

## **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 IN SECTION 5 OF THE PROSPECTUS.

## **ADVICE FOR INSTITUTIONAL INVESTORS AND HIGH NET WORTH INDIVIDUAL INVESTORS**

SUBMISSION OF MULTIPLE BID AND CONSOLIDATED BID IS PROHIBITED UNDER THE PUBLIC OFFERING REGULATIONS, 2017 (THE 'PO REGULATIONS'). 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 SUCCESSFUL BIDDERS FOR SUBSCRIBING THE UNSUBSCRIBED RETAIL PORTION, CATEGORYWISE BREAKUP OF THE SUCCESSFUL BIDDERS ALONGWITH NUMBER OF SHARES ALLOCATED TO THEM, DATES OF PUBLIC SUBSCRIPTION AND SUCH OTHER INFORMATION AS SPECIFIED BY THE COMMISSION.



## **AIR LINK COMMUNICATION LIMITED PROSPECTUS NEW ISSUE AND OFFER FOR SALE**

**Date and Place of Incorporation :** January 2, 2014 in Lahore. | **Registration Number:** 0086378 | **Registered Address:** LG-2, AI – Qadeer Heights, Babar Block, New Garden Town, Lahore. | **Contact Person:** Mr. Amer Latif – Company Secretary | **Website:** [www.airlinkcommunication.net](http://www.airlinkcommunication.net) | **Email:** [amer.latif@airlinkcommunication.net](mailto:amer.latif@airlinkcommunication.net) | **Telephone:** (+42) 35844063-4 Ext. 118

**Issue Size:** The Issue consists of 90,000,000 Ordinary Shares, of face value of PKR 10.00/- each, which constitutes 25.0% of the total post-IPO paid-up capital of Air Link Communication Limited excluding mandatory conversion of TFCs amounting to PKR 400 million as mentioned under Section 11.1.1. Out of total issue size, 60,000,000 ordinary shares are being issued by Airlink Communication Limited and remaining 30,000,000 ordinary shares are being offered by sponsor of Air link Communication Limited i.e Mr. Muzaffar Hayat Piracha from his current share holding.

**Method of Offering:** 100% Book Building Method.

**Book Building Method and Floor Price:** The entire issue will be offered through 100% Book Building at a Floor Price of PKR 65.00/- per share (including a premium of PKR 55.00/- per share) with a price band of 40% above the floor price i.e. Rs. 91/- per share (Justification of premium is given under "Valuation Section" in Section 4A. The bidders 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. 67,500,000 shares and the remaining twenty five percent (25%) i.e. 22,500,000 shares shall be offered to the retail investors. In case retail portion of the issue remains unsubscribed, the unsubscribed portion will be allotted to the successful bidders on pro-rata basis.

**General Public/Retail portion:** General Public portion of the Issue comprises of 22,500,000 ordinary shares (25% of the 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:** The Draft Prospectus was placed on PSX's website for seeking public comments for seven (7) working days starting from December 02, 2020 to December 10, 2020. The comments received have been duly incorporated / responded by the Consultant to the Issue.

**REGISTRATION OF ELIGIBLE INVESTORS:** The registration of eligible investors will commence at 9:00 am on 25/08/2021 and will close at 3:00 pm on 31/08/2021

**BIDDING PERIOD DATES:** From 30/08/2021 to 31/08/2021 (From: 9:00 am to 5:00 pm)

**DATE OF PUBLIC SUBSCRIPTION:** From 06/09/2021 to 07/09/2021 (both days inclusive) From: 9:00 am to 5:00 pm

**LEAD MANAGER/CONSULTANT TO THE ISSUE & BOOK RUNNER**

**BOOK BUILDING PORTION CREDIT UNDERWRITTEN BY:**



**BANKER TO THE BOOK BUILDING PORTION OF THE ISSUE: JS BANK LIMITED**

**BANKERS TO THE RETAIL PORTION OF THE ISSUE**

United Bank Limited  
Faysal Bank

JS Bank  
Bank Al Habib

Bank Alfalah  
Meezan Bank

Dubai Islamic Bank  
Soneri Bank

MCB Bank Limited  
Habib Metropolitan Bank

Habib Bank Limited  
Allied Bank 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 Centralized E-IPO system (CES) of Central Depository Company of Pakistan Limited (CDC). PES and CES can be accessed via web link <https://eipo.psx.com.pk>, [www.cdceipo.com](http://www.cdceipo.com). Tutorial for PES can be found on the at [eipo.psxpk/EIPO/home/index](http://eipo.psxpk/EIPO/home/index) For details please refer to Section 13.2 of the complete Prospectus.

**Date of Publication of this Prospectus:** 22/08/2021

Prospectus and Subscription Forms can be downloaded from the following websites:  
[www.airlinkcommunication.net](http://www.airlinkcommunication.net), [www.jsqcl.com](http://www.jsqcl.com), [www.psx.com.pk](http://www.psx.com.pk) and [www.cdceipo.com](http://www.cdceipo.com)

**For further queries you may contact:**

**Air Link Communication Limited:** Mr. Nusrat Mahmood / Mr. Imran Ali Kazmi; P: (42) 35844063-4 Ext 141;

E-mail: [nusrat@airlinkcommunication.net](mailto:nusrat@airlinkcommunication.net) / [imran.kazmi@airlinkcommunication.net](mailto:imran.kazmi@airlinkcommunication.net)

**JS Global Capital Limited:** Mr. Ahmed Hanif Lakhani / Mr. Danish Ahmed P: (21) 3889 3069;

E-mail: [ahmed.lakhani@js.com](mailto:ahmed.lakhani@js.com) / [danish.ahmed@js.com](mailto:danish.ahmed@js.com)

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

**RISK DISCLOSURE:**

- a) Air Link Communication Limited is a trading/distribution company dealing in import of cellular devices (mainly mobile phones) and subsequent sale of the same in local market. Listing of trading company at Pakistan Stock Exchange is not common as most of listed companies are either manufacturing companies or service companies. Declining margins of the company accompanied with high leverage and negative cash flow from operating activities may cause liquidity issues for the Company. Accordingly, retail individual investors are advised to seek independent professional advice/counsel before making equity investment in the company.
- b) Distribution agreements with vendors are on non-exclusive basis and are renewed annually and Vendors could unilaterally terminate their distribution agreements with the Company resulting in loss of business.
- c) As at June 30, 2020, the Company had outstanding receivables of PKR 4.7 Billion of which PKR 2.6 Billion was past due for over 90 days, hence it may be exposed to non-payment risk.
- d) Sale of Apple and Samsung phones constitutes approximately 50% of revenue of Air Link Communication Limited as of June 30, 2020. As per media reports, local production of Samsung phones is expected to commence in Pakistan by December 2021. Local production of Samsung might have material impact on the sales revenue of Air Link Communication Limited.
- e) Detailed risks along with the mitigants are covered under Section 5 of this Prospectus.

**Disclaimer(s):**

- a. The directors and sponsors of the Company are acting as signatories in the following companies and in the capacity as specified against each

S.No	Name of the Company	Designation
01	Air Link Communication Limited	Director
02	Best Electronics (Pvt) Limited	Director
03	Air Link Communication Inc. Canada	Director
04	Air Link Communication DMCC UAE	Director

- b. The purchases of the Company are done through the bank accounts of the Company itself. Company's purchases are not routed through bank accounts of any of its sponsors/directors.

## UNDERTAKING BY THE CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER AND OFFEROR

Date: July 13, 2021

### The Chief Executive

Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road  
Karachi

We, the Chief Executive Officer and Chief Financial Officer of Air Link Communication Limited, certify that:

1. THE 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;
5. ALL REQUIREMENTS OF THE SECURITIES ACT, 2015; THE DISCLOSURES IN PUBLIC OFFERING REGULATIONS, 2017 FOR PREPARATION OF PROSPECTUS, RELATING TO APPROVAL AND DISCLOSURES HAVE BEEN FULFILLED; AND,
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 on behalf of **Air Link Communication Limited and Offeror**

-sd-

**Mr. Muzzaffar Hayat Piracha**  
Chief Executive Officer / Offeror

-sd-

**Mr. Nusrat Mahmood**  
Chief Financial Officer



#### UNDERTAKING BY THE CHIEF EXECUTIVE OFFICER

I, the chief executive officer of the company hereby undertake the following:

- a. The directors and sponsors of the Company are acting as signatories in the following companies and in the capacity as specified against each:

S.No.	Name of the Company	Designation
01	Air Link Communication Limited	Director
02	Best Electronics (Pvt) Limited	Director
03	Air Link Communication Inc. Canada	Director
04	Air Link Communication DMCC UAE	Director

- b. The purchases of the Company are done through the bank accounts of the Company itself. Company's purchases are not routed through bank accounts of any of its sponsors/directors.

  
Mr. Muzaffar Hayat Piracha  
Chief Executive Officer

**Note:** This Supplement shall be published within three (3) working days of the close of Bidding Period in at least all those newspapers in which the Prospectus of Air Link Communication Limited is published.

### **SUPPLEMENT TO THE PROSPECTUS**

This Supplement is being published pursuant to Public Offering Regulations, 2017 and in continuation of the Prospectus of Air Link Communication Limited earlier published on DD/MM/2021

#### **Air Link Communication Limited**

- FLOOR PRICE: PKR 65.00/- PER SHARE
- STRIKE PRICE: PKR [•]/- PER SHARE
- ISSUE PRICE: PKR [•]/- PER SHARE
- PRICE BAND (MAXIMUM 40%): PKR 91.00/- PER SHARE

Note: Since this Issue is being made through 100% book building with 25% allocation to retail investors, underwriting of the retail portion is not required. In case the Issue remains unsubscribed, the unsubscribed shares shall be allotted to the successful bidders on pro rata basis. The successful bidders have already given undertakings to subscribe such unsubscribed shares on pro rata basis.

#### **Category-wise Breakup of Successful Bidders**

S. No.	Category	No. of Bidders	No. of Shares Provisionally Allotted
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	•	•
	<b>Institutional Investors</b>	•	•
12.	<b>Individual Investors:</b>		
	Foreign Investors	•	•
	Local	•	•
	<b>Individual Investors</b>	•	•
	<b>TOTAL</b>	•	•

## GLOSSARY OF TECHNICAL TERMS

<b>AOP</b>	Association of Persons
<b>ATM</b>	Automatic Teller Machine
<b>Bn</b>	Billion
<b>BR</b>	Book Runner
<b>BST</b>	Baluchistan Sales Tax
<b>BVPS</b>	Book Value Per Share
<b>CAGR</b>	Compounded Annual Growth Rate
<b>CDA</b>	Central Depositories Act, 1997
<b>CDC Regulations</b>	Central Depository Company of Pakistan Limited Regulations,
<b>CDCPL / CDC</b>	The Central Depository Company of Pakistan Limited
<b>CDMA</b>	Code-Division Multiple Access
<b>CDS</b>	Central Depository System
<b>CES</b>	Centralized E-IPO System
<b>CGT</b>	Capital Gain Tax
<b>Channel Stock</b>	Inventory of finished goods in the distribution chain including importer, distributor, wholesaler/dealer and retailer and has not yet been sold to end customer.
<b>CIF</b>	Cost, Insurance and Freight
<b>CNIC</b>	Computerized National Identity Card
<b>COI</b>	Certificate of Incorporation
<b>Collection Bank (Book Building)</b>	JS Bank Limited
<b>Company / Air Link</b>	Air Link Communication Limited
<b>CRO</b>	Company Registration Office, Lahore
<b>CVT</b>	Capital Value Tax
<b>DIRBS</b>	Device Identification Registration and Blocking System
<b>EBITDA</b>	Earnings Before Interest, Tax, Depreciation & Amortization
<b>e-IPO</b>	Electronic IPO
<b>EPS</b>	Earnings Per Share
<b>ERP</b>	Enterprise Resource Planning
<b>EVDO</b>	Evolution Data Optimized
<b>FBR</b>	Federal Board of Revenue

<b>Feature Phone</b>	A mobile phone that incorporates features such as the ability to access the internet and store and play music but lacks the advanced functionality of a smartphone. A feature phone retains the form factor of earlier-generation phones, with button-based input and a small display.
<b>FED</b>	Federal Excise Duty
<b>FMCG</b>	Fast Moving Consumer Goods
<b>GDP</b>	Gross Domestic Product
<b>GfK</b>	GfK (founded in 1934 by an association of university teachers as Gesellschaft für Konsumforschung, "Society for Consumer Research") is a market research institute based in Germany.
<b>GOP</b>	Government of Pakistan
<b>Hub and Spoke System</b>	The hub and spoke model refers to a distribution method in which a centralized "hub" exists. Everything either originates in the hub or is sent to the hub for distribution to consumers. From the hub, goods travel outward to smaller locations called spokes, for further processing and distribution.
<b>IAS</b>	International Accounting Standards
<b>IFRS</b>	International Financial Reporting Standards
<b>IPO</b>	Initial Public Offering
<b>ITO</b>	Income Tax Ordinance, 2001
<b>JSGCL</b>	JS Global Capital Limited
<b>KST</b>	KP Sales Tax
<b>LC</b>	Letter of Credit
<b>LTM</b>	Latest Twelve Months
<b>Mn</b>	Million
<b>MP</b>	Mercantile Pacific Asia Pte. Ltd (Apple Authorized Distributor for Pakistan) based in Singapore
<b>NICOP</b>	National Identity Card for Overseas Pakistanis
<b>NOC</b>	No Objection Certificate
<b>Offeror</b>	Mr. Muzzaffar Hayat Piracha
<b>PKR / Rs.</b>	Pakistan Rupee(s)
<b>PST</b>	Punjab Sales Tax
<b>PSX / Exchange</b>	Pakistan Stock Exchange Limited
<b>PO Regulations</b>	Public Offering Regulations, 2017
<b>PQ</b>	Per Quarter
<b>PTA</b>	Pakistan Telecommunication Authority, a government regulatory body responsible for the regulation of establishment, operation and maintenance of telecommunications in Pakistan.

<b>Regional Hub</b>	A contact point for a distribution region which is able to contact, involve, partner and maintain close contact with various dealers and retailers in Air Link's network
<b>ROA</b>	Return on Assets
<b>ROE</b>	Return on Equity
<b>SAP</b>	Systems Applications and Products
<b>SCRA</b>	Special Convertible Rupee Accounts
<b>SECP / Commission</b>	Securities and Exchange Commission of Pakistan
<b>Smart Phone</b>	A mobile phone that performs many of the functions of a computer, typically having a touchscreen interface, internet access, and an operating system capable of running downloaded apps.
<b>SOC</b>	Schedule of Charges
<b>SST</b>	Sindh Sales Tax
<b>TFCs</b>	Term Finance Certificates
<b>TREC</b>	Trading Right Entitlement Certificate
<b>Smart Phone</b>	A mobile phone that performs many of the functions of a computer, typically having a touchscreen interface, internet access, and an operating system capable of running downloaded apps.
<b>UIN</b>	Unique Identification Number
<b>USD</b>	United States Dollar(s)
<b>USSD Code</b>	Unstructured Supplementary Service Data code
<b>Working Capital</b>	Working capital (abbreviated WC) is a financial metric which represents operating liquidity available to the Company. Along with fixed assets, working capital is considered a part of operating capital. Working capital is calculated as current assets minus current liabilities.
<b>WHT</b>	Withholding Tax



## DEFINITIONS

<b>Application Money</b>	In case of bidding for shares out of the Book Building portion, the total amount of money payable by a successful Bidder, which is equivalent to the product of the Strike Price and the number of shares to be allotted.
<b>Banker to the Book Building</b>	Means any bank(s) licensed by the Commission with whom an account is opened and maintained by the Issuer for keeping the bid amount.  JS Bank Limited has been appointed in this IPO as the Banker to the Book Building.
<b>Bid</b>	Means an intention to buy a specified number of securities at a specified price.
<b>Bid Amount or Bid Money</b>	The amount equal to the product of the number of shares Bid for and the Bid price.
<b>Bid Collection Centre</b>	Designated offices of the Book Runner, specified branches of the Banker to the Book Building and offices of any other institutions specified by the Commission where bids are received and processed. For this Issue, addresses of the Bid Collection Centers are provided in Section 12.6 of this Prospectus.
<b>Bid Price</b>	The price at which bid is made for a specified number of shares.
<b>Bid Revision</b>	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.  <b>As per the 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.</b>  <b>As per Regulation 10(2)(vii) of the PO Regulations, the bidder shall not withdraw their bids.</b>
<b>Bidder</b>	Any Eligible Investor who makes a Bid for shares in the Book Building Process.
<b>Bidding Form</b>	The form prepared by the Issuer for the purpose of making bids.
<b>Bidding Period</b>	The period during which bids for subscription of shares are received.  The Bidding Period shall be of two days, from 30/08/2021 to 31/08/2021, both days inclusive (daily from 9:00 a.m. to 5:00 p.m.).
<b>Book Building</b>	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.
<b>Book Building Account</b>	An account opened by the Issuer with the Collection Bank(s). 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 12.15 of this Prospectus and the balance of the Application Money, if any, shall be paid through this account after successful allocation of shares under the Book Building.
<b>Book Building Portion</b>	The part of the total Issue allocated for subscription through Book Building.
<b>Book Building System</b>	An online electronic system operated by the Designated Institution for conducting Book Building. For this Issue Book Building System of PSX is being used.

<b>Book Runner</b>	A securities broker or a scheduled bank which holds a valid license from the Commission to act as an Underwriter and has been appointed as Book Runner by the Issuer. JS Global Capital Limited has been appointed as Book Runner for this Issue.
<b>Collection Bank</b>	JS Bank Limited is the collection bank for the Book Building Portion. For this purpose, JS Bank Limited has opened an account titled “Air Link Communication Limited – Book Building”, A/C # 1738173 at its Circular Road Branch, Lahore. The Collection Bank shall keep and maintain the bid money in the said account. 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 Consultants to the Issue, after obtaining NOC from PSX, may request in writing to the Collection Bank for transfer of the money of successful and accepted Bids and applications to the Issuer’s account(s).
<b>Companies Act</b>	Companies Act, 2017
<b>Company</b>	Air Link Communication Limited (the “Company” or “Air Link”)
<b>Company’s Legal Advisor</b>	Hasham Wathra & Associates
<b>Commission</b>	Securities & Exchange Commission of Pakistan (“SECP”).
<b>Consolidated Bids</b>	A bid which is fully or partially beneficially owned by persons other than the one named therein.
<b>Designated Institution</b>	Includes securities exchange, central depository or clearing house approved by the Commission to provide system for conduction of Book Building.  Pakistan Stock Exchange Limited (“PSX”) will act as the Designated Institution for this Issue.
<b>Dutch Auction Method</b>	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.
<b>e-IPO</b>	<p>E-IPO refers to electronic subscription of applications for subscription of securities offered in an IPO. The following systems are available for e-IPOs:</p> <p><b>(i) PSX’s e-Initial Public Offering System (PES):</b></p> <p>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 can be accessed through the web link ‘<a href="https://eipo.psx.com.pk">https://eipo.psx.com.pk</a>’. Payment of subscription money can be made through 1LINK or NIFT.</p> <p>For making application though 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:</p> <ul style="list-style-type: none"> <li>• the investor himself, or</li> </ul>

- 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.

Registered investors 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 07/09/2021.

For further guidance and queries regarding PES, investors may contact PSX representative Mr. Farrukh Shahzad at phone number 111-001-122 or (021)-35274411, and email 'itss@psx.com.pk'.

Investors who are registered with PES can submit their applications through the web link [www.cdceipo.com](http://www.cdceipo.com) 24 hours a day during the subscription period which will close at midnight on 07/09/2021.

#### **(ii) Centralized e-IPO System (CES):**

CES can be accessed through the web link ([www.cdceipo.com](http://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 self-register with CES.

Investors who are registered with CES can submit their applications through the web link [www.cdceipo.com](http://www.cdceipo.com) 24 hours a day during the subscription period which will close at midnight on 07/09/2021.

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](mailto:info@cdcpak.com) or Mr. Farooq Ahmed Butt at Phone 021-34326030 and email: [farooq\\_butt@cdcpak.com](mailto:farooq_butt@cdcpak.com)

#### **Eligible Investor**

An Individual and Institutional Investor whose Bid Amount is not less than the Minimum Bid Size of PKR 1,000,000 (Rupees One Million only).

#### **Floor Price**

The minimum price set by the Issuer in consultation with the Consultant to the Issue. For this Issue, the Floor Price is PKR 65/- per share.

#### **General Public**

All Individual and Institutional Investors including both Pakistani (residents & non-residents) and foreign investors.

#### **Institutional Investors**

Institutional Investors means any of the following entities:

- A financial institution;

	<p>II. A Company as defined in the Companies Act 2017;</p> <p>III. An insurance Company established under the Insurance Ordinance, 2000;</p> <p>IV. A securities broker;</p> <p>V. A fund established as Collective Investment Scheme under the Non-Banking Finance Companies and Notified Entities Regulations, 2008;</p> <p>VI. A fund established as Voluntary Pension Scheme under the Voluntary Pension System Rules, 2005;</p> <p>VII. A private fund established under Private Fund Regulations, 2015;</p> <p>VIII. Any employee's fund established for benefit of employees;</p> <p>IX. Any other fund established under any special enactment;</p> <p>X. A foreign Company or any other foreign legal person; and,</p> <p>XI. Any other entity as specified by the Commission.</p>
<b>Issue</b>	<p>New Issue (60,000,000 ordinary shares) and Offer for Sale (30,000,000 ordinary shares) of 90,000,000 Ordinary Shares, having a face value of PKR 10.00/- each, representing 25.0% of the total post-issue paid-up capital of the Company. This excludes mandatory conversion of TFCs amounting to PKR 400 million subject to terms and conditions as mentioned in Section 11.1.1).</p> <p>The entire issue will be offered through Book Building at a Floor Price of PKR 65.00/- per share.</p> <p>Provisionally, 75% of the issue size i.e. 67,500,000 Ordinary Shares will be allotted to Successful Bidders and 25% of the Issue i.e. 22,500,000 Ordinary Shares will be offered to Retail Investors at the Strike Price. Any unsubscribed retail portion will be allocated to Successful Bidders on a pro-rata basis.</p>
<b>Issue/Offer Price</b>	The price at which Ordinary Shares of the Company are issued/offered to the Eligible Investors / General Public. In this Issue, the Issue/Offer Price will be the Strike Price.
<b>Issuer</b>	Air Link Communication Limited (the "Company" or "Air Link").
<b>Key Employees</b>	Chief Executive Officer, Directors, Chief Financial Officer & Company Secretary of Air Link Communication Limited.
<b>Lead Manager</b>	<p>Any person licensed by the Commission to act as a Consultant to the Issue</p> <p>JS Global Capital Limited has been appointed as Lead Manager by the Issuer for this issue.</p>
<b>Limit Bid</b>	The Bid at a Limit Price.
<b>Limit Price</b>	The maximum price (up to 40% of the Floor Price) a prospective Bidder is willing to pay for a share under Book Building.
<b>Listing of Companies and Securities Regulation</b>	Chapter 5 of the Pakistan Stock Exchange Rule Book.
<b>Margin Money</b>	The partial or total amount, as the case may be, paid by a bidder at the time of registering as an Eligible Investor. The Book Runner shall collect full amount of the bid money as Margin Money in respect of bids placed by the Individual Investors and not less than twenty five percent (25%) of the bid money as Margin Money in respect

	of bids placed by the Institutional Investors, unless the book runner waives this margin requirement for institutional investors at its own discretion.				
<b>Minimum Bid Size</b>	The Bid amount equal to One Million Rupees (PKR 1,000,000/-).				
<b>Offeror</b>	<table> <tr> <th><b>Name of Offeror</b></th><th><b>Number of Shares being divested</b></th></tr> <tr> <td>Mr. Muzzaffar Hayat Piracha</td><td>30,000,000</td></tr> </table>	<b>Name of Offeror</b>	<b>Number of Shares being divested</b>	Mr. Muzzaffar Hayat Piracha	30,000,000
<b>Name of Offeror</b>	<b>Number of Shares being divested</b>				
Mr. Muzzaffar Hayat Piracha	30,000,000				
<b>Ordinary Shares</b>	Ordinary Shares of Air Link Communication Limited having face value of PKR 10.00/- each.				
<b>Price Band</b>	Floor Price with an upper limit of 40% above the Floor Price, allowing Bidder(s) to make Bid(s) at Floor Price or within the Price Band.				
<b>Principal</b>	Principal in this document refers to suppliers and vendors of communication equipment being distributed and sold by Air Link.				
<b>PO Regulations</b>	The Public Offering Regulations, 2017.				
<b>Prospectus</b>	Prospectus includes any document, notice, circular, material, advertisement, 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.				
<b>Registration Form</b>	The form which is to be submitted by the Eligible Investors for registration to participate in the Book Building process.				
<b>Registration Period</b>	The period during which registration of bidders is carried out. The registration period shall commence three days before the start of the Bidding Period i.e. from 30/08/2021 to 31/08/2021 from 9:00 am to 5:00 pm and shall remain open till 3:00 pm on the last day of the Bidding Period.				
<b>Related Employees</b>	Such employees of the Issuer, the Consultant to the Issue, the Book Runner, and the Underwriters who are directly involved in the Issue. Please refer to Section 3A.6 and 3A.7 for further details.				
<b>Securities Act</b>	Securities Act, 2015				
<b>Securities Exchange</b>	Pakistan Stock Exchange ("PSX")				
<b>Shariah Advisor</b>	An individual, a Limited Liability Partnership (LLP) or a Company who/that meets the fit and proper standards under the Shariah Advisors Regulations, 2017.				
<b>Shariah Certificate</b>	A Shariah pronouncement, a fatwa or Shariah opinion signed by Shariah Advisor in such form and manner as notified by the Commission from time to time.				
<b>Sponsor</b>	<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 Company directly or indirectly;</p> <p>A person who replaces the person referred above; and</p> <p>A person or group of persons having control of the Company whether directly or indirectly.</p>				
<b>Step Bid</b>	Step Bid means a series of limit bids at increasing prices. In case of a step bid the amount of each step bid will not be less than Rupees One Million (PKR 1,000,000/-).				
<b>Strike Price</b>	Means the price per share determined on the basis of Book Building process.				
<b>Supplement to the Prospectus</b>	Within three working days of the closing of the Bidding Period, the Consultant to the Issue shall publish all supplements to the prospectus in those newspapers in which the prospectus was earlier published and also disseminate the same to the securities exchange, banker to the issue and underwriter.				
<b>System</b>	An online electronic system provided and operated by the Designated Institution for conducting Book Building.				

**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.**

## TABLE OF CONTENTS

1	APPROVALS, CONSENTS AND LISTING ON THE SECURITIES EXCHANGE .....	16
2	SUMMARY OF THE PROSPECTUS .....	18
3	OVERVIEW, HISTORY AND PROSPECTS .....	22
4	PRINCIPAL PURPOSE OF THE ISSUE AND FUNDING ARRANGEMENTS .....	46
5	RISK FACTORS.....	53
6	FINANCIAL INFORMATION.....	62
7	BOARD OF DIRECTORS AND MANAGEMENT OF THE COMPANY .....	82
8	LEGAL PROCEEDINGS AND OVERDUE LOANS.....	90
9	UNDERWRITING, COMMISSION, BROKERAGE AND OTHER EXPENSES .....	91
10	MISCELLANEOUS INFORMATION .....	93
11	MATERIAL CONTRACTS AND DOCUMENTS .....	96
12	BOOK BUILDING PROCEDURE/ INSTRUCTIONS FOR REGISTRATIONS AND BIDDING .....	106
13	APPLICATION & ALLOTMENT INSTRUCTIONS.....	125
14	SIGNATORIES TO THE PROSPECTUS .....	135
15	MEMORANDUM OF ASSOCIATION .....	136
16	INSTRUCTIONS FOR BIDDING .....	138
17	REGISTRATION FORM .....	141
18	BIDDING FORM.....	142
19	GENERAL PUBLIC SUBSCRIPTION FORM .....	144

## **1 APPROVALS, CONSENTS AND LISTING ON THE SECURITIES EXCHANGE**

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### **1.1 APPROVAL OF THE SECURITIES & EXCHANGE COMMISSION OF PAKISTAN**

Approval of the Securities and Exchange Commission of Pakistan (“SECP” or the “Commission”) under Section 87(2) of the Securities Act, 2015 read with Section 88(1) thereof has been obtained by Air Link Communication Limited for the issue, circulation and publication of Prospectus (hereinafter referred to as the “Prospectus”) vide their letter No. SMD/PO/SA-88/02/2020/21 dated 19/07/2021.

#### **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 REGARD 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 SUBSCRIBING.

### **1.2 APPROVAL OF PROSPECTUS BY THE SECURITIES EXCHANGE**

This Prospectus has been approved by the Securities Exchange (“PSX”) vide its letter No. PSX/GEN-06 dated January 01, 2021 in accordance with the requirements of the Listing of Companies and Securities Regulations.

#### **DISCLAIMER:**

THE SECURITIES EXCHANGE 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.

THE PUBLICATION OF THIS DOCUMENT DOES NOT REPRESENT SOLICITATION BY THE SECURITIES EXCHANGE.

THE CONTENTS OF THIS DOCUMENT DOES NOT CONSTITUTE AN INVITATION TO INVEST IN SHARES OR SUBSCRIBE TO ANY SECURITIES OR OTHER FINANCIAL INSTRUMENT(S) BY THE SECURITIES EXCHANGE, NOR SHOULD IT OR ANY PART OF IT FORM THE BASIS OF, OR BE RELIED UPON IN ANY CONNECTION WITH ANY CONTRACT OR COMMITMENT WHATSOEVER OF THE EXCHANGE.

IT IS CLARIFIED THAT INFORMATION IN THIS PROSPECTUS SHOULD NOT BE CONSTRUED AS ADVICE ON ANY PARTICULAR MATTER BY THE SECURITIES EXCHANGE AND MUST NOT BE TREATED AS A SUBSTITUTE FOR SPECIFIC ADVICE.

THE SECURITIES EXCHANGE DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS ARISING FROM OR IN RELIANCE UPON THIS DOCUMENT TO ANYONE, ARISING FROM ANY REASON, INCLUDING, BUT NOT LIMITED TO, INACCURACIES, INCOMPLETENESS AND/OR MISTAKES, FOR DECISIONS AND/OR ACTIONS TAKEN, BASED ON THIS DOCUMENT.

THE SECURITIES EXCHANGE NEITHER TAKES RESPONSIBILITY FOR THE CORRECTNESS OF CONTENTS OF THIS DOCUMENT NOR THE ABILITY OF THE COMPANY TO FULFILL ITS OBLIGATIONS THEREUNDER.

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



### 1.3 FILING OF DOCUMENTS AND LISTING AT PAKISTAN STOCK EXCHANGE

Prospectus and other documents like expert's reports and contracts mentioned in the Prospectus have been filed with the Registrar of Companies and an 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 period, 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 the Issuer will refund any Application Money received to the applicants without surcharge as required under the provisions of Section 69 of the Companies Act, 2017.

If any such money is not repaid within eight (08) days after the Issuer 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 same.

As required under sub-Section (3) of Section 69 of the Companies Act, 2017, 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, 2017; 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 Rs. 10,000 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 THE ISSUER AND THE INDUSTRY IN WHICH IT OPERATES

Air Link Communication Limited (Air Link, or the Issuer or the Company) operates in the Communications' Equipment sector and is one of the leading distributors of mobile phone devices in Pakistan with a market share of around 20% within imported mobile phones (Source: Pakistan Customs and GfK Report). The Company has entered into distribution agreements with leading mobile phone manufacturers, namely Samsung, Huawei, TCL, Tecno, Itel, and Xiaomi; and has also entered into an agreement with the Apple Authorized Distributor for Pakistan (i.e. Mercantile Pacific Asia Pte. Ltd or "MP") for distribution of products procured by MP in Pakistan.

As of June 30, 2021, the Company operated fourteen retail outlets, out of which five were located in Karachi, five in Lahore, two in Bahawalpur and one in Hyderabad and Multan. The Company has a countrywide distribution network, consisting 16 regional hubs linked to 1,000+ wholesalers and 4,000+ retailers, to facilitate nationwide sales of mobile phones and accessories.

### 2.2 NAMES OF SPONSORS

Air Link Communication Limited is a family owned business. Sponsors of the Company are:

1. Muzaffar Hayat Piracha
2. Yasir Hayat Piracha
3. Naila Paracha
4. Roshanay Paracha
5. Sania Paracha
6. Mishaal Paracha
7. Saleha Basit

Mr. Muzaffar Hayat Piracha laid the foundations of this business along with his late brother, Mr. Moazzam Hayat Paracha. Ms. Naila Paracha, Ms. Roshanay Paracha, Ms. Sania Paracha and Ms. Mishaal Paracha are daughters of the deceased Mr. Moazzam Hayat Paracha, and Ms. Saleha Basit is his widow. Mr. Yasir Hayat Piracha is the cousin of Mr. Muzaffar Hayat Paracha.

### 2.3 SALIENT FEATURES OF THE ISSUE

- Air Link Communication Limited intends to issue 60,000,000 new shares and Mr. Muzaffar Hayat Piracha ("the Offeror") intends to offer 30,000,000 of his shares to the public simultaneously.
- The transaction structure will be hybrid in nature, constituting both, a new issue of 60 million shares and an offer for sale of 30 million shares.
- Floor Price of this issue is PKR 65 per share, which includes a premium of PKR 55 per share.
- The shares offered and issued will represent 25.0% (90 million shares) of the total Post – Issue Paid-up Capital of Air Link.
- The shares will be issued through 100% Book Building. Successful bidders will be provisionally allocated 75% of the issue size (67.5 million shares) and 25% of the total transaction (22.5 million shares) will be issued to the general public. Any unsubscribed shares from the general public portion will be allotted to successful bidders on a pro rata basis.

## 2.4 PRE AND POST ISSUE SHAREHOLDING OF THE SPONSORS

	Pre-issue*		Post-issue*	
	Shares	Shareholding (%)	Shares	Shareholding (%)
<b>Sponsors</b>				
Muzzaffar Hayat Piracha	121,799,757	40.60%	91,799,757	25.50%
Yasir Hayat Piracha	89,100,000	29.70%	89,100,000	24.75%
Naila Paracha	18,900,000	6.30%	18,900,000	5.25%
Roshanay Paracha	18,900,000	6.30%	18,900,000	5.25%
Sania Paracha	18,900,000	6.30%	18,900,000	5.25%
Mishaal Paracha	18,900,000	6.30%	18,900,000	5.25%
Saleha Basit	13,500,000	4.50%	13,500,000	3.75%
<b>Total Number of Shares</b>	<b>300,000,000</b>	<b>100%</b>	<b>360,000,000</b>	<b>75%</b>

\*Excludes conversion of TFCs subject to terms and conditions as mentioned in Section 11.1.1.

## 2.5 PRINCIPAL PURPOSE OF THE ISSUE AND UTILIZATION OF PROCEEDS

Break up of Public Offering Proceeds	Funds Raised (PKR million)	Percentage
New Issue	3,900	66.7%
Offer for Sale	1,950	33.3%
<b>Total</b>	<b>5,850</b>	<b>100%</b>

Utilization of Proceeds from the New Issue	PKR Mn
Working Capital	3,900

The proceeds from the issue of PKR 5,850 million includes an offer for sale by Mr. Muzzaffar Hayat Piracha amounting to PKR 1,950 million and new issue of shares by the Company amounting to PKR 3,900 million. Proceeds from the new issue will be utilized for financing working capital requirements, which include expansion of the Company's distribution by purchase of inventory. Please refer to Section 4.1 for details.

## 2.6 VALUATION

Floor price of ordinary shares under this Issue (new issue and offer for sale), as decided by the Issuer and Offeror in consultation with the Lead Manager/Consultant to the Issue, is PKR 65.00/- per share. Justification given by the Lead Manager/Consultant to the Issuer in favor of the Floor Price of PKR 65 per share may be reviewed in Part 4A of the Prospectus titled Valuation Section.

## 2.7 QUALIFIED OPINION, IF ANY, GIVEN BY THE AUDITORS DURING THE LAST THREE FINANCIAL YEARS

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

## 2.8 SUMMARY OF FINANCIAL HIGHLIGHTS

Amounts in PKR '000	FY17 (Audited)	FY18 (Audited)	FY19 (Audited)	FY20 (Audited)	1H FY21 (Reviewed)
Mode of Conducting Business	AOP	AOP + Private Limited	Public Limited Company <sup>1</sup>	Public Limited Company	Public Limited Company
Share Capital	500,000	1,000,000	2,500,000	3,000,000	3,000,000
Net Worth (Total Equity)	2,124,282	2,656,297	3,140,936	4,596,585	5,533,249
Revenue	13,274,903	24,151,333	29,785,528	43,007,647	28,123,770
Gross Margin	13.88%	13.03%	13.38%	11.09%	9.30%
Operating Margin	10.95%	10.90%	10.90%	8.78%	7.17%
Profit After Tax	674,310	1,233,868	1,479,860	1,464,215	958,981
Profit After Tax Margin	5.08%	5.11%	4.97%	3.40%	3.41%
Earnings Per Share (PKR) <sup>2</sup>	N/A	N/A	6.24	5.16	3.20
Earnings Per Share (PKR) <sup>3</sup>	N/A	N/A	5.92	4.88	3.20
Breakup Value Per Share (PKR) <sup>4</sup>	N/A	N/A	12.56	15.11	18.30
Total borrowings <sup>5</sup>	2,068,407	4,286,297	7,873,035	9,382,271	7,904,050
Total Assets	5,788,687	10,186,528	14,967,524	20,974,999	17,670,347
Total Debt to Equity Ratio	0.97	1.61	2.51	2.04	1.43
Total Debt to Assets Ratio <sup>6 7</sup>	0.36	0.42	0.53	0.45	0.45
Current Ratio <sup>5</sup>	1.56	1.34	1.33	1.30	1.47
Cash flow from operations	(1,406,221)	(175,333)	(2,809,739)	(2,227,941)	2,218,675
Year/period end number of shares	N/A	N/A	250,000,000	300,000,000	300,000,000
Weighted average number of shares for the period	N/A	N/A	237,260,274	283,698,630	300,000,000

Detailed financial information has been disclosed in Section 6.5.

