

Panther Tyres Limited

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PANTHER

October 20, 2023

PTL/Corp/PSX/12

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

Dear Sir,

Half-Yearly Progress Report for the Period from February 2023 to August 2023

We are pleased to attach herewith the Half-Yearly Progress Report for the period from February 2023 to August 2023.

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
31 AUGUST 2023
(AS REQUIRED BY REGULATION 16 OF THE PUBLIC OFFERING
REGULATIONS 2017).

TABLE OF CONTENTS

PREAMBLE.....	3
IPO PROCEEDS.....	3
IMPLEMENTATION STATUS.....	4
ANNEXURE-I.....	8

PREAMBLE

We are pleased to share the half-yearly progress report for the period ended August 31, 2023. 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 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 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 expenditures which were originally planned to be funded through IPO proceeds of Rs.1.410 billion:

Description	Funds Required (PKR)	Allocation %
Plant and Machinery		
4 Roll Calendar Line Comerio Italy	586,310,100	41.6%
Banbury Tangential Mixer	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%

Further detail of the above projects along with progress status is given below:

NET 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. The net IPO proceeds generated through this transaction is detailed below:

Description	Amount (PKR)
Issuance of 30,000,000 ordinary shares at the 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
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 August 2023 is given below on prescribed format:

Description	Funds Required (PKR)	Allocation %	Actual Expenditures 31 Aug-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%	173,973,475
Building for Mixing Department	167,880,000	11.90%	388,014,213
Plant and Machinery			
4 Roll Calendar Line Comerio Italy	586,310,100	41.60%	763,002,644
Banbury Tangential Mixer	328,629,670	23.30%	511,929,319
Total	1,410,000,000	100%	1,998,751,743

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

LAND AND DEVELOPMENTS

The company has acquired land measuring 21.4 Kanals. This land is located adjacent to existing land of factory located at 29.4 KM Sheikhpura Road.

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% Work Complete	Refer to sub section 'c'

a) MC Tube Building

This was actually the extension of the existing building of the motorcycle tube section. The same was completed in FY2022.

b) Calendar Building

This building has been constructed to accommodate the newly acquired calendaring line. The building structure comprised of two components a pre-fabricated imported structure along with side walls and civil work for floors and low-height walls to rest the imported structure. The work on the building is finished, and the project is 100% complete.

The actual expenditures incurred are slightly higher than the budgeted funds due to adverse exchange rate and rise in building material prices since 2021. The board of directors has duly approved the cost escalation. The cost escalation has been funded through internal cash flows.

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 complete; however, machines are currently being installed.

The above table shows substantial increase in the cost of the project from Rs.167 million to Rs.388 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 escalation of the cost of the building to Rs.388 million. The change in scope and overall cost escalation has been approved by the Board.

Out of the total cost of Rs.388 million, the cost to the tune of Rs.167 million was invested from IPO proceeds whereas the rest of the amount was funded through internal cash flows.

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 under:

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	Calendar line has been installed & operational.	Refer to Sub section 'a'
Purchase and installation of Banbury Tangential Mixer	3Q FY 2021	2Q FY 2022	The Machinery is in installation phase.	Refer to Sub section 'b'

a) 4 Roll Calendar Line

The machinery has been successfully commissioned and has also completed its trial run smoothly. Accordingly the same has been put to use.

The above table shows a delay in the project timeline that has occurred due to a couple of reasons. In November 2020, the company originally estimated its 'completion date' as mentioned in the above table, whereas the listing process took more than expected time due to the second wave of COVID-19, and LC was established six months later. Moreover, COVID restrictions in the source country, Italy, caused the delay in the manufacturing and shipment of machines. Which together resulted in delay in the project timeline.

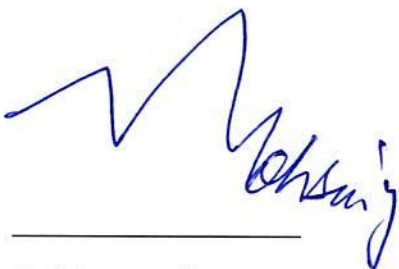
The actual expenditures incurred surpassed the budgeted cost determined at the time of IPO due to PKR depreciation against the euro and a surge in the prices of steel material used in the project. The cost escalation, financed through internal resources, has been duly approved by the Board.

b) Banbury Tangential Mixer


The machinery along with all accessories arrived at the factory in August 2023 and is currently being installed. The commissioning and trial run is expected to be completed during the second quarter of the ongoing FY 2024.

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 the super cycle of commodity prices in 2021-22. 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. However, this did not affect the production or quality of production of the company as one of the same kind of machinery was already imported and installed by the company in September 2022. The cost escalation, financed through internal resources, has been duly ratified by the Board.

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

