



NOTICE

PSX/N-31

Dated: January 12, 2022

PUBLIC COMMENTS ON THE DRAFT PROSPECTUS OF REGAL AUTOMOBILE INDUSTRIES LIMITED

It is hereby informed to all concerned that **Regal Automobile Industries Limited (the Company or the Issuer)** has applied for listing on the Exchange. The Company shall be issuing 25,000,000 Ordinary Shares using the 100% Book Building Method at a Floor Price of PKR 32/- per share. Details about the issue can be reviewed through the attached Draft Prospectus of the Company.

Pursuant to PSX Regulation No. 5.2.1(e), and Regulation 3 (11) of the Public Offering Regulations, 2017, the Draft Prospectus of the Issuer is being placed on the PSX Website for seeking public comments. All concerned are requested to provide their written comments on the Draft Prospectus, if any, to the Listing Department by emailing at comments.draftprospectus@psx.com.pk latest by **COB Thursday, January 20, 2022**.

Asmaa Saleem Malik

Asmaa Saleem Malik
General Manager
Listing Department

Copy to:

Additional Director / HOD, PMADD (SMD), SECP

ADVICE FOR INVESTORS

INVESTORS ARE STRONGLY ADVISED IN THEIR OWN INTEREST TO CAREFULLY READ THE CONTENTS OF THIS PROSPECTUS, **ESPECIALLY THE RISK FACTORS GIVEN AT SECTION 5**, BEFORE MAKING ANY INVESTMENT DECISION.

SUBMISSION OF FALSE AND FICTITIOUS APPLICATIONS IS PROHIBITED AND SUCH APPLICATIONS' MONEY MAY BE FORFEITED UNDER SECTION 87(8) OF THE SECURITIES ACT, 2015.

INVESTMENT IN EQUITY SECURITIES INVOLVES A DEGREE OF RISK AND INVESTORS SHOULD NOT INVEST ANY FUNDS IN THIS OFFER UNLESS THEY CAN AFFORD TO TAKE THE RISK OF LOSING THEIR INVESTMENT. INVESTORS ARE ADVISED TO READ THE RISK FACTORS CAREFULLY BEFORE TAKING AN INVESTMENT DECISION IN THIS OFFERING. FOR TAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THE EXAMINATION OF THE ISSUER AND THE OFFER INCLUDING THE RISKS INVOLVED AS DISCLOSED AT SECTION 5 OF THE PROSPECTUS.

ADVICE FOR INSTITUTIONAL INVESTORS AND HIGH NET WORTH INDIVIDUAL INVESTORS

SUBMISSION OF CONSOLIDATED BID AND MULTIPLE BID IS PROHIBITED UNDER PUBLIC OFFERING REGULATIONS, 2017. A BID APPLICATION WHICH IS BENEFICIALLY OWNED (FULLY OR PARTIALLY) BY PERSONS OTHER THAN THE ONE NAMED THEREIN SHALL BE DEEMED TO BE A CONSOLIDATED BID.

A SINGLE INVESTOR CANNOT SUBMIT MORE THAN ONE BIDDING APPLICATION EXCEPT IN THE CASE OF UPWARD REVISION OF BID. IF AN INVESTOR SUBMITS MORE THAN ONE BIDDING APPLICATION THEN ALL SUCH APPLICATIONS SHALL BE SUBJECT TO REJECTION.

PLEASE NOTE THAT A SUPPLEMENT TO THE PROSPECTUS SHALL BE PUBLISHED WITHIN THREE WORKING DAYS OF THE CLOSING OF THE BIDDING PERIOD WHICH SHALL CONTAIN INFORMATION RELATING TO THE STRIKE PRICE, THE OFFER PRICE, COMMITMENT BY THE SUCCESSFUL BIDDERS FOR SUBSCRIBING THE UNDERSUBSCRIBED RETAIL PORTION IN CASE OF HUNDRED PERCENT BOOK BUILDING, CATEGORY WISE BREAKUP OF THE SUCCESSFUL BIDDERS ALONG WITH NUMBER OF SHARES ALLOCATED TO THEM, DATES OF PUBLIC SUBSCRIPTION AND SUCH OTHER INFORMATION AS SPECIFIED BY THE COMMISSION.



REGAL AUTOMOBILES INDUSTRIES LIMITED

Initial Public Offering Prospectus

Date and place of incorporation: 19th May 2016, Karachi, **Incorporation number:** 0099728, **Registered Office:** Office # 211-Business Arcade, Block-6, P.E.C.H.S, Shahr-e-Faisal, Karachi, **Corporate Office:** Office # 1502, 15th Floor, Emerald Tower, Clifton Block 5, Karachi. **Contact No:** +922135835203, **Website:** www.regalautomobiles.com | **Contact Person:** Mr. Miftah ul Huda, Phone: +922135863216, Email: cfo_south@regalautomobiles.com

Issue Size: This Issue consists of 25,000,000 Ordinary Shares (23.3% of the total Post-IPO Paid Up Capital of Regal Automobiles Industries Limited) of face value of PKR 10/- each.

Method of Offering: 100% Book Building Method

Book Building Method & Floor Price: The Issue will be presented through the Book Building method at a Floor Price of PKR 32.0/- per share (including premium of PKR 22.0/- per share) with a maximum price band of up to 40% i.e. PKR 44.8 per share. (Justification of premium is given under the "Valuation Section" in paragraph 4A). The Bidders in Book Building shall be allowed to place Bids for hundred percent (100%) of the Issue size and the Strike Price shall be the price at which the hundred percent (100%) of the Issue is subscribed. However, the successful Bidders shall be provisionally allotted only seventy-five percent (75%) of the Issue size i.e. 18,750,000 shares and the remaining twenty-five percent (25%) i.e. 6,250,000 shares shall be offered to the Retail Investors through General Public portion.

Pre-IPO Private Placement: In addition to this Issue, the Company has also signed agreements to sell 7,150,000 Ordinary Shares (6.7% of the total Post-IPO Paid Up Capital) at a price of PKR 35.2/share which is at a premium of 10% to the Floor Price through Pre-IPO Private Placement. The transfer of Private Placement shares will be done along with transfer of IPO shares. (Details are disclosed in Section 3A(i)).

Retail/General Public Portion: General Public portion of the Issue comprises of 6,250,000 Ordinary Shares (25% of total Issue) at the Strike Price. In case retail portion of the Issue remains unsubscribed, the unsubscribed shares will be allotted to the successful Bidders of Book Building on a pro rata basis.

Public comments: Draft Prospectus was placed on PSX's website for seeking public comments starting from [redacted]. Public comments received were duly responded back by the Lead Manager/Consultant to the Issue.

REGISTRATION OF ELIGIBLE INVESTORS: The registration of eligible investors will commence at 9:00 am on [.] and will close at 3:00 pm on [.]

BIDDING PERIOD DATES: From [.] to [.] (From: 9:00 am to 5:00 pm)

DATES OF PUBLIC SUBSCRIPTION: From [.] to [.] (both days inclusive) From: 9:00 am to 5:00 pm

Lead Manager & Book Runner 	Book Building Portion will be Credit Underwritten by
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Bankers to the Book Building portion of the Issue: Habib Bank Limited & Bank Al Habib Limited

Bankers for the Retail portion of the Issue:

Al-Baraka Bank Pakistan Limited	Habib Bank Limited	Habib Metropolitan Bank Limited	
Meezan Bank Limited	Bank Islami Pakistan Limited	United Bank Limited	Bank Al Habib Limited

For Retail portion, investors can submit application(s) through both electronic and physical mode. Electronic/online applications can be submitted through PSX's e-IPO system (PES) and CDC's Centralized E-IPO system (CES). PES can be accessed via web link <https://eipo.psx.com.pk> and CES can be accessed via web link www.cdceipo.com. For details, please refer to section 13.1.4 of the Prospectus.

Date of Publication of this Prospectus: [.]

Prospectus, Bidding Form, and Subscription Form can be downloaded from the following websites: www.regalautomobiles.com, www.arifhabilttd.com, <http://www.psx.com.pk> and www.cdceipo.com

For further queries you may contact:

Regal Automobiles Industries Limited: Mr. Miftah ul Huda Phone: +922135863216, Email: cfo_south@regalautomobiles.com | Mr Muhammad Mustafa Aziz, Phone: +922135835203, Email: m.mustafaaziz@regalautomobiles.com | Mr. Maqsood Ali Khan, Phone: +922135863216, Email: maqsoodali@regalautomobiles.com | **Arif Habib Limited:** Raveena Kumari, Phone: +92 21 38899276, Email: raveena.kumari@arifhabilttd.com | Muhammad Ali Raza, Phone: +92 21 32460741, Email: m.aliraza@arifhabilttd.com

The Company is proposed to be listed at the Pakistan Stock Exchange Limited

UNDERTAKING BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

September 20, 2021

WE, MR. **SOHAIL USMAN SHEIKH**, THE CHIEF EXECUTIVE OFFICER AND **MR. MIFTAH UL HUDA**, THE CHIEF FINANCIAL OFFICER OF REGAL AUTOMOBILES INDUSTRIES LIMITED CERTIFY THAT:

1. THIS PROSPECTUS CONTAINS ALL INFORMATION WITH REGARD TO THE ISSUER AND THE ISSUE, WHICH IS MATERIAL IN THE CONTEXT OF THE ISSUE AND NOTHING HAS BEEN CONCEALED IN THIS RESPECT;
2. THE INFORMATION CONTAINED IN THIS PROSPECTUS IS TRUE AND CORRECT TO THE BEST OF OUR KNOWLEDGE AND BELIEF;
3. THE OPINIONS AND INTENTIONS EXPRESSED THEREIN ARE HONESTLY HELD;
4. THERE ARE NO OTHER FACTS, THE OMISSION OF WHICH MAKES THIS PROSPECTUS AS A WHOLE OR ANY PART THEREOF MISLEADING; AND
5. ALL REQUIREMENTS OF THE SECURITIES ACT, 2015; THE DISCLOSURES IN PUBLIC OFFERING REGULATIONS, 2017 FOR PREPARATION OF PROSPECTUS, RELATING TO DISCLOSURES AND APPROVALS HAVE BEEN FULFILLED.
6. NO CHARGES, FEE, EXPENSES, PAYMENTS ETC. HAVE BEEN COMMITTED TO BE PAID TO ANY PERSON IN RELATION TO THIS PUBLIC OFFERING EXCEPT FOR THOSE AS DISCLOSED IN THIS PROSPECTUS.

For and behalf of **Regal Automobiles Industries Limited**

-Sd-

Mr. Sohail Usman Sheikh
Chief Executive Officer

-Sd-

Mr. Miftah ul Huda
Chief Financial Officer

Note: This Supplement shall be published within 3 working days of the close of Bidding Period in at least all those newspapers in which the Prospectus of Regal Automobiles Industries Limited was published.

This Supplement is being published pursuant to The Public Offering Regulations, 2017 and in continuation of the Prospectus of Regal Automobiles Industries Limited earlier published on [•]/2021

Regal Automobiles Industries Limited

- FLOOR PRICE: PKR 32.0/- PER SHARE
- STRIKE PRICE: PKR XX/- PER SHARE
- ISSUE PRICE: PKR XX/- PER SHARE
- PRICE BAND (40% above the FLOOR PRICE): PKR 44.8/- PER SHARE

Category wise Breakup of Successful Bidders

S. No	Category	No. of Bidders	No. of shares provisionally allocated
1	Commercial Banks	•	•
2	Development financial institutions	•	•
3	Mutual Funds	•	•
4	Insurance Companies	•	•
5	Investment Banks	•	•
6	Employees' Provident / Pension Funds	•	•
7	Leasing Companies	•	•
8	Modarabas	•	•
9	Securities Brokers	•	•
10	Foreign Institutional Investors	•	•
11	Any other Institutional Investors	•	•
	Total Institutional Investors	•	•
	Individual Investors:	•	•
12	Foreign Investors	•	•
13	Local	•	•
	Total Individual Investors	•	•
	GRAND TOTAL		

Glossary of Technical Terms

ACT	Securities Act, 2015
AHL	Arif Habib Limited
ADP	Automotive Development Policy
BVPS	Book Value Per Share
Bn	Billion
CAGR	Compound Annualized Growth Rate
CBU	Completely Built Unit
CDC / CDCPL	Central Depository Company of Pakistan Limited
CDS	Central Depository System
CEO	Chief Executive Officer
CES	Centralized e-IPO System
ChongQing	ChongQing Sokon Motor (Group) Imp. & Exp. Co. Ltd
CKD	Completely Knocked Down
DFSK Motor	DFSK Motor Co Ltd
Collection Banks (Book Building)	Habib Bank Limited & Bank Al Habib Limited
Companies Act	Companies Act, 2017
Commission / SECP	Securities and Exchange Commission of Pakistan
ED	Electro Deposition
EFI	Electronic Fuel Injection
EPS	Earnings Per Share
EBITDA	Earnings before Interest, Tax, Depreciation, and Amortization
EU	European Union
EV	Electric Vehicle
FBR	Federal Board of Revenue
FED	Federal Excise Duty
FY	Financial Year
GDP	Gross Domestic Product
ICE	Internal Combustion Engine
kWh	Kilo Watt Hour
LC	Letter of Credit
LCV	Light Commercial Vehicle

Mn	Million
MOU	Memorandum of Understanding
MW	Mega Watt
NICOP	National Identity Card for Overseas Pakistani
NOC	No Objection Certificate
PKR or Rs.	Pakistan Rupee(s)
PSX / Securities Exchange/ Exchange	Pakistan Stock Exchange Limited
p.a.	Per Annum
PES	PSX's e-IPO System
p.q.	Per Quarter
PT	Pre-Treatment
Regal	Regal Automobiles Industries Limited (the "Company" or the "Issuer" or "Regal")
SUV	Sports Utility Vehicle
3S Dealerships	Dealers offering sales, service and spare parts.
UIN	Unique Identification Number

DEFINITIONS

Application Money	The total amount of money payable by a successful investor which is equivalent to the product of the Strike Price and the number of shares subscribed and allotted.
Banker to the Book Building	<p>Any bank(s) with whom an account is opened and maintained by the Issuer for keeping the Bid amount.</p> <p>Habib Bank Limited & Bank Al Habib Limited have been appointed, in this IPO, as the Bankers to the Book Building.</p>
Bid	<p>An indication to make an offer during the Bidding Period by a Bidder to subscribe to the Ordinary Shares of Regal Automobiles Industries Limited at a price at or above the Floor Price, including upward revisions thereto. An Eligible Investor shall not make a Bid with price variation of more than 10% of the prevailing indicative Strike Price subject to a maximum price band of 40% of the Floor Price. Please refer to Section 12.1.2 for details.</p>
Bid Amount	The amount equal to the product of the number of Shares Bid for and the Bid Price.
Bid Collection Center	Designated offices of the Book Runner, specified branches of the Banker to the Book Building and offices of any other institutions specified by the Book Runner where Bids are received and processed. For this Issue, addresses of the Bid Collection Centers are provided in Section 12.1.6 of this Prospectus.
Bid Price	The price at which Bid is made for a specified number of shares.
Bid Revision	<p>The Eligible Investors can revise their Bids upward subject to the provision of Regulation 10(2)(iii) of the PO Regulations. The Bids can be revised with a price variation of not more than 10% from the prevailing indicative Strike Price in compliance with Regulation 10(2)(iii) of the PO Regulations.</p> <p>As per Regulation 10(2)(vi) of the PO Regulations, the Bidder shall not make downward revision both in terms of Bid Price and Bid Volume; Provided that in case of upward revision of the Bid Price, the number of shares Bid for i.e. Bid Volume may be adjusted ensuring that the Bid amount or Bid money remains the same.</p> <p>As per Regulation 10(2)(vii) of the PO Regulations, the Bidder shall not withdraw their Bids.</p>
Bidder	An Eligible Investor who makes Bids for shares in the Book Building process.
Bidding Form	The form prepared by the Issuer for the purpose of making Bids.
Bidding Period	<p>The period during which Bids for subscription of shares are received.</p> <p>The Bidding Period shall be of two days, from [.] to [.] both days inclusive (daily from 9:00 a.m. to 5:00 p.m.).</p>

Book Building	A process undertaken to elicit demand for shares offered through which Bids are collected from the Bidders and a book is built which depicts demand for the shares at different price levels.
Book Building Account	An account opened by the Issuer with the Collection Banks. The Bidder will pay the Margin Money / Bid Amount through demand draft, pay order or online transfer in favor of this account as per the instructions given in Section 12.1.15 of this Prospectus and the balance of the Application Money, if any, shall be paid through this account after successful allocation of shares under Book Building.
Book Building Portion	The part of the total Issue allocated for subscription through the Book Building.
Book Runner	<p>A securities broker or a scheduled bank who holds a valid license from the Commission to act as an Underwriter and has been appointed as Book Runner by the Issuer.</p> <p>Arif Habib Limited has been appointed as Book Runner for this Issue.</p>
Book Building System / System	An online electronic system operated by the Designated Institution for conducting Book Building.
Collection Banks	<p>Habib Bank Limited & Bank Al Habib Limited are the Collection Banks for the Book Building portion. For this purpose, Habib Bank Limited & Bank Al Habib Limited have opened an account titled “REGAL AUTOMOBILES INDUSTRIES LIMITED – BOOK BUILDING”, Number: [.] at its [.] Branch, Karachi & account titled “REGAL AUTOMOBILES INDUSTRIES LIMITED – BOOK BUILDING”, Number: [.] at its [.] Branch, Karachi respectively. The Collection Banks shall keep and maintain the Bid money in the said accounts. Once the Strike Price is determined and lists of successful Bidders and successful applicants/allottees are finalized and shares are credited to the successful Bidders and applicants, the Lead Manager, after obtaining NOC from PSX, may request in writing to the Collection Banks for transfer of the money of successful and accepted applications to the Issuer’s account(s).</p>
Company’s Legal Advisor	AHM & Co Advocates & Corporate Counsel
Commission	Securities & Exchange Commission of Pakistan (“SECP”).
Consolidated Bids	A Bid which is fully or partially beneficially owned by persons other than the one named therein.
Designated Institution	Pakistan Stock Exchange Limited (“PSX”) is acting as the Designated Institution for this Issue and its Book Building system will be used for price discovery
Dutch Auction Method	The method through which Strike Price is determined by arranging all the Bid Prices in descending order along with the number of shares and the cumulative number of shares Bid for at each Bid Price. The Strike Price is determined by lowering the price to the extent that the total number of shares issued under the Book Building Portion are subscribed.

e-IPO facility

e-IPO refers to electronic submission of applications for subscription of securities offered in an IPO. The following systems are available for e-IPOs:

- (i) **PSX's e-IPO System (PES):** To facilitate investors, the Pakistan Stock Exchange Limited ("PSX") has developed an e-IPO System ("PES") through which applications for subscription of securities offered to the General Public can be made electronically. PES has been made available in this Issue and can be accessed through the web link (<https://eipo.psx.com.pk>). Payment of subscription money can be made through 1LINK's and NIFT's member banks available for PES.

For making application through PES, investors must be registered with PES. The PES registration form is available 24/7, all throughout the year. Registration is free of cost and can be done by:

- the investor himself, or
- the TREC Holder with whom the investor has a sub-account, or
- the Bank with whom the investor has a bank account.

Similarly, an e-IPO application can be filed by:

- the investor himself, or
- the TREC Holder with whom the investor has a sub-account, or
- the Bank with whom the investor has a bank account.

In case of queries regarding PES, investors may contact Mr. Farrukh Shahzad at phone number: 111-001-122 or (021)-35274401-10, and email: itss@psx.com.pk.

Investors who are registered with PES can submit their applications through the web link, <https://eipo.psx.com.pk>, 24 hours a day during the subscription period which will close at midnight on [.].

- (ii) **Centralized e-IPO System (CES):** To facilitate investors, the Central Depository Company of Pakistan ("CDC") has developed a Centralized e-IPO System ("CES") through which applications for subscription of securities offered to the General Public can be made electronically. CES can be accessed through the web link (www.cdceipo.com). Payment of subscription money can be made through 1LINK's member banks available for CES.

For making application through CES, investors must be registered with CES. Registration with CES is free of cost and can be done under a self-registration process by filling the CES registration form, which is available 24/7 all throughout the year.

In addition to the above, sub-account holder(s) can request their respective TREC Holders who are Participants in Central Depository System (CDS) to make electronic subscription on their behalf for subscription of securities of a specific Company by authorizing (adding the details of) their respective Participant(s) in CES. Consequently, authorized Participants can electronically subscribe on behalf of their sub-account holder(s) in securities offered through Initial Public Offerings (IPOs) and can also make payment against such electronic subscriptions through all the available channels mentioned on CES only after receiving the subscription amount from the sub-account holder(s). To enable this feature, the CDS Participant may request CDC to activate his ID on the CES portal. The securities will be credited directly in Investors' subaccount. In case the sub-account of the

Eligible Investor	<p>investor has been blocked or closed, after the subscription, then securities shall be parked into the CDC's IPO Facilitation Account and investor can contact CDC for credit of shares in its respective account</p> <p>Investors who do not have CDS account may visit www.cdcpakistan.com for information and details.</p> <p>For further guidance and queries regarding CES and opening of CDS account, investors may contact CDC at phone number: 0800 – 23275 (CDCPL) and e-mail: info@cdcpak.com or contact Mr. Farooq Ahmed Butt at Phone 021-34326030 and email: farooq_butt@cdcpak.com.</p> <p>Investors who are registered with CES can submit their applications through the web link www.cdceipo.com 24 hours a day during the subscription period which will close at midnight on [.].</p>
Floor Price	<p>The minimum price per share set by the Issuer in consultation with Lead Manager. For this Issue, Floor Price is PKR 32.0/- per share.</p>
General Public	<p>All Individual and Institutional Investors including both Pakistani (residents & non-residents) and foreign investors.</p>
Initial Public Offering (IPO)	<p>Initial Public Offering or IPO means first time offer of securities to the General Public.</p>
Institutional Investors	<p>Any of the following entities:</p> <ul style="list-style-type: none"> ▪ A financial institution; ▪ A company as defined in the Companies Act, 2017; ▪ An insurance company established under the Insurance Ordinance, 2000; ▪ A securities broker; ▪ A fund established as Collective Investment Scheme under the Non-Banking Finance Companies and Notified Entities Regulations, 2008; ▪ A fund established as Voluntary Pension Scheme under the Voluntary Pension System Rules, 2005; ▪ A private fund established under Private Fund Regulations, 2015; ▪ Any employee's fund established for beneficial of employees; ▪ Any other fund established under any special enactment; ▪ A foreign company or any other foreign legal person; and ▪ Any other entity as specified by the Commission.
Issue	<p>Issue of 25,000,000 Ordinary Shares representing 23.3% of total Post-IPO Paid-Up Capital having a Face Value of PKR 10/- each.</p> <p>The Issue will be offered through Book Building at a Floor Price of PKR 32.0/- per share with an upper limit of 40% above the Floor Price i.e. PKR 44.8/share.</p> <p>Initially, 75% of the Issue Size i.e. 18,750,000 Ordinary Shares will be allotted to Successful Bidders and 25% of the Issue size i.e. 6,250,000 Ordinary Shares will be offered to Retail Investors at the Issue Price. Any unsubscribed retail portion will be allocated to Successful Bidders on a pro-rata basis.</p>

Issue Price	The price at which Ordinary Shares of the Company are issued to the General Public. The Issue Price will be the Strike Price.
Issuer	Regal Automobiles Industries Limited (the “Company” or the “Issuer” or “Regal”).
Key Employees	Chief Executive Officer, Directors, Chief Financial Officer and Company Secretary of the Company.
Lead Manager	Any person licensed by the Commission to act as a Consultant to the Issue/Lead Manager. Arif Habib Limited has been appointed as Lead Manager by the Issuer for this Issue.
Limit Bid	The Bid at a Limit Price.
Limit Price	The maximum price (up to 40% of the Floor Price) a prospective Bidder is willing to pay for a share under Book Building.
Listing Regulations	Chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited, titled ‘Listing of Companies and Securities Regulations’. https://www.psx.com.pk/psx/themes/psx/uploads/PSX_Rulebook_%28updated on November 03%2C 2021%29 - corrected.pdf
Margin Money	The partial or total amount, as the case may be, paid by a Bidder at the time of registration as an Eligible Investor. The Book Runner shall collect full amount of the Bid money as Margin Money in respect of Bids placed by an Individual Investor and not less than twenty-five percent (25%) of the Bid money as Margin Money in respect of Bids placed by an Institutional Investor.
Minimum Bid Size	The Bid amount equal to One Million Rupees (PKR 1,000,000/-).
Ordinary Shares	Ordinary Shares of Regal Automobiles industries Limited having face value of PKR 10.0/- each.
Price Band	Floor Price with an upper limit of 40% above the Floor Price, allowing Bidder to make Bid at Floor Price or within the Price Band
Prospectus	Prospectus means any document described or issued as a prospectus and includes any document, notice, circular, material, advertisement, and offer for sale document, publication or other invitation offering to the public (or any section of the public) or inviting offers from the public for the subscription or purchase of any securities of a Company or body corporate or entity.
Registration Form	The form which is to be submitted by the Eligible Investors for registration to participate in the Book Building process.
Registration Period	The period during which registration of Bidders is carried out. The registration period shall commence three working days before the start of the Bidding Period from [.] to [.] from 9:00 am to 5:00 pm and shall remain open till 3:00 pm on the last day of the Bidding Period.

PO Regulations	<p>The Public Offering Regulations, 2017</p> <p>https://www.secp.gov.pk/document/s-r-o-296i-2017-public-offering-regulations-2017/?wpdmdl=41322&refresh=604202503535c1614938704</p>
Related Employees	<p>Related Employees mean such employees of the Issuer, the Lead Manager, the Underwriter & Book Runner, who are involved in the Issue. Please refer to Sections 3.22.5 & 3.22.6 for further details.</p>
Sponsor	<p>A person who has contributed initial capital in the issuing company or has the right to appoint majority of the directors on the board of the issuing company directly or indirectly;</p> <p>A person who replaces the person referred to above; and</p> <p>A person or group of persons who has control of the issuing company whether directly or indirectly.</p>
Step Bid	<p>Step Bid means a series of Limit Bids at increasing prices. In case of a Step Bid, the amount of each step will not be less than Rupees One Million (PKR 1,000,000/-).</p>
Strike Price	<p>The price per Ordinary Share of the Issue determined/discovered on the basis of Book Building process in the manner provided in the Regulations, at which the shares are issued to the successful Bidders. The Strike Price will be disseminated after conclusion of Book Building through publication in at least all those newspapers in which the Prospectus was published and also posted on the websites of the Securities Exchange, Consultant to the Issue, Book Runner and the Company.</p>
Supplement to the Prospectus	<p>The Supplement to the Prospectus shall be published within three (3) working days of the closing of the Bidding Period at least in all those newspapers in which the Prospectus was earlier published and disseminated through the Securities Exchange where shares are to be listed.</p>

INTERPRETATION:

ANY CAPITALIZED TERM CONTAINED IN THIS PROSPECTUS, WHICH IS IDENTICAL TO A CAPITALIZED TERM DEFINED HEREIN, SHALL, UNLESS THE CONTEXT EXPRESSLY INDICATES OR REQUIRES OTHERWISE AND TO THE EXTENT AS MAY BE APPLICABLE GIVEN THE CONTEXT, HAVE THE SAME MEANING AS THE CAPITALIZED / DEFINED TERM PROVIDED HEREIN.

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1 APPROVALS AND LISTING ON THE STOCK EXCHANGE

1.1. APPROVAL OF THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Approval of the Securities & Exchange Commission of Pakistan (the "Commission" or the "SECP") under Section 87(2) of the Securities Act, 2015 read with Section 88(1) thereof, has been obtained by Regal Automobiles Industries Limited for the issue, circulation, and publication of this offering document (hereinafter referred to as the "Prospectus") vide their letter No. [.] Dated [.]

DISCLAIMER:

IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS APPROVAL, SECP DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE COMPANY AND ANY OF ITS SCHEMES STATED HEREIN OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED WITH REGARDS TO THEM BY THE COMPANY IN THIS PROSPECTUS.

SECP HAS NOT EVALUATED QUALITY OF THE ISSUE AND ITS APPROVAL FOR ISSUE, CIRCULATION AND PUBLICATION OF THE PROSPECTUS SHOULD NOT BE CONSTRUED AS ANY COMMITMENT OF THE SAME. THE PUBLIC / INVESTORS SHOULD CONDUCT THEIR OWN INDEPENDENT DUE DILIGENCE AND ANALYSIS REGARDING THE QUALITY OF THE ISSUE BEFORE BIDDING / SUBSCRIBING.

1.2. APPROVAL OF PROSPECTUS BY PSX

The Prospectus of the Company has been approved by PSX vide letter No. PSX/ GEN-_____ dated _____ in accordance with the requirements of the Listing Regulations.

DISCLAIMER:

PSX HAS NOT EVALUATED THE QUALITY OF THE ISSUE AND ITS APPROVAL SHOULD NOT BE CONSTRUED AS ANY COMMITMENT OF THE SAME. THE PUBLIC/INVESTORS SHOULD CONDUCT THEIR OWN INDEPENDENT INVESTIGATION AND ANALYSIS REGARDING THE QUALITY OF THE ISSUE BEFORE SUBSCRIBING.

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ADVICE FROM A SUITABLY QUALIFIED PROFESSIONAL SHOULD ALWAYS BE SOUGHT BY INVESTORS IN RELATION TO ANY PARTICULAR INVESTMENT.

1.3. FILING OF PROSPECTUS AND OTHER DOCUMENTS WITH THE REGISTRAR OF COMPANIES

Regal Automobiles Industries Limited has filed with the Registrar of Companies as required under Sections 57 (1) of the Companies Act 2017, a copy of this Prospectus signed by all the Directors of the Company.

1.4. LISTING AT PSX

Application has been made to PSX for permission to deal in and for quotation of the shares of the Company.

If for any reason the application for formal listing is not accepted by PSX or approval for formal listing is not granted by PSX before the expiration of twenty-one days from the date of closing of the subscription period / list or such

longer period not exceeding forty-two days as may, within the said twenty-one days, be notified to the applicants for permission by the PSX, the Issuer undertakes that a notice to that effect will immediately be published in the press and will refund Application Money to the applicants without surcharge as required under the provisions of Section 69 of the Companies Act.

If any such money is not repaid within eight (08) days after the Company becomes liable to repay it, the Directors of the Company shall be jointly and severally liable to repay that money from the expiration of the eight day together with surcharge at the rate of two percent (2.0%) for every month or part thereof from the expiration of the eight day and, in addition, shall be liable to a penalty of level 3 on the standard scale of up to PKR 100 Million and per day penalty of Rs. 500,000 during which the default continues, as defined in Section 479 of the Companies Act, 2017 in accordance with the provisions of sub-section (2) of Section 69 of the Companies Act.

As required under sub-section (3) of Section 69 of the Companies Act, the Application Money including the Bid Money, in case of Book Building, shall be deposited and kept in a separate bank account in a scheduled bank so long as the Company may become liable to repay it under sub-section (2) of Section 69 of the Companies Act; and, if default is made in complying with the said sub-section (3), the Company and every officer of the Company who authorizes or permits the default shall be liable to a penalty of level 2 on the standard scale of up to PKR 500,000 and per day penalty of PKR 1,000 during which the default continues, as defined in Section 479 of the Companies Act, 2017.

2 SUMMARY OF THE PROSPECTUS

2.1. PRIMARY BUSINESS OF REGAL AUTOMOBILES INDUSTRIES LIMITED

Regal Automobiles Industries Limited was incorporated as Public Limited Company 19th May 2016 under Companies Ordinance, 1984 (now as the Companies Act, 2017). The Company was formed to setup an automotive assembly under the ambit of Automotive Development Policy of 2016-2021.

During the year of 2016, the Government of Pakistan announced the Automobile Development Policy (2016-2021) which provided tax incentives to new entrants in order to help them establish manufacturing units in Pakistan and effectively compete with the existing three assemblers naming (i) Indus Motor Company, (ii) Pak Suzuki Motor Company & (iii) Honda Atlas Cars (Pakistan) Limited. The objective was to enhance customer welfare and boost competition in the Automobile Industry of Pakistan.

As part of its growth policy and avail the concessionary duty incentives, the Sponsors of Regal applied for the license of car assembly through Engineering Development Board and eventually established the Company as a Green Field Industrial Undertaking availing the reduced custom duty for five years overall the product portfolio from the start of its manufacturing.

2.1.1. STATUS OF GREENFIELD UNDER AUTOMOTIVE DEVELOPMENT POLICY (2016-2021)

Regal has been granted the status of a Green Field Industrial Undertaking on 5th July 2017 under Automotive Development Policy which has allowed the Company to avail the following benefits:

1. Concessionary duty on import of plant & machinery for vehicle assembly
2. Import of 100 vehicles of same variant in CBU condition at 50% of the prevailing duty for test marketing after groundbreaking of the project
3. 10% custom duty on CKD for non-localized parts & 25% on localized parts
4. 5 years' duration for availing the benefits after the initiation of commercial production of the vehicle at the assembly line.

The benefits of concessionary custom duty were awarded when the vehicles were first assembled on the assembly line. The following table states the initiation of the benefit along with the expiry of the greenfield benefits:

Variant Wise Vehicles	Date of Initiation for Greenfield benefit	Date of End for Greenfield benefit
K07 (Prince Mini Van) 997CC	February 14, 2018	February 13, 2023
K01 (Prince Mini Pickup) 997CC	February 14, 2018	February 13, 2023
Prince Pearl, 798CC - MT	October 22, 2019	October 21, 2024
Glory 580 (1498CC) - AT	July 27, 2020	July 26, 2025
Glory 580 (1498CC) - MT	July 27, 2020	July 26, 2025
Glory 580 (1798CC) - AT	July 27, 2020	July 26, 2025
Glory 580 (1798CC) - MT	July 27, 2020	July 26, 2025
Glory 580 PRO (1498CC) - AT	October 26, 2020	October 25, 2025

2.1.2. STRATEGIC PARTNERSHIP AND MARKET OPPORTUNITY

Regal Automobiles Industries Limited has entered into a CKD Cooperation Agreement on 9th September 2016 with DFSK Motor Co. Ltd under which Regal imports the CKDs of the Glory 580, K01, K07 for local assembling at the plant, & CBUs of C-37 for sale in Pakistan. Regal imports the CKD kits and spare parts from the exclusive supplier of DFSK Motor Co Ltd namely Chongqing Sokon Motor (Group) Imp & Exp Co. Ltd. The CKD Cooperation agreement also entails to provide the technical and marketing assistance to Regal pertaining to the market development and after sales service of DFSK vehicles. Regal will keep on enhancing the product portfolio through introduction of new models and engage in localization as part of the agreement and ADP 2016-2021.

Regal Automobiles Industries Limited has entered into a CKD Cooperation Agreement on 9th February 2019 with Lijue Co. Ltd. Regal imports the CKDs of the Prince Pearl from exclusive supplier of Lijue Co Ltd namely Porvenir Imp & Exp Co Ltd for local assembling at the plant & further sale in Pakistan. The CKD Cooperation agreement also entails to provide the technical and marketing assistance to Regal pertaining to the market development and after sales service

of 800CC Hatchback. Regal will keep on enhancing the product portfolio through introduction of new models and engage in localization as part of the agreement and ADP 2016-2021.

Regal distributes its Hatchbacks under the brand name of “Prince” and its SUVs, LCVs, & Vans under the brand name of “DFSK” through a vast network of 21 3S dealerships.

2.1.3. OVERVIEW OF DFSK MOTOR CO. LTD

DFSK Motor Co. Ltd was founded in June 2003 as a joint venture between DongFeng Motor Corporation & ChongQing Sokon Industrial Group Co Ltd for production of DongFeng passenger vehicles such as SUVs, multipurpose & commercial vehicles. The joint venture has presence in the export markets since 2005 when it started exporting its commercial vehicles. DFSK’s commercial vehicles received the EU certification in October 2007, and since late 2007, the venture started exporting the commercial vehicles to European market. The venture has three manufacturing bases in China, Indonesia & USA, spanning seven manufacturing plants, with five being located in China, one in Indonesia & one in USA.

The venture has a vast product portfolio encompassing Sports Utility Vehicles & Multipurpose Vehicles under the brand name of Glory (Glory 580, Glory 500, Glory ix5, Glory ix7, Glory S560) & Commercial Vehicles under K-series (K-01, K-07, K-02, C-31, C-37). The venture has entered into research & development of electric vehicles in 2016 and launched the R&D center in Silicon Valley and has rolled out Seres Electric Vehicle line which offers a wide range of portfolio in SUVs, & Commercial Vehicles.

About the Originators of DFSK Motor Co Ltd

DongFeng Motor Corporation

DongFeng Motor Corporation was founded in 1969, with operations in the entire range of commercial vehicles, passenger vehicles, auto assemblies, parts and components, machines and equipment, and other automobile-related products and services.

The commercial vehicles (trucks and buses) cover a full range of series including medium-duty, heavy-duty, light-duty, mini trucks and special-purposed versions. The passenger vehicles include cars, SUVs, MPVs, mini-CVs, etc. The high-mobility special off-road vehicles include the DFSK Warrior, desert off-road and All Wheel Drive off-road vehicles, etc. Moreover, DFSK also produces different new-energy vehicles, including HEV, pure electric and natural gas vehicles. DFM is able to provide customers with the most reliable and valuable products at their choice.

ChongQing Sokon Industrial Group Co Ltd

Chongqing Sokon Industrial Group Co., Ltd (hereinafter referred to as the Sokon) was founded in 1986 is a China-based company, principally engaged in the research and development, manufacture and sales of automobiles, engines and their accessories, and the provision of related services. The Company's main products include Sport Utility Vehicles (SUVs), Multi-Purpose Vehicles (MPVs), cross passenger cars and commercial vehicles. It distributes its products within domestic market and to overseas markets. Its main products also include intelligent electric vehicles, e-powertrain as well as energy-saving, environmentally friendly and high-performance engines such as 1.0-2.0-liter, 1.5T and 2.0T direct-injection turbochargers.

The Company’s Internal Combustion Engine (ICE) vehicles assembly plant is situated at 42 KM Multan Road, Manga Mandi, Lahore spanning over an area ~10 acres within 30.2 acres of total freehold land. The principal activity of the Company is to assemble, market and sell cars. The Company has imported the latest car assembly plant from DFSK Motor Co. Ltd, China.

The revenue stream of the Company is shown below:

Category wise vehicle revenue	Vehicle Type	FY2020 (PKR Mn)	%	FY2021 (PKR Mn)	%
Pearl 800 CC	Hatchback	272.6	23.9	1,878.9	31.7
Glory 1500 CC	SUV	302.3	26.6	137.7	2.3
Glory Pro Turbo 580	SUV	0	0	3,288.5	55.6
Glory 1800 CC	SUV	245.1	21.5	150.6	2.5
K01	Light Commercial Vehicle	56.0	4.9	74.6	1.3
K07	Mini Van	245.5	21.6	365.3	6.2
C37	Mega Van	17.0	1.5	24.0	0.4
Total		1,138.5	100.0%	5,919.6	100.0%

2.2. SPONSORS OF REGAL AUTOMOBILES INDUSTRIES LIMITED

Regal Automobiles Industries Limited is a family-owned Company and the following are the Sponsors of the Company:

1. Mr. Sohail Usman Sheikh
2. Mr. Muhammad Shahzeb Usman
3. Mr. Muhammad Salman
4. Mr. Tayyab Usman
5. Mr. Muhammad Raheel Usman

Note: Mr. Muhammad Shahzeb Usman & Muhammad Raheel Usman are the sons of Sohail Usman Sheikh. Mr Muhammad Salman is the son of Tanveer Ahmad who is the brother of Sohail Usman Sheikh. Mr Tayyab Usman is the son of Abubakar Usman who is the brother of Sohail Usman Sheikh.

Mr. Sohail Usman Sheikh started working in the automobile sector after his graduation in 1985. He joined the family business lead by his father, Mr. Muhammad Usman Sheikh and formed Omega Industries in 2005 which later became Eiffel Industries Limited, one of the major Motor Cycle Manufacturers in Pakistan.

The firm ventured into different segments of the automotive industry from manufacturing of spare parts to manufacturing of technologically advanced motor cycles as well as three wheelers. Mr. Sohail Usman Sheikh is the leading figure in taking the group to international shores and forming an alliance with DFSK Motor Co. Ltd and Lijue Co., Ltd for the assembly of Hatch-backs, SUVs, LCVs & Vans in Pakistan. He ventured into the car assembly business through the incorporation of Regal Automobiles Industries Limited. His passion for scaling greater heights and setting even higher standards have resulted in the Company gaining a strong brand equity, with a reputation for consistently developing new quality products.

The Sponsors of Regal Automobiles Industries Limited also own the following manufacturing concerns:

Name of Company	Nature of Business
Eiffel Industries Limited	Assembly of Two & Three Wheelers
Ulfat Textile Mills (Pvt) Limited	Spinning of Yarn
Duro Engineering Industries (Private) Ltd	Engineering Products ~ Shock Absorbers

2.3. SALIENT FEATURES OF THE ISSUE

The Issue comprises of 25,000,000 Ordinary Shares of Face Value of PKR 10/- each, which constitutes 23.3% of the total Post-IPO Paid Up Capital of the Company.

This Issue of 25,000,000 Ordinary Shares will be offered through the 100% Book Building process at a Floor Price of PKR 32.0/- per share. Initially, 75% of the issue size i.e. 18,750,000 Ordinary Shares will be allotted to Successful Bidders and 25% of the issue i.e. 6,250,000 Ordinary Shares will be offered to Retail Investors. Unsubscribed shares, if any, of the General Subscription portion will be allocated to Successful Bidders of the Book Building portion on a pro-rata basis.

In addition to this Issue of 25,000,000 Ordinary Shares, the Company will issue further 7,150,000 Shares (which amounts to 6.7% of the Post IPO Paid Up Capital) at a price of PKR 35.2/share (premium of 10% to the Floor Price) through Pre-IPO Private Placement.

2.4. PRE AND POST ISSUE SHAREHOLDING OF THE SPONSORS

Given below is the Pre and Post IPO shareholding of the Sponsors of the Company:

Sponsor	Pre-Issue Shareholding (as at 06/09/2021)	% of Total Shareholding	Post-Issue Shareholding	% of Total Shareholding
Mr. Sohail Usman Sheikh	4,881,396	6.5%	4,881,396	4.6%
Mr. Muhammad Shahzeb Usman	10,316,740	13.8%	10,316,740	9.6%
Mr. Muhammad Salman	24,997,500	33.3%	24,997,500	23.3%
Mr. Tayyab Usman	25,004,995	33.3%	25,004,995	23.3%
Mr. Muhammad Raheel Usman	9,799,366	13.1%	9,799,366	9.1%
Total of Sponsors	74,999,997	-	74,999,997	-

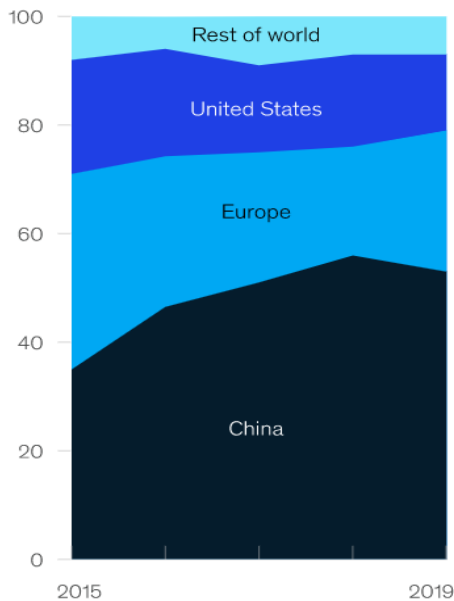
2.5. PRINCIPAL PURPOSE OF THE ISSUE

The principal purpose of the Issue is to invest the entire amount raised at the Floor Price in the Electric Vehicle assembly line. In addition to the Issue, the Company will also be allocating the funds raised through the agreements signed under the Private Placement (Details of which are given under Section 3A(i) at a price of PKR 35.2/share (at a premium of 10% to the Floor Price) for the purpose of investment in the Electric Vehicle assembly line. Apart from the new equity issuance through Pre-IPO & IPO, the Company will be allocating the internal cash towards the Electric Vehicle assembly line.

