's activities and matters within the scope of the audit committee's responsibilities.

STATEMENT ON **MANAGEMENT RESPONSIBILITY**

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



CHAIRMAN'S REVIEW

Dear Stakeholders,

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

Fiscal year 2021-22 started with positive prospects as the growth supportive policies increased aggregate demand in the economy. Unfortunately, in what has become a structural problem for the economy, the accelerated growth resulted in balance of payments pressure and the external sector vulnerabilities resurfaced. The structural characteristics of balance of payments constrained growth along with a global surge in commodity prices, mainly on account of geopolitical uncertainty arising out of the Russia – Ukraine conflict, manifested in the highest ever import surge. These developments led to fiscal and monetary policy responses aimed at reducing growth in aggregate demand to help attain external sector sustainability. CPI inflation rose to 11.3% that led the State Bank of Pakistan (SBP) to raise the policy rate to 15 percent as part of monetary tightening which has been underway since September 2021 to tame the rising inflation. The Federal Government has also increased the income taxes on select corporate sectors through the Federal Budget 2022-23 to fill the fiscal gap.

Apart from the aforesaid challenges, Pakistan's economy posted a robust GDP growth of 5.97% for the fiscal year 2021-22. Exports grew strongly on account of policy support including export facilitation scheme, enhancement in coverage and loan limits under LTFF, and tariff rationalization in certain sectors. Tax collection by the Federal Board of Revenue also recorded substantial growth of 29% during fiscal year 2021-22.

With the grace of Allah Almighty, in spite of economic challenges, on unconsolidated basis Hi-Tech Lubricants Limited (the Company or HTL) managed to make record net sales of Rupees 17,739 million and attained profit after tax of Rupees 738 million, up by 104% as compared to Rupees 361 million during the corresponding year. Unconsolidated earnings per share increased to Rupees 5.30 as compared to Rupees 2.60 during the corresponding year. Furthermore, first dividend of Rupees 260 million has been received

from Hi-Tech Blending (Private) Limited – wholly owned subsidiary which itself an achievement.

On consolidated basis, your Group attained profit after tax of Rupees 617 million, down by 10% as compared to Rupees 684 million during the corresponding year. The decrease in profit is mainly due to tax expense impact of Rupees 600 million, up by 363% as compared to Rupees 130 million during the corresponding year. The increase in tax is a combination of increases in the rates of taxation (including "super tax") as well as deferred tax liabilities that been recognized by the Company.

Higher inflation and rupee depreciation continued to exert significant pressure on the overall economy. The Group's strategy remained to boost margins by improving quality of products, achieving operational efficiencies and expanding the product base to realize economy of scales and optimizing the production capacity. Moving on its strategical path, the Group is in the process of expanding its blending facilities and entering into plastic packaging industry to diversify its operations.

During the year, Oil and Gas Regulatory Authority (OGRA) has enhanced the limit of HTL Fuel Stations from twenty-six to fifty-two in the Province of Punjab on the basis of successful expansion of Sahiwal Oil Storage Facility. Currently, the Company has 27 dealer operated fuel stations in Punjab Province. Furthermore, the Company has successfully completed its second Oil Storage Facility located at Nowshera, Khyber Pakhtunkhwa Province and received satisfactory completion acknowledgment from OGRA. It will further allow the Company to operate thirty-five HTL Fuel Stations in Khyber Pakhtunkhwa Province once all regulatory requirements are met.

BOARD'S OVERALL PERFORMANCE

The Company complies with all the requirements set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to the composition, procedures and meetings of the Board of Directors (the Board) and its committees. Pursuant to requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2019, an external annual evaluation of the performance of the Board is conducted.

The main objective of this exercise is to evaluate the performance of the Board and its Committees in order to oversee management and to play an effective role as a coordinated team for the success of the Company. Strategic goals for the management have been earmarked for the coming year and the Board's effectiveness is measured in the context of achievement of such objectives. Accordingly, the external evaluator has completed annual evaluation of the Board for the year 2022 and I am pleased to report that the overall performance benchmarked on the basis of criteria set for the year 2022, remained satisfactory. Such assessment was based on standards set by the Board in line with best corporate governance practices.

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

RISK MANAGEMENT

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

DIVIDEND ANNOUNCEMENT

To pass on the benefit of increased profitability to the shareholders, the Board has recommended a final cash dividend of Rupees 2/- per share, in addition to the interim cash dividend of Rupees 1.80 (18%) per share.

END NOTE

The economic outlook is surrounded by global and domestic uncertainties. Geopolitical tensions remain unabated, worldwide inflation remains high, interest rates

show tendencies to rise, and the US dollar strengthens. Pakistan's external environment is therefore facing increasing challenges. Domestically, the Government has taken necessary measures to comply with IMF requirements. These have further increased inflation, but also have the positive effect of alleviating the external financing constraints. Recent floods caused by abnormally heavy monsoon rains has adversely affected important and minor crops which may impact the economic outlook through agriculture performance.

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



SHAUKAT HASSAN

Chairman



SALIENT FEATURES OF TOR'S OF BOARD COMMITTEES

SALIENT FEATURES OF TOR'S

AUDIT COMMITTEE OF THE BOARD

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

HUMAN RESOURCES & REMUNERATION COMMITTEE OF THE BOARD

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

and all other related documents, and apprising the Board there-on.

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

INVESTMENT COMMITTEE OF THE BOARD

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

RISK MANAGEMENT COMMITTEE OF THE BOARD

- Monitoring and review of all material controls (financial, operational, compliance);
- Risk mitigation measures are robust and integrity of financial information is ensured;
- Appropriate extent of disclosure of company's risk framework and internal control system in Directors' report.
- Recommend the risk profile and risk appetite for the Company for approval by the Board;
- Recommend the Governance and Risk Management Policy for approval by the Board;
- Recommend to the Board and oversee the process developed by management to identify principal risks, evaluate their potential impact, and implement appropriate systems to manage such risks;
- Make recommendations to the Board as to the exposure limits and risk-taking authority to be delegated by the Board, to the CEO and executive management;
- Receive reports from management concerning the risk implications of new and emerging risks, organizational change and major initiatives, in order to monitor them;
- With respect to specific categories of risk, review, from time to time, principles, policies, limits, standards, guidelines, management committee mandates and other significant procedures established by management;
- Review issues raised by the CEO, Executive Director, Chief Financial

Officer, External Auditors, Company Secretary or Internal Auditors that impact the risk management framework or the Group's risk management;

- Review and make recommendations to the Board on draft statutory statements covering governance and risk management issues in accordance with the requirements of regulators; and
- Direct any special investigations deemed necessary, and engage and consult independent experts where considered necessary or desirable to carry out its duties and rely on the advice of such experts.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE OF THE BOARD

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

NOMINATION COMMITTEE OF THE BOARD

The nomination committee shall be responsible for:

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



COMPANY POLICIES

CORPORATE SOCIAL RESPONSIBILITY

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

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

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

TRANSACTIONS WITH RELATED PARTY

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

SAFETY OF RECORDS

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

CONFLICT OF INTEREST

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

SECURITY CLEARANCE OF FOREIGN DIRECTORS

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

INFORMATION TECHNOLOGY (IT) GOVERNANCE

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

IT governance policy includes following key aspects:

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

WHISTLE BLOWING

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

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

DIVERSITY

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

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

COMMUNICATION

The Board of Directors of HTL has defined and implemented Communication Policy while considering the fact that Clear, Correct, Complete, Concrete, Concise, Considered and Courteous communication (7-Cs of Communication) are essential for positive, and effective internal communication and for a productive and satisfying work environment, which is also one of the extremely critical elements of creating a successful and highly engaged organization.

This Communication Policy of HTL also contains

1. Role of Board of Directors;
2. Policy Scope, Intentions and Objectives
3. Principles of Communication and Communication Systems
4. Procedures and Methods of Communication
5. Roles and Responsibilities of Executive and Senior Managements

DISCLOSURE

The Board of Directors of HTL has defined and implemented Disclosure Policy while considering the fact that public access to information is a key component of effective engagement with all of its stakeholders in the fulfilment of its mandate. The Board believes that its obligation to promptly make disclosure of any Material / Share Price Sensitive Information to the corporate regulatory bodies, stakeholders, shareholders, and the general public should be fulfilled expeditiously and on timely basis.

This Disclosure Policy of HTL also contains

1. Role of Board of Directors;
2. Role of CEO/ ED/ CS
3. Policy Purposes and Objectives
4. Policy Scope and Basis Principles of Disclosures
5. Standards and Methods of Disclosures
6. Framework for Disclosures and Handling of Material Information
7. Quiet and Close Periods
8. Financial Forecasts and Future Predictions

9. Responses to Third Party Financial Forecasts and Market Rumors
10. Avoidance of un-authorized representations on behalf of HTL
11. Confidentiality of Insider Information
12. Responsible Individual Behaviour
13. Compliance to applicable laws and regulations

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 Shakra-e- Faisal, Karachi-74400 OR at info@cdcpak.com.pk OR at 021 111 111 500;

- Alternatively, Investors of HTL may also contact either calling at HTL's landline at 042 111 645 642 or by emailing at info@masgroup.org
- All the Queries/Complaints/Grievances of Investors of Company's received either by CDC-Share Registrar or at HTL's registered office are responded timely, handled on priority basis and resolved within the timelines specified in the Company's Policy.

HUMAN RESOURCE

HIRING

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

EMPLOYEE HEALTH & MATERNITY

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

LEARNING & DEVELOPMENT

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

- High standards of work performance
- Greater understanding and appreciation of factors affecting work performance
- Sharing ideas and dissemination of good practice
- Effective management and implementation of change

- Building strong and effective teams
- Increased motivation and job satisfaction for individuals
- Professional development

JOB ROTATION

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

The policy mainly focuses upon achieving the following:

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

PERFORMANCE MANAGEMENT

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

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

SUCCESSION PLANNING

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

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



INFORMATION TECHNOLOGY GOVERNANCE AND CYBER SECURITY

STATEMENT ON THE EVALUATION AND ENFORCEMENT OF LEGAL AND REGULATORY IMPLICATIONS OF CYBER RISKS

As part of its evaluation of all risks facing the business, the Board has also evaluated the cyber risks and enforcement of legal and regulatory implications in case of any breaches. The Company has taken sufficient measures to ensure its network security and has implemented stringent controls to protect its data privacy, the Board has not rated the cyber risks at a high level.

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

IT governance policy includes following key aspects:

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

IT GOVERNANCE AND CYBER SECURITY PROGRAMS

The Company has developed detailed information security policies, procedures and control framework which are benchmarked with high-level global standard for information security.

CYBERSECURITY AND BOARD'S RISK OVERSIGHT

Board oversees investment and risk regarding IT and cybersecurity through Investment Committee (IC) and Risk Management Committee (RMC) respectively. The budgets and capex for Network upgradation and strengthening cyber security are approved by the Board, after detailed presentation by the management. The objective of Information Security is to ensure continuity of business of the Company and minimize business damage by preventing and limiting the impact of security incidents

COMPANY'S CONTROLS ABOUT EARLY WARNING SYSTEM

BCompany has implemented adequate controls and procedures about early warning systems. In this regard, Incident Management policies and procedures are in place.

POLICY RELATED TO INDEPENDENT SECURITY ASSESSMENT OF TECHNOLOGY ENVIRONMENT

As a policy, in addition to the in-house audits and reviews, regular third party assessments and reviews of technology environment and networks are carried out to ensure that adequate controls are in place to address the cyber security risks and to evaluate the overall Company readiness regarding security incidents. Furthermore, vulnerability assessments are carried out on regular basis.

CONTINGENCY AND DISASTER RECOVERY PLAN

The Company has an updated Disaster Recovery plan in place for the continuity of Company's business and operations in case of any extra ordinary circumstances. The comprehensive plan is designed to ensure the protection of overall company's operations and assets along with regular archival and system-backups. The Disaster Recovery Plan is regularly tested to ensure the readiness of the IT systems in case of any disaster.

The key highlights and actions of HTL's Recovery Plan are as follows:

- 1- The Management has put in place-adequate systems of IT Security, real-time data backup, identification of primary and secondary sites and identification of critical persons for disaster recovery. The development of the plan has been done keeping in view the on-going business needs and the environment it is operating in.
- 2- A company-wide and detailed Process Documentation Activity has been done whereby all the processes are mapped and serve as an SOP / Work Instructions for all practices.
- 3- Employees are imparted multi-skill training which helps in the continuity of business activities.
- 4- To ensure protection of employees and assets, fire alarm systems are installed in the premises of all the offices. Moreover, adequate systems are in place for extinguishing fire.
- 5- The Company ensures backup of all the assets whether physical or virtual; the physical assets are backed by insurance, whereas back-up of virtual assets and data is created on a routine basis.
- 6- The Company's systems are subjected to regular audits by the in-house internal audit function and third party service providers. It is also regularly ensured that Data Recovery processes are operating effectively.

ADVANCEMENT IN DIGITAL TRANSFORMATION TO IMPROVE **TRANSPARENCY AND GOVERNANCE**

In the past few decades, a fourth industrial revolution has emerged, known as Industry 4.0. Industry 4.0 takes the emphasis on digital technology from recent decades to a whole new level with the help of interconnectivity through the Internet of Things (IoT), access to real-time data, and the introduction of cyber-physical systems. It connects physical with digital, and allows for better collaboration and access across departments, partners, vendors, product, and people. Industry 4.0 empowers business owners to better control and understands every aspect of their operation, and allows them to leverage instant data to boost productivity, improve processes, and drive growth. There are hundreds of concepts and terms (ERP, IoT, RPA, Block chain, AI, Big data, Cloud Computing etc) that relate to Industry 4.0, but we have to decide in which domain we want to invest in Industry 4.0 solutions as per our business requirement. In Our case we have implemented ORACLE.

EDUCATION AND TRAINING TO MITIGATE **CYBER SECURITY RISKS**

IT team regularly inform and organize training for the Company's end users to follow best standard practises to avoid any cybersecurity threats and risks. IT team regularly conduct information security awareness session. The purpose of security awareness is to focus attention on security, creating sensitivity to the threats and vulnerabilities of Computer systems and recognition of the need to protect data, information and systems. Security awareness training helps to minimize risk, thus preventing the loss of Personal Identification Information (PII), Internet Protocols (IP), and money or brand reputation. An effective awareness training program addresses the cybersecurity mistakes that employees may make when using email, the web and in the physical world such as tailgating or improper document disposal.



REPORT OF THE BOARD'S AUDIT COMMITTEE

The Board's Audit Committee (BAC) of Hi-Tech Lubricants Limited ("the Company") is delighted to present its report for the year ended 30 June 2022. The BAC is governed by the mandate given to it vide Listed Companies (Code of Corporate Governance) Regulations, 2019 and by the Board of Directors. While its terms of reference have been specified (as given below), the BAC's larger responsibility is towards the Company's stakeholders in ensuring that their respective interests are faithfully served and their right to information about the Company's conduct of business is meaningfully protected. It plays this vital role by providing a helping hand to the Board in oversight of internal controls, compliance and governance matters.

TERMS OF REFERENCE

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

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

COMPOSITION AND ATTENDANCE:

The BAC is comprised of five members i.e. two independent directors and three non-executive directors. All the members have extensive knowledge and experience in the field of finance, accounting, internal controls, financial reporting and corporate compliance.

During financial year 2021-22, the BAC held five meetings, including one mandatory meeting in every quarter of the financial year, with 100% attendance and meaningful participation of all the members.

Name	Designation	No. of meetings attended during the Financial Year
Dr. Safdar Ali Butt Independent Director	Chairman / Member	5*
Mr. Muhammad Tabassum Munir Independent Director	Chairman / Member	2*

Mr. Shafiq Ur Rehman Independent Director	Member	3*
Mr. Shaukat Hassan Non-Executive Director	Member	5
Mr. Tahir Azam Non-Executive Director	Member	5
Mr. Faraz Akhtar Zaidi Non-Executive Director	Member	5

*On Mr Tabassum Munir's retirement from the Board in last election of the Directors, Mr. Shafiq Ur Rehman joined the BAC as new member while Dr. Safdar Ali Butt was elected to chair the BAC.)

SUMMARY OF KEY ACTIVITIES:

The BAC reports as follows on its key activities performed during the financial year ended 30 June 2022:

REVIEW OF BUDGET, FINANCIAL AND OPERATING PERFORMANCE:

1. The Company adhered, without any material departure, to both the mandatory and voluntary provisions of the Listed Companies (Code of Corporate Governance) Regulation, 2019, Companies Act 2017 and Company's own Code of Conduct and Values throughout the year. The Chief Financial Officer of the Group along with Company Secretary & Chief Compliance Officer of the group confirmed to the BAC that statutory and regulatory obligations and requirements of best practices of governance have been met.
2. Understanding and Compliance with Company's Code of Business Practice and Ethics has been affirmed by the members of the Board, the Management and employees of the Company individually.
3. The BAC reviewed and discussed annual budgets and plans of the Company for the year and, where appropriate, made recommendations to the Board for approval of the same.
4. The BAC reviewed the compliance with code of conduct and company policies by the Board, the management and employees of the Company and found it satisfactory.
5. 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.
6. The BAC reviewed the arrangement for staff and management to report to BAC about actual or potential improprieties in financial and other matters. However, no material incidents regarding operations of the entity or otherwise were reported to the BAC during the year.

FINANCIAL REPORTING:

1. 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.
2. The financial statements compiled with the requirements of the Fourth

Schedule to the Companies Act, 2017, and applicable International Financial Reporting Standards as notified by the SECP.

3. The Chief Executive Officer, Executive Director and the Chief Financial Officer had jointly endorsed the financial statements of the Company, acknowledging their responsibilities connected thereto.
4. Appropriate accounting policies had been consistently applied. Applicable International Financial Reporting Standards were followed in preparation of financial statements of the Company on a going concern basis, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company.
5. BAC satisfied itself and advised the Board about its opinion that all accounting estimates were based on reasonable and prudent judgement. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017, and the external reporting is consistent with management processes and adequate for shareholder needs.
6. The BAC has reviewed the Integrated Annual Report and concluded that it is fairly structured to provide all necessary information i.e. financial and non-financial performance, risks and opportunities and outcomes attributable to Company's activities in sufficient detail yet in a lucid way, balanced and understandable for all of its stakeholders, including shareholders. Because of meeting the aforesaid objectives, the Company was able to secure the third position in the category of 'Oil and Gas Sector' for its Annual Report for the year ended June 30, 2020 in the Best Corporate & Sustainability Report Awards 2020 jointly conducted by Institute of Chartered Accountants of Pakistan and Institute of Cost and Management Accountants of Pakistan.

RELATED PARTY **TRANSACTIONS:**

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

COMPLIANCE WITH THE CODE OF CORPORATE **GOVERNANCE:**

1. The Company has issued a Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulation, 2019 which had also been reviewed and certified by the external auditors of the Company.
2. The CFO and internal auditors were regularly invited to the meetings for explanation / elaboration on accounts and other relevant issues. The Chief Executive Officer and Executive Director attended BAC meetings by invitation, when deemed necessary.
3. The BAC separately meet the external and internal auditors independently at least once in a year.
4. The Chairman BAC remained present in last Annual General Meeting to answer the questions pertaining to the BAC's activities during the year and other important matters which fall within the scope of the BAC's mandate.
5. Minutes of the BAC meetings are timely circulated to the Board of Directors.
6. The BAC took into account any feedback from the Board of Directors and incorporated it in its processes for improvement.

RISK MANAGEMENT AND ROLE OF INTERNAL **AUDIT:**

1. The Board has effectively implemented the internal control framework through an in-house Internal Audit function, which is independent of

the External Audit function. The Company's system of internal controls is sound in design and has been continually evaluated by BAC and the Board for effectiveness and adequacy.

2. The Listed Companies (Code of Corporate Governance) Regulations, 2019 defines the mandate of internal audit function as well as the responsibilities of Head of Internal Audit.
3. The Board has set up effective internal financial controls across all functions. The independent Internal Audit function of the Company regularly monitors the implementation of financial controls, whereas the BAC reviews the effectiveness of the internal control framework.
4. Internal Audit function plays a vital role in improving the overall control environment. It also acts as an advisor to other functions for streamlining processes and ensuring implementation of the Company's policies.
5. The Internal Audit function has carried out independent audits in accordance with audit plan, approved by the BAC. The BAC has reviewed material internal audit findings, making appropriate recommendations to the relevant operational managers, or bringing the matters to the Board's/ other Committees of the Board for attention, where required.
6. In addition, Internal Audit also undertakes special tasks as and when directed by the BAC.
7. Through the internal audit reports, the BAC and the Board kept a regular watch on safeguarding the assets of the Company and the shareholders' wealth at all levels within the Company.
8. Internal audit reporting systems include recommendations to improve internal controls together with agreed management action plans to resolve the issues raised. Internal audit follows up the implementation of recommendations and reports progress to the BAC.
9. The BAC, on the basis of the internal audit reports, reviewed the adequacy of controls and compliance shortcomings in the audited areas and discussed/ recommended corrective actions in the light of management responses.
10. The BAC has also set up a formal mechanism to ensure compliance with the recommendations given by the BAC to the management of the Company. With every meeting, a compliance status of the recommendations is reviewed by the BAC and the management provides appropriate explanation as to any impediment in its compliance in the Internal Audits' compliance reports.
11. The annual internal audit cycle comprises of risk assessment, audit planning, audit execution, audit reporting, management action plan and monitoring.
12. The BAC has ensured that Internal Audit function has adequate resources and is appropriately placed within the Company. Head of Internal Audit has direct access to the Chairman of the BAC and independently discusses with the BAC the findings made by his department.
13. The BAC Members cooperate and coordinate with other Board Committees like Human Resources & Remuneration Committee, Risk Management Committee, CSR Committee, etc. to ensure satisfactory attainment of Company's overall objectives.

APPOINTMENT OF STATUTORY **AUDITORS:**

1. As a part of company's own policy and the requirement of the Law, the External Auditors M/s Riaz Ahmad & Co. Chartered Accountants, were provided direct access to the Internal Auditors for necessary coordination. Their findings, suggestions and recommendations were freely discussed with and by the BAC.
2. The BAC has reviewed and discussed the audit process, all the Key Audit Matters and other audit observations identified during the external audit including compliance with applicable regulations and draft Management Letter with the External Auditors. Final Management Letter is required

to be submitted within 45 days of the date of the Audit Report on financial statements under the Code of Corporate Governance and shall accordingly be discussed in the next BAC meeting.

3. The External Auditors have been allowed direct access to the BAC and the effectiveness, independence and objectivity of the Auditors has thereby been ensured. The External Auditors attended all the BAC 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 BAC 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 2022-23.

TAX CONSULTANTS:

The Company has obtained taxation related services from M/s. AF Ferguson and Company, Chartered Accountants as it is among the most reputed firms in provision of said services and has sufficient professional competence to ensure quality of tax advice and compliance of independence.

PERFORMANCE EVALUATION OF THE BAC:

Performance of the BAC is annually reviewed by the Board of Directors and the Board acknowledges the BAC's role in an efficient review of the conduct of Company's financial affairs in general, its financial statements and its internal audit function in accordance with its mandate.

DR. SAFDAR ALI BUTT

Chairman, Board's Audit Committee



REPORT OF THE HUMAN RESOURCE & REMUNERATION COMMITTEE

The HRRC of Hi-Tech Lubricants Limited (HTL or The Company") is delighted to present its report of the year ended 30th June 2022. The HRRC is governed by the mandate given to it vide Listed Companies (Code of Corporate Governance) Regulations, 2019 and by its Board of Directors. The Committee is responsible for making recommendations on human resource management policies to the Board, and for keeping the Board informed on the performance of all human resource related operations through regular monitoring of performance, compensation, training, development and succession planning of entire workforce.

COMPOSITION OF HRRC

Membership of HRRC comprises of four board members, nominated 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 the field of corporate management in general and human resource management in particular.

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 is a non-voting member and secretary to the HRRC.

SIGNIFICANT DELIBERATIONS OF HRRC

During the year, HRRC achieved the following:

- Compliance with all the procedures, processes and structures relating to human resources as proposed by CCG / SECP and Company's own policies and procedures.
- Ongoing review of Company's overall organizational structure and job grades.
- Conducted various training programs and workshops for different levels of staff.

POLICY DEVELOPMENT

The company defined, designed and, upon approval from the Board, implemented the following policies & TOR's during the fiscal year under review:

- Workplace Diversity as per requirement of SECP.
- Communication Policy
- Disciplinary Committee TOR's.

KEY HIGHLIGHTS OF HRM DIVISION'S ACTIVITIES

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

a. Training & Development:

The total number of training programs conducted in the year under review were 21, involving 117 employees, with a total of 936 training hours. Following training sessions were conducted during the year July21-Jun22:

- Digital Marketing and Innovation
- Design Thinking and Problem Solving
- Firewall Configuration
- AWS Solution Architect

- Advanced MS Excel
- Health, Safety & Environment
- Advanced Business Communication & Interpersonal Skills
- Data Analysis Techniques For Effective Decision Making
- Oracle Database 19-C Version
- Goals & Targets Setting
- Agile Project Management With SGRUM
- Leadership In VUCA World
- Policy Making In HRM
- Strategic Demand, Planning & Inventory Management
- Handling Difficult People
- Effective Letters, Report & Presentation
- Supply Chain Management
- Skills In Supervision
- Dashboard Reporting & Advanced Data Analysis With MS Excel
- Microsoft Power BI
- Effective Employee Engagement

Internship Programs

HTL's Internship Program contributes towards the development of fresh graduates by providing them an opportunity for real exposure to projects in Marketing, Human Resources, Supply Chain Financials, Administration, HTL Station etc. In addition to the development of fresh graduates, one of the prime objectives of the Internship Program is to identify talent pool for hiring of future employees on permanent position. A total of 13 interns were inducted in different departments of the Company during the year.

Career Fairs

Hi-Tech Lubricants Limited participated in career fairs of top universities of the country as these provide an opportunity to both students and employers a chance to meet one another, establish professional relationships, and discuss potential job and internship opportunities. It also gives an opportunity to promote the company and its services, establish the company brand in the community and also check out the competition and what they are doing.

Hi-Tech Lubricants participated in Career Fairs, organized by the following educational institutions.

- SZABIST
- Lahore School Of Economics
- LUMS
- Forman Christian College University
- UET
- FAST NUCES
- FAST
- COMSATS

Key Performance Indicators

i.	Head Count	417
ii.	Employee Turnover (at all levels)	2%
iii.	Training Programs Conducted	21
iv.	Number of persons trained	117
v.	No of Employee satisfaction level surveys conducted	2
vi.	Employees' Satisfaction Rate attained	over 80%

SUPPORT TO THE BOARD

The HRRC provided its due support in Board Performance Exercise to the Board of the Company in the form of recommendations and reports to the Board on pertinent issues. In addition, HRRC has made major interventions in the field of its competence and gained satisfactory review of the board. The composition of members and key members assigned to it, make this committee a significant component of board's over-all 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 working environment throughout the group. The future plans include comprehensive compensation and benefits reviews while ensuring adequate learning and growth opportunities for employees. Such Initiatives have been incorporated in HR's annual strategy document which is closely linked with overall business strategy of HTL for sustainable growth and profitability.

MEETINGS OF HRRC

The HRRC formally met twice during the financial year; all the members attended both the meetings. In addition to the formal presentations made at the HRRC meetings, the HR Department provides a monthly activity report to all the members of HRRC to keep them informed on all ongoing HR related issues in the group. This report is shared with all relevant heads of departments as well as the Board of Directors.

DR. SAFDAR ALI BUTT

Chairman, HRRC

STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019
("THE REGULATIONS")

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

YEAR ENDED: **JUNE 30, 2022**

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

- The total number of Directors are ten (10) as per the following:
 - Male: 09
 - Female: 01
- The composition of the Board is as follows:
 - Independent Director
 - Dr. Safdar Ali Butt
 - Syed Asad Abbas Hussain
 - Mr. Shafiq-ur-Rehman
 - Non-executive Directors:
 - Mr. Shaukat Hassan
 - Mr. Tahir Azam
 - Mr. Faraz Akhtar Zaidi
 - Ms. Mavira Tahir (Female Director)
 - Mr. Sanghyuk Seo (Nominee SK Lubricants Co., Ltd.) (Appointed as Director with effect from 18 February 2022 in place of Mr. Hyukjin Kwon [Nominee SK Lubricants Co., Ltd.] who was elected as Director on 26 October 2021.)
 - Executive Directors:
 - Mr. Hassan Tahir (Chief Executive Officer)
 - Mr. Muhammad Ali Hassan
- The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this company;
- 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;
- 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;
- 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 Companies Act, 2017 (the Act) and the Regulations;
- 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;
- The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and the Regulations;
- Following Directors have attained the directors training program certification:

Names of Directors

Dr. Safdar Ali Butt
Syed Asad Abbas Hussain
Mr. Shaukat Hassan
Mr. Tahir Azam
Mr. Faraz Akhtar Zaidi
Ms. Mavira Tahir

Mr. Hassan Tahir (Chief Executive Officer)
Mr. Muhammad Ali Hassan
Mr. Shafiq-ur-Rehman

- 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;
- Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
- The Board has formed committees comprising of members given below:

a) Audit Committee

Names	Designation held
Dr. Safdar Ali Butt	Chairman
Mr. Shafiq-ur-Rehman	Member
Mr. Shaukat Hassan	Member
Mr. Tahir Azam	Member
Mr. Faraz Akhtar Zaidi	Member

b) HR and Remuneration Committee

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

c) Nomination Committee

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

d) Risk Management Committee

Names	Designation held
Mr. Faraz Akhtar Zaidi	Chairman
Ms. Mavira Tahir	Member
Mr. Shafiq-ur-Rehman	Member

- The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
- 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, 2022.

b) HR and Remuneration Committee

Two meetings of HR and Remuneration Committee were held during the financial year ended June 30, 2022.

c) Nomination Committee

No meeting of Nomination Committee was held during the financial year ended June 30, 2022.

d) Risk Management Committee

No meeting of Risk Management Committee was held during the financial year ended June 30, 2022.

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	Representation of Minority shareholders The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation.	No one intended to contest election as director representing minority shareholders.	5
2	Directors' Training It is encouraged that by June 30, 2022, all directors on the Board have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	9 directors of the Company have acquired Directors' Training Program certification. The Company has planned to arrange Directors' Training Program certification for remaining one director before completion of one year from his appointment as Director of HTL.	19(1)
3	Directors' Training Companies are encouraged to arrange training for at least one female executive every year under Directors' Training Program from year July 2020.	The Company is in the process of complying with this non-mandatory provision of the Regulations for arranging Directors' Training Program for its female executives..	19(3)
4	Responsibilities of the Board and its members The Board is responsible for adoption of corporate governance practices by the Company.	Non-mandatory provisions of the Regulations are partially complied. The Company is deliberating on full compliance with all the provisions of the Regulations.	10(1)

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



SHAUKAT HASSAN
Chairman

September 23, 2022
Lahore



HASSAN AMIN
Chief Executive Officer

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 2022 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.

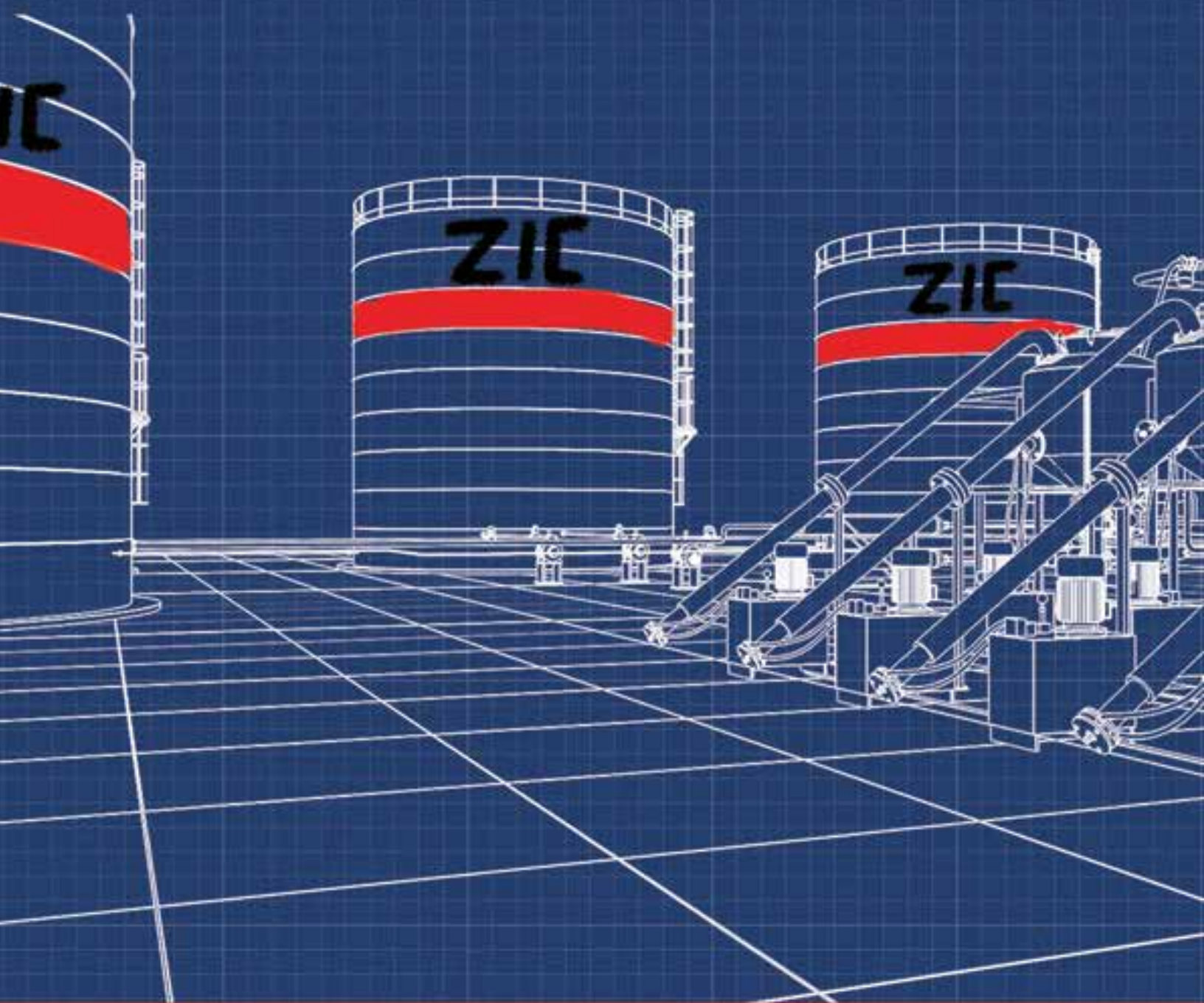
Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2022.

A handwritten signature in blue ink, appearing to read 'Riaz Ahmad', with the name 'Raza' written below it in a smaller, more legible script.

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore
Date: 24 September, 2022
UDIN: CR202210132mtpOFclED





HTL AND ITS CHALLENGING ENVIRONMENT

Challenges are the pathway to progress. We believe in taking risks to create limitless opportunities for our stakeholders.



Manufacturing Plant

SWOT ANALYSIS



STRENGTHS

- Handler model for timely supply of lubricants to nation-wide distribution network
- Strong nation-wide distribution network and marketing database
- Economies of scale through blending plant facility available at Hi-Tech Blending (Private) Limited – wholly owned subsidiary (HTBL)
- 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 franchise model i.e. HTL Express Centers
- Grasping potential foreign markets by exporting the products to those countries
- Increase local production through HTBL to reduce foreign exchange risks
- Entrance into plastic packaging industry by venturing into production of plastic products for third parties and customers



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
- 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

HANDLER MODEL

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

STRONG NATION-WIDE DISTRIBUTION NETWORK AND MARKET DATABASE

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

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

ECONOMIES OF SCALE THROUGH BLENDING PLANT FACILITY

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

DIRECT ACCESS TO END CONSUMERS THROUGH HTL EXPRESS CENTERS

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

PREMIUM QUALITY PRODUCTS

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

INCREASED BRAND EQUITY WITH THE LAUNCH OF HTL FUEL STATIONS

For the last twenty-five 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-five 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.

PESTEL ANALYSIS

FACTORS	DESCREPTION	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. HTL strictly ensures the policy of zero % tax evasion and defends all the tax and regulatory matters through legal grounds.
ECONOMIC	Higher inflation and rupee depreciation.	Higher inflation and rupee depreciation continued to exert significant pressure on the overall economy. The Company's strategy remained to boost margins by achieving operational efficiencies and expanding the product base to realize economy of scales and optimizing the production capacity. To cater the impact of rupee depreciation, the Company started to increase its local blending through HTBL (its wholly owned subsidiary company).
SOCIAL	Focus on Corporate social responsibility	At HTL Corporate Social Responsibility (CSR) is well-devised and structured combination of programs strongly built on the core objective to improve lives with direct interventions in local communities. Making a real contribution to society and helping to find solutions to global challenges is fundamental to our way of doing business. The primary focus of CSR initiatives of HTL remains in three core areas of sustainable development; education, healthcare and environment. Detail relating to Company's social activities is discussed in CSR section of the Report.
TECHNOLOGICAL	Increasing IT efficiency, automation, technological change and the amount of technological awareness.	The Company has always given priority to latest technological developments. Successful implementation of Oracle for lubricants operations and petroleum segment operations, Business Intelligence Tool, Distributor Claim Management System and our wholly owned subsidiary company, blending plant are some of the reflections of our technological priority. Furthermore, our wholly owned subsidiary company successfully completed the installation of Oracle system during the year. We believe new technologies can maximize online retail productivity and minimize operational costs.
ENVIRONMENTAL	Climate change, environmental offsets, attitudes toward "green" or ecological products, laws regulating environment and air pollution.	Climate change has had detrimental effects on growing economies like Pakistan. Frequent flooding and unprecedented rainfall patterns has inundated rivers to destroy crops which is the staple for our economy. Although, we are a part of the industry closely related with automobile sector where profits are attached to the mileage i.e. more miles run means frequent oil changes/sale, yet we are still very aware of the effects that are taking place on the environment. We have been socially aware and making efforts towards planting more trees with frequent plantation drives to importing and promoting motor oil variants that are fully synthetic environment friendly, fuel efficient resulting in low fuel consumption, low carbon emission, low vehicle maintenance and saving the end consumer's vehicle and money while being socially responsible towards the environment. The idea that we support is to be able to add value to the society and environment with our efforts not limiting to just the environment but also people and the young generation with providing better environment and opportunities.
LEGAL	Various laws and regulations applicable on the Company, i.e. statutory, corporate, legal, secretarial, taxation, import, health and safety laws and regulations.	HTL makes conscious efforts to ensure compliance with all applicable laws and regulations. In addition to its professional team, the Company also hires the services of a legal advisor/tax consultant in order to ensure compliance with all legal / regulatory requirements.

SEASONAL VARIATION

Pakistan's agriculture sector plays a central role in the economy as it contributes 24 percent to GDP and absorbs 50 percent of employed labor force. Hence the consumer spending is hugely linked to the season of harvest and when availability of crop in the market. Therefore, Company's sales increased during the harvesting season.

RISK AND OPPORTUNITIES

KEY RISKS AND OPPORTUNITIES AFFECTING CAPITALS

Following are the key risks and opportunities effecting the availability, quality and affordability of capitals:

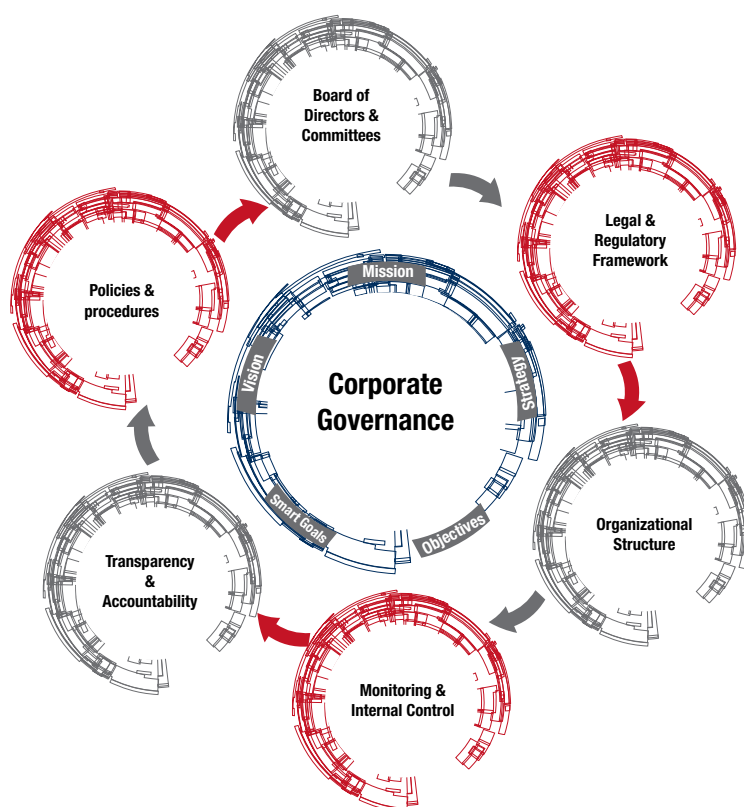
FORM OF CAPITAL	KEY RISK	KEY OPPURTUNITIES	TIME HORIZON
Financial Capital	Increased interest rates Higher inflation	Advance from customers Internal source funds Better management of working capital	Short to medium term
Human Capital	Loss of qualified and competent staff	Succession planning Rewarding high performing employees	Medium to long term
Manufactured Capital	Damage of oil storage facilities	Back-up insurance	Short term
Information Technology Capital	Obsolescence of technology	Investments in technology upgrades and capacity expansions	Medium to long term
Social and relationship capital	Adverse publicity and bad reputation	Building relationships along the value chain	Medium to long term

RISK MANAGEMENT FRAMEWORK & METHODOLOGY

HTL's risk management framework is designed to assess and mitigate risks in order to minimize their potential impact and support the achievement of HTL's long term purpose and business strategy. Risk assessment is performed regularly to create a good understanding of the company's key risks, to allocate ownership to drive specific actions around them and take any relevant steps to address them.

The uncertainties and risks that may influence the achievement of our corporate goals and objectives are managed while opportunities are tapped into. Due to their critical importance, our material issues and principal risks are integrated into our business planning processes and monitored on a regular basis by our Board of Directors.

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.



PRINCIPAL RISKS FACING THE BUSINESS

Following are the major risks, which may affect our business operations and mitigating strategies for controlling these risks. Sources of risks, assessment of likelihood and magnitude of their impact are also mentioned against each risk.

Specific Risks and Sources	Risk Ranking / Likelihood	Specific Risks Mitigating Strategies
STRATEGIC RISK		
Electrification of Vehicles	Low	<ul style="list-style-type: none"> 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		
<p>Stiff competition in the lubricant market and increasing new entrants pose threats to the Company's market share, profitability and commercial viability.</p> <p>Such market situation results in a likelihood of reduced prices or increased distribution cost hence squeeze the margins.</p>	Moderate	<ul style="list-style-type: none"> To overcome the pricing and cost issues, the Company has invested in a blending plant (HTBL-100% owned entity) to reduces its cost base. The plant is operational and its contribution to total volumes forecast is increasing day by day. Furthermore, the Company continues aggressive marketing and building customer and retailer loyalty to stay competitive in the long term.
REGULATORY RISKS		
The Company is subject to changes in taxation and duty structures. In addition, its OMC business is a regulated business where regulations, margins can be changed by the Regulator	Moderate	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Presence of pre and post vendor evaluation system ensures the availability of quality IT systems. Furthermore, off-site backup facility acts as a safeguard in case of any breakdown in IT systems. The Company has developed BCP and DRP to ensure the availability of IT systems all the time. The Company has designed and implemented a comprehensive policy to ensure data security and appropriate classification of organizational data (with preference to sensitive data).
REDUCTION IN MOBILITY		
Generally speaking any development that leads to a reduction / shutdown in mobility in the country results in a reduction in volume for our Company. Generally, these shutdowns when they did happen were localized and sometimes associated with political instability, strikes and law and order issues. Causes a lot of risks for the organizations operating in Pakistan. Due to the instable situations, Pakistan is surrounded by frequent strikes that create a difficult law and order situation.	Moderate generally	<ul style="list-style-type: none"> General shut downs are relatively easy to manage as HTL adjusts its purchases upward/downwards based on realized demand

Specific Risks and Sources	Risk Ranking / Likelihood	Specific Risks Mitigating Strategies
FINANCIAL AND MACRO RISK		
FOREIGN EXCHANGE RISK AND NON-AVAILABILITY OF EXCHANGE COVER		
<p>The Company is exposed to foreign exchange risk on account of product imports.</p> <p>Frequent variations in US\$ and non-availability of forward cover for POL products pose difficulty in managing standard costs.</p>	High	<ul style="list-style-type: none"> 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.
CREDIT RISK		
<p>Risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligation.</p> <p>Credit exposure to financially sound credit customers' and investments in high rated securities is a challenge to each and every Company.</p>	Low	<ul style="list-style-type: none"> 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		
<p>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.</p>	Low	<ul style="list-style-type: none"> 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-2 (positive outlook) 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		
<p>Increasing cost of doing business due to depreciation of Pakistan rupee coupled with inflation.</p>	High	<ul style="list-style-type: none"> This risk is uncontrollable. Company manages rupee depreciation risk by adjusting prices. The Company also ensures its orders are managed such that foreign exchange risk is minimized at any given point in time. To reduce this impact, local blended products are also produced by HTBL- wholly owned subsidiary company.

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 employment opportunities within the country. The Company's financial efficiency may be affected by an unpredictable 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 preferences of the customers and low margins are the major factors that cause market risks for the organizations. HTL's market became highly competitive 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.

OPPORTUNITIES AND SOURCES

• PETROLEUM SEGMENT OPERATIONS

Our expansion in HTL Fuel Stations has given us a bigger muscle to circumvent our brand image and your company now has a higher appeal in terms of value recognition in Pakistan. During the year, Oil and Gas Regulatory Authority (OGRA) has enhanced the limit of HTL Fuel Stations from twenty-six to fifty-two in the Province of Punjab on the basis of successful expansion of Sahiwal Oil Storage Facility.

Currently, the Company has twenty-seven dealer operated fuel stations in Punjab Province. Furthermore, the Company has successfully completed its second Oil Storage Facility located at Nowshera, Khyber Pakhtunkhwa Province and received satisfactory completion acknowledgment from OGRA. It will further allow the Company to operate thirty-five HTL Fuel Stations in Khyber Pakhtunkhwa Province once all regulatory requirements are met.

• HTL EXPRESS CENTERS:

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

• ENTRANCE INTO PLASTIC PACKAGING INDUSTRY

HTL's decision to enter into plastic packaging industry by venturing into the production of plastic products through HTBL not only allows to use the bottle manufacturing experience at large scale but also helps to Company to achieve the benefits of diversification. This will lead to increase revenue streams and navigate the risks associated with oil marketing and lubricant industry.

• EXPORT SALES

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

INITIATIVES TAKEN BY MANAGEMENT TO PROMOTE AND ENABLE INNOVATION

The management takes pride in creating a culture that nurtures innovation and entrepreneurial thinking, establish innovation platforms and enhance employee engagement initiatives.

During the year, the management took following initiatives:

- Kept the IT function proactive from an innovation perspective, providing ideas to the business.
- Successful installation of ORACLE system at Hi-Tech Blending (Private) Limited – wholly owned subsidiary company.

DETERMINING LEVEL OF RISK TOLERANCE AND ESTABLISHING RISK MANAGEMENT POLICIES

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

ROBUST ASSESSMENT OF PRINCIPAL RISKS

The Board of Directors have carried out a detailed assessment of risks facing the Company originating from various sources. For quick snapshot of various types of risks, please refer risk and opportunities sections of our report. The Board has undertaken a robust risk assessment to identify principal risks and the mitigating strategies adopted to counter such risks.

DIRECTORS' REPORT



DIRECTORS' REPORT TO THE SHAREHOLDERS

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

The Directors of Hi-Tech Lubricants Limited ("HTL" or the "Company") are pleased to present the Annual Report along with standalone and consolidated audited financial statements for the year ended June 30, 2022.

PAKISTAN'S **ECONOMIC REVIEW**

Pakistan's economy posted a robust GDP growth of 5.97% for the fiscal year ended June 30, 2022. Exports grew strongly on account of policy support including export facilitation scheme, enhancement in coverage and loan limits under LTFF, and tariff rationalization in certain sectors. Tax collection by the Federal Board of Revenue also recorded substantial growth of 29% during the same period. However, the geopolitical uncertainty, arising out of the Russia-Ukraine conflict has amplified our macroeconomic imbalances and global commodity prices have increased substantially, bringing pressure on forex reserves. Further, CPI inflation rose to 11.3% that led the State Bank of Pakistan (SBP) to raise the policy rate to 15 percent as part of monetary tightening which has been underway since September 2021 to tame the rising inflation. The Federal Government has also increased the income taxes on select corporate sectors through the Federal Budget 2022-23 to reduce the fiscal gap.

ECONOMIC OUTLOOK

The economic outlook is surrounded by global and domestic uncertainties. Geopolitical tensions remain unabated, worldwide inflation remains high, interest rates show tendencies to rise, and the US dollar strengthens. Pakistan's external environment is therefore posing increasing challenges. Domestically, the Government has taken necessary measures to comply with IMF requirements. These have further increased inflation, but also have had the positive effect of alleviating the external financing constraints. Recent floods caused by abnormally heavy monsoon rains have adversely affected both important and minor crops which may impact the economic outlook through drop in agriculture performance in coming months.

FINANCIAL PERFORMANCE ON A **CONSOLIDATED BASIS**

Despite unprecedented situation caused by the global and domestic uncertainties, your Group (Hi-Tech Lubricants Limited and Hi-Tech Blending (Private) Limited its wholly owned subsidiary) recorded revenue growth of 34% through undisrupted supply and availability of products, distribution channel expansion and investments behind the brands. Despite recording a 49.8% improvement in our profit before tax, our bottom line has shown a drop of 10% due to a massive increase in corporation tax booked in the fourth quarter of year under review. The growth in operational profit was achieved through various timely initiatives, optimization fuel project expansion and strategies aimed at better pricing management in lubricant segment. The Group attained operating profit of PKR 1506 million, up by 62% as compared to corresponding year driven by volume growth, cost control and value chain optimization initiatives, however the bottom line has been hit by unprecedented tax expense of PKR 600 million primarily due to recognition of super tax and impact of deferred tax liability. The company booked effective taxation at a mammoth 97% in 4QFY22 vs. 7.5% in SPLY on account of super tax and impact of deferred tax liability. This taxation blow is the prime cause of 10% drop in our earning per share from PKR 4.91 to PKR 4.44. On a positive note, for the first time our OMC project after coming into operation is in green. These figures include a profit from operations of PKR 405 million associated with our OMC segment, which is currently in its growth phase.

Detailed consolidated financial performance of your Group is presented below:

Particulars	Consolidated Year ended 30 June		Variance (+/-)
	2022	2021	
	PKR IN MILLION		% age
Gross Sales	20,962	15,600	34%
Net Sales	17,744	10,597	67%
Gross Profit	3,737	2,268	65%
% of sales	21.06%	21.40%	(0.34%)
Operating Profit	1,506	928	62%
Net profit before Tax	1,218	813	49.8%
Net profit after Tax	617	684	(9.8%)
Earnings Per Share	4.44	4.91	(9.57%)

The Group's product strategy is focused on delivering quality in every aspect of its business we do.

OPERATIONAL PERFORMANCE

HI-TECH BLENDING (PRIVATE) LIMITED (“HTBL”)

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

HTL EXPRESS CENTERS

HTL Express with a goal of changing the dynamics of vehicle maintenance through superior services, trained professionals and best technology continued to expand its reach. With eight HTL Express franchised centers in place, the Company is focused on increasing the customer base in the vehicle preventive maintenance. Further, the Company is increasing the number of these outlets through HTL dealer operated fuel stations. So far the mix of franchise model and fuel station model is reached the total of 27 centers.

HTL FUEL STATIONS (OIL MARKETING COMPANY)

The Company currently has 27 HTL Fuel Stations in Punjab whereas 19 fuel stations are in process in Punjab. Further, currently there are 27 HTL Fuel Stations are in process in KPK and we are awaiting OGRA's approval of our KPK depot. While the stations are outperforming the volumes we had forecast in their individual feasibility studies – a testament to our site selection and brand equity associated with the “ZIC” name.

MANAGEMENT OF LIQUID RESOURCES

CASH MANAGEMENT

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

CAPITAL EXPENDITURE

Capital expenditure is managed carefully through a proper evaluation of profitability and risks associated with each investment. In conformity with Company's prescribed Capital Expenditure and Risk Management policies, regular project reviews are undertaken by internal audit department and audit committee for delivery on time and at budgeted cost. Large capital expenditures are further backed by long-term contracts to minimize cash flow problems for the business. Capital expenditure during the year ended June 30, 2022 was PKR 983 million compared to PKR 462 million in the corresponding period.

The Board is satisfied that there are no short or long-term financial constraints that may hamper Company's investments in long term projects as the Company continues to enjoy access to competitive credit due to its strong statement of financial position as at June 2022. The company faces no liquidity risks in

light of its well-planned cash management strategies leading to adequate availability of unutilized funded and non-funded financial facilities.

CONTRIBUTION TO NATIONAL EXCHEQUER

Your Group is a noteworthy contributor to the national economy and has contributed PKR 2.785 billion during the year 2022 to the national exchequer on account of sales and income taxes.

APPROPRIATION OF PROFITS

In view of the financial results of the Company for the year 2022, the Board of directors has proposed, at its meeting held on September 23, 2022, a final cash dividend for the year ended June 30, 2022 of PKR 2/- per share (20%). The approval of the members for the dividend will be obtained at the Annual General Meeting to be held on October 28, 2022. In accordance with the requirements of applicable accounting standards, the proposed cash dividend amounting to PKR 278,409,600/- has not been recognized as a liability in these financial statements.

IPO FUNDS

Note 52 to the financial statements of the Company for the year ended June 30, 2022 provides detailed information on the utilization of IPO proceeds.

Particulars	Rupees
Un-utilized IPO proceeds as at July 01, 2021	533,731,898
Add: Profit on term deposit receipts	15,691,233
Add: Profit on bank deposits	1,523,688
Add: Dividend on investment in mutual fund	21,892,690
Add: Gain on disposal of investment in mutual fund	50,966
Add: Unrealized gain on disposal of investment in mutual fund	680,524
Less: Payments made relating to OMC project	(126,960,515)
Less: Withholding tax on profit	(2,582,239)
Less: Withholding tax on dividend from mutual funds	(3,283,902)
Less: Withholding tax on disposal of mutual funds	(32,453)
Less: Bank charges	(2,371)
Un-utilized IPO proceeds as at June 30, 2022	440,709,519

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

FUTURE OUTLOOK

The economic outlook is surrounded by global and domestic uncertainties. Geopolitical tensions remain unabated, worldwide inflation remains high, interest rates show tendencies to rise, and the US dollar continues to strengthen. Pakistan's external environment is therefore facing increasing challenges.

Domestically, the Government has taken necessary measures to comply with IMF requirements. These have further increased inflation, but also have the positive effect of alleviating the external financing constraints. Recent floods caused by abnormally heavy monsoon rains have adversely affected our important and minor crops which may impact the economic outlook through a drop in agriculture performance.

Considering the current economic situation, HTL is consolidating its market operations and demand management with increased local blending and filling at our plant by shifting 90% of our imported product portfolio to the plant and also expanding our blending facilities. This is contributing to valuable forex savings for the country and will save HTL from exchange losses. The government is currently considering deregulation of the OMC sector. If this is implemented in the coming fiscal year, we expect improvement in profitability of our OMC segment as well as a reduction in month to month volatility of margins under the current pricing regime. At the same time, we are striving hard for satisfactory increase in the number of functional service stations, through approval of our KPK terminal.

HTBL has been approached by potential large scale users of plastic bottles for supply of specially designed plastic bottles to meet their varied specific needs and the company is in the process of finalizing these arrangements. This segment of our business is therefore at the threshold of significant increase in revenues.

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

MATERIAL CHANGES AND COMMITMENTS

- There have been no material changes since June 30, 2022 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, 2022.
- There has been no modification in the Auditor's Report in relation to any group company at any stage.
- There has been no default in payment of any debt by any of the group companies during the year.

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

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

- vi. The Auditors have expressed unqualified opinions on the financials statements of each of the group companies.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

AUDITORS

The present auditors M/s Riaz Ahmad & Co., Chartered Accountants, retire and offer themselves for re-appointment. They have confirmed achieving satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the Guidelines on the Code of Ethics of the International Federation of Accountants (IFAC) as adopted by ICAP. As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as Auditors of the Company for the year ending June 30, 2023, at a fee to be mutually agreed.

PATTERN OF SHAREHOLDING

A statement of the pattern of shareholding of certain class of shareholders as at June 30, 2022, whose disclosure is required under the reporting framework, is included in the annexed shareholders' information.

BOARD COMMITTEES

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

ADEQUACY OF INTERNAL CONTROLS

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

RISK MANAGEMENT

The Company has a comprehensive Risk Management Policy that has assigned specific responsibilities to directors and senior management. Three main players in the policy are the Board of Directors, Audit Committee and Risk Management Committee who regularly review the risk matrix in terms of impact and probability of occurrence. The senior management team, led by

the Chief Executive Officer, Executive Director and Non-Executive Directors are responsible for risk mitigation measures and developing proposals thereof for consideration by the Board.

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

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

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

• CREDIT RISK

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

• LIQUIDITY RISK

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

• FOREIGN EXCHANGE RISK

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

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

RISK GOVERNANCE

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

POLICIES AND PROCEDURES

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year, and as earlier, your Company relentlessly worked on numerous social causes that include, healthcare, skill development, and environmental protection while focused primarily on Education. On July 02, 2010, the board of directors of your Company established a trust named Sabra, Hamida Trust. The principle objective of the trust is to contribute toward education by strengthening communities through quality teaching thereby visioning transforming lives from ordinary to exemplary. The trust is duly registered under section 2(36) of the Income Tax Ordinance, 2001. The trust has acquired all necessary accreditations notably the Pakistan Centre for Philanthropy (PCP) accreditation. Other than contributing a major share in education, the Company is also making regular contributions/donations to Sabra Hamida trust for carrying out need-based social work with joint collaborations while maintaining total transparency. Owing to the national disaster caused by massive flooding in Balochistan, Sindh and Punjab, the Trust is providing monetary assistance to the Al-khidmat foundation for victims' rehabilitation, for providing food and medical assistance in the affected areas. The Group donated approx. PKR 19.2 million towards various causes in the current year besides flood relief assistance.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

At HTL, Corporate Social Responsibility refers to playing a positive role in the community while fully taking into account the environmental and social impact of business decisions. Your company is fully committed to raising the bar in the crucial sectors of Pakistan; Education, Healthcare and the Environment. Our Corporate Social Responsibility projects are a reflection of the universally acclaimed Sustainable Development Goals (SDG) 2030. These are keenly curated projects strongly built on the core objective to bring reforms in livelihood with joint collaborations and with direct interventions in local communities. Hi-Tech Lubricants Limited shares the same sentiments as the MNC groups in Pakistan to take appropriate measures to counter challenges and thrive in the Sustainable Development Goals (SDGs). Further details are shown in the relevant section of this annual report.

ENVIRONMENT, HEALTH & SAFETY

Your Company is endeavoring to meet the environmental, health and safety practices through introducing products that are pollution free with low emissions. Being a responsible corporate citizen, of Pakistan, areas of focus in 2022 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 for health and safety of our employees and for prevention of all sorts of injuries at all workplaces of your Company.

Your Company further ensures through regular reviews that our blending plant continue to comply with environmental quality standards over and above the standards as prescribed by concerned environmental protection agency. Your

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

• CONTRACTS WITH RELATED PARTIES

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

• THRESHOLD FOR CONSIDERATION AS EXECUTIVES

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

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

- Mr. Shaukat Hassan (Chairman BOD & Non-Executive Director);
- Mr. Hassan Tahir (CEO & Executive Director);
- Mr. Muhammad Ali Hassan (Executive Director)
- Mr. Tahir Azam (Non-Executive Director);
- Mr. Faraz Akhtar Zaidi (Non-Executive Director);
- Ms. Mavira Tahir (Non-Executive Director);
- Dr. Safdar Ali Butt (Non-Executive Independent Director);
- Syed Asad Abbas Hussain (Non-Executive Independent Director)
- Mr. Shafiq ur Rehman (Non-Executive Independent Director) (since last election of Directors held on October 26, 2021 and replaced Mr. Muhammad Tabassum Munir (Non-Executive Independent Director));
- Mr. Muhammad Tabassum Munir (Non-Executive Independent Director) (till last election of Directors held on October 26, 2021 and replaced by Mr. Shafiq ur Rehman (Non-Executive Independent Director));
- Mr. Sanghyuk Seo (Current Nominee of SK Lubricants Co. Ltd.) (Non-Executive Director) (since February 18, 2022))
- Mr. Hyukjin Kwon (Ex-Nominee of SK Lubricants Co. Ltd.) (Non-Executive Director) (till February 18, 2022 and replaced by Mr. Sanghyuk Seo (current Nominee of SK Lubricants Co. Ltd.))

