

SERVICE GLOBAL FOOTWEAR
LIMITED

HALF YEARLY PROGRESS REPORT

FOR THE PERIOD APRIL 28, 2021 TO
OCTOBER 27, 2021



Contents

INTRODUCTION	3
DETAILED BREAK-UP UTILIZATION OF THE PROCEEDS RAISED FROM THE ISSUE.....	4
IMPLEMENTATION STATUS OF THE PROJECT OF SLM /COMMITMENT MADE IN THE PROSPECTUS.	5
ANNEXURE A: PROJECT SITE - SERVICE LONG MARCH TYRES (PRIVATE) LIMITED.....	6

Signature



Date:02 November 2021
Ref: SGFL/PSX/CS/06

SERVICE GLOBAL FOOTWEAR LIMITED
PROGRESS REPORT FOR THE SIX MONTHS PERIOD FROM 28 APRIL 2021 TO 27 OCTOBER 2021

AS REQUIRED BY REGULATION 16 OF THE PUBLIC OFFERING REGULATIONS, 2017 AND PAKISTAN STOCK EXCHANGE LIMITED'S LETTER NO. PSX/GEN-340 DATED 26 FEBRUARY 2021

INTRODUCTION

01. Service Global Footwear Limited ("the Company") issued Prospectus offering 40,887,500 ordinary shares (20% of the total post-IPO paid-up capital of the Company) of the face value of Rupees 10 each and raised Rupees 2,175,215,000 at a strike price of Rupees 53.2 per ordinary share (including premium of Rupees 43.2 per ordinary share). The Company got listed on Pakistan Stock Exchange Limited on 28 April, 2021.

02. This Half Yearly Progress Report is being presented as required by Regulation 16 of the Public Offering Regulations, 2017 and Pakistan Stock Exchange Limited's Letter No. PSX/Gen-340 dated 26 February 2021.

03. As per paragraph 4.1.5 of the Prospectus, the proceeds from IPO shall be utilized as under:

Expenditure Heads		
Particular	Rupees	%
Equity Investment in Service Long March Tyres (Private) Limited (SLM)	1,553,725,000 *	100
Total	1,553,725,000	100

04. Investment proceeds from the Company would be utilized by SLM [Service Long March Tyres (Private) Limited] for the following purpose:

Expenditure Heads		
Particular	Rupees	%
To make payments to the contractors on account of civil and MEP (Mechanical, Electrical and Plumbing) works of the project.	1,553,725,000 *	100
Total	1,553,725,000	100

* Based on floor price of Rupees 38 per share.

05. As per paragraph 4.6. of the Prospectus any excessive fund, in case the Strike Price is determined above the Floor Price, would be utilized either to fund the internal working capital requirement of the Company or to make equity investment in SLM, as may be decided by the Board of Directors.



06. The Board of Directors of the Company in its meeting held on 08 June 2021 resolved to utilize the excess IPO funds amounting to Rupees 621,490,000 raised over and above the Floor Price for making additional equity investment in Service Long March Tyres (Private) Limited as may be offered to the Company in future.

07. Paragraph 4.2.6 of the Prospectus gives information about technical agreements executed pertaining to civil and MEP works and paragraph 4.3 of the Prospectus gives information about implementation schedule of civil and MEP works of the project of Service Long March Tyres (Private) Limited:

Particulars	Start Date	Completion Date	Status *
Civil Work	October, 2020	June, 2021	Contracts for Civil/MEP works have been awarded and construction work has started. The contractors are mobilized and physical work is in progress at site.
Mechanical, Electrical & Plumbing (MEP) Works	December, 2020	June, 2021	

* As of the date of publication of the Prospectus.

DETAILED BREAK-UP UTILIZATION OF THE PROCEEDS RAISED FROM THE ISSUE

08. Detailed break-up utilization of the proceeds raised from the IPO is as follows:

	Rupees
IPO Proceeds	2,175,215,000
Profit on term deposit receipts received by the Company	17,690,371
	<u>2,192,905,371</u>
Amount invested in 155,062,000 ordinary shares of Rupees 10 each of Service Long March Tyres (Private) Limited (SLM)	1,550,620,000
Amount retained with the Company in the shape of term deposit receipts	642,285,371
	<u>2,192,905,371</u>

Utilization of proceeds from issue of 155,062,000 ordinary shares of Rupees 10 each by SLM:

Payments to the contractors on account of civil and Mechanical, Electrical and Plumbing (MEP) works of the project	<u>1,550,620,000</u>
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**IMPLEMENTATION STATUS OF THE PROJECT OF SLM /COMMITMENT
MADE IN THE PROSPECTUS**

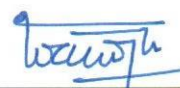
Commitment made in the Prospectus	Start date (disclosed in the prospectus)	Completion date (disclosed in the Prospectus)	Current status	Rationale for delay, if any.
Civil works of SLM project	October, 2020	June, 2021	85% Complete and full Completion expected in December 2021.	The project of SLM got delayed due to COVID – 19 and the subsequent restrictions on travel across the globe and visa issues of technical personnel / labour which impacted estimated timelines. The Chinese contractors, engaged for the Civil and MEP works of the project, faced problems in sending workforce to Pakistan and had to make alternate arrangements in view of travel / visa restrictions which slowed down the pace of construction work. This also impacted the service delivery of other contractors.
Mechanical, Electrical and Plumbing (MEP) works of SLM project	December, 2020	June, 2021	90% Complete and full Completion expected in November 2021.	

