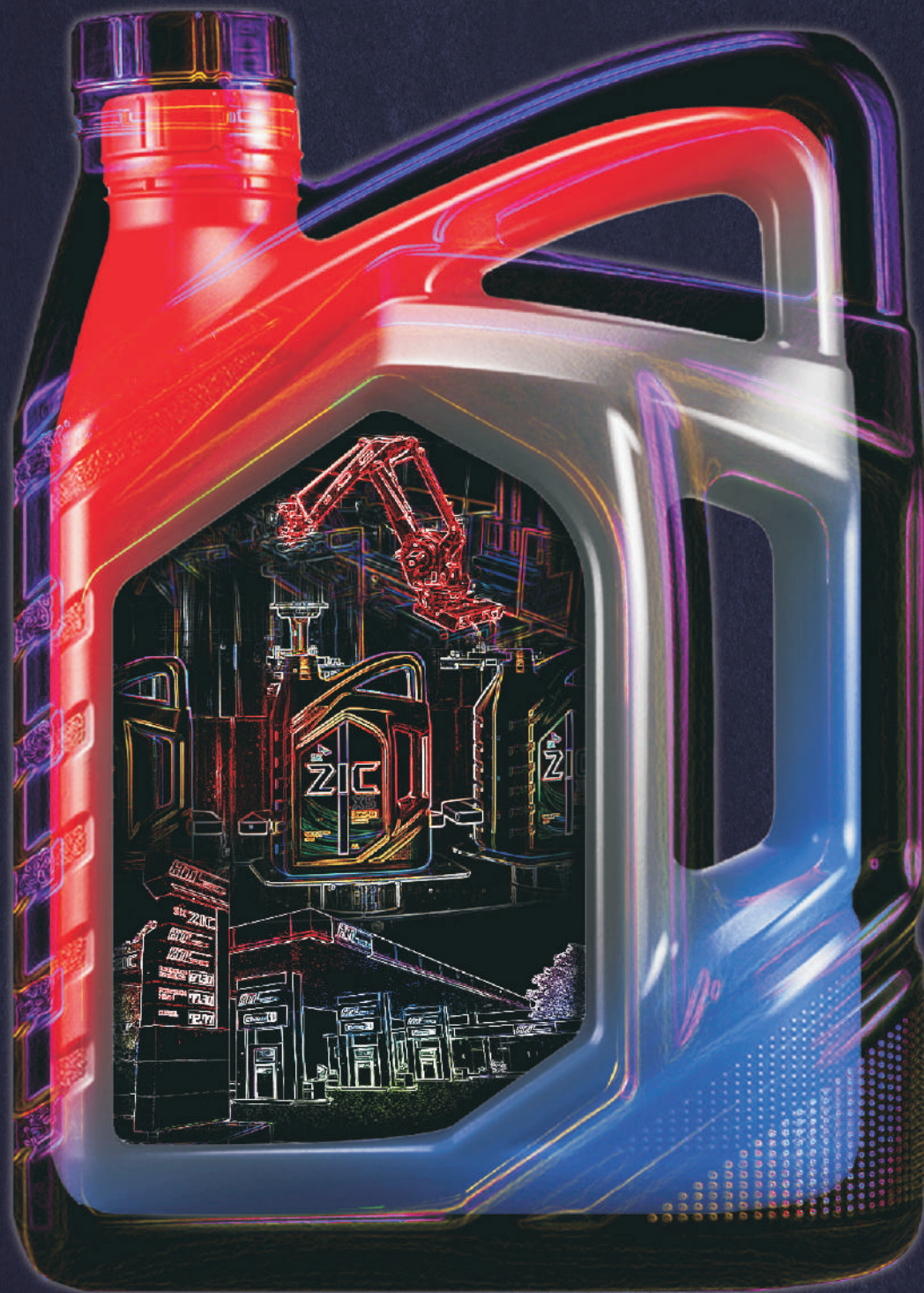


Hi-Tech Lubricants Ltd

Condensed Interim Financial Information

For the Quarter Ended 30 September 2023
(Un-Audited)



**FROM MILESTONES
TO MOMENTUM**

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 Enmove Co. Ltd. formerly 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:

House No. 57-C 1, Gulberg III, Lahore.

Phone: +92-42-35199391

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

Mobilink Mircrofinance Bank Limited



Directors' Review

Dear Shareholders,

The Directors of Hi-Tech Lubricants Limited (the Company) are pleased to submit the first quarter report of your Company which include both, **unconsolidated** and **consolidated unaudited** condensed interim financial statements for the quarter ended September 30, 2023.

Sales for the three-month period ended September 30, 2023, stand at PKR 5 billion, reflecting a growth of 7% compared to the same period last year. The increase in revenue can be attributed to growth across our lubricant product portfolio especially local blended items, complemented by a favorable product mix, demand-generating activities and competitive pricing.

Our operating profit also improved as a result of localization of raw and packaging materials and other operating cost control measures.

While the Pakistani rupee has shown some signs of recovery, we anticipate that economic challenges such as depressing GDP growth, extremely higher finance costs, high inflation, increased commodity prices, higher taxation and limited foreign exchange availability for imports will continue to persist. These factors have adversely impacted consumption as a result of significant pressure on consumers' disposable income.

It is imperative to note the challenges that impacted our financial results in the fiscal year 2023 continues. Unabated effect of the aforesaid challenges coupled with economic pressures, unfortunately resulted in financial loss for the company during the quarter under review.

Notably despite all odds lubricants segment is profitable during the quarter. OGRA increased OMC margin by 7.8% during the quarter ended September 2023 and 13.75% in October 2023 which we expect will improve our profitability in fuel segment. The company also started fuel operations in KPK whose results will be visible by the end of financial year 2024.

Position of IPO Funds

Total payments made for the OMC project during the quarter ended September 30, 2023 were Rs. 23.6M. At 30 September 2023, the un-utilized proceeds of Rs 392.97 million of the initial public offer have been kept by the Company in the shape of bank balances, term deposit receipts and mutual funds. These can only be utilized for the purposes of expansions related to OMC project (petroleum segment) of the Company.

Future Outlook

We foresee that the current challenges will persist for the rest of the year. However, the Company maintains a cautious outlook about the performance in the coming year, taking all necessary measures to manage the above-mentioned issues in a planned and coordinated manner with delivering quality products.

ACKNOWLEDGMENT

Directors of your Company take pleasure in expressing their sincere gratitude and appreciation for the outstanding commitment and contribution of all the employees and continued trust and reliance placed in the Company by all the stakeholders.



Mr. Muhammad Ali Hassan
(Executive Director)

Lahore, October 27, 2023



Mr. Shaukat Hassan
(Chairman)

ڈائریکٹران کا جائزہ

محترم ہمداران!

ہائی ٹیک لبریکینٹس لمیٹڈ (کمپنی) کے ڈائریکٹرز کو آپ کی کمپنی کی پہلی سہ ماہی کی رپورٹ جمع کراتے ہوئے پر مسرت ہیں جس میں ۳۰ ستمبر ۲۰۲۳ء کو ختم ہونے والی سہ ماہی کے لیے غیر منتفہ اور مستحکم غیر آڈیٹ شدہ کنڈینسڈ عبوری مالیاتی بیانات شامل ہیں۔

۳۰ ستمبر ۲۰۲۳ء کو ختم ہونے والی تین ماہ کی مدت کے لیے سیلز پانچ ارب پاکستانی روپے ہے، جو پچھلے سال کی اسی مدت کے مقابلے میں ۷ فیصد کی نمو کو ظاہر کرتی ہے۔ محصولات میں اضافے کو ہمارے لبریکینٹ پروڈکٹ پورٹ فولیو میں خاص طور پر مقامی ملاوٹ شدہ اشیاء کی ترقی سے منسوب کیا جاسکتا ہے، جو کہ سازگار پروڈکٹس، طلب پیدا کرنے والی سرگرمیوں اور مسابقتی قیمتوں کے ذریعے تکمیل شدہ ہیں۔

ہمارے آپریٹنگ منافع میں بھی خام اور ہیکینگ مواد کی لوکلائزیشن اور دیگر آپریٹنگ لاگت پر تقابلاً پانے کے اقدامات کے نتیجے میں بہتری آئی ہے۔

جب کہ پاکستانی روپے نے بحالی کے کچھ اشارے دکھائے ہیں، ہم توقع کرتے ہیں کہ معاشی چیلنجز جیسے کہ جی ڈی پی کی نمو میں کمی، انتہائی بلند مالیاتی لاگت، بلند افراط زر، اشیاء کی قیمتوں میں اضافہ، زیادہ ٹیکس لگانے اور درآمدات کے لیے غیر ملکی زرمبادلہ کی محدود دستیابی برقرار رہے گی۔ صارفین کی ڈیسپوزیبل آمدنی پر نمایاں دباؤ کے نتیجے میں ان عوامل نے کھپت کو بری طرح متاثر کیا ہے۔

مالی سال ۲۰۲۳ء میں ہمارے مالیاتی نتائج کو متاثر کرنے والے چیلنجز کو نوٹ کرنا ضروری ہے۔ معاشی دباؤ کے ساتھ مذکورہ بالا چیلنجز کا غیر متزلزل اثر، بد قسمتی سے زیر نظر سہ ماہی کے دوران کمپنی کو مالی نقصان پہنچا۔

خاص طور پر تمام تر مشکلات کے باوجود سہ ماہی کے دوران لبریکینٹس کا طبقہ منافع بخش ہے۔ اوگرا نے ستمبر ۲۰۲۳ء کو ختم ہونے والی سہ ماہی کے دوران OMC مارجن میں 7.8 فیصد اور اکتوبر ۲۰۲۳ء میں 13.75 فیصد اضافہ کیا جس سے ہمیں توقع ہے کہ ابندھن کے شعبے میں ہمارے منافع میں بہتری آئے گی۔ کمپنی نے کپی کے میں فیول آپریشن بھی شروع کیا جس کے نتائج مالی سال ۲۰۲۳ء کے آخر تک نظر آئیں گے۔