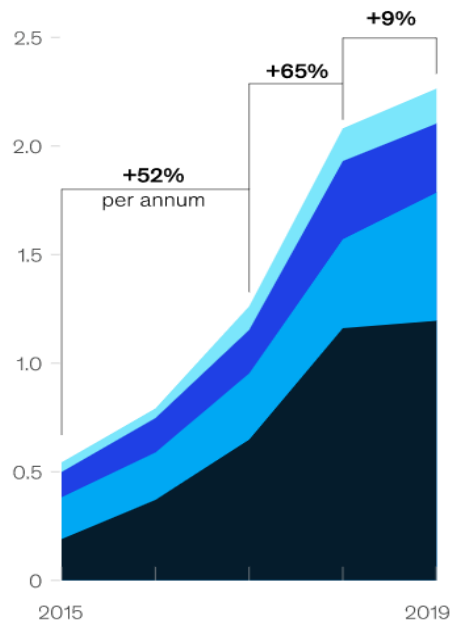
2.5.1. MARKET OPPORTUNITY

Globally Electric Vehicle sales rose by 65 percent from 2017 (1.27 million units) to 2018 (2.1 million units) (Exhibit 1) owing to favorable policies by China, US & Europe. During 2019, the number of units sold increased to 2.3 million units, from 2.1 million, for year-on-year growth of 9 percent. Comparing the three economies, Europe has seen the strongest growth in EVs, while China has the highest share in the global EV sales. EV sales amount at around 1.2 million units in China during 2019. In the United States, EV sales amount at around 320,000 units sold during 2019. Meanwhile, sales in Europe amount at 590,000 units.

Global electric-light-vehicle sales by region, % share



Global electric-light-vehicle sales by region, million units



Electric-vehicle growth, %



Source: Mckinsey Electric Vehicle Index

Electric Vehicle space has attracted footprint on the basis of favorable government policies in China, USA & Europe as listed below:

China

- Subsidies on the purchase of Electric Vehicle in the form of retail price reduction
 - RMB 13,000 price reduction on purchase of 300-400 Km driving range vehicle
 - RMB 18,000 price reduction on purchase of 400 Km and above driving range vehicle
- Subsidies on the purchase of lithium and cobalt for the Electric Vehicle battery
- Tax credits to OEMs for every Electric Vehicle produced
- Free of cost registration on Electric Vehicles

Source: <https://www.metalbulletin.com/Article/3969254/China-cuts-EV-subsidy-for-2021-market-downplays-impact-on-lithium-cobalt-prices.html>

USA

- Subsidies granted in favor of lower electricity rate on charging during off-peak hours
- Reduced electric vehicle registration fee
- Tax credits given to individuals for purchase of Electric Vehicles
- Tax credits given to companies for installing charging infrastructure
- States in USA such as District of Columbia have adopted California's low-emission vehicle (LEV) and zero-emission vehicle (ZEV) standards which requires manufacturers to sell a certain number of ZEVs a.k.a Electric Vehicles per year. These states have further enacted to achieve Zero Emission Vehicle sales of 30% by 2030 and 100% by 2050.

Source: <https://www.ncsl.org/research/energy/state-electric-vehicle-incentives-state-chart.aspx>

Europe

- European Union's emissions standard—95 grams of carbon dioxide per kilometer for passenger cars
- Germany extended tax incentives for electric company cars through the end of 2030. It has also increased purchase-price subsidies for EVs

- France revised its bonus–malus (reward–penalty) scheme, based on carbon-dioxide emissions. Companies requirements of emission standards to receive the environmental bonus for low-emitting vehicles and face a drastic increase in the environmental penalty for high-emitting ones.
- Sweden implemented a bonus–malus system in 2018 which determine the carbon-dioxide emissions of vehicles and reward bonus on its compliance to vehicle buyers. The bonus can be as high as 70,000 SEK on emission of 60 grams per km

Source: Mckinsey Electric Vehicle Index

2.5.2. NEED FOR ENTRY IN ELECTRIC VEHICLE SEGMENT

In synchronization with global development in the electric vehicle space, the Government of Pakistan is committed to curb emissions to mitigate and adapt to the harmful effects of climate change. Transportation in Pakistan accounts for 43% of the airborne emissions and therefore, the Government of Pakistan has approved National Electric Vehicle Policy in 2019.

1. Mitigate Climate change through reduction in emissions from transport sector
2. Create a pivot to industrial growth in Pakistan and encourage automobile sector to move towards Electric Vehicle manufacturing
3. Forge links with global Electric Vehicle chain for export potential of EVs and their parts
4. Meet the objective of generating employment through green economy initiatives
5. Reduce oil import bill to curb the trade deficit
6. Utilize electricity in off-peak times
7. Develop affiliated industry such as battery manufacturing & charging infrastructure

Pakistan National Electric Vehicle Policy 2019 aims to achieve the following targets pertaining to the sales of Electric Vehicle:

Type of Vehicle	Medium Term Targets (Five Years Cumulative)	Long Term Targets (2030)	Ultimate Targets (2040)
Cars including Vans, Jeeps and small trucks	100,000	30% of New Vehicle Sales (Approximately 60,000)	90% of New Vehicle Sales
Two & Three Wheelers	500,000	50% of New Vehicle Sales (Approximately 900,000)	90% of New Vehicle Sales
Buses	1,000	50% of New Vehicle Sales	90% of New Vehicle Sales
Trucks	1,000	30% of New Vehicle Sales	90% of New Vehicle Sales

Regal is venturing into Electric Vehicle Assembly to capitalize on the granted incentives in Pakistan National Electric Vehicle Policy as stated below:

1. The CBU import for all Electric Vehicles will be charged a 10% custom duty
2. The imports of CKD for Electric Vehicle assembly will be charged 1% custom duty
3. The import of plant and machinery for 4-wheeler Electric Vehicle assembly will be charged a 0% custom duty
4. custom duty
5. The Electric Vehicle charging equipment will be charged a 1% custom duty
6. The retail price of Electric Vehicle will be exempted from any FED and will only be charged a 1% sales tax
7. The import of Completely Built Unit of Electric Vehicle is allowed at a rate of 0% sales tax
8. The State Bank of Pakistan (SBP) has given a special window for EV car financing at the rate of 1% SBP rate plus 4% spread.

2.5.3. STRATEGIC PARTNERSHIP

Regal will set up the Electric Vehicle Assembly line as part of the Strategic Partnership with DFSK Motor Co., Ltd, through which the Company has entered into an MOU with exclusive supplier of DFSK Motor Co., Ltd named

ChongQing Sokon Motor (Group) Imp. & Exp. Co., Ltd. for the import of the Plant & Machinery pertaining to the Electric Vehicle assembly.

2.5.4. SOURCE OF FUNDING

The Company is planning to inject equity investment for the expansion into Electric Vehicle assembly line through new equity issuance by way of Pre-IPO Private Placement, Initial Public Offering (IPO) & Internal Cash. The breakup of the funds arranged through the aforementioned methods is shown as follows:

Source of Funding	Value (PKR Mn)	%
Pre-IPO Private Placement	251.7	22.4%
IPO	800.0	71.1%
Internal Cash	73.6	6.5%
Total	1,125.3	100.0%

2.5.5. UTILIZATION OF PROCEEDS

The total amount raised would be used to finance the import and installation of the Electric Vehicle assembly line. The table below shows the further breakup of the utilization of PKR 1,125.3 Mn:

Particulars	Value (PKR Mn)	%
Plant & Machinery	694.8	61.7%
Building Construction	200.0	17.8%
Installation & Electrical Works	110.0	9.8%
Duties & Others	83.4	7.4%
Contingency	37.1	3.3%
Total	1,125.3	100.0%

Any excessive funds raised, in case the Strike Price is determined above the Floor Price, would be utilized either to fund the internal working capital requirement of Regal or to make further investment in the expansion of Electric Vehicle plant, as may be decided by the BOD of Regal.

2.6. JUSTIFICATION GIVEN BY THE LEAD MANAGER IN FAVOR OF FLOOR PRICE OF PKR 32.0/- PER SHARE MAY BE SEEN UNDER SECTION 4A OF THE PROSPECTUS TITLED, 'VALUATION SECTION'.

2.7. QUALIFIED OPINION, IF ANY, GIVEN BY THE AUDITOR DURING THE LAST THREE FINANCIAL YEARS

No qualified opinion was given on the financial statements of the Company by the Company's Auditors during the last three financial years:

- Parker Randall A.J.S, Chartered Accountants did not give a qualified opinion for the period ended 30 June, 2019 and 30 June 2020
- BDO Ebrahim & Co, Chartered Accountants, did not give a qualified opinion for the period ended 30 June, 2021.

2.8. FINANCIAL INFORMATION (Please refer to Section 6.4 for detailed financials and commentary on key ratios)

The key financial information of the Company is tabulated below:

In PKR Mn, unless stated otherwise	Audited FY2019	Audited FY2020	Audited FY2021	Audited 1QFY2022
Issued Share Capital ¹	5.1	5.1	590.1	750.0
Advance against equity	346.9	507.9	-	-
Net worth	358.6	551.0	903.0	1,112.9
Net Revenue	220.7	1,099.4	5,688.5	4,516.0

In PKR Mn, unless stated otherwise	Audited FY2019	Audited FY2020	Audited FY2021	Audited 1QFY2022
Gross margin (%)	15.5	10.3	9.5	8.5%
Operating margin (%)	6.7	4.7	7.2	6.7%
Profit after tax	5.9	31.3	274.7	209.9
Profit after tax margin (%)	2.7	2.9	4.8	4.6%
Cash flow from operations	(187.7)	699.9	2,221.8	(1,815.9)
Earnings per share - Basic (In PKR)	11.6	61.5	13.2	2.8
Earnings per share - Diluted (In PKR)	0.2	0.6	8.3	2.8
Earnings per share – Post Bonus Issue (In PKR)	0.1	0.4	3.7	2.8
Breakup value per share (In PKR) ²	703.1	1,080.4	15.3	14.8
Total Borrowings	-	-	-	-
Debt to Equity (Times)	-	-	-	-
Debt to Total Capital (Times)	-	-	-	-
Interest Coverage Ratio (Times)	36.0	68.3	409.1	1,046.0

1. Subsequent to the year end 30 June 2021, the Company issued 15,985,621 Bonus Shares amounting to PKR 159,856,210

2. Break-up value per share is based on total equity of the Company divided by outstanding shares at corresponding period end;

2.9. LEGAL PROCEEDINGS

There are two pending Legal proceedings of Regal Automobiles Industries Limited as of June 30th, 2021:

The first one is tabulated as follows:

Order dated	Issuing Authority	Tax Period	Order Amount/ Financial Impact (PKR)	Current Status	Management's Stance
30-04-2019	Deputy Commissioner Inland Revenue (DCIR)	July, 2018 to September, 2018	631,429/-	Appeal filed before the Commissioner Inland Revenue (Appeals) ["CIR(A)"] is pending for hearing	Company expects favorable decision

Secondly, the Company has also received the FBR notices under section 176 (1)(a) for monitoring of withholding taxes for the Tax Year 2016 to 2020. The Company has challenged the under authority and procedural aspects of issuance of these notices through civil petitions before the Honorable Sind High Court which is pending for hearing. The Honorable Sind High Court has directed the FBR to hold any further proceedings till disposition of Petitions. The Management is of the view that these petitions are at initial stages of hearing and the Company has case laws to support its plea under these petitions. Hence, the Company has not made any provision in financial statements.

Note: There are no other legal proceedings against Regal Automobiles Industries Limited, its Sponsors, Substantial Shareholders, Directors & Associated Concerns as of June 30st, 2021

The legal proceedings against the Company does not materially impact its operational performance and profitability.

Eiffel Industries Limited:

There are no legal proceedings against Eiffel Industries Limited as of June 30, 2021.

Ulfat Textile Mills (Pvt) Limited:

There are no legal proceedings against Ulfat Textile Mills (Pvt) Limited as of June 30, 2021.

Duro Engineering Industries (Private) Limited:

There are no legal proceedings against Duro Engineering Industries (Private) Limited as of June 30, 2021.

Legal proceedings are also disclosed separately, in detail, in Section 8 of the Prospectus, titled 'Legal Proceedings and Overdue Loans'.

2.10. RISK FACTORS

For key risk factors that would have an impact on the Company and the Issue, please refer to Section 5.

2.11. SUMMARY OF RELATED PARTY TRANSACTIONS

All transactions with related parties are carried out at mutually agreed price on an arm's length basis. The related parties comprise of Sponsors, Promoters, Associated Concerns, Directors and Key Management Personnel of the Company. The Company in the normal course of business carries out transactions with various related parties, which are as follows:

In PKR Mn unless stated otherwise	FY2019 (Audited)	FY2020 (Audited)	FY2021 (Audited)
Associated Concerns			
Eiffel Industries Limited			
Advances Given	-	-	(650.2)
Advances Repaid	-	-	326.4 ¹
Ulfat Textile Mills (Pvt) Limited			
Advances Given	-	(12.5)	(271.4)
Advances Repaid	-	-	187.3 ²
Sponsors			
Sohail Usman Sheikh			
Advances Against Equity Received	-	81.8	-
Shares Issued Against Equity Received	-	-	81.8
Purchase of Freehold Land	-	(90.0)	-
Muhammad Salman			
Advances Against Equity Received	106.4	259.3	-
Shares Issued Against Equity Received	-	-	259.3
Tayyab Usman			
Advances Against Equity Received	-	86.7	-
Shares Issued Against Equity Received	-	-	86.7
Muhammad Shahzeb Usman			
Advances Against Equity Received	64.3	80.2	-
Shares Issued Against Equity Received	-	-	80.2
Muhammad Raheel Usman			
Loan Given to Company	50.4	77.1	-
Shares Issued Against Loan	-	-	77.1
AbuBakar Usman			
Purchase of Land	-	(90.0)	-
Samreen Tanveer			
Purchase of Land	-	(90.0)	-

¹ The Company has an outstanding balance due from Eiffel Industries Limited of PKR 323.9 Mn

² The Company has an outstanding balance due from Ulfat Textile Mills (Pvt) Ltd of PKR 96.6 Mn

3 OVERVIEW, HISTORY AND PROSPECTS

3.1. COMPANY'S HISTORY AND OVERVIEW

Name	Regal Automobiles Industries Limited
Incorporation Number	0099728
Date of Incorporation and Place	19 th May 2016, Karachi
Date of Commencement of Business	17 th October 2016

Regal Automobiles Industries Limited was incorporated as a Public Limited Company on May 19, 2016 under the Companies Ordinance, 1984 (now the Companies Act, 2017). The principal activity of the Company is to carry on the business of manufacturing, sale, marketing of Hatchbacks, SUVs, LCVs & Vans with a total capacity of 5,000 vehicles per annum on a double shift basis for the period ended 30 June, 2021. This capacity is based on operation of single paint shop. The capacity of the Company has increased to 9,000 vehicles per annum on double shift basis post installation of another paint shop in August 2021. The distribution of the vehicles is carried through 21 3S dealerships located across Pakistan.

Regarding Clause 3 (ii), Chapter II of Public Offering Regulations, 2017, the Issuer should have a profitable track record for at least 2 preceding financial years from its core business activities. Below is the operating performance of Regal since FY2019 till FY2021 in reference to the Regulation:

	FY2019	FY2020	FY2021
Vehicles Sold	221	781	3,429
Net Revenue (PKR Mn)	220.6	1,099.4	5,688.5
Gross Profit (PKR Mn)	34.2	113.2	540.1
Gross Profit Margin %	15.5	10.3	9.5
Net Profit (PKR Mn)	5.9	31.3	274.7
Net Profit Margin %	2.7%	2.9%	4.8%

The Company's manufacturing facility is located at 42 KM Multan Road, Manga Mandi, Lahore. The Company's registered office is located at 211-Business Arcade, Block-6, P.E.C.H.S, Shahrah-e-Faisal, Karachi. The Company's Corporate Office is located at Office # 1502, 15th Floor, Emerald Tower, Clifton Karachi.

BRIEF HISTORY & BACKGROUND OF SPONSORS

The Usman family has a rich business history of more than 60 years dating back to the 1960's with the establishment of a sole proprietorship named Usman Corporation by Mr. Mohammad Usman Sheikh. The sole proprietorship was engaged in the business of import of spare parts of motor cycles & motor vehicles from Europe and Japan. As commercial importers, the firm soon established its goodwill in the Pakistani market. The sole proprietorship has ceased the trading of spare parts and is not operational as of today.

Mr. Sohail Usman Sheikh son of Mr Muhammad Usman Sheikh then established Mega Corporation in 2003 which engaged in the manufacturing of different spare parts of motor cycles such as frame body, fuel tank and other parts which in turn were supplied to different motor cycle assemblers in Pakistan. This Corporation is operational and manufactures different spare parts of motor cycles.

After gaining substantial experience in the field of manufacturing of motor cycle spare parts, Mr Sohail Usman & his brothers Tanveer Ahmed & Abubakar Usman decided to venture into assembling of motor cycles. Thus, in the year 2005, they established a motor cycle manufacturing concern by the name of Omega Industries with an aim to provide excellent quality two wheeler vehicles at a reasonable price. Subsequently, Omega registered a brand name "Road Prince" for its motor cycle range. Omega Industries has one of the most advanced in-house manufacturing facility where-in a number of core components are being manufactured. Omega Industries also ventured in the three wheeler cargo loader segment under the brand name of "Road Prince" and gained unique edge over its competitors for the in-house manufacturing capacity which allowed it to have stringent quality control procedures. The firm

achieved another milestone by collaborating with one of the renowned brand “Piaggio” for two wheeler and introduced 150CC model in Pakistan. Omega Industries has a strong presence all over Pakistan with dealers in Punjab, Sindh, KPK and Baluchistan. With a growing network of more than 400 sales dealers and 100 after sales service dealers, Omega Industries has aggressively covered the country in terms of sales and after sales service. Today, “Road Prince” is one of the significant two & three wheeler sellers. Omega Industries has now been renamed to Eiffel Industries Limited. The manufacturing facility is located at 42-KM Ferozpur Road, Lahore-District Kasur.

In the year 2012, Mr. Sohail Usman entered into textile spinning and incorporated a company by the name of Ulfat Textile Mills (Pvt) Limited. Ulfat is engaged in the manufacturing of fine quality yarn. The plant currently has 36,000 spindles. Recently, the firm has replaced its machinery with the state of the art machinery under Balancing Modernization and Replacement (BMR). The firm has vast local markets for its fine quality yarn and has seen tremendous growth in its local market share. The manufacturing facility is located at 46-KM Ferozpur Road, Multan Road, Dina Nath Phool Nagar, Lahore.

During the year of 2016, the Sponsors incorporated Regal Automobiles Industries Limited under Automotive Development Policy (ADP) 2016-2021 as Green Field Industrial Undertaking. The plant deploys the state of the art vehicle assembling technology with Electro Deposition(ED) paint facility avowing world class precision with the deployment of most advanced production techniques. Regal owns 30.2 acres of freehold land at 42 KM Multan Road, Manga Mandi, Lahore. However, the current Internal Combustion Engine (ICE) vehicles assembly plant spans over an area of ~10 acres. The vehicles are delivered to end customers nationwide through a strong network of 21 independent 3S dealerships.

Mr. Sohail Usman has further expanded the family business by entering into a joint ownership agreement with Zeng Tao & Shen Lihua (Chinese national) to incorporate Duro Engineering industries (Pvt) Limited. The principal activity of the firm is to manufacture shock absorbers.

3.2. PATTERN OF SHAREHOLDING OF REGAL AUTOMOBILES INDUSTRIES LIMITED

The pattern of shareholding for the Company as of 6 September 2021 is as follows:

Shareholders	Number of Shares	% Shareholding
Mr. Sohail Usman Sheikh	4,881,396	6.5%
Mr. Muhammad Shahzeb Usman	10,316,740	13.8%
Mr. Muhammad Salman	24,997,500	33.3%
Mr. Tayyab Usman	25,004,995	33.3%
Mr. Muhammad Raheel Usman	9,799,366	13.1%
Mr. Anwar Iqbal	01	0.0%
Mr. Rashid Rahman Mir	01	0.0%
Ms. Maria Shahzeb	01	0.0%
Total	75,000,000	100.0%

3.3. REVENUE DRIVERS

Regal has 7 variants in the overall product portfolio comprising of 800 CC Hatchback, 1500 CC & 1800 CC Sports Utility Vehicles (SUVs), 1000 CC Light Commercial Vehicles (LCVs), 1000 CC Family Vans, & 1500 CC Passenger Vans.

Variant Wise Vehicle Revenue	Vehicle Type	FY2020 (PKR Mn)	%	FY2021 (PKR Mn)	%
Prince Pearl 800 CC	Hatch-back	272.6	23.9	1,878.9	31.7
Glory 1500 CC	SUV	302.3	26.6	137.7	2.3
Glory Pro Turbo 580 1500 CC	SUV	0	0	3,288.5	55.6
Glory 1800 CC	SUV	245.1	21.5	150.6	2.5
K01 1000 CC	Light Commercial Vehicle	56.0	4.9	74.6	1.3

Variant Wise Vehicle Revenue	Vehicle Type	FY2020 (PKR Mn)	%	FY2021 (PKR Mn)	%
K07 1000 CC	Mini Van	245.5	21.6	365.3	6.2
C37 1500 CC	Mega Van	17.0	1.5	24.0	0.4
Total		1,138.5	100.0	5,919.6	100.0

Significant revenue drivers are listed below:

- **ASSEMBLY OF CARS**

Regal drives its topline from assembly and sale of vehicles through authorized dealerships. As shown above, the revenue stream of the Company is primarily dominated by the SUV (Glory 580 Pro Turbo) which generated 55.6% of the total revenue of FY2021 which amounts to PKR 3,288.5 Mn. The second contributor to the revenue stream is the sale of Hatchbacks under the brand name of Prince Pearl which generated 31.7% to the total revenue stream for FY2021 amounting to PKR 1,878.9 Mn.

- **VAST NETWORK OF DEALERSHIPS**

The Company has a vast network of 21 3S dealerships spanning over Pakistan. This network is one of the volume drivers of the Company. The following table shows the dealerships across Pakistan.

Sr #	Dealer Name	Region	City
1	Prince Karachi Motors	South	Karachi
2	Prince Society Motors	South	Karachi
3	Prince Automine Motors	South	Karachi
4	Prince Central Motors	South	Karachi
5	Prince Siddiqui Motors	South	Hyderabad
6	Prince Iqbal Motors	South	Interior Sindh (Hala)
7	Prince Multan Motors	Central	Multan
8	Prince Al Hadi Motors	Central	Multan
9	Prince Auto Care	Central	Lahore
10	Prince Mir Motors	Central	Lahore
11	Prince Sajjad Motors	Central	Lahore
12	Prince Bedian Motors	Central	Lahore
13	Prince Punjab Motors	Central	Faisalabad
14	Prince Gujrat Motors	Central	Gujrat
15	Prince Sunny Motors	Central	Gujranwala
16	Prince Sahiwal Motors	Central	Sahiwal
17	Prince Capital Motors	North	Rawalpindi
18	Prince Rana Motor	North	Islamabad
19	Prince Kohat Motors	North	Kohat
20	Prince Peshawar Motors	North	Peshawar
21	Prince Mardan Motors	Central	Mardan

Source: <https://regalautomobiles.com/>

3.4. COST DRIVERS

INTERNAL COMBUSTION ENGINE (ICE) VEHICLES

- **COST OF RAW MATERIAL**

During FY2021, direct raw material (CKD) cost contributed 93.7% to the total cost of goods sold of the Company. The Company sources its CKD & CBU from import channels through two different vendors which are DFSK Motor Co. Ltd & Lijue Co., Ltd. The Company procures CKD from Lijue Co., Ltd for Prince Pearl 800 CC & DFSK Motor Co. Ltd for Glory (SUV), K01 (LCVs) & K07 (Mini Van). Furthermore, the Company procures CBU from DFSK for C-37 (Mega Van). The cost of raw materials is the largest contributor to overall cost of Regal. The breakup for the components of all the vehicle variants is tabulated below:

Sr. No.	Vehicle Variant	Vehicle Type	Body	Engine
1	Prince Pearl	Hatch-back	77.0%	23.0%
2	Glory 1500 CC	SUV	70.0%	30.0%
3	Glory Pro Turbo 580	SUV	70.0%	30.0%
4	Glory 1800 CC	SUV	70.0%	30.0%
5	K01 1000 CC	Light Commercial Vehicle	69.0%	31.0%
6	K07 1000 CC	Mini Van	69.0%	31.0%
7	C37 1500 CC	Mega Van	69.0%	31.0%

Following are the percentages of custom duties that are availed by Regal under the Green Field Industrial Undertaking status as part of the Auto Development Policy 2016-2021:

Sr. No.	Vehicle Variant	Custom Duty %	Expiry Date
1	Prince Pearl 800 CC	10.0	February 13, 2023
2	Glory 1500 CC	10.0	July 26, 2025
3	Glory Pro Turbo 580 1500 CC	10.0	October 25, 2025
4	Glory 1800 CC	10.0	July 26, 2025
5	K01 1000 CC	10.0	February 13, 2023
6	K07 1000 CC	10.0	February 13, 2023
7	C37 1500 CC	20.0	N/A

As previously mentioned, the concessionary duty will expire on different timelines. The following table shows the applicable custom duty post expiry of the Green Field status:

Sr. No.	Vehicle Variant	Concessionary Custom Duty %	Regular Custom Duty ¹ %	Regular Custom Duty ² %
1	Prince Pearl 800 CC	10.0	10.0	15.0
2	Glory 1500 CC	10.0	10.0	15.0
3	Glory Pro Turbo 580 1500 CC	10.0	10.0	15.0
4	Glory 1800 CC	10.0	10.0	15.0
5	K01 1000 CC	10.0	10.0	15.0
6	K07 1000 CC	10.0	10.0	15.0
7	C37 1500 CC	20.0	20.0	20.0

¹ The same Duty structure will be applied given the Company will engage in localization of parts as part of the ADP (2016-2021)

² This shows the Duty Structure if the Company does not engage in localization of the parts

• LABOUR COST

The Company employs semi-skilled and skilled workforce for car assembly operations throughout the flow production. Labor cost accounted for 2.3% of the total cost of production during FY2021. The labor force of the Company is employed on permanent basis. The Company has total workforce of 514 employees out of which 382 workers are semi-skilled & 132 are skilled. The semi-skilled workforce accounts for 74.3% of the total workforce whereas skilled workers account for 25.7% of the total workforce.

- **FUEL & POWER COST**

The car assembly of the Company is connected to the main grid with a sanctioned connection of 1MW through Lahore Electricity Supply Company (LESCO). The fuel & power accounts for 0.7% of the overall cost of production during FY2021.

- **INSURANCE & CARRIAGE INWARDS**

The Company operates on import based operations which necessitates the need for marine insurance over the duration of sea freight for the import of Completely Knocked Down Units & Completely Built Units. The insurance & carriage inwards account for the 3.1% of the total cost of production

- **FACTORY OVERHEADS**

The miscellaneous factory overheads account for 0.6% of the total cost of production which includes repairs, maintenance & depreciation charges for the year of FY2021.

ELECTRIC VEHICLES:

- **PRICE OF RAW MATERIAL**

As per the Strategic Partnership with DFSK Motor, Regal will procure the CBUs for initial development in the market and then after the installation of the EV assembly plant, the Company will procure the raw material (CKD parts of Electric Vehicle) from DFSK Motor.

- **ENERGY AND FUEL COST**

The electricity requirement of Electric Vehicle division would be 400 KW which will be met through the current sanctioned load. Furthermore, Regal also has backup generators CAT 3512 1 MW 50HZ fueled by diesel.

- **LABOUR COST**

The Company will employ the semi-skilled and skilled workforce for Electric Vehicle assembly operations throughout the flow production.

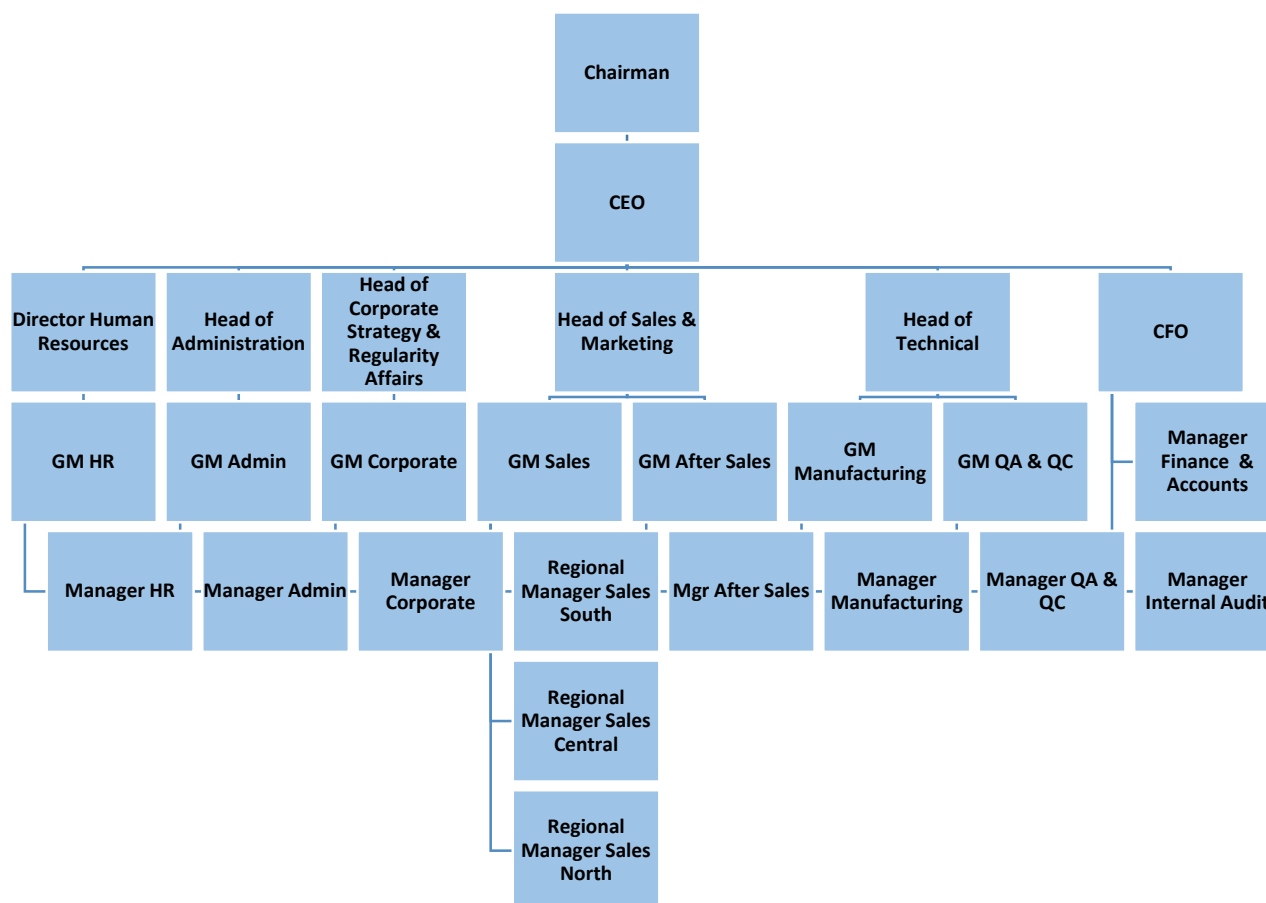
- **INSURANCE & CARRIAGE INWARDS**

The Company will operate on import based cost structure for Electric Vehicle assembly operations which will require marine insurance over the duration of sea freight for the import of Completely Knocked Down Units & Completely Built Units.

- **FACTORY OVERHEADS**

The miscellaneous factory overheads will account for depreciation and other factory charges such as repair and maintenance pertaining to the Electric Vehicle operations.

3.5. COMPANY ORGANOGRAM



3.6. MAJOR EVENTS IN THE HISTORY OF THE ISSUER

As disclosed in Section 3.1, Regal was incorporated in 2016. The events/milestones since 2016 that have churned the brand name of Regal today as one of the renowned assemblers are:

Years	Events/Milestones
May 2016	Incorporation of the Company
September 2016	CKD Cooperation Agreement Signed With DFSK Motor Co Ltd
July 2017	Import of the plant from DFSK Motor Co Ltd , China
July 2017	First Dealership opens in Lahore
January 2018	Vehicle Assembly Line Building construction completed in Lahore at the manufacturing facility
May 2018	Completion of the requisite civil works, first paint shop and installation in Lahore at the manufacturing facility
June 2018	Launched the Completely Built Units of K01 (Mini Truck), K07 (Mini Van), Glory 1500 CC & C-37 (Mega Van)
July 2018	Started the manufacturing of Mini-Vans at the assembly plant
February 2019	CKD Cooperation Agreement Signed With Lijue Co Ltd for assembly of Hatch-back Prince Pearl
July 2019	Upgraded the dealerships to 3S (Sales, Service & Spare Parts Management) dealership stores
August 2019	Started assembly of Prince Pearl through import of Completely Knocked Down units (CKDs)

Years	Events/Milestones
December 2019	Introduced SUVs named Glory 1500 CC Turbo, Glory 1800 CC as Completely Built Unit (CBUs)
November 2020	Began commercial production of Glory variants through import of Completely Knocked Down Units (CKDs)
January 2021	Launched local assembling of Glory 580 Pro at the manufacturing plant
August 2021	Installation of second paint shop at the manufacturing facility

3.6.1. TOTAL CAPACITY AND CAPACITY UTILIZATION

ICE VEHICLES:

The total capacity of the assembly for the period ended 30 June, 2021 was 5,000 units per annum on double shift basis. This capacity of the Company was based on operation of single paint shop. The Company has installed another paint shop in August 2021 which has increased the capacity to 9,000 vehicles per annum on double shift basis.

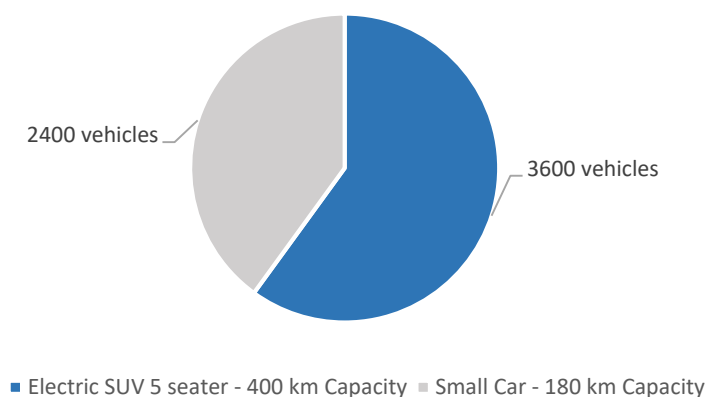
Number of Cars	Audited FY2019	Audited FY2020	Audited FY2021
Installed Capacity	5,000	5,000	5,000
Cars Manufactured	307	499	3,577
Capacity Utilized	6.1%	10.0%	71.5%

The Company completed the plant construction in May 2018 and started the production post completion of the plant installation. The Company was developing the vehicle portfolio and had only started local assembling of the K-01 Mini Pickup & K-07 Mini Van during FY2019 due to which utilization levels remained low.

The Company further launched the assembling of the Prince Pearl 800 CC during the last quarter of FY2020 which slightly increased the utilization levels. Furthermore, the Company started the local assembling of Glory in November 2020, which increased the utilization levels during FY2021. Resultantly, the year of FY2021 remarks the full year of the assembling of the CKD's of all the vehicle variants (Glory 580 SUV, Prince Pearl, K-01, K-07) which increased the utilization levels significantly as compared to FY2020.

ELECTRIC VEHICLES:

After commencement of commercial production during February 2023, the installed production capacity for the Electric Vehicles division would be of 6,000 vehicles per annum. The Company will launch Glory SF 3 EV with 400 Km range on a single charge and a Hatchback with a range of 180 Km. The following chart shows the production capacity of two Electric Vehicle models by their number of units on a per annum basis.



3.7. NATURE & LOCATION OF THE PROJECT

The Company is raising the funds by a combination of new equity issuance of Pre-IPO Private Placement and Initial Public Offering through Book Building Mechanism (IPO) along with internal cash allocation for 100% equity investment in Electric Vehicle assembling facility. This project will be located at 3 acres site which has been allocated within the total freehold land located at 42KM -Multan Road, Manga Mandi, Lahore. The Project will be setup as part of the Strategic Partnership with DFSK Motor, through which the Company has entered into an MOU with exclusive supplier of DFSK Motor Co Ltd named ChongQing Sokon Motor (Group) Imp. & Exp. Co., Ltd. for the import of the Plant & Machinery pertaining to the Electric Vehicle assembly.

3.7.1. NATURE AND TYPE OF PLANTS AND MACHINERY

ICE VEHICLES:

Following are the Plant & Machinery which are used in the welding, assembly and paint processes at Regal:

Asset Class	Name	Quantity
Machinery	Pump # 1 (Ed Plant) Net Weight 600 Kg	1
Machinery	Anode Device (Ed Plant)	1
Machinery	Pump # 2 (Ed Plant) Net Weight 600 Kg	1
Machinery	Pump # 3 (Ed Plant) Net Weight 300 Kg	1
Machinery	Paint Dosing (Ed Plant)	1
Machinery	Heat Exchanger (Ed Plant)	1
Machinery	Rectifier (Ed Plant)	1
Machinery	Bag Filter Rb-6al # 1(Ed Plant)	1
Machinery	Bag Filter Rb-6al # 2(Ed Plant)	1
Machinery	Pole Cover (Ed Plant)	1
Machinery	UF Device # 1 (Ed Plant) Net Weight 300kg	1
Machinery	UF Device # 2 (Ed Plant) Net Weight 800kg	1
Machinery	Current Divider Box (Ed Plant)	1
Machinery	Flowmeter Panel (Ed Plant)	1
Machinery	Parts Box (Ed Plant)	1
Machinery	Dual Ram Stainless Steel Air Powered Body Sealant 20 Kg Transfer Pump	1
Machinery	Dual Ram Stainless Steel Air Powered Undercoat 20 Kg Transer Pump	1
Machinery	Paint Shop	1
Machinery	Assembly Line	1
Machinery	Electrical Installation & Grid Line	1
Machinery	Air Dryer 300 Kgm	1
Machinery	Air Dryer Mke-495 Mikrpor 8.25 3/Min 16 Bar	1
Machinery	Blue Point Wheel Aligner M/C Blp-El 220v 1ph 50 Hz	1
Machinery	Spray Unit (Pot)	1
Machinery(Glory)	Jigs & Fixture Glory 580 Assembly Line	1
Machinery(Glory)	Air Compressor Kaeser With Pipe Fitting	1
Machinery(Glory)	Ac Gas Filling Machine	1
Machinery(K01 & K07)	Jigs & Fixture K01 & K07 (Assembly Line)	1
Machinery(Pearl)	Jigs & Fixture Prince Pearl Project (Assembly Line)	1

Other key Plant and Machinery includes:

Name	Utilization
Diesel Generators	Regal is running with 1 backup generator which has a total capacity of 1 MW.

ELECTRIC VEHICLES:

As part of expansion plan of the Company, the following are the Plant & Machinery which would be used in the Electric Vehicle assembly process at Regal:

Sr. No.	Items Description (Plant & Machinery for which LCs have not been established)	Value (PKR Mn)
1	Welding Equipment	252.0
2	Assembly Line Equipment	63.0
3	Test Line For Electric Vehicle Test Equipment	379.8
Total		694.8

3.8. INFRASTRUCTURE OVERVIEW

3.8.1. PRODUCTION FACILITIES

ICE VEHICLES:

The car assembly manufacturing plant resides on ~10 acres site within the total freehold land of 30.2 acres in Manga Mandi Lahore, capable of pounding out 16 vehicles per day on an double shift basis which accumulates to capacity of 5,000 vehicles per annum for the period ended 30 June, 2021. This capacity is based on a single paint shop and post installation of another paint shop in August 2021, the capacity of the Company has increased to 9,000 vehicles per annum. The Regal car assembly plant handles everything from car body assembly to spare parts assembly till the final touch of color through the paint shops.

ELECTRIC VEHICLES:

As per the MOU signed between DFSK Motor & Regal for the Electric Vehicle assembly, a plot of industrial land measuring 3 acres has been allocated within the current freehold land of 30.2 acres for the Electric Vehicle assembly with the assembly height of 8 meters. The Electric Vehicle assembly would be completely structured as a separate assembly line. The Electric Vehicle assembly line would add the following equipment & substructure.

- i. Welding Equipment which include the Body Fixture, Spreader, Welding Machine, Welding Tongs & Process Trolley
- ii. Assembly Line Equipment which include the Coding Machine, Engine Hydraulic Lifting Platform, Rear Axle Hydraulic Lifting Platform, Battery Conveyer, High Station Lifting Equipment & Station Trolley
- iii. Inspection Line which includes the Electric Vehicle Testing Equipment
- iv. Warehouse for storage of electric parts
- v. Vehicle Charging Equipment with high & low voltage protection

3.8.2. SUPPLY OF UTILITIES

ICE VEHICLES:

Regal's manufacturing facilities are currently powered by electricity supply from LESCO and in case of any power outage the Company will switch to backup power generation for which it owns one backup CAT 3512 1MW 50HZ diesel generator. The maximum electricity consumption of Regal is 600 KWs for the optimal capacity utilization. Following is the arrangement of electricity supply for Regal's manufacturing facilities:

Source	Capacity (MWs)
Supply Contract from LESCO	1.0
Diesel Generators	1.0
Total	2.0

Regal is in process of installing a solar power plant bearing capacity of 1 MW which will incur savings on the power cost.

ELECTRIC VEHICLES:

The electricity requirement for the Electric Vehicle division would be around 400 KW.

3.8.3. MANUFACTURING PROCESS OVERVIEW**ICE VEHICLES:**

The manufacturing process is similar for all variants of Hatchbacks, SUVs, LCVs, MiniVans & MegaVans. Regal employs the following chain of processes in its production flow:

Process one: Welding Shop

1. The front body, rear body assembly and center flooring are spot welded at this stage
2. The side body, roof hider, roof top and light brackets are welded and the complete spot welding of each part is completed at this stage
3. The fuel tank bracket, muffler hook, and front light bracket are welded in the body
4. The bumper bracket, seats brackets are welded at this stage. After the welding, the whole metal is finished for clarity

Process two: Paint Shop**Pre Treatment (PT)**

1. The complete body degreasing, surface conditioning, phosphating, ionizing, ED/PT process done at first stage
2. The body is then transferred for burner process and then under coat along with body sealer is applied
3. After the sealing, the dry sanding is applied with orbital papers

Paint Process

4. The car is then blown and wiped with thinner
5. After the thinner, the body is then painted with base coat and final coat
6. After the paint, the heat treatment process is done for further finish.

Testing & Final Touch-up

7. After the body polish, the final inspection and quality checks are performed

Process three: Assembly Line

1. The chassis number is punched on the body and the interior components along with rear and front components assembled
2. The engine is finally assembled after oil filling & testing
3. After the engine assembly, the exterior components are assembled

Quality Test

Consequently, the quality control operation concludes the assembly process and consists of a comprehensive set of tests and inspections which checks that the car's exhaust system does not emit harmful gases or pollutants. The car is driven inside the plant premises as a test that the vehicle drives smoothly before it is dispatched to the final consumer.

ELECTRIC VEHICLES:

The manufacturing of Electric Vehicle consists of the following steps:

Process One: Body Shop

1. The parts of the aluminum space frame are put together in sections called subassemblies that are constructed of prefabricated pieces that are welded together. As the subassemblies for the undercarriage of the car are completed, they are bonded to each other until the entire underbody is finished. The whole underbody is also painted during this stage
2. The subassemblies for the upper part of the body are also bonded to make larger sections. The completed sections are similarly welded together until the body frame is finished. The upper body is simultaneously painted at this stage
3. The roof is attached to the upper body and underbody. Like other parts of the exterior, it is also painted here. The underbody and the rest of the frame are coated with protective sealants, and the finished body is moved to the general assembly area

Process Two: General Assembly

The general assembly adds the operating components and interior parts of the car through six further work stations described as follows:

1. First work station: The first set of the electric car's electronics are added into the vehicle body assemble in the first process. The electronics include the body wiring and seating of the power electronics bay which holds the propulsion control module, integrated drive unit, and a small radiator. The integrated drive unit consists of the alternating current induction motor and a two-stage gear reduction and differential. The components of the control console are also installed
2. Second work station: Flooring, seats, carpeting, and the console and dash are placed in the car. The process is simple because the instrument panel and console cover are made of molded, fiberglass reinforced urethane that has been coated with more urethane of finish quality and with a non-reflective surface. These two pieces are strong and don't need other supports, brackets, or mounting plates. Assembly is straight forward, and performance is superior because fewer pieces reduce possibilities for rattles and squeaks
3. Third work station: The air conditioning, heating, and circulation system is inserted, and the system is filled
4. Fourth work station: The battery pack is added. The T-shaped unit is seated by lifting the heavy pack using a special hoist up into the car. The pack is attached to the chassis, as are the axles complete with wheels and tires. With both batteries and the propulsion unit in place, the car no longer has to be moved from station to station on specially designed dollies. Instead, it is driven to the remaining work stations. The system is powered up and checked before it is driven to the next team
5. Fifth work station: The windshield is installed and other fluids are added and checked. The door systems (complete with vinyl interiors, arm rests, electronics, and windows) are also attached, and all the connections are completed and checked. The exterior panels are added. Similar to the roof and doors, they have been prepared and painted before being brought to the work station. The final trim is attached to complete the upper exterior
6. Sixth work station: The alignment is checked and adjusted, and the under-body panel is bolted into place. The process concludes with the last, comprehensive quality control check. Pressurized water is sprayed on the vehicle for eight minutes, and all the seals are checked for leaks. On a specialized test track, the car is checked for noises, squeaks, and rattles on a quality-based test drive. A lengthy and thorough visual inspection concludes the quality audit.