COMPOSITION OF THE BOARD AT THE TIME OF DIRECTORS' REPORT

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

- Male: 09
- Female: 01

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

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

COMMITTEES OF THE BOARD

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

Names of members of Board's Audit Committee

Dr. Safdar Ali Butt (Chairman of Board's Audit Committee since last election of Directors)
Mr. Shaukat Hassan (Member of Board's Audit Committee)
Mr. Tahir Azam (Member of Board's Audit Committee)
Mr. Faraz Akhtar Zaidi (Member of Board's Audit Committee)
Mr. Shafiq ur Rehman (Member of Board's Audit Committee since last election of Directors)
Mr. Muhammad Tabassum Munir (Ex-Member and Ex-Chairman of Board's Audit Committee) (till last election of Directors)

Names of members of Board's Human Resources and Remuneration Committee

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

Names of members of Board's Nomination Committee

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

Names of members of Board's Risk Management Committee

Mr. Faraz Akhtar Zaidi (Chairman of Board's RM Committee)
Ms. Mavira Tahir (Member of Board's RM Committee)
Mr. Shafiq ur Rehman (Member of Board's RM Committee) (since last election of Directors)
Mr. Muhammad Tabassum Munir (Ex-Member of Board's RM Committee) (till last election of Directors)

Names of members of Board's Corporate Social Responsibility Committee

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

• Names of members of Board's Investment Committee

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

DIRECTORS TRAININGS

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

same within prescribed timeframe.

EVALUATION OF PERFORMANCES

The task of evaluation of performances of the Board, its Members, Committees, the Chairman and CEO for the year ended June 30, 2022 has been outsourced to an external consultant in compliance to the requirements of Rule 28 (1) (vi) of Listed Companies, (Code of Corporate Governance) Regulations, 2019. Major terms of appointment of external consultant M/S Nazeer Shaheen & Associates through its CEO Mr. Nazeer Shaheen, included, without limitation, Scope of Work, Deliverables under the Assignment, Duration of Assignment, Nature of Services, Status of the consultant, responsibilities of the parties, consultancy fee and confidentiality

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 from time to time. 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 individual directors is approved by Board of Directors within the limits approved by the shareholders/ members of the Company.

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

- 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.

SUMMARY OF REMUNERATION FOR DIFFERENT CLASSES OF DIRECTORS

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

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

REVIEW BY THE BOARD OF DISASTER RECOVERY & BUSINESS CONTINUITY PLANNING

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

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

BUSINESS CONTINUITY PLANNING (BCP)

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

DISASTER RECOVERY (DR)

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

BOARDS' EFFORTS TOWARDS UNDERSTANDING THE VIEWS OF SHAREHOLDERS

The Board is cognizant of its responsibilities to all minority shareholders. Both board members and the management team hold conversations with large institutional holders of the stock and brokerage houses to understand areas of focus for shareholders or any concerns. The goal of the Board of Directors is to attract a high caliber of shareholders who are well informed about the Company's prospects and its strategy. Members of the Board have virtually interacted with shareholders in Annual General Meeting held on October 26, 2021 to understand the views of shareholders of the Company and will do so again at this year's AGM which is planned to be conducted both physically and online. The Company further plans to hold at least One CBS on the basis of Annual Audited Financial Statements of the Company for the year ended June 30, 2022 within one month of the holding of upcoming AGM as permitted by PSX.

COMPANY'S STAFF AND CUSTOMERS

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

WEBSITE OF THE COMPANY

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



MR. HASSAN TAHIR

(Chief Executive Officer)

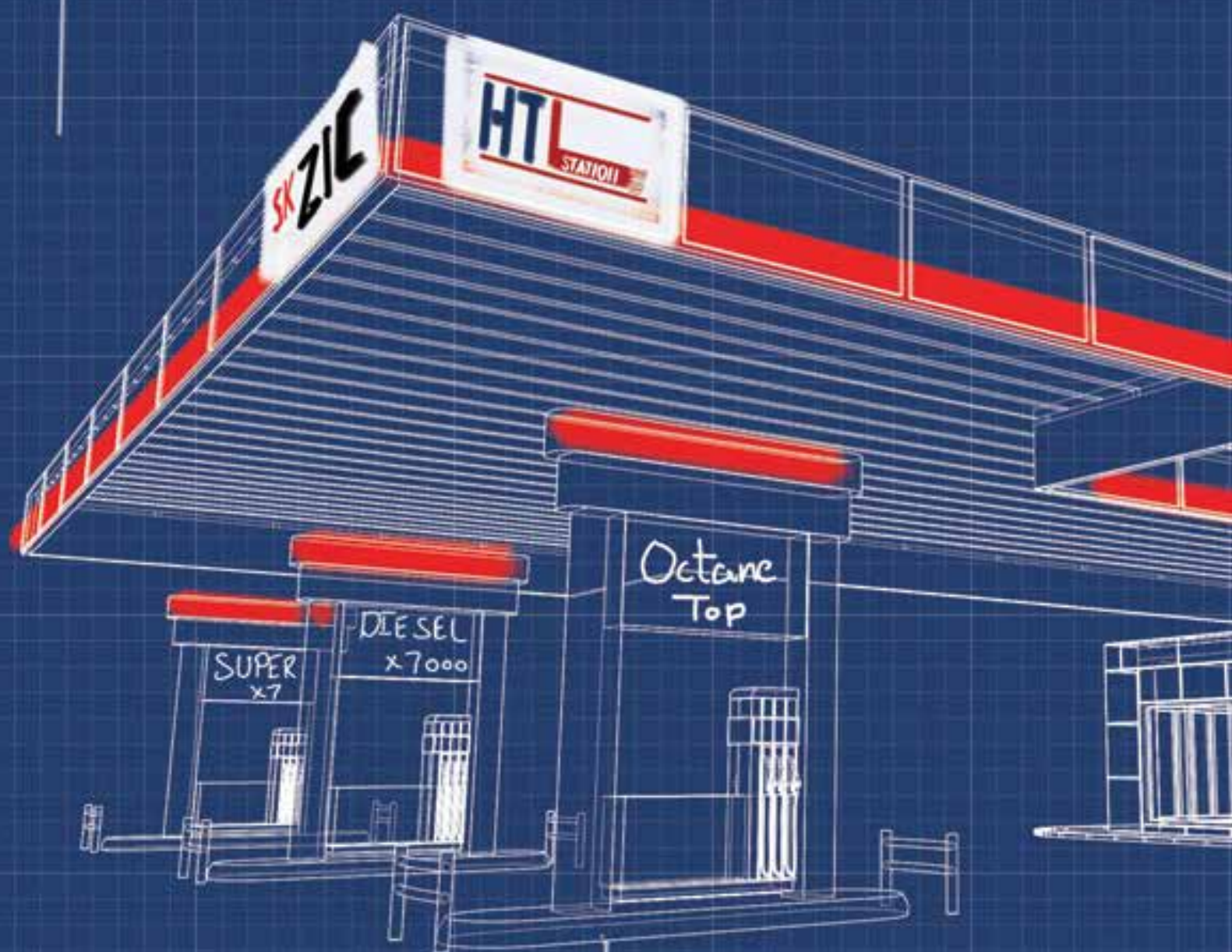
Lahore, September 23, 2022



MR. SHAUKAT HASSAN

(Chairman)

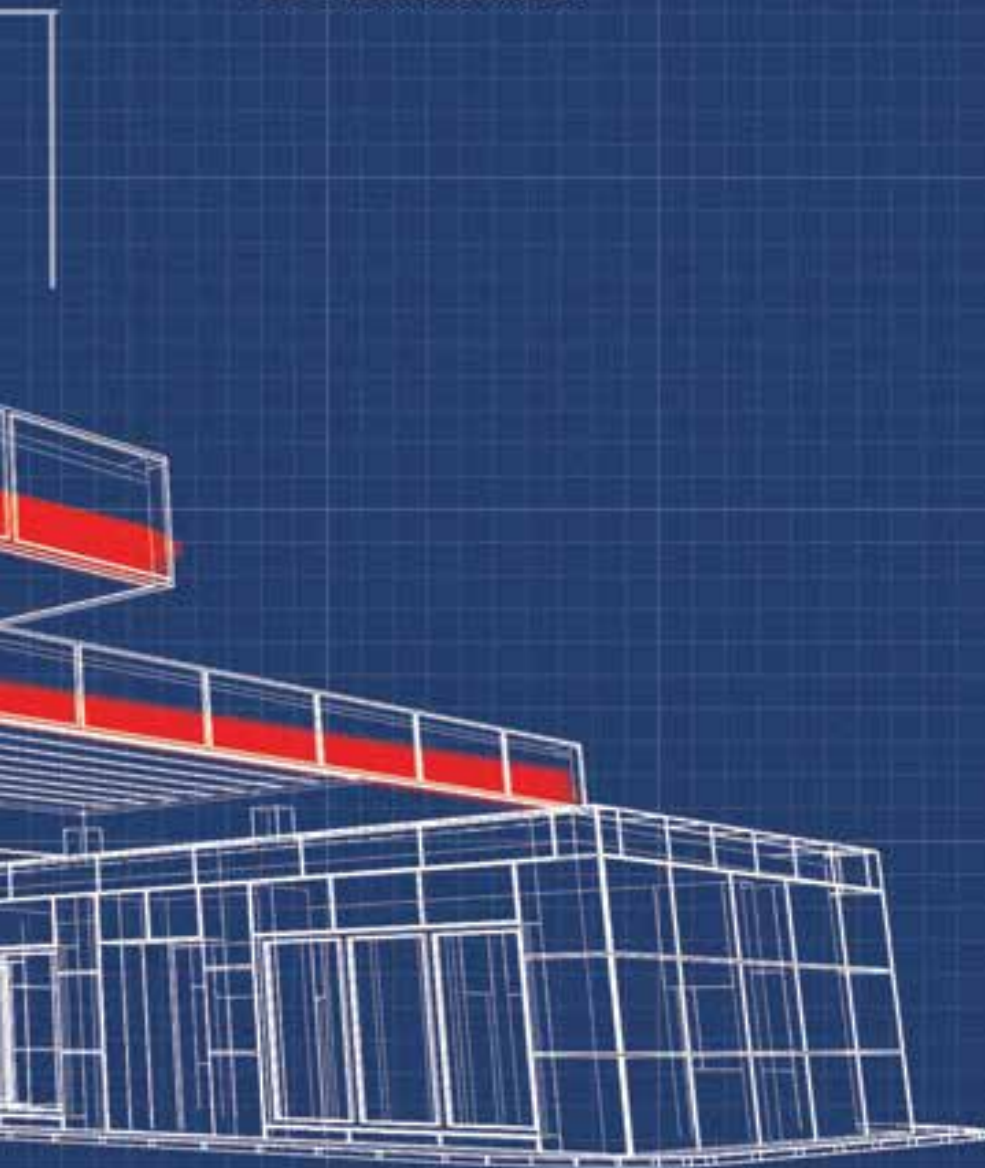
Station



Fuel Machine

STAKEHOLDERS' **ENGAGEMENT**

We aim to maintain a responsible and ethical attitude in all of our practices. We are determined to deliver sustained growth and enduring value to our stakeholders.



STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT

Active stakeholder engagement and constructive dialogue are imperative HTL's commitment. In line with its vision, mission and values, the Company remains dedicated to understanding the concerns and expectations of its stakeholders and developing opportunities to create value. Our stakeholders' extend valuable contribution towards our growth and existence. Procedure for stakeholders' engagement includes effective communication, good harmony and compliance with laws and regulations. We cannot truly execute our purpose without input from our stakeholders.



SHAREHOLDERS

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

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

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

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

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

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

CUSTOMERS

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

EFFECTIVE COMMUNICATION

Before engaging with stakeholders, it is very important to develop a deeper understanding of their needs. Continuous communication with our stakeholders will always remain a two-way street, whereby we 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 HTL, 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.

• EMPLOYEES AND SOCIETY

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

• BANKS

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

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

• REGULATORS

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

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 SECP-ISD through email at financial.statements@secp.gov.pk. Financials and other Material & Price Sensitive Information are also circulated to PSX through PUCARS immediately, and to SECP-ISD as and when need arises.

• MEDIA

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

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

• INVESTORS' RELATIONS SECTION ON THE CORPORATE WEBSITE

To keep transparency in the relationship between the Company and its shareholders, HTL has a dedicated and updated investors section on its corporate website (<https://www.hitechlubricants.com/investor>) which contains comprehensive information that would be interesting and informative for any investor or potential investor. This section includes detailed information pertaining to: Corporate information, annual reports, financial 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 HTL website.

• CORPORATE BRIEFING SESSION (CBS)

HTL continues to maintain a healthy relationship with the investor community by holding corporate / analyst briefings each year. These briefings are the interactive sessions between the management of HTL and the investors, it gives opportunity to apprise investors about financial performance, business outlook, competitive environment and right perspective of affairs of the Company in which it operates and invests. The Company has strong connections with the institutional investors and analysts.

Furthermore, in compliance with the requirement of the Pakistan Stock Exchange, the Company conducted a formal Corporate Briefing Session on the basis of its Annual Audited Financial Statements for the year ended June 30, 2021 on Wednesday November 24, 2021 electronically through video link / Zoom application. All shareholders of the Company and analysts were invited.

Management gave a detailed presentation on Company's operational and financial performance, the competitive business environment in which the Company operates, challenges, and business outlook. The presentation was followed by a question and answer session which was very well addressed to the satisfaction of the audience.

The Company is committed to actively follow Corporate Briefing Sessions and therefore, plans to hold at least one CBS on the basis of annual financial results for the year ended June 30, 2022 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 thirteenth (13th) Annual General Meeting (AGM) held on Tuesday dated 26 October 2021, no significant issues were raised.

• REDRESSAL OF INVESTOR COMPLAINTS

During the year under review no formal complaint was lodged by any shareholder of the Company.

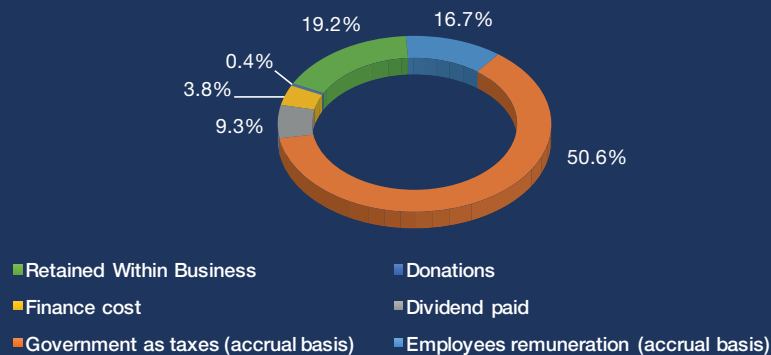
VIDEO PRESENTATION

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

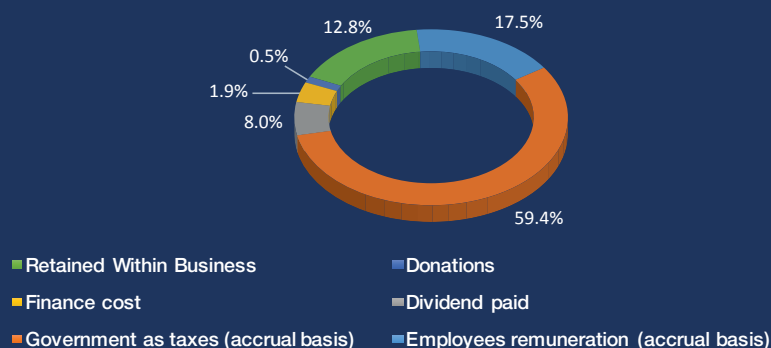
STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

Particulars	2022		2021	
	Rs.	%	Rs.	%
Revenue	20,205,991,268		13,017,306,745	
Cost of sales	15,019,145,240		8,802,509,492	
Wealth Generated	5,186,846,028	100%	4,214,797,253	100%
Distribution				
Employees remuneration (accrual basis)	866,531,726	16.7%	736,683,805	17.5%
Government as taxes (accrual basis)	2,626,313,638	50.6%	2,501,919,724	59.4%
Dividend paid	482,576,498	9.3%	336,411,600	8.0%
Finance cost	195,516,047	3.8%	81,147,580	1.9%
Donations	18,454,422	0.4%	21,181,109	0.5%
Retained Within Business	997,453,697	19.2%	537,453,435	12.8%

DISTRIBUTION OF WEALTH GENERATED -2022



DISTRIBUTION OF WEALTH GENERATED - 2021



PATTERN OF SHAREHOLDING

AS OF JUNE 30, 2022

THE COMPANY ACT, 2017

Form 34

THE COMPANIES (GENERAL PROVISIONS AND FORMS) REGULATIONS, 2018

[Section 227(2)(f)]

PATERN OF SHAREHOLDING

PART-I

1.1 Name of the Company

HI-TECH LUBRICANTS LIMITED

2.1 Pattern of holding of the shares held by the shareholders as at

30/06/2022

PART-II

2.2 Number of Shareholders	Shareholding Slabs					Total Shares Held
404	Shareholding From	1	to	100	Shares	13,555
777	Shareholding From	101	to	500	Shares	287,878
1,678	Shareholding From	501	to	1,000	Shares	1,171,548
2,116	Shareholding From	1,001	to	5,000	Shares	4,792,002
404	Shareholding From	5,001	to	10,000	Shares	2,972,689
165	Shareholding From	10,001	to	15,000	Shares	2,052,226
92	Shareholding From	15,001	to	20,000	Shares	1,650,109
61	Shareholding From	20,001	to	25,000	Shares	1,406,700
35	Shareholding From	25,001	to	30,000	Shares	1,003,838
13	Shareholding From	30,001	to	35,000	Shares	423,719
16	Shareholding From	35,001	to	40,000	Shares	612,243
13	Shareholding From	40,001	to	45,000	Shares	554,340
20	Shareholding From	45,001	to	50,000	Shares	982,100
9	Shareholding From	50,001	to	55,000	Shares	476,508
7	Shareholding From	55,001	to	60,000	Shares	416,600
4	Shareholding From	60,001	to	65,000	Shares	254,100
4	Shareholding From	65,001	to	70,000	Shares	273,900
6	Shareholding From	70,001	to	75,000	Shares	437,200
2	Shareholding From	75,001	to	80,000	Shares	157,200
9	Shareholding From	80,001	to	85,000	Shares	756,820
2	Shareholding From	85,001	to	90,000	Shares	174,500
1	Shareholding From	90,001	to	95,000	Shares	92,000
12	Shareholding From	95,001	to	100,000	Shares	1,183,400
2	Shareholding From	100,001	to	105,000	Shares	206,500
3	Shareholding From	105,001	to	110,000	Shares	317,400
2	Shareholding From	110,001	to	115,000	Shares	226,500
3	Shareholding From	115,001	to	120,000	Shares	356,140
2	Shareholding From	120,001	to	125,000	Shares	245,500
3	Shareholding From	125,001	to	130,000	Shares	383,400
2	Shareholding From	130,001	to	135,000	Shares	265,500
1	Shareholding From	140,001	to	145,000	Shares	143,000
3	Shareholding From	145,001	to	150,000	Shares	448,800
1	Shareholding From	150,001	to	155,000	Shares	152,000
1	Shareholding From	165,001	to	170,000	Shares	166,700
4	Shareholding From	170,001	to	175,000	Shares	687,300
2	Shareholding From	205,001	to	210,000	Shares	415,596
1	Shareholding From	210,001	to	215,000	Shares	211,000
1	Shareholding From	235,001	to	240,000	Shares	240,000
1	Shareholding From	270,001	to	275,000	Shares	273,000
1	Shareholding From	275,001	to	280,000	Shares	275,500
1	Shareholding From	300,001	to	305,000	Shares	303,360
1	Shareholding From	330,001	to	335,000	Shares	331,600
2	Shareholding From	335,001	to	340,000	Shares	678,600
1	Shareholding From	340,001	to	345,000	Shares	340,300
2	Shareholding From	355,001	to	360,000	Shares	720,000
1	Shareholding From	425,001	to	430,000	Shares	426,500

2.2 Number of Shareholders	Shareholding Slabs					Total Shares Held
1	Shareholding From	625,001	to	630,000	Shares	626,900
1	Shareholding From	945,001	to	950,000	Shares	947,000
1	Shareholding From	955,001	to	960,000	Shares	960,000
1	Shareholding From	990,001	to	995,000	Shares	993,330
1	Shareholding From	1,125,001	to	1,130,000	Shares	1,128,045
2	Shareholding From	1,500,001	to	1,505,000	Shares	3,000,120
1	Shareholding From	1,795,001	to	1,800,000	Shares	1,796,900
2	Shareholding From	2,435,001	to	2,440,000	Shares	4,875,194
3	Shareholding From	6,000,001	to	6,005,000	Shares	18,000,540
2	Shareholding From	9,000,001	to	9,005,000	Shares	18,000,720
1	Shareholding From	27,955,001	to	27,960,000	Shares	27,958,500
1	Shareholding From	30,955,001	to	30,960,000	Shares	30,958,180
5,908						139,204,800

2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors and their spouse(s) and minor children	98,195,774	70.54
2.3.2 Associated Companies, undertakings and related parties	8,209,415	5.90
2.3.3 NIT & ICP	0	0
2.3.4 Banks Development Financial Institutions, Non Banking Financial Financial Institutions.	0	0
2.3.5 Insurance Companies	2,529,100	1.82
2.3.6 Modarabas and Mutual Funds	1,716,540	1.23
2.3.7 Share holders holding 10% (public)	0	0
2.3.8 General Public		
a. Local	23,688,613	17.02
b. Foreign	657,278	0.47
2.3.9 Others (Brokers and other institutional shareholders / companies)	4,208,080	3.02
Totals	139,204,800	100
Share holders holding 10% or more (Spouses of Directors)		
ARIFA SHAUKAT	28,298,100	20.33
UZRA TAHIR	31,297,680	22.48



NOTICE OF 14TH ANNUAL GENERAL MEETING

Notice is hereby given that 14th Annual General Meeting of shareholders of Hi-Tech Lubricants Limited ("HTL" or the "Company") will be held on Friday October 28, 2022 at 11:00 Hours at Falettis Hotel, 24-Egerton Road, Lahore and via video link / Zoom application to transact following businesses:

ORDINARY BUSINESS

- To confirm minutes of 13th Annual General Meeting held on 26.10.2021, as submitted to PSX.
- To receive, consider and adopt Annual Audited Financial Statements of Company for the year ended June 30, 2022 together with Auditor's and Board of Directors' reports thereon.
- To approve and declare final Cash Dividend for the year ended June 30, 2022 at PKR 2 per share (i.e. 20%) (as recommended by Board of Directors on 23.09.2022) and also interim cash dividend at PKR 1.8 per share (i.e. 18%) (already paid), making a total of PKR 3.8 per share (i.e. 38%) for the year ended June 30, 2022.
- To appoint Auditors of Company for next financial year 2022-23 and to fix their remuneration. Present auditors M/s Riaz Ahmad & Co. Chartered Accountants, retired and being eligible, offer themselves for reappointment as Auditors of Company.

SPECIAL BUSINESS

- To consider, and if thought fit, to pass following resolutions, with or without modifications, as special resolutions, (a) to ratify and approve transactions carried out with associated undertaking Sabra Hamida Trust (SHT) during financial year ended June 30, 2022 and (b) & (c) to authorize Board of Directors to approve all related party transactions carried out and to be carried out with SHT during financial year ending June 30, 2023.
 - "Resolved that following transactions as carried out by Hi-Tech Lubricants Ltd. (HTL) with related party Sabra Hamida Trust (SHT) during financial year ended June 30, 2022 be and are hereby ratified and approved"

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

- "Further resolved that Board of Directors of HTL be and is hereby authorized to approve all transactions carried out and to be carried out with SHT up to the amount of PKR 30 Million during financial year ending June 30, 2023."
- "Further resolved that all transactions of HTL with SHT during financial year ending June 30, 2023, including as approved by Board of Directors of HTL under above authorization, shall be deemed to have been approved by shareholders, and same shall

also be placed before shareholders in next annual general meeting for their formal ratification / approval."

- To consider, and if thought fit, to pass following resolutions, with or without modifications, as special resolutions (a) to ratify and approve transactions carried out with wholly owned subsidiary company Hi-Tech Blending (Private) Limited (HTBL) during financial year ended June 30, 2022 and (b) & (c) to authorize Board of Directors to approve all related party transactions carried out and to be carried out with HTBL during financial year ending June 30, 2023;
 - "Resolved that following transactions as carried out by Hi-Tech Lubricants Ltd. (HTL) with related party and wholly owned subsidiary company Hi-Tech Blending (Private) Limited (HTBL) during financial year ended June 30, 2022 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)	Sale of lubricants	1,039,426
	Purchase of lubricants	8,089,849,202
	Dividend received	260,000,000
	Lease rentals paid	3,000,000

- "Further resolved that Board of Directors of HTL be and is hereby authorized to approve all transactions carried out and to be carried out with HTBL during financial year ending June 30, 2023."
- "Further resolved that all transactions of HTL with HTBL during financial year ending June 30, 2023, including as approved by Board of Directors of HTL under above authorization, shall be deemed to have been approved by shareholders, and same shall also be placed before shareholders in next annual general meeting for their formal ratification / approval."

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



BY ORDER OF THE BOARD
FRAZ AMJAD KHAWAJA
 COMPANY SECRETARY

Lahore,
 October 06, 2022

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

NOTES:

1. **Book Closure:** The share transfer books of the company will remain closed from 22-10-2022 to 28-10-2022 (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 21-10-2022 will be considered in time to be eligible for the purpose of attending and voting at 14th 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. **CORONAVIRUS Contingency Planning For AGM:** In view of continued threats of new variants of Coronavirus Pandemic as well as Directives / Instructions / Guidelines of SECP and other Government Dept. / Institutions, listed companies are required to modify their usual planning for general meetings with minimized physical attendance and that too with due implementation of COVID-19 related SOPs of federal and provincial governments along with arrangement for online participation. Accordingly and for the purposes of prioritising wellbeing, health and safety of HTL's shareholders, directors and employees, the Company has made both arrangements while also ensuring compliance with quorum and other legal / regulatory requirements of general meetings. Shareholders of HTL are encouraged to participate in AGM electronically through video link / Zoom Application and further encouraged to consolidate their attendance through proxies.

A. Online Participation In AGM via ZOOM Application:

The shareholders are encouraged to login and participate in the proceedings of AGM through their own smart phones/computers from their own convenient locations after completing all formalities as required for verification and identification of shareholders. To attend the AGM electronically, the Login facility will be opened about half hour before 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 latest by or before the close of business hours (5:00 p.m.) on 27-10-2022. Emails after this date/time may remain unresponded.

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

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

- C. **Online Submission of Comments / Suggestions:** The shareholders are also encouraged to send their comments / suggestions in writing, related to the proposed agenda items of the AGM by sending an email at info@masgroup.org by the close of business hours (5:00 p.m.) on 27-10-2022.

4. **Verification and Identification of Participants at AGM:** Each online participant shall authenticate his/her identity at AGM by enabling clear camera of his/her computer device / mobile etc. for verification and identification purposes.

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 identify 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 last completed financial year ended June 30 along with Auditor's and Directors' Reports thereon on Company's website: www.hitechlubricants.com and at PUCARS website of PSX <https://dps.psx.com.pk/company/HTL>.

8. **Transmission of Audited Financial Statements & Notices of General Meetings:** Audited financial statements of the Company will be sent to shareholders through post/courier in CD/DVD along with printed notice of AGM. Soft copies of any or all the documents and information of the Company including audited financial statements and notices of general meetings may be sent electronically through emails to consenting

shareholders. Shareholders may request the Company in writing to receive the soft copies of the same through e-mail and shareholders may provide their written consent with valid email addresses accordingly on the Standard Request Form available on Company's website. The Company shall provide hard copies of Audited Financial Statements and notices of general meetings to its shareholders, on their written 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. Mandatory 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 final cash dividend within a period of ten 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: The company, hereby advise to its shareholders as hereunder;

A. For filers & non filers: The company is required to collect tax on dividend under Section 150 of the Income Tax Ordinance, 2001 from the person not appearing in active taxpayer list (ATL) at the rates specified in the Ordinance as increased by 100%. These tax rates are as under:

- i. **For filers of income tax returns 15%**
- ii. **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 a Centralized Services Portal (CSP) as eServices web portal which incorporate details and maintain histories pertaining to cash dividends paid, unpaid or withheld by listed companies and tax/zakat deductions, if and whenever applicable, and net amount credited. Access to all such information can be provided by CSP to the respective shareholders upon login. The web portal also facilitate shareholders of listed companies in retrieving details of cash dividends from centralized register and using the same for their record purposes. Shareholders should access CDC's CSP at <https://csp.cdccaccess.com.pk/#/> login and get them registered (if not registered before) for downloading their respective tax/zakat Deduction Certificates. Shareholders can also install CDC's newly launched mobile application for CSP. 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.

14. Mandatory Conversion of Physical Share Certificates into Book Entry Form: In continuation to Company's efforts to follow up through newspaper advertisements with all shareholders holding shares in physical form as required under SECP's letter number CSD/ED/Misc. /2016-639-640 dated March 26, 2021, the shareholders holding Physical Share Certificates must comply with section 72 of Companies Act 2017 and they should open their respective account(s) with Central Depository Company of Pakistan Limited (CDC) (either Investor Account directly with CDC or sub-account through

under the eligible broker) and must convert their respective physical shares into book entry forms on priority basis. Shareholders may contact Company's Share Registrar to understand the process of conversion of physical shares into the book entry form and benefits of holding book entry shares

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

This statement sets out the material facts pertaining to the special businesses to be transacted at the 14th Annual General Meeting (AGM) of Hi-Tech Lubricants Limited (the "Company" or "HTL") to be held on Friday October 28, 2022 at 11:00 Hours at Falettis Hotel, 24-Egerton Road, Lahore and via video link / Zoom application.

1. AGENDA ITEM NO. 5

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

All the transactions with Sabra Hamida Trust (SHT), an associated undertaking of HTL, during the period from July 01, 2021 to June 30, 2022 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 and under approval of HTL's shareholders in Annual General Meeting held on October 26, 2021 to the Board of Directors of HTL regarding authorization to the Board to approve all related party transactions of HTL with SHT during the financial year 2021-2022. 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 26-10-2021 regarding authorization to HTL's Board of Directors to approve all transactions of HTL with SHT during the financial year 2021-22.

The transactions of HTL with SHT have been approved by the Board in the quarterly/annual financial statements during the fiscal year 2021-22 under the authority given by the shareholders in AGM held on October 26, 2021 to the Board of Directors of HTL, however, the Board decided to place above related party transaction concluded during the fiscal year 2021-22 before the shareholders in AGM for ratification and approval due to the interests/concerns of five out of ten directors named as (i) Mr. Hassan Tahir, (ii) Mr. Muhammad Ali Hassan, (iii) Mr. Tahir Azam, (iv) Mr. Shaukat Hassan, and (v) Ms. Mavira Tahir in the above referred related party transactions due to common directorship/Trusteeships and/or relationships amongst common Directors-Trustees and further in compliance to special resolution passed by the shareholders in last AGM.

(b) & (c) Authorization for the Board of Directors to approve related party

transactions during the financial year ending June 30, 2023

The company is and shall be conducting transactions of Donations under CSR Policy of the Company with SHT during the financial year ending June 30, 2023, and subsequently, in the ordinary course of business and at Arm's Length Basis as per the approved policy with respect to transactions with related parties in the normal course of business, and therefore, all the future transactions with SHT shall be approved by the Board of Directors on quarterly basis. Considering the interests/concerns of five out of ten Directors due to their common directorship/trusteeship and/or relationship with Trustees of SHT, the related parties' transactions of the fiscal year 2022-23 are suggested to be placed before the shareholders.

Accordingly, approval of shareholders is being sought to authorize Board of Directors of the Company to approve all transactions carried out and to be carried out with SHT during the financial year ending June 30, 2023, 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, 2023, shall then be placed before the shareholders in the next AGM for their formal approval/ ratification.

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

2. AGENDA ITEM NO. 7

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

All the transactions with Hi-Tech Blending (Pvt) Ltd. (HTBL), the wholly owned subsidiary company of Hi-Tech Lubricants Ltd. (HTL), during the period July 01, 2021 to June 30, 2022 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 and under approval of HTL's shareholders in Annual General Meeting held on October 26, 2021 to the Board of Directors of HTL regarding authorization to the Board to approve all related party transactions of HTL with HTBL during the financial year 2021-2022. 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:

- 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.
- State of the art and elaborated testing facilities at subsidiary company.
- To ensure smooth supply chain and to avoid shortages.
- 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)	Sale of lubricants	1,039,426	As per approved contract between HTL & HTBL, Related Party Transactions Policy of HTL and Standard Cost Plus Method and approval of HTL's shareholders in AGM dated 26-10-2021 regarding authorization to HTL's Board of Directors to approve all transactions of HTL with HTBL during the financial year 2021-22.
	Purchase of lubricants	8,089,849,202	As per approved contract between HTL & HTBL, Related Party Transactions Policy of HTL and Standard Cost Plus Method and approval of HTL's shareholders in AGM dated 26-10-2021 regarding authorization to HTL's Board of Directors to approve all transactions of HTL with HTBL during the financial year 2021-22.
	Dividend received	260,000,000	As per approved contract between HTL & HTBL, Related Party Transactions Policy of HTL and approval of HTL's shareholders in AGM dated 26-10-2021 regarding authorization to HTL's Board of Directors to approve all transactions of HTL with HTBL during the financial year 2021-22.
	Lease rentals paid	3,000,000	As per approved lease agreement, Comparable uncontrolled price method and Market Rent Prevalent in the vicinity and approval of HTL's shareholders in AGM dated 26-10-2021 regarding authorization to HTL's Board of Directors to approve all transactions of HTL with HTBL during the financial year 2021-22.

The transactions of HTL with HTBL have been approved by the Board in the quarterly/annual financial statements during the fiscal year 2021-22 under the authority given by the shareholder in AGM held on October 26, 2021 to the Board of Directors of HTL, however, the Board decided to place above related party transaction concluded during the fiscal year 2021-22 before the shareholders in AGM for ratification and approval due to the interests/concerns of five out of ten directors named as (i) Mr. Hassan Tahir, (ii) Mr. Muhammad Ali Hassan, (iii) Mr. Tahir Azam, (iv) Mr. Shaukat Hassan, and (v) Ms. Mavira Tahir in the above referred related party transactions due to common directorship and/or relationships amongst common Directors and further in compliance to special resolution passed by the shareholders in last AGM.

(b) & (c) Authorization for the Board of Directors to approve related party transactions during the financial year ending June 30, 2023

The company is and shall be conducting transactions with HTBL including sale and purchase of goods, loan disbursements and payment of lease rentals etc. during the financial year ending June 30, 2023 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 2022-23 are suggested to be placed before the shareholders.

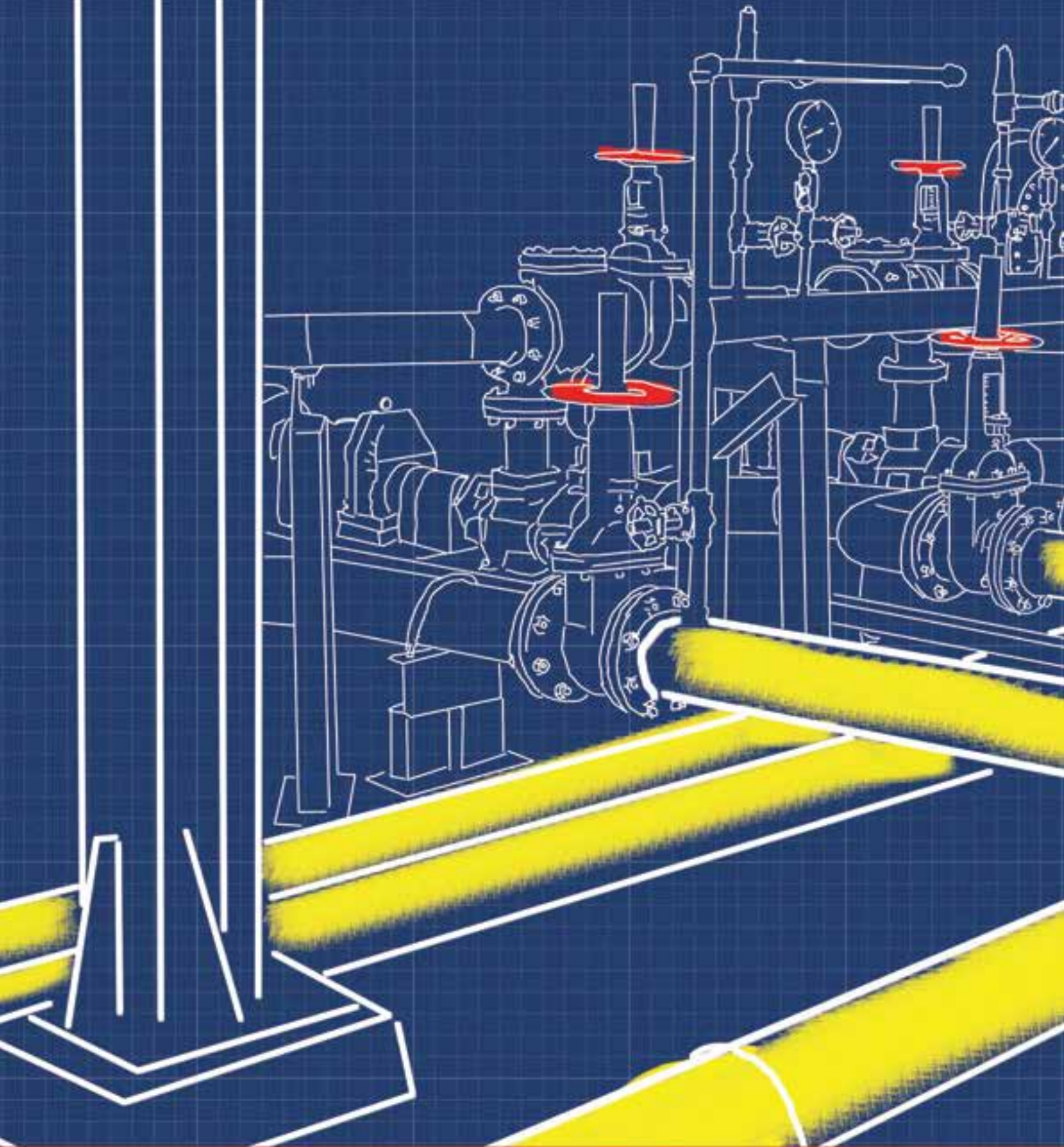
Accordingly, approval of shareholders is being sought to authorize Board of Directors of the Company to approve all transactions carried out and to be carried out with HTBL during the financial year ending June 30, 2023, which transactions shall be deemed to be approved by Shareholders. The nature and 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, 2023, shall then be placed before the shareholders in the next AGM for their formal approval/ ratification.

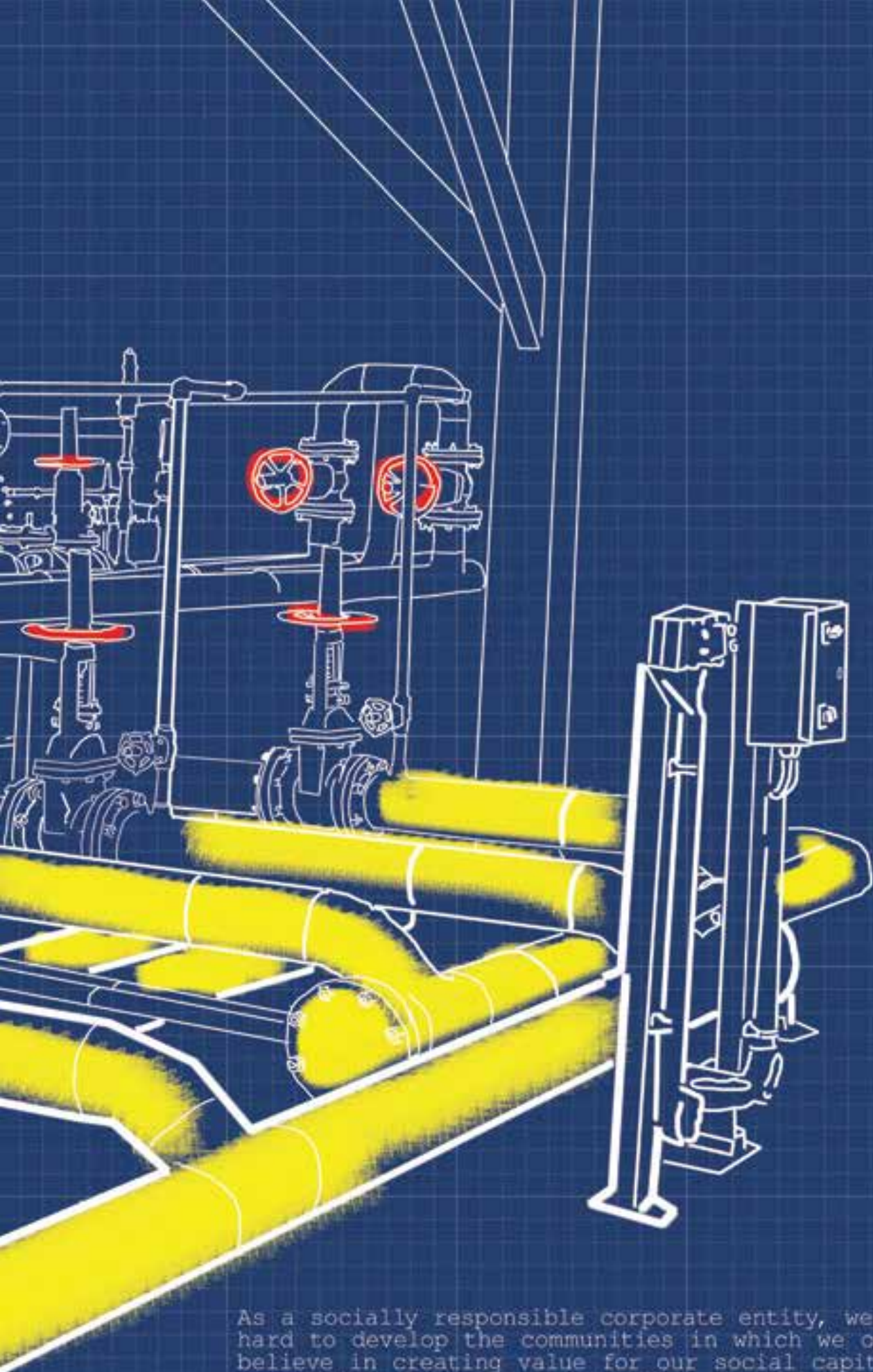
The directors, sponsors, majority shareholders and their relatives are not interested, directly or indirectly, in the above special business except to the extent of their respective shareholdings in the Company and to the extent of their common directorship and/or relationships amongst common directors.

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



CORPORATE SOCIAL **RESPONSIBILITY**





As a socially responsible corporate entity, we strive hard to develop the communities in which we operate. We believe in creating value for our social capital through initiatives focusing on education, health and environment.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

At HTL, the Corporate Social Responsibility refers to playing a positive role in the community while fully taking into account the environmental and social impact of business decisions. We are fully committed to raising the bar in the indispensable sectors of Pakistan; Education, Healthcare and Environment. Our Corporate Social Responsibility projects pitch to the universally acclaimed Sustainable Development Goals (SDG) 2030. These are keenly curated projects strongly built on the core objective to bring reforms in livelihood with joint collaborations and with direct interventions in local communities where possible. Hi-Tech Lubricants Limited is on the same page with other MNC groups in Pakistan to make substantial measures in order to achieve the Sustainable Development Goals (SDGs). HTL's business strategy abides by the universally proclaimed ten principles of the UN Global Compact.

EDUCATION

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

Sabra Hamida Trust, was established with a vision to contribute towards education, healthcare and other charitable and welfare causes. Under Sabra Hamida Trust, Ilmgah School Systems is the living example that is successfully providing quality education in the slums of Kot lakhpat and Green town locality since 2011. During the year, the schools were revisited and assessed the standard to qualify for the renewal of PCC Certification. The accreditation has a strict evaluation protocol and the trust assertively reappeared for the renewal to keep the validation of the PCC certificate. The trust was scrutinized on program delivery mechanism, responsive accountability process check, and standardized financial management framework. On the basis of this, Sabra Hamida Trust successfully grabbed the renewal of PCC Certification.

ILMGH SCHOOL SYSTEMS (IGS)

Since school's establishment, it has evolved into a successful educational social venture by Sabra Hamida Trust (SHT) aiming at uplifting the underprivileged segment of society. SHT aims to continue its commitment to improve the quality of life of many families, the local community, environment and society at large. HTL inevitably plays a concrete supporting role by means of contributing financially as well as by providing manpower resources. The Company is making contributions / donations to Sabra Hamida trust for carrying out its social work. Ilmgah Initiative has been in true spirit to reshape, redefine and produce from within this segment contributors of social change enabling them to rise from underprivileged to honorable citizens.

ILMGH SCHOOL HIGHLIGHTS

START OF NEW SCHOOL YEAR

Students at Ilmgah School Systems started their new academic session 2022-23 with zeal and enthusiasm. We have set the benchmark for conducting activities in such a way Students at Ilmgah School Systems started their new academic session 2022-23 with zeal and enthusiasm. We have set the benchmark for conducting activities in such a way that the students not only enjoy but also learn a great deal from it. With the same perspective in view, the Inter-Campus Reading Competition was held for senior grades and a fun Spelling Bee for our little learners. The guest judges lauded the initiative taken by the school in

conducting such fabulous competitions. Perspective in view, the Inter-Campus Reading Competition was held for senior grades and a fun Spelling Bee for our little learners. The guest judges lauded the initiative taken by the school in conducting such fabulous competitions. They gave away the prizes to the winners and motivated them to participate in many more competitions like this. They stated that participation matters more than winning.

INDEPENDENCE DAY CELEBRATIONS

A truly captivating event was organized by students and teachers of IGS to celebrate Independence Day on 14th August 2021 at both campuses. Keeping with the importance of the day, the theme was based on Patriotism and Nation Building. The participants amused all with their dramatic skills. The sensitivity with which each aspect of the freedom movement was portrayed was indeed commendable. Each performance provided entertainment and food for thought.

IMPORTANCE OF COMPUTER LITERACY

Over time, technology's presence has been established in virtually every possible corner of the educational system. With online learning students are given opportunities that previous generations were never awarded. We at Ilmgah School Systems believe in these benefits. Online learning opportunities and the use of open educational resources and other technologies can increase educational productivity by accelerating the rate of learning; reducing costs associated with instructional materials or program delivery; and better utilizing teacher time. Through the integration of technology into the learning experience, students are able to digest information through several different mediums, allowing a better opportunity for that information to be retained. Computer Science is taught as a regular subject at ILMGAH School Systems.

APPRECIATION OF STUDENTS' ACHIEVEMENTS IN BISE

Prize Distribution was held to appreciate and further encourage our students to keep following their dreams. The heads are an epitome of compassion and empathy, they offered to help in any way they could to brighten the students' future. The students of IGS presented their creativity and talents in the Science and Art expo on the prize distribution day. Music helps bring people together, talented lady students of class 8 IGS sang a beautiful song on women empowerment.

HEALTHIER SNACK HAPPIER CHILD

Healthy snack program offered healthy food options to all the students of IGS. The motive is to perform better for the welfare of the deprived community at the grassroots level. We are thankful to the teams who make this possible. Renovations are also underway at both campuses during summer holidays to expand and refresh the campuses. We at ILMGAH are always striving to provide a better environment to the children who cannot benefit from the perks of privileged life.

CELEBRATING ANOTHER SUCCESSFUL ACADEMIC YEAR

A beautiful afternoon meal was planned for the IGS faculty. A dazzling Bonfire

was also arranged by the teachers and admin staff for IGS outgoing class of Matriculation BISE 2021-2022 during the month of February. The faculty and students got a chance to show case their talents like; singing and dancing even stand-up comedy. At ILMGAH School Systems we recognize the basic employee rights, which include performance-based appraisals and recreational activities for the faculty members.

INTERACTIVE TRAINING SESSIONS FOR TEACHING FACULTY

An extremely engaging and fun training session was organized by the head office to help teachers refresh and revise their lesson planning methodologies. Miss Hamna used different activities specially designed to explain Bloom's Taxonomy. The teachers gave a very positive feedback and agreed that the workshop was very useful and much necessary at the time.

EID MILAD UN NABI (PBUH)

To cherish the memory of our beloved Prophet (PBUH), Eid Milad un Nabi was arranged by the teachers and students of IGS. This day holds special importance in the hearts of Muslims around the world, as with great enthusiasm we recall and highlight his (SAW)'s life as an excellent example for the entire human race. Eid Milad-un-Nabi was celebrated with all its religious fervor at Basit Campus. The students not only realized the importance of following the Hadith of the last Prophet of Allah (PBUH) but also gained insight into his life. The special presentation conducted by our talented students comprised of Naat, Darood Sharif, information and speeches to help inculcate the values taught by our Holy Prophet Muhammad (PBUH). The guests greatly appreciated the event and shared that the experience was soul enriching and satiating.





OUR BRILLIANT ALUMNI

IGS paved the path for hundreds of children and helped them get into prestigious Universities and Colleges of the city. The students gained confidence and skills by hosting their own school events, helping organize contests for their juniors and respecting their teachers. Some of our shining stars are as below; Miss Lia Waris and Miss Mubbarrah Manzoor in Final year of their ACCA at SKANS School of Accountancy, Miss Laiba Sheikh doing D-Pharmacy from University of The Punjab, Miss Mahnoor studying at University of Home Economics Lahore also an intern at Aleez clothing, Miss Oneza continuing her studies at Kinnaird College, M. Ahmad Hanif FSc. from Government College University, Volunteer at Blood Donor Society (GCU), Coordinator at photography club GCU, Part of LUMS NOP Summer Coaching Session, Topper at National Talent Hunt Program at IBA (NTHP-IBA) Karachi, Brand Ambassador at Enigma- IBA, studying engineering at UET Lahore, M. Usman Haider Bachelors Industrial and Manufacturing Engineering at UET, General member UET Debating Society.



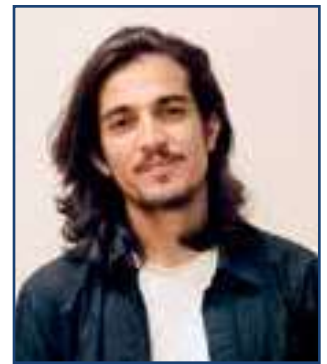
Miss Laiba Sheikh
D-Pharmacy from PU



Miss Mubbarrah Manzoor
Student of ACCA at
Skans School of Accountancy



Mr. Usman Haider
Student of Engineering
at UET Lahore



Mr. Ahmed Hanif
Student of Engineering
at UET Lahore



Miss Lia Waris
Student of ACCA at Skans
School of Accountancy



Miss Oneza
Student of FSC Premedical at
Kannaird College for Women

ENVIRONMENT

WE CARE ABOUT OUR PLANET

ILMGAH School Systems marked the World Earth Day with activities widespread to invoke respect, concern and action to conserve the natural resources. Moving with the theme- Invest in our planet, activities like in-campus plantation drive, planting trees in the area surrounding both campuses, virtual visit to national parks and sanctuaries, poster and slogan creation, power point presentations for generating awareness were the highlights of the day. Students expressed their loving concern for the greener earth by helping clean their campus and areas around it. The Head Principal, in her special address to the students, mentioned the importance of being receptive to the urgent need towards securing the natural resources. Agriculturists associated with the Punjab Government visited both campuses and briefed students and teachers about the benefits of organic fruits and vegetables and how to grow them in your homes.



INITIATIVES FOR THE HEALTH AND WELLBEING OF COMMUNITY

Pakistan is a developing country that is under a makeshift process in providing at par healthcare facilities. It is also striving to bring those quality provisions to the reach of every citizen as well regardless of social divisions. HTL is a socially responsible company and assertive at being responsive in this lacking sector. As a result, Healthcare & Well-being is an important pillar of HTL's CSR Strategy.

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

MEDICAL CAMP IN COLLABORATION WITH TRANSPARENT HANDS

A free medical camp was held for the underprivileged community of Bhaikot at Sundar estate, Lahore on the 23rd March 2022. It was held in partnership with Transparent Hands. The camp included three doctors, a female nurse, a pharmacist, and eight crew workers as organizers. The medical camp was held with the support of the local coordinator Chaudhary Asif Ali Jutt Sindhu. It was a one-day camp where free physical examination along with free blood sugar, and blood pressure tests were provided by the team of doctors. A total of 344 patients

benefitted from the camp. The doctors also listened to female issues and gave free consultation, especially to female attendees. The objective of the camp was to give an opportunity to every resident and surrounding community to access free quality health services.



HTL OBSERVED BREAST CANCER AWARENESS MONTH

October is recognized worldwide as Breast cancer awareness month. HTL joins hands every year with Shaukat Khanum Cancer Memorial & Research Centre in their annual campaign to raise awareness about the impact of breast cancer. We believe and accept as true that cure begins with spreading awareness which is why, HTL arranged a live virtual session for its female faculty on Breast Cancer Awareness. Dr. Mariam Saleem (oncologist from Shaukat Khanum Research Centre and Hospital) shared vital information regarding breast cancer and its preventive measures through a series of videos, Facts and statistics and techniques to get diagnosed at an early stage.

HTL OBSERVED WORLD DONOR DAY

Blood signifies life, as every drop of blood is a breath for someone. Sundas Foundation is an organization highly recognized nationwide. HTL feels privileged to be a strong facilitator in their huge life-saving cause. During the year, the camp was setup at HTL's Head office where commendable turnout of donors was witnessed who volunteered to support maintaining of blood bank stock. Being one of the Company's yearly CSR initiatives, the drive also aims at raising awareness about health benefits of donating blood and promoting civic responsibility.

HTL has been successfully holding Workplace Blood drives before the pandemic and now when things are getting back to normal and safe, HTL revived the act of being selfless and silver lining to those whose lives are in jeopardy without fresh blood diffusion. In their appeal to donate blood, HTL initiated a series of workplace drives this year by beginning with Blending Plant & Warehouse employees at Warehouse Sundar. The second camp was setup at HTL Head Office. The sundas foundation received a decent turnout of donors who supported wholeheartedly to the cause. The drives also aimed at raising awareness about the health benefits of donating blood and at the same time promoting the values of civic responsibility.



SUCCESSFUL INSTALLATION OF RO PLANT AT BHAI KOT, SUNDAR LAHORE

HTL got one step closer to a healthier environment by extending collaboration with Alkhidmat foundation to install a complete unit of RO Plant in the area of Bhai Kot near HTBL Plant. The RO Plant Inaugural ceremony took place in the hands of the chairman Mr. Shaukat Hassan in the presence of Alkhidmat's engineering team and technicians involved in the project. The Technical team demonstrated the operating procedures of the RO Plant to the Chairman. They also explained how the purification system works in the RO Plant. The Filtration Plant is now fully functional and accessible to the community. Mr. Yaqub Aziz, the technical advisor at Hi-Tech Blending Plant is looking after the upkeep of the RO Plant.



ENVIRONMENTAL PROTECTION MEASURES

Respecting and safeguarding the environment is strongly embedded in HTL's business practices. We are fully mindful towards environmental matters and take upright responsibility to measure that our actions do not come in the line of our obligation towards environment. Since 2016, Greener Pakistan Initiative upholds our sustainable eco-friendly practices. We have reached colleges, schools, universities, vocational training institutes reinstating to plant as many trees as possible to safeguard our future, our planet. We are fully aware how devastating effects it can run on our health if appropriate actions are not taken for the environment now. During the period under review, we have been able to plant 30,000 trees at different locations.

WINNING THE UNGC LIVING THE SUSTAINABILITY AWARD 2021

The year 2022, brought yet again for HTL, the most prestigious and credible award "United Nation Global Compact Living the sustainability award 2021". HTL won the second prize in the category of Large National Companies, at award ceremony hosted by UN Global Compact Network Pakistan. It is the recognition of HTL's commitment to do business abiding by the universally proclaimed ten principles of the UN Global Compact.

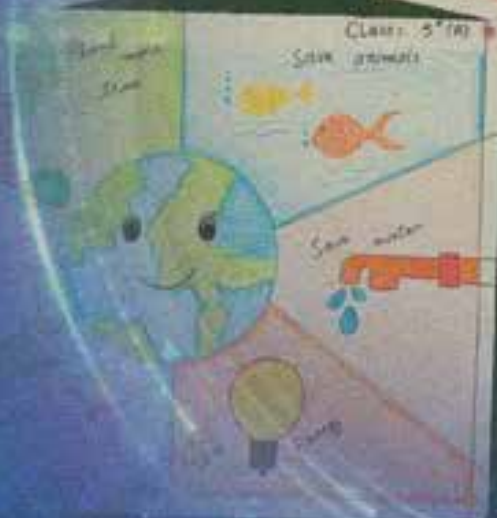
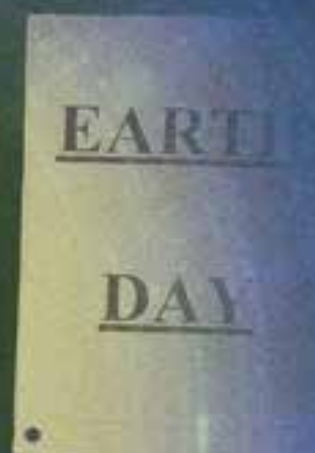
By virtue of this, HTL has made a profound history of achievements toward best business practices and sustainability as shown below;

Award	Category	Year	Host
Business excellence award	First Position in small business enterprises	2013-14	UN Global Network Pakistan
Business Excellence Award	Second Position in Large National Category	2015-16	UN Global Network Pakistan
Living the Global Compact Sustainability Award	First Position in Large National Companies	2017	UN Global Network Pakistan
Living the Global Compact Sustainability Award	Second Position in Large National Companies	2018	UN Global Network Pakistan
Living the Global Compact Sustainability Award	First Position in Large National Companies	2019	UN Global Network Pakistan
Living the Global Compact Sustainability Award	Second Position in Large National Companies	2020	UN Global Network Pakistan
Living the Global Compact Sustainability Award	Second Position in Large National Companies	2021	UN Global Network Pakistan



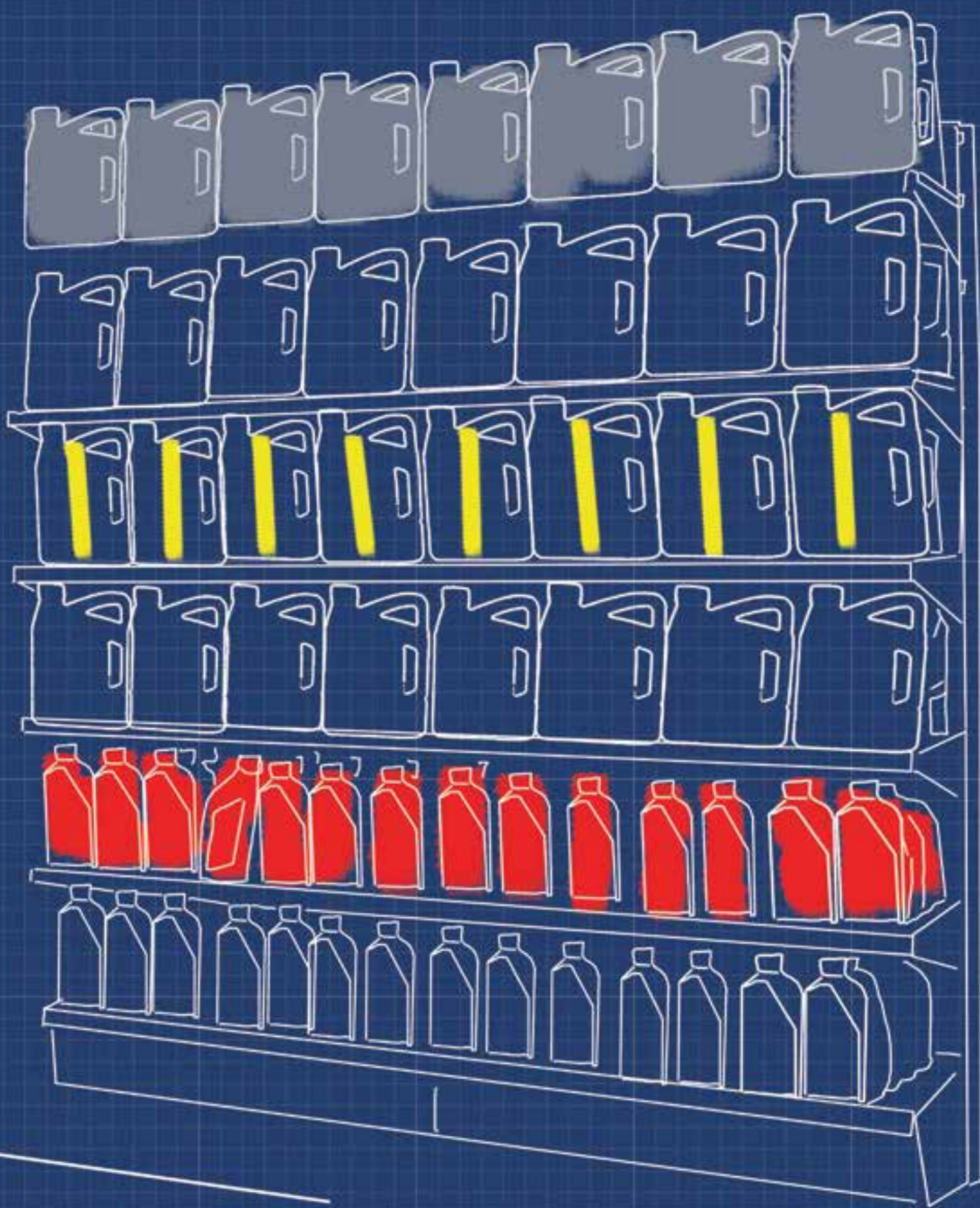
STUDENT

CORNER



HUMAN RESOURCES

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



HUMAN RESOURCE EXCELLENCE

As we continue our journey of growth, the role and the development of human resources becomes all the more critical. The Company has a demonstrated track record of employing talented human resources across all its functions, which ensures availability of competent personnel for each department, in terms of an individual's potential, qualification, experience and professional attitude amongst other factors. At HTL, we form and retain a motivated workforce fully equipped to steer the Company towards achieving its vision and mission through consistent focus on grooming by way of training and development in addition to providing them with market commensurate compensation packages. This is in line with Company's progressive and forward looking Succession Planning Policy, which transforms existing talent into a competent workforce capable of occupying future strategic positions.

