

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 31, 2022

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

Dear Sir,

Annual Progress Report for the Period from 22 February 2021 to 28 February 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. We are pleased to attach herewith Annual Progress Report for the period from 22 February 2021 to 28 February 2022, duly reviewed by the external auditors.

Yours truly,

Mohsin Muzaffar Butt
Company Secretary

AGREED UPON PROCEDURES ON PROGRESS REPORT OF PANTHER TYRES LIMITED FOR THE PERIOD FROM 22 FEBRUARY 2021 TO 28 FEBRUARY 2022

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

Purpose of this Agreed-Upon Procedures Report

Our report is solely for the purpose of assisting the Company to demonstrate to investors about implementation status, as disclosed in enclosed progress report, of project mentioned in Prospectus for issue of shares dated 18 January 2021.

Responsibilities of Panther Tyres Limited

Panther Tyres Limited has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

Panther Tyres Limited (also the Responsible Party) is responsible for the subject matter on which the agreed-upon procedures are performed

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 Panther Tyres Limited, and reporting the findings, which are the factual results of the agreed-upon procedures performed.

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.

Professional Ethics and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

The firm applies International Standard on Quality Control 1 "Quality Control for firms that perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with

877

ethical requirements, professional standards, and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below, which were agreed upon with Panther Tyres Limited in the terms of engagement dated 1 March 2022, on the Progress Report containing implementation status of the project, disclosed in prospectus, till 28 February 2022 ('the Progress Report').

Sr. No.	Procedure	Finding
1	Obtain following from management: <ul style="list-style-type: none"> • The Progress Report. • Books and accounts of the Company for period from 22 February 2021 to 28 February 2022. • Prospectus for issue of shares dated 18 January 2021 ('the Prospectus'). 	We have obtained: <ul style="list-style-type: none"> • The Progress Report; • Books and accounts of the Company for period from 22 February 2021 to 28 February 2022; and • Prospectus for issue of shares dated 18 January 2021.
2	Match the amount shown as funds required under the heading of 'Implementation status' on page 4 of the Progress Report with the Prospectus.	We have matched the amount shown as funds required under the heading of 'Implementation status' on page 4 of the Progress Report with the Prospectus and no difference was found.
3	Match actual expenditure incurred till 28 February 2022 under the heading of 'Implementation status' on page 4 of the Progress Report with books and accounts of the Company.	We have matched actual expenditure incurred till 28 February 2022 under the heading of 'Implementation status' on page 4 of the Progress Report with books and accounts of the Company and no difference was found.

5/2



EY

Building a better
working world

4	Recalculate the allocation percentage as shown under the heading of 'Implementation status' by dividing 'Funds required' against each category 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 category with the Total Funds required for completion of project and no difference was found.
---	---	--

EY Ford Rhodes

Chartered Accountants
Engagement Partner: Abdullah Fahad Masood
Lahore: 30 March 2022

PANTHER TYRES LIMITED
ANNUAL PROGRESS REPORT
FOR THE PERIOD FROM FEBRUARY 22, 2021 TO
FEBRUARY 28, 2022

TABLE OF CONTENTS

INTRODUCTION.....	3
NET IPO PROCEEDS.....	4
IMPLEMENTATION STATUS.....	4
ANNEXURE-I.....	8



PREAMBLE

We are pleased to share the progress report for the period from February 22, 2021 to February 28, 2022 along with Agreed upon Procedure Report as issued by our Auditors, M/s EY Ford Rhodes, Chartered Accountants, on implementation status mentioned on page 4 of this report. The Company carried out IPO in February 2021, to partially finance its major expansion plan 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 as per details given in note 2.5.1 to the prospectus of the Company. The plant & machinery financed through these loans and internal cash flows amounting to Rs.1.66 billion have been already reached at factory site of the Company. Accordingly, the first phase of the expansion was completed on September 30, 2021 which was required to support the achievement of business targets for the ongoing financial year.

Second phase of expansion is in process that comprised of civil, electrical, mechanical work of buildings related to calendering, utilities and mixing departments which is expected to complete in last quarter of financial year. In the final phase, 4 Roll Calender Line and Banbury Tangential mixer will be installed to finally conclude the expansion phase.

