

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 Consolidated bid and Multiple Bid is not allowed as per Public Offering Regulations, 2017.

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, CATEGORY WISE BREAKUP OF THE SUCCESSFUL BIDDERS ALONG WITH NUMBER OF SHARES ALLOCATED TO THEM, DATES OF PUBLIC SUBSCRIPTION AND SUCH OTHER INFORMATION AS SPECIFIED BY THE COMMISSION.

**OCTOPUS DIGITAL LIMITED (FORMERLY AVANCEON DIGITAL PRIVATE LIMITED)****PROSPECTUS**

Date and place of incorporation: 29th December, 2017, Lahore, Pakistan, **Incorporation number:** 0114606, **Registered Office/Head Office:** 19 km, Avanceon Building, Main Multan Road, Satluj Block Green Forts 2, Lahore, Punjab 54660. **Contact No:** 0800 111 94, **Website:** <http://www.octopusdtl.com>, **Email:** enquiries@octopusdtl.com **Contact person:** Ahsan Khalil (Company Secretary) **Contact No:** (042) 111 940 940 Ext. 231; 0300-8438070; **Email:** akhalil@avanceon.ae

Issue size: The Issue consists of 27,350,000 Ordinary Shares i.e. 20.00% of the total post-IPO paid up capital of Octopus Digital Limited (Octopus) of face value of PKR 10/- each. As per the PSX Rule Book, Octopus is required to increase free float to 25% within three years of its listing.

Method of offering: 100% Book building method

Book Building method and Floor price: The IPO will be conducted through 100% book building method at Floor Price of PKR 29/- per share with a maximum price band of up to 40% above the Floor Price. 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 seventy five percent (75%) of the Issue size i.e. 20,512,500 shares and the remaining twenty five percent (25%) i.e. 6,837,500 shares shall be offered to retail investors.

Retail/General Public portion: General Public portion of the Issue comprises of 6,837,500 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: Draft Prospectus was placed on PSX's website for seeking public comments starting from June 23rd 2021 to July 1st 2021. No public comments were received.

REGISTRATION OF ELIGIBLE INVESTORS: The registration of eligible investors will commence at 9:00 am on September 6th, 2021 and will close at 3:00 pm on September 10th, 2021

BIDDING PERIOD DATES: From September 9th, 2021 to September 10th, 2021 (From: 9:00 am to 5:00 pm)

DATE OF PUBLIC SUBSCRIPTION: From September 16th, 2021 to September 17th, 2021 (both days inclusive) from: 9:00 am to 5:00 pm

Lead Manager and Book Runner
Book Building portion will be Credit Underwritten by

**Bankers to the Book Building portion of the Issue: Meezan Bank Limited****Bankers for the Retail portion of the Issue:**

United Bank Limited	Meezan Bank Limited	Faysal Bank Limited	Soneri Bank Limited
Allied Bank Limited	MCB Bank Limited	Habib Metropolitan Bank	

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". Tutorial for PES can be found on the weblink i.e. <https://eipo.psx.com.pk/EIPO/home/index>. For details, please refer to Section 13.8 of Prospectus.

Date of Publication of this Prospectus: September 2nd, 2021

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

For further queries you may contact

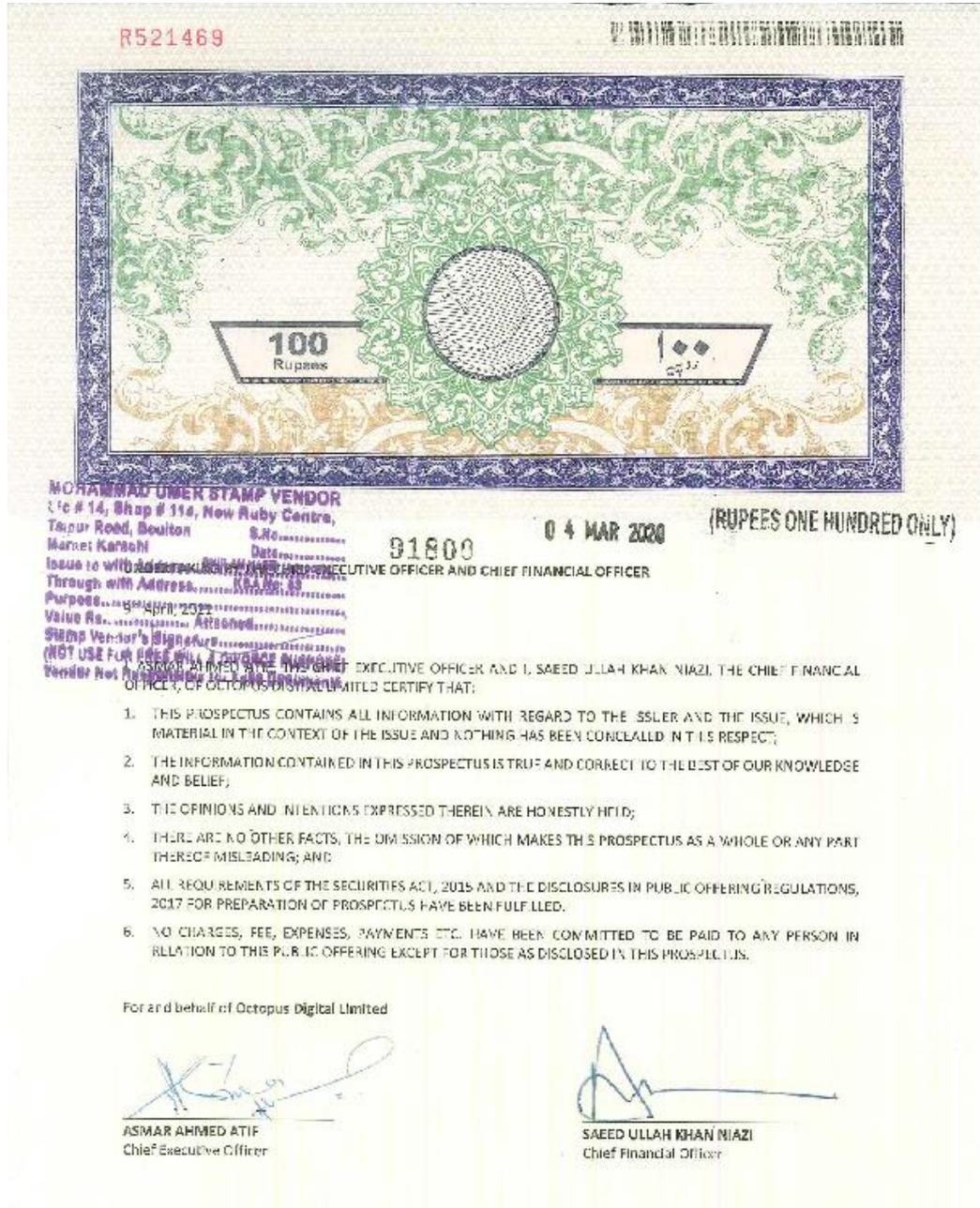
	Octopus Digital Limited		BMA Capital Management Limited	
Name	Mr. Ahsan Khalil	Mr. Saeed Ullah Khan Niazi	Saad Hashemy	Abdul Qadir
Designation	Company Secretary	Chief Financial Officer	Executive Director, Investment Banking	VP, Investment Banking
Phone:	(042) 111 940 940 Ext. 231	(042) 111 940 940 Ext. 316	(021) 111 262 111 Ext. 2042	(021) 111 262 111 Ext. 2054
Cell:	0300-8438070	0300 8460520	0308-2223778	0321-2111232
Email	akhalil@avanceon.ae	sniazi@avanceon.ae	saad.hashemy@bmacapital.com	abdul.qadir@bmacapital.com

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

RISK DISCLOSURES:

- a. There are no tangible assets on the books of Octopus, in case of winding up there will be no physical assets to make payment to the shareholders.
- b. For the transfer of AMS Business from Avanceon to Octopus, the Company conducted 3 different valuations from two different auditors. The Valuation adopted/utilized by the Company values the AMS segment to Rs. 1.084 billion, out of which Rs. 650 million relates to goodwill.
- c. Revenue of total 81 customers was transferred to the Company during CY 2020. Out of these c.93% of the revenue contributors (i.e. 72 customers) will continue with their agreements signed in the name of Avanceon, while only c.7% of the revenue contributors (9 customers) have signed agreement in the name of Octopus. For 93% revenue contributors, Avanceon will continue receiving the revenue and will subsequently transfer the same to Octopus, this arrangement shall continue till 2023. Customer continuity and revenue transfer from Avanceon might impact revenue stream of Octopus.
- d. As referred above, very high percentage of revenue net of direct cost shall be transferred to Octopus by its parent company till 2023, the element of transfer pricing becomes significant. Such transfer pricing might impact profitability of the company.
- e. All contracts with the customers are maturing by CY 2022 except one, which is due to mature in August, 2024. 50% of the revenue of Octopus in CY 2020 is coming from 4 customers. Two customers from Qatar & Dubai constitute 26% revenue in CY 2020. Although the contracts are renewable at the discretion of the customers, however, it poses customer continuity risk and customer concentration risk and might impact revenue and profitability of Octopus.
- f. The cost for Intellectual Property expenses (which constitute 88% of utilization of IPO proceeds) has been estimated on management's experience. The company has not undertaken any feasibility from third party/consultant.
- g. The Company posted negative cash flow from operations in CY 2018 and CY 2019 of (Rs. 0.435 million) and (Rs. 6.239 million) respectively, however, CY20 operating cash flows were positive i.e. Rs. 20.4 million.
- h. Octopus plans to complete creation and development of digital platforms within two years. Any delay in implementation would impact revenue of digital business.
- i. As a part of proposed business model, Octopus Digital Limited intends to place the client's data on cloud for storage purpose. Any restriction by the Government for placement of data on cloud may hamper the business model and affect revenue stream.

UNDERTAKING BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER



Octopus Undertakes:

Octopus, at all times, shall ensure compliance with industry specific privacy laws and regulations of respective jurisdictions and industrial requirements.

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

This Supplement is being published pursuant to the Public Offering Regulations, 2017 and in continuation of the Prospectus of Octopus Digital Limited earlier published on September 2nd, 2021.

Octopus Digital Limited

- FLOOR PRICE: PKR 29/- PER SHARE
- PRICE BAND (MAXIMUM 40%): PKR 40.6/- PER SHARE
- STRIKE PRICE: PKR xx/- PER SHARE
- ISSUE PRICE: PKR xx/- PER SHARE

Note:

Since this Issue is being made through 100% book building with 25% allocation to retail investors, therefore, underwriting of the retail portion is not required. In case the retail portion of 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 allocated
1	Commercial Banks	●	●
2	Development financial institutions	●	●
3	Mutual Funds	●	●
4	Insurance Companies	●	●
5	Investment Banks	●	●
6	Employees' Provident / Pension Funds	●	●
7	Leasing Companies	●	●
8	Modarabas	●	●
9	Securities Brokers	●	●
10	Foreign Institutional Investors	●	●
11	Any other Institutional Investors	●	●
	Total Institutional Investors	●	●
	Individual Investors:	●	●
12	Foreign Investors	●	●
13	Local Investors	●	●
	Total Individual Investors	●	●
	GRAND TOTAL		

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 by the retail investors, if any, to them on pro-rata basis. In case the retail portion is fully subscribed, the bid money shall be immediately refunded or unblocked.

Glossary of Technical Terms

ACT	Securities Act, 2015
AMS	After Market Support
AR	Augmented Reality
AVN	Avanceon Limited (“Holding Company” or “AVN” or “Avanceon”)
Artificial Intelligence	Artificial Intelligence is the field of computer science that is associated with the concept of machines “thinking like humans” to perform tasks such as learning, problem-solving, planning, reasoning and identifying patterns.
BR	Book Runner
BVPS	Book Value Per Share
BMA	BMA Capital Management Limited
Block chain	A digital database containing information (such as records of financial transactions) that can be simultaneously used and shared within a large decentralized, publicly accessible network.
Boiler Services	This would involve an inspection and cleaning of the main components in the boiler to ensure they are fit for purpose and have no defects. It could include the main burner, heat exchanger, flue ways, and ignition pins.
BTMI	Build, Train, Maintain and Improve
CAGR	Compound Annualized Growth Rate
CDC / CDCPL	Central Depository Company of Pakistan Limited
CDS	Central Depository System
CES	Centralized e-IPO System
Collection Bank (Book Building)	Meezan Bank Limited
Companies Act	Companies Act, 2017
Commission / SECP	Securities and Exchange Commission of Pakistan
CSIA	Founded in 1994, the Control System Integrators Association (CSIA) is a not-for-profit, global trade association that seeks to advance the industry of control system integration. Control system integrators use their engineering, technical and business skills to help manufacturers and others automate their industrial equipment and systems. CSIA helps members improve their business skills, provides a forum to share industry expertise, and promotes the benefits of hiring a certified control system integrator. CSIA has over 500 member companies in 27 countries.
CUIN	Computerized Unique Identification Number
CY	Calendar Year
Cloud Computing	Cloud computing is a model for allowing convenient, on-demand access from anywhere, to a shared pool of computing services.
Dashboard	<p>A dashboard is a type of graphical user interface which provides at-a-glance view of key performance indicators relevant to a particular objective or business process. Some of the general dashboards which Octopus intends to create are defined below:</p> <ol style="list-style-type: none"> 1. Production Dashboard:

	<p>Highlights particular production related metrics such as capacity utilization, raw material consumed etc</p> <p>2. Utilities & Energy Dashboard: Highlights key indicators of specific equipment such as energy consumed comparison on time-basis and different equipment basis etc</p> <p>3. Loop Tuning Dashboard: Industrial plant usually contains multiple loops, which is basically a controller system that regulates different functions of any industrial plant such as programmable logic control etc. This dashboard specifies performance indicators of such controllers.</p> <p>4. Overall Equipment Effectiveness/Condition Dashboard: This is used to observe performances of all equipments in one window and monitor output of such equipments. Any equipment which is suffering problem will be highlighted under this Dashboard.</p> <p>5. Predictive and Prescriptive Analytics: As the name itself indicates “analytics”, this provides prediction of specific process or business based on historical trends, which it processes to recommend prescription or mitigating factors in the event of any undesirable performance of entire business or production process.</p>
Digital Twinning	Digital twinning is a virtual representation of an object or system that spans its lifecycle, is updated from real-time data, and uses simulation, machine learning and reasoning to help decision-making.
EPS	Earnings Per Share
FY	Financial Year
Fintech	It includes products and companies that employ newly developed digital and online technologies in the banking and financial services industries.
IP	Intellectual Property
IT	Information Technology
Industry 4.0 Standards	This means the convergence of physical, digital and virtual environments through Cyber Physical Systems and the Internet of Things.
Information Technology Enabled Services (ITeS)	Information Technology Enabled Services (ITeS) provide a range of IT-intensive processes and services, which includes business process outsourcing and knowledge process outsourcing, provided from a distant location and delivered over telecom networks.
Industrial Internet of Things (IIoT)	Industrial Internet of Things (IIoT) is defined as “machines, computers and people enabling intelligent industrial operations using advanced data analytics for transformational business outcomes”.
KPI	Key Performance Indicator
Machine Learning	Machine learning is the study of computer algorithms that improve automatically through experience and by the use of data.
Managed Digitalization Services	It includes a host of services from creating a platform, installing it to client and managing all subsequent queries including yearly training of client’s representatives.
NOC	No Objection Certificate
OKR	Objectives and Key Results

OT	Operational Technology
Open Platform Communication (OPC)	OPC is a standardized software interface facilitating the exchange of data between different types of devices, control systems and applications of different vendors.
OmniConnect	OmniConnect is a brand name of several intellectual properties, which Octopus intends to create to fulfill the following technology oriented services for potential clients: <ol style="list-style-type: none"> 1) Collects data from any source; 2) Ingests and pushes to any cloud; 3) Stores data in any data lake; 4) Configures KPIs as needed; 5) Performs compute operations as required; 6) Publishes data on any visualization.
Octopus	Octopus Digital Limited (the “Company” or the “Issuer” or “Octopus”)
PKR or Rs.	Pakistan Rupee(s)
PSX / Exchange	Pakistan Stock Exchange Limited
PaaS	Platform as a service (PaaS) is a complete development and deployment environment in the cloud, with resources that enable you to deliver everything from simple cloud-based apps to sophisticated, cloud-enabled enterprise applications.
Plant Information Management System (PIMS)	The fundamental functionalities Plant Information Management System (PIMS) include acquisition, visualization, analysis, archiving and reporting of information from a wide variety of control, plant and business systems.
SaaS	Software as a Service (SaaS) is a method of software delivery and licensing in which software is accessed online via a subscription, rather than bought and installed on individual computers.
SSIP	It is an upgradation process where After-Market-Sales team would prepare readiness for disaster recovery by maintaining up-to-date systems documentation and offer control system upgrades which will be called Strategic Site Improvement Plans (SSIP).
Supervisory Control and Data Acquisition (SCADA)	Supervisory Control and Data Acquisition (SCADA) is a control system comprising computers, networked data communications and graphical user interfaces for high-level process supervisory management.
SLA	SLA is a service-level agreement is a commitment between a service provider and a client. Particular aspects of the service – quality, availability, responsibilities – are agreed between the service provider and the service user.
UIN	Unique Identification Number
Un-managed Digitalization Services	It includes a host of services to the extent of creating a platform, installing it to client; subsequent training and maintenance or any alterations shall not be part of services.
VR	Virtual Reality

DEFINITIONS

Application Money	The total amount of money payable by a successful investor which is equivalent to the product of the Strike Price and the number of shares subscribed and allotted.
Banker to the Book Building	<p>Any bank(s) with whom an account is opened and maintained by the Issuer for keeping the bid amount.</p> <p>Meezan Bank Limited has been appointed as the Banker to the Book Building.</p>
Bid	An indication to make an offer during the Bidding Period by a Bidder to subscribe to the Ordinary Shares of Octopus Digital Limited at a price at or above the Floor Price, including upward revisions thereto. An Eligible Investor shall not make a bid with price variation of more than 10% of the prevailing indicative Strike Price subject to a maximum price band of 40% of the Floor Price. Please refer to paragraph 12.1.2 for details.
Bid Amount	The amount equal to the product of the number of shares Bid for and the Bid price.
Bid Collection Center	Designated offices of the Book Runner, specified branches of the Banker to the Book Building and offices of any other institutions specified by the Book Runner where bids are received and processed. For this Issue, addresses of the Bid Collection Centers are provided in <u>Section 12.1.6 of this Prospectus</u>.
Bid Price	The price at which Bid is made for a specified number of shares.
Bid Revision	<p>The Eligible Investors can revise their Bids upward subject to the provision of regulation 10(2)(iii) of the PO Regulations. The bids can be revised with a price variation of not more than 10% from the prevailing indicative Strike Price in compliance with Regulation 10(2)(iii) of the PO Regulations.</p> <p>As per regulation 10(2)(vi) of the PO Regulations, the Bidder shall not make downward revision both in terms of Bid Price and Bid Volume; Provided that in case of upward revision of the Bid Price, the number of shares Bid for i.e. Bid Volume may be adjusted ensuring that the Bid Amount remains the same.</p> <p>As per regulation 10(2)(vii) of the PO Regulations, the Bidder shall not withdraw their bids.</p>
Bidder	An Eligible Investor who makes bids for shares in the Book Building process.
Bidding Form	The form prepared by the Issuer for the purpose of making Bids.
Bidding Period	<p>The period during which Bids for subscription of shares are received.</p> <p>The Bidding Period shall be of two days, from September 9th, 2021 to September 10th, 2021 both days inclusive (daily from 9:00 a.m. to 5:00 p.m.).</p>
Book Building	A process undertaken to elicit demand for shares offered through which Bids are collected from the Bidders and a book is built, which depicts demand for the shares at different price levels.
Book Building Account	An account opened by the Issuer with the Collection Bank. 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 of this Prospectus.
Book Building Portion	The part of the total Issue allocated for subscription through the Book Building.
Book Runner	<p>A securities broker or a scheduled bank who holds a valid license from the Commission to act as an Underwriter.</p> <p>BMA Capital Management Limited has been appointed as Book Runner for this Issue.</p>
Book Building System	An online electronic system operated by the Designated Institution for conducting Book Building.
Collection Banks	Meezan Bank Limited is the collection bank for the Book Building portion. For this purpose, Meezan Bank Limited has opened an account titled " Octopus Digital Limited-Book Building ", Number: 0111-0105569127 at its shahrah e faisal branch, Karachi . The Collection Bank shall keep and maintain the Bid Amount 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 Consultant 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 applications to the Issuer's account(s).
Company	Octopus Digital Limited (the "Company" or "Octopus" the "Issuer")
Company's Legal Advisor	Chima and Ibrahim Advocates and Corporate Counsel
Consolidated Bids	A Bid which is fully or partially beneficially owned by persons other than the one named therein.
Consultant to the issue/Lead Manager	<p>Any person licensed by the Commission to act as a Consultant to the Issue/Lead Manager.</p> <p>BMA Capital Management Limited have been appointed as Consultant to the Issue/Lead Manager by the Issuer for this Issue.</p>
Designated Institution	<p>Includes securities exchange, central depository or clearing house approved by the Commission to provide a system for conducting Book Building.</p> <p>Pakistan Stock Exchange Limited ("PSX") will act as the Designated Institution for this Issue.</p>
Dutch Auction Method	The method through which Strike Price is determined by arranging all the Bid Prices in descending order along with the number of shares and the cumulative number of shares bid for at each Bid Price. The Strike Price is determined by lowering the price to the extent that the total number of shares issued under the Book Building Portion are subscribed.
e-IPO facility	<p>e-IPO refers to electronic submission of applications for subscription of securities offered in an IPO. The following systems are available for e-IPOs:</p> <p>(i) PSX's e-IPO System (PES):</p> <p>In order to facilitate investors, PSX has developed an e-IPO System ("PES") through which electronic applications can be filed for subscription of securities</p>

offered to the general public. PES can be accessed through the web link (<https://eipo.psx.com.pk>).

Investors can register themselves online at any time 24/7. On behalf of an investors, registration can also be done by:

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

An e-IPO application can be filed by an investor during the public subscription period which shall close at midnight on September 17th, 2021. On behalf of investors, e-IPO applications can also be filed by:

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

Subscription money can paid by the investor through 1LINK or NIFT. On behalf of investors, subscription money can also be paid by:

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

Tutorial for PES can be found on the weblink i.e.

<https://eipo.psx.com.pk/EIPO/home/index>.

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

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

CES can be accessed through the web link (www.cdceipo.com). Payment of subscription money can be made through 1LINK's member banks available for CES.

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

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

For queries regarding CES, investors may contact CDC at phone number: 0800 – 23275 (CDCPL) and e-mail: info@cdcpak.com or contact Mr. Owais Anwer at Phone 021-111-111-500 Ext 500 and email: owais_anwer@cdcpak.com

Eligible Investor

An Individual and Institutional Investors whose Bid Amount is not less than the minimum bid size of PKR 1,000,000 (One Million Rupees only).

Floor Price

The minimum price per share set by the Issuer in consultation with the Consultant to the issue. For this Issue, Floor Price is PKR 29/- per share.

General Public	All Individual and Institutional Investors including both Pakistani (residents & non-residents) and foreign investors.
Initial Public Offer (IPO)	IPO means first time offer of securities to the general public.
Institutional Investors	<p>Any of the following entities:</p> <ul style="list-style-type: none"> ▪ A financial institution; ▪ A company as defined in the Companies Act, 2017; ▪ An insurance company established under the Insurance Ordinance, 2000; ▪ A securities broker; ▪ A fund established as Collective Investment Scheme under the Non-Banking Finance Companies and Notified Entities Regulations, 2008; ▪ A fund established as Voluntary Pension Scheme under the Voluntary Pension System Rules, 2005; ▪ A private fund established under Private Fund Regulations, 2015; ▪ Any employee’s fund established for beneficial of employees; ▪ Any other fund established under any special enactment; ▪ A foreign company or any other foreign legal person; and ▪ Any other entity as specified by the Commission.
Issue	<p>Issue of 27,350,000 Ordinary Shares representing 20.00% of total post-IPO paid-up capital having a Face Value of PKR 10/- each.</p> <p>The entire issue will be offered through Book Building at a Floor Price of PKR 29/- per share.</p> <p>Initially, 75% of the issue size or 20,512,500 Ordinary Shares will be provisionally allotted to Successful Bidders and 25% of the Issue i.e. 6,837,500 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>
Issue Price	The price at which Ordinary Shares of the Company are issued to the General Public. The Issue Price will be the Strike Price.
Issuer	Octopus Digital Limited
Key Employees	Chief Executive Officer, Directors, Chief Financial Officer and Company Secretary of the Company.
Lead Manager	<p>Any person licensed by the Commission to act as a Consultant to the Issue/Lead Manager.</p> <p>BMA Capital Management Limited has been appointed as Consultant to the Issue / Lead Manager by the Issuer for this Issue.</p>
Listing Regulations	<p>Chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited, titled ‘Listing of Companies and Securities Regulations’.</p> <p>https://www.psx.com.pk/psx/themes/psx/uploads/PSX_Rulebook_%28updated_on-June_22_2021%29.pdf</p>
Limit Bid	The Bid at a Limit Price.
Limit Price	The maximum price (up to 40% of the Floor Price) a prospective Bidder is willing to pay for a share under Book Building.

Margin Money	The partial or total amount, as the case may be, paid by a Bidder at the time of registration as an Eligible Investor. The Book Runner shall collect full amount of the Bid Amount as Margin Money in respect of Bids placed by an individual investors and not less than twenty five percent (25%) of the Bid Amount as Margin Money in respect of bids placed by an institutional investor.
Minimum Bid Size	The Bid amount equal to One Million Rupees (PKR 1,000,000/-).
Ordinary Shares	Ordinary Shares of Octopus Digital Limited having face value of PKR 10/- each.
Price Band	Floor Price with an upper limit of 40% above the Floor Price, allowing Bidders to make Bid at Floor Price or within the Price Band.
Prospectus	Prospectus means any document described or issued as a prospectus and includes any document, notice, circular, material, advertisement, and offer for sale document, publication or other invitation offering to the public (or any section of the public) or inviting offers from the public for the subscription or purchase of any securities of a company.
Registration Form	The form which is to be submitted by the Eligible Investors for registration to participate in the Book Building process.
Registration Period	The period during which registration of Bidders is carried out. The registration period shall commence three working days before the start of the Bidding Period from 9:00 am to 5:00 pm on September 6 th , 2021 and shall remain open till 3:00 pm on the last day of the Bidding Period.
PO Regulations	The Public Offering Regulations, 2017 (with amendments from time to time). https://www.secp.gov.pk/document/s-r-o-296i-2017-public-offering-regulations-2017/?wpdmdl=41322&refresh=60b0bf1d5cbd21622195997
Related Employees	Related Employees mean such employees of the Issuer, and the Lead Manager/the Book Runner/the Underwriter who are involved in the Issue. Please refer to Section 3A for further details.
Sponsor	A person who has contributed initial capital in the issuing company or has the right to appoint majority of the directors on the board of the issuing company directly or indirectly; A person who replaces the person referred to above; and A person or group of persons who has control of the issuing company whether directly or indirectly.
Step Bid	Step Bid means a series of Limit Bids at increasing prices. In case of a step bid, the amount of each step will not be less than Rupees One Million (PKR 1,000,000/-).
Strike Price	The price per ordinary share of the Issue determined / discovered on the basis of Book Building process in the manner provided in the Regulations, at which the shares are issued to the successful Bidders.

Supplement to the Prospectus

The Supplement to the Prospectus shall be published within three (3) working days of the closing of the Bidding Period at least in all those newspapers in which the Prospectus was earlier published and disseminated through the Securities Exchange where shares are to be listed.

System

An online electronic system 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.

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1. APPROVALS AND LISTING ON THE STOCK EXCHANGE

1.1 APPROVAL OF THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Approval of the Securities & Exchange Commission of Pakistan (the "Commission" or the "SECP") under Section 87(2) of the Securities Act, 2015 read with Section 88(1) thereof, has been obtained by Octopus Digital Limited for the issue, circulation and publication of this offering document (hereinafter referred to as the "Prospectus") vide their letter No SMD/PO/SA-88/04/2021/22 Dated August 5th, 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 BIDDING / SUBSCRIBING.

1.2 APPROVAL OF PROSPECTUS BY PSX

The Prospectus of the Company has been approved by PSX vide letter No. PSX/GEN-1358 dated July 09, 2021, in accordance with the requirements of the Listing 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.

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

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

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

1.4 LISTING AT PSX

Application has been made to PSX for permission to deal in and for quotation of the shares of the Company. If for any reason the application for formal listing is not accepted by PSX or approval for formal listing is not granted by PSX before the expiration of twenty-one days from the date of closing of the subscription period / list or such longer period not exceeding forty-two days as may, within the said twenty-one days, be notified to the applicants for permission by the PSX, the Issuer undertakes that a notice to that effect will immediately be published in the press and will refund Application Money to the applicants without surcharge as required under the provisions of Section 69 of the Companies Act.

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

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

2. SUMMARY OF THE PROSPECTUS

2.1 PRIMARY BUSINESS OF THE ISSUER AND THE INDUSTRY IN WHICH IT OPERATES

Octopus Digital Limited (“Octopus” or the “Company” or the “Issuer”) was incorporated on 29th December, 2017 as a private limited company in Lahore, Pakistan. Octopus is a wholly owned subsidiary of Avanceon Limited. The registered address of the Company is 19 km, Avanceon Building, Main Multan Road, Satluj Block Green Forts 2, Lahore, Punjab 54660.

Octopus is a technology service oriented company that provides After Market Support (AMS) services to a wide range of clients, both locally and internationally. The AMS services includes provision of parts, repair, maintainance and digital services for the equipment which is installed in their customers’ plants.

The prime business of the Company is to carry out Information Technology enabled services which includes but are not limited to online data/information storage, online monitoring and review of employees efficiency, online monitoring of cost and production efficiency, online monitoring and maintenance of plant and machinery, sale and trade of related software and equipment etc.

List of services provided under AMS

- 1) Service Agreements
- 2) Upgrades via SSIP
- 3) Technical Trainings
- 4) Emergency Support

Each service has been explained in detail in Section 3.

Technology industry of Pakistan

Pakistan, which has about 60% of its 200 million population in the 15 to 29 age group, represents an enormous human and knowledge capital. Pakistan has more than 2,000 IT companies & call centers and the number is growing every year. Pakistan has more than 300,000 English speaking IT professionals with expertise in current and emerging IT products and technologies and 13 Software technology parks. More than 20,000 IT graduates and engineers are being produced each year in Pakistan in addition to a rising startup culture.¹

Pakistan’s Information and Communications Technology (ICT) exports increased by 46 percent to \$1.7 billion in the nine months of this fiscal year (July-Apr FY2021).