Process Three: Quality Control

Consequently, the quality control operation concludes the assembly process and consists of a comprehensive set of tests and inspections. The car is driven inside the plant premises as a test that the vehicle drives smoothly before it is dispatched to the final consumer.

3.9. PRODUCT PORTFOLIO

ICE VEHICLES:

Regal Automobiles Industries Limited is a manufacturer of the Hatchbacks, Sports Utility Vehicle (SUVs), & Light Commercial Vehicles (LCVs), Family Mini-Van & Passenger Van as licensed by Engineering Board of Development.

- **Prince Pearl**

This is a 800 CC hatchback that is assembled locally by Regal under the brand name “Prince”. It is a 5 seater Hatchback in manual transmission coupled with power steering & key less entry. It caters to the car preferences of middle to lower income class. The Company will launch 1000 CC variant by end of June 2022.



- **DFSK Glory**

This is a Sports Utility Vehicle that is assembled locally by Regal with further three models that are Glory 1500 CC, Glory 580 Pro Turbo 1500 CC & Glory 1800 CC. This SUV is branded under DFSK and caters to high income class with its high tech automated features and glamorous interior & exterior design. It is a 7 seater SUV available under both manual & automatic transmissions and 12 different configurations for people and cargo. It is designed with leather upholstery, sun roof, air bags and keyless entry.

The Company will be launching new model Glory 580 Star as part of the current agreement with DFSK Motor.



- **DFSK K01 – Light Commercial Vehicle**

This is a Light Commercial Vehicle that is assembled locally by Regal with an engine displacement of 1000 CC, manual transmission, 1 ton load carry capacity, 3 spoke rack, pinion steering, hydraulic braking system, and super large landing space. It is branded under “DFSK” with a targeted use for light commercial pickups.



- **DFSK K07 – Mini Van**

This is a small Mini Van that is assembled locally by Regal and introduced in one 7 seater model with an engine displacement of 1000 CC & manual transmission with a targeted use of family vans. It is also branded under “DFSK”.



- **DFSK C-37 – Mega Van**

This is a Mega van introduced in one 11 seater model with an engine displacement of 1500 CC, In line - 4 Cylinder 16 valve, four Stroke, water cooling, Dual Top Camshaft, electronic fuel injection, power steering & 5 MT gear box. It is branded under “DFSK” with a targeted use of commercial intercity/inter-province transport.

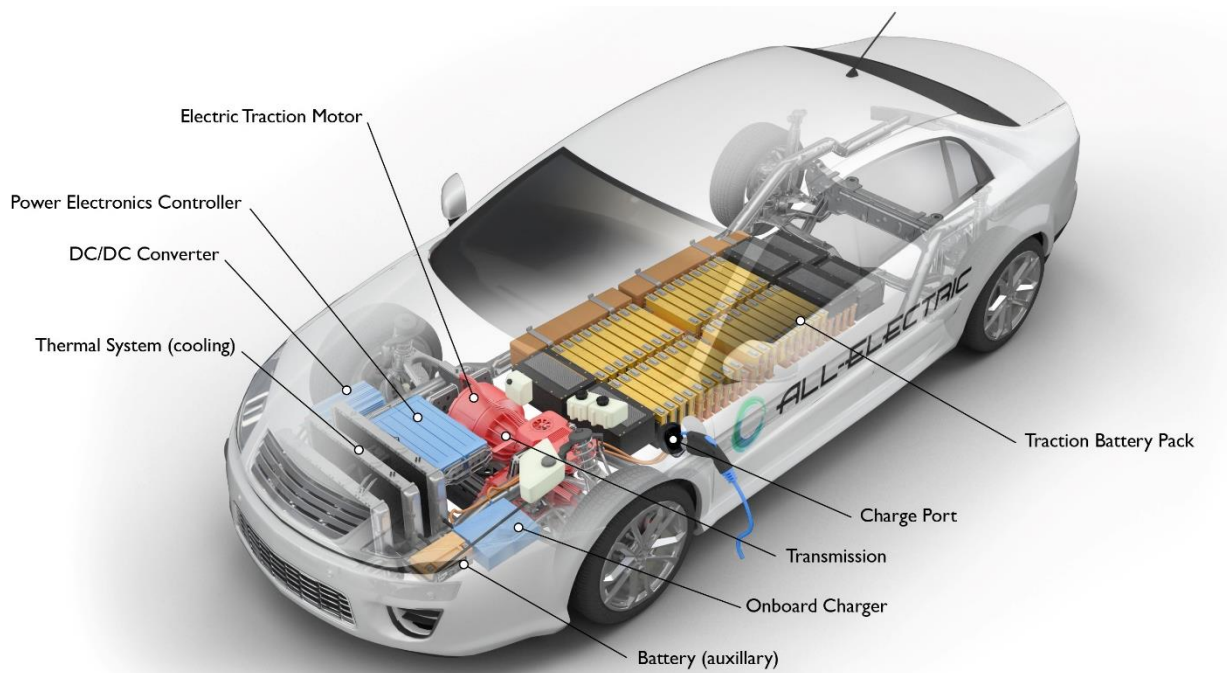


- **Spare Parts Sales**

The Company sells a full selection of the spare parts at all the dealerships from the compressor bracket, cover assembly, condenser support, combination switch guard, central armrest, carpet side buckle, case crankshaft seal, case oil pressure, body process hole plug, air filter installation support, double wire hoop, inner garnish panel etc.

ELECTRIC VEHICLES

The Electric Vehicles (EVs) are propelled by one or more electric motors powered by rechargeable Lithium ion battery packs. A Lithium-ion (Li-ion) battery is a type of rechargeable battery which has a higher energy density than typical lead-acid or nickel-cadmium rechargeable batteries. The following visual describes the interior of the Electric Vehicle:



The following are the several advantages as compared to gasoline based internal combustion engines in conventional vehicles.

- **Energy efficient:** EVs convert over 77% of the electrical energy from the grid to power at the wheels. Conventional gasoline vehicles only convert about 12%–30% of the energy stored in gasoline to power at the wheels.
- **Environmentally friendly:** EVs emit no tailpipe pollutants, although the power plant producing the electricity may emit them. Electricity from nuclear-, hydro-, solar-, or wind-powered plants causes no air pollutants.
- **Performance benefits:** Electric motors provide quiet, smooth operation and stronger acceleration and require less maintenance than internal combustion engines (ICEs).

EVs have some drawbacks as compared to gasoline vehicles:

- **Driving range:** EVs have a shorter driving range than most conventional vehicles—although EV driving ranges are improving. Most EVs can travel more than 100 miles on a charge, and some can travel in excess of 200 or 300 miles depending on the model.
- **Recharge time:** Fully recharging the battery pack can take 3 to 12 hours but a more efficient fast charge system can take 30 minutes to charge to 80% capacity

Product Portfolio:

Regal will introduce an Electric Vehicle version under the brand name of Glory SF3 EV.

- **Glory SF3 EV**

Glory SF3 will be a 5 seater 400 km range Electric Vehicle with battery power of 52.7 kWh and front wheel drive mode along with automatic transmission. The Lithium-ion battery takes 30 minutes on a fast charging mode to charge battery from 20% to 80% and 8 hours on a slow charging mode. The SF3 model will further provide electric power steering and electronic parking brake system.¹



Source : <http://www.dfsk.com/portal/index/vehiclemobile/id/65.html>

- **EV Small Car**

The Company will assemble a small car on the Electric Vehicle assembly plant with a maximum mileage of 180 km on a single charge. The Company is under discussion with multiple vendors for the CKD Cooperation agreement regarding the supply of CKD for this EV Small Car.

3.9.1. MARKETING ACTIVITY IN 2019, 2020 & 2021

1. In the year 2019, Regal conducted a roll out of its first CKD assembled Prince Pearl at its factory
2. In the year 2020, Regal conducted a grand marketing activity of the CKD assembled Glory 580 & K01
3. In the year 2021, Regal conducted a grand showcase of the whole portfolio at Packages Mall, Lahore.

3.10. DEMAND OF REGAL'S CARS

The Demand for the Company's vehicles is fueled by the following factors:

1. Automotive Development Policy (ADP 2016-2021)

The ADP (2016-2021) has proven its full effects as new and existing players have launched a plethora of new models giving breadth to the market. Automobile sector was struck by limited options for years due to presence of three Japanese companies only namely (i) Indus Motor Company Limited, (ii) Pak Suzuki Motor Company & (iii) Honda Atlas Cars (Pakistan) Limited. The launch of 20+ new cars with Korean and Chinese technology during the period of the policy has become a key catalyst for the overall sector. The following mentioned partnerships under the policy have given an eclectic choice to the different categories of high end to middle income consumers of Pakistan and availability of new models has contributed to the accelerating demand [technical collaborations engaged under the ADP (2016-2021)]:

1. Lucky Motor Corporation (Lucky Motors) has entered into a technical collaborations and CKD Cooperation with KIA Motor Corporation (KIA) for assembling and distributing their vehicles in Pakistan
2. Lucky Motor Corporation (Lucky Motors) has entered into a license agreement with Stellantis group for distributing their Peugeot vehicles in Pakistan
3. Nishat Motor (Private) Limited (Nishat Motors) has entered into a joint venture with Hyundai Motor Company (Hyundai), Sojitz Corporation and Millat Tractors Limited for assembling and distributing Hyundai vehicles in Pakistan
4. Sazgar Engineering (Sazgar) has entered into a technical collaboration with Beijing Automotive Group Co Ltd (BAIC) for assembling and distributing their vehicles in Pakistan
5. Master Motor Corporation (Pvt.) Limited (Master Motors) has entered into a joint venture agreement with Changan Automobiles Co Ltd (Changan) for assembling and distributing their vehicles in Pakistan
6. Sazgar Engineering Works Limited has signed a vehicle assembly and technical cooperation agreement with Great Wall Motors Company Limited (GWM) for assembling and distributing their vehicles in Pakistan
7. Al Haj Faw Motors (Pvt) Ltd is a joint venture between Al Haj Group and FAW Group Corporation for assembling and distributing their vehicles in Pakistan
8. Al Haj Automotive (Pvt) Ltd has entered into an agreement with Proton Holdings Berhad as their exclusive authorized distributor and assemblers in Pakistan

9. JW SEZ (Pvt) Limited (Haier Group) has entered into a joint venture with Shanghai Automotive Group Co Ltd (SAIC) for assembling and distributing their vehicles in Pakistan
10. Cherry International Corporation (Chinese brand) has entered into a formal arrangement with Ghandhara Nissan Limited to consider the joint venture to assemble and sell SUVs in Pakistan
11. Premier Motors has entered into a joint venture agreement with Volkswagen Group to assemble and distribute their vehicles in Pakistan

Source:

1. *Lucky Cement Limited Annual Report 2019*
2. *Lucky Cement Limited Annual Report 2021*
3. <https://www.hyundai-nishat.com/>
4. *Sazgar Engineering Works Limited Annual Report 2020*
5. Master.com.pk
6. *Sazgar Engineering Works Limited Annual Report 2021*
7. Alhajfaw.com
8. Proton.com.pk
9. <https://mqmotors.com.pk/>
10. *PSX Ghandhara Nissan Limited announcement*
11. Premier.com.pk

The following table summarizes the collaborations formed under the aforementioned policy in Pakistan:

Sr no.	Pakistan Company	International Company	Vehicle Name
1	United Motors	-	Alpha
2	United Motors	-	Bravo
3	Master Motors	Changan	Alsvin
4	Master Motors	Changan	Karvaan
5	Master Motors	Changan	M8
6	Master Motors	Changan	M9
7	Lucky Motors	KIA	Picanto
8	Lucky Motors	KIA	Sportage
9	Lucky Motors	KIA	Sorento
10	Lucky Motors	Peugeot	Peugeot 2008
11	Nishat Motors	Hyundai	Tucson
12	Nishat Motors	Hyundai	Porter H-100
13	Nishat Motors	Hyundai	Sonata
14	Nishat Motors	Hyundai	Elantra
15	Nishat Motors	Hyundai	Grand Starex
16	Nishat Motors	Hyundai	IONIQ Hybrid
17	Sazgar	BAIC	BJ40
18	Sazgar	BAIC	X25
19	Sazgar	BAIC	D20
20	Sazgar	GWM	Haval Jolion
21	Sazgar	GWM	Haval H6
22	Al Haj Group	FAW	V2
23	Al Haj Group	FAW	Carrier Plus
24	Al Haj Group	FAW	XPV
25	Al-Haj Automotive	Proton	X70
26	Al-Haj Automotive	Proton	SAGA
27	Haier Group	SAIC	ZSEV
28	Haier Group	SAIC	MG HS
29	Haier Group	SAIC	MG ZS

Following are the new cars that will be further launched by the existing players:

Sr no.	Pakistan Company	International Company	Vehicle Name
1	Lucky Motors	Peugeot	Peugeot 3008
2	Lucky Motors	Peugeot	Peugeot 5008
3	Haier Group	SAIC	HS PHEV
5	Haier Group	SAIC	MG 3 Hatchback
6	Haier Group	SAIC	Gloster/Extender
7	Ghandhara Nissan Limited	Cherry	Tiggo 8
8	Al-Haj Automotive	Proton	X50

2. Lower Auto-Financing Rates

The pandemic of COVID 19 that rapidly spread across the world has not only endangered human lives but has also adversely impacted the local and global economy. On March 23rd, 2020, the Government of Pakistan announced a temporary lock down as a measure to reduce the spread of COVID 19. The pandemic situation resulted a slump in overall demand of the economy. In order to the curb the overall demand and liquidity crunch in the corporate sector, the Government of Pakistan used expansionary monetary policy in order to increase the demand of the country as a result of which it started reducing the interest rate to 7.0% from 13.25%.

The interest rate of 7.0% resulted in a massive increase in auto financing and as per data published by State Bank of Pakistan, auto-financing has increased with a growth rate of 46% from PKR 211bn for the year ended FY2020 to PKR 308bn for the year ended FY2021. The lower levels auto-financing rate is directly proportional to auto sales growth and the passenger sales have grown at a rate of 57% during the same period from 96,455 cars in FY2020 to 151,182 cars in FY2021 as per Pakistan Automotive Manufacturers Association.

3. Automotive Development Policy (ADP 2021-2026)

The Automotive Policy of 2021-2026 has given certain tax reductions on the retail price of car which will enhance the overall automobile demand. The salient features of the policy are as follows:

1. The Sales tax has been reduced to 12.5% from 17.0% for small cars upto 1000cc
2. The Federal Excise Duty (FED) is reduced from 2.5% to 0% for cars up to 1000cc
3. The FED for vehicles from 1001cc to 2000cc is cut to 2.5% from 5%
4. The FED for cars between 2001cc and 3500cc is decreased to 5% from 7.5%

4. Electric Vehicle Policy

Globally automobile sector is in a transformation phase from hydrocarbon based vehicles to environmental friendly vehicles (hybrid and electric) and the main purpose of this policy is to reduce carbon emission in order to save environment. On the other hand, promoting environmental friendly vehicles is expected to play a key role in curtailing oil imports (oil is the largest import commodity in Pakistan), increasing foreign direct investment in automobile sector, new employment opportunities, increased awareness to save environment, potential to lift automobile sector by manifold, and will improve overall socio-economic situation in the country. In order to attract new entrants, government allowed various incentives which include:

1. The CBU import for all Electric Vehicles will be charged a 10% custom duty
2. The imports of CKD for Electric Vehicle assembly will be charged 1% custom duty
3. The import of plant and machinery for 4-wheeler Electric Vehicle assembly will be charged a 0% custom duty
4. The Electric Vehicle charging equipment will be charged a 1% custom duty
5. The retail price of Electric Vehicle will be exempted from any FED and will only be charged a 1% sales tax
6. The import of Completely Built Unit of Electric Vehicle is allowed at a rate of 0% sales tax
7. The State Bank of Pakistan (SBP) has given a special window for EV car financing at the rate of 1% SBP rate plus 4% spread.

Source: Electric Vehicle Policy: Engineering Development Board Pakistan

5. Restrictions placed on the automobiles financing for imported vehicles

The changes proposed in the Prudential Regulations for Consumer Financing has effectively prohibited the automobile financing for new and used imported vehicles. This restriction will further curb the imported vehicles and switch the automobile demand towards locally assembled vehicles.

3.11. NAMES OF THE COMPETITORS

3.11.1. DIRECT COMPETITORS

Regal Automobiles Industries Limited assembles SUVs, Hatchbacks, LCVs & Vans. The revenue stream of the Company is primarily dominated by the SUV (Glory 580 Pro Turbo) which generated 55.6% of the total revenue of FY2021 which amounts to PKR 3,288.5 Mn. The second contributor to the revenue stream is the sale of Hatchbacks under the brand name of Prince Pearl which generated 31.7% to the total revenue of FY2021 amounting to PKR 1,878.9 Mn. The following are the competitors for the ICE Vehicle portfolio of the Company:

1. Indus Motor Company Limited

The Company was formed as a Joint Venture agreement between House of Habib companies, Toyota Motor Corporation and Toyota Tsusho Corporation for the purposes of assembling, and marketing of Toyota vehicles. The Company also acts as the sole distributor of Toyota and Daihatsu vehicles in Pakistan and has a license for assembling, progressive manufacturing and marketing of these vehicles in Pakistan. Indus Motor has a capacity to manufacture 66,000 vehicles per annum and operates at a 89.7% utilization. It sells the vehicles under brand name of Corolla, Fortuner, Hilux, Yaris, Revo, Prius, Avanza & Rush.

2. Honda Atlas Cars (Pakistan) Limited

The Company is a subsidiary of Honda Motor Co Ltd Japan. Honda Atlas is engaged in assembling, progressive manufacturing and marketing of Honda vehicles in Pakistan. Honda has a capacity to manufacture 50,000 vehicles per annum and operates at a 47% utilization. It sells the vehicles under the brand name of City, Civic, BR-V, Accord & CR-V.

3. Pak Suzuki Motors Company Limited

The Company was formed in accordance with the terms of a joint venture agreement concluded between Pakistan Automobile Corporation Limited and Suzuki Motor Corporation, Japan (the Holding Company). The Company is engaged in the assembling, progressive manufacturing and marketing of Suzuki Cars, Pickups, Vans, And Motorcycles. Suzuki has a capacity to manufacture 150,000 vehicles per annum and operates at a 33% utilization. It sells the vehicles under the brand name of Swift, Cultus, Ravi, Bolan, Wagon-R, Alto, APV, Jimny & Vitara.

4. Lucky Motors Corporation Limited

The Company was formed in accordance with the terms of a joint venture agreement concluded between Lucky Cement Limited and KIA Corporation. The joint venture is engaged in the assembling, marketing & distribution of KIA SUVs, Sedans, and Sports Car. Lucky Motors has a capacity to manufacture 50,000 vehicles per annum. It sells the vehicles under the brand name of Picanto, Sportage, Sorento & Grand Carnival.

5. Hyundai Nishat Motor (Private) Limited

The Company was formed in accordance with the terms of a joint venture agreement concluded between Nishat Mills & Hyundai Corporation. The joint venture is engaged in the assembling, marketing & distribution of Hyundai SUVs and Pickups. Hyundai has a capacity to manufacture 15,000 vehicles per annum. It sells the vehicles under the brand name of Tucson, Elantra, Porter H-100, IONIQ Hybrid, Grand Starex & Santa Fe.

6. Sazgar Engineering Works Limited

Sazgar Engineering Works has signed two partnerships; one of them is with Beijing Automotive Group (BAIC) through which Sazgar is selling vehicles under the brand name of BJ40, X25, D40 and another one is with Great Wall Motors (GWM) through which Sazgar is selling vehicles under the brand name of HAVAL (HAVAL Jolion & HAVAL H6).

7. Al Haj Automotive (Pvt) Limited

The Company was formed in accordance with the terms of a joint venture agreement concluded between Al Haj Automotive & Proton Holdings. The joint venture is engaged in the assembling, marketing & distribution of Proton SUVs and Sedans. It sells the vehicles under the brand name of Saga, X70 & X50.

8. Al Haj FAW Motors (Pvt) Ltd

The Company was formed in accordance with the terms of a joint venture agreement concluded between Al Haj Group & FAW Group. The joint venture is engaged in the assembling, marketing & distribution of FAW Sedans, Mini Vans, Pickups and Heavy Duty Trucks. It sells the vehicles under the brand name of Carrier Plus, XPV, J5M 280, J5M 220, J5P 420 & V2.

9. Master Motors Corporation (Pvt) Limited

Master Motors Corporation (Pvt) Limited has formed a joint venture agreement with Changan Automobile Company Limited for the assembly and distribution of Changan SUVs, Sedans, MiniVans & Light Commercial Vehicles. Master Motors has a capacity of 30,000 units per annum. Master is selling Changan Vehicles under the brand name of Alsvin, Karvaan, M9 & M8.

10. United Motors Pvt Limited

United Motors Pvt Limited has assembling capacity of upto 20,000 units per annum. The Company is marketing its hatchbacks under the brand name of Alpha & Bravo.

11. JW SEZ (Pvt) Limited (Haier Group)

JW SEZ (Pvt) Limited has entered in joint venture with SAIC Motor Corporation (formerly known as Shanghai Automotive Industry Corporation) and is currently importing the CBU's of Morris Garrages (MG) in Pakistan under the brand name of MG HS. It will start local assembling of MG HS & MG 3.

ELECTRIC VEHICLES:

Regal is the first automobile manufacturer that will be assembling Electric Vehicles in Pakistan under the plant & machinery plus CKD supply agreement with DFSK Motor Co. Ltd through which they will be assembling DFSK Electric Vehicles in Pakistan. The following is the Company's competitor for their Electric Vehicle portfolio:

1. JW SEZ (Pvt) Limited (Haier Group)

JW SEZ (Pvt) Limited has entered in joint venture with SAIC Motor Corporation (formerly known as Shanghai Automotive Industry Corporation) and has introduced Electric Vehicles under the brand name of MG ZS EV.

3.12. INTELLECTUAL PROPERTY RIGHTS

ICE VEHICLES:

The following table shows the trademarks for the Regal Automobiles Industries Limited which are applicable on their current ICE vehicles portfolio:

Trade Mark	Trade Mark No.	Registration Date
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	420820	August 23, 2017
 PEARL	524436	February 28, 2019
	418099	April 25, 2016
 PRINCE	484347	February 01, 2018

The Company has been allowed by DFSK Motor Co. Ltd to use its logo and brand name for distribution of Glory SUV with all variants of manual and automatic transmission and engine displacement of 1500 CC & 1800 CC, K-01 1000CC LCV, K-07 1000 CC Mini-Van & C-37 1500 CC Mega Van.

The Company has registered the home grown brand “PRINCE” under which it distributes its 800 CC Prince Pearl Hatchback.

Distribution Rights

The Company has obtained the right to distribute the “DFSK” branded vehicles as part of the sale agreement signed with DFSK .

ELECTRIC VEHICLES:

The trademark pertaining to DFSK logo will also be applicable to Glory SF3 EV.

3.13. CUSTOMERS OF THE VEHICLE PORTFOLIO

The Company operates on a Business to Customer model and distributes only passenger vehicles through its dealerships which does not necessitate any long term contracts to be signed and thereby do not have any key customers.

Sr #	Dealer Name	Region	City
1	Prince Karachi Motors	South	Karachi
2	Prince Society Motors	South	Karachi
3	Prince Automine Motors	South	Karachi
4	Prince Central Motors	South	Karachi
5	Prince Siddiqui Motors	South	Hyderabad
6	Prince Iqbal Motors	South	Interior Sindh (Hala)
7	Prince Multan Motors	Central	Multan
8	Prince Al Hadi Motors	Central	Multan
9	Prince Auto Care	Central	Lahore
10	Prince Mir Motors	Central	Lahore
11	Prince Sajjad Motors	Central	Lahore
12	Prince Bedian Motors	Central	Lahore
13	Prince Punjab Motors	Central	Faisalabad
14	Prince Gujrat Motors	Central	Gujrat
15	Prince Sunny Motors	Central	Gujranwala

16	Prince Sahiwal Motors	Central	Sahiwal
17	Prince Capital Motors	North	Rawalpindi
18	Prince Rana Motor	North	Islamabad
19	Prince Kohat Motors	North	Kohat
20	Prince Peshawar Motors	North	Peshawar
21	Prince Mardan Motors	Central	Mardan

3.14. LIST OF VENDORS

ICE VEHICLES:

Regal sources imported raw materials as the Completely Knocked Down unit which includes engine, chassis, steel body, front axle, radiator, trunk, tyres, rear axle, tail pipe, line shafts, muffler, transmission for its assembly of four vehicle variants. The list of major suppliers for the vehicle portfolio of the Company is given below:

The table below provides the origin of import for the parts of the Completely Knocked Down kit of 800 CC Hatchback Prince Pearl:

Sr. No.	Raw Material	Vehicle Name	Brand	Company	Country
1	Engine	Pearl	Prince	Lijue Co., Ltd	China
2	Chassis	Pearl	Prince	Lijue Co., Ltd	China
3	Steel Body	Pearl	Prince	Lijue Co., Ltd	China
4	Front Axle	Pearl	Prince	Lijue Co., Ltd	China
5	Radiator	Pearl	Prince	Lijue Co., Ltd	China
6	Trunk	Pearl	Prince	Lijue Co., Ltd	China
7	Tyres	Pearl	Prince	Lijue Co., Ltd	China
8	Rear Axle	Pearl	Prince	Lijue Co., Ltd	China
9	Tail Pipe	Pearl	Prince	Lijue Co., Ltd	China
10	Line Shafts	Pearl	Prince	Lijue Co., Ltd	China
11	Muffler	Pearl	Prince	Lijue Co., Ltd	China

The table below provides the origin of import for the remaining portfolio of SUVs LCVs, Mini Van & Mega Van from DFSK Motor Co. Ltd:

Sr. No.	Raw Material	Vehicle Name	Brand	Company	Country
1	Engine	Glory 580	DFSK	DFSK Motor Co. Ltd	China
2	Chassis	Glory 580	DFSK	DFSK Motor Co. Ltd	China
3	Steel Body	Glory 580	DFSK	DFSK Motor Co. Ltd	China
4	Front Axle	Glory 580	DFSK	DFSK Motor Co. Ltd	China
5	Radiator	Glory 580	DFSK	DFSK Motor Co. Ltd	China
6	Trunk	Glory 580	DFSK	DFSK Motor Co. Ltd	China
7	Tyres	Glory 580	DFSK	DFSK Motor Co. Ltd	China
8	Rear Axle	Glory 580	DFSK	DFSK Motor Co. Ltd	China
9	Tail Pipe	Glory 580	DFSK	DFSK Motor Co. Ltd	China
10	Line Shafts	Glory 580	DFSK	DFSK Motor Co. Ltd	China
11	Muffler	Glory 580	DFSK	DFSK Motor Co. Ltd	China

Sr. No.	Raw Material	Vehicle Name	Brand	Company	Country
1	Engine	K-01	DFSK	DFSK Motor Co. Ltd	China
2	Chassis	K-01	DFSK	DFSK Motor Co. Ltd	China
3	Steel Body	K-01	DFSK	DFSK Motor Co. Ltd	China
4	Front Axle	K-01	DFSK	DFSK Motor Co. Ltd	China

5	Radiator	K-01	DFSK	DFSK Motor Co. Ltd	China
6	Trunk	K-01	DFSK	DFSK Motor Co. Ltd	China
7	Tyres	K-01	DFSK	DFSK Motor Co. Ltd	China
8	Rear Axle	K-01	DFSK	DFSK Motor Co. Ltd	China
9	Tail Pipe	K-01	DFSK	DFSK Motor Co. Ltd	China
10	Line Shafts	K-01	DFSK	DFSK Motor Co. Ltd	China
11	Muffler	K-01	DFSK	DFSK Motor Co. Ltd	China

Sr. No.	Raw Material	Vehicle Name	Brand	Company	Country
1	Engine	K-07	DFSK	DFSK Motor Co. Ltd	China
2	Chassis	K-07	DFSK	DFSK Motor Co. Ltd	China
3	Steel Body	K-07	DFSK	DFSK Motor Co. Ltd	China
4	Front Axle	K-07	DFSK	DFSK Motor Co. Ltd	China
5	Radiator	K-07	DFSK	DFSK Motor Co. Ltd	China
6	Trunk	K-07	DFSK	DFSK Motor Co. Ltd	China
7	Tyres	K-07	DFSK	DFSK Motor Co. Ltd	China
8	Rear Axle	K-07	DFSK	DFSK Motor Co. Ltd	China
9	Tail Pipe	K-07	DFSK	DFSK Motor Co. Ltd	China
10	Line Shafts	K-07	DFSK	DFSK Motor Co. Ltd	China
11	Muffler	K-07	DFSK	DFSK Motor Co. Ltd	China

Sr. No.	Raw Material	Vehicle Name	Brand	Company	Country
1	Completely Built Unit	C-37	DFSK	DFSK Motor Co. Ltd	China

The battery for all the product variants is procured from Pakistan

Sr. No.	Parts	Brand Name	Company	Country
1	Battery	Volta	Pakistan Accumulators (Private) Limited	Pakistan

ELECTRIC VEHICLES:

Regal will source the imported raw materials for the Electric Vehicle as the Completely Knocked Down unit from DFSK Motor Co. Ltd which includes Lithium ion battery, DC to DC converter, controller, power inverter, electric traction motor, traction battery pack, charge port, onboard charger, thermal system, muffler, transmission for its assembly of all the vehicle variants. The supplier for the Electric Vehicle portfolio of the Company is given below:

Sr. No.	Raw Material	Vehicle Name	Company	Country
1	Lithium-ion battery	Glory SF3 EV	DFSK Motor Co. Ltd	China
2	DC to DC converter	Glory SF3 EV	DFSK Motor Co. Ltd	China
3	Controller	Glory SF3 EV	DFSK Motor Co. Ltd	China
4	Electric traction motor	Glory SF3 EV	DFSK Motor Co. Ltd	China
5	Traction battery pack	Glory SF3 EV	DFSK Motor Co. Ltd	China
6	Charge port	Glory SF3 EV	DFSK Motor Co. Ltd	China
7	Onboard charger	Glory SF3 EV	DFSK Motor Co. Ltd	China
8	Thermal system	Glory SF3 EV	DFSK Motor Co. Ltd	China
9	Muffler	Glory SF3 EV	DFSK Motor Co. Ltd	China
10	Transmission	Glory SF3 EV	DFSK Motor Co. Ltd	China

3.15. DUTY STRUCTURE

ICE VEHICLES:

Under the Green Field Industrial Undertaking status awarded to Regal by Ministry of Industries & Production through Automotive Policy 2016-2021, the Company presently falls under the following duty structure:

Vehicle Name	Vehicle Category	Import type	Custom Duty	Expiry Date of GreenField Status
Glory 1500 CC	SUV	CKD	10.0%	July 26, 2025
Glory Pro Turbo 580 1500 CC	SUV	CKD	10.0%	October 25, 2025
Glory 1800 CC	SUV	CKD	10.0%	July 26, 2025
Prince Pearl 800 CC	Hatchback	CKD	10.0%	February 13, 2023
K01 1000 CC	LCV	CKD	10.0%	February 13, 2023
K07 1000 CC	Mini Van	CKD	10.0%	February 13, 2023
C37 1500 CC	Mega Van	CBU	20.0%	N/A

The Company will follow the following duty structure given the expiry of Green Field status:

Sr. No.	Vehicle Variant	Concessionary Custom Duty %	Regular Custom Duty ¹ %	Regular Custom Duty ² %
1	Prince Pearl 800 CC	10.0	10.0	15.0
2	Glory 1500 CC	10.0	10.0	15.0
3	Glory Pro Turbo 580 1500 CC	10.0	10.0	15.0
4	Glory 1800 CC	10.0	10.0	15.0
5	K01 1000 CC	10.0	10.0	15.0
6	K07 1000 CC	10.0	10.0	15.0
7	C37 1500 CC	20.0	20.0	20.0

¹ The same Duty structure will be applied given the Company will engage in localization of parts as part of the ADP (2016-2021)

² This shows the Duty Structure if the Company does not engage in localization of the parts

Regal has paid the following tabulated amounts under the duty structure as shown above for FY2021:

Vehicle Name	Vehicle Category	Import type	Custom Duty (Mn)
Glory	SUV	CKD	299.1
Pearl	Hatchback	CKD	214.3
K-01	LCV	CKD	4.2
K-07	Mini Van	CKD	24.8
C-37	Mega Van	CBU	3.8

ELECTRIC VEHICLES:

Regal, initiating a one-of-its-kind project in Electric Vehicles, will avail the following benefits from year of 2021 till year of 2026.

1. The CBU import for all Electric Vehicles will be charged a 10% custom duty
2. The imports of CKD for Electric Vehicle assembly will be charged 1% custom duty
3. The import of plant and machinery for 4-wheeler Electric Vehicle assembly will be charged a 0% custom duty
4. The Electric Vehicle charging equipment will be charged a 1% custom duty
5. The retail price of Electric Vehicle will be exempted from any FED and will only be charged a 1% sales tax
6. The import of Completely Built Unit of Electric Vehicle is allowed at a rate of 0% sales tax
7. The State Bank of Pakistan (SBP) has given a special window for EV car financing at the rate of 1% SBP rate plus 4% spread.

Moreover, Regal will be importing the Electric Vehicle assembly plant from ChongQinq Motor Sokon Imp & Exp. Ltd and Electric Vehicle CKD parts from DFSK Motor Co. Ltd under the CKD Cooperation agreement between both parties

3.16. MATERIAL PROPERTY

Following are the material properties of the Company pertaining to the freehold land:

Sr. No.	Particulars	District	Area (Acres)
1	Tarara Tehsil Raiwind	District Lahore	8.86
2	Patoki Tehsil	District Kasur	4.60
3	Patoki Tehsil	District Kasur	4.34
4	Tarara Tehsil Raiwind	District Lahore	7.22
5	Manga Otar Tehsil Raiwind	District Lahore	5.18
	Total		30.2

The Company has other material properties pertaining to the office premises:

Sr. No.	Particulars	Location
1	Registered Office	Office # 211, Business Arcade, Block 6, P.E.C.H.S, Shahrah - e - Faisal, Karachi
2	Corporate Office	Office # 1502, 15 th Floor, Emerald Tower, Clifton Block-5, Karachi

3.17. KEY APPROVALS

Following approvals have been granted to Regal under the ADP 2016-2021 for import CKD at a reduced duty rate and further assembly in Pakistan:

Certificate/ Approval	Authority	Year of Receipt
Certificate under SRO 656(I)/2006	Engineering Development Board	2017

3.18. ASSOCIATED COMPANIES

The Associated concerns through common ownership and common directorship is as follows:

Sr. No.	Name of Company	Incorporation Number	Nature of Business	Status of Operations
1	Eiffel Industries Limited	0088292	Manufacture & sale of two & three wheelers	Operational
2	Ulfat Textile Mills (Pvt) Limited	0078463	Manufacturing & sale of yarn	Operational
3	Duro Engineering Industries (Private) Limited	0118801	Manufacturing of engineering products	Operational

Sr. No.	Name of Company	Nature of Relation	Shareholding of Regal	Date of Incorporation
1	Eiffel Industries Limited	Common Directorship & Common Ownership of Sponsors	NIL	15 th May 2014
2	Ulfat Textile Mills (Pvt) Limited	Common Directorship & Common Ownership of Sponsors	NIL	7 th February 2012
3	Duro Engineering Industries (Private) Limited	Common Directorship & Common Ownership of Sponsors	NIL	23 rd April 2018

The ownership of the Sponsors and their Related Party in the Associated Concerns is shown below:

Sr.#	Name	Ulfat Textile Mills (Pvt) Limited	Regal Automobiles Industries Limited	Eiffel Industries Limited	Duro Engineering Industries (Private) Limited
1	Muhammad Adeel Usman	16.0%	-	-	-

2	Sohail Usman Sheikh	3.0%	6.5%	-	-
3	Muhammad Raheel Usman	-	13.1%	33.3%	-
4	Mrs. Samreen Tanveer	33.0%	-	-	-
5	Mrs. Misbah Sohail	15.0%	-	-	15.0%
6	Mrs. Mehreen Abubakar	33.0%	-	-	20.0%
7	Abubakar Usman	-	-	33.3%	-
8	Tanveer Ahmed	-	-	33.4%	-
9	Muhammad Salman	-	33.3%	-	15.0%
10	Tayyab Usman	-	33.3%	-	-
11	Muhammad Shahzeb Usman	-	13.8%	-	-
12	Zeng Tao*	-	-	-	25.0%
13	Shen Lihua*	-	-	-	25.0%
	Total	100.0%	100.0%	100.0%	100.0%

*Zeng Tao & Shen Lihua are the Chinese national with whom Usman Family has entered into a joint ownership agreement to manufacture shock absorbers under Duro Engineering industries (Pvt) Limited

The following table shows the relationship between the shareholders of the associated concerns with Sohail Usman Sheikh:

Nature of Relation with Shareholders of Ulfat Textile Mills (Pvt) Limited		
Sohail Usman Sheikh	M. Adeel Usman	Son
	Sohail Usman Sheikh	Self
	Samreen Tanveer	Sister in Law
	Mehreen Abubakar	Sister in Law
	Misbah Sohail	Wife
Nature of Relation with Shareholders of Eiffel Industries Limited		
Sohail Usman Sheikh	Tanveer Ahmed	Brother
	Abubakar Usman	Brother
	M. Raheel Usman	Son
Nature of Relation with Shareholders of Duro Engineering Industries (Private) Limited		
Sohail Usman Sheikh	Samreen Tanveer	Sister In Law
	Misbah Sohail	Wife
	Muhammad Salman	Nephew

3.19. RELATED PARTY TRANSACTIONS

The related party transactions for Company are tabulated as follows:

In PKR Mn unless stated otherwise	FY2019 (Audited)	FY2020 (Audited)	FY2021 (Audited)
Associated Concerns			
Eiffel Industries Limited			
Advances Given	-	-	(650.2)
Advances Repaid	-	-	326.4 ¹
Ulfat Textile Mills (Pvt) Limited			
Advances Given	-	(12.5)	(271.4)
Advances Repaid	-	-	187.3 ²
Sponsors			
Sohail Usman Sheikh			
Advances Against Equity Received	-	81.8	-
Shares Issued Against Equity Received	-	-	81.8
Purchase of Freehold Land	-	(90.0)	-

In PKR Mn unless stated otherwise	FY2019 (Audited)	FY2020 (Audited)	FY2021 (Audited)
Associated Concerns			
Muhammad Salman			
Advances Against Equity Received	106.4	259.3	-
Shares Issued Against Equity Received	-	-	259.3
Tayyab Usman			
Advances Against Equity Received	-	86.7	-
Shares Issued Against Equity Received	-	-	86.7
Muhammad Shahzeb Usman			
Advances Against Equity Received	64.3	80.2	-
Shares Issued Against Equity Received	-	-	80.2
Muhammad Raheel Usman			
Advances Against Equity Received	50.4	-	-
Loan Given to Company	-	77.1	-
Shares Issued Against Loan	-	-	77.1
AbuBakar Usman			
Purchase of Land	-	(90.0)	-
Samreen Tanveer			
Purchase of Land	-	(90.0)	-

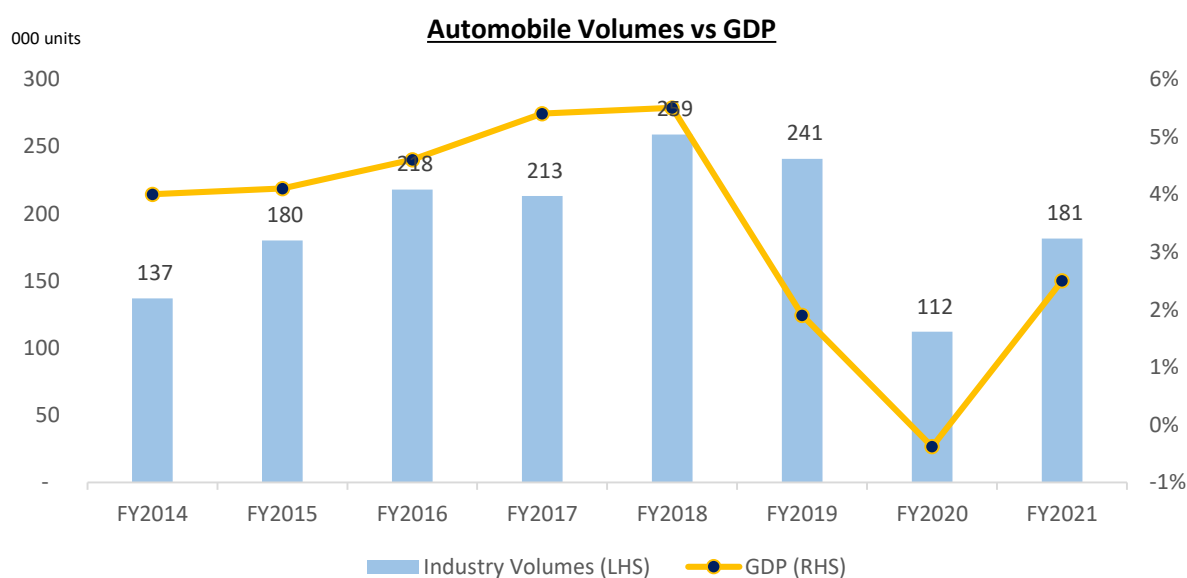
1 The Company has an outstanding balance due from Eiffel Industries Limited of PKR 323.9 Mn

2 The Company has an outstanding balance due from Ulfat Textile Mills (Pvt) Ltd of PKR 96.6 Mn

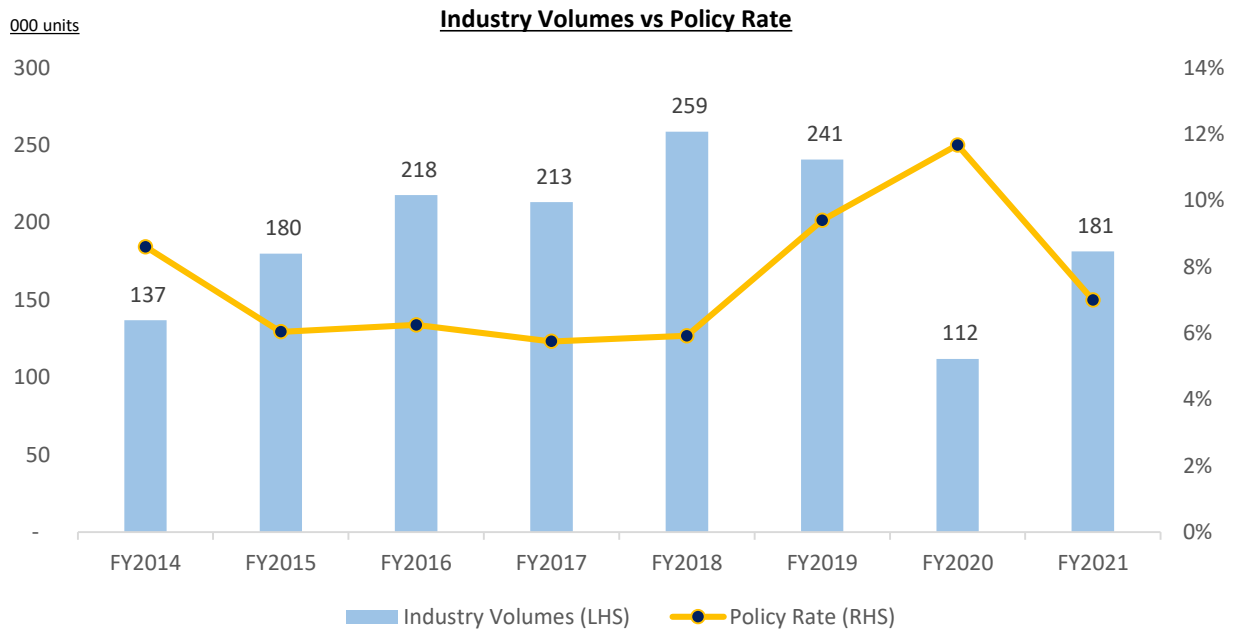
3.20. INDUSTRY OVERVIEW

3.20.1. PAKISTAN'S AUTOMOBILE INDUSTRY

The automobile industry has been highly driven by the overall macro economy of Pakistan and the leading drivers behind the demand growth has been the interest rates and the growth (GDP) of Pakistan's economy. Historically, low interest rates and GDP growth has been directly proportional to the overall automobile demand. The following chart is a depiction of the locally assembled passenger cars & pickups against the growth in Pakistan's economy:

