

PANTHER TYRES LIMITED
HALF YEARLY PROGRESS REPORT
FROM 22 FEBRUARY 2021 TO 22 AUGUST 2021
DATE OF IPO 22 FEBRUARY 2021



For




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For




INTRODUCTION

We are pleased to share the first progress report for the period ended August 22, 2021 after the listing of Panther Tyres Limited at PSX in the month of February 2021.

This progress report is being submitted in compliance with the requirement of Clause 16(i)(ii) of post issue reporting and disclosures of the **"Public Offering Regulations, 2017"** and in pursuance of the requirement specified in the clause 4.1.10 of the prospectus to the issue of the Company.

The Company carried out IPO in February 2021, to finance its major expansion plan at estimated costs, as detailed below as per clause 4.1.2 of the prospectus to the issue:

Description	Funds Required (PKR)	Allocation %
Plant and Machinery		
4 Roll Calendar Line Comerio Italy	586,310,100	41.6%
Banbury Tangential Mixer - Farrel UK	328,629,670	23.3%
Freehold Land & Development Expenses	100,000,000	7.1%
Building and Civil Works		
Building for Calendar Department	166,780,230	11.8%
Building for Mixing Department	167,880,000	11.9%
Building for Tube Department	60,400,000	4.3%
Total	1,410,000,000	100.0%

The detail of utilization of IPO proceeds and progress status of the expansion project is in the ensuing pages;

NET IPO PROCEEDS


The Company raised funds through issuance of 30 million ordinary shares at strike price of Rupees 65.80 per share. The net IPO proceeds generated through this transaction is detailed below:

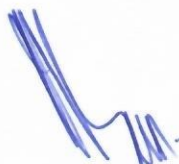
Description	Amount (PKR)
Issuance of 30,000,000 ordinary shares at floor price of Rs. 47 per share	1,410,000,000
Excess funds received - share premium at Rs 18.80	564,000,000
Less: IPO expenses	(99,566,342)
Net IPO proceeds	1,874,433,658

The excess funds amounting to Rupees 464.43 million received through IPO were utilized to reduce the working capital loans availed from existing financial institutions.

IMPLEMENTATION STATUS

During the period under discussion, the progress work on the expansion projects has been started. COVID-19 pandemic caused some delays and has affected the progress of work. However, the management of the Company is focused and committed to complete these projects on a faster pace.

For


Following is the status of expansion cost incurred till August 22, 2021:

Description	Funds Required (PKR)	Allocation %	Actual Expenditures till 22 Aug-2021 (PKR)
Freehold Land & Development Expenses	100,000,000	7.1%	75,987,411
Building and Civil Works			
Building for Calendar Department	166,780,230	11.8%	48,886,214
Building for Mixing Department	167,880,000	11.9%	3,292,766
Building for Tube Department	60,400,000	4.3%	50,149,188
Plant and Machinery			
4 Roll Calendar Line Comerio Italy	586,310,100	41.6%	93,595,040
Banbury Tangential Mixer - Farrel UK	328,629,670	23.3%	-
Total	1,410,000,000	100.0%	271,910,619

Current status of project's progress against commitments made in the prospectus is explained in the below sections.

LAND AND DEVELOPMENTS

Land measuring 21.4 Kanals as committed in the prospectus have been acquired and possession has been taken up. Registration of land with the land revenue department of Sheikhpura is in the process whereas land development expenses including construction of boundary wall are yet to be incurred. This land is located adjacent to existing land of factory located at 29.4 KM Sheikhpura Road. This will facilitate the Company in enhancing its production capacity and in meeting future needs of incremental warehousing & storage space.

Commitment made in the prospectus	Start date (disclosed in the prospectus)	Completion date (disclosed in the prospectus)	Current status	Rationale for delay, if any
Acquisition of land	1Q FY 2021	3Q FY 2021	Land acquired, registration in process.	

Please refer 'Annexure – I' for pictorial representation of the new land acquired.

BUILDING AND CIVIL WORKS

Building and civil work consist of buildings for Calendar department, Mixing department and MC tube department.

