

**SERVICE GLOBAL FOOTWEAR
LIMITED**

FINAL REPORT

**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**



Signature

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Date: 14 November 2022
Ref: SGFL/PSX/CS/22

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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 **Final 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. Auditors have also issued agreed-upon procedures report on utilization of the proceeds of the IPO for the purposes mentioned in the prospectus.

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. The Company has earned profit on term deposit receipts (from temporary investment of IPO proceeds) received by the Company, amounting to Rupees 46,250,319.

08. 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 | 46,250,319 |
| | 2,221,465,319 |
| Equity investment in Service Long March Tyres (Private) Limited (SLM) | 2,221,465,319 |
| Utilization of aforesaid equity investment proceeds by SLM: | |
| Payments to the contractors on account of Civil and Mechanical, Electrical and Plumbing (MEP) works of the project | <u>2,221,465,319</u> |



IMPLEMENTATION STATUS OF THE PROJECT OF SLM

| 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 | <u><i>The Project has successfully commenced commercial production with effect from 10 March 2022.</i></u> | 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. Now the Project has been completed and commercial production has commenced with effective from 10 March, 2022. |
| Mechanical, Electrical and Plumbing (MEP) works of SLM project | December, 2020 | June, 2021 | | |



Usman Liaqat
Chief Financial Officer



Waheed Ashraf
Company Secretary

