

Panther Tyres Limited

Head Office: Panther House, 97-B, Aziz
Avenue, Jail Road, Lahore-Pakistan

UAN: +92 42 111 55 4444
info@panthertyres.com

www.panthertyres.com



PANTHER

March 21, 2024

PTL/Corp/PSX/14

The General Manager
Pakistan Stock Exchange
Stock Exchange Building
Stock Exchange Road
Karachi,

Dear Sir,

Final Progress Report as of December 31, 2023

We are pleased to submit the final progress report as of December 31, 2023, along with the Agreed Upon Procedures' Report as issued by our Auditors, M/S KPMG Taseer Hadi & Co, on the implementation status of the project. This progress report is being submitted in compliance with the requirement of Clause 16(ii)(a) 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,

Company Secretary
Mohsin Muzaffar Butt

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



KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1, Jail Road,
Lahore 54000 Pakistan
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

The Chief Executive Officer
Panther Tyres Limited
Panther House, 97-B, Aziz Avenue,
Gulberg V, Canal Bank
Jail Road, Lahore.

Agreed-Upon Procedures Report on Progress Report for the period till 31 December 2023

1. Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution

Our report is solely for the purpose of assisting Panther Tyres Limited (“the Company”) in meeting the requirements of clause 16 'Post issue Reporting and Disclosures' of the Public Offering Regulation, 2017 and in pursuance of the requirement in clause 4.1.10 of the prospectus of the Company dated 18 January 2021. Accordingly, our report will be addressed to you and our report is not to be used for any other purpose or should not be distributed to any other party.

2. Responsibilities of the Engaging Party

The Company’s management has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Company’s management is responsible for the subject matter on which the agreed-upon procedures are performed.

3. Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised) 'Agreed-Upon Procedures Engagements'. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with management of the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures; other matters might have come to our attention that would have been reported.

4. Professional Ethics and Quality Management

We have complied with the ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

MMA



KPMG Taseer Hadi & Co.

Our firm applies International Standard on Quality Management (ISQM) 1 'Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements' which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

5. Procedures and Findings

We have performed the procedures described below, which were agreed upon with the management of the Company in the terms of engagement letter dated 01 February 2024 on the Progress Report containing implementation status of the project, as disclosed in the prospectus, till 31 December 2023 ('the Progress Report').

Sr. No.	Procedures	Findings
1	Obtain the following from management: <ul style="list-style-type: none">— The Final Progress Report for the period till 31 December 2023;— The Progress Report for the period from 1 March 2022 to 28 February 2023;— Books of account of the Company for period from 1 March 2023 to 31 December 2023 of the relevant expansion project as identified under the heading of 'Implementation status' of the Progress Report; and— Prospectus for issue of shares dated 18 January 2021 ('the Prospectus').	We have obtained: <ul style="list-style-type: none">— The Final Progress Report for the period till 31 December 2023;— The Progress Report for the period from 1 March 2022 to 28 February 2023;— Books of account of the Company for period from 1 March 2023 to 31 December 2023 of the relevant expansion project as identified under the heading of 'Implementation status' of the Progress Report; and— Prospectus for issue of shares dated 18 January 2021 ('the Prospectus').
2	Matching the amount shown as funds required under the heading of 'Implementation status' on the Progress Report with the Prospectus;	We have matched the amount shown as required under the heading of 'Implementation status' on the Progress Report with the Prospectus and no difference was found.
3	Matching actual expenditure incurred till 31 December 2023 for the relevant expansion project as identified under the heading of 'Implementation status' of the Progress Report with the Progress Report for the period from 1 March 2022 to 28 February 2023 and books of accounts of the relevant expansion project for the period from 1 March 2023 to 31 December 2023; and	We have matched actual expenditure incurred till 31 December 2023 for the relevant expansion project as identified under the heading of 'Implementation status' on the Progress Report with the Progress Report for the period from 1 March 2022 to 28 February 2023 and books of accounts of the relevant expansion project for the period from 1 March 2023 to 31 December 2023 and no difference was found.

12/1/24



KPMG Taseer Hadi & Co.

Sr. No.	Procedures	Findings
4	Recalculating the allocation percentage as shown under the heading of 'Implementation status' by dividing 'Funds required' against each expansion project with the 'Total Funds' required for completion of project.	We have recalculated the allocation percentage as shown under the heading of 'Implementation status' by dividing 'Funds required' against each expansion project with the 'Total Funds' required for completion of project and no difference was found.

Lahore

Date: 20 March 2024

KPMG Taseer Hadi & Co.
Chartered Accountants



FINAL PROGRESS REPORT 31 DECEMBER 2023

PANTHER

برسفر --- بر منزل کاساته



PANTHER
A TRUSTED COMPANION



PANTHER TYRES LIMITED
FINAL PROGRESS REPORT
31 DECEMBER 2023

**(AS REQUIRED BY REGULATION 16 OF THE PUBLIC OFFERING
REGULATIONS 2017).**

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PREAMBLE

We are pleased to submit the final progress report as of December 31, 2023, along with the Agreed Upon Procedures' Report as issued by our Auditors, M/S KPMG Taseer Hadi & Co, on the implementation status of the project. This progress report is being submitted in compliance with the requirement of Clause 16(ii) 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.

