



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/07-2016/009
July 18, 2016

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

Subject: SUBMISSION OF QUARTERLY CONFIRMATION FROM THE AUDITORS OF THE COMPANY REGARDING UTILIZATION OF PROCEEDS OF IPO FOR PURPOSES MENTIONED IN PROSPECTUS FOR THE QUARTER ENDED JUNE 30, 2016

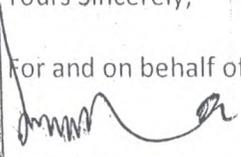
Dear Sir,

With reference to clause 3 of our letter of undertaking written to Pakistan Stock Exchange Limited bearing reference number HTLL/Corporate/03-2016/001 dated March 01, 2016 under the subject "Undertaking in Relation to Initial Public Offering of Hi-Tech Lubricants Limited", attached please find Quarterly Confirmation from the Auditors of the Company regarding Utilization of Proceeds of IPO for Purposes Mentioned in Prospectus for the Quarter Ended June 30, 2016.

Please acknowledge receipt of the above and oblige.

Yours Sincerely,

For and on behalf of Hi-Tech Lubricants Limited


Muhammad Imran
Company Secretary



HI-TECH LUBRICANTS LIMITED

**AUDITORS' 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 JUNE 2016

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

16 July 2016
Our ref: G-1- 548

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 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 June 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 June 2016. 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 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	294,381,900
Sub-total	1,612,562,500	355,100,000

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 2016 (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

1,812,562,500 B 355,100,000

IPO proceeds

A 1,812,562,500

Amount un-utilized

(A-B) 1,457,462,500

Our findings

Based on the procedures performed, we report that un-utilized proceeds of the initial public offer as at 30 June 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	12,174,349
Bank Alfalah Limited	Hi Tech Lubricants Ltd – Spe Prps Account No. 0044-1005058732	7,621,647
JS Bank Limited	Hi Tech Lubricants Ltd Account No. 0000739341	10,118,772
UBL Bank Limited	Hi Tech Lubricants Limited Account No. 000231076986	58,442
JS Bank Limited	Term Deposit Receipt No. 0000795446	200,000,000
JS Bank Limited	Term Deposit Receipt No. 0000794123	50,000,000
JS Bank Limited	Term Deposit Receipt No. 0000794124	200,000,000
JS Bank Limited	Term Deposit Receipt No. 0000801954	50,000,000
Habib Metropolitan Bank Limited	PLS Term Deposit No. 2-84/972	300,000,000
Habib Metropolitan Bank Limited	PLS Term Deposit No. 2-84/978	100,000,000
Habib Metropolitan Bank Limited	PLS Term Deposit No. 2-84/979	200,000,000
Bank Alfalah Limited	Term Deposit No. MM1616900027	100,000,000
Bank Alfalah Limited	Term Deposit No. MM1616900028	200,000,000
UBL Bank Limited	Term Deposit No. 231341086	50,000,000
		<u>1,479,973,210</u>

Reconciliation between un-utilized amount of the initial public offer amounting to Rupees 1,457,462,500 and balance as on 30 June 2016 of term deposit receipts and bank accounts is as follows:

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Chartered Accountants

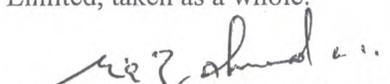
Description	Amount (Rupees)	Amount (Rupees)
Un-utilized amount of the initial public offer		1,457,462,500
Add: Profit on term deposits	24,331,774	
Add: Amount received on account of duplicate CNIC	125,000	
Add: Cash deposited at the time of opening of bank accounts	20,500	
Add: Amount deposited by HTLL from its own sources	5,608,097	30,085,371
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	1,438,839	
Less: Bank charges and commission	1,300	
Less: FED deduction	37	
Less: Punjab sales tax on services charged by bank	51	(7,574,661)
Balance of term deposit receipts and bank accounts		<u>1,479,973,210</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 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: 16 July 2016

LAHORE