

SERVICE GLOBAL FOOTWEAR
LIMITED

ANNUAL PROGRESS REPORT

FOR THE PERIOD FROM APRIL 28,
2021 TO APRIL 27, 2022



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Date:16 May 2022
Ref: SGFL/PSX/CS/13

**SERVICE GLOBAL FOOTWEAR LIMITED
ANNUAL PROGRESS REPORT FOR THE PERIOD FROM 28 APRIL 2021 TO 27
APRIL 2022**

**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**

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 Annual Progress 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. 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	35,233,033
	<u>2,210,448,033</u>
Amount invested in 178,699,500 ordinary shares of Rupees 10 each of Service Long March Tyres (Private) Limited (SLM)	1,786,995,000
Amount retained with the Company in the shape of term deposit receipts	423,453,033
	<u>2,210,448,033</u>
Utilization of proceeds from issue of 178,699,500 ordinary shares of Rupees 10 each by SLM:	
Payments to the contractors on account of Civil and Mechanical, Electrical and Plumbing (MEP) works of the project	<u>1,786,995,000</u>



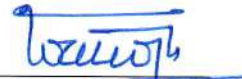
**IMPLEMENTATION STATUS OF THE PROJECT OF SLM /COMMITMENT
MADE IN THE PROSPECTUS**

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	The Project has successfully commenced commercial production with effect from 10 March 2022.	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.
Mechanical, Electrical and Plumbing (MEP) works of SLM project	December, 2020	June, 2021		

09. Please refer to “Annexure A” for pictorial representation of civil and MEP works, production process and dispatch of finished goods to customers from the project.



Usman Liaqat
Chief Financial Officer



Waheed Ashraf
Company Secretary



ANNEXURE A: PROJECT SITE - SERVICE LONG MARCH TYRES (PRIVATE) LIMITED

TBR WORKSHOP



[Handwritten signature]





Wang





MIXING WORKSHOP



Lozenoy



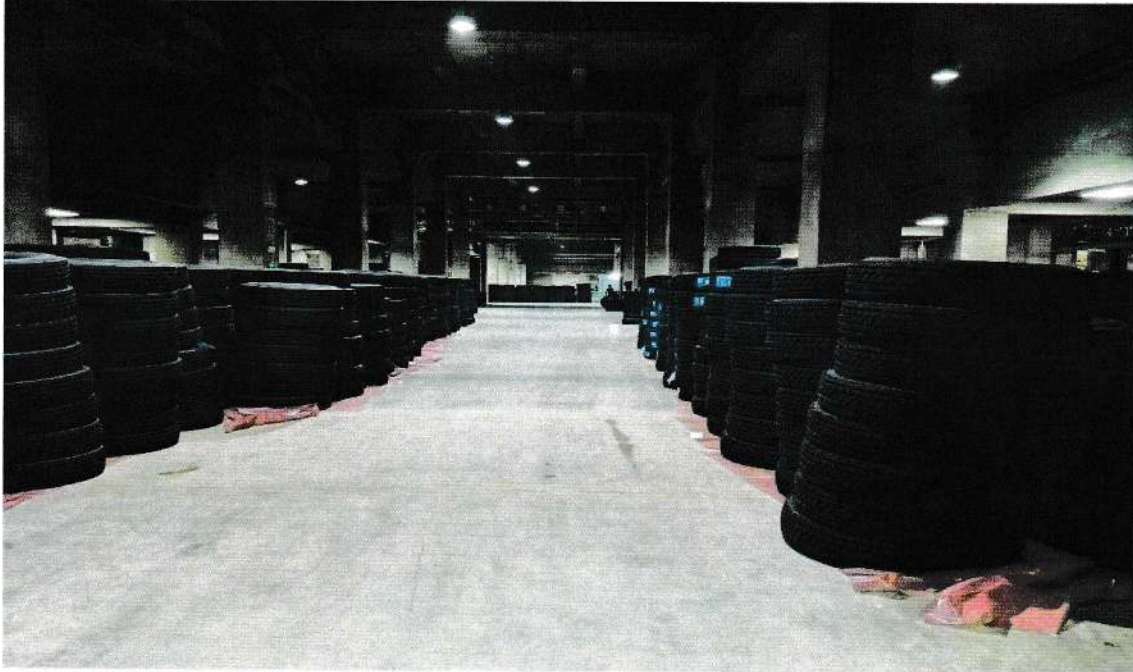
GENERATOR HOUSE



RAW MATERIAL GODOWN



FINISHED GOODS WAREHOUSE



DISPATCH OF FINISHED GOODS



Handwritten signature

A circular stamp with the text "SERVICE GLOBAL FOOTWEAR LIMITED" around the perimeter. A handwritten signature is written across the center of the stamp.