آئی پی او فنڈز کی پوزیشن

۳۰ ستمبر ۲۰۲۳ء کو ختم ہونے والی سہ ماہی کے دوران OMC پروجیکٹ کے لیے کی گئی کل ادائیگیاں 23.6 ملین روپے تھیں۔ 30 ستمبر 2023 کو، ابتدائی عوامی پیشکش کے 392.97 ملین روپے کی غیر استعمال شدہ رقم کو کمپنی نے بینک بیلنس، ٹرم ڈپازٹ رسیدوں اور میوچل فنڈز کی شکل میں رکھا ہے۔ یہ صرف کمپنی کے OMC پروجیکٹ (پیٹرولیم سٹیگٹ) سے متعلق توسیع کے مقاصد کے لیے استعمال کیے جاسکتے ہیں۔

مستقبل کا آؤٹ لک

ہم پیش گوئی کرتے ہیں کہ موجودہ چیلنجز باقی سال تک برقرار رہیں گے۔ تاہم، کمپنی آنے والے سال کی کارکردگی کے بارے میں ایک محتاط نقطہ نظر کو برقرار رکھتی ہے، اور معیاری مصنوعات کی فراہمی کے ساتھ منصوبہ بند اور مربوط انداز میں مذکورہ بالا مسائل کو منظم کرنے کے لیے تمام ضروری اقدامات کرتی ہے۔

اعتراف

آپ کی کمپنی کے ڈائریکٹرز تمام ملازمین کی شاندار وابستگی اور شراکت اور تمام اسٹیک ہولڈرز کی جانب سے کمپنی پر مسلسل اعتماد اور بھروسہ کے لیے اپنے مخلصانہ شکر یہ اور تعریف کا اظہار کرتے ہوئے خوشی محسوس کرتے ہیں۔

جناب شوکت حسن

(چیئرمین)

جناب محمد علی حسن

(ایگزیکٹو ڈائریکٹر)

لاہور، ۲۷ اکتوبر ۲۰۲۳ء

HI-TECH LUBRICANTS LIMITED

**Unconsolidated Condensed Interim
Financial Information (Un-audited)**

Unconsolidated Condensed Interim Statement Of Financial Position (Un-audited)

As At 30 September 2023

	Note	Un-Audited September 30, 2023 Rupees	Audited June 30, 2023 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 150,000,000 (2023: 150,000,000) ordinary shares of Rupees 10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital		1,392,048,000	1,392,048,000
Reserves		2,313,942,550	2,430,897,384
Total equity		3,705,990,550	3,822,945,384
LIABILITIES			
NON-CURRENT LIABILITIES			
Lease liabilities	4	463,228,805	492,138,641
Long term deposits		15,500,000	16,500,000
		478,728,805	508,638,641
CURRENT LIABILITIES			
Trade and other payables		1,389,421,045	974,284,283
Accrued mark-up		86,143,938	81,019,923
Short term borrowings	5	1,867,269,457	1,851,556,185
Current portion of non-current liabilities		146,111,805	150,742,680
Unclaimed dividend		5,807,971	5,830,744
Provision for taxation - net		3,850,942	-
		3,498,605,158	3,063,433,815
Total liabilities		3,977,333,963	3,572,072,456
CONTINGENCIES AND COMMITMENTS			
	6		
TOTAL EQUITY AND LIABILITIES		7,683,324,513	7,395,017,840

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



Chief Executive



Director



Chief Financial Officer

		Un-Audited September 30, 2023 Rupees	Audited June 30, 2023 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	7	2,601,786,854	2,589,502,914
Right-of-use assets	8	573,537,324	605,121,153
Intangible assets	9	3,053,456	3,981,524
Investment property		135,000,000	135,000,000
Investment in subsidiary company		1,300,000,600	1,300,000,600
Long term security deposits		51,943,128	51,943,128
Long term loans to employees		2,751,559	2,985,100
Deferred income tax asset - net		68,903,810	83,599,116
		4,736,976,731	4,772,133,535
CURRENT ASSETS			
Stock-in-trade	10	1,282,686,442	1,102,921,785
Trade debts		240,069,790	159,239,694
Loans and advances		563,923,017	625,010,633
Short term deposits and prepayments		47,836,403	32,337,488
Other receivables		325,023,697	188,392,066
Accrued interest		36,739,898	52,987,973
Short term investments		213,441,773	222,582,946
Cash and bank balances	11	236,626,762	239,411,720
		2,946,347,782	2,622,884,305
TOTAL ASSETS		7,683,324,513	7,395,017,840

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



Chief Executive



Director



Chief Financial Officer

Unconsolidated Condensed Interim Statement of Profit or Loss (Un-audited)

For The Quarter Ended 30 September 2023

	Un-Audited September 30, 2023 Rupees	Un-Audited September 30, 2022 Rupees
GROSS REVENUE FROM CONTRACTS WITH CUSTOMERS	4,533,631,542	4,326,639,793
Discounts	(127,123,642)	(82,621,340)
Sales tax	(406,997,492)	(301,969,449)
NET REVENUE FROM CONTRACTS WITH CUSTOMERS	<u>3,999,510,408</u>	<u>3,942,049,004</u>
COST OF SALES	<u>(3,694,047,580)</u>	<u>(3,594,989,116)</u>
GROSS PROFIT	305,462,828	347,059,888
DISTRIBUTION COST	(208,486,346)	(177,613,846)
ADMINISTRATIVE EXPENSES	(169,046,888)	(186,404,125)
OTHER EXPENSES	(14,421,602)	(45,261,433)
	(391,954,836)	(409,279,404)
OTHER INCOME	140,514,011	27,680,137
PROFIT FROM OPERATIONS	<u>54,022,003</u>	<u>(34,539,379)</u>
FINANCE COST	(138,444,731)	(91,239,202)
LOSS BEFORE TAXATION	<u>(84,422,728)</u>	<u>(125,778,581)</u>
TAXATION	(32,532,106)	24,981,037
LOSS AFTER TAXATION	<u>(116,954,834)</u>	<u>(100,797,544)</u>
LOSS PER SHARE - BASIC AND DILUTED	<u>(0.84)</u>	<u>(0.72)</u>

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



Chief Executive



Director



Chief Financial Officer

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For The Quarter Ended 30 September 2023

	Un-Audited September 30, 2023 Rupees	Un-Audited September 30, 2022 Rupees
LOSS AFTER TAXATION	(116,954,834)	(100,797,544)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the period	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(116,954,834)	(100,797,544)

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



Chief Executive



Director



Chief Financial Officer

Unconsolidated Condensed Interim Statement OF Cash Flows (Un-audited)

For The Quarter Ended 30 September 2023

	Note	Un-Audited September 30, 2023 Rupees	Un-Audited September 30, 2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	12	220,813,381	(665,137,755)
Finance cost paid		(133,320,716)	(61,385,705)
Income tax paid		(149,240,448)	(116,449,395)
Net increase in long term loans to employees		(700,625)	(1,115,490)
Decrease in long term deposits		(1,000,000)	-
Net cash used in operating activities		(63,448,408)	(844,088,345)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on operating fixed assets		(37,956,954)	7,186,423
Short term loan given to subsidiary company		(17,000,000)	-
Short term loan repaid by subsidiary company		55,000,000	-
Proceeds from disposal of operating fixed assets		-	3,851,000
Short term investments - net		11,897,094	(3,906,515)
Dividends received		8,406,591	5,832,820
Interest received on short term loan to subsidiary company		45,954,988	-
Profit on bank deposits and term deposit receipt received		15,881,339	6,756,043
Net cash (used in) / from investing activities		82,183,058	19,719,771
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(37,210,107)	(19,214,396)
Dividend paid		(22,773)	(60,183)
Long term financing repaid		-	(23,040,619)
Short term borrowings - net		15,713,272	501,669,563
Net cash (used in) / from financing activities		(21,519,608)	459,354,365
Net (decrease) / increase in cash and cash equivalents		(2,784,958)	(365,014,209)
Cash and cash equivalents at the beginning of the period		239,411,720	657,141,796
Cash and cash equivalents at the end of the period		236,626,762	292,127,587

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



Chief Executive



Director



Chief Financial Officer

Unconsolidated Condensed Interim Statement Of Changes In Equity (Un-audited)

For The Quarter Ended 30 September 2023

SHARE CAPITAL	RESERVES					TOTAL RESERVES	TOTAL EQUITY
	CAPITAL RESERVES			REVENUE RESERVE			
	SHARE PREMIUM	SURPLUS ON REVALUATION OF FREEHOLD LAND	SUB-TOTAL	UN-APPROPRIATED PROFIT			
Rupees							
Balance as at 30 June 2022 - Audited	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
Transactions with owners:							
Loss for the quarter ended 30 September 2022	-	-	-	-	(100,797,544)	(100,797,544)	(100,797,544)
Other comprehensive loss for the quarter ended 30 September 2022	-	-	-	-	-	-	-
Total comprehensive loss for the quarter ended 30 September 2022	-	-	-	-	(100,797,544)	(100,797,544)	(100,797,544)
Balance as at 30 September 2022 - Un-Audited	<u>1,392,048,000</u>	<u>1,441,697,946</u>	<u>704,626,206</u>	<u>2,146,324,152</u>	<u>503,377,060</u>	<u>2,649,701,212</u>	<u>4,041,749,212</u>
Balance as at 30 June 2023 - Audited	1,392,048,000	1,441,697,946	756,846,956	2,198,544,902	232,352,482	2,430,897,384	3,822,945,384
Transaction with owners:							
Loss for the quarter ended 30 September 2023	-	-	-	-	(116,954,834)	(116,954,834)	(116,954,834)
Other comprehensive loss for the quarter ended 30 September 2023	-	-	-	-	-	-	-
Total comprehensive loss for the quarter ended 30 September 2023	-	-	-	-	(116,954,834)	(116,954,834)	(116,954,834)
Balance as at 30 September 2023 - Un-Audited	<u>1,392,048,000</u>	<u>1,441,697,946</u>	<u>756,846,956</u>	<u>2,198,544,902</u>	<u>115,397,648</u>	<u>2,313,942,550</u>	<u>3,705,990,550</u>

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



Chief Executive



Director



Chief Financial Officer

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

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. On 09 August 2021, OGRA has acknowledged the satisfactory completion of oil storage facility at Nowshera, Khyber Pakhtunkhwa. On 13 January 2022, OGRA has further extended / renewed the provisional license for setting up of an OMC upto 31 December 2023. On 16 March 2023, OGRA has granted permission to the Company to operate new storage facility at Nowshera and marketing of petroleum products in the province of Khyber Pakhtunkhwa.