HIGHLIGHTS OF 2021-2022

14TH AUGUST CELEBRATION DAY

Independence Day of Pakistan was commemorated in a simple and dignified manner by HTL on 14th August 2021. The Independence Day celebration commenced with flag hoisting ceremony in Head Office at 10:30 am. The historic significance of 14th August and the sacrifices and struggle were recounted which led to the creation of Pakistan.



HEALTH WELLNESS PROGRAM

Body health leads to healthy mind, with this concept in focus HTL, from 01 September 2021 to 03 December 2021, initiated a custom-built corporate health wellness program by taking on board a qualified health practitioner Mr. Adnan Farooq who educated the participants on physical fitness and mental health through combined workout sessions. In-addition one to one consultation session with the participants were also held to cater to their individual needs and provide personalized guidance. The program was highly useful as it served to be an excellent opportunity for participants to learn healthy tips and witness positive changes in their work behavior throughout the program.



LEADERSHIP TRAINING IN THE VUCA WORLD

On 15 October 2021, HTL arranged one-day training session for the middle and Top Management tier on the concept of Leadership in a VUCA World. The VUCA Maestro himself conducted the training through customized content on Team Building, Leadership and to enhance collaborations to move company and operations more effectively towards targeted goals and Instill team spirit, trust and a sense of oneness. The objective of the training was to make the participants understand that if these qualities are nurtured it can greatly improve the strategic abilities of a leader and lead to better outcomes. The session was a success and was highly appreciated by all employees and HODs. This training contained different types of physical and motivational exercises.



5S OF GOOD HOUSEKEEPING TRAINING

At HTL, we ensure that workplace is neat and tidy, and environment is clean, fresh and safe for our employee as it directly reflects on to their work efficiency. From 28 October 2021 onwards, a one-day training session on 5S of Housekeeping was arranged separately for kitchen staff, housekeeping staff and drivers. Mr. Muhammad Ishaq Awan from the leading Hashoo Hunar Association was taken on board. He gave a comprehensive talk on the appropriate use of tools, products and accurate implementation to achieve desired results. At the same time, table setting etiquettes were also covered in detail for the Kitchen staff. At the end of each session, open question was entertained by speaker.



RECOGNIZING HIPO-2021

HTL encourages to infuse best practices in its governance system that consistently contributes to the growth and sustainability of the organization. Identification of High Potential Employee (HIPOs) is one of such practices. HTL's training and development strategy covers creation, identification, assessment, and cultivation of its top talent. Hence, the HTL's High Potential Employee for the year 2021 who demonstrated the ability, motivation, and commitment to progress to roles of greater responsibility in their respective job positions were recognized and made to celebrate their achievement with an away day to the outskirts of Lahore at Greenfield's Country Club. On 11 February 2022, the HIPOs engaged themselves in one-day fun-filled activities (Indoor/Outdoor



Games) throughout the day. The Chairman Mr. Shaukat Hassan honored with his presence on the day with his inspiring interactive talk with the HIPOs. The event concluded with presenting awards to the HIPO's of the year 2021 resulting in motivation of employees.

INTERNATIONAL WOMEN'S DAY

International Women's day is celebrated every year on the 8th of March for the purpose of recognizing the real achievements of women playing different roles in our society. On this day, HTL also acknowledges the contribution of its female fraternity by making special arrangements to celebrate their strength and courage in coping with their professional careers and taking care of their homes. A get-together of its female fraternity was arranged, focusing on a unique program on "Practice Mindfulness" at Sheraton hotel Lahore, by inviting a session speaker to deliver a talk on mental health awareness. Ms. Sana Sabir, a member of Company's CSR Committee, was also present to commemorate the day with all of HTL's female employees. It was an engaging session where the therapist gave useful techniques to restore mental health through interesting activities. The event concluded with a cake cutting ceremony.



FORMAN CHRISTIAN COLLEGE INDUSTRIAL TOUR

On 16 June 2022, Human Resource Department arranged and organized the first ever HTBL plant's Industrial Tour for the students of Forman Christian College University who were accompanied by their Teachers and Chairperson of Chemistry Department. The main objective of the visit was to provide the students an awareness on how various departments and activities related to production are carried out and to give them a feel of professional life after the completion of their studies. It provided students a chance to relate their theoretical knowledge to actual industrial practices through interaction, working methods, and employment processes in large industries. The visit



helped in fulfilling organizations' corporate social responsibility obligations, and also helped in building links with the university that will enhance the brand image of our organization.

WOMEN EMPOWERMENT TRIP TO NARAN

HTL comprehends the need to have recreational trips for its employees as we believe it is an incredibly strong way to motivate them and improve their overall productivity and loyalty to the Company leading to positive culture. In this context, HTL planned a 4-day (from 26 June 2022 to 29 June 2022) adventure tour to Naran exclusively for its Female employees. The trip was

meticulously planned to achieve the following objectives:

- To gain new knowledge and experience.
- To create an environment of team bonding.
- To give them a fun, mental health break.
- To motivate employees to work towards a shared goal.
- To help its female employees to challenge their fears.



DEPARTMENTAL RECREATIONAL TRIPS:

Departmental recreational trips empower employees to utilize leisure time effectively which keeps their mind and body healthy. HTL encourages its employees to go on their yearly departmental recreational trip which helps to build a positive mindset in one's personal as well as professional life. These recreational trips also help an individual to stay focused on their work, and builds confidence and also creates team bonding among the participants. Hence, employees are able to adopt a balanced lifestyle to lead a healthier, happier and stronger work life.



IN-DOOR & OUTDOOR GAMES

Taking care of our employees' wellbeing is incredibly important and we at HR department make wellbeing a core element of our HR strategy. Creating a workplace balanced environment that our employee's love, will not only protect their wellbeing but also strengthen our Company culture. When people enjoy their work, their positive can-do attitude influences others, which in turn promotes business success.

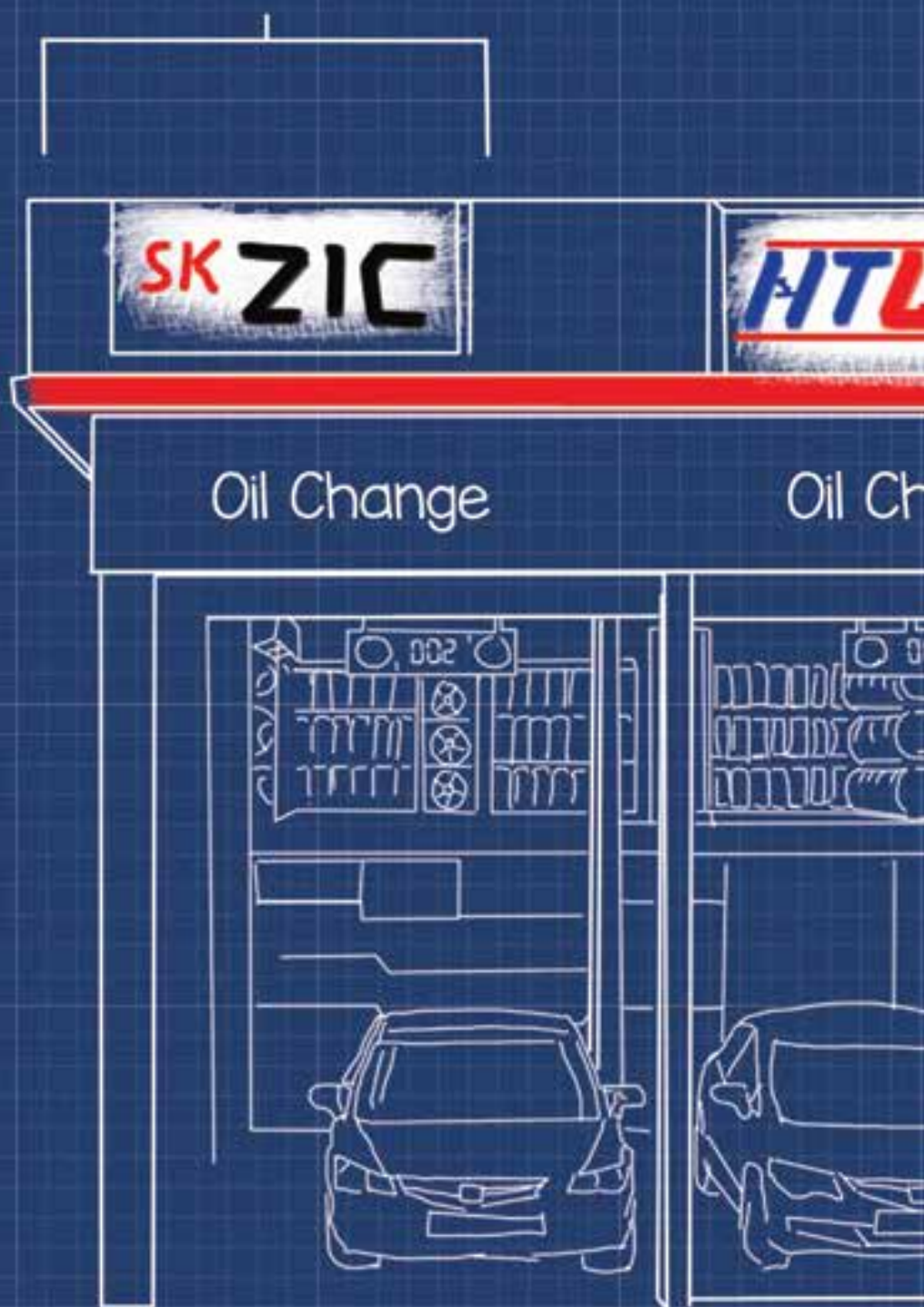
In order to reap great health benefits from exercise or physical healthy activities. HR department has taken an initiative and arranged below mentioned Indoor & Outdoor Games initially. This will contribute to a healthy corporate culture and foster employee engagement.

- Indoor Games include Table Tennis, Badminton, Ludo, Cards and Darts
- Outdoor Games include Cricket, Football and Volleyball





Branding



MARKETING EXCELLENCE

@HTL We believe in pushing boundaries of creativity wether it's visual or strategic. Our focus is top of mind recall while maintaining association with our brands. While developing brand equity we make sure that our customer experience is at par with what we promise and taht is consistent performance. Our focus of communication is to explore new ways to grab attention and convey our message and that is what sets us apart in this industry.



MARKETING EXCELLENCE

BTL ACTIVITIES:

- Hyundai CDA – One of the biggest brand collaborations in our industry was between Hyundai and HTL ZIC. Hyundai being one of the premium automobile manufacturers in Pakistan partnered with HTL to strengthen the consumer base of both the companies. HTL partnered with Hyundai, to enlighten the benefits of ZIC lubricants to their clientele at their dealerships/services centers across Pakistan. These customers were rewarded with customized ZIC goodie bags and free McDonald's meal vouchers to build on the brands association and offer even better value to the customers.
- DFSK CDA - HTL ZIC partnered with DFSK, one of the emerging automotive brands in China that aims to penetrate into Pakistan's automotive sector. HTL & DFSK engaged merchandisers at DFSK's dealership/service centers across Pakistan. The aim of the activity was to strengthen the brand association by informing the DFSK customers why ZIC is the best lubricant for their vehicle. The consumers were rewarded with customized ZIC goodie bags along with free McDonald's meal vouchers to promote the positive association with the brand and offer better value.
- Float Activity – To increase consumer base and brand recognition for ZIC HTL, a branded float truck was exhibited across the country targeting motorists and car owners on a large scale. Incentives such as motorbikes, air conditioners and refrigerators were displayed on the float, to convert potential customers to actual customers.
- Shop Boards – HTL ZIC commits to shop branding for prominent oil change centers throughout the country to increase brand recognition and visibility. It is imperative for the brand to be present at the designated area where the actual customer purchase is in action. Prominent branding at these outlets builds upon the brands equity and ensures top of mind recall for the brand.



HTL FUEL STATION (OMC):

Spirit of Independence (14th August Activity) - Pakistan's Independence Day is celebrated every year with patriotic zest, and ZIC HTL celebrated this year by decorating the canopy pillars with Pakistan's flag and pylon with independence day artwork. ZIC also handed out free key chains and Pakistani flag badges to celebrate the spirit of independence with their customers.

Oil Change at HTL Station - To increase the footfall at the oil change setups at HTL station, ZIC partnered with McDonald's to offer customers complementary meal vouchers with the purchase of ZIC lubricants at the HTL stations. This promotional activity resulted in favorable brand awareness for the oil change facility at the station.



CONFERENCES AND EVENTS

Annual Sales conference: In this competitive world it is critical to have internal synchronicity on communication. Brand loyalty and association with internal stakeholders is crucial for a business's success. Annual sales conference and events were conducted to reward the sales team for their hard work in increasing the ZIC HTL network. Annual sales conference 2022 was hosted at Nishat Hotel Lahore and was a two day power packed event which included motivational speeches, extravagant feasts, paint balling, go-carting and other fun activities.

Hyundai dealers' conference: To celebrate the strategic partnership and build stronger relations amongst ZIC HTL and Hyundai, ZIC hosted a conference for Hyundai's principle dealers and their senior management for recreational and relaxing activities along with a musical show.



Annual Distribution conference: Distributors are an essential part of the sales function, and work as a crucial link in the supply chain. To celebrate the performance of ZIC HTL dealers, the annual distribution conference was held at Pearl Continental Malam Jabba, Swat, where the dealers enjoyed premium five-star hospitality as the whole resort was exclusively booked by ZIC. The two day event consisted of lavish dinners, drum circle, zip line, chair lift and a grand Sufi night.

All Pakistan truck owner driver association event: Drivers are the most important demographic audience for ZIC, this event with ZIC aimed to target and build Top of mind among truck drivers. HTL ZIC sponsored the APTDA event which included an educational seminar for the technical training of the drivers.

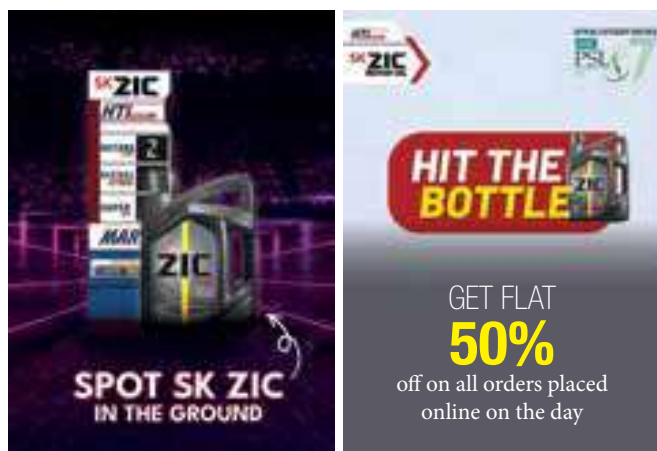


ZIC POHANCHAI MANZIL TAK:

In today's time the most important aspect for any brand is to stay relevant and relatable to its customers. Post covid-19 impact it was crucial for us to reconnect with our consumers and create that brand relatability that impacts their choice at the time of lubricant decision. Keeping this in mind we created a corporate TVC that connects all of our consumers be it ZIC, HTL Express or the HTL fuel station. It focused on how HTL ZIC through its diverse ecosystem enables you to reach your destination with ease. It showed the Value proposition provided by HTL not only through ZIC lubricants but also through its Fueling stations and express centers. The concept highlighted how ZIC & HTL is part of their daily journey to reach their destination. The theme focused on all genre of vehicle owners and their long held trust in the Brand and how ZIC has been delivering quality to every user irrespective of their genre, the campaign built stronger association with an all-inclusive drive, the communication targeted users from every walk of life ranging from a biker, car owner, delivery rider, rickshaw driver and a truck driver. It encompassed all social economic classes and also showed progressive approach by showing women drivers as an important stakeholder in the journey. "Zic – Pohanchai Manzil tak" campaign was promoted as a media 360 campaign on all media platforms that created mass level awareness through TV and strategic targeting through digital platforms like Facebook, Instagram, google search and Youtube. The campaign reached out to more than 81% of our target audience by leveraging top tier news and entertainment channels and relevant program associations.

SOCIAL MEDIA CAMPAIGN:

With over 122 million internet subscribers, it is imperative for the brand to maintain a strong digital presence to ensure brand recall. In this digital age, it is of great significance for ZIC to maintain a strong digital occurrence on social media and on the e-commerce space. Keeping this in mind, HTL strived to develop strong and engaging content for its social media pages. The increased presence on digital space enables the consumers to purchase the product from the convenience of a few clicks online. Throughout the year HTL has been developing engaging campaigns for its digital audience, such as spot the logo, spot the bottle which incentivized the audience with different means of discounts and prizes.



BRAND THAT IS SOCIALLY RESPONSIBLE:

Traffic Police Activities – We have always believed in being responsible, contributing to the society, and especially helping the people who work tirelessly for us. We took an initiative to help the hardworking Traffic Police on duty and tried to appreciate their efforts by providing hand umbrellas to traffic wardens in the scorching heat of summers, placing water dispensers at their centers, and giving cabins to the police wardens and maintaining them.

Ramadan Hamper –HTL ZIC has always believed in giving back to the society and helping the less privileged at the time of their need. ZIC has a proven history and track record of its strong commitment for the improvement of society. Following the spirit of this commitment, HTL distributed Ramadan Hampers consisting of various essential items to the support staff at distribution and retail oil change setups all over Pakistan. This campaign started 3 years ago at the time of covid-19 outbreak and seeing the impact on our fraternity HTL continued this support over the years focused on providing relief to the ZIC family.





CRICKET THE PASSION OF **PAKISTAN:**

Cricket is the passion sport of Pakistan which is played and watched in majority of the households. HBL PSL 7 alone is said to have had viewership of more than 140 Million people and ZIC targets to develop the brand equity by leveraging this passion for Cricket. For years now HTL ZIC has been a strong partner for Pakistani Cricket, and this year we raised the game by becoming Associate Sponsors for the three major cricket series of 2021 which were HBL PSL 7, Pakistan vs Australia and Pakistan vs West Indies ODI series. The aim was not only to create positive association with the male decision maker but also to highlight ZIC's commitment to Pakistan's Cricket Team by also sponsoring the National Blind Cricket League 2022 and National Deaf Cricket League 2022. Breaking the clutter and ensuring brand recall is one of the major marketing challenges and as the associate sponsor, HTL ZIC was able to place a physical 3D bottle outside the boundary, which allowed not only build brand recall but also generate audience engagement during the matches.



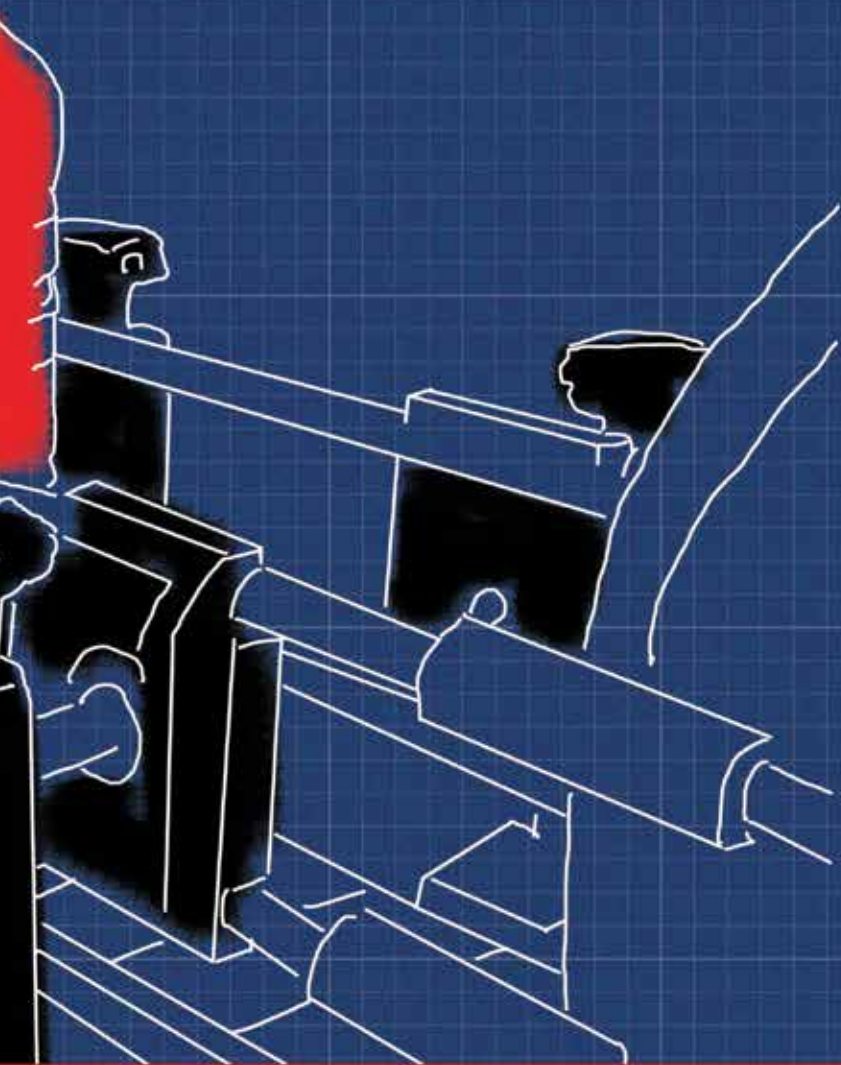


To take maximum benefit from this month long event of HBL PSL7 and the hype surrounding it we made sure to take the maximum amount of benefit via creating a BTL campaign revolving around it, which involved deployment of posters and banners throughout our retail network. We also used a market push scheme to assist stock uptake with the incentive to watch the HBL PSL7 matches live in the stadium. The scheme was a great success that enabled a sense of excitement among retailers while building better relationship with the sales team and a lot of social media engagement via whatsapp and closed facebook groups of retailers sharing their happiness and their association with the company. This campaign not only delivered great quantifiable results but also functioned as an amazing relationship building activity between our retailers and sales team, who celebrated the win together!





FINANCIALS

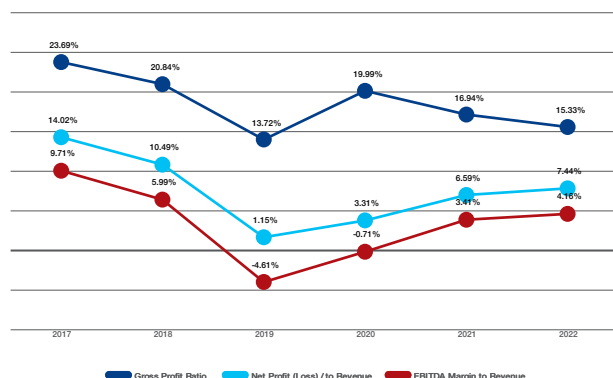


ANALYSIS OF FINANCIAL STATEMENTS

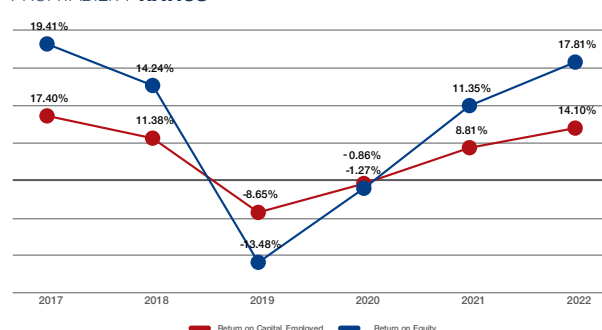
FOR THE CURRENT AND LAST FIVE YEARS

Key Performance Indicators	UOM	Jun-22	Jun-21	Jun-20	Jun-19	Jun-18	Jun-17
PROFITABILITY RATIOS							
Gross Profit Ratio	%	15.33%	16.94%	19.99%	13.72%	20.84%	23.69%
Net Profit / (Loss) to Revenue	%	4.16%	3.41%	-0.71%	-4.61%	5.99%	9.71%
EBITDA Margin to Revenue	%	7.44%	6.59%	3.31%	1.15%	10.49%	14.02%
Operating Leverage Ratio	Times	1.59	3.77	-6.41	-50.06	-0.43	2.84
Return on Equity	%	17.81%	11.35%	-1.27%	-13.48%	14.24%	19.41%
Return on Capital Employed	%	14.10%	8.81%	-0.86%	-8.65%	11.38%	17.40%
Shareholders' funds	%	45.34%	56.65%	63.24%	52.76%	70.49%	63.67%
Return on shareholders' funds	%	17.81%	11.35%	-1.27%	-13.48%	14.24%	19.41%
LIQUIDITY RATIOS							
Current Ratio	Times	1.02	0.95	1.01	1.10	1.84	1.75
Quick Ratio / Acid Test Ratio	Times	0.37	0.52	0.73	0.82	1.20	1.02
Cash to Current Liabilities	Times	0.15	0.13	0.08	0.06	0.31	0.04
Cash Flow from Operations to Revenue	Times	-0.02	0.07	0.22	-0.13	0.13	-0.05
Cash flow to capital expenditures	Times	-1.41	2.63	4.23	-4.18	2.65	-0.55
Cash flow coverage ratio	Times	-0.13	0.72	1.10	-0.57	1.35	-0.29

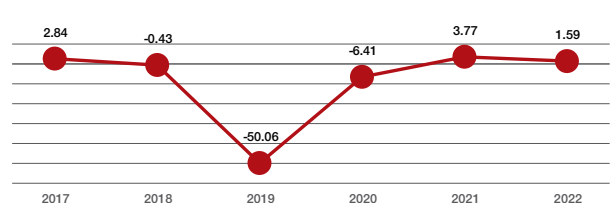
PROFITABILITY RATIOS



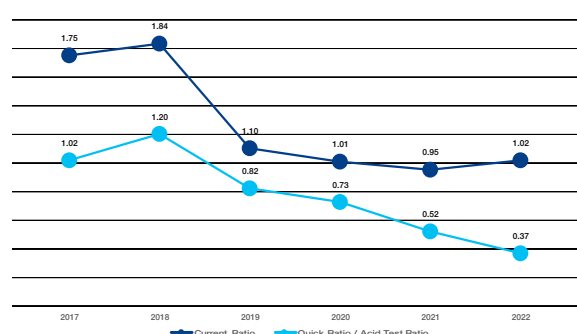
PROFITABILITY RATIOS



Operating Leverage RATIOS



LIQUIDITY RATIOS



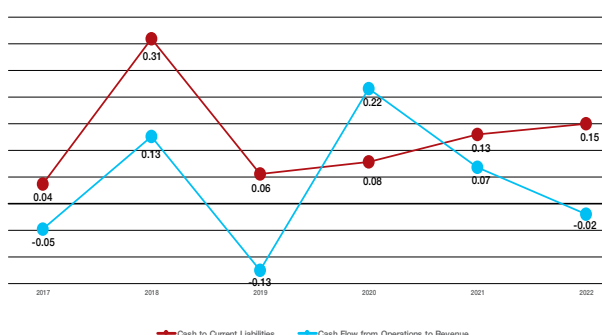
PROFITABILITY RATIOS

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, Return on Capital Employed, Shareholders' funds and Return on Shareholders' Funds. Profitability ratios of the Company have shown handsome growth on account of achievement of budgeted revenue targets and cost control measures. Net revenue has been increased by 67% leading to better fixed cost absorption and helping the Company to achieve net profit during the year. To achieve the aforesaid targets, HTL has offered excessive discounts that in turn decrease the GP ratio by 1.61% while Net Profit to Revenue and EBITDA Margin to Revenue has been increased by 0.75% and 0.85% respectively. Return on equity has also been significantly improved from FY 20 to FY 22 due to sustained growth, robust operational performance and efficient strategic decision making. Shareholders' Funds have been showing decreasing trend from FY 20 to FY 22 mainly on account of increase in stock-in-trade financed from short term borrowings.

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. Mixed trend in these ratios is due to substantial investment in stock-in-trade and transformation of short term investments into capital expansions. Increase in cash to current liabilities from 0.13 times to 0.15 times due to increase in cash and bank balances which is positive indicator for Company.

LIQUIDITY RATIOS



Key Performance Indicators	UOM	Jun-22	Jun-21	Jun-20	Jun-19	Jun-18	Jun-17
INVESTMENT/MARKET RATIOS							
Earnings / (Loss) per share	Rs.	5.3	2.6	-0.35	-3.75	4.78	6.27
Price Earnings Ratio	Times	7.48	27.27	-86.51	-7.38	21.20	17.39
Price to Book Ratio	Times	1.11	1.47	0.7	0.5	2.1	2.2
Dividend Yield Ratio	Times	0.10	0.04	0.01	0.06	0.03	0.02
Dividend Payout Ratio	Times	0.72	1.12	(0.71)	(0.47)	0.73	0.43
Cash Dividend per share	Rs.	3.8	2.9	0.25	1.75	3.50	2.70
Market Value per share (year end)	Rs.	39.65	70.91	30.28	27.66	101.32	109.01
Market Value per share (highest)	Rs.	84	99.15	39.34	102	115.56	127.01
Market Value per share (lowest)	Rs.	37	30.1	16.7	22.11	63.05	59.85
Breakup Value / Book Value per share	Rs.	29.76	27.44	27.22	27.82	33.56	32.28
Breakup value per share including investment in related party	Rs.	29.76	27.44	27.22	27.82	33.56	32.28
Break up value per share without surplus on revaluation of freehold land	Rs.	24.70	27.44	27.22	27.82	33.56	32.28
Break up value per share with surplus on revaluation of freehold land including investment of all effects	Rs.	29.76	27.44	27.22	27.82	33.56	32.28
No. of Shares based on par value of Rs.10	No.(000)	139,205	116,004	116,004	116,004	116,004	116,004
Total Dividend Paid	Rs.(000)	482,576	336,412	29,001	203,007	406,014	313,211

SEGMENTAL REVIEW LUBRICANTS

Lubricant segment operations represents purchase and sale of lubricants, parts and rendering of services. Net revenue of lubricants segment increased by 20% in comparison to last year. The Company has achieved all its budgeted revenue targets during the year, in spite of economic and political instability. Furthermore, bottom line profit of this segment also by increased by 5% reaching to Rupees 663 million in comparison to Rupees 635 million of FY 2021. Detailed segment information has been presented in note 55 of the financial statements.

PETROLEUM PRODUCTS

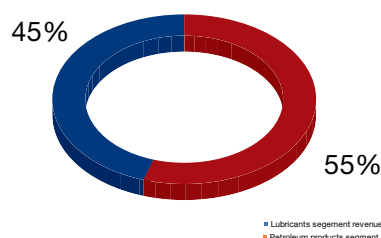
Petroleum segment operations represents marketing and sale of petroleum products through HTL Fuel Stations. The Company successfully running its petroleum segment operations in Punjab Province. Revenue of petroleum segment increased by 230% in comparison to last year. Furthermore, bottom line profit of this segment also increased by

368% by reaching to Rupees 352 million in comparison to the loss of Rupees 131 million relating to FY 2021. These are early days of the project; revenues will increase in line with the increase in HTL Fuel Stations. At 30 June 2022, the Company has twenty-seven dealer operated HTL Fuel Stations in Punjab Province.

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

DESCRIPTION	REVENUE
	Rupee in thousand
Lubricants	9,795,466
Petroleum products	7,943,571
Total revenue of the Company	1,7739,037

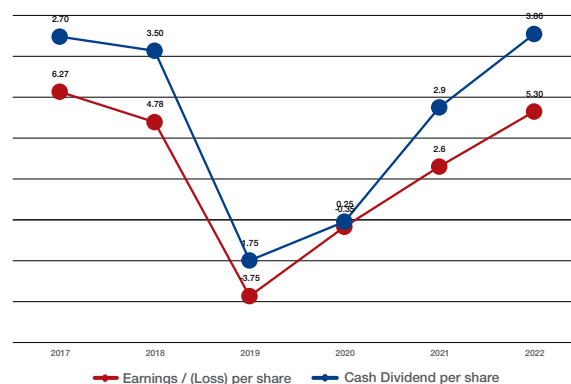
SEGMENTAL REVENUE



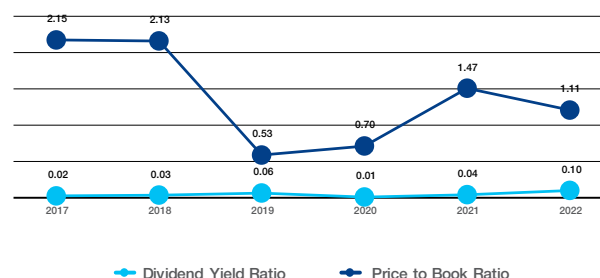
INVESTMENT / MARKET SHARE RATIOS

Investment / market share ratios metrics witnessed an overall increasing trend in FY 2022 in comparison from FY 2021 in such an era of political and economic instability. Earnings per share of the Company reached to Rupees 5.30 in comparison from Rupees 2.60, relating to FY 2021. Increasing trend in dividend yield ratio and dividend payout ratio also contributed towards strengthening of shareholders' confidence. The improvement in investment / market share ratios ultimately increase shareholders value in the Company.

INVESTMENT / MARKET SHARE RATIOS



INVESTMENT / MARKET SHARE RATIOS

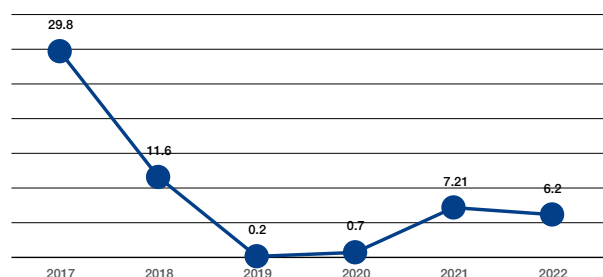


ANALYSIS OF FINANCIAL STATEMENTS

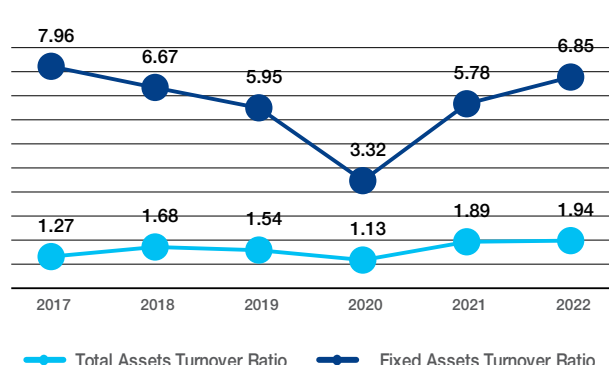
FOR THE CURRENT AND LAST FIVE YEARS

Key Performance Indicators	UOM	Jun-22	Jun-21	Jun-20	Jun-19	Jun-18	Jun-17
CAPITAL STRUCTURE							
Financial Leverage Ratio	Times	0.52	0.32	0.27	0.64	0.22	0.33
Long term Debt to Equity Ratio (as per Book Value)	%	0.00%	1.49%	1.84%	0.46%	0.77%	0.57%
Long term Debt to Equity Ratio (as per Market Value)	%	0.00%	0.58%	1.65%	0.46%	0.3%	0.2%
Net assets per share	Rs.	29.76	27.44	27.22	27.82	33.56	32.28
Interest Coverage Ratio	Times	6.19	7.21	0.7	0.2	11.6	29.8
ACTIVITY/TURNOVER RATIOS							
Total Assets Turnover Ratio	Times	1.94	1.89	1.13	1.54	1.68	1.27
Fixed Assets Turnover Ratio	Times	6.85	5.78	3.32	5.95	6.67	7.96
No. of Days in Inventory	Days	45.54	27.49	50.63	39.55	61.45	69.26
No. of Days in Receivables	Days	2.15	3.09	41.03	27.60	8.21	8.07
No. of Days in Payables	Days	49.95	43.32	58.49	30.35	35.32	44.30
Operating Cycle	Days	(2.26)	(12.74)	33.17	36.80	34.35	33.03
EMPLOYEE PRODUCTIVITY RATIOS							
Revenue per employee	Rs. ('000')	33,470	20,781	10,866	17,179	16,764	22,422
Staff turnover ratio	%	2.00%	2.30%	19.00%	20.00%	-	-

INTEREST COVERAGE RATIO



ACTIVITY/TURNOVER RATIOS



CAPITAL STRUCTURE RATIOS

The Company managed to regain its capital structure by paying off long term debts during the year and through optimum use of other financial resources. Financial Leverage Ratio and Interest Coverage Ratio has shown negative trend from FY 2021 mainly on account of increase in short term borrowings and changes in policy rate / mark-up. Net assets per share has been increased by Rupees 2.32 mainly due to incorporation of revaluation surplus and profit earned during the year.

ACTIVITY / TURNOVER RATIOS

Activity / turnover metrics witnessed significant improvement in comparison from FY 2021. Total asset turnover ratio has been reached to 1.94 times from 1.89 times due to increase in revenue during the year.

While negative operating cycle shows efficient working capital management of the Company.

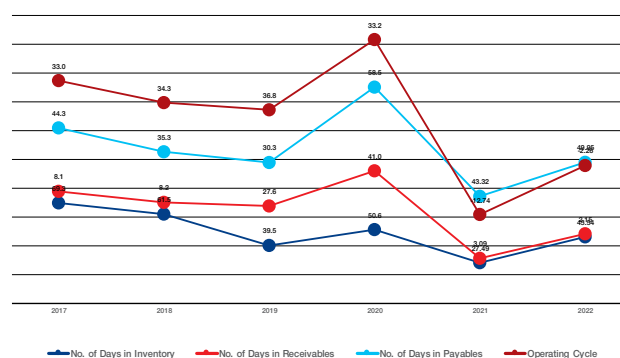
EMPLOYEE PRODUCTIVITY RATIOS

Employee productivity metrics witnessed positive trend from FY 2020. Revenue per employee shows increasing trend while staff turnover shows decreasing trend which is a positive indicator for the Company.

CUSTOMER SATISFACTION INDEX

HTL conducted survey of its customers during the year. Different questions were asked about customer's satisfaction with the HTL's products quality, pricing, packaging, brand, and reorder frequency. Analysis shows 95% score on the cumulative basis, showing our commitment to keeping our customers satisfied.

ACTIVITY/TURNOVER RATIOS



VERTICAL ANALYSIS

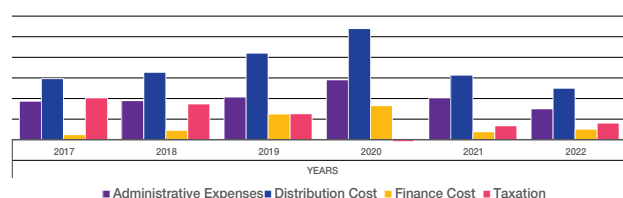
FOR THE CURRENT AND LAST FIVE YEARS

Statement of Profit or Loss	2022		2021		2020		2019		2018		2017	
	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)	%age	Rs. (000)	%age
Net Revenue	17,739,037	100%	10,598,209	100%	5,628,659	100%	9,431,162	100%	9,253,578	100%	7,488,882	100%
Cost of Sales	(15,019,145)	85%	(8,802,509)	83%	(4,503,767)	80%	(8,136,799)	86%	(7,325,252)	79%	(5,714,430)	76%
Gross Profit	2,719,892	15%	1,795,700	17%	1,124,892	20%	1,294,363	14%	1,928,326	21%	1,774,452	24%
Administrative Expenses	(524,457)	3%	(431,094)	4%	(328,992)	6%	(390,823)	4%	(351,091)	4%	(279,254)	4%
Distribution Cost	(876,129)	5%	(666,407)	6%	(609,514)	11%	(795,362)	8%	(606,107)	7%	(445,148)	6%
EBITDA	1,319,306	7%	698,199	7%	186,386	3%	108,178	1%	971,128	10%	1,050,050	14%
Depreciation and Amortization	(255,338)	1%	(184,463)	2%	(157,102)	3%	(80,777)	1%	(57,433)	1%	(44,748)	1%
Other Expenses	(236,055)	1.3%	(41,275)	0.4%	(20,180)	0.4%	(103,571)	1%	(63,070)	1%	(33,869)	0.5%
Other Income	382,803	2%	112,541	1%	126,125	2%	113,899	1%	108,463	1%	95,757	1%
EBIT	1,210,716	7%	585,002	6%	(51,157)	-1%	37,729	0.4%	959,088	10%	1,067,190	14%
Finance Cost	(195,516)	1%	(81,148)	1%	(186,326)	3%	(235,072)	2%	(82,541)	1%	(35,838)	0%
Profit / (Loss) Before Taxation	1,015,200	6%	503,854	5%	(51,097)	-1%	(197,343)	-2%	876,547	9%	1,031,352	14%
Taxation	(277,278)	1.6%	(142,533)	1.3%	10,980	-0.2%	(237,476)	3%	(322,117)	3%	(304,484)	4%
Profit / (Loss) After Taxation	737,922	4%	361,321	3%	(40,117)	-1%	(434,819)	-5%	554,430	6%	726,868	10%

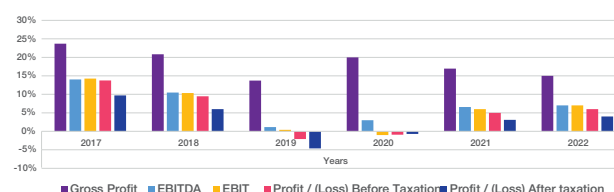
STATEMENT OF PROFIT OR LOSS VERTICAL ANALYSIS

Gross profit and EBITDA representing mixed trend from last six years. However, during the current year, Gross profit, EBITDA and EBIT represent 15%, 7% and 7% of the net revenue respectively. Achievements of revenue targets and implementation of efficient cost control measures lead the Company to regain momentum during the year as reflected in statement of Profit or Loss Vertical Analysis table.

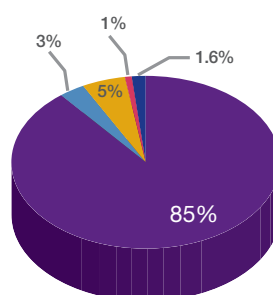
VERTICAL ANALYSIS-EXPENSES (2017-22)



VERTICAL ANALYSIS-PROFITS (2017-22)



VERTICAL ANALYSIS-STATEMENT OF PROFIT OR LOSS (2022)



■ Cost of Sales ■ Administrative Expenses ■ Distribution Cost ■ Finance Cost ■ Taxation

VERTICAL ANALYSIS

FOR THE CURRENT AND LAST FIVE YEARS

Statment of Financial Position	2022		2021		2020		2019		2018		2017	
	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age
ASSETS												
Non-current assets												
Fixed assets	2,590,342	28.3%	1,833,546	32.6%	1,693,746	33.9%	1,583,889	25.9%	1,386,311	25.1%	940,568	16.0%
Right-of-use assets	555,745	6.1%	359,293	6.4%	270,943	5.4%	-	-	-	-	-	-
Intangible assets	6,658	0.1%	10,646	0.2%	7,597	0.2%	8,038	0.1%	2,895	0.1%	7,554	0.1%
Investment property	130,000	1.4%	93,750	1.7%	-	-	-	-	-	-	-	-
Investment in subsidiary company	1,300,001	14.2%	1,300,001	23.1%	1,300,001	26.0%	1,300,001	21.3%	1,300,001	23.5%	1,300,001	22.1%
Long term loans to employees	783	0.0%	-	0.0%	-	0.0%	-	0.0%	280	0.0%	1,049	0.0%
Long term security deposits	37,695	0.4%	29,402	0.5%	9,720	0.2%	26,154	0.4%	38,612	0.7%	32,737	0.6%
Deferred income tax asset-net	-	0.0%	48,246	0.9%	107,956	2.2%	39,183	0.6%	-	0.0%	-	0.0%
	4,621,224	50.6%	3,674,884	65.4%	3,389,963	67.9%	2,957,265	48.4%	2,728,099	49.4%	2,281,909	38.8%
Current assets												
Stock-in-trade	2,868,898	31.4%	878,742	15.6%	447,345	9.0%	801,995	13.1%	961,206	17.4%	1,505,338	25.6%
Trade debts	106,219	1.2%	103,225	1.8%	76,104	1.5%	1,189,384	19.4%	236,937	4.3%	179,385	3.1%
Loans and advances	192,210	2.1%	89,718	1.6%	151,182	3.0%	36,748	0.6%	146,456	2.7%	663,618	11.3%
Short term deposits and prepayments	24,309	0.3%	19,317	0.3%	31,144	0.6%	48,894	0.8%	27,934	0.5%	14,611	0.2%
Accrued Interest	571	0.0%	390	0.0%	2	0.0%	32,515	0.5%	15,335	0.3%	351.0	0.0%
Other receivables	440,065	4.8%	141,381	2.5%	50,015	1.0%	7,772	0.1%	17,340	0.3%	79,648	1.4%
Short term investment	226,804	2.5%	446,043	7.9%	723,285	14.5%	882,469	14.4%	917,354	16.6%	1,081,129	18.4%
Cash and bank balances	657,142	7.2%	264,544	4.7%	124,178	2.5%	158,925	2.6%	471,605	8.5%	75,113	1.3%
	4,516,218	49.4%	1,943,360	34.6%	1,603,255	32.1%	3,158,702	51.6%	2,794,167	50.6%	3,599,193	61.2%
TOTAL ASSETS	9,137,442	100.0%	5,618,244	100.0%	4,993,218	100.0%	6,115,967	100.0%	5,522,266	100.0%	5,881,102	100.0%
EQUITY AND LIABILITIES												
SHARE CAPITAL AND RESERVES												
Issued, subscribed and paid up capital	1,392,048	15.2%	1,160,040	20.6%	1,160,040	23.2%	1,160,040	19.0%	1,160,040	21.0%	1,160,040	19.7%
Share premium	1,441,698	15.8%	1,441,698	25.7%	1,441,698	28.9%	1,441,698	23.6%	1,441,698	26.1%	1,441,698	24.5%
Surplus on revaluation of freehold land	704,626	7.7%	-	-	-	-	-	-	-	-	-	-
Un-appropriated profit	604,175	6.6%	580,837	10.3%	555,928	11.1%	625,047	10.2%	1,290,983	23.4%	1,142,568	19.4%
Total equity	4,142,547	45.3%	3,182,575	56.6%	3,157,666	63.2%	3,226,785	52.8%	3,892,721	70.5%	3,744,306	63.7%
Non-current liabilities												
Long term financing	-	0.0%	47,490	0.8%	42,268	0.8%	1,822	0.0%	14,894	0.3%	13,496	0.2%
Liabilities against assets subject to finance lease	-	0.0%	-	0.0%	-	0.0%	26,625	0.4%	79,105	1.4%	65,810	1.1%
Lease liabilities	471,952	5.2%	334,670	6.0%	204,637	4.1%	-	-	-	-	-	-
Long term deposit	17,000	0.2%	17,000	0.3%	500	0.0%	1,000	0.0%	1,500	0.0%	2,000	0.0%
Defferred income tax liability - net	69,878	-	-	-	-	-	-	-	-	-	-	-
Deferred liabilities	-	0.0%	362	0.0%	1,863	0.0%	-	0.0%	12,069	0.2%	3,207	0.1%
	558,830	6.1%	399,522	7.1%	249,268	5.0%	29,447	0.5%	107,568	1.9%	84,513	1.4%
Current liabilities												
Trade and other payables	2,725,758	29.8%	1,385,265	24.7%	704,279	14.1%	739,055	12.1%	613,958	11.1%	803,559	13.7%
Accrued mark-up	38,150	0.4%	9,757	0.2%	22,103	0.4%	69,576	1.1%	18,217	0.3%	9,517	0.2%
Short term borrowing	1,494,219	16.4%	461,181	8.2%	766,263	15.3%	1,974,915	32.3%	707,636	12.8%	1,118,969	19.0%
Current portion of non-current liabilities	172,182	1.9%	162,698	2.9%	90,201	1.8%	70,939	1.2%	61,094	1.1%	43,489	0.7%
Unclaimed dividend	5,756	0.1%	6,327	0.1%	3,438	0.1%	4,026	-	4,297	-	1,526	-
Taxation - net	-	0.0%	10,919	0.2%	-	0.0%	1,224	0.0%	116,775	2.1%	75,223	1.3%
	4,436,065	48.5%	2,036,147	36.2%	1,586,284	31.8%	2,859,735	46.8%	1,521,977	27.6%	2,052,283	34.9%
TOTAL EQUITY AND LIABILITIES	9,137,442	100.0%	5,618,244	100.0%	4,993,218	100.0%	6,115,967	100.0%	5,522,266	100.0%	5,881,102	100.0%

FINANCIAL POSITION'S VERTICAL ANALYSIS

Total assets comprise of current and non-current assets. At 30 June 2022, non-current assets are 50.6% of total assets while current assets are 49.4%.

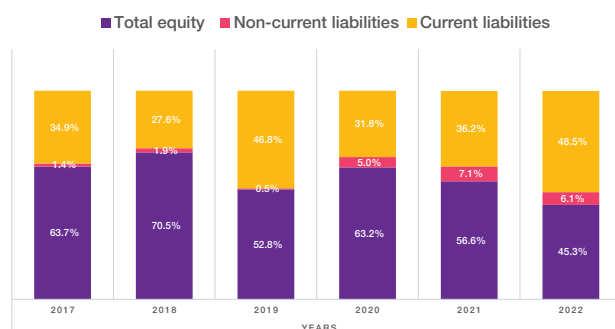
On the other side, share capital and reserves are 45.3% of the total equity and liabilities while non-current liabilities and current liabilities are 6.1% and 48.5% respectively.

and 48.5% respectively.

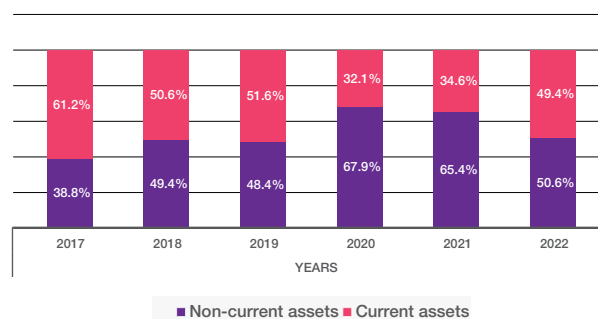
Share capital and reserves mainly constitute issued subscribed and paid up share capital (15.2%), share premium (15.8%), surplus on revaluation of freehold land (7.7%) and unappropriated profit (6.6%).

Non-current liabilities mainly constitute lease liabilities (5.2%) and deferred income tax liability - net (0.8%). Current liabilities mainly constitute short term borrowings (16.4%) and trade and other payables (29.8%).

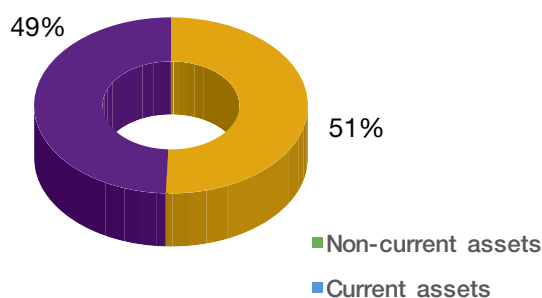
VERTICAL ANALYSIS-TOTAL EQUITY & LIABILITIES (2017-2022)



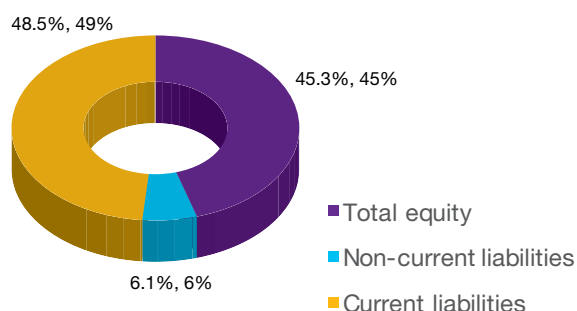
VERTICAL ANALYSIS-TOTAL ASSETS (2017-22)



VERTICAL ANALYSIS-TOTAL ASSETS (2022)



VERTICAL ANALYSIS-TOTAL EQUITY & LIABILITIES (2022)



HORIZONTAL ANALYSIS

FOR THE CURRENT AND LAST FIVE YEARS

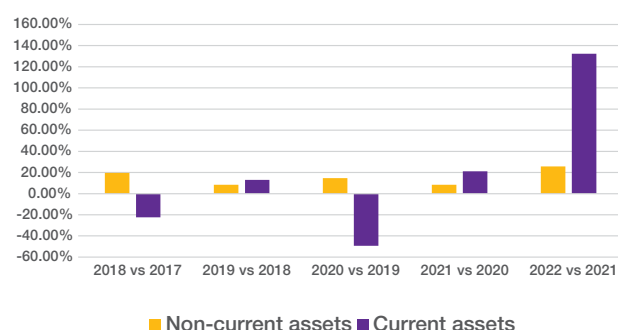
Statement of Financial Position	2022		2021		2020		2019		2018		2017	
	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age
ASSETS												
Non-current assets												
Fixed assets	2,590,342	41.27%	1,833,546	8.25%	1,693,746	6.94%	1,583,889	14.25%	1,386,311	47.39%	940,568	190.79%
Right-of-use assets	555,745	54.68%	359,293	32.61%	270,943	271.00%	-	0.00%	-	0.00%	-	0.00%
Intangible assets	6,658	-37.46%	10,646	40.13%	7,597	-5.49%	8,038	0.00%	2,895	0.00%	7,554	0.00%
Investment property	130,000	62.00%	93,750	62.00%	-	-	-	-	-	-	-	-
Investment in subsidiary company	1,300,001	0.00%	1,300,001	0.00%	1,300,001	0.00%	1,300,001	0.00%	1,300,001	0.00%	1,300,001	17.89%
Long term loans to employees	783	0.00%	-	0.00%	-	0.00%	-	0.00%	280	-73.31%	1,049	-67.57%
Long term security deposits	37,695	28.21%	29,402	202.49%	9,720	-62.84%	26,154	-32.26%	38,612	17.95%	32,737	142.42%
Deferred income tax asset-net	-	-100.00%	48,246	-55.31%	107,956	175.52%	39,183	0.00%	-	0.00%	-	0.00%
	4,621,224	25.75%	3,674,884	8.40%	3,389,963	14.63%	2,957,265	8.40%	2,728,099	19.55%	2,281,909	56.77%
Current assets												
Stock-in-trade	2,868,898	226.48%	878,742	96.43%	447,345	-44.22%	801,995	-16.56%	961,206	-36.15%	1,505,338	126.96%
Trade debts	106,219	2.90%	103,225	35.64%	76,104	-93.60%	1,189,384	401.98%	236,937	32.08%	179,385	18.19%
Loans and advances	192,210	114.24%	89,718	-40.66%	151,182	311.40%	36,748	-74.91%	146,456	-77.93%	663,618	1028.77%
Short term deposits and prepayments	24,309	25.84%	19,317	-37.98%	31,144	-36.30%	48,894	75.03%	27,934	91.18%	14,611	6.77%
Other receivables	440,065	211.26%	141,381	182.68%	50,015	53.82%	32,515	87.51%	17,340	-	79,648	-
Accrued Interest	571	46.41%	390	19400.00%	2	-99.97%	7,772	-49.32%	15,335	150.00%	351.0	0.00%
Short term investment	226,804	-49.15%	446,043	-38.33%	723,285	-18.04%	882,469	-3.80%	917,354	-15.15%	1,081,129	-25.88%
Cash and bank balances	657,142	148.41%	264,544	113.04%	124,178	-21.86%	158,925	-66.30%	471,605	527.86%	75,113	-59.80%
	4,516,218	132.39%	1,943,360	21.21%	1,603,255	-49.24%	3,158,702	13.05%	2,794,167	-22.37%	3,599,193	42.07%
TOTAL ASSETS	9,137,442	62.64%	5,618,244	12.52%	4,993,218	-18.36%	6,115,967	10.75%	5,522,266	-6.10%	5,881,102	47.43%
EQUITY AND LIABILITIES												
SHARE CAPITAL AND RESERVES												
Issued, subscribed and paid up capital	1,392,048	20.00%	1,160,040	0.00%	1,160,040	0.00%	1,160,040	0.00%	1,160,040	0.00%	1,160,040	0.00%
Share premium	1,441,698	0.00%	1,441,698	0.00%	1,441,698	0.00%	1,441,698	0.00%	1,441,698	0.00%	1,441,698	0.00%
Surplus on revaluation of freehold land	704,626	100.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Un-appropriated profit	604,175	4.02%	580,837	4.48%	555,928	-11.06%	625,047	-51.58%	1,290,983	12.99%	1,142,568	56.75%
Total equity	4,142,547	30.16%	3,182,575	0.79%	3,157,666	-2.14%	3,226,785	-17.11%	3,892,721	3.96%	3,744,306	12.42%
Non-current liabilities												
Long term financing	-	-100.00%	47,490	12.35%	42,268	2219.87%	1,822	-87.77%	14,894	10.36%	13,496	1210.29%
Liabilities against assets subject to finance lease	-	0.00%	-	0.00%	-	-100.00%	26,625	-66.34%	79,105	20.20%	65,810	333.67%
Lease liabilities	471,952	41.02%	334,670	63.54%	204,637	100.00%	-	0.00%	-	0.00%	-	0.00%
Long term deposits	17,000	0.00%	17,000	3300.00%	500	-50.00%	1,000	-33.33%	1,500	-25.00%	2,000	0.00%
Deferred income tax liability - net	69,878	100.00%	-	-	-	-	-	-	-	-	-	-
Deferred liabilities	-	-100.00%	362	-80.57%	1,863	500.00%	-	-100.00%	12,069	276.33%	3,207	0.00%
	558,830	39.87%	399,522	60.28%	249,268	746.50%	29,447	-72.62%	107,568	27.28%	84,513	364.23%
Current liabilities												
Trade and other payables	2,725,758	96.77%	1,385,265	96.69%	704,279	-4.71%	739,055	20.38%	613,958	-23.60%	803,559	37.69%
Accrued mark-up/profit	38,150	291.00%	9,757	-55.86%	22,103	-68.23%	69,576	281.93%	18,217	91.42%	9,517	1652.67%
Short term borrowing	1,494,219	224.00%	461,181	-39.81%	766,263	-61.20%	1,974,915	179.09%	707,636	-36.76%	1,118,969	0.00%
Current portion of non-current liabilities	172,182	5.83%	162,698	80.37%	90,201	27.15%	70,939	16.11%	61,094	40.48%	43,489	99.93%
Unclaimed dividend	5,756	-9.02%	6,327	84.03%	3,438	-14.61%	4026	-	4297	-	1,526	-
Taxation - net	-	0.00%	10,919	0.00%	-	-100.00%	1,224	-98.95%	116,775	55.24%	75,223	119.63%
	4,436,065	117.87%	2,036,147	28.36%	1,586,284	-44.53%	2,859,735	87.90%	1,521,977	-25.84%	2,052,283	220.60%
TOTAL EQUITY AND LIABILITIES	9,137,442	62.64%	5,618,244	12.52%	4,993,218	-18.36%	6,115,967	10.75%	5,522,266	-6.10%	5,881,102	47.43%
Statement of Profit or Loss												
	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age	Rs.(000)	%age
Net Revenue	17,739,037	67%	10,598,209	88%	5,628,659	-40%	9,431,162	2%	9,253,578	24%	7,488,882	7%
Cost of Sales	(15,019,145)	71%	(8,802,509)	95%	(4,503,767)	-45%	(8,136,799)	11%	(7,325,252)	28%	(5,714,430)	15%
Gross Profit	2,719,892	51%	1,795,700	60%	1,124,892	-13%	1,294,363	-33%	1,928,326	9%	1,774,452	-13%
Administrative Expenses	(524,457)	22%	(431,094)	31%	(328,992)	-16%	(390,823)	11%	(351,091)	26%	(279,254)	6%
Distribution Cost	(876,129)	31%	(666,407)	9%	(609,514)	-23%	(795,362)	31%	(606,107)	36%	(445,148)	-48%
EBITDA	1,319,306	89%	698,199	275%	186,386	72%	108,178	-89%	971,128	-8%	1,050,050	13%
Depreciation and Amortization	(255,338)	38%	(184,463)	17%	(157,102)	94%	(80,777)	41%	(57,433)	28%	(44,748)	17%
Other Expenses	(236,055)	472%	(41,275)	105%	(20,180)	-81%	(103,571)	64%	(63,070)	86%	(33,869)	-22%
Other Income	382,803	240%	112,541	-11%	126,125	11%	113,899	5%	108,463	13%	95,757	107%
EBIT	1,210,716	107%	585,002	333%	135,229	258%	37,729	-96%	959,088	-10%	1,067,190	19%
Finance Cost	(195,516)	141%	(81,148)	-56%	(186,326)	-21%	(235,072)	185%	(82,541)	130%	(35,838)	121%
Profit / (Loss) Before Taxation	1,015,200	101%	503,854	1086%	(51,097)	-74%	(197,343)	-123%	876,547	-15%	1,031,352	17%
Taxation	(277,278)	95%	(142,533)	1398%	10,980	-105%	(237,476)	-26%	(322,117)	6%	(304,484)	-13%
Profit / (Loss) After Taxation	737,922	104%	361,321	1001%	(40,117)	-91%	(434,819)	-178%	554,430	-24%	726,868	37%

FINANCIAL POSITION HORIZONTAL ANALYSIS

Non-current assets have been increased by Rupees 756.796 million (41.27%) from the last year. This increase was mainly on account of surplus on revaluation of free hold land of the Company.