2.2 NAME OF THE SPONSORS

Avanceon Limited: Avanceon Limited (AVN) was incorporated in Pakistan on 26 March 2003 as a private limited company, which was subsequently converted to a public company on 31 March 2008 under the Companies Ordinance, 1984 (repealed by Companies Act, 2017). Avanceon Limited was listed on the Exchange in 2014. The principal activity of AVN is to provide services related to industrial automation, process control and systems integration. In a nutshell, AVN helps industrial clients to automate their production. Further, AVN began their AMS business in 2008 in order to expand their service portfolio.

Avanceon is the provider of industrial automation, process control and systems integration as well as proprietary energy management solutions and support services. It has a strong market footprint through its offices in Dubai, (United Arab Emirates), Doha (Qatar) and Lahore (Pakistan), covering the Middle East, Pakistan, South East Asia markets, and their office in Exton, (Pennsylvania, USA), covering North America.

It has been providing automation services since the past 17 years in Pakistan and has successfully transformed into a 360 degree solution provider for automation, energy management, service and maintenance for major blue chip companies. It is a certified member of the select group of CSIA.

¹ <https://invest.gov.pk/sites/default/files/inline-files/IT.pdf>

During its 17 years of operational history in Pakistan, Avanceon has managed to develop working relationships with global vendors (as outlined in below table). Their products can be procured from them as Avanceon has a history of working relationships with them. The name of these global vendors are highlighted below:

S No.	Technology Partners
1	Microsoft
2	Rockwell Automation
3	Siemens
4	Endress Houser
5	Schneider Electric
6	Dover Fueling Systems

Mr. Tanveer Karamat: Mr. Tanveer brings a wealth of international business experience to Avanceon and is a Non-Executive Director on the Board of Octopus. He possesses an experience of two-decades in managing, selling automation solutions to the oil and gas sector. Mr. Tanveer transformed the scalability of the southern region of Pakistan in less than three years. Over the past decade, Mr. Tanveer's leadership has been a major contribution towards Avanceon remarkable performance. He is currently serving as President and Chief Operating Officer of Avanceon.

Mr. Bakhtiar Hameed Wain: Mr. Bakhtiar, founder and CEO of Avanceon, is the Chariman of Octopus. He brings over 28 years of exemplary leadership experience. An engineer with experience in leading global companies such as Exxon Chemicals, Fauji Fertilizer and ICI Pakistan, he founded Avanceon in 2003. His entrepreneurial drive found its roots in his faith towards the educated and technically qualified human resource of Pakistan. His vision, from beginning, was to build a robust service platform-company that could capitalize and promote this conviction globally, which he has implemented successfully.

2.3 SALIENT FEATURES OF THE ISSUE INCLUDING METHOD OF OFFERING

Size of offering	27,350,000 shares
Floor Price	PKR 29/- per share
Funds to be raised at the Floor Price	PKR 793,150,000/-
Upper Limit of Price band	Rs. 40.6 per share
Method of Offering	100% Book Building Method

The Issue comprises of 27,350,000 Ordinary Shares of face value of PKR 10/- each, which constitutes 20% of the total post-IPO paid up capital of the Company. The entire issue will be offered through 100% book building method at a Floor Price of PKR 29/- per share (including a premium of PKR 19/- per share) with a maximum price band of up to 40% above the Floor Price.

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 seventy five percent (75%) of the Issue size i.e. 20,512,500 shares and the remaining twenty five percent (25%) i.e. 6,837,500 shares shall be offered to retail investors. In case retail portion of the Issue remains unsubscribed, the unsubscribed shares will be allotted to the successful bidders on pro rata basis.

2.4 PRE AND POST ISSUE SHAREHOLDING OF THE SPONSORS

S.No.	Sponsors	Pre Issue Share Holding	Post Issue Share Holding
1	Avanceon Limited	99.9999982%	80.00%
2	Mr. Tanveer Karamat	0.0000009%	0.0000006%
3	Mr. Bakhtiar Hameed Wain	0.0000009%	0.0000006%
4	Free Float	-	20.00%
Total		100%	100.00%

2.5 PRINCIPAL PURPOSE OF THE ISSUE AND UTILIZATION OF THE PROCEEDS

The Company requires funding of PKR 793.15 million to develop various Digital Dashboard platforms to upgrade its services suite to industry 4.0, which is an industrial revolution that includes automation of traditional manufacturing and industrial practices. The industry 4.0 refers to a new phase in the industrial revolution that focuses heavily on interconnectivity, automation, machine learning and real-time data. The target markets for these services will be Pakistan, Middle East and United States. For further explanation, please refer section 4.1 of this Prospectus.

Brief Summary of the Utilization of the IPO Proceeds:

Utilization of funds			Sources of Funds		
Categories	Amounts (PKR)	%	Categories	Amounts (PKR)	%
Intellectual Property	696,000,000	88%	Initial Public Offering	793,150,000	100%
HR Cost of Marketing	42,150,000	5%			
HR Cost of Sales	55,000,000	7%			
Total	793,150,000	100%	Total	793,150,000	100%

*The entire requirement of funds shall be funded through IPO Proceeds.

Valuation:

Refer to section 4A titled "Valuation Section", for details regarding the justification given by the Lead Manager in favor of the floor price of PKR 29 per share.

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

The auditor of the Company, i.e. EY Ford Rhodes, has not given any qualified opinion on the financial statements of the Company in the past three financial years.

2.7 FINANCIAL INFORMATION OF THE COMPANY

Refer to section 6 titled "Financial Information" for further details

In PKR "000", unless stated otherwise	2018 (Audited)	2019 (Audited)	2020 (Audited)*
Share Capital	-	10,000	1,094,000
Net Worth	(509)	11,940	1,304,581
Revenue	-	18,456	277,114
Gross Margin (%)	-	100%	92%
Operating Margin (%)	-	25%	86%
Profit after tax	(509)	2,449	208,641
Profit after tax margin (%)	-	13%	75%
Earnings per share (In PKR)	(5.09)	2.45	1.91
Breakup value per share (In PKR)	(5.09)	11.94	11.92
Total Borrowings as per the balance sheet	-	-	-
Cash flow from operations	(435)	(6,239)	20,403

*Note: In CY 2020, the AMS business was transferred to Octopus from Avanceon by virtue of a business transfer/sale agreement which was executed between Octopus and Avanceon on December 8, 2020. As a result of this transfer, share capital has increased to 1,094 million. For further details about business transfer, please refer section 3.2 of this Prospectus.

2.8 SUMMARY TABLE OF OUTSTANDING LEGAL PROCEEDINGS OTHER THAN THE NORMAL COURSE OF BUSINESS

There are no outstanding legal proceedings involving the Issuer, its sponsors, substantial shareholders, directors and associated companies over which the Issuer has control. There are also no legal proceedings against the Issuer, its sponsors, substantial shareholders, directors, and associated companies even in the normal course of business.

Please refer to section 8 titled “LEGAL PROCEEDINGS AND OVERDUE LOANS”.

2.9 REFER TO SECTION 5 TITLED “RISK FACTORS” FOR DETAILS ON RISKS ASSOCIATED WITH THE COMPANY

2.10 SUMMARY OF RELATED PARTY TRANSACTIONS FOR LAST 3 YEARS

Related Parties	CY18 (Audited)	CY19 (Audited)	CY20 (Audited)
Avanceon Limited – Parent Co.	412,753	17,561,382	291,539,974
Avanceon FZE – Group Co.	268,437	3,799,742	19,660,761
Avanceon Automation & Control WLL – Group Co.	-	-	20,310,383

For further explanation and breakup on related party transactions, please refer section 3.21 of the Prospectus.

3. OVERVIEW, HISTORY AND PROSPECTS

Name	Octopus Digital Limited
Registration Number	0114606
Date of Incorporation	29th December, 2017
Date of Change of Name	5th April, 2019
Date of Conversion into Public Limited Company	11th November, 2020

3.1 OVERVIEW OF OCTOPUS DIGITAL LIMITED

The Company was incorporated on 29th December, 2017 as ‘Avanceon Digital Private Limited’. The name of the Company was changed to Octopus Digital Private Limited on 5th April, 2019. Subsequently, the Company was converted into a public limited company on 11th November, 2020.

Octopus is a service oriented company, and currently providing AMS services to clients who had been provided with automation solutions by Avanceon, and it includes a wide range of clients both internationally and locally. The AMS services includes provision of parts, repair, maintainance and digital services for the equipment which is installed in their customers’ plants. Octopus does not provide service pertains to the replacement of entire machinery such as automation of industries, such services are provided by Avanceon. Apart from services provided by Octopus, any tools and spare parts which Octopus replaces as part of maintainance contracts, it’s cost is borne by their respective clients. Octopus has the expertise to tailor a zero capex, ready to adapt managed services solution on a term-based (either monthly or periodic).

The Company has evolved from within Avanceon (it is a wholly owned subsidiary of Avanceon) and aims to provide digital services to help transform the industry through modern day technology including cloud services, data analysis, advanced and predictive analytics, predictive maintenance & risk management.

Octopus’ primary focus is to Analyze the data, which is buried in Enterprise Resource Planning systems, cleaning it in AI-centric ways by storing and computing on cloud and then extracting meaningful insights that could improve operations efficiencies and reduce risks for its customers.

Uptil the end of CY 2020, Octopus’s clients included only those which had been provided with automation solutions by Avanceon. Going forward, Octopus can provide AMS service to any client, i.e. even those clients to whom automation solutions have not been provided by Avanceon.

For Instance, Company A which is an Oil/Gas Manufacturing company and is considering to automate their manufacturing plant. Avanceon is approached to bring automation for Company A. Avanceon will work with Company A to develop best-in-class automation strategies, including: Emergency shutdown systems, process shutdown systems and environmental control systems, SCADA systems, business KPI dashboards, and ERP connectivity. Energy optimization solutions, such as fuel conservation on utilities includes boilers, generators, turbines and compressors. In order to achieve automation, all necessary installation will be conducted by Avanceon. Avanceon’s scope is limited to provide automation service but Company A would need help and support even after their contract is expired. This is the entry point for Octopus who will provide After Market Solution services to Company A. This will include provision of parts, repair, maintainance and digital services for the equipment which was installed by Avanceon.

The Company delivers various solutions targeting user interaction and machine behavior ranging from plant data analysis to overall performance analysis of the plant. Most of the work aims on analysis from an industrial point of view with the approach to make system processes more reliable and sustainable.

Octopus’ dashboards are designed to specifically tackle the volume, velocity and variety of challenges of plant floor data analysis. This is done via subscription-based Digitalization services powered with sophisticated analytics made available to users via simple, intuitive user interfaces, easy-to-understand information and visualizations.

Octopus’s Digitalization services and KPI Dashboarding enable industries to:

- Turn raw, industrial IoT or plant floor data into proactive insights
- **Minimize time-to-resolution by detecting anomalies in real-time**

- Enhance decision-making with operationalized insights
- Improve forensic data investigation after incidents

Octopus’s business model is based on recurring earnings based on term-based multi-year monthly subscription service instead of fixed cost or time & material-based projects thereby reducing risk of volatile earnings as this is prevalent in other conventional businesses in Pakistan.

The Company offers the above services with zero upfront investment for its customers and any investment to activate the service, which may include system integration, installation of additional hardware, software or third-party equipment.

To summarize: The Company helps businesses digitalize their manufacturing, supply chain and financial workflows by strategic and operational maintenance support services. That makes decision support, actionable insights and business intelligence available 24x7x365 both as managed and unmanaged services.

The Company’s current line of service include:

- **After-Market Support (“AMS”)**

AMS provides complete lifecycle support services including manufacturing technical support, maintenance management, control system oversight and remote diagnostic services **to maximize plant uptime performance, support efficiency and technology effectiveness.**

The Company delivers its AMS services through a combination of call centers which are located in a particular floor in Avanceon’s office rented by Octopus, which enable the problem to be identified and resolved either through on-site maintenance or remotely. These solutions are offered with 24/7 support and guaranteed response time allowing Octopus to stay ahead of its competitors. Below is a graphical presentation of AMS services suit:



The examples for the AMS services are as follows:

SLAs:

For instance, Company A has a few backup generators which are not performing. In this case, Octopus team will provide corrective services meaning they will send their teams to repair generators which are not performing. During this repair, Octopus team may require to replace a part of generator, may be its fuel system or control system depending on the need. In a nutshell, Octopus can have two types of SLA: 1) Corrective services with-out parts management and 2) Corrective services with parts management.

Upgrades via SSIP:

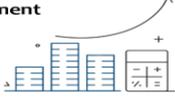
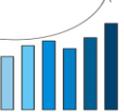
As Octopus team conduct frequent visits, it prepares a plant improvement plan. For example, during their assessment, Octopus team observes that Company A’s shut down system process is not completely automated and a turbine cannot be shutdown automatically. But if a sensor and a switch is installed in this turbine, this can be stopped with entire the plant. Such improvement plans are shared with clients which can automate complete shutdown process.

Technical Trainings:

Periodically Octopus organizes trainings for their respective client’s production team. This includes classroom and virtual video training covering technology applications, project concepts etc. This will include training on how to use control and monitor functions connected to the plant such as turbines, compressors etc.

Emergency Support:

Suppose Company A’s engine of the generator has stopped functioning and the production team is unable to connect the alternate generator. Since engine is a workhorse of a generator, an emergency support is critical. Octopus team will quickly respond either through phone or physical visit, and will help connect backup generator with the production process_This dashboard is only for AMS services such as maintenance, SITE improvements and Calls services etc. Digital dashboards will perform specific KPIs pertains to industry such as Oil Marketing company will be able to monitor oil inventories, oil sold each day through each depot.²:

 Business Name	After-Market Support		OCTOPUS DIGITAL
Maintenance Contract Summary 	System Improvement Services 	Call out Services 	
Time Sheets & Feedback 	Technical Trainings 	Modernisation & Upgrades 	
Augmented & Virtual Reality Powered AMS 	Topware™ Digitalisation & Dashboarding 	Predictive & Prescriptive Maintenance 	

In Pakistan, companies in the manufacturing sector have many process that are outdated or conducted manually. Octopus in this regard, provides digital services to automate industrial processes. Currently, the move towards digitization and industrial automation is on the rise allowing many relevant technology companies to jump into the process. Automating these industrial processes and providing AMS can be instrumental towards taking the industrial 4.0 revolution. Octopus is taking vital steps towards the implementation of automation processes and is focused on process efficiencies in the manufacturing sector, which will allow it to succeed in the near future.

The AMS business stream has achieved tremendous success in the past ten years. This AMS segment was launched in 2008 by Avanceon and has grown since then. Due to the business transfer agreement executed on December

² In the above illustration, following services are currently being offered: Maintenance Contract Summary, System Improvement Services, Call Out Services, Time Sheets & Feedback, Technical Trainings and Modernisation & Upgradation. Services such as Augmented & Virtual Reality Powered AMS, Topware™ Digitalisation & Dashboarding and Predictive & Prescriptive Maintenance are not currently being offered

2020, Octopus is the legitimate owner of all contracts of AMS business. At present, 81 customer contract's revenue has been transferred to Octopus. Out of these 81, nine (09) customers have formally signed the agreement with Octopus. For rest, the revenue shall be recorded on the books of Avanceon and shall then be subsequently transferred to Octopus. The Company's success in delivering quality AMS services is augmented/helped by few vital factors:

- a) A fully dedicated support structure since 2008, currently catering to clients in Pakistan, Middle East region;
- b) It is serving on 81 contracts, averaging tenure of 3 years, in Pakistan and in Middle East region, these include local and several blue chip multi-national conglomerates. Some of the key names are Engro Foods, Fauji Fertilizer Company, Pepsi Cola International, all are based in Pakistan and Elegencia Hospitality in Qatar, and SERCO Limited in Dubai;
- c) An average response time of less than 2 hours. The Company has a 100% customer retention with an average contract age of 3 years and more than 100,000 plus man-hours of field support service have been executed.

Microsoft and Octopus Digital:

Octopus has procured cloud-based services of Microsoft Azure, which is an open source platform and its services can be acquired by paying certain fee, as outlined in section 3.7 of this Prospectus. The Company began procuring Microsoft Azure's services from 3rd March, 2019. It will help Octopus to create a collaborative and co-development business model to cater to the industrial sector by providing end to end data driven services, advanced analytics for collaboration, prediction, exploration and optimization of manufacturing processes. Octopus along aims to deliver digitization of physical assets on a plant floor. The tenure of this service is of 3 years and it can be extended.

3.2 BUSINESS TRANSFER

Transfer of the After Market Support (AMS) segment from Avanceon Limited to Octopus Digital:

Octopus was created in December 2017 with an objective to serve AMS clients through a separate company. Avanceon had been providing AMS services to its clients since 2008. The transfer of business segment will help in developing operational synergies across business and managing business in a focused manner.

Key Events of Business Transfer:

S. No	Description	Date
1	The Board of Directors of Avanceon approved sale of AMS business to Octopus.	8th July 2019
2	An agreement was executed between Avanceon and Octopus for AMS business transfer which was with effect from January 01, 2020	8th December 2020
3	An Extraordinary General Meeting was held to approve sale of AMS business to Octopus	12th January 2021

In order to execute the business transfer, Octopus entered into a business transfer agreement with Avanceon on December 8, 2020 to transfer the entire AMS business with existing clients & customer contracts. AMS business was transferred through a bilateral agreement and was not done through a formal novation process. The revenue details based on region-wise customers for CY 2020 has been shown in section 3.4 of the Prospectus. Under the agreement, employees involved in the AMS business were also transferred from Avanceon to Octopus. The Company acquired the rights to carry on AMS business with effect from 01 January 2020 against of Rs. 1,084 million settled through issuance of 108,400,000 shares of the Company at face value of Rs. 10 each. The said shares were issued by way of other than right.

No tangible assets and liabilities of Avanceon were transferred as the service related business segment does not involve any tangible assets and liabilities. The worth of the business segment is PKR 1,084 million which was valued by an independent valuer, M/s. Ali Akhtar Adnan, Chartered Accountants, appointed for this transaction to conduct business valuation.

The valuation was conducted three times due to internal operational matters. The details of various valuation conducted are shown below:

Valuer	Date of Valuation Report	Description	Valuation (PKR)	Status
Iqbal Yasir and Company, Chartered Accountants	May 17, 2019	This valuation was carried out based on a cut-off date as at May 15, 2019. As the EOGM was not conducted within stipulated time and a year lapsed. Therefore, this valuation was not used.	Avanceon and Octopus decided value determined through company comparable method which was PKR 819,517,330	Not considered
Ali Akhtar Adnan, Chartered Accountants	October 20, 2020	This valuation was carried out based on a cut-off date as at June 30, 2020. Due to internal operational matters financials could not be finalized, therefore, this valuation was not considered.	Income based valuation method used which resulted in a valuation of PKR 1,054,641,410	Not considered
Ali Akhtar Adnan, Chartered Accountants	November 20, 2020	This valuation was carried out based on a cut-off date as at October 30, 2020. This valuation was used because transfer was based on October's numbers which reflected true business performance.	Income based valuation method used which resulted in a valuation of PKR 1,084,150,000	Considered for AMS business transfer/sale agreement

As per the Circular No 11 of 2021 issued by Securities and Exchange Commission of Pakistan on 31st March 2021, it has clarified that companies, public or private, can issue shares by way of right under clause (a) of sub-section (1) of Section 83 of the Act either for cash or a consideration otherwise in cash. In accordance with this circular, neither Avanceon nor Octopus required any approval from any regulatory authority in Pakistan for the business transfer to Octopus.

The shares issued by Octopus were against the following:

- 1) Customer lists & contracts, specific database, general SOPs and policy recommendation etc. These were valued at PKR 433.6 million.
- 2) Goodwill. The intangible assets were worth PKR 650.4 million.

The above is shown in table below:

*Description	Amounts (PKR)
Intangible Assets	
<i>Customer contracts with recommendation</i>	75,880,000
<i>General SOPs, Manuals, Procedures and Policy documentation</i>	32,520,000
<i>Customer and subscriber lists</i>	54,200,000
<i>Specific Database, Technology and Policy Manuals</i>	271,000,000
	433,600,000
<i>Goodwill</i>	650,400,000
Total	1,084,000,000

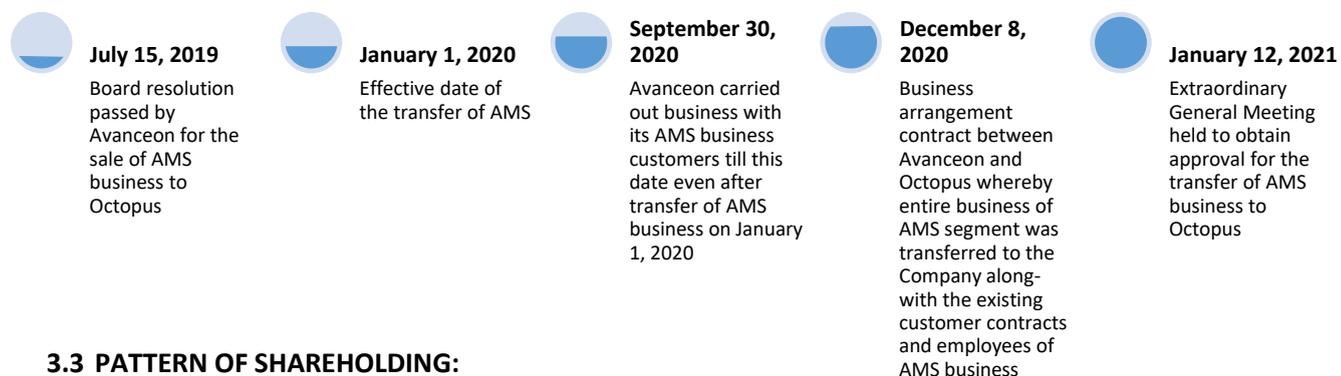
*The above information is extracted from the annual financial statements of Octopus for the period ended December 31st, 2020.

Methodology adopted to value Intangible Assets:

As per IFRS 3 “The acquirer shall recognize, separately from goodwill, all identifiable intangible assets acquired in a business combination.” In order to determine valuation for identifiable intangible assets, Octopus adopted a market-based approach, which includes valuation based on analysis of intangibles assets of similar nature. The market value of similar intangibles has been obtained through quotation from Rockwell, which is a provider of industrial automation and information technology services worldwide. Based on the quotation, the valuation of identifiable intangible assets was determined. The bifurcation of sub-components of intangible assets is shown below:

Services	Value of Segments	Customer contracts with recommendation	AMS General SOPs, Manuals, Procedures and Policy Documentation	OEM Customer and Subscriber List	AMS Specific Database, Technology and Policy Manuals	Goodwill
<i>Weights</i>		7%	3%	5%	25%	60%
BTMI	16,385,436	1,146,980	491,563	819,272	4,096,359	9,831,261
SSIP	164,688,989	11,528,229	4,940,670	8,234,449	41,172,247	98,813,394
SLA & Tech Services	435,584,276	30,490,899	13,067,528	21,779,214	108,896,069	26,135,0566
Spare/Product Sales	467,341,299	32,713,891	14,020,239	23,367,065	116,835,325	280,404,779
	1,084,000,000	75,880,000	32,520,000	54,200,000	271,000,000	650,400,000

Timeline of the Business Transfer from Avanceon to Octopus.



3.3 PATTERN OF SHAREHOLDING:

Description	Number of shares	% Shareholding status
Shares held by Sponsors:		
Avanceon Limited	109,400,000	99.9999982%
Mr. Tanveer Karamat	1	0.0000009%
Mr. Bakhtiar Hameed Wain	1	0.0000009%
Total	109,400,002	100.00%

3.4 REVENUE DRIVER:

AMS is Octopus’s existing revenue stream. At present, it has dozens of contracts with an average tenure of 5 years, and it caters to clients based in Middle East and Pakistan. The main revenue drivers are services delivered by virtue of SLA agreements with respective clients. The majority of these contracts are those contracts that were transferred from Avanceon to Octopus. Following are major client wise revenues for 2020:

Name of Key Customers	Name of Country	Date of Contract	Revenues (PKR)	%	Customer Tenure
Customers of AVN¹					
Elegencia Hospitality & Facilities Management Services Co W.L.L	Qatar	1-Nov-19	84,272,066	15.35%	Up to 5 years

Engro Polymer & Chemicals Limited	Pakistan	27-Jan-20	35,816,473	6.52%	Up to 3 years
Pakistan Petroleum Limited	Pakistan	26-Aug-20	80,550,321	14.67%	Up to 3 years
PEPSI-COLA International Private Limited	Pakistan	20-Feb-19	54,807,103	9.98%	Up to 3 years
SERCO Limited	Dubai	1-Sep-18	60,161,623	10.96%	Up to 3 years
Others ²	Pakistan, Dubai & Qatar	Various contracts	197,617,073	35.99%	Up to 3 years
Sub Total			513,224,659		
Customers of Octopus					
Others ²	Pakistan	Various contract	35,871,629	6.53%	Up to 3 years
TOTAL			549,096,288	100%	

¹ The revenues from Customers of Avanceon are gross revenue i.e. prior to the adjustment of direct cost after which they were transferred to Octopus.

² "Others" represents customers which individually are immaterial.

Avanceon Limited continued to carry on business with its customers of AMS segment after the effective date of the contract i.e. 1st January 2020 until 30 September 2020. Therefore, the entire AMS segment's revenue net of direct cost recorded by Avanceon Limited relating to period after effective date until September 30, 2020 was transferred to the Company after retaining an administrative charge. For the period October 01, 2020 and onwards, the AMS business has been carried out by Octopus.

Below is a summary of region-wise revenue of After Market Support business:

Region	Total		
	2020	2019	2018
Pakistan	222,926,979	179,261,896	211,422,044
Dubai	241,314,072	118,074,184	137,723,790
Qatar	84,855,237	24,739,638	10,606,841
Total	549,096,288	322,075,718	359,752,675

The following table outlines the total AMS revenues in CY2020 earned from different geographical locations of Avanceon which were transferred to the Company net of direct cost:

PKR	Pakistan		Dubai		Qatar		Total	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
Total AMS Segment Revenues of Avanceon	187,055,350	36%	241,314,072	47%	84,855,237	17%	513,224,659	100%
Cost of AMS Segment of Avanceon	(84,304,042)	44%	(82,342,830)	43%	(27,007,432)	14%	(193,654,304)*	38%
Gross Profit	102,751,308	32%*	158,971,242	50%	57,847,805	18%	319,570,355	62%

*Octopus has a combination of revenue streams which includes revenues from rendering services and from selling spares and parts. The characteristics of direct cost are anchored due to this different revenue streams and it contains cost of materials (spares and parts) and HR cost for rendering services. In any given period, when proportion of material consumed increases it impacts average gross profit margin as it is a combination of both the streams. Octopus has contracts with their clients for rendering services and also to provide support for repair and

maintenance. When such maintenance activity - which is beyond Octopus' control – increases, it affects gross margin ratio.

Below is a breakup of cost of the AMS Segment for the year ended 2020:

PKR	Pakistan	Dubai	Qatar	Total
Description	Amount	Amount	Amount	Amount
Material*	73,870,388	62,751,288	5,586,451	142,208,127
Salary	7,211,487	9,525,376	9,716,442	26,453,306
Installation Cost	289,600	7,223,760	5,145,966	12,659,326
Other Operating Costs	833,908	82,481	1,368,331	2,284,721
Travelling & Conveyance	1,764,578	1,480,763	4,060,753	7,306,094
Entertainment	9,080	75,203	327,097	411,380
Misc. Exp.	325,000	1,203,960	802,391	2,331,351
Total	84,304,042	82,342,830	27,007,432	193,654,304

*This includes spare parts such as wires, cables, switches, gasket etc which are replaced in respective clients' plant/manufacturing facility depending on the need. The following table outlines the total AMS revenues in 1QCY21 earned from different geographical locations of Avanceon which were transferred to the Company net of direct cost:

PKR	Pakistan		Dubai		Qatar		Total	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
Total AMS Segment Revenues of Avanceon	50,145,001	18%	119,179,899	42%	111,552,873	40%	280,877,773	100%
Cost of AMS Segment of Avanceon	(28,449,128)	17%	(74,159,410)	44%	(66,931,724)	39%	(169,540,262)*	60%
Gross Profit	21,695,872	19%	45,020,489	40%	44,621,149	40%	111,337,511	40%

*Octopus has a combination of revenue streams which includes revenues from rendering services and from selling spares and parts. The characteristics of direct cost are anchored due to this different revenue streams and it contains cost of materials (spares and parts) and HR cost for rendering services. In any given period, when proportion of material consumed increases it impacts average gross profit margin as it is a combination of both the streams. Octopus has contracts with their clients for rendering services and also to provide support for repair and maintenance. When such maintenance activity - which is beyond Octopus' control – increases, it affects gross margin ratio.

Below is a breakup of cost of the AMS Segment for the first quarter ended i.e. March 2021:

PKR	Pakistan	Dubai	Qatar	Total
Description	Amount	Amount	Amount	Amount
Material	24,928,201	56,514,958	13,844,737	95,287,897
Salary	2,433,579	8,578,728	24,079,974	35,092,281
Installation Cost	97,728	6,505,850	12,753,097	19,356,675
Other Operating Costs	281,410	74,284	3,391,095	3,746,788

Travelling & Conveyance	595,472	1,333,602	10,063,644	11,992,718
Entertainment	3,064	67,729	810,636	881,429
Misc. Exp.	109,674	1,084,308	1,988,491	3,182,473
Total	28,449,128	74,159,460	66,931,674	169,540,261

The major portion of revenues of Octopus is coming from clients based in Middle East. There are some international players operating in this segment in Middle East, that is, Honeywell Automation, ABB, CISCO and Rockwell automation. Octopus has procured cloud services from Microsoft, and delivers AMS services using Microsoft's cloud. This gives an edge to Octopus over these international players which do not possess Microsoft's cloud. Octopus has its own data lake established through the Microsoft cloud facilities which the other competitors do not have and the Company caters specifically to industrial automation clients with its services which is not a common customer base for the other players in this segment. Due to service procured from Microsoft, Octopus is uniquely positioned to cater its clients based in Middle East.

Uptil CY2020, Octopus was only catering to Avanceon's clients. Many of these customers insisted on not altering their contracts' counter party i.e. from Avanceon to Octopus. Therefore due to this operational and procedural reason, Avanceon Limited continued to bill these customers, and also recorded the direct cost of services provided by Octopus. Consequently, the resultant gross profit is being transferred to Octopus.

In the future, existing AMS contracts revenue shall be transferred from Avanceon to Octopus net of Direct cost as it occurred in CY2020. This transfer of revenue from these customers shall continue till CY2022 for all customers except for one customer which is based in Qatar and its contract will expire in CY2024. These customers are free to renew their contracts after expiry either with Octopus or with any other AMS service provider. Further, new contracts signed by Octopus will be recognized in the usual manner in accounts i.e. sales revenue. The new contracts signed post AMS business transfer are twenty six (26); this indicates strong prospects for the AMS business going forward.