## 2.9 OUTSTANDING LEGAL PROCEEDINGS

There are no outstanding legal or taxation proceedings other than the normal course of business involving the Issuer, its sponsors, substantial shareholders, directors and associated companies over which the Issuer has control and could have material impact Refer to Section 8.1 for disclosure on legal proceedings in the normal course of business.

<sup>1</sup> Air Link Communication (Pvt.) Limited was incorporated in January 02, 2014 but was dormant till FY 2018 when it started taking over the assets and liabilities of the AOP. The acquisition was completed w.e.f. July 01, 2018. Air Link Communication (Pvt.) Limited was converted into a public limited company w.e.f. April 24, 2019

<sup>2</sup> Earnings per share is calculated on the basis of weighted average number of shares.

<sup>3</sup> Earnings per share calculated on the basis of year-end number of shares.

<sup>4</sup> Book value per share is calculated on the basis of year/period end number of shares.

<sup>5</sup> Total borrowing includes short and long term borrowings and liabilities subject to finance lease.

<sup>6</sup> The Company has to open a letter of credit / import contract through financing from banks in accordance with SBP's requirement against which a receivable, i.e. margin against letter of credit, is booked. As a result, Total Debt to Assets Ratio along with Current Ratio is a better indicator of the Company's debt exposure as compared to the Total Debt to Equity Ratio only.

<sup>7</sup> Total debt is equivalent to total borrowing.

## 2.10 RISK FACTORS

A detailed description of risk factors is given in Section 5.

## 2.11 RELATED PARTY TRANSACTIONS

Details of related party transactions of the Issuer during last three and half years have been given in Section 3.13.

Amounts in PKR '000		AOP + Private Limited	Acquisition of AOP by Private Limited	Unlisted Public Limited Company	Unlisted Public Limited Company
Transaction	Related Party	FY18 (Audited)	FY19 (Audited)	FY20 (Audited)	1HFY21 (Reviewed)
Managerial remuneration	Chief Executive	-	18,000	72,659	24,000
Managerial remuneration	Executive Director	-	-	7,800	3,000
Managerial remuneration	Executives	62,294	73,103	117,180	74,217
Loan from director	Chief Executive	-	29,332	21,557	-

### 3 OVERVIEW, HISTORY AND PROSPECTS

#### 3.1 BACKGROUND AND HISTORY

<b>Name</b>	Air Link Communication Limited
<b>Registration Number</b>	0086378
<b>Date of Incorporation and Place</b>	January 2, 2014 in Lahore
<b>Date of Commencement of business</b>	Not applicable, since the business was acquired from Air Link Communication, an Association of Persons (AOP)
<b>Date of Acquisition of AOP Business (in effect)</b>	July 1, 2018
<b>Date of Conversion to Public Limited Company</b>	April 24, 2019

Air Link Communication registered itself as an Association of Persons (“AOP”) and commenced operations on August 20, 2010 when it introduced Pakistan's First 3G-enabled Dual-Mode (GSM + EVDO) Android Tablet and First 3G-enabled (GSM + EVDO) Android Smartphone in partnership with PTCL.

Air Link Communication (Pvt.) Limited was incorporated on January 2, 2014 to take over the existing business of import, export distribution, indenting, wholesale, retail of communication and IT related products and services including cellular mobile / smartphones, tablets, laptops, accessories and allied products being run by Air Link Communication (the AOP). This was achieved by acquiring all assets and liabilities of the latter on July 1, 2018 vide Acquisition Agreement dated October 2, 2018. Subsequently, Air Link Communication (Pvt) Limited was converted into an unlisted public limited company with effect from April 24, 2019. The Company is in distribution business and has commenced assembly of 3G/4G smartphones.

##### 3.1.1 Company Overview

Air Link Communication Limited is a leading distributor of mobile phones having a strong presence in Pakistan with service centers across the country. The Company is an “importer-cum-distributor” of Samsung, Huawei, TCL, Tecno, ITEL, and Xiaomi; and has an agreement with the Apple Authorized Distributor for Pakistan (i.e. Mercantile Pacific Asia Pte. Ltd or “MP”) for distribution of products procured from MP in Pakistan. The Company imports and distributes mobile phones & accessories in Pakistan, having market share of around 20% within imported mobile phone according to Pakistan Customs Import Data and GfK Report. The Company was awarded “Platinum National Distributor” and “Sustainable Channel Growth Partner” by Huawei in 2018. The Company has a country-wide distribution network consisting of 16 regional hubs linked to 1,000+ wholesalers and 4,000+ retailers for selling of mobile phones and accessories across Pakistan.

As of June 30, 2021, the Company operated fourteen retail outlets, out of which five were located in Karachi, five in Lahore, two in Bahawalpur and one in Hyderabad and Multan. The Company has a countrywide distribution network, consisting 16 regional hubs linked to 1,000+ wholesalers and 4,000+ retailers, to facilitate nationwide sales of mobile phones and accessories.

Year	Revenues (PKR Mn)	Legal Status *
FY 2015	5,897	AOP
FY 2016	10,013	AOP
FY 2017	13,275	AOP
FY 2018	24,151	AOP + Air Link Communication (Pvt) Ltd
FY 2019	29,786	Air Link Communication Ltd
FY 2020	43,008	Air Link Communication Ltd
1H FY 2021	28,124	Air Link Communication Limited

\*Air Link Communication (Pvt.) Limited was incorporated in January 02, 2014 but was dormant till FY 2018 when it started taking over the assets and liabilities of the AOP. The acquisition was completed w.e.f. July 01, 2018. Air Link Communication (Pvt.) Limited was converted into a public limited company w.e.f. April 24, 2019.

- The business revenues grew exponentially from PKR 5,897 million in FY15 to PKR 43,008 million in FY20, depicting a remarkable 5-Year CAGR of 49% (Refer to Section 4A.1), whereas revenues during 1HFY21 stood at PKR 28,124 million, with growth of 54% compared to last year.
- The management of Air Link is highly experienced and most of the team has been associated with the Company for a number of years (Refer to Section 7.3 and 7.4).
- Corporate Governance and management systems of the Company are in line with international best practices. This is evident from the fact that the Company utilizes Enterprise Resource Planning system of SAP for its financial and management information system, and its financial statements are audited by EY Ford Rhodes, Chartered Accountants, member firm of Ernst & Young in Pakistan.
- Air Link Communication was declared among the top five tax payers (in AOP category) for the Tax Year 2018 in a ceremony held at Prime Minister's Office on February 21, 2019.

### 3.1.2 SWOT Analysis

Strengths	Weaknesses
Experienced and customer-friendly team.	Lack of sufficient working capital financing.
Official partnerships with leading mobile phone manufacturers and the ability to run competing brands under one umbrella.	Margins are set by Principal/Manufacturer/Regional Distributor.
Excellent stakeholder relations based on prompt delivery of stock and customer service.	
Country wide distribution network and warehouses.	
Remarkable 5-Year revenue CAGR of 49% during FY15 to FY20.	
Sound margins owing to adjustment to pricing of products provided by vendors.	
Inventory of the Company is comprehensively insured against damage, fire, theft etc.	
Commenced assembly of mobile phones which will provide a cost advantage	
Opportunities	Threats
Post-implementation of DIRBS by PTA will enable official importers / distributors to capture additional market share.	Government may impose additional duty on high-end mobile phones to reduce Current Account deficit.
Forward integration via opening of Company operated retail outlets to capture retailer margins.	Decrease in demand as a result of currency devaluation.
Establishment of own e-commerce platform utilizing alternate delivery channels such as online shopping and television to increase outreach to customers.	Adverse changes in the regional and global mobile market will have spillover effects on local trade volumes.
Increasing demand as customer preferences shift from feature phones to low cost smart phones.	Future changes in import policy by the government.
Setting up an assembly unit will result in localization, import substitution and possible exports. The Company has set up an assembly line in Lahore, and is in the process of obtaining requisite approvals from Regulatory bodies.	Higher interest rates increase the cost of debt.
Air Link can add more brands in the portfolio.	
Leverage expanding distribution & retail network to tap feature phone market.	

### 3.1.3 Technological Framework

Air Link believes that accurate and prompt availability of information is a critical success factor in today's world. The Management Information System (MIS) consists of state-of-the-art infrastructure facilities and the data storage resources are among the best in the industry. There is a dedicated team of qualified professionals to maintain and continuously upgrade the Information Systems according to business needs and technological advancements. Employees are equipped with latest available technology to reach their optimum level of efficiency. Availability of management information is prompt and accurate, enabling the management to make informed and timely decisions.

## 3.2 PATTERN OF SHAREHOLDING

Name of Shareholders	Pre-issue*		Post-issue*	
	Shares	Shareholding (%)	Shares	Shareholding (%)
<b>Sponsors</b>				
Muzzaffar Hayat Piracha	121,799,757	40.60%	91,799,757	25.50%
Yasir Hayat Piracha	89,100,000	29.70%	89,100,000	24.75%
Naila Paracha	18,900,000	6.30%	18,900,000	5.25%
Roshanay Paracha	18,900,000	6.30%	18,900,000	5.25%
Sania Paracha	18,900,000	6.30%	18,900,000	5.25%
Mishaal Paracha	18,900,000	6.30%	18,900,000	5.25%
Saleha Basit	13,500,000	4.50%	13,500,000	3.75%
<b>Other Directors</b>				
Aslam Hayat Piracha	120	0.00%	120	0.00%
Rabiya Muzzaffar	120	0.00%	120	0.00%
Sharique Azim Siddiqui	1	0.00%	1	0.00%
Hussain Kuli Khan	1	0.00%	1	0.00%
Aqduş Faraz Tahir	1	0.00%	1	0.00%
<b>Free Float</b>				
New Issue – General Public	-	0.00%	60,000,000	16.67%
Offer for Sale – General Public	-	0.00%	30,000,000	8.33%
<b>Total</b>	<b>300,000,000</b>	<b>100%</b>	<b>360,000,000</b>	<b>100%</b>

\*Excludes conversion of TFCs subject to terms and conditions as mentioned in Section 11.1.1.

More than 51% of the shares of the Issuer have been held by the same sponsors for more than two years.

## 3.3 KEY PERFORMANCE DRIVERS

### 3.3.1 Key Revenue Drivers

#### Enhanced Market Size

Pakistan Telecommunication Authority (PTA) has implemented Device Identification Registration and Blocking System (DIRBS) to curb illegal imports of mobile phones and improve revenue collection. As a result, the grey market has drastically shrunk, increasing the demand for registered devices significantly.

#### Huge Market Potential

Pakistan's smart phone market has immense potential as the smart phone users as a percentage of total population in Pakistan is currently around 18% (Source: Statista). Pakistan's mobile market is expected to transition from feature phones to smart phones as cellular mobile operators are likely to phase-out their 2G networks as 4G becomes more widely available and the proportion of low-cost smart phones increase.



### Replacement Demand for Existing Smart Phones

Replacement demand for existing smart phones is expected to sustain the industry in the long term as smart phone penetration increases.

### Volume Growth

Compounded annual growth rate in number of units sold from FY15 to FY20 was 52%. In 1H FY21 alone, the Company has sold 2.1 million phones compared to 2.4 million in full year FY20. The unitary growth experienced by the Company is expected to continue as demand for mobile phones increases.

Year	Volume ('000 Units)	Legal Status *
FY 2015	291	AOP
FY 2016	502	AOP
FY 2017	681	AOP
FY 2018	982	AOP + Air Link Communication (Pvt) Ltd
FY 2019	1,090	Air Link Communication Ltd
FY 2020	2,388	Air Link Communication Ltd
1H FY 2021	2,122	Air Link Communication Ltd

\*Air Link Communication (Pvt.) Limited was incorporated in January 02, 2014 but was dormant till FY 2018 when it started taking over the assets and liabilities of the AOP. The acquisition was completed w.e.f. July 01, 2018. Air Link Communication (Pvt.) Limited was converted into a public limited company w.e.f. April 24, 2019.

### Demand Drivers

- Around one-third of the country's population is aged between 20 and 40 years whose income levels are gradually rising.
- Increasing 3G/4G subscribers base as cellular mobile operators rollout their networks and 4G becomes more widely available.
- Implementation of DIRBS continues to reduce the grey market and increase demand for registered devices.
- Increased preference for smart phones has transformed their usage into a necessity.
- Increased supply of low-cost smart phones is shifting customer preferences from feature phones to smart phones.
- Replacement demand for existing smart phones is expected to sustain the industry growth in the long term as smart phone penetration reaches higher levels.

### 3.3.2 Key Cost Drivers

#### Import Cost

Air Link imports smart phones at prices determined by the vendors through letter of credit and/or import contract.

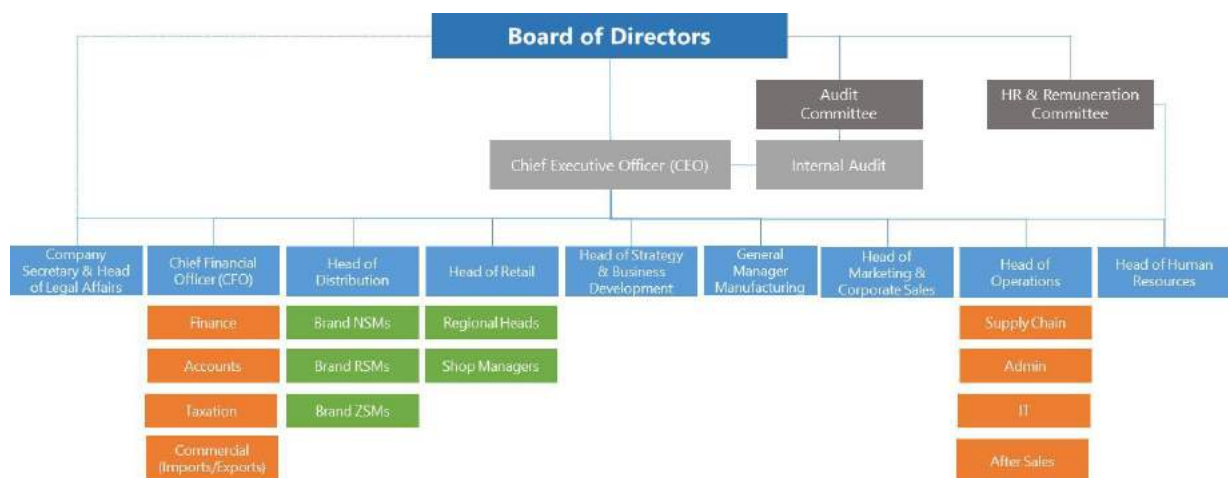
Sr		CBU for the period FY 2021-2022 (PKR)					SKD for the period FY 2021-2022 (PKR)						
		A					B						
		CIF Slabs					A - B						
		S. Tax	R.D	Levy	I. Tax	Total	S. Tax At Import	S. Tax At Sale	R. D	Levy	I. Tax	Total	Benefit CBU vs SKD
1	Not exceeding US\$ 30 (excluding smart phones)	130	300	-	70	500	10	10	-	-	-	20	480
2	Not exceeding US\$ 30 (smart phones)	200	3,000	-	100	3,300	10	10	-	-	-	20	3,280
3	> \$30 <= \$ 100	200	3,000	-	100	3,300	10	10	-	-	-	20	3,280
4	> \$ 100 <= \$ 200	1,680	7,500	400	930	10,510	10	10	-	400	-	420	10,090
5	> \$ 201 <= \$ 350	1,740	11,000	1,200	970	14,910	1,740	10	-	1,200	-	2,950	11,960
6	> \$ 350 <= \$ 500	5,400	15,000	2,800	3,000	26,200	5,400	10	-	2,800	5,000	13,210	12,990
7	> \$ 500	9,270	22,000	5,600	5,200	42,070	9,270	10	-	5,600	11,500	26,380	15,690

Source: Federal Board of Revenue

#### Distribution Cost

The Company has a countrywide distribution network consisting of 16 regional hubs linked to 1,000+ wholesalers and 4,000+ retailers for selling of mobile phones and accessories across Pakistan. The Company uses a hub and spoke system to ensure timely deliveries to all its regional offices.

### 3.4 ORGANIZATIONAL STRUCTURE



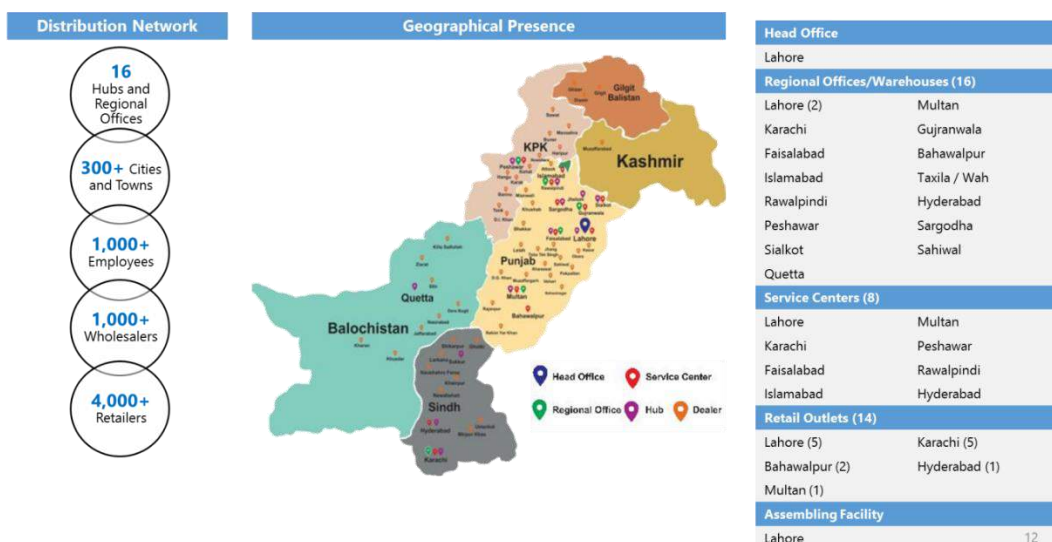
NSM: National Sales Manager  
RSM: Regional Sales Manager  
ZSM: Zonal Sales Manager

### 3.5 KEY HISTORICAL MILESTONES

Events	Year	Description
Significant financial or strategic partnerships as per Issuer	2010	Registration of Air Link Communication (AOP) and commencement of business
	2010	Pakistan's First 3G-enabled Android Tablet and Smartphone in partnership with PTCL
	2012	Official Partner of Huawei
	2014	Incorporation of Private Limited Company (Business continuation remains with AOP)
	2016	Official Partner of Samsung
	2018	Transfer of Huawei business from AOP to Private Limited effective from January 1, 2018
	2019	Transfer of Samsung business from AOP to Private Limited effective from July 1, 2018 (entire business conducted under Private Limited Company) Smart phone distribution agreement with TCL, Tecno, Itel and also entered into an agreement with MP (Mercantile Pacific Asia Pte. Ltd, the Apple Authorized Distributor for Pakistan) for distribution of products procured from MP in Pakistan.
	2020	Distribution agreement with Xiaomi (MI)
	2021	Setup state of the art Mobile Phone Manufacturing facility with an area of 350k sqft. and a startup production capacity of more than 400k units per month. 10 Year Authorization for Mobile Device Manufacturing in Pakistan by PTA
Time/cost overrun in setting up projects	N/A	
Capacity enhancement, location of plants	2021	The Company has set up assembling facility of 4G and feature phones having an installed capacity of more than 400,000 units per month approximately. <b>The Company has commenced assembly from April-2021</b>
Launch of key products or services.	2010	Launched distribution of 3G-enabled Android Tablet and Smartphone in partnership with PTCL
	2012	Launched distribution of Huawei Mobiles & Tablets in Pakistan
	2016	Launched distribution of Samsung Mobiles & Tablets in Pakistan
	2019	Opened exclusive outlets in collaboration with Huawei & Samsung in Karachi and also opened mobile retail outlet with own brand name in Lahore.
Entry in new geographies or exit from existing markets.	2020	As of June 30, 2020, the Company operated eight retail outlets, out of which four were located in Karachi, two in Lahore, and one each in Bahawalpur and Hyderabad.
Key awards, accreditations or recognition	2015	Gold Partner Award by Huawei
	2016	Huawei Best Channel Partner Awards
	2018	Received Multiple Awards from Huawei. Also, recognized amongst the top five tax payers by FBR in AOP category.

### 3.6 PROJECTS AND INFRASTRUCTURE FACILITIES

#### Nationwide Presence



## Distribution Network

Air Link has 16 hubs and regional offices in the country and has a nationwide coverage in 300+ cities and towns of Pakistan. It has a strong retail and dealer network of 4,000+ retailers and 1,000+ wholesalers respectively. Air Link has a work force of more than 1,000 employees spread over the country for efficient distribution of its products.

## Retail Network

As of December 31, 2020, the Company operated fourteen retail outlets, out of which five were located in Karachi, five in Lahore, two in Bahawalpur and one in Hyderabad and Mutan. The Company has a countrywide distribution network, consisting 16 regional hubs linked to 1,000+ wholesalers and 4,000+ retailers, to facilitate nationwide sales of mobile phones and accessories.

S.No.	Retail Outlets	Address	Opening Period
1.	Samsung	LG-19, Lucky One Mall, Block 21, Rashid Minhas Road, Karachi	Apr-2019
2.	Huawei	SF-23, Lucky One Mall, Block 21, Rashid Minhas Road, Karachi	Jan-2019
3.	Air Link Flagship	Shop No. 1, Ground Floor, Xinhua Mall, Gulberg III, Lahore	Nov-2019
4.	Air Link	Dolmen City Mall, Clifton, Karachi	Aug-2020
5.	Air Link	Packages Mall, Lahore	May-2020
6.	Air Link	Lucky One Mall, Block 21, Rashid Minhas Road, Karachi	Jul-2020
7.	Air Link	Shop No. 2, Circular Road, Bahawalpur	May-2020
8.	Air Link	Shop No. 1, Saddar Cantonment, Hyderabad	Mar-2020
9.	Samsung	Shop#G-27, Ground Floor, Emporium Mall, Johar Town, Lahore	Sep-2020
10.	Samsung	Shop#05, Ground Floor, Shareef Complex, Tehsil Chowk, Multan, Pakistan.	Oct-2020
11.	Samsung	City Centre, DC Office Chowk, Bahawalpur.	Nov-2020
12.	Samsung	Shop-1079, 1st Floor, Packages Mall, Walton Road, Lahore	Dec-2020
13.	Air Link	Shop#G-56, Ground Floor, Emporium Mall, Johar Town, Lahore	Nov-2020
14.	MI	Shop# - LG-20, LuckyOne Mall, Opp UBL sports complex Karachi	Jun-2021

## Mobile Phone Assembling Facility

The Company has set up an assembling facility of 4G smartphones and feature phones having installed capacity of more than 400,000 units per month approximately (This is based on single shift basis, the capacity can double on double shift basis) at Kot Lakhpat, Lahore which has commenced commercial operations in April 2021.

In addition, the Company has been authorised by Itel and TCL to assemble their mobile phones in the said facility and is in the process of obtaining authorization from other Vendors.

For establishment of this assembling facility, the Company has incurred an amount of PKR 424.3 Million till December 31, 2020. The entire project is funded by the existing cash flows of the Company.

## 3.7 PRODUCT PORTFOLIO/SERVICES OF THE ISSUER

The Issuer is engaged in distribution of Mobile Phones, Tablets and Accessories of the following:

- Huawei (Direct Distribution Agreement with Principal);
- Samsung (Direct Distribution Agreement with Principal);
- Tecno (Direct Distribution Agreement with Principal);
- TCL (Direct Distribution Agreement with Principal);
- Itel (Direct Distribution Agreement with Principal);
- Xiaomi (Direct Distribution Agreement with Principal);
- Apple (Indirect Distribution Agreement as the Apple products are sourced from Mercantile Pacific Asia Pte. Ltd- "MP"- which is the authorised Apple Distributor in Pakistan).

*Distribution agreements of the Company are on non-exclusive basis and are annually renewable.*



# TECNO mobile



# SAMSUNG





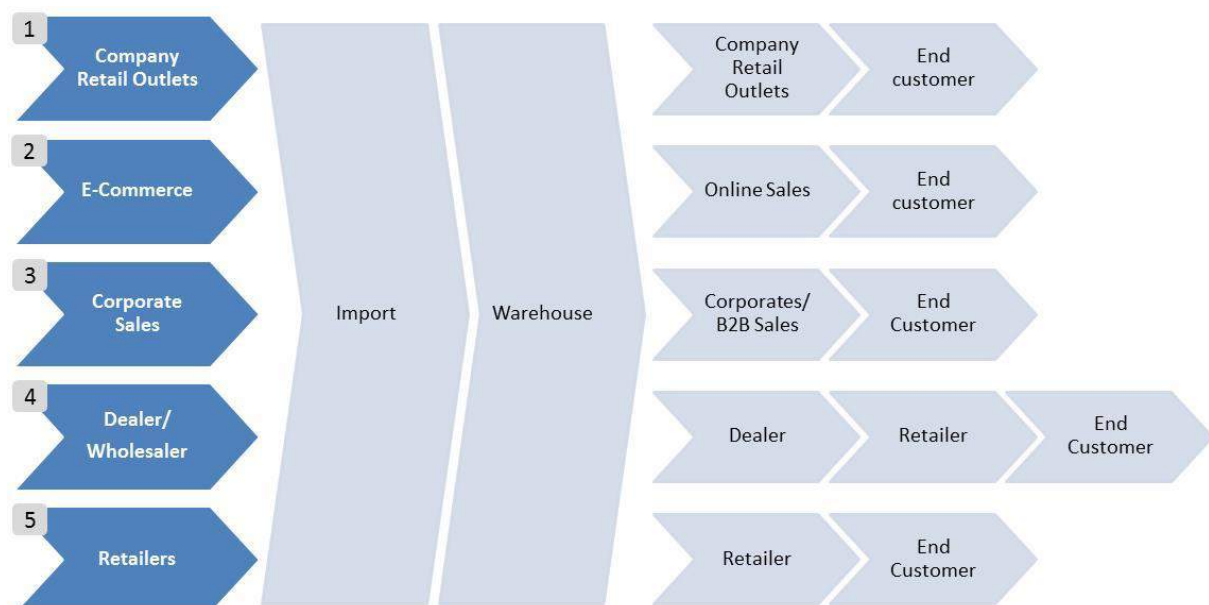
### 3.7.1 Marketing Strategy

Air Link strives to successfully market mobile phones & accessories for each brand via inclusion in the Company's catalogs and other promotional materials. The Company complies with best business practices and ensures that all advertising and marketing materials are in accordance with the Principal's guidelines. Furthermore, the Company carries out promotional sales campaigns and attends industry trade shows and/or conventions within the country and abroad as per guidelines of the Principal.

### 3.7.2 End Users, Demand for Products and Name of Competitors



The general public is the end user of mobile phones and accessories. Given the growing population and low penetration, the already high demand for smart phones is expected to grow further.



Hence, the Company's customers can include general public, institutions (B2B clients), wholesalers and retailers. Agreements with wholesalers and retailers are on non-exclusive basis and are annually renewable.

The Company is in the business of selling cellular mobile phones, tablets, accessories and allied products. Revenue from contract with customers is recognized when control of goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange of those goods.

End users would be the individuals using mobile phones to meet the following needs/requirements:

- Communication including making and receiving phone calls, sending and receiving emails and messages
- Video conferencing
- Social media
- Taking photos and making videos
- Symbol of status and self-expression
- Entertainment
- Notes and reminders
- Calendars and organization
- Maps, navigation, and travel
- Online banking and finance
- Address book and contacts
- Remote working
- Emergencies
- Watches and alarm clocks
- Calculator
- Flashlight/torch
- News, sports, and live events

Implementation of DIRBS continues to reduce the grey market and increases demand for registered devices. Replacement demand for existing smart phones is expected to sustain in the long term due to technological advancements whereas the demand of smartphones will continue to rise in the foreseeable future. The growing e-commerce industry will further enhance the demand for smart phones.

The major, leading mobile phone distributors in the country that directly compete with Air Link include:

- Muller & Phipps,
- United Mobile,
- Advance Telecom, and
- Yellow Stone.

### **3.8 INTELLECTUAL PROPERTY RIGHTS AND DETAILS OF MATERIAL PROPERTY**

The Company does not own any intellectual property rights or any material property on a freehold or leasehold basis. The Company has applied for trademark registration and copyright of its corporate logo through Intellectual Property Organization of Pakistan on October 24, 2019.

### **3.9 FUTURE PROSPECTS AND DEMAND OUTLOOK**

#### **3.9.1 Current Focus**

Air Link is working towards becoming Pakistan's largest vertically integrated distribution Company.

Air Link intends to increase its outreach by injecting more working capital to expand its distribution and retail network in more cities of Pakistan.

Air Link has introduced new smart phone brands as a result of distribution agreements with TCL, Tecno, Itel, and Xiaomi (MI) and has also entered into an agreement with the Apple Authorized Distributor for Pakistan (i.e. Mercantile Pacific Asia Pte. Ltd, “MP”) for distribution of products procured from MP in Pakistan.

The Company is in process of vertical integration by opening 150 retail outlets across the country in the next 5 years (FY 2021 to FY 2025) and setting up assembling facility of feature phones and smart phones having an installed capacity of more than 400,000 units per month approximately. Commencement of commercial production is subject to regulatory and commercial approvals by Pakistan Telecommunication Authority.

<i>Sr. No.</i>	<i>Investment in Factory Plant</i>	<i>Rupees</i>
1	Civil	63,524,644
2	Ac Equipment and Installation	73,168,898
3	Electrical	27,252,846
4	Furniture and fixtures	33,535,257
5	Lifts and elevators	18,848,840
6	Gen-set	12,168,000
7	Security & Surveillance	11,996,983
8	UPS and power backup equipments	2,603,250
9	Fitting, fixtures & electrical appliances - Civil & Electric	2,000,000
10	Paints	11,652,049
11	Assembly of conveyer	150,025,298
12	Miscellaneous	6,706,564
13	IT, server and other networking related equipments	10,860,607
		424,343,236

### 3.9.2 Outlook

The success of the following proposed plans would depend upon the business environment, legal & regulatory framework and its impact on the overall business of the Company:

- In the near future, the Company plans to develop additional retail outlets in new cities within Pakistan, focusing on areas where cellular penetration levels are low. This will allow absorption of retailer margin via increase in the number of mobile phones sold directly to end consumers.
- Expanding into the retail business will lead to a deeper penetration in Pakistan’s mobile markets along with other business synergies, including improved control over the business operating cycle.
- Establishing an E-commerce platform that will increase customer outreach by enabling online sales of smart phones. The Company has setup an online store, [www.airlink.pk](http://www.airlink.pk).

### 3.10 VENDORS

The Company’s vendors include Huawei, Samsung, TCL, Tecno, Itel and Xiaomi (MI) with whom Air Link has entered into agreements by which it procures mobile phones & accessories from them and subsequently sells them via its distribution and retail network. The Company also entered into an agreement with MP (Mercantile Pacific Asia Pte. Ltd – the Apple Authorized Distributor for Pakistan) for distribution of products procured from MP in Pakistan.

### 3.11 APPROVALS

For distribution of mobile phones, Principals obtain type approval from Pakistan Telecommunication Authority (PTA), which is mandatory for any brand before its import in Pakistan by the Distribution Company.



Approval for manufacturing from PTA is a pre-requisite before commencement of commercial production. 'Licensing Regulations for manufacturing of mobile devices' are to be notified by the Government.

### 3.12 GROUP STRUCTURE, SUBSIDIARIES & ASSOCIATED COMPANIES

Name of Company	Nature of Business	Nature of Relation	Issuer Shareholding
Select Communication (Pvt.) Ltd.	Distribution and retail of communication equipment	Associated Company by way of investment by Sponsor – Mr. Muzaffar Hayat Piracha and Ms, Rabiya Muzaffar	0.0%
Best Electronics (Pvt.) Ltd.	Distribution and retail of communication equipment	Associated Company by way of investment by Sponsor – Mr. Muzaffar Hayat Piracha and Ms, Rabiya Muzaffar	0.0%
Airlink Communication Inc. Canada	Retail of communication equipment	Associated Company by way of investment by Sponsor – Mr. Muzaffar Hayat Piracha	0.0%
Air Link Communication DMCC, UAE	Distribution and retail of communication equipment	Associated Company by way of investment by Sponsor – Mr. Muzaffar Hayat Piracha	0.0%
RFK Holidays LLC, UAE	Travel & tourism	Associated Company by way of investment by Sponsor – Mr. Muzaffar Hayat Piracha	0.0%
TF tech n food GmbH	Online food distribution	Associated Company by way of investment by Sponsor – Mr. Muzaffar Hayat Piracha	0.0%

**Note:** As required under Regulation 7(8) of the PO Regulations, the Associated Companies and Associated Undertakings of the Issuer shall not in aggregate make bids in excess of ten (10%) percent of the shares offered through Book Building.

### 3.13 RELATED PARTY TRANSACTIONS

Related party transactions of the Issuer during last three and half years have been provided below:

	AOP + Private Limited	Acquisition of AOP by Private Limited	Unlisted Public Limited Company	Unlisted Public Limited Company
	FY18 (Audited) PKR '000	FY19 (Audited) PKR '000	FY20 (Audited) PKR '000	1HFY21 (Reviewed) PKR '000
<b>Remuneration paid to Chief Executive</b>				
Managerial remuneration	-	18,000	68,659	24,000
Commission or bonus	-	-	4,000	-
Gratuity	-	-	-	-
<b>Total</b>	-	18,000	72,659	24,000
<b>Remuneration paid to Executive Director</b>				
Managerial remuneration	-	-	7,300	3,000
Commission or bonus	-	-	500	-
<b>Total</b>	-	-	7,800	3,000
<b>Remuneration paid to Executives</b>				
Managerial remuneration	54,953	73,103	108,064	74,217
Commission or bonus	1,773	-	-	-
Gratuity	5,568	-	9,116	-
<b>Total</b>	62,294	73,103	117,180	-
Number of persons	39	28	40	49

	AOP + Private Limited	Acquisition of AOP by Private Limited	Unlisted Public Limited Company	Unlisted Public Limited Company
	FY18 (Audited)	FY19 (Audited)	FY20 (Audited)	1H FY21 (Reviewed)
<b>Loan from Director</b>	-	29,332	21,557	-

Air Link Communication (AOP) obtained financing facilities from various banks; these facilities were subsequently taken over by the Company through the acquisition agreement mentioned in Section 3.14. The facilities from JS Bank obtained in 2014 and Bank Al Habib obtained in 2017 included mortgage of properties belonging to sponsors and shareholders having fair market value of approximately PKR 498.2 Million, which the Company has to retire upon availability of its own collateral.

### 3.14 BUSINESS ACQUISITION

The Company acquired assets and liabilities of the AOP with effect from July 1, 2018. The following table summarizes the value of net assets acquired.

Particulars	Amounts in PKR '000
Furniture	7,317
Computers	7,787
Office Equipment	16,025
Motor Vehicles (owned)	27,506
Motor Vehicles (leased)	66,384
<b>Total tangible non-current assets</b>	<b>125,020</b>
Intangibles	5,341
Total current assets	4,609,931
Total current liabilities	(3,565,895)
Total non-current liabilities	(43,209)
Total acquisitions	<b>1,131,188</b>
Funds drawn by the Partners post 01 July 2018	(507,256)
<b>AOP Partners' Fund transferred to the Company</b>	<b>623,932</b>
Amount treated as loan from Director*	250,000
Amount treated as share deposit money	373,932
	<b>623,932</b>

\*Loan from Director outstanding as at June 30, 2020 amounted to PKR 21,557,155.

### 3.15 STAFF TURNOVER

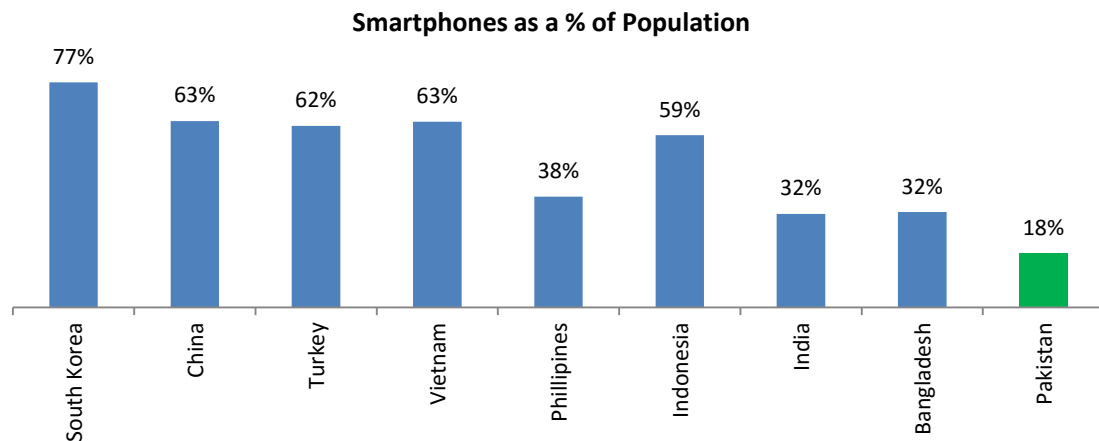
Annual staff turnover for FY19 and FY20 was 13.4% and 17.1%, respectively.

### 3.16 PERFORMANCE FOR THE LAST THREE YEARS, OF ASSOCIATED LISTED COMPANIES OF THE ISSUER OVER WHICH THE ISSUER HAS CONTROL

The Issuer does not have any listed associated companies.