Current assets primarily comprise of stock-in-trade, trade debts, other receivables, short term investments and cash and bank balances. On an aggregate basis, current assets increased by Rupees 2,572.858 million (132.39%) mainly on account of increase in stock-trade by Rupees 1,990.156 million (226.48%), cash and bank balances by Rupees 392.598 million (148.41%) while short term investments decreased by Rupees 219.239 million (49.15%) in comparison to last year.

HORIZONTAL ANALYSIS-TOTAL ASSETS



STATEMENT OF PROFIT OR LOSS HORIZONTAL ANALYSIS

Net revenue has been increased by Rupees 7,140.828 million (67%) in comparison to last year on account of achievement of all budgeted targets for the FY 2021-2022. The aforesaid increase in net revenue leads to the increase of gross profit by 924.192 million (51%) in comparison to last year. Administrative expenses have been increased by 22% mainly on account of increase in salaries and wages of the employees while distribution expenses have been increased by 31% in line with the increase of net revenue of the Company.

Other income has been increased by 240% mainly due to dividend of Rupees 260 million received from Hi-Tech Blending (Private) Limited – wholly owned subsidiary company.

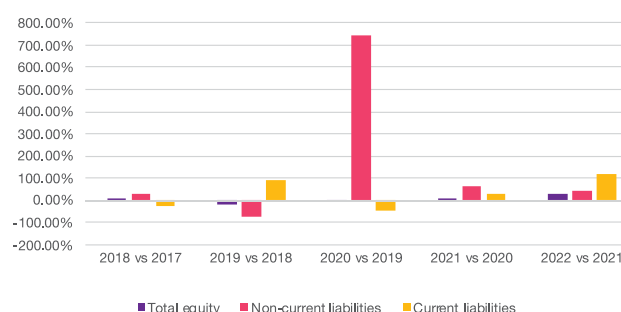
Finance cost has been increased by 56% due to increase in short term borrowings and their mark up rates. FY 2022 was remained challenging, but focusing on the achievement of revenue targets along with effective cost control measures, the Company able to achieve net profit of Rupees 737.922 million, up by 104% in comparison from last year.

Shareholders' equity has been increased by Rupees 959.972 million (30.16%) mainly on account of surplus on revaluation of freehold land and profit earned during the year.

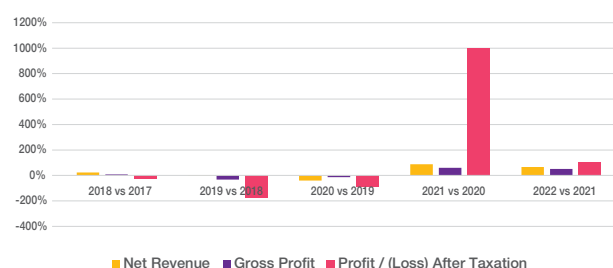
Non-current liabilities for the year have been increased by Rupees 159.308 million (39.87%) mainly due to increase in lease liabilities.

Current liabilities have increased by Rupees 2,399.918 million (117.87%) mainly due to increase in trade and other payables and short term borrowings.

HORIZONTAL ANALYSIS-TOTAL EQUITY & LIABILITIES (2022)



HORIZONTAL ANALYSIS-PROFIT OR LOSS



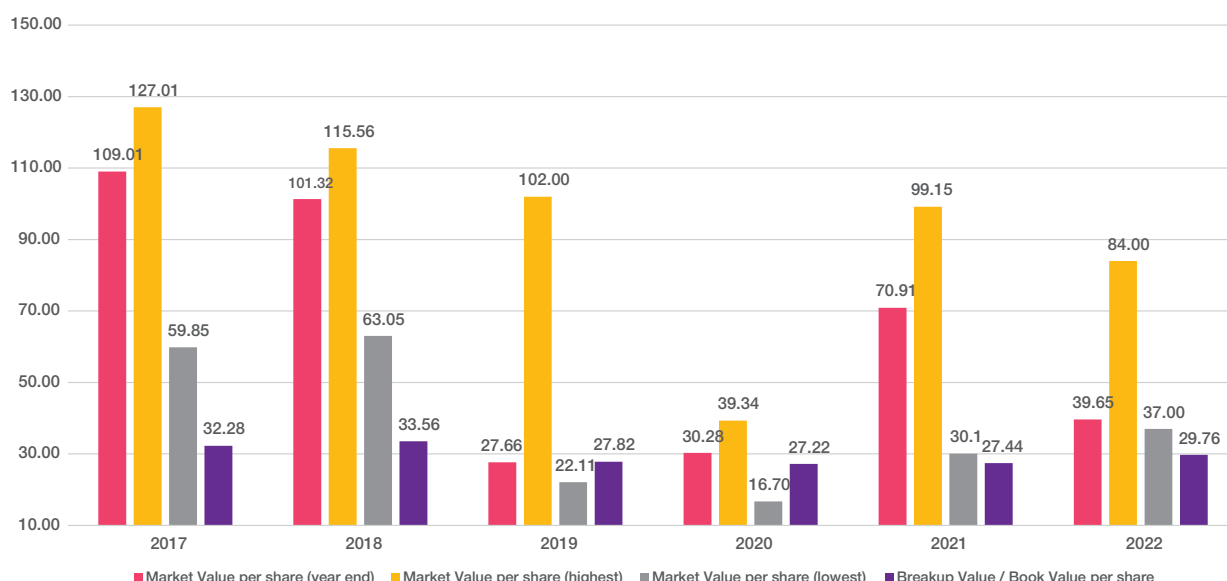
SHARE PRICE SENSITIVITY ANALYSIS

Share price in the stock market moves due to various factors such as company performance, general market sentiment, economic events and interest rates, etc. Being a responsible and law-compliant Company, HTL circulates price sensitive information to stock exchanges in accordance with the requirements of listing regulations in a timely manner.

Share price sensitivity analysis using key variable with consequent impact on the Company's earnings:

KEY VARIABLE	RELATIONSHIP	IMPACT ON EARNINGS	SHARE PRICE IMPACT
Selling price	Direct	Increase in selling price directly increase in earnings of the Company and vice versa.	Increase in earnings directly increase share price of the Company and vice versa.
Stock-in-trade price	Indirect	Increase in stock-in-trade price directly increase cost of sales, resultantly decrease in earnings of the Company.	Decrease in earnings directly decrease share price of the Company and vice versa.
Interest rate	Indirect	Increase in interest rate directly increase finance cost, resultantly decrease in earnings of the Company.	Decrease in earnings directly decrease share price of the Company and vice versa.
Currency	Indirect	Depreciation in Pak Rupee directly increase import cost of inventory, resultantly decrease in earnings and vice versa.	Decrease in earnings directly decrease share price of the Company and vice versa.

During the year 2022, HTL's share price touched the peak of Rupees 84.00 while the lowest recorded price was Rupees 37.00 with a closing price of Rupees 39.65 at the end of the year.



RATIOS FOR SHARIAH COMPLIANT COMPANIES AND THE COMPANIES LISTED ON THE ISLAMIC INDICES

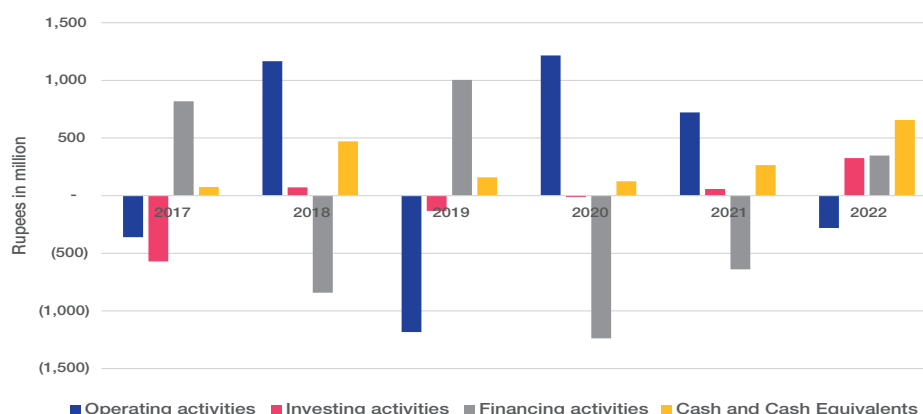
RATIO DESCRIPTION	BENCH MARK	2022
Interest bearing loan to market capitalization	Not exceed 30%	28%
Interest taking deposit to market capitalization	Not exceed 30%	0%
Income generated from prohibited component to total income	Not exceed 5%	0%
Net liquid assets per share to market value per share	At least 25%	Negative

CASH FLOWS ANALYSIS

FOR THE CURRENT AND LAST FIVE YEARS

Summary of Cash Flow Statement	2022	2021	2020	2019	2018	2017
	Rupees in thousand					
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit / (loss) before taxation	1,015,200	503,854	(51,098)	(197,341)	876,546	1,031,351
Adjustments for non-cash items and other items	283,334	192,073	218,949	290,049	81,069	8,525
Working capital changes	(1,349,853)	160,289	1,354,187	(685,165)	561,664	(1,091,236)
Finance cost paid	(162,381)	(85,570)	(233,431)	(183,712)	(73,841)	(26,864)
Income tax paid	(58,722)	(56,195)	(74,725)	(404,279)	(271,703)	(260,304)
Net (increase) / decrease in long term loan to employees	(983)	-	280	769	1,390	3,058
Net (increase) / decrease in long term security deposits	(6,682)	(8,702)	2,898	(3,538)	(7,700)	(24,555)
Increase / (decrease) in long term deposits	-	16,500	(500)	(500)	(500)	-
Net cash generated from / (used in) operating activities	(280,087)	722,249	1,216,560	(1,183,717)	1,166,925	(360,025)
CASH FLOWS FROM INVESTING ACTIVITIES						
Capital expenditures on operating fixed assets	(198,381)	(267,487)	(282,116)	(275,337)	(440,267)	(650,938)
Capital expenditures on intangible assets	(825)	(7,069)	(5,362)	(8,026)	(676)	(1,865)
Initial direct cost incurred on right of use assets	(3,411)	(1,204)	-	-	-	-
Proceeds from disposal of operating fixed assets	2,557	13,776	15,395	8,024	9,537	74,722
Investment in subsidiary company	-	-	-	-	-	(197,241)
Loans to subsidiary company	-	-	-	(548,900)	(296,500)	(261,000)
Repayment of loans by subsidiary company	-	-	-	548,900	557,500	-
Short term investments - net	220,880	277,775	153,963	30,869	155,000	378,663
Dividend received	282,797	20,453	10,437	1,132	272	1,151
Interest received on loans to subsidiary company	-	-	7,741	41,196	28,948	-
Profit on bank deposits and term deposits received	21,992	21,829	86,942	69,330	57,615	85,353
Net cash from / (used in) investing activities	325,609	58,073	(13,000)	(132,812)	71,429	(571,155)
Cash flow from financing activities						
Repayment of liabilities against assets subject to finance lease	-	-	-	(45,153)	(35,973)	(5,804)
Repayment of lease liabilities	(107,111)	(81,501)	(48,576)	-	-	-
Dividends paid	(483,148)	(333,524)	(29,589)	(203,278)	(403,243)	(312,549)
Long term financing obtained	-	126,582	63,404	-	21,865	23,135
Long term financing repaid	(95,704)	(46,431)	(14,894)	(15,000)	(13,178)	(4,321)
Short term borrowings - net	1,033,038	(305,082)	(1,208,652)	1,267,280	(411,333)	1,118,969
Net cash from / (used in) financing activities	347,075	(639,956)	(1,238,307)	1,003,849	(841,862)	819,430
Net increase / (decrease) in cash and cash equivalents	392,597	140,366	(34,747)	(312,680)	396,492	(111,750)
Cash and cash equivalents at the beginning of the year	264,544	124,178	158,925	471,605	75,113	186,863
Cash and cash equivalents at the end of year	657,141	264,544	124,178	158,925	471,605	75,113

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 net used in operating activities by Rupees 280.087 million in comparison to the last year's net cash generated from operating activities of Rupees 722.249 million. This is mainly due to investment in stock-in-trade during the year.

INVESTING ACTIVITIES

HTL received net cash amounting to Rupees 325.609 million from investing activities mainly on account of realization of short term investments and dividend from wholly owned subsidiary company.

FINANCING ACTIVITIES

Net inflows from financing activities are Rupees 347.075 million mainly due to receipt of short term borrowings.

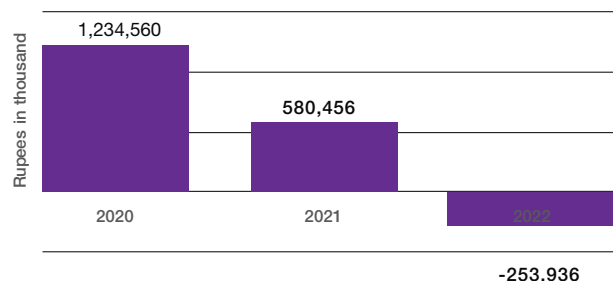
CASH AND CASH EQUIVALENTS

Cash and cash equivalents are increased by Rupees 392.597 million mainly on account of inflows from financing and investing activities.

ANALYSIS OF FREE CASH FLOWS

Free Cash Flows	2022	2021	2020
	Rupees in thousand		
Profit / (loss) before taxation	1,015,200	503,854	(51,098)
Adjustments for non-cash items and other items	283,334	192,073	218,949
Working capital changes	(1,349,853)	160,289	1,354,187
Capital additions	(202,617)	(275,760)	(287,478)
Free Cash Flows	(253,936)	580,456	1,234,560

FREE CASH FLOWS (2020-2022)



DIRECT METHOD CASH FLOWS

Cash Flows From Operating Activities	2022	2021
Collection from customers	17,569,714,083	10,513,763,792
Payments to employees as remuneration	(867,816,540)	(727,511,512)
Payments to suppliers and service providers	(13,971,962,664)	(6,433,707,994)
Income tax paid	(58,722,363)	(56,194,929)
Sales tax paid	(2,788,116,112)	(2,488,022,445)
Finance cost paid	(162,380,933)	(85,570,387)
Zakat paid	(802,695)	(507,123)
Net cash used in / (generated from) operating activities	(280,087,224)	722,249,402
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures on operating fixed assets	(198,380,855)	(267,486,601)
Capital expenditure on intangible assets	(824,609)	(7,069,069)
Initial direct cost incurred on right-of-use assets	(3,410,776)	(1,203,654)
Proceeds from disposal of operating fixed assets	2,556,955	13,775,776
Short term investments - net	220,880,116	277,774,997
Dividends received	282,796,867	20,452,706
Profit on bank deposits and term deposit receipts received	21,991,452	21,828,703
Net cash from investing activities	325,609,150	58,072,858
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(107,111,273)	(81,501,417)
Dividend paid	(483,147,527)	(333,523,490)
Proceeds from long term financing	-	126,582,220
Repayment of long term financing	(95,703,612)	(46,430,813)
Short term borrowings - net	1,033,038,142	(305,082,290)
Net cash from / (used in) financing activities	347,075,730	(639,955,790)
Net increase in cash and cash equivalents	392,597,656	140,366,470
Cash and cash equivalents at the beginning of the year	264,544,140	124,177,670
Cash and cash equivalents at the end of the year	657,141,796	264,544,140

QUARTERLY ANALYSIS

FOR THE **CURRENT YEAR**

Statement of Profit or Loss	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Rupees in thousand			
GROSS REVENUE	3,832,710	5,016,153	4,457,701	7,649,858
DISCOUNTS	(117,759)	(263,428)	(132,181)	(237,063)
	3,714,951	4,752,725	4,325,520	7,412,795
SALES TAX	(634,458)	(767,524)	(509,673)	(555,299)
NET REVENUE	3,080,493	3,985,201	3,815,847	6,857,496
COST OF SALES	(2,400,114)	(3,248,841)	(3,153,488)	(6,216,702)
GROSS PROFIT	680,379	736,360	662,359	640,794
DISTRIBUTION COST	(261,108)	(196,215)	(185,330)	(449,770)
ADMINISTRATIVE EXPENSES	(163,915)	(110,141)	(165,381)	(124,064)
OTHER EXPENSES	(84,285)	(43,467)	(18,062)	(90,241)
	(509,308)	(349,823)	(368,773)	(664,075)
OTHER INCOME	17,670	14,692	19,110	331,331
PROFIT FROM OPERATIONS	188,741	401,229	312,696	308,050
FINANCE COST	(36,826)	(43,287)	(50,818)	(64,585)
PROFIT BEFORE TAXATION	151,915	357,942	261,878	243,465
TAXATION	(47,533)	(80,724)	(53,397)	(95,624)
PROFIT AFTER TAXATION	104,382	277,218	208,481	147,841

Statement of Financial Position	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Rupees in thousand			
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
150,000,000 (2021: 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	1,392,048	1,392,048	1,392,048
Reserves	2,332,533	2,145,734	2,103,646	2,750,499
Total Equity	3,492,573	3,537,782	3,495,694	4,142,547
LIABILITIES				
NON-CURRENT LIABILITIES				
Long term financing	24,640	-	-	-
Lease Liabilities	349,396	412,809	418,056	471,952
Long term deposits	17,000	22,000	19,000	17,000
Deferred income tax liability - net		62,835	59,939	69,878
Deferred income - Government grant	6	-	-	-
	391,042	497,644	496,995	558,830
CURRENT LIABILITIES				
Trade and other payables	874,945	1,142,563	1,252,798	2,725,758
Accrued mark-up	13,675	24,893	26,874	38,150
Short term borrowings	166,592	1,147,295	1,679,648	1,494,219
Current portion of non-current liabilities	808,349	184,427	180,432	172,182
Unclaimed dividend	6,327	5,199	5,199	5,756
Provision for taxation - net	4,477	-	-	-
	1,874,365	2,504,377	3,144,951	4,436,065
Total liabilities	2,265,407	3,002,021	3,641,946	4,994,895
Contingencies and Commitments	-	-	-	-
TOTAL EQUITY AND LIABILITIES	5,757,980	6,539,803	7,137,640	9,137,442

Statement of Financial Position	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Rupees in thousand			
ASSETS				
NON-CURRENT ASSETS				
Fixed assets	1,876,354	1,846,475	1,840,390	2,590,342
Right-of-use assets	343,121	464,694	489,418	555,745
Intangible assets	9,502	8,923	7,718	6,658
Investment property	61,658	61,658	61,658	130,000
Investment in subsidiary company	1,300,001	1,300,001	1,300,001	1,300,001
Long term security deposits	30,518	36,363	42,953	37,695
Long term loan to an employee				783
Deferred income tax asset - net	11,243	-	-	-
	3,632,397	3,718,114	3,742,138	4,621,224
CURRENT ASSETS				
Stock-in-trade	717,195	1,107,354	1,263,686	2,868,898
Trade debts	156,429	91,433	62,594	106,219
Loans and advances	219,724	470,843	956,764	192,210
Short term deposits and prepayments	24,013	28,360	22,670	24,309
Advance income tax - net of provision for taxation		275,619	227,820	
Other receivables	323,771	228,891	269,216	440,065
Accrued interest	2,390	22	3,454	571
Short term investments	220,068	451,467	230,472	226,804
Cash and bank balances	461,993	167,701	358,826	657,142
	2,125,583	2,821,689	3,395,502	4,516,218
TOTAL ASSETS	5,757,980	6,539,803	7,137,640	9,137,442

QUARTERLY ANALYSIS REVENUE

First quarter of the fiscal year, which is generally slower coupled with economic slowdown one represents 17.37% of total revenue showing mixed trend in remaining quarters with highest in fourth quarter which represent 38.66% of total revenue. Although FY 2021-2022 remained challenging, due to:

- Political instability;
- Geopolitical uncertainty arising out of Russia-Ukraine conflict;
- Higher interest and inflation rate; and
- Rupee depreciation

The Company successfully attained significant growth in revenue.

COST OF SALES

Cost of sales shows mixed trend in FY 2022 with lowest in first quarter and highest is fourth quarter in line with the revenue of the Company.

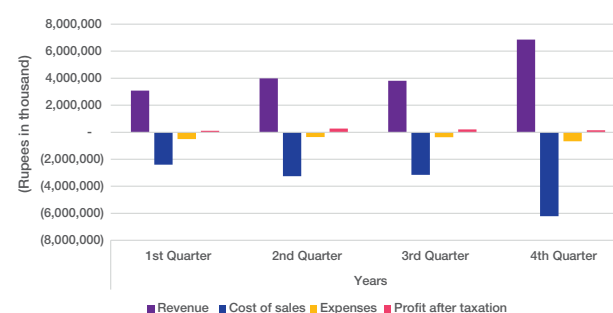
PROFIT FROM OPERATIONS

In spite of global and economy challenges, the Company successfully reported profit from operations in all four quarters of FY 2022. Profit from operations in first three quarters are in line with the revenue trend but in fourth quarter due to significant rupee depreciation it has been decreased. Overall, performance of the Company was up to mark, as it also able to post bottom line profits during the four quarters of year accumulating into net profit of Rupees 737.922 million, up by 104 % in comparison from last year.

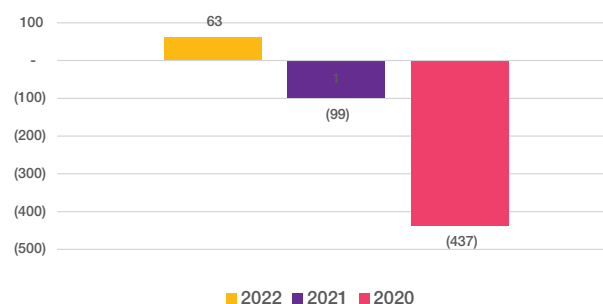
ECONOMIC VALUE ADDED

Economic value added (EVA) measures the performance of the Company and its management. In FY 2022, the Company has improved its performance by increase in its business resulting in creating wealth and returns for its shareholders.

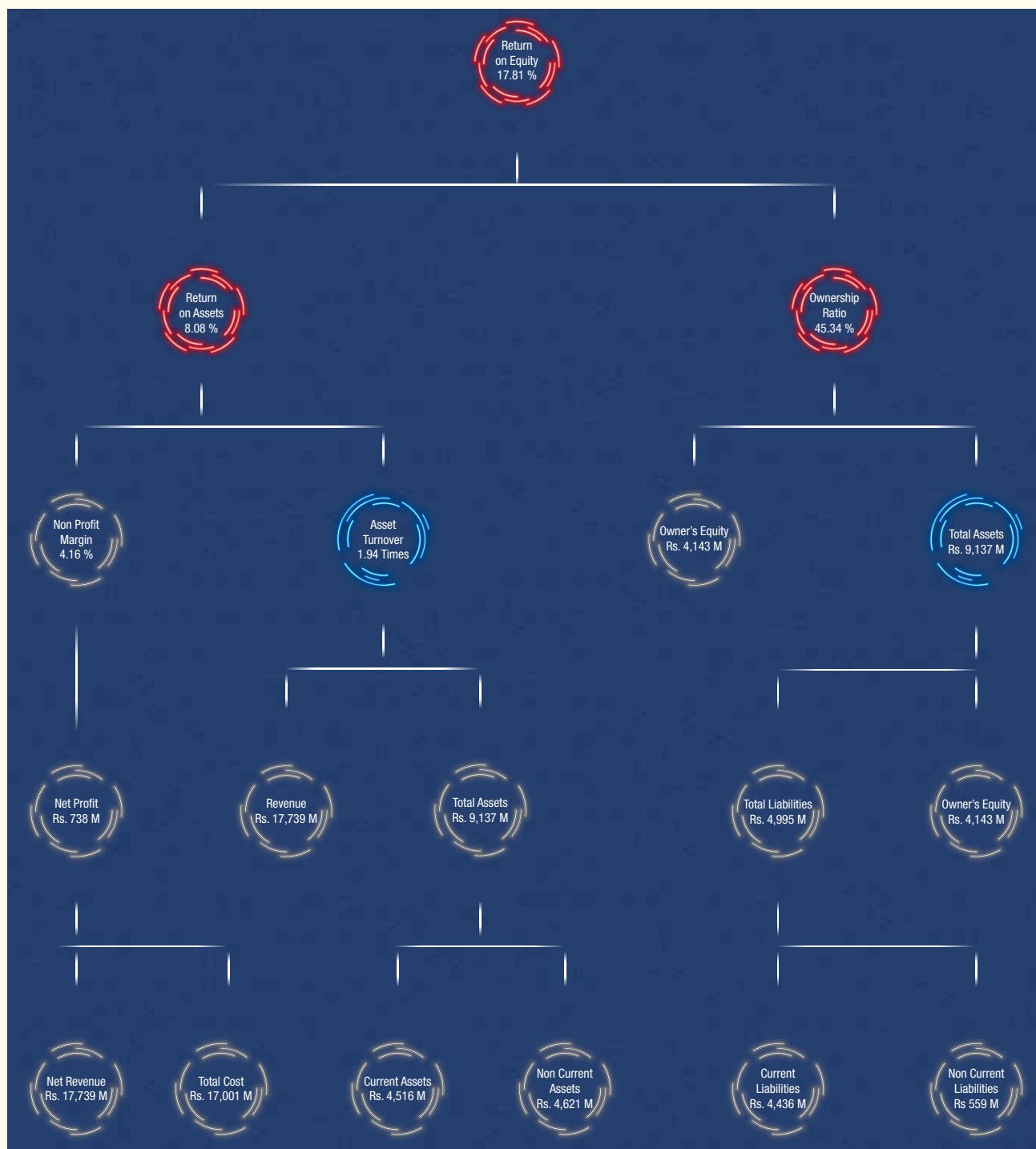
QUARTERLY ANALYSIS



ECONOMIC VALUE ADDED (EVA)



DUPONT ANALYSIS **HTL LIMITED** Hi-Tech Lubricants Ltd



The Dupont analysis is a framework for analyzing fundamental performance and it is a useful technique used to decompose the different drivers of return on equity (ROE).

Dupont analysis for last six years depicts that the Company is generating mixed returns for its shareholders. The management of the Company regularly monitors all the drivers used in Dupont analysis to identify strengths and weaknesses and analyze the Company's fundamental performance.

Year	Return on assets	Ownership ratio	ROE
	(Net profit / total assets)	Total equity / total assets	A/B
	A	B	
2022	8.08%	45.34%	17.81%
2021	6.43%	56.65%	11.35%
2020	-0.80%	63.24%	-1.27%
2019	-7.11%	52.76%	-13.48%
2018	10.04%	70.49%	14.24%
2017	12.36%	63.67%	19.41%

ANALYSIS OF FINANCIAL AND NON-FINANCIAL PERFORMANCE

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

PERFORMANCE AGAINST FINANCIAL MEASURES

Company sets financial targets for business units, their liquidity and working capital against defined targets. Company was able to sustain its market share. By achieving revenue targets and taking effective cost control measures, the Company is able to post profits in spite of economy challenges. On the other hand, Company also achieved its working capital and liquidity targets.

SUMMARISED OPERATING PERFORMANCE OF THE COMPANY FOR THE CURRENT YEAR

- Gross profit of the Company increased by 51% during the year. This is mainly on account of achieving revenue targets of the Company.
- Distribution cost has been increased by 31% in comparison from last year in correspondence to the increase in revenue line.
- Administrative expenses also increased by 22 % in comparison from last year mainly, due to increase in salaries, wages and other benefits.
- Other income has been increased by 240% in comparison from last year, mainly on account of dividend received from wholly owned subsidiary company.
- Overall finance cost has been increased by 141% in comparison from last year mainly due to increase in mark-up / profit on short term borrowings in line with increase in short term borrowings.
- In result of achieving revenue targets along with effective cost control measures, the Company is able to post net profit to Rupees 737.922 million in comparison from last year's profit of Rupees 361.321 million.

PERFORMANCE AGAINST NON-FINANCIAL MEASURES

Non-financial targets are set for human resource development, growth / expansion, and succession. Process and production efficiencies, quality improvements, 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.

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.

The company monitored following KPIs in the achievement of above targets:

- Analyze various prospects of investment in the industry
- Production efficiency, current, gearing and activity ratios
- Optimization and better allocation of available resources
- Provision and monitoring of supportive environment with special focus on health and safety of the employees
- EPS, ROE, Analysis of market price as a measure of relationship capital and provision of maximum customer support beyond the general relationship.

ANALYSIS OF CHANGES IN THE PERFORMANCE

The fiscal year 2021-22 was the year of global political turmoil and climate change that adversely effected the global market of consumption. In spite of these challenges, the Company outperformed to achieve its budgeted revenue targets and cost control measures that led the Company towards its mission of global leader in the Lubricant Industry.

PERFORMANCE MEASURE INDICATORS

The Company continued Balance Scorecard approach in the year 2022 to measure performance indicators of each division and Company as a whole.

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

MARKET SHARE EXTERNAL SOURCES

In year 2016-17, an external valuation of the market share of the company

ANALYSIS OF FINANCIAL AND NON-FINANCIAL PERFORMANCE

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.

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.

TIMELY PAYMENT OF DEBTS AND GOVERNMENT DUES

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

SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

- 1- The Company has revised its accounting policy under IAS 16 'Property, Plant and Equipment', in respect of freehold land to fair value model under which freehold land is stated at revalued amount less recognized impairment loss, if any. Previously, freehold land was stated, under cost model, at cost less recognized accumulated impairment loss, if any.
- 2- The Company has changed its accounting policy in respect of investment property to fair value model under which investment property is stated at revalued amount less recognized impairment loss, if any, whereas it was previously valued at cost less recognized impairment loss, if any.

The management believes that the new policies provides reliable and more relevant information to the users of these financial statements.

DISCLOSURES BY SHARIA COMPLIANT COMPANY AND THE COMPANY LISTED ON ISLAMIC INDEX

Disclosures required under clause 10 of the Fourth Schedule of the Companies Act, 2017 for Shariah complaint companies and the companies listed on Islamic index are stated in Note 49 to the annexed unconsolidated financial statements.

BOARD'S RESPONSIBILITY STATEMENT ON FULL COMPLIANCE OF FINANCIAL ACCOUNTING AND REPORTING STANDARDS AS APPLICABLE IN PAKISTAN

The Board of Directors of the Company strongly believes in adherence to full 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 IR FRAMEWORK

The Company is in the process of adoption of Integrated Reporting Framework.

BEST CORPORATE REPORTS AWARDS

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

YEAR	POSITION	SECTOR
2018	Second	Fuel and Energy
2019	Fourth	Fuel and Energy
2020	Third	Fuel and Energy
2021	Fourth	Fuel and Energy

BEST CORPORATE REPORT AWARDS





UNCONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

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 2022, 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 2022 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Revenue recognition</p> <p>The Company recognized net revenue from contracts with customers of Rupees 17,739.037 million for the year ended 30 June 2022.</p> <p>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.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none">- Summary of significant accounting policies, Revenue recognition note 2.27 to the financial statements.- Net revenue from contracts with customers as shown on the face of statement of profit or loss.	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none">• We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue.• We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents.• We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period.• We tested the effectiveness of the Company's internal controls over the calculation and recognition of discounts.• We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'.• We also considered the appropriateness of disclosures in the financial statements.

Sr. No.	Key audit matters	How the matter was addressed in our audit
2.	<p>Stock-in-trade existence and valuation</p> <p>Stock-in-trade as at 30 June 2022 amounted to Rupees 2,868.898 million and represented a material position in the statement of financial position.</p> <p>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.</p> <p>Stock-in-trade is stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in note 2.11 to the financial statements.</p> <p>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.</p> <p>For further information on stock-in-trade, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Stock-in-trade note 2.11 to the financial statements. - Stock-in-trade note 23 to the financial statements. 	<p>Our procedures over existence and valuation of stock-in-trade included, but were not limited to:</p> <ul style="list-style-type: none"> • To test the quantity of stock-in-trade at all locations, we assessed the corresponding stock-in-trade observation instructions and participated in stock-in-trade counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of stock-in-trade items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • We tested that the ageing report used by management correctly aged stock-in-trade items by agreeing a sample of aged stock-in-trade items to the last recorded invoice. • On a sample basis, we tested the net realizable value of stock-in-trade items to recent selling prices and re-performed the calculation of the stock-in-trade write down, if any. • We assessed the percentage write down applied to older stock-in-trade with reference to historic stock-in-trade write downs and recoveries on slow moving stock-in-trade. • In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs. • We also made inquiries 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.

INDEPENDENT AUDITOR'S REPORT

To the members of Hi-Tech Lubricants Limited

Report on the Audit of the Unconsolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

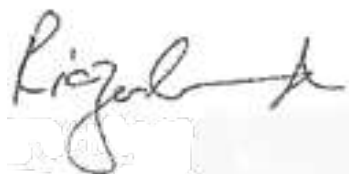
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 24 September 2022

UDIN: AR202210132dMEGa3vuH

STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	2022 Rupees	2021 Rupees Restated
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
150,000,000 (2021: 150,000,000) ordinary shares of Rupees 10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital	3	1,392,048,000	1,160,040,000
Reserves	4	2,750,498,756	2,022,535,056
Total equity		4,142,546,756	3,182,575,056
LIABILITIES			
Non-current liabilities			
Long term financing	5	-	47,490,196
Lease liabilities	6	471,952,022	334,670,123
Long term deposits	7	17,000,000	17,000,000
Deferred income tax liability - net	22	69,878,336	-
Deferred income - Government grant	8	-	361,618
		558,830,358	399,521,937
Current liabilities			
Trade and other payables	9	2,725,758,038	1,385,266,386
Accrued mark-up	10	38,150,124	9,756,777
Short term borrowings	11	1,494,218,779	461,180,637
Current portion of non-current liabilities	12	172,181,700	162,697,568
Unclaimed dividend		5,755,517	6,326,546
Provision for taxation - net	13	-	10,919,484
		4,436,064,158	2,036,147,398
Total liabilities		4,994,894,516	2,435,669,335
Contingencies and commitments			
	14		
TOTAL EQUITY AND LIABILITIES		9,137,441,272	5,618,244,391
ASSETS			
Non-current assets			
Fixed assets	15	2,590,342,283	1,833,545,894
Right-of-use assets	16	555,744,577	359,293,341
Intangible assets	17	6,657,720	10,645,943
Investment property	18	130,000,000	93,750,000
Investment in subsidiary company	19	1,300,000,600	1,300,000,600
Long term security deposits	20	37,694,740	29,401,655
Long term loan to an employee	21	783,329	-
Deferred income tax asset - net	22	-	48,245,631
		4,621,223,249	3,674,883,064
Current assets			
Stock-in-trade	23	2,868,897,798	878,741,709
Trade debts	24	106,218,981	103,225,348
Loans and advances	25	192,209,599	89,718,454
Short term deposits and prepayments	26	24,309,437	19,316,915
Other receivables	27	440,065,418	141,381,054
Accrued interest	28	570,582	390,462
Short term investments	29	226,804,412	446,043,245
Cash and bank balances	30	657,141,796	264,544,140
		4,516,218,023	1,943,361,327
TOTAL ASSETS		9,137,441,272	5,618,244,391

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 2022



	Note	2022 Rupees	2021 Rupees
			Restated
Gross revenue from contracts with customers	31	20,956,422,071	13,848,010,797
Discounts		(750,430,803)	(830,704,052)
Sales tax		(2,466,954,101)	(2,419,097,363)
Net revenue from contracts with customers		17,739,037,167	10,598,209,382
Cost of Sales	32	(15,019,145,240)	(8,802,509,492)
Gross profit		2,719,891,927	1,795,699,890
Distribution cost	33	(1,092,423,139)	(812,725,253)
Administrative expenses	34	(563,500,529)	(469,239,729)
Other expenses	35	(236,054,991)	(41,274,592)
		(1,891,978,659)	(1,323,239,574)
Other income	36	382,802,711	112,541,381
Profit from operations		1,210,715,979	585,001,697
Finance cost	37	(195,516,047)	(81,147,580)
Profit before taxation		1,015,199,932	503,854,117
Taxation	38	(277,277,940)	(142,532,964)
Profit after taxation		737,921,992	361,321,153
Earnings per share - basic and diluted	39	5.30	2.60

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 2022

	2022 Rupees	2021 Rupees
Profit after taxation	737,921,992	Restated 361,321,153
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Surplus on revaluation of freehold land	704,626,206	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year	704,626,206	-
Total comprehensive income for the year	1,442,548,198	361,321,153

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 2022



	Share capital	Reserves				Total reserves	Total equity
		Capital reserve			Revenue reserve		
		Share premium	Surplus on revaluation of freehold land	Sub Total	Un-appropriated Profit		
Rupees							
Balance as at 30 June 2020	1,160,040,000	1,441,697,946	-	1,441,697,946	555,927,557	1,997,625,503	3,157,665,503
Transactions with owners:							
Final dividend for the year ended 30 June 2020							
@ Rupees 0.90 per share	-	-	-	-	(104,403,600)	(104,403,600)	(104,403,600)
Interim dividend for the year ended 30 June 2021							
@ Rupees 2.00 per share	-	-	-	-	(232,008,000)	(232,008,000)	(232,008,000)
Profit for the year ended 30 June 2021 - restated	-	-	-	-	361,321,153	361,321,153	361,321,153
Other comprehensive income for the year ended 30 June 2021	-	-	-	-	-	-	-
Total comprehensive income for the year ended 30 June 2021 - restated	-	-	-	-	361,321,153	361,321,153	361,321,153
Balance as at 30 June 2021 - restated	1,160,040,000	1,441,697,946	-	1,441,697,946	580,837,110	2,022,535,056	3,182,575,056
Transaction with owners:							
Final dividend for the year ended 30 June 2021							
@ Rupees 2 per share	-	-	-	-	(232,008,000)	(232,008,000)	(232,008,000)
Issue of 01 bonus share for every 05 ordinary shares for the year ended 30 June 2021	232,008,000	-	-	-	(232,008,000)	(232,008,000)	-
Interim dividend for the year ended 30 June 2022							
@ Rupees 1.80 per share	-	-	-	-	(250,568,498)	(250,568,498)	(250,568,498)
Profit for the year ended 30 June 2022	-	-	-	-	737,921,992	737,921,992	737,921,992
Other comprehensive income for the year ended 30 June 2022	-	-	704,626,206	704,626,206	-	704,626,206	704,626,206
Total comprehensive income for the year ended 30 June 2022	-	-	704,626,206	704,626,206	737,921,992	1,442,548,198	1,442,548,198
Balance as at 30 June 2022	1,392,048,000	1,441,697,946	704,626,206	2,146,324,152	604,174,604	2,750,498,756	4,142,546,756

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

Chief Executive

Director

Chief Financial Officer

STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
			Restated
Cash flows from operating activities			
Cash (used in) / generated from operations	40	(51,318,855)	856,216,605
Finance cost paid		(162,380,933)	(85,570,387)
Income tax paid		(58,722,363)	(56,194,929)
Net increase in long term loan to an employee		(983,333)	-
Net increase in long term security deposits		(6,681,740)	(8,701,887)
Increase in long term deposits		-	16,500,000
Net cash (used in) / generated from operating activities		(280,087,224)	722,249,402
Cash flows from investing activities			
Capital expenditure on operating fixed assets		(198,380,855)	(267,486,601)
Capital expenditure on intangible assets		(824,609)	(7,069,069)
Initial direct cost incurred on right-of-use assets		(3,410,776)	(1,203,654)
Proceeds from disposal of operating fixed assets		2,556,955	13,775,776
Short term investments - net		220,880,116	277,774,997
Dividends received		282,796,867	20,452,706
Profit on bank deposits and term deposit receipt received		21,991,452	21,828,703
Net cash from investing activities		325,609,150	58,072,858
Cash flows from financing activities			
Repayment of lease liabilities		(107,111,273)	(81,501,417)
Dividend paid		(483,147,527)	(333,523,490)
Long term financing obtained		-	126,582,220
Long term financing repaid		(95,703,612)	(46,430,813)
Short term borrowings - net		1,033,038,142	(305,082,290)
Net cash from / (used in) financing activities		347,075,730	(639,955,790)
Net increase in cash and cash equivalents		392,597,656	140,366,470
Cash and cash equivalents at the beginning of the year		264,544,140	124,177,670
Cash and cash equivalents at the end of the year		657,141,796	264,544,140

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



Chief Executive



Director



Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022



1. THE COMPANY AND ITS OPERATIONS

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

Ibrahim Petroleum	Sialkot Road, Gujranwala
Karma Wala-1 Filling Station	Shahkot Road, Jaranwala
Raja Adeel Filling Station	Arifwala Road, Arifwala
Gondal Filling Station	Daska Road, Wazirabad
City Filling Station	Hujra Shah Muqem, Okara
Al Karam Filling Station	Shamkey Bhattian, Lahore
Green City Fuel Station	Hasilpur Road, Bahawalpur
Khokhar Fuel Station	Small Industrial Estate, Jinnah Road, Gujranwala
Minhas CNG	Multan Road, Lahore
One Stop	Main Ferozepur Road, Lahore
S&S	Toba Road, Jhang
Al Yousaf CNG	Khanewal Road, Multan
Rana Petroleum	Faisalabad Road, Okara
Mudassir Zulfiqar Filling Station	Vehari Road, Multan
Shahid & Company	Daska Road, Gujranwala
Benzina II Filling Station	Benazir Road, Okara
Nambardar Filling Station	Rawalpindi Road, Chakwal
Iftikhar Nadeem & Company	Mouza Jhawary, Dhamial Road, Rawalpindi Cantt.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

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

b) Accounting convention

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

c) Critical accounting estimates and judgments

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

Income tax

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

Useful lives, pattern of economic benefits and impairment

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

Inventories

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

Allowance for expected credit losses

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

Impairment of investment in subsidiary company

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

Revenue from contracts with customers involving sale of goods

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

Provisions

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

Classification of investments

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

Contingencies

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

Revaluation of freehold land and investment property

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

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For the year ended 30 June 2022

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

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2021:

- IFRS 16 (Amendments) 'Leases'.
- Interest Rate Benchmark Reform– Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts', IFRS 7 'Financial Instruments: Disclosures' and IFRS 16 'Leases'.

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

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

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

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 2022 or later periods:

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

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

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 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 01 January 2022:

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

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making

Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

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

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 1 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

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

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

The above amendments and improvements 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 2022 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Fixed assets

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

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

Change in accounting policy

Previously, freehold land was stated, under cost model, at cost less recognized accumulated impairment loss, if any.

The Company has revised its accounting policy under IAS 16 'Property, Plant and Equipment', in respect of freehold land to fair value model under which freehold land is stated at revalued amount less recognized impairment loss, if any. Independent valuations are performed periodically, the carrying amounts are reviewed against the valuations and adjustments are made where there is material change. Increases in the carrying amount arising on revaluation of freehold land is recognised in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognised in the statement of profit or loss, the increase is first recognised in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the

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For the year ended 30 June 2022

statement of profit or loss.

Depreciation

Depreciation is charged to statement of profit or loss by applying the reducing balance method whereby cost of an asset is written off over its estimated useful life at the rates given in Note 15.1. Depreciation on additions is charged for the full month in which the asset is available for use and on deletion up to the month immediately preceding the deletion.

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

De-recognition

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

2.3 Intangible assets

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

2.4 Right-of-use assets

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

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

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

2.5 Lease liabilities

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

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

2.6 Investment in subsidiary company

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

2.7 Investment property

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

Change in accounting policy

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

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

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

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

Effect on statement of financial position:	Rupees
Investment property (as shown on face of statement of financial position)	
Previously reported as on 30 June 2021 – at cost	61,658,100
Fair value adjustment to investment property due to retrospective application of change in accounting policy	32,091,900
Balance as on 30 June 2021 – restated	93,750,000
Revenue reserve (as shown in note 4 to the statement of financial position)	
Profit for the year as previously reported	329,229,253
Fair value adjustment to investment property due to retrospective application of change in accounting policy	32,091,900
Balance as on 30 June 2021 – restated	580,837,110
Effect on statement of profit or loss for the year ended 30 June 2021:	
Other income (as shown in note 36)	
Increase in other income due to fair value gain on revaluation of investment property	32,091,900
Earnings per share (as shown on face of statement of profit or loss)	
Increase in earnings per share	0.27

The change did not have any impact on other comprehensive income for the year and the Company's operating, investing and financing cash

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For the year ended 30 June 2022

flows. Had there been no change in accounting policy, the effect of figures reported in respect of year ended 30 June 2022 would have been as follows:

Effect on statement of financial position:	Rupees
Investment property (as shown on face of statement of financial position) would	
have been lower by	68,341,900
Revenue reserves (as shown in note 4) would have been lower by	68,341,900
Other income (as shown on face of statement of profit or loss) would have been lower by	36,250,000
Profit for the year would have been lower by	36,250,000
Earnings per share would have been lower by	0.26

2.8 Functional and presentation currency

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

2.9 Foreign currency transactions and translation

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

2.10 Employee benefits

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

2.11 Stock-in-trade

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

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

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

2.12 Investments and other financial assets

a) Classification

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

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

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

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

b) Measurement

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

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

Debt instruments

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

Amortized cost

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

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss (FVTPL)

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

Equity instruments

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

Fair value through other comprehensive income (FVTOCI)

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

Fair value through profit or loss

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

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

2.13 Financial Liabilities - classification and measurement

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

2.14 Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

2.15 De-recognition of financial assets and financial liabilities

a) Financial assets

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

b) Financial liabilities

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

2.16 Offsetting of financial instruments

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

2.17 Impairment of non-financial assets

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

2.18 Cash and cash equivalents

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

2.19 Provisions

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

2.20 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of

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income. The charge for current tax is calculated using prevailing tax rates or the tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

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

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

Group taxation adjustments

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

2.21 Borrowings

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

2.22 Borrowing costs

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

2.23 Trade and other receivables

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

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

2.24 Trade and other payables

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

2.25 Contingent assets

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

2.26 Ijarah contracts

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

2.27 Revenue recognition

(a) Sale of goods

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

(b) Interest

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

(c) Dividend

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

(d) Rental income

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

2.28 Contract assets

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

2.29 Customer acquisition costs

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

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

2.30 Customer fulfilment costs

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

2.31 Right of return assets

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

2.32 Contract liabilities

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

2.33 Refund liabilities

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

2.34 Share capital

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

2.35 Segment reporting

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

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

The Company has following reportable business segments:

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

2.36 Contingent liabilities

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

2.37 Earnings per share

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

2.38 Government grants

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

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

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

2.39 Dividend and other appropriations

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

3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2022 (Number of shares)	2021		2022 Rupees	2021 Rupees
41,002,000	41,002,000	Ordinary shares of Rupees 10 each		
		fully paid-up in cash	410,020,000	410,020,000
25,000,000	25,000,000	Ordinary shares of Rupees 10 each		
		issued as fully paid for consideration		
		other than cash (Note 3.2)	250,000,000	250,000,000
73,202,800	50,002,000	Ordinary shares of Rupees 10 each		
		issued as fully paid bonus shares	732,028,000	500,020,000
139,204,800	116,004,000		1,392,048,000	1,160,040,000

- 3.1** 993,330 (2021: 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.

	2022 Rupees	2021 Rupees Restated
4. RESERVES		
Capital reserve		
Share premium (Note 4.1)	1,441,697,946	1,441,697,946
Surplus on revaluation of freehold land	-	-
As at 01 July	704,626,206	-
Add: Surplus on revaluation of freehold land	704,626,206	-
As at 30 June		
Revenue reserve		
Un-appropriated profit	604,174,604	580,837,110
	2,750,498,756	2,022,535,056

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

	2022 Rupees	2021 Rupees
5. LONG TERM FINANCING		
From banking company - secured		
Loan under State Bank of Pakistan (SBP) Refinance Scheme (Note 5.1)	47,490,196	138,452,041
Less: Current portion shown under current liabilities (Note 12)	47,490,196	90,961,845
	-	47,490,196

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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

	2022 Rupees	2021 Rupees
6. LEASE LIABILITIES		
Total lease liabilities	596,281,908	401,664,079
Less: Current portion shown under current liabilities (Note 12)	(124,329,886)	(66,993,956)
	471,952,022	334,670,123
6.1 Reconciliation of lease liabilities is as follows:		
Opening balance	401,664,079	275,565,100
Add: Additions during the year	243,183,235	263,640,693
Add: Interest accrued during the year (Note 37)	50,390,078	33,175,450
Add / (less): Impact of lease modifications during the year	66,644,586	(56,040,297)
Less: Impact of lease termination during the year	(8,098,721)	-
Less: Payments made during the year	(157,501,349)	(114,676,867)
	596,281,908	401,664,079
Less: Current portion shown under current liabilities (Note 12)	(124,329,886)	(66,993,956)
	471,952,022	334,670,123
6.2 Maturity analysis of lease liabilities is as follows:		
Upto 6 months	88,070,049	54,820,414
6-12 months	92,019,875	49,637,154
1-2 year	151,016,624	107,079,176
More than 2 years	502,612,188	336,487,145
	833,718,736	548,023,889
Less: Future finance cost	(237,436,828)	(146,359,810)
Present value of lease liabilities	596,281,908	401,664,079
6.3 Amounts recognised in the statement of profit or loss:		
Interest accrued during the year (Note 37)	50,390,079	33,175,450
Expense relating to short term leases (included in distribution cost)	-	7,881,300
Expense relating to leases of low-value assets (included in distribution cost)	1,882,221	1,761,950
Total amount recognised in statement of profit or loss	52,272,300	42,818,700

- 6.4** Implicit rates against lease liabilities range from 7.40% to 16.28% (2021: 7.36% to 13.97%) per annum.

- 6.5** Leases from banking company are secured against the leased assets, personal guarantees of directors and security deposits of Rupees 28.100 million (2021: Rupees 18.189 million).

7. LONG TERM DEPOSITS

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

	2022 Rupees	2021 Rupees
8. DEFERRED INCOME - GOVERNMENT GRANT		
Opening balance	5,103,385	5,285,365
Add: Recognized during the year (Note 8.1)	-	7,741,179
Less: Amortized during the year (Note 36)	4,741,767	7,923,159
Closing balance	361,618	5,103,385
Less: Current portion shown under current liabilities (Note 12)	361,618	4,741,767
	-	361,618

- 8.1** The State Bank of Pakistan (SBP), through its Circular No. 06 of 2020 dated 10 April 2020 introduced a temporary Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns (the Refinance Scheme). The Refinance Scheme was funded by SBP. Borrowers could obtain loans from the Banks and ease their cash flow constraints to avoid layoffs. One of the key feature of the Refinance Scheme was that borrowers could obtain loan at mark-up rates that are below normal lending rates. As per International Accounting Standard 20 (IAS 20) "Accounting for Government Grants and Disclosure of Government Assistance", the benefit of a Government loan at a below-market rate of interest is treated as a Government Grant. The Company obtained this loan as disclosed in Note 5 to the financial statements. In accordance with IFRS 9 "Financial Instruments" loan obtained under the Refinance Scheme was initially recognised at its fair value which is the present value of loan proceeds received, discounted using prevailing market rates of interest for a similar instrument. Hence, the benefit of the below-market rate of interest 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 this grants.

	2022 Rupees	2021 Rupees
9. TRADE AND OTHER PAYABLES		
Creditors (Note 9.1)	2,262,455,325	1,115,677,772
Accrued liabilities (Note 9.2)	91,030,412	97,478,093
Infrastructure cess payable	67,555,065	64,428,052
Contract liabilities - unsecured (Note 9.3)	63,104,103	39,100,051
Retention money payable	16,796,112	32,823,412
Customs duty and other charges payable	60,266,180	20,392,828
Income tax deducted at source	14,600,110	11,326,854
Workers' welfare fund payable	15,889,350	900,948
Workers' profit participation fund payable	19,292,825	-
Payable to Hi-Tech Blending (Private) Limited - subsidiary company (Note 9.4)	111,351,094	-
Payable to employees' provident fund trust	3,417,462	3,138,376
	2,725,758,038	1,385,266,386

- 9.1** These include Rupees 1,202.327 million (2021: Rupees 697.545 million) and Rupees 52.663 million (2021: Rupees 107.520 million) payable to Hi-Tech Blending (Private) Limited - subsidiary company and SK Lubricants Co., Ltd - principal supplier and long term partner respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

- 9.2** These include Rupees 2.384 million (2021: Rupees 4.124 million) on account of remuneration payable to directors of the Company.
- 9.3** These include Rupees 0.470 million (2021: Rupees Nil) received as advance for purchase of lubricants from Hi-Tech Blending (Private) Limited - subsidiary company.
- 9.4** The Company and Hi-Tech Blending (Private) Limited - subsidiary company have opted for group taxation as one fiscal unit under section 59AA of the Income Tax Ordinance, 2001. As on reporting date, the Company's share under group taxation after netting of advance tax has been recognized as payable to Hi-Tech Blending (Private) Limited - subsidiary company.

	2022 Rupees	2021 Rupees
10. ACCRUED MARK-UP / PROFIT		
Long term financing	355,248	1,065,745
Short term borrowings	37,794,876	8,691,032
	38,150,124	9,756,777
11. SHORT TERM BORROWINGS		
From banking companies - secured		
Short term finances (Note 11.1 and Note 11.2)	1,494,218,779	461,180,637

- 11.1** These finances are obtained from banking companies under mark-up arrangements and are secured against trust receipts, first joint pari passu hypothecation charge over present and future current assets of the Company, personal guarantees of sponsor directors of the Company and hypothecation charge over land, building and plant and machinery of Hi-Tech Blending (Private) Limited - subsidiary company.
- 11.2** The rates of mark-up range from 8.01% to 16.02% (2021: 7.63% to 12.19%) per annum.

	2022 Rupees	2021 Rupees
12. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Long term financing (Note 5)	47,490,196	90,961,845
Lease liabilities (Note 6)	124,329,886	66,993,956
Deferred income - Government grant (Note 8)	361,618	4,741,767
	172,181,700	162,697,568
13. PROVISION FOR TAXATION - NET		
Provision for taxation	238,421,105	82,822,361
Less: Advance income tax	(238,421,105)	(71,902,877)
	-	10,919,484

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

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

- 14.1.2** During the year ended 30 June 2018, assessment under section 161 and section 205 of the Income Tax Ordinance, 2001 for the tax year 2014 was finalized by the Deputy Commissioner Inland Revenue creating a demand of Rupees 18.207 million against the Company. The Company, being aggrieved, filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)], who decided the case in favor of the Company reducing the total demand to Rupees 0.191 million. However, Income Tax Department has filed an appeal against the order of CIR(A) before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. No provision against the original tax demand has been recognized in these financial statements, as the management, based on advice of the tax advisor, is confident of favorable outcome of litigation.
- 14.1.3** Deputy Commissioner Inland Revenue (DCIR) passed an assessment order on 28 November 2018 under section 161 and section 205 of the Income Tax Ordinance, 2001 for the tax year 2015 whereby a demand of Rupees 22.358 million has been raised. On 21 December 2018, the Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR. CIR(A) accepted the Company's stance on certain issues assailed in appeal and reduced the aggregate demand to Rupees 10.735 million. Being aggrieved by the order of CIR(A), the Company filed appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. No provision against this demand has been recognized in these financial statements, as the management, based on advice of the tax advisor, is confident of favorable outcome of litigation.
- 14.1.4** On 27 June 2022, Deputy Commissioner Inland Revenue (DCIR) passed an assessment order under section 161 and section 205 of the Income Tax Ordinance, 2001 for the tax year 2016 whereby a demand of Rupees 5.467 million including default surcharge has been raised against the Company on account of non / short deduction of withholding tax in respect of certain payments. The Company, subsequent to the reporting date, has filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR which is pending adjudication. The management, based on advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision thereagainst has been recognized in these financial statements.
- 14.1.5** On 24 March 2022, the Deputy Commissioner Inland Revenue (DCIR) has issued an amended assessment order under section 122(1) of the Income Tax Ordinance, 2001 for the tax year 2018 creating a demand of Rupees 1,115.673 million on account of various issues. Against the aforesaid order, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 29 August 2022, subsequent to the reporting date, CIR(A) has vacated the entire tax demand. However, in respect of various issues, the matter has been remanded back to the department for fresh consideration. The management, based on the advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these financial statements.
- 14.1.6** On 26 February 2022, Deputy Commissioner Inland Revenue (DCIR) passed an assessment order under section 177 and section 122(1) of the Income Tax Ordinance, 2001 for the tax year 2019 whereby a demand of Rupees 843.451 million has been raised against the Company on various issues. Against the order of DCIR, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 16 May 2022, CIR(A) has vacated the tax demand. However, in respect of certain issues, the case has been remanded back to assessing officer for fresh consideration. On 13 July 2022, subsequent to the reporting date, the tax authorities have filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR(A) which is pending adjudication. The management, based on the advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these financial statements.
- 14.1.7** During the year ended 30 June 2020, Deputy Commissioner Inland Revenue (DCIR) issued a notice to recover an amount of Rupees 21.124 million against super tax for the tax year 2019 under section 4B of the Income Tax Ordinance, 2001. The Company through its tax advisor submitted its reply that liability on account of super tax did not arise for subject year. However, on 29 September 2021, DCIR confirmed the matter and re-issued an order to recover Rupees 21.124 million against super tax for the tax year 2019 under section 4B of the Income Tax Ordinance, 2001. Against the aforesaid order, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 25 February 2022, CIR(A) remanded back the case to department for fresh consideration. However, these remand back proceedings have not been initiated yet. The management, based on advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these financial statements.
- 14.1.8** On 28 February 2022, Deputy Commissioner Inland Revenue (DCIR) issued an order for tax periods from July 2016 to June 2017 creating a demand of Rupees 1,353.135 million alongwith penalty and default surcharge on various issues under relevant provisions of the Sales Tax Act, 1990. Against the aforesaid order, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 27 May 2022, CIR(A) provided partial relief to the Company. However, sales tax default in respect of certain issues was upheld by CIR(A). Being aggrieved with the order of CIR(A), the Company has filed appeal before Appellate Tribunal Inland Revenue (ATIR) (except for defaults relating to short payment of extra tax and non-charging of sales tax on scrap sales aggregating to Rupees 3.818 million) which is pending for adjudication. The management, based on advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

14.1.9 On 15 March 2022, Deputy Commissioner Inland Revenue (DCIR) issued an order for tax periods from July 2018 to June 2019 creating a demand of Rupees 901.257 million alongwith penalty and default surcharge on various issues under relevant provisions of the Sales Tax Act, 1990. Against the aforesaid order, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 31 May 2022, CIR(A) provided partial relief to the Company. However, sales tax default in respect of certain issues was upheld by CIR(A). Being aggrieved with the order of CIR(A), the Company has filed appeal before Appellate Tribunal Inland Revenue (ATIR) (except for default relating to non-charging of sales tax on scrap sales amounting to Rupees 0.520 million) which is pending adjudication. The management, based on advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these financial statements.

14.1.10 Corporate guarantees of Rupees 2,633 million (2021: Rupees 2,375 million) have been given by the Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - subsidiary company.

14.1.11 Guarantees of Rupees 58 million (2021: Rupees 58 million) are given by the bank of the Company to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.

14.1.12 Guarantees of Rupees 22 million (2021: Rupees 22 million) are given by the bank of the Company to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.

14.1.13 Guarantee of Rupees 15 million (2021: Rupees 6 million) and Rupees 2.25 million (2021: 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.