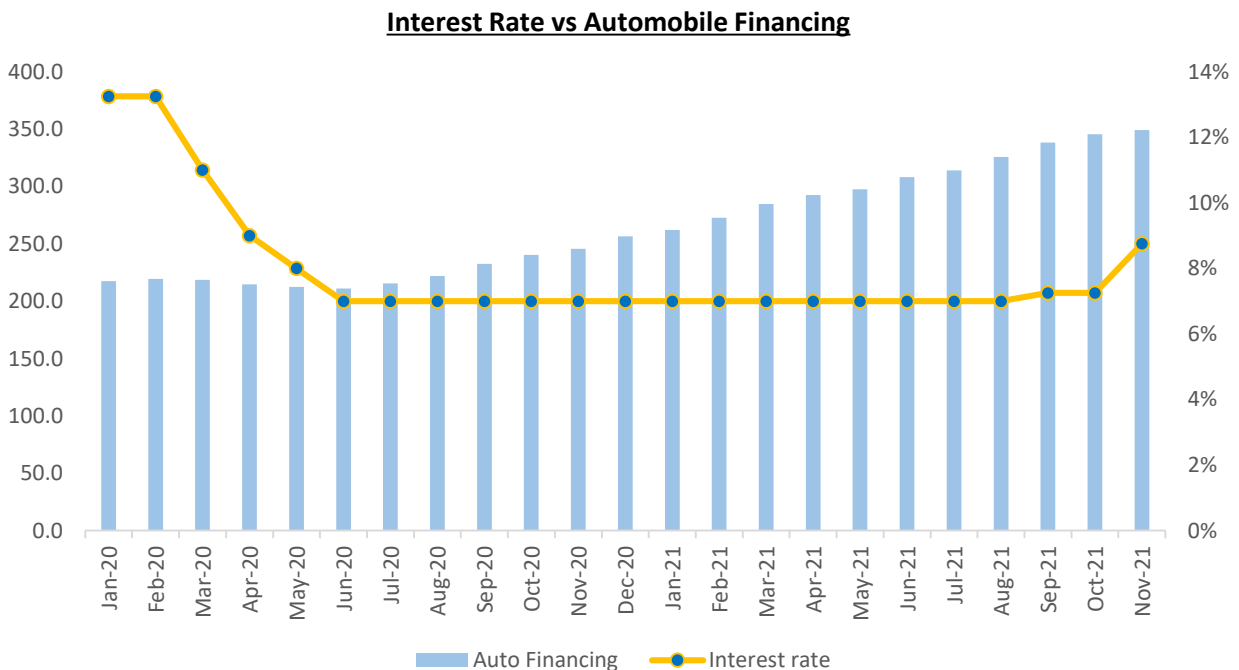


*Source: Pakistan Automotive Manufacturers Association & State Bank of Pakistan



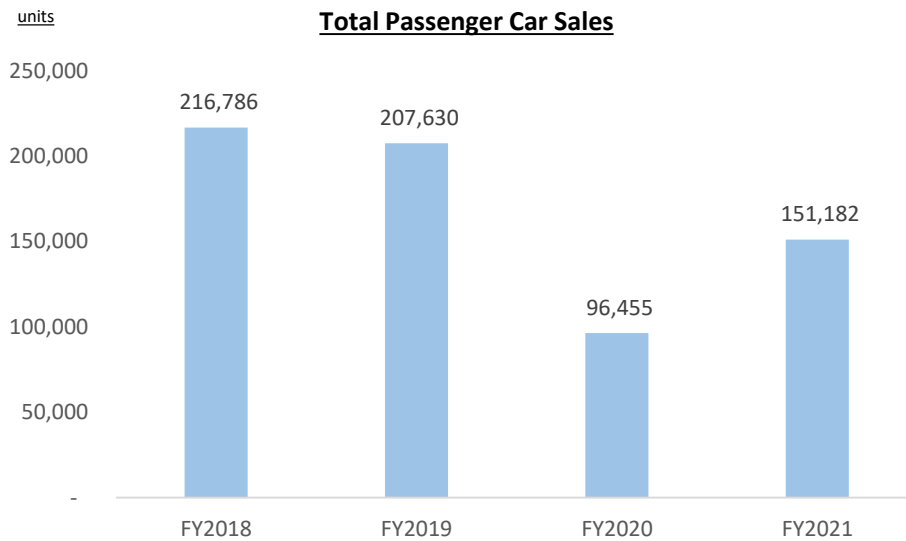
*Source: Pakistan Automotive Manufacturers Association & State Bank of Pakistan

In last fiscal year of 2020, the automobile industry faced a major decline as the car sales fell amid a nationwide lockdown in the wake of COVID-19. The situation however improved on the back of government measures to curb the economic slowdown. The key measure which caused the automobile industry to rise was the lowering of interest rates to 7.0% from 13.25%. This increased the demand for the cars through higher automobile financing. However, interest rates have now increased to



*Source: State Bank of Pakistan

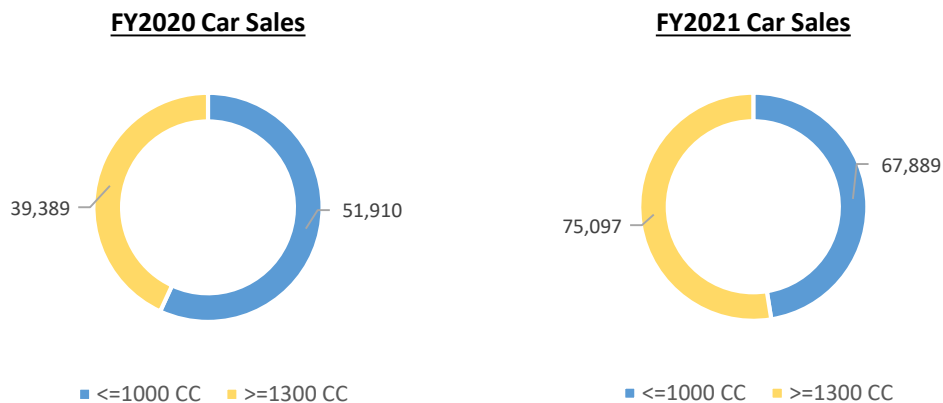
As per Pakistan Automotive Manufacturers’ Association, the locally assembled passenger cars witnessed an increase of 57% during FY2021 as compared to FY2020. The sales of automobiles clocked in at 151,182 units during FY2021 as compared to the FY2020 and which closed at 96,455 units.



*Source: Pakistan Automotive Manufacturers Association

The sector is further seeing boom through launch of new models and reduction in car prices through lower taxes. The introduction of Automotive Development Policy (2021-2026) will further support the future demand of cars through Government measures of abolishment of 2.5% Federal Excise Duty along with reduction in sales tax from 17% to 12.5% for cars with engine capacity of up to 1,000cc.

The composition in the sector has changed over the last year of FY2021. During FY2020, 43% sales were driven by cars with an engine displacement of 1300 CC & greater, and in FY2021, the 1300 CC and above cars have a share of 53%. This change in composition is favorable for the growth of the market



*Source: Pakistan Automotive Manufacturers Association

3A SHARE CAPITAL AND RELATED MATTERS

3A (i.) SHARE CAPITAL

No. of Shares	Current Issued, & Paid Up Capital	Face Value (PKR)	Premium (PKR)	Total (PKR)
125,000,000	Authorized Capital Ordinary Shares	10	-	1,250,000,000
	Issued, Subscribed & Paid-Up Capital		-	
75,000,000	Ordinary Shares of PKR. 10/- each	10	-	750,000,000
No. of Shares	Shares held by Directors/Sponsors	Face Value (PKR)		Total Value (PKR)
4,881,396	Mr. Sohail Usman Sheikh	10	-	48,813,960
10,316,740	Mr. Muhammad Shahzeb Usman	10	-	103,167,400
24,997,500	Mr. Muhammad Salman	10	-	249,975,000
25,004,995	Mr. Tayyab Usman	10	-	250,049,950
9,799,366	Mr. Muhammad Raheel Usman	10	-	97,993,660
01	Mr. Anwar Iqbal	10	-	10
01	Mr. Rashid Rahman Mir	10	-	10
01	Ms. Maria Shahzeb	10	-	10
75,000,000	Total Paid up Capital	10	-	750,000,000
No of Shares	Present Issue of Ordinary Shares			
32,150,000	New Shares Issuance through IPO and Private Placement	10		321,500,000
107,150,000	Paid Up Capital (Post IPO and Private Placement)	10		1,071,500,000
No. of shares	Allocation	Face Value (PKR)	Premium (PKR)	Total Value (PKR)
7,150,000	Private Placement	10	22	250,250,000
18,750,000	Allocations to Institutions / Individual Investors through Book Building process at Strike Price	10	22	656,250,000
6,250,000	General Public Portion	10	22	218,750,000
25,000,000	Total IPO Issue Size	10	22	875,000,000

The Company has entered into agreements to sell 7,150,000 Shares i.e. 6.7% of the Post IPO Paid Up Capital of Company to _____ (together referred to hereinafter as "Purchasers") by way of Private Placement (both agreements are referred to as "Private Placement"). The Company has entered into a Share Purchase Agreement ("SPA 1") dated _____ with _____ to acquire _____ Ordinary Shares at a price of PKR _____ per share constituting approximately _____% of paid up capital of the Company. The price of Private Placement is PKR 35.2/share at a premium to 10% of this Floor Price. The transfer of shares to _____ and _____ would be done along with the transfer of IPO shares. The Pre-IPO Purchaser undertakes and confirms that the Purchaser will not divest, sell, assign, transfer and/or dispose of any of the Shares for a period of 30 (thirty) days from the date of listing of the Issuer on the PSX. Since the Private Placement is contingent upon IPO, therefore in case, if for any unforeseen reason, the IPO does not materialize, the Private Placement will also not be fulfilled.

3A (ii.) SHARES OF SPONSORS TO BE RETAINED & KEPT IN BLOCKED FORM AS PER REGULATION 5 OF PO REGULATIONS

No. of Shares	Shares held by Directors/Sponsors	Face Value (PKR)	Total Value (PKR)	% Post IPO Paid-Up Capital
4,881,396	Mr. Sohail Usman Sheikh	10	48,813,960	4.6%
10,316,740	Mr. Muhammad Shahzeb Usman	10	103,167,400	9.6%
24,997,500	Mr. Muhammad Salman	10	249,975,000	23.3%
25,004,995	Mr. Tayyab Usman	10	250,049,950	23.3%
9,799,366	Mr. Muhammad Raheel Usman	10	97,993,660	9.1%
74,999,997	Total Paid up Capital	10	749,999,970	70.0%

NOTE:

- As per regulation 5(1) of the PO Regulations, the Sponsors of the Company shall retain their entire shareholding in the Company for a period of not less than twelve months from the last date for public subscription;
- As per regulation 5(2) of the PO Regulations, the Sponsors of the Company shall retain not less than twenty-five percent of the Post Issue Paid Up Capital of the Company for not less than three financial years from the last date for the public subscription;
- As per regulation 5(3) of the PO Regulations, the shares of the Sponsors mentioned at (1) and (2) above shall be kept unencumbered in a blocked account with the CDC;
- As per regulation 5(4) of the PO Regulations, subject to compliance with sub-regulation 1 and 2 of Regulation 5, and with the prior approval of the securities exchange, the Sponsors of the Company may sell their shareholding through block-sale to any other person who shall be deemed Sponsor for the purposes of the PO Regulations.

3A (iii.) PRESENT ISSUE

The Issue comprises of 25,000,000 Ordinary Shares of face value of PKR 10/- each, which constitutes 23.3% of the total Post-IPO Paid Up Capital of the Company. The Issue of 25,000,000 Ordinary Shares will be offered through the Book Building process at a Floor Price of PKR 32.0/- per share. Initially, 75% of the Issue size i.e. 18,750,000 Ordinary Shares will be allotted to Successful Bidders and 25% of the issue i.e. 6,250,000 Ordinary Shares will be offered to Retail Investors. Unsubscribed shares, if any, of the General Subscription portion will be allocated to Successful Bidders of the Book Building portion on a pro-rata basis. The Book Building Portion has been underwritten by Arif Habib Limited.

In addition to this Issue, the Company will also issue 7,150,000 Ordinary Shares at a price of PKR 35.2/share (10% premium to Floor Price) through Private Placement which amounts to 6.7% of the Post IPO Paid Up Capital.

3A (iv.) SHARES ISSUED IN PRECEDING YEARS

Sr. No.	No. of Shares	Total Value (PKR)	Date of Issuance/ Allotment	Consideration
1	510,000	5,100,000	19 th May 2016	Cash/Bank
2	58,504,379	585,043,790	24 th February 2021	Cash/Bank
3	15,985,621	159,856,210	6 th September 2021	Bonus Issue
Total	75,000,000	750,000,000		

3A (v.) RELATED EMPLOYEES OF THE COMPANY (REGAL AUTOMOBILES INDUSTRIES LIMITED)

Sr. No.	Name	Designation
1	Sohail Usman Sheikh	Chief Executive Officer
2	Miftah ul Huda	Chief Financial Officer
3	Muhammad Mustafa Aziz	Company Secretary
4	Maqsood Ali Khan	Manager Accounts

3A (vi.) RELATED EMPLOYEES OF THE LEAD MANAGER & BOOK RUNNER (ARIF HABIB LIMITED)

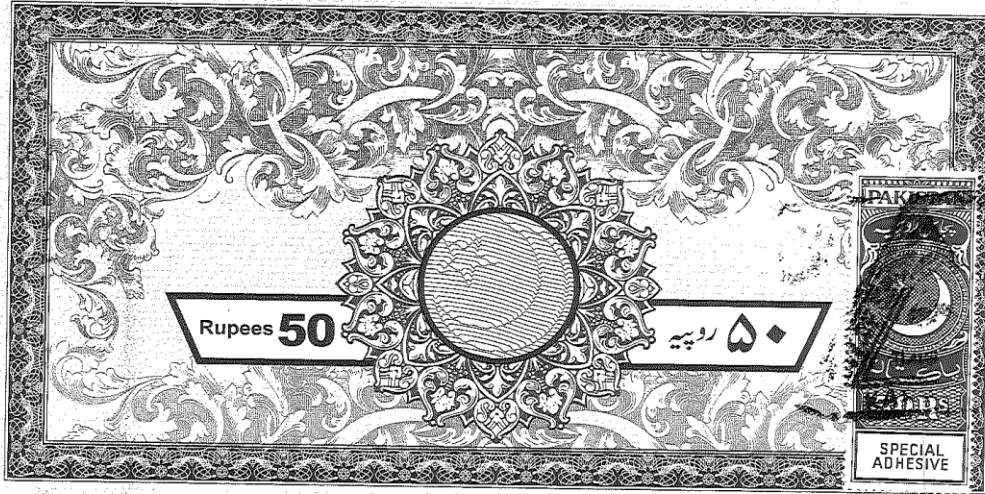
Sr. No.	Name	Designation
1	Shahid Ali Habib	Chief Executive Officer
2	Ahmed Rajani	Director, Investment Banking
3	Syed Saquib Ali	Director, Investment Banking
4	Ammad Tahir	Assistant Vice President, Investment Banking
5	Syed Ali Ahmed	Sr. Associate, Investment Banking
6	Muhammad Ali Raza Hussain	Associate, Investment Banking
7	Tooba Zafar	Associate, Investment Banking
8	Raveena Kumari	Associate, Investment Banking
9	Noor Muzaffar	Senior Analyst, Investment Banking
10	Hira Suman	Analyst, Investment Banking

Note:

1. As per regulation 7(9) of the PO Regulations, the associates of the Lead Manager to the Issue and the Book Runner shall not in aggregate make Bids in excess of ten (10%) percent of the shares offered through Book Building. Provided that it shall not apply to such associates of the Lead Manager and the Book Runner that are Financial Institutions, Mutual Funds and Insurance Companies.
2. As required under regulation 20(10) of the PO Regulations, Related Employees of the Issuer, Lead Manager and Book Runner to the Issue shall not participate in the Bidding for shares.

UNDERTAKING OF THE SPONSORS OF THE ISSUER REGARDING IPO UTILIZATION

AB301524



FARAZ AHMED STAMP VENDOR
 Licence # 160, Shop # 69, SITE Market
 Habib Bank Chowranghi, S.I.T.E., Karachi
 S.No.
 ISSUED WITH **32833**
 THROUGH WITH ADDRESS
 PURPOSE
 VALUE RS
 STAMP VENDOR
 This Stamp paper is no
 Karachi -- 74000, Pakistan

13 AUG 2021



14
 SUPERINTENDING
 Office, City Court
 Karachi

UNDERTAKING

We, Sohail Usman Sheikh, son of Muhammad Usman being Sponsor/Chief Executive Officer/Executive Director of Regal Automobiles Industries Limited bearing CNIC No. 42301-2372935-5, resident of House 18-A Golf Course no 4, Park Side Phase IV, DHA Karachi and Muhammad Shahzeb Usman, son of Sohail Usman Sheikh, being Sponsor/Non-Executive Director of Regal Automobiles Industries Limited bearing CNIC No. 42301-8926161-7, resident of House 18-A Golf Course no 4, Park Side Phase IV, DHA Karachi, and Muhammad Salman, son of Tanveer Ahmad being Sponsor/Non-Executive Director of Regal Automobiles Industries Limited bearing CNIC No. 35201-6756536-1, resident of House 18-A Golf Course no 4, Park Side Phase IV, DHA Karachi and Tayyab Usman son of Abu Bakar Usman being Sponsor/ Executive Director of Regal Automobiles Industries Limited bearing CNIC No. 35201-1353803-3 resident of House 18-A Golf Course no 4, Park Side Phase IV, DHA Karachi and Raheel Usman son of Sohail Usman Sheikh being Sponsor of Regal Automobiles Industries Limited bearing CNIC 42301-8917516-7 resident of House 18-A Golf Course no 4, Park Side Phase IV, DHA Karachi do hereby state on solemn affirmation on behalf of the Regal Automobiles Industries Limited as under:

- (1) That We are the sponsors and majority shareholder/owner of the shares of Regal Automobiles Industries Limited (the "Issuer");
- (2) That the IPO Proceeds of Regal Automobiles Industries Limited shall be utilized as per the purpose disclosed in the Prospectus.

 Sohail Usman Sheikh Sponsor/Chief Executive Officer/Executive Director Regal Automobiles Industries Limited	 Muhammad Shahzeb Usman Sponsor/Non-Executive Director Regal Automobiles Industries Limited
 Muhammad Salman Sponsor/Non-Executive Director Regal Automobiles Industries Limited	 Tayyab Usman Sponsor/Executive Director Regal Automobiles Industries Limited
 Raheel Usman Sponsor Regal Automobiles Industries Limited	
Date:	September 20, 2021

ATTESTED
 MUHAMMAD HUSSAIN
 B.A.L.L.B.
 OATH COMMISSIONER
 Karachi - Pakistan
 RIZWAN ADVOCATE
 B.A.L.L.B. NOTARY PUBLIC
 KARACHI, PAKISTAN

4 PRINCIPAL PURPOSE OF THE ISSUE AND FUNDING ARRANGEMENTS

4.1. PRINCIPAL PURPOSE OF THE ISSUE

The principal purpose of the Issue for Regal is to invest the entire amount raised at the Floor Price as an equity investment into the Electric Vehicle assembly plant (the Project). In addition to this Issue, the Company will also be allocating further funds through further issue of Shares by way of Private Placement (Details are given in Section 3A(i.)). The Project will be set up in collaboration & Strategic Partnership with DFSK Motor Co. Ltd.

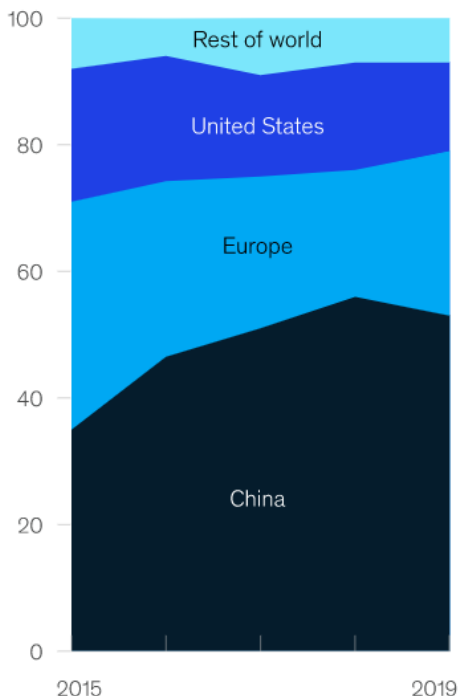
4.2. MARKET OPPORTUNITY

Globally Electric Vehicle sales rose by 65 percent from 2017 (1.27 million units) to 2018 (2.1 million units) (Exhibit 1) owing to favorable policies by China, US & Europe. During 2019, the number of units sold increased to 2.3 million units, from 2.1 million, for year-on-year growth of just 9 percent. Comparing the three economies, Europe has seen the strongest growth in EVs, while China has the highest share in the global EV sales. EV sales amount at around 1.2 million units in China during 2019. In the United States, EV sales amount at around 320,000 units sold during 2019. Meanwhile, sales in Europe amount at 590,000 units.

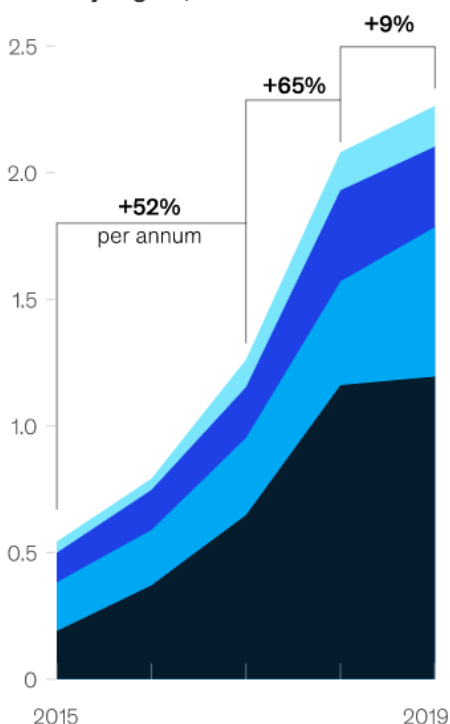
Exhibit 1

In contrast to a slowdown of EV sales globally in 2019 and in the first quarter of 2020, Europe expanded its market share to 26 percent, growing by 44 percent.

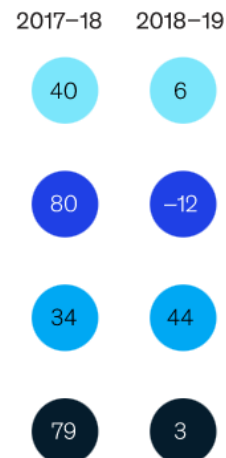
Global electric-light-vehicle sales by region, % share



Global electric-light-vehicle sales by region, million units



Electric-vehicle growth, %



Source: Mckinsey Electric Vehicle Index

Electric Vehicle space has attracted footprint on the basis of favorable government policies in China, USA & Europe as listed below:

China

- Subsidies on the purchase of Electric Vehicle in the form of retail price reduction
 - RMB 13,000 price reduction on purchase of 300-400 Km driving range vehicle
 - RMB 18,000 price reduction on purchase of 400 Km and above driving range vehicle
- Subsidies on the purchase of lithium and cobalt for the Electric Vehicle battery
- Tax credits to OEMs for every Electric Vehicle produced
- Free of cost registration on Electric Vehicles

Source: <https://www.metalbulletin.com/Article/3969254/China-cuts-EV-subsidy-for-2021-market-downplays-impact-on-lithium-cobalt-prices.html>

USA

- Subsidies granted in favor of lower electricity rate on charging during off-peak hours
- Reduced electric vehicle registration fee
- Tax credits given to individuals for purchase of Electric Vehicles
- Tax credits given to companies for installing charging infrastructure
- States in USA such as District of Columbia have adopted California's low-emission vehicle (LEV) and zero-emission vehicle (ZEV) standards which requires manufacturers to sell a certain number of ZEVs a.k.a Electric Vehicles per year. These states have further enacted to achieve Zero Emission Vehicle sales of 30% by 2030 and 100% by 2050.

Source: <https://www.ncsl.org/research/energy/state-electric-vehicle-incentives-state-chart.aspx>

Europe

- European Union's emissions standard—95 grams of carbon dioxide per kilometer for passenger cars
- Germany extended tax incentives for electric company cars through the end of 2030. It has also increased purchase-price subsidies for EVs
- France revised its bonus–malus (reward–penalty) scheme, based on carbon-dioxide emissions. Companies requirements of emission standards to receive the environmental bonus for low-emitting vehicles and face a drastic increase in the environmental penalty for high-emitting ones.
- Sweden implemented a bonus–malus system in 2018 which determine the carbon-dioxide emissions of vehicles and reward bonus on its compliance to vehicle buyers. The bonus can be as high as 70,000 SEK on emission of 60 grams per km

Source: *Mckinsey Electric Vehicle Index*

4.3. NEED FOR ENTRY IN ELECTRIC VEHICLE SEGMENT

In synchronization with global development in the electric vehicle space, the Government of Pakistan is committed to curb emissions to mitigate and adapt to the harmful effects of climate change. Transportation in Pakistan accounts for 43% of the airborne emissions and therefore, the Government of Pakistan has approved National Electric Vehicle Policy in 2019.

1. Mitigate Climate change through reduction in emissions from transport sector
2. Create a pivot to industrial growth in Pakistan and encourage automobile sector to move towards Electric Vehicle manufacturing
3. Forge links with global Electric Vehicle chain for export potential of EVs and their parts
4. Meet the objective of generating employment through green economy initiatives
5. Reduce oil import bill to curb the trade deficit
6. Utilize electricity in off-peak times
7. Develop affiliated industry such as battery manufacturing & charging infrastructure

Pakistan National Electric Vehicle Policy 2019 aims to achieve the following targets pertaining to the sales of Electric Vehicle:

Type of Vehicle	Medium Term Targets (Five Years Cumulative)	Long Term Targets (2030)	Ultimate Targets (2040)
Cars including Vans, Jeeps and small trucks	100,000	30% of New Vehicle Sales (Approximately 60,000)	90% of New Vehicle Sales
Two & Three Wheelers	500,000	50% of New Vehicle Sales (Approximately 900,000)	90% of New Vehicle Sales
Buses	1,000	50% of New Vehicle Sales	90% of New Vehicle Sales
Trucks	1,000	30% of New Vehicle Sales	90% of New Vehicle Sales

Regal is venturing into Electric Vehicle Assembly to capitalize on the granted incentives in Pakistan National Electric Vehicle Policy as stated below:

1. The CBU import for all Electric Vehicles will be charged a 10% custom duty
2. The imports of CKD for Electric Vehicle assembly will be charged 1% custom duty
3. The import of plant and machinery for 4-wheeler Electric Vehicle assembly will be charged a 0% custom duty
4. custom duty
5. The Electric Vehicle charging equipment will be charged a 1% custom duty
6. The retail price of Electric Vehicle will be exempted from any FED and will only be charged a 1% sales tax
7. The import of Completely Built Unit of Electric Vehicle is allowed at a rate of 0% sales tax
8. The State Bank of Pakistan (SBP) has given a special window for EV car financing at the rate of 1% SBP rate plus 4% spread.

4.4. STRATEGIC PARTNERSHIP

Regal will set up the Electric Vehicle Assembly line as part of the Strategic Partnership with DFSK Motor Co., Ltd, through which the Company has entered into an MOU with exclusive supplier of DFSK Motor Co., Ltd named ChongQing Sokon Motor (Group) Imp. & Exp. Co., Ltd. for the import of the Plant & Machinery pertaining to the Electric Vehicle assembly.

4.4.1. OVERVIEW OF DFSK MOTOR CO. LTD

DFSK Motor Co. Ltd was founded in June 2003 as a joint venture between DongFeng Motor Corporation & ChongQing Sokon Industrial Group Co Ltd for production of DongFeng passenger vehicles such as SUVs, multipurpose & commercial vehicles. The joint venture has presence in the export markets since 2005 when it started exporting its commercial vehicles. DFSK's commercial vehicles received the EU certification in October 2007, and since late 2007, the venture started exporting the commercial vehicles to European market. The venture has three manufacturing bases in China, Indonesia & USA, spanning seven manufacturing plants, with five being located in China, one in Indonesia & one in USA.

The venture has a vast product portfolio encompassing Sports Utility Vehicles & Multipurpose Vehicles under the brand name of Glory (Glory 580, Glory 500, Glory ix5, Glory ix7, Glory S560) & Commercial Vehicles under K-series (K-01, K-07, K-02, C-31, C-37). The venture has entered into research & development of electric vehicles in 2016 and launched the R&D center in Silicon Valley and has rolled out Seres Electric Vehicle line which offers a wide range of portfolio in SUVs, & Commercial Vehicles.

About the Originators of DFSK

DongFeng Motor Corporation

DongFeng Motor Corporation was founded in 1969, with operations in the entire range of commercial vehicles, passenger vehicles, auto assemblies, parts and components, machines and equipment, and other automobile-related products and services.

The commercial vehicles (trucks and buses) cover a full range of series including medium-duty, heavy-duty, light-duty, mini trucks and special-purposed versions. The passenger vehicles include cars, SUVs, MPVs, mini-CVs, etc. The high-mobility special off-road vehicles include the DFSK Warrior, desert off-road and All Wheel Drive off-road vehicles, etc. Moreover, DFSK also produces different new-energy vehicles, including HEV, pure electric and natural gas vehicles. DFM is able to provide customers with the most reliable and valuable products at their choice.

ChongQing Sokon Industrial Group Co Ltd

Chongqing Sokon Industrial Group Co., Ltd (hereinafter referred to as the Sokon) was founded in 1986 is a China-based company, principally engaged in the research and development, manufacture and sales of automobiles, engines and their accessories, and the provision of related services. The Company's main products include Sport Utility Vehicles (SUVs), Multi-Purpose Vehicles (MPVs), cross passenger cars and commercial vehicles. It distributes its products within domestic market and to overseas markets. Its main products also include intelligent electric vehicles, e-powertrain as well as energy-saving, environmentally friendly and high-performance engines such as 1.0-2.0-liter, 1.5T and 2.0T direct-injection turbochargers.

4.4.2. SOURCE OF FUNDING

The Electric Vehicle line will be financed by issue of shares under Pre-IPO Private Placement, IPO Proceeds & Internal Cash Allocation, which is tabulated as below:

Mode of Financing	Value (PKR Mn)	Contribution
Pre – IPO Private Placement	251.7	22.4%
IPO Proceeds	800.0	71.1%
Internal Cash	73.6	6.5%
Total	1,125.3	100.0%

4.4.3. UTILIZATION OF PROCEEDS

The total funds generated from Pre-IPO Private Placement, IPO Proceeds & Internal Cash shall be utilized as follows:

Expenditure Heads	Value (PKR Mn)	%
Plant & Machinery (exclusive of duties)	694.8	61.7%
Building Construction	200.0	17.8%
Installation & Electrical Works	110.0	9.8%
Duties & Others	83.4	7.4%
Contingency	37.1	3.3%
Total	1,125.3	100.0%

Any excessive funds raised, in case the Strike Price is determined above the Floor Price, would be utilized either to fund the internal working capital requirement of Regal or to make further investment in the expansion of electrical vehicle plant, as may be decided by the BOD of Regal.

4.5. ADDITIONAL DISCLOSURES RELATING TO PURPOSE OF THE ISSUE

4.5.1. PROJECT LAND

A plot of industrial land measuring 3 acres has been allocated within the current freehold land for the Project.

The import of the plant will begin in December 2021 and the building construction work of the Project will start in December 2021. The entire Electric Vehicle assembly line along with complete building is expected to be completed by February 2023.

4.5.2. DETAILS OF PLANT & MACHINERY

Following is the composition of Plant & Machinery:

Particulars	Value (PKR Mn)
Plant & Machinery for which LCs are to be established	694.8
Total	694.8

Contracts for the procurement of the following plants and Plant & Machinery have been awarded as part of the Strategic Partnership with DFSK Motor Co Ltd and MOU signed with DFSK Motors's exclusive supplier Chongqing Sokon Motors (Group) Imp. & Exp. Co. Ltd. on March 27, 2021 and Letter of Credits (LC) worth PKR 694.8 Mn are to be established; LCs worth PKR 694.8 Mn will be retired through IPO proceeds. Following is the list of Plant & Machinery for which LCs are to be established:

Sr. No.	LC Opening	Expected Shipment Date	Name of Supplier	Country	Items Description	PKR Value (Mn)
1	26 th January 2022	15 th July 2022	Chongqing Sokon Motors (Group) Imp. & Exp. Co. Ltd.	China	Welding Equipment <ul style="list-style-type: none"> i. Body Fixture ii. Spreader iii. Welding Machine iv. Welding Tongs v. Process Trolley vi. Integrated Welder vii. Welder Hanger viii. Spring balancer ix. Welding Machine Pulley x. Control Box 	252.0
2	26 th Jan 2022	15 th July 2022	Chongqing Sokon Motors (Group) Imp. & Exp. Co. Ltd.	China	Assembly Line Equipment <ul style="list-style-type: none"> i. Coding Machine ii. Engine Hydraulic Lifting Platform iii. Rear Axle Hydraulic Lifting Platform iv. Battery Conveyor v. High Station Lifting Equipment vi. Station Trolley 	63.0

					<ul style="list-style-type: none"> vii. Assembly Workstation Trolley viii. Engine Lifting Tool Rear Axle Lifting Tool 	
3	26 th January 2022	15 th July 2022	Chongqing Sokon Motors (Group) Imp. & Exp. Co. Ltd.	China	<p><u>Test Line for Electric Vehicle Test Equipment</u></p> <ul style="list-style-type: none"> i. Station One, Two, Three & Four Cabinet Box ii. Sound Meter iii. Light Test Board iv. LCD Monitor v. Controller vi. Server and Accessories vii. Controller and Accessories. viii. Standard Light and Accessories ix. Brake Tester Controller x. Axle Load Tester Controller xi. Sliding Test Controller xii. Toe-In Tester Bracket No. 1 & 2 xiii. Straighten Tester Controller xiv. Wheel Angle Testing Controller No. 1 & 2 xv. Tools and Accessories 	379.8
Total						694.8

The Plant & Machinery cost is exclusive of the duties applicable on the import stage.

4.5.3. DETAILS OF SECOND HAND MACHINERY

Plant and Machinery to be procured will be brand new and no second hand machinery shall be procured.

4.5.4. INFORMATION ABOUT TECHNICAL AGREEMENTS EXECUTED PERTAINING TO CIVIL, MEP WORKS AND BUILDING

The following table shows the contracts which have been placed for the requisite services for building construction, mechanical and electrical work:

Sr. No.	Consultant	Services	Country	Date of Contract	Value (PKR Mn)
1	DSM Construction	Pre-Fabricated Shed of 132, 842 sq ft including Civil Works Double Story Warehouse of 68,000 sq ft area	Pakistan	30 th September 2021	200.0
2	Al-Hadi Engineering	Mechanical Work for Erection, Installation & Commissioning of Welding Line Mechanical Work for Erection, Installation & Commissioning of Paint Shop	Pakistan	30 th September 2021	60.0
3	Al-Hamd Electric	Electrical Work i. Change Over 1600A ii. Complete Installation of Cable Tray System iii. Earthling (Complete with Wiring) iv. 2400MM Cable Installation from L.T Panel to main L.T Pane Shop v. 2400MM Cable Installation from L.T Panel to main Welding Shop vi. Complete Installation & Wiring of 1600A L.T Panel vii. Complete Installation & Wiring of 1600A and sub M.C.B.T.P breaker viii. Complete Installation of Cable tray of welding guns and power wiring of all guns with 16MM & 25MM ix. Complete lighting of hall & wiring of fan x. Complete wiring of No. 1 Mega Generator xi. Single Core, 3 core, 4 core cable & other items	Pakistan	30 th September 2021	50.0
Total					310.0

The Construction of the Building has been structured in such a nature to shorten the time of the overall installation of the project. The prefabricated building will be built in separate components at the building contractors site and then assembled at the manufacturing site. This kind of building also ensures financial savings for the Company.

4.6. IMPLEMENTATION SCHEDULE OF PROJECT

The timeline for the Electric Vehicle assembly line is tabulated as below:

Sr. No.	Particulars	Start Date	Completion Date	Status
1	Electric Vehicle Plant Import & Installation	26 th Jan 2022	31 st September 2022	LCs to be established
2	Building Construction	01 st Dec 2021	30 th May 2022	The Contracts have been agreed and the construction has been started the specified date
3	Mechanical Work	01 st May 2022	10 th August 2022	The Contracts have been agreed and the mechanical work will start at the specified date
4	Electrical Work	01 st May 2022	10 th August 2022	The Contracts have been agreed and the electrical work will start at the specified date
5	Trial Production & testing phase	01 st Oct 2022	01 st February 2023	The Company will conduct the trial production and testing of the production processes after installation of the plant

4.7. DETAILS REGARDING THE COMPLETION OF THE PROJECT

The Project is expected to be completed by February 2023, after which it will begin the commercial production.

4.8. UTILIZATION OF EXCESS IPO FUNDS, IN CASE THE STRIKE PRICE IS DETERMINED ABOVE THE FLOOR PRICE

Any excessive funds raised, in case the Strike Price is determined above the Floor Price, would be utilized either to fund the internal working capital requirement of Regal or to make equity investment for further expansion of the Electric Vehicle plant, as may be decided by the BOD of Regal.

4.9. UNDERTAKING ON REPORTING OF UTILIZATION OF PROCEEDS

As per clause (i) and (ii) of regulation 16 of the PO Regulations, the Company shall:

1. Report detailed break-up of the utilization of the proceeds of the issue in its post issue quarterly / half-yearly and annual accounts; till the fulfillment of the commitments mentioned in the Prospectus, and;
2. Submit a half yearly progress report and annual progress report reviewed by the auditor providing the status of the commitments mentioned in the prospectus to PSX till the fulfillment of the commitments mentioned in the prospectus as per the format given in regulation 16 of the PO Regulations.
3. Submit a final report reviewed by the auditor after the fulfillment of the commitments given in the Prospectus

4A VALUATION SECTION

The Issue is being offered at a Floor Price of PKR 32.0/- per share which is at a premium of PKR 22.0/- per Ordinary Share to the Face Value of PKR 10.0/- per Ordinary Share. The Lead Manager has reviewed the business performance of the Company and in their opinion, the Floor Price of PKR 32.0/- per share is justified based on:

4A (i) Successful Operational History of the Sponsors

The Sponsors possess a strong history in the automotive industry with their expertise spanning over two decades. This expertise has successfully translated into a growing financial and operational history for Regal. The Company has grown its profitability under the right leadership and efficient business model management.

The track record of Sponsors is evident of the fact that Regal is churning a high return on investment and significant growth within five years of operation. Along with the earmarked profitability, Regal has been able to successfully grow two brands in the automobile market of Pakistan which are “DFSK” & “PRINCE”.

4A (ii) Strong Financial and Operational Performance

Over the last 3 years, Regal has showcased consistent growth in its revenue base on an annual basis as the topline has registered a CAGR of c. 408% from FY 2019 to FY 2021. While gross margins have remained range bound throughout the period, gross profit in absolute terms has witnessed a notable hike at a CAGR of c. 297% on the back of strong volumetric growth and diversification into high margin Sports Utility Vehicle named Glory 580.

	FY2019	FY2020	FY2021
Vehicles Sold	221	781	3,429
Revenue (PKR Mn)	220.7	1,099.4	5,688.5
Gross Profit (PKR Mn)	34.2	113.2	540.1
Gross Profit Margin %	15.5	10.3	9.5
Profit after Tax (PKR Mn)	5.9	31.3	274.7
Profit after Tax Margin %	2.7	2.9	4.8

**Extracted from Audited financial statements of Regal.*

4A (iii) Brand establishment of DFSK Glory

Regal’s alliance with DFSK Motor Co. Ltd is a major milestone in the brand establishment of “DFSK” in Pakistan. DFSK is a global name in the automotive industry with a wide presence in cars, jeeps, trucks, & commercial vehicles. The technical agreement signed between DFSK & Regal to brand the locally assembled vehicles under the name of DFSK “DFSK” is the leading driver of the stellar growth of the Company and justifies the valuation.

4A (iv) High Demand of Hatchbacks in Local Market

As a result of the introduction of Automotive Development Policy 2021-2026, car prices have decreased significantly owing to reduction in Sales Tax & Federal Excise Duty. This has led to an increased demand for small cars of up to 1000 CC due to their positive price & income elasticity. The higher demand for this segment will attract significant sales volume for the 800 CC Hatchback Prince Pearl.

4A (v) Justification

Based on our review, the Lead Manager is of the opinion that the historical performance of the Company, impressive brand recognition, the demand for its products, and diversification of revenue stream by investing in Electric Vehicle facility indicate the sustainability of business performance in the future which justifies the Floor Price of PKR 32.0/-

The shares of the Company are being issued at a Floor Price of PKR 32.0/- per share while the Book value per share of the Company as at June 30, 2021 is PKR 15.3/-

4A (vi) Post IPO Free Float Disclosure

Post IPO and Private Placement, the share capital of the Company will increase from 75,000,000 Ordinary Shares to 107,150,000 Ordinary Shares. The free float status post IPO & Private Placement of the Company is presented in the below table:

Description	Number of shares	% Shareholding
Held by Sponsors and Directors	75,000,000	70.0%
Held by General Public – Free Float	32,150,000	30.0%
Total	107,150,000	100.0%

4A (vii) Peer Group Analysis of Regal

Trailing Twelve Months Peer Analysis is shown below:

Company	Share Price (PKR)	EPS (PKR) ⁹	BVPS (PKR) ¹⁰	P/E	P/B	ROE(%) ¹¹	ROA (%) ¹²	Free Float Shares	Free Float (%)
Honda Atlas Pakistan Limited	236.8 ¹	24.6	136.0	9.6	1.7	18.1%	5.5%	28.6	20%
Pak Suzuki Motor Company	233.3 ²	38.9	322.4	6.0	0.7	12.1%	3.7%	21.8	26%
Indus Motor Company Limited	1,229.0 ³	208.8	645.8	5.9	1.9	32.3%	10.2%	13.5	17%
Ghandhara Industries Limited	176.8 ⁴	28.2	143.8	6.3	1.2	19.6%	6.8%	12.8	30%
Ghandhara Nissan Limited	78.1 ⁵	3.4	106.6	22.8	0.7	3.2%	2.6%	20.0	35%
Sazgar Engineering Works Limited	97.3 ⁶	2.5	40.9	39.0	2.4	6.1%	2.3%	16.3	27%
Regal Automobiles Industries Limited	32 ⁷	6.0	14.8	5.3	2.2	40.5%	7.5%	32.2	30%
Regal Automobiles Industries Limited ¹³	32 ⁸	3.7	12.0	8.7	2.7	30.4%	3.8%	32.2	30%

(1) Share Price of Honda Atlas Cars Pakistan Limited is as at December 31, 2021

(2) Share Price of Pak Suzuki Motors Company Pakistan is as at December 31, 2021

(3) Share Price of Indus Motors Company Limited is as at December 31, 2021

(4) Share Price of Ghandhara Industries Limited is as at December 31, 2021

(5) Share Price of Ghandhara Nissan Limited is as at December 31, 2021

(6) Share Price of Sazgar Engineering Works Limited is as at December 31, 2021

(7) Share Price of Regal Automobiles Industries Limited is the Floor Price

(8) Share price of Regal Automobiles Industries Limited is the Floor Price

(9) Earnings per share is determined on last twelve-month basis as of September 30, 2021

(10) Book value per share as at September 30, 2021

(11) ROE is calculated by dividing last twelve months' profit after tax with total equity as at September 30, 2021

(12) ROA is calculated by dividing last twelve months' profit after tax with total assets as at September 30, 2021

(13) All numbers are based on results of June 30, 2021

5 RISK FACTORS

5.1. INTERNAL RISKS

5.1.1. Operational Risk

The operations of the Company are capital & labor intensive as the whole process flow of the assembly is run by both the computerized systems accompanied by the man-hours. Any disruptions in the operations are curtailed as the plant is closed 6 days in a month to check for its maintenance. The labor employed at the factory is permanent and the skilled staff is hired for its production activities. There have been no instances of high turnover of skilled staff that can affect the production process of assembly line and result in efficiency related losses.