The table below outlines the total revenue earned net of direct cost that was transferred to Octopus from Avanceon after the effective date and in addition the revenue that Octopus earned from contract with its own customers during the year.

Particulars	PKR	%
Transfer of Revenue (Net of Direct Cost & administrative charge)	241,242,084*	87%
Revenue from contract with customers	35,871,629	13%
Total	277,113,713	100%

*The total revenue net of direct cost was PKR 319.5 million in CY2020, however, the transferred amount is PKR 241.2 million. The difference of PKR 78.3 million has been transferred to the Company in 1QCY21 i.e. March 2021 .

3.5 POTENTIAL REVENUE DRIVERS

The Company plans to develop various Digital Dashboard platforms to expand its services suite to industry 4.0, which is an industrial revolution that includes automation of traditional manufacturing and industrial practices. The industry 4.0 refers to a new phase in the industrial revolution that focuses heavily on interconnectivity, automation, machine learning and real-time data. These services will be marketed in Pakistan, Middle East and United States. For further explanation, please refer section 4.1 of this Prospectus.

3.6 COST DRIVERS

Below is a breakup of major cost drivers incurred in CY 2020:

Particulars	CY 2020 (Audited)		CY 2019 (Audited)	
	Amount in PKR	(%)	Amount in PKR	(%)
Materials consumed	3,482,917	16%	-	-
Salaries, wages, allowances and other benefits	1,628,842	7%	-	-

Travelling and conveyance relating to engineering services	1,731,912	8%	-	-
Amortization of intangible assets	14,453,333	65%	-	-
Others	910,221	4%	-	-
Cost of Revenue*	22,207,225	100%	-	-

*Cost of revenue is PKR 22.2 million, of which major elements of cost are amortization expense (which constitutes 65% of Total Cost of Revenue i.e. PKR 14.4mn) and 'Materials Consumed' (which constitutes 16% of Total Cost of Revenue, i.e. PKR 3.5 Mn). Materials consumed are **the tools & equipment**, which are used to replace the existing items installed as part of Octopus's service agreements with clients. Travelling and Conveyance includes site visit cost of engineers. The depreciation on PPE is less than 1% of total cost of revenue; it is insignificant as many equipments have already been depreciated.

3.7 SERVICE PROCUREMENT FROM MICROSOFT

Octopus has procured cloud-based services of Microsoft Azure, which is an open-source platform and its services can be acquired by paying certain fee, as outlined below in this section. The Company began procuring Microsoft Azure's services from 3rd March, 2019. It will help Octopus to create a collaborative and co-development business model to cater to the industrial sector, by providing end to end data driven services, advanced analytics for collaboration, prediction, exploration and optimization of manufacturing processes. The tenure of this service-related arrangement is of 3 years and it can be extended. As per the invoice, Octopus will pay a sum of USD 12,000 each year till the expiry.

With regards to incremental charges due to cloud storage enhancement, Microsoft adopts a pay as you go pricing model. Any pricing can be customized on the Azure calculator which can be accessed from the following link:

https://azure.microsoft.com/en-us/pricing/calculator/?&ef_id=Cj0KCQjw5auGBhDEARIsAFyNm9Gd-6f0AEszlAdlrFYWL-GjVCASn-3YJvUDlz5Sak179n47RyyKYcaAiqVEALw_wcB:G:s&OCID=AID2100090_SEM_Cj0KCQjw5auGBhDEARIsAFyNm9Gd-6f0AEszlAdlrFYWL-GjVCASn-3YJvUDlz5Sak179n47RyyKYcaAiqVEALw_wcB:G:s&gclid=Cj0KCQjw5auGBhDEARIsAFyNm9Gd-6f0AEszlAdlrFYWL-GjVCASn-3YJvUDlz5Sak179n47RyyKYcaAiqVEALw_wcB

Below is a break up of the licensing agreement with Microsoft:

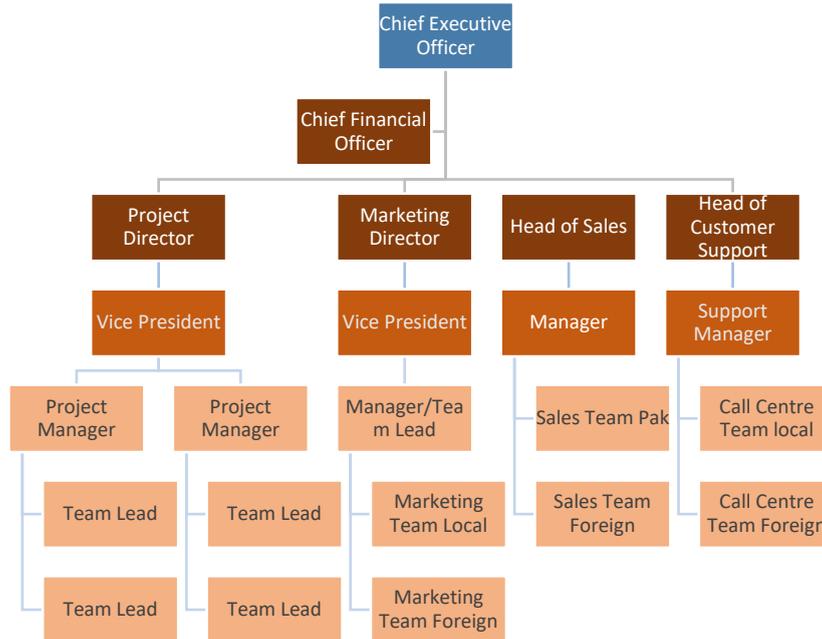
Particulars	Unit Quantity ¹	Net Unit Price (USD)	License Quantity	Total Amount (USD)
Pricing & Usage year 1	12	100	10	12,000
Pricing & Usage year 2	12	100	10	12,000
Pricing & Usage year 3	12	100	10	12,000

¹One Unit represents \$1,000 in credit that Octopus purchased from Microsoft. For instance, to analyze data, it can be done through Azure Machine Learning. From the above link, Azure Machine Learning option can be purchased and has a base cost of USD 167.17 (as of July 2, 2021), which will then be adjusted against the credit.

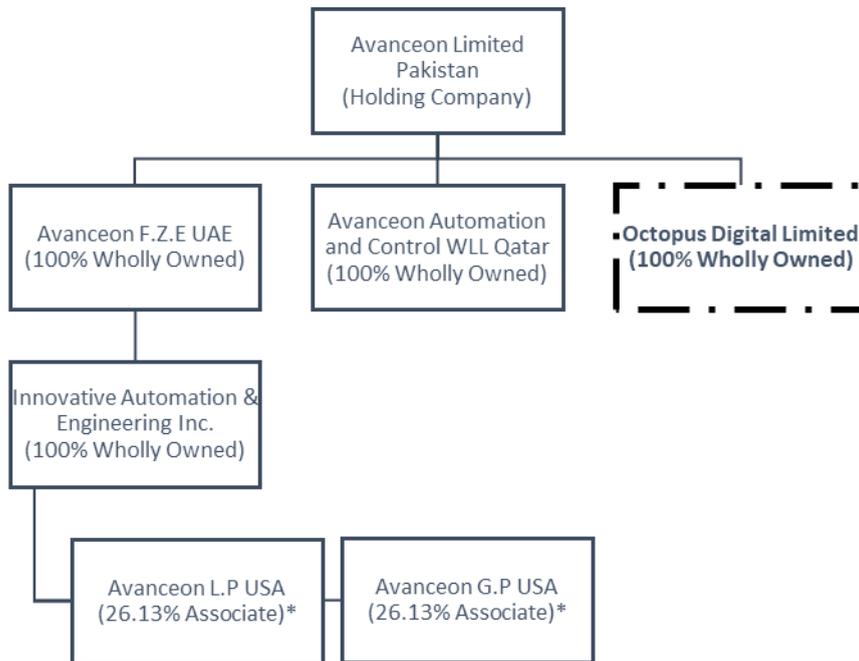
Brief explanation on services being procured from Microsoft:

Octopus has procured cloud based services of Microsoft Azure. This data & information processing through cloud-based digital twinning has been termed as digitalization. Some clients, namely; Dewan Sugar, Tapal, Hubco etc., are now being served with Azure cloud-based data processing service. As Octopus is using Microsoft's cloud, it does not need to invest in any cloud-related hardware and software. The capex for obtaining hardware and software is significant which has been eliminated. The utilization of credit is highly dependent on clients' usage and it may vary on monthly basis. When further credits are required, it can be obtained via 'pay as you go.' A demo of this service can be seen from the above link.

3.8 ORGANISATIONAL STRUCTURE OF THE COMPANY; AND GROUP INFORMATION:



Group Information



***Investments in Associates details are shown below:**

Mr. Robert A. Zeigenfuse has been an owner of an automation business in the United States of America since 1990. Its businesses have been domiciled under Different companies. In the year 2006, Avanceon Limited decided to partner with Mr. Robert and have formed two Special Purpose Vehicles i.e. Avanceon L.P. and Avanceon G.P.

Both SPV’s 69.99% ownership were owned by Avanceon Limited in the first place and the remaining were owned by Mr. Robert. In the year 2012, Avanceon Limited sold 43.69% ownership out of 69.99% to Mr. Robert. Now, the remaining portion of 26.3% is owned by Avanceon Limited which will be sold to Mr. Robert depending on the mutual agreement in future. Currently, the majority control is with Mr. Robert.

Description	Avanceon L.P.	Avanceon G.P.
Line of Business – brief	This company provides innovative technology solutions to clients in various industries. They design, develop, implement and provide support for automated manufacturing processes for its customers in the USA.	This company provides innovative technology solutions to clients in various industries. They design, develop, implement and provide support for automated manufacturing processes for its customers in the USA.
Date of inception	08 Dec 2006	08 Dec 2006
Founder/Owner	Robert A. Zeigenfuse	Robert A. Zeigenfuse
Initial Investment % by Avanceon Limited (Pakistan)	69.99%	69.99%
Date of Initial Investment by Avanceon Limited (Pakistan)	31 Dec 2007	31 Dec 2007
Partial Dilution %	Diluted to 26.3%	Diluted to 26.3%
Date of Partial Dilution	During 2012	During 2012

Status	Entity Name	Nature of Business	Operational Status	Incorporation Date
Parent	Avanceon Limited	Industrial and Infrastructure automation	Providing industrial automation, process control and systems integration solutions, trading in products of automation and control equipment and providing related technical services.	26-Mar-03
Subsidiary	Avanceon FZE	Industrial and Infrastructure automation	Providing industrial automation, process control and systems integration solutions, trading in products of automation and control equipment and providing related technical services.	28-Feb-04
Subsidiary	Avanceon Automation & Control WLL	Industrial and Infrastructure automation	Providing industrial automation, process control and systems integration solutions, trading in products of automation and control equipment and providing related technical services.	22-May-17
Subsidiary	Innovative Automation & Engineering Inc.	Investment Company	The Company holds 26.11% (2019: 26.11%) equity interest in Avanceon Limited Partnership (ALP) directly and through Avanceon GP LLC, The General Partner.	21-Dec-06
Subsidiary	Octopus Digital Limited	Information Technology enabled services	The prime business of the Company is to carry out Information Technology enabled services which includes but are not limited to online data/information storage, online monitoring and review of employees efficiency, online monitoring of cost and production efficiency, online monitoring and maintenance of plant and machinery, sale and trade of related software and equipment etc.	29-Dec-17

Associated Listed Company

Name	Avanceon Limited
Nature of Business	Holding Company & Engineering Automation Company
Nature of relation	Parent Company
Shareholding of the Issuer	100%

3.9 MAJOR EVENTS IN THE HISTORY OF THE COMPANY:

Timeline of the Business Transfer from Avanceon to Octopus:

December 29, 2017	Date of Incorporation of Octopus
April 5, 2019	Date of change of name from Avanceon Digital Private Limited to Octopus Digital

July 15, 2019	Board resolution passed by Avanceon Ltd for the sale/transfer of AMS segment to Octopus Digital Limited
January 1, 2020	Effective date of the transfer of AMS business
September 30, 2020	Avanceon carried out business with its AMS customers till this date even after transfer of Segment on January 1, 2020
November 11, 2020	Date of conversion for Octopus from private limited company to public limited company
December 8, 2020	Business Arrangement Contract between Avanceon Limited and Octopus Digital Limited whereby entire business of AMS segment was transferred to the Company along-with the existing customer contracts and employees of AMS business
January 12, 2021	Extraordinary General Meeting Held to obtain shareholder approval for transfer of AMS business to Octopus

Recent Awards Won by Avanceon

In 2015

- 1) Won National Forum for Environment and Health (NFEH) Corporate Social Responsibility (CSR) award
- 2) Schneider Electric (SE) Alliance Partner Excellence Award, Middle East

In 2016

- 1) Global System Integrator Alliance Partner Award
- 2) Institute of Chartered Accountants of Pakistan (ICAP) Best Corporate & Sustainability Awards
- 3) System Integrator Giants

3.10 INFRASTRUCTURE FACILITIES

The Company's office is rented from Avanceon under a rental agreement. This also includes space for call center services. Utilities including electricity are borne by Octopus and they are included as part of rent, rates and taxes in the income statement. The location of rented place is 1st Floor, The Avanceon Building 19/KM Multan Road, Lahore.

3.11 SERVICES OF THE ISSUER:

Octopus offers the following services to its clients. These services are offered to existing AMS clients of Octopus that have been transferred from Avanceon as well as to new clients of Octopus:



The examples for the AMS services are as follows:

SLAs:

For instance, Company A has a few backup generators which are not performing. In this case, Octopus team will provide corrective services meaning they will send their teams to repair generators which are not performing. During this repair, Octopus team may require to replace a part of generator, may be its fuel system or control system depending on the need. In a nutshell, Octopus can have two types of SLA: 1) Corrective services with-out parts management and 2) Corrective services with parts management.

Upgrades via SSIP:

As Octopus team conduct frequent visits, it prepares a plant improvement plan. For example, during their assessment, Octopus team observes that Company A's shut down system process is not completely automated and a turbine cannot be shutdown automatically. But if a sensor and a switch is installed in this turbine, this can be stopped with entire the plant. Such improvement plans are shared with clients which can automate complete shutdown process.

Technical Trainings:

Periodically Octopus organizes trainings for their respective client's production team. This includes classroom and virtual video training covering technology applications, project concepts etc. This will include training on how to use control and monitor functions connected to the plant such as turbines, compressors etc.

Emergency Support:

Suppose Company A's engine of the generator has stopped functioning and the production team is unable to connect the alternate generator. Since engine is a workhorse of a generator, an emergency support is critical. Octopus team will quickly respond either through phone or physical visit, and will help connect backup generator with the production process. In order to market these services, the Company uses a combination of methods such as:

- Conducting of webinars, and live sessions to a large base of potential clients in order to explain their services.
- Conducting dummy testing of its services by inputting random variables and generating results in real time at a potential client's premises.

3.12 SERVICE TO BE OFFERED IN THE FUTURE – DIGITAL PLATFORMS:

The Company plans to build twenty nine (29) independent intellectual properties, which shall be under following categories:

Dashbord based IPs: These objective specific dashboards as follows will be prepared for industrial and manufacturing sectors, which will provide at-a-glance view of key performance indicators relevant to a particular objective or business process:

- 1) Industry vertical based IP: Digital dashboards that will display industry specific metrics. For example: capacity utilization and raw material consumed for industries/manufacturing concerns.
- 2) Function based IP: Digital dashboards that will display different metrics/benhmaks of a specific function.
- 3) Utilities based IP: Digital dashboards that will display performance of different utilities.
- 4) Maintenance Based IP: Digital dashboards that will display maintenance levels required or to be required (wear and tear) of different assets in an organization.
- 5) Fuel retail speciality based IP: Digital dashboards that will display transactional and inventory data of fuel in retail stations for an organization to extract valuable insights.

In order to boost efficiencies in the industrial and manufacturing process, the Company intends to provide two different platforms namely **Topware** and **OmniConnect**. Each platforms will have some IPs, for explanation, please refer section 4.1. Topware will help analyze data and will provide prediction and prescription based on the data analysis. While OmniConnect, will help collect data from any source, compute that data, perform KPIs and transfer that data to any other source.

Topware™

The Company plans to launch a cloud-native, AI-powered Topware™ service delivery that presents data in a way that lets even non-IT/IT professionals gain insight and take action. To back up the Topware™ service delivery, the Company also provides a comprehensive range of next-generation after-market services for preventive, predictive, and corrective maintenance support. Their guardianship program includes tailor-made maintenance and training contracts to fit client's exact needs. In order to maximize client plants' life and avoid overrun costs, the Company has a team of dedicated experts who provide complete life cycle support for client's critical investments.

Topware™ is an end to end solution that would contain three core functions: Digital Dashboarding, Prediction & Prescription, and Autonomous Command Center.



The Digital Dashboarding service will provide the following KPIs: Dashboarding, Decision support, Prediction & Prescription, Asset Management Predictive Maintenance and Autonomous Command Center.

A Digital Dashboard is an electronic interface that aggregates and visualizes data from multiple sources, such as databases, locally hosted files, and web services. Dashboards allow to monitor business performance by displaying historical trends, actionable data, and real-time information.

A Digital Dashboard's subscription will include the following:

- Dashboards, KPIs & Analytics;
- Automated Online and PDF Reporting;
- Personalized Adhoc Info Access on PDAs;
- Back-up and Recovery of Data At Anytime;
- 24/7 Call Center Agent & Dashboard helpline;
- Designated Customer Success Team for Data & Reporting Consultancy;
- Perpetual Monthly Changes & Modifications.

All of these features included in the Digital Dashboard Subscription will be scalable, reliable and secured. Further, subscriber can have access to the Dashboards on a single click, from anywhere, at any time and for any manufacturing or process area production, operations, electrical & instrumentation (E&I), utilities, overall equipment effectiveness (OEE), energy, optimization, loop tuning etc.

For enabling the Dashboard, the team at Octopus would need a few things from the client, that is, key parameters for any manufacturing process, indicators, performance calculations and any historical analysis relevant to the process. Additionally, a one way Open Platform Communication (OPC) connection will be established to pull the data from the client. The team will do a quick build-up to enable a digital dashboard and will need an hour of the client's time to get started on Digital Dashboarding.

Prediction and Prescription service will provide Descriptive analytics, Predictive analytics and Prescriptive analytics for different processes. Descriptive analytics uses Business intelligence to get useful data in front of the right people in the form of dashboards, reports and emails. Predictive analytics uses predictive data science modelling, which analyses current and historical processes and makes predictions about future or unknown events.

Prescriptive analytics is the science of decisions. It helps companies to make decisions about their plant processes based on their data. For example: How to avoid any hiccups to achieve the predicted target for next year? What are the preemptive solutions to the obvious problems in the future? What to expect down the road in terms of operation, planning and forecasting? Etc.

Digitalization via Topware™

For control systems the importance, apart from controlling a process, is data that is gathered from plant floor and stored on premise. Sometimes it is consumed to develop reports and KPIs manually either in Microsoft Excel or through some sort of PIMS (Plant Information Management System). Mostly, such systems and reports require constant upgrades, updates, modifications to keep them purpose-fit. That's not just an expense in but also costs operational efficiencies. Octopus will merge all the above and digitize the plant automation process via Topware™. The Company will take all the risks and expenses of any capital purchase and move its customers to a path of digital transformation via a subscription model, from which all the intelligence, insights, analytics, prediction & prescription will be delivered as a service. To ensure utmost safety and cybersecurity of data, Octopus has procured Microsoft's Azure cloud platform. This data & information processing through cloud-based digital twinning has been termed as digitalization and is offered collectively as 'Topware™', Octopus's open source Digitalization services suite.

Benefit of Digitalization via Topware™

- 1) Financial Planning gets better:
From a pure accounting standpoint, the customer will eliminate the capital expense incurred with a new server (or servers), new field sensor (or sensors), new software or storage(s) and deployment, along with the required operating system and common SCADA or PIMS applications..
- 2) Technical chores will be handled by Octopus:
From a technology standpoint, customer no longer will need to worry about complex KPIs and process or performance calculations, trivial SCADA or PIMS software, hardware failures, offsite backup, internet outages, and expensive maintenance or upgrade fees. The customer gets rid of IT hardware and SCADA or PIMS software obsolescence by receiving the data, information & insights needed through Octopus's subscription-based Digitalization service 'Topware™'.
- 3) Business-Focus will be a top priority:
From a business standpoint, the customer will avoid costly downtime, unavailability of the right and accurate information for timely corporate reporting and the need to maintain application updates across multiple systems. The customer will gain the ability to work and access from anywhere and be informed of the critical plant parameters and KPIs that matter the most.

Type of Digitalization Model to adopt via Topware™

Octopus's tech teams are highly equipped and bring an experience of more than a decade in this industry. The Company's experts are well versed in finding the true meaning of clients asset digitalization and creating value within those assets. They will work in collaboration with the clients site teams and designated engineers to design a road map for digital transformation journey and will guide the client along the way to stay updated and protected. The Company will adopt a carefully designed service enablement approach that is hassle free for the client yet hail from the clients expert opinions and suggestions moving forward.

Evaluation, Planning & Scheduling of Topware™

Octopus's team will be in continuous contact with the client, its site engineers and technical managers to better understand and evaluate the task at hand. The collected data will be formulized to draft a plan and plan the commissioning of Topware™.

Topware™ enablement including data integration and KPI calculation can be as quick as two weeks or take up to two months. This will depends on the size and complexity of the job. Each step of the way for enabling Topware™ will be

scheduled in advance. Each member of Octopus’s team will be briefed on what they will be doing each day of the service enablement.

Provisioning Topware™

Any hardware and software applications that will be needed to plug in at site to source data points will be installed, then Topware™ Dashboarding will be activated and Digitalization services will be enabled. Lastly, a training session will be conducted for the factory employees to ensure hands on training and familiarity with the platform.

Topware™ will ensure its uptime 24x7x365

Once Topware™ is enabled, it will be the Company’s responsibility to ensure its 100% uptime to provide uninterrupted KPI Dashboarding experience. For this purpose, Octopus’s AMS teams will be deputed on 24x7x365 basis to ensure Topware™’s availability, performance, capacity, reliability, scalability and security.

Fuel Bureau Platform

The Fuel Bureau Platform is a maintenance based intellectual property that’s one of the many IPs that the Topware™ digitalization services suite will offer. It is a one stop solution for all the Fuel retail station needs.

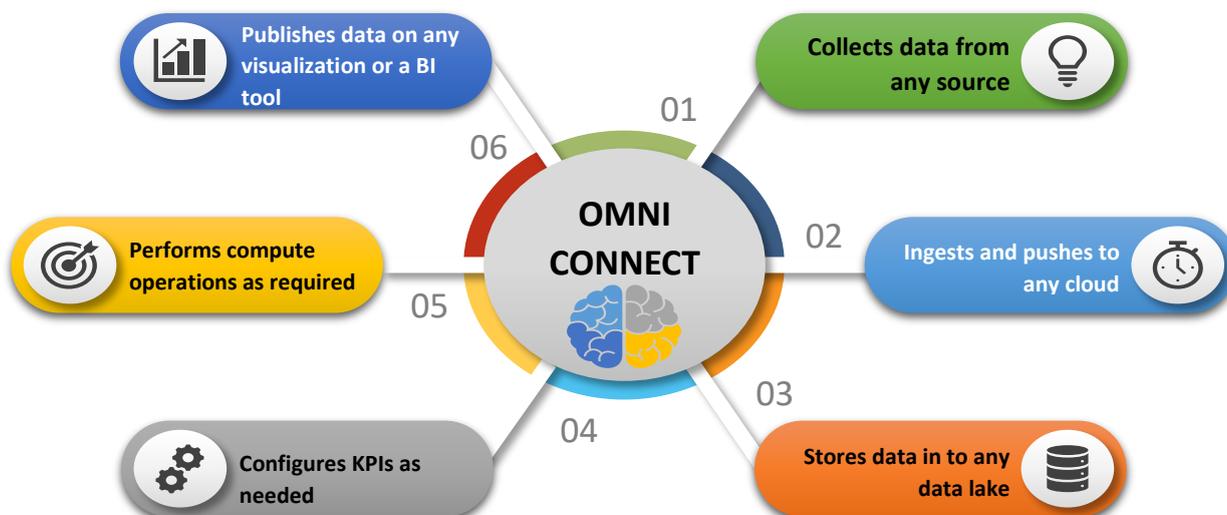
In order to give an overview of predictive and prescriptive IP, a glimpse of Fuel Bureau platform is given below. Fuel Bureau will be a 360-degree solution to monitor, build and improve a client’s fuel retail business by further automating its processes and improving data transparency. The complete Fuel Bureau platform will offer the following modules:

FUELBUREAU PLATFORM		OCTOPUS DIGITAL
<p>Transaction Management, Product Inventory and Capacity Planning</p>	<p>Asset Monitoring, Efficiency Enhancement and Digital KPIs</p>	<p>Predict Shutdown, Reduce downtime</p>
<p>Reimagining Maintenance by Digital Work Order Management</p>	<p>Internet of Terminal, Digital Twin of Oil Terminals</p>	<p>Digitalization of Fleet Management KPIs</p>
<p>RestAPI for ERP Connectivity & Beyond</p>	<p>Energy Management & Advisory App</p>	<p>Contact us for 24/7 Support</p>

OmniConnect™

Octopus aims to deliver OmniConnect with six service functions:

- 1) Collects data from any source;
- 2) Ingests and pushes to any cloud;
- 3) Stores data in any data lake;
- 4) Configures KPIs as needed;
- 5) Performs compute operations as required;
- 6) Publishes data on any visualization.



OmniConnect™ to broadly contain four objectives:

- 1) Timeframe and Cost: It implements the whole functionality of data collection from edge, store, compute, visualize and analyze at a fixed cost basis in a timeless manner.
- 2) Intellectual Property (IP) Development Model: Portable IPs can be developed as proprietary applications without being platform dependent. Agentless deployment supports both managed and self-service models.
- 3) Vision: Develop an interface to allow an entry level control engineer to start historizing data on cloud without acquiring any cloud knowledge or additional software expertise.
- 4) Data Portability: Data portability & shareability using simple-&-single interface - configurable to compute KPIs with significant reduced efforts.

3.13 NAMES OF COMPETITORS:

There are some international players operating in the Middle East and in other parts of the world (Honeywell Automation, ABB, CISCO and Rockwell Automation etc) and one of their offerings is AMS business to industrial automation. Octopus caters specifically to industrial automation clients, which is its differentiating factor with international players in this segment. Further, Octopus has no direct competitor in Pakistan who engages in providing similar line of service. However, at the outset Octopus can be seen as having indirect competition with other technology companies in Pakistan.

Co's	Share Price ¹	EPS ²	Sales per Share ²	BVPS ³	P/E	P/S	P/B	ROE ⁴	ROA ⁴	GP(%)	NP(%)	Free Float shares (000)	Free Float (%)
NetSol Technologies Limited ⁽⁶⁾	159.27	1.91	51.00	77.90	83.35x	3.12x	2.04x	2%	2%	37%	4%	31,443	35.00%
TRG Pakistan Limited ⁽⁷⁾	159.77	13.35	0.32	44.99	11.96x	499.28x	3.55x	30%	25%	NA	NA	463,582	85.00%
System Limited ⁽⁶⁾	635.83	17.97	85.80	64.32	35.39x	7.41x	9.89x	28%	19%	34%	21%	81,467	59.44%
Octopus Limited	29.00	3.09	4.02	7.13	9.39x	7.21x	2.22x	24%	23%	82%	75%	27,350	20.00%

(1) The market prices of companies are based on June 28, 2021

(2) Earnings and sales per share are based on the last twelve months accounts

(3) Book value per share is calculated on the basis of latest available report as March 31st, 2021. Octopus book value per share is excluding good will.

(4) ROE and ROA are based on the last twelve months earnings while equity and assets are based on March 2021 report

(5) Free float share are based on June 28, 2021 and are taken from PSX's website

(6) Netsol and Systems financial data are based on consolidated accounts

(7) TRG financial information is based on un-consolidated accounts

3.14 INTELLECTUAL PROPERTY RIGHTS

Octopus will hold intellectual property rights to the following products and products suites:

- Production Dashboard
- Utilities Dashboard
- Loop Tuning Dashboard
- Energy Dashboard
- Overall Equipment Effectiveness Dashboard
- Condition Monitoring Dashboard
- Predictive Analytics & Maintenance Services
- Prescriptive Analytics & Maintenance Services
- OmniConnect

3.15 DETAILS OF MATERIAL PROPERTY:

The Company does not own any property and operates out of rented properties. The rented property is a floor in the Avanceon office.

3.16 MAJOR CUSTOMERS

Some of the major customers of Octopus are as follows:

Name of Key Customers	Name of Country	Date of Contract	Revenues (PKR)	%	Customer Tenure
Customers of AVN¹					
Elegencia Hospitality & Facilities Management Services Co W.L.L	Qatar	1-Nov-19	84,272,066	15.35%	Up to 5 years
Engro Polymer & Chemicals Limited	Pakistan	27-Jan-20	35,816,473	6.52%	Up to 3 years
Pakistan Petroleum Limited	Pakistan	26-Aug-20	80,550,321	14.67%	Up to 3 years
PEPSI-COLA International Private Limited	Pakistan	20-Feb-19	54,807,103	9.98%	Up to 3 years
SERCO Limited	Dubai	1-Sep-18	60,161,623	10.96%	Up to 3 years
Others ²	Pakistan, Dubai & Qatar	Various contracts	197,617,073	35.99%	Up to 3 years
Sub Total			513,224,659		
Customers of Octopus					
Others ²	Pakistan	Various contract	35,871,629	6.53%	Up to 3 years
TOTAL			549,096,288	100%	

¹ The revenues from Customers of Avanceon are the gross revenue i.e. prior to the adjustment of direct cost after which they were transferred to Octopus.

² The "Others" line item under Customers of Octopus of PKR 35,871,629 pertain to contracts that are immaterial individually.

The revenue transferred from Avanceon to Octopus for CY20 is of PKR 513,224,659. This revenue has been earned from the following regions:

Region	Pakistan		Dubai		Qatar		Total	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
Amount*	PKR 187,055,350	36%	PKR 241,314,072	47%	PKR 84,855,237	17%	PKR 513,224,659	100%

*Revenue earned from Dubai and Qatar region are foreign currency denominated.

3.17 VENDORS OF THE COMPANY:

There are no key vendors of Octopus other than Microsoft from whom they **procure cloud-based services**. Octopus began procuring this service since March 2019. The tenure of this service is of 3 years and it can be extended. The details of this service are mentioned below:

Vendor Name	Services Description	Charges*	Contract Date	Expiry Date
Microsoft	Obtain end to end data driven services, advanced analytics for collaboration, prediction, exploration and optimization of manufacturing processes, in order to deliver digitization of physical assets on a plant floor.	USD 12,000 per annum	March 4 th , 2019	March 4 th , 2022

*The first subscription payment was made upon signing of contract on March 4th 2019 and subsequently on the anniversary of the signing.

