

Ref. No. HTLL/Corporate/07-2017/007
July 14, 2017

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Subject: QUARTERLY PROGRESS REPORT NUMBER 06 ON IMPLEMENTATION OF PROJECT FOR THE QUARTER ENDED JUNE 30, 2017

Dear Sir,

With reference to SECP letter No. SMD/SA-88/12/2015 dated November 30, 2015 regarding Approval to Issue, Circulate and Publish Prospectus for issue of 29.00 Million Ordinary Shares by Hi-Tech Lubricants Limited (HTL), enclosed please find **Quarterly Progress Report Number 06** on implementation of projects for the quarter ended June 30, 2017 under compliance of Special Condition No 5 of the aforesaid approval. **(Annexure-A)**.

Moreover, also enclosed please find copy of **Quarterly Confirmation by the Auditors** of the Company regarding Utilization of Proceeds of IPO for Purposes Mentioned in Prospectus for the Quarter Ended June 30, 2017 (the Auditors Quarterly Confirmation) under compliance of clause 3 of our letter of undertaking bearing reference number HTLL/Corporate/03-2016/001 dated March 01, 2016 under the subject "Undertaking in Relation to Initial Public Offering of HTL. **(Annexure-B)**.

Please acknowledge receipt of the above and oblige.

Yours Sincerely,

For and on behalf of **Hi-Tech Lubricants Limited**



(Fraz Amjad Khawaja)
Company Secretary

Enclosures: As above

OFFICES:

CORPORATE: 1-A Danepur Road, GOR-1, Lahore.

KARACHI: C-6 /1, Street No. 3, Bath Island, Clifton Karachi. Tel: +92- 21-111-645-942, Fax +92-21-35290672.

ISLAMABAD: Suite # 1402, 14th Floor Green Trust Tower, Jinnah Avenue Blue Area, Islamabad Tel: +92-51-111-645-942, Fax: +92-51-2813057.

PESHAWAR: Office No. 280, 3rd Floor, Deans Trade Center Islamia Road, Peshawar, Cantt. Tel: +92-91-5253186-7, Fax: +92-91-5253188.

Annexure-A

QUARTERLY PROGRESS REPORT NUMBER 06

ON IMPLEMENTATION OF PROJECT FOR THE QUARTER ENDED JUNE 30, 2017

PROGRESS UPDATE

Out of the total funds received Rs 1,812,562,500 the company to date has invested Rs. 1,200,000,000 in term deposits ranging from 1 to 12 months.

The chronological detail of activities undertaken is as follows:

EXPANSION THROUGH RETAIL OUTLET

Owned Service Centre (1)	Rented Service Centres (10)			
	Operational	Approved and under Construction	Under Regulatory Approvals	Under Negotiations
Under Regulatory Approvals				
(1)	(1)	(3)	(3)	(3)

Investment in Blending Plant for additional filling lines

The plant has successfully started its production in August 2016 and has produced around 9 million liters as on June 30, 2017.

This additional filling line pre-requisites which include availability of air conditioning system, water drainages and fire management are complete and in testing phase.

The Company is under negotiations with international vendors for supply of additional equipment for blending plant.

Working capital

The company has utilized PKR 203,215,748 for payment of short term borrowing facilities availed from banks against import of inventory and its clearance from customs.

Further developments

Conceptual design of Oil Storage depot has been completed and project has been awarded for construction of the same. No objection certificates are expected to receive soon. On approval construction would start. The completion of storage is expected in the 2nd quarter ending December 2017.


Chief Executive Officer


Company Secretary

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Riaz Ahmad & Company

Chartered Accountants

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Chief Executive
Hi-Tech Lubricants Limited
1-A, Danapur Road
GOR-1
LAHORE – 54000

14 July 2017
Our ref: H-24-811

Dear Sir

HI-TECH LUBRICANTS LIMITED (HTLL) – AUDITORS’ REPORT ON AGREED-UPON PROCEDURES TO THE CHIEF EXECUTIVE OF HTLL WITH RESPECT TO UTILIZATION OF THE PROCEEDS OF THE INITIAL PUBLIC OFFER OF 29,001,000 ORDINARY SHARES AT A PRICE OF RUPEES 62.5 PER ORDINARY SHARE FOR THE PURPOSES MENTIONED IN PROSPECTUS DATED 28 DECEMBER 2015 FOR THE PERIOD ENDED 30 JUNE 2017

We have performed the procedure agreed with you through engagement letter number G-1-539 dated 20 February 2016 and enumerated below with respect to utilization of the proceeds of the initial public offer of 29,001,000 ordinary shares at a price of Rupees 62.5 per ordinary share for the purposes mentioned in prospectus dated 28 December 2015 for the period ended 30 June 2017.