Furthermore, the Operational risk in the automotive industry can include missed production targets, safety incidents, and vehicle recalls, etc.

5.1.2. Vendor Concentration Risk

The Company has signed supply cooperation agreements with two Chinese based companies naming Lijue Co Ltd & DFSK Motor Co. Ltd for supply of CKD kits for Prince Pearl, Glory, K01, K07 & CBUs for C37. Any supply disruption or cancellation of the agreement may affect the operations of the Company

The Company has hedged this risk by securing the agreement over a long time period with the two suppliers.

5.1.3. Cost Overrun Risk

Regal faces a high risk of cost overrun as a result of two major factors. Firstly, the cost of CKD is the major component in the cost of goods sold so any increase in prices of steel, plastic and aluminum can lead to volatility in the direct cost of the business. Secondly, the power cost can also increase as a result of increase in the fossil fuels cost globally which will in turn lead to increase in power tariff rate by power regulatory authority.

The Company also faces a risk in the cost overrun pertaining to the import of plant & machinery against the local currency devaluation.

5.1.4. Raw Material / Supply Chain Risk

The overall business model of Regal is highly import dependent therefore any shortage in chips and imported parts like engine, car material might delay the production process, recognition of revenue and thereby will impact the margins & profitability of the Company.

5.1.5. Negative Cash Flow from Operations during FY2019

The Company posted negative cash outflow from operation during FY2019 only amounting to PKR (187.7) Mn which was attributed to operating expenses from the initiation of assembly line. However, as Regal progressed forward with higher vehicle orders and increased dealerships, the operating cash position turned around to positive number due to higher advance from customers.

5.1.6. Liquidity Risk

Liquidity Risk is the risk of being unable to meet financial obligations due to insufficient liquid assets. If the Company is unable to service its financial obligations in a timely manner, this can impact the Company's business prospects, operations & financial condition.

However, to highlight the Company does not bear any short term or long term debt obligation on its books as of June 30, 2021; so the Company does not bear any significant liquidity risk on that front.

Furthermore, the Company operated on a stable level of current ratio of 1.0x as of June 30, 2021 which signifies that the Company has comfortable cushion to meet its current obligations.

5.1.7. Risk of non-compliance with regulations of PSX & SECP

In the event of non-compliance with any regulatory requirements of SECP or PSX, the Company may be placed on Defaulter Segment of PSX which may potentially hamper trading in the Company's shares leading up to potential suspension in trading as well.

5.2. EXTERNAL RISKS

5.2.1. Business Risk

Any adverse change pertaining to the concessionary custom duty structure levied at the import stage on CKDs as part of the Automotive development policy (2016-2021) may impact the profitability of the Company.

Furthermore, on the demand side any adverse change in the Automotive development policy (2021-2026) pertaining to the retail prices tax structure i.e sales & FED, may impact the automobiles sales of the Company.

5.2.2. Currency Risk

Regal, being an import oriented company, is entitled to import the CKDs which serves as the major cost for the assembly of the vehicle.

Currency risk arises mainly from future commercial transactions, or receivables and payables that exist due to transactions in foreign currencies. The Company is exposed to currency risk arising from various currency exposures, which are directly related to Yuan & indirectly related to US\$. Currently, the Company's foreign exchange risk exposure is restricted to the amounts payable i.e. amounts payable to the foreign entities.

The Company's functional currency is PKR. Forward covers and bills discounting are executed to ensure avoidance of volatility in exchange rates.

5.2.2. Interest Rate Risk

The demand of the Company's products is dependent on the overall performance of the macro economy & interest rate movements. Any increase in interest rate and/or any policy changes would impact the viability of auto financing and thereby will decrease the demand of vehicles.

5.2.3. Competition Risk

The sales volume & profitability could be affected by the decrease in demand of Company's products due to intensification of the competition. The introduction of Automotive Development Policy of 2016 has served as a catalyst to the growth of automobile market in Pakistan, thereby bringing new models in the SUV & LCV space.

The latest developments in the automated vehicles and use of technologically advanced production workflows allows competitors to come up with updated variants at cost effective inputs. This development in technology and the enhanced cooperation between largest Chinese players and Pakistan through CKD supply agreements has resulted in significant technology transfers from the global front. Thus, the risk of competition is high, owing to significant influx of Chinese players in the Pakistan market.

In order to mitigate this risk, the Company has invested continuously in new models, brand establishment & expansive market coverage to establish their key competitive advantages. Long term expansive dealer networks and after sales customer service will serve as a key to further mitigate the high competition risk.

The planned introduction of new model Glory 580 Star is a sign of staying abreast of the competition in the automobile industry.

5.2.4. Investment Risk

The Company is initiating an IPO for the purpose of securing equity investment in its Electric Vehicle assembly line. This will result in the establishment of a novel project in Pakistan that shall be producing Electric Vehicles for local customers. The diversification prospects seem quite positive, however, any potential external change/event regarding the Project may result in deviation from expected returns from this venture.

The project timeline is well on track and the venture has the capacity to generate significant margins for the Company.

5.2.5. Risk of Covid-19

Any Covid related lockdowns/restrictions may adversely affect the sales of automobile business. Since the Company imports its CKD, any border closures/restrictions due to Covid-19 may affect the sales of the Company. Any industrial lock down announced by Government of Pakistan will result in factory closure and may temporarily affect the assembling capability of the Company. Since the COVID-19 pandemic is far-reaching and its impacts cannot be completely anticipated, additional risks may arise that could materially impact the Company's financial profile.

5.2.6. Under-Subscription Risk

The Issue of Regal Automobiles Industries Limited may be under-subscribed due to lack of interest on the part of the investors. In such a case, the book building process shall be considered as cancelled if the Company does not receive at least 40 bids for the number of shares allocated under the Book Building Portion and the bid money submitted by investors shall be refunded accordingly.

5.2.7. Capital Market Risk

Upon successful completion of the IPO, Ordinary shares of the Company would be listed on PSX. Upon listing, the share price would be subject to frequent movements on the basis of external and internal factors. These include overall economic situation of the country, the performance of other related and unrelated stocks, the financial and operational performance of the Company, the occurrence of any one-off event of political, social or environmental nature.

CERTIFICATE BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE ISSUER

September 20, 2021

The Chief Executive

Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

We, being the Chief Executive Officer and Chief Financial Officer of the Issuer, accept absolute responsibility for the disclosures made in this Prospectus. We hereby certify that we have reviewed this Prospectus and that it contains all the necessary information with regard to the Issue and constitutes full, true and plain disclosures of all material facts relating to the Company and the Issue being offered through this Prospectus and that nothing has been concealed.

The information contained in this Prospectus is true and correct to the best of our knowledge and the opinions and intendeds expressed herein are honestly held.

There are no other facts, the omission of which makes this Prospectus as a whole or any part thereof misleading.

For and behalf of **Regal Automobiles Industries Limited**

-SD-

Sohail Usman Sheikh
Chief Executive Officer

-SD-

Miftah Ul Huda
Chief Financial Officer

UNDERTAKING BY THE COMPANY AND ITS SPONSORS

The Company and its Sponsors undertake:

1. That neither Issuer nor its Directors, Sponsors or Substantial Shareholders have been holding the office of the Directors, or Have Been Sponsors or Substantial Shareholders in any company:
 - (i) which had been declared defaulter by the securities exchange or futures exchange; or
 - (ii) whose TRE Certificate has been cancelled or forfeited by the Exchange, PMEX or any other registered stock exchange of Pakistan that existed prior to integration of stock exchanges pursuant to Integration Order number 01/2016 dated January 11, 2016 issued by SECP due to noncompliance of any applicable rules, regulations, notices, procedures, guidelines etc. which has been de-listed by the Securities Exchange due to non-compliance of its Regulations.
 - (iii) which has been de-listed by the Exchange due to its non-compliance of any applicable provision of PSX Regulation.

2. That none of the Sponsors, Major Shareholders, Directors or Management of the Company as well as the Company itself or its Associated Company / Entity have been found guilty of being engaged in any fraudulent activity. The Company have made full disclosure regarding any / or all cases in relation to involvement of the person named above in any alleged fraudulent activity i.e., pending before any Court of Law / Regulatory Body / Investigation Agency in or outside of the Country.

STATEMENT BY THE ISSUER

September 20, 2021

The Chief Executive

Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

On behalf of Regal Automobiles Industries Limited (“REGAL” or the “Company”), I hereby confirm that all material information as required under the Companies Act, 2017, the Securities Act, 2015, the Public Offering Regulations, 2017 and the Listing of Companies and Securities Regulations of the Pakistan Stock Exchange Limited has been disclosed in the Prospectus and that whatever is stated in Prospectus and the supporting documents is true and correct to the best of our knowledge and belief and that nothing has been concealed.

For and behalf of **Regal Automobiles Industries Limited**

-SD-

Sohail Usman
Chief Executive Officer

STATEMENT BY CONSULTANT TO THE ISSUE/LEAD MANAGER

The Chief Executive
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Being mandated as the Consultant to this Initial Public Offering of Regal Automobiles Industries Limited through the Book Building mechanism, we hereby confirm that all material information as required under the Companies Act, 2017, the Securities Act, 2015, the Listing of Companies and Securities Regulations of the Pakistan Stock Exchange Limited and the Public Offering Regulations, 2017 has been disclosed in the Prospectus and that whatever is stated in Prospectus and in the supporting documents is true and correct to the best of our knowledge and belief and that nothing has been concealed.

For and on behalf of Arif Habib Limited

Syed Saquib Ali
Director – Investment Banking

UNDERTAKING BY LEAD MANAGER

U782233

THE PUBLIC TRUSTEE
 Licence # 10, Shop No: 20, Ruby Center
 Boultan Market, Karachi.

SR. NO. 199725
 ISSUED TO WITH ADDRESS MR. M. Wazir Khan Ajmeri
 THROUGH WITH ADDRESS MR. Advocate L. # 12113 MC
 PURPOSE _____
 VALUE RS. ATTACHED
 STAMP VENDOR SIGNATURE _____
 (NOT FOR FREE WILL & DIVORCE PURPOSE)
 Vendor Not Responsible For Fake Documents

01 NOV 2021

November 03, 2021
 To
 The Commissioner
 Securities Market Division
 Securities and Exchange Commission of Pakistan
 NIC Building, Jinnah Avenue Islamabad

Undertaking

Being mandated as the Lead Manager to this Initial Public Offering of Regal Automobiles Industries Limited through the Book Building Method, we hereby confirm that:

All material information as required under The Companies Act, 2017, The Securities Act, 2015, The Listing of Companies & Securities Regulation of the Pakistan Stock Exchange Limited and the Public Offering Regulations, 2017 has been disclosed in the Prospectus and that whatever is stated in this Prospectus and in the supporting documents is true and correct to the best of our knowledge and belief and that nothing has been concealed.

We have examined the business model and audited financial statements of the issuer and based on the same, material information, including risks that would enable the investor to make an informed decision, has been disclosed in the Prospectus

For and behalf of **Arif Habib Limited**

Syed Saquib Ali
 Director, Investment Banking

Raveena Kumari
 Associate, Investment Banking

STATEMENT BY BOOK RUNNER

October 14, 2021

The Chief Executive

Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Being mandated as the Book Runner to this Initial Public Offering of Regal Automobiles Industries Limited through the Book Building process, we hereby confirm that all material information as required under the Companies Act 2017, Securities Act, 2015, the Listing of Companies and Securities Regulations of the Pakistan Stock Exchange Limited and the Public Offering Regulations, 2017 has been disclosed in this Prospectus and that whatever is stated in Prospectus and in the supporting documents is true and correct to the best of our knowledge and belief and that nothing has been concealed.

For and behalf of **Arif Habib Limited**

-sd-


Raveena Kumari
Associate, Investment Banking

-sd-

Syed Saquib Ali
Director, Investment Banking

6 FINANCIAL INFORMATION

6.1. AUDITORS REPORT AS CERTIFICATE ON ISSUED, SUBSCRIBED and PAID-UP CAPITAL

	<p>Tel: +92 21 3568 3030 Fax: +92 21 3568 4239 www.bdo.com.pk</p>	<p>2nd Floor, Block-C Lakson Square, Building No.1 Sarwar Shaheed Road Karachi-74200 Pakistan</p>
<p>The Board of Directors Regal Automobiles Industries Limited Office # 1502, 15th Floor, Clifton Block #5, Karachi</p>		
<p>October 27, 2021 AA-1200/21</p>		
<p>AUDITOR'S REPORT ON ISSUED, SUBSCRIBED AND PAID UP CAPITAL UNDER PUBLIC OFFERING REGULATIONS, 2017</p>		
<p>Dear Sirs,</p>		
<p>We have been requested to certify the break-up of shareholding of Regal Automobiles Industries Limited (the Company) for period ended September 27, 2021 as required under Public Offering Regulations, 2017.</p>		
<p>Scope of Certificate</p>		
<p>We understand that the certificate is required by the Company for the purpose of inclusion of information in prospectus to be issued for initial public offering as required by Clause 14(i) of Section 1 of the First Schedule to the Public Offering Regulations, 2017.</p>		
<p>Management Responsibility</p>		
<p>It is the management's responsibility to ensure the fair presentation of issued, subscribed and paid-up capital of the Company. The management's responsibilities also include maintenance of the adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Company and prevention and detection of frauds and irregularities. This certification does not relieve the management of its responsibilities.</p>		
<p>Auditors' Responsibility</p>		
<p>Our responsibility is to certify the compliance of the requirement of the Part VII (i) of Clause 14 of First Schedule of the Public Offering Regulations, 2017 for the issued, subscribed and paid up capital of the Company as at September 27, 2021 in accordance with the '<i>Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms</i>' issued by the Institute of Chartered Accountants of Pakistan. Our verification was limited to the procedures as mentioned below:</p>		
<p style="text-align: center;">Page - 1</p> <p>BDO Ebrahim & Co. Chartered Accountants <small>BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.</small></p>		



- I. Traced the amount of issued, subscribed and paid up capital from the audited financial statements of the Company for the period ended June 30, 2021; and
- II. Obtained latest Form A, latest Form 29 and latest Form 3; and traced the amount and number of bonus shares issued to the shareholders.

Certificate

Based on procedures mentioned above, we certify that the break-up of shareholding of the Company as at September 27, 2021 is as follows:

Ordinary shares of Rs. 10/- each	Number of shares	%	Rupees
Fully paid in Cash	59,014,379	100%	590,143,790
Issued as fully paid bonus shares	15,985,621	100%	159,856,210
	<u>75,000,000</u>		<u>750,000,000</u>
Directors			
Sohail Usman Sheikh	4,881,396		48,813,960
Muhammad Shahzeb Usman	10,316,740		103,167,400
Muhammad Salman	24,997,500		249,975,000
Tayyab Usman	25,004,995		250,049,950
Maria Shahzeb	1		10
Rashid Rahman Mir	1		10
Anwar Iqbal	1		10
Shareholder			
Muhammad Raheel Usman	9,799,366		97,993,660
	<u>75,000,000</u>		<u>750,000,000</u>

Restriction on use and distribution

This certificate is issued in relation to the Part VII (i) of Clause 14 of First Schedule of the Public Offering Regulations, 2017 for the purpose of inclusion of information in the prospectus to be issued for initial public offer. Accordingly, this should not be used or distributed for any other purpose without any prior written consent. This certificate is restricted to the facts stated herein and the attachments.


Yours faithfully



BDO EBRAHIM & CO.
Enclosed as above

6.2. AUDITOR CERTIFICATE ON BREAK-UP VALUE PER SHARE

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Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block-C
Lakson Square, Building No.1
Sarwar Shaheed Road
Karachi-74200
Pakistan

The Board of Directors
Regal Automobiles Industries
Limited Office # 1502, 15th Floor,
Emerald tower,
Clifton, Block 5, Karachi

October 04, 2021
AA-1034/21

PRACTICING MEMBERS' CERTIFICATE ON BREAK-UP VALUE PER SHARE - JUNE 30, 2021 BASED ON AUDITED FINANCIAL STATEMENTS

Dear Sir,

We have been requested to certify the annexed computation of break-up value per share (initialed by us for identification) of Regal Automobiles Industries Limited (the Company) as at June 30, 2021 based on audited financial statements

Scope of Certificate

We understand that the certificate is required by the Company for the purpose of inclusion of information in prospectus to be issued for initial public offering as required by Clause 14(ii) of section 1 of the First Schedule to the Public Offering Regulations, 2017.

Management Responsibility

The responsibility for computation of break-up value per share of the Company as at June 30, 2021 in accordance with the requirements of the Technical Release (TR) - 22 of the Institute of Chartered Accountants of Pakistan (ICAP) is that of its management.

Auditors' Responsibility

Our responsibility is to review the computation for its mathematical accuracy and compliance with Technical Release 22 of Institute of Chartered Accountants of Pakistan, Book Value per Share, in accordance with the 'Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms' issued by the Institute of Chartered Accountants of Pakistan. Our verification was limited to the procedures as mentioned below:

- Obtaining computation of break-up value per share as at June 30, 2021 prepared by the management based on audited financial statements for the period ended June 30, 2021;

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BDO Ebrahim & Co. Chartered Accountants
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- II. Matching the values of net assets (issued, subscribed and paid up capital, unappropriated profit and general reserves) and number of shares used in calculation mentioned in i. above with those in the audited financial statements for the period ended June 30, 2021; and
- III. Recalculating break-up value per share as at June 30, 2021.

Certificate

Based on procedures mentioned above, we certify the computation of break-up value per share amounting to Rs. 15.30 as at June 30, 2021 based on audited financial statements, as mentioned in Annexure A.

Restriction on use and distribution

This certificate has been issued on the specific request of the management of the Company for the purpose of inclusion of information in the prospectus to be issued for initial public offer. Accordingly, this should not be distributed to any other third party without our prior written consent. This certificate is solely for the purpose set forth in the scope mentioned above and is not to be used or distributed for any other purpose. This certificate is restricted to the facts stated herein and the attached computation.

Yours faithfully



BDO EBRAHIM & CO.

Enclosed as above

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BDO Ebrahim & Co. Chartered Accountants

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**REGAL AUTOMOBILES INDUSTRIES
LIMITED BREAK-UP VALUE PER SHARE
AS AT JUNE 30, 2021**

ANNEXURE 'A'

			As at June 30, 2021
Issued, subscribed & paid-up capital	A	(Rupees)	590,143,790
Unappropriated profit	B	(Rupees)	312,821,360
Net assets	C = A + B	(Rupees)	<u>902,965,150</u>
No. of shares	D	(Shares)	59,014,379
Break-up value per share	E = C / D	(Rupees)	15.30

Note: The above break-up value per share does not take into account 15,985,621 bonus shares issued amounting to Rs. 159,856,210 based on approval at Board of Directors meeting held on September 06, 2021.

6.3. AUDITOR REPORT UNDER CLAUSE 1 OF SECTION 2 OF FIRST SCHEDULE TO THE PUBLIC OFFERING REGULATIONS, 2017



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2nd Floor, Block-C
 Lakson Square, Building No.1
 Sarwar Shaheed Road
 Karachi-74200
 Pakistan

The Board of Directors
 Regal Automobiles Industries Limited Office no 1502, 5th Floor,
 Emerald Tower, Block 5, Karachi.

October 8, 2021
 AA-1070/21

AUDITOR'S REPORT UNDER CLAUSE 1 OF SECTION 2 OF THE FIRST SCHEDULE TO THE PUBLIC OFFERING REGULATIONS, 2017

Dear Sirs,

We have been requested to certify the information mentioned in the annexed reports (Annexure A & Annexure B, initialed by us for identification) of Regal Automobiles Industries Limited (the Company) for period ended June 30, 2021, based on audited financial statements for the purpose of inclusion in the Prospectus of the Company to be issued for Initial Public Offer, as required under Clause 1 of Section 2 of the First Schedule to the Public Offering Regulations, 2017.

Scope of Certificate

We are required to review and certify the information mentioned in Annexure A & Annexure B for period ended June 30, 2021, based on audited financial statements, prepared by the management of the Company.

The information mentioned in Annexure A & Annexure B for period ended June 30, 2020 has been audited by Parker Randall A.J.S. Chartered Accountants.

Management Responsibility

It is the management responsibility to provide report in compliance with Clause 1 of Section 2 of the First Schedule to the Public Offering Regulations, 2017 and ensure accuracy and completeness.

Auditors' Responsibility

Our responsibility is to certify the compliance of the requirement of Clause 1 of Section 2 of the First Schedule to the Public Offering Regulations, 2017 in accordance with the 'Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms' issued by the Institute of Chartered Accountants of Pakistan. Our verification was limited to the procedures as mentioned below:

BDO Ebrahim & Co. Chartered Accountants

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BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO

- I. We have audited the financial statements of the Company for period ended June 30, 2021.
- II. Obtaining reports (Annexure A & B) for the purpose of inclusion in the Prospectus of Regal Automobiles Industries Limited to be issued for Initial Public Offer for period ended June 30, 2021, prepared by the management as per audited financial statements; and
- III. Matching each values in annexed reports as in (II) above with those in the audited financial statements for period ended June 30, 2021;

Certificate

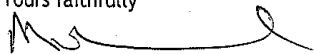
Based on procedures mentioned above, we certify that the annexed reports are in agreement with audited financial statements and in terms of the requirement under Clause 1 of Section 2 of the First Schedule to the Public Offering Regulations, 2017, and based on the audited financial statements:

- a) Summary of assets, liabilities and shareholder's equity of the Company for period ended June 30, 2021 are included in Annexure 'A'; and
- b) the Statement of Comprehensive Income of the Company for period ended June 30, 2021 are included in Annexure 'B'.

Restriction on use and distribution

This certificate is issued in relation to Clause 1 of Section 2 of the First Schedule to the Public Offering Regulations, 2017 and is not to be used or distributed for any other purpose. This certificate is restricted to the facts stated herein and the attachments.

Yours faithfully

**BDO EBRAHIM & CO.**

Enclosed as above

Page - 2

BDO Ebrahim & Co. Chartered Accountants

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REGAL AUTOMOBILES INDUSTRIES LIMITED
SUMMARY OF ASSETS, LIABILITIES AND SHAREHOLDER'S EQUITY FOR
THE YEAR ENDED JUNE 30, 2021

ANNEXURE 'A'

	June 30, 2021	June 30, 2020
-----Rupees-----		
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	899,660,213	480,433,940
Intangible assets	7,044,546	1,963,637
Deferred tax	-	14,741,691
	<u>906,704,759</u>	<u>497,139,268</u>
CURRENT ASSETS		
Stock-in-trade	2,577,729,511	694,757,459
Stores and spares	25,625,561	18,844,795
Advances, deposits, prepayment and other receivables	652,949,561	68,979,671
Due from related parties	420,469,242	12,500,000
Tax refunds	164,263,015	146,045,535
Taxation - net	17,463,628	47,136,600
Short-term investment	1,165,257,861	21,200,000
Cash and bank balances	1,257,183,890	625,449,282
	<u>6,280,942,269</u>	<u>1,634,913,342</u>
TOTAL ASSETS	<u>7,187,647,028</u>	<u>2,132,052,610</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
AUTHORISED SHARE CAPITAL		
100,000,000 (2020: 100,000,000) ordinary shares of Rs. 10 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL		
59,014,379 (2020: 510,000) ordinary shares of Rs. 10 each fully paid in cash	590,143,790	5,100,000
Advances against future issuance of share capital	-	507,936,660
Unappropriated profit	312,821,360	37,963,202
	<u>902,965,150</u>	<u>550,999,862</u>
NON-CURRENT LIABILITIES		
Deferred liability - staff gratuity	13,876,287	7,915,236
Deferred tax	7,626,827	-
	<u>21,503,114</u>	<u>7,915,236</u>
CURRENT LIABILITIES		
Advances from dealers and customers	4,917,958,872	1,112,242,360
Security deposits	112,937,802	141,952,600
Trade and other payables	1,232,282,090	241,835,420
Due to related party	-	77,107,132
	<u>6,263,178,764</u>	<u>1,573,137,512</u>
TOTAL EQUITY AND LIABILITIES	<u>7,187,647,028</u>	<u>2,132,052,610</u>

Note: The financial statements for the year ended June 30, 2020 has been audited by Parker Randall A.J.S. Chartered Accountants.

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BDO Ebrahim & Co. Chartered Accountants

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ANNEXURE 'B'

**REGAL AUTOMOBILES INDUSTRIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021**

	June 30, 2021	June 30, 2020
	—————Rupees—————	
Sales - net	5,688,511,041	1,099,389,210
Cost of sales	(5,148,369,476)	(986,203,867)
Gross profit	540,141,565	113,185,343
Selling and marketing expenses	(114,058,563)	(37,477,032)
Administrative expenses	(78,216,680)	(24,146,698)
Other income	89,867,456	5,894,292
Other charges	(30,641,365)	(6,096,635)
Operating profit	(133,049,152)	(61,826,073)
	407,092,413	51,359,270
Finance cost	(995,101)	(752,324)
Profit before tax	406,097,312	50,606,946
Taxation	(131,382,247)	(19,257,366)
Profit after taxation	274,715,065	31,349,580
Earnings per share - basic	13.16	61.47
Earnings per share - diluted	8.29	0.61
Net profit for the year	274,715,065	31,349,580
Other comprehensive income		
Items not be reclassified subsequently to profit or loss:		
Actuarial gain on remeasurement of post retirement benefits obligation	201,539	-
Deferred tax on actuarial gain on remeasurement of post retirement benefits obligation	(58,446)	-
Total comprehensive income	274,858,158	31,349,580

Note: The financial statements for the year ended June 30, 2020 has been audited by Parker Randall A.J.S. Chartered Accountants.

6.4. MANAGEMENT ACCOUNTS AS OF 1QFY2022

**REGAL AUTOMOBILES INDUSTRIES LIMITED
BALANCE SHEET
AS AT SEPTEMBER 30, 2021**

		September 2 0 2 1 (Statutory Accounts)	June 2 0 2 1 (Audited)
	Notes		
ASSETS			
Non- current assets			
Property, plant and equipment advance against land	1	985,472,638	899,660,213 899,660,213
Intangible assets	2	7,044,546 992,517,184	7,044,546
Current assets			
Stock-in-trade		3,829,850,612	2,577,729,511
Stores & Spares	3	29,374,858	25,625,561
Advances, deposits, prepayment and other receivables	4	428,237,944	652,949,561
Due from a related party	5	-	420,469,242
Tax refunds		129,904,883	164,263,015
Taxation - net	6	83,242,569	17,463,628
Short-term investment		65,257,861	1,165,257,861
Cash and bank balances	7	455,195,727	1,257,183,890
		5,021,064,453	6,280,942,269
TOTAL ASSETS		6,013,581,637	7,187,647,028
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
AUTHORISED SHARE CAPITAL			
125,000,000 (2019 50,000,000) ordinary shares of Rs. 10 each		1,250,000,000	1,000,000,000
Issued, subscribed and paid-up share capital			
59,014,379 (2020: 510,000) ordinary shares of Rs. 10 each fully paid in cash		590,143,792	590,143,790
Bonus shares 15,985,621 of Rs. 10 each		159,856,210	
Unappropriated profit		362,896,055	312,821,360
		1,112,896,057	902,965,150
Non- current liabilities			
Deferred liability - staff gratuity		13,876,287	13,876,287
Deferred taxation		7,626,827	7,626,827
		21,503,114	21,503,114
Current liabilities			
Advances from dealers and customers	8	3,297,783,191	4,917,958,872
Security deposits		139,937,802	112,937,802
Trade and other payables		1,441,461,473	1,232,282,090
Due to related party		-	-
		4,879,182,466	6,263,178,764
TOTAL LIABILITIES		6,013,581,637	7,187,647,028

REGAL AUTOMOBILES INDUSTRIES LIMITED
STATEMENT OF PROFIT AND LOSS
For the Period July 2021 to September 30,2021

		September 2021 <i>(Statutory Accounts)</i>	June 2021 <i>(Audited)</i>
	Notes		
Net sales	9	4,515,953,480	5,688,511,041
Cost of sales	10	(4,132,097,434)	(5,148,369,476)
Gross profit / (loss)		383,856,046	540,141,565
		(85,745,209)	
Sales & Marketing expenses	11	(63,887,716)	(114,058,563)
Administrative expenses	12	(21,857,493)	(78,216,680)
Other charges	13		(30,641,365)
Other Income	14	5,279,590	89,867,456
		(80,465,619)	(133,049,152)
Operating Profit/(loss)		303,390,427	407,092,413
Finance cost	15	(290,035)	(995,101)
Profit/(loss) before tax		303,100,392	406,097,312
Taxation		(93,169,487)	(131,382,247)
Profit/(loss) after taxation		209,930,905	274,715,065

6.5. SUMMARY OF FINANCIAL HIGHLIGHTS

For access to the complete audited statements of the Company, visit <http://regalautomobiles.com>.

<i>PKR Mn unless otherwise stated</i>	Audited	Audited	Audited	Un-Audited
Financial Year	FY2019	FY2020	FY2021	1QFY2022
Income Statement				
Net Revenue	220.7	1,099.4	5,688.5	4,516.0
Cost of Goods Sold	(186.5)	(986.2)	(5,148.4)	(4,132.1)
Gross Profit	34.2	113.2	540.1	383.9
Operating Expenses	(18.1)	(61.6)	(192.3)	(85.7)
Other Income (Net of Other Expenses)	(1.2)	(0.2)	59.2	5.28
Operating Profit	14.9	51.4	407.1	303.4
Financial Charges	(0.4)	(0.8)	(1.0)	(0.3)
Profit/(Loss) before Taxation	14.5	50.6	406.1	303.1
Taxation	(8.6)	(19.3)	(131.4)	(93.2)
Profit/(Loss) after Taxation	5.9	31.3	274.7	209.9
EBITDA	37.5	71.2	429.0	313.7
Depreciation	22.6	19.9	21.9	10.3
Balance Sheet				
Non-Current Assets	180.5	497.1	906.7	992.5
Current Assets	391.1	1,634.9	6,280.9	5,021.1
Total Assets	571.5	2,132.1	7,187.6	6,013.6
Surplus on revaluation of fixed assets	-	-	-	-
Total Equity	358.6	551.0	903.0	1,112.9
Long-Term Debt (Non-Current Portion)	-	-	-	-
Current Portion of Non-Current Liabilities	-	-	-	-
Short-Term Borrowings	-	-	-	-
Non-Current Liabilities	5.1	7.9	21.5	21.5
Current Liabilities	207.8	1,573.1	6,263.2	4,879.2
Advance from Customers	34.5	1,112.2	4,918.0	3,297.8
Trade & Other Payables	173.4	241.8	1,232.3	1,441.5
Stock-In-Trade	273.1	694.8	2,577.7	3,829.9
Trade Debts	-	-	-	-
Advances & Deposits	4.7	69.0	652.9	428.2
Cash Flow Statement				
Cash Flow from Operating Activities	(187.7)	699.9	2,221.8	(1,815.9)
Cash Flow from Investing Activities	(16.0)	(321.8)	(546.2)	14.2
Cash Flow from Financing Activities	139.8	242.4	-	-
Net increase in cash and cash equivalents	17.5	620.5	1,675.5	(1,801.7)
Net Cash at period end	26.2	646.6	2,322.2	520.5
Capex	(16.0)	(321.8)	(446.2)	(85.8)
Growth				
Sales Growth	346.4%	398.2%	417.4%	NA
EBITDA Growth	1011.3%	90.1%	502.2%	NA
Profit after tax Growth	195.7%	430.7%	776.3%	NA
Margins				
Gross Margin	15.5%	10.3%	9.5%	8.5%
Operating Margin	6.7%	4.7%	7.2%	6.7%
EBITDA Margin	17.0%	6.5%	7.5%	6.9%
Profit before tax Margin	6.6%	4.6%	7.1%	6.7%
Profit after tax Margin	2.7%	2.9%	4.8%	4.6%
Profitability Ratios				

Earnings per share – Basic (PKR)	11.6	61.5	13.2	2.8 ²
Earnings per share – Diluted (PKR)	0.2	0.6	8.3	2.8 ³
Earnings per share - Post Bonus Issue(In PKR)	0.1	0.4	3.7	2.8
Break-up value per share (PKR) ¹	703.1	1,080.4	15.3	14.8
Return on Equity (%) ⁴	2.4%	6.9%	37.8%	NA
Return on Assets (%) ⁵	1.2%	2.3%	5.9%	NA
Outstanding Shares (Mn)	0.5	0.5	59.0	75.0
Balance Sheet Ratios				
Non-Current Asset Turnover (Times)	1.2	3.2	8.1	NA
Asset Turnover (Times)	0.5	0.8	1.2	NA
Current Ratio (Times)	1.9	1.0	1.0	1.0
Capex to total Assets (%) ⁶	2.8%	15.1%	6.2%	1.4%
Receivable Turnover (days)	-	-	-	-
Inventory Turnover (days)	379.7	179.1	28.6	NA
Payable Turnover (days)	405.3	76.8	12.9	NA
Leverage Ratios				
Debt to Equity (Times)	-	-	-	-
Debt to Total Capital (Times)	-	-	-	-
EBITDA/Interest (Times)	90.6	94.7	431.1	NA
Interest Coverage Ratio (Times)	36.0	68.3	409.1	NA
Debt / EBITDA (Times)	-	-	-	-
EBITDA – CAPEX ⁷	21.5	(250.6)	(17.2)	NA
EBITDA - CAPEX/Interest (Times)	(52.0)	333.1	17.3	NA

1. Break up value per share is calculated on number of shares outstanding at period end;
2. EPS Basic is calculated on outstanding shares of 75 Mn
3. EPS Basic is calculated on outstanding shares of 75 Mn
4. ROE is calculated as profit after tax divided by average total equity
5. ROA is calculated as profit after tax divided by average total assets
6. CAPEX to total assets includes capex incurred towards intangible assets
7. EBITDA – CAPEX includes capex incurred towards intangible assets

Commentary on Selected Ratios

i. Profitability

In FY2021, the Company reported profit after tax of PKR 274.7 Mn as compared to PKR 31.3 Mn reported in FY2020. This significant growth in the profitability is driven by introduction of local assembly of high margin Glory 580 & higher volumes across the portfolio. The growth in volumes was mainly driven by Prince Pearl & Glory 580.

ii. Gross and Operating Margins

In FY2021, the gross margins of the Company stood at 9.5% as compared to 10.3% in FY2020. This decline is mainly attributed to the higher freight costs.

The operating margins of the Company stood at 7.2% during FY2021 as compared to 4.7% in FY2020. This increase is primarily attributable to reclassification of marketing expenses to the dealer commission and higher income on the savings accounts. Secondly, the Company has posted a one-off exchange gain due to local currency appreciation against the USD.

iii. Liquidity

The Company has maintained a healthy current ratio since its inception; Regal's current ratio has been stable at 1.0 in FY2020 & FY2021.

iv. Turnover Ratios

Inventory turnover days of the Company decreased from 179.1 days in FY2020 to 28.6 days in FY2021 which is evident of the significant growth in the volumes along with efficient & timely deliveries towards the topline of the Company.

v. Cash Flow from Operations

The cash flow from operations has increased significantly due to lower inventory days on raw material and finished goods. The higher sales growth is the underlying reason for higher cash flow from operations.

6.6. SUMMARY OF REVENUE AND EXPENDITURE

6.6.1. Revenue

Category wise car revenue	Vehicle Type	FY2020	%	FY2021	%
Pearl	Hatch-back	272.6	23.9	1,878.9	31.7
Glory 1500 CC	SUV	302.3	26.6	137.7	2.3
Glory Pro Turbo 580	SUV	0	0	3,288.5	55.6
Glory 1800 CC	SUV	245.1	21.5	150.6	2.5
K01	Light Commercial vehicle	56.0	4.9	74.6	1.3
K07	Mini-Van	245.5	21.6	365.3	6.2
C37	Mega-Van	17.0	1.5	24.0	0.4
Total		1,138.5	100.0	5,919.6	100.0

6.6.2. Expenditure

The following table shows the expenditures of the Company:

In PKR Mn	FY2020	FY2021
Cost of Sales	986.2	5,148.4
Distribution Expenses	37.5	114.1
Administration Expenses	24.1	78.2

6.7. BREAKUP OF OTHER INCOME

The following table shows the breakup of other income of the Company:

In PKR Mn	FY2020	FY2021
Income from Scrap Sales	0.6	0.5
Interest Income	5.3	23.8
Exchange Gain	0.0	65.3
Gain on Mutual Funds Units	0.0	0.3
Insurance Claim	0.0	0.0

6.8. SUMMARY OF MATERIAL PURCHASES

The following table accounts for the material purchases of the Company for the year ended FY2021:

Vehicle Type	Supply Type	Supplier	Value PKR (Mn)	% contribution
Glory 1500 CC Pro	CKD	DFSK Motor Co. Ltd	4,210.1	69.3%
Prince Pearl 800 CC	CKD	Lijue Co Ltd	1,500.3	24.7%
K-07 1000 CC	CKD	DFSK Motor Co. Ltd	194.0	3.2%
Glory 1500 CC	CKD	DFSK Motor Co. Ltd	86.5	1.4%
Glory 1800 CC	CKD	DFSK Motor Co. Ltd	58.9	1.0%

Vehicle Type	Supply Type	Supplier	Value PKR (Mn)	% contribution
K-01 1000 CC	CKD	DFSK Motor Co. Ltd	29.2	0.5%
C-37 1500 CC	CBU	DFSK Motor Co. Ltd	0	0
Total			6,079.0	100.00%

6.9. DIVIDEND POLICY

The Company intends to follow a consistent profit distribution policy for its members, subject to profitability, availability of adequate cash flows, the Board's recommendation and shareholders' approval, where required. The rights in respect of capital and dividends attached to each ordinary share are and will be the same.

The Company in its general meeting may declare dividends but no dividend shall exceed the amount recommended by the Directors. Dividend, if declared in the general meeting, shall be paid according to the provisions of the Companies Act.

The Board of Directors may from time to time declare interim dividends as appear to it to be justified by the profits of the Company. No dividend shall be paid otherwise than out of the profits of the Company for the year or any other undistributed profits. No unpaid dividend shall bear interest or mark-up against the Company. The dividends shall be paid within the period laid down in the Companies Act.

Under Section 242 of the Companies Act, any dividend payable in cash by a listed company, shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder.

Therefore, the applicants must fill-in the relevant part of the Shares Subscription Form under the heading, "Dividend Mandate".

Covenants / Restriction on Payment of Dividends:

The Company has no obligation with Financial institutions pertaining to long term & short term borrowings which is why it attracts no covenants in payments of dividends.

6.9.1. Eligibility for Dividend

The Ordinary shares issued shall rank pari-passu with the existing shares in all matters of the Company, including the right to such bonus or right issues, and dividend as may be declared by the Company subsequent to the date of issue of such shares. No dividend has been paid by the Company since incorporation. The Company has issued 15,985,621 Bonus shares to its Share Holders in the current Financial Year.

6.9.2. Dividend Payout of Associated companies

The Company does not have listed associated concerns. Moreover, no dividend has been paid out by the associated concerns of the Company.

7 BOARD OF DIRECTORS AND MANAGEMENT

7.1. BOARD OF DIRECTORS OF THE COMPANY

The Board of Directors of Regal have directorships in other companies as follows:

Sr. No	Name	Designation	Address	CNIC	Current Directorships	Period of Directorship
1	Anwar Iqbal	Chairman/Independent Director	SU-02, Sector – H, Askari V, Malir Cantt Karachi	42101-6159242-3	Regal Automobiles Industries Limited	06 September 2021 - Present
2	Sohail Usman Sheikh	Chief Executive Officer / Executive Director	H # 18 A Golf Course Road, 4 Park Side Phase 4 DHA, Karachi	42301-2372935-5	Regal Automobiles Industries Limited	28 October 2020 - Present
					Ulfat Textile Mills (Pvt) Limited	31 October 2015 - Present
3	Rashid Rahman Mir	Independent Director	Rahman Sarafarz House, 54 P, Gulberg II, Lahore-Pakistan	35202-5834131-3	Regal Automobiles Industries Limited	06 September 2021 - Present
					National Clearing Company of Pakistan Limited	30 December 2020 - Present
					LSE Financial Services Limited	16 July 2019 - Present
4	Muhammad Salman	Non-Executive Director	18 A Golf Course Road, 4 Park Side Phase 4 DHA, Karachi	35201-6756536-1	Financial & Industrial Consultins Pvt Limited	28 October 2017 - Present
					Regal Automobiles Industries Limited, Duro Engineering Industries (Private) Limited	28 October 2020 - Present 28 October 2018 - Present
5	Maria Shahzeb	Non – Executive Director	H # 18 A Golf Course Road, 4 Park Side Phase 4 DHA, Karachi	35201-2257666-8	Regal Automobiles Industries Limited	06 September 2021 - Present
6	Muhammad Shahzeb Usman	Non-Executive Director	H # 18 A Golf Course Road, 4 Park Side Phase 4 DHA, Karachi	42301-8926161-7	Regal Automobiles Industries Limited	28 October 2018 - Present

7	Tayyab Usman	Executive Director	H # 18 A Golf Course Road, 4 Park Side Phase 4 DHA, Karachi	35201-1353803-3	Regal Automobiles Industries Limited	28 October 2018 - Present
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7.2. PROFILE OF DIRECTORS

7.2.1. Mr. Anwar Iqbal – Chairman/Independent Director

Mr. Anwar Iqbal is a Commerce Graduate from the Karachi University and has completed his Chartered Accountancy article-ship in the year 1982. He is a very well-known person in the automotive Industry of Pakistan since last thirty years. His business, Raja Group of Industries, were the assemblers of once popular Italian brand of two wheelers and three wheelers in Pakistan with brand name “VESPA” which was his entry point in Pakistan’s automotive industry. Since then he has been playing an extremely pro-active role in various capacities at different levels in the auto and related industry.

7.2.2. Mr. Sohail Usman Sheikh – CEO / Executive Director

Mr. Sohail Usman Sheikh, holds a Bachelor of Arts (BA) (Hons.) degree from the Government College Lahore. After his graduation, he joined the family business lead by his father, Mr. Muhammad Usman Sheikh, and formed Omega Industries which later became Eiffel Industries Limited, one of the major Motor Cycle Manufacturers in Pakistan.

The firm ventured into different segments of the automotive industry from manufacturing of spare parts to manufacturing of motor cycles as well as three wheelers to manufacturing / assembly of technologically advanced Motor Vehicles. Mr. Sohail Usman Sheikh is the leading figure in taking the group to international shores and forming an alliance with DFSK Motor Co. Ltd for the assembly of SUVs, LCVs & Vans in Pakistan. His passion for scaling greater heights and setting even higher standards have resulted in the Company gaining a strong brand equity, with a reputation for consistently developing new quality products.

7.2.3. Mr. Tayyab Usman – Executive Director

Mr. Tayyab Usman has completed his O-Levels and A-Levels and is currently pursuing a BSc in Business and Management Degree from the Brunel University, London. He has recently joined the Regal Automobiles Industries Limited. He is responsible for Company’s Human Resources. He is a keen in leading and creating initiatives, systems, and best practices to recruit, develop and train a diverse and high-performing workforce. He regularly contributes in developing an organizational culture that supports advancement of Company’s mission and strategic plans.

Mr. Tayyab Usman is a strong advocate of attracting, developing and retaining a diverse workforce and encourages innovation, learning cross-cultural collaboration. He has contributed in developing, writing, and updating Company policies, procedures, methods, and guidelines; communicating and enforcing organization values. Additionally, he supervises strategic staffing plans, compensation, benefits, training and development, HR budget, and labor relations

7.2.4. Mrs. Maria Shahzeb – Non-Executive Director

Mrs. Maria Shahzeb holds a Bachelor’s Degree and is working in the Industry since the year 2016. Her area of expertise includes Human Resources and is involved in developing and executing human resource strategy in support of the overall business plan and strategic direction of the organization. She has worked in the areas of succession planning, talent management, change management and performance appraisals. She has been collaborating with senior leadership to understand the organizations goals and strategy related to staffing, recruiting and retention. She has administered various human resource programs including compensation, benefits, leave, disciplinary matters, performance and talent management, productivity, employee morale and occupational health and safety.