Microsoft: Microsoft Corporation is an American multinational technology company with headquarters in Redmond, Washington. It develops, manufactures, licenses, supports, and sells computer software, consumer electronics, personal computers, and related services.

Other than Microsoft, vendors pertaining to material procurement are immaterial.

3.18 FUTURE PROSPECTS, DEMAND OUTLOOK

Industry 4.0 & Beyond

Services and technology sectors require constant automation and upgradation, and the Company and its sponsor are a long standing automation provider for manufacturing industries. Octopus is expecting a robust demand from various manufacturing and industrial sectors across Pakistan, Middle East and USA.

3.19 APPROVALS:

There are no material government and other approvals required for carrying on the business of the Issuer.

3.20 ASSOCIATED COMPANIES:

The Company has no associated company over which it has control. However, Avanceon Limited is an associated company of Octopus that has 100% control over Octopus.

Status	Entity Name	Nature of Business	Operational Status	Incorporation Date
Parent	Avanceon Limited	Industrial and Infrastructure automation	Providing industrial automation, process control and systems integration solutions, trading in products of automation and control equipment and providing related technical services.	26-Mar-03
Subsidiary	Avanceon FZE	Industrial and Infrastructure automation	Providing industrial automation, process control and systems integration solutions, trading in products of automation and control equipment and providing related technical services.	28-Feb-04
Subsidiary	Avanceon Automation & Control WLL	Industrial and Infrastructure automation	Providing industrial automation, process control and systems integration solutions, trading in products of automation and control equipment and providing related technical services.	22-May-17
Subsidiary	Innovative Automation & Engineering Inc.	Investment Company	The Company holds 26.11% (2019: 26.11%) equity interest in Avanceon Limited Partnership (ALP) directly and through Avanceon GP LLC, The General Partner.	21-Dec-06

Subsidiary	Octopus Digital Limited	Information Technology enabled services	The prime business of the Company is to carry out Information Technology enabled services which includes but are not limited to online data/information storage, online monitoring and review of employees efficiency, online monitoring of cost and production efficiency, online monitoring and maintenance of plant and machinery, sale and trade of related software and equipment etc.	29-Dec-17
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3.21 RELATED PARTY TRANSACTIONS

Related party transactions represent transactions with holding companies and associated companies on the basis of common directorship. The Company carries out transactions with its related parties in the normal course of business.

Related Parties	CY18 (Audited)	CY19 (Audited)	CY20 (Audited)
Avanceon Limited – Parent Co.	412,753	17,561,382	291,539,974
Avanceon FZE – Group Co.	268,437	3,799,742	19,660,761
Avanceon Automation & Control WLL – Group Co.	-	-	20,310,383

Name of Related Party	Basis of relationship	Nature of transactions	CY20(Audited)	CY19(Audited)
Avanceon FZE	Associated Company due to common directorship	Funds received by the Company	-	3,704,400
		Receivable against sub-contracted services	16,460,547	-
		Expenses incurred on behalf of the Company	2,872,492	-
		Exchange loss	327,722	95,342
Avanceon Automation and Control WLL	Associated company due to common directorship	Receivable against sub-contracted services	20,310,383	-
Avanceon Limited	Holding Company	Expenses incurred by the Company on behalf of Holding Company	-	17,561,382
		Expenses incurred by Holding Company on behalf of the Company	37,244,649	-
		Share of profit receivable from parent Company	186,582,463	-
		Project deferred cost	11,991,898	-
		Funds received by the Company	1,130,082	-
		Funds transferred by the Company	6,000,000	-
		Fee for technical service charged by the Company	27,840,000	-
		Receivable against sub-contracted services	20,750,882	-

3.22 PERFORMANCE OF ASSOCIATED LISTED COMPANIES OVER WHICH THE ISSUER HAS CONTROL:

There are no associated listed companies over which the Company has control.

Financial Performance of Listed associated companies by virtue of it being a Parent Company

Avanceon Limited is the parent company of Octopus.

Consolidated Statement of Profit & Loss (PKR "000")	CY18	CY19	CY20
Revenue from Contract with customers	3,480,942	4,896,158	6,444,692
Cost of Revenue	(2,513,661)	(3,412,208)	(4,603,147)
Gross Profit	967,821	1,483,950	1,841,545
Administrative & Selling expenses	(586,444)	(705,256)	(684,524)
Other operating expenses	(4,737)	(4,463)	(4,300)
Other operating income	464,754	313,051	162,990
	(126,427)	(396,668)	(525,834)
Profit from Operations	840,854	1,087,282	1,315,711
Finance Cost	(60,567)	(124,342)	(132,337)
Profit Before Tax	780,287	962,940	1,183,374
Taxation	(88,642)	(50,764)	(138,395)
Profit for the year	691,645	912,176	1,044,979

Consolidated Statement of Financial Position(PKR "000")	CY18	CY19	CY20
Equity & Liabilities			
Issued, Subscriber & Paid Up	1,363,238	1,925,364	2,117,900
Capital Reserves	787,579	1,015,069	1,089,893
Revenue Reserves	1,283,039	1,566,880	2,414,006
Total Equity	3,433,856	4,507,313	5,621,799
Non Current Liabilities	153,649	148,538	167,155
Current Liabilities	2,405,985	3,701,296	4,205,210
Total Equity & Liabilities	5,993,490	8,357,147	9,994,164
Non Current Assets	1,121,140	1,378,253	1,417,080
Current Assets	4,872,350	6,978,894	8,577,084
Total Assets	5,993,490	8,357,147	9,994,164

Date of Incorporation	26th March 2003
Registration Number	0045130
Nature of Business	Holding Company & Engineering Automation Company
Nature of relation	Parent Company
Date of Listing	11th February, 2014

3.23 DUTY STRUCTURE

There is no duty applicable on the cloud services being provided to Octopus' customers. However, there is a duty impact, between 0% ~ 20% on the tools and equipment. These are mechanical and electrical equipment used to enable automation. As part of AMS, these are replaced if required and charged to customers accordingly. All duties are passed on to customers.

3.24 INDUSTRY OVERVIEW

The 4th Industrial Revolution is currently taking place and it is digital. The actual size of the 2016 digital economy was

\$11.5 trillion globally, which was 15.5% of the global GDP. The base digital assets comprise one-third, or \$3.8 trillion, while digital spillover effects account for the remaining two-thirds, \$7.5 trillion³.

Pakistan, which has about 60% of its 200 million population in the 15 to 29 age group, represents an enormous human and knowledge capital. Pakistan has more than 2,000 IT companies & call centers and the number is growing every year. Pakistan has more than 300,000 English speaking IT professionals with expertise in current and emerging IT products and technologies and 13 software technology parks. More than 20,000 IT graduates and engineers are being produced each year coupled in addition to a rising startup culture⁴.

Digital growth in Pakistan is going through a rapid evolution. IT/ITeS Sector is one of the fastest growing sectors of Pakistan contributing about 1% of GDP of Pakistan at about \$3.5 billion. It doubled in the past four years and experts expect it to grow a further 100% in the next two to four years to \$7 billion⁵.

Pakistan's Information and Communications Technology (ICT) exports increased by 46 percent to \$1.7 billion in the nine months of this fiscal year (July-Apr FY2021)

In accordance with Pakistan Vision 2025 and the Digital policy of Pakistan 2018, the ICT industry size is targeted to reach \$20 billion by 2025.

Most importantly, the security situation of Pakistan has improved. Startups like Careem, Daraz, Zameen.com, Rozee.pk and their success is bringing investment into Pakistan as evident from the recent acquisition of Daraz and Easypaisa by Alibaba. Traditional investors from other Pakistani sectors like textile, fertilizers are also taking special interest in the startup ecosystem. In the traditional IT outsourcing, other South Asian nations are becoming increasingly expensive and these countries are finding it hard to compete in the technology areas like artificial intelligence, internet of things, cyber security, automation etc.

On regulatory side, the Exemption on proceeds received from abroad in relation to export of computer software, IT services, IT enabled services and technical services rendered or exported from Pakistan have been withdrawn through the new Finance Bill, 2022. The enacted bill states that a 1% withholding tax rate shall apply on the proceeds.

³ <https://invest.gov.pk/it-ites>

⁴ <https://invest.gov.pk/sites/default/files/inline-files/IT.pdf>

⁵ <https://invest.gov.pk/sites/default/files/inline-files/IT.pdf>

3.A SHARE CAPITAL & RELATED MATTERS

3.A (i) SHARE CAPITAL

No. of Shares	Shareholders	Face Value (PKR)	Premium (PKR)	Total (PKR)
150,000,000	Authorized Capital Ordinary Shares	10	-	1,500,000,000
	Issues, Subscribed & Paid Up Capital			
109,400,002 ⁶	Ordinary Shares	10	-	1,094,000,020
No. of Shares	Shares held by Directors/ Sponsors	Face Value (PKR)		Total(PKR)
109,400,000	Avanceon Limited (These shares are issued for consideration other than cash in lieu of transfer of AMS business from Avanceon to Octopus.	10		1,094,000,000
1	Mr. Tanveer Karamat	10		10
1	Mr. Bakhtiar Hameed Wain	10		10
109,400,002	Total Paid Up Capital	10		1,094,000,020
No. of Shares	Allocation	Face Value (PKR)		Total(PKR)
20,512,500	Allocations to Institutions / Individual Investors through Book Building process at Strike Price	10	19	594,862,500
6,837,500	General Public Portion	10	19	198,287,500
27,350,000	Total Issue Size	10	19	793,150,000
136,750,002	Grand Total Post-IPO Paid up capital	10	19	1,367,500,020

NOTE:

- 1) As per regulation 5(1) of the PO Regulations, the Sponsors of the Company shall retain their entire shareholding in the Company for a period of not less than twelve months from the last date for public subscription;
- 2) As per regulation 5(2) of the PO Regulations, the Sponsors of the Company shall retain not less than twenty-five percent of the post issue paid up capital of the Company for not less than three financial years from the last date for the public subscription;
- 3) 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;
- 4) As per regulation 5(4) of the PO Regulations, subject to compliance with sub-regulation 1 and 2 of regulation 5, and with the prior approval of the securities exchange, the Sponsors of the Company may sell their shareholding through block-sale to any other person who shall be deemed Sponsor for the purposes of the PO Regulations.

SHARES OF SPONSORS TO BE RETAINED AS PER REGULATION 5 OF PO REGULATIONS

- Avanceon Limited is the Sponsor of the Company and owns 109,400,000 shares, hence, these shares will be blocked as per Regulation 5(1) of Public Offering Regulations, 2017 for a period of 12 months;
- Also, as per regulation 5(2) of the PO Regulations, the Sponsors of the Company 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 public subscription.

⁶ -1,000,002 Ordinary Shares are fully paid in cash, and -108,400,000 Ordinary Shares are issued for consideration other than cash, i.e. the shares issued to Avanceon Limited against transfer of business of AMS from Avanceon.

Description	Number of shares	% Shareholding status
Shares held by Sponsor Directors:		
Avanceon Limited	109,400,000	99.9999982%
Mr. Tanveer Karamat	1	0.0000009%
Mr. Bakhtiar Hameed Wain	1	0.0000009%
Total	109,400,002	100.00%

Given above are sponsor shareholding to be kept in blocked form as per the PO Regulations.

3.A (ii) PRESENT ISSUE

The Issue comprises of 27,350,000 Ordinary Shares of face value of PKR 10/- each, which constitutes 20% of the total post-IPO paid up capital of the Company.

The Issue is being made through 100% Book Building process at a Floor Price of PKR 29/- per share with an upper limit of 40% of the Floor Price i.e. Rs. 40.6 and the Strike Price will be the price at which 100% of the issue is subscribed. 75% of the total issue size i.e. 20,512,500 Ordinary Shares will be provisionally allocated to the successful Bidders and the remaining 25% of the total issue size i.e. 6,837,500 will be offered to retail investors / general public. In case the retail portion of the Issue remains unsubscribed, the unsubscribed shares will be allotted to the successful Bidders on pro rata basis.

3.A (iii) SHARES ISSUED IN PRECEEDING YEARS

Sr.No	No. of Shares	Allotment Date	Consideration
1	2	29-Dec-2017	Against Cash
2	1,000,000	30-April-2019	Against Cash
3	108,400,000	8-Dec-2020	Against other than Cash
Total	109,400,002		

3.A (iv) Related Employees of the Company

S. No.	Name	Designation
1	Asmar Ahmed Atif	Chief Executive Officer
2	Saeed Ullah Khan Niazi	Chief Financial Officer
3	Ahsan Khalil	Company Secretary

Related employees of the Consultant & Book Runner (BMA Capital Management Limited)

S. No.	Name	Designation
1	Moazzam M. Malik	Chairman & CEO
3	Saad Hashemy	Executive Director, Investment Banking
4	Abdul Qadir	Vice President, Investment Banking
5	Abdul Raheem Ejaz	Analyst, Investment Banking

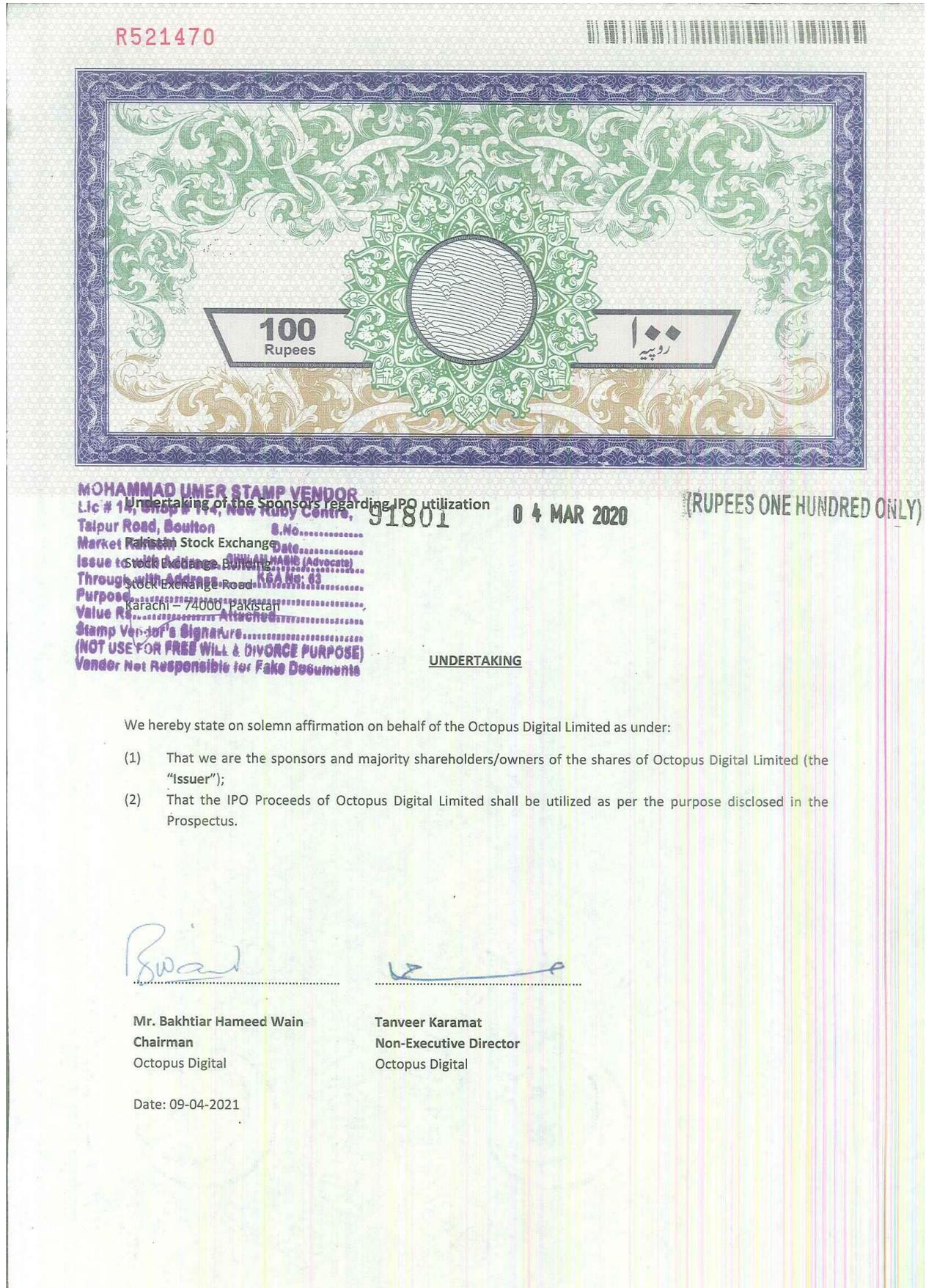
Note:

As per regulation 7(8) of the PO Regulations, the associates of the Issuer as disclosed in this Prospectus shall not in aggregate make bids in excess of ten (10%) percent of the shares offered through Book Building.

As per regulation 7(9) of the PO Regulations, the associates of the Lead Manager & Book Runner shall not in aggregate make bids in excess of ten (10%) percent of the shares offered through Book Building. Provided that it shall not apply to such associates of the Lead Manager & 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, Lead Manager & Book Runner to the Issue shall not participate in the Bidding for shares.

Undertaking of the Sponsors regarding IPO utilization



UNDERTAKING OF THE SPONSORS REGARDING IPO UTILIZATION

04 MAR 2020

100 RUPEES

RUPEES ONE HUNDRED ONLY

MOHAMMAD UMER STAMP VENDOR
 Lic # 14, Shop # 14, New Ruby Centre, Talpur Road, Boulton Market Pakistan
 Issue to Stock Exchange, Through with Address Stock Exchange Road Karachi - 74000 Pakistan
 Purpose Value Rupee
 Stamp Vendor's Signature (NOT USE FOR FREE WILL & DIVORCE PURPOSE)
 Vendor Not Responsible for Fake Documents

91801

UNDERTAKING

We hereby state on solemn affirmation on behalf of the Octopus Digital Limited as under:

- (1) That we are the sponsors and majority shareholders/owners of the shares of Octopus Digital Limited (the "Issuer");
- (2) That the IPO Proceeds of Octopus Digital Limited shall be utilized as per the purpose disclosed in the Prospectus.

Bwain
.....

Mr. Bakhtiar Hameed Wain
Chairman
Octopus Digital

Tanveer Karamat
.....

Tanveer Karamat
Non-Executive Director
Octopus Digital

Date: 09-04-2021

4. PRINCIPAL PURPOSE OF THE ISSUE & FUNDING ARRANGEMENTS

4.1 PRINCIPAL PURPOSE OF THE ISSUE

The Company requires funding of PKR 793.15 million to develop and launch various digital dashboard platforms. The plan is to build twenty nine (29) independent intellectual properties (as presented graphically below) including marketing and selling of these IPs. The IPs that the Company aims to build shall be under following categories:

Dashbord based IPs: These objective specific dashboards as follows will be prepared for industrial and manufacturing sectors, which will provide at-a-glance view of key performance indicators relevant to a particular objective or business process:

1. Industry vertical based IP: Digital dashboards that will display industry specific metrics. For example: capacity utilization and raw material consumed for industries/manufacturing concerns.
2. Function based IP: Digital dashboards that will display different metrics/benhmarks of a specific function.
3. Utilities based IP: Digital dashboards that will display performance of different utilities.
4. Maintenance Based IP: Digital dashboards that will display maintenance levels required or to be required (wear and tear) of different assets in an organization.
5. Fuel retail speciality based IP: Digital dashboards that will display transactional and inventory data of fuel in retail stations for an organization to extract valuable insights.

In order to boost efficiencies in the industrial and manufacturing process, the Company intends to provide two different platforms namely **Topware** and **OmniConnect**. Each platforms will have some IPs, for explanation, please refer section 4.1. Topware will help analyze data and will provide prediction and prescription based on the data analysis. While OmniConnect, will help collect data from any source, compute that data, perform KPIs and transfer that data to any other source.

Topware™: It is an end to end solution that would contain three core functions: Digital Dashboarding, Prediction & Prescription, and Autonomous Command Center. It will have four distinct assets based IPs for instance, Loop Tuning App, Building Management System App etc.

OmniConnect™: It is a brand name of several intellectual properties, which will allow industries to use predictive analysis in order to prevent future losses/problems through digitization and big-data usage. It will have following fundamental properties:

1. Collects data from any source;
2. Ingests and pushes to any cloud;
3. Stores data in any data lake;
4. Configures KPIs as needed;
5. Performs and compute operations as required;
6. Publishes data on any visualization.

A Graphical representation of IPs:



Name of each IP is presented below:

Industry Vertical Based IPs	Function Based IPs	Utilities Based IPs	Maintenance Based IPs	Fuel Retail Speciality IPs	Predictive and Advanced Analytics IPs	OmniConnect next Version Apps
EthanolA	Efficienci	SteamPulse	Fuel Bureau	Oilston	Onezodiac	SupportBerry

Powerward	Greenava	Sequencis	Priority Suite	Fintech Fuel	Signalistics	Omni Diagnostic
Share Fuel		Chillowat		Proofsy	Empirical View	Logically
Tanker		Path Advice			Quantifox	Calculytics
Cemmax		Turbyne				Factian
						Syncy
						Statgain
						Fixalytics

These Digital Dashboards including Topware and Omniconnect will be marketed in Pakistan, Middle East and United States. The IPO proceeds will also be used for associated marketing and selling expenses pertaining to these.

Source of funding and utilization of total proceeds:

The estimated requirement of funds for developing IPs is expected to be PKR 793.15 million, which is intended to be raised entirely through issuance of 27,350,000 ordinary shares at a Floor price of PKR 29/- per share through an Initial Public Offering (IPO) of PKR 793,150,000.

Utilization and sources of the funds required:

There are three components of proceed utilization as follows:

1. Creation of intellectual property: This includes cost of human resource such as software engineers, technical experts etc. who will be hired. The estimation of cost is carried out on project hour basis. On average, each Intellectual Property will cost c. USD 150,000;
2. HR Cost of Marketing: This includes human resource cost of marketing team which will be hired locally. The marketing personnel will be conducting seminars and hosting events to promote the IPs developed.
3. HR Cost of Sales: This category includes hiring cost of the sales team, from Pakistan, for targeting specific industries. The cost is based on human resource cost required to conduct sales of specific intellectual property. The sales team will organize physical meetings with potential clients to offer Octopus' services and gauge interest.

Utilization of funds			Sources of Funds		
Categories	Amounts (PKR)	%	Categories	Amounts (PKR)	%
Intellectual Property	696,000,000	88%	Initial Public Offering	793,150,000	100%
HR Cost of Marketing	42,150,000	5%			
HR Cost of Sales	55,000,000	7%			
Total	793,150,000	100%	Total	793,150,000	100%

The IPO proceeds are to be used for creation of intellectual properties, marketing and sales expenditures. The IPO proceeds shall be utilized within Pakistan.

Detail Working of Intellectual Property Creation:

As explained above in serial number 1, that each intellectual property would expect to cost USD 150,000, an estimated cost, based on individual components, for a single intellectual property is shown below:

S. No	PHASE ACTIVITY	STANDARD WORK EFFORT %	PHASE TEAM SIZE	COMPUTED WORK EFFORT HOURS	COMPUTED TASK DURATION IN WEEKS	COMPUTED AVERAGE RESOURCE HOURLY COST	ESTIMATED COST (IN USD)	ESTIMATED COST (IN PKR)
1	R&D Business Requirements	30%	4	700	4	\$21.71	\$15,195	2,431,243
2	Functional Specifications	10%	3	400	3	\$19.31	\$7,722	1,235,521
3	Detailed Design	10%	3	700	6	\$19.31	\$13,514	2,162,162
4	Code and Unit Test	20%	5	1,500	8	\$16.98	\$25,475	4,075,922
5	System Testing	20%	2	500	6	\$14.50	\$7,250	1,160,000
6	Implementation, O&M Testing	10%	6	350	1	\$13.17	\$4,608	737,333
		100%		4,150	29		\$73,764	11,802,181

Project Manager	40%	1	800	29	\$50.00	\$40,000	6,400,000
Deputy Project Manager	30%	1	300	29	\$38.00	\$11,400	1,824,000
Project Lead	30%	1	400	29	\$28.00	\$11,200	1,792,000
Project Management			1,500			\$62,600	10,016,000
Baseline Project Hours Estimate			5,650			\$136,364	21,818,181
Contingency (10% of estimated cost)						\$13,636	2,181,818
Total Cost						\$150,000	24,000,000

1USD = PKR160 as on (09/02/2021). Link of website for reference: <https://www.exchangerates.org.uk/USD-PKR-exchange-rate-history.html>

Intellectual property would expect to cost at an average of USD 150,000 for creating twenty nine (29) Intellectual Properties. Therefore a rate of 1 USD = PKR 160 is applied to USD 150,000 which is subsequently multiplied by 29 i.e the number of intellectual properties expected to be made.

Particulars	Average Cost	Conversion Rate	Cost in PKR	No. of IPs	Total Cost (PKR)
Creation of Intellectual Property	USD 150,000	PKR 160	24,000,000	29	696,000,000

The IP creation cost is devised using involvement of different human resources and volume of hours. Based on the above table, there are six phases which would require technical teams. The size of team, hours required, hourly compensation, and total cost for each phase is shown corresponding to that specific phase. In addition to the technical team, senior members will also be required. Their cost, involvement is also shown above. There will be no specific hardware required for creation of IPs, therefore, its cost has not been included.

Breakup of Marketing and Sales cost:

The Company, based on their experience, envisaged an estimation of human resource that would be required to conduct marketing and sales of (29) intellectual properties. The marketing personnel will be conducting seminars and hosting events to promote the IPs developed. While the sales team will organize physical meetings with potential clients to offer Octopus' services and gauge interest.

As per the estimation, about fifty five (55) and forty (40) human resources would be required for marketing and sales, respectively. The average annual cost per resource is shown in the below table:

Particulars	No. of Human Resource	Average Annual Salary/Resource (PKR)	Total Cost (PKR)
HR Cost of Marketing*	40	1,053,750	42,150,000
HR Cost of Sales *	55	1,000,000	55,000,000

*The average annual salary cost per resource is described on the basis of annualized estimation, however, the total sum which is expected to be incurred for Marketing and Sales are PKR 42.15 million and PKR 55 million respectively. The spending will be conducted as per the implementation schedule shown below:

Implementation Schedule:

	Timeline											
	First Year					Second Year					Total	Grand Total
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total		
Intellectual Property	10%	14%	17%	21%	62%	21%	17%	0%	0%	38%	100%	
Marketing	20%	30%	30%	20%	100%	0%	0%	0%	0%	0%	100%	
Sales	0%	10%	15%	20%	45%	20%	20%	15%	0%	55%	100%	
	Intellectual Property (IP)											
	First Year					Second Year					Total	Grand Total
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total		
Creation of IPs (numbers)	3	4	5	6	18	6	5	-	-	11	29	

The above implementation schedule is prepared on the presumption that Quarter one (Qtr 1) shall commence from the day of disbursement of IPO proceeds to the Issuer.

In case the Strike Price is determined above the Floor Price:

Any excessive funds, in case the Strike Price is determined above the Floor Price, would be utilized for creating additional IPs. The cost for creation of additional IPs would be similar to the cost that has been explained above (i.e. USD 150,000 per IP) in section 4.1 of the Prospectus.

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

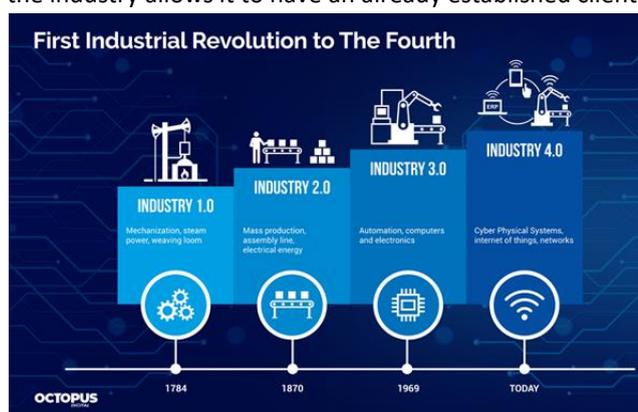
1. Report detailed break-up of the utilization of the proceeds of the issue in its post issue quarterly / half-yearly and annual accounts till the fulfillment of the commitments mentioned in the prospectus, and;
2. Submit a half yearly progress report and annual progress report reviewed by the auditor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

4.A VALUATION SECTION

The Ordinary Shares of Octopus are being issued at Floor Price of PKR 29/- per share which is at a premium of PKR 19/- per share Ordinary Share to the face value of PKR 10.00/- per Ordinary Share. The Lead Manager has reviewed the business performance of the Company and in their opinion, the Floor Price of PKR 29/- per share is justified based on the following:

4.A (i) Strategic advantage underpinned in forecasts

Avanceon is a key player in the machinery automation industry. It brings technical efficiencies in manufacturing systems along with the application of cost-reduction techniques causing majority manufacturers to opt for their systems and technology. Octopus, being the arm of Avanceon and one of the leading manufacturing automators in the industry allows it to have an already established clientele.



The next step for the manufacturing industry is incorporated in Octopus' industrial revolution 4.0, which focuses on the development of Digi-dashboards and a means of integrating current technologies with its cloud-based servers. AMS, which was part of Avanceon, has been carved out to Octopus; hence allowing it to focus on the next step of the technological revolution.

4.A (ii) Strong Management Octopus's management consists of a competitive set of individuals with a globally diverse experience. The board comprises of seven directors.

These board of directors possess a wide plethora of skills and experience in manufacturing, information technology and electrical engineering sectors. In this regard, they are propelling the technology industry forward and bringing forth the industrial revolution 4.0 dominated by digitization and cloud-services. A futuristic mindset and vision allows the Company to take bold steps towards technological advancement.

Asmar Atif, the Chief Executive Officer of Octopus, has a multi-decade, global and local experience in the digitization and automation space. He is currently heading Octopus globally within Avanceon, and works at the intersection of business, technology and regulation in the artificial intelligence, strategy and open-innovation space. Employing open-source digital technologies and design-thinking, his role is to provide strategic and operational leadership to Octopus' R&D, design, sales and service teams so that they excel at their individual and collective Objectives and Key Results (OKRs).

4.A (iv) Emerging Player in Cloud-Based Solutions

Octopus is an emerging player in provision of cloud-based solutions at a large scale in Pakistan. The Company has not only developed a strong skill set but also a strong rapport with domestic as well as international market participants over the past couple of years. This will allow the Company to retain its market position despite introduction of new market participants as any new player will have to pass through the learning curve of domestic market allowing ample lead time to the Company to gear up for possible competition.