09. The Chinese contractors engaged for the installation of machinery, also faced delays in sending their workforce from China, due to COVID-19 restrictions and prevailing Chinese security regime. This has impacted and delayed the installation and commissioning of the machinery and hence delayed the trial and commercial production of the SLM Project. The Trial Production of the SLM Project is now expected in December 2021 / January 2022 and the Commercial Production is expected to commence in January / February 2022.

10. Please refer to “**Annexure A**” for pictorial representation of works at Project Site of SLM.



Usman Liaqat
Chief Financial Officer



Waheed Ashraf
Company Secretary



ANNEXURE A: PROJECT SITE - SERVICE LONG MARCH TYRES (PRIVATE) LIMITED

Mixing Workshop



Signature



TBR Workshop



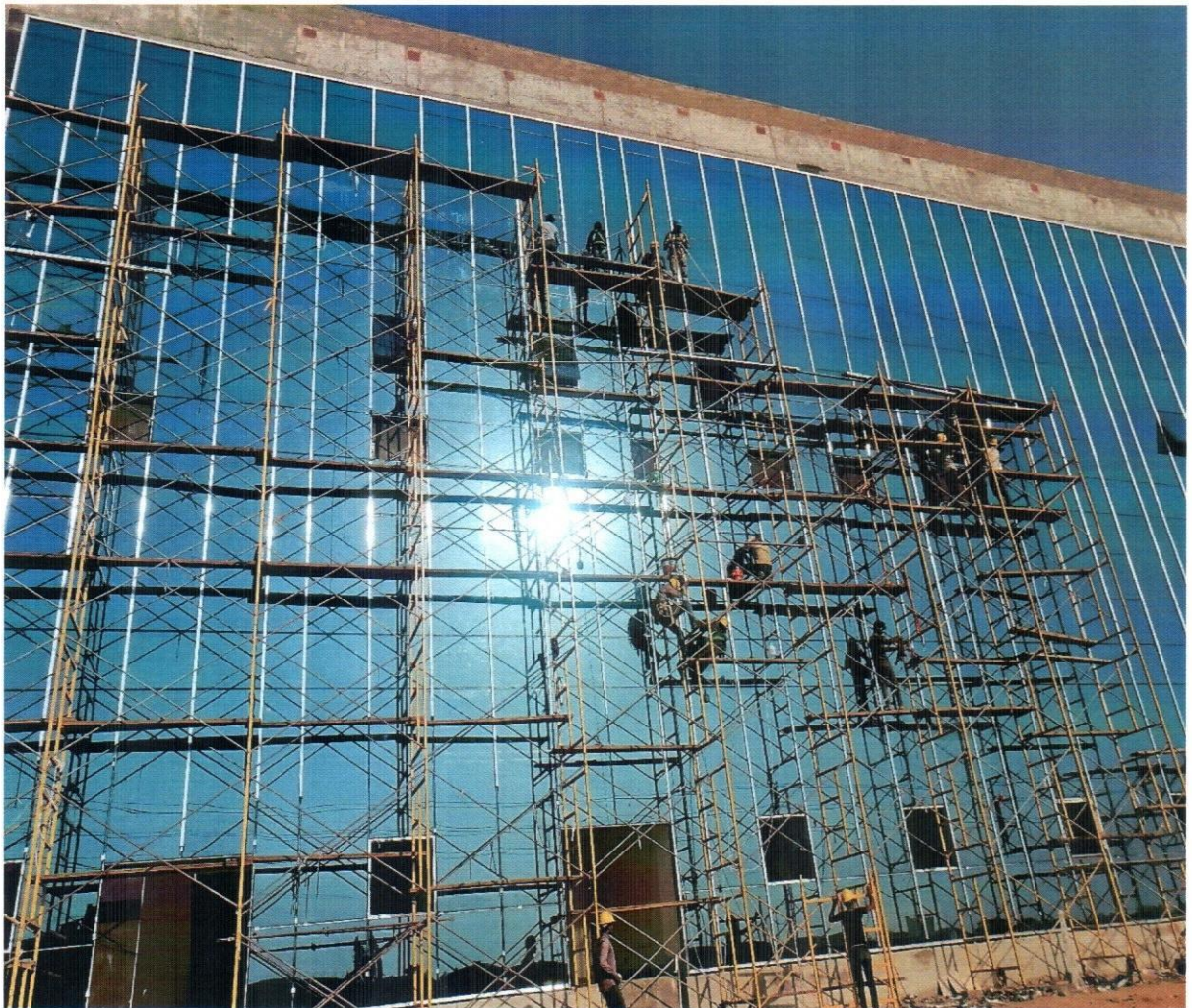
Boiler House & RO Plant



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Office Block



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