2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting' 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2023. These unconsolidated condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these unconsolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2022.

3.1 Critical accounting estimates and judgments

The preparation of these unconsolidated condensed interim 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.

During preparation of these unconsolidated condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual financial statements of the Company for the year ended 30 June 2023.

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

	Un-Audited September 30, 2023 Rupees	Audited June 30, 2023 Rupees
4. LEASE LIABILITIES		
Total lease liabilities	609,340,610	642,881,321
Less: Current portion shown under current liabilities	(146,111,805)	(150,742,680)
	<u>463,228,805</u>	<u>492,138,641</u>

4.1 Implicit rates against lease liabilities range from 23.26% to 25.92% (2023: 14.40% to 23.62%) per annum.

4.2 Leases from banking companies are secured against the leased assets, personal guarantees of directors and security deposits of Rupees 54.869 million (2023: Rupees 54.869 million).

	Un-Audited September 30, 2023 Rupees	Audited June 30, 2023 Rupees
5. SHORT TERM BORROWINGS		
From banking companies - secured		
Short term finances (Note 5.1 and Note 5.2)	<u>1,867,269,457</u>	<u>1,851,556,185</u>

5.1 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.

5.2 The effective rates of mark-up ranged from 22.60% to 28% (2023: 14.14% to 23.24%) per annum.

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

6.1.1 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 unconsolidated condensed interim financial statements., as the management, based on the advice of the legal counsel, is confident of favorable outcome of litigation.

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

- 6.1.2** 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
- 6.1.3** 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.
- 6.1.4** 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 filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR. On 17 November 2022, CIR(A) decided the appeal in favor of the Company. On 12 January 2023, the tax department has filed appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A) which is pending adjudication. No provision against this demand has been recognized in these unconsolidated condensed interim financial statements., as the management, based on advice of the tax advisor, is confident of favorable outcome of litigation.
- 6.1.5** 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, CIR(A) vacated the entire tax demand. However, in respect of various issues, the matter has been remanded back to the department for fresh consideration. Against the order of CIR(A), the Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR), which is pending for hearing. The management, based on the advice of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these unconsolidated condensed interim financial statements.
- 6.1.6** 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, 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 unconsolidated condensed interim financial statements.

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

- 6.1.7** 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 unconsolidated condensed interim financial statements.
- 6.1.8** 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 and tax department filed appeals before Appellate Tribunal Inland Revenue (ATIR). On 07 December 2022, ATIR accepted the Company's stance in respect of all matters except for imposition of penalty and default surcharge relating to late filing of sales tax returns and late payment of due sales tax liability. However appeal filed by the tax department is yet to be heard. 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 unconsolidated condensed interim financial statements.
- 6.1.9** 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 and tax department filed appeals before Appellate Tribunal Inland Revenue (ATIR). On 07 December 2022, ATIR accepted the Company's stance in respect of all matters except for imposition of penalty and default surcharge relating to late filing of sales tax returns and late payment of due sales tax liability. However appeal filed by the tax department is yet to be heard. 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 unconsolidated condensed interim financial statements.
- 6.1.10** On 30 May 2023, 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 2017 whereby a demand of Rupees 22.545 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 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 has been recognized in these unconsolidated condensed interim financial statements.

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

- 6.1.11** Corporate guarantees of Rupees 2,967.5million (2023: Rupees 2,967.5million) have been given by the Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - subsidiary company.
- 6.1.12** Guarantee of Rupees 58 million (2023: Rupees 58 million) is given by the bank of the Company to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.
- 6.1.13** Guarantees of Rupees 22.314 million (2023: Rupees 22.314 million) are given by the bank of the Company to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.
- 6.1.14** Guarantee of Rupees 15 million (2023: Rupees 15 million) and Rupees 2.25 million (2023: 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.

	Un-Audited September 30, 2023 Rupees	Audited June 30, 2023 Rupees
6.2		
6.2 Commitments		
6.2.1 For capital expenditures	68,105,791	46,143,062
6.2.2 Letters of credit other than for capital expenditures	13,855,055	49,166,475
7.		
7. FIXED ASSETS		
Operating fixed assets(Note 7.1)	2,471,540,486	2,458,955,725
Capital work-in-progress(Note 7.2)	130,246,368	130,547,189
	<u>2,601,786,854</u>	<u>2,589,502,914</u>
7.1		
7.1 Operating fixed assets – owned		
Opening book value	2,458,955,725	2,459,192,488
Add: Cost of additions during the period / year (Note 7.1.1)	50,753,792	135,360,541
Add: Revaluation Surplus	-	52,220,750
Add: Book value of assets transferred from right-of-use of assets	-	1,574,708
	<u>2,509,709,517</u>	<u>2,648,348,487</u>
Less: Book value of deletions during the period / year (Note 7.1.2)	6,248,008	53,164,438
	<u>2,503,461,509</u>	<u>2,595,184,049</u>
Less: Depreciation charged during the period / year	31,921,022	136,228,324
Closing book value	<u>2,471,540,486</u>	<u>2,458,955,725</u>

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

	Un-Audited September 30, 2023 Rupees	Audited June 30, 2023 Rupees
7.1.1 Cost of additions during the period / year		
Buildings on leasehold land	32,008,914	42,056,824
Machinery	-	4,000,035
Tanks and Pipeline and Tanks	5,220,569	3,409,167
Dispensing Pumps	10,300,686	20,156,420
Furniture and fittings	-	879,250
Vehicles	397,862	50,562,795
Office equipment	472,080	2,282,272
Computers	2,353,681	12,013,778
	<u>50,753,792</u>	<u>135,360,541</u>
7.1.2 Book value of deletions during the period / year		
Cost:		
Building on freehold Land	2,503,363	-
Building on Leasehold Land	7,085,938	-
Vehicles	-	60,003,353
Computers	497,925	1,713,776
Less: Accumulated depreciation	3,839,218	8,552,691
	<u>6,248,008</u>	<u>53,164,438</u>
7.2 Capital work-in-progress		
Civil works	38,995,551	44,199,846
Dispensing pumps	2,830,600	8,681,790
Advance against purchase of apartment (Note 7.3)	25,976,750	25,976,750
Tanks and Pipelines	58,250,436	50,594,702
Mobilization advances	1,094,101	1,094,101
Unallocated expenditures	3,098,930	-
	<u>130,246,368</u>	<u>130,547,189</u>

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

- 7.3** 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 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 started negotiations to finalize the terms and conditions of "Undertaking and Indemnity Agreement" to take the possession of the apartment. However, in March 2023, CDA has cancelled the lease deed of BNP (Private) Limited once again due to non-payment of due installment of settlement amount of Rupees 17.5 billion and taken the possession of the Project. BNP (Private) Limited filed petition before IHC against the cancellation of lease deed by CDA who decided the case against BNP (Private) Limited. Subsequently, BNP (Private) Limited filed petition before Supreme Court of Pakistan who also dismissed the petition and upheld the decisions of the Apex courts. CDA is in negotiations with the Company to hand over the possession of the apartment. The Company is confident of favorable outcome of the negotiations and possession of the apartment after the completion of necessary legal formalities.

8. RIGHT-OF-USE ASSETS

	Land	Buildings	Vehicles	Total
	----- Rupees -----			
At 30 June 2022	371,805,431	46,625,761	137,313,384	555,744,576
Add: Additions during the year	18,557,113	45,328,092	71,928,735	135,813,940
Add: Impact of lease modifications	(1,845,647)	69,122,276	-	67,276,629
Less: Impact of lease termination	25,059,314	-	-	25,059,314
Less: Book value of assets	-	-	1,574,708	1,574,708
Less: Depreciation expense for the	60,162,403	34,768,030	32,149,538	127,079,971
At 30 June 2023	303,295,180	126,308,099	175,517,873	605,121,153
Add: Additions during the year	3,669,394	-	-	3,669,394
Add: Impact of lease modifications	-	-	-	-
Less: Impact of lease termination	-	-	-	-
Less: Book value of assets transferred to operating fixed assets	-	-	-	-
Less: Depreciation expense for the year	14,310,378	12,166,951	8,775,894	35,253,223
At 30 September 2023	292,654,196	114,141,148	166,741,979	573,537,324

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

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 two 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 and director of the Company. The average contract duration is three years.

- 8.1. There is no impairment against right-of-use assets.