PROGRESS REPORT OF THE ASSETS FINANCED THROUGH IPO PROCEEDS

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 detail for which funds raised by the company is stated below:

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

The detail of utilization of IPO proceeds and progress status of the expansion project as on February 28, 2022 is herein under:

Page 3 | 10



NET 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)
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

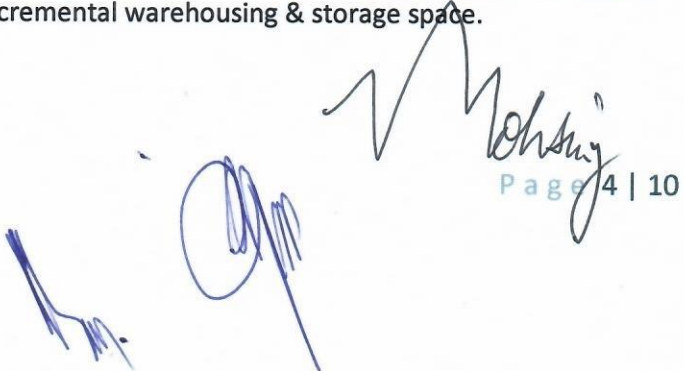
The status of the expansion project as of the close of February 2022 is given below on prescribed format:

Description	Funds Required (PKR)	Allocation %	Actual Expenditures till 28 Feb-2022 (PKR)
Freehold Land & Development Expenses	100,000,000	7.1%	101,021,403
Building and Civil Works			
Building for Calender Department	166,780,230	11.8%	132,670,078
Building for Mixing Department	167,880,000	11.9%	104,770,396
Building for Tube Department	60,400,000	4.3%	56,998,613
Plant and Machinery			
4 Roll Calender Line Comerio Italy	586,310,100	41.6%	93,595,040
Banbury Tangential Mixer	328,629,670	23.3%	906,800
Total	1,410,000,000	100.0%	489,962,330

Current status of the projects as enumerated above is explained in the below sections:

LAND AND DEVELOPMENTS

Land measuring 21.4 Kanals have been acquired by the company. This land is located adjacent to existing plant of Company situated at 29.4 KM Sheikhupura Road, Sheikhupura. This will facilitate the Company in meeting future growth plans and needs of incremental warehousing & storage space.



Page 4 | 10

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

Please refer 'Annexure – I' for pictorial representation of the new land acquired.

BUILDING AND CIVIL WORKS

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

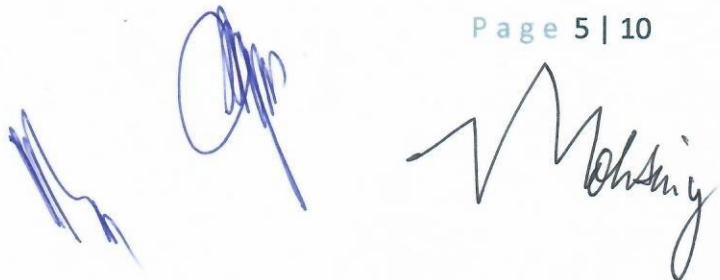
Commitment made in the prospectus	Start date (disclosed in the prospectus)	Completion date (disclosed in the prospectus)	Current status	Rationale for delay, if any
Tube department Building	3Q FY 2021	4Q FY 2021	100% Completed	Refer to sub section "a"
Calender department Building	4Q FY 2021	2Q FY 2022	80% Work Completed	Refer to sub section "b"
Mixing department Building	3Q FY 2021	2Q FY 2022	60% Work Completed	Refer to sub section "c"

a) MC Tube Building

Civil work for the extension of MC tube building has been completed. This contract work was awarded to M/S Zahoor Construction Company. This is extension of existing production building of motor cycle tube section and it is being utilized for installation of new machines.

b) Calender Building

This building comprised of two components; pre-fabricated imported structure along with side walls and civil work for floors and low height walls to rest the imported structure. The pre-fabricated structure was imported from Memaar Buildings System FZE (MBS) UAE and has been erected after the completion of foundation work. Currently finishing work is underway which will be completed prior to the arrival of calendering machine.