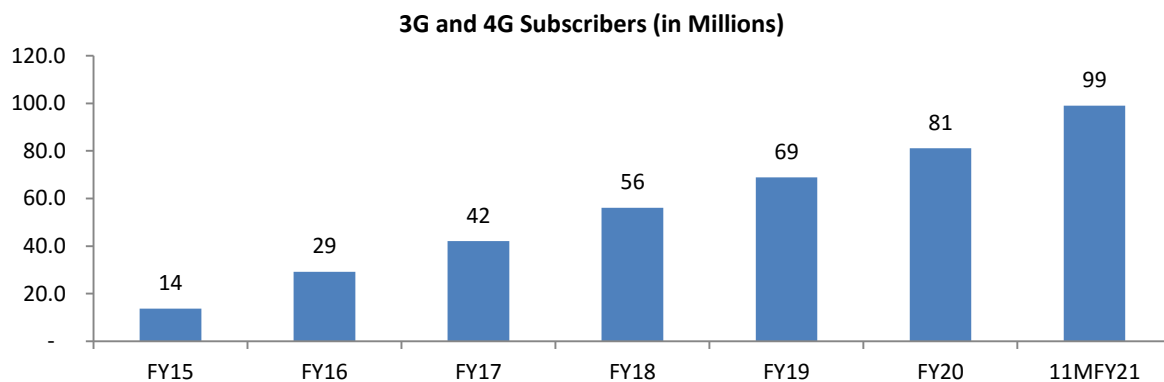
### 3.17 INDUSTRY OVERVIEW

Major volume of Pakistan's mobile market is attributable to the feature phone space, whereas majority of the revenue is being driven from smartphone sales. Smartphone penetration levels are low owing to limited outreach of 3G/4G services.



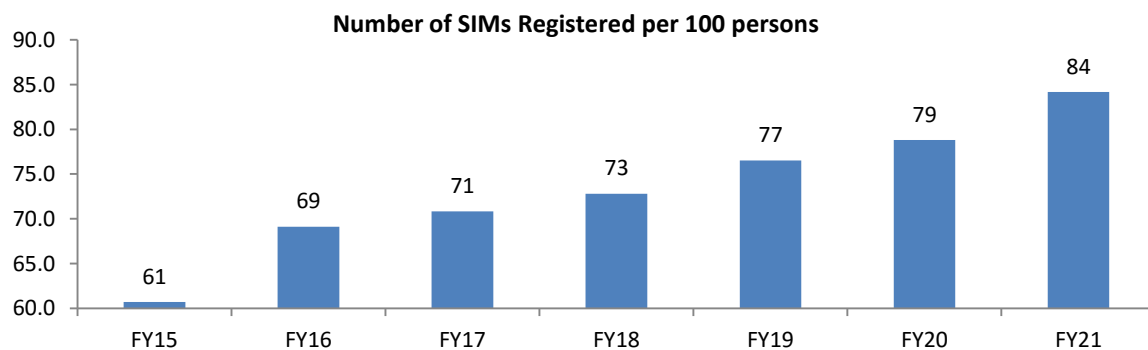
Source: Statista

However, improved offers, from both local and international vendors, and a general increase in smartphone demand as a result of an increasing 3G/4G subscriber base has led vendors to ship in 4G-enabled models. The Pakistan mobile market is expected to transition from feature phones to smart phones as cellular mobile operators rollout their networks and 4G becomes more widely available. As per PTA, there were around 99 million 3G/4G subscribers as at May 31, 2021. As coverage of 3G/4G increases, demand for smartphones is also expected to further increase.



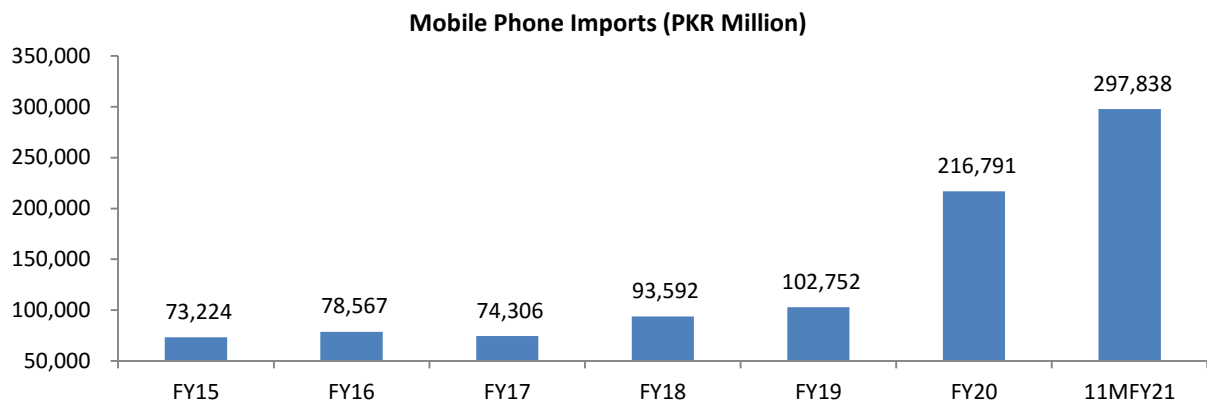
Source: Pakistan Telecommunication Authority

The smartphone market is expected to become increasingly competitive as the proportion of low-cost smartphones grows. Mobile brands are providing consumers with a wider choice of smartphones at more affordable prices in low tier range.



Source: Pakistan Telecommunication Authority

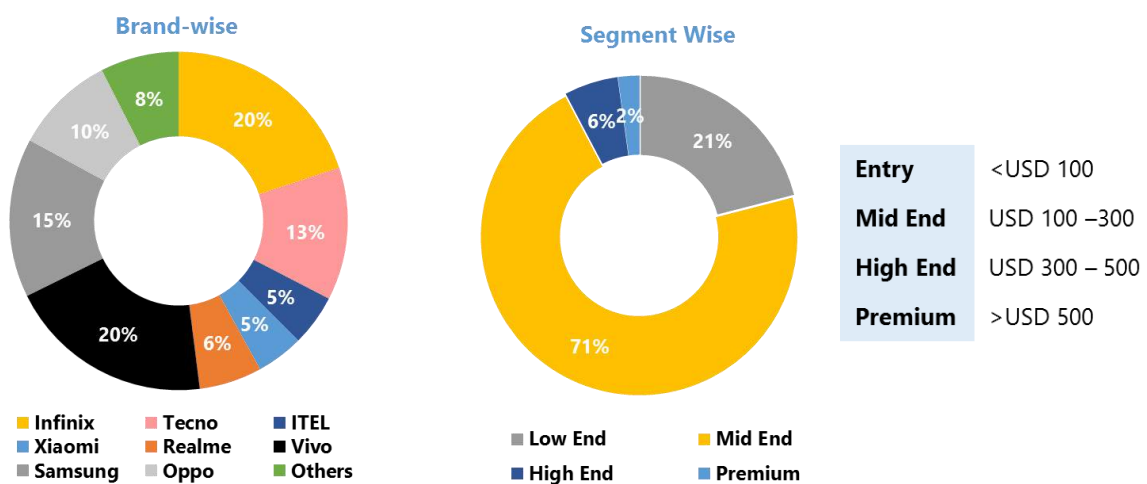
Pakistan's telecom sector witnessed significant growth after the introduction of 3G and 4G in 2014. 3G and 4G supported the growth of e-commerce which in turn led to an increase in demand for smartphones. Mobile network operators based in Pakistan have completed successful testing of 5G technology. This presents an opportunity for smartphone growth. During FY15-20, the average annual mobile phone imports amounted to PKR 103,632 million. And during the year FY21, (up to May'2021), total mobile phone imports stood at PKR 297,838 million, which represents an increase of 67 percent.



Source: Pakistan Bureau of Statistics

### 3.17.1 Smartphone Market Share for Dec-20

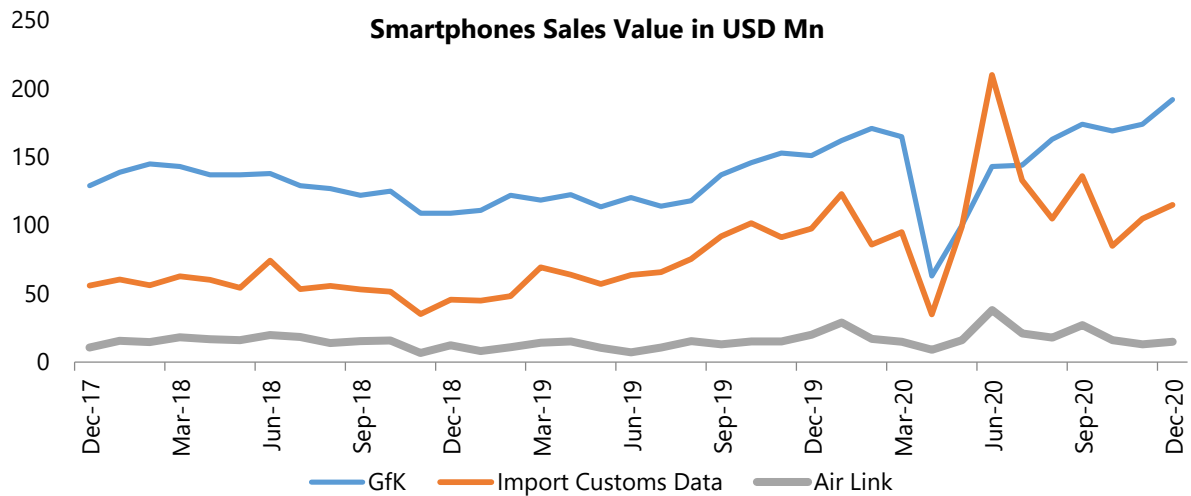
Mid End segment constituted over two-thirds of the total smartphone market size in Dec-2020, followed by the low-end segment with one-fifth market share. Vivo, Infinix, Samsung and Tecno were the most popular brands.



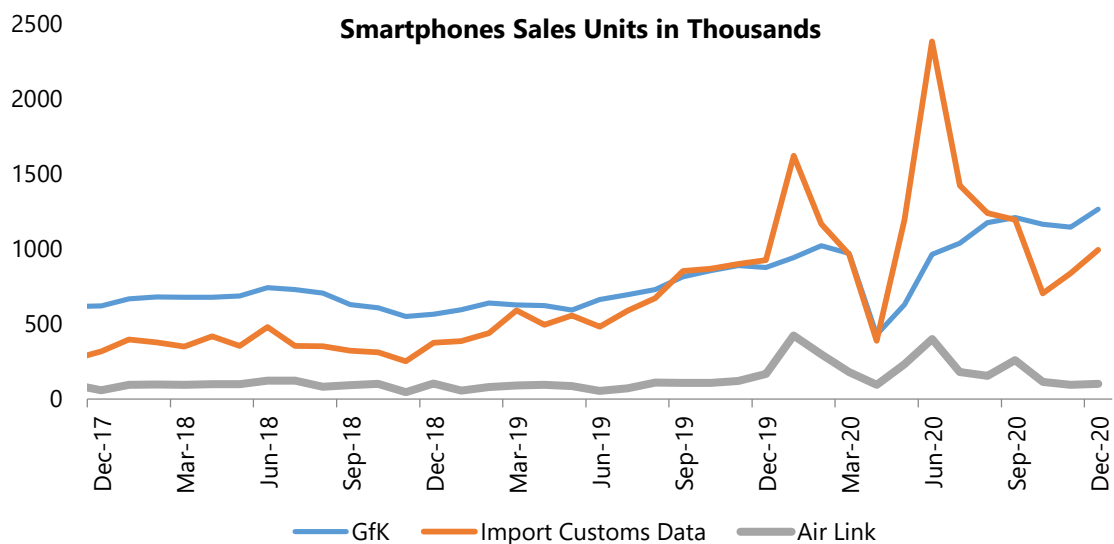
Total 1.27 mn units sold during December, 2020

Source: GfK Report Dec-20

## 3.17.2 Market Potential Dec 2020



Source: GfK Report, Import Customs Data and Air Link Management



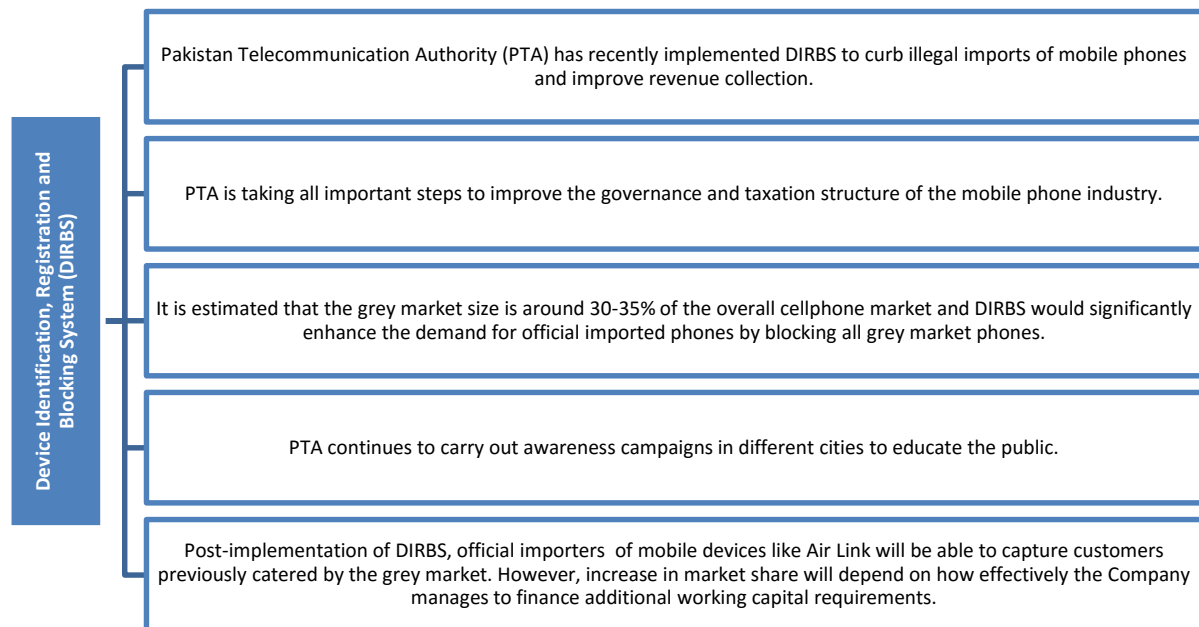
Source: GfK Report, Import Customs Data and Air Link Management

Smartphone Market	
Population	212.8 million
Adults-Above 16 years (65% of Population)	138 million
Cellular Subscriber (Number of Sims)	183 million
35/4G Subscribers (As of May 2021)	99 million
Provision of smartphone	35%
Smartphones	48 million
Lifecycle Replacement time	3 years
Smartphones-estimated annual Demand	16 million

Mobile Phone Statistics (Jul-18 to Jun-19)	Units ('000)
Estimated Official plus Grey Market sale of Smartphones	10,000
GfK Report (Official plus Grey market) - Smartphones	9,500
Import Customs Data (Official) – All Mobile Phones	12,510
Air Link Imports – All Mobile Phones	2,300
Air Link market share as a % of Import Customs Data – All Mobile Phones	18.4%
Air Link market share as a % of GfK Report – Smart Phones	24.2%

Source: Pakistan Demographic and Health Survey 2017-18, Pakistan Telecommunication Authority (PTA), GfK Report, Import Customs Data and Air Link Management Estimates

### 3.17.3 Device Identification, Registration and Blocking System (DIRBS)



### 3.17.4 Financial Inclusion via Mobile Phones

Rapid and substantial expansion of digital accounts can only be achieved by increasing accessibility via mobile phones.

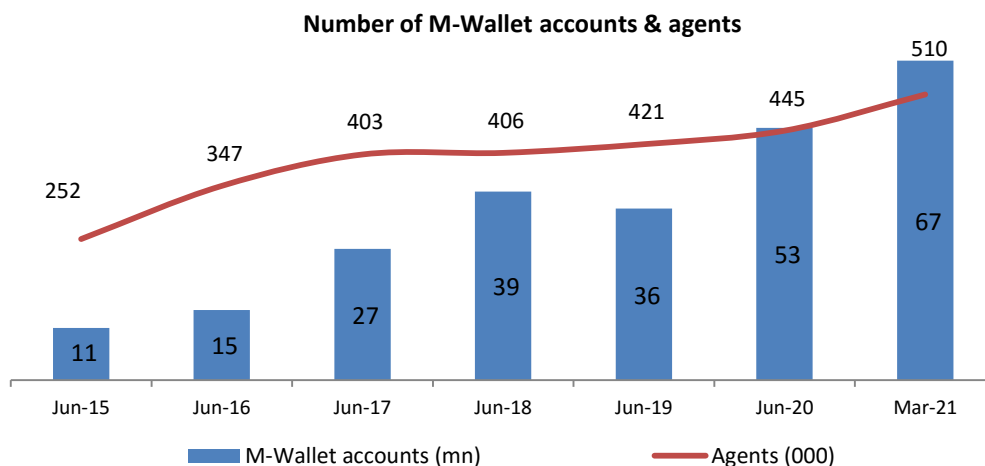
Below are the factors that will impact and enhance demand for smart phones in Pakistan:

- The widespread proliferation of cellular mobile services in Pakistan has opened up new avenues of possibility for bringing the unbanked communities into the banking net through mobile banking. Any person with a basic mobile phone can open a mobile banking account swiftly through a USSD code or string, irrespective of location.
- The Government aims to expand Digital Financial Services and has taken initiatives that will facilitate the poor and marginalized sections of the society towards adopting digital payments while shifting the focus of banks from 'Over-the-Counter' (OTC) services to branchless banking / mobile wallets.

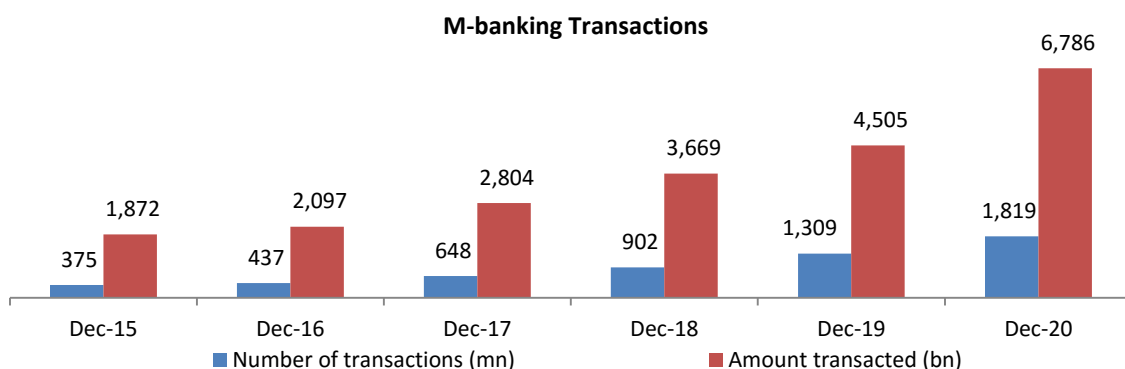
## Government Initiatives in expanding Digital Financial Services

Third Party Service Provider (TPSP) license permits	Licensees are authorized to provide technical services for channeling, routing & switching transactions for branchless/ mobile banking among banks, telecom operator(s) and TPSP(s).
Asaan Mobile Accounts (AMA) scheme	Any person with a basic mobile phone can open a mobile banking account swiftly through a USSD code or string irrespective of location.
Home Remittance Account (HRA)	M-wallet account holders will be able to receive home remittances.
Digitalization of Payment Systems	Delivery of BISP and other G2P payments through m-wallet accounts has been initiated.
Connected Agriculture Platform Punjab (CAPP) program	The aim of the program is to provide interest free loans and information like weather, crop calendar, expert opinion and supply chain tracking etc. to farmers through android apps all across the province.

The introduction of biometrically verified SIMs have facilitated the growth of M-wallet accounts while mobile banking agents have played a key role in the expansion of mobile financial services to the unbanked and far flung areas where traditional bank branches are not available.



Source: State Bank of Pakistan Branchless Banking Statistics



Source: State Bank of Pakistan Branchless Banking Statistics

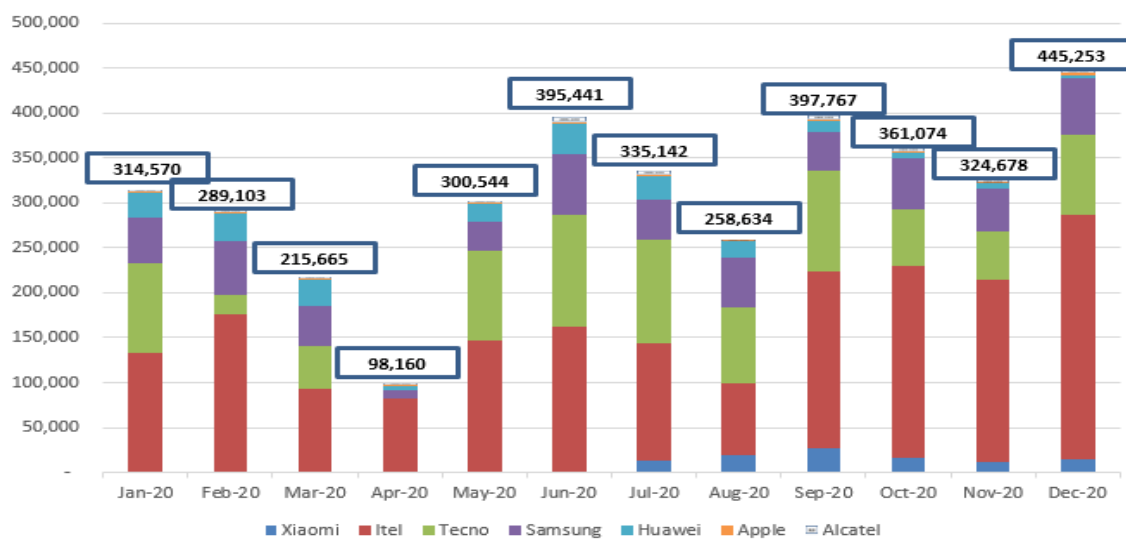
### 3.17.5 Impact of Covid-19

The coronavirus pandemic has devastated human life across the world with roughly 200 million total cases and over 4 million casualties. Economic activity has been significantly affected owing to lockdowns and quarantines and this has been reflected in declining GDP statistics in the most severely affected countries, including developed nations. Pakistan has been extremely fortunate compared to regional and global peers as the number of cases have remained largely under control and recently dropped to below 2,000 new cases per day. Now, with the development, procurement and transmission of various vaccines, it is hoped that the worst is over as far as the pandemic is concerned.

Air Link's volumes have not been materially impacted by the pandemic partly due to the demand for mobile phones being of an inelastic nature in today's digital world and partly due to availability of e-commerce options such as Daraz and Telemart. There has however been a visible shift in the sales mix in favor of more economical smartphones as incomes have been impacted. This shift has somewhat dented Company's margins and overall profitability.

In fact, the pandemic has resulted in a shift in global buying behavior in the mobile handset market as organizations have adapted to work-from-home scenarios and schools have shifted to e-learning models. This has somewhat catalysed the shift from feature phones to smartphones. While premium phones may still be an unaffordable luxury for many, low end smartphones have become a necessity. Moreover, the transition towards premium products to pre-Covid proportions might take some time and could weigh on the Company's profitability in the short term.

#### Sales Volume of Air Link from January to December 2020





### 3A SHARE CAPITAL AND RELATED MATTERS

#### 3A.1 Share Capital

No. of Shares	Shareholders	Face Value (PKR)	Premium (PKR)	Total (PKR)
<b>AUTHORIZED CAPITAL</b>				
400,000,000	Ordinary shares of PKR 10/- each	10.00	-	4,000,000,000
<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>				
300,000,000	Issued against cash including bonus issue	10.00	-	3,000,000,000
<b>300,000,000</b>	<b>Total Paid Up Capital</b>	<b>10.00</b>	<b>-</b>	<b>3,000,000,000</b>
<b>EXISTING ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL OF AIR LINK COMMUNICATION LIMITED</b>				
<b>Shares held by Sponsors</b>				
121,799,757	Muzzaffar Hayat Piracha	10.00	-	1,217,997,570
89,100,000	Yasir Hayat Piracha	10.00	-	891,000,000
18,900,000	Naila Paracha	10.00	-	189,000,000
18,900,000	Roshanay Paracha	10.00	-	189,000,000
18,900,000	Sania Paracha	10.00	-	189,000,000
18,900,000	Mishaal Paracha	10.00	-	189,000,000
13,500,000	Saleha Basit	10.00	-	135,000,000
<b>Shares held by Directors</b>				
120	Aslam Hayat Piracha	10.00	-	1,200
120	Rabiya Muzzaffar	10.00	-	1,200
1	Sharique Azim Siddiqui	10.00	-	10
1	Hussain Kuli Khan	10.00	-	10
1	Aqdus Faraz Tahir	10.00	-	10
<b>300,000,000</b>	<b>Total Paid Up Capital</b>	<b>10.00</b>	<b>-</b>	<b>3,000,000,000</b>
<b>PRESENT ISSUE OF ORDINARY SHARES</b>				
67,500,000	Allocations to Institutions / Individual Investors through Book Building process at Strike Price	10.00	-	675,000,000
22,500,000	General Public /Retail Portion	10.00	-	225,000,000
<b>90,000,000</b>	<b>Total Issue Size</b>	<b>10.00</b>	<b>-</b>	<b>900,000,000</b>
60,000,000	New Issue	10.00	-	600,000,000
30,000,000	Offer for Sale	10.00	-	300,000,000
<b>90,000,000</b>	<b>Total Issue Size</b>	<b>10.00</b>	<b>-</b>	<b>900,000,000</b>
<b>360,000,000</b>	<b>Grand Total (Post-IPO) Paid-up Capital*</b>	<b>10.00</b>	<b>-</b>	<b>3,600,000,000</b>

\*This excludes the conversion of TFCs into ordinary shares which will be undertaken by the Company in terms of agreement with the TFC Holders namely JS Bank Limited and PCF Communication (Private) Limited as mentioned in Section 11.1.1.

### 3A.2 Pattern of Shareholding

Name of Shareholders	Pre-issue*		Post-issue*	
	Shares	Shareholding (%)	Shares	Shareholding (%)
<b>Sponsors</b>				
Muzzaffar Hayat Piracha	121,799,757	40.60%	91,799,757	25.50%
Yasir Hayat Piracha	89,100,000	29.70%	89,100,000	24.75%
Naila Paracha	18,900,000	6.30%	18,900,000	5.25%
Roshanay Paracha	18,900,000	6.30%	18,900,000	5.25%
Sania Paracha	18,900,000	6.30%	18,900,000	5.25%
Mishaal Paracha	18,900,000	6.30%	18,900,000	5.25%
Saleha Basit	13,500,000	4.50%	13,500,000	3.75%
<b>Other Directors</b>				
Aslam Hayat Piracha	120	0.00%	120	0.00%
Rabiya Muzzaffar	120	0.00%	120	0.00%
Sharique Azim Siddiqui	1	0.00%	1	0.00%
Hussain Kuli Khan	1	0.00%	1	0.00%
Aqduş Faraz Tahir	1	0.00%	1	0.00%
<b>Free Float</b>				
New Issue – General Public	-	0.00%	60,000,000	16.67%
Offer for Sale – General Public	-	0.00%	30,000,000	8.33%
<b>Total*</b>	<b>300,000,000</b>	<b>100%</b>	<b>360,000,000</b>	<b>100%</b>

\*This excludes the conversion of TFCs into ordinary shares which will be undertaken by the Company in terms of agreement with the TFC Holders namely JS Bank Limited and PCF Communication (Private) Limited as mentioned in Section 11.1.1.

### 3A.3 Sponsors shares to be kept in blocked form

Name of Shareholders	Post-issue shares
<b>Sponsors</b>	
Muzzaffar Hayat Piracha	91,799,757
Yasir Hayat Piracha	89,100,000
Naila Paracha	18,900,000
Roshanay Paracha	18,900,000
Sania Paracha	18,900,000
Mishaal Paracha	18,900,000
Saleha Basit	13,500,000
<b>Total</b>	<b>269,999,757</b>

#### Notes:

- As per Regulation 5(1) of the PO Regulations, the sponsors of the Issuer 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 Issuer shall retain not less than twenty five percent of the 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 central depository;
- As per Regulation 5(4) of the PO Regulations, subject to compliance with Sub-regulation (1) and (2) above, and with the prior approval of the securities exchange, the sponsors of the Issuer may sell their shareholding through block-sale to any other person who shall be deemed sponsor for the purposes of the PO Regulations

and any such persons, its directors, sponsors and substantial shareholders shall comply with the conditions as stipulated in sub-regulation (1) of Regulation 3 of PO Regulations.

### 3A.4 Present Issue

- Air Link Communication Limited intends to issue 60,000,000 new shares and Mr. Muzaffar Hayat Piracha ("the Offeror") intends to offer 30,000,000 of his shares to the public simultaneously. The Issue comprises of 90,000,000 Ordinary Shares of face value of PKR 10.00/- each
- The transaction structure will be hybrid in nature, constituting both, a new issue of 60 million shares and an offer for sale of 30 million shares.
- Floor Price of this issue is PKR 65 per share, which includes a premium of PKR 55 per share.
- The shares offered and issued will represent 25.0% (90 million shares) of the total Post – Issue Paid-up Capital of Air Link.
- The shares will be issued through 100% Book Building. the Bidders shall be allowed to bid for 100% of the issuer size, however successful bidders will be provisionally allocated 75% of the issue size (67.5 million shares) and 25% of the total transaction (22.5 million shares) will be issued to the general public. Any unsubscribed shares from the general public portion will be allotted to successful bidders on a pro rata basis.
- The Floor Price of PKR 65 per share has a maximum Price Band of 40% i.e. PKR 91 /- per share above which no bid shall be accepted. .

### 3A.5 Shares Issued in Preceding Years including bonus and right shares

Date of Allocation	No. of Shares of PKR 100	No. of Shares of PKR 10	Par Value	Consideration	Amount in PKR (Par Value)	Share Capital (PKR)
02/01/2014	1,000	-	100	Rights Shares Cash Issue	100,000	100,000
28/11/2016	4,999,000	-	100	Rights Shares Cash Issue	499,900,000	500,000,000
28/06/2018	5,000,000	-	100	Rights Shares Cash Issue	500,000,000	1,000,000,000
01/10/2018	-	100,000,000	10	Denomination Change		1,000,000,000
21/12/2018	-	100,000,000	10	Bonus Issue	1,000,000,000	2,000,000,000
11/03/2019	-	25,000,000	10	Right Shares Cash Issue	250,000,000	2,250,000,000
30/03/2019	-	25,000,000	10	Bonus Issue	250,000,000	2,500,000,000
28/10/2019	-	50,000,000	10	Bonus Issue	500,000,000	3,000,000,000
<b>Total</b>		<b>300,000,000</b>			<b>3,000,000,000</b>	

Other than the above-mentioned shares, there has been no issuance of shares since the incorporation of the Company. However, conversion of TFCs into ordinary shares will be undertaken by the Company in terms of agreement with the TFC Holders namely JS Bank Limited and PCF Communication (Private) Limited, as detailed in Section 11.1.1.

### 3A.6 Related Employees of the Company (Air Link Communication Limited)

S. No.	Name	Designation
1.	Muzaffar Hayat Piracha	Chief Executive Officer
2.	Syed Nafees Haider	Executive Director
3.	Nusrat Mahmood	Chief Financial Officer
4.	Imran Ali Kazmi	Sr. Manager Finance
5.	Amer Latif	Company Secretary

### 3A.7 Related Employees of the Consultant to the Issue and Book Runner (JS Global Capital Limited)

S. No.	Name	Designation
1.	Muhammad Kamran Nasir	Chief Executive Officer
2.	Ahmed Hanif Lakhani	Assistant Vice President, Investment Banking

**Note:**

1. As per Regulation 7(9) of the PO Regulations, the associates of the Consultant 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 Consultant to the Issue and the Book Runner that are Financial Institutions, Mutual Funds and Insurance Companies.

As required under Regulation 20(10) of the PO Regulations, Related Employees of the Issuer, Consultant to the Issue and Book Runner to the Issue shall not participate in the bidding for shares and the Book Runner shall block their UINs and names for participation in the bidding.

## UNDERTAKING BY THE SPONSORS TO THE ISSUER REGARDING IPO UTILIZATION



### UNDERTAKING BY THE SPONSORS TO THE ISSUER REGARDING IPO UTILIZATION

Date: March 1, 2020

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

We, Muzaffar Hayat Piracha bearing CNIC No. 42000-7994715-9, Yasir Hayat Piracha bearing CNIC No. 82656-6848273-1, Naila Paracha bearing CNIC No. 42301-6828570-0, Roshanay Paracha bearing CNIC No. 42301-7589680-8, Sania Paracha bearing CNIC No. 42301-6933070-0, Mishaal Paracha bearing CNIC No. 42301-7327072-2 and Saleha Basit bearing CNIC No. 35202-1299402-0; hereby undertake:

- (1) That we are the Sponsors and majority shareholders of Air Link Communication Limited ("Issuer")
- (2) that the IPO proceeds will be utilized as per the Principal Purpose of the Issue as disclosed under paragraph 4 of the Prospectus.

  
Muzaffar Hayat Piracha  
Chief Executive Officer/Officer  
Air Link Communication Limited

  
Yasir Hayat Piracha  
Sponsor  
Air Link Communication Limited

  
Naila Paracha\*  
Sponsor  
Air Link Communication Limited

  
Roshanay Paracha\*  
Sponsor  
Air Link Communication Limited

  
Sania Paracha\*  
Sponsor  
Air Link Communication Limited

  
Mishaal Paracha\*  
Sponsor  
Air Link Communication Limited

  
Saleha Basit  
Sponsor  
Air Link Communication Limited

\* Represented by Ms. Saleha Basit as her mother/natural guardian

  
Muzaffar Hayat Piracha  
Chief Executive Officer/Officer  
Air Link Communication Limited

## 4 PRINCIPAL PURPOSE OF THE ISSUE AND FUNDING ARRANGEMENTS

### 4.1 PRINCIPAL PURPOSE

Air Link intends to expand its business by injecting more working capital. For this purpose, the Company intends to issue 60,000,000 new ordinary shares at a floor price of PKR 65.00/- per share to raise PKR 3,900 Mn. The new issue of PKR 3,900 Mn shall be used entirely to fund the Company's working capital requirement.

Funding Requirement of the Company for working capital needs is as follows:

Description	Funds Required (PKR Mn)	% Allocation
Working Capital for Purchase of Inventory	4,890	100%
<b>Working Capital</b>	<b>4,890</b>	<b>100%</b>

Sources of funding are as follows:

Source of funds	PKR Mn	Percentage
IPO Proceeds	3,900	80%
Short Term Financing Facilities*	990	20%
<b>Total</b>	<b>4,890</b>	<b>100%</b>

\*For details please refer to Section 11.1.2

#### 4.1.1 Basis of Estimation for Working Capital

Additional working capital requirement has been estimated based on the expected procurement cost of additional mobile phones i.e. the expected annual increase in sales volume times the weighted average cost price. Considering the Company's cash conversion cycle, this amounts to PKR 4,890 million.

The Company will utilize the new issue proceeds to finance Working Capital requirements which would help increase the Issuer's sales volume. It takes approximately 15 days from order placement for inventory to be received by the Company, following which distribution by dealer networks to retailers and B2B clients nationwide and subsequent cash collection from customers takes approximately 30 days. The Company maintains a safety stock level that ensures delivery for approximately 25 days. Therefore, the cash conversion cycle typically lasts for 70 days.

Item	Formula	Particulars		
A		Additional units	Units	1,500,000
B		Weighted Average Cost Price per unit	PKR/unit	17,000
C	$A * B$	Additional Purchases	PKR million	25,500
D		Cash Conversion Cycle	Days	70
E	$C * D / 365$	Financing required per cycle	PKR million	<b>4,890</b>

#### 4.1.2 Utilization of Proceeds

The Issue is expected to generate PKR 5,850 million at floor price of PKR 65.00/- per share out of which PKR 3,900 million (new issue) shall be utilized to finance working capital requirements. The Issuer's total working capital requirement is PKR 4,890 Million, out of which PKR 3,900 Million (80% of the total WC requirement) shall be financed by proceeds from the new issue and the remaining PKR 990 Million (20% of the total WC requirement) shall be financed from Short Term Financing Facilities.

Sources of Funding	PKR Mn	Utilization of Funds	PKR Mn
New Issue Proceeds	3,900	Working Capital	4,890
Short Term Financing Facilities*	990		
<b>Total</b>	<b>4,890</b>	<b>Total</b>	<b>4,890</b>

\*The Company can utilize any of its existing short-term financing facilities to bridge the working capital deficit. Please refer to Section 11.1.2 for details regarding status.

Proceeds from the IPO, PKR 3,900 million will be utilized for investment into the working capital of the Company, whereby the funds will be used to purchase inventory of mobile devices from Company's vendors and will be sold through the distribution channel of the Company as mentioned in Section 3.6.

#### **Utilization of Excesss IPO funds**

The above utilization of funds is based on the subscription at the Floor Price of PKR 65.00/- per share. Excess funds, if any received by the Company on issuance of 60,000,000 ordinary shares, in case the strike price is determined above the Floor Price, shall be utilized by the Company to finance the working capital needs as mentioned in Section 4.1 in lieu of short term financing.

#### **4.1.3 Rationale**

IPO proceeds would be utilized for injection of working capital to expand the Company's distribution and retail network through procurement of inventory.

Arranging equity financing for financing working capital for procurement of inventory for distribution would improve profitability by:

- *Avoidance of financing cost paid to meet import contract / Letter of Credit requirement*  
With availability of funds, Company will save on the markup costs for obtaining working capital lines required for financing the import contract and letter of credit to import mobile phones.
- *Gaining lost incentives from vendors due to credit financing*  
Cost of obtaining credit from the vendors will be saved through availability of funds

#### **4.1.4 Implementation**

Funds raised from the IPO will be immediately utilized by the Company for procurement of additional inventory of mobile phones.

#### **4.1.5 Deviance from Principal Purpose of Issue to Result in Mandatory Offer of Exit Opportunity**

In circumstances where the Issuer does not utilize all or part of the raised funds in accordance with the principal purpose of the issue, it would become mandatory on the Issuer to offer an exit opportunity as per the PO regulations.

