



HI-TECH LUBRICANTS LIMITED

1-A Danepur Road, GOR-1 Lahore 54000.

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E-mail: info@hitechlubricants.com, Web: www.hitechlubricants.com



Ref. No. HTLL/Corporate/10-2016/015

October 15, 2016

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

Subject: QUARTERLY PROGRESS REPORT NUMBER 03 ON IMPLEMENTATION OF PROJECT FOR THE QUARTER ENDED SEPTEMBER 30, 2016

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 03** on implementation of projects for the quarter ended September 30, 2016 under compliance of Special Condition No 5 of the aforesaid approval. **(Annexure-A)**.

Moreover, also enclosed please find copy of **Quarterly Confirmation from the Auditors** of the Company regarding Utilization of Proceeds of IPO for Purposes Mentioned in Prospectus for the Quarter Ended September 30, 2016 (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

Muhammad Imran
Company Secretary



Enclosures: As above

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Hi-Tech Lubricants Limited

Quarterly Progress Report No. 3
on
Implementation of the Projects

For the Quarter ended September 30, 2016

Hi-Tech Lubricants Limited

PROGRESS UPDATE

1. After the issuance of NOC from Pakistan Stock Exchange Limited on **March 09, 2016** the funds were placed in specific purpose accounts newly opened in banks having satisfactory ratings.
2. Out of the total funds received Rs 1,812,562,500 the company to date has invested Rs. 1,250,000,000 in term deposits ranging from 1 to 12 months.

The chronological detail of activities undertaken is as follows:

Expansion through retail outlets

The design phase of plot of land purchased in last quarter located in Lahore, district Punjab has been completed. Regulatory and other authorities' permission are in progress. The service center would take another 2 to 3 months to become fully operational after approvals.

The company is still looking expeditiously suitable plot of lands in in Karachi, Islamabad and Rawalpindi as certain contracts negotiated for purchase of land at the time of preparation of prospectus are not available this time.

The company further completed 2 long term lease agreements in Lahore, District Punjab for establishing service centers taking total leased locations to 5. The details of the 2 new locations are as follows:

- a) Location no. 4 at DharamPura, Lahore measuring 1 Kanal
- b) Location no. 5 at Gulshan Ravi, Lahore measuring 1 Kanal

The company is still looking expeditiously suitable plot of lands in in Karachi, Islamabad and Rawalpindi and expected to finalize 2-3 locations in the next quarter in these cities.

The documentation and regulatory authorities' permission are underway and design phase is complete for all 5 locations. After designing, it would take another 4-6 months to become fully operational of all 6 sites.

Further, 2 to 3 locations have been identified in different metropolitan cities and these are under negotiation with landlords for lease agreements which are expected to be finalized in the current quarter.

Investment in Hi-Tech Blending (Pvt.) Limited – Wholly owned subsidiary company for additional filing lines

The plant has successfully started its production in August 2016 and has produced around 1.8 million liters as on September 30, 2016.

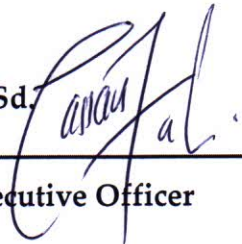
The Company is under negotiation with vendors for supply of additional equipment for blending plant as the fresh negotiations are underway.

Working capital

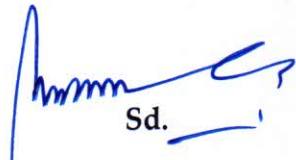
The company has utilized PKR 184,481,602 for payment of short term borrowing facilities availed from banks against import of inventory and its clearance from customs.

Further developments

The provisional license from Oil and Gas Regulatory Authority (OGRA) for setting up an OMC is yet to receive. All regulatory and other formalities/ queries or explanations are already been completed/ submitted in this regard.

Sd. 

Chief Executive Officer


Sd. _____

Company Secretary

HI-TECH LUBRICANTS LIMITED

**AUDITOR'S REPORT ON AGREED-UPON PROCEDURE 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 SEPTEMBER 2016

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

17 October 2016
Our ref: G-1-885

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 SEPTEMBER 2016

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 September 2016.

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 September 2016. Detail is as follows:

for

Purposes Mentioned Under Heading 5.5 'Expansion Plan' In Prospectus Dated 28 December 2015	Total amount (Rupees)	Total amount utilized till 30 September 2016 (Rupees)
Investment in HTLL		
Land	470,000,000	60,618,100
Building	128,000,000	100,000
Plant, machinery and equipment	139,000,000	-
Pre-operating costs	33,000,000	-
Working capital	842,562,500	478,863,502
Sub-total	1,612,562,500	539,581,602
Investment in 100% owned subsidiary		
Additional filling lines for blending plant, Hi-Tech Blending (Private) Limited	200,000,000	-
Total	1,812,562,500	B 539,581,602
IPO proceeds	1,812,562,500	
Amount un-utilized (A-B)	1,272,980,898	

Our findings

Based on the procedures performed, we report that un-utilized proceeds of the initial public offer as at 30 September 2016 are being kept as follows:

Bank	Account / Deposit Number	Amount (Rupees)
Habib Metropolitan Bank Limited	Hi Tech Lubricants Ltd (Development Account) Account No. 6-2-84-20614-714-123961	7,756,411
Bank Alfalah Limited	Hi Tech Lubricants Ltd – Spe Prps Account No. 0044-1005058732	55,029,581
JS Bank Limited	Hi Tech Lubricants Ltd Account No. 0000739341	-
UBL Bank Limited	Hi Tech Lubricants Limited Account No. 000231076986	725,647
JS Bank Limited*	Term Deposit Receipt No. 0000808146	201,031,918
JS Bank Limited	Term Deposit Receipt No. 0000836696	50,000,000
JS Bank Limited	Term Deposit Receipt No. 0000836693	200,000,000
JS Bank Limited	Term Deposit Receipt No. 0000801954	50,000,000
Habib Metropolitan Bank Limited	PLS Term Deposit No. 2-84/1064	300,000,000
Habib Metropolitan Bank Limited	PLS Term Deposit No. 2-84/979	200,000,000
Bank Alfalah Limited	Term Deposit No. MM1616900028	200,000,000
UBL Bank Limited	Term Deposit No. 231341086	50,000,000
		<u>1,314,543,557</u>

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

for

Reconciliation between un-utilized amount of the initial public offer amounting to Rupees 1,272,980,898 and balance as on 30 September 2016 of term deposit receipts and bank accounts is as follows:

Description	Amount (Rupees)	Amount (Rupees)
Un-utilized amount of the initial public offer		1,272,980,898
Add: Profit on term deposits	44,493,333	
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	50,121,930
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	2,419,362	
Less: Bank charges and commission	5,369	
Less: FED deduction	59	
Less: Punjab sales tax on services charged by bank	47	8,559,271
Balance of term deposit receipts and bank accounts		<u>1,314,543,557</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 September 2016.

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: 17 October 2016

LAHORE