4.A (v) POST IPO FREET FLOAT DISCLOSURE

Description	Post IPO	Post IPO (%)
Shares held by Sponsors	109,400,002	80.00%
Share held by General Public – Free Float	27,350,000	20.00%
Total	136,750,002	100.00%

4.A (vi) Peer Group Comparison

Co's	Share Price ¹	EPS ²	Sales per Share ²	BVPS ³	P/E	P/S	P/B	ROE ⁴	ROA ⁴	GP(%)	NP(%)	Free Float shares (000) ⁵	Free Float (%)
NETSOL ⁶	159.27	1.91	51.00	77.90	83.35x	3.12x	2.04x	2%	2%	37%	4%	31,443	35.00%
TRG ⁷	159.77	13.35	0.32	44.99	11.96x	499.28x	3.55x	30%	25%	NA	NA	463,582	85.00%
SYS ⁶	635.83	17.97	85.80	64.32	35.39x	7.41x	9.89x	28%	19%	34%	21%	81,467	59.44%
AVN ⁶	114.82	4.93	30.43	26.52	23.27x	3.77x	4.33x	19%	10%	29%	16%	60,283	28.19%
Octopus	29.00	3.09	4.02	7.13	9.39x	7.21x	2.22x	24%	23%	82%	75%	27,350	20.00%

- (1) The market prices of companies are based on June 28, 2021
- (2) Earnings and sales per share are based on the last twelve months accounts
- (3) Book value per share is calculated on the basis of latest available report as March 31st, 2021. Octopus' book value per share is calculated excluding goodwill.
- (4) ROE and ROA are based on the last twelve months earnings while equity and assets are based on March 2021 report
- (5) Free float share are based on June 28, 2021 and are taken from PSX's website
- (6) Avanceon, Netsol and Systems financial data are based on consolidated accounts
- (7) TRG financial information is based on un-consolidated accounts

5. RISK FACTORS

5.1.1 Internal Risk Factors

5.1.2 Cybersecurity Risk

This risk is associated with the probability of exposure or loss resulting from a cyber-attack or data breach in an organization. The Company has obtained cloud services for storage of Clients data. Inefficient security controls increase the risk of cyber-attacks from outside the organization.

Mitigant: Octopus has procured cloud-based services from Microsoft which stores client's entire data on their cloud servers. Moreover, Company has sufficient and effective security controls. Considering the same, risk of cybersecurity is at minimum.

5.1.3 Technology Risk

Technology or Research & Development carries an element of risk because it involves trying out new, untested ideas. Octopus plans to expand business via offering digital business services. There is a risk that Octopus may not succeed in developing proper technology as envisaged in their plan.

Mitigant: Octopus has well experienced team that will guide newly recruited IT staff for development of dashboard and IPs.

5.1.4 Customer Continuity Risk

Currently Octopus' regular customers are those who had been provided automation services by Avanceon. If these customers do not renew their contract, Octopus revenue growth will suffer negatively. All the customer contracts except one shall stand expired in April 2022.

Mitigant: Since 2008, Avanceon has been successfully providing AMS Services to its clients including blue chip companies. Moreover, customer retention rate is also high, as multiple customers have renewed their AMS contracts.

5.1.5 Winding up of AMS Business

Octopus has intangible assets which were created against consideration for transfer of AMS business from Avanceon. In case of winding up of AMS business, there is a risk that no tangible assets are owned by Octopus.

Mitigant: AMS business was launched in 2008 and within one decade it has achieved a remarkable growth which is demonstrated from its CY 2020 revenues i.e. PKR 549 million. Strong growth indicates sustainable prospects of AMS business going forward.

5.1.6 Transfer Pricing Risk

Revenue of total 81 customers was transferred to the Company CY 2020. Out of these c.93% of the revenue contributors (i.e. 72 customers) will continue with their agreements signed in the name of Avanceon while only c.7% of the revenue contributors (9 customers) have signed agreement in the name of Octopus. For 93% revenue contributors, Avanceon will continue receiving the revenue and will subsequently transfer the same to Octopus, this arrangement shall continue till 2023. There is a risk of transfer pricing due to said inter-company transfers. Such transfer pricing might impact profitability of the company.

Mitigant: All transactions between Octopus and Avanceon are being undertaken at arm's length principle.

5.1.7 Digital Business Demand Risk

As Octopus plans to expand services by offering Digital Dashboards, there is a risk of weak demand of digital dashboards. In this case, growth of future revenue stream may affect negatively.

Mitigant: Management foresee a huge demand for digital dashboards in Pakistan. Further, Octopus digital is in talk with different companies for digital dash board services.

5.1.8 Delay in Implementation of Project

Octopus plans to complete creation and development of digital platforms within two years. Any delay in implementation would impact revenue growth of digital business.

Mitigant: The implementation schedule for creation of digital platforms is designed that each quarter certain IPs will be created. This assumption has reasonable flexibility which will ensure no delays.

5.1.9 IP Creation Cost

There is a risk of cost escalation for creating IPs.

Mitigant: The estimates for IP creation are based on existing rack rates which will not change in the near term. Nonetheless, Octopus has already incorporated a 10% impact for any contingency. This 10% is already built in the cost of each IP creation.

5.1.10 Human Resource

Octopus business plan involves creation of sophisticated IPs, which is dependent on availability of skilled human resource with specific expertise in cloud programming. These may be difficult to attract given global convergence towards cloud-based solutions.

Mitigant: Octopus team is well seasoned and possess the required expertise and resources to attract the required human resource.

5.1.11 Negative Operating Cash flows

The Company posted negative cash flow from operations in CY 2018 and CY 2019 of (PKR 0.435 million) and (PKR 6.239 million) respectively.

Mitigant: The Company was created in 2017 with an ambition to transfer all AMS business into the Company from Avanceon, however, the transfer was made in 2020. Thus, the Company posted negative cash flows. However, CY20 operating cash flows were positive i.e. PKR 20.4 million.

5.1.12 Key Man's Risk

There is a risk that a critical employee of Octopus which is steering digital business is out for any extended period due to any reason.

Mitigant: Octopus team is well skilled and equipped to move the company forward in absence of key employee

5.1.13 After Market Sales Revenue Based Model

The Company has a singular revenue-based model which involves after-market sales stream. Any negative impact in AMS business could affect revenue and profitability of Octopus.

Mitigant: AMS business was launched in 2008 and since then it has grown significantly. Nonetheless, the Company is diversifying its business model through entering in cloud-based digital dashboard business.

5.1.14 Customer Concentration Risk

50% of the revenue of Octopus in CY 2020 is coming from 4 customers. Two customers from Qatar & Dubai constitute 26% revenue in CY 2020. Although the contracts are renewable at the discretion of the

customers, however, it poses customer continuity risk and customer concentration risk and might impact revenue and profitability of Octopus.

Mitigant: Company is entering into contracts with new customers to mitigate this risk.

5.1.15 Risk of non compliance with regulation of SECP and PSX

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

5.2 External Risk Factors

5.2.1 Competition Risk

International players in this segment includes Honeywell Automation, ABB, CISCO and Rockwell Automation and the same are operating in Middle East and other parts of the world. These Companies can affect market share of Octopus in said region. Further, Octopus is operating in a niche market with few players, greater margins may attract new players to enter the industry.

5.2.2 Regulatory Risk on Stores and Spares

The stores and spares used in automation are largely imported and are subject to duties at the import stage. Any adverse changes in duty structure can impact overall costs of provision of AMS services to clients.

Mitigant: The incidence of duties on these stores and spares is in the range of 10-20%. However, these stores and spares are on a need basis and constitute a small portion of overall costs of provision of AMS services (16% of total costs in 2020). Further, any changes in duty structure are passed on to clients and have a Neutral impact on Octopus' overall margins.

5.2.3 Regulatory Risk Relating to Usage of Cloud Services

Octopus Digital Limited intends to place the client's data on cloud for storage purpose. Any restriction by the Government for placement of data on cloud may hamper the business model and affect revenue stream.

5.2.4 Regulatory Risk on IT Service Exports

The Exemption on proceeds received from abroad in relation to export of computer software, IT services, IT enabled services and technical services rendered or exported from Pakistan has been withdrawn through the new Finance Bill, 2022. The enacted bill states that a 1% withholding tax rate shall apply on the proceeds.

Mitigant: Octopus does not export computer software, IT services and IT enabled services. However, it has contracts that render technical services to foreign clients but these contracts were signed with foreign domiciled group companies of Avanceon before the AMS business transfer/sale. The revenues in relation to these contracts are recorded in Avanceon and subsequently transferred (after deducting direct cost) to Octopus. Therefore, it will not have any impact on Octopus' profits. Going forward, new contracts with foreign companies will have tax impact which can be adjusted with tax paid by Octopus.

5.2.5 Exchange Rate Risk

Octopus provide services to foreign companies that operate in the Middle East. Therefore, Octopus earnings are subject to exchange gain and loss which may arrive depending on appreciation/depreciation of Pakistan's Rupee.

Mitigant: The Company ensures that transaction with foreign companies are recorded when services are delivered. However, Octopus is subject to exchange gain/loss to a certain degree..

5.2.6 Capital Market Risk

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

5.2.7 Impact of Covid 19

Due to Covid-19 pandemic, the global economy has affected adversely especially contact-intensive industries due to lockdown measures.

Mitigant: The Company is a technology enabler & service provider and due to its technology characteristics, it is among the less contact intensive industry. Thus, Octopus will be least affected from the Covid-19.

5.2.8 Under-subscription Risk

The Issue of Octopus may be under-subscribed due to lack of interest on the part of the investors. **The book building process shall be considered as cancelled if**

- The Company does not receive bids for the number of shares allocated under the Book Building portion;
- The Company does not receive at least 40 bids.

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

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

April 9th, 2021

The Chief Executive

Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

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

The information contained in this Prospectus is true and correct to the best of our knowledge and the opinions and intents 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 **Octopus Digital Limited**

-Sd-

ASMAR AHMED ATIF
Chief Executive Officer

-Sd-

Saeed Ullah Khan Niazi
Chief Financial Officer

5.4 UNDERTAKING BY THE COMPANY AND ITS SPONSORS

R521471

100
Rupees

91802 04 MAR 2020 (RUPEES ONE HUNDRED ONLY)

MOHAMMAD UMER STAMP VENDOR
Lic # 14, Shop # 114, New Ruby Centre,
Taipur Road, Boulton Market Karachi

S.No.....
Date.....
Issue to with Address.....
Through with Address.....
Purpose.....
Value Rs.....
Stamp.....
(NOT USE FOR FRAUD OR ILLEGAL PURPOSE)
Vender Stock Exchange Number

OHULAM HABIB (Advocate)
KBA No. 53
Pakistan Stock Exchange
Stock Exchange Number

Under-taking of the sponsors regarding IPO utilization

Karachi – 74000, Pakistan

UNDERTAKING BY THE COMPANY AND ITS SPONSORS

The Company and its Sponsors undertake that

- (1) Neither Issuer nor its directors, sponsors or substantial shareholders have been holding office of the directors, or have been sponsors or substantial shareholders in any Company:
 - a. Which had been declared defaulter by the securities exchange or futures exchanges: or
 - b. 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.
- (2) Which has been de-listed by the Exchange due to its non compliance of any applicable provision of PSX Regulation.
- (3) 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



Mr. Bakhtiar Hameed Wain
 Chairman
 Octopus Digital



Tanveer Karamat
 Non-Executive Director
 Octopus Digital

Date: 09-04-2021

5.5 STATEMENT BY THE ISSUER

April 9th, 2021

The Chief Executive

Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

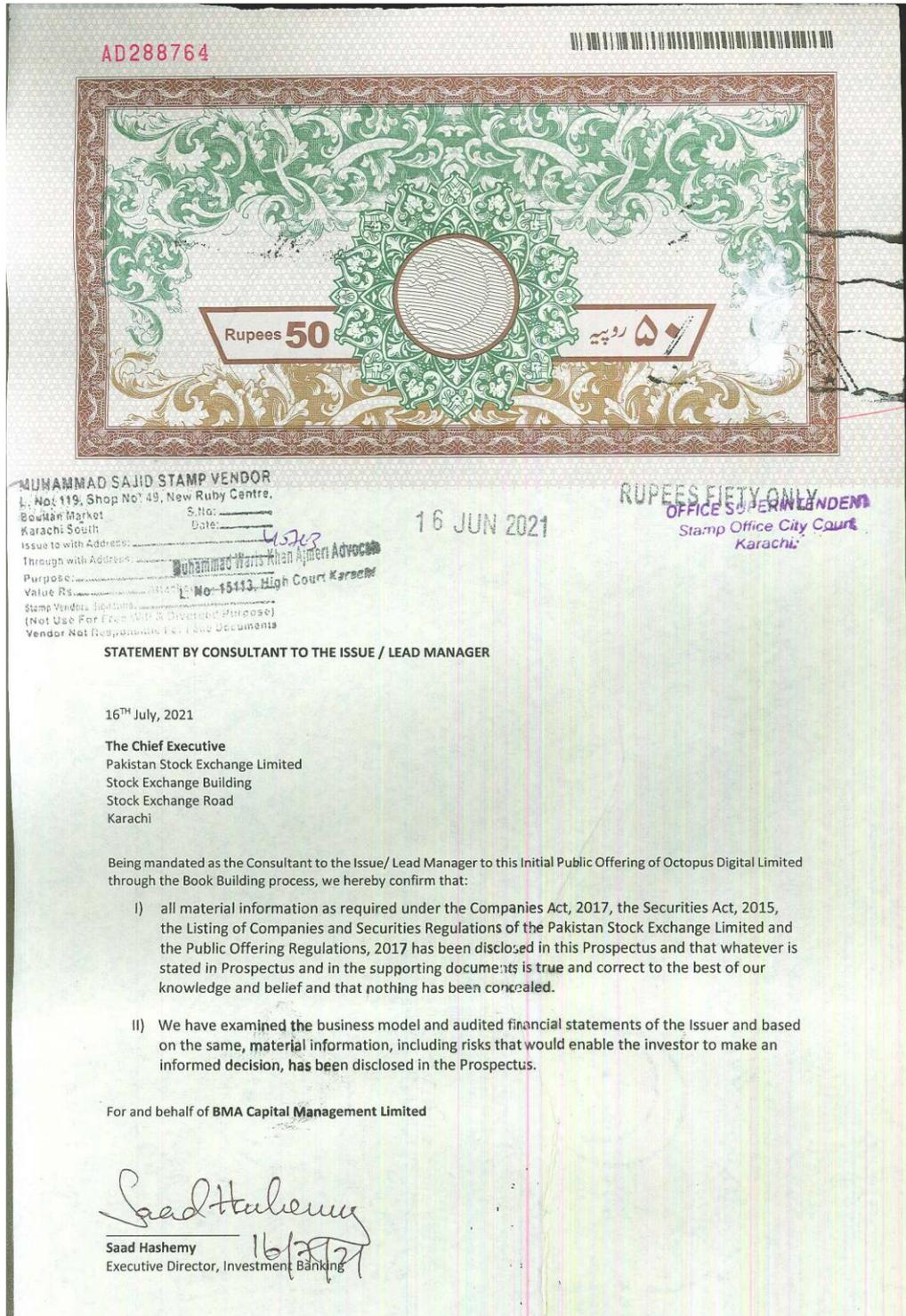
On behalf of Octopus Digital Limited (“Octopus” or the “Company”), we hereby confirm that all material information as required under the Companies Act, 2017, the Securities Act, 2015, the Public Offering Regulations, 2017 and the Listing of Companies and Securities Regulations of the Pakistan Stock Exchange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

For and behalf of **Octopus Digital Limited**

-Sd-

ASMAR AHMED ATIF
Chief Executive Officer

5.6 STATEMENT BY CONSULTANT TO THE ISSUE / LEAD MANAGER



5.7 Statement by Book Runner

April 9th, 2021

The Chief Executive

Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Being mandated as the Book Runner to this Initial Public Offering of Octopus Digital 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 behalf of **BMA Capital Management Limited**

-sd-

Saad Hashemy

Executive Director, Investment Banking

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 OCTOPUS DIGITAL LIMITED



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

Tel: +9242 3577 8402-11
Fax: +9242 3577 8412-13
ey.lhr@pk.ey.com
ey.com/pk

LA/8007/21
17 May 2021

The Board of Directors
Octopus Digital Limited
19 Km, Multan Road
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 audited financial statements for the years ended 31 December 2020 and 2019 and the period ended 31 December 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 annual financial statements for the year ended 31 December 2020 whereas the audit of financial statements for the year ended 31 December





2019 and period ended 31 December 2018 were audited by another firm of chartered accountants.

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 audited financial statements for the years ended 31 December 2020 and 2019 and the period ended 31 December 2018 is included in Annexure 'A' of this report; and
 - b. The statement of profit or loss of the Company for the for the years ended 31 December 2020 and 2019 and the period ended 31 December 2018 is included in Annexure 'B' of this report.
 - c. The statement of comprehensive income of the Company for the years ended 31 December 2020 and 2019 and the period ended 31 December 2018 is included in Annexure 'B' of this report.
3. No dividend was declared by the Company during the years ended 31 December 2020 and 2019 and the period ended 31 December 2018.
4. For the years ended 31 December 2020 and 2019 and the period ended 31 December 2018, the Company did 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: 17 May 2021



Annexure 'A' to the letter reference LA/21 dated XX May 2021

SUMMARY OF ASSETS, LIABILITIES, AND SHAREHOLDERS' EQUITY

	31 December 2020 (Rupees)	31 December 2019 (Rupees)	31 December 2018 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property and equipment	3,394,301	93,348	80,889
Intangible assets	1,089,575,948	-	-
	1,092,970,249	93,348	80,889
CURRENT ASSETS			
Trade debts	9,452,869	17,561,382	-
Contract assets	14,118,457	-	-
Advances, deposits and other receivables	471,222	60,000	24,000
Due from related parties	237,870,545	-	-
Cash and bank balances	434,006	3,710,934	5,020
	262,347,099	21,332,316	29,020
TOTAL ASSETS	1,355,317,348	21,425,664	109,909
EQUITY AND LIABILITIES			
EQUITY AND RESERVES			
Authorized share capital 109,400,002 (31 December 2019: 100,000,000, 31 December 2018: 100,000) ordinary shares of Rs.10- each	1,094,000,020	1,000,000,000	1,000,000
Issued, subscribed and paid up capital	1,094,000,020	10,000,020	20
Revenue Reserve Unappropriated profit / (Accumulated loss)	210,580,906	1,939,579	(509,031)
	1,304,580,926	11,939,599	(509,011)
NON CURRENT LIABILITIES			
	-	-	-
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	13,727,187	3,203,026	75,000
Short term loan	-	4,068,269	543,920
Contract liabilities	4,128,904	-	-
Provision for taxation	32,880,331	2,214,770	-
	50,736,422	9,486,065	618,920
CONTINGENCIES AND COMMITMENTS			
	-	-	-
	1,355,317,348	21,425,664	109,909



Annexure 'B' to the letter reference LA/21 dated XX May 2021

STATEMENT OF PROFIT OR LOSS AND STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December 2020 (Rupees)	Year ended 31 December 2019 (Rupees)	For the period from 29 December 2017 to 31 December 2018 (Rupees)
Revenue from Contracts with customers	277,113,714	18,456,415	-
Cost of Revenue	(22,207,225)	-	-
Gross profit	254,906,489	18,456,415	-
Administrative and selling expenses	(15,345,607)	(13,693,493)	(509,031)
Other operating expenses	(216,718)	(95,432)	-
Profit from operations	239,344,164	4,667,490	(509,031)
Finance cost	(37,276)	(4,110)	-
Profit before taxation	239,306,888	4,663,380	(509,031)
Taxation	(30,665,561)	(2,214,770)	-
Profit for the year / period	208,641,327	2,448,610	(509,031)
Other comprehensive income	-	-	-
Total comprehensive income for the year / period	208,641,327	2,448,610	(509,031)

6.2 AUDITOR CERTIFICATE ON ISSUED, SUBSCRIBED, AND PAID-UP-CAPITAL OF THE COMPANY

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

Tel: +9242 3577 8402-11
Fax: +9242 3577 8412-13
ey.lhr@pk.ey.com
ey.com/pk

LA/8005/21
17 May 2021

The Board of Directors
Octopus Digital Limited
19 Km, Multan Road
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 Octopus Digital Limited (the Company) as at 31 December 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 Regulations, 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 irregularities. 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 31 December 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 audited financial statements for the year ended 31 December 2020.

Certificate

Based on procedures mentioned above, we certify that the break-up of shareholding of the Company as at 31 December 2020 is as follows:

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	31 December 2020
Issued, subscribed and paid-up capital	(Rupees)
1,000,002 ordinary shares of Rs. 10 each fully paid in cash	10,000,020
108,400,000 ordinary shares of Rs. 10 each issued for consideration other than cash	
	<u>1,084,000,000</u>
<u>109,400,002</u>	<u>1,094,000,020</u>

Name of shareholders	No. of ordinary shares of Rs. 10 each	Amount in Rupees
Avanceon Limited	109,400,000	1,094,400,000
Mr. Bakhtair Hamid Wain	1	10
Mr. Tanveer Karamat	1	10
	<u>109,400,002</u>	<u>1,094,000,020</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: 17 May 2021

6.3 SHARE BREAK-UP VALUE CERTIFICATE



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

Tel: +9242 3577 8402-11
Fax: +9242 3577 8412-13
ey.lhr@pk.ey.com
ey.com/pk

LA/8006/21
17 May 2021

The Board of Directors
Octopus Digital Limited
19 Km Multan Road
Lahore

Dear Sirs

AUDITOR'S CERTIFICATE ON BREAK-UP VALUE PER SHARE BASED ON AUDITED ANNUAL FINANCIAL STATEMENTS

We have been requested to provide you with a certificate on break-up value of ordinary shares of the Company based on the audited annual financial statements of the Company for the year ended 31 December 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 of the Company, based on the audited interim financial statements of the Company for the year ended 31 December 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 irregularities. This certificate does not relieve the management from its responsibilities.

Auditors' Responsibility

Our responsibility is to certify the break-up value of ordinary shares of the Company based on the audited annual financial statements of the Company for the year ended 31 December 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 tracing the relevant financial information used for the purpose of calculating the break-up value of ordinary shares by the management of the Company from the audited annual financial statements of the Company for the year ended 31 December 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).

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Page 1 of 2



Certificate

Based on procedures mentioned above, we certify that break-up value of ordinary shares of the Company as at 31 December 2020, based on the audited annual financial statements of the Company for the year ended 31 December 2020, is as follows:

	<u>Note</u>	<u>31 December 2020</u>
		<u>Audited</u>
Issued, subscribed and paid up capital (Rupees)		1,094,000,020
Unappropriated profit - revenue reserve (Rupees)		210,580,906
Total shareholders' equity - (Rupees)	A	<u>1,304,580,926</u>
Number of ordinary shares of Rs. 10/- each	B	<u>109,400,002</u>
Break-up value per ordinary share of Rs. 10/- each (Rupees)	A/B	<u>11.92</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: 17 May 2021

6.4 MANAGEMENT ACCOUNTS- FOR THE PERIOD ENDED 31 MARCH 2021

Octopus Digital Limited STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

	Note	Un-audited	Audited		Note	Un-audited	Audited
		Mar 31, 2021	Dec 31, 2020			Mar 31, 2021	Dec 31, 2020
		PKR	PKR			PKR	PKR
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON CURRENT ASSETS			
Authorised capital - 109,400,002 @ Rs. 10 each		<u>1,094,000,020</u>	<u>1,094,000,020</u>	Property, plant and equipment		3,769,498	3,394,301
Issued, subscribed and paid up capital - 109,400,002 @ Rs. 10 each		1,094,000,020	1,094,000,020	Assets subject to finance lease		-	-
Statutory Reserve		-	-	Intangible Assets		1,091,670,101	1,089,575,948
Accumulated (loss)/profit		<u>336,554,700</u>	<u>210,580,909</u>	Long term advances and deposits		-	-
		<u>1,430,554,720</u>	<u>1,304,580,929</u>			<u>1,095,439,599</u>	<u>1,092,970,248</u>
NON CURRENT LIABILITIES				CURRENT ASSETS			
Deposit money for share capital		-	-	Stock in trade		1,902,534	-
Liabilities against assets subject to finance lease		-	-	Trade debts		11,605,499	9,452,869
		-	-	Contract Assets		21,600,062	14,118,456
CURRENT LIABILITIES				Other Assets and Prepayments		353,159,207	238,341,773
Current portion of long-term liabilities		-	-	Short Term Investments		-	-
Financing under short term financing arrangements		-	-	Cash and bank balances		2,867,005	434,006
Trade and other payables		17,808,948	13,727,187			<u>391,134,308</u>	<u>262,347,103</u>
Contract Liabilities		3,201,178	4,128,904				
Taxation - net		<u>35,009,061</u>	<u>32,880,331</u>				
		<u>56,019,187</u>	<u>50,736,422</u>				
CONTINGENCIES AND COMMITMENTS	3						
		<u>1,486,573,907</u>	<u>1,355,317,351</u>			<u>1,486,573,907</u>	<u>1,355,317,351</u>

The annexed notes from 1 to 8 form an integral part of these financial statements.



Chief Executive Officer

Octopus Digital Limited
CONDENCED INTERIM STATEMENT OF PROFFIT OR LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2021

	Un-Auditd Mar 31, 2021	Un-Auditd Mar 31, 2020
	----- PKR -----	
Sales	4 167,991,925	4,950,500
Cost of goods sold	<u>(30,600,503)</u>	<u>(1,302,578)</u>
Gross profit	137,391,422	3,647,922
Administrative and selling expenses	<u>(4,755,656)</u>	<u>(6,498,627)</u>
Other operating expense	-	-
Other operating income	-	-
	<u>(4,755,656)</u>	<u>(6,498,627)</u>
Profit / (Loss) from operations	132,635,766	(2,850,705)
Finance costs	<u>(527,429)</u>	<u>(294,630)</u>
Profit / (Loss) for the period before tax	132,108,337	(3,145,336)
Income tax expense	<u>(6,134,546)</u>	-
Profit / (Loss) for the period after tax	125,973,791	(3,145,336)
Other comprehensive income	-	-
Total comprehensive income	<u>125,973,791</u>	<u>(3,145,336)</u>

The annexed notes from 1 to 8 form an integral part of these financial statements.



Chief Executive Officer

Octopus Digital Limited
STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED MARCH 31, 2021

	Share Capital	Un-appropriated Profit / (Loss)	Total
	-----PKR-----		
Balance as on January 01, 2020	10,000,020	1,939,580	11,939,600
Net (loss)/profit for the half year period	-	208,641,329	208,641,329
Issuance of shares to AVL	1,084,000,000		1,084,000,000
Dividend Announced for the period	-	-	-
Balance as on December 31, 2020	1,094,000,020	210,580,909	1,304,580,929
CWIP		-	-
Net (loss)/profit for the half year period	-	125,973,791	125,973,791
Dividend Announced for the period	-	-	-
Issuance of shares to AVL	-		-
Balance as on March 31, 2021	1,094,000,020	336,554,700	1,430,554,720

The annexed notes from 1 to 8 form an integral part of these financial statements.



Chief Executive Officer

Octopus Digital Limited
CONDENCED INTERIM STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED MARCH 31, 2021

	Un-Auditd Mar 31, 2021	Un-Auditd Mar 31, 2020
	----- PKR -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	132,108,337	(3,145,336)
Adjustment for:		
Depreciation	-	-
Amortization	-	-
Operating profit before working capital changes	132,108,337	(3,145,336)
Adjustments for working capital changes		
(Increase) / Decrease in current assets		
Trade debts	-	-
Contract assets	-	-
Advances and other receivables	-	-
Due from related parties	-	-
Increase / (Decrease) in current liabilities		
Contract liabilities	-	-
Creditors, accrued and other liabilities	-	-
Cash generated from / (used in) operations	132,108,337	(3,145,336)
Income tax paid	-	-
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	132,108,337	(3,145,336)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	-
Additions in capital work-in-progress	-	-
NET CASH USED IN INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of ordinary shares	-	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	-	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	132,108,337	(3,145,336)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	434,006	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	132,542,343	(3,145,336)

The annexed notes from 1 to 8 form an integral part of these financial statements.



Chief Executive Officer

**OCTOPUS DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED MARCH 31, 2021**

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and nature of the business

Octopus Digital Limited (the Company) was incorporated in Pakistan on 29 December 2017 as a private limited company which was converted to public Company on 11 November 2020 under the Companies Act, 2017. The Company is a wholly owned subsidiary of a listed company namely Avanceon Limited (the Holding Company). Its registered office is situated at 19 KM Main Multan Road Lahore.

The prime business of the Company is to carry out information technology enabled services which includes but are not limited to online data/information storage, online monitoring and review of employees efficiency, online monitoring of cost and production efficiency, online monitoring and maintenance of plant and machinery, sale and trade of related software and equipment etc.

1.2 Business Transfer Arrangement

The Company entered into a Business Arrangement Contract dated December 8, 2020 with Avanceon Limited, the Holding Company. Under the contract, entire business of AMS segment was transferred to the Company along-with the existing customer contracts. The Company acquired the rights to carry on AMS business with effect from 01 January 2020 against consideration of Rs. 1,084 million settled through issuance of 108,400,000 shares of the Company at face value of Rs. 10 each.

1.3 Impact of COVID-19 on the financial statements

The World Health Organization (WHO) declared COVID-19 as a global pandemic on March 11, 2020. Accordingly on March 20, 2020, the Government of Pakistan announced temporary lock down as a measure to reduce the spread of COVID-19. The outbreak of COVID-19 has had a distressing impact on overall demand in the global economy with notable downgrade in growth forecasts. The Company's management is fully cognizant of the business challenges posed by the COVID-19 outbreak and closely monitoring the possible impacts on the Company's operations and liquidity positions and believes that its current

The Company's management is fully cognizant of the business challenges posted by the COVID-19 outbreak and closely monitoring the possible impacts on the Company's operations and liquidity positions and believes that its current policies for managing credit, liquidity and market risk are adequate in response to current situation. Further, subsequent to year end, the situation is improved with the easing of lock down and re-opening of the businesses.