In addition, the Company, as per Regulation 16 of the PO Regulations, 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 (b) Annual progress report reviewed by the auditor, to the securities exchange till the fulfillment of the commitments mentioned in the prospectus stating the following:

- Implementation status of the project/commitment made in the Prospectus as per format given below:

Commitment made in the Prospectus	Start date (disclosed in the Prospectus)	Completion date (disclosed in the Prospectus)	Current status	Rationale for delay, if any.

- Detailed break-up of utilization of the proceeds raised from the issue.
3. Submit a final report reviewed by the auditor to the Securities Exchange after the fulfillment of the commitments mentioned in the Prospectus.



## 4A VALUATION SECTION

The ordinary shares of Air Link are being issued/offered at Floor Price of PKR 65.00/- per share (a premium of PKR 55.00/- per share). The Consultant to the Issue has reviewed the business model and financial performance of the Company and in their opinion Floor price of Rs. 65 per share is justified based on following:

### 4A.1 Strong Growth in Sales

Year	Revenues (PKR Mn)	Legal Status *
FY 2015	5,897	AOP
FY 2016	10,013	AOP
FY 2017	13,275	AOP
FY 2018	24,151	AOP + Air Link Communication (Pvt) Ltd
FY 2019	29,786	Air Link Communication Ltd
FY 2020	43,008	Air Link Communication Ltd

\*Air Link Communication (Pvt.) Limited was incorporated in January 02, 2014 but was dormant till FY 2018 when it started taking over the assets and liabilities of the AOP. The acquisition was completed w.e.f. July 01, 2018. Air Link Communication (Pvt.) Limited was converted into a public limited company w.e.f. April 24, 2019.

Sales have increased tremendously from PKR 5,897 million in FY15 to PKR 43,008 million in FY20 growing at a 5-year CAGR of 49%. The Company continues to operate in a growth stage and intends to vertically integrate, thereby expanding to sustain its growth momentum.

The above table depicts the healthy revenue growth of Air Link over the years and it is expected that replacement demand for existing smart phones will sustain revenue growth in the coming years as smart phone penetration increases.

### 4A.2 Strong Distribution Network

Air Link has a strong distribution network consisting of 16 regional hubs linked to 1,000+ wholesalers and 4,000+ retailers. It has a strong foothold across the country with coverage in 300+ cities and towns of Pakistan. The Company also has regional offices, service centers, warehouses and display centers in major cities of the country.

In addition, the Company has commenced assembly of mobile phones which will lead to significant cost advantages to the company and also lead to higher revenue generation due to backward integration.

### 4A.3 Channel Partnership with Leading Mobile Phone Manufacturers and Regional Distributor

Air Link has entered into distribution agreements with leading mobile phone manufacturers namely, Huawei, Samsung, TCL, Tecno, ITEL and Xiaomi and has also entered into an agreement with Apple Authorized Distributor for Pakistan (Mercantile Pacific Asia Pte. Ltd, or "MP") for distribution of products procured from MP in Pakistan.

### 4A.4 Future Prospects

The Sponsors have a vision to make Air Link Pakistan's largest vertically integrated distribution Company through organic growth. Air Link is currently expanding its distribution network in more cities of Pakistan by adding warehouses, offices and sales teams in order to reach out to more dealers & retailers and further increase its outreach.

In addition, the Company intends to expand further into the retail space to achieve economies of scale and business synergies.

#### 4A.5 Rated by Credit Rating Agency

Air Link Communication Limited is rated by PACRA. Air Link received long term rating of A- and short term rating of A1 dated December 24, 2020.

#### 4A.6 Tax Payer Award

Air Link was declared among the top five tax payers (in AOP Category) for the Tax Year 2018 in a ceremony held at Prime Minister's Office on February 21, 2019.

#### 4A.7 Growing Demand of Smartphones

There is a huge demand for smartphones in Pakistan owing to the growing population. The conversion rate from feature phones to smart phones is quite high where the introduction of ride hailing services like Careem and Uber has further surged the demand of smart phones in the country. Device Identification, Registration and Blocking System (DIRBS) by Pakistan Telecommunication Authority (PTA) has significantly enhanced the demand for documented imported phones by blocking all grey market phones, which are estimated to be around 30-35% of the overall mobile phone market. The growing e-commerce industry will further enhance the demand of smart phones.

#### 4A.8 Experienced and Dedicated Management

Air Link has an experienced management team that is playing a vital role in the country's mobile phone industry. It is their vision to set the highest standards for efficient mobile phone distribution. The management is focused on developing strong relationships with mobile phone wholesalers and retailers.

#### 4A.9 Shariah Screening

Company fulfills the Sharia Screening Criteria for KSE Meezan Islamic Index Criteria set out by Pakistan Stock Exchange, refer to Section 6.6 for Shariah Screening Certificate from Meezan Bank Limited. For Shariah Screening certificate, refer to Section 6.6.

#### 4A.10 Valued at a discount from local high growth companies

Air Link's Floor Price of PKR 65.00/- per share, based on FY20 earnings, translates to a price to earnings (P/E) multiple of 12.7x (at a discount of 36% to local high growth companies listed in Section 4A.12).

#### 4A.11 Post IPO Free Float Disclosure

Post IPO, the share capital will increase from 300,000,000 ordinary shares to 360,000,000 ordinary shares. The free float status post IPO is presented in the below table:

Description	Shares	Shareholding (%)
Held by Sponsors / Directors	269,999,997	74.99%
Held by Independent Directors	3	0.00%
<b>Held by General Public – Free Float (New Issue)*</b>	<b>60,000,000</b>	<b>16.67%</b>
<b>Held by General Public – Free Float (Offer for Sale)*</b>	<b>30,000,000</b>	<b>8.33%</b>
<b>Total</b>	<b>360,000,000</b>	<b>100%</b>

\*Excludes conversion of TFCs subject to terms and conditions as mentioned in Section 11.1.1.

#### 4A.12 Peer Group Analysis

There are no direct competitors of Air Link listed on PSX. However, for peer group analysis, we have analyzed local companies based on high earnings growth and international peers.

Company	Stock Exchange	Ticker	5 year Sales CAGR <sup>1</sup>	5 year Profit after Tax CAGR <sup>1</sup>
National Foods Ltd	Pakistan Stock Exchange	NATF	20%	11%
AGP Limited <sup>2</sup>	Pakistan Stock Exchange	AGP	13%	10%
GlaxoSmithKline Pakistan Limited	Pakistan Stock Exchange	GLAXO	8%	5%
Service Industries Limited	Pakistan Stock Exchange	SRVI	12%	7%
Colgate Palmolive Pakistan	Pakistan Stock Exchange	COLG	14%	7%
Systems Limited	Pakistan Stock Exchange	SYS	32%	40%
Air Link <sup>3</sup>			55%	29%

Company	Stock Exchange	Ticker	6M Average Share Price <sup>4</sup>	EPS <sup>5</sup>	BVPS <sup>5</sup>	P/E	P/B	ROE <sup>5</sup>	ROA <sup>5</sup>	Free Float (Mn)	Free Float (%)
<b>Local High Growth Companies (PKR)</b>											
National Foods Ltd	Pakistan Stock Exchange	NATF	215.4	9.89	30.5	21.8	7.1	36%	13%	56.0	30.0%
AGP Limited	Pakistan Stock Exchange	AGP	113.5	5.67	29.3	20.0	3.9	20%	16%	84.0	30.0%
GlaxoSmithKline Pakistan Limited	Pakistan Stock Exchange	GLAXO	162.7	10.60	54.9	15.4	3.0	20%	14%	51.9	16.3%
Service Industries Limited	Pakistan Stock Exchange	SRVI	509.0	56.27	357.0.2	9.0	1.4	18%	5%	18.8	40.0%
Colgate Palmolive Pakistan	Pakistan Stock Exchange	COLG	2,835	84.34	295.0	33.6	9.6	31%	23%	6.3	10.0%
Systems Limited	Pakistan Stock Exchange	SYS	450.7	17.41	63.0	25.9	7.2	32%	23%	81.5	59.4%
<b>Average</b>						<b>20.9</b>	<b>5.3</b>				
Air Link Communication			65.0	4.84	18.4	13.4	3.5	33%	9%	90.0 <sup>5</sup>	25.0%
<b>International Peers</b>											
MM Group for Industry & International Trade	Egyptian Exchange	MTIE	EGP 7.6	EGP 0.27	1.78	28.0	4.3	19%	10%	230.7	29.8%
Mobile World Investment Corp	Ho Chi Minh Stock Exchange	MWG	VND 134,945	VND 8,654	34,186	15.6	3.9	28%	9%	406.3	89.8%
<b>Average</b>						<b>21.8</b>	<b>4.1</b>				

- 1 CAGR has been calculated on the basis of data for the periods January to December 2015 and 2020.
- 2 Due to unavailability of data, 4-Year CAGR have been calculated for AGP.
- 3 Air Link Communication's CAGR has been calculated with audited FY15 data in base year
- 4 Share Price is average of adjusted daily closing price for the period from January 2021 to June 2021.

- 5 Earnings per Share (EPS), Book Value per Share (BVPS), Return on Equity (ROE) and Return on Assets (ROA) have been calculated using data for the period January to December 2020. Price multiples have been calculated using adjusted 6-month average prices as specified above. EPS is based on weighted average number of shares.
- 6 This excludes mandatorily converted from TFCs as mentioned in 11.1.1.

Source: Bloomberg, PSX Data Portal, Company Financials

## 5 RISK FACTORS

### 5.1 INTERNAL

#### 5.1.1 Substantial Financial Leverage

A Debt to Assets ratio of 0.45 times and a Debt to Equity Ratio of 2.04 times (as at FY20) represents substantial financial leverage. The Company's operations are heavily dependent on short term working capital finance facilities provided by banking channels.

**Mitigant:** Import of mobile phones is subject to 100% cash margin requirement vide BPRD Circular-02 dated February 24, 2017 and the subsequent restriction on open imports vide SBP via FE-Circular-07 dated July 20, 2018. The working capital requirement increased substantially for which the Company has to obtain financing facilities in order to meet the cash margin requirement. However, net debt to equity ratio remained lower than previous year.

Amounts in PKR '000	FY20	FY19
<b>Total Debt</b>	<b>9,382,271</b>	<b>7,873,035</b>
Short Term Investments	726,246	2,507,897
Receivable – Margin against letters of credit	6,035,543	3,171,475
Cash and cash equivalents	814,289	281,979
<b>Net Debt</b>	<b>1,806,193</b>	<b>1,911,684</b>
Total Equity	4,596,585	3,140,936
Debt to Equity Ratio (times)	2.04	2.51
<b>Net Debt to Equity Ratio (times)</b>	<b>0.39</b>	<b>0.61</b>

#### 5.1.2 Termination of Distribution Agreement by the Vendors

Vendors could unilaterally terminate their distribution agreements with Air Link resulting in loss of business.

**Mitigant:** Due to numerous entry barriers including strong distribution network, skilled sales force, logistic arrangements, tax and regulatory compliances, the likelihood of termination of the distribution agreement is extremely low. The Company distributes seven different brands and it has been consistently performing well, as witnessed in growth of sales over the period.

#### 5.1.3 Termination of Assembly Agreement by the Vendors

Vendors could unilaterally terminate their assembly agreements with Air Link resulting in loss of business.

**Mitigant:** Air Link is an established distributor of mobile phones and has been working with the Vendors for distribution of their mobile devices; hence a termination of agreement is highly unlikely. The Company plans to assemble devices for multiple Vendors and may also enter into agreement with more Vendors which would further mitigate any likelihood of such an event.

#### 5.1.4 Impact on business due to delayed product launch by the vendor

Bulk of the sales from newly launched products occurs during the first four to five months after its launch, following which customers await new arrivals. Unsuccessful or delayed product launches by vendors could negatively impact sales volume.

**Mitigant:** The Company has multiple brand partners who launch their products with different intervals. As a result, delay in launch of product of one brand partner shall very likely be offset by a successful product launch of another.

### 5.1.5 Slow Moving Models

Phone models that do not gain popularity with customers may lead to unsold stock, which can result in loss of the Company whereby cash is tied up in inventory.

**Mitigant:** Incentives are given by the Principals on any unsold stock (channel stock) through reduction in selling prices without affecting Company's margins. The Company also exports mobile phones to other markets to avoid slow-moving inventory.

### 5.1.6 Negative Cash Flow from Operations

Air Link's cash flow from operations stood at PKR (2,810 million) and PKR (2,278 million) for FY19 and FY20 respectively. *Note that operating cash flows turned positive in 1H FY21 to PKR 2,219 million.*

**Mitigant:** Being an importer-cum-distributor, substantial cash is likely to be tied up in working capital in compliance of 100% cash margin requirement by the SBP for its imports. To overcome cashflow issues, the Issuer has entered into financing arrangements with banks.

### 5.1.7 Physical Damage

Inventory of smart phones and mobile accessories are kept in the Company's warehouses, where they may be physically damaged or destroyed.

**Mitigant:** The Company has set standard procedures for handling and storage of mobile phones in its warehouses. Additionally, inventory of mobile phones either in warehouse or transit are comprehensively insured against damage, fire, theft etc.

### 5.1.8 Default Risk

Company may not be able to meet its short-term and long-term obligations including service of its debt obligations.

**Mitigant:** The Company has ample cash flows to meet its short and long term debt obligations, despite high interest rate environment it maintained an interest coverage ratio of 2.8x during FY20.

### 5.1.9 Risk of non-payment of receivables

Risk of non-payment of receivables. As at June 30, 2020 the Company had outstanding receivables of PKR 4.7 Billion of which PKR 2.6 Billion was past due for over 90 days, hence it may be exposed to non-payment risk.

**Mitigant:** The Company has not incurred any bad debt in its history and has accordingly recovered a major portion amounting to PKR 3.3 Billion from the 4.7 Billion mentioned above till December 15, 2020. The Company expects recovery of the remaining PKR 1.4 Billion till June 30, 2021.

### 5.1.10 Human Resource Risk

High turnover may cause deterioration in service standards and / or increased payroll situation.

**Mitigant:** Air Link's management ensures a comfortable work environment and maintains market competitive packages. The Company is focused on continuously improving its HR policies to align growth prospects ensuring satisfaction and retention of employees. Annual turnover for FY 2020 was 17.1%.

### 5.1.11 Dilution of Shareholding

Convertible TFCs held by the Company amounting to PKR 800 million would result in dilution of shareholding due to mandatory conversion of PKR 400 million at a 20% discount to the Floor Price ("Mandatory Conversion"). The remaining PKR 400 million can be converted at the option of the TFC Holders at the Strike Price subject to terms and conditions ("Optional Conversion"). Refer to Section 11.1.1 for details.

**Mitigant:** The effect of dilution on the proportional ownership of the general public is expected to be minor i.e. around 0.52% in case of Mandatory Conversion and an additional 0.4% in case of Optional Conversion.

### 5.1.12 Breach of Financing Covenants

Breach of covenants mentioned in Section 11.1.1 will negatively affect the business.

**Mitigant:** It is in Air Link's interest to conform to the covenants mentioned in Section 11.1.1, a breach will only take place if there is a major change in business, since Air Link has been consistently performing well in mobile distribution, it does not seek to change the structure of its business model.

### 5.1.13 Occurrence of an Event of Default

**Risk:** Occurrence of event of default mentioned in Section 11.1.1 would hamper the financial position of Air Link.

**Mitigant:** Air Link effectively manages its cash flow and financing position to ensure that it has sufficient funds to service its debt obligations. The interest coverage ratios of Air Link for FY 19 and FY 20 were 4.1 times and 2.8 times, respectively.

## 5.2 EXTERNAL

### 5.2.1 COVID-19 Risk

Government can impose lockdowns to prevent spread of COVID-19 which will result in closure of markets where mobile devices are sold thus impacting sales of the Company.

**Mitigant:** Air Link's volumes have not been materially impacted by the pandemic partly due to the demand for mobile phones becoming more inelastic in today's world and partly due to availability of e-commerce options such as Daraz and Telemart. Moreover, with the introduction of vaccines and concentrated lockdowns, this risk has largely been averted.

In fact, the pandemic has resulted in a shift in global buying behavior in the mobile handset market as organizations have adapted to work-from-home scenarios and schools have shifted to e-learning models. This has somewhat catalysed the shift from feature phones to smartphones. While premium phones may still be an unaffordable luxury for many, low end smartphones have become a necessity. Moreover, the transition towards premium products to pre-Covid proportions might take some time and could weigh on the Company's profitability in the short term.

### 5.2.2 Increase in mark-up rate by the SBP

Interest rates could increase resulting in higher finance cost.

**Mitigant:** Sound margins have enabled the Company to honor its debt obligations on a timely basis. Despite interest rates peaking at 13.25% from July 2019 to March 2020, the Company was able to maintain an interest coverage ratio of 2.8x during FY20. Total borrowing of the Company is mentioned in Section 5.1.1.

### 5.2.3 Sanctions on import by the SBP

SBP has imposed 100% cash margin requirement on imports in accordance with BPRD Circular-02 dated February 24, 2017 which has led to an increase in working capital requirements. Subsequently, SBP placed additional restrictions on supplier's credit vide SBP FE-Circular-07 dated July 20, 2018, which required 100% cash margin to register import contracts.

**Mitigant:** Due to huge population base, Pakistan will remain a major market for mobile phones. Any additional measures that may curtail imports or disrupt supply may result in mobile phone manufacturers set up a local assembly plant in collaboration with major distributors to maintain their market presence in the country.

### 5.2.4 Regulatory Risk

Imposition of additional duty on import of high-end mobiles by the Government could affect profitability and revenue negatively.

**Mitigant:** Any change in duties and taxes is covered under price protection by the Principal as they increase prices across the market to pass on the impact to customers.

Sr		CBU for the period FY 2021-2022 (PKR)					SKD for the period FY 2021-2022 (PKR)						
		A					B						
		CIF Slabs					A- B						
		S. Tax	R.D	Levy	I. Tax	Total	S. Tax At Import	S. Tax At Sale	R. D	Levy	I. Tax	Total	Benefit CBU vs SKD
1	Not exceeding US\$ 30 (excluding smart phones)	130	300	-	70	500	10	10	-	-	-	20	480
2	Not exceeding US\$ 30 (smart phones)	200	3,000	-	100	3,300	10	10	-	-	-	20	3,280
3	> \$30 <= \$ 100	200	3,000	-	100	3,300	10	10	-	-	-	20	3,280
4	>\$ 100 <=\$ 200	1,680	7,500	400	930	10,510	10	10	-	400	-	420	10,090
5	>\$ 201 <=\$ 350	1,740	11,000	1,200	970	14,910	1,740	10	-	1,200	-	2,950	11,960
6	>\$ 350 <=\$ 500	5,400	15,000	2,800	3,000	26,200	5,400	10	-	2,800	5,000	13,210	12,990
7	>\$ 500	9,270	22,000	5,600	5,200	42,070	9,270	10	-	5,600	11,500	26,380	15,690

Source: Federal Board of Revenue

### 5.2.5 Threat of New Entrants

New distributors may enter the market and capture market share of existing brand portfolio.

**Mitigant:** In addition to intensive capital requirements, significant time is required to set up a distribution network which includes warehouses, logistics arrangement, hiring of skilled sales force, setting up systems & controls and fulfilling tax & regulatory requirements.

### 5.2.6 Capital Market Risk

Price of shares will depend on the stock market behavior and performance of the Company; hence, price may rise or fall and result in increase or decrease in the value of the shares.



**Mitigant:** Movement in the share price is mainly driven by market forces; however, investors perceive financial performance of the Company to be the major driving force. Given the track record of the Company, it is likely to perform well in the future unless the dynamics impacting the price change going forward.

### 5.2.7 Under Subscription Risk

Public issue may get under-subscribed on account of lack of investor interest. And the issue may be cancelled

**Mitigant:** The cut-off price of the issue will be determined by the demand for the shares in the book building process. This, coupled with the strong profile of the sponsors and management, and performance of the Company reduces the probability of under-subscription.

NOTE: IT IS STATED THAT ALL MATERIAL RISK FACTORS HAVE BEEN DISCLOSED AND THAT NOTHING HAS BEEN INTENTIONALLY CONCEALED IN THIS RESPECT.

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

**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 shares 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 intentions 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 **Air Link Communication Limited**

-sd-

\_\_\_\_\_  
**Mr. Muzzaffar Hayat Piracha**  
Chief Executive Officer / Offeror

-sd-

\_\_\_\_\_  
**Mr. Nusrat Mahmood**  
Chief Financial Officer

## STATEMENT BY THE ISSUER

### The Chief Executive

Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road  
Karachi

On behalf of Air Link Communication Limited ("Air Link" or the "Company"), we hereby confirm that all material information as required under, the Securities Act, 2015, the Public Offering Regulations, 2017 and the Listing of Companies and Securities Regulations of the Pakistan Stock Exchange Limited have 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 **Air Link Communication Limited**

-sd-

**Mr. Muzzaffar Hayat Piracha**  
Chief Executive Officer/Offeror  
Air Link Communication Limited

-sd-

**Mr. Nusrat Mahmood**  
Chief Financial Officer  
Air Link Communication Limited

## STATEMENT BY CONSULTANT TO THE ISSUE AND BOOK RUNNER

### **The Chief Executive**

Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road  
Karachi

Being mandated as the Consultant and Book Runner to this Initial Public Offering of Air Link Communication Limited through the Book Building process, we hereby confirm that all material information as required under, 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 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 on behalf of **JS Global Capital Limited**

-sd-

---

**Mr. Ahmed Hanif Lakhani**  
AVP, Investment Banking  
JS Global Capital Limited

## UNDERTAKING BY THE CONSULTANT TO THE ISSUE

0111003



100 Rupees

ADNAN ALI SHAIKH STAMP VENDOR  
 Address No. 15, Phase 1 E, 3rd Floor,  
 40170-14, Phase 1 E, Jinnah Road, Rawalpindi  
 SR No. 20  
 ISSUED TO WITH A/C No. 13 JUL 2021  
 THROUGH AIR MAIL  
 HASAN YAR KHAN-BILAL  
 L.E. ADVOCATE  
 ATTACHED L.E. NO: 2196

The Commissioner,  
 Securities Exchange Commission Pakistan,  
 NIC Building Jinnah Avenue,  
 Islamabad

Being mandated as the consultant to the issue/ lead manager to this initial public offering of Air Link Communication Limited through the 100% Book Building process, we hereby confirm that:

(i) 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 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.

(ii) We have examined the business model and audited financial statement 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 on behalf of JS Global Capital Limited

  
 Mr. Ahmed Hanif Lakhani  
 AVP, Investment Banking  
 JS Global Capital Limited

## 6 FINANCIAL INFORMATION

### 6.1 AUDITORS REPORT UNDER CLAUSE 1 OF SECTION 2 OF THE FIRST SCHEDULE TO THE PUBLIC OFFERING REGULATIONS, 2017 FOR THE PURPOSE OF INCLUSION IN THE PROSPECTUS OF AIR LINK COMMUNICATION LIMITED



EY Ford Rhodes  
Chartered Accountants  
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LA/4503/20  
16 November 2020

The Board of Directors  
Airlink Communication Limited  
LG 2 Al Qadir Heights  
Garden Town  
Lahore

Dear Sirs

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

We have been requested to provide you with a report with respect to information of the Company as required under Clause 1 of Section 2 of the First Schedule to the Public Offering Regulation, 2017.

#### Scope of Report

Our engagement was undertaken on the request of the management of the Company for the purpose of inclusion of information in prospectus to be issued for Initial Public Offer as required under Clause 1 of Section 2 of the First Schedule to the Public Offering Regulation, 2017 for onward submission to Pakistan Stock Exchange (PSX).

#### Management Responsibility

The responsibility for preparation and fair presentation of the financial information and non-financial information is primarily that of the management of the Company. The management's responsibilities include causing the maintenance of the adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding off the assets of the Company and prevent and detection of frauds and irregularity. This report does not relieve the management from its responsibilities.

#### Auditors' Responsibility

Our responsibility is to report the information as required under Clause 1 of Section 2 of the First Schedule to the Public Offering Regulation, 2017. Our report is being issued 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 validating the correctness of financial information and non-financial information included in this report (including annexures). For this purpose, we traced the requisite information from the financial statements for the year ended 30 June 2020, 30 June 2019 and 30 June 2018 in terms of the requirements of Clause 1 of Section 2 of the First Schedule to the Public Offering Regulation, 2017.

#### Auditor's report

Based on our procedures mentioned in the preceding paragraph, we are pleased to state the following:

1. We have audited the financial statements for the year ended 30 June 2020, 30 June 2019 and 30 June 2018.



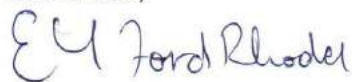


2. In terms of the requirement under Clause 1 of Section 2 of the First Schedule to the Public Offering Regulation, 2017, and based on the audited financial statements, we state as under:
  - a. Summary of assets, liabilities and shareholder's equity of the Company for the years ended on 30 June 2020, 30 June 2019 and 30 June 2018 is included in Annexure 'A' of this report; and
  - b. The statement of profit or loss of the Company for the years ended on 30 June 2020, 30 June 2019 and 30 June 2018 is included in Annexure 'B' of this report.
  - c. The statement of comprehensive income of the Company for the years ended on 30 June 2020, 30 June 2019 and 30 June 2018 is included in Annexure 'B' of this report.
3. No dividend was declared by the Company during the years ended 30 June 2020, 30 June 2019 and 30 June 2018. The summary of dividend paid and shares issued by the Company for the years ended on 30 June 2020, 30 June 2019 and 30 June 2018 is included in Annexure 'C' of this report.
4. For the years ended 30 June 2020, 30 June 2019 and 30 June 2018, the Company does not have any subsidiaries.

#### Restriction on use and distribution

This certificate is being issued on the specific request of the management of the Company for the purpose of inclusion in prospectus to be issued for Initial Public Offer and for onward submission to Pakistan Stock Exchange Limited. Accordingly, this should not be used distributed to any other third party without our prior consent. This report 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 report is restricted to the facts stated herein and the attachments.

Yours faithfully



EY Ford Rhodes  
Chartered Accountants  
Lahore: 16 November 2020



Annexure 'A' to the letter reference LA/4503/20 dated 16 November 2020  
SUMMARY OF ASSETS, LIABILITIES, AND SHAREHOLDERS' EQUITY

	June 30, 2020 (Rupees in thousand)	June 30, 2019 (Rupees in thousand)	June 30, 2018 (Rupees in thousand)
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property and equipment	476,973	109,077	-
Intangibles	8,809	3,872	-
Deferred tax asset	81,264	209,579	-
	567,046	322,528	-
<b>CURRENT ASSETS</b>			
Stock in trade	4,610,052	1,118,356	686,231
Trade debts	4,655,312	5,125,052	2,002,736
Loans and advances	166,639	30,047	20,848
Trade deposits and short term prepayments	36,115	43,679	22,077
Other receivables	9,152,336	5,393,242	1,471,863
Markup receivable	-	-	3,066
Tax refunds due from the Government	246,964	144,744	29,611
Short term investments	726,246	2,507,897	1,226,380
Cash and bank balances	814,289	281,979	71,227
	20,407,953	14,644,996	5,534,039
<b>TOTAL ASSETS</b>	<b>20,974,999</b>	<b>14,967,524</b>	<b>5,534,039</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY AND RESERVES</b>			
Authorized share capital 400,000,000 (30 June 2019: 350,000,000 of Rs.10 each, 30 June 2018: 100,000,000 of Rs. 100 each) ordinary shares of Rs.10 each	4,000,000	3,500,000	1,000,000
Issued, subscribed and paid up capital	3,000,000	2,500,000	1,000,000
General reserves - revenue reserve	44,560	44,560	44,560
Loan from director	21,558	29,332	-
Long term loan - equity portion	42,745	42,745	-
Accumulated profit - revenue reserve	1,487,722	524,299	294,439
	4,596,585	3,140,936	1,338,999
<b>NON CURRENT LIABILITIES</b>			
Long term loans - debt portion	412,820	757,255	-
Lease liabilities	295,101	22,288	3,783
Net defined benefit liability	29,189	23,058	-
	737,110	802,601	3,783
<b>CURRENT LIABILITIES</b>			
Trade payables, accrued and other liabilities	6,481,639	3,272,012	1,441,888
Contract liabilities	117,073	18,251	6,225
Refund liabilities	7,836	181,670	-
Accrued markup	163,411	239,067	27,961
Short term borrowings	8,183,937	7,082,254	2,715,183
Current portion of long term loans	415,028	-	-
Current maturity of lease liabilities	75,385	11,238	-
Provision for taxation	196,995	219,495	-
	15,641,304	11,023,987	4,191,257
<b>CONTINGENCIES AND COMMITMENTS</b>	-	-	-
	<b>20,974,999</b>	<b>14,967,524</b>	<b>5,534,039</b>





**Annexure 'B' to the letter reference LA/4503/20 dated 16 November 2020**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	June 30, 2020 (Rupees in thousand)	June 30, 2019 (Rupees in thousand)	June 30, 2018 (Rupees in thousand)
Revenue	43,007,647	29,785,528	8,402,751
Cost of sales	(38,237,702)	(25,799,239)	(7,460,194)
Gross profit	4,769,945	3,986,289	942,558
Administrative expenses	(518,972)	(433,314)	(70,568)
Selling and distribution cost	(476,890)	(306,775)	(85,015)
	(995,862)	(740,089)	(155,583)
Operating profit	3,774,083	3,246,200	786,975
Other income	169,250	175,789	14,443
Other expenses	(1,528)	-	-
Finance cost	(1,397,971)	(827,313)	(100,824)
Profit before taxation	2,543,834	2,594,676	700,594
Taxation	(1,079,619)	(1,114,816)	(406,154)
Net profit for the year	1,464,215	1,479,860	294,439
Re-measurement losses on defined benefit plan	(1,100)	-	-
Income tax effect	308	-	-
Re-measurement losses on defined benefit plan - net of tax	(792)	-	-
Other comprehensive income	(792)	-	-
Total comprehensive income for the year	1,463,423	1,479,860	294,439

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**Annexure 'C' to the letter reference LA/4503/20 dated 16 November 2020**  
**DETAIL OF DIVIDEND PAID AND SHARES ISSUED**

	<b>June 30, 2020</b> <b>(Rupees in thousand)</b>	<b>June 30, 2019</b> <b>(Rupees in thousand)</b>	<b>June 30, 2018</b> <b>(Rupees in thousand)</b>
Opening Paid Up Capital (Rs. 10 each)	<b>2,500,000</b>	1,000,000	1,000,000
25,000,000 ordinary shares of Rs. 10 each issued as fully paid in cash	-	250,000	-
125,000,000 ordinary shares of Rs. 10 issued as bonus shares	-	1,250,000	-
50,000,000 ordinary shares of Rs. 10 issued as bonus shares	<b>500,000</b>	-	-
	<b>3,000,000</b>	<b>2,500,000</b>	<b>1,000,000</b>

No dividend has been paid in the above mentioned periods.

6472

## 6.2 AUDITORS' CERTIFICATE ON ISSUED, SUBSCRIBED AND PAID-UP CAPITAL OF THE COMPANY



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Chartered Accountants  
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LA/4501/20  
16 November 2020

The Board of Directors  
**Airlink Communication Limited**  
LG 2 Al Qadir Heights  
Garden Town  
Lahore

Dear Sirs

### AUDITOR'S CERTIFICATE ON ISSUED, SUBSCRIBED AND PAID UP CAPITAL UNDER PUBLIC OFFERING REGULATIONS, 2017

We have been requested to certify the certificate on issued, subscribed and paid-up capital of Airlink Communication Limited (the Company) as at 30 June 2020 as required under Clause 14(1) of section 1 of the First Schedule to the Public Offering Regulations, 2017.

#### Scope of Certificate

Our engagement was undertaken on the request of the management of the Company for the purpose of inclusion of information in prospectus to be issued for Initial Public Offer as required under Clause 14(1) of section 1 of the First Schedule to the Public Offering Regulation, 2017 for onward submission to Pakistan Stock Exchange (PSX).

#### Management Responsibility

It is the management's responsibility to ensure compliance with the Clause 14(1) of section 1 of the First Schedule to the Public Offering Regulation, 2017. The management's responsibilities include causing the 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 irregularity. This certificate does not relieve the management from its responsibilities.

#### Auditors' Responsibility

Our responsibility is to certify the issued, subscribed and paid-up capital of the Company as at 30 June 2020 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 trace the issued, subscribed and paid-up capital of the Company from its financial statements for the year ended 30 June 2020.

#### Certificate

Based on procedures mentioned above, we certify that the break-up of shareholding of the Company as at 30 June 2020 is as follows:

*Signature*



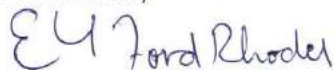
	30 June 2020 (Rupees)
Issued, subscribed and paid-up capital	
125,000,000 ordinary shares of Rs. 10 each fully paid in cash	1,250,000,000
175,000,000 ordinary shares of Rs. 10 each issued as bonus shares	1,750,000,000
	<u>3,000,000,000</u>

Name of shareholders	No. of ordinary shares of Rs. 10 each	Amount (Rupees)
Muzaffar Hayat Paracha	121,799,757	1,217,997,570
Yasir Hayat Paracha	89,100,000	891,000,000
Naila Paracha	18,900,000	189,000,000
Roshanay Paracha	18,900,000	189,000,000
Sania Paracha	18,900,000	189,000,000
Mishaal Paracha	18,900,000	189,000,000
Saleha Basit	13,500,000	135,000,000
Rabiya Muzaffar	120	1,200
Aslam Hayat Paracha	120	1,200
Sharique Azim Siddiqui	1	10
Hussain Kuli Khan	1	10
Aqduz Faraz Tahir	1	10
	<u>300,000,000</u>	<u>3,000,000,000</u>

#### Restriction on use and distribution

This certificate is being issued on the specific request of the management of the Company for the purpose of inclusion in prospectus to be issued for Initial Public Offer and for onward submission to Pakistan Stock Exchange Limited. Accordingly, this should not be used distributed to any other third party without our prior consent. This report 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 report is restricted to the facts stated herein.

Yours faithfully



EY Ford Rhodes  
Chartered Accountants  
Lahore: 16 November 2020



### 6.3 SHARE BREAK-UP VALUE CERTIFICATE



EY Ford Rhodes  
Chartered Accountants  
95-B1, 4th Floor, Pace Mall Building  
M. M. Alam Road, Gulberg-II  
P.O. Box 104, Lahore-54660

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Fax: +9242 3577 8412-13  
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ey.com/pk

LA/4502/20  
16 November 2020

The Board of Directors  
**Airlink Communication Limited**  
LG 2 Al Qadir Heights  
Garden Town  
Lahore

Dear Sirs

#### AUDITOR'S CERTIFICATE ON BREAK-UP VALUE PER SHARE - 30 JUNE 2020 BASED ON AUDITED FINANCIAL STATEMENTS

We have been requested to provide you with a certificate on break-up value of ordinary shares (excluding convertible term finance certificates) of the Company based on the financial statements of the Company for the year ended 30 June 2020 as required under Clause 14(ii) of section 1 of the First Schedule to the Public Offering Regulation, 2017.

#### Scope of Certificate

Our engagement was undertaken on the request of the management of the Company for the purpose of inclusion of information in prospectus to be issued for Initial Public Offer as required under Clause 14(ii) of section 1 of the First Schedule to the Public Offering Regulation, 2017 for onward submission to Pakistan Stock Exchange (PSX).

#### Management Responsibility

The responsibility for computation of break-up value of ordinary shares (excluding convertible term finance certificates) of the Company, based on the financial statements of the Company for the year ended 30 June 2020 in accordance with the requirements of the Technical Release (TR) -22 of the Institute of Chartered Accountants of Pakistan (ICAP) is primarily that of the management of the Company. The management's responsibilities include causing the 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 irregularity. This certificate does not relieve the management from its responsibilities.

#### Auditors' Responsibility

Our responsibility is to certify the break-up value of ordinary shares (excluding convertible term finance certificates) of the Company based on the financial statements of the Company for the year ended 30 June 2020 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 trace the relevant financial information used for the purpose of calculating the break-up value of ordinary shares (excluding convertible term finance certificates) by the management of the Company from the financial statements of the Company for the year ended 30 June 2020. In this regard, we have also reviewed the compliance with the requirements of Technical Release (TR) -22 of the Institute of Chartered Accountants of Pakistan (ICAP).

*Signature*



### Certificate

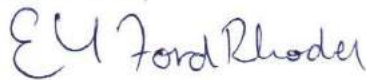
Based on procedures mentioned above, we certify that break-up value of ordinary shares (excluding convertible term finance certificates) of the Company as at 30 June 2020, based on the financial statements of the Company for the year ended 30 June 2020, is as follows:

		<u>30 June 2020</u>
		<u>Audited</u>
Issued, subscribed and paid up capital (Rupees in thousand)		3,000,000
Accumulated profit - revenue reserve (Rupees in thousand)		1,487,722
General reserves - revenue reserve (Rupees in thousand)		44,560
Total shareholders' equity	A	<u>4,532,282</u>
Number of ordinary shares (excluding convertible term finance certificates) of Rs. 10/- each	B	<u>300,000,000</u>
Break-up value per ordinary share (excluding convertible term finance certificates) of Rs. 10/- each (Rupees)	C=A/B	<u>15.11</u>

### Restriction on use and distribution

This certificate is being issued on the specific request of the management of the Company for the purpose of inclusion in prospectus to be issued for Initial Public Offer and for onward submission to Pakistan Stock Exchange Limited. Accordingly, this should not be used distributed to any other third party without our prior consent. This report 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 report is restricted to the facts stated herein.

Yours faithfully



EY Ford Rhodes  
Chartered Accountants  
Lahore: 16 November 2020



EY Ford Rhodes  
Chartered Accountants  
56-B-I, 4th Floor, Pace Mall Building  
M. M. Alam Road, Gulberg II  
P.O. Box 104, Lahore-54560

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## INDEPENDENT AUDITOR'S REVIEW

To the members of Airlink Communication Limited

### Report on review of Condensed Interim Financial Statements

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Airlink Communication Limited as at 31 December 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

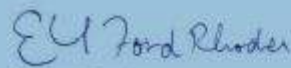
#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's report is Abdullah Fahad Masood.