	Un-Audited September 30, 2023 Rupees	Audited June 30, 2023 Rupees
9. INTANGIBLE ASSETS		
Computer softwares (Note 9.1)	3,053,456	3,981,524
9.1 Computer softwares		
Opening book value	3,981,524	6,657,720
Add: Cost of additions during the period / year	-	1,500,000
Less: Amortization charged during the period / year	928,068	4,176,196
Closing book value	<u>3,053,456</u>	<u>3,981,524</u>
9.2		
Cost as at 30 September	47,473,948	47,473,948
Accumulated amortization	<u>(44,420,492)</u>	<u>(43,492,424)</u>
Net book value as at 30 September	<u>3,053,456</u>	<u>3,981,524</u>

- 9.3 Intangible assets - computer softwares have been amortized at the rate of 30% (2023: 30%) per annum.

- 9.4 Intangible assets costing Rupees 30.204 million (2023: Rupees 30.204 million) are fully amortized and are still in use of the Company.

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

	Un-Audited September 30, 2023 Rupees	Audited June 30, 2023 Rupees
10. STOCK-IN-TRADE		
Lubricants and parts (Note 10.1)	437,296,090	292,185,127
Less: Provision for slow moving and damaged inventory items	<u>27,068,373</u>	<u>27,068,373</u>
	410,227,717	265,116,754
Petroleum products		
- Stock in hand (Note 10.2)	<u>174,631,897</u>	<u>139,978,203</u>
- Stock in pipeline system (Note 10.3)	<u>638,125,434</u>	<u>638,125,434</u>
	812,757,331	778,103,637
Dispensing pumps and other installations (Note 10.4)	59,701,394	59,701,394
	<u>1,282,686,442</u>	<u>1,102,921,785</u>

10.1 This includes stock-in-transit of Rupees Nil (2023: Rupees Nil) and stock amounting to Rupees 214.207 million (2023: Rupees 70.612 million) lying at customs bonded warehouse.

10.2 This includes stock of petroleum products in transit of Rupees Nil (2023: Rupees Nil).

10.3 This represents the Company's share of pipeline stock of High Speed Diesel and Petroleum Motor Gasoline amounting to Rupees 242.504 million (2023: Rupees 469.131 million) and Rupees 43.159 million (2023: Rupees 168.995 million) respectively held by Pak-Arab Pipeline Company Limited.

10.4 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.

	Un-Audited September 30, 2023 Rupees	Audited June 30, 2023 Rupees
11. CASH AND BANK BALANCES		
Cash in hand	1,575,381	1,771,008
Cash at banks:		
- Saving accounts (Note 11.1)	<u>19,579,763</u>	<u>7,873,895</u>
- Current accounts	<u>40,471,618</u>	<u>54,766,817</u>
	60,051,381	62,640,712
	61,626,762	64,411,720
Term deposit receipt (Note 11.2)	<u>175,000,000</u>	<u>175,000,000</u>
	<u>236,626,762</u>	<u>239,411,720</u>

11.1 Saving accounts carry profit at the rates ranging from 19.50% to 20.50% (2023: 12.25% to 21.80%) per annum.

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

- 11.2** This term deposit receipt issued by banking company having maturity period of three months and carrying interest at 19.50% (2023: 19.50%) per annum. Effective rate of interest on term deposit receipt during the period 19.50% (2023: 10.93% to 19.50%) per annum.

	Un-Audited September 30, 2023 Rupees	Un-Audited September 30, 2022 Rupees
12. CASH (USED IN) / GENERATED FROM OPERATIONS		
Profit before taxation	(84,422,728)	(125,778,581)
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	31,921,022	39,642,449
Depreciation on right-of-use assets	35,253,225	13,667,289
Amortization on intangible assets	928,068	1,059,861
Gain on disposal of operating fixed assets	(6,248,008)	(2,943,897)
Dividend income	(8,406,591)	(5,832,820)
Profit on bank deposits and term deposit receipt	(15,964,918)	(13,195,860)
Interest income on short term loan to subsidiary company	(29,623,334)	-
Gain on disposal of short term investments	94,545	(525,690)
Unrealized gain on remeasurement of investments carried at fair value through profit or loss - net	(2,850,466)	-
Exchange loss - net	3,671,594	38,966,777
Finance cost	138,444,731	91,239,202
Working capital changes (Note 12.1)	158,016,241	(701,436,485)
	<u>220,813,381</u>	<u>(665,137,755)</u>

12.1 Working capital changes

(Increase) / decrease in current assets:

Stock-in-trade	(179,764,657)	1,614,136,420
Trade debts	(80,830,096)	(8,593,696)
Loans and advances	24,021,782	(765,584,133)
Short term deposits and prepayments	(15,498,915)	(18,935,658)
Other receivables	(136,631,631)	87,942,953
	(388,703,517)	908,965,886
Increase in trade and other payables	546,719,758	(1,610,402,371)
	<u>158,016,241</u>	<u>(701,436,485)</u>

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

13. 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 unconsolidated condensed interim financial statements, are as follows:

		Un-Audited September 30, 2023 Rupees	Un-Audited September 30, 2022 Rupees
i Transactions			
Relationship	Nature of transaction		
Subsidiary company			
Hi-Tech Blending (Private) Limited	Purchase of lubricants	1,368,696,500	340,461,901
	Sale of lubricants	481,188	50,420
	Lease rentals paid	750,000	750,000
	Short term loan given	17,000,000	-
	Short term loan repaid	55,000,000	-
	Interest received on loan	45,954,988	-
Associated companies			
MAS Associates (Pvt) Limited	Share of common expenses	542,004	314,408
Other related parties			
SK Enmove Co., Ltd. (Formerly SK Lubricants Co.,	Purchase of lubricants Incentive	153,353,637 90,909,001	116,565,423 90,000,000
Provident fund trust	Contribution	6,219,739	6,354,040
Sabra Hamida Trust	Donations	4,500,000	4,500,000
		Un-Audited September 30, 2023 Rupees	Audited June 30, 2023 Rupees
ii Period end balances			
Subsidiary company			
	Investment in Hi-Tech Blending (Private) Limited	1,300,000,600	1,300,000,600
	Receivable from Hi-Tech Blending (Private) Limited	15,001	520,802,382
	Payable to Hi-Tech Blending (Private) Limited	516,705,394	419,930
Associated companies			
	Receivable from MAS Associates (Private) Limited	542,005	314,409
Other related parties			
	Receivable from SK Enmove Co., Ltd. (Formerly SK Lubricants Co., Ltd.)	90,909,001	90,000,000
	Payable to SK Enmove Co., Ltd. (Formerly SK Lubricants Co., Ltd.)	153,353,639	63,465,866
	Payable to employees' provident fund trust	4,185,829	4,335,211

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

14. 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 September 2023	Level 1	Level 2	Level 3	Total
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----- Rupees -----

Financial assets

Financial assets at fair value through profit or loss	213,441,773	-	-	213,441,773
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Recurring fair value measurements at 30 June 2022	Level 1	Level 2	Level 3	Total
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----- Rupees -----

Financial assets

Financial assets at fair value through profit or loss	222,582,946	-	-	222,582,946
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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.

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

15. 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	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022
Revenue - net	1,620,851,150	1,339,720,314	2,378,659,258	2,602,328,690	-	-	3,999,510,408	3,942,049,004
Cost of sales	(1,425,536,794)	(1,013,853,473)	(2,268,510,786)	(2,581,135,643)	-	-	(3,694,047,580)	(3,594,989,116)
Gross profit	195,314,356	325,866,841	110,148,472	21,193,047	-	-	305,462,828	347,059,888
Distribution cost	(119,270,143)	(106,218,879)	(89,216,203)	(71,394,967)	-	-	(208,486,346)	(177,613,846)
Administrative expenses	(160,166,588)	(177,311,775)	(880,300)	(9,092,350)	-	-	(169,046,888)	(186,404,125)
Other expenses	(7,158,037)	(43,525,263)	(7,263,565)	(1,736,170)	-	-	(14,421,602)	(45,261,433)
Other income	(286,594,768)	(327,055,917)	(105,360,068)	(82,223,487)	-	-	(391,954,836)	(409,279,404)
Profit / (loss) from operations	121,485,718	18,802,364	19,028,293	8,877,773	-	-	140,514,011	27,680,137
Finance cost	(30,205,306)	17,613,287	23,816,697	(52,152,666)	-	-	54,022,003	(34,539,379)
Profit / (Loss) before taxation	(105,162,697)	(76,267,840)	(33,282,034)	(14,971,362)	-	-	(138,444,731)	(91,239,202)
Taxation	(74,957,390)	(58,654,552)	(9,465,338)	(67,124,029)	-	-	(84,422,728)	(125,778,581)
Profit / (Loss) after taxation	(180,120,087)	(134,922,392)	(42,747,372)	(82,095,391)	(32,532,106)	24,981,037	(32,532,106)	24,981,037
	(74,957,390)	(58,654,552)	(9,465,338)	(67,124,029)	(32,532,106)	24,981,037	(116,954,834)	(100,797,544)

15.1 Reconciliation of reportable segment assets and liabilities:

	LUBRICANTS		PETROLEUM PRODUCTS		TOTAL - COMPANY	
	Un-Audited 30 September 2023	Audited 30 June 2023	Un-Audited 30 September 2023	Audited 30 June 2023	Un-Audited 30 September 2023	Audited 30 June 2023
Total assets for reportable segments	2,787,664,329	2,770,492,791	3,970,767,639	3,947,956,772	6,758,431,968	6,718,449,563
Unallocated assets					924,892,545	676,568,277
Total assets as per statement of financial position					7,683,324,513	7,395,017,840
Total liabilities for reportable segments	576,439,871	456,486,909	245,165,299	233,897,003	821,605,170	690,383,912
Unallocated liabilities					3,155,728,793	2,881,688,544
Total liabilities as per statement of financial position					3,977,333,963	3,572,072,456

15.2 All of the sales of the Company relates to customers in Pakistan.

15.3 All non-current assets of the Company as at the reporting dates are located in Pakistan.

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

16. 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
	<u>1,612,562,500</u>	<u>815,199,584</u>
Investment in 100% owned subsidiary		
Additional filling lines for blending plant, Hi-Tech Blending (Private) Limited	200,000,000	-
Total	<u>1,812,562,500</u> B	<u>815,199,584</u>
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 fulfilment 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.