	2022 Rupees	2021 Rupees
14.2 Commitments		
14.2.1 For capital expenditures	53,571,861	35,310,701
14.2.2 Letters of credit other than for capital expenditures	-	38,219,444
15. FIXED ASSETS		
Operating fixed assets (Note 15.1)	2,459,192,488	1,744,846,431
Capital work-in-progress (Note 15.2)	131,149,795	88,699,463
	2,590,342,283	1,833,545,894

15.1 Operating fixed assets

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

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	Freehold land	Buildings on freehold land	Buildings on leasehold land	Machinery	Tanks and pipelines	Electric installation	Furniture and fittings	Vehicles	Leasehold improvements	Office equipment	Computers																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

15.1.1 All items of operating fixed assets disposed off during the year had net book value of less than Rupees 500,000. Vehicles and computers having net book value of Rupees 1.180 million and Rupees 0.945 million respectively have been sold to employees of the Company at Rupees 2.567 million and Rupees Nil respectively as per Company policy.

	2022 Rupees	2021 Rupees
15.1.2 The depreciation charge on operating fixed assets for the year has been allocated as follows:		
Distribution cost (Note 33)	108,603,515	69,314,747
Administrative expenses (Note 34)	34,230,735	34,124,392
	142,834,250	103,439,139

15.1.3 Leasehold buildings include two warehouses and water tank having net book value of Rupees 139.563 million (2021: Rupees 153.286 million) constructed on the land owned by Hi-Tech Blending (Private) Limited - subsidiary company. The Company has entered into a lease agreement for 20 years with Hi-Tech Blending (Private) Limited - subsidiary company ending on 30 June 2036, against a piece of land measuring 45 Kanals where the aforesaid warehouses are constructed.

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

Location	Usage of Immovable Property	Total area of land Acres	Covered area of buildings Square feet
Property No. 35 A / M, Quaid-e- Azam Industrial Estate, Kot Lakhpat, Lahore	Warehouse	0.69	21,965
Mouza No. 107/9L, Tehsil and District Sahiwal	Oil depot	6.70	199,513
Mouza Aza Khel Bala, Tehsil and District Nowshera	Oil depot	7.55	9,257
Plot No. 2, Block K, Main Boulevard Gulberg-II, Lahore	OMC project office	0.39	1,847
Mouza Aza Khel Payan, Tehsil and District Nowshera	Oil depot extension	1.34	-
7-KM, Sundar Raiwind Road, Bhai Kot, Lahore	Warehouse - 1	-	49,658
7-KM, Sundar Raiwind Road, Bhai Kot, Lahore	Warehouse - 2	-	53,348
Hussain Filling Station - Head Muhammad Road, Multan	Dealer of retail outlet	-	2,818
Lali Sons Filling Station - Faisalabad Road, Lalian	Dealer of retail outlet	-	3,274
Punjab Filling Station - Main Satyana Road, Faisalabad	Dealer of retail outlet	-	2,821
Green Fuel CNG - 1-KM, G.T. Road, Lalamusa	Dealer of retail outlet	-	4,981
A.B. Petroleum Filling Station - Tehsil Liaquatpur, Rahim Yar Khan	Dealer of retail outlet	-	3,054
Jillani CNG - Lehtrar Road, Islamabad	Dealer of retail outlet	-	2,650
Dasti Filling Station - Jampur Road, Dera Ghazi Khan	Dealer of retail outlet	-	1,815
Rehman Filling Station - Chistian Road, Hasilpur	Dealer of retail outlet	-	2,525
Al-Fazal Filling Station - Sargodha Road, Jhang	Dealer of retail outlet	-	2,121
Ibrahim Petroleum - Sialkot Road, Gujranwala	Dealer of retail outlet	-	3,185
Karma Wala-1 Filling Station - Shahkot Road, Jaranwala	Dealer of retail outlet	-	2,059
Raja Adeel Filling Station - Arifwala Road, Arifwala	Dealer of retail outlet	-	2,892
Gondal Filling Station - Daska Road, Wazirabad	Dealer of retail outlet	-	1,493
City Filling Station - Hujra Shah Muqeem, Okara	Dealer of retail outlet	-	962
Al Karam Filling Station - Shamkey Bhattian, Lahore	Dealer of retail outlet	-	6,633
Super Cool CNG Filling Station - College Road, Lahore	Dealer of retail outlet	-	2,159
Green City Fuel Station - Hasilpur Road, Bahawalpur	Dealer of retail outlet	-	1,289

Location	Usage of Immovable Property	Total area of land	Covered area of buildings
		Acres	Square feet
Khokhar Fuel Station - Small Industrial Estate, Jinnah Road, Gujranwala	Dealer of retail outlet	-	1,175
Minhas CNG - Multan Road, Lahore	Dealer of retail outlet	-	841
One Stop - Main Ferozpure Road, Lahore	Dealer of retail outlet	-	1,970
S&S - Toba Road, Jhang	Dealer of retail outlet	-	3,310
Al Yousaf CNG - Khanewal Road, Multan	Dealer of retail outlet	-	1,793
Rana Petroleum - Faisalabad Road, Okara	Dealer of retail outlet	-	2,633
Mudassir Zulfiqar Filling Station - Vehari Road, Multan	Dealer of retail outlet	-	8,084
Shahid & Company - Daska Road, Gujranwala	Dealer of retail outlet	-	6,396
Benzina II Filling Station - Benazir Road, Okara	Dealer of retail outlet	-	4,709
Nambardar Filling Station - Rawalpindi Road, Chakwal	Dealer of retail outlet	-	5,875
Iftikhar Nadeem & Company - Mouza Jhawary, Dhamial Road, Rawalpindi Cantt	Dealer of retail outlet	-	5,162
Suntrust CNG - Millat Road, Faisalabad (under construction)	Dealer of retail outlet	-	4,102
Big Khan Filling Station - University Road, Chakdara (under construction)	Dealer of retail outlet	-	4,872
Dharampura, Lahore	HTL Express Centre	-	1,436
Garden Town, Lahore	HTL Express Centre	-	1,789
Gulshan-e-Ravi, Lahore	HTL Express Centre	-	2,444
Johar Town, Lahore	HTL Express Centre	-	4,500
Defence Housing Authority, Phase II, Karachi	HTL Express Centre	-	812
Gulistan-e-Johar, Karachi	HTL Express Centre	-	3,149
PECHS, Karachi	HTL Express Centre	-	2,700
Askari XIV, Sector A, Rawalpindi	HTL Express Centre	-	881

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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

Description	Categories							Total
	Buildings on leasehold land	Tanks and pipelines	Dispensing pumps	Machinery	Furniture and fittings	Office equipment	Computers	
Hussain Filling Station - Head Muhammad Road, Multan	3,180,469	1,608,000	1,911,655	-	-	-	-	6,700,124
Lali Sons Filling Station - Faisalabad Road, Lalian	3,834,385	1,926,050	-	-	-	-	-	5,760,435
Punjab Filling Station - Main Satyana Road, Faisalabad	2,898,584	877,100	2,001,106	-	-	-	-	5,776,790
Ittehad Filling Station - Circular Road, Daska	-	877,100	-	-	-	-	-	877,100
Green Fuel CNG - 1-KM G.T. Road, Lalamusa	2,725,893	1,132,550	-	-	-	-	-	3,858,443
M. Nawaz Filling Station - Darban Road, Syed-Nager, Dera Ismail Khan	3,274,200	1,269,700	-	-	-	-	-	4,543,900
A.B. Petroleum Filling Station - Tehsil Liaquatpur, Rahim Yar Khan	4,623,288	1,480,589	-	-	-	-	-	6,103,877
Jillani CNG - Lehtar Road, Islamabad	7,147,011	1,386,830	-	-	-	-	-	8,533,841
Dasti Filling Station - Jampur Road, Dera Ghazi Khan	1,919,332	808,290	1,911,654	-	-	-	-	4,639,276
Rehman Filling Station - Chistian Road, Hasilpur	2,013,421	-	-	-	-	-	-	2,013,421
Al-Fazal Filling Station - Sargodha Road, Jhang	3,163,859	-	2,227,102	-	-	-	-	5,390,961
Ibrahim Petroleum - Sialkot Road, Gujranwala	1,962,962	-	-	-	-	-	-	1,962,962
Karma Wala-1 Filling Station - Shahkot Road, Jaranwala	2,532,005	-	-	-	-	-	-	2,532,005
Raja Adeel Filling Station - Arifwala Road, Arifwala	1,853,000	-	-	-	-	-	-	1,853,000
Gondal Filling Station - Daska Road, Wazirabad	2,204,744	-	1,421,968	-	-	-	-	3,626,712
City Filling Station - Hujra Shah Mugeem, Okara	1,504,906	-	-	-	-	-	-	1,504,906
Al Karam Filling Station - Shamkey Bhattian, Lahore	3,556,882	-	2,401,341	-	-	-	-	5,958,223
Green City Fuel Station - Hasilpur Road, Bahawalpur	9,954,398	1,377,706	-	-	-	-	-	11,332,104
Khokhar Fuel Station - Small Industrial Estate, Jinnah Road, Gujranwala	2,101,400	1,377,706	-	-	-	-	-	3,479,106
Minhas CNG - Multan Road, Lahore	4,749,486	-	-	-	-	-	-	4,749,486
One Stop - Main Ferozpure Road, Lahore	17,757,318	2,102,230	2,482,580	-	-	-	-	22,342,128
S&S - Toba Road, Jhang	2,549,650	-	-	-	-	-	-	2,549,650
Al Yousaf CNG - Khanewal Road, Multan	1,651,843	578,690	1,068,825	-	-	-	-	3,299,358
Rana Petroleum - Faisalabad Road, Okara	2,439,500	-	-	-	-	-	-	2,439,500
Mudassir Zulfiqar Filling Station - Vehari Road, Multan	2,176,375	-	-	-	-	-	-	2,176,375
Shahid & Company - Daska Road, Gujranwala	1,828,249	-	2,984,676	-	-	-	-	4,812,925
Benzina II Filling Station - Benazir Road, Okara	2,318,142	3,037,269	6,078,313	-	-	-	-	11,433,724
Nambardar Filling Station - Rawalpindi Road, Chakwal	926,830	-	-	-	-	-	-	926,830
Ittikhar Nadeem & Company - Mouza Jhawary, Dhamial Road, Rawalpindi Cantt	1,650,095	2,763,529	4,477,015	-	-	-	-	8,890,639
Suntrust CNG - Millat Road, Faisalabad	16,608,975	3,409,167	-	-	-	-	-	20,018,142
Big Khan Filling Station - University Road, Chakdara	4,284,160	3,950,869	-	-	-	-	-	8,235,029
HTL Express Centre - Dharampura, Lahore	27,571,142	-	-	3,197,442	145,431	478,583	-	31,392,598
HTL Express Centre - Garden Town, Lahore	7,442,541	-	-	2,471,843	56,796	1,741,346	-	11,712,526
HTL Express Centre - Gulshan-e-Ravi, Lahore	16,220,083	-	-	5,308,603	56,796	2,602,702	14,040	24,202,224
HTL Express Centre - Johar Town, Lahore	16,713,760	-	-	7,727,402	153,621	-	24,000	24,618,783
HTL Express Centre - DHA, Karachi	7,085,936	-	-	4,019,037	669,727	97,044	-	11,871,744
HTL Express Centre - Gulistan-E-Johar, Karachi	11,978,196	-	-	6,117,945	1,115,829	811,290	-	20,023,260
HTL Express Centre - PECHS, Karachi	20,357,427	-	-	1,524,751	126,500	841,438	-	22,850,116
HTL Express Centre - Askari XIV, Sector A, Rawalpindi	9,133,147	-	-	4,419,000	854,206	2,808,753	-	17,215,106
	235,893,594	29,963,375	28,966,235	34,786,023	3,178,906	9,381,156	38,040	342,207,329

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

	2022 Rupees	2021 Rupees
15.2 Capital work-in-progress		
Civil works	32,339,864	26,860,047
Dispensing pumps	20,752,020	29,396,100
Advance against purchase of apartment (Note 15.2.2)	25,976,750	25,226,750
Tanks and pipelines	20,799,838	-
Advance against purchase of vehicle	26,000,000	-
Mobilization advances	5,281,323	5,069,766
Unallocated expenditures	-	2,146,800
	131,149,795	88,699,463

15.2.1 Movement in capital work in progress is as follows:

	Categories								
	Civil works	Dispensing pumps	Advance against purchase of apartment	Tanks and pipelines	Advance against purchase of vehicle	Advances to suppliers	Mobilization advances	Unallocated expenditures	Total
At 30 June 2020	194,227,385	9,082,648	25,226,750	-	-	24,895,701	11,626,452	34,084,685	299,143,621
Add: Additions during the year	142,051,004	11,152,856	-	-	-	10,962,750	10,334,903	56,455,695	230,957,208
Add / (Less): Adjustments made during the year	1,313,750	16,799,000	-	-	-	(35,858,451)	-	17,745,701	-
Less: Mobilization advances adjusted during the year	-	-	-	-	-	-	(16,891,589)	-	(16,891,589)
Less: Transferred to operating fixed assets during the year	(310,732,092)	(7,638,404)	-	-	-	-	-	(106,139,281)	(424,509,777)
At 30 June 2021	26,860,047	29,396,100	25,226,750	-	-	-	5,069,766	2,146,800	88,699,463
Add: Additions during the year	59,717,540	5,813,200	750,000	67,572,489	26,000,000	-	6,330,015	-	166,183,244
Add / (Less): Adjustments made during the year	(22,820,619)	-	-	24,967,419	-	-	-	(2,146,800)	-
Add: Transferred from inventory during the year	-	-	-	-	-	-	(6,118,458)	-	(6,118,458)
Less: Mobilization advances adjusted during the year	-	4,895,924	-	-	-	-	-	-	4,895,924
Less: Transferred to operating fixed assets during the year	(31,417,104)	(19,353,204)	-	(71,740,070)	-	-	-	-	(122,510,378)
At 30 June 2022	32,339,864	20,752,020	25,976,750	20,799,838	26,000,000	-	5,281,323	-	131,149,795

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

16. RIGHT-OF-USE ASSETS

	Land	Buildings	Vehicles	Total
	Rupees			
At 30 June 2020	212,827,264	3,064,790	55,050,844	270,942,898
Add: Additions during the year	112,866,866	94,245,027	57,732,454	264,844,347
Less: Impact of lease modification	56,040,297	-	-	56,040,297
Less: Book value of assets transferred to fixed assets - owned during the year	-	-	43,449,689	43,449,689
Less: Depreciation expense for the year (Note 33)	41,103,186	24,280,753	11,619,979	77,003,918
At 30 June 2021	228,550,647	73,029,064	57,713,630	359,293,341
Add: Additions during the year	142,365,608	2,174,557	102,053,846	246,594,011
Add: Impact of lease modifications	64,414,176	2,230,410	-	66,644,586
Less: Impact of lease termination	7,309,513	-	-	7,309,513
Less: Book value of assets transferred to fixed assets - owned during the year	-	-	1,787,081	1,787,081
Less: Depreciation expense for the year (Note 33)	56,215,487	30,808,270	20,667,011	107,690,768
At 30 June 2022	371,805,431	46,625,761	137,313,384	555,744,577

Lease of land

The Company obtained land on lease for its service centers, filling stations and storage warehouses. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from five to twenty years.

Lease of buildings

The Company obtained buildings on lease for its offices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from two to five years.

Lease of vehicles

The Company obtained vehicles on lease for employees. The average contract duration is three years.

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

	2022 Rupees	2021 Rupees
17. INTANGIBLE ASSETS		
Computer softwares (Note 17.1)	6,657,720	10,645,945

17.1 Computer softwares

Opening book value	10,645,945	7,596,802
Add: Cost of additions during the year	824,607	7,069,070
Less: Amortization charged during the year (Note 34)	4,812,832	4,019,927
Closing book value	6,657,720	10,645,945

17.2 Cost as at 30 June

Accumulated amortization	45,973,947	45,149,340
Net book value as at 30 June	(39,316,227)	(34,503,397)
	6,657,720	10,645,943

17.3 Intangible assets - computer softwares have been amortized at the rate of 30% (2021: 30%) per annum.

17.4 Intangible assets costing Rupees 29.329 million (2021: Rupees 25.294 million) are fully amortized.

	2022 Rupees	2021 Rupees
18. INVESTMENT PROPERTY		Restated
18.1 Land - at fair value		
As at 01 July	93,750,000	-
Transferred from operating fixed assets	-	61,658,100
Gain from fair value adjustment (Note 36)	36,250,000	32,091,900
As at 30 June	130,000,000	93,750,000

18.2 The fair value of investment property has been determined by an independent valuer Tristar International Consultant (Private) Limited as at 30 June 2022. Forced sale value of this property as at 30 June 2022 was Rupees 110.500 million (2021: Rupees 75 million).

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

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

	2022 Rupees	2021 Rupees
19. INVESTMENT IN SUBSIDIARY COMPANY - at cost		
Hi-Tech Blending (Private) Limited - unquoted		
130,000,060 (2021: 130,000,060) fully paid ordinary shares of Rupees 10 each		
Equity held 100% (2021: 100%)	1,300,000,600	1,300,000,600

19.1 Investment in Hi-Tech Blending (Private) Limited includes 60 (2021: 60) shares in the name of nominees of the Company.

20. LONG TERM SECURITY DEPOSITS		
Security deposits against leased assets	28,099,890	18,189,460
Security deposits - others	11,783,595	11,789,595
	39,883,485	29,979,055
Less: Current portion shown under current assets (Note 26)	2,188,745	577,400
	37,694,740	29,401,655

21. LONG TERM LOAN TO AN EMPLOYEE

Considered good:		
Loan to an employee - interest free and unsecured	983,333	-
Less: Current portion shown under current assets (Note 25)	200,004	-
	783,329	-

22. DEFERRED INCOME TAX LIABILITY / (ASSET) - NET	69,878,336	(48,245,631)
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	2022 Rupees	2021 Rupees
The net deferred income tax liability / (asset) comprised of temporary differences relating to:		
Deductible temporary differences		
Minimum tax carry forward	-	(66,422,837)
Available unused tax losses	-	(41,485,645)
Allowance for expected credit losses	(11,542,280)	(10,831,054)
Provision for slow moving and damaged inventory items	(4,654,722)	(2,483,151)
Provision for doubtful advances to suppliers	(983,709)	(27,903)
Lease liabilities	(196,773,030)	(116,482,583)
	(213,953,741)	(237,733,173)
Taxable temporary differences		
Accelerated tax depreciation and amortization	100,436,367	85,292,473
Right-of-use assets	183,395,710	104,195,069
	283,832,077	189,487,542
Net deferred income tax liability / (asset)	69,878,336	(48,245,631)

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

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

	2021	
	Opening Balance	Recognised in statement of profit or loss
		Rupees
Minimum tax carry forward	-	66,422,837
Available unused tax losses	(159,480,402)	(117,994,757)
Allowance for expected credit losses	(8,770,114)	2,060,940
Provision for slow moving and damaged inventory items	(1,881,556)	601,595
Provision for doubtful advances to suppliers	(46,154)	(18,251)
Lease liabilities	(79,913,879)	36,568,704
Accelerated tax depreciation and amortization	63,562,431	(21,730,042)
Right-of-use assets	78,573,440	(25,621,629)
	(107,956,234)	(59,710,603)
		(48,245,631)

	2022	2021
	Rupees	Rupees
23. STOCK-IN-TRADE		
Lubricants and parts (Note 23.1)	1,507,889,971	305,785,909
Less: Provision for slow moving and damaged inventory items (Note 23.2)	14,105,219	8,562,589
	1,493,784,752	297,223,320
Petroleum products		
- Stock in hand (Note 23.3, Note 23.4 and Note 23.5)	712,760,727	375,546,876
- Stock in pipeline system (Note 23.6)	606,798,070	159,422,468
	1,319,558,797	534,969,344
Dispensing pumps and other installations (Note 23.7)	55,554,249	46,356,890
Stock of promotional items (Note 23.8)	-	192,155
	2,868,897,798	878,741,709

23.1 This includes stock-in-transit of Rupees 52.121 million (2021: Rupees 52.885 million) and stock amounting to Rupees 80.690 million (2021: Rupees Nil) lying at customs bonded warehouse.

	2022	2021
	Rupees	Rupees
23.2 Provision for slow moving and damaged inventory items:		
Opening balance	8,562,589	6,488,123
Add: Provision recognized during the year	10,678,666	5,694,467
Less: Reversal of provision during the year (Note 23.2.1)	5,136,036	3,620,001
	5,542,630	2,074,466
Closing balance	14,105,219	8,562,589

23.2.1 The Company has sold all finished goods that were written down to independent distributors in Pakistan at market value.

23.3 This include stock of petroleum products in transit of Rupees 264.996 million (2021: Rupees Nil).

23.4 This include stock of petroleum products amounting to Rupees Nil (2021: Rupees 360.421 million) written down to net realizable value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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

	2022 Rupees	2021 Rupees
Askar Oil Services (Private) Limited	2,122,499	10,021,981
Be Energy Limited	12,662,319	-
Al-Rahim Trading Company (Private) Limited	317,134,268	343,104,366
Gas and Oil Pakistan Limited	476,791	429,992
Karachi Hydrocorban Terminal Limited	6,672,428	1,525,954
	339,068,305	355,082,293

23.6 This represents the Company's share of pipeline stock of High Speed Diesel and Petroleum Motor Gasoline amounting to Rupees 454.427 million (2021: Rupees 159.422 million) and Rupees 152.371 million (2021: Rupees Nil) respectively held by Pak-Arab Pipeline Company Limited.

23.7 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.

	2022 Rupees	2021 Rupees
23.8 Stock of promotional items:		
Opening balance	192,155	192,155
Less: Written off during the year (Note 35)	192,155	-
Closing balance	-	192,155

24. TRADE DEBTS

Unsecured:		
Considered good (Note 24.1)	141,195,587	140,573,811
Less: Allowance for expected credit losses (Note 24.2)	34,976,606	37,348,463
	106,218,981	103,225,348

24.1 These include Rupees Nil (2021: Rupees 0.107 million) receivable from Hi-Tech Blending (Private) Limited - subsidiary company. This was neither past due nor impaired. The maximum aggregate amount receivable from related party at the end of any month during the year was Rupees 0.897 million (2021: Rupees: 0.714 million).

	2022 Rupees	2021 Rupees
24.2 Allowance for expected credit losses		
Opening balance	37,348,463	30,241,773
Add: Recognized during the year (Note 35)	-	7,106,690
Less: Reversal of allowance for expected credit losses (Note 36)	2,371,857	-
Closing balance	34,976,606	37,348,463

	2022 Rupees	2021 Rupees
25 LOANS AND ADVANCES		
Considered good, unsecured:		
Loans to employees - interest free and against salaries:		
- Executives	562,500	2,817,100
- Other employees	2,398,352	2,285,648
	2,960,852	5,102,748
Advances to employees against expenses	9,400,944	3,178,652
Current portion of long term loan to an employee (Note 21)	200,004	-
Advances to suppliers (Note 25.1)	162,147,799	64,087,054
Margin against bank guarantees	17,500,000	17,350,000
	192,209,599	89,718,454
25.1 Advances to suppliers		
Unsecured:		
Considered good	162,147,799	64,087,054
Considered doubtful	2,980,936	96,218
	165,128,735	64,183,272
Less: Provision for doubtful advances to suppliers (Note 25.1.1)	2,980,936	96,218
	162,147,799	64,087,054
25.1.1 Provision for doubtful advance to supplier		
Opening balance	96,218	159,151
Add: Recognized during the year (Note 35)	2,980,936	96,218
Less: Advances to suppliers written off against provision	96,218	159,151
Closing balance	2,980,936	96,218
26. SHORT TERM DEPOSITS AND PREPAYMENTS		
Current portion of long term security deposits (Note 20)	2,188,745	577,400
Short term security deposits	5,377,256	6,195,595
Prepaid expense	1,090,441	1,333,333
Prepaid insurance	10,902,449	5,556,341
Prepaid rent	4,750,546	5,654,246
	24,309,437	19,316,915
27. OTHER RECEIVABLES		
Receivable from MAS Associates (Private) Limited - associated company (Note 27.1)	292,753	218,274
Receivable from SK Lubricants Co., Ltd. (Note 27.2)	-	31,560,000
Sales tax receivable	401,491,544	80,329,533
Inland freight equalization mechanism	35,764,376	28,635,005
Others	2,516,745	638,242
	440,065,418	141,381,054

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

27.1 It is neither past due nor impaired. The maximum aggregate amount receivable from associated company at the end of any month during the year was Rupees 0.306 million (2021: Rupees 0.716 million).

27.2 It was neither past due nor impaired. The maximum aggregate amount receivable from SK Lubricants Co., Ltd. - principal supplier and long term partner at the end of any month during the year was Rupees 112.191 million (2021: Rupees 31.560 million).

	2022 Rupees	2021 Rupees
28. ACCRUED INTEREST		
On bank deposits	11,678	180
On term deposit receipt	558,904	390,282
	570,582	390,462
29. SHORT TERM INVESTMENTS		
Equity instruments (Note 29.1)	226,804,412	446,043,245
29.1 Equity instruments		
Fair value through profit or loss		
Quoted - other than related party:		
Engro Fertilizer Limited		
49,500 (2021: 49,500) fully paid ordinary shares of Rupees 10 each	3,478,365	3,246,080
First Habib Cash Fund		
2,175,445.5276 (2021: 2,008,699.7237) units	218,935,967	202,547,497
NBP Islamic Daily Dividend Fund		
33,248.6961 (2021: 4,979,421.4911) units	332,486	49,794,215
UBL Liquidity Plus Fund - Class 'C'		
17,634.4689 (2021: 311,668.6309) units	1,781,484	31,530,093
MCB Cash Management Optimizer		
3,832.6873 (2021: 644,177.1242) units	386,950	64,953,239
Meezan Rozana Amdani Fund		
5,977.4662 (2021: 1,881,905.5522) units	298,872	94,095,278
	225,214,124	446,166,402
Unrealized gain / (loss) on remeasurement of investments at fair value through profit and loss - net	1,590,288	(123,157)
	226,804,412	446,043,245

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

	2022 Rupees	2021 Rupees
30. CASH AND BANK BALANCES		
Cash in hand	557,306	735,004
Cash at banks:		
Saving accounts (Note 30.1)	225,076,032	84,815,473
Current accounts	231,508,458	128,993,663
	456,584,490	213,809,136
	457,141,796	214,544,140
Term deposit receipt (Note 30.3)		
	200,000,000	50,000,000
	657,141,796	264,544,140

30.1 Saving accounts carry profit at the rates ranging from 5.49% to 12.25% (2021: 5.48% to 11.30%) per annum.

30.2 Bank balances (including term deposit receipt) of Rupees 218.438 million (2021: Rupees 91.301 million) and short term investments of Rupees 222.272 million (2021: Rupees 442.431 million) as at 30 June 2022 represents un-utilized proceeds of the initial public offer.

30.3 This term deposit receipt issued by banking company having maturity period of three months and carry interest at 12.75% (2021: 5.25%) per annum. Effective rate of interest charged on term deposit receipt during the year ranges from 5.50% to 12.75% (2021: 5.25% to 7.20%) per annum.

	2022 Rupees	2021 Rupees
31. GROSS REVENUE FROM CONTRACTS WITH CUSTOMERS		
Lubricants	12,589,198,927	10,866,693,297
Petroleum products	8,326,346,060	2,940,049,762
Others (Note 31.1)	40,877,084	41,267,738
	20,956,422,071	13,848,010,797
31.1 Others		
Spare parts	-	24,721,886
Services at HTL Express Centers	-	2,817,265
Dispensing pumps	11,666,956	-
Franchise and joining fee	29,210,128	13,728,587
	40,877,084	41,267,738

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

31.3 The amount of Rupees 33.113 million included in contract liabilities (note 9) at 30 June 2021 has been recognised as revenue in 2022 (2021: Rupees 38.622 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	2022 Rupees	2021 Rupees
32. COST OF SALES		
Opening stock of lubricants and other items	352,142,799	418,399,896
Lubricants and other items purchased during the year	8,906,620,122	6,308,607,855
	9,258,762,921	6,727,007,751
Closing stock of lubricants and other items	1,563,444,220	352,142,799
Cost of lubricants and other items sold	7,695,318,701	6,374,864,952
Opening stock of petroleum products	534,969,344	35,224,062
Petroleum products purchased during the year	7,658,133,726	2,272,157,277
Petroleum development levy	279,772,083	572,438,740
Inland freight equalization margin	170,510,183	82,793,805
	8,108,415,992	2,927,389,822
Closing stock of petroleum products	1,319,558,797	534,969,344
Cost of petroleum products sold	7,323,826,539	2,427,644,540
Total	15,019,145,240	8,802,509,492
33. DISTRIBUTION COST		
Salaries and other benefits (Note 33.1)	463,727,334	389,431,272
Sales promotion and advertisements - net (Note 33.2)	162,869,339	85,146,762
Freight outward	44,528,934	39,547,976
Rent, rates and taxes	2,431,494	10,242,911
Travelling and conveyance	55,802,098	32,734,691
Insurance	15,079,420	16,573,043
Utilities	14,290,121	9,795,994
Repair and maintenance	25,057,872	14,537,021
Vehicles' running and maintenance	37,054,006	19,941,406
Communication	10,928,547	10,669,873
Entertainment	7,761,182	6,612,481
Ijara rentals	-	3,219,815
Depreciation on fixed assets (Note 15.1.2)	108,603,515	69,314,747
Depreciation on right-of-use assets (Note 16)	107,690,769	77,003,918
Hospitality charges	10,359,959	9,127,517
Printing and stationery	877,631	1,010,685
Miscellaneous	25,360,918	17,815,141
	1,092,423,139	812,725,253

33.1 Salaries other benefits include provident fund contribution of Rupees 11.157 million (2021: Rupees 9.955 million) by the Company.

33.2 These are net off incentives in the shape of reimbursement against sales promotion expenses and advertisements amounting to Rupees 112.191 million (2021: Rupees 31.560 million) from SK Lubricants Co., Ltd. - principal supplier and long term partner.

	2022 Rupees	2021 Rupees
34. ADMINISTRATIVE EXPENSES		
Salaries, wages and other benefits (Note 34.1)	402,804,392	347,252,533
Rates and taxes	835,750	869,927
Travelling and conveyance	11,181,074	5,049,037
Insurance	13,080,307	10,996,474
Vehicles' running and maintenance	16,775,193	6,853,472
Utilities	7,998,816	5,518,728
Repair and maintenance	8,364,988	4,993,443
Fee and subscription	13,812,126	10,612,944
Printing and stationery	1,719,066	1,076,019
Communication	4,379,186	3,970,800
Entertainment	8,911,541	3,723,802
Legal and professional	28,647,014	25,557,857
Auditor's remuneration (Note 34.2)	4,200,350	3,475,450
Depreciation on fixed assets (Note 15.1.2)	34,230,735	34,124,392
Amortization on intangible assets (Note 17)	4,812,832	4,019,928
Miscellaneous	1,747,159	1,144,923
	563,500,529	469,239,729

34.1 Salaries, wages and other benefits include provident fund contribution of Rupees 9.645 million (2021: Rupees 7.246 million) by the Company.

34.2 Auditor's remuneration		
Annual audit fee	1,976,500	1,796,850
Certifications	897,850	517,000
Half year review	1,046,500	907,500
Reimbursable expenses	279,500	254,100
	4,200,350	3,475,450

35. OTHER EXPENSES		
Allowance for expected credit losses (Note 24.2)	-	7,106,690
Provision for slow moving and damaged inventory items - net (Note 23.2)	5,542,630	2,074,466
Provision for doubtful advances to suppliers (Note 25.1.1)	2,980,936	96,218
Short term security deposits written off	-	114,500
Long term security deposits written off	-	217,000
Other receivables written off	905,691	8,758,950
Fixed assets written off	3,039,221	-
Stock-in-trade written off (Note 23.8)	192,155	-
Unrealized loss on remeasurement of investments at fair value through profit or loss - net	-	123,157
Charities and donations (Note 35.1)	18,454,422	21,181,109
Workers' welfare fund	14,988,402	900,948
Workers' profit participation fund	19,292,825	-
Exchange loss - net	166,271,121	-
Others	4,387,588	701,554
	236,054,991	41,274,592

35.1 These include amount of Rupees 18 million (2021: Rupees 18 million) paid to Sabra Hamida Trust, 1-A, Danepur Road, GOR-1, Lahore, in which Mr. Hassan Tahir - Chief Executive, Mr. Shaukat Hassan - Director, Mr. Tahir Azam - Director and Mr. Ali Hassan - Director are trustees.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	2022 Rupees	2021 Rupees Restated
36. OTHER INCOME		
Income from financial assets:		
Dividend income (Note 36.1)	282,796,867	20,452,706
Profit on bank deposits and term deposit receipt	22,171,572	22,216,929
Gain on disposal of short term investments	50,996	656,239
Unrealized gain on remeasurement of investments at fair value through profit or loss - net	1,590,287	-
Reversal of allowance for expected credit losses (Note 24.2)	2,371,857	-
Common facility charges	1,056,214	737,681
Income from non-financial assets:		
Gain on disposal of operating fixed assets	432,673	7,736,857
Fair value adjustment to investment property (Note 18.1)	36,250,000	32,091,900
Gain on termination of lease	789,208	-
Credit balances written back	-	374,735
Amortization of deferred income - Government grant (Note 8)	4,741,767	7,923,159
Miscellaneous	2,791,270	975,480
Others:		
Exchange gain - net	-	575,695
Rental income from HTL Express Centres	27,760,000	18,800,000
	382,802,711	112,541,381

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

37. FINANCE COST		
Mark-up on long term financing	7,601,321	12,461,556
Mark-up on short term borrowings	131,748,690	32,645,032
Interest expense on lease liabilities (Note 6.1)	50,390,079	33,175,450
Bank charges and commission	5,775,957	2,865,542
	195,516,047	81,147,580

38. TAXATION		
For the year:		
Current (Note 38.1)	159,359,537	82,858,476
Deferred tax	118,123,967	59,710,603
Prior year adjustment	(205,564)	(36,115)
	277,277,940	142,532,964

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

	2022 Rupees	2021 Rupees Restated
Relationship between tax expense and accounting profit		
Profit before taxation	1,015,199,932	503,854,117
Tax at the applicable rate of 29% (2021: 29%)	294,407,980	146,117,694
Tax effect due to adjustment of brought forward losses	(40,929,290)	(120,962,256)
Tax effect of minimum tax on turnover taxed at lower rate	(68,998,059)	66,422,837
Tax effect of dividend income taxed at a lower rate	3,419,512	3,067,906
Tax effect of capital gain taxed at a lower rate	27,064	304,000
Tax effect of change in prior year's tax	(205,564)	(36,115)
Tax effect of group taxation adjustments	(21,358,892)	-
Tax effect of super tax	69,867,375	-
Tax effect arising as a consequence of recognition of deferred income tax	118,123,967	59,710,603
Others	(77,076,153)	(12,091,705)
	277,277,940	142,532,964
	2022	2021 Restated
39. 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)	737,921,992	361,321,153
Weighted average number of shares (Number)	139,204,800	139,204,800
Earnings per share - basic and diluted (Rupees)	5.30	2.60

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	2022 Rupees	2021 Rupees Restated
40. CASH (USED IN) / GENERATED FROM OPERATIONS		
Profit before taxation	1,015,199,932	503,854,117
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	142,834,250	103,439,139
Depreciation on right-of-use assets	107,690,769	77,003,918
Amortization on intangible assets	4,812,832	4,019,928
Amortization of deferred income - Government grant	(4,741,767)	(7,923,159)
Allowance for expected credit losses	2,371,857	7,106,690
Provision for slow moving and damaged inventory items - net	5,542,630	2,074,466
Provision for doubtful advances to suppliers	2,980,936	96,218
Gain on disposal of operating fixed assets	(432,673)	(7,736,857)
Dividend income	(282,796,867)	(20,452,706)
Profit on bank deposits and term deposit receipt	(22,171,572)	(22,216,929)
Fair value adjustment to investment property	(36,250,000)	(32,091,900)
Gain on disposal of short term investments	(50,996)	(656,239)
Unrealized (gain) / loss on remeasurement of investments carried at fair value through profit or loss - net	(1,590,287)	123,157
Fixed assets written off	3,039,221	-
Stock-in-trade written off	192,155	-
Credit balances written back	-	(374,735)
Short term security deposits written off	-	114,500
Long term security deposits written off	-	217,000
Other receivables written off	905,691	8,758,950
Gain on termination of lease	(789,208)	-
Exchange loss / (gain) - net	166,271,121	(575,695)
Finance cost	195,516,047	81,147,580
Working capital changes (Note 40.1)	(1,349,852,926)	160,289,162
	(51,318,855)	856,216,605
40.1 Working capital changes		
(Increase) / decrease in current assets:	(1,995,890,874)	(433,470,936)
Stock-in-trade	(5,365,490)	(34,228,026)
Trade debts	(105,272,077)	61,367,327
Loans and advances	(6,603,867)	516,008
Short term deposits and prepayments	(299,590,055)	(115,833,163)
Other receivables	(2,412,722,363)	(521,648,790)
Increase in trade and other payables	1,062,869,437	681,937,952
	(1,349,852,926)	160,289,162

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

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

2021					
	Liabilities from financing activities				
	Long term financing	Lease liabilities	Short term borrowings	Unclaimed dividend	Total
	Rupees				
Balance as at 01 July 2020	58,118,654	275,565,100	766,262,927	3,438,436	1,103,385,117
Finance obtained	126,582,220	-	7,759,463,628	-	7,886,045,848
Repayment of financing	(46,430,813)	-	(8,064,545,918)	-	(8,110,976,731)
Acquisitions - finance leases	-	263,640,693	-	-	263,640,693
Other change - non-cash movement	181,980	(56,040,297)	-	-	(55,858,317)
Repayment of lease liabilities	-	(81,501,417)	-	-	(81,501,417)
Dividend declared	-	-	-	336,411,600	336,411,600
Dividend paid	-	-	-	(333,523,490)	(333,523,490)
Balance as at 30 June 2021	138,452,041	401,664,079	461,180,637	6,326,546	1,007,623,303

	2022 Rupees	2021 Rupees
40.3 Non-cash financing activities		
Acquisition of right-of-use assets	243,183,235	263,640,693

41. PROVIDENT FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

42. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transaction	2022 Rupees	2021 Rupees
Subsidiary company			
Hi-Tech Blending (Private) Limited	Sale of lubricants	1,039,426	821,720
	Purchase of lubricants	8,089,849,202	5,633,323,671
	Dividend received	260,000,000	-
	Lease rentals paid	3,000,000	3,000,000
Associated companies			
MAS Associates (Private) Limited	Share of common expenses	1,056,214	737,681
Other related parties			
SK Lubricants Co., Ltd.	Purchase of lubricants	598,118,600	496,204,930
	Incentive	112,190,906	31,560,000
	Dividend paid	2,927,012	2,400,548
	Bonus Share Issued	1,655,550	-
Provident fund trust	Contribution	20,802,292	17,201,154
Sabra Hamida Trust	Donations	18,000,000	18,000,000
Directors of the Company			
Mr. Shaukat Hassan	Dividend paid	1,062,568	740,732
	Bonus shares issued	601,000	-
Mr. Ali Hassan	Dividend paid	26,521,061	18,488,239
	Bonus shares issued	15,000,600	-
Mr. Hassan Tahir	Dividend paid	26,521,061	18,488,239
	Bonus shares issued	15,000,600	-
Ms. Mavira Tahir	Dividend paid	17,680,530	9,244,120
	Bonus shares issued	10,000,300	-
Mr. Tahir Azam	Dividend paid	987,568	231,582
	Bonus shares issued	601,000	-
Mr. Faraz Akhtar Zaidi	Dividend paid	1,643	1,107
	Bonus shares issued	1,000	-
Dr. Safdar Ali Butt	Dividend paid	1,643	1,107
	Bonus shares issued	1,000	-
Mr. Shafiq Ur Rehman	Dividend paid	1,643	-
	Bonus shares issued	1,000	-
Mr. Syed Asad Abbas Hussain	Dividend paid	1,331	890
	Bonus shares issued	1,000	-
Mr. Muhammad Tabassum Munir (Ex-director)	Dividend paid	1,768	1,232

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

Name of related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year	% age of shareholding
Hi-Tech Blending (Private) Limited	Wholly owned subsidiary company	Yes	100%
MAS Associates (Private) Limited	Common directorship	Yes	None
SK Lubricants Co., Ltd.	Principal supplier and long term partner	Yes	None
Hi-Tech Energy (Private) Limited	Common directorship	No	None
MAS Infosoft (Private) Limited	Common directorship	No	None
MAS Services	Common partnership of directors	No	None
Haut Buys (Private) Limited	Common directorship	No	None
Sabra Hamida Trust	Common trusteeship of directors	Yes	None
WASL Investment Finance Limited	Common directorship	No	None
Alliance Francaise De Lahore Foundation	Common trusteeship of directors	No	None
Pakistan France Business Alliance	Common trusteeship of directors	No	None
Food Check (Private) Limited	Common directorship	No	None
Pak Agro Packaging (Private) Limited	Common directorship	No	None
Ujala Education Foundation	Common trusteeship of directors	No	None
MAS Associates Employees Provident Fund Trust	Common trusteeship of directors	No	None
Hi-Tech Lubricants Limited Employees Provident Fund Trust	Common trusteeship of directors	Yes	None
Hi-Tech Blending (Private) Limited Provident Fund Trust	Subsidiary company's employee provident fund trust	No	None
MAS Services Employees Provident Fund Trust	Common trusteeship of directors	No	None
Haut Notch (Private) Limited	Common directorship	No	None
Gulf Rubber Works (Private) Limited	Common directorship	No	None
ANALI	Common partnership of director	No	None
Chenab Energy (Private) Limited	Common directorship	No	None
JSSR Consulting, Pakistan	Common partnership of director	No	None

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

43. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2022				2021			
	Chief Executive	Directors Executives	Directors Non-Executives	Executives	Chief Executive	Directors Executives	Directors Non-Executives	Executives
	Rupees							
Managerial remuneration	11,845,161	10,451,613	30,967,740	91,326,161	11,845,161	10,451,613	30,193,548	70,515,170
Bonus	3,010,646	2,656,452	-	14,766,994	2,862,584	2,525,808	-	9,368,539
Allowances								
House rent	5,330,322	4,703,226	13,935,483	41,096,773	5,330,322	4,703,226	13,587,097	31,731,827
Medical	1,184,516	1,045,161	3,096,774	9,132,616	1,184,516	1,045,161	3,019,355	7,051,517
Travelling	2,000,000	2,000,000	4,000,000	439,300	2,000,000	2,000,000	4,000,000	319,100
Others incentives	22,468,028	22,468,028	-	61,143,201	16,005,818	15,915,818	-	39,325,736
Contribution to provident fund trust	-	-	-	7,321,643	-	-	-	5,369,026
Leave fare assistance	-	-	-	5,056,037	-	-	-	2,562,203
	45,838,674	43,324,480	51,999,997	230,282,725	39,228,401	36,641,626	50,800,000	166,243,118
	1	1	4	49	1	1	4	42

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

43.2 Aggregate amount charged in these financial statements for meeting fee to four directors (2021: three directors) is Rupees 4 million (2021: Rupees 5.030 million).

	2022		2021	
	Permanent	Contractual	Permanent	Contractual
44. NUMBER OF EMPLOYEES				
Total number of employees as on 30 June	410	120	383	127
Average number of employees during the year	402	117	353	139

45. CAPACITY AND PRODUCTION

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

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

46. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

Recurring fair value measurements at 30 June 2022	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets				
Financial assets at fair value through profit or loss	226,804,412	-	-	226,804,412

Recurring fair value measurements at 30 June 2021	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets				
Financial assets at fair value through profit or loss	446,043,245	-	-	446,043,245

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

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

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

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

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

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

(ii) Valuation techniques used to determine fair values

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

47. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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

Recurring fair value measurements at 30 June 2021	Level 1	Level 2	Level 3	Total
			Rupees	
Investment property - land	-	93,750,000	-	93,750,000

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

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

(ii) Valuation techniques used to determine fair values

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

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's freehold land and investment property at the end of every financial year. As at 30 June 2022, the fair value of the investment property and freehold land has been determined by Tristar International Consultant (Private) Limited, an independent valuer.

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

48. FINANCIAL RISK MANAGEMENT

48.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

	2022 USD	2021 USD
Other receivable	-	200,000
Trade and other payables	(4,104,289)	(679,218)
Net exposure	(4,104,289)	(479,218)

The following significant exchange rates were applied during the year:

	2022	2021
	Rupees per US Dollar	
Average rate	179.89	160.31
Reporting date rate	203.50	158.30

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 22.551 million (2021: Rupees 3.717 million) lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

Sensitivity analysis

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

Index	Impact on profit after taxation	
	2022 Rupees	2021 Rupees
PSX 100 (5% increase)	219,384	173,918
PSX 100 (5% decrease)	(219,384)	(173,918)

(iii) Interest rate risk

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

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

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For the year ended 30 June 2022

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

	2022 Rupees	2021 Rupees
Fixed rate instruments		
Financial assets		
Term deposit receipt	200,000,000	50,000,000
Financial liabilities		
Long term financing	47,490,196	138,452,041
Lease liabilities	470,172,580	345,727,756
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	225,076,032	84,815,473
Financial liabilities		
Lease liabilities	126,109,328	55,936,323
Short term borrowings	1,494,218,779	461,180,637
	1,620,328,107	517,116,960

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 7.534 million lower / higher (2021: Rupees 4.237 million), mainly as a result of higher / lower interest expense on lease liabilities and short term borrowings. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

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

	2022 Rupees	2021 Rupees
Long term security deposits	11,783,595	11,789,595
Long term loan to an employee	983,333	-
Short term security deposits	5,377,256	6,195,595
Trade debts	106,218,981	103,225,348
Loans and advances	20,460,852	22,452,748
Other receivables	38,573,874	61,051,521
Accrued interest	570,582	390,462
Short term investments	226,804,412	446,043,245
Bank balances	656,584,490	263,809,136
	1,067,357,375	914,957,650

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			2022	2021
	Short term	Long term	Agency	Rupees	Rupees
Short term investments					
Engro Fertilizer Limited	A1+	AA	PACRA	4,387,680	3,478,365
First Habib Cash Fund	AA+(f)		VIS	219,614,489	202,154,737
NBP Islamic Daily Dividend Fund	AA(f)		PACRA	332,486	49,794,215
UBL Liquidity Plus Fund - Class 'C'	AA+(f)		VIS	1,782,636	31,485,107
MCB Cash Management Optimizer	AA+(f)		PACRA	388,249	65,035,543
Meezan Rozana Amdani Fund	AA+(f)		VIS	298,872	94,095,278
				226,804,412	446,043,245
Banks					
Bank Alfalah Limited	A1+	AA+	PACRA	230,380,858	93,407,517
Bank Al-Habib Limited	A1+	AAA	PACRA	10,415,706	19,173,437
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	203,542,683	235,446
MCB Bank Limited	A1+	AAA	PACRA	7,481,402	16,540,146
National Bank of Pakistan	A1+	AAA	PACRA	2,617,952	4,512,034
The Bank of Punjab	A1+	AA+	PACRA	115,450	115,450
Habib Bank Limited	A-1+	AAA	VIS	19,169,981	26,359,196
Askari Bank Limited	A1+	AA+	PACRA	940,289	642,870
United Bank Limited	A-1+	AAA	VIS	50,747,325	74,697,738
JS Bank Limited	A1+	AA-	PACRA	289,410	4,544,586
Al-Baraka Bank (Pakistan) Limited	A-1	A+	VIS	238,399	238,399
Meezan Bank Limited	A-1+	AAA	VIS	92,997,972	17,608,917
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	30,020,342	23,342
Faysal Bank Limited	A1+	AA	PACRA	6,905,523	3,052,574
Summit Bank Limited	A-3	BBB-	VIS	7,246	7,246
Soneri Bank Limited	A1+	AA-	PACRA	850	-
Samba Bank Limited	A-1	AA	VIS	713,102	2,650,238
				656,584,490	263,809,136
				883,388,902	709,852,381

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

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

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

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the Gross Domestic Product, unemployment, interest, and the inflation Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Sales		
	Expected loss rate	Trade debts	Loss allowance
	%	Rupees	
At 30 June 2022			
Up to 30 days	6.63%	74,286,516	4,924,623
30 to 180 days	24.23%	48,138,801	11,661,975
181 to 360 days	91.21%	4,323,922	3,943,660
Above 360 days	100.00%	14,446,348	14,446,348
		141,195,587	34,976,606
Trade debts against which collateral is held		-	-
		141,195,587	34,976,606

	Sales		
	Expected loss rate	Trade debts	Loss allowance
	%	Rupees	
At 30 June 2021			
Up to 30 days	0.00%	67,275,218	-
30 to 180 days	20.75%	31,500,394	6,535,888
181 to 360 days	26.94%	15,037,408	4,051,784
Above 360 days	100.00%	26,760,791	26,760,791
		140,573,811	37,348,463
Trade debts against which collateral is held		-	-
		140,573,811	37,348,463

(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 2022, the Company had Rupees 1,305.781 million (2021: Rupees 778.819 million) available borrowing limits from financial institutions and Rupees 657.142 million (2021: Rupees 264.544 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 2022:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
			Rupees			
Non-derivative financial liabilities:						
Long term financing	47,490,196	48,031,389	48,031,389	-	-	-
Lease liabilities	596,281,908	833,718,736	88,070,049	92,019,875	151,016,624	502,612,188
Long term deposits	17,000,000	17,000,000	-	-	-	17,000,000
Trade and other payables	2,481,632,943	2,481,632,943	2,481,632,943	-	-	-
Unclaimed dividend	5,755,517	5,755,517	5,755,517	-	-	-
Accrued mark-up	38,150,124	38,150,124	38,150,124	-	-	-
Short term borrowings	1,494,218,779	1,655,851,504	492,007,183	1,163,844,321	-	-
	4,680,529,467	5,080,140,213	3,153,647,205	1,255,864,196	151,016,624	519,612,188

Contractual maturities of financial liabilities as at 30 June 2021:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
			Rupees			
Non-derivative financial liabilities:						
Long term financing	138,452,041	146,233,451	49,460,183	48,741,879	48,031,389	-
Lease liabilities	401,664,079	548,023,889	54,820,414	49,637,154	107,079,176	336,487,145
Long term deposits	17,000,000	17,000,000	-	-	-	17,000,000
Trade and other payables	1,245,979,277	1,245,979,277	1,245,979,277	-	-	-
Unclaimed dividend	6,326,546	6,326,546	6,326,546	-	-	-
Accrued mark-up	9,756,777	9,756,777	9,756,777	-	-	-
Short term borrowings	461,180,637	482,433,182	124,573,856	357,859,326	-	-
	2,280,359,357	2,455,753,122	1,490,917,053	456,238,359	155,110,565	353,487,145

48.2 Financial instruments by categories

	2022		Total
	At amortized cost	At fair value through profit or loss	
		Rupees	
Financial assets			
Long term security deposits	11,783,595	-	11,783,595
Long term loan to an employee	983,333	-	983,333
Short term security deposits	5,377,256	-	5,377,256
Trade debts	106,218,981	-	106,218,981
Loans and advances	20,460,852	-	20,460,852
Other receivables	38,573,874	-	38,573,874
Accrued interest	570,582	-	570,582
Short term investments	-	226,804,412	226,804,412
Cash and bank balances	657,141,796	-	657,141,796
	841,110,269	226,804,412	1,067,914,681

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	At amortized cost	2021	Total
		At fair value through profit or loss Rupees	
Financial assets			
Long term security deposits	11,789,595	-	11,789,595
Short term security deposits	6,195,595	-	6,195,595
Trade debts	103,225,348	-	103,225,348
Loans and advances	22,452,748	-	22,452,748
Other receivables	61,051,521	-	61,051,521
Accrued interest	390,462	-	390,462
Short term investments	-	446,043,245	446,043,245
Cash and bank balances	264,544,140	-	264,544,140
	469,649,409	446,043,245	915,692,654

	At amortized cost	
	2022 Rupees	2021 Rupees
Financial liabilities		
Long term financing	47,490,196	138,452,041
Lease liabilities	596,281,908	401,664,079
Long term deposits	17,000,000	17,000,000
Trade and other payables	2,481,632,943	1,245,979,277
Short term borrowings	1,494,218,779	461,180,637
Accrued mark-up	38,150,124	9,756,777
Unclaimed dividend	5,755,517	6,326,546
	4,680,529,467	2,280,359,357

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

	Financial assets	2022	Assets as per statement of financial position
		Non-financial assets Rupees	
Assets			
Long term security deposits	11,783,595	28,099,890	39,883,485
Long term loan to an employee	983,333	-	983,333
Short term deposits and prepayments	5,377,256	16,743,436	22,120,692
Trade debts	106,218,981	-	106,218,981
Loans and advances	20,460,852	171,548,743	192,009,595
Other receivables	38,573,874	401,491,544	440,065,418
Accrued interest	570,582	-	570,582
Short term investments	226,804,412	-	226,804,412
Cash and bank balances	657,141,796	-	657,141,796
	1,067,914,681	617,883,613	1,685,798,294

2022			
	Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position
	Rupees		
Liabilities			
Long term financing	47,490,196	-	47,490,196
Lease liabilities	596,281,908	-	596,281,908
Long term deposits	17,000,000	-	17,000,000
Trade and other payables	2,481,632,943	244,125,095	2,725,758,038
Short term borrowings	1,494,218,779	-	1,494,218,779
Accrued mark-up	38,150,124	-	38,150,124
Unclaimed dividend	5,755,517	-	5,755,517
	4,680,529,467	244,125,095	4,924,654,562

2021			
	Financial assets	Non-financial assets	Assets as per statement of financial position
	Rupees		
Assets			
Long term security deposits	11,789,595	18,189,460	29,979,055
Short term deposits and prepayments	6,195,595	12,543,920	18,739,515
Trade debts	103,225,348	-	103,225,348
Loans and advances	22,452,748	67,265,706	89,718,454
Other receivables	61,051,521	80,329,533	141,381,054
Accrued interest	390,462	-	390,462
Short term investments	446,043,245	-	446,043,245
Cash and bank balances	264,544,140	-	264,544,140
	915,692,654	178,328,619	1,094,021,273

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Financial liabilities	2021	
		Non-financial liabilities	Liabilities as per statement of financial position
		Rupees	
Liabilities			
Long term financing	138,452,041	-	138,452,041
Lease liabilities	401,664,079	-	401,664,079
Long term deposits	17,000,000	-	17,000,000
Trade and other payables	1,245,979,277	139,287,109	1,385,266,386
Short term borrowings	461,180,637	-	461,180,637
Accrued mark-up	9,756,777	-	9,756,777
Unclaimed dividend	6,326,546	-	6,326,546
	2,280,359,357	139,287,109	2,419,646,466

48.3 Offsetting financial assets and financial liabilities

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

49. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description	Note	2022 Rupees	2021 Rupees
i) Loans / advances obtained as per Islamic mode:			
Advances	9	63,104,103	39,100,051
ii) Shariah complaint bank deposits / bank balances:			
Bank balances		123,256,713	17,870,659
iii) Profit earned from shariah complaint bank deposits / bank balances		-	-
iv) Revenue earned from a shariah complaint business segment		17,739,037,167	10,598,209,382
v) Gain / (loss) or dividend earned from shariah complaint investments:			
Dividend income		1,461,021	8,692,546
Gain on sale of investments		-	254,898
vi) Exchange gain earned	36	-	575,695
vii) Mark up paid on Islamic mode of financing		-	2,238,976
viii) Profits earned or interest paid on any conventional loan or advance:			
Interest paid on loans		110,204,393	46,789,582

ix) Relationship with shariah compliant banks:

Name	Relationship as at reporting date
Al-Baraka Bank (Pakistan) Limited	Bank balance
Meezan Bank Limited	Bank balance
Dubai Islamic Bank Pakistan Limited	Bank balance

50. CAPITAL RISK MANAGEMENT

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

		2022	2021
			Restated
Borrowings	Rupees	1,668,179,921	660,672,386
Total equity	Rupees	4,142,546,756	3,182,575,056
Total capital employed	Rupees	5,810,726,677	3,843,247,442
Gearing ratio	Percentage	28.71%	17.19%

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

51. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
Total facilities	1,052,503,435	1,060,000,000	2,847,496,565	1,430,000,000
Utilized at the end of the year	735,469,868	199,778,799	1,541,715,344	651,180,637
Unutilized at the end of the year	317,033,567	860,221,201	1,305,781,221	778,819,363

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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

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

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

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

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

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

During the year ended on 30 June 2020, the Company started its OMC operations and expediently worked on completion of its Nowshera oil storage. During the year ended 30 June 2021, Company has completed its oil storage at Nowshera. On 09 August 2021, OGRA acknowledged the satisfactory completion of Nowshera oil storage based on third party inspection report. During the year ended 30 June 2022, the Company has stated work on new oil storage facility at Shikarpur. Currently, the Company has eight operational HTL Express Centers, four in Lahore, three in Karachi and one in Rawalpindi. Further, the Company has twenty seven retail outlets operational for sale of petroleum products as on 30 June 2022. Detail of payments out of IPO proceeds during the year ended 30 June 2022 is as follows:

	Rupees
Un-utilized IPO proceeds as at 01 July 2021	533,731,898
Add: Profit on term deposit receipts	15,691,233
Add: Profit on bank deposits	1,523,688
Add: Dividend on investments in mutual funds	21,892,690
Add: Gain on disposal of investment in mutual fund	50,966
Add: Unrealised gain on investments in mutual funds	680,524
Less: Payments made relating to OMC Project	(126,960,515)
Less: Withholding tax on profit	(2,582,239)
Less: Withholding tax on dividend from mutual funds	(3,283,902)
Less: Withholding tax on disposal of mutual funds	(32,453)
Less: Bank charges	(2,371)
Un-utilized IPO proceeds as at 30 June 2022	440,709,519

The un-utilized proceeds of the public offer have been kept by the Company in the shape of bank balances, term deposit receipts and mutual funds.

53. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors has proposed a cash dividend for the year ended 30 June 2022 of Rupees 2 per share (2021: Rupees 2 per share) and Nil bonus shares for every 10 ordinary shares (2021: 02 bonus shares for every 10 ordinary shares) at their meeting held on 23 September, 2022. However, these events have been considered as non-adjusting events under IAS 10 'Events after the Reporting Period' and have not been recognized in these financial statements.

54. 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	
	2022	2021 Restated	2022	2021 Restated	2022	2021 Restated	2022	2021 Restated
	Rupees							
Revenue from contracts with customers - net	9,795,466,357	8,188,023,965	7,943,570,810	2,410,185,417	-	-	17,739,037,167	10,598,209,382
Cost of sales	(7,743,962,275)	(6,447,435,412)	(7,275,182,965)	(2,355,074,080)	-	-	(15,019,145,240)	(8,802,509,492)
Gross profit	2,051,504,082	1,740,588,553	668,387,845	55,111,337	-	-	2,719,891,927	1,795,699,890
Distribution cost	(810,941,789)	(649,206,935)	(281,481,350)	(163,518,318)	-	-	(1,092,423,139)	(812,725,253)
Administrative expenses	(550,198,689)	(440,667,585)	(13,301,840)	(28,572,144)	-	-	(563,500,529)	(469,239,729)
Other expenses	(205,073,636)	(31,639,457)	(31,031,337)	(9,635,135)	-	-	(236,104,973)	(41,274,592)
	(1,566,214,114)	(1,121,513,977)	(325,814,527)	(201,725,597)	-	-	(1,892,028,641)	(1,323,239,574)
Other income	319,948,534	60,170,000	62,854,177	52,371,381	-	-	382,802,711	112,541,381
Profit / (loss) from operations	805,238,502	679,244,576	405,427,495	(94,242,879)	-	-	1,210,665,997	585,001,697
Finance cost	(141,663,810)	(44,218,665)	(53,852,237)	(36,928,915)	-	-	(195,516,047)	(81,147,580)
Profit / (loss) before taxation	663,574,692	635,025,911	351,575,258	(131,171,794)	-	-	1,015,149,950	503,854,117
Taxation	-	-	-	-	(277,277,940)	(142,532,964)	(277,277,940)	(142,532,964)
Profit / (loss) after taxation	663,574,692	635,025,911	351,575,258	(131,171,794)	(277,277,940)	(142,532,964)	737,872,010	361,321,153

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

		LUBRICANTS		PETROLEUM PRODUCTS		TOTAL - COMPANY	
		2022	2021	2022	2021	2022	2021
		Restated				Restated	
		Rupees					
54.1	Reconciliation of reportable segment assets and liabilities:						
	Total assets for reportable segments	3,245,446,841	1,488,172,273	2,744,899,707	2,093,952,623	5,990,346,548	3,582,124,896
	Unallocated assets					3,147,094,724	2,036,119,495
	Total assets as per statement of financial position					9,137,441,272	5,618,244,391
	Total liabilities for reportable segments	2,279,865,705	1,610,776,310	986,284,130	327,773,414	3,266,149,835	1,938,549,724
	Unallocated liabilities					1,728,744,681	497,119,611
	Total liabilities as per statement of financial position					4,994,894,516	2,435,669,335

54.2 All of the sales of the Company relates to customers in Pakistan.

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

55. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 23 September, 2022 by the Board of Directors of the Company.

56. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made in these financial statements.

57. GENERAL

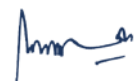
Figures have been rounded off to the nearest Rupee, unless otherwise stated.



Chief Executive



Director



Chief Financial Officer



CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

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 2022, 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 2022, 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	<p>Revenue recognition</p> <p>The Group recognized net revenue of Rupees 17,743.969 million for the year ended 30 June 2022.</p> <p>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.</p> <p>For further information on revenue, refer to the following:</p> <ul style="list-style-type: none">- Summary of significant accounting policies, Revenue recognition note 2.26 to the consolidated financial statements.- Net revenue from contracts with customers as shown on the face of consolidated statement of profit or loss.	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none">• We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue.• We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents.• We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period.• We tested the effectiveness of the Group's internal controls over the calculation and recognition of discounts.• We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'.• We also considered the appropriateness of disclosures in the consolidated financial statements.

Sr. No.	Key audit matters	How the matter was addressed in our audit
2	<p>Stock-in-trade existence and valuation</p> <p>Stock-in-trade as at 30 June 2022 amounted to Rupees 3,941.261 million and represented a material position in the consolidated statement of financial position.</p> <p>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.</p> <p>Stock-in-trade is stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in note 2.11.2 to the consolidated financial statements.</p> <p>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.</p> <p>For further information on stock-in-trade, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Stock-in-trade note 2.11.2 to the consolidated financial statements. - Stock-in-trade note 21 to the consolidated financial statements. 	<p>Our procedures over existence and valuation of stock-in-trade included, but were not limited to:</p> <ul style="list-style-type: none"> • 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 inquiries of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.
3	<p>Capital expenditures</p> <p>The Subsidiary Company [Hi-Tech Blending (Private) Limited] is investing significant amounts in its operations and there are a number of areas where management judgement impacts the carrying value of fixed assets and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Group's strategy.</p> <p>We focused on this area since the amounts have a significant impact on the financial position of the Group and there is significant management judgment required that has significant impact on the reporting of the financial position for the Group. Therefore, considered as one of the key audit matters.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, fixed assets and depreciation note 2.3 to the consolidated financial statements. - Fixed assets note 14 to the consolidated financial statements. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We tested operating effectiveness of controls in place over the fixed assets cycle including the controls over whether costs incurred on activities is capital or operating in nature. • We evaluated the appropriateness of capitalization policies and depreciation rates. • We performed tests of details on costs capitalized. • We verified the accuracy of management's calculation used for the impairment testing.

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

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

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

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

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

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

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

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

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

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

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

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

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

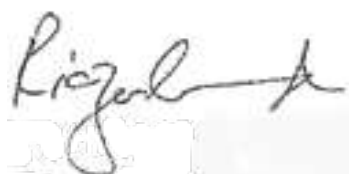
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 24 September 2022

UDIN: AR202210132r18kaN2oM

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	2022 Rupees	2021 Rupees Restated
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
150,000,000 (2021: 150,000,000) ordinary shares of Rupees 10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital	3	1,392,048,000	1,160,040,000
Reserves	4	4,862,359,734	3,176,396,516
Total equity		6,254,407,734	4,336,436,516
LIABILITIES			
Non-current liabilities			
Long term financing	5	516,628,587	147,357,607
Lease liabilities	6	485,619,223	315,089,191
Long term deposits	7	17,000,000	17,000,000
Deferred liabilities	8	491,141,485	34,180,663
		1,510,389,295	513,627,461
Current liabilities			
Trade and other payables	9	2,732,417,755	1,728,466,552
Accrued mark-up	10	57,121,494	14,963,365
Short term borrowings	11	1,897,577,032	607,994,104
Current portion of non-current liabilities	12	222,398,052	182,391,032
Unclaimed dividend		5,755,517	6,326,546
		4,915,269,850	2,540,141,599
Total liabilities		6,425,659,145	3,053,769,060
Contingencies and commitments	13		
TOTAL EQUITY AND LIABILITIES		12,680,066,879	7,390,205,576
ASSETS			
Non-current assets			
Fixed assets	14	5,959,670,743	3,434,750,846
Right-of-use assets	15	590,982,038	340,945,782
Intangible assets	16	21,760,517	17,378,375
Investment property	17	130,000,000	93,750,000
Long term security deposits	18	55,221,660	37,226,855
Long term loan to an employee	19	783,329	-
		6,758,418,287	3,924,051,858
Current assets			
Stores	20	88,306,846	63,346,582
Stock-in-trade	21	3,941,260,793	1,957,046,564
Trade debts	22	109,026,521	103,118,348
Loans and advances	23	261,017,419	143,019,434
Short term deposits and prepayments	24	35,074,806	35,624,780
Other receivables	25	441,316,465	141,381,054
Advance income tax - net of provision for taxation	26	157,841,148	188,435,988
Accrued interest	27	570,582	390,462
Short term investments	28	226,804,412	446,043,245
Cash and bank balances	29	660,429,600	387,747,261
		5,921,648,592	3,466,153,718
TOTAL ASSETS		12,680,066,879	7,390,205,576

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 2022



	Note	2022 Rupees	2021 Rupees Restated
Gross Revenue From Contracts With Customers	30	20,962,350,807	15,600,490,187
Discounts		(750,430,803)	(830,704,052)
Sales tax		(2,467,951,364)	(4,172,398,473)
Net Revenue From Contracts With Customers		17,743,968,640	10,597,387,662
Cost of sales	31	(14,006,515,076)	(8,329,595,460)
Gross profit		3,737,453,564	2,267,792,202
Distribution cost	32	(1,142,378,955)	(861,385,257)
Administrative expenses	33	(692,612,432)	(547,749,403)
Other expenses	34	(538,247,003)	(70,521,255)
		(2,373,238,390)	(1,479,655,915)
Other income	35	141,898,783	139,874,169
Profit from operations		1,506,113,957	928,010,456
Finance cost	36	(288,242,707)	(114,660,654)
Profit before taxation		1,217,871,250	813,349,802
Taxation	37	(600,425,532)	(129,768,407)
Profit after taxation		617,445,718	683,581,395
Earnings per share - basic and diluted	38	4.44	4.91

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 2022

	2022 Rupees	2021 Rupees Restated
Profit after taxation	617,445,718	683,581,395
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Surplus on revaluation of freehold land	1,783,101,998	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year	1,783,101,998	-
Total comprehensive income for the year	2,400,547,716	683,581,395

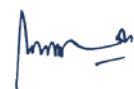
The annexed notes form an integral part of these consolidated financial statements.



Chief Executive



Director



Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022



	Share capital	Reserves				Total reserves	Total equity
		Capital reserve			Revenue reserve		
		Share premium	Surplus on revaluation of freehold land	Sub Total	Un-appropriated Profit		
Rupees							
Balance as at 30 June 2020	1,160,040,000	1,441,697,946	-	1,441,697,946	1,387,528,775	2,829,226,721	3,989,266,721
Transactions with owners:							
Final dividend for the year ended 30 June 2020							
@ Rupees 0.90 per share	-	-	-	-	(104,403,600)	(104,403,600)	(104,403,600)
Interim dividend for the year ended 30 June 2021							
@ Rupees 2.00 per share	-	-	-	-	(232,008,000)	(232,008,000)	(232,008,000)
	-	-	-	-	(336,411,600)	(336,411,600)	(336,411,600)
Profit for the year ended 30 June 2021 - restated	-	-	-	-	683,581,395	683,581,395	683,581,395
Other comprehensive income for the year ended 30 June 2021	-	-	-	-	-	-	-
Total comprehensive income for the year ended 30 June 2021 - restated	-	-	-	-	683,581,395	683,581,395	683,581,395
Balance as at 30 June 2021 - restated	1,160,040,000	1,441,697,946	-	1,441,697,946	1,734,698,570	3,176,396,516	4,336,436,516
Transaction with owners:							
Final dividend for the year ended 30 June 2021							
@ Rupees 2 per share	-	-	-	-	(232,008,000)	(232,008,000)	(232,008,000)
Issue of 01 bonus share for every 05 ordinary shares for the year ended 30 June 2021	232,008,000	-	-	-	(232,008,000)	(232,008,000)	-
Interim dividend for the year ended 30 June 2022							
@ Rupees 1.80 per share	-	-	-	-	(250,568,498)	(250,568,498)	(250,568,498)
	232,008,000	-	-	-	(714,584,498)	(714,584,498)	(482,576,498)
Profit for the year ended 30 June 2022	-	-	-	-	617,445,718	617,445,718	617,445,718
Other comprehensive income for the year ended 30 June 2022	-	-	1,783,101,998	1,783,101,998	-	1,783,101,998	1,783,101,998
Total comprehensive income for the year ended 30 June 2022	-	-	1,783,101,998	1,783,101,998	617,445,718	2,400,547,716	2,400,547,716
Balance as at 30 June 2022	1,392,048,000	1,441,697,946	1,783,101,998	3,224,799,944	1,637,559,790	4,862,359,734	6,254,407,734

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 2022

	Note	2022 Rupees	2021 Rupees Restated
Cash flows from operating activities			
Cash generated from operations	39	314,129,552	1,103,303,871
Finance cost paid		(225,230,429)	(111,735,078)
Income tax paid		(207,826,265)	(161,097,870)
Income tax refunds received		-	109,838,534
Net increase in long term loan to an employee		(983,333)	-
Net increase in long term security deposits		(16,383,460)	(14,571,487)
Net increase in long term deposits		-	16,500,000
Net cash (used in) / generated from operating activities		(136,293,935)	942,237,970
Cash flows from investing activities			
Capital expenditure on operating fixed assets		(970,020,788)	(448,292,515)
Capital expenditure on intangible assets		(13,038,106)	(13,734,069)
Initial direct cost incurred on right-of-use assets		(4,513,000)	(1,203,654)
Proceeds from disposal of operating fixed assets		7,536,955	13,775,776
Short term investments - net		220,880,116	277,774,997
Dividend received		22,796,747	20,452,706
Profit on bank deposits and term deposit receipts received		21,991,452	21,828,703
Net cash used in investing activities		(714,366,624)	(129,398,056)
Cash flows from financing activities			
Short term borrowings - net		1,289,582,928	(406,001,670)
Dividend paid		(483,147,527)	(333,523,490)
Proceeds from long term financing		543,682,938	264,229,020
Repayment of long term financing		(111,806,112)	(54,482,063)
Repayment of lease liabilities		(114,969,329)	(82,055,945)
Net cash from / (used in) financing activities		1,123,342,898	(611,834,148)
Net increase in cash and cash equivalents		272,682,339	201,005,766
Cash and cash equivalents at beginning of the year		387,747,261	186,741,495
Cash and cash equivalents at end of the year		660,429,600	387,747,261

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



Chief Executive



Director



Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022



1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

Hi-Tech Lubricants Limited

Subsidiary Company

Hi-Tech Blending (Private) Limited

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

1.2 Hi-Tech Blending (Private) Limited

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

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

b) Accounting convention

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

c) Critical accounting estimates and judgments

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

Income Tax

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

Useful lives, pattern of economic benefits and impairment

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

Inventories

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

Allowance for expected credit losses

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

Revenue from contracts with customers involving sale of goods

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

Provisions

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

Classification of investments

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

Contingencies

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

Revaluation of freehold land and investment property

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

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

Following amendments to published approved accounting standards are mandatory for the Group's accounting periods beginning on or after 01 July 2021:

- IFRS 16 (Amendments) 'Leases'.
- Interest Rate Benchmark Reform– Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts', IFRS 7 'Financial Instruments: Disclosures' and IFRS 16 'Leases'.

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

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

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

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

Following amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2022 or later periods:

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

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

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 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 01 January 2022:

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

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

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

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 1 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

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

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

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

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

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

2.2 Consolidation

Subsidiary

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2.3 Fixed assets

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

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

Change in accounting policy

Previously, freehold land was stated, under cost model, at cost less recognized accumulated impairment loss, if any.

The Group has revised its accounting policy under IAS 16 'Property, Plant and Equipment', in respect of freehold land to fair value model under which freehold land is stated at revalued amount less recognized impairment loss, if any. Independent valuations are performed periodically, the carrying amounts are reviewed against the valuations and adjustments are made where there is material change. Increases in the carrying amount arising on revaluation of freehold land is recognised in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognised in the consolidated statement of profit or loss, the increase is first recognised in the consolidated statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the consolidated statement of profit or loss.

Depreciation

Depreciation is charged to consolidated statement of profit or loss by applying the reducing balance method whereby cost of an asset is written off over its estimated useful life at the rates given in Note 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 asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

2.4 Intangible assets

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

2.5 Right-of-use assets

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

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

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

2.6 Lease liabilities

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

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

2.7 Investment property

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

Change in accounting policy

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

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

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

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

Effect on consolidated statement of financial position:	Rupees
Investment property (as shown on face of consolidated statement of financial position)	
Previously reported as on 30 June 2021 – at cost	61,658,100
Fair value adjustment to investment property due to retrospective application of change in accounting policy	32,091,900
Balance as on 30 June 2021 – restated	<u>93,750,000</u>
Revenue reserve (as shown in note 4 to the consolidated statement of financial position)	
Profit for the year as previously reported	651,489,495
Fair value adjustment to investment property due to retrospective application of change in accounting policy	32,091,900
Balance as on 30 June 2021 – restated	<u>683,581,395</u>
Effect on consolidated statement of profit or loss for the year ended 30 June 2021:	Rupees
Other income (as shown in note 35)	
Increase in other income due to fair value gain on revaluation of investment property	32,091,900
Earnings per share (as shown on face of consolidated statement of profit or loss account)	
Increase in earnings per share	0.27

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For the year ended 30 June 2022

The change did not have any impact on other comprehensive income for the year and the Group's operating, investing and financing cash flows. Had there been no change in accounting policy, the effect of figures reported in respect of year ended 30 June 2022 would have been as follows:

Effect on consolidated statement of financial position:

	Rupees
Investment property (as shown on face of consolidated statement of financial position) would have been lower by	68,341,900
Revenue reserves (as shown in note 4) would have been lower by	68,341,900
Other income (as shown on face of consolidated statement of financial position) would have been lower by	36,250,000
Profit for the year would have been lower by	38,250,000
Earnings per share would have been lower by	0.26

2.8 Functional and presentation currency

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

2.9 Foreign currency transactions and translation

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

2.10 Employee benefits

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

2.11 Inventories

2.11.1 Stores

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

2.11.2 Stock-in-trade

Stock-in-trade, except in transit, is stated at lower of cost and net realizable value.

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

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

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

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

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

2.12 Investments and other financial assets

a) Classification

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

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

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

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

b) Measurement

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

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

Debt instruments

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

Amortized cost

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

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss (FVTPL)

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

Equity instruments

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

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Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss

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

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

2.13 Financial Liabilities - classification and measurement

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

2.14 Impairment of financial assets

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

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

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

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

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

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

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

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

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

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering of a financial asset

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

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

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

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

2.15 De-recognition of financial assets and financial liabilities

a) Financial assets

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

b) Financial liabilities

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

2.16 Offsetting of financial instruments

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

2.17 Impairment of non-financial assets

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

2.18 Cash and cash equivalents

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

2.19 Provisions

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2.20 Taxation

2.20.1 Current

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

2.20.2 Deferred

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

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

Group taxation adjustments

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

2.21 Borrowings

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

2.22 Borrowing costs

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

2.23 Trade and other receivables

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

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

2.24 Trade and other payables

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

2.25 Ijarah contracts

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

2.26 Revenue from contracts with customers

(a) Sale of goods

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

(b) Interest

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

(c) Dividend

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

(d) Rental income

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

2.27 Contract assets

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

2.28 Customer acquisition costs

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

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

2.29 Customer fulfilment costs

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

2.30 Right of return assets

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

2.31 Contract liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2.32 Refund liabilities

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

2.33 Contingent assets

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

2.34 Contingent liabilities

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

2.35 Dividend and other appropriations

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

2.36 Earnings per share

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

2.37 Share capital

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

2.38 Government grants

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

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

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

2.39 Segment reporting

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

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

The Group has following reportable business segments:

- Lubricants (purchase 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

2022 (Number of shares)	2021		2022 Rupees	2021 Rupees
41,002,000	41,002,000	Ordinary shares of Rupees 10 each		
		fully paid-up in cash	410,020,000	410,020,000
25,000,000	25,000,000	Ordinary shares of Rupees 10 each		
		issued as fully paid for consideration		
		other than cash (Note 3.2)	250,000,000	250,000,000
73,202,800	50,002,000	Ordinary shares of Rupees 10 each		
		issued as fully paid bonus shares	732,028,000	500,020,000
139,204,800	116,004,000		1,392,048,000	1,160,040,000

- 3.1** 993,330 (2021: 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.

	2022 Rupees	2021 Rupees
4. RESERVES		Restated
Capital reserve		
Share premium (Note 4.1)	1,441,697,946	1,441,697,946
Surplus on revaluation of freehold land		
As at 01 July	-	-
Add: Surplus on revaluation of freehold land	1,783,101,998	-
As at 30 June	1,783,101,998	-
Revenue reserve		
Un-appropriated profit	1,637,559,790	1,734,698,570
	4,862,359,734	3,176,396,516

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

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For the year ended 30 June 2022

	2022 Rupees	2021 Rupees
5. LONG TERM FINANCING		
From banking company - secured		
Holding company		
Bank Alfalah Limited - Loan under State Bank of Pakistan (SBP) Refinance Scheme (Note 5.1)	47,490,196	138,452,041
Subsidiary company		
Bank Al-Habib Limited (Note 5.2)	529,564,139	115,159,900
	577,054,335	253,611,941
Less: Current portion shown under current liabilities (Note 12)	60,425,748	106,254,334
	516,628,587	147,357,607

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

LENDER	2022	2021	RATE OF INTEREST	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
5.2 Long term loans							
Subsidiary Company							
Bank Al-Habib Limited (Note 5.2.1)	7,968,836	23,271,700	SBP rate for refinance scheme for payment of salaries and wages + 3.00%	Eight equal quarterly installments commenced from 11 January 2021 and ending on 23 October 2022.	-	Quarterly	
Bank Al-Habib Limited (Note 5.2.2)	298,575,154	91,888,200	SBP rate for TERF + 2.00% and 3.00%	Twenty to thirty-two unequal quarterly installments commencing from 08 May 2023 and ending on 01 November 2031.	-	Quarterly	First parri passu hypothecation charge for Rupees 1,067 million over current assets and Rupees 610 million over plant and machinery of the Subsidiary Company, first parri passu mortgage charge of Rupees 400 million over land and building of the Subsidiary Company, trust receipt, personal guarantee of all directors of the Subsidiary Company and corporate guarantee of Holding Company amounting to Rupees 2,000 million.
Bank Al-Habib Limited (Note 5.2.2)	155,761,330	-	SBP rate for TERF + 4.00%	Twenty to thirty-two unequal quarterly installments commencing from 13 October 2023 and ending on 16 December 2031.	-	Quarterly	
	462,305,320	115,159,900					
Bank Al-Habib Limited (Note 5.2.3)	42,675,819	-	SBP rate for renewable energy financing scheme + 2.50%	Thirty-nine unequal quarterly installments commencing from 20 July 2022 and ending on 03 June 2032.	-	Quarterly	Exclusive charge for Rupees 80 million over plant and machinery of solar power plant, personal guarantee of all directors of the Subsidiary Company and corporate guarantee of Holding Company amounting to Rupees 2,000 million.
Bank Al-Habib Limited (Note 5.2.4)	24,583,000	-	3 months KIBOR + 1.25% per annum	Twenty equal quarterly installments commencing from 23 May 2023 and ending on 23 February 2028.	Quarterly	Quarterly	Exclusive charge for Rupees 122 million over imported plant and machinery of the Subsidiary Company and personal guarantees of all directors of the Subsidiary Company.
	529,564,139	115,159,900					

5.2.1 This loan was obtained by the Subsidiary Company under SBP Refinance Scheme for payment of wages and salaries to workers. It was recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment was recognized at discount rate ranging from 8.17% to 9.68% (2021: 8.17% to 9.68%) per annum.

5.2.2 This loan is obtained by the Subsidiary Company under SBP Temporary Economic Refinance Facility (TERF). It is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rates ranging from 8.85% to 13.39% (2021: 8.85% to 9.00%) per annum.

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

5.2.4 Effective rate of markup charged during the year was 16.40% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	2022 Rupees	2021 Rupees
6. LEASE LIABILITIES		
Total lease liabilities	624,517,326	381,624,955
Less: Current portion shown under current liabilities (Note 12)	(138,898,103)	(66,535,764)
	485,619,223	315,089,191

6.1 Reconciliation of lease liabilities is as follows:

Opening balance	381,624,955	256,503,604
Add: Additions during the year	299,315,835	263,640,693
Add / (less): Impact of lease modifications during the year	66,644,586	(56,040,297)
Add: Interest accrued during the year (Note 36)	51,024,040	30,645,942
Less: Impact of lease termination during the year	(8,098,721)	-
Less: Payments made during the year	(165,993,369)	(113,124,987)
	624,517,326	381,624,955
Less: Current portion shown under current liabilities (Note 12)	(138,898,103)	(66,535,764)
	485,619,223	315,089,191

6.2 Maturity analysis of lease liabilities is as follows:

Upto 6 months	95,807,814	53,320,414
6-12 months	99,801,391	48,137,154
1-2 years	172,249,802	104,079,176
More than 2 years	478,667,230	297,487,145
	846,526,237	503,023,889
Less: Future finance cost	222,008,911	121,398,934
Present value of lease liabilities	624,517,326	381,624,955

6.3 Amounts recognised in the consolidated statement of profit or loss

	2022 Rupees	2021 Rupees
Interest accrued during the year (Note 36)	51,024,040	30,645,942
Expense relating to short term leases (included in administrative expenses)	876,660	844,089
Expense relating to short term leases (included in distribution cost)	-	7,881,300
Expense relating to leases of low-value assets (included in distribution cost)	1,882,221	1,761,950
Total amount recognised in consolidated statement of profit or loss	53,782,921	41,133,281

6.4 Implicit rates against lease liabilities range from 7.40% to 17.12% (2021: 7.36% to 13.97%) per annum.

6.5 Leases from banking company are secured against the leased assets, personal guarantees of directors of the Holding Company and security deposits of Rupees 39.343 million (2021: Rupees 24.059 million).

7. LONG TERM DEPOSITS

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

	2022 Rupees	2021 Rupees
8. DEFERRED LIABILITIES		
Deferred income tax liability (Note 8.1)	376,451,989	14,447,562
Deferred income - Government grant (Note 8.2)	114,689,496	19,733,101
	491,141,485	34,180,663
8.1 Deferred income tax liability		
The net deferred income tax liability comprises of temporary differences relating to:		
Deferred income tax liabilities		
Accelerated tax depreciation and amortization	407,550,413	267,802,727
Right-of-use assets	200,675,121	104,195,069
	608,225,534	371,997,796
Deferred income tax assets		
Available unused tax losses	-	(133,420,516)
Minimum tax carry forward	-	(93,480,100)
Allowance for expected credit losses	(11,542,280)	(10,831,054)
Provision for doubtful advances to suppliers	(1,562,789)	(381,640)
Provision for slow moving and obsolete store items	(1,159,013)	(392,681)
Provision for slow moving and obsolete stock-in-trade	(4,957,037)	(2,561,660)
Lease liabilities	(212,552,426)	(116,482,583)
	(231,773,545)	(357,550,234)
Net deferred income tax liability	376,451,989	14,447,562

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	2021		
	Opening Balance	Recognised in Statement of Profit or Loss	Closing Balance
		Rupees	
Accelerated tax depreciation and amortization	237,830,737	29,971,990	267,802,727
Right-of-use assets	79,070,258	25,124,811	104,195,069
Available unused tax losses	(239,836,426)	106,415,910	(133,420,516)
Minimum tax carry forward	(602,501)	(92,877,599)	(93,480,100)
Allowance for expected credit losses	(8,770,114)	(2,060,940)	(10,831,054)
Pre-commencement expenditures	(1,178,200)	1,178,200	-
Provision for doubtful advances to suppliers	(1,310,164)	928,524	(381,640)
Provision for slow moving and obsolete store items	(1,940,146)	1,547,465	(392,681)
Provision for slow moving and obsolete stock in trade	-	(2,561,660)	(2,561,660)
Lease liabilities	(80,313,980)	(36,168,603)	(116,482,583)
	(17,050,536)	31,498,098	14,447,562

	2022 Rupees	2021 Rupees
8.2 Deferred income - Government grant		
Opening balance	29,334,035	6,107,347
Add: Recognized during the year	129,288,581	33,578,652
Less: Amortized during the year (Note 35)	20,858,919	10,351,964
Closing balance	137,763,697	29,334,035
Less: Current portion shown under current liabilities (Note 12)	23,074,201	9,600,934
	114,689,496	19,733,101

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

8.2.2 The State Bank of Pakistan (SBP), through its Circular No. 01 and 02 of 2020 dated 17 March 2020 introduced a Temporary Economic Refinance Facility (TERF) and Islamic Temporary Economic Refinance Facility (ITERF) for setting of new industrial units. The refinance was available through Banks / DFIs. One of the key feature of the refinance facility was that borrowers 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 facility was initially recognized at fair value which is the present value of loan proceeds received, discounted using prevailing market rates of interest for a similar instrument. Hence, the benefit of the below-market rate of interest has been measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit is accounted for and presented as deferred grant in accordance with IAS 20. The grant is being amortized in the statement of profit or loss, in line with the recognition of interest expense the grant is compensating.

	2022 Rupees	2021 Rupees
9. TRADE AND OTHER PAYABLES		
Creditors (Note 9.1)	1,732,001,509	1,118,202,552
Accrued liabilities (Note 9.2)	113,147,482	144,513,477
Infrastructure cess payable (Note 9.3)	172,436,755	147,212,835
Contract liabilities - unsecured	62,633,752	39,100,051
Retention money payable	17,838,575	33,279,641
Customs duty and other charges payable	109,125,169	30,827,455
Income tax deducted at source	14,989,310	12,908,989
Payable to employees' provident fund trust	4,076,630	3,730,588
Workers' profit participation fund payable (Note 9.4)	140,754,939	76,482,973
Workers' welfare fund payable (Note 9.5)	40,417,056	9,483,059
Sales tax payable	324,996,578	112,724,932
	2,732,417,755	1,728,466,552

9.1 These include Rupees 625.358 million (2021: Rupees 697.753 million) payable to SK Lubricants Co., Ltd. - principal supplier and long term partner.

9.2 These include Rupees 2.384 million (2021: Rupees 4.124 million) on account of remuneration payable to directors of the Holding Company.

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

	2022 Rupees	2021 Rupees
Opening balance	147,212,835	117,205,848
Add: Provision made during the year	25,223,920	30,006,987
Closing balance	172,436,755	147,212,835

9.4 Workers' profit participation fund

Opening balance	76,482,973	50,169,035
Add: Allocation for the year (Note 34)	52,799,520	16,775,116
Add: Interest for the year (Note 36)	11,472,446	9,538,822
Closing balance	140,754,939	76,482,973

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

	2022 Rupees	2021 Rupees
9.5 Workers' welfare fund		
Opening balance	9,483,059	2,398,343
Add: Allocation for the year (Note 34)	30,933,997	7,084,716
Closing balance	40,417,056	9,483,059

10. ACCRUED MARK-UP

Long term financing	7,714,584	2,350,144
Short term borrowings	49,406,910	12,613,221
	57,121,494	14,963,365

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	2022 Rupees	2021 Rupees
11. SHORT TERM BORROWINGS		
From banking companies - secured		
- Holding Company		
Short term finances (Note 11.1 and Note 11.2)	1,494,218,779	461,180,637
- Subsidiary Company		
Short term finances (Note 11.3 and Note 11.4)	403,358,253	146,813,467
	1,897,577,032	607,994,104

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

11.2 The rates of mark-up range from 8.01% to 16.02% (2021: 7.63% to 12.19%) per annum.

11.3 These finances are obtained from banking companies under mark-up arrangements. These short term borrowings and long term financing of Subsidiary Company are secured against trust receipts, first pari passu hypothecation charge over current and plant and machinery of the Subsidiary Company, first pari passu mortgage charge over land and building of the Subsidiary Company, personal guarantees of directors of the Subsidiary Company and corporate guarantee of the Holding Company amounting to Rupees 2,000 million.

11.4 The rates of mark-up range from 8.45% to 16.00% (2021: 7.66% to 12.19%) per annum.

	2022 Rupees	2021 Rupees
12. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Long term financing (Note 5)	60,425,748	106,254,334
Lease liabilities (Note 6)	138,898,103	66,535,764
Deferred income - Government grant (Note 8.2)	23,074,201	9,600,934
	222,398,052	182,391,032

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

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

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

- 13.1.3** Deputy Commissioner Inland Revenue (DCIR) passed an assessment order on 28 November 2018 under section 161 and section 205 of the Income Tax Ordinance, 2001 for the tax year 2015 whereby a demand of Rupees 22.358 million has been raised against the Holding Company. On 21 December 2018, the Holding Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR. CIR(A) accepted the Holding Company's stance on certain issues assailed in appeal and reduced the aggregate demand to Rupees 10.735 million. Being aggrieved by the order of CIR(A), the Holding Company filed appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. No provision against this demand has been recognized in these consolidated financial statements, as the management, based on advice of the tax advisor, is confident of favorable outcome of litigation.
- 13.1.4** On 27 June 2022, Deputy Commissioner Inland Revenue (DCIR) passed an assessment order under section 161 and section 205 of the Income Tax Ordinance, 2001 for the tax year 2016 whereby a demand of Rupees 5.467 million including default surcharge has been raised against the Holding Company on account of non / short deduction of withholding tax in respect of certain payments. The Holding Company, subsequent to the reporting date, has filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR which is pending adjudication. The management, based on advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision thereagainst has been recognized in these consolidated financial statements.
- 13.1.5** On 24 March 2022, the Deputy Commissioner Inland Revenue (DCIR) has issued an amended assessment order under section 122(1) of the Income Tax Ordinance, 2001 for the tax year 2018 creating a demand of Rupees 1,115.673 million against the Holding Company on account of various issues. Against the aforesaid order, the Holding Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 29 August 2022, subsequent to the reporting date, CIR(A) has vacated the entire tax demand. However, in respect of various issues, the matter has been remanded back to the department for fresh consideration. The management, based on the advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these consolidated financial statements.
- 13.1.6** On 26 February 2022, Deputy Commissioner Inland Revenue (DCIR) passed an assessment order under section 177 and section 122(1) of the Income Tax Ordinance, 2001 for the tax year 2019 whereby a demand of Rupees 843.451 million has been raised against the Holding Company on various issues. Against the order of DCIR, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 16 May 2022, CIR(A) has vacated the tax demand. However, in respect of certain issues, the case has been remanded back to assessing officer for fresh consideration. On 13 July 2022, subsequent to the reporting date, the tax authorities have filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR(A) which is pending adjudication. The management, based on the advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these consolidated financial statements.
- 13.1.7** During the year ended 30 June 2020, Deputy Commissioner Inland Revenue (DCIR) issued a notice to the Holding Company to recover an amount of Rupees 21.124 million against super tax for the tax year 2019 under section 4B of the Income Tax Ordinance, 2001. The Holding Company through its tax advisor submitted its reply that liability on account of super tax did not arise for subject year. However, on 29 September 2021, DCIR confirmed the matter and re-issued an order to recover Rupees 21.124 million against super tax for the tax year 2019 under section 4B of the Income Tax Ordinance, 2001. Against the aforesaid order, the Holding Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 25 February 2022, CIR(A) remanded back the case to department for fresh consideration. However, these remand back proceedings have not been initiated yet. The management, based on advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these consolidated financial statements.
- 13.1.8** On 28 February 2022, Deputy Commissioner Inland Revenue (DCIR) issued an order for tax periods from July 2016 to June 2017 creating a demand of Rupees 1,353.135 million alongwith penalty and default surcharge against the Holding Company on various issues under relevant provisions of the Sales Tax Act, 1990. Against the aforesaid order, the Holding Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 27 May 2022, CIR(A) provided partial relief to the Holding Company. However, sales tax default in respect of certain issues was upheld by CIR(A). Being aggrieved with the order of CIR(A), the Holding Company has filed appeal before Appellate Tribunal Inland Revenue (ATIR) (except for defaults relating to short payment of extra tax and non-charging of sales tax on scrap sales aggregating to Rupees 3.818 million) which is pending adjudication. The management, based on advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these consolidated financial statements.
- 13.1.9** On 15 March 2022, Deputy Commissioner Inland Revenue (DCIR) issued an order for tax periods from July 2018 to June 2019 creating a demand of Rupees 901.257 million alongwith penalty and default surcharge against the Holding Company on various issues under relevant provisions of the Sales Tax Act, 1990. Against the aforesaid order, the Holding Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 31 May 2022, CIR(A) provided partial relief to the Holding Company. However, sales tax default in respect of certain issues was upheld by CIR(A). Being aggrieved with the order of CIR(A), the Holding Company has filed appeal before Appellate Tribunal Inland Revenue (ATIR) (except for default relating to non-charging of sales tax on scrap sales amounting to Rupees 0.520 million) which is

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pending adjudication. The management, based on advise of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these consolidated financial statements.

13.1.10 During the year ended 30 June 2022, Additional Commissioner Inland Revenue (ACIR) has issued amended assessment orders under section 122(5A) of the Income Tax Ordinance, 2001 for tax years 2017, 2018, 2019, 2020 and 2021 raising demands aggregating to Rupees 533.277 million against the Subsidiary Company on various issues. Against the aforesaid orders, the Subsidiary Company preferred appeals before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 04 November 2021, CIR(A) passed an order whereby the order of ACIR was annulled in respect of all the matters relating to tax year 2017 except in the matter of Workers' Profit Participation Fund (WPPF) which was remanded back to ACIR for consideration in view of the judgment passed by Honorable Lahore Court, Lahore. Remand back proceedings by ACIR have not been initiated against the Subsidiary Company. Further, in the matters of tax years 2018, 2019, 2020 and 2021, CIR(A) has provided interim relief by restricting tax department from taking any coercive action against the Subsidiary Company. Based on the opinion of tax advisor, the management has strong grounds to believe that the case will be decided in favor of the Subsidiary Company. Therefore, no provision has been made in these consolidated financial statements.

13.1.11 On 04 February 2022, Deputy Commissioner Inland Revenue (DCIR) passed an order under section 11 of the Sales Tax Act, 1990 for the tax periods November 2019 and March 2020 creating a demand of Rupees 2.046 million on account of disallowance of input sales tax on building materials alongwith default surcharge and penalty against the Subsidiary Company. The Subsidiary Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR. CIR(A) through its order dated 31 May 2022 upheld the decision of DCIR. Being aggrieved with the order of CIR(A), the Subsidiary Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. The management, based on the advice of its legal counsel, has strong grounds to believe that the case will be decided in favor of the Company. Therefore, no provision has been made in these consolidated financial statements.

13.1.12 Corporate guarantees of Rupees 2,633 million (2021: Rupees 2,375 million) have been given by the Holding Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - Subsidiary Company.

13.1.13 Guarantees of Rupees 123 million (2021: Rupees 123 million) are given by the bank of the Group to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.

13.1.14 Guarantees of Rupees 66 million (2021: Rupees 56 million) are given by the bank of the Group to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.

13.1.15 Guarantees of Rupees 16.400 million (2021: Rupees 6 million) and Rupees 2.25 million (2021: Rupees 2.25 million) are given by the banks of the Group to Total Parco Pakistan Limited and Pakistan State Oil Company Limited respectively against fuel cards obtained by the Group for its employees.

	2022 Rupees	2021 Rupees
13.2 Commitments		
13.2.1 Contracts for capital expenditures	185,502,342	588,801,401
13.2.2 Letters of credit other than capital expenditures	605,168,892	38,219,444
	2022 Rupees	2021 Rupees
14. FIXED ASSETS		
Operating fixed assets (Note 14.1)	5,716,441,584	3,180,557,592
Capital work-in-progress (Note 14.2)	243,229,159	254,193,254
	5,959,670,743	3,434,750,846

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

Description	Categories												Total
	Freehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Tanks and pipelines	Dispensing pumps	Electric installation	Furniture and fittings	Vehicles	Leasehold improvements	Office equipment	Computers	
Rupees													
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)	(867,027)	(22,898,089)	(15,099,557)	(134,870,745)	-	(33,345,207)	(25,500,853)	(606,067,736)
Net book value	740,199,602	683,742,420	103,004,705	944,015,248	107,435,259	8,753,316	48,863,940	22,312,359	78,974,169	-	103,329,557	11,600,106	2,852,230,682
Year ended 30 June 2021													
Opening net book value	740,199,602	683,742,420	103,004,705	944,015,248	107,435,259	8,753,316	48,863,940	22,312,359	78,974,169	-	103,329,557	11,600,106	2,852,230,682
Additions	18,382,000	298,287,707	64,955,449	12,174,231	61,589,350	7,638,404	7,465,360	670,500	4,581,752	4,463,125	32,730,802	15,009,075	525,927,755
Transferred from right-of-use assets:													
Cost									87,433,851				87,433,851
Accumulated depreciation									(42,719,198)				(42,719,198)
Transferred to investment property:									44,714,653				44,714,653
Cost	(61,658,100)												(61,658,100)
Accumulated depreciation													
Disposals:	(61,658,100)												(61,658,100)
Cost									(12,989,313)		(67,397)	(4,164,202)	(17,220,912)
Accumulated depreciation									8,320,444		32,176	2,829,373	11,181,993
Depreciation									(4,668,869)		(35,221)	(1,334,829)	(6,038,919)
Closing net book value	686,923,502	943,797,403	134,466,392	905,461,386	159,417,138	14,852,820	51,078,579	20,691,123	104,787,123	4,130,004	124,993,868	19,958,253	3,180,557,592
At 30 June 2021													
Cost	686,923,502	1,108,787,215	209,343,830	1,150,143,448	178,896,135	16,738,747	79,227,389	38,082,415	292,871,204	4,463,125	169,338,170	47,945,832	3,992,781,012
Accumulated depreciation	-	(164,989,812)	(74,877,438)	(244,682,062)	(19,478,997)	(1,905,927)	(28,148,810)	(17,391,293)	(188,094,081)	(333,121)	(44,344,301)	(27,987,579)	(812,223,419)
Net book value	686,923,502	943,797,403	134,466,392	905,461,386	159,417,138	14,852,820	51,078,579	20,691,123	104,787,123	4,130,004	124,993,868	19,958,253	3,180,557,592
Year ended 30 June 2022													
Opening net book value	686,923,502	943,797,403	134,466,392	905,461,386	159,417,138	14,852,820	51,078,579	20,691,123	104,787,123	4,130,004	124,993,868	19,958,253	3,180,557,592
Additions	623,500	45,458,644	8,899,690	701,228,474	71,740,070	19,353,204	87,107,663	2,762,563	6,628,304	-	22,738,699	14,444,071	980,984,882
Revaluation surplus	1,783,101,998	-	-	-	-	-	-	-	-	-	-	-	1,783,101,998
Transferred from right-of-use assets:													
Cost									5,976,770				5,976,770
Accumulated depreciation									(4,189,689)				(4,189,689)
Disposals:									1,787,081				1,787,081
Cost									(10,871,105)			(3,753,442)	(14,624,547)
Accumulated depreciation									7,605,500			2,414,557	10,020,057
Written-off:									(3,265,605)			(1,338,885)	(4,604,490)
Cost				(186,000)	-	-	-	(1,600,052)	(107,189)	-	(3,307,537)	(3,559,509)	(8,760,287)
Accumulated depreciation				65,802	-	-	-	761,063	80,319	-	1,672,409	3,033,247	5,612,840
Depreciation				(120,198)	-	-	-	(838,989)	(26,870)	-	(1,635,128)	(526,262)	(3,147,447)
Closing net book value	2,480,649,000	928,527,507	110,751,295	1,550,009,179	213,111,030	32,217,414	132,271,859	20,439,040	88,017,758	3,304,003	132,712,548	24,430,950	5,716,441,584
At 30 June 2022													
Cost / realised amount	2,480,649,000	1,154,245,859	218,243,520	1,851,185,922	250,636,205	36,111,951	166,335,052	39,244,926	294,497,984	4,463,125	188,769,332	55,076,952	6,739,459,828
Accumulated depreciation	-	(225,718,352)	(107,492,225)	(301,176,743)	(37,525,175)	(3,894,537)	(34,063,193)	(18,806,886)	(206,480,226)	(1,159,122)	(56,056,784)	(30,646,002)	(1,023,018,244)
Net book value	2,480,649,000	928,527,507	110,751,295	1,550,009,179	213,111,030	32,217,414	132,271,859	20,439,040	88,017,758	3,304,003	132,712,548	24,430,950	5,716,441,584
Annual rate of depreciation (%)		5-10	10	5-10	8	10	10	10	20	20	10	30	

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

Particulars	Quantity	Cost Rupees	Accumulated depreciation Rupees	Net book value Rupees	Consideration Rupees	Gain Rupees	Mode of disposal	Particulars of purchasers
Vehicles								
Toyota Corolla LEC-18A-5953	1	2,484,310	1,423,896	1,060,414	2,000,000	939,586	Group's policy	Mr. Nauman Mirza - Group's ex-employee
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000		12,140,237	8,596,161	3,544,076	5,536,955	1,992,879		
		14,624,547	10,020,057	4,604,490	7,536,955	2,932,465		

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

	2022 Rupees	2021 Rupees
Cost of sales (Note 31.1)	67,377,551	64,548,947
Distribution cost (Note 32)	108,603,515	69,314,747
Administrative expenses (Note 33)	46,256,966	40,754,785
	222,238,032	174,618,479

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

Location	Usage of Immovable Property	Total area of land Acres	Covered area of buildings Square feet
Holding Company			
Property No. 35 A / M, Quaid-e- Azam Industrial Estate, Kot Lakhpat, Lahore	Warehouse	0.69	21,965
Mouza No. 107/9L, Tehsil and District Sahiwal	Oil depot	6.70	199,513
Mouza Aza Khel Bala, Tehsil and District Nowshera	Oil depot	7.55	9,257
Plot No. 2, Block K, Main Boulevard Gulberg-II, Lahore	OMC project office	0.39	1,847
Mouza Aza Khel Payan, Tehsil and District Nowshera	Oil depot extension	1.34	-
7-KM, Sundar Raiwind Road, Bhai Kot, Lahore	Warehouse - 1	-	49,658
7-KM, Sundar Raiwind Road, Bhai Kot, Lahore	Warehouse - 2	-	53,348

Location	Usage of Immovable Property	Total area of land	Covered area of buildings
		Acres	Square feet
Hussain Filling Station - Head Muhammad Road, Multan	Dealer of retail outlet	-	2,818
Lali Sons Filling Station - Faisalabad Road, Lalian	Dealer of retail outlet	-	3,274
Punjab Filling Station - Main Satyana Road, Faisalabad	Dealer of retail outlet	-	2,821
Green Fuel CNG - 1-KM, G.T. Road, Lalamusa	Dealer of retail outlet	-	4,981
A.B. Petroleum Filling Station - Tehsil Liaqatpur, Rahim Yar Khan	Dealer of retail outlet	-	3,054
Jillani CNG - Lehrar Road, Islamabad	Dealer of retail outlet	-	2,650
Dasti Filling Station - Jampur Road, Dera Ghazi Khan	Dealer of retail outlet	-	1,815
Rehman Filling Station - Chistian Road, Hasilpur	Dealer of retail outlet	-	2,525
Al-Fazal Filling Station - Sargodha Road, Jhang	Dealer of retail outlet	-	2,121
Ibrahim Petroleum - Sialkot Road, Gujranwala	Dealer of retail outlet	-	3,185
Karma Wala-1 Filling Station - Shahkot Road, Jaranwala	Dealer of retail outlet	-	2,059
Raja Adeel Filling Station - Arifwala Road, Arifwala	Dealer of retail outlet	-	2,892
Gondal Filling Station - Daska Road, Wazirabad	Dealer of retail outlet	-	1,493
City Filling Station - Hujra Shah Muqem, Okara	Dealer of retail outlet	-	962
Al Karam Filling Station - Shamkey Bhattian, Lahore	Dealer of retail outlet	-	6,633
Green City Fuel Station - Hasilpur Road, Bahawalpur	Dealer of retail outlet	-	1,289
Khokhar Fuel Station - Small Industrial Estate, Jinnah Road, Gujranwala	Dealer of retail outlet	-	1,175
Minhas CNG - Multan Road, Lahore	Dealer of retail outlet	-	841
One Stop - Main Ferozpure Road, Lahore	Dealer of retail outlet	-	1,970
S&S - Toba Road, Jhang	Dealer of retail outlet	-	3,310
Al Yousaf CNG - Khanewal Road, Multan	Dealer of retail outlet	-	1,793
Rana Petroleum - Faisalabad Road, Okara	Dealer of retail outlet	-	2,633
Mudassir Zulfikar Filling Station - Vehari Road, Multan	Dealer of retail outlet	-	8,084
Shahid & Company - Daska Road, Gujranwala	Dealer of retail outlet	-	6,396
Benzina II Filling Station - Benazir Road, Okara	Dealer of retail outlet	-	4,709
Nambardar Filling Station - Rawalpindi Road, Chakwal	Dealer of retail outlet	-	5,875
Iftikhar Nadeem & Company - Mouza Jhawary, Dhamial Road, Rawalpindi Cantt	Dealer of retail outlet	-	5,162
Suntrust CNG - Millat Road, Faisalabad (under construction)	Dealer of retail outlet	-	4,102
Big Khan Filling Station - University Road, Chakdara (under construction)	Dealer of retail outlet	-	4,872
Dharampura, Lahore	HTL Express Centre	-	1,436
Garden Town, Lahore	HTL Express Centre	-	1,789
Gulshan-e-Ravi, Lahore	HTL Express Centre	-	2,444
Johar Town, Lahore	HTL Express Centre	-	4,500
Defence Housing Authority, Phase II, Karachi	HTL Express Centre	-	812
Gulistan-e-Johar, Karachi	HTL Express Centre	-	3,149
PECHS, Karachi	HTL Express Centre	-	2,700
Askari XIV, Sector A, Rawalpindi	HTL Express Centre	-	881
Subsidiary Company			
7-KM, Sundar Raiwind Road, Bhai Kot, Lahore.	Manufacturing unit and office	27.92	141,193

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

Name of retail outlets	Categories							Total
	Buildings on leasehold land	Tanks and pipelines	Dispensing pumps	Machinery	Furniture and fittings	Office equipment	Computers	
	Rupees							
Hussain Filling Station - Head Muhammad Road, Multan	3,180,469	1,608,000	1,911,655	-	-	-	-	6,700,124
Lali Sons Filling Station - Faisalabad Road, Lalian	3,834,385	1,926,050	-	-	-	-	-	5,760,435
Punjab Filling Station - Main Satyana Road, Faisalabad	2,898,584	877,100	2,001,106	-	-	-	-	5,776,790
Ittehad Filling Station - Circular Road, Daska	-	877,100	-	-	-	-	-	877,100
Green Fuel CNG - 1-KM G.T. Road, Lalamusa	2,725,893	1,132,550	-	-	-	-	-	3,858,443
M. Nawaz Filling Station - Darban Road, Syed-Nager, Dera Ismail Khan	3,274,200	1,269,700	-	-	-	-	-	4,543,900
A.B. Petroleum Filling Station - Tehsil Liaquatpur, Rahim Yar Khan	4,623,288	1,480,589	-	-	-	-	-	6,103,877
Jillani CNG - Lehtar Road, Islamabad	7,147,011	1,386,830	-	-	-	-	-	8,533,841
Dasti Filling Station - Jampur Road, Dera Ghazi Khan	1,919,332	808,290	1,911,654	-	-	-	-	4,639,276
Rehman Filling Station - Chistian Road, Hasilpur	2,013,421	-	-	-	-	-	-	2,013,421
Al-Fazal Filling Station - Sargodha Road, Jhang	3,163,859	-	2,227,102	-	-	-	-	5,390,961
Ibrahim Petroleum - Sialkot Road, Gujranwala	1,962,962	-	-	-	-	-	-	1,962,962
Karma Wala-1 Filling Station - Shahkot Road, Jaranwala	2,532,005	-	-	-	-	-	-	2,532,005
Raja Adeel Filling Station - Arifwala Road, Arifwala	1,853,000	-	-	-	-	-	-	1,853,000
Gondal Filling Station - Daska Road, Wazirabad	2,204,744	-	1,421,968	-	-	-	-	3,626,712
City Filling Station - Hujra Shah Mugeem, Okara	1,504,906	-	-	-	-	-	-	1,504,906
Al Karam Filling Station - Shamkey Bhattian, Lahore	3,556,882	-	2,401,341	-	-	-	-	5,958,223
Green City Fuel Station - Hasilpur Road, Bahawalpur	9,954,398	1,377,706	-	-	-	-	-	11,332,104
Khokhar Fuel Station - Small Industrial Estate, Jinnah Road, Gujranwala	2,101,400	1,377,706	-	-	-	-	-	3,479,106
Minhas CNG - Multan Road, Lahore	4,749,486	-	-	-	-	-	-	4,749,486
One Stop - Main Ferozपुर Road, Lahore	17,757,318	2,102,230	2,482,580	-	-	-	-	22,342,128
S&S - Toba Road, Jhang	2,549,650	-	-	-	-	-	-	2,549,650
Al Yousaf CNG - Khanewal Road, Multan	1,651,843	578,690	1,068,825	-	-	-	-	3,299,358
Rana Petroleum - Faisalabad Road, Okara	2,439,500	-	-	-	-	-	-	2,439,500
Mudassir Zulfiqar Filling Station - Vehari Road, Multan	2,176,375	-	-	-	-	-	-	2,176,375
Shahid & Company - Daska Road, Gujranwala	1,828,249	-	2,984,676	-	-	-	-	4,812,925
Benzina II Filling Station - Benazir Road, Okara	2,318,142	3,037,269	6,078,313	-	-	-	-	11,433,724
Nambardar Filling Station - Rawalpindi Road, Chakwal	926,830	-	-	-	-	-	-	926,830
Ittikhar Nadeem & Company - Mouza Jhawary, Dhamial Road, Rawalpindi Cantt	1,650,095	2,763,529	4,477,015	-	-	-	-	8,890,639
Suntrust CNG - Millat Road, Faisalabad	16,608,975	3,409,167	-	-	-	-	-	20,018,142
Big Khan Filling Station - University Road, Chakdara	4,284,160	3,950,869	-	-	-	-	-	8,235,029
HTL Express Centre - Dharampura, Lahore	27,571,142	-	-	3,197,442	145,431	478,583	-	31,392,598
HTL Express Centre - Garden Town, Lahore	7,442,541	-	-	2,471,843	56,796	1,741,346	-	11,712,526
HTL Express Centre - Gulshan-e-Ravi, Lahore	16,220,083	-	-	5,308,603	56,796	2,602,702	14,040	24,202,224
HTL Express Centre - Johar Town, Lahore	16,713,760	-	-	7,727,402	153,621	-	24,000	24,618,783
HTL Express Centre - DHA, Karachi	7,085,936	-	-	4,019,037	669,727	97,044	-	11,871,744
HTL Express Centre - Gulistan-E-Johar, Karachi	11,978,196	-	-	6,117,945	1,115,829	811,290	-	20,023,260
HTL Express Centre - PECHS, Karachi	20,357,427	-	-	1,524,751	126,500	841,438	-	22,850,116
HTL Express Centre - Askari XIV, Sector A, Rawalpindi	9,133,147	-	-	4,419,000	854,206	2,808,753	-	17,215,106
	235,893,594	29,963,375	28,966,235	34,786,023	3,178,906	9,381,156	38,040	342,207,329

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

	2022 Rupees	2021 Rupees
14.2 Capital work-in-progress		
Civil works	83,539,912	26,860,047
Plant and machinery	5,489,540	63,943,014
Tanks and pipelines	20,799,838	-
Dispensing pumps	20,752,020	29,396,100
Electric and other installations	8,356,162	-
Advance for purchase of apartment (Note 14.2.2)	25,976,750	25,226,750
Advances for capital expenditures	73,033,614	101,550,777
Mobilization advance	5,281,323	5,069,766
Unallocated expenditures	-	2,146,800
	243,229,159	254,193,254

14.2.1 Movement in capital work in progress is as follows:

	Categories									
	Civil works	Plant and machinery	Tanks and pipelines	Dispensing pumps	Electric and other installations	Advance against purchase of apartment	Advances for capital expenditures	Mobilization advance	Unallocated expenditures	Total
	Rupees									
At 30 June 2020	213,465,802	-	-	9,082,648	-	25,226,750	37,621,166	12,347,443	34,084,685	331,828,494
Add: Additions during the year	149,133,281	65,280,003	-	11,152,856	-	-	99,788,062	10,334,903	56,455,695	392,144,800
Add / (Less): Adjustments made during the year	1,313,750	-	-	16,799,000	-	-	(35,858,451)	-	17,745,701	-
Less: Mobilization advances adjusted during the year	-	-	-	-	-	-	-	(17,612,580)	-	(17,612,580)
Less: Transferred to operating fixed assets during the year	337,052,786	1,336,989	-	7,638,404	-	-	-	-	106,139,281	452,167,460
At 30 June 2021	26,860,047	63,943,014	-	29,396,100	-	25,226,750	101,550,777	5,069,766	2,146,800	254,193,254
Add: Additions during the year	133,858,818	546,610,401	67,572,489	5,813,200	81,356,162	750,000	77,851,580	6,330,015	-	920,142,665
Add / (Less): Adjustments made during the year	(22,820,619)	88,809,793	24,967,419	-	12,725,465	-	(101,535,258)	-	(2,146,800)	-
Add: Transferred from inventory during the year	-	-	-	4,895,924	-	-	-	-	-	4,895,924
Less: Mobilization advances adjusted during the year	-	-	-	-	-	-	-	(6,118,458)	-	(6,118,458)
Less: Transferred to operating fixed assets during the year	54,358,334	693,873,668	71,740,070	19,353,204	85,725,465	-	4,833,485	-	-	929,884,226
At 30 June 2022	83,539,912	5,489,540	20,799,838	20,752,020	8,356,162	25,976,750	73,033,614	5,281,323	-	243,229,159

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

15. RIGHT-OF-USE ASSETS

	Land	Buildings	Vehicles	Total
	Rupees			
At 30 June 2020	193,256,534	3,064,790	56,764,008	253,085,332
Add: Additions during the year	112,866,866	94,245,027	57,732,454	264,844,347
Less: Impact of lease modification	56,040,297	-	-	56,040,297
Less: Book value of assets transferred to fixed assets - owned during the year	-	-	44,714,653	44,714,653
Less: Depreciation expense for the year (Note 15.2)	39,880,015	24,280,753	12,068,179	76,228,947
At 30 June 2021	210,203,088	73,029,064	57,713,630	340,945,782
Add: Additions during the year	142,365,608	2,174,557	159,288,670	303,828,835
Add: Impact of lease modifications	64,414,175	2,230,411	-	66,644,586
Less: Impact of lease termination	7,309,513	-	-	7,309,513
Less: Book value of assets transferred to fixed assets - owned during the year	-	-	1,787,081	1,787,081
Less: Depreciation expense for the year (Note 15.2)	56,215,487	30,808,270	24,316,814	111,340,571
At 30 June 2022	353,457,871	46,625,762	190,898,405	590,982,038

Lease of land

The Holding Company obtained land on lease for its service centers, filling stations and storage warehouses. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from five to twenty years.

Lease of buildings

The Holding Company obtained buildings on lease for its offices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from two to five years.

Lease of vehicles

The Holding Company obtained vehicles on lease for employees. The average contract duration is three years.

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

	2022 Rupees	2021 Rupees
15.2 Depreciation charge for the year has been allocated as follows:		
Cost of sales (Note 31.1)	-	132,417
Distribution cost (Note 32)	106,467,597	75,780,747
Administrative expenses (Note 33)	4,872,974	315,783
	111,340,571	76,228,947

16 INTANGIBLE ASSETS

Computer softwares (Note 16.1, 16.2 and 16.3)	21,760,517	10,713,375
Intangible asset under development - computer software	-	6,665,000
	21,760,517	17,378,375

	2022 Rupees	2021 Rupees
16.1 Computer softwares		
Opening book value	10,713,375	7,866,531
Add: Cost of additions during the year	19,703,106	7,069,069
Less: Amortization charged during the year (Note 33)	8,655,964	4,222,225
Closing book value	21,760,517	10,713,375
16.2 Cost as at 30 June	66,285,739	46,582,633
Accumulated amortization	(44,525,222)	(35,869,258)
Net book value as at 30 June	21,760,517	10,713,375

16.3 Intangible assets - computer softwares have been amortized at the rate of 30% (2021: 30%) per annum.

16.4 Intangible assets costing Rupees 30.762 million (2021: Rupees 26.053 million) are fully amortized.

	2022 Rupees	2021 Rupees
17. INVESTEMENT PROPERTY		Restated
17.1 Land - at fair value		
As at 01 July	93,750,000	-
Transferred from operating fixed assets	-	61,658,100
Gain from fair value adjustment (Note 35)	36,250,000	32,091,900
As at 30 June	130,000,000	93,750,000

17.2 The fair value of investment property has been determined by an independent valuer Tristar International Consultant (Private) Limited as at 30 June 2022. Forced sale value of this property as at 30 June 2022 was Rupees 110.500 million (2021: Rupees 75 million).

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

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

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For the year ended 30 June 2022

	2022 Rupees	2021 Rupees
18. LONG TERM SECURITY DEPOSITS		
Security deposits against leased assets	40,632,010	24,059,060
Security deposits - other	16,778,395	13,745,195
	57,410,405	37,804,255
Less: Current portion shown under current assets (Note 24)	2,188,745	577,400
	55,221,660	37,226,855
19 LONG TERM LOAN TO AN EMPLOYEE		
Considered good:		-
Loan to an employee - interest free and unsecured	983,333	-
Less: Current portion shown under current assets (Note 24)	200,004	-
	783,329	-
20. STORES		
Stores	91,819,006	64,700,655
Less: Provision for slow moving and obsolete store items (Note 20.1)	3,512,160	1,354,073
	88,306,846	63,346,582
20.1 Provision for slow moving and obsolete store items:		
Opening balance	1,354,073	202,033
Add: Provision recognized during the year (Note 34)	5,089,785	1,354,073
Less: Store items written off against provision	2,931,698	202,033
Closing balance	3,512,160	1,354,073
21 STOCK-IN-TRADE		
Raw materials (Note 21.1)	1,170,447,477	562,888,981
Work-in-process	49,019,068	24,280,043
	1,219,466,545	587,169,024
Lubricants and parts (Note 21.2)	1,361,702,527	797,192,460
Less: Provision for slow moving and damaged stock items (Note 21.3)	15,021,325	8,833,309
	1,346,681,202	788,359,151
Petroleum products		
- Stock in hand (Note 21.4 Note 21.5 and Note 21.6)	712,760,727	375,546,876
- Stock in pipeline system (Note 21.7)	606,798,070	159,422,468
	1,319,558,797	534,969,344
Dispensing pumps and other installations (Note 21.8)	55,554,249	46,356,890
Stock of promotional items (Note 21.9)	-	192,155
	3,941,260,793	1,957,046,564

21.1 These include raw materials in transit amounting to Rupees 497.564 million (2021: Rupees 179.017 million) and raw materials amounting to Rupees 236.161 (2021: Rupees Nil) lying at customs bonded warehouse.

21.2 This includes stock-in-transit of Rupees 52.121 million (2021: Rupees 52.885 million) and stock amounting to Rupees 80.69 million (2021: Rupees Nil) lying at customs bonded warehouse.

	2022 Rupees	2021 Rupees
21.3 Provision for slow moving and damaged stock items		
Opening balance	8,833,309	6,488,123
Add: Provision recognized during the year	11,594,772	5,965,187
Less: Provision reversed during the year (Note 21.3.1)	5,136,036	3,620,001
	6,458,736	2,345,186
Less: Stock written off against provision during the year	270,720	-
Closing balance	15,021,325	8,833,309

21.3.1 The Group has sold all finished goods that were written down to independent distributors in Pakistan at market value.

21.4 This includes stock of petroleum products in transit of Rupees 264.996 million (2021: Rupees Nil).

21.5 This include stock of petroleum products amounting to Rupees Nil (2021: Rupees 360.421 million) written down to net realizable value.

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

	2022 Rupees	2021 Rupees
Askar Oil Services (Private) Limited	2,122,499	10,021,981
Be Energy Limited	12,662,319	-
Al-Rahim Trading Company (Private) Limited	317,134,268	343,104,366
Gas and Oil Pakistan Limited	476,791	429,992
Karachi Hydrocorban Terminal Limited	6,672,428	1,525,954
	339,068,305	355,082,293

21.7 This represents the Holding Company's share of pipeline stock of High Speed Diesel and Petroleum Motor Gasoline amounting to Rupees 454.427 million (2021: Rupees 159.422 million) and Rupees 152.371 million (2021: Rupees Nil) respectively held by Pak-Arab Pipeline Company Limited.

21.8 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.