EY Ford Rhodes  
Chartered Accountants  
Lahore: 20 April 2021

**AIRLINK COMMUNICATION LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Note	31 December 2020 (Un-audited) (Rupees)	30 June 2020 (Audited) (Rupees)
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property and equipment	4	1,099,719,115	475,972,145
Intangibles		12,566,541	8,908,487
Deferred tax asset		26,269,910	81,263,214
		<u>1,138,555,566</u>	<u>567,043,846</u>
<b>CURRENT ASSETS</b>			
Stock in trade	5	3,751,251,505	4,610,051,895
Trade debts		4,781,537,916	4,655,311,735
Loans and advances		83,492,470	166,642,003
Trade deposits and short term prepayments		11,897,329	36,115,092
Tax refunds due from the Government		224,525,195	246,964,049
Other receivables		6,167,893,793	9,152,334,650
Short term investments		732,528,390	728,246,877
Cash and bank balances		779,664,831	814,288,761
		<u>16,531,761,429</u>	<u>20,407,955,062</u>
<b>TOTAL ASSETS</b>		<u><b>17,670,347,095</b></u>	<u><b>20,974,998,908</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY AND RESERVES</b>			
Authorized share capital			
400,000,000 (30 June 2020: 400,000,000) ordinary shares of Rs.10 each		<u>4,000,000,000</u>	<u>4,000,000,000</u>
Issued, subscribed and paid up capital		3,000,000,000	3,000,000,000
General reserves		44,559,977	44,559,977
Loan from director		-	21,557,158
Long term loan - equity portion		42,744,954	42,744,954
Accumulated profit		<u>2,445,944,472</u>	<u>1,487,723,145</u>
		<u>5,533,249,403</u>	<u>4,596,582,231</u>
<b>NON CURRENT LIABILITIES</b>			
Long term loan - debt portion		<u>428,716,154</u>	<u>412,818,848</u>
Net defined benefit liability		31,496,285	29,188,579
Lease liabilities		<u>458,550,908</u>	<u>295,102,166</u>
		<u>918,763,347</u>	<u>737,109,593</u>
<b>CURRENT LIABILITIES</b>			
Trade payables, accrued and other liabilities		<u>3,755,739,614</u>	<u>6,481,639,316</u>
Contract liabilities		66,904,660	117,073,115
Refund liabilities		18,868,564	7,835,833
Accrued markup		165,515,693	163,414,317
Short term borrowings	6	<u>8,464,457,447</u>	<u>8,183,936,642</u>
Current portion of long term loans		444,822,128	415,028,414
Current maturity of lease liabilities		107,563,073	75,384,670
Provision for taxation		<u>193,582,966</u>	<u>196,994,778</u>
		<u>11,218,334,345</u>	<u>15,641,307,084</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>17,670,347,095</b></u>	<u><b>20,974,998,908</b></u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

  
 Chief Executive


  
 Director



**AIRLINK COMMUNICATION LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
**FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2020**

	Note	Six month period ended	
		31 December 2020 (Un-audited) (Rupees)	31 December 2019 (Audited) (Rupees)
Revenue from contracts with customers - net	8	28,123,770,180	18,432,476,000
Cost of sales	9	(25,609,600,016)	(15,858,488,174)
Gross profit		2,514,170,164	2,573,987,826
Administrative expenses		(284,859,246)	(225,771,061)
Selling and distribution cost		(311,764,371)	(189,651,286)
		(596,623,617)	(415,422,347)
Operating profit		2,017,546,547	2,158,565,479
Other income		55,010,702	122,584,574
Other expenses		(3,942,134)	(293,350)
Finance cost		(570,052,762)	(688,457,353)
Profit before taxation		1,498,562,353	1,596,371,350
Taxation		(539,581,045)	(625,541,385)
Net profit for the period		958,981,308	970,829,965

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

  
 Chief Executive

  
 Director

**AIRLINK COMMUNICATION LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2020**

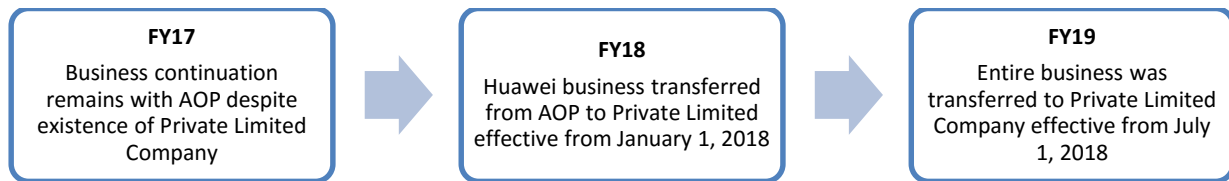
	Note	Six month period ended	
		31 December 2020 (Un-audited) (Rupees)	31 December 2019 (Audited) (Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		1,498,562,353	1,595,371,350
Adjustments for:			
Depreciation		86,757,139	42,087,590
Amortization of intangible assets		2,843,070	1,226,420
Provision for net realizable value reversed		(3,757,979)	(101,079,079)
Allowance for expected credit loss		-	(428,012)
Provision for gratuity		4,687,324	5,786,663
Loss on disposal of property and equipment/ termination on lease		3,942,134	293,350
Financial charges		570,082,762	515,188,885
Provision written off		(6,594,008)	-
Finance income		(41,545,650)	(122,554,576)
Operating profit before working capital changes		616,364,762	441,500,251
		2,114,927,145	2,037,871,691
(Increase)/decrease in current assets			
Stock in trade	5	889,152,377	(1,801,295,273)
Trade debts		(126,225,181)	1,100,868,583
Loans and advances		83,149,533	(19,803,150)
Trade deposits and short term prepayments		24,217,763	2,608,207
Other receivables		2,984,440,857	(85,576,630)
Tax refunds due from the Government		22,438,854	(2,988,945,187)
		3,857,173,203	(3,792,044,488)
Increase/(decrease) in current liabilities			
Trade payables, accrued and other liabilities		(2,714,926,770)	1,230,811,727
Contract liabilities		(50,168,455)	121,320,323
		3,207,096,123	(402,049,817)
Financial charges paid		(536,758,415)	(585,531,601)
Interest income received		41,545,850	115,518,482
Gratuity paid		(3,427,200)	(1,392,250)
Income tax paid		(487,689,953)	(508,672,125)
<b>NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES</b>		<b>2,216,676,205</b>	<b>(1,393,329,391)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Additions in property and equipment - owned assets	4	(43,743,748)	(17,656,818)
Additions in capital work in progress		(424,343,236)	-
Sale proceeds from disposal of property and equipment		-	11,886,000
Additions in intangibles		(6,601,224)	(5,788,732)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(474,688,208)</b>	<b>(11,559,650)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Lease liability repaid		(77,994,088)	(46,280,614)
Funds transferred to former partners		-	-
Loans repaid		(31,587,153)	(498,214,182)
Loans acquired		45,891,020	490,248,872
Share deposit money repaid		-	-
Decrease in short term bank borrowings - net	6	(1,719,479,195)	605,702,062
<b>NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES</b>		<b>(1,773,329,414)</b>	<b>815,454,938</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(29,342,417)</b>	<b>(791,425,013)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>1,540,535,638</b>	<b>2,772,168,318</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>1,511,193,221</b>	<b>1,680,743,305</b>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

  
 Chief Executive

  
 Director

#### 6.4 SUMMARY OF FINANCIAL HIGHLIGHTS AND RATIOS FOR PRECEDING YEARS



Amounts in PKR '000	FY17 (Audited)	FY18 (Audited)	FY19 (Audited)	FY20 (Audited)	1H FY21 (Reviewed)
Business Name	Air Link Communication (AOP) <sup>1</sup>	Air Link Communication (AOP) + Air Link Communication (Pvt) Ltd <sup>2</sup>	Air Link Communication Limited <sup>3</sup>	Air Link Communication Ltd	Air Link Communication Ltd
<b>Income Statement</b>					
Revenue	13,274,903	24,151,333	29,785,528	43,007,647	28,123,770
Gross Profit	1,837,360	3,147,191	3,986,289	4,769,945	2,614,170
EBITDA	1,470,846	2,655,613	3,280,475	3,835,771	2,104,303
Operating Profit	1,454,025	2,631,839	3,246,200	3,774,083	2,017,547
Profit Before Tax	1,307,682	2,290,282	2,594,676	2,543,834	1,498,562
Profit After Tax	674,310	1,233,868	1,479,860	1,464,215	958,981
<b>Balance Sheet</b>					
Non-current Assets	98,860	130,361	322,528	567,046	1,138,556
Current Assets	5,689,826	10,056,168	14,644,996	20,407,953 <sup>4</sup>	16,531,791
Total Assets	5,788,687	10,186,528	14,967,524	20,974,999	17,670,347
Share Capital	500,000	1,000,000	2,500,000	3,000,000	3,000,000
Total Equity	2,124,282	2,656,297	3,140,936	4,596,585	5,533,249
Non-current Liabilities	13,997	46,992	802,601	737,110	918,763
Current Liabilities	3,650,408	7,483,240	11,023,987	15,641,304	11,218,334
<b>Cash Flow Statement</b>					
Cash Flow from Operations	(1,406,221)	(175,333)	(2,809,739)	(2,277,941)	2,218,675
Cash Flow from Investing	(65,982)	(55,275)	(11,369)	(29,210)	(474,688)
Cash Flow from Financing	1,257,460	1,512,944	4,313,377	1,057,810	(1,773,329)

<sup>1</sup> The entire business was conducted as an AoP up till FY17.

<sup>2</sup> Consolidated financials of the AoP and the Company as the business was conducted under both.

<sup>3</sup> Air Link Communication (Pvt.) Limited was incorporated in January 02, 2014 but was dormant till FY 2018 when it started taking over the assets and liabilities of the AOP. The acquisition was completed w.e.f. July 01, 2018. Air Link Communication (Pvt.) Limited was converted into a public limited company w.e.f. April 24, 2019

<sup>4</sup> Current Assets as at June 30, 2020 included other receivables of PKR 9.15 billion, which is inclusive of the amount of PKR 2.66 billion due from principals.

	FY17 (Audited)	FY18 (Audited)	FY19 (Audited)	FY20 (Audited)	1HFY21 (Reviewed)
<b>Profitability Ratios</b>					
Gross Margin	13.88%	13.03%	13.38%	11.09%	9.30%
EBITDA Margin	11.08%	11.00%	11.01%	8.92%	7.48%
Operating Profit Margin	10.95%	10.90%	10.90%	8.78%	7.17%
Net Margin	5.08%	5.11%	4.97%	3.40%	3.41%
<b>Earnings Ratios</b>					
Earnings Per Share (PKR) <sup>1</sup>	N/A	N/A	6.24	5.16	3.20
Earnings Per Share (PKR) <sup>2</sup>	N/A	N/A	5.92	4.88	3.20
Breakup Value Per Share (PKR)	N/A	N/A	12.56	15.11	18.30
Return on Assets	11.65%	15.45%	11.77%	8.15%	n/m
Return on Equity	41.40%	51.62%	51.05%	39.30%	n/m
<b>Balance Sheet Ratios</b>					
Current Ratio <sup>3</sup>	1.56	1.34	1.33	1.30	1.47
Asset Turnover (times)	2.7	3.0	2.4	2.4	n/m
Inventory Turnover (Days)	57.1	37.7	15.8	44.0	n/m
Receivables Turnover (Days)	56.9	58.7	62.8	39.5	n/m
Payables Turnover (Days)	49.5	54.0	46.3	61.9	n/m
<b>Leverage Ratios</b>					
Total Debt to Equity Ratio <sup>3 4</sup>	0.97	1.61	2.51	2.04	1.43
Total Debt to Assets Ratio <sup>3 4</sup>	0.36	0.42	0.53	0.45	0.45
Interest Coverage	9.9	6.9	4.1	2.8	3.6
<b>Shares</b>					
Year/period end number of shares	N/A	N/A	250,000,000	300,000,000	300,000,000
Weighted average number of shares for the period	N/A	N/A	237,260,274	283,698,630	300,000,000

<sup>1</sup> Based on weighted average number of shares.

<sup>2</sup> Based on year end number of shares.

<sup>3</sup> The Company has to open a letter of credit / import contract via financing from banks in accordance with SBP requirement against which a receivable, i.e. margin against letter of credit is booked. As a result, Total Debt to Assets Ratio along with Current Ratio more accurately reflects the Company's debt exposure as compared to the Total Debt to Equity Ratio only.

<sup>4</sup> Total debt is equivalent to total borrowing which comprises short and long term borrowings and liabilities subject to finance lease. Short term borrowing comprises of working capital facilities obtained from various banks secured against joint pari-passu hypothecation charge over all present and future current assets of the Company, lien of term deposits, personal guarantees of the Directors and personal properties belonging to Directors and their family members.

## Commentary on Select Ratios

### i. Profitability and Margins

Air Link Communication Limited's profit after tax of PKR 1,464 million during FY20 was not materially different from the previous year. This shows resilience of the Company in surviving the pandemic and enduring the country-wide virus-induced lockdowns imposed by the government.

However, a tilt in buying patterns towards more affordable 'budget smartphones' has squeezed the Company's margins, net margin by 1.57%, operating profit margin by 2.12%, EBITDA margin by 2.2% and gross margin by 2.29%. Nevertheless, the 44.4% year-on-year increase in revenues proved sufficient to maintain overall profitability levels in FY20.

### ii. Cash flow from operations

The recent exponential growth of Air Link did come with the weight of negative Cash Flow from Operations. Cash flow from operations in FY20 was recorded at PKR (2,278mn). The Company has heavily invested in its working capital and plans to continue doing the same in the foreseeable future. This arises primarily due to compliance of 100% cash margin requirement imposed by the SBP for imports of mobile devices. However, during the half year ended December 2020, cash flow from operations turned positive PKR 2,219mn.

Overall cash position of the Company is managed through short term financing from banks and financial institutions.

### iii. Leverage

Efficient management of financing can be seen in the total debt to equity ratio which has fallen from 2.51 times in FY19 to 2.04 times in FY20. Similarly, total debt to assets ratio has fallen from 0.53 to 0.45 over the period.

### iv. Turnover Ratio

The Company has maintained its asset turnover in the period from FY19 to FY20 at 2.4 times despite the impact of COVID-19. Inventory turnover has increased by 28 days whereas Receivables turnover has reduced by 23 days. The Company managed its working capital to ensure availability of inventory while reducing trade receivables.

### v. Liquidity Ratios

The Company maintained the Current Ratio at 1.3 times in both FY19 and FY20 whereas the quick ratio marginally reduced from 1.2 times in FY19 to 1.0 times in FY20. This was largely due to the fact that the Company intentionally kept higher levels of inventory to ensure availability of inventory in context of COVID-19.


## 6.5 SUMMARY OF MAJOR ITEMS OF REVENUE AND EXPENDITURE

Amounts in PKR '000	FY17 (Audited)	FY18 (Audited)	FY19 (Audited)	FY20 (Audited)	1H FY21 (Reviewed)
<b>Major Items of Revenue</b>					
Local	12,287,931	21,068,070	29,384,008	44,123,840	30,168,598
Export*	1,020,298	3,099,229	2,700,827	1,632,764	-
Service Income	-	-	44,227	25,466	19,816
Gross Revenue	13,308,229	24,167,299	32,129,062	45,782,070	30,188,415
Less: Sales tax	(7,039)	(13,914)	(44,560)	(52,437)	(24,506)
Less: Discounts	(26,287)	(2,052)	(2,298,974)	(2,721,986)	(2,040,139)
<b>Total</b>	<b>13,274,903</b>	<b>24,151,333</b>	<b>29,785,528</b>	<b>43,007,647</b>	<b>28,123,770</b>
<b>Major Items of Expenditure</b>					
Cost of Local Sales	9,372,452	16,726,304	20,585,380	31,026,395	22,316,830
Cost of Export Sales	1,008,014	2,655,328	2,229,607	1,407,875	-
Sales Tax - Mobiles	989,696	1,349,304	1,162,990	2,127,296	1,013,383
Sales Tax – Tablets	-	7,665	10,573	74,955	13,572
Regulatory Duty	38,926	224,884	1,739,385	3,488,513	2,106,723
Custom Duty – Tablets	-	1,474	3,287	26,658	6,016
Domestic Carriage	2,310	1,407	1,566	3,918	4,061
Insurance	11,680	7,460	9,547	14,249	8,481
Clearing Charges	14,466	30,317	56,904	61,454	34,460
Depreciation	-	-	-	6,389	6,073
<b>Total</b>	<b>11,437,544</b>	<b>21,004,143</b>	<b>25,799,239</b>	<b>38,237,702</b>	<b>25,509,600</b>

\* Existing principal agreements generally do not involve exports, however, in case of slow moving inventory, the principal allows the Issuer to export to selective destinations. Historically, the Company has exported mobile phones to UAE for efficient management of inventory.

Air Link would be the first Company from the communications' equipment sector that will be listed on PSX. Therefore, there are no local peers to conduct a comparative financial analysis with.

## 6.6 SHARIAH COMPLIANCE

<p><b>Mufti Asad Mahmood</b> Graduate from Jamia Tur Rasheed, Karachi Pakistan Sharia Advisor-Islamic Finance</p>	<p>Monday 16th November, 2020</p>
<p>نحمدہ ونصلی علی رسولہ الکریم</p>	
<p><b><u>Shariah Compliance Certificate</u></b></p>	
<p>As established Shariah Scholar, I hereby, confirm that I performed the screening criteria of AirLink Communication Limited. On the basis of "audited accounts dated 30<sup>th</sup> June 2020" for shariah compliance by using the following criteria:</p>	
<ol style="list-style-type: none"> <li> <p><b>1. Business of the investee company</b> Core business of the investee company is halal and in-line with Shariah guidelines.</p> </li> <li> <p><b>2. Non-compliant investments to Total Assets</b> The ratio of non-compliant investments to total assets is less than 33% i.e. 3.46% .Investment in any non-compliant security was comprised for the calculation of this ratio.</p> </li> <li> <p><b>3. Non-compliant income To Total Revenue– Purification of non-compliant income</b> The ratio of non-compliant income to total revenue is less than 5% i.e. 0.31% Total revenue includes gross revenue plus other income earned by the company.</p> </li> <li> <p><b>4. Illiquid assets To Total Assets</b> The ratio of illiquid assets to total assets is at least 25% i.e.25.86%. Illiquid assets include receivables, loans, trade deposits and tax refunds etc.</p> </li> <li> <p><b>5. Debt to Total Asset</b> Debt to Asset ratio is less than 37% i.e. 35.94%. Debt, in this case, is classified as an interest bearing debts.</p> </li> <li> <p><b>6. Net Liquid assets to share price</b> Not applicable as the company is not listed in PSX.</p> </li> </ol>	
<p>Based on the above mentioned criteria I found the company as Shariah compliant. Therefore, I hereby certify that <b>Air Link Communication Limited is Shariah Compliant for capital investment.</b></p>	
<p>Allah knows best.</p>	
<p>   <b>Mufti Asad Mahmood</b>            Sharia Advisor         </p>	
<p>Email: <a href="mailto:meetasad786@gmail.com">meetasad786@gmail.com</a> Phone: 0314-5112486</p>	





**Meezan Bank**  
The Premier Islamic Bank



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

December 8, 2020

### Shariah Screening Certificate

Al-Hamdulillah, Meezan Bank Limited, in the capacity of Shariah Technical Services and Support Provider, has reviewed audited financial accounts of Airlink Communication Limited based on June 30, 2020 and found them to be in compliance with KSE Meezan Islamic Index Criteria set out by Pakistan Stock Exchange except for the Illiquid Assets Ratio i.e. 24.46% which is marginally below the required threshold of 25%.

As per the Shariah ruling based on reviewed financial statements, it is allowed to invest/trade in the shares of Airlink Communication Limited with the provision that the investee will be required to purify its dividend income as per company's annual dividend purification rate as determined by Meezan Bank Limited.

This is pertinent to highlight that the Shariah compliance status of the company's financial statements may vary from one financial period to the other. So, this certificate shall remain valid as long as company's latest available financial accounts are for the period ended June 30, 2020.

And Allah (s.w.t) knows the best.



For and On Behalf of Meezan Bank Limited

**Meezan Bank Ltd.**

Head Office: Meezan House, C-23, Ehsan Avenue, SITE, Karachi - Pakistan.  
PABX: (92-21) 38-03500 UAN: 111-331-331 & 111-331-332 [www.meezanbank.com](http://www.meezanbank.com)



## 6A REVALUATION OF THE ASSETS

No revaluation of assets has been carried out.

## 6B DIVIDEND POLICY

The Company intends to follow a consistent profit distribution policy for its members, subject to profitability, availability of adequate cash flow, the Board's recommendation and shareholders' approval, where required. The Company intends to distribute post-tax profits to shareholders annually, subject to business environment, legal and regulatory requirements and its overall impact on business.

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, 2017.

The Board of Directors may from time to time declare interim dividends as appear to be justified by the profits of the Company. No dividend shall be paid other than out of the profits of the Company for the period 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, 2017.

Under Section 242 of the Companies Act, 2017, 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".

Details of dividends and/or bonus shares issued over the past five years are as follows:

Description	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Dividends (PKR)	N/A	N/A	N/A	N/A	Nil	Nil	Nil
Bonus (Shares)	N/A	N/A	N/A	N/A	Nil	125,000,000	50,000,000

### Covenants / Restriction on Payment of Dividends:

It is stated that there are no restrictions on Air Link Communication Limited by any regulatory authority, creditors, stakeholder etc. on the distribution and capitalization of its profits except if an Event of Default has occurred and/or is continuing on its convertible debt mentioned in Section 11.1.1.

### 6B.1 Dividend Payout History of Listed Associated Companies over which the Issuer has Control

The Issuer does not have any listed associated company.

## 7 BOARD OF DIRECTORS AND MANAGEMENT OF THE COMPANY

### 7.1 UNDERTAKING BY THE COMPANY AND ITS SPONSORS

The Company and its Sponsors undertake 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:
  - which had been declared defaulter by the securities exchange or futures exchange; or
  - 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 the Commission due to non-compliance of any applicable rules, regulations, notices, procedures, guidelines etc.
  - which has been de-listed by the Exchange due to its non-compliance of any applicable provision of PSX Regulation.
- 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 has 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.

### 7.2 BOARD OF DIRECTORS OF THE COMPANY

S. No.	Name	CNIC	Address	Designation	Period of Directorship at Issuer	Partnership/ Directorships in other companies
1.	Muzzaffar Hayat Piracha	42000-7994715-9	House No. 26/1-G, Model Town, Lahore	Chief Executive Officer / Executive Director	January 2014 to date	Select Communication (Pvt.) Ltd., Best Electronics (Pvt.) Ltd., Airlink Communication Inc. Canada, Air Link Communication DMCC, UAE, RFK Holidays LLC, UAE, TF tech n food GmbH
2.	Aslam Hayat Piracha	384037-961852-5	House No. 101, Sultan Colony, Link College Road, Sargodha	Chairman / Non-executive Director	April 2019 to date	None
3.	Rabiya Muzzaffar	61101-4615061-8	House No. 26/1-G, Model Town, Lahore	Non-executive Director	March 2019 to date	None
4.	Syed Nafees Haider	35201-6294564-3	House No. 35-C, Ali View Garden, Badian Road, Lahore Cantt	Executive Director	October 2019 to date	None
5.	Sharique Azim Siddiqui	42301-0886627-7	House No. 10-A/II, sunset street Ph 2, DHA, Karachi	Independent Director	October 2019 to date	Pakistan International Containers Limited, Pakistan International Bulk Terminal Limited
6.	Hussain Kuli Khan	37405-0365155-9	House No. D-274, 24 <sup>th</sup> South Street	Independent Director	October 2019 to date	The General Tyre and Rubber Company of

S. No.	Name	CNIC	Address	Designation	Period of Directorship at Issuer	Partnership/ Directorships in other companies
			Navy Housing Scheme, Karachi			Pakistan Limited, Gammon Pakistan Limited
7.	Aqdu Faraz Tahir	61101- 7139886-1	House No. 95, Street No. 10, Sector: I-8/1, Islamabad	Independent Director	October 2019 to date	None

### 7.3 PROFILES OF DIRECTORS

#### 7.3.1 Mr. Muzzaffar Hayat Piracha – Chief Executive Officer /Executive Director

Mr. Piracha has been instrumental in the sustained growth of Air Link from a relatively smaller set-up with FY12 revenue of PKR 143 Million to an entity which generated PKR 43 billion in revenues in FY20. He ventured into telecommunications in 2010 to form Air Link Communication.

In Air Link, he partnered with Huawei to bring EVDO devices in Pakistan through PTCL's network. Although 3G services were not officially launched, Pakistan Telecommunication Company Limited's (PTCL) CDMA network offered 3G speeds and through the vision of Mr. Piracha who established and fostered relationships with Huawei and PTCL, the Company gained a first-mover advantage and became Huawei's licensed distributor for telecommunication devices and accessories.

In 2016, Mr. Piracha also signed an agreement with Samsung for distribution of its smart phones through Air Link's established nationwide distribution network.

Mr. Piracha's vision for Air Link is to use the FMCG model employed by large multi-nationals to develop a multi-faceted distribution network. Apart from Air Link, Mr. Piracha is considered an industry stalwart and has supported relevant authorities in formation and implementation of DIRBS to eliminate illegal import of telecom devices in Pakistan.

#### 7.3.2 Mr. Aslam Hayat Piracha – Chairman / Non-executive Director

Mr. Aslam Hayat Piracha belongs to a well-known business family of Sargodha. His leadership experience spans over five decades with core specialty in trading. He started his business career in the late 1960s as a trader, importing and exporting textile products. In the early 1980s, he laid the foundation of a manufacturing unit of textile garments by installing knitting machines.

He is a result driven and self-motivated individual with a proven ability to develop and strengthen management teams in order to maximize corporate profitability and efficiency. He has maintained professional relationships with customers and suppliers over the long term giving him a discernible competitive advantage in the industry.

Mr. Aslam Hayat Piracha actively participates in Corporate Social Responsibility (CSR) and welfare activities of the Company and is involved in development of Bhera Community Center – a state of art medical and community center.

### **7.3.3 Mrs. Rabiya Muzzaffar – Non-executive Director**

Mrs. Rabiya Muzzaffar holds a Masters in Business Administration from NUST University, Islamabad.

Mrs. Muzzaffar specializes in Marketing and Human Capital Management. She utilizes her skills for improvement of efficiencies, job satisfaction and retention of human resource.

She also has experience of outdoor media and marketing campaigns with the objectives of accessing the target market. She believes that continuous training and development of human resources would make the workforce that is compatible in the emerging era.

She has attended various conferences and seminars on human capital management.

### **7.3.4 Mr. Syed Nafees Haider – Executive Director**

Mr. Haider began his career in 2003 and has been associated with Air Link Communication since its inception.

He is involved in the formulation and implementation of the distribution strategy, in consultation with the Sales Head. He provides valuable input to the overall sales strategy through in-depth market analysis to drive profitability of the distribution channel. He sets forth strategic and operational plans for achieving sales targets by the distribution network and is involved in planning launch of new products in coordination with sales and marketing teams. He also coordinates and liaisons with vendors about new development in market dynamics and its implications.

Prior to Air Link, Mr. Nafees was associated with stock brokerage and tourism industry.

### **7.3.5 Mr. Sharique Azim Siddiqui – Independent Director**

Mr. Siddiqui is the CEO of Pakistan International Bulk Terminal Limited (PIBT). PIBT is Pakistan's first bulk terminal for handling cement, clinker and coal.

He led the team for the bidding of the PIBTL's terminal in 2007 and was instrumental in the planning and execution of the project. He joined Marine Group of Companies in 1997 and was involved in various Group Ventures. He served as Project Director and Chief Operating Officer at Pakistan International Container Terminal Ltd. from 2002 till 2012 and was in-charge of container terminal's project planning, coordination and implementation.

He also served as CEO of Marine International Container Terminal - an inland Container Depot project with Railways connectivity in Lahore. He did his Bachelors and Masters of Arts in Economics from Tufts University, Boston, USA.

### **7.3.6 Mr. Hussain Kuli Khan – Independent Director**

Mr. Khan is the CEO of The General Tyre and Rubber Company of Pakistan Limited. He is an accomplished professional with substantial and diversified managerial and leadership experience in the manufacturing sector.

He has served as President and Vice President of Landhi Association of Trade and Industry (LATI), Karachi. Prior to that, he held the position of Executive Director Finance at JDM Textile Mills Limited. In 2003, he was elected as the chairman of All Pakistan Textile Mills Association (APTMA) Khyber Pakhtunkhwa and Vice Chairman APTMA Central Body.

Mr. Khan possesses Business Administration qualification from Gettysburg College, USA and attended several professional programs in Europe. Mr. Khan is also Certified Director from Pakistan Institute of Corporate Governance (PICG).

### **7.3.7 Mr. Aqduz Faraz Tahir – Independent Director**

Mr. Tahir is an established telecom procurement consultant who played an instrumental role in the procurement, logistics and implementation of the PTCL and Ufone telecom network as per international best practices.

He has served as an Advisor to PTCL for Procurement, where he was responsible for setting up and implementation of procurement systems. Prior to that, he held senior positions in procurement at PTCL & Ufone. His responsibilities included heading procurement, logistics and implementation of procurement systems transformation. Moreover, he supervised the merger of traditional turnkey and supply sections based on latest technologies.

He did his Masters of Technology Management from Griffith University, Brisbane, Australia.

## **7.4 PROFILE OF OTHER KEY MANAGEMENT**

### **7.4.1 Mr. Nusrat Mahmood – Chief Financial Officer**

Mr. Mahmood is an achievement-oriented, talented and accomplished Management Accountant and Chemical Engineer with 19 years of experience. He has a proven track record of managing corporate operations, with investment related ability to implement effective policies and procedures, internal controls systems, and Enterprise Resource Management systems. He is well versed in designing balance scorecard, budget management, forecasting and negotiations, preparing feasibilities and due diligence.

He has hands-on experience of diversified businesses including textiles, fertilizers and telecom. Mr. Mahmood is a Chemical Engineer and fellow member of Institute of Cost and Management Accountants Pakistan.

### **7.4.2 Mr. Adnan Aftab – GM Manufacturing**

A business manufacturing strategist with over 25 years of experience in start-ups, proficient oversight of cross-functional teams and overall development of corporate performance and organizational expansion projects that drive significant market advantages and optimize capacity planning, supply chain, least cost facilities and logistics.

Mr. Aftab has B.E in Mechanical Engineering and Masters in Manufacturing Engineering from N.E.D University of Engineering & Technology, Karachi.

Mr. Aftab has been previously associated with Dawlance Pvt. Ltd. for 15 years, Pak Elektron Ltd. for 6 years and Waves Singer Pakistan Ltd. for 4 Years; during this time he managed overall factory operations and ensured efficiency of processes.

### **7.4.3 Mr. Mian Irfan – Head of Distribution**

Mr. Irfan is an accomplished professional with over 23 years of experience in the telecom industry that encompasses complete aspects of marketing and sales. He has diversified experience of managing his own business and serving at the top management of different organizations.

He started his career in marketing & communications, and also has experience in brand management, public relations, business development, sales and distribution. Mr. Irfan has rich professional experience in developing, revamping and marketing brands and leading business units. As Head of Distribution, he effectively leads nationwide business and corresponds with the vendors on critical issues.

Mr. Irfan holds a Master's in Business Administration (Finance) and Certification in Accounts and Finance.

#### 7.4.4 Mr. Amer Latif – Company Secretary & Head of Legal Affairs

Mr. Amer brings with him more than 18 years of experience in Company Secretarial functions, Corporate Laws, Regulatory Affairs & Office Administration in both the Public and Private Sector. He is member of Lahore Bar Association.

He is involved in improving the reporting capabilities of the Company, ensuring compliance with statutory regulations and developing an internal control environment in the Company. He also looks after litigation matters of the Company. Moreover, he has a vital role in dealing with SECP, CCP, CDC and other regulatory departments.

In the past, he has had professional associations with SECP's Company Law Division and with METRO Cash & Carry Pakistan, a member Company of German Group METRO AG.

#### 7.5 APPOINTMENT AND ELECTION OF DIRECTORS

The Directors of the Company are elected for a term of three years in accordance with the procedure laid down in Section 159 of the Companies Act, 2017.

The Directors shall comply with the provisions of Sections 154 to 159 and Sections 161 and 167 of the Companies Act, 2017 relating to the election of Directors and matters ancillary thereto.

Subject to the provisions of the Companies Act, 2017, the Company may from time to time increase or decrease the number of Directors.

Any casual vacancy occurring on the Board of Directors may be filled up by the Directors, but the person so appointed shall be subject to retirement at the same time as if he / she had become a Director on the day on which the Director in whose place he / she is chosen was last elected as Director.

The Company may remove a Director in accordance with the provisions of the Act.

The current Board of Directors was elected in **October 30, 2020** and the next election is scheduled for October, 2023.

The Company will comply with the Listed Companies (Code of Corporate Governance) Regulation, 2019 as and when the regulations will be applicable on it.

#### 7.6 INTEREST OF DIRECTORS AND THEIR SHAREHOLDING

The directors may deem to be interested to the extent of fees payable to them for attending the Board meetings. The Directors performing full time services in the Company may also be deemed interested in the remuneration payable to them by the Company, details of managerial remuneration paid to the Chief Executive Officer and the Executive Director are mentioned in Section 3.13.

Following directors are holding ordinary shares of the Company:

Name	Designation	Number of Shares Held	Value of Shares Held (PKR)
Muzzaffar Hayat Piracha	CEO / Executive Director	121,799,757	1,217,997,570
Aslam Hayat Piracha	Chairman	120	1,200
Rabiya Muzzaffar	Non-executive Director	120	1,200
Sharique Azim Siddiqui	Independent Director	1	10
Hussain Kuli Khan	Independent Director	1	10
Aqduz Faraz Tahir	Independent Director	1	10
Syed Nafees Haider	Executive Director	Nil	Nil

## **7.7 INTEREST OF DIRECTORS IN PROPERTY/ASSETS AND PROFIT OF THE COMPANY**

Directors do not have any interest in the property of the Company. Directors do not have any profit sharing agreement with the Company, however, when the Company declares a dividend they will be entitled to receive the payment on the basis of shareholding along with all other shareholders.

## **7.8 BENEFITS TO SPONSORS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS DURING THE LAST THREE YEARS**

No amount has been paid in lieu of benefits during the last year or is intended to be paid or given to any sponsor shareholders or to any officer of the Company other than as remuneration and company maintained vehicle for services rendered as full-time executives of the Company or as meeting fee for attending any Directors or Committee meeting to independent directors as per the approved scale of fee of PKR 100,000 per meeting.

## **7.9 VOTING RIGHTS**

According to Article 34 of the Company's Articles of Association, 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 shall have one vote except for election of Directors in which case the provisions of Section 159 of the Companies Act, 2017 shall apply. On a poll, every member shall have voting rights as laid down in Section 134 of the Companies Act, 2017.

Every member present in person shall have one vote and upon a poll every member present in person or by proxy shall have one vote in respect of each share held by him.

## **7.10 BOARD AUDIT COMMITTEE**

The Board of Directors has set up an Audit Committee managed by suitable, qualified and experienced personnel who are conversant with the policies and procedures of the Company. The Committee shall liaise with both external and internal auditors, Chief Financial Officer and the Exchange's management to oversee all matters relating to accounting, auditing, information security, internal control and financial reporting.

The audit committee comprises of the following members:

1. Mr. Hussain Kuli Khan – Chairman / Independent Director
2. Mr. Sharique Azim Siddiqui – Independent Director
3. Ms. Rabiya Muzzaffar – Non-executive Director

## **7.11 BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE**

The Board of Directors has set up a 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:

1. Mr. Sharique Azim Siddiqui – Chairman / Independent Director
2. Mr. Aqduz Faraz Tahir – Independent Director
3. Mr. Muzzaffar Hayat Piracha – Chief Executive Officer / Executive Director



## 7.12 POWER OF DIRECTORS, INCLUDING ANY BORROWING POWER

As per Article 45 of Company's Articles of Association, the business of the Company shall be managed by the Directors, who may exercise all such powers of the Company as are not by the Act, by the Articles or by the Special Resolution, required to be exercised by the Company in general meeting.

As per Article 47 of Company's Articles of Association, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (both present and future), and to issue debentures, debenture stock and other securities, whether outright or as collateral security for any debt, liability or the obligation of the Company.

The directors have not borrowed any amount from the Company.

## 7.13 NUMBER OF DIRECTORS

Pursuant to Section 154 of the Companies Act, 2017 a listed Company shall not have less than seven (7) directors. At present, the Board consists of 7 directors, including the Chief Executive Officer.

## 7.14 QUALIFICATION OF DIRECTORS

No person shall be appointed as a Director of the Company who is ineligible to be appointed as Director on any one or more of the grounds enumerated in Section 153 of the Companies Act, 2017, or any other law for the time being in force.

## 7.15 REMUNERATION OF DIRECTORS

As per Article 43 of the Company's Articles of Association, the remuneration of the directors shall from time to time be determined by the Company in general meeting subject to the provisions of the Companies Act, 2017.

The remuneration of a director for attending meetings of the Board shall from time to time be determined by the Board of Directors.

Each director of the Company may, in addition to any remuneration receivable by him, be reimbursed his reasonable travelling and hotel expenses incurred in attending meetings of the Board of Directors or of the Company or otherwise whilst employed on the business of the Company.

Payments made to directors of the Company, for attending meetings for the half year ended Dec 31, 2020 are as follows:

Name	Payment Type	Amount (PKR)
Aqdus Faraz Tahir	Meeting Fee	100,000
Sharique Azim Siddiqui	Meeting Fee	100,000
Hussain Kuli Khan	Meeting Fee	100,000
Aqdus Faraz Tahir	Meeting Fee	100,000
Sharique Azim Siddiqui	Meeting Fee	100,000
Hussain Kuli Khan	Meeting Fee	100,000
<b>Total</b>		<b>600,000</b>

## 7.16 INDEMNITY AVAILABLE TO BOARD OF DIRECTORS AND OTHER EMPLOYEES OF THE COMPANY

As per Article 78 of the Articles of Association, every officer or agent of the Company shall for the time being be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, arising out of his dealings in relation to the affairs of the Company, except those brought by the Company against him in which judgment is given in his favor or which he is acquitted or in connection with any application under Section 492 of the Companies Act, 2017 in which relief is granted to him by Court.