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

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 started work on new oil storage facility at Shikarpur. On 16 March 2023, OGRA has granted permission to the Company to operate new storage facility at Nowshera and marketing of petroleum products in the province of Khyber Pakhtunkhwa. Currently, the Company has eight operational HTL Express Centers, four in Lahore, three in Karachi and one in Rawalpindi. Further, the Company has twenty nine retail outlets operational for sale of petroleum products as on 30 June 2023. Detail of payments out of IPO proceeds during the year ended 30 June 2023 is as follows:

	Rupees
Un-utilized IPO proceeds as at 01 July 2023	395,898,356
Add: Profit on term deposit receipt	15,438,356
Add: Profit on bank deposits	223,614
Add: Dividend on investment in mutual funds	8,241,547
Add: Gain on disposal of investment in mutual fund	166,264
Add: Unrealised gain on investment in mutual funds	272,463
Less: Payments made relating to OMC Project	(23,614,189)
Less: Withholding tax on profit	(2,349,295)
Less: Withholding tax on dividend from mutual funds	(1,236,233)
Less: Withholding tax on disposal of mutual funds	(71,889)
Less: Bank charges	(21)
	<u>392,968,972</u>

The un-utilized proceeds of the public offer have been kept by the Company in the shape of bank balances, term deposit receipt and mutual funds.

17. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Company's for the year ended 30 June 2023.

18. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 27, 2023 by the Board of Directors of the Company.

19. 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.

18. GENERAL

Figures have been rounded off to nearest of Rupee, unless otherwise stated.



Chief Executive



Director



Chief Financial Officer

HI-TECH LUBRICANTS LIMITED

**Consolidated Condensed Interim
Financial Information (Un-audited)**

Consolidated Condensed Interim Statement Of Financial Position (Un-audited)

As At 30 September 2023

	Note	Un-Audited September 30, 2023 Rupees	Audited June 30, 2023 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
150,000,000 (2023: 150,000,000) ordinary shares of Rupees 10 each		<u>1,500,000,000</u>	<u>1,500,000,000</u>
Issued, subscribed and paid-up share capital		1,392,048,000	1,392,048,000
Reserves		<u>4,594,959,993</u>	<u>4,651,660,024</u>
Total equity		<u>5,987,007,993</u>	<u>6,043,708,024</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	4	621,411,679	596,988,256
Lease liabilities	5	459,243,489	487,911,254
Long term deposits		15,500,000	16,500,000
Deferred liabilities		<u>336,465,136</u>	<u>321,124,507</u>
		1,432,620,304	1,422,524,017
CURRENT LIABILITIES			
Trade and other payables		1,926,480,284	1,926,226,196
Accrued mark-up		131,378,966	124,519,872
Short term borrowings		2,543,982,805	2,406,866,985
Current portion of non-current liabilities		191,086,726	233,041,322
Unclaimed dividend		<u>5,807,971</u>	<u>5,830,744</u>
		<u>4,798,736,752</u>	<u>4,696,485,119</u>
Total liabilities		<u>6,231,357,056</u>	<u>6,119,009,136</u>
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		<u>12,218,365,049</u>	<u>12,162,717,160</u>

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



Chief Executive



Director



Chief Financial Officer

	Note	Un-Audited September 30, 2023 Rupees	Audited June 30, 2023 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	7	6,426,239,183	6,439,774,188
Right-of-use assets	8	601,870,097	635,782,031
Intangible assets	9	17,376,818	20,260,771
Investment property		135,000,000	135,000,000
Long term security deposits		69,470,048	63,700,448
Long term loans to employees		2,751,559	2,985,100
		<u>7,252,707,705</u>	<u>7,297,502,538</u>
CURRENT ASSETS			
Stores		122,140,401	129,169,374
Stock-in-trade	10	3,136,621,586	3,210,734,081
Trade debts		307,200,318	233,969,194
Loans and advances		327,878,488	342,094,549
Short term deposits and prepayments		59,073,937	40,379,947
Other receivables		325,023,697	213,788,973
Advance income tax - net of provision for taxation		223,650,638	210,385,009
Accrued interest		7,116,564	7,032,985
Short term investments		213,441,773	222,582,946
Cash and bank balances		243,509,942	255,077,564
		<u>4,965,657,344</u>	<u>4,865,214,622</u>
TOTAL ASSETS		<u><u>12,218,365,049</u></u>	<u><u>12,162,717,160</u></u>

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



Chief Executive



Director



Chief Financial Officer

Consolidated Condensed Interim Statement of Profit or Loss (Un-audited)

For The Quarter Ended 30 September 2023

	Un-Audited September 30, 2023 Rupees	Un-Audited September 30, 2022 Rupees
GROSS REVENUE FROM CONTRACTS WITH CUSTOMERS	5,017,162,047	4,710,331,342
Discounts	(127,123,642)	(82,621,340)
Sales tax	(809,123,599)	(685,660,998)
NET REVENUE FROM CONTRACTS WITH CUSTOMERS	4,080,914,806	3,942,049,004
COST OF SALES	(3,532,986,776)	(3,590,325,438)
GROSS PROFIT	547,928,030	351,723,566
DISTRIBUTION COST	(222,930,981)	(182,453,239)
ADMINISTRATIVE EXPENSES	(214,067,864)	(222,821,199)
OTHER EXPENSES	(40,514,616)	(184,502,461)
	(477,513,461)	(589,776,899)
OTHER INCOME	110,890,677	27,680,137
PROFIT FROM OPERATIONS	181,305,246	(210,373,196)
FINANCE COST	(200,999,126)	(146,341,267)
LOSS PROFIT BEFORE TAXATION	(19,693,880)	(356,714,463)
TAXATION	(37,006,151)	76,394,848
LOSS AFTER TAXATION	(56,700,031)	(280,319,615)
LOSS PER SHARE - BASIC AND DILUTED	(0.41)	(2.01)

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


Chief Executive


Director


Chief Financial Officer

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For The Quarter Ended 30 September 2023

	Un-Audited September 30, 2023 Rupees	Un-Audited September 30, 2022 Rupees
(LOSS) / PROFIT AFTER TAXATION	(56,700,031)	(280,319,615)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the period	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>(56,700,031)</u>	<u>(280,319,615)</u>

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



Chief Executive



Director



Chief Financial Officer

Consolidated Condensed Interim Statement Of Cash Flows (Un-audited)

For The Quarter Ended 30 September 2023

		Un-Audited September 30, 2023 Rupees	Un-Audited September 30, 2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	158,878,753	(971,554,203)
Finance cost paid		(194,140,032)	(105,124,963)
Income tax paid		(34,931,151)	(50,444,197)
Net decrease in long term loans to employees		-	(1,115,490)
Decrease in long term deposits		(1,000,000)	-
Net cash used in operating activities		<u>(71,192,430)</u>	<u>(1,128,238,853)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on operating fixed assets		(61,029,006)	(65,357,572)
Capital expenditure on intangible assets		-	94,393
Initial direct cost incurred on right-of-use assets		-	(5,313,142)
Proceeds from disposal of operating fixed assets		-	6,331,208
Short term investments - net		9,141,173	(3,906,515)
Dividends received		8,406,591	5,832,820
Profit on bank deposits and term deposit receipts received		15,881,339	6,756,043
Net cash used in investing activities		<u>(27,599,903)</u>	<u>(55,562,765)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		137,115,820	772,068,733
Dividend paid		(22,773)	(60,183)
Proceeds from long term financing		-	97,417,000
Repayment of long term financing		(14,407,775)	(25,241,461)
Repayment of lease liabilities		(35,460,561)	(25,401,579)
Net cash from financing activities		<u>87,224,711</u>	<u>818,782,510</u>
Net (decrease) / increase in cash and cash equivalents		<u>(11,567,622)</u>	<u>(365,019,108)</u>
Cash and cash equivalents at beginning of the period		255,077,564	660,429,600
Cash and cash equivalents at end of the period		<u>243,509,942</u>	<u>295,410,492</u>

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



Chief Executive



Director



Chief Financial Officer

Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For The Quarter Ended 30 September 2023

SHARE CAPITAL	RESERVES					TOTAL EQUITY	
	CAPITAL RESERVES			REVENUE RESERVE	TOTAL RESERVES		
	SHARE PREMIUM	SURPLUS ON REVALUATION OF FREEHOLD LAND	SUB TOTAL	UN-APPROPRIATED PROFIT			
Rupees							
Balance as at 30 June 2022 - Audited	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
Transactions with owners:							
Loss for the period ended 30 September 2022	-	-	-	-	(280,319,615)	(280,319,615)	(280,319,615)
Other comprehensive income for the period ended 30 September 2022	-	-	-	-	-	-	-
Total comprehensive income for the period ended 30 September 2022	-	-	-	-	(280,319,615)	(280,319,615)	(280,319,615)
Balance as at 30 September 2022	1,392,048,000	1,441,697,946	1,783,101,998	3,224,799,944	1,357,240,175	4,582,040,119	5,974,088,119
Balance as at 30 June 2023 - Audited	1,392,048,000	1,441,697,946	2,097,794,248	3,539,492,194	1,112,167,830	4,651,660,024	6,043,708,024
Loss for the period ended 30 September 2023	-	-	-	-	(56,700,031)	(56,700,031)	(56,700,031)
Other comprehensive income for the period ended 30 September 2023	-	-	-	-	-	-	-
Total comprehensive income for the period ended 30 September 2023	-	-	-	-	(56,700,031)	(56,700,031)	(56,700,031)
Balance as at 30 September 2023	1,392,048,000	1,441,697,946	2,097,794,248	3,539,492,194	1,055,467,799	4,594,959,993	5,987,007,993