The contract for civil work of floor along with low height walls was awarded to M/s Zahoor Construction Company. Major portion of this work has already completed whereas electrical installations and mechanical work is in process at site which will be finalized on the arrival of relevant machinery.

Since, the arrival of 4 Roll Calender Set was delayed due to reasons as stated in below given paragraphs of said machinery, the civil work was also initially put to hold to match the time line of calendar arrival. This resulted into delay of time line as initially planned and disclosed in the prospectus, and now the building is expected to complete by the close of this financial year.

c) Mixing Building

Mixing is a back end department of tyre manufacturing process where all the ingredients are mixed as per pre-determined recipe. This is highly sophisticated department and contribute much in the overall quality of the tyres. In the current expansion phase, the Company is also investing in this process to bring in new technology and methodologies of working.

To provide the infra-structure to newly acquired mixing machinery, the Company is constructing this mixing building according to the latest design and drawings provided by the supplier of machinery. In this regard, construction contract was awarded to M/s Sinaco Engineers (pvt) Limited. They have completed foundation work, ground floor structure including RCC lanter of first floor has also completed. The remaining construction work is expected to complete in first quarter of next financial year.

Initially this building was to be completed by second quarter of 2022 according to the design and drawing of mixing machinery supplier namely Farrel Ltd. UK. But subsequently, this project was put to hold due to change of the supplier from Farrel Ltd to Dalian Rubber & Plastics Machinery Co., Ltd. (detail is given in machinery section below; reference can also be made to the material information shared by Company on Pucar as on January 10, 2022). Therefore, since the construction was started late, so it's overall completion timeline also got delayed.

Please refer 'Annexure – I' for pictorial representation of the under-process civil works.

PLANT AND MACHINERY

The Company has planned to expand its production capacities in all segments including tractor, TBB and OTR segments. This expansion is progressing swiftly. The first phase of the expansion has been completed as on September 30, 2021 sufficient to support the achievement of business targets for the ongoing financial year.

The progress status of major back-end process related machineries is 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 Calender line	3Q FY 2021	3Q FY 2022	L/C established in 4Q FY 2021	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

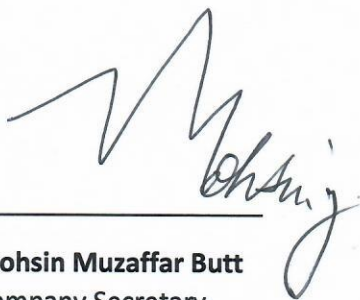
Letter of credit (LC) for the import of 4 Roll Calender Line amounting to Euro 2,485,000 from Comerio Ercole, Italy has been established via LC# 0700TF2111626563 dated 07-05-2021. Advance payment of 20% (Euro 497,000) has also been made as per agreed terms. The machinery is expected to be shipped in May 2022 and installation work is expected to complete by 1QFY23.

The delay in project time line occurred due to multiple reasons. Firstly, the listing process took more than expected time due to second wave of covid, 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 finalizing the project.

Banbury Tangential Mixer

Banbury Tangential Mixer is being imported to enhance the manufacturing capacity of back-end process namely, mixing department. Originally, the mixing machines were proposed to be imported from Farrel Limited, UK. But, subsequently due to significant increase in prices beyond the budget, the management decided to import the same from Dalian Rubber & Plastics Machinery Co., Ltd, China. The necessary approvals from relevant quarters including shareholders of the Company have already been arranged. The notice thereof was disseminated on January 10, 2022 to shareholders and market participants through Pakistan Stock Exchange. The expansion in this segment has got delayed substantially but this delay will not affect the sales forecast of the Company for the next financial year.

The Company has established the LC#22INSU002800452 amounting to USD 1.718 million on Jan 19, 2022 with latest shipment date of 15 August, 2022.



Mohsin Muzaffar Butt
Company Secretary



Ghulam Abbas
Chief Financial Officer

ANNEXURE – I

Land & Developments



MC Tube Building



Calendar Building



Mixing Building



Handwritten signature in blue ink.