### 7.17 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 upon listing at PSX.

Furthermore, the Company will endeavor to meet the following timelines with respect to the Board of Directors acquiring the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and are approved by it:

- by June 30th, 2021, at least half of the directors on its board;
- by June 30th, 2022 at least 75% of the directors on its board; and
- by June 30th, 2023 all the directors on its board.

The Company shall also encourage representation of minority shareholders on the board of directors

### 7.18 INVESTMENT IN ASSOCIATED COMPANIES

Air Link Communication Limited has made no investment in any associated companies.

### 7.19 CAPITALIZATION OF RESERVES

Air Link has carried out capitalization of reserves as follows:

S. No.	Mode of Capitalization	Total Reserves Capitalized (PKR)	Date of Capitalization
1	Bonus Issue	1,000,000,000	21/12/2018
2	Bonus Issue	250,000,000	30/03/2019
3	Bonus Issue	500,000,000	28/10/2019

## **8 LEGAL PROCEEDINGS AND OVERDUE LOANS**

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### **8.1 LEGAL PROCEEDINGS**

A number of legal cases have been filed against the Company by individuals at various forums relating to several disputes / difference of opinion primarily in relation to consumer court matters. The cases are immaterial and insignificant in nature and it is not possible to quantify their financial impact, however, the management of the Company has estimated a financial impact of nineteen of those cases which amounts to PKR 912,304. The auditors of the Company have not made any provision for a liability that may arise as a result of these cases in the financial statements for the year ended June 30, 2020. There are no material legal proceedings other than those disclosed in the Prospectus.

### **8.2 OVERDUE LOANS**

There is no instance of an overdue amount of the Issuer, its sponsors, promoters, substantial shareholders, directors and associated group companies over which the issuer has control appearing in the Credit information Bureau (CIB) report.

## **9 UNDERWRITING, COMMISSION, BROKERAGE AND OTHER EXPENSES**

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### **9.1 UNDERWRITING**

#### **Book Building Portion**

JS Global Capital Limited has been appointed as the Book Runner to the Issue. The Book Runner has credit underwritten 90,000,000 shares being offered for subscription through the Book Building process, 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 accordance with regulation 7(4) of the PO Regulations.

### **9.2 OPINION OF DIRECTORS REGARDING RESOURCES OF THE UNDERWRITERS**

In the opinion of the Directors, the resources of the Book Runner are sufficient to discharge its underwriting commitments / obligations.

### **9.3 UNDERWRITING COMMISSION**

#### **Book Building Portion**

No underwriting commission for the Book Building portion will be paid. The amount of security deposited by the defaulting Bidder shall however, be forfeited to the Book Runner, in case any of the successful bidders failed to pay the margin money within the specified time period.

### **9.4 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 Runners in the capacity as Underwriter or its Associates. The Company and its Associates shall not buy back / re-purchase shares from the Book Runners and its Associates taken up, if any, by it in capacity as the Book Runner.

### **9.5 COMMISSION OF THE BANKERS TO THE ISSUE**

Commission at the rate of 0.25% 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 Retail Portion of the Issue.

### **9.6 FEES AND EXPENSES FOR THE 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 successful applications. PSX and CDC will share the fee with other participants of the e-IPO system at a ratio agreed amongst them.

## 9.7 BROKERAGE

For this Issue, brokerage shall be paid to the TRE Certificate Holders of PSX at the rate of 1.00% 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.

## 9.8 ESTIMATED EXPENSES OF THE ISSUE

Total expenses to the Issue are estimated at PKR 250,296,250/- based on Floor Price. The break-up of these preliminary expenses is given below:

Expenses to the Issue	Rate	Amount (PKR)
Lead Manager/ Consultant to the Issue Fee*	1.50%	87,750,000
Book Runner Fee*	1.00%	58,500,000
TREC Holder's Commission*	1.00%	58,500,000
e-IPO facility charges*	0.80%	11,700,000
Bankers to the Issue Commission – Public Portion*	0.25%	3,656,250
Bankers to the Issue – Out of Pocket		700,000
Bankers to the Issue – e-IPO Facility Charges		600,000
Marketing, Printing and Publication Expenses		14,200,000
PSX Initial Listing Fee		1,500,000
PSX Services Fee		50,000
PSX Software Charges for Book Building		500,000
CDC Fresh Issue Fee*	0.16%	9,360,000
CDC Annual Listing Fee		680,000
SECP Application Processing Fee		200,000
SECP Supervisory Fee	10% of PSX Listing Fee	150,000
Balloter & Share Registrar Fees		1,000,000
Miscellaneous Expenses		500,000
Shariah Advisor Fee		750,000
<b>Total</b>		<b>250,296,250</b>

\* These amounts represent the maximum possible costs under these heads based on Floor Price. The actual expense of the issue will be based on the Strike Price determined through book building process.

## 10 MISCELLANEOUS INFORMATION

### 10.1 REGISTERED OFFICE

**Air Link Communication Limited**

LG-2, Al – Qadeer Heights, 1 – Babar Block

New Garden Town, Lahore.

Phone: +92 42 35844063-6

Email: [support@airlinkcommunication.net](mailto:support@airlinkcommunication.net), [info@airlinkcommunication.net](mailto:info@airlinkcommunication.net)

### 10.2 BANKERS TO THE ISSUE FOR BOOK BUILDING

**JS Bank Limited**

AWT Plaza, I. I. Chundrigar Road, Karachi

Phone: +92 21 33110327

Email: [karim.gurban@jsbl.com](mailto:karim.gurban@jsbl.com)

### 10.3 BANKERS TO THE ISSUE FOR GENERAL PORTION

1. United Bank Limited
2. Bank Alfalah
3. Dubai Islamic Bank Limited
4. MCB Bank Limited
5. Faysal Bank Limited
6. Bank Al Habib Limited
7. Meezan Bank Limited
8. Soneri Bank Limited
9. Habib Metropolitan Bank Limited
10. JS Bank Limited
11. Habib Bank Limited
12. Allied Bank Limited

### 10.4 BID COLLECTION CENTERS

Karachi			
Name:	Ahmed Hanif Lakhani	Name:	Osama Yaqoob
Phone:	+92 21 3889 3069	Phone:	+92 21 34835701-9
Fax:	+92-21-35632574	Fax:	+92-21-35632574
E-mail:	<a href="mailto:ahmed.lakhani@js.com">ahmed.lakhani@js.com</a>	E-mail:	<a href="mailto:osama.yaqoob@js.com">osama.yaqoob@js.com</a>
Address:	16th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi	Address:	Suite No. 607 /A, 6th Floor, Al Ameen Towers, Plot # E-2, Block-10, Gulshan-e-Iqbal, Main NIPA, Karachi
Lahore		Islamabad	
Name:	Ibraheem Abid Mir	Name:	Zahid Mahmood
Phone:	+92 42 35291025	Phone:	+92 51 111 574 111
Fax:	+92-21-35632574	Fax:	+92 51 2894417
E-mail:	<a href="mailto:ibraheem.mir@js.com">ibraheem.mir@js.com</a>	E-mail:	<a href="mailto:zahid.mahmood@js.com">zahid.mahmood@js.com</a>
Address:	Plot No. 434, G/1, 2nd Floor, MA Johar Town, Lahore	Address:	Office No. 413, 4th Floor, ISE Towers 55-B, Jinnah Avenue, Islamabad
Peshawar		Multan	
Name:	Zeeshan Aleem	Name:	Muhammad Riaz Naseeb Khan

Phone: +92 91 5285221-5  
 Fax: +92-21-35632574  
 E-mail: [zeeshan.aleem@js.com](mailto:zeeshan.aleem@js.com)  
 Address: 1st Floor, SLIC Building # 34, The Mall Road, Peshawar Cantt, Peshawar

Phone: +92 61 4570260-66, 68, 69  
 Fax: +92 61 4570267  
 E-mail: [riaz.khan@js.com](mailto:riaz.khan@js.com)  
 Address: Office # 608-A, 6th Floor, United Mall, Plot # 74, Abdali Road, Multan

Faisalabad		Quetta	
Name:	Rakshanda Javed Malik	Name:	Mr. Zarak Khan Kasi
Phone:	+92 41 2541900-8	Phone:	+92 81 286 5503-5
Fax:	+92 41 2541909	Fax:	+92-21-35632574
E-mail:	<a href="mailto:rakshanda.javed@js.com">rakshanda.javed@js.com</a>	E-mail:	<a href="mailto:zarak.khan@jsbl.com">zarak.khan@jsbl.com</a>
Address:	Office No. G-4, Meezan Executive Tower, Liaquat Road, Faisalabad	Address:	Khasra # 2 Qittat, Ward # 16, Tappa Urban # 01, M. A Jinnah Road, Opposite Bilal PCO Tehsil City & District, Quetta
Gilgit		Azad Kashmir	
Name:	Mr. Iftikhar Hussain	Name:	Mr. Ejaz Hussain
Phone:	+92 5811 450610-12	Phone:	+92 5827 448872-73
Fax:	+92-21-35632574	Fax:	+92-21-35632574
E-mail:	<a href="mailto:iftikhar.hussain@jsbl.com">iftikhar.hussain@jsbl.com</a>	E-mail:	<a href="mailto:ejaz.hussain@jsbl.com">ejaz.hussain@jsbl.com</a>
Address:	Qalander Plaza, City Tower, Cinema Bazar, Gilgit	Address:	Younus Plaza, Allama Iqbal Road, Nangi Azad Kashmir

## 10.5 BANKERS OF THE COMPANY

Name of Bank	Address	Phone/Cell No.	Email
Allied Bank Limited	Wahdat Road Branch, Lahore	0321-4859071	<a href="mailto:fatima.sohail@abl.com">fatima.sohail@abl.com</a>
Askari Bank Limited	Askari Corporate Tower, 75/66-D-1, Main Boulevard, Gulberg-III, Lahore	03004140012	<a href="mailto:adnan.queshi@askaribank.com.pk">adnan.queshi@askaribank.com.pk</a>
Bank Alfalah Limited	7-E Venus Plaza Egerton Road, Lahore	0321-4559588	<a href="mailto:faisalaslam@bankalfalah.com">faisalaslam@bankalfalah.com</a>
Bank Al Habib Limited	23 A/ K Gulberg 2 Lahore	0333-4811506	<a href="mailto:ali.jafri@bankalhabib.com">ali.jafri@bankalhabib.com</a>
Dubai Islamic Bank Pakistan Limited	Shahra E Quaid E Azam, Mal Road Branch, Lahore	0321-4010082	<a href="mailto:tajammul.ilyas@dibpak.com">tajammul.ilyas@dibpak.com</a>
Faysal Bank Limited	Main Boulevard Garden Town, Usman Block Garden Town, Lahore	0300-8031007	<a href="mailto:ahsannaseer@faysalbank.com">ahsannaseer@faysalbank.com</a>
Habib Bank Limited	Liberty Market Branch Gulberg 3, Lahore	0333-4416091	<a href="mailto:altaf.ahmad@hbl.com">altaf.ahmad@hbl.com</a>
Habib Metropolitan Bank Limited	Ferozepur Road Mouza Attari, Opposite Nashtar Bazar, Lahore	0321-4010219	<a href="mailto:kashif.piracha@habibmetro.com">kashif.piracha@habibmetro.com</a>
JS Bank Limited	75 Circular Road Branch, Lahore	0300-8123676	<a href="mailto:mharoon.azeem@jsbl.com">mharoon.azeem@jsbl.com</a>
Meezan Bank Limited	Meezan Bank 60, Main Boulevard Gulberg Branch Lahore	0304-0921344	<a href="mailto:PBO06.LHR01@meezanbank.com">PBO06.LHR01@meezanbank.com</a>
Silk Bank Limited	97-A/D-1, PEC Building Liberty Block D 1 Gulberg III, Lahore	0321-8800124	<a href="mailto:faisal.shahid@silkbank.com">faisal.shahid@silkbank.com</a>
Summit Bank Limited	853 D, Block Faisal Town Branch Lahore	0300-4231658	<a href="mailto:msadagat@summitbank.com.pk">msadagat@summitbank.com.pk</a>



Soneri Bank Limited	Shara-E- Quaid E Azam the Mall Road Branch Lahore	0331-4460580	<a href="mailto:mansoor.abbas@soneribank.com">mansoor.abbas@soneribank.com</a>
The Bank of Punjab	MM Alam Rd Branch, Block K Gulberg 2, Lahore, Punjab	0300-9460160	<a href="mailto:shahzad.siddique@bop.com.pk">shahzad.siddique@bop.com.pk</a>
United Bank Limited	Liberty Market Branch near Liberty Car Parking, Gulberg III, Lahore	0300-4004363	<a href="mailto:lh.hbm0962@ubl.com.pk">lh.hbm0962@ubl.com.pk</a>

## 10.6 AUDITORS OF THE COMPANY

### Ernst & Young Ford Rhodes

Chartered Accountants

4<sup>th</sup> Floor, Pace Mall Building,  
96-B-1 Gulberg II, M. M. Alam Road,  
Lahore, Pakistan

Phone: +92 42 35778402-11, +92 42 35778430

Email: [Abdullah.sarwar@pk.ey.com](mailto:Abdullah.sarwar@pk.ey.com)

## 10.7 LEGAL ADVISOR OF THE COMPANY AND THE ISSUE

### Hasham Wathra & Associates

Ilyas Building, Office No. 1, 2nd floor, 9-Turner Road  
Lahore, Pakistan

Phone: 0300-7643002

Email: [chhw80@lawyer.com](mailto:chhw80@lawyer.com)

## 10.8 CONSULTANT TO THE ISSUE AND BOOK RUNNER

### JS Global Capital Limited

The Centre, 17th Floor, Plot No. 28,  
SB-5, Abdullah Haroon Road, Saddar,  
Karachi-74400.

Phone: 021 111 574 111 Ext: 3069 | 021 3889 3069

Email: [jsinvestmentbanking@js.com](mailto:jsinvestmentbanking@js.com)

## 10.9 COMPUTER BALLOTTER & SHARE REGISTRAR

### CDC Share Registrar Services Limited

CDC House, 99-B, Block 'B' S.M.C.H.S. Main Shakra-e-Faisal, Karachi.

Phone: 0800-23275 & 111-111-500

Email: [info@cdcsrsl.com](mailto:info@cdcsrsl.com)

## 11 MATERIAL CONTRACTS AND DOCUMENTS

### 11.1 FINANCING FACILITIES

#### 11.1.1 Private Placement in the Company

The Company has issued by way of private placement, and in compliance with the requirements set out under the Private Placement of Securities Rules, 2017, read with Section 66 of the Companies Act, 2017, redeemable capital, in the form of secured convertible Term Finance Certificates, for an aggregate face value of PKR 800 million (“Issue”) on January 7, 2019 (“Issue Date”). The Issue was subscribed by PCF Communication Investments (Private) Limited (PKR 416 million) and JS Bank Limited (PKR 384 million) (“TFC Holders”).

Requirement	PKR ‘000		
Working Capital to finance growth	800,000		
Funding	First Issue	Second Issue	Total
<b>Investors</b>			
PCF Communication Investments (Private) Limited	208,000	208,000	416,000
JS Bank Limited	192,000	192,000	384,000
<b>Total</b>	<b>400,000</b>	<b>400,000</b>	<b>800,000</b>

The key terms of the private placement are mentioned below:

	First Issue	Second Issue
<b>Investment Amount</b>	PKR 400 Million	PKR 400 Million
<b>Instrument Type</b>	Secured, <b>Mandatorily Convertible Term Finance Certificates</b> issued as an instrument of redeemable capital under Section 66 of the Companies Act, 2017	Secured, <b>Optional Convertible Term Finance Certificates</b> issued as an instrument of redeemable capital under Section 66 of the Companies Act, 2017
<b>Issue Date</b>	January 7, 2019	
<b>Tenor/Maturity</b>	In case the Issuer does not get listed within the listing deadline, three (3) years from the Issue Date.	In case the Issuer does not get listed within the listing deadline, 3 years from the Issue Date.  In case the Issuer does get listed within the listing deadline and optional conversion does not take place, three (3) years and six (6) months from the Issue Date.
<b>Grace Period</b>	3 Years	
<b>No. of Installments</b>	In case the Issuer does not get listed within the listing deadline, one (1)	In case the Issuer does not get listed within the listing deadline, one (1)  In case the Issuer does get listed within the listing deadline and optional conversion does not take place, three (3)
<b>Repayment Frequency</b>	Quarterly	
<b>Face Value</b>	PKR 1 Million each	
<b>Applicable Rate</b>	3 Months KIBOR + 5%	
<b>Incentive Rate</b>	3 Months KIBOR + 1%	
<b>Listing Deadline</b>	Listing to occur by 31 December 2021.	
<b>Security</b>	Joint Pari Passu charge of PKR 1,066.67 million on current assets of the Company and Personal Guarantees of Sponsor Shareholders.	
<b>Conversion Option</b>	Mandatory	Optional

<b>Conversion Price</b>	20% discount to the Floor Price if IPO occurs after 12 Months of Issue Date, which comes to PKR 52 per share at Floor Price of PKR 65 per share. Mandatory Conversion of the TFCs is envisaged on the listing of the Issuer.	At Strike Price to be determined through Book Building, at least equal to or more than the Floor Price of PKR 65 per share.
<b>Conversion Incentive Amount</b>	The Conversion Incentive Amount for each quarter, until the Listing Deadline shall be calculated as a difference of Applicable rate and Incentive rate.	
<b>Scheduled Redemption</b>	In case the Company is not listed with the Listing Deadline, the Face Value of the TFC to be redeemed at the Maturity Date.	<p>In case the Company is not listed with the Listing Deadline, the Face Value of the TFC to be redeemed as a bullet payment at the Maturity Date</p> <p>However, in case the Company does get listed and optional conversion does not take place, the Face Value of the TFC to be redeemed in three (3) equal quarterly installments commencing from the 36<sup>th</sup> month from the Issue Date.</p>
<b>Incentive Refund Amount</b>	In case the Company is not listed with the Listing Deadline, the TFC Holders shall receive the Incentive Refund Amount: (i) in the case of First Issue, in the event that the TFCs are not Converted (ii) in the case of Second Issue, upon occurrence of (i) above. The Incentive Refund Amount shall, in either case, be payable as a bullet payment on the Listing Deadline. Based on prevailing rates, the Incentive Refund Amount is calculated at PKR 119,788,035.	
<b>Early Redemption Amount</b>	<p>Issuer has a Call Option for Early Redemption of TFCs.</p> <p>(a) if the Call Option is exercised before the listing deadline, the aggregate of Outstanding Face Value of the TFCs, Incentive Refund Amount, Early Redemption Fee plus any accrued but unpaid profit thereon, which has accrued from the last Redemption Date up to but excluding the Call Option Date; and</p> <p>(b) if the Call Option is exercised after expiry of the Listing Deadline, the aggregate of Outstanding Face Value of the TFCs plus any accrued but unpaid profit thereon, which has accrued from the last Redemption Date up to but excluding the Call Option Date.</p>	
<b>Early Redemption Fee</b>	<p>Fee applicable in case the Call Option is exercised by the Issuer.</p> <p>(a) 2% per annum of the Outstanding Face Value, up to the redemption date, if Call Option is exercised within 12 months of Issue Date.</p> <p>(b) 1% per annum of the Outstanding Face Value, up to the redemption date, if Call Option exercised during the period commencing the thirteenth (13th) month to the Listing Deadline.</p>	
<b>Accelerated Redemption</b>	Upon the occurrence of an Event of Default, the Issuer shall be liable to pay the TFC Holders the Outstanding Amount in accordance with the Acceleration Notice issued to the Issuer. In the event the Issuer fails to pay the Outstanding Amount in accordance with Acceleration Notice, the Trustee shall have the right to forthwith take such proceedings against the Issuer as it may deem fit or as instructed by the TFC Holders. The Accelerated Redemption Amount shall be calculated as the summation of Conversion Incentive Amount for each quarter from the Issue Date to the Event of Default.	
<b>Conversion Approvals</b>	<p>Including but not limited to:</p> <p>(a) The Competition Commission of Pakistan</p> <p>(b) The Shareholders' for the increase in authorized capital of the Issuer and</p>	

	(c) Waiver / Approval by the Shareholders' to subscribe to right Shares pursuant to Section 83 of the Companies Act, 2017, or, to the extent applicable, approval of the Securities and Exchange Commission of Pakistan
<b>Positive Covenants</b>	<p>(a) utilize the Issue Amount exclusively for working capital purposes;</p> <p>(b) amend the Charter Documents, where necessary, to ensure consistency with the Companies Act, 2017, and to give effect to the Transaction Documents;</p> <p><b>(c) in accordance with the Letter of Hypothecation (Current Assets) obtain the required no objection certificates from the existing charge holders) for creating a joint pari passu hypothecation charge on the Current Assets (as defined in the Letter of Hypothecation (Current Assets) and register such charge with the SECP within ninety (90) days from the date of execution of the Trust Deed;</b></p> <p>(d) provide all Board related documents as being shared with the Board of the Issuer in accordance with Applicable Laws including minutes of meetings to the Investors;</p> <p>(e) maintain as the external auditors of the Issuer an A-rated firm of Chartered Accountants enlisted in the State Bank of Pakistan's approved panel of auditors, and preferably one of the big four, namely (i) A. F. Ferguson &amp; Co. (a member firm of PricewaterhouseCoopers network); (ii) <b>Ernst &amp; Young Ford Rhodes Sidat Hyder</b>; (iii) KPMG Taseer Hadi &amp; Co.; and (iv) M. Yousuf Adil Saleem &amp; Co. (a member firm Of Deloitte Touche Tohmatsu);</p> <p>(f) implement an internal audit function;</p> <p>(g) the Issuer shall adopt and implement so far as practical, the 'Principles of Corporate Governance for Non-Listed Companies' as issued by the SECP;</p> <p>(h) the Issuer shall, to the extent not already obtained, take all necessary actions for procuring the Conversion Approvals required for the Conversion in accordance with the Transaction Documents on or prior to the Conversion Date, provided that the application for the Conversion Approval in respect of the Competition Commission of Pakistan be submitted within thirty (30) days of the Issue Date;</p> <p>(i) the Issuer shall ensure that its authorized and unused share capital is sufficient, at all times, to give effect to the Conversion;</p> <p>(j) maintain the Security in full force and effect at all times till the Secured Obligations are fully paid/settled by the Issuer in accordance with the terms of the Trust Deed and to the complete satisfaction of the Trustee;</p> <p>(k) maintain, insure, protect and preserve the Secured Assets and protect and enforce the rights and title of the Trustee to the Secured Assets;</p> <p>(l) take all necessary actions for the creation and perfection from time to time of the Security Interests over the Secured Assets;</p> <p>(m) that the Issuer shall ensure that the Issuer or its appointed registrar will, at all times maintain a correct register of TFC Holders showing their names and addresses. the amount of TFCs held by each and the date on which such TFC Holder was registered as the holder and the date on which he ceased to be so registered;</p> <p>(n) that the Issuer shall maintain proper records of its books of accounts and shall subject to the applicable provisions of the law, allow the Trustee during working hours on the Business Day to inspect its books or accounts, provided that the Trustee has provided the Issuer at least ten (10) Business Days' notice of its intention to inspect the books of accounts of the Issuer;</p> <p>(o) the Issuer shall conduct its business in accordance with the Business plan and Applicable Laws;</p> <p>(p) that the Issuer will duly perform and observe the obligations imposed upon it by the Transaction Documents;</p> <p>(q) that as and when requested by the Trustee, the Issuer shall ensure that the Issuer or registrar shall provide to the Trustee the Register of TFC Holder and/or extracts therefrom as well as any other document or information pertaining to the TFCs and the TFC Holders at no cost and / or charge to the Trustee;</p>

	<p>(r) that one (1) day after the Redemption Date, the Issuer shall confirm to the Trustee that the relevant Redemption Amount has been credited to the payment account (designated by the Trustee);</p> <p>(s) comply with its information and reporting obligations under Article 6.4;</p> <p>(t) if required, at the request of the Trustee, once a year, permit and cause the chief executive officer and senior management of the Issuer to participate in, and give presentations at, the investor committee meetings of Pakistan Catalyst Fund-1 LLC in relation to the Issuer's business and operations;</p> <p>(u) at any reasonable time, and from time to time and upon at least three (3) Business Days prior written notice, the Issuer shall permit and enable (including, by waiving all confidentiality rights under applicable laws) the TFC Holders or their agents or representatives, to examine and make copies of and abstracts from the records and books of account of, and visit the premises of, the Issuer and to discuss the affairs, finances and accounts of the Issuer and any of its Group Companies with any of their directors, chief financial officer and with its external auditors, provided that the TFC Holders undertake that they shall exercise such rights reasonably;</p> <p>(v) the Issuer shall reschedule or restructure the TFCs subject to fulfilment of the conditions stipulated under the Debt Securities Trustee Regulations;</p> <p>(w) the Issuer shall take the following actions within 300 days from the Issue Date:</p> <ol style="list-style-type: none"> <li>i. Update the existing Social Impact Assessment (<i>Evaluación de Impacto Social - EVIS</i>) Policy to prepare an overarching Environment, Health and Safety &amp; Social (EHS&amp;S) Policy overall business activities.</li> <li>ii. An Environmental and Social Management System (ESMS) <ul style="list-style-type: none"> <li>– Develop site specific EMS (Environmental Management System) Management Plans (EMP), including management of wastes and hazardous substances.</li> <li>– Develop an EHS&amp;S management system at head and regional to implement the EMPs.</li> <li>– Identify and build capacity of staff responsible for EMP supervision and implementation.</li> <li>– Update the Emergency Response Plan to make it site specific and action-oriented document.</li> <li>– Develop procedure to record and communicate to senior management and the Lenders all related activities, events, monitoring, analysis, and assessments as per prescribed format.</li> </ul> </li> <li>iii. Update HR Policies to comply with International Finance Corporation performance Standards and local Labour Laws, including procedures relating to discriminations, minimum wage, overtime and working hours.</li> <li>iv. Update Grievance Mechanism to include employees, besides the customers.</li> <li>v. Develop EMS training plan for nationwide facilities, focusing on environment &amp; social (E&amp;S) risk assessment, occupation health &amp; safety (OHS), fire response, emergency response, heavy load lifting, stacking, access controls, defensive driving, etc.</li> <li>vi. Develop energy conservation plan, especially for all display centers.</li> <li>vii. Develop and implement procedures for monitoring of drinking water quality and waste disposals.</li> <li>viii. Develop procedure for handling, usage and storage or cleaning chemicals.</li> <li>ix. Engage a qualified professional to conduct fire safety audits for all ALC facilities nationwide and implement corrective actions, as identified.</li> </ol>
<b>Negative Covenants</b>	<p>(a) take any action which has, or is likely to have, a Material Adverse Effect;</p> <p>(b) accelerate repayment of any Financial Indebtedness (except in the event of exercise of the Call Option) before its stated maturity date except when such repayment/prepayment does not have nor is likely to have a Material Adverse Effect;</p>

	<ul style="list-style-type: none"> <li>(c) change its fiscal year or the Charter Documents in any manner that would be inconsistent with the Transaction Documents;</li> <li>(d) make any material change in the nature or scope of the Business including the introduction or discontinuance of any field of activity and the relocation or expansion of the business of the Issuer other than as Disclosed;</li> <li>(e) any amendments to the Business Plan, otherwise than as Disclosed, unless the proposed changes to the Business Plan do not, in the reasonable opinion of the TFC Holders, have an adverse impact on the financial position of the Issuer, or the ability of the Issuer Company to undertake the Conversion as part of the annual review;</li> <li>(f) otherwise than as Disclosed, enter into related party transactions;</li> <li><b>(g) declare, make or pay, any distribution or dividend or make any other payment on, and will procure that no distribution or dividend or other payment is made on, Shares if an Event of Default has occurred and/or is continuing;</b></li> <li>(h) provision of any guarantees, credit, financing or loans in excess of an aggregate of Rs. 500,000,000/- (Pakistani Rupees Five Hundred Million only);</li> <li>(i) create or agree to create any Security Interest on the Secured Assets which may rank superior to, or pari passu with the Security;</li> <li>(j) take any action or omit to take any action (including but not limited to the registration of any transfer of Sponsor Shares or the raising of any capital in any form) that is inconsistent with or would result in a breach of the provisions of the Transaction Documents;</li> <li>(k) sell, transfer, lease or otherwise dispose of assets, whether in a single transaction or in a series of transactions, related or otherwise, where the value of that asset or assets is equal to or greater than Rs. 50,000,000/- (Pakistani Rupees Fifty Million only);</li> <li>(l) the commencement, settlement or ceasing in any jurisdiction of legal or arbitration proceedings by or against the Issuer equal to or greater than Rs. 25,000,000/- (Pakistani Rupees Twenty Five Million only);</li> <li>(m) passing of any resolution or filing a petition for the winding up of the Issuer or the making of any arrangement with creditors generally or any application for an administration order or for the appointment of a receiver or administrator; or</li> <li>(n) any amalgamation, consolidation, restructuring, reorganization or reconstruction of the Issuer.</li> </ul>
<b>Event of Default</b>	<ul style="list-style-type: none"> <li>(a) the failure of the Issuer to redeem any Coupon on the Redemption Date thereof in accordance with the terms of the Conditions and the Trust Deed and such default is not rectified within fifteen (15) Business Days of such Redemption Date;</li> <li>(b) any Security Document fails to provide or ceases to be effective in granting the Security in terms contemplated by such Security Document (other than for sub-clause (d) below) or ceases to be in full force and effect, or the validity or applicability thereof to the Secured Obligations or any part thereof is disaffirmed by or on behalf of the Issuer,</li> <li>(c) the failure of the Issuer to convert the TFCs in accordance with the Trust Deed and the Conditions for any reason other than a failure of any Authority to grant the requisite Conversion Approvals;</li> <li>(d) the failure of the Issuer to maintain the Security in accordance with the Overcollateralization Margin in accordance with the terms of the Conditions and the Trust Deed and such default is not rectified within fifteen (15) Business Days of such Redemption Date;</li> <li>(e) the Issuer and/or the Sponsors do not comply with any provision of the Transaction Documents or the TFCs (other than those referred to in (a) above or any undertakings by the Sponsors relating to Listing), and such non-compliance continues for thirty (30) days after the written notice is received by the Issuer from the Trustee;</li> <li>(f) the occurrence of any of the following:</li> </ul>

	<ul style="list-style-type: none"> <li>i. any Financial Indebtedness of the Issuer is not paid when due or within any originally applicable grace period;</li> <li>ii. any Financial Indebtedness of the Issuer is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (howsoever described) under any document relating to Financial Indebtedness of the Issuer; or</li> <li>(g) any Security Interest becomes enforceable. the occurrence of any event, or series or events, which has, or is likely to have, a Material Adverse Effect;</li> <li>(h) the Issuer being unable or being deemed unable to pay its debts as they fall due or admitting in writing its inability to pay its debts as they fall due or any insolvency proceedings being taken in respect of the Issuer; and</li> <li>(i) any liquidator trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or the like is appointed in respect of the Issuer or any pan of its assets and is not discharged within ninety (90) days of such appointment.</li> </ul>
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Salient features of the Issue are noted below:

- The Issue consists of (i) secured, mandatory convertible term finance certificate ("**First Issue**"), and (ii) secured optional convertible term finance certificate ("**Second Issue**") in equal proportion of PKR 400 Million.
- The Issue is secured by way of joint pari passu charge of PKR 1,066.67 million on current assets of the Company and Personal Guarantees of Sponsor Shareholders.
- The Issue has a maturity of up to three (3) years from the issue date for the first issue and for the second issue, if listing does not take place. In case the Issuer does get listed within the listing deadline and optional conversion does not take place, then the maturity for only the second issue will be three (3) years and six (6) months from the Issue Date.
- The issue had a Listing Deadline of 31 December 2021. ("**Listing Deadline**")
- The issue has a grace period of issue upto Listing Deadline.
- Accordingly, principal repayment will be done as a bullet payment, in case the Company is not listed within the Listing Deadline.
- The Issue carries an Applicable Rate of 3 months KIBOR + 5.0% per annum and an Incentive Rate of 3 months KIBOR + 1.0% per annum.
- The profit shall be payable quarterly in arrears at the Incentive Rate, with the first profit payment to be made three (3) months from the Issue Date and subsequently every three (3) months thereafter.
- The Conversion Incentive Amount for each quarter, and until Listing Deadline shall be calculated as a difference of Applicable rate and Incentive rate.
- In the event the Company does not list within the Listing Deadline, the Company will pay to the TFC Holders
  - Face Value of the TFCs as a bullet payment on Maturity Date .
  - Incentive Refund Amount, which will be calculated as the future time value of the aggregate Conversion Incentive Amounts for each quarter from the Issue Date until the Listing Deadline. The Incentive Refund Amount shall be payable by the Company as a bullet payment on the Listing Deadline. Based on prevailing rates this amounts to PKR 119,788,035.
- In the event the Company proceeds to list on the stock exchange within the Listing Deadline,
  - The First Issue will mandatorily convert ("**Mandatory Conversion**") into ordinary voting shares of the Company prior to Company Listing. The Conversion Price will be calculated as follows:
    - if Mandatory Conversion takes place within six (6) months of Issue Date, ten percent (10%) discount to the Floor Price determined for the purpose of Listing;



- if Mandatory Conversion takes place between 7-12 months of Issue Date, fifteen percent (15%) discount to the Floor Price determined for the purpose of Listing; and,
  - if Mandatory Conversion takes place after twelve (12) months of Issue Date, twenty percent (20%) discount to the Floor Price determined for the purpose of Listing.
- The TFC Holders shall have the right, without requiring the consent of the Issuer, to exercise the Conversion Option for the Second Issue whereby the Second Issue may be optionally converted into ordinary voting shares of the Company at the Strike Price determined through the book building method.
  - In case the Optional Conversion right is not exercised by the TFC Holders, the face value of the Second Issue shall be redeemed in 3 equal quarterly installments commencing from the 36<sup>th</sup> month from the Issue Date.
- The TFCs shall be converted into Shares of the Issuer after the Issuer has obtained all the Conversion Approvals.
- The Issue includes an Early Redemption feature (Call Option), as follows:
  - if the Call Option is exercised within the Listing Deadline, the Company will pay to the TFC Holders the aggregate of Outstanding Face Value of the TFCs, Incentive Refund Amount, and Early Redemption Fee plus any accrued but unpaid profit thereon, which has accrued from the last Redemption Date up to but excluding the Call Option Date; and
  - if the Call Option is exercised after Listing Deadline, the Company will pay to the TFC Holders the aggregate of Outstanding Face Value of the TFCs plus any accrued but unpaid profit thereon, which has accrued from the last Redemption Date up to but excluding the Call Option Date.

Whereby the Early redemption fee will be two per cent (2%) per annum of the Outstanding Face Value, up to the Redemption Date if the Call Option is exercised within the first twelve (12) months from the Issue Date, and one per cent (1%) per annum of the Outstanding Face Value, up to the Redemption Date if the Call Option is exercised during the period commencing the thirteenth (13th) month and up Listing Deadline.

- Upon the occurrence of an Event of Default and acceleration of the redemption of the TFCs, the Issuer shall be liable to pay the TFC Holders the Outstanding Amount in accordance with the Acceleration Notice issued to the Issuer. In the event the Issuer fails to pay the Outstanding Amount in accordance with Acceleration Notice, the Trustee shall have the right to forthwith take such proceedings against the Issuer as it may deem fit or as instructed by the TFC Holders. The Accelerated Redemption Amount shall be calculated as the summation of Conversion Incentive Amount for each quarter from the Issue Date to the Event of Default.

## Indicative Dilution of Shareholding as a Result of Mandatory Conversion of TFCs

Name of Shareholders	Pre-issue		Post-issue	
	Shares	Shareholding (%)	Shares	Shareholding (%)
<b>Sponsors</b>				
Muzzaffar Hayat Piracha	121,799,757	39.58%	91,799,757	24.97%
Yasir Hayat Piracha	89,100,000	28.96%	89,100,000	24.23%
Naila Paracha	18,900,000	6.14%	18,900,000	5.14%
Roshanay Paracha	18,900,000	6.14%	18,900,000	5.14%
Sania Paracha	18,900,000	6.14%	18,900,000	5.14%
Mishaal Paracha	18,900,000	6.14%	18,900,000	5.14%
Saleha Basit	13,500,000	4.39%	13,500,000	3.67%
<b>Other Directors</b>				
Aslam Hayat Piracha	120	0.00%	120	0.00%
Rabiya Muzzaffar	120	0.00%	120	0.00%
Sharique Azim Siddiqui	1	0.00%	1	0.00%
Hussain Kuli Khan	1	0.00%	1	0.00%
Aqdu Faraz Tahir	1	0.00%	1	0.00%
<b>Free Float</b>				
New Issue – General Public	-		60,000,000	16.32%
Offer for Sale – General Public	-		30,000,000	8.16%
PCF Communication Investments (Private) Limited	4,000,000	1.30%	4,000,000	1.09%
JS Bank Limited	3,692,308	1.20%	3,692,308	1.00%
<b>Total</b>	<b>307,692,308</b>	<b>100%</b>	<b>367,692,308</b>	<b>100%</b>

## Indicative Dilution of Shareholding as a Result of Optional Conversion of TFCs

Name of Shareholders	Pre-issue		Post-issue	
	Shares	Shareholding (%)	Shares	Shareholding (%)
<b>Sponsors</b>				
Muzzaffar Hayat Piracha	121,799,757	39.58%	91,799,757	24.56%
Yasir Hayat Piracha	89,100,000	28.96%	89,100,000	23.83%
Naila Paracha	18,900,000	6.14%	18,900,000	5.06%
Roshanay Paracha	18,900,000	6.14%	18,900,000	5.06%
Sania Paracha	18,900,000	6.14%	18,900,000	5.06%
Mishaal Paracha	18,900,000	6.14%	18,900,000	5.06%
Saleha Basit	13,500,000	4.39%	13,500,000	3.61%
<b>Other Directors</b>				
Aslam Hayat Piracha	120	0.00%	120	0.00%
Rabiya Muzzaffar	120	0.00%	120	0.00%
Sharique Azim Siddiqui	1	0.00%	1	0.00%
Hussain Kuli Khan	1	0.00%	1	0.00%
Aqdu Faraz Tahir	1	0.00%	1	0.00%
<b>Free Float</b>				
New Issue – General Public	-		60,000,000	16.05%
Offer for Sale – General Public	-		30,000,000	8.02%
PCF Communication Investments (Private) Limited	4,000,000	1.30%	7,200,000*	1.93%
JS Bank Limited	3,692,308	1.20%	6,646,154*	1.78%
<b>Total</b>	<b>307,692,308</b>	<b>100%</b>	<b>373,846,154</b>	<b>100%</b>

\*Optional conversion of TFCs assuming a Strike Price of PKR 65/share.