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



Chief Executive



Director



Chief Financial Officer

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

- Hi-Tech Lubricants Limited

Subsidiary Company

- Hi-Tech Blending (Private) Limited

1.1 Hi-Tech Lubricants Limited

Hi-Tech Lubricants Limited ("the Holding Company") was incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The registered office of the Holding Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The principal activity of the Holding Company is to procure and distribute lubricants and petroleum products. During the year ended 30 June 2017, Oil and Gas Regulatory Authority (OGRA) granted license to the Holding Company to establish an Oil Marketing Company (OMC), subject to some conditions. On 31 May 2019, Oil and Gas Regulatory Authority (OGRA) has granted permission to the Holding Company to operate new storage facility at Sahiwal and marketing of petroleum products in the Province of Punjab. On 20 January 2020, the Holding Company has started marketing and sale of petroleum products. On 21 February 2020, OGRA has granted permission to the Holding Company to apply for No Objection Certificates (NOCs) from concerned departments to setup petrol pumps in Khyber Pakhtunkhwa Province. On 09 August 2021, OGRA has acknowledged the satisfactory completion of oil storage facility at Nowshera, Khyber Pakhtunkhwa. On 13 January 2022, OGRA has further extended / renewed the provisional license for setting up of an OMC upto 31 December 2023. On 16 March 2023, OGRA has granted permission to the Holding Company to operate new storage facility at Nowshera and marketing of petroleum products in the province of Khyber Pakhtunkhwa.

1.2 Hi-Tech Blending (Private) Limited

Hi-Tech Blending (Private) Limited ("the Subsidiary Company") was incorporated in Pakistan as a private company limited by shares on 13 March 2014 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of the Subsidiary Company is to construct, own and operate lubricating oil blending plant. The registered office of the Subsidiary Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The Subsidiary Company is a wholly owned subsidiary of Hi-Tech Lubricants Limited.

2. BASIS OF PREPARATION

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

- International Accounting Standard 34: 'Interim Financial Reporting' (IAS 34), 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These consolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Group for the year ended 30 June 2023.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these consolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Group for the year ended 30 June 2023.

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated condensed interim 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.

During preparation of these consolidated condensed interim financial statements, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual financial statements of the Group for the year ended 30 June 2023.

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

	Un-Audited September 30, 2023 Rupees	Audited June 30, 2023 Rupees
4. LONG TERM FINANCING		
From banking companies - secured		
Holding Company		
Bank Alfalah Limited - Loan under State Bank of Pakistan (SBP) Refinance Scheme (Note 4.1)	-	-
Subsidiary Company		
Bank Al-Habib Limited	<u>621,411,679</u>	<u>632,150,056</u>
	621,411,679	632,150,056
Less: Current portion shown under current liabilities	<u>-</u>	<u>35,161,800</u>
	<u>621,411,679</u>	<u>596,988,256</u>

- 4.1 This term finance facility, aggregating to Rupees 189.986 million (2022: Rupees 189.986 million) was obtained by the Holding Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. This facility was 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 was payable in 8 equal quarterly installments commenced from 01 January 2021 and ended on 01 October 2022. Mark-up was paid quarterly at the rate of SBP refinance rate plus 3.00% per annum. This loan was recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustments were recognized at discount rates ranged from 8.67% to 10.04% per annum (2023: 8.67% to 10.04% per annum).

	Un-Audited September 30, 2023 Rupees	Audited June 30, 2023 Rupees
5. LEASE LIABILITIES		
Total lease liabilities	626,756,942	662,217,503
Less: Current portion shown under current liabilities	<u>167,513,453</u>	<u>174,306,249</u>
	<u>459,243,489</u>	<u>487,911,254</u>

- 5.1 Implicit rates against lease liabilities range from 11.98% to 25.92% (2023: 11.98% to 23.62%) per annum.

- 5.2 Leases from banking companies are secured against the leased assets, personal guarantees of directors of the Holding Company and Subsidiary Company, corporate guarantee of the Holding Company and security deposits of Rupees 67.402 million (2023: Rupees 67.402 million).

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

- 6.1.1 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 for adjudication. Being aggrieved by the order of CIR(A), the Holding Company filed appeal before the Appellate Tribunal Inland Revenue (ATIR) on 19 May 2021. ATIR decided the case in favour of the Holding Company. 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 consolidated financial statements, as the management, based on the advice of the legal counsel, is confident of favorable outcome of litigation.

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For The Quarter Ended 30 September 2023

- 6.1.2** 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.
- 6.1.3** 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.
- 6.1.4** 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 filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR. On 17 November 2022, CIR(A) decided the appeal in favor of the Holding Company. On 12 January 2023, the tax department has filed appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A) 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.
- 6.1.5** On 24 March 2022, the Deputy Commissioner Inland Revenue (DCIR) has issued an amended assessment order against the Holding Company 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 Holding Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 29 August 2022, CIR(A) vacated the entire tax demand. However, in respect of various issues, the matter has been remanded back to the department for fresh consideration. Against the order of CIR(A), the Holding Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR), which is pending for hearing. The management, based on the advice of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these consolidated condensed interim financial statements.
- 6.1.6** 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 Holding 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, 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 advice of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these consolidated condensed interim financial statements.

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

- 6.1.7** During the year ended 30 June 2020, Deputy Commissioner Inland Revenue (DCIR) issued a notice against 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 condensed interim financial statements.
- 6.1.8** On 28 February 2022, Deputy Commissioner Inland Revenue (DCIR) issued an order against the Holding Company 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 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 and tax department filed appeals before Appellate Tribunal Inland Revenue (ATIR). On 07 December 2022, ATIR accepted the Holding Company's stance in respect of all matters except for imposition of penalty and default surcharge relating to late filing of sales tax returns and late payment of due sales tax liability. However appeal filed by the tax department is yet to be heard. 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 condensed interim financial statements.
- 6.1.9** On 15 March 2022, Deputy Commissioner Inland Revenue (DCIR) issued an order against the Holding Company 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 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 and tax department filed appeals before Appellate Tribunal Inland Revenue (ATIR). On 07 December 2022, ATIR accepted the Holding Company's stance in respect of all matters except for imposition of penalty and default surcharge relating to late filing of sales tax returns and late payment of due sales tax liability. However appeal filed by the tax department is yet to be heard. 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 condensed interim financial statements.
- 6.1.10** On 30 May 2023, 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 2017 whereby a demand of Rupees 22.545 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 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 has been recognized in these consolidated condensed interim financial statements.

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For The Quarter Ended 30 September 2023

- 6.1.11** During the year ended 30 June 2022, Additional Commissioner Inland Revenue (ACIR) has issued amended assessment orders against the Subsidiary Company under section 122(5A) of the Income Tax Ordinance, 2001 for the tax years 2017, 2018, 2019, 2020 and 2021 raising demands aggregating to Rupees 533.277 million 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 matters relating to tax year 2017 except in the matters of Workers' Profit Participation Fund (WPPF) which was remanded back to ACIR for consideration in view of judgement passed by Honorable Lahore Court, Lahore. Remand back proceedings by ACIR have not been initiated against the Subsidiary Company. During the year ended 30 June 2023, CIR (A) decided most of the matters in favour of the Subsidiary Company, while remanded back the case on certain matters to ACIR for tax years 2018, 2019, 2020 and 2021 to the tune of Rupees 290.311 million. Further, demand in respect of donation amounting to Rupees 1 million for tax year 2021 has been confirmed which has been duly provided for in these consolidated condensed interim financial statements. However, remand back proceedings have not been initiated against the Subsidiary Company. Against the orders of CIR(A), the department has filed appeals before Appellate Tribunal Inland Revenue (ATIR) which are pending adjudication. Based on the opinion of tax advisor, the management has strong grounds to believe that the cases will be decided in favor of the Subsidiary Company. Therefore, no provision has been made in these consolidated financial statements
- 6.1.12** 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) who vide its order dated 17 November 2022 decided the case against the Subsidiary Company. However, the Subsidiary Company filed a rectification application against the aforesaid decision of ATIR on account of Subsidiary Company's name wrongly mentioned in the decision alongwith challenging the grounds of decision addressed by ATIR. On 15 June 2023, ATIR accepted the Subsidiary Company's stance in rectification application and also directed to re-start the proceedings afresh. 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 Subsidiary Company. Therefore, no provision has been made in these consolidated condensed interim financial statements.
- 6.1.13** The Subsidiary Company has filed application to Federal Board of Revenue ("the Board") to condone the time limits for issuance of adjustment orders on account of advance payment amounting to Rupees 4.092 million in excess of sales tax liability for tax period August 2016 and excess payment amounting to Rupees 2.422 million due to rectification of sales tax liability for tax periods June 2017 and September 2017. The Subsidiary Company's stance is verifiable from the record of tax department. Based on the advice of the tax advisor, the management expects favorable outcome of the matter. Hence, no provision has been made in these consolidated condensed interim financial statements.
- 6.1.14** The Subsidiary Company has identified certain sales tax invoices relating to tax periods July 2020 and July 2021 wherein the Subsidiary Company has duly discharged the liabilities in respect of input sales tax at the time of imports amounting to Rupees 12.766 million. However, the same input sales tax has not been adjusted against the output sales tax of the respective tax period due to the tax department's system mal-functioning. The Subsidiary Company has filed application to the department to condone the time limits regarding the above explained matter as the Subsidiary Company's stance is verifiable from the department's record. Based on the advice of the tax advisor, the management expects favorable outcome of the matter. Hence, no provision has been made in these consolidated condensed interim financial statements.
- 6.1.15** Corporate guarantees of Rupees 2,967.5 million (2023: Rupees 2,967.5 million) have been given by the Holding Company to the banks in respect of financing to Subsidiary Company.