7.2.5. Mr. Rashid Rahman Mir– Independent Director

Mr. Mir is Senior Partner at Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants (RSRIR). Mr. Mir has over three decades of experience in practice and possesses diversified experiences in the field of audit, tax, management consultancy, project analysis and corporate law matters. He started his professional career in 1981 with Rahman Sarfaraz & Co. Chartered Accountants, now RSRIR, and remained associated with them at different managerial levels, and became partner in 2001.

7.2.6. Mr. Muhammad Shahzeb Usman – Non - Executive Director

Mr. Muhammad Shahzeb Usman holds a Bachelor's in Business Administration (BBA) Degree from the Hertfordshire University, Hertfordshire, United Kingdom and graduated in year 2017.

7.2.7. Mr. Muhammad Salman – Non - Executive Director

Mr. Muhammad Salman holds Bachelor in Business Administration (BBA) Degree from the Queen's University, Belfast, United Kingdom. He graduated in year 2019. He has also continued with his education in Pakistan, taking part in several courses that have helped his understanding of the business landscape and the business environment in Pakistan.

7.3. PROFILES OF KEY MANAGEMENT

7.3.1. Mr. Sohail Usman Sheikh - Chief Executive Officer

Mr. Sohail Usman Sheikh, holds a Bachelor of Arts (BA) (Hons.) degree from the Government College Lahore. After his graduation, he joined the family business lead by his father, Mr. Muhammad Usman Sheikh, and formed Omega Industries which later became Eiffel Industries Limited, one of the major Motor Cycle Manufacturer in Pakistan.

The firm ventured into different segments of the automotive industry from manufacturing of spare parts to manufacturing of motor cycles as well as three wheelers to manufacturing / assembly of technologically advanced Motor Vehicles. Mr. Sohail Usman Sheikh is the leading figure in taking the group to international shores and forming an alliance with DFSK Motor Co. Ltd for the assembly of SUVs, LCVs & Vans in Pakistan. His passion for scaling greater heights and setting even higher standards have resulted in the Company gaining a strong brand equity, with a reputation for consistently developing new quality products.

7.3.2. Mr. Miftah Ul Huda - Chief Financial Officer

Mr. Miftah-Ul-Huda is a seasoned Finance & Accounting Professional with a Chartered Accountancy background from the Institute of Chartered Accountants of Pakistan. He joined the Regal Automobiles Industries Limited in the year 2019 as Chief Financial Officer. He has more than three decades of experience in leadership and managerial roles in Finance and other disciplines, including multiple CFO roles with various companies wherein he led multiple long term business strategies. He has diversified experience in Financial Management, Treasury and investments, Financial and strategic planning, financial reporting, ERP implementation, Business & Process improvements, Taxation, Audit and compliance, Merger and Acquisitions and Contract negotiations. He has also engaged in various advisory roles and also hold a Master's in Business Administration Degree (MBA) with from the Institute of Business Administration (IBA).

7.3.3. Mr. Muhammad Mustafa Aziz – Company Secretary

Mr. Muhammad Mustafa Aziz holds a Master's in Business Administration (MBA) Degree with Specialization in Finance from the Institute of Business Management (IoBM). He also holds a BSc (Honours) Degree with Specialization in Economics from the Lahore University of Management Sciences (LUMS). He has attended various Corporate Training Programmes conducted by Industry Professionals as well as International Certified Trainers. Mr. Muhammad Mustafa Aziz, has worked in the Automotive Industry of Pakistan for more than seven years.

7.3.4. Mr. Adeel Usman – Business Head

Mr. Adeel Usman holds a BSc in Business Management from the Brunel University West London. He has also done International bacculaureate from the International School Karachi. Mr. Adeel Usman joined the Regal after completion of his studies and his area of expertise includes Marketing and thus is leading the Marketing Function of the Business. With his international education back ground, he has played an important role in ending the Chinese stigma by bringing in high quality vehicles which are at par with any other technologically advanced vehicles.

7.3.5. Mr. Habib-Ullah – Head of Operations

Mr. Habib-Ullah holds a MBA in Management Degree from the University of Sindh Jamshoro. He has also done Diploma of Associate Engineering (DAE) Mechanical from the Swedish Institute of Technology. He has attended various Technical Training Programmes namely Production Enhancement Training from the Institute of Engineers – Pakistan, Basic Training of Product Launching from China and Training on quality and preparation of B.O.M.

He joined Regal Automobile Industries Limited in the year 2016 and is currently working as Senior General Manager Plant and Operations. He is a high Caliber leader, with over 23 years of experience in Production, Operation, Technical and Quality areas within vehicle Assembly Plants with strong leadership, Planning and execution skills. His vast experience includes Erection of Automotive plants covering various areas such as weld shop, Assembly Shop, Tester line, etc. Over the years he has demonstrated Leadership and Management skills in various departments like Production Services & Quality Audit. He has a proven track record of getting results through creating strategies that add value to Business. He constantly focuses in coordinating and motivating operations and technical teams to meet their objectives and deliver the action plan for organizational growth and long term sustainable success. He is a strong advocate of operational excellence and change management and has experience in working with Korean, Chinese and Japanese Engineers.

Mr. Habib-Ullah has also worked with PM Auto Industries (Pvt) Limited as DGM Plant wherein he gained experience in working in world re-knowned Vehicle brands FAW and SOKON. Prior to this he was working with Dewan Farooque Motors Limited wherein he worked on Korean Vehicle Brands HYUNDAI and KIA. Mr. Habib-Ullah has also worked with Indus Motor Company Limited (Toyota Pakistan) wherein he gained experience in working on the 'The Toyota Production System'.

7.4. INTEREST OF DIRECTORS

The Directors may have deemed to be interested to the extent of fees payable to them for attending the Board meetings. The Directors performing whole time services in the Company may also be deemed interested to the extent of remuneration payable to them by the Company. The nominee Directors have interest in the Company to the extent of representing the Sponsors in the capital of the Company.

Following Directors are holding Ordinary shares of the Company:

Name of Shareholder	Designation	No. of Shares held	Value of Shares held (PKR)
Mr. Sohail Usman Sheikh	CEO / Executive Director	4,881,396	48,813,960
Mr. Muhammad Shahzeb Usman	Non-Executive Director	10,316,740	103,167,400
Mr. Muhammad Salman	Non-Executive Director	24,997,500	249,975,000
Mr. Tayyab Usman	Executive Director	25,004,995	250,049,950
Ms Maria Shahzeb	Non-Executive Director	01	10
Mr. Rashid Rahman Mir	Independent Director	01	10
Mr. Anwar Iqbal	Independent Director	01	10

7.5. INTEREST OF DIRECTORS IN PROPERTIES/ASSETS OF THE COMPANY

None of the Directors or promoters have any special or other interest in the property/assets or profits of the Company other than as holders of the Ordinary shares in the capital of the Company. Certain shareholders who are also the Directors of the Company have interest to the extent of receiving remuneration for their role as Directors and CEO.

7.6. BENEFITS TO PROMOTERS AND OFFICERS

No benefit (monetary or otherwise) has been given by the Company to the Sponsors, promoters, substantial shareholders and Directors of the Company other than remuneration for services rendered by them as full time executives of the Company.

7.7. AUDIT COMMITTEE

The Board of Directors has set up an effective internal audit function managed by suitable qualified and experienced personnel who are conversant with the policies and procedures of the Company and are involved in the internal audit function on a full time basis.

The Audit Committee comprises of the following members:

Mr. Rashid Rehman Mir - Chairman / Independent Director

Mr. Muhammad Salman – Member / Non-Executive Director

Mr. Anwar Iqbal – Member / Independent Director

7.8. POWER OF DIRECTORS INCLUDING ANY BORROWING POWER

As per Articles of Association clause 93, the business of the Company shall be managed by the Directors, who may pay all expenses incurred in promoting and registering the Company, and may exercise all such powers of the Company as are not by the Act or any statutory modification thereof for the time being in force, or by these Articles, required to be exercised by the Company in general meeting, subject nevertheless to the provisions of the Act or to any of these Articles, and such regulations being not inconsistent with the aforesaid provisions, as may be prescribed by the Company in general meeting but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

As per Article 105, the Directors may exercise all the powers of the Company to borrow money and to mortgage its undertaking, property and capital or any part thereof, and to issue securities and debentures, Participation or Term Finance Certificates or any other instrument, whether outright or as security for any debt, liability or obligation of the Company or of any third party.

7.9. INDEMNITY AVAILABLE TO THE BOARD OF DIRECTORS AND OTHER EMPLOYEES OF THE COMPANY

As per Article 137, Every Director or officer of the Company and every person employed by the Company as auditor shall be indemnified out of the funds of the Company against any liability incurred by him as such Director, officer or auditor in defending any proceeding, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted, or in connection with any application under Section 488 of the Ordinance in which relief is granted to him by the court.

7.10. CORPORATE GOVERNANCE

The Company shall comply with all the rules and regulations applicable to the Company with regards to the Listed Companies (Code of Corporate Governance) Regulations, 2019.

7.11. NUMBER OF DIRECTORS

Pursuant to Section 154 of the Companies Act, 2017 a listed Company shall have not less than seven (7) Directors.

7.12. QUALIFICATION OF DIRECTORS

No person shall be appointed as a Director of the Company unless he is a member of the company, however, this Article shall not be applicable in the case of a person representing a member which is not a natural person or a whole-time Director who is an employee of the Company or a chief executive or a person representing creditors as provided under Section 153 of the Act.

7.13. REMUNERATION OF THE DIRECTORS

As per Article 89, the remuneration to be paid to any Director for attending meetings of the Board or any Committee thereof shall, from time to time, be determined by the Board of Directors. The Directors shall be paid such traveling expenses as may be fixed by the Directors from time to time or in or about the performance of their duties as Directors or if a Director has to come to attend the Board meeting from outstation.

As per Article 90, any Director appointed to any executive office, including for purpose of this Article, the office of Chief Executive or Chairman, who serves on any committee or who devotes special attention to the business of the Company or who otherwise performs extra services which in the opinion of the Board are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration whether by way or salary, fees, percentage of profits or otherwise, as the Board may determine, which shall be charged as part of the Company's ordinary working expenses, subject to the provision of any law for the time being in force.

As per Article 111, The Chief Executive shall, if not already be a Director, be deemed to be a member of the Board and shall be entitled to such remuneration, benefits and allowances as the Board may specify from time to time.

As per Article 113, The Chief Executive and/or other personnel appointed by the Company shall be entitled to remuneration and benefits comparable to the best performance Companies in Pakistan which determination shall be done by the Board.

FY2021 (PKR)	Chief Executive Officer	Directors	Executive	Total
Remuneration	2,400,000	1,350,000	11,911,200	15,661,200
Allowances	-	-	1,559,500	1,559,500
Total	2,400,000	1,350,000	13,470,700	17,220,700
Number of Persons	1	3	6	10
FY2020 (PKR)	Chief Executive Officer	Directors	Executive	Total
Remuneration	536,000	-	8,082,880	8,618,880
Allowances	264,000	-	3,981,120	4,245,120
Total	800,000	-	12,064,000	12,864,000
Number of Persons	1	3	5	9

FY2019 (PKR)	Chief Executive Officer	Directors	Executive	Total
Remuneration	-	-	3,071,280	3,071,280
Allowances	-	-	1,512,720	1,512,720
Total	-	-	4,584,000	4,584,000
Number of Persons	-	-	3	3

7.14. VOTING RIGHTS

As per Article 65, Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person or by proxy and every corporation present by proxy or by a representative duly appointed pursuant to Article 68 shall have one vote except for election of Directors in which case the provisions of Section 178 of the Ordinance shall apply. On a poll every member shall have voting rights as laid down in Section 160 of the Ordinance.

According to Article 67, a member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on show of hands or on a poll or through video link, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

7.15. HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Board of Directors has set up an effective Human Resources function managed by suitable and qualified personnel who are conversant with the policies & procedures of the Company and are involved in Human Resources function on a full time basis.

The Human Resource and Remuneration Committee comprises of the following members:

Mr. Anwar Iqbal – Chairman / Independent Director

Ms. Maria Shahzeb – Member / Non-Executive Director

Mr. Tayyab Usman – Member / Executive Director

8 LEGAL PROCEEDINGS AND OVERDUE LOANS

8.1.1. LEGAL PROCEEDINGS

There are two pending Legal proceedings of Regal Automobiles Industries Limited as of June 30th, 2021:

The first one is tabulated as follows:

Order dated	Issuing Authority	Tax Period	Order Amount/ Financial Impact (PKR)	Current Status	Management's Stance
30-04-2019	Deputy Commissioner Inland Revenue (DCIR)	July, 2018 to September, 2018	631,429/-	Appeal filed before the Commissioner Inland Revenue (Appeals) ["CIR(A)"] is pending for hearing	Company expects favorable decision

Secondly, the Company has also received the FBR notices under section 176 (1)(a) for monitoring of withholding taxes for the Tax Year 2016 to 2020. The Company has challenged the under authority and procedural aspects of issuance of these notices through civil petitions before the Honorable Sind High Court which is pending for hearing. The Honorable Sind High Court has directed the FBR to hold any further proceedings till disposition of Petitions. The Management is of the view that these petitions are at initial stages of hearing and the Company has case laws to support its plea under these petitions. Hence, the Company has not made any provision in financial statements.

Note: There are no other legal proceedings against Regal Automobiles Industries Limited, its Sponsors, Substantial Shareholders, Directors & Associated Concerns as of June 30th, 2021

The legal proceedings against the Company does not materially impact its operational performance and profitability.
Eiffel Industries Limited:

There are no legal proceedings against Eiffel Industries Limited. as of June 30th, 2021

Ulfat Textile Mills (Pvt) Ltd:

There are no legal proceedings against Ulfat Textile Mills (Pvt) Ltd. as of June 30th, 2021

Duro Engineering Industries (Private) Ltd:

There are no legal proceedings against Duro Engineering Industries (Private) Ltd. as of June 30th, 2021

8.1.2. ACTION TAKEN BY SECURITIES EXCHANGE

No action has been taken by the Securities Exchange against the issuer or its associated companies as the Issuer and its associated companies have not been listed on the Exchange.

8.2. OVERDUE LOANS

There are no overdue loans (local or foreign currency) on the Company, its Sponsors and Promoters, Substantial Shareholders, Directors and Associated Group Companies (over which the Company has control). The Company, its

CEO, its Directors and its Sponsors, under the oath, undertake that they have no overdue payment to any financial institutions.

9 UNDERWRITING, ARRANGEMENT, COMMISSION, BROKERAGE AND OTHER EXPENSES

9.1. UNDERWRITING

Book Building Portion

Arif Habib Limited has been appointed as the Book Runner to the Issue. The Book Runner will credit underwrite 25,000,000 shares being offered for subscription through the Book Building representing 100% of the Issue as required under regulation 7(6) of the PO Regulations, with the limitations in effect that the Book Runner shall only underwrite the default portion of the Book Building, if any, at the Strike Price determined through the Book Building process.

General Public Portion

The General Public Portion of the Issue has not been underwritten in terms of Regulation 7(4) of the Regulations.

9.2. BUY BACK / REPURCHASE AGREEMENT

THE BOOK RUNNER IN THE CAPACITY AS UNDERWRITER OF THE BOOK BUILDING PORTION HAS NOT ENTERED INTO ANY BUY BACK / RE-PURCHASE AGREEMENT WITH THE COMPANY OR ANY OTHER PERSON IN RESPECT OF THIS ISSUE OF SHARES.

ALSO, NEITHER THE COMPANY NOR ANY OF ITS ASSOCIATES HAVE ENTERED INTO ANY BUY BACK / RE-PURCHASE AGREEMENT WITH THE BOOK RUNNER IN THE CAPACITY AS UNDERWRITER OR ITS ASSOCIATES. THE COMPANY AND ITS ASSOCIATES SHALL NOT BUY BACK / RE-PURCHASE SHARES FROM THE BOOK RUNNER AND ITS ASSOCIATES TAKEN UP, IF ANY, BY IT IN CAPACITY AS THE BOOK RUNNER.

9.3. FEES AND EXPENSES FOR E-IPO SYSTEMS

Commission on application received through the e-IPO Systems of PSX and CDC will be paid to PSX and CDC which shall not be more than 0.8% of the amount of the total applications. PSX and CDC will share the fee with other participants of the e-IPO System at a ratio agreed amongst them.

9.4. COMMISSION OF THE BANKERS TO THE ISSUE

Commission at the rate of 0.25% (inclusive of all taxes) of the amount collected on allotment in respect of successful applicants will be paid by the Company to the Bankers to the Issue for services to be rendered by them in connection with the Retail Portion of the Issue.

9.5. BROKERAGE

For this Issue, brokerage shall be paid to the TRE Certificate Holders of PSX at the rate of 1.0% of the value of shares (including premium, if any) on successful applications for Book Building and General Public Portion. No brokerage shall be payable in respect of shares taken up by the Successful Bidders pursuant to under subscription of retail portion of the Issue.

9.6. ESTIMATED EXPENSES OF THE ISSUE

Expenses to the Issue are estimated not to exceed PKR 52,532,525/-. The break-up of these preliminary expenses is given below:

Particulars	Rate	Expense (PKR) at Floor Price
Advisory, Arrangement & Book Running Fee	2.40%	27,006,000
Commission to banker for General Public	0.25%	562,625
E-IPO facility charges	0.80%	450,100

Bankers to the issue out of pocket expenses		350,000
TREC Holders Commission	1.00%	11,252,500
PSX Initial Listing fee		1,071,500
PSX Service fee		50,000
PSX Book Building software charges		500,000
Transfer Agent and Balloting Agent		400,000
Printing of Prospectus and Forms		1,500,000
Publication of Prospectus and Advertisements in Newspapers and Urdu Translation of Prospectus		4,000,000
Marketing, Roadshows and other activities		1,000,000
CDC Fresh Issue fee	0.16%	1,800,400
CDC Annual Eligibility Fee		800,000
SECP Supervisory fee		107,150
SECP IPO Application Processing fee		200,000
Miscellaneous Expenses		1,000,000
Stamp Duty on New Shares Issuance	0.15%	482,250
Total		52,532,525

¹ Please note that fee mentioned in percentages above are calculated on the basis of Floor Price. The actual fee will be finalized once the Strike Price is determined in the Book Building process

² CDC Fresh Issue fee is on the overall Issue comprising of pre-IPO & IPO

³ Commission for Banker to General public is based on assumption of 80% subscription through Bankers to the Issue

⁴ Commission for Banker to General public is based on assumption of 80% subscription through Bankers to the Issue

10 MISCELLANEOUS INFORMATION

10.1. Registered Office and Corporate Office of Regal Automobiles Industries Limited

Office # 211-Business Arcade,
Block-6, P.E.C.H.S,
Shahrah-e-Faisal, Karachi.
Contact No: 021-35835203
Email Address: cfo_south@regalautomobiles.com

[Office # 1502, 15th floor,
Emerald Tower, Clifton, Karachi](#)

10.2. BANKERS AND FINANCIAL INSTITUTIONS OF THE COMPANY

Sr. No	Name	Address	Contact no.	Email
1	Bank Al Habib Limited	2-Talwar Branch Clifton Karachi	0333-7121330	zeeshan.hyder@bankalhabib.com
2	Bank Al Habib Limited - Islamic	2-Talwar Branch Clifton Karachi	0321-8231802	raza.shahid@bankalhabib.com
3	Habib Bank Limited	W.T.C Branch, Clifton, Karachi	0300-2354637	mehreen.khan@hbl.com
4	Meezan Bank Limited	Clifton Branch Karachi	0304-0921291	zaheer.khan@meezanbank.com
5	Meezan Bank Limited	Mcleod Road Branch, Lahore	0334-9868861	kazim.ali@meezanbank.com
6	JS Bank Limited	Shadman Town Branch, Lahore	0333-4221739	Amir.Shabbir@jsbl.com
7	Mcb Bank Limited	MCB Bank Main Market Gulberg	0335-0662933	mcb0183@mcb.com.pk
8	Bank Al Falah Limited	LDA Plaza Branch, Lahore	0321-8112030	muhammad.nofal@bankalfalah.com
9	Askari Bank Limited	Main. Boulevard Branch Gulberg Lahore	0321-4500160	haider.naqvi@askaribank.com.pk
10	Askari Bank Limited	Bohra Pir Branch, Karachi	0335-9900729	adeeb.ahmed@askaribank.com.pk
11	Bank of Punjab	Model Town Branch, Lahore	0321-8450663	muhammad.afzal11@bop.com.pk

10.3. AUDITORS OF THE COMPANY

BDO Ebrahim & Co, Chartered Accountants
2nd Floor, Block C, Lakson Square Building No. 1,
Sarwar Shaheed Road
74200, Karachi
Email: info@bdo.com.pk
Office Phone Number +9221-35683030
Fax +9221-35684239

10.4. LEGAL ADVISOR OF THE COMPANY

AHM & Co (Advocates & Corporate Counsel)
Address: 415, Eden Heights Jail Road, Lahore
Phone: +924235786749

10.5. CORPORATE ADVISOR

Integrated Equities Limited

Address: 202Y, Commercial 1st Floor,
DHA Lahore Pakistan
Office Phone Number: +92 4235741714-15
Fax: +9242-35694615

10.6. COMPUTER BALLOTTER & SHARE REGISTRAR

CDC Share Registrar (Pvt.) Ltd
CDC House, 99-B, Block B, S.M.C.H.S.
Main Shahrah-e-Faisal, Karachi – 74400.
Phone: +9221 111-111-500

10.7. LEAD MANAGER & BOOK RUNNER**Arif Habib Limited**

Arif Habib Center
23, MT Khan Road, Karachi
Phone: +9221-38899276
Fax: +9221-32433542
Email: raveena.kumari@arifhabibltd.com
Web: www.arifhabibltd.com

10.8. BANKERS TO THE ISSUE FOR BOOK BUILDING

Habib Bank Limited & Bank Al Habib Limited

10.9. BANKERS TO THE ISSUE FOR GENERAL PORTION

Code	Name of Bank
01	Habib Bank Limited
02	Habib Metropolitan Bank Limited
03	Meezan Bank Limited
04	Bank Islami Pakistan Limited
05	United Bank Limited
06	Al Baraka Limited
07	Bank Al Habib Limited

11 MATERIAL CONTRACTS

11.1. DETAILS OF CKD COOPERATION AGREEMENTS FOR VEHICLE VARIANTS OF THE COMPANY

The details for material contracts pertaining to the supply of CKD kits for the Company is given below:

Party to Agreement	Type of Contract	Country
DFSK Motor Co. Ltd	CKD Cooperation Agreements for the supply of CKD kits for Glory 580	China
DFSK Motor Co. Ltd	CKD Cooperation Agreements for the supply of CKD kits for K01	China
DFSK Motor Co. Ltd	CKD Cooperation Agreements for the supply of CKD kits for K07	China
DFSK Motor Co. Ltd	CKD Cooperation Agreements for the supply of CBU units for C37	China
Lijue Co Ltd	CKD Cooperation Agreements for the supply of CKD kits for Prince Pearl	China

11.2. DETAILS OF L/C

Item	Beneficiary	Country	Date	Amount (CNY)
Glory Pro 1500 CC (200 Sets)	ChongQing Sokon Motor (DFSK)	China	17 th August 2021	16,368,264

11.3. DETAILS OF CONSTRUCTION CONTRACTS PERTAINING TO ELECTRIC VEHICLE

The following table shows the building construction and related work which has been contracted with the following suppliers:

Sr. No.	Consultant	Services	Country	Date of Contract	Value (PKR Mn)
1	DSM Construction	Pre-Fabricated Shed of 132, 842 sq ft including Civil Works Double Story Warehouse of 68,000 sq ft area	Pakistan	30 th September 2021	200.0
2	Al-Hadi Engineering	Mechanical Work for Erection, Installation & Commissioning of Welding Line Mechanical Work for Erection, Installation & Commissioning of Paint Shop	Pakistan	30 th September 2021	60.0
3	Al-Hamd Electric	Electrical Work i. Change Over 1600A ii. Complete Installation of Cable Tray System iii. Earthling (Complete with Wiring) iv. 2400MM Cable Installation from L.T Panel to main L.T Pane Shop v. 2400MM Cable Installation from L.T Panel to main Welding Shop	Pakistan	30 th September 2021	50.0

Sr. No.	Consultant	Services	Country	Date of Contract	Value (PKR Mn)
		vi. Complete Installation & Wiring of 1600A L.T Panel			
		vii. Complete Installation & Wiring of 1600A and sub M.C.B.T.P breaker			
		viii. Complete Installation of Cable tray of welding guns and power wiring of all guns with 16MM & 25MM			
		ix. Complete lighting of hall & wiring of fan			
		x. Complete wiring of No. 1 Mega Generator			
		xi. Single Core, 3 core, 4 core cable & other items			
		xii.			
Total					310.0

11.4. PRIVATE PLACEMENT AGREEMENTS

Details will be given once contracted

11.5. INSPECTION OF DOCUMENTS AND CONTRACTS

Copies of the Memorandum and Articles of Association, the Audited Financial Statements, the Auditor's Certificates, Information Memorandum and copies of the agreements referred to in this Prospectus may be inspected during usual business hours on any working day at the registered office of the Company from the date of publication of this Prospectus until the closing of the subscription list.

11.6. MEMORANDUM OF ASSOCIATION

The Memorandum of Association, inter alia, contains the objects for which the Company was incorporated and the business which the Company is authorized to undertake. A copy of the Memorandum of Association is annexed to this Prospectus and with every issue of the Prospectus except the one that is released in newspapers as advertisement.

11.7. FINANCIAL YEAR OF THE COMPANY

The financial year of the Company commences on July 1 and ends on June 30.

12 BOOK BUILDING PROCEDURE/INSTRUCTIONS FOR REGISTRATION AND BIDDING

12.1. BOOK BUILDING PROCEDURE

12.1.1. Brief Structure

The Present Issue

The Issue comprises of 25,000,000 Ordinary Shares of face value worth PKR 10.0/- each which constitutes 23.3% of the Post-IPO Paid Up Capital of the Company.

The Issue of 25,000,000 Ordinary Shares will be offered through the Book Building process at a Floor Price of PKR 32.0/- per share. Initially, 75% of the Issue size i.e. 18,750,000 Ordinary Shares will be allotted to Successful Bidders and 25% of the Issue size i.e. 6,250,000 Ordinary Shares will be offered to Retail Investors at the Issue Price. Any unsubscribed retail portion will be allocated to Successful Bidders on a pro-rata basis.

The Floor Price of PKR 32.0/- has a maximum Price Band of 40% above which no Bid shall be accepted. At maximum Price Band, the highest Strike Price that can be Bid for shall be PKR 44.8/- per share.

In addition to this Issue, the Company is further issuing 7,150,000 Ordinary Shares at a price of PKR 35.2/share (premium of 10% to the Floor Price) through Pre-IPO Private Placement which will amount to 6.7% of the Post IPO Paid Up Capital of the Company.

The Bidders shall give an undertaking along with the application that they would subscribe to the unsubscribed shares, if any, by the retail investors and their remaining Bid money would remain deposited/ blocked till allotment of unsubscribed shares, if any, of the retail portion to them on pro-rata basis. In case the retail portion is fully subscribed, the Bid money shall be unblocked within one (1) working day or refunded within three (3) working days of the closing of the public subscription.

Within 3 working days of the closing of the Bidding Period, a Supplement to the Prospectus will be published in at least all those newspapers in which the Prospectus is published. The Supplement will contain information related to the Strike Price, the Offer Price, dates of the Public Subscription, and category wise break-up of the Successful Bidders. Format of the Supplement is given on page 3 of this Prospectus

12.1.2. Types of Bids and Procedure for making a Bid

Book Building is a process whereby investors Bid for a specific number of shares at various prices. The Issuer set a Floor Price, which is the minimum / lowest price a Bidder can bid at. An order book of Bids is maintained by the Book Runner, which is then used to determine the Strike Price through the **“Dutch Auction Method”**.

Under the Dutch Auction Method, the Strike Price is determined by lowering the Bid Price to the extent that the total number of shares issued through the Book Building process are subscribed.

A Bid by a Bidder can be a **“Limit Bid”**, or a **“Step Bid”**, each of which are explained below:

- **Limit Bid:** Limit Bid is at the Limit Price, which is the maximum price a Bidder is willing to pay for a specified number of shares.

In such a case, a Bidder explicitly states a price at which he / she / it is willing to subscribe to a specific number of shares. For instance, a Bidder may bid for 1 Mn shares at PKR 32.0/- per share, based on which the total Application Money would amount to PKR 35 Mn. In this case the Bid Amount will be also PKR 35 Mn. Since the Bidder has placed a Limit Bid of PKR 32.0/- per share, this indicates that he / she / it is willing to subscribe the shares at a price up to PKR 32.0/- per share.

- **Step Bid:** A series of Limit Bids at increasing prices. The amount of any individual step shall not be less than PKR. 1,000,000.
- For instance, if the investor Bids for 0.70 Mn shares at PKR 32.0/- per share, 0.60 Mn shares at PKR 38.0/- per share and 0.50 Mn shares at PKR 40.0/- per share, then in essence the investor has placed one Step Bid comprising three Limit Bids at increasing prices. The Application Money would amount to PKR 67.3 Mn, which is the sum of the products of the number of shares Bid for and the Bid price of each Limit Bid. In such a case, (i)

Individual Investors shall deposit PKR 67.3 Mn in the Book Building Account as Margin Money which is 100% of PKR 67.3 Mn and (ii) Institutional Investors shall deposit at least PKR 16.825 Mn in the Book Building Account as Margin Money which is 25% of PKR 67.3 Mn.

RESTRICTIONS:

- (i) **AN ELIGIBLE INVESTOR SHALL NOT:**
- (a) **MAKE BID BELOW THE FLOOR PRICE AND ABOVE THE UPPER LIMIT OF THE PRICE BAND;**
 - (b) **MAKE BID FOR MORE THAN 10% OF THE SHARES ALLOCATED UNDER THE BOOK BUILDING PORTION**
 - (c) **MAKE A BID WITH A PRICE VARIATION OF MORE THAN 10% OF THE PREVAILING INDICATIVE STRIKE PRICE AS PER REGULATION 10(2)(iii) OF THE PO REGULATIONS**
 - (d) **PLACE CONSOLIDATED BID**
 - (e) **MAKE MORE THAN ONE BID SEVERALLY OR JOINTLY**
 - (f) **MAKE DOWNWARD REVISION BOTH IN TERMS OF BID PRICE AND BID VOLUME; PROVIDED THAT IN CASE OF UPWARD REVISION OF THE BID PRICE, THE NUMBER OF SHARES BID FOR I.E. BID VOLUME MAY BE ADJUSTED ENSURING THAT THE BID AMOUNT OR BID MONEY REMAINS THE SAME; OR**
 - (g) **WITHDRAW BID**
- (ii) **RELATED EMPLOYEES OF THE ISSUER, LEAD MANAGER AND THE BOOK RUNNER SHALL NOT PARTICIPATE IN THE BIDDING PROCESS.**
- (iii) **NO PERSON SHALL TAKE PART IN THE BOOK BUILDING PROCESS, DIRECTLY OR INDIRECTLY SEVERALLY OR JOINTLY IN ANY MANNER OR ENGAGE IN ANY ACT OR PRACTICE WHICH CREATE A FALSE AND MISLEADING APPEARANCE OF ACTIVE BIDDING FOR RAISING OR DEPRESSING STRIKE PRICE IN THE BOOK BUILDING PROCESS.**
- (iv) **AS PER REGULATION 7(8) OF THE PO REGULATION, THE ASSOCIATES OF THE ISSUER AS DISCLOSED IN THE PROSPECTUS SHALL NOT IN AGGREGATE MAKE BIDS IN EXCESS OF TEN (10) PER CENT OF THE SHARES OFFERED THROUGH BOOK BUILDING.**
- (v) **AS PER REGULATION 7(9) OF THE PO REGULATIONS, THE ASSOCIATES OF THE CONSULTANT TO THE ISSUE TO THE ISSUE AND BOOK RUNNER SHALL NOT IN AGGREGATE MAKE BIDS IN EXCESS OF TEN (10) PERCENT OF THE SHARES OFFERED THROUGH BOOK BUILDING.**

LIST OF ASSOCIATED COMPANIES AND UNDERTAKINGS OF THE ISSUER, NAMES OF RELATED EMPLOYEES OF THE ISSUER, LEAD MANAGER AND BOOK RUNNER ARE PROVIDED IN SECTION 3.

Once the Bidding Period has lapsed and the book has been built, the, Strike Price shall be determined on the basis of Dutch Auction Method.

Successful Bidders shall be intimated, within one (1) working day of the closing of the Bidding Period, about the Strike Price and the number of shares provisionally allotted to each of them. The Bid money of Bidders who have undertaken to subscribe the unsubscribed retail portion shall remain deposited or blocked till allotment of unsubscribed retail portion, if any, to them on pro-rata basis. Upon intimation by the Book Runner of the final allocation, successful institutional Bidders shall deposit their balance margin money within (3) days of such intimation. **Where a successful Bidder defaults in payment of shares allotted to him / her / it, the Margin Money deposited by such Bidder shall be forfeited to the Book Runner.**

As per regulation 9(16) of the PO Regulations, the successful Bidders shall be issued shares at the time of issuance of shares to the retail investors. Shares to successful Bidders shall be issued only in the form of book-entry through credit in their respective CDS accounts (Investors Account or Sub-Account). All the Bidders shall, therefore, provide number of their CDS accounts in the Bid application.

The Bidders must provide the bank account details in their Bidding form, so that cash dividend can be credited into their respective International Bank Account Number (IBAN).

12.1.3. Mechanism for Determination of Strike Price

- At the close of the Bidding period, the Strike Price shall be determined on the basis of Dutch Auction Method by the Designated Institution. Under this methodology, the Strike Price is determined by lowering the price to the extent that the total shares offered under the Book Building Portion are subscribed.
- The Order Book shall display the Bid prices in a tabular form in descending order along with the number of shares Bid for and the cumulative number of shares at each price level.
- As per the regulation 9(12) of the PO Regulation, in case all the Bids made above the Strike Price are accommodated and shares are still available for allotment, such available shares will be allotted on proportionate basis against the Bids made at the Strike Price.

The mechanism for determination of the Strike Price can be understood by the following illustration:

- Number of shares being Issued through the Book Building: 25,000,000 Ordinary Shares
- Floor Price: PKR 32.0/- per Ordinary Share with maximum price band of 40% i.e. PKR 44.8/- per share
- Bidding Period: From [.] to [.]
- Bidding Time: 9:00am – 5:00pm
- Bidding Revision Time (Upward Revision only): 9:00am – 5:00pm on all days

Bidder	Price (PKR/share)	Quantity	Cumulative Number of shares	Category of Order
Institution A	44.8	3,500,000	3,500,000	Limit Price
Institution B	44	2,500,000	6,000,000	Limit Price
HNWI A	43	2,000,000	8,000,000	Step Bid
Institution C	42	3,000,000	11,000,000	Limit Price
Institution D	41	3,500,000	14,500,000	Limit Price
Institution E	40	3,500,000	18,000,000	Limit Price
HNWI B	39	3,000,000	21,000,000	Limit Price
HNWI A	38	4,000,000	25,000,000	Step Bid
Institution F	37	1,000,000	26,000,000	Limit Price
Institution G	36	1,000,000	27,000,000	Limit Price
HNWI C	35	1,000,000	28,000,000	Limit Price
Institution H	34	2,000,000	30,000,000	Limit Price
Institution I	33	1,000,000	31,000,000	Step Bid
Institution H	33	2,000,000	31,000,000	Limit Price
HNWI D	32.8	1,000,000	32,000,000	Step Bid
Institution J	32.5	4,000,000	36,000,000	Limit Bid
HNWI E	32	5,000,000	41,000,000	Limit Price

↓

Strike Price determined through Dutch Auction Method

↓

Bid has been revised upwards and placed at PKR 45.75

↓

Total shares bid at and above the Floor Price

On the basis of the figures provided in the above illustration, according to the Dutch Auction Method, the Strike Price would be set at PKR 42.0 per share to sell the required quantity of 25,000,000 Ordinary Shares.

At PKR 44.8 per share, investors are willing to buy 3,500,000 shares. Since 21,500,000 shares are still available, therefore the price will be set lower.

At PKR 44.0 per share, investors are willing to buy 2,500,000 shares. Since 19,000,000 shares are still available, therefore the price will be set lower.

At PKR 43.0 per share, investors are willing to buy 2,000,000 shares. Since 17,000,000 shares are still available, therefore the price will be set lower.

At PKR 42.0 per share, investors are willing to buy 3,000,000 shares. Since 14,000,000 shares are still available, therefore the price will be set lower.

At PKR 41.0 per share, investors are willing to buy 3,500,000 shares. Since 10,500,000 shares are still available, therefore the price will be set lower.

At PKR 40.0 per share, investors are willing to buy 3,500,000 shares. Since 7,000,000 shares are still available, therefore the price will be set lower.

At PKR 39.0 per share, investors are willing to buy 3,000,000 shares. Since 4,000,000 shares are still available, therefore the price will be set lower.

At PKR 38.0 per share, investors are willing to buy 4,000,000 shares. **Since after bidding for 4,000,000 shares at PKR 38.0 per share, no shares will be available therefore the Strike Price will be set at PKR 38.0 per share for the entire lot of 25,000,000 shares.**

The Bidders who have placed Bids at prices above the Strike Price (which in this illustration is PKR 38.0 per share), will become entitled for allotment of shares at the Strike Price and the differential would be refunded.

In case all the Bids made above the Strike Price are accommodated and shares are still available for allotment, such available shares shall be allotted against the Bids made at the Strike Price on proportionate basis as per regulation 9(12) of the PO Regulations.

The Bidders who have made Bids below the Strike Price shall not qualify for allotment of shares and the Book Runner shall intimate the respective banks for unblocking their Bid Money within one (1) working day of the close of the Bidding period as per regulation 9(13) of the PO Regulation and the refunds, where required to such Bidders shall be made within three (3) working days from the close of the Bidding period

Since this Issue is being made through 100% Book Building, as per the regulation 7(4) of the PO Regulation, the Bidder shall be allowed to place Bids for hundred (100%) percent of the Issue size and the Strike Price shall be the price at which hundred (100%) percent of the Issue size is subscribed. However, the successful Bidders would be allotted and issued only seventy-five (75%) percent of the Issue size and the remaining twenty-five (25%) percent would be offered to the retail investor. The Bidders shall give an undertaking along with the application that they would subscribe to the unsubscribed shares, if any, out of the retail portion of the Issue and their remaining Bid money would remain deposited/ blocked till allotment of such unsubscribed shares to them on pro-rata basis.

The Bid money of Bidders shall remain deposited or blocked till allotment of unsubscribed shares, if any, to them on pro rata basis as per regulation 9(15) of PO Regulation.

In case retail portion of the Issue is fully subscribed, the Bid money shall be unblocked within one (1) working day or refunded within three (3) working days of the closing of the public subscription.

12.1.4. Timeframe for intimation to the successful Bidders and mechanism for payment of the balance amount by the successful Bidders

Successful Bidders shall be intimated, within one (1) working day of the closing of the Bidding period, the Strike Price and the number of shares provisionally allotted to each of them. Upon intimation by the Book Runner of the final allocation, successful institutional Bidders shall deposit their balance margin money within (3) days of such intimation. **Where a successful Bidder defaults in payment of shares allotted to it, the Margin Money deposited by such Bidder shall be forfeited to the Book Runner.**

12.1.5. Book Runner to the Issue:

Arif Habib Limited has been appointed by the Issuer as Lead Manager & Book Runner to this Issue.

Roles and Responsibilities of the Book Runner

The Book Runner to the Issue shall be responsible to:

1. ensure that necessary infrastructure and electronic system is available to accept Bids and to conduct the whole Book Building process in a fair, efficient and transparent manner;
2. ensure blocking of Bid and margin money of the Bidders in their respective accounts;
3. the Book Runner must be financially capable for honoring its commitments arising out of defaults by their investors, if any;
4. use the software provided by the Designated Institution for the Book Building on such terms and conditions as may be agreed with the Designated Institution through an agreement in writing;
5. ensure that the software used for Book Building is based on Dutch Auction Method for display of the order book and determination of the Strike Price;
6. ensure that the Bidders can access to the System and can revise their Bids electronically using the user ID and the password;
7. ensure that it has obtained list and Unique Identification Number (UIN) of the associates of the Issuer, the Consultant to the Issue and all the related employees;
8. ensure that no Bid or Bids exceeding ten per cent (10%), in aggregate, is or are made by the associated companies and associated undertakings of the Issuer;
9. ensure that no Bid in aggregate exceeding ten per cent (10%) is made by the companies and associated undertakings of the Lead Manager and the Book Runner;
10. enter into an underwriting agreement with the Issuer with respect to underwriting of the Book Building portion for covering the default risk;
11. establish Bid Collection Centers at least in Islamabad, all the provincial capitals, Azad Kashmir and Gilgit/Baltistan;
12. maintain record of all the Bids received; and
13. ensure that all the Bids received in the Bid Collection Centers are entered into the system developed by the Designated Institution for the purpose of Book Building within the prescribed time.

The Book Runner have established Bid Collection Centers at the following addresses (direct & fax numbers in all centers).

12.1.6. Bid Collection Centers

The Book Runner has established Bid Collection Centers at the following addresses:

	Karachi	
Contact Officer:	Syed Ali Raza	Raveena Kumari
Direct No.:	+92 21 32460741	+92 21 38899 276
PABX No.:	+92 21 111 245 111	+92 21 111 245 111
Fax No.:	+92 21 3242 9653	+92 21 3242 9653
Email:	m.aliraza@arifhabibltd.com	raveena.kumari@arifhabibltd.com
Postal Address:	Arif Habib Limited Arif Habib Centre, 23 M.T Khan Road, Karachi	Arif Habib Limited Arif Habib Centre, 23 M.T Khan Road, Karachi
	Lahore	Islamabad
Contact Officer:	Farasat Asghar	Asad Abbas Najfi
Direct No.:	+92 42 3631 3702	+92 51 289 4505
Email:	farasat.ashgar@arifhabibltd.com	asad.abbasnajfi@arifhabibltd.com
Postal Address:	Arif Habib Limited Office No. G-5 & G-6, Ground Floor, LSE Plaza, 19 Khayaban-e-Aiwan-e-Iqbal Lahore	Arif Habib Limited Office No. 506, 5 th Floor, ISE Towers, Jinnah Avenue, Islamabad

	Faisalabad	Peshawar
Contact Officer:	Muhammad Naseem Asmat	Zeeshan Ahmed
Direct:	041-8531010	091-5253838
Email:	naseem.asmat@arifhabibltd.com	zeeshan.ahmad@arifhabibltd.com
Postal Address:	Arif Habib Limited Office # 04, Third Floor, Legacy Tower, Near Kohinoor City, Faisalabad	Arif Habib Limited Office # F13-F17, First Floor, The Mall Tower, Peshawar Cantt
	Quetta	Azad Kashmir
Contact Officer:	Babar Nadeem	Ikram Riaz
Direct:	081-2822747	0343-5321012
Email:	babar.nadeem50@hbl.com	ikram.riaz@hbl.com
Postal Address:	R.H.Q – Gulistan Road, Quetta Cantt., Quetta	R.H.Q – Near Apex Cash & Carry, Gojra Bypass Road, Muzzafabad
	Gilgit/Baltistan	
Contact Officer:	Adil Adnan	
Direct:	0333-5760626	
Email:	adil.adnan@hbl.com	
Postal Address:	HBL Area Office, N.L.I Market, Shahrah –E- Quaid –E- Azam, Gilgit	

12.1.7. Roles and Responsibilities of the Designated Institution

PSX being provider of the Book Building System (Designated Institution), shall ensure that Book Building System shall smoothly perform following functions:

- Record name, UIN, National Tax Number (NTN), postal and email addresses, land line and cell numbers, International Bank Account Number (IBAN) and branch address and complete CDS Account Number (i.e. Investor Account Number or Sub-Account Number);
- Provide a mechanism for registration of the Bidders before commencement of the Bidding period till 03:00 p.m. on the last day of the Bidding Period and require the investors to provide at least such information as mentioned above;
- Generate Bidders' Internet Protocol (IPs) address and keep record of all IP addresses from where the Bids are placed;
- Record the number of shares Bid for, the Bid Price, type of the Bid i.e. Limit Bid or Step Bid, date and time of the entry of the Bid;
- Display the Bids revised, and date and time of upward revision;
 - Neither allow withdrawal of Bid, nor accept the Bids placed at a Bid Price that is below the Floor Price or above 10% of the Indicative Strike Price at any point of time and above the upper limit of the Price Band;
- Display live the total number of shares offered for sale, the Floor Price, Price Band, total number of Bids received, total number of shares Bid for and the indicative Strike Price;
- Build an order book showing demand for the shares at various price levels in a descending order along with the accumulated number of shares Bid for and percentage of total shares offered under the Book Building Portion;
- Discover the Strike Price at the close of the Bidding Period;
- Generate alerts for the Bidders via Short Message Service ("SMS") through cell phones and emails upon entry of the Bid, at the time of upward revision of the Bid, upon variation in the Indicative Strike Price and upon discovery of the Strike Price; and
- Ensure that the system must provide the Bidders the option to upward revise their Bids online or through the Book Runner during the period permitted under these PO Regulations.