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Calender Building

Letter of credit (LC) for the import of pre-fabricated building amounting to USD 723,786 for Calender department from Memaar Buildings System FZE (MBS) was established via LC# 02/018/2392 dated 18-05-2021. Advance payment to the tune of USD 289,511 (40%) has been made at the time of establishment of LC. Shipment is expected to arrive at factory in early October 2021. Contract for construction work was also awarded to M/S Zahoor Construction Company and excavation and plinth work has started at the site.

Mixing Building

Contract for Mixing department has been awarded to M/S Sinaco Engineers (pvt) Limited. Foundation work and ground breaking work has been started at site.

MC Tube Building

Civil work of MC tube building to the extent of 90% has been completed. This contract work was also awarded to M/S Zahoor Construction Company.


Commitment made in the prospectus	Start date (disclosed in the prospectus)	Completion date (disclosed in the prospectus)	Current status	Rationale for delay, if any
Completion of Calender department Building & Civil work	4Q FY 2021	2Q FY 2022	Work in process	
Completion of Mixing department Building & Civil work	3Q FY 2021	2Q FY 2022	Work in process	
Completion of Tube department Building & Civil work	3Q FY 2021	4Q FY 2021	90% work completed	As explained above Heading "IMPLEMENTATION STATUS"

Please refer 'Annexure – I' for pictorial representation of the under-process civil works.

PLANT AND MACHINERY

4 Roll Calender Line

Letter of credit (LC) for the import of 4 Roll Calender Line amounting to Euro 2,485,000 from Comerio Ercole, Italy has been established via LC# 0700TF2111626563 dated 07-05-2021. Advance payment of 20% (Euro 497,000) has also been made as per agreed terms. Latest date of shipment of machinery will be the month of April 2022.

For





Banbury Tangential Mixer

It was disclosed in the prospectus that Banbury Tangential Mixer costing Rupees 328.630 million will be purchased from Farrel Limited, UK and order will be placed for the said plant and machinery upon completion of book building process.

It has now been decided by the Board of Directors that the Banbury Mixer along with parts and accessories may be acquired from Dalian, China at a cost of Rupees 327.97 million to save cost.

Reasons for not acquiring Mixer from Farrel Limited, UK

- Cost of the Banbury Tangential Mixer project will increase by 91% after adding related accessories and parts as per revised quotation of Farrel, UK.
- Delivery period is 9 to 12 months subject to Covid related delays.

Benefits of acquiring Mixer from Dalian, China

- Cost of the Banbury Tangential Mixer project from China will be lower by 48% after adding related accessories and parts as per quotation of Dalian, China.
- Delivery period is confirmed as 6 months after opening of LC.

After adding related accessories and parts total "Banbury Mixer project" cost of Rupees 328.63 million jumped to Rupees 628 million showing 91% increase as per quotation of Farrel, UK, whereas the comparative quotation from Chinese source, Dalian is for Rupees 327.97 million i.e. 48% lower. There will be no quality difference of our finished product if we buy Chinese Mixer.


The approval of the members of the Company is required, subject to requisite permission from SECP, to acquire plant and machinery comprising Banbury Tangential Mixer for expansion project from M/S Dalian, China for a sum of Rupees 327.97 million approximately in place of Banbury Tangential Mixer from Farrel Limited, UK for Rupees 328.63 million.

Commitment made in the prospectus	Start date (disclosed in the prospectus)	Completion date (disclosed in the prospectus)	Current status	Rationale for delay, if any
Purchase and installation of 4 Roll Calender line	3Q FY 2021	3Q FY 2022	L/C established in 4Q FY 2021	Banking process for establishment of LC took 1.5 months after the IPO receipts.
Purchase and installation of Banbury Tangential Mixer	3Q FY 2021	2Q FY 2022	L/C to be opened with new supplier	As explained above

For

Mohsin Muzaffar Butt
 Company Secretary




Ghulam Abbas
 Chief Financial Officer

ANNEXURE – I

Land and Buildings Foundation work



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MC Tube Building



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