	2022 Rupees	2021 Rupees
21.9 Stock of promotional items:		
Opening balance	192,155	192,155
Less: Written off during the year (Note 32.2)	192,155	-
Closing balance	-	192,155

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For the year ended 30 June 2022

	2022 Rupees	2021 Rupees
22. TRADE DEBTS		
Unsecured:		
Considered good - other than related party	144,003,127	140,466,811
Less: Allowance for expected credit losses (Note 22.1)	34,976,606	37,348,463
	109,026,521	103,118,348

	2022 Rupees	2021 Rupees
22.1 Allowance for expected credit losses		
Opening balance	37,348,463	30,241,773
Add: Recognized during the year (Note 34)	-	7,106,690
Less: Reversal of allowance for expected credit losses (Note 35)	2,371,857	-
Closing balance	34,976,606	37,348,463

23. LOANS AND ADVANCES		
Considered good, unsecured		
Loans to employees - interest free against salaries		
- Executives	973,705	2,867,100
- Other employees	3,423,331	3,007,947
	4,397,036	5,875,047
Current portion of long term loan to an employee	200,004	-
Advances to employees against expenses	9,933,012	3,578,652
Advances to suppliers (Note 23.1)	205,260,264	99,117,428
Advances against letter of credits	2,477,103	848,307
Margin against bank guarantees	38,750,000	33,600,000
	261,017,419	143,019,434

	2022 Rupees	2021 Rupees
23.1 Advances to suppliers		
Unsecured:		
Considered good	205,260,264	99,023,376
Considered doubtful	4,735,725	1,316,002
Less : Provision for doubtful advances to suppliers (Note 23.2)	4,735,725	1,316,002
	-	-
	205,260,264	99,023,376
23.2 Provision for doubtful advances to suppliers		
Opening balance	1,316,002	4,517,807
Add: Provision recognized during the year (Note 34)	4,735,725	1,316,002
Less: Advances to suppliers written off against provision	1,316,002	4,517,807
Closing balance	4,735,725	1,316,002

	2022 Rupees	2021 Rupees
24. SHORT TERM DEPOSITS AND PREPAYMENTS		
Current portion of long term security deposits (Note 18)	2,188,745	577,400
Short term deposits	10,071,391	20,313,880
Prepaid expense	1,090,441	1,333,333
Prepaid insurance	16,973,683	7,745,921
Prepaid rent	4,750,546	5,654,246
	35,074,806	35,624,780
25. OTHER RECEIVABLES		
Receivable from MAS Associates (Private) Limited - associated company (Note 25.1)	292,753	218,274
Receivable from SK Lubricants Co., Ltd. - principal supplier and long term partner (Note 25.2)	-	31,560,000
Sales tax receivable	401,491,544	80,329,533
Inland freight equalization margin	35,764,376	28,635,005
Others	3,767,792	638,242
	441,316,465	141,381,054

- 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 0.306 million (2021: Rupees 0.716 million).
- 25.2** It was neither past due nor impaired. The maximum aggregate amount receivable from SK Lubricants Co., Ltd. - principal supplier and long term partner at the end of any month during the year was Rupees 112.191 million (2021: Rupees 31.560 million).

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For the year ended 30 June 2022

	2022 Rupees	2021 Rupees
26. ADVANCE INCOME TAX - NET OF PROVISION FOR TAXATION		
Advance income tax	396,262,253	271,258,349
Provision for taxation	(238,421,105)	(82,822,361)
	157,841,148	188,435,988

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

	2022 Rupees	2021 Rupees
27. ACCRUED INTEREST		
On bank deposits	11,678	180
On term deposit receipts	558,904	390,282
	570,582	390,462
28. SHORT TERM INVESTMENTS		
Equity instruments (Note 28.1)	226,804,412	446,043,245

28.1 Equity instruments

At fair value through profit or loss		
Quoted - other than related party:		-
Engro Fertilizer Limited		
49,500 (2021: 49,500) fully paid ordinary shares of Rupees 10 each	3,478,365	3,246,080
First Habib Cash Fund		
2,175,445.5276 (2021: 2,008,699.7237) units	218,935,967	202,547,497
NBP Islamic Daily Dividend Fund		
33,248.6961 (2021: 4,979,421.4911) units	332,487	49,794,215
UBL Liquidity Plus Fund - Class 'C'		
17,634.4689 (2021: 311,668.6309) units	1,781,484	31,530,093
MCB Cash Management Optimizer		
3,832.6873 (2021: 644,177.1242) units	386,950	64,953,239
Meezan Rozana Amdani Fund		
5,977.4662 (2021: 1,881,905.5522) units	298,872	94,095,278
	225,214,125	446,166,402
Unrealized gain / (loss) on remeasurement of investments at fair value through profit and loss - net	1,590,287	(123,157)
	226,804,412	446,043,245

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

	2022 Rupees	2021 Rupees
29. CASH AND BANK BALANCES		
Cash in hand	1,643,135	1,728,835
Cash at banks:		
Saving accounts (Note 29.1)	225,076,032	84,815,473
Current accounts	233,710,433	251,202,953
	458,786,465	336,018,426
Term deposit receipt (Note 29.3)	200,000,000	50,000,000
	660,429,600	387,747,261

29.1 Saving accounts carry profit at the rates ranging from 5.49% to 12.25% (2021: 5.48% to 11.30%) per annum.

29.2 Bank balances (including term deposit receipt) of Rupees 218.438 million (2021: Rupees 91.301 million) and short term investments of Rupees 222.272 million (2021: Rupees 442.431 million) as at 30 June 2022 represents un-utilized proceeds of the initial public offer.

29.3 This term deposit receipt issued by banking company having maturity period of three months and carry interest at 12.75% (2021: 5.25%) per annum. Effective rate of interest charged on term deposit receipt during the year ranges from 5.50% to 12.75% (2021: 5.25% to 7.20%) per annum.

	2022 Rupees	2021 Rupees
30. GROSS REVENUE FROM CONTRACTS WITH CUSTOMERS		
Lubricants	12,588,325,699	12,619,172,687
Petroleum products	8,326,346,060	2,940,049,762
Others (Note 30.1)	47,679,048	41,267,738
	20,962,350,807	15,600,490,187
30.1 Others		
Spare parts	-	24,721,886
Services at HTL Express Centres	-	2,817,265
Dispensing pumps	11,666,956	-
Franchise and joining fee	29,210,128	13,728,587
Others	6,801,964	-
	47,679,048	41,267,738

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

30.3 The amount of Rupees 33.113 million included in contract liabilities (note 9) at 30 June 2021 has been recognised as revenue in 2022 (2021: Rupees 38.622 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	2022 Rupees	2021 Rupees
31. COST OF SALES		
Cost of sales - lubricants and other items (Note 31.1)	6,682,688,537	5,901,950,920
Cost of sales - petroleum products (Note 31.2)	7,323,826,539	2,427,644,540
	14,006,515,076	8,329,595,460
31.1 Cost of sales - lubricants and other items		
Raw materials consumed (Note 31.1.1)	5,973,802,192	4,862,103,950
Packing materials consumed	207,944,967	191,058,444
Salaries, wages and other benefits (Note 31.1.2)	105,414,730	83,460,152
Fuel and power	50,241,151	41,279,627
Repair and maintenance	22,577,779	21,349,885
Insurance	7,481,744	5,505,801
Security charges	7,132,492	5,832,480
Telephone	270,390	165,000
Depreciation on operating fixed assets (Note 14.1.2)	67,377,551	64,548,947
Depreciation on right-of-use assets (Note 15.2)	-	132,417
Miscellaneous	22,121,072	22,472,798
	6,464,364,068	5,297,909,501
Work-in-process		
Opening stock	24,280,043	35,955,890
Closing stock	(49,019,068)	(24,280,043)
	(24,739,025)	11,675,847
Cost of goods manufactured	6,439,625,043	5,309,585,348
Finished goods		
Opening stock	843,549,350	760,630,738
Add: Lubricants and other items purchased for resale	816,770,920	675,284,184
Closing stock	(1,417,256,776)	(843,549,350)
	243,063,494	592,365,572
	6,682,688,537	5,901,950,920
31.1.1 Raw materials consumed		
Opening stock	562,888,981	633,749,692
Add: Purchased during the year	6,581,360,688	4,791,243,239
	7,144,249,669	5,424,992,931
Less: Closing stock	1,170,447,477	562,888,981
	5,973,802,192	4,862,103,950

31.1.2 Salaries, wages and other benefits include provident fund contribution of Rupees 2.876 million (2021: Rupees 2.291 million) by the Group.

	2022 Rupees	2021 Rupees
31.2 Cost of sales - petroleum products		
Opening stock of petroleum products	534,969,344	35,224,062
Petroleum products purchased during the year	7,658,133,726	2,272,157,277
Petroleum development levy	279,772,083	572,438,740
Inland freight equalization margin	170,510,183	82,793,805
	8,108,415,992	2,927,389,822
Closing stock of petroleum products	1,319,558,797	534,969,344
	7,323,826,539	2,427,644,540

	2022 Rupees	2021 Rupees
32. DISTRIBUTION COST		
Salaries and other benefits (Note 32.1)	463,727,334	389,431,272
Sales promotion and advertisements - net (Note 32.2)	162,869,339	85,146,762
Freight outward	44,528,934	39,547,976
Rent, rates and taxes	2,431,494	10,242,911
Travelling and conveyance	55,802,098	32,734,691
Insurance	15,079,420	16,573,043
Utilities	14,290,121	9,795,994
Repair and maintenance	25,057,872	14,537,021
Vehicles' running and maintenance	37,054,006	19,941,406
Communication	10,928,547	10,669,873
Entertainment	7,761,182	6,612,481
Ijara rentals	-	3,219,815
Depreciation (Note 14.1.2)	108,603,515	69,314,747
Depreciation on right-of-use assets (Note 15.2)	106,467,597	75,780,747
Hospitality charges	10,359,959	9,127,517
Printing and stationery	877,631	1,010,685
Miscellaneous	25,360,918	17,815,141
Royalty expense (Note 32.3 and 32.4)	51,178,988	49,883,175
	1,142,378,955	861,385,257

32.1 Salaries other benefits include provident fund contribution of Rupees 11.157 million (2021: Rupees 9.955 million) by the Group.

32.2 These are net off incentives in the shape of reimbursement against sales promotion expenses and advertisements amounting to Rupees 112.191 million (2021: Rupees 31.560 million) from SK Lubricants Co., Ltd. - principal supplier and long term partner

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

32.3 Particulars of royalty are as follows:

Name	Address	Relationship with the Group or directors	2022 Rupees	2021 Rupees
SK Lubricants Co., Ltd.	26, Jong-ro, Jongno-gu, Seoul 03188, Republic of Korea	Principal supplier and long term partner	51,178,988	49,883,175

32.4 Royalty expense relates to sale of certain products of Rupees 1,119.631 million (2021: Rupees 997.663 million) manufactured during the year by the Subsidiary Company under the "Brand License Agreement" with SK Lubricants Co., Ltd - principal supplier and long term partner.

	2022 Rupees	2021 Rupees
33. ADMINISTRATIVE EXPENSES		
Salaries and other benefits (Note 33.1)	445,169,302	388,571,318
Consultancy charges	16,408,676	8,261,818
Rent, rates and taxes	1,712,410	1,928,333
Travelling and conveyance	16,932,614	6,183,355
Insurance	15,932,809	12,693,414
Vehicles' running and maintenance	21,494,201	8,614,476
Utilities	7,998,816	5,518,728
Repair and maintenance	10,869,005	6,687,403
Fee and subscription	24,111,585	17,870,315
Printing and stationery	1,975,091	1,429,375
Communication	5,251,120	4,643,882
Entertainment	17,138,125	5,234,402
Legal and professional	31,805,281	25,779,579
Auditor's remuneration (Note 33.2)	5,987,540	5,032,900
Depreciation on operating fixed assets (Note 14.1.2)	46,256,966	40,754,785
Depreciation on right-of-use assets (Note 15.2)	4,872,974	315,783
Amortization on intangible assets (Note 16.1)	8,655,964	4,222,225
Miscellaneous	10,039,953	4,007,312
	692,612,432	547,749,403

33.1 Salaries and other benefits include provident fund contribution of Rupees 10.660 million (2021: Rupees 8.065 million) by the Group.

	2022 Rupees	2021 Rupees
33.2 Auditor's remuneration		
Annual audit fee	3,356,500	2,996,850
Certifications	1,172,850	759,500
Half year review	1,046,500	907,500
Reimbursable expenses	411,690	369,050
	5,987,540	5,032,900

	2022 Rupees	2021 Rupees
34. OTHER EXPENSES		
Allowance for expected credit losses (Note 22.1)	-	7,106,690
Exchange loss - net	409,968,890	-
Charities and donations (Note 34.1)	19,254,422	22,181,109
Short term security deposits written off	-	114,500
Long term security deposits written off	-	217,000
Other receivables written off	905,691	8,758,950
Stock-in-trade written off (Note 21.9)	192,155	-
Fixed assets written off	3,147,448	-
Workers' profit participation fund (Note 9.4)	52,799,520	16,775,116
Workers' welfare fund (Note 9.5)	30,933,997	7,084,716
Unrealised loss on remeasurement of investments at fair value through profit or loss - net	-	123,157
Provision for doubtful advances to suppliers (Note 23.2)	4,735,725	1,316,002
Provision for slow moving and obsolete store items (Note 20.1)	5,089,785	1,354,073
Provision for slow moving and damaged stock items (Note 21.3)	6,458,736	2,345,186
Others	4,760,634	3,144,756
	538,247,003	70,521,255

- 34.1** These include amount of Rupees 18 million (2021: Rupees 19 million) paid to Sabra Hamida Trust, 1-A, Danepur Road, GOR-1, Lahore, in which Mr. Hassan Tahir - Chief Executive, Mr. Shaukat Hassan - Director, Mr. Tahir Azam - Director and Mr. Ali Hassan - Director of the Holding Company are trustees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	2022 Rupees	2021 Rupees
		Restated
35. OTHER INCOME		
Income from financial assets:		
Dividend income	22,796,747	20,452,706
Profit on bank deposits and short term investments	22,171,572	22,216,929
Gain on disposal of short term investment	50,996	656,239
"Unrealized gain on remeasurement of investment at fair value through profit or loss - net"	1,590,287	-
Reversal of allowance for expected credit losses (Note 22.1)	2,371,857	-
Common facility charges	1,056,214	737,681
Income from non-financial assets:		
Gain on disposal of operating fixed assets (Note 14.1.1)	2,932,465	7,736,857
Fair value adjustment to investment property (Note 17.1)	36,250,000	32,091,900
Gain on termination of lease	789,208	-
Credit balances written back	479,248	374,735
Tender fee	-	50,000
Amortization of deferred income - Government grant (Note 8.2)	20,858,919	10,351,964
Miscellaneous	2,791,270	975,480
Others:		
Exchange gain - net	-	25,429,678
Rental income from HTL Express Centres	27,760,000	18,800,000
	141,898,783	139,874,169

	2022 Rupees	2021 Rupees
36. FINANCE COST		
Mark-up on long term financing	43,346,372	15,648,337
Mark-up on short term borrowings	173,004,004	54,848,706
Interest expense on lease liabilities (Note 6.1)	51,024,040	30,645,942
Interest on workers' profit participation fund (Note 9.4)	11,472,446	9,538,822
Bank charges and commission	9,395,845	3,978,847
	288,242,707	114,660,654

	2022 Rupees	2021 Rupees
37. TAXATION		
For the year		
Current (Note 37.1)	238,087,362	93,155,174
Deferred tax	362,004,427	31,498,098
Prior year adjustment	333,743	5,115,135
	600,425,532	129,768,407

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

	2022 Rupees	2021 Rupees
		Restated
Relationship between tax expense and accounting profit		
Profit before taxation	1,217,871,250	813,349,802
Tax at the applicable rate of 29% (2021: 29%)	353,182,662	235,871,443
Tax effect due to adjustment of brought forward losses	(40,929,290)	(120,962,256)
Tax effect of minimum tax on turnover taxed at lower rate	(96,055,322)	63,787,564
Tax effect of dividend income taxed at a lower rate	3,419,512	3,067,906
Tax effect of capital gain taxed at a lower rate	27,064	304,000
Tax effect of change in prior year's tax	333,743	5,115,135
Tax effect of super tax	96,991,506	-
Tax effect arising as a consequence of recognition of deferred income tax	362,004,427	31,498,098
Tax effect of allowable tax credits	-	(74,203,907)
Others	(78,548,770)	(14,709,576)
	600,425,532	129,768,407

	2022	2021 Restated
38. 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)	617,445,718	683,581,395
Weighted average number of shares (Number)	139,204,800	139,204,800
Earnings per share - basic and diluted (Rupees)	4.44	4.91

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	2022 Rupees	2021 Rupees
		Restated
39. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,217,871,250	813,349,802
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	222,238,032	174,618,479
Depreciation on right-of-use assets	111,340,571	76,228,947
Amortization of intangible assets	8,655,964	4,222,225
Amortization of deferred income - Government grant	(20,858,919)	(10,351,964)
Allowance for expected credit losses	-	7,106,690
Provision for slow moving and damaged stock items	6,458,736	2,345,186
Provision for slow moving and obsolete store items	5,089,785	1,354,073
Provision for doubtful advances to suppliers	4,735,725	1,316,002
Credit balances written back	(479,248)	(374,735)
Gain on disposal of operating fixed assets	(2,932,465)	(7,736,857)
Dividend income	(22,796,747)	(20,452,706)
Profit on bank deposits and short term investments	(22,171,572)	(22,216,929)
Unrealised (gain) / loss on remeasurement of investments	(1,590,287)	123,157
Gain on disposal of short term investments	(50,996)	(656,239)
Gain on revaluation of investment property	(36,250,000)	(32,091,900)
Gain on termination of lease	(789,208)	-
Finance cost	288,242,707	114,660,654
Exchange loss / (gain) - net	409,968,890	(25,429,678)
Provision for workers' profit participation fund	52,799,520	16,775,116
Provision for workers' welfare fund	30,933,997	7,084,716
Fixed assets written off	3,147,448	-
Stock-in-trade written off	192,155	-
Short term security deposits written off	-	114,500
Long term security deposits written off	-	217,000
Other receivables written off	905,691	8,758,950
Working capital changes (Note 39.1)	(1,940,531,477)	(5,660,618)
	314,129,552	1,103,303,871
39.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores	(30,050,049)	5,878,198
Stock-in-trade	(1,990,865,120)	(500,110,087)
Trade debts	(5,908,173)	(34,121,026)
Loans and advances	(122,533,706)	32,052,406
Short term deposits and prepayments	(1,061,371)	(6,100,311)
Other receivables	(300,841,102)	(115,833,163)
	(2,451,259,521)	(618,233,983)
Increase in trade and other payables	510,728,044	612,573,365
	(1,940,531,477)	(5,660,618)

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

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

2021					
	Liabilities from financing activities				
	Long term financing	Lease liabilities	Short term borrowings	Unclaimed dividend	Total
	Rupees				
Balance as at 01 June 2020	67,091,672	276,944,756	1,013,995,774	3,438,436	1,361,470,638
Financing obtained	264,229,020	-	10,023,154,210	-	10,287,383,230
Repayment of financing	(54,482,063)	-	(10,429,155,880)	-	(10,483,637,943)
Acquisitions - finance leases	-	263,640,693	-	-	263,640,693
Other change - non-cash movement	(23,226,688)	(76,904,549)	-	-	(100,131,237)
Repayment of lease liabilities	-	(82,055,945)	-	-	(82,055,945)
Dividend declared	-	-	-	336,411,600	336,411,600
Dividend paid	-	-	-	(333,523,490)	(333,523,490)
Balance as at 30 June 2021	253,611,941	381,624,955	607,994,104	6,326,546	1,249,557,546

	2022 Rupees	2021 Rupees
39.3 Non-cash financing activities		
Acquisition of right-of-use assets	299,315,835	263,640,693

40. PROVIDENT FUND

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

41. PLANT CAPACITY AND ACTUAL PRODUCTION

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

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

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

	Unit of measurement	2022		2021	
		Capacity	Production	Capacity	Production
Bottles	Numbers	19,042,941	6,675,072	16,072,941	6,842,253
Caps	Numbers	29,700,000	6,721,693	29,700,000	6,703,770
Filling	Liters	67,890,000	14,782,027	37,950,000	15,899,440
Blending	Liters	30,000,000	2,722,022	20,000,000	4,800,365

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

42. TRANSACTIONS WITH RELATED PARTIES

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

		2022 Rupees	2021 Rupees
Relationship	Nature of transaction		
Associated companies			
MAS Associates (Private) Limited	Share of common expenses	1,056,214	737,681
Other related parties			
SK Lubricants Co., Ltd.	Purchase of lubricants	5,304,607,818	3,540,746,158
SK Lubricants Co., Ltd.	Incentives	112,190,906	31,560,000
SK Lubricants Co., Ltd.	Dividend paid	2,927,012	2,400,548
SK Lubricants Co., Ltd.	Bonus shares issued	1,655,550	-
Hi-Tech Lubricants Limited			
Employees Provident Fund Trust	Contribution	20,802,292	17,201,154
Hi-Tech Blending (Private) Limited			
Employees Provident Fund Trust	Contribution	3,890,655	3,109,635
Sabra Hamida Trust	Donations	18,000,000	19,000,000
Directors of Holding Company			
Mr. Shaukat Hassan	Dividend paid	1,062,568	740,732
	Bonus shares issued	601,000	-
Mr. Ali Hassan	Dividend paid	26,521,061	18,488,239
	Bonus shares issued	15,000,600	-
Mr. Hassan Tahir	Dividend paid	26,521,061	18,488,239
	Bonus shares issued	15,000,600	-
Ms. Mavira Tahir	Dividend paid	17,680,530	9,244,120
	Bonus shares issued	10,000,300	-
Mr. Tahir Azam	Dividend paid	987,568	231,582
	Bonus shares issued	601,000	-
Mr. Faraz Akhtar Zaidi	Dividend paid	1,643	1,107
	Bonus shares issued	1,000	-
Dr. Safdar Ali Butt	Dividend paid	1,643	1,107
	Bonus shares issued	1,000	-
Mr. Shafiq Ur Rehman	Dividend paid	1,643	-
	Bonus shares issued	1,000	-
Mr. Syed Asad Abbas Hussain	Dividend paid	1,331	890
	Bonus shares issued	1,000	-
Mr. Muhammad Tabassum Munir (Ex-director)	Dividend paid	1,768	1,232

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

Name of related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year	% age of shareholding
MAS Associates (Private) Limited	Common directorship	Yes	None
SK Lubricants Co., Ltd.	Principal supplier and long term partner	Yes	None
Sabra Hamida Trust	Common trusteeship of directors	Yes	None
Hi-Tech Energy (Private) Limited	Common directorship	No	None
MAS Infosoft (Private) Limited	Common directorship	No	None
MAS Services	Common partnership of directors	No	None
Haut Buys (Private) Limited	Common directorship	No	None
WASL Investment Finance Limited	Common directorship	No	None
Alliance Francaise De Lahore Foundation	Common trusteeship of directors	No	None
Pakistan France Business Alliance	Common trusteeship of directors	No	None
Food Check (Private) Limited	Common directorship	No	None
Pak Agro Packaging (Private) Limited	Common directorship	No	None
Ujala Education Foundation	Common trusteeship of directors	No	None
MAS Associates Employees Provident Fund Trust	Common trusteeship of directors	No	None
Hi-Tech Lubricants Limited Employees Provident Fund Trust	Common trusteeship of directors	Yes	None
Hi-Tech Blending (Private) Limited Employees Provident Fund Trust	Common trusteeship of directors	Yes	None
MAS Services Employees Provident Fund Trust	Common trusteeship of directors	No	None
Haut Notch (Private) Limited	Common directorship	No	None
Gulf Rubber Works (Private) Limited	Common directorship	No	None
ANALI	Common partnership of director	No	None
Chenab Energy (Private) Limited	Common directorship	No	None
JSSR Consulting, Pakistan	Common partnership of director	No	None

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

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For the year ended 30 June 2022

43. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2022				2021			
	Chief Executive	Directors Executives	Non-Executives	Executives	Chief Executive	Directors Executives	Non-Executives	Executives
	Rupees							
Managerial remuneration	11,845,161	10,451,613	30,967,740	91,326,161	11,845,161	10,451,613	30,193,548	70,515,170
Bonus	3,010,646	2,656,452	-	14,766,994	2,862,584	2,525,808	-	9,368,539
Allowances								
House rent	5,330,322	4,703,226	13,935,483	41,096,773	5,330,322	4,703,226	13,587,097	31,731,827
Medical	1,184,516	1,045,161	3,096,774	9,132,616	1,184,516	1,045,161	3,019,355	7,051,517
Travelling	2,000,000	2,000,000	4,000,000	439,300	2,000,000	2,000,000	4,000,000	319,100
Other	22,468,028	22,468,028	-	61,143,201	16,005,818	15,915,818	-	39,325,736
Contribution to provident fund trust	-	-	-	7,321,643	-	-	-	5,369,026
Leave fare assistance	-	-	-	5,056,037	-	-	-	2,562,203
	45,838,673	43,324,480	51,999,997	230,282,725	39,228,401	36,641,626	50,800,000	166,243,118
	1	1	4	49	1	1	4	42

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

43.2 Aggregate amount charged in these consolidated financial statements for meeting fee to four directors (2021: three directors) is Rupees 4 million (2021: Rupees 5.030 million).

	2022		2021	
	Permanent	Contractual	Permanent	Contractual
44. NUMBER OF EMPLOYEES				
Total number of employees as on 30 June	595	120	529	127
Average number of employees during the year	573	117	490	139

45. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

Recurring fair value measurements at 30 June 2022	Level 1	Level 2	Level 3	Total
Rupees				
Financial assets				
Financial assets at fair value through profit or loss	226,804,412	-	-	226,804,412

Recurring fair value measurements at 30 June 2021	Level 1	Level 2	Level 3	Total
Rupees				
Financial assets				
Financial assets at fair value through profit or loss	446,043,245	-	-	446,043,245

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

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

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

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

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

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

(ii) Valuation techniques used to determine fair values

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

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For the year ended 30 June 2022

46. SEGMENT INFORMATION

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

Lubricants	Purchase and sale of lubricants, parts and rendering of services.
Petroleum products	Marketing and sale of petroleum products.

	LUBRICANTS		PETROLEUM PRODUCTS		UNALLOCATED		TOTAL - GROUP	
	2022	2021 Restated	2022	2021 Restated	2022	2021 Restated	2022	2021 Restated
	Rupees							
Revenue from contracts with customers - net	9,800,397,830	8,187,202,245	7,943,570,810	2,410,185,417	-	-	17,743,968,640	10,597,387,662
Cost of sales	(6,731,332,110)	(5,974,521,380)	(7,275,182,965)	(2,355,074,080)	-	-	(14,006,515,076)	(8,329,595,460)
Gross profit	3,069,065,720	2,212,680,865	668,387,845	55,111,337	-	-	3,737,453,564	2,267,792,202
Distribution cost	(860,897,605)	(697,866,939)	(281,481,350)	(163,518,318)	-	-	(1,142,378,955)	(861,385,257)
Administrative expenses	(679,310,592)	(519,177,259)	(13,301,840)	(28,572,144)	-	-	(692,612,432)	(547,749,403)
Other expenses	(507,265,648)	(60,886,120)	(31,033,836)	(9,635,135)	-	-	(538,299,484)	(70,521,255)
	(2,047,473,845)	(1,277,930,318)	(325,817,026)	(201,725,597)	-	-	(2,373,290,871)	(1,479,655,915)
Other income	79,044,606	87,502,788	62,854,177	52,371,381	-	-	141,898,783	139,874,169
Profit / (loss) from operations	1,100,636,481	1,022,253,335	405,424,995	(94,242,879)	-	-	1,506,061,476	928,010,456
Finance cost	(234,390,470)	(77,731,739)	(53,852,237)	(36,928,915)	-	-	(288,242,707)	(114,660,654)
Profit / (loss) before taxation	866,246,012	944,521,596	351,572,758	(131,171,794)	-	-	1,217,818,769	813,349,802
Taxation	-	-	-	-	(600,424,557)	(129,768,407)	(600,424,557)	(129,768,407)
Profit / (loss) after taxation	866,246,012	944,521,596	351,572,758	(131,171,794)	(600,424,557)	(129,768,407)	617,394,212	683,581,395

46.1 Reconciliation of reportable segment assets and liabilities:

	LUBRICANTS		PETROLEUM PRODUCTS		TOTAL - GROUP	
	2022	2021 Restated	2022	2021 Restated	2022	2021 Restated
	Rupees					
Total assets for reportable segments	6,788,072,448	3,260,133,458	2,744,899,707	2,093,952,623	9,532,972,155	5,354,086,081
Unallocated assets					3,147,094,724	2,036,119,495
Total assets as per consolidated statement of financial position					12,680,066,879	7,390,205,576
Total liabilities for reportable segments	3,710,578,828	2,228,876,035	986,284,130	327,773,414	4,696,862,958	2,556,649,449
Unallocated liabilities					1,728,796,187	497,119,611
Total liabilities as per consolidated statement of financial position					6,425,659,145	3,053,769,060

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

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

47. FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

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

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

At 30 June 2021	Level 1	Level 2	Level 3	Total
			Rupees	
Investment property - land	-	93,750,000	-	93,750,000

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

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

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

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

Valuation processes

The Group engages external, independent and qualified valuer to determine the fair value of the Group's freehold land and investment property at the end of every financial year. As at 30 June 2022, the fair value of the investment property and freehold land has been determined by Tristar International Consultant (Private) Limited, an independent valuer.

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

48. FINANCIAL RISK MANAGEMENT

48.1 Financial risk factors

The 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.

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(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:

	2022 USD	2021 USD
Other receivable	-	200,000
Trade and other payables	(6,994,055)	(4,747,242)
Net exposure	(6,994,055)	(4,547,242)

The following significant exchange rates were applied during the year:

	Rupees per US Dollar	
Average rate	179.89	160.31
Reporting date rate	203.50	158.30

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 38.429 million (2021: Rupees 33.662 million) lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

Sensitivity analysis

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

Index	Impact on Group's profit after taxation	
	2022 Rupees	2021 Rupees
PSX 100 (5% increase)	219,384	173,918
PSX 100 (5% decrease)	(219,384)	(173,918)

(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:

	2022 Rupees	2021 Rupees
Fixed rate instruments		
Financial assets		
Term deposit receipt	200,000,000	50,000,000
Financial liabilities		
Long term financing	552,471,335	253,611,941
Lease liabilities	450,591,648	450,809,983
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	225,076,032	84,815,473
Financial liabilities		
Long term financing	24,583,000	-
Lease liabilities	173,925,678	55,936,323
Short term borrowings	1,897,577,032	607,994,104
	2,096,085,710	663,930,427

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 10.103 million (2021: Rupees 5.602 million) lower / higher, mainly as a result of higher / lower interest expense / income on lease liabilities, short term borrowings and bank balances. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	2022 Rupees	2021 Rupees
Long term security deposits	16,778,395	13,745,195
Long term loan to an employee	983,333	-
Short term security deposits	10,071,391	20,313,880
Trade debts	109,026,521	103,118,348
Loans and advances	43,147,036	39,475,047
Other receivables	39,824,921	61,145,573
Accrued interest	570,582	390,462
Short term investments	226,804,412	446,043,245
Bank balances	658,786,465	386,018,426
	1,105,993,056	1,070,250,176

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

	Short term	Rating Long term	Agency	2022 Rupees	2021 Rupees
Short term investments					
Engro Fertilizer Limited	A1+	AA	PACRA	4,387,680	3,478,365
First Habib Cash Fund	AA+(f)		VIS	219,614,488	202,154,737
NBP Islamic Daily Dividend Fund	AA(f)		PACRA	332,487	49,794,215
UBL Liquidity Plus Fund - Class 'C'	AA+(f)		VIS	1,782,636	31,485,107
MCB Cash Management Optimizer	AA+(f)		PACRA	388,249	65,035,543
Meezan Rozana Amdani Fund	AA+(f)		VIS	298,872	94,095,278
				226,804,412	446,043,245
Banks					
Bank Alfalah Limited	A1+	AA+	PACRA	230,381,808	93,788,540
Bank Al-Habib Limited	A1+	AAA	PACRA	11,557,478	65,053,083
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	203,672,750	75,254,881
MCB Bank Limited	A1+	AAA	PACRA	7,493,857	16,552,601
National Bank of Pakistan	A1+	AAA	PACRA	2,617,952	4,512,034
The Bank of Punjab	A1+	AA+	PACRA	115,450	115,450
Habib Bank Limited	A-1+	AAA	VIS	19,169,981	26,359,196
Askari Bank Limited	A1+	AA+	PACRA	940,289	642,870
United Bank Limited	A-1+	AAA	VIS	50,747,325	74,697,738
JS Bank Limited	A1+	AA-	PACRA	289,410	4,544,586
Albaraka Bank (Pakistan) Limited	A-1	A+	VIS	238,399	238,399
Meezan Bank Limited	A-1+	AAA	VIS	93,914,703	18,525,648
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	30,020,342	23,342
Faysal Bank Limited	A1+	AA	PACRA	6,905,523	3,052,574
Summit Bank Limited	A-3	BBB-	VIS	7,246	7,246
Soneri Bank Limited	A1+	AA-	PACRA	850	
Samba Bank Limited	A-1	AA	VIS	713,102	2,650,238
				658,786,465	386,018,426
				885,590,877	832,061,671

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

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

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

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product, unemployment, interest, and the inflation Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows:

	Sales		
	Expected loss rate	Trade debts	Loss allowance
	%	Rupees	
At 30 June 2022			
Up to 30 days	6.63%	74,286,516	4,924,623
30 to 180 days	24.23%	48,138,801	11,661,975
181 to 360 days	91.21%	4,323,922	3,943,660
Above 360 days	100.00%	14,446,348	14,446,348
		141,195,587	34,976,606
Trade debts against which collateral is held		-	-
		141,195,587	34,976,606

	Sales		
	Expected loss rate	Trade debts	Loss allowance
	%	Rupees	
At 30 June 2021			
Up to 30 days	0.00%	67,275,218	-
30 to 180 days	20.75%	31,500,394	6,535,888
181 to 360 days	26.94%	15,037,408	4,051,784
Above 360 days	100.00%	26,760,791	26,760,791
		140,573,811	37,348,463
Trade debts against which collateral is held		-	-
		140,573,811	37,348,463

(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 2022, the Group had Rupees 2,034.666 million (2021: Rupees 1,052.720 million) available borrowing limits from financial institutions and Rupees 660.43 million (2021: Rupees 387.747 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

Contractual maturities of financial liabilities as at 30 June 2022:

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

Contractual maturities of financial liabilities as at 30 June 2021:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
			Rupees			
Non-derivative financial liabilities:						
Long term financing	253,611,941	306,934,689	59,819,533	58,933,478	63,110,288	125,071,390
Lease liabilities	381,624,955	503,023,890	53,320,414	48,137,154	104,079,176	297,487,145
Long term deposits	17,000,000	17,000,000	-	-	-	17,000,000
Trade and other payables	1,295,995,670	1,360,423,722	1,360,423,722	-	-	-
Accrued mark-up	14,963,365	14,963,365	14,963,365	-	-	-
Short term borrowings	607,994,104	633,365,240	275,505,914	357,859,326	-	-
Unclaimed dividend	6,326,546	6,326,546	6,326,546	-	-	-
	2,577,516,581	2,842,037,452	1,770,359,494	464,929,958	167,189,464	439,558,535

48.2 Financial instruments by categories

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

	2021		
	At amortized cost	At fair value through profit or loss Rupees	Total
Financial assets			
Long term security deposits	13,745,195	-	13,745,195
Short term security deposits	20,313,880	-	20,313,880
Trade debts	103,118,348	-	103,118,348
Loans and advances	39,475,047	-	39,475,047
Other receivables	61,145,573	-	61,145,573
Accrued interest	390,462	-	390,462
Short term investments	-	446,043,245	446,043,245
Cash and bank balances	387,747,261	-	387,747,261
	625,935,766	446,043,245	1,071,979,011

	At Amortized Cost	
	2022 Rupees	2021 Rupees
Financial liabilities		
Long term financing	577,054,335	253,611,941
Lease liabilities	624,517,326	381,624,955
Long term deposits	17,000,000	17,000,000
Trade and other payables	1,862,987,566	1,295,995,670
Short term borrowings	1,897,577,032	607,994,104
Accrued mark-up	57,121,494	14,963,365
Unclaimed dividend	5,755,517	6,326,546
	5,042,013,270	2,577,516,581

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

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

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For the year ended 30 June 2022

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

2021			
	Financial assets	Non-financial assets	Assets as per consolidated statement of financial position
	Rupees		
Assets			
Long term security deposits	13,745,195	24,059,060	37,804,255
Short term deposits and prepayments	20,313,880	14,733,500	35,047,380
Trade debts	103,118,348	-	103,118,348
Loans and advances	39,475,047	103,544,387	143,019,434
Other receivables	61,145,573	80,329,533	141,381,054
Accrued interest	390,462	-	390,462
Short term investments	446,043,245	-	446,043,245
Cash and bank balances	387,747,261	-	387,747,261
	1,071,979,011	222,666,480	1,294,551,439

		2021	Assets as per consolidated statement of financial position
	Financial assets	Non-financial assets	
	Rupees		
Liabilities			
Long term financing	253,611,941	-	253,611,941
Lease liabilities	381,624,955	-	381,624,955
Long term deposits	17,000,000	-	17,000,000
Trade and other payables	1,295,995,670	432,470,882	1,728,466,552
Short term borrowings	607,994,104	-	607,994,104
Accrued mark-up	14,963,365	-	14,963,365
Unclaimed dividend	6,326,546	-	6,326,546
	2,577,516,581	432,470,882	3,009,987,463

48.3 Offsetting financial assets and financial liabilities

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

49. CAPITAL RISK MANAGEMENT

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

		2022	2021
			Restated
Borrowings	Rupees	2,786,320,742	946,876,403
Total equity	Rupees	6,254,407,734	4,336,436,516
Total capital employed	Rupees	9,040,728,476	5,283,312,919
Gearing ratio	Percentage	30.82%	17.92%

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

50. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
Total facilities	2,201,266,175	2,824,032,783	4,731,882,565	2,018,027,217
Utilized at the end of the year	1,667,784,595	1,302,036,139	2,697,216,456	965,307,654
Unutilized at the end of the year	533,481,580	1,521,996,644	2,034,666,109	1,052,719,563

51. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Holding Company has proposed a cash dividend for the year ended 30 June 2022 of Rupees 2 per share (2021: Rupees 2 per share) and Nil bonus shares for every 10 ordinary shares (2021: 02 bonus shares for every 10 ordinary shares) at their meeting held on 23 September, 2022. However, these events have been considered as non-adjusting events under IAS 10 'Events after the Reporting Period' and have not been recognized in these consolidated financial statements.

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

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

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

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

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

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

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

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

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

During the year ended on 30 June 2020, the Holding Company started its OMC operations and expediently worked on completion of its Nowshera oil storage. During the year ended 30 June 2021, the Holding Company has completed its oil storage at Nowshera. On 09 August 2021, OGRA has acknowledged the satisfactory completion of Nowshera oil storage based on third party inspection report. During the year ended 30 June 2022, the Holding Company has stated work on new oil storage facility at Shikarpur. Currently, the Holding Company has eight operational HTL Express Centres, four in Lahore, three in Karachi and one in Rawalpindi. Further, the Holding Company has twenty seven retail outlets operational for sale of petroleum products as on 30 June 2022. Detail of payments out of IPO proceeds during the year ended 30 June 2022 is as follows:

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For the year ended 30 June 2022

	Rupees
Un-utilized IPO proceeds as at 01 July 2021	533,731,898
Add: Profit on term deposit receipts	15,691,233
Add: Profit on bank deposits	1,523,688
Add: Dividend on investments in mutual funds	21,892,690
Add: Gain on disposal of investment in mutual fund	50,966
Add: Unrealised gain on investments in mutual funds	680,524
Less: Payments made relating to OMC Project	(126,960,515)
Less: Withholding tax on profit	(2,582,239)
Less: Withholding tax on dividend from mutual funds	(3,283,902)
Less: Withholding tax on disposal of mutual funds	(32,453)
Less: Bank charges	(2,371)
Un-utilized IPO proceeds as at 30 June 2022	440,709,519

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.

53. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 23 September, 2022 by the Board of Directors of the Holding Company.

54. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made in these consolidated financial statements.

55. GENERAL

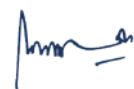
Figures have been rounded off to the nearest Rupee, unless otherwise stated.



Chief Executive



Director



Chief Financial Officer

رسک مینجمنٹ:

رسک مینجمنٹ بورڈ کی ذمہ داری ہے، جسے بورڈ کی رسک مینجمنٹ کمیٹی کی حمایت حاصل ہے۔ رسک مینجمنٹ کمیٹی بورڈ کو خطرے کی نگرانی میں مدد فراہم کرنے کی ذمہ دار ہے، بشمول پرہیز اور ابھرتے ہوئے خطرات کی جاری نگرانی، انتظام اور تخفیف، اور کمیٹی کی مجموعی خطرے کی بھوک، رواداری اور حکمت عملی پر بورڈ اور اعلیٰ انتظامیہ کو مشورہ دینا۔ بورڈ مختلف آپریشنل اور مالیاتی رپورٹوں کے ذریعے خطرے کے انتظام اور خطرے میں مادی تہذیبوں پر باقاعدگی سے اپ ڈیٹس حاصل کرتا ہے، بشمول خطرے کی تشخیص، کارکردگی، اندرونی آڈٹ اور بیرونی آڈٹ رپورٹیں۔ مینجمنٹ کنٹرول کو نافذ کرنے اور برقرار رکھنے کے لئے ذمہ دار ہے۔ بورڈ نے ان خطرات کی نشاندہی اور ان سے نمٹنے کے لئے ایک مضبوط خطرے کا جائزہ لیا ہے۔

ڈیویڈنڈ کا اعلان:

بڑھتے ہوئے منافع کا فائدہ حصص یافتگان تک پہنچانے کے لیے بورڈ نے 1.80 روپے (18 فیصد) فی شیئر کے عبوری کیش ڈیویڈنڈ کے علاوہ 2 روپے فی شیئر کے حتمی کیش ڈیویڈنڈ کی سفارش کی ہے۔

اقتصادی نوٹ:

اقتصادی نقطہ نظر عالمی اور ملکی غیر یقینی صورتحال سے گھرا ہوا ہے۔ جغرافیائی سیاسی تناؤ بلا روک ٹوک برقرار ہے، دنیا بھر میں افراط زر زیادہ رہتا ہے، شرح سود میں اضافے کے رجحانات ظاہر ہوتے ہیں، اور امریکی ڈالر مضبوط ہوتا ہے۔ اس لیے پاکستان کے بیرونی ماحول کو بڑھتے ہوئے چیلنجز کا سامنا ہے۔ ملکی سطح پر حکومت نے آئی ایم ایف کی شرائط پوری کرنے کے لیے ضروری اقدامات کیے ہیں۔ ان سے افراط زر میں مزید اضافہ ہوا ہے، لیکن بیرونی مالی رکاوٹوں کو کم کرنے کا بھی مثبت اثر پڑتا ہے۔ غیر معمولی طور پر بھاری مومن سون بارسوں کی وجہ سے حالیہ سیلاب نے اہم اور معمولی فصلوں کو بری طرح متاثر کیا ہے جو زرعی کارکردگی کے ذریعہ معاشی نقطہ نظر کو متاثر کر سکتے ہیں۔

آخر میں، میں اس موقع پر اپنے قابل قدر گاہکوں کا شکریہ ادا کرتا ہوں کہ وہ ہم پر اعتماد کرتے ہیں، مینجمنٹ ٹیم اور ملازمین اس کی مخلصانہ کوششوں کے لئے، بورڈ آف ڈائریکٹرز ان کی رہنمائی کے لئے اور تمام اسٹیک ہولڈرز کو ان کی مسلسل حمایت کے لئے۔

شوکت حسن

چیئرمین

چیمبر مین کا جائزہ

پیارے اسٹیک ہولڈرز:

آپ کی غیر متزلزل حمایت اور ہائی ٹیک لبریکٹنس گروپ (ہائی ٹیک لبریکٹنس لمیٹڈ اور اس کے مکمل ملکیتی ماتحت ادارے، ہائی ٹیک پلیٹنگ (پرائیویٹ) لمیٹڈ) کی قدر پیدا کرنے کے اپنے وعدے کو پورا کرنے کی صلاحیت میں بڑھتے ہوئے اعتماد کے لئے آپ کا شکریہ۔

مالی سال 2021-22 کا آغاز مثبت امکانات کے ساتھ ہوا کیونکہ نمو کی معاون پالیسیوں نے معیشت میں مجموعی طلب میں اضافہ کیا۔ بد قسمتی سے، معیشت کے لئے ایک ساختی مسئلہ بن گیا ہے، تیز رفتار ترقی کے نتیجے میں ادائیگیوں کے توازن کے دباؤ اور بیرونی شعبے کی کمزوریوں کو دوبارہ سامنے لایا گیا۔ ادائیگیوں کے توازن کی ساختی خصوصیات نے اجناس کی قیمتوں میں عالمی اضافے کے ساتھ ساتھ نمو کو محدود کر دیا، بنیادی طور پر روپے۔ یوکرین تنازعہ سے پیدا ہونے والی جیو پالیٹیکل غیر یقینی صورتحال کی وجہ سے، جواب تک کی سب سے زیادہ درآمدی اضافے میں ظاہر ہوا۔ ان پیش رفتوں کے نتیجے میں مالی اور مالیاتی پالیسی کے جوابات سامنے آئے جن کا مقصد بیرونی شعبے کی پائیداری کے حصول میں مدد کے لئے مجموعی طلب میں نمو کو کم کرنا ہے۔ سی پی آئی افراط زر کی شرح 11.3 فیصد تک بڑھ گئی جس کی وجہ سے اسٹیٹ بینک آف پاکستان (ایس بی پی) نے بڑھتی ہوئی افراط زر پر قابو پانے کے لئے ستمبر 2021 سے جاری مائیکرو سختی کے حصے کے طور پر پالیسی ریٹ 15 فیصد تک بڑھا دیا۔ وفاقی حکومت نے مالی خلا کو پر کرنے کے لیے وفاقی بجٹ 2022-23 کے ذریعے منتخب کارپوریٹ شعبوں پر انکم ٹیکسز میں بھی اضافہ کیا ہے۔

مذکورہ چیلنجز کے علاوہ مالی سال 2021-22ء میں پاکستان کی معیشت کی جی ڈی پی کی شرح نمو 5.97 فیصد رہی۔ ایکسپورٹ سہولت اسکیم، ایل ٹی ایف ایف کے تحت کوریج اور قرضوں کی حد میں اضافے اور بعض شعبوں میں ٹریف کو معقول بنانے سمیت پالیسی سپورٹ کی وجہ سے برآمدات میں زبردست اضافہ ہوا۔ فیڈرل بورڈ آف ریونیو (ایف بی آر) کی جانب سے ٹیکس وصولیوں میں بھی مالی سال 2021-22 کے دوران 29 فیصد کا نمایاں اضافہ ریکارڈ کیا گیا۔

اللہ تعالیٰ کے فضل و کرم سے معاشی چیلنجز کے باوجود غیر مستحکم بنیادوں پر ہائی ٹیک لبریکٹنس لمیٹڈ (کمپنی یا ایچ ٹی ایل) 17,739 ملین روپے کی ریکارڈ خالص فروخت کرنے میں کامیاب رہی اور 738 ملین روپے کا بعد از ٹیکس منافع حاصل کیا جو اسی سال کے دوران 361 ملین روپے کے مقابلے میں 104 فیصد زیادہ ہے۔ اسی سال کے دوران 2.60 روپے کے مقابلے میں فی حصص غیر مربوط آمدنی بڑھ کر 5.30 روپے ہو گئی۔ مزید برآں، 260 ملین روپے کا پہلا ڈیویڈنڈ ہائی ٹیک پلیٹنگ (پرائیویٹ) لمیٹڈ سے موصول ہوا ہے جو مکمل ملکیتی ماتحت ادارہ ہے جو بذات خود ایک کامیابی ہے۔

مجموعی بنیاد پر آپ کے گروپ نے 617 ملین روپے کا بعد از ٹیکس منافع حاصل کیا جو اسی سال کے دوران 684 ملین روپے کے مقابلے میں 10 فیصد کم ہے۔ منافع میں کمی بنیادی طور پر 600 ملین روپے کے ٹیکس اخراجات کے اثرات کی وجہ سے ہے، جو اسی سال کے دوران 130 ملین روپے کے مقابلے میں 363 فیصد زیادہ ہے۔ ٹیکس میں اضافہ ٹیکس کی شرحوں میں اضافے (بشمول "سپرنکس") کے ساتھ ساتھ مؤخر ٹیکس

۱۰۔۱۰۔۱۰ کا ایک مجموعہ ہر جس کیلئے، ڈسٹریکٹ

افراط زر میں اضافے اور روپے کی قدر میں کمی نے مجموعی معیشت پر نمایاں دباؤ ڈالنا جاری رکھا۔ گروپ کی حکمت عملی مصنوعات کے معیار کو بہتر بنانے، آپریشنل صلاحیتوں کو حاصل کرنے اور ترازو کی معیشت کو سمجھنے اور پیداواری صلاحیت کو بہتر بنانے کے لئے مصنوعات کی بنیاد کو بڑھانے کے ذریعے مارجن کو فروغ دینے کے لئے رہی۔ اپنے ترویجی راستے پر گامزن، گروپ اپنی پلیٹنگ کی سہولیات کو وسعت دینے اور اپنے آپریٹرز کو متنوع بنانے کے لیے پلاسٹک پیکیجنگ انڈسٹری میں داخل ہونے کے عمل میں ہے۔

آئل اینڈ گیس ریگولیٹری اتھارٹی (اگر) نے ساہیوال آئل اسٹوریج سہولت میں کامیاب توسیع کی بنیاد پر سال کے دوران صوبہ پنجاب میں ایچ ٹی ایل فیول اسٹیشنز کی حد پچیس سے بڑھا کر باون کر دی ہے۔ اس وقت کمپنی کے صوبہ پنجاب میں 27 ڈیلر آپریٹنگ فیول اسٹیشنز ہیں۔ مزید برآں، کمپنی نے صوبہ خیبر پختونخواہ کے شہر شہرہ میں واقع اپنی دوسری آئل اسٹوریج سہولت کامیابی کے ساتھ مکمل کر لی ہے اور اگر کی جانب سے اطمینان بخش تکمیل کا اعتراف حاصل کیا ہے۔ اس سے کمپنی کو تمام ریگولیٹری ضروریات پوری ہونے کے بعد صوبہ خیبر پختونخواہ میں پینتیس ایچ ٹی ایل فیول اسٹیشنز چلانے کی اجازت ملے گی۔

بورڈ کی مجموعی کارکردگی:

کمپنی بورڈ آف ڈائریکٹرز (بورڈ) اور اس کی کمیٹیوں کی تشکیل، طریقہ کار اور اجلاسوں کے سلسلے میں کمپنیز ایکٹ، 2017 اور سلیڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 میں مقرر کردہ تمام ضروریات کی تعمیل کرتی ہے۔ سلیڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی ضرورت کے مطابق، بورڈ کی کارکردگی کا سالانہ جائزہ لیا جاتا ہے۔ اس مشق کا بنیادی مقصد بورڈ اور اس کی کمیٹیوں کی کارکردگی کا جائزہ لینا ہے تاکہ مینجمنٹ کی نگرانی کی جاسکے اور کمپنی کی کامیابی کے لئے ایک مربوط ٹیم کے طور پر موثر کردار ادا کیا جاسکے۔ انتظامیہ کے لئے اسٹرٹیجک اہداف آنے والے سال کے لئے مقرر کیے گئے ہیں اور بورڈ کی تاثیر کو اس طرح کے مقاصد کے حصول کے تناظر میں ماپا جاتا ہے۔ اس کے مطابق، بورڈ نے سال 2022 کے لئے اپنی سالانہ کارکردگی کی تفصیلات بذریعہ بیرونی کنسلٹنٹ کروائی ہے اور مجھے یہ اطلاع دیتے ہوئے خوشی ہو رہی ہے کہ سال 2022 کے لئے مقرر کردہ معیار کی بنیاد پر بیچ مارک کی گئی مجموعی کارکردگی اطمینان بخش رہی۔ اس طرح کی تفصیلات بہترین کارپوریٹ گورننس کے طریقوں کے مطابق بورڈ کے ذریعہ مقرر کردہ معیارات پر مبنی تھی۔

بورڈ بجٹ سازی اور اسٹرٹیجک منصوبہ بندی کے عمل میں مکمل طور پر شامل ہے اور اس نے اچھی طرح سے بیان کردہ کارپوریٹ گورننس کے عمل اور اخلاقی اقدار قائم کی ہیں جو کارپوریٹ احتساب کو بڑھانے کے لئے اہم ہیں۔ تمام ڈائریکٹرز بشمول آزاد ڈائریکٹرز مکمل طور پر حصہ لیتے ہیں اور بورڈ کے فیصلہ سازی کے عمل میں حصہ لیتے ہیں۔

گوشواروں کی بنیاد پر، پی ایس ایکس کی اجازت کے مطابق آنے والے عمومی سالانہ اجلاس کے ایک ماہ کے دوران، کم از کم ایک کارپوریٹ بریفنگ سیشن (سی پی ایس) منعقد کرنے کا ارادہ رکھتی ہے۔

ہم اپنے تمام ملازمین کی ان تھک محنت اور کمپنی کے مقاصد کو حاصل کرنے کے لیے ان کی پرعزم کوششوں کو خراج تحسین پیش کرتے ہیں اور ملکی معیشت کے لیے اس مشکل ترین سال کے دوران بھی بہترین نتائج حاصل کرنے پر ہم ان کے تہہ دل سے شکر گزار ہیں۔ ہم اپنے صارفین اور حصہ داران کا بھی شکریہ ادا کرتے ہیں کہ ہماری خدمات اور مصنوعات پر انہوں نے اپنے اعتماد کو برقرار رکھا۔

قانونی/ریگولیٹری تقاضوں کو پورا کرنے کے لیے تمام متعلقہ معلومات کی کمپنی کی ویب سائٹ پر دستیابی ناگزیر ہے لہذا تمام معلومات کو باضابطہ انداز میں کمپنی کی ویب سائٹ www.hitechlubricants.com پر رکھ دیا گیا ہے۔

حسن طاہر
(چیف ایگزیکٹو آفیسر)

شوکت حسن
(چیرمین)

لاہور، ۲۳ ستمبر ۲۰۲۲ء

HTL کے سیٹ اپ میں انفارمیشن ٹیکنالوجی اور ایم آئی ایس کلیدی کردار ادا کرتی ہے۔ انفارمیشن ٹیکنالوجی ڈیپارٹمنٹ ادارے کے کمپیوٹنگ سسٹمز کو جدید دور کے عین مطابق، دستیاب اور موثر رکھنے میں مدد دیتا ہے۔ HTL کی انفارمیشن ٹیکنالوجی کی ٹیم پرنسپل یونٹس کو معائنات فراہم کرتے ہوئے نیٹ ورک اور آپریٹنگ سسٹمز کے استعمال کے دوران معلومات کے تبادلے کے ضمن میں، تحفظ کے اعلیٰ معیارات اور بہترین خدمات کی فراہمی کو یقینی بنایا ہے تاکہ اس سارے عمل کے دوران سخت ترین انفارمیشن سکیورٹی پالیسیز پر عمل درآمد ممکن بنایا جاسکے۔

یہ تمام مذکورہ نظام کاروبار کے ہر کلیدی شعبے (جیسے مالی، سپلائی چین، پروکیورمنٹ، ہیڈ آفس، مارکیٹنگ، او ایم سی، ایچ ای ایل ایکسپریس) کے کاروباری امور کو بطریق احسن اور بلا تعطل چلانے میں یقینی معاونت فراہم کرتے ہیں علاوہ ازیں یہ نظام ملازمین اور بیرونی صارفین (جیسے ڈسٹری بیوٹرز، خدمات فراہم کرنے والے افراد) ادارے اور کاروباری شراکت داروں کو بھی ضروری معاونت فراہم کرتا ہے۔

اندرونی اور بیرونی صارفین کے لیے کاروباری لین دین کے وقت کو کم سے کم کرنے کے لیے ایک شفاف فیمل آرسولوشن کا نفاذ عمل میں لایا گیا ہے۔ ہم نے مرکزی ڈیٹا سینٹر پر جدید ترین کسٹمر سروس پروگرام کار لاتے ہوئے تمام بنیادی سرورز کو کسٹمر ماحول کا حصہ بناتے ہوئے خصوصی طور پر تشکیل دیا ہے تاکہ تمام مطلوبہ معلومات باآسانی اور بروقت دستیاب ہوں۔ ہماری جانب سے تمام سرورز کو خاص طور پر ان کے لیے تفویض کردہ ڈیٹا سینٹر میں ہوسٹنگ فراہم کی گئی ہے۔ یہ جدید ترین ڈیٹا سینٹر، ظاہری تحفظ، درجہ حرارت کے انضباط، پاور اور رابطہ سازی کے حوالے سے بہتر کارکردگی کا حامل ہے۔ اس حوالے سے تربیت یافتہ اور پڑھے لکھے تجربہ کار افراد کو بھی ملازمت پر رکھا گیا ہے تاکہ بوقت ضرورت پشاورانہ خدمات کے بروقت حصول کو ممکن بنایا جاسکے۔ سپائی ویئر، کمپیوٹر وائرس، مشکوک ایپلیکیشنز، ڈیٹا لیج اور سرورز کو ہر طرح کے بیرونی خطرات سے بچانے کے لیے اور ہیڈ آفس سے آفات کی بحالی کی جگہ تک وی پی این کنکشن کی تشکیل کے لیے خصوصی اور موثر نظام وضع کیا گیا ہے۔

ناگہانی صورتحال میں بھی انفارمیشن ٹیکنالوجی سے متعلقہ خدمات کی دستیابی کے لیے، ایک متبادل ڈیزاسٹر ریکوری سائٹ کا قیام عمل میں لایا گیا ہے۔ کسی بھی ناگہانی صورتحال/خرابی کے واقع ہونے پر ایچ ای ایل ایک بائیٹ ڈیٹا بھی کھو نہیں چلتا (زیرو ڈیٹا لوس)۔ ہماری سائٹ کسٹمر پورٹلز، ایچ آفسٹمر اور اندرونی اور بیرونی کسٹمر کے لیے، تمام ڈیٹا کی ترسیل کے حوالے سے ہر وقت زیرو ڈیٹا لوس سیٹ اپ کو یقینی بناتی ہے۔

تمام چھوٹے حصہ داران کے حوالے سے بورڈ کو اپنی ذمہ داریوں کا بخوبی ادراک ہے۔ بورڈ اور مینجمنٹ ٹیم دونوں وقتاً فوقتاً اسٹاک مارکیٹ کے بڑے اداروں کے مالکان اور بروکرز ہاؤسز سے رابطے میں رہتے ہیں تاکہ حصہ داران کے تقاضوں اور رائے کو سمجھا جاسکے۔ بورڈ آف ڈائریکٹرز کا ہدف اعلیٰ استعداد کے حامل ایسے حصہ داران کی توجہ حاصل کرنا ہے کہ جو کمپنی کی حکمت عملی اور معاملات کو سمجھتے ہوں ۲۶ اکتوبر ۲۰۲۱ء کو منعقد ہونے والے عمومی سالانہ اجلاس میں بورڈ کے تمام اراکین نے الیکٹرانک ذریعے سے حصہ داران سے ملاقات کی تاکہ کمپنی کے بارے میں ان حصہ داران کی رائے حاصل کی جاسکے اور اس برس بھی عمومی سالانہ اجلاس، جسے طبعی اور آئن دونوں طریقوں سے منعقد کرنے کا منصوبہ ہے، کے دوران ایسا کیا جائے گا۔ کمپنی ۳۰ جون ۲۰۲۲ء کو ختم ہونے والے مالی سال کے سالانہ نتائج شدہ مالیاتی

ڈائریکٹر ان اس حوالے سے ترقیاتی اسناد بھی حاصل کر چکے ہیں۔ نئے آنے والے ڈائریکٹر بھی قانونی مدت کے دوران یہ سند حاصل کر سکتے ہیں۔

۳۰ جون ۲۰۲۲ء کو ختم ہونے والے مالی سال کے لئے بورڈ، اس کے اراکین، کمیٹیوں، چیئرمین اور چیف ایگزیکٹو آفیسر کی کارکردگی کا جائزہ لینے کا کام ایگزیکٹو (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، مجریہ ۲۰۱۹ء کے قاعدے نمبر ۲۸ کی شق (vi) (i) کی ضروریات کی تکمیل و تعمیل کرنے کے لئے ایک بیرونی کنسلٹنٹ کو آڈٹ سروس کر دیا گیا ہے۔ بیرونی کنسلٹنٹ میسرز نڈیر شاہین اینڈ ایسوسی ایٹس بڈریو اس کے چیف ایگزیکٹو جناب نذیر شاہین کی تقرری کے اہم تقاضوں میں، بغیر کسی حد کے، کام کرنے کا دائرہ کار، تفویض کے تحت ڈیلیوریبلز، تفویض کی مدت، خدمات کی نوعیت، کنسلٹنٹ کی حیثیت، فریقین کی ذمہ داریاں، مشاورتی فیس اور رازداری شامل ہیں۔