The Designated Institution shall ensure that:

- i. identity of the Bidder is not displayed; and
- ii. no Bid is entered into the System after closing of the Bidding Period.

12.1.8. Roles and Responsibilities of the Issuer:

The Issuer shall ensure that:

1. the Issuer, its Sponsors, Promoters, Substantial Shareholders, Directors and Associates shall have no over dues or defaults, irrespective of the amount, appearing in the report obtained from the credit information bureau;
2. the Issuer or its Directors, Sponsors or Substantial Shareholders should not have held the office of the Directors, or have not been Sponsors or Substantial Shareholders in any company:
 - i. which had been declared defaulter by the securities exchange or futures exchange; or
 - ii. whose TRE certificate has been cancelled or forfeited by the securities exchange; or
 - iii. which has been de-listed by the securities exchange due to non-compliance of its regulations.
3. The Lead Manager to the Issue, Book Runner, Balloter and Share Registrar and Banker to the Issue, are appointed through separate agreements in writing.
4. It has submitted through its Lead Manager, an application along with draft prospectus for listing of its securities to the PSX.
5. the shares shall be issued in book-entry form only.

12.1.9. Opening and Closing of the Registration Period

The Registration period shall be for **Five (5)** working days as under:

REGISTRATION PERIOD	
[•]/2021	9:00am to 5:00pm
[•]/2021	9:00am to 5:00pm
[•]/2021	9:00am to 5:00pm
[•]/2021	9:00am to 5:00pm
[•]/2021	9:00am to 3:00pm

12.1.10. Opening and Closing of the Bidding Period

The Bidding Period shall be for **Two (2)** working days as under:

BIDDING PROCESS STARTS ON	[•]/2021 (9:00 AM to 5:00 PM)
BIDDING PROCESS ENDS ON	[•]/2021 (9:00 AM to 5:00 PM)

12.1.11. Eligibility to Participate in Bidding

Eligible Investors who can place their Bids in the Book Building process include local and foreign Individual and Institutional Investor s whose Bid Amount is not less than PKR 1,000,000/- (Rupees One Mn only).

12.1.12. Information for Bidders

1. The Prospectus for Issue of Shares has been approved by PSX and SECP.
2. The Prospectus, Registration Forms and the Bidding Forms can be obtained from the Registered Office of Regal, AHL, and the designated Bid Collection Centers. Prospectus, Registration Forms and Bidding Forms can also be

downloaded from the following websites of the Lead Manager & Book Runner, the Company, and PSX i.e. <http://www.arifhabibltd.com>, <http://www.regalautomobiles.com>, <https://www.psx.com.pk>.

3. Eligible Investors who are interested to participate in Bidding for subscribing the Ordinary Shares of the Company should approach the Book Runner at the addresses provided in Section 10.7 of this Prospectus for registration for submitting their Bids.
4. THE REGISTRATION FORMS SHOULD BE SUBMITTED ON THE PRESCRIBED FORMAT AT THE ADDRESSES PROVIDED IN SECTION 12.1.6. FOR DETAILS ON THE PROCEDURE OF REGISTRATION PLEASE REFER TO SECTION 12.1.14.
5. THE BIDS SHOULD BE SUBMITTED ON THE PRESCRIBED BIDDING FORM IN PERSON, THROUGH FAX NUMBERS GIVEN IN SECTION 10.7 OR THROUGH THE ONLINE SYSTEM USING THE USER ID AND PASSWORD ISSUED AT THE TIME OF REGISTRATION OF ELIGIBLE INVESTOR.
6. REGISTERED INVESTORS CAN PLACE AND REVISE THEIR BIDS UPWARDS BY ACCESSING THE DESIGNATED INSTITUTIONS ONLINE PORTAL FOR BOOK BUILDING BY USING THE USER ID AND PASSWORD COMMUNICATED TO THEM VIA EMAIL BY PSX.
7. EACH ELIGIBLE INVESTOR SHALL ONLY SUBMIT A SINGLE PAY ORDER, DEMAND DRAFT OR EVIDENCE OF ONLINE TRANSFER OF MONEY ALONG WITH THE REGISTRATION FORM. IT MAY ALSO BE NOTED THAT ONLY A SINGLE PAY ORDER, DEMAND DRAFT OR EVIDENCE OF ONLINE TRANSFER OF MONEY SHALL BE ACCEPTED BY THE BOOK RUNNER ALONG WITH EACH ADDITIONAL PAYMENT FORM.
8. ELIGIBLE INVESTORS WHO ARE ACCOUNT HOLDERS OF HABIB BANK LIMITED & BANK AL HABIB LIMITED (THE BANKER TO THE BOOK BUILDING PORTION OF THE ISSUE) CAN USE THE ONLINE TRANSFER FACILITY PROVIDED BY HABIB BANK LIMITED & BANK AL HABIB LIMITED TO DEPOSIT THEIR BID MONEY TO THE BOOK BUILDING ACCOUNT OPENED AT HABIB BANK LIMITED & BANK AL HABIB LIMITED.

12.1.13. Registration form and Procedure for Registration

1. A standardized Registration Form has been prescribed by the Issuer. The Registration Form shall be submitted, duly filled in, at the Bid Collection Centers in person on addresses given in section 12.1.6 on the standard Registration Form. The Registration Form shall be serially numbered at the Bid Collection Centers and date and time stamped at the time of collection of the same from the Bidders.
2. Upon completion and submission of the Registration Form, the Bidders are deemed to have authorized the Issuer to make necessary changes in the Prospectus as would be required for finalizing and publishing the Supplement to the Prospectus in the newspapers in which Prospectus was published and filing the Supplement with PSX and SECP, without prior or subsequent notice of such changes to the Bidders.
3. The registration procedure under the Book Building process is outlined below:
 - The Registration period shall be for Five (5) working days i.e. [•]/2021 to [•]/2021 from 9:00 AM to 5:00 PM and from 9:00 AM to 3:00 PM on [•]/2021.
 - The Registration Form shall be issued in duplicate signed by the Bidder and countersigned by the Book Runner, with the first copy for the Book Runner and the second copy for the Bidder.
 - The Registration Form shall be duly filled in and signed in duplicate and shall be submitted at the Bid Collection Centers in person, through representative or through fax on addresses and numbers given in paragraph 12.1.6.
 - Upon registration of the Bidders in the System, PSX shall assign and communicate the User ID and Password to the Bidders via email on the email address provided by them in the Registration Form.
 - The Book Runner may reject any Bid for reasons to be recorded in writing provided the reason of rejection is disclosed to such Bidder. Decision of the Book Runners shall not be challengeable by the Bidder.
 - Bid Amount / Margin Money shall be deposited along with the Registration Form through demand draft, pay order or online transfer through Bidder's bank account only. In case of Online Transfer, the Bidders are requested to submit a bank receipt evidencing transfer of the Bid money into the Issuer's designated bank

account. **Please note that cash must not be deposited either directly or through online transfer in the Issuer's designated bank account.**

- The pay order shall be made in favor of **“REGAL AUTOMOBILES INDUSTRIES LIMITED - BOOK BUILDING”**. For online transfer the payment shall be made into Habib Bank Limited [.] being maintained in [.], Karachi & Bank Al Habib Limited [.] being maintained in [.], Karachi. Please note that online transfer facility shall only be allowed to Habib Bank Limited & Bank Al Habib Limited customers.
- Please note that third party instruments will not be accepted for Margin Money.
 - In case of intra city payment instruments, the Bidders shall ensure that the payment instruments are made “Payable at any Branch”. Intra city payment instruments that are not made “Payable at any Branch” will not be accepted.
- The Book Runners shall collect an amount of 100% of the Application Money as Margin Money in respect of Bids placed by Individual Investors.
- The Book Runners shall collect an amount of not less than 25% of the Application Money as Margin Money in respect of Bids placed by Institutional Investor s.
- The Bidder shall provide a valid email address in the Registration Form so that the relevant ID and password can be emailed to them upon registration.
- The Bidders can use the User ID and Password to independently place and upward revise their Bids online.
- **The successful Bidders shall be issued shares only in the form of book-entry to be credited in their respective CDS accounts. All the Bidders shall, therefore, provide their CDC account numbers in the Bid application and Registration form.**
- **The successful Bidders shall be paid cash dividend, if any announced by the Company, only through direct credit in their respective International Bank Account Number (IBAN). All the Bidders, therefore, must provide their IBANs in the Bid Application and Registration Forms.**

12.1.14. Procedure for Bidding

1. A standardized Bidding Form has been prescribed by the Issuer.
2. Registered Investors can submit their Bids in person or through representatives at the Bid Collection Centers during the Bidding dates or can place their Bids online at <https://bkb.psx.com.pk> using the user ID and Password received by them over email upon registration with the Book Runner.
3. The Bidding procedure under the Book Building process is outlined below:
 - Bids can be placed either at the “Limit Price” or as a “Step Bid”. The minimum size of a Limit Bid by an Eligible Investor shall not be less than PKR 1,000,000/- (Rupees One Mn) and in case of a Step Bid, the amount of any step shall also not be less than PKR 1,000,000/- (Rupees One Mn).
 - The investors may place their Bids through any of the Bid Collection Centers established pursuant to the requirements of sub-regulation 10 of regulation 8 of the PO Regulations. Please see para 12.1.6 for addresses and contact detail of persons at the Bid Collection Centers.
 - The persons at the Bid Collection Centers shall vet the Bid applications and accept only such Bid applications that are duly filled in and supported by pay order, demand draft or a bank receipt evidencing transfer of the Bid money into the Issuer designated bank account.
 - On receipt of Bid application in accordance with the aforementioned regulation, the Book Runner shall enter Bid into the System and issue to the Bidder an electronic receipt bearing name of the Book Runner, name of the Bidding center, date and time.
 - The Bidding shall commence from 09:00 a.m. and close at 05:00 p.m. on all days of the Bidding Period. The Bids shall be collected and entered into the system by the Book-Runner till 05:00 p.m. on the last day of the Bidding period.

- The Bidders shall have the right to revise their Bids upwards any time either manually through the Bid Collection Centers or electronically through direct access to the system till 05:00 p.m. on the last day of the Bidding Period.
- **The Bidders shall NOT make downward revision both in terms of Bid Price and Bid Volume provided that in case of upward revision of the Bid Price, the number of shares Bid for i.e. Bid Volume may be adjusted ensuring that the Bid amount or Bid money remains the same.**
- **The Bidders shall not withdraw the Bids.**
- The Book Runner shall collect full amount of the Bid Amount as Margin Money in respect of Bids placed by the High Net worth Individual and not less than twenty-five percent (25%) of the Bid Amount as Margin Money in respect of Bids placed by the Institutional Investor s.
- Payment of Margin Money shall be accepted only through demand draft, pay order or online transfer and third party payment instruments shall not be accepted.
- The Book runner may waive the margin requirement for Institutional Investor s subject to confirmation from their respective banks or custodian banks (in case of foreign Institutional Investor s) that an amount equivalent to the Bid money is available in the respective bank or custodian account and would be paid directly to the book runner on its request and confirmation of allocation of shares;
- The Book Runner may reject any Bid for reasons to be recorded in writing provided the reason of rejection is disclosed to such Bidder. The decision of the Book Runner shall not be challengeable by the Bidder.
- PSX shall, through the system, display live throughout the Bidding period an order book in descending order showing demand for shares at various prices and the accumulated number of shares Bid for along with percentage of the total shares issued (the “Order Book”). The Order Book should also show the revised Bids upward. The Order Book shall be accessible through websites of PSX.
- At the close of the Bidding Period, the Strike Price shall be determined on the basis of the Dutch Auction Method.
- Once the Strike Price is determined, all those Bidders whose Bids are found successful shall become entitled for allotment of shares.
- The Bidders who have made Bids at prices above the Strike Price shall be allotted shares at the Strike Price.
- In case all the Bids made above the Strike Price are accommodated and shares are still available for allotment, such available shares will be allotted against the Bids made at the Strike Price on proportionate basis as per regulation 9(12) of PO Regulations. The procedure for allotment of shares to successful Bidders is mentioned in section 12.1.22 of the Prospectus.
- The Bidders who have made Bids below the Strike Price shall not qualify for allotment of any Ordinary Shares and the Book Runner shall intimate their respective banks for unblocking their Bid Money within one (1) working day of the close of the Bidding period and in case of refunds, the refund to such Bidders shall be made within three (3) working days from the close of the Bidding period.
- Successful Bidders shall be intimated, within one (1) working day of the closing of the Bidding period, the Strike Price and the number of shares provisionally allotted to each of them. The successful Bidders shall be intimated by the Book Runner of their final allocation after subscription of the retail portion of the Issue.
- In case the retail portion of the Issue is not fully subscribed, the unsubscribed shares shall be allotted to the successful Bidders on pro-rata basis.
- In case the retail portion of the Issue is oversubscribed, the allotment shall be made in the manner given in section 13.1.12 of the prospectus.
- Upon intimation by the Book Runner of final allocation, successful institutional Bidders shall deposit their balance margin within (3) days of such intimation. **Where a successful Bidder defaults in payment of shares allotted to it, the Margin Money deposited by such Bidder shall be forfeited to the Book Runner.**

- Final allotment of shares out of the Book Building Portion shall be made after receipt of full subscription money from the successful Bidders; however, shares to such Bidders shall be credited at the time of credit and dispatch of shares out of the retail portion.
- The successful Bidders shall be issued shares only in Book Entry Form to be credited in their respective CDS Accounts. All the Bidders shall, therefore, provide their CDS Account Numbers in the Registration Form.
- The Designated Institution shall continue to display on its website, the data pertaining to the Book Building and determination of the Strike Price for a period of at least three working days after closure of the Bidding Period.
- The Book-Runner shall ensure that subscription money received against the Bids accepted shall not be released to the Issuer by the Banker to the Book Building Portion until:
 - credit of all shares allotted to retail investors; and
 - issuance of NOC by the PSX.

12.1.15. Payment for Book Building Portion

The Issuer has opened a bank account for collection of Applications' Money related to Book Building portion.

The Bidders shall draw demand draft or pay order in favor of “**REGAL AUTOMOBILES INDUSTRIES LIMITED– BOOK BUILDING**” or online transfer of the Bid money into the respective Book Building account [.] maintained at Habib Bank Limited & and Book Building account [.] maintained at Bank Al Habib Limited submit the demand draft, pay order or bank receipt at the designated Bid Collection Centers either in person or through facsimile along with a duly filled in Registration Form.

For online transfer the payment shall be made into the Account [.] being maintained at Habib Bank Limited [.] Branch, Karachi with the Account Title “**REGAL AUTOMOBILES INDUSTRIES LIMITED– BOOK BUILDING**”. Please note that online transfer facility shall only be allowed for **Habib Bank Limited & Bank Al Habib Limited** customers.

CASH MUST NOT BE SUBMITTED WITH THE BIDDING FORM/REGISTRATION FORM AT THE BID COLLECTION CENTER NOR DEPOSITED DIRECTLY OR VIA ONLINE TRANSFER IN THE ISSUER'S DESIGNATED BANK ACCOUNT. BID AMOUNT MUST BE PAID THROUGH PAY ORDER, BANK DRAFT OR ONLINE TRANSFER DRAWN / TRANSFER IN FAVOR OF “REGAL AUTOMOBILES INDUSTRIES LIMITED – BOOK BUILDING” IN A MANNER ACCEPTABLE TO THE BOOK RUNNER. PLEASE NOTE THAT THIRD PARTY PAYMENT INSTRUMENTS WILL NOT BE ACCEPTED.

The Collection Banks shall keep and maintain the Bid money in the said account. Once the shares allotted under the retail portion have been credited, the Consultant to the Issue, after obtaining NOC from PSX, may request in writing to the Banker to the Book Building Portion for transfer of the money of the successful and accepted applications to the Issuer's account(s).

PAYMENT PROCEDURE

The payment procedures for a Limit Bid or a Step Bid are explained below:

▪ **PAYMENT FOR LIMIT BID**

If investors are placing their Bids as a Limit Bid, then they shall deposit the Margin Money based on the number of shares they are Bidding for at their stated Bid price.

For instance, if an investor is applying for 1 Mn shares at a price of PKR 32.0/- per share, then the total Application Money would amount to PKR 35 Mn. In such a case, (i) Individual Investor shall deposit PKR 35 Mn in the Book Building account as the Bid amount which is 100% of PKR 35 Mn; and (ii) Institutional Investor shall deposit at least PKR 8.75 Mn in the Book Building account as the Margin Money which is 25% of PKR 35 Mn.

▪ **PAYMENT FOR STEP BID**

If an investor is placing a Step Bid which is a series of Limit Bids at increasing prices, then he/she/it shall deposit the Margin Money / Bid money based on the total number of shares he/she/it is Bidding for at his/her/its stated Bid prices.

For instance, if the investor Bids for 0.70 Mn shares at PKR 32.0/- per share, 0.60 Mn shares at PKR 38.0/- per share and 0.50 Mn shares at PKR 40.0/- per share, then in essence the investor has placed one Step Bid comprising three

Limit Bids at increasing prices. The Application Money would amount to PKR 67.3 Mn, which is the sum of the products of the number of shares Bid for and the Bid price of each Limit Bid. In such a case, (i) Individual Investors shall deposit PKR 67.3 Mn in the Book Building Account as Margin Money which is 100% of PKR 67.3 Mn and (ii) Institutional Investors shall deposit at least PKR 16.825 Mn in the Book Building Account as Margin Money which is 25% of PKR 67.3 Mn.

12.1.16. Payment by Foreign Investors

Companies are permitted under paragraph 6 (with specific reference to sub para (B) (I)) of Chapter 20 of the State Bank of Pakistan's ("SBP") Foreign Exchange Manual (the "Manual") to issue shares on repatriation basis to non-residents who are covered under paragraph 6 (A) of Chapter 20 of the Manual, i.e. (I) A Pakistan national resident outside Pakistan, (II) A person who holds dual nationality including Pakistan nationality, whether living in or outside Pakistan, (III) A foreign national, whether living in or outside Pakistan and (IV) A firm (including a partnership) or trust or mutual fund registered and functioning outside Pakistan, excluding entities owned or controlled by a foreign government, provided the issue price, is paid in foreign exchange through normal banking channel by remittance from abroad or out of foreign currency account maintained by the subscriber/purchaser in Pakistan.

Non-residents who wish to Bid for the subscription of shares being offered via Book Building can remit the subscription money through an Authorized Dealer directly to the Book Building accounts opened by the Company as given in para 12.1.16 of this Prospectus, however, those non-residents who wish to subscribe shares out of the General Public portion may contact any of the bankers to the issue (retail portion) for taking instructions regarding payment of subscription money against shares offered to General Public / retail investors. List of bankers to the Issue for retail portion is available on page 1 of this Prospectus.

The shares issued to non-resident shareholders shall be intimated by the Company to the designated Authorized Dealer, along with the documents prescribed in the Manual within 30 days of issue.

Non-residents who are covered under paragraph 6 (A) of Chapter 20 of the Manual do not require SBP's approval to invest in the shares being issued in terms of this Prospectus. Furthermore, under paragraph 7 (vii) of Chapter 20 of the Manual the Authorized Dealer shall allow repatriation of dividends, net of applicable taxes and proceeds on sale of listed shares (i.e. divestment proceeds) not exceeding the market value less brokerage/commission on provision of prescribed documents.

Payments made by non-residents shall be supported by proof of receipt of foreign currency through normal banking channels. Such proof shall be submitted along with the Application by the non-residents.

12.1.17. Procedure for Rejection of Bids

In terms of regulation 9(7) of the PO Regulations, the Book Runner may reject any Bid placed by a Bidder for reasons to be recorded in writing provided the reason of rejection is disclosed to such Bidder. Decision of the Book Runner shall not be challengeable by the Bidder.

12.1.18. Time frame for upward revision of Bids by the Bidders

The registered investors may revise their Bids upwards any time either manually through the Bid Collection Centers or electronically through direct access to the system till 05:00 p.m. on the last day of the Bidding Period.

An investor will not be allowed to place or revise a Bid with a price variation of more than 10% of the prevailing indicative Strike Price. **NO DOWNWARD REVISION BOTH IN TERMS OF BID PRICE AND BID VOLUME IS ALLOWED PROVIDED THAT IN CASE OF UPWARD REVISION OF THE BID PRICE, THE NUMBER OF SHARES BID FOR I.E. BID VOLUME MAY BE ADJUSTED ENSURING THAT THE BID AMOUNT OR BID MONEY REMAINS THE SAME. HOWEVER, NO WITHDRAWAL OF BID IS ALLOWED.**

12.1.19. Ten Percent (10%) Price Variation

An investor will not be allowed to place or upward revise a Bid with a price variation of more than ten percent (10%) of the prevailing Indicative Strike Price subject to Floor Price and Price Band i.e. Bid Price must not be below the Floor

Price and must not exceed 40% of the Floor Price which is upper limit of Floor Price. **Please note that the Indicative Strike Price may not be constant and may keep on changing during the Bidding period. Therefore, the 10% range will also change with the changing Indicative Strike Price.**

For Example, if the Floor Price is PKR 32.0 per share and Indicative Strike Price at any given point in time during the Bidding period is PKR 32.0 per share, registered Bidders may place or revise their Bids at/to any price between PKR 32.0 per share to PKR 38.5 per share. If at any given point in time during the Bidding period, the Indicative Strike Price changes from PKR 32.0 per share to PKR 37.0 per share, the registered Bidders may place or upward revise their Bids at/to between PKR 37.0 per share to PKR 40.70 per share.

Please note that the 10% range on the lower side cannot go below the Floor Price and cannot exceed the upper cap of 40% of the Floor Price i.e. PKR 44.8 per share. The price range of 10% applicable at any given point in time during the Bidding period will also be displayed on the Bid screen available at the website of PSX.

12.1.20. Restriction on Downward Revision or Withdrawal of Bids by the Bidder

Under regulation 10(2)(vi) of the PO Regulations the Bidders shall not make downward revision both in terms of Bid Price and Bid Volume provided that in case of upward revision of the Bid Price, the number of shares Bid for i.e. Bid Volume may be adjusted ensuring that the Bid amount or Bid money remains the same.

Under regulation (10) (2)(vii) of the PO Regulations the Bidders shall not be allowed to withdraw Bids.

12.1.21. Procedure for Withdrawal of Issue

1. In accordance with regulation 8(16) of the PO Regulations, in case the Issuer does not receive Bids for the number of shares allocated under the Book Building Portion at the Floor Price, the Issue shall be cancelled and the same shall be immediately intimated to the Commission and PSX and the Margin Money shall be refunded to the Bidders immediately but not later than three (3) working days of the closing of the Bidding Period.
2. In accordance with regulation 8(17) of the PO Regulation, the Book Building process will be considered as cancelled if the total number of Bids received is less than forty (40).

12.1.22. Basis of Allotment of Shares

Bidders shall be allowed to place Bids for one hundred percent (100%) of the Issue size and the Strike Price shall be the price at which one hundred percent (100%) of the Issue is subscribed via the Dutch Auction Method.

Once the Strike Price is determined, all those Bidders whose Bids have been found successful shall be provisionally allotted 75% of the Issue size i.e. 18,750,000 Ordinary Shares.

In order to be a successful Bidder in the Book Building process, the Bid price would either be higher than the Strike Price or at the Strike Price.

For allocation of shares via Book Building, priority shall be given to the Bids placed at the highest price. The Bidders, who have made Bids at prices above the Strike Price, will be provisionally allocated 75% of the shares successfully Bid for, at the Strike Price. The differential between the Bid price and Strike Price, would be refunded based on the total number of shares Bid for.

Bidders who had placed Bids at the Strike Price will be provisionally allotted seventy-five (75%) of the shares successfully Bid for, at the Strike Price, on proportionate basis.

Bids made below the Strike Price shall not qualify for allotment of shares and their Margin Money will be refunded.

Final allotment of shares to the successful Bidders would be determined after determination of the public response to the Retail Portion of the Issue.

In the event the retail portion is undersubscribed, the unsubscribed portion would be allotted to the successful Bidders, on a pro-rata basis as per regulation 11(5) of the PO Regulation. Excess funds, if any, would be refunded to the Bidders after allotment of the unsubscribed shares.

Final allotment of shares out of the Book Building portion shall be made after subscription of the retail portion and receipt of full subscription money from the successful Bidders; however, shares to such Bidders shall be issued simultaneously with issuance of shares to retail investors, in the form of book-entry to be credited in their respective CDS Accounts. All the Bidders shall, therefore, provide number of their respective CDS Accounts in the Bid application as required under regulation 9(16) of the PO Regulations.

12.1.23. Refund of Margin Money

The Bidders who have made Bids below the Strike Price shall not qualify for allotment of securities and the Book Runner shall intimate their respective banks for unblocking, where required, their Bid Money within one (1) working day of the close of the Bidding period as required under regulation 9(13) of the PO Regulations and the refunds, where required to such Bidders shall be made within three (3) working days from the close of the Bidding period.

12.1.24. Publication of Supplement to the Prospectus

In accordance with regulation 11(1) of the PO Regulations within three (3) working days of the closing of the Bidding Period, Supplement to the Prospectus shall be published at least in all those newspapers in which the Prospectus was earlier published and also disseminated through PSX.

The Supplement will contain information related to the Strike Price, the Offer Price, dates of the Public Subscription, and category wise break-up of the Successful Bidders. Format of the Supplement is given on page 3 of this Prospectus.

Public subscription for the shares shall be held at any date(s) within thirty days (30) of the publication of the Prospectus but not earlier than seven (7) days of such publication.

13 APPLICATION AND ALLOTMENT INSTRUCTIONS FOR RETAIL PORTION

13.1.1 Eligible Investors Include:

1. Pakistani citizen's resident in or outside Pakistan or Persons holding dual nationalities including a Pakistani nationality;
2. Foreign Nationals whether living in or outside Pakistan
3. Companies, bodies corporate or other legal entities incorporated or established in or outside Pakistan (to the extent permitted by their constitutive documents and existing regulations, as the case may be);
4. Mutual Funds, Provident / Pension / Gratuity Funds / Trusts, (subject to the terms of the Trust Deed and existing regulations); and
5. Branches in Pakistan of companies and bodies corporate incorporated outside Pakistan.

APPLICATION MUST BE MADE ON SECP's APPROVED APPLICATION FORM OR A LEGIBLE PHOTOCOPY THEREOF ON A PAPER OF A4 SIZE WEIGHING AT LEAST 62 GM

13.1.2 Copies of Prospectus

Copies of this Prospectus and Applications Forms can be obtained from members of PSX, the Bankers to the Issue and their branches, the Consultant to the Issue, the Book Runner to the Issue and registered office of the Company. The Prospectus and the Application Form can also be downloaded from the following websites:

<http://www.arifhabibltd.com>, <http://www.regalautomobiles.com>, www.psx.com.pk & www.cdceipo.com;

Shares against the successful and accepted applications shall be issued in the Book Entry Form only and will be credited into the Applicants CDS Account mentioned in the Application. The applicants, therefore, must provide detail of their CDS Account (investors Account or Sub-Account) in the Shares Subscription Form. Investors who do not have CDS account may visit www.cdcpakistan.com for information and details. For further guidance and queries regarding opening of CDS account, investors may contact CDC at phone Number: 0800 – 23275 (CDCPL) and e-mail: info@cdcpak.com.

NAMES(S) AND ADDRESS (ES) MUST BE WRITTEN IN FULL BLOCK LETTERS, IN ENGLISH AND SHOULD NOT BE ABBREVIATED.

ALL APPLICATIONS MUST BEAR THE NAME AND SIGNATURE CORRESPONDING WITH THE ONE RECORDED WITH THE APPLICANT'S BANKER. IN CASE OF DIFFERENCE OF SIGNATURE WITH THE BANK AND COMPUTERIZED NATIONAL IDENTITY CARD (CNIC) OR THE NATIONAL IDENTITY CARD FOR OVERSEAS PAKISTANI (NICOP) OR PASSPORT, BOTH THE SIGNATURES SHOULD BE AFFIXED ON THE APPLICATION FORM.

13.1.3 OPENING AND CLOSING OF THE SUBSCRIPTION LIST

The subscription list will open at the commencement of banking hours on [•]/2021 and will close on [•]/2021 at the close of banking hours. **Please note that online applications can be submitted 24 hours during the subscription period which will close at 12:00 midnight on [•]/2021**

13.1.4 E-IPO SYSTEM

e-IPO refers to electronic submission of applications for subscription of securities offered in an IPO. The following systems are available for e-IPOs:

PSX's e-IPO System (PES):

In order to facilitate investors, the Pakistan Stock Exchange Limited ("PSX") has developed an e-IPO System ("PES") through which applications for subscription of securities offered to the General Public can be made electronically.

PES has been made available in this Issue and can be accessed through the web link (<https://eipo.psx.com.pk>). Payment of subscription money can be made through 1LINK's and NIFT's member banks available for PES.

For making application through PES, investors must be registered with PES. The PES registration form is available 24/7, all throughout the year. Registration is free of cost and can be done by:

- the investor himself, or
- the TREC Holder with whom the investor has a sub-account, or
- the Bank with whom the investor has a bank account.

Similarly, an e-IPO application can be filed by:

- the investor himself, or
- the TREC Holder with whom the investor has a sub-account, or
- the Bank with whom the investor has a bank account.

For further guidance and queries regarding PES, **investors may contact PSX at phone number: 111-001-122, or contact at phone (021)-35274401-10 and email: itss@psx.com.pk.**

Investors who are registered with PES can submit their applications through the web link <https://eipo.psx.com.pk> 24 hours a day during the subscription period which will close at midnight on [..].

Centralized e-IPO System (CES):

The Central Depository Company of Pakistan Limited (CDC) in collaboration with 1Link (G) Limited (1Link) has developed a Centralized e-IPO System (CES) through which applications for subscription of securities offered to the General Public can be made electronically. CES can be accessed through the web link (www.cdceipo.com). Payment of subscription money can be made through 1LINK's member banks available for CES.

For making application through CES, investors must be registered with CES. Registration with CES is one-time activity, free of cost and a self-registration process by filling the CES registration form, which is available 24/7 all around the year.

In addition to the above, sub-account holder(s) will request their respective TREC Holders who are Participants in Central Depository System (CDS) to make electronic subscription on their behalf for subscription of securities of a specific Company by authorizing (adding the details of) their respective Participant(s) in CES. Consequently, authorized Participants can electronically subscribe on behalf of their sub-account holder(s) in securities offered through Initial Public Offerings (IPOs) and can also make payment against such electronic subscriptions through all the available channels mentioned on CES only after receiving the subscription amount from the sub-account holder(s). To enable this feature, the CDS Participant may request CDC to activate his ID on the CES portal. The securities will be credited directly in Investors' subaccount. In case the sub-account of the investor has been blocked or closed, after the subscription, then securities shall be parked into the CDC's IPO Facilitation Account and investor can contact CDC for credit of shares in its respective account

Investors who do not have CDS account may visit www.cdcpakistan.com for information and details. For further guidance and queries regarding CES and opening of CDS account, investors may contact CDC at phone Number: 0800 – 23275 (CDCPL) and e-mail: info@cdcpak.com or contact Mr. Farooq Ahmed Butt of CDC at Phone 021-34326030 and email: farooq_butt@cdcpak.com.

13.1.5 APPLICATIONS MADE BY INDIVIDUAL INVESTORS

1. In case of Individual Investors, an attested photocopy of CNIC (in case of Resident Pakistanis) / NICOP or Passport (in case of Non-Resident Pakistanis) as the case may be, should be enclosed and the number of CNIC / NICOP / Passport should be written against the name of the applicant. Copy of these documents can be attested by any Federal / Provincial Government Gazette Officer, Councilor, Oath Commissioner or Head Master of High School or bank manager in the country of applicant's residence.
2. Original CNIC / NICOP / Passport, along with one attested photocopy, must be produced for verification to the Banker to the Issue and the applicant's banker (if different from the Banker to the Issue) at the time of presenting

the application. The attested photocopy will, after verification, be retained by the bank branch along with the application.

Aforementioned requirements pertaining to CNIC/NICOP only applies to physical applications and would not be required in E-IPO facility.

13.1.6 APPLICATIONS MADE BY INSTITUTIONAL INVESTORS

1. Applications made by companies, corporate bodies, mutual funds, provident / pension / gratuity funds / trusts and other legal entities must be accompanied by an attested photocopy of their Memorandum and Articles of Association or equivalent instrument / document. Where applications are made by virtue of Power of Attorney, the same should also be submitted along with the application. Any Federal / Provincial Government Gazette Officer, Councilor, Bank Manager, Oath Commissioner and Head Master of High School or bank manager in the country of applicant's residence can attest copies of such documents.
2. Attested photocopies of the documents mentioned in 8.7 (i) must be produced for verification to the Banker to the Issue and the applicant's banker (if different from the Banker to the Issue) at the time of presenting the application. The attested copies, will after verification, be retained by the bank branch along with the application.

13.1.7 ADDITIONAL INSTRUCTIONS FOR INVESTORS

1. Only one application will be accepted against each account, however, in case of joint account, one application may be submitted in the name of each joint account holder.
2. Joint application in the name of more than two persons will not be accepted. In case of joint application each applicant must sign the application form and submit attested copies of their CNICs / NICOP / Passport. The share certificates will be dispatched to the person whose name appears first on the application form while in case of CDS, it will be credited to the CDS account mentioned on the face of the form and where any amount is refundable, in whole or in part, the same will be refunded into the details of the bank account number as provided on the registration form, to the person named first on the application form, without interest, profit or return. Please note that joint application will be considered as a single application for the purpose of allotment of shares.
3. Subscription money must be paid by check drawn on applicant's own bank account or pay order / bank draft payable to one of the Bankers to the Issue "**General Subscription**" and crossed "**A/C PAYEE ONLY**".
4. For the applications made through pay order / bank draft, it would be permissible for a Banker to the Issue to deduct the bank charges while making refund of subscription money to unsuccessful applicants through pay order / bank draft individually for each application.
5. The applicant should have at least one bank account with any of the commercial banks. The applicants not having a bank account at all (non-account holders) are not allowed to submit application for subscription of shares.
6. Applications are not to be made by minors and / or persons of unsound mind.
7. Applicants should ensure that the bank branch, to which the application is submitted, completes the relevant portion of the Application Form.
8. Applicants should retain the bottom portion of their Application Forms as provisional acknowledgement of submission of their applications. This should not be construed as an acceptance of the application or a guarantee that the applicant will be allotted the number of shares for which the application has been made.
9. Making of any false statements in the application or willfully embodying incorrect information therein shall make the application fictitious and the applicant or the bank shall be liable for legal action.
10. Bankers to the Issue are prohibited to recover any charges from the subscribers for collecting subscription applications. Hence, the applicants are advised not to pay any extra charges to the Bankers to the Issue.
11. It would be permissible for a Banker to the Issue to refund subscription money to unsuccessful applicants into the details of bank account number provided on the face of the Registration form. Applicants should, therefore, not fail to give their bank account numbers.

12. Submission of false and fictitious applications is prohibited and such applications' money may be forfeited under section 87(8) of the Securities Act, 2015.

13.1.8 ADDITIONAL INSTRUCTIONS FOR FOREIGN / NON-RESIDENT INVESTORS'

1. In case of foreign investors who are not individuals, applications must be accompanied with a letter on applicant's letterhead stating the legal status of the applicant, place of incorporation and operations and line of business. A copy of Memorandum of Association or an equivalent document should also be enclosed, if available. Where applications are made by virtue of Power of Attorney, the same must be lodged with the application. Copies of these documents can be attested by the bank manager in the country of applicant's residence.
2. Foreign / resident should follow payment instructions given in Section 12.1.16 of this Prospectus.

13.1.9 CODE OF OCCUPATION OF INVESTORS / APPLICANTS

Code	Occupation
01	Business
02	Business Executive
03	Service
04	Housewife
05	Household
06	Professional
07	Student
08	Agriculturist
09	Industrialist
10	Other

13.1.10 NATIONALITY CODE

Code	Name of Country
001	U.S.A
002	U.K
003	U.A.E
004	K.S.A
005	Oman
006	Bangladesh
007	China
008	Bahrain
009	Other

13.1.11 MINIMUM AMOUNT OF APPLICATION AND BASIS FOR ALLOTMENT OF SHARES OF THE ISSUE

The basis and conditions for allotment of shares out of the Issue shall be as follows:

1. Application for shares must be made for 500 shares or in multiples of 500 shares only. Applications which are neither for 500 shares nor for multiples of 500 shares shall be rejected.
2. The minimum amount of application for subscription of 500 shares is the Issue Price x 500 shares.
3. Application for shares below the minimum amount shall not be entertained.
4. **SUBMISSION OF FALSE AND FICTITIOUS APPLICATIONS IS PROHIBITED AND SUCH APPLICATIONS' MONEY MAY BE FORFEITED UNDER SECTION 87(8) OF THE SECURITIES ACT, 2015.**
5. If the shares offered to the General Public are sufficient to accommodate all applications, all applications shall be accommodated.

6. If the shares applied for by the General Public are in excess of the shares allocated to them, the distribution shall be made by computer balloting, in the presence of the representative(s) of PSX in the following manner:
 - If all applications for 500 shares can be accommodated, then all such applications shall be accommodated first. If all applications for 500 shares cannot be accommodated, then balloting will be conducted among applications for 500 shares only.
 - If all applications for 500 shares have been accommodated and shares are still available for allotment, then all applications for 1,000 shares shall be accommodated. If all applications for 1,000 shares cannot be accommodated, then balloting will be conducted among applications for 1,000 shares only.
 - If all applications for 500 shares and 1,000 shares have been accommodated and shares are still available for allotment, then all applications for 1,500 shares shall be accommodated. If all applications for 1,500 shares cannot be accommodated, then balloting will be conducted among applications for 1,500 shares only.
 - If all applications for 500 shares, 1,000 shares and 1,500 shares have been accommodated and shares are still available for allotment, then all applications for 2,000 shares shall be accommodated. If all applications for 2,000 shares cannot be accommodated, then balloting will be conducted among applications for 2,000 shares only.
 - After the allotment in the above mentioned manner, the balance shares, if any, shall be allotted in the following manner:
 - After allotment of the above, the balance shares, if any, shall be allotted on pro rata basis to the applicants who applied for more than 2,000 shares.
7. If the Issue is over-subscribed in terms of amount only, then allotment of shares shall be made in the following manner:
 - First preference will be given to the applicants who applied for 500 shares;
 - Next preference will be given to the applicants who applied for 1,000 shares;
 - Next preference will be given to the applicants who applied for 1,500 shares;
 - Next preference will be given to the applicants who applied for 2,000 shares; and then
 - After allotment of the above, the balance shares, if any, shall be allotted on pro rata basis to the applicants who applied for more than 2,000 shares.
8. Allotment of shares will be subject to scrutiny of applications for subscription of shares.
Applications, which do not meet the above requirements, or application which are incomplete, will be rejected.

13.1.12 BASIS OF ALLOTMENT FOR GENERAL PUBLIC

The basis and conditions of transfer of shares to the General Public shall be as follows:

1. The minimum value of application will be calculated as Issue Price 500 shares. Application for amount below the minimum value shall not be entertained.
2. Application for shares must be made for 500 shares or in multiple of 500 shares only. Applications which are neither for 500 shares nor for multiples of 500 shares shall be rejected.
3. Allotment / Transfer of shares to successful applicants shall be made in accordance with the allotment criteria / instructions disclosed in the Prospectus.
4. Allotment of shares shall be subject to scrutiny of applications in accordance with the criteria disclosed in the Prospectus and / or the instructions by the Securities & Exchange Commission of Pakistan.
5. Applications, which do not meet the above requirements, or applications which are incomplete will be rejected. The applicants are, therefore, required to fill in all data fields in the Application Form.
6. The Company will credit shares in the CDS Accounts of the successful applicants.

13.2 REFUND/UNBLOCKING OF SUBSCRIPTION MONEY TO UNSUCCESSFUL APPLICANTS

As per the regulation 11(4) of the PO Regulations, within ten (10) working days of the close of public subscription period the Shares shall be allotted and issued against the accepted and successful applications and the subscription money of the unsuccessful applicants shall be unblocked/ refunded.

As per sub-section (2) of Section 68 of the Companies Act, if refund as required under sub-section (1) of Section 68 of the Companies Act is not made within the time specified hereinabove, the directors of the Company shall be jointly and severally liable to repay that money with surcharge at the rate of two percent (2%) for every month or part thereof from the expiration of the fifteenth day and, in addition, shall be liable to a penalty of level 3 on the standard scale as defined in Section 479 of the Companies Act. Provided that the directors of the Company shall not be liable if it proves that the default in making the refund was not on their own account and was not due to any misconduct or negligence on their part.

13.3 ISSUE AND CREDIT OF SHARE CERTIFICATES

Within ten (10) working days of the closing of public subscription period, the shares shall be allotted, issued and credited against the accepted and successful applications and the subscription money of the unsuccessful applicants shall be unblocked/refunded, as required under regulation 11(4) of the PO Regulations. **Shares will be issued only in the book-entry form and will be credited into the respective CDS Accounts of the successful applicants. Therefore, the applicants must provide their CDS Account Number in the Shares Subscription Applicant.**

If the Company defaults in complying with the above requirements, it shall pay PSX a penalty of PKR 5,000 per day for every day during which the default continues. PSX may also notify the fact of such default and name of the Company by notice and also by publication in its ready-board quotation of the Stock Exchange.

Name of the Company will also be notified to the TRE Certificate Holders of the PSX and placed on the web site of the PSX.

13.4 TRANSFER OF SHARES

The shares shall be transferred in accordance with the provisions of Section 74 of the Companies Act read with Section 75 thereof and the Central Depositories Act, 1997 and the CDCPL Regulations.

13.5 LIST OF BANKERS TO THE ISSUE

Code	Name of Bank
01	Habib Bank Limited
02	Habib Metropolitan Bank Limited
03	Meezan Bank Limited
04	United Bank Limited
05	Bank Al Habib Limited
06	Bank Islami Pakistan Limited
07	Al Baraka Bank (Pakistan) Limited

13.6 MINIMUM AMOUNT OF APPLICATION

As per PO Regulations, the minimum amount of bid shall not be less than PKR 1.0 Million.

13.7 INTEREST OF SHAREHOLDERS

None of the holders of the Issued shares of the Company have any special or other interest in the property or profits of the Company other than their capacity as holder of Ordinary Shares except from the shareholders who are also the Director of the company. Directors of the Company have interest to the extent of receiving remuneration for their role as Directors.

13.8 ELIGIBILITY FOR DIVIDEND

The Ordinary Shares issued shall rank pari-passu with the existing shares in all matters of the Company, including the right to such bonus or right issues, and dividend as may be declared by the Company subsequent to the date of issue of such shares.

13.9 DEDUCTION OF ZAKAT

Income distribution will be subject to deduction of Zakat at source, pursuant to the provisions of Zakat and Ushr Ordinance, 1980 (XVIII of 1980) as may be applicable from time to time except where the Ordinance does not apply to any shareholder or where such shareholder is otherwise exempt or has claimed exemption from payment / deduction of Zakat in terms of and as provided in that Ordinance.

13.10 CAPITAL GAINS TAX

Capital gains derived from the sale of listed securities are taxable in the following manner under section 37A of Income Tax Ordinance, 2001:

Sr. No.	Capital Gain Tax for FY2022	Filer	Non-Filer
1	Applicable Capital Gain Tax Rate	12.5%	25%

13.11 WITHHOLDING TAX ON DIVIDENDS

Dividend distribution to shareholders will be subject to withholding tax under section 150 of the Income Tax Ordinance, 2001 as specified in Part III Division I of the First Schedule of the said ordinance or any time to time amendments therein. In terms of the provision of Section 8 of the said ordinance, said deduction at source, shall be deemed to be full and final liability in respect of such profits in case of persons only. Applicable withholding tax rate on dividend is 15% for filer and 30% for non-filer.