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

- 6.1.16** Guarantees of Rupees 123 million (2023: Rupees 123 million) are given by the bank of the Group to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.
- 6.1.17** Guarantees of Rupees 66 million (2022: Rupees 66 million) are given by the bank of the Group to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.
- 6.1.18** Guarantees of Rupees 17.700 million (2023: Rupees 17.700 million) and Rupees 2.25 million (2023: 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.

	Un-Audited September 30, 2023 Rupees	Audited June 30, 2023 Rupees
6.2 Commitments		
6.2.1 Contracts for capital expenditures	117,964,892	46,143,062
6.2.2 Letters of credit other than for capital expenditures	27,710,110	493,096,138
7. FIXED ASSETS		
Operating fixed assets:		
Owned (Note 7.1)	6,295,992,815	6,309,226,999
Capital work-in-progress (Note 7.2)	130,246,368	130,547,189
	<u>6,426,239,183</u>	<u>6,439,774,188</u>
	Un-Audited September 30, 2023 Rupees	Audited June 30, 2023 Rupees
7.1 Operating fixed assets – owned		
Opening book value	6,309,226,999	5,716,441,584
Add: Cost of additions during the period / year (Note 7.1.1)	57,516,077	599,815,422
Add: Revaluation of Surplus	-	314,692,250
Add: Book value of assets transferred from right-of-use of assets	-	1,574,708
	<u>6,366,743,076</u>	<u>6,632,523,964</u>
Less: Book value of deletions during the period / year (Note 7.1.2)	6,248,008	53,189,599
	<u>6,360,495,068</u>	<u>6,579,334,365</u>
Less: Depreciation charged during the period / year	64,502,253	270,107,366
Closing book value	<u>6,295,992,815</u>	<u>6,309,226,999</u>

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

	Un-Audited September 30, 2023 Rupees	Audited June 30, 2023 Rupees
7.1.1 Cost of additions during the period / year		
Buildings on freehold land	-	120,363,492
Buildings on leasehold land	32,008,914	42,056,824
Machinery	382,500	286,908,016
Tanks and Pipeline	5,220,569	3,409,167
Dispensing Pumps	10,300,686	20,156,420
Electric Installation	-	45,183,722
Moulds	5,970,000	12,667,000
Furniture and fittings	-	1,242,535
Vehicles	397,862	51,157,053
Office equipment	574,740	3,571,830
Computers	2,660,806	13,099,363
	<u>57,516,077</u>	<u>599,815,422</u>
7.1.2 Book value of deletions during the period / year		
Cost:		
Building on freehold Land	2,503,363	60,066,853
Building on Leasehold Land	7,085,938	1,789,076
Computers	497,925	-
Less: Accumulated depreciation	3,839,218	8,666,330
	<u>6,248,008</u>	<u>53,189,599</u>
7.2. Capital work-in-progress		
Civil works	38,995,551	44,199,846
Tanks and Pipelines	58,250,436	50,594,702
Dispensing pumps	2,830,600	8,681,790
Advance for purchase of apartment (Note 7.2.1)	25,976,750	25,976,750
Mobilization advances	1,094,101	1,094,101
Unallocated expenditures	3,098,930	-
	<u>130,246,368</u>	<u>130,547,189</u>

7.2.1 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 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 started negotiations to finalize the terms and conditions of "Undertaking and Indemnity Agreement" to take the possession of the apartment. However, in March 2023, CDA has cancelled the lease deed of BNP (Private) Limited once again due to non-payment of due installment of settlement amount of Rupees 17.5 billion and taken the possession of the Project. BNP (Private) Limited filed petition before IHC against the cancellation of lease deed by CDA who decided the case against BNP (Private) Limited. Subsequently, BNP (Private) Limited filed petition before Supreme Court of Pakistan who also dismissed the petition and upheld the decisions of the Apex courts. CDA is in negotiations with the Holding Company to hand over the possession of the apartment. The Holding Company is confident of favorable outcome of the negotiations and possession of the apartment after the completion of necessary legal formalities.

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

8. RIGHT-OF-USE ASSETS

	Land	Buildings	Vehicles	Total
	----- Rupees -----			
At 30 June 2022	353,457,871	46,625,762	190,898,405	590,982,038
Add: Additions during the year	18,557,113	45,328,092	77,658,685	141,543,890
Add: Impact of lease modifications	(1,845,647)	69,122,276	-	67,276,629
Less: Impact of lease termination	25,059,314	-	-	25,059,314
Less: Book value of assets transferred to operating fixed assets - during the year	-	-	1,574,708	1,574,708
Less: Depreciation expense for the year	60,162,403	34,768,030	42,456,071	137,386,504
At 30 June 2023	284,947,620	126,308,100	224,526,311	635,782,031
Add: Additions during the year	3,669,394	-	-	3,669,394
Add: Impact of lease modifications	-	-	-	-
Less: Impact of lease terminations	-	-	-	-
Less: Book value of assets transferred to operating fixed assets - during the period	-	-	-	-
Less: Depreciation expense for the period	14,310,378	12,166,951	11,103,999	37,581,328
At 30 September 2023	274,306,636	114,141,149	213,422,312	601,870,097

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 two 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 Group obtained vehicles on lease for employees and director of the Holding Company. The average contract duration is three years.

	Un-Audited September 30, 2023 Rupees	Audited June 30, 2023 Rupees
9. INTANGIBLE ASSETS - computer software		
Opening book value	20,260,771	21,760,517
Add: Cost of additions during the period / year	-	8,700,000
Less: Amortization charged during the period / year	2,883,955	10,199,746
Closing book value	17,376,816	20,260,771
10. STOCK-IN-TRADE		
Raw materials (Note 10.1)	1,529,458,931	1,650,353,383
Work-in-process	88,866,810	94,122,182
	1,618,325,741	1,744,475,565
Lubricants and parts (Note 10.2)	673,821,600	656,437,964
Less: Provision for slow moving and damaged stock items	27,984,480	27,984,479
	645,837,120	628,453,485
Petroleum products		
- Stock in hand (Note 10.3)	174,631,897	139,978,203
- Stock in pipeline system	638,125,434	638,125,434
	812,757,331	778,103,637
Dispensing pumps and other installations	59,701,394	59,701,394
	3,136,621,586	3,210,734,081

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

- 10.1** These includes raw materials in transit amounting to Rupees 79.999 million (2023: Rupees 121.813 million) and raw materials amounting to Rupees 947.945 million (2023: Rupees 1,119.587 million) lying at customs bonded warehouse.
- 10.2** This includes stock-in-transit of Rupees Nil (2023: Rupees Nil) and stock amounting to Rupees 214.207 million (2023: Rupees 70.612 million) lying at customs bonded warehouse.
- 10.3** This includes stock of petroleum products in transit of Rupees Nil (2023: Rupees Nil).

11. 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 condensed interim financial statements, are as follows:

		Un-Audited September 30, 2023 Rupees	Un-Audited September 30, 2022 Rupees
i Transactions			
Relationship	Nature of transaction		
Associated companies			
MAS Associates (Pvt) Limited	Share of common expenses	542,004	314,408
Other related parties			
SK Enmove Co., Ltd. (Formerly SK Lubricants Co., Ltd.)	Purchase of lubricants	522,056,074	1,307,660,552
	Incentive	90,909,001	90,000,000
Hi-Tech Lubricants Limited Employees Provident Fund Trust	Contribution	6,219,739	4,335,211
Hi-Tech Blending (Private) Limited Employees Provident Fund Trust	Contribution	1,284,183	830,580
Sabra Hamida Trust	Donations	4,500,000	4,500,000
		Un-Audited September 30, 2023 Rupees	Audited June 30, 2023 Rupees
ii Period end balances			
Associated companies			
Receivable from MAS Associates (Private) Limited		542,005	314,409
Other related parties			
Receivable from SK Enmove Co., Ltd. (Formerly SK Lubricants Co., Ltd.)		90,909,001	90,000,000
Payable to SK Enmove Co., Ltd. (Formerly SK Lubricants Co., Ltd.)		429,694,027	63,465,866
Payable to employees' provident fund trust		5,034,269	4,335,211

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

	Un-Audited September 30, 2023 Rupees	Un-Audited September 30, 2022 Rupees
12. CASH GENERATED FROM OPERATIONS		
Profit before taxation	(19,693,880)	(356,714,463)
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	68,316,003	66,318,955
Depreciation on right-of-use assets	37,581,330	16,462,481
Amortization of intangible assets	2,883,955	2,192,571
Amortization of deferred income - Government grant	5,998,605	-
Provision for slow moving and obsolete store items	-	-
Loss on disposal of operating fixed assets	6,248,008	(2,943,897)
Dividend income	(8,406,591)	(5,832,820)
Profit on bank deposits and short term investments	(15,964,918)	(13,195,860)
Unrealised loss / (gain) on remeasurement of investments	-	(525,690)
Finance cost	200,999,126	146,341,267
Exchange (gain) / loss - net	17,550,817	174,427,846
Provision for workers' profit participation fund	4,493,784	-
Provision for workers' welfare fund	1,707,638	-
Working capital changes (Note 12.1)	(142,835,124)	(998,084,593)
	<u>158,878,753</u>	<u>(971,554,203)</u>

12.1 Working capital changes

Decrease / (increase) in current assets:

Stores	7,028,973	16,280,898
Stock-in-trade	68,113,890	337,306,846
Trade debts	(73,231,124)	1,188,856,595
Loans and advances	14,449,602	(1,422,320,093)
Short term deposits and prepayments	(24,463,590)	(19,973,721)
Other receivables	(111,234,724)	87,942,953
	(119,336,973)	188,093,478
Increase / (decrease) in trade and other payables	(23,498,151)	(1,186,178,071)
	<u>(142,835,124)</u>	<u>(998,084,593)</u>

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

13 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 September 2023	Level 1	Level 2	Level 3	Total
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----- Rupees -----

Financial assets

Financial assets at fair value through profit or loss	213,441,773	-	-	213,441,773
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Recurring fair value measurements at 30 June 2023	Level 1	Level 2	Level 3	Total
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----- Rupees -----

Financial assets

Financial assets at fair value through profit or loss	222,582,946	-	-	222,582,946
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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.