The management has assessed the impact of the COVID 19 on the financial statements and concluded that there is no material impact of the COVID 19 on the carrying amounts of assets, liabilities, income or expenses which required specific

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of :

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017.
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Standards, Interpretations and amendments to published approved accounting standards

2.2.1 New/ Revised Standards, Interpretations and Amendments

Changes in accounting policies and disclosures resulting from amendments in standards during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for new standards, interpretation and amendments to following standards as described below:

IFRS 3	-	Business Combinations - Definition of a Business (amendments)	01 January 2020
IFRS 7 & IFRS 9	-	Financial instruments - Amendments regarding pre-replacement issues in the context of the interest rate benchmark reform (IBOR)	01 January 2020
IAS 1 & IAS 8	-	Presentation of Financial Statements & Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material, to clarify the definition of material and its alignment with	01 January 2020
IFRS 16	-	Covid-19-Related Rent Concessions (Amendment to IFRS 16)	01 June 2020
IFRS 14	-	Regulatory Deferral Accounts - Original issue	01 July 2019

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the financial statement.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below and have not been adopted early by the Company:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 7 & IFRS 9 Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	01 January 2021
IFRS 3 Business Combinations – The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting	01 January 2022
IAS 16 Property, plant and equipment – Amendment to clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	01 January 2022
IAS 37 Provisions, contingent liabilities and contingent assets to specify which costs should be included in an entity's assessment whether a contract will be loss-making.	01 January 2022
IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities	01 January 2023

The above new amendments to standards and interpretations are not expected to have any material impact on the Company's financial statements in the period on initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard	IASB effective date (annual periods beginning on or after)
IFRS 1 - First time adoption of International Financial Reporting Standards	01 July 2009
IFRS 17 - Insurance Contracts	01 January 2023

The Company expects that the adoption of the above standards will not affect the Company's financial statements in the period

3 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments of the Company as at March 31, 2021. (2020: Rs. Nil)

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

		Un-Auditd Mar 31, 2021	Un-Auditd Mar 31, 2020
----- PKR -----			
Transfer of business	4.1	111,337,511	-
Revenue from contracts with customers	4.2	<u>56,654,414</u>	<u>4,950,500</u>
		<u>167,991,925</u>	<u>4,950,500</u>

The Company acquired the business of After Market Support (AMS) segment of Avanceon Limited as explained in note 1.2 with effect from 01 January 2020. However, due to operational and procedural reasons, Avanceon Limited continued to carry on business with its customers of AMS segment after the effective date of the contract until 30 September 2020. Therefore, as of this date, the entire AMS segment's revenue net of direct cost recorded by Avanceon Limited relating to period after effective date was transferred to the Company after retaining an administrative charge. The gross profit from transfer of business during this quarter is PKR 111.3 million. This also includes the balance amount of PKR 78.3 million pertaining to non-transferred gross profit from CY2020. The following table demonstrates the AMS revenues earned from different geographical locations of the Group transferred to the Company:

	Pakistan	Dubai	Qatar	Total
----- Rupees -----				
AMS Segment Revenues of Group	50,145,001	119,179,899	111,552,873	280,877,773
COGS & Administrative Costs	<u>(28,449,128)</u>	<u>(74,159,410)</u>	<u>(66,931,724)</u>	<u>(169,540,262)</u>
Transfer of Profit	<u>21,695,872</u>	<u>45,020,489</u>	<u>44,621,149</u>	<u>111,337,511</u>

5 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the three months for remuneration, including certain benefits, to the full time working directors and certain executives of the company is as follows:

	Director		Other Executives	
	2020	2019	2020	2019
	(Rupees)		(Rupees)	
Managerial remuneration				
House rent				
Utilities				
Provident Fund / Gratuity				
Others				

Number of persons

The Company also provides the director and certain executives with company maintained cars.

6 DATE OF AUTHORIZATION FOR ISSUE

The condensed interim consolidated financial information was authorised for issue on _____ by the Board of Directors of the Holding Company.

7 GENERAL

Figures have been rounded off to the nearest rupees.



Chief Executive Officer

6.5 SUMMARY OF FINANCIAL HIGHLIGHTS OF OCTOPUS DIGITAL LIMITED

PKR "000"	2018	2019	2020*	1Q CY21** Management Accounts (Unaudited)
Income Statement	Audited	Audited	Audited	(Unaudited)
Sales ¹	-	18,456	277,114	167,992
Cost of Revenue	-	-	22,207	30,601
Gross Profit	-	18,456	254,906	137,391
Operating Profit	(509)	4,667	239,344	132,636
EBITDA	(486)	4,710	254,147	132,635
Depreciation and Amortization	23	43	14,803	-
Financial Charges	-	4	37	527
Profit before Taxation	(509)	4,663	239,307	132,108
Taxation	-	2,215	30,666	6,135
Profit after tax	(509)	2,448	208,641	125,974

¹In 2019 Octopus's sales relates to commission income earned.

The audited accounts of Octopus can be downloaded from the below link:

<https://octopusdtl.com/investor-information/>

Note:

*In CY 2020, the sales increased is due to business transfer/sale from Avanceon to Octopus. As a result of this, net profit and profit margins have also increased.

**In 1st Quarter CY 2021, the growth in sales is due to the nature of AMS business contract. Some contracts are based on multi-year subscription and the quantum of remuneration for such contracts increase in the following year.

PKR "000"	2018	2019	2020	1Q CY21 Management Accounts (Unaudited)
Balance Sheet	Audited	Audited	Audited	(Unaudited)
Non-Current Asset	81	93	1,092,970*	1,095,440
Current Asset	29	21,332	262,347	391,134
Total Asset	110	21,426	1,355,317	1,486,574
Paid up Capital	0	10,000	1,094,000	1,094,000
Equity	(509)	11,940	1,304,581	1,430,555
Short-Term Borrowings**	544	-	-	-
Non-Current Liabilities	-	-	-	-
Current Liabilities	619	9,486	50,736	56,019
Trade Debts	-	994	9,453	11,605
Trade and Other Payables	75	7,271	13,727	17,809

Note:

*The increase in CY 2020 non-current assets is due to business transfer/sale from Avanceon to Octopus. As a result of this transfer, PKR 1,084 million assets are recognized in the balance sheet of Octopus.

**The Company manages its working capital needs from internal cash generation which are supported from revenues received from customers.

PKR "000"	2018	2019	2020	1Q CY21 Management Accounts (Unaudited)
Cash Flow Statement	Audited	Audited	Audited	(Unaudited)
Operating Activities	(435)	(6,239)	20,403	132,108

Investing Activities	(104)	(55)	(23,680)	-
Financing Activities	544	10,000	-	-
Net increase/decrease in cash	5	3,706	(3,277)	132,108
Cash & Cash Equivalent at the end of the year	5	3,711	434	132,542
Cash at Bank	5	3,711	434	2,867
Capital Expenditure	104	55	3,651	-

Growth	2018	2019	2020*
Sales Growth (%)	-	-	1401%
EBITDA Growth (%)	-	1069%	5296%
Net Profit Growth (%)	-	581%	8423%

Note:

*In CY 2020, the sales increased is due to business transfer/sale from Avanceon to Octopus. As a result of this, net profit and profit margins have also increased.

Margins	2018	2019	2020**	1Q CY2021**
Gross Margin (%)	-	100%	46%	41%
EBITDA Margin (%)	-	26%	44%	39%
Net Margin (%)	-	13%	38%*	37%
Break up Value per share – Excluding Goodwill	(5.09)	11.94	5.97	7.13

Note:

*In CY 2020, the sales increased is due to business transfer/sale from Avanceon to Octopus. As a result of this, net profit and profit margins have also increased.

**The margins in CY2020 and 1st Quarter CY2021 are based on Revenues of AMS business which is PKR 549 million in CY 2020 and PKR 337 million in 1st Quarter CY2021. For further explanation on revenue transfer, please refer section 3.4 of the Prospectus.

Profitability and Earnings Ratios	2018	2019	2020	1Q CY2021
Profit After Tax (PKR '000')	(509)	2,448	208,641	125,974
EPS/share	(5.090)	2.448	1.907*	1.151
ROE	100%	21%	16%	9%
ROA	(463%)	11%	15%	8%

Note:

*EPS in 2019 was based on net profit of PKR 2.4 million and 1 million shares outstanding. After the AMS business Transfer/sale, net profit in CY2020 was PKR 208.6 million, which was significantly higher than last years profit. however, the EPS in CY2020 was based on 109 million shares, as a result of this AMS business transfer/sale and new shares issuance, the EPS appears to decrease in CY2020 though profits have increased.

Balance Sheet Ratios	2018	2019	2020	1Q CY2021
Fixed Asset turnover ¹	n/a	n/a	n/a	n/a
Asset turnover ²	n/a	n/a	n/a	n/a
Current Ratio	0.05x	2.25x	5.17x	6.98x
Inventory Turnover (Days) ³	n/a	n/a	n/a	n/a
Receivable Turnover (Days) ⁴	n/a	n/a	58.09x	29.08x
Payables Turnover (Days) ⁴	n/a	n/a	10.35x	5.18x

¹ Fixed Asset turnover ratio does not reflect true picture as the revenue used in the calculation are those that are transferred net of direct costs

² Asset turnover ratio does not reflect true picture as the revenue used in the calculation are those that are transferred net of direct costs

³ As Octopus is a service oriented company it holds no inventory

⁴ The Company is a service enabler and does not have receivables and payables relating to manufacturing concerns. As AMS business was transferred in 2020, therefore, receivable and payables turnovers are calculated from 2020 and onwards.

Leverage Ratios	2018	2019	2020	1Q CY 2021
EBITDA/Interest (x)	n/a	n/a	n/a	n/a
Interest Coverage (x)	n/a	n/a	n/a	n/a
EBITDA- Capex	n/a	n/a	n/a	n/a
(EBITDA - Capex)/Interest (x)	n/a	n/a	n/a	n/a
Number of shares outstanding	-	1,000,002	109,400,002	109,400,002
Number of shares outstanding ("000")	-	1,000	109,400	109,400

The company does not have any long term and short term borrowing on its books.

COMMENTARY ON FINANCIAL PERFORMANCE

Profit Margin and Ratio Analysis

In CY20, the net profit margin was 75% as compared to 13% in last corresponding year. This increase in margin is mainly attributed to AMS services division, which has been transferred effective from CY20.

Balance Sheet Ratio – Current Ratio

In CY20, the current ratio of Octopus was 5.17x.as compared to 2.24x in the last corresponding year. This increase has been mainly attributable to the fact that the Company has an outstanding receivable of PKR 237,870,545 million which is 90% of all current assets. These receivables (PKR 237,870,545 million) is due from related parties, owing to services that Octopus rendered to AMS clients in CY20. These AMS contracts were executed with the related parties before the business transfer agreement which was executed on December 8th, 2020. As a result of this agreement, Octopus is a legitimate owner of all AMS contracts.

Below is the details of related parties with outstanding receivables:

Related Parties*	Amounts (PKR) CY20	Amounts (PKR) CY19
Avanceon Limited	208,368,098	16,566,892
Avanceon FZE	9,192,064	-
Avanceon Automation & Control WLL	20,310,383	-
Total	237,870,545	16,566,892

Note:

These are receivable against sub-contracted AMS services which Octopus had provided. These sub-contracted services represents such contracts which were executed before the AMS business transfer/sale to Octopus.

Octopus current assets and liabilities are not related to the normal course of business as it is not working capital related items. As Octopus is a service provider, it does not need to maintain inventory, make purchase etc. Despite this Octopus has a current asset which is significant. This current asset is due receivables pertaining to the AMS business gross profit transfer.

Most of the other balance sheet ratios like turnover ratios, leverage ratios etc are not applicable in the case of Octopus. For instance, leverage ratio is not applicable as there is no no leverage on its balance sheet and turnover ratio is not relevant because the assets on its balance sheet are created due to business transfer. Since it is a service company, hence, no business related fixed assets is required.

SUMMARY OF MAJOR ITEMS OF REVENUE AND EXPENDITURE FOR THE LAST 3 YEARS

Total Sales

	2018(Audited)		2019(Audited)		2020(Audited)	
	Amount	(%)	Amount	(%)	Amount	(%)
Commission Fee ¹	-	0%	18,456,415	100%	-	0%
Transfer of Business	-	0%	-	0%	241,242,084	87%
Revenue from Contract with customers	-	0%	-	0%	35,871,629	13%
Total Sales	-	0%	18,456,415	100%	277,113,713	100%

¹ The Company earned commission fee also known as referral fee at the agreed rate of 25% on margins earned by the holding company i.e Avanceon Limited against the clients referred by the Company

Cost of Revenue

	2018(Audited)		2019(Audited)		2020(Audited)	
	Amount	(%)	Amount	(%)	Amount	(%)
Materials consumed*	-		-		3,482,917	16%
Salaries, wages, allowances and other benefits	-		-		1,628,842	7%
Telephone, postage and telex	-		-		63,214	0.3%
Travelling and conveyance relating to engineering services	-		-		1,731,912	8%
Printing and stationery expense	-		-		11,278	0.1%
Installation charges relating to engineering services	-		-		469,243	2%
Entertainment relating to engineering services	-		-		67,306	0.3%
Rent, rates and taxes	-		-		84,000	0.4%

Depreciation on Property and equipment	-		-		175,000	0.8%
Amortization of intangible assets	-		-		14,453,333	65%
Other expenses	-		-		40,180	0.2%
Cost of Revenue	-		-		22,207,225	100%

Note:

*This includes wire, cables, plugs, switches etc., which are replaced as part of the AMS maintenance service contract.

Octopus only provides AMS services to its clients. All the revenue and expenditure relates to that service.

BIFURCATION OF REVENUE WITH RESPECT TO LOCAL AND EXPORT SALES

PKR	Pakistan		Dubai		Qatar		Total	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
Total AMS Segment Revenues of Avanceon	187,055,350	36.4%	241,314,072	47.1%	84,855,237	16.5%	513,224,659	100%

These revenue have been transferred to Octopus for CY20 net of direct cost and administrative charge

Octopus's own revenues earned from customers in CY20 of PKR 35,871,630 pertain to local sales only.

SUMMARY OF REVENUE ON ACCOUNT OF MAJOR PRODUCT/MAJOR ACTIVITIES

Octopus has only one service that it provides which is AMS.

IF A MATERIAL PART OF THE REVENUE I.E. 50% OR MORE IS DEPENDENT UPON A SINGLE CUSTOMER OR FEW MAJOR CUSTOMERS

Five (05) customers constitutes more than 50% of the revenues of Octopus.

IF A MATERIAL PART OF THE PURCHASES I.E. 50% OR MORE IS DEPENDENT UPON A SINGLE SUPPLIER OR FEW MAJOR SUPPLIERS.

Not applicable to Octopus

COMPARATIVE FINANCIAL ANALYSIS WITH PEER GROUP COMPANIES

Co's	Share Price ¹	EPS ²	Sales per Share ²	BVPS ³	P/E	P/S	P/B	ROE ⁴	ROA ⁴	GP(%)	NP(%)	Free Float shares (000) ⁵	Free Float (%)
NETSOL ⁶	159.27	1.91	51.00	77.90	83.35x	3.12x	2.04x	2%	2%	37%	4%	31,443	35.00%
TRG ⁷	159.77	13.35	0.32	44.99	11.96x	499.28x	3.55x	30%	25%	NA	NA	463,582	85.00%
SYS ⁶	635.83	17.97	85.80	64.32	35.39x	7.41x	9.89x	28%	19%	34%	21%	81,467	59.44%
AVN ⁶	114.82	4.93	30.43	26.52	23.27x	3.77x	4.33x	19%	10%	29%	16%	60,283	28.19%
Octopus	29.00	3.09	4.02	7.13	9.39x	7.21x	2.22x	24%	23%	82%	75%	27,350	20.00%

(1) The market prices of companies are based on June 28, 2021

(2) Earnings and sales per share are based on the last twelve months accounts

(3) Book value per share is calculated on the basis of latest available report as March 31st, 2021. Octopus book value per share is excluding good will.

(4) ROE and ROA are based on the last twelve months earnings while equity and assets are based on March 2021 report

(5) Free float share are based on June 28, 2021 and are taken from PSX's website

(6) Avanceon, Netsol and Systems financial data are based on consolidated accounts

(7) TRG financial information is based on un-consolidated accounts

6.6 REVALUATION OF FIXED ASSETS & DIVIDEND POLICY

A. REVALUATION OF FIXED ASSETS

No revaluation has taken place. Although AMS business is carved out from its parent company, namely Avanceon Limited; hence, transfer of business was carried out against shares consideration of Octopus.

B. DIVIDEND POLICY

The Company has not paid any dividends in its history and as such have no plan to pay dividends in the near future due to growth-oriented ambitions of the Company which it plans to fulfill in the next two years.

6.7 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.

6.8 DIVIDEND PAYOUT OF LISTED ASSOCIATED COMPANIES

The Company has no listed associated company over which it has control.

DIVIDEND PAYOUT BY LISTED GROUP / ASSOCIATED COMPANIES

Avanceon Limited is a listed Company on the Pakistan Stock Exchange and it is the Parent Company of Octopus. It has paid the following dividends.

Description	CY14	CY15	CY16	CY17	CY18	CY19	CY20
Dividends (PKR)	237,817,202	211,393,608	105,696,903	297,272,538	-	-	211,790,006
Dividends (%)	22.5%	20%	10%	22.50%	-	-	10%
Bonus (shares)	-	-	26,424,226		54,529,502	19,253,637	42,358,001

7. BOARD OF DIRECTORS AND THE MANAGEMENT OF THE COMPANY

7.1 BOARD OF DIRECTORS OF THE COMPANY

Sr#	Name	Address	Designation	Common Directorship	CNIC	Current Directorships in other Companies	Past Directorships in other Companies	Period of Directorship in other Companies
1	Bakhtiar Hameed Wain	351-W DHA Lahore	Chairman & Non-Executive Director	Avanceon Limited	35201-6142695-7	1)Innovative (Pvt.) Limited 2)J2C Pakistan (Pvt) Limited	NIL	1) Since 1995 2) Since 2017
2	Tanveer Karamat	House # 773-SU, Askari-9, Zafar Shaheed Road, Lahore Cantt	Non-Executive Director	Avanceon Limited	42301-9820410-7	NIL	NIL	NIL
3	Mohammad Shahid Mir	68-A, Nisar Colony, Lahore Cantonment	Independent Director / Non-Executive Director	Avanceon Limited	35202-2506542-5	NIL	NIL	NIL
4	Junaid Mushtaq Paracha	House # 32, Attaturk Block, Garden Town, Lahore	Non-Executive Director	NIL	35202-2557504-3	NIL	NIL	NIL
5	Asmar Ahmed Atif	House # B-3, Niaz View Garden, Lahore	Chief Executive Officer / Executive Director	NIL	35202-2778183-5	NIL	NIL	NIL
6	Adeel Khalid	House # 258-P, Phase I, DHA, Lahore Cantt, Lahore	Non - Executive Director	NIL	35201-1597689-5	NIL	NIL	NIL
7	Saleha Asif	House # 213-F, Phase V, DHA, Lahore Cantt, Lahore	Independent Director / Non-Executive Director (Female Director)	NIL	61101-3207806-2	NIL	NIL	NIL

7.2 PROFILES OF BOARD OF DIRECTORS

Mr. Bakhtiar Hameed Wain – Non Executive Director and Chairman

Mr. Bakhtiar, founder and sponsor, brings over 28 years of exemplary leadership experience. An engineer with experience in leading global companies such as Exxon Chemicals, Fauji Fertilizer and ICI Pakistan, he founded Avanceon in 2003, currently holding a position of Chief Executive Officer in Avanceon. His entrepreneurial drive found its roots in his faith towards the educated and technically qualified human resource of Pakistan. His vision, from beginning, was to build a robust service platform-company that could capitalize and promote this conviction globally, which he has implemented successfully.

Mr. Tanveer Karamat – Non Executive Director

Mr. Tanveer brings a wealth of international business experience to Avanceon. He possesses two-decade experience in managing, selling automation solutions to the oil and gas sector. Mr. Tanveer transformed the scalability of Southern region of Pakistan in less than three years. Over the past decade, Mr. Tanveer's leadership has been a major contribution towards Avanceon remarkable performance. He is currently serving as President and Chief Operating Officer of Avanceon.

Mr. Asmar Atif – Director / Chief Executive Officer

Mr. Asmar has over 14 years of global experience in digitization, IIoT and industrial automation. Mr. Asmar is responsible for assisting C-suite executives with the digital transformation of their businesses using cloud computing, IIoT and Industry 4.0 standards as an end-to-end “digitalization as a service”. Additionally, as Director General & Group Advisor at Battle Tested Consultant (in France), he helps businesses create sustainable value via internationalization. Mr. Asmar has proven track record of technical solutions sales and branding and strategy development. He can build and maintain active networks, broker revenue-generating agreements and pioneer effective solutions that can be successfully transferred across multiple markets, ensuring company growth. Mr. Asmar has successfully created and deployed innovative business models and cross-functional teams across geographies and cultures that have delivered measurable growth both organically and within new markets.

Mr. Junaid Mushtaq Paracha – Non Executive Director

Mr. Junaid has over 25 years of professional experience at progressively responsible positions. Starting from an Application Engineer to leading a business unit at regional levels to managing the country operations. He has expertise in establishing new setups, managing them and turning them into profitable Business Unit/Ventures. He also has experience in building teams, defining processes and procedures leading to success. Mr. Junaid has over 26 years of Experience in Avanceon serving various positions such as General Manager Sales and Marketing, Country Manager Sales and currently Vice President Operations. He has a master’s degree in business administration marketing from the University of Punjab.

Mr. Adeel Khalid – Non Executive Director

Mr. Adeel has extensive experience (15+ years) of managing Middle East and Central Asia After Market Support business with a market capitalization of 50 Million USD. He has incubated Digital Transformation & IIOT in Industrial Automation Controls & Safety (IACS) Systems Integration with the KPI of delivering end-to-end engineering services & solutions across several industry verticals including heavy industries (Oil & Gas, Petrochemicals) as well as Consumer Packaged Goods and Infrastructure (Food & Beverages, Transportation, Water & Waste Water). With expertise in resource management systems via Digital Technology applications, he has acquired strong analytical skills to improve industrial processes and consequently, business indicator performances.

Ms. Saleha Asif – Independent Director/Non Executive Director

Ms. Saleha is a management consultant, leadership development advisor, and executive coach, with experience in serving boards and C-level clients across North America, Middle East, and South Asia for 25+ years. She supports clients to combine PQ + IQ + EQ to achieve meaningful and sustainable impact for good. She has had a successful professional career with McKinsey & Company, PepsiCo, and Bank of America. Ms. Saleha Asif has done her Masters in Information Technology & Economics from the Wharton School.

Mr. Mohammad Shahid Mir - Independent Director/Non Executive Director

Mr. Shahid is a senior management professional with 32 years of experience in Corporate and Commercial banking, Risk Management, Credit Administration and Trade Finance. In the last sixteen years, he has held senior positions in Whole sale banking and Risk Management. While on the business side, he has a proven track record of growing businesses and exceeding budgets whilst ensuring portfolio health remained within accepted parameters. He has served as the Head of Risk International at United Bank Limited, UAE and has a bachelors in economics from the University of Sussex, Brighton, England.

7.3 PROFILES OF SENIOR MANAGEMENT**Mr. Asmar Atif – Chief Executive Officer**

Mr. Asmar has over 14 years of global experience in digitization, IIoT and industrial automation. Mr. Asmar is responsible for assisting C-suite executives with the digital transformation of their businesses using cloud computing, IIoT and Industry 4.0 standards as an end-to-end “digitalization as a service”. Additionally, as Director General & Group Advisor at Battle Tested Consultant (in France), he helps businesses create sustainable value via internationalization. Mr. Asmar has proven track record of technical solutions sales and branding and strategy development. He can build and maintain active networks, broker revenue-generating agreements and pioneer

effective solutions that can be successfully transferred across multiple markets, ensuring company growth. Mr. Asmar has successfully created and deployed innovative business models and cross-functional teams across geographies and cultures that have delivered measurable growth both organically and within new markets.

Saeed Ullah Khan Niazi - Chief Financial Officer

Mr. Niazi joined Avanceon in 2008 as general manager and became Chief Financial Officer of Avanceon in 2014. He has 15 years of experience of managing corporate investment, treasury and accounting. He began his career from a chartered accountant firm and had served for five years in Lahore Stock Exchange. Mr. Niazi played an instrumental role in initial public offering of Avanceon in 2014. Currently, he is serving as a chief financial officer in both Octopus and Avanceon.

Ahsan Khalil - Company Secretary

Mr. Khalil joined Avanceon in 2004 as manager in the finance division and became Company Secretary in 2014. He has 12 years of experience in managing financial accounting and corporate affairs across diversified sectors in Pakistan. Currently, he is serving as a Company Secretary in both Octopus and Avanceon.

7.4 APPOINTMENT / 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 and Article 99.

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

Subject to the provisions of the Companies Act, 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 Ordinance.

The present Directors of the Company were duly elected on 2nd April, 2021.

7.5 INTEREST OF DIRECTORS

The directors may be deemed to be interested to the extent of fees payable to them for attending Board meetings. The directors performing whole time service to the Company may also be deemed interested in the remuneration payable to them from the Company. The directors may also be deemed to be interested, to the extent of any shares held by each of them in the Company and the dividends to be declared on their shareholding in the Company.

7.6 INTEREST OF DIRECTORS IN PROPERTIES/ASSETS OF THE COMPANY

None of the directors of the Company had or have any interest in any property acquired by the Company within the last two years or now proposed to be acquired by the Company.

7.7 BENEFITS TO PROMOTERS AND OFFICERS

No benefit has been given or is intended to be given by the Company to the promoters and officers of the Company other than remuneration for services rendered by them as full time executives of the Company.

7.8 AUDIT COMMITTEE

An Audit Committee of the Board has been formed to comply with the Code of Corporate Governance, which comprises of the following:

- 1) Mohammad Shahid Mir – Chairman/Independent Director
- 2) Bakhtiar Hameed Wain - Member/Non Executive Director
- 3) Tanveer Karamat – Member/Non Executive Director
- 4) Junaid Mushtaq Paracha – Member/Non Executive Director

The audit committee meetings will be held on a quarterly basis, as per provisions of the Code of Corporate Governance. The Committee has its terms of reference, which were determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations.

7.9 POWERS OF DIRECTORS INCLUDING ANY BORROWING POWER

The business of the Company shall be managed by the Directors who may pay all expenses incurred in setting up and registering the Company and may exercise all such powers of the Company as are not by the Ordinance or by any other law or the Articles of Association of the Company, required to be exercised by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

Subject to the provisions contained in the Articles of Association of the Company, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking and property, or any part thereof, and to issue securities and debentures whether outright or as security for any debt, liability or obligation of the Company or of any third party.

7.10 INDEMNITY AVAILABLE TO THE BOARD OF DIRECTORS AND OTHER EMPLOYEES OF THE COMPANY

Every Director or officer of the Company and every person employed by the Company as auditor shall be indemnified out of the funds of the Company against all liability incurred by him as such Director, officer or auditor in defending any proceedings, whether civil or criminal, in which judgment is given in his favor, or in which he is acquitted, or in connection with any application under the relevant provisions of the Ordinance in which relief is granted to him by the court.

7.11 CORPORATE GOVERNANCE

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

7.12 NUMBER OF DIRECTORS

Pursuant to Section 154 of the Companies Act 2017 a listed Company shall have not less than seven (7) directors. At present, the Board consists of (07) directors, including the Chief Executive Officer and one female director.

7.13 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 or any other law for the time being in force.

7.14 REMUNERATION OF THE DIRECTORS

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/her, be reimbursed his/her 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.

The table below shows the remuneration paid to directors in the last three years:

Name of Directors	CY 2018	CY 2019	CY 2020	1Q CY 2021
Mr. Bakhtiar Hameed Wain	-	-	-	-
Mr. Tanveer Karamat	-	-	-	-
Mr. Asmar Atif	196,755	6,407,800	6,407,800	1,601,950
Total	196,755	6,407,800	6,407,800	1,601,950

Mr. Bakhtiar, Mr. Tanveer & Mr. Asmar are eligible for remuneration. However, no remuneration was paid to Mr. Bakhtiar and Mr. Tanveer from CY2018 to 1QCY2021. The rest of the board members are not eligible for any remuneration.

7.15 VOTING RIGHTS

The rights and privileges, including voting rights, attached to the ordinary shares of the Company are equal.

7.16 HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Board of Directors has set up an effective Human Resources function managed by suitable and qualified personnel who are conversant with the policies & procedures of the Company. The human resource and remuneration committee comprises of the following members:

- 1) Saleha Asif– Chairman/Independent Director
- 2) Mohammad Shahid Mir – Member/Non Executive Director
- 3) Bakhtiar Hammed Wain – Member/Non Executive Director
- 4) Tanveer Karamat – Member/Non Executive Director
- 5) Junaid Mushtaq Paracha – Member/Non Executive Director

8. LEGAL PROCEEDINGS & OVERDUE LOANS

8.1 LEGAL PROCEEDINGS:

There are no outstanding legal proceedings involving the Issuer, its sponsors, substantial shareholders, directors and associated companies over which the Issuer has control. Further, as per audited statements of Octopus and Avanceon, it is clarified that there are no contingencies outstanding:

Octopus:

There are no contingencies and commitments of the Company as at 31 December 2020 (2019: Rs. Nil) as per the audited report for the year ended December 2020 of Octopus.

Avanceon Limited:

There are no contingencies to report as at year end (2019: Rs. Nil) December 2020 of Avanceon Limited. As Avanceon is listed since 2014, its history is already reported over the years in the audited financial statements.

8.2 ACTION TAKEN BY SECURITIES EXCHANGE

Avanceon Limited was in non-compliance with PSX Regulation of non-submission of their Annual Accounts for the year ended December 31, 2018 and December 31, 2020.

Rectification:

Avanceon had rectified the non-compliance by submitting its Annual Accounts with the delay.

8.3 OVERDUE LOANS:

There are no overdue amounts appearing in the CIB Reports of the Issuer, its sponsors/promoters, substantial shareholders, directors, and associated group companies over which the Issuer has control.

9. UNDERWRITING, ARRANGEMENT, COMMISSION, BROKERAGE AND OTHER EXPENSES

9.1 UNDERWRITING

Book Building Portion

BMA Capital Management Limited has been appointed as the Book Runner to the Issue. The Book Runner has credit underwritten 27,350,000 shares being offered for subscription through book building representing 100% of the Issue as required under regulation 7 (6) of the PO Regulations, with the limitations in effect that the Book Runner shall only underwrite the default portion of the Book Building, if any, at the Strike Price determined through the Book Building process.

9.2 FEES AND EXPENSES FOR E-IPO SYSTEMS

Commission on application received through the e-IPO systems of PSX and CDC (CES) will be paid to PSX and CDC, which shall not be more than 0.8% of the total transaction value. PSX and CDC will share the fee with other participants of the e-IPO system at a ratio agreed amongst them.

9.3 COMMISSION OF THE BANKERS TO THE ISSUE

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

9.4 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 Underwriters pursuant to under subscription of retail portion of the Issue.