13.12 TAX ON BONUS SHARES

As per section 236M of the Income Tax Ordinance 2001, amended vide Finance Act 2018-19, tax on issue of bonus shares has been omitted and will not be applicable from 1st July 2018 and onwards.

13.13 INCOME TAX

The income of the Company is calculated under the normal tax regime as per Income Tax Ordinance, 2001.

13.14 DEFERRED TAXATION

Deferred tax is accounted for using the balance sheet liability method in respect of on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income. Deferred tax is calculated by using the tax rates enacted at the balance sheet date. In this regard, the effect on deferred taxation of the portion of income subjected to Final Tax Regime is adjusted in accordance with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan, if considered material.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax asset is recognized for all deductible temporary differences and carry-forward of unused tax losses and unused tax credits, if any, to the extent that it is probable that future taxable profit will be available against which these can be utilized.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Provision for deferred income tax is not required as the Company is chargeable to tax under Section 169 of the Income Tax Ordinance, 2001.

13.15 SALES TAX

General Sales Tax is applicable as per Sales Tax Act, 1990 on supplies. Sales tax is applicable on services in accordance with Punjab Sales Tax on Services Act, 2012 by Punjab Revenue Authority and Sindh Sales Tax on Services Act, 2011 by Sindh Revenue Board.

13.16 SALES TAX ON SALE / PURCHASE OF SHARES

Under the Constitution of Pakistan and Articles 49 of the 7th NFC Award, the Government of Sindh, Government of Punjab, Government of Khyber Pakhtunkhwa and Government of Baluchistan have promulgated the Sindh Sales Tax on Services Act, 2011, Punjab Sales Tax on Services Act, 2012, Khyber Pakhtunkhwa Sales Tax on services through Khyber Pakhtunkhwa Finance Act, 2013 and the Baluchistan Sales Tax on services Act, 2015 respectively.

The Sindh Revenue Board, the Punjab Revenue Authority, and the Khyber Pakhtunkhwa Revenue Authority and the Baluchistan Revenue Authority administer and regulate the levy and collection of the Sindh Sales Tax (“SST”), Punjab Sales Tax (“PST”), Khyber Pakhtunkhwa Sales Tax (“KST”) and Baluchistan Sales Tax (“BST”) respectively on the taxable services provided or rendered in Sindh, Punjab or Khyber Pakhtunkhwa provinces respectively.

The value of taxable services for the purpose of levy of sales tax is the gross commission charged from clients in respect of purchase or sale of shares in a Stock Exchange. The above mentioned Acts levy a sales tax on Brokerage at the rate of 13% in Sindh, 16% in Punjab and in Baluchistan and 15% in Khyber Pakhtunkhwa. Sales tax charged under the aforementioned Acts is withheld at source under statutory requirements.

13.17 TAX CREDIT FOR INVESTMENT IN IPO

Under Section 62 of the Income Tax Ordinance, 2001, a resident person other than a company, shall be entitled to a tax credit, as mentioned in the said section, for a tax year in respect of the cost of acquiring in the year, new shares offered to the public by a public company listed on a stock exchange in Pakistan, provided the resident person is the original allottee of the shares or the shares are acquired from the Privatization Commission of Pakistan.

As per section 62(3)(b) of the Income Tax Ordinance, 2001, the time limit for holding shares has been designated as 24 months to avail tax credit.

14 SIGNATORIES TO THE PROSPECTUS

-sd-

Mr. Anwar Iqbal - Chairman and Independent Director

-sd-

Mr. Sohail Usman Sheikh - Chief Executive Officer and Executive Director

-sd-

Mr. Muhammad Shahzeb Usman - Non-Executive Director

-sd-

Mr. Muhammad Salman - Non-Executive Director

-sd-

Mrs. Maria Shahzeb - Non-Executive Director

-sd-

Mr. Rashid Rahman Mir - Independent Director

-sd-

Mr. Tayyab Usman - Executive Director

Signed by the above in presence of witnesses:

Witness 1:

-sd-

Miftah ul Huda
Chief Financial Officer

Witness 2:

-sd-

Maqsood Ali Khan
Manager Accounts

Certified by:

-sd-

Muhammad Mustafa Aziz
Company Secretary

Date: _____

15 MEMORANDUM OF ASSOCIATION

THE COMPANIES ORDINANCE, 1984
COMPANY LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION
OF
REGAL AUTOMOBILES INDUSTRIES LIMITED

- I The name of the company is **REGAL AUTOMOBILES INDUSTRIES LIMITED**.
- II The registered office of the company will be situated in the province of Sindh Pakistan.
- III The objects for which the company is established are as follows:-
- (i) To erect, set up, establish and operate plants for the manufacture of automotive vehicles of all kinds and sorts including buses, trucks, cars, four wheelers, auto rickshaws, motor cycle rickshaws, motor cycles and scooters and to manufacture, produce, fabricate components, parts, accessories, attachments, bodies and engines thereof.
 - (ii) To erect, set up, establish and operate plants for the progressive manufacture, assembly or production of industrial, agricultural and farm machinery, equipments and implements, motor cycles of all sorts and description, earth moving equipment, accessories, components, attachments and spares, bodies and engine used for or in connection with any of the aforementioned machinery or equipment.
 - (iii) To carry on the business or all sorts of engineering goods and machinery and equipment whether locally manufactured or not and to carry on trading, fabrication, manufacturing, import, export, indenting and to act as contractors, agents, dealers of all sorts or engineering goods, machinery and equipments as ancillary to the said business and which may seem to the Company capable of being carried on in connection with the said business and to establish and maintain workshops and testing laboratories.
 - (iv) To purchase, hire or otherwise acquire factories and other premises of business in connection with manufacture of automotive parts, components and accessories.
 - (v) To carry on the business of iron-founders, mechanical engineers, machinists, manufacturers, traders, wholesalers, dealers, retailers, importers and exporters of all kinds of automobiles, auto parts, accessories, implements, tools, gas, generators, engines, types, rubber goods, tubes, bodies, chassis, carburetors, magnets, silencers, radiators, sparking plugs, paraffin vaporizers, speedometers, self-starters, gears, wheels, parts and accessories of all kinds which may be useful for or conducive to the carrying on of the business of the Company.



- (vi) To carry on the trade or business of automobiles, sheet metal parts, light engineering, iron masters, steel makers, steel converters, miners, engineers, tinplate makers and iron founders in all the fields.
- (vii) To arrange for the training in Pakistan or abroad and to provide facilities for the training of industrial consultancy and import and export of industrial machinery, raw material and finished products and to carry on the business of constructional engineering and all types of architectural services.
- (viii) To act as consultants and render advisory and technical services in the field of civil, electrical, mechanical, chemical engineering and other engineering projects and to carry on the business of consultancy and contracts in public, government and private sectors in or outside Pakistan.
- (ix) To carry on the business of general order suppliers including Government, Semi-Government Agencies, Armed Forces, Army, Military or Defence and to act as commission agents, indenters, traders, general merchants, wholesalers, retailers, dealers, distributors, stockists in goods or products within the scope of the objects of the Company, subject to any permission required under the law.
- (x) To carry on and undertake trading business of all sorts and to act as indenters, importers, exporters, traders, suppliers, manufacturers and commission agents of products, commodities and materials in any form, or shape manufactured or supplied by any company, firm, association of persons, body, whether incorporated or not, individuals, Government, Semi-Government or any local authority.
- (xi) To apply for, tender, offer, accept, purchase or otherwise acquire any contracts and concessions for or in relation, to the projection, execution, carrying out, improvements, management, administrations or control of works and conveniences and undertake, execute, carry out, dispose of or otherwise turn to account the same.
- (xii) To carry on in or outside Pakistan the business of manufacturers, importers, exporters, indenters, transporters, dealers in all articles and commodities, akin to or connected with any of the business of the Company capable of being conveniently carried on or necessary for the prosecution of the objects herein contained, as permissible under law.
- (xiii) To carry on agency business (except managing agency) and to acquire and hold selling agencies and to act as selling agents, commission agents, manufacturers' representatives and distributing agents or and for the distribution of all kinds of merchandise, goods, commodities, products, materials, substances, articles and things whether finished, semi-finished, raw, under process, refined, treated or otherwise pertaining to trade and

commerce and for that purpose to remunerate them and to open and maintain depots and branches.

- (xiv) To purchase, take on lease or in exchange, hire, apply for or otherwise acquire and hold for any interest, any rights, privileges, lands, building, easements, trade marks, patents, patent rights, copy rights, licenses, machinery, plants, stock-in-trade and any movable and immovable property of any kind necessary or convenient for the purposes of or in connection with the Company's business or any branch or department thereof and to use, exercise, develop, grant licenses in respect of or otherwise turn to account any property, rights and information so acquired, subject to any permission required under the law.
- (xv) To acquire by concession, grant, purchase, barter, license either absolutely or conditionally and either solely or jointly with others any lands, buildings, machinery, plants, equipments, privileges, rights, licenses, trade marks, patents, and other movable and immovable property of any description which the Company may deem necessary or which may seem to the Company capable of being turned to account, subject to any permission as required under the law.
- (xvi) To act as representatives, for any person, firm or company and to undertake and perform sub-contracts, and also act in the business of the Company through or by means of agents, sub-contractors and to do all or any of the things mentioned herein in any part of the world and either alone or in collaboration with others and by or through agents, sub-contractors or otherwise.
- (xvii) To go in for, buy or otherwise acquire and use any patent design, copyright, license, concession, convenience, innovation, invention, trade marks, rights, privileges, plants, tools or machinery and the like in Pakistan or elsewhere, which may for the time being appear to be useful or valuable for adding to the efficiency or productivity of the Company's work or business, as permissible under the law.
- (xviii) To acquire and carry on all or tiny part of the business or property and to undertake any liabilities or any person, firm, association of persons or possession of property suitable for any of the purposes of the Company or carrying on any business which this Company is authorized to carry on and in consideration for the same, to pay cash or to issue shares of the Company.
- (xix) To enter into arrangements with the government or authority (supreme, municipal, local or otherwise) or any corporation company or persons that may seem conducive to the Company's objects or any of them and to obtain from any such government, authority, corporation, company or person any charters, contracts, rights, privileges and commission which the Company may think desirable and to carry on exercise and comply



with any such charters, contracts, decrees, rights, privileges and concessions.

- (xx) To enter into partnership, to amalgamate or merge movable with immovable and / or to buy on all interests, assets, liabilities, stocks or to make any arrangement for sharing profits, union of interests, co-operation, joint-venture, reciprocal concession or otherwise with any person, firm or company carrying on or proposing to carry on any business which this Company is authorized to carry on or which is capable of being conducted so as directly or indirectly to benefit this Company and to have foreign collaborations and to pay royalties / technical fees to collaborators, subject to the provisions of the Companies Ordinance, 1984.
- (xxi) To establish, promote or assist in establishing or promoting and subscribe to or become a member of any other company, association or club whose objects are similar or in part similar to the objects of this Company or the establishment or promotion of which may be beneficial to the Company, as permissible under the law.
- (xxii) To open accounts with any Bank or Banks and to draw, make, accept, endorse, execute, issue, negotiate and discount cheques, promissory notes, bills of exchange, bills of lading, warrants, deposit notes, debentures, letter of credit and other negotiable instruments and securities.
- (xxiii) To acquire, hold or dispose of investments in shares, modaraba certificates, term finance certificates, musharika certificates, unit trust certificates, mutual fund certificates, debentures, debenture stock, bonds, obligations and securities issued or guaranteed by any company, Government, commission, public body or authority, supreme municipal, local or otherwise but not to do the business of an investment company.
- (xxiv) To arrange local and foreign currency loans from scheduled banks, industrial banks and financial institutions for the purpose of purchase, manufacture, market, supply, export and import of machinery, construction of factory, building and for the purpose of working capital or for any other purpose.
- (xxv) To sell or otherwise dispose of the whole or any part of the undertaking of the Company, either together or in portions for such consideration as the Company may think fit and in particular, for shares, debenture-stock or securities of any Company purchasing the same.
- (xxvi) To borrow or raise money by means of loans or other legal arrangements from banks, or other financial institutions, or Directors in such manner as the Company may think fit and in particular by issue of debentures, debenture stock, perpetual or otherwise convertible into Shares and to mortgage, or charge the whole or any part of the property or assets of the Company, present or future, by special assignment or to transfer or



convey the same absolutely or in trust as may seem expedient and to purchase, redeem or pay of any such securities.

- (xxvii) To pay all costs, charges, and expenses preliminary or incidental incurred in formation or about the promotion and establishment of the Company and to remunerate any person, firm or company for services rendered or to be rendered in or about the formation or promotion of the Company or the conduct of its business.
- (xxviii) To give any servant or employee of the Company commission in the profits or the Company's business or any branch thereof and for the purpose to enter into any agreement or scheme of arrangement as the Company may deem fit and to procure any servants or employees of the Company to be insured against risk of accident in the course of their employment by the Company.
- (xxix) To establish and support or aid in the establishment and support of associations, institutions, funds and conveniences calculated to benefit persons who are or have been Directors of or who have been employed by or who are serving or have served the Company or any other Company which is a subsidiary or associate of the Company or the dependents or connection of such persons and to grant pensions, gratuities, allowances, relieves and payments in any other manner calculated to benefit the persons described herein.
- (xxx) To distribute any of the Company's property and assets among the members in specie or in any manner whatsoever in case of winding up of the Company.
- (xxxi) To guarantee the performance or contract and obligations of the Company in relation to the payment of any loan, debenture-stock, bonds, obligations or securities issued by or in favor of the Company and to guarantee the payment or return on such investments as permissible under the law.
- (xxxii) To secure the credit and banking facilities allowed and/or to be allowed to the subsidiary company or associated undertaking of the Company or to any third person against lien, hypothecation, pledge, mortgage of movable and immovable assets and properties of the Company and to stand as surety for performance of the obligations of the subsidiary company or associated undertaking or the Company or any third person as permissible under the law.
- (xxxiii) To carry out joint venture agreements with other companies or countries within the scope of the objects of the Company.
- (xxxiv) To acquire and undertake the whole or any part of the business of any person or company as permissible under the law.



- (xxxv) To form subsidiary company for one or more purposes as permissible under the law.
 - (xxxvi) To cause the Company to be registered or recognized in any foreign country.
 - (xxxvii) To apply for and obtain necessary consents, permissions and licenses from any Government, State, Local and other Authorities for enabling the Company to carry on any of its objects into effect as and when required by law.
 - (xxxviii) To do and perform all other acts and things as are incidental or conducive to the attainment of the above objects or any of them.
 - (xxxix) It is, hereby, undertaken that the Company shall not engage in banking business or Forex, illegal brokerage, or any business of investment company or non-banking finance company or insurance or leasing or business of managing agency or in any unlawful business and that nothing contained in the object clauses shall be so construed to entitle it to engage in such business directly or indirectly and the Company shall not launch multi-level marketing (MLM), Pyramid and Ponzi schemes.
 - (xl) Notwithstanding anything stated in any object clause, the Company shall obtain such other approval, consents, permissions or license from the competent authority, as may be required under any law for the time being in force, to undertake a particular business.
- IV The liability of the members is limited.
- V The authorized capital of the company is Rs. 1,250,000,000 (Rupees One Billion Two Hundred Fifty Million Only) divided into 125,000,000 (One Hundred Twenty Five Million Only) ordinary shares of Rs. 10/- (Rupees Ten) each with power to the company, to increase or, consolidate, sub-divide or otherwise reorganize the share capital of the Company in accordance with the provisions of the Companies Ordinance, 1984 and subject to any permission required under the law.



We, the several persons whose names and addresses are subscribed are desirous of being formed into a company, in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the company set opposite our respective names

Name and surname (present & former) In full (in Block Letters)	NIC No. (in case of foreigner, Passport No)	Father's/ Husband's Name in Full	Nationality with any former Nationality	Occupation	Residential Address in full	Number of shares taken by each subscriber	Signatures
MUHAMMAD RAHEEL USMAN	42301-917516-7	SOHAIL USMAN SHEIKH	PAKISTANI	AUTOMOBILE BUSINESS	HOUSE NO 18-A, GOLF COURSE NO 4, PARK SIDE, PHASE IV, DHA, KARACHI	170,000 (One Hundred Seventy Thousand Only)	
MUHAMMAD SHAHZEB USMAN	42301-8926161-7	SOHAIL USMAN SHEIKH	PAKISTANI	AUTOMOBILE BUSINESS	HOUSE NO 18-A, GOLF COURSE NO 4, PARK SIDE, PHASE IV, DHA, KARACHI	170,000 (One Hundred Seventy Thousand Only)	
MUHAMMAD SALMAN	35201-67	SAWABER AHMAD	PAKISTANI	AUTOMOBILE BUSINESS	HOUSE NO 18-A, GOLF COURSE NO 4, PARK SIDE, PHASE IV, DHA, KARACHI	170,000 (One Hundred Seventy Thousand Only)	
Total number of shares taken						510,000 (Five Hundred Ten Thousand Only)	





Dated the 14th day of May, 2016



Witness: NATIONAL INSTITUTIONAL FACILITATION TECHNOLOGIES (PVT) LTD
5th FLOOR, AWT PLAZA, 1.1 CHUNDRIGAR ROAD, KARACHI

Certified to be True Copy
22/5/21
Joint Registrar of Companies

16 REGISTRATION FORM

Registration Form									
 PRINCE REGAL AUTOMOBILES INDUSTRIES LIMITED	Book Runner  ARIF HABIB LIMITED	Tick One <input type="checkbox"/> KHI <input type="checkbox"/> LHR <input type="checkbox"/> ISB <input type="checkbox"/> PSH <input type="checkbox"/> QUT <input type="checkbox"/> AZK <input type="checkbox"/> BLT/GLT	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Registration Dates</td> <td></td> </tr> <tr> <td>Bidding Dates</td> <td></td> </tr> <tr> <td>Bidding Form No.</td> <td></td> </tr> </table>	Registration Dates		Bidding Dates		Bidding Form No.	
Registration Dates									
Bidding Dates									
Bidding Form No.									
INITIAL PUBLIC OFFERING OF ORDINARY SHARES OF REGAL AUTOMOBILES INDUSTRIES LIMITED THROUGH BOOK BUILDING PROCESS AT A FLOOR PRICE OF PKR 35.00 PER SHARE (INCLUDING A PREMIUM OF PKR 25.00/- PER SHARE)									
PLEASE FILL THE FORM IN BLOCK LETTERS. PLEASE PROVIDE ACCURATE DETAILS TO AVOID ANY INCONVENIENCE.									
ELIGIBLE INVESTORS MUST SUBMIT ONLY ONE PAYORDER ALONG WITH THE REGISTRATION FORM.									
Name ¹		CNIC #							
		NTN ³							
Address		Cell #							
		Land Line #							
E-mail		Fax #							
IBAN Number ²		Bank Name							
PLEASE TICK THE APPROPRIATE BOX			Nationality (If other than Pakistani)						
<input type="checkbox"/> Local Institutional Investor	<input type="checkbox"/> Resident								
<input type="checkbox"/> Foreign Institutional Investor	<input type="checkbox"/> Non Resident								
<input type="checkbox"/> Individual Investor	<input type="checkbox"/> Foreigner								
¹ NAME AND CNIC MENTIONED ON THE FORM SHOULD BE SAME AS OF THE BANK ACCOUNT WHOSE IBAN HAS BEEN PROVIDED IN THE FORM ² PROVIDE THE IBAN NUMBER OF YOUR ACCOUNT IN WHICH REFUND WOULD BE TRANSFERRED. NO FORM WOULD BE ACCEPTED WITHOUT IBAN NUMBER. ³ INVESTORS ARE ENCOURAGED TO DISCLOSE THEIR NTN NUMBERS TO FACILITATE THE COMPANY TO CHECK STATUS OF THE SHAREHOLDERS AS TAX RETURN FILER OR NON-FILER FROM THE ACTIVE TAXPAYERS LIST (ATL) AVAILABLE ON THE WEBSITE OF FBR. PLEASE NOTE THAT REDUCED TAX RATE OF 15.0% APPLIES TO FILERS INSTEAD OF 30.0% FOR NON-FILERS ON PAYMENT OF CASH DIVIDEND DECLARED, IF ANY, BY THE COMPANIES									
Payment Details:	Payments to be made in favor of "REGAL AUTOMOBILES INDUSTRIES LIMITED - BOOK BUILDING"								
Amount in Figures		Instrument #							
Instrument Date		Margin %age							
Banker's Name, Address & Branch									
CDC Details for Sub A/C & House A/C									
CDC Participant Name		CDC Participant ID							
Sub A/C No.		House A/C No.							
CDC Details for Investor A/C									
CDC Investor Service A/C ID		CDC Investor A/C No.							
I UNDERTAKE TO SUBSCRIBE TO SHARES UNSUBSCRIBED IN THE RETAIL PORTION WHICH ARE ALLOCATED TO ME ON A PRO-RATA BASIS. I ALSO UNDERTAKE THAT MY BID MONEY SHALL REMAIN DEPOSITED OR BLOCKED TILL ALLOTMENT OF UNSUBSCRIBED SHARES IN THE RETAIL PORTION.									
I DECLARE THAT I have read all the terms and conditions stated in the Prospectus and the Instructions Page of the Bidding Form. The same terms and conditions would be applicable on the Registration Form.									
Signature of Bidder: _____									

17 BIDDING FORM

BIDDING FORM			
 PRINCE REGAL AUTOMOBILES INDUSTRIES LIMITED	Book Runner  ARIF HABIB LIMITED	Tick One <input type="checkbox"/> KHI <input type="checkbox"/> LHR <input type="checkbox"/> ISB <input type="checkbox"/> PSH <input type="checkbox"/> QUT <input type="checkbox"/> AZK <input type="checkbox"/> BLT/GLT Bidding Dates _____ Bidding Form No. _____	
INITIAL PUBLIC OFFERING OF ORDINARY SHARES OF REGAL AUTOMOBILES INDUSTRIES LIMITED THROUGH BOOK BUILDING PROCESS AT A FLOOR PRICE OF PKR 35.00 PER SHARE (INCLUDING A PREMIUM OF PKR 25.00/- PER SHARE)			
Name	PLEASE TICK THE APPROPRIATE BOX		
	<input type="checkbox"/> Local Institutional Investor	<input type="checkbox"/> Foreign Institutional Investor	<input type="checkbox"/> Individual Investor
Address	Cell # _____ Land Line # _____	Resident <input type="checkbox"/> Non-Resident <input type="checkbox"/> Foreigner <input type="checkbox"/>	Nationality (If other than Pakistani) _____
Fax # _____	E-mail: _____	CNIC # _____ NTN* _____	
*INVESTORS ARE ENCOURAGED TO DISCLOSE THEIR NTN NUMBERS TO FACILITATE THE COMPANY TO CHECK STATUS OF THE SHAREHOLDERS AS TAX RETURN FILER OR NON-FILER FROM THE ACTIVE TAXPAYERS LIST (ATL) AVAILABLE ON THE WEBSITE OF FBR. PLEASE NOTE THAT REDUCED TAX RATE OF 15.0% APPLIES TO FILERS INSTEAD OF 30.0% FOR NON-FILERS ON PAYMENT OF CASH DIVIDEND DECLARED, IF ANY, BY THE COMPANIES.			
Dividend Mandate: Mark tick [✓] in the appropriate boxes Yes [] No [] In case the Applicant intends that if Shares applied for are issued to him/it and the dividend declared by the Company, if any, is credited directly in his/it bank account, instead of issued of dividend warrants, then please fill in the following boxes:			
Title of Account		_____	
Account Number		_____	
Bank Name		_____	
Branch Name & Address		_____	
The Directors of Regal Automobiles Industries Limited Office # 211-Business Arcade, Shahrah-e-Faisal, Karachi Dear Sir, On the basis of Prospectus by Regal Automobiles Industries Limited for the Initial Public Offer of its Ordinary Shares, I/we hereby bid for subscription of Shares of the Company as under:			
Bid Details			
	No. of Shares	Bid Price Per Share	Total Amount
Bid Option (Please tick)	(In Figures)	(In Figures)	(In Figures)
Limit Order			
Step Order:			
Option (1)			
Option (2)			
Option (3)			
Option (4)			
Total (Shares and Price)			
Important Instructions: 1) Bids should be placed for a minimum amount of PKR 1,000,000/-. It should also be noted that no. of shares bid for should be rounded and fractional shares will not be acceptable. Please ensure that after rounding the number of shares multiplied by your bid price, is at least PKR 1,000,000/-. 2) Eligible Investors who want to place a Step Bid, must ensure that each step amounts to PKR 1,000,000/- at least. 3) Any Bid received below the Floor Price will not be accepted by the Book Runner. 4) An investor shall not make downward revision both in terms of Bid Price and Bid Volume; Provided that in case of upward revision of the Bid Price, the number of shares Bid for i.e. Bid Volume may be adjusted ensuring that the bid amount or bid money remains the same. 5) An investor shall not make a bid with price variation of more than 10% of the prevailing indicative strike price subject to 40% maximum Price Band i.e. the strike price must not exceed 40% upper limit of floor price.			
Signature of Bidder: _____			

In terms of the Listing of Companies and Securities Regulations of the Pakistan Stock Exchange ("PSX"), I/we am/are eligible to bid in this Initial Public Offer of Ordinary Shares. The amount payable on bidding is remitted herewith which is the applicable margin amount. I/We agree to pay the balance amount of application money, if any, upon successful allocation of shares. In case no shares are allotted to me/us you are hereby authorized to return to me/us by demand draft/pay order application money, within three (3) working days of the close of the bidding period.

I/We agree that this is a binding agreement to accept the number of shares as may be allocated to me/us subject to the terms of the Prospectus, the bidding form and other applicable laws. I/ we undertake that I/we will sign all such other documents and do all such acts, if necessary on my/our part to enable me/us to be allocated/allotted/transferred the shares and to pay for the same. I/we authorize you to place my/our name(s) on the register of the members of the Company as holder(s) of the shares that will be allocated/allotted/transferred to me/us and to register my/our address as given below. I/ We noted that the Book Runner is entitled, in its absolute discretion to accept or reject this Bidding Application for reason(s) to be recorded in writing and the reason(s) should be disclosed to us forthwith. I/We have no objection if there are necessary changes made in the Prospectus for filling of the same with the Securities and Exchange Commission of Pakistan ("SECP").

I understand that the Issuer, the Book Runner, SECP and the Stock Exchange reserve the right of legal action against me under the law, if I submit a fictitious bid and/or the instrument deposited by me for margin money is bounced.

I DECLARE THAT: i) I AM/WE ARE NATIONAL(S) AND RESIDENT(S) OF PAKISTAN; ii) FOREIGNER; iii) I AM/WE ARE NOT MINOR(S); iv) I/ WE HAVE NOT MADE NOR HAVE I/WE INSTRUCTED ANY OTHER PERSON(S)/INSTITUTION(S) TO MAKE ANY OTHER APPLICATION(S) IN MY/OUR NAME(S) OR IN THE NAME OF ANY OTHER PERSON ON MY/OUR BEHALF OR IN ANY FICTITIOUS NAME, IN CASE OF ANY INFORMATION GIVEN HEREIN BEING INCORRECT I/WE UNDERSTAND THAT I/WE SHALL NOT BE ENTITLED FOR ALLOCATION/ALLOTMENT/TRANSFER OF SHARES.

Important Instructions:

- 1) Bids shall only be entered for those Eligible Investors who have submitted a duly filled Registration Form as prescribed by the Book Runner.
- 2) Bid money / margin money shall be deposited through demand draft, pay order in favor of "REGAL AUTOMOBILES INDUSTRIES LIMITED - BOOK BUILDING". For online transfer facility (pay order or demand draft may be deposited at any branch of Habib Bank Limited and evidence to be submitted to the Book Runner) the payment shall be made into A/C # [.] maintained at [.].
- 3) For deposit of margin money, only Pay Orders, Demand Drafts, or online transfer will be accepted. Each eligible investor shall only submit a single pay order, demand draft or evidence of online transfer of money along with the Registration Form. It may also be noted that only a single pay order, demand draft or evidence of online transfer of money shall be accepted by the Book Runner along with each Additional Payment Form.
- 4) In case of intercity instruments, only Pay Orders "payable at any branch" will be accepted. For the purpose of expediting the clearing of the instruments it is highly recommended that the Pay Order should be made from online branches of the respective banks.
- 5) Eligible Investors can register themselves till 3:00 pm on the last day of Book Building after which no new investors shall be registered.
- 6) Investors can only upward revise their bids online. Please visit www.bkb.psx.com.pk to access online. User name and password will be emailed to you on email address provided in the form. Please ensure that you provide correct email address. Online access will be available for upward bid revisions during the bidding period from 9:00 am to 5:00. An investor will not be allowed to place or upward revise a bid with a price variation of more than 10% of the prevailing indicative strike price subject to a maximum price band of 40% of the floor price. However, the bidder shall not make downward revision both in terms of bid price and bid volume; provided that in case of upward revision of the bid price, the number of shares bid for i.e. bid volume may be adjusted ensuring that the bid amount or bid money remains the same. No withdrawal of bid shall be allowed.

Yours Faithfully,

Signature of Bidder: _____

To be filled in by the Book Runner:

Time of Receipt	Date	Location	Amount	Pay Order No. / Demand Draft No.	Stamp

18 GENERAL SUBSCRIPTION FORM

SUBMISSION OF FALSE AND FICTITIOUS APPLICATIONS IS AN OFFENCE UNDER SECTION 87(7) OF THE SECURITIES ACT, 2015 AND SUCH APPLICATIONS' MONEY MAY BE FORFEITED UNDER SECTION 87(B) OF THE SECURITIES ACT, 2015.

تعمیر و کارخانہ سازی کے لیے سرمایہ کاروں کو اپنا حصہ لینا ایک اعلیٰ ریسک کا کام ہے۔ اس لیے سرمایہ کاروں کو اپنی اپنی معلومات اور تحقیق کے ساتھ ہی اپنا سرمایہ لگانا چاہیے۔ اس لیے اس پروپوزس میں بیان کردہ تمام شرائط اور شرائط کو گہری نظر سے دیکھنا اور سمجھنا ضروری ہے۔

INVESTMENT IN SECURITIES IS A HIGHLY RISKY BUSINESS. INVESTORS ARE, THEREFORE, ADVISED IN THEIR OWN INTEREST TO CAREFULLY READ THE CONTENTS OF THE PROSPECTUS ESPECIALLY THE RISK FACTORS BEFORE MAKING ANY INVESTMENT DECISION.

REGAL AUTOMOBILES INDUSTRIES LIMITED
APPLICATION FOR SUBSCRIPTION OF SHARES

Regal Automobiles Industries Limited Regal Automobiles Industries Limited Limited shall only be issued in scrip-less form in the CDS of CDSPL (Refer to instruction No.3 on the reverse hereof)

Office # 211-Business Arcade,
Ghazirwahe-Texas, Karachi
www.regalautomobiles.com

CDC PARTICIPANT / ACCOUNT HOLDER ID	SUB ACCOUNT NUMBER	HOUSE A/C NO.
CDC INVESTOR ACCOUNT SERVICES ID	CDC INVESTOR ACCOUNT NO.	Do you want to avail CDC's facility of IPO Facility Account
		Yes <input type="checkbox"/> No <input type="checkbox"/>

1) I/we apply for the following number of Shares at Issue Price for the value indicated below:

No. of Shares Applied for	Amount Available in PKR	Wholesaler Member/Foreign Account No.

2) I/we agree to accept the same or any smaller number of Shares that may be allotted to me/us upon the terms as stated in the Prospectus. I/we authorize you to credit the Shares to me/us pursuant to this application and if no Shares or a smaller number of Shares are allotted to me/us you are hereby authorized to return to me/us by cheque or other means my/our application money for the amount of Shares not credited to me/us.

3) DECLARATION
I/We declare that: (i) I am/We are national(s) of _____; (ii) I am/We are not minor(s); (iii) I/We have not made nor have I/we instructed any other person(s)/institution(s) to make any other application(s) in my/our name(s) or in the name of any other person on my/our behalf or in any fictitious name; (iv) I/We agree to abide by the instructions provided with this application and in case of any information given herein being incorrect I/we understand that I/we shall not be entitled to the allotment of Shares if successful rather the application money shall be liable to confiscation if the declaration proves to be incorrect at any time.
Yours faithfully,

Signature(s) a) _____ b) _____

4) ALL DETAILS MUST BE WRITTEN IN BLOCK LETTERS IN THE SPACES PROVIDED, LEGIBLY IN BLACK PEN

a) Name in Full (as per CNIC) _____

Father's/Husband's Name (as per CNIC) _____

Identify Number (CNIC/Passport Registration No.) _____

Identify Number (NTN) _____

Investors are encouraged to declare their wish to avail IPO facility through Regal Automobiles Industries Limited to CDC/CDPL of the above holders as per the form of application from the active till the IPO facility is available on the website of PSE. Please note that IPO facility is available to the holders of CNIC and NTN for the IPO facility only.

Full Address _____

Phone No. _____ Occupation Code _____ Muslim Non Muslim

International Bank Account Number (IBAN) _____

Bank Name _____

Branch Name & Address _____

Additional Information - For Non-Resident Pakistanis and Foreign Investors Only

Place of Issue of Passport _____ Date of Issue of Passport (DD-MM-YY) _____

Corporate Business Letter enclosed Yes No Nationality Code _____ Country of Residence _____

b) FOR JOINT HOLDER, IF ANY

b) Name in Full (as per CNIC) _____

Identify Number (CNIC/Passport Registration No.) _____

DIVIDEND WARRANT: Mark tick [✓] in the appropriate boxes Yes [] No []

In order to enable the Company to credit the cash dividend declared, if any, by the Company, in Shareholder Holder bank account, instead through dividend warrants, please fill in the following boxes:

Title of Account _____

International Bank Account Number (IBAN) _____

Bank Name _____

Branch Name and Address _____

Signature of the Applicant as per the Bank account

(TO BE FILLED IN BY THE APPLICANT'S BANKER)

(i) It is certified that the above-mentioned applicant(s) have maintained account number as mentioned above at the bank branch and his/her/their particulars and signature(s) are correct and verified as per the bank's record and their CNIC/Passport. It is further certified that only one application has been made in the name of the above account holder through this branch. We also confirm that the original CNIC/Passport has been seen by us.

Note: In case the subscription money is paid through a bank other than the Bankers to the Issue (through pay order or bank draft), this certification shall be provided by the manager of the bank where the applicant maintains his/her bank account.

**Bank's Authorized Signatory
Bank's Rubber Stamp**

(SPECIMEN SIGNATURES) OF THE APPLICANT

NAME OF THE APPLICANT IN BLOCK LETTERS (AS PER CNIC)

a)		
b)		

Bankers to the Issue's Provisional acknowledgement of application for shares of Regal Automobiles Industries Limited

Received from Mr/Ms/Ms _____ Shares _____ application for _____

Name of Bank	Branch Code	Application Serial No.

Date of Receipt _____

Signature of Authorized Representative & Rubber Stamp of Receiving Bank

IMPORTANT: (i) This slip must be retained by the Applicant (ii) Please read instructions provided with this application

PRINCE

SUBSCRIPTION DATE
From DDMM2022 to DDMM2022
during banking hours

Broker's Stamp & Code

PSX Code

Banker's Stamp

Bank Code Branch Code

Application Serial No.

APPLICATION AND ALLOTMENT INSTRUCTIONS

- Eligible investors include:**
 - Pakistani citizens resident in or outside Pakistan or Persons holding two nationalities including Pakistani nationality;
 - Foreign Nationals whether living in or outside Pakistan;
 - Companies, bodies corporate or other legal entities incorporated or established in or outside Pakistan (to the extent permitted by their constitutive documents and existing regulations, as the case may be);
 - Mutual Funds, Provident/pension/gratuity funds/trusts, (subject to the terms of the Trust Deed and existing regulations); and
 - Branches in Pakistan of companies and bodies corporate incorporated outside Pakistan.
- Copies of the Prospectus and Application Forms can be obtained from the Trading Rights Entitlement Certificate (TREC) holders of Pakistan Stock Exchange Limited, the Bankers to the Issue and their branches, the Consultant to the Issue and the registered office of the Company. The Prospectus and the Application Forms can also be downloaded from the website: www.regalautomobiles.com, www.arifhabib.com & www.ajazkhan.com or www.ficci.com.pk
- The Applicants are required to complete the relevant sections of the application to get the Shares in book entry form. In accordance with provisions of the Central Depositories Act, 1997 and the CDC Regulations, credit of such Shares are allowed ONLY in the applicant's own CDC Account.
- Name(s) and addresses must be written in full block letters, in English and should not be abbreviated.**
- All applications must bear the name and signature corresponding with that recorded with the applicant's banker. In case of difference of signature with the bank and Computerized National Identity Card (CNIC) or National Identity Card for Overseas Pakistanis (NICOP) or Passport both the signatures should be affixed on the application form.
- APPLICATIONS MADE BY INDIVIDUAL INVESTORS**
 - In case of individual investors, an attested photocopy of CNIC (in case of Resident Pakistanis)/Passport (in case of non-resident Pakistanis and Fia) as the case may be, should be enclosed and the number of CNIC/Passport should be written against the name of the applicant. Copy of these documents can be attested by any Federal/Provincial Government Gazetted Officer, Councillor, Oath Commissioner or Head Master of High School or bank manager in the country of applicant's residence.
 - Original CNIC/Passport, along with one attested photocopy, must be produced for verification to the Banker to the Issue and the applicant's banker (if different from the Banker to the Issue) at the time of presenting the application. The attested photocopy will, after verification, be retained by the bank branch along with the application.
- APPLICATIONS MADE BY INSTITUTIONAL INVESTORS**
 - Applications made by companies, corporate bodies, mutual funds, provident/pension/gratuity funds/trusts and other legal entities must be accompanied by an attested photocopy of their Memorandum and Articles of Association or equivalent instrument / document. Where applications are made by virtue of Power of Attorney, the same should also be submitted along with the application.
 - Attested photocopies of the documents mentioned in 5(i) must be produced for verification to the Banker to the Issue and the applicant's banker (if different from the Banker to the Issue) at the time of presenting the application. The attested copies, will after verification, be retained by the bank branch along with the application.
- Only one application will be accepted against each applicant, however, in case of joint account, one application may be submitted in the name of each joint account holder.
- Joint application in the name of more than two persons will not be accepted. In case of joint application each applicant must sign the application form and submit attested copies of their CNIC/Passport. The Shares will be credited to the CDS account mentioned on the face of the form and where any amount is refundable, in whole or in part, the same will be refunded by cheque or other means by post, or through the bank where the application was submitted, to the person named first on the application form, without interest, profit or return. Please note that joint application will be considered as a single application for the purpose of allotment of Shares.
- Subscription money must be paid by cheque drawn on applicant's own bank account or pay order/bank draft payable to one of the Bankers to the Issue "REGAL AUTOMOBILES INDUSTRIES LIMITED - GENERAL SUBSCRIPTION" and crossed "A/C PAYEE ONLY".
- For the applications made through pay order/bank draft, it would be permissible for a Banker to the Issue to deduct the bank charges while making refund of subscription money to unsuccessful applicants through pay order/bank draft individually for each application.
- The applicant should have at least one bank account with any of the commercial banks. Applicants not having a bank account at all (non-account holders) are not allowed to submit application for subscription of Shares.
- Under Section 242 of the Companies Act, any dividend payable in cash by a listed company, shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder.
- To enable the Company to directly credit the cash dividend, if any, in the Bank Accounts of the shareholder, the applicants must fill-in relevant part of the Shares Subscription Form under the heading, "Dividend Mandate".
- Shares will be issued only in the book-entry form. Therefore, the applicants must provide their CDS account Number in the Shares Subscription Form.
- Applications are not to be made by minors and/or persons of unsound mind.
- Applicants should ensure that the bank branch, to which the application is submitted, completes the relevant portion of the application form.
- Applicants should retain the bottom portion of their application forms as provisional acknowledgement of submission of their applications. This should not be construed as an acceptance of the application or a guarantee that the applicant will be allotted the number of Shares for which the application has been made.
- Making of any false statements in the application or willfully embodying incorrect information therein shall make the application fictitious and the applicant or the bank shall be liable for legal action.
- Bankers to the Issue are prohibited to recover any charges from the subscribers for collecting subscription applications. Hence, the applicants are advised not to pay any extra charges to the Bankers to the Issue.
- It would be permissible for a Banker to the Issue to refund subscription money to unsuccessful applicants having an account in its bank by crediting such account instead of remitting the same by cheque, pay order or bank draft. Applicants should, therefore, not fail to give their bank account numbers.
- Submission of false and fictitious applications is an offence under section 87(7) of the Securities Act, 2015 and such applications' money is liable to confiscation under section 87(8) of the Securities Act, 2015.

عوام و اس کو مطلع کیا جاتا ہے کہ بیکجیہ ریڈیا ایکٹ 2015 کی شق نمبر (7) 87 کے تحت جمہوری یا جعلی درخواستیں دینا ناقص تاہم ہے۔ خلاف ورزی کرنے والوں کی رقم، جو کہ درخواست کے ساتھ جمع کرائی جاتی ہے، بیکجیہ ریڈیا ایکٹ 2015 کی شق نمبر (8) 87 کے تحت ضبط کی جاسکتی ہے۔

ADDITIONAL INSTRUCTIONS FOR FOREIGN / NON-RESIDENT INVESTORS

- In case of foreign investors who are not individuals, applications must be accompanied with a letter on applicant's letterhead stating the legal status of the applicant, place of incorporation and operations and line of business. A copy of memorandum of association or an equivalent document should also be enclosed, if available. Where applications are made by virtue of Power of Attorney, the same must be lodged with the application. Copies of these documents can be attested by the bank manager in the country of applicant's residence.
- Foreign / Non - resident investor should follow payment instruction given in Section 12.1.16 of the Prospectus.

BASIS OF ALLOTMENT

- The minimum value of application for subscription of 500 shares (Issue Price x 500 shares) Application for amount below the minimum value shall not be entertained.
- Application for shares must be made for 500 shares or in multiple thereof only. Applications which are neither for 500 shares nor for multiple thereof, shall be rejected.
- Allotment of Shares to successful applicants shall be made in accordance with the allotment criteria/ instructions disclosed in the Prospectus.
- Allotment of Shares shall be subject to scrutiny of applications in accordance with the criteria disclosed in the Prospectus and/or the instructions by the Securities & Exchange Commission of Pakistan.
- Applications, which do not meet the above requirements, or applications which are incomplete will be rejected. The applicants are, therefore, required to fill in all data fields in the Application Form.
- The Company will credit the respective CDS accounts of the successful applicants.

BANKERS TO THE ISSUE

Code	Name of Banks	Code	Name of Banks
01	Habib Bank Limited	06	Meezan Bank Limited
02	Bank Al Habib Limited	07	United Bank Limited
03	AI Bankco Bank Pakistan Limited		
04	Habib Metropolitan Bank Limited		
05	Bank Islami Pakistan Limited		

OCCUPATION CODE

Code	Occupation	Code	Occupation
01	Business	06	Professional
02	Business Executive	07	Student
03	Service	08	Agriculturist
04	Housewife	09	Industrialist
05	Household	10	Other

- The Central Depository Company of Pakistan (CDC) has developed a Centralized e-IPO System (CES) through which applications for subscription of securities offered through IPOs can be made electronically. CES has been made available in the IPO which can be accessed through the web link www.cesipo.com. Payment of subscription money can be made through LINK's member banks available for CES, list of which is available on above website.
- For making application through CES, investors must be registered with CES. Registration with CES is free of cost and a self-registration process by filling the CES registration form, which is available 24/7 all around the year. Investors who have valid Computerized National Identity Card (CNIC), bank account with any of the commercial bank, email address, mobile phone number and CDS Account (Investor Account or sub Account) may register themselves with CES.
- Investors who do not have CDS account may visit www.cesipo.com for information and details. For further guidance and queries regarding CES and opening of CDS account, investors may contact CDC at phone Number: 0800 - 23275 (CDCPL) and e-mail: info@cesipo.com or contact Mr. Farooq Ahmed at Phone 021-34326930 and email: farooq.ahmed@cesipo.com. For further details on CES, please refer para ___ of the Prospectus.

13. NATIONALITY CODE

Code	Name of Country	Code	Name of Country
001	U.S.A	006	Bangladesh
002	U.K	007	China
003	U.A.E	008	Sri Lanka
004	K.S.A	009	Other
005	Oman		

For further queries you may contact:

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