The Company carried out an IPO in February 2021 to partially finance its major expansion project. A sum of Rs.1.410 billion was allocated to this expansion from IPO proceeds as per detail below:

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

SUMMARY OF IPO PROCEEDS

The Company had raised funds through the issuance of 30 million ordinary shares at a strike price of Rupees 65.80 per share as per detail given below:

Description	Amount (PKR)
Issuance of 30,000,000 ordinary shares at the strike price of Rs.65.8 per share	1,974,000,000
Less: IPO expenses	(99,566,342)
Net IPO proceeds	1,874,433,658
Less: Funds Utilized to pay off Working Capital Loan (Ref clause 4.1.8)	*(464,433,658)
Net Funds available for expansion	1,410,000,000

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

IMPLEMENTATION STATUS

The status of the expansion project as of the close of December 2023 is given below in prescribed format:

Description	Funds Required (PKR)	Allocation %	Actual Expenditures as on 31 Dec, 2023 (PKR)
Freehold Land & Development Expenses	100,000,000	7.10%	101,021,403
Building and Civil Works			
Building for Tube Department	60,400,000	4.30%	60,810,689
Building for Calendar Department	166,780,230	11.80%	163,095,182
Building for Mixing Department	167,880,000	11.90%	369,216,985
Plant and Machinery			
4 Roll Calendar Line Comerio Italy	586,310,100	41.60%	770,263,898
Banbury Tangential Mixer	328,629,670	23.30%	521,593,400
Total	1,410,000,000	100%	1,986,001,557

Implementation status of each project is being given below separately:

LAND AND DEVELOPMENTS

This land is located adjacent to the existing land of the factory located at 29.4 KM Sheikhpura Road. The acquisition process of this land is already complete.

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% Complete	Project completed

BUILDING AND CIVIL WORKS

Following are the three buildings which were to be constructed through IPO funds:

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% Complete	Refer to sub section 'a'
Calendar department Building	4Q FY 2021	2Q FY 2022	100% Complete	Refer to sub section 'b'
Mixing department Building	3Q FY 2021	2Q FY 2022	100% Complete	Refer to sub section 'c'

a) MC Tube Building

This was an extension of the existing building of the motorcycle tube section, which was completed in FY2022. The completion of this building got delayed because the listing process took more than expected time.

b) Calendar Building

This building has been constructed to accommodate the newly acquired calendaring line. The work on the building is finished, and the project is 100% complete. Since, the arrival of calendaring line was delayed, the civil work was put on hold which caused the delay of time line as disclosed in the prospectus.

c) Mixing Building

This is a new state-of-the-art multi-story building designed to accommodate recently acquired automated mixing lines. Civil and other related work on the project is 100% complete.

The above table shows a substantial increase in the cost of the project from Rs.167 million to Rs.369 million. As per the initial layout finalized prior to IPO, the building was planned to accommodate two mixing lines and the construction cost was estimated at Rs.167 million. Subsequently, on the advice of the technical team, the building design/area was changed to accommodate the four mixing lines. This resulted in an extended scope of work and an escalation of the cost of the building to Rs.369 million. Enhanced scope of work took more than originally planned time and hence affected the projected completion date. The change in scope and overall cost escalation was duly approved by the Board.

PLANT AND MACHINERY

Plant & machinery financed through IPO include the 4 Roll Calendar Line and Banbury Tangential mixer, along with accessories.

The implementation status of these machines is given as follows:

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	100% Complete	Refer to Sub section 'a'
Purchase and installation of Banbury Tangential Mixer	3Q FY 2021	2Q FY 2022	100% Complete	Refer to Sub section 'b'

a) 4 Roll Calendar Line

The machinery has been successfully installed and commissioned.

The above table shows a delay in the project timeline for a couple of reasons. Initially the Company estimated its completion time by 3Q FY2022 at the time of listing preparation. However, the listing process took more than expected time due to the second wave of COVID-19, and LC got delayed by many months. Moreover, COVID restrictions in the source country, Italy, caused the delay in the manufacturing and shipment of machine, which together resulted in a delay in the project timeline.


The actual expenditures incurred surpassed the budgeted cost determined at the time of IPO due to PKR depreciation against the Euro. The cost escalation was duly approved by the Board.

b) Banbury Tangential Mixer


The machinery, along with all accessories has been installed and has also completed its trial run successfully.

Initially, the mixing machinery was proposed to be imported from Farrel Limited, UK. But, subsequently post IPO, the cost of the machine surged significantly due to the super cycle of commodity prices. Since the available funds were limited, management decided to change the source from the UK to China. Accordingly, the matter was presented to the shareholders of the Company in the Annual General Meeting, and the same was approved by them. This process consumed a lot of time and affected the original timeline of the project as reported in the above table.

Please refer 'Annexure – I' for pictorial presentation of building and machinery.



Mohsin Muzaffar Butt
Company Secretary



Ghulam Abbas
Chief Financial Officer

ANNEXURE – I

MC Tube Building



Calendar Building



Mixing Building



Calendar Line



Mixing Line