9.5 ESTIMATED EXPENSES OF THE ISSUE

Expenses to the Issue are estimated not to exceed PKR 45,031,309 /-. The break-up of these preliminary expenses is given below:

Particulars	Rate	Expense
Consultant & Book Runner	3.00%	23,794,500
Commission to Bankers for Book Building Portion	0.00%	-
Commission to Bankers for General Public Portion/ Commission for E-IPO subscriptions	0.25%	495,719
PSX & CDC E-IPO Facility charges	0.80%	1,586,300
Bankers to the Issue - Out of Pocket Expenses		200,000
E- IPO Bank charges		300,000
TREC Holders Commission	1.00%	7,931,500
PSX Initial Listing Fees		1,367,500
PSX Services Fee		50,000
PSX Book Building Software Charges		500,000
Share Registrar, Transfer Agent and Balloting Agent	p.a	500,000
Marketing & Printing Expenses		6,000,000
CDC - Fresh Issue Fee	0.16%	1,269,040
CDC - Annual Listing Fee		200,000
SECP IPO Application Processing Fee		200,000
SECP Supervisory Fee		136,750
Miscellaneous expenses		500,000
Total		45,031,309

10. MISCELLANEOUS INFORMATION

10.1 REGISTERED OFFICE OF OCTOPUS DIGITAL.

19 KM, Multan Road, Lahore
 Website: www.octopusdtl.com
 Contact Person: Ahsan Khalil
 Contact No: (042) 111 940 940 Ext. 231
 Cell:0300-843-8070
 Email: akhalil@avanceon.ae

10.2 AUDITORS OF THE COMPANY

EY Ford Rhodes, Progressive Plaza, 601 Beaumont Rd, Civil Lines, Karachi, Pakistan
 Phone: (021) 111 113 937

10.3 LEGAL ADVISOR OF THE COMPANY AND TO THE ISSUE

Chima and Ibrahim, 1-A/245, Tufail Road, Lahore Cantonment, Lahore, Pakistan
 Phone: +92-42-36681265/6/7.

10.4 COMPUTER BALLOTER & SHARE REGISTRAR

FAMCO Associates Private Limited, PECHS Extension Block 6 PECHS, Karachi, Pakistan
 Phone: (021) 34380101 Email: info.shares@famco.com.pk

10.5 CONSULTANT & BOOK RUNNER

BMA CAPITAL MANAGEMENT LIMITED
 Level 8, Unitower, I.I Chundrigar Road
 Karachi - 74000
 Phone: (021) 111 262 111
 Fax: (021) 32430748
 Email: info@bmacapital.com
 Website: <https://bmacapital.com/>

10.6 BANKER TO THE ISSUE FOR BOOK BUILDING

Meezan Bank Limited
 Meezan House, C-25 Estate Avenue,
 Site, Karachi - Pakistan
 Phone: +92 (21) 38103500 & +92 (21) 37133500 Email: info@meezanbank.com

10.7 BANKERS TO THE ISSUE FOR GENERAL PORTION

Bankers	Contact No.	Email
Allied Bank Limited	021-35301020, 021-35370189	complaint.management@abl.com or info@abl.com.pk
United Bank Limited	111-825-888	customer.services@ubl.com.pk.
Habib Metropolitan Bank Limited	(92-21)111-14-14-14	complaints@habibmetro.com
Meezan Bank Limited	+92 (21) 38103500 & +92 (21) 37133500	info@meezanbank.com
Faysal Bank Limited	0092-213-2795728 & 021 111 747 747	sumair.ahmed@faysalbank.com
MCB Bank Limited	+ 92 42 36041390	info@mcb.com.pk
Soneri Bank Limited	021-111-SONERI (766-374)	complaint.suggestion@soneribank.com

11. MATERIAL CONTRACTS

11.1 DETAILS OF BORROWINGS

As of 30th June, 2021, Octopus has no short term and long term financing facilities.

11.2 DETAILS OF TECHNICAL PROJECTS

Below are the key service contracts which were initially awarded to companies within the Avanceon group and to Avanceon (Group parent company). However, as Octopus is a legitimate owner of AMS business, hence; the following key contracts are served through Octopus:

Project Name	Project Particulars	Party to the Agreement	Commencement Date	Term Expiry Date
SERCO TVS SLA	Tunnel Ventilation Control Systems, Maintenance , Technical Support & Repair Services	SERCO Limited	1-Aug-2014	8-Sept-2021
SERCO RL SLA	Tunnel Environmental Control Systems ,Maintenance , Technical Support & Repair Services	SERCO Limited	1-Aug-2014	8-Sept-2021
Lusial Utility Tunnel SLA	Operation & Maintenance Contract for SCADA System	Elegancia Hospitality & Facilities Management Services Co. W.L.L	1-Nov-2019	31-Aug-2024

Other than the above material agreements, Octopus has procured Microsoft's Azure services since March 2019 for obtaining services as defined in the below table. The tenure of this service is of 3 years and it can be extended:

Vendor Name	Services Description	Charges*	Contract Date	Expiry Date
Microsoft	Obtain end to end data driven services, advanced analytics for collaboration, prediction, exploration and optimization of manufacturing processes, in order to deliver digitization of physical assets on a plant floor.	USD 12,000 per annum	March 4 th , 2019	March 4 th , 2022

* The first subscription payment was made upon signing of contact on March 4th 2019 and subsequently on the anniversary of the signing.

Related Party Agreement Disclosure:

Seller	Buyer	Agreement Date	Nature of the agreement	Consideration
Avanceon limited	Octopus Digital Limited	December 08, 2020	Sale of AMS business to Octopus	Other than cash i.e. shares of Octopus worth PKR 1,084 million

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 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 on January 1 and ends on December 31.

12. BOOK BUILDING PROCEDURE/INSTRUCTIONS FOR REGISTRATION AND BIDDING

12.1 BOOK BUILDING PROCEDURE

12.1.1 Brief Structure

The Present Issue

The Issue comprises of 27,350,000 Ordinary shares of face value of PKR 10 each which constitutes 20.00% of the post-IPO paid up capital of the Company.

The Issue is being made through the Book Building process at a Floor Price of PKR 29 per share. Initially, 75% of the issue size i.e. 20,512,500 Ordinary Shares will be allotted to Successful Bidders and 25% of the issue i.e. 6,837,500 Ordinary Shares will be offered to Retail Investors / General Public. 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 29/- 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 shall be PKR 40.6/- 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 prorata basis. In case the retail portion is fully subscribed, the bid money shall be unblocked within one (1) working day or refunded within three (3) working days of the closing of the public subscription

Within 3 working days of the closing of the Bidding Period, a Supplement to the Prospectus will be published in at least all those newspapers in which the Prospectus is published. The Supplement will contain information related to the Strike Price, the Offer Price, dates of the Public Subscription, and category wise break-up of the Successful Bidders. Format of the Supplement is given on page 2 of this Prospectus.

12.1.2 Types of Bids and Procedure for making a Bid

Book Building is a process whereby investors bid for a specific number of shares at various prices. The Issuer 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”**, each of which are explained below:

- **Limit Bid:** Limit bid is at the Limit Price, which is the maximum price a Bidder is willing to pay for a specified number of shares.
In such a case, a Bidder explicitly states a price at which he / she / it is willing to subscribe to a specific number of shares. For instance, a Bidder may bid for 1 Million shares at PKR 29.00 per share, based on which the total Application Money would amount to PKR 29 Million. In this case the Bid Amount will be also PKR 29 Million. Since the Bidder has placed a Limit Bid of PKR 29.00 per share, this indicates that he / she / it is willing to subscribe the shares at a price up to PKR 29.00 per share.
- **Step Bid:** A series of Limit Bids at increasing prices. The amount of any individual step bid 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 0.7 Million shares at PKR 29.00 per share, 0.6 Million shares at PKR 30.00 per share and 0.5 Million shares at PKR 31.00 per share. Therefore in essence the Bidder has placed one Step Bid comprising of three Limit Bids at increasing prices. The Bid amount will be PKR 53.8 Million. In case of individual Bidder, the Margin Money will be 100% i.e. PKR 53.8 Million whereas in case of Institutional Bidders the Margin Money shall be 25% of the Bid amount i.e. PKR 13.45 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 BID
 - (e) MAKE MORE THAN ONE BID SEVERALLY OR JOINTLY
 - (f) MAKE DOWNWARD REVISION BOTH IN TERMS OF BID PRICE AND BID VOLUME; PROVIDED THAT 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; OR
 - (g) WITHDRAW BID
- (ii) RELATED EMPLOYEES OF THE ISSUER, CONSULTANT TO THE ISSUE & 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 & BOOK RUNNER SHALL NOT IN AGGREGATE MAKE BIDS IN EXCESS OF 10 (10) PERCENT OF THE SHARES OFFERED THROUGH BOOK BUILDING.

LIST OF ASSOCIATED COMPANIES AND UNDERTAKINGS OF THE ISSUER, NAMES OF RELATED EMPLOYEES OF THE ISSUER, CONSULTANT TO THE ISSUE & BOOK RUNNERS ARE PROVIDED IN SECTION 3.

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

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

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

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

12.1.3 Mechanism for Determination of Strike Price

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 shares offered under the Book Building Portion are subscribed.

- The Order Book shall display the bid prices in a tabular form in descending order along with the number of shares bid for and the cumulative number of shares at each price level.
- As per the regulation 9(12) of the PO Regulation, in case all the bids made above the Strike Price are accommodated and shares are still available for allotment, such available shares will be allotted on proportionate basis against the bids made at the Strike Price.

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

- Number of shares being Issued through the Book Building: 27,350,000 Ordinary Shares
- Floor Price: PKR 29/- per Ordinary Share with maximum price band of 40% i.e. PKR 40.6/- per share
- Bidding Period: From September 9th, 2021 to September 10th, 2021
- Bidding Time: 9:00am – 5:00pm
- Bidding Revision Time (Upward Revision only): 9:00am – 5:00pm on all days

Bidder	Price (PKR/share)	Quantity	Cumulative Number of shares	Category of Order
Institution A	34.00	2,735,000	2,735,000	Limit Price
Institution B	33.75	2,700,813	5,435,813	Limit Price
HNWI A	33.50	1,367,500	6,803,313	Step Bid
Institution C	33.00	2,051,250	8,854,563	Limit Price
Institution D	32.50	2,393,125	11,247,688	Limit Price
Institution E	32.00	2,188,000	13,435,688	Limit Price
HNWI B	31.75	2,051,250	15,486,938	Limit Price
HNWI A	31.50	1,367,500	16,854,438	Step Bid
Institution F	31.25	2,051,250	18,905,688	Limit Price
Institution G	31.00	1,746,981	20,652,669	Limit Price
Institution H	30.75	1,367,500	22,020,169	Limit Price
HNWI C	30.50	2,051,250	24,071,419	Limit Price
Institution I	30.25	1,367,500	25,438,919	Step Bid
Institution H	30.25	1,367,500	26,806,419	Limit Price
HNWI D	30.00	547,000	27,353,419	Step Bid
Institution J	29.50	1,025,625	28,379,044	Limit Bid
HNWI E	29.00	683,750	29,062,794	Limit Price

↓

Strike Price determine through Dutch Auction Method

↓

Bid has been revised upwards and placed at PKR 30.75

↓

Total shares bid for at and above the Floor Price

On the basis of the figures provided in the above illustration, according to the Dutch Auction Method, the Strike Price would be set at PKR 30.00 per share to sell the required quantity of 27,350,000 ordinary shares.

At PKR 34.00 per share, investors are willing to buy 2,735,000 shares. Since 24,615,000 shares are still available, therefore the price will be set lower.

At PKR 33.75 per share, investors are willing to buy 2,700,813 shares. Since 21,914,188 shares are still available, therefore the price will be set lower.

At PKR 33.50 per share, investors are willing to buy 1,367,500 shares. Since 20,546,688 shares are still available, therefore the price will be set lower.

At PKR 33.00 per share, investors are willing to buy 2,051,250 shares. Since 18,495,438 shares are still available, therefore the price will be set lower.

At PKR 32.50 per share, investors are willing to buy 2,393,125 shares. Since 16,102,313 shares are still available, therefore the price will be set lower.

At PKR 32.00 per share, investors are willing to buy 2,188,000 shares. Since 13,914,313 shares are still available, therefore the price will be set lower.

At PKR 31.75 per share, investors are willing to buy 2,051,250 shares. Since 11,863,063 shares are still available, therefore the price will be set lower.

At PKR 31.50 per share, investors are willing to buy 1,367,500 shares. Since 10,495,563 shares are still available, therefore the price will be set lower.

At PKR 31.25 per share, investors are willing to buy 2,051,250 shares. Since 8,444,313 shares are still available, therefore the price will be set lower.

At PKR 31.00 per share, investors are willing to buy 1,746,981 shares. Since 6,697,331 shares are still available, therefore the price will be set lower.

At PKR 30.75 per share, investors are willing to buy 1,367,500 shares. Since 5,329,831 shares are still available, therefore the price will be set lower.

At PKR 30.50 per share, investors are willing to buy 2,051,250 shares. Since 3,278,581 shares are still available, therefore the price will be set lower.

At PKR 30.25 per share, investors are willing to buy 1,367,500 shares. Since 1,911,081 shares are still available, therefore the price will be set lower.

At PKR 30.00 per share, investors are willing to buy 547,000 shares. **Since after bidding for 547,000 shares at PKR 30.00 per share, no shares will be available therefore the Strike Price will be set at PKR 30.00 per share for the entire lot of 27,350,000 shares.**

The bidders who have placed bids at prices above the Strike Price (which in this illustration is PKR 30.00 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 Bidders shall be allowed to place bids for hundred percent (100%) percent of the issue size and the strike price shall be the price at which hundred percent (100%) percent of the issue size is subscribed. However, the successful bidders would be allotted and issued only seventy-five (75%) percent of the issue size and the remaining twenty-five (25%) percent would be offered to the retail investor. The bidders shall give an undertaking along with the application that they would subscribe to the unsubscribed shares, if any, out of the retail portion of the Issue and their remaining bid money would remain deposited/ blocked till allotment of such unsubscribed shares to them on pro-rata basis.

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

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

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

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

12.1.5 Book Runner to the Issue:

BMA Capital Management Limited has been appointed by the Issuer as Lead Manager & Book Runner.

Roles and Responsibilities of the Book Runner

The Book Runner to the issue shall be responsible to:

1. ensure that necessary infrastructure and electronic system is available to accept bids and to conduct the whole Book Building process in a fair, efficient and transparent manner;
2. ensure blocking of bid and margin money of the Bidders in their respective accounts;
3. the Book Runner must be financially capable for honoring its commitments arising out of defaults by their investors, if any;
4. use the software provided by the Designated Institution for the Book Building on such terms and conditions as may be agreed with the Designated Institution through an agreement in writing;
5. ensure that the software used for Book Building is based on Dutch Auction Method for display of the order book and determination of the strike price;
6. ensure that the bidders can access to the System and can revise their bids electronically using the user ID and the password;
7. ensure that it has obtained list and Unique Identification Number (UIN) of the associates of the Issuer, the Consultant to the issue and all the related employees;
8. ensure that names and UIN of all the persons mentioned under section 12.5 are entered and capped in a manner as prescribed in the PO Regulations before commencement of the Bidding Period;
9. 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;
10. ensure that no bid in aggregate exceeding ten per cent (10%) is made by the companies and associated undertakings of the Consultant to the issue & Book Runner;
11. enter into an underwriting agreement with the Issuer with respect to underwriting of the Book Building portion for covering the default risk;
12. establish bid collection centers at least in Islamabad, all the provincial capitals, Azad Kashmir and Gilgit/Baltistan;
13. maintain record of all the bids received; and
14. 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 in all centers).

12.1.6 Bid Collection Centers

The Book Runner has established bid collection centers at the following addresses:

Karachi	Karachi	Lahore
AbdulRaheem Ejaz Direct No. +92 21 111 262 111 Cell: 0302 204 1958 Email: abdul.raheem@bmacapital.com Address: Level 8, Unitower, I.I. Chundrigar Road Karachi	Abdul Qadir Direct No.+92 21 111 262 111 Cell: 0321 211 1232 Email: abdul.qadir@bmacapital.com Address: Level 8, Unitower, I.I. Chundrigar Road Karachi	Irfan Saeed Direct No:(042) 35762953-57 Cell: 0333 422 2211 Email: irfan.saeed@bmacapital.com Address: Commercial Office No. 402, 7th Floor, Mega Tower 63-B, Main Boulevard, Gulberg II, Lahore.
Islamabad	Faisalabad	Peshawar
Malik Muhammad Qasim Zafar Direct No. (051) 280 2354-5 Cell: 0315 856 5772 Email: qasim.zafar@bmacapital.com Address: 104, 1 st Floor, 82-East, Muhammad Gulistan Khan House, Fazal e Haq, Blue Area, Islamabad Pakistan	Khawaja Haseeb Ahmed Direct No. (041) 2612261-5 Cell: 0300 520 1290 Email: khawaja.ahmed@bmacapital.com Address: Mezzanine Floor, State Life Building #2, Plot No. 833 Liaquat Road, Faisalabad	Ihsan Mohammad Direct No:(091) 5274770-72 Cell: 0345 932 8028 Email: ihsan.muhammad@bmacapital.com Address: Shop No.F1 & F2, 1st Floor Mall Tower 35, The Mall Peshawar Cantt
Quetta	Azad Kashmir	Gigit/Baltistan
Muhammad Tahir Panezai (Branch Manager) Cell: 0309 777 2570 Email: bm.qta01@meezanbank.com Address: M.A.Jinnah Road Branch, Manan Chowk, Quetta	Kashif Hussain (Branch Manager) Cell:0300 815 7502 Email: bm.mzd01@meezanbank.com Address: Secretariat Road,Sathra Muzaffarabad, Azad Jammu & Kashmir	Abbas Ali Khan (Operations Manager) Cell: 0346 533 3183 Email: bm.ggt01@meezanbank.com Address: Gilgit Baltistan Branch, Shop # 433, NLI Market, Gilgit

12.1.7 Interest of the Lead Manager and the Book Runner:

The Lead Manager 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 Lead Manager and Book Runner to the Issue respectively. The Lead Manager and the Book Runner to the Issue have no other interest in any property or profits of the Company.

12.1.8 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) and 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 must provide the bidders the option to upward revise their bids online or through the Book Runner during the period permitted under these PO Regulations.

The Designated Institution shall ensure that:

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

12.1.9 Roles and Responsibilities of the Issuer:

The Issuer shall ensure that:

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

12.1.10 Opening and Closing of the Registration Period

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

REGISTRATION PERIOD	
6 th September 2021	9:00am to 5:00pm
7 th September 2021	9:00am to 5:00pm
8 th September 2021	9:00am to 5:00pm
9 th September 2021	9:00am to 5:00pm
10 th September 2021	9:00am to 3:00pm

12.1.11 Opening and Closing of the Bidding Period

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

BIDDING PROCESS STARTS ON	9 th September 2021 (9:00 AM to 5:00 PM)
BIDDING PROCESS ENDS ON	10 th September 2021 (9:00 AM to 5:00 PM)

12.1.12 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 1 Million only).

12.1.13 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 Octopus Digital, BMA Capital, 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. <https://bmacapital.com/> and <https://octopusdtl.com/>

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 of this prospectus for registration for submitting their Bids.
4. THE REGISTRATION FORMS SHOULD BE SUBMITTED ON THE PRESCRIBED FORMAT AT THE ADDRESSES PROVIDED IN SECTION 12.1.6. FOR DETAILS ON THE PROCEDURE OF REGISTRATION PLEASE REFER TO SECTION 12.1.14.
5. THE BIDS SHOULD BE SUBMITTED ON THE PRESCRIBED BIDDING FORM IN PERSON, THROUGH FAX NUMBERS GIVEN IN SECTION 12 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 MEEZAN BANK LIMITED (THE BANKER TO THE BOOK BUILDING PORTION OF THE ISSUE) CAN USE THE ONLINE TRANSFER FACILITY PROVIDED BY MEEZAN BANK LIMITED TO DEPOSIT THEIR BID MONEY TO THE BOOK BUILDING ACCOUNT OPENED AT SHAHRAH E FAISAL BRANCH KARACHI

12.1.14 Registration form and Procedure for Registration

1. A standardized Registration Form has been prescribed by the Issuer. The Registration Form shall be submitted, duly filled in, at the Bid Collection Centers in person on addresses given in section 12.1.6 on the standard Registration Form. The Registration Form shall be serially numbered at the bid collection centers and date and time stamped at the time of collection of the same from the Bidders.
2. Upon completion and submission of the Registration Form, the Bidders are deemed to have authorized the Issuer to make necessary changes in the Prospectus as would be required for finalizing and publishing the Supplement to the Prospectus in the newspapers in which Prospectus was published and filing the Supplement with PSX and SECP, without prior or subsequent notice of such changes to the Bidders.
3. The registration procedure under the Book Building process is outlined below:
 - The Registration period shall be for Five (5) working days i.e. September 6th, 2021 to September 9th, 2021 from 9:00 AM to 5:00 PM and from 9:00 AM to 3:00 PM on September 10th, 2021.
 - The Registration Form shall be issued in duplicate signed by the Bidder and countersigned by the Book Runner, with the first copy for the Book Runner and the second copy for the Bidder.
 - The Registration Form shall be duly filled in and signed in duplicate and shall be submitted at the Bid Collection Centers in person, through representative or through fax on addresses and numbers given in paragraph 12.1.6.
 - Upon registration of the bidders in the System, PSX shall assign and communicate the User ID and Password to the Bidders via email on the email address provided by them in the Registration Form.
 - The Book Runner may reject any bid for reasons to be recorded in writing provided the reason of rejection is disclosed to such bidder. Decision of the Book Runners shall not be challengeable by the Bidder.
 - Bid Amount / Margin Money shall be deposited along with the Registration Form through demand draft, pay order or online transfer through Bidder's bank account only. In case of Online Transfer, the Bidders are requested to submit a bank receipt evidencing transfer of the bid money into the Issuer's designated bank account. **Please note that cash must not be deposited either directly or through online transfer in the Issuer's designated bank account.**
 - The pay order shall be made in favor of "**OCTOPUS DIGITAL LIMITED-Book Building**". For online transfer the payment shall be made into account **0111-0105569127** being maintained in Shahrah e faisal Branch, Karachi. Please note that online transfer facility shall only be allowed to Meezan 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 Runners shall collect an amount of 100% of the Application Money as Margin Money in respect of bids placed by Individual Investors.
- The Book Runners shall collect an amount of not less than 25% of the Application Money as Margin Money in respect of bids placed by Institutional 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 the User ID and Password to independently place and upward revise their bids online.
- **The successful Bidders shall be issued shares only in the form of book-entry to be credited in their respective CDS accounts. All the bidders shall, therefore, provide their CDC account numbers in the bid application and Registration form.**
- **The successful Bidders shall be paid cash dividend, if any announced by the Company, only through direct credit in their respective International Bank Account Number (IBAN). All the Bidders, therefore, must provide their IBANs in the Bid Application and Registration Forms.**

12.1.15 Procedure for Bidding

1. A standardized Bidding Form has been prescribed by the Issuer.
2. Registered Investors can submit their bids in person or through representatives at the Bid Collection Centers during the bidding dates or can place their bids online at <https://bkb.psx.com.pk> using the user ID and Password received by them over email upon registration with the Book Runner.
3. The bidding procedure under the Book Building process is outlined below:
 - Bids can be placed either at the “Limit Price” or as a “Step Bid”. The minimum size of a Limit Bid by an Eligible Investor shall not be less than PKR 1,000,000/- (Rupees One 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 para 12.1.6 for addresses and contact detail of persons at the Bid Collection Centers.
 - The persons at the Bid Collection Centers shall vet the bid applications and accept only such bid applications that are duly filled in and supported by pay order, demand draft or a bank receipt evidencing transfer of the bid money into the Issuer designated bank account.
 - On receipt of bid application in accordance with the aforementioned regulation, the Book Runner shall enter Bid into the System and issue to the Bidder an electronic receipt bearing name of the Book Runner, name of the bidding center, date and time.
 - The bidding shall commence from 09:00 a.m. and close at 05:00 p.m. on all days of the Bidding Period. The bids shall be collected and entered into the system by the Book-Runner till 05:00 p.m. on the last day of the bidding period.
 - The Bidders shall have the right to revise their bids upwards any time either manually through the Bid Collection Centers or electronically through direct access to the system till 05:00 p.m. on the last day of the Bidding Period.
 - **The Bidders shall NOT make downward revision both in terms of Bid Price and Bid Volume provided that in case of upward revision of the Bid Price, the number of shares Bid for i.e. Bid Volume may be adjusted ensuring that the bid amount or bid money remains the same.**
 - **The Bidders shall not withdraw the Bids.**

- The Book Runner shall collect full amount of the Bid Amount as Margin Money in respect of bids placed by the High Net worth Individual and not less than twenty-five percent (25%) of the Bid Amount as Margin Money in respect of bids placed by the Institutional 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 waive the margin requirement for institutional investors subject to confirmation from their respective banks or custodian banks (in case of foreign institutional investors) that an amount equivalent to the bid money is available in the respective bank or custodian account and would be paid directly to the book runner on its request and confirmation of allocation of shares;
- The Book Runner may reject any bid for reasons to be recorded in writing provided the reason of rejection is disclosed to such bidder. The decision of the Book Runner shall not be challengeable by the Bidder.
- PSX shall, through the system, display live throughout the bidding period an order book in descending order showing demand for shares at various prices and the accumulated number of shares bid for along with percentage of the total shares issued (the “Order Book”). The Order Book should also show the revised bids upward. The Order Book shall be accessible through websites of PSX.
- At the close of the Bidding Period, the Strike Price shall be determined on the basis of the Dutch Auction Method.
- Once the Strike Price is determined, all those Bidders whose bids are found successful shall become entitled for allotment of shares.
- The Bidders who have made bids at prices above the Strike Price shall be allotted shares at the Strike Price.
- In case all the bids made above the Strike Price are accommodated and shares are still available for allotment, such available shares will be allotted against the bids made at the Strike Price on proportionate basis as per regulation 9(12) of PO Regulations. The procedure for allotment of shares to successful Bidders is mentioned in section 12.1.23 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 allotted to each of them.
- 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 12.1.16 of the prospectus.
- Upon intimation by the Book Runner of final allocation, successful institutional bidders shall deposit their balance margin within (3) days of such intimation. **Where a successful Bidder defaults in payment of shares allotted to it, the Margin Money deposited by such Bidder shall be forfeited to the Book Runner.**
- Final allotment of shares out of the Book Building Portion shall be made after receipt of full subscription money from the successful Bidders; however, shares to such Bidders shall be credited at the time of credit and dispatch of shares out of the retail portion.
- The successful Bidders shall be issued shares only in Book Entry Form to be credited in their respective CDS Accounts. All the bidders shall, therefore, provide their CDS Account Numbers in the Registration Form.
- The Designated Institution shall continue to display on its website, the data pertaining to the Book Building and determination of the Strike Price for a period of at least three working days after closure of the Bidding Period.
- The Book-Runner shall ensure that subscription money received against the bids accepted shall not be released to the Issuer by the Banker to the Book Building Portion until:
 - credit of all shares allotted to retail investors; and
 - issuance of NOC by the PSX.

12.1.16 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 "**OCTOPUS DIGITAL LIMITED-BOOK BUILDING**" or online transfer of the Bid money into the respective Book Building account **0111-0105569127** 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 the Account **0111-0105569127** being maintained at Shahrah e Faisal Branch, Karachi with the Account Title "**OCTOPUS DIGITAL LIMITED-BOOK BUILDING**". Please note that online transfer facility shall only be allowed for Meezan Bank Limited customers.

CASH MUST NOT BE SUBMITTED WITH THE BIDDING FORM/REGISTRATION FORM AT THE BID COLLECTION CENTER NOR DEPOSITED DIRECTLY OR VIA ONLINE TRANSFER IN THE ISSUER'S DESIGNATED BANK ACCOUNT. BID AMOUNT MUST BE PAID THROUGH PAY ORDER, BANK DRAFT OR ONLINE TRANSFER DRAWN / TRANSFER IN FAVOR OF "OCTOPUS DIGITAL 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 Lead Manager, after obtaining NOC from PSX, may request in writing to the Banker to the Book Building Portion for transfer of the money of the successful and accepted applications to the Issuer's account(s).

PAYMENT PROCEDURE

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

▪ PAYMENT FOR LIMIT BID

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

For instance, if an investor is applying for 1 Million shares at a price of PKR 29.00/- per share, then the total Application Money would amount to PKR 29 Million. In such a case, (i) Individual Investor shall deposit PKR 29 Million in the Book Building account as the bid amount which is 100% of PKR 29 Million; and (ii) Institutional Investor shall deposit at least PKR 7.25 Million in the Book Building account as the Margin Money which is 25% of PKR 29 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 0.8 Million shares at PKR 29 per share, 0.7 Million shares at PKR 30 per share and 0.6 Million shares at PKR 31 per share. Therefore, in essence the Bidder has placed one Step Bid comprising of three Limit Bids at increasing prices. The Bid amount will be PKR 62.8 Million. In such a case, (i) Individual Investors shall deposit PKR 62.8 Million in the Book Building Account as Margin Money which is 100% of PKR 62.8 Million and (ii) Institutional Investors shall deposit at least PKR 15.70 Million in the Book Building Account as Margin Money which is 25% of PKR 62.8 Million.

12.1.17 Payment by Foreign Investors

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

Non-residents who wish to bid for the subscription of shares being offered via book building can remit the subscription money through an Authorized Dealer directly to the book building accounts opened by the Company as

given in para 12.1.16 of this Prospectus, however, those non-residents who wish to subscribe shares out of the general public portion may contact any of the bankers to the issue (retail portion) for taking instructions regarding payment of subscription money against shares offered to general public / retail investors. List of bankers to the Issue for retail portion is available on page 1 of this Prospectus.

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

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

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

12.1.18 Procedure for Rejection of Bids

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

12.1.19 Time frame for upward revision of Bids by the Bidders

The registered investors may revise their Bids upwards any time either manually through the Bid Collection Centers or electronically through direct access to the system till 05:00 p.m. on the last day of the Bidding Period. An investor will not be allowed to place or revise a bid with a price variation of more than 10% of the prevailing indicative strike price. **NO DOWNWARD REVISION BOTH IN TERMS OF BID PRICE AND BID VOLUME IS ALLOWED PROVIDED THAT IN CASE OF UPWARD REVISION OF THE BID PRICE, THE NUMBER OF SHARES BID FOR I.E. BID VOLUME MAY BE ADJUSTED ENSURING THAT THE BID AMOUNT OR BID MONEY REMAINS THE SAME. HOWEVER, NO WITHDRAWAL OF BID IS ALLOWED.**

12.1.20 Ten Percent (10%) Price Variation

An investor will not be allowed to place or upward revise a bid with a price variation of more than ten percent (10%) of the prevailing Indicative Strike Price subject to Floor Price and Price Band i.e. Bid Price must not be below the Floor Price and must not exceed 40% of the Floor Price which is upper limit of Floor Price. **Please note that the Indicative Strike Price may not be constant and may keep on changing during the bidding period. Therefore, the 10% range will also change with the changing Indicative Strike Price.**

For Example, if the Floor Price is PKR 29 per share and Indicative Strike Price at any given point in time during the bidding period is PKR 29 per share, registered bidders may place or revise their bids at/to any price between PKR 29 per share to PKR 30 per share. If at any given point in time during the bidding period, the Indicative Strike Price changes from PKR 29 per share to PKR 30 per share, the registered bidders may place or upward revise their bids at/to between PKR 29 per share to PKR 31.9 per share.

Please note that the 10% range on the lower side cannot go below the floor price and cannot exceed the upper cap of 40% of the floor price i.e. PKR 40.6 per share. The price range of 10% applicable at any given point in time during the bidding period will also be displayed on the bid screen available at the website of PSX.