The effect of dilution on the proportional ownership of the general public is expected to be minor i.e. around 0.52% in case of Mandatory Conversion and an additional 0.4% in case of Optional Conversion.

### 11.1.2 Details of Short-Term Financing Facilities

Name of Financial Institution	Nature of Facility	Facility Limit (PKR Mn)	Pricing	Sanction Date	Expiry Date
Bank Al Habib Limited	Letter of Credit	2,500	0.20% PQ	17-10-19	30-09-21
	Running Finance 1 <sup>1</sup>	1,700			
	Letter of Credit (Part of Running Finance 1)	(1,060)	3M KIBOR + 1%	17-10-19	30-09-21
	Finance Against Trust Receipt (Part of Running Finance 1)	(640)	3M KIBOR + 2%	17-10-19	30-09-21
	Short Term Finance	150	3M KIBOR + 3%	17-10-19	30-09-21
	Running Finance 2 <sup>2</sup>	2,000	3M KIBOR + 1%	17-10-19	30-09-21
JS Bank Limited	Letter of Credit	800	0.15% PQ	07-05-20	30-09-21
	Letter of Credit	650	0.15% PQ	16-06-20	30-09-21
	Running Finance*	600	3M KIBOR + 2%	06-11-19	30-09-21
	Short Term Finance*	600	3M KIBOR + 2%	06-11-19	30-09-21
	Short Term Finance (One-Off)	1,000	3M KIBOR + 2%	19-06-20	31-07-21
	Funds against Import of Merchandise	200	3M KIBOR + 2%	06-11-19	30-09-21
Dubai Islamic Bank Limited	Letter of Credit	700	0.10% PQ	20-11-19	31-08-21
	Advance against Import Murabaha	1,400	KIBOR + 2.5%	20-11-19	31-08-21
	Import Murabaha (Sub-Limit)	(600)	KIBOR + 2.5%	20-11-19	31-08-21
Bank Al Falah Limited	Letter of Credit	500	0.10% PQ	24-10-19	31-12-21
	Short Term Finance (Sub-Limit)	(225)	1M KIBOR + 2%	24-10-19	31-12-21
	Finance against Trust Receipt	425	1M KIBOR + 2%	24-10-19	31-12-21
Askari Bank Limited	Letter of Credit	500	0.25% PQ	23-04-21	28-02-22
	Short Term Finance (Sub-Limit)	(500)	3M KIBOR + 1.90%	23-04-21	28-02-22
BOP	Letter of Credit	300	0.2% PQ	25-11-20	30-09-21
	FATR (Sub Limit)	(300)	3M KIBOR + 1.75%	25-11-20	30-09-21
	Running finance for LC	255	3M KIBOR + 1.75%	25-11-20	30-09-21
	Running finance for CT	300	3M KIBOR + 1.75%	25-11-20	30-09-21
HMB	Letter of Credit	500	0.15% PQ	19-10-20	30-09-21
	FATR (Sub Limit)	425	3M KIBOR + 1.5%	19-10-20	30-09-21
	Running Finance	425	3M KIBOR + 1.5%	19-10-20	30-09-21
Pak Oman	TFC	275	KIBOR + 2%	10-02-20	10-02-22

(As on June 30, 2020) \*In process of renewal. In addition to the above, the Company obtained financing facilities from Habib Metropolitan Bank and Bank of Punjab subsequent to the year ended June 30, 2020.

<sup>1</sup> Running Finance 1 facility has a limit of PKR 1,700 Million, out of which PKR 1,060 Million is used for opening letter of credit and PKR 640 million is used for finance against trade receipts.

<sup>2</sup> Running Finance 2 facility has a limit of PKR 2,000 Million, which is used for opening of import contracts.

### 11.1.3 Details of Long-Term Financing Facilities

Name of Financial Institution	Nature of Facility	Outstanding Amount (PKR Mn)	Rate
PCF Communication Investments (Private) Limited	Convertible TFCs	416	3M KIBOR + 1%
JS Bank Limited	Convertible TFCs	384	3M KIBOR + 1%
Pak Oman Investment Company Limited	Long Term Facility	275	3M KIBOR + 2%
JS Bank	Salary Refinance	60	SBP Rate + 3%

(As on June 30, 2020) Please refer to Section 11.1.1.

## 11.2 RELATED PARTY AGREEMENTS

The Issuer has not entered into any agreement or undertaken any transaction which involves any of its associated companies. No related party transaction other than those disclosed in Section 3.13 and 3.14 occurred during the last 3 years.

## 11.3 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, contracts, reports etc., 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.

## 11.4 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.

## 11.5 FINANCIAL YEAR OF THE COMPANY

The financial year of the Company commences from 1st day of July and ends on the 30th day of June each year.

## 12 BOOK BUILDING PROCEDURE/ INSTRUCTIONS FOR REGISTRATIONS AND BIDDING

### 12.1 BRIEF STRUCTURE

#### The Present Issue

The Issue comprises of 90,000,000 Ordinary Shares constituting both New Issue (60,000,000 Ordinary Shares) and Offer for Sale (30,000,000 Ordinary Shares) with a face value of PKR 10.00/- each, which constitutes 25.0% of the post-issue paid-up capital of the Company excluding mandatory conversion of TFCs amounting to PKR 400 million as mentioned under Section 11.1.1.

The entire Issue of 90,000,000 Ordinary Shares will be offered through Book Building process at a Floor Price of PKR 65.00/- per share. Provisionally, 75% of the issue size i.e. 67,500,000 Ordinary Shares will be allotted to Successful Bidders and 25% of the issue i.e. 22,500,000 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 Floor Price of PKR 65.00/- 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 91.00/- per share.

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 was 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 4 of this Prospectus.

### 12.2 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 sets 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"**, which are explained below:

- **Limit Bid:** Limit bid is placed 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 million shares at PKR 65.00 per share, based on which the total Application Money would amount to PKR 65 million. In this case the Bid Amount will be also PKR 65 million. Since the Bidder has placed a Limit Bid of PKR 65.00 per share, this indicates that he / she / it is willing to subscribe the shares at a price up to PKR 65.00 per share.

- **Step Bid:** A series of limit bids placed at increasing prices. The amount of any individual step shall not be less than PKR 1,000,000.

Under this bidding strategy, Bidders place a number of Limit Bids at different increasing price levels. A Bidder may, for instance, make a bid for 0.50 million shares at PKR 65.00 per share, 0.40 million shares for PKR 66.00 per share and 0.30 million shares for PKR 67.00 per share. Therefore, in essence the Bidder has placed one Step Bid comprising of three Limit Bids at increasing prices. The Bid amount would be PKR 79.00 million. In case of Individual Bidder, the Margin Money will be 100% i.e. PKR 79.00 million whereas in case of Institutional Bidders the Margin Money shall be 25% of the Bid amount i.e. PKR 19.75 million.

#### **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 BIDS,**
  - e) **MAKE MORE THAN ONE BID SEVERALLY OR JOINTLY;**
  - f) **MAKE DOWNWARD REVISION BOTH IN TERMS OF BID PRICE AND BID VOLUME; PROVIDED THAT INCASE 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; AND**
  - g) **WITHDRAW BID**
- II. **RELATED EMPLOYEES OF THE ISSUER, CONSULTANT TO THE ISSUE 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 AND BOOK RUNNER SHALL NOT IN AGGREGATE MAKE BIDS IN EXCESS OF TEN (10) PERCENT OF THE SHARES OFFERED THROUGH BOOK BUILDING. PROVIDED THAT SUB-REGULATION (9) SHALL NOT APPLY TO SUCH ASSOCIATES OF THE CONSULTANT TO THE ISSUE AND THE BOOK RUNNER THAT ARE FINANCIAL INSTITUTIONS, MUTUAL FUNDS AND INSURANCE COMPANIES.**

#### **LIST OF ASSOCIATED COMPANIES AND UNDERTAKINGS OF THE ISSUER AND, NAMES OF RELATED EMPLOYEES OF THE ISSUER, BOOK RUNNER AND THE CONSULTANT TO THE ISSUE ARE PROVIDED IN SECTION 3A.6 and 3A.7.**

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 the 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 institutional Bidder defaults in payment of shares allotted to him / her / it, the Margin Money deposited by such institutional Bidder shall be forfeited to the Book Runner.

**As per regulation 9(16) of the PO Regulations, the successful institutional 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 fill-in the part of the Bidding Form under the heading, “Dividend Mandate” to enable the Company to directly credit their cash dividend, if any, in their respective International Bank Account Number (IBAN).

### 12.3 MECHANISM FOR DETERMINATION OF STRIKE PRICE

1. 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 number of shares Issued under the Book Building Portion is subscribed.
2. 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.
3. 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:

1. Number of shares being issued through the Book Building: 90,000,000 Ordinary Shares
2. Floor Price: PKR 65/- per ordinary share with maximum price band of 40% i.e. PKR 91/- per share
3. Bidding Period: From 30/08/2021 to 31/08/2021
4. Bidding Time: 9:00 am - 5:00 pm
5. Bidding Revision Time (Upward Revision Only): 9:00 – 5:00 pm on all days

Bidder	Price (PKR/share)	Bid Quantity (Number of Shares)	Cumulative Bids (Number of Shares)	Order Category	Date
Institution I	89.2	9,000,000	9,000,000	Limit Price	Day 2
HNWI G	87.5	6,500,000	15,500,000	Limit Price	Day 2
Institution H	85.8	8,000,000	23,500,000	Limit Price	Day 2
Institution G	84.1	9,000,000	32,500,000	Step Bid	Day 2
HNWI F	82.4	7,500,000	40,000,000	Limit Price	Day 2
Institution F	80.8	9,000,000	49,000,000	Limit Price	Day 2
HNWI E	79.2	6,500,000	55,500,000	Step Bid	Day 2
Institution B	77.7	8,000,000	63,500,000	Limit Price / Revised	Day 2
Institution E	76.2	9,000,000	72,500,000	Limit Price	Day 1
HNWI D	74.7	7,500,000	80,000,000	Step Bid	Day 1
HNWI C	73.2	6,500,000	86,500,000	Limit Price	Day 1
<b>Institution D</b>	<b>71.8</b>	<b>9,000,000</b>	<b>95,500,000</b>	<b>Limit Price</b>	<b>Day 1</b>
Institution C	70.4	7,500,000	103,000,000	Limit Price	Day 1
HNWI B	69.0	7,500,000	110,500,000	Step Bid	Day 1
<b>Institution B</b>	<b>67.6</b>	<b>6,500,000</b>	<b>117,000,000</b>	<b>Limit Price</b>	<b>Day 1</b>
Institution A	66.3	9,000,000	126,000,000	Limit Price	Day 1
HNWI A	65.0	7,500,000	133,500,000	Limit Price	Day 1

Strike Price - determined through Dutch Auction Method

Lowest price where 100% of shares offered are subscribed

Bid Revised at PKR 77.7 per share



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 71.80 per share to sell the required quantity of 90,000,000 ordinary shares.

- At PKR 89.20 per share, investors are willing to buy 9.00 million shares. Since 81 million shares are still available, therefore the price will set lower.
- At PKR 87.50 per share, investors are willing to buy 15.50 million shares. Since 74.5 million shares are still available; therefore, the price will set lower.
- At PKR 85.80 per share, investors are willing to buy 23.50 million shares. Since 66.5 million shares are still available; therefore, the price will set lower.
- At PKR 84.10 per share, investors are willing to buy 34.50 million shares. Since 57.5 million shares are still available; therefore, the price will set lower.
- At PKR 82.40 per share, investors are willing to buy 40.00 million shares. Since 50 million shares are still available; therefore, the price will set lower.
- At PKR 80.80 per share, investors are willing to buy 49.00 million shares. Since 41 million shares are still available; therefore, the price will set lower.
- At PKR 79.20 per share, investors are willing to buy 55.50 million shares. Since 34.5 million shares are still available; therefore, the price will set lower.
- At PKR 77.70 per share, investors are willing to buy 63.50 million shares. Since 26.5 million shares are still available; therefore, the price will set lower.
- At PKR 76.20 per share, investors are willing to buy 72.50 million shares. Since 17.5 million shares are still available; therefore, the price will set lower.
- At PKR 74.70 per share, investors are willing to buy 80 million shares. Since 10 million shares are still available; therefore, the price will set lower.
- At PKR 73.20 per share, investors are willing to buy 86.50 million shares. Since 3.5 million shares are still available; therefore, the price will set lower.
- At PKR 71.80 per share, investors are willing to buy 95.50 million shares. **Since after bidding for 95.50 million shares at PKR 71.80 per shares no share will be available, therefore, the Strike Price will be set at PKR 71.80 per share for the entire lot of 90 million shares.**
- The Bidders, who have placed bids at prices above the Strike Price (which in this illustration is PKR 71.80 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 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.

#### **12.4 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 institutional Bidder defaults in payment of shares allotted to it, the Margin Money deposited by such Bidder shall be forfeited to the Book Runner.**

#### **12.5 CONSULTANT TO THE ISSUE AND BOOK RUNNER**

JS Global Capital Limited (“JSGCL”) has been appointed by the Issuer as Consultant and Book Runner to this Issue.

#### **12.6 INTEREST OF CONSULTANT TO THE ISSUE AND BOOK RUNNER**

The Consultant to the Issue and the Book Runner are deemed to be interested to the extent of fees payable to them by the Issuer for the services to be rendered by them as Consultant to the Issue and Book Runner to the Issue respectively. However, the Parent Company of the Consultant to the Issue namely, JS Bank Limited in addition to being Bankers to the Issue, Bankers to the Book Building has, along with PCF Communication Investments (Private) Limited, invested in convertible TFCs of the Issuer as detailed under Section 11.1.1. Furthermore, Short Term and Long Term Finance Facilities obtained by the Company from JS Bank are mentioned in Section 11.1.2 and Section 11.1.3 respectively.

#### **Roles & 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 the System and can revise their bids electronically using their user ID and password;
7. ensure that it has obtained a list and Unique Identification Numbers (UINs) of the associates of the Issuer, the Consultant to the Issue and all the related employees;
8. ensure that names and UINs of all the persons mentioned under Section 3A.6 are entered and capped in a manner as prescribed in the PO Regulations before commencement of the Bidding Period;
9. ensure that it blocked all UIN and names of all related employees for participation in the bidding;
10. 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;
11. ensure that no bid in aggregate exceeding ten per cent (10%) is made by the associated companies and associated undertakings of the Consultant to the Issue and the Book Runner;
12. enter into an underwriting agreement with the Issuer with respect to underwriting of the Book Building portion for covering the default risk;

13. establish bid collection centers at least in Islamabad, all the provincial capitals, Azad Kashmir and Gilgit/Baltistan;
14. maintain record of all the bids received; and
15. 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 has established bid collection centers at the following addresses (direct & fax numbers for all centers).

### Bid Collection Centers

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

Karachi			
Name:	Ahmed Hanif Lakhani	Name:	Osama Yaqoob
Phone:	021-3889-3069	Phone:	+92-21-34835701-9
Fax:	+92-21-35632574	Fax:	+92-21-35632574
E-mail:	ahmed.lakhani@js.com	E-mail:	<a href="mailto:osama.yaqoob@js.com">osama.yaqoob@js.com</a>
Address:	16th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi	Address:	Suite No. 607 /A, 6th Floor, Al Ameen Towers, Plot # E-2, Block-10, Gulshan-e-Iqbal, Main NIPA, Karachi
Lahore		Islamabad	
Name:	Ibraheem Abid Mir	Name:	Zahid Mahmood
Phone:	+92-42-35291025	Phone:	+92-51-111-574-111
Fax:	+92-21-35632574	Fax:	+92-51-2894417
E-mail:	<a href="mailto:ibraheem.mir@js.com">ibraheem.mir@js.com</a>	E-mail:	<a href="mailto:zahid.mahmood@js.com">zahid.mahmood@js.com</a>
Address:	Plot No. 434, G/1, 2nd Floor, MA Johar Town, Lahore	Address:	Office No. 413, 4th Floor, ISE Towers 55-B, Jinnah Avenue, Islamabad
Peshawar		Multan	
Name:	Zeeshan Aleem	Name:	Muhammad Riaz Naseeb Khan
Phone:	+92-91-5285221-5	Phone:	+92-61-4570260-66, 68, 69
Fax:	+92-21-35632574	Fax:	+92-61-4570267
E-mail:	<a href="mailto:zeeshan.aleem@js.com">zeeshan.aleem@js.com</a>	E-mail:	<a href="mailto:riaz.khan@js.com">riaz.khan@js.com</a>
Address:	1st Floor, SLIC Building # 34, The Mall Road, Peshawar Cantt, Peshawar	Address:	Office # 608-A, 6th Floor, United Mall, Plot # 74, Abdali Road, Multan
Faisalabad		Quetta	
Name:	Rakshanda Javed Malik	Name:	Mr. Zarak Khan Kasi
Phone:	+92-41-2541900-8	Phone:	081-286 5503-5
Fax:	+92-41-2541909	Fax:	+92-21-35632574
E-mail:	<a href="mailto:rakshanda.javed@js.com">rakshanda.javed@js.com</a>	E-mail:	<a href="mailto:zarak.khan@jsbl.com">zarak.khan@jsbl.com</a>
Address:	Office No. G-4, Meezan Executive Tower, Liaquat Road, Faisalabad	Address:	Khasra # 2 Qittat, Ward # 16, Tappa Urban # 01, M. A Jinnah Road, Opposite Bilal PCO Tehsil City & District, Quetta
Gilgit		Azad Kashmir	
Name:	Mr. Iftikhar Hussain	Name:	Mr. Ejaz Hussain
Phone:	05811-450610-12	Phone:	05827-448872-73
Fax:	+92-21-35632574	Fax:	+92-21-35632574
E-mail:	<a href="mailto:iftikhar.hussain@jsbl.com">iftikhar.hussain@jsbl.com</a>	E-mail:	<a href="mailto:ejaz.hussain@jsbl.com">ejaz.hussain@jsbl.com</a>
Address:	Qalander Plaza, City Tower, Cinema Bazar, Gilgit	Address:	Younus Plaza, Allama Iqbal Road, Nangi Azad Kashmir

## 12.7 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:

1. Record name, UIN, National Tax Number (NTN), postal and email addresses, land line and cell numbers, International Bank Account Number (IBAN), branch address and complete CDS Account Number (i.e. Investor Account Number or Sub-Account Number);
2. 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;
3. Generate bidders' Internet Protocol (IPs) address and keep record of all IP addresses from where the bids are placed;
4. 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;
5. Display the bids revised, and date and time of upward revision;
6. 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;
7. 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;
8. 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;
9. Discover the strike price at the close of the Bidding Period;
10. 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
11. Ensure that the system provides the bidders the option to revise their bids upward online or through the Book Runner during the period permitted under these PO Regulations.

The Designated Institution shall ensure that:

- the identity of the bidder is not displayed; and
- no bid is entered into the System after closing of the Bidding Period.

## 12.8 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:
  - which had been declared defaulter by the securities exchange or futures exchange; or
  - whose TRE certificate has been cancelled or forfeited by the securities exchange; or
  - which has been de-listed by the securities exchange due to non-compliance of its regulations.
3. The Consultant to the Issue, the Book Runner, the Underwriter, the Balloter and Share Registrar and Banker to the Issue, are appointed through separate agreements in writing.
4. It has submitted through its Consultant to the Issue, an application along with draft prospectus for listing of its securities to the PSX.
5. It has profitable track record for at least 2 preceding financial years from its core business activities.

6. Its breakup value/book value per share is not less than its face value per share.
7. The shares shall be issued in book-entry form only.

## 12.9 OPENING AND CLOSING OF THE REGISTRATION PERIOD

The Registration Period shall be for **five (5) working days** as under:

Registration Period	
25/08/2021	9:00 am to 5:00 pm
26/08/2021	9:00 am to 5:00 pm
27/08/2021	9:00 am to 5:00 pm
30/08/2021	9:00 am to 5:00 pm
31/08/2021	9:00 am to 3:00 pm

## 12.10 OPENING AND CLOSING OF THE BIDDING PERIOD

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

BIDDING PROCESS STARTS ON	30/08/2021 9:00 am to 5:00 pm
BIDDING PROCESS ENDS ON	31/08/2021 9:00 am to 5:00 pm

## 12.11 ELIGIBILITY TO PARTICIPATE IN BIDDING

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

## 12.12 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 Air Link Communication Limited, JS Global Capital Limited, and the designated Bid Collection Centers. Prospectus, Registration Forms and Bidding forms can also be downloaded from the following websites of the Consultant to the Issue / Book Runner and the Company i.e. [www.jsqcl.com](http://www.jsqcl.com) and [www.airlinkcommunication.net](http://www.airlinkcommunication.net).
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 12.6 to register for submitting their Bids.
4. The registration forms should be submitted on the prescribed format at the addresses provided in Section 12.6. For details on the procedure of registration please refer to Section 12.13.
5. The bids should be submitted on the prescribed bidding form in person, through fax numbers given in Section 12.6 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 JS Bank Limited (the banker to the book building portion of the issue) can use the online transfer facility provided by JS Bank Limited to deposit their bid money to the book building account opened at JS Bank Limited, Circular Road Branch, Lahore.

### 12.13 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 12.6 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 the 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. 25/08/2021 to 31/08/2021 from 9:00 AM to 5:00 PM and from 9:00 AM to 3:00 PM on 31/08/2021.
  - 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 Section 12.6.
  - 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 Runner shall not be challengeable by the Bidder or its Associates.
  - 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 should 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 "Air Link Communication Limited - Book Building". For online transfer the payment shall be made into A/C # 1738173 being maintained at JS Bank Limited, Circular Road Branch, Lahore. Please note that online transfer facility shall only be allowed for JS Bank 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 Runner shall collect an amount equivalent to 100% of the Application Money as Margin Money in respect of bids placed by Individual Investors.
  - The Book Runner shall collect an amount not less than 25% of the Application Money as Margin Money in respect of bids placed by Institutional Investors.
  - 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 their 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.

## 12.14 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 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 Million) and in case of a Step Bid, the amount of any step shall also not be less than PKR 1,000,000/- (Rupees One Million).
  - 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 Section 12.6 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 the 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 Investors.
  - 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 on its own discretion accept a bid without Margin Money, provided the Book Building Portion is fully underwritten at least at the Floor Price by the Book Runner.
  - 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 or its associates.
  - 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. 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 12.20 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 12.25.
- 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 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.

#### **12.15 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 "Air Link Communication Limited - Book Building" or online transfer of the Bid money into the respective Book Building account 1738173 and 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 A/C # **1738173** being maintained at JS Bank Limited, Branch, Lahore with the Account Title “**Air Link Communication Limited – Book Building**”. Please note that online transfer facility shall only be allowed for customers of JS Bank Limited.

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 “AIR LINK COMMUNICATION 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 "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 million shares at a price of PKR 65.00/- per share, then the total Application Money would amount to PKR 65 million. In such a case, (i) Individual Investor shall deposit PKR 65 million in the Book Building account as the bid amount which is 100% of PKR 65 million; and (ii) Institutional Investor shall deposit at least PKR 16.25 million in the Book Building account as the Margin Money which is 25% of PKR 65 million.

### ▪ 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.

Under this bidding strategy, Bidders place a number of Limit Bids at different increasing price levels. A Bidder may, for instance, make a bid for 0.50 million shares at PKR 65.00/- per share, 0.40 million shares at PKR 66.00/- per share and 0.30 million shares at PKR 67.00/- per share. Therefore, in essence the Bidder has placed one Step Bid comprising three limit bids at increasing prices. The Bid amount will be PKR 79 million. In such a case, (i) Individual Investors shall deposit PKR 79 million in the Book Building Account as Margin Money which is 100% of PKR 79 million and (ii) Institutional Investors shall deposit at least PKR 19.75 million in the Book Building Account as Margin Money which is 25% of PKR 79 million.

## 12.16 PAYMENT BY FOREIGN INVESTORS

Companies are permitted under Paragraph 6 (with specific reference to sub paragraph (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 / offer 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 Section 12.15 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 mentioned under Section 10.3.

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.

#### 12.17 PROCEDURE FOR REJECTION OF BIDS

As per 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 or any of its associates.

#### 12.18 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.**

#### 12.19 TEN PERCENT (10%) PRICE VARIATION

An investor will not be allowed to place or upwards 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 65.0 per share and Indicative Strike Price at any given point in time during the bidding period is PKR 65.0 per share, registered bidders may place or revise their bids at/to any price between PKR 65.0 per share to PKR 71.5 per share. If at any given point in time during the bidding period, the Indicative

Strike Price changes from PKR 65.0 per share to PKR 71.5 per share, the registered bidders may place or upward revise their bids at/to between PKR 71.5 per share to PKR 78.65 per share.

**12.20 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 91.00 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.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.

**12.21 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 Regulations, the Book Building process will be considered as cancelled if the total number of bids received is less than forty.

**12.22 BASIS FOR 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. 67,500,000 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 their respective CDS Account numbers in the Bid application as required under regulation 9(16) of the PO Regulations.

### 12.23 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.

The bid money of bidders who have undertaken to subscribe the unsubscribed retail portion shall remain deposited or blocked till allotment of shares of unsubscribed retail portion, if any, to them on pro-rata basis.

### 12.24 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 to the Prospectus would contain information relating to the Strike Price, the Offer Price and Category-wise breakup of the successful Bidders along with the number of shares provisionally allocated to them. Format of the Supplement is given on page 2 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.

### 12.25 MINIMUM AMOUNT OF APPLICATION AND BASIS FOR ALLOTMENT OF SHARES OUT OF THE RETAIL PORTION OF THE ISSUE

The basis and conditions for allotment of shares out of the Retail Portion 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 / Offer 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 BY SECP 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. **In case the retail portion of the Issue remains unsubscribed, the unsubscribed shares shall be allotted to successful bidders at the strike price on pro-rata basis.**
7. 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:
    - If the remaining shares are sufficient to accommodate each application for over 2,000 shares, then 2,000 shares shall be allotted to each applicant and remaining shares shall be allotted on pro-rata basis.
    - If the remaining shares are not sufficient to accommodate all the remaining applications for over 2,000 shares, then balloting shall be conducted for allocation of 2,000 shares to each successful applicant.
8. If the Issue is over-subscribed in terms of amount only then the 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; and
  - Next preference will be given to the applicants who applied for 2,000 shares.
  - After allotment of the above, the balance shares, if any, shall be allotted on a pro-rata basis to the applicants who applied for more than 2,000 shares.
9. Allotment of shares will be subject to scrutiny of applications for subscription of shares.
10. Applications which do not meet the above requirements or application which are incomplete will be rejected.

## 12.26 ELIGIBILITY OF INVESTOR FOR INVESTMENT IN THIS ISSUE

Eligible investors include:

1. Pakistani citizens residing in or outside Pakistan or persons holding dual nationalities including 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 respective constitutive documents and existing regulations, as the case may be);
4. Mutual Funds, Provident / Pension / Gratuity Funds / Trusts (subject to the terms of their respective Trust Deeds and existing regulations); and
5. Branches in Pakistan of companies and corporate bodies incorporated outside Pakistan.

## 12.27 BENEFITS OF E-IPO

e-IPO has the following benefits:

1. It enables the investors to make application for subscription of shares through the internet without going to the bank, and waiting in long queues.
2. It is efficient and simultaneously facilitative for both the Issuer and the investors.

3. It is available for use 24 hours during the subscription period.
4. If you are registered with CES or an accountholder of a bank providing e-IPO facility, you may get SMS for new IPOs.
5. By applying through CES you can also track your application status.

## 12.28 PROCEDURE FOR OPENING CDS ACCOUNT

CDS is the Participant (TREC Holders) driven system where sub-accounts are opened by the Participants. All new Sub-Accounts shall only be opened in CDS based on the complete and correct information obtained from the investor as per the Standardized Account Opening Form (SAOF). The SAOF is part of CDC Regulations and is also placed on CDC's website [www.cdcpakistan.com](http://www.cdcpakistan.com). Terms & Conditions contained in the SAOF shall govern the opening and maintenance of the Sub-Accounts.

Participants before opening a sub-account into CDS should obtain duly filled and signed SAOF from their clients / investors along with all necessary documents. Participants to obtain signatures of concerned Sub-Account Holders / Authorized Signatories as acknowledgement on the Posted Registration Detail Report generated from CDS after establishing Sub-Accounts in their names. Participant must ensure that:

1. The sub-account holder is not a minor and fulfils the requirements of the Companies Act, 2017, Central Depositories Act, 1997 and Central Depository Company of Pakistan Limited Regulations in respect of a shareholder of a Company. However, minor through a guardian can open a sub-account.
2. Sub-Account is not in the name of Trust. The sub-account title for a trust can only be in the name of the "Trustee". Example: (Name of Trustee) (Name of Fund / Trustee etc.).
3. A sole proprietorship or a partnership firm cannot open and maintain a sub-account in CDS. However they can open and maintain a sub-account in the name of sole proprietor or partner(s).
4. A Participant who is a registered securities broker shall not open and/or maintain subaccount in the CDS in its own name either under its own Participant ID or with any other Participant". Non-broker Participants may have sub-accounts with other Participants on a need basis.
5. Participant is not required to enter Account Title and Joint Account Holder(s) name manually at the time of opening new sub account. When the Participant enters UIN in the designated field of CDS for the purpose of account opening, title will be automatically populated in the designated field as mentioned in the UIN database maintained with NCCPL.
6. Account Title and Joint holder(s) name are not allowed to be amended once inserted in the posted account. However, a new provision has now been introduced in the CDS for existing accounts where the account title in the CDS is required to be matched with account title available in UIN database. For matching the account title of existing sub accounts, Participants no longer have to request CDC for updating rights. Participants will now press the newly added "synchronize" button and the system will update the title (account holder and joint) as per title(s) mentioned in the UIN database. However, Participants shall not use "Synchronize Account Title" button for Trustee, Minor and Manager to offer accounts.
7. At the time of account opening in case where the account title is different from the UIN database (for e.g. Trustee accounts, account of Minors, Manager to the offer etc.) needs to be added in account title, a request letter for by-pass will be required from the Participant, signed by their authorized signatories along with the certified true copies of the relevant supporting documents, enabling them to have the authority to insert the title other than the title mentioned in the UIN database.
8. Any updation in CNIC / Passport no. / NICOP / Registration no. is not allowed. In case of any change due to issuance of a new document, written request to be provided to CDC along with submission of certified true copy of relevant documents. Updation in CDS will be made after necessary changes in NCCPL database.
9. Input of Local mobile number and / or email address is mandatory for opening of Sub-Accounts in the CDS.
10. Residential status of the account will be linked with the residential status of the Title Holder of the account. Hence, residential status of joint holders can be different. In case where Residential Status is Repatriable, such



as, Non-Resident Pakistani (Repatriable) / Foreigner (Repatriable), the Title Holder and all Joint Account Holders must possess the same Residential Status. Further, updation of residential status, as applicable, will be allowed based on written request of the Participant.

11. Zakat status is linked with the Residential Status such that where the user selects the status of Resident Pakistani, Non-Resident Pakistani (Repatriable) or Non-Resident Pakistani (Non-Repatriable), the Zakat status needs to be entered. For all other selections it will be automatically marked as 'Not Applicable'.
12. Zakat Status of all account holders in an account should be identical.
13. Subsequent to the opening of sub-account, addition / deletion of joint holder(s) is not allowed.
14. In light of Section 79 sub-Section (3) of the Companies Act, 2017, the person to be nominated shall not be a person other than the relatives of the sub-account holder, namely, a spouse, father, mother, brother, sister and son or daughter, including a step or adopted child.
15. In case of Joint Holders, input of nominee detail will not be allowed.
16. Additional Account Title field will be disabled for Updation of account. In case any change is required in Additional Account Title field, written request to be provided to CDC along with the relevant documents.
17. In the Dividend mandate, Account number, Account title, Name of the Bank & Branch and City name should be properly mentioned.
18. Permanent Address field is available in addition to the mailing address field in CDS with the selection of city, province and country (as applicable). While the Residential Status is associated with the city, province and country fields such that the fields will be enabled or disabled as per the selected Residential Status.
19. In case of individual account, Business / Participant address is not allowed in the permanent address field.
20. In case of corporate account, Registered/Head office address should be entered in permanent address field.
21. Mailing address should be correct and complete i.e. (House #, Street #, Sector / Block / phase/ number, nearest land mark, area, city, province & country name). In case the permanent address is same as the mailing address, the Participant will be able to copy the same address. The Residential Status is also associated such that the fields will be enabled or disabled as per the selected Residential Status.
22. Person maintaining sub-accounts, either singly or jointly, must select "INDIVIDUAL" as Shareholder category.
23. Contact person can only be the sub-account holder him / herself (or any of the joint holder(s)). Moreover, a person in whose name the Power of attorney is issued by the account holder(s) can also be the contact person.
24. Participant may add or update details pertaining to Special Convertible Rupee Account (SCRA) of Sub Account Holder in case of resident status selected as "Repatriable".
25. Attorney Details must be recorded in the attorney fields (if applicable).
26. In case of any change in the registration details of the sub-account holders, the respective Participant himself can make necessary changes in the registration details based on their SAOF & internal procedures which must be framed in light of the Central Depository Company of Pakistan Limited Regulations.

## 12.29 FACILITIES AVAILABLE TO NON-RESIDENT PAKISTANI AND FOREIGN INVESTORS

Companies are permitted under paragraph 6 (with specific reference to sub paragraph (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 Foreign Exchange Manual, i.e. (I) A Pakistani national resident outside Pakistan, (II) A person who holds dual nationality including Pakistani 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 / offer 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 account opened by the Company

as given in Section 12.15 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. List of bankers to the issue for retail portion is mentioned under Section 10.3.

The shares issued/transferred 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/transfer.

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.

## 13 APPLICATION & ALLOTMENT INSTRUCTIONS

### ELIGIBLE INVESTORS INCLUDE:

1. Pakistani citizens residing in or outside Pakistan or Persons holding dual nationalities including 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 THE COMMISSION'S APPROVED APPLICATION FORM OR ELIGIBLE PHOTOCOPY THEREOF ON A PAPER OF A4 SIZE WEIGHING AT LEAST 62 GM**

### COPIES OF THE PROSPECTUS

Copies of this Prospectus and application forms can be obtained from members of PSX, 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 form can also be downloaded from the following websites:

[www.airlinkcommunication.net](http://www.airlinkcommunication.net), [www.jsqcl.com](http://www.jsqcl.com) and [www.cdceipo.com](http://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](http://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](mailto:info@cdcpak.com).

**NAME(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 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.**

### 13.1 OPENING AND CLOSING OF THE SUBSCRIPTION LIST

The subscription list will open at the commencement of banking hours on 06/09/2021 and will close on 07/09/2021 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 07/09/2021.

### 13.2 E-IPO SYSTEM

E-IPO is submission of application for subscription of securities electronically through internet, Automated Teller Machines (ATM) and mobile phones. In order to facilitate the public during IPOs / SPOs / OFS, SECP has introduced the concept of e-IPO. The following two systems are available for e-IPOs:

**(i) Centralized e-IPO System (CES):**

In order to facilitate investors, the Central Depository Company of Pakistan (“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/online. CES has been made available in this Initial Public Offering (IPO) and can be accessed through the web link [www.cdceipo.com](http://www.cdceipo.com). Payment of subscription money can be made through 1LINK’s member banks available for CES, list of which is available on above-mentioned website.

For making application through CES, investors must be registered with CES. Registration with CES is one-time activity, free of cost and can be done under 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), International Bank Account Number (IBAN) with any commercial bank, email address, mobile phone number and CDS Account (Investor account or sub account) can register themselves with CES.

In addition to the above, CDC has also introduced a new facility in CES through which 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 will electronically subscribe on behalf of sub account holder(s) in securities offered through initial public offerings (IPOs) and will also be able to make payments 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’ sub-account. In case the sub account of investor has been blocked or close, 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 can visit [www.cdcpakistan.com](http://www.cdcpakistan.com) for information regarding opening CDS account.

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](mailto:info@cdcpak.com) or contact Mr. Farooq Ahmed Butt at Phone: +92 21 111 111 500 Ext: 4220 and email: [farooq\\_butt@cdcpak.com](mailto:farooq_butt@cdcpak.com)

Investors who are registered with CES through the web link [www.cdceipo.com](http://www.cdceipo.com) can submit their applications 24 hours a day during the subscription period which will close at midnight on 07/09/2021.

**(ii) PSX’s e-Initial Public Offering 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 can be accessed through the web link ‘<https://eipo.psx.com.pk>’. Payment of subscription money can be made through 1LINK or NIFT.

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.

Registered investors 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 07/09/2021.

For further guidance and queries regarding PES, investors may contact PSX representative Mr. Farrukh Shahzad at phone number 111-001-122 or (021)- 135274411, and email '[itss@psx.com.pk](mailto:itss@psx.com.pk)'.

#### 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.

#### 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 above, 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.

#### 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 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.

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 "**Air Link Communication Limited - 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 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.
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.

#### **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 / Non-resident investors should follow payment instructions given in Section 12.16 of this Prospectus.

