

## Panther Tyres Limited

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**PANTHER**

October 11, 2022

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

Dear Sir,

### **Half-Yearly Progress Report for the Period from February 2022 to August 2022**

We are pleased to attach herewith the Half-Yearly Progress Report for the period from February 2022 to August 2022.

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

Yours truly,

Mohsin Muzaffar Butt  
Company Secretary

CC:

**Executive Director / HOD**  
Offsite-II Department  
Supervision Division  
Securities and Exchange Commission of Pakistan  
63 NIC Building, Jinnah Avenue, Blue Area  
Islamabad.

**PANTHER TYRES LIMITED**  
**HALF YEARLY PROGRESS REPORT**  
**FOR THE PERIOD ENDED AUGUST 31, 2022**

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## PREAMBLE

We are pleased to share the progress report for the half year period ended Aug 31, 2022. 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 partially finance its major expansion plan at estimated costs of Rs. 3.066 billion as per clause 2.1.2 of the prospectus to the issue. A sum of Rs.1.410 billion was allocated to this expansion from IPO proceeds, rest of the amount was either arranged from banks or funded through internal cash flows of the Company.

Following is the detail of capital expenditure which were planned to be funded through IPO proceeds of Rs.1.410 billion:

Description	Funds Required (PKR)	Allocation %
<b>Plant and Machinery</b>		
4 Roll Calendar Line Comerio Italy	586,310,100	41.6%
Banbury Tangential Mixer – Dalian China	328,629,670	23.3%
<b>Freehold Land &amp; Development Expenses</b>	100,000,000	7.1%
<b>Building and Civil Works</b>		
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%
<b>Total</b>	<b>1,410,000,000</b>	<b>100.0%</b>

The detail of utilization of IPO proceeds and progress status of the expansion project as on August 31, 2022 is herein under:

## IPO PROCEEDS

The Company had 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)
<b>Net IPO proceeds</b>	<b>1,874,433,658</b>
<b>Less: Funds Utilized to pay off Working Capital Loan (Ref clause 4.1.8)</b>	<b>*(464,433,658)</b>
<b>Net Funds available for expansion</b>	<b>1,410,000,000</b>

\*The excess funds amounting to Rupees 464.43 million received through IPO were utilized to reduce the short-term working capital limits as per clause 4.1.8. to the prospectus.

## IMPLEMENTATION STATUS

The status of the expansion project as of the close of Aug 2022 is given below on prescribed format:

Description	Funds Required (PKR)	Allocation %	Actual Expenditures till 31 Aug-2022 (PKR)
<b>Plant and Machinery</b>			
4 Roll Calendar Line Comerio Italy	586,310,100	41.60%	576,512,841
Banbury Tangential Mixer	328,629,670	23.30%	906,800
<b>Freehold Land &amp; Development Expenses</b>	100,000,000	7.10%	101,021,403
<b>Building and Civil Works</b>			
Building for Calendar Department	166,780,230	11.80%	159,252,067
Building for Mixing Department	167,880,000	11.90%	274,990,537
Building for Tube Department	60,400,000	4.30%	60,810,689
<b>Total</b>	<b>1,410,000,000</b>	<b>100%</b>	<b>1,173,494,338</b>

Brief detail of every project as mentioned above is given here below:

### PLANT AND MACHINERY

Over the period of time, operational capacity of the company reached to its optimal level in all segments and some more products were also required to be added in portfolio. Accordingly, the company planned to expand its production capacities and also to bring in the new state of art tyre manufacturing technology in the back end process. In this regard, the company chalked out the whole expansion plan as detailed in prospectus to the issue.

The first phase of this expansion as earlier communicated has been completed as on September 30, 2021, which mainly included installation of machineries of front-end sections like tyre building machines, curing presses, tube splicers, PCI units, building drums, molds etc. The source of finance for these additions in P&M was long-term loans from banks in the form of TERF & LTFF facilities.

The second phase is currently in progress and has reached its final phase except one machinery which is relating to mixing department. The same is expected to arrive in the second quarter of FY2023.