12.1.21 Restriction on Downward Revision or Withdrawal of Bids by the Bidder

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

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

12.1.22 Procedure for Withdrawal of Issue

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

12.1.23 Basis of Allotment of Shares

Bidders shall be allowed to place bids for one hundred percent (100%) of the Issue size and the Strike Price shall be the price at which one hundred percent (100%) of the Issue is subscribed via the Dutch Auction Method. Once the Strike Price is determined, all those Bidders whose bids have been found successful shall be provisionally allotted 75% of the Issue size i.e. 20,512,500 Ordinary Shares.

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

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

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

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

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

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

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

12.1.24 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.

12.1.25 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 the Prospectus.

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

13. APPLICATION AND ALLOTMENT INSTRUCTIONS FOR RETAIL PORTION

13.1.1 Eligible Investors Include:

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

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

13.1.3 Copies of Prospectus

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

<https://bmacapital.com/>, <https://octopusdtl.com/>, www.psx.com.pk & www.cdceipo.com;

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

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

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

13.1.6 OPENING AND CLOSING OF THE SUBSCRIPTION LIST

The subscription list will open at the commencement of banking hours on **September 16th, 2021** and will close on **September 17th, 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 September 17th, 2021.**

13.1.7 E-IPO SYSTEM

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

13.1.7.1 PSX's e-IPO System (PES):

In order to facilitate investors, PSX has developed an e-IPO System ("PES") through which electronic applications can be filed for subscription of securities offered to the general public. PES can be accessed through the web link (<https://eipo.psx.com.pk>).

Investors can register themselves online at any time 24/7. On behalf of an investors, registration can also be done by:

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

An e-IPO application can be filed by an investor during the public subscription period which shall close at midnight on September 17th, 2021. On behalf of investors, e-IPO applications can also be filed by:

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

Subscription money can paid by the investor through 1LINK or NIFT. On behalf of investors, subscription money can also be paid by:

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

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

Tutorial for PES can be found on the weblink i.e. <https://eipo.psx.com.pk/EIPO/home/index>.

13.1.7.2 Centralized e-IPO System (CES):

CES can be accessed through the web link (www.cdceipo.com). Payment of subscription money can be made through 1LINK's member banks available for CES.

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

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

For queries regarding CES, investors may contact CDC at phone number: 0800 – 23275 (CDCPL) and e-mail: info@cdcpak.com or contact Mr. Owais Anwer at Phone 021-111-111-500 Ext 500 and email: owais_anwer@cdcpak.com.

13.1.8 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.

13.1.9 APPLICATIONS MADE BY INSTITUTIONAL INVESTORS

1. Applications made by companies, corporate bodies, mutual funds, provident / pension / gratuity funds / trusts and other legal entities must be accompanied by an attested photocopy of their Memorandum and Articles of

Association or equivalent instrument / document. Where applications are made by virtue of Power of Attorney, the same should also be submitted along with the application. Any Federal / Provincial Government Gazette Officer, Councilor, Bank Manager, Oath Commissioner and Head Master of High School or bank manager in the country of applicant's residence can attest copies of such documents.

2. Attested photocopies of the documents mentioned in 8.7 (i) must be produced for verification to the Banker to the Issue and the applicant's banker (if different from the Banker to the Issue) at the time of presenting the application. The attested copies, will after verification, be retained by the bank branch along with the application.

13.1.10 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 "**OCTOPUS DIGITAL 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.

13.1.11 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.

- Foreign / resident should follow payment instructions given in Section 12.1.16 of this Prospectus.

13.1.12 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
001	U.S.A
002	U.K
003	U.A.E
004	K.S.A
005	Oman
006	Bangladesh
007	China
008	Bahrain
009	Other

13.1.13 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:

- 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.
- The minimum amount of application for subscription of 500 shares is the Issue Price x 500 shares.
- Application for shares below the minimum amount shall not be entertained.
- SUBMISSION OF FALSE AND FICTITIOUS APPLICATIONS IS PROHIBITED AND SUCH APPLICATIONS' MONEY MAY BE FORFEITED UNDER SECTION 87(8) OF THE SECURITIES ACT, 2015.**
- If the shares offered to the general public are sufficient to accommodate all applications, all applications shall be accommodated.
- 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.

13.1.14 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.

13.1.15 REFUND/UNBLOCKING OF SUBSCRIPTION MONEY TO UNSUCCESSFUL APPLICANTS

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

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

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

13.1.16 ISSUE AND CREDIT OF SHARE CERTIFICATES

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

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

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

13.1.17 TRANSFER OF SHARES

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

13.1.18 LIST OF BANKERS TO THE ISSUE

Code	Name of Bank
01	United Bank Limited
02	Allied Bank Limited
03	Meezan Bank Limited
04	Faysal Bank Limited
05	MCB Bank Ltd
06	Soneri Bank Ltd
07	Habib Metropolitan Bank Limited

*UBL bank/s is/are providing their own e-IPO facilities. Account holders of these Banks may apply for subscription of shares electronically.

13.1.19 MINIMUM AMOUNT OF APPLICATION

The minimum value of application will be calculated as Issue Price x 500 shares.

13.1.20 INTEREST OF SHAREHOLDERS

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

13.1.21 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.

13.1.22 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.

13.1.23 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:

Serial #	Capital Gain Tax for FY 20	Filer	Non-Filer
1	Applicable Capital Gain Tax Rate	12.5%	25%

13.1.24 WITHHOLDING TAX ON DIVIDENDS

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

13.1.25 TAX ON BONUS SHARES

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

13.1.26 INCOME TAX

The income of the Company is subject to Income Tax under the Income Tax Ordinance, 2001.

13.1.27 DEFERRED TAXATION

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

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

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

13.1.28 SALES TAX

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

13.1.29 SALES TAX ON SALE / PURCHASE OF SHARES

Under the Constitution of Pakistan and Articles 49 of the 7th NFC Award, the Government of Sindh, Government of Punjab, Government of Khyber Pakhtunkhwa and Government of Baluchistan have promulgated the Sindh Sales Tax on Services Act, 2011, Punjab Sales Tax on Services Act, 2012, Khyber Pakhtunkhwa Sales Tax on services through Khyber Pakhtunkhwa Finance Act, 2013 and the Baluchistan Sales Tax on services Act, 2015 respectively. The Sindh Revenue Board, the Punjab Revenue Authority, and the Khyber Pakhtunkhwa Revenue Authority and the Baluchistan Revenue Authority administer and regulate the levy and collection of the Sindh Sales Tax (“SST”), Punjab Sales Tax (“PST”), Khyber Pakhtunkhwa Sales Tax (“KST”) and Baluchistan Sales Tax (“BST”) respectively on the taxable services provided or rendered in Sindh, Punjab or Khyber Pakhtunkhwa provinces respectively.

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

13.1.30 TAX CREDIT FOR INVESTMENT IN IPO

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

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

14. SIGNATORIES TO THE PROSPECTUS

-sd-

Asmar Ahmed Atif
Chief Executive Officer/Executive Director
-sd-

Bakhtiar Hameed Wain
Non Executive Director
-sd-

Tanveer Karamat
Non Executive Director
-sd-

Mohammad Shahid Mir
Independent Director/Non Executive Director
-sd-

Junaid Mushtaq Paracha
Non Executive Director
-sd-

Adeel Khalid
Executive Director
-sd-

Saleha Asif
Independent Director/Non Executive Director

Signed by the above in presence of witnesses:

Witness 1:

-sd-

Witness 2:

-sd-

Date: April 9th, 2021

15. MEMORANDUM OF ASSOCIATION

THE COMPANIES ACT, 2017 (XIX of 2017)

(COMPANY LIMITED BY SHARES)

MEMORANDUM

OF

ASSOCIATION

OF



Octopus Digital Limited



Page 1 of 5

THE COMPANIES ACT, 2017 (XIX of 2017)
(COMPANY LIMITED BY SHARES)
MEMORANDUM OF ASSOCIATION
OF

"Octopus Digital Limited"

1. The name of the company is Octopus Digital Limited.
2. The registered office of the Company will be situated in the Province of Punjab.
3. (i) The principal line of business of the company shall be to carry on the business of Information Technology (IT) enabled services which include but not limited to like online data / information storage, online review and monitoring of employees efficiency, online monitoring of cost and production efficiency, online monitoring and maintenance of plant and machinery, sale and trade of related softwares equipments etc.
- (ii) Except for the business mentioned in sub-clause (iii) hereunder, the company may engage in all the lawful business and shall be authorized to take all necessary steps and actions in connection therewith and ancillary thereto.
- (iii) Notwithstanding anything contained in the foregoing sub-clauses 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, *Modaraba* management company, Stock Brokerage business, forex, real estate business,

Page 2 of 5



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.

(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 licence 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 1,500,000,000/- (Rupees One billion and five hundred millions only) divided into 150,000,000/- (One hundred and fifty Millions) ordinary shares of Rs. 10/- (Rupees ten only) each.



We, whose names and addresses are subscribed below, are desirous of forming a company, in pursuance of this memorandum of association, and agree to take the number of shares in the capital of the company as set opposite my names:

Name and surname (present & former) in full (in Block Letters) and C.N.I.C.#	Father's/ Husband's Name in full	Nationality with any former Nationality	Occupation	Residential address (in full)	Number of shares taken by each subscriber	Signatures
MR. TANVEER KARAMAT 42301-9820410-7	Sheikh Umer Karamat	Pakistani	Business	House No. 733 SU-Askari 3, Lahore	1 (One)	
MR BAKHTIAR HAMEED WAIN 35201-6142695-7	Abdul Hameed Wain	Pakistani	Business	House No. 351-W, Defense Housing Authority, Lahore	1 (one)	
Total number of shares taken					2 (two)	

Dated the --- day -----

CERTIFIED TO BE TRUE COPY
Z. Hasnain
14-6-21
ADDITIONAL REGISTRAR OF COMPANIES
COMPANY REGISTRATION DIVISION
LAHORE



Witness to above signatures:

Signature	
Full Name (in Block Letters)	
C.N.I.C.3.	
Father's full name	
Nationality	
Occupation	
Full address	



THE COMPANIES ACT, 2017 (XIX of 2017)

(COMPANY LIMITED BY SHARES)



Articles of Association

of

Octopus Digital Limited



THE COMPANIES ACT, 2017 (XIX of 2017)

(Company Limited by Shares)

ARTICLES OF ASSOCIATION

OF

OCTOPUS DIGITAL LIMITED

1. The Regulations contained in Table 'A' to the First Schedule to the Companies Act, 2017 (the "Act") shall be the regulations of **OCTOPUS DIGITAL LIMITED** (the "Company") so far as these are applicable to a public company.

PUBLIC COMPANY

2. The Company is a "Public Company" within the meaning of Section 2(1)(52) of the Act and accordingly:

1. The number of the members of the Company (exclusive of persons in the employment of the Company), shall not be limited, provided that for the purpose of this provision, where two or more persons hold one or more shares in the company jointly, they shall be treated as single member, and
2. The right to transfer shares of the Company shall not be restricted in the manner and to the extent herein appearing.

3. The authorized capital of the company is Rs 1,500,000,000/- (Rupees One billion Five hundred Million rupees Only) divided into 150,000,000/- (One hundred Fifty million) ordinary shares of Rs. 10/- (Rupees ten only) each.

4. The minimum subscription upon which the directors may proceed to make the first allotment has been fixed as Rs. _____ (N/A)

TRANSFER OF SHARES

5. The directors shall not refuse to transfer any fully paid shares unless the transfer deed is invalid or defective.

DIRECTORS

6. The number of directors shall not be less than three or a higher number as fixed under the provisions of Section 159 of the Act. The following persons shall be the first directors of the Company and shall hold the office up to the date of First Annual General



Meeting

Sr. No Name of the Directors

- 1.
- 2.

We, whose names and addresses are subscribed below, are desirous of forming a company, in pursuance of these Articles of Association and agree to take the number of shares in the capital of the company as set opposite my names:



Name and surname (present & former) in full (in Block Letters) and C.N.I.C #	Father's/ Husband's Name in full	Nationality with any former Nationality	Occupation	Residential address (In Full)	Number of shares taken by each subscriber	Signatures
MR. TANVEER KARAMAT 42301-9820410-7	Sheikh Umer Karamat	Pakistani	Business	House No. 733 SU-Askari 3, Lahore	1 (One)	
MR BAKHTIAR HAMEED WAIN 35201-6142695-7	Abdul Hameed Wain	Pakistani	Business	House No. 351-W, Defense Housing Authority, Lahore	1 (One)	
Total number of shares taken (in figures and words)					2 (two)	

CERTIFIED TO BE TRUE COPY
Z. Haider
14-6-21
ADDITIONAL REGISTRAR OF COMPANIES
COMPANY REGISTRATION OFFICE
LAHORE



Dated the-----day of-----

Witness to above signatures:

Signature	
Full Name (in Block Letters)	
C.N.I.C3.	
Father's full name	
Nationality	
Occupation	
Full address	



16. REGISTRATION FORM

REGISTRATION FORM								
 Octopus Digital Limited 8978757	Book Runner 		Tick One <input type="checkbox"/> KHI <input type="checkbox"/> LHR <input type="checkbox"/> ISB <input type="checkbox"/> FZB <input type="checkbox"/> PSH <input type="checkbox"/> QUT <input type="checkbox"/> AZK <input type="checkbox"/> GLT					
			<table border="1"> <tr> <td>Registration Dates</td> <td>September 6th, 2021 to September 10th, 2021</td> </tr> <tr> <td>Bidding Dates</td> <td>September 9th, 2021 to September 10th, 2021</td> </tr> <tr> <td>Bidding Form No.</td> <td></td> </tr> </table>	Registration Dates	September 6 th , 2021 to September 10 th , 2021	Bidding Dates	September 9 th , 2021 to September 10 th , 2021	Bidding Form No.
Registration Dates	September 6 th , 2021 to September 10 th , 2021							
Bidding Dates	September 9 th , 2021 to September 10 th , 2021							
Bidding Form No.								
INITIAL PUBLIC OFFERING OF ORDINARY SHARES OF OCTOPUS DIGITAL LIMITED THROUGH BOOK BUILDING PROCESS AT A FLOOR PRICE OF PKR 29.00 PER SHARE (INCLUDING A PREMIUM OF PKR 19.00 PER SHARE)								
PLEASE FILL THE FORM IN BLOCK LETTERS. PLEASE PROVIDE ACCURATE DETAILS TO AVOID ANY INCONVENIENCE. ELIGIBLE INVESTORS MUST SUBMIT ONLY ONE PAY ORDER ALONG WITH THE REGISTRATION FORM.								
Name¹		CNIC #						
		NTN³						
Address		Cell #						
		Land Line #						
E-mail		Fax #						
IBAN Number²		Bank Name						
PLEASE TICK THE APPROPRIATE BOX			Nationality (If other than Pakistani)					
<input type="checkbox"/> Local Institutional Investor	<input type="checkbox"/> Resident							
<input type="checkbox"/> Foreign Institutional Investor	<input type="checkbox"/> Non Resident							
<input type="checkbox"/> Individual Investor	<input type="checkbox"/> Foreigner							
¹ NAME AND CNIC MENTIONED ON THE FORM SHOULD BE SAME AS OF THE BANK ACCOUNT WHOSE IBAN HAS BEEN PROVIDED IN THE FORM. ² PROVIDE THE IBAN NUMBER OF YOUR ACCOUNT IN WHICH REFUND WOULD BE TRANSFERRED. NO FORM WOULD BE ACCEPTED WITHOUT IBAN NUMBER. ³ INVESTORS ARE ENCOURAGED TO DISCLOSE THEIR NTN NUMBERS TO FACILITATE THE COMPANY TO CHECK STATUS OF THE SHAREHOLDERS AS TAX RETURN FILER OR NON-FILER FROM THE ACTIVE TAXPAYERS LIST (ATL) AVAILABLE ON THE WEBSITE OF FBR. PLEASE NOTE THAT REDUCED TAX RATE OF 15.0% APPLIES TO FILERS INSTEAD OF 30.0% FOR NON-FILERS ON PAYMENT OF CASH DIVIDEND DECLARED, IF ANY, BY THE COMPANIES.								
Payment Details: Payments to be made in favor of "Octopus Digital Limited-Book Building"								
Amount in Figures		Instrument #						
Instrument Date		Margin %age						
Banker's Name, Address & Branch								
CDC Details for Sub A/C & House A/C								
CDC Participant Name		CDC Participant ID						
Sub A/C No.		House A/C No.						
CDC Details for Investor A/C								
CDC Investor Service A/C ID		CDC Investor A/C No.						
I UNDERTAKE TO SUBSCRIBE TO SHARES UNSUBSCRIBED IN THE RETAIL PORTION WHICH ARE ALLOCATED TO ME ON A PRO-RATA BASIS. I ALSO UNDERTAKE THAT MY BID MONEY SHALL REMAIN DEPOSITED OR BLOCKED TILL ALLOTMENT OF UNSUBSCRIBED SHARES IN THE RETAIL PORTION.								
I DECLARE THAT I have read all the terms and conditions stated in the Prospectus and the Instructions Page of the Bidding Form. The same terms and conditions would be applicable on the Registration Form.								
Signature of Bidder: _____								

17. BIDDING FORM

BIDDING FORM			
 Octopus Digital Limited	Book Runner 	Tick One <input type="checkbox"/> KHI <input type="checkbox"/> LHR <input type="checkbox"/> ISB <input type="checkbox"/> FZB <input type="checkbox"/> PSH <input type="checkbox"/> QUT <input type="checkbox"/> AZK <input type="checkbox"/> GLT	
		Bidding Dates	September 9 th , 2021 to September 10 th , 2021
		Bidding Form No.	
INITIAL PUBLIC OFFERING OF ORDINARY SHARES OF OCTOPUS DIGITAL LIMITED THROUGH BOOK BUILDING PROCESS AT A FLOOR PRICE OF PKR 29.00 PER SHARE (INCLUDING A PREMIUM OF PKR 19.00 PER SHARE)			
PLEASE FILL THE FORM IN BLOCK LETTERS. PLEASE MAKE SURE TO PROVIDE ACCURATE DETAILS TO AVOID ANY INCONVENIENCE			
Name		PLEASE TICK THE APPROPRIATE BOX	
		<input type="checkbox"/> Local Institutional Investor	<input type="checkbox"/> Foreign Institutional Investor
			<input type="checkbox"/> Individual Investor
Address	Cell #	Resident	<input type="checkbox"/>
	Land Line #	Non-Resident	<input type="checkbox"/>
		Foreigner	<input type="checkbox"/>
Fax #	E-mail:	CNIC#	
		NTN*	
*INVESTORS ARE ENCOURAGED TO DISCLOSE THEIR NTN NUMBERS TO FACILITATE THE COMPANY TO CHECK STATUS OF THE SHAREHOLDERS AS TAX RETURN FILER OR NON-FILER FROM THE ACTIVE TAXPAYERS LIST (ATL) AVAILABLE ON THE WEBSITE OF FBR. PLEASE NOTE THAT REDUCED TAX RATE OF 15.0% APPLIES TO FILERS INSTEAD OF 30.0% FOR NON-FILERS ON PAYMENT OF CASH DIVIDEND DECLARED, IF ANY, BY THE COMPANIES.			
Dividend Mandate: Mark tick [✓] in the appropriate boxes Yes [] No []			
In case the Applicant intends that if Shares applied for are issued to him/it and the dividend declared by the Company, if any, is credited directly in his/it bank account, instead of issued of dividend warrants, then please fill in the following boxes:			
Title of Account			
Account Number			
Bank Name			
Branch Name & Address			
The Directors of Octopus Digital Limited 19KM Main Multan Road Lahore, Pakistan.			
Dear Sir, On the basis of Prospectus by Octopus Digital Limited for the Initial Public Offer of its Ordinary Shares, I/we hereby bid for subscription of Shares of the Company as under:			
Bid Details			
	No. of Shares	Bid Price Per Share	Total Amount
Bid Option (Please tick)	(In Figures)	(In Figures)	(In Figures)
Limit Order			
Step Order:			
Option (1)			
Option (2)			
Option (3)			
Option (4)			
Total (Shares and Price)			
Important Instructions:			
1) Bids should be placed for a minimum amount of PKR 1,000,000/- . It should also be noted that no. of shares bid for should be rounded and fractional shares will not be acceptable. Please ensure that after rounding the number of shares multiplied by your bid price, is at least PKR 1,000,000/- .			
2) Eligible Investors who want to place a Step Bid, must ensure that each step amounts to PKR 1,000,000/- at least.			
3) Any Bid received below the Floor Price will not be accepted by the Book Runner.			
4) An investor shall not make downward revision both in terms of Bid Price and Bid Volume; Provided that in case of upward revision of the Bid Price, the number of shares Bid for i.e. Bid Volume may be adjusted ensuring that the bid amount or bid money remains the same.			
5) An investor shall not make a bid with price variation of more than 10% of the prevailing indicative strike price subject to 40% maximum Price Band i.e. the strike price must not exceed 40% upper limit of floor price.			
Signature of Bidder: _____			

In terms of the Listing of Companies and Securities Regulations of the Pakistan Stock Exchange (“PSX”), I/we am/are eligible to bid in this Initial Public Offer of Ordinary Shares. The amount payable on bidding is remitted herewith which is the applicable margin amount. I/We agree to pay the balance amount of application money, if any, upon successful allocation of shares. In case no shares are allotted to me/us you are hereby authorized to return to me/us by demand draft/pay order application money, within three (3) working days of the close of the bidding period.

I/We agree that this is a binding agreement to accept the number of shares as may be allocated to me/us subject to the terms of the Prospectus, the bidding form and other applicable laws. I/ we undertake that I/we will sign all such other documents and do all such acts, if necessary on my/our part to enable me/us to be allocated/allotted/transferred the shares and to pay for the same. I/we authorize you to place my/our name(s) on the register of the members of the Company as holder(s) of the shares that will be allocated/allotted/transferred to me/us and to register my/our address as given below. I/ We noted that the Book Runner is entitled, in its absolute discretion to accept or reject this Bidding Application for reason(s) to be recorded in writing and the reason(s) should be disclosed to us forthwith. I/We have no objection if there are necessary changes made in the Prospectus for filling of the same with the Securities and Exchange Commission of Pakistan (“SECP”).

I understand that the Issuer, the Book Runner, SECP and the Stock Exchange reserve the right of legal action against me under the law, if I submit a fictitious bid and/or the instrument deposited by me for margin money is bounced.

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

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 **“Octopus Digital Limited-Book Building”**. For online transfer facility (pay order or demand draft may be deposited at any branch of Meezan Bank Limited and evidence to be submitted to the Book Runner) the payment shall be made into A/C # **0111-0105569127** being maintained at Meezan Bank Limited.
- 3) For deposit of margin money, only Pay Orders, Demand Drafts, or online transfer will be accepted. Each eligible investor shall only submit a single pay order, demand draft or evidence of online transfer of money along with the Registration Form. It may also be noted that only a single pay order, demand draft or evidence of online transfer of money shall be accepted by the Book Runner along with each Additional Payment Form.
- 4) In case of intercity instruments, only Pay Orders **“payable at any branch”** will be accepted. For the purpose of expediting the clearing of the instruments it is highly recommended that the Pay Order should be made from online branches of the respective bank(s).
- 5) Eligible Investors can register themselves till 3:00 pm on the last day of Book Building after which no new investors shall be registered.
- 6) Investors can only upward revise their bids online. Please visit www.bkb.psx.com.pk to access online. User name and password will be emailed to you on email address provided in the form. Please ensure that you provide correct email address. Online access will be available for upward bid revisions during the bidding period from 9:00 am to 5:00. An investor will not be allowed to place or upward revise a bid with a price variation of more than 10% of the prevailing indicative strike price subject to a maximum price band of 40% of the floor price. **However, the bidder shall not make downward revision both in terms of bid price and bid volume; provided that in case of upward revision of the bid price, the number of shares bid for i.e. bid volume may be adjusted ensuring that the bid amount or bid money remains the same. No withdrawal of bid shall be allowed.**

Yours Faithfully,

Signature of Bidder: _____

To be filled in by the Book Runner:

Time of Receipt	Date	Location	Amount	Pay Order No. / Demand Draft No.	Stamp

APPLICATION AND ALLOTMENT INSTRUCTIONS

1. **Eligible investors includes:**
 - a. Pakistani citizens resident in or outside Pakistan or Persons holding two nationalities including Pakistani nationality;
 - b. Foreign Nationals whether living in or outside Pakistan;
 - c. 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);
 - d. Mutual Funds, Provident/pension/gratuity funds/trusts, (subject to the terms of the Trust Deed and existing regulations); and
 - e. Branches in Pakistan of companies and bodies corporate incorporated outside Pakistan.
2. Copies of the Prospectus and Application Forms can be obtained from the Trading Rights Entitlement Certificate (TREC) holders of Pakistan Stock Exchange Limited, the Bankers to the Issue and their branches, the Consultant to the Issue and the registered office of the Company. The Prospectus and the Application Forms can also be downloaded from the website: www.octopusdl.com - www.bmcapital.com & <https://ipo.cdscap.com.pk/public/index.html>
3. The Applicants are required to complete the relevant sections of the application to get the Shares in book entry form. In accordance with provisions of the Central Depositories Act, 1997 and the CDC Regulations, credit of such Shares are allowed ONLY in the applicant's own CDS Account.
4. Name(s) and addresses must be written in full block letters, in English and should not be abbreviated.
5. 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.
6. **APPLICATIONS MADE BY INDIVIDUAL INVESTORS**
 - (i) In case of individual investors, an attested photocopy of CNIC (in case of Resident Pakistanis) / Passport (in case of non-resident Pakistanis and FIs) as the case may be, should be enclosed and the number of CNIC/ Passport should be written against the name of the applicant. Copy of these documents can be attested by any Federal/Provincial Government Gazetted Officer, Councillor, Oath Commissioner or Head Master of High School or bank manager in the country of applicant's residence.
 - (ii) Original CNIC/Passport, along with one attested photocopy, must be produced for verification to the Banker to the Issue and the applicant's banker (if different from the Banker to the Issue) at the time of presenting the application. The attested photocopy will, after verification, be retained by the bank branch along with the application.
7. **APPLICATIONS MADE BY INSTITUTIONAL INVESTORS**
 - (i) 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.
 - (ii) Attested photocopies of the documents mentioned in 8(i) must be produced for verification to the Banker to the Issue and the applicant's banker (if different from the Banker to the Issue) at the time of presenting the application. The attested copies, will after verification, be retained by the bank branch along with the application.
8. Only one application will be accepted against each applicant, however, in case of joint account, one application may be submitted in the name of each joint account holder.
9. 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/Passport. The Shares will be credited to the CDS account mentioned on the face of the form and where any amount is refundable, in whole or in part, the same will be refunded by cheque or other means by post, or through the bank where the application was submitted, to the person named first on the application form, without interest, profit or return. Please note that joint application will be considered as a single application for the purpose of allotment of Shares.
10. 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 "Octopus Digital Limited - General Subscription" and crossed "AC PAYEE ONLY".
11. 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.
12. The applicant should have at least one bank account with any of the commercial banks. Applicants not having a bank account at all (non-account holders) are not allowed to submit application for subscription of Shares.
13. Under Section 242 of the Companies Act, any dividend payable in cash by a listed company, shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder.
14. To enable the Company to directly credit the cash dividend, if any, in the Bank Accounts of the shareholder, the applicants must fill-in relevant part of the Shares Subscription Form under the heading "Dividend Mandate".
15. Shares will be issued only in the book-entry form. Therefore, the applicants must provide their CDS account Number in the Shares Subscription Form.
16. Applications are not to be made by minors and/or persons of unsound mind.
17. Applicants should ensure that the bank branch, to which the application is submitted, completes the relevant portion of the application form.
18. 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.
19. 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.
20. 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.
21. 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.
22. Submission of false and fictitious applications is an offence under section 87(7) of the Securities Act, 2015 and such applications' money is liable to confiscation under section 87(8) of the Securities Act, 2015.

عوام اتنا س کو مطلع کیا جاتا ہے کہ سیکورٹیز ریگولیشن ایکٹ 2015 کی سیکشن نمبر (7) 87 کے تحت مہموتی یا جعلی درخواستیں دینا قانوناً ناجزیم ہے۔ خلاف ورزی کرنے والوں کی رقم، جو کہ درخواست کے ساتھ جمع کرائی جاتی ہے، سیکورٹیز ریگولیشن ایکٹ 2015 کی سیکشن نمبر (8) 87 کے تحت ضبط کی جاسکتی ہے۔

ADDITIONAL INSTRUCTIONS FOR FOREIGN / NON-RESIDENT INVESTORS

23. In case of foreign investors who are not individuals, applicants 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.
24. Foreign / Non - resident investor's should follow payment instruction given in Section 12.1.17 of the Prospectus.

BASIS OF ALLOTMENT

1. 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.
2. 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.
3. Allotment 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 the respective CDS accounts of the successful applicants.
7. **BANKERS TO THE ISSUE**

Code	Name of Banks	Code	Name of Banks
01	Habib Metropolitan Bank Limited	06	MCB Bank Limited
02	United Bank Limited	07	Sonari Bank Limited
03	Allied Bank Limited		
04	Meezan Bank Limited		
05	Faysal Bank Limited		

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

9. In order to facilitate investors United Bank Limited (UBL) is offering electronic submission of application (e-ipo) to their account holders. UBL account holders can use UBL Net Banking to submit their application via link <http://www.ubdirect.com/corporate/bank>. Furthermore, please note that online applications can be submitted 24 hours a day during the subscription period which will close at midnight on xx 2021.
10. Electronic online applications can be submitted through PSX's e-ipo system (PES). PES can be accessed via web link <https://epo.psx.com.pk/EIPO/home/index>.
11. The Central Depository Company of Pakistan ("CDC") has developed a Centralized e-ipo System ("CES") through which applications for subscription of securities offered through IPOs can be made electronically. CES has been made available in this IPO which can be accessed through the web link www.cdscap.com. Payment of subscription money can be made through LINK's member banks available for CES, list of which is available on above website.
12. For making application through CES, investors must be registered with CES. Registration with CES is free of cost and a self-registration process by filling the CES registration form, which is available 24/7 all around the year. Investors who have valid Computerized National Identity Card (CNIC), bank account with any of the commercial bank, email address, mobile phone number and CDS Account (Investor Account or sub Account) may register themselves with CES.
13. Investors who do not have CDS account may visit www.cdscap.com for information and details. For further guidance and queries regarding CES and opening of CDS account, investors may contact CDC at phone Number: 0800 - 23275 (CDCPL) and e-mail: info@cdcpak.com or contact Mr. Owais Anwar at Phone 021-111-111-800 and email: owais_anwar@cdcpak.com. For further details on CES, please refer para 13.1.7.2 of the Prospectus.

13. NATIONALITY CODE

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

For further queries you may contact:
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