**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

**NATIONALITY CODE**

Code	Name of Country
01	U.S.A.
02	U.K.
03	U.A.E.
04	K.S.A.
05	Oman
06	Bangladesh
07	China
08	Bahrain
09	Other

**BASIS OF ALLOTMENT**

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 x 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

**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:
    - If the remaining shares are sufficient to accommodate each application for over 2,000 shares, then 2,000 shares shall be allotted to each applicant and remaining shares shall be allotted on pro-rata basis.
    - If the remaining shares are not sufficient to accommodate all the remaining applications for over 2,000 shares, then balloting shall be conducted for allocation of 2,000 shares to each successful applicant.
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.
9. Applications, which do not meet the above requirements, or application which are incomplete, will be rejected.

### 13.3 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, 2017, if refund as required under sub-Section (1) of Section 68 of the Companies Act, 2017 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 up to PKR 100 million on the standard scale as defined in Section 479 of the Companies Act, 2017. 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.

In case retail portion of the Issue remains unsubscribed, the unsubscribed shares shall be allotted to successful bidders at the strike price determined in the book building process on pro-rata basis.

### 13.4 ISSUE AND CREDIT OF SHARES

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.

### 13.5 TRANSFER OF SHARES

The shares shall be transferred in accordance with the provisions of Section 74 of the Companies Act, 2017 read with Section 75 thereof and the Central Depositories Act, 1997 and the CDCPL Regulations.

#### LIST OF BANKERS TO THE ISSUE

Code	Name of Bank
01	United Bank Limited
02	JS Bank Limited
03	Bank Alfalah Limited
04	Dubai Islamic Bank Limited
05	MCB Bank Limited
06	Faysal Bank Limited
07	Bank Al Habib Limited
08	Meezan Bank Limited
09	Soneri Bank Limited
10	Habib Metropolitan Bank Limited
11	Habib Bank Limited
12	Allied Bank Limited

## MINIMUM AMOUNT OF APPLICATION

The minimum amount of application will be the Issue price determined through book building method multiplied by 500 shares.

## 13.6 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 as holders of the Ordinary shares in the capital of the Company. Certain shareholders who are also the Directors of the Company have interest in receiving remuneration for their role as Directors and CEO.

## 13.7 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.

## 13.8 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.

## 13.9 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, which may be revised by the Government through Finance Act, Statutory Regulatory Order(s), Finance Amendment Act, or any other applicable law notified by the relevant Government bodies from time to time.

Applicable Capital Gain Tax Rate for FY22	12.5% (Filer)	30% (Non-filer)
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## 13.10 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 individuals only.

Withholding Tax on Dividends for FY22	15% (Filer)	30% (Non-filer)
---------------------------------------	-------------	-----------------

## 13.11 INCOME TAX

As the Company is a Commercial Importer, tax is collected at import stage under Section 148 of the Income Tax Ordinance, 2001 which is its minimum tax liability on its entire income. Tax liability for the Company is calculated as higher of Company tax on taxable income and tax paid on imports.

### 13.12 DEFERRED TAXATION

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 judgment 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.

Deferred tax is accounted for using the balance sheet liability method in respect of 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 assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Significant management judgment 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.

As of June 30, 2020, Company has reported deferred tax asset of PKR 81 Million.

### 13.13 SALES TAX

Sales Tax on mobile phone is fixed in terms of PKR per unit according to the 9<sup>th</sup> Schedule of the Sales Tax Act, 1990. Hence, there is no further applicable Sales Tax to wholesalers and retailers by the Company.

### 13.14 SALES TAX ON SALE/PURCHASE OF SHARES

Under the Constitution of Pakistan and Articles 49 of the 7<sup>th</sup> 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, Khyber Pakhtunkhwa and Baluchistan 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 15% in Baluchistan and Khyber Pakhtunkhwa. Sales tax charged under the aforementioned Acts is withheld at source under statutory requirements.

### 13.15 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 Limited 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

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-sd-

\_\_\_\_\_  
**Muzzaffar Hayat Piracha**  
Chief Executive Officer / Offeror

-sd-

\_\_\_\_\_  
**Aslam Hayat Piracha**  
Chairman / Non-executive Director

-sd-

\_\_\_\_\_  
**Rabiya Muzzaffar**  
Non-executive Director

-sd-

\_\_\_\_\_  
**Syed Nafees Haider**  
Executive Director

-sd-

\_\_\_\_\_  
**Hussain Kuli khan**  
Independent Director

-sd-

\_\_\_\_\_  
**Sharique Azim Siddiqui**  
Independent Director

-sd-

\_\_\_\_\_  
**Aqduz Faraz Tahir**  
Independent Director

Signed by the above in the presence of witnesses:

### Witness 1

-sd-

\_\_\_\_\_  
**Nusrat Mahmood**  
Chief Financial Officer  
Air Link Communication Limited

### Witness 2

-sd-

\_\_\_\_\_  
**Imran Ali Kazmi**  
Manager Accounts and Finance  
Air Link Communication Limited

### Witness 3

-sd-

\_\_\_\_\_  
**Amer Latif**  
Company Secretary  
Air Link Communication Limited

Dated:

## 15 MEMORANDUM OF ASSOCIATION

THE COMPANIES ACT, 2017 (XIX of 2017)

(COMPANY LIMITED BY SHARES)

MEMORANDUM

OF

ASSOCIATION

OF

AIR LINK COMMUNICATION LIMITED



Page 1 of 4



THE COMPANIES ACT, 2017 (XIX of 2017)

(COMPANY LIMITED BY SHARES)

MEMORANDUM OF ASSOCIATION

OF

"AIR LINK COMMUNICATION LIMITED"



1. The name of the Company is AIR LINK COMMUNICATION LIMITED.
2. The registered office of the Company will be situated in the Province of Punjab.
3. (i) To carry on the business of manufacturing (or assembling, import, export, distribution, indenting, wholesale, retail of communication and IT related products and services including cellular mobile / smart phones, tablets, laptops, accessories as well as to run distribution business of other products or services which the Company may think feasible from time to time.
- (ii) Except for the businesses mentioned in sub-clause (i) hereunder, the Company may engage in all the lawful businesses and shall be authorized to take all necessary steps and actions in connection therewith and ancillary thereto.
- (iii) Notwithstanding anything contained in the foregoing subclauses of this clause nothing contained herein shall be construed as empowering the Company to undertake or indulge, directly or indirectly in the business of a Banking Company, Non-banking Finance Company (Mutual Fund, Leasing, Investment Company, Investment Advisor, Real Estate Investment Trust management company, Housing Finance Company, Venture Capital Company, Discounting Services, Microfinance or Microcredit business), Insurance Business, Madaraba management company, Stock brokerage business, forex, managing agency, business of providing the services of security guards or any other business restricted under any law for the time being in force or as may be specified by the Commission.

Page 2 of 4





- (iv) It is hereby undertaken that the Company shall not:
- (a) engage in any of the business mentioned in sub-clause (iii) above or any unlawful operation;
  - (b) launch multi-level marketing (MLM), Pyramid and Ponzi Schemes, or other related activities / businesses or any lottery business;
  - (c) engage in any of the permissible business unless the requisite approval, permission, consent or license is obtained from Competent Authority as may be required under any law for the time being in force.
4. The liability of the members is limited.
5. The authorized capital of the Company is Rs.4,000,000,000 (Rupees Four billion only) divided into 400,000,000 (Four Hundred Million only) ordinary shares of Rs.100 (Rupees Ten only) each.



Page 3 of 4



We, the several persons whose names and addresses are subscribed below, 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 as set opposite our respective names:

Name & Surname (Printed & Printed) (in Full)	C.N.D. The License of Incorporation (Printed No.)	Address (Printed No.)	Residence (Printed No.)	Occupation	Residential Address (in Full)	Number of Shares taken by each subscriber	Signature
CHIRAZZAM HAYAT PARACHA	82301 851/275-0	Mr. Chirazam Hayat Paracha	Mr. Chirazam Hayat Paracha	Business	House No. 207, Block 1, Phase 1, D-11, Islamabad, Pakistan	100 One Thousand	
ZUBAIDAT HAYAT PARACHA	82302 851/275-0	Mr. Zubaidat Hayat Paracha	Mr. Zubaidat Hayat Paracha	Business	House No. 207, Block 1, Phase 1, D-11, Islamabad, Pakistan	100 One Thousand	
						1000 One Thousand	

Dated this 30<sup>th</sup> day of December, 2017.

Witness:

National Institution Facilitation

Technologies (Pvt.) Ltd.

5<sup>th</sup> Floor AWT Plaza

11 Chundrigar Road, Karachi.

Page 4 of 4



## 16 INSTRUCTIONS FOR BIDDING

### INSTRUCTIONS FOR REGISTRATION AND BIDDING

**REGISTRATION PERIOD OPENS FROM August 25, 2021 TO August 31, 2021 BETWEEN 9:00 AM TO 5:00 PM (EXCEPT ON WEEKENDS) AND BETWEEN 9:00 AM TO 3:00 PM ON August 31, 2021. BIDDING PERIOD OPENS FROM August 30, 2021 TO August 31, 2021 BETWEEN 9:00 AM TO 5:00 PM**

**OFFER FOR SALE AND NEW ISSUE OF ORDINARY SHARES OF AIR LINK COMMUNICATION LIMITED ("AIR LINK" OR THE "COMPANY") THROUGH THE BOOK BUILDING PROCESS AT THE FLOOR PRICE OF PKR 65.00/- PER SHARE**

The Issue comprises of 90,000,000 Ordinary Shares constituting both Offer for Sale (30,000,000 Ordinary Shares) and New Issue (60,000,000 Ordinary Shares) with a face value of PKR 10.00/- each which constitutes 25.0% of the total post-IPO paid-up capital of Air Link Communication Limited.

The bidders shall be allowed to place bids for hundred percent (100.00%) of the Issue size and the Strike Price shall be the price at which the Hundred Percent (100.00%) of the Issue is subscribed. However, the successful bidders shall be allotted only Seventy Five Percent (75.00%) of the Issue size i.e. 67,500,000 and the remaining Twenty Five Percent (25.00%) i.e. 22,500,000 shall be offered to the retail investors. In case retail portion is undersubscribed, the unsubscribed portion will be allotted to successful bidders on pro-rata basis.

#### **Instructions for Registration and Bidding**

1. Only registered investors will be eligible to participate in the bidding process.
2. Investors are required to fill in the Registration Form and submit the complete Registration Form along with Duplicate Registration Form and Margin Money at the Bid Collection Centers during the Registration Period.
3. For deposit of Margin Money only Pay Orders, Demand Drafts or a Bank Receipt evidencing Online Transfers in the designated bank account shall be accepted during the Bidding Period. **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. Once the investor is registered in the System, the investor will receive Username and Password via an automatically generated e-mail through the System software.
5. Investors can directly place their bids online during the Bidding Period by using the Username and Password provided to them via e-mail or submit the Bidding Form at the bid collection centers in person.
6. On entry of bid in the System, the investors will receive an e-mail confirmation of their bid via the System software.
7. Investors can upward revise their bids online. Please visit [www.bkb.psx.com.pk](http://www.bkb.psx.com.pk) to access online portal. Online access will be available for upward bid revisions during the Bidding Period from 9:00 am to 5:00 pm. An investor shall not be allowed to place or upward revise a bid with a price variation of more than 10% of the prevailing Indicative Strike Price. **NO DOWNWARD REVISION IN BID AMOUNT, PRICE, OR VOLUME, OR WITDRAWAL OF BID SHALL BE ALLOWED.**

#### **Please Note:**

1. Fill in all the particulars of the form accurately in **BLOCK LETTERS**.
2. For deposit of margin money, only Pay Orders, Demand Draft will be accepted or online transfer facility (pay order or demand draft may be deposited at any branch of JS Bank Limited and evidence to be submitted to the Book Runner) into the respective Book Building account, A/C # **1738173**, titled "Air Link Communication Limited - Book Building" maintained at JS Bank Limited, Circular Road Branch, Lahore.
3. Kindly provide a copy of CNIC or Passport (in case of Individual Investors) or NTN Certificate / Certificate of Incorporation (in case of Institutional Investor) along with the Registration Form.
4. Applicants are requested to provide accurate contact details. Please provide accurate landline number(s), mobile number(s), fax number(s), UIN(s), NTN number and e-mail address(es).
5. **Bidders are requested to provide two copies of the payment instrument at the time of bid submission.**
6. The National Taxation Number ("NTN") of Air Link Communication Limited is 4349113-8. This NTN shall be required by applicants for making their respective pay orders.

7. The Bidder is required to duly fill Additional Payment Form for depositing additional funds for enhancement of deposit amount.
8. In case the retail portion is fully subscribed, the bid money shall be refunded or unblocked, immediately but not later than 3 working days from the last day of final allocation
9. All payments are to be made in favor of “**Air Link Communication Limited - Book Building**” at any of the following bidding centers:

Karachi	
Name: Ahmed Hanif Lakhani	Name: Osama Yaqoob
Phone: +92 21-3889-3069	Phone: +92-21-34835701-9
Fax: +92-21-35632574	Fax: +92-21-35632574
E-mail: <a href="mailto:ahmed.lakhani@js.com">ahmed.lakhani@js.com</a>	E-mail: <a href="mailto:osama.yaqoob@js.com">osama.yaqoob@js.com</a>
Address: 16th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi	Address: Suite No. 607 /A, 6th Floor, Al Ameen Towers, Plot # E-2, Block-10, Gulshan-e-Iqbal, Main NIPA, Karachi
Lahore	
Name: Ibraheem Abid Mir	Name: Zahid Mahmood
Phone: +92-42-35291025	Phone: +92-51-111-574-111
Fax: +92-21-35632574	Fax: +92-51-2894417
E-mail: <a href="mailto:ibraheem.mir@js.com">ibraheem.mir@js.com</a>	E-mail: <a href="mailto:zahid.mahmood@js.com">zahid.mahmood@js.com</a>
Address: Plot No. 434, G/1, 2nd Floor, MA Johar Town, Lahore	Address: Office No. 413, 4th Floor, ISE Towers 55-B, Jinnah Avenue, Islamabad
Islamabad	
Name: Zeeshan Aleem	Name: Muhammad Riaz Naseeb Khan
Phone: +92-91-5285221-5	Phone: +92-61-4570260-66, 68, 69
Fax: +92-21-35632574	Fax: +92-61-4570267
E-mail: <a href="mailto:zeeshan.aleem@js.com">zeeshan.aleem@js.com</a>	E-mail: <a href="mailto:riaz.khan@js.com">riaz.khan@js.com</a>
Address: 1st Floor, SLIC Building # 34, The Mall Road, Peshawar Cantt, Peshawar	Address: Office # 608-A, 6th Floor, United Mall, Plot # 74, Abdali Road, Multan
Peshawar	
Name: Rakshanda Javed Malik	Name: Mr. Zarak Khan Kasi
Phone: +92-41-2541900-8	Phone: 081-286 5503-5
Fax: +92-41-2541909	Fax: +92-21-35632574
E-mail: <a href="mailto:rakshanda.javed@js.com">rakshanda.javed@js.com</a>	E-mail: <a href="mailto:zarak.khan@jsbl.com">zarak.khan@jsbl.com</a>
Address: Office No. G-4, Meezan Executive Tower, Liaquat Road, Faisalabad	Address: Khasra # 2 Qittat, Ward # 16, Tappa Urban # 01, M. A Jinnah Road, Opposite Bilal PCO Tehsil City & District, Quetta
Faisalabad	
Name: Mr. Iftikhar Hussain	Name: Mr. Ejaz Hussain
Phone: 05811-450610-12	Phone: 05827-448872-73
Fax: +92-21-35632574	Fax: +92-21-35632574
E-mail: <a href="mailto:iftikhar.hussain@jsbl.com">iftikhar.hussain@jsbl.com</a>	E-mail: <a href="mailto:ejaz.hussain@jsbl.com">ejaz.hussain@jsbl.com</a>
Address: Qalander Plaza, City Tower, Cinema Bazar, Gilgit	Address: Younus Plaza, Allama Iqbal Road, Nangi Azad Kashmir
Gilgit	
Azad Kashmir	

10. CASH MUST NOT BE SUBMITTED WITH REGISTRATION FORM AT THE BID COLLECTION CENTER.
11. THE BID SHOULD BE SUBMITTED ON THE PRESCRIBED BIDDING FORM ALONG WITH THE REGISTRATION FORM IN PERSON OR THROUGH FAX AT THE NUMBERS MENTIONED IN NOTE 9 ABOVE. REGISTERED INVESTORS CAN ALSO PLACE THEIR BIDS DIRECTLY VIA THE ONLINE PORTAL BY VISITING [www.bkb.psx.com.pk](http://www.bkb.psx.com.pk)
12. Bids can be placed at “Limit Price” or “Step Bid”.

- **Payment for Limit Bid:**

If investors are placing their bids through “Limit Price” then they shall deposit the Margin Money based on the number of shares they are bidding for at their stated bid price.

For instance, a Bidder may bid for 1 million shares at PKR 65.00 per share. In such a case the total application money would amount to PKR 65 million. In this case the Bid Amount will also be PKR 65 million. Since the Bidder has placed a limit of PKR 65.00 per share, this indicates that he / she / it is willing to subscribe at or below PKR 65.00 per share.

- **Payment for Step Bid:**

If investors are placing their bids through “Step Bid” which is a series of limit bid at increasing prices then they shall deposit the Margin Money / Bid Amount based on the total number of shares they are bidding for at their stated bid price. The aggregate amount of step bid shall not be less than PKR 2,000,000/- and the amount of any step shall also not be less than PKR 1,000,000/-.

Under this bidding strategy, Bidders place a number of Limit Bids at different increasing price levels. A Bidder may, for instance, make a bid for 0.50 million shares at PKR 65.00 per share, 0.40 million shares for PKR 57.00 per share and 0.30 million shares for PKR 58.00 per share. Therefore, in essence the Bidder has placed one Step Bid comprising three Limit Bids at increasing prices. The Bid amount would be PKR 68.20 million. In case of Individual Investors, the Margin Money will be 100% i.e. PKR 68.20 million whereas in case of Bidders being Institutional Investors the Margin Money shall be 25% of the Bid amount i.e. PKR 17.05 million.



13. The applicant, if Individual Investor, shall submit amount equivalent to 100% of the application money as Bid / Margin Money whereas Institutional Investors shall submit not less than 25% of the application money. Provided that the Book Runner may waive this margin requirement for institutional investors at its own discretion.
14. Book Runner shall not accept or register any new Bidders after **3:00pm during the last day of Bidding Period**.
15. The Bidder can view the color of the book, i.e. bid price and number of shares against each bid price online anytime during the Bidding Period at the following websites: [www.psx.com.pk](http://www.psx.com.pk)
16. Successful Bidders shall be intimated, within **one (1) day** of the closing of the Bidding Period, the Strike Price and the number of shares provisionally allotted to each of them.
17. Upon intimation by the Book Runner of final allocation, successful institutional bidders shall deposit their balance margin money within **three (3) days** of such intimation.
18. Where a successful Bidder defaults in payment of shares allotted to him, the Margin Money deposited by such Bidder shall be forfeited to the Book Runner.
19. 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 of shares out of the retail portion, in the form of book-entry to be credited in their respective accounts. All the bidders shall, therefore, provide number of their accounts in the Registration Form.
20. 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.
21. 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.

## 17 REGISTRATION FORM

Registration Form					
 <b>AIR LINK COMMUNICATION LIMITED</b>	<b>Book Runner</b>  		<div style="display: flex; justify-content: space-between;"> <div>           Tick One <input type="checkbox"/> KHI <input type="checkbox"/> LHR <input type="checkbox"/> ISB <input type="checkbox"/> FSB  <input type="checkbox"/> PSH <input type="checkbox"/> QUT <input type="checkbox"/> AZK <input type="checkbox"/> GLT <input type="checkbox"/> MUL         </div> <div> <b>Registration Dates</b>            August 25, 2021 to August 31, 2021  <b>Bidding Dates</b>            August 30, 2021 to August 31, 2021  <b>Bidding form No.</b> </div> </div>		
<b>NEW ISSUE AND OFFER FOR SALE OF ORDINARY SHARES OF AIR LINK COMMUNICATION LIMITED THROUGH BOOK BUILDING PROCESS AT A FLOOR PRICE OF PKR 65.00/- PER SHARE (INCLUDING A PREMIUM OF PKR 55.00/- PER SHARE)</b>					
<b>PLEASE FILL THE FORM IN BLOCK LETTERS. PLEASE MAKE SURE TO PROVIDE ACCURATE DETAILS TO AVOID ANY INCONVENIENCE</b>					
<b>Name</b>		<b>CNIC / UIN / Passport #</b>			
		<b>NTN*</b>			
<b>Address</b>		<b>Cell #</b>			
		<b>Land Line #</b>			
		<b>Fax #</b>			
<b>Email</b>					
<b>PLEASE TICK THE APPROPRIATE BOX</b>					<b>Nationality</b> (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			
<small>* INVESTORS ARE ENCOURAGED TO DISCLOSE THEIR NTN NUMBERS TO FACILITATE THE COMPANY TO CHECK STATUS OF THE SHAREHOLDERS AS TAX RETURN FILERS OR NON TAX RETURN FILERS FROM THE ACTIVE TAXPAYERS LIST (ATL) AVAILABLE ON THE WEBSITE OF FBR. PLEASE NOTE THAT REDUCED TAX RATE 15.0% APPLIES TO FILERS INSTEAD OF 30.0% FOR NON-FILERS ON PAYMENT OF CASH DIVIDEND DECLARED, IF ANY, BY THE COMPANY.</small>					
<b>Payment Details:</b> Payments to be made in favor of : <i>"Air Link Communication Limited – Book Building"</i>					
<b>Amount in Figures</b>		<b>Instrument No.</b>			
<b>Instrument Date</b>		<b>Margin %age</b>			
<b>Banker's Name, Address &amp; Branch</b>					
<b>CDC Details for Sub A/C and House A/C</b>					
<b>CDC Participant Name</b>		<b>CDC Participant ID No</b>			
<b>Sub House A/C No</b>		<b>House A/C No.</b>			
<b>CDC Details for Investor A/C</b>					
<b>CDC Investor Service A/C ID</b>		<b>CDC Investor A/C No</b>			
I/WE 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/WE DECLARE THAT I have read all the terms and conditions stated in the Prospectus and the Instructions Page of the Bidding Form and Registration Form. The same terms and conditions would be applicable on the Bid Revision Form and Additional Payment Form.					
<b>Signature of Bidder:</b> _____					
<b>To be filled in by the Book Runner:</b>					
<b>Time of Receipt</b>	<b>Date</b>	<b>Location</b>	<b>Amount</b>	<b>Pay Order No. / Demand Draft No.</b>	<b>Stamp</b>



## 18 BIDDING FORM

Bidding Form			
 <b>AIR LINK COMMUNICATION LIMITED</b>	<b>Book Runner</b> 	<div style="display: flex; justify-content: space-between;"> <div>           Tick One <input type="checkbox"/> KHI <input type="checkbox"/> LHR <input type="checkbox"/> ISB <input type="checkbox"/> FSB  <input type="checkbox"/> PSH <input type="checkbox"/> QUT <input type="checkbox"/> AZK <input type="checkbox"/> GLT <input type="checkbox"/> MUL         </div> <div> <b>Registration Dates</b>            August 25, 2021 to August 31, 2021  <b>Bidding Dates</b>            August 30, 2021 to August 31, 2021  <b>Bidding form No.</b> </div> </div>	
<b>NEW ISSUE AND OFFER FOR SALE OF ORDINARY SHARES OF AIR LINK COMMUNICATION LIMITED THROUGH BOOK BUILDING PROCESS AT A FLOOR PRICE OF PKR 65.00/- PER SHARE (INCLUDING A PREMIUM OF PKR 55.00/- PER SHARE)</b>			
<b>PLEASE FILL THE FORM IN BLOCK LETTERS. PLEASE MAKE SURE TO PROVIDE ACCURATE DETAILS TO AVOID ANY INCONVENIENCE</b>			
<b>Name</b>	<div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Local Institutional Investor           </div> <div> <input type="checkbox"/> Foreign Institutional Investor           </div> <div> <input type="checkbox"/> Individual Investor           </div> </div>		
<b>Client ID</b>	<b>Cell #</b>	<b>Resident</b>	<b>Nationality</b> (if other than Pakistani)
	<b>Land Line#</b>	<input type="checkbox"/> Non Resident <input type="checkbox"/> Foreigner	
<b>Fax #</b>	<b>Email:</b>	<b>CNIC / Passport #/ UIN</b>	
		<b>NTN*</b>	
<b>* INVESTORS ARE ENCOURAGED TO DISCLOSE THEIR NTN NUMBERS TO FACILITATE THE COMPANY TO CHECK STATUS OF THE SHAREHOLDERS AS TAX RETURN FILERS OR NON TAX RETURN FILERS FROM THE ACTIVE TAXPAYERS LIST (ATL) AVAILABLE ON THE WEBSITE OF FBR. PLEASE NOTE THAT REDUCED TAX RATE 15.0% APPLIES TO FILERS INSTEAD OF 30.0% FOR NON-FILERS ON PAMENT OF CASH DIVIDEND DECLARED, IF ANY, BY THE COMPANY.</b>			
<b>Dividend Mandate:</b> Mark tick (✓) in the appropriate boxes Yes [ ] No [ ] In case the applicant intends that if Shares applied for are credited to him/it and the dividend declared by the Company, if any, is credited directly in his/its bank account, instead of issue of dividend warrants, then please fill in the following boxes:			
<b>The Directors of Air Link Communication Limited,</b> LG-2, Al – Qadeer Heights, 1 – Babar Block, New Garden Town, Lahore.			
Dear Sir, On the basis of the Air Link Communication Limited for the Offer for Sale and New Issue of Ordinary Shares, I / we hereby bid for subscription of shares of the Company as under:			
<b>Bid Details</b>			
	<b>No. of Shares</b>	<b>Bid price per share</b>	<b>Total Bid Amount</b>
<b>Bid Option (Please tick)</b>	<b>(In Figures)</b>	<b>(In Figures)</b>	<b>(In Figures)</b>
Limit Price			
Step Bid:			
Option (1)			
Option (2)			
Option (3)			
Option (4)			
<b>Total (Shares and Bid)</b>			
<b>Important Instructions:</b>			
1) Bids should be placed for a minimum amount of <b>PKR 1,000,000/-</b> . It should also be noted that number 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 <b>PKR 1,000,000/-</b> .			
2) Eligible Investors who want to place a Step Bid, must ensure that each step amounts to <b>PKR 1,000,000/-</b> at least.			
3) Any bids received below the Floor Price will not be accepted by the Book Runner.			
4) An Investor shall not be allowed to withdraw or downward revise their bids.			
5) <u>An Investor shall not make a bid with price variation of more than 10% of the prevailing indicative strike price.</u>			
<b>Signature of Bidder</b>			

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 Offering. 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 Registration Form, 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 their 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 Company, the Book Runner, SECP and Pakistan Stock Exchange ("PSX") 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 returned.

I DECLARE THAT: i) I AM/WE ARE NATIONAL(S) AND RESIDENT(S) OF PAKISTAN; ii) FORIEGNER; 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.

I/WE 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.

#### 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 **"Air Link Communication - Book Building"**. For online transfer facility the payment shall be made into A/C # 1738173 being maintained at JS Bank Limited – [Lahore] branch with the Account Title **"Air Link Communication Limited - Book Building"**.
- 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 instrument 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 3:00pm on the last day of Book Building after which no new investors shall be registered.
- 6) Investors can upward revise their bids online. Please visit [www.bkb.kse.com](http://www.bkb.kse.com) to access the online portal. Username and Password will be e-mailed to you on the e-mail address provided in the form. Please ensure that you provide correct e-mail address. Online access will be available for upward bid revisions during the bidding period from 9:00am to 5:00pm. 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. However, **no downward revision in bid amount, price, or volume, or withdrawal of the bid shall be allowed.**

Yours Faithfully,

Signature of Bidder: \_\_\_\_\_

#### To be filled in by the Book Runner:

Time of Receipt	Date	Location	Stamp



**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(8) OF THE SECURITIES ACT, 2015.**

حساس اساتس کو مطلع کیا جاتا ہے کہ ریگیزا ایکٹ 2015 کی سیکشن 87(7) کے تحت جھوٹی یا جعلی درخواستیں دینا قانون کا عزم ہے۔ خلاف ورزی کرنے والوں کی رقم، جو کہ درخواست سے حاصل کی جاتی ہے، سیکڑ ریگیزا ایکٹ 2015 کی سیکشن 87(8) کے تحت ضبط کی جاسکتی ہے۔

**INVESTMENT IN SECURITIES IS A HIGHLY RISKY BUSINESS. INVESTORS ARE, THEREFORE, ADVISED IN THEIR OWN INTEREST TO CAREFULLY READ THE CONTENTS OF THE OFFER FOR SALE DOCUMENT ESPECIALLY THE RISK FACTORS BEFORE MAKING ANY INVESTMENT DECISION.**

The Directors,  
Air Link Communication Limited  
LG-2, Al - Qandeer Heights, 1 -  
Babar Block, New Garden Town,  
Lahore, Pakistan  
www.airlinkcommunication.com

**APPLICATION FOR SUBSCRIPTION OF ORDINARY SHARES**

As per Section 72 of the Companies Act, 2017, the Company shall have shares in book entry form only. Therefore, shares of AIRLINK shall only be offered in scrip-less form in the CDS of CDCPL. (Refer to instruction No. 3 on the reverse hereof)

CDC PARTICIPANT / ACCOUNT HOLDER ID	SUB ACCOUNT NUMBER	HOUSE A/C NO.

OR

CDC INVESTOR ACCOUNT SERVICES ID	CDC INVESTOR ACCOUNT NO.	Do you want to avail CDC's facility of IPO FACILITATION ACCOUNT?
		Yes <input type="checkbox"/> No <input type="checkbox"/>

1) I/We apply for the following number of Ordinary Shares at the Issue Price for the value indicated below:

No. of Shares Applied For	Amount Payable in PKR	Cheque/ Demand Draft/Pay Order 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 natural(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 this 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) \_\_\_\_\_

Identity Number (CNIC/ Passport/ Registration No.) \_\_\_\_\_

Identity Number (NTN) \_\_\_\_\_

INVESTORS ARE ENCOURAGED TO DISCLOSE THEIR NTN NUMBERS TO FACILITATE THE COMPANY TO CHECK STATUS OF THE SHAREHOLDERS AS TAX RETURN FILERS OR NON FILERS FROM THE ACTIVE TAXPAYERS LIST ACTUALLY AVAILABLE ON THE WEBSITE OF FBR. PLEASE NOTE THAT SERVICED TAX RATE OF 1% APPLIES TO FILERS INSTEAD OF 30% FOR NON FILERS ON PAYMENT OF CASH DIVIDEND DECLARED, IF ANY, BY THE COMPANIES.

Full Address (including Email Address) \_\_\_\_\_

Phone No. (including Mobile Number), if any \_\_\_\_\_ Occupation Code \_\_\_\_\_ Muslim ☐ Non Muslim ☐

Bank Account No. \_\_\_\_\_ 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-YYYY) \_\_\_\_\_

Corporate Business Letter enclosed Yes ☐ No ☐ Nationality Code \_\_\_\_\_ Country of Residence \_\_\_\_\_

b) Name in Full (as per CNIC) \_\_\_\_\_

Identity Number (CNIC/ Passport/ Registration No.) \_\_\_\_\_

c) DIVIDEND MANDATE (Optional): 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 Shareholders bank account intrested through dividend warrants, please fill in the following boxes.

Title of Account \_\_\_\_\_

IBAN Number \_\_\_\_\_

Bank Name \_\_\_\_\_

Branch Name and Address \_\_\_\_\_

Signature of the Applicant or the Bank account \_\_\_\_\_

(TO BE FILLED IN BY THE APPLICANT'S BANKER)

7) It is certified that the above-mentioned applicant(s) is/are maintaining account number as mentioned above at this bank branch and his/her 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 \_\_\_\_\_

**SUBSCRIPTION DATES FROM ( ) TO ( ) DURING BANKING HOURS**

Broker's Stamp & Code \_\_\_\_\_

PSX \_\_\_\_\_

Code \_\_\_\_\_

Banker's Stamp \_\_\_\_\_

Bank Code \_\_\_\_\_ Branch Code \_\_\_\_\_

Application Serial No. \_\_\_\_\_

8) **IMPORTANT: (i) This slip must be retained by the Applicant (ii) Please read instructions provided with this application**

Received from Mr/Ms/Mrs \_\_\_\_\_ application for \_\_\_\_\_

Name of Bank	Branch Code	Application Serial No.

Date of Receipt \_\_\_\_\_

SPECIMEN SIGNATURE(S) OF THE APPLICANT

NAME OF THE APPLICANT IN BLOCK LETTERS (AS PER CNIC)

SPECIMEN SIGNATURE(S)

a) \_\_\_\_\_

b) \_\_\_\_\_

Bankers to the Issue's Prior/retal acknowledgement of application for Shares of Air Link Communication Limited

Signature of Authorized Representative of \_\_\_\_\_  
Rubber Stamp of \_\_\_\_\_  
Receiving Bank

Signature of the Applicant or the Bank account \_\_\_\_\_

## Prospectus | Air Link Communication Limited

### APPLICATION AND ALLOTMENT INSTRUCTIONS

- Eligible investors include:**
  - Pakistani citizens resident in or outside Pakistan or Persons holding dual 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 applications forms can be obtained from the Trading Rights Entitlement Certificate (TREC) Holders of PSX, the Bankers to the Issue and their Branches, the Consultant to the Issue and the registered office of Air Link Communication Limited. The Prospectus and the Application Forms can also be downloaded from the following websites: <https://www.airlinkcommunication.com>, <https://www.iscpl.com> & <https://eipo.cdcaccess.com.pk/public/index.xhtml>
- The applicants are required to complete the relevant sections of the application in order to get the Shares in scrip-less form. In accordance with the provisions of the Central Depositories Act, 1997 and the CDCPL Regulations, credit of such shares is allowed ONLY in the applicant's own CDC account OR in CDC's IPO Facilitation Account. (IPO Facilitation Account is an Investor Account opened by CDC under its Regulations for the purpose of crediting and holding of Shares on behalf of individual Pakistani investors who have subscribed to such Shares offered by an Issuer/Offeror).
- Name(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 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 Pakistan (NICOP) or passport, both the signatures should be affixed on the application form.
- APPLICATIONS MADE BY INDIVIDUAL INVESTORS**
  - In case of individual investors, a photocopy of the 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.
  - Original CNIC / NICOP / Passport, along with a 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 an application. The 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 a 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.
  - Photocopies of the documents mentioned in paragraph 6(i) above 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 copies, will after verification, be retained by the bank branch along with the application.
- Only one application will be accepted against each account, however, in case of joint accounts, one application may be submitted in the name of each joint account holder.
- Joint application in name of more than two persons will not be accepted. In case of joint application each applicant must sign the application, form and submit copies of their CNICs / NICOP / Passports. The shares will be credited to the CDS account mentioned on the face of the form OR in CDC's IPO Facilitation Account 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 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 in favor of "Air Link Communication Limited – General Subscription" and crossed "A/C PAYEE ONLY".
- For the application 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. The applicants not having a bank account at all (non-account holders) are not allowed to submit application for subscription of Shares.
- 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 acknowledgment 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.
- Banker 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 prohibited and such Application Money may be forfeited under Section 87(8) of Securities Act, 2015.

عوام الناس کو مطلع کیا جاتا ہے کہ سیکورٹیز ایکٹ 2015 کی شق نمبر (7) 87 کے تحت رجسٹرڈ یا جعلی درخواستیں دینا قانوناً ناجائز ہے۔ خلاف ورزی کرنے والوں کی رقم، جو کہ درخواست کے ساتھ جمع کرائی جاتی ہے، سیکورٹیز 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 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 applications. Copies of these documents can be attested by the Bank Manager in the country of applicant's residence.
- Foreign / Non – residents should follow payment instruction given in Section 12.16 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 / transfer of shares to successful applicants shall be made in accordance with the allotment criteria / instructions disclosed in the Prospectus.
- The allotment of shares shall be subject to scrutiny of applications in accordance with the criteria disclosed in the Prospectus and / the instructions by the Securities and 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 the data fields in the application form.
- The Issuer will credit the respective CDS accounts of the successful applicants.

### BANKERS TO THE ISSUE

Code	Name of Banks	Code	Name of Banks
01	United Bank Limited	07	Bank Al Habib Limited
02	JS Bank Limited	08	Meezan Bank Limited
03	Bank Alfalah Limited	09	Sonari Bank Limited
04	Dubai Islamic Bank	10	Habib Metropolitan Bank Limited
05	MCB Bank Limited	11	Habib Bank Limited
06	Faysal Bank Limited	12	Allied Bank 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 Limited (CDC) has developed a Centralized e-IPO System (CES) through which applications for subscription of shares offered to the general public can be made electronically. CES has been made available in this IPO and can be accessed through the web link ([www.cdcipo.com](http://www.cdcipo.com)). Payment of subscription money can be made through LINK's member banks available for CES, list of which is available on above website. Please note that online applications can be submitted 24 hours a day during the subscription period which will close at midnight on 07/09/2021.
- 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 or CDC's IPO Facilitation Account) may register themselves with CES.
- Investors who do not have CDS account may visit [www.cdcipakistan.com](http://www.cdcipakistan.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@cdcpl.com](mailto:info@cdcpl.com). For further detail on CES, please refer to Section 13.2 of the Prospectus.

### 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	Bahrain
004	K.S.A.	009	Other
005	Oman		

For further queries you may contact:

Air Link Communication Limited: Mr. Nusrat Mahmood / Mr. Imran Ali Kazmi; P: (42) 35844033-4 Ext 141, 137; E-mail: [nusrat@airlinkcommunication.net](mailto:nusrat@airlinkcommunication.net) / [imran.kazmi@airlinkcommunication.net](mailto:imran.kazmi@airlinkcommunication.net)  
 JS Global Capital Limited: Mr. Ahmed Hanif Lakhani / Mr. Danish Ahmed; P: (21) 3889 3059; E-mail: [ahmed.lakhani@js.com](mailto:ahmed.lakhani@js.com) / [danish.ahmed@js.com](mailto:danish.ahmed@js.com)