Further detail of the progress of projects financed through IPO is given here below:

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 Calendar line	3Q FY 2021	3Q FY 2022	Installation of Calendar Line in process	As explained below
Purchase and installation of Banbury Tangential Mixer	3Q FY 2021	2Q FY 2022	L/C established in 3Q FY 2022	As explained below

#### 4 Roll Calender Line

The machinery was shipped by supplier in the last week of June 2022 and reached at factory in the first week of August 2022. Foreign technicians have arrived and installation work is being done swiftly; it is expected that the complete equipment will become operational during the 2<sup>nd</sup> quarter of FY2023.

The delay in project time line occurred due to multiple reasons. The expected 'completion date' as mentioned in above table was originally estimated in November 2020 while preparation of IPO was in progress. The listing process took more than expected time due to second wave of Covid and LC was established 6 months later, secondly approval from State Bank of Pakistan for advance payment took usually high time, and thirdly Covid restrictions in source country, Italy, caused the delay in manufacturing and shipment of machine.

#### Banbury Tangential Mixer

Originally, the mixing machinery was proposed to be imported from Farrel Limited, UK. But, subsequently the cost of the machine surged by a significant amount due to super cycle of commodity prices. Since the available funds were scarce so the management decided to change the source from UK to China. Accordingly the matter was presented to the shareholders of the Company in annual general meeting, the same was approved by them. This whole process consumed lots of time and affected the original time line of the project. However, this did not affect the production of the company as one of the same kind machinery was already imported and installed by the company in September 2022.

In this regard, a letter of credit (LC) for the import of mixing machinery amounting to USD 1.718 million was established with new supplier vide LC# 22INSU002800452 dated January 19, 2022 and the machinery is expected to be shipped by December 2022.

#### LAND AND DEVELOPMENTS

Land measuring 21.4 Kanals have been acquired by the company. 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	100% Completed	Project completed

## BUILDING AND CIVIL WORKS

Building and civil work consist of buildings for MC Tube department, Calender department and Mixing department as per detail below:

Commitment made in the prospectus	Start date (disclosed in the prospectus)	Completion date (disclosed in the prospectus)	Current status	Rationale for delay, if any
Tube department Building	3Q FY 2021	4Q FY 2021	100% Completed	Refer to sub section "a"
Calender department Building	4Q FY 2021	2Q FY 2022	100% Work Completed	Refer to sub section "b"
Mixing department Building	3Q FY 2021	2Q FY 2022	80% Work Completed	Refer to sub section "c"

### a) MC Tube Building

This building project has been 100% completed. This is actually the extension of existing production building of motor cycle tube section and it is being utilized for installation of new machines.

### b) Calendar Building

This building has already been completed and currently newly imported Calendar Line is being installed in it.

### c) Mixing Building

Major civil work including foundation work, construction of first, second and third floors along-with PCC concrete flooring has been completed. Finishing work on external walls of the building including windows border plaster and fixation of windows glass is under process. One mixing line has already been installed in this new building.

As per initial layout finalized prior to IPO, the building was planned to accommodate 2 mixing lines and the construction cost was estimated at Rs.167 million. But, subsequently, on the advice of technical team, the building design was adjusted to accommodate the 4 mixing lines. This resulted into increase in scope and cost of the building. The matter then presented to the board meeting for formal approval and accordingly was approved by the board of directors.

Now, as per revised estimate, the total cost of the building would be around Rs.350 million out of which Rs.167 million was financed through IPO proceeds whereas rest of the amount is being/will be funded through in-house cash generation. The revised estimate also includes the effect of escalation in construction material prices due to change in exchange rate and rise of commodity prices in international market.

Please refer 'Annexure – I' for pictorial representation of civil works and machineries.



**Ghulam Abbas**  
Chief Financial Officer



**Mohsin Muzaffar Butt**  
Company Secretary



## ANNEXURE – I

### MC Tube Building



## Calendar Building





## Mixing Building





## Calender Line