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

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SEGMENT INFORMATION

The Group has two reportable segments. The following summary describes the operation in each of the Group's reportable segments:

Lubricants Purchase, blend, package and sale of lubricants, parts and rendering of services.
 Petroleum products Marketing and sale of petroleum products.
 Polymer Manufacturing and sale of plastic bottles

	LUBRICANTS		PETROLEUM PRODUCTS		POLYMER		UNALLOCATED		TOTAL - GROUP	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022
Revenue from contracts with customers - net	1,620,851,150	1,339,720,314	2,378,659,258	2,602,328,690	81,404,398	-	-	-	4,080,914,806	3,942,049,004
Cost of sales	(1,208,045,763)	(1,009,189,795)	(2,268,510,786)	(2,581,135,643)	(56,430,227)	-	-	-	(3,532,986,776)	(3,590,325,438)
Gross profit	412,805,387	330,530,519	110,148,472	21,193,047	24,974,171	-	-	-	547,928,030	351,723,566
Distribution cost	(131,503,576)	(111,058,272)	(89,216,203)	(71,394,967)	(2,211,202)	-	-	-	(222,930,981)	(182,453,239)
Administrative expenses	(204,618,834)	(213,728,849)	(8,880,300)	(9,092,350)	(568,730)	-	-	-	(214,067,864)	(222,821,199)
Other expenses	(33,251,051)	(182,766,291)	(7,263,565)	(1,736,170)	-	-	-	-	(40,514,616)	(184,502,461)
	(369,373,461)	(507,553,412)	(105,360,068)	(82,223,487)	(2,779,932)	-	-	-	(477,513,461)	(589,776,899)
Other income	91,862,384	18,802,364	19,028,293	8,877,773	-	-	-	-	110,890,677	27,680,137
Profit / (loss) from operations	135,294,310	(158,220,530)	23,816,697	(62,152,666)	22,194,239	-	-	-	181,305,246	(210,373,196)
Finance cost	(128,087,686)	(131,369,905)	(33,282,034)	(14,971,362)	(39,629,406)	-	-	-	(200,999,126)	(146,341,267)
(Loss) / profit before taxation	7,206,624	(289,590,434)	(9,465,338)	(67,124,029)	(17,435,167)	-	-	-	(19,693,880)	(356,714,463)
Taxation	-	-	-	-	-	-	(37,006,151)	76,394,848	(37,006,151)	76,394,848
(Loss) / profit after taxation	7,206,624	(289,590,434)	(9,465,338)	(67,124,029)	(17,435,167)	-	(37,006,151)	76,394,848	(66,700,031)	(280,319,615)

14.1 Reconciliation of reportable segment assets and liabilities:

	LUBRICANTS		PETROLEUM PRODUCTS		POLYMER		TOTAL - GROUP	
	Un-Audited 30 September 2023	Audited 30 June 2023	Un-Audited 30 September 2023	Audited 30 June 2023	Un-Audited 30 September 2023	Audited 30 June 2023	Un-Audited 30 September 2023	Audited 30 June 2023
Total assets for reportable segments	6,738,367,691	6,722,267,004	3,970,767,639	3,947,956,772	809,337,174	815,925,107	11,518,472,504	11,486,148,883
Unallocated assets	-	-	-	-	-	-	699,892,545	676,568,277
Total assets as per consolidated statement of financial position	2,813,141,222	2,526,927,666	2,467,165,299	2,338,897,003	875,397,523	475,910,407	12,218,365,049	12,162,717,160
Total liabilities for reportable segments	2,813,141,222	2,526,927,666	2,467,165,299	2,338,897,003	875,397,523	475,910,407	3,933,704,044	3,236,736,076
Unallocated liabilities	-	-	-	-	-	-	2,297,653,012	2,882,274,060
Total liabilities as per consolidated statement of financial position	6,231,357,056	6,119,009,136	6,231,357,056	6,119,009,136	6,231,357,056	6,119,009,136	6,231,357,056	6,119,009,136

14.2 All of the sales of the Group relates to customers in Pakistan.

14.3 All non-current assets of the Group as at the reporting dates are located in Pakistan.

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

15. UTILIZATION OF THE PROCEEDS OF THE INITIAL PUBLIC OFFER (IPO)

During the year ended 30 June 2016, the Holding Company made an Initial Public Offer (IPO) through issue of 29,001,000 ordinary shares of Rupees 10 each at a price of Rupees 62.50 per share determined through book building process. Out of the total issue of 29,001,000 ordinary shares, 21,750,500 shares were subscribed through book building by High Net Worth Individuals and Institutional Investors, while the remaining 7,250,500 ordinary shares were subscribed by the General Public and the shares were duly allotted on 18 February 2016. On 01 March 2016, Pakistan Stock Exchange Limited approved the Holding Company's application for formal listing of ordinary shares and trading of shares started on 03 March 2016.

Till 30 June 2017, the Holding Company utilized the proceeds of the initial public offer of 29,001,000 ordinary shares for the purposes mentioned under heading 5.5 'Expansion Plan' in prospectus dated 28 December 2015, as per the following detail:

Purposes Mentioned Under Heading 5.5 'Expansion Plan' In Prospectus Dated 28 December 2015	Total amount (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 - Subsidiary Company	200,000,000	-
Total	1,812,562,500	815,199,584
IPO proceeds (A)	1,812,562,500	
Amount un-utilized (A - B)	997,362,916	

As stated in the prospectus dated 28 December 2015, the Holding Company planned to offer state of the art retail outlets across Pakistan with multitude of unique services and also planned to install additional filling lines at the blending plant of its subsidiary. The plan of the year 2015-16 covered 37 grand outlets openings in 11 major cities of Pakistan including Lahore, Gujranwala, Sialkot, Faisalabad, Multan, Islamabad, Rawalpindi, Karachi and Hyderabad. Over a period of 5 years, the Holding Company planned to open 75 retail outlets (including 67 rented) across 16 major cities of Pakistan. As per quarterly progress report number 06 dated 14 July 2017, the Holding Company informed all stakeholders the progress on implementation of project: Expansion through retail outlet: 1 owned service center under regulatory approval and out of the 10 rented service centers, 1 is operational, 3 are approved and under construction, 3 are under regulatory approvals and 3 are under negotiations. Accurate, effective and timely implementation of the above plans of the Holding Company became a big challenge for the Holding Company due to expensive lands and properties at key locations in almost all the cities for express service centers. Hence, the Holding Company planned for incorporation of express centers into its fuel stations to be established under the umbrella of Oil Marketing Company (OMC) Project of the Holding Company. In this regard, the Holding Company obtained a financial feasibility report from KPMG Taseer Hadi & Co., Chartered Accountants regarding investment in OMC Project. In view of successful fulfillment of initial mandatory requirements of Oil and Gas Regulatory Authority (OGRA) for setting up of an OMC and future prospects of OMC in current international scenario as prospected under financial feasibility report, the shareholders of the Holding Company in their 9th Annual General Meeting held on 29 September 2017 approved diversion and utilization of un-utilized IPO funds from HTL express centers and wholly owned Subsidiary Company to OMC Project of the Holding Company keeping in view overall growth of the Holding Company and ultimate benefit to all shareholders and stakeholders of the Holding Company.

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

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, Holding 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 Holding Company has started work on new oil storage facility at Shikarpur. On 16 March 2023, OGRA has granted permission to the Holding Company to operate new storage facility at Nowshera and marketing of petroleum products in the province of Khyber Pakhtunkhwa. Currently, the Holding Company has eight operational HTL Express Centers, four in Lahore, three in Karachi and one in Rawalpindi. Further, the Holding Company has twenty nine retail outlets operational for sale of petroleum products as on 30 June 2023. Detail of payments out of IPO proceeds during the period ended 30 September 2023 is as follows:

	Rupees
Un-utilized IPO proceeds as at 01 July 2023	395,898,356
Add: Profit on term deposit receipt	15,438,356
Add: Profit on bank deposits	223,614
Add: Dividend on investment in mutual funds	8,241,547
Add: Gain on disposal of investment in mutual fund	166,264
Add: Unrealised gain on investment in mutual funds	272,463
Less: Payments made relating to OMC Project	(23,614,189)
Less: Withholding tax on profit	(2,349,295)
Less: Withholding tax on dividend from mutual funds	(1,236,233)
Less: Withholding tax on disposal of mutual funds	(71,889)
Less: Bank charges	(21)
Un-utilized IPO proceeds as at 30 September 2023	<u>392,968,973</u>

The un-utilized proceeds of the public offer have been kept by the Holding Company in the shape of bank balances, term deposit receipt and mutual funds.

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2023

16. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Group for the year ended 30 June 2023.

17. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on October 27, 2023 by the Board of Directors of the Holding Company.

18. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, where necessary for the purpose of comparison. However, no significant re-arrangements of corresponding figures have been made in these consolidated condensed interim financial statements.

19. GENERAL

Figures have been rounded off to nearest of Rupee, unless otherwise stated.



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Director



Chief Financial Officer



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