Our engagement was carried out in accordance with International Standard on Related Services (ISRS) 4400 “Engagements to Perform Agreed-Upon Procedures Regarding Financial Information” applicable to agreed-upon procedures engagements. The procedure was performed solely to assist HTLL in ensuring compliance with Special Condition A.7 contained in Annexure – I ‘Conditions for Initial Public Offering of 29.00 Million Ordinary Shares of Hi-Tech Lubricants Limited’ under section 88(1) read with section 87(2) of the Securities Act, 2015’ to the letter No. SMD/SA-88/12/2015 dated 30 November 2015 of Director (CI) of the Securities and Exchange Commission of Pakistan and is summarized as follows:

Procedure performed

- Check that HTLL has 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 for the period ended 30 June 2017. Detail is as follows:

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
Sub-total	1,612,562,500	815,199,584

Riaz Ahmad & Company

Chartered Accountants

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)
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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 815,199,584
IPO proceeds	<u>1,812,562,500</u>	
Amount un-utilized	<u>997,362,916</u>	

Our findings

Based on the procedures performed, we report that un-utilized proceeds of the initial public offer as at 30 June 2017 are being kept as follows:

Bank / Mutual Fund	Account / Deposit Number	Amount (Rupees)
Habib Metropolitan Bank Limited	Hi Tech Lubricants Ltd (Development Account) Account No. 6-2-84-20614-714-123961	7,977,502
Bank Alfalah Limited	Hi Tech Lubricants Ltd – Spe Prps Account No. 0044-001005058732	364,638
JS Bank Limited	Hi Tech Lubricants Ltd Account No. 0000739341	11,710,955
United Bank Limited	Hi Tech Lubricants Limited Account No. 000236073845	-
United Bank Limited	Hi Tech Lubricants Limited Account No. 000231076986	-
JS Bank Limited	Term Deposit Receipt No. 0000966245	201,031,917
JS Bank Limited	Term Deposit Receipt No. 0000966237	20,000,000
JS Bank Limited	Term Deposit Receipt No. 0000966242	30,000,000
JS Bank Limited	Term Deposit Receipt No. 0000966244	200,000,000
Habib Metropolitan Bank Limited	PLS Term Deposit No. 2-84/1229	200,000,000
Habib Metropolitan Bank Limited	PLS Term Deposit No. 2-84/14227	100,000,000
Bank Alfalah Limited	Term Deposit No. MM1717300010	100,000,000
Bank Alfalah Limited	Term Deposit No. MM1717300011	100,000,000
United Bank Limited*	Term Deposit Receipt No. 238934052	50,000,000
Alfalah GHP Stock Fund**	B Growth Units – 6547	70,000,000
		<u>1,091,085,012</u>

*HTLL has running finance facility from United Bank Limited against lien on term deposit receipt.

**The value of Alfalah GHP Stock Fund B Growth Units as on 30 June 2017 was Rupees 72,390,221 based on Net Asset Value (NAV) of Rupees 156.8824 per unit.

Handwritten signature

Riaz Ahmad & Company

Chartered Accountants

Reconciliation between un-utilized amount of the initial public offer amounting to Rupees 997,362,916 and balance as on 30 June 2017 of term deposit receipts, bank accounts and mutual fund is as follows:

Description	Amount (Rupees)	Amount (Rupees)
Un-utilized amount of the initial public offer		997,362,916
Add: Profit on term deposits	99,140,446	
Add: Cash deposited at the time of opening of bank accounts	20,500	
Add: Amount deposited by HTLL from its own sources	5,608,097	104,769,043
Less: Commission, charges and out-of-pocket expenses deducted by bankers to the issue	6,134,434	
Less: Income tax deducted on profit on term deposits	4,894,429	
Less: Bank charges and commission	17,514	
Less: FED deduction	496	
Less: Punjab sales tax on services charged by bank	74	11,046,947
Balance of term deposit receipts, bank accounts and mutual fund		<u>1,091,085,012</u>

General

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the utilization of the proceeds of the initial public offer of 29,001,000 ordinary shares at a price of Rupees 62.5 per ordinary share for the purposes mentioned in prospectus dated 28 December 2015 for the period ended 30 June 2017.

Had we performed additional procedures or had we performed an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and submission to the Securities and Exchange Commission of Pakistan and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the items specified above and does not extend to any financial statements of Hi-Tech Lubricants Limited, taken as a whole.


RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: 14 July 2017

LAHORE

Riaz Ahmad & Company

Chartered Accountants

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Hi-Tech Lubricants Limited
1-A, Danepur Road, GOR-1
LAHORE

14 July 2017

Sales Tax Invoice No. RL1.32
National Tax Number: 0454563-0
PNTN Number: P0454563-0

NTN – 1017895-3
STRN – 0391999941773

TO SERVICES RENDERED VIZ:-

Professional charges in connection with auditors' report on agreed-upon procedure to the chief executive of HI-TECH LUBRICANTS LIMITED with respect to utilization of the proceeds of the initial public offer of 29,001,000 ordinary shares at a price of Rupees 62.5 per ordinary share for the purposes mentioned in prospectus dated 28 December 2015 for the period ended 30 June 2017.

Rupees

50 000

Punjab Sales Tax @ 5% (Service Code 9815.3000)
TOTAL FEE INCLUSIVE OF SALES TAX

2 500

52 500

(RUPEES FIFTY TWO THOUSAND FIVE HUNDRED ONLY)



RIAZ AHMAD & COMPANY
Chartered Accountants