ایگزیکٹو (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، مجریہ ۲۰۱۹ء کے قواعد پر عمل درآمد کرتے ہوئے ڈائریکٹر کے مشاہرہ تعین کرنے کی پالیسی کا خلاصہ مندرجہ ذیل ہے:

بورڈ کی انسانی وسائل و مشاہرہ کمیٹی کو بورڈ کی جانب سے اختیار دیا گیا ہے کہ کمیٹی کے ڈائریکٹر ان کے مشاہرہ سے متعلق پالیسی تشکیل دیں، اس کی نگرانی کریں اور اس پر عمل درآمد یقینی بنائیں۔ بورڈ کی جانب سے ڈائریکٹر ان کے مشاہرہ طے کرنے کے لیے، اپریل ۲۰۱۸ء کو ایس بی ایک باضابطہ پالیسی کی منظوری دی گئی جس میں وقتاً فوقتاً ترامیم کی گئیں۔ مذکورہ پالیسی کے اہم نکات مندرجہ ذیل ہیں:

☆ بورڈ کے حوالے سے وسیع کاروباری تجربے اور اعلیٰ صلاحیتوں کے حامل ڈائریکٹر ان کو اس عہدہ کے لیے متوجہ کرنا، ان کی حوصلہ افزائی کرنا اور انہیں اس عہدے پر روکے رکھنا اور

☆ ڈائریکٹر ان کے عوضانہ کے تعین کے لیے تمام مروجہ و متعلقہ قوانین، ضوابط اور قواعد پر عمل درآمد یقینی بنانا۔

پالیسی کو ترتیب دیتے وقت مندرجہ ذیل امور کو ملحوظ خاطر رکھا گیا:

☆ کمیٹی کی حکمت عملی سے متعلقہ اہداف اور مقاصد کی تکمیل۔

☆ بطور کاروباری ادارے، کمیٹی پر عائد ہونے والی رفاہ عامہ کی ذمہ داریوں کی انجام دہی۔

☆ کمیٹی کے کاروبار سے متعلق بنیادی فلسفہ عمل کی سالمیت کا خیال رکھنا۔

☆ مطلوبہ عہدے کے لیے مارکیٹ کی صورت حال۔

کارکردگی میں اضافے، سوچ کی وسعت اور مطلوبہ کاروباری اہداف کے لیے تحریک کے ضامن سازگار دفتری ماحول کی تشکیل اور پاکستان میں ملنے جلتے کاروباری اداروں اور مساوی کاروباری حجم کی حامل کمپنیوں میں عوضانہ کے مروجہ ڈھانچے سے موازنہ ڈائریکٹر ان کو دی جانے والی بنیادی تنخواہ کی زیادہ سے زیادہ حد اور دیگر مراعات کی منظوری کمیٹی کے حصد اران دے چکے ہیں۔

تاہم انفرادی سطح پر کسی ڈائریکٹر کے عوضانہ کو طے کرتے ہوئے مندرجہ ذیل امور کا خیال رکھا جاتا ہے:

☆ اس کی اہلیت کی مارکیٹ میں موجودہ قدر۔

☆ ڈائریکٹر اور کمیٹی کے درمیان کاروباری تعلق کی نوعیت، یعنی وہ کس طرح کی ڈائریکٹر شپ پر فائز ہے۔

☆ آزاد ڈائریکٹر ان کا مشاہرہ صرف بورڈ/کمیٹی / حصد اران کے اجلاسوں کی فیس تک محدود ہے۔

ڈائریکٹر ان کے مختلف درجات کے حوالے سے مشاہرہ کا خلاصہ کچھ یوں ہے:

ایگزیکٹو ڈائریکٹر	ٹائٹل ایگزیکٹو ڈائریکٹر	آزاد ڈائریکٹر
بنیادی تنخواہ کی زیادہ سے زیادہ حد	ایک سال میں ۳۶ لاکھ روپے	ایک سال میں ۱۸ لاکھ روپے
مراعات	گاڑی جس کی دیکھ بھال کمپنی کی ذمہ داری ہے، صحت کے اخراجات، فون کا خرچہ سفر اور چھٹیوں کے سفری اخراجات	گاڑی جس کی دیکھ بھال کمپنی کی ذمہ داری ہے، صحت کے اخراجات، فون کا خرچہ سفر اور چھٹیوں کے سفری اخراجات
کارکردگی کی بنا پر بونس	جس کی تجویز چیئرمین دے اور جس کی ایچ آر آر سی/بورڈ آف ڈائریکٹرز کا ہر کن انفرادی طور پر منظوری دے	کوئی نہیں
ڈائریکٹر کے اجلاس کی فیس کی زیادہ سے زیادہ حد	کوئی نہیں	کوئی نہیں
اخراجات کی واپسی	کمیٹی کے امور کی انجام دہی کے دوران ڈائریکٹر کی جانب سے کیے جانے والے اصل اخراجات یا اس ضمن میں معینہ مراعات، مثال کے طور پر کمیٹی کے امور کے لیے سفر کے دوران رہائش کا خرچ	بورڈ یا اس کی کسی کمیٹی کے ایک مکمل اجلاس کی مد میں چار لاکھ روپے
پروفیشنل انڈیمینٹی انشورنس	کی سہولت ہے	کی سہولت ہے
بعد از ملازمت مراعات	کوئی نہیں	کوئی نہیں
حصص کی تفویض سے متعلق سہولت	کوئی نہیں	کوئی نہیں

* بنیادی تنخواہ اور کارکردگی کی بنیاد پر بونس کا تعین ایچ آر آر سی/بورڈ آف ڈائریکٹر کے ہر کن کی جانب سے انفرادی طور پر منظوری کے بعد، بورڈ کی طے کردہ حدود میں رہتے ہوئے کیا جاتا ہے۔

☆ جناب شفیق الرحمن (بورڈ کی آڈٹ کمیٹی کے رکن) (ڈائریکٹران کے پچھلے الیکشن سے اب تک)
☆ جناب محمد تقی منیر (بورڈ کی آڈٹ کمیٹی کے سابقہ رکن و سابقہ چیئرمین) (ڈائریکٹران کے پچھلے الیکشن تک)

☆ جناب شوکت حسن (چیئرمین بورڈ اور نان ایگزیکٹو ڈائریکٹر)

☆ جناب حسن طاہر (سی ای او، ایگزیکٹو ڈائریکٹر)

☆ جناب محمد علی حسن (ایگزیکٹو ڈائریکٹر)

☆ جناب طاہر اعظم (نان ایگزیکٹو ڈائریکٹر)

☆ جناب فراز اختر زیدی (نان ایگزیکٹو ڈائریکٹر)

☆ مس ماوراء طاہر (نان ایگزیکٹو ڈائریکٹر)

☆ ڈاکٹر صفدر علی بٹ (نان ایگزیکٹو انڈیپنڈنٹ ڈائریکٹر)

☆ سید اسد عباس حسین (نان ایگزیکٹو انڈیپنڈنٹ ڈائریکٹر)

☆ جناب شفیق الرحمن (نان ایگزیکٹو انڈیپنڈنٹ ڈائریکٹر) (ڈائریکٹران کے پچھلے الیکشن سے جو کہ ۲۶ اکتوبر ۲۰۲۱ء کو منعقد ہوا اور جناب محمد تقی منیر (نان ایگزیکٹو انڈیپنڈنٹ ڈائریکٹر) کی جگہ منتخب ہوئے۔

☆ جناب محمد تقی منیر (نان ایگزیکٹو انڈیپنڈنٹ ڈائریکٹر) (ڈائریکٹران کے پچھلے الیکشن سے جو کہ ۲۶ اکتوبر ۲۰۲۱ء کو منعقد ہوا اور ان کی جگہ جناب شفیق الرحمن (نان ایگزیکٹو انڈیپنڈنٹ ڈائریکٹر) منتخب ہوئے۔

☆ جناب سینیکیو سیو (ایس کے لبریکٹس کمپنی لمیٹڈ کے موجودہ نامزد) (۱۸ فروری ۲۰۲۲ء سے نان ایگزیکٹو ڈائریکٹر) جو جناب ہائیوگن کوان (ایس کے لبریکٹس کمپنی لمیٹڈ کے سابقہ نامزد) کی جگہ ڈائریکٹر بنے۔

☆ جناب ہائیوگن کوان (ایس کے لبریکٹس کمپنی لمیٹڈ کے سابقہ نامزد) (۲۸ جون ۲۰۲۱ء سے ۱۸ فروری ۲۰۲۲ء تک نان ایگزیکٹو ڈائریکٹر) جن کی جگہ جناب سینیکیو سیو (ایس کے لبریکٹس کمپنی لمیٹڈ کے موجودہ نامزد) ڈائریکٹر بنے۔

☆ جناب فراز اختر زیدی (بورڈ کی رسک مینجمنٹ کمیٹی کے چیئرمین)
☆ مس ماوراء طاہر (بورڈ کی رسک مینجمنٹ کمیٹی کی رکن)
☆ جناب شفیق الرحمن (بورڈ کی رسک مینجمنٹ کمیٹی کے رکن) (ڈائریکٹران کے پچھلے الیکشن سے اب تک)
☆ جناب محمد تقی منیر (بورڈ کی رسک مینجمنٹ کمیٹی کے سابقہ رکن) (ڈائریکٹران کے پچھلے الیکشن تک)

☆ جناب شوکت حسن (بورڈ کی سی ایس آر کمیٹی کے چیئرمین)

☆ جناب طاہر اعظم (بورڈ کی سی ایس آر کمیٹی کے رکن)

☆ مس ماوراء طاہر (بورڈ کی سی ایس آر کمیٹی کی رکن)

☆ جناب حسن طاہر (بورڈ کی سی ایس آر کمیٹی کی رکن)

☆ جناب علی حسن (بورڈ کی سی ایس آر کمیٹی کی رکن)

☆ محترمہ ثناء صابر (ایچ بی ایل کی ڈائریکٹر اور بورڈ کی سی ایس آر کمیٹی کی رکن)

ڈائریکٹر رپورٹ کے وقت بورڈ کی تشکیل مندرجہ ذیل ہے:

مندرجہ ذیل کے مطابق ڈائریکٹر کی کل تعداد دس ہے:

مرد: ۹

خاتون: ۱

ڈائریکٹر شپ کی قسم کے مطابق بورڈ کی تشکیل مندرجہ ذیل ہے:

الف) انڈیپنڈنٹ ڈائریکٹر: ۳

ب) دیگر نان ایگزیکٹو ڈائریکٹر: ۵ (بشمول ایک خاتون ڈائریکٹر)

پ) ایگزیکٹو ڈائریکٹر: ۲

بورڈ نے اپنے مختلف امور میں مدد کے لئے مندرجہ ذیل کمیٹیاں تشکیل دی ہیں۔

☆ جناب شوکت حسن (بورڈ کی سرمایہ کاری کی کمیٹی کے چیئرمین)
☆ جناب طاہر اعظم (بورڈ کی سرمایہ کاری کی کمیٹی کے رکن)
☆ جناب فراز اختر زیدی (بورڈ کی سرمایہ کاری کی کمیٹی کے رکن)
☆ جناب حسن طاہر (بورڈ کی سرمایہ کاری کی کمیٹی کے رکن)
☆ جناب علی حسن (بورڈ کی سرمایہ کاری کی کمیٹی کے رکن)
☆ جناب محمد عمران (سی ایف او اور بورڈ کی سرمایہ کاری کی کمیٹی کے رکن)
☆ جناب شہزاد سہیل (جی ایم سٹاک ایکسچینج اینڈ انویسٹمنٹس اور بورڈ کی سرمایہ کاری کی کمیٹی کے رکن)

☆ جناب صفدر علی بٹ (بورڈ کی آڈٹ کمیٹی کے چیئرمین) (ڈائریکٹران کے پچھلے الیکشن سے اب تک)

☆ جناب شوکت حسن (بورڈ کی آڈٹ کمیٹی کے رکن)

☆ جناب طاہر اعظم (بورڈ کی آڈٹ کمیٹی کے رکن)

☆ جناب فراز اختر زیدی (بورڈ کی آڈٹ کمیٹی کے رکن)

کمیٹی ڈائریکٹران کی تربیت کے حوالے سے تمام قانونی تقاضوں کو پورا کر چکی ہے اور کمیٹی کے دس میں سے نو

اثرات کو مستقل بنیادوں پر برداشت اور اس کے مطابق انتظام کرنا پڑتا ہے۔ تاہم ہماری پراڈکشن کا بڑا حصہ بلینڈنگ پونٹ کو منتقل کر دیا گیا ہے اور ہم اس رسک کو بڑی حد تک ختم کرنے کے قابل ہو گئے ہیں علاوہ ازیں ہم نے اس مقصد کے لیے مصنوعات کی تیاری کے وقت کو کم کرنے اور مالی مشکلات سے نبرد آزما ہونے کے لیے محفوظ اشیاء (بفر) کی انونٹری کے موثر انضباط کو بھی ممکن بنایا ہے۔

اس کے علاوہ بورڈ اور رسک مینجمنٹ کمیٹی بھی کمپنی کو درپیش بڑے خدشات کی باقاعدگی سے بھرپور جانچ کرتی ہے جس میں کاروبار کے ماڈل، مستقبل کی کارکردگی، قرض ادا کرنے کی اہلیت کو یا لیکویڈیٹی کی مد میں درپیش خطرات کی مستقل طور پر جانچ بھی شامل ہے۔

کمپنی کی ایک بہت بڑی باتری سے بنائی گئی رسک مینجمنٹ کمیٹی ہے جو کہ ہمارے رسک مینجمنٹ پروگرام کے مختلف سطحوں پر کردار اور ذمہ داریوں کو واضح طور پر بیان کرتی ہے۔

بورڈ اور اس کی کمیٹیاں پالیسیوں اور طریقہ کار کو اختیار کرتے ہیں اور اسے کمپنی کے رسک گورننس فریم ورک سے منسلک کیا جاتا ہے تاکہ فنانس، آپریشن اور کمپلائنس کے خطروں کی مینجمنٹ کو یقینی بنایا جاسکے۔ یہ سب بہترین طریقے، اخلاقیات اور اقدار کے کلچر کو پروان چڑھانے اور مناسب طور پر عمل درآمد کیلئے سینئر مینجمنٹ کو اس کی ضروری اختیارات سونپے گئے ہیں۔

اس سال میں، اور پہلے کی طرح، آپ کی کمپنی نے بے شمار سماجی اسباب پر کام کیا جن میں صحت کی دیکھ بھال، مہارت کی ترقی، اور ماحولیاتی تحفظ شامل ہیں جبکہ بنیادی طور پر تعلیم پر توجہ مرکوز کی گئی ہے۔ ۲۰ جولائی ۲۰۱۰ء کو آپ کی کمپنی کے بورڈ آف ڈائریکٹران نے صابرہ حمیدہ ٹرسٹ کے نام سے ایک ٹرسٹ قائم کیا۔ ٹرسٹ کا بنیادی مقصد معیاری تعلیم کے ذریعے ساجوں کو مضبوط بنا کر تعلیم کی طرف اپنا حصہ ڈالنا ہے جس کے ذریعے زندگیوں کو کام سے مثالی میں بدلنے کا خواب دیکھا جاسکتا ہے۔ ٹرسٹ آئیکم ٹیکس مجریہ ۲۰۱۰ء کی دفعہ ۳۶۲ کے تحت باضابطہ طور پر رجسٹرڈ ہے۔ ٹرسٹ نے تمام ضروری ایکریڈیشنز حاصل کر لئے ہیں خاص طور پر پاکستان سینئر فارلڈ انٹرنی (PCP) ایکریڈیشن۔ تعلیم میں بڑا حصہ ڈالنے کے علاوہ کمپنی مکمل شفافیت کو برقرار رکھتے ہوئے مشترکہ تعاون کے ساتھ ضرورت پڑتی سماجی کام انجام دینے کے لئے صابرہ حمیدہ ٹرسٹ کو باقاعدہ عطیات بھی دے رہی ہے۔ بلوچستان، سندھ، اور پنجاب میں بڑے پیمانے پر سیلاب کی وجہ سے ہونے والی قومی آفت کے باعث ٹرسٹ متاثرین کی بحالی، متاثرہ علاقوں میں خوراک اور طبی امداد کی فراہمی کے لئے الخدمت فاؤنڈیشن کو مالی امداد فراہم کر رہا ہے۔ گروپ نے روای مال سال میں تقریباً انیس اعشاریہ دو ملین پاکستانی روپے کے عطیہ جات مختلف وجوہات کی مد میں سیلاب سے متعلق امداد کے علاوہ ادا کئے۔

انجینیئر ایل میں، کارپوریٹ سماجی ذمہ داری سے مراد کاروباری فیصلوں کے ماحولیاتی اور سماجی اثرات کو مکمل طور پر مد نظر رکھتے ہوئے سماج میں مثبت کردار ادا کرنا ہے۔ آپ کی کمپنی پاکستان کے اہم شعبوں، تعلیم، صحت کی دیکھ بھال اور ماحولیات میں بار بڑھانے کے لئے پوری طرح پرعزم ہے۔ ہمارے کارپوریٹ سماجی ذمہ داری کے منصوبے عالمی سطح پر تسلیم شدہ سسٹینبل ڈیولوپمنٹ گولز (ایس ڈی جی) ۲۰۳۰ء کی عکاسی کرتے ہیں۔ یہ پائیدار ترقیاتی اہداف، تعاون اور مقامی کمیونٹیز میں براہ راست مداخلت کے ذریعہ معاش میں اصلاحات لانے کے بنیادی مقصد پر مبنی مضبوطی سے تیار کئے گئے منصوبے ہیں۔ ہائی ٹیک لبریکینٹس

لیمیتڈ این سی گروپس کی طرح کے جذبات کا اشتراک کرتا ہے۔ تاکہ چیلنجوں کا مقابلہ پاکستان میں ترقی کرنے کے لئے اور پائیدار ترقی کے اہداف کے لئے مناسب اقدامات کئے جائیں۔ مزید تفصیلات اس سالانہ رپورٹ کے متعلقہ حصے میں دکھائی گئی ہیں۔

کاروباری امور کی انجام دہی کے دوران صحت اور ماحول کے تحفظ کو یقینی بنانے کی خاطر، آپ کی کمپنی ایسی پٹرولیم مصنوعات متعارف کروانے کی کوشش کر رہی ہے کہ جو فضائی آلودگی کا باعث نہ بنیں اور ان سے مضرت صحت مادیوں کا اخراج کم سے کم ہو۔ پاکستان کے ایک ذمہ دار کارپوریٹ شہری ہونے کی حیثیت سے سال ۲۰۲۲ء میں ہم پیش ہائی وے اور موٹروے اتھارٹیز کے ساتھ مل کر شاہراہوں پر سڑک کو محفوظ تر بنانے کی جانب خصوصی توجہ دیتے رہے ہیں۔ اس کے علاوہ کمپنی کے دفاتر اور پلانٹ پر آتشزدگی سے نمٹنے اور ملازمین کے تحفظ کو یقینی بنانے اور کمپنی کی تمام کامیابیوں پر ہر قسم کے نقصانات سے بچاؤ کے لیے تربیتی ورکشاپس اور ڈرائیو کا انعقاد بھی کیا جاتا ہے۔ آپ کی کمپنی لگاتار جائزوں سے اس بات کو مدد یقینی بناتی ہے کہ ہمارے بلینڈنگ پلانٹ ماحول کی توانائی شینڈرڈ کو لاگو شدہ شینڈرڈ سے بڑھ کر پورا کرے۔ آپ کی کمپنی رویوں میں تبدیلی لاکر حادثات کے دوران انسانی زندگیوں کو تحفظ فراہم کرنے کی کوشش کر رہی ہے۔ اس مقصد کے حصول کے لیے ڈرائیونگ کے دوران ہیلمیٹ کے استعمال اور دیگر احتیاطی تدابیر پر عمل درآمد کو فروغ دیا جا رہا ہے۔ اس سلسلہ میں سٹی ٹریفک پولیس، پیش ہائی وے اور موٹروے اتھارٹی کے ساتھ مل کر تفصیلی سیمینارز اور آگاہی مہمات کا انعقاد کیا گیا۔ مزید تفصیلات اس سالانہ رپورٹ کی استحکام اور اجتماعی سماجی ذمہ داری حصہ میں مہیا کر دی گئی ہیں۔

مذکورہ سال کے دوران کمپنی کی جانب سے جناب معین الدین اور جناب ریکی اعظم (نان ایگزیکٹو ڈائریکٹر) جناب شوکت حسن صاحب اور جناب طاہر اعظم صاحب کے بھائی بالتربیب کی معاہداتی ملازمت کے ذریعے حاصل کی گئی خدمات کے سلسلہ میں متعلقہ پارٹنروں کے معاہدات کی تجدیدیں کی گئیں۔ ان متعلقہ پارٹنروں کے ساتھ کیے گئے معاہدات ملازمت کے ذریعے خدمات کی فراہمی کے حوالے سے، مذکورہ معاہدات کی رو سے، دونوں افراد انجینیئر ایل ایکسپریس پراجیکٹ اور انجینیئر ایل انجین (اویم سی پراجیکٹ) کے لیے بالتربیب پیشہ ورانہ خدمات کی فراہمی جاری رکھیں گے۔ اس ضمن میں کاروباری اور تجارتی مفادات کو تحفظ فراہم کرنے کے لیے کمپنی کی جانب سے کمپنیز ایکٹ مجریہ ۲۰۱۷ء کے تقاضوں اور لیکچر کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن مجریہ ۲۰۱۹ء کی ہدایات پر عمل درآمد یقینی بناتے ہوئے بورڈ نے اس تجدید کی منظوری دی۔

بورڈ نے کمپنی کے ان تمام ملازمین کو بطور ایگزیکٹو تصور کرنے کے لئے حد مقرر کی ہے جو اعلیٰ عہدوں بشمول کمپنی کے چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری، ہیڈ آف انٹرنل آڈٹ اور تمام شعبہ جات کی نگرانی پر فائز ہوں، اور اس کے علاوہ انسانی وسائل و مشاہیرہ کمپنی کے اختصاص کے مطابق ادارے میں کلیدی کردار ادا کرنے والے تمام ایسے ملازمین جن کا ماہانہ مشاہرہ پانچ لاکھ پاکستانی روپے یا اس سے زیادہ ہے انہیں اس حوالے سے ایگزیکٹو تصور کیا جائیگا۔

کمپنی کی سرگرمیوں میں متعدد مالیاتی خدشات کے امکانات موجود ہیں: مارکیٹ کے خدشات (بشمول کرنسی کے خدشات، نیز قیمت کے خدشات اور شرح سود کے خدشات)، کریڈٹ کے خدشات اور لیکویڈیٹی کے خدشات۔ کمپنی کا مجموعی رسک منجھٹ پروگرام مالیاتی مارکیٹس کی ان دیکھی صورتحال کیلئے خدشات کی منجھٹ کے پروگرام پر توجہ مرکوز رکھتا ہے تاکہ کمپنی کی مالیاتی کارکردگی پر متوقع منفی اثرات کو کم سے کم کیا جاسکے۔ رسک منجھٹ کی ذمہ داری کمپنی کا فنانس ڈپارٹمنٹ بورڈ آف ڈائریکٹرز کی منظور شدہ پالیسیز کے تحت انجام دیتا ہے۔

کمپنی کا فنانس ڈپارٹمنٹ جہاں تک ممکن ہو مالیاتی خدشات کی جانچ اور روک تھام کرتا ہے۔ بورڈ مجموعی رسک منجھٹ کیلئے اصول فراہم کرنے کے ساتھ ساتھ خصوصی ایریا جیسے کرنسی رسک، نیز قیمت کے رسک، شرح سود کے رسک، کریڈٹ رسک، لیکویڈیٹی رسک اور اضافی لیکویڈیٹی کی سرمایہ کاری کے بارے میں پالیسیز پیش کرتا ہے۔ خزانے سے متعلق تمام لین دین ان پالیسیز کے تحت کئے جاتے ہیں۔ کمپنی کیلئے بڑے خدشات غیر مجموعی فنانسل اسٹیمٹس کے نوٹ ۳۶ میں دیئے گئے ہیں اور ان کے خاتمے کیلئے اختیار کئے گئے اقدامات درج ذیل ہیں:

مالیاتی معاہدے کی دستاویز کے تحت عائد شدہ ذمہ داریوں کی ایک فریق کی جانب سے عدم قیام کی وجہ سے، دوسرے فریق کو درپیش مالی خسارے کا خدشہ قرض کا خطرہ کہلاتا ہے۔ کمپنی عام طور پر قرض نہیں دیتی سوائے مالیاتی طور پر مستحکم صنعتی صارفین کو اور یہ رقم کمپنی کی مجموعی آمدنی میں غیر مادی حیثیت رکھتی ہے۔ مالیاتی اثاثہ جات کے حوالے سے یہ رقم قرض پر نقصان برداشت کرنے کی زیادہ سے زیادہ مجوزہ حد کی نما نگہی کرتی ہیں۔ کمپنی کو یقین ہے کہ اسے قرض کے بڑے ارتکاز یا مارکیٹ قدر و قیمت میں رد و بدل سے متعلق خطرات (مارکیٹ و لیکویڈیٹی ایشن رسک) سے نبرد آزما نہ ہونا پڑے گا۔ قرض پر نقصان برداشت کرنے کی مذکورہ حد کو 'A' رینک کے بینکوں اور مالیاتی اداروں کے ساتھ سرمایہ کاری کے پورٹ فولیو کے متنوع استعمال کے ذریعہ منظم کیا جاتا ہے۔

لیکویڈیٹی رسک وہ خطرہ ہے جب کمپنی اپنی مالیاتی واجبات وقت پر ادا نہ کر سکے۔ کمپنی لیکویڈیٹی رسک کا انتظام خاطر خواہ نقد رقم اور بینک بینکس اور طے شدہ کریڈٹ کی سہولت کی رقم کے ذریعہ کر لیتی ہے۔ کمپنی کی فنڈ منجھٹ کی حکمت عملی کا مقصد اندرونی طور پر کیش کے حصول کے ذریعہ لیکویڈیٹی کے رسک کا بندوبست کرنا ہوتا ہے۔ HTL کو مالیاتی لحاظ سے طویل مدت اور قلیل مدت کیلئے بالترتیب A اور A-2 کریڈٹ ریننگ الاٹ گئی ہے۔ اس سے ہماری واجبات کی بروقت ادائیگی کی اہلیت اور مستحکم لیکویڈیٹی پوزیشن کا اظہار ہوتا ہے۔ مستحکم لیکویڈیٹی پوزیشن کے باعث قابل وصولی بینکس کی کم سطح اور خاطر خواہ کریڈٹ لائنز سے کمپنی اپنے تمام معاہداتی وعدے پورا کرنے کے قابل ہے۔

زرمبادلہ کا خطرہ عموماً وہاں پیدا ہوتا ہے جہاں قابل وصولی اور قابل ادائیگی رقم کا لین دین بیرونی کرنسی میں کیا جائے۔ کمپنی کو عام طور پر کمپنی کے اندر اور اپنی کل ملکیتی ذیلی ادارے میں تیار لبریکیشن، خام مال، پلانٹ اور مشینری کی درآمد کی مدتیں مختصر مدت کے لیے امریکی ڈالر/ پاکستانی روپے کی صورت میں مساوات مبادلہ کے خدشات کا سامنا رہتا ہے۔ چونکہ اسٹیٹ بینک آف پاکستان کی رہنمائیات کے مطابق پٹرولیم، آئل اور لبریکیشن (پی او ایل) مصنوعات کو مستقبل میں قیمتوں کے اضافے سے بچنے کے لیے پہلے سے ہی معینہ قیمتوں پر خریدیں جاسکتا، لہذا کمپنی کو ڈالر کے مقابلے میں روپے کی قدر و قیمت میں اتار چڑھاؤ کے

موجودہ متوقع کنندگان میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور انہوں نے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ انہوں نے تصدیق کی ہے کہ وہ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کی اطمینان بخش ریننگ کے حامل ہیں جو ICAP کے اختیار کردہ کوڈ آف آئٹھلس آف انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کی رہنمائیات کے مطابق ہیں۔ آڈٹ کمپنی کی تجویز کے مطابق، بورڈ آف ڈائریکٹرز نے ان کو آئندہ ختم ہونے والے سال ۲۰۲۳ء کیلئے کمپنی کے متوقع کنندگان کے طور پر دوبارہ تقرری کی سفارش کی ہے جس کی فیس کا تعین باہمی رضامندی سے ہوگا۔

مخصوص درجہ کے حصہ داران کی حصہ داری کا طرز بربط ۳۰ جون ۲۰۲۲ء جس کو پورٹنگ فریم ورک کے تحت ظاہر کرنا ضروری ہے، حصہ داروں کی معلومات کے ساتھ منسلک ہے۔

بورڈ ابتدائی طور پر رسک منجھٹ کا جائزہ اپنی کمیٹیوں کے ذریعہ کرتا ہے۔ آڈٹ کمیٹی فنانسل، ریگولیٹری اور کمپلائنس رسک پر توجہ مرکوز کر کے شفافیت اور احتساب کے عمل کو یقینی بناتی ہے۔ کمپنی کی میننگ ہرسہ ماہی میں یا حسب ضرورت منعقد کی جاتی ہے۔ ہیومن ریسورس اینڈ ریمونیشن کمیٹی اپنے شعبہ میں رسک کے امکانات پر نظر رکھتی ہے جس میں معاوضے کے پروگرام کا جائزہ شامل ہے تاکہ اجتماعی رسک میں اضافہ نہ ہونے کو یقینی بنایا جاسکے۔ اس کے علاوہ کمپنی آپریشن کے براہم شعبہ میں اہل انسانی وسائل کی دستیابی کو یقینی بنانے کیلئے جانچنی کی پلاننگ کرتی ہے۔ رسک منجھٹ کمیٹی تمام مادی کنٹرولز (فنانسل، آپریشنل اور کمپلائنس) کی نگرانی کرتی ہے اور جائزہ لیتی ہے نیز رسک کے خاتمے کیلئے بڑے اقدامات تیار کرتی ہے اور مالیاتی معلومات کے تحفظ کا خیال رکھتی ہے۔ انویسٹمنٹ کمیٹی مجموعی انویسٹمنٹ پالیسیوں، حکمت عملی اور سرمایہ کاری میں رسک منجھٹ کی تشکیل کی ذمہ دار ہے۔

ڈائریکٹران اپنی گورننس کی اقدار اور اندرونی کنٹرول کے کافی حد تک پابند ہیں۔ کمپنی کے پاس ڈیڑھ ارب میں اندرونی کنٹرول کا منظبوط نظام موجود ہے جو تمام افعال میں مضبوطی سے مربوط ہے، موثر طریقے سے نافذ کیا جاتا ہے اور باقاعدگی سے نگرانی کی جاتی ہے۔ بورڈ کی آڈٹ کمیٹی کے داخلی کنٹرول کے نظام کا جائزہ لیتی ہے تاکہ یہ یقینی بنایا جاسکے کہ سسٹمز اپنی جگہ پر ہیں اور کمپنی کے اثاثوں کی حفاظت، غلطی یا دھوکہ دہی کی روک تھام اور پیدائگی، قوانین و ضوابط کی قیام اور مالیاتی گوشواروں کے اعتبار کو یقینی بنانے کے لئے کافی ہیں۔ اندرونی آڈٹ ڈیپارٹمنٹ بورڈ کی آڈٹ کمیٹی کو براہ راست رپورٹ کرتے ہوئے کارپوریت گورننس، رسک منجھٹ اور کنٹرولز کی تاثیر پر اپنا آزادانہ اور معقول جائزہ فراہم کرتا ہے۔ جس میں اندرونی طور پر تیار کردہ ضابطہ اخلاق، پالیسیاں اور طریقہ کار شامل ہیں۔ اور صنعت کے بہترین دستیاب گورننس کے طریقوں سے ہم آہنگ ہے۔

کمپنی کی ایک باقاعدہ رسک منجھٹ پالیسی موجود ہے جس میں ڈائریکٹرز اور سینئر منجھٹ کی مخصوص ذمہ داریاں تفویض کی گئی ہیں۔ پالیسی کے تین بڑے ذمہ داروں میں بورڈ آف ڈائریکٹرز، آڈٹ کمیٹی اور رسک منجھٹ کمیٹی شامل ہیں جو رسک کے امکانات اور اس کے اثرات کی نوعیت کا مستقل جائزہ لینے رہتے ہیں۔ سینئر منجھٹ ٹیم کی سربراہی چیف ایگزیکٹو آفسر، ایگزیکٹو ڈائریکٹر اور نان ایگزیکٹو ڈائریکٹرز کے ذمے ہے جو رسک کو ختم کرنے کے اقدامات اور تجاویز بورڈ کو غور و خوض کیلئے پیش کرتے ہیں۔

پختونخوا ٹریڈنگ کی منظوری کے ذریعے اپنے فعال سروس شیڈوں کی تعداد میں تسلی بخش اضافے کے لئے ہر پورکوش کر رہے ہیں۔

ایچ ٹی بی ایل کو کمندہ بڑے پیمانے پر پلاسٹک کی بوتلیں استعمال کرنے والے استعمال کنندگان نے اپنی بدلتی ہوئی خصوصی ضروریات کو پورا کرنے کے لئے پلاسٹک کی بوتلوں کی فراہمی کے لئے رابطہ کیا ہے اور کمپنی ان انتظامات کو حتمی شکل دینے کے عمل میں ہے۔ اس لئے ہمارے کاروبار کا یہ سیکٹور آمدنی میں نمایاں اضافے کی دہلیز پر ہے۔

ہمارے فنکشنل سروس شیڈوں کی تعداد میں متوقع اضافے، بلیڈنگ پلانٹ کے آپریشنز میں توسیع اور مسلسل جارحانہ مارکیٹنگ پالیسیوں کی وجہ سے گروپ کو اگلے سال منافع اور نمو کے لحاظ سے بہتر نتائج کی توقع ہے۔

اہم انتظامی تبدیلیاں اور کاروباری ذمہ داریاں:

☆ ۳۰ جون ۲۰۲۲ء سے اب تک کمپنی میں کوئی اہم انتظامی تبدیلی نہیں کی گئی اور نہ ہی گروپ کمپنیوں میں کسی کمپنی کو تفویض کردہ کاروباری ذمہ داریوں میں، اضافہ ہوا اور اب تک اس امر سے گروپ کی کسی بھی کمپنی کی اقتصادی صورت حال کا متاثر ہونا ممکن ہے، اس کے سوا دیگر کا ذکر ۳۰ جون ۲۰۲۲ء کو ختم ہونے والے معاشی سال کے لیے، کمپنی کے انضمام شدہ اور غیر انضمام شدہ معاشی گوشواروں میں کر دیا گیا ہے۔

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

☆ مذکورہ سال کے دوران گروپ کمپنیز کے ذمہ قرضہ جات کی مدتیں کوئی بھی رقم واجب الادا نہیں۔

ان مالی گوشواروں کو اکاؤنٹنگ اور رپورٹنگ سے متعلق پاکستان میں مروجہ معیارات کے عین مطابق تشکیل دیا گیا ہے۔ پاکستان میں مروجہ اکاؤنٹنگ اور رپورٹنگ معیارات میں درج ذیل عناصر شامل ہیں۔

☆ بین الاقوامی اکاؤنٹنگ سٹینڈرڈ بورڈ (آئی اے ایس بی) کی جانب سے جاری کئے گئے بین الاقوامی مالیاتی رپورٹنگ سٹینڈرڈ (آئی ایف آر ایس) کمپنیز ایکٹ، مجریہ ۲۰۱۷ء کے تحت جاری شدہ ہیں۔

☆ کمپنیز ایکٹ، مجریہ ۲۰۱۷ء کے تحت دفعات اور ہدایات

☆ جہاں کمپنیز ایکٹ مجریہ ۲۰۱۷ء کے تحت دفعات اور ہدایات اور آئی ایف آر ایس کی شقوں میں تضاد نظر آیا، وہاں کمپنیز ایکٹ مجریہ ۲۰۱۷ء کی دفعات اور ہدایات پر عمل کیا گیا ہے۔

☆ کاروباری انضباط سے متعلق بہترین اقدامات (Best Corporate Governance) کو یقینی بناتے ہوئے، کسی بھی ایسے امر سے روگردانی نہیں کی گئی کہ جن کی تفصیل لسٹنگ ریگولیشنز اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) مجریہ ۲۰۱۹ء کے قواعد نامہ میں درج ہو۔

☆ کمپنی کے قیام سے لے کر اب تک (جو کہ گزشتہ ۶ سال کا عرصہ بنتا ہے) کا اہم بنیادی انتظامی اور اقتصادی ڈیٹا سالانہ رپورٹ میں کسی جگہ مہیا کر دیا گیا ہے۔

☆ ہر گروپ کمپنی کے مالی گوشواروں پر تنقیح کنندگان کی جانب سے غیر رسمی/ غیر مشروط رائے درج کر دی گئی ہے۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز مجریہ ۲۰۱۹ء کی لازمی شرائط کی باقاعدہ پابندی کی جاتی ہے اور اس سلسلے میں اسٹینڈنٹ آف کمپلائنس مع اس پر بیرونی آڈیٹرز کی جائزہ رپورٹ، سالانہ رپورٹ کے ساتھ منسلک ہے۔

کمپنی کے مالیاتی حسابات کے نوٹ ۵۲ میں سال ختمہ ۳۰ جون ۲۰۲۲ء تک کیلئے IPO کے طریقہ کار کے استعمال کی تفصیلی معلومات فراہم کی گئی ہیں۔

پاکستانی روپے	
۵۳۳,۷۳۱,۸۹۸	غیر استعمال شدہ IPO حاصل شدہ برعکس کیم جولائی ۲۰۲۱ء
۱۵,۶۹۱,۲۳۳	جمع: خرم ڈپازٹ پر منافع
۱,۵۲۳,۶۸۸	جمع: بینک ڈپازٹ پر منافع
۲۱,۸۹۲,۶۹۰	جمع: میوچل فنڈز میں سرمایہ کاری پر منافع منقسمہ
۵۰,۹۶۶	جمع: میوچل فنڈز میں سرمایہ کاری کی بیج پر منافع
(۶۸۰,۵۲۳)	جمع: میوچل فنڈز میں سرمایہ کاری کی بیج پر غیر حتمی منافع
(۱۲۶,۹۶۰,۵۱۵)	نئی: OMC پر ڈیٹیلز سے متعلق کی گئی ادائیگیاں
(۲,۵۸۲,۲۳۹)	نئی: منافع پر وہولڈنگ ٹیکس
(۳,۲۸۳,۹۰۲)	نئی: میوچل فنڈز سے حاصل شدہ منافع منقسمہ پر وہولڈنگ ٹیکس
(۳۲,۳۵۳)	نئی: میوچل فنڈز کی بیج پر وہولڈنگ ٹیکس
(۲,۳۷۱)	نئی: بینک چارجز
۴۴۰,۷۰۹,۵۱۹	غیر استعمال شدہ IPO پر سیڈز برعکس ۳۰ جون ۲۰۲۲ء

بورڈ اور انتظامیہ کی رائے میں اس کیپٹل سے حصہ داران کے بہترین مفاد میں خدشات کو بہترین طریقے سے مدوین کیا گیا ہے۔

معاشی نقطہ نظر عالمی اور اندرونی غیر یقینی صورتحال سے گھرا ہوا ہے۔ جغرافیائی سیاسی تناؤ بدستور برقرار ہے، دنیا بھر میں افراط زر بلند ہے، شرح سود میں اضافے کا رجحان ہے امریکی ڈالر مضبوط ہوتا جا رہا ہے۔ اس لئے پاکستان کے بیرونی ماحول کو بڑھتے ہوئے چیلنجز کا سامنا ہے۔

ملکی سطح پر حکومت نے آئی ایم ایف کی ضروریات کو پورا کرنے کے لئے ضروری اقدامات کئے ہیں۔ اس سے افراط زر میں مزید اضافہ ہوا ہے، لیکن بیرونی مالیاتی رکاوٹوں کو دور کرنے کے مثبت اثرات بھی ہیں۔

مومن کی غیر معمولی بارشوں کی وجہ سے آنے والے حالیہ سیلاب نے ہماری اہم اور چھوٹی فصلوں کو بری طرح متاثر کیا ہے جو کہ زرعی کارکردگی میں کمی کے ذریعے معاشی نقطہ نظر کو متاثر کر سکتا ہے۔

موجودہ معاشی صورتحال کو مد نظر رکھتے ہوئے ایچ ٹی ایل اپنے مارکیٹ آپریشنز اور ڈیٹا مینجمنٹ کو دور آمدی پروڈکٹ پورٹ فولیو کا ۹۰ فیصد پلانٹ میں منتقل کرنے اور اپنے پلانٹ پر مقامی بلیڈنگ اور فلٹنگ کو بڑھانے سے مستحکم کر رہا ہے اور اپنی بلیڈنگ کی سہولیات کو بھی بڑھا رہا ہے۔ یہ ملک کے لئے اہم زرمبادلہ کی بچت میں کردار ادا کر رہا ہے اور ایچ ٹی ایل کو زرمبادلہ کے نقصانات سے بچائے گا۔

حکومت فی الحال او ایس سی سیکر کوڈی ریگولیٹ کرنے پر غور کر رہی ہے۔ اگر اسے آنے والے مالی سال میں لاگو کیا جاتا ہے تو ہم اپنے او ایس سی سیکٹور کے منافع میں بہتری اور اس کے ساتھ ساتھ موجودہ قیمتوں کے نظام کے تحت مارجن کے ماہانہ اتار چڑھاؤ میں کمی کی توقع کرتے ہیں۔ اس کے ساتھ ساتھ ہم اپنے خیر

گروپ کی مصنوعات کی حکمت عملی اس کے کاروبار کے ہر پہلو میں معیار فراہم کرنے پر مرکوز ہے۔

ہائی ٹیک ہیلٹنگ (پرائیویٹ) لمیٹڈ ("HTBL")

HTBL آپ کی کمپنی کی ایک مکمل ملکیتی ذیلی کمپنی ہے۔ اس کی آمدنی اور منفعت میں نمایاں اضافہ جاری رہا۔ HTBL نے نہ صرف اپنے پورٹ فولیو میں نئی مصنوعات کا اضافہ کیا بلکہ اپنی ہیلٹنگ کی سہولیات کو بھی وسعت دی۔

بہترین خدمات، پیشہ ورانہ تربیت کے حامل عملے اور جدید ترین ٹیکنالوجی کے ذریعے گاڑیوں کی دیکھ بھال کے نظریے کو یکسر تبدیل کرنا ایچ ٹی ایل ایکسپریس کا مقصد ہے۔ اس وقت آٹھ ایچ ٹی ایل ایکسپریس فرنیچر سٹور سینٹر موجود ہیں جن کے ذریعے کمپنی صارف کی بنیاد پر گاڑیوں کی حفاظتی دیکھ بھال کے دائرہ کار کو وسعت دے رہی ہے۔ مزید برآں کمپنی ایچ ٹی ایل ڈیٹر آپریٹڈ فیول سٹیشنز کے ذریعے مذکورہ آؤٹ لیٹس کی تعداد میں بھی اضافہ کر رہی ہے۔ تاحال فرنیچر سٹور ڈیٹر اور فیول سٹیشن ماڈل کو مل کر کل ستائیس سٹیشنز کام کر رہے ہیں۔

اس وقت کمپنی کے ۲۷ ایچ ٹی ایل فیول اسٹیشن پنجاب میں کام کر رہے ہیں جبکہ مذید ۱۹ پر کام جاری ہے۔ اس وقت خبر پختون خواہ میں ۱۹ ایچ ٹی ایل فیول اسٹیشنوں پر کام جاری ہے جن کے لئے خبر پختونخواہ کے ڈپ کے لئے اوگرہ کی طرف سے منظوری کا انتظار ہے۔ یہ اسٹیشن ہماری انفرادی فیئر پلیٹس مطالعہ کے مطابق پیش گوئی سے زیادہ بہتر کارکردگی کا مظاہرہ کر رہے ہیں۔ یہ ہماری سائٹ کے انتخاب اور "ZIC" کے برانڈ نام کے ساتھ منسلک ایکویٹی کی ایک جانچ بھی ہے۔

کیش منیجمنٹ اور لیکویڈیٹی کے کنٹرول پر کمپنی کی بنیادی توجہ مرکوز ہے اور حکمت عملی کے ضمن میں کمپنی کے تمام فیصلوں سے لے کر خریداری، مارکیٹنگ کی اسکیموں کی تشکیل اور کیپٹل اخراجات تک ہر چیز میں امور کا خیال رکھا جاتا ہے۔ بجٹ تیار کرنے اور منصوبہ بندی کے ڈپارٹمنٹ براہ راست کمپنی کے چیف فنانس آفیسر (سی ایف او) کی نگرانی میں کام کرتے ہیں اور چیف ایگزیکٹو آفیسر (سی ای او) کو براہ راست رپورٹ کرتے ہیں۔ یہ شعبہ سالانہ حکمت عملی کی پلاننگ، بجٹ تیار کرنے اور پیش گوئی کرنے کا کام کرتا ہے جس سے کمپنی کو اپنے وژن کے حصول میں مستعدی اور مستقبل کے حکمت عملی اور لیکویڈیٹی کے خطرات سے تحفظ کا موقع ملتا ہے۔ کمپنی میں کیش انضباط کا مؤثر نظام موجود ہے جب کہ کیش کے داخلی بہاؤ اور خارجی بہاؤ کو ماہانہ، سہ ماہی اور ششماہی بنیادوں پر ظاہر کیا جاتا ہے اور اس کی سختی سے نگرانی کی جاتی ہے نیز ماہانہ اور سہ ماہی رولنگ پیش گوئی پر بجٹ کی تیاری کی جاتی ہے۔ ورکنگ کیپٹل کی ضروریات کی مناسب طور پر پلاننگ کی جاتی ہے اور اسے تجارتی وصولیوں، ادائیگیوں اور انونٹری کی سطح پر مستعدی سے منظم کیا جاتا ہے اور فنانسنگ کے انتظامات کئے جاتے ہیں۔

کیپٹل کے اخراجات کا انتظام انتہائی احتیاط سے سنبھالا جاتا ہے اور اس ضمن میں سرمایہ کاری سے متعلق منفعت کی موزوں قدر پیمائی اور خدشات کو ملحوظ رکھا جاتا ہے۔ کمپنی کے مجوزہ کیپٹل اخراجات اور

رسک منیجمنٹ پالیسیز کے حوالے سے اندرونی آڈٹ ڈپارٹمنٹ اور آڈٹ کمیٹی بروقت ڈیلیوری اور بجٹ کی رقم کے مطابق پروجیکٹس کا باقاعدگی سے جائزہ لیتے ہیں۔ بڑے کیپٹل کے اخراجات کیلئے طویل مدت کے معاہدے کے ساتھ انتظامات کئے جاتے ہیں تاکہ کاروبار کو نقد رقم کے بہاؤ کے خدشات کو کم سے کم رکھا جائے۔ سال ختمہ ۲۰۲۲ء کے دوران میں کیپٹل اخراجات ۹۸۳ ملین پاکستانی روپے تھے جب کہ گزشتہ سال اسی مدت کے اخراجات ۳۶۲ ملین پاکستانی روپے تھے۔

بورڈ کو اطمینان ہے کہ دریں اثنا کوئی ایسی قلیل المدت یا طویل المدت رکاوٹ موجود نہیں جو طویل میعاد پراجیکٹس پر کمپنی کی سرمایہ کاری کی راہ میں حائل ہو سکے کیونکہ کمپنی کو جون ۲۰۲۲ء میں اپنی مضبوط سٹینٹ اور معاشی ساکھ کی وجہ سے مسلسل کمپی ٹیو کرڈٹ سہولت حاصل رہے گی۔ کمپنی کو اپنی عمدہ طریقے سے تیار کردہ کیش منیجمنٹ کی حکمت عملی کی روشنی میں کسی لیکویڈیٹی کے خدشہ کا سامنا نہیں ہے جس کے نتیجے میں اسے غیر استعمال شدہ اور نان فنڈڈ قرضہ جات کی سہولت کی مناسب دستیابی حاصل ہے۔

ملکی معیشت کی ترقی میں گروپ کا کردار قابل ذکر ہے، مالی سال ۲۰۲۲ء کے دوران کمپنی نے قومی خزانے میں فروخت و آمدنی محصولات کی مد میں ۲.۷۸۵ ارب روپے کی خطیر رقم جمع کروا کر ملکی معیشت کی بحالی میں اہم کردار ادا کیا۔

مالی سال ۲۰۲۲ء میں کمپنی کے مالیاتی نتائج کے مطابق بورڈ آف ڈائریکٹرز نے ۲۳ ستمبر ۲۰۲۲ء کو ہونے والی اپنی میٹنگ میں اپنے منافع جات میں سے سال ختمہ ۲۰۲۲ء کیلئے ۲ روپے فی شیئر (۲۰ فیصد) کے حساب سے حتمی نقد منافع منقسمہ کی تجویز دی ہے منافع منقسمہ کیلئے ممبرز کی منظوری ۲۸ اکتوبر ۲۰۲۲ء کو منعقد ہونے والے سالانہ اجلاس عام میں حاصل کی جائے گی۔ اکاؤنٹنگ کے لاگو معیارات کی شرائط کے مطابق ۲۰۲۲ء، ۲۰۲۱ء، ۲۰۲۰ء، ۲۰۱۹ء، ۲۰۱۸ء پاکستانی روپے کے مجوزہ منافع منقسمہ کو ان مالیاتی حسابات میں بطور واجبات شامل نہیں کیا گیا ہے۔

ہائی ٹیک لبریکینٹس لمیٹڈ (ایچ ٹی ایل یا کپنی) کے ڈائریکٹران سال مختتمہ ۲۰۲۲ء کی سالانہ رپورٹ مع آڈٹ شدہ مجموعی و ملحدہ مالیاتی حسابات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

پاکستان کی معیشت نے ۲۰۲۲ء کو ختم ہونے والے مالی سال کے لئے ۵ اعشاریہ ۹۷ فیصد کی مضبوط جی ڈی پی نمو پوسٹ کی۔ مضبوط پالیسی سپورٹ کی وجہ سے برآمدات میں اضافہ ہوا جس میں برآمدات کی سہولت کی اسکیم، کوریج میں اضافہ اور ایل ٹی ایف ایف کے تحت قرض کی حدیں اور بعض شعبوں میں ٹیرف کی معقولیت شامل ہے۔ فیڈرل بورڈ آف ریونیو کی طرف سے ٹیکس وصولی میں بھی اسی مدت کے دوران ۲۹ فیصد اضافہ ریکارڈ کیا گیا۔ تاہم، روس اور یوکرین تنازعہ سے پیدا ہونے والی جغرافیائی و سیاسی غیر یقینی صورتحال نے ہمارے معاشی عدم توازن کو بڑھا دیا ہے اور عالمی اجناس کی قیمتوں میں خاطر خواہ اضافہ ہوا ہے جس سے غیر ملکی زرمبادلہ کے ذخائر پر دباؤ پڑا ہے۔ مزید عام اشیاء کا افراط زر گیارہ اعشاریہ تین فیصد تک بڑھ گیا جس کی وجہ سے اسٹیٹ بینک آف پاکستان نے مانیٹری سختی کے حصے کے طور پر پالیسی ریٹ کو ۱۵ فیصد تک بڑھایا جو کہ بڑھتی ہوئی مہنگائی پر قابو پانے کے لئے ستمبر ۲۰۲۱ء سے جاری ہے۔ وفاقی حکومت نے مالی فاصلوں کی کمی کے لئے وفاقی بجٹ ۲۰۲۲ء-۲۰۲۳ء کے ذریعے منتخب کارپوریٹ سیکٹرز پر انکم ٹیکس میں بھی اضافہ کیا ہے۔

معاشی نقطہ نظر عالمی اور اندرونی غیر یقینی صورتحال سے گھرا ہوا ہے۔ جغرافیائی سیاسی کشیدگی برقرار ہے، دنیا بھر میں افراط زر بلند ہے، شرح سود میں اضافے کا رجحان ہے امریکی ڈالر مضبوط ہو رہا ہے۔ پاکستان کا بیرونی ماحول ان کے دھتے ہوئے چیلنجز کا سامنا کر رہا ہے۔ ملکی سطح پر حکومت نے آئی ایم ایف کی ضروریات کو پورا کرنے کے لئے ضروری اقدامات کئے ہیں۔ ان سے افراط زر میں مزید اضافہ ہوا ہے۔ لیکن بیرونی مالیاتی رکاوٹوں کو دور کرنے کے مثبت اثرات بھی مرتب ہوئے ہیں۔ مومن سون کی غیر معمولی بارشوں کی وجہ سے آنے والے حالیہ سیلاب نے اہم اور چھوٹی دونوں فصلوں کو بری طرح متاثر کیا ہے جو کہ آنے والے مہینوں میں زراعت کی کارکردگی میں کمی کے ذریعے معاشی نقطہ نظر کو متاثر کر سکتے ہیں۔

عالمی اور اندرونی غیر یقینی صورتحال کے باوجود آپ کے گروپ (ہائی ٹیک لبریکینٹس لمیٹڈ اور ہائی ٹیک مینڈنگ (پرائیویٹ) لمیٹڈ، اس کی کل ملکیتی ذیلی کمپنی) نے مصنوعات کی بلا تعطل فراہمی اور دستیابی، ڈسٹریبوشن چینل کی توسیع اور برانڈ کے پیچھے سرمایہ کاری کے ذریعے آمدنی میں ۳۴ فیصد اضافہ ریکارڈ کیا۔ ٹیکس سے پہلے ہمارے منافع میں ۳۹ اعشاریہ ۸ فیصد بہتری ریکارڈ کرنے کے باوجود زبردستی سال کی چوتھی سہ ماہی میں بک کئے گئے بڑے پیمانے پر کارپوریٹ ٹیکس میں اضافے کی وجہ سے ہماری بائٹ لائن میں ۱۰ فیصد کمی واقع ہوئی ہے۔ آپریشنل منافع میں اضافہ مختلف بروقت اقدامات، آپٹیمائزیشن فیول پروجیکٹ کی توسیع اور لبریکینٹ سیکمنٹ میں قیمتوں کے بہتر انتظام کی حکمت عملیوں کے ذریعے ممکن ہوا۔ گروپ نے ۱۵۰۶ ملین پاکستانی روپے کا آپریٹنگ منافع حاصل کیا جو کہ پچھلے سال کے مقابلے میں ۶۲ فیصد زیادہ ہے جو حجم میں اضافے، لاگت پر قابو پانے اور ویلیو چین آپٹیمائزیشن کے اقدامات کی وجہ سے ہوا البتہ سب سے نیچے کی لکیر ۶۰۰ ملین پاکستانی روپے کے بے مثال ٹیکس اخراجات کی وجہ سے متاثر ہوئی ہے جو کہ بنیادی طور پر سہ ٹیکس کی پہچان اور موثر ٹیکس کی ذمہ داری کا اثر ہے۔ کمپنی نے 4QFY22 میں ۹۷ فیصد بقابلہ SPLY میں ۷۱ اعشاریہ ۵ فیصد سہ ٹیکس اور موثر ٹیکس کی ذمہ داری کے اثرات کی مدد میں موثر ٹیکسیشن بک کی۔ یہ ٹیکس دھچکا ہماری فی حصص آمدنی میں ۱۰ فیصد کمی کی بنیادی وجہ بنا جو کہ چار روپے اکیانوے پیسے سے چار روپے چوالیس پیسے ہو گئی۔ ایک مثبت بات یہ ہے کہ ہمارا اوایم سی پراجیکٹ کام شروع کرنے کے بعد پہلی بار سبز ہوا ہے۔ ان اعداد و شمار میں ۳۰۵ ملین پاکستانی روپے کا آپریشنل منافع اوایم سی پراجیکٹ سے وابستہ ہے جو اس وقت ترقی کے مرحلے میں ہے۔

آپ کے گروپ کی مجموعی مالیاتی کارکردگی کا جائزہ درج ذیل ہے:

تبدیلی	مجموعی برائے ۲۰۲۲ء	مجموعی برائے ۲۰۲۱ء	تبدیلی
	روپے بلین میں	روپے بلین میں	
(ثبت، منفی)			
مجموعی فروخت	۲۰,۹۶۲	۱۵,۶۰۰	۳۴ فیصد
خالص فروخت	۱۷,۷۳۳	۱۰,۵۹۷	۶۷ فیصد
مجموعی منافع	۳,۷۳۷	۲,۲۶۸	۶۵ فیصد
فروخت کی شرح فیصد	۲۱.۰۶ فیصد	۲۱.۴۰ فیصد	(۰.۳۳) فیصد
آپریٹنگ منافع	۱,۵۰۶	۹۲۸	۶۲ فیصد
محصول سے پہلے خالص منافع	۱,۲۱۸	۸۱۳	۴۹.۸ فیصد
بعد از محصول خالص منافع	۶۱۷	۶۸۴	(۹.۸) فیصد
آمدنی فی حصص	۴.۴۴	۴.۹۱	(۹.۵۷) فیصد

FORM OF PROXY



I/We _____ a member / member of Hi-Tech Lubricants Limited and holder of _____ shares as per Share Register Folio # / CDC Participant I.D. Participant ID # Sub A/C # / Investor A/C # _____ do hereby appoint _____ of _____ or failing him _____ of _____ who is also member of the Company vide Registered Folio # _____ as my/our Proxy to attend, speak and vote for me /us and on my / our behalf at the Annual General Meeting of the Company to be held on Friday October 28, 2022 at 11:00 a.m. and at any adjournment thereof.

As witness my/our hand this _____ day of October, 2022 at _____

Witness' Signature:

.....

Name

CNIC #

Address.....

.....

Witness' Signature:

.....

Name

CNIC #

Address.....

.....

Date:

Place:

Affix Revenue
Stamp of Rs. 50/-

Member's
Signature

Notes:

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.

For Appointing Proxies:

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



ہائی-ٹیک لبریکنٹس لمیٹڈ

مختار نامہ

میں اہم

کا کے

بیشیت رکن ہائی۔ ٹیک لبریکنٹس لمیٹڈ اور حامل حصص، بمطابق شیئرز رجسٹر فوئیو نمبر

اور ایسی ڈی سی پارٹنر شپ (شرکت آئی ڈی) نمبر

اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر

محترم/محترمہ

کو اپنے/تارے ایماء پر مورخہ 28 اکتوبر 2022ء بروز جمعہ بوقت صبح 11:00 بجے

کو منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا/ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز..... بتاریخ..... 2022ء کو دستخط کیے گئے۔

گواہان

1۔

دستخط:

نام:

پتہ:

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

پچاس روپے مالیت کے رسیڈنٹ پروسٹھ

2۔

دستخط:

نام:

پتہ:

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

دستخط کمپنی کے نمونہ دستخط سے
سے مکمل ہونے چاہئیں۔

نوٹ

- 1۔ اجلاس میں شرکت اور ووٹ دینے کا اہل رکن، اجلاس میں شرکت کیلئے اپنی بجائے کسی دوسرے رکن کو اپنا نائب مقرر کر سکتا ہے۔
- 2۔ نیابت فارم باقاعدہ دستخط شدہ اور مزید شدہ لازماً اجلاس سے کم از کم اڑتالیس (۳۸) گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں جمع کرائے جانے چاہئیں۔
- 3۔ نائب کی نامزدگی کیلئے۔
- a۔ فرد کی صورت میں، کھاتہ دار اور یا ذیلی کھاتہ دار جن کی رجسٹریشن کی تفصیلات سی ڈی سی ضابطے کے مطابق اپ لوڈ کر دی گئی ہوں، درج ذیل ضروریات کے مطابق نیابت فارم جمع کرانا ہوگا۔
- b۔ نیابت فارم پر دو گواہوں کی تصدیق کرانا ضروری ہے جن کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز فارم پر درج ہونگے۔
- c۔ حصص یافتگان اور ان کے نائب کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹو کاپیاں نیابت فارم کے ساتھ منسلک ہونگی۔
- d۔ نائب اپنے اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ کی سکین/فوٹو آن لائن اجلاس میں شرکت کے لئے وڈیولنک/ذوم/ایلیکٹرونک میں لاگن کرتے وقت بھیجے گا۔
- e۔ کاروباری اداروں کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی بعد نامزد شخص کے نمونہ دستخط اور نیابت فارم کی سکین/فوٹو آن لائن اجلاس میں شرکت کے لئے وڈیولنک/ذوم/ایلیکٹرونک میں لاگن کرتے وقت بھیجے گا، (اگر پہلے فراہم نہ کئے گئے ہوں)۔

A portrait of a man in a dark suit and striped tie, smiling, set against a blue background with a circular, tunnel-like effect and glowing light trails.

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.



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